

Islamic Social Enterprise at MSMEs in Makassar City: The Relationship Between Islamic Financial Literacy and Social Networks with Product Innovation as Moderating Variables

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Abstract

This study aims to analyze the influence of Islamic financial literacy and social networks on Islamic social enterprises in MSEs in Makassar City, with product innovation as a moderating variable. The research questions address the extent to which Islamic financial literacy and social networks contribute to improving Islamic social enterprise practices, and whether product innovation can strengthen this relationship.

The research method used was a quantitative approach with Structural Equation Modeling (SEM-PLS) analysis techniques. Data were collected through questionnaires distributed to 131 respondents, Sharia MSEs, in Makassar City. Validity and reliability tests, as well as hypothesis testing, were conducted to obtain comprehensive results.

The results of the study indicate that Islamic Financial Literacy has a positive and significant effect on Islamic Social Enterprise, while Social Networks have no significant effect. Product Innovation is proven to have a significant direct effect on Islamic Social Enterprise, but does not moderate the relationship between Islamic Financial Literacy and Social Networks on Islamic Social Enterprise. This confirms that Islamic financial literacy is a key factor in strengthening Islamic Social Enterprise, while social networks will only provide benefits if they are built on sharia principles.

The implication of this research is the need to improve Islamic financial literacy as the primary foundation for MSEs in building sustainable Islamic Social Enterprises. Social networks need to be strengthened with spiritual values and Islamic collaborative principles to better support social missions. Meanwhile, product innovation should be directed toward Sharia-based social innovations to better align with the goals of Islamic Social Enterprises.

INTRODUCTION

Islamic Social Entrepreneurship (ISE) is a concept that combines Islamic values with the principles of social entrepreneurship to create a positive impact on society and the environment. (Setiawan, Haseena Armina, and Jalaludin 2024) Micro and Small Enterprises (MSEs) have long been considered as major players in domestic economic activities. (Abdullah and Hoetoro 2020) The concept of social entrepreneurship is based on the Qur'an and the Hadith, by following the objectives of sharia or al-Maqasid as-syari'ah, as conveyed by Shidiq, Social entrepreneurship is currently a concept that is being widely studied and discussed, which has many meanings because the world's economic conditions require a more humane concept and not only see business as an interest in gaining profits. (Asif et al. 2018)

One approach that can be used to improve the sustainability of local MSMEs is social entrepreneurship. Social entrepreneurship combines business principles with social objectives to achieve a positive impact on the surrounding community. Social entrepreneurship is a form of entrepreneurship that aims to achieve a positive social impact and solve social or environmental problems, in addition to achieving economic goals. This concept differs from conventional entrepreneurship, which focuses solely on financial gain. Social entrepreneurship prioritizes social aspects and uses innovative business models to address various social issues, such as poverty, inequality, and other environmental problems. (Dwianto 2018)

According to Hashim, it's time for entrepreneurs to implement Islamic Social Entrepreneurship, using a business concept with a social focus. Social entrepreneurs are those whose entrepreneurial activities are not solely for profit but also for social values. (Irawano 2021)

Some small businesses have inadequate skills and education, which impacts the development of effective marketing plans and strategies, including product development, pricing policies, promotion, and distribution. This also impacts the development of new innovative ideas. (Awaluddin 2017) A social entrepreneur looks for innovative ways to ensure that his or her business will have access to the resources it needs as long as it can create social value. (Dwianto 2018)

METHODS

This study uses a quantitative method with a causal associative approach to analyze the influence of Islamic financial literacy and social networks on Islamic Social Enterprises with product innovation as a moderating variable. The study population was 27,527 Sharia-based MSEs in Makassar City, with a sample of 130 respondents selected through purposive sampling based on certain criteria. Data were collected through a 7-point Likert scale questionnaire, observation, documentation, and supported by secondary data from related literature. The research instrument included four main variables with adapted indicators from previous studies. Data analysis used SEM-PLS through SmartPLS to test validity, reliability, relationships between latent variables, and hypotheses at a 5% significance level.

RESULTS AND DISCUSSION

1. Data Quality Evaluation through Measurement Models (Outer Models)

The primary goal of outer model testing is to assess the quality of the collected data. In SEM-PLS analysis, there are several important steps to ensure data quality, namely:

a. Convergent Validity

Convergent validity is a measurement technique used to determine the extent to which indicators within a construct have a positive correlation with measurements of the same construct. This stage is the initial step in evaluating a measurement model, using loading factor values as the primary criterion. The assessment criteria are based on loading factor values with a threshold of 0.7. This means that any indicator with a loading factor value less than 0.7 will be removed or eliminated from the model. This approach ensures that each indicator makes a significant contribution to measuring its latent variable.

The following is a table of outer loading (Measurement Model) of each variable in this study, namely:

Outer Loading (Measurement Model)

	Product Innovation	Islamic Financial Literacy	<i>Islamic Social Enterprise</i>	Social Network	Product Innovation x Social Network	Product Innovation x Islamic Financial Literacy
X1.1		0.872				
X1.2		0.841				
X1.3		0.855				
X1.4		0.831				
X1.5		0.852				
X1.6		0.849				
X1.7		0.852				
X1.8		0.884				
X2.1				0.881		
X2.2				0.908		
X2.3				0.867		
X2.4				0.881		
X2.5				0.899		
X2.6				0.901		
Y1			0.942			
Y2			0.943			
Y3			0.938			
Y4			0.937			
Y5			0.945			
Y6			0.934			
Z1	0.926					
Z2	0.902					
Z3	0.906					
Z4	0.919					
Z5	0.938					
Z6	0.940					

Data source processed by PLS

Based on the analysis results, the majority of indicators have loading factors above 0.7, thus meeting the validity requirements. While invalid items were eliminated to improve the model quality. After elimination, all indicators passed the convergent validity test. To strengthen the results, the Average Variance Extracted (AVE) value was used, where a score above 0.5 indicates a valid model. Thus, this research model is declared more accurate, reliable, and able to describe the construct under study accurately. The AVE (Average Variance Extracted) table for each research variable can be seen in the following table:

Average Variance Extracted

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Product Innovation	0.965	0.965	0.971	0.850

Islamic Financial Literacy	0.947	0.948	0.956	0.731
Islamic Social Enterprise	0.974	0.974	0.979	0.884
Social Network	0.948	0.957	0.958	0.791

Data Source Processed by PLS

Based on the data analysis in the table, all constructs in the research model showed Average Variance Extracted (AVE) values above 0.5. This finding confirms that the data meets the second requirement for convergent validity. After conducting assessments using outer loading and AVE, the research was declared ready to proceed to the next stage, namely the discriminant validity test.

b. Discriminant Validity

Discriminant validity is a measurement tool used to demonstrate significant differences between one construct and another. This method aims to demonstrate that each variable or indicator has unique characteristics and is only related to the original variable or construct. To test discriminant validity, this study employed two main stages: cross-loading analysis and Fornell-Lacker criterion assessment.

In the cross-loading stage, each indicator of a construct must have a higher loading value than the indicators in other constructs. This approach ensures that each indicator truly represents the intended construct and does not overlap with other constructs, resulting in a research model with clear and empirically measurable construct discrimination.

Cross loading

	Product Innovation	Islamic Financial Literacy	Islamic Social Enterprise	Social Network	Product Innovation x Social Network	Product Innovation x Islamic Financial Literacy
X1.1	0.657	0.872	0.757	0.014	0.091	-0.101
X1.2	0.641	0.841	0.717	0.039	-0.025	-0.116
X1.3	0.639	0.855	0.729	-0.004	0.025	-0.076
X1.4	0.625	0.831	0.703	0.021	0.133	-0.064
X1.5	0.636	0.852	0.718	0.030	0.057	-0.081
X1.6	0.640	0.849	0.711	-0.053	0.064	-0.175
X1.7	0.668	0.852	0.739	0.049	0.030	-0.048
X1.8	0.698	0.884	0.756	0.094	0.020	-0.107
X2.1	0.479	0.043	0.239	0.881	0.174	0.058
X2.2	0.502	0.014	0.255	0.908	0.133	0.025
X2.3	0.431	-0.015	0.206	0.867	0.098	0.082
X2.4	0.528	0.078	0.261	0.881	0.082	-0.019
X2.5	0.433	-0.031	0.160	0.899	0.166	0.047
X2.6	0.454	0.036	0.214	0.901	0.091	0.067
Y1	0.784	0.792	0.942	0.223	0.024	-0.026
Y2	0.828	0.814	0.943	0.245	0.079	-0.049
Y3	0.787	0.803	0.938	0.227	0.107	-0.101
Y4	0.825	0.784	0.937	0.273	0.075	-0.022
Y5	0.800	0.810	0.945	0.224	0.101	-0.089
Y6	0.804	0.807	0.934	0.250	0.075	-0.046

Z1	0.926	0.704	0.749	0.530	0.097	-0.125
Z2	0.902	0.703	0.785	0.492	0.159	-0.035
Z3	0.906	0.680	0.758	0.458	0.152	-0.093
Z4	0.919	0.745	0.814	0.459	0.077	-0.082
Z5	0.938	0.693	0.814	0.509	0.075	-0.138
Z6	0.940	0.686	0.810	0.514	0.080	-0.092

Data source processed by PLS

The results of the study indicate that all indicators have high validity. Respondents have a good understanding of Islamic financial literacy, social networks operate effectively, Islamic Social Enterprises are recognized as playing a significant role in social welfare, and product innovation has proven strong in creating competitive advantage. The construct validity of this study was tested through factor loading, cross-loading, and the Fornell-Larcker Criterion. The table of Fornell-Larcker Criterion test results in this study is as follows:

Fornell-Larcker Criterion

	Product Innovation	Islamic Financial Literacy	<i>Islamic Social Enterprise</i>	Social Network
Product Innovation	0.922			
Islamic Financial Literacy	0.761	0.855		
<i>Islamic Social Enterprise</i>	0.856	0.853	0.940	
Social Network	0.535	0.028	0.256	0.890

Data source processed by PLS

Based on the Fornell-Larcker Criterion test results in the table above, each construct has the highest correlation value with itself compared to other constructs. Product innovation has the highest value for its own construct, at 0.922. Islamic financial literacy also shows the highest value for its own construct, at 0.855. The same is true for Islamic social enterprise and social networks, with values of 0.940 and 0.890, respectively.

These values indicate that all constructs in the study have met the requirements for discriminant validity, as each latent variable is better able to explain its own indicators compared to other latent variables. Thus, this research model is considered discriminantly valid and suitable for further hypothesis testing.

c. Composite Reliability

Composite reliability is used to measure the internal consistency of indicators within a construct based on the intercorrelation between them. In this study, composite reliability values ranged from 0.6 to 0.7. This value indicates that the construct has met the minimum reliability standards. A construct is considered to have high reliability if its composite reliability value reaches 0.7 or higher. Therefore, this research model indicates that the tested constructs have adequate internal consistency to support the validity and reliability of the measurements. The following table shows the results of the composite reliability values in this study:

Cronbach Alpha and Composite Reliability

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Product Innovation	0.965	0.965	0.971	0.850

Islamic Financial Literacy	0.947	0.948	0.956	0.731
Islamic Social Enterprise	0.974	0.974	0.979	0.884
Social Network	0.948	0.957	0.958	0.791

Data source processed by PLS

From the analysis above, all constructs in this study were declared reliable, as the Cronbach's alpha and composite reliability values each exceeded 0.7. This indicates that each variable in the model has good internal consistency reliability. Therefore, this research model not only meets reliability criteria but also meets convergent and discriminant validity requirements. These results confirm that all indicators are able to consistently measure the constructs they represent.

2. Model Structure Testing (Inner Model)

Structural model testing (inner model) is used to analyze the relationships between variables, taking into account the significance values and R-square in the research model. Evaluation is carried out by examining the R-square value for the dependent variable, the t-test, significance, and structural path coefficients. This step begins by assessing the R-square for each dependent latent variable. The R-square results table for this study is presented.

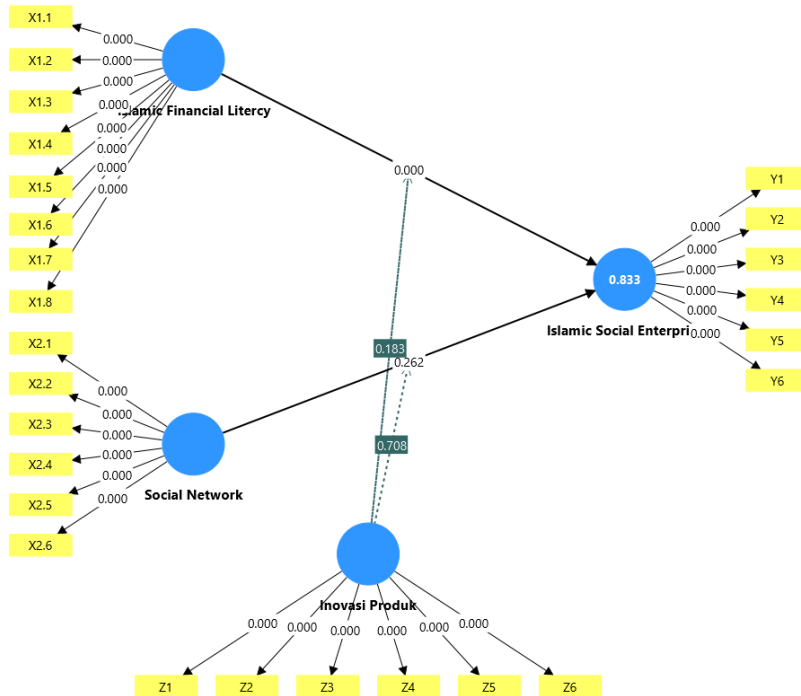
R-Square Results

	R-square	R-square adjusted
Islamic Social Enterprise	0.833	0.826

Data source processed by PLS

An R-square value of 0.833 for Islamic Social Enterprise means that 83.3% of the variation in this variable can be explained by the predictor variables in the model. This means that Islamic Social Enterprise is jointly influenced by other variables that act as independent variables in your model, such as Product Innovation, Islamic Financial Literacy, and Social Network, including any interaction or moderating variables. Because the value is high (close to 1), this indicates that the combination of these variables makes a significant contribution to the formation of Islamic Social Enterprise, while the remaining 16.7% is explained by other factors outside the research model.

Structural Model



3. Hypothesis Testing

Hypothesis testing in this study was conducted through structural model analysis (inner model) using the bootstrapping method in SmartPLS software. The test results are shown in the following table:

Direct Influence Relationship

	Original sample (O)	T statistics (O/STDEV)	P values	Significance
Islamic Financial Literacy -> Islamic Social Enterprise	0.422	5,276	0.000	Significant
Social Network -> Islamic Social Enterprise	-0.065	1,122	0.262	Not Significant
Product Innovation -> Islamic Social Enterprise	0.577	5,998	0.000	Significant

Data source processed by PLS

a. Hypothesis Testing H1 Islamic Financial Literacy has a positive effect on Islamic Social Enterprise

Based on the analysis results, the path coefficient value is 0.422, t-statistic 5.276, and p-value 0.000 (<0.05). This indicates that H1 is accepted. This means that the higher the level of Islamic financial literacy possessed by business actors, the stronger the development of Islamic Social Enterprises they run. The path coefficient of 0.422 with a t-statistic value of 5.276 and p-value 0.000 indicates a positive, strong, and significant influence. This means that the higher the Islamic financial literacy possessed by MSMEs, the better their ability to develop Islamic Social Enterprises. This is because Islamic financial literacy helps business actors understand Islamic

principles, manage finances wisely, and ensure business activities remain in accordance with Islamic values.

Research shows that Islamic finance (IFL) knowledge significantly and positively impacts Islamic Social Enterprise (ISE). In short, the more Islamic finance knowledge MSMEs possess, the better they manage their businesses in accordance with Sharia principles and the greater their social contributions. Social business actors become more independent, transparent, and accountable if they understand Sharia financial products, risk management, and how to manage funds in accordance with Islamic principles. Because business sustainability relies heavily on sound financial strength and Sharia compliance, this supports the strengthening of Islamic social enterprises.

b. Testing the Hypothesis H2: Social Networks have an influence on Islamic Social Enterprises

The analysis results show a path coefficient of -0.065, a t-statistic of 1.122, and a p-value of 0.262 (>0.05). Thus, H2 is rejected. This means that social networks do not have a significant influence on the development of Islamic Social Enterprises, and the relationship tends to be negative. A path coefficient of -0.065, a t-statistic of 1.122, and a p-value of 0.262 indicate insignificant results. This means that social networks do not have a strong direct influence on Islamic Social Enterprises. The weak and negative relationship may be caused by suboptimal network quality, or the existing social network does not truly support the implementation of sharia values in business. In other words, simply having a social network is not enough if it is not accompanied by productive collaboration based on Islamic principles.

While social networks are important for building business relationships, the existence of a network alone is insufficient to foster the growth of Islamic social enterprises (ISEs) unless supported by sound financial knowledge and a strong Sharia orientation. Consequently, social networks do not significantly impact ISEs. While social networks can help increase market share or collaboration, they do not directly enhance the implementation of Islamic social principles and values in business. They do not significantly contribute to the development of ISEs, as the negative trajectory of relationships may even indicate the risk of reliance on networks without enhancing internal capacity.

c. Testing Hypothesis H3 Product Innovation has a positive effect on Islamic Social Enterprise

Hypothesis testing shows that product innovation has a positive and significant influence on Islamic Social Enterprise, with a coefficient value of 0.577, a t-statistic of 5.998, and a p-value of 0.000. These results support the third hypothesis (H3), which means that the higher the level of product innovation carried out by MSMEs, the greater the contribution to strengthening Islamic Social Enterprise. Product innovation is a crucial factor because it is able to provide products with added value, are Sharia-compliant, and are relevant to market and community needs.

Product innovation encourages the creation of goods or services that not only add economic value but also comply with Sharia principles and the needs of the Muslim community. This makes businesses more competitive, sustainable, and able to provide broader social benefits. Therefore, strengthening product innovation is a crucial strategy for Sharia-compliant MSMEs to strengthen their position as Islamic social enterprises.

Moderation Effect

	Original sample (O)	T statistics (O/STDEV)	P values	Significance

Product Innovation x Islamic Financial Literacy -> Islamic Social Enterprise	0.045	1,333	0.183	Not Significant
Product Innovation x Social Network -> Islamic Social Enterprise	-0.016	0.374	0.708	Not Significant

Data Source processed by PLS

d. Hypothesis Testing H4 Product Innovation x Islamic Financial Literacy has an effect on Islamic Social Enterprise

The test results show that the interaction between product innovation and Islamic financial literacy does not significantly influence Islamic Social Enterprise, with a coefficient of 0.045, a t-statistic of 1.333, and a p-value of 0.183. This means that although product innovation is important, strengthening Islamic financial literacy cannot directly strengthen the influence of this innovation on Islamic Social Enterprise. The Islamic financial literacy factor plays a role more as an independent primary driver, rather than a moderating variable.

e. Hypothesis Testing H5 Product Innovation x Social Network has an effect on Islamic Social Enterprise

The test results also show that the interaction between product innovation and social networks is insignificant for Islamic Social Enterprise, with a coefficient of -0.016, a t-statistic of 0.374, and a p-value of 0.708. This means that, although product innovation plays an important role, the existence of social networks does not strengthen or weaken the influence of this innovation on Islamic Social Enterprise. In other words, social networks have a separate role and are not effective as a moderating variable in this relationship.

DISCUSSION

1. The Influence of Sharia Financial Literacy on Islamic Social Enterprises in MSMEs in Makassar City

Sharia financial literacy is a crucial aspect of financial management in accordance with Islamic principles, which emphasize fairness, transparency, and social welfare. The importance of Sharia financial literacy lies not only in understanding but also in its impact on the economic well-being of society.(Ersianti, Layana, and Setiadi 2024)Mel et al. argue that financial literacy through the acquisition of business skills is a crucial driver of MSE performance and a key determinant of productivity. Individuals with financial literacy skills tend to make better financial decisions with fewer management errors than their financially illiterate counterparts.(De Mel, McKenzie, and Woodruff 2014)

Research shows that Islamic Social Enterprises can grow more healthily because they are oriented not only toward profit, but also toward the values of blessing, social justice, and community empowerment. Therefore, Islamic financial literacy is a crucial foundation for the

sustainability and success of Islamic Social Enterprises. This means that the greater a business owner's understanding of Islamic financial concepts, the greater their ability to manage their business in accordance with Islamic principles, such as fairness, transparency, and social sustainability. Islamic financial literacy helps business owners understand capital management, transaction recording, and the selection of Sharia-compliant financial instruments.

Islamic financial literacy has been shown to be significantly influenced by knowledge of sharia finance. This demonstrates that MSEs' understanding of sharia-compliant financial management, which encompasses transaction recording, halal fund management, risk management, and profit sharing for social purposes, is crucial. Financial literacy is crucial for Sharia-compliant MSEs to sustain their businesses and achieve social value.

2. The Influence of Social Networks on Islamic Social Enterprises in MSMEs in Makassar City

The Micro, Small, and Medium Enterprises (MSMEs) sector is a crucial factor not only in national economic development but also in its recognized role as a key to successful growth and dynamism in the global economy. Therefore, MSMEs represent a promising business opportunity. One way to achieve this is through the development of strong networks, which can provide access to resources that are still lacking within a business and can serve as a means for entrepreneurs to increase their profits. (Analia et al. 2019)

The analysis results show that social networks do not significantly influence Islamic social enterprises. This means that the existence of social networks alone is not sufficient to strengthen Islamic social enterprises, especially if it is not accompanied by financial literacy and an orientation towards sharia principles. Even if business actors have many relationships, without the values of trust, transparency, and good management, their contribution to strengthening Islamic social enterprises is weakened. In sharia-compliant MSEs in Makassar, the existence of business relationships does not automatically strengthen Islamic social enterprises if it is not accompanied by sharia-compliant financial literacy and management based on Islamic principles.

Social networks do not have a significant impact on Islamic Social Enterprise in MSEs in Makassar City because the networks formed among business actors are still mostly used for economic interests alone. For example, many MSE actors only utilize kinship, friendship, or neighbor relationships as a means of promotion and expanding consumers. In small businesses such as laundries or hat sellers, social relations are usually limited to getting regular customers or maintaining good relationships so that the business continues to run. The Influence of Product Innovation on Islamic Social Enterprise in MSEs in Makassar City

Product innovation is the result of various processes that combine and influence each other. Product innovation is expected to improve consumer purchasing decisions. (Hasnatika and Nurnida 2019) Conceptually, a product is a producer's subjective understanding of something that can be offered as an effort to achieve organizational goals by fulfilling consumer needs and activities, in accordance with the organization's competence and capacity as well as market purchasing power, while innovation is a product or service that is perceived by consumers as a new product or service. Simply put, innovation can be defined as a breakthrough related to new products. (Moputi, Tolinggi, and Boekoesoe 2018)

The research results show that product innovation has a significant impact on Islamic social enterprises. This demonstrates that developing product variety, quality, and design that align with trends and Islamic values can strengthen competitiveness while expanding a business's social impact. Through innovation, ISE not only meets market needs but also maintains its sharia-compliant identity.

This research is in line with previous findings conducted by Ida Puspitowati et al., (Puspitowati, Firdausy, and Handoyo 2024) stated that business owners can improve business performance through innovation, including product, process, and market innovation. This demonstrates that creativity in design, quality, and product compliance with halal values play a crucial role in strengthening the competitiveness of Islamic MSEs. Within the social enterprise sector, product innovation not only meets consumer needs but also serves as a strategy to strengthen Islamic identity while increasing social benefits.

3. Product Innovation Moderates the Relationship between Islamic Financial Literacy and Islamic Social Enterprise in MSMEs in Makassar City

Islamic Social Enterprise It is a community-centered business initiative and a natural strategy for addressing economic inequality, wealth concentration, and social division. ISE adheres to Islamic teachings in its operations and activities. (Regina Putri Listyadewi, Sumardi, Zaima Latifah 2021)

The results of the study indicate that product innovation does not moderate the influence of Islamic financial literacy on Islamic social enterprises. This suggests that even though entrepreneurs possess good Islamic financial literacy, the presence of product innovation does not strengthen or weaken the relationship. This means that Islamic financial literacy is sufficient on its own to have a significant influence on ISE.

Product innovation is unable to moderate the relationship between Islamic Financial Literacy and Islamic Social Enterprise. This means that Islamic financial literacy is strong enough to stand alone as a determining factor for Islamic Social Enterprise. Product innovation neither increases nor decreases the influence of this literacy. Within the MSE sector, financial literacy is a fundamental requirement, while innovation only plays a complementary role. Financial literacy can influence one's perspective on a company's financial situation and strategic financial decision-making, enabling business leaders to manage their finances appropriately. MSE owners must be able to manage their finances well to drive their business success. **Product Innovation Moderates the Relationship Between Social Networks and Islamic Social Enterprises in MSMEs in Makassar City**

In general, social capital is the relationships created and norms that shape the quality and quantity of social relationships in a society in a broad spectrum, namely as a social glue that maintains the unity of community members together. The main and most important element of social capital is trust, where trust can be seen as a necessary condition for the formation and development of strong (or weak) social capital in a society. (Killa and Ratukani 2020)

Social networks in this context have not been built on Islamic collaborative principles such as trustworthiness, justice, mutual assistance, and benefit. As a result, the social relationships formed are limited to business relationships, without providing real support for the development of socially oriented businesses in accordance with Sharia principles.

The results of the study indicate that product innovation does not moderate the relationship between social networks and Islamic social enterprises. This means that even when innovation occurs, it is unable to strengthen the relationship between social networks and the development of Islamic Social Enterprises (ISEs). This condition indicates that social networks without the integration of sharia values and sound financial management cannot optimally encourage the growth of ISEs. The orientation of the social networks of MSEs in Makassar is not built on Islamic values and goals, but rather tends towards transactional relationships for business interests alone. Under these conditions, product innovations presented by business actors only

impact commercial competitiveness, not on strengthening social values. This means that even though MSEs create new variants or designs in their products, their social networks do not necessarily support the direction of the business towards Islamic Social Enterprise because the network does not make a real contribution to the social aspects and benefits.

CONCLUSION

The results of the study indicate that Islamic financial literacy significantly influences the development of Islamic Social Enterprises in MSEs in Makassar City, while social networks have no significant effect. Product innovation was also not shown to moderate the relationship between financial literacy and social networks on Islamic Social Enterprise. This confirms that Islamic financial literacy is a key factor in itself in strengthening Islamic social entrepreneurship practices. Consequently, MSEs need to deepen their understanding of Islamic financial literacy, as it encompasses not only technical aspects but also moral and spiritual values that are crucial for the sustainability of Islamic businesses. Social networks will only be effective if built on trust, integrity, and the principle of mutual assistance. For local governments and Islamic financial institutions, strengthening Islamic financial literacy and creating an Islamic business ecosystem are top priorities in the development of Sharia-based MSEs.

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