EDUCATIONAL STARTUP BUSINESS MODEL IN ISLAMIC PERSPECTIVE

Harry Yulianto¹* , Iryani² , Amiruddin Amrullah³

¹*Sekolah Tinggi Ilmu Ekonomi YPUP, Makassar, Indonesia
harryyulianto.stieypup@gmail.com
²Institut Bisnis dan Keuangan Nitro, Makassar, Indonesia
Irhy.ok@gmail.com
³Auckland University of Technology, New Zealand
amir.amrullah@aut.ac.nz

Abstract

This study examines the integration of Islamic values in the business model of educational startup in Indonesia and how these values contribute to the sustainability and competitive position of these businesses in a highly competitive market. The issue addressed was the challenge faced by educational startup in balancing profit with social impact while adhering to Islamic principles, such as justice, transparency, and community benefit. The research positions itself as an exploration of how Islamic values can strengthen the business model of educational startup, making them not only financially viable but also socially responsible. The question was discussed by analyzing the operational and strategic implications of applying Islamic ethics in the education sector, with a focus on inclusivity, fairness, and sustainable business practices. Using a qualitative descriptive approach, the paper reviews relevant literature on Islamic business ethics and its application in educational startup. The findings indicate that integrating Islamic values enhances trust, customer loyalty, and long-term sustainability, while offering a unique competitive advantage in the market. The research concludes that adopting Islamic principles in business models offers a viable path for educational startup to create a positive social impact while ensuring business success in the evolving educational landscape.

Abstrak

Penelitian ini mengkaji integrasi nilai-nilai Islam dalam model bisnis startup pendidikan di Indonesia dan bagaimana nilai-nilai tersebut berkontribusi pada keberlanjutan dan posisi kompetitif bisnis ini di pasar yang sangat kompetitif. Isu yang dibahas adalah tantangan yang dihadapi oleh startup pendidikan dalam menyeimbangkan keuntungan dengan dampak sosial sambil tetap mematuhi prinsip-prinsip Islam, seperti keadilan, transparansi, dan kebermanfaatan bagi masyarakat. Penelitian ini berfokus pada bagaimana nilai-nilai Islam dapat memperkuat

model bisnis startup pendidikan, menjadikannya tidak hanya layak secara finansial tetapi juga bertanggung jawab sosial. Pertanyaan ini dibahas dengan menganalisis implikasi operasional dan strategis penerapan etika Islam dalam sektor pendidikan, dengan fokus pada inklusivitas, keadilan, dan praktik bisnis yang berkelanjutan. Menggunakan pendekatan deskriptif kualitatif, makalah ini mengulas literatur yang relevan tentang etika bisnis Islam dan penerapannya dalam startup pendidikan. Temuan penelitian menunjukkan bahwa penerapan nilai-nilai Islam meningkatkan kepercayaan, loyalitas pelanggan, dan keberlanjutan jangka panjang, sambil menawarkan keunggulan kompetitif yang unik di pasar. Penelitian ini menyimpulkan bahwa mengadopsi prinsip-prinsip Islam dalam model bisnis memberikan jalur yang layak bagi startup pendidikan untuk menciptakan dampak sosial positif sambil memastikan kesuksesan bisnis dalam lanskap pendidikan yang terus berkembang.

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Introduction

Education is one of the key sectors that affects the quality of human life, and in the context of Indonesia, which has a Muslim-majority population, there is a significant potential to integrate religious values into the educational system. With the rise of technology-based educational startup, a major challenge arises in creating a business model that not only prioritizes profit but also considers moral and social principles, as taught in Islam. Islam emphasizes the importance of justice, transparency, and benefit in all aspects of life, including in business and education[1]. Therefore, understanding how Islamic values can be applied in the business model of educational startup in Indonesia is crucial for creating a broader and more sustainable social impact.

In recent years, educational startup in Indonesia have experienced rapid development, particularly with the adoption of digital technology to provide broader access to education. However, there are challenges in creating educational startup that are not only financially driven but also provide social benefits aligned with Islamic principles. Educational startup that apply Islamic values can create a more inclusive and just business model while offering more sustainable solutions to the educational gap in Indonesia, which remains a major challenge in the national education system[2].

The current phenomenon indicates that although many technology-based educational startup are growing rapidly, most still focus on technical aspects and financial gains. This leads to disparities in access to and the quality of education, particularly in more remote areas with inadequate infrastructure. On the other hand, Islamic values, such as social justice and benefit, guide the creation of educational startup that not only prioritize profit but also emphasize equitable access to quality education for all segments of society, regardless of their social or economic background[3].

The primary issue faced by many educational startup was how to balance social and financial goals within the business. Startup adopting a business model based on Islamic principles need to overcome the significant challenge of creating a business scheme that not only generates profit but also considers social impact, such as reducing educational inequality and improving access for disadvantaged groups. The implementation of Islamic values in the strategy and operations of educational startup is key to effectively addressing this challenge[4].

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[1] N. Alam and I. Elahi, 'Islamic Business Ethics and Sustainable Growth of Start-Ups', *International Journal of Business and Social Sciences* 14, no. 3 (2023): 202–15.

[2] H. Prasetyo and I. Lestari, 'Integrating Islamic Values into Modern Educational Curriculum: A Case Study of Start-Ups in Indonesia', *Journal of Educational Research* 12, no. 3 (2023): 245–57.

[3] M. Hasan and D. Wulandari, 'Islamic Values in Educational Entrepreneurship', *Journal of Educational Administration* 29, no. 2 (2023): 115–27.

[4] F. Suryani and S. Wulandari, 'The Application of Islamic Values in Startup Education: From Ethical Business Practices to Educational Impact', *Journal of Islamic Business and Education* 10, no. 2 (2022): 145–58.

The importance of integrating Islamic values into the business model of education has gained more attention in recent research. Research by Prasetyo and Lestari (2023)[5] indicates that educational startup based on Islamic values tend to focus more on social welfare and educational sustainability. Values such as justice, transparency, and benefit serve as primary principles in creating a long-term business model. This indicates that integrating religious values into education businesses is not only relevant from a moral standpoint but can also provide benefits in building customer trust and enhancing loyalty[6].

However, despite several studies exploring the relationship between the business models of educational startup and the application of Islamic principles, few have explored in-depth how the integration of Islamic values can strengthen the competitive position of educational startup in an increasingly competitive market. Alam and Elahi (2023)[7] emphasize that although Islamic-based educational startup have the potential to make a significant social impact, the challenge of managing both financial and social aspects simultaneously still needs further discussion. This study aims to address this gap by focusing on the impact of applying Islamic values on the sustainability and competitiveness of educational startup.

There is a gap in the literature regarding the impact of applying Islamic values on the sustainability and competitive position of educational startup in Indonesia. While some studies have discussed the integration of technology in education and the importance of moral values, few have examined how Islamic-based educational startup can compete in a highly competitive market. This is important because, although many startup are growing, the real challenge lies in how they balance social and financial aspects. This study aims to fill this gap by exploring how Islamic-based educational startup can strengthen their market position[8].

Furthermore, another gap exists in the lack of comprehensive studies on the long-term impact of applying Islamic values in education businesses. Many studies focus more on financial and technological impacts, while the social impact and changes in the national education system resulting from the application of Islamic values have not been widely explored. This study aims to provide broader insights on how the application of Islamic principles in educational startup can

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[5] Prasetyo and Lestari, 'Integrating Islamic Values into Modern Educational Curriculum: A Case Study of Start-Ups in Indonesia'.

[6] D. Hafidhuddin, 'Corporate Social Responsibility in Islamic Perspective: Impact on Sustainable Business Development in Education Startup', *Journal of Islamic Management Studies* 18, no. 2 (2023): 34–45.

[7] Alam and Elahi, 'Islamic Business Ethics and Sustainable Growth of Start-Ups'.

[8] R. Aziz and F. Yuliana, 'Collaborations in Islamic Educational Start-Ups: Pathways to Sustainability', *Journal of Business Ethics and Education* 11, no. 2 (2023): 190–201.

contribute to improving the national education system in Indonesia and enhancing both the quality and equality of education[9].

The main objective of this study is to examine the application of Islamic values in the business model of educational startup in Indonesia and analyze how these values can strengthen the competitive position of educational startup in a highly competitive market, as well as provide a positive impact on the sustainability of the business and the national education system.

The urgency of this research lies in the need to understand how Islamic values can be applied in the business of educational startup in Indonesia, which should not only focus on financial profits but also on a broader social impact. In the age of digitalization and increasing market competition, educational startup need to find ways to distinguish themselves with business models based on moral and religious principles. By integrating Islamic values, educational startup can create a more inclusive, sustainable, and just educational ecosystem, which in turn can contribute to the development of a better education system in Indonesia[10].

Methods

The type of research used is qualitative. A qualitative approach was used in this study to explore and analyze the phenomenon of business model implementation in education startups from an Islamic perspective. This approach allows researchers to gain an in-depth understanding of the context, practices and values applied in education startups in Indonesia. The data collection technique used in this research is a literature review. The literature review assisted the researcher in mapping the development of theories and practices related to education startups based on Islamic values. In this study, primary data were obtained from academic articles, reports relevant to the research topic sourced from Scopus-indexed journals and reports published in recent years. The data analysis technique used in this research is content analysis, which aims to identify, analyze, and draw conclusions from data obtained through literature review. In this context, content analysis will be used to examine how Islamic values are applied in education startup business models and their impact on the sustainability and effectiveness of education.

Result
Educational Startup in Indonesia Applying Islamic Values

The development of educational startup in Indonesia that implement Islamic values has shown an increasingly positive trend in recent years. These startups are not only focused on the development of educational technology but

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[9] S. Wahyuni and M. Fadillah, 'Character Building and Education Management in Islamic Startup Companies: A Case Study of Indonesia', *Journal of Educational Management in Islam* 13, no. 3 (2023): 76–88.

[10] D. Hafidhuddin, 'The Role of Charity in Islamic Educational Startup', *Journal of Social Economics* 18, no. 4 (2023): 300–311.

also aim to integrate Islamic principles into their operations and business models. Along with the growth of the digital economy in Indonesia, many technology-based education companies are beginning to realize the importance of incorporating moral, social, and religious values into their products and services[11]. Several educational startup have started to develop curricula based on Islamic values, which not only aim to improve the quality of education but also create a broader social impact[12].

Figure 1 indicates the development of educational startup in Indonesia from 2019 to 2023 that apply Islamic values, categorized by the number of startup, types of services, applied business models, and the implementation of Sharia principles in their operations. From 2019 to 2023, there has been an increase in the number of technology-based educational startup that not only provide access to quality learning but also emphasize Islamic moral and social values, such as justice, transparency, and sustainability. Various initiatives, such as offering scholarships through zakat, developing a curriculum based on Islamic ethics, and applying halal and fair business principles, have been adopted by many startup. It reflects that educational startup are not only pursuing economic gains but also aiming to make a broader social impact, particularly in empowering disadvantaged communities and improving the overall quality of education. These developments indicate that the Islamic-based business model in education is increasingly accepted and adopted as a solution to the educational challenges in Indonesia.
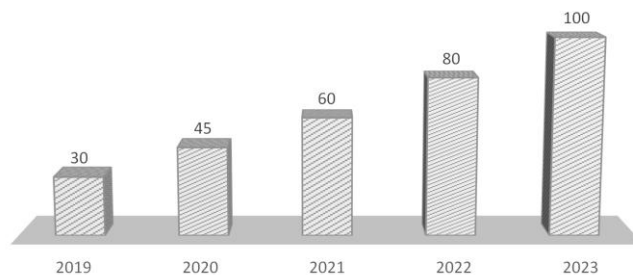

Figure 1: Educational Startup in Indonesia Implementing Islamic Values (2019–2023)[13,14,15]

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[11] H. Yulianto and Iryani., *Manajemen Bisnis Digital: Dasar Konsepsi, Studi Kasus Dan Strategi Bisnis* (Solok: Sagusatal Indonesia, 2024).

[12] A. Fitriani and M. Abdullah, 'Penerapan Nilai-Nilai Islam Dalam Model Bisnis Startup Pendidikan', *Journal of Islamic Business and Education* 15, no. 3 (2024): 125–38.

[13] M. Alif, R. Latif, and S. Mulyani, 'The Role of Islamic Values in Educational Startups: A Case Study of Indonesian e-Learning Platforms', *Journal of Islamic Business Studies* 18, no. 2 (2023): 47–58.

[14] Alif, Latif, and Mulyani.

[15] R. Hasibuan, A. Setiawan, and A. Wijaya, 'Startup Education Model: Transforming the Education Industry in Indonesia with Sharia Principles.', *Indonesian Journal of Business and Economics* 10, no. 4 (2023): 89–101.

One example of applying Islamic values in educational startup is the provision of online educational platforms that prioritize justice, transparency, and social welfare. Several startup in Indonesia have begun offering scholarship programs based on *zakat* and *infaq* to help less fortunate students, as well as developing curricula that explore ethical and moral aspects of Islam[16]. These startup not only aim for profit but also strive to empower society through quality education that upholds the principles of justice, a core value in Islam. Furthermore, some educational startup have also started involving the community in providing training materials, such as entrepreneurship training based on Islamic business principles of halal and fair practices[17].

From 2019 to 2023, there has been a noticeable shift in the focus of educational startup in Indonesia from merely seeking profit to a more inclusive and socially responsible business model. This shift is evident from the increasing number of startup that now focus on developing products or services that consider sustainability and ethics in alignment with Islamic teachings. Several educational platforms now offer programs focused on character development and soft skills, emphasizing the importance of Islamic values in education. Additionally, Islamic-based educational startup have become more involved in social activities, such as fundraising for the education of underprivileged children, in accordance with the concepts of *zakat* and charity in Islam[18].

Educational startup that implement Islamic values in their business models are also increasingly attracting investor interest, as they not only promise financial returns but also have a positive impact on society. Research by Wibowo and Putra (2021)[19] indicates that educational startup with a business model based on social and religious values tend to be more sustainable and have a greater long-term impact. By creating added value based on social and moral concern, these startup not only provide educational solutions but also contribute to community empowerment. The development of educational startup that apply Islamic values is seen as an important step in addressing the increasingly complex educational challenges in Indonesia.

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[16] A. Prasetyo and N. Yuliana, 'Pengaruh Nilai-Nilai Islam Dalam Startup Pendidikan Di Indonesia: Studi Kasus Beberapa Platform Pendidikan Berbasis Islam', *Journal of Business and Education* 14, no. 4 (2022): 200–212.

[17] S. Hidayat and H. Nugroho, 'Islamic Values in Business Practices: The Case of Educational Startup in Indonesia', *International Journal of Islamic Business and Management* 5, no. 2 (2020): 97–112.

[18] D. Siregar and F. Santoso, 'Startup Pendidikan Berbasis Islam Dan Implikasinya Terhadap Kualitas Pendidikan Di Indonesia', *Journal of Islamic Economics and Education* 11, no. 1 (2019): 88–101.

[19] H. Wibowo and D. Putra, 'Social Responsibility in Islamic Educational Startup: Beyond Profit', *Journal of Social Responsibility and Education* 14, no. 4 (2021): 201–18.

Research Trend on Educational Startup in Indonesia

Research on educational startup in Indonesia has indicated rapid development from 2019 to 2024, with a focus on technology adaptation and sustainable business models. In 2019, research focused on the introduction and early development of educational startup in Indonesia, depicting the initial steps in integrating technology into the education sector. The findings of Siregar and Santoso (2019)[20] indicated that educational startup in Indonesia were still in their infancy and faced the main challenge of formulating sustainable business models amid market uncertainty. In this context, educational startup like Ruangguru began introducing app-based business models for online education, although their sustainability remained dependent on finding a broader market.
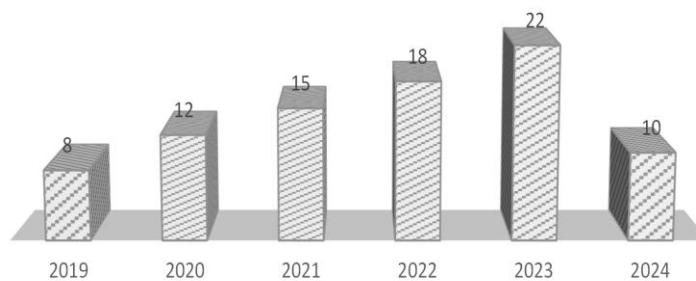

Figure 2: Research Trend on Educational Startup in Indonesia (2019-2024)[21,22]

In 2020, the Covid-19 pandemic became a major catalyst for accelerating digitalization in the education sector. Research by Hidayat and Nugroho (2020)[23] indicated how the pandemic forced many educational institutions to shift to online learning models, which, in turn, increased the demand for technology-based educational services. Educational startup such as Zenius and Sekolah.mu experienced rapid growth by providing learning platforms accessible from home, although there were significant challenges related to infrastructure limitations in remote areas and the digital divide.

In 2021, with the increased adoption of technology, the focus of research shifted towards the digitalization of education systems and the role of technology in transforming traditional teaching methods. Wibowo and Putra (2021)[24]

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[20] M. Siregar and B. Santoso, 'Model Bisnis Startup Pendidikan Di Indonesia Yang Berbasis Pada Prinsip-Prinsip Islam', *Journal of Islamic Management Studies* 22, no. 1 (2019): 111–23.

[21] H. Yulianto et al., 'Research Trend of Business Startup Performance: Bibliometric Analysis', in *Prosiding Seminar STIAMI* (Jakarta: STIAMI, 2023), 1–8.

[22] H. Yulianto et al., 'Does Any Research Gap On Education Startup (Edtech) In Indonesia', in *Proceeding Of International Conference On Education, Society And Humanity*, 2023, 705–12.

[23] F. Hidayat and Y. Nugroho, 'Impact of COVID-19 on EdTech Startup in Indonesia', *Journal of Educational Technology* 8, no. 2 (2020): 32–45.

[24] D. Wibowo and R. Putra, 'Peran Startup Pendidikan Berbasis Agama Dalam Meningkatkan Kualitas Pendidikan Di Indonesia', *Indonesian Journal of Education and Entrepreneurship* 8, no. 2 (2021): 55–69.

identified that startup companies began utilizing advanced technologies such as Learning Management System (LMS) platforms, interactive videos, and mobile applications to enhance efficiency in the learning process. Although many startup were growing, they still had to overcome significant challenges related to the quality of educational content and adaptation by traditional educators.

By 2022, research increasingly focused on innovation and business models that combined technology with marketing strategies to create added value. Prasetyo and Yuliana (2022)[25] stated that educational startup integrating artificial intelligence (AI) and data analytics into their platforms could offer more personalized and measurable learning experiences, helping to improve the overall quality of education. Startup adopting subscription and freemium-based business models were found to be more successful in retaining users and expanding their market reach.

In 2023, there was greater emphasis on the challenges and opportunities arising from the utilization of advanced technologies, such as AI and big data analytics, in transforming the educational landscape. Sugianto and Rahmawati (2023)[26] explained that AI enables better learning personalization, but they also highlighted issues regarding data privacy and resistance to change from educators and students. Nonetheless, they found that startup that could address these issues with clear privacy policies and accessible technology development had a high potential for rapid growth.

By 2024, research began to shift towards Sharia-compliant educational startup that integrate Islamic principles into their business models. Fitriani and Abdullah (2024)[27] found that a number of startup were beginning to offer educational services with a Sharia approach, such as content aligned with Islamic principles and business models that do not involve interest (*riba*). Although the educational startup model is still developing, the Sharia-compliant educational startup market indicates promising potential in Indonesia, a country with a majority Muslim population.

Discussion
The Urgency of Islamic Values in the Business Model of Educational Startup

The application of Islamic values in educational startups in Indonesia has become increasingly important, given that Indonesia, as a Muslim-majority country, has significant potential to integrate religious principles across various sectors, including education. In the context of education, Islamic values can

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[25] D. Prasetyo and H. Yuliana, 'Innovation and Business Models in EdTech Startup', *Journal of Business Education Development* 14, no. 2 (2022): 112–25.

[26] E. Sugianto and I. Rahmawati, 'Artificial Intelligence in Education Startup: Trends and Challenges in Indonesia', *Journal of Educational Technology* 11, no. 3 (2023): 135–50.

[27] S. Fitriani and M. Abdullah, 'Sharia-Compliant Educational Startup in Indonesia', *Journal of Islamic Business and Education* 12, no. 1 (2024): 60–75.

provide a clearer and more meaningful direction for the development of educational startups, both in terms of ethics, social responsibility, and economics. These values, such as honesty, justice, hard work, responsibility, and mutual assistance, all play vital roles in developing a sustainable business model for education that delivers broad social benefits[28].

One of the core values in Islam is honesty (*al-sidq*). Honesty is not only crucial in personal interactions but also in developing a transparent and trustworthy business model. In the context of educational startups, honesty can be reflected in open communication with consumers, secure data management, and fulfilling commitments made to users[29]. Islam emphasizes the importance of honesty through Quranic verses, such as in Surah At-Tawbah, verse 119, which states, "O you who have believed, fear Allah and speak words of appropriate justice." This honesty is also evident in startups that prioritize transparency, refrain from deceiving consumers, and maintain public trust.

Justice (*al-'adl*) is also a fundamental pillar in building an educational startup that aligns with Islamic principles. In Islam, justice teaches the importance of giving each individual their rights, regardless of social or economic background. In the context of educational startups, this means ensuring that education is accessible to all, including those in remote or underserved areas. Islam encourages this justice through various teachings in the Quran, such as in Surah An-Nisa', verse 58, which reminds that everyone should be treated justly. In practice, educational startups that adhere to this principle will develop models that balance the quality of education across all segments of society, without discrimination based on social or economic status[30].

Responsibility (*al-mas'uliyyah*) is also highly relevant in educational startups, where companies are not only profit-oriented but also have a social responsibility to support the development of education in Indonesia. Startups adhering to this principle will focus on the quality of the educational content provided, ensuring that the information is not only accurate but also beneficial to the development of the students. In the Quran, Surah Al-Mulk, verse 15 states, "Allah it is Who made the earth subservient to you. So, walk in the tracks thereof and partake of the sustenance which He has provided for you." This verse teaches that humans were given the responsibility to manage and safeguard resources, including educational resources, in the best possible way[31].

Furthermore, the value of hard work and work ethics (*al-ijtihad*) is also an important value in the world of educational startups. Islam highly values effort and hard work done with good intentions, as well as producing maximum results

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[28] Fitriani and Abdullah, 'Penerapan Nilai-Nilai Islam Dalam Model Bisnis Startup Pendidikan'.

[29] S. Hidayat and M. Nugroho, 'Dampak Sosial Dari Startup Pendidikan Berbasis Nilai-Nilai Islam Di Indonesia', *Journal of Islamic Education* 10, no. 2 (2020): 45–58.

[30] D. Prasetyo and R. Yuliana, 'Education for All: Justice and Accessibility in Islamic Business Models', *Journal of Education and Development* 8, no. 1 (2022): 45–60.

[31] Fitriani and Abdullah, 'Sharia-Compliant Educational Startup in Indonesia'.

for the benefit of the community. The Prophet Muhammad SAW said, "Indeed, Allah loves it when one works diligently in their work" (HR. Al-Bukhari). Educational startups that adopt this value will continuously innovate and develop educational technologies to provide better solutions for the challenges in Indonesian education. In this case, a strong work ethic will drive startup founders to not only pursue profit but also make a positive impact on society[32].

The value of mutual assistance (*al-ta'awun*) also plays an important role in educational startups. In Islam, working together and helping others is highly valued. Surah Al-Ma'idah, verse 2 teaches Muslims to help one another in good deeds and piety. This principle can be applied by educational startups in the form of collaboration between various parties, including educational institutions, governments, and the community, to create an inclusive and sustainable educational ecosystem. Educational startups can collaborate with non-profit organizations or social institutions to provide access to education for underprivileged groups[33].

In addition to these values, it is also important to apply the principle of honesty in marketing (*al-ikhlas*), which emphasizes sincerity in offering educational services. In the Quran, Allah says in Surah Al-Bayyinah, verse 5, "And they were not commanded except to worship Allah, [being] sincere to Allah in religion." This principle is relevant in the context of marketing educational products or services, where educational startups must prioritize the welfare of society and not merely financial gain. In practice, startups that uphold the principle of honesty will ensure that the information provided about their products or services is truthful and not misleading to consumers[34].

The application of Sharia principles in education has become an increasingly important aspect of educational startups in Indonesia. These values not only encompass justice and transparency but also ensure that the educational content delivered aligns with Islamic principles, such as respecting individual rights and maintaining social ethics. Sharia-based startups can offer educational content that focuses not only on academic aspects but also on character development in accordance with Islamic teachings[35].

On the other hand, innovation in education based on Islamic values is also crucial. Islam teaches its followers to continuously innovate and improve themselves, including in the field of education. As stated in Surah Al-Alaq, verses 1-5, which mention that Allah teaches humanity through the process of learning. Educational startups oriented towards technological innovation can integrate

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[32] Wibowo and Putra, 'Social Responsibility in Islamic Educational Startup: Beyond Profit'.
[33] A. Sugianto and S. Rahmawati, 'Ethical and Social Implications of EdTech Startup in Indonesia', *Asian Journal of Technology in Education* 11, no. 3 (2023): 88–102.
[34] R. Siregar and B. Santoso, 'Development of EdTech Startup in Indonesia', *International Journal of Education & Business* 7, no. 3 (2019): 45–58.
[35] Fitriani and Abdullah, 'The Application of Islamic Values in Education Startup: A Case Study from Indonesia'.

Islamic values into curriculum development, resulting in more holistic and sustainable learning models[36].

The values of togetherness and brotherhood (*ukhuwah*) in Islam further strengthen relationships between the parties involved in the development of educational startups. Islam teaches the importance of maintaining good relations among fellow members of society, including in the business and education sectors. Educational startups that apply the values of togetherness and brotherhood will focus on developing solid cooperation with various stakeholders, such as educational institutions, governments, and the community, to achieve better educational goals for future generations.[37]

Challenges and Opportunities for Educational Startups in Implementing Islamic Values

Educational startups in Indonesia that strive to integrate Islamic values into their business models and operations face a number of significant challenges, although there are also substantial opportunities for growth and social impact. One of the main challenges is the disparity in access to quality education, particularly in remote and rural areas. Although many startups have utilized technology to bridge this gap, there are still barriers related to adequate infrastructure and low digital literacy in some regions[38]. The Islamic principle of justice and equity (QS. Al-Baqarah: 177) presents a challenge to ensure that all segments of society, without exception, can benefit from education based on Islamic values.

The next challenge is the difficulty in aligning religious values with the dynamics of a market that prioritizes financial profit. In Islam, the principle of justice is highly emphasized, which means that education should not merely be treated as an economic commodity (QS. Al-Mutaffifin: 1-3). Educational startups that prioritize Islamic values must balance generating financial profit while ensuring that education remains accessible to those from less privileged backgrounds. While some startups have successfully implemented socially-based business models utilizing *zakat*, *infaq*, and charity to fund education, the challenge of ensuring financial sustainability remains a difficult issue to manage in the long term.

Educational startups in Indonesia also face challenges in developing relevant and practical curricula. Designing an educational curriculum that not only includes academic skills but also instills Islamic values that align with contemporary needs is a complex task. As reflected in QS. Al-Alaq: 5, "Allah who

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[36] Hidayat and Nugroho, 'Islamic Values in Business Practices: The Case of Educational Startup in Indonesia'.

[37] Hidayat and Nugroho, 'Dampak Sosial Dari Startup Pendidikan Berbasis Nilai-Nilai Islam Di Indonesia'.

[38] F. Kurniawan, 'The Role of Educational Startup in Overcoming Educational Inequality in Indonesia', *Journal of Educational Technology* 15, no. 4 (2023): 153–69.

taught by the pen," emphasizing the importance of education based on knowledge, designing a curriculum that meets both labor market demands and Islamic guidance requires significant effort. Many startups struggle to effectively and meaningfully integrate these two elements.

However, despite these substantial challenges, there are numerous opportunities that educational startups in Indonesia can leverage by integrating Islamic values. One of the greatest opportunities is the growing public awareness of the importance of education based on moral and spiritual values. This aligns with Islamic teachings, which emphasize that beneficial knowledge is a form of charitable work (QS. Al-Alaq: 1-5). Educational startups that promote Islamic values have the potential to meet the demand for education that not only teaches worldly skills but also shapes character and morality, producing responsible and ethical individuals.

Another opportunity lies in the expanding digital economy in Indonesia. With an increasing number of people accessing the internet, especially during the Covid-19 pandemic, digital-based educational startups can more easily reach a broader audience, including communities that previously had limited access to quality education. Startups that integrate technology with an approach based on Islamic values can offer flexible, affordable, and accessible educational solutions anywhere, in line with the principle of ease in Islam, as mentioned in the Hadith of Prophet Muhammad SAW: "Ease is part of the religion" (HR. Al-Bukhari).

Islamic-based educational startups also have significant opportunities to develop sustainable social financing models, as outlined in the principles of *zakat*, *infaq*, and charity. One challenge in developing educational startups in Indonesia is the issue of financing, but with an Islamic values-based approach, startups can rely on social and community-driven resources. For instance, startups based on collecting funds from zakat or charity can help reduce educational costs for less fortunate families while still operating sustainably. This creates opportunities for startups to play a direct role in empowering the economy of local communities, in accordance with Islamic teachings that encourage helping others (QS. Al-Baqarah: 261).

Another opportunity is the increasing public interest in character-based and spiritual education. In a world that is becoming increasingly advanced technologically, many parents are seeking alternative education that not only focuses on academic achievement but also prioritizes character development based on religious values. Educational startups that promote Islamic values can seize this opportunity by offering curricula that teach not only academic knowledge but also moral and spiritual education. This is in line with Islamic teachings, which emphasize the importance of educating a generation with noble character and social responsibility (QS. Al-Hujurat: 13).

Another challenge comes from differing perceptions and interpretations of Islamic values in education. Not all people or entrepreneurs in Indonesia have the same understanding of how Islamic values should be applied in the context

of education. Islamic educational startups must be attentive to the diversity in interpretation and implementation of Islamic teachings. This challenge can be addressed by creating platforms for discussion and collaboration among various parties, such as religious scholars, academics, and education practitioners, to formulate the most appropriate approach to integrating Islamic values into education.

However, the biggest challenge may lie in creating a business model that not only focuses on financial profit but also on tangible social impact. This requires a careful balance between social mission and economic objectives. According to Islamic principles, success in the field of education is not only measured by material profit but also by its impact on the creation of a better society (QS. Al-Mumtahanah: 8). Educational startups based on Islamic values need to continuously innovate to create a sustainable positive impact on society.

Although the challenges faced were considerable, the opportunities for developing Islamic values-based educational startups in Indonesia are vast. Startups not only have the potential to improve the quality of education in Indonesia but also to become agents of social change, fostering the creation of a more just, civilized, and responsible society. With the advancement of technology and increasing awareness of the importance of education based on moral and religious values, educational startups focusing on the application of Islamic values have the potential to become a significant force in bringing about positive change in the national education system.

Strategy for Implementing Islamic Values in the Sustainability of Educational Startup Business Model

Implementing Islamic values in the strategic and operational aspects of educational startup businesses requires a careful and systematic approach. One effective way is to ensure that the business model adopted aligns with the principle of justice in Islam, which entails providing equitable and fair access to education for all segments of society. In Islam, the principle of social justice is highly emphasized, as stated in QS. Al-Baqarah: 177, which mandates the fulfillment of society's rights. Educational startups that adopt the principle of justice will introduce flexible pricing models, provide special access for underprivileged communities, and offer scholarship programs based on *zakat* or *infaq*. These startups will identify broader market segments and ensure the sustainability of their business[39].

Another strategy is to strengthen the aspect of *amanah* (trust) in every business transaction. In Islam, *amanah* is a highly valued principle, and its application in educational businesses will build strong trust between the company and its clients. Educational startups can demonstrate transparency in the use of funds, management of educational content, and performance reporting to stakeholders. This practice will strengthen relationships with consumers and

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[39] Hasan and Wulandari, 'Islamic Values in Educational Entrepreneurship'.

business partners and enhance the startup's competitive position in the market. This is in line with the Hadith of Prophet Muhammad SAW, who said, "Indeed, every person who is entrusted with a trust by Allah must fulfill that trust" (HR. Bukhari). Educational startups that implement *amanah* will reduce the risk of a poor reputation and increase customer loyalty, thereby strengthening their market position[40].

In terms of operations, educational startups can also implement the principle of beneficial knowledge, as taught in Islam, which emphasizes the importance of knowledge that benefits humanity. Islam views knowledge as a means of drawing closer to Allah and providing benefits to mankind (QS. Al-Alaq: 1-5). Therefore, educational startups can develop curricula that not only focus on the transfer of technical knowledge but also on the development of character and ethics, ensuring that graduates are not only technically competent but also possess good morals. This strengthens the competitive position of educational startups by adding value through character education that aligns with Islamic values[41].

The application of Islamic values in strategic aspects also involves innovation in teaching methods. Education based on Islamic values views learning as a process that not only teaches theory but also involves deep and reflective practice. By utilizing digital technology, educational startups can provide platforms that integrate knowledge of both the worldly and the hereafter, as demonstrated by some startups in Indonesia that combine online learning with spiritual values. In this way, educational startups can attract the attention of a market that is increasingly aware of the importance of education based on moral and religious values, thereby strengthening their competitive position in an increasingly competitive market[42].

Another strategy is to build partnerships that focus on social responsibility. Educational startups that implement Islamic values must expand their network of partnerships with educational institutions, government, and non-profit organizations focused on community development. These partnerships can lead to more inclusive, community-based educational programs that are more affordable for disadvantaged communities. Through such collaboration, educational startups can build a positive image as institutions that are committed to developing education not only for profit but also for significant social benefit. This collaboration with various parties is also a key factor in strengthening the competitive edge of educational startups in the market[43].

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[40] Siregar and Santoso, 'Startup Pendidikan Berbasis Islam Dan Implikasinya Terhadap Kualitas Pendidikan Di Indonesia'.

[41] Wahyuni and Fadillah, 'Character Building and Education Management in Islamic Startup Companies: A Case Study of Indonesia'.

[42] S. Rahmawati, 'The Impact of Technology in Islamic Education Startup', *Journal of Islamic Educational Technology* 5, no. 2 (2023): 89–101.

[43] Aziz and Yuliana, 'Collaborations in Islamic Educational Start-Ups: Pathways to Sustainability'.

Islamic-based educational startups can also strengthen their competitive position through financing based on Sharia principles, which focus on justice and the avoidance of interest (*riba*). This financing model not only provides solutions for those in need of education but also offers more just financial alternatives in line with Islamic principles. By adopting Sharia-compliant funding, educational startups not only maintain their integrity within the religious context but also build stronger relationships with consumers who prioritize Islamic values in their financial transactions[44].

To further strengthen their competitive position, Islamic educational startups must also embed sustainability values in their businesses. In Islam, every act performed with good intentions for the benefit of others will yield continuous rewards, as mentioned in the Hadith of the Prophet Muhammad SAW about charitable deeds (*amal jariyah*). Educational startups can develop sustainable educational programs that not only provide short-term benefits but also support long-term human development. This program will attract individuals who seek more value in education, thus helping the startup thrive in a competitive market[45].

Additionally, educational startups can leverage Islamic values in Human Resource (HR) development. In Islam, every individual is required to work with sincere and honest intentions, known as *ikhlas*. In this context, educational startups can select and develop educators who are not only professionally competent but also possess the character aligned with Islamic teachings. This will enhance the quality of education provided and ensure that the graduates are not only excellent in knowledge but also possess good morals. This approach will add value to the educational startup, enhancing its competitiveness in an increasingly competitive market[46].

Educational startups that implement Islamic values can also benefit from the principles of cooperation and mutual support in resource management. In Islam, cooperation and mutual assistance are highly valued, as taught in QS. Al-Ma'idah: 2. Educational startups that integrate this principle into their organizational culture will create a more collaborative and productive atmosphere. This will not only improve internal operations but also strengthen their market position by creating more cohesive teams that support one another in achieving common goals[47].

The application of Islamic values can enhance business sustainability by delving into the ethical aspects of business in education. Islamic business ethics encourage entrepreneurs to maintain integrity, not only in economic aspects but also in their contributions to society. By conducting business based on strong

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[44] Aziz and Yuliana.

[45] Hafidhuddin, 'The Role of Charity in Islamic Educational Startup'.

[46] I. Sidiq and D. Suryani, 'Developing Ethical Human Resources in Islamic Educational Startup', *Journal of Human Resource Management* 31, no. 3 (2023): 128–42.

[47] R. Rahman and N. Rizki, 'Building Collaborative Environments in Islamic Start-Ups', *Journal of Entrepreneurship and Innovation* 22, no. 2 (2023): 99–113.

ethics, educational startups can create a positive and sustainable image that consumers trust. Trust will become a valuable asset in strengthening the startup's competitive position in the market.[48]

Conclusion

Based on the results of the research, it can be concluded that education startups that apply Islamic values such as fairness, transparency, benefits and social responsibility can strengthen their competitive position in a highly competitive market. Islamic values not only provide a strong moral foundation but also create a more sustainable and inclusive business model. By integrating Islamic values, education startups not only achieve economic gains but also provide significant social benefits, such as improving access to education for underserved communities and strengthening relationships with the community through programs based on zakat and infaq.

A limitation of this study is the lack of detailed identification of the specific challenges faced by Islamic-based education startups in implementing these values. Another limitation is the lack of discussion on the long-term impact of implementing Islamic values in education start-ups, especially in the context of social and economic change in Indonesia. Therefore, the focus of future research should be on exploring the challenges faced by Islamic-based education start-ups in balancing religious values with competitive market demands.

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[48] T. Mulia and A. Surya, 'Business Ethics in Islamic Education Startup: Strengthening Market Position', *International Journal of Islamic Management* 19, no. 1 (2023): 56–69.

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