

Entrepreneurs' Characteristics from the Islamic Perspective: A Study of Muslimpreneurs' Performance

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Abstract--- *This research aims at identifying the Islamic characteristic factors of Muslimpreneures in the business environment. The main sources of this study involve the adaptation characteristics of Muslim scholars in a business environment, including Quran, Hadith, narrations, academic study as well as other reliable sources. As such, this research is an attempt to explore the factors of Islamic characteristic elements of Muslimpreneurs, such as taqwa and planning, and it is hoped to contribute to the further development and understanding of this area in the humanities and social science fields. Moreover, the study will look at the objectives of Muslim entrepreneurs in Islam as part of fulfilling the duty of a vicegerent on earth, strengthening one's relationship with Allah, finding truth and serving the society. The findings revealed that significant relationships exist between the state of taqwa and planning among Muslimpreneurs in relation to business performance. These findings provide a distinctive perspective on the concept of taqwa and proper planning and its necessity in the Islamic system for the contemporary modern era. In addition, it recommends to investigate the trend and profile of successful Muslimpreneurs and eventually develop global Muslimpreneurs. The outcomes and results of this study are then hoped to stimulate further improvements, advancements and research on the subject matter.*

Keywords--- *Muslimpreneurs, Business, Taqwa, Planning, Performance.*

I. INTRODUCTION

The business and entrepreneurial activities need to be done in accordance with the guidelines predetermined in the Shariah law just like the other religious duties (worship/*ibadah*) in Islam. Generally, there are several criteria that have been set as a guideline to make every work as *ibadah*, such as halal employment, sincere intention, compliance with the Shariah at work and not ignoring the specific worship of Allah (Al-Qaradhawi, 1995).

Islam encourages all Muslims to engage in business activities. There are many Hadith which deal with this subject. It was narrated by Ismail bin 'Ubaid bin Rifā'ah, from his father, that his grandfather Rifā'ah said: "We went out with the Messenger of Allah SAW and the people were trading early in the morning. He called them: "0 merchants!" and when they looked up and craned their necks, he said: "The merchants will be raised on the Day of

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Resurrection as immoral people, apart from those who fear Allah and act righteously and speak the truth (i.e. those who are honest).” (Narrated Ibnu Majah and Tirmidhi)¹

Sayyidina Abu Sa’ēd reported that the Prophet SAW said, “*the truthful, trustworthy merchant is with the Prophet (SAW), the true ones and the martyrs (on the Day of Resurrection)*”. (Narrated by Ibn Umar)²

The previous studies such as done by Bailey (1986), Cooper, Dunkelberg, & Woo (1988), Faizal et al., (2014), and Perry (2001) have shown that the characteristics of entrepreneurs are associated with their performance in terms of success or failure of their ventures, which is weighed by looking at the business survival or growth. This study, therefore, looks into the characteristics of Muslim entrepreneurs from the Islamic perspective. This study attempts to analyze the views of Muslim scholars on the characteristics that should be practiced by every Muslimpreneur.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

A successful entrepreneur is typically associated with some specific characteristics as assets to their success. Many authors, such as Hisrich & Peters (1995) have stated that the specific characteristics of successful entrepreneurs include discipline, desire to succeed, being action-oriented, objective-oriented and having a high energy level. Muslim scholars have also outlined a number of characteristics to be practiced by Muslim entrepreneurs. Among these are honesty, truth, justice, love of Allah as a priority, humbleness, *shura* to avoid corruption (Beekun, 1996), possessing knowledge, skills, compassion, being trustworthy, having *is tiqamah*, execution (Ibrahim Abu Bakar, 1997), generosity, and motivation to help others (Ahmad, 2001).

Entrepreneurship as a part of Islamic economics and business is related to the pursuit of opportunity beyond controlled resources. Every business and entrepreneurial activities that are consistent with the Islamic teachings are considered as a form of worship to Allah SWT. All types of practices in accordance with Islamic guidelines and stipulations are counted as good deeds and are rewarded by God. Allah SWT says:

And whoever does righteous deeds, whether male or female, while being a believer - those will enter Paradise and will not be wronged, [even as much as] the speck on a date seed. (Al-Nisā’, 4:124).

Past studies indicated that the human capital theory was usually used as a theoretical framework for assessing entrepreneurs’ characteristics as predictors of success. Based on this theory, entrepreneurs who possess higher skills should be more productive than others (Davidsson & Honig, 2003; Seun & Kalsom, 2015; Ucbasaran *et al.*, 2008). Therefore, Muslimpreneurs with higher skills and knowledge will be much more productive than those with lower input. According to Beekun (1996), Muslim scholars have outlined various characteristics to be seen in Muslim entrepreneurs. Some of the characteristics are examined below.

¹ Ibnu Majah. 2007. Sunan Ibnu Majah, English Translation by Nasiruddin Al-Khattab. Riyadh: Maktabah Darussalam. Volume 3, Chapter on Business Transaction, Hadis no. 2146; Muhammad ibn ‘Isa Al- Tirmidhi. 1937. *al-Jami’ al-Sahih: WaHuwaSunanal-Tirmidhi* (1st edition) Cairo: Mustafa al-Babi al-Halabi. Book of Buying and Selling, Chapter 4: Concerning Merchants and The Prophet’s Name for Them, hadith no. 1212.

² Muhammad ibn ‘Isa Al-Tirmidhi. 1937. *ibid.* Chapter 3: About warning against lying and false testimony, hadith no. 1213; Ibnu Majah. Op Cit. Hadith no. 2139.

The relevance and importance of *taqwa* (piety, righteousness) has been established from the Qur'an (2:197). Imam Ghazali *et al.* (n.d., p. 1) shed more light on the meaning of this verse. Imam Ghazali *et al.* (n.d.) explained that *taqwa* is an abundant treasure, a precious trait, an honourable substance and a great success, and it assembles the best of both worlds. These virtues are characteristics that are expected of Muslimpreneurs in creating social enterprise that will earn them the reward of the world and hereafter.

Abu Darda (cited in Imam Ghazali) states that the complete form of *taqwa* is to fear Allah so much that one begins to fear Him from a mustard seed (the potential sin) and until one leaves what might be *halal* in the fear that it could be *haram*. This implies that consuming and creating lawful products have a positive impact on one's closeness to almighty Allah and on the acceptance of one's prayer.

Good Muslimpreneurs may produce a good society at large. This is explained in the Qur'an (3:104). Building an ethical enterprising culture in the mind-set of youths may promote economic growth and improve the welfare of the society. Every Islamic business should be based on good planning.

Based on the discussion above, the following hypotheses are proposed:

H1: There is a positive relationship between *taqwa* and performance.

H2: There is a positive relationship between planning and performance.

The theoretical framework of this study was adapted from Faizal *et al.* (2013), Gibbs & Ritchie (1982), Seun & Kalsom (2015), Sharma (1979), and Timmons (1994). Faizal *et al.* (2013) and Seun & Kalsom (2015), developed most of the concepts used in this study such as Muslimpreneur characteristics and variables. Entrepreneur characteristics were developed by Timmons (1994), and Gibbs and Ritchie (1982). Figure 1 below illustrates the proposed model that hypothesized the relationships between *taqwa* and planning on business performance.

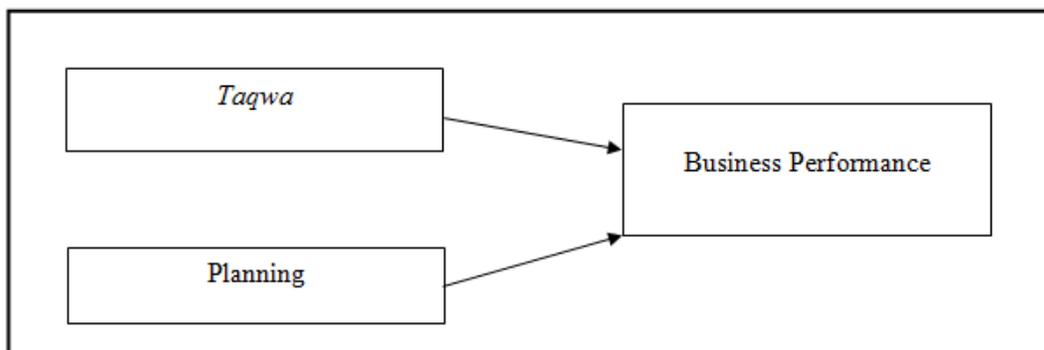


Figure 1: Taqwa and Planning on Business Performance Relationship Framework

Source: Adapted from Faizal *et al.* (2013), Gibbs & Ritchie (1982), Seun & Kalsom (2015), Sharma(1979), and Timmons (1994).

III. METHODOLOGY

The study employed the quantitative approach through a survey instrument design. Data were collected using questionnaires, and the constructs used were developed from prior research and previously tested for reliability. This

research was conducted among Muslim entrepreneurs who are involved in various businesses in Malaysia. A total of 31 questionnaires were analysed from the respondents in this study.

The study data were analysed using two statistical techniques. First, preliminary analysis was conducted using the Statistical Package for Social Science (SPSS) version 20. Second, the main data analysis was conducted using Partial Least Square-Structural Equation Modelling (PLS-SEM) version 3.0. In the first stage, the data was analysed to check for missing values, outliers, normality, and multi-collinearity. In the second stage, the main analysis was conducted using the PLS-SEM path modelling technique to test the measurement and structural models.

Using SPSS version 20, the mean and standard deviation of each indicator and construct were calculated. All the indicators were measured by a range of 1 to 7 via the Likert scale. In the effort to gain an initial general overview of the respondents, descriptive analysis was performed on all constructs of the study.

IV. RESULTS AND FINDINGS

This research was conducted among Muslimpreneurs who are involved in conducting various businesses. Table 1 shows the demographic profile of the respondents.

Table 1: Demographic Profile of Respondents

Bank	Demographic Profile	Frequency	Percentage
Gender	Male	15	48.4
	Female	16	51.6
Age (Years)	≤30	8	25.8
	31-40	7	22.6
	41-50	9	29.0
	51-60	6	19.4
	≥61	1	3.2
Education	Primary School	1	3.2
	SRP/PMR/PT3	2	6.5
	SPM/MCE	9	29.0
	STPM/STAM	1	3.2
	Diploma	5	16.1
	Degree	9	29.0
	Master	4	12.9
PhD	0	0	
Marital Status	Single	7	22.6
	Married	24	77.4
Business Sector	Agriculture	2	6.5
	Wholesaler	2	6.5
	Mining	1	3.2
	Retailer	9	29.0
	Construction	1	3.2
	Manufacturing	2	6.5
	Education	1	3.2
	Services	12	38.7
	Others	1	3.2
Business Venture	Buy	7	22.6
	Own	17	54.8
	Family	7	22.6

Accordingly, the response of the respondents on all constructs of the study in terms of the mean and standard deviation values are summarized in Table 2, 3 and 4. The results in Table 2 show the scores' of *taqwa* construct. This construct explains the aspect of *taqwa* in business. The range of scores is between 5.68 and 6.71. The highest score (mean=6.71) concerns the five-time daily prayers and their role as *taqwa* in conducting the business.

Table 2: Means and Standard Deviation of Taqwa

Item	Taqwa	Mean	Standard Deviation
FT1	I am concerned about five-time daily prayers	6.71	0.693
FT2	I love to give to charity	6.35	0.915
FT3	I am a keeper of promises	6.32	0.945
FT4	I am patient when tested	6.35	0.915
FT5	I am always aware of sinful things	6.35	0.915
FT6	I am a person who always apologizes to Allah	6.16	1.319
FT7	I am a person who loves night prayers	5.68	1.222
FT8	I am a human being who can withstand anger	5.90	1.165
FT9	I am an easy person to forgive others	5.90	1.326
FT10	I am a humble person	6.06	1.063
FT11	I am always reading al-Quran	5.97	1.080

Table 3 shows the elements in business planning among Muslimpreneurs. The highest score is mean 6.45, which indicates Muslimpreneurs' responsibility in conducting a business.

Table 3: Mean and Standard Deviation of Business Planning

Item	Business Planning	Mean	Standard Deviation
FP1	I plan my business	6.32	0.832
FP2	I'm planning my daily schedule	6.35	0.608
FP3	I compile my daily schedule as needed	6.32	0.871
FP4	I am a careful and caring person	5.94	1.093
FP5	I am a reliable person	6.29	0.864
FP6	I am a responsible person	6.45	0.768
FP7	I always think long before taking an action	6.39	0.844

Table 4 shows the elements in performance among Muslimpreneurs. The highest score is mean 6.35, which indicates their market size is growing as a representation of business performance.

Table 4: Means and Standard Deviation of Performance

Item	Performance	Mean	Standard Deviation
P1	I have a regular income as a result of my business	5.84	1.003
P2	I own an asset as a result of my business	5.90	0.978
P3	My savings grew as a result of my business	6.00	0.966
P4	The number of my employees has increased	5.55	1.312
P5	My market size is growing	6.35	0.755
P6	My business capital has increased	6.23	0.717
P7	My business profit grows	6.26	0.815
P8	Total number of products or services of my company has increased	6.26	0.773

In an effort to gain an initial general overview of the respondents, descriptive analysis was performed on all constructs of the study. Accordingly, the response of the respondents on all constructs of the study in terms of the mean, standard deviation and Pearson correlation values are summarized in Table 5.

As shown in Table 5, the mean score for *taqwa* was 6.1613 (SD=0.82979), indicating that the respondents have adopted *taqwa* in conducting their business. The mean score for planning was 6.2949 (SD=0.63987), which shows

that the respondents also apply planning in business. The mean score for performance was 6.0484 (SD=0.68136), indicating that the performance is good. Hence, the results of Pearson's correlation indicated that the study constructs were correlated as expected in terms of direction and significance.

In this study, the bivariate correlations between *taqwa*, planning and performance were positive and significant ($p < 0.01$) with values ranging from 0.646 to 0.769. Planning is statistically correlated with *taqwa* ($r = 0.664$, $p < 0.01$). In the same vein, performance is statistically correlated with *taqwa* ($r = 0.646$, $p < 0.01$), and planning ($r = 0.769$, $p < 0.01$).

Table 5: Descriptive Statistics for (Mean, Standard Deviation, and Pearson Correlation)

Variables	Mean	Standard Deviation (SD)	Taqwa	Planning	Performance
Taqwa	6.1613	0.82979	1		
Planning	6.2949	0.63987	0.664**	1	
Performance	6.0484	0.68136	0.646**	0.769**	1

Note:** Correlation is significant at the 0.01 level (2-tailed).

Table 6 reported the results for the structural path model that include the values for the path coefficient (β), standard deviation, t-statistics, and decisions made based on the results. The conceptualised relationships were examined through the path coefficient (β) and t-values with level of significance. These path coefficient values were obtained through running a PLS algorithm, while t-statistics values were obtained through the bootstrapping resamples procedure. The obtained results must be positive (path coefficient values are positive) and significant with regard to the t-statistics values (t-statistics values greater than 1.96 or 2.58).

The results obtained indicated that the path coefficient values for the structural path model were positive, ranging from 0.345 to 0.581. For the structural path model, t-values for all the relationships were greater than 1.96 at the significance level ($p < 0.05$, 2 tailed test). Therefore, the results indicated that two hypotheses were significantly supported. The results for each hypothesised relationship are discussed below.

The results obtained for the first hypothesized positive relationship between *taqwa* and performance was supported (H1). The path coefficient value that connected *taqwa* and performance is statistically significant with $\beta = 0.581$ and $t = 2.853$ ($p < 0.05$). The second hypothesised positive relationship between planning and performance was also supported (H2). The results confirmed a significant positive relationship with $\beta = 0.345$ and $t\text{-value} = 2.208$ ($p < 0.05$). Hence, all the direct relationships among the variables in the structural model are significantly supported as proposed in the conceptual model for this study. Table 6 shows the summarized result of the proposed structural model with regards to the path coefficients (β), standard deviation, t-statistics, and p-values. Essentially, the findings also verified whether the hypotheses are supported or not supported. The result is for H1 and H2 hypothesized links were supported.

Table 6: Results of Path Coefficient (β)

Hypotheses	Relationship	Path Coefficient (β)	Standard Deviation	T-Statistics	P-Values	Result
H1	Taqwa \rightarrow Performance	0.581	0.204	2.853	0.005	Supported
H2	Planning \rightarrow Performance	0.345	0.170	2.028	0.043	Supported

Note: ***Value is significant 5 % (t-statistics values > 1.96)

V. CONCLUSION

The findings revealed that significant relationships exist between the state of *taqwa* and planning among Muslimpreneurs in relation to business performance. These findings provide a distinctive perspective on the concept of *taqwa* and proper planning and its necessity in the Islamic system for the contemporary modern era.

This study concluded that religiosity in the Islamic faith has influenced and shaped the entrepreneurs' business performance. For the successful Muslimpreneurs, *taqwa* and planning influence their business performance. This can be seen from their business practices that are highly supported by their belief that there is a 'divine' power that controls their lives and entrepreneurial actions. It is, therefore, the intentions of this paper to suggest for future studies that researchers could investigate the trend and profile of successful Muslimpreneurs and eventually develop global Muslimpreneurs.

In conclusion, there are significant relationships between the personalities of God-conscious and Islamic skills-possessing successful Muslim entrepreneurs and their accomplishments. Thus, this proves that all hypotheses proposed in this study can be accepted. This is because the Muslim entrepreneurs are an important asset to obtain high achievement in the field of entrepreneurship. Having Islamic characteristics could cause someone to be closely related to Allah and also to other people. The relationship with Allah is based on the concept of '*taqwa*' and planning which presents entrepreneurs who are totally subservient to Allah and who have good relationships with other people. This will provide some satisfaction and comfort to those who deal with these entrepreneurs. Generally, it can be concluded that the characteristics of entrepreneurs studied in this research is a dynamic foundation for individual relationships between the entrepreneurs with both Allah and other people, such as employees, customers, suppliers, retailers and wholesalers.

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