

Factors Affecting Islamic Entrepreneurial Intention: A Case Study

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Factors Affecting Islamic Entrepreneurial Intention: A Case Study

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Abstract

My study tried to hilights the main concept of Islamic enterprenuirship and the dependent variavles that affect the Islamic enterprenuirahip. In may study I have considered five independent variables that affect the islamic Enterprenrirship such as social support, self-efficacy, moral obligation, emapthy, and prior experience . Finally the result showed the relationship or the existence of influence of the independent factors that influence the willingness to pertecipate in islamic enterprenuirship.

CHAPTER 1

Introduction

1.1 Introduction:

In traditional business organization, maximizing profit is the prime concern. But Islamic organization is a prominent part of Islamic economics. In generally, Islamic enterprise is established based on Islamic principles and also have some unique characteristics based on al-Qur'an as well as al-

Hadiths are:

- Halal as a top priority (QS.5:88; QS 2:168)
- Taqwa as a framework (Al-saff,61:10-11)
- Do not waste (QS.7:31)
- Worship to Allah is a priority (QS.62:10; QS.15:67)
- Trustworthy (al-Hadiths: al-Tirmidhi.Book 1213)
- Knowledge (Al-Alaq.96:1-5)
- Concerns for the society and the environment (Al-QS Shash, 28;77)

Tough Islamic Enterprise is established based on strong ethical ground; the importance of the Islamic Enterprise is increasing day by day.

1.1 Background of the study:

Now, traditional organizations only make money that do not concern about social welfare. Islamic organization also makes money but follow some Islamic ethics always concern about social welfare. Though Islamic organization established based on Islamic ethics, the scope to help the poor will be more in this side. So, from this importance, several Islamic organizations had been establishing in Bangladesh.

1.2 Problem statement:

In traditional business organization, the scope to increase the welfare of poor is very lower as this type of organization always tries to make money only. But Islamic organizations not only make money but also try to increase the welfare of the society as it established based on Islamic principles. ¹ This study tried to answer some important questions about some factors that influence the Islamic Entrepreneurial intention to participate in Islamic Entrepreneurship.

1.3 Research Question:

¹ This study tried to find out the answer of some specific question and that is how perceived social support, self-efficacy, moral obligation, empathy and prior experience affect the entrepreneurial intention to participate in social business. So my study tried answer the following question:

- How perceived social support affect the islamic enterprenurial intention to partecipete in islamic enterprenuirship?
- How prior experience affect the islamic enterprenurial intention to partecipete in islamic enterprenuirship?
- How empathy affect the islamic enterprenurial intention to partecipete in islamic enterprenuirship?
- How moral obligation affect the islamic enterprenurial intention to partecipete in islamic enterprenuirship?
- How self- efficacy affect the islamic enterprenurial intention to partecipete in islamic enterprenuirship?

1.4 Objective of the study

This study tried to find out the variables that affect the islamic enterprenurial intention . So the specific objectives are:

- To show the repercussion ¹ of moral obligation on the enterprenurioal intention to participater in islamic enterprenuirship.
- To show the repercussion of self-efficacy on the enterprenurioal intention to participater in islamic enterprenuirship.
- To show the repercussion of social support on the enterprenurioal intention to participater in islamic enterprenuirship.
- To show the repercussion of prior experience on the enterprenurioal intention to participater in islamic enterprenuirship.

1.5 Significant of the study:

I have select bangladesgh as a case sdudy so that reader can easily understand the topic. The significant of the study is very high as in our country , the importance of islamic enterprenuirship or islamic organigation is hery high to solve different social and economoc problem. That why ¹ this study tyr to find out the major factors that affect the islamic enterprenurial intenton.

1.6 Scope and limitation:

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After reading this paper reader will have a clear knowledge about Islamic organization and its principles.

And also, will have an idea about the factors that affect the islamic enterprenuril intention.

This papre have some specific limitations and the major limitations are :

- The perticipamts were not very cooperative
- It takes long time to complete the paper
- People did not understant the topic very easily

1 CHAPTER 2

Literature Review

2.1 Introduction:

The major objective of the study is to find out the influence of some specific factors on the willingness to participate in Islamic Entrepreneurship. So, literature review about Islamic organizations and the factors that influence the willingness to participate in Islamic Entrepreneurship are given below:

2.2 Literature Review:

Now, Islamic social Entrepreneurship examined as a very importance terminology in reach of actual social Entrepreneurship. It's very significant to solve the social problems (Al-Alack and Eletter, 2010)

(Altinary, 2012) found out in his study that social support is significant factor that affect the Entrepreneurial Intentions and the support from family, parents, friends, and society leads to better Entrepreneurial intentions.

7 The basic concept of Entrepreneurship in Islam on a mutual relationship (partnership and participant) altruism and good will (Noruzi, 2011). Thus, profit is not only the prime goal.

Several studies highlighted that Self-Efficacy has a positive influence towards willingness to participate in Islamic Enterprise. A person with high levels of confidence in their skills to start a business is more likely to have a positive attitude towards entrepreneurial intentions.

Muslim Entrepreneur should search for God's blessing above all other factors and for that reason, Muslims establish business organization not only for making money but only increase the wellbeing of society (Mohammad Reza)

As fulfilling religious obligation is a major inducement for Muslim entrepreneurs, the measures used to evaluate their success are also different from the mainstream economic rationally of conventional

entrepreneurs who typically judge ² success by the financial gains reaped by the business venture (Hassan & Hippler, 2014)

Kaiser (2006) highlighted in his study that behaviors are significantly influenced by perceived moral belief which is ignored as one of the cornerstones of Islamic moral standards. Thus, these can be considering as another determinant towards Islamic entrepreneurship.

Generally, empathy is perceived as a capacity of understanding the feeling of another either in the past or present without having communicated that feeling in an objective manner. This feeling can be held in someone's imagination (Person. 2007).

In Islamic Entrepreneurship, monopoly behavior is extremely prohibited and for be a Islamic Entrepreneurship, every person must being honest (Ismil, 2006)

Every human being ² has a duty to create welfare of the earth. So Islamic Enterprise must concern about social welfare (QS. Al-au'am:165).

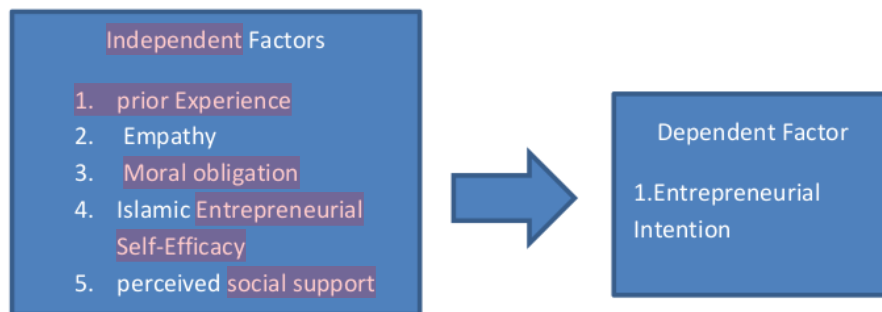
CHAPTER 3

Research Methodology

3.1 Introduction:

To conduct the study, 100 participants were interviewed and data were analyzed by using SPSS. Both descriptive and inferential statistics were used to conduct the study.

¹ 3.2 Research Framework:



So this study considers four independent variables that were listed above and only one dependent variable.

And those independent variables may affect the dependent variable.

3.3 Research Hypothesis:

The research hypothesis of my study that I have settled to see how the independent variables influence the dependent variable is:

- H1: Moral obligation affect the Islamic Enterprenurial Intention to participate in islamic enterprenurship.
- H1: social support affect the Islamic Enterprenurial Intention to participate in islamic enterprenurship.
- H1: prior experience affect the Islamic Enterprenurial Intention to participate in islamic enterprenurship.
- H1: Emaphy affect the Islamic Enterprenurial Intention to participate in islamic enterprenurship.
- H1: self-efficacy affect the Islamic Enterprenurial Intention to participate in islamic enterprenurship.

3.4 Data collection:

There are two type ³ of data collection.

✓ Primary data

✓ Secondary data

❖ Primary data: Primary data is data that is collected by a researcher from first-hand sources, using methods like surveys, interviews, or experiments. It is collected with the research project in mind, directly from primary sources.

❖ Secondary data: *Secondary data* refers to data that is collected by someone other than the user. Common sources of *secondary data* for social science include censuses, information collected by government departments, organizational records and data that was originally collected for other research purposes.

In this study, primary data were collected through questionnaires and the secondary data were collected through different journal, books, articles, and internet.

3.5 probability sampling:

There are two types of sampling:

- ✓ Probability sampling: it is a sampling technique in which the subject of the population gets an equal opportunity to be selected as a representative sample.
- ✓ Non probability sampling: here, it is not known that which individual from the population will be selected as a sample.

Because of my survey, I gave 100 questionnaires and the respondents were asked to fill and return back to me.

3.6 Techniques of Data Analysis:

To analyze and find the valuable findings, four techniques were used and the techniques are:

- ✓ Descriptive statistics
- ✓ Correlation Analysis
- ✓ ANOVA
- ✓ Coefficients Analysis

CHAPTER 4

Findings the Study

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4.1 Introduction:

To conduct the research survey, I started the data preparation for prepare the paper. The questionnaire contains some general information such as age, gender, education, income, and about different factors. And every question contain several degree of aggerement that range from 0 to 7.

1

4.2 Background Characteristics of the Respondents:

- Majority of the parcitipants are sdudent in my study
- Majority of the participants are Muslim
- Majority of the participant,s age are between 18-50
- Majority of the students are male

4.3 Descriptive Statistics:

This table show the maximun ,mimimum , number of observation ,mean and the standard deviation value. And from the table ,we can see the average iffluence of the independent variables on the dependent variable.

1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
prior Experience	100	1.00	7.00	3.3733	1.53543
Empathy	100	1.00	7.00	4.5967	1.37257
Moral Obligation	100	1.00	7.00	5.0075	1.62387
Self-Efficacy	100	1.00	7.00	4.8367	1.30998
perceived social support	100	1.00	7.00	4.3167	1.18291
Entrepreneurial Intention	100	1.00	7.00	4.1100	1.15960
Entrepreneurship	100	1.00	7.00	3.6000	1.76955
Valid N (listwise)	100				

Let, see the output interpretation,

From the table we can see that prior experience affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 3.3733 that means weakly agree and the ¹ maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.53543 and the number of observation is 100.

From the table we can see that Empathy affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 4.5967 that means somewhat agree and the maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.37257 and the number of observation is 100.

From the table we can see that moral obligation affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 5.0075 that means somewhat agree and the maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.62387 and the number of observation is 100.

From the table we can see that self efficacy affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 4.8367 that means somewhat agree and the maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.30998 and the number of observation is 100.

From the table we can see that perceived social support affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 4.3167 that means somewhat agree and the maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.18291 and the number of observation is 100.

From the table we can see that perceived social support affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 4.3167 that means somewhat agree and the

¹ maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.18291 and the number of observation is 100.

From the table we can see that enterprenuiral intention affect the islamic enterprenuiraship on everage by 4.1100 that means somewhat agree and the ¹ maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.15960 and the number of observation is 100.

From the table we can see that Enterprenuirship affect the Islamic enterprenuiral intention to participate in islamic enterprenuiraship on everage by 3.6000 that means somewhat agree and the ¹ maximum value is 7 that means the strongly agree , minimum value is 1 that means strongly disagree. The standard deviation value is 1.76955 and the number of observation is 100

4.4 Correlation Analysis:

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It shows correlation between two variables. A positive R value indicates a positive relationship between two variables and a negative R value indicates a negative relationship between two variables. And value always lies between -1 and +1.

Correlations

	prior Experience	Empathy	Moral Obligation	Self- Efficacy	perceived social support	Entrepreneurial Intention	Entrepreneurship
prior Experience	1	.244*	.190	.332**	.253*	.378**	.255*
Empathy	.244*	1	.686**	.570**	.397**	.322**	.022
Moral Obligation	.190	.686**	1	.666**	.457**	.359**	.071
Self-Efficacy	.332**	.570**	.666**	1	.523**	.612**	.201*
perceived social support	.253*	.397**	.457**	.523**	1	.489**	.154
Entrepreneurial Intention	.378**	.332**	.359**	.612**	.489**	1	.443**
Entrepreneurship	.255*	.022	.071	.201*	.154	.443**	1

- * means significant at 0.05 level based on 2-tailed test
- ** Means significant at 0.01 level based on 2-tailed test

Prior experience and Empathy represents a positive weak association between the two variables because of the R value of .244 and the significant level is 0.05 based on 2-tailed test.

Prior experience and moral obligation represents a positive weak association between the two variables because of the R value of .190 and the correlation is not statistically significant.

Prior experience and self-efficacy represents a positive weak association between the two variables because of the R value of .332 and the significant level is 0.01 based on 2-tailed test.

Prior experience and social support represents a positive weak association between the two variables because of the R value of .0253 and the significant level is 0.05 based on 2-tailed test.

Prior experience and entrepreneurial intention represents a positive weak association between the two variables because of the R value of .378 and the significant level is 0.01 based on 2-tailed test.

Prior experience and Entrepreneurship represents a positive weak association between the two variables because of the R value of .255 and the significant level is 0.05 based on 2-tailed test.

Moral obligation and Empathy represents a positive moderate association between the two variables because of the R value of .686 and the significant level is 0.01 based on 2-tailed test.

Self-efficacy and Empathy represents a positive moderate association between the two variables because of the R value of .570 and the significant level is 0.01 based on 2-tailed test.

Perceived social support and Empathy represents a positive weak association between the two variables because of the R value of .371 and the significant level is 0.01 based on 2-tailed test.

Entrepreneurial intention and Empathy represents a positive moderate association between the two variables because of the R value of .332 and the significant level is 0.01 based on 2-tailed test.

Entrepreneurship and Empathy represents a positive weak association between the two variables because of the R value of .022 and the relationship is not statistically significant.

Self-efficacy and moral obligation represents a positive moderate association between the two variables because of the R value of .666 and the significant level is 0.01 based on 2-tailed test.

Moral obligation and perceived social support represents a positive moderate association between the two variables because of the R value of .457 and the significant level is 0.01 based on 2-tailed test.

Moral obligation and perceived Entrepreneurship represents a positive weak association between the two variables because of the R value of .359 and the significant level is 0.01 based on 2-tailed test.

Moral obligation and Entrepreneurship a positive weak association between the two variables because of the R value of .071 and the relationship is not statistically significant ,

Self-efficacy and perceived social support represents a positive moderate association between the two variables because of the R value of .523 and the significant level is 0.01 based on 2-tailed test.

Self-efficacy and perceived social support represents a positive moderate association between the two variables because of the R value of .523 and the significant level is 0.01 based on 2-tailed test.

Entrepreneurial intention and self-efficacy represents a positive moderate association between the two variables because of the R value of .612 and the significant level is 0.01 based on 2-tailed test.

perceived social support and self-efficacy represents a positive weak association between the two variables because of the R value of .201 and the significant level is 0.01 based on 2-tailed test.

Perceived social support and intention represents a positive weak association between the two variables because of the R value of .489 and the significant level is 0.01 based on 2-tailed test.

Perceived social support and Entrepreneurship represents a positive weak association between the two variables because of the R value of .154 and the significant level is 0.01 based on 2-tailed test.

. Entrepreneurial intention and Entrepreneurship represents a positive weak association between the two variables because of the R value of .443 and the significant level is 0.01 based on 2-tailed test.

4.5 AVOVA:

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It shows whether the model result is significant or not.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	59.956	5	11.991	15.406	.000 ^a
	Residual	73.167	94	.778		
	Total	133.123	99			

a. Predictors: (Constant), prior Experience, Empathy, Moral obligation, Islamic Entrepreneurial Self-Efficacy and perceived social support

b. Dependent Variable:
Entrepreneurial Intention

Thus. The output is astistically significant beceause of .000 significant value .

4.5 Coefficients Analysis:

This table shows the coefficients of the independent factors as well as of the constant term. And also shows that whether the coefficients are significant or not.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.961	.405	2.377	.019
	Prior Experience	.132	.062	.174	.036
	Empathy	-.036	.091	-.042	.699
	Moral Obligation	-.072	.086	-.101	.403
	Self-efficacy	.463	.100	.523	.000
	Perceived social Support	.229	.090	.234	.012

a. Dependent Variable: Intent

From the table we can easily see that the independent variable prior experience ¹ is statistically significant as the significant value is 0.036. that indicates that people with more prior experience have a greater intention to participate is islamic enterprenuirship.

From the table we can easily see that the independent variable Empathy is not ¹ statistically significant as the significant value is 0.669. that indicates that people have to Empathy to participate is islamic enterprenuirship today.

From the table we can easily see that the independent variable moral obligation is not ¹ statistically significant as the significant value is 0.403. that ¹ indicates that people have no moral obligation to participate is islamic enterprenuirship.

From the table we can easily see that the independent variable self-efficacy ¹ is statistically significant as the significant value is 0.000. that indicates that people with more self-efficacy have a greater intention to participate is islamic enterprenuirship.

From the table we can easily see that the independent variable perceived social support ¹ is statistically significant as the significant value is 0.012. that indicates that people with more social support have a greater intention to participate is islamic enterprenuirship.

CHAPTER 5

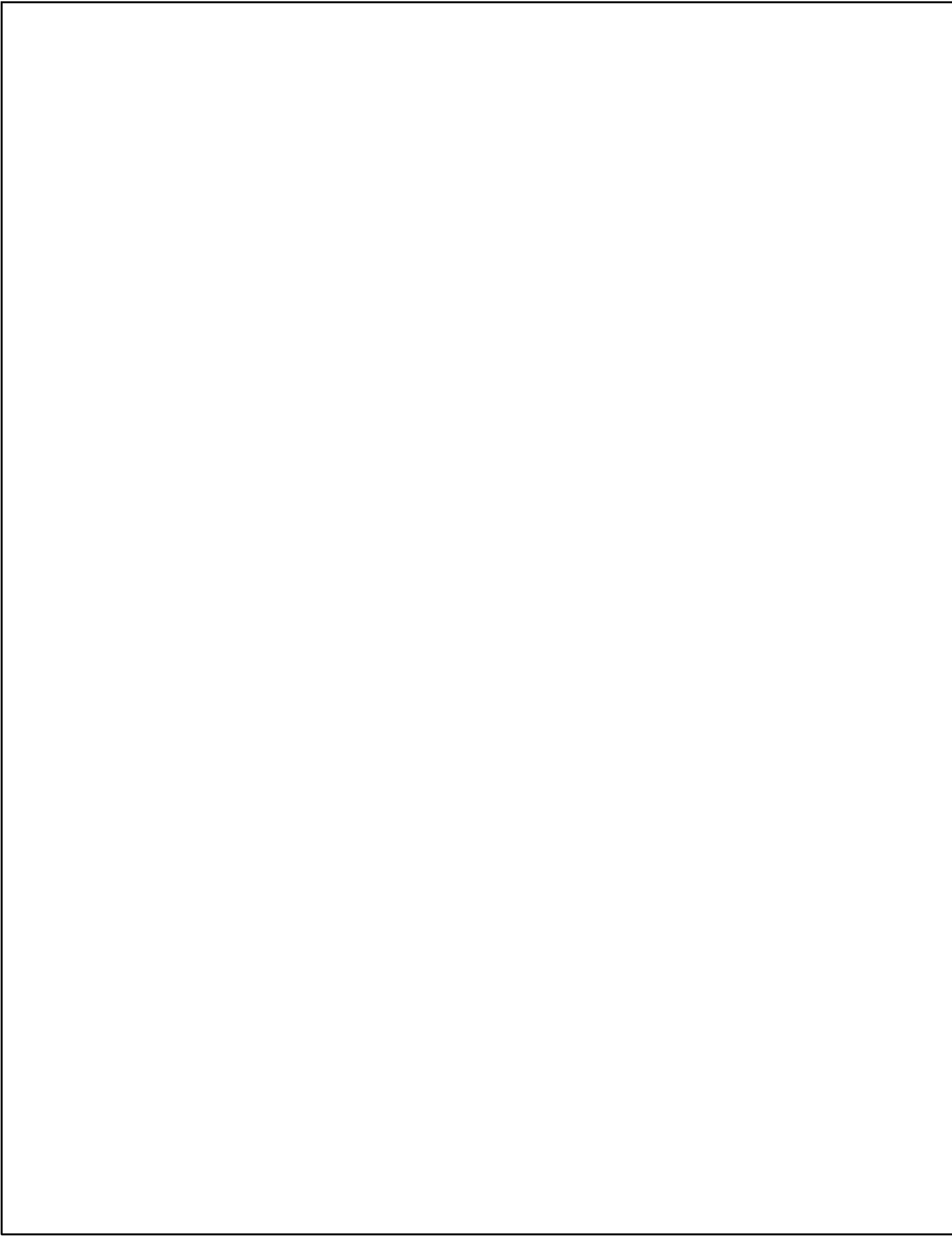
Conclusion

The main significant of my study is to show the influence of the factors on the Islamic Entrepreneurial Intention to participate in Islamic Entrepreneurship. This study also shows that the independent factors affect the Islamic Entrepreneurship and the correlation analysis also showed the existence of relationship between variables.

So, this sector is very important to solve different social and economic problems as general profit maximizing organizations cannot concern about the social welfare but in this sector social welfare is very much concerned that creates a big opportunity for the poor to improve their condition. So, government should take a positive step to increase the number of Islamic organizations.

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