

THE DEVELOPMENT OF MUSLIMPRENEURSHIP MODEL IN INDONESIA

Hanny Nurlatifah^{*1}, Ary Syahriar², Ahmad H Lubis³, Niken Parwati⁴

¹Faculty of Economic and Bussiness University of Al Azhar Indonesia
hanny@uai.ac.id

^{2,3,4}Faculty of Science and Technology Universty of Al Azhar Indonesia
ary@uai.ac.id, ahlubis@uai.ac.id, niken@uai.ac.id

Abstract

Muslimpreneur concept has gained increasing research attention in recent years. Although most of researchers agree the important role of innovation in the process of creating new business entity, only few researches have been done to embed the muslimpreneur model into the innovation process. Additionally, there have been lack of studies on muslimpreneurship conducted in the case of adopting the new platform strategy related to era of industry 4.0. Due to above circumstances, this paper will be focused on how to build the muslimpreneur model as an innovation-based platform during entrepreneurial process. For this purpose, two approaches were used in this study. Firstly, the study discusses the muslimpreneur model based on literature study and content analysis. Secondly, stage of elaborating the model with Indonesia business owners' perspectives and how possibilities of implementing the model by showing related examples and best practices. This study represents early efforts to develop innovation platform framework based on muslimpreneur philosophy. This early effort shows that Muslimpreneur model agrees well with the business practice in most of entrepreneurial activities experienced by Indonesian Muslim entrepreneurs. However the approach is not fully adopted since most of the Indonesian business actors do not grasp the philosophical method offered by Muslimpreneur concept as well as lack of knowledge in Islamic Business etiquette.

Introduction

Based on global perspective, in the past two decades entrepreneurship has been recognized as a major factor for economic growth and social transformation of societies. Recent crisis has been attributed to the lack of entrepreneurial enthusiasm in modern economies. Therefore, there have been increasing efforts on policy to raise the capacity of societies for entrepreneurship movements. Additionally, the emergence of new business models based on innovation, cooperation networks and the enhancement of endogenous resources are assumed to be a strong contribution to the development of competitive economies. In the innovation based era, universities are increasingly become the center of local economic development, as they may take a leading role in knowledge production as well as dissemination of new invention towards commercial used. However, the university commitment should not be limited to the

commercialization of invention but they can also trigger the entrepreneurial mindset by promoting the entrepreneurial thinking, action and institutions. This approach is even more important as the entrepreneurship concept may directly impact on local economic development compare to the availability of natural and economic resources.

To contribute on social development and economic growth and beyond traditional mission of research, teaching and education, the new mission of an enterprising university therefore was established. The aim is to encourage young university graduates interest to entrepreneurship so that they can launch new firms that exploit their skills as well as academic research results. Here, the concept to interconnected topics for example, entrepreneurship education and academic entrepreneurship are developed with the inserting further model on Muslimpreneurship to strengthen the ability of most graduates for further entrepreneur development.

Based on national and regional perspective, Indonesia population in 2019 is around 265 million people, where only less than 1% put their effort to develop their own business entity. Among those people 26.58 million Indonesians have income below US \$ 1.9 / day. Poverty and Inequality are still the mayor problem in Indonesia, according to the data there are 10% of Indonesian people belong to low income community (BPS-Statistics Indonesia, 2018). To improve the standard of living of the community the Indonesian Government is currently actively running programs to help Medium and small enterprises. Ministry of Cooperation and Small and Medium Enterprise (MSMEs) (MSMEs) in Indonesia state that the number of Indonesian SMEs are 59.2 million peoples. Since Indonesia is the majority-Muslim country and recent business trend has shown that more people are interested toward implementing religious belief as the values system of the company, so Indonesia needs a model for the Muslim

entrepreneur running their business by applying the Islamic values. The main objective of this paper is to develop a Muslimpreneur Model based on Indonesia Muslim business ownership.

Islamic Perspective on Entrepreneurship

Entrepreneurship from Islamic perspective is a composition of two individually contested concepts, Islam and Entrepreneurship. There are three essential elements in Islam teaching including Islam, Iman and Ihsan. In relation to Islam, Islamic principle consists of five pillars, including the declaration of belief or testimony that there is no God but Allah that Muhammad (Peace Be Upon Him) is His messenger, performing prayer, fulfilling Zakat (Islamic charity), fasting in Ramadan and conducting Hajj (pilgrimage to Mecca) for Muslims who are able to do so. In relation to Iman, Iman contains six pillars, including belief in Allah, His angels, His books, His messengers, the last day and divine destiny. In relation to Ihsan, Ihsan describes a state of mind while worshiping Allah, the Creator or doing any other activities alone or together with the others, as if you see Him, while not seeing Him, definitely in fact He sees you. These three pillars cannot be separated and it is compulsory that every committed Muslim must these three pillars. Especially for the case of Ihsan, since any Muslim should be conscious to the presence of Allah in his life, so it is an obligation for a Muslim do everything with his/her best ability, excellently, completely, nicely, high quality and doing them correctly in the right way according to the best standards and regulations. The attribute of Islamic in Entrepreneur an Islamic is Perspective is linked to the belief and the submission to God (Guemuesay, 2015)

According to Westhead et al (2011) the possession of certain personality characteristics related to entrepreneurship is determined by an exposure of an individual toward entrepreneurial behaviour. Due to this, psychological characteristic should be an important part of entrepreneurship research (Chavez, 2016). One of the key attributes is that asuccessful

entrepreneurs must have great personalities. There are a few great personalities of successful entrepreneur such as thoroughness, discipline, intelligent, emotional stability, creative and risk taking.(Yaacob, Abdul, & Azmi, 2012). The Al-Quran points out the importance of Entrepreneurship. This kind of Entrepreneurship is related to the muslim people can active well as a part of Islamic economics and businesses. is related with the pursuit of opportunity beyond resources . Islam always encourages Muslims to be an innovative and active entrepreneur. Conducting business ethically is an important matter that should be practiced by all entrepreneurs, especially for Muslimpreneurs (Rameli, Ridhwan, Aziz, Wahab, & Amin, 2014). Perfection of Islam is not just includes religious aspects but also the best life procedures guided by Allah SWT. Al- Quran and al-Hadith are the main referential sources and completed guideline to the best human life. In addition, people are supplied with common senses to be used to achieve the purpose of life and closer to their creator. Base on the word of Allah which means : “ *Who is he that will lend to Allah a goodly loan so that He may multiple it to him many times and it is Allah that decrease or increase (your provisio), and unto Him you shall return* “(Surah Al-Baqarah , 2:245)(Ahmad et al., 2018).

An Enterpreneurship Islamic Perspective (EIP) is a complex and contested concept based on three interlinking pillars: the entrepreneurship, as it entails defined practices and spiritual sources as well as a distinct meta-physical objective. This complexity needs to be incorporated into holistic models which yield explanatory richness whilst not neglecting the values of parsimony.

Characteristic of Muslimpreneur

No.	Researchers	Muslimpreneur Characteristic
1	(Yaacob et al., 2012)	Thoroughness/Detail Oriented, Disciplined, Intelligence and Emotional , Stability, Creative, Risk Taking
2	(Rameli et al.,2014)	Taqwa as a framework, Worship to Allah SWT is a priority,Halal as a top priority, Do not waste,Practicing high moral value, Trustworthy, Concern for the welfare, Caring for the society and environment, Knowledgeable

3	(Lisnawati & Eeng Ahman, 2019)	Siddiq (Honest), Amanah (Responsible), Fathanah (Capable/Clever), Tabligh (Convey)
4	(Suharto, 2007)	Sincere intentions, Not involved with the practice of usury, Avoiding scams, Justice (al-'Adl), Trust, Pay Zakat (Islamic charity)
5	(Norliana, Fakhrol Anwar, Wan Norhayate, Norfadzilah, & Asyraf, 2018)	Intelligence and competence (fathanah), Trustworthiness (amanah), Truthfulness and high integrity (siddiq), Communicative (tabligh), Consistency of courage (istiqamah)

Research Methodology

This study using qualitative approach to get deeper description of the social actors in their natural setting (Malhotra, 2010). The study was conducted based on the methodology content analysis and Focus group Discussion. This Study also using focus group discussion with Muslim business owner and academicians. This study also base on existing model and theory from previous studies. Comparative analysis was used to look at the previous models of muslimpreneur. Stage -1 was done by analyzing the previous models of muslimpreneur through literature review and followed by focus group discussion. The data used for this research were gathered through qualitative approach. Stage 2 is developing a model of muslimpreneur using semi-structured interviews with few muslim bussines owner with the help of structured questionnaire.

Research Findings and Discussion

Based on studies conducted, the model of muslimpreneur can be defined as the shape of pyramid with Spiritual Activation at the top of the pyramid and supported by three pillars at the base including Religious Foundation (*Iman*), Human and Nature Interaction (*Islam*) and Moral Guidance (*Ihsan*).

Religious Foundation (*Iman*)

The power of belief becomes one of the basic elements. Every act of a muslim is in the form of worshipping if done with the intention of pleasing Allah (SWT). So there is no separation between business and religion (Ullah, Mahmud, & Yousuf, 2015). Based on Islamic perspective,

personality of an entrepreneur refers to the personality of a Muslim entrepreneur influencing his/her actions and his/her way of applying Islamic values while interacting with others in business. In principle, an entrepreneur must believe in Allah and strive in the search of wealth to improve himself by applying Qur'an as Allah's guidance and the Prophet's teachings.

Moral Guidance (Ihsan)

Through various discussions on how an entrepreneur practicing their business according to Islamic business ethics, three main indicators like trustworthiness, caring, and fair trade were highly considered to be the elements of moral guidance.

Trustworthy is the fundamental psychological entrepreneurial characteristics and a quality that is needed if a society wants to act in a good manner. A quality that enhances the integrity and sounds like moral conduct that is inherent in the notion of honesty. Being trustworthy implies being authentic, punctual, honoring trusts, keeping promises, and fair of God in every action. Being trustworthy is an important part of the noble Islamic character. Prophet Muhammad was known, even before his Prophethood as Al Amin (the trustworthy one). (Mohamed & Baqutayan, 2016).

Caring in Islam, caring for society, environment and animals are sacred and valuable. Being an entrepreneur, Prophet Muhammad cared for the health of the society, and encouraged women to participate in this sector, enhancing the role of women society. He also encouraged his followers to care for their elderly parents and people in society. He played with children, talking and listening to them, which gave them self-confidence and influenced their future (Nooh, 2015). Caring for the society and environment are normally implemented by the muslimpreneurs in Indonesia and few examples related to this such as helping poor people through the wealth created and feeling responsible to provide halal products for Muslim.

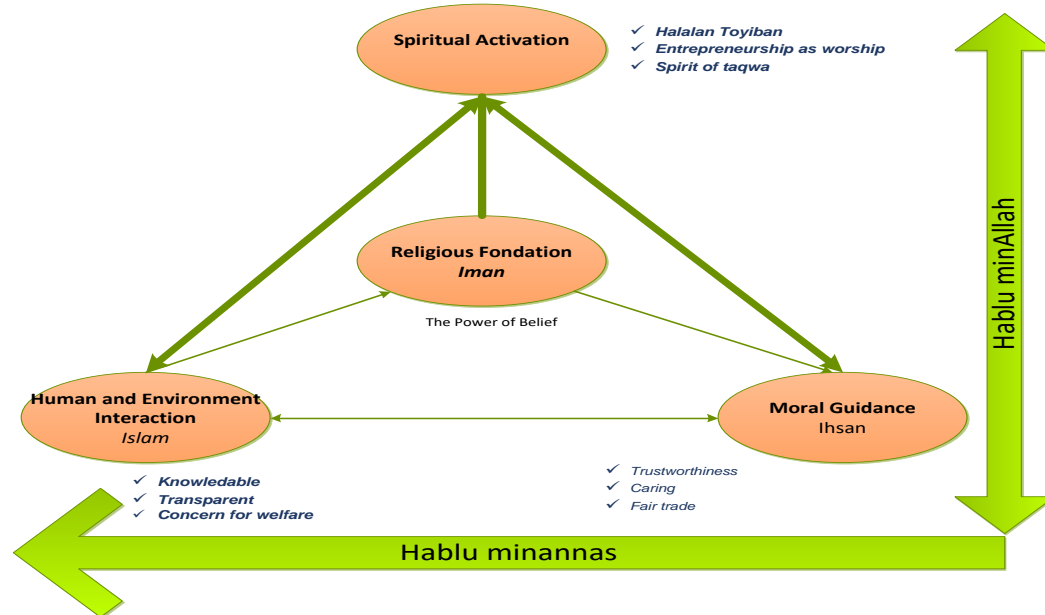


Fig. 2 Model of Muslimpreneur

Fair Trade is a trading partnership, based on dialogue, applying transparency and respect and seeking greater equity in international trade. It contributes to sustainable development by offering better trading preconditions to, and securing the rights of, marginalized producers and workers. In Islam, doing business activity does not only not engage with any transactions forbidden by Islam (Salmah S, Kalsom AW, Asmaddy H, & Nordin AR, 2015) but also should comply with the related syariah law accordingly. In the market competition, muslimpreneurs should not only focus on improving the quality of their products and but also benefit rather than discredit of their competitor.

Human and Environment Interaction (*Islam*)

Islam requires maintaining good interaction between fellow living beings and the surrounding environment. In dealing with fellow creatures, transparency is needed in conducting business activities or not doing fraudulent things. Respecting worker not only through mouth but also giving them their rights. Prophet (SAWS) said: “the wages of the workers must be paid before

the sweat dries upon his body” (Majah 2434). And in another occasion Prophet (SAW) said ”I will be opponent to those persons on the day of resurrection who does not give him his due to a person who have finished work for him.” Islam also teaches us to treat people as you treat yourself in good manner. This is the responsibility of the employer that he should provide all the basic things like giving him fair wages, providing him good working condition, and treating him ethically.(Mohamed & Baqutayan, 2016)

Honesty is the fundamental requirement of doing business; honesty is another important moral principles that testify to a Muslim’s devoutness. Its importance is indicated in a number of Quranic verses and traditions of the Prophet (PBUH)(Mohamed & Baqutayan, 2016)

Spiritual Activation

Spiritual activation is the main purpose for all muslimpreneurs doing their business. The Spiritual activation consists of Halalan Thayyiban (choose a halal source, pure and clean; practice a halal procedures use (Rameli et al.,2014), conducting entrepreneurship as a worship and spirit of taqwa. This will wrapping all good qualities as characteristic of muslimpreneurs in carrying out their activities.

The holistic characteristics of Muslim entrepreneurs have inculcated rule of metaphysics which are abstract like sin, merit, hell and heaven triggering to human’s behaviour in structuring entrepreneurial development (Rameli et al.,2014). Both of these decrees from Allah SWT are evidences or reminders which call the mankind to work hard and search for benefits from all sources provided by Allah SWT in this world. Entrepreneurship is an example of this and at the same time is an ‘ibadah’ (religious ritual) to Allah SWT if they are carried out honestly and for the right reason(Yaacob et al., 2012).

Complement the characteristics of Muslimpreneurs. The taqwa (faith) to Allah SWT can be realized through the implementation of mandatory and voluntary worship both of fardhu ain (personal) and fardhu kifayah (community). It includes prayer, fasting in Ramadan, hajj and umrah (pilgrimage), charity, zakat (alms), sunat prayers, and etc.(Rameli et 2014)

The Understanding of Muslimpreneur in Indonesia

The results of this study have shown that the respondent agree with the statement that muslimpreneurs are the persons who practice their business according to the belief of Islamic law. The participants also agreed that the following indicators representing the way of muslimpreneur doing their business

Characteristic of Muslimpreneur in Indonesia

Construct	Variable	Indicator
Spiritual Activation	Halalan Thayyiban	Choose a halal source, pure and clean
		Fulfill the Islamic principles in production
	Entrepreneur as worship	Entrepreneurship is an integral part of Islamic religion.
	Spirit of taqwa	The implementation of mandatory and voluntary worship both of fardhu ain (personal) and fardhu kifayah (community)
Religious Foundation (Iman)	The Power of Belief /Aqidah	An entrepreneur must believe in Allah and strive in the search of wealth to improve himself and do all of Allah and the Prophet's teachings
Moral Guidance (Ihsan)	Trustworthiness	Honesty, trust, keeping promises, punctuality
	Caring	Helping poor people through the wealth created.
		The feeling of responsibility to provide halal products for Muslim;
	Fair trade	The business rivalry; enhance the quality of the products, expose the goodness of the products, do not vilify the competitors; keep the ethics and morals with others
Human and Environment Interaction (Islam)	Knowledable	Strive in the search of wealth to improve him self and do all of Allah and the Prophet's teachings.
	Transparent	Do not engage with any transactions that is forbidden by Islam
	Concern for welfare	Donating to the poor and those in need

Conclusion

In conclusions, this paper is an attempt to develop a model of muslimpreneur base on Indonesia's Muslim business owner. By developing this model, there will be a guide to the new entrepreneur to implement Islamic values in their business activities. The finding from this research is that

mostly the business owner agreed with the model and most of them already done all elements from the model however they did not realize that those elements were parts of Islamic business role for entrepreneurship because they lack of knowledge for Islamic Business etiquette.

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