



EFFECTS OF THE *TAWHIDIC* PARADIGM ON  
RESILIENT ENTREPRENEURS IN MALAYSIA

BY

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A dissertation submitted in fulfilment of the requirement for  
the degree of Doctor of Philosophy (Business  
Administration)

Kulliyyah of Economics and Management Sciences  
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NOVEMBER 2018

## ABSTRACT

Issues of entrepreneurial attitude and standardisation of business process have long been argued in the academic field. Although the Malaysian government, through its authorised agencies, has provided incentives and grants for the development of entrepreneurship, the progress made is still lacking and inadequate. In assisting to provide some solutions, educational institutions have incorporated teaching materials into their syllabus to enhance the entrepreneurial attitudes of students. The current study focuses on examining the extent to which the philosophy and application of the *Tawhidic* paradigm are part of the educational syllabus in Malaysia. Subsequently, the study attempts to identify the methods to equip entrepreneurs with resilient characters to fulfil their duties based on the core Islamic values. The quantitative method was employed to collect data using a questionnaire that contains information on the respondents' personal profile and educational background. A total of 543 Malaysian entrepreneurs from a large number of sectors were surveyed using convenience sampling. To analyse the collected data and test the research hypotheses, the structural equation modeling was used. The current study postulates that the awareness gained from well-being (*falāh*) in life and excellence (*itqān*) at work can be derived from the pursuit of the *Tawhidic* principle. The results reveal that the *Tawhidic* paradigm is a partial mediator in the relationship between the entrepreneurship curriculum and the resilient character of entrepreneurs. The study has theoretical, methodological and practical contributions in the sense that it provides evidence and identifies relevant components to influence the existing entrepreneurship modules for capacity building, especially in terms of instilling integrity and ethical values while conducting business dealings. The ideas and concepts of the *Tawhidic* paradigm help to promote the learning outcomes of entrepreneurial behaviours, mindset, attributes, characteristics and Islamic ethics. In general, the study concludes that the *Tawhidic* paradigm contains the essential elements that would enhance the established knowledge and theories about entrepreneurship in an artificial setting or environment.

## لَخْصُ الْبَحْثِ

هُنَالِكَ الْعِدِيدُ مِنَ الْمَسَائِلِ الْمَتَعَلِّقَةِ بِمَفْهُومِ الْأَشْخَاصِ لِمَبَادِي رِيَادَةِ الْأَعْمَالِ، وَبِالْمَقَائِسِ الْوَاجِبِ اتِّبَاعُهَا بِذَلِكَ الْخُصُوصِ، وَالَّتِي نُوقِشَتْ فِي الْمَجَالِ الْأَكَادِيمِيِّ طَوِيلًا. وَبِالرَّغْمِ مِنْ أَنَّ الْحُكُومَةَ الْمَالِيَّةَ - مِنْ خِلَالِهَا وَكَالَاتِهَا الْمَخْتَلِفَةَ - قَدَّمَتْ الْكَثِيرَ مِنَ الدَّعْمِ وَالْمَحْفَظَاتِ الْمَادِيَّةِ لِتَطْوِيرِ رِيَادَةِ الْأَعْمَالِ، إِلَّا أَنَّ مَا تَمَّ إِحْرَازُهُ مِنْ تَقَدُّمٍ لَا يَزَالُ قَائِمًا دُونَ الْمَسْتَوَى الْمَطْلُوبِ. وَفِي مُحَاوَلَةٍ لِإِيجَادِ بَعْضِ الْحُلُولِ لِهَذِهِ الْمَشْكِلَةِ، قَامَ الْعِدِيدُ مِنَ الْمَوْسَسَاتِ التَّعْلِيمِيَّةِ بِدَمَجِ مَوَادِّ تَعْلِيمِيَّةٍ خَاصَّةٍ لِتَعْزِيزِ الْفَهْمِ لِسُلُوكِ رِيَادَةِ الْأَعْمَالِ لَدَى الطُّلَابِ. وَمِنْ هَذَا الْمُنْطَلَقِ، يَهْدَفُ هَذَا الْبَحْثُ إِلَى دَرَاةٍ مَدَى تَوْفُرِ الْفَلْسَفَةِ وَالتَّطَبِّقَاتِ الْمُنَبِّتَةِ عَنْ مَبَادِي التَّوْحِيدِ الْإِسْلَامِيِّ فِي الْمَنَاهِجِ التَّعْلِيمِيَّةِ بِمَالِيَا. إِضَافَةً إِلَى ذَلِكَ، تُحَاوَلُ الدَّرَاسَةُ تَحْدِيدَ بَعْضِ الْآلِيَّاتِ الَّتِي يُمَكِّنُ مِنْ خِلَالِهَا تَرْوِيدُ رَوَادِ الْأَعْمَالِ بِشَخْصِيَّةٍ مَرْنَةٍ لِلْقِيَامِ بِوَجَابَتِهِمْ وَفَقًا لِلْقِيَمِ الْإِسْلَامِيَّةِ الْأَسَاسِيَّةِ. لَقَدْ تَمَّ تَوْظِيفُ مَنَهْجِيَّةِ الْبَحْثِ الْكَمِّيِّ لِمَجْمَعِ الْبَيَانَاتِ، بِاسْتِخْدَامِ اسْتِثْبَانَةٍ تُحْتَوِي عَلَى أَسْئَلَةٍ تَعَلُّقًا بِالْمَعْلُومَاتِ الشَّخْصِيَّةِ، وَالْحَلْفِيَّةِ التَّعْلِيمِيَّةِ لِلْمُسْتَجِيبِينَ. وَبَعْدَ اخْتِيَارِ طَرِيقَةِ الْعَيِّنَةِ الْمُرِيحَةِ لِتَحْدِيدِ حَاجِئَةِ الدَّرَاسَةِ، كَانَ الْعَدَدُ الْإِجْمَالِيُّ لِلْمُشَارِكِينَ فِي الدَّرَاسَةِ 543 فَرْدًا، جَمِيعُهُمْ مِنْ رُوَادِ الْأَعْمَالِ الْمَالِيَّةِ الْبَيِّنِيَّةِ مُخْتَلِفِ الْقَطَاعَاتِ. أَمَّا بِالنَّسْبَةِ لِتَحْلِيلِ الْبَيَانَاتِ، فَقَدْ تَمَّ اسْتِخْدَامُ أُنْمُودٍ جَامِعَةٍ لِتَحْلِيلِ الْهَيْكَلِيَّةِ لِفَحْصِ فَرَضِيَّاتِ الدَّرَاسَةِ. وَتَبَيَّنَتْ مِنَ الدَّرَاسَةِ أَنَّ الْوَعْيَ النَّاتِجَ عَنْ تَمَتُّعِ الْأَشْخَاصِ بِحَيَاةٍ كَرِيمَةٍ، وَإِتْقَانَهُمْ لِعَمَلِهِمُ الْمِهْنِيِّ يُمَكِّنُ تَحْصِيلَهُ مِنْ اتِّبَاعِ مَبَادِي التَّوْحِيدِ الْإِسْلَامِيِّ. كَمَا أَظْهَرَتْ نَتَائِجُ الدَّرَاسَةِ أَنَّ اتِّبَاعَ مَبَادِي التَّوْحِيدِ يُعَدُّ مُتَغَيِّرًا وَسَيْطَافًا فِي الْعِلَاقَةِ بَيْنَ الْمَنَهْجِ التَّعْلِيمِيِّ وَبَيْنَ النَّجَاحِ الْفِعْلِيِّ لِسُلُوكِ رِيَادَةِ الْأَعْمَالِ. لِهَذِهِ الدَّرَاسَةِ مُسَاهِمَاتٌ نَظَرِيَّةٌ، وَمَنَهْجِيَّةٌ، وَعَمَلِيَّةٌ فِي مَجَالِ رِيَادَةِ الْأَعْمَالِ حَيْثُ أَتَاهَا تُحَدِّدُ الْعِنَاصِرَ الْإِلَازِمَ تَوْفُرِهَا فِي مَنَاهِجِ رِيَادَةِ الْأَعْمَالِ لِبِنَاءِ الْقُدْرَاتِ، وَبِخَاصَّةٍ تِلْكَ الَّتِي تَعَلُّقًا بِتَحْقِيقِ النَّزَاهَةِ وَالْقِيَمِ الْأَخْلَاقِيَّةِ عِنْدَ إِجْرَائِهَا مِنْ التَّعَامُلَاتِ التَّجَارِيَّةِ. كَمَا خَلَّصَتْ الدَّرَاسَةُ إِلَى أَنَّ مَبَادِي التَّوْحِيدِ الْإِسْلَامِيِّ تُسَاعِدُ فِي تَعْزِيزِ نَتَائِجِ الْعَمَلِيَّةِ التَّعْلِيمِيَّةِ مِنْ حَيْثُ السُّلُوكِ الرِّيَادِيِّ، وَالْعَقْلِيَّةِ، وَالصَّفَاتِ، وَالْأَخْلَاقِ الَّتِي يَكْتَسِبُهَا الطُّلَابُ. بِشَكْلِ عَامٍ، تُؤَكِّدُ الدَّرَاسَةُ عَلَى أَهْمِيَّةِ اتِّبَاعِ مَبَادِي التَّوْحِيدِ الْإِسْلَامِيِّ لِتَحْسِينِ تَطْوِيرِ الْمَعَارِفِ وَالتَّظَرُّبَاتِ الْمَتَعَلِّقَةِ بِرِيَادَةِ الْأَعْمَالِ.

## **APPROVAL PAGE**

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## DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Farah Akmar Binti Anor Salim

Signature .....

Date .....



*This thesis is dedicated to my late father, Tn Hj Anor Salim bin Abdul Moen and my loving mother, Pn. Hjh Zainab binti Hj. Yaacob for laying the foundation of what I turned out to be in life.*

## ACKNOWLEDGEMENTS

I wish to express my sincere appreciation to those who have contributed to this thesis and supported me in one way or the other during this amazing journey.

First of all, I am extremely grateful to my main supervisor, Associate Professor Dr. Suhaimi Mhd Sarif for the continuous support of my Ph.D study and related research, for his patience, motivation and immense knowledge. His guidance helped me in all the time of research and writing of this thesis especially during the difficult conceptual development stage. I remain amazed that despite his busy schedule, he was able to go through the final draft of my thesis and meet me in less than a week with comments and suggestions on almost every page. He is an inspiration.

My sincere gratitude is reserved for my co-supervisors; Professor Dr. Ainul Jaria Maidin and Dr. Dolhadi Zainudin; for their insightful comments and encouragements and also for the hard question which incited me to widen my research from various perspectives.

I am also indebted to Dr. Soon Seng Thah and Associate Professor Dr. Chung Han Teck, who provided me an opportunity to join their research methodology seminars and who guided me in conducting and examining my research. Without their precious support it would not be possible to conduct this research.

I would also like to acknowledge the most important person in my life – my husband, Mr. Azrul Effendi bin Abdul Rahman. He has been a constant source of strength and inspiration. There were times during the past four and a half years when everything seemed hopeless and I didn't have any hope. I can honestly say that it was only his determination and constant encouragement that ultimately made it possible for me to see this project through the end.

Finally, I would also like to extend my special thanks to my beautiful children; Nur Qaisara Azfar, Muhammad Danial Azfar and Nur Irdina Azfar for their constant unconditional support and valuable prayers. I would not be here if it is not for all of you.

Thank you very much.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 OVERVIEW

Research on entrepreneurship is growing in tandem with economic development across the globe. Given the beneficiary rewards upon involving in the field, engendering into the entrepreneurial activities is becoming a prominent goal for many national governments. Despite achieving economic globalization and liberation, entrepreneurship promotes greater capacity for technology and innovation. With magnificent technology advancement and noble innovation in the industry, entrepreneurial endeavor assists in strengthening competitiveness.

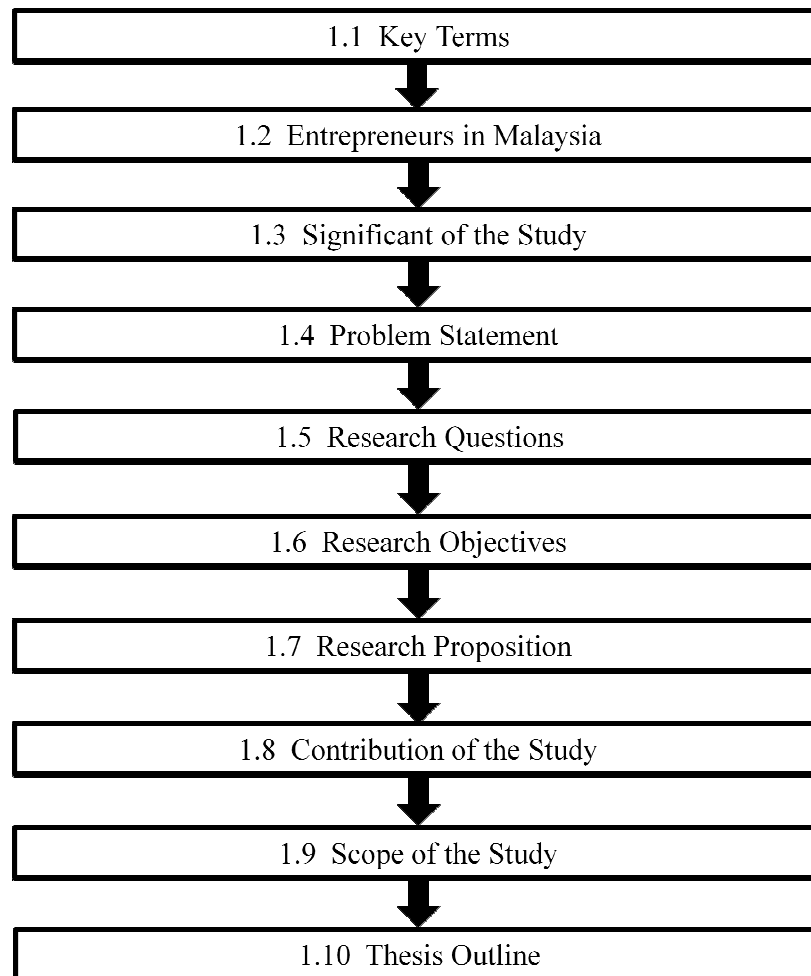
Realising the importance of the entrepreneurial field, the authority strives to commence several agendas in achieving greater levels of success. Amongst the activities involved is to promote their educational and training opportunities in cultivating their skills and abilities, specifically in business dealings (Henry et al, 2003).

Today's business schools promote an integrated curriculum to comprehend entrepreneurs in identifying business opportunities and sharpen their practical skills. The integrated methodologies not only provide students to comprehend with the key business disciplines, but rather to nurture them with greater practices of humanistic skills, ethics and values. The incorporation of these constituents creates entrepreneurs with high civic-mindedness and excellent interpersonal, communication and leadership skills (Weber & Englehart, 2011a).

This paper singles out a thorough study in establishing the factors that lead to the success of entrepreneurial prospects. Since entrepreneurs gain higher returns through formal education (Van Praag, Van Witteloostuijn, & Van Der Sluis, 2012; Becker, Hauser, & Kronthaler, 2013; Kirby, 2004), the study will explore the ideology contained in the integrated curriculum for entrepreneurs in the Malaysian context, particularly in the area of ethics, legal knowledge and skills. The study will scrutinize the practices of entrepreneurs from the world's and nation's top ranking and determine the key indicator that leads them to such ranking and associate it with the *Tawhidic* paradigm index.

This chapter sets out an overview of entrepreneurial involvement and contribution as well as its significant factors that reflected on the education system in Malaysia. The chapter presents eleven (11) sections, which incorporate the minutiae of the problem statement and research questions, including pertinent research questions, research hypothesis and overall purposes of the study. Finally, the chapter clarifies the contribution and scope of the study in the entrepreneur's education field. The summary of the chapter is presented in Figure 1.1.

Figure 1.1 Summary of Chapter 1



## 1.2 ENTREPRENEURSHIP EDUCATION

The emergence of entrepreneurship education around the globe has undeniably affected the entrepreneurial skills and personality of potential entrepreneurs. Research conducted by the Centre for Entrepreneurial Leadership Clearinghouse indicated that, “entrepreneurship education promotes in providing individuals with the concepts and skills in recognizing opportunities that others may have overlooked, and have the insight, self-esteem and knowledge to act where other have hesitated.” Kozlinska (2011) added that upon recognizing business opportunities, entrepreneurship

education helps individuals to nurture entrepreneurial knowledge through promoting relevant knowledge such as increasing capacities in the use of techniques, examination of business situations and creation of action plans, which enable them to deal with the changing environment.

In improving the quality of the entrepreneur education, business education brings in an innovative method with a broad-based multidisciplinary that benefits every entrepreneur. The approach provides better understanding in fostering the functional teams to enhance their resources and develop their skills that are relevant to a successful career (DeConinck and Steiner, 1999). Accumulation these components not only assimilates students into an effective and efficient way in conducting business, but it also bolsters their multitasking skills in performing the task.

Entrepreneurship education at present plays an important role in the process of building entrepreneurial capacity. This highlights the need for entrepreneurship education in every curriculum at every level of educational institutions. The underline of government policies and procedures in business operation is another essential element that should be included in the curriculum. Henceforth, the education for entrepreneurs comprises a complete set of content that emphasizes the interrelationships between functional areas of a business and the overall understanding of business operation.

### **1.3 ENTREPRENEURS IN MALAYSIA**

Entrepreneurship in Malaysia has flourished for over 20 years, benefitting from favorable government policies, related infrastructure support and financial assistance. The government, through its various plans and policies, has expressed its seriousness

in promoting entrepreneurship development. This is evidenced by the number and diversity of formulated programs to enhance the development of entrepreneurs. Among the initiatives is the establishment of 1 Malaysia Entrepreneur (1MET), to support entrepreneur's activities including entrepreneurship funds, physical infrastructure and business advisory support. Among the affected bodies through this program are IDANA, Amanah Ikhtiar Malaysia (AIM), BIZSpace.Asia, Malaysian Industrial Development Finance Berhad (MIDF), Perbadanan Usahawan Nasional Berhad (PUNB), Pitchin and TEKUN National. In spite of assisting entrepreneurs through efficient utilization of public funds, the objective of these bodies is to ensure that the planning and execution of entrepreneurial development are aligned with the effectiveness in conducting business.

In addressing the unemployment issue, entrepreneurship helps in the creation of employment opportunities. The Malaysian government has continuously encouraged the involvement of youth in entrepreneurship. The Labor Force and Social Statistics, under the Department of Statistics Malaysia (2016), reported that the unemployment rate in Malaysia rose gradually due to an economic downturn. According to Omar (2015), approximately 161,000 out of 400,000 fresh graduates are unemployed in Malaysia, ages 20 to 24 years. In supporting the mission involving graduate unemployment to the entrepreneurship field, the Malaysian government offered the Graduate Entrepreneurship Fund through the establishment of The Malaysian Global Innovation and Creativity Centre (MaGIC) and Tabung Usahawan Siswazah (TUS). Alternatively, the Ministry of Youth and Sports (MOYS) aims to develop 1000 entrepreneurs by 2020. Thus, the ministry launched the Youth Entrepreneur Program (Business and Agriculture Business), which offers courses in basic entrepreneurship in labeling and packaging technology, Smart

Partnership (Youth entrepreneur), Smart Financial Manager, and Technical Agriculture programs (National SME Development Council, 2013). The involvement of graduate unemployment in the entrepreneurial activity assists in buttressing the current economic environment by enhancing economic performance and overcoming the unemployment problem (Kupets, 2006).

As entrepreneurship becomes a very relevant instrument in promoting economic growth in the country, the government has given it special attention as a way to assist and upgrade the industrial structure in order to create activities for future generations. For that reason, entrepreneurs are channelled with fund raising issues to help them generate income for business purposes. Among the sources of capital that are open to entrepreneurs in Malaysia are the banking system, development of finance institutes, venture capital funds and other special funds

The next segment of the chapter will explain further the significance of the study. The section emphasises the entrepreneur's curriculum and relates it with their performance. Furthermore, the segment elucidates the education system imposed in Malaysia.

#### **1.4 SIGNIFICANT OF THE STUDY**

Entrepreneur's education has been extensively explored over the last few decades by many researchers, practitioners and policy makers (Kozlinska, 2011). Most of the fields emphasize increasing the quality standards of entrepreneur's education system. Recently, the need to acquire entrepreneur's skills and expertise with respect to opportunity recognition, resource mobilization and organisation building have been greatly highlighted (Pache & Chowdhury, 2012). Kirby (2004) suggested that the

syllabus needs to be shifted in emphasis from educating “about” entrepreneurship to educating “for” by means of encouraging and stimulating the entrepreneurial imagination in developing their right brain entrepreneurial capabilities as well as their left brain analytical skills.

In conjunction with this, universities and other training providers need to refocus on the existing curriculum to counter the challenges from the current entrepreneurial issues. These include the notion of putting a clear emphasis on promoting entrepreneurial mindsets by getting the students involved in enterprise projects and developing creativity to boost their self-confidence (World Economic Forum, 2010). The rationale behind emerging the curriculum approaches is to assist entrepreneurs in enhancing their ethics, legal knowledge and skills. Consequently, this will underpin the western theory of entrepreneurial studies such as Entrepreneur Theory of Competency in Ethics by Moore (1988), Entrepreneurial Development System by Kutzhanova et al (2009) and Entrepreneurship Theories of Education by David A. Kirby (2004), which are closely interrelated with each other and conceptually similar, but contextually different.

Approaches in measuring the link between entrepreneurial studies with Islamic practices have regained the attention of many academicians and practitioners (Tlaiss 2014; Al Idrus 2013; Hunter 2014; Gümüşay 2014). Despite the increasing number of Islamic studies published on entrepreneurship, research on entrepreneurial soft skills is lacking and sparse (Gümüşay, 2014). As such, most of the studies greatly highlighted the rules to guide and sustain businesses productivity and growth, yet the spirit of instilling the emotional and psychological development that evolves a framework in designing and managing ethical climate in the firm was not greatly emphasized.

As the study of entrepreneurship and business ethics becomes increasingly established, the intersection with Islamic studies is receiving great scholarly attention. Due to this phenomenon, this study intends to explore the spirits of entrepreneurship education from the conventional studies and relate it with the Islamic principles from the *Tawhidic* paradigm.

Consequently, the primary purpose of this study is to examine the curricular model of an entrepreneur, focusing on the aspects of ethics, legal knowledge and skills from the Islamic perspective.

## **1.5 PROBLEM STATEMENT**

The growing literature on the entrepreneurship curriculum tends to argue that different approaches are required to support the study of entrepreneurship within a university setting. Extensive discussion on the emergence of research concerning entrepreneur's education development is highlighted due to the imperative concern in developing entrepreneurs' knowledge and ability (Elmuti, Khoury, & Abdul-Rahim, 2011; Kirby, 2004; Ramayah, Ahmad, & Char Fei, 2012; Rauch, 2015). In supporting the fact, Cooney, (2012); Kozlinska (2011) and Mwasalwiba, (2012) have proven that entrepreneurs imbued with education and training achieved greater success in enterprises where knowledge from various skills and capabilities are acquired during the learning process.

In view of the research study, the problem statement is stated as follows:

**‘How effective is integrated curriculum for entrepreneurs imbued with skills, legal knowledge and Islamic ethics in developing resilient entrepreneurs in Malaysia?’**

Entrepreneur’s education with integrated skills and capabilities remains imperative. The thought helps to hone student’s ability. Among the procedures are engendering greater humanistic perspective, enhancing soft skills and hard skills and complying legal issues in every managerial process (Bloch & Spataro, 2014; Bullough, 2015; Cooney, 2012; Weber & Englehart, 2011a; Austin, Hatten, & Holt, 2011). The topic helps to widen student’s ability in problem solving, as well as to sharpen their interpersonal, communication and leadership skills, along with other intangible business aptitudes (Bullock, 2015). This helps in stabilizing work-life balance issues and intensifies personal attributes (Barringer & Ireland, 2010).

Although discussions pertaining to entrepreneur’s capabilities are common in the field (Austin et al., 2011; Bullough, 2015; Mitchelmore & Rowley, 2010), the ultimate challenges faced by most of the business educators is to engender a dynamic entrepreneur. Evidence in providing good exemplars for students to explore from inner power is unclear and fuzzy. To tackle the problems, Kirby (2004) claims that the educational process needs to change significantly to create high attributes and skilled entrepreneurs. The mainstream research mainly focuses on strengthening entrepreneurs’ attributes that are principally motivated and influenced by the external factors rather than reliance on their internal force (Athavale, Davis, & Myring, 2008; Austin et al., 2011; Bullough, 2015; Cooney, 2012; Kirby, 2004).

Debates on entrepreneurs’ characteristics is another significant area, having received great attention from the industry (Orwa Bula, 2012). According to Wenekers & Thurik (1999), entrepreneurship is a behavioural characteristic. The