

# Developing Entrepreneur's Ethics from the Principles of Tawhidic Paradigm: An Empirical Study in Malaysia

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**Abstract---** *This paper explores the critical importance of Tawhidic paradigm in improvising current entrepreneurship training curriculum. It proposes general model that may be adapted by all institutes of higher learning in Malaysia (IHLs). This paper proposes basic components of the paradigm and illustrates the application of selected aspects of the components in the curriculum. The conceptual study discusses the major components of the Tawhidic paradigm and provides illustration that help link the spirit of Tawhid with the entrepreneur's characteristics to nurture the humanistic skills, ethics and values. The characteristics should integrated with the ethos of Tawhid which harmonize other worldly (Al-Akhirah) (the Hereafter) and the worldly (Al- Duniya). With this spiritual awareness embedded into entrepreneur's personal character, the objectives and mission in reinforcing values, which referred to as promotion of goodness (amr bil ma'aruf) and prevention of evil (nahi anil munkar) will achieve. The proposed framework makes continuous learning in promoting the entrepreneur's training curriculum in the Malaysian context, specifically to the Muslim world in general. In addition, the survey revealed that inculcating Islamic principles and ethics in entrepreneur's activities can increase their credibility in conducting business with others besides being resilient in developing the business (concept of taqwa).*

**Keywords---** *Entrepreneur, Tawhidic Paradigm, Curriculum, Ethics, Humanistic Skills, Entrepreneurship.*

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## I. INTRODUCTION

In today's global economy, the success of economic growth and national development in any country depends fundamentally on the knowledge, skills and competencies of the nation. Countries with greater economic prosperity show that majority of the nations received higher education levels. Sociopolitical is another contribution of education in building the nation. With the tremendous impact of education towards the country's economy and society, the Ministry of Education in Malaysia launched a comprehensive review on the education system particularly at the university level to ensure that the curriculum meet the international education standard.

Given an aspiration to enhance the education standard in pursuing better economic growth, an entrepreneurship course has extensively introduced in the Malaysian tertiary education. The rational is to let the nation sharpen their personal skills by identifying business opportunities. This will create job opportunity by reducing unemployed rate of graduates.

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In regards with meeting the government objective in enhancing entrepreneur's skills and development, the integrated curriculum needs to be screened and reviewed at the tertiary level. The focus should not only emphasis in sharpening student's hard skills but rather to hone their soft skills (Weber & Englehart, 2011). Therefore, this paper singles out an evocation to nurture students with greater practices of Islamic principles.

## **II. LITERATURE REVIEW**

Research on entrepreneurship is growing tremendously over the last few decades. Most of the studies highlighted on the quality standards of entrepreneur's education system. This includes enhancing entrepreneur's hard skills and soft skills. Both skills are significant to the entrepreneur's development as it help to cultivate entrepreneurial conviction (Huang, Wang, & Yao, 2019).

Education for entrepreneurship in Malaysia contains hard facts on business creation management including marketing, management, accountancy and finance. The awareness on soft skills is highlighted to ensure that students able to undertake sustainable affords towards business creation. Among the elements that cultivate entrepreneur's soft skills include promoting their creativity and proactiveness as well as building their leadership skills and risk taking propensity. While soft skills are important to develop the right mindset, awareness, motivation and attitudes to entrepreneur, the contents are rather difficult to execute and impart (Haase & Lautenschläger, 2010).

### ***Integrated Entrepreneur's Curriculum***

Entrepreneur's curriculum plays an important role in developing entrepreneurial capacity. The content requires students to excel in both hard skills and soft skills. According to Weber & Englehart (2014), students that embraced with an excellent academic knowledge and good interrelationships skills are proven to have proficient characteristics.

At present, entrepreneurial studies incorporated key business disciplines with the holistic view. The intention does not only aims to improvise entrepreneur's education programs continuously, but rather to ensure that the students gain values, knowledge and abilities to make a difference (Weber, 2014). The intention aspires with the entrepreneurial studies in Islamic perspective which highlighted the rules to guide and to sustain business productivity growth (Tlaiss 2014; Al Idrus 2013; Hunter 2014; Gümüşay 2014).

### ***Tawhidic Paradigm***

The term "Tawhidic paradigm" refers to the conception of human behaviour that involves with both intra-systems and inter-systems which are discovered through observations and experiments (Choudhury, 2014; Rengiah, 2013; Suhaimi & Sarif, 2011; Mhd Sarif & Sarwar, 2014). The philosophy comprehends the whole set of belief and attribute in God including its primordial existence and absoluteness.

In the Islamic civilization, all constituents in human life and its nature are bound together and become integrated. This includes the set of their belief systems, values and morality, the spirit and matter of all creatures, culture, society, politics and economy (Yousuf, 2006). These practices incorporated the principle in attaining benefits not only in the world (*Al-Duniya*) but also in the hereafter (*al-Akhirah*).

### ***Malaysian Philosophy in Islamic Education***

In Malaysia, the curriculum system encompass issues on philosophical, historical, psychological and social foundations (Hashim, 2014). The essential syllabus standards are divided into three categories; namely, fundamental courses, core university courses and major courses. The fundamental courses contain syllabus that reflect values, perception and knowledge to nurture the students in achieving the target and goal.

The manifestation of Islamic values in relation with entrepreneurial education system is particularly significant in Malaysia. The government has promoted Islamic principles to regulate education system through the practice of contemporary conventional knowledge (Hashim, 2014a). In this regards, student's actions, skills and activities are designed to harmonize with the concept of practicing goodwill in life.

### **III. RESEARCH PROBLEM**

Entrepreneur's integrated curriculum contains entrepreneurial activities that cover both secular and spiritual aspects. The intention is to nurture entrepreneur in managing and organizing business in the right order. Even though the contents emphasized the do's and don'ts in setting business, the unprincipled trade and disobedient issues against morals and creed are still rampant in business settings (Becker, Hauser, & Kronthaler, 2013). According to Bash (2015), the content emphasizes more on entrepreneur's judgment, lacking on stressing the ethical behavior that teaches on how to face difficult situations.

The ethical approach from holistic perspective in complementing entrepreneur's syllabus is significant. The mechanism includes an attentiveness in measuring entrepreneurs' proficiency in triggering their inner strength and willpower (Pache & Chowdhury, 2012). In conducting the research, the integration of an existing theories and practices with religious aspects is vital in creating competent entrepreneurs (Gümüşay, 2014).

Due to the paucity of empirical research on entrepreneurial undertakings through integrated curriculum towards Malaysian entrepreneurs, this study scrutinized the current curriculum content. The content will then compared with the Islamic concept through *Tawhidic* paradigm.

### **IV. RESEARCH METHODOLOGY**

This study is interested in establishing entrepreneur's curriculum imbues with an Islamic work related ethical values and practices. Given the need to explore the reality of Malaysian entrepreneur on the values and skills perceived, the study has adopted quantitative approach for data collection and analysis.

Self-administered data were collected from the sample of 121 Malaysian entrepreneurs from numerous business backgrounds and experiences. The survey instrument comprised demographic information with rating scale items (5-point Likert scale) and open-ended questions.

To test the principle component methods, the study extracted three factors from factor analysis and labeled as ethics and values, *Tawhidic* paradigm and resilient entrepreneur. Table 1 Reliability Statistics shows the Cronbach alpha values of all three factors, namely; ethics and values, *Tawhidic* paradigm and resilient entrepreneur; of which each results shows 0.751, .884 and .708 simultaneously. According to Hair (1995), the acceptable alpha is preferably

higher than 0.7. Therefore, it is concluded that the reliability of construct for all three factors is acceptable threshold.

Table 1: Reliability Statistics			
Factor	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Ethics and Values	.751	.757	6
Tawhidic Paradigm	.884	.887	8
Resilient Entrepreneur	.708	.711	4

## V. FINDINGS

The findings from the study are divided into three:

- Descriptive statistics of demographic information;
- Exploratory Factor Analysis (EFA);
- Predictors of Tawhidic Paradigm; and
- Mediation factors in resilient entrepreneurs.

### *i. Descriptive statistics of demographic information*

A total of 200 questionnaires were distributed to entrepreneurs in the Malaysian region, with different backgrounds and ethnicities, of which 121 were returned completed, yielding 60.5% response rate. The sample of the study were from both gender with high percentage on man compared with women (53.7%; 65/121), while with the highest range of age between 41-45 years (26.4%; 32/121), followed by 36-40 years (19.8%; 24) and 46-50 years (14%; 17). Most of the respondents are from Malay ethnic group with 43%, followed by Chinese with 22.3% and Baba & Nyonya with 13.2%.

Most of the respondents in this study are from urban which 73 (60.3%) with married status 68 (56.2%) and deals in a trading business sector (18.2%). With respect to the educational level, majority of the respondents possessed bachelor's degree with 31.4% (38/121), compared with 28% (23.1/121) to those with postgraduate qualification. Table 2 below demonstrated the differences in demographic factors ranges from gender, age and ethnic group respectively.

Table 2: Profile of Respondents

Demographic Respondent		Frequency [%]
Gender	Male	65 [53.7]
	Female	56 [46.3]

Demographic Respondent		Frequency [%]
Age	<25	1[0.8]
	26-30	12[9.9]
	31-35	6[5.0]
	36-40	24[19.8]
	41-45	32[26.4]
	46-50	17[14.0]
	51-55	15[12.4]
	>55	14[11.6]

Demographic Respondent		Frequency [%]
<b>Ethnic Group</b>	Malay	52[45.5]
	Indian	8[7.9]
	Chinese	27[20.1]
	Baba & Nyonya	16[11.6]
	Singh	8[6.1]
	Iban	5[3.7]
	Kadazandusun	5[4.2]

Demographic Respondent		Frequency [%]
<b>Origin</b>	Rural	48[39.7]
	Urban	73[60.3]

Demographic Respondent		Frequency [%]
<b>Marital Status</b>	Married	68[56.2]
	Not Married	53[43.8]

Demographic Respondent	Frequency [%]
<b>Education Level</b>	
Primary school	7[5.8]
Secondary school	23[19.0]
Undergraduate	38[31.4]
Postgraduate	28[23.1]
Professional	23[19.0]
None	2[1.7]

Note. N=121

## ii. Exploratory Factor Analysis (EFA)

The study carries out a factor analysis with varimax rotation to validate whether the respondents perceived the four constructs, namely, ethics and values, *Tawhidic* paradigm and resilient entrepreneur. The results showed four-factor solution and the total variance explained was 67.187 percent of the total variance. The result suggests that KMO measure of sampling adequacy (MSA) value is very high, 0.899 indicating that the factor analysis is appropriate. In other dimension, the p-value for Bartlett's test for this study indicated 0.000 for all variables which was perfectly significant as ( $p < .05$ ) (refer to Table 3)

Table 3: KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.899
Bartlett's Test of Sphericity	Approx. Chi-Square	1410.598
	df	120
	Sig.	.000

Table 4 shows factor analysis results. Communalities indicate the degree to which the factors explain the variance of the variables. All items had communality values exceeding 0.50 and thus had a sufficient level of explanation.

**Table 4: Factor Analysis**

	EV	TP	RE
EC1	.864		
EC2	.862		
EC3	.840		
EC4	.792		
EC5	.649		
EC6	.617		
EC7	.605		
EC8	.584		
TP1		.801	
TP2		.740	
RE1			.809
RE2			.710
RE3			.539
RE4			.511
Keiser Meyer Olkin Measure			0.897
Bartlett's Test			0.000

### iii. Predictor of Tawhidic Paradigm

For determining the predictors, *Tawhidic* paradigm is used as dependent variable while legal knowledge is used as the independent variable. In the regression output via Enter Method as shown in Table 5, R is the correlation coefficient (.564) and the adjusted R square in the Model Summary shows that the model with the inclusion of the variable (legal knowledge) collectively explains for 31% of the variance in the *Tawhidic* paradigm. R square ranges from the value of 0 to 1 which implies that there is a linear relationship between the *Tawhidic* paradigm and legal knowledge.

**Table 5: Model Summary**

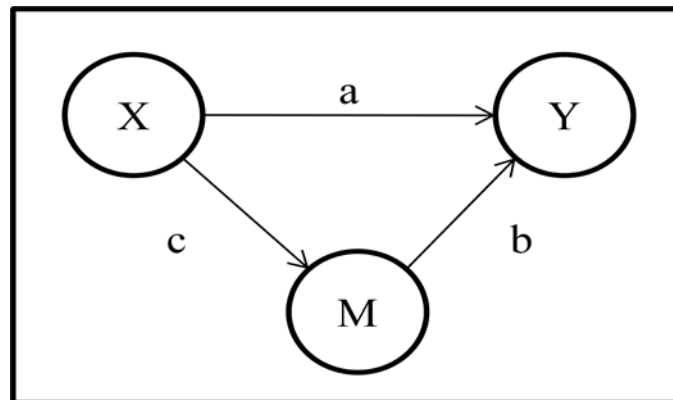
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.564 <sup>a</sup>	.318	.312	.48213	.318	55.394	1	119	.000
a. Predictors: (Constant), TP_Mean									

#### iv. Mediation factors in resilient entrepreneurs

This study used SEM to determine the role of mediating variables on resilient entrepreneurs within an independent-dependent relationship. *Tawhidic* paradigm is used a mediating factors in a causal between legal knowledge and entrepreneur with resilient characteristics.

The conception of *Tawhidic* paradigm mediates against resilient entrepreneurs is depict in Figure 1. According to Baron & Kenny (1986), partial mediation occur when there is a direct effect of the mediator construct M accounts for a significant amount of variance in Y but c remains significant. If c remains significant but differs in sign from the 0 Y, then mediation with suppression is evident (see Figure 1).

Figure 1 Conceptual Basis of Mediation



The standard coefficient or beta regression weights in Figure 2 demonstrate that when the practice of *Tawhidic* paradigm is present, the weight between ethics to *Tawhidic* paradigm is.69. In contrast, the weight between *Tawhidic* paradigm and resilient entrepreneur is.53 while the weight between ethics to resilient entrepreneur.12. To confirm whether the *Tawhidic* paradigm mediates between legal knowledge and resilient entrepreneurs, the study examined the standard coefficient, or beta regression weights, between the factors.

Figure 2 shows the standardized regression weight and its significance for each path. The results show that each path is significant. In testing the standardized coefficient, or beta regression between the indirect and indirect values, the analysis shows that the indirect effect is 0.36 (0.69 x 0.53). On the other hand, the direct effect between ethics and resilient entrepreneur is 0.12. Therefore, this indicates that there is a mediation effect between the *Tawhidic* paradigm and resilient entrepreneur. The indirect paths between ethics to *Tawhidic* paradigm and *Tawhidic* paradigm to resilient entrepreneur are significant; indicating that the *Tawhidic* paradigm mediates between ethics and resilient entrepreneur. However, to confirm whether *Tawhidic* paradigm is partially or completely mediates between legal knowledge and resilient entrepreneur, standard regression weight is measured in this study.

It was reported from standard regression weight that ETHC to RE is not significant with a p-value of.221 (see Figure 3). Thus, this indicates that the result did not supported the hypothesis, which entails that *Tawhidic* paradigm is completely mediates between ethics and resilient entrepreneur (Baron & Kenny, 1986).

Figure 2: Mediating Variables in Study – Tawhidic Parad

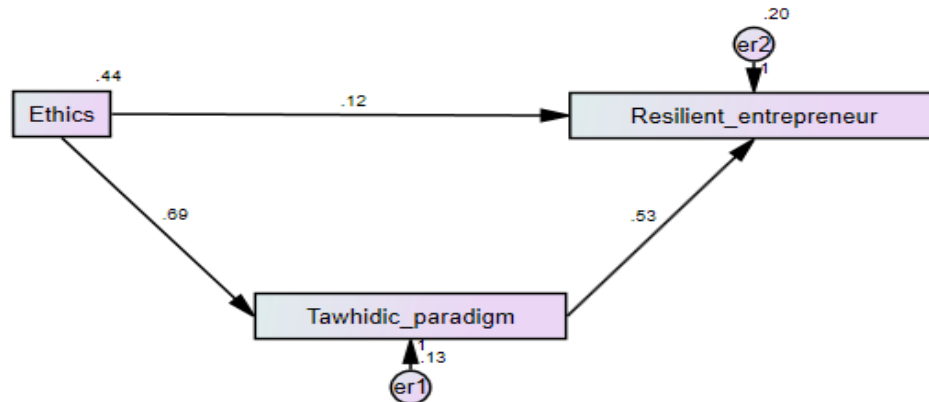


Figure 3: Mediating Variables in Study – Tawhidic Paradigm

	Estimate	S.E.	C.R.	P	Label
Tawhidic_paradigm <--- Ethics	.686	.049	14.122	***	
Resilient_entrepreneur <--- Tawhidic_paradigm	.525	.114	4.588	***	
Resilient_entrepreneur <--- Ethics	.122	.099	1.223	.221	

## VI. DISCUSSION

This study developed and empirically tested a model that shows better understanding of the relationship between ethics and the character of resilient entrepreneur. In answering the research questions, the component of ethics is investigated over entrepreneur's with resilient character. To link between these variables, this study proposed the principles of *Tawhidic* paradigm as a mediation factors. Generally, the result entails an analysis that explains the significances of each hypothesis.

All in all, Table 6 summarizes the hypothesis results of mediation test for the study.

Table 6: The Results of Mediation Test

Hypothesis Statement of Path Analysis	Estimate	P-Value	Results on Hypothesis
H1: Ethics has significant effect on <i>Tawhidic</i> paradigm	0.686	***	Significant
H2: <i>Tawhidic</i> paradigm has significant effect on resilient entrepreneur	0.525	***	Significant
H3: Ethics has significant effect on resilient entrepreneur	0.122	.221	Not Significant

Notes. \*\*\* p-value < 0.01; \*\* p-value < 0.05; \* p-value < 0.10

It is therefore concluded that the practices of good ethics is important in shaping entrepreneur with resilient character with the existence of *Tawhidic* paradigm as mediator between these variables.



## VII. IMPLICATION

The findings left important implication to academics, entrepreneurs and globalization. Notwithstanding, positive influence in Islamic concept and ideology from *Tawhidic* paradigm emphasizing constructive way towards achieving social responsibilities to the nation and country.

## VIII. LIMITATION

The study acknowledges a number of limitations. The study only screened Malaysian entrepreneurs with regards to its curriculum syllabus. Another limitation is the study did not mention on the years involved in business where the level of experiences may have affected in their entrepreneurship skills and decision making. Also the study did not indicate the extent to which the law and regulation affected in the operation and practices. The outcome can thus consider as a standard for further research.

## IX. FUTURE STUDIES

Future study should focus to curriculum at other country with larger samples. Moreover, future study can seek to explore on years of entrepreneur's dealing with business to screen their abilities in managing and organizing business. Finally, future studies can conduct comparative analysis by exploring the fundamental principle of the successful business owners on their legislative issues and constraints.

## X. CONCLUSION

The hypothesis model of this study fits well with the data structure. It proves that the implication of *Tawhidic* paradigm towards legal knowledge is generally successful in developing entrepreneur with resilient characteristics. It is therefore concluded that legal knowledge, *Tawhidic* paradigm and resilient entrepreneur had resulted in effective and significant outcomes of the desired system from learners perspective.

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