The Effect of Ethics Business, Motivation Entrepreneurship of Muslim Women Entrepreneurs on Business Performance in Islamic Perspective in Jakarta

Ellyana Amran, Willy Arafah

Abstract

The purpose of this study was to analyze the effect of Ethics Business, Motivation Entrepreneurship on Business Performance and indirect effect of Ethics Business on Business Performance with Motivation Entrepreneurship as a mediating variable of Muslim Women Entrepreneurs in Islamic Perspective in Jakarta.

The research method used is a quantitative method. Research respondents are IWAPI Muslim Women entrepreneurs in Jakarta with a sample size of 354 Muslim women entrepreneurs. The sample is non-probability sampling by using purposive sampling. Data is collected using questionnaires and methods analyzed by using Structural Equation Model (SEM).

The results showed that there was an effect of Islamic Ethics Business on Islamic Business Performance; there is a positive effect of Islamic Ethics Business on Islamic Motivation Entrepreneurship, and there is a positive effect of Islamic Motivation Entrepreneurship on Islamic Business Performance. Furthermore, there is no effect Islamic Ethics Business on Islamic Business Performance through Islamic Motivation Entrepreneurship as mediation.

Keywords: Islamic Motivation Entrepreneurship, Islamic Ethics Business Islamic Business Performance.

Introduction

Women’s participation as entrepreneurs in Indonesia is quite encouraging due to the increased of access to education and the opportunity for women to have a more diverse role, which all are impacts of the programs and policies created by the government. Intrinsic factors that encourage women’s motivation to engage in entrepreneurship activities are the desire to be independent, freedom in management, desire to be their own boss, challenging work and pressure from the family. While the external factor is due to inadequate family income, dissatisfaction with work, unemployment and bad economy. This high motivation will make entrepreneurs more innovative and productive to produce high quality products. (H. C. Ismail et al., 2012; Roomi & Parrott, 2008)

However, the role of women entrepreneurs in running their businesses is still underappreciate and underestimated. Women entrepreneurs are still a minority among the entrepreneurs, where some women who have their own businesses in starting a business are still doubtful of their abilities, such as dealing with bureaucracy and facing difficulty in the process of borrowing funds at the Bank. (Alam, Senik, & Jani, 2012; T. Tambunan, 2008a).

Besides that, some people think that business and ethics are two opposites that create a bad image of business. It is assumed that business solely seeks profit based on greed. Therefore, in order to protect consumers, it is necessary to have business principles that are closely related to morals, in which human spiritual life must be placed above economic issues. (M. Muhammad, 2017; Nawatmi, 2010).

While business in reality runs as a process that has become an individual or community activity to seek profits and meet their daily needs. While ethics is understood as a discipline of science that is independent and therefore separate from business. Ethics is the science that contains standards about what is right or wrong, good or bad, useful or not useful. In that reality, business and ethics are understood as two separate things, not even related. Even if there is even seen as a negative relationship, where business practices are activities that aim to achieve maximum profits in a situation of free competition, and most organizations seem to suggest that ethical behaviour has not been implemented (Latif, Shahid, Haq, Waqas, & Arshad, 2013).

Ethics when applied in the business world is considered to interfere with efforts to achieve business goals. Thus the relationship between business and ethics has given rise to problems. Likewise a problem arises for many, including economists, lies in the doubt about the idea of business ethics. These parties doubt whether morality has a place in business activities (Khan, Nemati, & Iftikhar, 2011).
Inevitably entrepreneurs have a role and contribute significantly to reduce poverty and accelerate the achievement of broad socioeconomic goals, as well as job creation. The large contribution of entrepreneurs is very closely related to the performance of entrepreneurs in the business they are in. Many variables affect business performance, including motivation (Azmi, Ilhaamie Abdul Ghani, 2017) and ethics (Issoufou, 2015; Pistrui & Sreih, 2010).

There are still those who consider that performance is measured by profit and loss in the form of money. They see business as a means to gain profits because high profits are a sign of success, thus lower profits means poor performance. Of course, without a strong understanding of faith or religious belief, there is a possibility to feel unhappiness or the inability to feel tranquil even when success is achieved.

There is enough research that discusses the influence of Business Motivation on Business Ethics and Performance. But it is still rare to analyze these three variables in an Islamic perspective, and are limited to Muslim women entrepreneurs only. Based on the above phenomenon, this research gap needs to be further investigated, so that it becomes novel.

Objective of the Study

- To identify the effect of Islamic Business Ethict on Islamic Motivation Entrepreneurship.
- To identify the effect of Islamic Business Ethict on Islamic Business Performance.
- To identify the effect of Islamic Motivation Entrepreneurship on Islamic Business Performance.
- To identify the effect of Islamic Business Ethict on Islamic Business Performance through Motivation Entrepreneurship as mediating.

THEORY REVIEW AND RESEARCH HYPOTHESES

Effect of Islamic Business Ethict on Islamic Motivation Entrepreneurship.

(Ogbari et al., 2016) explained that good business ethics must be a part of every business. Therefore, the findings of this study indicate that when corporate organizations adopt good ethical behaviour, the company’s image will be automatically positive, thus increasing their motivation in doing business. This opinion is supported by (Abuznaid, 2009) explains that Islamic business ethics serves as guidelines and principles determined by the Qur’an and Hadist (hadith), which will have an impact on the ethical behaviour of Muslim managers on business, where the values of Islamic business can benefit Muslim and non-Muslim managers. It further helps non-Muslim business people and employees become more aware of business ethics in the Islamic environment by giving them a better understanding, thereby facilitating and encouraging them to conduct business transactions in Islamic culture.

(Hayati & Caniago, 2014) said in their research that business ethics have economic, moral, and social dimensions, which give trust to the faith believer and strengthen the organizational commitment and continuity. In this case business ethics stands not for the rejection of life, but for the fulfillment of life and holding the highest business motivation. This opinion is reinforced by research (A. J. Ali & Al-Owaithan, 2008), that business is seen not as an end in itself, but as a means to encourage personal growth and social relations. According to (Collins, 2010) the company is not wrong in making money for its own business, but must be followed by ethical behaviour. Companies that are interested in only making money as a major factor in business can be called a capitalist in its purest form.

H1: Islamic Business Ethics has a positive effect on Islamic Motivation Entrepreneurship

Effect of Islamic Business Ethict on Islamic Business Performance

(Nawatmi, 2010) in his research found a positive relationship between business ethics and company performance, Islam as a way of life, there is not a single side of human life that is not regulated in Islam, including in the business world. The facts show that the Prophet Muhammad always maintained ethics in running his business, which made him a successful trader. (Harrison, n.d.) suggested that consideration of business ethics is an important corporate responsibility factor, because they believe “good ethics can be translated into good business.” They emphasize that being a socially appropriate organization encourages loyalty and satisfaction of personnel and will lead to improvements in business performance. Business ethics is considered important because it shows as a tool for business efficiency.

In Islamic Business Performance, one of the main things is obtaining fair material profit. Although there is no specific text in Islam to determine profits, Muslim entrepreneurs should pay attention to a sense of justice in setting prices and profits. In Islam, raising prices when there is an increase in demand is considered as a despicable act (zolim) and violates religious norms because it exploits opportunities over the suffering of others. Likewise, the profits that are too large will tyrannize others and can adversely affect the development of the business. The main point is profit in Islam is a fair profit. This means that the benefits should fulfill the basic needs which include basic material needs to be able to survive in this world and the basic needs for the afterlife, for example pilgrimage, zakat, qurban, infaq, almsgiving and so forth. In addition, the cost of environmental preservation must also be taken into account (Fordebi & Adesy, 2016).

H2: Islamic Business Ethics has a positive effect on Islamic Business Performance.
Effect of Islamic Motivation Entrepreneurship on Islamic Business Performance.

According to (U. M. Chapra, 1995; Inayati, 2013) economic motivation in Islam includes the following:

1. Gain the good fortune of mankind (falah).

Islamic economics does not deny the existence of a motive for profit, as described in the conventional economic system. The advantage economics in Islam is gaining worldly benefits and the hereafter, where the source is also obtained from good sources, as explained in the word of Allah QS. Al-Qashah: 77.

2. Getting a good life (hayah thayyibah)

Human motivation in meeting their needs must be in line with the purpose. Purpose of life can only be achieved if humans live in balance. A balanced life is the essence of Islamic teachings. As humans, we are encouraged to consider the benefits and blessings that are obtained when consuming goods that are permitted by Allah.

3. The importance of values that are Fraternity and Socio-Economic Events.

Islam teaches to spend a part of the assets it has for the benefit of others through alms, donations, alms and so on, so that wealth does not accumulate to a handful of people. (QS. Al-Hashr: 7). Islam forbids accumulation of wealth as much as possible just for the satisfaction of one’s own interests.

4. The creation of economic growth and stability.

Empowering women through entrepreneurship can open the way for themselves to obtain economic and social benefits by increasing the abilities, potential and skills they have (Rhoushe, 2013).

H3: Islamic Motivation Entrepreneurship has a positive effect on Islamic Business Performance.

Effect of Islamic Business Ethic on Islamic Business Performance through Motivation Entrepreneurship as mediating.

Islamic Motivation Entrepreneurship strengthens the influence of Islamic Business Ethics on Islamic Business Performance. In Islamic business ethics is not only seen from the ethical aspect partially, but it is seen as a whole that contains the generally accepted rules in the Islamic religion. Business vision is not just looking for benefits that are ‘just for a moment’, but are looking for benefits that contain ‘good’ nature, which have a good impact on all humanity. (read: useful).

(Zulkifli et al., 2015) in their research said that business is not only a source of livelihood, even as one branch of religion that can draw closer to God. Making business a form of worship will encourage Muslims to become entrepreneurs who are loyal to Allah and become successful in business. In this case Muslim entrepreneurs are able to meet the demands of a relationship with Allah (habluminallah), and also maintain relationships with fellow humans (hablumininnas). Human compliance is one of the most valued services in terms of material assistance or gifts from Allah SWT. This means that business is not only about profit. Muslim entrepreneurs can provide for other Muslim needs, thereby developing a country’s economic growth.

There is no single side of human life that is not regulated in Islam, including in the business world. The orientation towards work and the approach to work as a virtue in human life are all based on the Qur’an teaching the Prophet Muhammad (Rizk, 2008).

H4: There is an influence of Islamic Business Ethics on Islamic Business Performance through Islamic Motivation Entrepreneurship.

RESULTS AND DISCUSSION

Reliability Test

Based on table 1, table 2 such as table 3 are above show that Cronbach’s Alpha coefficient on the construct used in this research, has met the criteria of reliability, because all constructs have a Cronbach’s Alpha coefficient above 0.60.

Hypothesis Test Results

Hypothesis 1:

The results of the study statistically show that Islamic Business Ethics has a positive influence on Islamic
The Effect of Ethics Business, Motivation Entrepreneurship of Muslim Women Entrepreneurs on Business Performance in Islamic Perspective in Jakarta.

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<th>Table 1: Islamic Business Ethics Variable</th>
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<th>Table 2: Islamic Motivation Entrepreneurship Variable</th>
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<th>Table 3: Islamic Business Performance Variable</th>
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<th>Table 4: Direct Effect Hypothesis</th>
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<td>H2</td>
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Sources: The primary data is processed in 2019

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Table 5: Indirect Effect Hypothesis

<table>
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<tr>
<th>Hypothesis</th>
<th>Relationship between Variables</th>
<th>Effect</th>
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<th>Significant</th>
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<tr>
<td>H4</td>
<td>Islamic Business Ethics &gt; Islamic Motivation Entrepreneurship &gt; Islamic Business Performance</td>
<td>0.048</td>
<td>0.180</td>
<td>No</td>
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Figure 1: Structural Model Results

Motivation Entrepreneurship, so Hypothesis 1 is accepted with a coefficient value of 0.120 where the probability level is 0.002 < 0.05. This shows there is an understanding in the application of Islamic Business Ethics, which will enhance Islamic Motivation Entrepreneurship. Understanding the application of Islamic motivation entrepreneurship is not just aimed at earning a living and material benefits, but also trying to maintain the social life, mutual help and there is no discrimination, which will give a double benefit, namely the world and the hereafter. (Achour, 2015; Zulkifli et al., 2015).

So that the close relationship with God will shape some of the behaviours of Muslim entrepreneurs in doing cooperation, responsibility, commitment, social creativity and sacrifice. (Zamani, Bagher, & Talatapeh, 2014).

Unethical business practices will eventually kill their businesses. The concept of Islamic business involves wealth, income and material goods which belong to Allah, where every Muslim must follow Allah’s rules based on the Qur’an not because he is forced to, but because he is afraid of Allah. (Azmi et al., 2014)

Hypothesis 2:

The results of the study statistically indicate that Islamic Business Ethics has a positive influence on Islamic Business Performance, so that Hypothesis 2 is accepted with a coefficient value of 0.184 with a probability level of 0.000 < 0.05. This shows that there is an understanding in the application of Islamic Business Ethics, which will improve Islamic Business Performance.

This research proves that monotheism is the main foundation of Muslim entrepreneurs in carrying out His commands and abandoning His prohibitions, reflected in good morals and horizontally benefiting others. In doing business, it must be based on faith and piety, by avoiding all elements that trigger conflicts such as injustice, oppression and a sense of dissatisfaction as well as preserving the environment (Al-Qur’an 11:61) and not doing damage on earth (Al-Qur’an 7: 85). This is supported by research (Rafiki & Wahab, 2014a; Zulkifli et al., 2015).

Business orientation is no longer profit-oriented, stakeholder-oriented, but zakat-oriented. Zakat covers the fields of moral, social and economic. In the moral field, zakat tries to erode the nature of greed and greed. In the social field, zakat can reduce poverty. In the economic field, zakat prevents the accumulation of wealth for a handful of people (Badawi & Beekun, 2005) and (Q.S Al-Kafh: 87-88). (Javanpour & Norouzi, 2014) and (QS. al-An’am: 165).

Entrepreneurs are free to be creative and innovative in developing their business by paying attention to their halal and goodness in order to meet the needs of consumers. Especially in the digital business era, it is demanded to be fast but right on target. Islam really maintains a balance for others by not spending excessive wealth and being efficiency . This statement is similar as stated by (Abuznaid, 2009).

Hypothesis 3:

The results of the study statistically indicate that Islamic Motivation Entrepreneurship has a positive influence on
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Islamic Business Performance so that Hypothesis 3 is accepted with a coefficient value of 0.094 with a probability level of 0.050 ≤ 0.05. This means that there is an understanding in the application of Islamic Motivation Entrepreneurship that will improve Islamic Business Performance.

The results show that intrinsic motivation is more dominated by stimulating female Muslim entrepreneurs to engage in activities such as the need for achievement and independence compared to extrinsic motivation, such as dissatisfaction with previous work and economic recession. This is similar to the research (Anggadwita & Dheewanto, 2016; Anggadwita et al., 2015; M. J. Hoque et al., 2014). Pull factors motivation on women entrepreneurs have more success in doing business than push factors motivation (Mcclelland et al., 2005).

Therefore Muslim women entrepreneurs have an important role in their contribution to achieving economic progress. (Al-Qur’an Anisa: 32). With religious values that are understood together with strong intrinsic motivation, will encourage Muslim entrepreneurs to achieve the best performance results in running their business (Ullah et al., 2015). The impact of this will all be reflected in a positive attitude that is feeling more grateful, more steadfast, more patient and sincere in conducting business activities (Amaliah, Aspiranti, & Purnamasari, 2015).

Hypothesis 4:

The results of the study statistically show that Islamic Motivation Entrepreneurship does not mediate the influence of Islamic Business Ethics on Islamic Business Performance, so hypothesis 4 is rejected with a coefficient value of 0.048 with a probability level of 0.180> 0.05. The results of this study are not in accordance with research conducted by (Din et al., 2019; Zulkifi et al., 2015). From the results of the research above shows that there is still a separation (dichotomy) between religious life and social life. This is because the economic system tends to the material value of secularism and the environment that is not Islamic.

What is interesting in this case is that on the one hand there are still strong Islamic-based norms that affect the daily lives of respondents, but on the other hand there is pressure on motivation to balance responsibilities as housewives, as well as Muslim entrepreneurs to help the family economy. Even though they have their own business, in general they are still submissive to their husbands or other family members, because often they are criticized by their families and surrounding communities, due to lack of prioritizing the house and family. This is in line with research conducted by (T. Tambunan, 2008b, 2008a), where the research focuses more on women entrepreneurs in rural areas which are full of religious customs and norms.

CONCLUSIONS

The application of Islamic business ethics as guidelines governed by the Qur’an and hadith, will have an impact on the ethical behavior of Muslim managers, which benefit Muslim and non-Muslim managers, thus motivating them to conduct business transactions in Islamic culture. In Islamic business ethics, business is seen not as an end in itself, but as a means of giving trust to the faith believer and strengthening organizational commitment and continuity. (A. J. Ali & Al-Owaihan, 2008). With increasingly intense competition and critical consumers in the sale and purchase of goods transactions, all while maintaining consumer satisfaction, it will lead to a sustainable and trustworthy company in the long run (Nawatmi, 2010). The facts show that the application of Islamic business ethics made the Prophet a successful trader.

There is still a dichotomy between religion and business, because some people assume that almost every activity in this life must require money. Economic activity cannot be separated by religion. Implementation of business without being followed by a strong religious understanding will give birth to crime.

RECOMMENDATION

Based on this research, here are some important things that can be put forward for implementation of business ethics, entrepreneurship motivation and business performance in perspective Islamic:

1. The need for socialization related to how to maintain business ethics that are not detrimental and take the property of others in private.

2. Conducting business transactions based on the rules taught by Islam, so that it can implement Maqasid Sharia.

3. The government, scholars, intellectuals and community leaders must play an active role in realizing the importance of religious observance in all matters, including business activities so that understanding of fair trade and moral trade can be applied, which aims to benefit the community.

4. Business practices must be guided properly by economic rules that are rational based on religious values. Islam strongly supports business and competition, but remains assertive in what is considered haram. Islam provides guidelines and limits on how an entrepreneur runs his business activities

References

Al-Qur’an Al-Karim
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