Can Values of Honesty, Hard Work, Loyalty and Discipline Predict Entrepreneurial Orientation of Muslim Owner Managers?

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Abstract

The purpose of the present study is twofold: first, to investigate the true values of Muslim owner managers; second, to examine the impact of these values on entrepreneurial orientations of Muslim small-scale entrepreneurs. 850 Muslim owner managers were selected randomly using the sampling frame provided by MajlisAmanah Rakyat Malaysia (MARA). 162 completed questionnaires were collected and analyzed. For this paper only two dimensions of entrepreneurial orientations were analyzed: proactive orientation and innovative orientation. Interestingly, the findings revealed that Muslim businessmen/women are honest, loyal, disciplined and hard working. Loyalty and honesty are positively related to proactive orientation, while discipline and hard work are positively related to innovative orientation. The findings provide implications for existing relevant theories, policy makers, practitioners and learning institutions.

Keywords: Muslim, owner managers, entrepreneurial orientations, personal values, SMEs

1. Introduction

A review of the literature provides some support to look at a multidimensional perspective when analyzing personal values of owner managers. There are two distinct schools of researchers in the field of entrepreneurial psychology. The more traditional group of researchers have focused on the personal characteristics of the individual such as: personal values and behaviors (theory of human values). The
second group of researchers have taken a social cognitive approach, looking at the relationship between an individual learning and his or her environment (Bandura’s Social Learning Theory). The traditional theory of human values assumes that the way people act or behave represent their sets of values as these values are beliefs on what is right and wrong to do. Even though this has received a great debate among prominent scholars in the area of psychology and sociology, the important contribution of psychological aspects of human is undeniable. This is because human values are sets of dos and don’ts that guide human in making decisions. These values are developed gradually since small by the environment and surroundings.

Malaysia has three major ethnic groups; Malay, Chinese and Indian. Each of them has its own cultural and religious values that guide their behaviors. To which extent this values influence their decisions will depend on how strong are their beliefs on the sets of principles of life or religion that form a value set. Each value belongs to these three major ethnic groups is obviously very different because these values are based on different religions and culture. However, Morris and Schindehutte (2005) found that entrepreneurs shared similar values despite different ethnicity. They share the common values of individualism (Morris and Schindehutte, 2005), achievement orientations (Shane et al., 2003, McClelland & Koestner, 1992) and performance orientation (House et al., 2004, Mansor, 2000). In Malaysia, the common value that are shared by all these three major ethnic groups is collectivism values (House et al., 2004; Mohd et al., 2014). Collectivism is found by T-Aseidu (1993) as negating entrepreneurial activities. Moreover, Morris and Schendihutte (2005) also claimed that collectivism is not significantly related to entrepreneurial behaviors. If collectivism does not give any implication to entrepreneurial behaviors of entrepreneurs, how do we explain the entrepreneurial behavior of Japanese and Korean who are found to be collectivist? Could the religious values of Bushido (Japanese) and Hwarang (Korean) be the reason for their entrepreneurial behaviors? Islamic values of Muru’ah is similar to Bushido and Hwarang. Thus, Muslim in Malaysia should have been as entrepreneurial as Japanese and Korean entrepreneurs should they hold the same dimensions of religious values. Therefore the purpose of the present study is to identify which religious values (hard work, honesty, loyalty and discipline) predict entrepreneurial orientation of Muslim owner managers the most.

In Malaysia, generally, Muslim owner managers (majority are Muslims) have gone through various stages of change in the transformation process of vision 2020. This process has indirectly affected their value system either positively or negatively. The religious values that encourage one to be in harmony with in-groups and out-groups, to prioritize others, to be modest and to help those in need, are embedded strongly in Malay values. These values were emphasized by the 4th Prime Minister, Dato’ Sri Mahathir Mohamad to be held by the Malaysians in every sector, public and private, with other eastern values so that harmonious life could be preserved. Interestingly, these values were found by research to be significantly related to business (Morris & Schindehutte, 2005; Kottey & Meredith, 1997; Blackman, 2003; McClelland & Koestner, 1996; Shane et al. 2003).

Besides that, since 1981, they were also given exposure to Japanese values by the then Malaysia’s Prime Minister, Dato’ Seri Mahathir Mohamad, in relation to his initiative to increase efficiency and effectiveness. Thus, Dato’ Seri had learnt from the experiences of Japan and Korea, for nation building. He learnt that the secret of Japanese success and its remarkable development lied in its labor ethics, morale and management capability. This initiative, called “The Look East Policy”, was initiated to make the Malays observe and learn the values of the Japanese, known as Bushido values.

†We consider these values ‘religious’ in the context of the Malay population in Malaysia; these values may also exist in other ethnic groups in Malaysia or other countries and they may also exist in other religions. However our purpose in this paper is not to compare ethnic groups or religions in terms of these values.
With all these values exposed and inculcated among the Muslims in Malaysia, several issues related to value concept of the Muslims had been raised. The issues were as follows. How do those values affect their entrepreneurial orientations? Which of those values affect entrepreneurial orientations significantly? As contended by Mohamad (2003), an understanding of the value systems and ethical codes of the Muslims was prerequisite for the planning of their future, as the values of most Muslims were closely connected to religious beliefs. He believed that without some understanding of Muslim values, not only would it be impossible to correct wrong ideas due to incorrect interpretation, but plans for Muslim progress would flounder because they would conflict with established values.

2. Literature review

Literature review indicated that research on western personal values of individualism, achievement orientation, performance orientation influencing entrepreneurial orientations are many. However, research on the impact of religious values on entrepreneurial orientation is lacking. This is the gap the present study expects to uncover.

Personal values is defined by McShane (2008) as “Perceptions about what is good or bad, right or wrong, that serve as a moral compass that directs ones’ motivation and potentially, ones’ decisions and actions”. The definition highlights some aspects of belief and desirable needs that guide behaviors. This explains the concept of values that serve as guiding important decisions and actions. Thus, in business, the sets of values of owner managers would certainly influence which entrepreneurial orientations they would choose for their organization.

The entrepreneurial orientation (EO) research shows that entrepreneurs were found to be more innovative, competitive, risk taking and proactive than non-entrepreneurs (Rauch and Frese, 2007). The actions taken by entrepreneurs reflect their aims and project their directions of business. If those actions involved exploring new business and opportunity with bravery, their actions reflect their risk taking orientations.

Research scholars who attempted to see the relationship between individual values and entrepreneurial and strategic orientations are many. Some of them are Soinen et al. (2013), T-Aseidu (1993), Lumpkin and Erdorgan (2004), Saffu(2003), Morris and Schindehutte (2005), Mohd et al. (2008), Zhang and Bruning (2011) and Mohd et al. (2014). For instance, Morris and Schindehutte (2005) provided a thorough review on this area. The personal values that were highlighted to induce entrepreneurial orientation and create positive ventures are high individualism, high masculinity, high power distance, and industrious. Very recently, Mohd et al. (2014) found religious values and the value of individualism were strong factors of innovative and proactive orientations of Muslim entrepreneurs. Moreover, the findings of Soinen et al. (2013) revealed that owner managers’ intrinsic work values are strongest drivers of innovative and proactive behavior.

Interestingly, there are also studies that report the negative impact of personal values on entrepreneurial orientation – retarding the entrepreneurial activities. For instance, T-Aseidu (1993) has identified some of the personal values that retard entrepreneurial activities, such as that of sub-Saharan Africa. T-Aseidu (1993) found that East and West Africa show a low individualism score which reflect that they were collectivist societies. The essential elements of a collectivist society are loyalty to the group and resources are shared. However, this value of an entrepreneur could significantly constrain the ability to develop a venture because as posited by T-Aseidu (1993), the entrepreneur would pool his financial resources to help the less fortunate family members and not for the growth of his or her business. This study is supported by the findings of Mohd. et al. (2014) that collectivism had no significant relationship with EO.
The value of loyalty that is claimed to retard entrepreneurial activity by T-Aseidu, is seemed upheld by the Japanese and Chinese (Morris and Schindehutte, 2005), yet these two nations are known to be entrepreneurial. Ironically, loyalty, an element of Bushido (Samurai’s values), was identified to influence the Samurais and Japanese to give everything for the nation which make them successful in war or in work (Junid, 2010). These two findings were inconsistent could be due to different aspects of loyalty that these two different nations might have portrayed, which need further investigation by using more sophisticated research methods.

In a recent working paper presented by Junid (2010), the author believed that the Bushido values (honesty, discipline, loyalty, hard work, etc.) are important personal values to be adopted by entrepreneurs due to few reasons: 1) These values which are also labeled as ‘Hwarang’ in Korea, were upheld by the Japanese Samurais (Mitsubishi, Mitsui, Marubeni, Sumitomo and Dai Ichi Kangyo) whom were known as founders of change since 1873 (five years after Meiji Restoration) and have proven their commitment and steadfastness. Furthermore, these same values were found to successfully unite the people of Korea during the Silla dynasty. The victory achieved by Armada Admiral Yi Sun Shin against Toyotomi Hideyoshi, the Shogun from Kyushu were due to the same values (Hwarang) the people of Korea uphold.

These values (honesty, hard work, loyalty and discipline) were also taught in Islam⁴. Muslims who were committed to the Islamic teachings uphold the values and portray the virtues in their behaviors. Muslim owner managers should uphold the values and adopt them in their business practices. As stated by Junid (2010) the rise of Islam during the Dark Age of the West was also related to these five values which were known as ‘Muru’ah’ values in Islam which literally means ‘manliness’. Every leader of Quraish who led Muslims at that time asked the Muslims to uphold and practice the 5 values. The same values were also given priority by the Sultan of Aceh in 1507 when he delivered his will which was called “the Aceh Code” (Junid, 2010). The discussion has lead to the development of Hypothesis H1: Religious values of honesty, hard work, loyalty and discipline are related to entrepreneurial orientation.

Even though Bushido and Islamic values seemed similar, they are different in terms of how they are embraced. These virtues of Bushido are clearly confined to the Japanese culture and especially in the context of samurai swordsmanship whereas the Islamic virtues are more universal and global, encompassing people of all national and cultural backgrounds. Another difference is that in the Islamic teaching, what determine right and wrong are the teachings of God. Islamic values are those that are set out in the Quran and the practice of the Prophet, Muhammad (p.b.u.h) (Ebady, 2010). In contrast, according to Bushido, the balance of right and wrong comes from the lord samurais time though the very foundation of values was based on the teachings of Buddhism, Shinto, and Confucianism (Sonda, 2007). Since Bushido values are confined to the Japanese culture, they were embraced and tend to be blended with their soul, portrayed in their actions and behaviors strongly.

On the other hand, as described by Ebadi (2010), Muslim values are those created as part of the culture of the Muslim communities (mixing the Islamic values and the cultural values of their origin). These include the day-to-day interaction between the Muslims and their approach to Islam’s rules and regulations. The difference is that Islam is perfect and pure, while the values formulated by the Muslims may or may not be in accordance with Islam. This has lead to the development of Hypothesis H2: Religious values of honesty, hard work, loyalty and discipline are related to entrepreneurial orientation.

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⁴Other religions may contain these values; for example, it is well known how the christian protestant ethic contained similar values which promoted the modern capitalism in Europe and the North America through the development of entrepreneurship, see for example Weber (1930), "The protestant Ethic".
hard work, loyalty and discipline predict entrepreneurial orientation of innovativeness, risk taking, autonomy and proactiveness.

3. Research methods

For this study, a cross-section design was used to identify the psychological characteristics of Malay SMEs in Malaysia. The sampling frame was a mailing list of the Malay Muslims SMEs in manufacturing industries provided by Majlis Amanah Rakyat (MARA). Malay firms were chosen for this study because Malaysia’s majority population is Malay Muslim where data bases are more available as compared to those of other races. 850 self-reported questionnaires with a self-addressed stamped return envelope were mailed to the randomly selected SMEs from the original 1707 registered SME list. Out of 850 questionnaires distributed by MARA officers of Terengganu, Pahang, Melaka, Johor, Penang, Kedah, Perak, Sabah and Sarawak, only 162 questionnaires were collected representing about 19 percent response rate. The sample was small scale SMEs who have been in business between five to ten years, with the number of employees ranging between 5 and 50. Small scale SMEs were chosen for the study because in the small scale, the owner made every decision related to business, thus projecting the entrepreneurial orientations more clearly. Firms with less than five years of operation were not selected for the present study because they were still struggling to survive. Hence, their entrepreneurial orientations were not clearly seen as they keep trying to find the right direction or orientation.

For the religious/Bushido values which were suggested by Junid (2010), an initial list of items that correspond to various dimensions of Bushido values was generated based on the exhaustive review of literature and interview with Malay business owners. As a result of the interviews, 7 items for each value dimension were identified except for ‘honor’ and ‘hard work’ which were 6. The questionnaires were then constructed and distributed to other ten Malay business owners in the Manufacturing sector. The questionnaire had undergone a couple of rounds of pretests with a group of SMEs (10 SMEs at a time) located in Shah Alam to improve the item wording and to ensure the items were also understood by the target respondents. This resulted in some modifications to several questions: on ‘courage’, ‘loyalty’, ‘hard work’ and ‘honor’ where the negatively worded questions were misunderstood. Therefore the instrument was reconstructed by rewording the negative questions. Questions ask respondents to indicate the degree of importance of the values to their life and business. There were finally 33 items constructed for religious values. All items were measured in 5 point likert scale. The questions ask the respondent to rate the degree of agreement on the statement related to values that closely reflect themselves. After all questions were understood by the SMEs interviewed, 30 questionnaires (inclusive of items from other variables as well) were distributed to 30 small scale SMEs. After analyzing with Rasch Model, 9 items were removed from 33 items of religious values constructed which made the total of 24 items for values. Rasch Model analysis also indicated that the response categories of 5 likert scales should be collapsed into 3 scales only (disagree, somewhat agree and agree). Thus the scale of 1 and 2 were collapsed to be 1; 4 and 5 were collapsed to be 3. While category 3, was changed to 2. Their pattern of responding to items reflected their decisive behavior in decision making. Businessmen would only choose either yes or no, agree or disagree to a decision. No indication of indecisive in their decision. However, items measuring courage and honor were identified to fall under one similar factor. The most suitable term to describe courage and honor was “Honesty”. Thus, the dimension was labeled ‘honesty’. In addition, honesty was described as being sincere, truthful (dare to speak up the truth – courage), trustworthy, honorable (honor values), fair, and genuine (Hu, 1993). All items clustered in the first component of the factor analysis had similar attributes as what has been described by Hu (1993).

For entrepreneurial orientations variable, the instrument adapted Lumpkin and Dess’s (1996) 3 dimensions of proactiveness, risk taking, and innovativeness with a total of 9-item scale ranging from 1
(Strongly Agree) to 5 (Strongly Disagree) – these were later collapsed into 3 category scales also. The questions asked the respondents to rate the degree of agreement on the statement related to entrepreneurial orientation that best describe their action. In the beginning all the three dimensions were included in the survey. However, Rasch measurement model identified risk taking as irrelevant dimension because these items gained low item reliability. All together, there were 30 items in the questionnaire (24 items for religious values and 6 items for EO).

4. Analysis and Results

The analyses were conducted into two stages. The first stage was to identify the goodness fit of the data into the model of Rasch. The second stage was to achieve the objective of the study. A conclusion on which values affect entrepreneurial orientations can be derived from the analysis. In the first stage of analysis, few items were removed due to misfit. The factor analysis was conducted on each construct. From the analysis, Bushido/religious values fall into four clusters: honesty (honor and courage), discipline, hard work, loyalty; entrepreneurial orientations fall into 3 clusters, but risk taking dimension was removed due to only two items left for analysis and low value of reliability (0.405).

The results of the second stage analysis were obtained through an analysis of correlation and the regression analysis of hierarchical stepwise method. Hierarchical stepwise method was chosen because the variables consisted of the known predictor (based on past work) and new predictors (believed to be the most important predictor).

4.1 The profile of respondents

The majority of the respondents have their business in small cities or towns. More than half of the respondents have been in business between five to six years. The majority of the respondents employ between five to nine employees; 78.4 percent of the respondents are sole proprietors and the remaining are partnerships. The sample consists of 48.1 percent male and 51.9 percent female. In addition, the majority of the respondents or 66.7 percent acquired education up to Sijil Pelajaran Malaysia (SPM) level while, only two percent have PhDs and four percent have Masters.

4.2 Descriptive Statistics

Table 1 indicates that the sample is normally distributed. The values of mean and median for all the variables are almost the same. The skewness of the outcome variables as shown in column five are within the acceptable range of Zscore+1.96. In addition, the values of kurtosis for especially outcome variables (EO, Proactive and Innovative), as revealed in column six, are within the range of Zscore+1.96. As shown in Table 1, the mean value of each variable is below 3. This is because the likert scale of 5 is identified by Rasch Model analysis to be collapsed into 3 point scale only.

The results show that SME owners were decisive in their decisions, choosing only either Yes (Agree [3] or somewhat agree [2]) and disagree [1]). The high mean score of religious values (honesty, hard work, discipline, loyalty) shown in this Table, indicates that on average Muslim owner managers have strong religious values of honesty, discipline, loyalty and hard work. Generally, this answered the first objective of the study that is on average, Muslim owner managers are honest, disciplined, loyal and hard working.
Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Median</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honesty</td>
<td>2.5226</td>
<td>2.5556</td>
<td>.40450</td>
<td>-.656</td>
<td>-.236</td>
</tr>
<tr>
<td>Discipline</td>
<td>2.5216</td>
<td>2.5000</td>
<td>.39933</td>
<td>-.458</td>
<td>-.236</td>
</tr>
<tr>
<td>Loyalty</td>
<td>2.2757</td>
<td>2.3333</td>
<td>.46489</td>
<td>.105</td>
<td>-.819</td>
</tr>
<tr>
<td>Hardwork</td>
<td>2.2654</td>
<td>2.3333</td>
<td>.47743</td>
<td>-.047</td>
<td>-.562</td>
</tr>
<tr>
<td>Proactive</td>
<td>2.0370</td>
<td>2.0000</td>
<td>.59906</td>
<td>-.144</td>
<td>-.366</td>
</tr>
<tr>
<td>Innovative</td>
<td>2.3436</td>
<td>2.3333</td>
<td>.46909</td>
<td>.039</td>
<td>-.783</td>
</tr>
<tr>
<td>EntOrient</td>
<td>2.1533</td>
<td>2.0000</td>
<td>.42073</td>
<td>.127</td>
<td>-.016</td>
</tr>
</tbody>
</table>

Note: “EntOrient” means Entrepreneurial Orientations

4.3 Results of hypothesis testing

Tables 2 and 3 are the results of the hypothesis testing. The hypothesis H2 is tested using a hierarchical stepwise regression. All dimensions of religious values were regressed together with each dimension of entrepreneurial orientations, where hard work is entered first (as it yielded the highest correlation with innovativeness), followed by other dimensions of religious values. These values were first regressed with innovativeness as the dependent variable. The results are exhibited in Table 2. They reveal that hard work yield the highest relation with innovativeness; its weight is 0.396 indicating a relatively strong relationship with innovativeness. On the other hand, discipline is significantly related to innovativeness with β equal to 0.263. In addition, both, hard work and discipline accounted for only 15.7 percent of the variation in innovativeness, significant at p<.001. The large F-ratio of Model 1, significant at p<.001, reveals that hard work is the best predictor of innovativeness. However, the standard error (SE) of the coefficients indicate that both these coefficients are significant; especially the variable “hard work” is the leading factor in affecting innovativeness.

Table 2: Results of Hierarchical Stepwise Regression Analysis between religious values and INNOVATIVENESS as dependent variable

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>SE B</th>
<th>β</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1.419</td>
<td>.173</td>
<td>.396**</td>
<td>29.802**</td>
</tr>
<tr>
<td></td>
<td>.410</td>
<td>.075</td>
<td>.268*</td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>.939</td>
<td>.223</td>
<td>.268**</td>
<td>21.110*</td>
</tr>
<tr>
<td></td>
<td>.277</td>
<td>.084</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.309</td>
<td>.095</td>
<td>.263*</td>
<td></td>
</tr>
</tbody>
</table>

R² = .157 for step 1; ∆R² = .053 for step 2 (p<.002), **p<.001; *p<.01; N=162

IO = 0.939 + 0.277 HW + 0.309D;
Where:
IO = Innovative Orientation
HW = Hard work
D = Discipline
Even though discipline is found to be the second best religious values to predict innovativeness, it contributed only 5.3 percent of the variation in innovativeness. This is shown in the change of $R^2$ at .053. All other dimensions of religious values were excluded from the lists of predictors as the relationships were non-significant at $p<.05$. Overall, for changes in innovative orientation of SMEs, hard work and discipline contributed by 15.7 percent.

Table 3 reveals that loyalty and honesty are found to be rather weak predictors of proactiveness. Despite the significance of these correlations, the coefficients are small. Both dimensions of religious values contributed very small percentage of variation in proactiveness. Loyalty and honesty accounted for 4.8 percent of the variation in proactiveness. All other dimensions of religious values are not considered as predictors of proactiveness as the relationships are non-significant at $p<.05$. Overall, the standard error (SE) of the coefficients indicate that only loyalty is significant at the 1% level (and as confirmed by the standardized beta coefficient).

Table 3: Results of Hierarchical Stepwise Regression Analysis between religious values and PROACTIVENESS as dependent variable

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>SE B</th>
<th>β</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.393</td>
<td>.231</td>
<td>.220***</td>
<td>8.106***</td>
</tr>
<tr>
<td>Loyalty</td>
<td>.283</td>
<td>.099</td>
<td>.169*</td>
<td></td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>1.156</td>
<td>.307</td>
<td>.169*</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>.218</td>
<td>.114</td>
<td>.103*</td>
<td></td>
</tr>
<tr>
<td>Honesty</td>
<td>.153</td>
<td>.131</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$R^2 = .048$ for step 1; $\Delta R^2 = .001$ for step 2; ***$p<.01$; **$p<.05$; *$p<.10$; N=162

$PO = 1.156 + 0.218L + 0.153H,$

Where:

PO = Proactive Orientation
L = Loyalty
H = Honesty

The overall results reveal that religious values of hard work, discipline, loyalty and honesty are related to entrepreneurial orientations. Thus, they support both alternative hypotheses of H1 and H2. However, different dimensions of religious values influence different dimensions of entrepreneurial orientations.

5. Discussion

Overall, the findings provide empirical evidence that religious values are significantly related to entrepreneurial orientations of Muslim owner managers. The plausible explanation for these findings is the connection between the teachings of Islam (faith or belief) and commitment. Moreover, Muslims with high religious values have strong faith to take whatever challenge they face as these are tests from Allah. Therefore, one becomes positive and never put the blame for his/her failure, on others. As a result he continues to improve. Continue to learn is part of proactive behavior criteria. Thus, this plausibly explained the significant influence of religious values on entrepreneurial orientations. In addition, the value of honesty in particular, is an important value that should be held by every Muslim entrepreneur (Junid, 2010; Hadith). Honesty also contribute to the invaluable and totally indispensable nature of business for the economic well-being and social harmony of any community. Moreover, Prophet Muhammad (p.b.u.h) had assured honest
businessmen of Allah’s most generous rewards “An honest and trustworthy merchant will be with the martyrs on the Day of Resurrection” (Ibn Majah and Al Hakim).

The owner managers who strongly hold the value of honesty would tell the truth about the condition of their products even if the products are defective. This required courage as that might affect the reputation of their business. In terms of the relation between the religious values of honesty, hard work, discipline and loyalty, and each dimension of entrepreneurial orientations, the findings had also been supported (but weak relationship). However, different types of religious values are found to be related significantly to the different types of entrepreneurial orientation dimension. The findings revealed that hard work and discipline predicted only innovativeness, while loyalty and honesty predicted proactiveness. This happened because each value has different sets of beliefs that influence behaviors differently. For instance, innovativeness requires systematic strategic plan and hard work, and hence only those who value discipline and hard work would believe that by being innovative, one can be successful in business.

On the other hand, proactiveness requires positive thinking, truthfulness and strong commitment to business because only those who are honest (truthful) and loyal in business have the courage to take the initiative in exploring new opportunities as they know that people trust and will be loyal to them. In addition, the famous saying that reads, “what goes around comes around” has made the owner managers who value loyalty to believe that if they are loyal to their customers, in return their customers will be loyal to them too. As claimed by Lather and Mohan (2007) and Kassahun (2005) loyalty can make people go extra miles. Moreover, in Islam, treating people the best being requested as having good relationship with humans has to be given priority compared to having good relationship with Allah. This is because Allah always forgives while humans hardly forgive; hence their feelings need to be taken care of. This is known as the “hablurminannas” (relationship with humans) concept which is indicated in Quranic verse Ali Imran:112. That is why good Muslim businessmen will be loyal not only to their customers but to the society around them. Therefore, this explained why loyalty in this study showed positive connection with proactive entrepreneurial orientation. This has also provided some insights as to why the Japanese, Korean and Chinese (Ray & Turpin, Min &Jweret, Lee & Peterson – as in Morris &Schindehutte, 2005) are found to be entrepreneurial, despite their collectivism. Their values of Bushido and Confucianism have taught them to serve the best and to love people around them, including the ability to attract customers to be loyal to them.

Quite ironically, previous research by T-Aseidu (1993) found that loyalty negate entrepreneurial activities. He rationalized that loyalty makes the businessmen spending unwisely to please those people in the higher status hierarchy so that they could be regarded as loyal by those high ranks people. This resulted in negative entrepreneurial activities such as bribery. In contrast, the findings of the present study revealed that loyalty is significantly related to proactiveness. The inconsistent findings could be due to different aspects of loyalty being tested in the present study. The present study looked at loyalty to business which included loyalty to customers, business partners and society. T-Aseidu (1993) instead studied loyalty in the context of being loyal to the influential people in the society. Loyalty was described by Riecheld (2006) as putting the welfare of their customers and partners ahead of their own self-serving interests, and this makes someone who holds this values to concern and care about others around them (especially customers) leading them to be proactive. Therefore, this finding was not similar to T-Aseidu’s (1993) findings.

6. Implications

The search on the measurement of religious values (Bushido) has come under close scrutiny in this paper but did not lead to a good reliable measure constructed for the Islamic values. Consequently, this resulted to the development of new items for the measurement of religious/Bushido value dimensions. The present study has developed the constructs based on a thorough review of literature on the four dimensions of religious values (hard work, loyalty, honesty and discipline), a long process of face validity and test
pretest analysis. The high reliability of each dimension and the validity of the construct tested through Rasch Model, has provided additional measurements for the limited number of measures of religious values available in the existing literature of Islamic entrepreneurship. Thus, the present study has filled the gap in the literature by the availability of the reliable construct to measure Islamic values particularly in business. The inclusion of religious values/Bushido in understanding entrepreneurial orientations of Muslim owner managers could also provide new evidence to the entrepreneurship field. Consequently, this could help future researchers to extend on the impact of these values on firm performance.

The first implication is directed to the Malaysian government. Malaysian government, through the SMEs Corporation (SMECorp); various government agencies have done so much in providing training in the aspects of skill development, capability enhancement specifically in providing knowledge on innovation branding and packaging, supporting innovative SMEs and enterprises to be globally innovative and competitive players, and facilitating access to financial incentives. However, none of this training and support focused on the right values of business Muslims as taught by Islam. As contended by Mohamad (2003) and Omar (2006), the Islamic religious values might not be fully internalized and created a value system for some Muslim business owners because they were brought up by uneducated parents whose belief on animism was still strong. Therefore, the focus of the training should be provided on how to improve the religious values especially the values of hard work, discipline and loyalty. Omar (2006) believed that good values evolve over times if nurtured by parents, teachers and their leaders. He suggested that environment that is conducive for the Muslims to develop their full potential must be created so that experiential learning could be accelerated to enable Muslims to acquire the values of progress through exemplary parenting and responsible leadership.

Therefore, in the effort to improve the religious values of Muslim owner managers, the Ministry should continuously provide exposure on the importance of these values to business and to daily interaction with customers. One way is by making compulsory for every owner manager to attend training that include the teaching of Islamic business values as part of the training module, conducted by any government agency like MARA, SME Corpration, Malay Chamber of Commerce, etc.

7. Limitations of the study and future research

Among the limitations encountered were time and situational constraints, where the respondents are mostly from the Peninsular of Malaysia. In future the number of participants of Muslim SMEs from the East Coast of Peninsular Malaysia should be increased because they might have different values. A wider geographical area would have been preferable for generalizing the results to the overall population, thus more convincing conclusions could be made. The response rate for this study was not encouraging enough and this could be the basis for improvement in future research. The reason being, if the study is to be extended to a larger sample, it could produce better results as cross validation can be done by dividing the large data into few files to cross validate. Then comparisons could be made to confirm on the validity of the instruments and the model. The larger sample size could generate more convincing results (Field, 2009).

Future research to verify the results of this study could be conducted via cross-cultural and cross-country studies. In addition, attempts to investigate similarities and distinguishing characteristics of business owner managers against various nationalities, industries and sizes could also be done in future research. Moreover, those studies could also be based on a broader set of cultural values. Potentially a cross-cultural study investigating differences between Muslims and non-Muslims could provide additional insights in terms of personal values, motivation and entrepreneurial orientations, in which the findings would be more comprehensive and conclusive.
8. Conclusion

The objective of this paper is achieved and reveals the significant relation between personal values and entrepreneurial orientations. However, different types of religious values are found to predict different types of entrepreneurial orientations because different types of religious values have different sets of beliefs which influence the set of thinking and feelings. The latter set affects the way people value actions or behaviors before they make decisions on which action or behavior to take. That explains why the relationship is significant.

The findings have supported previous research that religious values are important predictors of entrepreneurial orientations. Therefore, the present study provides support for the research relating to the structure of human values. Religious values of hard work, discipline, loyalty and honesty are the best combination of values to influence entrepreneurial orientations of owner managers. Therefore, this filled the gap that existed in the literature with regards to the personal values of Asian people, particularly those in the developing countries. At the same time, it answered the issue of whether Muslim owner managers have negative values that might retard entrepreneurial orientations. These findings verify the records of past research and demonstrate that the pattern continues into the present because most of the findings of the present study are consistent with past research.

References


