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**How Spirituality Shapes the Formation of Entrepreneurial  
Venture:  
The Case of Malay Muslim Entrepreneurs**

A thesis  
submitted in fulfilment  
of the requirements for the degree  
of  
**Doctor of Philosophy in Strategic Management**  
at  
**The University of Waikato**  
by  
**FARHANA SIDEK**



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## ABSTRACT

Studies have shown that spirituality in the workplace can positively impact the performance of individuals, work units, and organisations. What once was thought to be just a short-lived trend has now grown into an established field of study. The establishment of the special interest group for Management, Spirituality, and Religion by the Academy of Management for instance shows that spirituality is more than just a passing fad. While research on spirituality and management continue to flourish, one particular area of study that has been given less attention to spirituality is entrepreneurship. Spirituality is less likely to be considered by the traditional entrepreneurship literature in driving the behaviours of entrepreneurs. Rather, the current literature has focused on wealth creation as the entrepreneur's driving force. Hence, researchers have turned to various approaches such as economics, personality psychology, and strategy in attempt to understand the relationship between entrepreneurs and new venture creation, which have been less successful in dealing with the more micro question of 'how' and 'why'. This warrants for new approaches that can explain the relationship between the entrepreneur and new venture formation, which spirituality can offer. The purpose of this study is to examine and understand the phenomenon of entrepreneurial venture creation from the perspective of Muslim entrepreneurs. As the second largest religion in the world, Islam is often subject to stereotyping and misunderstanding due to its approximately 1.6 billion followers globally with wide ranging levels of religious commitment and practice. The complexity of the relationship between religious values and cultural values further complicates the explanation of the behaviours of Muslim entrepreneurs. In addition to the sparsity of research on the diversity and forms of values and spirituality in organisations, most spirituality studies are currently based on the Western value systems; hence the need for non-western value systems based studies.

The overarching research question for this study is: *"How does spirituality shape the formation of entrepreneurial venture?"*. Three sub-questions

were developed to support this important research question, that are: 1) *what are the key sources of entrepreneurial opportunity for Muslim entrepreneurs?* 2) *how do Muslim entrepreneurs understand entrepreneurial opportunity?* 3) *how are the Islamic spiritual values manifested in the Muslim entrepreneurs' process of venture formation?* Using an interpretive paradigm, qualitative research was conducted, whereby 15 entrepreneurs were interviewed using narrative interview questions. Stories on how these entrepreneurs started their ventures were analysed. Findings revealed that the Muslim entrepreneurs sourced their entrepreneurial opportunities from two types of gaps. While missing products or services in the market prompted the first type of gap, the second type of gap was due to the difference between the entrepreneurs' expectations (that are guided by their knowledge on the Shariah) and the reality. These two gaps led the entrepreneurs to embark on three different paths of process of venture creation, that are 1) accidentally found opportunity, 2) actively seeking for opportunity, and 3) spiritually-driven opportunity. In realising the opportunities that they discovered or created, the Muslim entrepreneurs manifested five important Islamic spiritual values: *fardhu kifayah* (communal obligation), *wasatiyyah* (balanced), *barakah* (blessings), *amanah* (trust), and *dakwah* (the call of joining the good and forbidding the bad).

This study extends understanding of entrepreneurial behaviour involved in the process of venture formation by presenting an empirical evidence-based framework. This framework incorporates sources that trigger entrepreneurial opportunities, the micro and macro processes that entrepreneurs experienced in creating their ventures, and the dimensions of spirituality that are manifested in realising the opportunities. Secondly, this study informs the role of spirituality in the process of entrepreneurial venture creation in sourcing, evaluating, and enacting the opportunities. This study can benefit the educators and entrepreneurs as it highlights the potential of non-economic rationality in driving entrepreneurial behaviours that lead to venture creation.

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Finally, I offer my whole heart in gratitude and humbleness to Allah for everything He has granted me throughout my life. I have been blessed and have been given opportunities that I know would not have come without His intervention ~ ALHAMDULILLAH.

## **DEDICATION**

### **For My Wonderful Parents**

Siti Zalikah Md. Nor & Sidek Fadzil

Whose passion and dedication for knowledge and learning have always been inspirational. May Allah (s.w.t) have mercy upon you two as you have shown mercy upon me when I was small.

### **In Loving Memories**

Muhammad Fadhil Amin



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## LIST OF ABBREVIATIONS

ADIL	Pergerakan Kedilan Sosial (Social Justice Movement)
BCIC	Bumiputera Commercial and Industrial Community
DAP	Democratic Action Party
GDP	Gross Domestic Product
HICOM	Heavy Industries Corporation of Malaysia
IIV	Inculcation of Islamic Values
JAKIM	Jabatan Kemajuan Islam Malaysia (Department of Islamic Development Malaysia)
MARA	Majlis Amanah Rakyat (People's Trust Council)
NDP	New Development Policy
NEP	New Economic Policy
NMP	National Mission Policy
NVP	National Vision Policy
OIC	Organization of the Islamic

	Conference
PAS	Parti Islam Se-Malaysia (Pan-Malaysian Islamic Party)
PLO	Palestine Liberation Organization
PNB	Perbadanan Nasional Berhad (National Equity Corporation Limited)
PRM	Parti Rakyat Malaysia (Malaysian People's Party)
ROB	Registrar of Business
ROC	Registrar of Companies
SARS	Severe Acute respiratory Syndrome
SEDCs	State Economic Development Corporations
UDA	Urban Development Authority
UMNO	United Malays National Organisations
9MP	Ninth Malaysian Plan
10MP	Tenth Malaysian Plan



## GLOSSARY OF TERMS

<b><i>Allah</i></b>	God worshipped by Muslims.
<b><i>Amānah</i></b>	A moral responsibility for every Muslim in the performance of their duties and their social, political and economic lives.
<b><i>Awrah</i></b>	Those parts of the body which Islam requires to be covered in front of others, whether of the same or opposite sex. A woman's awrah includes her entire body except for her face and hands.
<b><i>Barakah</i></b>	Blessing granted by God to humankind.
<b><i>Dakwah</i></b>	The call of joining the good and forbidding the bad. It can also mean an invitation for the non-Muslim to understand the religion of Islam and invitation for the Muslim to practise the religion.
<b><i>Fardhu Kifayah</i></b>	Communal obligation. It is a legal obligation that must be discharged by the Muslim community. However, if enough members in the Muslim community discharge the obligation, the remaining Muslims are freed from the responsibility before God.

***Hadith***

Report of the words and deeds of prophet Muhammad and is regarded as an authoritative source of revelation after the Quran. Hadith serves as a source of biographical material for the prophet Muhammad, contextualization of Quranic revelations, and Islamic law. Two centuries after the death of the prophet Muhammad, work to collect hadith in written form, to compile and to codify them began. Among the most reliable hadith collections include those of al-Bukhari, Muslim, al-Tirmidhi, Abu Daud, Malik ibn Anas, and Ahmad ibn Hanbal.

***Hajj***

The obligatory pilgrimage to Makkah that a Muslim must perform at least once in his or her life if he or she is physically and financially able.

***Halal***

Refers to what is lawful or permitted. According to most legal opinions, everything is assumed halal (permissible) unless specifically prohibited by a text. Halal is generally used in the context of dietary restrictions, such as how the foods are prepared, in particular those types that involved

meat and animal tissue.

***Hijab***

Literally means a partition or barrier. In the context of religious clothing, it refers to a piece of cloth that is worn by Muslim women to cover their hair, neck, and chest.

***Ihram***

a state of consecration; physical and spiritual that a Muslim must enter in order to perform the major pilgrimage (*hajj*) or the minor pilgrimage (*umrah*).

***Riba***

Interest or usurious interest. A practice whereby a debt is doubled if the borrower defaulted and redoubled if the borrower defaulted again, which is prohibited in Islam. Similarly, loan contract that specifies a fixed return to the lender is also prohibited, since it provides unearned profit to the lender and unfair obligation on the borrower.

***Shariah***

The ideal Islamic law decreed by God as expressed in the Quran and the Prophet Muhammad's example (the *Sunnah*). It is binding for all believers.

***Sunnah***

Lifestyle that is recommended as a norm based on the prophet

Muhammad's teachings and practices and the interpretations of the Quran.

***Ummah***

Muslim community. This term reflects the unity and equality of all Muslims despite their diverse cultural and geographical origins.

***Wasatiyyah***

Middle or balanced. Sometimes it refers to moderation, such as being moderate in one's action.

***Wudhuk***

Ablution. Refers to the ritual of cleaning oneself before he or she performs a prayer.

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## CHAPTER 1

### INTRODUCTION

Spirituality in the workplace is now more than just a passing fad (Fornaciari & Lund Dean, 2004, p. 257). Numerous studies on spirituality in the workplace have been conducted covering various areas, such as spirituality and human capital development (Biberman & Whitty, 2000, 2007; Kedah & Muhammed Adamu, 2011; Osman-Ghani, Hashim, & Wan Nasir, 2011), spirituality and business ethics (Mhd Sarif & Ismail, 2011), spirituality and leadership (Middlebrooks & Noghiu, 2010; Ramli & Osman-Ghani, 2011), and spirituality and entrepreneurship (Kedah & Muhammed Adamu, 2011). Some of the studies have revealed how spirituality can positively impact individual (Burack, 1999; Fry, 2005; Giacalone & Jurkiewicz, 2003; Kouzes & Posner, 2002; Krishnakumar & Neck, 2002; Polutjian, Emmons, & Keortge, 2003; Reave, 2005), work unit (Duchon & Plowman, 2005), and overall organisational performance (Bierly, Kessler, & Christensen, 2000; Delbecq, 1999; Korac-Kakabadse & Korac-Kakabadse, 1997; Mitroff & Denton, 1999).

Nonetheless, despite the growing interest in the study of spirituality, entrepreneurship remains to be an under-researched theme in the area. King-Kauanui, Thomas, Rubens, and Sherman (2010) argue that, despite the abundance of literature on the mindset and motivational factors of the entrepreneur, traditional entrepreneurship literature has largely ignored the potential role of spirituality in driving the behaviours of entrepreneurs, resulting in many unanswered questions. On a similar note, a large amount of studies on spirituality and work have focused on corporate entities (Ashmos & Duchon, 2000; Burack, 1999; Mitroff & Denton, 1999; Wagner-Marsh & Conley, 1999) instead of on individual entrepreneurial ventures. This situation partly contributes to a lack of cohesiveness in explaining the impact spiritual elements have on entrepreneur's decision to initiate and maintain a business venture (Kauanui, Thomas, Sherman, Waters, & Gilea, 2008). This further downplays the study of spirituality

partly because these studies do not really represent spirituality in the context of entrepreneurship.

While much of the current literature has focused on wealth creation as the entrepreneur's primary motivation (Rindova, Barry, & Ketchen, 2009), a study by Porras, Emery, and Thompson (2007) suggests financial prosperity and recognition are rather byproducts of meaningful work. These two (i.e. financial prosperity and recognition) are "outcomes of passionately working often on an entirely different objective that is often a personal cause or calling" (p. 20). This concept of calling is closely linked with spirituality as Fry (2005) suggests that spirituality renders fulfilling a purpose (a calling) and a connection with others through love and service that originates from deep within. The lack of success of models that based on personality traits, intentions, behavioural processes, and external context in explaining the entrepreneurial phenomenon inspired researchers to begin exploring the spiritual side of human behaviour, which has long been neglected. A work by Kauanui et al., (2008) later confirmed that spirituality does help in explaining how and why entrepreneurs are different. Nevertheless, while the contribution made by Kauanui et al.'s (2008) study in integrating spirituality with entrepreneurship is acknowledged and praised, it only covers a small part of the many aspects of the entrepreneurship field.

Researchers have tried to explain the relationship between the entrepreneur and new venture formation using various approaches such as economics, personality psychology, and strategy. However, while these approaches do make some contributions, each has its limitations (Mitchell et al., 2002). Despite being useful in identifying what entrepreneurship is and when it occurs, economic theories have been less helpful in explaining the more micro question of 'how' and 'why'. Similarly, studies that attempt to pinpoint a unique set of personality traits that characterise the entrepreneur have reached inconclusive results. And finally, continuous attempts by researchers to link the attributes of the entrepreneurial individual to performance (Cooper, Willard, & Woo, 1986;

MacMillan & Day, 1987; Sandberg, 1986) have also been less successful. For example, Herron (1990) reveals that entrepreneurial skill and skill propensity are related to new venture performance. Hence, in addition to addressing these research challenges, new approaches that can explain the contribution of entrepreneur to new venture formation are needed as there have been differences between actual practices within the entrepreneurship community from much of the research reported to date (Mitchell et al., 2002).

Spirituality has now been firmly established as having a part in explaining the entrepreneurial process, particularly in the motivation aspect. However, another aspect of the entrepreneurial phenomenon that needs examination of the spiritual side of human behaviour is the venture creation process. As motivation is known to influence human's behaviour, a study that looks into how entrepreneurs act from spiritual perspective is therefore critical to advancing our understanding in this area. We know that one's spirituality can have a significant impact on how new ventures are formed. The movement away from the motivations, traits and cognition perspectives regarding how entrepreneurs deal with uncertainty (Baron, 2004), has widened the field to examine other impacts.

Indeed, an emerging area of research is an examination of the processes in which new ventures are formed, and the consequences on venture formation that emerge from these processes (Alvarez, Barney, & Anderson, 2013). This process orientation provides a context to examine such influences as spirituality, at both an individual and a national level. Indeed, Judge and Douglas (2013) suggest that the entrepreneur's faith orientation through reliance on religious (Bellu & Fiume, 2004; Dodd & Gotsis, 2007) and/or spiritual resources (Fernando, 2007) may provide an alternative approach in explaining the behaviour of entrepreneurs in dealing with the uncertainties during the process of venture creation.

As the second largest religion in the world, there are approximately 1.6 billion Muslim globally (Pew Research Centre, 2011) with wide ranging



levels of religious commitment and practice that can often lead to stereotyping and misunderstanding of the religion (Abuznaid, 2006; Beekun & Badawi, 2005). This situation further complicates the explanation for the behaviours of Muslim entrepreneurs due to the complex relationship between religious values and cultural values (Fontaine, 2008). Moreover, studies on the diversity and forms of values and spirituality in organisations have been sparse (Karakas, 2008) and most current spirituality studies are based on the Western value systems (Kamil, Al-Kahtani, & Sulaiman, 2011).

According to the Pew Research Centre statistics, Muslims make up 23.2 per cent of the world population and this number is expected to grow to 26.4 per cent by 2030 (Pew Research Center, 2011). Since religion has an important role in the life of many Muslims (Pew Research Center, 2011), the growing statistics imply an expanding market for Muslim consumers and opportunity for Muslim entrepreneurs. Hence, studies that integrate Islam and entrepreneurship become particularly important and relevant. The scant research on spirituality and entrepreneurship from the Islamic perspective, together with the need to understand the role of spirituality in explaining the behaviour of entrepreneurs in the process of venture creation are the foundation for this thesis. The research aim and the research questions that guide this thesis are stated next.

### **Research Aim and Questions**

The primary objective of this research is to understand the phenomenon of entrepreneurial venture creation from the perspective of Muslim entrepreneurs. Specifically, this research aims to explore the role of Islamic spirituality in the process of venture creation. The overarching research question for this study is: *“How does spirituality shape the formation of entrepreneurial venture?”* The results of the study inform how and why Muslim entrepreneurs become involved in entrepreneurship and the underlying values that support such engagement.

Three sub-questions help to refine the main research question, which are:

1. *“What are the key sources of entrepreneurial opportunity for Muslim entrepreneurs?”*
2. *“How do Muslim entrepreneurs understand entrepreneurial opportunity?”*
3. *“How are the Islamic spiritual values manifested in the Muslim entrepreneurs’ process of venture formation?”*

### **Focus of Study**

This research is focused on the process of opportunity recognition, which is one of the steps in entrepreneurial venture creation. The emphasis is on the source and process of entrepreneurial opportunity recognition. Venkataraman (1997) contends that the question of ‘where opportunities come from?’ is one of the most neglected areas in entrepreneurship research. This refinement of focus is necessary as the entrepreneurial venture creation process has a broad dimension (Ucbasaran, Westhead, & Wright, 2001) and it is impossible to study all dimensions during the course of the PhD study.

The research participants of this study are limited to Muslim entrepreneurs in Malaysia only. Since this research is investigating the phenomenon of spirituality and entrepreneurship from an Islamic perspective, this focus is important. One of the characteristics of entrepreneurship from an Islamic perspective as outlined by Gumusay (2015) is “the entrepreneur or at least a part of the organisation has to be Muslim to practice EIP (entrepreneurship from an Islamic perspective), as EIP contains the religio-spiritual lens” (p. 5). The Muslim entrepreneurs in this research refer to participants who were responsible and involved in the process of setting up the ventures, not employees of a business organisation.

## **Significance of the Study**

As mentioned previously, the fields of spirituality and entrepreneurship are under-researched, despite the growing interest in the area of spirituality. Gartner (1985) argues that although entrepreneurial start-ups are a major engine of job and wealth creation, the process of entrepreneurial venture creation is not clearly understood. According to Dana (2009), the role of faith orientation on entrepreneurship is still underexplored. Hence, studies that integrate a religious perspective may complement and enhance current entrepreneurship theory and practice and help to shed light on the unresolved questions in explaining the behaviour of some Malay entrepreneurs.

The question of what triggers entrepreneurship in some people and not others remains an area of interest for policy makers and scholars.

This is because the status and direction of a country's entrepreneurship can be explained partly by the personal reasons that drive entrepreneurs to start their business (Kedah & Muhammed Adamu, 2011). Therefore, by focusing on how spirituality helps to shape the process of entrepreneurial venture creation, this study can offer a new outlook on what motivates an entrepreneur to initiate a venture.

According to Baron (2007) efforts made to examine opportunity as a process is insufficient. He further adds that prior research mainly disregards the question of how opportunity recognition occurs; or in other words, how do specific persons actually identify opportunities? Hence, this study is important as it can help to understand the opportunity recognition and identification process through two of its subquestions (i.e. what are the key sources of entrepreneurial opportunity for Muslim entrepreneurs? And how do Muslim entrepreneurs understand entrepreneurial opportunity?).

As a moderate Islamic country that is viewed as non-threatening by Western world, Malaysia would be in a better position to promote and develop entrepreneurship based on Islamic principles to the Western

world (Zazali, 2010). Hence, this study will be valuable for policy makers in preparing Malaysia for the role.

### **Outline of Thesis**

This thesis is organised into nine chapters. Chapter one introduces the background of the research topic where the research objective and questions that guide this study are explained. This chapter also briefly explains the methodology and key contributions of this study. The remaining eight chapters are organised as follows:

**Chapter two** presents the literature review to inform and guide this study, which consists of three main strands: 1) entrepreneurship, 2) spirituality, and 3) work as a calling. As this study tries to understand the relationship between entrepreneurship and spirituality, hence literatures that cover both areas (i.e. entrepreneurship and spirituality) are necessary. Spirituality makes a person realises about purpose and meaning of life. When the purpose and meaning are extended to work, a person sees his or her work as a vocation to fulfill that meaning and purpose. Hence, the literature of work as a calling is also reviewed in this thesis. The entrepreneurship literature consists of a review on who an entrepreneur is? Sources of entrepreneurial opportunities, types of entrepreneurial opportunities, and the process of opportunity recognition and enactment. The second strand of literature, which is spirituality, focuses on the discussion of spirituality in general before discussing specifically on Islamic spirituality. In addition to that, entrepreneurship from the Islamic perspective, and the dimensions of Islamic spirituality that have been examined over the last years are also discussed in this part of literature. The concept of work as a calling from both the Western and the Islamic perspectives constitute the third strand of literature of this study. These literatures form the research questions of this study that are posed at the end of the chapter.

**Chapter three** explains the research philosophy that founded this study (i.e. the paradigm, epistemology, ontology, methodology and methods). This chapter justifies why an interpretive paradigm and qualitative research are the suitable research strategy to conduct this study. This chapter also explains the procedures and strategies used in collecting, analysing and interpreting the data. Measures taken to ensure the study's validity and reliability are also elucidated in this chapter. The final section of this chapter discusses the ethical consideration in this study.

**Chapter four** sets the scene for this research where it describes the context of the study. It reviews the geographical, demographical, historical, economics, and current development of entrepreneurship in Malaysia that partly inspire the intention to conduct this study.

**Chapter five, six, and seven** present the findings of the study, where three patterns of opportunity realisation are identified from the data: 1) accidentally found opportunity, 2) actively seeking for opportunity, and 3) spiritually-driven opportunity.

**Chapter eight** contains the analysis and discussion of the findings by comparing the objectives of the study and the research questions. Upon analysis, an emergent model of Muslim entrepreneurs' opportunity conception for entrepreneurial ventures that consists of three important phases is developed to capture the participants' stories of their experience of forming a venture. This model is based on the integration of findings explained in chapter five, six, and seven. Each phase of the model is discussed in consideration of literature reviewed in chapter two and other relevant literature in order to identify contributions the study has made to the area of research.

**Chapter nine** concludes this study by recapitulating the objectives of the research and highlighting its major findings and implications. It also offers some recommendations for practice and for future research agendas.

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter presents the relevant literature pertinent to the research question in this study: *“How does spirituality shape the formation of entrepreneurial venture?”* This chapter provides an understanding of the research topic (Hart, 2001) and to identify unexplored issues. It aims to learn about the field of study and to support the thesis argument of this research (Murray, 2006). The chapter is organised into three main sections that relate to this study: 1) entrepreneurship, 2) spirituality, and 3) work as a calling. As the phenomenon of this research is entrepreneurship, this literature is first reviewed. Following this, the literature on Islamic spirituality is examined, since it provides the experience that shapes entrepreneurship. Finally, the literature on work as a calling is reviewed as there is a close link between spirituality and work as a calling (Fry, 2005).

### **ENTREPRENEURSHIP**

Entrepreneurship as a field of study is an emerging discipline. Its complexity, dynamic and extensive features impede attempts to capture all of its relevant aspects (Busenitz, West-III, Sheperd, Nelson, Chandler & Zacharakis, 2003). This has resulted in the absence of universal definition of entrepreneurship (Morrison, 2006). However, there are at least two informal meanings of entrepreneurship (Stenberg & Wennekers, 2005) that are particularly pertinent to this study. The first meaning of entrepreneurship refers to creating and running a business on one’s own account and at one’s own risk. The person engaged in this activity is known as an entrepreneur, self-employed, or a business owner. This definition forms the “occupational” idea of the entrepreneurship. The second meaning views entrepreneurship from the perspective of “entrepreneurial behaviour” in terms of taking advantage of an opportunity. Hence, it forms the “behavioural” idea of the entrepreneurship. In short,

these two meanings of entrepreneurship form two important aspects of entrepreneurship – occupational and behavioural. While the occupational aspect focuses on individual, the behavioural aspect focuses on the activity of the individual. According to Stenberg and Wennekers (2005), in comparison, the academic development of the “behavioural” idea of entrepreneurship is more recent despite having a longer history than the “occupational” idea.

Some definitions of entrepreneurship imply founding a new venture, while others acknowledge entrepreneurship in the context of an existing organisation (Kunkel, 2001). Venture creation is a major activity in entrepreneurship that involves interaction between the environment and individuals (Shook, Priem, & McGee, 2003). It is what according to researcher such as Gartner (1988), “separates entrepreneurs from non-entrepreneurs”. Venkataraman (1997) states that venture creation creates a link between opportunities and an entrepreneurial individual. An understanding of how an individual interacts with different environments perhaps serves to address the question of “why, when, and how different modes of action are used to exploit entrepreneurial opportunities?”, as entrepreneurial thoughts and behaviours are inconsistent characteristics in differentiating some people from others across all situations (Shane & Venkataraman, 2000).

McMullen and Shepherd (2006) argue that entrepreneurship is about action. In many times, action in entrepreneurship is viewed as an individual behaviour (Bird & Schjoedt, 2009). Entrepreneurial behaviours as discussed by Bird and Schjoedt (2009) are “the concrete enactment of individual or team tasks required to start and grow a new organisation” (p. 328). As this study seeks to understand the role of spirituality in the formation of the entrepreneurial venture, which calls for entrepreneurial behaviour as the unit for analysis, hence the definition of entrepreneurship that entails creation of new venture is adopted. Despite that there is no single, universally accepted definition of entrepreneurship, the one offered by Shane and Venkataraman (2000) has received increasing

acknowledgement (Baron & Henry, 2011). They refer to entrepreneurship as the field that scholars examine “how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000, p. 218). As a result of this definition, entrepreneurship entails the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them. Accordingly, it also implies that entrepreneurs engage in these activities by starting new ventures (Baron & Henry, 2011).

The meaning of entrepreneurship adopted in this thesis draws on both occupational and behavioural views. Entrepreneurship in this context of study is a mix of both features of “behavioural” entrepreneurship and “occupational” entrepreneurship. This meaning is congruent with Shane and Venkataraman’s (2000) definition of entrepreneurship that describes entrepreneurship as a “field involves the study of sources of opportunities, the process of discovery, evaluation, and exploitation of opportunities, and the set of individuals who discover, evaluate, and exploit them” (p. 218). This definition contains both individual and behavioural aspects of entrepreneurship discussed earlier. This study focuses on the process that Muslim entrepreneurs (occupational and/or individual) participate in creating their ventures – from sourcing for opportunity to enacting the opportunity (behavioural).

The next section defines who entrepreneur is, followed by discussions on sources of opportunity, and then how entrepreneurs develop entrepreneurial opportunity.

### **Entrepreneurs – Who are they? What do they do?**

In their attempt to define entrepreneurs, many researchers have focused on identifying characteristics that describe the entrepreneur. For a long time, researchers believed that an entrepreneur is significantly different from a non-entrepreneur. Many think the differences lie in the



entrepreneur's background and personality (Gartner, 1985). Psychological characteristics have been used in many studies including: need for achievement, locus of control, and risk taking propensity (Brockhaus, 1982). However, attempts to generalise common psychological and demographic characteristics to all entrepreneurs or that are unique to entrepreneurs have been unsuccessful, due to weak, disconfirming and non-significant results (Mitchell et al., 2002).

Describing entrepreneurs based on personal characteristics has been limited, so researchers have moved to define entrepreneurs behaviourally – based on what they do – which also links well with the process-orientation of this thesis. Some researchers argue that entrepreneurs are different from non-entrepreneurs such as managers, in terms of the functions that they perform. They contend that while managers' functions are routine, entrepreneurs' functions are more dynamic (Baumol, 1993; Cole, 1969; Gartner, 1985; Hartman, 1959; Leibenstein, 1968; Schumpeter, 1934). Gartner (1985) summarises six common functions of entrepreneur as follows, to: 1) identify a business opportunity, 2) gather resources, 3) market their products and services, 4) produce the product, 5) form an organisation, and 6) respond to government and society.

However, researchers insist the functions that entrepreneurs perform are not limited to these six activities. Instead, it depends on what type entrepreneurs are. For example, whether they are nascent, novice, serial, or portfolio entrepreneurs (Westhead & Wright, 1998). Nascent entrepreneurs engage in the process of considering starting a business (Carter, Gartner, & Reynolds, 1996). Novice founders are those who have no prior entrepreneurial experience as a founder, an inheritor, or a purchaser of a business (Westhead & Wright, 1998). Serial entrepreneurs refer to those who sell their original business and then go onto inherit, establish, and/or purchase another business (Beresford, 1996). A portfolio founder, however, retains his or her original business and inherits, establishes, and/or purchases another business (Westhead & Wright, 1998). Studies show that entrepreneur who actually started a business

had undertaken more functions than what Gartner (1985) has described, to ensure that their business idea was tangible in comparison to those who had given up (Carter et al., 1996).

In explaining the actions and logic to rationalise entrepreneurial behaviour, researchers have long relied on a traditional model of entrepreneurial behaviour, which is generally based on economic thinking. This traditional model explains that in discovering an entrepreneurial opportunity, an individual or firm pursues entrepreneurial action by looking for a domain where the demand for a product or service is greater than its supply (Beresford, 1996; Casson, 1982; Khilstrom & Laffont, 1979). The opportunity is then evaluated to see whether it is worth exploiting (Shane & Venkataraman, 2000; Venkataraman, 1997). Upon deciding the opportunity is worth pursuing, an entrepreneur begins assembling resources to create a venture that will develop and deliver a product or service to exploit the identified opportunity, which then will generate returns from the venture (Fisher, 2012). This traditional model basically describes entrepreneur as a profit-oriented person.

To aid the explanation of actions and logic that underlie entrepreneurial behaviour, a number of alternative theoretical perspectives have emerged. Three approaches that are well known among these emerging alternative theories are causation (Sarasvathy, 2001, 2008), effectuation (Sarasvathy, 2001), and entrepreneurial bricolage (Baker & Nelson, 2005), which propose that in certain situation entrepreneurs pursue a different path to identifying and exploiting opportunities.

According to the causation model (Sarasvathy, 2001, 2008), an individual entrepreneur makes a decision based on a fixed goal and selects between modes in order to reach that goal (Sarasvathy, 2001). Markets and entrepreneurial opportunities within those markets are believed to be already established (Casson, 1982; Shane & Venkataraman, 2000), and the entrepreneur's goal is to seize as much of the existing market domain as possible (Kotler, 1991). Therefore, according to this view new markets

are seldom created. Entrepreneurship is viewed as a “linear process” in which it is the entrepreneur’s own choice that results in the development and planning activities (Baker, Miner, & Eesley, 2003). In addition to that, according to this model, entrepreneurship entails “...the process of discovery, evaluation and exploitation of opportunities” (Shane & Venkataraman, 2000, p. 218). Hence, in order for this theory of causation to be relevant the market for a product or service has to be in existence before exploitation can happen and information about the market must be obtainable so that entrepreneurs can evaluate the opportunities and evaluate resources to exploit those opportunities (Sarasvathy, 2001).

However, the reality is entrepreneurial environments are frequently changing, uncertain, and unclear. Information is not always sufficient for entrepreneurs to recognise and evaluate opportunities before exploiting them (Fisher, 2012). Therefore the theory of effectuation (Sarasvathy, 2001, 2008) is proposed to address such situation.

Effectuation theory, as described by Sarasvathy (2001) suggests that in highly unpredictable and unstable environments, target customers can only be determined by whoever buys a product or service. Goals are constantly changed, shaped, and formed over time, and at some point are developed by chance. As a result, the entrepreneur exercises power on things which he or she can control – i.e. available set of means, as opposed to goals (Sarasvathy, 2001). This theory has outlined four important rules that help to explain the logic of effectuation in entrepreneurship (Sarasvathy, 2008). First, entrepreneurs begin with means instead of developing end goals. This requires entrepreneurs to pay attention to the resources under their control by asking questions such as “Who am I?”, “What do I know?”, and “Whom do I know to uncover opportunities?” instead of focusing on the end goal. Entrepreneurs involved in activities let goals unfold and develop as they utilise the means under their control, which also means they engage in a continuous process of exploration in searching for possibilities of what they can do (Fisher, 2012; March, 1991). Second, when evaluating choices apply

affordable loss as opposed to expected return. When making decisions, entrepreneurs must be willing to lose and dedicate an amount of resources to an effort with an expectation of losing such resources (Chandler, DeTienne, McKelvie, & Mumford, 2011). Third is leveraging strategic relationships, whereby instead of conducting competitive analysis entrepreneurs can concentrate on developing partnerships. Although competitive analysis traditionally has been crucial information for strategy formulation (Porter, 1979), entrepreneurs can pay attention to whom they can collaborate with instead of focusing on their competitors (Fisher, 2012). Finally, the fourth rule is exploiting contingencies, which involves entrepreneurs accepting unanticipated situations and changing them into profitable opportunities, hence receiving unexpected results instead of realising pre-determined goal (Fisher, 2012). Unlike causation theory where the markets are assumed to be pre-exist, Sarasvathy (2001) insists that effectual processes are associated with discovering and taking advantage of opportunities in risky new markets. Therefore, entrepreneurial opportunities as viewed by this theory are subjective, socially constructed, and formed by an entrepreneur through the enactment process, whereby “managers construct, rearrange, single out, and demolish many ‘objective’ features of their surroundings, and literally create their own constraints” (Weick, 1979, p. 243).

Another entrepreneurship theory that has emerged over the recent years is the theory of entrepreneurial bricolage (Baker & Nelson, 2005). “Bricolage” as defined by Baker and Nelson (2005) refers to “making do by applying combinations of resources at hand to new problems and opportunities” (p. 33). Also known as an action-oriented or “hands-on” approach (Senyard, Baker, & Davidsson, 2009), entrepreneurs who adopt this type of strategy refuse to let the restrictions on resources under their control to limit their activities (Phillips & Tracey, 2007). Hence, entrepreneurs will utilise resources in ways that they were not primarily intended for (Baker & Nelson, 2005). When facing poor environments, in which there are new challenges but no new resources, entrepreneurs have three choices to move forward (Baker & Nelson, 2005): 1) to look for

resources from outside the firm; 2) to keep away from new challenges by staying put, downsizing, or dissolving; or 3) to perform bricolage by improvising current resources under control to new problems and opportunities. Entrepreneurs who choose to settle on the third option can perform bricolage in five areas: 1) *physical inputs* – repurposing forgotten, thrown away, shabby, or presupposed single-application materials for new use-value; 2) *labour inputs* – bringing in customers, suppliers, and followers to work together on projects; 3) *skill inputs* – allowing and welcoming amateur and self-taught skills to be practised; 4) *customers/markets* – offering products or services that are missing from the market; and 5) *institutional and regulatory environment* – despite the many “standards” and regulations that may be imposed on them, entrepreneurs will continue to try things in many different ways as they refuse to let the restrictions limit their activities. Baker and Nelson (2005) further suggest that entrepreneurs differ in the way they practise bricolage which impacts a firm’s performance over time. Entrepreneurs who adopt parallel bricolage – i.e. extensive bricolage in multiple domains, can lead firms to experience restricted or no growth. Meanwhile, those who engage in selective bricolage can influence a firm’s growth. It is important to note that the bricolage theory is relevant in the context where entrepreneurs are facing an environment where resources are limited yet still having access to those resources that they can utilise to “make do”, such as in “penurious” environments (Fisher, 2012).

As observed by Fisher (2012), these three emerging theoretical perspectives of entrepreneurship have four important features: 1) they mainly emphasise the resources under the entrepreneur’s control and disregard market needs in discovering an opportunity (Baker & Nelson, 2005; Sarasvathy, 2001); 2) instead of aiming for long-term returns, entrepreneurs focus on what they are willing to lose in deciding whether to exploit an opportunity (Sarasvathy); 3) they refuse to let the resource restrictions to limit their activities (Baker & Nelson); and 4) refrain from long-term goals and plans (Sarasvathy). These emerging alternative theories also show that not all entrepreneurs focus solely on profit-

maximisation. There are times when their focus is on what they are willing to lose (Sarasvathy, 2001) and “make do” with what they have in their hands (Baker & Nelson, 2005).

We can see that the discussions on entrepreneurs’ behaviour in the literature have largely focused on the economic rationality aspect. An entrepreneur is described as a person who is always interested in making profit. Although a number of alternative theories have emerged in recent years, more research is needed to explore the logic that underlies entrepreneurial behaviour. Hence, this research is taking a different perspective in examining the behaviour of entrepreneurs. It intends to look at the non-economic rationality aspect of entrepreneurs that shapes their entrepreneurial activity.

### **Entrepreneurial Opportunity – Existence and Sources**

This section examines the sources and existence of entrepreneurial opportunity that is central to new venture creation (Wright & Marlow, 2011). Entrepreneurial opportunity is regarded as the “heart” of entrepreneurship (Stevenson & Grumpert, 1985) as it takes up a central place in the study of entrepreneurship (Stevenson & Jarillo, 1990; Venkataraman, 1997). An increasing number of researchers continue to define the sphere of entrepreneurship as revolving around opportunity recognition, evaluation, and exploitation (Aldrich & Ruef, 2006; Shane & Venkataraman, 2000; Venkataraman, 1997), although it is far from being generally agreed upon (Davidsson, 2004). The process of formation of entrepreneurial venture begins with recognition or creation of opportunities. In the context of entrepreneurship, opportunity in general may be described as a condition where the entrepreneur has the confidence that he or she will earn profit in the future. According to Stevenson, Grousbeck, Roberts and Bhidé (1999), for a situation to be regarded as good opportunity, it must fulfil two requirements: 1) it must represent a future state that is desirable, and 2) it must be achievable. Shane (2003) argues, what differentiates entrepreneurial opportunity from

other profit seeking situations is that, “entrepreneurial opportunity requires the creation of a new means-ends framework rather than just optimizing within an old framework” (p. 18). Shane and Venkataraman (2000) define entrepreneurial opportunity as “situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production” (p. 220). However, it is difficult to disagree with Alvarez, Barney, and Anderson’s (2013) view on the definition of opportunities. They argue that limiting the definition to situations only where opportunity creates economic wealth (Eckhardt & Cuichta, 2008) will only make it difficult to identify entrepreneurs independently of opportunities. A person is called an entrepreneur only if he or she exploits opportunities that generate economic wealth. Instead, Alvarez et al. (2013) defend that entrepreneurs are those who seek to exploit opportunities in the pursuit of wealth creation. This definition of entrepreneurs also includes those entrepreneurs who failed in their attempt to exploit opportunities. Here the focus is on the behaviour of the entrepreneurs instead of the results, which also fits the process analytical framework of this study. In this study, the researcher adopts a definition of opportunity that acknowledges both types of opportunity – i.e. discovered and created, offered by Short, Ketchen, Shook, and Ireland (2010). According to them, entrepreneurial opportunity is “an idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative” (p. 55). Besides acknowledging both discovered and created opportunities, this definition also fits with the overall idea that this study is propagating – i.e. that is the role of non-economic rationality in the pursuit of entrepreneurial opportunity. Furthermore, entrepreneurship also should not only be viewed as a function of opportunity, but rather as a function of cultural perceptions of opportunity (Dana, 1995).

### **Discovery and Creation**

To take advantage of the situation with the intent to profit from it, is one thing, but an aspiring entrepreneur still needs to know where the

opportunities come from, where to look for them, how to identify them and why they exist, initially. To understand this, we need to examine the seminal work that has formed the foundation of this debate. Hayek's (1945, 1955) view was on the dispersion and idiosyncratic of individual's knowledge as the cornerstone of the entrepreneurial opportunity existence. Hayek stated that there is no way that two individuals possess the same knowledge or information about the economy. By 'knowledge', Hayek specifically meant the everyday knowledge such as work-related, a use for idle resources, a better way of performing a task, an important resource that is getting sparse, an invention that results in a new technique, a way of production, or technology, the growing demand of important necessity of a certain community, and many more. Venkataraman (1997) further expands that this knowledge that Hayek was referring to, is dispersed in the economy and is not in the hands of everyone to use. Instead, it is only available to certain individuals and groups of people who obtain it through each individual's situation such as occupation, daily work routines, social relationship, and daily life. Therefore, from this perspective, entrepreneurial opportunities exist due to the dispersion of information – i.e. because some individuals possess potentially valuable information or knowledge that is not available to others. Sarasvathy, Dew, Velamuri, and Venkataraman (2003) note two crucial effects of this perspective on entrepreneurial opportunity. First, the dispersion of knowledge becomes the reason for the existence of uncertainty, which leads to opportunities, to begin with. Second, the dispersion of knowledge also becomes the source of explanation for the connection between the individual and the opportunity to discover, create, and exploit new markets (Shane, 2000; Venkataraman, 1997). These authors argue that many inventions will remain idle because of the nexus of the individual and the opportunity.

Schumpeter (1934) and Kirzner (1973) however, offered quite a different perspective from Hayek's existence of entrepreneurial opportunity, although their perspectives still centred on the idea of information. While Hayek (1945, 1955) contended that entrepreneurial opportunities exist due



to asymmetric information, Schumpeter (1934) believed entrepreneurial opportunities exist because of the availability of new information. This author asserted that new information such as technological evolution, political influence, laws and regulations, macro-economic factors, and social movement give rise to new information that entrepreneurs can leverage on to gather resources and to turn them into more valuable forms (Shane, 2003). In this situation, individuals with access to new information are able to change the equilibrium price for resources. They can buy resources at a lower price, repackage them, and sell them at profit (Schumpeter, 1934; Shane, 2003; Shane & Venkataraman, 2000).

In contrast to Schumpeter (1934), Kirzner (1973) contended that different access to existing information is the source of entrepreneurial opportunity. The information that people acquire shapes their view on the best way to utilise resources. However, as individuals do not always make the right decisions, problems of shortages and surpluses of goods and services occur (Gaglio & Katz, 2001; Shane, 2003). In solving these problems of shortages and surpluses, enterprising individuals may acquire resources, repackage them, and sell the products for some profit (Shane, 2003; Shane & Venkataraman, 2000).

Kirzner's (1973) view on entrepreneurial opportunity inspires the *discovery view* (Shane & Venkataraman, 2003), a popular perspective on the origins of entrepreneurial opportunities. The discovery view of opportunities regards that opportunities exist independently of entrepreneurs' perceptions and actions (Kirzner, 1973). They exist before the entrepreneurial process actually begins and only those individuals who are alert will be able to discover them (Eckhardt & Shane, 2003; Kirzner, 1997; Shane, 2003). That is why some researchers regard this type of opportunity as 'opportunity identification' (Brockman, 2014). Opportunities in this sense have objective and real existence and they do not reside only in the entrepreneurs' mind (Shane, 2003). Alvarez et al., (2013) explain the entrepreneurial opportunities that are recognised through the process of discovery based on four important qualities: 1) exogenous shocks,

2) ontological status, 3) nature of entrepreneurs, and 4) information. First, the general assumption of discovery opportunities is that opportunities emerge as a result of exogenous shocks to pre-existing industries or markets. 'Exogenous shocks' may include changes in technology (Tushman & Anderson, 1986), changes in politics or other societal institutions (Schumpeter, 1939), changes in consumer preference and so forth (Shane, 2003). These exogenous shocks shape opportunities either by causing asymmetric information circulating within a market or industry or by creating completely new information (Venkataraman, 1997).

The nature of this type of opportunity determines the character of the entrepreneurs who seek to discover it. As mentioned earlier, discovered opportunities are caused by exogenous shocks, which are observables. Ideally, everybody who is involved in the industry should be aware of the opportunities that the exogenous shocks have caused. However, if everybody in the industry is aware of the opportunities and tries to exploit them, that will erode if not end their ability to generate profit (Barney, 1991; Kirzner, 1979). Therefore, the discovery view states that in explaining why some people can exploit the opportunities in the industry or market while others cannot, they must be different in terms of their abilities to see or to exploit these opportunities (Kirzner, 1973; Shane & Delmar, 2004). The difference in ability to see and exploit opportunities is what Kirzner (1973) summed up as the concept of "entrepreneurial alertness" (p. 67). It is also what differentiates entrepreneurs and non-entrepreneurs. According to this view, opportunities are regarded as existing independently of an individual's perception; it is the job of the entrepreneur to be 'aware' of those opportunities and to act on them (Casson, 1982; Gaglio & Katz, 2001; Kirzner, 1997; Shane & Eckhardt, 2003). Alvarez et al. (2013) state that just because the opportunities are yet to be discovered, it does not mean that it does not exist. It suggests that the entrepreneurs are yet to be aware of their existence.

The final quality of discovered opportunities as discussed by Alvarez et al. (2013) is the position of information in the discovery process. The

assumption that the discovery view holds with regard to knowledge about the opportunities is that it “exists in physical and social artefacts and manifests itself in such things as technologies, routines, operating procedures, processes, and data” (p. 306). Kirzner’s idea on “alertness” further suggests that, it is because entrepreneurs have specialised knowledge and information that they are able to discover opportunities and exploit them. Besides relying on their own experiences, entrepreneurs who are looking to exploit discovered opportunities can gather additional objective information (Casson, 1982), which may include knowledge about customers, demand, current competitors and many more (Hoeffler, 2003). The availability of this objective information helps alert entrepreneurs to have reasonably clear idea about the possible consequences associated with exploring an opportunity and the probability of them happening. This decision making condition is what Knight (1921) referred to as “risky”, whereby entrepreneurs do not know for sure the results of their opportunity exploitation efforts.

Another popular view on the origin of entrepreneurial opportunities is the *creation view* (Venkataraman, 2003; Alvarez & Barney, 2007). This view is founded on the philosophies of social constructionism, such as Berger and Luckmann (1967) who argue that all knowledge – i.e. whether it is normal everyday experiences or advanced scientific research, is a result of human interactions. Meaning and collective understanding derived from these interactions shapes our knowledge and helps us to understand the world around us. Alvarez et al. (2013) suggest that opportunities are considered ‘valid’ – i.e. having potential to generate economic wealth, only when they become part of the socially constructed reality of the society in which the entrepreneur lives. Weick (1979) then introduced the concept of “enactment process”, which refers to the way a person acts forms the environment within which that person acts. Weick (1979) further explains that previous explanations form the context within which the future behaviour is understood. The more we observe, the more we explain. Hence, the context within which we act is formed by our past behaviour. As Alvarez et al. (2013) sum up, “Action precedes interpretations, and

interpretations of those actions precede new actions” (p. 307). In essence, the perspective of social constructionism suggests that it is the entrepreneurs themselves that establish the opportunities. There are no opportunities until entrepreneurs create them through a process of enactment.

The shortcoming of the pure social constructionism ideology in generating specific testable hypotheses (Godfrey & Hill, 1995) led to the emergence of evolutionary theory that not only maintains Weick’s (1977) enactment process, but also allows for predictions from theory to be tested. This ideology suggests that individuals still form their own reality but the accuracy of those social constructions is examined either against the objective reality or against the collective social constructions of others (Azevedo, 1997; Campbell, 1960; McKelvey, 1999). Specifically, evolutionary theory advocates that the ideas of how an individual’s constructed reality can influence others’ social construction and how an individual’s idea of an opportunity can be tolerated and enacted by others are possible to be examined (Azevedo, 1997, 2002).

Alvarez et al. (2013) discuss the important features of created opportunities based on four qualities: 1) endogenous shocks, 2) ontological status, 3) nature of entrepreneur, and 4) information. First, the created opportunities assume that this type of opportunity is formed endogenously by the actions of individuals who are looking to generate economic wealth themselves. The opportunity creation process starts as entrepreneurs become involved in activities that are in line with their initial beliefs about the nature of the opportunities they probably encounter, and their understanding of the resources and abilities that they have in order to take advantage of these opportunities (Alvarez & Parker, 2009; Baker & Nelson, 2005; DiMaggio, 1995; Sarasvathy, 2001). Because entrepreneurs’ initial beliefs about opportunities and their perceptions on resources and abilities are socially constructed, they may or may not be in agreement with the objective reality or the collection of others’ social constructions (Mosakowski, 1997). Hence, there will often be

disagreement between these two. In order to create and then to exploit these opportunities Weick (1979) suggests that individuals must first take action, and wait for a response from their actions – which usually comes from the market, and then after that, adjust their beliefs and take action again. In this regard, until they are enacted created opportunities do not exist (Baker & Nelson, 2005; Sarasvathy, 2001; Weick, 1979). This also means that this type of opportunity is co-evolutionary and is co-enacted with others in the context (Garud & Karnoe, 2003; Haveman, Rao, & Paruchuri, 1997, 2007; Ven de Ven & Garud, 1994).

Second, the endogenous nature of created opportunities implies that this type of opportunity is socially constructed and does not exist independently of the perceptions and actions of those who seek to generate economic wealth (Aldrich & Kenworthy, 1999). However, this does not mean that the objective reality is not important. As Weick's (1979) "enactment process" suggests, a person needs to adjust his or her actions based on the feedback that he or she received from the market, and then act again. Ignoring the objective reality – i.e. what the market really wants and defines as opportunity, is counterproductive.

The third quality is the nature of entrepreneurs. The discovery view regards that entrepreneurs who exploit opportunities are inherently different from those who do not. According to Kirzner (1973) the difference between these people (i.e. those who exploit opportunities and those who do not) is due to "entrepreneurial alertness". The creation view of entrepreneurial opportunity however, regards the difference between those who exploit opportunities and those who do not as the "result" of the process of creating the opportunities – i.e. the "enactment process" (Weick, 1979). While the discovery view regards the difference as the "cause", the creation view argues that the difference is a "result" of the process of creating the opportunities.

The final quality is the condition of information. Unlike discovered opportunity where individuals can rely on historical, pre-existing, and

objective knowledge to exploit the opportunity, in the process of creating opportunities, there will never be enough information that individuals can rely on in order to know the possible results associated with their decision and the probability of those different results (Knight, 1921). Moreover, there is a possibility that the enactment process can lead to the emergence of opportunities that are mainly unrelated to the current markets and industries, which demands the use of new, extensive, and different knowledge to exploit them (Garud & Karnoe, 2003; Schoonhoven, Eisenhardt, & Lyman, 1990; Sine, Haverman, & Tolbert, 2005; Taylor & Greve, 2006).

Regardless of these different views on the rationale for entrepreneurial opportunities, they each typify different categories of opportunities that can exist simultaneously (Shane, 2003; Shane & Venkataraman, 2000). In Table 2.1 Shane (2003) summarises the criteria of two different types of opportunity that were derived from Schumpeter (1934) and Kirzner (1973) views.

Shane (2003) explains that, these two types of opportunities impact the economic activity in different ways. As Schumpeterian opportunities derive from disequilibrating forces, hence, Schumpeterian entrepreneurship involves disequilibrating activity. Meanwhile, Kirznerian opportunities arise from equilibrating forces that entail entrepreneurs to bring the economy closer to equilibrium. Accordingly, Kirznerian opportunities support common ways of doing things, while Schumpeterian opportunities interrupt the current system. The way these two types of opportunities affecting economic activity render them to be perceived differently. According to Shane (2003), due to their disequilibrating nature and rarity, Schumpeterian opportunities are viewed as having more value in comparison to Kirznerian opportunities.

**Table 2.1 Schumpeterian versus Kirznerian Opportunities**

Schumpeterian Opportunities	Kirznerian Opportunities
Disequilibrating Requires new information Very innovative Rare Involves creation	Equilibrating Does not require new information Less innovative Common Limited to discovery

Source: Shane, S. (2003). *A general theory of entrepreneurship*. Northampton, MA: Edward Elgar (p. 21).

While Schumpeter (1934), Hayek (1945), and Kirzner (1973) view the existence of opportunity as knowledge and information-related, another view takes a different perspective on the existence of opportunity. A number of researchers describe opportunity as closely connected to two related concepts: *ideas* and *dreams* (Ardichvili & Cardozo, 2000; Dimov, 2007; Hsieh, Nickerson, & Zenger, 2007). However, the possibility of these two concepts to evolve into opportunities is uncertain (Short et al., 2010). As a function of creativity and learning, ideas may evolve into opportunities when it is carefully analysed and developed (Dimov, 2007; Hsieh et al., 2007). Nonetheless, for dreams to be developed into realistic opportunities are still vague (Ardichvili et al., 2003) and it is often revolve around noneconomic goals, such as gaining autonomy, improving society, and creative expression (Rindova et al., 2009). This is also in line with the aim of this research, which is to understand how ‘non-economic’ phenomenon such as spirituality shapes the formation of entrepreneurial venture.

Nonetheless, Short et al. (2010) assert that the notion that ideas and dreams are antecedents to opportunities is compatible with Kirzner’s (1997) proposition that, alert individuals come upon opportunities by surprise, which evolve into opportunities through evaluative processes such as assessment of risk and uncertainty.

## **Development Process of Entrepreneurial Opportunity**

While the previous section discussed the two views on the sources of opportunity – i.e. discovery and creation, this section shall now discuss how entrepreneurial opportunity is developed. The development process of entrepreneurial opportunity in this thesis takes on a processual view that refers to the formation of a complete entrepreneurial opportunity. Hence the definition of development process of entrepreneurial opportunity as adopted in this thesis refers to how the process unfolds in creating a venture – i.e. from the origin of the opportunity until it is ready to be realised.

Due to its complexity, it is hard to operationalise the concept of opportunity. Hence, empirical work in this area has been lacking (Sanz-Velasco, 2006). A number of models have been introduced in attempt to capture the relevant process involved in developing entrepreneurial opportunity. The researcher will review three well-known entrepreneurial opportunity models in this section. The first model is Hills, Shrader, and Lumpkin's (1999) creativity-based model of entrepreneurial opportunity recognition. The second model is Ardichvili and Cardozo's (2000) opportunity recognition model. The final model will be reviewed is George, Parida, Lahti, and Wincent's (2014) model of opportunity recognition process.

One similarity among these three entrepreneurial opportunity models is that the opportunity recognition appears to be a predominant element in the development process of entrepreneurial opportunity. As one of the central ideas of entrepreneurship, opportunity recognition refers to “the ability to identify a good idea and transform it into a business concept that adds value and generates revenues” (Lumpkin & Lichtenstein, 2005, p. 457). Opportunity recognition is indeed so central that the discovery, evaluation, and exploitation of opportunities are argued by Shane and Venkataraman (2000) to be a defining feature of the field of entrepreneurship. In the researcher's opinion, the term “opportunity recognition” however can be misleading, as it seems to suggest a reactive



process in identifying an opportunity. Meanwhile, opportunity recognition model such as Hills et al.'s (1999) addresses both deliberate and unintended preparation in the opportunity recognition process.

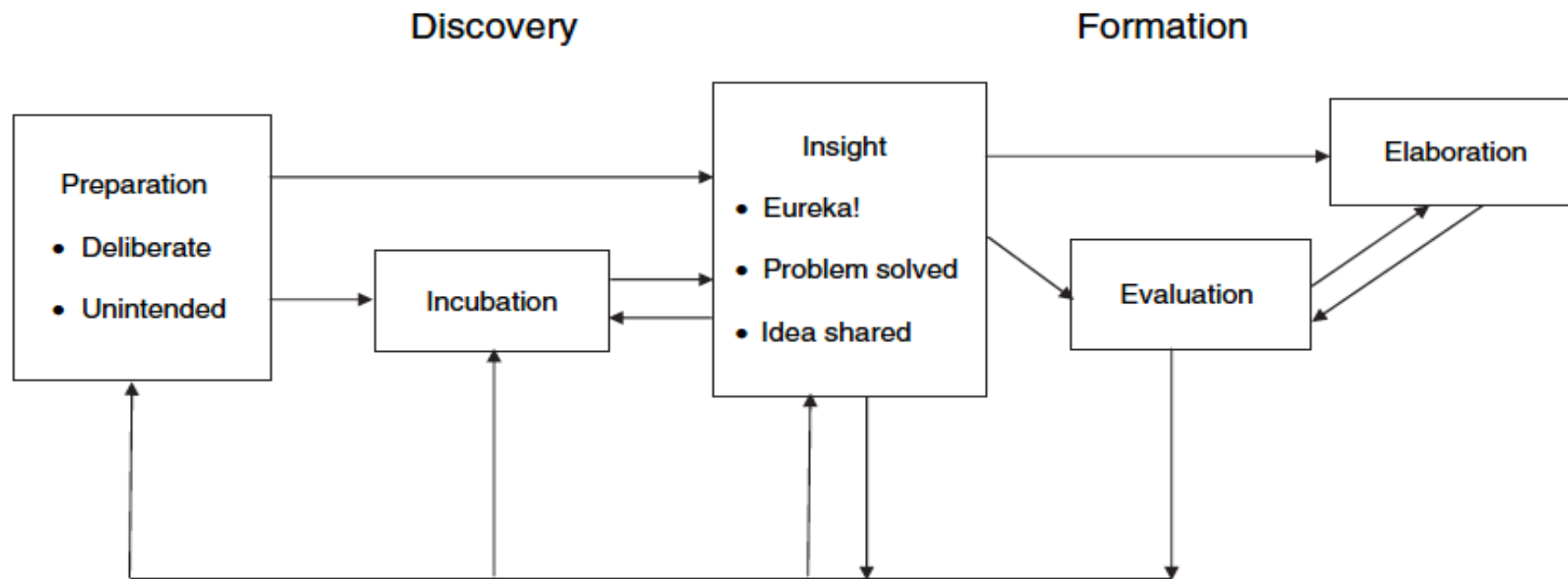
Hills et al.'s, (1999) model of opportunity recognition proposes a five steps process in developing entrepreneurial opportunity which includes: 1) preparation, 2) incubation, 3) insight, 4) evaluation, and 5) elaboration (see Figure 2.1). These researchers view the process involved in developing opportunity as “a special case of the creative process” (p. 216). Each of these steps is explained in the following section.

The first step is *preparation*, which concerns the experience and knowledge that come before the creative journey (Kao, 1989). Normally, such preparation is based on one's interest in and curiosity on a certain area (Csikszentmihalyi, 1996). It is during this time also that one develops sensitivity towards the issues and problems in the area that one is interested in (Csikszentmihalyi, 1996). According to Hills et al., (1999), ‘preparation’ as in the context of opportunity recognition relates to the background and experience that an entrepreneur brings to the opportunity recognition process. In order to enable them to identify opportunities, entrepreneur needs a knowledge base where he or she can draw on. These researchers further explain that such knowledge stem from a person's personal background, training, work experience, and knowledge of a field. However, it is important to note that this step is often neither systematic nor deliberate; as aspiring entrepreneurs may be unaware that he or she will start a new venture one day (Hills et al., 1999).

The second step in the process of opportunity recognition is *incubation*, which refers to the part where entrepreneur is contemplating an idea or specific problem (Lumpkin & Lichtenstein, 2005). According to Campbell (1985), incubation is an on going process that often takes place while a person is occupied in activities that has nothing to do with a specific issue. Csikszentmihalyi (1996) describes this process as, “ideas churn around below the threshold of consciousness” (p. 79). Therefore, incubation as in

the context of opportunity recognition does not apply to conscious problem-solving or systematic analysis (Hills et al., 1999). Rather, Hills et al., (1999) assert that, it is an intuitive, non-linear, non-intentional, style of considering possibilities or options.

## Creativity-based Model of Entrepreneurial Opportunity Recognition\*



\*Based on Lumpkin, Hills, & Shrader, 2004; Hills, Shrader, & Lumpkin, 1999.

Figure 2.1 Creativity-based model of opportunity recognition process (Lumpkin & Lichtenstein, 2005, p. 458)

Third step is *Insight*, which is the recognition moment, the “eureka” or “aha” moment. Lumpkin and Lichtenstein (2005) elaborate that in many situations, insight is the stage where the whole answer or core solution realised by a person suddenly and unexpectedly. In addition to that, the insight stage often times occurs iteratively throughout the opportunity recognition process (de Koning, 1999). Hills et al., (1999) propose three types of insights: 1) the moment of recognition of business opportunity spontaneously, 2) the moment a person experience when he or she gets the solution to a problem that he or she has been contemplating, and 3) the moment a person gets an idea from his or her social circle.

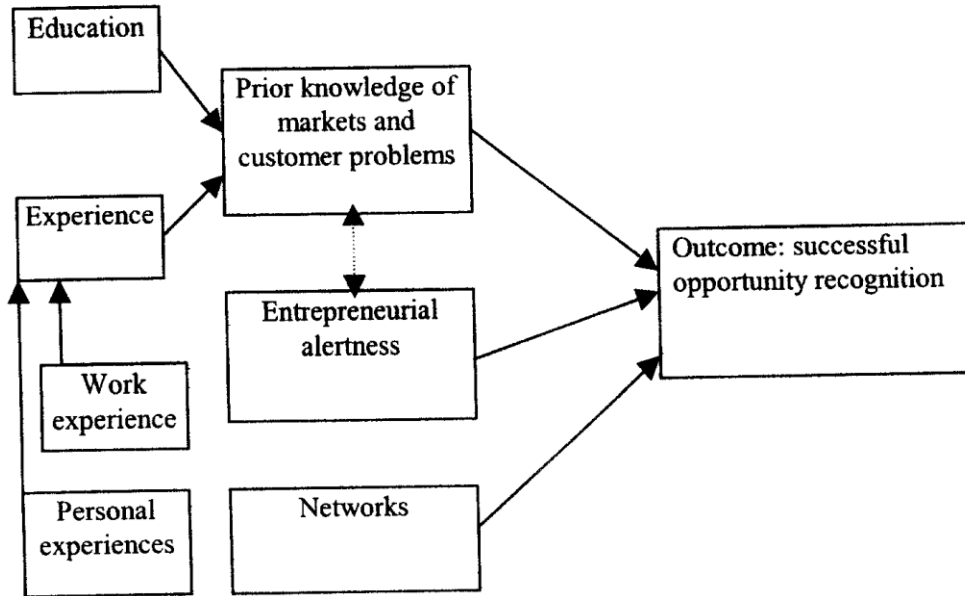
The fourth step is *evaluation*. In the context of creating new venture, *evaluation* is the phase in the process wherein ideas are tested for their viability (Hills et al., 1999) through diverse kinds of analysis, such as preliminary market testing, financial viability analysis and/or feedback from business partners and others in a person’s social circle (Bhave, 1994; Singh, Hills, Lumpkin, & Hybels, 1999). Frequently, the results of the analysis require one to go back to the incubation and preparation phases for more careful consideration (Hills et al., 1999).

The final step in the process is *elaboration*, which is the phase in which the creative insight is turned into reality (Hills, et al., 1999). Kao (1989) refers to this phase as “exploitation” instead of elaboration to show the importance of “capturing value from the creative act” (p. 17). Following the evaluation process, if the business idea is still regarded as feasible, the elaboration phase may entail business planning process in order to reduce uncertainty (Lumpkin & Lichtenstein, 2005). Csikszentmihalyi (1996) contends that elaboration is the most difficult and time-consuming part of all the phases in the process.

Hills et al.’s (1999) model of opportunity recognition divides the development process of entrepreneurial opportunity into two main stages: 1) discovery and 2) formation. The discovery stage involved preparation, incubation, and insight process. While the evaluation and elaboration

steps make up the formation stage. However, the researcher argues that the preparation step does not seem to 'fit' with the discovery stage, which can be misleading. The term discovery (i.e. stage) could be confused with the discovery view of opportunities that regards opportunities as exist independently of entrepreneurs' perception and action, while the preparation step of the discovery stage seems to suggest the opposite. Furthermore, the discovery stage proposed by Hills et al.'s (1999) model appear to be a well thought process, as opposed to something that is caused by exogenous shocks in the discovery view of opportunities (Alvarez et al., 2013).

The second model of opportunity recognition process introduced by Ardichvili and Cardozo (2000) suggests that entrepreneurial opportunities are discovered through recognition instead of purposeful search. Hence, the "search" process is not a necessary component of the model. These authors also propose a list of necessary conditions for successful opportunity discovery, that include entrepreneurial awareness, access to extended social networks, and prior knowledge of markets and customer problems (see Figure 2.2). These authors further argue that relevant education, experience, or a combination of both shapes an entrepreneur's prior knowledge. They also elaborate that relevant experience could either be work-related or based on personal experiences and or events. This model however, stresses more on the interaction of occurrences that happen which lead to the recognition of opportunity by entrepreneur. It does not address the occurrences that follow after that (evaluation and exploitation of opportunity). Opportunity recognition as assumed in this model refers to "the decision to pursue or reject further development of a specified "opportunity" at a particular moment" (p. 104).



**Figure 2.2 Ardichvili and Cardozo's (2000) Opportunity Recognition Model (p. 116)**

The idea that entrepreneurial opportunities are discovered through recognition instead of purposeful search as proposed by Ardichvili and Cardozo's (2000) model suggests that it is an accidental process, hence advocating a discovery view of entrepreneurial opportunities instead of creation view.

A review of the current literature on opportunity recognition by George et al. (2014) results in the third model of opportunity recognition process that emphasises the role of influencing factors in the process of opportunity recognition. George et al., (2014) propose that, prior knowledge, social capital, cognition/personality traits, environmental conditions, alertness, and systematic search are among the important influencing factors that 'open the way' for entrepreneur to recognise opportunity, while maintaining that the process of opportunity recognition is composed of three stages: 1) opportunity recognition, 2) analysis, and 3) exploitation. Acknowledging the limitations of their model, these authors state that the six influencing factors are not a fixed or complete list. There are other influencing factors of opportunity recognition that received less attention in the literature, such as emotions, genetic influences, and market orientation. Hence, these

'overlooked' influencing factors are not considered in their opportunity recognition process model. Figure 2.3 illustrates the model of opportunity recognition process as proposed by George et al. (2014).

The model of opportunity recognition process proposed by George et al. (2014) places both opportunity discovery and creation under the same category of opportunity recognition. The researcher views this categorisation as less appropriate especially for opportunity creation. Opportunity recognition as defined by Lumpkin et al. (2005) implies entrepreneurs to be aware of the profit potential of an opportunity before taking any action towards realising that opportunity, which is incompatible with the opportunity creation view where profit is only realised after entrepreneur enact or act on the opportunity. Furthermore, the term 'opportunity recognition' used in these three models suggest that they only address discovered type of opportunities. These three models view opportunities as being 'recognised' instead of 'enacted' as in the case of created opportunities. Hence, there is a need to introduce models that address and explain created opportunity, which is still lacking.

The opportunity recognition models discussed in this section are insufficient to capture and explain the development process of entrepreneurial opportunity that is more emergent and unconscious. These models also do not address the non-economic rationality that could play a part in shaping the process. The need to explore and address the non-economic considerations is important as the economic theory has been less helpful in making any advance in the study of entrepreneurial behaviour (Gilad, 1986).

### Opportunity Recognition Process

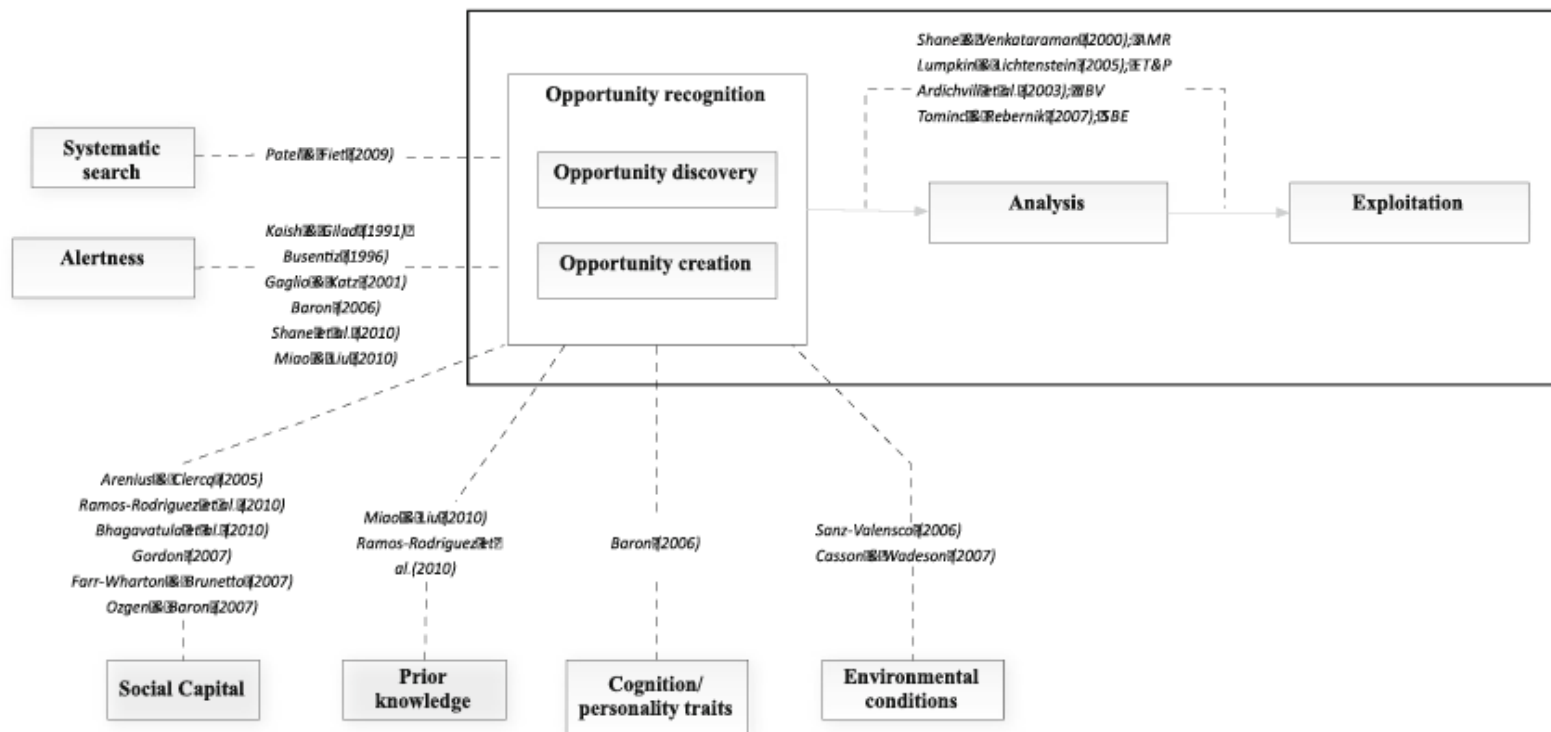


Figure 2.3 George, Parida, Lahti, and Wincent's (2014) model of opportunity recognition process



The lack of investigation into the non-economic side of rationality involved in the sourcing of entrepreneurial opportunity in the afore-mentioned models led the researcher to examine drive and influence of individual's behaviour and perception with spirituality. Hence, this study aims to look at the extent of the entrepreneurs' spirituality involved in the framing of entrepreneurial opportunities. Therefore, the first research question of this study is '***what are the key sources of entrepreneurial opportunities for Muslim entrepreneurs?***'

## **SPIRITUALITY**

This section of the literature review chapter now turns to review the literature on spirituality. Specifically, the structure of this chapter is organised to discuss the issues that revolve around the subject of spirituality. First, this section discusses the debates on the meaning of spirituality. Second, the definition of Islamic spirituality is also explained in this section, dealing with the components that form the Islamic spirituality and how it is different from the Western spirituality. Third, the importance of entrepreneurship in Islam is explained to justify why it is important to relate the subject of entrepreneurship with spirituality. Finally, studies that explore on how Islamic spirituality relates to entrepreneurship are also discussed and examined in order to support the researcher's arguments.

Despite the growing interest and popularity of spirituality, scholars still cannot agree on a clear definition of spirituality. However, Gibbons (2000) proposes that, defining the term spirituality based on its classification could help to overcome the definition problem and categorises spirituality into three types: 1) secular, 2) mystical, and 3) religious.

Gibbons (2000) explains that secular spirituality includes earth-centred, nature-centred, and humanistic spiritualities. This type of spiritual belief system can involve pantheism or atheism. In terms of practice, it may include social and environmental activism. An example of a corporation that is associated with this type of spirituality is the Living Nature organisation (Pavlovich & Corner, 2009). Mystical spirituality is a sub-discipline of religious spirituality such as Christianity, Judaism, and Islam and includes most Eastern spiritualities. Despite being excluded by many researchers in their studies, there are findings that report a link between this type of spirituality and organisational outcomes such as task effectiveness and lowered stress (Schmidt-Wilk, Alexander, & Swanson, 1996). While Gibbons's (2000) classification of spirituality proposes a close link between religion and spirituality, both concepts are viewed

differently. Spirituality is often perceived as the broader term, while religion is a more prevalent and “scripted” spiritual path.

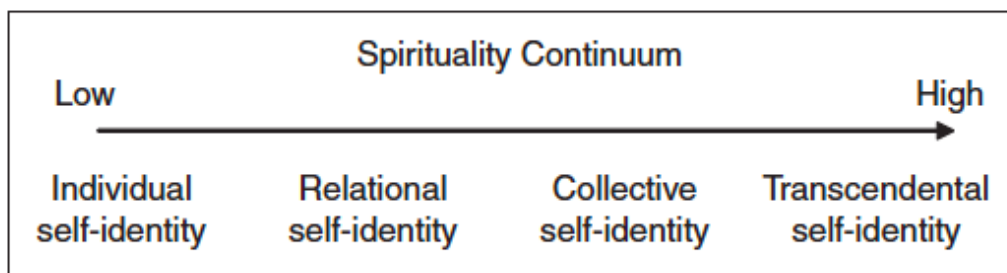
The relationship between religion and spirituality is controversial. Some authors argue that religion and spirituality are not the same thing (Duchon & Plowman, 2005), while others state that these two terms are often used interchangeably (Karakas, 2008). Religion has been observed by Pargament (1999) is often associated with being bad, “restricting and inhibiting human potential,” while spirituality generally is viewed as good, “speaking to the greatest of human capacities.” Some researchers describe religion as divisive (Cavanaugh, 1999), “create division rather than unity” (King-Kauanui, Thomas, & Waters, 2005, p. 257) and can cause a particular company, faith, or even nation to feel more superior than another (Giacalone & Jurkiewicz, 2003). Spirituality on the other hand, is often described as “more tolerant of heterogeneity” (King-Kauanui et al., 2005, p. 257), and “a universal experience with fewer limitations” (Karakas, 2008).

Nonetheless, Pargament (1999) contends that this view is not justifiable historically. This author grounds his argument based on the work of James (1902), *“The varieties of religious experience”* who asserted that not all religion is bad, and not all spirituality is good in terms of its effects on mental health. Garcia-Zamor (2003) makes an interesting point highlighting the inextricable spirituality-religion relationship. According to this author, “Spiritual and religious beliefs are not easily compartmentalised; they shape attitudes toward, and actions in, all aspects and spheres of daily life” (2003, p. 361). Hence, the complexity of the relationship between spirituality and religion also contributes to the common misunderstandings and stereotyping (Gibbons, 2000).

The absence of universally accepted definition has led to many possible ways to define spirituality apart from categorising it such as Gibbons (2000) did. One of the reasons for the lack of consensus on the common definition of spirituality is due to its idiosyncratic, multifaceted, and elusive

nature (Karakas, 2010). As Laabs (1995) states, “identifying spirituality in the workplace is like capturing an angel – it’s ethereal and beautiful, but perplexing” (p. 63). Nonetheless, a number of researchers such as Karakas (2010), Liu and Robertson (2010) and Pawar (2009), seem to agree on the three recurring themes of the definition of spirituality offered in the literature by numerous researchers. These three important components that are: 1) transcendence, 2) meaning or purpose, and 3) community also make up the component of spirituality definition.

Liu and Robertson (2010) conceptualise spirituality as a continuum that consists of four self-identity levels, with transcendental self-identity being the highest level (see Figure 2.4).



**Figure 2.4 Liu and Robertson's (2010) conceptualisation of spirituality**

They describe that at this level individual has the widest and the most inclusive self-identity and uses “God’s eye view” to define oneself and others. Individual regards the calling from the divine as his or her ultimate source of meaning and purpose. At this level also self-expansiveness goes beyond the boundary separating the self from non-self. The self-boundaries expand intrapersonally, interpersonally, and transpersonally. Individual demonstrates a sense of interconnection with human beings, nature, all living things, and a higher power (Liu & Robertson, 2010). The community component of the definition of spirituality is based on the interpersonal relationships, collective dimensions, and social dynamics aspect of spirituality (Karakas, 2010). It also corresponds with Liu and Robertson’s (2010) relational and collective self-identity levels of the spirituality continuum. At the relational self-identity level personalised

bonds with significant others is very important. Performing interpersonal role helps individual gains his or her self-worth; especially when significant others reflectively appraised him or her. The reflective appraisals from others become the indicators of belongingness and proxies for access to social resources (Liu & Robertson, 2010). Meanwhile, the collective self-identity levels stresses on impersonal bonds that depersonalised individual gained from common identification with a group. Individuals see themselves as interchangeable representative of a given social group. Favourable intergroup comparisons and group prototypicality increase individual's self-worth (Liu & Robertson, 2010).

### **Islamic Spirituality**

As a religion, Islam acknowledges the existence of man as comprising of two parts. The first part is the physical dimension, which is the body. The second part is the spirit, known as '*Nafs*' in Arabic language – while the human is alive, and is called '*Ruh*' (soul) – when the person dies (Kamil et al., 2011). As an element bestowed by *Allah* (Muslims' God) to human, *ruh* is what separates between life and death (Rulindo, Hidayat, & Mardhatillah, 2011). Islamic spirituality, which is called *rūhāniyyah* in Arabic language, is "the aspect of Islam which leads to the transcendent and immanent Divine Reality" (Nasr, 1987, p. xiv). It is the state when someone realises the presence of a relationship between him and Allah (Ya'kub, 2000). Alkhafaji (2000) presents the following definition and meaning of spirituality:

Spirituality is any effort that helps to lift individuals up and make them feel connected with a Supreme Being (the creator) in the sense of righteousness and accountability, at the same time remaining down to earth. One should not be overly spiritualistic in the workplace. To serve people's needs properly is part of spirituality. It does not mean that we are neglectful of our worldly responsibilities for the absolute purpose of seeking the pleasure of God. (p. 169).

Tariq Ramadan concurs with both definitions of spirituality offered by Ya'kub (2000) and Alkhafaji (2000) when he says "Spirituality is about putting meanings in our actions" (TEDx Talks, 2014). Spirituality is not something that only lies in the heart; it is also manifested through actions. Meanwhile, Tischler, Biberman, and McKeage (2002) proposed a definition of spirituality as something that related to a personal experience of God, Allah, the Transcendent, the Beyond, the Sacred. It is very much centred on the direct experience of something apart from normal daily focus, material, sensory and emotional reality. Hence, based on Ya'kub's (2000) elaboration on the meaning of Islamic spirituality, the Western view on spirituality is somewhat applicable. In addition to that, one similarity between these two views on spirituality is that both views acknowledge the existence of supreme power and the importance of having connection with this supreme power. Rulindo and Mardhatillah (2011) contend that since *ruh* (spirit) is part of human being given by Allah, it will search for connection with the Creator. *Ruh* also connects a person with other creations and the universe, since it is the same God who creates them all (Rulindo & Mardhatillah, 2011).

The controversial relationship between religion and spirituality mentioned earlier has led to two opposing views: 1) those who argue that spirituality is rooted in religion, and 2) those who oppose and see spirituality as being separated and different from religion. Islam however, supports the first view and considers spirituality and religion as inseparable. Both share the same source of references, which are the *Qur'an* (the Holy book, which the Muslims believe containing the words of God), the *Hadith* (the sayings and tradition of Prophet Muhammad), and the *Sunnah* (the practice, usages, utterances, actions, and tacit approvals of the Prophet Muhammad) (Nasr, 1991). That is why, in Islam, the discussion of spirituality must be accompanied by the concept of religion.

Another aspect that differentiates Islamic spirituality from Western spirituality is the way spirituality is expressed, facilitated, and maintained. Rulindo and Mardhatillah (2011) suggest (although many would critique)

that in the West, spirituality is regarded as a way to happiness, to improve concentration, and to maintain health and well-being. In Islam, the way of expressing, facilitating, and maintaining the level of spirituality is based on the teachings of the religion. Otherwise, the effort cannot be regarded as an act of *Ibadah* (worship), which then will not be rewarded, and will not be beneficial in the hereafter (Rulindo & Mardhatillah, 2011).

Due to the interconnected relationship between spirituality and religion, a brief explanation on the religion of Islam is necessary. Islam literally means peace, submission and acceptance (Al-Qaradawi, 2010). In the context of religion, Badawi (2003) explains that Islam means “to achieve peace with Allah (God); with oneself (inner peace), and with the creation of Allah through submission to Allah, putting one’s trust in Him and accepting His guidance and injunctions” (p. 139). Islam is more than just a religion. It is a way of living that comprises the creedal, spiritual, moral, social, educational, economic and political aspects of life (Badawi, 2003).

The concept of *Tawhid* is the cornerstone of Islam. It is basically to believe that “there is no God, but God (Allah)”. Man is created with the purpose to worship Allah. As Allah says in the *Qur`an*, (Al Quran 51: 56-58):

I have only created Jinns and men, that they may serve Me. No sustenance do I require of them, nor do I require that they should feed Me. For Allah is He Who gives (all) Sustenance – Lord of Power – Steadfast (forever).

The concept of *Ibadah* (worship) as described by Ibn Taymiyyah is “a comprehensive expression and encompasses all that is liked and approved by Allah in the form of words and deeds, whether hidden or manifest” (c.f. Al-Qaradawi, 2010, p. 82). Hence, apart from the obligatory form of worship such as praying, fasting, and performing the pilgrimage, the concept of worship is extended to also include all forms of noble character and all commendable human virtues, like truthfulness, honesty, faithfulness and other attributes of a cultivated character (Al-Qaradawi, 2010).

Muslims live their lives according to a set of rules known as the *Shariah*, which is derived from the *Qur`an*. Following the *Shariah* is the manifestation of the concept of *Tawhid*, which is the heart of Islam and what it means to be a Muslim. As the legal system of Islam that derives from the *Qur`an*, the key purpose of *Shariah* principles is for the good of humanity. The principles are intended to protect mankind from evil and to benefit them in all aspect of life, which include easing the business of day-to-day living. The benefits of *Shariah* are not limited to the individual, but also extended to everyone in the community – i.e. the rich and the poor, the rulers and the ruled, the men and the women and even the entire humanity (Al-Qaradawi, 1999).

The interrelationship between the concept of spirituality and *Tawhid* are best explained by Nasr (1991):

Spirituality in Islam is inseparable from the awareness of the One, of Allah, and a life lived according to His Will. The principle of Unity (*at-Tawhid*) lies at the heart of the Islamic message and determines Islamic spirituality in all its multifarious dimensions and forms. Spirituality is *Tawhid* and the degree of spiritual attainment achieved by any human being is none other than the degree of his or her realization of *Tawhid* (p. xv).

Therefore, 'realization of *Tawhid*' implies worship, which is done as prescribed by the *Shariah*. Adhering to the *Shariah* is part of the realisation of *Tawhid*. Accordingly, *Tawhid*, *Shariah*, and *Ibadah* make up the important components of Islamic spirituality.

### **Entrepreneurship from an Islamic Perspective**

Entrepreneurship from an Islamic perspective (EIP) comprises of two competing concepts: Islam and entrepreneurship (Gumusay, 2015). EIP as proposed by Gumusay (2015) is a composition of three interwoven parts: 1) entrepreneurship – the pursuit of opportunities, 2) socio-economic or ethical – EIP is guided by a set of norms, values and



recommendations and 3) religio-spiritual – links people to God with the ultimate aim of pleasing Allah.

Gumusay (2015) further argues that, EIP is not simply adding an ethical aspect to entrepreneurship, although EIP does integrate ethical values and Islamic ethics (Ramadan, 2009). EIP is different from ethical, social or cultural entrepreneurship in the sense that it involves specific practices, scriptural sources and a meta-physical objective and relationship to God.

EIP may be mistaken for entrepreneurship in Muslim-dominated countries or entrepreneurship for Muslims, although there is an institutional component to support EIP and entrepreneurship (Gumusay, 2015). Hence, Gumusay (2015) proposes that, among the basis for EIP is the products and services do not necessarily have to focus on Muslims, but the entrepreneur or at least a part of the organisation has to be Muslim in order to practice EIP, since EIP involves religio-spiritual elements.

### **The Importance of Entrepreneurship in Islam**

Islam is a religion that does not only permit entrepreneurship, but also supports and promotes it. While Dana (2011) contends that religions are neutral and do neither promote nor prohibit entrepreneurship, many other authors strongly assert that entrepreneurship is very much encouraged in Islam (Beekun, 1996; Haneef, 2005; Pistrui & Fahed-Sreih, 2010). Kaye and Hassan (2010) note that, Islam may be regarded as an “entrepreneurial religion” as it enables and encourages entrepreneurial activity such as opportunity pursuit, risk taking, and innovation.

As the ultimate source of the religion and the source of guidance for Muslim, the Qur`an contained many business metaphors (Hunter, 2014). According to Hunter (2014), in many parts in the Qur`an, a person's life is comparable to a business venture, where one earns profits to get into heaven. Profits in this sense refer to “faith and good deeds to others and those that accept Allah's guidance as a bargain to save them from

punishment on judgment day” (Hunter, 2014, p. 4). He also refers to the following verses in the Qur`an to support this view:

Those who recite the Book of Allah, and attend to their prayers and spend on others, secretly and openly, out of what We have provided for them on sustenance, (with their deeds) hope for a bargain that can never fail (*Al Quran 35: 29*)

And We reveal the Qur`an gradually that which is a healing and mercy to those who believe in it; and (on the contrary) to the evildoers it adds nothing but loss after loss (due to their disbelief) (*Al Quran 17: 82*).

In a similar vein, the widely used business terminology in the Qur`an and the encouragement that comes with it, is indeed an indication of the importance of entrepreneurship in Islam (Abeng, 1997; Kedah & Muhammed Adamu, 2011). For instance, Abeng (1997) and Mohsen (2007) highlight a piece of verse 20 of the Surah al-Muzzammil, where Allah says, “...He knows that among you there are sick men and others travelling in the earth in quest of Allah’s bounty...” (*Al Quran 73: 20*). Based on this piece of verse, these authors argue that, Muslims are encouraged to take on trips overseas to conduct business with other people in order to gain all sources of power, including financial.

To reinforce that entrepreneurship is highly encouraged in Islam, there is also evidence from the second source of reference in Islam, that is the *hadith* of the Prophet (s.a.w). In one *hadith*, the Prophet was reported as saying, “A truthful and honest trader will be a companion of the prophets, the righteous and the martyrs on the Day of Judgment.” [Tirmidhi] (Hunter, 2014). This hadith highlights the reward for honesty in business dealings is remarkable – i.e. a companionship of the best people who walked the surface of the earth.

There are also a few hadiths that emphasize the need for Muslim to be entrepreneurial:

Nobody ever eats better food than what he earned by his hand. Verily Daud the messenger of Allah used to eat from the labour of his hand. (al-Bukhari, 7: 1930)

“The upper hand is better than the lower hand.” (al-Bukhari, 5: 1338)

“It is better for one to take his rope to get wood for fuel than to ask for charity, whether they give him or not.” (al-Bukhari, 7: 1932)

Islam also praises those who strive hard to earn a living and places great importance on all productive work. The Qur`an positions *al-amal* (productive work) on par with religious duty, that it is mentioned in more than 50 verses in the Qur`an in conjunction with *imaan* (faith) (Abeng, 1997). In earning a living whether to support oneself, one’s family, or the society, every Muslim must adhere to the Islamic teachings as stated in the Qur`an and comply with the *Shariah* laws. One way of earning a living is through participating in economic activities that support the real economic needs of society (Hassan & Hippler, 2014). Hence, in Islam, engagement in entrepreneurial activities, which is a productive work, is more than just a means of earning a livelihood. It is also a form of worship, where Muslim can fulfil their religious obligation to please Allah (Hassan & Hippler, 2014; Kedah & Mohammed Adamu, 2011).

As opposed to Western entrepreneurs who are free to separate business and religious practices, in Islam business and religion are interconnected (Hassan & Hippler, 2014). Islam prescribes that all transactions including those of entrepreneurs must be focused primarily on pleasing Allah, which includes “conducting a business consistent with the moral and ethical standards of Islamic practices, fulfilling one’s religious obligations, and contributing to the overall Islamic goal of benefitting society as a whole” (Hassan & Hippler, 2014, p. 172).

The inextricable relationship between business and religion in Islam renders variation in the measurement of success between western entrepreneurs and Muslim entrepreneurs. While the Western entrepreneur is characterised as measuring successes by the financial gains obtained by the business venture, Muslim entrepreneur's success is measured not only by personal financial success, but also by how well religious goals are achieved (Hassan & Hippler, 2014). Therefore, entrepreneurship from an Islamic perspective keeps a balance between materialised and spiritual goals of Muslims (Oukil, 2013).

### **Studies on Islamic Spirituality and Entrepreneurship**

As a field of study and in terms of research, studies on religiosity are more established than studies on spirituality. According to Kamil et al. (2011), research works with respect to Islamic perspective on spirituality is still not sufficient. Partly, could be due to the problem of operationalisation of the concept of Islamic spirituality. How do you measure a person's spirituality in Islam? What are the dimensions of Islamic spirituality? And most importantly, a question that particularly relevant to this study is, how does a Muslim entrepreneur manifest or express his or her spirituality in his or her work?

Despite the infancy state of studies on spirituality, there are attempts made by a few researchers in trying to understand how Islamic spirituality is expressed, manifested, and maintained in the context of entrepreneurial setting. Researches have studied and tried to relate Islamic spirituality and entrepreneurship both empirically and conceptually. In his study on the relationship between *taqwa* (piety), trust and business leadership effectiveness, Mohsen (2007) finds that there are three dimensions of spirituality: 1) belief, 2) rituals, and 3) repentance.

In another study on the effects of spirituality in Islam on entrepreneurial motivation, performance, and commitment to social responsibility, Kedah and Adamu (2011) propose eight dimensions of spirituality: 1) Islamic

beliefs, 2) *ikhlas* (purity of intention), 3) *taqwa* (piety), 4) *tawakkul* (trust in Allah), 5) *qana'ah* (contentment), 6) *sabr* (patience), 7) *risalah* (prophethood), and 8) *akhirah* (the hereafter).

Rulindo et al. (2011) utilise the *Daily Spiritual Experience Scale* (DSES), which was developed by Underwood (2002) in examining the importance of spirituality for successful entrepreneurs. In their study, spirituality was operationalised in terms of the five pillars of Islam, the six pillars of *Iman* (faith), and the 99 names of *Allah*. This study found a relationship between spirituality and successfulness of the entrepreneurship.

In another survey conducted by Rulindo and Mardhatillah (2011) on the impact of spirituality and religiosity on economic performance of micro-entrepreneurs of in Indonesia, they found that respondents with higher spirituality and religiosity levels tend to have higher income and lower poverty status compared to their counterparts. Hence, this supports the common assumption that having higher levels of spirituality may be beneficial for human well-being.

Kamil et al. (2011) studied the components of spirituality in the business organisational context of 405 Muslim employees of business organisations in Malaysia. They found that spirituality in the business organisational context is explained by four dimensions: 1) rituals (*Ibadah*), 2) forgivingness/repentance (*al-A'fw*), 3) belief (*Iman*), and 4) remembrance of Allah (*Dhikrullah*). Kamil et al.'s, (2011) research however, did not study spirituality from the perspective of an entrepreneur. Table 2.2 summarises the objectives, type of study, sample, and findings of these studies.

**Table 2.2 Studies on Islamic spirituality and entrepreneurship**

Study	Sample	Types of Study	Research Design	Purpose	Findings	Conclusion
<b>Mohsen (2007),</b> <i>Leadership from the Qur`an, operationalization of concepts and empirical analysis: relationship between Taqwa, trust, and business leadership effectiveness</i>		Empirical			Spirituality is a construct with 3 dimensions: <ul style="list-style-type: none"> <li>• Belief</li> <li>• Rituals</li> <li>• Repentance</li> </ul>	
<b>Kedah &amp; Adamu (2011),</b> <i>Spirituality in entrepreneurship from Islamic perspective</i>		Conceptual	Conceptual analysis	To explore the effects of spirituality in Islam on entrepreneurial motivation, performance, and commitment to social responsibility.	Dimensions of spirituality in Islam that form the basis of entrepreneurial motivation, performance & social responsibility: <ul style="list-style-type: none"> <li>• Islamic beliefs</li> <li>• Purity of intention (ikhlas)</li> <li>• Taqwa (piety)</li> <li>• Tawakkul</li> <li>• Contentment</li> </ul>	Spirituality in Islam can positively influence the attitudes of entrepreneurs and serve as a motivational drive for going into business and also serve as a catalyst for positive energy,

Study	Sample	Types of Study	Research Design	Purpose	Findings	Conclusion
					<ul style="list-style-type: none"> <li>• Patience (sabr)</li> <li>• Prophethood (Risalah)</li> <li>• Islamic rituals</li> </ul> The hereafter (Aakhirah)	enhanced performance and increased commitment to social responsibility.
<b>Rulindo, Hidayat &amp; Mardhatillah (2011),</b> <i>The importance of spirituality for successful entrepreneurs</i>	13 respondents at Amanah Ikhtiar Malaysia (AIM)	Empirical	Quantitative research,  Used Daily Spiritual Experience Scale (DSES) (Underwood, 2005)  Spirituality is operationalised through the 5 pillars of Islam, 6 pillars of Iman, and 99 <i>Asma'ul Husna</i> .	To see the influence of ESQ model, a contemporary explanation of Muslim spirituality to entrepreneur business performance  Used ESQ model to see whether there is a correlation between the implementation of 99 <i>Asma'ul Husna</i> and business performance.	There was a significant correlation between ESQ <i>Asma'ul Husna</i> model and the successfulness of entrepreneurs.  ESQ <i>Asma'ul Husna</i> has high reliability in measuring spirituality.  ESQ <i>Asma'ul Husna</i> model also found to be correlated with the daily spirituality test which has been used more frequently in measuring spirituality → ESQ also measure spirituality.	There is relationship between ESQ and successfulness of the entrepreneurship.

Study	Sample	Types of Study	Research Design	Purpose	Findings	Conclusion
<b>Kamil, Al-Kahtani &amp; Sulaiman (2011),</b> <i>The components of spirituality in the business organisational context: The case of Malaysia</i>	405 Muslim employees in business organisations in Malaysia	Empirical	Quantitative RQs: 1. What are the underlying dimensions of the Islamic spirituality construct?  2. What determinants explain the Islamic Spirituality construct in the organisational context?	To study spirituality from the Islamic perspective as captured in the Islamic texts, the Qur`an and the ahadith.	Islamic spirituality in the business organisational context is explained by four determinants: <ul style="list-style-type: none"> <li>• Rituals (Ibadat)</li> <li>• Forgivingness / repentance (al a'fw)</li> <li>• Belief (Iman)</li> <li>• Remembrance of Allah (Dhikrullah)</li> </ul>	
<b>Rulindo &amp; Mardhatillah (2011),</b> <i>Spirituality, religiosity and economic performances of</i>	400 Muslim micro-entrepreneurs in Indonesia.	Empirical	Quantitative  Spirituality is measured by using Islamic version of <i>Spiritual Well Being (SWB)</i>	To assess the impact of spirituality and religiosity on economic performance of micro-	Micro-entrepreneurs who own higher spirituality level in general are wealthier than those who have lower spirituality level.  Religiosity plays a	



Study	Sample	Types of Study	Research Design	Purpose	Findings	Conclusion
<i>Muslim micro-entrepreneurs</i>			<p><i>Scale.</i></p> <p>Religiosity is measured by using <i>Religiosity of Islam (ROI) Scale.</i></p>	<p>entrepreneurs, where the spirituality and religiosity level will be measured based on academic accepted spirituality and religiosity scales</p>	<p>significant role in enhancing micro-entrepreneurs economic performance.</p>	

Based on the above explanation, it can be concluded that not many empirical studies on Islamic spirituality and entrepreneurship have been conducted. Except for Rulindo and Mardhatillah's (2011) study, others studied spirituality in the context of business organisations instead of entrepreneurial venture, where the respondents of their study were the employees of business organisation. Furthermore, most of these studies are quantitative studies, which explain why the focus of these studies is on discovering and explaining the relationship between Islamic spirituality and entrepreneurship. Qualitative study is then necessary in order to answer the question of why there is a relationship between Islamic spirituality and entrepreneurship? And how it is being integrated into entrepreneurial activities? Most importantly, a qualitative research that studies this phenomenon from the perspective of Muslim entrepreneurs. Hence, a second research question that is ***“how does Muslim entrepreneurs understand entrepreneurial opportunity?”*** is developed in order to comprehend the process of how the Muslim entrepreneurs integrate and accommodate their spirituality with their entrepreneurial activities. In addition to that, this study also calls for an exploration of other dimensions of Islamic spirituality, apart from what has already revealed by previous studies. This is guided by the third research question of this study that is ***“how are the Islamic spiritual values manifested in the Muslim entrepreneurs' process of venture formation?”***.

### **WORK AS A CALLING**

The third part of this chapter reviews the literature on work as a calling, which has particular relevance to an Islamic perspective. This part of literature explains the concept of work as a calling and its salient features. Both perspectives of Western and Islamic on the concept of work as a calling are reviewed in this section.

According to Word (2012), the notion of work as a calling stems from the decision that people made to adhere to religious requirements that necessitates significant personal and financial sacrifices. The idea of

service to others in many capacities and settings is often viewed as a “calling” in modern society (Horton, 2008). A job is considered a “calling” when it satisfies needs in individuals beyond financial and material security (Word, 2012).

Regardless of the various definitions of calling, Elangovan, Pinder, and McLean (2010) have identified three salient features of calling that is regularly used in the literature. These three features help to define what a calling means and consequently elucidate the definition of calling adopted in this research. First, all interpretations of the term calling in the literature advocate a call to action. Meaning that, it stresses on *doing* instead of *being*. Raatikainen (1997) for instance, regards calling as a “service task”, which Elangovan et al. (2010) interpret as an activity to be done. In other words, calling focuses on what one does (Grant, 2007).

A second important feature is a sense of clarity of purpose and personal mission (Dik & Duffy, 2009). A number of researchers agree with the idea that self-concept, purpose, action, identity, and callings are complicatedly related (e.g. Bolman & Deal, 2001; Dobrow, 2004; Pratt & Ashforth, 2003). Elangovan et al. (2010) clarify that, “being engaged in one’s calling can be seen as the convergence of the actual, ideal, and ought selves” (p. 429), that encourage the clarity, direction, and sense of meaningfulness that is regarded the core to feeling called (Dik & Duffy, 2009).

The final salient feature is pro-social intention. It refers to a sense of purpose that is focused or extended onto others, instead of oneself (Bellah, Sullivan, Tipton, Madsen, & Swindler, 1996; Dik & Duffy, 2009; Wrzesniewski, McCauley, Rozin, & Schwartz, 1997). Researchers offer various but merging views on this final characteristic of calling. Frankl’s (1984) discussion on meaning stresses the importance of “personal dedication to a cause greater than oneself” (p. 17). Raatikainen (1997) concurs by linking calling with serving others altruistically. In a more current literature, Grant (2007) states that, “employees who see their work

as a calling want their efforts to make the world a better place, where employees with other orientations toward work usually do not” (p, 393).

Based on these three important characteristics, Elangovan et al. (2010) define calling as “a course of action in pursuit of pro-social intentions embodying the convergence of an individual’s sense of what he or she would like to do, and actually does.” (p. 430). The same definition is also adopted in this research. Elangovan et al. (2010) further suggest four categories of perspectives on callings, based on the two popular underlying dimensions: religious vs. secular, and occupation related vs. non-occupation related.

First is religious, non-occupation-related perspective. The interpretation of calling based on this perspective views religion as the source of calling. However, it is unrelated to a person’s occupation. The second perspective is religious, occupation-related, which joins the idea of calling with occupation-related choices. According to this perspective, although callings remain to be considered as determined by God or divinely inspired, the activity inherent in the calling is not necessarily be religious in nature. Third, is a secular, occupation-related perspective. This perspective separates the idea of callings from religious or divine inspirations and promotes a secular idea, instead. Although this perspective supports the idea that callings are linked to occupations, it contends that callings are not divinely inspired. Finally, is the secular, non-occupation-related perspective. This perspective separates callings from occupations and maintains that it can be directed towards causes unrelated to a person’s occupational role.

As the focus of this study is to explore how spirituality shapes the formation of entrepreneurial venture, the second perspective on calling, which is religious, occupation related perspective is particularly relevant in this context of study. Calling is indeed closely associated with the spirituality. Pargament (1999) views spirituality as the quest for the sacred which is linked with the way people think, feel, act, or connect in their

attempt to find, conserve, and if required, transform the sacred in their lives. He further explains that the concept of “sacred” is not restricted to include only higher powers such as God, the divine, and the transcendent. Objects, attributes, or qualities can also be regarded as “sacred” by the virtue of their relationship with or representation of the holy (Mahoney, Pargament, Murray-Swank, & Murray-Swank, 2003). This process of ‘sanctification’ has significant impacts that can change the way in which we approach things. Pargament (1999) highlights that a job becomes a calling when it is imbued with sacred character.

The concept of calling is known to have influence on a number of organisational phenomena (Elangovan et al., 2010). In recent years, the idea of callings has contributed new insights into the theory and application of work motivation (Pinder, 1998; Steers, 2001), particularly on the energy and direction components of motivation (Pinder, 2008). Elangovan et al. (2010) elaborate that calling incites focused energy and provide guidance “to a person’s choices for directing that energy” (p. 435). In addition to that, a person’s commitment to pro-social causes is likely to strengthen both the force of motivated work effort and resiliency (Elangovan et al., 2010).

The calling phenomenon also contributed in understanding of career choice and career making decisions (Elangovan et al., 2010). Contrary to traditional career choice models such as Holland’s (1966, 1973) RIASEC (Realistic, Investigative, Artistic, Social, Enterprising, and Conventional) approach or work adjustment theory (Lofquist & Dawis, 1969), the concept of callings do not depend on assessments of people’s personalities, abilities or the environment found within specifically-defined occupational groupings (Elangovan et al., 2010). Instead, elements such as pro-social intentions, goals, motivational forces that promote clarity, passion, and a sense of personal mission that exist in the concept of calling as defined by Elangovan et al. (2010) improved the current perspectives on occupational choice and work adjustment.

## **Work from the Islamic Perspective**

Work in Islam is indispensable for those who are capable. It is viewed as complementary to the faith (Ali, 2014). Indeed, the Quran describes that Allah has created the day as a means of sustenance: “And made the day for livelihood” (*Al Quran 78: 11*). In addition to that, the Prophet also emphasised the importance of work as ‘religious duty’ for every Muslim (Al-Shaybani, 1986).

The role and value of work extends beyond one’s life. It also has economic, social, psychological, and organisational significance. Ali (2014) discusses the role of work as a medium to fulfil the following needs:

***Satisfying spiritual and social needs.*** The Prophet regarded work as a religious duty. According to Ibn Abed Raba Al-Andelesy (1996), the Prophet Muhammad was reported to have said that, “Whoever goes to bed exhausted because of hard work, he has thereby caused his sins to be absolved” (p. 325).

***Enhancing self-confidence and social involvement.*** The Prophet was reported to have said that, “The best of work is that whose benefit is lasting” (Al-Pashehi, 2004, p. 416).

***Strengthening self-esteem.*** In order to lift the spirit of the faithful who were abused by the rich, especially during the beginning of the time when the Muslim started to practise their belief publicly (before that the Muslims were practicing the religion secretly), the Prophet elaborated that, “God has guards on earth and in the sky. His guards in the sky are the angels, and His guards on earth are those who work for their sustenance and safeguard the interest of the people” (Al-Andelesy, 1996, p. 325).

***Enhancing independence.*** The Prophet regarded economic independence as the powerful way to stimulate the economy and gain prosperity. As he mentioned, “A person who makes an effort to support

himself and avoid dependency on others and asking people for help is on the path to God” (Al-Pashehi, p. 417).

***Sustaining a sense of self-actualisation.*** Not only work is considered as a religious duty, it is also important for accomplishment and influence. The Prophet told the Muslim to, “Rise early to make a living as hard work generates success and rewards” (Al-Pashehi, p. 417).

***Gaining Prestige.*** When a person asked the Prophet which action could serve as substitute for the duty of seeking knowledge, the Prophet was reported to have replied “work” (Al-Pashehi, p. 416). Similarly, a pious Muslim scholar, Abu Al- Qasim Al Junayd (died in 910) stated that, “Hard work create decent opportunities” (Al-Sulami, 1968, pp., p. 161).

The Islamic and Western perspectives both acknowledge that the role of work goes beyond satisficing one’s psychological, financial and material needs. As both perspectives also recognised that it is possible to couple work with religious calling (Elangovan et al., 2010; Ali, 2014), work also fulfils one’s religious and spiritual needs. In addition to that, work also can be extended to satisfy others’ needs; particularly work that focused on serving others. Individual who are able to satisfy their psychological, religious, and spiritual needs through his or her work can contribute to the development of his or her community or at least can be a functional member of the community. The idea that work can be coupled with religious calling renders that the choice of work and the drive to perform a certain work may not necessarily be economically motivated.

## **CONCLUSION**

The extant literature mostly examines opportunity in the context of economic rationality, where entrepreneurs identify opportunities that focus on creating private wealth. However, in recent years a number of studies have revealed that entrepreneurship is not all about the money (Benz, 2006). People pursue entrepreneurship despite the potential of earning more money elsewhere. Hence, there is a need to explore and explain

entrepreneurship from other aspect besides economic rationality, which lead to the main aim of this research that is to understand, ***“How does spirituality shape the formation of entrepreneurial venture?”***

Echoing Marshall’s idea that entrepreneur is not solely a profit-driven person, but also inspired by non-economic considerations (Marshall & Guillebaud, 1961), the researcher argues that there are also non-economic factors, specifically spirituality that help to shape the opportunities that are recognised or created by entrepreneurs. Two sub-questions have been developed in order to address this issue, these are: 1) ***What are the key sources of entrepreneurial opportunities for Muslim entrepreneurs?*** And 2) ***How do Muslim entrepreneurs understand entrepreneurial opportunities?***

Entrepreneurs do not only create wealth for themselves and their close counterparts, but also contribute to the economic growth and development of local communities, and at some point the entire societies (Baron & Henry, 2011). One important role of entrepreneur is to bring new products or services to market, which could change the lives of many millions people who really need these products or services for their daily lives or for survival (Baron & Henry, 2011). Hence, the researcher argues that being an entrepreneur in an Islamic society can be considered as a ‘calling’ as he or she helps to fulfil the needs of society. It is acceptable to regard entrepreneurship as a calling since it is possible to couple the idea of calling with occupation-related choices (Elangovan et al., 2010) and to embody the important features of calling in entrepreneurship. However, as a religion that is prone to stereotyping and misunderstanding, studies that promote understanding of Muslim behaviour are highly encouraged. Similarly, in the context of entrepreneurship more studies are needed to explain and understand the behaviour of Muslim entrepreneurs. Hence, the third sub-question of this study aims to do this by exploring ***“How are the Islamic spiritual values manifested in the Muslim entrepreneurs’ process of venture formation?”***



Entrepreneurs are individuals with different needs and styles of doing things. Although they may experience the same stages in their process of creating their ventures (i.e. that is identifying opportunity, evaluating opportunity, and assembling the required resources) they may not be similar in terms of what drives them towards realising those opportunities. While some entrepreneurs are driven by the potential profit that they see from realising the opportunities, some are driven by a higher purpose or callings may offer us fresh insights into new venture creation.

This study is therefore about understanding those entrepreneurs who were motivated beyond profit and economic rationality in the pursuit of entrepreneurial opportunities. It aims to understand how spirituality shapes the formation of entrepreneurial venture.

## **CHAPTER 3**

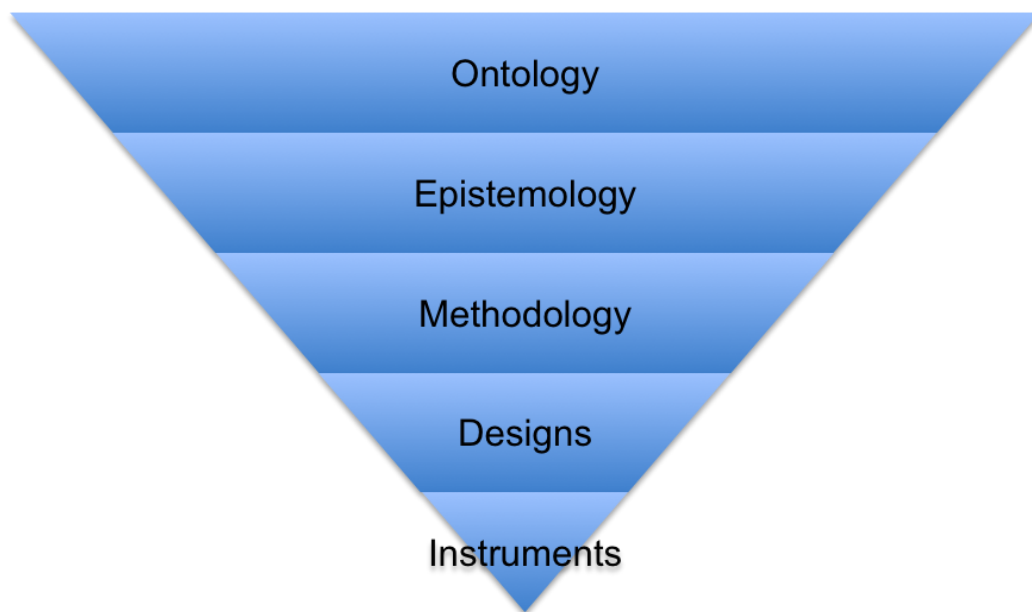
### **METHODOLOGY AND METHODS**

#### **Introduction**

This chapter explains the philosophical stance that helps to inform this study, and discusses the justification of the methods used to address the aforementioned research questions. This chapter has five main sections. The first section provides philosophical justification of this research. The second section explains the research design used. The third and fourth sections describe the procedures and strategies used in the process of data collection and data analysis. The final section explains the procedures taken by the researcher in establishing this study's trustworthiness and authenticity.

#### **Philosophical Stance**

All researchers bring a belief system or assumptions about the world to their studies. These assumptions, which are better known as ontology and epistemology, provide a foundation for researchers in investigating their research problems. Ontology refers to assumptions concerning the nature of reality (Sarantakos, 2005). Assumptions about the reality will influence the epistemological assumptions, which deals with the ground of knowledge – that is, “how one begins to understand the world and communicate this knowledge to other human beings” (Burrell & Morgan, 1979, p. 1). Epistemology refers to a person's stance of whether knowledge is something that can be acquired or it is something that has to be personally experienced (Burrell & Morgan, 1979). These ontological and epistemological assumptions will then determine the methodological nature of a research – that is, the way one attempts to examine and gain knowledge about the social world. Figure 3.1 shows the relationships between ontology, epistemology, and methodology, and how they can inform the choice of research designs and instruments.



**Figure 3.1 The foundations of research**

*Source: Sarantakos, S. (2005). Social Research (3<sup>rd</sup> Edition). London, England: Palgrave Macmillan (p. 29).*

Sarantakos (2005) explains that ontologies inform methodologies on the nature of reality, or in the context of research it tells ‘what’ social research is supposed to undertake. On the other hand, epistemologies inform methodologies about the nature of knowledge – what is considered as reality or fact and where to look for knowledge. Finally, following this guidance, methodologies put together ‘packages’ of relevant research designs to be utilised by researchers, directing them with regard to where to focus their research activity and how to recognise and extract knowledge.

Different opinions on these assumptions have led to the emergence of various theoretical paradigms that shape the process of social inquiry (Guba & Lincoln, 1998). Sarantakos (2005, p. 30) explains paradigm as follows:

a set of propositions that explain how the world is perceived; it contains a worldview, a way of breaking down the complexity of the real world, telling researchers and social scientists in general ‘what is important, what is legitimate, what is reasonable’ (Kuhn, 1970; Guba, 1990; Patton, 1990, p. 37)

Farber (2001) simplifies the definition of paradigm as a philosophical position that determines the methodology, provides the platform in which the logic and structure of research are embedded, and steers the process of research. Hence, a researcher's paradigm determines his or her approach in doing research –i.e. whether it is quantitative or qualitative.

The philosophical stance or paradigms that underpin qualitative research are diverse (Robson, 2011) and most research does not fit clearly into a particular category (Hood, 2006). The researcher's philosophical stance that underpins this study is explained using Burrell and Morgan's (1979) well-known scheme of four paradigms. According to their scheme it is the main assumptions that shape the different approaches to social theory, which is explained with the help of two dimensions. The first dimension is the subjective – objective dimension, which represents two relatively contradicting point of view on four ideas and assumptions about the nature of social science: ontology, epistemology, human nature, and methodology.

The first assumption is related to the ontological nature. As discussed earlier, ontology refers to assumptions concerning the nature of reality (Sarantakos, 2005). In regard to this, Burrell and Morgan (1979) explain that social scientist deals with ontological issue of whether the reality is objective or is the result of individual's perception. *Nominalist* ontology assumes that individuals use names, concepts, and labels to structure the reality in order to describe, make sense of, and negotiating the external world. Meanwhile, *realist* ontology views that existence of the social world which is external to individual cognition is real and consists of hard, tangible, and relatively immutable structures.

The second assumption deals with the epistemological nature, which refers to the ground of knowledge (Burrell & Morgan, 1979). It concerns whether knowledge is something that can be obtained or it is something that one has to experience personally (Burrell & Morgan, 1979). According

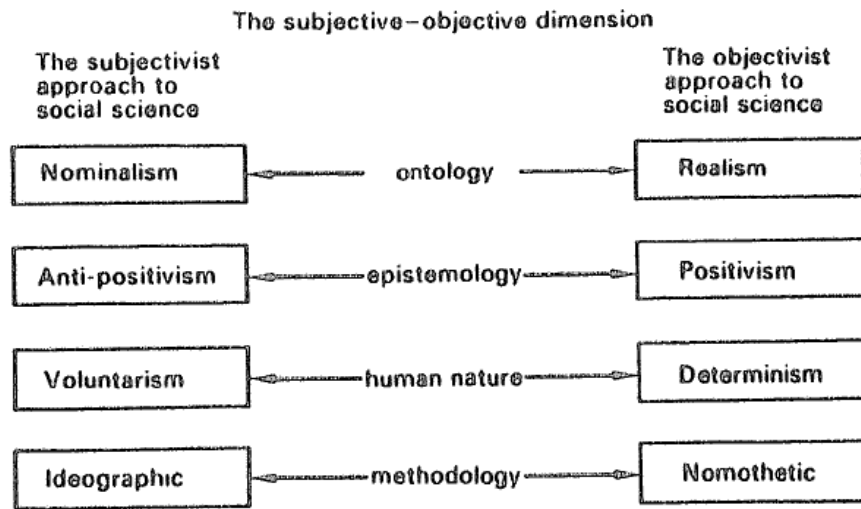
to an *anti-positivist* epistemology, the social world can only be understood from the perspective of the individual who is involved directly in the activities that are being studied. However, from the standpoint of *positivist* epistemology, in order to know what happens in the social world one can look for regularities and causal relationships between its constituent elements.

The third assumption deals with human nature, specifically the connection between human beings and their environment. This assumption forms two contrasting views with regard to human beings – environment relationship. The *voluntarist* view relates to the assumption that human being is free-willed, hence has the freedom to do any activities that he or she intends to do. The *deterministic* view on the other hand subscribes to the assumption that human beings are controlled by the situation or environment in which they are located

The final assumption is on the methodological nature, which is influenced by the previous three assumptions. As Burrell and Morgan (1979) put it, “different ontologies, epistemologies and models of human nature are likely to incline social scientist towards different methodologies” (p. 2). Methodology deals with the way in which a person tries to enquire and acquire 'knowledge' about the social world; universal laws as opposed to relativistic nature of social world. Those who believe that it is the individual's subjective experience that creates the social world usually adopts an *ideographic* approach that prefers first-hand knowledge to understand the social world. On the contrary, individuals who view the social world as hard, external, and objective reality, are likely to opt for *nomothetic* methodology, which stresses on systematic procedures and techniques in conducting research such as in the natural science research.

These basic assumptions on ontology, epistemology, human nature, and methodology by Burrell and Morgan (1979) result in two polarised perspectives of subjectivist – objectivist dimension as shown in in the

following Figure 3.2. This dimension also form two major intellectual traditions that have dominated the field of social science.



**Figure 3.2 Burrell and Morgan's (1979) scheme for analysing assumptions about the nature of social science (p. 3)**

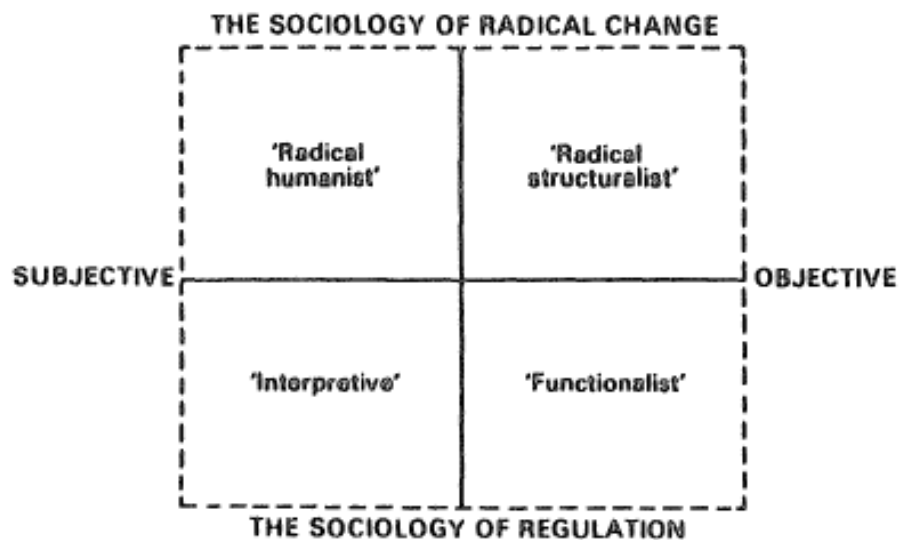
The second dimension of Burrell and Morgan's (1979) analytical framework is the regulation – radical change dimension that represents two opposing assumptions about the nature of society. On one side of the dimension is *sociology of regulation*, which deals with the explanation of why society is likely to unite instead of separate. Hence, it concerns itself with status quo, social order, solidarity, consensus, and actuality. On the other side of the dimension is the *sociology of radical change*, which deals with human beings freeing themselves from the structures that restrict their potential for development. This view concerns with radical change, structural conflict, modes of domination, contradiction, emancipation, and potentiality. Table 3.1 presents Burrell and Morgan's (1979) ideas on the regulation and radical change view of the nature of society.

**Table 3.1 Burrell and Morgan's (1979) 'regulation' and 'radical change' view of the nature of society**

**The regulation—radical change dimension**

<i>The sociology of REGULATION is concerned with:</i>	<i>The sociology of RADICAL CHANGE is concerned with:</i>
(a) The status quo	(a) Radical change
(b) Social order	(b) Structural conflict
(c) Consensus*	(c) Modes of domination
(d) Social integration and cohesion	(d) Contradiction
(e) Solidarity	(e) Emancipation
(f) Need satisfaction†	(f) Deprivation
(g) Actuality	(g) Potentiality

The combination of these two dimensions result in the development of four distinct paradigms, that are: 1) functionalist, 2) interpretive, 3) radical humanist, and 4) radical structuralist. Figure 3.3 shows these four paradigms in relation to the two dimensions.



**Figure 3.3 Burrell and Morgan's (1979) classification of sociological paradigm (p. 22)**

As can be seen from the above figure, the radical humanist and radical structuralist paradigms are both on the same side of the square box, which

is the sociology of radical change. These two paradigms' perspectives of the society emphasise on liberating the society from the current social arrangements. However, the radical humanist paradigm adopts subjective view of the social world, while the radical structuralist paradigm takes on an objectivist approach. On the sociology of regulation side are interpretive and functionalist paradigms, which views are focus on giving clarifications of the status quo, social order, consensus, social integration, solidarity, need satisfaction and actuality. Nevertheless, while the interpretive paradigm seeks to understand the social world through subjective experience, the functionalist paradigm approaches the sociological concerns from an objectivist perspective.

Burrell and Morgan (1979) expand that researchers who subscribe to any one of the paradigms view the social world in a particular way because of the basic assumptions about the nature of the science and society. These basic assumptions would be different from those researchers who subscribe to other three paradigms. Hence, the four paradigms can be regarded as four ways of viewing the social world. They further add that a researcher can work in different paradigms after some time, indicating a change in the way a researcher view the social world. However, they contend that working in multiple paradigms at the same time is impossible due to the contradicting assumptions that underpin each paradigm.

Although Burrell and Morgan's (1979) paradigmatic perspectives have sustained, it has not been spared from criticism. The paradigms have been criticised by many authors for their restrictive incommensurability. Instead, many authors are advocating for integration or complementary paradigm crossing (Gioia & Pitre, 1990; Hassard, 1991; Schultz & Hatch, 1996; Weaver & Gioia, 1994) for which such kind of paradigm is needed for understanding the interdependence of second-order methodological concepts (Schultz & Hatch, 1996). However, the paradigm adopted by the researcher in this thesis is based on Burrell and Morgan's interpretive paradigm. The scheme of four paradigms that Bircham-Connolly (2007) describes as "descriptive" instead of "prescriptive" (p. 67-68) model is



useful in understanding a researcher's stance and clarifies the fundamental assumptions of a study. This however does not mean the researcher rejects other paradigms' influencing characteristics, but rather Burrell and Morgan's set of assumptions that support the interpretive paradigm seems compatible with the researcher's paradigm.

### **Interpretive Paradigm**

As mentioned earlier, the interpretive paradigm is the type of paradigm that informs and guides this study. Hence, a detail discussion on this paradigm is necessary. The interpretive paradigm emerged in the late 19<sup>th</sup> and the beginning of 20<sup>th</sup> centuries. Commonly known as *Verstehen* tradition in the human sciences, this paradigm was a response to the philosophy of positivism that was highly influential at that time. The main argument that supports the emergence of this paradigm was the assertion that the human sciences were essentially distinct from the natural sciences (Burrell & Morgan, 1979).

The proponents of the interpretive paradigm argue that the purpose of human sciences is to understand human action. They view that all human action has meaning and to understand a specific social action or experience interpretive researchers must understand the meanings behind those action. It entails researchers looking at the perspectives of individuals involved in order to understand the action or experience (Schwandt, 2003).

Burrell and Morgan (1979) expand on their interpretive paradigm into four different categories of interpretive theory that are: 1) solipsism, 2) phenomenology, 3) phenomenological sociology, and 4) hermeneutics. Yet, all these four theories share a common trait of trying to understand the social world from the perspective of individuals involved in the social process instead of from the researcher's point of view. These four categories of interpretive theory are differentiated by the extent of subjectivity with regard to the four strands of the subjective – objective

dimensions. The solipsism is identified as the most subjective paradigm, while the hermeneutic is the least subjective one of all the four categories of interpretive theories.

This following section will focus on the discussion of phenomenological sociology since it is the philosophical stance that founded this study. Researchers who subscribe to phenomenological sociology theory are concerned about understanding the social world instead of forecasting or regulating it (Gallant & Kleinman, 1983). According to them, “social reality is created and sustained through the use of typifications or ‘ideal types’, as individuals attempt to order and make sense of the world in which they live” (Burrell & Morgan, 1979, p. 252).

As Schutz (1967) explained, typification helps to understand the behaviour of others. He further explained that through the process of typification, researchers try to understand the meanings of people’s behaviours by applying interpretive constructs that relate to the ‘ideal types’. The interpretive constructs stem from everyday life experience and the stock of knowledge.

Burrell and Morgan (1979) argue that people do not only respond to things, they also construct the social world in which they live in. However, it is important to note that, although people are free to describe things and to react, that does not mean they have the liberty to do whatever they feel like. With regard to this, Gallant and Kleinman (1983) explain that people are allowed to define things and behave as they want, but in assigning meaning they must interact with others and make allowances for the situation and society.

Associating with the above discussion, the philosophical stance adopted by the researcher in conducting this research is phenomenology. Since the purpose of this study is to examine the role spirituality plays in shaping Muslim entrepreneurs’ venture formation process, it is the act of venture formation that the researcher is interested in. The researcher wants to

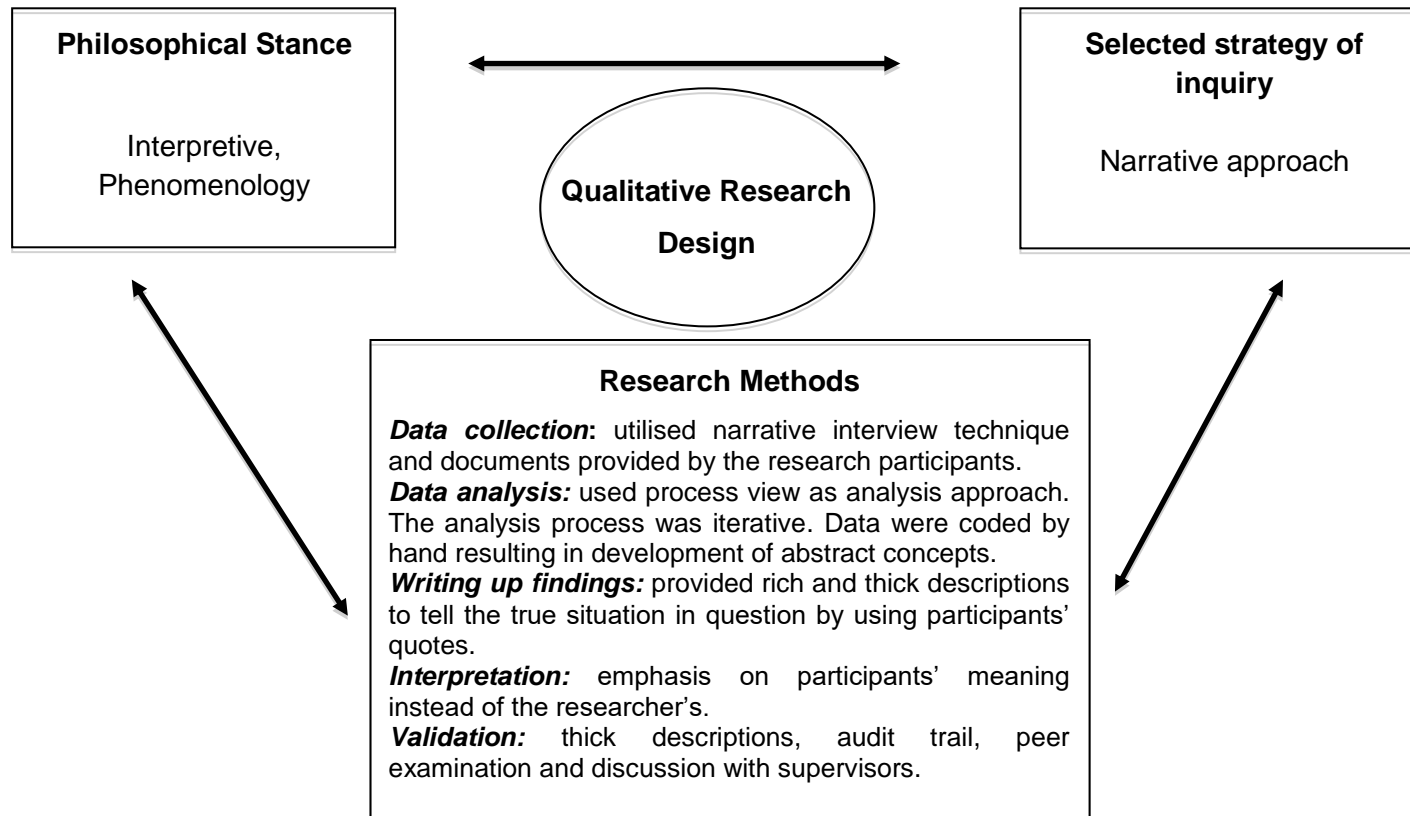
understand and to build theory through interpretation of those Muslim entrepreneurs who have experienced venture formation. The phenomenon under study of this research is not the interpretation process. Hence, the researcher is not interested in discovering how Muslim entrepreneurs convince themselves and the people around them on establishing entrepreneurial ventures. Instead, this study's focus is on understanding what spirituality means to the Muslim entrepreneurs and how it leads them to finally form a venture. The aim of this study is not theory-testing, but to learn and build 'empirically grounded theories' (Flick, 2009) that are as close as possible to the subjective perspective on the process of venture creation according to the Muslim entrepreneurs' point of views with emphasis on how their spiritual beliefs shape their experiences of establishing business ventures. The methodological approaches for phenomenology are many, but the one the researcher utilises for this study is discussed in the next section.

### **Research Design**

Research design is a plan that guides the researcher on the type of data and analysis techniques that are required to answer specific research questions (Flick, 2007; Gibson & Brown, 2009). Unlike a typical plan that is set out in advance, a research design is an iterative feature of research that forms throughout the research process (Gibson & Brown, 2009). A research design links three important elements of a research, that are: 1) theoretical paradigms, 2) strategies of inquiry, and 3) methods for collecting empirical material (Denzin & Lincoln, 2011). A researcher's selections within these three elements indicate the design of a research; whether it is likely to be qualitative, quantitative, or mixed methods (Creswell, 2009).

As the research design chosen for this study, a qualitative research design is discussed in detail in the following section. The first element of this research design is the theoretical interpretative paradigm that has been explained in the previous section. The second element is the strategies of

inquiry, which relates to the skills, assumptions, and practices that researchers use as they progress from their paradigm to the empirical world (Denzin & Lincoln, 2011). In addition to that, strategies of inquiry link the researcher to the particular techniques of collecting and analysing empirical data (Denzin & Lincoln, 2011). Creswell (2009) describes strategies of inquiry as the “types of qualitative, quantitative, or mixed methods designs or model that provide specific direction for procedures in research design. Others have called them *approaches to inquiry* (Creswell, 2007) or *research methodologies* (Mertens, 1998)” (p. 11). Hence, a narrative approach is the form of strategy of inquiry employed for this study. The last element of research design is research methods, which concerns data collection and analysis of empirical materials. The research methods of this study are explained in the sections of data collection and data analysis, later in this chapter. Figure 3.4 summarises the research design of this study.



**Figure 3.4 Qualitative research design in current study**

*Adapted from Research Design: Qualitative, Quantitative & Mixed Method Approaches (p. 5), by J. W. Creswell, 2009, Thousand Oaks, CA: Sage.*

## **Qualitative Research**

As a field of inquiry that transcends various areas of studies, topics, and subjects, qualitative research is associated with many paradigms, theories, and methods (Denzin & Lincoln, 2011). Since qualitative research comprises of various perspectives and practices (Locke, 2001) hence, there are different ways of describing what qualitative research is (Flick, 2009).

Despite some variety in the characteristics of qualitative research all qualitative research at some point share certain characteristics with respect to making sense of data (Merriam, 2009). The following section discusses the common characteristics of qualitative research as applied in this research.

First, qualitative research is guided by the philosophical assumptions of qualitative inquiry. In order to understand a complex phenomenon, qualitative researchers consider the participants' perspectives. Hence, qualitative researchers view the reality as 'multiple' instead of objective. In finding how participants construct their own meaning of events and situations, the natural setting is preferred by qualitative researchers (Creswell, 2007). Typical sources of qualitative data include interviews, observations, and documents (Patton, 2002). The focus of qualitative research is on the meaning given by the participants and not what the researchers bring to their studies (Creswell, 2007). In analysing qualitative data, qualitative researchers discover emerging themes, patterns, concepts, insights, and understandings (Patton, 2002). Detail explanation on this study's qualitative data is discussed in the data collection section on page 79.

The second characteristic is one's worldview. In contrast to quantitative research which adopts natural scientific model (Bryman, 2001), the focus of qualitative research is on understanding a whole phenomenon from the perspective of those who actually live it and make sense of it (Suter,

2011). As an interpretivist, the researcher becomes the instrument for the data collection (Creswell, 2007). The researcher used her skills to gather information in the natural setting to discover its meaning by descriptive, exploratory, or explanatory procedures (Suter, 2012).

The third characteristic is general approaches. The research process of a qualitative inquiry is emergent, which means the plan to conduct the research is flexible and not rigid (Creswell, 2007). Suter (2012) elaborates that, "Good qualitative research contributes to science via a logical chain of reasoning, multiple sources of converging evidence to support an explanation and ruling out rival hypothesis with convincing arguments and solid data" (p. 345). In terms of sampling, qualitative research use purposive sampling (Patton, 2002). Participants of this study were purposely selected for their potential to provide rich information. Qualitative research questions typically involve "How" and "What" question (e.g. "How did this happen?" "What is going on here?") and aimed toward complex processes, exploration, and discovery (Suter, 2012). The process of data collection and data analysis for qualitative research happen concurrently, the same way that this research had done, whereby progressing findings affect the types of data collected and how they are collected (Suter, 2012). In making sense of the qualitative data, creativity is required as patterns and themes do not appear easily (Suter, 2012). In dealing with this challenging process, Patton (2002) suggests researchers to be open to various ways to think about a problem, to be involved in "mental excursions" using multiple stimuli, "side-tracking" or "zigzagging", changing patterns of thinking, making connections between the "seemingly unconnected", and "playing at it", with the purpose of "opening the world to us in some way" (p. 544). Qualitative research adopts a different approach in dealing with the validity and reliability of a study as compared to quantitative research. Lincoln and Guba (1985) suggest two main criteria known as *trustworthiness* and *authenticity* in evaluating qualitative research. The trustworthiness concerns the accuracy and correctness of the research, consists of four criteria: 1) credibility, 2) transferability, 3) dependability, and 4) confirmability (Merriam, 2009). Meanwhile, the

authenticity takes into account broad impact of the research (Bryman, 2001) is made up of five criteria: 1) fairness, 2) ontological authenticity, 3) educative authenticity, 4) catalytic authenticity, and 5) tactical authenticity. The researcher observed the two main criteria of trustworthiness and authenticity by making sure the analysis process was carried out diligently and carefully in order to present findings that can be trusted. The strategies adopted in this study with regard to trustworthiness and authenticity is discussed in the last section of this chapter on page 99.

### **Narrative as a Strategy of Inquiry**

The narrative method of inquiry is a type of qualitative research design whereby stories are used to describe human action (Polkinghorne, 2002). A number of authors support the significant role of narrative in shaping and understanding lives and the world. Bruner (1996) for instance, asserts that narrative is the fundamental way to learn and understand about the world, as narrative is better at capturing the complex and rich phenomena of life and experience (Lieblich, Tuval-Mashiach, & Zilber, 1998). Narratives enable researchers to address participants' experiential yet structured world thoroughly. Hermanns (1995) distinguishes a narrative as follows:

First the initial situation is outlined (“how everything started”), then the events relevant to the narrative are selected from the whole host of experiences and presented as a coherent progression of events (“how things developed”), and finally the situation at the end of the development is presented (“what became”) (p. 183).

The use of narrative in research has grown significantly. Narrative inquiry is used in both basic and applied research and published studies that adopt this method of inquiry are represented within all the social sciences and medicine (Lieblich et al., 1998). Recently, there is a growing interest in the potential contribution of narrative approaches in entrepreneurship studies (Endres & Woods, 2007; Warren, 2004).



According to Polkinghorne (2002), in general there are two types of narrative inquiry. The first type is analysis of narratives approach, in which narratives or stories are collected and used as data. The researcher then analyses these narratives to produce common themes or concepts. The second type is a narrative analysis approach. In this approach, descriptions of events and occurrences are collected by researchers that are then organised by plot into a story or stories. This study uses the first approach.

There are numerous types of narrative, which include novels, short stories, films, television shows, myths, anecdotes, songs, music videos, comics, paintings, advertisements, essays, biographies, and news accounts (Cohan & Shires, 1988). As stated earlier, this study uses analysis of narratives approach whereby entrepreneurs' stories were collected and used as data. The stories, which are in the form of verbal data was converted into written text. In addition to the verbal data, the researcher also relied on her observation during the interviews, written documents supplied by the participants, email correspondence, and participants' company web sites to help her understand the participants' stories. A detail process of how the researcher worked with the data to reach a finding is explained in the data analysis section of this chapter.

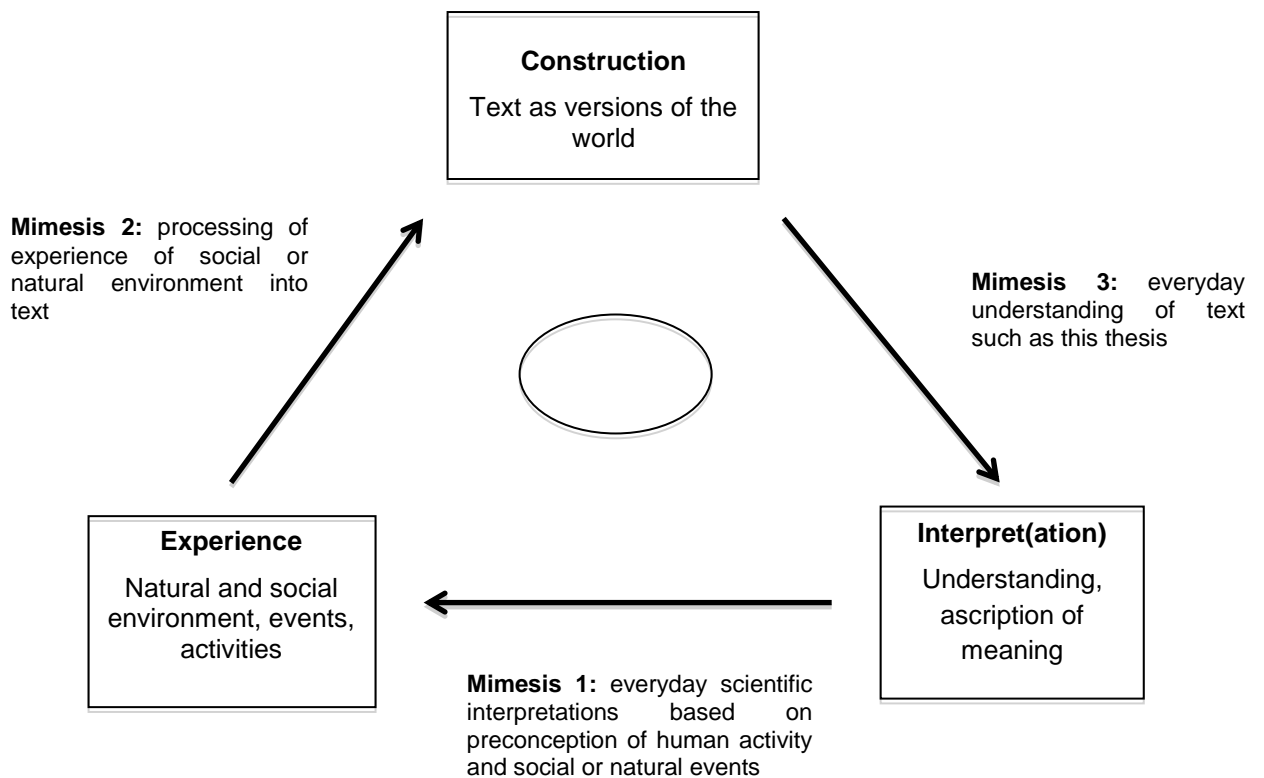
One issue that is associated with using narrative as a strategy of inquiry is it is assumed that by adopting this strategy the researcher can gain access to real experiences and happenings. Instead, during the process of narrating what is told usually is configured in a specific form and the situation in which the stories are told affects the memories of past events (Flick, 2009). However, Lawler (2002) argues likewise for other forms of research too, that it is impossible for the researcher to fully access a past that is unavoidably lost. She further adds that, "there is no 'unbiased' access to the past. Indeed, the past is constantly worked and reworked to provide a coherent sense of the subject's identity" (p. 249).

This thesis agrees with Lawler's (2002) stance, which views narratives as social products configured by people that relate to their social, historical, and cultural situations. Although narratives explain the lives that people have experienced, they are not the best medium if one is wanting accuracy as they are not a reproduction of the real world like photographic images (Shkedi, 2005). Instead, narratives are interpretive tools that people use to represent themselves to others. It is common for people to use narratives to transmit their experiences and to explain and justify their opinions and actions (Shkedi, 2005). As Lawler (2002) explains:

We all tell stories about our lives, both to ourselves and to others; and it is through such stories that we make sense of the world, of our relationship to that world, and of the relationship between ourselves and other selves. Further, it is through such stories that we produce identities. Every time we write a CV, or give an account of ourselves to a friend or an acquaintance, or explain inherited characteristics, we are engaged in story-telling, and producing an identity which is relatively stable across time. Stories, or narratives, are a means by which people make sense of, understand, and live their lives (p. 249).

Hence, through narratives, researchers are able to capture the richness and nuances of meaning in human affairs, lived experiences and thoughts that cannot be expressed in definitions, statements of fact, or abstract propositions (Shkedi, 2005), but can only be induced through stories (Carter, 1993). Nonetheless, it is important to note that narratives must not be taken 'as it is'. Since they link between the past and the present, which involves recollection of past memories in current time, hence interpretation and reinterpretation are required (Lawler, 2002). The argument that narratives are not the true reflection of reality is also shared by Flick (2009), as he writes, "Experience are not simply mirrored in narratives or in the social science texts produced about them. The idea of mirroring reality in presentation, research, text has ended in crisis" (p. 84). Flick (2009) further suggests that Ricoeur's (1984) 'mimesis' is the best concept to replace this idea. Mimesis is about the change of worlds into symbolic worlds. Initially, mimesis was understood as "imitation of nature". An example of mimesis is the presentation of natural or social relations in literary text or on stage drama. Applying this idea of mimesis in this study,

the participants construct and interpret their lived experiences that are presented in the form of narratives, which were specifically configured and interpreted by them for the purpose of this study's interview. The researcher then processes the participants' experiences into text by transcribing, writing, and presenting the findings in thesis. The written text in this thesis then transformed into understanding when the readers interpret them. Figure 3.5 illustrates the process of mimesis.



**Figure 3.5 Process of Mimesis**

*Adapted from An Introduction to Qualitative Research (p. 80) by U. Flick, 2009, London, England: Sage*

## Data Collection

### Narrative Interview

The narrative approach that is chosen as the strategy of inquiry to undertake this study entails the researcher to gather stories from the participants. These stories are participants' subjective experiences, life histories and memories, which are less likely to be obtained through the question-answer scheme of traditional interviews (Flick, 2009). Hence, this study uses narrative interviews to gather stories of how participants' spiritual beliefs shape the formation of their business ventures as the data for this study. Hermanns (1995) describes the process of narrative interview as follows:

In the narrative interview, the informant is asked to present the history of an area of interest, in which the interviewee participated, in an extempore narrative....The interviewer's task is to make the informant tell the story of the area of interest in question as a consistent story of all relevant events from its beginning to its end (p. 183).

To begin the narrative interview researcher must use a "generative narrative question" (Flick, 2009, p. 177) that relates to the research topic that is aimed to trigger participants' narratives. The generative question must be broad but at the same time specific enough to cover the research topic and to elicit participants' relevant experience or life history in general. The following Table 3.2 provides an example of generative narrative question proposed by Flick (2009). Meanwhile, Table 3.3 provides the question that is used in this study as inspired by Flick's (2009) example.

**Table 3.2 Flick's (2009) example of Generative Narrative Question in the Narrative Interview**

This is a typical example of a good generative narrative question:  
I want to ask you to tell me how the story of your life occurred. The best way to do this would be for you to start from your birth, with little child that you once were, and then tell all the things that happened one after the other until today. You can take your time in doing this, also give details, because for me everything is of interest that is important for you.

Source: Hermanns (1995, p. 182)

From *An Introduction to Qualitative Research* (p. 178), by U. Flick, 2009, London, England: Sage.

**Table 3.3 This Study's generative Narrative Interview Question**

I want you to tell me the story of how your spirituality shapes your business. The best way to do this would be for you to start from how you first began to see there was an opportunity for you to get into the business and tell all the things that happened one after the other until you officially started the business. You can take your time in doing this, and also give details, because for me everything is of interest that is important for you. I may have to ask a few questions or ask you to elaborate on certain things while listening to your story.

Adapted from *An Introduction to Qualitative Research* (p. 178), by U. Flick, 2009, London, England: Sage

Subsequent to asking the generative narrative question, the researcher intently listened and waited for the participants to finish telling their stories. Further generative narrative questions were asked when participants' stories did not cover the topic of interest or if further clarification was needed. Flick (2009) emphasises that in order to ensure the quality of data in the narratives gathered, it is important for the researcher not to interrupt the interview session. This is because narrative interview is more sensitive and responsive to participants' perspectives in comparison to other type of interviews that are pre-structured by the interview questions (Flick, 2009). Hence, during the interview session the researcher refrained herself from interrupting with directive interventions and evaluations and tried to empathise with participants' stories and perspectives (Flick, 2009).

Benney and Hughes (1970) emphasise the importance of being non-judgmental during the interview process. They write, "...the interview is an understanding between two parties that, in return for allowing the interviewer to direct their communication, the informant is assured that he will not meet with denial, contradiction, competition, or other harassment." (p. 140). Hence, any negative comments or judgments were avoided during the entire interview process. The researcher tried to keep the conversation flow, as frequent interruptions can cause participants to forget to tell what is important for the study.

As the narrative interviews were conducted face-to-face, they allowed the researcher to modify the questions when required, to clear out any

uncertainties, and to really understand the stories by repeating or rephrasing the questions to participants (Cavana et al., 2005). Researchers also can pick up any nonverbal cues from participants that are not possible by telephone or email interview (Gibson & Brown, 2009). Preliminary contact by email and/or telephone was made to each participant explaining the objective and background of the study before arranging a meeting for the interview, which allow them to prepare and to save time.

Furthermore, since the data collection process of narrative interview takes place in a natural setting, hence, it is important that the interview session be held in relaxed and conversational manner, as it is how people usually interact (Taylor & Bogdan, 1998). The researcher tried to relate to the participants on a personal level as a way to build relationship with them and to gain their trust. This is important as the relationship that develops over time between the interviewer and informant is the key to collecting data (Taylor & Bogdan, 1998).

### **Selection of Participants**

Contrary to the popular technique of sampling in quantitative research that follows the logic of generalisation (Flick, 2007), qualitative researchers pursue a different way in selecting participants. Sampling in qualitative research is devised to reflect the research questions and to expand the breadth and width of data revealed, in order to discover multiple realities (Kuzel, 1992). Because qualitative research emphasis is on information-richness, researchers are more interested in sources that are information-rich (Patton, 1990). Therefore, selecting participants in qualitative research is purposive (Miles & Huberman, 1994) where participants with relevant knowledge, experience, position, ideas and thoughts, and criteria that are pertinent to the research are selected (Gibson & Brown, 2009).

The most common practice in qualitative research sampling is to select participants based on a predetermined set of criteria pertinent to a specific

research objective, which is known as criterion sampling; a sampling strategy that is popular for quality assurance (Patton, 2002). Qualitative researchers often look for participants that can provide rich information on the subject that they are investigating (Cavana, Delahaye, & Sekaran, 2001). Just like sampling in quantitative research, the sample in qualitative research is also representative in the sense that it represents the relevance of the phenomenon from the perspective of respondents' experience and those who are concern with the issue under study (Flick, 2009).

As suggested by Creswell (1998), criterion sampling works best when all participants include people who have experience on the phenomenon being studied. Since this research studies the experience of Muslim entrepreneurs in creating their ventures, only participants with the relevant experience should be selected. Hence, the 'entrepreneurs' who are qualified as participants for this study include those Muslim entrepreneurs who set up and run their businesses. In addition to that, those entrepreneurs who are known to have a spiritual approach or recognised by the media or by their communities as such were selected.

According to Spradley (1979), "strangers make better informant than friends, relatives, clients, and others with whom one has a prior relationship, although this will not always be the case" (p. 94). Hence, the second criterion of participant that makes up this study research sample is entrepreneur who is a stranger to the researcher, since strangers make are better informer than someone who is related. The third condition is, participant should be someone who is willing to make time for the interview and willing to share his or her experience and feelings (Taylor & Bogdan, 1998).

With regard to the sample size, Kuzel (1992) states that, there is no hard and fast rule for the number of participants a researcher should study. However, six to eight data sources or sampling units often meet the requirements for homogenous sample, and 12 to 20 are required when

searching for contradicting proof or attempting to reach maximum variation (Lincoln & Guba, 1985; Marshall & Rossman, 1989; McCracken, 1988; Patton, 1990). Initially, 20 entrepreneurs were aimed for, since the researcher believes that this is the number of sample that would be enough to generate themes and patterns. However, data saturation was reached after 15 participants were interviewed, where no new information emerging from the data can be used to develop new code (Locke, 2001; Maykut & Morehouse, 1994). This small sample is justifiable because it retains more richness when it comes to description, which is then practical in producing local or regional theories (Dana & Dana, 2005).

To determine participants who conformed to the above-mentioned criteria, the researcher screened for potential participants based on information gathered from the printed media such as magazines, newspapers, and electronic media, such as the television and the websites to get an initial idea about the participants and their ventures. The researcher also sought the public's opinions for entrepreneurs who fulfilled the above-mentioned criteria to be included as the research participants. Data were collected around the area of Kuala Lumpur and within the state of Selangor, Malaysia. Total amount of time spent interviewing each participant averaged two hours. The interviews were audio recorded with permission from the participants and later were transcribed – transformed into written texts, which became the database for this study.

### **Participant Profile**

Fifteen entrepreneurs took part in this study and were asked to share their experiences and stories on how their spiritual beliefs have shaped their ventures. The ventures belonged to various nature and type of businesses. At the time of the interview, the number of years these ventures have been in the business ranges from one to 28 years (see table 3.4). Twelve of the participants were female and three of them were male. All these participants were involved in the creation of their ventures and assumed positions such as managing director, director, and principal



partner in their companies. Out of 15 participants, only two have an education background in economics or management, the rest of the participants have non-business or non-management education background. The nature of these business entrepreneurs were diverse and included: apparel, public relations and market research, publishing, education, healthcare, finance and investment, consumer goods, and training and image consultants.

At the time of data collection, 10 participants were based in Selangor (3 participants in Shah Alam, 3 in Bandar Baru Bangi, 2 in Damansara, 1 in Subang, and 1 in Ampang), five participants were based in Kuala Lumpur. Participants were given a pseudonym in order to protect their anonymities. Of these 15 participants, eight were in partnership with friends, six were in partnership with family members, and only one participant did not enter into partnership when establishing the venture.

**Table 3.4 Participant Information and their Ventures**

<b>Participant</b>	<b>Position</b>	<b>Nature of Business</b>	<b>Year Founded</b>	<b>Core Product</b>	<b>Gender</b>	<b>Education Background</b>
<b>Aida</b>	Managing Director	Muslim Swimwear	2006	Muslim Ladies Swimwear	Female	Degree in Economics
<b>Hakeem</b>	Managing Director	Consumer goods	1992	Skincare and healthcare products	Male	Master of Law
<b>June</b>	Managing Director	Public Relations and Market research	1999	Halal food directory	Female	Degree in Public Relations
<b>Jasmine</b>	Director	Officewear, Training & Image Consultant	2000	Training and image consultancy	Female	Degree in Mass Communication
<b>Sabrina</b>	Managing Director	Islamic media	1989	Books and CDs on Islam	Female	Degree in Mathematics
<b>Farah</b>	Owner	Islamic haute couture	2010	Custom-made dresses	Female	Degree in Public Relation Studies and Management
<b>Nani</b>	Managing Director	Beauty care and spa	1989	Islamic spa practice	Female	Degree in Education
<b>Haris</b>	Managing Director	Skincare	2003	Hajj-specialised skincare	Male	Degree in Textile Technology
<b>Soraya</b>	Managing Director	Publishing	2007	Teenage novels	Female	Degree in Mass Communication

<b>Participant</b>	<b>Position</b>	<b>Nature of Business</b>	<b>Year Founded</b>	<b>Core Product</b>	<b>Gender</b>	<b>Education Background</b>
<b>Lily</b>	Managing Director	Education	2008	Islamic pre-school	Female	Degree in Engineering
<b>Mumtaz</b>	Managing Director	Healthcare	2006	Food supplement based on Islamic tradition	Female	Degree in Graphic Design
<b>Raihan</b>	Principal Partner	Finance and investment	2007	Islamic wealth management service	Female	Degree in Economics and Finance
<b>Omar</b>	Managing Director	Publishing	1995	Comic books	Male	Degree in Mathematics
<b>Aisyah</b>	Managing Director	Consumer goods	1992	Skincare and healthcare products	Female	Master of Law
<b>Maznah</b>	Managing Director	Publishing	2007	Books and magazines	Female	Degree in Engineering

## **Ethical considerations**

Research involves gathering information from individuals and about individuals (Punch, 2005). As data collection is done in a natural setting and uncontrolled environment (Creswell, 2009), participants may reveal their thoughts, feelings, knowledge, and experiences (Patton, 2002) to researchers. Hence, researchers need to be cautious of harmful, intimate information disclosed by participants during the interview and to treat them with strict confidentiality (Creswell, 2009). With qualitative research interview increasingly being viewed as a moral inquiry (Kvale, 2007), there are certain responsibilities that the researcher is liable to, as there are people who might be impacted by the research process or by the research outcomes (De Vaus, 2002).

To avoid any ethical issues that may arise during the research, the following procedures were carried out. First, an ethics application was submitted to the University of Waikato Ethics Committee for approval. Next, information sheets and consent forms were given to all participants prior to the interview session. The information sheet contained relevant information regarding the nature of the research to assist participant in deciding whether to take part in the study or not (Kent, 1996). The objective of consent form was to ensure participants' involvement in the study were voluntary (Payne & Payne, 2004). Participants were given options to withdraw from the study at any time and to refuse to answer any interview questions. The consent form also helps to protect both the researcher and participant's rights as interview will only be tape-recorded with the participant's permission and their identities will remain anonymous (Neuman, 2000). To ensure that research participants fully understand what the research is all about, what is their role in the study, and how the research will impact them, the researcher double-checked with the participants by asking them if they have any questions or thoughts about the research before and even after getting their consent (Boynton, 2005).

Due to the nature of the research topic, which participants may view as personal, efforts were made to assure that the anonymity and privacy of the research participants were respected. The identities of all participants were kept confidential by assigning each of them a pseudonym. To avoid from any kinds of sensitive information recorded during the interview, participants were allowed to tell the researcher to switch off the voice recorder at any time during the interview. In addition to that, every interview transcript was sent to each participant to double check for any sensitive information that is not supposed to be revealed and need to be removed from the transcript before the researcher proceeded with data analysis process. Appropriate measures were also taken to safeguard the research data. Participants' information and interview transcripts were kept in a file that was password protected which can only be accessed by the researcher.

### **Data Analysis**

Data analysis is one of the key factors that determine the success of a research project (Gibson & Brown, 2009). Contrary to quantitative research, where analysis process is more structured and can be explained in a step-by-step manner, there is no standard guideline in doing qualitative data analysis (Sarantakos, 2005). Furthermore, since qualitative research cross cuts many disciplines (Denzin & Lincoln, 2011), the variety of theoretical perspectives that inform this type of inquiry is also one of the reasons why it is a complex issue to discuss and understand (Gibson & Brown, 2009).

Unlike quantitative research where data analysis process usually takes place after the data collection process has completed, data collection and analysis process for qualitative research should be done simultaneously (Sarantakos, 2005). The process of data collection and analysis is iterative and always changing and as the study progressed the analysis become more thorough and deep (Merriam, 2009). Merriam (2009) emphasises that the need to collect and analyse data simultaneously is because "data

can be unfocused, repetitious, and overwhelming in the sheer volume of material that needs to be processed. Data that have been analysed while being collected are both parsimonious and illuminating” (p. 171).

Data analysis process entails the researcher to ‘make sense’ out of the data (Merriam, 2009), that is to find meaning in the text and/or image data (Creswell, 2009). This process requires researchers to prepare the data for analysis, carry out different analyses, immerse in the data to understand it deeply, present the data, and interpret the data (Creswell, 2009). It is a complicated process that may require the researcher to go back and re-analyse the data a few times before he or she can present an absolute findings (Harding, 2013). Therefore, to assist the data analysis process, the suggestion by Bogdan and Biklen (2007, p. 161 - 171) was carefully followed by the researcher in order to avoid from ‘drowning in the sea of data’. The data analysis process were as follows:

1. Narrowed the study in order to avoid too broad and inappropriate data.
2. Made decision regarding the type of study that the researcher wants to accomplish, whether to pursue with a full description of a setting or generate theory about a particular aspect of it.
3. Developed analytic questions. After entering the field, the researcher assessed which questions are relevant and which ones should be redesigned to direct the research.
4. Reviewed previous interview and observation session’s field notes and memos as the researcher goes along with the next data collection session.
5. Wrote many “observer’s comments” to stimulate critical thinking.
6. Wrote memos to reflect on issue raised in the setting and how they relate to larger theoretical, methodological, and substantive issues.
7. Asked participants’ opinions on some pattern or theme that the researcher started to identify in the data.
8. Explored the literature while the researcher was in the field, which helped to improve the analysis process later.

9. Played with metaphors, analogies, and concepts. Asked the question, “What does this remind me of?”
10. Used visual devices to envisage what the researcher is learning about the phenomenon, which was helpful in bringing clarity to the analysis.

As explained before, qualitative research cuts across many disciplines (Denzin & Lincoln, 2011) and the variety of theoretical perspectives that inform this type of research contributes to why it is a complex issue to discuss and understand (Gibson & Brown, 2009), which further complicates the data analysis process. Different scholars have different way of analysing the qualitative data. For this particular research, the researcher decided to adopt Merriam’s (2009) guidelines due to its clarity and simplicity. In addition to that, Creswell’s (2009) recommendation for six stages of data analysis process were also observed and incorporated into the data analysis process of this study (see Figure 3.6).

### **Analysis Approach: The Process view**

As stated earlier in the literature review chapter, the definition of entrepreneurship adopted in this study entails the creation of new venture. This stance implies the view that entrepreneurship is about bringing something into existence – i.e. a process. Specifically, this study looks into the process of venture creation as experienced by Muslim entrepreneurs and how their spirituality shapes that process. Hence, in undertaking this study the researcher subscribes to the process view that regards “the world as restless, something underway, becoming and perishing without end” (Hjorth, Holt, & Steyaert, 2015, p. 599). Accordingly, in studying a process researcher usually look for patterns and related results in organisational and agent performance over time (Hjorth et al., 2015).

Generally, the word ‘process’ is grasped as “a series of actions, operations, or functions continuously performed over the course of time, so as to produce, develop, or treat a change directed to some end” (Demir

& Lychnell, 2015, p. 86). Studies on management and organisational life that adopt processual viewpoint have increased in the past decade (Demir & Lychnell, 2015), partly because process research allows researchers to deal with important issues that are central to the management and organisational life (Langley, Smallman, Tsoukas, & Van de Ven, 2013). Contrary to the dominant view where the focus is on the entities that form the world, the focus of the process view is on the process in which these entities have been defined and are continuously re-defined (Demir & Lychnell, 2015).

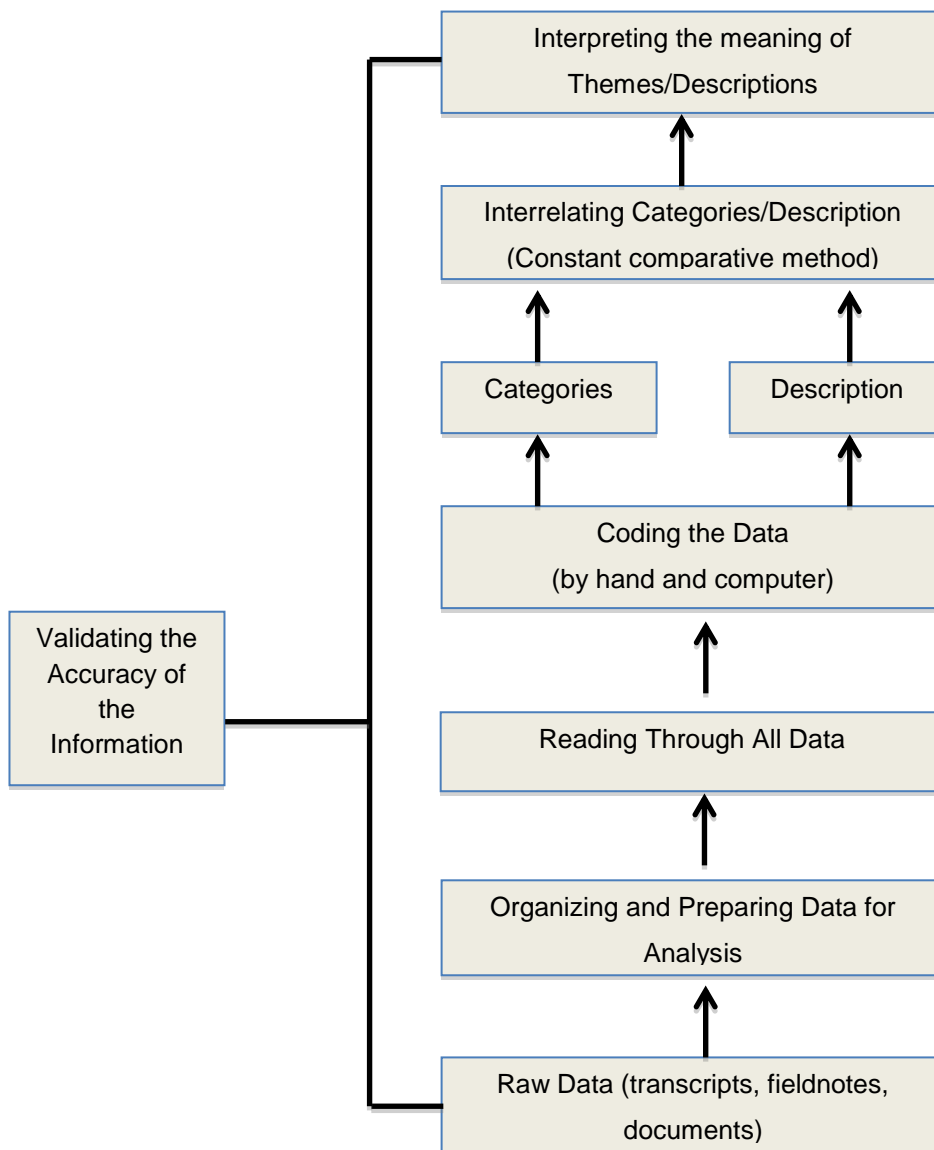
Process research is about comprehension of how things develop over time and why they develop in a certain way (Van de Ven & Huber, 1990), which makes process data mostly composed of narratives about what took place and who did what when, or as Langley (1999) describes it is about events, activities, and choices ordered over time. Hence, the analysis of process data necessitates a means of conceptualising events and of discovering patterns among them (Langley, 1999). van de Ven and Poole (1995) propose that while there are various types of patterns, the most frequent pattern found in the literature is the linear sequence of “phases” that happen over time to produce a given result, such as discussed by Burgelman (1983) and Rogers (1983).

Apart from trying to understand how things develop over time and why, process research also concern with the development of relationships between people or with individuals’ reasoning and feeling as they make sense of and respond to events (Isabella, 1990; Peterson, 1998). Because of that, the composition of process data extends beyond descriptions of discrete events. It also includes diverse kinds of qualitative and quantitative information (Langley, 1999).

Given that opportunities are dynamic processes (Short et al., 2010), the researcher argues that the process view is better at capturing the evolving nature of entrepreneurial opportunities (i.e. recognition, development, evaluation, and exploitation) which is also at the centre of



entrepreneurship studies. The following section describes the actual steps taken during the analysis process.



**Figure 3.6 Stages in Data Analysis Process**

Adapted from *Research design: qualitative, quantitative, and mixed methods approaches* (p. 185) by J. W. Creswell, 2009, Thousand Oaks, CA: Sage.

### Step-By-Step Data Analysis Process

#### Step 1: Organizing and preparing the data for analysis

This process entails transcribing interviews, whereby each interview was put into written or printed form. Despite the absence of standard

transcription format (McLellan, MacQueen, & Neidig, 2003), the researcher adopted a systematic and uniform feature for all interview transcripts for ease of readability. All transcripts were transcribed verbatim, type written with single spacing in 12 point new times roman, double spacing between speakers (i.e. interviewer and interviewee), and all interview questions were written in bold. In addition to that, each line of the transcript was numbered. A transcription header or coversheet containing basic information on participant's pseudonym, date of interview, location, gender, age, position, year of establishment, and number of employees were included on every transcript.

### **Step 2: Reading through all the data**

This second step requires the researcher to examine the data carefully. During this stage the data were re-read a few times in order to get a 'general sense' (Creswell, 2009) of what the data are all about. This step began as soon as the researcher was done with the first participant's interview.

### **Step 3: Identifying section(s) of the transcript that is/are relevant to the research questions**

During this process the researcher identified which segment of the data that was relevant to answer the research questions (Merriam, 2009), and to prepare and present them for the next step of the analysis process (Creswell, 2009). This step is important as it helped with the process of identification of themes later.

In identifying which part of the data is relevant for the study, the researcher used the subquestions as guidance. For instance, one of the subquestions is '*What are the key sources of entrepreneurial opportunity for Muslim entrepreneurs?*' In understanding how entrepreneurial opportunity is shaped by Islamic spirituality the researcher asked the participant to share their experiences when they first discovered or became aware of the opportunity to start their venture. Figure 3.7 is excerpt from an interview between the researcher and a participant with

pseudonym 'Sue'. It was obvious that this section of transcript is relevant to the first research question on the source of entrepreneurial venture. The line numbers on the far left helped in the process of open coding, which is explained in the next section. This step was repeated with the other two subquestions for all transcripts.

1 **Interviewer: I want you to tell me the story of how your spirituality**  
2 **shapes your business. The best way to do this would be for you to start**  
3 **from how you first began to see there was an opportunity for you to get**  
4 **into the business and tell all the things that happened one after the**  
5 **other until you officially started the business. You can take your time in**  
6 **doing this, and also give details, because for me everything is of interest**  
7 **that is important for you. I may have to ask a few questions or ask you**  
8 **to elaborate on certain things while listening to your story.**  
9  
10 Sue: When we first started this business we just wanted to publish novels.  
11 The objective then was to publish novels.  
12  
13 **Interviewer: So, your interest was writing?**  
14  
15 Sue: (nodding) I met my business partner on the Internet. I write, she reads.  
16 So, we keep in touch. That's how we met. I had 3 novels that I submitted to a  
17 publisher...kid's novels. But they returned the novels because they need to  
18 have 300 pages. Then only the publisher will publish the novels. I told Mary –  
19 who is now my business partner, that I am so mad and upset. And I want to  
20 publish my own novels. But when we wanted to publish the kid's novels we  
21 found out that it was actually quite difficult to sell that kind of novel. So, we  
22 started (the business) with targeting the adult readers. May be not too adult,  
23 we do have teenage readers. So, the initial idea was to publish novels and we  
24 don't like the novels that are in the market. We want to do it our own way.

**Figure 3.7 Excerpt from an interview transcript**

#### **Step 4: Open Coding**

The coding process began right after the researcher completed her first interview and done transcribing it. After the transcript was re-read several times, the researcher began jotting down notes, comments, and queries in the margins manually. Taking the advice of Merriam (2009), the researcher tried to be as expansive as she could in identifying any segment of data that might be useful. This form of coding is known as 'open coding', since the researcher was being open to anything possible at this point.

All data extracts were coded and then grouped together within each code. Three important advices by Braun and Clarke (2006) were observed during the process of coding: 1) data were coded for as many themes or patterns as possible, 2) the surrounding text of data extracts were kept to avoid lost of context (Bryman, 2001), and 3) some extracts of data were coded for many different 'themes' that the researcher thought they fit into. In other words, one extract of data could have more than one code. Table 3.5 provides an example of how this step was done. This step was repeated until all 15 participants' transcripts are openly coded.

**Table 3.5 Open Coding Process**

Research question one (RQ 1): *What are the key sources of entrepreneurial opportunity for Muslim entrepreneurs?*

**Open codes for RQ 1**

<b>Participant</b>	<b>Open Code</b>	<b>Example of participants' words</b>
Sabrina	Market Gap	When we were in overseas, I noticed there were a lot of materials in English about Islam. But when we came back, there was no such kind of material in English
Sue (Soraya)	Expectation vs Reality Gap	We don't like the novels that are available in the market. So, we want to do it our own way.

**Step 5: Axial Coding**

The next step was to group all open codes that were similar together. In doing so, the researcher went back to the marginal notes and comments to identify codes that seem to go together. For example, participants who expressed their discontentment about the condition that led them to create opportunities to start their own ventures were grouped together under the code of 'dissatisfaction with the current situation'. This process of grouping similar open codes together is called 'axial coding' (Corbin & Strauss, 2007) or 'analytical coding' (Richards, 2005). Richards (2005) explains analytical coding as "coding that comes from interpretation and reflection

on meaning” (p. 94). The researcher kept a list of codes that derived from the transcript on a separate file. The list of codes expanded as the researcher worked on the rest of the transcripts.

### **Step 6: Checking for similar and different codes through constant comparative data analysis method**

While keeping in mind the list that was created while working on the first transcript, the researcher checked to see whether the same code was also present in the second transcript. The researcher made a separate list of comments, terms, and notes from this second transcript and then compared it with the list that was derived from the first transcript. These two lists were then merged into one master list that expanded as the researcher work on the rest of the transcripts. The master list recorded all similarities and differences that the researcher identified among all transcripts. This approach is known as the ‘constant comparative method’ (Glaser & Strauss, 1967). This data analysis method basically involves comparing one part of data with another in order to find out its similarities and differences. It entails data to be grouped together on a similar aspect. This aspect is then given a name and forms a category. Comparing between data sets is important in conducting data analysis as according to Dey (2004), “Comparison is the engine through which we can generate insights, by identifying patterns of similarity or difference within the data” (p. 88).

### **Step 7: Creating Categories**

Through the constant comparative data analysis method, the researcher was able to identify the recurring patterns in the data. These recurring patterns then formed the categories whereby subsequent items were sorted into. According to Merriam (2009) categories are “conceptual elements that “cover” or span many individual examples (or bits or units of the data you previously identified) of the category” (p. 181). However, she warns that categories are not the data themselves, they are abstractions derived from the data.

At the beginning of the data analysis process the researcher initially created many categories. However, as the researcher went along coding more of the data from the interviews, the numbers of categories were reduced as only those codes or categories that hold across more than one interview were retained. Some of these retained categories were renamed to reflect what was really in the data. This process of improving and amending the categories went on until the process of writing up the findings began.

In creating the categories the researcher tried to hold to Merriam's (2009) advice, that: 1) categories should answer the research question(s) of the study, 2) categories should be comprehensive, that all the important or relevant data of the study should be able to be placed in a category or subcategory, 3) a particular unit of data must be relevant to only one category, that means the categories should be mutually exclusive, 4) the name of the categories should reflect and capture the meaning of the phenomenon, that it should be sensitising, and finally, 5) the same level of abstraction should produce the same level categories, or in other words, they must be conceptually congruent.

Using a word processing computer program the researcher sorted all of the evidence (unit of data) by creating special folder for each categories. Each file folder was then named after the corresponding category. For each unit of data that was placed in a category, the original identifying codes such as the participant's name, line numbers of the excerpt, and page numbers were included. By doing so, the researcher was able to go back to the original transcript, field notes, or document when the context of the quote needed to be reviewed.

### **Step 8: Interpreting and Theorising**

Merriam (2009) explains that it is possible to have several levels of data analysis in qualitative study. The first and basic level of data analysis is to organise the data chronologically or according to subject of interest and then to provide a description of the data. The next level entails progressing

from describing data to using concepts to describe phenomena – a somewhat more abstract level. The categories tell what the data is all about, but to a certain degree they also interpret the data. The third level of data analysis requires the researcher to draw inferences, construct models, or generate theory. Miles and Huberman (1994) describe this as a process of moving up “from the empirical trenches to a more conceptual overview of the landscape. We’re no longer just dealing with observables, but also with unobservables, and are connecting the two with successive layers of inferential glue” (p. 261).

Theorising as discussed by Merriam (2009) refers to a move to generate a theory that explains a particular practice. Hence, it enables a researcher to make inferences about future activity. It basically involves discovering or manipulating abstract categories and the relationships among those categories (LeCompte, Preissle, & Tesch, 1993). This process requires the researcher to connect the conceptual elements (the categories) together in some meaningful way (Merriam, 2009). In trying to understand how the categories work together, the researcher used diagrams to visualise the interaction and relatedness of the categories and subcategories. As a result of this, three models were developed that explain how these categories are linked, which also formed the findings chapters (Chapter five, six, and seven) of this thesis.

## **Validity and Reliability**

For research to have an impact, whether practically or theoretically, it must be carried out rigorously. Research is considered rigorous if it can convince the readers, practitioners, and other researchers that it is true and can be trusted (Merriam, 2009). As noted earlier, interpretive research is not about establishing truths, hence, the concept of validity and reliability that are commonly used to test positivist research are not suitable to be applied in interpretive research (Klein & Myers, 1999; Nordqvist, Hall, & Melin, 2009), such as this one. Rather, qualitative research demands detail description based on the participants' accounts and other supporting evidence such as documents and observation to assist researcher in making conclusion that 'make sense' (Firestone, 1987).

Scholars argue that since quantitative and qualitative studies belong to a different set of paradigm that result in different research design and methods, hence the strategies for establishing the study's trustworthiness for both types of study should be different. Hence, Lincoln and Guba (1985) introduced different concepts that deal with the issue of validity and reliability for qualitative study. They suggest two main criteria in evaluating qualitative research – i.e. trustworthiness and authenticity. Table 3.6 describes the components and descriptions of these two criteria. The following sections explain the strategies employed by the researcher in addressing the issue of validity and reliability of this study.

### **Internal Validity or Credibility**

Internal validity basically deals with the issue of how close is the research findings match the reality (Merriam, 2009). However, it is a widely known assumption of qualitative research that "reality" is viewed as something that is subjective, multidimensional and always changing. Therefore, attempt to assess the validity of a qualitative research based on how close its data match the reality is inappropriate (Merriam, 2009). Qualitative



research scholar such as Merriam (2009) defends that qualitative researchers are “closer” to reality as they directly involved in the data collection process of their research, such as in interviews and observations. The interpretations that qualitative researchers made from the data were based on their direct observations and interviews.

**Table 3.6 Descriptions of trustworthiness and Authenticity**

Criteria	Component	Description
Trustworthiness	Credibility <i>(internal validity)</i>	The researcher’s observation agrees with the theoretical ideas.
	Transferability <i>(external validity)</i>	The research findings can be generalised across social contexts.
	Dependability <i>(reliability)</i>	The study can be repeated (external reliability) and whether or not those who observe and hear the information be of the same opinion with it (internal reliability).
	Confirmability <i>(objectivity)</i>	The researcher behaves in good faith when conducting the study.
Authenticity	Fairness	The research reasonably represents various perspectives of the social actors.
	Ontological	The research achieves a better grasp of certain phenomena.
	Educative	The research helps others to understand people’s views.
	Catalytic	The research encourages change agents.
	Tactical	The research emancipate others to make changes

*Source: Adapted from Bryman and Bell (2007, p. 410-414) and Guba and Lincoln (2000).*

As explained earlier in the data collection section of this chapter, the researcher utilised the narrative interview, which formed the primary source of data of this study. The criteria of research participants were also explained in the same section. These criteria were important to ensure that only those individuals experiencing the phenomenon of interest were selected (Gioia, Corley, & Hamilton, 2012), which is also consistent with this study’s research questions. Careful consideration was given when developing the interview protocol to ensure that it is focused on the

research questions that is in-depth and comprehensive and does not include any leading question. The researcher adhered to this rule even when she had to revise the interview protocol as the research progressed due to the complexity.

In order to stay close to participants' experience, notes were taken on what the participants were telling during the interview with carefully using the participants' words, not the researcher's. The researcher also always had her thesis supervisors to play the role of devil's advocate to critique on interpretations that seemed to look credulous. This is important in order to avoid the risk of being too close and taking on the participants' views, hence losing the higher-level perspective that is important for informed theorising (Gioia et al., 2012).

Another strategy taken by the researcher is peer examination, where somebody who is familiar with the research area or new to the field of the research reads and comments on the findings (Merriam, 2009). Besides the supervisors of this thesis, findings of this research were discussed with the researcher's colleagues at the Universiti Kebangsaan Malaysia (National University of Malaysia), whom the researcher considered to be familiar with or new to this study's research area. Comments from supervisors and colleagues were taken into consideration in improving and refining findings of this study.

In order to avoid misinterpreting what the participants had said during the interview and to clear the researcher of any biases and misunderstanding during the interviews or observations (Maxwell, 2005), the researcher sent a copy of interview transcript to each participant to verify what they said during the interview and to confirm whether there was any part in the interview that the participants felt should be deleted for any reason. This was followed by a phone call made to these participants when further clarification was required.

## **Reliability or Consistency**

Traditionally, reliability refers to how extensive a research finding can be replicated. However, in social science it is difficult to replicate a study since human behaviour is always changing (Merriam, 2009). Instead, replication in the context of qualitative study is about “whether the results are consistent with the data collected” (Merriam, 2009, p. 221). It is what Lincoln and Guba (1985) conceptualise as “consistency” or “dependability”, more appropriate terms to use in qualitative research instead of reliability.

One of the strategies for consistency and dependability as suggested by Lincoln and Guba (1985) and which the researcher adopted is the audit trail. The audit trail allows readers to verify the findings of a study by following the path that the researcher had undertaken to get to the research findings. It details how the research data were collected, how categories were developed, and how decisions were made throughout the inquiry (Merriam, 2009). According to Richards (2005), research that explains in great detail how its researcher got there and able to convince the reader that the description it provides is the best account possible makes a “good” qualitative research. The account of what the researcher had undertaken to get to the findings of this study is detailed out in this chapter. The methods section of this chapter particularly spells out the step-by-step process that the researcher took to arrive at the findings.

## **External Validity or Transferability**

External validity in qualitative research refers to the extent to which the results of one study can be applied to other context (Merriam, 2009). Just like internal validity and reliability, generalizability in qualitative research also is shaped by the philosophical foundation that renders it to be different from the concept of generalizability in quantitative research. Lincoln and Guba (1985) suggest the concept of “transferability” to better capture the general idea of generalizability in the context of qualitative research. They explain that the researcher is responsible to provide

“sufficient descriptive data” of the study’s context so that readers can decide whether the findings are relevant to be applied in their situations. In addition to that, Patton (2002) advocates the idea of extrapolating instead of making generalisations, which he describes as “modest speculations on the likely applicability of findings to other situations under similar, but not identical, conditions” (p. 584). Patton (2002) further highlights that extrapolations are problem-oriented instead of statistical and probabilistic.

A common practice to increase the chance of transferring findings of a qualitative research to other situations is the use of “rich, thick description”, a terminology that was introduced by philosopher Gilbert Ryle (1949) and was originally for the use of ethnographic research (Maxwell, 2005). Later, it was picked up as one of the strategies to enable transferability, which refers to “a description of the setting and participants of the study, as well as a detailed description of the findings with adequate evidence presented in the form of quotes from participants interviews, field notes and documents” (Merriam, 2009, p. 227). According to Gioia et al. (2012), the methodology approach become less important if the data that were presented which based on the participants’ narratives failed to point to the developing theories.

The findings chapters are where the participants’ accounts were presented that guide toward development of new concept and theoretical discovery (Gioia et al., 2012). Hence, these chapters are filled with participants’ quotes. Tables and figures were also used to clearly present the empirical data that were derived from the participants’ narratives. The researcher also allocated a special chapter on research context to purposely provide detail account of the setting of the study.

Another strategy to enhance transferability is by carefully selecting the research sample. Researchers have two options in this regard; whether to go with maximum variation in the sample or purposefully select a typical or modal sample (Merriam, 2009). Maximum variation in the sample can be in terms of study sites picked for a research or the research participants

that the researcher is going to interview, give better chance of application by readers of the research. The objective of this study, which is to understand how Islamic spirituality shapes the formation of entrepreneurial venture, entailed the researcher to pursue purposefully sampling by including only Muslim entrepreneurs. The study sites took place in Kuala Lumpur and Klang Valley, as these sites are the major business locations in Malaysia. While it was convenient for the researcher to do data collection in these areas, the researcher tried to achieve a maximum variation in purposefully sampled Muslim entrepreneurs by having participants from both genders (i.e. male and female), from different industries and nature of business with varying number of years of experience in the business, from different age groups, and with various education levels.

### **Chapter Conclusion**

This chapter has described the philosophical stance and paradigm adopted for the study that informed its research methodology. As this study aims to understand how spirituality shapes the formation of entrepreneurial ventures among Muslim entrepreneurs, a qualitative research approach was employed. The design of this study with regard to its methods of data collection was also discussed in this chapter together with the step-by-step analysis process that the researcher engaged in to arrive at the research findings. Along with the ethical considerations impacting this study, strategies employed by the research to ensure the study's trustworthiness and authenticity were also addressed. Next chapter discusses the context of the study in detail.

## CHAPTER 4

### CONTEXT OF STUDY: MALAYSIA AND ENTREPRENEURSHIP

This chapter sets the scene for this research. It presents the context of this study, which focuses on Malaysia. It explains the geographical, demographical, historical, economics, and politics aspects of Malaysia that led to the current development of entrepreneurship in the country. According to Hill (2008) exploring the context in which entrepreneurial activities develop can help us understand more about a phenomenon. Context relates to variables that form the features of a setting, besides the motivations and behaviours of individuals in that setting (Zahra, 2008).

#### Geographical Background

The setting of this study is Malaysia, a Southeast Asian country that consist of West Malaysia on the Peninsula, where the capital city of Kuala Lumpur is situated and East Malaysia, which is made of two states on the Island of Borneo. The Peninsula Malaysia, which comprises of 11 states and Federal Territory (Kuala Lumpur) shares a border with Thailand at the north and across Johor Strait at the south with Singapore (refer to Figure 4.2). Meanwhile, East Malaysia is composed of two former British colonies in northern Borneo, Sabah and Sarawak (Cho, 1990) (refer to Figure 4.3).



Figure 4.1 Malaysia. From *Where is Malaysia located on the world map?*  
Retrieved from <http://www.freeworldmaps.net/asia/malaysia/location.html>



Figure 4.2 Peninsula Malaysia. From *Maps*. Retrieved from <http://mapssite.blogspot.my/2009/03/map-malaysia.html>

### Demographical Background

This study was conducted in Peninsula Malaysia. The population of Malaysia as in 2015 was approximately 30.6 million (Department of Statistics Malaysia, 2015), with the Malay or ‘*Bumiputera*’ (sons of the soil) making up 67.7 per cent of the total population, followed by Chinese, 24.1 per cent, and Indian 7.2 per cent (Muhammed Abdul Khalid, 2015). Ethnicity and religion are usually related in Malaysia (Bouma, Ling, & Pratt, 2010; Hefner, 2007), with the Malays are generally Muslim; the Chinese are Buddhist or of Chinese religion, and the Indians are Hindu.

Although Islam is the official religion of the country, the freedom to practice other religions is guaranteed under the constitutional law – Article 3(1) of the Federal Constitution (Federal Constitution, 2014).



Figure 4.3 The Island of Borneo. From *Maps*. Retrieved from <http://mapssite.blogspot.my/2009/03/map-malaysia.html>

## Historical Background

### ***Early History***

Before the coming of Islam to Southeast Asia in 13<sup>th</sup> century, Malaya (an old name for Malaysia) was infused with Buddhism and Hinduism cultures



and beliefs (McAmis, 2002). Islam arrived in Malaya in the 13<sup>th</sup> century, brought by Arab and Indian traders (Bouma et al., 2010; Cho, 1990; Milne & Mauzy, 1986) and became the dominant religion of the Peninsula Malaysia (Bouma et al., 2010; Milne & Mauzy, 1986). The conversion of Megat Iskandar Shah, the son and successor of the Hindu Maharaja Sri Parameswara, the ruler of the Melaka empire (a traditional Malay Kingdom) to Islam, was also one of the factors that contributed to the deep-seated of Islam in Malaya (Hooker, 2003). As a Muslim ruler, Megat Iskandar later took on the title 'Sultan' instead of 'Maharaja' and made Islam as the official religion of Melaka. Before that, Hinduism had been the official religion (Hooker, 2003).

The first Europeans to arrive in Malaya were the Portuguese who conquered Melaka in 1511 (Milne & Mauzy, 1986; Cho, 1990). They were competing with the Dutch for spice trade monopoly on the island of Java (Milne & Mauzy, 1986) who later defeated them in 1641 (Cho, 1990). Nevertheless, it was the British who finally succeeded in conquering the Malay states when they first arrived in 1786 in Pulau Pinang (Penang) (Cho, 1990).

### ***The Era of British Colonialism***

The era of British colonial rule in Malaya began in 1786 when a British East India Company agent, Sir Francis Light acquired Penang in return for the company's support for the Kedah Sultanate against Siamese attack. The promised support however, was never fulfilled (Milne & Mauzy, 1986). The British later acquired Melaka through negotiations with the Dutch who relinquished their control of Melaka for British trading settlement in Bencoleen, Sumatra in Indonesia in 1824 (Milne & Mauzy, 1986; Singleton, 2007). In the same year also, the ruler of Johor throne officially handed over Singapore to the British in exchange for the company's acknowledgment of the throne and an annual payment (Milne & Mauzy, 1986). The British gained control over the northern areas of Perak and Selangor in 1874 and by 1930 the whole of the Peninsula was under the British rule (Singleton, 2007). Meanwhile, Sabah was under the control of

British North Borneo Chartered Company from 1882 until 1942. In 1841 the Sultan of Brunei appointed an Englishman named James Brooke as the 'Rajah' of Sarawak ('Rajah' is a Hindu Sanskrit term for ruler or prince) in return for his help in stopping a local unrest and his ancestors controlled the state until the Japanese invasion in 1941 (Singleton, 2007).

The British rule over all the Malay states in the Peninsula and Singapore means that they also control the region's tin supplies. The discovery that food could be conserved in tin cans led to increased demand for tin from the West, especially during the American Civil War, where tin cans were used by the Union Army, and the craze for canned food as a novelty in Europe (Milne & Mauzy, 1986). In addition to that, the British government also established large rubber plantations and the demand for rubber soared due to mass production tyres for automobiles (Milne & Mauzy, 1986; Singleton, 2007). As both sectors were thriving and expanding, more miners and rubber tappers were required. Hence, Chinese and Indian immigrants were brought to Malaya to solve the labour shortage problem in the tin mines and rubber estates sectors (Singleton, 2007), which also marked the beginning of multiracial society in Malaysia (Milne & Mauzy, 1986).

The British regarded the immigrant workers as "guest workers" who would return to their home countries once they made enough money. Hence, no effort was made by the British government to coalesce the various ethnic groups (i.e. Malay, Chinese and Indian) (Milne & Mauzy, 1986). Under the British "divide and rule" management policy, Chinese took up the economic role as traders and merchants, Indians were encouraged to work in the rubber estates, while the Malay was encouraged to follow traditional way of life and worked as rice farmers and fishermen (Milne & Mauzy, 1986; Singleton, 2007). This policy resulted in Malays being the most undereducated and economically disadvantaged amongst all the ethnicities at the time of independence (Milne & Mauzy, 1986).

### ***Post-World War II: From Malaya to Malaysia***

From December 1941 until August 1945, Malaya was under the Japanese occupancy. After the World War II ended, the British colonial rule resumed in Malaya. The British proposed the establishment of Malayan Union, a political governing system that would combine the Federated Malay States (Perak, Selangor, Pahang, and Negeri Sembilan) and Unfederated Malay States (Perlis, Kedah, Kelantan, and Terengganu), while Penang and Melaka would be governed as a single crown colony (Milne & Mauzy, 1986). Under this new system all states would be united and ruled by a centralised government, the Malay's special status and rights would be revoked, and the Malay rulers would just be titular heads. In addition to that, the non-Malays would be recognised as the citizens of Malaya (Milne & Mauzy, 1986).

Despite public rejection, the Malayan Union was realised in April 1946 after the British successfully threatened to dismiss the Malay rulers and forced them to hand over their sovereignty to the British by signing the MacMichael Treaties (Milne & Mauzy, 1986). The Malays were infuriated and launched a massive rally around the country protesting the Malayan Union. Feeling apprehensive by the Malays uprising, the British later replaced the Malayan Union with a federal scheme that was led by the United Malays National Organisation (UMNO) (Milne & Mauzy, 1986). Under the new Federation of Malaya, the role of Malay rulers was reinstated, and also the "special rights" of the Malays. In addition to that, strict control on citizenship was introduced to ensure the survival of the Malay race (Milne & Mauzy, 1986). In August 1957, the Federation of Malaya gained an independence from the British government and in 16<sup>th</sup> September 1963, Malaysia was born. In 1965 however, Singapore "ceased to be a member of the Federation of Malaya" and became an independent country (Singleton, 2007).

## The Political System

Malaysia practices a system of constitutional monarchy with a federal parliamentary system of government. While the King or the *Yang Dipertuan Agong* is the head of the country, the Prime Minister leads the Cabinet in administering the country. Malaysia also adopts the principle of separation of powers between executive, legislature, and judiciary and it is held at both the federal and state government (Jeong & Nor Fadzlina, 2007). Malaysia's federal system of government grants most powers to the national government, particularly in the area of finance, foreign policy and defence, internal security, education, and social welfare. Meanwhile, less important areas such as land, water, and the religion of Islam are under the control of the states (Funston, 2001).

Funston (2001) states that Malaysia's Federal Constitution is unique in the sense that it acknowledges the Malay character of the country, and recognises the special needs of the Malay community. The Federal Constitution appoints the Malay sultans as the Head of States and the federation. The Malay language was made the national language and Islam became the official religion of the country with guaranteed freedom of worship to the non-Muslims. However, Islamic law only applies to Muslims. In order to protect the special position of Malays, the Federal Constitution provides special provisions such as land reserves exclusive for Malays and special quotas in the public service employment, schools, and universities, and in the allocation of scholarships and commercial licenses (Federal Constitution, 2014).

The monarchy system in Malaysia is unique. The *Yang Dipertuan Agong*, which is the king, is appointed on a rotational basis every five years among the other nine traditional state sultans (Funston, 2001). On many issues the *Agong* acts, based on the advice of the Prime Minister, which means the *Agong* reigns but does not rule (Federal Constitution, 2010). Besides being the Supreme Head of the Federation, the *Agong* also heads the repository of executive, legislative and judicial authority, the Supreme Commander of the Armed Forces, and the Head of Islam in the Federal

Territories (i.e. Kuala Lumpur and Labuan) and the states of Malacca, Penang, Sabah and Sarawak. He also has the discretionary power to appoint the Prime Minister, while ensuring majority support in the Parliament, and to dissolve the Parliament.

Although the *Agong* is the Supreme Head of the country, he does not rule. The effective executive power rests with a Cabinet, which is led by the Prime Minister. The Cabinet currently comprises of 36 ministers (i.e. from 24 ministries) and whom must be Members of Parliament and are appointed and dismissed by the *Agong* based on the Prime Minister's advice (Prime Minister's Office, 2016). Figure 4.4 provides a full list of ministries of Malaysia's Cabinet.

The Parliament of Malaysia is bicameral, consisting of *Dewan Rakyat* (House of Representatives) and *Dewan Negara* (Senate), which are also known as the lower and upper houses (Funston, 2001). The *Dewan Rakyat* has a more important role than the *Dewan Negara*. It is where members of the Parliament debate issues, initiate all the bills, and has exclusive power over finance (Funston, 2001). Meanwhile, the *Dewan Negara*'s role includes to act as a house of review and to protect the interests of the state. Unlike the *Dewan Rakyat*, it does not initiate legislation, and has no power to defer or stop any bill. However, it has the authority to stop amendment of the constitution but has never exercised this power (Funston, 2001)

As an independent arm of government, the primary responsibility of Malaysia's judiciary entails defending and interpreting the constitution. The court system of the country consists of Superior Courts (which include High Court, Court of Appeal) and Federal Court, and Subordinate Courts (that consists of the Sessions, Magistrates and Native Court). Malaysia has a dual justice system. Since independence, a parallel system of law co-exists in Malaysia – i.e the Islamic law and the civil law, which is provided in the Article 121 (1A) of the Constitution of Malaysia (Federal Constitution, 2014). The court for Islamic laws (also known as the Shariah

laws) is known as the Shariah Court, which deals with matters relating to Islam and having jurisdiction only over the Muslims on issues such as marriage and inheritance. Meanwhile, the civil courts have jurisdiction on matters relating to civil and criminal laws (Harun, 2006).

<b>Malaysia: Government Ministries</b>
Ministry of Home Affairs
Ministry of Education
Ministry of Transport
Ministry of Natural Resource and Environment
Ministry of Plantation Industries and Commodities
Ministry of Tourism and Culture
Ministry of Defence
Ministry of Rural and Regional Development
Ministry of International Trade and Industry
Ministry of Energy, Green Technology and Water
Ministry of Communication and Multimedia
Ministry of Health
Ministry of Agriculture and Agro-base Industry
Ministry of Finance
Ministry of Foreign Affairs
Ministry of Women, Family and Community Development
Ministry of Works
Ministry of Domestic Trade, Co-Operatives and Consumerism
Ministry of Human Resources
Ministry of Federal Territories
Ministry of Higher Education
Ministry of Youth and Sports
Ministry of Urban, Wellbeing, Housing and Local Government
Ministry of Science, Technology and Innovation

*Figure 4.4* Malaysia Government Ministries. From *Cabinet Members*. Retrieved from <http://www.pmo.gov.my/home.php?menu=cabinet&page=1797>

Although Malaysia is not a one-party state, the United Malays National Organisation (UMNO) party has been leading the country's politics since 1946. The party's ability to maintain its success comes from its focus on

the Malay communal interests (Funston, 2001). Leaders of the UMNO party have always held the main positions in the cabinet. Traditionally, the President of the party will become the Prime Minister, while the Vice President will assume the Deputy Prime Minister post. Despite the fact that UMNO has been leading Malaysia's politics for 58 years, it had never ruled the country alone. Instead, UMNO has been ruling the country through coalition with other political parties such as the Malaysian Chinese Association (MCA), Malaysian Indian Congress (MIC), *Parti Gerakan Rakyat Malaysia* (Malaysian People's Movement Party), and a few other Borneo's native bumiputera political parties. The coalition between UMNO and these political parties is known as the *Barisan Nasional* (National Front).

Before the wake of Anwar Ibrahim's (former Deputy Prime Minister during the time of Tun Dr. Mahathir Mohamed as the Prime Minister of Malaysia) sacking in 1998, there were generally three consistent opposition parties in Malaysia: 1) *Parti Islam Se Malaysia* (PAS, Pan-Malaysian Islamic Party), 2) the Democratic Action Party (DAP), and 3) *Parti Rakyat Malaysia* (PRM, Malaysian People's Party – the mainly Malay socialist party). Following the sacking of Anwar Ibrahim in September 1998, the *Pergerakan Keadilan Sosial* (Social Justice Movement), known as ADIL was launched and led by Anwar's wife, Datin Seri Dr. Wan Azizah. This movement later transformed into a political party known as the *Parti KeADILan Nasional* (National Justice Party) and won several parliamentary and state seats in the 1999 elections. Since then this party has been part of the permanent features of Malaysia's political landscape. In the same year also these opposition parties – i.e. PAS, DAP, KeADILan, and PRM have formed a *Barisan Alternatif* (Alternative Front) to contest in the country's general elections. They have until these days work together to form a two-coalition system in Malaysia's politics (Funston, 2001).

## **Malaysia's Economic Development**

To better understand Malaysia's economic development, this discussion is organised into five timeline phases. The first phase discusses the economic development of the country after its independence in 1957 until 1970. The second phase continues with the era of the New Economic Policy, which is between 1971 until 1990. The third phase deals with the country's economic situation after the second oil crises that hit the country in 1979 and the beginning of Malaysia's involvement with the heavy industry, which was between 1984 until 1990. The next phase, 1991 until 2000 marked the beginning of new economic policies – i.e. New Development Policy (NDP) and New Vision Policy that were introduced to replace the NEP. The final phase discusses the economic situation of Malaysia between the years of 2001 until 2010.

### **1957 - 1970**

Prior to the independence of Malaysia in 1957, the country's economic activity was mainly based on commodities such as rubber and tin, which contributed 70 per cent to the country's export revenue, 28 per cent to the government revenue, and 36 per cent to the total employment. Between 1957 to 1970, the economy grew by 6 per cent every year with the private sector became the biggest contributor to the country's economic development. The government at that time had taken a strategic move to overcome the 'newly independent' country's weak economic structure by focusing on expanding and modernising agricultural production and also rural development. Import substitution strategy was used to encourage industrial development that focused on rubber and tin based industry. By the end of 1960s the contribution of exports of services to the country's GDP decreased from 52.6 per cent in 1960 to 45.1 per cent in 1970. Meanwhile, contribution of rubber and tin in overall export of durable goods also fell from 70 per cent to 53 per cent during this period of time. The year 1970 was the beginning of Malaysia's economic transformation – agricultural diversity, whereby timber and palm oil emerged as the most important export commodities. Furthermore, with the discovery of oil fields



in Sarawak's offshore, crude oil production was becoming increasingly important (Malaysia Economic Planning Unit, 2013).

### **1971 – 1990: The Era of NEP**

In 1971, the New Economic Policy (NEP) was introduced as a result of the racial riots that happened in May 1969. Explanation of the situation that led to the riots and introduction of the NEP are discussed in the next section. This policy called for two objectives: 1) eradication of poverty and 2) restructuring of society (Jomo, 1994). The NEP also set out specific goals of increasing the *Bumiputera's* equity ownership to 30 per cent by the year 1990 (Omar, 2006). Consequently, this period was indeed the turning point for *Bumiputera's* involvement in the country's economic activities and the growth of manufacturing sector (Abdullah, 2008). With a growth rate of 10.4 per cent annually, the manufacturing sector became the fastest growing sector, surpassing the agricultural sector and contributing 22.6 per cent of GDP in 1987 (Malaysia Economic Planning Unit, 2013). This policy had changed the country's economic direction from import substitution to export-oriented industrialisation (Jomo, 1994).

### **1984 – 1990**

In the early 1980s, the country's economic growth began to slow, mainly because of the prolonged global recession followed by falling oil prices for the second time in 1979. Hence, beginning in 1983, the government undertook several measures to restructure the country's economy. Measures included control of public sector spending to reduce the government's fiscal deficit with the growth strategy driven by the private sector. In executing this initiative, the government introduced economic liberalisation and deregulation and improved investment policies and incentives to encourage a more vibrant private sector. In order to expedite the growth, the government implemented administrative and institutional reforms to enhance the efficiency of the public sector. At the same time, the privatisations of public sector agencies and enterprises were introduced (Malaysia Economic Planning Unit, 2013).

During this period of time, the country's economy was also diversified into more advanced industry. Tun Dr. Mahathir Mohamed, who was the Prime Minister at that time, established Heavy Industries Corporation of Malaysia (HICOM) as an initiative to focus on heavy industries such as iron, steel, cement and cars to produce intermediate goods, and consumer durables (Drabble, 2000). Learning from other developing countries where heavy industry is an important contributor to the country's economic growth, this measure was taken due to the need for Malaysia to reduce its dependency on imports of capital goods and intermediate goods in order to maintain its growth. By 1990, which marked the end of the NEP period, the economy had returned to a high growth path with the restoration of fiscal and monetary stability, and a stronger balance of payments reduced the burden of external debt. Foreign capital inflows are greater than ever experienced before. The poverty rate has now declined and the equity ownership pattern has also improved (Malaysia Economic Planning Unit, 2013).

### **1991 – 2000**

The 1990s began with the introduction of the Vision 2020 by Tun Dr. Mahathir Mohamed. The Vision 2020 also marked the beginning of the New Development Policy (NDP), which emerged from the NEP. With equity as its main core, this policy's focus was on "balanced development". The New Development Policy introduced a few new dimensions that involved redirecting the government's focus from poverty reduction strategies to eradication of extreme poverty and poverty in general, creating more job opportunities, increasing Bumiputera's meaningful participation in modern economic sector through strengthening the Bumiputera's community, trade and industry, encouraging greater involvement of the private sector in the process of restructuring Bumiputera's participation, and the development of human capital (Malaysia Economic Planning Unit, 2013).

Until the mid-1990s, Malaysia experienced rapid economic growth. Between 1991 until 1997 the country's GDP grew at a constant rate of 8.5

per cent annually with per capita income doubling. Such a favourable macroeconomic environment attracted a large influx of investments and contributed to the country's economic growth. However, the 1997/98 Asian financial crises affected the country's economic growth. Though the crisis did affect the achievement of the NEP's targets, Malaysia managed to escape the severe impacts of the crisis due to its strong economic fundamentals as well as pragmatic and quick action during the crisis (Malaysia Economic Planning Unit, 2013)

### **2001 – 2010**

In 2001, the government of Malaysia launched a special policy called *Dasar Wawasan Negara* (National Vision Policy), which was part of the country's strategy to achieve the Vision 2020. Integrating two previously important policies – i.e. NEP and NDP, the National Vision Policy aimed at developing Malaysia into a knowledge-based society and to achieve at least 30 per cent Bumiputera's equity ownership by 2010. The falling of global demand for electrical and electronic goods as well as the event of September 11 in the United States slowed the country's economic growth by 0.5 per cent in 2001. However, the economy rebounded in 2002 with a growth of 5.4 per cent despite the Severe Acute Respiratory Syndrome (SARS) outbreak that swept across the globe and the war in Iraq in 2003 (Malaysia Economic Planning Unit, 2013)

When some developed countries such as the United States of America and Japan experienced a recession in 2008, the world economy was in crisis. The situation became worse in 2009 when nearly all developed countries experienced a recession. In order to overcome this situation the government introduced two economic stimulus packages, which helped the economy to recover to 7.2 per cent in 2010. However, the debt crisis that affected the euro countries such as Portugal, Ireland, Greece, and Spain in 2011 caused a setback on the country's economic growth. The economic problems in the United States such as high unemployment rate, high national debt, and the deficit further aggravated this downturn. In 2012, Malaysia managed to come out from this crisis with impressive

growth of more than 5 per cent compared to the previous target of 4 per cent to 5 per cent (Malaysia Economic Planning Unit, 2013).

### **Entrepreneurship Development in Malaysia**

Entrepreneurship in Malaysia began as basic trading activities, which was enjoyed by the Bumiputeras long before the arrival of the British and other immigrants. The Bumiputeras were involved in trading activities with local as well as foreign traders such as the Arabs and the Indians (Drabble, 2000). During this period of time, the Malay language had become an important language of trade as a result of the Bumiputera's active involvement in trading and business activities around the Malay Archipelago region (Andaya & Andaya, 2001). However, this entrepreneurial tradition ceased to develop further after the British colonisation (Hamidon, 2013).

In explaining the decline of Bumiputera's entrepreneurship as a result of British colonisation, scholars have ascribed a number of reasons. First, the segregation of Malaysian society according to ethnic identities, social status, and economic status, which according to the British was a way to control the three major ethnic groups in the country (Ahmed, Majar, & Alon, 2005). Relying on agricultural activities as main occupation, the Malays were encouraged to live in rural areas, while the Indians whom majority worked as labourers settled in rubber plantations (Drabble, 2000). However, the Chinese received a special treatment by the British and were placed in urban areas and got involved in business activities (Ahmed et al., 2005). According to Guillick (1981), this is because from the British point of view the Chinese were a more sophisticated and organised society, which could be helpful for British businesses and administration. As there was no effort by the British to relocate the Malays back to the urban areas, the Malays were left behind in terms of business experiences and know-how (Mohamad, 1970).

Second, the British mercantile and colonial policies seemed to be deterring the Malays from being involved in entrepreneurial activities (Peletz, 1998). For instance, the British policy did not allow Malays to switch their paddy field into more profitable plantations. On top of that, they were penalised if they did not work the paddy fields. These rules succeeded in preventing Malays from escaping their traditional agricultural economic activity and keeping them away from participating in the new tin and rubber based economic activities (Andaya & Andaya, 2001).

Another factor to be blamed was the British education policy, which was seen as insufficient in preparing the Malays for the country's modern economic activities (Guillick, 1981; Shome, 2002). The British colonial education policy was created based on identification of race with specific economic roles. In order to protect their economic interest in the country, the British assigned different economic roles to different ethnic groups: the European to rule and manage, the Chinese and Indian immigrants to work in the export and commercial activities, and the Malays to work in the agricultural sector (Andaya & Andaya, 2001). The British main objective of the education policy especially with regard to the children of Malay Ethnic, was to groom them to be better farmers and better fishermen than their fathers (Shome, 2002).

After Independence, while Malays were in charge of running the country's politics, the Chinese remained as the main inheritors of the country's economy (Milne & Mauzy, 1986; Muhammed Abdul Khalid, 2015), which had caused an economic imbalance in the country. Malays and other indigenous people were the ones most affected by this economic imbalance. Regardless of the privileges granted to them as stated in the Constitution, Malays and other indigenous people were the poorest group and the most behind in terms of economy (Muhammed Abdul Khalid, 2015). The Malays and the Chinese's dissatisfaction with the country's economic and political representations reached its peak in 1969. The racial riots that happened in May 1969 were a wake-up call for the Malay leaders about the reality of ethnic relationships and social imbalance of the

Malaysian society (Milne & Mauzy, 1986). The cause of the problem was identified to be due to the socio-economic imbalance among the different ethnic groups. Among the key factors that led to the socio-economic imbalance was the lack of educational opportunities for Malays (Muhammad Abdul Khalid, 2015). Therefore, in order to deal with this problem realistically and in the open, the New Economic Policy (NEP) was introduced. The NEP was organised into a series of five-year plan, aimed for national unity that could be achieved only through fairness and equality among all social and ethnic groups and by minimizing poverty and providing sufficient employment opportunities (Milne & Mauzy, 1986). The policy had two objectives, which were: 1) poverty eradication regardless of race, and 2) the restructuring of society to eliminate the identification of race with economic function (Malaysia, 1971). The first objective aimed to minimise and later eliminate poverty along with reorganising and fixing the society's economic imbalance. Meanwhile, the second objective involved the upgrading of rural life and formation of Malay commercial and industrial community at all levels (Milne & Mauzy, 1986). In order to achieve these two objectives three important strategies were launched: 1) restructuring racial composition of employment, 2) restructuring of wealth ownership, and 3) creation of Malay commercial and industrial community (Hamidon, 2013). Even though the racial distribution of total employment in Peninsular Malaysia in 1970 fairly represented the racial composition of the population then, Malays were over represented in the agricultural sector while the Chinese dominated the more productive sectors of the economy such as the mining, manufacturing, and commercial sectors (Hamidon, 2013). In order to fix this racial imbalance, the government had to intervene by providing better educational and training opportunities particularly in the field of science and technology together with other professional, technical, and managerial qualifications (Hamidon, 2013).

Although restructuring of employment patterns would narrow the income inequality gap, still it was not enough to fix the problem as half of the total income differences of the population were due to the ownership and control of wealth issues (Hamidon, 2013). Hence, the government insisted

on restructuring the country's wealth ownership. After Malaysia's independence in 1957, the majority of the ownership and control of country's economy was still in the hands of the foreigners, which accounted for 60.7 per cent of the total share of limited companies in Peninsular Malaysia. While the Malay owned only 2 per cent of the country's total wealth, the Chinese and the Indians respectively controlled 22.5 per cent and 1 per cent of the country's total asset (Malaysia, 1973). Hence, the government made it clear that by the end of the NEP in 1990, the Malays and other Bumiputeras would own at least 30 per cent of the equity capital in the corporate or business sector. In order to materialise this aim the government had set up trust agencies and their subsidiaries such as the National Equity Corporation Ltd. or *Permodalan Nasional Berhad* (PNB), People's Trust Council or *Majlis Amanah Rakyat* (MARA), Urban Development Authority (UDA), and State Economic Development Corporations (SEDCs). Of all these trust agencies the National Equity Corporation or *Permodalan Nasional Berhad* (PNB) was the crucial agencies that would help to increase the Malays and other Bumiputeras' participation in the business and economics sectors. The establishment of these agencies was also part of the government strategy to create the Bumiputera Commercial and Industrial community (BCIC).

While the NEP had been successful in accomplishing its first objective (i.e. eradication of poverty), the second objective (i.e. reducing economic imbalances), had been less successful. By the time the policy ended in 1990, the poverty rate had been reduced to 16 per cent, compared to 49 per cent in 1970 (Jomo, 2004). The NEP's aim of restructuring the society, which had called for increased Bumiputeras' ownership of corporate stock of at least 30 per cent, had been less successful. Despite increased to 18 per cent in 1990 from 1 per cent in 1969, this figure was still far from the initial target. The Chinese minority still owned the majority of capital assets in the country (Dana, 2007). The NEP has been succeeded by various policies since 1990, such as the National Development Plan (for 1991 to 2000) and National Vision Policy (for 2001 to 2010). However, according

to Jomo (2004), there is a general belief that the NEP's policy of restructuring society is still influencing today's public policy.

The National Development Plan (NDP) that was introduced in 1991 after the end of NEP continued to carry the two basic strategies of the NEP. However, its focus had shifted from eradication of poverty to addressing hard-core poverty. It also emphasised increasing the Bumiputeras' participation in the modern economic sector. Actions to materialise these two aims were intensified under the NDP. Hence, Malays were given more opportunities to own and operate their businesses through the system of quotas, licences, and other special assistance (Hamidon, 2013). The private sector also assists in encouraging Bumiputeras' economic participation through programmes such as vendor and franchise developments. In addition to that, a smart partnership programme between Malay and non-Malay entrepreneurs was also introduced. To further enhance the development of Bumiputera entrepreneurs, the government required that they must hold at least 30 per cent equity in companies that are involved in privatised projects. The government also made a provision those Bumiputera contractors to be granted at least 30 per cent of contract-works in major privatised projects. The NDP had successfully further reduced the poverty rate from 16.5 per cent in 1990 to 7.5 per cent in 1999. The incident of hard-core poverty was also reduced from 3.9 per cent in 1990 to 1.4 per cent in 1999 (Hamidon, 2013). Significant development on employment restructuring had also been achieved under the NDP. The percentage of Bumiputera in the professional and technical categories grew from 60.5 per cent in 1990 to 63.8 per cent in 2000. The government's effort to increase Bumiputera's economic participation and entrepreneurship development had been quite impressive during the period of NDP. The Registrar of Business (ROB) recorded a number of 697,900 Bumiputera's sole proprietorship and partnership. Meanwhile, there were about 57,700 Bumiputera's private limited companies recorded by the Registrar of Companies (ROC). However, despite the notable 36.9 per cent proportion of Bumiputera in the labour force within the administrative and management category in



2000, the majority were still employed in lower category occupations of the production and agricultural sectors (Hamidon, 2013).

Despite the remarkable progress of Malay equity ownership in the corporate sector achieved under the NDP, the government thought that the performance could be improved with better support. Hence, the National Vision Policy (NVP) was launched in 2001 with the aim of building a progressive and prosperous 'Bangsa Malaysia' or Malaysian race where different ethnic groups live in harmony and are engaged in full and fair participation in the economy, in order to achieve national unity (Hamidon, 2013). For the government to achieve this aim the following strategies were developed: 1) building a knowledge-based Malaysian society, 2) eradicating poverty in the remote areas and amongst the native and minority Bumiputera in Sabah and Sarawak and increasing the income and upgrading the quality of life of those people in the lowest 30 per cent income category, 3) attaining productive Bumiputera participation as well as equity ownership of at least 30 per cent by 2010, and 4) getting more Bumiputeras to participate in the leading sectors of the economy (Hamidon, 2009). However, the change of Prime Minister in 2003 caused the NVP to be reformulated as National Mission Policy (NMP) under the Ninth Malaysia Plan (9MP). The NMP basically dealt with the country's effort in enhancing its capability to compete globally. The NMP also provided a framework on how Malaysia could work on strengthening its national unity and trying to strike a balanced distribution of income and wealth along with providing better quality of life of its people (Malaysia, 2006). The 9MP was introduced during the time of Tun Abdullah Badawi, the fifth Prime Minister of Malaysia. Just as Tun Dr. Mahathir Mohamed was known for his 'look east policy', Tun Abdullah Badawi also had his own approach in building the country. As a religious man himself, Tun Abdullah believed that the nation's progress and development should be guided by the universal values of *Islam Hadhari*. The concept of *Islam Hadhari* is briefly explained in the next section.

Under the leadership of Datuk Sri Najib, the current Prime Minister of Malaysia the New Economic Model (NEM) was launched as part of the Tenth Malaysia Plan (10MP). The NEM was needed in order to solve the 'middle-income trap' phenomenon, which the country was experiencing at that time. Hence, this model centred on providing better quality of life for the people and focused on three important goals: 1) to enable Malaysia to reach high-income status, 2) to enable all communities to fully benefit from the wealth of the country, and 3) to meet current needs without compromising future generations (National Economic Advisory Council, 2009). These three important goals also meant that the government would have to strengthen the economic sectors and to be prepared for the country's economy to be market-led, well governed, regionally integrated, entrepreneurial, and innovative (Hamidon, 2013). Therefore, in order to achieve these goals the country would have to prepare and support a favourable environment that would nurture and develop entrepreneurship of its people.

### **Islamic Revivalism in Malaysia**

Around the same time when the NEP was introduced, a movement of Islamic revivalism swept the country. According to Baharuddin (1997), this phenomena was inspired by at least six important objectives (p. 211): 1) to get control of modernisation, 2) to deliver message on anti-imperialist or anti-hegemony, 3) to encourage spiritual renewal from within a given religion, for example, an initiative to "re-Islamise knowledge", 4) to overcome the effects of societal rationalisation, 5) to seek for solution on how to live in a world of radical doubt by redesigning the traditional symbols and systems of meaning, and 6) to redesign tradition, hence permitting a redefinition or reassertion of ethno-religious identities in a plural society. There is debate however, that the racial clash between Chinese and Malays which happened in 1969 had caused a crisis that create "a sense of failure among young Malaysian Muslims, especially university students" that further encouraged this movement (Baharuddin, 1997, p. 212). According to Baharuddin (1997), the racial riot can also be

considered as a catalyst for the Malay youths to turn to Islam as a way to deal with radical doubt.

Islamic revivalist in Malaysia can be categorised into four groups: 1) traditionalist, 2) fundamentalists, 3) radicals, and 4) revivalists (McAmis, 2002; von der Mehden, 1986). Thus, different categories require different approaches by the government in handling the Islamic revivalism activities of these groups. The “traditionalists” are the Malay Muslims residing in small villages. Although they are not viewed as a dangerous political threat, support from this group is highly sought by the major political parties in Malaysia. The “fundamentalist” is the group that demand for reinstatement of “pure” religion of Islam and propagates conservative interpretation of Islam. They call for the establishment of Islamic state that is based on the Quran and Hadith and reject any kind of “western” influence such as modern technology. The “radicals” adopt a stricter and more extreme interpretation of Islam both rhetorically and in action. They sometimes use violence in their attempt to realise their dream of an Islamic state. The government regards both fundamentalists and radicals as a dangerous threat to the country and had used the violence committed by the radicals as a reason to control and to limit the activities of the traditionalists and fundamentalists when they against government policy or development (McAmis, 2002; von der Mehden, 1986). Meanwhile, the “revivalists” are the group of Malay Muslims such as scholars who support the idea of practising Islam in the modern world. This group stresses on propagating Islam to the devoted Muslims and inspiring them to learn about the modern technologies. These people claim to be non-political and their activities are more focus on education, economic progress and *dakwah* (literally means “to call”). Their concerns are more towards the commitment to Islam and social and economic well being of the Muslim (McAmis, 2002).

The revived interest in promoting Islam by these various groups had led to some confrontations between the traditionalists and fundamentalist groups (Milne & Mauzy, 1986). A *dakwah* movement was a common phenomenon

that these groups would engage in during this period in order to promote their interpretation of the “true” Islamic belief. Hence, the dakwah movement in Malaysia was not homogenous. It ranges from “small communal cults to large politically motivated groups, from extremists to moderate militants” (Milne & Mauzy, 1986, p. 74). Apart from trying to control these various groups’ dakwah activities, a number of international and domestic incidents that happened in the 1970s had caused the Malaysian government to mainstream the dakwah movement. At the international level, the oil crisis of 1973 and the Arab-Israelis war; the emergence of Middle Eastern Islamic states as “Islamic financiers”; the reinforcement of the Organisation of the Islamic Conference (OIC) as the foundation of the establishment of a so-called Muslim Bloc; the Palestinian issue and the PLO’s rise to prominence and the Islamic revolution in Iran, were among the events that not only changed the view and role of Islam in global politics but also raised the position of Islam to a higher level in Muslim dominated country such as Malaysia (Baharuddin, 1997). Domestically, the challenge increased when an Islamic political party, Parti Islam Se Malaysia (PAS) withdraw from the ruling coalition and took up the role of opposition on the country’s political arena (Baharuddin, 1997). PAS political aspiration is a combination of Malay nationalism and the establishment of Islamic state (Funston, 2001; McAmis, 2002).

In response to the increasing demands of Islamic resurgence in Malaysia, the government of Malaysia, under the leadership of Tun Dr. Mahathir Mohamed slowly began to promote Islam through the government policy (Haneef, 2005; Milne & Mauzy, 1986). The “islamisation” (Milne & Mauzy, 1986) began in March 1981, when Tun Dr. Mahathir Mohamed who was then, an acting Prime Minister introduced an “Islamic Consultative Body” (ICB) to “ensure that national development programmes conformed to Islamic values” (Mohamed Aslam, 2005, p. 86). In late 1981, the government began to seriously instil Islamic values in the government’s administration when it announced the Inculcation of Islamic Values (IIV) policy (Haneef, 2005). Many Islamic-oriented programs and initiatives

were introduced and organised around the country resulted in the rising of Islamic awareness across Malaysia (Baharuddin, 1997).

Despite the absence of a clear cut scope and detailed explanation, the IIV policy stressed the value of *amanah* (trust), responsibility, sincerity, dedication, moderation, diligence, cleanliness (incorruptibility), discipline, co-operation, integrity, and thankfulness (Ministry of Information, 1986; Prime Minister's Department, 1986). Tun Dr. Mahathir's administration was trying to consider demands of both Malays/Muslims and non-Muslims without jeopardising the relationships between both groups and did not believe in imposing the Islamic law or other aspects of Islam on them. The IIV policy was an effort at enhancing individuals in their way of thinking, behaviour, and value orientation (Haneef, 2005). Haneef (2005) makes an interesting point on his observation on Tun Dr. Mahathir's economic outlook on this matter. He states that:

In this sense, Mahathir's views certainly are not neo-classical economic views that look at economics as an independent, objective discipline. Instead, culture (including values and attitudes) and religion play an important role in determining the success or failure of economic policies, something that Fukuyama (1995) refers to as "social capital" (p. 87).

The result of instilling Islamic values in government policy, particularly economic policy, include the establishment of interest-free banks, Pilgrims Savings Funds, Islamic Economic Development Foundation of Malaysia, International Islamic University of Malaysia, Islamic insurance, the restructuring of the *Baitul Mal*, and legal reforms (Haneef, 2005). Under the leadership of Tun Dr. Mahathir Mohamed, Malaysia aspired to be an advance industrial country by the year 2020. Since Tun Dr. Mahathir believed that religion and culture play an important role in determining economic success (Haneef, 2005), in 1991 he declared that Malaysia would not walk on the same trail that the West took in its journey to industrialisation and modernisation (Baharuddin, 1997; Mohamad, 1991).

Instead, Malaysia's road to 2020 would be "guided by spiritual, religious, and moral consciousness of the highest level" (Baharuddin, 1997, p. 221).

When Tun Abdullah Ahmad Badawi took over the Prime Minister's office in 2003 he carried on with Tun Dr. Mahathir's idea that Islam and modernisation must go hand in hand by instilling the idea of '*Islam Hadhari*' (civilizational Islam), which aimed at achieving eight objectives (Ahmad Badawi, 2006): 1) to restore moderation and to embrace the mainstream, which will help strengthen both the people and the state, 2) to value good character, which should be central to the society in order to help it become a role model for both the *Ummah* (nation) and humanity as a whole, 3) to adopt seriousness and accountability in dealing with society's main undertakings, 4) to build all social relations upon trust and good morals, 5) to respect laws and order, 6) to cherish unity, co-operation, and solidarity, 7) to implement genuine Islamic teachings and realising the objectives of Shariah, 8) to empower the state to be in leading position, not feeble and weak-willed.

The idea of Islam Hadhari contains ten principles that Muslim nations and community must strive to achieve (Ahmad Badawi, 2006): 1) faith and piety in Allah, 2) a just and trustworthy government, 3) a free and independent people, 4) mastery of knowledge, 5) balanced and comprehensive economic development, 6) a good quality of life, 7) protection of the rights of the minority and women, 8) cultural and moral integrity, 9) protection of the environment, 10) strong defences.

The concept of Islam Hadhari was succeeded by the '1Malaysia' values when Datuk Seri Najib Tun Abdul Razak, the sixth Prime Minister of Malaysia took over the leadership of the country in 2009. The main aim of the 1Malaysia concept is to promote national unity (*The Story of 1Malaysia*, 2015), as Malaysia is known for its diverse and multiracial communities. The '1Malaysia' values consist of eight values, that are: 1) culture of excellence, 2) perseverance, 3) humility, 4) meritocracy, 5) acceptance, 6) loyalty, 7) integrity, and 8) education (Values, 2015). The

Islamisation (initiated by Tun Dr. Mahathir Mohamed), the idea of Islam Hadhari (introduced by Tun Abdullah Ahmad Badawi), and 1Malaysia concept (launched by Datuk Seri Najib Tun Abdul Razak) points out that in order for Malaysia to be a developed country, the nation's mind set, values, characters, and attitudes need to be developed as well.

### **Conclusion**

Malaysia's history, politics and economics that continue to evolve since its independence has significantly shape the country's unique landscape of entrepreneurship. The distinctiveness of entrepreneurship in Malaysia has also been defined by a number of important phenomenon and occurrences such as the Islamic revivalism and the 13<sup>th</sup> May 1969 incident. Regardless of different policies and plans introduced by different political leaders, the government remains committed in encouraging and nurturing entrepreneurship among its people, particularly among Malay Bumiputeras. Entrepreneurship has always been an important agenda for the government. Although some of the policies may be viewed as less successful, these policies had never failed in their effort to provide a nurturing and supportive environment for entrepreneurship to develop and bloom among Malaysians.

## CHAPTER 5

### FINDINGS

This second part of the thesis now presents the data to address the overarching research question of the study: ***How does spirituality shape the formation of an entrepreneurial venture?*** This research question guides the following three findings section of this thesis. Since this study takes a process view, the chapters are presented in series of stages the participants experienced in creating their ventures – i.e. from the moment they realised there was an opportunity to pursue until they began enacting the opportunity.

As the researcher earlier argued, the current entrepreneurial opportunity recognition and discovery models as proposed by Hills et al. (1999), Ardichivili and Cordozo (2000), and George et al. (2014) are lacking in terms of capturing non-economic factors. The current analysis has identified three opportunity realisation patterns that explain the process and stages these Muslim entrepreneurs went through from the first time they were aware of an entrepreneurial opportunity until they turned the opportunity into reality. The process approach is the most appropriate analytical framework to analyse the data as it breaks the process of venture creation down into series of stages, hence making it easier to see which parts of the whole venture creation process that are shaped by spirituality.

The three findings chapters identify three patterns for realising opportunities. First is ‘accidentally found opportunity’ which constitutes chapter five of the thesis. Next is chapter six, the second pattern of opportunity realisation called ‘actively searching for opportunity’ is discussed. Then chapter seven discusses ‘spiritually-driven opportunity’ type of pattern of opportunity realisation. Detailed explanation on each pattern type is discussed in their respective chapters.

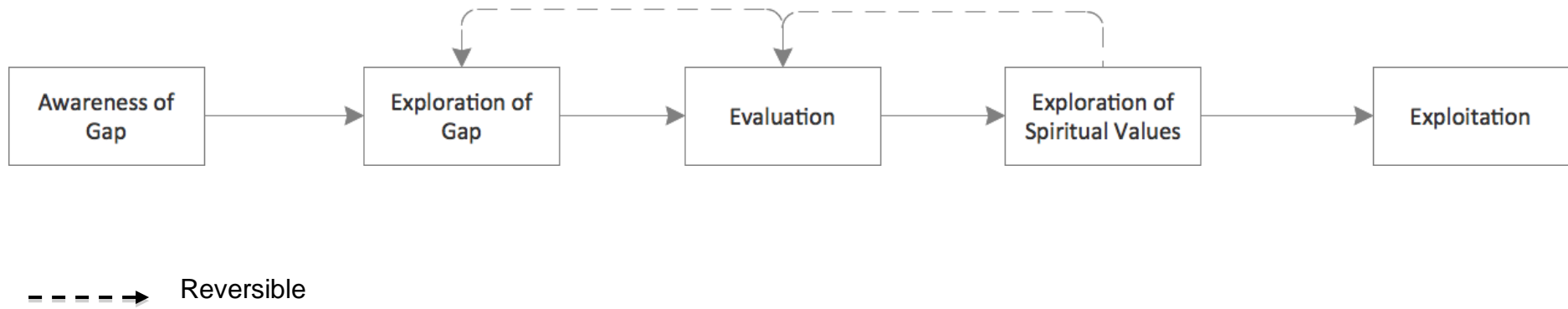


## **ACCIDENTALLY FOUND OPPORTUNITY**

The first pattern of opportunity realisation to emerge from the data based on the analysis process is accidentally found opportunity. This pattern refers to entrepreneurs who found their entrepreneurial opportunity by chance. They learned about the opportunity by themselves or through other people around them. These entrepreneurs went through the following five stages during the process: 1) awareness of gap, 2) exploration of gap/preparation, 3) evaluation, 4) exploration of spiritual values, and 5) exploitation. These stages however were not sequential. Nine of 15 entrepreneurs (60 per cent) related their experience of opportunity realisation as being accidental or by chance. These stages are explained in the following section. Figure 5.1 illustrates the opportunity realisation process as experienced by all the nine entrepreneurs, and this figure becomes the foundation for the following discussion.

### **1. Awareness of Gap**

The first stage that the nine entrepreneurs engaged in during the process of opportunity realisation was 'awareness of a gap'. It is a stage where entrepreneurs first became aware of the opportunity. In this context there were two types of gap that triggered the opportunity. The first is a gap that



**Figure 5.1 Accidentally Found Opportunity**

existed due to missing product / service in the market. The second type of gap deals with the gap that existed between the entrepreneurs' expectations of how things should be – according to the *Shariah*, and the reality that causes them to feel dissatisfied with the current situation. The resurgence of interest in practising the Islamic belief among the Malaysians together with the introduction of the Inculcation of Islamic Values (IIV) policy by the Prime Minister then created a demand for *Shariah*-compliant goods and services, which Malaysia was lacking at that time. These two gaps are discussed next.

i. *Missing product or service*

The absence of products or services in the market that comply with the *Shariah* law created problems among Muslim customers who are practising the Islamic belief. This situation further led to the creation of gaps in the market. Seven entrepreneurs related their experiences of becoming aware of this type of gap. For instance, Jasmine – a designer and image consultant, discussed her experience of being aware of the market gap for Muslim clothing. As she told:

*“I started wearing hijab at the age of 17 and I find it difficult to dress well because the market doesn’t have that kind of dress. I like to wear dresses, but most dresses in the market are short.”*

*Jasmine, designer and image consultant*

*Hijab* literally means a partition or barrier. However, in the context of religious clothing it refers to a piece of cloth that is worn to cover the hair and neck, but leaves the face visible (Gwynne, 2009). The *hijab* is closely linked with the concept of *awrah*, which refers to those parts of the body that should be covered in public. The Islamic tradition generally prescribes that female clothing to be loose and thick enough to conceal the shape of the body and the colour of the skin (Gwynne, 2009). The missing clothing that meets this religious requirement created a gap in the market and was later noticed by Jasmine.

Likewise, Sabrina an owner of Islamic Media Company also experienced quite a similar situation to Jasmine with regard to missing product or service in the market:

*“I lived overseas for a long time. When we were overseas, I noticed there are a lot of materials [books, videos, and CDs] in English on Islam, but when we came back, we couldn’t find those materials.”*

*Sabrina, owner of Islamic Media Company*

A number of entrepreneurs reported their awareness of gaps were revealed to them by other people around them. Hakeem for instance, learnt about the gap in the market for *halal* health and household products from his father:

*“It was something that my late father saw at that time, that we [Muslims] need to have an option in terms of Muslim-made and halal products.”*

*Hakeem, health and household products entrepreneur*

Aida, a Muslim swimwear entrepreneur shared her experience on becoming aware of the gap in the Muslim swimwear market from her friend. As she elaborated:

*“It was an idea of a friend, when she told me that she does not have any proper swimwear to be worn in public.”*

Another entrepreneur – Maznah, who owns a publishing house that focuses on publishing Islamic books and magazines recalled her awareness of gap experience, which she learnt from her writer friend – Sue, who later became her business partner:

*“I met my business partner – Sue, through an on line book club. She was a young writer struggling to publish her first novel. She writes, I read. That’s how I know her. She was not the only writer in the [book] club. There were many others too. But what sets her apart from other writers was her reason for writing – she wants to inspire the young readers to practise Islam. She*

*also told me that reading materials for young readers in the market at that time is not enough...I mean good reading materials”*

ii. *Dissatisfaction with the current situation*

The second type of gap that triggered the opportunity is the entrepreneurs' feelings of dissatisfaction with the current situation. This gap existed due to the differences in the entrepreneurs' expectations of the reality and how things should be according to the *Shariah*. This gap caused them to feel dissatisfied and wanting to change the situation. There were two entrepreneurs who identified their feelings of dissatisfaction with the current situation as leading them to become aware of the opportunity to start their venture.

A public relations consultant – June, expressed her dissatisfaction with the way Islam is being portrayed or communicated in the media, which according to her is out-dated and too westernised:

*“...we believe that there is a need for a new and innovative, more refreshing way to communicate Islam. It is all about the communication. We believe Islam as a religion is perfect, but the communication is out-dated (...) the style of communication, the quality of the medium is completely out-dated, in my point of view (...) our mass media are so influenced by the West. We got so carried away with the western values. So, we need to balance up that perception.”*

Meanwhile, Raihan – an owner of Islamic wealth management firm, voiced her dissatisfaction with the current level of awareness of Islamic finance among the Muslim community, as she expressed:

*“We actually got together and planned the true values – Islamic values and what Islamic financial products should have basically (...) we want it to be a thing that when a person subscribes to Islamic financial product, they are fully aware of it, they are doing it as a religious obligation.”*

Awareness of gap can either be internally or externally stimulated. Internally stimulated awareness happened when entrepreneurs themselves experienced or recognised the gap in the market. Meanwhile, externally stimulated awareness originated from other individuals, such as friends or family members.

## **2. Exploration of Gap**

The second stage that emerged from the data analysis is an exploration of gap. During this stage, entrepreneurs began exploring the gap. They began gathering information that would help them to understand and address the gap. It also involved observation of the market.

By exploring the gap in the Muslim swimwear market Aida discovered that there was no suitable swimwear for Muslim women. She described:

*“At that time there was no suitable swimwear for women who wear hijab. So, you have to improvise with what you have. You wear long sleeve t-shirt, long tights, and a swim cap.”*

Hakeem explained that upon realising there was a gap in the market for Muslim-made household products, his father went further to investigate the requirements if they were to fulfil the gap:

*“My father went to search for manufacturer to get quotation and tried to understand what needs to be done.”*

Laila – an owner of Islamic preschool, began searching for Islamic book suppliers as soon as she found a gap in the market for Islamic books for children and found suppliers for such product:

*“I found out that there are publishers in the USA and the UK that publish Islamic books for children, and their books are really, really interesting.”*

Upon realising a gap in the market for Muslim women attire, a fashion and image consultant – Jasmine, explored the gap by looking for inspirations

and ideas from fashion books and magazines that could work for the market. As she explained:

*“I bought Australian fashion books, magazines, and then send it to my tailor to get it done.”*

Exploration of the gap helped these entrepreneurs understand the market gap better and to have a better sense of what was happening. This stage also prepared them for the next stage, which is the evaluation stage.

### **3. Evaluation**

The third stage that the data analysis revealed is evaluation (stage 3, Figure 5.1), which involves making judgment whether the gap existed and worth to pursue. This stage occurred in the form of a market test conducted by the entrepreneurs. Aida – the Muslim swimwear entrepreneur for instance, conducted a market test by making a small number of swimwear as a start. As she explained:

*“Coincidentally, one of my friends has a factory. So, I had it outsourced...started making about hundred, then 500 pieces. Slowly we increased the quantity.”*

Upon receiving a good feedback from the market test, Aida began to develop a clear business concept. As she told:

*“...most of them said it is a good thing, good idea. Because at that time there was no Muslim involved in this kind of business. It was a niche market. So, from there I developed my idea...this swimwear.”*

Another entrepreneur, Laila – a franchisor of Islamic pre-school education centre, created a website to test the market on consumer’s acceptance of English as a medium of instruction in pre-school education. As she elaborated:

*“We created a website because we wanted to test the market. At that time English Islamic books are quite new. So, we were not sure if Malaysians are ready for Islamic books in English.”*

Meanwhile, one entrepreneur – Jasmine, took two years off from her business just to study the Muslimwear market. As she shared the result of her market research:

*“I studied the market for about two to three years, we are desperately in need of proper office attire.”*

For Hakeem, the evaluation stage involved group assessment. He explained how his father had to present the idea to a group of individuals for them to assess it:

*“When my father presented his idea to these people, he mentioned that we are going to need around RM60,000 to RM70,000 as a start-up capital, which was a huge amount of money at that time. Hence, they decided not to proceed with the matter.”*

Sabrina’s evaluation stage involved distributing products to customers to seek for their opinions:

*“We bought a lot of videos and then we distributed it. We did that for a couple of years. And then the interest from the customers came...”*

As these entrepreneurs were novice entrepreneurs, their lack of experience and knowledge in business could be the reason for conducting a ‘formal’ evaluation process.

#### **4. Exploration of Spiritual Values**

The fourth stage that identified from the analysis of data is exploration of spiritual values. Based on the feedback that these entrepreneurs received from their market tests, they proceeded to exploring their spiritual values.



In this stage, entrepreneurs got in touch with their spiritual beliefs in justifying an opportunity. Three Islamic spiritual values were identified as significant in this stage. Explanations of these spiritual values supported by participants' quotes are as follows:

*i. Fardhu kifayah (communal obligation)*

Al-Qaradawi (2010) describes *fardhu kifayah* as legal obligations that the Muslim community must discharge. The whole community is free from sin when a sufficient number of people shoulder these responsibilities. However, if these collective responsibilities are not fulfilled, the whole community carries a collective sin for not fulfilling their duty. Hence, the community must ensure that every branch of knowledge, industry, craft and institutions is properly tended to.

A sense of community appeared to be the dominant spiritual values that influence this stage as discussed by these entrepreneurs. They justified the opportunity as a way to help the Muslim community, which was also part of their responsibility as Muslim.

Aida, the Muslim swimwear entrepreneur, related to a spiritual value of *fardhu kifayah* (communal obligation) to justify the existence of an opportunity. As she described:

*“It is a fardhu kifayah for us to fulfil the needs of all Muslim women. So, I said ok...there’s a necessity for this. Why don’t we develop, design and create for men, ladies, and also children. So, one family can wear.”*

Hakeem also shared the same sense as Aida – a sense of responsibility towards the Muslim community in making halal products available for the Muslim community. He elaborated:

*“As Muslim, we need to be in the forefront in bringing the halal product to the Muslim society (...) whether people want it or not, whether it is costly or not, we still going to produce it. We have*

*to find means to make sure it is available for the Muslim society.”*

Jasmine – a designer and image consultant justified the entrepreneurial opportunity as a way of helping another Muslim and the society:

*“At the end of the day, we are helping another Muslim to get a job and help to project the right image for himself, as well as for the society.”*

Laila’s justification on the opportunity that she found came from her desire to make a contribution to the society:

*“I wanted to do something that can make a difference to the society. I didn’t want to do something that can make me rich but doesn’t contribute to anything.”*

*ii. Amanah (trust)*

The second value that emerged from the data analysis is *amanah* (trust). According to Faridi (1997), trust is “a moral responsibility for everyone in the performance of their duties and their social, political and economic lives” (p. 10). Entrepreneurs that revealed the value of *amanah* as the important value that they got in touch with in justifying an opportunity associated it with being responsible and honest.

One participant, Hakeem for instance, regarded *amanah* as the value that drove him to serve the Muslim market. He viewed *amanah* as a value that is closely linked with being responsible, possibly even a calling. As he cited:

*“...we would like to serve the Muslim market first, because it is an amanah and responsibility that we think we haven’t really fulfilled yet”*

Other participants – Raihan, Laila and Jasmine, associated the value of *amanah* with being honest. They considered honesty as a very important criterion to work in their industry:

*“In this industry, you have to be honest...because sometimes people entrusted you with lots of money...cash for their investments”*

*(Raihan, owner of Islamic wealth management firm)*

*“Being honest with your amanah is very important, because when parents send their children here they entrust us with what we are going to teach their children. So, we try the best we can to meet the objective that the parents want”*

*(Laila, owner of Islamic playschool)*

*“I believe in honesty. For instance, if a dress is not pretty, I will say that it is not pretty. If the colour is not suitable, the dressing is not right, I'd say sorry, it doesn't look good...it doesn't do justice on you. If you were to take this colour, perhaps nicer, but not the cutting. I would say that”*

*(Jasmine, Image and fashion consultant)*

*iii. Dakwah (the call of joining the good and forbidding the bad)*

The third value is *dakwah*, which refers to the call of joining the right and forbidding the wrong (Al-Qaradawi, 2010). The entrepreneurs that cited this value as important to them related it with having the business as part of calling the Muslims back to the faith or to preach the Muslims to practicing Islamic lifestyle. The Islamic lifestyles that these entrepreneurs tried to support through their businesses were consumption of halal products, modesty in dressing, and understanding of the religion.

Hakeem and Aisyah regarded having the business allow them to call for the use of halal products in the Muslims' daily lives:

*“Halal is not just about whether a product is halal or not. It is a combination of a lot of things. It also will contribute to many things. So, our role is always here, to remind the Muslim that the halal matter is first and foremost the Muslim's affair”*

*(Hakeem, skincare and healthcare products entrepreneur)*

*“We believe that if we produce a certain product and people use it, that product is like a ‘call to goodness’- a call towards using halal and safe products”*

*(Aisyah, skincare and healthcare products entrepreneur)*

Jasmine discussed her business aspiration that incorporate the value of *dakwah* by supporting women who want to change their dressing style as to adopt the Islamic code of dressing:

*“So, this boutique and my talk are for people who want to change, but who doesn’t have the place to get the proper clothes. We are here to serve them”*

*(Jasmine, fashion and Image consultant)*

Last, is Sabrina who saw the role of her business in bringing her customer closer to their God by understanding the religion better:

*“We are selling the Qur’an and books that make people better in understanding their religion. Make them closer to God”*

*(Sabrina, Islamic media entrepreneur)*

The good feedback that they received from the market test was not sufficient to support their decision to make the call whether what they were pursuing was an opportunity or otherwise. They still need to rely on their spiritual values to make the call – whether it is an opportunity or not. This stage reassured the entrepreneurs that the opportunities were worth pursuing and led them to proceed to the final stage, which is exploitation.

## **5. Exploitation**

The final stage that these entrepreneurs engaged in as uncovered by the data analysis was the exploitation stage. As the idea or opportunity was deemed to be viable by these entrepreneurs through the exploration of spiritual values stage, they then progressed to this final stage. During this stage these entrepreneurs began to put their ideas into reality. The

venture was yet to be formed at this point, but the work towards realising it had begun.

Aida, the Muslim swimwear entrepreneur discussed the action she took as soon as she realised the opportunity was to create an awareness among the Muslim public about the existence of her product:

*“What I did was...I contacted all the medias...I faxed them. Then only they responded. News Daily was the first media to call me up. We had a photo-shoot at Derby Park in November 2006. After that, there was one VIP approached me to organise a fashion show in November...it was the first fashion show to showcase my swimwear.”*

Hakeem’s exploitation stage began with accumulation of financial resources to produce halal products, where his father began approaching individuals and pitching them in order to raise money:

*“My father borrowed some money from his friends...RM1000 from a friend, RM5000 from another friend and managed to accumulate around RM20,000 only, if I’m not mistaken. My father then approached a manufacturer, and promised to pay him back as soon as the business runs.”*

Sabrina described her exploitation stage as follows:

*“We then ventured into getting more books related to the subject [Islam]. They are all in English. We also ordered some books from overseas. So, from there the business grew...until now.”*

For Jasmine, her exploitation stage involved looking for a business partner to begin creating her venture:

*“So, I teamed up with another friend who is a lecturer at one of the public university in Selangor. She does the PR, whereas I will concentrate on corporate image.”*

The exploitation stage marked the beginning of the venture creation process. This stage involved entrepreneurs to act on the opportunity, regardless of what resources that they used to realise their business ideas; whether it is human capital, financial resources or social networks.

During this stage of exploitation also the entrepreneurs discussed a number of Islamic spiritual values that were responsible in driving them to exploit or to enact the opportunity. All seven entrepreneurs agreed that values such as *fardhu kifayah* (communal obligation), *wasatiyyah* (balanced), *amanah* (trust), and *barakah* (blessing) were among the spiritual values that significantly affects their decision to exploit the opportunity.

i. *Fardhu kifayah* (communal obligation)

As discussed earlier, *fardhu kifayah* refers to legal obligations that the Muslim community must discharge (Al-Qaradawi, 2010). It is the same value that influences the evaluation stage of these entrepreneurs. These entrepreneurs' explanations on the spiritual values that guide their decision to exploit the opportunities are discussed next.

Raihan, an owner of an Islamic wealth management firm related the value of *fardhu kifayah* with the ability to help other people. She discussed that the reason she was driven to act on the opportunity was the ability to 'help' other people through the business. As she shared:

*"When you go to work, you know that you want to give as much as possible, and to be there to help people. The more people you help, the more Allah will help you."*

While Raihan related the value of *fardhu kifayah* with the ability to help, another entrepreneur – June, associated the value with obligation. As June explained:

*"You know, as Muslim you have a religious obligation to do something if you see that you can possibly do... sometimes you just have to do it"*.

ii. *Wasatiyyah* (balanced)

The second spiritual value revealed by the entrepreneurs that led them to exploit the opportunities is *wasatiyyah* (balanced). Imaam Ibn al-Qayyim discusses the meaning of *wasatiyyah* as the following (c.f. Kling, 2011, p. 3):

Always encourage people to take a moderate stand, because it will rescue you from transgression. So we find the middle position between two extremes to be the most balanced and just, where a person will find all the benefits and comforts of this worldly life and the Hereafter.

*Wasatiyyah* as in the context of Malay culture is commonly defined and understood as the 'middle position' or 'moderation' (Kling, 2011). Two entrepreneurs – Raihan and Laila, attributed the value of *wasatiyyah* as the value that compel them to act on the opportunity. As they explained:

*“We want to aspire people to have a good life...to have a balanced life. A good life in this world and in the next world”*

*(Raihan, Islamic wealth management consultant)*

*“We believe in having the right intention. We are not doing this for now, in this life, but we are also looking at it as how it could help us in the hereafter”*

*(Laila, owner of Islamic playschool)*

*Wasatiyyah* as discussed by these entrepreneurs refers to having a balanced life – a life in this world and a life in the hereafter. This spiritual value basically drove them to exploit the opportunities because they believe in the reward that they will get from exploiting the opportunity will lead them to a 'good' life in the hereafter (as the Muslims believe that there will be another life after this world). 'Good' life in the hereafter basically means an eternal life in the heaven. The good deeds that they have done in this world will be rewarded in the hereafter. For Raihan, she believes that by advising her customers to practise Islamic finance in their

financial matters, such as to avoid any investments that involved *riba* (usury), will earn her rewards in the afterlife, which will determine whether she will go to heaven or hell. Having right and pure intention can also earn a person reward in the afterlife. Laila believes that her right intention of having the business in the first place – which is to seek knowledge and to educate others, will gain her the rewards for her afterlife. The belief that these entrepreneurs have that make them believe in exploiting the opportunities will earn them rewards that will ultimately lead to good afterlife (an eternal life in heaven) was what drove them to seize the opportunities.

iii. *Barakah* (blessings)

*Barakah* refers to blessing granted by God to humankind (Esposito, 2014). Meanwhile, Nasr (2008) defines *barakah* as the “grace that flows in the vein of the universe and within the life of man to the extent that he dedicates himself to God” (p. xvii). A number of entrepreneurs regarded this value as important to them that pushed them towards realising the opportunities.

Hakeem associated the value of *barakah* with help from God. He believes that *barakah* or blessings can be in the form of help from God. It was this notion of *barakah* that helped him to be persistent in his effort to realise the opportunity. As he elaborated:

*“We believe that, if we remain steadfast in our cause, the help [from God] will come” (Hakeem, healthcare & household products entrepreneur)*

Raihan regarded the value of *barakah* as God’s pleasure. She explained how this value helped to push her to pursue the opportunity:

*“The driving factor would be to seek Allah’s pleasure in whatever you do. Knowing Allah will be happy with whatever you do, although you may not do well in your business”*

*(Raihan, Islamic wealth management consultant)*



For one entrepreneur – Aida, *barakah* (blessings) is viewed as the most important thing in her life. She regarded the idea of gaining God's blessings is what pushes her to strive hard in realising her business ventures. As she explained:

*“The most important thing is the Barakah. We want to gain God’s barakah. If we don’t have that thing we won’t be able to achieve our objective.”*

*(Aida, Muslim swimwear entrepreneur)*

Basically, the value of *barakah* connects these entrepreneurs to God and invokes in them the feeling of God-consciousness that compels them to act on the opportunities.

All the nine entrepreneurs engaged in these five stages of opportunity recognition process. However, they differed in terms of the sequence of the stages. All entrepreneurs started their opportunity realisation process with the stage of *awareness of gap*, and ended with *exploitation*. Yet, the stages that succeeded the awareness of gap stage and preceded the exploitation stage were in different sequence for some of these entrepreneurs.

## **SUMMARY**

As explained earlier, this pattern of opportunity realisation is called ‘accidentally found opportunity’ due to the nature of how these Muslim entrepreneurs learnt about the opportunity, which is either by themselves or from other people. For entrepreneurs who learnt about the opportunity by themselves, the opportunity came to them when they were not purposefully looking for any. It happened ‘accidentally’ because these entrepreneurs personally experienced a problem that led them to become aware of the opportunity. Meanwhile, for entrepreneurs who learnt about the opportunity from other people, it was an ‘accident’ in the sense that they did not learn about the opportunity by themselves. Instead, it was other people around them that helped them to become aware of the opportunity. An apparent feature of this type of opportunity conception

process is its iterative nature. The data shows that the iterative feature is observable among three stages – exploration of gap, evaluation, and exploration of spiritual values (refer to Figure 5.1 on page 133). These entrepreneurs repeated any one of these stages when they feel unsure of the information that they gathered from the previous stage or feel hesitant to move on to the next stage. It is important to note that, all of these nine entrepreneurs had no prior business experience before running their current businesses. All of them were novice entrepreneurs when they first started their ventures. The following table 5.1 simplifies the findings that relate to accidentally found opportunity with regard to the type of gap that triggered the opportunities and the relevant spiritual values that shape the process of realising accidentally found opportunity.

**Table 5.1 Sources of opportunity and the relevant Islamic spiritual values that shape the process of realising accidentally found opportunity**

Sources of Opportunity	Islamic Spiritual Values				
	<i>Fardhu Kifayah</i>	<i>Amanah</i>	<i>Dakwah</i>	<i>Wasatiyyah</i>	<i>Barakah</i>
<b>Type I Gap</b> <i>Missing product or service</i>	Aida Hakeem Jasmine Laila	Hakeem Laila Jasmine	Hakeem Aisyah Jasmine Sabrina Maznah	Laila	Hakeem Aida
<b>Type II Gap</b> <i>Dissatisfaction with the current situation</i>	June Raihan	Raihan		Raihan	Raihan

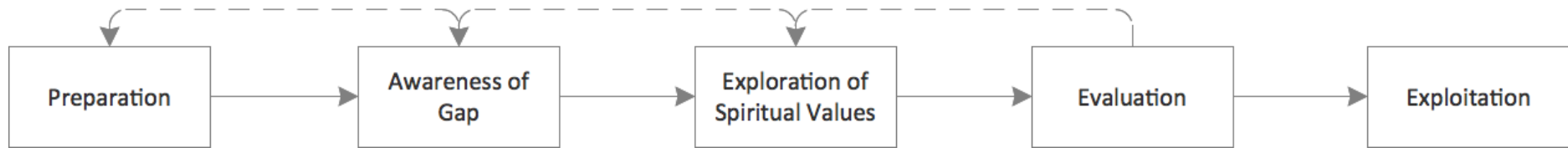
## CHAPTER 6

### ACTIVELY SEEKING FOR OPPORTUNITY

The second pattern of opportunity realisation process to emerge from the data relates to how these entrepreneurs found their opportunities: “actively seeking for opportunity”. For this pattern of opportunity realisation, entrepreneurs learnt about the opportunity by themselves instead of from other people. These entrepreneurs were always on the lookout for opportunities. Hence, entrepreneurs’ knowledge and preparation preceded the opportunity realisation process. Three entrepreneurs – Nani, Soraya, and Haris were identified from the data as having this pattern of opportunity realisation process. From the data analysis it is revealed that these entrepreneurs experienced the following stages in the process of creating their venture: 1) preparation, 2) awareness of gap, 3) evaluation, 4) exploration of spiritual values, and 5) exploitation. Figure 6.1 illustrate the stages of realising this pattern of opportunity as experienced by these three entrepreneurs. Similar to the previous pattern of opportunity realisation process, these stages are non-sequential. Some of the stages were repeated before these entrepreneurs arrived at the last stage of the process. The following section explains these five stages in detail.

#### 1. Preparation

Interestingly, the process was different in these actively seeking for opportunity. The first stage that all these three Muslim entrepreneurs engaged in during the process of opportunity realisation was *preparation*. It is a stage where these entrepreneurs were involved with accumulation of knowledge, skills and experience. It is also a stage where they opened themselves to any business ideas that came across them.



- - -> Reversible

**Figure 6.1 Actively Seeking for Opportunity**

Nani, a health and beauty therapist who owns an Islamic-practised spa for instance, related her poor family background as one of the factors that shaped her behaviour. She was always on the lookout for opportunity in hope to change her family poor economic condition. As she explained:

*“I came from a poor family. So, I always look for opportunity. I saw an opportunity to make money by doing business. I used to help my mother selling Nasi Lemak<sup>1</sup> when I was a kid. I was involved with a direct selling company once, and I also used to be a tutor, giving home tuition to students. So, I always look for opportunity.”*

Nani explained that she was exposed to the beauty and health care industry by chance, which later had grown into an interest. While still working as a teacher, she took the initiative to learn more about beauty care:

*“During the school break or weekend, I’ll go and learn [from a Chinese lady]. Whenever I had spare time, I would go and learn from her.”*

Meanwhile, Haris, a *hajj*-specialised skincare entrepreneur shared his experience of feeling weary of his daily routine working in a factory that later led him to try new thing – running his own business. But before he can really venture into business he felt that he needed to learn and gain more experience. As he described:

*“I worked in a factor, where I go in the morning, I don’t know what’s happening outside. By the time I see, it’s already dark. After a while, it doesn’t really fit my soul, so to speak. I became fed up. I said to myself, I think I’ll go into business. But I don’t have the experience. So, I think I need to gain*

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<sup>1</sup> Nasi Lemak is a traditional Malay dish cooked in coconut milk and pandan leaf. It is served with hot spicy anchovies sauce and garnished with fresh cucumber slices, roasted peanuts and hard-boiled egg. It is considered the national dish and commonly consumed as breakfast (Rules, 2011)

*some experience because you will need to wear so many different hats when running a business. I went to learn in so many different business sectors. I worked as an administrator at a college. I started with an entry level, just to learn and gain experience.”*

Haris’s lack of business experience led him to job-hopping for approximately five years, which according to him is necessary as a way to prepare him to be an entrepreneur. As he further elaborated on his job-hopping experience:

*“I job-hopping for about five years. But there’s a purpose to it. After working as a college administrator, I went into the marketing line. I helped my brother selling cars.”*

For another entrepreneur – Soraya, who was a freelance writer before she became a publisher - discussed her sad experience of being rejected by a publisher, and this led her to look for an opportunity to publish the work on her own. Soraya then began her preparation stage by exploring the market to gather information on how to publish children’s novel. From this preparation stage she discovered that publishing children’s novel was not a good option at that time. As she elaborated:

*“...I found out that it was difficult to sell that kind of novel. So, I started with targeting the adult readers. We ended up with publishing and writing novels for adult and teen aged readers.”*

The preparation stage is a unique stage for each entrepreneur. All of them went through different experience in order to develop the necessary skills and ability before they can discover or create an opportunity. This stage also is not an overnight stage. It took some of these entrepreneurs years to conclude this stage that further led them to become aware of the gap in the market, which is the next stage.

## 2. Awareness of Gap

This is a stage where entrepreneurs became aware of an opportunity. Similar to 'accidentally found opportunity', this type of opportunity realisation process were also triggered by two types of occurrences: 1) missing product or service, and 2) dissatisfaction with the current situation.

### i. *Missing product or service*

For two entrepreneurs – Nani and Haris, their awareness of gap were triggered by their realisation that there was missing product or service in the market that comply with the *Shariah*. For instance, Nani – a health and beauty therapist, described the missing of beauty and health treatments from the market that are *halal* and conform to the Islamic religious requirement. She described what constitutes a '*halal*' beauty and health treatment according to her opinion:

*“In Islam, women who take a good care of themselves, physically, hygienically, [take good care of] their religious duties, become the source of peace and serenity for their husbands. So, it is unfortunate if the sources of beauty are from the non-permissible sources or activities”*

Nani then discussed how she first became aware of the gap for such service in the market:

*“...there are demands from people who are practising Islam, who can't get a comfortable place that can conform to their religious needs”*

Nani learnt about the gap in the market from the public, whom later became her customers. The gap emerged due to the customers' needs to have a beauty and health treatment that adhere to Islamic requirements at the same time.

Similarly, Haris, an entrepreneur of hajj-specialised skincare, described the lack of skincare products in the market that are *halal* and meet the requirements for people who go for *hajj*. *Hajj* is a yearly Islamic pilgrimage

to Mecca that take place from the eighth to 12<sup>th</sup> *Dhu al-Hijjah*, which is the last month of the Islamic calendar. It is the fifth pillar of Islam and an obligatory religious duty for Muslims that must be carried out at least once in their lifetime but only if they have the means to do so (Murata & Chittick, 1994). The word *hajj* means "to intend a journey", which implies both the outward act of a journey and the inward act of intentions (Oseni, 2014).

There is a special requirement for people who are going for *hajj* with regard to the products that they are allowed to use, especially in their state of *ihram*. *Ihram* is a state of consecration; physical and spiritual that a Muslim must enter in order to perform the major pilgrimage (*hajj*) or the minor pilgrimage (*umrah*) (Al-Qaradawi, 1999). There are many restrictions that Muslims must observe during this state of *ihram*. Among those restrictions is prohibition of the use of scents on the body or on the attire. This includes skincare products that are scented. This restriction serves the purpose of *hajj* that is "to train the Muslims to purify the self; to train them in devotion and on rising above the vanities, extravagances, commotions and conflicts of life" (Al-Qaradawi, 2010, p. 110). As *ihram* is considered as the highest state of *ibadah* (*worship*), one cannot simply use any kind of skincare. However, there is an exception to this rule. As Haris explained:

*"If you go to Mekah and Madinah for hajj, these cities are being surrounded by desert...very dry, especially during the summer. So, you have to use skincare products. Not just any skincare products, but a proper skincare ones. So, when I looked at other brands in the market, they contained alcohol, animal-based substances, and perfumes, which are strictly prohibited for people who are going for hajj, especially when they are in the state of ihram. So, in case a Muslim has to use skincare products because his or her medical condition demands it, what skincare is he or she going to use? There's no such product in the market that is halal...that does not contained perfumes; formulated specially for people with sensitive skin."*



Haris also explained that it was his brother who is a doctor who first realised about this gap and informed him. As Haris told:

*“A brother of mine, who is a doctor suggested that I explore this particular business. So, from that moment, since 2003, I’ve been doing this business.”*

The absence of halal products and services in the market and the obligation for the Muslims to comply with the *Shariah* created the gap in the market. These two entrepreneurs – Nani and Haris, learnt about the gap from other people around them.

ii. *Dissatisfaction with the current situation*

Meanwhile, one entrepreneur – Soraya, had a different experience with regard to how she became aware of the gap in the market for Islamic novel targeting to adult and teen-aged readers. Soraya, who now owns a publishing house was not happy with the novels that were offered in the market, which in her opinion promotes behaviours and ideas that are against the Islamic values and teachings to the young readers. As she scanned the novels that were available in the market, she was unhappy with the result. She elaborated the reasons for her dislike:

*“...we don’t like the one [novels] that were offered in the market. We wanted to do it our way (...) we don’t like novels that holding hands, you know things like that, because that thing will be picked up and practised by our society, especially by the kids and teenagers. So we feel that this is our social responsibility to start publishing novels that are informative and beneficial. We are not experts on Islam, but we do not want to publish novels that are ridiculous. We want the readers to get information from our novels and they don’t do bad things. That is the idea basically”*

Dissatisfied with the current novels that were available in the market made Soraya realised there was a gap in the market for novels that can promote

and educate the readers on Islamic values. However, unlike Nani and Haris who learnt about the gap from someone else, Soraya's awareness of gap was a result of her own observation on the local's novel market. This gap also resulted from the discrepancy between her expectations of how novels should be in promoting good values to the readers and the reality (which refers to the current novels in the market that promote inappropriate values to the society).

Gaps that resulted due to missing product or service in the market arose from real demands from the market. This type of gap was identified or recognised by outsiders – not the entrepreneurs themselves, who needed product or service that was lacking from the market. Meanwhile, there was no real demand from the market for gap that developed due to the entrepreneur's dissatisfaction with the current situation. The perception that there was a gap came from the entrepreneur who saw the difference between the reality and her expectations. The entrepreneur's expectations were based on the Islamic principles and regulations, known as the *Shariah*.

### **3. Exploration of Spiritual Values**

After these entrepreneurs learnt about the gap and the potential opportunity, they got in touch with their spiritual beliefs before deciding whether the gap that they have just learnt about was indeed an opportunity. Three important Islamic spiritual values were identified from the data that influenced this stage, which are: 1) *fardhu kifayah*, 2) *wasatiyyah*, and 3) *dakwah*. Explanations of these spiritual values supported by participants' quotes are as follows:

#### *i. Fardhu kifayah* (communal obligation)

Similar to the previous pattern of opportunity realisation, these three entrepreneurs also revealed that the Islamic spiritual value of *fardhu kifayah* (communal obligation) is a significant influence in deciding whether the gap that they saw was an opportunity worth pursuing.

Nani explained her reason for calling the demand for Islamic-practised spa as an opportunity that enabled her to fulfil her communal obligation. As she elucidated:

*“There is a demand from people who are practising Islam, but they can’t get a comfortable place that can conform to their needs. When we go to a salon that doesn’t understand the concept of awrah, it can be quite difficult. Sometimes while we are having a haircut, a man walks by the salon or come in and see us. I’m not saying that our hair is too beautiful for other people to see it. But this is something that the Shariah has stated clearly...even in the Qur’an. We can’t question or change the rule in any situation. So, we have to observe this. And because there was no salon or spa that observe this ruling, I have to do it. It became my fardhu kifayah (communal obligation) to open such salon or spa when there is an unfulfilled demand for it.”*

For Haris, his justification to call a gap in the market an opportunity to produce *hajj*-specialised skincare was to help other fellow Muslims. As he elaborated:

*“So, when I looked at other brands, I found that they contained alcohol, animal-based substances, and perfumes, which is strictly prohibited for people who are going for hajj. Especially when they are in the state of ihram. So, in case a Muslim has to use skincare products because his or her medical condition demands it, what skincare is he or she going to use? There was no such product in the market that is halal that does not contained perfumes, for sensitive skin. So, what makes me do this is because I want to help the Muslim. For some serious skin condition, you have to use a skincare.”*

Similarly, Soraya viewed the gap in the market for Islamic novels as her responsibility to promote and educate the readers with Islamic values. She described:

*“We feel that this is our social responsibility to start publishing novels that are informative and beneficial. We ourselves are no experts on Islam, but we do not want to publish novels that are ridiculous. We want readers to get information from our novels and they don’t do bad things.”*

In justifying the gap that they were aware of was indeed an opportunity these three entrepreneurs described their response to the gap as ‘obligation’, a way to ‘help’, and a ‘responsibility’ towards the Muslim society.

All three entrepreneurs agreed that the value of *fardhu kifayah* was the spiritual value they experienced in justifying the gap. However, one entrepreneur – Soraya, experienced more than just one value. The explanation of these values is as follows.

*ii. Wasatiyyah* (balanced)

As explained in chapter four, Imaam Ibn al Qayyim advised the Muslims to take a moderate stand, as it is the most balanced and just of values. He further added that by being so, a person will gain all the benefits and comforts of this worldly life and the hereafter (c.f. Kling, 2011). The Muslims view life as divided into two: 1) a life in this world, which is temporary, and 2) a life in the hereafter, which is eternal. How a person lives his or her worldly lives determines their eternal lives – whether they will end up in heaven or in hell. That is why Muslims are advised to take moderate stand, as it will save them from transgression.

Soraya tried to relate to this value in justifying the gap that she saw. She reasoned that the gap could be an opportunity for her to ‘gain all the benefits and comforts of this worldly life and the hereafter’, according to Imaam Ibn Qayyim’s advice. As Soraya explained:

*“We believe that our mission is not just for this world, but also for the hereafter”*

*Soraya, owner of publishing house*

*iii. Dakwah* (the call of joining the good and forbidding the bad)

Soraya also revealed another value, which is dakwah as one of the values that she got in touch with in justifying the gap that she saw was an opportunity. Dakwah entails calling the Muslims back to practising Islam and inviting the non-Muslim to understand Islam. Through this value Soraya shared her hope of transforming other people’s lives through her books. As she discussed:

*“What we need to do now is to transform the lives of those who have been far from being Islamic”*

These values helped these entrepreneurs in justifying the gap that they saw was indeed an opportunity. The next step was to see whether these opportunities were worth pursuing, which led them to the evaluation stage.

#### **4. Evaluation**

Similar to the previous types of opportunity realisation, the evaluation stage is a phase in the opportunity realisation process that involves making judgment regarding whether the opportunity is worth to pursue. The evaluation stage as experienced by these three entrepreneurs was quite different from those entrepreneurs who accidentally found their entrepreneurial opportunities. While in ‘accidentally found opportunity’ the evaluation stage happened in the form of formal analysis, in this type of opportunity realisation process this stage occurred in the form of feeling confidence that the business idea was going to work.

For instance, Haris elaborated on how his formal education background in chemistry gave him the advantage in formulating the *haji*-specialised skincare products. As he explained:

*“The formulation is no different. It’s not rocket science, and because I studied chemistry when I did my bachelor degree, it is easier for me. So, the way we do it, is to work backwards. We know what the Muslim wants in a skincare. For example, when we perform our wudhuk (ablution), we don’t want the lotion to be too oily, because it will prevent the water from touching the skin. So, we know the attributes of the products for Muslim, and we work backwards...based on JAKIM’s criteria for halal certification.”*

Soraya – an owner of the publishing house discussed how her previous experience and knowledge as a writer gave her the confidence that she was going to succeed in the publishing industry. She described her evaluation stage as the following:

*“This thing (writing) is the only thing that I believe I’m really good at and I know how to do it, if I were to make a business out of it (...) this line is the only line of business that I know I can do.”*

Likewise, Nani’s knowledge and experience in the beauty industry also gave her the advantage to carefully examine the Muslim beauty market and identify what was missing. As she realised there was no clear guidelines for running an Islamic-practised spa, she took the initiative to develop her own module. As she explained:

*“For me, there was no such spa (Islamic spa) in Malaysia. Even if other spa owners call their spas as Islamic spa, or women only spa, Muslimah spa, they don’t really have a strong guideline with regard to the dos and the don’ts. That’s why I have to develop an ISP (Islamic Spa Practice) module, with my own money.”*

The above statement showed how confident Nani is with her knowledge and experience that she was able to design her own module on how to

operate an Islamic spa to be used by Islamic spa practitioners in the health and beauty industry.

These three entrepreneurs – Nani, Haris and Soraya – were confident that their ideas were going to work from their years of experience of doing business and their knowledge background. Hence, they did not conduct a ‘formal’ market test to assess the viability of their business ideas. This stage ended with these entrepreneurs feeling that their opportunities were worth pursuing and that they were ready to exploit these opportunities.

## **5. Exploitation**

Similar to the accidentally found opportunity, this pattern of opportunity realisation process also ended with the exploitation stage. In this stage, entrepreneurs began taking actions after thinking that the opportunity was worth pursuing.

Upon realising it was worth producing the Hajj-specialised skincare products, Haris began formulating the products. Once he finalised the formulation for his Hajj-specialised skincare, Haris began producing the skincare through a contract manufacturing strategy. As he explained:

*“So, the first year we did not produce in small quantity. We went for big quantity.”*

As soon as she realised the opportunity to establish an Islamic-practised spa was worth pursuing, Nani’s immediate action was to gather experts to help her draft the Standard Operating Procedure (SOP) to run an Islamic spa. As she explained:

*“I invited experts from Department of National Development and the Ministry of Human Resources to guide me on how to develop this SOP (...) I have no problem with using my own money to hire these experts to help me develop this SOP.”*

With the necessary information and confidence, Soraya began creating her venture by seeking help from her friend, Miriam, whom later became her business partner. As she told:

*“So, Miriam helped me with the management works, while I did the writing works. That was the early arrangement, because I was not good at managing. Miriam used to work at a factory, so management was her kind of thing. I was in charged of the company’s public relations, since I used to study and teach mass communication. So, we have two people who are experts in their own fields starting the business.”*

This stage marked the end of the opportunity conception process and the beginning of a venture creation, where entrepreneurs began gathering resources to build their ventures.

### **SUMMARY**

This type of opportunity realisation process is characterised by the Muslim entrepreneurs who purposely looking for opportunity. Before they found the ‘right’ opportunity that led them to the creation of their current ventures they went through many business experiences as a way to prepare themselves for the entrepreneurial role. Besides intentionally looking for the opportunity, one important feature that differentiates this type of opportunity from the ‘accidentally found opportunity’ process was the evaluation stage that these entrepreneurs were engaged in. The evaluation stage was based on confidence-seeking as opposed to formal market analysis, which could be due to these entrepreneurs’ knowledge and experience that they gained before identifying their current businesses’ opportunities. Table 6.1 summarises the findings that relate to actively seeking for opportunity with regard to the type of gap that triggered the opportunities and the relevant spiritual values that shape the realising this pattern of opportunity.



**Table 6.1 Sources of opportunity and the relevant Islamic spiritual values that shape the realisation of actively seeking for opportunity**

Sources of Opportunity	Islamic Spiritual Values		
	<i>Fardhu Kifayah</i>	<i>Wasatiyyah</i>	<i>Dakwah</i>
<b>Type I Gap</b> <i>Missing product or service</i>	Nani Haris		
<b>Type II Gap</b> <i>Dissatisfaction with the current situation</i>	Soraya	Soraya	Soraya

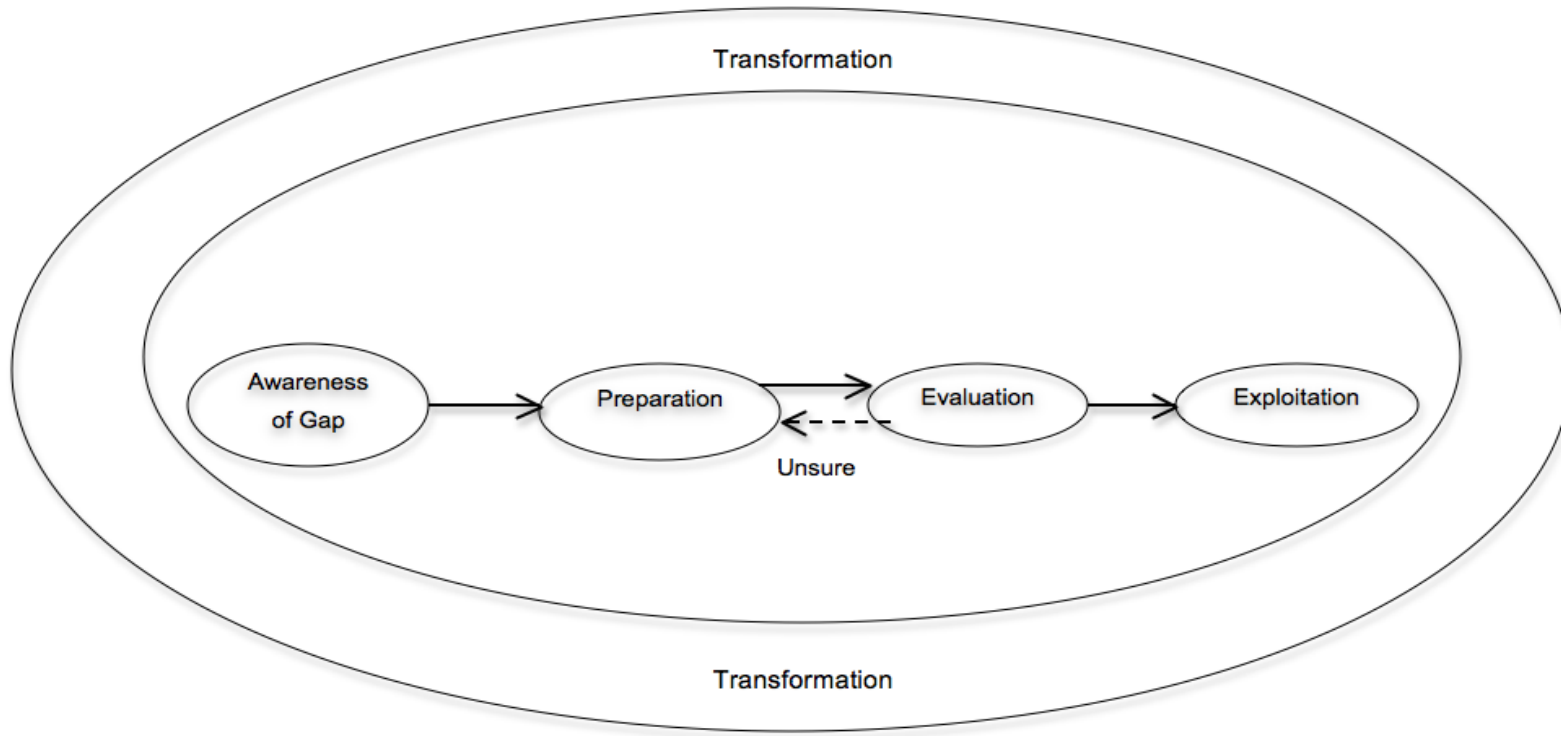
## CHAPTER 7

### SPIRITUALLY-DRIVEN OPPORTUNITY

The third and final pattern of opportunity realisation process to emerge from the data was a spiritually driven opportunity. In realising this pattern of opportunity, entrepreneurs went through a spiritual experience that led them to the opportunity. Spiritual experience made these entrepreneurs re-evaluate their lives and see things from different perspectives, change their lifestyles, their way of thinking, attitude and how they value lives. Their 'newly-found again' spirituality led them to an opportunity. Three entrepreneurs (20 per cent) – Mumtaz, Farah, and Omar were identified from the data as having this pattern of realising an opportunity. From the analysis, it is discovered that spiritually-driven opportunity involves five stages, that are: 1) transformation, 2) awareness of gap, 3) preparation, 4) evaluation, and 5) exploitation. Figure 7.1 illustrate the stages of realising this pattern of opportunity as experienced by these three entrepreneurs. It is important to note that, similarly to the previous two patterns of opportunity realisation process, the stages in realising spiritually-driven opportunity also did not happen sequentially. The following section explains these stages in detail.

#### 1. Transformation

The first stage that these three entrepreneurs were involved in was the transformation stage. Transformation refers to a stage where the entrepreneurs experienced a change in their lives. This change was related to their spirituality, which consequently led to a change in their perspectives on lives, their way of thinking and ultimately their lifestyle. During this stage these entrepreneurs experienced an intrinsic and extrinsic change. This transformation stage begins with an occurrence where entrepreneurs questioned about their purpose of life or realised something was missing in their lives.



**Figure 7.1 Spiritually-Driven Opportunity**

The first entrepreneur is Farah who is now an owner of Islamic fashion boutique. She recounted her experience where she first realised that something was missing in her life:

*“One day I woke up and realised that my passion was without meaning. Slowly, I delved into Islam. This came about when I was at a crossroad in life.”*

In her search for the ‘meaning’ of her life she embarked on a journey to Makkah and Madinah, the two holy cities for Muslim. It was during this journey that she experienced a ‘calling’ that led her to begin to discover the ‘meaning’ that she was looking for. As she recalled:

*“During these times, I got the calling to observe Muslim wear as prescribed by Allah in the Qur`an and by our beloved Prophet Muhammad in his sunnah.”*

Slowly, Farah began to observe the Islamic way of dressing. In 2004, upon returning from *hajj*, she began observing the Muslim dress code. This observation of Islamic way of dressing marked the beginning of Farah’s extrinsic transformation:

*“After my first Hajj in 2004, I observed the Muslim way of dressing. I had to reinvent my whole wardrobe and throw away all my mini-skirts and sleeveless shirts and found that I had virtually nothing in my wardrobe.”*

Unlike Farah who’s transformation began with internal transformation, the second entrepreneur – Mumtaz’s transformation started with an extrinsic transformation. Mumtaz was a popular TV presenter and a journalist before she became an entrepreneur. After 15 years working with a leading Malaysia’s TV station, she finally decided to fully embrace the Muslim woman dress code; which includes the wearing of *hijab* (please refer to the glossary of terms for the meaning of hijab). A change in her appearance led to a change in the type of TV program that Mumtaz hosted. She became more selective on the types of TV programs that she

was going to be involved with. Mumtaz began delve herself with religious programs and activities that later led her to produce and host a religious TV program. As she explained:

*“Actually, the hijab made me do it, to be involved with the [religious TV] program.”*

The third entrepreneur, Omar who ran a printing business before starting his own publishing company, shared his experience of transformation. Omar explained that during the early years of running the printing business, he did not have any particular spiritual values that served as the foundation of the company. As he told:

*“Honestly, at that time I was not ambitious at all. It was more of trying to make a living...for survival.”*

However, after a few years into the business, Omar began to think of the purpose of having the business to him. As he revealed:

*“But when things started to pick up, I began to see the potential of the business. How far I can go (with the business). So, I began to think of the philosophy of the business, our mission and vision. I can think more rationally. Where am I going? What is my purpose? So, luckily I always surround myself with good people whom always invite me to goodness.”*

Thinking about his purpose of life led Omar to gain a different perspective on starting a new business. He described this new perspective as follows:

*“If I were to get involve in the publishing business and I publish books, I can do something that can help to shape the society’s minds and I can build something great in the long run. Something that can give significant contribution to the society. I mean, the impact is huge. I would say, if we want to do charity through business, we should choose the publishing business, not food business.”*

The transformation stage that was experienced by these three entrepreneurs – Farah, Mumtaz, and Omar - happened either intrinsically or extrinsically, which then influenced their outlook on lives. As this stage took a long time to conclude, hence, these entrepreneurs entered the next stage of the opportunity sourcing process, which is the awareness of a gap while still undergoing the transformation stage.

## **2. Awareness of Gap**

The second stage that these entrepreneurs experienced to emerge from the data was the awareness of gap. While still experiencing the transformation stage, these entrepreneurs became aware of a gap in the market. Similar to the previous two patterns of opportunity realisation, the gap stemmed from two problems: 1) missing product or service, and 2) dissatisfaction with the current situation. These gaps are explained in detail in the following section.

### *i. Missing product or service*

For two entrepreneurs – Farah and Omar, the absence of products that comply with the *Shariah* was what triggered their awareness. Farah who was undergoing an extrinsic transformation – trying to observe the Islamic code of dressing – recognised a gap in the Muslim ladies clothing market for suitable clothes that not only fit her physique, taste, and needs but also cover her *awrah*. *Awrah* refers to “those parts of the body which Islam requires to be covered in front of others, whether of the same or the opposite sex” (Al-Qaradawi, 1999, p. 154). According to Al-Qaradawi (1999), a woman’s *awrah* includes her entire body except for her face and hands. As Farah shared her experience of finding suitable clothes that cover her *awrah*:

*“I couldn’t find anything that suited my build and physique in the local market and none that suited my taste and needs (...) here in Malaysia, though there is a growing market for Muslim wear, it’s still very much lacking in variety and choice, and*

*most of the time, stores only cater to the typical Asian size, which is super small.”*

Another entrepreneur – Omar, explained how he first became aware of the gap in the market for Islamic comic books. He described the comic books that were available in the market at that time were not suitable for the society:

*“When we first decided to publish the Islamic comic books, at that time we [Malaysia] were importing reading materials from Japan and Hong Kong, for readers from that age group [referring to young readers]. I think these reading materials were actually poisoned the mind of our children, because the content mainly conflicted with our culture, our thinking, and our views.”*

Omar also noticed a lack of reading materials that focus on the children’s character building. As he explained:

*“At school we were taught only academic things, right? The society at that time was very busy trying to make a living. Parents were busy. They came back late, sometimes at night. So, non-academic readings were lacking. Readings for character building, especially. Most parents just said, you can’t read this, you can’t read that, but they did not give their children the alternative. The alternative was not clear.”*

## *ii. Dissatisfaction with the current situation*

Meanwhile, for another entrepreneur – Mumtaz, her new transformation made her would only want to work for religious TV program. While working on a new religious TV program, Mumtaz had the opportunity to work closely with a Muslim Non-Government Organisation (NGO) covering the issues on Muslim consumerism. Through the collaboration, Mumtaz became aware of the problem faced by the Muslim community with regard to their economic power and consumerism issue. She elaborated how

Muslim consumerism problems influenced her to be an active advocate for Muslim economic empowerment:

*“The passion for advocating economic empowerment of Muslims became more intense while working with the Malaysian Islamic Consumers’ Association, a body heavily involved with a variety of Muslim economic and consumer issues.”*

Her dissatisfaction with the issue of Muslim community economic empowerment made Mumtaz realise that one of the ways to help the Muslim community economically is by being involved with the community ‘economically’, which is through entrepreneurship.

These three entrepreneurs learnt about the gap in the market by themselves. They became aware of the gap either by observing the market; as in the case of Omar and Mumtaz, or by personally experienced the difficulty in getting a product that comply with the *Shariah*, as experienced by Farah. Their awareness of these gaps triggered in them the curiosity to know more about the gaps, and led them to engage in the next stage, that is the preparation stage.

### **3. Preparation**

The third stage revealed by the analysis process is the preparation stage. In this stage the entrepreneurs began gathering information, knowledge, and skills that relate to the gap. Only two entrepreneurs – Farah and Mumtaz, engaged in this stage since they both have no business experience prior to the current business that they have. Omar however, did not engage in this stage since he had experience running a printing business before. Hence, it did not take him too much time to prepare himself to start the new business.

Farah began gathering information about the current trend in the Muslimwear market with the help from her well-known local designer



friend, Rizman. She discussed her experience working with the famous local designer and her discovery of Malaysia's fashion style as she involved in the process of information gathering:

*“Working with Rizman, I got to explore different materials and styles. What's lacking in Malaysia is style – we either follow the Indonesian or the Arab style.”*

Besides learning from the local designer about the fashion industry, Farah also learnt by herself on what is lacking in the fashion market for women who want to dress according to the *Shariah*. Her personal experience – i.e struggling to find clothes that meet her needs, enabled her to identify the gap in the market and to relate with Muslim women who are having problem in trying to dress according to what the *Shariah* has prescribed. As Farah elaborated:

*“I know what problems there are, for example, the breastfeeding mothers, or the hijab that won't sit still and needs to be pinned, because I have gone through all these stages in my own life. Therefore, I know what they desire in their choice for Muslim wear.”*

For another entrepreneur – Mumtaz, her experience working with the Malaysia Islamic Consumer's Association had enabled her to gather important information about Muslim consumers issues. She learnt that most of Muslim consumers were having problem with the healthcare issue, specifically with regard to finding halal food supplements products. As she elaborated:

*“Based on what I learned while collaborating with the team (the Malaysia Islamic Consumer's Association), the issue was related to food consumption, health product and all that...”*

Mumtaz told that she then accidentally met her cousin who was working in the food technology industry. The meeting gave her the opportunity to explore and expand her knowledge about the food industry, as she explained:

*“And then I met one of my long lost cousins, who happen to be working in the food technology industry. We had a long discussion about the industry (food technology) ”*

Since these two entrepreneurs – Farah and Mumtaz did not have any business experience prior to starting their current businesses; they both had to learn from other people about the business and the industry. They both were lucky to have connections with people who have the knowledge and expertise in the market. These experts helped them to see the potential of these gaps to be developed into a sound business opportunity. Their next step was to evaluate whether the opportunity was worth pursuing, that is, the evaluation stage.

#### **4. Evaluation**

As described earlier, the evaluation stage is a period in the opportunity realisation process in which entrepreneurs decide whether the gap is worthy of pursuing. For the three entrepreneurs, Farah, Mumtaz, and Omar, the evaluation stage did not occur in a formal style, such as market analysis or testing. Instead, it happened through feeling confident that their idea would work, similar to what was experienced by those entrepreneurs who were actively seeking an opportunity.

Farah’s evaluation was a simple analysis on whether her business concept was workable or not, whether she had the necessary skills to accomplish it, and whether the business idea was unique enough to carry out. Farah’s partnership with a local designer, Rizman had definitely given her the advantage in terms of the skills and knowledge required to venture into the fashion business. Farah and her business partner also believed that their idea about the business was unique. Her business partner, Rizman, a local fashion designer, was quoted in an interview with a local mainstream newspaper about the distinctiveness of their venture:

*“We want to create something Malaysian, subtle, subdued, elegant and also classy, exclusive and high fashion. And that’s what makes the boutique so interesting.”*

Farah also expressed how she really believed that her idea about the venture would work:

*“My collaboration with Rizman provided me a peace of mind. Being a pious, modern man himself, he understands my needs and the requirements of our customers.”*

Likewise, Mumtaz’s evaluation stage also took the form of feeling confident that her idea would work. She explained how her idea to have a halal supplementary food business would work and able to set her apart from the rest of the competitors in the market:

*“At that time, there were not many supplementary food products like today, not many – maybe one or two. But their emphasis was more on the product as good supplementary food, not on the habit of taking the food as part of the sunnah.”*

The above explanation indicated that Mumtaz had a clear idea on what kind of business she was going to venture into – i.e. a health supplements product business which focused on supplementary foods that were based on the Islamic tradition, such as honey, olives, and black seed. Her idea was to focus on the habit of taking the supplementary foods as part of the *sunnah*, apart from offering *halal* supplement. *Sunnah* refers the lifestyle that is recommended as a norm based on the prophet Muhammad’s teachings and practices and the interpretations of the Quran (Esposito, 2014). As the actions and sayings of the prophet Muhammad are believed to complement the divinely revealed message of the Quran, hence it is considered as one of the primary sources of Islamic law (Esposito, 2014). It was reported in many *hadiths* that the Prophet recommended these foods i.e. honey, olives and black seeds, as supplements for good health (Abu Hassan, 2014).

Omar similarly, felt confidence of his idea and had trust in his capability to publish the comic book. He told:

*“At that time we really feel that we have the capability to do this.”*

For these three entrepreneurs, Farah, Mumtaz, and Omar, their evaluation stage was more of a confidence-seeking type of evaluation, as opposed to a formal viability study or market testing. The confidence feeling that they gained from this evaluation stage led them to the final act of the venture creation process, i.e. exploiting the opportunity.

## **5. Exploitation**

The final stage that these three entrepreneurs engaged in was the exploitation stage. Similar to the other two patterns of opportunity realisation, this stage involved the entrepreneurs taking actions and turning their ideas into reality. This step was taken by these entrepreneurs upon realising that their ideas about the concept of their businesses were viable.

Farah explained that during this phase she and her business partner began developing ideas for the boutique's first collection design. She stated:

*“So, I spoke to Rizman about having plain ones (hijab) with beadings and he came up with the idea of hijab for dinner or night.”*

As for Mumtaz, as soon as she had clear idea on the type of product that she was going to produce, she began contacting the manufacturer to produce her product. As she explained:

*“...at that time, I made an arrangement with a Muslim manufacturer, because I couldn't afford to have my own factory yet.”*

Meanwhile, for Omar, he did not take too long to start publishing the comic book since he was involved with a printing business before. That experience helped to speed up the exploitation stage. The exploitation stage for Omar started when he began to define the target market segment for the comic book. He explained:

*“So, we started with focusing on primary school children, seven till 14 years old readers.”*

The exploitation stage marks the end of the process of realising an opportunity. It is a stage where these entrepreneurs began turning their entrepreneurial opportunities into reality as they began to build their ventures.

All these three entrepreneurs engaged in these five stages of opportunity realisation. Although all three of them began the process with the transformation stage and ended with exploitation stage, they did not experience the same sequence of stages during the process. They took a different path between the transformation and exploitation stages. Similar to the two previously discussed patterns of opportunity realisation process, the process of realising spiritually-driven opportunity is also iterative in nature. The data shows that the iterative feature is observable between two stages – i.e preparation and evaluation stage. Participants repeated the preparation stage when they felt unsure of the result of their evaluation process.

## **SUMMARY**

In the spiritually driven opportunity, entrepreneurs went through a spiritual experience that resulted in a change of their lifestyles, way of thinking, attitude and perspectives that ultimately led them to identify an opportunity. This pattern of opportunity realisation process consists of five stages: 1) transformation, 2) awareness of gap, 3) preparation, 4) evaluation, 5) exploitation. Unlike the other two patterns of opportunity realisation – accidentally found opportunity and actively seeking for opportunity - where the stage of exploration of spiritual values is present in

both type of opportunity realisation process, in realising this type of opportunity, an exploration of spiritual values stage is not included.

An important feature of this pattern of opportunity realisation is the calling experience of the three entrepreneurs – Farah, Mumtaz and Omar. At the beginning, these entrepreneurs regarded this calling as coming from the Divine that made them realised the existence of a relationship between them and God. This calling invoked in them a consciousness of their true meaning and purpose. It is then extended beyond themselves to include others such as the society. Later, in their pursuit of their meaning and purpose they ended up serving others through their ventures.

A part of that, the calling is also the reason for these entrepreneurs' transformation, which involved either extrinsic or intrinsic change that made them view the entire opportunity realisation process from a spiritual perspective. Hence, this explains the reason for the missing of exploration of spiritual values stage in realising spiritually-driven opportunity, because spirituality 'envelops' the whole process of opportunity realisation.

## **CONCLUSION**

In sum, these three findings chapters uncover three patterns of opportunity realisation as experienced by these Muslim entrepreneurs: 1) accidentally seeking for opportunity, 2) actively seeking for opportunity, and 3) spiritually-driven opportunity. These processes refer to the nature of how these Muslim entrepreneurs learnt about opportunities. The majority of participants in this study (nine of 15 entrepreneurs) found their entrepreneurial opportunity by accident. For this type of opportunity realisation process entrepreneurs either learnt about the opportunity by themselves or from other people. However, the opportunity came to them by chance or when they were not looking for any. This type of opportunity realisation process involves five stages: 1) awareness of gap, 2) exploration of gap, 3) evaluation, 4) exploration of spiritual values, and 5) exploitation. These five stages however did not happen as a series of sequential steps. The entrepreneurs repeated some stages before they

move on to the next stage because they were not sure of the information that they gathered.

The second type of opportunity realisation process is actively seeking for opportunity, whereby the entrepreneurs purposely look for the opportunities. Three entrepreneurs who experienced this type of opportunity realisation process are Nani, Soraya, and Haris who went through various business experiences before they found the right opportunity that led them to their current businesses. The various business experiences that they went through shaped their evaluation process to be more of confidence-seeking as opposed to formal market analysis. This type of opportunity realisation process consists of five stages, which are: 1) preparation, 2) awareness of gap, 3) exploration of spiritual values, 4) evaluation, and 5) exploitation. Similar to accidentally found opportunity, these stages are also iterative and non-sequential.

The third and final type of opportunity realisation process that emerged from the data is the spiritually-driven opportunity. Three entrepreneurs who were identified from the data as having this type of opportunity conception process are Farah, Mumtaz, and Omar who had similarity in their journey of finding their entrepreneurial opportunities. They all went through a spiritual experience, which had transformed them internally and externally and led them to the opportunities. This type of opportunity realisation also involves five stages: 1) transformation, 2) awareness of gap, 3) preparation, 4) evaluation, and 5) exploitation. These entrepreneurs went back and forth between the preparation and evaluation stages before moving on to the exploitation stage. Hence, the data indicate that this type of opportunity recognition process is also iterative.

In these chapters, the researcher also discovered a number of Islamic spiritual values that shaped these opportunity realisation processes. Spiritual values such as *fardhu kifayah* (communal obligation), *amanah* (trust) *wasatiyyah* (balanced), *dakwah* (the call of joining the good and

forbidding the bad), and *barakah* (blessings), were mentioned by the participants many times during the interview as the spiritual values that significantly shaped and informed their actions in the process of creating their ventures. In the accidentally found opportunity, Islamic spiritual values such as *fardhu kifayah*, *amanah*, *dakwah*, and *wasatiyyah* were apparently present in two stages of the process, which are the exploration of spiritual values stage and the exploitation stage. Meanwhile, in the actively seeking for opportunity, the Islamic spiritual values such as *fardhu kifayah*, *wasatiyyah*, and *dakwah* are present in the exploration of spiritual values stage of the opportunity realisation process. However, in the spiritually-driven opportunity these spiritual values were not evident because the entrepreneurs had experienced a calling that led to their transformations in their perspectives on lives, their way of thinking and their lifestyles. This transformation influences them to view the whole opportunity realisation process from a spiritual perspective. Therefore, in realising the spiritually-driven opportunity the Islamic spiritual values did not present in any one of the stages. Instead, it 'envelops' the whole process of opportunity realisation.



## CHAPTER 8

### ANALYSIS AND DISCUSSION

While chapters five, six, and seven gave an insight into the experience of venture creation by Muslim entrepreneurs who participated in this study, chapter eight analyses and discusses how spirituality shapes these entrepreneurs' process of venture creation. An emergent model (see Figure 8.1) is developed based on the participants' stories of their experiences in starting a venture. This model brings together three key phases that these Muslim entrepreneurs went through in forming their ventures.

This chapter is divided into four sections. The first section presents a summarised description of the emergent model of Muslim entrepreneurs' opportunity conception for entrepreneurial ventures (see Figure 8.1), which is the central focus in this discussion. This is followed by three sections that discuss the three major components of the model (i.e. sourcing of opportunity, opportunity conception process, and enactment of opportunity). These three sections also address the sub-questions of this study. The discussion of the first component of the model (i.e. sourcing of opportunity) corresponds with the first sub-question: ***“What are the key sources of entrepreneurial opportunities for Muslim entrepreneurs?”*** The second component of the model discusses the process of opportunity conception as experienced by the Muslim entrepreneurs, which significantly contribute to theoretical insight answers the second sub-question: ***“How do Muslim entrepreneurs understand entrepreneurial opportunity?”*** The final section of this chapter discusses the third component of the model (i.e. enactment of opportunity) that examines the Islamic spiritual values that were evident in the process of venture creation of these Muslim entrepreneurs. It addresses the third sub-question: ***“How are the Islamic spiritual values manifested in the Muslim entrepreneurs' process of venture formation?”***

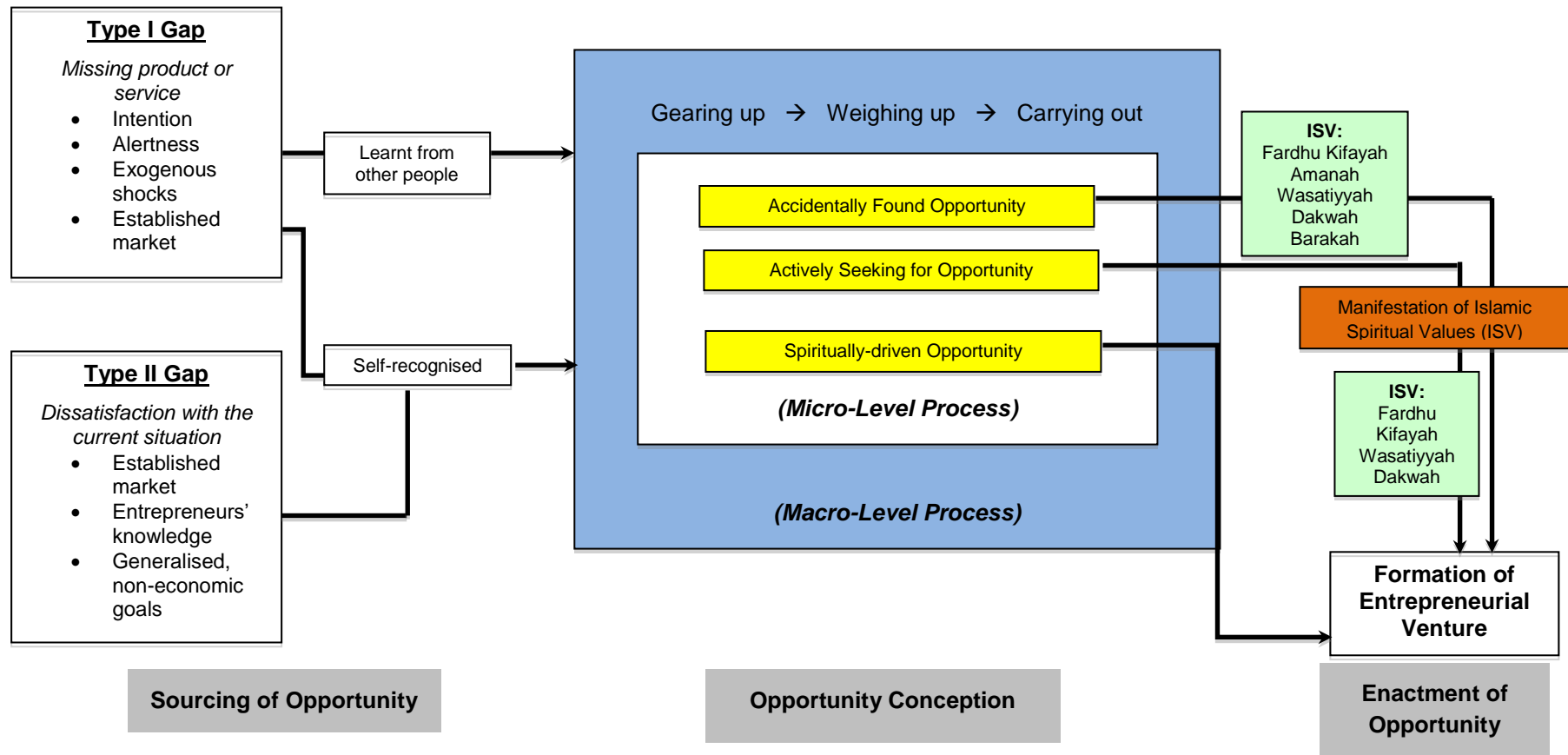


Figure 8.1 Emergent model of Muslim entrepreneurs' opportunity conception for entrepreneurial ventures

## **SUMMARISED DESCRIPTION OF THE EMERGENT MODEL**

The Malay Muslim entrepreneurs' process of venture creation can be explained by three important phases. These three phases are depicted in Figure 8.1 as: 1) sourcing of opportunity, 2) opportunity conception process, and 3) enactment of opportunity. The first stage of the venture formation process, also the first component of the emergent model, is sourcing of opportunity. There are two types of gap from which the Muslim entrepreneurs source their opportunities. The first gap exists due to missing product and/or service in the market and is characterised by intention, alertness, and exogenous shocks, which the researcher refers to as the type I gap. Meanwhile, the second type of gap prevails as a result of the entrepreneurs' dissatisfaction with the current situation, which has entrepreneur's knowledge and generalised, non-economic goals as the gap's distinguished factors and is referred to as the type II gap. Despite the different sources from which these gaps originate from, the entrepreneurs' response to both types of gap lead to the creation of a new niche segment in an established market. An awareness of these gaps arises as entrepreneurs learn about the gaps from other people or recognise them themselves.

The second component of the model and second phase of the venture creation process of Muslim entrepreneurs is the opportunity conception process. This component is the most vital part of the whole venture creation process and makes what the researcher believes is a significant contribution to existing literature. The opportunity conception process comprises of two levels of macro and micro processes. The macro-level process includes three steps: 1) gearing up, 2) weighing up, and 3) carrying out. An analysis of participant narratives identified three patterns of opportunity realisation that relate to the micro-level process: 1) accidentally found opportunity, 2) actively seeking for opportunity, and 3) spiritually-driven opportunity.

The third component of the model is the enactment of opportunity. During this phase the entrepreneurs begin taking actions towards realising the opportunities. The actions taken by these Muslim entrepreneurs symbolises their manifestation of their Islamic spiritual beliefs. Participants acknowledge Islamic spiritual values such as *fardhu kifayah*, *amanah*, *wasatiyyah*, *dakwah* and *barakah* as the values that significantly influence their actions in realising the opportunities into realities.

Having presented a summarised description of the emergent model that represents the Muslim entrepreneurs' experience of forming a venture, the following sections of this chapter discuss in detail the three phases that characterise these participants' paths of venture creation.

### **SOURCING OF OPPORTUNITY**

This section discusses the first phase of the Muslim entrepreneurs' venture creation process that is the sourcing of opportunity (refer to Figure 8.1). From the findings presented in chapters five, six and seven, it is revealed that the Muslim entrepreneurs source their entrepreneurial opportunity from two types of gaps: 1) missing products and/or services in the market and 2) entrepreneurs' dissatisfaction with the current situation.

The first type of gap exists due to missing products or services in the market results in unmet consumer needs. From the data it is revealed that eleven participants sourced their entrepreneurial opportunities from this type of gap, regardless of their pattern of opportunity realisation process. Table 8.1 summarises the number of participants and the type of gap that they experienced that led them to their entrepreneurial opportunities. The majority of the participants (11 of 15 participants) experienced type I gap that led them to be aware of the entrepreneurial opportunity.

**Table 8.1 Type of gap and the number of participants according to the pattern of opportunity realisation process**

	<b>Accidentally Found Opportunity</b>	<b>Actively Seeking for Opportunity</b>	<b>Spiritually-Driven Opportunity</b>	<b>Total</b>
<b>Type I Gap</b> (Missing product or service)	7	2	2	11
<b>Type II Gap</b> (Dissatisfaction with the current situation)	2	1	1	4

Findings also revealed that these entrepreneurs either learnt about the gap by themselves or from other people around them, such as their family members, friends, or potential customers. Those entrepreneurs who became aware of the gap by themselves have the knowledge about the market (i.e. what the market currently in need of but are missing). The knowledge that these entrepreneurs have could be derived from their own experience. Some entrepreneurs experienced the missing of the product or service from the market first-hand, while some relied on their previous work experience that provides them with a unique stock of knowledge and information that enables them to tell that there was disequilibrium between market needs and supplies. This corroborates with Kirzner's (1973, 1997) and Shane's (2000) views that in order to notice an opportunity, it is best to have knowledge about the market combined with the knowledge on how to fulfil those needs.

However, entrepreneurs who did not notice the gap by themselves had to rely on other people in their social network for the knowledge, since they did not have the same advantage as those entrepreneurs who noticed the gap by themselves. These entrepreneurs had to depend on other people for knowledge about the market to enable them to see the gap as having potential to turn into an opportunity or at least a sound business idea. This finding supports Singh et al.'s (1999) idea on opportunity recognition through social network. While prior knowledge helped participants to notice the gap themselves, those without the relevant knowledge and experience had to rely on their social network to see the prospects. Table

8.2 presents a breakdown of the number of entrepreneurs who noticed the gap by themselves and those who learnt about it from someone else. More than half of the participants that experienced type I gap learnt about the gap from other people.

**Table 8.2 Breakdown of numbers of entrepreneurs who noticed the Type I gap by themselves and learnt from other people**

<b>Awareness of Gap</b>	<b>Accidentally Found Opportunity</b>	<b>Actively Seeking for Opportunity</b>	<b>Spiritually-Driven Opportunity</b>
Self-recognised	3	0	2
Learnt from other people	4	2	0

A further analysis led the researcher to identify four factors that characterise this type of gap: 1) intention, 2) alertness, and 3) exogenous shocks, and 4) established market.

*i. Intention*

The first factor that characterises the type I gap is the intention of entrepreneurs to act on the opportunity. As revealed by the data, more than half of the participants who experienced type I gap learnt about the gap from someone else. Hence, this finding supports the argument that it is possible for the opportunity to exist independently of the perceptions and actions of entrepreneur, which is the assumption of the discovery view (Kirzner, 1973). Based on this assumption, opportunities prevail despite no individuals noticing their existence (Alvarez et al., 2013). In this context of study, it is possible for the opportunities to be identified by individuals with no intention of exploiting it, who then passed the ‘idea of opportunity’ to the aspiring entrepreneurs to act on it. On the contrary, Valliere (2013) contends that intentionality is important in entrepreneurial alertness that allows entrepreneurs to notice opportunities while others do not. According to Valliere (2013), entrepreneurial intention strengthens the utilisation of entrepreneurial alertness in the identification and development of opportunities, where current works are still lacking. Hence, this finding is a respond to Valliere’s (2013) call to link between the literature of

entrepreneurial intention and opportunity identification and development despite having contradicting evidence.

*ii. Alertness*

The second factor is alertness. The assumption that an opportunity exists independently of the entrepreneurs' perceptions and actions highlights the agency of the entrepreneur. Kirzner (1979) argues that it is the "alertness" that differentiates entrepreneurs from non-entrepreneurs. It is the distinctive ability of entrepreneurs to be informed of opportunities (Alvarez et al., 2013). However, Kirzner's (1979) concept of entrepreneurial alertness has been criticised for being ambiguous due to measurement issues. Tang, Kacmar, and Busenitz (2012) explore the "alertness" concept further and suggest that it is made of three distinct elements, which are: 1) scanning and searching for information, 2) connecting previously-disparate information, and 3) making evaluations on the existence of profitable opportunities. Based on Tang et al.'s, (2012) elaboration of entrepreneurial alertness, it is inferred that the Muslim entrepreneurs noticed the gap because they were "alert". These entrepreneurs could see the potential of the gap to be developed into opportunities because they were able to link all the various information and make sense of it. The assumption that opportunities exist independently of entrepreneurs' perceptions and actions also means that other individuals could notice the opportunities and would try to seize them (Barney, 1991; Kirzner, 1979). Hence, "alertness" saved the opportunities from other individuals in the market and allowed the entrepreneurs to "claim" the opportunities (Shane & Eckhardt, 2003).

*iii. Exogenous shocks*

The third factor is exogenous shocks. There were two important events that formed the exogenous shocks identified in this study. First is the introduction of the Inculcation of Islamic Values (IIV) policy by the Prime Minister of Malaysia and second is the resurgence of interest in practising the Islamic belief among the Malaysians. These two events represented politics (i.e. introduction of IIV policy by the government) (Schumpeter,

1939) and shifts in consumer preference (i.e. rise of interest in practising the Islamic belief) (Shane, 2003) examples of exogenous shocks (Alvarez et al., 2013). A change in customers' preference and lifestyle created the demand for shariah-compliant product and/or services and this triggered the type I gap. All eleven participants who were aware of the gap identified that the absent of shariah-compliant products or services from the market as the incident that triggered this type of gap. The missing shariah-compliant products and/or services were demanded in order to support the consumers' changing lifestyle – a lifestyle that is governed by the Shariah. A change in consumer preference is one of the exogenous shocks that lead to opportunities (Shane & Venkataraman, 2000). This finding also is consistent with the discovery of opportunities, whereby exogenous shocks such as changing consumer preferences triggered opportunities (Alvarez et al., 2013).

#### *iv. Established Market*

The fourth and last factor is established market. In responding to this type of gap, these entrepreneurs created products and/or services to fulfil the gap. Instead of creating new market, these entrepreneurs created a new niche. For instance, in an already established swimwear market, participant Aida has created a niche for Muslim swimwear – a Shariah-compliant swimwear specially targeted to Muslim women that cover the whole body except for the face and hands. Another example is Haris who created a special skincare that cater to Muslims to be used during the Hajj season as the usage of general skincare is forbidden. In order to observe the hajj rules and regulations, specially formulated skincare is required. Hence, in an already established skincare market, Haris has created a niche for Hajj-specialised skincare. Consistent with Alvarez et al.'s (2013) discussion on the discovered opportunities, this type of gap leads to opportunities that arose from an already established market.

These characteristics of type I gap confirm the descriptions of discovery opportunities in the literature (Alvarez & Barney, 2007; Alvarez et al., 2013). The four triggering factors that identified emerging from the data led



to the existence of the type I gap that emerged due to missing product or service in the market.

The type II gap from which the Muslim entrepreneurs source their opportunities exists due to the entrepreneurs' feelings of dissatisfaction with the current situation. The difference between the entrepreneurs' expectations of how things should be according to the Shariah and the reality triggers this type of gap. Consequently, it causes the entrepreneurs to feel dissatisfied and wanting to change the situation.

As revealed by the data, four entrepreneurs (Raihan, June, Mumtaz, and Soraya) sourced their opportunities from this type of gap (refer to table 8.1). All of these four entrepreneurs noticed the gap by themselves instead of learning about it from other people. This type of gap does not necessarily exist in the market; instead it exists in the mind of these entrepreneurs. Accordingly, this agrees with Mosakowski's (1997) argument on the entrepreneurs' initial beliefs about opportunities and the perceptions of the resources and abilities needed to exploit them. She defends that entrepreneurs' beliefs on the existence of opportunities may or may not be compatible with the reality or the public perceptions. Hence, in this context of study, the entrepreneurs endogenously constructed type II gap that lead to the opportunity.

Unlike type I gap, the event or incident that triggered type II gap was not due to disequilibrium between market demands and supplies. Instead, the triggering incident was due to the entrepreneurs' desire to change the status quo. These entrepreneurs were not happy with the current situation and wanted to change it. The gaps that these four entrepreneurs noticed were all triggered by situations that caused them to feel dissatisfied. Those feelings of dissatisfaction exist because there was a 'gap' between these entrepreneurs' expectations (which was guided by the Shariah) and the current situation. For instance, in her mind, Raihan – an owner of Islamic wealth management firm – saw that all Muslims subscribe to the Islamic financial system as part of adhering to the Shariah and fulfilling their

obligation as Muslim. The Islamic financial system calls for prohibition of *riba* (usury) and promotes the value of fairness, justice, and welfare. The Quran repeatedly warns the Muslim to refrain from any business transaction that may involve any element of *riba*. However, Raihan was surprised to discover that the reality many Muslims were still not aware of the importance of subscribing to Islamic finance in managing their wealth and as part of being Muslim. Despite the existence of Islamic financial products in the market, there were still many Muslims who were not aware of the importance of subscribing to it. This incident triggered the feeling of dissatisfaction in Raihan that helped her to see a gap that needed to be filled. She saw the need to promote the Islamic finance system and to invoke awareness in the Muslims about the importance of subscribing to the Islamic finance in managing their wealth.

Another participant, June – a public relations consultant - pictured an ideal way of communicating Islam to the public, but was dissatisfied with the current reality of how Islam was being projected in the media. She saw a gap that needed to be filled. Hence, there was no existing demand from the market that triggered this type of gap: it existed in the mind of the entrepreneur. These opportunities are socially constructed and do not exist independently of the entrepreneurs' perceptions and actions (Aldrich & Kenworthy, 1999). Accordingly, these entrepreneurs were not able to pass the opportunities to others, unlike type I gap where it is possible for an individual to notice a gap and then let somebody else "claim" the opportunity that was developed from the gap. For this type of gap, the entrepreneurs who noticed it were the ones who develop it and turned it into an entrepreneurial opportunity, which subsequently lead to formation of the entrepreneurial venture.

A further examination revealed a number of factors that characterised this type of gap that included: 1) established market, 2) entrepreneur's knowledge, and 3) generalised, non-economic goals.

*i. Established market*

The first factor that described type II gap is the established market. As discussed earlier, the participants who noticed the gap were the ones who initiated the process of developing the gap into opportunity, since the gap did not exist independently of the entrepreneurs. Current literature suggests that the enactment process may result in the construction of opportunities that lead to the establishment of new market or industries (Garud & Karnoe, 2003; Schoonhoven et al., 1990; Sine et al., 2005; Taylor & Greve, 2006). In order to exploit those opportunities, extensive and diverse knowledge from unrelated industries was needed. Contrary to what the literature suggests, this study found that the enactment process that these entrepreneurs engaged in did not lead to the creation of new markets or industries. Similar to the type I gap, these entrepreneurs developed a new niche within established markets. For instance, in the already established novels market Soraya responded to the gap by creating a niche for novels that promote Islamic ideas and values targeted to the young readers. Likewise, June created a niche for communicating Islam in the existing mainstream public relations industry.

*ii. Entrepreneurs' knowledge*

The second factor is the entrepreneur's knowledge. Apart from not creating new market or industries, the gap also led to the creation of opportunities that was related to the entrepreneurs' prior knowledge. All four entrepreneurs whose opportunities were sourced from the type II gap did not have to look that far to notice a gap. For instance, Raihan who had 27 years of experience in the banking industry saw the gap in the Islamic finance market, particularly in the wealth management sector. After years of serving the conventional banking and finance market, she finally decided to switch her career to the Islamic finance market. As she learned about the Islamic financial market and systems, she discovered how important it was to subscribe to and support the system as a Muslim. She also felt dissatisfied with the current level of awareness of Islamic finance among the Muslim community and saw a gap in the wealth management sector where many Muslims were unaware of the importance of financial

planning in their lives. More importantly, there were many Muslims who were not aware of the significance of subscribing to Islamic finance. Another entrepreneur, Soraya who had worked as a freelance writer, discovered that she did not like the novels in the market, which in her opinion were inappropriate for the young readers. She then started her own publishing company. For Mumtaz, who was a TV presenter before she became an entrepreneur, realised the gap that led to her current venture while she was covering a story for the TV station that she had worked for. Although June's previous work experience was lacking when she started her venture, her knowledge in public relations helped her to understand the industry and notice the gap as she studied public relations and communications during her university years. Conversely, past researchers have argued that, "in creating opportunities, being closely tied to prior industries, institutions, or markets may make it difficult to engage in an opportunity enactment process" (Alvarez et al., 2013, p. 309). However, this contradicting finding is justifiable based on Patzelt and Shepherd's (2011) idea of 'sustainable development opportunities', which they define as "opportunities that sustain the natural and/or communal environment as well as provide development gain for others" (p. 632). According to them, entrepreneurs who recognise opportunities that encourage both sustainability and development are likely to care for different aspects of their environment than those who recognise opportunities that generate only economic gain. As these entrepreneurs focused their attention to their communal environment, hence, they were able to recognise changes in that environment and later formed opportunity beliefs that preserve it (Patzelt & Shepherd, 2011). Attention is often focused on aspects of the environment (i.e. business, natural, and/or communal) based on prior knowledge (Rensink, 2002) and motivation (Tompsonski & Tinsley, 1996). These entrepreneurs' great understanding of their communal environment combined with their prior knowledge and religious conscience lead to the creation of opportunities. Hence, this study contributes in extending Patzelt and Shepherd' (2011) concept of sustainable development opportunities to include spirituality as one of the aspects of community that needed to be preserved and protected.

### *iii. Generalised, non-economic goals*

The third and final factor is generalised, non-economic goals. Researchers such as Ardichvili and Cardozo (2000) and Rindova et al. (2009) defend that the ambiguity of dreams hinders it to be developed into realistic opportunities as it often revolve around non-economic goals. Yet, a closer look at how these gaps were initially addressed and expressed revealed that they were indeed centred on non-economic goals. For instance, June expressed the gap generally as *“a need for new and innovative, more refreshing way to communicate Islam”*. She did not have a specific idea on how to do this, but she knew the communication of Islam needed to be upgraded and improved. The gap was initially expressed as a general, broad idea. Likewise Raihan, who expressed the gap at the beginning as *“... a thing that when a person subscribe to Islamic financial product, they are fully aware, they are doing it as the religious obligation”*. She did not have a clear idea of what kind of Islamic finance product or service that she wanted to offer, but she knew that she wanted Muslims to subscribe to it as part of fulfilling their religious obligations. Despite this contradicting evidence, it opens the way for ideas with non-economic rationality and intentionality foundations to be included in the discussion of the various forms of sources of existence of opportunities apart from knowledge.

This study contributes to the entrepreneurship literature by identifying two types of gaps that lead to the existence of opportunity for Muslim entrepreneurs. The existence of the type I gap is real and is independent of the entrepreneurs' perceptions and actions. The change in customers' preference and lifestyle that created the demand for Shariah-compliant products and/or services was identified as the incident that triggered this type of gap. This triggering incident led to the establishment of new niches in existing markets of products and/or services. The second type of gap exists based on the entrepreneurs' feelings of dissatisfaction with the current situation and the difference between the entrepreneurs' expectations of how things should be (according to the Shariah) and reality. This feeling of dissatisfaction implies that this type of gap does not exist independently of entrepreneurs' perceptions and actions. Unlike type

I gap, it is difficult to 'pass' type II gap over to someone else to develop the opportunity. Hence, entrepreneurs who notice type II gap will claim the opportunity themselves. Despite the different features between these two types of gap, there are a number of similarities between them. Much the same as type I gap, the type II gap also leads to the formation of new niche segment in existing market. In addition to that, both types of gap acknowledge the importance of prior knowledge in helping the entrepreneurs to notice the gaps.

Besides prior knowledge, another advantage these entrepreneurs have that helps them to notice the gaps is the possession of cultural and religious knowledge. Their knowledge of Islam, particularly on the Shariah, helps them to recognise a gap in the market for Shariah-compliant products or services that support consumers' changing preferences and lifestyles. Those entrepreneurs who notice the type II gap advocate the 'ideal' way of how the Muslim community should live their lives, which lead them to notice the gap. Without the knowledge of cultural and religion and empathy they will not be compelled to further consider these gaps and develop them into opportunities. As Muslim themselves, these entrepreneurs are aware of the Shariah requirements that they also must observe, hence give them the edge in noticing the gap. Knowledge and empathy provide these entrepreneurs with an understanding of why these gaps need to be filled. For instance, one participant – Farah, was able to notice the gap in the Muslim couture fashion market because she was able to relate to the experience of not having shariah-compliant clothes that addressed her problems in dressing. Something that is seen as opportunity for somebody does not mean that others see it similarly (Ramadani, Dana, Ratten, & Tahiri, 2015). A priest sees ham as an opportunity for a nice meal, an imam does not; an Irishman sees in beer opportunity for nice drink; a Frenchman may prefer wine; a Muslim in France may drink beer; a Muslim in Egypt can choose not to drink (Dana, 2006).

George et al. (2014) concede that possession of distinct cultural knowledge does provide individual with an edge to discover or create opportunities. However, these gaps need further refinement or sense making (Weick, 1995) before it can really be considered as opportunity. It is also important to address the importance of the entrepreneurs' spirituality in deciding whether the gap has the potential to become an entrepreneurial opportunity. As explained, an Islamic spirituality entails putting meaning into one's actions (TEDx Talks, 2014). The Muslims' actions are governed by the Shariah, which in general refers to the ideal Islamic laws decreed by God. In other words, the Shariah guides the manifestation of Islamic spirituality. Both type of gaps regardless of their sources of existence, are responding to the needs of complying the Shariah. If these entrepreneurs did not consider complying the Shariah as an important matter, they would not have responded to pursue the gaps. Therefore, it can be inferred that spirituality inspires these Muslim entrepreneurs to pursue the gaps and further develop them into opportunities. The following table 8.3 summarises the characteristics of both gaps that become the source of opportunity for Muslim entrepreneurs.

**Table 8.3 Summary of Characteristics of Type I and Type II gap**

<b>Features</b>	<b>Type I Gap</b>	<b>Type II Gap</b>
<b>Source of gap</b>	Missing product/service in the market caused by exogenous shocks such as changing customers' preferences.	Dissatisfaction with the current situation lead the entrepreneur to endogenously constructed the gap and further develops it into opportunity.
<b>Exist independently of the entrepreneur?</b>	Yes. Hence, gap can be passed over to others if the entrepreneur has no interest in realising it.	No. Therefore, gap cannot be passed over to others to be realised.
<b>Based on real market demand?</b>	Yes	Not necessarily
<b>Realisation of gap results in the existence of new market?</b>	No. Both type of gaps lead to the existence of new niche segment in existing market.	

The next section discusses the process these entrepreneurs went through in developing these gaps into opportunities that eventually led to the creation of their ventures.

## **OPPORTUNITY CONCEPTION**

While the previous section discussed the gaps that triggered and sourced Muslim entrepreneurs' entrepreneurial opportunities, this section focuses on the opportunity conception process that corresponds with the second section of the emergent model in Figure 8.1. The opportunity conception is composed of two levels processes: 1) macro-level and 2) micro-level. This section also addresses the second sub-question of ***“how do Muslim entrepreneurs understand entrepreneurial opportunity?”*** of this thesis.

As presented in the finding chapters five, six, and seven, three patterns of opportunity realisation were experienced by the Muslim entrepreneurs in the formation of their ventures, which are: 1) accidentally found opportunity, 2) actively seeking for opportunity, and spiritually-driven opportunity. These three different patterns indicate that the Muslim entrepreneurs learnt about their entrepreneurial opportunities through different paths. Nonetheless, regardless of these different patterns of opportunity realisation that the entrepreneurs went through the researcher identifies that they all experienced the same 'macro-level' process in establishing their business ventures. This macro-level process consists of three phases that are: 1) gearing up phase, 2) weighing up phase, and 3) carrying out phase. The following sections discuss this macro-level process in detail.

### **The Macro-Level Process**

#### *i. Gearing Up Phase*

The first phase the Muslim entrepreneurs engaged in when forming a venture was 'gearing up'. This process began when entrepreneurs



become aware of a gap and then begin exploring the gap to seek more information. As soon as they realised there was a gap, they began seeking more information to gauge if the gap had potential to be developed into a sound business idea.

The gearing up phase is a combination of two stages of the opportunity realisation process. The first pattern of opportunity realisation was the accidentally found opportunity, and the gearing up phase involved two stages: 1) awareness of gap and 2) exploration of gap (please refer to Figure 5.1 on chapter five, page 133). For actively seeking for opportunity the gearing up phase is represented by the 1) preparation stage and 2) awareness of gap stage (please refer to Figure 6.1 on chapter six, page 151). In the third pattern of opportunity realisation, that is spiritually-driven opportunity the gearing up phase is made of the 1) awareness of gap stage, and 2) the preparation stage (please refer to Figure 7.1 on chapter 7, page 166).

Awareness is a stage where entrepreneurs first notice a gap. This stage can either precede the exploration of gap stage or the preparation stage – as in the case of accidentally found opportunity and spiritually-driven opportunity, or come after the preparation stage – as in the case of actively seeking for opportunity. In the case where the awareness of gap stage preceded all other stages in the entrepreneurial process, the entrepreneurs did not have experience in the areas where the gap was found. This necessitates them to explore the gap further in the next step, which was the preparation or the exploration of gap.

By seeking more information about the gap the participants were preparing themselves for the entrepreneurial role. By exploring the gap these entrepreneurs knew what they would have to do next in order to develop the gap into a sound business idea. Hence, there were primarily two things that were 'geared up' in this phase: 1) the gap and 2) the entrepreneur. While the gap was prepared with more information in order to be developed into a sound business idea, the entrepreneur was

prepared with knowledge, experience, and insight for the entrepreneurial role. Hence, this finding reinforces Bolton and Thompson's (2013) assertion that people and idea are the basic components that feed the entrepreneurial process.

The gearing up phase not only required entrepreneurs to update themselves with the necessary knowledge and skills but also to seek for more information about the gap and to develop it into opportunity, which emphasises the importance of entrepreneurial learning during this process. Entrepreneurial learning involves encouraging development of a specific subset of knowledge and skills that relate to establishing and managing new ventures (Politis, 2005). As Cope (2005) wrote, "It is through learning that entrepreneurs develop and grow" (p. 379). Entrepreneurial learning is a rising research area that has revived entrepreneurship research by focusing on the learning and developmental process of entrepreneurship and who an entrepreneur may become through learning (Wang & Chugh, 2014). This finding also supports efforts to describe entrepreneurs based on their ability to learn, develop, and change instead of defining them based on traits (Gartner, 1988).

While previous studies argue that prior experience is a crucial element determining the success of individuals in exploiting new market opportunities (Cohen & Levinthal, 1990; Gatewood, Shaver, & Gartner, 1995; Shane, 2003; Zahra & George, 2002), this finding shows that regardless of whether participants have prior experience or not, they still engage in the preparation process. The preparation process does not exclude anyone. For instance, Raihan had 27 years of experience as an investment banker and still took some time to explore the gap she noticed in the Islamic wealth management sector and to upgrade her knowledge on the Islamic finance market. These entrepreneurs saw the potential opportunities to create something valuable in the future but they needed more time to think about the possibilities, which lead them to engage in the second phase, the weighing up phase.

## *ii. Weighing Up Phase*

The second phase is weighing up. In this phase the opportunities were carefully assessed and comprised two steps: 1) exploration of spiritual values and 2) evaluation. However, only in the spiritually-driven pattern of opportunity realisation did this phase consists of only one step, that is the evaluation step. Unlike the other two patterns, the exploration of spiritual values step was absent from the spiritually-driven opportunity realisation because the entrepreneurs adopted a different perspective during this process. As explained previously in chapter seven, the spiritual experience that the entrepreneurs went through transformed them and made the exploration of spiritual values somewhat embedded in the evaluation step.

Primarily, in this phase the entrepreneurs weighed up the opportunities for attractiveness and determined whether it was worth investing time, energy and money in pursuing them. Findings revealed that some entrepreneurs conducted formal analysis during this phase, while others did not. Those who accidentally found the opportunities performed formal market tests such as distributing samples, producing small batches of products to test the market, conducting group assessment, and creating web site to gather public opinion about their plan in their efforts to assess the attractiveness of the opportunities. Meanwhile, those entrepreneurs who were actively seeking for opportunities and spiritually-driven opportunities went with their gut feelings as they felt confident that their ideas were going to work. Since those entrepreneurs who performed formal market analysis were first-time entrepreneurs, their lack of knowledge and experience could be the reason behind the formal market test conducted during this phase. Those who went with their gut feelings were considered to be experienced entrepreneurs.

While this study confirms that individual differences influence their assessments of opportunity (Williams & Wood, 2015) it also contributes in extending the type of assessment approach that entrepreneurs are inclined to choose, whether to go for formal assessment or follow their gut feelings. Despite Gruber, Kim and Brinckmann's (2015) proof that diversity

in opportunity evaluations is a result of individuals having different types of experience, this study provides detail explanation on the opportunity evaluations diversity – formal market test in contrast to gut feeling.

Besides differences in mental models (i.e. experience), the characteristics of the opportunities also influence their judgment on the attractiveness of the opportunities (Gruber, Kim & Brinckmann, 2015). Unexpectedly, this finding revealed that entrepreneurs who conducted formal market test were those who ‘discovered’ opportunities. Meanwhile, those who ‘created’ the opportunities went with their gut feelings in evaluating the opportunities.

Another important finding in the weighing up phase is all entrepreneurs engaged in a step of exploring their spiritual values before arriving at a decision to pursue the opportunities. According to Krippendorff (2011) a lot of entrepreneurs argue that an attractive entrepreneurial opportunity involves a product or service that clearly “takes away pain” or “solve an urgent problem”. While acknowledging entrepreneurs in this study pursued opportunities that responded to “solving an urgent problem” of missing Shariah-compliant products and services in the market and they were “taking away customers’ pain” by pursuing the opportunities to offer such products and/or services, all of them agreed that “communal obligation” played a significant part in justifying the attractiveness of the opportunities. The Islamic spiritual value of *fardhu kifayah* is the value these entrepreneurs heavily relied on in justifying the attractiveness of the opportunities. This spiritual value is discussed in detail in the last section of this chapter.

Researchers such as Mitchell and Shepherd (2010) and Wood and Williams (2014) view opportunity evaluation as a first-person phenomenon (i.e. is this opportunity for me?). Although this study also subscribes to the same view that opportunity evaluation is a first-person phenomenon (McMullen & Shepherd, 2006), the “communal obligation” evidence found in this study however, simultaneously allows it to become a third-person

phenomenon (i.e. is this opportunity for them?). These entrepreneurs believed that there was an opportunity for the Muslim community to live a shariah-compliant lifestyle (third-person opportunity belief), with the participants then deciding whether they wanted to pursue the opportunity of discharging their communal obligation (first person opportunity belief) or not. Patzelt and Shepherd (2011) recognised this as part of identifying opportunities for sustainable development, where entrepreneurs try to look for “opportunities that sustain the natural and/or communal environment as well as provide development gain for others” (p. 632). They further added that individuals who focused their attention on the communal environment were more likely to notice changes in that environment and as a result of that, formed opportunity beliefs that preserve it. In this context of study, the entrepreneurs recognised change in the community preference for shariah compliant products and/or services. They then formed a belief that if they responded to that change they could promote community development by helping the community to live a shariah-compliant life. In addition to that, they could also help the community fulfil meaning of their lives. Hence, in this context of study, while opportunity evaluation is indeed a first-person phenomenon, it is also a third-person phenomenon.

Dependence on religious and/or spiritual resources was one of the alternative ways in dealing with uncertainties related to the start-up process (Bellu & Fiume, 2004; Dodd & Gotsis, 2007; Fernando, 2007). The spiritual values that these entrepreneurs explored during the weighing up phase influenced their views on the attractiveness of opportunities. It helped the entrepreneurs to view the opportunities as able to generate value that further drove them to act on those opportunities by establishing their ventures. The “value” that they perceived to be generated from the opportunities included non-economic value, as they justified pursuing opportunities as part of discharging their communal obligation that also fulfilled their spiritual needs. This thought of fulfilling spiritual needs by pursuing the opportunities outweighed their perception of risks. Taking the risk by pursuing the opportunities was spiritually rewarding for these entrepreneurs.

Spirituality shaped this phase of the opportunity realisation process through the exploring of spiritual values. The study of spirituality in the context of business decision-making was often about making 'ethical' or 'right' decisions (e.g. Hunt & Vitell, 1993; McKinney & Moore, 2004; Singhapakdi, Salyachivin, Virakul, & Veerayangkur, 2000; Fernando & Jackson, 2006). However, these studies focused on the daily decision-making issues of those individuals who were already running a business. The finding of this study however, uncovered the role of spirituality in decision-making of individuals who were about to take the plunge and start their own ventures. It was not just about making the 'right' decision (i.e. ethical way of doing things) it was also about making a decision that was right for them – to be or not to be an entrepreneur?

Opportunity evaluation is the bridge that connects the process of opportunity conception with opportunity exploitation. This finding calls for more studies on opportunity evaluation to be conducted as it falls behind of other areas of opportunity-focused research such as opportunity existence and opportunity exploitation (Williams & Wood, 2015). This phase ended with entrepreneurs viewing the opportunities as appealing and worth their time, energy, and money as they started to make a move towards realising them.

### *iii. Carrying Out Phase*

The final phase these entrepreneurs engaged in was the carrying out phase. In this phase the entrepreneurs started gathering resources to act on the opportunities after they viewed them to be attractive and worth their time, effort and investment. During this stage these entrepreneurs began to put their ideas into reality. The venture was yet to be fully formed at this point, but the work towards realising it had begun.

The carrying out phase is connected with how entrepreneurs feel after the weighing up phase. Welppe, Spörrle, Grichnik, Michl and Audretsch, (2012), explain that if the evaluation process makes them feel that the

likelihood of success is high or if they believe that the potential profit that they are going to earn will outweigh the opportunity cost, the possibility that they will exploit the opportunity is high. Exploitation of opportunity depends on the characteristics of the opportunities and the emotions that accompanied the evaluation process (Welppe et al., 2012). From their study, Welppe et al. (2012) found that fear reduced entrepreneurial exploitation, while emotions such as joy and anger increased the tendency of exploitation. Although this study does not specifically investigate the emotions of Muslim entrepreneurs during the evaluation process, the exploration of spiritual values in the weighing up phase provided them with a sense of relief knowing that what they were doing was partly fulfilling their meaning and purpose. Most participants indicated increased happiness, satisfaction, and a higher sense of inner well-being when they engaged in the exploration of spiritual values process. These Muslim entrepreneurs concluded their weighing up phase with positive emotions that led them to feeling optimistic about carrying out the opportunities. For instance, one participant, Omar acknowledged that the Islamic spiritual value of *barakah* was what made him felt confident in pursuing the opportunity, although the profit potential was not as high as he would have expected. Believing in the values of *barakah* put Omar at ease with his decision to pursue the opportunity. This study contributes by opening the door to other subjective characteristics of opportunities that are spiritually related.

Findings also reveal that for most entrepreneurs the carrying out phase involved seeking help from their social network. Entrepreneurs sought help from individuals in their social network for financial resources, ideas, publicity, materials and labour to help with the carrying out process. Companys and McMullen (2007) suggest that opportunities entail entrepreneurs to adopt resource and network reconfigurations as the strategy for opportunity exploitation. However, from the finding there was no difference in terms of strategy for opportunity exploitation between those who discovered the opportunities and those who created the opportunities. In getting the resources that they needed from people in

their social network, all entrepreneurs had to convince those people about their business ideas. This agrees with Wood and McKinley's (2010) concept of 'opportunity enactment', which they define as "the enlistment of stakeholder support sufficient to transform an objectified opportunity into a working venture" (p. 72). It entails the entrepreneurs to form an alliance with those people with the resources to turn the envisioned objective into reality (Wood & McKinley, 2010). As revealed by the findings, some participants in this study developed a partnership with people from their social network as a strategy to exploit those opportunities, a move that supports the effectuation theory (Sarasvathy, 2012).

These three 'macro-level' phases of the opportunity conception process represent the entrepreneurial process that the Muslim entrepreneurs went through in creating their ventures: 1) gearing up, 2) weighing up, and 3) carrying out phases. While these participants engaged in a similar sequence of macro-level phases, the 'micro-level' processes are different and iterative that resulted in the development of the three patterns of opportunity realisation, which are analysed and discussed in the next section.

Based on the analysis of both types of opportunities, an important finding that this study revealed is regardless of the type of opportunities – whether it is discovered or created opportunities, it led to the creation of products or services in currently existing markets, instead of creating new market. This is consistent with Sarasvathy's causation model (2001, 2008) that proposes the market for a product or service has to be in existence before exploitation can happen and information about the market must be obtainable so that entrepreneurs can evaluate the opportunities and evaluate resources in order to act on those opportunities.

As mentioned earlier, besides the macro-level process, Muslim entrepreneurs also engaged in micro-level process that resulted in the classification of three patterns of opportunity realisation. While all entrepreneurs involved in the similar three phases of macro-level process



(i.e. gearing up, weighing up, and carrying out), they pursued different paths in the process of forming their entrepreneurial venture. The following section presents analysis and discussion on the three patterns of opportunity conception process, which also represents the micro-level process of the opportunity conception (please refer Figure 8.1).

### **The Micro-Level Process**

#### *i. Accidentally found opportunity*

The first pattern of opportunity realisation is accidentally found opportunity (please refer to Figure 8.1), which in this context of study refers to entrepreneurs who discover their entrepreneurial opportunities by chance without formal screening. Entrepreneurs who experienced this type of opportunity realisation learned about the opportunity by themselves or from other people around them. Traditionally, recognition of opportunity is viewed as a result of systematic search for available opportunities. However, in recent years this view has been contested by many researchers who argue that individuals do not look for opportunities, they discover the value of new information that they come across (Ardichvili et al., 2003). Kirzner (1997) uses the term 'discovery' to refer to this type of opportunity recognition in contrasting it with the deliberate systematic search process. He writes:

“what distinguishes discovery (relevant to hitherto unknown profit opportunities) from successful search (relevant to the deliberate production of information which one knew one had lacked) is that the former (unlike the latter) involves the surprise that accompanies the realization that one had overlooked something in fact readily available” (p. 71 – 72).

Other scholars refer to this similar type of opportunity sensing experience as “Aha!” or “Eureka!” moment (Gaglio & Taub, 1992; Hills et al., 1999).

The research findings confirm the majority of participants (nine of 15) in this study went through the following five steps during the process: 1) awareness of gap, 2) exploration of gap or preparation, 3) evaluation, 4)

exploration of spiritual values, 5) exploitation (please refer to Figure 5.1). The flow of these steps however is not sequential. Entrepreneurs repeated some of these steps before they progress to the following step, as indicated by the dashed arrows.

Hills et al.'s (1999) model of opportunity recognition is one of the examples of accidental opportunity discovery. These researchers propose that unintentional discovery of opportunity is accomplished through a series of five steps: 1) preparation, 2) incubation, 3) insight (the "Aha!" moment), 4) evaluation, and 5) elaboration (formation). The accidentally found opportunity recognition pattern that emerged from this study is somewhat closer to Hills et. al's (1999) model. Although, Hills et. al's (1999) model addresses the accidental nature of opportunity recognition, the preparation step that initiates the process gives the impression that it is a deliberate search process. Hence, it does not represent the opportunity recognition process that was sourced from ideas discovered by chance from other individuals. On the contrary, the accidentally found opportunity realisation model that emerged from the data of this study begins with the awareness of gap step, which acknowledges that ideas that lead to opportunity discovery may be noticed by other individuals beside the entrepreneurs themselves. It also indicates that these participants may or may not have intention to become entrepreneur at the beginning. However, Hills et al.'s (1999) model which begins with preparation step, gives the idea that individual already made a decision to be an entrepreneur before he or she was even aware of any gaps that might lead to opportunities.

#### *ii. Actively seeking for opportunity*

The second micro-level process that also forms one of the patterns of opportunity realisation is actively seeking for opportunity (refer to Figure 8.1). It refers to the process where the entrepreneurs are always on the lookout for opportunities. The nature of their search process is proactive as compared to those entrepreneurs who accidentally found their opportunities where the search process is passive. This pattern of

opportunity realisation agrees with Fiet's (2002) work on systematic search for entrepreneurial discoveries, which was introduced to counter Kirzner's (1997) idea on alertness that suggests entrepreneurial discoveries is accidental. What differentiates this pattern of opportunity realisation with the previous one (i.e. accidentally found opportunity) is the search mode that the entrepreneurs engaged in. They were involved in a systematic, deliberate search process before arriving at their entrepreneurial opportunities as compared to their counterparts who 'serendipitously' discovered opportunities.

Fiet's (2002) concept of a systematic idea was reflected in the steps these entrepreneurs' went through in realising their entrepreneurial opportunities. Three entrepreneurs – Nani, Soraya, and Haris were identified from the data as having this pattern of opportunity realisation. These three entrepreneurs experienced the following steps in the process of creating their venture: 1) preparation, 2) awareness of gap, 3) evaluation, 4) exploration of spiritual values, and 5) exploitation (please refer to Figure 6.1).

From the interview these entrepreneurs revealed that they had ideas of running their own ventures before they even realised there were opportunities to be pursued. A number of researchers agree that this can be done (e.g. Hsieh, Nickerson & Zenger, 2007; Murphy, 2011). According to Hsieh et al. (2007) and Murphy (2011), a person can gauge that he or she wants to pursue an entrepreneurial opportunity without knowing what that opportunity might be. These entrepreneurs then began scanning the environment for any cues that would lead them to opportunities. In scanning the environment, these entrepreneurs got involved in various activities hoping to gain experiences and knowledge that would bring them to opportunities – that is the preparation step. This preparation step also saw them narrowed down their search process to a particular area or sector that interests them or at least they were familiar with, which was influenced by their past experience and knowledge (Fiet, 2007). For instance, participant Soraya who ventured into the publishing business

was once a freelance writer and Haris who is a Hajj-specialised skincare entrepreneur was an engineer with chemical engineering background. Later, these entrepreneurs noticed the gap in the area that they were focusing on and an area that they had narrowed down. They learnt about the gap either by themselves – by observing the market, or from their inner circle of friends or families that served as their information channel (Fiet, 2007). The next steps that follow are similar to the accidentally found opportunity realisation process. Similar to the previous pattern of opportunity realisation, these steps are non-sequential. Some of the steps were repeated before these entrepreneurs arrived at the last stage of the process as indicated by the dashed arrows (refer to Figure 6.1).

### *iii. Spiritually-driven opportunity*

The final micro-level process that is also the third pattern of opportunity realisation is the spiritually-driven opportunity. It refers to the process of opportunity realisation as experienced by entrepreneurs who went through a spiritual experience that led them to their entrepreneurial opportunities. Three of 15 entrepreneurs – Mumtaz, Farah, and Omar, were identified from the data as having this pattern of opportunity realisation process. In general, spiritually-driven opportunity involves five steps, which are: 1) transformation, 2) awareness of gap, 3) preparation, 4) evaluation, and 5) exploitation (please refer to Figure 7.1). Similar to the previous two types of opportunity realisation, these five steps of spiritually-driven opportunity realisation process also did not happen sequentially. These entrepreneurs have the tendency to repeat the preparation step before progressing to the evaluation step as shown by the dashed arrow. To the best of the researcher's knowledge, no study has acknowledged the presence of spirituality in the framing of entrepreneurial opportunities. This study is the first one to report on how spirituality may play a role in the opportunity conception process.

One aspect that differentiates this pattern of opportunity realisation from the other two (i.e. accidentally found opportunity and actively seeking for

opportunity) is the transformation process that was experienced by the participants (i.e. Mumtaz, Omar, and Farah). Findings revealed that these entrepreneurs experienced an internal 'change' that is spiritually-related, which then led to a change in their perspectives, ways of thinking, and lifestyle. Participants reported that they experienced internal as well as external changes that brought them towards discovering their meaning and purpose. Braud (2009) argues that research that studies workplace spirituality must consider the potential relationship between individual and organisational spirituality to personal and organisational transformation. He further explained that transformation can be experienced by significant changes in one's attitudes, values, and means of knowing, being, and doing. In addition to that, Clements (2004) proposes that transformation should be changes that bring a person closer to self, spirit, and service.

Studies have shown that spirituality promotes individual's well-being. One participant – Farah, an owner of Islamic fashion couture boutique shared her dilemma of observing the Muslim way of dressing. She described her life before she began observing the Muslim wear as "without meaning". A number of studies have found a significant correlation between spirituality and mental health indices of life satisfaction, life-esteem, hope and optimism, happiness, and meaning in life (Emmons, 1999). Hence, this study agrees with the proposition that spirituality promotes individual's well-being through the transformation process that supports participants' intrinsic development.

Spiritually-related transformation led to a change in perspective among these participants. For instance, one participant – Omar, explained that during the early years of his first business venture (i.e. printing business) it served nothing more than just a way to earn a livelihood. After a few years he began to experience a transformation that led him to see the potential of the business by questioning himself "where is he going"? (with the business) and "what is his purpose"? This transformation led him to gain a different perspective as he saw an opportunity to make a significant contribution to society through the publishing business. Besides a change

in perspective, this instance also demonstrates the risk-taking behaviour of the participant. A review by Bento (1994) on spiritually empowered employees revealed that these individuals were found to be more courageous, which may explain Omar's risk taking behaviours that insisted on pursuing the opportunities following his transformation process. In addition to that, a workplace that welcomes spiritually empowered people can enjoy the benefits of creativity (Krishnakumar & Neck, 2002). The transformations process experienced by these entrepreneurs were preceded by a calling that led them to discover their meaning and purpose, which then opened their minds to see gaps that can lead them to opportunities.

### **ENACTMENT OF OPPORTUNITY**

This final section of this analysis and discussion chapter addresses the third sub-question of this study that is "***how are the Islamic spiritual values manifested in the Muslim entrepreneurs' process of venture formation?***" This section is represented as the last part of the emergent model in Figure 8.1. It discusses the Islamic spiritual values that were evident in the process of venture formation.

Findings reveal that the pursuit of entrepreneurial opportunities also included the pursuit of a calling for these entrepreneurs. All entrepreneurs acknowledged that pursuing the opportunities was part of fulfilling their purposes as a Muslim. They spoke of values such as *fardhu kifayah* (communal obligation), *wasatiyyah* (balanced), *barakah* (blessings), *amanah* (trust), and *dakwah* (the call of joining the good and forbidding the bad) as the values that drove them to realise the opportunities. These spiritual values also represent the dimensions of spirituality that were manifested during their process of venture formation.

The value of *fardhu kifayah* or communal obligation is the most frequently cited value by the Muslim entrepreneurs. Briefly, this value refers to legal obligations that the Muslim community must carry out (Al-Qaradawi,

2010). If there are enough number of people taking on these responsibilities, then the whole community is free from sin. If not, the whole community carries a sin for not performing their duty. Hence, this value requires that Muslim to attend to every branch of knowledge, industry, craft, and institutions collectively. The essence of this value is the sense of collectiveness or social connectedness that also forms one of the basic features of calling(s), which is pro-social intention(s) (Elangovan et al., 2010). Pro-social intention refers to a yearning to make the world a better place and is centred on others instead of one's self (Elangovan et al., 2010).

This value plays a significant part in shaping the venture creation process of Muslim entrepreneurs. First, the majority of participants referred to this value in justifying the existence of opportunities. Second, this value also was the main value that guides most of the entrepreneurs in the evaluation phase. Third, the value of *fardhu kifayah* is the value that most entrepreneurs related to in pushing them to act on the opportunities, which is also another feature of Elangovan et al.'s (2010) concept of calling – that it is action-oriented. This spiritual value promotes the culture of collectiveness among the Malay Muslim entrepreneurs. Thinking about the consequences for not carrying out this obligation on behalf of the Muslim community pushed the Muslim entrepreneurs to pursue entrepreneurship. This cultural capital of 'society mindedness' encourages entrepreneurship among the Malay Muslim community (Light & Dana, 2013).

The second most frequently cited Islamic spiritual value is *wasatiyyah*. The participants refer to this value as being 'balanced' about their lives. The Muslims believe in the hereafter, which is one of the pillars of faith in Islam. This belief shapes their view on the existence of another life after the life on this world ceases. How one acts in his or her life in this world determines his or her life in the hereafter – either one will be punished and go to hell or will be rewarded with paradise. Hence, this belief also shapes their views on the role of work. A work or job is viewed not just as a way to earn a living in this world, but also as a way to earn paradise in the

hereafter. It is a religious duty, a form of worship. Gumusay (2015) comes up with the term 'wor(k)ship' – a word to refer to the Islamic concept of work as a religious duty. This belief of work is religious duty also hold in the context of Muslim entrepreneurs in the Saudi Arabia. In examining the Saudi entrepreneurs' perception of entrepreneurship, Kayed and Hassan (2010) found that the majority believe entrepreneurship to be a spiritual as well as an economic activity. This view is consistent with Elangovan et al.'s (2010) view on the typology of perspectives on calling that regards a calling can be a religious, occupation-related, although the view of work as worship has long established in Islam.

The third spiritual value is *dakwah*, which the entrepreneurs relate to as calling the Muslims back to the Islamic faith by practising Islamic lifestyle. Practising the Islamic lifestyle means living one's live according to the Shariah. These entrepreneurs assert that it is through their businesses that they were able to practise this value of *dakwah*. The value of *dakwah* also echoes the essence of pro-social intention of a calling (Elangovan et al., 2010) as these entrepreneurs were trying to bring the Muslim community back to practising the religion in order to gain a better life in the hereafter. The action that was derived from this value is focused on others instead of oneself.

The fourth value is *amanah* (trust), which in this context of study relates to being responsible and honest. This value is highly related to the value of *fardhu kifayah* (communal obligation). The participants believe that in discharging their communal obligation towards the Muslim community through their businesses, the value of *amanah* is a very important criterion. Indeed, *amanah* is one of the criteria of Islamic ethics (Beekun & Badawi, 2005). These participants believe that in discharging their communal obligations they have a responsibility to act 'ethically'. They are responsible to two 'beings' in discharging their communal obligations: 1) the human beings – that is the Muslim community, and 2) the Supreme Being – that is Allah (God). Being Muslim means living a life according to God's will. In doing so, Muslim must act morally, which is part of man's



trusteeship and responsibility that he or she must fulfil and be accountable for (Ahmad, 1995). Furthermore, the wealth and other resources that humankind has benefitted from are not his or hers, instead are loaned to him or her by God as means to fulfil the responsibilities of the trusteeship (Beekun & Badawi, 2005).

The final value is the value of *barakah*, which the participants associated with experiencing blessings from *Allah* (God). The Muslim entrepreneurs describe the blessings as 'help' from Allah that got them through the venture creation process successfully. They believe that they were blessed because Allah is pleased with the good deeds they were doing, which is establishing a business venture in order to fulfil the needs of the Muslim community. The idea that *barakah* is received for a good deed done is also the reason that pushed these entrepreneurs and encouraged them to persist in pursuing the opportunities, as shared by a number of participants. Hence, this value connects these entrepreneurs with God, where it invokes in them the feeling of God-consciousness that compels them to act on the opportunities.

All five spiritual values represent the Islamic spirituality dimensions that were expressed by the research participants in their process of forming a venture. While the researcher agrees that rituals such as fasting, pilgrimage to Mecca (*Hajj*), and charity (*Zakah*) help to maintain a Muslim's spirituality and help him or her to get closer to Allah (Hawa, 2004), which many researchers on Islamic spirituality had used as the base in studying spirituality (e.g. Kamil et al., 2011; Rulindo & Mardhatillah, 2011), these five spiritual values are what emerged from the data, instead of being pre-determined by the researcher and imposed on the participants. Hence, this finding focuses on other dimensions of Islamic spirituality besides the specific rituals that previous studies have focused on. This finding shows that spirituality can be achieved through daily activities besides specific religious rituals, which also support the Islamic view of work as worship. To worship Allah is the purpose of creation of human being, in the perspective of Islam. Entrepreneurship is a

values-driven effort (Morris & Schindehutte, 2005) that entrepreneurs often have personal meaning embedded in their entrepreneurial pursuits that are mainly driven by their internal values (Kinjerski & Skrypnek, 2004).

The manifestation of these five spiritual values also reflects the key dimensions of spirituality as identified by Karakas (2008). He observes that there are three recurring themes that emerged across different kind of spirituality discussed in the literature, which are: 1) spiritual relationships, 2) deeper meaning and purpose, and 3) self-awareness and inner strength. Karakas (2008) argues that spiritual relationships with self, others, nature and a higher power are central to spirituality. All the Islamic spiritual values revealed by participants in this study demonstrate their connections with themselves, with others, and with God. Values such as *fardhu kifayah* and *dakwah* particularly reflect the spiritual connections between the entrepreneurs and the Muslim community that they are serving. All these values eventually connect them with their purpose and meaning and lead them to realise the presence of a relationship between them and Allah (God) (Ya'kub, 2000).

As discussed earlier, Muslim entrepreneurs regard their work as worship, which is manifested through the value of *wasatiyyah*. In Islam the purpose of human creation is to worship Allah. Worshipping God in Islam can range from the specific obligatory rituals that form the pillars of Islam to all kinds of noble character and all commendable human virtues, like truthfulness, honesty, faithfulness and other attributes of a cultivated character (Al-Qaradawi, 2010). All the five Islamic spiritual values demonstrate the efforts these entrepreneurs made in fulfilling their purpose, which is to worship God. This concurs with the second component of spirituality, that is, the search for deeper meaning and purpose (Karakas, 2008).

Finally, manifestation of these spiritual values also is an indication of the entrepreneurs' self-awareness and inner strength. This dimension of spirituality refers to a person's inner resources that he or she can make

use of to gain strength, peace, hope, guidance, and energy (Karakas, 2008). Findings revealed that in creating their ventures Muslim entrepreneurs manifested these spiritual values, which were a reflection of their strength, persistent, courage, and hope as the majority of them did not have prior knowledge and experience being an entrepreneur. They drew from their spirituality for these values that helped them to overcome challenges in the process of creating their ventures.

Past studies have found no consistent proof on the relationship between religious and/or spiritual values of the entrepreneur and the process of venture creation (Balog, Baker, & Walker, 2014). While researchers such as Woodroom (1985) and Carswell and Rolland (2004) discover a positive relationship between religious values and participation and the rates of self-employment and start-up, others found that religious values have no effect on entrepreneurial pursuits (Nair & Pandey, 2006). However, the researcher believes that conflicting evidences should be countered by more research in order to unravel this relationship. This study contributes to such a perspective.

This study has identified five Islamic spiritual values that play a key role in the process of venture creation of Malay Muslim entrepreneurs. Hence it confirms a link between spirituality and the pursuit of entrepreneurial opportunities. Previous studies have revealed that 'religious responsibility' is the main driver of entrepreneurial growth among Malay Muslim entrepreneurs (e.g. Bustamam, 2010; Makhbul, 2011; Tasnim, Yahya, & Zainuddin, 2013). The value of fardhu kifayah that emerged as the most frequently cited value by the participants of this study adds the role of religious responsibility as the main driver in entrepreneurs' initiation of ventures.

The manifestation of all the Islamic spiritual values as revealed by the participants in this study is also an expression of their meaning and purpose. The spiritual values help them to view the entrepreneurial opportunity as an attractive goal, since it conforms to their meaning and

purpose as Muslims and hence, enables them to commit themselves to the whole entrepreneurial process. In other words, spirituality fuels the entrepreneurs' commitment to pursue the opportunities. In a recent study of entrepreneurial commitment among nascent entrepreneurs, De Clercq, menzies, Diochon, and Gasse (2009) discover that internal factors such as personal values that are associated with entrepreneurship, have significant impacts on the prospective entrepreneur's level of commitment. Therefore, this study contributes to the current literature by extending De Clercq et al.'s (2009) study on the exploration of personal values to include spirituality as part of the personal values that determines an entrepreneur's intensity to commit to a particular goal.

In summary, the purpose of this chapter was to present an analysis of the findings based on the participants' stories of how spirituality shapes their process of creating a venture, which was presented previously in chapters five, six, and seven. In order to capture the participants' experience of creating a venture, an emergent model known as the Muslim entrepreneurs' opportunity conception for entrepreneurial ventures was developed. This model was then discussed in consideration of the three main strands of literature reviewed in chapter two: 1) entrepreneurship 2) spirituality and 3) work as a calling. The next chapter concludes this thesis by presenting the theoretical, empirical, and practical implications of this study.

## CHAPTER 9

### CONCLUSION

The main purpose of this study was to understand entrepreneurs who were motivated beyond profit and economic rationality in the pursuit of entrepreneurial opportunities. Specifically, this thesis aims to understand this phenomenon from the perspective of Muslim entrepreneurs. The overarching research question: ***How does spirituality shape the formation of Malay Muslim entrepreneurs' venture formation?*** to guide this study, where it was supported by three sub-questions:

1. *“What are the key sources of entrepreneurial opportunity for Muslim entrepreneurs?”*
2. *“How do Muslim entrepreneurs understand entrepreneurial opportunity?”*
3. *“How are the Islamic spiritual values manifested in the Muslim entrepreneurs' process of venture formation?”*

Chapter one of this thesis described the background of this study, the research aims and questions, the significance of conducting this study, and the outline of this thesis. Chapter two reviewed three strands of literature that informed this study and correlated with the sub-questions: entrepreneurship, spirituality, and work as a calling. The review revealed that there is a need to explore and explain entrepreneurship from other aspects besides economic rationality. Furthermore, studies that promote an understanding of Muslim behaviour are highly encouraged as Islam is prone to stereotyping and misunderstanding. Therefore, in the context of entrepreneurship, more studies are needed to understand and explain the behaviour of Muslim entrepreneurs. Chapter 3 explained the methodology and methods used in collecting the research data for analysis purpose. The chapter explained in detail that interpretive phenomenology was the philosophical stance that guided this study. It also elucidated that a qualitative research was chosen as the research design with narrative interviews being the strategy of inquiry. Data were collected through narrative interviews of 15 entrepreneurs who had experience in forming

their own ventures, and most importantly were willing to share their spiritual experience that shaped their process of venture creation. Chapter four provided the context of this study. It explained the geographical, demographical, historical, economics and politics of Malaysia that led to the current development of entrepreneurship in the country. Chapter five, six, and seven presented the findings on the three sub-questions. In these three chapters three patterns of opportunity realisation process that related to how Muslim entrepreneurs understand entrepreneurial opportunity, the key sources of opportunity, and how Islamic spiritual values were manifested in the process were presented. Chapter five presented “Accidentally found opportunity”, the first pattern of opportunity realisation. Chapter six presented “Actively seeking for opportunity”, the second pattern of opportunity realisation. Chapter seven presented “Spiritually-driven opportunity”, the third pattern of opportunity realisation. In chapter eight the findings were analysed and discussed that led to the development of a model that captured the Muslim entrepreneurs’ opportunity conception process for entrepreneurial ventures. The model integrated findings revealed in chapter five, six, and seven. Chapter nine (i.e. this chapter) is the final chapter of this thesis. The purpose of this chapter as outlined in Chapter one, is to highlight this study main contribution by discussing its implications for theory and practice. This chapter also offers some recommendations for future research agendas.

## **IMPLICATIONS FOR THEORY**

### **Implications for theory on entrepreneurial venture formation**

The first theoretical contribution of this thesis is where it extends current understanding on entrepreneurial venture formation. As stated in chapters one and two, most of the current literature has focused on economic wealth creation as the entrepreneur’s main motivation to start a venture (Rindova et al., 2009). Historically, an entrepreneur has been described as a person who is always interested in making profit, with studies on entrepreneurs’ behaviour have largely taken an economic rationality

perspective. This study provides theoretical insights into the venture formation experience of the entrepreneurs by extending the current understanding and theory on venture formation that go beyond economic rationality. This study has revealed that entrepreneurs were more driven by a higher purpose than financial profit in the process of creating a venture. This study also has made a significant contribution in understanding the process of venture formation through the investigation of entrepreneurial opportunity and the development process of entrepreneurial opportunity, which are discussed in the following sections.

### **Implications for theory on entrepreneurial opportunity**

Another significant contribution this study makes is in extending understanding of entrepreneurial opportunity. While traditional views on the existence of opportunity suggest that it is knowledge and information-related (Hayek, 1945; Kirzner, 1973; Schumpeter, 1934), this study extends this view to support the other perspective that views the existence of opportunity as revolves around non-economic goals (Rindova et al., 2009). Data shows that through careful analysis and evaluation, non-economic goals that were spiritually inspired can be developed into opportunities.

This study identified two types of gaps from which the entrepreneurial opportunity originates. While the first type exists due to missing products or services in the market, which is based on real market demand, the second gap is a consequence of entrepreneurs' feelings of dissatisfaction with the current situation and wanting to change it. Hence, the second type of gap is more centred on non-economic goals. As described by one of the participants, June, her goal was to develop a new and refreshing medium to communicate Islam because the current one is out-dated and too westernised, in her opinion. The non-economic goals from which these opportunities are sourced demonstrate that for these Muslim entrepreneurs, the potential profit that they anticipated from realising the

opportunity was secondary to making a positive difference in Islamic society.

### **Implications for theory on development of entrepreneurial opportunity**

The third contribution this study makes is to provide a deeper understanding on the development process of entrepreneurial opportunity. As the researcher argues earlier in chapter two, current models of development of entrepreneurial opportunity feature 'opportunity recognition' as the predominant element (e.g. Ardichvili & Cardozo, 2000; George et al., 2014; Lumpkin & Lichtenstein, 2005). The term 'opportunity recognition' can be misleading, as it appears to suggest that the process of entrepreneurial opportunity development is reactive, consequently disposed towards supporting the discovery theory instead of creation. One major contribution of this study in overcoming this problem is the 'opportunity conception model' that emerged from the data that captures the development process of entrepreneurial opportunity of Muslim entrepreneurs. The researcher argues that the term 'opportunity conception' is a better and more appropriate term to be used to address both sources of entrepreneurial opportunity – i.e. discovery and creation.

In addition to that, this model also contributes to an understanding of the process of how Muslim entrepreneurs learn about their entrepreneurial opportunity by uncovering three important patterns of opportunity realisation: 1) accidentally found opportunity, 2) actively seeking for opportunity, and 3) spiritually-driven opportunity. The accidentally found opportunity contributes in addressing the shortcoming in Hills et. al's (1999) model of opportunity recognition. Although Hills et. al's (1999) model acknowledges that opportunity recognition can be unintended; it however did not address the possibility of learning that 'unintended' opportunity from someone else. By acknowledging that entrepreneurs may accidentally find an opportunity by learning about it from someone else,



the opportunity conception model addresses the importance of having entrepreneurial intention in realising an opportunity.

Both accidentally found opportunity and actively seeking for opportunity pattern of opportunity realisation contribute to the theory on development of entrepreneurial opportunity with the addition of 'exploration of spiritual values' step in the process of realising an opportunity. This step comes either before or after the evaluation step in the opportunity realisation process. Hence, it complements the evaluation step that the participants engaged in during the process. In addition to that, while complementing the evaluation step, the 'exploration of spiritual values' step is also the distinctive feature that differentiates it from the other three models reviewed earlier in chapter two of this thesis (i.e. Ardichvili & Cardozo, 2000; George et al., 2014; Lumpkin & Lichtenstein, 2005).

The literature informs that traditionally, there are two views with regard to the pattern of entrepreneurial opportunity search. Entrepreneurs learn about entrepreneurial opportunity either accidentally (Baumol, 1993) or through searching intentionally (Bailey, 1986; Koller, 1988). While the findings of this study confirm these two views (i.e. accidentally found opportunity and actively seeking for opportunity), the uncovering of spiritually-driven opportunity realisation made by this study contributes to the current literature on opportunity search. Hence, while entrepreneurs may find an opportunity accidentally or deliberately, they may also rely on their spirituality to inspire an opportunity.

### **Implications for theory on work as a calling**

Another important contribution of this study is that it expands an understanding of work as a calling. The concept of calling according to Elangovan et al. (2010) suggest three important features which are supported by the findings of this study. The first feature is a call to action, which emphasises doing instead of being. The 'call to action' feature is consistent with the concept of manifestation of spirituality in Islam, which

also calls for Muslims to demonstrate their beliefs through actions. The belief that the purpose of life is to worship Allah, calls for actions. Tariq Ramadan (TEDx Talks, 2014) confirms this when he defines the meaning of spirituality, which refers to “putting meaning into actions”. That is why all the spiritual values (e.g. fardhu kifayah, dakwah) revealed by the participants in this study entail expressions in terms of actions. For instance, the values of fardhu kifayah (communal obligation) refers to the legal obligations that the Muslim community must carry out and if there is enough people to take on the responsibility of discharging the obligations, then the whole community is free from sin (Al-Qaradawi, 2010). Hence, this shows how important it is for this value (i.e. fardhu kifayah) to be carried out and acted on.

The second feature of calling is a sense of clarity of purpose and personal mission (Elangovan et al., 2010). In this study, the participants have revealed that their purpose of pursuing the opportunities were not in conflict with their personal meanings as an individual. As Muslims these participants were aware of their purpose and meaning of life (i.e. to worship Allah) and they tried to harmonise the two purposes (i.e. purpose of pursuing the opportunities and purpose of life).

The third feature of calling is pro-social intention, which refers to wanting to make the world a better place (Elangovan et al., 2010). Findings from this study supports this third feature of a calling, as participants revealed their reasons for pursuing the opportunities were also to help solve problems that triggered the opportunities. These were not only faced by the participants alone, but by their community as well. Hence, their intentions of pursuing the opportunities were not only for personal purpose, but also focused on others (Bellah et al., 1996; Wrzesniewski et al., 1997). The participants’ process of realising an opportunity is also their journey towards realising their callings.

### **Implications for theory on spirituality and entrepreneurship**

This study has also contributed to extend understanding on the limited existing research the relationship between spirituality and entrepreneurship (King-Kauanui et al., 2010). The researcher highlights how spirituality helps to inspire sources of opportunities and shapes the entrepreneurs' process of realising the opportunities, as well as the important role it plays in the evaluation process. The emergent model develops in this thesis shows that spirituality was an important element of the sources of opportunity. For both types of gaps (i.e. missing products or services and dissatisfaction with the current situation) that eventually led the entrepreneurs to opportunity discovery or creation, entrepreneurs were guided by the shariah. Entrepreneurs' knowledge on the shariah enabled them to be aware of the gaps. However, it was their spirituality that drove their actions to realise those gaps, by further developing them into opportunities. This is because spiritual entrepreneurs can view their business as a vocation, hence are more motivated to implant their values into the business (Silk, 2007).

The model also shows how these entrepreneurs use a spiritual lens that enabled them to see beyond profit potential when they were assessing the potential of the gaps to be developed into opportunity. The participants describe a motivational need to give back to their communities or wanting to help others achieve their purposes as their justification for developing the gaps into entrepreneurial opportunities.

In addition, this study also found there were a number of participants who encountered a spiritual experience before they even began to be aware of any gaps. In other words, they were spiritual from the beginning. The spiritual experience had shaped their pattern of opportunity realisation process (i.e. spiritually-driven opportunity). Meanwhile, there were also some participants who grew to be more spiritual after they started their journey of creating ventures. This is evident in their evaluation process and their discussion on how they manifested the Islamic values during the venture formation process.

## **IMPLICATIONS FOR PRACTICE**

### **Implications for entrepreneurship students and educators**

Considering spirituality can be a source of opportunity from which an entrepreneur may learn from, courses on entrepreneurship that incorporate the topic of spirituality and how it may impact the entrepreneurial process should be introduced alongside conventional courses. The model (Figure 8.1) developed in this study can be used as a starting point for educators to engage students in the idea of how spirituality can be integrated into entrepreneurial activities. The model can be used as a tool to guide students through entrepreneurial activities such as the sourcing of opportunities, evaluating of opportunities, and finally forming the venture to help realise the opportunities. In addition to that, special courses that integrate spirituality with entrepreneurship can focus on instilling important spiritual values that were uncovered in this study. Values such as *fardhu kifayah* (communal obligation) and *amanah* (trust) can nurture responsibility and moral obligations among entrepreneurs that make them committed to their goals and persevere for success (Tasnim et al., 2013).

### **Implications for current entrepreneurs**

The emergent model (Figure 8.1) in this study can be a valuable guide for entrepreneurs to learn about the real experience of creating a venture. Entrepreneurs prefer to learn from the experiences of other entrepreneurs (Sexton, Upton, Wacholtz, & Mcdougall, 1997) as compared to depending on courses and training modules, which can involve precious time and money (Paige, 2002). Entrepreneurs can relate to the model as it captures the narratives of participants of this study. Hence, they know what to expect and may be more prepared for the same experience (i.e. starting a venture). Most importantly, entrepreneurs can rely on their spirituality in dealing with sourcing and searching for opportunities, in deciding whether the opportunities maybe worth their time, money and

effort, and in carrying out the opportunities so that it does not conflict with their personal meaning and purpose.

### **Implications for policy makers**

Malaysia aims to be a developed country by the year 2020. In order to achieve this aim, leaders of the country have agreed that Malaysia must produce high quality human capital with the mentality, attributes and values of entrepreneurship (*Dasar Pembangunan Keusahawanan*, 2010). Entrepreneurial activities have long been acknowledged as a catalyst for economic development. The entrepreneurs play a role of agent of change to transform the country's economy to be a high-income country. Hence, this study also has relevance for policy makers. The personal reasons that drive entrepreneurs to start their ventures partly determine the direction of a country's entrepreneurship (Kedah & Muhammed Adamu, 2011). As this study has revealed, spirituality plays a significant in triggering the motivation to start a venture. Government policies that are developed to encourage entrepreneurship must also recognise the importance of spiritual component of a venture. Support and encouragement should be given to entrepreneurs who attempt to fulfill both social and personal reasons through their ventures. Furthermore, former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamed has clearly stated his plan in realising the Vision 2020 that Malaysia will be "guided by spiritual, religious, and moral consciousness of the highest level" (Baharuddin, 1997, p. 221). In addition to that, Malaysian entrepreneurs have the potential to go global with the integration of spirituality and entrepreneurship. As a Muslim-majority country Malaysia is known to be a moderate Islamic country and is viewed by the Western world as non-threatening. Hence, it puts the country in the best position to promote and develop Islamic entrepreneurship to the Western world (Zazali, 2010).

## LIMITATIONS AND FUTURE RESEARCH

This research is aimed at understanding the phenomenon of entrepreneurial venture creation from the perspective of Muslim entrepreneurs. In particular, it explores the role of Islamic spirituality in the process of venture creation. In doing so, narratives from Malay Muslim entrepreneurs who had the experience of creating a new venture were gathered as it was considered to be the most appropriate approach to address the central research question of this thesis. Of the 15 entrepreneurs interviewed, only three of them were male. Hence, careful consideration needs to be taken when interpreting the results of this study and in extending its generalisability in terms of gender. Furthermore, the findings were based on a study that was conducted in Malaysia, a Muslim-dominated country. Future studies can examine the experience of Muslim entrepreneurs in different social and cultural contexts, as religion is known to have a complex relationship with culture that further complicates the explanation of a person's behaviour (Fontaine, 2008). It would be interesting to see whether the same results still hold in other context of Muslim community. It would also be interesting to know if there is a difference between Muslim male and female entrepreneurs in their style of implanting spiritual values into the venture, as it is suggested that women are more religious and spiritual than men (Hammermeister, Flint, El-Alayli, Ridnour, & Peterson, 2005).

One of the contributions of this study is in providing theoretical insights on venture formation by extending the current understanding of theory on venture formation to include non-economic rationality. As the findings revealed, entrepreneurs were more driven by a higher purpose than financial profit in the process of creating a venture. Findings also revealed that since the participants managed to harmonise their personal purpose with the purpose of pursuing the opportunities, hence the venture was able to materialise. Future research can look at how entrepreneurs balance pursuing economic profit along with non-economic wealth generation, especially in a situation where they are forced to choose to pursue between the two (i.e. economic vs non-economic profit).

The results of this study are limited to examining entrepreneurial opportunities that led to the creation of new ventures. The opportunity conception model that emerged from the data is based on the experience of Muslim entrepreneurs pursuing and realising opportunities. Researchers could conduct further research on the opportunity realisation process of entrepreneurial ventures within dynamic and competitive environment where being innovative is imperative (Daft, 2014).

Overall, it is hoped that this study has contributed in enlightening the role of spirituality in one's life. From what is commonly viewed as something that is private, personal and exclusive, spirituality can be extended to include and focus on other individuals and be applied in other facets of one's life, such as in the process of forming a venture. One important message from this thesis that the researcher hopes the readers will take is being spiritual is about being conscious of one's purpose and meaning. This meaning and purpose can be embedded in actions and decisions that are made in realising the entrepreneurial opportunities. Consequently, each decision made along the way is a conscious decision that the entrepreneurs are responsible for. Although the ventures belong to the entrepreneurs, they have the purpose of serving the needs of their communities. Hence, the ventures can be regarded as a way for the entrepreneurs to fulfil their personal purpose and social purpose. Perhaps, Dacin, Dacin, and Matear (2010) are right when they suggest that scholars should focus on the social impacts of entrepreneurship while considering social purpose entrepreneurs as part of the way the entrepreneurs expressing their identities, rather than focusing too much on developing social entrepreneurship as a separate field of research.

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## APPENDICES

### Appendix A: Publications From This Thesis

#### Published Article

Sidek, F., Pavlovich, K. & Gibb, J. (2015). An Islamic perspective on entrepreneurial opportunity recognition. *International Journal of Entrepreneurship and Small Business*, 25(4), p. 395-413. DOI: 10.1504/IJESB.2015.070215

#### Full Conference Paper

Sidek, F., Pavlovich, K. & Gibb, J. (2013). *Spirituality and entrepreneurship from Islamic perspective: An analysis on the effects on entrepreneurial opportunity recognition*. Paper presented at Asian Business and Management Conference, 21-24 November 2013, Osaka, Japan