

ANALYSIS OF MOTIVATIONAL FACTORS OF MSMEs ENTREPRENEURS TO BE HALALPRENEURS

Mumtaz Anwari
Universitas Indonesia

Sri Rahayu Hijrah Hati*
Universitas Indonesia

ABSTRACT

This study aims to examine the motivational factors of Micro, Small and Medium Enterprises (MSMEs) entrepreneurs to become Halalpreneurs based on their religiosity, attitude (awareness of halal entrepreneurship, intrinsic motivation, effort to seek out opportunity, creativity and motivation, honesty and integrity, risk-taking attitude, relative advantage and perceived desirability), subjective norm (family support and peer influence) and perceived behavioral control (perceived feasibility, government support). Data were collected from 239 Muslim entrepreneurs who run their MSMEs. Data were then analyzed using descriptive analysis and partial least square in SmartPLS 3.0. From the result, awareness of halalpreneurship, intrinsic motivation, effort to seek out opportunity, relative advantage, perceived desirability, family support, and perceived feasibility positively are found to influence halalpreneurial propensity significantly. Meanwhile, creativity and innovation, honesty and integrity, perceived governmental support, peers influence, risk-taking attitude, and religiosity are not significant in influencing the MSMEs entrepreneur's halalpreneurial propensity.

Keywords: MSMEs; Halal; Halalpreneurship; Attitude; Subjective norms; Perceived Behavioral control.

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1. INTRODUCTION

Entrepreneurial skill is one of the elements that determine the merits of an economy (Hechavarria, Bullough, Brush, & Edelman, 2019; Soltanian, Zailani, Iranmanesh, & Aziz, 2016). Entrepreneurship is important to the country's economic development because it can create jobs and other monetary benefits. Entrepreneurship is the result of a relationship of cause and effect of economic growth, technological progress, and concepts of innovation that are incorporated and related to one another (Sadri, 2012; Singh & Gaur, 2018).

Indonesia as a country with the third-largest population in the world should pay great attention to the economic growth potential that can be created by both existing entrepreneurs and creating a new generation of entrepreneurs, especially with the ever-increasing bonus demographics obtained each year (Hoque, Mamun, & Mamun, 2014; Suparno & Saptono, 2018). Entrepreneurship conducted by Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is very substantial,

* Corresponding author: Sri Rahayu Hijrah Hati, Management Department Faculty of Economics and Business Universitas Indonesia; Email: sri.rahay72@ui.ac.id

alleviating unemployment and creating more jobs. Indonesia Ministry of Cooperatives and Small and Medium Enterprises explains the number of workers absorbed by MSMEs in Indonesia, in 2017 was 116,673,416 workers in the MSME sector, an increase of 14.69% compared to 2012 of 101,722,458.

Table 1: Growth of the Indonesia MSMEs Workers in 2012-2017

Indicator	Workers (2012)	Workers (2013)	Workers (2014)	Workers (2015)	Workers (2016)	Workers (2017)	Growth
Total MSMEs	101,722,458	107,657,509	114,144,082	123,229,386	112,828,610	116,673,416	14.69%
Micro Business	94,957,797	99,859,517	103,624,466	110,807,864	103,839,015	107,232,992	12.92%
Small Business	3,919,992	4,353,970	5,570,231	7,307,503	5,402,073	5,704,321	45.51%
Medium Business	2,844,669	3,262,023	3,949,385	5,114,020	3,587,522	3,736,103	31.33%
Large Business	2.891.224	3.150.645	3.537.162	4.194.051	3.444.746	3.586.769	

Source: Micro, Small, Medium Enterprises and Large Enterprises in 2012-2017 Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia

MSMEs also play an important role in Indonesia's Gross Domestic Product (GDP), recorded in 2017 MSMEs contributed 60 % or IDR7,704.6 trillion contributions to GDP with a growth rate of 9.92% for the year 2016-2017. The total contribution given by MSMEs to GDP was accumulated from various sectors of MSMEs (Trade, processing, agriculture, plantation, livestock, fishery, Service sector), In addition, MSMEs contributed export volume up to 14,17% or equivalent to IDR 298.28 trillion of total national exports in 2017 (*Perkembangan Data Usaha Mikro, Kecil, Menengah (UMKM) Dan Usaha Besar UBB) Tahun 2016 - 2017*, 2019).

The global halal market potential in 2023 is \$1,863 billion for food, \$361 billion for fashion, \$274 billion for tourism, \$90 Billion for cosmetics, \$131 billion for pharmaceuticals, \$288 trillion for media and recreation, and \$3,809 billion for financial markets industry (Thomson Reuters, 2018). With a total Muslim population of 1.8 billion and total spending estimated at US\$2.1 trillion in 2017, the Islamic economy is predicted to continue its steady growth (Thomson Reuters, 2018).

In Indonesia itself, the total number of the Muslim population is estimated at 229 million or around 87.20% of its total population ("Muslim Majority Countries 2019," 2019). The high number of Muslim populations in the country has opened a wide opportunity for the entrepreneurs to tap the potential market especially for those focusing on the halal industry. Despite its position as the largest Muslim country in the world, Indonesia is currently only become a target market for halal products, instead of becoming the key player in the halal industry (Karimah, 2019). For the halal food sector and pharmaceuticals, for example, Indonesia not even listed among the top ten Halal food producers (Thomson Reuters, 2018). The Indonesian Islamic Institute for Food and Drug Administration stated that there is only 59% of businesses in the pharmaceutical, food, and cosmetic industries have halal certification. The above phenomenon implies that there is still a wide opportunity for Muslim entrepreneurs to serve the untapped halal market in Indonesia. As the total number of workers absorbed by the MSMEs is consistently to be higher (116,673,416 workers)

compare to the large company (3.586.769 workers), the MSMEs has a really important role for or economic growth and social inclusion in Indonesia (Organisation for Economic Co-operation and Development, 2018). Based on the above arguments, the study aims to examine the motivational factors of Micro, Small and Medium Enterprises (MSMEs) entrepreneurs to become Halalpreneurs. As the halal issue cannot be separated from the role of religion, the current study will also examine the role of religiosity in influencing the MSMEs entrepreneur to become halalpreneur.

2. LITERATURE REVIEW

2.1. *Entrepreneurship, Small and Medium Enterprises*

Entrepreneurship is a process of creating new things by considering the risks and benefits (Hisrich, Peters, & Shepherd, 2002). Entrepreneurship itself can be classified in its purpose based on needs and opportunities. An entrepreneur can also be pushed into entrepreneurship because of the lack of choice to survive or to be drawn out into entrepreneurship to pursue a business opportunity (Acs, Desai, & Hessels, 2008; Edoho, 2016).

SMEs are a concept that is related to entrepreneurship. SMEs are an innovative source of ideas in an economy and have become a major source of employment in many developed economies, as one of the increasing pressures on multi-national companies. Small and medium enterprises are often defined as a body that has deficiencies, both in the capital and human resources, management structures, and access to global markets, Sometimes people often see MSMEs in terms of these shortcomings because of their relatively small size compared to multi-national companies (Carson & Gilmore, 2000).

2.2. *Halalpreneurship*

Individuals who are interested in innovating and utilizing all opportunities that can be optimized on the development of halal business, also known as halalpreneurs or kosher entrepreneurs (Soltanian et al., 2016). Halal entrepreneurship is a new concept that links halal development to executed business activities as halalpreneurial, The development of halal entrepreneurship has changed in how society sees business activity and its impact on consumer demand for halal products, For example, a business is required to have a balance between profit-seeking activities and the fulfillment of halal requirements through halal operations (Vargas-Hernández, Noruzi, & Sariolghalam, 2010).

However, there is still confusion because halal entrepreneurship is a new concept under the umbrella of the concept of entrepreneurship, In explaining the concept, some academics call it also the term "Halal-Minded Entrepreneurship"(Baharuddin, Kassim, Nordin, & Buyong, 2015). According to Soltanian et al. (2016), several factors influence an individual to become halalpreneurs, in this study is called as halalpreneurial propensity. The factors that influence the entrepreneurs' halalpreneurship according to Soltanian et al. (2016), are attitudes, subjective norms and perceived behavioral control.

2.2.1 Attitude

Attitude is the extent to which a person has an assessment that is favorable or not favorable to a behavior (Ajzen, 1991). Attitude is a factor that influences behavioral intention in TRA (Theory of reasoned action) and TPB (Theory of Planned Behavior). Many studies confirm that attitude has a significant impact on entrepreneurial intention (Rahman & Mohamed, 2011). Based on Soltanian et al. (2016) research, the halalpreneurial propensity of the entrepreneur is influenced by attitudes. The attitudes itself consist of halal awareness (Baharuddin et al., 2015) motivations on halal business (Talib, Bakar, & Too, 2019), effort to seek out opportunity (Rahman & Mohamed, 2011), creativity and innovation (Zampetakis & Moustakis, 2006), honesty and integrity (Othman, Ahmad, & Zailani, 2009), risk-taking attitude (Bustamam, 2012), relative advantage (Soltanian et al., 2016) and perceived desirability (Guerrero, Rialp, & Urbano, 2008).

Many studies have shown the importance of awareness in developing entrepreneurship in society (Fayolle & Gailly, 2008). The awareness about entrepreneurship makes the entrepreneurial venue become a rational and viable option of occupation (Liñán, 2007). In regards to halal business, Soltanian et al. (2016) found that the awareness about the halal entrepreneurship significantly influences the halalpreneurial propensity. Therefore:

H₁: Awareness of halal entrepreneurship significantly and positively affects halalpreneurial propensity

Intrinsic motivation refers to the pleasure of carrying out a certain activity, which belongs to the internal sphere of the individual (Guzmán & Javier Santos, 2001). In an academic entrepreneurial context, intrinsic motivation is found to have a significant impact on academic entrepreneurial intention (Antonioli, Nicolli, Ramaciotti, & Rizzo, 2016), and so does in the Islamic halal business context (Soltanian et al., 2016). Thus:

H₂: Intrinsic motivation significantly and positively influences the tendency of halalpreneurial propensity

The effort to seek out opportunity refers to can be classified into three categories (Dyer, Gregersen, & Christensen, 2008). First is in connecting known products with existing demand to exploit a previously recognized opportunity. Second is by starting with known supply and proceeds in search of an unknown demand, or from a known demand that motivates the search for an unknown supply. The third is by creating non-existing supply and demand. Currently, there is a high demand for halal products (Thomson Reuters, 2018). Thus, there is a high potential for the entrepreneur including those who run MSMEs to fulfill the existing demand on halal products. The previous study in the context of halal business found an effort to seek out opportunity is significant influences the Muslim entrepreneur to set up a halal business (Soltanian et al., 2016). Therefore:

H₃: Effort to seek out opportunity significantly and positively affects halalpreneurial propensity

Creativity is an attitude that refers to the ability to generate new ideas by combining, changing, or reapplying existing ideas (Okpara, 2007). The existence of creativity will enable the entrepreneur to create innovation (Drucker, 2014). Creativity and innovation are also required in running the

SMEs. The previous study shows that creativity and innovation are found to have a significant impact on the financial performance of SMEs in the halal food sector (Fard & Amiri, 2018). Thus:

H4: Creativity and innovation significantly and positively affects halalpreneurial propensity

Trustworthiness is one of the key success factors of an entrepreneur (Rhee & White, 2007). Trustworthiness reflects the ability of an individual to maintain a standard of honesty and integrity, which also a part of the emotional intelligence of an entrepreneur (Rhee & White, 2007). Currently, there is raising awareness on the ethical and socially responsible practices not only by a large corporation but also by SME (Ahmad & Ramayah, 2012). The concept of honesty and integrity are the values that should also be held by Muslim entrepreneurs as Islam emphasize honest dealing in a business transaction (Akbar, 1993). Therefore, in the halal business context, it is expected that:

H5: Honesty and integrity significantly and positively influence halalpreneurial propensity

Risk-taking is an important aspect of running a business (Tyszka, Cieřlik, Domurat, & Macko, 2011). Macko & Tyszka (2009) found that the entrepreneur tends to take risk more frequently than non-entrepreneur. Besides, entrepreneur's choice of the risky situation is usually influenced by certain norms (Tyszka & Zaleskiewicz, 2006). Therefore, it is expected that the Muslim entrepreneur will take a risk which is related to the Islamic norm, that is to embed halal norm to its business. Thus:

H6: Risk-taking attitude significantly and positively affects halalpreneurial propensity

Relative advantage is the degree to which an innovation is considered as being better than the idea it supersedes (Wang & Lin, 2016). The relative advantage concept is usually discussed in relation to technology (Moghavvemi, Hakimian, & Teng Feissal, 2012). According to (Ireland, Hitt, & Sirmon, 2003), SMEs face some difficulty in achieving competitive advantage compare to relative advantage. Therefore, the SMEs need to be able to give more value to its customers better than its rivals so that it can have what so-called as a relative advantage. In regards to entrepreneurship in the Islamic context, the halal concept can become a relative advantage exploited by the Muslims entrepreneurs (Soltanian et al., 2016). Therefore:

H7: Relative advantage significantly and positively affects halalpreneurial propensity

Perceived desirability reflects a person's evaluation of his/her ability to manage the business start-up process successfully (Kuehn, 2008). Fitzsimmons & Douglas (2011) found that perceived desirability significantly influences the entrepreneurial intention. The arguments are supported by Soltanian et al. (2016) who found that perceived desirability significantly influence the Muslim entrepreneur halalpreneurial propensity. Therefore:

H8: Perceived desirability significantly and positively affects halalpreneurial propensity

2.3. Subjective Norm

Explains that subjective norms are "social pressure to do or not to do a behavior" (Ajzen, 1991). Subjective norm is also refers to the opinion, views, and influence of the immediate environment (family, friends, and relatives) can affect the intention of a person. Bellò, Mattana, & Loi (2018) argue that having a role model, both parents and relatives who are entrepreneurs is a positive relationship with entrepreneurial intentions. Encouragement from relatives and families to become entrepreneurs strengthen the positive relationship between creativity and entrepreneurial intention, and entrepreneurial-efficacy acts as a mediator by explaining the mechanism environment that connects creativity to entrepreneurial intentions. The ideas are supported by Carr & Sequeira (2007), who found significant direct and indirect effects of prior family business exposure on entrepreneurial intent. To date in Indonesia, there is only limited Islamic family business that applies Islamic values including halal concept (Dewi & Dhewanto, 2012). However, it is expected that in the context of Indonesian MSMEs, we expect that:

H₉: Family support significantly and positively affects halalpreneurial propensity

In addition to family roles, the role of colleagues is also important for young people because it can stimulate the development of entrepreneurial identity by giving influence in the form of self-recognition to the surrounding environment (Falck, Heblich, & Luedemann, 2012). Soltanian et al. (2016) found that peer influence has a positive impact on halalpreneurial propensity. Thus, in the context of Indonesian MSMEs, it is expected that:

H₁₀: Peer influence significantly and positively affects halalpreneurial propensity

2.4. Perceived Behavioral Control

Ajzen (1991) explains that perceived behavioral control can be determined by one's confidence in a force that is both situational and internal factors, can accommodate that behaviour. Shapero & Sokol (1982) explained that perceived feasibility is a construction of perceived behavior control and can be defined as a person's belief in capability and its capacity to become an entrepreneur. (Krueger, 1993) found that prior entrepreneurial exposure has an impact on the perceptions of new venture feasibility. In the context of halal business, Soltanian et al. (2016) found that perceived feasibility positively affects halalpreneurial propensity. Thus, in the MSMEs context, it is expected that:

H₁₁: Perceived feasibility significantly and positively affects halalpreneurial propensity

At the national level, the government needs to increase the participation of MSME entrepreneurs in Halalpreneurship by developing effective and comprehensive policy strategies. The Muslim entrepreneurs also perceive that the government should play a significant role in encouraging MSME players to enter the halal industry (Soltanian et al., 2016). Thus:

H₁₂: Perceived governmental support significantly and positively affects halalpreneurial propensity

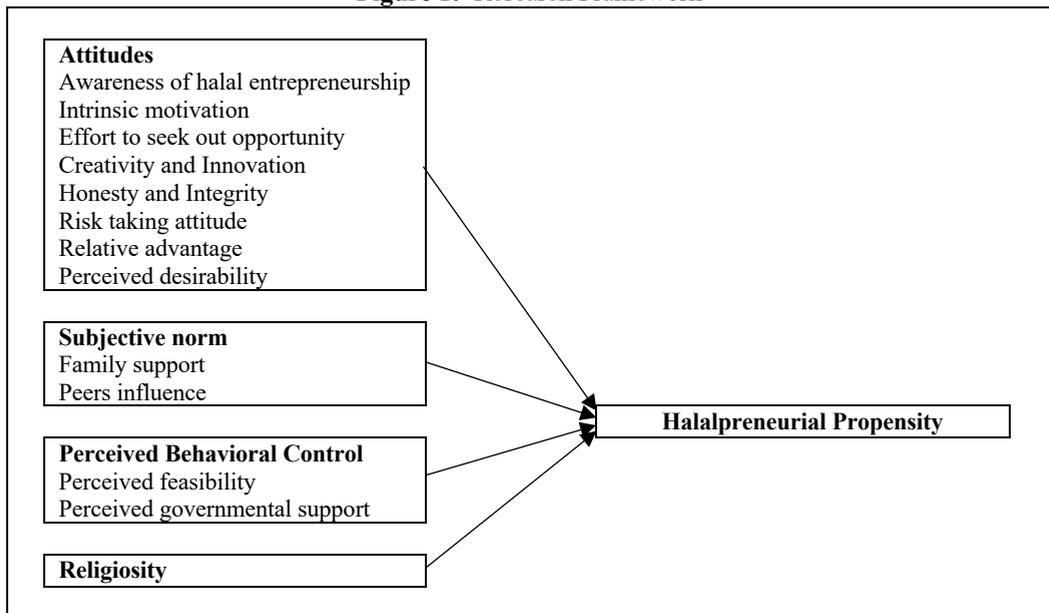
2.5. Religiosity

Previous studies had discussed the relationship between religiosity on entrepreneurial behavior (e.g., Balog, Baker, & Walker, 2014). Bellu & Fiume (2004), found that religiosity is found to influence the entrepreneurial success significantly. According to Gümüşay (2015), Islam is an entrepreneurial religion in the light that it supports and promotes entrepreneurial activity. Riaz, Farrukh, Rehman, & Ishaque (2016) had found a significant impact of religion on entrepreneurial intention of Pakistanese. Therefore, it is expected that:

H₁₃: Religiosity significantly and positively affects halalpreneurial propensity

Based on the above arguments, the following research framework is developed:

Figure 1: Research Framework



Source: Author, modified from Soltanian et al., (2016)

The above research framework is a replication and adaptation of the Soltanian et al. (2016) study's in the sense that a new variable – religiosity is added to the model as the current study is conducted in the context of Islamic MSMEs. Soltanian et al. (2016) model is replicated as its model comprehensively examines many attitudinal, subjective norm, and perceived behavioral sub-variables.

3. RESEARCH METHODOLOGY

The data was collected from an offline survey distributed to several MSMEs communities in Indonesia. A six-point Likert scale questionnaire is applied in the study. The survey instruments are adapted from Soltanian et al. (2016) for the awareness of halal entrepreneurship; intrinsic motivation; effort to seek out opportunity; creativity and innovation; honesty and integrity; risk-taking attitude; relative advantage; perceived desirability; family support; peer influence; perceived feasibility; perceived governmental support and halalpreneurship propensity. The religiosity measurement is adapted from (Abou-Youssef, Kortam, Abou-Aish, & El-Bassiouny, 2015).

Before the main data collection, pre-test was conducted to 30 respondents who owned the MSMEs in Jakarta Greater Area. The MSMEs definition used in the study is based on MSME Law 20/2008 (see Table 1).

Table 1: MSMEs Categorization in Indonesia

Category	Assets	Annual Revenue
Micro	up to IDR 50,000,000	up to IDR 300,000,000.
Small	over IDR 50,000,000 (50 million rupiah) to IDR 500,000,000 (500 million rupiah)	over IDR 300,000,000 (300 million) to IDR 2,500,000,000 (2.5 billion rupiah)
Medium	over IDR 500,000,000 (500 million) to IDR 10,000,000,000 (10 billion rupiah)	more than IDR 2,500,000,000 (2.5 billion rupiah) to IDR 50,000,000,000 (50 billion rupiah)

The data was collected using a purposive sampling technique. The final data was collected from 239 Muslim entrepreneurs who run their MSMEs. The data was analyzed using Partial Least Square (PLS).

A validity analysis was conducted on the survey questionnaire. All variables have met the validity requirements with the Average Variance Expected (AVE) value above 0.5 (Kline, 2011). In terms of reliability, all variables have also met the criteria with Composite Reliability (CR) values above 0.60 (Fornell & Larcker, 1981).

Table 2: Results of Validity & Reliability *Analysis*

Variable	Average Variance Extracted (AVE)	Conclusion	Composite Reliability (CR)	Conclusion
Awareness Towards Halal Entrepreneurship	0.625465505	Valid	0.891061264	Reliable
Intrinsic Motivation	0.523803663	Valid	0.868096119	Reliable

Variable	Average Variance Extracted (AVE)	Conclusion	Composite Reliability (CR)	Conclusion
Effort to Seek Out Opportunity	0.692968014	Valid	0.899922032	Reliable
Creativity and Innovation	0.710236368	Valid	0.880277732	Reliable
Honesty and Integrity	0.578639035	Valid	0.804515921	Reliable
Risk Taking Attitude	0.758886555	Valid	0.862818504	Reliable
Relative Advantage	0.653630057	Valid	0.849049358	Reliable
Perceived Desirability	0.708056372	Valid	0.878938516	Reliable
Family Support	0.852811963	Valid	0.945590098	Reliable
Peers Influence	0.589817243	Valid	0.750806662	Reliable
Perceived Feasibility	0.765558606	Valid	0.866867729	Reliable
Governmental Support	0.685667841	Valid	0.867304364	Reliable
Halalpreneurial Propensity	0.687846488	Valid	0.897665718	Reliable
Religiosity	0.504648666	Valid	0.826921053	Reliable

4. RESULTS

4.1. Sample Description

Out of 239 MSME entrepreneurs, most of them were female (58.2%), 21-30 years old (44.8%), high school graduates (60.7%), single (73.22%), lived in Jakarta (30.96%), had business in food and beverage sector (40.17%), classified their business in micro category and fell under micro business category (84.94%).

Table 3: MSME Entrepreneurs & Enterprise Characteristic

Variable	Frequency	Percentage (%)
Gender	Male	41.8
	Female	58.2
Age	< 20 years old	33.47
	21-30 years old	44.77
	31-40 years old	8.37
	>40 years old	13.39
Education	Elementary	0.42
	Junior high	1.26
	Senior high	60.67
	Undergraduate	33.89
	Postgraduate	3.77

Variable	Frequency	Percentage (%)	
Marital Status	Single	175	73.22
	Married	64	26.77
City	Jakarta	74	30.96
	Depok	72	30.12
	Bogor	21	8.78
	Bekasi	17	7.11
	Tangerang	12	5.02
	Malang	5	2.09
Business Sector	Others	23	15.89
	Food	96	40.17
	Fashion	62	25.94
	Trading	17	7.11
	Crafting	12	5.02
	Services	12	5.02
	Education	6	2.51
	Beauty	6	2.51
	Technology	9	3.77
Others	19	7.95	
Age of 1131nterprise	< 1 year	118	49.37
	1-3 years	77	32.21
	>3years	44	18.41
MSME category	Micro	203	84.94
	Small	28	11.72
	Medium	8	3.35
Total	239	100	

As explained earlier, the partial least square method is used. This technique can simultaneously assess the measurement model and the structural model by minimizing the error variance. The researchers bootstrapped 500 subsamples as recommended by Hair, Sarstedt, Hopkins, & Kuppelwieser (2014) to obtain optimal results and use a 5% confidence level and one-tailed.

Table 2: Hypothesis Testing Analysis

Variable	Coefficient	T-Statistics	Conclusions
H ₁ : Awareness of halal entrepreneurship → halalpreneurial propensity	0.099	1.928	Accepted
H ₂ : Intrinsic motivation → halalpreneurship propensity	0.184	2.546	Accepted
H ₃ : Effort to seek out opportunity → halalpreneurial propensity	0.206	2.714	Accepted
H ₄ : Creativity and innovation → halalpreneurial propensity	-0.005	0.092	Rejected
H ₅ : Honesty and integrity → halalpreneurial propensity	0.007	0.118	Rejected
H ₆ : Risk-taking attitude → halalpreneurial propensity	0.087	1.382	Rejected
H ₇ : Relative advantage → halalpreneurial propensity	0.110	1.951	Accepted
H ₈ : Perceived desirability → halalpreneurial propensity	0.138	1.680	Accepted
H ₉ : Family support → halalpreneurial propensity	0.146	1.983	Accepted

H ₁₀ : Peer influence → halalpreneurial propensity	0.008	0.128	Rejected
H ₁₁ : Perceived feasibility → halalpreneurial propensity	0.227	3.565	Accepted
H ₁₂ : Perceived governmental support → halalpreneurial propensity	0.067	1.411	Rejected
H ₁₃ : Religiosity → halalpreneurial propensity	-0.051	1.141	Rejected

Based on the PLS results, H₁, which examines the impact of awareness of the halal entrepreneurship on halalpreneurial propensity was not supported (path coefficient=-0.099; t-statistics=1.928). H₂, which proposes the significant and positive of intrinsic motivation on halalpreneurial propensity (path coefficient=0.184; t-statistics=2.546) and H₃, which proposes significant and positive impact of the effort to seek out the opportunity on halalpreneurship opportunity (path coefficient=0.206; t-statistics=2.714) were also supported. In contrast, H₄, H₅, H₆ which tested the impact of creativity and innovation (path coefficient=-0.0005; t-statistics=0.0092), honesty and integrity (path coefficient=0.007; t-statistics=0.118) and risk-taking attitude (path coefficient=0.087; t-statistics=1.382) were rejected. While H₇ (path coefficient=0.110; t-statistics=1.951) and H₈ (path coefficient=0.138; t-statistics=1.680) which tested the significant and positive impact of relative advantage and perceived desirability were accepted. Concerning subjective norm variables, it is only H₉ which tested the positive influence of family support on halalpreneurial propensity (path coefficient=0.146; t-statistics=1.938), which was supported while H₁₀ which tested the significant and positive impact of peer influence (path coefficient=0.008; t-statistics=1.280) was rejected. A similar pattern also found in the perceived behavioral control; there was only one hypothesis, H₁₁ which tested positive impact perceived feasibility (path coefficient=0.227; t-statistics=3.565) which was supported, while H₁₂ which tested the impact of perceived governmental support on halalpreneur propensity (path coefficient=0.067; t-statistics=1.411) which was rejected. The additional hypotheses which tested the influence of religiosity on halalpreneur propensity were rejected (path coefficient=-0.051; t-statistics=1.141).

5. DISCUSSION

Based on the above hypotheses testing awareness of halal entrepreneurship is significant in influencing the MSMEs entrepreneurship. The results support the study of the previous study conducted both in conventional (Fayolle & Gailly, 2008) and halal business (Soltanian et al., 2016). As the awareness of entrepreneurship, in general, can give more job alternatives to society (Liñán, 2007), the awareness of halal entrepreneurship should be raised either through education or governmental campaigns.

The study also found the significant impact of intrinsic motivation on halalpreneurship propensity. The study supports the finding of Soltanian et al. (2016). The results indicate that the Muslim entrepreneurs found some pleasure in running the halal business, which gives positive influence to their internal sphere of the individual, as suggested by Guzmán & Javier Santos, (2001).

The effort to seek out opportunities is also significantly influencing the Muslims entrepreneur's halalpreneurship propensity. The results may imply that the Muslim entrepreneur tries to supply the growing potential demand for halal products (Thomson Reuters, 2018). The study supports the finding of Soltanian et al. (2016).

The previous study found that creativity and innovation are found to have a significant impact on the performance of SME in the halal food sector (Fard & Amiri, 2018). However, the current study found no support for the hypotheses which tested the significant impact of creativity and innovation on halalpreneurship propensity. The results indicate that the Muslims' entrepreneurs halalpreneurship propensity may come out not as a result of their internal creativity but may be driven by other most significant external factors which in the current study may be driven more significantly by the availability of the opportunity which in this study has the highest t-value and path coefficient for the attitude variables. The result aligns with the result of Soltanian et al. (2016). Other studies have suggested that creativity & innovations can generally be regarded as naïve concepts when associated with the concept of entrepreneurship (Bjørner, Kofoed, & Bruun-Pedersen, 2012; Edwards-Schachter, García-Granero, Sánchez-Barrioluengo, Quesada-Pineda, & Amara, 2015)

Even though the concept of honesty and integrity are the values that should be held by the Muslim entrepreneurs as Islam emphasizes an honest dealing in a business transaction (Akbar, 1993), the study found an insignificant impact of honesty and integrity on halalpreneurship propensity of Muslim MSMEs entrepreneur.

As explained earlier, risk-taking is an important aspect of running a business (Tyszka et al., 2011). However, the current study found that it is not the Muslims entrepreneurs' risk-taking attitude, which makes them willing to set up business in the halal sector. The study supports the findings of Soltanian et al. (2016).

In regard to relative advantage and perceived desirability, the study found supports for both variables on halalpreneurship propensity. The results are align with (Soltanian et al., 2016) findings. As discussed before, Ireland, Hitt, & Sirmon (2003) explained that SMEs face some difficulty in achieving competitive advantage compare to relative advantage. Thus, the significant impact of relative advantage on halalpreneurship propensity implies that the Muslim entrepreneurs may see that they can develop the relative advantage as they have more knowledge about the needs of their customers better than Non-Muslim customers so that they can give more value to its customers better than its rival. Besides, the Muslim MSMEs entrepreneur also has positive perceived desirability in which they believe that they can manage the business start-up process successfully, as explained by Kuehn (2008). The results also support Fitzsimmons & Douglas (2011) study which was conducted in a conventional business context.

In terms of subjective norms, it is only family supports which was significantly influenced MSMEs' halalpreneurial propensity while peer influence was not significant. The results may indicate that the Muslim MSMEs entrepreneur may get support from both parents or relatives or having them as a role model in entrepreneurship as also found in the non-halalpreneurial research (Bellò et al., 2018; Carr & Sequeira, 2007).

In regards to perceived behavioral norms, there is also some difference found in the results of this study with (Soltanian et al., 2016) studies. While the current study support (Soltanian et al., 2016) perceived feasibility impact on halalpreneurship propensity. The result of perceived governmental support found no support for (Soltanian et al., 2016) study. The result indicates that although the

Muslims entrepreneur has a belief in his/her capability and capacity to become an entrepreneur, they don't see that government support is insufficient for MSMEs development.

As for religiosity, there was no significant effect on halalpreneurial propensity. This can imply that it is the non-religion factors that drive Muslim MSMEs entrepreneurs to enter halal business. The economic opportunity offers by the growing halal industry itself is seen as a promising potential in terms of market share that can be achieved by halal business.

6. CONCLUSION, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The current research found that in the context of Halal MSMEs in Indonesia, perceived behavioral control factor, which is represented by perceived feasibility, becomes the most influential factor to halalpreneurial propensity. The following most influential factor to halalpreneurial propensity comes from the attitudinal factor which is represented by an effort to seek out opportunity, intrinsic motivation, perceived desirability, relative advantage, and awareness of halalpreneurship. The only significant factor from the subjective norms variable is family support, while additional variables tested in the study- religiosity has no significant impact on halalpreneurial propensity.

Currently, there is still a very low entrepreneurship ratio to the total population in Indonesia despite the ability of the MSMEs to absorb more workers. Thus, the Indonesian government should give more support especially to the development of Halal MSMEs as the entrepreneurs perceived the support from the government is still very low.

The study only examines halal propensity as the dependent variable of the MSMEs rather than more objective performance, such as the financial performance of the organization. Therefore, the future researcher should consider testing the effect of the independent variables listed in the current study on MSMEs financial performance.

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