

ISLAMIC WORK ETHICS AND ENTREPRENEURIAL ORIENTATION TO MICRO BUSINESS' FINANCIAL PERFORMANCE IN MICRO BUSINESS OF MUSLIM FAMILY

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Yudistira Hasbullah

Ria Renny Christiana

Innocentius Bernarto

Graduate School of Management, Universitas Pelita Harapan, Jakarta, Indonesia

Sandiaga Salahuddin Uno

Mien R. Uno Foundation, Jakarta, Indonesia

Abstract: This study focuses on the effect of Islamic Work Ethics (IWE) and Entrepreneurial Orientation (EO) on the Financial Performance (FP) of Muslim-family-owned-micro businesses in Indonesia. The sample was obtained from micro-enterprises registered with OK-OCE (social institutions that function as entrepreneurship centers in various districts). The purposive sampling method is used with the criteria of Muslim family-owned businesses and home industries that produce food and beverages, restaurants, and cafes. Using a SmartPLS software (PLS-SEM method), 246 micro business data samples were processed and analyzed. The result shows that IWE has a significantly positive influence on EO; secondly, EO has a significantly positive influence on FP; while last, IWE has no significant impact on FP. However, the IWE indirectly positively affects financial performance through EO as the mediating variable. This empirical evidence contributes a novelty in Islamic Work Ethics and entrepreneurship literature, especially in Indonesia. For further research, there are several suggestions, such as using objective financial performance data; using other sectors or industries as the sample, such as the apparel industry; and including a moderating variable such as business regulation, etc.

Keywords: Islamic Work Ethics, Entrepreneurial Orientation, Financial Performance, Muslim Family Owned Business, Micro Business.

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Corresponding Author:
Yudistira Hasbullah, Graduate
School of Management, Uni-
versitas Pelita Harapan,
Jakarta, Indonesia, E-mail:
yudis.kpi@gmail.com, DOI:
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Entrepreneurship with the transformation of ideas into innovation is a special economic function that is very important to trigger economic growth (Schumpeter, 1934 in Croitoru, 2012). In-

novation that is the source of economic growth includes five activities. The first activity is to introduce new goods. The second activity is the introduction of new production methods. The third activity is the opening of new markets. The fourth activity is the conquest of new sources of raw material supply. The last activity is implementing a new

organization in any industry, such as creating a monopoly or dissolution of a monopoly position (Croitoru, 2012). Schumpeter (1934) in Croitoru (2012) contended that entrepreneurial actions are the main mechanism in the process of economic development (Croitoru, 2012).

From the corporate management point of view, Stevenson and Jarillo (2007) argued that entrepreneurship is not only about a new venture creation but, most importantly, about the organizational behavior of pursuing opportunities regardless of whether it is in a new business or large established companies (Stevenson and Jarillo, 2007). Miller (1983) suggested that entrepreneurship can apply to three types of firms, simple firms, planning firms, and organic firms (Miller, 2011). Whether it applies in a simple or planning or organic firm, entrepreneurial behavior covers three dimensions: innovation, proactiveness, and risk-taking (Miller, 1983). Furthermore, Covin and Slevin (1989) also supported Miller's work by conceptualizing an entrepreneurial strategic posture or Entrepreneurial Orientation (EO) with three dimensions: innovativeness, proactiveness, and risk-taking (Covin and Slevin, 1989). When referring to firm-level entrepreneurship, as Covin and Lumpkin (2011) noted, the concept of EO is well established as a focus of scholarly attention. It is often a construct to incorporate entrepreneurship (Covin and Lumpkin, 2011).

In literature, the entrepreneurship topic has been studied by many scholars in many countries. For example, Gupta and Batra (2016) conducted an entrepreneurship study and found that the EO positively affects the firm performance of 198 Indian SMEs. Shirokovà et al. (2015) provide empirical evidence that innovation and proactiveness positively affect the firm performance of 104 Russian SMEs in a dynamic or hostile external environment. Al-Swidi and Al-Hosam (2012) also concluded that EO has proven to have a significantly positive effect on the organizational performance of Yemen Islamic banks (Al-Swidi et al., 2012). In another study, Ambad and Wahab (2013) showed that innovativeness and risk-taking positively affect Malaysian public listed firms' performance (Ambad and Wahab, 2016). This evidence in large compa-

nies supports Stevenson's (2006) argument suggesting that the practice of entrepreneurship is as vital to established companies as it is to start-ups.

In Indonesia, entrepreneurship studies have also been conducted by many researchers. Using 140 Indonesian SMEs, Arief et al. (2013) noted that EO is positively related to firm performance, and strategic flexibility plays a mediating role in this relationship (Arief et al., 2013). In another study, Sumiati (2020) showed that innovation is important in enhancing business performance in 186 Indonesian SMEs (Sumiati, 2020). Mukson et al. (2021) also provided evidence that Entrepreneurial Orientation significantly affects the performance of 377 Indonesian MSMEs (Mukson et al., 2021).

Regarding the studies of Islamic Work Ethics, many researchers have provided empirical evidence showing the importance of Islamic Work Ethics (IWE) in various countries. For example, Ali (1992) investigated the IWE and individualism among 117 managers in Saudi Arabia and found that the managers were highly committed to IWE and showed a moderate tendency toward individualism. In another study, Awan and Akram (2015) found a significantly positive relationship between Islamic Work Ethics and innovation capability in Pakistan's public sector organizations. In Indonesia, Hamzah et al. (2021) conducted research to examine the effect of Islamic leadership and Islamic Work Ethics on employee performance of Islamic banks in Riau province. They showed that Islamic leadership, Islamic Work Ethics, and Islamic organizational culture positively and significantly influence the employee performance of Riau's Islamic banks.

Despite many studies on entrepreneurship and Islamic Work Ethics, the research investigating the simultaneous relationships among three main variables or areas of research, namely Islamic Work Ethics, Entrepreneurial Orientation, and Firm Performance, is still limited if not nonexistent in literature, especially in Indonesia context. Therefore, the purpose of this research is specifically to analyze the effect of Islamic Work Ethics (IWE) on Entrepreneurial Orientation (EO) firstly; secondly, the effect of Entrepreneurial Orientation (EO) on Firm's Performance (FP); and finally, the effect of Islamic

Work Ethics (IWE) on Firm's Performance (FP) in Indonesian Muslim's family business. This study will expectantly contribute to several research areas as discussed above.

Additionally, the benefits of this research are to provide the business community with evidence that work ethics concerning Islamic teaching can provenly enhance the degree of entrepreneurial orientation of business organizations and then increase business performance. Therefore, while doing their job in the workplace, business owners and employees are encouraged to behave ethically. Furthermore, the organizations which apply a high degree of Islamic Work Ethics as the foundation of doing business will have a better work environment among their workers (Ali and Al-Owaihah, 2008).

LITERATURE REVIEW

Islamic Work Ethics (IWE) has been discussed in the literature for quite a long time and has become a well-defined construct with a robust measurement instrument (Ali and Al-Kazemi, 2007; Ali and Al-Owaihah, 2008). Ali and Al-Owaihah (2008) even stated that since the early days of Islam, Muslims had formulated a specific conceptualization of work ethic. Furthermore, Ali and Al-Owaihah (2008, p. 10) noted that:

“The IWE is an orientation that shapes and influences the involvement and participation of believers in the workplace.”

Ali and Al-Owaihah (2008) also argued that work, in the Islamic perspective, must be beneficial to others and the community at large while providing a source of pride and a dignified-and-balanced life. Generally, there are four main concepts underlying the IWE: effort, competition, transparency, and morally responsible conduct (Ali and Al-Owaihah, 2008). Thus, business and work, in general, have to rest on ethical and moral foundations. Collectively, those concepts imply that conducting business and working in a spirited and ethical environment will result in higher performance and widespread prosperity (Ali and Al-Owaihah, 2008). The Quran, Islam's holy book, specifically prohibits dishonesty

in work and business dealings, as mentioned in the following verse:

“And give full measure when you measure and weigh with a balance that is straight. That is good (advantageous) and better in the end.” (Qur'an, chapter 17, verse 35— Al-Hilali translation).

In later literature on corporate management, some studies are showing that IWE has an influence on organizational commitment (Yaseen et al., 2015; Salahudin et al., 2016) as well as on innovation capability and firm performance (Yesil and Kaya, 2013) or job performance (Zahrah et al., 2016; Al-Douri et al., 2020).

In the previous entrepreneurship literature, Miller (1983) introduced an entrepreneurship concept in innovation, proactiveness, and risk-taking. In later literature, corporate entrepreneurship is defined as individuals pursuing opportunities without considering the resources they currently control (Stevenson, Roberts, and Grousbeck, 1989, cit. Stevenson and Jarillo, 1990). This corporate entrepreneurship concept is an organizational behavior that positively influences a Firm's Performance (Covin and Slevin, 1989; Covin and Slevin, 1991; Lumpkin and Dess, 1996).

HYPOTHESIS DEVELOPMENT

This section discusses hypotheses development based on the previous studies on the relationship between Islamic Work Ethics and Entrepreneurial Orientation, Entrepreneurial Orientation and Financial Performance, and finally, Islamic Work Ethics and Financial Performance.

Islamic Work Ethics and Entrepreneurial Orientation

Farrukh et al. (2015), in their article entitled “Innovation capability: The role of Islamic work ethics,” stated that Islamic work ethics is not a new concept. Instead, it originated more than 1400 years (Farrukh et al., 2015). Awan and Akram (2015) found a significantly positive relationship between Islamic Work Ethics and innovation capability in Pakistani

public sector organizations. Similarly, Abbasi et al. (2012) also supported the argument that applying Islamic Work Ethics together with organizational learning and innovation in Pakistani business organizations (footwear manufacturing) positively influences organizational performance. Another study conducted by Kumar and Rose (2010) also reported that Islamic Work Ethics was found to significantly and positively impact the innovation capability with moderate correlation. In a recent study, Mohamad et al. (2018) suggested that Islamic values moderate the relationship between Entrepreneurial Orientation and business success. The differences between those previous studies and this research are the constructs, conceptual framework used, and target respondents. This research investigates the Islamic Work Ethics (IWE) – Entrepreneurial Orientation (EO) relationship in Indonesia’s Muslim-family-owned-micro business, and therefore it can be hypothesized that,

Hypothesis 1: Islamic work ethics directly positively affect entrepreneurial orientation.

Entrepreneurial Orientation and Financial Performance

Covin and Slevin (1991) proposed an entrepreneurship construct as an organizational-level phenomenon in their study. Their model reflects the organizational system elements that relate to entrepreneurial behavior among large firms but can also apply to smaller firms. In the entrepreneurship paradigm, it is acknowledged that an organization’s entrepreneurial behavior reflects the top managers’ overall strategic philosophy on effective management practice (Covin and Slevin, 1991). Covin and Slevin (1991) argued that firms with entrepreneurial postures have three kinds of behavior: risk-taking, innovation, and proactive. All behaviors form a unidimensional construct and move together with firms’ performance. Furthermore, they hypothesized that the unidimensional EO of firms would positively relate to the firms’ performance.

In their meta-analysis study, Rauch et al. (2009) reported that the correlation of EO with business performance is moderately large ($r = 0.242$). The result also showed that the highest corrected corre-

lation was 0.195 for the innovativeness dimension, and the lowest was 0.139 for risk-taking. However, the z-statistic indicated that these differences were too small to be statistically significant. The EO dimension’s relationships with business performance seem to be relatively similar in magnitude. Additionally, Rauch et al. (2009) concluded that the effect of EO on micro businesses’ performance is significantly higher than the effect of EO on small businesses’ performance.

In a recent study, Herlinawati et al. (2019) also supported that entrepreneurial orientation positively influences the business performance of 346 SMEs in West Java, as well as research conducted by Al-Mamary et al. (2020) says that entrepreneurial orientation has a significant influence on the company’s financial performance. In another study on Indonesian micro, small, and medium businesses, Uno et al. (2019) also provided evidence that business or firms’ financial performance increases when entrepreneurial orientation gets stronger.

Despite the difference in the EO concept in literature, the unidimensional approach is used in this study because it has been more widely adopted in the research field. That is what distinguishes this study from other studies that use a multidimensional approach to the concept of EO. As suggested by previous studies, this research investigates the relationship between entrepreneurial orientation (EO) – businesses’ financial performance (FP) in Indonesia’s Muslim-family-owned-micro business. Therefore, it can be hypothesized that,

Hypothesis 2: The entrepreneurial orientation has a direct positive effect on micro businesses’ financial performance.

Islamic Work Ethics and Financial Performance

In research that collected data from 150 administrative employees in higher educational institutions in Malaysia, Zahrah et al. (2016) investigated the role of Islamic Work Ethics (IWE) and Islamic religiosity on job performance (JP) of Muslim employees. They found that Islamic religiosity and Islamic Work Ethics (IWE) were significantly associated with job performance (JP). In another study, Al-Douri et al. (2020) explored the impact of Is-

lamic Work Ethics (IWE) on job performance (JP) and intrinsic motivation (IM) in the Malaysian education sector. The result of this study showed that there is a positive relationship between Islamic Work Ethics (IWE) on job performance (JP). Zin and Ashari (2020), in their study on Malaysian SME business performance, reported that Intellectual Capital and Islamic Work Ethics influence business performance. Their findings also showed the need for SME entrepreneurs to maintain a competitive advantage through extracting value from Intellectual Capital and Islamic Work Ethics (Zin and Ashari, 2020).

Furthermore, extending practices of Islamic Work Ethics to employees, customers, vendors, partners, and the communities is suggested in their study (Zin and Ashari, 2020). The difference between the research conducted by Zin and Ashari (2020) is that the data analysis method in this study is causal, while the research conducted by Zin and Ashari (2020) is qualitative. In addition, research conducted by Zahrah et al. (2016) analyzes the company's overall performance, while in this study, the focus is on financial performance.

Regarding the limited literature on IWE – FP relationship in Indonesia, this research is conducted to fill in the research gap and investigate the Islamic Work Ethics (IWE) – businesses' financial performance (FP) relationship in Indonesia's Muslim-family-owned micro business and, therefore it can be hypothesized that,

Hypothesis 3: Islamic Work Ethics have a direct positive effect on micro businesses' financial performance.

CONCEPTUAL FRAMEWORK

Based on the above literature review and hypotheses, this study investigates the relationships among three variables, namely Islamic Work Ethics (IWE), Entrepreneurial Orientation (EO), and Financial Performance (FP), as described in the following research model.

METHOD

The objective of this research is to test the effect of Islamic Work Ethics (IWE) and Entrepreneurial Orientation (EO) on micro businesses' Financial Performance (FP). In Indonesia, a business is categorized as a micro business if it has maximum equity of IDR 1 billion and maximum annual sales of IDR 2 billion. The target population is micro businesses listed in a social institution, namely OK-OCE (One Kecamatan-One Center of Entrepreneurship), whose mission is to encourage new entrepreneurs and job creation in Indonesia. The purposive sampling method was then utilized with criteria of Muslim-family-owned businesses and home industry of food-and-beverage production, restaurant, and cafe. The unit of analysis used in this research was the business organization or company, and the online questionnaires were distributed to the Muslim business owners as respondents. The IWE scale (17 items) was adopted from Ali (1992, 2008), while the EO scale (22 items) was adopted from Covin and Slevin (1989). The financial performance scale (4 items) was based on subjective measures. All statements were rated on a 6-point Likert scale. Based on the above criteria, 246 out

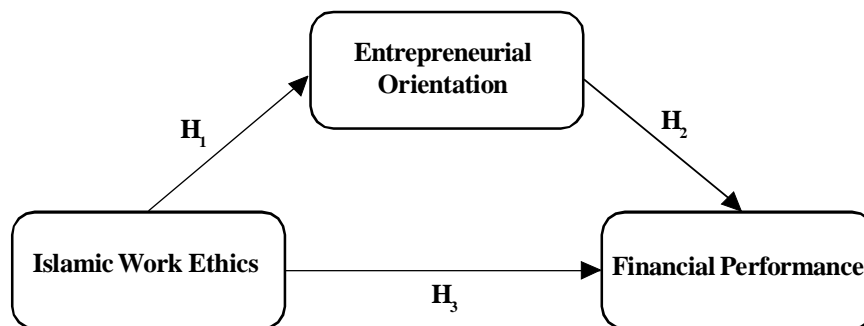


Figure 1. Research Model

Table 1. Items of Islamic Work Ethics (IWE)

Statements of Islamic Work Ethics (IWE)	
1	Laziness is a vice
2	Dedication to work is a virtue
3	Good work benefits both oneself and others
4	Justice and generosity in the workplace are necessary conditions for society's welfare
5	Producing more than enough to meet one's personal needs contributes to the prosperity of society as a whole
6	One should carry work out to the best of one's ability
7	Work is not an end in itself but a means to foster personal growth and social relations
8	Life has no meaning without work
9	More leisure time is good for society (R)
10	Human relations in organizations should be emphasized and encouraged
11	Work enables a person to control nature
12	Creative work is a source of happiness and accomplishment
13	Any person who works is more likely to get ahead in life
14	Work gives one the chance to be independent
15	A successful person is the one who meets deadlines at work
16	One should constantly work hard to meet responsibilities
17	The value of work is derived from the accompanying intention rather than its results

Source: Ali and Al-Owaihian (2008); Note: R=reversed

of 665 data samples were processed with the PLS-SEM method using SmartPLS software.

RESULTS

The respondents' sample profile can be described as 158 female and 88 male Muslim entrepreneurs. Then, there are 223 owners/founders of businesses and 23 owners and concurrent directors. In addition, there are 227 home industries of food/beverage production and 19 restaurants and cafes. And finally, there are 211 businesses with a maximum of 4 workers or less and 35 businesses in the 5-to-19-workers category. The next sub-sections provide the findings of the Measurement Model and Structural Model.

Measurement Model

The result of data processing shows a reflective measurement model assessment which is provided as follows.

The first step in reflective measurement model assessment involves examining the indicator loadings as a part of a Convergent Validity Evaluation. Indicator loadings above 0.708 are recommended,

as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item (indicator) reliability (Hair et al., 2014).

From Table 2, the indicator loadings show a variation from 0.795 to 0.959, indicating that the constructs (IWE and EO) explain more than 50 percent of the indicator's variance. That means an acceptable item (indicator) reliability, except for an indicator in the IWE construct, IWE.09, which has a negative value, was taken out from the assessment. Additionally, the Cronbach Alpha (CA) parameters of IWE and EO are 0.974 and 0.988, respectively. While the Composite Reliability (CR) parameters of IWE and EO are 0.986 and 0.989, respectively. The Cronbach Alpha (CA) and Composite Reliability (CR) which are above 0.70, also indicate that all constructs (IWE and EO) have a good or high internal consistency reliability. While the Average Variance Extracted (AVE), which is above 0.5, indicates that all constructs (IWE and EO) have a good convergent validity (Hair et al., 2014).

Table 2. Reliability and Validity of IWE and EO Constructs

Construct	Item	Loading	CA	CR	AVE
IWE	IWE.01	0.925	0.974	0.986	0.832
	IWE.02	0.954			
	IWE.03	0.958			
	IWE.04	0.959			
	IWE.05	0.860			
	IWE.06	0.959			
	IWE.07	0.926			
	IWE.08	0.885			
	IWE.10	0.952			
	IWE.11	0.927			
	IWE.12	0.959			
	IWE.13	0.952			
	IWE.14	0.954			
	IWE.15	0.885			
	IWE.16	0.955			
	IWE.17	0.829			
	EO	EO.01			
EO.02		0.903			
EO.03		0.915			
EO.04		0.870			
EO.05		0.856			
EO.06		0.927			
EO.07		0.938			
EO.08		0.919			
EO.09		0.918			
EO.10		0.900			
EO.11		0.902			
EO.12		0.856			
EO.13		0.932			
EO.14		0.935			
EO.15		0.852			
EO.16		0.937			
EO.17		0.921			
EO.18		0.888			
EO.19		0.801			
EO.20		0.890			
EO.21		0.795			
EO.22		0.912			

CA=Cronbach Alpha, CR=Composite Reliability, AVE=Average Variance Extracted

Table 3 also shows that all indicator loadings of FP are above 0.708, meaning that FP has an acceptable item (indicator) reliability. The Cronbach Alpha (CA) and Composite Reliability (CR), 0.955

and 0.967. It indicates that FP has good internal consistency reliability. Then, the Average Variance Extracted (AVE), which is 0.881, indicates that FP has good convergent validity.

Table 3. Reliability and Validity of FP Construct

Construct	Item	Loading	CA	CR	AVE
FP	FP.1	0.916	0.955	0.967	0.881
	FP.2	0.968			
	FP.3	0.938			
	FP.4	0.931			

CA= Cronbach Alpha, CR= Composite Reliability, AVE = Average Variance Extracted

Structural Model

The Structural Model result of this study shows a significant positive effect of IWE on EO with a path coefficient of 0.942 and a significantly positive effect of EO on FP with a path coefficient of 0.749. In contrast, the effect of IWE on FP is statistically not significant, with a path coefficient of -0.321.

From Table 4, it can be concluded that one unit increase in practicing Islamic Work Ethics will positively increase Entrepreneurial Orientation by 94.2%.

Furthermore, Table 4 also shows that one unit increase in Entrepreneurial Orientation will simply improve the Financial Performance of micro business by 74.9%.

Despite not being significant indirectly influencing FP, IWE has an indirectly significant effect on FP through EO as a mediating variable (IWE → EO → FP; Standardized Coefficient: 0.706; t-statistic: 5.089).

Table 4. Value and Significance of Path Coefficient

No.	Path	Standardized Coefficient	t-statistic (t > 1.645)	Decision
H ₁	IWE → EO	0.942	75.692	Supported
H ₂	EO → FP	0.749	5.214	Supported
H ₃	IWE → FP	-0.321	-1.959	Not Supported

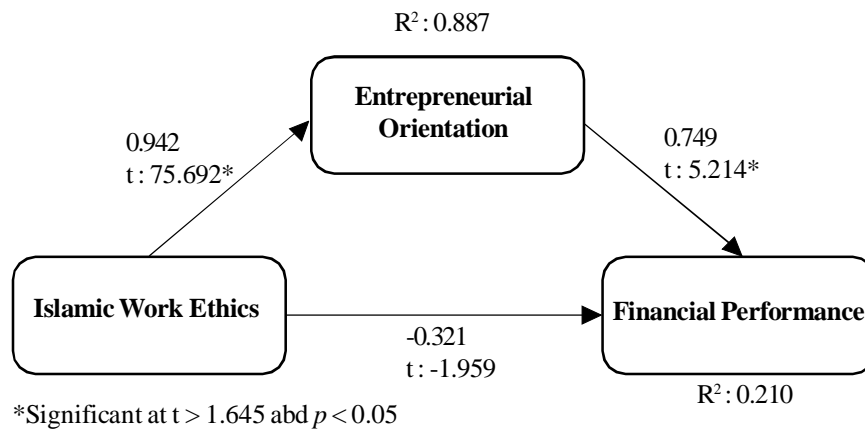


Figure 2. Empirical Model with Path Coefficients

DISCUSSION

Hypothesis 1: Islamic work ethics has a direct positive effect on entrepreneurial orientation. This study supports previous literature that Islamic work ethics positively affect entrepreneurial orientation (Abbasi et al., 2012). It means that entrepreneurial orientation as an organizational behavior will be enhanced when Islamic work ethics are strongly applied in the workplace. The result also shows a high correlation between IWE and EO. The Islamic work ethics construct a powerful predictor of entrepreneurial orientation. Thus, **Hypothesis 1 is supported.**

Hypothesis 2: The entrepreneurial orientation has a direct positive effect on micro businesses' financial performance. This study also supports previous literature that entrepreneurial orientation positively influences financial performance, such as a study conducted by Aktan and Bulut (2008). That provided empirical evidence that all the dimensions of entrepreneurial orientation positively and significantly affect the financial performance of 312 firms in Turkey. Another study based on a sample of 164 small manufacturing businesses in Mexico also suggested that performance is positively influenced by its EO (Campos and Valenzuela, 2013). It can be concluded that financial performance will improve when a high level of entrepreneurial orientation (innovation, proactive, and risk-taking) is applied by the business organization's founders, management, and staff. The result also shows a moderate correlation between EO and FP. Thus, **Hypothesis 2 is supported.**

Hypothesis 3: The Islamic Work Ethics has a direct positive effect on micro businesses' financial performance. **Hypothesis 3 is not supported.** The result in this study does not support previous literature and does not support Hypothesis 3 since it has a reversed (or negative) direction instead of a positive direction as hypothesized. In their study, Abbasi et al. (2012) reported that Islamic work ethics did not significantly predict organizational performance. Most studies in IWE literature have not investigated and provided proof of the direct positive influence of IWE on financial performance. However, those studies provided empirical evidence

of the positive effect of IWE on the job or employee performance and the indirect result of IWE on financial performance through other mediating constructs (Zahrah et al., 2016; Hamzah, et al., 2021). Hasbi et al. (2021), for example, argued that with the good implementation of Islamic Business Ethics (similar to IWE), the level of customer confidence from Baitul Maal wat Tamwil (BMT), which is an Integrated Business Center, increases, and will automatically increase BMT performance. The lack of understanding of sharia business principle/law, which might not have been well understood and applied widely in Indonesia, might cause an indifference level of consumer confidence in Muslims' micro business, which might explain the H_3 result in this study. However, Indonesia is well known as the largest Muslim country. Conventional (non-sharia) business practices still dominate the way people conduct businesses. Thus, the practice of IWE in the workplace might not directly and positively influence the financial performance of the micro business in the current environment. However, there is evidence that IWE has a significantly indirect positive influence on micro businesses' financial performance through EO as the mediating variable.

Additionally, there are some basic differences between this study and the previous studies in entrepreneurship and business ethics. This study emphasizes the triangular model, which explores the relationship between IWE and EO, EO and FP, as well as IWE and FP. Meanwhile, the previous studies focus more on either the IWE and EO relationship or the EO and FP relationship, and very rare studies focus on the IWE and FP relationship. Another difference is that this study focuses on micro-businesses owned by Indonesian Muslim families, which previous studies have not investigated.

CONCLUSIONS

This study focuses on micro-businesses owned Islamic work ethics have a significantly positive impact on entrepreneurial orientation. Entrepreneurial orientation also has a significantly positive impact on financial performance. Furthermore, even though Islamic work ethics have a non-significant effect on micro business' financial performance, the

role of entrepreneurial orientation can mediate a positive indirect impact of Islamic work ethics on financial performance. After all, the current study results align with the previous research, except for Islamic work ethics to financial performance findings attributable to Indonesia's existing business practice environment. This empirical evidence provides novelties to Islamic work ethics and entrepreneurial orientation literature that can benefit other researchers and business practitioners.

IMPLICATIONS

The results show that the work ethic orientation in Islam, which consists of effort, competition, transparency, and moral responsibility, can improve the orientation of entrepreneurs in decision-making processes and business practices. Therefore, to enhance the entrepreneurial orientation of Muslim business owners, various Islamic institutions and the education sector can conduct an Islamic education, especially in work ethics.

In addition, entrepreneurship is also proven to improve financial performance. Thus, business owners with a high degree of entrepreneurial orientation will dare to take risks, act proactively, and always be innovative in running their business (Gani and Soelaiman, 2021). These three things can certainly improve their business performance. To be able to improve entrepreneurial orientation on a large scale, business and entrepreneurship training can be carried out by many private institutions and government institutions such as the Ministry of Cooperatives and Small and Medium Enterprises as well as the Ministry of Tourism and Creative Economy through the creation of various innovative courses such as several OK-OCE MSME development programs.

LIMITATIONS

The findings in this study have several limitations. Firstly, this study uses perceived (subjective) financial performance instead of objective financial performance data. Secondly, the sample is limited to the home industry of food-and-beverage production, restaurant, and café. Thirdly, the study does

not specify any moderating variable which may influence the relationship between variables. Fourthly, the study utilizes a unidimensional assumption of EO, meaning that each dimension equally correlates to financial performance. Finally, the model in this study does not include any other independent variable that may explain the remaining 79% of the variance in financial performance.

RECOMMENDATIONS

Based on the above limitations further research can be conducted using objective financial performance data. Other sectors or industries as samples, such as the apparel industry, etc., can also be used for further research. Moderating variables like business regulation, etc., can also be used for further research. Using multidimensional EO means that each dimension is correlated with financial performance. Other independent variables, such as business strategy, technology policy, etc., can also be used for further research.

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