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28 June 2018

Prof. Dr. Moha Asri Abdullah,
Deputy Dean, International Halal
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Dear sir,

Assalam Alaikum Warahmatullah hi Wabarakatuh

Invitation to Give a Talk on “Halalpreneurs among immigrants and their business prospects in Malaysia”

The Halal Institute, Prince of Songkla University and International Institute for Halal Research and Training, International Islamic University Malaysia will organise an International Conference on Halal Innovation in Products and Services 2018 (i-CHIPS 2018) as a part of the World Halal Products and Exhibition (World HAPEX 2018) which will be held during 12 - 15 July 2018 at The 60th Anniversary of His Majesty the King's Accession to the Throne International Convention Center, Prince of Songkla University, Hat Yai, Songkhla, Thailand.

Recognizing your vast expertise and experience in the area of Halal Innovation, the Halal Institute would like to invite you to give a talk in the session. The details of the talk are as follows:

Topic: “Halalpreneurs among immigrants and their business prospects in Malaysia”
Date: 13 July 2018
Venue: The 60th Anniversary of His Majesty the King's Accession to the Throne International Convention Center, Prince of Songkla University, Hat Yai, Songkhla, Thailand.

For any inquiry, please contact Mr. Shukree Waesoho at: +668 9486 3857, Email: shukree.w@psu.ac.th and CC: makatar.w@psu.ac.th

Kindest Regards: *Wassalam,*

Dr. Tawat Noipom
Director of Halal Institute
Prince of Songkla University, Thailand

HALALPRENEURS AMONG IMMIGRANTS AND THEIR BUSINESS PROSPECTS IN MALAYSIA

By

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Abstract

Immigrant entrepreneurial involvements in economic activities have been well noted. Scholars tend to agree that the presence, and contribution of immigrant entrepreneurs to business and growth of new businesses lead to economic prosperity, job creation, multiple monetary benefits and overall economic well-being. The immigrant-entrepreneurial activities are found in many countries, developing and developed alike. However, immigrant who involve in halal entrepreneurship or halalpreneurs is less known. Immigrant *Halalpreneurs*, their business success and business prospects are not found, discussed and researched. In contrast, immigrant entrepreneurial activities and halal industry are both growing tremendously over decades, globally and domestically. This study aims to identify issues and challenges of immigrant *halalpreneurs*, and their business success and prospects in small retailing businesses. Based on 274 immigrant *halalpreneurs* surveyed at Klang Valley, Malaysia, it was found that the majority of immigrant *halalpreneurs* come from Bangladesh, Pakistan, and Indonesia. Immigrant *halalpreneurs* are found to be relatively well prepared for business and obtained experience before initiating a business. They are positive about their business issues as well as business success and prospects, with the highly significant relationship between those variables. The research concludes that immigrant *halalpreneurs* and their business activities can be a source of entrepreneurial development, employment generation and future impetus for economic growth and development.

Keywords: *Halalpreneurs*, Immigrant, business success and prospects

1. INTRODUCTION

Immigrant entrepreneurs and their business are increasingly recognised as being essential to economic growth and economic development. They are widely perceived as highly entrepreneurial and are regarded as highly essential for innovation, economic growth, and economic sustainability. Positive perception and recognition are based on the fact that the presence of immigrant entrepreneurs leads to economic prosperity, physical capital investment and job creation for local workers and contribution towards the overall economic growth and development, (Lin, 2015, Ribeiro-Soriano & Mas-Verdú, 2015). In addition, immigrant entrepreneurs are said to be likely innovative, creative and in that they survival strengths and strategies are said to be much higher comparatively (Desiderio 2014).

Literature tends to indicate that at least two different views of the migratory pathways of international immigration. One argues that the push-pull factors of spatial imbalances in the distribution of production factors force them to leave their place of origin for a relatively high expected outcome in the country of destination. In this regard, international migration offers technical skills and unskilled labour for receiving countries. Another view is that the immigrants with entrepreneurial and management skills are the basic source of entrepreneurial activities in the host country. These pathways of international migrants include those who search for the best place that offers an opportunity for profit and to create their own jobs and employment for others. No wonder that some countries focus seriously on attracting and retaining immigrant entrepreneurs or *halalpreneurs*, while some others provide special visas and entry programmes.

As immigration represents a significant proportion of the total number of population in in Malaysia, it can be stated that some migrants are forced by circumstances to migrate. Others are attracted by the prospect of greater economic, social and educational opportunities for themselves and their families. Whilst many migrants take up positions in paid employment, a considerable proportion of them migrate specifically to initiate new venture start-up activities. As Malaysia has been receiving many immigrants particularly from Muslim countries such as Indonesia, Bangladesh, and Pakistan, the term of *halalpreneurs* and the growing involvement in business activities has been a trending phenomenon.

Nonetheless, there has not been any study on immigrant *halalpreneurs*. Therefore, to address this gap, the objectives of this paper are: to determine issues and challenges faced by immigrant *halalpreneurs*; to determine immigrant *halalpreneurs* business success and business prospects; and to measure the relationship of the issues confronting immigrant *halalpreneurs* with their business success and business prospects in Malaysia. These objectives therefore, address some important questions such as what are the specific characteristics of Muslim immigrant *halalpreneurs*?; What are their challenges, their successes, and their prospects for the future?; What conclusions can be drawn?

2. A REVIEW OF THE LITERATURE

2.1 Immigrant Entrepreneurs

Despite a growing interest and research on immigrant entrepreneurship has developed over the past several years, record and data about immigrant entrepreneurs are not easily

obtainable in all countries. This part reviews immigrant entrepreneurs, their issues and business prospects in some countries where the data are accessible. Many countries in the open-market economies that work to promote economic growth, prosperity, and sustainable development. Immigrant entrepreneurs are viewed as one of the central approaches to favourably creating special visas, lenient entry requirements, and business migration programmes in an attempt to attract immigrant entrepreneurs. Some argue that the push-pull factors of spatial imbalances in the distribution of production factors force them to leave their place of origin for a relatively high expected outcome in the country of destination (see Todaro et. al 2014). Immigrants with entrepreneurial, management skills, some experience and physical capital who also seeking for a better place for starting up, expand and develop business are complimentary to this "push" factor. This becomes a basic source of entrepreneurial activities in the host country. Immigrant entrepreneurs who also search and consider the best place that offers an opportunity for profit in a more conducive business environment, more business freedom and are presented with a huge economic opportunity in a host country are related to the "push" factor.

In general, it is highly noted that business ownership is higher among the foreign-born than the native-born in many developed countries such as the United States, United Kingdom, Canada and Australia (Robert W. Fairlie & Magnus Lofstrom (2013). Some developed countries have created special visas and entry requirements for immigrant entrepreneurs in an attempt to attract immigrant entrepreneurs.

The United States, for example, special preferences for admission are given to immigrants who invest US\$1 million in businesses and create or preserve at least 10 full-time jobs for U.S. workers. In the United States, immigrants are said to have made substantial contributions to business ownership, business income, and employment in the United States. As a direct result, immigrant entrepreneurship has become increasingly important in the U.S. as both immigration and foreign-born business ownership has grown steadily over the last decades. It is estimated that there were 2.4 million immigrant business owners, representing 18.2 percent of all business owners between 2006 and 2010. Immigrants constitute 16.3 percent of the total U.S. work force, implying a higher business ownership rate than the U.S.-born rate. Indeed, 11.0 percent of immigrants own a business, compared with 9.6 percent of the U.S.-born work force.

According to Robert W. Fairlie & Magnus Lofstrom (2013), the business formation rate per month among immigrants is 0.51 percent; that is, of 100,000 nonbusiness-owning immigrants, 510 start a business each month. This rate proved to be higher than the nonimmigrant rate of 0.28 percent, or 280 of 100,000 U.S.-born non-business owners per month. Moreover, self-employment grew strongly and immigrants continued to increase their share of business owners over the same period. An increase of close to 7 million business owners from 1980 to 2010. In addition, it is recorded that substantial contributions of immigrant entrepreneurs to the technology and engineering sectors of the economy, especially in Silicon Valley (Lofstrom, 2009).

The presence and contribution of immigrant entrepreneurs in the UK are equally important. Desiderio 2014 found that a total of 456,073 immigrant entrepreneurs and another 464,527 of the United Kingdom companies started by migrant entrepreneurs. They represent 14 percent of all UK companies (see Centre for Entrepreneurs 2013). This indicates that immigrant entrepreneurs in the U.K. contribute considerably to United Kingdom's economy, job opportunities and their employment creations (Desiderio 2014).

In Canada, the government has shifted its immigration policy objectives over the past decades focusing on attracting highly skilled entrepreneurs interested in developing businesses in high-growth markets. The new Start-Up Visa Program and the Express Entry system reflect this shift in objectives that facilitate business start-up and growth. Data shows that a total of 431,471 business immigrants (including self-employed, investors, and entrepreneurs) landed in Canada for the period of 1980-2010 (IMDB 2016). This figure represented approximately 7.0 percent of Canada's total immigration over the period. Over the same period, entrepreneurs contributed to the proportionate share of the total business immigration levels, totaling to 202,272 individuals, or 46.9 percent. It is also recorded that Ontario and Nova Scotia were the key provinces of destination for entrepreneurs. The leading source country among entrepreneurs in the year 2010 was Iran, at 14 percent, followed closely by India (12 percent), Egypt (10 percent), and China, at 9 percent. It is recorded that the top ten source countries accounted for roughly 40 percent of all entrepreneur immigrants from 1980-2010 (IMDB 2016).

International migration has a big impact New Zealand. About one-quarter of the population being foreign born from a total of about 4.4 million population (IMSED, 2010). It is estimated that one in four foreign-born this figure is well above the OECD average of one in 10. It is highly agreed that understanding the economic impact of immigration is particularly important for supporting and developing New Zealand's economy.

As one of the top settlement countries along with Canada, Australia, the United Kingdom, and the United States, New Zealand has increasingly recognised the presence of migrant entrepreneurial activities, economic competitiveness and innovation in the economy (see Desiderio 2014). The rigorous New Zealand's government policies to encourage skilled and business migration under several accommodating Immigration Acts (see Immigration New Zealand 2016) allowed a substantial increase in immigrant businesses to the country in recent years. Since then, immigrant entrepreneurs are considered as essential sources of physical capital inflow, expand business opportunities, create a much further supply chain activities and hence, contributing to wider and faster economic growth and development in New Zealand.

2.2 Halal Industry and Immigrant *Halalpreneurs*

Halal industry derived from Halal products with the basic principle of the function being lawful or unlawful or assigning Halal or Haram from the Shari'ah compliance that is a faith issue for Muslims who are responsible to embrace of this order. Interestingly, the global halal industry has expanded tremendously big. It is estimated to be at value around USD2.3 trillion and its value keep raising estimating to \$560 million and about 20 percent growth rate per year. This

value is yet to include the Islamic finance which is also steadily rapid growing, (see Elasrag 2016). More interestingly, the growth rate of halal industry today reflects that the products are not just confined to food and food related products but other related halal. Similarly, the halal market is not only restricted to 1.8 billion of Muslim population in the world, but instead its growth crosses non-Muslim market as well. Countries such as Thailand, Singapore, Korea, the Philippines, China and Australia are not the Muslim majority nations, nonetheless, they have also embraced and pursued Halal markets. The halal industry has grown not just to subsectors such as pharmaceuticals, cosmetics, health products, toiletries and medical devices as well as service sector components such as logistics, marketing, print and electronic media, packaging, branding, and financing, but more importantly, the industry has expanded to lifestyle offerings including halal travel and hospitality services as well as fashion (Ilasrag, 2016).

According to Dar et.al (2013), population of Muslim consists of about 23 percent in the world with an annual growth rate of 3 percent per annum. Many have indicated that the majority of 1.8 billion Muslim have relatively low purchasing power, however, a number of Muslim countries today are having a highly growing economies and their per capita income. Therefore, halal industry offer enormously vast opportunity. Industry players therefore, need to rectify certain measures for the halal industry products and services to gain a competitive advantage in much lucrative markets word wide.

Undeniably, the halal industry can increase the income and quality and well-being of the people through certain mechanisms such as trade, investment, services and employment opportunities. Thus, people who start up, produce and operate halal businesses is known as halal entrepreneurs or *halalpreneurs*. It involves all of the functions, activities and action associated halal entrepreneurial process leading to fulfil demand for halal products and services from the markets. Within the process, halalpreneurs are required to balance the objective to maximise profit and shariah compliance of halal requirement.

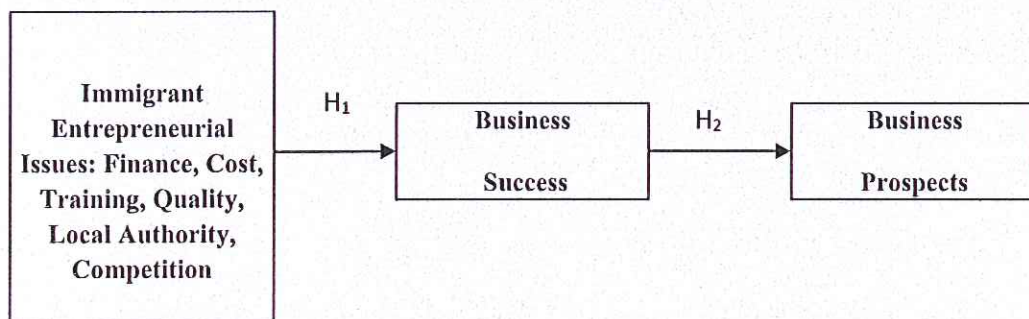
In Malaysia, immigrant entrepreneurs are on the increase. There were approximately 1.7 million foreign workers with work permits (Malaysia, 2006), but the number of unregistered immigrants is said to be far higher. As a relatively young nation with a growing immigrant presence, situated near China and Singapore along with huge natural resources make Malaysia a relatively attractive to prospective immigrant investors and entrepreneurs. However, the migratory pathways of entrepreneurs to Malaysia are said to be close to the first view, i.e. attracted by the basic economic opportunities to drive labour migrants, rather than the secondary pathway of a direct entrepreneurial venture (see, for example, Rahmandoust et. al. 2011). These labour migrants with their status, find their way to search for work intending to cover the cost of their lives in this country. Many immigrant entrepreneurs who start their own businesses intend to cover the cost of living and their families with various business activities mostly in retail businesses, food stall, and other businesses. The majority of immigrant entrepreneurs come from Bangladesh, Pakistan, and Indonesia with more than 90 percent of the total immigrant population. Thus, immigrants who start up, produce and operate halal businesses is known as immigrant halalpreneurs. Immigrant halapreneurs, thus, cover all of the business functions, activities and action associated halal entrepreneurial process leading to the halal products and services offered to markets.

A review of the literature found that there six major issues affecting immigrant entrepreneurs, vis-à-vis immigrant halalpreneurs. These include finance, cost, training, quality, local authority and competition (see Nel and Abdullah 2016). This study replicates and adopts six stated items as independent variables. While the study also adopts another six items including increased total revenue, increased sales turnover, increased demand, increased profit, the increase in the number of employees recruited as dependent variables. All these are measured from the past three-year record. Subsequently, a measurement for the immigrant halalpreneurs business's prospects is also based on similar indicators (as dependent variables), but with the perception on those stated indicators in the coming years. Based on the above discussion, a conceptual framework is presented in Figure 1 below. Two hypotheses are designed as they are stated below.

Hypothesis 1: There is a significant relationship between immigrant halalpreneurial issues and their business success.

Hypothesis 2: There is a significant relationship between immigrant halalpreneurial success and their business prospects.

Figure 1 (Conceptual Framework of the Research)



3. RESEARCH METHOD

A relationship between business issues and business success and business prospects among immigrants halalpreneurs in Malaysia is being explored in this research. To realise it, this research employs both qualitative and quantitative methods from primary and secondary sources of data. While secondary sources derived from previous studies, primary sources derived from a survey carried out on immigrant halalpreneurs. Research population was referred to the Muslim immigrant entrepreneurs who involved in small retail businesses within Kuala Lumpur city. Muslim immigrant halalpreneurs relate to those who are not the citizens of Malaysia but migrated and then started up and conduct business activities in Malaysia. Small business refers to an enterprise which has the sale turnover value of less than RM50 million and/or the number of a full-time employee of fewer than 50 workers. To ensure

access to immigrant halalpreneurs, retail business areas were researched and identified within Kuala Lumpur. This was done to ease data collection from immigrant businesses since not much research is conducted in this field. Survey technique was considered most appropriate to seek responses from immigrant halalpreneurs.

A thorough approach was carried out to reach targeted population based on researchers' personal relationships with few immigrant halalpreneurs. Furthermore, the known immigrant halalpreneurs introduced few more immigrant halalpreneurs and the process continued until a sufficient sample for the research was obtained based on experts' opinion (Hair et al. 2010). More so, a questionnaire based on two sections was designed for this purpose – Section A and B. Section A included demographic information (as shown in the appendix) whereas Section B encompassed items related to the success factors of immigrant halalpreneurs as well as its prospects. Halalpreneurs' availability and aggravated access led sampling method to reach through simple random sampling.

In doing so, a total of 10 retail immigrant halalpreneur businesses were identified with 50 respondents per unit (retail centre) to collect responses through a structured questionnaire. Researchers opted snow-balling technique to approach respondents within a particular retail centre. Before collecting data from an entire sample of 500 respondents, pilot testing was conducted from the data obtained through 50 observations. The collection of data through structured questionnaire not only satisfied budgetary aspects but also ensured better handling of technical aspects – comprehension of complex questions. The entire data collection process with a response rate of 54.8 per cent was completed in two months' time (started from February 2015) with 274 respondents from immigrant halalpreneurs deemed fit for data analysis.

3.1 Measurement and Data Analysis

As per earlier graph, the conceptual model of this research is explained through three-dimensional construct consisting of issues, business success, and business prospects. The measurement of these latent constructs was made by adapting different measures based on 5-point Likert scale with 1 representing highly unimportant to 5 referred as highly important. Factors that uncover immigrant business issues largely include training, quality, cost, local authority (regulating business) and competitive nature of the business environment. Similarly, success factors related to immigrant halalpreneurs include nine items adapted from Adamu (2014). These items reflect a success indicators i.e. increase in demand, an increase in sales turnover, the percentage increase in employee recruitment, an increase in total revenue and increase in overall profit. All nine items analysed the previous three years record to measure immigrant entrepreneurial success. Finally, business prospects for immigrant halalpreneurs were also measured based on similar indicators. These indicators forecasted business trends for immigrant halalpreneurs for years to come.

For analysis of data obtained through structured questionnaires, SPSS was used. Data cleaning and screening followed by descriptive analysis was made to ensure credibility. The rationale behind descriptive analysis was to review demographic statistics of the business immigrants. Subsequently, exploratory factor analysis (EFA) was conducted to explore dimensions for the underlying items along with placement of each item in its respective dimension. Later, the results were confirmed by confirmatory factor analysis (CFA) through measurement model for

which AMOS software (version 22) was used. Finally, structured equation modelling (SEM) was used to examine and test proposed hypotheses through the structured model.

4 FINDINGS AND DISCUSSIONS

The findings are presented in two main parts of qualitative and quantitative results.

4.1 Qualitative Results

Table 1 revealed some selected demographic profile of the immigrant halalpreneurs. Findings highlighted representation of dataset among male and female respondents with former representing 90.5 per cent of the total sample followed by 9.5 per cent of the latter. In terms of the country's origin of the immigrant halalpreneurs Bangladesh, Pakistan and Indonesia were the top three sending countries with a representation of 46.71, 25.5 and 19.7 per cent respectively. Similarly, the halalpreneurs between 30 to 39 years of age were found to be the highest representation among all age groups with 38.3 per cent. The statistics further suggested that a majority (30.3 per cent) of immigrant halalpreneurs are educated up to secondary school certificate. The highest category of immigrant halalpreneurs (44.2 per cent) related to their stay in Malaysia was found to be less than 5 years succeeded by those who stay between 6 to 10 years (33.2 per cent).

The business profile of immigrant halalpreneurs was shown in Table 2. A substantial majority (80.7 per cent) of them has business ambitions as their purpose of migration. The nature of business among these halalpreneurs vary with the majority (25.2 per cent) involved in retail clothing. Other subsequent categories include apparel business along with retail food and beverages with an equal percentage (17.5 per cent) of retail souvenir shops. A vast majority (85.8 per cent) of these immigrant halalpreneurs was found to be engaged in business activities between 1 to 10 years. Kuala Lumpur's city centre (with 23.4 per cent) and Gombak (14 per cent) came out to be the most attractive avenues for these halalpreneurs to conduct their business activities. Similarly, a total of 65.3 per cent reasoned 'personal interest' as their ultimate choice of business. Interestingly, a majority (84.3 per cent) of immigrant halalpreneurs declared 'personal savings' as their source of capital to invest in and maintain their enterprises.

Table 1: Selected Demographic Profile

| Respondents' Profile | | Frequency | Percentage |
|---|------------------------------|-----------|------------|
| Distribution by Gender | Male | 248 | 90.5 |
| | Female | 26 | 9.5 |
| | Total | 274 | 100 |
| | 20-29 | 100 | 36.5 |
| | 30-39 | 105 | 38.3 |
| | 40-49 | 60 | 21.9 |
| | 50 above | 9 | 3.3 |
| Distribution by Highest Education attained | No formal education | 30 | 10.9 |
| | Primary school certificate | 45 | 16.4 |
| | Secondary school certificate | 83 | 30.3 |
| | Diploma | 54 | 19.7 |
| | Postgraduate degree | 45 | 16.4 |
| | Others | 17 | 6.2 |
| Distribution by Country of origin | Indonesia | 54 | 19.7 |
| | Bangladesh | 128 | 46.71 |
| | Pakistan | 70 | 25.5 |
| | Others (Arab) | 22 | 8.09 |
| Distribution by Number of years in business | 1 to 10 Years | 235 | 85.8 |
| | 11 to 20 Years | 33 | 12.0 |
| | 21 to 30 Years | 6 | 2.2 |
| Distribution by Migration Category | Business | 99 | 36.1 |
| | Skilled Immigration | 9 | 3.3 |
| | Family Immigration | 18 | 6.6 |
| | Working visa | 124 | 45.3 |
| | Student Working Visa | 19 | 6.9 |
| | Others | 5 | .7 |
| Distribution by number of Years in Malaysia | Less than 5 years | 121 | 44.2 |
| | 6 to 10 Years | 91 | 33.2 |
| | 11 - 15 Years | 30 | 10.9 |
| | 16 - 20 Years | 20 | 7.3 |
| | 21 - 25 Years | 8 | 2.9 |
| | 26 - 30 Years | 2 | .7 |
| | 31- 35 Years | 1 | .4 |
| | 36 - 40 Years | 1 | .4 |

Table 2: Business Demography Information

| Respondents' Profile | | Frequency | Percentage | |
|--|--|-------------|-------------|------------|
| Distribution by Purpose of Migration | To do business | 221 | 80.7 | |
| | Looking for job/No Purpose | 53 | 19.3 | |
| Distribution by Types of Retailing Business | Retail food and beverages | 48 | 17.5 | |
| | Franchise food and beverages | 22 | 8.0 | |
| | Retail clothing and apparel | 69 | 25.2 | |
| | Retail souvenir shop | 48 | 17.5 | |
| | Retail convenient shop | 21 | 7.7 | |
| | Retail petrol kiosk | 9 | 3.3 | |
| | Retail car dealer | 1 | .4 | |
| | Retail computer shop | 9 | 3.3 | |
| | Retail mobile shop | 11 | 4.0 | |
| | Retail fruit shop | 8 | 2.9 | |
| | Others | 28 | 10.2 | |
| | Distribution by Business Training Acquired | No | Yes | Total |
| Vocational | | 259 (94.5%) | 94.5 (5.5%) | 274 (100%) |
| On the Job Training | | 245 (89.4%) | 29 (10.6%) | 274 (100%) |
| Training College | | 262 (95.6%) | 12 (4.4%) | 274 (100%) |
| Others | | 272 (99.3%) | 2 (.7%) | 274 (100%) |
| Distribution by Reasons for Choice of Business | No | Yes | Total | |
| | Personal Interest | 95 (34.7%) | 179 (65.3%) | 274 (100%) |
| | No other Jobs | 236 (86.1%) | 38 (13.9%) | 274 (100%) |
| | Inheritance | 258 (94.2%) | 16 (5.8%) | 274 (100%) |
| | Economic Hardship | 235 (85.8%) | 39 (14.2%) | 274 (100%) |
| | Additional Income | 238 (86.9%) | 36 (13.1%) | 274 (100%) |
| | By Profession | 253 (92.3%) | 21 (7.7%) | 274 (100%) |
| | No Formal Training | 51 (18.6%) | 223 (81.4%) | 274 (100%) |
| Distribution by Source of Finance | No | Yes | Total | |
| | Personal Savings | 43 (15.7%) | 231 (84.3%) | 274 (100%) |
| | Money from Relatives | 237 (86.5%) | 37 (13.5%) | 274 (100%) |
| | Money lenders | 249 (90.9%) | 25 (9.1%) | 274 (100%) |
| | Cooperative Societies | 268 (97.8%) | 6 (2.2%) | 274 (100%) |
| | Rotating Credit Scheme | 274 (100%) | 0 | 274 (100%) |
| | NGO | 274 (100%) | 0 | 274 (100%) |
| | Bank Loan | 258 (94.2%) | 16 (5.8%) | 274 (100%) |
| | Others | 273 (99.6%) | 1 (0.4%) | 274 (100%) |

4.2 Quantitative Results

A step by step approach was used in quantitative analysis starting from the exploratory factor analysis (EFA) followed by confirmatory factor analysis (CFA). Subsequently, structural equation modelling (SEM) was used to conclude results.

4.2.1 Results from EFA and CFA

The research aimed to explore success issues that were affecting business success and business prospects. Therefore, exploratory factor analysis (EFA) was initially employed as the most appropriate technique that complies with the nature of the study. More so, Cronbach's alpha (α) was calculated to establish alpha reliability used to ascertain internal consistency of the measures used. The results indicated a value of 0.86 for this research. Subsequently, analysis from EFA highlighted communalities as well as KMO values to interpret findings. Communalities were explained in Table 3 by all the (seven) factors. The results indicated all values greater than 0.5 satisfying the statistical requirements of ≥ 0.5 (Hair, Black, Babin, and Anderson, 2010). Further, KMO (Kaiser-Meyer-Olkin) test was conducted to test sampling adequacy. For KMO, the closer the value to '1', more adequate the sample would be. Therefore, a value of 0.858 for this research ensured an adequate sample of data.

Table 3 Results of the Exploratory Factor Analysis

| Items | F1 Business Prospects | F2 Business Success | F3 Training | F4 Finance | F5 Cost | F6 Quality & Safety | F7 Local Authority |
|-------|-----------------------------|---------------------------|----------------|---------------|------------|---------------------------|--------------------------|
| C30 | .847 | | | | | | |
| C29 | .823 | | | | | | |
| C31 | .803 | | | | | | |
| C36 | .776 | | | | | | |
| C32 | .738 | | | | | | |
| C33 | .727 | | | | | | |
| C34 | .685 | | | | | | |
| C37 | .676 | | | | | | |
| C21 | | .823 | | | | | |
| C22 | | .799 | | | | | |
| C23 | | .789 | | | | | |
| C28 | | .693 | | | | | |
| C25 | | .650 | | | | | |
| C27 | | .617 | | | | | |
| C8 | | | .774 | | | | |
| C12 | | | .770 | | | | |
| C6 | | | .730 | | | | |
| C9 | | | .722 | | | | |
| C18 | | | | .882 | | | |
| C17 | | | | .852 | | | |
| C19 | | | | .776 | | | |
| C15 | | | | | .774 | | |

| | | | | | | | |
|---------------------|--------|--------|--------|--------|--------|--------|--------|
| C16 | | | | | .743 | | |
| C14 | | | | | .662 | | |
| C5 | | | | | .584 | | |
| C11 | | | | | | .857 | |
| C10 | | | | | | .816 | |
| C13 | | | | | | .706 | |
| C1 | | | | | | | .769 |
| C2 | | | | | | | .768 |
| C3 | | | | | | | .759 |
| Initial Eigenvalues | 8.146 | 4.076 | 2.619 | 2.029 | 1.717 | 1.474 | 1.225 |
| Percent of variance | 26.278 | 13.148 | 8.448 | 6.545 | 5.537 | 4.755 | 3.951 |
| Cumulative percent | 26.278 | 39.426 | 47.874 | 54.419 | 59.957 | 64.712 | 68.663 |

Similarly, Bartlett's test of Sphericity examined the extent of correlation between the variables. The test suggested a significant value of $p < 0.001$, affirming the requirement of sufficient correlation between the variables. In addition to that, results indicated 7 factors (based on eigenvalues more than 1) with a cumulative variance of 68.663 per cent – satisfying the benchmark value of 60 per cent and above. The individual percentage variance by each factor was found highest in Factor 1 (26.278 per cent) and lowest in Factor 7 (3.951 per cent). The other five factors have percentage variance with Factor 2 representing 13.148 per cent, 8.448 per cent by Factor 3, 6.545 per cent by Factor 4, 5.537 per cent by Factor 5 and 4.755 per cent in Factor 6. However, the majority of the factor loadings of extracted items were less than 0.85. To finalize EFA, seven factors were categorized under three main constructs namely business prospects, business success and business issues. Similarly, the α -reliability value of each item was examined that ranged from 0.715 to 0.924 (all items were above 0.7) to ensure individual item reliability. Lastly, factor loadings from rotated component matrix were taken into account. The rationale to examine factor loading in the rotated component matrix is to ascertain majority loadings that should be above 0.6 to perform CFA as endorsed by prominent researchers (Hair et al. (2010).

After running EFA, results were tested through CFA using AMOS software, applied to the three major factors (as obtained from EFA). Maximum likelihood method was used to assess three measurement models for respective factors. In order to conclude and test EFA results, different fit indices were taken into account. Commonly used indices such as comparative fit index (CFI) and root mean square error of approximation (RMSEA) were considered appropriate to test CFA results (Byrne, 2010, Hair et al., 2010, Kline, 2011). These fit indices were examined and the values were analysed to achieve a better model fitness. Later, the models were modified and the analyses were run again to avoid discrepancies. Items which could not achieve acceptable factor loadings were removed later to reach satisfactory results. After multiple attempts, the fitness of model was achieved to satisfy CFI value (greater than 0.90) and RMSEA value (less than 0.08) (Hair et al., 2007).

4.2.2 Structural Equation Model (SEM)

Next is the structural equation modelling (SEM) which was conducted to examine the causal relationship between the three grouped variables (discussed earlier). For this, different values

were calculated and analysed such as the ratio of Chi-square (χ^2) to the degree of freedom (df). Findings explained that the proposed hypotheses to examine relationships fit the observed data as represented in figure 2 below. One of such example is $\chi^2/df = 2.072$ that is less than the par value of 3. Furthermore, CFI value for this study came out to be 0.924 (should be greater than 0.9) along with RMSEA value which was 0.063 (should be less than 0.08). The two indicators satisfy the goodness of measures. Furthermore, the causal relationships were found significant ($p < 0.05$) as explained by structural paths. The two paths as shown in conceptual framework (see figure 3.1) include (first) immigrant business issues in relation to business success and (second) path between immigrant business success and their business prospects.

The representation of path coefficients can be seen in the following figure (see figure 1). In addition to that, Table 4 explained all hypothesised paths, sig-values, path coefficients as well as other testing results from SEM. Path coefficients between entrepreneurial issues and business success factors are 0.16 with a significance level of ($p = 0.043$). Similarly, path coefficient between business success factors and its prospects was found to be 0.65 (at $p = 0.000$) that explained an insignificant relationship between the two factors. The significance value of hypothesis 2 also indicated a positive relationship between entrepreneurial success and prospects.

Figure 1 Structural Equation Model (SEM)

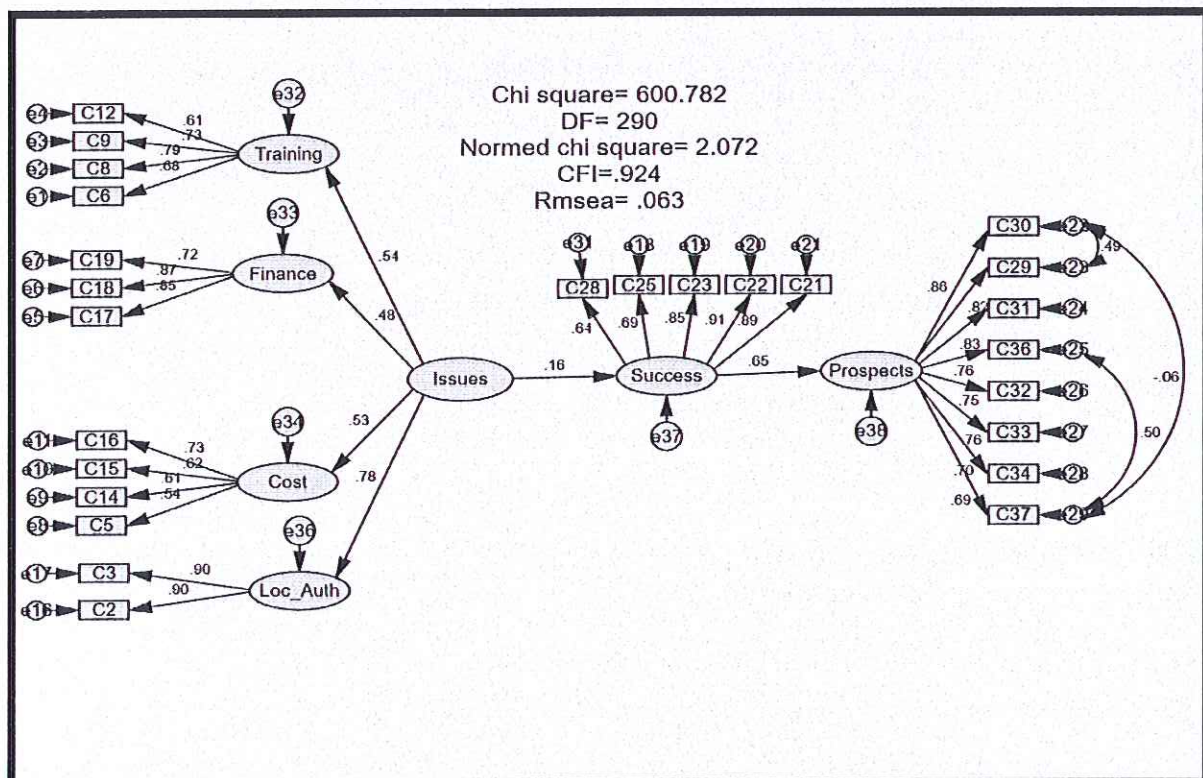


Table 4: Hypothesised Path Coefficients

| Hypothesized Path | Hypothesized Relationship | Std. Reg Weight | C.R. | Coefficient (β) | P | Remarks |
|---|---------------------------|-----------------|-------|-------------------------|-------|------------------|
| Success ← Issues | <i>H1</i> | .161 | 2.024 | $\beta < 0.20$ | 0.043 | Supported |
| Prospects ← Success | <i>H2</i> | .651 | 9.180 | $\beta > 0.20$ | *** | Supported |
| Model Fit Statistics | | | | | | |
| Statistic | Results | | | | | |
| χ^2 Significance | 0.000 | | | | | |
| Normed χ^2 (CMIN/df) | 2.072 | | | | | |
| Comparative fit index (CFI) | 0.918 | | | | | |
| Root mean error square of approximation (RMSEA) | 0.063 | | | | | |

Conclusion

The study examined the specific issues or factors that positively contribute to business success and business prospects of immigrant halalpreneurs in Kuala Lumpur, Malaysia. Two main conclusions that can be drawn from the study. First, there is a significant relationship between Muslim immigrant entrepreneurial issues and their business success. Thus, issues such as finance, cost, training, local authority, and competition are highly crucial affecting their business success in Kuala Lumpur. Second, it appears that business success has significantly positive relationship with business prospects. In view of this, it can be emphasised that the increase in the business success, there are higher chances that business prospects will also be brighter.

In line with the findings, earlier scholars who gave due recognition to establishment and expansion of new small businesses in a country (Lin, 2015; Ribeiro-Soriano & Mas-Verdú, 2015) is highly relevant. Forsman, 2011; McKeever, Anderson, & Jack, 2014 who noted that long-term economic growth could be realised through the involvement of halalpreneurs is highly essential and meaningful the findings in this research. Thus, the presence, role and contribution of Muslim immigrant halalpreneurs should be given equal recognition having their huge potential as future economic growth. Observing at this finding, moreover, it can be further pointed out that immigrant halalpreneurs can be a great source of entrepreneurial development and future economic impetus to the country. This is further validated the assumption raised by the United Nations Report on International Migration and Development 2013 (UN 2013).

Therefore, this empirical research offers some crucial results. Firstly, business issues that have positively contributed to the business success of immigrant halalpreneurs are highly consistent with the studies of Bates, (1999), Rahmandoust et al., (2011), and Lin (2015). Their studies that found the positive welfares of immigrant halalpreneurs in the receiving countries

are not only as sources of physical capital investment, job creation for local workers, and introducing diverse products and services, but also bigger multiplier effects on respective economic activities.

Last but not least, the findings that relates business success of immigrant halalpreneurs to the positive relationship with their business prospects supports evidence in the earlier findings of Kloosterman, Van der Leun, & Rath (1998), Alam & Hoque, (2010) and Wadhwa, Saxenian, Rissing, & Gereffi (2007). Thus, it is highly essential to promote successful business venture of immigrant halalpreneurs including the Muslim to ensure better economic prospects of the country involved. In this view, Malaysia is not exceptional. In this conjunction, the finding provides a significant referral point for a receiving country to provide a positive approach to policies, regulations and conducive business environment enabling these halalpreneurs to grow, expand and substantiate their business. Through this, they can be sources of employment generation, capital accumulation and wealth generation for the economy and for the Muslim as a whole.

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