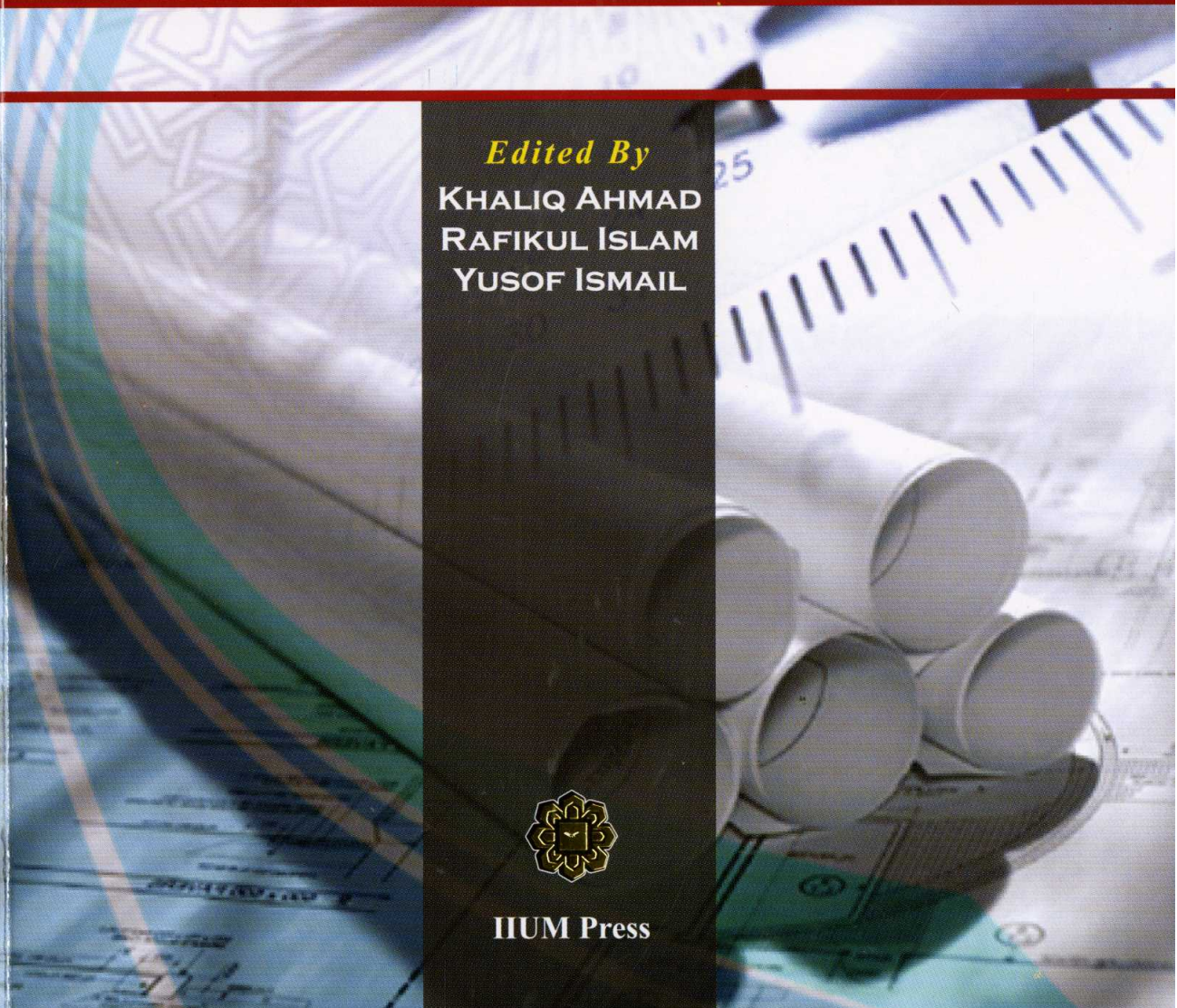




ISSUES IN ISLAMIC MANAGEMENT

Theories and Practices



Edited By
KHALIQ AHMAD
RAFIKUL ISLAM
YUSOF ISMAIL



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CHAPTER 31

MUSLIM SMALL BUSINESS OWNERS: OPPORTUNITIES AND THREATS

Ahmad Zaki Hj Ismail
Junaidah Hashim

1. Introduction

This paper examines the opportunities and threats faced by the selected Muslim small business owners who operate their businesses.

1.1 Background of the Study

The development of small business nowadays seems to be taking a positive turn. It grew rapidly from the mid-1980s to the mid-1990s as investors are more willing to undertake the risk of starting and revitalizing small businesses (Megginson, Byrd, & Megginson, 2006). As a result, more and smaller business owners believe in the free enterprise system, with its emphasis on individual freedom, initiative, frugality and hard work despite having high risks and competitions from larger firms. A small business owner establishes a business mainly for the purpose of personal goals besides ensuring financial gains in terms of profit-making.

A small business is thus defined in the Small Business Act of 1953 as independently owned and operated, is not dominant in its field and does not engage in many new or innovative practices (Hodgetts & Kuratko, 2001). In spite of satisfying personal objectives, small business encourages high self-motivation, innovation and flexibility, develop risk takers, provide greater job satisfaction, and generate new employment as well as maintaining close contacts with customers and the community (Megginson, Byrd, Megginson, 2006). Therefore, this helps in creating opportunities for small business owners to expand market growth and securing its survival in the global market. In addition, future employment in the fastest-growing industries such as medical care, business services and the environment will likely come from small businesses. To achieve this careful planning, organizing, managing and effective market strategies are crucial in its early implementation. However, small business owners are vulnerable and have higher risks towards business failures which serve as a threat in their advancement and longevity.

This study will highlight the opportunities and threats those Muslim small business owners in Malaysia often encounter in establishing their businesses especially in its early stages of growth. This study will also take into account the advantages as well as