

## **New Venture Creation Determinant Factors of Social Muslimpreneurs**

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### **ABSTRACT**

This study aims to investigate new venture determinant factors of Muslimpreneurs. Muslimpreneurs is conceptualised as capabilities of driving innovative societal change on the principles of the al-Quran and al-Sunah not solely for profit, but above all to benefit all of mankind. The two main research questions are, “What factors determine new venture creation?” and “Does training moderate new venture creation?” The study employs the hypothetical deductive approach using the multivariate regressions analysis. Four constructs, namely, Islamic motivation, entrepreneurial capabilities, Muslimpreneur characteristics and social capital are regressed as determinants of new venture creation readiness. Data were gathered from Universiti Sains Islam Malaysia students across all faculties (N=439). The results reveal that all factors are significantly related to new venture creation except social capital and training does moderate the relationship. The findings might be helpful in developing Muslimpreneurs as the main players of Islamic entrepreneurialism that would be the thrust of social enterprises development.

*Keywords:* Entrepreneurial capabilities, Muslimpreneurs, new venture creation, social capital, social enterprise

### **INTRODUCTION**

In the recent times social enterprise research has received attention from scholars due to huge benefits in relation to societal well-being. Many businesses were created in the past through the concept of capitalism but not all were able to stand the test of time after a global economic meltdown. Hence, there is a need to look

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inwards by looking at the third sector, which is socialism. It is important for businesses today especially in an Islamic economy to utilise the benefits of social enterprise in order to cater for social needs and to reduce poverty drastically.

Social entrepreneurial activities existed in the life time of the noble prophet Muhammad (peace be upon him) and he was a great mentor to entrepreneurs due to his success in business activities. There are many Muslims who are successful entrepreneurs today. Islam invites all Muslims to be innovative and active entrepreneurs (Faizal *et al.* 2013b). Unfortunately, most Muslims seem to have lost their confidence as well as their character and soul over time (Faizal *et al.*, 2013b). Most Islamic economies today are controlled by capitalist practices (Kayed & Hassan, 2011). Therefore, it is very important for Islamic economies to look back on how prospective Muslimpreneurs can be trained to engage in ethical business that will have direct impact on societal welfare.

At the World Economic Forum in 2008, Bill Gates shared his view that businesses should be created to find optimum solutions for the problem of poverty. There should be a sustainable way to reduce poverty through profit-making. Gates explained how businesses could sustain their activities without exploiting the poor. For sustainability, one needs to use profit incentives wherever there is a profit. If businesses aim to serve the society profit

as expected may not be realised. Hence, there is a need to employ another business indicator i.e. recognition. Recognition strengthens organisational image, attracts customers and appeals good individuals to such organization.

It is very important to realise that social enterprise cannot exist in isolation; it must be run by a Muslimpreneur or a group of Muslimpreneurs with adequate entrepreneurial capabilities that can drive enterprise to higher heights. While not all social enterprise works in reality, social enterprise with Muslimpreneurs characteristics, Islamic motivation and social capital, coupled with the capabilities of the Muslimpreneurs can help to realise the goals of enterprise.

## RESEARCH OBJECTIVE

The main objectives of the study were to examine the factors that could influence new venture creation and determine if training moderates the factors that drive readiness for new venture creation.

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### *Definitions*

Despite the fact that there is no clear definition of social enterprise, most definitions are either based on social impact direction or social surplus. Social enterprise has been defined in recent times as “a business operation which has social or environmental objectives which

significantly modify its commercial orientation” (Smith & Darko, 2014, p. 3). According to Hoskins (2014) “a social enterprise is an organisation that uses business strategies to maximise its social or environmental impact.” In essence this depicts that social impact can be maximised through innovative new ways of operating for public benefit. This impact can arise by employing people who typically have more difficulty in finding jobs such as persons with disabilities, beggars, newcomers or those with health or addiction issues. Muslimpreneurs are described as Muslim entrepreneurs (Faizal *et al.*, 2013a). Therefore, the concept “social Muslimpreneurs” based on the context of this study can be described as the ability of Muslim entrepreneurs to create innovative enterprise for societal well-being.

#### *Islamic Entrepreneurship Training*

Training is believed to have a positive impact on the moral attitude of students in influencing their readiness towards setting up a social enterprise venture (Kalsom & Seun, 2014). USIM Muslim students are taught various kinds of knowledge on both Islamic and conventional subjects so that they can meet the demands of society at large. This knowledge includes Islamic entrepreneurship.

Training the poor may be quite difficult because the poor are looking for what can sustain them daily. In other words,

empowering youth, especially students, to set up a business venture would be a great idea for an economy that seeks the societal well-being of its community as well as economic development. Therefore, a number of policies, initiatives and objectives should be focused on building social enterprise through the empowerment of youth. However, empowering youth can change the mindset of Muslimpreneurs regarding fair production, which is taught by Islam. If youths are trained along the tenet of Islamic entrepreneurship, they can, in turn, employ others who are living in abject poverty. This enterprise can employ the needy in order to provide for their social well-being.

#### *Theoretical Framework*

The theoretical framework of this study was adopted from Faizal *et al.* (2013a), Timmon (1994), Sharma *et al.* (1979) and Gibbs and Ritchie (1982). Faizal *et al.* (2013a) developed most of the concepts used in this study such as Muslimpreneur characteristics and Islamic motivation variables. Entrepreneur capabilities was developed by Timmon (1994) and Gibbs and Ritchie (1982). Entrepreneurship training and motivation were part of the model developed by Sharma *et al.* (1979) for developing Muslim countries in Asia. The new venture creation proposed in this study was developed from this research base (see Fig.1).

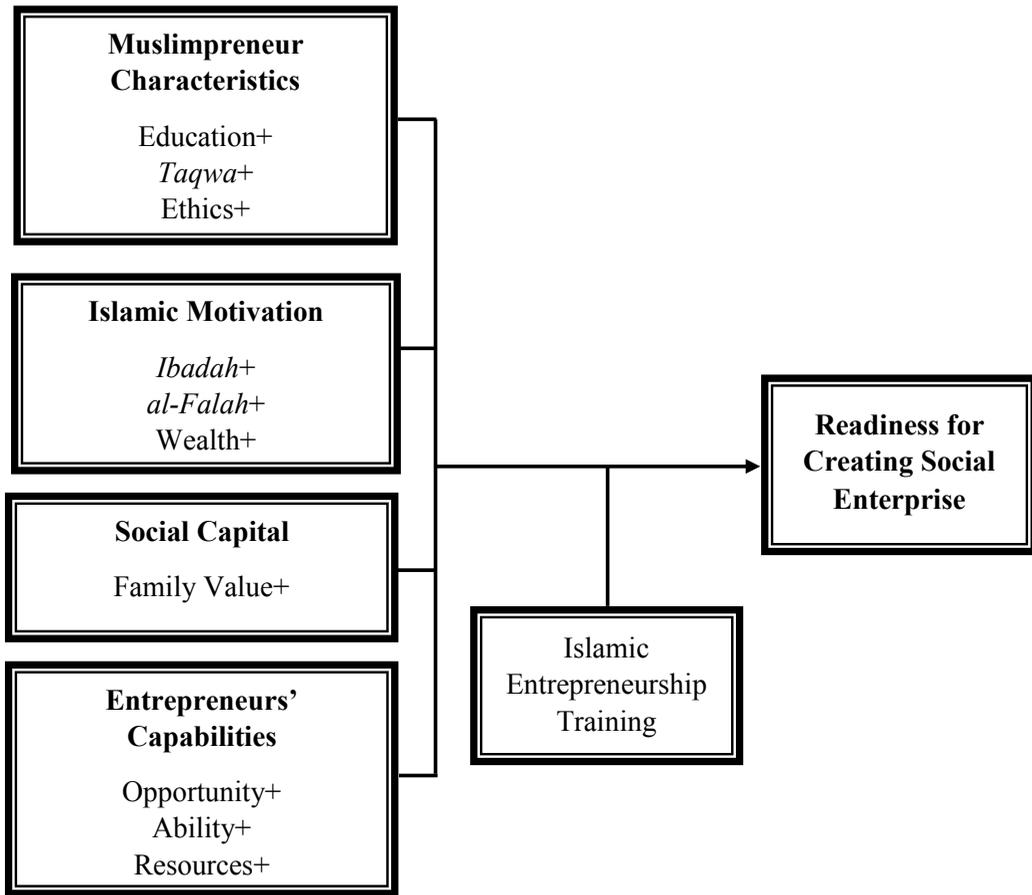


Fig.1: Theoretical framework of the study.

Source: Adapted from Faizal *et al.* (2013), Gibbs and Ritchie (1982), Sharma *et al.* (1979) and Timmons (1994).

### *Muslimpreneur Characteristics*

Past studies indicated that the human capital theory was usually used as a theoretical framework for assessing entrepreneurs' characteristics as predictors of success. Based on this theory, entrepreneurs who possess higher skills should be more productive than others (Davidsson & Honig, 2003; Ucbasaran *et al.*, 2008). Therefore, Muslimpreneurs with higher skills and knowledge will be much more productive than those with lower input. According

to Beekun (1996), Muslim scholars have outlined various characteristics to be seen in Muslim entrepreneurs. Some of the characteristics are examined thus:

**Taqwa.** The relevance and importance of *taqwa* (piety, righteousness) has been established from the Qur'an (2:197). Imam Ghazali *et al.* (n.d., p. 1) shed more light on the meaning of this verse. Imam Ghazali *et al.* (n.d.) explained that *taqwa* is an abundant treasure, a precious trait, an honourable substance and a great success,

and it assembles the best of both worlds. These virtues are characteristics that are expected of Muslimpreneurs in creating social enterprise that will earn them the reward of the world and hereafter.

Abu Darda (cited in Imam Ghazali) states that the complete form of *taqwa* is to fear Allah so much that one begins to fear Him from a mustard seed (the potential sin) and until one leaves what might be *halal* in the fear that it could be *haram*. This implies that consuming and creating lawful products have a positive impact on one's closeness to almighty Allah and on the acceptance of one's prayer.

**Education.** Knowledge is very important in Islam (Faizal *et al.*, 2013a). The importance of education is established in the Qur'an 2:239. This verse suggests that Muslimpreneurs can learn various aspects of knowledge that they did not know before. Knowledge of social enterprise can be learned through entrepreneurship training.

The Holy Prophet(s) of Islam stated that, "Seeking knowledge is incumbent upon every Muslim, male and female." (Al-Majlisi Bihar al-Anwar, vol. 1. p. 177). Every Muslimpreneur is expected to seek knowledge that will add to the input of society. In essence, youths can be empowered through entrepreneurial skills and training so that social enterprise can be established. The short term benefit is that the needy can be employed. The knowledge economy will influence economic development through its long-term effect.

**Ethics.** Islam places great emphasis on the importance of ethics and its significance

for the development of individuals and society (Rahim, 2013, p. 511). Good Muslimpreneurs may produce a good society at large. This is explained in the Qur'an (3:104). Building an ethical enterprise culture in the mindset of youths may promote economic growth and improve the welfare of the society. Every Islamic business should be based on good ethics. Training Muslim students on various business ethics can shape their business values in the future.

Islam has laid down the guidelines for the setting up of high moral value businesses. Islam does not encourage unethical trade practices such as bribery (Qur'an, 2:188); *riba* (interest) (Qur'an, 2:188); fraud (Qur'an, 3:161); stealing and robbery (Qur'an, 5:38); gambling; trade in wine and related businesses (Qur'an, 5:90) and income from sources of vulgarity (Qur'an, 24:19).

Based on the discussion above, the following hypotheses were proposed:

**H1a** = *Muslimpreneur characteristics are positively related on readiness for new venture creation.*

**H1b** = *Training moderates the interaction between Muslimpreneur characteristics and readiness for new venture creation.*

#### *Islamic Motivation*

Previous studies have explained the importance of Islamic motivation in creating new firms. Therefore, this study intended to look at what motivates Muslimpreneurs to create new ventures and how the Islamic perspective can be adhered to.

**Act of worship (*ibadah*).** Mushtaq (2001) suggested generosity and motivation to help others as one of the motives of setting up a new venture. Love of Allah makes one see every business activity as an act of *ibadah*. There are various Islamic teachings from the Holy Qur'an that encourage Muslims to be productive and to be close to God.

This is evidenced from the Qur'an (62:10). This verse shows that Muslimpreneurs must put Allah first in all their business activities. Allah determines success and successful business activities. Muslim entrepreneurs are bound by Islamic guidelines in the exercise of their business activities. In view of Nooh and Sabri (2005), Muslimpreneurs possess the ability to run business in a proper, transparent and fair manner by staying away from all the prohibitions as stated in the Quran and the *hadith*. This is one of the uniqueness of Muslimpreneurs compared to Western entrepreneurs.

***Al-falah* motive.** *Al-falah* can be achieved only through a moral approach to human affairs (Kalsom & Ahmad, 2014). Yousef (2001) defined *al-falah* as the way to achieve higher order needs by seeking the pleasure of Allah. Rahim (2007, p. 6) further explained the meaning of *al-falah* as the desire to achieve success in the hereafter. From this definition *al-falah* refers to the achievement motive in the here and the hereafter.

In the study of Kalsom and Ahmad (2014, p. 1537), the findings show that five Islamic business practices i.e. Islamic work ethics, Muslim worldview, Muslim

personal help and Muslim practices are positively related to the entrepreneurs' *al-falah*. *Al-falah* would motivate and inspire every Muslim to put every effort into their work. Islam provides motivation on various economic activities in order to earn a *halal* living, encourages entrepreneurship development for economic growth and accords business a place of high esteem (Solaiman & Yasmin, 2012).

**Wealth motive.** Yusuf and Amin (2007) pointed out that the main objective of a new firm was not only to acquire wealth, but also to attain social optimality as requested by the accountability and leadership axioms of the Islamic economic system foundational principles. Therefore, social enterprise should be established not just to accumulate wealth but to cater for society at large.

Faizal *et al.*'s (2013b, p. 195) findings show that Prophet Muhammad cared for the society and also encouraged his followers to care for their aged parents and the elderly. Based on the discussions above, the following hypotheses were proposed:

**H2a** = *Islamic motivation is positively related on readiness for new venture creation.*

**H2b** = *Training moderates the interaction between Islamic motivation and readiness for new venture creation.*

#### *Social Capital*

Social capital can be defined as the norms and networks that enable people to act collectively (Woolcock & Narayan, 2000,

p. 3). Friends and family can influence an individual's decisions related to the emotional, social and economic. The features of social capital have been empirically researched in the past and have practical implications on growth and poverty reduction.

Furthermore, those studying entrepreneurship realise the positive perception of their family and friends about being an entrepreneur, they will be encouraged to become entrepreneurs. Having entrepreneurial-minded friends will also help them (Souitaris *et al.*, 2007). Hence, social capital has both costs as well as benefits. Based on the discussion above, the following hypotheses were proposed:

**H3a** = *Social Capital is positively related on readiness for new venture creation.*

**H3b** = *Training moderates the interaction between social capital and readiness for new venture creation.*

#### *Entrepreneurial Capabilities*

Entrepreneurial Capabilities can be described as the ability to sense, select, shape and synchronise internal and external conditions for the exploration (recognition, discovery and creation) and exploitation of opportunities (Zahra, 2011). For the purpose of this study entrepreneurial capabilities are categorised thus:

**Opportunity.** Schumpeter (1993, p. 125) describes innovative entrepreneurs as paths to open up new territory and turn dreams into reality. For opportunity to be turned

into business activities entrepreneurs must be innovative in nature. New products and technology should be typically better than existing products. The availability of improved products and technology increases consumer demand. Therefore, creative destruction stimulates economic activities (Barringer & Ireland, 2010).

Furthermore, Islam is not against identifying new business opportunity through innovation. Based on the Islamic perspective, innovative Muslimpreneurs can be described as individuals who have the creativity to create an idea and generate new ways of looking at issues and opportunities (Suherman, 2008, p. 19). This innovative Muslimpreneur cannot just be focused on something new but must also have the mindset and ability to provide added value to existing products using the latest methods in order to meet current market demand (Abdullah, 2013, p. 335). Hence, to enter the market, it is almost a necessity to know how to identify opportunity; in addition, innovation is crucial for survival.

**Resources.** Resource is meant as activities which could be thought of as a strength or weakness of a given firm (Wernerfelt, 1984, p. 172). According to Barney (2002, p. 155), firm resources can be categorised into all assets, capabilities, organisational processes, firm attributes, information, knowledge etc. that are controlled by a firm that enable the firm to conceive and implement strategies that will improve its efficiency and effectiveness.

Entrepreneurs who obtain essential financial and human resources often need to persuade others of the value or potential of a new venture and its positive effects (Baron, 2008, p. 333). Using few resources to achieve greater results is an important tool that a new venture can use to succeed in the competitive market (Bygrave & Timmons, 1992). Effective new ventures can strive to control resources although they may not necessarily own them. Owning resources sometimes can restrict the profit of an organisation.

According to Timmons (1994), every new venture should strategise whether its assets for the business, team, the business plan or start-up or growth capital should come first. Successful entrepreneurs think cash last because this brings prudence and the discipline of leanness as they are aware of every cash flow. This concept of Timmons can help in creating social enterprise without making money or profit as the main aim.

**Ability.** Abilities can be acquired through various skills and knowledge. Human capital (HC) is generally used when referring to a hierarchy of skills and knowledge (Ucbasaran *et al.*, 2008). There are various kinds of skills that are required by Muslimpreneurs in order to be successful in creating new firms. There are various skills that can be used for sustainability of new ventures such as managerial, financial and the ability to write effective business plans and to build a team (Kalsom & Seun, 2014).

Khaliq (2004) mentioned that even though an organisational environment for Islamic skills and knowledge is becoming more important daily, only a few Muslims are pursuing accurate ways of achieving the objectives of Islam in organisations. Others may be able to contribute something to his or her organisation but only work in a non-Islamic culture, and some others may be involved in healthy competition between firms but with a wrong Islamic background. Based on the discussion, the following hypotheses were proposed:

*H4a = Entrepreneurial capabilities are positively related on readiness for new venture creation.*

*H4b = Training moderates the interaction between entrepreneurial capabilities and readiness for new venture creation.*

## MATERIALS AND METHODS

### *Population and Sampling Frame*

The population of USIM students is about 10,000. The sample was drawn from this population. According to Sekaran (2003, p. 294) the required sample size for populations of 10,000 is 370 samples. Four hundred and thirty-nine out of 540 questionnaires were randomly collected to represent the sample size. With this sample size the respondents were adequately represented. The research used the structured questionnaire on undergraduate students of USIM. The

unit of analysis was individual. The time horizon was cross sectional since the survey only collected data at a point in time.

#### *Instrumentation and Method of Data Analysis*

This survey used probability sampling techniques through the simple random survey. The measurement of the variables consisted of the four independent variables, one moderating variable and the dependent variable. Eighteen items with a 5-point Likert-scale were used as the variables in the questionnaire. It is reliable if the test retest produces a Cronbach's alpha of higher than 0.70 (DeVellis, 2003). *Taqwa* and *ibadah* were measured through the use of an index. The descriptive analysis shows the demographic characteristics of the students. A hierarchical multiple regression analysis was conducted to see the relationship between the dependent and independents and the inclusion of a moderating variable. The regression equations are represented thus:

Direct effect:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \quad [1]$$

Moderating effect:

$$Y = \beta_0 + \sum(\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4) + \beta_m M + \beta_j I_j + e \quad [2]$$

$\beta_0$ =intercept;  $\beta_{1-4}$ =coefficient of the independent variables from 1 to 4;  $\beta_m$ =coefficient of moderator (training);  $\beta_j$ =coefficients of interaction effect  $e$ =error term.

#### *Descriptive Analysis*

In this analysis, the majority of the students were female (71.1%) within the age range 20-25 years old and the male students had 28.9%. About 40.9% of the students had parents who engaged in family businesses while the remaining 59.1% of the students' parents engaged in other occupational activities such as civil servant.

#### *Reliability and Validity*

Table 1 is the result of the exploratory factor analysis and reliability test. All of these variables were consistent internally with an alpha value of more than 0.70 as the cut-off point (Nunally, 1978). All the six constructs had a co-efficient that exceeded the 0.8 threshold. The total number of items used was 18 and the total calculated variance of all the constructs was 77.1%. The Cronbach's alpha of all the constructs showed a very high factor loading of .876. This shows that all the constructs were reliable in this research. Factor analysis of the data was also examined via significance of the Bartlett test of sphericity while sampling adequacy was measure using Kaiser-Meyer-Olkin (KMO). Both tests resulted in a good outcome. The Bartlett test of sphericity was significant at  $p < 0.00$ ,  $c^2$  (N=439). The KMO with a value of 0.868 was above the adequate sampling value of 0.6 (Tabachnick & Fidell, 2007).

TABLE 1  
Results of the Exploratory Factor Analysis and Reliability Scores

Factors	Number of items	Mean	Cronbach's Alpha score of factors	
Entrepreneurial Capabilities	3	3.2032	.856	Kaiser-Meyer-Olkin Measure of Sampling Adequacy=.868
Entrepreneurship Training	4	3.8105	.870	Bartlett's Test of Sphericity Approx. Chi-Square=1728.083 Sig.=.000
Readiness	4	3.4287	.861	
Muslimpreneur Characteristics	3	3.5342	.865	
Islamic Motivation	3	3.6096	.867	
Social Capital	1	3.8581	.862	
Total Number of Items	<b>18</b>			
Total Calculated Variance	77.113		Total Cronbach's Alpha .876	

The Pearson correlation coefficients showed normality and linearity (Bryman & Cramer, 2001). Table 2 presents a Pearson correlation matrix of the independent constructs. All the correlations are less than 0.01 level of significance. A Shapiro-Wilk's test ( $p > 0.05$ ) (Shapiro & Wilk, 1965; Razali & Wah, 2011) showed that the data were normally distributed for both standardised and studentised with a skewedness of  $-0.073$  (S.E=0.117) and a Kurtosis value of  $-0.064$  (S.E=.233) for

standardised residual and with a skewedness of  $-0.086$  (S.E=0.0117) and a Kurtosis value of  $0.044$  (S.E=0.233) for studentised residual (Crammer, 1998; Crammer & Howith, 2004; Doane & Steward, 2011). The box plot suggested that symmetry in the distribution was not unreasonable. The P-P plot showed that there was no mark or deviation from a straight line that is consistent with expectations since the sample size was drawn from a normal population.

TABLE 2  
Pearson Correlation Matrix of Independent Variables

	(X1)	(X2)	(X3)	(X4)
Social Capital (X1)	1	.396**	.341**	-.034
		.000	.000	.475
Muslimpreneur Characteristics (X2)		1	.361**	.059
			.000	.222
Islamic Motivation (X3)			1	-.026
				.594
Entrepreneurial Capabilities (X4)				1

\*\*Correlation is significant at the 0.01 level (2-tailed)

\*Correlation is significant at the 0.05 level (2-tailed)

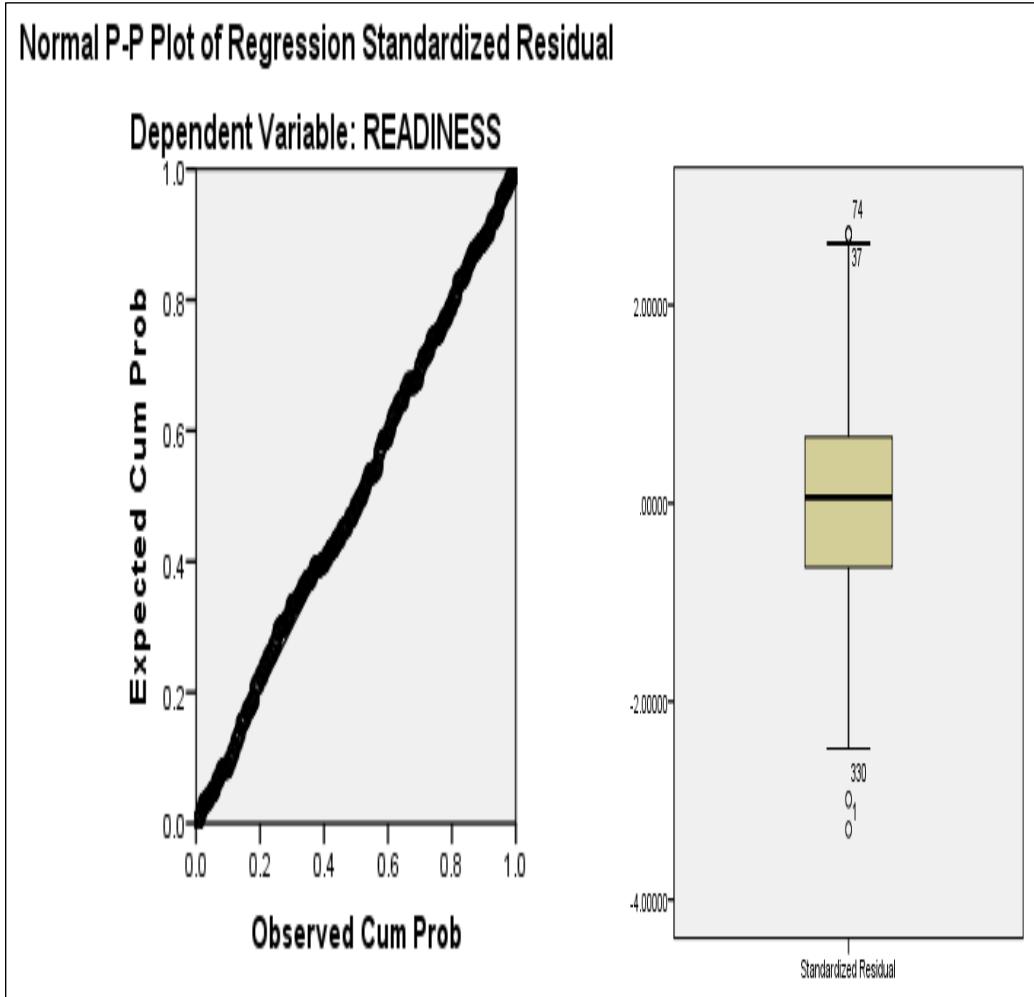


Fig.2: Normal P-P plot and box plot of Regression Standardized Residual.

## RESULTS AND DISCUSSION

In Table 3, all the items used such as Ethics ( $t=2.052$ ,  $sig=.041$ ), *Al-falah* ( $t=3.912$ ,  $sig=.000$ ), family value ( $t=2.046$ ,  $sig=.041$ ), opportunity ( $t=4.126$ ,  $sig=.000$ ) and resources ( $t=1.996$ ,  $sig=.047$ ) were

significant and supported at 5% and 10% level of significance, while Education ( $t=1.593$ ,  $sig=.112$ ), *Taqwa* ( $t=1.599$ ,  $sig=.111$ ), *Ibadah* ( $t=1.043$ ,  $sig=.297$ ), Wealth ( $t=1.154$ ,  $sig=.249$ ) and Ability ( $t=1.275$ ,  $sig=.203$ ) were not significant.

TABLE 3  
Multiple Regression Analysis of Readiness for New Venture Creation

Model	Unstandardised Coefficients		T	Sig.	Collinearity Statistics		
	B	Std. Error			Tolerance	VIF	Decision rule
1 (Constant)	.169	.209	.809	.419			
Education	.041	.026	1.593	.112	.979	1.022	Not supported
<i>Taqwa</i>	.056	.035	1.599	.111	.765	1.307	Not supported
Ethics	.080	.039	2.052	.041**	.634	1.578	Supported
<i>al-Falah</i>	.170	.043	3.912	.000**	.542	1.847	Supported
<i>Ibadah</i>	.038	.036	1.043	.297	.569	1.759	Not supported
Wealth	.040	.034	1.154	.249	.789	1.268	Not supported
Family Value	.095	.046	2.046	.041**	.398	2.513	Supported
Opportunity	.299	.072	4.126	.000**	.300	3.330	Supported
Resources	.083	.042	1.996	.047**	.809	1.235	Supported
Ability	.041	.032	1.275	.203	.736	1.359	Not supported

R=.679  
R-Square=.461  
Adjusted R Square=.448  
F=36.449  
Sig.=0.000<sup>b</sup>

In Table 4, the findings depict that there was positive relationship between readiness for creating social enterprise and the four independent variables. Considering the assumption of no multicollinearity, Menard (1995) suggested that a tolerance level less than 0.1 indicates a serious collinearity problem. Also, a VIF value greater than 10 is a cause for concern. For this model, observed VIF values that ranged from 1.009 to 1.652 and the Tolerance value were all well above 0.6, hence the values were free from a multicollinearity problem. The direct effect regression is shown thus:

$$Y = 1.046 + .284X_1 + .204X_2 + .173X_3 + .035X_4 + .167 \quad [1]$$

The findings supported hypotheses H<sub>1a</sub>, H<sub>2a</sub> and H<sub>3a</sub> but not H<sub>4a</sub>. “Social capital”

( $t=8.141$ ,  $Sig.=0.000$ ), “Muslimpreneur characteristics” ( $t=5.506$ ,  $Sig.=.000$ ) and “Islamic motivation” ( $t=5.436$ ,  $Sig=.000$ ) were found to be significant towards readiness on new venture creation ( $p<0.05$ ,  $p<0.01$ ) while “Entrepreneurial capability” ( $t=1.312$ ,  $Sig=.190$ ) was the only independent variable that was not significant at the earlier stage.

After the introduction of entrepreneurship training as a moderator in the model, the significance level of all the variables changed. “Social capital” ( $t=7.158$ ,  $Sig.=.000$ ), “Islamic motivation” ( $t=5.763$ ,  $Sig=.000$ ), “Muslimpreneurs characteristics” ( $t=3.579$ ,  $Sig.=.000$ ), Entrepreneurship training ( $t=3.498$ ,  $Sig=.000$ ) and Entrepreneurial capabilities

( $t=1.883$ ,  $Sig.=.060$ ) were found to be significant for new venture creation ( $p<0.05$ ,  $p<0.10$ ). The interaction effects were all significant and supported except for social capital interaction. The R-square indicated approximately only 38.2%. This improved to 46.1% after the training and explained the variance of readiness for new venture creation. The results showed that the predictive value of the moderator had a significant t-test on the four constructs. The general form of the equation is represented thus:

$$Y = .719 + .248X_1 + .137X_2 + .11X_3 + .050X_4 + .160M + .011I_{11} + .092I_{12} + .120I_{13} + .086I_{14} + .200 \quad [2]$$

The findings support all the hypotheses  $H_{1b}$ ,  $H_{2b}$ ,  $H_{3b}$ ,  $H_{4b}$  at 0.1 level of significance; however, interaction effect of social capital was not significant at both 0.05 and 0.1 level of significance. Since the moderator was significant, therefore there was partial moderation of entrepreneurship training on readiness to create social enterprise.

TABLE 4  
Hierarchical Regression Model

Model	Unstandardised Coefficients		T	Sig.	Collinearity Statistics		
	B	Std. Error			Tolerance	VIF	Decision Rule
1 (Constant)	1.046	.167	6.273	.000			
Entrepreneurial Capabilities (X4)	.035	.027	1.312	.190	.991	1.009	Not Supported
Muslimpreneur Characteristics (X2)	.204	.037	5.506	.000**	.780	1.282	Supported
Islamic Motivation (X3)	.173	.032	5.436	.000**	.824	1.214	Supported
Social Capital (X1)	.284	.035	8.141	.000**	.797	1.254	Supported
<b>R=.618 R Square=.382 Adjusted R Square=.377 F=67.043</b>				<b>Sig.(F)=.000</b>			
2 (Constant)	.719	.200	3.601	.000			
Entrepreneurial Capabilities	.050	.026	1.883	.060*	.971	1.030	Supported
Muslimpreneur Characteristics	.137	.038	3.579	.000**	.684	1.463	Supported
Islamic Motivation	.181	.031	5.763	.000**	.790	1.266	Supported
Social Capital	.248	.035	7.158	.000**	.750	1.333	Supported
X4_Training (I <sub>14</sub> )	.086	.042	2.032	.043**	.948	1.055	Supported
X2_Training (I <sub>12</sub> )	.092	.044	2.115	.035**	.618	1.617	Supported
X1_Training (I <sub>11</sub> )	.011	.045	.245	.806	.605	1.652	Not Supported
X3_Training (I <sub>13</sub> )	.120	.043	2.781	.006**	.795	1.257	Supported
Training	.160	.046	3.498	.001**	.702	1.425	Supported
<b>R=.656 R Square=.430 Adjusted R Square=.418 F=35.842</b>				<b>Sig.(F)=.000</b>			

## CONCLUSION

The purpose of this study was to ascertain the determinant factors that can prompt readiness for new venture creation and to determine if training moderates new venture creation. Using readiness for new venture creation as the dependent variable, the findings showed that the four independent variables, moderating variable and their interaction effects were positively related to readiness of Muslim students to create new ventures.

This model has shown that entrepreneurship training can moderate readiness for new venture creation. From the model above the findings revealed that the determinant factors that could influence new venture creation were Islamic motivation, entrepreneurial capabilities, Muslimpreneur characteristics and social capital. Islamic motivation, entrepreneurial capabilities and Muslimpreneur characteristics were all significant and supported and therefore, can be moderated through training.

Social capital on the other hand, showed that there was direct relationship between social ties on readiness for creating new ventures. Unfortunately, training does not moderate social capital. Even after engaging in various entrepreneurship training, parents can still influence their children's decisions on their readiness to invest in new venture creation. Most parents worry their children will "fall in with the wrong decision" and that peer pressure and a strong desire for acceptance affect their success in creating

new firms while others will fully support their children due to their experience in family business. Hence, social ties can be both a blessing and a blight and this may have greater implication on the career of a graduate Muslimpreneur.

In addition, given the nature of the model in this study, it would be appropriate to conduct qualitative research so that an open-ended questionnaire and interview can be performed on the components of Islamic social enterprise.

In conclusion, youth should fear Allah and aim to achieve more success for the hereafter through business creation. Muslimpreneurs should identify ethical business opportunity, utilise available resources, improve their knowledge and seek Allah blessings for the success of their business and to have greater impact on society.

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