

Initiating Islamic Entrepreneurship among Muslim Communities



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Abstract

This paper is aimed at presenting a set of solution for current muslim communities' limited economic performance on entrepreneurial ideas. Library research is applied in this paper to do so. Firstly this paper oversees the nature of entrepreneurship and its development through Islamic teaching and history. Secondly it discusses current condition in Islamic countries regarding their economic performance, cooperation and further challenges. Thirdly it deals with the efforts to initiate entrepreneurship in Islamic communities mainly through academic process provided by higher education institutions. The results suggest that entrepreneurship has played important roles in economic development since primarily entrepreneurs are able to implement new ideas to work. Islam has also put great attention to entrepreneurship as seen in the Holy Koran verses and Prophet teachings. Nowadays, Muslims live more individualistically; each of them live in very different conditions based on their economic achievement with very limited cooperation among them. Some challenges arise to improve their competitiveness to attract investment as well as cooperation among them. Higher education institutions in Muslim-majority countries are expected to initiate Islamic entrepreneurship through their curricula to prepare young entrepreneur Muslim generations that could give direct contributions to stimulate business.

Keywords: entrepreneurship, muslim communities, curriculum

Introduction

Achievement in science and technology has been one of the success keys in Muslims history to build a superior civilization in the past. Through the edge of civilization, Muslims were able to achieve adequate welfare to live up to high standards. Muslims today live in various economic situation depending on the country they live in. Muslims residing in developed countries have the opportunity to become more prosperous than those who live

in poor countries. Those differences make their participation and contribution to build world civilization diverse. The differences mainly caused by several muslim communities' under achievement in economic life. Therefore, economic recovery as a whole is indeed a requirement.

In order to recover muslims' economic achievement, entrepreneurship is offered especially to mobilize resources available in countries with limited natural resources as economic driver. Entrepreneurship is one of main trigger for development which will enable muslim communities to achieve their needs for higher standard of life. It also has been part of Islamic religious teaching as Islam has put high attention on it. In order to maximize entrepreneurial capacity within their communities, muslims are in need to reformulate and reactualize their Islamic belief in several efforts mainly in economic life in the light of Islam.

For those reasons above, this short paper addresses an effort to resurrect entrepreneurship among muslim communities, with main focus on what higher education institutions can contribute in their regulations that can influence teaching process given to young generations of muslims. Thus, this paper will examine the nature of entrepreneurship and its relevance with Islamic teaching and practices as well as deal with current state of economic level of muslim societies and their interconnections. Several remarks will also be provided to regain muslims pride through economic achievement from entrepreneurial activities.

The Nature Of Entrepreneurship

Entrepreneurship drew early attention mainly in Schumpeter's (1912) work entitled *The Theory of Economic Development*. Schumpeter introduced 'innovation' as the engine of development which drives capitalist economy, an alternative to conventional opinion of Classical School and Marx that focused on capital accumulation as leading factor in development. Innovation for Schumpeter is not a discovery or an invention based on scientific method, but it is a process that enables utilization of new ideas utilized by entrepreneurs 'to create a new combination of production resources to increase their profit' (Hayami and Godo, 2005:185). Forms by which innovation can take are various such as '(1) the introduction of a new good or a new quality of good, (2) the introduction of a new method of production, (3) the opening of a new market, (4) the conquest of a new source of supply of raw materials, and (5) the designing of the new organization of any industry' (Hayami and Godo, 2005:185).

In his analysis of development mechanism, Schumpeter (2003 in Backhaus, 2003:64-65) also emphasizes the rule of entrepreneurs as actors attributed for their ability to carry several combinations that drive economic performance. Entrepreneurs are praised for their

rule as economic agent that acted to mix new combinations in creating economic wealth for all. As Schumpeter (1947) noted, an entrepreneur requires not only 'ability to perceive new opportunities that cannot be proved at the moment at which action has to be taken' but also 'will power adequate to break down the resistance that the social environment offers to change'.

Entrepreneurship can be simply and generally defined as the process of running a business of one's own. The people who own the business, operate it, and take the risk of it are then called entrepreneurs (Green, 2011:4). Since it is not so easy to become an entrepreneur and a successful one, some characteristics to succeed it then need to get more attention. Based on some researches, Green (2011:12) identifies several characteristics a successful entrepreneur have, such as: 1) independency which allows him to make decisions and enjoy to do it, 2) self confident to make choices and not to make it if it was based on a poor decision, 3) having determination and perseverance to persist through hard times until goals are met, 4) goal-oriented to know what he wants, and to focus on achieving it, 5) needing to achieve and to set high standards for himself, motivated by setting and achieving challenging goals, 6) creative to find new ways to market their businesses and always look for new solutions to problems, 7) able to act quickly when necessary to help beat competitors, and 8) keeping up to date with new technology that can help business activities.

Entrepreneurship In Islamic Thought And Civilization

Entrepreneurship has been part of muslims life during the life of the Holy Prophet Muhammad PBUH. Holy Koran described the way Quraish travel for their annual trade through the two different season which indicates the important of trade as main activity in entrepreneurship. *(It is a great Grace and Protection from Allah), for the taming of the Quraish, (And with all those Allah's Grace and Protections for their taming, We cause the (Quraish) caravans to set forth safe in winter (to the south), and in summer (to the north without any fear), So let them worship (Allah) the Lord of this House (the Ka'bah in Makkah). (He) Who has fed them against hunger, and has made them safe from fear. (Surah Al-Quraish[106]:1-4).*

That travel in trade, a process which involves entrepreneurship work and is mentioned and even praised in Holy Book, implies the encouragement to Muslims in their life to work professionally. Many verses in Holy Koran also clearly suggest and even instruct muslims to have some work. In Surah At-Taubah [9]:105, Allah said: *And say: "Work (righteousness): Soon will Allah observe your work, and His Messenger, and the Believers: Soon will ye be brought back to the knower of what is hidden and what is open: then will He show you the truth of all that ye did."* The verse implies obligation for Muslims to work as Allah will oversee it the hereafter.

Another verse such as Surah Al-Jumuah [62]:10 states: *And when the Prayer is finished, then may ye disperse through the land, and seek of the Bounty of Allah: and celebrate the Praises of Allah often (and without stint): that ye may prosper.* To seek Allah's bounty is mentioned after prayer which implies the need and the acceptance of work as part of muslim activities besides worshipping God. In another expression, Islam never let its embracers to fully worship for the purpose of hereafter, but also encourage them to gain benefits from what God has given to them to achieve happiness in worldly life. The Prophet was also narrated to say in several hadiths praising trade and trader as good job such as hadith related by Ahmad which suggest muslim to trade because it consists of 90% of bountry door. In a narrated hadith from Baihaqy, the Prophet praises traders as their work was the best among other works. Suggestion and instruction to work appear in many places in Islamic teaching mainly because one of pillars of Islam is zakah which require every muslim to be rich enough so that they are obliged to pay zakah. Besides zakah, Islam also encourage many types of charity which can be fulfilled only by those who have more income than they require for themselves and their family. Thus, work in a good job and professional one as an entrepreneur should be unseparable from Islamic teaching.

In the light of the Prophet history or *sirah*, entrepreneurship has also its significant role in Islam. Growing as an orphan, the young Prophet gained many of his skills in leadership and management through his early entrepreneurial activities. At the age of 12, he began the internship as he worked many types of job to help his uncle and guardian, Abu Thalib. This experience brought him to start his own business as regional trade agent at the age of 17. By his 25, the Holy Prophet had been an independent business owner entrusted by many traders and investors, which then destined him to meet Khadijah, one of the wealthiest woman traders, who later became his first wife (Antonio, et.al., 2010:10-17).

Before the prophethood which was marked by the revelation of first five verses of Surah Al-Alaq, Muhammad PBUH had been a successful entrepreneurship. He had been at the stage of financial freedom which allow him to contemplate on his surroundings. At 37 he began to think deeply about his people as he went to the Cave of Hira. The life under entrepreneurship remained until some point in his 40 and the Prophet then started his universal mission until his last day which spreaded for about 23 years. These 23 years of prophethood were, we can easily say, less than his business and entrepreneurship years which spreaded from his 12 until 40, or about 25 years (Antonio, et.al., 2010:17-20). Thus we may conclude that the Prophet himself put a very high attention on business and entrepreneurship with one condition that these all were done in the light of righteous guidance of Islam.

According to Bernstein (2000:66-67), creativity as main idea behind succes traders and entrepreneurs has been embodied in Arabs traders which made them able to dominate commerce activities in several important regions. From Islamic history of dakwah we can also put business and entrepreneurship as important element. Traders were main Islamic

agents in *dakwah* especially in the part of the world where other religion-based civilization was located. It is the traders who at the very first started Islamic mission to such civilization in the name of peace and prosperity which then brought local people's attention to the traders and Islam, as their rules of behaviour. South and Southeast Asia, home of large muslim communities, are among many places in the world embracing Islam in peace, not under the pressure of the sword under military expansion, in the light of muslim traders.

Economic Conditions In Islamic Countries: Current Stage, Cooperation, And Further Challenges

Muslim communities living in Islamic countries as represented by 57 countries members of Organization of Islamic Communities (OIC) inhabit as a group one sixth of the world land area, extended from Albania (Europe) in the north part of the world to Mozambique in the south, and from Guyana (Latin America) in the west to Indonesia (Asia) in the east. They also account for more than one fifth of world population with many different economic potentials in many areas (SESRIC, 2008:1). However, such amount of Muslim population share only 6.6% of world Gross Domestic Product and 9.8% of world total merchandise exports. The differences in the nature of Islamic countries can easily be reflected in various type of economic achievement among OIC members. Twenty two of 50 least-developed countries are OIC member, which are highly dependent on their export of non-fuel primary commodities, mainly agricultural commodities. On the other hand, 17 OIC members are large fuel-exporting countries with high dependency on the natural resources (SESRIC, 2008:2). Economic and commercial cooperation have been a major issue in the beginning of OIC establishment as we can see from the initiative within Standing Committee for Economic and Commercial Cooperation (COMCEC). Several efforts have been done by the COMCEC to enhance the economic and commercial cooperation among Islamic countries even though the results are still limited and have not satisfied the organization and Muslims yet (COMCEC and SESRIC, 2009:1). Latest data from COMCEC and SESRIC (2009:11) stated that that trade volume among OIC countries has increased from \$218 billion in 2004 to \$538 billion in 2008. These amount reflected 14.6% and 16.1% of their total trade respectively which indicated the low level of economic cooperation among OIC countries. Some reasons can be addressed as the answer why intra-OIC countries trade remain low. The lack of political will is main reason as it can be seen from insufficient commitment among Muslims countries to cooperate. Other reason is inadequacy of free trade and industrial zones which is important for intra-trade and intra investment.

One of the efforts can be traced on the nature of doing business in several countries. Doing business is the main issue to start a well-established environment for foreign investment and entrepreneurial character. The World Bank and The International Finance Corporation (2012) report on ease of doing business suggests that many Islamic countries performance on creating good environment for business should be enhanced. Only Saudi Arabia and

Malaysia are listed among top twenty of the report which implies on the need of more reform in Muslim-majority countries' business regulation.

Table 1 Ease of Doing Business Rank for Top 10 and Selected Islamic Countries, 2012

Economy	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Singapore	1	4	3	5	14	8	2	4	1	12	2
Hong Kong	2	5	1	4	57	4	3	3	2	5	16
New Zealand	3	1	2	31	3	4	1	36	27	10	18
United States	4	13	17	17	16	4	5	72	20	7	15
Denmark	5	31	10	13	11	24	29	14	7	32	9
Norway	6	41	60	12	8	48	24	27	9	4	4
United Kingdom	7	19	22	60	68	1	10	24	13	21	6
Korea, Rep.	8	24	26	11	71	8	79	38	4	2	13
Iceland	9	37	34	1	11	40	46	35	81	3	11
Ireland	10	13	27	90	81	8	5	5	21	62	10
Saudi Arabia	12	10	4	18	1	48	17	10	18	138	73
Malaysia	18	50	113	59	59	1	4	41	29	31	47
UA Emirates	33	42	12	10	6	78	122	7	5	134	151
Qatar	36	116	24	18	37	98	97	2	57	95	37
Bahrain	38	82	7	49	30	126	79	18	49	114	25
Tunisia	46	56	86	45	65	98	46	64	32	76	38
Kazakhstan	47	57	147	86	29	78	10	13	176	27	54
Oman	49	68	64	61	21	98	97	9	47	107	76
Azerbaijan	66	18	172	173	9	48	24	81	170	25	95
Kuwait	67	142	121	57	88	98	29	15	112	117	48
Kyrgyz Republic	70	17	62	181	17	8	13	162	171	48	150
Turkey	71	61	155	72	44	78	65	79	80	51	120
Maldives	79	59	20	132	152	166	79	1	137	92	41
Albania	82	61	183	154	118	24	16	152	76	85	64
Brunei Darussalam	83	136	83	28	107	126	122	20	35	151	44
Morocco	94	93	75	107	144	98	97	112	43	89	67
Jordan	96	95	93	36	101	150	122	21	58	130	104
Yemen, Rep.	99	66	35	52	55	159	133	116	118	38	114
Lebanon	104	109	161	47	105	78	97	30	93	120	125
Pakistan	105	90	104	166	125	67	29	158	75	154	74

Source: <http://www.doingbusiness.org/reports/global-reports/doing-business-2012>.

Muslim leaders then need to reconsider the regulatory issues related to business as the above index suggests. Some efforts need to be done mainly related to creating business-friendly environment which will stimulate foreign investment especially among muslim communities. As fuel price rose several times, natural resources-based income of several Islamic countries increase sharply and will flow to emerging economies. It is a pity that many less developed Islamic countries can not gain from this excess liquidity because of lack capacity in preparing appropriate environment for investment.

Initiating Entrepreneurship In Muslim Communities

Current practices in entrepreneurship in Muslim communities can be described in several data provided by many international institutions. Among these data, Kelley, Singer, and Herrington's (2012) report on global entrepreneurship will be our focus. Their report was collected from several sources that include 54 countries around the world and about 8 countries can be listed as Islamic countries. Out of 54 countries in the report, 7 countries were listed as factor-driven economies where Algeria, Bangladesh, Iran and Pakistan are in the list. Another 24 countries were listed as efficiency-driven economies with Bosnia Herzegovina, Malaysia, and Turkey as Islamic countries representative. And another 23 countries left were listed as innovation-driven economies and only United Arab Emirates included in this category.

As we can see in a table below, Muslims in Islamic countries differ in their perception on several entrepreneurship issues. Almost in all muslim communities, opportunities to start an entrepreneurship are perceived to be low while the capabilities are perceived to be higher and fear of failure is low. It implies that many Muslims do not take entrepreneurship opportunities in their countries and their capabilities as potentials which then result in the low level of initiative to start an enterprise. However, at the same time, Muslims do not feel it is fearful to start entrepreneurship which implies the great willingness to achieve something in economic life. An exception is Bangladesh where the Muslims believe in the very high opportunities they have but with low capabilities and much fear on failure.

In Muslims communities, entrepreneurs have high level of acceptance as indicated from their appreciation that entrepreneurship is a good career and that successful entrepreneurs have high status among them. This positive attitude toward entrepreneurship can be reflected as a common indication of Muslims awareness to economic life which is part of Islamic teaching. Another supportive milieu for entrepreneurship can also be traced from media attention, in which Islamic countries receive high rank. Based on these raw data, there should be no more reason for Islamic countries not to compete in the global market through the high level of entrepreneurship.

Table 2 Entrepreneurial Perceptions, Intentions, and Societal Attitudes in Selected Economies, 2011

	Perceived Opportunities	Perceived Capabilities	Fear of Failure	Entrepreneurial Intentions	Entrepreneurship as a Good Career Choice	High Status to Successful Entrepreneurs	Media Attention for Entrepreneurship
Factor-Driven Economies							
Algeria	54.3	59.6	43.1	41.8	80.3	81.8	51.5
Bangladesh	64.4	23.6	72.0	24.6	73.0	100.0	49.3
Iran	32.0	46.4	32.7	29.9	61.1	72.7	58.4
Jamaica	49.1	78.6	29.0	19.5	81.0	82.5	76.2
Pakistan	39.7	42.6	35.3	22.6	73.7	72.7	47.7
Venezuela	48.4	66.9	24.1	20.2	83.1	77.3	63.3
average (unweighted)	49.0	55.5	37.3	26.4	76.8	79.2	58.3
Efficiency-Driven Economies							
Bosnia and Herzegovina	20.5	48.9	30.5	17.2	82.2	71.0	42.7
China	48.8	43.9	35.6	42.8	73.1	73.4	75.9
Malaysia	36.5	31.1	30.0	8.7	51.5	51.3	73.5
Russia	27.1	33.2	43.4	3.6	64.5	65.3	55.3
Thailand	40.1	42.7	55.1	26.5	77.0	79.1	84.0
Turkey	32.4	42.1	22.5	8.5			
average (unweighted)	40.3	52.0	32.1	24.7	70.1	69.2	60.0
Innovation-Driven Economies							
Australia	47.8	47.4	43.2	12.3	54.0	67.7	69.5
Japan	6.3	13.7	42.2	3.8	26.0	54.7	57
Singapore	21.4	24.1	39.2	11.7	53.6	62.9	76.5
Taiwan	38.9	28.6	39.6	28.2	69.0	62.7	85.8
United Arab Emirates	43.7	62.1	50.8	2.4	71.1	73.2	62.8
United Kingdom	33.3	42.5	36.1	8.9	51.9	81.0	47.3
United States	36.2	55.7	31.2	10.9			

Notes:

* fear of failure assessed among those seeing opportunities,

** intentions assessed in non-entrepreneur (non-TEA) population

Source: GEM 2011 Adult Population Survey as cited in Kelley, Singer, and Herrington (2012:7-8)

Eventough entrepreneurship is highly perceived and accepted, its implementation in Muslims daily life does not exactly tell the same. As Kelley, Singer, and Herrington (2012) report, almost all indicators in entrepreneurial activities in muslim communities are considered low compared to average of all countries. As we can see in the following table, early-stage of entrepreneurial activities among muslims are less than average of all countries. In factor-driven economies level for example, early-stage entrepreneurial activity for Algeria, Bangladesh, and Pakistan is lower than average (13.4%). An exception is given to Iran which shows higher level than the average which indicates its higher attitude and action toward entrepreneurship. Malaysia and Turkey in efficiency-driven economies also have

lower achievement in early-stage entrepreneurial activity than average countries in this stage.

Table 3 Entrepreneurial Activity in Selected Islamic Economies by Phase of Economic Development, 2011

	Nascent Entrepreneurship Rate	New Business Ownership Rate	Early-Stage Entrepreneurial Activity (TEA)	Established Business Ownership Rate	Discontinuation of Businesses	Necessity-Driven (% of TEA)	Improvement-Driven Opportunity (% of TEA)
Factor-Driven Economies							
Algeria	5.3	4.0	9.3	3.1	9.5	36.5	46.4
Bangladesh	7.1	7.1	12.8	11.6	2.5	27.3	50.0
Iran	10.8	3.9	14.5	11.2	6.4	53.0	31.5
Jamaica	9.0	5.0	13.7	5.1	12.7	33.0	39.8
Pakistan	7.5	1.7	9.1	4.1	1.6	46.9	24.7
Venezuela	13.1	2.6	15.4	1.6	3.2	28.5	43.4
average (unweighted)	9.2	4.8	13.4	5.6	5.7	37.0	38.5
Efficiency-Driven Economies							
Bosnia and Herzegovina	5.4	2.8	8.1	5.0	6.7	61.3	21.7
China	10.1	14.2	24.0	12.7	5.3	40.6	29.0
Malaysia	2.5	2.5	4.9	5.2	2.6	10.2	71.8
Russia	2.4	2.3	4.6	2.8	1.5	26.9	41.9
Thailand	8.3	12.2	19.5	30.1	4.5	18.9	66.8
Turkey	6.3	6.0	11.9	8.0	3.9	31.6	44.8
average (unweighted)	8.4	5.9	14.1	7.2	4.3	28.2	41.7
Innovation-Driven Economies							
Australia	6.0	4.7	10.5	9.1	4.3	15.0	73.1
Japan	3.3	2.0	5.2	8.3	0.7	24.9	63.5
Singapore	3.8	2.8	6.6	3.3	2.1	16.2	52.6
Taiwan	3.6	4.4	7.9	6.3	4.9	17.5	49.8
United Arab Emirates	3.7	2.6	6.2	2.7	4.8	14.4	67.4
United Kingdom	4.7	2.6	7.3	7.2	2.0	17.2	46.3
United States	8.3	4.3	12.3	9.1	4.4	21.2	58.9
average (unweighted)	4.0	3.0	6.9	7.2	2.7	17.6	57.0

Notes: Nascent is defined as entrepreneurs who are in the first three months of running a new business. New business owners are former nascent entrepreneurs; they have been in business more than three months, but less than three and a half years. Together, nascent and new entrepreneurs compose total early-stage entrepreneurial activity (TEA).

Source: GEM 2011 Adult Population Survey as cited in Kelley, Singer, and Herrington (2012:10-11)

Relatively low level of entrepreneurship can also be traced from several country data. Entrepreneur in Indonesia, for example, as the most Muslims population country, generates less than one percent of total population. This number is far from the minimum ideal number, namely 2%. As comparison, the number of entrepreneurs in Singapore is 7,2%

of its total population, Malaysia 2,1%, Thailand 4,1%, Korea 4%, and the USA 11,5% (Antara, 2011).

The low level of entrepreneurship among muslim communities as we described earlier should be considered as important and critical issues by muslim communities leaders. One good reason for this low level is financial barrier faced by many early starting entrepreneurs. Demircuc-Kunt and Klapper (2012) shows that the financial exclusion restricted many economic potential in the world. Data of 148 economies in 2011 suggest that only 9% of adults (15+) reported to have take out a new loan from a bank, credit union, or microfinance institution. From this report, it is also found out that half of adults around the world remain unbanked with at least 35% of them report barriers to account use. Regional averages for Middle East and North Africa informed that loan from a financial institution in 2011 was only 5% which indicate the low level of adults achieving financial supports to start and sustain their businesses.

Another issue that can be addressed as the reason of low level of entrepreneurship is Muslims attitude towards work and prosperity. Many Muslims that put more attention on their life in hereafter for example are among the sources of this situation. More attention on hereafter will gradually put Muslims behind in economic activities especially business and entrepreneurship. And it will get worse as many Muslims see and believe that these activities are blamed or at least should be avoided. In contrary for example, we can see Singapore's people attitude towards entrepreneurs. A survey by Intuit indicates that more than 70% Singaporeans in their 30s consider entrepreneurship as their lives. The survey also finds that technology and willingness to work autonomously play important role to this result (YSoungupstarts.com, 2011).

In dealing with this issue of Muslims acceptance of entrepreneurship, the role of Muslims experts and religious leaders is required to rebalance Muslims understanding towards importance of life in both here and hereafter. Muslims religious leaders should stand in the front of the efforts to embrace and encourage Muslims belief in the need of success in both world as elementary teaching. Reshaping Muslims mind set with reference to the Holy Prophet teaching then becomes essentials to awaken their capacity in business and entrepreneurships.

The capacity of government in Muslims communities should also be noticed as one reason. Rehman and Askari's (2010) Islamicity Index for example can help to understand the limited capacity of Islamic countries to deal with governance issue. Their finding highlighted that many Islamic countries 'are not as Islamic in their practice' as Islamic teaching they believe. Empirical finding on Islamicity Index that cumulate the adoption and implementation of Islamic system derived from Islamic teaching including social and economic justice, hard work, equal opportunity for all to develop, absence of corruption, absence of waste and hoarding, ethical business practices, well-functioning markets, a

legitimate political authority, and others showed that Islamic countries do not perform well in many aspects. These findings came from common facts regarding developing countries diseases: inefficient institutions, bad economic policies, corruption, underdeveloped rule of law and equity, economic and social systems failing woman and children, and other. These diseases should be noted as governance problem mainly faced by Muslims communities.

Due to this low level of entrepreneurship, some radical policy changes also in need to be done. Muslim leaders are in the front of the effort to regain muslim pride through economic achievement driven by entrepreneurship. The need for further policy to stimulate entrepreneurship also rises in several natural resources-based Islamic economies. As oil and gas give these countries many advantages such as free education, healthcare, and other facilities, these policies play significant role to weaken the spirit of entrepreneurship among the citizen. Kayed and Hassan's (2011) finding on Saudi Arabia cases confirms this idea. Although at some point government benefits from oil have been successfully lift up people's standard of life, it also discourage incentive to explore their potentials to do business besides other urbanism problems. Kayed and Hassan also pointed the need to ressurect entrepreneurship, mainly to maintain unemployment problems, which seems to be neglected in the country reform.

The Role Of Islamic Higher Education Institutions In Initiating Entrepreneurship

It is widely acclaimed that education through Islamic history provided greatest contribution in awakening Muslim and supporting them in creating highest achievement. It is education that brought Muslims to their golden age in the east and the west. As the role of education is highly significant, it is common that the lack of muslim capacity as we today witness will be in the hand of education institution to reawaken it. And higher education institutions in Islamic countries then bear the challenges and responsibilities.

Regarding the need to create and accelerate entrepreneurial communities, higher education institutions are expected to provide high standard of teaching. To create high level of entrepreneur qualifications, higher education institutions could start by rearranging the curricula based on the need of entrepreneurial practices. Higher education institutions should prepare the students with entrepreneurial skills taught in classical activities. In doing so, higher education managers should realize classical entrepreneurship subject clearly can not accommodate the need for stimulating students to take risks to fail as a necessary step.

Therefore, a radical change in course content should be proposed to change the mindset of students, lecturers and educational managers in higher education institutions to accelerate the purpose of creating young entrepreneurs. The change is not only in the context of higher education, but also primary and secondary education as the starting point of

higher education. The government must have the courage to finance the transformation of education from a purely output-oriented to outcome-oriented model, so that education as a mean of learning becomes more real and grounded. Educational approaches geared to further find solutions of real problems in the community with the courage to test students in decision-making and risk-taking, instead of merely relying on cognitive abilities.

Another effort to be considered is by strengthening the entrepreneurial university as a leap after research university. Rapid development in science and technology has prompted the university to strengthen themselves and prepare graduates with research culture that lead university to base its educational activities on research. According to King, a research university is a university where education and research goes along with the portion that is almost as important. Thus, the main characteristics of the research university include (Nandika, 2006:147) :

1. Both lecturers and students involved in the research.
2. The research results are used for the enrichment and development of science and lectures contents.
3. Dissemination of research through forums or seminars, discussions, with intention to get the suggestions to improve the implementation of research.
4. All or part of the researches should be published in international journals.
5. Research funding from various sources; it can be from the university itself, the government or private sectors.

At the next stage, the challenges in higher education forced universities not to be dependent on funding from students, government and private sectors. Universities later transformed itself into autonomous universities in managing independent sources of income. This stage is then marked by the birth of the entrepreneurial university. Besides the ability to empower all units owned by such as departments, research centers, faculties and other units, the university at the same time does not lose the identity of scientific institution (Nandika, 2006: 77). In transforming themselves into entrepreneurial university, there are at least four key elements, i.e.: 1) the ability to change, 2) the ability to develop institution, 3) the ability to develop sources of funding, and 4) the ability to create and develop an integrated entrepreneurial culture (Nandika, 2006:78).

Entrepreneurial university should also be able to align the growth of all existing units in cooperation with the parties, organizations, or groups outside of the university. Professionally, entrepreneurial university is also supposedly able to establish cooperation with industry, developing intellectual property, implementing continuing education and raise funds from various funding sources and manage its alumni as well (Nandika, 2006:78-79). Realizing entrepreneurial university will likely to form students with the spirit of entrepreneurship. This effort is surely not easy. . However, to develop an advanced

and independent economy, Muslim-majority countries will see these tasks as little things for bigger things in the future.

Conclusion

The above discussions suggest that entrepreneurship has been part of Islamic civilization which is highly appreciated among Muslim communities. But at the same time, Muslim communities in current days have not been in the high level of entrepreneurial stage as indicated by their limited actions in the global business. This issue needs to be solved by Muslim leaders across the globe mainly by sharpening Muslims' entrepreneurial spirit. Higher education institutions are expected to give attention to create future Muslim generations with high sense of entrepreneurial spirit through education and training.

Our experience in Islamic University of Indonesia can be noted as one effort to initiate entrepreneurship character among students. Since late 1990s, we pay attention on entrepreneurship as we require entrepreneurship as a mandatory subject for students. Students are guided and trained to understand the nature of entrepreneurship to create the entrepreneurial sense. At the next level, through government and private financial support, students are given the opportunity to start businesses based on their ideas after competing in a tight competition. In doing so, university tries to balance the attention on both academic achievement and students capacity to do business as challenging activities. At the same time, university also prepares its resources in many business activities to generate income other than conventional resources from student or government. These efforts are mainly addressed to make entrepreneurial culture alive in campus activities so that students, lecturers, and staffs can willingly benefit from entrepreneurship in many part of their daily life.

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