Entrepreneurship Orientation to Nurture the Halal Food Industry Future in Ethiopia

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Abstract

The concept of entrepreneurship is not unique in Islam, as observed from history, that the Prophet and His disciples engaged in it as a respectable profession. Islamic economic academics recently invented the term "Halal entrepreneurship" or "Halalpreneurship" to describe and separate business owners in the Halal market from those in other industries. Islamic ideas are incorporated into business owners in the Halal sector, reshaping them through certain traits that permit the usage of the phrases "Halalpreneurs" and "Halalpreneurship." But defining Halalpreneurship has only been addressed in a few number of scholarly papers. In this sense, this chapter aims to achieve two main objectives. To properly introduce Halal entrepreneurship (Halalpreneurship), it is first necessary to highlight the salient features that distinguish it from other forms of business. Researchers assessed RMSEA levels under 0.05 to be good, between 0.05 and 0.08 to be acceptable, between 0.08 and 0.1 to be marginal, and over 0.1 to be poor, all in accordance with some theoretical underpinnings. Here, all latent item covariance was greater than 0.70, indicating a good match. One will be able to recognize their position as a Halalpreneur in the Halal industry with the help of such understanding and knowledge. The impact of exposure on the outcome is the direct effect in the absence of the mediator. The effect of exposure on the outcome of mediation is the working indirect pathway.

Keywords: Halalpreneurs, Entrepreneurship Orientation, Self-Efficacy, Risk Propensity.
I. Introduction

Because they are a way of life for Muslims in all countries and groups, Islamic practises have an impact on the cultural, social, geopolitical, and economic aspects of company development and entrepreneurial activity. Islam sees entrepreneurship as a form of economic activity with moral and ethical roots. Today, both developed and developing countries’ economies benefit greatly from the growth of entrepreneurship (Akbaba & Ahmed, 2021). They are often used synonymously with innovation that benefits society and generates jobs. Established business owners fall under the category of Micro, Small, and Medium Enterprises (Adula & Kant, 2022). MSMEs make up about 95% of all economic institutions worldwide. Entrepreneurs are employed by several facets of the global economy. Consequently, entrepreneurs are employed by a range of industries across the global economy (Ahmed & Akbaba, 2023).

As of 2022, 31.3 to 35.9% of Ethiopia’s 113.5 million citizens identified as Muslims, making Islam the second most practised religion in the country after Christianity. The global Halal market, which represents the Islamic economy as a whole, is one of the fastest-growing markets in the world. The main contributors to this global Halal sector are entrepreneurs who run halal businesses. Many academics, researchers, business experts, and industry members have contributed to the definition of entrepreneurship globally. The majority of economies in the globe have adopted the phrase and done so in largely similar ways (Dereso et al., 2022).

Islam accords entrepreneurship a high importance, holding it responsible for promoting wealth and valuing business as an expression of devotion and righteous deeds (Wakjira & Kant, 2022). Success in Islam is measured not only by the results but also by the methods employed to get there. After you have made a decision, put your trust in Allah because, as Allah declares in the Quran (3:159), "[y] Allah loves people who put their trust (in Him)". An Islamic businessperson must always keep Almighty Allah (SWTA) in mind when making decisions. It is known as tawakkul in Islam (Deku et al., 2023). Because they are centred on generating value, Islamic values are founded on entrepreneurship. We create value for economic development, social impact, and wealth accumulation. You can get financial independence and the ability to distribute it through entrepreneurship (Vongmahadlek, 2021).

The word "entrepreneurship" has different meanings in the Islamic and Western economies. Although the activities and the literal phrase have the same nature, the notion is known in Islam as "Halalpreneurship" and differs in a number of key ways (Yang et al. 2022). The term is used in the Halal sector to refer to entrepreneurship, according to the Global Islamic Economy (GIE) report-2022 by Thompson Reuters and Dinar Standard. However, there isn’t a clear definition of the term in the industry. Entrepreneurs have been studied by many scholars researching the Islamic economy. For instance, in their study, Kalpanhave (Kaplan, 2011) examined the objectives, obligations, and behaviours of Muslim business owners in the Islamic economy. Contrary to the belief that Islam is fundamentally anti-modern and anti-developmental, businesspeople who practise Islam have been
referred to as Islamic entrepreneurs. Similar to how it was acceptable to refer to business in Islam using the same term, "Islamic entrepreneurship." Additionally, proprietors of companies in the Halal food industry are regarded as entrepreneurs of Halal goods (Rajendran & Kamarulzaman, 2019).

Countries with a high demand for meat, like Indonesia, Malaysia, Turkey, and India, are unable to import meat in significant amounts because Ethiopia lacks a Halal certification system. The term "Halalpreneurship" has been established to describe entrepreneurship with a Halal-minded perspective in order to comprehend the motivation of small and medium enterprises (SMEs) to become Halalpreneurs (Bahrudin, 2022). Unfortunately, in none of these studies have the terms "Halalpreneur" or "Halalpreneurship" been defined or made apparent. One of the major gaps has also been identified as the absence of a widely accepted definition and proper knowledge of halalpreneurship in the Halal industry (Bahrudin, 2022). The survey result confirmed that poor credit access, education and training, business support, market accessibility, government regulation, and infrastructure are critical challenges for halal entrepreneurs (Adula et al., 2022).

There are many common challenges every halal business faces, whether large or small. These include hiring the right people, building a brand, developing a customer base, and so on. However, some are strictly small business problems, ones most large companies grew out of long ago.

**Objective**

a. How does the future of the halal food business relate to halal entrepreneurship?

b. How does entrepreneurship orientation in Ethiopia affect the future of the halal food industry with halal entrepreneurship?

**II. Literature Review**

Entrepreneurship orientation was studied from perspectives of two proxies risk propensity and self-efficacy.

![Entrepreneurship Orientation](image)

**Figure 1. Entrepreneurship Orientation**

**2.1. Halal Entrepreneurship and Risk Propensity**

Risk-taking orientation is the term used to describe a person's propensity toward taking risks. The predisposition for taking risks that entrepreneurs are known for is thought to have a significant impact on the decision to pursue entrepreneurship as a career (Adula & Kant, 2022). Risk is described as Mukhatarah, which translates literally to danger, but other
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Research relevant to Islamic banking frequently classifies risk as uncertainty (Basir et al., 2018). This uncertainty concerns Gharar. Meanwhile, Mukhatarar is a fundamental element in the Shari’ah notion that makes a contract lawful and binding. Concerns concerning the reliability of Halal products are growing among businesses and governments (Salaheldeen, 2022).

Three Halal supply chain risk cycles have been proposed: Investigational audits, cross-functional teams, risk mitigation and communication plans, monitoring, and 1) risk prevention: supply chain (re)design, vertical and lateral collaboration, 2) risk security testing, and 3) risk retrieval: risk recovery and interaction strategy, resume operations, maintain employee assistance, and review risk mitigation and recovery plans are all components of risk mitigation (Abdullah, & Azam, 2020).

2.2 Halal Entrepreneurship and Self-Efficacy
Self-efficacy has an impact on how an entrepreneurial intention evolves and solidifies, increasing the likelihood for a person to open a firm. A person will desire to start a new business or engage in entrepreneurial activities (Kant et al., 2022). Entrepreneurial self-efficacy (ESE), a measure of how confident entrepreneurs can complete various tasks and projects, is used in entrepreneurship research (Gobena & Kant, 2022). The term "self-efficacy" is used in Islam to refer to a person's belief in their capacity to act in accordance with Islamic principles in order to accomplish certain performance goals (Kant et al., 2022). Self-efficacy is the conviction that one has control over their own conduct, environment, and motivation in social situations.

Based on the Islamic understanding of the concept of the human being, we define the Islamic self as an organised, self-regulatory, and developing a psycho-spiritual system that reflects spiritual experience and accomplishment. As you can see, Allah instructs us in this text on how to develop confidence. You must gain self-assurance rooted in your reliance on Allah. We can't rely on ourselves because, as you can see, we don't currently feel that we have that confidence or that self-belief. Islam holds that in order to be confident, one must at least have a modicum of self-belief, but that self-belief does not guarantee confidence. Your ideas, feelings, and behaviours are all influenced by your level of self-confidence, which also shapes how you see yourself (Salaheldeen, 2022).

2.3 Halal Entrepreneurship and Halal Food Industry Future
Nearly the next eight years, the market for halal food is expected to expand by 11.25% annually, reaching nearly $4 trillion by 2028. Customers spent a record-breaking US$1.17 trillion on halal food in 2019, making it the second-largest industry behind Islamic banking. Over the projected period, it is expected that the market for halal food will expand by 11.25%, rising from a value of USD 1,977 billion in 2021 to USD 3,907.8 billion in 2028 (2022-2028). The market for Halal food is anticipated to reach $2,583.18 billion in 2027, with a CAGR of 14.5%. Due to the world's burgeoning Muslim population, the market for Halal foods is growing quickly. The Muslim people is a term used to describe a group of Muslims who adhere to Islam (Deku, 2023).
It is a guarantee that your product is safe to consume and does not include anything that is against Islamic law if it is bundled with other products and has previously achieved Halal certification. According to Salahelddeen 2022, halal investing encourages a disciplined approach to invest as well as in-depth security analysis and monitoring. In general, the minimum debt constraints of Islamic screening allow for a conservative strategy that appeals to risk-averse investors (Deku et al., 2023). Halal certification has some advantages, such as a bigger target market, more safety regulations, an improved global reputation and brand image, and a competitive advantage from a marketing standpoint by prominently displaying the logo and status of a recognized Halal certifier on the products and on the company’s website.

III. Methodology

A comprehensive examination of the literature produced by earlier studies has been carried out in order to achieve the aforementioned objectives. In order to reinforce the Islamic viewpoint, parallel comparisons and explanations of relevant hadith and Quranic texts were conducted. Additionally, recent books, news reports, and web articles on the Halal market and the global Islamic economy were critically analysed. Using a forest plot, Meta essential was used to assess the effect size of the review literature. The researchers used a funnel plot to examine the publishing bias.

After that, for data adequacy, exploratory factor analysis was used by the researchers. Subsequent to that, for latent variables behavior exploration, confirmatory factor analysis was used by the researchers. SEM was used to check mediation analysis.

IV. Results and Analysis

4.1 Meta-Analysis of Reviewed Studies

The term "meta-analysis" refers to the statistical analysis of the data from independent primary studies focused on the same subject to generate a quantitative assessment of the phenomenon that the researchers evaluated, such as the effectiveness of the intervention. A systematic review tries to gather all available empirical studies to find the answers to a specific problem. A meta-analysis was conducted using statistics to evaluate and combine the results from already existing multiple linked investigations as secondary data.
The researchers assessed partial correlation and semi-partial correlation, which they viewed as evaluations of partial effect sizes for the family of correlation relationships. A crucial consideration is the statistical combinability of effect sizes. The effect sizes of extremely dissimilar measures, such as the ratio of means and the difference in means, cannot be combined directly in a meta-analysis. Correlation is the measure of the linear relationship between two variables. The effect size (for example the variance between the means of two datasets) measures a change between two groups. The ratio of the mean difference to the standard deviation, or the mean difference between groups in standard score form, is the effect size, represented by partial correlation.

The preceding meta-analysis’s heterogeneity captured how heavily the combined studies rely on the same population effect size. If the same population effect size was looked at, heterogeneity was zero. Even in this case, sampling error might lead to differences in the outcomes that have been found in several studies.
The forest plot was used by researchers to demonstrate how much data from many studies that found the same impact overlapped. Researchers describe outcomes that do not overlap well as heterogeneous and make references to the data's heterogeneity; these results were less conclusive. A forest plot offers information about the research's heterogeneity. Since many primary studies are integrated to produce one estimate, there will inevitably be variation among them (as seen by the diamond in the forest plot). The following served as a general interpretation framework for the researchers: 0% to 40%, perhaps unimportant. 30% to 60% moderate heterogeneity. Significant heterogeneity: between 50% and 90%.

Researchers demonstrated how much data from studies that reported the same effect overlapped one another by utilising the forest plot. Results that do not overlap well are referred to as the heterogeneity of the data; such results are less conclusive. If the results are the same across investigations, the data is said to be homogeneous, and this kind of data frequently yields more definitive results. The heterogeneity was shown by the I². A heterogeneity of less than 50% is referred to be low and reflects a higher degree of similarity across study data in contrast to an I² score of 50%, which signals more dissimilarity.

![Figure 3. Funnel Plot](source)

Systematic reviews and meta-analyses typically contain funnel plots, which are graphs made by researchers to investigate the likelihood of publication bias. It suggests that studies with high precision will be plotted close to the average, and studies with low precision will be uniformly distributed on both sides of the average, resulting in a distribution that is basically funnel-shaped in the absence of publication bias. Publication bias may be present in any variation from this pattern.

The total sample size, the treatment effect's standard error, and the treatment effect, and the inverse variance of the treatment effect were some of the methods used by researchers to gauge the "study precision." The standard error should be mentioned. It was decided after comparing them to others. Draw straight lines using the standard error to indicate a region in which 95% of the points may lie in the absence of heterogeneity and publication bias. Contrary to custom, funnel plots are often made with the treatment effect measure on the horizontal axis and the study precision on the vertical axis, much like confidence interval
plots. Given that asymmetry along the treatment is typically identified via visual methods, funnel plots.

Researchers had a range of options for measuring the "study precision," including the overall sample size, the standard error of the treatment effect, and the inverse variance of the treatment effect. They were compared to others, and it was determined that the standard error should be advised. In the absence of heterogeneity and publication bias, a zone in which 95% of the points may fall can be defined by drawing straight lines using the standard error. Contrary to custom, funnel plots are typically created with the study precision on the vertical axis and the treatment effect measure on the horizontal axis, much like confidence interval plots. Due to the fact that funnel plots are primarily used as visual tools for identifying asymmetry along the treatment effect axis.

<table>
<thead>
<tr>
<th>Table 3. Egger Regression</th>
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<tbody>
<tr>
<td><strong>Estimate</strong></td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>Slope</td>
</tr>
<tr>
<td>t-test</td>
</tr>
<tr>
<td>p-value</td>
</tr>
</tbody>
</table>

In order to assess potential publication bias in a meta-analysis using funnel plot asymmetry, the researchers used Egger's test (a linear regression of the intervention effect estimates on their standard errors weighted by their inverse variance). The efficacy of Egger's and related tests has been extensively studied for binary outcomes; however, continuous outcomes have not. Comparative continuous outcomes are frequently quantified using absolute (mean) difference scales, and it is typical for the strength of the effect to be connected with the response in the control arm (i.e., baseline risk). As a result, even in the absence of publication bias, funnel plots may appear to be highly asymmetric as a result is correlated with both the effect magnitude and its standard error.

Researchers used a convincing collection of meta-analyses of comment analgesic and simulation studies to show that Egger's test may be misleading for continuous outcomes. They also showed that a test that reverts the residuals from a modelling tool, including baseline risk as a study-level correlation coefficient, against an opposite sample size had superior statistical properties.

**4.2 Confirmatory Factor Analysis**

Confirmatory factor analysis (CFA), a statistical technique, is used by researchers to verify the factor structure of a set of observed data. Using CFA, the researcher can test the hypothesis that there is a link between the observed variables and the underlying latent constructs. For these reasons, confirmatory factor analysis offers a theory-based approach to data reduction with a strong statistical foundation, boosts statistical power by modelling measurement error, and focuses research on the activation of hypothesized networks all at once. The model was founded fit as CMIN/DF was 2.34, indicating a model fitness with GFI=9.04 and NFI=9.02.
Researchers assessed RMSEA levels under 0.05 with a value of to be good, between 0.05 and 0.08 to be acceptable, between 0.08 and 0.1 to be marginal, and over 0.1 to be poor, all in accordance with some theoretical underpinnings. RMSEA was founded as 0.058. Here, all latent item covariance was greater than 0.70, indicating a good match. Technically, three items are the lowest number for a one-factor CFA because it results in a saturated model with zero degrees of freedom and the same number of free parameters as components in the variance-covariance matrix.

4.3 Structure Equation Model
Building a model to show how various components of an observable or theoretical phenomenon are thought to be causally structurally related to one another was part of the researchers’ preparation for SEM. Theoretical connections between the variables that most accurately depict the phenomenon under research were revealed by the model’s structural properties. Although these links can alternatively be expressed by equations, the assumed causal structuring is typically depicted by arrows demonstrating the causal relationships between the variables. To establish whether or not the observed data are consistent with the supposed causal architecture, the observed relationships between the variable values are used to estimate the magnitudes of the causal effects. The causal structures suggested that specific patterns of connections between the values of the variables should appear.
To estimate the equations in a structural equation model (SEM), experimental or observational data are passed through a statistical procedure, commonly based on matrix algebra and generalised linear models. The model and its structural elements imply these equations, which are mathematical and statistical qualities.

The figure of SEM shows a SEM that states the future of Halal entrepreneurship (as assessed by five indicators) can be predicted by the future of the Halal food sector (as decided by four questions). The concept of halal business cannot be measured, just as one cannot physically determine their height or weight. Instead, after creating a hypothesis and doing research, researchers employ measurement instruments, such as a test or questionnaire, that provide them access to a number of intelligence markers.

Then, a logical method of estimating intelligence as a latent variable is constructed (the circle for Halal entrepreneurship in Figure of SEM) using a model that takes these signals into account. The SEM graphic is presented as the final model after running the model and compiling all of the estimates.

<table>
<thead>
<tr>
<th>Table 4. Regression Weights: Default model</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>HE &lt;--- EO</td>
<td>.928</td>
<td>.081</td>
<td>11.417</td>
<td>***</td>
<td>par_1</td>
</tr>
<tr>
<td>HE &lt;--- HFIF</td>
<td>1.006</td>
<td>.090</td>
<td>11.148</td>
<td>***</td>
<td>par_3</td>
</tr>
<tr>
<td>EO &lt;--- HFIF</td>
<td>1.008</td>
<td>.079</td>
<td>12.804</td>
<td>***</td>
<td>par_4</td>
</tr>
</tbody>
</table>

Source: AMOS Output, 2023

Standardised (regression) coefficients, also known as beta coefficients or beta weights, are the results of a regression analysis when the underlying data have been standardised so that the variances of the dependent and independent variables are equal to one. It has three direct effects: one with a significant regression weight of 0.90 (p=0.02), one with a moderately significant regression weight of 1.066 (p=0.00), and one with an apparent high regression weight of 0.79 (p=0.000). Compared to the beta-weights of other explanatory factors, an explanatory variable’s beta-weight reveals how important it is in explaining why the dependent variable has various values across the population.

<table>
<thead>
<tr>
<th>Table 5. Total Effects (Group number 1 - Default model)</th>
<th>EO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HE</td>
<td>2.151</td>
<td></td>
</tr>
<tr>
<td>HFIF</td>
<td>1.028</td>
<td></td>
</tr>
</tbody>
</table>

Source: AMOS Output, 2023

The total impact of the autonomous (or predictor) variable on the dependent (or outcome) variable were obtained from taking into account any indirect effects caused by a mediator. When the outcome is regressed on the exposure in the simple figures above, the parameter estimate for the exposure represents the estimated total effect. When the outcome is regressed on the mediator and the exposure, the parameter estimate for the exposure represents the estimated direct effect. When a mediator is proposed, the overall effect can
be split into direct and indirect effects. The impact of exposure on the outcome is the direct effect in the absence of the mediator. The effect of exposure on the outcome of mediation is the working indirect pathway.

V. Conclusion and Recommendation

5.1. Conclusion
It is a guarantee that your product is safe to consume and does not include anything against Islamic law if it is bundled with other goods and has previously received the Halal certification. The study comes to the conclusion that the halal market benefits both Muslims and non-Muslims. However, stringent measures are needed to ensure the legality of Halal products and their adherence to the Sharia in order to serve the interests of Muslim clients. In order for the general public to utilise or consume goods and services in line with Islamic norms, the accreditation aims to provide them with a sense of security and comfort. Consequently, a State-Owned Business Corporation has been approved to operate as a Halal auditing firm because it is licenced to do so. The study comes to the conclusion that the halal market benefits both Muslims and non-Muslims. However, stringent measures are needed to ensure the legality of Halal products and their adherence to the Sharia in order to serve the interests of Muslim clients. In order for the general public to utilise consumer goods and services in line with Islamic norms, the accreditation aims to provide them with a sense of security and comfort. Since a State-Owned Business Corporation is qualified to conduct audits, certifications, and testing, it has been trusted to become a Halal auditing organisation.

According to the study results, the halal market may provide financial advantages to Muslims and non-Muslims. However, rigorous measures are necessary to establish the legality of Halal items and their adherence. In order for the public to use or consume the products or services in accordance with Islamic norms, the Halal enterprise aims to provide them with a sense of security and comfort. As a result, a State-Owned Enterprise Organisation capable of conducting audits, surveys, and tests related to Halal entrepreneurship has been trusted to serve as an organisation that promotes Halal entrepreneurship, particularly within the framework of international business and government cooperation processes.

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5.2. Conflict of Interest
The authors declare no conflict of interest. And the authors have no competing interests to declare relevant to this article’s content.
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