Halal Entrepreneurialism Effect on Halal Food Industry Future in Ethiopia: Mediation Role of Risk Propensity and Self Efficacy

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Abstract

As the Prophet and His followers engaged in it as a respectable vocation, the idea of entrepreneurship is not a novel one in Islam, as can be seen from history. To describe and distinguish entrepreneurs in the Halal market from those in other industries, Islamic economic researchers have recently coined the phrase "Halal entrepreneurship" or "Halalpreneurship." The incorporation of Islamic principles reshapes business owners in the Halal sector through specific characteristics that allow for the use of the terms "Halalpreneurs" and "Halalpreneurship." Only a few academic studies, though, have attempted to define Halalpreneurship. This chapter seeks to accomplish two key goals in this context. First, to give a thorough introduction to Halal entrepreneurship (Halalpreneurship) by highlighting the key characteristics that set it apart from other forms of entrepreneurship. Such comprehension and information will enable one to recognize his or her position as a Halalpreneur in the Halal sector. Second, to identify business prospects for Halalpreneurs in various Halal industrial areas around Ethiopia through self-efficacy and risk propensity. The chapter uses content analysis methods to accomplish its goals through reading research papers, books, journals, and articles from various secondary sources.

Keywords Halalpreneurs, Entrepreneurship, Self Efficacy, Risk Propensity

INTRODUCTION

Islamic practices have an impact on the cultural, social, geopolitical, and economic facets of business development and entrepreneurial activities because they are a way of life for Muslims in all nations and groups. As a result, Islam views entrepreneurship as a type of economic activity with moral and ethical roots. Nowadays, entrepreneurship development significantly contributes to the economic development of both developed and developing nations (Akbaba & Ahmed, 2021). The phrase is frequently used interchangeably with innovation that enhances society and creates jobs. Micro, Small, and Medium Enterprises are a category for established business owners (MSMEs) (Adula & Kant, 2022b). Almost 95% of all economic establishments worldwide are made up of MSMEs. Entrepreneurs work in a variety of sectors of the international economy. Entrepreneurs work in various sectors of the international economy (Ahmed & Akbaba, 2023; Yadete & Kant. 2023).

In Ethiopia, Islam is the second most popular religion after Christianity, with 31.3 to 35.9% of the country's 113.5 million residents identifying as Muslims as of 2022. One of the world's fastest-growing markets is the Halal sector, which symbolizes the worldwide Islamic economy. The leading contributors to this worldwide Halal market are Halal business owners (Halalpreneurs). Several academics, researchers, business professionals, and industry players have defined entrepreneurship worldwide. Most of the world's economies have recognized and implemented the term in more or less identical ways (Dereso et al., 2022). Islam places a high value on entrepreneurship, holding it accountable for fostering wealth and recognizing business as an expression of worship and good actions (Wakjira & Kant, 2022). In Islam, success is determined not only by the outcomes but also by the strategies used to get there. After you have decided, put
your reliance on Allah because, as Allah says, "[y] Allah loves people who put their trust (in Him)" (Quran, 3:159). Any decision an Islamic businessperson makes must be made with Almighty Allah (SWTA) in mind. Islam refers to it as tawakkul (Deku et al., 2023). Islamic ideals are based on entrepreneurship because they are all about creating value. We produce value to impact society, make money, and grow. Islamic ideals are based on entrepreneurship because they are all about creating value. We produce value to benefit economic growth, social impact, and wealth creation. Through entrepreneurship, you get financial independence and the capacity to share it (Vongmahadlek, 2021).

The term "entrepreneurship" is not the same in the Islamic and mainstream economy (Negeri et al., 2023). Although the nature of the activities and the literal term are identical, the concept in Islam is seen as "Halalpreneurship" and differs in several specific aspects (Yang et al., 2022). According to Thompson Reuters’ and Dinar Standard’s Global Islamic Economy (GIE) report-2022, the phrase is used in the Halal business to refer to entrepreneurship. Yet, the sector lacks a precise definition of the phrase. Several academics studying the Islamic economy have also included entrepreneurs in their research. For instance, in their study, Kalpan has explored Muslim business owners’ goals, duties, and actions in the Islamic economy (Kaplan, 2011). In contrast, businesspeople who practice Islam have been referred to as Islamic entrepreneurs, dispelling the notion that Islam is fundamentally anti-modern and anti-developmental (Panigrahi et al., 2023). Similar to how it was justifiable to use the same term—Islamic entrepreneurship—to describe business in Islam. Moreover, Halal food market business owners have been considered Halal product entrepreneurs (Rajendran & Kamarulzaman, 2019).

The absence of a Halal certification system in Ethiopia prevents countries with a high demand for meat—such as Indonesia, Malaysia, Turkey, and India—from being able to import it in substantial quantities. In order to understand the incentive for small and medium enterprises (SMEs) to become Halalpreneurs, the word "Halalpreneurship" has been coined to denote Halal-minded entrepreneurship (Bahrudin, 2022). Unfortunately, the terms "Halalpreneur" and "Halalpreneurship" have not been defined or made clear in any of this research. The fact that the Halal business lacks a generally recognized definition and accurate knowledge of Halalpreneurship has also been noted as one of the main gaps (Bahrudin, 2022). Paer followed the below research issue:

(1) What is the relation of Halal entrepreneurship with the Halal food industry future?
(2) How does Halal Entrepreneurialism affect on Halal food industry's future with the Mediation role of Market innovation in Ethiopia?

LITERATURE REVIEW
Halal Entrepreneurship and Risk Propensity

A person’s predisposition to take risks is referred to as their risk-taking orientation. The decision to pursue entrepreneurship as a career is said to be heavily influenced by the risk-taking propensity that entrepreneurs are known for (Adula & Kant, 2022a). While various studies pertaining to Islamic finance often characterize risk as uncertainty, the risk is defined as Mukhatarah, which literally translates to danger (Basir et al., 2018). This ambiguity relates to Gharar. In the meantime, according to the Shari’ah concept, Mukhatarah is a crucial component that renders a contract legitimate and enforceable. Governments and businesses are getting more and more concerned about the integrity of Halal products (Salaheldeen, 2022). There are suggested three Halal supply chain risk cycles: Risk mitigation involves investigative audits, cross-functional teams, risk mitigation and communication plans, monitoring, and 1) risk prevention: risk security testing, supply chain (re)design, vertical and lateral collaboration, and 3) risk retrieval: risk recovery and interaction strategy, resume operations, maintain employee assistance, and review
risk mitigation and recovery plans (Abdullah, & Azam, 2020; Asefa, & Kant, 2022).

**Halal Entrepreneurship and Self Efficacy**

Self-efficacy influences how an entrepreneurial intention develops and is strengthened, which enhances the possibility that a person would launch a business. In fact, a person will have an entrepreneurial intention to launch a new firm or engage in an entrepreneurial activity (Kant et al., 2022).

Self-efficacy is applied in entrepreneurship research as entrepreneurial self-efficacy (ESE), which measures how confident entrepreneurs are in their ability to carry out various activities and projects (Gobena & Kant, 2022). Islam uses the term "self-efficacy" to describe a person's confidence in their ability to carry out actions according to Islamic principles in order to achieve particular performance goals (Kant et al., 2022). Self-efficacy is the belief that one can exert control over their own motivation, behaviour, and environment in social settings (Salaheldeen, 2022). We define the Islamic self as a structured, self-regulated, and evolving psycho-spiritual system reflecting the spiritual experience and accomplishment based on the Islamic conception of the notion of the human being. Allah tells us how to build confidence in this passage, as you can see. You have to develop confidence based on your dependence on Allah. You see, we don't feel like we have that confidence or that self-belief right now, so we can't rely on ourselves. According to Islam, having self-confidence requires having at least some self-belief, but having self-belief does not automatically translate into having confidence. Self-confidence is a quality that permeates your ideas, feelings, and behaviours, as well as defines your self-perception (Salaheldeen, 2022).

**Halal Entrepreneurship and Halal Food Industry Future**

The global Halal food market is anticipated to grow by 11.25% annually over the following eight years, reaching over $4 trillion by 2028. The unprecedented US$1.17 trillion spent on Halal food by customers in 2019 made it the second-largest industry behind Islamic finance. The market for Halal food is predicted to grow by 11.25% over the forecast period, from a value of USD 1,977 billion in 2021 to USD 3,907.8 billion in 2028. (2022-2028). With a CAGR of 14.5%, the market for Halal food is predicted to reach $2,583.18 billion in 2027. The market for Halal foods is expanding rapidly as a result of the growing Muslim population in the world. A community of Muslims who practice Islam is referred to as the Muslim population (Deku et al., 2023).

If your product is grouped with other items and has already received Halal certification, it is an assurance that it is safe for eating and does not include anything that is against Islamic law. Halal investing promotes a structured approach to investing and deep security analysis and monitoring (Salaheldeen, 2022).

Broadly speaking, Islamic screening' minimal debt restrictions enable a conservative strategy that caters to risk-averse investors (Deku et al., 2023). Halal certification has some benefits, including a larger target market, more safety regulations, improved global reputation and brand image, and a competitive advantage from a marketing perspective by prominently displaying the logo and status of a recognized Halal certifier on the products on the company's website.

**RESEARCH METHOD**

To accomplish the aforementioned goals, a thorough analysis of the literature resulting from prior studies has been conducted. Simultaneously, comparisons and explanations of pertinent hadith and Quranic texts were researched in order to support the Islamic point of view. Also, recent publications, news stories, and web articles on the Halal market and the world’s Islamic economy were examined critically. Meta essential was used to check the review literature effect size with the help of a forest plot. A funnel plot was employed by the researchers to check the publication bias.
FINDINGS AND DISCUSSION

In order to produce a quantitative assessment of the phenomenon examined by the researchers, such as the effectiveness of the intervention, meta-analysis refers to the statistical analysis of the data from independent primary studies that are focused on the same issue. In order to find the answers to a particular topic, a systematic review makes an effort to compile all accessible empirical studies. The statistical method of assessing and combining findings from numerous related studies was used as a meta-analysis (Adula et al., 2023).

<table>
<thead>
<tr>
<th>Study name</th>
<th>Partial Correlation</th>
<th>CI Lower limit</th>
<th>CI Upper limit</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaheldeen, M. (2022).</td>
<td>0.70</td>
<td>0.50</td>
<td>0.90</td>
<td>7.08%</td>
</tr>
<tr>
<td>Bahrudin, M. (2022).</td>
<td>0.78</td>
<td>0.63</td>
<td>0.94</td>
<td>9.66%</td>
</tr>
<tr>
<td>Hussain et al., 2020</td>
<td>0.64</td>
<td>0.24</td>
<td>1.03</td>
<td>2.20%</td>
</tr>
<tr>
<td>Yang et al., 2022</td>
<td>0.80</td>
<td>0.75</td>
<td>0.85</td>
<td>23.12%</td>
</tr>
<tr>
<td>Adamu et al., 2020</td>
<td>0.65</td>
<td>0.57</td>
<td>0.73</td>
<td>18.33%</td>
</tr>
<tr>
<td>Deku et al (2023)</td>
<td>0.65</td>
<td>0.56</td>
<td>0.73</td>
<td>17.94%</td>
</tr>
<tr>
<td>Akbaba &amp; Ahmed (2021)</td>
<td>0.76</td>
<td>0.70</td>
<td>0.82</td>
<td>21.67%</td>
</tr>
</tbody>
</table>

For the family of correlation relationships, partial correlation and semi-partial correlation were measured by the researchers regarded as measurements of partial effect sizes. The statistical combinability of effect sizes is a key factor to take into account. A meta-analysis cannot directly combine effect sizes using very different measures (for instance, a difference in means and a ratio of means). The degree to which two variables are linearly connected is referred to as correlation.

Quantifying some change between two groups is the effect size (e.g. the difference between the means of two datasets). Effect size, which is represented by partial correlation, is the ratio of the difference between the means to the standard deviation or the mean difference between groups in standard score form. Heterogeneity in the above meta-analysis reflected how much the compiled studies draw on the same population effect size. Heterogeneity was zero if the same population effect size was examined. Even in this scenario, sampling error results in variations in the effects that have been observed across research.
Researchers used the forest plot to show how much data from several studies that observed the same effect overlapped with one another. Researchers refer to results that do not overlap well as heterogeneous and allude to the heterogeneity of the data; such data was less conclusive. Information regarding the heterogeneity of research is provided by a forest plot. Variability among them is unavoidable since numerous primary researches are combined to give one estimate (shown by the diamond in the forest plot). The researchers used the following as a general interpretation guide: 0% to 40%: possibly not significant. Moderate heterogeneity: 30% to 60%. Substantial heterogeneity: 50% to 90%.

By using the forest plot, researchers were able to show how much data from different studies that observed the same effect overlapped with one another. The heterogeneity of the data is the phrase used to describe results that do not overlap well; such results are less conclusive. Data is said to be homogenous if the findings are consistent across investigations, and this type of data tends to be more conclusive. The $I^2$ demonstrated the heterogeneity. In comparison to an $I^2$ score of 50%, which implies more dissimilarity, heterogeneity of less than 50% is referred to as low and suggests a higher degree of similarity between study data.

A funnel plot is a graph created by researchers to examine the possibility of publication bias; systematic reviews and meta-analyses frequently include funnel plots. It posits that, in the absence of publication bias, studies with high accuracy will be plotted close to the average and studies with poor precision will be evenly distributed on both sides of the average, resulting in a distribution that is essentially funnel-shaped. Any deviation from this pattern may be a sign of Publication bias.
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.

The researchers employed Egger's test (a linear regression of the intervention effect estimates on their standard errors weighted by their inverse variance) to evaluate potential publication bias in a meta-analysis via funnel plot asymmetry. For binary outcomes, the effectiveness of Egger's and related tests has been widely explored; however, continuous outcomes have not. Commonly, absolute (mean) difference scales are used to quantify continuous comparative outcomes, and it is not uncommon for the degree of the effect to be correlated with the response in the control arm (i.e., baseline risk). When this is the case, funnel plots may appear to be highly asymmetric even in the absence of publication bias since the outcome is correlated with both the effect size and its standard error.

Researchers demonstrated that Egger's test might be deceptive for continuous outcomes through application to a compelling gathering of meta-analyses of comment analgesics and simulation studies and that a test that reverts the residuals from a modelling tool, including baseline risk as study-level correlation coefficients, against opposite sample size, had superior statistical
properties.

**Confirmatory Factor Analysis**

Researchers utilize confirmatory factor analysis (CFA), a statistical method, to confirm the factor structure of a collection of observed data. The researcher can examine the idea that there is a connection between the variables that are seen and the latent constructs that underlie them using CFA. Hence, confirmatory factor analysis provides a theory-based method for data reduction with a solid statistical foundation, increases statistical power by modelling measurement error, and concentrates investigations on the activation of hypothesized networks as a whole.

![Figure 3. Confirmatory Factor Analysis](Source: AMOS Output, 2023)

According to certain theoretical foundation, RMSEA levels under 0.05 was considered good by the researchers; those between 0.05 and 0.08 are considered acceptable, those between 0.08 and 0.1 are considered marginal, and those over 0.1 are considered poor. Here all covariance between the latent items was more than 0.70, indicating an acceptable fit. The lowest number of items for a one-factor CFA is technically three, as this leads to a saturated model with the same number of free parameters as components in the variance-covariance matrix (i.e., the degrees of freedom are zero).

**Structure Equation Model**

The researchers' preparation of SEM involved building a model to illustrate how different elements of an observable or theoretical phenomenon are believed to be causally structurally related to one another (Tesfaye et al., 2023). The model's structural features revealed theoretical relationships between the variables that best represent the phenomenon under study. The posited causal structuring is frequently shown by arrows showing the causal relationships between the variables, although these relationships can also be represented by equations. The observed connections between the variable values are used to estimate the magnitudes of the causal effects and to determine whether or not the observed data are consistent with the postulated causal structuring. The causal structures implied that certain patterns of connections should emerge among the values of the variables.

A statistical algorithm (typically based on matrix algebra and generalized linear models) is run on experimental or observational data to estimate the equations in a structural equation model (SEM). These equations are mathematical and statistical properties that are implied by the model and its structural features.

The figure of SEM depicts a SEM that claims the future of the Halal food industry (as determined by four questions) can predict the future of Halal entrepreneurship (as determined by five indicators). In the same manner that one cannot physically measure height or weight, the idea of Halal entrepreneurship cannot be measured. Alternatively, researchers use measurement tools,
such as a test or questionnaire, that provide them access to a variety of intelligence indicators after developing a theory and conceptualization of Halal business. Next, using a model that incorporates these indications, a reasonable approach to estimating intelligence as a latent variable is produced (the circle for Halal entrepreneurship in Figure of SEM). After running the model and gathering all of the estimations, the SEM figure is given as the final model.

![Figure 4: Structure Equation Model](source: AMOS Output, 2023)

### Table 4. Regression Weights: Default model

<table>
<thead>
<tr>
<th>Label</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HE &lt;--- RP</td>
<td>.928</td>
<td>.081</td>
<td>11.417</td>
<td>***</td>
</tr>
<tr>
<td>HE &lt;--- SE</td>
<td>1.066</td>
<td>.086</td>
<td>12.386</td>
<td>***</td>
</tr>
<tr>
<td>HE &lt;--- HFIF</td>
<td>1.006</td>
<td>.090</td>
<td>11.148</td>
<td>***</td>
</tr>
<tr>
<td>SE &lt;--- HFIF</td>
<td>1.008</td>
<td>.079</td>
<td>12.804</td>
<td>***</td>
</tr>
</tbody>
</table>

Source: AMOS Output, 2023

The estimates from a regression analysis when the underlying data have been standardized so that the variances of dependent and independent variables are equal to one are known as standardized (regression) coefficients, also known as beta coefficients or beta weights (Kant & Asefa, 2022). It has three direct effects: one with a regression weight of 0.90 that is significant (p=0.02), one with a regression weight of 1.066 that is moderately significant (p=0.00), and one with a regression weight of 0.79 that appears to be high (p=0.000). The beta-weight of an explanatory variable indicates its relative importance in explaining why the dependent variable has different values across the population (when compared to other explanatory variables’ beta-weights).

### Table 5. Total Effects (Group number 1 - Default model)

<table>
<thead>
<tr>
<th></th>
<th>RP</th>
<th>HFIF</th>
<th>SE</th>
<th>RP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE</td>
<td>2.151</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>HFIF</td>
<td>1.028</td>
<td>.158</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: AMOS Output, 2023
The entire amount by which the independent (or predictor) variable affects the dependent (or outcome) variable, including any indirect effects through a mediator. The parameter estimate for the exposure in the simple figures above represents the value of the estimated total effect when the outcome is regressed on the exposure, and the parameter estimate for the exposure represents the estimated direct effect when the outcome is regressed on the exposure and the mediator. The overall effect can be divided into the direct effect and the indirect effect when a mediator is posited. Without the mediator, the direct effect is the impact of exposure on the result.

The working indirect pathway is the impact of exposure on the mediation result. The total impact of the independent (or predictor) variable on the dependent (or outcome) variable, taking into account any indirect effects caused by a mediator. When the result is regressed on the level of exposure in the simple figures above, the parameter estimate for the exposure symbolizes the estimated total effect, and when the result 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 the direct effect and the indirect effect. 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 functioning indirect pathway.

CONCLUSIONS

If your product is grouped with other items and has already received Halal entrepreneurship, it is an assurance that it is safe for eating and does not include anything that is against Islamic law. The study comes to the conclusion that both Muslims and non-Muslims can profit from the Halal market. To serve the interests of Muslim customers, however, strict steps are required to guarantee the legitimacy of Halal products and their adherence to the Shari’ah. The accreditation seeks to give the general public a feeling of security and comfort so that they can use or consume goods and services in accordance with Islamic standards (Kebede et al., 2023). Hence, a State-Owned Business Corporation has been trusted to become a Halal audit agency since it is qualified to undertake audits, certifications, and testing. According to the study, both Muslims and non-Muslims might benefit financially from the Halal market. Yet, strict steps are required to ensure the legitimacy of Halal products and their adherence to the Shari’ah, thus serving the interests of Muslim consumers. Halal entrepreneurship seeks to give the public a sense of security and comfort so that the goods or services are utilized or consumed in accordance with Islamic values. As a result, a State-Owned Enterprise Organization that has the skills to conduct audits, Halal entrepreneurship surveys, and tests has been trusted to become a Halal entrepreneurship promotion agency, especially through the framework of cooperation processes between nations and businesses throughout the world.

LIMITATION & FURTHER RESEARCH

Meta-analysis is frequently criticized for focusing on the summary effect and ignoring the possibility that the treatment effect varies from study to study. When data are handled improperly, systematic reviews can be misleading, useless, or even harmful; similarly, meta-analyses can be used improperly when the distinction between patients seen in a clinic and those included in the meta-analysis is not taken into account. Investigators can effectively aggregate smaller studies through meta-analysis to create one large study, which may assist in demonstrating an effect. A meta-analysis can also help to improve the accuracy of the findings. This is also the case because it essentially makes the study larger.

REFERENCES


