

Khuluq: Islamic Business Work Ethics among Muslim Women in Santiago City, Philippines

**Renalyn Mainit<sup>1</sup> and Client William M. Malinao<sup>2</sup>**

College of Business and Accountancy

<sup>1</sup>Cagayan Valley Computer and Information Technology College Inc.

Santiago City, Philippines, 3311

<sup>2</sup>College of Business and Management

Ifugao State University

Lagawe, Ifugao, Philippines, 3600

[Clint13william@gmail.com](mailto:Clint13william@gmail.com)

**Abstract:** *Islam is a way of life that includes commerce. Islam promotes business as a source of revenue. Nowadays, dishonesty, discrimination, and inequity exist between buyer and seller. Furthermore, for the sake of profit, misleading, unfair, and unconscious sales practices are used. The concept of goodness in all aspects, including business, is described in the Quran. Thus, this study determined the level of application of Islamic business work ethics among Muslim entrepreneurs in Santiago City, Isabela, Philippines, as well as the perceived influence on operating performance. Furthermore, it presents the entrepreneurial traits of Muslims, as well as their motivations and difficulties experienced when conducting business in Santiago City, Philippines. A quantitative research approach was used to investigate the study's aims and answer the hypothesis. The descriptive-inferential research method was adopted, especially given the stated aims. Through the convenience sampling technique, a researcher-created questionnaire was produced and utilized to collect data from 45 Muslim Women who run a small company in Santiago City, Isabela, Philippines. According to the findings, Muslim women entrepreneurs in Santiago City, Isabela, Philippines, use Islamic commercial work ethics to a large level. Businesses must earn a profit, but they also respect client loyalty, which is why they use Islamic work ethics as guidance in conducting business and dealing with consumers. Furthermore, research revealed that Muslim Women possess characteristics of an entrepreneur, therefore they continue to believe that they are capable of running a business. Increasing their revenue to support their own family motivates them to keep conducting business. Muslim women entrepreneurs in Santiago City, Isabela are having problems attracting loyal consumers since they are still learning the habits and preferences of Iloko customers. Finally, respondents strongly believe that their practice of Islamic business work ethics has a significant impact on their market performance and is thus a contributing component to their business success. When Muslim women entrepreneurs are categorized by age, there is no substantial variation in the degree of application of work ethics.*

**Keywords—** Muslim Women, Business Work Ethics, Operational Performance, Santiago City, Philippines

## 1. INTRODUCTION

Entrepreneurship is the economic engine of any economy. It is crucial for economic growth and for business owners to earn and expand profits in order to offer a return on investment. Entrepreneurship has long been recognized as the engine of economic progress. To a significant extent, this has been shown. The level of entrepreneurial activity in a region determines a country's level of economic growth. Business activity is critical to growth and prosperity in many countries (Malinao & Hernando, 2021). Part of the community that is accepted as important in the development of a community is Entrepreneurship. And entrepreneurs play a vital role in solving the problems faced by society by finding various alternatives to address these problems. Thus, it is no wonder this area is identified as a potential catalyst for the development of the national economy. SMEs contribute significantly to the development of the economy. Like many other countries, Small enterprises involve a diverse range of industries. It is interesting to note that most of the above-mentioned categories of SMEs are owned by women entrepreneurs (Abdul et al., 2014; Abdul, 2017). According to Lu et al. (2020) as cited in the study of Malinao and Ebi (2022), Small and medium-sized firms (SMEs) are critical drivers of development, job creation, and commercial prospects in many economies.

Islam is a way of life, including in business. Entrepreneurship is the most important contributor to a country's economic progress. Islam emphasizes business as a source of revenue. Islam always urges its adherents to get involved in business. The concept of goodness is defined in the Quran in many aspects, including business. It is critical for all Muslim entrepreneurs to instill and grow Islamic entrepreneurship since Islam fosters kindness, harmony, and justice in all of its followers. According to Islamic entrepreneurship, the individual must first be a religious person, then a practitioner who submits entirely to the Almighty. They must have different attributes than other sorts of entrepreneurs. Muslim entrepreneurs must first believe in Allah's oneness and that there is nothing worthy of worship except Allah. Economic activity has total freedom under Islam. Within limits, Muslims can start, manage, and organize any type of economic venture. Islam is an entire way of life. Islam does not distinguish between business and religion. Islam has its own entrepreneurial culture as well as thorough guiding principles derived from the Qur'an. Worship, as a commercial activity, will motivate a Muslim to become a successful entrepreneur in this world and the next. As a result, it is advised that Muslims invest in business in order to enhance their lives and indirectly provide employment to others, in accordance with the Prophet's traditions described

before. Other means are mentioned in the Prophet's hadith (Abdul, 2006; Vargas Hernandez, et al., 2010; Davis, 2013; Abdullah et al., 2014; Che Mohd Zulkifli & Che Omar Ana Siti Sarpina Saripuddin, 2015 )

Business and trade between Muslims are not new. Various offenses in business ethics, such as bribery, breach of trust, usury, and others, are committed by merchants or businesses in the age of globalization. As the number of cases of dishonesty, discrimination, and inequitable relationships between buyer and seller increases, ethical behavior in an organization can no longer be disregarded. Furthermore, fraudulent, unfair, and thoughtless sales acts are conducted for financial gain. In response to the challenges of globalization, businesses must demonstrate a strong commitment to ethics in order to maintain credibility, image, and reputation in the eyes of the community, consumers, and other stakeholders (Che Mohd Zulkifli & Che Omar Ana Siti Sarpina Saripuddin, 2015). It is worth noting that the majority of small enterprises are held by women entrepreneurs, particularly Muslims. As a result, this study investigated the entrepreneurial qualities, motives, and issues encountered by Muslims conducting business in Santiago City, Philippines. Furthermore, the degree of application of Islamic business work ethics among Muslim entrepreneurs in Santiago City, Isabela, Philippines was assessed when grouped by age, as well as its perceived impact on operating performance.

**2. RESEARCH METHODOLOGY**

The study utilized the quantitative approach using the survey as a strategy. It is more efficient to study the problem with the descriptive-inferential research method in order to get exact answers to the research question from different viewpoints. This aimed to gather data on the part of Muslim Women Entrepreneurs in Santiago City, Isabela, Philippines. A total of 45 Muslim Women entrepreneurs served as the respondents of the study through the convenience sampling technique. The effort was endeavored for academic purposes, in which respondents' identity was kept confidential. Data via intercept surveys were gathered among the Muslim Women Entrepreneurs within Santiago City. The instrument used in this study researcher-made questionnaire that underwent a validation process: Expert pooling, Refinement, Field Testing, and Final Refinement. Comments and suggestions from 3 experts were incorporated into the. Research instrument Cronbach alpha >.70, thus, valid and reliable. The weighted mean, frequency counts, t-test, and ANOVA were employed in this study.

**3. RESULTS AND DISCUSSIONS**

**3.1. Entrepreneurial Characteristics of Muslim Women Entrepreneurs**

**Table 1. Weighted Mean on Entrepreneurial Characteristics of Muslim Women Entrepreneurs**

Entrepreneurial Characteristics	Mean	DI
I possess a positive attitude	3.81	VGE

I am honest	3.87	VGE
I am goal-oriented	3.81	VGE
I can balance life and work	3.79	VGE
I am confident that I can make it	3.74	VGE
I am a strong-minded person and entrepreneur.	3.74	VGE
<b>Grand Mean</b>	<b>3.79</b>	<b>VGE</b>

Legend: 2.51-3.25=Great extent (GE); 3.26-4.0=Very great extent (VGE)

Table 5 presents the entrepreneurial characteristics of Muslim women entrepreneurs in Santiago City, Isabela, Philippines. In general, results reveal that Muslim women possess the positive attributes of an entrepreneur. They have a positive outlook on life, they are living with the guidance of Islamic business work ethics, and they have a goal to accomplish because they believe capabilities to manage a business. More so, they have the ability to balance work and family. Hence, they believe that they can be successful in running their small business and eventually will grow. This implies that these qualities will enable them to reach what they are aiming for, and that is to expand their businesses so that they may be able to support their families. According to Anggadwita et al. (2015), due to the characteristics of these Muslim Women entrepreneurs, would make changes in social values and economics.

Skills/competences, according to Malinao (2021), would assist entrepreneurs in running a firm efficiently. It is critical to be creative and to seek out attractive chances from unfilled demands. To be effective, proper planning and hard work are required.

**3.2. Motivations of Muslim Women Entrepreneurs**

**Table 2. Weighted Mean on Motivations of Muslim Women Entrepreneurs in conducting their Business**

Motivations	Mean	DI
Interest/Passion	3.50	VGE
Additional Income	3.33	GE
Religion	3.17	GE
To support Family	3.83	VGE
<b>Grand Mean</b>	<b>3.45</b>	<b>VGE</b>

Legend: 2.51-3.25=Great extent (GE); 3.26-4.0=Very great extent (VGE)

Results show that there are a lot of motivations of Muslim women entrepreneurs in pursuing their businesses. In general, Muslim entrepreneurs are motivated in pursuing their businesses as it yielded a mean of 3.45 with a qualitative description of "Very Great Extent". It can also be gleaned from the table that Muslim Women Entrepreneurs pursue their business primarily to gain additional profit to support their family members. This implies that Muslim women entrepreneurs are so attached to their families that they are willing to do everything for the sake of their families. Vroom's

Expectancy Theory, a cognitive process theory of motivation based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive for their effort and performance, backs up the preceding findings. People will be driven if they believe that putting in the effort will result in good performance, and that high performance will result in the desired rewards. In this study, Muslim women labor hard in their businesses in order to earn a profit and assist their family members' money.

### 3.3. Problems Encountered by Muslim Women Entrepreneurs

**Table 3. Weighted Mean on Problems Encountered by Muslim Women Entrepreneurs**

Problems Encountered	Mean	DI
Malls	2.67	GE
Lack of finance	2.50	GE
Customer loyalty	2.50	GE
Season	3.00	GE
Location problem	2.33	SE
Scarcity on Supply	2.50	GE
<b>Grand Mean</b>	<b>2.58</b>	<b>GE</b>

Legend: 2.51-3.25=Great extent (GE); 3.26-4.0=Very great extent (VGE)

Results in the foregoing table show that there are problems encountered by Muslim Women entrepreneurs selling products and providing services to Iloko customers in Santiago City. Results show that the establishment of malls within their area, lack of capital, the unpredictable season, and scarcity of supply are the main problems of Muslim entrepreneurs in the City of Santiago. It should also be mentioned that the biggest issue for Muslim women entrepreneurs is developing or maintaining loyal consumers. This could be attributable to the fact that these sellers are still learning about Ilocano purchasing habits. According to Ellis (2013), loyalty is difficult to obtain because entrepreneurs focus on the wrong things while attempting to establish relationships with their clients. Entrepreneurs must establish transactional and customer service relationships. They must endeavor to engage with their clients in ways other than meeting their needs and expectations. Entrepreneurs can accomplish this by getting to know their clients well.

### 3.4. Degree of Application of Islamic Business Work Ethics

It can be seen in table 4 the mean results on the degree of application of Islamic Business Work Ethics when grouped by Age among Muslim Women Entrepreneurs in Santiago City, Philippines. Results reveal that Muslim Women Entrepreneurs do apply Islamic work ethics in doing their business. This means that they use these ethics as their guide in conducting their business. It can also be

seen on the table that Piety or Taqwa or their devotion to God and Haqq or observance of Truth and right serve as their first and foremost guide as it gained the highest mean. This implies that even though the primary goal of doing a business is to earn a profit, Muslim women entrepreneurs still value Islam Ethics. It is vital for all Muslim entrepreneurs to instill and cultivate Islamic entrepreneurship as Islam promotes kindness, harmony, and justice in all its believers. According to Vargas Hernandez et al. (2010), Islamic entrepreneurship requires the individual to be a religious person first, then a practitioner who submits only to the Almighty. Muslim entrepreneurs must first believe in Allah's oneness and that there is nothing worthy of worship except Allah (Abdul, 2006). Respondents, on the other hand, have a high degree of ability to treat clients, Qist, or Equity equally.

Additionally, it can also be noted on the table that means of the same letter in rows shows insignificant results at a .05 level of significance. There is a comparable result of the respondents on the application of Islamic Business Work Ethics when grouped by age. All indicators were found to be comparable states as their p-values are higher than 0.5. This suggests the acceptance of the null hypothesis which states that there is no significant difference in the degree of application of Islamic Work Ethics when grouped by Age. Hence, the null hypothesis is accepted.

According to Yeboah-Assiamah (2014), the primary Islamic ethical principles for Islam traders include sincerity, honesty, humility, price fairness, truthfulness, and love for consumers and fellow traders.

**Table 4. Degree of Application of Islamic Business Work Ethics when grouped by Age.**

Islamic Business Ethics	20 and below		21 – 30		31 - 40		41 and above	
	Mean	DI	Mean	DI	Mean	DI	Mean	DI
Khayr	3.67 <sup>A</sup>	VG E	3.36 <sup>A</sup>	G E	3.92 <sup>A</sup>	VG E	3.40 <sup>A</sup>	GE
Haqq	3.33 <sup>A</sup>	GE	3.36 <sup>A</sup>	G E	3.75 <sup>A</sup>	VG E	3.40 <sup>A</sup>	GE
Taqwa	4.00 <sup>A</sup>	VG E	3.45 <sup>A</sup>	G E	3.92 <sup>A</sup>	VG E	3.60 <sup>A</sup>	VG E
Qist	3.17 <sup>A</sup>	GE	3.09 <sup>A</sup>	G E	3.50 <sup>A</sup>	VG E	3.00 <sup>A</sup>	GE
Grand Mean	3.67 <sup>A</sup>	VG E	3.27 <sup>A</sup>	G E	3.92 <sup>A</sup>	VG E	3.60 <sup>A</sup>	VG E

Legend: VGE= Very Great Extent; GE= Great Extent  
Mean of the same letter in rows shows comparable results at .05 level (ANOVA)

### 3.5. Perceived Impact of Islamic Business Work Ethics on Business Growth (Operational Performance)

**Table 5. Perceived Impact of Islamic Business Work Ethics towards Business Growth (Operational Performance)**

Business Growth	Male	
	Mean	DI
Good Ethical Practices increase repeat purchases among customers.	3.26	A
The business revenue has seemingly increased due to ethical practices and fast inventory turnover.	3.35	A
The ethical standard in our business has contributed to the growth of our sales volume.	3.26	A
The business ethical standard has improved our business capital.	3.20	A
The business's overall financial rating has increased as a result of our strong ethical practices.	3.25	A
Average	3.27	A

Legend: A- Agree

Table above shows the mean score on the perceived impact of the application of Islamic Business Work Ethics among Muslim women entrepreneurs in Santiago City, Isabela. It can be seen that respondents agree that by practicing good work ethics, there are customers who keep on coming back, thus, increasing the sales, then eventually improving their income and having something to add to their working capital. Hence, good practice or application of Islamic Business work ethics improves the overall operational rating of the businesses owned by Muslim Women.

#### 4. CONCLUSIONS

Based on the results, the following are forwarded:

- (1) Findings revealed that Muslim Women possesses characteristics of being an entrepreneur, therefore, they keep on believing that they are capable of running a business;
- (2) Increasing their income to support their own family serves as their motivation to continue doing business;
- (3) Muslim women entrepreneurs find difficulty in gaining loyal customers in Santiago City, Isabela as they are still learning the cultures, preferences, and buying behaviors of Iloko customers;
- (4) Muslim women entrepreneurs in Santiago City, Isabela, Philippines apply Islamic business work ethics to a very great extent. Businesses must run for profit, however, they value the loyalty of customers which is why they make Islamic work ethics their guide in conducting their business and in dealing with customers. On the other hand, there is no significant difference in the degree of application of work ethics when grouped by age among Muslim women entrepreneurs

(5) Lastly, respondents agree that their practice of Islamic business work ethics greatly affects their performance in the market, hence, a contributory factor to their business growth.

#### 5. IMPLICATION TO THEORY AND PRACTICE

Based on the conclusions, the following are the implications to theory and practice:

- (1) There is a need for the Local government to review the status of the business of the Muslim entrepreneurs. In doing so, the government should provide a proper place for the Muslim entrepreneur so that the consumer will recognize their product.
- (2) There is a need to capacitate these Muslim women entrepreneurs on how to know their customers well.
- (3) There is a need for the students to recognize the factors that they could consider when choosing a business in the future. In relation to this, the students will be able to adopt the entrepreneurial ethics as their strategy for gaining loyal customers.

#### References

- Abdul, I. (2017). Muslim Women Entrepreneurs Motivation in SMEs: A Quantitative Study in Asia Pacific Countries. *Asian Economic and Financial Review*, 7, 27-42. <https://doi.org/10.18488/journal.aefr/2017.7.1/102.1.27.42>
- Abdul, G., (2006). Paradigm Shift from Capitalism to Islamic Economics. Working Paper in Islamic Economics and Finance No. 0608.
- Abdul, I., Basir, S., Muwazir, M., & Hashim, R., (2014). Motivations of Muslim Women Entrepreneurs in Malaysian SMEs.
- Abdullah, N., Hassan, K., & Yusof, R. (2014). A Preliminary Study of Rural Women Entrepreneurs: Characteristics and Business Success Factors. *International Review of Social Sciences and Humanities*, 7(2), 172-181.
- Anggadwita, G., Mulyaningsih, H., Ramadani, V. & Arwiyah, Y. (2015). Women Entrepreneurship in Islamic Perspective: Driver for Social Change. *International Journal of Business and Globalisation*, 15. <https://doi.org/10.1504/IJBG.2015.071914>
- Che Mohd Zulkifli & Che Omar Ana Siti Sarpina Saripuddin (2015). Concept of Business Ethics in Islam - Approach to the Entrepreneur. *Asian Economic and Social Society*, 5(1), 13-18.
- Davis, M., (2013). Entrepreneurship: An Islamic Perspective. *International Journal of Entrepreneurship ad Small Business*. Vol. 20, No.1

Ellis, D., (2013). Why is Customer Loyalty so hard to Get? And how can you get it Now? Target marketing. [www.targetmarketingmag.com](http://www.targetmarketingmag.com)

Malinao, C.W.M. & Hernando, F. (2021). Are people in Ifugao, Philippines Entrepreneurial?. *International Journal of Management & Entrepreneurship Research*, 3(6), 208-217. <https://doi.org/10.51594/ijmer.v3i6.239>

Malinao, C. W. (2021). Are people in Ifugao Philippines Entrepreneurship? Shedding Light on Entrepreneurial Characteristics, Motivations, Challenges, and Intentions among Ifugao. *International Journal of Entrepreneurship, Business and Creative Economy*, 1(2), 45–53. <https://doi.org/10.31098/ijebce.v1i2.517>

Malinao, C.W.M., & Ebi, R. (2022). Business management competencies as the driver of Small-medium enterprises' survival during COVID-19 Pandemic. *Puissant*, 3, 296-315

Vargas Hernandez, J. G., Noruzi, M. R. and Narges, S. (2010). An Exploration of the Effects of Islamic Culture on Entrepreneurial Behaviors in Muslim Countries. *Asian Social Science* 01/2010.

Yeboah-Assiamah, E. (2014). Islamic Work Ethics; Perspectives of Muslim Market Women in Kumasi Central Market, Ghana. *Journal of Studies in Social Sciences*, 9(1), 83-100.