



Islamic Values Amplify Entrepreneurial Confidence Through Self-Efficacy

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Abstract

This study examines the impact of Islamic values on the entrepreneurial behavior of Muslim business owners within the Nahdliyyin Entrepreneurs Association (HPN), with self-efficacy serving as an intervening variable. Using a quantitative approach, the research employs structural equation modeling – partial least square (SEM-PLS) and purposive sampling. Data was gathered from 92 Muslim entrepreneurs who met the criteria, through an online questionnaire distributed via Google Forms. The analysis was conducted using SmartPLS4 software. The findings reveal that both Islamic values and self-efficacy significantly and positively influence the entrepreneurial behavior of Muslim entrepreneurs. However, self-efficacy does not mediate the relationship between Islamic values and entrepreneurial behavior. These results suggest that while Islamic values and self-efficacy individually contribute to entrepreneurial behavior, the mediating role of self-efficacy may require further investigation. The study highlights the importance of fostering Islamic values and personal confidence to enhance entrepreneurial success.

Keywords: *Entrepreneur behavior, Islamic values, Nahdliyyin entrepreneurs Association, self-efficacy, SEM-PLS*

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1. INTRODUCTION

Islam is the most perfect religion in all respects. One of the perfections of Islamic law is to require its people to work and do business in the right way and avoid everything Allah SWT prohibits. The growth of Muslims in the world has strengthened Islam as a religion and placed Islamic teachings in various sectors, including entrepreneurship. Currently, many businesses run by Muslims are Sharia-based. The Sharia economy has become a global trend attracting many parties' attention. Indonesia is no exception to play a role in it. As a country with a majority Muslim population, Indonesia has great potential in developing a sharia economy. Along with increasing public awareness of the potential and prospects of the Islamic economic system, Indonesia has also seen a growth in economic institutions based on Islamic values and teachings.

Faizal et al (2022) stated, "Islam encourages its people to do business, entrepreneurship, and trade by making the Prophet Muhammad SAW. the main example." Following the rules that have been set and must be followed by all Muslims based on the Al-Quran and hadith. As stated by Machmud, A., & Hidayat (2020) "Entrepreneurship is part of the Islamic Economic System with principles derived from the Al-Quran and Al-Hadith." The concept and practice of entrepreneurship in Islam goes beyond simple activities in doing business; but also creates wealth, generates profits, and benefits many people. In line with the opinion of Bintang et al., (2023), which states that "the viewpoint of Islam, entrepreneurship is characterized as the capacity to establish fresh enterprises or initiatives, driven not solely by the pursuit of material wealth but also by the aspiration to attain spiritual advantages through worship-inspired activities."

One of the main pillars of the Islamic economy is the Muslim entrepreneur, who is an important role player in the global economy. They are driven by Islamic values to run their business ethically and responsibly. Anggadwita & Dhewanto (2016) proposed that "entrepreneurship behavior is influenced by personal attitude where the social perceptions are strong." In the Islamic context, the behavior and characteristics of an entrepreneur have a significant positive relationship with the practice of Islamic values (Ahmad & Kadir, 2013). Hard work and conducting business under Islamic ethics are the main factors that encourage an entrepreneur to achieve profit and success in running a business. An entrepreneur's success also depends on the characteristics of the entrepreneur and the practice of Islamic values adopted by them.

Kamsah et al. (2006) in Muamar & Bagis (2022) stated that "entrepreneurial personality in an Islamic perspective refers to the personality of a Muslim entrepreneur that influences his actions and how to address problems based on Islamic values." The business behavior of a Muslim entrepreneur can be seen from his devotion, trustworthy attitude, kindness, and the way he serves his buyers or customers in a friendly manner, and all his business activities are only done for worship alone. Moreover, Omri et al. (2017) also found "Islamic work ethics to moderate the relationship between creativity and entrepreneurial behavior." They conclude that individuals with stronger Islamic beliefs are more likely to be involved in creative skills and thus positively influence entrepreneurial behavior (Rehan et al., 2019). In fact, previous research conducted by Anggadwita et al. (2017) found that currently, the interest of Muslims in building businesses that follow Islamic values is considered relatively low, even though Indonesia is a country with a majority Muslim population. Self-efficacy, or self-belief, is believed to be an intervening variable that connects Islamic values with the behavior of Muslim entrepreneurs. Muslim entrepreneurs with high self-efficacy will be more confident in running their businesses following Islamic values.

The Ministry of Cooperatives and SMEs of Indonesia in 2021, said that "Indonesia's entrepreneurship ratio is calculated at 3.47%, which means that it is still relatively far behind other countries, namely Thailand and Malaysia, which are already above 4.5%, and Singapore reached 8.76%, and developed countries are at a ratio of 10-12%." Developed countries can be said to have a stable economy when the number of people who have become entrepreneurs is 14 percent (Wardani & Nugraha, 2021). Other data explains that Indonesia's entrepreneurship is ranked 75th out of 150 countries worldwide. Meanwhile, at the Southeast Asian level, Indonesia is ranked fifth out of ten countries surveyed. However, Indonesia has experienced a quite good increase compared to before. Furthermore, this research aims to analyze the target of the Indonesian government in 2024 is to increase the entrepreneurship ratio to reach 3.95% per Presidential Regulation Number 2 of 2022 concerning National Entrepreneurship Development (Ermawati, 2024).

The growth of Muslims in the world has strengthened Islam as a religion and placed the teachings of Islam in various sectors, including entrepreneurship. Currently, many businesses are run by Muslims that are based on Sharia. A Sharia business is a business that is run based on the teachings of Islam, ranging from products that are traded and morals in trading to the concept of halal in the business. Because of considering many things, experts call this type of business that adheres to Sharia principle and pays attention to many human rights. So it can be said that businesses with Sharia principles are not only run to make profits. Therefore, for Indonesia to achieve the ideal ratio between entrepreneurs and residents, this study tries to find the right method by taking the research object in the Nahdliyyin Entrepreneurs Association (HPN).

Where the Indonesian Nahdliyyin Entrepreneurs Association (HPN) is one of the largest Islamic organizations in Indonesia, has access to the NU entrepreneur network and has the goal of realizing nahdliyyin entrepreneurs who have a strong character, dignity, creativity, and high competitiveness as well as Islamic business ethics in a professional HPN forum in the context of realizing just prosperity and prosperity for all people or ummah and increasing national resilience Indonesia amid regional and international economic turmoil (Wikipedia, 2023). In HPN, entrepreneurs get support, relationships, and coaching in entrepreneurial development, which can later maximize and foster entrepreneurial desires, which can eventually contribute to or produce young entrepreneurs. Where Nahdlatul Ulama is the number one largest religious organization in Indonesia, which means that when the economy of all nahdliyyin citizens is running strongly, then around 56.9 percent of the total population in Indonesia is already empowered in terms of the economy. As stated by the Chairman of the Executive Board of Nahdlatul Ulama, "2023 yesterday, the last time the Indonesia Survey Institute surveyed it, people who claimed to be NU were 56.9 percent of the entire population of Indonesia". (Zaman, 2023)

The next step is to stabilize the number of entrepreneurs with the population of Indonesia. This research is expected to provide a deeper understanding of the influence of Islamic values on Islamic entrepreneurial behavior of Muslim entrepreneurs who are members of Nahdliyyin Entrepreneurs Association (HPN) and Self-efficacy as an intervening variable. Quoting Buya

Hamka in a book written by Ahmad Rifa'i Rif'an (2019), Buya Hamka is the first chairman figure in the Ulema Council (MUI) organization, he advised "if life is just life, pigs in the forest also live, if work is just work, apes also work" With this parable, Rifa'i explained that if the quality of our lives is just living a flowing life without meaning, So what is our difference from the wild boar that we have been humbling all this time. If every day we work and work only to meet the needs of life without a higher purpose, what is different from apes who also work every day to meet the needs of life? Then the results of this study will provide valuable input for developing entrepreneurship based on Islamic values. Thus, Muslim entrepreneurs in Indonesia have great potential to develop an Islamic economy by applying Islamic values in running their businesses.

2. LITERATURE REVIEW

Islamic Values

From an Islamic perspective, entrepreneurship is one aspect of life that is included in mu'amalah, which includes issues related to horizontal relations between humans and will be accounted for in the afterlife. The entrepreneurial spirit in the Quran verses Hud: 61, Al-Mulk: 15, and Al Jumua'h: 10 shows that humans are ordered to prosper the earth and bring it in a better direction. Besides, they are also ordered to seek fortune. According to (Anggadwita et al., 2017). Muslim entrepreneurs uphold the rules, including not harming others, buying and selling regulations based on Islamic law, and establishing good social relations. Islam has a multidimensional view of various aspects of human life and emphasizes that business efforts are not only for the world but are far from material and economic alone, but seek the pleasure of Allah and blessings in everything that is done (Talatappah & Tavalae, 2016)

Islamic values are the actualization of a person's behavior in carrying out activities every day. Therefore, the decisions made by a person are influenced by the level or degree of Islam as well as a person's habitual or cultural background. In line with the facts found by (Sedkaoui et al., 2022), "existing literature reveals that religion, which intervenes in the formation of behavior and attitudes, plays an important role globally in entrepreneurial behavior. Analyses of the impact of religion on business management and entrepreneurship suggest a causal relationship." In the field of culture, religion has a prominent position because, as a doctrine of life, it influences individual decision-making, society, and the state.

The characteristics of Islamic entrepreneurship are as follows:

1. Firstly, the purpose of business is not to create wealth and make profits alone but to create jobs for others based on faith and prosperity for many people and to achieve the pleasure of Allah. (Machmud, A., & Hidayat, 2020)
2. Second is internalizing the five characteristics of Muslim entrepreneurs, namely *sidiq*, *Amanah*, *tabligh*, *fathonah* and *istiqomah*. (Anggadwita et al., 2017)
3. Third, doing business ethically by upholding truth, morality, and vision is based on the fear of Allah and the hope of achieving social welfare, halal income, and blessings. (Ahmad & Kadir, 2013)
4. Fourth, carrying out managerial tasks by adhering closely to moral principles, in this case the Qur'an and sunnah. (Faizal et al., 2022)

Self-Efficacy

Self-efficacy is a belief in a person's ability to function better in carrying out tasks to achieve the expected level of performance, with indicators a positive attitude, endurance, and facing challenges. (Nur'ain & Bakri, 2018). Meanwhile, according to Fitrianiingsih et al., (2023) Self-efficacy is a personal belief in one's ability to organize and the series of actions needed to achieve the specified type of performance. "Self-efficacy is an individual's belief in his ability to organize and carry out the actions needed to achieve predetermined goals" (Vebrina, 2021).

Self-efficacy is an element of personality that develops through individual observations of consequences and actions in certain situations (Mala et al., 2019). Individual perceptions of themselves are formed during their lifetime through reward punishment from people around them (Ghufron & Suminta, 2016). Based on several opinions expressed above, it can be concluded that self-efficacy or self-efficacy is a sense of trust that exists in a person to complete tasks effectively and efficiently to get results as expected. Efficacy indicators refer to 3 dimensions, namely the level dimension, generality dimension, and strength dimension. Brown quoted by Yunianti et al., (2016) formulated several indicators of self-efficacy, namely:

- a) "Believed to be able to complete certain tasks, individuals believe that they can complete certain tasks, in which individuals set what tasks (targets) must be completed.
- b) Confident that you can motivate yourself to take the actions needed to complete the task. Individuals can foster motivation in themselves to be able to choose and take the actions needed to complete the task.
- c) He believes that he is able to try hard and persevere. Individuals exert a lot of effort to complete the tasks set by using all the power they have.
- d) A belief that oneself is able to face obstacles and difficulties. Individuals are able to survive when facing difficulties and obstacles that arise and are able to rise from failure.
- e) Confident that they can complete tasks that have a wide or narrow range (specific). Individuals believe that they can complete any task, whether it is broad or specific."

Islamic Entrepreneur Behavior

"Entrepreneurship as a part of Islamic economics and businesses is related to pursuing opportunity beyond controlled resources. Every business and entrepreneurial activities that are consistent with the Islamic teachings are considered as the worship to Allah SWT. All types of practices in accordance with Islamic guidelines and stipulations are counted as good deeds and will be rewarded by Allah SWT." (Faizal et al., 2022).

Islamic entrepreneurship means all forms of activity in establishing, leading, managing, taking risks, and becoming a business owner according to Islamic teachings. Makhrus & Cahyani (2017) state that "Ethics is a normative field of science because it plays a role in determining what an individual should or should not do. In Islam, ethics is known in the Qur'an with *khuluq*; besides that, there are also other expressions such as *khair* (goodness), *birr* (truth), *qist* (equality), *'adl* (equality and

justice), *haqq* (truth and goodness), *ma'ruf* (knowing and approving), and *taqwa* (piety).”

Segaf (2022) found facts based on research he conducted in one of the pesantren in Indonesia, “Good and important actions in entrepreneurship based on the understanding of the informants can be categorized into three major groups, namely personal behavior, social behavior, and spiritual behavior. There are 12 *amal shaleh* that support personal entrepreneurial behavior according to informants in Pesantren Riyadlul Jannah, namely professional, tough, good prejudice, hard work, smart work, modest lifestyle, independent, responsive, enthusiastic, efficient, saving and willing to learn continuously.” Ethics in business shows that ethics is consistent with the purpose of business, especially in seeking a profit. Moreover, ethics is related to a good life habit in a person, society, or group (Mampa et al., 2022).

3. RESEARCH METHOD

The research methodology in this study is quantitative. This study aims to analyze one variable's cause-effect relationship to another (explanatory research) (Sekaran & Bougie, 2016). The population of this study is Muslim entrepreneurs who are members of the Nahdliyin Entrepreneurs Association (HPN). The Nahdliyin Entrepreneurs Association itself was chosen as an object to measure the behavior of Muslim entrepreneurs because it is an entrepreneurial organization under the auspices of the largest Islamic organization in Indonesia, namely Nahdlatul Ulama. The sample determination technique uses purposive sampling because the population cannot be calculated (Zikmund et al., 2013). The criteria for selecting respondents are (1) Muslim entrepreneurs who are members of the Nahdliyin Entrepreneurs Association or similar organizations; (2) Active members in the organization (3) Have a growing or advanced business with a range of > 6 months running. This criterion was chosen because Muslim entrepreneurs who are members of HPN organizations and the like have strong values and identities related to Islam, a strong commitment to religion, and a strong social network among fellow members. Then entrepreneurs who are active in the organization are considered to be actively participating, have a wider experience in interacting with other members and can provide better repression to the views and experiences of other members. For entrepreneurs who have been running their business for more than 6 months they tend to have a lot of experience, good business growth, and are relevant to learn effective and innovative business practices.

The data in this study was obtained through field research or surveys of respondents using structured questionnaires. Questions are given using a questionnaire compiled through Google Forms at intervals 1 to 5 and carried out using the Likert scale method (Sugiyono, 2016). The data was collected for one and a half months from May 10, 2024 to July 2, 2024. The data obtained were demographic screening and data for SEM-PLS analysis.

According to Sekaran & Bougie (2016), secondary data is collected for purposes other than the main problem. Data used for research that is not collected directly and intentionally for the project under consideration is called secondary data Hair et al., (2020). Analysis of the available secondary data is an important step in defining the primary problem. Primary data cannot be collected until the available secondary data has been fully analyzed. Secondary data in this study are theories collected from various sources such as journals, previous research, and books. This data is used to build the framework of the hypothesis used in this study. The determination of the sample size used in SEM analysis, is related to the number of parameters estimated in the model, the number of indicators, and the estimation technique used. Guidelines for determining sample sizes of more than 30 and less than 500 are appropriate for most studies Sekaran & Bougie, (2016). Hair et al., (2017; Shmueli et al., (2019) determined for the determination of the minimum number of samples from the number of indicators multiplied by 5 - 10. This study has 7 indicators of Islamic values variables, 5 indicators of self-efficacy variables, and 2 indicators of Islamic entrepreneur behavior, $7 + 5 + 2 = 14$ (min = $14 \times 5 = 70$, max = $14 \times 10 = 140$). This means that in this study, the number of samples needed to manage primary data is at least 70 respondents. As a result, the total number of respondents who participated in the online survey was recorded at 100 people. However, after going through the sample screening process, the members of the entrepreneur association who met the requirements were determined as many as 92 people. The data analysis technique uses PLS-SEM (partial least squares structural equation modeling) using SmartPLS4 software.

The steps of PLS analysis include the analysis of the Inner Model and Outer Model. The inner model describes the relationship between latent variables or variables that cannot be measured directly. The inner model analysis can be evaluated by using R-Square for the dependent construct, the Stone-Geisser Qsquare test for predictive relevance, t-test, and the significance of the coefficients of structural path parameters. Through bootstrapping (a non-parametric procedure that allows testing the statistical significance of the SEM-PLS variant that produces path coefficients, Cronbach's alpha, AVE, and R2 value), t-statistical test parameters are obtained to predict the existence of a causal relationship.

The outer model is a measurement model that connects indicators with latent variables used to assess the validity and reliability of the model. Outer model analysis was carried out to ensure that the measurement was feasible to be used as a valid and reliable measurement. Several indicators can be used to analyze the outer model: convergent validity, discriminant validity, composite reliability, Cronbach's Alpha, and AVE. The operationalization of variables can be seen in Table 1. The research framework can be seen in Figure 1.

Table 1 / operationalization of variables

No	Variables	Indicators	Scale
1.	Islamic Values	1. “Honesty 2. Willingness to work hard 3. Keeping promises 4. Orderly administration 5. Always pray 6. Paying zakat and alms	Interval 1 to 5

	7. Have a spirit of leadership” (Machmud, A., & Hidayat, 2020)	
2. Self-Efficacy	1. “Confident of completing the task 2. Confident that I can motivate myself 3. Believes that he/she is able to try hard, persevere and persevere 4. Believes that he is able to face obstacles and difficulties 5. Believes that he can complete tasks that have a wide or narrow range (specific)” (Brown in Yuniarti et al., (2016)	Interval 1 to 5
3. Islamic Entrepreneur Behavior	1. “Application of Islamic values in business practices 2. The concept of ownership and shared consciousness” (Makhrus & Cahyani 2017)	Interval 1 to 5

Source: Data Processed (2023)

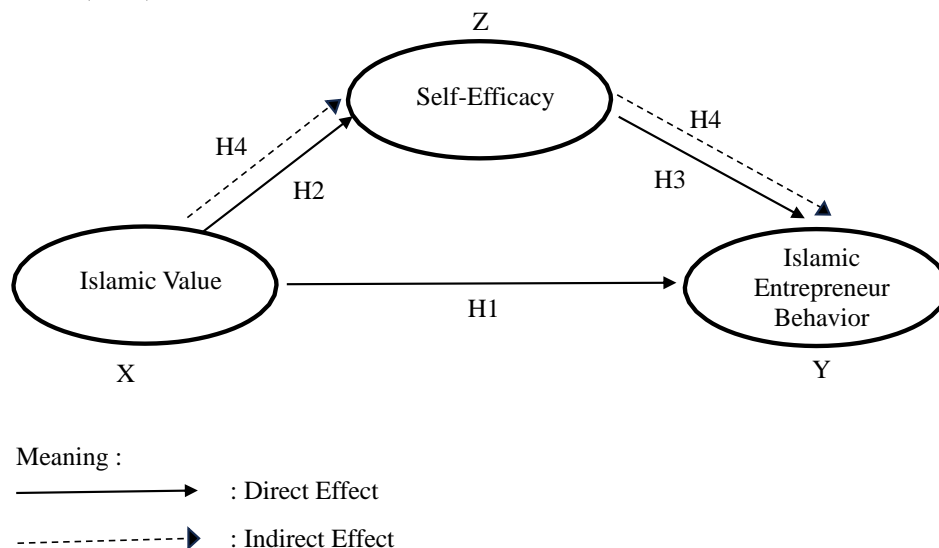


Figure 1. Conceptual Framework

From the conceptual framework above, the following hypotheses can be drawn:

H1 : Islamic values have a direct effect on Islamic entrepreneur behavior

H2 : Islamic values have a direct effect on self-efficacy

H3 : Self-Efficacy has a direct effect on Islamic entrepreneur behavior

H4 : Islamic values have an indirect effect on Islamic entrepreneur behavior through self -efficacy

4. RESULTS AND DISCUSSION

4.1 RESULTS

The majority of respondents are women (56.5%) with an estimated age of 25 – 45 years who have an average income of more than 5 million every month and have been running a business for more than 6 months. This means that most of the respondents are used to and reliable in managing businesses and employees. The educational background of the respondents was mostly strata 1 graduate (64.1%), diplomas (20.7%), junior and senior high school graduates by 14.1% and 1% doctors. These entrepreneurs already have experience and skills in running their business because they have been running it for an average of 2 – 5 years. Respondents who participated in this survey were within the scope of East Java Province. Their businesses are diverse and dominated by goods (57.6%) and services (22.8%); the rest include culinary, agribusiness, tourism, retail, and health businesses. This demographic condition is the foundation for entrepreneurs in running their businesses, determining strategies for competing healthily in every business field they run, and increasing synergy between entrepreneurs in developing their businesses.

4.1.1 Measurement Model (Outer Model)

4.1.1.1 Convergent Validity

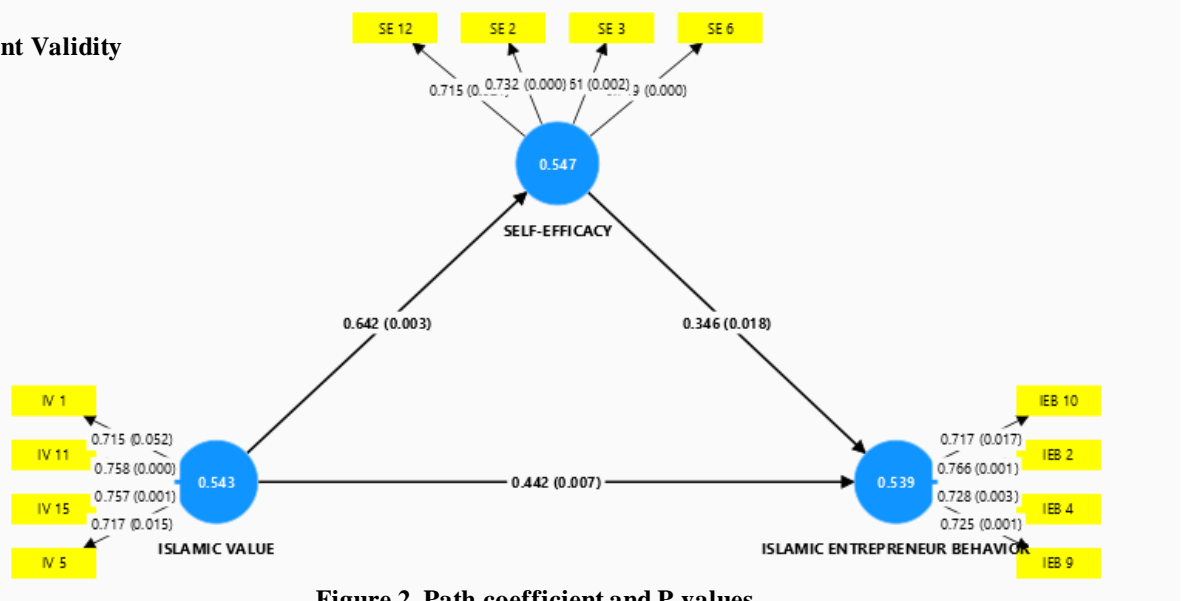


Figure 2. Path coefficient and P values

Several items were invalid in the outer model test carried out in 1 round because the loading factor value < 0.70. The loading factor value uses a reference from Hair et al., (2019) above 0.70 so that for items below 0.70, it is removed. All and declared valid which means that the item reflects the deduction of variables. The Islamic value indicators declared invalid and reliable are **keeping promises, orderly administration, and paying zakat and alms**. In the mediation variable (self-efficacy), one indicator is declared invalid and reliable, so it is deleted; namely, the indicator **believes that he can face obstacles and difficulties**. And in the dependent variable (islamic entrepreneur behavior), no indicators are eliminated.

Table 2 / Convergent Validity

Variabel	Indikator	Item Pengukuran	Outer Loading	Cronbach's Alpha	Composite Reability	AVE
Islamic Entrepreneur Behavior	Application of Islamic values in business practices The concept of ownership and shared consciousness	IEB 2	0.717	0.715	0.824	0.539
		IEB 4	0.766			
		IEB 9	0.728			
		IEB 10	0.725			
Islamic Value	Honestly Willingness to work hard Always pray Have a spirit of leadership	IV 1	0.715	0.720	0.826	0.543
		IV 5	0.717			
		IV 11	0.758			
		IV 15	0.757			
Self-Efficacy	Confident in completing the task Confident that I can motivate myself Believes that he/she is able to try hard Believes that he can complete tasks that specific	SE 2	0.732	0.724	0.828	0.547
		SE 3	0.761			
		SE 6	0.749			
		SE 12	0.715			

Source: Data Processed (2023)

Table 2 contains the results of convergent validity tests. The variable of Islamic entrepreneur behavior is measured by 4 (four) valid items, where the outer loading value is located between 0.717 and 0.766, which shows that the four measurement items are strongly correlated in explaining the behavior of Muslim entrepreneurs. The level of reliability of the Islamic entrepreneur behavior variable can be accepted with a composite reliability value of 0.824 > 0.70, which shows that each item that measures the Islamic entrepreneur behavior variable is consistent or reliable. Convergent validity is defined by AVE 0.539 > 0.50. Among the four valid measurement items, the behavior of Muslim entrepreneurs is seen to be more strongly reflected by IEB 4 (LF=0.766), namely the application of Islamic values in business practices. In a study by Makhrus & Cahyani (2017), the IEB 4 has an LF of 0.766 > 0.70, which means that this item is valid for measuring the variable of Islamic Entrepreneur Behavior. Every change in the variable of Islamic Entrepreneur Behavior will be reflected in the variation of IEB 4 of (0.766 x 0.766 = 58.6%). Likewise, each item's Islamic value and self-efficacy variables in the table are declared valid and reliable when measuring these variables.

4.1.1.2 Discriminant Validity

Table 3 / Cross Loading

	Islamic Entrepreneur Behavior	Islamic Value	Self-Efficacy
IEB 10	0.717	0.535	0.390
IEB 2	0.766	0.439	0.470
IEB 4	0.728	0.489	0.432
IEB 9	0.725	0.483	0.548
IV 1	0.390	0.715	0.502
IV 11	0.573	0.758	0.496
IV 15	0.532	0.757	0.478
IV 5	0.444	0.717	0.414
SE 12	0.407	0.443	0.715
SE 2	0.512	0.511	0.732
SE 3	0.469	0.475	0.761
SE 6	0.465	0.465	0.749

Source: Data Processed (2023)

Validity discriminant is a form of evaluation to ensure that variables are theoretically different and empirically proven/statistically tested. Cross-loading is the evaluation of discriminant validity at the measurement item level. Here (see Table 3), each item of measurement of Islamic Entrepreneur Behavior (IEB 10, IEB 2, IEB 4, and IEB 9) has a higher correlation with the Islamic Entrepreneur Behavior variable than with other variables. Overall, each item is more correlated with the variables it measured, so the evaluation of discriminant validity is met.

Table 4 / Fornell and Lacker

	Islamic Entrepreneur Behavior	Islamic Value	Self-Efficacy
Islamic Entrepreneur Behavior	0.734		
Islamic Value	0.664	0.737	
Self-Efficacy	0.630	0.642	0.740

Source: Data Processed (2023)

The validity of discrimination must be evaluated by looking at the fornell and lacker criteria. The Fornell and Lacker criteria are that the root of the AVE variable is greater than the correlation between variables. Table 4 shows that the root of the AVE variable Islamic Entrepreneur Behavior is (0.734) greater than its correlation with other variables. So, the discriminant validity for the correlation variable is met. Thus, the overall evaluation of discriminant validity is met with other variables where the root of the AVE variable > the correlation between the variables.

4.1.2 Structural Model (Inner Model)

Table 5 / Direct effect and indirect effect

	F square	Path coefficient	T statistics (O/STDEV)	P values	Description
Direct Effect					
H1: Islamic Value -> Islamic Entrepreneur Behavior	0.235	0.442	2.696	0.007	Significant
H2: Islamic Value -> Self-Efficacy	0.702	0.642	2.925	0.003	Significant
H3: Self-Efficacy -> Islamic Entrepreneur Behavior	0.144	0.346	2.369	0.018	Significant
H4: Islamic Value -> Self-Efficacy -> Islamic Entrepreneur Behavior	-	0.222	1.949	0.051	Not significant

Source: Data Processed (2023)

Based on the structural model test in Table 5 above, the results of the hypothesis testing are as follows: The first hypothesis (H1) is accepted, namely that there is a significant positive influence on the improvement of Muslim entrepreneur behavior with path coefficient (0.442), t count (2.696 > 1.96) and p-value (0.007 < 0.05) every change in Islamic values will affect the behavior of Muslim entrepreneurs. This means that the greater the Islamic values that exist in an entrepreneur, the greater the influence on the behavior of Muslim entrepreneurs. However, even so, it can be seen that Islamic values' influence on Muslim entrepreneurs' behavior is still a moderate influence by looking at the Fsquare value at 0.235. Furthermore, the second hypothesis test showed a significant positive influence, as evidenced by the calculated t value of 2.925 > 1.96 and p values of 0.003 < 0.05 with a path coefficient of 0.642. This means that the greater the Islamic value of an entrepreneur, the more it affects the self-efficacy of an entrepreneur. The Islamic value variable has a significant positive effect on the self-efficacy variable with a very high level of influence, as evidenced by the Fsquare value of 0.702. Thus, the second hypothesis (H2) is accepted. In Table 5, we can see the effect of self-efficacy on Islamic entrepreneur behavior positive with a t-value of 2.369, greater than 1.96, and income p-values at 0.018 < 0.05 with a path coefficient of 0.346, which means that the third hypothesis (H3) is accepted. However, even

though it is stated that the self-efficacy variable is low, it is moderately affected by the behavior of Muslim entrepreneurs. This means that any changes in the self-efficacy variable will affect the behavior of Muslim entrepreneurs. Furthermore, the fourth hypothesis test tests the mediation effect of Islamic value variables on Islamic entrepreneur behavior through self-efficacy variables. The analysis results show that the path coefficient is 0.222, and the t-calculated t-value was $1.949 < 1.96$. The p-value was $0.051 > 0.05$, meaning the fourth hypothesis was declared negative and insignificant. Thus, the fourth hypothesis (H4) is rejected. This means the self-efficacy variable does not mediate between Islamic values and entrepreneurial behavior.

4.1.3 Goodness of Fit Model

Table 6 / R-square

	R-square
ISLAMIC ENTREPRENEUR BEHAVIOR	0.512
SELF-EFFICACY	0.412

Source: Data Processed (2023)

The statistical measure R square describes the variation in endogenous variables that can be explained by other exogenous/endogenous variables in the model. According to Chin & Marcoulides (1998), the qualitative interpretation value of R square is 0.19 (low influence), 0.33 (moderate influence), and 0.66 (high influence). Based on the results of the above processing (Table 6), it can be said that the joint influence of Islamic value and self-efficacy on Islamic entrepreneur behavior is 51.2% (moderate influence). The magnitude of the influence of Islamic values on self-efficacy was 41.2% (moderate influence).

In addition to the SRMR value, SRMR is Standardized Root Mean Residual. In Yamin (2022), this value measures model fit, namely the difference between the data correlation matrix and the model estimated correlation matrix. In Hair et al. (2021), an SRMR value below 0.08 indicates a fit model. However, in Karin Schermelleh et al. (2003), SRMR values between 0.08 – 0.10 indicate an acceptable fit model. The model estimate result is 0.093, meaning the model has an acceptable fit match. Empirical data can explain the influence between variables in the model.

4.2 DISCUSSION

Based on the test results, exogenous variables partially have a significant and insignificant influence on endogenous variables. Three of the four submitted hypotheses were accepted, while one was rejected. In addition, the findings suggest that self-efficacy does not mediate indirect relationships between constructs. Judging from the value of the coefficients of each predictor, the positive relationship between Islamic value and self-efficacy has the highest estimate or dominant influence. This indicates that the formation of self-efficacy or dominant self-resilience comes from the understanding and application of Islamic values held and embraced by a person. This is in line with the findings in a study conducted by (2017), which found that the behavior of Muslim entrepreneurs is reflected in the Islamic values they hold. This supports previous research conducted by Makhrus & Cahyani (2017), which found that honesty, willingness to work hard, always praying, and having a leadership spirit positively and significantly influence Islamic entrepreneurial behavior.

The second hypothesis in this study illustrates a positive and significant relationship between Islamic values and self-efficacy in a Muslim entrepreneur. This result proves that Islamic values held and believed by a person will affect a person's self-endurance or self-efficacy. Entrepreneurs are considered to have high resilience, motivation, and confidence if they have a strong foundation or values they adhere to and apply to running a business. This aligns with the findings of Widiarti et al., (2024) that a believer should put his trust in Allah after doing all his best. And always express gratitude for their success and failure in running a business regardless of what happens. "Thus, the attitude of trust, patience, and gratitude of a believer are all related to self-efficacy, which is one of the determinants of the Quran."

The third hypothesis shows that self-efficacy positively and significantly influences Islamic entrepreneurial behavior. This means a person with high self-efficacy will form Islamic entrepreneurial behavior, adhering to the principles and guidelines they believe in. This means that a person with low self-efficacy will affect how they behave in entrepreneurship; their higher self-efficacy will be as good as their entrepreneurial behavior. As explained by (Ridho, 2024), self-efficacy plays an important role in shaping a person's mindset and behavior. If people are confident that they can succeed, they are more likely to take risks, work hard, and persevere in adversity.

On the contrary, self-insecurity can be an obstacle that hinders a person's potential. Understanding what self-efficacy is not only helps in personal development, but it can also positively impact various contexts, such as education, career, and interpersonal relationships. Therefore, it is important to constantly hone and strengthen one's efficacy to face the world confidently and optimistically.

The test results of the last hypothesis show that the self-efficacy construct does not have a positive and significant impact in mediating the indirect relationship between Islamic value variables and Islamic entrepreneur behavior. This is not unlike the previous study conducted by Marghareta & Damarwulan in 2021, which found that self-efficacy positively and significantly influences employee performance. Also opposed to the results of research conducted by Sephira & Selamat (2023). Based on the results of the first and third hypotheses, this is because a person who has high Islamic values will certainly affect their behavior in running a business following the religious rules they hold, and high self-confidence or self-efficacy is also proven to be able to influence the entrepreneurial behavior of a Muslim, because their confidence can bring them to become successful entrepreneurs. So the self-efficacy variable in this study is stated to be unable to mediate the Islamic value variable on Islamic entrepreneurial behavior, which means that every change in the self-efficacy variable does not affect the Islamic value variable on Islamic entrepreneurial behavior.

5. CONCLUSION

This study shows a positive and significant relationship between Islamic values and self-efficacy and the behavior of Muslim entrepreneurs. This shows that Islamic values can be important in encouraging entrepreneurial behavior and increasing individual self-confidence to become entrepreneurs. Then, the researcher also found that self-efficacy positively and significantly influences Islamic entrepreneurial behavior. This shows that an individual's self-confidence to become an entrepreneur can improve their Islamic entrepreneurial behavior. However, self-efficacy does not mediate the relationship between Islamic values and Muslim entrepreneurial behavior. Further research is needed to investigate more complex mediation mechanisms and develop more effective interventions to improve Islamic entrepreneurial behavior.

6. LIMITATION AND IMPLICATION

Based on the results of the study that show positive values and significance in the first, second, and third hypotheses (H1, H2, H3), but the rejection of the fourth hypothesis (H4), some limitations and implications need to be considered such as; **samples**, this study only uses samples from one specific population, so generalization of results to other populations needs to be done carefully and thoroughly; **methods**, this study uses quantitative methods, so a deeper understanding of the phenomenon being studied may require qualitative research; **measurement**, the measuring tools used may have limitations in accurately measuring the concepts of Islamic value, self-efficacy, and Islamic entrepreneurial behavior; **variables**, this study only considers a few variables that may affect Islamic entrepreneur behavior. Other variables not considered in this study may have a positive and significant influence.

In the findings of this study, with the acceptance of the first, second, and third hypotheses, it supports and becomes empirical data for previous research. The Islamic value factor has proven to drive entrepreneur behavior and increase individual self-confidence in entrepreneurship. However, Islam cannot be mediated by self-efficacy to influence Islamic entrepreneurial behavior. This suggests that the mechanism of influence of Islamic values on Islamic entrepreneurial behavior may be more complex than hypothesized in this study. This research paves the way for further research to examine the relationship between Islamic values and Islamic entrepreneur behavior in different populations, using qualitative research methods to gain a deeper understanding of the phenomenon being studied, developing more accurate measurement tools to measure the concepts of Islamic value, self-efficacy, and Islamic entrepreneur behavior; consider other variables that may have an effect on Islamic entrepreneur behavior like such as faith, education, social environment, organizational culture, government policies or economic conditions, and; investigate the mechanism of the influence of Islamic values on Islamic entrepreneur behavior in more depth.

With further research, our understanding of the relationship between Islamic value, self-efficacy, and Islamic entrepreneurial behavior can be improved, and the findings of this study can be used to develop more effective programs and interventions to encourage entrepreneurial behavior among individual Muslims.

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