

Spirituality, Religiosity and Economic Performances of Muslim Micro-Entrepreneurs

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This study assessed the impact of spirituality and religiosity on economic performance of micro-entrepreneurs. To achieve this objective, this study distributed survey to 400 Muslim micro-entrepreneurs. In this study, the spirituality is measured by using Islamic version of Spiritual Well Being (SWB) Scale while religiosity is measured by using Religiosity of Islam (RoI) Scale. The data were analyzed by using Multiple and Logistic Regressions. This study found that micro-entrepreneurs who own higher spirituality level in general are wealthier than thus who have lower spirituality level. However, it is religiosity that play significant role in enhancing micro entrepreneurs economic performance. These findings implicate that both variables can be utilized as materials of capacity building provided to micro-entrepreneurs in order to assist them to improve their business performance and to alleviate them out of poverty.

Keywords: Spirituality, Religiosity, Muslim Micro-entrepreneurs, income, poverty status.

1. Background

Spirituality has become an important issue in business and management studies. A lot of articles and academic papers have been published in recent years highlighted the role of this variable in enhancing leadership, satisfaction, commitment as well as performance of individuals in organizational setting. Similar to spirituality, several attempts have been made to explore the relationship between religiosity and economic performance. Many of these studies proved that this variable has positive influence to economic achievement, specifically in the entrepreneurial area.

The conditions above motivate this study to explore whether spirituality and religiosity could also bring benefit to the operation of Islamic Microfinance Institution (IMFI). The IMFI is a kind of microfinance services which operate based on Islamic principles. The IMFIs provide financing to the poor based on contracts that are compliant to the *Shari'ah* or Islamic law. There is a recommendation to the IMFIs to provide not only *Shari'ah* compliant financing but also capacity building based on Islamic teaching (Ahmed; 2002). In this circumstance, the spirituality and religiosity therefore can play a crucial role. In addition to that request, Tripp (1999) argued that spiritual commitment combined with practical support can be more effective in improving the lives of the poor than mere technical help can do. However, to the best of our knowledge, there have been no study in microfinance that scientifically verify spiritual and religious development programmes may contribute to the improvement of clients' well-being.

This reality urges necessity to assess the impact of spirituality and religiosity on micro-entrepreneurs; the clients of the IMFIs. This is because previous studies on spirituality and economic performance tend to be organized in the organizational setting specifically in established business entities only. Consequently, there is a need to prove whether the similar

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assumption could be applied in micro-entrepreneurial setting. In contrast, the researches on religiosity and economic performance have been organized in the expected sector. Unfortunately, those studies, especially studies that been conducted in Christian setting, simplified measurement of religiosity based on church attendance only. In facts, similar to the spirituality, there is a lot of religiosity scales have been published and tested academically which can be used to benchmark individuals' religiosity level. Therefore, the confidence toward the results of previous studies is somewhat debatable. Based on these conditions, this study comes out with primary objective to assess the impact of spirituality and religiosity on economic performance of micro-entrepreneurs, where the spirituality and religiosity level will be measured based on academic accepted spirituality and religiosity scales.

2. Literature Review

This section discusses the literature review on spirituality and religiosity in order to develop a better understanding on the differences between these two concepts. The Islamic perspective on spirituality and religiosity is also discussed in this section in addition to impact of spirituality and religiosity in several areas including economic performance.

2. 1. Definition of Spirituality and Religiosity

According to Cavanagh (1999), the term 'spirituality' means many things to different people. For many people, spirituality means a search for personal meaning and a relation to the Supreme Being that many of us call God (Cavanagh, 1999). Almost similar but more complex opinions related to definition of spirituality are given by other researchers. According to Delbecq (1999), spirituality can be explained as the unique and personal inner experience of and search for the fullest personal development through participation in the transcendent mystery. The experience and development always involve a sense of belonging to a greater whole, and a sense of longing for a more complete fulfilment through touching the greater mystery, which in tradition is referred to as God.

A more recent and relatively understandable opinion on the definition of spirituality is given by Smith and Rayment (2007). From their perspective, spirituality is a state or experience that can provide individuals with direction or meaning, or provide feelings of understanding, support, inner wholeness or connectedness. Connectedness can be to themselves, other people, nature, the universe, God, or some other supernatural power. But, this definition is more comprehensive than suggested by previous other studies.

Parveen and Maqbool (2007), on the other hand, have summarized previous studies on the understanding of spirituality. There are at least four domains used to explain this term, they are the presence of relationship, inner motivation, existential quest, and prescription. These domains are based on the study conducted by Armstrong (1995) who defines spirituality according to the inner relationship with a 'Higher Power' that affects the way in which a person operates in the world. Parveen and Maqbool (2007) also considered the argument of Benner (1989) who describes spirituality as inner motivation or response to a deep and mysterious human yearning for self-transcendence and surrender or a yearning for a place in addition to Doyle (1992) who puts the definition of spirituality as existential quests or the search for existential meaning. Lastly they also considered the study of O'Collins and Farrugia (1991) who identify spirituality as prescription or the systematic practices of and reflection on a prayerful devout; a disciplined life.

Besides having many definitions, understanding spirituality become more complicated as this term is commonly used interchangeably with the term "religiosity". However, religiosity, perhaps, is easier to explain than spirituality. Parveen and Maqbool (2007) summarize three domains of religiosity; namely concrete, abstract, and metaphysical. Religiosity is concrete as it refers to practices carried out by those who profess to a faith

(Doyle, 1992). Religiosity can also be defined as something that is abstract if it refers to the attitude peculiar to consciousness, which has been altered by the experience of the numinous. On the other hand, religiosity can also be something like metaphysical or concerned with the ground and purpose of the world people call as God (Rahner & Vorgrimler, 1981).

According to DeNoble et. al., (2007), previous studies have categorized people's orientation toward religiosity into two groups; namely intrinsic and extrinsic religiosity orientations. Allen and Spilka (1967) describe intrinsic religiosity as committed religiousness, while Bergin (1991) views intrinsic religiosity as an internalized belief system that is followed regardless of social pressure. According to Boadella (1998), intrinsic religiosity is the basic, simple message at the heart of a religion. In practice, the intrinsic religiosity is the one that is typically viewed as overlapping with the broader notion of spirituality.

The counterpart to intrinsic religiosity is extrinsic religiosity. Extrinsic orientation is useful for the self in granting safety, social standing, solace, and endorsement for one's chosen way of life (Allport, 1966). According to McNeill (1988) and Bergin (1991), extrinsic religiosity is described as the use of religion to gain social acceptance or reward. They found it to be associated with various pathological behaviours (DeNoble et. al., 2007). But while most writers tend to view extrinsic religiosity somewhat negatively, or at best dogmatic and anti-humanist, other studies such as Boadella (1998) and Galbraith and Galbraith (2004) suggest that this dichotomy may be somewhat simplistic. For example, some characteristics that are typically associated with 'extrinsic religiosity' also contain many positive elements of ritual and community, providing the discipline required for increasing levels of spirituality as described by various monastic leaders and mystics.

Brandt (1996) provides a distinction between spirituality and religiosity. From his perspective, religiosity typically involves discussions about belief systems and the range of personal, familial, and work-related commitments to those systems. On the other hand, spirituality is typically seen as a somewhat broader concept of developing an individual as a 'whole person'. In other words, while religiosity has an element of acting on one's belief system or religious tradition, spirituality, however, is often thought of as a personality dimension involving the beliefs and values that pervade one's perceptions of life. For many researchers, religion also has a sense of community-based activity and ritual, while spirituality represents only the individual experience (DeNoble et. al., 2007).

Nevertheless, there is a relationship between spirituality and religiosity. According to Cavanagh (1999), historically, spirituality has been rooted in religions despite the current use in business and the workplace although spirituality is most often not associated with any specific religious tradition. There are several reasons for this separation. Firstly, most Western societies are pluralistic. Thus, there is no one dominant religious tradition that can be used as a foundation. Secondly, the use of religion in the public forum can encourage distrust, dislike for outsiders and suspicion, and that, in turn, can lead to the breakdown of democracy, and sometimes even to the start of the revolutions and war. Thirdly, the Nineteenth Century European Enlightenment has made Westerners distrustful of religious values. Religion is found to be opposed to rationality and science and the source of superstition and irrationality.

However, the most important conclusion behind the relationship between spirituality and religiosity is that a person can be religious without being spiritual and vice-versa. This assumption has been proven by studies conducted earlier by a series of researchers (Elkins, et. al., 1998; Pargament, 1997; Roof, 1993; Zinnabeurer et. al., 1997). Nevertheless, it is difficult to develop spirituality if not with a religious background, as many positive evidences on spirituality in the business world which has received considerable attention in recent years have been severed by religious roots (Cavanagh, 1999).

2.2. Islamic Perspective on Spirituality and Religiosity.

Basically, the word ‘spirituality’ originates from the word ‘spirit’ which in Arabic is called *ruh*. In Islam, *ruh* is believed as an element given by Allah (SWT) to Mankind which makes a distinction between things that are related to life and death. While spirit is translated as *ruh*, spiritual in Arabic can be translated as *ruhiyyah*, or something that is related to *ruh* or the sense of the *ruh*. Moreover, spirituality can be translated as *ruhanniyah* or condition of the *ruhiyyah*. In addition to that, Muhammad Hussain Abdullah in Muhammad Husein Ya’kub, (2000) notes that *ruhanniyah* is the state of someone realizes the presence of a relationship between him and Allah (SWT).

As a consequence of the above definition, to some extent, the Western opinion on spirituality is also applicable to the definition of spirituality from the Islamic perspective. As *ruh* is an element given by Allah (SWT), it will seek for connection with the Creator. It also has good connection with other man, creatures and the universe as they are created by same God. Therefore, people with good conditions of *ruhanniyah* will meet all the characteristics identified by the Western definition of spirituality, for both the pure and the applied views of spirituality.

The main difference between the Western and the Islamic perspectives on spirituality is in the position of spirituality toward religion. From the Western perspective, there are two views related to this issue. First, those who argue that spirituality is rooted in religion while other who separate spirituality from religion. However, from the Islamic perspective, Imam Al-Ghazali in his book *Ihya Ulumuddin* mentioned that it is spirituality or *ruhanniyah* that creates *iman*, or belief toward religion. Because *ruh* is an element given by Allah (SWT) to mankind, it always searches for the truth and the transcendence and attempts to connect with the One who created it².

Another difference between spirituality from the Western and Islamic perspectives is in the ways of expressing, facilitating and maintaining the level of spirituality. Naturally, people are doing these to achieve happiness, improve concentration, as well as maintain health and well-being. Many examples are given from the Western or Eastern perspectives by doing yoga or meditation. However, in the Islamic belief, the way of expressing, facilitating and maintaining the level of spirituality should be based on the teachings of the religion. If not, it will be useless, the effort cannot be considered as act of worship, will not be rewarded, and will not be beneficial in the hereafter.

Based on the explanation above, it can be concluded that the action of expressing, facilitating and maintaining the level of spirituality should be in the form of religious activities. Therefore there is a strong relationship between spirituality and religion. However, it does not mean that spirituality is similar to religiosity. While spirituality can be defined as the spiritual condition of an individual spiritual, religiosity can be referred as the religious condition of someone.

2.3. Impact of Spirituality and Religiosity

Many studies on spirituality found this variable provides beneficial impact to individuals either from psychology, health as well as business and management perspectives. In psychology for example, leaders of the American Psychologist Association believe that spirituality is an important element of human diversity (McMinn et. al., 2009). It is also considered an important element of human experience (Stuckey, 2001) which is can strengthen personnel identity (Pecchenino, 2009) and provide a sense of continuity as well as a domain for adult developmental changes (Kiesling et. al., 2006).

² In real world, it can be proved obviously that people always try to find their own identity; who are they? Why do they live? Where do they go after death? And who created them? The answers to these questions can only be answered by religion which should be believed by the believers.

Related to adult developmental changes, spirituality may help teenagers or adolescents to pass through their transformation period especially to find their own identity. It is also able to prevent or overcome problems such as drug addiction, drinking, suicide, and inappropriate sexual behaviour. These facts therefore strengthen the opinion that spirituality is generally and positively associated with health outcomes (Cotton et. al., 2006). As a consequence, spirituality thus becomes an interesting topic in health studies as well.

According to previous literature on health studies, spirituality is found as having a positive effect on mental and physical health. It has been tested on many patients who suffer from various diseases such as HIV (Litwinczuk & Groh, 2007), cancer and heart disease (Bekelman et. al., 2010), etc. It is also beneficial for patients who have post-traumatic syndrome because spirituality is able to mediate relationship between forgiveness and post-traumatic growth (Schultz et. al., 2010). This finding confirms the result of previous studies such as Leach and Lark (2004) and Davis et. al., (2009).

Besides enhancing forgiveness among traumatic patients, spirituality may have positive effect to overcome depression. A study conducted by Stuckey (2001) for example, found that spirituality may maintain lower levels of depressive symptoms among adolescent girls during periods of transition to middle and high school. This argument is supported by Bekelman et. al., (2010) in a different study. They found spirituality may reduce depression and enhance the quality of life among those who suffer from chronic heart failure.

As spirituality and religiosity have been used interchangeably, there are as many studies on spirituality as there are on religiosity. Interestingly, many benefits of spirituality are also found in the area of religiosity. However, studies on religiosity are more established than studies on spirituality. Various measures of religiosity and religious participation are found to be positively associated with physical health, faith in people, subjective well-being, life satisfaction, happiness, depression, and self-esteem. It also has a negative relationship with suicide and anxiety (Brega & Coleman, 1999)

In health studies, previous researches found religiosity have a positive effect on physical and mental wellbeing and a number of measures of physical health such as high blood pressure (Levin & Vanderpool, 1987), cancer (Jarvis and Northcott, 1987), and heart disease (Friedlander et. al., 1986). Religiosity is also able to reduce high-risk behaviour such as smoking and drinking (Idler, 1987) and encourage people to be involved and interact with supportive social groups (Martin, Kirkcaldy, & Siefen, 2003)

2.4. Economic Impact of Spirituality and Religiosity

In business and management literature, one extension of spirituality namely spirituality at the workplace has emerged as an important factor in organizational development. Neck and Milliman (1994), for example, note that spirituality may enhance organizational performance. This opinion is supported by other studies such as McCormick (1994), Brandt (1996), Leigh (1997), and Mirvis (1997) who report organizations that attempt to promote spiritual development to their members, experience increases in employees' creativity, satisfaction, team performance and organizational commitment (Konz, & Ryan, 1999).

Specifically to creativity, Neck and Miliman (1994) also believe that spirituality can lead to increase in innovation if the organization is willing to facilitate employees to develop a more purposeful and compelling organizational vision. This occurs because many employees become more creative when they feel the organization offers them a genuine sense of purpose. As a consequence, this kind of organization is able to attract and retain the most creative employees within the industry.

Another benefit of spirituality in the organization, according to Neck and Milliman (1999), is the ability to enhance teamwork and employee commitment toward the

organization. Employees who care deeply about their company's values are more likely to feel personally responsible for its success or failure. In addition to that, spirituality is able to help business people gain a more integrated perspective on their firm, family, neighbours, community and self (Cavanagh, 1999).

All of these studies above measured spirituality by using spirituality scales which have been tested academically. However, most of these studies are only conducted in organizational setting. From entrepreneurial setting, Kauanui et. al., (2009) categorize spirituality levels of entrepreneurs into five categories: 'Make me Whole' group, 'Soul Seekers' group, 'Conflicting Goals' group, 'Mostly Business' group, and 'Strictly Business' group. This study provides a strong background for further studies in order to strengthen the role of spirituality as one of the important variables that may enhance and underlie entrepreneurship practices. Nonetheless, tests in this study found that none of age, gender, years in business, industry and/or income of the entrepreneurs do not lead to differences on the spirituality level among the groups.

Studies conducted by Mardhatillah and Rulindo (2007 and 2008) show a relationship between level of spirituality and micro-entrepreneur's performance. In one study, Mardhatillah and Rulindo (2007) use only a simple correlation analysis to prove the relationship between the entrepreneurs' spirituality and their business performance. Meanwhile, the second study, by Mardhatillah and Rulindo (2008) adds qualitative analysis by interviewing the entrepreneurs to see how the spirituality helps them in running their business. Both of the methods, however, confirm that spirituality of the micro entrepreneurs influence their business performance.

In religiosity side, religiosity is believed to have relationship with economic growth (Galbraith & Galbraith, 2007). It is hypothesized that there is a direct relationship between religious attitudes and both economic growth and entrepreneurial activity. In addition to that, religiosity is also among the factors that contribute to how people maintain their stages of career (Ismail et. al., 2004).

Confirming the findings of Galbraith and Galbraith (2007), Vitell et. al. (2006) found internal religiosity orientation or intrinsic religiosity, which is often found to be associated with individual self-determination and esteem, appears to encourage both anticipated and actual entrepreneurial activity. On the other hand, the more conforming nature of external religious orientation or extrinsic religiosity appears to discourage entrepreneurial activity. However, extrinsic religiosity may also bring benefit in entrepreneurial activity as people with extrinsic religiosity may have high social capital (Candland, 2000) which is very important in business development.

According to Iannaccone (1998) there exist a lot of evidence that religious belief affects a wide range of behavioural outcomes, and religious activity can affect economic performance at the level of the individual, group, or country (Noland, 2005). At country level, Barro (2003), Guiso et. al. (2003), McCleary and Barro (2006) and Galbraith and Galbraith, (2007) empirically found that countries with a higher percentage of religious individuals generally outperform those countries with a smaller percentage of religious individuals. Nevertheless, there are inconsistent findings among the studies given that religions are found to have no association with economic development (Noland, 2005).

There are some studies that empirically prove positive relationship between religiosity and entrepreneurial activity, and to some extent with economic development as well as business performance. One of the examples is the study is mentioned earlier which is Galbraith and Galbraith (2007). This study found religiosity is associated with entrepreneurial activity and economic growth, in fact entrepreneurial activity is the factor that actually strengthens the relationship between religiosity and economic growth.

The study by Galbraith and Galbraith (2007) basically confirms the findings of previous studies by Woodrum (1985); Honig (1988); Kwon (1997); Champion, (2003); Martes and Rodriguez, (2004) and Galbraith et al (2004). Woodrum (1985) for example, found individuals' participation in religion and their familial religiosity is positively associated with self-employment. Honig (1988) found church attendance can improve business performance as social capital resulting from this activity is able to strengthen relationship and create opportunities among entrepreneurs. A similar result is also found by Kwon (1997) in the Korean context. He found that churches with highly developed structural linkages through cell group evangelical ministries³ facilitated business contacts among Korean parishioners.

Religiosity, which is measured by church attendance, is also found as improving the economic performance of newly arrived Hispanic entrepreneurs to which country who are members of the church according to the findings of Galbraith et. al., (2004). This study notes that traditional, well-established Catholic congregations are instrumental to transferring both financial and intellectual capital to these newly arrived Hispanic entrepreneurs. Similar findings with different backgrounds are found in the study of Champion (2003) as well as Martes and Rodriguez (2004). They also note that the entrepreneurial spirit of evangelical religious sects may also contribute to economic achievement among their immigrant members.

Based on the explanations above, it can be conclude that only few empirical studies on spirituality and economic performance have been conducted in micro and small entrepreneurial area. In contrast, there are several studies on religiosity and economic performances were organized in entrepreneurial setting. The problem with these studies is the way they benchmarked religiosity. These studies, specifically in Christian setting merely used church attendance as the indicator of religiosity. In fact, similar to spirituality, there are a lot of religiosity scales that have been tested academically which can be used to measure this variable.

3. Method

This study measures spirituality and religiosity based on Islamic version of Spiritual Well-Being (SWB) scale, and religiosity of Islam Scale. These scales have been tested academically and the overall reliabilities of these scales are 0.85 and 0.81 respectively (Imam, 2007; Masri and Priester, 2007)

. The indicators of economic performance in this study are micro-entrepreneurs income and poverty status. These two variables are selected to compliment the objective of this study in exploring impact of spirituality and religiosity in entrepreneurial setting whereby most of the micro-entrepreneurs are poor individuals who struggle to live over the poverty line.

This study uses recall technique to collect information on clients' income. This technique is selected because micro-entrepreneurs rarely have proper record of their financial transactions. Poverty status is measured based on subjective poverty and objective poverty status. Subjective poverty status is determined based on personal opinion of the respondents; whether they thought that they are poor or not. This technique was utilized by Chowdhury et al., (2005).

Objective poverty status is accounted based poverty line income of local and international poverty standards. Local poverty standards consist of national and regional poverty standard issued by Indonesia Statistical Bureau, while international poverty standards

³ Religious group that follow the Protestant branch of Christianity

constitutes extreme poverty and moderate poverty standards; the standards issued by the World Bank where individual will categorized as poor if they have income less than one and two dollars per day. There are two approaches utilize by this study in calculating the poverty status based on objective poverty standards. First, the poverty status is measured by using household income as income-poverty benchmark. Meaning, income from business that being financed by the BMTs and income from other income-earning activity and income from other family members are combined together to determine the micro-entrepreneurs' poverty status. On the other hand, the second approach solely uses income from business that being financed by the BMTs as benchmark of poverty status.

There are 400 respondents in this study. The respondents are micro-entrepreneurs in Jakarta, Indonesia. Most of the respondents receive financing from BMTs. The data were analyzed by using Multiple Regression to assess impact of spirituality and religiosity on respondents' income, and by Logistic Regression to assess impact of spirituality and religiosity on respondents' poverty status.

4. Results and Discussion

Generally, the descriptive statistics resulted from the survey show respondents with higher spirituality and religiosity levels tend to have higher income and better poverty status as compared to their counterparts. However, it cannot be concluded that having higher spirituality and religiosity is beneficial for the micro-entrepreneurs before the data are tested by using more rigorous techniques.

The findings of descriptive statistics fortunately are confirmed by the results of Multiple and Logistic Regressions. As shown in Appendix 1, when clients having higher and lower religiosity level received Rp. 1,000,000 (\$90) financing from the BMTs, the clients with higher religiosity level will received higher income approximately Rp. 90,800 (\$8.25).

Although the similar result is insignificant for spirituality, opportunely, the result of Logistic Regression is able to quantify the impact of respondents' spirituality level to the improvement of respondents' poverty status. The respondents who have higher spirituality level has greater possibilities to live over the poverty line according to subjective and objective poverty status, especially when the status is measured by using regional, extreme and moderate poverty standards. However, the findings are only significant when the poverty status is benchmarked based on household income. This means that the respondents have to rely to other sources of income if they want to live over the poverty line. This also indicates that those having higher spirituality level in overall are wealthier than the counterparts.

Although the finding on spirituality is not meets the expectation, the findings however are quite powerful as compared to previous studies. As stated above, Kauanui et. al., (2007) were not able to find the difference between micro entrepreneurs' types of spirituality with their age, gender, year in business, industry and even their business income. In addition, although studies conducted by Mardhatillah and Rulindo (2007) and Mardhatillah and Rulindo (2008) show relationship between level of spirituality and micro entrepreneurs' performance, these studies only use simple correlation analysis and qualitative analysis to prove the association. Although, it seems that the impact of spirituality to the clients' poverty status is not directly intervened by their business income, the findings of this study at least acknowledge that these respondents are generally wealthier than their counterparts. It thus supports the common assumption that having high spirituality level is beneficial for human beings.

In religiosity side, impact of having higher religiosity level on poverty status is found significant when the status is measured by using business income as the poverty benchmark. This implies that the respondents are able to support their family well-being although they have to rely solely on their business being financed by the BMTs. This finding may give

positive impression toward religiosity although the significant results are found when the poverty status is measured based on national and regional poverty standards only.

The results above provide new insights into the role of religiosity in economic performance in addition to the studies did by Noland (2005) and Galbraith and Galbraith (2007). It is confirmed that religiosity is able to provide enhancement to other socio-economic measures such as education, self-esteem, family unity, and life-expectancy which in the end that may also contribute to economic growth (McCleary and Barro; 2006). From the Islamic perspectives, we may argued that the values given by Islamic teachings such as discipline, honesty, sincerity, and hard work that result from doing worships such as *shalat*, fasting, and paying *zakah* as likely reasons why respondents with higher religiosity level have better income and poverty status.

As both spirituality and religiosity are also shown as having significant impact on clients' poverty status based on subjective poverty standards, it can be assumed that these clients feel more secure about their economic condition. In addition, there is also a possibility that these people have more faith in destiny as determined by Allah (SWT). Therefore, they will not consider themselves as poor when someone asks their opinion on their economic condition. According to Islam, people should be thankful to Allah (SWT) for whatever that they get. As such, if they are grateful, Allah (SWT) will increase His bounties but if they are ungrateful, Allah (SWT) will decrease it.

5. Conclusion

The findings of this study to some extent achieve the objective to confirm the impact of spirituality and religiosity on economic performance of micro-entrepreneurs. Although spirituality does not associate with respondents' business income and is only significantly influence respondents' poverty status when other sources of income are used to measured the status, the findings at least shows that having higher spirituality in general may beneficial to enhance economic situation of the respondents. In contrast to spirituality, religiosity has positive influence to respondents' income and poverty status; even when the status is measured by using business income as poverty benchmark. This finding meet the expectations and assumptions of previous study that religiosity may have influence to the economic aspect of individuals. As both spirituality and religiosity have positive association with subjective poverty, its mean that micro-entrepreneurs who have higher level of spirituality and religiosity level tend to be satisfied with their economic conditions as compared to those who have lower spirituality and religiosity level. All of these findings therefore are very beneficial and could be used by Islamic poverty alleviation programme such as IMFIs. The IMFIs may provide training to enhance spirituality and religiosity of their clients. As these variables may enhance the economic performance of Muslim micro-entrepreneurs, in the long run, it is expected that the variables may also enhance the impact of the institutions. At the end, the utilization of these variables as materials of capacity building may assist the institutions to achieve its objective in eradicating poverty.

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Appendix 1: Results of Multiple Regressions

Variables	Income		
	Coefficient	Std Error	Sig
Higher Spirituality Level			
Higher Religiosity Level	0.0908	0.0374	**
Cons	5.1746	0.0961	*
No of Respondents	400		
Prob > F	0.0000		
R-squared	0.1522		
Adj R-squared	0.1134		
Shapiro-Wilk Test	0.5283		
White-Test	0.9621		
Durbin-Watson	1.7661		

Appendix 2: Results of Logistic

Regressions

Variables	Subjective Poverty Standards		Objective Poverty Standards															
			National Poverty Standard				Regional Poverty Standard				Extreme Poverty Standard				Moderate Poverty Standard			
	Household Income		Business Income		Household Income		Business Income		Household Income		Business Income		Household Income		Business Income			
	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig	Coeff/Odd	Sig		
Higher Spirituality Level	0.7193 2.0531	**					0.5601 1.7509	**			0.7827 2.1873	*			1.0070 2.7373	*		
Higher Religiosity Level	0.7470 2.1106	**			0.4688 1.5981	***			0.7119 2.0378	**								
Pseudo R2	0.0768		0.0088		0.0085		0.01		0.0185		0.0043		0.0042		0.01		0.0049	