



**THE EFFECTS OF INTEREST FREE BANKING ON ENTREPRENEURIAL PERFORMANCE IN
ETHIOPIA:**

THE CASE OF "CBE-NOOR"

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October, 2021

DECLARATION

I declare that the thesis entitled “**The effects of Interest Free Banking on Entrepreneurial performance in Ethiopia: In the case of CBE-NOOR**” is a recorded of independent research work carried by me under the supervision and guidance of Dr. Yitbarek Takele (Associate Professor). This has not been previously submitted for the award of any other diploma, degree or other similar title.

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Lists of Acronyms

- CBE** Commercial Bank of Ethiopia
- CBE** Commercial Bank of Ethiopia
- GCC** Gulf Cooperation Council Countries
- IDB** Islamic Development Bank
- IFB** Interest Free Banking
- NBE** National Bank of Ethiopia
- OIC** Organization of Islamic Cooperation
- PBUH** Peace Be Up on Him
- SME** Small and Medium Size Enterprise
- SPSS** Statistical Package for Social Science
- TIE** Theory of Islamic Entrepreneurship

Abstract

Even though, Islamic financing system is very debating and controversy phenomenon, it is expanding continuously beyond Organizations of Islamic Countries. However, there is no empirical evidence that point to the effects of Interest Free Banking on the key economic drivers such as Entrepreneurship, small and medium enterprises particularly in Ethiopia. Hence, this paper examined the effects of Interest Free Banking on entrepreneurial performance in the case of Commercial bank of Ethiopia “CBE NOOR”. The study explores seven independent variables (awareness, flexibility, support, Islamic bank business ethics, entrepreneurial orientation and competitiveness and the dependent variable is entrepreneurial performance). The research was employed descriptive survey mixed approach and primary data gathered through questionnaire and semi-structured interviewed. Respondents were selected purposive sampling technique from Entrepreneurs who have business relationship with commercial bank of Ethiopia Interest Free Banking dedicated windows and staffs delivering Interest free banking services. There were 150 questionnaires distributed to Entrepreneurs and information gathered from seven Interests free banking service delivering staffs through semi-structured Interview. Analysis measured by Multinomial logistic regression and reliability tested by spearman correlation test. The finding statistically shows that awareness, support, entrepreneurial orientation, Islamic business ethics has strong positive relationship between entrepreneurial performance in Ethiopia context.

Key words: Interest free bank, Shariah principle, Islamic entrepreneurs, Islamic business ethics

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Banking is one of the most valuable and beneficial bodies in an economy. It is an instrument that pushes the economy to develop because it creates competitiveness, opportunities, and employment and it increases efficiency. Lately, Islamic banks have been expanding and developing high performance facilities for all types of clients. These high performance facilities serve all religions, not only Muslims; therefore, the possible expansion of Islamic banks has a higher and faster potential for growth. Entrepreneurship is a guarantee for creating new jobs, wealth and technology. When the need to get a better life is followed by hard work to achieve it facilitates the entrepreneurial activities.

The rulings of *Shariah* that underline Islamic finance primarily originate from the Holy Quran and from *Sunnah* which is Prophet Mohamed's practices, sayings and teachings (PBUH), Haron and Nursofiza (2009).

Alharbi, (2015) indicated that the modern Islamic banking started in 1960s, was undertaken in Egyptian former PhD student of Economy at the University of Cologne Ahmad El-Naggar took the form of a savings bank based on profit sharing in the Egyptian town of MitGhamr, in 1963. However, Rashwan, (2012) studies shows that banking activities exists long before 1960s in Islamic history it originated at six century. During the Islamic golden age an era of economic prosperity made possible the wide spread use of a stable currency the Dinar, and the introduction of financial instruments such as *Sukuk*, bills of exchange, and promissory notes. A number of economic concepts and techniques were applied in early Islamic banking including bills of exchange, the first forms of partnership (*mufawada*) such as limited partnership (*mudaraba*), the earliest forms of capital (*al'mal*), capital accumulation, (*namaal'mal*), trusts (*wakf*), transactional accounts, loaning, ledgers and assignments, organizational

enterprises independent from the state were in the medieval Islamic world.

Tenth years after El-Naggar's bank, Organizations of Islamic countries (OIC) had established. The first Islamic Development bank (IDB) established in 1974. The first Islamic private bank established in Dubai in 1975, Faisal Islamic bank in Sudan in 1977, Bahrain Islamic bank in 1979, subsequent establishment of Jordan, Sudan, Egypt and in 1980's rapid establishment of Islamic bank and Takaful companies in OIC countries (Jordan, Egypt, Qatar, and Bahrain), and establishment the first Islamic bank and Takaful company in South East Asia in Malaysia 1983 & 1985 respectively.

Islamic finance has become an important part of the international financial system and was, certainly, one of its fastest growing components over the last four decades (Warde, 2000). However, in 2019 the global Islamic finance market is growing moderately, because of the strong investments in the Halal Sectors, infrastructure, and Sukuk bonds, especially through electronic modes in all products and services. The factors driving the growth of the market are directing investment toward the tremendous growth opportunities in the promising Islamic sectors (Globe newswire).

Different scholars define the meaning of Islamic banking interims of its objectives, characteristics or principles. Interest Free Banking is an alternative method of banking in which the transactions are free of any interest as it is prohibited in *Shariah* (Islamic law) to deal with interest and thus Interest free banking has evolved.

According to Aburime and Alio (2009), Islamic banking is a banking system or activity that complies with the Islamic law *Shariah* principle and guided by the Islamic economics whose key objective is premised on the notions of social justice and equitable distribution of resources.

Bellalah, M & Masood, O. (2013) also mentioned as Islamic finance is generally differentiated from traditional banking in the aspect of being based on a system of moral values and ethicality that originate from Islamic religion, abiding to the principles of Islamic law; which are the divine sanctions that serve as guides for all

aspects of life and daily dealings. National bank of Ethiopia also define on its Directive SBB/51/211 “Interest free banking business refers to banking business in which mobilizing or advancing funds is undertaken in a manner consistent with Islamic finance principles and mode of operation that avoids receiving or paying interest”.

On the other hand, the history of Islamic entrepreneurship is as old as Islam itself (Nor, 2012) the man two sons of Adam, Habil & Qabil namely has pioneered the field of entrepreneurship; Hassan & Hippler, (2014) also indicated in their studies that the Prophet of Islam (PBUH) was actively involved in his uncle’s business in his early age. In his youth, the Prophet (PBUH) was also employed as a manager of the business belonged to a rich Lady Khadija who became his wife afterward. In similar fashion, many of his companions were successful entrepreneurs. In fact, Islam encouraged entrepreneurship which is thus uniquely regarded as an integral part of Islamic culture and civilization.

Entrepreneurship in religious perspective is distinct, as it commonly entails specific and detailed narratives and practices, Adas ,(2006) claimed that Islamic entrepreneurs may not be different than any other entrepreneurs in terms of their desire to expand their business and increase their profit, but their strong adherence to an Islamic identity, through which they give meaning to their economic incentives and activities, while simultaneously redefining their Islamic identity in relation to them is what distinguishes them from others. A business activity as a worship will encourage a Muslim to become a successful entrepreneur in this world and the hereafter (Zulkifli, Omar and Saripuddin, 2015).

Islamic economics systems separated from the western economics is that; Siddiqi (1979), Alam (1965) and Kahf (1978) acknowledged a disparity between the logic of Western economics and the core of Islamic value system and moral code of conduct. Therefore, the need arose for the development and application of an Islamic economics that would be compatible with the Islamic world-view.

Dodd and Seaman, (1998) have been studied the complexity and interdependency of Islamic religion and business. first, the relationship between society, religion and entrepreneurship (the attitude of religion regarding the creation of new firms); second, the relationship between individual faith, religion and entrepreneurship (the motivation to decide to become an entrepreneur, the entrepreneur's conduct and work ethics, and the entrepreneur's network); and finally, the relationship between theory, religion and entrepreneurship (the envisioned role of religion in entrepreneurship development).

The success of the entrepreneurial activities of Islamic depends on the combination of perception and strong cooperation between the three parties, the clergy, unmark and also entrepreneurs themselves (AB, 2009).

The business practices that a firm's leaders or employees view as right or wrong reflect their underlying values. An individual's beliefs affect what that person does on the job and how she or he acts toward customers and others. Of course, people sometimes engage in verbal posturing, speaking more ethically than they act. Thus, actual behavior provides the best clues to a person's underlying system of basic values. Behavior may reflect the level of a person's commitment to honesty, respect, and truthfulness—that is, to integrity in all of its dimensions (Longenecker, Moore, Petty and Palich) on their books Small business management 14ed).

Values that serve as a foundation for integrity in business are based on personal views of the role of humankind in the universe. Such values, therefore, are part of basic philosophical and/or religious convictions (Longenecker et al).

Against this background, Interest-free banking different from conventional banking; the same as western entrepreneurs different from entrepreneurs in Islamic perspective, so from Interest free banking expected services to entrepreneurs in compliance with Islamic law.

1.2 Statement of the Problem

Since,1970s where the scholar in Islamic banking discipline strive to demonstrate the feasibility of putting Islamic banking theory into practice, major debate was on the basis of equity based financing and its potential contribute toward economic development, employment, and just distribute of income among entrepreneur and venture capital (Waemustafa W., 2013).

Islam stresses the importance of engaging in economic activities that advance the goals of society as a whole, and many of the limitations placed on Muslim entrepreneurs are meant to reduce activities that can harm society. Some activities that are prohibited by Sharia are deemed harmful from a moral standpoint, such as those involving alcohol and gambling.

According to Beekun and Badawi (2005) studies, business ethics cannot be separated from ethics in the other aspects of a Muslim's daily life. The Islamic ethical system is balanced, fair, just and benevolent, and seeks to respect the rights of both primary and derivative stakeholders without allowing for exploitation, nepotism and other human ills.

Islamic banks can be a source of financing for entrepreneurship, whereby entrepreneurs can obtain their capital from Islamic banks. Even though, Islamic banking in Ethiopia was introduced Ten years ago, the entrepreneurs/SMEs inter-related with Islamic banks their position empirically did not studied. Although studies have acknowledged the importance of entrepreneurs for economic growth and its impact on Islamic banks in certain entrepreneurial characteristics, those studies have not clearly identified the effects of Islamic banks in relation to the entrepreneurial success.

According to National Bank of Ethiopia Directives' SBB/51/2011; since 2011, Interest-free banking business giving services simultaneously with conventional bank dedicated windows. In addition, National bank of Ethiopia approved fully fledged Interest free banking business on its' Directive SBB/72/2019 after the permission released .Tadesse (2019), indicated on his study, four banks named Zem-zem, Hijira, Nejashi and Zad were in the stage of establishment, while another four share

companies are in process to get a license from NBE.

However, the permission of establishing whether interest free banking window model or fully-fledged, the effects of Interest free Banking on entrepreneurial performance or small and medium size enterprises for those who were demanding Interest free finance from such industries were not studied. Of course, empirical studies showing that deposits of interest free bank and customers to use Interest Free Banking services are increasing time to time.

As per National Bank of Ethiopia annual report summarized by (Suadiq& Ibrahim, 2020) Commercial bank of Ethiopia IFB deposit collected in 2018, birr14 billion, in 2019 birr 25 billion it has been Growth in deposit by 78.57 %; Cooperative Bank of Oromia IFB deposit collected 2.2 and 5billion in the same respective years it also growth by 123.5% the annual profit increased from 20.36 million to 77.58 million profits also dramatically increased by 281%. In according to this empirical facts interest free banking business is seems grow and gain significant profits to the shareholders and owners.

Since Interest free banking started business in Ethiopia different researchers attempted to assess the prospects', challenges and opportunities of interest free banking in Ethiopia such as (Mohammed, 2012; Akmel, 2015; Kerima, 2016; &Yewubdar, 2018). Though, the effects of Interest free banking on the entrepreneurial performance are not empirically studied.

Of course, the objectives of all entrepreneurs are to succeed in their work at minimal cost. Therefore, entrepreneurs will always look for the most suitable and low cost banking services that will meet their needs to achieve their objectives. The journey of business enterprises in Ethiopia has not been an easy ride (Issays (2005). Entrepreneurs can have a major impact on a growing economy through such results as reducing unemployment and increasing levels of creativity, productivity and development of the economy. Sacar, (2014) also considered that, entrepreneur to be the main aspect of economic growth and the tool for further development, and it provides a

highly productive environment.

According to (Al-Mamun et al, 2016); Entrepreneurial activities in both formal and informal sectors are immensely significant for economic growth and national development.

Do to such relevant sector this research objective is to empirically identify the effects of Interest free banking whether positive or negative impacts of entrepreneurial performance in the context of Interest free banking (CBE-Noor) of commercial bank of Ethiopia.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this research is to identify the effects of Interest free banking business on entrepreneurial performance in the case of (CBE-Noor).

1.3.2 Specific Objectives

The following specific objectives are covered by the researcher:

- To check the association of **awareness** of entrepreneurs/SMEs owners/Managers on interest free banking businesses with entrepreneurial performance.
- To identify the role of Interest free banking practices and policies those encouraging entrepreneurial **development**.
- To test the relationship of **Interest free banking business ethics** with entrepreneurial performance in the context of Ethiopian entrepreneurs /SMEs/ business culture.

1.4 Research Questions

This research answered the following research questions to achieve the intended objectives of address the research problem properly in accordance to theories of

Islamic religion on finance, theory of entrepreneur and resource based view (RBV).

- What variable is/are positive effect on entrepreneurial performance in dealing with Interest free banking business?
- Which Interest free banking products mostly delivering by” CBE NOOR” to entrepreneurs?
- How to practice the relationship of entrepreneurs and Interest free banking business ethics

1.5 Scope of the Study

In Ethiopia there are 13 banks offer interest free banking service either dedicated windows model or branch model. Recently, Zemzem & Hijra Bank licensed and joined in banking industry to deliver fully fledged interest free banking services; other four fully fledged interest free banking are under formation. Therefore, depend up on the time and cost scarcity, this research covered only commercial bank of Ethiopia (CBE-Noor) and selected branch’s and functions found in Addis Ababa.

1.6 Significance of the Study

Interest free banking business (IFB) is the recent phenomenon in Ethiopia. Only a few research assessed opportunities, challenges, and prospects on the Implementation stages of Islamic banking systems and some research also assessed factors affecting customer’s involvement in the demand side and banking performance on the supply side. Even though, no research found in the area of interest free banking and effects to show entrepreneurial performance. Despite the fact that, this research output will be uses for different organs as:-

Researchers: - despite the newness this research paper will be contribute to the literature as a model or references to the further researchers.

Policy Makers: - this research will be give significant direction to Government/other responsible organ/ to establish autonomous organ like' Ethiopian Sharia Court' to promote and support entrepreneurs who excluded support by the case of religion. Because of many entrepreneurs start-up capital granted from Interest based financial institutions.

Practices: - this research finding will be assisting the relationship between investors (depositors), intermediary (banks) and the entrepreneurs.

1.7 Limitation of the Study

The study covered the smallest portion of staffs exposed to providing IFB service at CBE-Noor Center and Branches' and the smallest portion of customers, depositors in CBE-Noor branches' found in Addis Ababa. The researcher was employed purposive sampling technique because of the respondents (customers) heterogeneity.

- Interest free banking business in Ethiopia is the recent phenomenon, despite that no secondary data found in the industry specially interrelated with this research topic about interest free banking verses entrepreneurs. To minimize such risk the researcher taken solution mechanisms of this limitation:
 - The researcher filled the gap by using references from the experts like Shariah consultants, scholars (*uloma*), and *Fuqaha* found in Ethiopia.
 - Most of the respondents did not respond questionnaire in the planned time scheduled do to such problem the researcher consumed additional time to collect data from available customers. The researcher putting two alternative mechanisms one questionnaire distribution drop-off/pick-up method, and assigned other person to collect responded questionnaires.

1.8 Operational Definitions

Interest-free banking is an emerging concept in Ethiopian context, the researcher will be introduce some important key terms and concepts used in the study along with their

spirits and contexts for ease of understanding of the research subject.

Al-Falah: Success

Riba: Interest can be roughly translated as “*usury*” or unjust exploitative made in trade or business under Islamic law.

Gharar: Any act of uncertainty.

Sunnah: the practices and traditions and teaching prophet Mohammed (PBUH)

Hadeeth: A report of the sayings or actions of prophet Muhammad (PBUH) or his companions together with the tradition of its chain of transmission, or the collective body of these traditions.

Haram: is a forbidden activity and is considered as a major sin. A haram activity is punishable by Allah, and avoidance of haram activities, such as gambling and drinking alcohol, is forbidden in sharia.

Halal: Things permissible by the Sharia’

Waqf: a charitable trust may hold the donated assets. The person making such deduction is known as a Waqf (a donor).

Sukuk: a “legal instrument, deed, cheque” is Arabic name for financial certificates also commonly referred to as “sharia compliant “bonds.

Fuqaha: a plural form of ‘*faqih*’, or is an Islamic jurist, an expert in *fiqh* or Islamic jurisprudence and Islamic law.

Ijarah: Lease financing.

Istisna: building, plant and construction financing.

Mudharabah: trust financing

Mudarib: Entrepreneurial manager in *Mudharabah* (trust financing) partnership.

Murabaha: Working capital financing on a cost plus a profit margin

Rab-up-Mal: Capital provider

Baitul-Mal: Public Treasury.

1.9 Organization of the Study

The study comprises five chapters: Chapter-1 presented the Background of the study, Statement of the problem, Objective of the study, Research questions, Significance of the study, and Scope and limitation of the study. Chapter-2 presents overview of relevant conceptual issues, theoretical framework, conceptual models, empirical studies and finally present the knowledge gaps of related to the topic of the study. Chapter-3 presents the methodology used in this thesis. The chapter includes the research approach as well as describes the data collecting and analysis methods that will be used. Chapter-4 Analyses and Presents the research findings obtained through the methodology by showing how the research objective has attained and findings together contribute to the main purpose of the study. Chapter-5 ends the thesis with Conclusion, Implication of the study, and suggestion for future study.

CHAPTER TWO

Review Related Literature

In this Chapter the first section is assessed on theoretical literature review, explains, the general concepts and definition of Islamic finance definitions and concepts; concepts of religion and entrepreneurship; comparisons of Islamic entrepreneurship and western entrepreneurship; theory of religiosity, entrepreneurship and models adoption, Empirical reviews in International level Islamic banking effects on Entrepreneurial performance. Islamic finance in Ethiopia level discussed. Empirical literatures which related to the topic Islamic finance and its effect of entrepreneurial performance reviewed their findings also presented on this chapter. The key Islamic finance products directly related to entrepreneurs presented. Finally, concepts of Islamic banking service in Ethiopia discussed.

2. Theoretical Framework

2.1 Islamic Finance

The principle of Islamic finance is laid down in the sharia (Islamic law), Islamic finance, comprising financial transactions in banks and non-bank financial institutions; formal and non-formal institutions, based on the concept of social order of brotherhood and solidarity. (www.econstor.eu)

The idea of Islamic finance system began to emerge during the second-half of the 20th century, when decolonization and the creation of new states with a majority Muslim population led to the foundation of the Islamic banking industry.

The history of Islamic thought is an ocean, which has produced many interpretations, many theories, debates, and controversies. Islamic thought is very rich and was able to address the problems met by Islamic societies. Islamic thought always mirrored the challenges Islamic societies had to face. Islamic thought has been clearly connected to the contemporary problems. The financial industry has always played an important role in the economy of every society. Banks mobilize funds from investors and apply them to

investments in trade and business.

According to Ariss, (2010), Islamic financial system is based upon a commerce law known as *fiqh al-mu'amalat*. This law considers issues of social justice, equity, and fairness in all business transactions, and promotes the entrepreneurship, protects the property rights and emphasizes the transparency of contractual obligations according to divine law of Allah and his last messenger *Muhammad* (PBUH). It is based on Shariah approved products which do not involve *Riba* (interest/*usury*), *gharar* (uncertainty), *maisir* (gambling), and non-halal (prohibited) activities. Although Islam has allowed the profits, but the pre-determined fix amount of returns is not allowed. Risk of loss and variability of profits must be faced to get the returns.

The concept of interest free banking and Islamic banking synonymously used in Islamic economics literature as an alternative banking framework to the interest based conventional banking practice. However, Ibrahim, (2012) studies shows that, Islamic banking principles are not only prohibited (accepting or paying) Interest (*Riba*), but also avoids all Islamic prohibited activities. Interest free banking systems also engaged in avoiding interest there is no reason to suppose all activities will be done strictly grounded on Islamic law (Shariah).

According to Yahiya Abdul-Rahman, (2010), Islamic banking defined as conventional banking minus the word "interest" with a new contract that does not include the word "interest" and that is structured in a convoluted version of buy/sell, in which the seller changes ownership to the bank and then the bank sells it to the eventual buyer. Many participants in Islamic banking business thought, with good intentions, that these guidelines made the contract Islamic.

Islamic banking known as non-interest banking can be portrayed as the youngest and the most controversial banking system. This is because of its religious nature. Due to the fact that it is deeply rooted in Islam, it has had mixed reactions from several people (Hove, Sibanda, and Pooe, 2014).

Islamic Banking is based on Sharia principles and is supposed to be philosophically and

practically different than conventional western banking. The Sharia principles are rules and injunctions that are derived from the holy Quran, the Hadith and other sources, which also involve the exercise of reasoning based on interpretations.

The principle of “Islamic banking” is based on the balance between well-being and prosperity. It can be contribute to promoting the social development and financial well-being.

According to Halima (2008); Islamic banking has to be located in the Islamic scheme of things in order to determine the Shariah framework for Islamic banking and finance. Islam is basically divided into three main branches, *Aqidah*, Shariah, and *Akhlaq*. *Aqidah* relates to all matters of faith in Allah; *Akhlaq* deals with the higher behavior of Muslims, his character as required of him .*Akhlaq* deals with the higher behavior of Muslims, his character as required of him

According to Siddiqi 1979; there are a number of reasons why Muslim approach to banking and finance need be different from the conventional one, the first is **spiritual**, relating to our relation with Allah. The second is **moral**, relating to the society of man. Humanity will be better off with everybody caring about everybody else rather than everybody pursuing exclusively his or her self-interest, narrowly defined big informational issues are, no doubt, involved. Third reason is **psychological**, relating to the personality of the individual. Every individual will end up with a more contented life less prone to anxiety if Islamic norm of caring for others along with caring for one self takes root.

2.2 Entrepreneurship in Islamic Perspective

Gümüşay, (2015) reviewed different scholars research’s about entrepreneurial activities on the perspectives of economic (Casson 2003), political (Schneider and Teske 1992), psychological(Begley and Boyd 1987), institutional (Battilana et al. 2009), and social (Shapero and Sokol, 1982) perspectives, however, entrepreneurs on religious perspective largely neglected except (Dana, 2010).

The role of religion on entrepreneurship has been the subject of debate from the time Adam Smith tried to understand what impact religious beliefs had on individual behavior (Dana, 2010).

Weber on his debating thesis, studies on protestant religion work ethics, conclude that some religion has negative impact on economic development. On the contrary, Habermas (2001) argues that we are in a post-secular society. Berger (1999, p. 2), also ignored a whole body of literature by historians and social scientists loosely labeled "secularization theory" is essentially mistaken."

Dodd and Seaman (1998) are two of the few researchers who have studied the relationship between religion and entrepreneurship. Their study was composed of three levels: first, the relationship between society, religion and entrepreneurship (the attitude of religion regarding the creation of new firms); second, the relationship between individual faith, religion and entrepreneurship (the motivation to decide to become an entrepreneur, the entrepreneur's conduct and work ethics, and the entrepreneur's network); and finally, the relationship between theory, religion and entrepreneurship (the envisioned role of religion in entrepreneurship development) their finding shows that the relationship of religion and entrepreneurship is complex and interdependent.

The relation presented by different scholars in four broad views. First, (Bedouin, Mammon & Mohamed, 1999; Sherman, 1997) proposes that religions, including Islam, are each in their own way developmental in nature. Religion's ultimate goal is to promote better human beings. The second group views (Perkins, 2003, p. 6; Sutcliffe, 1975), considers religions, especially Islam, as being "outdated, unnecessary and divisive". The third views (Lewis, 2002), considers religion to be separate from business he promote secularism; most western countries have adopted this belief and have incorporated it into their constitutions.

The forth views, Max weber thesis he conclude some religion is anti-development others are pro development and pro entrepreneurship. The Weber thesis is the

foundation of the majority of studies and intellectual forums that debate the role of religion in development.

2.2.1 Western Entrepreneurship verses Islamic Entrepreneurship

There are, some philosophical differences between Islamic and Western perspectives with regards to how entrepreneurship is viewed and measured, Hassen and Hippler, (2014) over viewed the main differences of entrepreneurial activities presented as follows:

Table 2.2.1: Comparison between western and Islamic entrepreneurs

Entrepreneurs in Western perspective	Entrepreneurs in Islamic perspective
Western entrepreneurs often have profit maximization as a chief goal.	Muslim entrepreneurs have an obligation to pursue religious and societal needs.
Often motivated chiefly by individual utility (wealth) maximization.	Islam stresses the importance of engaging in economic activities that advance the goal of society as a whole to satisfy religious obligation.
Speculation and risk taking permitted	Financing through interest free profit sharing speculations and extensive risk taking is prohibited sharia compliant.
Often secular in nature.	Acknowledge the need to maintain a stable and just economy.
Altruistic goals, often secondary Debt & equity financing	Engaging in productive ventures involving in creations real goods and services.

Source: Adapted from Hassan and Hippler (2014)

2.3 Theories of Entrepreneurship and Model Adoption

2.3.1 Theory of Entrepreneurship

Entrepreneurship is a broad word that is used to describe the activity of one or more individuals to come up with an idea and implement it to benefit the community to subsequently increase growth and success of the individual or group (Tawfiqi, Hamdan, Masfaka, and Muwafak, 2018).

An entrepreneur, the term was first introduced by Cantillon R. (1756), he is Irish-French economist, and according to him Entrepreneurs are "agent who buys means of production at certain prices in order to combine them". He also defines the entrepreneur is the one who takes the risk of being self-employed.

Knight (1921) , described the entrepreneur as a taker of non-quantifiable risks, and profits as a reward that owner-managers receive for bearing risk Weber (1930) expression of cultural values; McClelland (1961) interpreted as the expression of high need for achievement. McClelland (1965) also his renowned works (with McBer) was the PEC Model which stands for Personal Entrepreneurial Competency Model. It is still widely being used in the entrepreneurship study. Many other scholars like, Hagen (1962), Penrose (1963): Entrepreneurial activities include identifying opportunities Barth, (1967), Harvey Leibenstein (1968, 1979), argued that entrepreneurship includes the activities needed to create.

According to Birley (1996), an entrepreneur is "an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterized principally by innovative and creative behavior and will employ strategic management practices in the business"

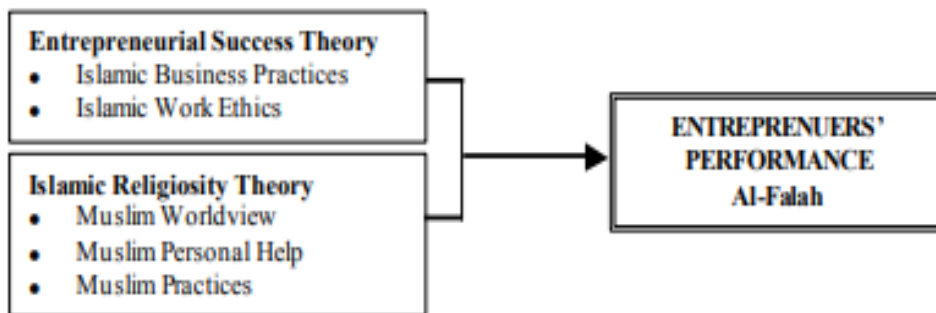
2.3.2 Theory of Islamic Entrepreneurship and Conceptual model

According to Razak K. A., (2018) definition Islamic entrepreneurship is a system,

process and practices of conducting business the Islamic way. Islam as a way of life termed as al-Deen encompasses the entire spectrum of activities required by the Muslims to lead their life in this world.

The theory of Islamic entrepreneurship (TIE) has been framed based on the structure of Ajzen's (1991, 2002a) Theory of Planned Behaviour (TPB) which is modified by Ashraf (2018) to the Theory of Bounded Rational Planned Behaviour (TBRPB). Theory of social entrepreneurial intentions (Mair and Noboa, 2006); TPB is based on a generalized assumption of mainstream economics (neo-classical economics) that human beings are generally rational and infinitely selfish (Ashraf, 2019).

Figure 2.3.2.1: Theoretical framework of entrepreneurial success and theory of Islamic religiously



Source: Rafiki and Wahab (2014)

According to Khan, (1994) behavioral economics is very similar to Islamic economics which assumes that human beings are selfish as well as altruistic. This assumption is under attack by the critics of behavioral economics who put forward that human beings are subjective and bounded rational (Simon, 1957), which is popularly known as the theory of bounded rationality.

Ashraf, (2019) coted Musa, (2002) study's there was the roots of Islamic entrepreneurship is entrenched in Islamic tenets which can be traced back in Quran passages interpreting and encouraging entrepreneurship as: When the prayers are ended, disperse and go in quest of Allah's bounty. Similar pro-entrepreneurial statements are also available in the Prophet Muhammad's (PPBH) traditions which uphold the position of a businessperson in Islam as: On the Day of Judgment, the honest, truthful Muslim merchant will rank with the martyrs of the faith; the trustworthy merchants will sit in the shadow of the throne of God on Judgment Day.

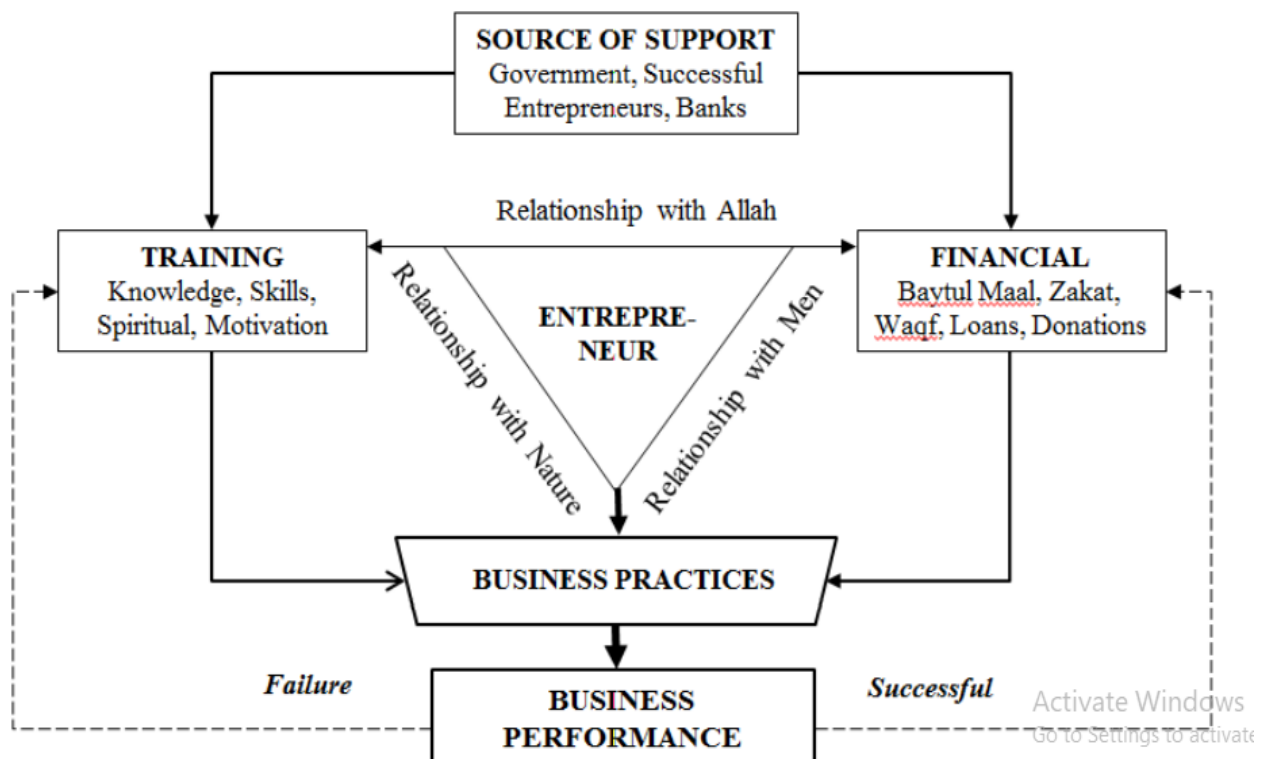
On the other hand, Nor, (2012), argued that, the roots of entrepreneurship concept. Trading in Islamic history starting in the early scene where the man two sons of Adam, Habil and Qabil namely have pioneered the field of entrepreneurship. Habil pioneered the former, while Qabil pioneered agriculture farming.

According to Nizho & Mohd, (2008), study justification, Prophet Mohammed (PBUH)

himself was directly involved in the business before being appointed apostles. Since the age of 12 years recorded history that often follow his entourage of his uncle Abu Talib out of business in Sham. He became one of the traders who market goods owned by Khadijah binti-Khuwailid (R.A) to the countries such as Syria and Yemen.

Ab (2010) supported on his study the role of entrepreneurs as they are part of the community that is accepted as important in the development of a community. They play an important role in solving the problems faced by the 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. Moreover, they are highly recommended Muslims to make these areas as an effort to improve their lives and indirectly provide employment to others in accordance with the traditions of the Prophet Mohammed (PBUH) mentioned earlier.

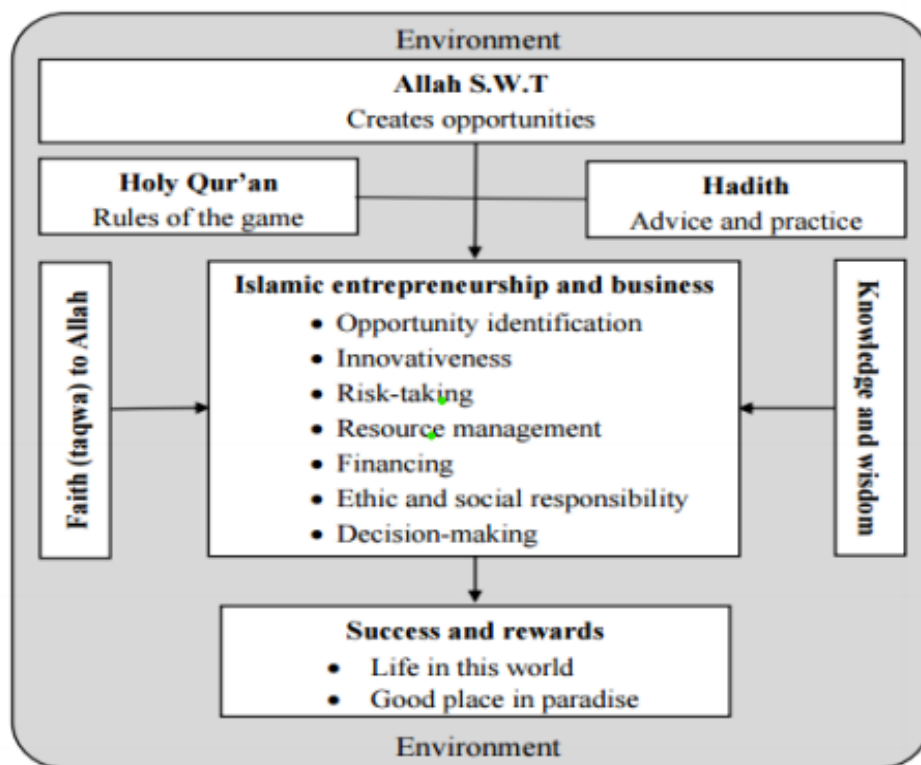
Figure 2.3.2.2: Perception of an Islamic entrepreneurship model by Hamid and Sa'ari (2011)



Source: Razak (2018)

Razak (2018) argue that as the newness of Islamic entrepreneurship approach; There has not been a proven universal and practical model that was worthy of claims as most of the existing Muslim entrepreneurs in his cases 'of Malaysia practice conventional entrepreneurship.

Figure 2.3.2.3: Islamic entrepreneurship model developed by Veland Ramadani, (2015,



1JBG, p.250)

Source: Razak (2018)

2.4. Empirical Reviews in International level Islamic banking effects on Entrepreneurial performance

There are little studies undertaken relating to the Islamic banking effects on Muslims entrepreneurs performance. Rafiki and Wahab (2014) in Malaysia investigated the success (*al-Falah*) of Muslims entrepreneurs (*Muslimpreneurs*): In their study

underpinning two main theories surrounding entrepreneurial success and Islamic religiosity and five independent variables are delineated from the respective theories for developing a multivariate performance model. These variables included Islamic business practices, Islamic work ethics, Muslim worldview, Muslim personal help and Muslim practices used as independent variables, while the dependent variable is the entrepreneurs' *al-Falah*. For data analysis they were used multivariate regression tools. Their findings concluded that all the five variables are positively related to the entrepreneurs' *al-Falah* (success).

Hove, Sibanda, and Pooe (2014) in South Africa also studied the impacts of Islamic banking on the key economic drivers such as entrepreneurship, competition and performance of small and medium enterprises of the survey 150 SMEs in South Africa. Structural equation modeling was employed to analyze data using the Smart Partial Least Squares (PLS) software. Their finding showed that firm competitiveness has a highly significant and strongly positive impact on business performance of SMEs and Islamic bank showed that positive impact on both firm competitiveness and entrepreneurial motivations. While the relationship between entrepreneurial motivation and the business performance of SMEs was found not to be significant.

Biancone P. P, and Sadeghi S. J., (2017) those conclude that Islamic finance is as international solutions to promote entrepreneurship and they explore entrepreneurship in Islam, offer potential opportunities for conducting Islamic-oriented business and investigate the performance European countries in Islamic finance and entrepreneurship.

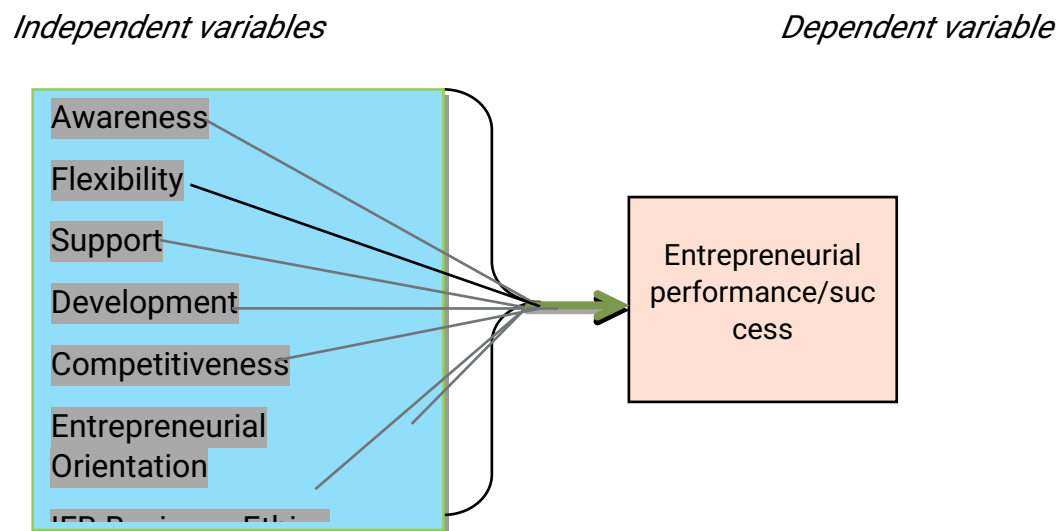
In general, Islamic banking finance is still under implementation stage especially the inter-related with entrepreneurs or SMEs in Ethiopia completely not studied so, this research expected to fill the gaps of Islamic banking non-financial variables affects to entrepreneurial performance.

2.5 The Philosophy of Islamic Banking and Finance

Principles and practices of conventional banking and finance based (primarily on the Western worldview) may be inconsistent with the Islamic worldview, since the Islamic worldview is different from the Western one. The Islamic worldview is based on the Quran and Sunnah (practice of Prophet Muhammad [PBUH]). In addition, the philosophy of Islamic banking is in accordance with the Shariah (Harun and Nursofiza, 2009).

Based on the existing theories and models in the literature reviewed, the researcher formulated an inclusive research framework in the following figure.

Figure 2.5.4: Self-constructed conceptual model



Entrepreneurial performance attributed by:

- | | | | | |
|--|---|---|---|----------------------------------|
| <ul style="list-style-type: none"> ▪ Return on investment world ▪ Profitability ▪ Sales growth ▪ Market share ▪ Competitive | } | <ul style="list-style-type: none"> ▪ zeka, hajj, giff/sedoka ▪ satisfactory life in this world ▪ spirituality be strong ▪ social responsibility | } | Good paradise after this /Alfal/ |
|--|---|---|---|----------------------------------|

2.6 Hypothesis Development

There are different theories discusses the religiosity and Islamic economics and finance

for this research's mostly developed from theory of religiosity and theory of entrepreneurship.

- **Awareness**

Self-awareness is a conscious knowledge of one's own character, feelings, motives, and desire contributes extensively to the success of an entrepreneurial success (Badal and Streur, 2012). In this research the respondents' data gathered from entrepreneurs who have interrelated with commercial bank of Ethiopia (IFB) and staffs serving IFB service.

H1: "there is a positive relationship between entrepreneur's awareness and entrepreneurial performance in the context of CBE Noor.

- **Flexibility**

Flexibility is a term that is presumed to be meaningful across different levels of analysis in an organization. It has been suggested that flexibility is required by organizations', groups, and individuals to deal with an increasingly complex and dynamic organization and global environment. Authors have proposed that organizational flexibility enables a firm to achieve a better 'fit' with their environment and create a sustainable competitive advantage Allison J.R. (2005).

Allison J.R. (2005) also addressed three primary research questions the first question was what are the characteristics of flexibility at the organization, group, and individual level of analysis. The second overarching research question of interest in his thesis examines how flexibility at each level of analysis is related to performance. The third overarching research question examined what factors impact flexibility at each level of analysis. To address these three research questions at each level of analyzed, a theoretical review and an empirical study were conducted.

Entrepreneurs must have the skills consists of evaluating the flexibility of Islamic banks /IFB/ requirements in negotiating terms and difficulty faced by entrepreneurs Allison

J.R. (2005).

H2: 'There is a positive relationship with Interest free banking service flexibility and entrepreneurial performance in the context of CBE Noor

- **Entrepreneurial Support**

The success of an entrepreneur from an Islamic perspective is not only measured in terms of material success. This is because human needs are not subjected just to the property they own, but encompasses all aspects required by the *maqasid* al-Shariah - namely religion, intelligence, life, honor as well as physical property Yakob and Azim (2012).

H3: "There is appositive relationship entrepreneurial support and entrepreneurial performance in the context of CBE NOOR

- **Firm Competitiveness**

Firm competitiveness defines competitiveness as ability of a given firm to successfully compete in a given business environment. One of the source of competitive advantage is financial intermediaries and facilitates and the sources of fund. It expects from such institution as an engines of enterprises development and country development too. In this study, Islamic banking is considered to be one such source of competitive advantage for entrepreneurs.

H4: Interest free Banking has a positive impact on firm competitiveness of SMEs

- **Entrepreneurial Development**

In this section examines the development made through Islamic banks to the entrepreneurs where it has a role in its success and focus on the product and service itself.

H5: "Interest free banking service development has positive impact on entrepreneurial

/SMEs performance in Ethiopia context

- **Entrepreneurial Orientation**

İsmail et al. (2015) suggest that entrepreneurial orientation is needed in addition to entrepreneurial orientation in order to foster entrepreneurial activities in an economy. According to Swierczek and T.T., (2003), Entrepreneurial orientation has three dimensions such as innovativeness, risk taking, and pro-activeness. Hussain et al, (2017) add two other dimensions those are competitive aggressiveness and autonomy.

H6: "There is an entrepreneurial orientation positively related to entrepreneurial performance of SMEs in Ethiopia context.

- **Islamic Business Ethics**

Muhammad et al (2013) proposed in their study that when a business is clear of its core purpose and values and aligns its brand, it is more likely to attract and keeps talented people, reduce inefficiency and stress caused by conflicting messages and also attract more clients, customers and also supplier who deliver goods to the same high standards According to Darwish, (2000) Islamic work ethics has roots in al-Quran and hadith. AL Quran often speaks about honesty and justice in trade, fare distribution of wealth in society. It acquiring technology and skills but discourages laziness.

Hashi (2011) also define the concept of business ethics as *Akhlak*/good character/ the origin is from Quran and Sunnah and the scope and principles based on the concept of being vicegerent (*khalifate*).

According to Ali, (2014) Ethics deal with issues of right and wrong, morality of conduct and relationships in the marketplace. Ethics are moral standards that govern human conduct and individual relations with others. Islamic ethics are founded on four interrelated concepts: *Ihsan* implies (that goodness and generosity), relationship with others, equity and accountability.

Rice (1999) also mentioned about the importance of unity (*tawhid*), justice (*adalah*),

trusteeship (*khilafah*) in dealing with businesses. *Shariah* and ethics are strongly entwined. It is practically impossible to separate the two. Therefore, it goes without saying that, all the business ethics in Islamic finance have their roots in the *Shariah*.

H7: "Interest free banking business ethics positively related to entrepreneurial performance in Ethiopia context"

- **Entrepreneurial Performance**

In this research the dependent variable is the entrepreneurial performance which has different dimensions. Scholarly debate concerning the definition and measurement of entrepreneurial performance has, over the years, remained open (Leković and Marić, 2015). The parameters that are usually used to measure performance in large firms do not always apply to as of the Owners/Entrepreneurs/managers of small business and a wide range of their goals as quality independence and life styles (Jennings & Beaver, 1997). These selected variables are qualitative in nature because of traditional financial success measures for owners/entrepreneurs/managers of small businesses can be insignificant, senseless or inappropriate as every individual has his/her own perception of success (Simpson et al., 2004) cited by Leković and Marić, (2015).

Table 2.6.2: Conceptual Definitions of Instruments

Instruments	Code	Conceptual Definition	No. of Items	Source of questionnaire Items
Demographic variables	DMO	This section consists of respondents' characters of gender, age, education, experience, sector of business, type of customers.	6	Researcher own developed questionnaire items

Self-Awareness of entrepreneurs	AWE	Entrepreneurs' self-awareness explains as entrepreneurs must be aware/knowing/ about IFB services, products, financing fees, uniqueness from conventional banks, risks, opportunities and contracts.	6	Tawfiqi et al. (2018)
Flexibility of IFB products or services	FLX	This section consists of evaluating the flexibility of Islamic banks requirements, in negotiating terms and the difficulty faced by entrepreneurs.	3	Tawfiqi et al. (2018)
Entrepreneurial support	ENS	The supportive services provided by Islamic banks are measured by the collateral restrictions, differentiating in the services based on the business stability, supporting the poor, providing financial advice.	7	Tawfiqi et al. (2018)
Entrepreneurial Development	END	This section examines the development made through Islamic banks to the entrepreneur where it has a role in its success and focus on the product itself.	5	<i>Tawfiqi et al. (2018)</i>
Entrepreneurial competitiveness	ENC	Firm competitiveness refers to the ability of a firm to outweigh their rivals because of certain competitive advantages that accrue to them either in the form of minimized costs and maximized business opportunities	4	
Islamic business	IBE	Islamic business ethics is expressed in terms on the immanent presence of God		<i>Kompanion A., (2013)</i>

ethics		in the earthly affairs of man. His omnipotence imbues material reality with normative content. Both God's law expressed in the <i>qur'an</i> and <i>sunna</i> and the objective circumstances in which man must strive to obey them are divinely ordained.	5	
Entrepreneurial orientation	ENO	EO is a firm-level strategic orientation which captures an organization's strategy-making practices, managerial philosophies, and firm behaviors that are entrepreneurial in nature. Most common dimensions are Innovation, risk taking, pro-activeness and other two items included as competitive aggressiveness and autonomous. EO refers to the propensities, processes and behaviors that lead to entry into new or established markets with new or existing goods or services.	5	Covin & Seliva, (1989) -Lumpkin and Dess, 1996
Entrepreneurial performance	ENP	The success level is measured by passing the breakeven point, stability and profit rate.	4	Tawfiqi et al. (2018)

Source: adapted from Tawfiqi et al. (2018); Rice (199); Miller, (1983); Covin Seliva, (1989); Hove et al (2014), Kompanian A., (2013)

CHAPTER THREE

3.1 Research Methodology

Schwartz (2007:195) defines research methodology as a theory of how an inquiry should proceed. It involves analysis of the assumptions, principles and procedures in a particular approach to inquiry. According to Schwartz (2007), Creswell and Tashakkori (2007), and Teddlie and Tashakkori (2007), methodologies explicate and define the kinds of problems that are worth investigating; what constitutes a researchable problem; testable hypotheses; how to frame a problem in such a way that it can be investigated using particular designs and procedures; and how to select and develop appropriate means of collecting data.

The researcher was collected data from interest free banking customers performing business as partners of commercial bank of Ethiopia. Data collected in a mixed approach method both (quantitative and qualitative) through semi-structure interview with bank performers and questionnaire data collected from entrepreneurs who have business relationship with "CBE NOOR".

3.2 Research Design

A research design is a plan, structure and strategy of investigation so conceived as to obtain answers to research questions or problems. The plan is the complete scheme or programmed of the research. It includes an outline of what the investigator will do from writing the hypotheses and their operational implications to the final analysis of data (Kerlinger 1986: 279). Research design is a blue print (Thyer, 1993: 94); a procedural plan; arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure' (Selltiz, Deutsch and Cook 1962: 50). Creswell, Plano Clark, Gutmann, and Hanson (2003) in educational research designed Sequential explanatory, Sequential exploratory, Sequential transformative, concurrent triangulation, Concurrent nested, and Concurrent transformative.

In this study employed a descriptive research design to study the effects of Interest free

banking on entrepreneurial performance on the case of “CBE-NOOR”. The researcher applied sequential explanatory strategy. That is collection and analysis of quantitative data followed by the collection and analysis of qualitative data. Data were integrated during Interpretation phase. Because of relatively straight forward due to clear, distinct stages and easier to describe than concurrent strategies.

3.3 Research Method

There are four principles of research method designs; triangulation, explanatory, exploratory and embedded. These decisions address the different ways that the quantitative and qualitative strands of the study relate to each other. A strand is a component of a study that encompasses the basic process of conducting quantitative or qualitative research: posing a question, collecting data, analyzing data, and interpreting results based on that data (Teddlie & Tashakkori, 2009).

- The researcher was employed mixed approach because of it has an opportunity to gather efficient data collection and analysis with data provided. It also advantageous quickly and efficiently captures potentially large amounts of data.
- Incorporates both qualitative and quantitative elements in such a way that the qualitative and quantitative information complements each other.

3.4 Target Population

There are thirteen banks giving interest free banking service in Ethiopia. Commercial bank of Ethiopia is one of a State-owned Institution it delivers interest free banking service. It currently has over 1653 branches Nationwide constituted in three regional office and 30 districts. It provides both conventional and IFB products and services to its customers. The bank has started providing IFB services since October 28, 2013 through its 1604 branches and has over 3,120, 000 accountholders with total deposit amount of Birr above 25 billion. Commercial bank of Ethiopia Interest free banking business “IFB” name and logo changed into CBE-Noor branding and logo.

CBE-Noor at November 2020, Bank performance report shows that there are 1,604 branches giving Interest free banking service. Out of these, 57 branches providing only interest free banking service. Do to such large customer bases, large amount of deposits and branch distribution; the researcher has been selected CBE NOOR as a sampling frame.

3.5 Source of Data

The researcher designed primary data source: Questionnaire, Semi-structured interview and Document analysis are main instruments for this research. Some questionnaire items adopted and some of adapted from the previous studies. The first 23 items adapted from Tawfiqi et al., (2018) others adapted from different researchers previous studies. Data collected from Interest free banking account holders, borrowers, Staffs directly inter-related with Islamic banking service providing. Depend up on the cost and time scarcity, respondents were selected from branches found in Addis Ababa city and CBE Noor center. The researcher was designed questionnaire using English and Amharic language. However, semi-structure Interview question prepared only in English language. The questionnaire developed ranges from 1 to 5 Likert scale for responses. 1 stands for strongly disagree, 2-disagree, 3- Neutral, 4- Agree, and 5-Strongly agree.

3.6 Sampling Method and Sampling Size

3.6.1 Sampling Method

A sample is a part of the population that is subject to research and used to represent the entire population as a whole. The two main advantages of sampling are the faster data collection and lower cost. (Kish 1965, Robert 2004) Each observation measures one or more properties of observable subjects distinguished as independent individuals. In business research, medical research, agriculture research, sampling is widely used for gathering information about a population.

Based on (Kish 1965, Robert 2004) this research participant population very large and diversified population the researcher uses sampling technique because of both the cost

and the accessibility of fast data collection method.

The researcher was employed both probability and non-probability sampling technique. To minimize data collecting risk, the researcher designed purposive sampling technique for selecting District and branches more conveniently. There are Eight Districts found in Addis Ababa. Currently, each has 40 up to 61 branches. The researcher purposely selected two Sample Districts. Respondents' have not equal distribution in all branches therefore the researcher designed convenient sampling method. From two Districts purposely selected ten branches each those are more convenient to the researcher. The researcher also applied available sampling technique because of the heterogeneity the branch customers.

Interview: CBE-Noor window model giving service simultaneously with conventional banking service. All banking staffs might not have equal access to professional expertise both conventional and Interest free banking service. Therefore, the researcher interviewed with interest free banking specialists and IFB financing officers or CRM with purposive sampling technique.

3.6.2 Sampling Technique and Sample Size Determination

A sample size generally depends on five study design parameters: minimum expected difference or also known as the effect size, estimated measurement variability, desired statistical power, significance criterion, and whether a one- or two-tailed statistical analysis is planned.

In this study, the researcher conducted mixed method both probability and non-probability sampling method, which is likely to precisely assess the representation of the sample to the target population. The sample of this paper will be chosen from CBE Noor customers/ entrepreneurs/ staffs, and "CBE-NOOR" branch Managers.

The appropriate sample size for a population-based survey is determined largely by three factors (Miaoulis and Michener, 1976): the estimated prevalence of the variable of interest; the desired level of confidence or risk and the acceptable margin of error.

The correct sample size for this study is to be 96 respondents with a 95% confidence level and a 10% margin of error cited by (Tawfiqi et al. 2018) This will represent the entire population fairly. The researcher used this sampling technique because the nature of the respondent. No entrepreneurs recorded data found in the research sampling frame. Some researchers like (Tawfiqi et al. 2018) had been used this sampling method known as confidence interval method (Greene, 2012).

The formula for the sample size required to get a desired margin of error (MOE) when we are doing confidence Interval for

$$\mu \text{ is } n \geq \left(\frac{z^* \sigma}{\text{MOE}} \right)^2 ;$$

z^* -values

- population standard deviation and MOE is Margin of Error

Confidence level	Z values
80%	1.28
90%	1.645
95%	1.96
98%	2.33
99%	2.58

Table 3.6.4: Sampling technique, Sampling unit, and sampling size determination

Sampling unit	Sampling technique	Sampling-size	
Commercial bank of Ethiopia	Purposive		
Addis Ababa City	Purposive		
Districts	Cluster Sampling	2 Districts from Addis Ababa	
CBE-Noor Customers	Convenience Sampling		

In general, the researcher conducted Multi stage sampling techniques. In terms of cost effectiveness and response rate; questionnaires distributed to 150 Entrepreneurs who fit the requirements the concepts of entrepreneur defined by Birley (1996) by drop-off and pick-up technique, and data was collected from Seven CBE NOOR specialists and front line officers through semi-structured Interview non-probability convenience sampling technique.

3.7 Outcome Measure

To measure the effects of Islamic banking on entrepreneurial performance, the study divided variables into three sections, dependent, independent and control variables. The dependent variables fixed variable, which is the performance of the entrepreneur.

However, the independent variable is the Islamic banks which are examined in seven variables. These are the awareness of entrepreneurs on Islamic banks, the flexibility of their products and services, the support that is provided and the development of entrepreneurs, Islamic business ethics, firm competitiveness, entrepreneurial orientation and dependent variable entrepreneurial performance. The controlling variables also gender, age, family status, education level, experience, types of sector, firm size and types of customer account are controlling variables.

3.8 Reliability and Validity

The validity, reliability and Normality of the data collected through the questionnaire, tested by the correlation coefficient of Cronbach's' Alpha. The reliability and validity of the independent variables appropriateness of a measure Whitelaw, (2001), considers the validity of any study to achieve an accurate result. Validity is the capacity to reach the intended measurement of the study and to achieve the needed results Shehu (2012), cited by (Tawfiqi et al 2018).

3.9 Methods of Data Analysis

Data analysis is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making (Wikipedia).

Primary data collected through questionnaire and analyzed descriptively. Both probability and none probability sampling technique .To minimize data collecting risk, the researcher designed purposive sampling technique for selecting District and branches more conveniently. The first part of the questionnaire contained demographic variables such as gender, age, level of education, experience, sector of business and types of customer are demographic variables of this paper. The second part of this questionnaire contained seven dependent variables those are hypothesis tested by both multinomial logistics regression and Spearman correlation test for strengthens.

3.10 Ethical Considerations

As suggested by Poth (2020) argues that ethical considerations mixed method research can be intensified as:

- Designs may differ in the number of data collection integration points
- Designs may be using more intensive data collection method.
- Designs may be more intensive over a short period of time.
- Design may differ in participating expectations.
 - Consent-respondents take part in the research voluntarily and data will be collect based on the consent of the individual.
 - Informed- the purpose of the research clearly explained to respondents.
 - Protection of participants –there should not be any physical or mental harm. Creswell (2018, p.173) advises researchers to ‘anticipate the possibility of harmful, intimate information being disclosed during the data collection process’.

CHAPTER FOUR

4. Research Finding and Discussion

The purpose of this chapter is to present finding which were collected from questionnaire, Interview, observation and Document analysis according to the research methodology discussed in the previous chapter. Accordingly, descriptive analysis of respondents' profile, descriptive analysis, correlation analysis and inferential analysis of customer's data by making use of quantitative data by using multinomial multiple regression models.

4.1 Sample and Response Rate

There were 150 questionnaires distributed to the sample respondents however, there are not collected fully and some of responded questioners also incomplete and invalid. Only, 139 questionnaires were completed and valid. In general, 92.67% valid questionnaire data consumed for further process.

4.2 Reliability and Validity Analysis

In order to ensure the validity of the study data collection instruments the researcher developed from relevant literature. A pilot survey was conducted on random sample 35 customers after customer suggestion and recommendation the researcher amended and distributed 150 questionnaires. In order to understanding the researcher translated questionnaire in Amharic language by aiding goggle translator.

To test the validity and reliability of the data collected from the questionnaire, the normality and Alpha Cronbach testing measured. There are variety of internal consistency measures that can be used including average Inter-Item Correlation, Average Item Total Correlation, Split-Half Reliability and Cronbach's Alpha (Trochim, 2000).The researcher ensured the internal consistency of independent variables by testing Cornbrash's Alpha Reliability Coefficient. Cronbach's Alpha typically ranges 0 to 1 values closer to 1 indicates a greater internal consistency of the variables in the scale and Cronbach's Alpha values show greater reliability. The formula $CA = rk / [1 + (k-1)r]$: k= number of items; r= the mean of inter item correlation.

Cronbach	$\alpha > 0.8$	$0.8 \leq \alpha$	$0.7 \leq \alpha$	$0.6 \leq \alpha$	$0.5 \leq \alpha$	$\alpha < 0.$
Consistency	Excellent	Good	Acceptable	Questionable	Poor	Unacceptable

Based on the above interpretation the researcher tested independent and dependent variables of all items the result showed that 0.812 therefore, the internal consistency of the study variables are fall under excellent ranges. This implies that total over all internal consistency reliable. In most sources showed that the acceptable range of internal consistency of Cronbach’s coefficient alpha is equal to 0.7 (Shemwell, Chase, and Schwartz, 2015, p.68); however, values above 0.6 also accepted (Grithuijsen et al., 2015; Taber, 2018).

Table 4.2.4: Instrument Reliability

Constructs	Number of items proposed	Cronbach’s Alpha
Awareness (AWE)	6	.652
Flexibility	3	.656
Support (ENS)	7	.612
Development(END)	5	.616
Entrepreneurial Orientation	5	.664

(ENO)		
Islamic Business Ethics (IBE)	5	.657
Competitiveness (ENC)	4	.624
Performance (ENP)	4	.611
Total Scale Reliability	39	.812

Source: (Survey SPSS output)

4.3 Data Presentation and Analysis

The purpose of this chapter is to present

findings which were collected from the actual questionnaire survey, document analysis and Interview through the descriptive and statistical findings. The researcher proposed an official assessment of measures and also carried out the analysis to give the accurate answers for the research questions and hypotheses proposed.

4.3.1 Respondents Demographic Analyses

In order to identify association between some of the Demographic variables analyzed descriptively on the SPSS software. Descriptive statistics analyze such as frequencies, cross tabulation, and descriptive ratio statistics.

The main variables conducted on this research are Gender, Age, Education level, Experience in the business, and Types of business sectors of the entrepreneurs are analyzed and interpreted as follows.

Entrepreneurs who have participating in interest free banking business; Males are twice greater than Females 69.1% Males & 30.9% are Females. The Age distribution of the sample respondents showed that young respondent 24 and the elder respondent Age is 52. The average Age is equal to 34.26. From this analysis the researcher understood that entrepreneurs who have dealing with Interest free banking practically applied by

Age groups between 25 and 35.

On the other hand the educational levels of the entrepreneurs who have Diploma and First Degree holders are equally covered each 33% of the total sample. The most participating business sector is Domestic trade and Service which is covered 84.2% of the total business sectors. On the types of account category; Wadiya saving account scored 72.7% of from the sample 139 entrepreneurs/SMEs.

Table 4.3. 5: Demographic Variables Summary Description

Gender	No	%	Age		%	Educatio n.	No	%	Busines s experie nce	No	%	Business Sector	No	%	Acc. type	No	%
Male	96	69.1	<25	1	0.72	Elementar y	5	3.40	1-4	41	29.5	Domestic trade &Service	117	84.2	Wadiya	101	72.7
Female	43	30.9	26-35	7	56.8	High school	20	14.3	5-9	48	34.5	Manufactur ing	15	10.8	Mudara	15	10.8
			36-45	4	34.5	Diploma	46	33	10-14	34	24.5	Constructio n	2	1.4	Financ ing	14	10.1
			46-55	1	7.90	BA/BSc.	46	33	15-19	8	5.8	Agriculture	3	2.2	Others	3	2.2
			>55	0	0	MA/MSc.	22	15.8	>19	8	5.8	Import /export	2	1.4			
Total		100			100	PhD.	0	100			100		100				100

Source: (From the researcher own Survey, 2021)

4.4 Summary of Interview Responses

There were seven semi-structured Interview questions forwarding to bank staffs providing IFB services in three important functions of the bank. There are Branches, District, and Center or Head office. No asked each seven questions for all sample interviewee. Instead, Interview questions classified as types of officer/manager responsibility and types of expertize.

According to interview question about IFB product and services of customer awareness; the researcher summarized their responses as follows. Currently CBE-Noor, aggressively providing services and their customer base increased twice the last year performance. Last year they have been dispersed about five billion birr financing loan to their customers. Currently they also have planned to provide twenty billion birr for this

budget year.

Based on questions about interest free banking flexibility, policies and procedures, sharia principles they replied their gaps and opportunities. "Of course, our product and services restricted under sharia principles and frameworks in the case of banking service, window model service have some gap because of segregation of IFB services not applicable in some branches' in case of man power and facility issue. On the other hand, in financing service we provide funding in short period of time comparing to conventional loan processing time. The indicators are some conventional customers preferred our service for flexibility. When borrowers providing appropriate documents, approval might not takes triple weeks more." The researcher also observed such loop hole from some sample branches that is non-comply both sharia principle and NBE Directives SBB/51/2011 and the replacement directive also decreed exclusively offering interest free banking service SBB/72/2019.

In response to complying Sharia principle, the respondent explained; "CBE hired sharia advisory BOARD since 2019 so, any new products and services not applied without their Approval. The board issue 'Halal' certificate for each product and services.

In the last, the researcher understood from the interviewee over all understanding and opinions that CBE NOOR does not a frame financing providing to startup capital to Micro and Small Scale Firms.

4.5 Relationship between Variables

A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated and values closer to 0 indicates that there is no linear relationship whereas value closer to -1 indicates that there is a weak relationship between the variables.

As per Andy (2006), cited by Debebe, 2015) correlation is a commonly used measure of the size of an effect: values of ± 0.1 represent a small effect, ± 0.3 is a medium effect

and ± 0.5 is a large effect. Therefore, the following table demonstrated the Spearman correlation coefficient on the relationship between independent variables and dependent variables each other.

Table 4.5. 6 :Spearman Correlations Coefficient Matrix

Spearman's rho		AWE	FLX	ENS	END	IBE	ENC	ENP	ENO
AWE	R	1.000							
	P-value								
FLX	R	0.112	1.000						
	P-value	0.188							
ENS	R	0.132	0.087	1.000					
	p-value	0.122	0.310						
END	R	-0.100	0.082	0.067	1.000				
	P-value	0.242	0.340	0.434					
IBE	R	0.149	0.052	.258**	-0.025	1.000			
	P-value	0.080	0.544	0.002	0.770				
ENC	R	0.009	0.158	0.097	-0.057	0.143	1.000		
	P-value	0.920	0.063	0.256	0.501	0.094			
ENP	R	-0.058	-0.107	0.118	-0.024	.357**	0.150	1.000	
	P-value	0.501	0.212	0.167	0.777	0.000	0.078		
ENO	R	0.065	0.097	-0.002	-0.066	.341**	.218**	.279**	1.000
	P-value	0.447	0.257	0.983	0.437	0.000	0.010	0.001	

*. Correlation is significant at the 0.05 level (2-tailed).

**.. Correlation is significant at the 0.01 level (2-tailed).

As per Spearman's' Correlations matrix demonstrated on the Table 6, most variables have positive relationship with in each other. However, Entrepreneurial awareness negatively related with entrepreneurial development. Variable items correlated at significant $p = 0.01$ levels are; Entrepreneurial support with Interest free banking (IFB) $r = 0.258$; Entrepreneurial performance and Entrepreneurial orientation has positively related with Interest free banking business ethics at $r = 0.357$ and $r = 0.341$ times respectively. Entrepreneurial competitiveness $r = 0.218$ times related to entrepreneurial orientation at $p = 0.01$ level but negative relationship with Entrepreneurial Development. Entrepreneurial development negative related with in all variables except Interest free banking flexibility and entrepreneurial support.

4.6 Test results for Multinomial Logistics Regression Model Assumption

The most important and key assumption in multinomial logistic regression model is that the errors are independently identically distributed with Gumbel extreme value distribution. On the other hand multinomial regression assumed that data are case-specific; that is, each independent variable has a single value for each case. It also assumes that the dependent variable cannot be perfectly predicted from the independent variables for any case(Wikipedia).

lead to a simpler, more parsimonious model and increase power to detect relationships with other variables. Multinomial logistic regression assumed that linearity, no outlier, independence, no multi collinearity. The equation of multinomial logistic regression are :

$$\text{Log(odds)}=\text{logit}(P)=\ln(P/1-P)= a+b_1x_1+b_2x_2+b_3x_3+\dots$$

$$P=\exp(a+b_1x_1+b_2x_2+b_3x_3+\dots)/1+\exp(a+b_1x_1+b_2x_2+b_3x_3+\dots)$$

p = the probability that a case is in a particular category,

exp = the exponential (approx. 2.72),

a = the constant of the equation and,

b = the coefficient of the predictor or independent variables.

4.7 Testing Hypothesis on Multinomial Logistic regression

Hypothesis testing performed on the Multinomial logistic regression model on SPSS. The regression coefficient is an entity that, measure the relationship between independent and dependent variables. Multinomial regression used to predict categorical placement in or the probability of category membership on dependent variables.

To strengthen the results of the study, the Multinomial Logistic Regression test is used. As illustrated in the Table below tested each independent variable impacts on the dependent variable.

Table 4.7.7: Testing Independent Variables on Entrepreneurial Performance (SPSS)

Model fitting information and Pseudo R-Square information table					
Variables	Model Fitting Criteria -2 Log Likelihood	Likelihood ratio test			Pseudo R-Square (Nagelkerke)
		Chi square	DF	Sig.	
AWE	182.145	141.202	64	.000	.702
FLX	139.307	58.390	36	.011	.377
ENS	176.328	140.009	80	.000	.698
END	141.981	60.644	40	.019	.350
ENO	186.666	141.655	72	.000	.703
IBE	197.455	130.865	64	.000	.671
ENC	100.784	87.394	48	.000	.513

Source: (SPSS output)

In the **Table 7**, Multinomial logistic regression SPSS output contains all independent variables of Model fitting information and Pseudo R-square output. Other relevant information's such as likelihood ratio test and parametric estimation test output

attached on APPINDIX 1.

4.7.1 Testing Hypothesis One

Hypothesis 1: *“There is a positive relationship between entrepreneurs’ awareness and entrepreneurial performance in the context of CBE Noor*

The first hypothesis tested entrepreneurs’ awareness on Interest free banking services and products on the dependent variables entrepreneurial performance using (SPSS multinomial logistic regression model) the model Significant value P-Value = .000 it is significant effect. The second statistical output is Pseudo R-Square (Nagelkerke) .702 it indicated the relationship between the predictor (entrepreneurs awareness) and the prediction (entrepreneurial performance) by 70.20 %. The Nagelkerke modification that does range from 0 to 1 is a more reliable measure of the relationship therefor .702 is excellent. Nagelkerke R-square will normally be higher than the Cox and Snell measure 63.8% of the relationship between predictors and prediction.

- **Interpretation of the Likelihood(-2LL)Ratio Tests**

The results of the likelihood ratio tests can be used to ascertain the significance of predictors to the model. As-per the predictors of entrepreneurs awareness Four items showed significance level of p value <.05 the other two items are insignificant and In the case of parametric estimates all variable items of entrepreneurial awareness are greater than .000. Therefore, in logistic regression all coefficients must be taking the value = 0. However, the SPSS output parametric estimate test all Awareness items significant values greater than 0. Therefore, the Nulls hypothesis is failed to reject. The alternative hypothesis rejected.

4.7.2 Testing Hypothesis Two

Hypothesis 2: *“There is a positive relationship with Interest free banking service flexibility and entrepreneurial performance in the context of CBE Noor*

In referring the Table 7 above, the second hypothesis testing Interest free banking flexibility on the dependent variable entrepreneurial performance; the test shows that chi-square is 58.39 which is a weak positive relationship between the flexibility of Islamic banks and the entrepreneurial success. A significant value .011 statistically insignificant because it is $> .000$. Pseudo R-Square also .377 shows weak relationship with dependent variable. Therefore the null hypothesis is filed to reject.

4.7.3 Testing Hypothesis Three

Hypothesis 3: There is a positive relationship between entrepreneurial support and entrepreneurial performance in the context of CBE NOOR

In referring to Table 7, the third hypothesis; Entrepreneurial support on Interest free banking the model Significant value is .000 and Pseudo R-Square (Nagelkerke) .698 it indicated the relationship between the predictor (entrepreneurs support) and the prediction (entrepreneurial performance) by 69.80 %. The Nagelkerke 'modification' from Cox & Snell shows that range from 0 to 1 is a more reliable measure of the relationship therefor .698 is moderate value. Nagelkerke R² will normally be higher than the Cox and Snell measure 63.5% refer (APENDIX -3) of the relationship between predictors and prediction. The estimated parameter of entrepreneurial support and referent group entrepreneurial performance the significant value of each support items the significant value recorded above 0 therefor, the proposed null hypothesis will be accept.

4.7.4 Testing Hypothesis Four

Hypothesis 4: "Interest free banking service development has positive impact on entrepreneurial /SMEs/ performance in Ethiopia context

In referring the Table 7 and SPSS Multinomial logistic regression output at the attached APPENDIX4; in all Regression criteria the independent variable entrepreneurial development relationship with dependent variable entrepreneurial performance is insignificant. When we see the model fitting information the significant value is greater than .000 that is .078 ; -2L log likelihood chi square 53.238 and Pseudo R-square (Nagelkerke) .350 is very weak relation with only 35 % relationship with dependent variable.

When we see the parametric estimate output of four entrepreneurial development items, only one item fitting the strong relationship with the referent variable of entrepreneurial performance that is sig. value is equal to .000. Therefore, the null hypothesis failed to reject.

4.7.5 Testing Hypothesis Five

Hypothesis 5: *“There is an entrepreneurial orientation positively related to entrepreneurial performance on SMEs in Ethiopia context*

Entrepreneurial orientation relationship with dependent variable is tested by SPSS Multinomial logistic regression model. The researcher presented the output results as follows: When we see the model fitting information -2LL =188.666; Chi square =141.655; DF =72 and Sig. value =.000.It is statically acceptable *value and Pseudo R-Square (Nagelkerke) =.703 also very good (see APPENDIX 5) so, this regression coefficient has significant value. In the likelihood ratio testing output showing that covariate respondent age is significant to the entrepreneurial performance whereas gender is not. Entrepreneurial sub variable two items are significant others four are not significant relationship with the referent variable. When we see parameter estimate testing, all sub variable items outputs are insignificant except one. Because of the sig. values are greater than .000. Therefore the null hypothesis failed to reject.*

4.7.6 Testing Hypothesis Six

Hypothesis 6: *"Interest free banking business ethics positively related to entrepreneurial performance in Ethiopia context"*

In referring Table 7; The Multinomial regression output showed that $-2LL=197.455$; Chi square =130.865; Df= 64; Sig. value = .000 and Pseudo R-Square (Nagelkerke) =.671 all these values are statistically significant value. However, when we see the likelihood output and the parametric estimates see (APPENDIX -6) all sub-variables including covariant items are insignificant because all values are greater than .000. Therefore, the null hypothesis failed to reject.

4.7.7 Testing Hypothesis Seven

Hypothesis7: *"There is a positive relationship Entrepreneurial Competitiveness and Entrepreneurial Performance"*

In referring Table 7; The Multinomial regression output showed that $-2LL=253.774$; Chi square =69.576; Df= 56; Sig. value = .105 and Pseudo R-Square (Nagelkerke) =.433 all these values are statistically Insignificant. However, when we see the likelihood output and the parametric estimates see (APPENDIX -7) in only one sub-variable item has significant value. When we see parametric estimation testing SPSS output, all sig. values are greater than .000. Therefore, the null hypothesis failed to reject.

CHAPTER FIVE

5. Summaries of Findings Conclusions and Implications of the Study

Chapter Five is the final part of the study it attempted to summarize based on the result obtained in the study; a discussion of theoretical and practical implication will be presented on this chapter. In addition, some recommendations were suggested for banks and any concerned organs. The researcher also proposed important suggestions and implication for future *researchers*.

5.1 Summary of the Study

The main purpose of this research is to identify the effects of Interest free banking business on the entrepreneurial performance in the case of CBE-NOOR. The topic constructed three main disciplines those are banking systems, religiously, and entrepreneurship. However, this research assessed the fundamental concepts from each disciplines for the consumption of research objective. To achieve its' research objectives, the study consumed theory of Religiosity and theory of entrepreneurship.

The study used mixed research approach using multi stage sampling technique. Primary data collected from commercial bank of Ethiopia CBE-NOOR customers' undertaking own business/firms. There are 139 questionnaires collected and consumed from 150 distributed Questionnaires. The study used convenient sampling technique. The reason is why convenient sampling I used

The collected data analyzed by Multinomial logistic regression and Spearman correlation test. Because of the collected data are Likert Scale Categorical ordinal data (Multinomial regression model more appropriated) and to estimate the degree of association between two quantitative variables appropriate statistical tool is Spearman's rank correlation test.

In addition to Data collected from reference group; that is staffs of CBE-NOOR with

Semi-structured Interview. Finally, the researcher presenting relevant findings as follows:

- o There are 69.1 % male business owners/entrepreneurs dealing business with interest free banking. It indicates that the number of male business owners twice greater than female business owners.
- o The most frequent age grouped 26-35; 56.83% respondents have own business.
- o Education is the main factors to motivate and/or establishing own business. Because of 88% of the sample respondents education level showing at the data Diploma and above. In addition the most participating business sector is domestic trade and service covered 84.2% from the sample.
- When we see the interview finding interest free banking services has been growing. Both deposit mobilization and financing disbursement simultaneously growth. This shows that entrepreneurs or financial deficit firms have access to gain fund from interest free banking institutions. However, there are all financing loan are collateral based. Collateral items also only Non moveable fixed Asset. No access to fund to micro business firms demanded startup capital.
- In some cases non-complying both sharia principle and NBE directive SBB/72/2019 In the case of service delivering through windows not segregated from conventional banking business effectively.

The research finding showing that the relationship of each independent and dependent variables tested by Spearman correlations' rank test and Hypothesis tested by Multinomial logistic regression model SPSS version 25 from multinomial logistic regression,

- The first hypothesis awareness of entrepreneurs on Interest free banks statistically significant. Null hypothesis failed to reject. The alternative

hypothesis rejected.

- The second hypothesis Interest free banking service flexibility in CBE NOOR no relationship the dependent variable entrepreneurial performance because p-value is .011 statistically insignificant. The Pseudo R-square also Nagelkerke .377 it shows that only 37.7 % related to the dependent variable. Only one item fit Sig. value = .000 refers (Appendix 2)

The third hypothesis entrepreneurial support regression coefficient on model fitting showing Sig. value =.000 it is significant. Pseudo R-Square .698 it is significant. However, the parameter estimate only one items fit p-value =0. So, the null hypothesis failed to reject.

5.2 Discussion and Conclusions

In general, the findings show that entrepreneurs' awareness, entrepreneurial orientation, Islamic business ethics and entrepreneurial support on interest free banking business has a positive role to enhancing entrepreneurial performance. According to the predictors positive relationship with entrepreneurial performance interest free banks needs to expand awareness creation to whole entrepreneurs because of Entrepreneurs contribution for country development has very essential role.

Entrepreneurial orientation also has positive relationship with entrepreneurial performance therefor; to enhance the entrepreneurs' innovativeness, pro-activeness, and autonomous, competitive aggressiveness and to take risk, the responsible organization like governments, banks and microfinance institutions, and other concerned organs needs to special focus to entrepreneurs who have need interest free financing fund.

Interest free banking comply principles of Islamic sharia (law). The result also shows Islamic business ethics has positive relationship with entrepreneurial performance; therefor, interest free banks have to practice the law of sharia and Islamic business ethics.

5.3 Managerial Implication

Interest free banking system in Ethiopia is the recent phenomenon. However, it has been growing from windows model to fully fledged alternative banking system, still it is at infant age. Despite the fact that, the researcher recommend to the financial institutions specially interest free banks to expand services and products to the whole public, as the study indicates above 72% CBE NOOR customers associated with Wadiya Amana saving accountholders that might be indicate have good financial potential to mobilize financial deficit area. So, concerning organ giving consideration to finance Micro and Small business firms because of they are more exposed financial scarcity in the case of collateral.

5.4 Suggestion to Further Researcher

The researcher want to suggest to future researchers to focus about the topic area of the relationship between interest free banking or Islamic finance and entrepreneurship scholarly not researched area. It needs more detail study because of the concept is very wide. This study covers only a fraction of area and population data also collected non probability purposive sampling technique this is statistically questionable. Because of, no option currently there are no entrepreneurs or SMEs data in Ethiopia and The bank too.

In addition, future research should consider replicating this study in other institutions, business unit, cultures, states, regions and country. Therefore future research should be conducted on large scale by considering more on conventional bank customers and rural areas dual banking system. Across-cultural comparative analysis would further enhance the perception of Interest free banking products and services.

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APPENDIX –A: Questionnaire in English

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MSc. INTERNATIONAL BUSINESS PROGRAM

QUESTIONNAIRES

This questionnaire is organized by Masters of Science (MSc.) Degree in International Business student of Addis Ababa University to collect information on Interest free financial products and services that provided by commercial bank of Ethiopia(CBE Noor). The collected data will be used in the study that the researcher covered under the topic of, **"The Effects of Interest Free Banking on Entrepreneurial performance"**. You are one of selected respondent among those of Entrepreneurs/SMEs Managers/Owners who have been chosen in the group of customers of the **CBE-Noor**. I would be grateful if you would answer all the questions included in the questionnaire and write any comments and suggestions you think relevant on the last.

This questionnaire might take you about **10-15** minutes to complete. The contents of this questionnaire will be kept **PRIVATE** and **CONFIDENTIAL** and only summarized data will be used in any publications.

Thank you be-half-of-**ALLAH**; for taking your time in filling this questionnaire. If you require additional information or having questions, please contact me in the following address:

Oumer Seid Mulat

Phone: +2519-11-02-89-41

Email: umarseid123@gmail.com

Important aspects of the questionnaire:-

- There is no need to write your name

- Kindly respond to all questions

Part One- Demographic Information

Please provide the appropriate information by placing a [✓] in the bracket provided to represent your answer **except** Age request and year of experience in business.

1. Gender:

- i. Male [] ii. Female []

2. Age: _____

- 3. Education Level:** i. Primary school [] ii. Secondary school [] iii. Diploma & equivalent [] iv. BA/BSC [] v. Master's Degree [] VI. PhD. []

- 4. Years of Experience in Business:** i. 1-4 [] ii. 5-9 [] iii. 10-14 [] iv. 15-19 [] v. > 19 []

5. Types of Business Sector:

- i. Domestic Trade and Service [] ii. Manufacturing [] iii. Construction []
v. Agriculture [] vi. Import /export []

6. Types of Deposit Account:

- i. Wadiya Saving [] ii. Mudaraba PLS [] iv. Quard [] iii. Financing (Murabaha) []
v. others []

Part two:-Please read each of the statements in each section and rate your level of agreement or disagreement with each statement by using a tick mark "✓" in the column box in the parallel of question requested below '1' represent to **Strongly Disagree**; '2' represent to **Disagree**; '3' represent to **Neutral**; "4" represent to **Agree**; "5" represent to **Strongly Agree** of the five alternatives.

1.	ENTREPRENEURS AWARENESS IN INTEREST FREE BANK	Strongly Disagree (1)	Disagree (2)	Neutra (3)	Agree (4)	Strongly Agree (5)
AWE1	I am aware of Islamic banks offerings					
AWE2	I have experience in dealing with Interest free banks					
AWE3	I prefer using Interest free bank facilities					
AWE4	Interest free banking gives ease and convenient Service					
AWE5	Interest free banks are safer in the fluctuation of interest rates					
AWE6	In Interest free bank, the fees charged are lower than the conventional banks in the borrowed capital					
2	FLEXIBILITY OF INTEREST FREE BANKS	1	2	3	4	5
FLX1	Interest free banks used to be more flexible in their Requirements					
FLX2	I have faced difficulties in meeting the requirements of the Islamic banks					
FLX3	Interest free banking is possible to negotiate the terms of the contract in the Islamic banks					

3. THE SUPPORT PROVIDED BY INTEREST FREE BANK		Strongly disagree 1	Disagree 2	Nutral 3	Agree 4	Strongly Agree 5
ENS1	Collateral is a must in Interest Free Banks when obtaining any financial support					
ENS2	Interest free bank supports me when the business is good as well as when times are harder					
ENS3	Interest free bank can help the needy and is better than conventional banks					
ENS4	Interest free banks provided me with financial advice					
ENS5	Interest free bank encourage lower income enterprises by offering funds without/ guarantee.					
ENS6	Interest free bank collateral/guarantee requirement is very difficult than conventional bank.					
ENS7	Using Interest free banks facilities stabilized my financial status					
4.ENTREPRENEUR'S FIRM DEVELOPMENT		1	2	3	4	5
END1	Interest free banks helps in the development of entrepreneurship					
END2	Interest free banks play a positive role in the success of entrepreneurs					
END3	The most motivational factor in Interest free bank is the nature of its products					

END4	The most motivational factor in Interest free banking is its bases in religiously					
END5	I reached the desired level of achievement after dealing with Islamic banks					

5.	ENTREPRENEURIAL ORIENTATION	1	2	3	4	5
ENO1	The existence of Interest free bank aids to my business to add new product lines or services					
ENO2	In dealing with competitors, Islamic bank support to my firm typically responds to actions which competitors initiate.					
ENO3	My firm have proclivity low-risk projects with normal and certain rate of returns					
ENO4	The existence of Interest free banking supports to my business success autonomously.					
ENO5	Interest free banking aids to my firm be aggressively and intensively competitive					
6	INTEREST FREE BANKING BUSINESS ETHICS	1	2	3	4	5
IBE1	Working with Interest free banking discouraging acting on illegal business unfair trade , prevent corruptions					
IBE2	I committed my promising doing business on sharia framework					
IBE3	Interest free bank enhancing to my business be honest and integrity					
IBE4	Interest free bank prohibits certain type of business due to the "concern to protect social health and life."					
IBE5	The existence of normative business ethics or particular standards of Interest free finance aids to my business success					
7	ENTREPRENEURIAL COMPETITIVENESS	1	2	3	4	5
ENC1	Dealing with interest free banking I could compete with the same industry					
ENC2	Interest free bank is the best source of my business growth and capabilities					
ENC3	I could produce more product or giving much service					
ENC4	I could minimize my cost after dealing with Interest free					

	banking					
8	ENTREPRENEURIAL PERFORMANCE	1	2	3	4	5
ENP1	I passed the Breakeven point after dealing with Interest free banking service					
ENP2	The enterprise financial position remained unchanged regardless the bank used					
ENP3	I have gain both Profit and spiritual satisfaction after dealing with interest free bank					
ENP4	Dealing with Islamic banking business only gain spiritual benefit					

Comments _____

-

Sugesstions _____

-

APPENDIX A- QUESTIONARE in Amharic

የአዲስ አበባ ዩኒቨርሲቲ
የአለምአቀፍ ንግድ የማስተርስ ዲግሪ ተማሪ
ከወለድ ነፃ የባንክ አገልግሎት ተጠቃሚ ደንበኞች መጠይቅ

ክቡራትና ክቡራን ደንበኞች ይህ መጠይቅ በአዲስ አበባ ዩኒቨርሲቲ የአለምአቀፍ ንግድ የማስተርስ ዲግሪ ተማሪ የተዘጋጀ ሲሆን ዓላማውም ለመመረቁያ ፅሑፍ ማሟያነት በኢትዮጵያ ንግድ ባንክ ስለሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት መረጃ ለማሰባሰብ ይሆናል። መረጃው የሚያገለግለው ለጥናቱ ርዕስ ' የወለድ አልባ ባንክ ተፅእኖ ለስራ ፈጣሪዎች አፈጻጸም ያለው አስተዋፅዖ' የሚል ሲሆን የሚሰበሰበው መረጃ ለጥናቱ አገልግሎት ብቻ የሚውል ይሆናል። ስለዚህም የእርስዎ ከ10 እስከ 15 ደቂቃ በመውሰድ መጠይቁን በትክክል መሙላት ጥራት ያለው የጥናት ውጤት ስለሚያስገኝ በትዕግስት የሚከተሉትን ጥያቄዎች እንዲመልሱልኝ እጠይቃለሁ።

ከዚህ መጠየቅም ሆነ ከጥናቱ ርዕስ ጋር በተያያዘ ጥያቄዎች ቢኖሩዎት ከታች በተጠቀሰው አድራሻዬ እንዲያሳውቁኝ እጠይቃለሁ። በመጨረሻም ለትብብርዎ ምስጋናዬንና አድናቆቴን በቅድሚያ አገልግለሁ።

ዑመር ሰይድ ሙላት
ኢሜይል umarseid123@gmail.com
ሥልክ ቁጥር +251-911-02-89-41

ማሳሰቢያ:- ስምዎትን መጻፍ አያስፈልግም ::
▪ ሁሉንም ጥያቄዎች በመመለስ ይተባበርኝ
▪

ክፍል አንድ: የግል መረጃ
እባክዎ ትክክለኛ ምርጫዎ ላይ ይህን ምልክት [✓] በማስቀመጥ ይምረጡ።

- 1. ፆታ ሀ. ወንድ [] ለ. ሴት []
2. እድሜ _____
3. የትምህርት ደረጃ ሀ. የመጀመሪያ ደረጃ ትምህርት [] ለ. የሁለተኛ ደረጃ ትምህርት []
ሐ. ዲፕሎማ [] መ. የመጀመሪያ ዲግሪ []
ሠ. የማስተርስ ዲግሪ [] ረ. ሌላ []
4. በንግድ ስራ ላይ የቆዩበት ጊዜ _____
6. የተሰማሩበት የስራ ዘርፍ
ሀ. ሀገር ውስጥ ንግድና አገልግሎት [] ለ. ማኑፋክቸሪንግ [] ሐ. ግንባታ [] መ. ግብርና [] ሠ. የወጪ ገቢ []
6. ከባንኩ ጋር ያለውን ደምበኝነት አይነት
ሀ. ዋና ቁጠባ [] ለ. ሙዳረባ ተርፍና ኪሳራ ተጋሪ [] ሐ. ቀርድ [] መ. ሌላ []

ክፍል ሁለት: ከወለድ ነፃ ፋይናንስ አገልግሎት መኖሩ ለስራ ፈጣሪዎች ዉጤታማነት ላለው አስተዋፅኦ

ይህ ክፍል በስምንት መደቦች ደተከፈለ ሲሆን እነዚህን ደብዳቤዎች በሰራተኛው ደተቀመጡ መጠይቆች አረፍተኛዎቹን ይዟል አማራጮቹም፡ በፍጹም አልሰማምም- (1)፡ አልሰማምም- (2)፡ ገለልተኛ-(3) እሰማማለሁ- (4)፡ በጣም እሰማማለሁ- (5) ቁጥር የሚወክሉ ሲሆን ለእያንዳንዳቸው ጥያቄዎች እርሶም የሚሰማሙበትን ቁጥር በምመረጥ ይህን [✓] ምልክት በማስቀመጥ ሁሉንም መጠይቆች ይሙሉ፤

1. ስራ ፈጣሪዎች ስለወለድ-አልባ ባንክ አገልግሎት ያላቸው ባንዛቤ						
ተ.ቁ	ዓረፍተ ነገሮች	አማራጮች				
		በፍጹም አልሰማምም (1)	አልሰማምም (2)	ገለልተኛ (3)	እሰማማለሁ (4)	በጣም እሰማማለሁ (5)
1	ባንኩ ስለሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት በቂ ባንዛቤ አለኝ					
2	ከወለድ ነፃ ባንክ ጋር አብሮ መስራት ልምድ አለኝ					
3	ከወለድ ነፃ ባንክ የሚያቀርባቸው አገልግሎቶች ተመራጩ ናቸው					
4	ከወለድ ነፃ ባንክ አገልግሎት ከመደበኛው በተሻለ ቀልጣፋ አገልግሎት ይሰጣል					
5	ከወለድ ነፃ ባንክ ከወለድ ምጣኔ መዋዠቅ ስጋት ነፃ ናቸው					
6	ብድር አገልግሎት ለማግኘት የሚከፈለው የአገልግሎት ክፍያ ከመደበኛው ባንክ ክፍያ ያነሰ ነው					
2. የአገልግሎት ቅልጥፍና በተመለከተ						
	ዓረፍተ ነገሮች	በፍጹም አልሰማምም (1)	አልሰማምም (2)	ገለልተኛ (3)	እሰማማለሁ (4)	በጣም እሰማማለሁ (5)
1	ከወለድ ነፃ ባንክ መሰከት(ቅ/ፍ) ቀልጣፋ አገልግሎት ይሰጣል					
2	ከወለድ ነፃ ባንክ የአሰራር ጉድለት ምክናየት ችግር ገጥሞኝ ያወቃል					
3	ከወለድ ነፃ ባንክ አገልግሎት ኮንትራቶች ለመደራደር አመች ነው					

4	ከወለድ ነጻ ባንክ ሞዴል ከመደበኛው ባንክ ጋር ከሚሰጠው የመስኮት አገልግሎት የተለየ ቅልጥፍና ያለው ሆኖ አላገኘሁትም					
3. ሲቢኢ-ትር ለስራ ፈጣሪዎች የሚደረግ ድጋፍ በተመለከተ						
		በፍፁም አልሰማም (1)	አልሰማም (2)	ገለልተኛ (3)	አሰማማላሁ (4)	በጣም አሰማማላሁ (5)
1	ከወለድ ነጻ ባንክ ማንኛውንም አይነት ብድር አገልግሎት ለማግኘት የዋስትና ንብረት መኖር ግደታ ነው					
2	ከወለድ ነጻ ባንክ በ ችግራ ጊዜ ድጋፍ የማይለየኝ የቢዝነስ አጋሪ ነው					
3	ከወለድ ነጻ ባንክ ድጋፍ ለሚያስፈልጋቸው የህብረተሰብ ክፍል ከመደበኛው ባንክ በበለጠ ሁኔታ ማህበራዊ ሃላፊነት አለበት					
4	ከወለድ ነጻ ባንክ አገልግሎት ደምበኛ በመሆኔ በሚስፈልገኝ ጊዜ ሁሉ ከ ከወለድ ነጻ ባንክ ባለሙያዎች ድጋፍ አገኛለሁ					
5	የወለድ-አልባ ባንክ ለብድር መያዣ (ዋስትና) የሚጠይቀው መስፈርት አስቸጋሪ ነው					
6	የወለድ ነጻ ባንክ አነስተኛ ስራ ፈጣሪዎችን ለማበረታታት ያለዋስትና የፋይናንስ አገልግሎት ይሰጣል					
7	ከወለድ ነጻ ባንክ ጋር በመስራቴ ቢዝነሴ በጥሩ አቋም ላይ ይኛል					
4. የወለድ ነጻ ባንክ ለስራ ፈጣሪዎች እድገት የሚያደርገው ድጋፍ በተመለከተ						

ተ.ቁ		በፍፁም አልስማማም (1)	አልስማ ማም (2)	ገለል ተኛ (3)	አስማማ ለሁ (4)	በጣም አስማማለ ሁ (5)
1	የወለድ ነጻ ባንክ ለኢንተርፕራይዥን (የሰራ ፈጠራ) እድገትን ለማበረታታት ጥሩ ድጋፍ ያደርጋል					
2	የወለድ ነጻ ባንክ ስራ ፈጣሪዎችን ለማበረታታት በጎ ሚና አለዉ					
3	ከወለድ ነፃ የባንክ አገልግሎት ጋር አብሮ ለመስራት ያነሳሳኝ ምክናት አገልግሎቶቹ አሳታፊ በመሆናቸው ነው					
4	ከወለድ ነፃ የባንክ አገልግሎት ጋር አብሮ ለመስራት ያነሳሳኝ ምክናት ሀይማኖታዊ ህግጋቶችን መሰረት አድርጎ የተቋቋመ ስለሆነ ነው					
5	የወለድ ነጻ ባንክ ጋር በመስራቲ ድርጅቴን ከምፈልገዉ ግብ አደርሰዋለሁ የሚል ሙሉ አምነት አለኝ					

5. ከወለድ ሃጻ ሳንክ ለስራ ፈጠራ አቅጣጫዎች (አንተርፕራይዝ አረንጉሽን) በተመለከተ						
		በፍፁም አልሰማም (1)	አልሰማም (2)	ገለልተኛ (3)	አሰማለሁ (4)	በጣም አሰማለሁ (5)
1	ከወለድ ሃጻ ሳንክ አገልግሎት መኖሩ በተለያዩ ስራ ዘርፍ እንደሰማራ ትልቅ አስተዋጽኦ አድርጎልኛል					
2	ከወለድ ሃጻ ሳንክ ጋር በመስራቴ ድርጅቴ ተወዳዳሪ እንዲሆንና የተሻለ ስራ እንደሰራ ትልቅ አስተዋጽኦ አድርጎልኛል					
3	ከወለድ ሃጻ ሳንክ ጋር በመስራት ዝቅተኛ ስጋት ያለባቸው ፕሮጀክቶች ላይ በመሳተፍ ተመጣጣኝ ትርፍ እንዳስገኝ አስችሎኛል					
4	ከወለድ ሃጻ ሳንክ ጋር በመስራቲ ድርጅቴ ሃጻ፣ በራሱ የሚተማመን አቅም እንደፈጠር አስችሎኛል					
5	ከወለድ ሃጻ ሳንክ ጋር በመስራቴ ድርጅቴ በሙሉ ሀይል እንደሰራና ከመሰል ድርጅቶች ጋር በብቃት እንደወዳደረር አስችሎታል					
6. ኢሰላማዊ የንግድ ስነ-ምግባር ከስራ ፈጠራ ዉጤታማነት አንጻር						
		በፍፁም አልሰማም (1)	አልሰማም (2)	ገለልተኛ (3)	አሰማለሁ (4)	በጣም አሰማለሁ (5)
1	ከወለድ ሃጻ ሳንክ ጋር መስራቴ ህገ-ወጥ ንግድ (ምርትን በመደበኛ እጥረት እንደፈጠር --) ከመሳሰሉት እንደታቀብ አስተዋጽኦ አድርጎልኛል					
2	ከወለድ ሃጻ ሳንክ ሀግጋቶች ማእቀፍ ዉስጥ በመስራቴ አላማዊም ሆን መንፈሳዊ ርካታ					

	ሰጥቶኛል					
3	ወለድ አልባ ባንክ የሸሪኦ ህግጋቶች ለምሳሌ ወንጌ ስራ በታማኝነትና በሀብት እንደሰራ አስተዋጽኦ አድርጎልኛል					
4	ከወለድ ህግ ባንክ ሸሪኦ ህግጋቶች የተወሰኑ ስራዎችን የከለከለበት ምክናየት የማህበረሰቡን ጤናና ህይወት ለመታደግ ነው					
5	የወለድ ህግ ባንክ ሸሪኦን መሰረት ያደረገ የንግድ ስነ-መግባር መርህ መኖሩና በዚህ መርህ ተከትሎ በመስራቱ ወጤታማ እንደሆነ አሰኝቶልኛል					

7. ስራ-ፈጣሪዎች ተወዳዳሪ እንደሆኑ ያለው አስተዋጽኦ

1	ከ ወለድ ህግ ባንክ ጋር በመስራቱ የሚቀርባቸው አገልግሎቶች በደምበኞቹ ተመራጭ አድርጎልኛል					
2	ወለድ አልባ ባንክ ለድርጅቱ መቋቋም ፣ ብቃትና እድገት ዋና ምንጭ ነው					

8. ከስራ ፈጠራ አፈጻጸም ወጤታማነት አንጻር

		በፍጹም አልሰማም (1)	አልሰማም (2)	ገለልተኛ (3)	አሰማለሁ (4)	በጣም አሰማለሁ (5)
1	ከ ወለድ ህግ ባንክ ጋር በመስራቱ ከኪሳራ እንደወጣ ረድቶኛል					
2	ከ ወለድ ህግ ባንክ ጋር በመስራቱ ለሰዎች የሰራ እድል እንደፈጠረላቸው አስተዋጽኦ አድርጎልኛል					
3	ከ ወለድ ህግ ባንክ ጋር በመስራቱ ትርፍና መንፈሳዊ ርካታ ማግኘት ጀምራለሁ					
4	ከ ወለድ ህግ ባንክ ጋር በመስራቱ ያገኘሁት ትርፍ					

	መንፈሳዊ እርካታ ብቻ ነዉ					
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APPENDIX C -Interview Questions

1. What do you think about the current status of CBE NOOR? Do you think your customers/Entrepreneurs/ aware about CBE NOOR products/services? Do you think CBE-NOOR customers using IFB products effectively?
2. What do you think CBE-NOOR policies, procedures easily workable, flexible and easily understandable by staffs and customers? Is it flexible or rigid comparing to conventional.
3. What is the role of CBE NOOR for Entrepreneurship development and growth? Does might be support to entrepreneurs? If yes; how?
4. What do you think about the CBE NOOR encourages entrepreneurs? To Innovates new ideas, to use new technologies and others by interfering funding, training or sponsoring?
5. Do you think CBE NOOR effectively comply sharia principles? For-example products and services permissibility? Dedicated Windows and segregation of funds?

6. Do you provide Fund to Small scale entrepreneurs? In what extent?
7. Do you think firms dealing with CBE NOOR gained satisfaction and be profitable?
What are the indicators?

APPENDIX 1-AWERNESS - RGRESSION OUT PUT

a. Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	328.321			
Final	197.455	130.865	64	.000

b. Pseudo R-Square

Cox and Snell	.610
Nagelkerke	.671
McFadden	.393

c. Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	197.455 ^a	.000	0	.
Respondent Gender	203.336	5.880	4	.208
Respondent Age	210.875	13.420	4	.009
Islamic business Ethics	208.753	11.298	8	.185
Islamic business Ethics	213.156	15.700	8	.047
Islamic business Ethics	211.344	13.889	12	.308
Islamic business Ethics	211.256	13.801	12	.314
Islamic business Ethics	231.955	34.500	12	.001

APENDIX 2- FLEXIBILITY TESTING REGRESSION OUTPUT

a. Model Fitting Information

Model	Model Fitting		Likelihood Ratio Tests		
	Criteria	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only		197.697			
Final		139.307	58.390	36	.011

b. Pseudo R-Square

Cox and Snell	.343
Nagelkerke	.377
McFadden	.175

c. Likelihood Ratio Tests

Effect	Model Fitting		Likelihood Ratio Tests		
	Criteria	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept		139.307 ^a	.000	0	.
Interest Free Banking Flexibility		151.441	12.134	12	.435
Interest Free Banking Flexibility		170.649	31.342	12	.002
Interest Free Banking Flexibility		153.089	13.782	12	.315

APPENDIX 3- SUPPORT

a. Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	338.518	350.256	330.518			
Final	357.946	627.917	173.946	156.572	88	.000

b. Pseudo R-Square

Cox and Snell	.676
Nagelkerke	.743
McFadden	.470

c. Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	357.946	627.917	173.946 ^a	.000	0	.
Respondent Gender	354.249	612.482	178.249 ^b	4.303	4	.367
Respondent Age	362.138	620.372	186.138 ^b	12.192	4	.016
Interest Free banking Support for Entrepreneurs	351.107	585.865	191.107 ^b	17.161	12	.144
Interest Free banking Support for Entrepreneurs	363.052	609.548	195.052 ^b	21.107	8	.007
Interest Free banking Support for Entrepreneurs	355.994	602.490	187.994 ^b	14.048	8	.081

Interest Free banking Support for Entrepreneurs	359.863	606.359	191.863 ^b	17.918	8	.022
Interest Free banking Support for Entrepreneurs	356.712	591.470	196.712 ^b	22.766	12	.030
Interest Free banking Support for Entrepreneurs	355.882	590.639	195.882 ^b	21.936	12	.038
Interest Free banking Support for Entrepreneurs	338.335	573.093	178.335 ^b	4.389	12	.975

APPENDIX 4- DEVELOPMENT

a. Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	324.102	335.840	316.102			
Final	336.665	489.258	232.665	83.437	48	.001

b. Pseudo R-Square

Cox and Snell	.451
Nagelkerke	.496
McFadden	.250

Likelihood Ratio Tests

Effect	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	336.665	489.258	232.665 ^a	.000	0	.
Respondent Gender	333.430	474.284	237.430	4.764	4	.312
Respondent Age	353.550	494.405	257.550	24.885	4	.000

Entrepreneurial Development	339.469	468.586	251.469	18.804	8	.016
Entrepreneurial Development	335.873	464.990	247.873	15.207	8	.055
Entrepreneurial Development	337.489	466.606	249.489	16.824	8	.032
Entrepreneurial Development	335.200	464.317	247.200	14.535	8	.069
Entrepreneurial Development	326.204	455.321	238.204	5.539	8	.699

APPENDIX 5-ENTREPRENEURIAL ORIENTATION

a. Model Fitting Information

Model	Model Fitting Criteria			Likelihood Ratio Tests		
	AIC	BIC	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	336.321	348.058	328.321			
Final	338.666	561.686	186.666	141.655	72	.000

b. Pseudo R-Square

Cox and Snell	.639
Nagelkerke	.703
McFadden	.425

c. Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests
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	AIC of Reduced Model	BIC of Reduced Model	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	338.666	561.686	186.666 ^a	.000	0	.
Respondent Gender	349.089	560.371	205.089 ^b	18.423	4	.001
Respondent Age	376.672	587.954	232.672 ^b	46.006	4	.000
Entrepreneurial Orientation	372.783	560.590	244.783 ^c	58.117	12	.000
Entrepreneurial Orientation	329.887	517.693	201.887 ^b	15.221	12	.230
Entrepreneurial Orientation	327.633	515.439	199.633 ^b	12.967	12	.371
Entrepreneurial Orientation	326.992	514.798	198.992 ^b	12.326	12	.420
Entrepreneurial Orientation	358.940	546.746	230.940 ^b	44.274	12	.000

APPENDIX 6- INTEREST FREE BANKING BUSINESS ETHICS

a. Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	328.321			
Final	197.455	130.865	64	.000

b. Pseudo R-Square

Cox and Snell	.610
Nagelkerke	.671
McFadden	.393

c. Likelihood Ratio Tests

Effect	Model Fitting Criteria -2 Log Likelihood of Reduced Model	Likelihood Ratio Tests		
		Chi-Square	df	Sig.
Intercept	197.455 ^a	.000	0	.
Respondent Gender	203.336 ^b	5.880	4	.208
Respondent Age	210.875 ^b	13.420	4	.009
Islamic business Ethics	208.753 ^b	11.298	8	.185
Islamic business Ethics	213.156 ^b	15.700	8	.047
Islamic business Ethics	211.344 ^b	13.889	12	.308
Islamic business Ethics	211.256 ^b	13.801	12	.314
Islamic business Ethics	231.955 ^b	34.500	12	.001

APENDIX 7 - COMPETITIVENESS

a. Model Fitting Information

Model	Model Fitting Criteria -2 Log Likelihood	Likelihood Ratio Tests		
		Chi-Square	df	Sig.
Intercept Only	323.351			
Final	253.774	69.576	56	.105

b. Pseudo R-Square

Cox and Snell	.394
Nagelkerke	.433

McFadden	.209
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c. Likelihood Ratio Tests

Effect	Model Fitting	Likelihood Ratio Tests		
	Criteria -2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	253.774 ^a	.000	0	.
Respondent Gender	251.081 ^b	.	4	.
Respondent Age	238.138 ^b	.	4	.
Entrepreneurs competitiveness	281.046 ^b	27.272	8	.001
Entrepreneurs competitiveness	241.487 ^b	.	12	.
Entrepreneurs competitiveness	242.558	.	12	.
Entrepreneurs competitiveness	236.862 ^b	.	12	.