

# Micro-Entrepreneurial Motivations in Ghana: Do Muslims Differ?

George Acheampong

## 1 Introduction

Are Muslim entrepreneurs different in their entrepreneurial motivations compared to entrepreneurs of other faiths? The reason for individuals engaging in entrepreneurship has been widely studied with two main motives of profit and employment been put-forth (Segal et al. 2005). In recent years there has been attempts to understand the determinants of these two motivations (Schoof 2006; Dana 2007; Pruett et al. 2009). The findings from these studies show two main factors of psychological and socio-economic determinants. The specific factors that have been investigated include marriage, age, gender, education, ethnicity, sectorial differences, entrepreneurial tasks, market constraints, entrepreneurial traits and psychodynamic factors. Yet, one sociological factor that has received little attention is the religion of the entrepreneur especially in the African context (Audretsch et al. 2007). Religion in general and Islam (the focus of our study) in particular are largely under-researched themes in entrepreneurship and organization studies. Yet, religion is not ‘left at home’; it infuses working life (Essers and Benschop 2009). Dana (2009) from a review of literature from the past century has argued that religion is a significant explanatory variable in the variation in entrepreneurial ethos of various religious groupings and hence should not be neglected when explaining entrepreneurial behaviour. This is especially true considering the great contrast between the profane and vulgar perception of wealth and the holy cosmos of Christianity and Islam (Deutschmann 2001). Consequently, the study seeks to contribute to the literature in this direction. The study focuses on the Islamic religion as it has been positioned as incompatible with modern capitalism (Adas 2006).

---

G. Acheampong (✉)  
University of Ghana Business School, Legon-Accra, Ghana  
e-mail: [gacheampong@gmail.com](mailto:gacheampong@gmail.com)

In this study, an attempt is made to answer the above question. Data from an earlier study by (Acheampong and Esposito 2014) on the nature of entrepreneurship in BOP markets in Ghana is utilized to answer the research question. The data was collected from 287 micro-entrepreneurs in poor localities in the Greater Accra region of Ghana. The dependent variables are operationalized as self-employment and profit motives. It is then hypothesized that Muslims, operationalized as a dummy, are different in their motivations compared to those entrepreneurs of other faith. Covariates are also included in the model to deal with any possible endogeneity issues that may arise. The covariates include gender, ethnicity, traits, tasks, psychodynamics, market constraints, age, gender, education and sector of operations. The Blinder–Oaxaca decomposition is also conducted to determine the sources of any differences in motivation between Muslim entrepreneurs and those of other faith.

The study finds that generally Muslim entrepreneurs compared to those of other faith are less likely to engage in entrepreneurship for profits or self-employment in the study area. Specifically, it is found that married Muslims are more likely to be motivated by profits while task oriented non-Muslim entrepreneurs are drawn to the profit motive. On the employment motive, it is found that female and young Muslim entrepreneurs are more likely to engage in entrepreneurship for employment while non-Muslim entrepreneurs are less likely to be constrained by market constraints while enhanced by their traits to engage in entrepreneurship for employment. The Blinder–Oaxaca decomposition reveals that the profit motive of Muslims is constrained by their endowments or characteristics but enhanced by unexplained factors which may be the religion effect. In terms of contributions of this study a few can be noted. First, it needs the call by earlier scholars for the interface between entrepreneurship to be studied (Audretsch et al. 2007) especially the Islamic religion that has been in the spotlight in the past few decades. The findings also show that while the effect maybe negative when the results are disaggregated for sub-samples some positive effects are observed while the decomposition shows that the religion actually offers conditions favourable for engaging in entrepreneurship for profits and employment.

## 2 Literature Review

Individuals engage in entrepreneurship for different reasons and these are referred to as the entrepreneurial motivations. In this section, the paper focuses on reviewing literature relating the concept of entrepreneurial motivations and their determinants. It will also seek to understand the differences between Muslims and other faiths.

## ***2.1 Entrepreneurial Motivation and Their Determinants***

Entrepreneurship has been defined as the assemblage of factors of production in the face of uncertainty to achieve a margin (Acheampong and Esposito 2014). Consequently, entrepreneurial motivations represent those factors that influence a person's decision to engage in entrepreneurial behaviour. Theoretically, entrepreneurial motivation has been defined as the pursuit of opportunities within a particular industry to achieve an objective (Shane et al. 2003). The objectives that the entrepreneur may seek to achieve may include a social good or change, profit and/or employment (Segal et al. 2005). Zimmerer et al. (2008) have proffered three benefits that motivate individuals to engage in entrepreneurship. The first is to reap profits. The aim here is to change the economic circumstances of the entrepreneur. This is especially true for entrepreneurs that come from a background of lack. The second motivator is to control individuals own destiny. This is because some persons achieve satisfaction in being their "own bosses". This is true for people with a high need for achievement or has no opportunities in the mainstream economic activities of their society. Lastly, some individuals also engage in entrepreneurship to create employment for themselves. This is observed in many African countries engage in micro-entrepreneurship to be relevant and support family incomes (Dana 1996, 1997, 2007).

Psychological, sociological, economic and demographic factors have been offered for why people engage in entrepreneurship or otherwise (Dana 2007). In a study conducted in Ghana, Acheampong (2013) suggests that marginality is a major reason why people engage in entrepreneurship. It was found in the study that political and economic marginality as well as a defiant reaction to marginality spurs people on to engage in enterprising behaviour in Ghana. Marginality may lead to entrepreneurial behaviour because the marginalised are starved of economic opportunities and may need to create new ones they can benefit from and entrepreneurship may offer such a route. Acheampong and Esposito (2014) have also shown that trait and psychodynamic factors have an effect on the level of entrepreneurial motivation of an individual. They suggest that individuals with self-confidence, tolerate ambiguity, have a high need for achievement and independence are more likely to engage in entrepreneurship to appropriate its benefits. Also, psychodynamic factors such as current circumstances and past experiences are more likely to motivate people to engage in entrepreneurship.

Another important demographic factor in the adoption of entrepreneurial behaviour is the age of the person (Schoof 2006). The adoption or otherwise of young people is based on the availability of entrepreneurship training programs, ethnic background, lack of employment opportunities and a family background of entrepreneurship (Athayde 2009). Some of the reported barriers to youth entrepreneurship include lack of identifiable role models, poor media representation of small business owners and lack of encouragement from important influencers such as teachers and educational counsellors. In a cross-country study of entrepreneurship among university students in USA, China and Spain Pruett et al. (2009) show that

across cultures, university students share generally similar views on motivations and barriers to entrepreneurship, but with some interesting differences. Further, while cultural and social dimensions explain only a small portion of intentions, psychological self-efficacy (disposition) is an important predictor. Women are more likely to engage in entrepreneurship in Ghana as it serves as a source of complementary family income (Buame et al. 2013). Wilson et al. (2007) have found that that entrepreneurship education is more important to women than to men in increasing self-efficacy and women also need the self-confidence and the expectation of success in order to fully participate in venture creation.

Marriage remains one of the important determinants of whether an individual engages in entrepreneurship or not as well as the motivation or outcomes expected. Parker (2008) has shown that married couples are an especially important group to analyse in the context of entrepreneurship because they make up the majority of business owners in most parts of the world and that individual' choices of business ownership can in principle affect the choices of their spouses in a positive or negative fashion. It has been shown that marriage is the unexplained differential between male and female headed businesses (Jennings and Mcdougald 2007). Other important determinants of entrepreneurial intentions include the educational level of the entrepreneur (Block et al. 2011), the ethnic background of the person (Basu and Altinay 2002), the sector the person wants to operate in (Chen and Elston 2013) as well as the religion of the person (Audretsch et al. 2007).

## ***2.2 Religion and Entrepreneurship: A Focus on Islam***

As can be seen in the section above socio-cultural and contextual factors are very significant determinants of the decision to engage in entrepreneurial behaviour. One such important variable is the religion of the individual under investigation especially when this is contrasted with the fact that some of the early works on free market as an economic system was based on religion.<sup>1</sup> Despite religion been very pervasive in the socio-cultural environment, very little is known on its impacts on the employment decisions of individuals more specifically their entrepreneurial decisions (Audretsch et al. 2007). This is especially true especially considering the great contrast between the profane and vulgar perception of wealth and the holy cosmos of Christianity and Islam (Deutschmann 2001). However, the relationship between economic activity and religion has long been the subject of discussion in philosophy and it's only from the sphere of enterprise sociology that this idea may look strange. In this section, let's focus on the affinity between the Islamic religion and entrepreneurial decision-making of Muslims.<sup>2</sup>

---

<sup>1</sup>See Protestant Ethic and the Spirit of Capitalism.

<sup>2</sup>See Akbar (1993) for a detailed review of the Islamic faith.

Let's start by considering the country differences between a Muslim-dominant country and a Christian-dominant country by comparing the entrepreneurial ethos in these countries. Farid (2007) in a comparison of entrepreneurship in Egypt and the United States indicate that there are significant differences between the meanings and attachments that people place on money and wealth and this can either heighten or dampen the entrepreneurial ethos in these countries. The differences emanate mostly from the instrumental (money as a means to something else such as it brings freedom and opportunity) and terminal (money as an end such as it symbolizes achievement) values of money (ibid). The meaning for these differences can be result of religious differences between the two countries. Adas (2006, p. 113) notes that "the construction of Islam as incompatible with and antagonistic to capitalism has a long history. Vestiges of such thinking still continue to be reflected in contemporary accounts that depict the encounter between Islamic societies and forces of global capital as a hostile battle, each trying to outdo the other". This construction does not allow for the re-working or re-evaluating of Islamic values in the light of current economic issues. However, empirical evidence from India shows Islamic religion is more favourable to been self-employed than been Hindu controlling for other relevant characteristics (Audretsch et al. 2007) and the reported coefficient is even bigger than for Christianity. The evidence suggested maybe endogenous to locational effects that the authors note (ibid) hence opening opportunities for other researchers from other contexts to present context specific evidence.

Earlier, Akbar (1993) has attempted to address the question of are some religions conducive to entrepreneurship than others? The findings in his study dispel the popular notion that Islam is anti-entrepreneurial. This Akbar notes maybe because most Muslim countries are economically backward and Muslims residing in non-Islamic countries have not provided any evidence to the contrary. The Islamic ideology encourages honest private gain, private ownership of property, economic rationality but discourages social hierarchy, hoarding, speculation and charging interest (Akbar 1993). Kuran (2008) has presented alternative ideas suggesting that Islamic institutions served innovators and entrepreneurs well in the medieval world but was unable to make the transition from personal exchanges to impersonal of recent times. This is because Islamic law failed to stimulate the development of organizational forms conducive to pooling and managing resources on a large scale. More instructively, Ramadani et al. (2015a) notes that Islam expects entrepreneurs to place their activities in the context of *Taqwa*. *Taqwa* is strongly related with the concepts of halal (lawful, permissible), haram (unlawful, not permissible) and mushtabeh (doubted). Muslim entrepreneurs must avoid issues that are haram, reduce mushtabeh and engage in halal in all their business dealings. Essers and Benschop (2009) has found that the intersectionality of gender, ethnicity and Islam within entrepreneurship requires extensive identity work to cope with structural inequalities and create room for agency. Diverse constituencies steer in opposite directions, and business-women highlight different identities in different contexts to maximize their opportunities. The expectation that ties to religious groups would confer an advantage when doing business in an Islamic country has not been

supported but women who abided by Islamic customs were accepted in a typically male-dominated business world (McIntosh and Islam 2010). It has also been noted that Muslim women are allowed to work in various fields, as long as the work is done in an atmosphere of respectable, polite, and they can maintain their religion (Anggadwita et al. 2015). Therefore the main issue is the ability to maintain the female entrepreneurs religion without which the particular enterprise is side-stepped.

### **3 Research Method**

#### **3.1 *The Data***

The study uses data from a study conducted on the nature of entrepreneurship in bottom pyramid markets by Acheampong and Esposito (2014). The data was collected from the Greater Accra Metropolitan Area (GAMA) in Ghana. The specific suburbs were Nima, Sodom and Gomorah, Madina, Amasaman and Korle-Gorno. Approximately 75 % of the study area is micro-entrepreneurs and these enterprises are in trading/retailing and light manufacturing. The data is cross-section and its collection was conducted between September 2012 and November 2011 in GAMA in Ghana. The study selected the communities for participation in the study based on the Ghana Living Standards Survey (GLSS) 5 (2008) of some of the poorest suburbs and the micro-enterprise activity in Accra. Each suburb was allocated 80 respondents since these suburbs have same characteristics and population. Within the communities systematic sampling was used to selected respondents in these communities. Every fifth micro-entrepreneur in these communities was interviewed. The study gathered a total of 400 responses of which 287 were usable representing a 72 % response rate. The research instrument used for the data collection was developed after an extensive literature review. The data has information on issues like entrepreneurial drives, BOP market challenges, entrepreneurial tasks, nature of the BOP market and the entrepreneurial benefits. The English-based questionnaires were translated and interviews conducted in the local language of the respondent. To ensure the reliability of the constructs an exploratory factor analysis was conducted (see Acheampong and Esposito 2014 for details).

#### **3.2 *Operationalisation of Variables***

##### **3.2.1 *Dependent Variables***

*Self-Employment* The study operationalizes self-employment the statement: “I engage in entrepreneurship to create employment for others and myself”.

Respondents were to select their response on a likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement.

*Profits* The study operationalizes profit motive with the question: “I engage in entrepreneurship to reap profits”. Respondents were to select their response on a likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement.

### 3.2.2 Variable of Interest

*Muslim* Entrepreneurs were asked to state their religion in the data been used. The options available included Christian, Muslim, Traditionalist, Atheist and Other. These options were included in the questionnaire from the GLSS 5 (2008). Since the present study is interested in the Muslim effect and differential a Muslim dummy is created. If an entrepreneur is Muslim he/she is given a code of 1 and 0 if otherwise.

### 3.2.3 Control Variables

*Female* Gender of entrepreneur has been shown to have a significant effect on entrepreneurial motivation (Ramadani et al. 2013, 2015b). Consequently, an effort is made to control for this in order not to confound our estimates. Respondents were asked to state their gender. We therefore operationalize the gender variable with a female dummy. Female entrepreneurs were coded as 1 and male entrepreneurs as 0.

*Young* Respondents were asked to provide their age range. The options were 18–25; 26–35; 36–45; 46–55 years and Above 55 years. The study operationalizes as whether an entrepreneur is young or old. We establish a cut-off point for young entrepreneurs at 35 years old. Entrepreneurs below this age are coded as 1 and otherwise as 0.

*Married* Respondents were also asked to indicate their marital status. The options were married, single, divorced and widowed. The study then creates a married dummy where married entrepreneurs receive a code of 1 and otherwise 0.

*Secondary* Respondents also answered a question relating to their highest educational attainment. Response categories were no education, primary education, secondary education and tertiary education. Entrepreneurs that had secondary education and higher were coded as 1 and those below were coded as 0.

*Akan* Respondents indicated their ethnicity in the survey. The response categories include Akan, Ewe, Ga-Dangme and Northerner. The study creates an Akan dummy where entrepreneurs with Akan ethnicity are coded as 1 and zero for otherwise. Anecdotally in Ghana the Akans are noted from their strong business acumen and are the majority tribe.

*Trade and Services* Respondents were asked to indicate their industry of operation at the time of survey. The categories included agriculture, trade, services, manufacturing and agro-processing. A trade and services dummy was created. Entrepreneurs that operated in the in trade and services sector are coded as 1 and otherwise as 0.

*Entrepreneurial Tasks* The tasks performed by entrepreneurs in order to accessing the benefits motivating them into entrepreneurship were controlled for in the study model. We operationalize tasks with six statements: “I provide market efficiency”; “I combine economic factors”; “I process market information”; “I identify market opportunities”; “I take calculated risks” and “I bring innovations to the market”. Respondents were asked to select their response on a likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement. The responses were summed and divided by six to get an average to be used for estimation. These variables come from Wickham (2006) and have been shown to be reliable constructs (Acheampong and Esposito 2014).

*Market Constraints* The study operationalized market constraints with the statements: “There are few new products and services in the market”; “There is a lack of trust in the market” and “There is a lack of capacity to consume in the market”. Respondents were asked to select their response on a Likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement. The responses were summed and divided by 3 to get an average to be used for estimation. These variables were selected from Prahalad and Hart (2002).

*Entrepreneurial Traits* The study operationalized entrepreneurial traits with the following statements: “I am innovative”; “I have business skills”; “I have self-confidence”; “I have a high need for achievement”; “I have a need for independence” and “I have a high ambiguity tolerance” (Palich and Ray Bagby 1995). Respondents were asked to select their response on a likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement. The responses were summed and divided by 3 to get an average to be used for estimation.

*Psychodynamic Factors* The study operationalized psychodynamic factors with the following statements: “I have difficult economic circumstances” and “I have had difficult personal experiences” (Betta et al. 2010). Respondents were asked to select their response on a likert scale from 1 to 5 with 1 as the highest form of disagreement and 5 as the highest form of agreement. The responses were summed and divided by 2 to get an average to be used for estimation.



### 3.3 Estimation Strategy

To examine the relationship between being a Muslim and entrepreneurial motives, the study specifies an ordinary least squares (OLS) regression model of general form:

$$EM = \beta_0 + \beta_1MUS + \beta_2COV + \varepsilon \quad \text{if}(V = g, m \text{ or } nm)$$

where  $EM$  is the entrepreneurial motive and this motive refers self-employment and profit motive of the entrepreneur;  $MUS$  is the Muslim dummy;  $COV$  is the control variables included in the model,  $\varepsilon$  is the statistical noise;  $V$  is the type of sample been estimated;  $g$  is the general sample,  $m$  is the Muslim sample and  $nm$  is the non-Muslim sample.

The study also attempts to understand the source of the differences in mean entrepreneurial motives between Muslims and non-Muslims. We use the Blinder–Oaxaca decomposition method (Blinder 1973; Oaxaca 1973)<sup>3</sup> to estimate these differences. The estimation is specified as follows:

$$EM_n - EM_m = [(X_n - X_m)\beta_n] + [X_m(\beta_n - \beta_m)]$$

where  $X_j$  is a row vector of average values of the independent variables and  $\beta_j$  is a vector of coefficient estimates for religion  $j$ .

## 4 Results and Discussion

### 4.1 Descriptive Analysis

Table 1 shows the summary statistics of the variables used in the study. 29.3 % of the study sample is Muslim. The mean response for self-employment is 3.805 and this is driven by a non-Muslim sample mean of 3.828. The mean response of profits is 4.181 driven by a higher Muslim mean of 4.238. These results suggest that more people engaged in entrepreneurship due to the profit motive than the self-employment motive. This is especially true since there are a rising number of corporate executives starting small businesses while still maintaining their corporate employment (Zimmerer et al. 2008). Also, the study finds that 67 % of the entrepreneurs were female, 57 % were married, 30 % had education above secondary school and 79 % of the entrepreneurs operated in the trade and services sector of the economy.

<sup>3</sup>As implemented by Benn Jann in Stata.

**Table 1** Descriptive results

	Total sample		Muslim sample		Non-Muslim sample	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Self-employment	3.805	1.368	3.750	1.512	3.828	1.307
Profits	4.181	0.917	4.238	1.025	4.158	0.870
Muslim	0.293	0.456	1.000	0.000	0.000	0.000
Female	0.672	0.492	0.643	0.482	0.685	0.497
Young	0.366	0.483	0.333	0.474	0.379	0.486
Married	0.575	0.794	0.583	0.496	0.571	0.889
Secondary	0.303	0.460	0.119	0.326	0.379	0.486
Akan	0.324	0.469	0.000	0.000	0.458	0.499
Trade and services	0.787	0.410	0.833	0.375	0.768	0.423
Entrepreneurial tasks	3.814	0.912	4.054	0.947	3.715	0.880
Market constraints	3.239	0.760	3.271	0.796	3.226	0.747
Entrepreneurial traits	3.991	0.785	4.212	0.827	3.899	0.750
Psychodynamic factors	3.728	0.937	4.075	0.966	3.585	0.887
Observations	287		84		203	

## 4.2 Regression Analysis

The results of OLS regression are presented in Table 2 above. The level of entrepreneurial motivation in the form of profit and self-employment is modelled as depending on whether an entrepreneur is a Muslim and other covariates. The key finding is that Muslims are less likely to engage in entrepreneurship for profits and employment as compared with those of other faiths. This finding seems to support the claims that Islam has not encouraged the emergence of organizational forms that support the pooling and managing economic resources for personal benefit (Kuran 2008) by dispelling the notion that Muslims and those of other faiths have the similar entrepreneurial motives (Akbar 1993). Other significant variables predicting entrepreneurial motives include marriage, entrepreneurial tasks, entrepreneurial traits, young people, females, and market constraints. For the other significant variables in Column 1, the results are compared to the results in Columns 2 and 3 to establish the driver of their effects. It is first found in the general sample that married entrepreneurs are more likely to engage in entrepreneurship for profits than others. This may be because married people engage in micro-entrepreneurship as a supplement to family income especially female married entrepreneurs (Yusuf and Saffu 2005; Buame et al. 2013). When the findings in Columns 2 and 3 are compared it is observed that the effect observed in the general sample is driven by married Muslim entrepreneurs.

In terms of entrepreneurial tasks it is found that respondents engage in entrepreneurial tasks with aim of gaining a return for their efforts and this finding is driven by non-Muslims as the Muslim sample is seen to be insignificant. The explanation for the general effect may lie in the idea that people rationally expect a return for their efforts and in the thinking of Kirznerian entrepreneurship by

**Table 2** Regression estimates

	(1)		(2)		(3)		(4)		(5)		(6)	
	Profits All	Profits Muslim	Profits Muslim	Profits Others	Profits Others	Profits Others	Employment All	Employment Muslim	Employment Muslim	Employment Others	Employment Others	Employment Others
Muslim	-0.195* (0.114)	Omitted	Omitted	Omitted	Omitted	Omitted	-0.422*** (0.159)	Omitted	Omitted	Omitted	Omitted	Omitted
Female	-0.044 (0.104)	-0.022 (0.259)	-0.022 (0.259)	-0.066 (0.100)	-0.066 (0.100)	-0.066 (0.100)	0.109 (0.139)	0.689** (0.314)	0.689** (0.314)	0.689** (0.314)	-0.133 (0.152)	-0.133 (0.152)
Young	-0.019 (0.091)	0.137 (0.185)	0.137 (0.185)	-0.066 (0.105)	-0.066 (0.105)	-0.066 (0.105)	0.261* (0.144)	0.434* (0.245)	0.434* (0.245)	0.434* (0.245)	0.226 (0.168)	0.226 (0.168)
Married	0.067* (0.035)	0.315* (0.175)	0.315* (0.175)	0.027 (0.034)	0.027 (0.034)	0.027 (0.034)	0.024 (0.077)	-0.019 (0.257)	-0.019 (0.257)	-0.019 (0.257)	-0.004 (0.083)	-0.004 (0.083)
Secondary school and above	-0.036 (0.108)	-0.609 (0.375)	-0.609 (0.375)	0.061 (0.103)	0.061 (0.103)	0.061 (0.103)	0.002 (0.165)	-0.359 (0.439)	-0.359 (0.439)	-0.359 (0.439)	0.064 (0.176)	0.064 (0.176)
Akan	0.002 (0.104)	Omitted	Omitted	-0.027 (0.106)	-0.027 (0.106)	-0.027 (0.106)	0.030 (0.164)	Omitted	Omitted	Omitted	-0.035 (0.163)	-0.035 (0.163)
Trade and services	0.035 (0.111)	-0.369 (0.228)	-0.369 (0.228)	0.161 (0.122)	0.161 (0.122)	0.161 (0.122)	-0.008 (0.153)	-0.331 (0.344)	-0.331 (0.344)	-0.331 (0.344)	0.107 (0.173)	0.107 (0.173)
Entrepreneurial tasks	0.260*** (0.091)	0.174 (0.168)	0.174 (0.168)	0.245** (0.103)	0.245** (0.103)	0.245** (0.103)	0.525*** (0.098)	0.652** (0.252)	0.652** (0.252)	0.652** (0.252)	0.447*** (0.108)	0.447*** (0.108)
Market constraints	-0.017 (0.046)	-0.066 (0.108)	-0.066 (0.108)	0.002 (0.052)	0.002 (0.052)	0.002 (0.052)	-0.162** (0.081)	-0.136 (0.160)	-0.136 (0.160)	-0.136 (0.160)	-0.171* (0.099)	-0.171* (0.099)
Entrepreneurial trait	0.496*** (0.096)	0.481** (0.198)	0.481** (0.198)	0.492*** (0.109)	0.492*** (0.109)	0.492*** (0.109)	0.554*** (0.135)	0.296 (0.293)	0.296 (0.293)	0.296 (0.293)	0.634*** (0.146)	0.634*** (0.146)
Psychodynamic factors	0.033 (0.063)	0.023 (0.136)	0.023 (0.136)	0.066 (0.071)	0.066 (0.071)	0.066 (0.071)	0.043 (0.105)	0.150 (0.215)	0.150 (0.215)	0.150 (0.215)	-0.015 (0.121)	-0.015 (0.121)
Constant	1.179*** (0.295)	1.789*** (0.568)	1.789*** (0.568)	1.008*** (0.355)	1.008*** (0.355)	1.008*** (0.355)	-0.114 (0.362)	-0.586 (0.792)	-0.586 (0.792)	-0.586 (0.792)	0.215 (0.417)	0.215 (0.417)
Observations	285	83	83	202	202	202	285	83	83	83	202	202
R-squared	0.384	0.456	0.456	0.392	0.392	0.392	0.382	0.561	0.561	0.561	0.331	0.331

Heteroscedasticity robust standard errors in parentheses

\*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1

bridging information asymmetry in markets and Schumpeterian entrepreneurship of bringing innovations to markets (Roininen and Ylinenpää 2009). In terms of entrepreneurial traits it is observed that it has a significant effect on the profit motivation of entrepreneurs and the effect is driven by both Muslim and non-Muslim samples as well as confirming earlier studies (see Acheampong and Esposito 2014). In Column 5, it is observed that while the female effect is not significant in the general sample it is significant in the Muslim sample. This goes to support earlier authors that suggest that Muslim women that abide by Islamic customs are not constrained despite the male dominance (McIntosh and Islam 2010) and that women are offered equal opportunities in the faith (Anggadwita et al. 2015). We also find that young people are more likely to engage in entrepreneurship for employment purposes and this effect is driven by the Muslim sample rather than the non-Muslim sample. This link may be because of the high youth unemployment been witnessed in Ghana in recent years (Baah-Boateng 2013) and indicates the benefits of entrepreneurship in reducing unemployment among groups (Abor and Quartey 2010). Also, market constraints reduce non-Muslims decision to engage in entrepreneurship for employment motives while entrepreneurial traits are more likely to enhance their decision to engage in entrepreneurship. Entrepreneurial tasks influenced the decisions of both groups positively.

### 4.3 Decomposition Analysis

The key finding from the regression analysis indicates that Muslims are less likely to engage in entrepreneurship for profits or employment as compared to those entrepreneurs of other faith. However, the source of this difference remains unknown. Consequently, Blinder–Oaxaca decomposition is used to understand the source of this difference (see results in Table 3). The approach decomposes differences in motivation between Muslims and non-Muslims into a characteristics part (explained), coefficient part (unexplained) and an interaction part (Rand and Tarp 2012). It is observed that the explained part of the model shows that Muslims do not have the endowments to engage in entrepreneurship for either profit or employment. However, from the pure religion effect which is the coefficient effect it is observed that Muslims are at an advantageous position to engage in entrepreneurship for profits and employment than the entrepreneurs of other faith. The

**Table 3** Blinder–Oaxaca results

	Employment	Profits
Characteristics	−0.414** (0.199)	−0.350** (0.155)
Coefficients	0.421** (0.164)	0.203* (0.117)
Interaction	0.080 (0.184)	0.071 (0.148)
Observations	285	285

Heteroscedasticity robust standard errors in parentheses

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

interaction effect is seen to be insignificant. The findings from this analysis suggests that it is the individual endowments of Muslims that holds them back from engaging in entrepreneurship for either profit or employment motives as the unexplained part of the model shows an advantageous effect for Muslims. This finding supports earlier claims that Muslims are more prone to entrepreneurship than Hinduism (Audretsch et al. 2007) and consequently, such thoughts about Islam been incompatible with capitalistic thoughts are unsupported (Adas 2006). When juxtaposed with the findings from the regression analysis then the claims of Ramadani et al. (2015a) that there are different sets expectations from the Muslim entrepreneur and hence different levels of disapproval/approval of certain actions and hence this may explain the differences in estimation direction for different sub-samples of the Islamic religion effect.

## 5 Conclusion

The study sought to establish if the determinants of entrepreneurial motivations between Muslims and entrepreneurs of other faith were the same. It is concluded that Muslims are less likely to be motivated to engage in entrepreneurship for profit and employment purposes. This relationship can be attributed to the nature of individual endowments of Muslim entrepreneurs as the pure religion effect seems to show that Islam as a religion provides an incentive to Muslim entrepreneurs to engage in entrepreneurship for profit or employment reasons than those entrepreneurs of other faith. Other significant variables predicting entrepreneurial motives include marriage, entrepreneurial tasks, entrepreneurial traits, young people, females, and market constraints. The study employed secondary data collected from micro-entrepreneurs in Accra, Ghana but as has already been noted these effects can sometimes be context driven and hence replications can be conducted in other sectors and localities to test the robustness of this finding. Also, the study has shown that the religion effect has several boundary conditions when linked to entrepreneurship and these boundary conditions need to be studied in greater detail.

## References

- Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 39, 218–228.
- Acheampong, G. (2013). Fortress Ghana? Exploring marginality and enterprising behaviour among migrants in Kumasi Zongos. *Journal of Economics and Sustainable Development*, 4, 108–118.
- Acheampong, G., & Esposito, M. (2014). The nature of entrepreneurship in bottom of the pyramid markets. *International Journal of Entrepreneurship and Small Business*, 21, 437–456.
- Adas, E. B. (2006). The making of entrepreneurial Islam and the Islamic spirit of capitalism. *Journal for Cultural Research*, 10, 113–137. doi:10.1080/14797580600624745.

- Akbar, M. (1993). Entrepreneurship: Typologies from Islamic texts and history. *Journal of Entrepreneurship*, 2(2), 1–20.
- Anggadwita, G., Mulyaningsih, H. D., Ramadani, V., & Arwiyah, M. Y. (2015). Women entrepreneurship in Islamic perspective: A driver for social change. *International Journal of Business and Globalisation*, 15, 389–404.
- Athayde, R. (2009). Measuring enterprise potential in young people. *Entrepreneurship Theory and Practice*, 44, 481–501.
- Audretsch, D. B., Boente, W., & Tamvada, J. P. (2007). Religion and entrepreneurship. *Jena Economic Research Papers*, 79, 3–27. doi:10.1287/xxxx.0000.0000.
- Baah-Boateng, W. (2013). Determinants of unemployment in Ghana. *African Development Review*, 25, 385–399. doi:10.1111/1467-8268.12037.
- Basu, A., & Altinay, E. (2002). The interaction between culture and entrepreneurship in London's immigrant businesses. *International Small Business Journal*, 20, 371–393. doi:10.1177/1056492611432802.
- Betta, M., Jones, R., & Latham, J. (2010). Entrepreneurship and the innovative self: A Schumpeterian reflection. *International Journal of Entrepreneurial Behavior and Research*, 16, 229–244. doi:10.1108/13552551011042807.
- Blinder, A. S. (1973). Wage discrimination: Reduced form and structural variables. *Journal of Human Resources*, 8, 436–455.
- Block, J. H., Hoogerheide, L., & Thurik, R. (2011). Education and entrepreneurial choice: An instrumental variables analysis. *International Small Business Journal*, 31, 23–33. doi:10.1177/0266242611400470.
- Buame, S. C. K., Asempa, N., & Acheampong, G. (2013). Exploring the skills, knowledge and attitudes of successful female entrepreneurs in Ghana. *Management Science Letters*, 3, 395–404. doi:10.5267/j.msl.2012.11.030.
- Chen, S. C., & Elston, J. A. (2013). Entrepreneurial motives and characteristics: An analysis of small restaurant owners. *International Journal of Hospitality Management*, 35, 294–305. doi:10.1016/j.ijhm.2013.07.002.
- Dana, L. P. (2007). Promoting SMEs in Africa: Some insights from an experiment in Ghana and Togo. *Journal of African Business*, 8, 151–174. doi:10.1300/J156v08n02.
- Dana, L. P. (2009). Religion as an explanatory variable for entrepreneurship. *International Journal of Entrepreneurship and Innovation*, 10, 87–99.
- Dana, L. P. (1996). Global perspectives: Small business in Mozambique after the war. *Journal of Small Business Management*, 34, 67–71.
- Dana, L. P. (1997). Voluntarily socialist culture and small business in the Kingdom of Lesotho. *Journal of Small Business Management*, 35, 83–87.
- Deutschmann, C. (2001). Capitalism as religion? An unorthodox analysis of entrepreneurship. *European Journal of Social Theory*, 4, 387–403. doi:10.1177/1056492611432802.
- Essers, C., & Benschop, Y. (2009). Muslim businesswomen doing boundary work: The negotiation of Islam, gender and ethnicity within entrepreneurial contexts. *Human Relations*, 62, 403–423. doi:10.1177/0018726708101042.
- Farid, M. (2007). Entrepreneurship in Egypt and the US compared: Directions for further research suggested. *Journal of Management Development*, 26, 428–440. doi:10.1108/02621710710748266.
- Jennings, J. E., & Mcdougald, M. S. (2007). Work-family interface experiences and coping strategies: Implications for entrepreneurship research and practice. *Academy of Management Review*, 32, 747–760.
- Kuran, T. (2008). *The scale of entrepreneurship in Middle Eastern history: Inhibitive roles of Islamic institutions*. Economic Research Initiatives at Duke (ERID) Working Paper, (10).
- McIntosh, J. C., & Islam, S. (2010). Beyond the Veil: The influence of Islam on female entrepreneurship in a conservative Muslim context. *International Management Review*, 6, 102–108,111.

- Oaxaca, R. (1973). Male–female wage differentials in Urban Labor markets. *International Economic Review*, 14(3), 693–709.
- Palich, L. E., & Ray Bagby, D. (1995). Using cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom. *Journal of Business Venturing*, 10, 425–438. doi:[10.1016/0883-9026\(95\)00082-J](https://doi.org/10.1016/0883-9026(95)00082-J).
- Parker, S. C. (2008). Entrepreneurship among married couples in the United States: A simultaneous probit approach. *Labour Economics*, 15, 459–481. doi:[10.1016/j.labeco.2007.03.004](https://doi.org/10.1016/j.labeco.2007.03.004).
- Prahalad, C. K., & Hart, S. L. (2002). The fortune at the bottom of the pyramid. *Strategy + Business*, 26, 1–14.
- Pruett, M., Shinnar, R., Toney, B., et al. (2009). Explaining entrepreneurial intentions of university students: A cross-cultural study. *International Journal of Entrepreneurial Behavior and Research*, 15, 571–594. doi:[10.1108/13552550910995443](https://doi.org/10.1108/13552550910995443).
- Ramadani, V., Dana, L.-P., Ratten, V., & Tahiri, S. (2015a). The context of Islamic entrepreneurship and business: Concept, principles and perspectives. *International Journal of Business and Globalisation*, 15, 244–261.
- Ramadani, V., Hisrich, R. D., & Gërguri-Rashiti, S. (2015b). Female entrepreneurs in transition economies: Insights from Albania, Macedonia and Kosovo. *World Review of Entrepreneurship Management and Sustainable Development*, 11, 391–413.
- Ramadani, V., Gërguri, S., Dana, L.-P., & Tašaminova, T. (2013). Women entrepreneurs in the Republic of Macedonia: Waiting for directions. *International Journal of Entrepreneurship and Small Business*, 19, 95–121.
- Rand, J., & Tarp, F. (2012). Firm-level corruption in Vietnam. *Economic Development and Cultural Change*, 60, 571–595. doi:[10.1086/664022](https://doi.org/10.1086/664022).
- Roininen, S., & Ylinenpää, H. (2009). Schumpeterian versus Kirznerian entrepreneurship: A comparison of academic and non-academic new venturing. *Journal of Small Business and Enterprise Development*, 16, 504–520. doi:[10.1108/14626000910977198](https://doi.org/10.1108/14626000910977198).
- Schoof, U. (2006). *Stimulating youth entrepreneurship: Barriers and incentives to enterprise start-ups by young people*. Geneva: International Labour Organisation.
- Segal, G., Borgia, D., & Schoenfeld, J. (2005). The motivation to become an entrepreneur. *International Journal of Entrepreneurial Behavior and Research*, 11, 42–57. doi:[10.1108/13552550510580834](https://doi.org/10.1108/13552550510580834).
- Shane, S., Locke, E. A., & Collins, C. J. (2003). Entrepreneurial motivation. *Human Resource Management Review*, 13, 257–279. doi:[10.1016/S1053-4822\(03\)00017-2](https://doi.org/10.1016/S1053-4822(03)00017-2).
- Wickham, P. A. (2006). *Strategic entrepreneurship*. Upper Saddle River, NJ: Pearson Education.
- Wilson, F., Kickul, J., & Marlino, D. (2007). Gender, entrepreneurial self-efficacy, and entrepreneurial career intentions: Implications for entrepreneurship education. *Entrepreneurship Theory and Practice*, 31, 387–406. doi:[10.1111/j.1540-6520.2007.00179.x](https://doi.org/10.1111/j.1540-6520.2007.00179.x).
- Yusuf, A., & Saffu, K. (2005). Planning and performance of small and medium enterprise operators in a country in transition. *Journal of Small Business Management*, 43, 480–497. doi:[10.1111/j.1540-627X.2005.00148.x](https://doi.org/10.1111/j.1540-627X.2005.00148.x).
- Zimmerer, T., Scarborough, N. M., & Wilson, D. (2008). *Essentials of entrepreneurship and small business management*. Upper Saddle River, NJ: Prentice Hall.