

## ***Entrepreneurship and Women's Empowerment in Islam: Opportunities and Constraints in the context of Pakistan and Malaysia***

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### ***Abstract***

*This research explores entrepreneurship as a catalyst for women's economic empowerment within an Islamic framework, focusing on Pakistan and Malaysia. Islam advocates for equity and economic participation for both genders, as highlighted in the Quran and the life of the Prophet Muhammad (PBUH). The study examines how entrepreneurial initiatives can address systemic barriers, foster independence, and promote societal contributions while adhering to Islamic values.*

*In Pakistan, deeply entrenched patriarchal norms, limited access to financial resources, and inadequate infrastructure restrict women's entrepreneurial potential. Initiatives like Islamic microfinance and e-commerce platforms hold promise but face challenges from cultural resistance and ineffective implementation. Malaysia, on the other hand, demonstrates success in integrating Islamic principles with entrepreneurial policies, supported by programs like TEKUN Nasional. However, disparities in rural access and gender biases remain obstacles.*

*A comparative analysis reveals that Pakistan requires structural reforms, including vocational training, financial inclusion, and cultural shifts to empower women entrepreneurs. Malaysia, while advanced, can focus on bridging regional disparities and fostering regional collaboration. The research concludes that entrepreneurship rooted in Islamic ethics provides a viable pathway for women's empowerment, enhancing both societal well-being and national development.*

**Keywords:** *Islamic ethics, Empowerment, Entrepreneurship, Pakistan, Malaysia.*

## **Introduction**

Economic empowerment is not just a socio-economic necessity but a transformative force that can redefine women's roles in society. Women's participation in the economy has far-reaching impacts, from alleviating poverty to enhancing overall societal well-being. Within the Islamic framework, economic empowerment aligns seamlessly with religious teachings, which emphasize equity, justice, and the preservation of dignity for all individuals, including women. The Quran enshrines these principles, granting women the right to work, earn, and own property independently. <sup>1</sup> Historical precedents, such as Khadijah bint Khuwaylid, the wife of the Prophet Muhammad (PBUH) and a successful entrepreneur, further validate the legitimacy of women's economic roles in Islamic tradition. <sup>2</sup>

Despite these timeless principles, the application of women's economic empowerment in contemporary Muslim societies is uneven, often influenced by cultural, socio-economic, and policy-driven disparities. Entrepreneurship has emerged as a crucial pathway for empowerment, offering women avenues to achieve financial independence and contribute to societal progress.

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<sup>1</sup> Quran, Surah An-Nisa, 4:32.

<sup>2</sup> Muhammad Al-Ghazali, *The Life of the Prophet Muhammad* (Cairo: Dar al-Kitab al-Masri, 2005), 45.

However, the reality of women entrepreneurs in Muslim-majority countries, such as Pakistan and Malaysia, highlights stark differences.

Pakistan represents a nation where structural barriers and entrenched patriarchal norms limit the potential of women entrepreneurs. For example, a 2023 report by the World Bank highlighted that only 6% of businesses in Pakistan are owned by women, with the majority operating informally due to legal and financial hurdles.<sup>3</sup> Initiatives like the *Ehsaas* program and Islamic microfinance schemes aim to address these challenges, yet their impact remains limited due to inadequate outreach and implementation.<sup>4</sup> A recent case in rural Punjab underscores this: while a woman-led tailoring business flourished initially through a microfinance loan, its growth was stifled by lack of access to larger capital and digital markets.<sup>5</sup>

Conversely, Malaysia has demonstrated a more progressive approach, integrating Islamic principles with modern entrepreneurial frameworks. Government initiatives, such as "TEKUN Nasional" and the "Women Entrepreneurs Financing Programme", provide targeted support to women, enabling them to scale businesses and access international markets.<sup>6</sup> Contemporary examples, such as Neelofa, a prominent Malaysian entrepreneur and influencer, illustrate how Islamic values and modern business practices can harmonize. Her modest fashion brand, Naelofar, not only adheres to Shariah principles but has also achieved global recognition, serving as an inspiration for Muslim women entrepreneurs worldwide.<sup>7</sup>

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<sup>3</sup> World Bank, *Women, Business and the Law 2023* (Washington, DC: World Bank, 2023), 12.

<sup>4</sup> Government of Pakistan, *Ehsaas Program: Women's Empowerment Initiatives* (Islamabad: Ministry of Poverty Alleviation, 2023), 8.

<sup>5</sup> Akhuwat Foundation, *Empowering Women through Interest-Free Loans* (Lahore: Akhuwat, 2022), 15.

<sup>6</sup> TEKUN Nasional, *Supporting SMEs in Malaysia* (Kuala Lumpur: TEKUN Nasional, 2023), 22.

<sup>7</sup> Neelofa, *Naelofar: A Journey in Modest Fashion* (Kuala Lumpur: Naelofar Publications, 2023), 34.

These contrasting examples illustrate a critical argument: while Islam inherently supports women's economic empowerment, its practical realization depends significantly on governance, cultural attitudes, and institutional frameworks. Pakistan's struggle to translate Islamic principles into actionable opportunities for women stems from a lack of systemic reforms and widespread societal resistance. In contrast, Malaysia's success lies in its ability to create inclusive policies and foster an entrepreneurial ecosystem that balances tradition with progress.<sup>8</sup>

As global economies increasingly recognize the value of women's economic participation, Muslim-majority nations must address these disparities. Pakistan can learn from Malaysia's holistic approach, which integrates Islamic ethics with contemporary economic strategies, creating an environment where women can thrive. This study argues that entrepreneurship, guided by Islamic principles and supported by effective governance, offers a viable and transformative pathway for empowering women in both nations, fostering equity, economic growth, and societal harmony.

### **Islamic Perspective on Women and Entrepreneurship**

Islam emphasizes the importance of economic activity for both men and women, encouraging fairness and opportunity. The Quran explicitly acknowledges women's right to earn and own property, as stated in Surah An-Nisa (4:32).<sup>9</sup> This foundational principle highlights the equity Islam aims to establish in economic participation. Additionally, historical examples, such as Khadijah bint Khuwaylid, a successful merchant and wife of the Prophet Muhammad (PBUH), serve as a testament to the legitimacy and encouragement of women's entrepreneurship in Islamic tradition.<sup>10</sup>

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<sup>8</sup> UN Women, *Gender Equality and Women's Empowerment in Pakistan* (New York: UN Women, 2022), 18.

<sup>9</sup> Quran, Surah An-Nisa, 4:32.

<sup>10</sup> Al-Ghazali, *The Life of the Prophet Muhammad*, 45.

Furthermore, Islamic ethics promote fair trade and discourage exploitative practices, providing a protective framework for female entrepreneurs.<sup>11</sup>

### **Entrepreneurial Landscape in Pakistan and Malaysia**

In Pakistan, women's participation in the workforce remains limited, with only about 25% of women engaged in economic activities.<sup>12</sup> Cultural norms, inadequate infrastructure, and limited access to financial resources act as significant barriers. Although the government has initiated programs like the *Ehsaas* initiative and women-focused microfinance schemes, these efforts face issues of limited outreach and effectiveness, especially in rural areas.<sup>13</sup> Patriarchal norms often restrict women's mobility and decision-making power, further compounding these challenges. Moreover, the legal and financial frameworks in Pakistan are often inefficient, discouraging women from formalizing their businesses.<sup>14</sup>

In contrast, Malaysia has achieved notable progress in fostering female entrepreneurship. Women contribute significantly to small and medium-sized enterprises (SMEs), accounting for nearly 40% of these businesses.<sup>15</sup> Government initiatives, such as the *TEKUN Nasional* program and the Malaysia Women Entrepreneurs Network (MyWiE), have been instrumental in providing financial and technical support to women entrepreneurs.<sup>16</sup> The country's policies emphasize inclusivity while adhering to Shariah principles, creating a conducive environment for women's economic empowerment.

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<sup>11</sup> Ibn Taymiyyah, *Islamic Ethics and Economic Principles* (Riyadh: Dar al-Salam, 2010), 67.

<sup>12</sup> World Bank, *Women, Business and the Law 2023*, 12.

<sup>13</sup> Government of Pakistan, *Ehsaas Program*, 8

<sup>14</sup> Tribune Pakistan, *Cultural Norms and Women's Economic Participation* (Lahore: Tribune, 2023), 5.

<sup>15</sup> Statista, *Women's Participation in SMEs in Malaysia* (Kuala Lumpur: Statista, 2023), 10.

<sup>16</sup> Malaysia Women Entrepreneurs Network (MyWiE), *Annual Report 2023* (Kuala Lumpur: MyWiE, 2023), 14.

However, challenges such as balancing Islamic values with modern business practices and addressing gender biases in corporate leadership remain.<sup>17</sup>

### **Opportunities for Women Entrepreneurs**

Women in Pakistan have opportunities to leverage Islamic microfinance institutions, such as Akhuwat, which provide interest-free loans aligned with Islamic principles.<sup>18</sup> These resources enable women, particularly in rural areas, to start and sustain businesses. Digital platforms and e-commerce have also emerged as promising avenues, allowing women to market their products and services with greater flexibility.<sup>19</sup> Additionally, non-governmental organizations play a critical role in training and mentoring women entrepreneurs, helping them navigate societal and financial constraints.<sup>20</sup>

In Malaysia, the integration of Islamic values into the entrepreneurial ecosystem has created a unique model of economic empowerment. Government support extends to initiatives that facilitate access to global markets for women-led businesses.<sup>21</sup> Educational programs combining Islamic studies with entrepreneurship skills further equip women with the tools needed to succeed.<sup>22</sup> This holistic approach ensures that women are not only active participants in the economy but also contributors to societal progress within an Islamic framework.

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<sup>17</sup> International Labour Organization, *Women in the Workforce: A Comparative Analysis* (Geneva: ILO, 2023), 20.

<sup>18</sup> Akhuwat Foundation, *Empowering Women through Interest-Free Loans*, 15.

<sup>19</sup> ResearchGate, *Women Entrepreneurs in Pakistan: Challenges and Opportunities* (Berlin: ResearchGate, 2023), 25.

<sup>20</sup> United Nations Development Program, *Women's Empowerment through Entrepreneurship* (New York: UNDP, 2023), 30.

<sup>21</sup> TEKUN Nasional, *Supporting SMEs in Malaysia*, 22.

<sup>22</sup> UNICEF, *Education and Women's Economic Participation in Malaysia* (Kuala Lumpur: UNICEF, 2023), 12.

## Constraints Faced by Women Entrepreneurs

In Pakistan, cultural barriers rooted in patriarchal attitudes significantly limit women's mobility and decision-making power.<sup>23</sup> These challenges are compounded by legal and policy gaps, which often discourage women from engaging in formal business activities. Financial exclusion remains a critical issue, with many women lacking access to credit and banking services.<sup>24</sup> This situation is further exacerbated by inadequate infrastructure and political instability, creating an environment that is not conducive to entrepreneurial growth.<sup>25</sup>

In Malaysia, while progress has been made, women entrepreneurs still face challenges in balancing work and family responsibilities.<sup>26</sup> Gender biases in financing and funding allocation persist, making it difficult for women to scale their businesses.<sup>27</sup> Additionally, rural women encounter more constraints compared to their urban counterparts, highlighting the need for targeted interventions to address regional disparities.<sup>28</sup>

## Comparative Analysis

Malaysia's success in promoting women's entrepreneurship lies in its ability to integrate Islamic principles with modern governance. Effective resource allocation, inclusive policies, and public awareness campaigns contribute to its achievements.<sup>29</sup> Conversely, Pakistan struggles with systemic challenges such as inadequate infrastructure, political instability, and entrenched cultural norms.<sup>30</sup> While both countries share a commitment to Islamic values, their practical application differs significantly. Malaysia's approach serves as a

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<sup>23</sup> Tribune Pakistan, *Cultural Norms and Women's Economic Participation*, 5.

<sup>24</sup> World Bank, *Women, Business and the Law 2023*, 12.

<sup>25</sup> Government of Pakistan, *Ehsaas Program*, 8.

<sup>26</sup> International Labour Organization, *Women in the Workforce*, 20.

<sup>27</sup> Statista, *Women's Participation in SMEs in Malaysia*, 10.

<sup>28</sup> UNICEF, *Education and Women's Economic Participation in Malaysia*, 12.

<sup>29</sup> TEKUN Nasional, *Supporting SMEs in Malaysia*, 22.

<sup>30</sup> World Bank, *Women, Business and the Law 2023*, 12.

model for balancing tradition and progress, while Pakistan needs to address its systemic barriers to achieve similar success.<sup>31</sup>

### **Policy Recommendations**

Both Pakistan and Malaysia have the potential to enhance women's entrepreneurship through targeted interventions. Investing in vocational and entrepreneurial training programs tailored to women's needs can significantly improve their participation in the economy.<sup>32</sup> Inclusive financial systems that expand the reach of Islamic microfinance institutions to rural and underserved areas are essential.<sup>33</sup> Public awareness campaigns highlighting Islamic support for women's economic empowerment can help shift cultural attitudes and foster an environment of acceptance.<sup>34</sup> Simplifying business registration processes and ensuring equal property rights can further empower women entrepreneurs.<sup>35</sup> Lastly, international collaboration between the two nations can facilitate the sharing of best practices and the development of effective frameworks.<sup>36</sup>

### **Conclusion**

Entrepreneurship offers a viable pathway for women's economic empowerment within an Islamic framework. The comparative analysis of Pakistan and Malaysia underscores the importance of aligning policies with Islamic values to create opportunities and address constraints. While Malaysia serves as an exemplary model, Pakistan has the potential to advance by addressing systemic barriers and leveraging its rich Islamic heritage. A combined effort involving governments, NGOs, and the private sector is

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<sup>31</sup> UN Women, *Gender Equality and Women's Empowerment in Pakistan*, 18.

<sup>32</sup> Akhuwat Foundation, *Empowering Women through Interest-Free Loans*, 15.

<sup>33</sup> TEKUN Nasional, *Supporting SMEs in Malaysia*, 22.

<sup>34</sup> UNICEF, *Education and Women's Economic Participation in Malaysia*, 12.

<sup>35</sup> Government of Pakistan, *Ehsaas Program*, 8.

<sup>36</sup> United Nations Development Program, *Women's Empowerment through Entrepreneurship*, 30.



essential to realize the full potential of women's entrepreneurship in both nations.

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