

Internalization of Islamic Entrepreneurship Values in Primary School Children in Malaysia

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ABSTRACT

This study aims to analyze the process of internalizing sharia entrepreneurial values among elementary school students in Malaysia, to identify the sharia values already possessed by students as a basic capital for entrepreneurship, and to examine the supporting and inhibiting factors affecting the success of this internalization. A qualitative case study approach was employed. Data were collected through in-depth interviews with teachers and students, observation, and documentation studies, then analyzed through data reduction, data display, and conclusion drawing, strengthened by source and technique triangulation. The findings show that the internalization process remains at the value-transformation stage and has not yet reached the value-transaction or trans-internalization stages, due to the absence of a structured sharia entrepreneurship curriculum or practice. Students already possess foundational values such as honesty (sidq), trustworthiness (amanah), responsibility, justice, and social care (ta'awun), although these values have not yet been specifically directed toward entrepreneurial activity. Supporting factors include students' enthusiasm, routine moral education, and teachers' commitment as role models, while the main inhibiting factors are the absence of a curriculum, limited learning media, and the lack of contextual sharia entrepreneurship practice. The study concludes that an experience-based sharia entrepreneurship learning model is needed so that students' existing values can develop into a fully realized Islamic entrepreneurial character.

INTRODUCTION

Malaysia has been a leading destination for Indonesian migrant workers for decades. Statistics Indonesia (BPS) data shows that more than half, or 50.6 percent, of Indonesian migrant workers who have departed abroad in the past five years chose Malaysia as their placement country, the highest number compared to other destination countries such as Saudi Arabia, Taiwan, Singapore, and Japan (BPS, 2026). This migration flow has had a direct impact on the educational needs of Indonesian children living with their parents in Malaysia, particularly in the plantation regions of Sabah and Sarawak. The Indonesian government

responded to this need by establishing Community Learning Centers (CLCs) as non-formal educational institutions serving the children of Indonesian migrant workers, who face limitations in facilities, curriculum, and teaching staff compared to regular elementary schools in Indonesia (Ministry of Education and Culture, 2015). These limitations necessitate the strengthening of character education and entrepreneurship education so that students continue to acquire adequate moral and life skills amidst the limitations of the formal education system they experience. The diverse socio-cultural conditions of Indonesian society in Malaysia also influence the economic interaction patterns of students from an early age, so that strengthening sharia values in entrepreneurial activities becomes increasingly relevant to be integrated into their educational process.

Primary education in Malaysia continues to develop through various policies aimed at improving the quality of globally competitive human resources, as outlined in the Malaysian Education Development Plan 2013-2025, which emphasizes strengthening character education and developing 21st-century skills, including creativity, innovation, communication, collaboration, and critical thinking (Ministry of Education Malaysia, 2013). The implementation of entrepreneurship education that specifically integrates sharia values in primary school students still requires strengthening, particularly in Indonesian community educational institutions in Malaysia. This situation presents both a challenge and an opportunity in developing a model of sharia entrepreneurship education that suits the characteristics of primary school students.

Education is a long-term investment that plays a crucial role in shaping the quality of human resources. At the elementary school level, education aims not only to develop students' academic abilities but also to shape character, attitudes, and moral values as a foundation for social life. In line with global developments, the current education system is required to produce graduates who possess critical thinking skills, creativity, innovation, and an entrepreneurial spirit. Therefore, entrepreneurship education is a growing focus in education, as it is considered capable of fostering independence, creativity, problem-solving skills, and the courage to make decisions from an early age (OECD, 2024).

From an Islamic perspective, entrepreneurship is not only understood as an economic activity aimed at profit, but also as part of worship (*muamalah*) that must be carried out in accordance with sharia principles. Values such as honesty (*ṣidq*), trustworthiness, responsibility, justice, hard work (*itqān*), and social concern are the main foundations for carrying out entrepreneurial activities. These values cannot simply be taught as knowledge but must be internalized through a continuous educational process so that they become part of the students' character (Badawi, 2024).

The concept of internalizing values in Islamic education is a gradual process of instilling values through value transformation, value transactions, and transinternalization, enabling students not only to cognitively understand values but also to internalize and implement them in their daily lives. This process can be achieved through teacher role models, habituation, integration into learning activities, school culture, and direct experiences that enable students to practice the values they learn. Therefore, the success of character education is greatly influenced by the success of the internalization process within the educational environment (Abshar & Rofifah, 2026).

Sharia entrepreneurship education is one form of character education that integrates entrepreneurial competencies with Islamic values. Through Sharia entrepreneurship

education, students are expected to not only develop the ability to create business opportunities but also to conduct economic activities based on Islamic business ethics. Research shows that integrating entrepreneurship education with Islamic values can increase creativity, independence, and responsibility, as well as foster honest economic behavior oriented toward the welfare of society (Raihanah et al., 2025). A similar study in Islamic elementary schools in Indonesia also demonstrated that strengthening entrepreneurial skills based on monotheism can shape students' character and independence from an early age (Wahyuni & Hidayati, 2017).

The urgency of Islamic entrepreneurship education is increasing in line with the various challenges facing the younger generation in the digital era. The development of information technology has made it easier to obtain information and engage in economic activities, but on the other hand, it has also given rise to various moral issues, such as low honesty, increased consumer behavior, and decreased social awareness. This situation demonstrates that education is not sufficient to develop only intellectual aspects but must also strengthen character education by instilling religious values from an early age. Therefore, Islamic entrepreneurship education is seen as an alternative that can shape students into productive individuals while possessing moral integrity in carrying out economic activities (Diana et al., 2026).

Although entrepreneurship and character education have received significant attention in the development of the education system, the implementation of Islamic entrepreneurship at the elementary school level still faces various challenges. One frequently encountered problem is that entrepreneurship education is still oriented towards developing economic skills, while the internalization of Islamic values has not received adequate attention. As a result, students understand entrepreneurship primarily as an economic activity, without understanding that such activities are also part of the implementation of Islamic values that emphasize honesty, trustworthiness, responsibility, justice, and social concern. This situation indicates that Islamic entrepreneurship education requires an approach that focuses not only on knowledge but also on character building through the internalization of values.

Several previous studies have demonstrated that internalizing values is an effective strategy for shaping students' character. Badawi (2024) explains that entrepreneurship-based character education instills Islamic values through a process of value transformation, value transactions, and transinternalization, enabling these values to become part of students' behavior. Another study by Abshar and Rofifah (2026) shows that successful internalization of values is influenced by role models, habits, advice, and a school culture that supports the formation of religious character. Meanwhile, Raihanah et al. (2025) asserts that Islamic value-based entrepreneurship education can enhance students' creativity, responsibility, and entrepreneurial spirit when systematically implemented in the learning process. Arif's (2023) research also demonstrates that integrating local and Islamic values into entrepreneurship education can shape students' entrepreneurial character from elementary school age. At the early childhood education level, the strategies of principals and teachers in internalizing entrepreneurial values have also been shown to influence the development of independent character in students from an early age (Tanjung et al., 2020). Thus, various previous studies have shown that Islamic entrepreneurship education significantly contributes to the formation of student character.

A review of various previous studies shows that most studies still focus on the implementation of entrepreneurship education in formal schools, Islamic-based character education, or the internalization of religious values in general. Research specifically examining the process of internalizing Islamic entrepreneurial values among elementary school students in Malaysia is still very limited. Furthermore, previous studies have not extensively discussed strategies for internalizing values, the stages of internalization, supporting factors, inhibiting factors, and the implementation of Islamic entrepreneurial values in the context of educational institutions serving Indonesian children abroad. However, the social, cultural, and educational environments in Malaysia differ from those in Indonesia, potentially leading to different dynamics of value internalization.

Based on these conditions, this study has a research gap in the aspects of research object, research location, and focus of the study. From the object aspect, this study focuses on elementary school students as the most important phase of character formation. From the location aspect, this research was conducted in elementary schools in Malaysia, which have different characteristics compared to elementary schools in Indonesia. Meanwhile, from the aspect of study focus, this study not only describes the implementation of entrepreneurship education but also analyzes in depth the process of internalizing Islamic entrepreneurial values, the strategies used in the internalization process, and the factors influencing its success.

Based on this research gap, the novelty of this study lies in the analysis of the internalization process of Islamic entrepreneurship values in Malaysian elementary schools using the perspectives of Islamic education and character education. This study not only identifies the Islamic entrepreneurship values instilled in students, but also examines the mechanisms of value internalization, strategies implemented by educators, supporting and inhibiting factors, and the implications of the internalization process for student character formation. Therefore, this study aims to analyze the internalization process of Islamic entrepreneurship values in Malaysian elementary schools, identify strategies used in the internalization process, analyze factors that support and inhibit the implementation of internalization, and describe the contribution of internalization of Islamic entrepreneurship values to student character formation. The results of this study are expected to be a scientific contribution to the development of Islamic education and Islamic entrepreneurship education, as well as a reference for schools, teachers, and educational institutions in designing an effective model for internalizing Islamic entrepreneurship values at the elementary school level.

RESEARCH METHODS

This research used a qualitative approach with a case study design to gain an in-depth understanding of the internalization of Islamic entrepreneurship values among elementary school students in Malaysia. The research was conducted in Malaysia from February 16, 2026, to March 11, 2026.

The research subjects consisted of 6 students and 2 elementary school teachers selected using *purposive sampling techniques* with the criteria of teachers who teach morals/religion and high school students. Data were collected through three techniques, namely: (1) semi-structured interviews with teachers and students to explore the understanding, experience, and values of Islamic entrepreneurship that they have; (2) observation of learning activities and

student interactions in the school environment; and (3) documentation studies in the form of curriculum, lesson plans, or relevant school activity documents.

The validity of the data was checked through source triangulation, namely comparing and confirming the results of interviews between teacher informants and students, as well as technical triangulation, namely comparing the results of interviews with the results of observations and documentation studies, so that more valid and accountable findings were obtained. The data were analyzed using the interactive analysis model of Miles, Huberman, and Saldaña, which includes the stages of data condensation, data presentation (data display), and conclusion drawing and verification (conclusion drawing/verification). The results of the analysis were then interpreted by referring to the theory of value internalization, Bandura's (1977) social learning theory, Kolb's (1984) experiential learning theory, and Lickona's (1991) character education theory to strengthen the discussion on the process, value capital, and factors that influence the success of internalizing Islamic entrepreneurial values.

RESULTS AND DISCUSSION

A. The process of internalizing Islamic entrepreneurial values in elementary school students in Malaysia

Sharia entrepreneurship education is essentially an educational process that aims not only to develop students' abilities in understanding economic activities, but also to shape character based on Islamic values such as honesty (sidq), trustworthiness, responsibility, hard work (itqan), justice (adl), and social concern (ta'awun). At the elementary school level, the process of instilling these values is very important because childhood is a phase of character formation that will influence individual behavior in the next stage of development. Therefore, internalization of Sharia entrepreneurship values is not enough only through habituation, role models, direct experience, and a supportive learning environment so that these values truly become part of the student's personality (Arif, M., 2023) ; (Azizah, n.d.) ; (Nurlia et al., 2025)

Based on research findings in Malaysian elementary schools, it was found that the process of internalizing Islamic entrepreneurial values had not been optimally implemented. Interviews with teachers indicated that, at the time of the study, there had been no specific learning or outreach programs regarding Islamic entrepreneurship. Current learning activities were still oriented towards providing support for school subjects, learning to read the Quran, and fostering basic morals. This condition resulted in students not yet acquiring knowledge about the concept of Islamic entrepreneurship or the application of Islamic values in their economic activities. The first teacher stated that "never before, now school learning activities have focused on reading the Quran and developing morals. Materials on entrepreneurship have never been provided specifically." This statement was confirmed by the second teacher who explained that there had been no activities specifically introducing Islamic entrepreneurship to elementary school students.

Interviews with students revealed findings that were relatively consistent with the teacher's explanation. Most students admitted to having never heard of the Prophet Muhammad (peace be upon him) as a trader or the concept of buying and selling according to Islam. When asked about their experiences learning about Islamic entrepreneurship, the majority responded that they had not. Nevertheless, almost all students understood that telling the truth is good behavior, while lying and deception are prohibited. Several students also explained that if they receive money that is not theirs, it must be returned to the owner. These

findings indicate that students possess basic moral values, even though they have not yet been linked to entrepreneurial activities or Islamic economic transactions.

One student stated that if a friend overpays for an item, the money must be returned because it doesn't belong to them. Another student also explained that lying when selling food is unacceptable, as it would harm the buyer. These statements demonstrate that students have developed a moral awareness of the importance of honesty in everyday life. However, when asked about examples of honest traders in Islam, most students responded that they didn't know or had never heard of the story of the Prophet Muhammad (peace be upon him) as a trader. This indicates that their knowledge of Islamic business ethics is still very limited and has not been integrated with the character education they have received.

Field data analysis shows that the internalization of Islamic entrepreneurship values in Malaysian elementary schools is still at the value transformation stage. At this stage, students only gain a general understanding of moral values, while the process of character formation through real-life experiences and habituation has not yet occurred optimally. This concept is still widely used in contemporary Islamic education research. Value transformation is the stage of conveying information about specific values to students. The next stage is value transaction, which is the active interaction between educators and students in applying these values through various learning activities. The final stage is transinternalization, where values have become part of the students' character and are reflected in their daily behavior. Based on research results, the process occurring in elementary schools has not yet reached the transaction or transinternalization stage (Cahyadi et al., 2021) because there are no learning activities that provide opportunities for students to directly practice Islamic entrepreneurship values.

This condition can also be analyzed through the *social learning theory* developed by Bandura. According to Bandura, the formation of a person's behavior is influenced by the process of observing models or role models in their environment. Students will more easily internalize a value if they see concrete examples from teachers, parents, or their social environment that consistently apply that value. In the context of this research, the lack of Islamic entrepreneurship practices causes students to miss the opportunity to directly observe how the principles of honesty, trustworthiness, responsibility, and justice are applied in economic activities. As a result, students' understanding remains conceptual and has not yet developed into concrete behavior. (Abshar & Rofifah, 2026; Badura, 2024).

The findings of this study are similar to those of Arif, M., 2023, who concluded that internalizing an entrepreneurial spirit in Islamic elementary schools will be effective if implemented through habituation, teacher role models, entrepreneurial projects, and the integration of local values into the learning process. However, the results also show fundamental differences because the research location does not yet have a structured entrepreneurship program, so the internalization process is still limited to general character formation. Therefore, this study provides a new contribution by demonstrating that in non-formal educational institutions for Indonesian children in Malaysia, there is still a significant need for the development of a systematic and contextual model of Islamic entrepreneurship education (Arif, M., 2023; Hammada, 2025; Hardiyat et al., 2023).

From an Islamic educational perspective, this situation demonstrates that the process of internalizing values cannot be separated from the role of teachers as role models (*uswah hasanah*). Teachers function not only as conveyors of information but also as facilitators who

guide students to internalize and practice Islamic values in real life. The success of internalizing values is largely determined by the consistency between material delivery, educator role models, behavioral habits, and a learning culture that supports the formation of student character. This concept remains relevant and widely used in contemporary Islamic education research (Azizah, n.d.) . Therefore, learning that only emphasizes cognitive aspects is insufficient to develop Islamic entrepreneurial character if it is not accompanied by real-life experiences that enable students to apply these values in their daily activities. (Arif, M., 2023; Badawi, 2024; Cahyadi et al., 2021).

Furthermore, when analyzed using Kolb's *experiential learning theory* , Islamic entrepreneurship learning should be designed through concrete learning experiences. Kolb explains that the direct learning process goes through four stages: *concrete experience*, *reflective observation*, *abstract conceptualization*, and *active experimentation* (Kolb, 2022). In the context of this research, students have not yet gained concrete experience in the form of buying and selling practices that apply Islamic principles. They have also not been given the opportunity to reflect on these experiences or develop Islamic entrepreneurship concepts through applicable activities. Therefore, the process of internalizing values remains limited to the delivery of information and has not yet developed into a meaningful learning experience. (Idrus, H H., 2022).

The findings of this study are similar to those of Arif, M., 2023, who found that the internalization of an entrepreneurial spirit in Islamic elementary schools is carried out through the familiarization of school culture, entrepreneurial practices, and teacher role models, enabling students to integrate religious values with economic activities. However, the results of this study show a different situation because the internalization process in elementary schools in Malaysia has not yet reached the implementation stage due to the lack of a structured Islamic entrepreneurship curriculum or program. Therefore, this study provides a new perspective that the main challenge of Islamic entrepreneurship education in non-formal educational institutions abroad lies not in the low character of students, but rather in the lack of a learning system that integrates Islamic values with entrepreneurial practices in a sustainable manner (Arif, M., 2023; Hammuda, 2025; Hardiyat et al., 2023).

Based on these overall findings, it can be confirmed that the process of internalizing Islamic entrepreneurship values in Malaysian elementary schools still requires strengthening in the implementation aspect. Students already possess the initial capital of honesty, responsibility, and concern for others, but these characters have not yet been directed into entrepreneurial behavior based on Islamic sharia. Therefore, learning innovations in the form of Islamic transaction simulations, entrepreneurial projects, educational bazaars, educational games, and learning based on the exemplary life of the Prophet Muhammad (peace be upon him) are needed so that the internalization process progresses from the transformation stage to the transaction of values and finally reaches the transinternalization stage. With this strategy, Islamic entrepreneurship values are not only understood as normative concepts but truly become inherent characteristics within students and are reflected in their future economic behavior. (Arif, M., 2023; Hardiyat et al., 2023).

B. The sharia values that students have as basic capital for internalizing sharia entrepreneurship

The results of the study indicate that the most dominant sharia values held by elementary school students in Malaysia are honesty (sidq), trustworthiness, responsibility for caring for

others (ta'awun), and fairness, although these values are not yet fully understood in the context of sharia entrepreneurship. Based on the results of the interviews, most students have understood that telling the truth is an obligation that must be applied in everyday life, and that deceiving others is not permitted. When given an illustration of a buying and selling transaction, the majority of students stated that money received in excess must be returned to the owner because it is not their right, while when selling food or goods, lying about the quality of the product is not permitted because it can harm the buyer and is contrary to religious teachings. One student stated that if a friend pays more, the money must be returned, while another student said that lying when selling food is a bad act because it can lead to sin. In addition, several students explained that a good trader must be honest, friendly, helpful, and like to give alms as a form of concern for others.

These findings were reinforced by interviews with teachers, who stated that although students had never received specific instruction on Islamic entrepreneurship, they had been accustomed to being honest, responsible, and respectful of others through the moral education provided during the learning process. Teachers also emphasized that the primary goal of character education in elementary schools is to develop students with noble morals so that when they later engage in economic activities, these values can serve as a foundation for interacting with society.

Based on the researcher's analysis, honesty is the most dominant Sharia value compared to other values. This is evident in the consistency of all students' informal responses, which reject lying, deception, and taking other people's rights. Although students do not yet understand the theoretical concept of Sharia entrepreneurship, they already have a crucial moral foundation to support the development of Islamic entrepreneurial character in the next stage. This condition indicates that the process of internalization of values has taken place through moral education, but has not been specifically directed at muamalah and entrepreneurial activities. In other words, the Sharia values possessed by students are still universal as part of character education and therefore not yet fully understood as basic principles in Islamic economic transactions. Internalization of values is a process of personality formation through the stages of value transformation, value transactions, and transinternalization. Therefore, the success of internalization is measured not only by mastery of cognitive aspects but also by students' ability to actualize these values in everyday behavior. This concept is still widely used in contemporary Islamic education research (Cahyadi et al., 2021). Students' understanding of a value is not only about their ability to implement it in their daily lives, but also about their ability to implement it in their daily lives. In the context of this research, students have reached the value transformation stage because they understand the importance of honesty, trustworthiness, and responsibility. However, they have not yet reached the transaction or transinternalization stage because they have not yet gained direct experience in entrepreneurial practices. (Arif, M., 2023).

These findings are also in line with Thomas Lickona's 1991 character education theory which explains that character formation involves three main dimensions, namely *moral knowing*, *moral feeling*, and *moral action*. Based on the research results, students have *moral knowing* in the form of an understanding that honesty and trustworthiness are good behavior, as well as *moral feeling* in the form of an awareness that deception is wrong, but the *moral action dimension* has not developed optimally because it is not supported by practical entrepreneurial experience (Badawi, 2024; Cahyadi et al., 2021). There are learning activities

that provide opportunities for students to apply these values in buying and selling practices in accordance with sharia principles. In addition, Bandura's *social learning theory* explains that the formation of behavior is greatly influenced by the process of observing role models in the surrounding environment. Therefore, teachers have a very important role in displaying honest, trustworthy, disciplined, and responsible behavior so that students obtain real examples of the implementation of sharia values in everyday life. (Rochmat, 2025).

The research findings reinforce the findings (Arif, M., 2023) which state that internalization of entrepreneurial spirit in elementary schools will be more effective if done through role models, habits, school culture, and entrepreneurial practices that integrate Islamic values so that students not only understand the concept, but also are able to apply it in real behavior. However, this study is different because it was conducted in elementary schools in Malaysia that do not have a structured sharia entrepreneurship program, so the values that emerge are more derived from moral development than entrepreneurial activities. Ae's research also explains that honesty, trustworthiness, justice, responsibility and social concern are the main foundations of Islamic entrepreneurship because all economic activities in Islam are not only oriented towards profit, but also towards blessings, benefits, and responsibility to Allah SWT. (Badawi, 2024; Hardiyat et al., 2023).

The findings of this study support this view, as all student informants demonstrated a tendency to choose behaviors consistent with Sharia values, even though they were not yet formally familiar with the term Islamic entrepreneurship. Therefore, it can be confirmed that the most dominant Sharia value among elementary school students in Malaysia is honesty, followed by trustworthiness, responsibility, social concern, and fairness. These values are crucial initial capital in the process of developing Sharia entrepreneurial character, but they still require reinforcement through more contextual learning, ongoing habituation, Sharia transaction simulations, simple entrepreneurial projects, and teacher role models so that the values that students already possess develop from mere moral understanding to Islamic entrepreneurial character that can be applied in economic activities in accordance with Sharia principles. (Arif, M., 2023; Hardiyat et al., 2023; Raihanah et al., 2025).

C. Factors that influence the success of internalizing Islamic entrepreneurial values

The results of the study indicate that the success of internalizing Islamic entrepreneurship values in elementary school students in Malaysia is influenced by interrelated supporting and inhibiting factors. Based on the results of interviews with teachers, the main supporting factors come from the characteristics of students who have high enthusiasm for learning, the existence of moral development that has been carried out routinely and the teacher's commitment to instilling the values of honesty, responsibility, and trustworthiness in everyday life. The teacher explained that although there is no specific learning about Islamic entrepreneurship, students show interest when discussing buying and selling activities because they often see their parents and traders in the surrounding environment. The teacher also said that children are easier to understand the material if "through stories, games, simple practices, and examples from everyday life so that they can easily understand," while another teacher emphasized that "using media images, stories of the Prophet Muhammad SAW, buying and selling simulations, and group activities so that children are more active," these statements indicate that the learning environment in elementary schools has good potential to develop Islamic entrepreneurship education if supported by contextual learning strategies and oriented towards the learning experience of students. In addition, the results of interviews

with students showed that most of them had character traits such as honesty, concern for others, and an awareness of returning other people's property rights.

When asked about the conditions for receiving excess money, almost all students responded that the money must be returned to the owner. They also stated that lying when selling goods is a bad act because it can harm others and is contrary to religious teachings. These findings indicate that students already possess the character capital that is very important in the process of developing Islamic entrepreneurship. Therefore, teachers do not begin the educational process from a blank slate, but rather develop the moral values that students already possess into Islamic entrepreneurial character. According to the researchers' analysis, these differences in basic character are a significant supporting factor because internalization of values will be easier if students have moral readiness and a learning environment that supports the habituation process. (Badawi, 2024; Cahyadi et al., 2021).

On the other hand, this study also identified several inhibiting factors that prevented the internalization process from proceeding optimally. The most dominant inhibiting factor was the lack of a curriculum or learning program specifically addressing Islamic entrepreneurship, resulting in the learning process remaining focused on academic education and general moral development. Teachers acknowledged that, at the time of the study, there had been no activities specifically introducing the concept of Islamic entrepreneurship to students. As a result, students did not yet understand the relationship between the values of honesty, trustworthiness, responsibility, and economic activity from an Islamic perspective. Furthermore, limited learning media, the lack of simple entrepreneurial practices, and the lack of project activities or educational bazaars prevented students from gaining real-world experience in applying these values in their daily lives. (Hammada, 2025; Hardiyat et al., 2023).

analysis shows that this condition causes the internalization process to stop at the value transformation stage, as explained by (Sidarman et al., 2021), namely the conceptual delivery of values without being followed by the value transaction or transinternalization process. From the perspective of value internalization theory, the success of character formation is influenced not only by the delivery of material, but also by role models, habits, direct experience, and a supportive learning culture. Therefore, the lack of Islamic entrepreneurship practices is a major obstacle in the formation of students' entrepreneurial character. (Cahyadi et al., 2021) This finding also aligns with the *social learning theory* proposed by Abshar & Rofifah (2026), which explains that individuals will more easily internalize values through the process of observing consistent behavioral models. If students do not have the opportunity to observe or practice entrepreneurial behavior in accordance with Sharia principles, the values learned will tend to stop at the knowledge level and not develop into habits. (Sabililhaq et al., 2024).

Likewise, *experiential learning theory* (Idrus, 2022) emphasized that direct experience is a key element in the formation of competence and character because students learn through a cycle of concrete experience, reflection, conceptualization, and application of these experiences, causing the internalization of values to not develop optimally. The results of this study are similar to research (Arif, 2023) which states that the success of internalizing entrepreneurial values in elementary schools is influenced by teacher role models, school culture, habituation, and student involvement in entrepreneurial activities. However, this study shows a different condition because the object of the study is an elementary school for

Indonesian children in Malaysia that does not yet have a structured sharia entrepreneurship program, so the main challenge lies in the implementation aspect of learning. (Hardiyat et al., 2023).

Aeni et al.'s (2024) research also explains that successful Islamic entrepreneurship education requires an integration of character education, Islamic values, and practical experience so that students can understand that economic activity is part of worship and social responsibility. The findings of this study reinforce these findings by demonstrating that successful internalization does not solely depend on conceptual understanding but also requires the support of a conducive learning environment, innovative learning methods, teacher involvement as role models, and opportunities for students to practice sharia values in real-life activities. (Hardiyat et al., 2023).

Based on the overall results of the research, it can be emphasized that the supporting factors for the successful internalization of Islamic entrepreneurial values in Malaysian elementary schools include the basic character of students who already have the values of honesty and responsibility, student enthusiasm in participating in learning, teacher commitment in the form of the availability of direct entrepreneurial practices, and the lack of student experience in applying Islamic values to economic activities. Therefore, to increase the success of internalization, it is necessary to develop a model of Islamic entrepreneurship learning that integrates teacher role models, behavioral habits, transaction simulations, simple entrepreneurial projects and collaboration with parents so that the internalization process can develop from the transformation stage to value transactions and finally reach the transinternalization stage which is marked by the formation of Islamic entrepreneurial character in students (Abshar & Rofifah, 2026; Arif, 2023; Idrus, 2022).

CONCLUSION

Based on the research results and discussion, three main points can be concluded. First, the process of internalizing Islamic entrepreneurial values among elementary school students in Malaysia is still at the value transformation stage and has not yet reached the value transaction or transinternalization stage, because there is no structured Islamic entrepreneurship program, curriculum, or practice in these educational institutions. Second, students already possess a fairly strong foundation of Islamic values, particularly honesty (*sidq*), trustworthiness, responsibility, justice, and social concern (*ta'awun*), which are instilled through moral education, but have not been specifically directed to the context of *muamalah* and economic activities. Third, the success of internalizing Islamic entrepreneurial values is influenced by supporting factors such as student enthusiasm, routine moral development, and teacher commitment as role models, as well as inhibiting factors such as the lack of a specific curriculum, limited learning media, and minimal contextual entrepreneurial practices.

These findings confirm that the main challenge of Islamic entrepreneurship education in non-formal educational institutions for Indonesian children in Malaysia lies not in the low character of the students, but rather in the lack of a learning system that integrates Islamic values with sustainable entrepreneurial experience. Therefore, it is recommended to develop experiential learning models for Islamic entrepreneurship, such as Islamic transaction simulations, simple entrepreneurial projects, educational bazaars, educational games, and learning based on the exemplary stories of the Prophet Muhammad (peace be upon him), so

that the internalization process can progress from the transformation stage to value transactions and transinternalization. Further research is recommended to develop and test these learning models, both through quantitative approaches and action research, as well as expand the scope of research to Indonesian community educational institutions in other countries.

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