A Proposed Integrated Qardhul Hasan and Human Resource Development (IQHRD) Model for Micro-enterprises in Kandahar, Afghanistan

Naqibullah Haqbin[1*]
e-mail: haqbeen.afghan@gmail.com

Rahmatullah Pashtoon[2]
e-mail: rpashtoon@hotmail.com

ABSTRACT

Purpose: This study proposes and empirically validates an Integrated Qardhul Hasan and Human Resource Development (IQHRD) model as an alternative Islamic microfinance framework to address persistent financial and human capital development challenges faced by micro-enterprises in Kandahar. It aims to examine the behavioural determinants influencing micro-entrepreneurs' intention to adopt the proposed Shariah-compliant financing and capacity-building model.

Method: A quantitative research design was employed to test the proposed conceptual framework. Data were collected from micro-entrepreneurs in Kandahar and analysed using Structural Equation Modelling (SEM) to examine the relationships among attitude, subjective norms, perceived behavioural control, awareness, uncertainty, compatibility, and intention to use the IQHRD model.

Results: The findings indicate that subjective norms and perceived behavioural control significantly influence micro-entrepreneurs' intention to adopt the IQHRD model, whereas attitude does not exert a direct significant effect on intention. However, awareness, uncertainty, and compatibility significantly shape attitudes toward the proposed model. These results highlight the importance of social influence, perceived feasibility, and contextual alignment in promoting adoption of Islamic microfinance innovations.

Practical Implications: The study provides empirical support for the feasibility and acceptability of the IQHRD model as a Shariah-compliant and development-oriented solution for micro-enterprise financing and human capital enhancement in Kandahar. Policymakers, Islamic microfinance institutions, and development agencies may utilise these insights to design integrated financial and training programmes that strengthen entrepreneurial capacity and sustainable economic participation.

Originality/Novelty: This research contributes to the Islamic microfinance literature by integrating Qardhul Hasan financing with structured human resource development within a single behavioural framework. By empirically validating the model using SEM in the under-researched context of Kandahar, the study offers a novel, context-specific approach to linking Islamic social finance with entrepreneurial capacity building.

Keywords – *Qardhul Hasan, Micro-enterprises, SEM, Kandahar*

Author Affiliations:
1. Department of Econometrics, Faculty of Economics, Kandahar University, Kandahar, Afghanistan.
2. Department of National Economics, Faculty of Economics, Kandahar University, Kandahar, Afghanistan.
Corresponding Author
1. Department of Econometrics, Faculty of Economics, Kandahar University, Kandahar, Afghanistan.

Conflict of Interest: The authors declare no conflict of interest.

1. INTRODUCTION

Micro-enterprises (MEs) contribute significantly to economic development, technical innovation, economic regeneration, and social improvement (Manzoor et al., 2021). In the worldwide economy, MEs assume a vital role through their critical commitment to GDP (Gross Domestic Product).

MEs play important role in the economic growth of developing countries. There are around 162.8 million MSMEs in developing countries, which include 21 million small and medium-sized businesses and 141 million micro-enterprises (IFC, 2017). In the Asian region, MEs represent 96% of all firms, employ 62% of the labour force, and contribute to an average of 42% of GDP (ADB, 2015; OECD, 2017).

In Afghanistan, for instance, MSMEs are estimated to be 98.5% of private businesses, representing approximately 17.5% of the GDP and employing 19.5% of the labour force (OECD, 2019). However, the contribution of the Afghan MEs to the GDP is lower not only compared to South Asian countries but also compared to other neighbouring countries (Dildora, 2019; Mirzoev & Sobirzoda, 2019).

Several pieces of literature stated that financial and human capital development issues remain the most common problems for MEs development in Afghanistan (Abdullah, 2021; Ghiasy et al., 2015; Hussaini, 2021; Hussein, 2009; Lutfi, 2021; Najafizada, 2014; OECD, 2019). The high cost of external financing, lack of collateral, Insufficient information and documentation, lack of comprehensive business plans, no financial track records, the loan products offered were not in compliance with Shariah, short duration of loans, improper training courses and programs, lack of education, lack of administration and management skills, lack of financial literacy, lack of technical skills, and lack of entrepreneurship knowledge are the major financial and human capital development issues that hinder the development of MEs in Afghanistan, particularly in Kandahar.

Previous studies and literature have suggested approaches to address these challenges. Among the suggested approaches are the use of conventional microfinance institutions (Bateman & Chang, 2012; Watkins, 2018) and Islamic microfinance institutions (Dhaoui, 2015; Hassan, 2014; Heriyanto et al., 2022; Khan & Bedi, 2021; Amirul et al., 2021) and Islamic microfinance institutions (Dhaoui, 2015; Hassan, 2014; Heriyanto et al., 2022; Khan & Bedi, 2021; Amirul et al., 2021).

However, the former suggested model, namely the model of conventional microfinance institutions, is unable to overcome the problems related to high financing costs, stringent collateral requirements, rigorous documentation criteria, the need for comprehensive business plans, and high entrance fees for training courses and programs (Hearth, 2018; Hussaini, 2021; Masyita, 2012; Misra, 2019; Nkwabi & Mboya, 2019; Wang, 2016; Watkins, 2018).

Besides, Islamic microfinance institutions have restrictions due to the convergence of their current procedures with conventional methods. For instance, Islamic microfinance institutions rely mostly on debt-based financing, which is comparable to interest-based conventional financing (Asmy et al., 2022; Kassim & Satar, 2019; Kholis, 2012; Saad, 2012; Shah et al., 2014). In addition, most of the proposed models focus on MSMEs in general, while just a few studies focus on the individual components of MSMEs, notably micro-enterprises.

In the context of Afghanistan, particularly in Kandahar, four financing models are available for MEs: (i) microfinance model, (ii) commercial bank model, (iii) NGO model, and (iv) money-lender model (Hussein, 2009; Lutfi, 2021). However, based on previous literature and empirical analysis, these financing models are unable to provide reliable and suitable financing and human capital development services to MEs. These models lack in terms of demanding high financing costs, required stringent collaterals, need business plan, do not provide any training courses or programs, the loan products offered were not aligned to Islamic principles, and required financial track records for loan approval (Hossain, 2019; Mashal, 2014; OECD, 2019).

To fill this research gap, this study attempts to propose an alternative Islamic microfinance model, namely Integrated Qardhul Hasan and Human Resource Development (IQHRD) model as a

theoretical underpinning for mitigating financial and human capital development issues among micro-enterprises in Kandahar. We conducted an empirical analysis to examine the intentions of micro-entrepreneurs to use the developed model as a source of financing and human capital development services, based on the Decomposed Theory of Planned Behaviour (DTPB). The objectives of the study are as follows:

1) To demonstrate the extent of financial and human capital development problems faced by micro-enterprises in Afghanistan.
2) To develop an Integrated Qardhul Hasan and Human Resource Development (IQHRD) model that effectively addresses the problems mentioned above.
3) To examine how the factors of attitude and subjective norms of micro-entrepreneurs can affect their intention to use the model developed in (2) above.

2. LITERATURE REVIEW

MEs significantly contribute to economic development, technical innovation, economic regeneration, and social improvement (Manzoor et al., 2021). In the worldwide economy, they assume a vital role through their critical commitment to GDP (Gross Domestic Product) (Abdullah, 2021; Ghiasy et al., 2015; Hussaini, 2021; Lutfi, 2021; Najafizada, 2014; OECD, 2019).

Empirical studies have shown that MSMEs contribute more than 55% of the GDP in high-income nations (Singh & Venkata, 2017). There are around 162.8 million MSMEs in developing countries, including 21 million small and medium-sized businesses and 141 million micro-businesses (IFC, 2017). In the Asian region specifically, according to the Asian Development Bank (ADB) figures, MSMEs account for 96 percent of all firms, employ 62 percent of the labour force, and contribute an average of 42 percent of gross domestic product (ADB, 2015; OECD, 2017).

In Afghanistan, MEs are made up of roughly 80% of local businesses that employ more than a third of the labour force; approximately 90% of such enterprises employ five or fewer workers and are classified as MEs (Ghiasy et al., 2015; Najafizada, 2014), and their contribution to GDP is 19% (Abdullah, 2021; Ghiasy et al., 2015; Hussaini, 2021; Lutfi, 2021; Najafizada, 2014; OECD, 2019).

However, the contribution of Afghan micro-enterprises (MEs) to GDP is still lower compared to that of South Asian and neighbouring countries. For example, MEs contribute 30% of GDP in Tajikistan and employ 33% of the labour force. Meanwhile, in Uzbekistan, their contribution to GDP is 54.9%, and they provide 78% of employment opportunities (Dildora, 2019; Mirzoev & Sobirzoda, 2019). These scenarios have shed light on why MEs contribute less to GDP despite their substantial presence in the entire business establishments of the Afghan economy.

Previous literature and several studies highlighted the excellent performance of MEs in other Asian countries is associated with the availability of financing and human capital development services (Asmy, 2015; Ghosh et al., 1996; Gunatilake, 2016). However, in the case of Afghanistan, it has raised the concerns of the Afghan micro enterprises, in terms of their performance and contribution to the expansion of the Afghan economy.

Financial assistance remains the most common problem for MEs development in Afghanistan, which has been confirmed by several studies (Abdullah, 2021; Ghiasy et al., 2015; Hussaini, 2021; Hussein, 2009; Lutfi, 2021; Najafizada, 2014; OECD, 2019). According to the study by ACCI (2016), around 47 percent of MEs were facing a problem with funding availability. However, there were significant disparities across regions, with most respondents in Kandahar (70 percent), Nangarhar (64 percent), and Balkh (56 percent) indicating that they had difficulty gaining access to external financing. In addition, 52.1% of MEs stated that the high cost of financing and collateral requirements are the primary deterrents to their growth (ACCI, 2016).

On the other hand, MEs in Afghanistan are also hindered in terms of human capital development issues (Freshta, 2016; Ghiasy et al., 2015; Matiullah, 2018; Nazeer Mohammad, 2021; OECD, 2019).

Haqbin, Naqibullah & Pashtoon, Rahmatullah (2026). A Proposed Integrated Qardhul Hasan and Human Resource Development (IQHRD) Model for Micro-enterprises in Kandahar, Afghanistan. *Arghand Journal of Social Science (AJSS), 1*(2), 01-25.

For instance, Afghanistan utilized only 40 percent of its human capital potential (World Bank Group, 2020). Ghiasy et al. (2015) stated that a shortage of skilled labour in Afghanistan has been developed due to improper education and training programs.

Particularly in Kandahar, according to ACCI (2016), the availability of external financing was mentioned by 47% of enterprises as a major issue that hinders their growth and development. However, there are significant disparities across regions, with most respondents coming from Kandahar (70%), Nangarhar (64%), and Balkh (56%). Besides, 52.1% of the respondents stated that high financing costs and onerous collateral requirements were the major financial difficulties faced by businesses.

In another study, Najibullah (2019) considered limited access to finance as a significant obstacle to enterprise and economic development in Kandahar. The study suggested that entrepreneurship could have the capability to downturn youth unemployment because the coming growth of MSMEs entailed availing employment opportunities and more local markets.

In a study by Rasoli and Mirza (2019) that included Kandahar as a sample province, external financing issues for enterprises were evident. The study stated that the primary sources of financing enterprises in the provinces come from relatives and family. The survey results showed that around 89% of enterprises need external financing. In comparison, only 16% of them have access to loans, and 63% of businesses considered access to external financing as an issue. The high financing costs of up to 21.2% and the lack of Islamic loans were the major financing difficulties, as indicated by the majority of businesses. Similarly, the ACCI business survey stated that 70% of businesses in Kandahar considered the availability of external financing as an issue; the high-interest rate and excessive collateral were the main deterrents to the growth of their businesses (ACCI, 2018).

To mitigating these issues, there are four financing model available for micro enterprises in Afghanistan, particularly in Kandahar: (i) microfinance model, (ii) commercial bank model, (iii) NGOs model and (iv) Money-lenders model (Hussein, 2009; Lutfi, 2021).

In the microfinance model, the majority of microfinance institutions (MIs) offer financing facility to women owned MEs (Jahish, 2017). Apart from that, MIs also required loan guarantee along with title deeds as collateral for loan security and charged a high cost of financing, around 20 to 40 percent (Hussaini, 2021; Microfinanza, 2019). In commercial bank model, banks considered MEs as quit much risky in terms of being unable to pay back their loans with a high cost of financing. Therefore, commercial banks rarely offer financing facilities to micro enterprises. Banks demand business plan, financial records, a high level of collateral, along with a short maturity of loan (Mashal, 2014; OECD, 2019). Meanwhile, only two commercial banks, such as Afghanistan International Bank (AIB) and Ghazanfar Bank, offer microcredit facilities to micro enterprises that are guaranteed by the Afghan Credit Guarantee Foundation (ACGF) and Credit Guarantee Facility for Afghanistan (CGF-A) (ACGF, 2020). In the NGO financing model, the lending financing facilities are only offered to the owner-member of the union and SHG. The major drawbacks of the NGO financing model are that the loan amount is low with a short duration of the loan and a 17.5 percent interest rate is charged on loan provision services along with obligatory saving. In the money-lenders model, Hawala dealers provide financing services to micro enterprises. The major problems faced by MEs are the loan is granted based on a high commission rate, the loan duration is short and required guarantee for securing loan (OECD, 2019).

The present financing and human capital development models, as discussed above, are unable to provide reliable and sustainable services to micro-enterprises. Overall, the issues of high-interest rates, strict collateral requirements, strict documentation, short duration of the loan, low amount of financing, and the requirement for a business plan are the major financial difficulties that hinder micro-enterprise development in Afghanistan. Moreover, only a few NGOs provide human capital development services to a particular segment of micro-enterprises, which are unable to uplift the micro-entrepreneurs' demanded skills (Nazeer Mohammad, 2021; OECD, 2019).

To tackle these issues and fill this research gap, this study proposed an alternative financial and human capital development model for micro-enterprise development. This model integrated Qardhul Hasan with the theory of human capital development to support entrepreneurial venture growth. The proposed model's acceptance and applicability in the field among micro-enterprises is validated through the adoption of the Decomposed Theory of Planned Behaviour (DTPB), providing a robust theoretical underpinning for the study's findings.

Theory of planned behaviour

TPB is an extension of TRA (Ajzen & Fishbein, 1980a). TPB provides one of the most dominant conceptual frameworks in order to study human behaviour (Ajzen, 2001). TRA deals with behaviours which are under volitional control (Ajzen & Fishbein, 1980). TPB extends and incorporates behaviours affected by non-voluntary variables (Ajzen, 1985). According to Ajzen (1991), TPB incorporates attitudes, SNs and perceived behavioural control (PBC) to predict intentions with higher accuracy.

TPB comprises three components which determine BIs: attitude (ATT), SN and PBC. Attitude is determined by behavioural beliefs, SNs are explained by normative beliefs and control beliefs determines PBC. Attitude refers to the measurement of evaluation of a performance of certain behaviour. SNs are the external factor referring to others thought about action or behaviour. PBC is to what extent an individual believes about his ability to perform behaviour. PBC was additionally included in the model of TPB. Behaviour of the people is dependent upon the level of control they possess.

The chances of a certain behaviour will be low if the control element is low in spite of favourable attitude and SNs. The notion was proved by Bundara, Adam, Hardly and Howells that behaviour is determined by confidence an individual possess regarding having control of performing a behaviour.

Other studies conducted by many researchers such as Bhattacherjee (2000), Armitage and Conner (2001), and Yap and Noor (2008) also confirm that PBC is a significant determinant of intention to engage in a certain behaviour.

Decomposed theory of planned behaviour

Taylor and Todd (1995) presented DTPB which describes three dimensions of human behaviour, i.e. attitude, SNs and PBC. This theory is a combination of TPB and technology acceptance model. In the original theory, attitude, SNs and PBC are further supported by multidimensional constructs to study behavioural intentions towards information technology. Research has confirmed that DTPB incorporates innovation literature along with normative and control beliefs and measures intention to adoption more accurately than TPB.

In DTPB, attitude is determined by relative advantage, complexity and compatibility which is mainly influenced by diffusion theory of Rogers (1995). Depending upon the context, determinants of PBC can be included. According to DTPB, behavioural control is deter- mined by self-efficacy, resource and technology facilitation. The concept of self-efficacy was derived from Bandura (1986) which is self-belief to be able to perform a certain behaviour. Whereas resource facilitation condition is derived from Triandis (1980).

DTPB has shown better explanatory power in explaining the BIs in comparison to the TPB and is a proven robust model in explaining behaviour regarding information systems (Bhattacherjee, 2000; Pedersen, 2005; Shih & Fang, 2004). DTPB has been used in the study of financial services because theory can be modified to incorporate the relevant variables (Taylor & Todd, 1995). On the basis of this theory, attitude is decomposed further into awareness, uncertainty, compatibility and relative advantage. SNs is decomposed into normative belief. PBC is decomposed into self-efficacy and resource facilitation condition.

Haqbin, Naqibullah & Pashtoon, Rahmatullah (2026). A Proposed Integrated Qardhul Hasan and Human Resource Development (IQHRD) Model for Micro-enterprises in Kandahar, Afghanistan. *Arghand Journal of Social Science (AJSS), 1*(2), 01-25.

Attitude and intention

TRA has presented a very important determinant of TRA called attitude that is used to explain the consumer's intention (Amin et al., 2011). According to Ajzen and Fishbein (1980), previous literature is loaded with the evidence that positive attitude leads to positive consumer behavioural intentions in different domains. Similarly, in the context of Islamic banking, Abd Rahman et al. (2015), and Mansour et al. (2016) found out that positive attitudes lead towards positive purchase intentions. However, attitude has been decomposed into awareness, compatibility, uncertainty and relative advantage. This study aims to further investigate the individual effect of the antecedents of attitude on the consumer intention to adopt Islamic banking services in Pakistan. For that purpose, we hypothesize as follows.

H1: Attitude has a positive influence on the intention of micro-entrepreneurs to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H2: Awareness has a positive influence on the attitude toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H3: Uncertainty has a negative influence on the attitude towards toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H4: Compatibility has a positive influence on the attitude towards using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H5: Relative advantage has a positive influence on the attitude toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

Subjective norms and intention

SNs are a belief that a person's immediate social circle with support or disapprove of certain behaviour. As human beings are social animals, therefore, they remain under a social pressure to behave in a definite manner. Previous literature shows mixed views about the relation of SNs with intentions. Armitage and Conner (2001) showed a weak conceptualization of the SNs to predict intentions. The influence of SNs on forming intention proved to be generally weaker in previous studies than the influence of attitude. However other studies have found a significant relation of SNs with the positive intentions (Chang, 1998; Tarkiainen, A.,& Sundqvist, 2005). Amin et al. (2011) incorporated TRA in Islamic personal financing and found subject norms to positively predict purchase intention in the consumer.

The conflicting role of SNs to predict purchase intention has encouraged to further investigate the role of normative beliefs to predict the behavioural intention of the prospective consumers. Hence, it could be hypothesized as follows.

H6: Subjective norm has a positive influence on the intention of micro-entrepreneurs to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H7: Normative belief has a positive influence on subjective norms toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

PBC and intention

PBC refers to the perception whether a certain behaviour is controllable. It also ascertains the concept of the difficulty level of the initiation of that behaviour (Rauch & Hulsink, 2015). It reflects a certain behaviour with respect to a person's capability and conditions (Cestac et al., 2011). Thus, people having a higher personal control have strong intentions to behave in a certain manner (Ajzen, 1991). Shih and Fang (2004) added that PBC has been decomposed into facilitation and efficacy. The importance of PBC has been highlighted in different contexts such as the use of different technologies like online systems (Khalifa & Ning Shen, 2008; Lin & Chang, 2011). Apart from that, PBC significantly

and positively influences the intention to undertake Islamic home financing (Alam et al., 2012). Likewise, the literature is full of research that presents a unanimous consensus that if a person has adequate financial resources and is capable of investing for Islamic banking services, then it is very likely that he will develop a positive intention to Islamic banking services. Since the current research aims to examine the individual effect of the antecedents of PBC, therefore, it is hypothesized as follows (Figure 1).

H8: Perceived behavioural control has a positive influence on the intention of micro-entrepreneurs to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H9: Self -efficacy has a positive influence on the perceived behavioural control toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

H10: Facilitating conditions have a positive influence on the perceived behavioural control toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model.

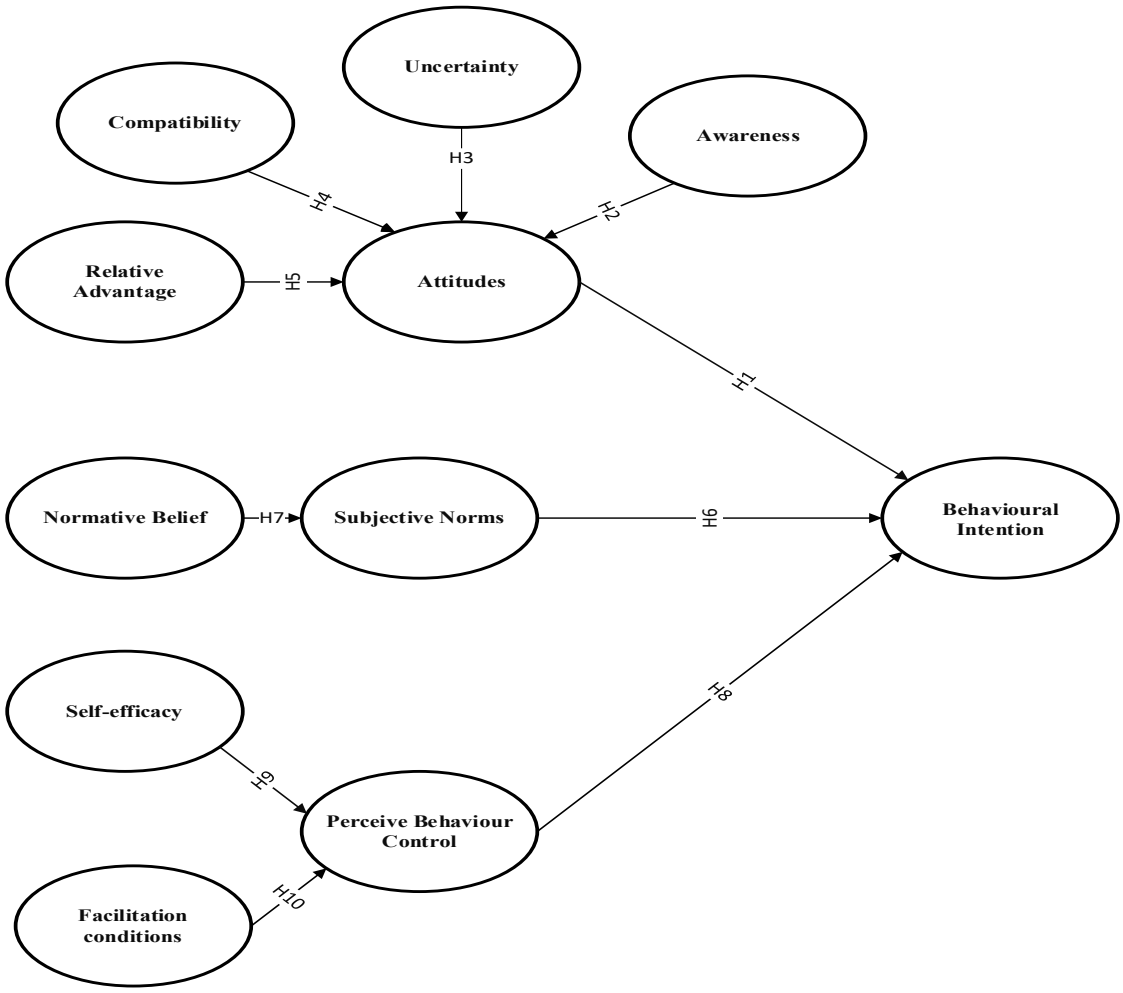

Figure 1: Research Model

Conceptual Framework of Integrated Qardhul Hasan and Human Resource Development (IQHRD) Model

Building on the Qardhul Hasan financing initiative, this research proposed using Qardhul Hasan by integrating it into the micro enterprise development model. This model is called the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model and is illustrated in Figure 1.

This model is being presented as an alternative to the programs and schemes already in place in Afghanistan for financing MEs. This model mainly consists of the Donors, Islamic Microfinance Institutions and Micro Enterprises.

The proposed IQEMD model involves the following stages:

The donors (both individual and corporate sector) contribute cash as a donation to the Islamic Microfinance Institution (IsMFI) to create a perpetual Central Pooled Found (CPF). Individuals or the public sector can contribute cash as an Islamic charity (Sadaqah and Waqf). In contrast, the corporate sector can contribute cash (donation) to their corporate social responsibility (CSR). However, in the IQHRD model, apart from the public and corporate sector, the government is also supposed to provide philanthropic donations from Baitul Maal as a source of funding for the model and contribute to the CPF. The IsMFI becomes a Mutawali (manager) of the fund and makes the necessary financing decisions regarding the collected funds (1).

IsMFI makes financing using the collected funds (1). Financing can be made to micro enterprises through Qardhul Hasan financing services. Due to their businesses' nature and risk, they are unable to pay high cost of financing along with collaterals in the initial stage of development.

After micro-enterprises avail financing services, they are supposed to develop (4). It is a state where MEs are positioned to enhance gross output, value-added, profit, employment and productivity - all of which later contribute to the national income or GDP.

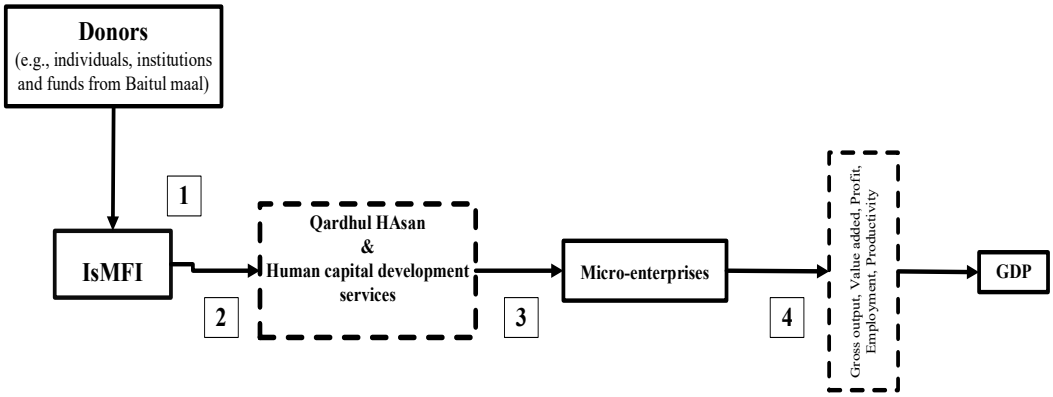

Figure 1: Conceptual Framework of IQHRD model

3. METHODOLOGY

Research Design

This study will follow a quantitative research design to empirically examine the behaviour intention of micro-entrepreneur to use the IQHRD model as a source of financing and human capital development, based on the Decomposed Theory of Planned Behaviour (DTPB).

The population off this study is spread across fifteen districts of Kandahar province and estimated population for this study is around 20,000 respondents (Micro-enterprises). Each district has its own target population. The respondents (micro-entrepreneurs) from each district have homogenous characteristics. Therefore, each district was considered as a stratum.

Proportionate random sampling technique is used for data collection. After defining proportionate sample for each district, then the random sampling technique is used to gather the data from the list of each district's target population based on the random numbers technique from the Kandahar municipality database. The sample size for this study will be around 466 respondents.

In this study, data is collected through self-administered questionnaires containing items of different formats. The questionnaire covered different categories of information. It requested information related to the demographic and occupational background of micro-enterprises. The questionnaire also covered questions on the issues of financing and human capital development. In addition, the questionnaire included items related to the Decomposed Theory of planned Behaviour (DTPB). Most of the questions included in the questionnaire required dichotomous answers (“Yes” and “No”) or utilized self-assessment items measured by the Likert scale (Abdullahi et al., 2021).

The data analysis procedure of this study involved five stages. In the first stage, data cleaning and treatment is performed for the missing values of the responses. The second stage involved a descriptive analysis of the respondents' demographic information. Next, the third stage involved conducting the reliability and exploratory factor analysis (EFA). In the reliability analysis, the current study’s research instrument will be measured to determine the consistency among its inter-items. In the fourth stage, confirmatory factor analysis (CFA) was conducted using SEM to determine scale validity (Abdullahi et al., 2021). Finally, the final SEM stage is performed on the research hypotheses, where SEM will be used by SPSS AMOS to investigate the structural relationships among the variables in the study.

Research Instruments

This study adopted a self-administered questionnaire design. The questionnaires were adopted and adapted based on the DTPB. This study developed the items in the questionnaires by adapting measures which were developed by previous studies that used DTPB (Ajzen & Fishbein, 1980; Abduh, 2011; Muhammad, 2012). It was aimed at finding the acceptance and intention of micro entrepreneurs in Kandahar (Afghanistan) to use the IQHRD model.

For example, the items included for the construct of behavioral intention are such as (i) "I intend to use IQHRD model if it is offered," coded as BI01, (ii) "I plan to use IQHRD model if it is offered" coded as BI02 and (iii) "I have a strong intention to use IQHRD model if it is offered" coded as BI03. Meanwhile, the items included for the construct of attitude are such as (i) "Engaging in IQHRD model is valuable," coded as A01, (ii) "Engaging in IQHRD model is suitable," coded as A02, and (iii) "Engaging in IQHRD model is in line with my religious values" coded as A03. The items included for the construct of subjective norms are such as (i) "Most people who are important to me think that I should use this IQHRD model for financing purposes," coded as SN01, (ii) "Most people who are important to me think that I should use this IQHRD model for enhancing my skills" coded as SN02 and (iii) "Most people whose opinion I value would approve my action to use this IQHRD model for financing purposes" coded as SN03.

In designing the question, the researcher is continuously guided by the research questions that need to be investigated: the problem of accessing finance, and micro enterprises' behavioral intention to use the IQHRD model. The questionnaire design was based on the dichotomous scale "Yes" and "No" and the widely used Likert Scale.

Data Analysis

The collected data were analysed using SPSS Statistics 20 and AMOS 20. Following the procedure suggested by Anderson and Gerbing (1988), a measurement model was estimated before the

structural model. A Confirmatory Factor Analysis (CFA) was employed to assess the measurement model and to test the data's quality, including its reliability and construct validity checks. Structural Equation Modelling (SEM) was conducted to assess the overall fit of the pro- posed model and to test the hypotheses.

This study employs a qualitative research design to analyse the political dynamics of the Mughal Empire between 1526 and 1666 CE. The research relies exclusively on secondary sources, including historical books, peer-reviewed articles, archival documents, and reputable scholarly analyses. These materials were examined through thematic analysis to identify recurring political patterns, administrative weaknesses, and external pressures relevant to the empire's decline. The method focuses on comparing different historians' interpretations, tracing cause-and-effect relationships, and synthesising evidence to explain how internal structural issues created openings for the early rise of European influence in India. This approach allows for an in-depth, interpretive understanding of complex historical processes rather than numerical measurement.

4. RESULTS

Descriptive Analysis

As depicted in Table 1, 94.6 percent of responders are men, while 5.4 percent are women. The preponderance of male responders explains the role of men in pursuing economic activities more than females. It adheres to the conventional gender-based division of labor, with the woman being responsible for the family and the husband being the breadwinner and head of the home (Asmy, 2015; Muhammad, 2012).

Almost three-quarters (72.6 percent) of responders are between 20 and 36 years old, with just a handful above 36 years old (27.5 percent). Which constitutes the bulk of microenterprises established and managed by the working population's youngest generation. As a result, the survey's findings accurately capture the attitudes and beliefs of middle-aged and younger respondents (if we consider those above 36 to be the older respondents). This illustrates the fact that many respondents are members of the working population. This demographic segment actively participates in running enterprises to improve their quality of life and find gainful employment.

Nearly 66.7 percent of respondents are married, 30.9 percent are single, and 2.4 percent have experienced divorce. It demonstrates that most of those surveyed operate microbusinesses to increase family spending. Additionally, the respondents' educational backgrounds are described in Table 1. Only 2.1 percent of respondents have a bachelor's degree, while 27.7 percent have a diploma, 7.1 percent have a secondary education, and 63.1% are uneducated. Which clearly stated that uneducated entrepreneurs run most of micro-businesses.

Table 1: Description of Respondents by Gander, Age and Marital Status

		Frequency	Percent
Gender	Male	441	94.6
	Female	25	5.4
Age Group	17-26	135	29.0
	27-36	203	43.6
	37-46	103	22.1
	Above 46	25	5.4
Marital Status	Single	144	30.9
	Married	311	66.7
	Divorced	11	2.4
Educational Level	No Education	294	63.1
	Secondary Education	33	7.1
	Diploma	129	27.7
	Bachelor's degree	10	2.1

According to the findings in Table 2, 48.3 percent of the respondents had been in business for one to five years. Therefore, it is evident that most micro-enterprises are young and in the beginning phases of business operations. Around 32.0% of the respondents had been in business for six to ten years. According to the data, these micro-enterprises are in the midst of their business cycles. Additionally, 10.5 percent of respondents said they had been in operation for over ten years and were regarded as an older business. In terms of sectors, the majority of the respondents, 181 (38.8 percent), are engaged in the retail sector, followed by the service sector 151 (32.4 percent), as shown in Table 2. The remaining 64 (13.7 percent) and 35 (7.5 percent) are in the manufacturing and agricultural sectors, respectively.

Furthermore, as depicted in Table 2, the majority of respondents, 151 (32.4 percent), are in the AFN27000-AFN36000 average monthly income group. 118 (25.3 percent) respondents are in the AFN17000-AFN26000 average monthly income group. Regarding the number of employees, Table 2 describes five groups of employees in which micro enterprises are engaged. It is identified that the majority of the micro enterprises have two employees, with 35.8 percent. However, 23.6 percent of micro enterprises have three employees.

Table 2: Description of Respondents by Business Characteristics

		Frequency	Percent
Years in Business	1-5	225	48.3
	6-10	149	32.0
	11-15	49	10.5
	Above 16	43	9.2
Sector	Retailing	181	38.8
	Services	151	32.4
	Manufacturing	64	13.7
	Agricultural	35	7.5
	Construction	35	7.5
Average Monthly Income (in AFN thousand)	7000-16000	73	15.7
	17000-26000	118	25.3
	27000-36000	151	32.4
	37000-46000	110	23.6
	Above 46000	14	3.0
No of Employee	1	96	20.6
	2	167	35.8
	3	110	23.6
	4	57	12.2
	5	36	7.7

Table 3 shows 227 respondents (48.7 percent) applied for an external loan during the last six to twelve months. The remaining 239 respondents (51,3 percent) answered that they had not applied for a loan during the last six months to one year. Therefore, it is important to explore the motivations behind their loan application. Table 3 illustrates the cross-tabulation of applying for a loan and the purpose for applying for the loan, which states that the most cited reasons for applying for external finance (expansion of business): 53.8 percent (122) of respondents sourced for external financing for expansion. The remaining 46.2 percent of micro enterprises indicated they applied for external financing but not for expanding business.

The respondents were also questioned about the challenges they had in seeking and getting external financing over the past six to twelve months. Participants replied that they had encountered some obstacles in acquiring financing. Table 4 depicts the problems encountered throughout the process of obtaining external financing. Respondents are asked to choose these factors on a dichotomous scale (1=Yes,0=No). Respondents highlighted higher interest rates as one of the problems in acquiring external finance, with 201 (88.6 percent) strongly agreeing. This outcome might be explained by the fact that financial institutions charge microbusinesses higher interest rates to make up for the higher

costs of information collecting, the lower amount of external funding, and the increased risk of failure. Additionally, many financial institutions react to this circumstance by imposing high-interest rates in the lending market owing to the lack of collateral. Several commercial banks charge a 25 percent interest rate, and some international microfinance institutions charge between 17.5 to 24 percent, such as BRAC, AKF and WOCCU.

Table 3: Cross-Tabulation of Applying Loan and Purpose for Applying Loan (Expansion)

		Expansion			Total (N)
			No N (%)	Yes N (%)	
Applying Loan for Last Six Month/Year	No		239 (100)	0 (0)	239
	Yes		105 (46.2)	122 (53.8)	227
χ^2 = 258.504 (p-value = 0.000)					

As per the survey, 73.1% of respondents said they had trouble getting enough finance from financial institutions. There are several reasons why this outcome may have occurred.

Depending on each loan customer's demands and the enterprises' size, the financial institution may issue a certain amount of credit. The institution also takes the microentrepreneurs' firms' viability into account. During the loan application some micro firms are unable to provide the necessary supporting documentation, collateral, financial history, and bank statement during the loan application process. Therefore, financial institutions are unable to supply enough credit to fulfill the demand of micro firms, which is seen as hazardous. The majority of micro firms also claim that obtaining financial support from lending institutions is difficult due to the short period of loans, with 59.5 percent (135) agreeing. Due to the obvious high-risk perception, most financial institutions only lend micro firms for a short period.

The majority of respondents also believed that onerous collateral and paperwork requirements were barriers to getting external loans. These two elements received 178 (78.4 percent) and 103 (45.4 percent) agreement from respondents respectively. It seems that these outcomes are the consequence of financial institutions' responsibility to impose multiple restrictions and demand several documentations before awarding the loan. It also compensates for the nature of micro firms, which are typically seen as high-risk ventures. Paperwork such as a business license, business registration, income tax return for the firm, loan repayment statement and cash flow forecast are some documents that financial institutions demand before issuing loans to businesses.

Furthermore, financial institutions set rigorous collateral requirements to compensate for the risk of lending to micro-firms since they are deemed risky businesses. Usually, the requirement for collateral is based on the credit assessment and the applicant’s risk profile (Heriyanto et al., 2022; Khan & Bedi, 2021). This is understandable as financial institution tend to see businesses with a lack of relevant collateral as posing a substantial amount of risk, and if the amount involved is large, the probability of micro enterprises obtaining a loan decrease substantially as well (Abdullah, 2021; Hussaini, 2021; Najafizada, 2014; OECD, 2019). Financial institutions often see micro businesses as higher-risk borrowers than bigger businesses. Therefore, the financial institutions conduct a rigorous assessment of the features of the enterprises, including the age of the businesses, size of the businesses, and viability of the businesses, before giving the loan. Therefore, financial institutions put several requirements on micro firms, such as high-interest rates, collateral requirements and documentation, to offset all these risks (Heriyanto et al., 2022; Khan & Bedi, 2021).

Table 4: Problems During Raising External Financing

		Frequency	Percent
High Interest/ High Markup/High Margin	No	26	11.4
	Yes	201	88.6
	Total	227	100.0
Insufficient Financing	No	61	26.9
	Yes	166	73.1
	Total	227	100

Short Duration of Loan	No	92	40.5
	Yes	135	59.5
	Total	227	100
Strict Collateral Requirement	No	49	21.6
	Yes	178	78.4
	Total	227	100
Strict Documentation Requirement	No	124	54.6
	Yes	103	45.4
	Total	227	100
Characteristics of Business	No	176	77.5
	Yes	51	22.5
	Total	227	100

Structural Equation Modeling (SEM)

Evaluation of Measurement Model

In this section, the measurement testing model is conducted. Measurement testing model focuses on the linear function between latent variables and their observed indicators in the model. It is used to establish validity and reliability of variables and their relationship with constructs. Measurement model does not represent any structural relationships or dependencies among constructs; all constructs are interdependent and are treated as exogenous variables. In order to perform measurement model validity, there are two components of measurement model validity which are (i) model goodness-of-fit and (ii) construct validity.

Model Goodness-Of-Fit

The initial measurement model incorporates ten latent constructs indicated by respective items pertaining to each scale: behavioural intention (INT), attitude towards behaviour (ATT), subjective norms (SB), normative belief (NB), perceived behaviour control (PBC), relative advantage (RAD), uncertainty (UNC), self-efficacy (SE), facilitation conditions (FC), and compatibility (COM), (see Figure 1 for the measurement model). The results of goodness-of-fit indices for the measurement model are given in the following Table 5.

Table 5: Fit indices for model

χ2	Df	Normed χ2	RMSEA	CFI	Comment
2065.136	610	3.385	0.072	0.913	The required level is achieved

As shown in Table 5, the fit indices for the measurement model achieved the thresholds values. The Normed χ2 value achieved 3.385 which fulfils the required level which is to be less than 5.0. Furthermore, CFI value has value of 0.913 which is more than the required cut-off point of 0.9. The RMSEA value is 0.072 and this value falls below the 0.1 cut-off point suggested by Bove and Johnson 2006).

Once the CFA procedure for every measurement model is completed, the following steps are performed to compute certain measures which access the validity and reliability of the construct. Thus, in the subsequent section, it shows the results of construct validity.

Construct Validity

Before testing the hypotheses in the structural model, the reliability and validity of the underlying constructs were assessed (De Wulf, 2001). For this purpose, the constructs were assessed for (i) reliability using Cronbach's alpha, construct reliability (CR), and average variance extracted (AVE), and (ii) for validity using construct, convergent and discriminant. Reliability of the measures was assessed by using Cronbach (1951) coefficient alpha and later using confirmatory factor analysis

(CFA). As for Cronbach's coefficient alpha, Table 7.33 shows that all the constructs exceed the suggested level of 0.70 (Nunnally, 1967).

Table 6: Cronbach Alpha

Variable	No Of Items	Cronbach Alpha
Attitude (ATT)	4	0.93
Awareness (AWR)	4	0.92
Uncertainty (UNC)	4	0.91
Compatibility (COM)	3	0.85
Relative Advantage (RAD)	3	0.82
Subjective norms (SB)	3	0.86
Normative Belief (NB)	4	0.91
Perceived Behaviour control (PBC)	3	0.89
Self-efficacy (SE)	3	0.90
Facilitation Conditions (FC)	3	0.87
Intention (INT)	4	0.91

Furthermore, sample adequacy is also measured by using Kaiser-Meyer-Olkin (KMO). The required threshold for KMO is 0.5 (Hair et al., 2010). Based on the results given in Table 7, the KMO value was 0.927 which largely exceeds the threshold of 0.5 and indicates sufficient intercorrelations. Besides, the Bartlett's test of Sphericity was significant (Chi square= 20744.153, $p<0.01$). It indicates the sampling adequacy is considered good and it confirms that each of the latent variables (i.e. ATT, SN, NB, PBC, SB, SE, UNC, COM, RAD, FC and INT) is considered to be distinct.

Table 7: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.927
Bartlett's Test of Sphericity	Approx. Chi-Square	20744.153
	df	990
	Sig.	.000

Meanwhile, in using confirmatory factor analysis, construct reliability (CR) and average variance extracted (AVE) are calculated from model. According to Bagozzi and Yi (1988), they recommend that CR should be equal to or greater than 0.60, and AVE should be equal to or greater than 0.50. Based on these assessments, the results of CR and AVE are within the acceptable levels and support the reliability of the constructs (see Table 8).

Table 8: The CFA Results for the Measurement Model

Variables	Items	Factor loading	AVE	Construct Reliability (CR)
Attitude (ATT)	ATT1	0.90	0.78	0.93
	ATT2	0.91		
	ATT3	0.89		
	ATT4	0.83		
Awareness (AWR)	AWR1	0.86	0.74	0.92
	AWR2	0.92		
	AWR3	0.84		
	AWR4	0.82		
Uncertainty (UNC)	UNC1	0.81	0.71	0.90
	UNC2	0.92		
	UNC3	0.79		
	UNC4	0.85		
Compatibility (COM)	COM1	0.71	0.66	0.85
	COM2	0.92		
	COM3	0.81		
Relative Advantage (RAD)	RAD1	0.92	0.70	0.87
	RAD2	0.66		

	RAD3	0.92		
Subjective norms (SB)	SB1	0.78	0.69	0.87
	SB2	0.82		
	SB3	0.89		
Normative Belief (NB)	NB1	0.86	0.70	0.90
	NB2	0.91		
	NB3	0.83		
	NB4	0.75		
Perceived Behaviour control (PBC)	PBC2	0.84	0.73	0.89
	PBC3	0.91		
	PBC4	0.82		
Self-efficacy (SE)	SE3	0.86	0.74	0.89
	SE4	0.85		
	SE5	0.88		
Facilitation Conditions (FC)	FC1	0.84	0.68	0.86
	FC2	0.82		
	FC3	0.83		
Intention (INT)	INT1	0.86	0.7	0.90
	INT2	0.80		
	INT3	0.84		
	INT4	0.85		

In the case of validity, confirmatory factor analysis is used to assess construct, convergent and discriminant validity. Empirically, construct validity exists when the measure is a good representation of the variable that the researcher intends to measure. As Bagozzi and Yi (1988) argues, construct validity is a necessary benefit for theory testing. In this study, results obtained from goodness of fit indices confirmed construct validity. As for convergent validity, evidence has been found in which all the factor loadings for items measuring the same construct are statistically significant. As indicated in Figure 3 and Table 8, all the factors are having high loadings (greater than 0.50) and statistically significant ($P<0.001$). The results of AVE presented in Table 8 provide an additional support for convergent validity.

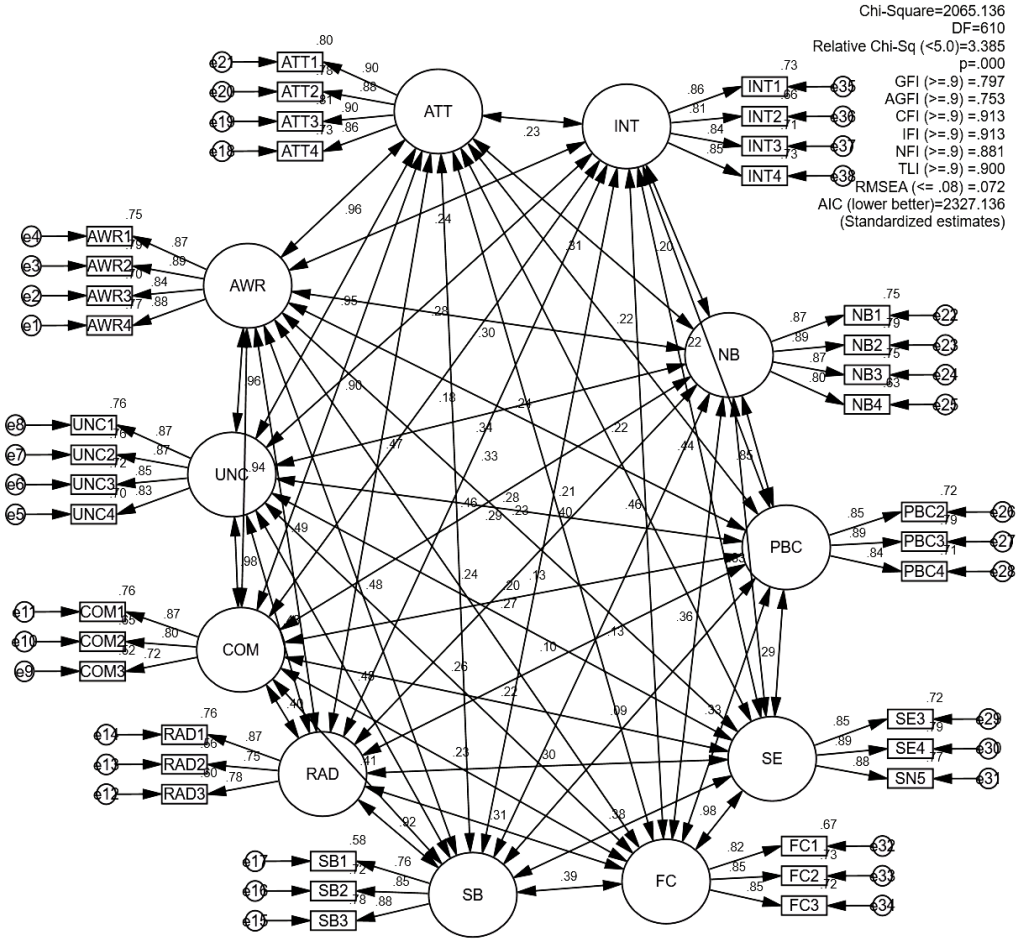

Figure 3: Measurement model

Finally, discriminant validity is also assessed. Discriminant validity is established if the HTMT value is below or equal to 0.85 (Kline, 2011) or 0.90 (Gold et al., 2001). According to Henseler and Dijkstra (2015), the confidence interval (CI) value of the HTMT statistic must not be equal to the value of 1 on any of the constructs. With regards to the constructs in this study, as shown in Table 7.68, all the values are less the required threshold. Hence, this clearly indicates that discriminant validity was present in the constructs of initial model, see Table 9.

Structural Model

Once all constructs in the measurement model are validated and fulfilled, required fit indices, a structural model can be tested and the main analysis using SEM can be carried out.

A structural theory depicts conceptual relationship among constructs in the model. The single headed arrow is used to test the causal effects, while the double headed arrow is used to test the correlation effects among constructs as shown in Figure 4. There are a total of 47 indicators contained in the final structural model. Each indicator is connected to the underlying theoretical construct in a reflective manner. The standardized estimate for the model is presented in Figure 4.

Table 9: HTMT Results for Structural Model

Construct	ATT	AWR	UNC	COM	RAD	SB	NB	PBC	MC	SE	SN	FC	INT
ATT													
AWR	0.843												
UNC	0.823	0.829											
COM	0.742	0.762	0.795										
RAD	0.405	0.414	0.409	0.303									
SB	0.384	0.402	0.417	0.335	0.668								
NB	0.269	0.259	0.289	0.236	0.107	0.328							
PBC	0.217	0.203	0.247	0.184	0.085	0.291	0.772						
MC	0.201	0.18	0.228	0.166	0.054	0.259	0.731	0.816					
SE	0.24	0.223	0.261	0.204	0.189	0.336	0.555	0.569	0.714				
SN	0.174	0.187	0.229	0.169	0.286	0.444	0.27	0.257	0.239	0.788			
FC	0.201	0.207	0.25	0.177	0.285	0.366	0.262	0.276	0.311	0.581	0.837		
INT	0.199	0.206	0.236	0.127	0.267	0.323	0.161	0.173	0.181	0.284	0.391	0.612	

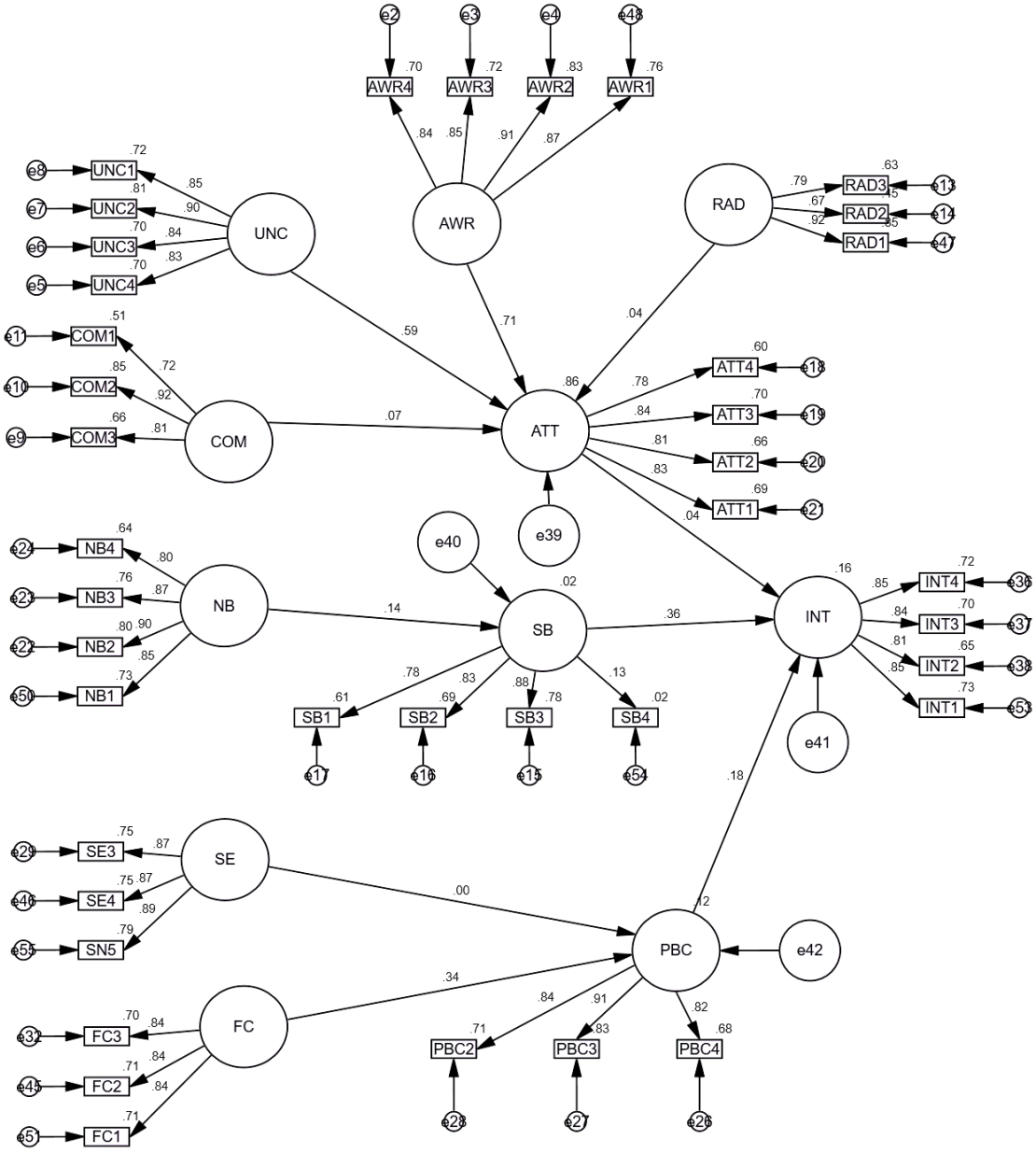

Figure 4: Structural Model

The absolute fit and incremental fit indices are used for goodness-of-fit test. Behaviour intention (INT) is treated as dependent variable (construct), with which all independents' variables (constructs). The output of model fit indices is summarised in the following Table 10:

Table 10: Fit indices for structural model

χ2	Df	Normed χ2	RMSEA	CFI	Comment
967.783	692	4.480	0.093	0.927	The required level is achieved

The absolute fit indices, Normed Chi-Square and RMSEA with respectively values of 4.480 (<5) and 0.093 (<0.1) confirm goodness-of-fit of the model. Goodness-of-fit is also verified by the incremental fit index, CFI with value of 0.927 (>0.90). The statistics are same as those of the best-fit measurement model used for structural model.

Results of Hypotheses Testing

There are two main hypotheses that are analysed in this study. The proposed hypotheses are examined by looking at the significance, signs, and the magnitude of the estimated coefficients (Hair et al., 2014). Each of the hypotheses listed below is analysed based on findings relevant to the hypothesis followed by the discussion.

Research hypothesis one is tested using confirmatory factor analysis and structural equation modelling. The result regarding micro entrepreneurs' attitude towards their intention to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model is statistically unsignificant (β1 = 0.043, t-value = 0.898, p > 0.05) and not supporting the research hypothesis as shown in Table 11.

Confirmatory factor analysis and structural equation modelling are also used to test hypothesis two and found that awareness has a positive influence on the attitude toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis two is supported (β2 =0.71, t-value = 19.47, p < 0.01) as shown in Table 11. The result of standardized coefficient shows that if awareness goes up by 1 standard deviation, attitude toward behavioural intention goes up by 0.71 standard deviations.

Table 11: Path Coefficient Results

Hypothesis	Relationship	Standardized Coefficient	S.E.	t- Value	P-value	Decisions
H1	INT <--- ATT	0.043	0.048	0.898	0.369	Not Supported
H2	ATT <--- AWR	0.712	0.025	19.477	***	Supported
H3	ATT <--- UNC	0.585	0.027	16.975	***	Supported
H4	ATT <--- COM	0.066	0.022	2.337	0.019	Supported
H5	ATT <--- RAD	0.036	0.028	1.274	0.203	Not Supported
H6	INT <--- SB	0.359	0.045	7.076	***	Supported
H7	SB <--- NB	0.124	0.046	2.413	0.016	Supported
H8	INT <--- PBC	0.18	0.043	3.726	***	Supported
H9	PBC <--- SE	-0.002	0.05	-0.049	0.961	Not Supported
H10	PBC <--- FC	0.342	0.055	6.588	***	Supported

**p-value < 0.01
*p-value <0.05

The path coefficient results for hypothesis three found that Uncertainty has a negative influence on the attitude towards toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis three is supported (β2 =0.58, t-value = 16.97, p < 0.01) as shown in Table 11. The result of standardized coefficient shows that if uncertainty declined by 1 standard deviation, attitude toward behavioural intention goes up by 0.58 standard deviations.

The result of path coefficient supported hypothesis four that Compatibility has a positive influence on the attitude towards using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis four is accepted (β2 =0.066, t-value = 2.337, p < 0.05) as shown in Table 11. The result of standardized coefficient shows that if uncertainty declined by 1 standard deviation, attitude toward behavioural intention goes up by 0.066 standard deviations.

The results for hypothesis five showed that relative advantage has no influence on the attitude toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, the research hypothesis five is rejected.

Moreover, the Findings of the study showed that Subjective norm has a positive influence on the intention of micro-entrepreneurs to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis six is supported ($\beta 2 = 0.35$, t-value = 7.076, $p < 0.01$) as shown in Table 11. The result of standardized coefficient shows that if subjective norm goes up by 1 standard deviation, behavioural intention goes up by 0.35 standard deviations. It is believed that the social pressure groups that assert subjective norms, including family members, relatives, friends, neighbour and co-workers, influence the decision-making process for the survey respondents who are interested in using IQHRD model in the future.

This finding is consistent with previous research that social pressure groups have a positive impact and strong influence on behavioural intention (Gopi & Ramayah, 2007). These authors have documented that the DTPB's subjective norm construct has positive relationship to that of behavioural intentions.

The Findings of the study for hypothesis seven showed that Normative belief has a positive influence on subjective norm toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis seven is supported ($\beta 2 = 0.124$, t-value = 2.413, $p < 0.05$) as shown in Table 10. The result of standardized coefficient shows that if subjective norm goes up by 1 standard deviation, behavioural intention goes up by 0.124 standard deviations. Similarly, hypothesis eight is also supported that Perceived behavioural control has a positive influence on the intention of micro-entrepreneurs to use the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model as showed in the Table 11. The result of standardized coefficient shows that if subjective norm goes up by 1 standard deviation, behavioural intention goes up by 0.18 standard deviations.

However, he results in Table 10 showed that self -efficacy has no influence on the perceived behavioural control toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Therefore, research hypothesis nine is not supported. Based on results of path coefficient (Table 10), facilitating conditions have a positive influence on the perceived behavioural control toward using the Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. Thus, research hypothesis ten is supported ($\beta 2 = 0.34$, t-value = 6.588, $p < 0.01$) as shown in Table 11. The result of standardized coefficient shows that if subjective norm goes up by 1 standard deviation, behavioural intention goes up by 0.34 standard deviations.

5. CONCLUSION

This study set out to address a critical gap in the micro-enterprise development landscape of Kandahar by proposing and empirically validating an Integrated Qardhul Hasan and Human Resource Development (IQHRD) model. The findings clearly demonstrate that existing financing models, namely conventional microfinance institutions, commercial banks, NGOs, and informal money lenders, are inadequate in meeting the financial and developmental needs of micro-entrepreneurs in Kandahar. High financing costs, strict collateral requirements, short loan tenures, lack of Shariah compliance, and minimal access to structured training programs continue to undermine the sustainability and growth potential of micro-enterprises.

The empirical results derived from Structural Equation Modelling provide important behavioural insights. While attitude toward the IQHRD model does not directly influence intention to use the proposed model. However, subjective norms and perceived behavioural control emerge as strong and significant predictors of behavioural intention. This suggests that social influence, community endorsement, and entrepreneurs' perceived ability to access resources and support mechanisms play a more decisive role than personal evaluation alone. Moreover, awareness, uncertainty, and compatibility significantly influence attitude, emphasizing the need for clear communication, risk reduction, and contextual alignment of Islamic microfinance products.

The study confirms that integrating Qardhul Hasan with human capital development initiatives offers a viable and socially inclusive alternative to existing financing mechanisms. The IQHRD model aligns with Islamic ethical principles while simultaneously addressing the structural and skill-related

deficiencies of micro-enterprises. The research also contributes theoretically by extending the application of DTPB to Islamic microfinance and micro-enterprise development in fragile economies. Based on the empirical findings and the contextual realities of micro-enterprise development in Kandahar, several policies, institutional, and practical recommendations are proposed. First, policymakers and regulatory authorities should prioritize the establishment and institutionalization of Shariah-compliant microfinance frameworks that emphasize social welfare rather than profit maximization. The IQHRD model can serve as a foundational blueprint for designing Islamic microfinance policies that integrate interest-free financing with systematic human resource development programs.

Second, Islamic financial institutions and development organizations should invest heavily in awareness-building initiatives. Since awareness significantly influences attitudes toward the use of IQHRD model. Moreover, targeted outreach programs, financial literacy campaigns, and community-based workshops are essential to enhance understanding and trust among micro-entrepreneurs. Religious leaders, community elders, and trade associations should be actively involved, as subjective norms were found to significantly affect adoption intentions.

Third, capacity-building components such as entrepreneurial training, financial management skills, and technical education should be embedded within microfinance programs. Enhancing self-efficacy and facilitating conditions will strengthen perceived behavioural control, thereby increasing the likelihood of adoption. Development agencies and NGOs should collaborate with Islamic microfinance providers to deliver affordable and accessible training tailored to the needs of low-literacy entrepreneurs. Finally, pilot implementation of the IQHRD model is recommended before large-scale rollout. Such pilot programs would allow stakeholders to assess operational feasibility, repayment behaviour, and long-term sustainability, while also enabling continuous refinement of the model in line with local socio-economic conditions

Despite its contributions, this study is subject to several limitations that should be acknowledged when interpreting the findings. First, the study is geographically confined to Kandahar province. Although Kandahar represents a critical and relevant context due to its economic structure and financing challenges, the results may not be fully generalizable to other provinces in Afghanistan or to different country contexts with varying institutional and cultural environments. Future studies could adopt a multi-regional or national-level approach to enhance generalizability. Second, the study relies on cross-sectional data collected at a single point in time. Behavioural intentions and perceptions may change over time, particularly in fragile and volatile economic environments such as Afghanistan. A longitudinal research design would provide deeper insights into how intentions evolve and whether they translate into actual adoption and sustained use of the IQHRD model.

Third, data were collected using self-reported questionnaires, which may be subject to response bias, social desirability bias, or misunderstanding of certain constructs, especially given the high proportion of respondents with limited formal education. Although rigorous reliability and validity tests were conducted, qualitative methods such as interviews or focus groups could complement future research and enrich contextual understanding. Finally, the study focuses primarily on behavioural intention rather than actual implementation outcomes. While intention is a strong predictor of behaviour, future research should empirically examine the real-world performance, financial sustainability, and poverty-alleviation impact of the IQHRD model after implementation.

Haqbin, Naqibullah & Pashtoon, Rahmatullah (2026). A Proposed Integrated Qardhul Hasan and Human Resource Development (IQHRD) Model for Micro-enterprises in Kandahar, Afghanistan. *Arghand Journal of Social Science (AJSS), 1*(2), 01-25.

REFERENCES

[1]. **Abd Rahman, A., Asrarhaghighi, E., & Ab Rahman, S.** (2015). Consumers and Halal cosmetic products: Knowledge, religiosity, attitude and intention. *Journal OfIslamic Marketing*, *6*(1), 148–163.

[2]. **Abdullah, M. H.** (2021). SMEs' Development in Afghanistan: Issues and New Management Perspectives. *Management Studies*, *9*(4), 295–333. https://doi.org/10.17265/2328-2185/2021.04.006

[3]. **Abdullahi, A., Othman, A. H. A., & Kassim, S.** (2021). Financial inclusion enhancement through the adoption of Islamic micro fi nance in Nigeria. *International Journal of Ethics and Systems*, *37*(3), 486–505. https://doi.org/10.1108/IJOES-02-2021-0040

[4]. **ACCI.** (2016). *Business Monitor 2016*. https://acci.org.af/en/media/Business Climate Monitor 2016 English version.pdf

[5]. **ACCI.** (2018). *Business Monitor 2018*. https://acci.org.af/en/media/Business Climate Monitor 4th Quarter 2018 English.pdf

[6]. **ACGF.** (2020). *Unlocking Finance for Growth in Afghanistan*.

[7]. **ADB.** (2015). *Asian SME Finance Monitor 2014*.

[8]. **Ajzen, I.** (1985). *From intentions to actions: A theory of planned behavior*. Berlin, Heidelberg: Springer.

[9]. **Ajzen, I.** (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, *50*(2), 179–211.

[10]. **Ajzen, I.** (2001). Nature and operation of attitudes. *Annual Review of Psychology*, *52*(1), 27–58.

[11]. **Ajzen, I., & Fishbein, M.** (1980a). *Understanding Attitudes and Predicting Social Behavior*. Englewood Cliffs, NJ: Prentice-Hall.

[12]. **Ajzen, I., & Fishbein, M.** (1980b). *Understanding attitudes and predicting social behaviour*. Ajzen Englewood Cliffs, NJ: Prentice-Hall.

[13]. **Alam, S. S., Janor, H., Zanariah, C. A. C. W., & Ahsan, M. N.** (2012). Is religiosity an important factor in influencing the intention to undertake Islamic home financing in Klang Valley? *World Applied Sciences Journal*, *19*(7), 1030–1041.

[14]. **Amin, M., Isa, Z., & Fontaine, R.** (2011a). The role of cus- tomer satisfaction in enhancing customer loyalty in Malaysian Islamic banks. *The Service Industries Journal*, *31*(9), 1519–1532.

[15]. **Amin, M., Isa, Z., & Fontaine, R.** (2011b). The role of customer satisfaction in enhancing customer loyalty in Malaysian Islamic banks. *The Service Industries Journal*, *31*(9), 1519–1532.

[16]. **Armitage, C. J., & Conner, M.** (2001a). Efficacy of the theory of planned behaviour: A meta-analytic review. *Journal of Social Psychology*, *40*(4), 471–499.

[17]. **Armitage, C. J., & Conner, M.** (2001b). Efficacy of the theory of planned behaviour: A meta-analytic review. *British Journal of Social Psychology*, *40*(4), 471–499.

[18]. **Asmy, M., Mohd, B., Thaker, T., Kassim, S., Amin, F. Bin, Che, M., Salleh, M., Othman, N., & Kassim, S. N.** (2022). Modeling the Demand for Islamic Microfinance Services : An Application of PLS-SEM Approach. *International Journal of Islamic Economics and Finance*, *5*(1), 87–104.

[19]. **Asmy, M. T. T.** (2015). *A Proposed Integrated Cash Waqf Micro Enterprise Investment (ICWME-I) Model for Mitigating the Financial And Human Capital Development Challenges of Micro Enterprises in Malaysia*. Ph.D Thesis, KENMS, International Islamic University Malaysia.

[20]. **Bagozzi, R. P., & Yi, Y.** (1988). On The Evaluation Of Structural Equation Models. *Journal of The Academy of Marketing Science*, *16*(1), 74–94.

[21]. **Bandura, A.** (1986). The explanatory and predictive scope of self-efficacy theory. *Journal of Social and Clinical Psychology*, *4*(3), 359–373.

[22]. **Bateman, M., & Chang, H.-J.** (2012). Microfinance and the Illusion of Development: From

Hubris to Nemesis in Thirty Years. *World Economic Review*, *1*, 13–36.

[23]. **Bhattacherjee, A.** (2000). Acceptance of e-commerce services: The case of electronic brokerages. IEEE Transactions on Systems, Man, and cybernetics-Part A. *Systems and Humans*, *30*(4), 411–420.

[24]. **Bove, L. L., & Johnson, L. W.** (2006). Customer Loyalty To One Service Worker: Should It Be Discouraged? *International Journal of Research in Marketing*, *23*, 79–91.

[25]. **Cestac, J., Paran, F., & Delhomme, P.** (2011). Young drivers' sensation seeking, subjective norms, and perceived behavioral control and their roles in predicting speeding intention: How risk-taking motivations evolve with gender and driving experience. *Safety Science*, *49*(3), 424–432.

[26]. **Chang, M. K.** (1998). Predicting unethical behavior: A comparison of the theory of reasoned action of the theory of planned behavior. *Journal OfBusiness Ethics*, *17*(16), 1825–1833.

[27]. **Cronbach, L. J.** (1951). Coefficient Alpha and the Internal Structural of Tests. *Psychometrica*, *16*(3), 297–334.

[28]. **De Wulf, K. et al.** (2001). Investments In Consumer Relationships: A Cross-Country And Cross-Industry Exploration. *Journal of Marketing*, *65*(4), 33–50.

[29]. **Dhaoui, I.** (2015). The role of Islamic Microfinance in Poverty Alleviation : Lessons from Bangladesh Experience. *MPRA*, *87358*.

[30]. **Dildora, T.** (2019). *Small and Medium-sized Enterprise Finance in Uzbekistan: Challenges and Opportunities* (Issue 997). https://doi.org/10.1007/978-1-349-67278-3_116

[31]. **Freshta, N.** (2016). Women Entrepreneurship in Afghanistan and Success Determinants of Afghan Women Entrepreneurs - Case Study of Kabul City. *Afghan Economic Society*, *009*(1), 1–15.

[32]. **Ghiasy, R., Zhou, J., & Hallgren, H.** (2015). Afghanistan's private sector. In *SIPRI*.

[33]. **Ghosh, B. C., Schoch, H. P., Huang, J. Y., & Hooley, G.** (1996). *An Empirical Study of Top Performing Companies in Singapore and Taiwan and A Comparison of their Marketing Effectiveness*.

[34]. **Gopi, M., & Ramayah, T.** (2007). Applicability Of Theory Of Planned Behavior In Predicting Intention To Trade Online: Some Evidence From A Developing Country. *International Journal of Emerging Markets*, *2*(4), 348 – 360.

[35]. **Gunatilake, M. M.** (2016). Factors Affecting Growth of Small and Medium Enterprises in Sri Lanka. *Journal of Business & Economic Policy*, *3*(4), 62–71.

[36]. **Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C.** (2010). *Multivariate Data analysis: A Global Perspective*. Pearson Education.

[37]. **Hair, J. F., Hult, J. T. ., Ringle, C., & Sarstedt, M.** (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks, CA: SAGE.

[38]. **Hassan, A.** (2014). The Challenge in Poverty Alleviation : Role of Islamic Microfinance and Social Capital. *Humanomics*, *30*(1), 76–90. https://doi.org/10.1108/H-10-2013-0068

[39]. **Hearth, H. M. W. A.** (2018). *Microfinance Theory and Practice* (First, Issue September). S. Godage & Brothers (Pvt) Ltd. 661/665/675, P. de S. Kularatne Mawatha, Colombo 10, Sri Lanka.

[40]. **Heriyanto, R., Mariyanti, T., & Barat, K. J.** (2022). Poverty Alleviation Strategies Through Sharia Microfinance Institutions Politico-Economics Study With Tawhidi Approach. *Aptisi Transactions on Management*, *6*(2), 132–141.

[41]. **Hossain, B.** (2019). Islamic Microfinance and Rehabilitation Model for the Slum and Floating Population by Waqf Funds, the Case of Bangladesh: A Proposal for Muslim Countries. *JKAU: Islamic Econ*, *32*(2), 139–160. https://doi.org/10.4197/Islec

[42]. **Hussaini, I. A.** (2021). *Evaluation of Microfinance, Small and Medium Enterprise in Afghanistan*. Master Thesis, Department of Banking and Finance, Karabuk University.

[43]. **Hussein, H. M.** (2009). State of Microfinance in Afghanistan. In *Institute of Microfinance*. http://inm.org.bd/wp-content/themes/inm/pdf/Afghanistan.pdf

[44]. **IFC.** (2017). MSME Finance Gap. In *MSME Finance Gap*. https://doi.org/10.1596/28881

[45]. **Jahish, M.** (2017). *Microfinance Repayment Rates in Afghanistan*. https://library.wur.nl/WebQuery/theses/2216306

[46]. **Kassim, S., & Satar, N.** (2019). Issues and Challenges in Financing the Poor: Lessons Learned from Islamic Microfinance Institutions. *7th ASEANUniversities International Conference on Islamic Finance*, 102–108. https://doi.org/10.5220/0010115501020108

[47]. **Khalifa, M., & Ning Shen, K.** (2008). Explaining the adop- tion of transactional B2C mobile commerce. *Journal of Enterprise Information Management*, *21*(2), 110–124.

[48]. **Khan, M., & Bedi, A. S.** (2021). Returns to Interest-free Microcredit : Evidence from a Randomised Experiment in Pakistan. *Journal of Development Effectiveness*, *00*(00), 1–15.

[49]. **Kholis, N.** (2012). the Prospect of Islamic Microfinance. *Episteme*, *7*(2), 463–487.

[50]. **Lin, J. S. C., & Chang, H. C.** (2011). The role of technol- ogy readiness in self-service technology acceptance. *Managing Service Quality: An International Journal*, *21*(4), 424–444.

[51]. **Lutfi, N.** (2021). *Microfinance Institutions in Afghanistan : Developments and Challenges*.

[52]. **Mansour, I. H. F., Eljelly, A. M., & Abdullah, A. M.** (2016). Consumers' attitude towards e-banking services in Islamic banks: The case of Sudan. *Review of International Business and Strategy*, *26*(2), 244–260.

[53]. **Manzoor, F., Wei, L., & Siraj, M.** (2021). Small and Medium-sized Enterprises and Economic Growth in Pakistan : An ARDL Bounds Cointegration Approach. *Heliyon*, *7*(December 2020), e06340. https://doi.org/10.1016/j.heliyon.2021.e06340

[54]. **Mashal, M.** (2014). Small and Medium Enterprises Development and Regional Trade in Afghanistan. In *Institute of Public Policy and Administration Working Paper* (Vol. 24). https://doi.org/10.2139/ssrn.2943895

[55]. **Masyita, D.** (2012). *Sustainable Islamic Microfinance Institutions in Indonesia : An Exploration of Demand & Supply Factors and The Role of Waqf*. Ph.D Thesis, Durham Centre for Islamic Economics and Finance, Durham University.

[56]. **Matiullah, R.** (2018). *Entrepreneurship the key to Afghanistan's peace building process*. Wadsam. https://wadsam.com/afghan-business-news/entrepreneurship-key-afghanistans-peace-building-process-232/

[57]. **Md Amirul, I., Seethaletchumy, T., & Elsadig Musa, A.** (2021). The Relationship Between Islamic Microfinance and Women Entrepreneurship: A Case Study in Malaysia. *Journal of Asian Finance, Economics and Business*, *8*(5), 817–828. https://doi.org/10.13106/jafeb.2021.vol8.no5.0817

[58]. **Microfinanza.** (2019). *Impact assessment microfinance services in afghanistan* (Issue June).

[59]. **Mirzoev, S., & Sobirzoda, R.** (2019). *Leveraging SME Finance Through Value Chains In Tajikistan* (Issue 1020). https://www.adb.org/publications/leveraging-sme-finance-through-value-chains-tajikistan

[60]. **Misra, M.** (2019). Commercial Micro-Credit, Neo-Liberal Agriculture and Smallholder Indebtedness: Three Bangladesh Villages. *Journal of Contemporary Asia*, *51*(2), 330–350. https://doi.org/10.1080/00472336.2019.1696386

[61]. **Muhammad, A. D.** (2012). *Challenges Of Microfinance And The Prospects Of Developing And Introducing An Islamic Micro- Investment Model In Nigeria*. PH.D Thesis, International Islamic University of Malaysia.

[62]. **Najafizada, S. A. H.** (2014). *The Role of Micro, Small and Medium Size Enterprises in Afghan Economy*. Master Thesis, Department of Economics, Kingston University London.

[63]. **Najibullah, M.** (2019). *The Role of Entrepreneurship on Employment Generation in Afghanistan; Kandahar Province as Case study*. Master Thesis, Department of Entrepreneurship, AMITY University.

[64]. **Nazeer Mohammad, R.** (2021). *Challenges Faced by Startups in Afghanistan*.

[65]. **Nkwabi, J., & Mboya, L. B.** (2019). A Review of Factors Affecting the Growth of Small and Medium Enterprises (SMEs) in Tanzania. *European Journal of Business and Management*,

11(13), 1–8. https://doi.org/10.7176/EJBM/11-33-01

[66]. **Nunnally, J. C.** (1967). *Psychometric Theory*. New York: McGraw-Hill.

[67]. **OECD.** (2017). *Financial Education for Micro, Small and Medium-sized Enterprises in Asia*.

[68]. **OECD.** (2019). *Boosting Private Sector Development and Entrepreneurship in Afghanistan*. http://www.oecd.org/eurasia/competitiveness-programme/central-asia/Boosting-Private-Sector-Development-and-Entrepreneurship-Afghanistan-2019-EN.pdf

[69]. **Pedersen, P. E.** (2005). Adoption of mobile internet ser- vices: An exploratory study of mobile commerce early adopters. *Journal of Organizational Computing and Electronic Commerce*, *15*(3), 203–222.

[70]. **Rasoli, A., & Mirza, A.** (2019). Financing Small and Medium Enterprises in Afghanistan. In *Kardan Journal of Economics and Manangement Sciences*.

[71]. **Rauch, A., & Hulsink, W.** (2015). Putting entrepreneurship education where the intention to act lies: An investigation into the impact of entrepreneurship education on entrepreneurial behavior. *Academy of Management Learning & Education*, *14*(2), 187–204.

[72]. **Rogers, E. M.** (1995). Lessons for guidelines from the diffusion of innovations. *Joint Commission Journal on Quality And Patient Safety*, *21*(7), 324–328.

[73]. **Saad, N. M.** (2012). Microfinance and Prospect for Islamic Microfinance Products : The Case of Amanah Ikhtiar Malaysia. *Advances in Asian Social Science*, *1*(1), 27–33. http://worldsciencepublisher.org/journals/index.php/AASS/article/view/51/64

[74]. **Shah, F. T., Imam, A., Qureshi, R. W., & Hanif, S.** (2014). Comparison on Microfinance Institutions: Akhuwat Foundation Vs Grameen Bank. *Sinte 8*, *26*(4), 1851–1854.

[75]. **Shih, Y. Y., & Fang, K.** (2004). The use of a decomposed theory of planned behavior to study Internet banking in Taiwan. *Internet Research*, *14*(3), 213–223.

[76]. **Singh, A., & Venkata, N.** (2017). *MSMEs Contribution to Local and National Economy* (Issue March).

[77]. **Tarkiainen, A.,& Sundqvist, S.** (2005). Subjective norms, attitudes and intentions of Finnishconsumers in buying organic food. *British Food Journal*, *107*(11), 808–822.

[78]. **Taylor, S., & Todd, P. A.** (1995). Understanding information technology usage: A test of competing models. *Information Systems Research*, *6*(2), 144–176.

[79]. **Triandis, H. C.** (1980). Reflections on trends in cross-cultural research. *Journal of Cross-Cultural Psychology*, *11*(1), 35–58.

[80]. **Wang, Y.** (2016). What are the Biggest Obstacles to Growth of SMEs in Developing Countries? – An Empirical Evidence from an Enterprise Survey. *Borsa Istanbul Review*, *16*(3), 167–176. https://doi.org/10.1016/j.bir.2016.06.001

[81]. **Watkins, T. A.** (2018). *An Introduction to Microfinance*. World Scientific.

[82]. **World Bank Group.** (2020). *Human Capital Index*.

[83]. **Yap, S. F., & Noor, A.** (2008). An extended model of theory of planned behaviour in predicting exercise intention. *International Business Research*, *1*(4), 108–122.