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THE 9th ISLAMIC BANKING, ACCOUNTING AND FINANCE INTERNATIONAL CONFERENCE 2020 (iBAF2020)

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Preface

Alhamdulillah, in the Name of Allah SWT, the Most Beneficent and Most Merciful. All praises and thanks to Allah, the Lord of '*Alamin*. The e-proceeding of 9th Islamic Banking, Accounting and Finance International Conference 2020 (IBAF 2020) provides discussion and knowledge derived from current issues and challenges in Islamic banking, accounting and finance related studies. With the theme theme "*Navigating The New Normal in Islamic Finance and Wealth Management*", this e-proceeding can be use by the academics, undergraduate and graduate students, Islamic finance professionals and practitioner, both in the industry and government as a useful source of information.

This e-proceeding consists of five major themes with total of 30 selected papers. The major themes are Islamic Banking and Finance, Accounting and Governance, Halal, Financial Economics and Social Finance and Financial Markets and Banking. Among the topics covered that will benefit the reader include Bitcoin, FinTech, Sukuk and Shariah Audit.

We would like to thank to all the contributors for their commitment and diligence in writing the papers in this e-proceeding. We are grateful to Professor Dr Mohamed Ridza Wahiddin, The Vice Chancellor of USIM, for his full support in publishing this e-proceeding.

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=A=
ACCOUNTING AND GOVERNANCE

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Large Shareholders Ownership and Firms Financial Performance; Evidence from MENA Countries

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Abstract

This paper aims to investigate whether the large shareholder's ownership influences the firm's financial performance during the year 2018 in the non-financial firms listed in the MENA countries. In this paper large shareholders measured as a percentage of shares held by the top largest shareholder, financial performance was measured using ROA, ROE as an accounting performance measure, and MTBR as a market performance measure. Firm age, firm size, and leverage were used as control variables. This study using all non-financial listed firms in nine MENA countries with 361 total observations. The finding shows a positive significant relationship between large shareholders' ownership and firm financial performance (ROA, ROE, and MTBR). But control variables are a negative significant relationship with large shareholders.

*Keywords: **:** large shareholders, financial performance, audit quality, agency problem, Jordanian manufacturing firms*

1. Introduction

The ownership structure of firms is one of the corporate governance mechanisms that is expected to play a crucial role to affect to their financial performance, thus influence their value (Isik & Soykan, 2013; Jameson et al., 2014; Jebri, 2013; Morshirian et al., 2014). The ownership structures of companies around the world vary, Berle and Means (1932) confirmed that ownership in the Anglo-Saxon countries is widespread and is divided into many owned shares, where the ownership in European and emerging countries is characterized by concentrated in the hands of a few large shareholders. The debate over the separation of ownership and control in companies' goes back to (Berle. & Means., 1932) study, which found that firms' financial performance was adversely affected by dispersed ownership. They also claimed that the control of publicly-held companies is delegated to professional managers because ownership in these companies is spread among a wide range of minority shareholders who are unable to manage and secure their share of the capital effectively. They also assume that managers may seek to achieve their own interests at the expense of minority shareholders when the goals are not compatible between the two parties, thus leading to the agency problem between the shareholders who provide funding in the company and the managers who run the firms and they have the right of authority.

According to Jensen and Meckling (1976), the separation between ownership and control in companies with dispersed ownership leads to incompatibility between shareholders and managers, which is known as the agency problem also termed as the principal-agent problem. Jensen and Meckling (1976) argued that the concentration of ownership in the hands of large shareholders leads to the emergence of another type of agency problems between the

large (majority) shareholders and the small (minority) shareholders or what is known as the principal- principal problem through the ability of major shareholders to confiscate the minority shareholders and manipulation of the company and achieve their own interests rather than the interests of the company represented by increasing the value. Concentrated ownership is more prevalent in developing and less developed countries than in developed countries such as the Anglo-Saxon countries, because they enjoy less degree of protection for shareholders' rights (La Porta et al., 1999; Shleifer & Vishny, 1997).

Agency theory argued that an agency problem created from the agency relationship when shareholders appoint a manager to act as a control to the firm. As a result of the separation between the ownership and control the manager will not act all-time in the interest of shareholders to maximizing wealth will increase, but they can sometimes act to their own interest. Agency problem according to Jensen and Meckling (1976) arises first from, conflict of interest between principals and agents in the achieving of the desired goal. Second, Information asymmetry, Thomsen and Pedersen (2000) determine two types of information asymmetry a- moral hazard b- adverse selection. Where the moral hazard occurs when the shareholders cannot follow and observe the activity of the manager at all times, and the management usually has more information than shareholders because it is impossible for shareholders to control the management completely, this led to a difference in interest between agent and principals. where Adverse selection usually occurs before assigning a contract between shareholders and management, thus information asymmetry is considered one of the main causes of the agency problem. The third one is the problem of risk sharing that arises when the principal and agent have different attitudes towards risk. The problem here is that the principal and the agent may prefer different actions because of the different risk preferences.

According to Jensen and Meckling (1976), the problem of inducing the management to behave as if he were maximizing the shareholders' welfare is a general problem exists in all firms, organization, cooperative, mutual companies, universities, and at every level of management. The existence of this problem leads to the creations of agency cost, one of this cost relating to reducing and mitigating the conflict of interest between agents and principals called monitoring cost. Monitoring cost established by shareholders to limit and reduce the aberrant activities of the agent, these cost paid by shareholders according to the proportion of holding in the firm's and gives them the right to monitor the conduct of managers to achieve their interest (Jensen & Meckling, 1976). This means if a shareholder owns a high proportion of the share in the company (majority shareholders) they have more incentive to monitor and control the management and have significant influence over the direction of the company, and thus reduce the agency problem (Shleifer & Vishny, 1997), but when the shareholders own only a small stake (minority shareholders) would not have enough incentive to monitor management to ensure if they are acting in their interest or not. The large ownership of a specific person or entity in the company creates a greater incentive for monitoring, and also allows the large shareholder to review the company's procedures in detail. With the presence of such a shareholder, the company's performance will likely continue to develop and improve its financial position.

The MENA region is an ideal environment for conducting this study. According to Al-Bassam et al., (2015), Habbash et al., (2016), MENA countries have common characteristics in many cultural aspects such as speaking Arabic and following the Islamic religion, where Islamic religion often influences to economic transactions in companies, legal and political matters, it is also distinguished by customs and traditions that are different from those prevalent in developed countries in terms of the nature of commitment and preservation, which affect the practices of companies and the economic environment in the region. MENA countries are faced gaps in corporate governance systems compared to those of its developed counterparts, where the largest companies and institutions in the state are family-owned and government-owned companies, and that dominates the labor market and consumption of production in most industrial areas (Ghassan Omet, 2005). According to Rizvi and Masih (2014), highlighted that the ownership structures as one of the corporate governance mechanisms in emerging countries are still in their initial inefficient stages and have not developed in a similar way in developed countries to meet international standards. The slowdown in the implementation of corporate governance rules in emerging countries, including MENA countries, is due to their dependence on internal capital sources of finance (current shareholders) family, and government. Large firms do not expect any external sources to finance capital requirements or for expansion and growth (Rizvi & Masih, 2014).

As a result of the motives mentioned above and in response to the agency's problem, this study attempts to answer the basic question of What is the impact of the largest shareholder's ownership on firm financial performance in the listed companies in MENA countries? Through answers to this question, this study will contribute to the

literature in several ways. First, providing new empirical evidence on the impact of large shareholders on the financial performance of listed companies in the MENA countries as an emerging market, after being studied largely in the developed countries, especially after the adoption of these countries privatization program and open the gate to investment for foreign investors. Second. This study will help to test the agency theory predictions in the context of emerging markets trends by relying on financial indicators ROA, ROE and MTBR as a measurement for the firm's financial performance

2. Literature Review and Hypotheses Development

This section presents a literature review of the effect large shareholders ownership on the firm's financial performance. Where the largest shareholders provide the company with a range of benefits that affect its performance and value and it has an incentive power to reasonable business control, reducing transaction costs, and signature better contracts with stakeholders.

Isik and Soykan (2013) used 164 non-financial firms listed on the Istanbul Stock Exchange between 2003 and 2010, They asserted that there is a significantly positive relationship between the existence of the large shareholders in the company and its financial performance and that the presence of a large shareholder leads to improve and develop the company's financial performance because its presence prevents managers from making serious decisions such as writing checks more than usual. Their study results also supported the presence of a large shareholder in the company rather than being dispersed among a large number of shareholders because the good financial performance of large companies benefits the state economy better. After all, these companies pay taxes on time and employ a larger number of employees, and able to get foreign currency to the state and bring foreign investment. Soliman (2013), confirmed that there is a positive relationship between high large shareholders and firms listed in Saudi Stock Exchange financial performance, where the existence of large shareholders leads to improve financial performance and increase control over the management.

To measure the link between concentrated ownership and firm financial performance (ROA and ROE) Abbas et al (2013) used a sample from 100 manufacturing firms listed on Karachi Stock Exchange. They used OLS regression to analysis this relationship and the result has shown a positive significant relationship between the largest shareholders and ROA, ROE. This result may due that the large shareholders is an important part of Pakistani listed firms and a half or more of the half of the registered shares of the Pakistani firms are held by large owners, also may be the result of efficient monitory by large ownership. Kang and Anderson (2017) based on data on Korean Stock Exchange, controlling shareholders are expected to first, increase the value of firms in which there are invested a relatively large amount of capital, and controlling shareholders has great explanatory power for firm value. Second, they found evidence majority shareholders contribute to the effective solution of the agency problem between controlling shareholders and management. By using panel data from more than 2100 France firms Ducassy and Guyot (2017) conduct a study to investigate whether the controlling shareholders affect firms' financial performance. The study covers 10 years, the findings show that a majority shareholder has a positive effect on a firm's performance, they also pointed out that a homogeneity among the large shareholders leads to mitigate of the agency's problem of both types principal/agent and principal/principle problem.

On another hand, La Porta at el.,(2000) argued that dominant shareholders could expropriate and allocate minority shareholders' funds and interests to achieve their own non-directed interests to improve financial performance and develop the company. Khamis., (2015) investigates the relationship between the largest shareholders and firm value in Bahrain Boursa. The study uses 42 firms listed during the period 2007-2011. Largest shareholders were measured as the percentage of shares owned by the largest shareholders, and the result showed a negative significant relationship between the largest shareholders and ROA, Tobin's Q. This is may due to controlling shareholders seek to achieve and protect their own interests at the expense of the company's interest and minority shareholders' interest. Laeven and Levine (2008) use data on 1657 firms across 13 countries in Western Europe (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom) in 2002, report that the largest shareholders are negatively related with firm value. Marrakchi Chtourou., (2001) they emphasized that ownership concentration is a fundamental cause of conflict of interest between owners and managers and is increasing to become between majority shareholders and minority shareholders, especially in cases where controlling shareholders take over management roles on the board of directors Djankov at el., (2008) pointed out that majority shareholders have the ability to expropriate the Company's

resources and minority shareholders' rights to parties outside the Company that related to their own interests that do not conform to the Company's main objectives and interests of minority shareholders. Claessens at el., (2002), La Porta at el., (2002) provided evidence that the concentrated ownership over most countries outside the United States increases the risk of expropriation of minority shareholders' rights and the creation of a principal-agent agency problem. They also noted that controlling shareholders have the power and incentive to influence the decision-makers or make a decision to conceal or divert profits for their own benefit, especially when the participation between the controlling shareholders and the minority shareholders is negligible or almost non-existent. Thus, created a negative relationship between the financial performance of the company and the major shareholders

As evidenced by discussions of previous studies. Most of these studies report that the largest (controlling) shareholder has a positive impact on the financial performance of the company. The MENA corporate sector is categorized as having a high level of ownership concentration in the hand of significant large shareholders. Farooq (2015) indicates that specific individuals control MENA countries companies, and the largest shareholders hold more than a half (60) percent of all listed companies in this region, this is a good indication that the high percentage of holding gives the large shareholders the power and right to control and monitor over the company activities. Therefore, this study proposes the following hypotheses:

H1: Largest shareholder is positively related to the Firm financial performance

3. Methodology

3.1. Research Philosophy

Inconsistent with this study objective and question, the quantitative paradigm is appropriate for doing this research. The purpose of this study is descriptive and explanatory to test the relationship between the largest shareholders, other control variables, and their effect on the firm's financial performance. SPSS program was typically applied for data statistical analysis.

3.2. Sample and Data Collection

This study uses a unique set of financial data from all non-financial listed firms for the period 2018, from nine MENA countries stock markets namely, Bahrain Bourse (Bahrain), Kuwait Stock Exchange (Kuwait), Muscat Securities Market (Oman), Qatar Stock Exchange (Qatar), Saudi Stock Exchange or Tadawul (Saudi Arabia), Abu Dhabi Securities Exchange, (United Arab Emirates), Amman Stock Exchange (Jordan), Egyptian Exchange (Egypt) and Casablanca-Bourse (Morocco). the data is gathered from different sources, namely, DataStream, Eikon, and annual financial reports. This sample was selected from nine MENA countries based on several reasons. First, data availability in the DataStream and Eikon database, where many markets in the region suffer from lack of reporting or do not have a database such as Syria and Yemen. Second, a sample was selected that could be generalized the result to MENA countries, through its ability to reflect financial diversity such as the GCC countries, where Saudi Arabia, the UAE, and Qatar enjoy the largest global companies producing and exporting oil and net capital, and the ability to reflect the uniqueness of ownership structures such as Jordan, and Egypt, where the diversity of firms-owned in terms of religion and caste.

Table 3.1 Sample of Firms from MENA Countries in 2018

MENA countries	Total firms listed	Number of non-financial firms in the sample selected (Observation)
Saudi Arabia	179	62
UAE	71	32
Kuwait	175	33
Qatar	46	18
Oman	117	27
Bahrain	44	15
Jordan	193	68
Morocco	75	36
Egypt	269	70
Total	1169	361

3.3. Variables

Return on Assets ROA and Return on Equity ROE are used as accounting-based performance and MTBR as market-based performance to measure firms' financial performance. The large shareholder is measured as the percentage of shares holding by the largest shareholder (LARGEST). Some control variables are included, financial leverage assesses the potential control that creditors may impose to reduce agency cost (King & Santor, 2007), (LEVERAGE) is measured by total debt scaled by total assets. Firm age (AGE) is measured as the natural logarithm of the number of years since the firm's foundation and firm size (SIZE) is the natural logarithm of total assets.

Table 3.1. Summary of Variables Used

Constructs	Variable	Notation	Measurement
DEPENDENT VARIABLES			
Firm performance	Return on Assets	ROA	The ratio of net operating profit after tax to total assets
	Return on Equity	ROE	The ratio of net operating profit after tax to total shareholder equity
	Market to Book Ratio	MBR	the ratio of the market value of equity divided by the book value of equity
INDEPENDENT VARIABLES			
Largest shareholders	Largest shareholders	LARGEST	The percentage of shares holding by the largest shareholder
CONTROL VARIABLES			
	Leverage	LEVERAGE	Ratio total debt to total asset

Control variable	Firm size	SIZE	Natural logarithm of total asset
	Firm age	AGE	Natural logarithm of the number of the year since the firm foundation

3.4 Conceptual Framework

The figure below illustrates the relationship of variables of each other, where it assumed the large shareholders as independent variables, while the dependent variable is firm performance as measured by ROA, ROE, and MBR. Leverage, firm size and firm age are used as control variables.

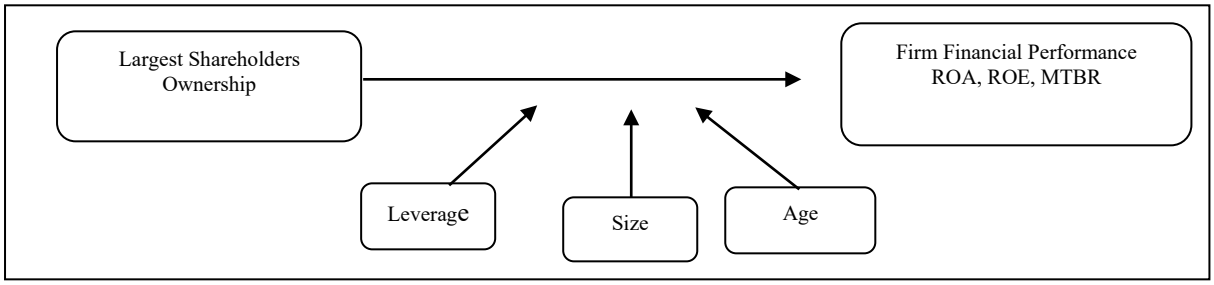


Fig 3.1 Conceptual Framework of the Study

3.5 Model Specification

Ordinary Least Square (OLS) regression is to examine the effect of large shareholder's ownership and other control variables on firm financial performance using the below empirical models.

$$FB = \alpha + \beta^1 LARGEST + \beta^2 LEV + \beta^3 SIZE + \beta^4 AGE + \varepsilon \qquad Eq3$$

Where

FP: ROA, ROE, and MTBR. LARGEST: Large shareholder's ownership. SIZE: firm size. AGE: firm age. LEV: firm leverage.

4. Result and Discussion

Descriptive Statistic

The sample descriptive statistic is summarized in Table 4.1 below.

Table 4.1 Descriptive Statistic

	LSH%	ROA	ROE	MTBR	Age	Size	Leverage
Mean	4.095315924	10.74645258	16.33646796	2.683892614	35.48328267	4.771896657	14.36844073
Standard Error	0.787313429	1.13923332	1.590465491	0.306919565	1.117877152	0.131493021	0.908283236
Median	0.4181	6.56	10.05	1.27	31	4.6	7.57
Mode	0.51	5.12	-2.83	1.15	21	4.6	0.73
Stad. Dev	14.28057216	20.66382084	28.8484311	5.567016687	20.27645502	2.385067377	16.47476573
Variance	203.9347411	426.9934917	832.2319768	30.9916748	411.1346282	5.688546392	271.4179057
Skewness	4.510654937	8.71273065	7.425326376	7.167722194	1.561322476	6.828966032	1.599569274
Minimum	0.0004	-5.69	-18.6	-1.1	1	0.14	0.01
Maximum	99.13	283.43	388	64	147	35.85	77.86
Observation	329	329	329	329	329	329	329
Largest(2)	90.69	164.61	126.13	50.5	135	9.88	73.65
Smallest(2)	0.0025	-5.26	-12.03	-0.54	2	1.07	0.03

Table 4.1 below shown the mean, median, and standard deviation values for each variable. Where the mean for the large shareholder's ownership as independent variables is 4.09 with the standard deviation of 14.28.

4.1 Correlation Analysis

Table 4.2 Correlation Analysis

	LSH%	**ROA**	**ROE**	**MTBR**	**firm age**	**firm size**	**leverage**
LSH%	1						
ROA	0.283981	1					
ROE	0.258725	0.873624	1				
MTBR	0.05002	0.186536	0.191938	1			
firm age	-0.15739	-0.02066	0.021234	0.024514	1		
firm size	-0.2481	-0.07647	-0.08628	-0.02409	-0.03087	1	
leverage	-0.00474	0.227563	0.199105	-0.05474	-0.10978	0.284698	1

Table 4.2 above shows that the largest shareholders ownership as an independent variable has a significant relationship with ROA and ROE as accounting performance measure with a correlation value = (.283), (.258) respectively. Also, this study finds that the largest shareholders ownership has a positive significant relationship with MTBR as a market performance measure with a correlation value = .05. Isik and Soykan (2013), Soliman (2013), Abbas et al., (2013), Kang et al., (2017), Ducassy and Guyot (2017), found similar finding in their study., where which concludes that the existence of large shareholders will enhance and improving firms' financial performance. In contrast and consistent with the negative effect Khamis et al.,(2015), Djankov et al., (2008), found the existence and increase of large shareholders within the firm, the firm performance decrease, and falls. This result may due to the presence of large shareholders in the firms leads to mitigate of the agency problem between shareholders and managers. Also, large shareholders have strong power and control over other shareholders and managers, therefore effect on firms' financial performance.

Table 4.3 Summary of Correlation Analysis Finding

Variable	Result
Largest shareholders ownership	Positive significant relationship with ROA
Largest shareholders ownership	Positive significant relationship with ROE
Largest shareholders ownership	Positive significant relationship with MTBR
Largest shareholders ownership	Negative significant relationship with Firm Age
Largest shareholders ownership	Negative significant relationship with Firm Size
Largest shareholders ownership	Negative significant relationship with Leverage

5. Summary and Conclusion

This study investigates whether the large shareholder's ownership influences the firm's financial performance during the year 2018 in the non-financial firms listed in the MENA countries. The firm performance used in this study is ROA, ROE, and MTBR, while the control variables used are firm size, firm age, and leverage. This study shows that large shareholders ownership has a positive significant impact on ROA, ROE, and MTBR, but it is a negative significant impact on firm size, age, and leverage. This result may due to the existence of large shareholders leads to mitigate of the agency's problem of both types of principal/agent and principal/principle problem. The presence of controlling shareholders is sufficient and higher power and control to effect on financial performance, and the concentration of ownership in the hands of a large shareholder allows greater convergence of interests to maximize the firm's value, thereby confirming the agency theory forecasts.

This study facing several limitations such as the study only covers the non-financial sector in MENA countries only for one year. Therefore, further researchers are encouraged to conduct research that covers other sectors and countries for more than one year.

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Tax Professionals and Tax Issues: A Review of Recent Tax Studies

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Abstract

Over the years the roles of tax professional are becoming more challenging especially in a complex business environment. The 4th Industrial Revolution, and currently the covid-19 pandemic has caused new business models to be adopted by business operators. This development requires tax professionals to always be prepared since they are intermediaries between the taxpayers and the tax authority. Therefore, it is important to examine recent tax studies involving tax professionals to understand issues which are still considered as important, relevant and lacking in discussion so that the profession could maintain its relevancy in the tax system. This study examines recent tax studies from 2019 until 30 October 2020 published in Scopus and Web of Science indexed journals involving tax professionals. Out of 28 articles retrieved, only 21 fulfilled the criteria to be included in the study. A content analysis approach was adopted to determine the themes of the selected articles. Five themes which are role of tax professionals, knowledge, technology, ethics and risk management were developed from the analysis. Interestingly classical issues such as role of tax professionals, knowledge and ethics are still being discussed and considered as relevant. It is also interesting to note that the discussion of digitalization and 4th Industrial Revolution is still much lacking and perhaps requires a lot more discussions in tax setting considering the impact of 4th Industrial Revolution in many sectors today. The findings provide some indirect insights to what is considered as relevant by tax academics and tax profession.

Keywords: Tax Professional, Tax Studies, Content Analysis.

1. Introduction

In a modern world, tax system may perform various functions for a government. The tax system may be used not only for collecting tax income, but also as a mean to enforce government policies such as giving incentives to assist people with low income or discouraging bad habits by increasing the tax duty for e-cigarettes as can be seen in the 2021 Malaysian Budget. Tax compliance issues become more critical when the main sources of the government income is funded by the tax revenue. Based on the latest audited report, to date, most of the contribution from Malaysian Federal Government revenue comes from tax collection which significantly comes from direct tax revenue. The largest contribution to direct tax revenue comes from corporate taxes, followed by individual taxes and petroleum sources as indicated in the following Figure 1 (Federal Government Financial Statement, 2017).

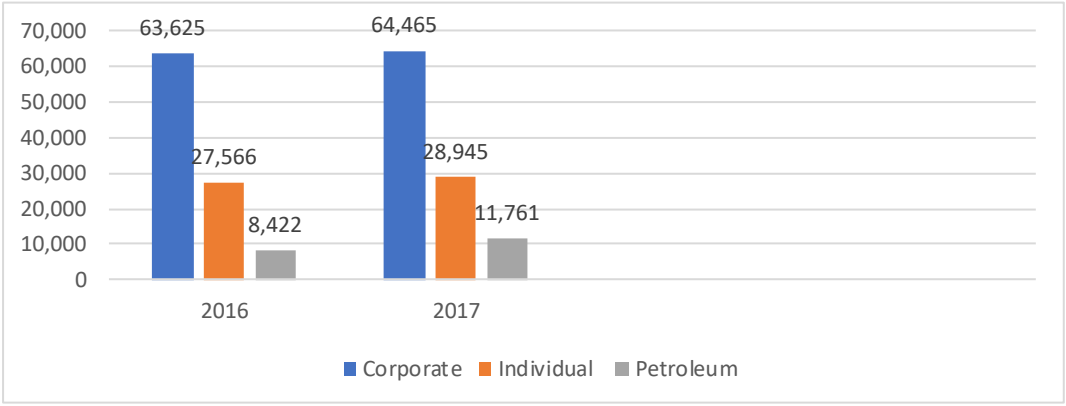


Figure 1: Federal Government Income from Direct Taxes (in Million Ringgit)

Meantime, rapid changes in technology have transformed the landscape of how business is being conducted throughout the world. The fourth industrial revolution or Industry 4.0 (4IR) which shifted the economy to digitization, internet of things (IoT), robotics, artificial intelligence influences the conduct of the business including the taxation system. For instance, the role of tax professionals may have changed in response to the need of the industries due to the 4IR. Certain tax areas such as direct tax, indirect tax and employment tax may face great challenges in 4IR era (Monsellato et al., 2018). Either 4IR is perceived as a disruption or opportunities, the taxation system has to be resilient in taxing the appropriate parties and at the same time provide support for business to sustain as well as remain relevant.

Furthermore, the covid-19 pandemic which currently affects many economies throughout the world has also transformed the business models for instance from providing services using traditional face to face to online platform. Embracing the technologies, many businesses transformed their business model to online as can be seen in the surge of retail online business in Malaysia during the Movement Control Order in April 2020 (Department of Statistics Malaysia, 2020). In view of the foregoing, this study seeks to identify the issues that are being discussed in taxation studies involving tax professionals. This is important because tax professionals are advocates and intermediaries between the taxpayers and the tax authority. The issues being discussed in recent tax studies may imply whether or not tax studies are up to date with new developments in the business environment which may impact the tax profession. Therefore, the objective of the study is to examine the current tax issues discussed in recent tax studies and is guided by following research question, which is,

"What are the tax issues discussed in recent tax studies involving tax professionals?"

This paper is structured as follows. This section presents an introduction to the study as well as the research objective and research question. Next is the Literature Review and followed by the Research Methodology section which explains the method used in the study. The findings, discussions and conclusion section is presented in the final section.

2. Literature Review

2.1 Tax compliance concepts and definitions

The concepts and definitions of tax compliance itself needs to be clarified before discussing any issues of tax compliance. The Malaysian Income Tax Act 1967 (ITA 1967), does not clearly state or define tax compliance. However, throughout the Act, compliance procedures are presented in various sections and there are also specific sections to cover offences and penalties for non-compliance under Part VIII sections 112 to 126. In a more advanced tax system such as Australia, the Australian Tax Office (ATO), has developed a compliance model which incorporates types of compliance strategy based on the level of attitude to comply. The compliance model is illustrated in the following Figure 2.

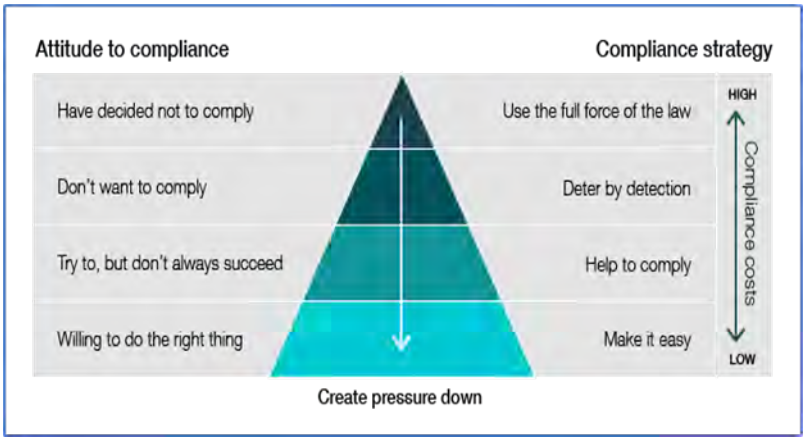


Fig. 2 Australian Tax Office Model of Tax Compliance

Previous studies in tax compliance, have also suggested some definitions such as voluntary compliance with the letter and spirit of the tax law (Alley & James, 2006); timely voluntary payment of the difference between the actual tax due and the amount reported to the tax authority (Andreoni et al., 1998) and timely filing of tax returns accurately according to the tax law and settling any tax dues without further enforcement (Singh, 2003). A more classical definition of tax compliance is provided by Roth et al. (1982) which state:

"The taxpayer files all required returns at the proper time and that the returns accurately report all liability in accordance with the Internal Revenue Code, regulations and court decisions applicable at the time the return is filed".

The above definition suggests that the central tenets of tax compliance are voluntary compliance and timely payment of tax due according to the tax law. However, in reality it is challenging to apply the above definition of tax compliance, for what is considered to be acceptable level of tax compliance is subjective and this can be evidenced in previous tax law judgments. For example, while tax evasion is illegal since it has the intention to breach the tax law, in some countries, tax avoidance is acceptable because it is regarded as an attempt to take advantage of the loopholes in the tax system (Kirchler, 2007), despite aggressive tax avoidance can become criminal tax evasion as shown for instance in the case of *Penny and Hooper v CIR of New Zealand* (Elliffe, 2011).

It is important for taxpayers to understand the tax boundaries between compliance to the tax laws and non-compliance to prevent unnecessary tax litigation or other circumstances imposed by the tax authority. Due to the complexity of the tax laws, the roles of tax professionals are important to assist taxpayers since they need a reliable person to assist them in determining these boundaries.

2.2 Roles of tax professionals

Previous studies indicate that there is no definition or terminology to refer to the persons who are hired to handle other people's tax and as a result, various terminologies have been applied in describing them. For instance, the following terminologies were used in the previous studies, "tax preparer (Klepper et al., 1991), "tax practitioner" (Dubin et al., 1992; Tan, 1999), "tax practitioner" (Tan & Sawyer, 2003), "tax professionals" (Kahle & White, 2004) and "tax agent" (Mohd Isa, 2012; Abdul Hamid, 2014).

Notwithstanding the various special areas in accounting such as audit, tax, management and financial accounting, the moral reasoning of accountants is indifferent to their job tasks (Emerson et al., 2007). However, tax professionals are perhaps different from other accounting professionals. While auditors are expected to be independent and perceived to be independent, tax professionals, on the other hand are advocates to their clients (Tan & Sawyer, 2003; Abdul Hamid, 2014) while at the same time has to remain objective in their professional conduct. They themselves are taxpayers and are also at the same time act as intermediaries between their client (the

taxpayers) and the tax authority (government). The various roles could lead to challenging situation for tax professionals due to the conflict of interests that may arise from performing these roles.

The roles of tax professionals as advocates and intermediaries to a certain extent could influence the tax compliance process as indicated in previous studies. Doyle et al. (2009) indicate that tax professionals are influential in determining the amount of tax that will be paid by their clients. Their roles are important in assisting their clients in various tax matters and not restricted only to submission of tax files and payment of tax dues as evidenced in Mohd Isa (2012) and Smart (2012). The expertise of tax professionals is much needed in tax planning, risk management (Doyle et al., 2009) and resolving uncertainties (Abdul Hamid, 2014) especially in a complicated tax environment. Due to their important roles, it is worthy to examine recent tax studies on tax professionals especially in the era of 4 IR and covid-19 pandemic when their assistance is much needed to face the challenges in embracing new technologies and challenges in business.

3. Research Method

In this study, the content analysis approach was adopted to analyse recent tax studies which involved tax professionals in order to examine the areas that being discussed and considered as relevant in today's tax environment. The search for papers started with formulating research question for the study. It is then followed by systematic screening, identification and determination of the eligibility of the respective papers to be included in the study. The relevant papers were then analysed to determine the relevant themes.

For this study, two databases namely Scopus and Web of Science (WOS) were used for the purpose of generating the relevant papers. Using the following search strings only journal articles published in 2019 and 2020 were selected to examine the most recent topics involving tax professionals in tax studies.

Table 1. The search strings

Database	Search string
Scopus	TTITLE-ABS-KEY (("tax practitioner*" OR "tax professional*" OR "tax preparer*" OR "tax agent*"))
Web of Science	TS ((tax practitioner*" OR "tax professional*" OR "tax preparer*" OR "tax agent*"))

The inclusion and exclusion measures to include the articles for the study are presented in the following Table 2. Initially 28 journal articles were retrieved from Scopus and Web of Science databases. However, only 21 journal articles were reviewed. The themes for all the papers were determined based on the keywords appeared in the abstract and thorough checking of the content.

Table 2. The inclusion and exclusion measures

Criteria	Inclusion	Exclusion
Time	2019-2020	<2019
Type of document	Journal article	Article review, chapters in book, policy papers, conference proceeding, book series, book.
Language	English	Non-English

4. Findings, discussions and conclusions

The review indicates that there are 21 journal articles eligible for the study for the years 2019 and 2020 as at 30 October 2020 after considering the inclusion criteria. Based on the review, the articles can be divided into several themes which are role of tax agents, technology, ethics, knowledge and risk management.

A total of 6 articles discussed the role of tax agents in various situations such as providing quality services, the need to be perceived as professionals, intermediaries between the taxpayers and the tax authority and assisting clients with tax evasion. Only 2 articles involved tax professionals in the studies of technology and tax compliance.

Interestingly, one of the articles by LaMothea and Bobek (2020) is the only article discusses the sustainability of tax professionals in the era of 4th Industrial Revolution.

The issue of ethics and ethical judgement is still relevant and considered as important for tax professionals. A total of 8 articles discussed ethics and ethical judgment of tax professionals in various context. For instance, Assidi and Hussainey (2020) examined the tax aggressiveness of tax preparers on corporate tax in the United Kingdom. Christensen (2020) discusses the ethical conduct of tax professionals at international corporate taxation level which influence the tax transnational policy. While it is perhaps considered as a classical issue, the professionalism of tax professionals measured by their compliance to the ethical codes of conduct is still being discussed for example by Fatemi, Hasseldine and Hite (2020) in the context of Certified Public Accountants in the United States.

The next theme is knowledge which has been discussed by 3 articles included in the study. Islam et al. (2020) for example highlight the knowledge of tax professionals in a study on VAT in Bangladesh. Similar context is also used by Musimenta (2020) in Uganda which examines among others the knowledge requirements of tax professionals in reducing the compliance cost to VAT. Finally, 2 articles discussed risk management in tax context which involved tax professionals in their studies. In a study by Neuman, Omer and Schmidt (2020), they examined tax risk measures and tax avoidance. Another study on risk assessment was conducted by Christensen and Seabrooke (2020) which looked into the professional misconduct in international taxation using unique expertise and legal loopholes of the tax system.

Based on the analysis it is interesting to note that despite the claims that the role of tax professionals has high potential to be disrupted by digitalization in 4IR, this issue has not been widely discussed by the tax academics and the profession. Except for a study by LaMothea and Bobek (2020) which examined the trust by the public in using digital system to assist them in their tax compliance, many studies are still focused on classical issues. Issues such as the role of tax professionals, knowledge and ethics in decision making of tax professionals are still found to be relevant. Due to the complexity of the tax system and the move by many sectors such as accounting services to embrace digitalization in 4IR, an area that could be explored further is risk management. The risk management could be studied from different aspects such as how to ensure the digital tax system runs efficiently and the issue of privacy of the clients. Future studies should also examine how digitalization in 4IR could improve the services offered by tax professionals so that 4IR is not seen as a threat but as a catalyst that offers a lot of opportunities. As a conclusion, research in tax studies should imply more the development in the current business practices.

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The Relationship Between Muslim Directors on Board of Directors and Audit Committee Characteristics on Performance Evidence from Jordan

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Abstract

This study examines the impact of corporate governance mechanisms on the performance of firms in Jordan. Giving particular attention to diversity in the board of directors and audit committee, this study looks into the impact of Muslim directors on the board of directors (BoD) and audit committee (AC) on performance. Overall, 76-panel data were used, which were obtained from published annual reports of industrial and service sectors from the Amman Stock Exchange from 2012 to 2018. A fixed-effect model was used to test various hypotheses of the study. Both accounting-based (ROA and ROE) and market-based (Tobin's Q) performance measures were tested. which, as yet, only a handful of studies have been conducted. The findings showed that the relationships between Muslim directors on the board have an insignificant effect on ROA and ROE. Conversely, Muslim director in AC has a positive but insignificant relationship with ROA and ROE. Concerning the relationship with Tobin's Q, the findings showed that Muslim directors on the board have an insignificant relationship with Tobin's Q. Moreover, the findings showed that Muslim directors in AC have an insignificant positive relationship with Tobin's Q. This study provides useful information that is of great value to policymakers, academics, and other stakeholders. This study fills the gap and contributes significantly to the literature by proving extensive findings with regards to the impact of corporate governance on firms 'performance especially the presence of Muslim directors in BoD and AC in Jordan.

Keywords: Muslim Directors, Board of Directors, Audit Committee, Corporate Governance; Performance; Jordan.

1. Introduction

Good CG mechanisms lead to improve the performance of companies (shatnawi et al, 2019a). Islamic economics as a discipline applies the injunctions of the Sharia or Islamic laws in dealing with the allocation of scarce resources for individual and collective achievements of spiritual, moral, and material well-being (Hassan and Marimuthu, 2018a, 2018b). In line with an Islamic world view based on divine revelations and human reasons, Islamic economics places collective/society welfare above personal gains. The Islamic administrative theory views that no separation between ethics, morality, and administration. In this context, Islamic Sharia necessitates Muslims to adopt Islamic guidelines in all aspects of their life and dealings (Jaballah, et al., 2018; Nomran, et al., 2018). Muslims managers believe that they are held responsible to their stakeholders in addition to their accountability to Allah in the hereafter. The obligation originates from this answerability, requiring the accounts to maintain the property and the resources under their responsibility and use them resourcefully, honestly, and with integrity to serve the investors interests (Hammadeh, 2018). Sharia also instructs that consultants should have certain skills and characteristics. Moreover, they must be honest, capable, qualified, and expertise in addition to undertaking their duties (Falgi, 2009). With regard to specific business capabilities of the Sharia Supervisory Board, Bin Hasan (2011) stated that only 51.4 % of Islamic Financial Institutions provided professional training to their Sharia Supervisory Board, especially in matters of finance. Recently, Naz et al., (2017) discover the influence of managers' financial

styles on the financial decisions of the sharia companies. The Sharia necessitates the agents to guarantee that all their activities and performances are in accordance with the interests of the different parties in their business. There are several factors that can be influence CG practices (Shatnawi et al, 2020; Alaaraj et al., 2018; Alaarj et al. 2017a, b).

The present investigation classifies the board composition into Muslim directors and non-Muslim directors while hypothesizing that a higher number of Muslim directors on the board of directors would result in a higher quality of accounting information. According to Robinson (2007), world financial markets have experienced astonishing growth in Islamic finance. Islamic finance is considered the major characteristics of any decision made by corporations. Moreover, Rammal (2010) showed that there was a worldwide shortage of competent Sharia advisors. Falatifah and Hermawan (2019) since the board of directors composed of human beings, their beliefs would definitely affect their behaviors. Therefore, the analysis of CG from a physical characteristic is inconclusive if the human belief system, as molded by religion, is not taken into consideration. The percentage of Muslim members to the total of members on the board of directors is used to measure its variable (Ibrahim and Alam, 2018). The literature, however, pays less attention to the direct role played by the managers in terms of cross-sectional variation in firm performance and eccentric risk in the context of sharia-compliant firms (Jaballah, et al., 2018; Klein et al., 2018).

Another interesting finding is that the Muslim CEOs can add positively to the firm performance if the possessors hold more regulatory rights (Wooi and Ali, 2015) Nevertheless, Guiso et al. (2003) argue that the concept of brotherhood, one of the ethical principles in Islam encourages social responsibility and avoids competition among his brothers in the market. Hence Muslim directors might exhibit a more conservative behavior in running a business, thus lowering firm performance. The ethical characteristics expected of a Muslim director should encourage good corporate governance mechanism thus much lesser monitoring is needed (Hassan and Marimuthu, 2018a).

It is established that the presences of Muslim directors on the board of directors have a significant impact on the performance of the firms and can bring the firm to its utmost performance. This study fills the gap and contributes significantly to the literature providing extensive evidence with regards to the impact of corporate governance on firms' performance especially the presence of Muslim directors in the board of directors, and audit committee, particularly in Jordan.

In response to this problem, research upon the combined association of Muslim directors on the board of directors and audit committee on performance. in the Jordanian industry and service sector. It would be helpful in finding out the central point of the corporate governance system in Jordan for recent years. The purpose of this research is to assess the relationship of Muslim directors on the board of directors and audit committee with performance, also assessing the Control variables represented by firm size, firm age, and leverage. Accordingly, this research aims to find the relationship between Muslim directors on the board of directors and performance of companies. It also aims to find the relationship between Muslim directors on audit committee and performance of companies. The remaining of this paper discusses the theoretical background and hypotheses development as well as the methodology, findings, discussion and conclusion.

2. Theoretical Background and Hypotheses Development

Despite various studies on CG mechanisms on corporate performance, the empirical results appeared inconclusive and the findings are inconsistent (shatnawi et al, 2019a). Most of the Islamic organizations use western CG standards, which may not be in accordance with Islamic values. However, in the area of the governance tools and mechanisms, both are relatively the same, and differences are minor (Kasri 2009). However, the Islamic economic system requires the firms to have some moral and ethical obligations while carrying out economic activities where the profit moderation is elucidated under the umbrella of the Sharia framework (Grassa, 2016; Khatkhatay and Nisar, 2007). Numerous prior studies addressed the relationship between the Muslim Directors and performance as will be shown in this part.

2.1 Number of Muslim Directors on the Board

The Muslim directors can function effectively on boards of firms when working with the majority group of other religious groups. It is believed that Muslim directors in the majority of countries such as Jordan, Yemen, Iraq, Saudi, etc. can make a significant impact to the firm performance due to their religious belief which regulated the economics, moral, and dealings (Ibrahim and Alam, 2018). As most recently reported that the more diversified a board is, in term of religion or gender, the greater the chance for performance (Hassan and Marimuthu, 2018). Muslim directors (both men and women) involvement at the board top level can improve the risk-taking behavior of managers and enhance the internal tasks of their firms as well as performance (Mollah et al., 2017). On another hand the failure of financial performance witnessed around the world particularly the Islamic Financial Institutions of Islamic countries in addition to weak CG structures (Eldaia et al., 2020).

In this context, Islamic Sharia necessitates Muslims to adopt Islamic guidelines in all aspects of their life and dealings (Nomran, et al., 2018). The ethical characteristics expected of a Muslim director should encourage good CG mechanism thus much lesser monitoring is needed (Alhabshi, 1994). The literature, however, pays less attention to the direct role played by the managers in term of cross-sectional variation in firm performance and eccentric risk in the context of sharia-compliant firms (Jaballah, et al., 2018; Klein, Weill, and Godlewski, 2018). Islamic organizations, whether business, governmental, or none profitable firms, operate within the Sharia restrictions (Abdul Rahman et al., 2018; Mollah et al., 2017). There are very few empirical literatures on a number of Muslim directors on the board in term of sharia-compliant firms and performance. So, in order to measure performance in a firm, the relationship between the Muslim member on board and CG must be determined. Based on the above discussion, the present study expects a direct association between Muslim directors in the board and performance in the Jordanian industry and service listed companies. The testable hypothesis is stated as:

H1: *There is a positive impact of Muslim directors in the Board on performance of companies*.

2.2 Number of Muslim Directors in the Audit Committee

The Muslim directors can function effectively in AC when working with the majority group of other religious groups. It is reported that the more diversified a board is, in term of religion or gender, the greater the chance for performance (Hassan and Marimuthu, 2018, Eldaia et al., 2020a). Muslim directors (both men and women) involvement at the board top level can improve the risk-taking behavior of managers and enhance the internal tasks of their firms as well as performance (Mollah et al., 2017). With regards to risk-taking behavior, it is suggested that the ERM has potential to moderate between the numbers of Muslim directors on the board and corporate performance, though this moderation has never been reported in the literature. However, studies on the effect of AC independence on performance still remain incomplete (shatnawi et al,2019a). Ali et al. (2018) explored knowledge, skills, and characteristics requirements for Sharia Muslim auditors. The results showed that Sharia knowledge is the important knowledge constituent, then the knowledge of Islamic banking process and knowledge of Fiqh Muamalat. Involvement of Muslim directors in the AC in the financial management and reporting may be attributed to the ability of the Muslim auditors to resist management pressure that commonly comes with fraudulence managers in trying to cover-up their misdeed. Effectiveness audit committee considerably reduce the fraudulence reporting, crises, misstatement, and financial disclosure (shatnawi et al, 2019b).

Based on different literature outlook, the Islamic religion, which emphasizes on the social equilibrium and justice, has banned any opportunistic business practices that aim solely for the lucrative motive at the expense of other stakeholders or the society. The stakeholder theory describes an individual or group of people that can affect or is affected by the achievement of the organization's objectives (Harrison, et al., 2015; Freeman, 1984). This demonstrates that different corporate groups such as shareholders, employees, creditors, suppliers, customers, government, and local communities, have an effect on organizational activities. The stakeholder theory describes that the BoD and other management teams must conduct their business activities and practices morally and ethically because such activities can affect the stakeholders' perceptions towards the organization (Ghazali, 2014). Upon the above argument, the present study expects a direct association between Muslim directors in AC and firm performance in the Jordanian industry and service listed companies. The testable hypothesis is stated as:

H2: *There is a positive impact of Muslim directors in Audit Committee on performance of companies.*

3. Methodology

3.1 Sample of Study

According to Sekaran and Bougie (2013) denote population as the entire group, events, or things of interest that the researcher desires to investigate, and the sample is a subset of the population. The current study uses data from 2012 to 2018. Thus, the historical data available for the 76 selected firms cover a period of 7 years from 2012 to 2018.The three sectors under Amman stock exchange (ASE); financial, industrial, and service sectors. However, this study uses only two sectors industry and sector service. This led to 532 firm-year observations for the whole sample (76 firms multiplied by 7 years). Thus, companies in the financial sector were excluded because they have different financial reports for the banking sector in ASE are the most conservative (Hamdan, 2012).

Thus, the industry and service sectors are more suitable for testing the relationship between AC Effectiveness on corporate performance. This study did not encounter any biases in the data for this period (2012 to 2018). In this study, the performance represents the dependent variable, which measurement by Both accounting-based (ROA and ROE) and market-based (Tobin's Q) performance measures. In terms of independent variables, the study adopts Muslim directors on the board of directors and audit committee, in addition to the firm size, firm age, and leverage as control variables. Table 1 presents the operational definitions adopted in the study.

Table 1. Variables definition

Variables	Acronym	Definitions
Dependent variable: Corporate Performance		
Return on Assets	ROA	Net income divided by book value of total assets
Return on Equity	ROE	Net income divided by Book value of total equity
Tobin's Q	TQ	The market value of equity plus book value of liabilities divided by book value of assets
Independent variables: AC effectiveness		
Muslim directors on the Board of directors.	BODMUSLIM	The proportion of Muslim directors on the board to total number board of directors' members.
Muslim directors on the Audit committee.	ACMUSLIM	The proportion of Muslim directors in AC to the total number of directors in Audit committee.
Control variables		
Firm Size	FSIZE	Natural logarithm of total assets
Firm Age	FAGE	The number of years since the company was established
leverage	FLEV	The ratio of total liabilities to total assets.

3.2 Research Mode

The study uses the panel data approach as it eliminates unobservable heterogeneity that different companies in the sample data could present, has less collinearity between the variables and a better measurement than pure cross-section or pure time-series data (Gujarati, 2009). Accordingly, (Hsiao, 2014) documented that panel data provides a study with a large quantity of data, which maximize the scale of freedom and minimizes the collinearity through independent variables.

Based on the results of prior research, as well as the Muslim directors in Jordan and data availability, we have adopted a definition for this study. We define as:

a) Muslim directors on the Board.

b) Muslim directors in the audit committee.

These characteristics are independent variables in our model. The dependent variable is Performance, as well as, the firm size, firm age, and leverage as a control variables. The models can be written as follows:

$$CP = B_0 + B_1 MDB\ it + B_2 MDAC\ it + B_3 FSIZE + B_4 FAGE + B_5 L + uit$$

Where CP refers to the corporate performance, which is represent the dependent variable and measured by ROA, ROE and Tobin's Q. Muslim directors on the Board (MDB) and Muslim directors in the AC (MDAC), which is represent the Independent variable. Control variables represented by firm size (FSIZE), Firm Age (FAGE) and Leverage (L).

4. Findings

4.1 Descriptive Analysis

The performance of this study is measured using Return on Asset, Return on Equity, and Tobin's Q. The descriptive information of the performance is presented in Table 2. The table displays the mean, median, standard deviation (std), minimum, and maximum values of the variables. In term of Return on Assets (ROA), the table displays the 532 observations coming from 76 companies; the mean score is 2.12221. The standard deviation is 6.34 and it is higher than the accepted value of absolute 1.96. This is mainly due to the use of ratio scale, which allows the variation in responses and result in high standard deviation. The minimum value of ROA is -33.80% while the maximum value is 41.14% indicating that there is a high variation in the ROA of industrial and services companies in Jordan in the period of 2012 to 2018 is 2.12.

Similarly, the return on equity (ROE) has an overall mean of 3.26%. The standard deviation is high at 12.66 due to the use of ratio scales. The values of ROE ranged between -51.70 (minimum) and 50.85% (maximum) indicating that there is a high variation in the performance of Jordanian companies in term of the ROE. For the Tobin's Q, the Table 2 displays that the mean value is .8899 while the Standard deviation of 1.32 is within the acceptable values. The highest value of Tobin's Q is 13.32 while the lowest value is 0.01 indicating that the performance is varied and tend to be low due to the fact that Tobin's Q is less than 1 which indicated that the market value of the company is lower than the value of the assets.

Table 2: Descriptive Information of Corporate Performance

		Return on Assets	Return on Equity	Tobin's Q
Sample	Company	76	76	76
	Time	7	7	7
	Observation	532	532	532
	Missing	0	0	0
Mean		2.12221	3.2633	.8899
Std. Deviation		6.34383	12.66511	1.32445
Minimum		-33.80	-51.70	.01
Maximum		41.14	50.85	13.32

In agreement with the findings of this study, researchers who investigated the industrial and service sectors in Jordan found that the mean of ROA for companies is 1.75 with minimum of - 44 and maximum of 84. In addition, the value of Tobin's Q in previous studies is between 0 and 5 with mean of 1.21 (Makhlouf et al., 2018).

Table 3: Descriptive Information of Muslim directors on Board of Director and audit committee

		Muslim Directors in Board	Muslim Director in AC
N	Company	76	76
	Time	7	7
	Observation	532	532
	Missing	0	0
Mean		.9389	.6690
Std. Deviation		.07847	.41586
Minimum		.49	.03

Maximum	1.00	1.00

The Describes the Muslim directors in the board. The mean score value of 0.9389 indicates that almost 93% of the board is Muslim. The standard deviation of 0.07847 indicates that the companies have no large differences in term of Muslim directors' employment. A minimum percentage of Muslim directors in the board is 49% while the maximum is 100%. This is true because Jordan is a Muslim country with 98.2% of the citizens been a Muslim (Al-Fanik, 2005; Ersan, 2014). Most probably, that the companies with 49% Muslim directors are not Jordanian but they are listed in the Jordanian Stock Market.

The Muslim directors in the AC are presented in Table 3. It indicates that the mean of Muslim directors in the AC is 0.6690 indicating that almost 66% of the members are Muslims with median value of one. Standard deviation value of 0.41586 is an indication that all companies share the tendency to have Muslim in the AC. The minimum percentage of Muslim directors in the AC is .03 while the highest is 100%. As mentioned previously, Jordan is Muslim countries with 98.2% of the citizens are Muslims (Al-Fanik, 2005; Ersan, 2014). Nevertheless, the Muslim directors in the board were almost 93% while the percentage decreased to 66.9% in the AC due to the fact that some companies use external AC members from other countries. In addition, it could be due to the use of big four services as external auditing companies.

In term of control variables, this study deployed firm size, leverage, and firm age as a control variables. The descriptive information of these variables is given in Table 4. Values are given in Jordanian Dinar (JD).

Table 4: Descriptive Statistics of Control Variables

		Firm Size	Leverage	Firm Age
N	Company	76	76	76
	Time	7	7	7
	Observation	532	532	532
	Missing	0	0	0
Mean		80,609,351.23	32.9919	24.5950
Std. Deviation		44,876,279.41	11.47343	10.6832
Minimum		991,848.00	.02	1.00
Maximum		445,797,000.00	104.24	59.00

The table shows that the firm size is highly varied with mean score value of JD 80,609,351.23. The extremely high standard deviation of 44,876,279.41 supports the notion that the firm size is highly varied with minimum size of JD 991,848.00 and highest value of JD 445,797,000.00. This means that the size of the companies is extremely different with differences reached almost JD 900 million Jordanian dinar. Since this study focused on industrial and service companies, the financial companies such as banks are excluded, which is characterized by high volume of assets nearly 50 billion such as Arab Bank in Jordan (Al-Azzam, 2015). Previous study in industrial and service sector in Jordan (Makhlouf et al., 2018) found that the mean of firm size is almost similar to this study.

The result leverage, which is the ratio of total liabilities to total assets, is presented in Table 4. The table shows that the mean score of overall leverage is 32.9919 indicating that the leverage for the sample of this study is almost 33%. The mean is 11.9919 with standard deviation of 11.47343. This standard deviation is an indication that the percentage of leverage among the sample companies are varied to large degree. The minimum percentage of leverage is 0.02% while the highest is 104.24%. In agreement with these findings, previous findings in Jordan showed that the mean accounted for 35% while the minimum and maximum ranged between zeros and 200%. The large maximum could be due to the period of the study which was conducted in shorter time period between 2009 and 2013 (Makhlouf et al., 2018).

The firm age represents the time of the companies in operation since establishment until the current time. Table 4 shows that the mean of firm age is 24.5950. The standard deviation is 10.68320 is high due to the fact that some companies has age of one year while other companies have age of 59 years. Companies with the age of one year is due to the notion that these companies were listed in the starting year of this study. Despite the fact that the listing

started in 1999, the companies were founded before that years in a long time and the findings of this study are in agreement with previous studies in the field (Petri & Saadi-Sedik, 2014).

4.2 Data Examination

The data of this study was examined for missing value, normality, multicollinearity, autocorrelation, and heteroscedasticity. No missing value were found and the data showed normal distribution with value of skewness and kurtosis less than one. The value of variation inflation factor (VIF) is less than 10 indicating that there is no issue of multicollinearity. The data are free from the issue of autocorrelation and heteroscedasty.

4.3 Choosing between Random Effect Model and Fixed Effect Model

Researchers have suggested to examine the suitable regression model to be implemented on the data. There are two models; random effect model and fixed effect model. To determine the suitable model, the Hausman test must be conducted. First the fixed effect model is executed and followed by the random effect model. The null hypothesis stated" H0: random effect model is appropriate for the panel data" while the alternative hypothesis stated" Ha: fixed effect model is appropriate for the panel data". The comparisons between the two models were conducted for the three dependent variables in this study. The results in Table 5 shows the Hausman test. In all the regression models, the random effect is not appropriate and the null hypothesis was rejected due to the fact that the p-value (sig) is less than 0.05.

Table 5: Hausman Test

Dependent variable	Chi2 (7)	Prob>chi2	Conclusion
Return on Assets	41.03	0.0002	Fixed effect model is appropriate
Return on Equity	34.06	0.0004	Fixed effect model is appropriate
Tobin's Q	49.23	0.0000	Fixed effect model is appropriate

It can be seen from the result in Table 5 that all the p-values (Prob>chi2) is less than 0.05 supporting the rejection of the null hypotheses and accepting the alternative hypotheses that fixed effect model is appropriate for the panel data of this study.

4.4 Regression Results

The result of hypothesis testing for the relationship between the Muslim director on the board of director and audit committee variables with performance (ROA, ROE, and Tobin's Q) is given in Table 6. The Muslim directors on the board have an insignificant relationship with Tobin's Q. In addition, the Muslim director in AC has an insignificant positive relationship with Tobin's Q.

Muslim directors on the board have insignificant effects on return on assets, and the Muslim director in AC has a positive but insignificant relationship with return on assets. Firm size as a control variable has a positive relationship with return on assets. Leverage and firm age have negative relationships with return on assets. The model is significant with F (13, 595) and P-value or Prob>F is 0.000. The R-square is 0.4927 indicating that 49.27% of the variation in return on assets can be explained by the variables of this study.

Muslim directors on the board have an insignificant relationship with return on equity. For the relationship of AC characteristic with return on equity, the findings that Muslim directors in AC have a positive insignificant relationship with return on equity. In terms of firm size and firm age, they have an insignificant relationship with return on equity while leverage has a significant positive relationship with return on equity. The model is statistically significant and can predict 46.7% of the variation in return in equity.

Regarding the control variables, firm size has a positive relationship with Tobin's Q, while negative significant relationships were found between leverage and firm age with Tobin's Q. The model is statistically significant with F (13, 595) at a significance level of less than 1%. In addition, the R-squared is 0.455 indicates that 45.5% of the variation in Tobin's Q can be explained by the variables.

Table 6: The Relationships of IV and Control Variables with DV

	Return on Assets		Return on Equity		Tobin's Q	
	Coefficient	P-value	Coefficient	p-value	Coefficient	p-value
Constant	.1996774	0.016**	.3604089	0.045**	.8872211	0.000***
Muslim Directors in Board	.0300256	0.423	.0502400	0.512	.0398768	0.788
Muslim Director in AC	.0913987	0.268	.0395045	0.436	.0823200	0.455
Firm Size	.8959354	0.000***	.0940473	0.176	.2987876	0.000***
Leverage	-.0812647	0.064*	.2944266	0.000***	-.1654551	0.000***
Firm Age	-.8249336	0.000***	.1111383	0.243	-.3465420	0.021**
F (13, 595)	22.94		19.67		17.88	
Prob>F (P-value)	0.000***		0.000***		0.000***	
R-squared	0.4927		0.467		0.455	

*, **, *** indicates significance at the 10%, 5%, 1%, levels

5. Results Discussion

This study aimed to find the effect of Muslim directors in the board and AC on the performance of companies. The study revealed that the Muslim director in the board has a positive but insignificant relationship with the ROA. For the relationship with the ROE, the findings showed that Muslim directors on the board have an insignificant relationship. In terms of the market performance represented by the Tobin's Q, the findings showed that the relationship between Muslim directors in the board and Tobin's Q is not significant. These findings are in line with the findings of previous studies. The insignificant relationship were derived by previous studies that linked the fact of Muslims are not only after profit but also have a purpose to serve his community and the people in general and this affects the performance of companies (Guiso et al., 2003). In addition, the finding is consistent with that of Haron (2018) who found that the presence of Muslim directors in the board of the firms has little or no impacts on the overall corporate performance. Hence Muslim directors might exhibit a more conservative behavior in running a business, thus lowering firm performance (Guiso et al., 2003). It has been shown that Islamic ethical values affect most corporate top leadership and its management (Abdul Rahman et al., 2018). Moreover, Jordan as a Muslim country most companies' employees at all levels are majorly Muslims (over 90%; Farha and Alkhalaileh, 2016). In different contexts of the Muslim nation, it has also been reported that Muslim directors can influence firm performance (Haron, 2018). This justifies the need to include and test this variable in this study to determine whether this variable can entail a better firm performance based on possible religious and spiritual effects in the functions of individuals coupled with corporate laws binding on the same individual.

The findings also showed that the relationship between Muslim directors in AC and ROA is positive but insignificant. Similarly, the findings showed that the relationship between the Muslim director in AC and ROE is positive but insignificant. The findings were derived regarding the relationship between the Muslim director in AC and Tobin's Q showed that the relationship is positive but insignificant. Conversely, the findings of Hassan and Marimuthu (2018) indicated that when the AC is diversified in terms of religion, the performance will be better. This supports the claim of this study that the insignificant effect was a result of the homogeneity of the AC in Jordan where the findings of descriptive analysis showed that almost 95% of the directors are Muslim (Al-Fanik, 2005; Ersan, 2014). Further supports of the insignificant relationship were derived by previous studies that linked the fact of Muslims are not only after profit but also have a purpose to serve his community and the people in general and this affects the performance of companies (Guiso et al., 2003). The insignificant relationships between Muslim director in AC and performance is not consistent with the majority of previous studies. The findings of previous studies indicated that religion is essential and plays a vital role in corporate governance (Hadi et al., 2018; Abu-Ras and Laird, 2011). However, the insignificant relationship between Muslim AC member and performance could be explained based on the notion of brotherhood, as it was argued by researchers that Muslims implement the social

responsibility and are careful not to harm any other human by their action and this creates more conservative behavior in making decision and running a business so that the performance of companies might be affected deeply by this behavior and lower their performance (Guiso et al., 2003). In Islam, profit is allowed but at a certain level. Charging high prices is not allowed to practice in Islam. This could explain the reason behind the insignificant effect as Muslims are expected to make a profit in a just manner between buyer and seller (Grassa, 2016). This shows that Muslims as a member of AC has no relationships with performance in the context of industrial and service companies in Jordan. This could be due to the background nature of this study, where the majority of people are Muslim, and the industrial and service companies have no obligation on Sharia law.

6. Conclusion

Corporate governance is nowadays an important issue for the researcher, policymakers, professionals, investors as being the witness of robust corporate scandals around the world. Some studies have investigated the impact of the Muslim director on performance issues in the developed countries but very few in developing countries. The exiguity of the studies on the impact of the Muslim director on performance motivates us to work on this particular area in Jordan. Therefore, this paper sets its aim to focus on this issue with more insights in Jordan. Previous studies were limited to lower samples. This paper uses more than 684 sample-year observations to draw a more generalized conclusion by covering this gap.

The study is motivated by the gap in the existing literature and the limited evidence concerning the developing countries, specifically in Jordan. We demonstrated a mixed result in terms of the impact of the Muslim director on corporate performance. In general, the results are in line with the theories. Also, the results are consistent with the previous studies.

The current research contains a number of limitations. First, this research focuses only on industrial listed firms on ASE and ignores any other types of listed firms, thus, the findings of the study may not be applicable to other sectors. Thus, companies in the financial sector were excluded because they have different CG rules issued by the Insurance Authority and the Central Bank of Jordan. However, future studies could focus on the financial sector, which is playing an increasingly important role in developing economies, particularly Jordan. This study has many recommendations. for future studies. Firstly, this study examined the direct relationship between the Muslim director and performance but there is a lack of previous research examining the moderating or mediating effect of other variables on the relationship between Muslim director and performance such as, enterprise risk management and ownership concentration, among others that will lead to help in improving performance and its effectiveness, especially in Jordan and its neighboring countries. Third, based on the previous studies, there is a paucity of existing literature that examined the association between Muslim director and performance in the emerging countries like the Middle East.

The findings of this study indicate that Muslim directors does not have any relationship with the performance in the context of industrial and service companies in Jordan. This could be because, in Jordan where the overwhelming majority of the people are Muslim, the effect of having Muslims on the board is not distinct. In the countries that have a multicultural background where other religions can be on the board so that the impact of Muslim directors compared to other directors can be clearer. In other words, when the majority is Muslim, their impact on performance is not obvious compared with diversified board. Also, this study focused on the industrial and service companies in which the religion commonly does not have any relationship with the performance compared with Islamic banks.

The findings of this study confirmed that being Muslim as a member of BoD and AC has no relationships with performance in the context of industrial and service companies in Jordan. This could be due to the nature of this study. First, the study was conducted in Jordan where the majority are Muslim. More importantly, this study was conducted on industrial and service companies and these companies usually do not involve Sharia law. The findings could be different if the study was conducted on banks where the issues of Halal, interest rate, and riba have a big and essential impact on the performance of companies. As mentioned previously, the majority of citizens are Muslim with a unit-cultural environment such that citizens will not concern for companies producing non-halal because the common practice in Jordan all products are halal. This could have attributed to the insignificant effect in terms of the relationship between Muslim BoD and AC member and performance in the context of industrial and

service companies in Jordan. Another factor that may have contributed to the positive effect but insignificant will be that Muslim directors in AC in Jordan make a significant impact in the practices in the firm due to their religious belief which regulated the economics, moral, and dealings, regardless of being industrial and service companies, because of largely Islamic practices cut-across Jordanian sectors. It is well fact that the more diversified a board is in terms of religion, the greater the chance for corporate performance; this may be the key reason positive findings obtained in this study though insignificant.

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Waqf Zurri Reporting: Accounting Theories and Stewardship

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Abstract

In accordance with the history of Islam, waqf zurri has been used as a property planning instrument or succession planning for the family. Waqf zurri aims to defend the plight of families left by their parents who are helpless. In the concept of Islamic law, a person who own property and intended to make waqf on his property should put priority on their immediate family members. Arguing the stewardship concept in accounting; it is known that the ultimate objective of accounting theory is to provide a basis for the prediction and explanation of accounting behaviour and events. Stewardship also demanded reporting and responsibility to be in place. Hence, the discussion in this article focuses on the positive accounting theory and decision usefulness theory which can be linked towards waqf zurri conduct on reporting manners. Those theories are beneficial since no standard reporting for waqf zurri adopted as for now. Therefore, the objective of this paper is to examine the accounting theories and stewardship concept in relation to waqf zurri reporting. Nonetheless, the needs for those theories in creating appropriate accounting principles in waqf zurri is open for debatable. This paper is a conceptual paper whereby the related literatures have been referred and analyse using thematic analysis. The implication of this paper is that the reporting of waqf zurri is deem important and shall be prepare meticulously dependable on the crucial accounting theories by the accountable party.

Keywords : waqf zurri, positive accounting theory, decision usefulness theory, stewardship, reporting

Introduction

Malaysia has been practising waqf over the past years and the benefits of this waqf continue to be enjoyed to this day for the specific generations. The philosophy of waqf is based on the Muslims believe that there is life after death and waqf practice is a way to get closer to Allah. Waqf generally is divided into two main categories as practiced and permitted under Shafi'e *mazhab* which is *general waqf* (khayrī), which aims to help the poor, religious activities and welfare purpose. On the other hand, the second category is the *family waqf* (zurri), which is generally referred to as wakaf 'ala Al-' Awlād, which benefits children and the descendants of the doer of waqf. The provision of this waqf bring benefits to the family and the generations endlessly. Upon the diminishing of the descendant; that particular waqf will be transfer to *general waqf*.

In accordance with the history of Islam, waqf zurri has been used as a property planning instrument or succession planning for the family. Waqf zurri aims to defend the plight of families left by their parents who are helpless. In the concept of Islamic law, a person who own property and intended to make waqf on his property should put priority on their immediate family members. Furthermore, if any of them who dying for help; then waqf zurri is preferably given to those in need (Tjek Tanti, 2013). In light with this *hadith*:

"Leave the children and wives with wealth is better than leave them in the hardship circumstances"[*]

Rasulullah s.a.w mentioned that it is better if we bequeath our family with wealth to enable them to live even though the backbone of the family passed away. We should avoid leaving them with nothing as this might urge them to search for financial assistance from others. Thus, waqf zurri is one of the instruments that can be implement in this situation as the wealth bequeathed can be utilised to generate income and assist the family and the descendants to survive.

Moreover, innovations in Malaysia saw the early practical waqf zurri in the state of Kelantan. In 1921, it was known as Tengku Kaya Pahlawan Waqf. While in Terengganu, there are as many as 26 lots of land reported on waqf zurri property. As for the northern states, waqf zurri is derived from the descendants of Sheik Abdullah. This shows that the presence and implementation of waqf zurri in Malaysia is still important today. Having said that, with regard to the new developments related to waqf zurri in Malaysia under the Islamic Services and Securities Act Labuan 2010-2012, Muslims are permitted to use the Labuan International Waqf Foundation (LIWF) to set up a trust unit based on the concept of waqf zurri (Sadique 2018). Thus, Muslims wishing to implement waqf zurri can use the LIWF service to assist them in the implementation of zurri waqf to ensure that the benefits reach qualified recipients.

Though the waqf zurri meant for family's purpose; the reporting preparation is crucial and is deem to visualize the stewardship function of the preparer either (SIRC) or third party such as foundation or cooperatives. Any transactions which involved economic resources especially the ones family need to have proper recording as it will assist the upcoming decision on the asset development in other to generate more income to be segregate among the beneficiaries. As the proper reporting requires the application of accounting theories which serve as a basic fundamental on the accounting process; therefore, waqf zurri reporting can't get away from absorbing the accounting theories at least at the minimum level.

Although the waqf zurri zooms into the intent of the family; the preparation of reports is vital and is considered to visualize the stewardship role of the preparer either (SIRC) or third parties, such as the foundation or cooperatives. Any transactions involving economic capital, in particular those of the family, need to be properly registered, as they will support the forthcoming decision on asset development in other to produce more income to be segregated between beneficiaries. As proper reporting requires the implementation of accounting theories that are central to the accounting process; therefore, waqf zurri reporting need to absorb the application of accounting theories at least at the minimum level.

Accounting motives - stewardship

Its undoubtable that the existence of accounting is basically to prove transparency, accountability and readily data so called 'numbers' in assist the stakeholders in making decision. According to syariah's view; those who is responsible of monetary assets are obligated to present an account of the exercising their stewardship, no matter whether the transactions and assets in query of those government, commercial enterprise or non-profit organizations. Furthermore, whoever involved in financial assets are oblige to prepare account or document as to fulfil stewardship duty regardless nature of transactions and assets whether profit or non- profit entity (Hassan & Nabihah, 2010). As it turns into essential to view the overall performance and activities on the utilized resources; subsequently stewardship implemented onto non-profit entity as in this example is the waqf zurri reporting. Regardless whether or

[*] Sahih Bukhari, Kitab *Al-Wasoya*, *bab an yatruka warasatahu aghniya' khairun min an yatakafffafu al-nas*, hadith number 2742 page 677

not the reporting is prepared by State Religious Islamic Council (SIRC), heirs, family cooperatives; they are obliged to carry out stewardship. Nonetheless the accounting needs in non-profit institution such as waqf zurri is yet to be questionable. As mentioned in Al Baqarah verse 282:

"O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you in justice. Let no scribe refuse to write as Allah has taught him. So let him write and let the one who has the obligation dictate".

The crucial aspects in reporting has been highlighted and as Muslims its become an obligation of *khalifah* to perform duty as an obligation of his action. During the judgement day, everything will be asked and as a trustee; he will be obliged to the waqf zurri deeds as well as how the asset or resources being utilized to ensure that the benefits can be segregated to the beneficiaries as being entrusted by the '*pewakaf*' [†]. It might be the reporting is not exhaustive like what has been stipulated by (IFRS); however, the material disclosed should be capable of representing the state of the assets assigned to them in order to assess the efficacy of the production of the assets and the surplus of the activities in the production of the assets to be allocated to the beneficiaries.

Hence, stewardship come into a place when the reporting being done. Stewardship is when ones feel an obligation to do something as an outcome of resources managed. It's normal scenario when it comes to profit entity as the manager act as an agent towards the owner who comprises of the shareholders. As mentioned by (Contrafatto, 2014):

'First, stewardship involves a set of guiding-principles for someone's behaviour. Second, stewardship-based behaviour implies a 'looking after', that is a taking care and protecting something belonging to someone else. Third, the object of this taking care behaviour is 'something', that is, resources that for different reasons possess a relative importance for others'.

Contrafatto and Bebbington (2013) previously stressed:

'stewardship should be seen as 'a special case of accountability where the asset[s] to be looked after, the time scale on which care is being exercised, and the range of stakeholders forming part of the stewardship relationship are all broader than the relationships most often identified within the accountability-focused social accounting literature'.

In essence, stewardship known as mirror of accountability as well understood in routine financial accounting literature (Contrafatto & Bebbington, 2013; O'Connell, 2007). It represented as fundamental tools to legalize efficiently and effectively the connection among principal-agent on the utilization of resources assigned (Contrafatto, 2014).

Concept of stewardship strongly emphasis on 'looking after' and 'protecting' on behalf of others, who are not able to do this themselves. In one way or another this emphasis on 'others' rather than 'us' is a key aspect of stewardship. This is especially emphasised, as seen above, in the theological / normative and social responsibility approaches, where the other classes are broader and involve subjects and entities (e.g. future generations, ancestors, non-human beings, etc.) (Contrafatto, 2014)

We can see that the stewardship is pertinent towards profit entity; but somehow for waqf zurri it is also very important for the party who prepares the reporting as they hold the stewardship to the endower. As beneficiaries; they also track the efficacy of the group that they believe will take good care of the properties entrusted to them and fulfil the intentions of their late family members who surrender their wealth as waqf zurri. It portrays that stewardship serve as overall management and direction of non-profits by the founding or supporting faith community, based on its applied spirituality (Schneider, 2013; Jeavons, 1994a).

On the other hand, in the fundraising perspective, Kelly (1998) posited that stewardship is an action of expressing gratitude and connecting donors which targeted to tighten financial support towards organization. There are two principles of stewardship which had been discussed by (Li et al., 2020) namely reporting and responsibility. These two ideals are strongly anchored in stewardship and are specifically applicable to the management of charitable-kind activities. These principles have been extensively studied and are recognised as vital contributors to

[†] The meaning of pewakaf is a person who donates, to give so. Retrieved from http://prpm.dbp.gov.my/

the development of a quality donor-entity partnership and positive donor cooperation (Harrison et.al, 2017; Pressgrove & Kim, 2018).

Reporting

Reporting is a chain of activities informing publics of ways a non-profit organisation makes use of the fund and what it accomplishes with the money (Li et al., 2020). It's an avenue to defend themselves in answering society on how they utilize the fund and what have been achieved so far based on the fund. A non-profit organisation strengthens donors' tremendous attitudes and actions by ensuring that donors have helped to address the issues they might be worried about (Kelly, 2001b). Reporting is a non-stop enforcement with a goal to remind donors of the gains achieved so far by the non-profit sector (Li et al., 2020).

Discussion on importance of non-profit or charity reporting ((Breckell et al., 2011; Hyndman & McConville, 2016; Li et al., 2020) has reflect the values of the funders as well as the relationship between the funders and the charity entity. With regards to avenues of organizations like profit and non-profit entity to convey message with their stakeholders; annual report is known as popular ways which management fulfil their reporting responsibility' (FASB, 1975) in accomplishing its duty of accountability and stewardship (Charity Commission, 2000).

In addition, charity reporting has plus point step in engaging and motivate external shareholders in terms of bonding with donors, represent value to funders and magnetizing new support (Breckell et al., 2011). In such difficult monetary conditions, performance in charitable spending and transparency in reporting can be especially crucial to a variety of stakeholders. Transparency is mentioned and set withinside the context of stakeholder theory, exploring why charities would possibly need to reveal the reporting and the significance of supplying facts on efficiency. Embracing the principle of thrusts also inspire charities to communicate correctly with stakeholders, reporting useful, good-exceptional data that is available and assessable to audience. Such engagement may gain the organization, with empirical proof suggesting that, in non-profit organisation, obvious reporting can inspire similarly funding, lower agency costs, and make contributions to a fine social outcome (Hyndman & McConville, 2016).

A broad body of empirical research on transparency or disclosures in non-profit organisations points out that transparency in annual reports is an essential tool for managers to communicate the activities and results of their organisations to other organisations (Healy & Palepu, 2001; Hossain & Hammami, 2009). In this sense, Latridis (2011) found that disclosure is important because managers are usually kept responsible for achieving certain business and financial goals.

Having delve into the importance of reporting which relate with transparency, its no doubt that waqf zurri reporting is highly claimable to be completed. Although it's not for public generally; it is still compulsory to prepare the reporting as to track the activities, income, expenses and surplus of waqf zurri assets. Based on the reporting, many decisions can be achieved and proper future planning can be put in place. For instance; if the asset is a land which developed as agriculture purpose, then the expenses related to it and incomes derived if it has been harvested need to be report and disclose. The society who oversees the efficiency of this activities through reporting might been attracted to practise waqf zurri as well because they knew that the benefits or the yield from asset operation will be allocated to their heirs and indirectly to the Muslims.

Reporting serve as concrete evidence when the person in charge of the reporting is no longer in service. The new person in charge will be able to continue the waqf zurri reporting by referring to the current reporting. Let say if there is no reporting made on waqf zurri assets development; it will become hustle to find and trace the transactions occurred before. The inflow and outflow of the transactions is impossible to be track without proper reporting. Hence the process of allocating the yield from utilization of assets would be haywire and lead to mislead transactions. Therefore, reporting aid in many means to track past, present and future results as well as returns from assets or property projects.

Responsibility

The next element of stewardship is responsibility which alarmed an entity to be socially responsible (Kelly, 2001a). In other words, an organisation should fulfil its mission with the support and donations of donors to the

public and act to prove that it is worthy of donor trust. Both annual donors and major donors perceived obligation to remain loyal to the non-profit mission and to give donors a sense of power (Li et al., 2020).

In addition, accounting information direct an indicators which bypass the summaries of transactions and detailing that meaningful to the decision makers (Parsons et al., 2020). This followed Ijiri (1967) who emphasized that accounting can serve dual function: it facilitates stakeholders in making decision based on the outcome projection, and it functions as medium when the accountability can be observe. Those prove the significance of stewardship of resources.

Religion is an important factor which somehow or rather will affects the life of its followers and it becomes an important element in one's culture. Therefore, for a Muslims in particular, Islam has an impact on all aspects of their life including business activities, which encompasses the economic and financial system. Generally, accounting can be considered a system that provides relevant and useful information to its users to make decisions. This information that needs to be provided for consumers will be influenced by cultural, social, economic and political aspects. Although this aspect differs between countries, but the accounting system needs to be suit with the needs of the country (Vejzagic, 2012).

In the aspect of waqf zurri, responsibility is hold to the trustee whether (SIRC), foundation or cooperatives. This context witness that endower is the person who trust the third party to fulfil their responsibility in managing properties as stipulated in waqf zurri deeds as well as reporting aspects. In contrast with the beneficiaries; they are expecting that the party who manage their family waqf to allocate the yield or return to them evenly according to the deeds. Hence, the proper allocation shall derive from the reporting which comply the basic elements in accounting. Eventually responsibility in waqf zurri is hold onto two parties; endower and the beneficiaries

Theoretical underpinnings

The discussion narrows on positive accounting theory and decision usefulness theory which embedded in transactions or activities involving profit and non-profit entity. As in this case, waqf zurri is deem as non-profit activities if it is prepared by (SIRC). Regardless the preparer; the reporting preparation shall include and comply with the root theory in accounting. The aim of accounting theory is to include a set of principles and relationships that describes the practises observed and predicts unobserved practises. In other words, accounting theory should be able to clarify why businesses prefer some accounting methods over others and should allow users to predict the characteristics of firms that choose different accounting methods. As in other fields, accounting theory should also be checked by accounting studies (Schroeder et al., 2019).

Normative theory based on a set of objectives that the supporters of the maintain recommend the way things should be. However, no set of priorities is generally agreed by accountants. As a consequence, normative accounting theories are usually acceptable only to those who agree with the assumptions on which they are based. However, most accounting hypotheses are normative since they are focused on the objectives of financial reporting (Coetsee, 2010; Schroeder et al., 2019).

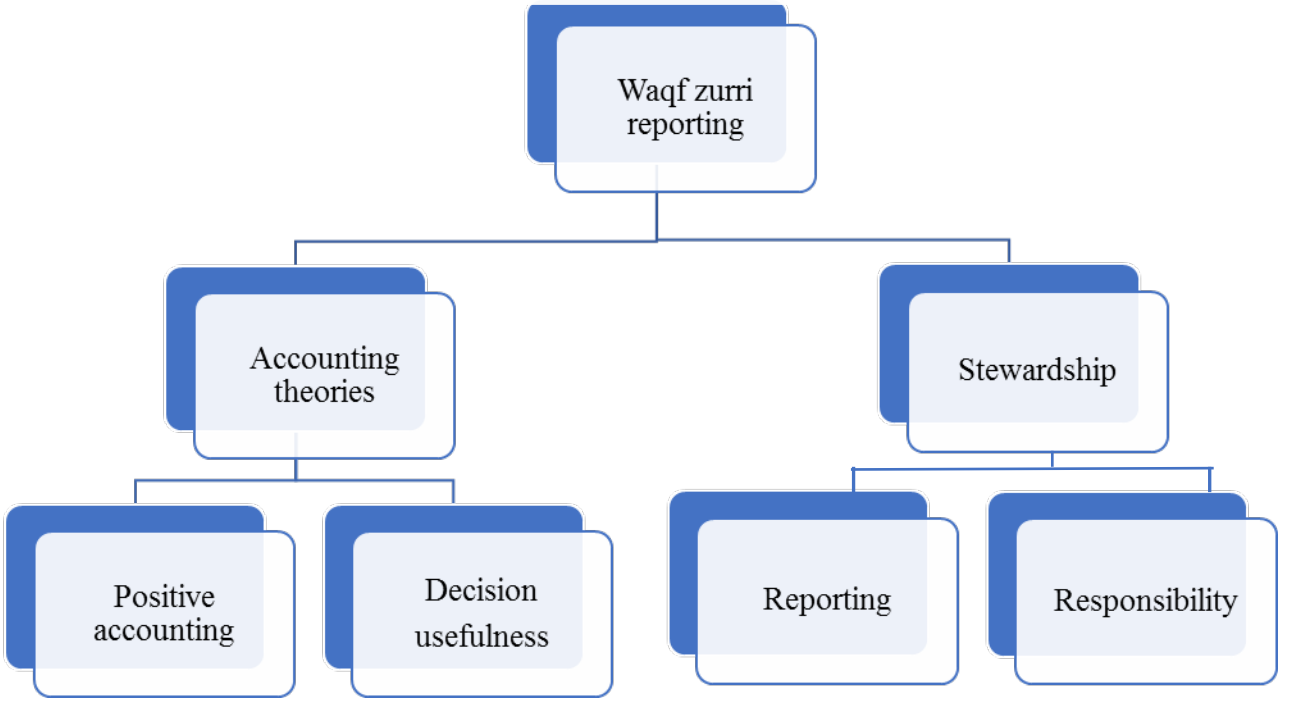
Positive theory is trying to explain the observed phenomena and combine the activities of description, explanation and prediction (Godfrey et al., 2005; Schroeder et al.,2019). They explain what's going on without suggesting how things should be. The extreme diversity of accounting methods and implementation has made it difficult to establish a detailed accounting summary. At the same time, in order to become a theory, the definition must have an explanatory meaning. For example, it is not only the use of historical costs that must be studied, but also the optimistic principle that use must be clarified. Today, the bulk of positive theory is concerned with explaining the reasons for current practise and forecasting the role of accounting and related knowledge in economic decision-making (Godfrey et al., 2005).

Decision-useful information is defined as information about the reporting entity that is useful to current and potential equity investors, lenders and other creditors in their capacity as capital providers (IASB, 2008). According to Wang (2012), the usefulness of decisions is described in terms of relevance, reliability, comparability and understandability. The primary purpose of the financial statements is to include business facts in order to make informed choices for consumers, in particular investors (ASBJ, 2006). It should also increase awareness among users and enable decision-makers to predict future actions (Oyerinde, 2009). Bees et al. (2009) have established

positive financial statements, including: relevance, reliability, timeliness, comparability, comprehensiveness, comprehensibility and verifiability. It supported by Ana (2012) who described relevance and reliability as the fundamental qualities of good accounting knowledge that could contribute to the effective decision-making of users. Hence, the information contained in the financial reporting will have the elements of usefulness to make decision whether involving shareholders, funder, government, beneficiaries and others.

As we noted that positive theory and decision usefulness theory are interrelated in the financial reporting in any transactions regardless whether it is profit oriented or not. Whether waqf zurri is deem less important as it is intended towards the family and heirs; the monetary transactions and the amount of properties is crucial to be disclosed. Let say a land valued at RM200,000; in accordance with the positive accounting theory, it is subject to fair value as it relates to economic decision-making as to what the land will produce in the future to ensure the distribution of income to the family and their generations. Whenever the information discloses fulfil the elements of relevance, reliability, timeliness, comparability; it shall always being beneficial for decision making by the stakeholders. Types of decision varies depending on the needs of the stakeholders; for example, the rental income disclosed being categorized as accrued rental income. If the accrued of this rental is hardly to reduce by year; then action shall be taken towards the tenants. Waqf zurri properties should be able to generate flourish non-stop income as to fulfil the deeds which the perseverance of family's survival is the main objective. Hence if the income detained by accrued issue, it will affect the income generated as well as the distribution towards heirs. Consequently, it is demanded that waqf zurri reporting shall abide to the basic fundamental of positive accounting theory and decision usefulness theory as to embark the so close perfect reporting as it will bring more optimistic impacts towards the waqf zurri properties growth which benefited the beneficiaries and nation indirectly.

Table 1 below depicts the waqf zurri reporting:



Sources : Author (2020)

Conclusion

As the nature of any profit or non-profit entity involved resources, monetary assets, expenses and others; they can't get away from reporting and compliance of roots of accounting theories. Although the practices of waqf zurri is not widely practised in Malaysia; but the reporting issues become mandatory as the uniqueness of this waqf which involve perpetual returns to the indefinite heirs and one's family generation. Since the positive accounting theories and decision usefulness theory can be refer to as a guide to how the reporting of waqf zurri should be; it also helps the information and data disclose is accurate and able to be use in making decision by the stakeholders. It is very true that theory *vs* practise is two different things and sometimes hardly to synchronize; the need to at least give a try is encouraging. This is vital due to the sustainability of the waqf zurri properties and to keep the yields or returns continuously flow and can be distributed to the beneficiaries as stated in the deeds. Not only that, the stewardship which highlighted the elements of reporting and responsibility is need to be in place when dealing with fund which meant for 'charity' especially as a Muslims; they hold the accountability on their actions which will be counted in after life.

Nevertheless, there is no perfect theories and stringent can be used as a guide for waqf zurri practices. The growing number of other theories, whether accounting or behavioural aspects, is welcome to be addressed on a path to the most relevant guiding theories.

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Tanggung Jawab Sosial Korporat Terhadap Pekerja Dan Prestasi Ekonomi Syarikat Di Indonesia Dalam Kontek Kesatuan Sekerja

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Abstrak

Menurut Teori Pihak Berkepentingan Freeman (1984), pihak berkepentingan merupakan pihak yang dapat dipengaruhi dan mempengaruhi pencapaian objektif syarikat. Pekerja merupakan pihak berkepentingan yang kritikal dalam kegiatan operasi bagi mencapai prestasi ekonomi. Oleh itu, amat penting bagi syarikat untuk memperhatikan kepentingan para pekerja bagi memastikan sumbangan berterusan mereka ke atas prestasi ekonomi syarikat. Tumpuan syarikat ke atas tanggungjawab sosial pekerja akan lebih jelas bila wujud kehadiran kesatuan sekerja dan sekaligus menambahkan lagi kesan positif prestasi syarikat. Oleh itu, kajian ini akan melihat pengaruh tanggungjawab sosial kepada pekerja terhadap prestasi ekonomi syarikat iaitu pulangan keatas aset, pertumbuhan jualan dan produktiviti pekerja melalui kesan moderasi kesatuan sekerja. Terdapat empat dimensi tanggungjawab sosial iaitu gaji dan kesejahteraan, pendidikan dan latihan, kesihatan dan keselamatan kerja, kesamaan jantina, kaum dan agama. Laporan tahunan syarikat tersenarai di papan utama Bursa Saham Indonesia bagi tahun 2015, 2016 dan 2017 digunakan dalam kajian ini bagi mengukur pelaksanaan tanggungjawab sosial ke atas pekerja. Terdapat 297 laporan tahunan dinilai yang terbahagi kepada 132 syarikat dengan kesatuan sekerja dan 165 syarikat tanpa kesatuan sekerja. Dapatan kajian menunjukkan hubungan positif yang signifikan antara tanggungjawab sosial dan terhadap prestasi ekonomi dan menariknya hubungan lebih kuat pada syarikat yang mempunyai kesatuan sekerja berbanding pada syarikat tanpa kesatuan sekerja. Dapatan kajian juga menyokong dapatan kajian sebelumnya yang menyatakan bahwa kehadiran kesatuan sekerja sebagai wakil para pekerja dapat mengadakan dialog dan perundingan bersama pihak syarikat bagi terpenuhinya kepentingan dan hak-hak para pekerja. Ini bagi mewujudkan hubungan harmoni dan dinamik diantara para pekerja dengan pengurus syarikat sehingga tercapainya prestasi ekonomi syarikat.

Kata kunci: Tanggungjawab sosial, kesatuan sekerja, prestasi ekonomi

1 Pengenalan

Freeman (1984) menyatakan syarikat harus mampu berinteraksi dengan semua pihak berkepentingan secara telus dan adil dengan memperhatikan kepentingan mereka. Antara mereka, pekerja merupakan salah satu pihak berkepentingan yang kritikal kerana pekerja terlibat secara langsung aktiviti dan operasi dalaman syarikat (Malik 2015; Boodooo 2016).

Memberikan kesejahteraan dengan melaksanakan CSR kepada setiap pekerja (*seterusnya akan disingkat menjadi CSR-P*) adalah merupakan hal yang penting bagi menarik ramai pekerja mahir dan menjadikan para pekerja ingin terus tetap bekerja bersama syarikat (Tamm et al. 2010; Zientara et al. 2015). Berdasarkan Teori Pihak Berkepentingan Ullmann (1985) menyatakan bahawa pihak berkepentingan merupakan sumber daya kritikal untuk pencapaian prestasi ekonomi syarikat kerana mereka mempunyai pengaruh terhadap pengurusan syarikat bagi mengawal sumber yang diperlukan oleh syarikat. Oleh itu adalah penting untuk memenuhi tuntutan pihak berkepentingan. Selain untuk memenuhi tuntutan pihak berkepentingan, CSR-P juga bertujuan untuk memenuhi tuntutan ekonomi syarikat yang seterusnya akan mempunyai kesan langsung terhadap keberlangsungan jangka hayat sebuah syarikat (Robert 1992). Namun begitu dalam pelaksanaannya, masih terdapat kekurangan dalam amalan CSR-P. Indonesia merupakan salah satu negara dengan jumlah penduduk yang bekerja mencapai 120.8 juta orang. Para pekerja di Indonesia masih menghadapi pelbagai masalah kesejahteraan (International Labour Union (ILO) 2015).

Para pekerja di Indonesia bekerja dengan gaji yang masih rendah berbanding beberapa negara lainnya di ASEAN. Indonesia berada dalam tangga ke-3 dengan gaji pekerja paling rendah daripada kelapan negara ASEAN. Majoriti pekerja di Indonesia bekerja dengan jam kerja yang lebih lama melebihi 48 jam dalam seminggu terutama dalam industri perkilangan, perkhidmatan dan perniagaan. Hal ini mengakibatkan penurunan kondisi, keselamatan dan produktiviti pekerja (Hendrastomo 20101; ILO 2015). Isu berkaitan gender merupakan isu lainnya mengenai permasalahan para pekerja di Indonesia. Pekerja laki-laki lebih besar keterlibatannya dalam bekerja berbanding pekerja perempuan. Selain itu, para pekerja laki-laki juga mendapat gaji yang lebih tinggi dan pengembangan kerjaya yang lebih baik berbanding pekerja perempuan (ILO 2015). Para pekerja Indonesia juga dihadapkan kepada permasalahan rendahnya kepakaran yang dimiliki sehingga keperluan syarikat untuk mempekerjakan pekerja yang mahir kurang terpenuhi (Wahyuni 2013; ILO 2015).

Wujudnya kes-kes yang dialami oleh para pekerja di Indonesia dijangkakan berpunca daripada masalah pelaksanaan CSR-P. Hal ini menimbulkan suatu persoalan sama ada kurangnya pelaksanaan CSR-P dan adakah ianya telah memberi kesan terhadap prestasi ekonomi syarikat? Ini merupakan objektif pertama yang akan cuba dijawab dalam kajian ini.

Kesatuan sekerja juga didapati mempunyai pengaruh terhadap produktiviti dan keuntungan syarikat (Filho et al. 2008). Dapatan kajian lepas membuktikan bahawa kesatuan sekerja selain mempunyai peranan memperhatikan kepentingan dan kesejahteraan para pekerja juga dapat memberikan nilai positif terhadap prestasi bagi kepentingan pihak syarikat. Kesatuan sekerja dapat mengadakan perundingan bersama pihak pengurus syarikat. Ini bagi mewujudkan komunikasi di antara kesatuan sekerja dengan pihak syarikat untuk merancang strategi dalam usaha meningkatkan kecekapan dan produktiviti pekerja (Chanzi 2017). Oleh itu, objektif kedua kajian ini akan mengkaji dan membandingkan bagaimana pengaruh CSR-P terhadap prestasi ekonomi pada syarikat dengan dan tanpa kehadiran kesatuan sekerja.

Kajian ini mempunyai beberapa kelebihan dalam menampung jurang dalam kajian literatur. Pertama, kajian ini merupakan kajian yang pertama melihat aspek CSR-P dengan prestasi ekonomi dalam kontek kesatuan sekerja syarikat. Kedua, kajian ini mengguna pakai pengukuran CSR-P yang lebih komprehensif iaitu berdasarkan 41 item CSR-P. Kajian ini menggunakan laporan tahunan syarikat yang tersenarai di Bursa Saham Indonesia bagi tahun 2015, 2016 dan 2017 bagi memeriksa amalan CSR-P. Syarikat akan dibahagikan kepada syarikat dengan dan tanpa kehadiran kesatuan sekerja. Analisis regresi berganda akan dijalankan bagi melihat pengaruh CSR-P terhadap prestasi ekonomi dengan membandingkan syarikat dengan dan tanpa kehadiran kesatuan sekerja.

2. Sorotan kajian lepas dan pembentukan hipotesis

2.1 Tanggungjawab sosial terhadap pekerja

CSR dilihat sebagai satu tanggungjawab syarikat dalam mewujudkan keberlangsungan perniagaan untuk mencapai keuntungan bagi kepentingan pemilik saham serta bagi kepentingan pihak berkepentingan lainnya (Utomo et al. 2010). *Commission of the European Communities,* CSR adalah konsep dan usaha yang dilakukan secara sukarela oleh pihak syarikat bagi mengatasi kebimbangan masalah sosial dan alam sekitar akibat dari operasi perniagaan dan interaksi mereka dengan pihak berkepentingan (Tuzcu 2014; Mohammad et al. 2014). Pihak berkepentingan adalah pihak yang dapat dipengaruhi dan mempengaruhi objektif syarikat diantaranya pemilik saham, masyarakat, kerajaan, pelanggan, pembekal dan pekerja. Pekerja merupakan sumber kritikal bagi syarikat kerana pekerja terlibat

dalam operasi perniagaan sehari-hari dalam usaha pencapaian prestasi ekonomi syarikat (Tamm et al. 2010; Cavazote & Chang 2016). Oleh itu adalah penting untuk memperhatikan CSR-P dengan memberikan perhatian terhadap kesejahteraan sosial dan kepentingan para pekerja. Ini bagi mendapatkan sokongan dari para pekerja dengan mereka ingin tetap bekerja bersama syarikat dan bagi menarik minat ramai para pekerja mahir untuk bekerja pada syarikat (Tamm et al. 2010; Tuzcu 2014; Zientara et al. 2015). Selain itu juga bagi tercapainya prestasi ekonomi syarikat (Mohammad et al. 2014; Cavazote & Chang 2016).

Kajian mengenai hubungan diantara CSR-P dengan prestasi ekonomi telah dikaji oleh beberapa pengkaji lepas. Balbanis et al. 1998; Mohammad et al. 2014; Cavazote & Chang 2016). Balbanis et al. (1998) mengkaji CSR-P dan mendapati kedudukan pekerja perempuan dalam syarikat mempunyai pengaruh signifikan terhadap prestasi pasaran modal syarikat. Ini karena perhatian syarikat terhadap permasalahan para pekerja perempuan dapat menarik minat para pelabur untuk melaburkan dananya dalam syarikat. Mohammad et al. (2014) mendapati hubungan baik diantara para pekerja, gaji yang tinggi dan tempat kerja yang selamat mempunyai pengaruh signifikan positif terhadap prestasi kewangan syarikat. Oleh itu adalah penting bagi pihak pembuat polisi dan pengurusan syarikat untuk meyediakan pelbagai jenis kemudahan dan mewujudkan keadilan sosial terhadap para pekerja. Dapatan kajian ini disokong oleh Hernandez et al. (2016) yang mendapati strategi pelaksanaan CSR-P mempunyai kesan signifikan keatas prestasi kewangan syarikat.

Cavazote dan Chang (2016) mendapati pelaburan CSR-P antaranya iaitu penjagaan kesihatan para pekerja, perkongsian keuntungan dan pelan pencen dan memberikan tumpuan terhadap pendidikan pekerja mempunyai pengaruh positif yang signifikan terhadap prestasi kewangan syarikat. Apabila syarikat melaburkan dana terhadap CSR-P bermakna syarikat telah membuat pelaburan dalam modal insan syarikat yang memberi kesan kepada produktiviti (Cavazote & Chang 2016). Ini disokong oleh Morogo et al. (2016) yang menghubungkan antara kebajikan terhadap pekerja dengan peningkatan prestasi kewangan syarikat.

2.2 Kesatuan Sekerja

Kesatuan sekerja merupakan salah satu pihak berkepentingan. Berdasarkan Teori Pihak Berkepentingan Freeman (1984) dan Ullmann (1985), pihak berkepentingan dapat dipengaruhi dan mempengaruhi pencapaian objektif syarikat iaitu tercapainya prestasi ekonomi syarikat (Roberts 1992). Pelaksanaan CSR-P oleh pihak syarikat dapat dipengaruhi oleh kehadiran kesatuan sekerja. Kesatuan sekerja adalah organisasi yang dibentuk dari pekerja, oleh pekerja dan untuk pekerja sebagai wakil para pekerja bagi mengadakan perundingan kolektif dengan pihak pengurusan syarikat ataupun pihak kerajaan agar para pekerja mendapatkan gaji dan kesejahteraan lainnya yang lebih baik lagi (Checci & Corneo 1998). Ini dibuktikan oleh Filho et al. (2008) yang mendapati kepadatan kesatuan sekerja mempunyai pengaruh signifikan yang positif terhadap upah pekerja dan jumlah pekerja yang bekerja pada syarikat. Para pekerja meyakini kehadiran kesatuan sekerja dengan kepadatan keahlian yang tinggi dalam syarikat membolehkan kesatuan sekerja untuk dapat mengadakan perundingan dengan pihak syarikat bagi mewakili kepentingan para pekerja (Checci & Corneo 1998).

Selain itu, kewujudan kesatuan sekerja juga dapat mempunyai pengaruh bagi meningkatkan produktiviti syarikat (Chanzi, 2017). Kesatuan sekerja selain mempunyai peranan bagi melakukan pemantauan terhadap pihak pengurusan dalam melaksanakan CSR-P juga dapat melaksanakan kesepakatan kolektif dengan pihak pengurus syarikat. Kesepakatan ini dapat digunakan sebagai alat komunikasi untuk membuat perancangan strategi bagi meningkatkan prestasi para pekerja dan meningkatkan prestasi syarikat. Kesatuan sekerja dapat memberikan motivasi kepada para pekerja untuk bekerja dengan lebih berprestasi lagi sehingga dapat memberikan nilai tambah bagi meningkatkan prestasi syarikat. Sebaliknya kesatuan sekerja dapat menjadi penghalang bagi tercapainya objektif syarikat apabila syarikat tidak mahu bekerjasama dan mengadakan dialog dengan kesatuan sekerja bagi kesatuan sekerja memastikan bahawa syarikat memenuhi kepentingan para pekerja dengan melaksanakan CSR-P (Checci & Corneo 1998; Robert 1992; Chanzi 2017).

2.3 Pembentukan Hipotesis

Hipotesis ini akan diuji ke atas dua kumpulan sampel iaitu syarikat dengan kesatuan sekerja dan syarikat tanpa kesatuan sekerja. Diakhir analisa, satu perbandingan dapatan akan dibuat bagi dua kategori syarikat tersebut.

a. Gaji dan manfaat kesejahteraan lainnya dan prestasi ekonomi

Sistem gaji yang adil dalam sesebuah syarikat boleh menjadi daya tarik bagi ramai pekerja mahir untuk bekerja dan didapati mempunyai pengaruh positif terhadap motivasi pekerja dalam bekerja (Skuidene & Auruskeviciene 2012). Melaksanakan CSR-P dengan membayar gaji para pekerja sesuai gaji asas dan memberikan pelan pencen, skim rawatan dan membuat polisi bagi kesejahteraan pekerja dan keluarganya merupakan tanggungjawab sosial syarikat terhadap para pekerja dan didapati mempunyai pengaruh terhadap prestasi kewangan syarikat iaitu pulangan keatas aset, pertumbuhan jualan dan produktiviti (Mohammad et al. 2014; Hernandez et al. 2016; Cavazote & Chang 2016). Berdasarkan perbincangan tersebut, maka hipotesis pertama ialah:

H1: CSR-P(a) dijangkakan mempunyai hubungan positif dengan prestasi ekonomi.

b. Latihan dan pendidikan dan prestasi ekonomi

Dalam usaha tercapainya prestasi ekonomi syarikat memerlukan para pekerja mahir. Melaksanakan CSR-P dengan memberikan latihan dan pendidikan terhadap para pekerja merupakan usaha syarikat bagi mewujudkan para pekerja mahir sehingga para pekerja lebih produktif dan komitmen dalam bekerja (Mory et al. 2015; Cavazote & Chang 2016). Ini bagi mewujudkan daya saing syarikat sehingga dapat tercapainya prestasi syarikat. Kajian lepas mendapati belanja syarikat untuk latihan dan pendidikan para pekerja mempunyai pengaruh signifikan terhadap prestasi syarikat (Hernandez et al. 2016; Cavazote & Chang 2016). Maka, hipotesis kedua yang dibentuk ialah:

H2: CSR-P(b) dijangkakan mempunyai hubungan positif dengan prestasi ekonomi

c. Kesihatan dan keselamatan kerja dan prestasi ekonomi

Penjagaan kesihatan dan keselamatan para perkerja termasuklah mengeluarkan belanja syarikat untuk meningkatkan kesihatan dan keselamatan pekerja, menubuhkan jawatan kuasa polisi keselamatan kerja, mematuhi standard peraturan kesihatan dan keselamatan kerja serta membina persekitaran tempat kerja yang sihat dan selamat (GRI 2007; Aras et al. 2011; Cavazote & Chang 2016). Memberikan jaminan kesihatan dan keselamatan pekerja menjadikan mereka berasa selamat dan berpuas hati terhadap syarikat sehingga mereka lebih bermotivasi. Kajian lepas mendapati kesihatan dan keselamatan pekerja mempunyai pengaruh signifikan terhadap prestasi kewangan syarikat (Mohammad et al. 2014; Hernandez et al. 2016; Cavazote & Chang 2016). Hujah di atas membawa kepada pembentukan hipotesis ketiga seperti berikut:

H3: CSR-P(b) dijangkakan mempunyai hubungan positif dengan prestasi ekonomi

d. Kesamaan jantina, ras dan agama dan prestasi ekonomi

Keadilan kepada setiap pekerja dan tiada diskriminasi, memenuhi hak para pekerja dalam melaksanakan ibadah, hak untuk mengembangkan kerjaya dan memberikan sokongan serta kemudahan para pekerja tanpa membezakan jantina merupakan pelaksanaan CSR-P oleh syarikat (Nejati & Gasemi 2012; Hirigoyen & Rehm 2015; Hernandez et al. 2016). Kajian lepas mendapati keadilan kepada wanita dalam syarikat mempunyai pengaruh positif terhadap nilai syarikat dipasaran modal dan menjadi satu daya tarik bagi para pelabur (Balbanis et al. 1998). Memberikan perlakuan dan kesempatan yang sama kepada para pekerja juga didapati mempunyai pengaruh signifikan terhadap prestasi ekonomi syarikat (Hernandez et al. 2016). Justeru itu, hipotesis terakhir ialah:

H4: CSR-P(d) dijangkakan mempunyai hubungan positif dengan prestasi ekonomi

3. Metodologi

3.1Model kajian

Kajian ini akan mengkaji mengenai pengaruh CSR-P terhadap prestasi ekonomi berdasarkan a) pulangan keatas aset (ROA), b) produktiviti pekerja, dan c) pertumbuhan jualan. Pembolehubah kawalan bagi kajian ini iaitu saiz syarikat, keumpilan dan jenis industry.

Model 1:
ROA = β0 + β1 CSR-P(a) + β2CSR-P(b) + β3CSR-P(c) + β4CSR-P(d) + β5 Saiz + β6 Keumpilan + β7 Jenis Industri + εi

Model 2:
Produktiviti Pekerja = β0 + β1 CSR-P(a) + β2CSR-P(b) + β3CSR-P(c) + β4CSR-P(d) + β5 Saiz + β6 Keumpilan + β7 Jenis Industri + εi

Model 3:
Pertumbuhan Jualan = β0 + β1 CSR-P(a) + β2CSR-P(b) + β3CSR-P(c) + β4CSR-P(d) + β5 Saiz + β6 Keumpilan + β7 Jenis Industri + εi

CSR-P dalam kajian ini terdiri daripada 41 item yang dikategorikan kepada empat dimensi utama iaitu a) gaji dan kesejahteraan lainnya, b) kesihatan dan keselamatan pekerja, c) pendidikan dan latihan kerja, dan c) kesamaan jantina, kaum dan agama. Item CSR-P ini dibentuk daripada beberapa item yang telah digunakan oleh para pengkaji lepas (Mohammad et al. (2014); Cavazote & Chang (2016); Balbanis et al. (1998) dengan memberikan beberapa penambahan item.

3.2 Pemilihan sampel dan pengumpulan data

Kajian ini menggunakan data laporan tahunan syarikat yang tersenarai di papan utama Bursa Saham Indonesia bagi tahun 2015, 2016 dan 2017 bagi memeriksa amalan CSR-P. Sampel dengan data lengkap untuk tempoh tersebut ialah 303 sampel syarikat namun dikurang kepada 297 sampel syarikat ekoran ketiadaan maklumat. Sampel tersebut dibahagikan kedalam dua kelompok iaitu sebanyak 132 syarikat yang mempunyai kesatuan sekerja dan 165 syarikat yang tidak kesatuan sekerja.

4. Dapatan kajian

Berdasarkan Jadual 1, kepencongan bagi semua data pemboleh ubah yang dikaji dalam kajian ini berada pada julat -1 dan 1, nilai kepencongan paling tinggi iaitu 1 bagi pemboleh ubah pertumbuhan jualan dan paling rendah -0.75 bagi pemboleh ubah produktiviti pekerja. Berdasarkan kepada Hair et al. (2014) nilai kepencongan dalam kajian ini menunjukkan data kajian yang bertaburan normal. Data yang bertaburan normal ini menunjukkan tidak wujudnya outliers daripada data kajian.

Jadual 1: Statistik Deskriptif

	n	***Min***	***Maks***	***Purata***	***Sisihan Piawai***	***Kepencongan***	***Kurtosis***
CSR-P(a)	297	5	12	9.51	1.82	-.47	-.39
CSR-P(b)	297	5	13	9.71	1.83	-.27	-.38
CSR-P(c)	297	5	12	9.12	2.26	-.55	-.64
CSR-P(d)	297	2	4	2.99	.76	.02	-1.28
ROA	297	-37.60	64.00	6.47	12.25	.998	8.34
Pertumbuhan Jualan	297	-26.96	90.50	11.59	19.36	1.00	4.40

Produktiviti Pekerja	297	5.42	12.34	8.86	1.09	-.75	1.93
Saiz	297	1.80	5.36	3.48	.64	.36	.18
							1.58
Keumpilan	297	.02	147.00	24.61	30.06	.995	

	Kekerapan	***%***		***Kekerapan***	***%***
Kesatuan sekerja:			*Industri :*		
Ada	132	44.4	*Sumber daya alam*	78	26.3
Tidak ada	165	55.6	*Perkilangan*	102	34.3
			Perkhidmatan	117	39.4
Jumlah	297	100		297	100

Masalah multikoliniearitи juga tidak wujud kerana korelasi diantara pemboleh ubah bebas seperti Jadual 2. Korelasi yang paling tinggi iaitu diantara pemboleh ubah CSR-P(b) dengan pemboleh ubah CSR-P(c) sebesar 0.280. Nilai ini sangat kecil jauh dibawah nilai 0.80, ini menunjukkan bahawa tidak wujud masalah multikoliniearitи.

Jadual 2: Keputusan Ujian Korelasi Di antara Pemboleh Ubah Tidak Bersandar

	CSRP-(a)	*CSR-P(b)*	*CSR-P(c)*	*CSR-P(d)*	*Saiz*	*Keumpilan*
CSR-P(a)	1.000	.075	.262	-.084	.021	.020
CSR-P(b)	.075	1.000	.280	-.240	.038	-.010
CSR-P(c)	.262	.280	1.000	-.210	-.080	.061
CSR-P(d)	-.084	-.240	-.210	1.000	-.121	-.050
Saiz	.021	.038	-.080	-.121	1.000	.196
Keumpilan	.020	-.010	.061	-.050	.196	1.000

Analisis regresi berganda dijalankan berdasarkan sampel syarikat dengan dan tanpa kewujudan kesatuan sekerja syarikat seperti Jadual 3 dan Jadual 4. Jadual 3 memaparkan ujian regresi berganda pada syarikat yang mempunyai kesatuan sekerja yang menunjukan nilai R^2 =0.076; 0.034 dan 0.085 untuk ROA, pertumbuhan jualan dan produktiviti pekerja. Jadual 3 mendapati tiga dapatan kajian signifikan positif pada tahap $p<0.1$ iaitu CSR-P(a) dengan nilai t = 1.717 dan CSR-P(c) dengan nilai t = 1.624 terhadap ROA dan CSR-P(d) dengan nilai t = 1.793 terhadap pertumbuhan jualan dan satu dapatan kajian signifikan positif pada tahap $p < 0.5$ iaitu CSR-P(a) dengan nilai t = 2.119 terhadap produktiviti pekerja pada syarikat dengan kehadiran kesatuan sekerja. Keempat dapatan kajian ini menunjukkan bahawa H1, H3 dan H4 disokong. Semakin tinggi CSR-P(a), CSR-P(c) dan CSR-P(d) maka akan semakin tinggi ROA, pertumbuhan jualan dan produktiviti pekerja. Satu hipotesis iaitu H2 ditolak karena

didapati mempunyai pengaruh tidak signifikan iaitu pengaruh CSR-P(b) terhadap tiga pemboleh ubah bersandar prestasi ekonomi diantaranya ROA, produktiviti pekerja dan pertumbuhan jualan, semakin tinggi CSR-P(b) maka semakin rendah prestasi ekonomi.

Jadual 3: Keputusan Ujian Regresi Berganda Pada Syarikat Dengan Kewujudan Kesatuan Sekerja

Pemboleh ubah	**Pulangan ke atas aset**	**Pertumbuhan jualan**	**Produktiviti pekerja**
CSR-P(a)	(1.717)*	0.767	(2.119)**
CSR-P(b)	1.182	0.660	0.463
CSR-P(c)	(1.624)*	0.832	1.290
CSR-P(d)	0.941	(1.793)*	1.108
Saiz	(2.038)**	0.135	(4.545)***
Keumpilan	1.477	-1.015	-0.976
Industri sumber daya alam	-1.028	0.500	-0.200
Industri Perkhidmatan	(2.675)***	1.433	1.644
Industri Perkilangan	-1.093	-0.742	-0.742
R^2	0.076	0.034	0.085

***Signifikan pada tahap p<0.01; **Signifikan pada tahap p<0.05; *Signifikan pada tahap p<0.1.

Jadual 4. Keputusan Ujian Regresi Berganda Pada Syarikat Tanpa Kewujudan Kesatuan Sekerja Syarikat

Pemboleh ubah	**Pulangan ke atas aset**	**Pertumbuhan jualan**	**Produktiviti pekerja**
CSR-P(a)	1.600	0.556	0.509
CSR-P(b)	-0.485	-0.696	1.085
CSR-P(c)	(2.025)**	-1.211	-0.336
CSR-P(d)	0.144	1.185	0.009
Saiz	-(2.051)**	-0.635	-(3.968)***
Keumpilan	-1.085	-1.923	-0.989
Industri sumber daya alam	-(2.008)**	0.814	-0.726
Industri Perkhidmatan	0.422	0.306	0.759
Industri Perkilangan	-(3.733)***	-1.409	-(1.792)*
R^2	0.112	0.050	0.087

***Signifikan pada tahap p<0.01; **Signifikan pada tahap p<0.05; *Signifikan pada tahap p<0.1.

Berdasarkan Jadual 4 uji regresi berganda tanpa kehadiran kesatuan sekerja, dapatan kajian menunjukkan nilai R^2 = 0.112; 0.050 dan 0.087 bagi pembolehubah ROA, pertumbuhan jualan dan produktiviti pekerja. Jadual 4 juga menunjukkan satu sahaja dapatan signifikan iaitu pengaruh signifikan positif CSR-P(C) terhadap ROA pada tahap $p<0.05$ dan nilai $t=2.025$. Semakin tinggi CSR-P(C) maka akan semakin tinggi ROA, Hipotesis H3 diterima. Dapatan kajian lainnya menunjukkan pengaruh tidak signifikan CSR-P(a), CSR-P(b) dan CSR-P(d) terhadap ROA, produktiviti pekerja dan pertumbuhan jualan pada syarikat tanpa kehadiran kesatuan sekerja. Ini memberi makna Hipotesis H1, H2 dan H4 ditolak.

5. Perbincangan hasil kajian

Jadual 3 memaparkan dapatan kajian analisis regresi berganda pada syarikat dengan kehadiran kesatuan sekerja, kajian mendapati CSR-P(a) mempunyai pengaruh positif yang signifikan terhadap ROA dan produktiviti pekerja. Kajian juga mendapati CSR-P(c) mempunyai pengaruh positif yang signifikan terhadap prestasi ekonomi iaitu ROA. Selanjutnya Jadual 4 menunjukan dapatan kajian uji regresi berganda pengaruh CSR-P terhadap prestasi ekonomi pada syarikat tanpa kehadiran kesatuan sekerja. Kajian mendapati CSR-P(c) mempunyai pengaruh positif yang signifikan terhadap ROA. Pelaksanaan CSR-P dengan melaksanakan CSR-P(a) bagi setiap negara biasanya sudah diatur dan ditetapkan jumlahnya oleh kerajaan dalam peraturan dan undang-undang sehingga setiap syarikat harus melaksanakannya apabila tidak ingin berdepan dengan hukum kerajaan (ILO 2015). Demikian pula dengan negara Indonesia, masalah gaji merupakan isu kepentingan ekonomi para pekerja yang sudah ditetapkan besarannya oleh pihak pemerintah (kerajaan) Indonesia (ILO 2015). Apabila gaji dan kesejahteraan pekerja terpenuhi dengan baik maka pekerja akan mendapatkan kesejahteraan yang baik sehingga meningkatnya ROA syarikat. Selanjutnya melaksanakan CSR-P(c) dengan mengeluarkan perbelanjaan bagi penjagaan kesihatan pekerja, tempat kerja yang selamat dan syarikat mematuhi standard peraturan kesihatan dan keselamatan kerja akan menjadikan pekerja berasa selamat dan berpuas hati dengan layanan kesihatan dan keselamatan kerja daripada syarikat. Ini membolehkan mereka bekerja dengan selesa, sihat dan selamat seterusnya dapat mempunyai pengaruh terhadap peningkatan prestasi syarikat (GRI 2007; Aras et al. 2011; Mohammad et al. 2014; Hernandez et al. 2014).

Selain itu, Jadual 3 juga menunjukkan dapatan kajian positif yang signifikan CSR-P(d) terhadap pertumbuhan jualan. Dapatan kajian ini menyokong dapatan kajian sebelumnya oleh Balabanis et al. (1998) yang mendapati memberikan perhatian terhadap kedudukan pekerja perempuan dalam syarikat mempunyai pengaruh positif yang signifikan terhadap syarikat dipasaran modal. Selanjutnya Hernandez et al. (2016) juga mendapati pelaksanaan CSR-P salah satunya dengan memberikan kesempatan yang sama terhadap para pekerja mempunyai pengaruh positif yang signifikan terhadap prestasi ekonomi syarikat. Memberikan perlakuan yang adil dan tidak diskriminasi terhadap para pekerja merupakan wujud pelaksanaan CSR-P oleh syarikat. Beberapa amalan tersebut seperti memenuhi hak para pekerja seperti hak untuk beribadah, hak untuk mengembangkan kerjaya tanpa membezakan antara laki-laki dan perempuan (ILO 2015; Hirigoyen & Rehm 2015; Hernandez et al. 2016). Indonesia merupakan negara yang terdiri daripada pelbagai kaum dan agama (ILO 2015). Kepelbagaian ini akan menjadi isu sensitif apabila tidak diurus dengan baik. Oleh itu diperlukan perlakuan yang sama, adil dan tidak diskriminasi terhadap para pekerja (Hernandez et al. 2016; Morogo et al. 2016).

Kelima-lima dapatan kajian yang signifikan ini memberikan bukti dan sokongan terhadap Teori Pihak Berkepentingan Freeman (1984) dan Ullmann (1985) yang menyatakan bahawa pihak berkepentingan merupakan sumber daya kritikal bagi pencapaian prestasi ekonomi syarikat kerana mereka mempunyai pengaruh bagi terpenuhinya sumber yang diperlukan oleh syarikat. Melaksanakan CSR merupakan cara terbaik bagi bertindak balas terhadap tuntutan pihak berkepentingan dan bagi tercapainya prestasi ekonomi syarikat (Robert 1992). Pekerja merupakan salah satu pihak berkepentingan bagi syarikat, oleh itu adalah penting bagi syarikat untuk melaksanakan CSR terhadap para pekerja (Tamm et al. 2010).

Perbandingan antara dapatan kajian seperti Jadual 3 (syarikat dengan kehadiran kesatuan sekerja) dan Jadual 4 (syarikat tanpa kehadiran kesatuan sekerja), didapati hubungan positif yang signifikan lebih banyak dalam kumpulan syarikat dengan kehadiran kesatuan sekerja berbanding pada syarikat tanpa kesatuan sekerja. Pada syarikat dengan kehadiran kesatuan sekerja didapati empat pengaruh signifikan iaitu pengaruh CSR-P(a) terhadap ROA dan produktiviti pekerja, CSR-P(c) terhadap ROA dan CSR-P(d) terhadap pertumbuhan jualan dan pada syarikat tanpa kehadiran kesatuan sekerja didapati satu sahaja pengaruh postif yang signifikan iaitu CSR-P(c) terhadap ROA. Dapatan kajian ini menunjukkan bahawa pengaruh positif yang signifikan pada syarikat dengan kesatuan sekerja lebih banyak berbanding pada syarikat tanpa kesatuan sekerja. Ini kemungkinan kerana pada

syarikat tanpa kesatuan sekerja hubungan diantara pihak kesatuan sekerja dengan pihak syarikat kurang harmoni sehingga pihak syarikat menolak kehadiran kesatuan sekerja dalam syarikat serta tidak bersedia ataupun menolak untuk mengadakan perundingan dan dialog dengan kesatuan sekerja. Oleh itu, kesatuan sekerja tidak dapat menyampaikan tuntutannya kepada pihak syarikat bagi memperjuangkan kesejahteraan sosial dan kepentingan para pekerja. Hal ini dapat mengakibatkan pihak syarikat kurang memberikan perhatiannya terhadap pelaksanaan CSR-P sehingga para pekerja kurang sejahtera dan kurang termotivasi dalam bekerja seterusnya akan mengakibatkan penurunnya prestasi ekonomi syarikat (Laroche & Wechtler 2001; Skudiene & Auruskeviciene 2012; Mory et al. 2015).

Berdasarkan Teori Pihak Berkepentingan Freeman (1984), pihak berkepentingan merupakan pihak yang dapat mempengaruhi dan dipengaruhi pencapaian objektif syarikat atau prestasi syarikat (Robert 1992). Kesatuan sekerja merupakan salah satu pihak berkepentingan sehingga dapat mempunyai pengaruh terhadap pencapaian prestasi ekonomi syarikat (Chanzi 2017). Bagi syarikat dengan kehadiran kesatuan sekerja pada Jadual 3 didapati lebih banyak dapatan positif yang signifikan berbanding pada syarikat tanpa kesatuan sekerja. Ini kemungkinan karena pihak syarikat bersedia untuk menerima kehadiran kesatuan sekerja, bersedia mengadakan dialog dan perundingan bersama kesatuan sekerja sebagai wakil daripada para pekerja. Kesatuan sekerja dapat melakukan pendekatan kolektif terhadap syarikat bagi memperjuangkan hak dan kepentingan para pekerja diantaranya menuntut gaji yang munasabah bagi para pekerja, kebajikan yang adil, dan memastikan persekitaran tempat kerja yang sihat dan selamat (Mara et al. 2017). Selain itu, Kesatuan sekerja juga dapat berkomunikasi yang baik dengan para pekerja sehingga kehadiran kesatuan sekerja pada syarikat dapat membantu menyelesaikan permasalahan diantara para pekerja dengan syarikat. Terwujudnya hubungan baik, harmoni dan dinamik diantara para pekerja dengan pihak syarikat sehingga dapat tercapainya prestasi ekonomi syarikat yang tinggi (Simanjuntak 2002; Chun et al. 2015; Chanzi 2017).

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The Mediating Effect of Leverage between the Relationship of Corporate Social Responsibility and Financial Performance: Malaysian Evidence

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Abstract

The influence of corporate social responsibility (CSR) performance and firm leverage on financial performance have long been critical with regard to financial decision making. The greater the CSR performance of a company, the lower would be expected in terms of the cost of capital which motivates company to opt for debt, with higher debt, thus the higher is the financial performance of a company. However, when the firm leverage increases, both agency and bankruptcy costs increase rapidly as a result. Since firm leverage could have potential negative influence on financial performance, firm leverage could potentially become the mediator variable in the influence of CSR and financial performance. This study examines if there is a mediating role played by leverage between the CSR and financial performance. In this paper we use environmental, social and governance (ESG) rating as a proxy for CSR, total debt ratio as proxy for leverage and Return on Asset (ROA) and Return on Equity (ROE) as measures for firm financial performance. The results show that there is significantly positive relationship between CSR and firm financial performance as well as between leverage and financial performance. Even though there is positive relationship between CSR and leverage, the influence is insignificant. Thus, there is no mediation role played by the leverage between CSR and financial performance. The insignificant mediating role of leverage could possibly due to average low debt ratio among companies in the sample.

Keywords: CSR, leverage, mediation effects, Malaysian companies, PLS-SEM

1. Introduction

Empirical studies found that the relationship between corporate social responsibility (CSR) performance and firm financial performance has been contradicted, with some studies reporting a negative (Brammer, Brooks & Pavelin 2006), some neutral (Aupperle et al., 1985; Fauzi, 2009; Mulyadi & Anwar, 2012) and many positive relationships (Flammer, 2013; Goll & Rasheed, 2004; Tsoutsoura, 2004). Previous calls for research that directly examines how CSR influences firm leverage (such as Kempf and Osthoff, 2007; Sharfman and Fernando, 2008), and how firm leverage influences firm financial performance. To the best of our knowledge, no studies particularly in developing countries (i.e., Malaysia) have examined the overall model of CSR, leverage and firm financial performance simultaneously. By considering gaps in previous studies, this research aims to answer the following research questions discussed below.

The terms indirect and mediator are interchangeable. In a situation where a variable X is hypothesized to exert an effect on criterion variable Y through a third variable (one or more intervening variables), the third variable is

referred to as the mediator variable. We highlight the impact of the CSR on financial performance as mediated by firm leverage. This assumes that a firm's financing structure influences the way in which the CSR impact on firm financial performance. For example, with respect to adopting the CSR activities involves costs. These costs might be short term in nature or continuous outflows that might involve such as, the purchase of new environmentally friendly equipment, the implementation of stricter quality controls or the cost that can change the management structures. Thus, firm would seek to increase their capital structure level. This is consistent with the agency theory in that it can reduce the agency cost of debt which will in turn, generate more productivity in the value of the firm. This high level of performance in the CSR may also indicate a good reputation in getting funds, and thus is useful for a profitable project leading to more returns.

Ultimately, since CSR involves costs, it ought to generate benefits as well create the high business performance. A firm could not continue policy that constantly generates negative cash flows. Because, the shareholders will invest their money in a firm which result expecting the highest possible risk adjusted return. Therefore, being socially responsible is essential in order to be creating a high profitable firm. Harris and Raviv (1991) also argue that debt could give information to the investors about the firm's quality, management and efficiency strategy. Therefore, the way a firm finance its projects and investment through its financing structure is based on CSR implementation is essential to generate high corporate performance. This is consistent with the free cash flow theory of Jensen (1986, p.323)*"…the problem is how to motivate managers to disgorge the cash rather than investing it at below the cost of capital or wasting it on organisation inefficiencies".* Thus, inappropriate capital structure financing might create pressure to generate cash flows because of high debt servicing. Therefore, it is hypothesized that firm leverage has mediation effect on CSR and firm financial performance. To the best of our knowledge, no study investigates the mediating effect of firm leverage between CSR and firm financial performance. This gap in the literature gives valuable opportunities for this CSR perspective. Therefore, the research question is whether leverage mediate the effect of CSR on firm financial performance. If so, in what ways?

It is argued that CSR shares the same underlying principles with social responsibility. However, conventional finance theory suggests corporate sector to employ high leverage to enhance the firm value. Therefore, this is important to seek how firm leverage influence the relationship between CSR activities and firm financial performance. Building on the theoretical frameworks, we hypothesize that:

The debate above provides motivation for this research to be undertaken to investigate on how the firm financial decision (leverage) can influence the relationship between CSR and firm financial performance.

In order to examine the simultaneous of mediation effects and considering the gaps in previous studies, this study has developed the following research objectives:

(i) To investigate the direct effect between CSR and firm financial performance of the Malaysian companies (c).
(ii) To examine the relationship between CSR and firm leverage of the Malaysian companies (a).
(iii) To investigate the relationship between the firm leverage and firm financial performance of the Malaysian companies (b).
(iv) To examine the mediation effects of firm leverage between the relationship of CSR and firm financial performance from the perspective of the Malaysian companies (a-b-c).

The remainder of this paper is organised as follows. The next section discusses the relevant literature related to the relationship between CSR, firm leverage and financial performance. Then, the following section describes the method of research. Following that, the data analysis and empirical results analysis are discussed. The final section presents the conclusions of the study.

2. Literature Review and Research Hypothesis

In accounting and finance disciplines, research in CSR is centred in the motivation or the factors that drives firms to act socially responsible, the relationship between CSR acts and firm financial performance, implications or consequences of CSR and also CSR disclosure and assurance (Huang & Watson, 2015). The central question to ask is what motivates firms to engage in CSR. There are several motivations cited in the literature, among others are pressures from stakeholders, the institutionalisation of CSR and CSR efforts by managers for maximising shareholders wealth.

Second important research question is the relationship between CSR and financial performance. To date, this line of research has produced mixed findings. This may be due to the contrasting theoretical view on the CSR-financial performance relationship, differences in definition and measures of CSR and CFP as well as in terms of research design.

Another fundamental important line of research is the implication of CSR. Despite extensive amount of works, the question remains unanswered as it fails to provide a definitive answer. Traditional finance argues that CSR may impose unnecessary costs to a firm (e.g., Galaskiewicz, 1997; Clotfelter, 1985; Navarro, 1988) and thus hinder its ability to access capital. However, using stakeholder theory, high CSR performance could reduce information asymmetry due to increased transparency, and reduce agency cost due to enhanced stakeholder engagement. These could result in better access to finance (lower capital constraints) at lower cost of capital (See Cheng et al, 2014). Similarly, Dhaliwal et al. (2014) find a negative association between CSR disclosure and the cost of equity capital.

Finally, are issues related to CSR disclosure and assurance. In this stream of literature among others discusses the quality of CSR disclosure and how it affects reduce the information asymmetry, reduce shock in stock price, helping firms reducing their cost of capital and its usefulness to the analysts. CSR disclosure could also play roles as private information and the interest is to see whether capital market price this information and if yes, how they price these information, both, mandatory and voluntary disclosures.

In this research, our focus is to contribute to the second and third line of research questions. We argue that firms with better CSR performance face lower capital constraints, and low cost of capital due to several reasons. First, a firm which is actively engage with its stakeholder would have relatively increased size of investor base that will result in lower cost of capital and higher market value for the firm. Secondly, firms with higher CSR performance are more transparent which reduce information asymmetry and lower cost of capital (See Cheng et al, 2014 and Dhaliwal et al., 2014).

2.1 CSR and financial performance - c

Prior studies have suggested a number of measures for CSR performance: forced-choice survey instruments (Aupperle, 1991; Aupperle et al., 1985), the Fortune reputational and social responsibility index or Moskowitz's reputational scales (Bowman and Haire, 1975; McGuire, Sundgren, and Schneeweis, 1988; Preston and O'Bannon, 1997), content analysis of corporate documents (Wolfe, 1991), behavioral and perceptual measures (Wokutch and McKinney, 1991), and case study methodologies (Clarkson, 1991).

Performance measurement is a wide topic and different people use different meanings (Miller, 2005). Accounting-based and market-based measures are widely accepted for the indicators of firm financial performance. Accounting measures reflect the accomplishment of the firm management based on past and current performance, while market measures reflect of firm's future performance. Hoskisson et al. (1999) claim that neither accounting, nor market measures are perfect and both measurements are recognized as valid measures of CFP. In this research, we use accounting-based performance because it is suited with the research's objective in estimating how efficiently a manager maximizes the corporate social responsibility activities and uses resources to produce outputs and create shareholder value. The main benefit of using financial accounting measurements is that they are commonly used to represent a meaningful benchmark for identifying shareholder value. The indicators of firm financial performance are closely related to shareholder value, which is driven by investors. Superior returns that can create greater shareholder value through the firm's management are the key goal for the investors to invest in the firm that can maintain its competitive advantage and strong future cash flow. Net income is the best proxy for this research, because this proxy is related to the ability of a company to distribute a return to the equity holders. Net income can be defined as the excess revenue and other sources of income gained from a business activity after deducting all expenses, costs and taxes. Based on Brigham and Ehrhardt (2005), net income is useful to compare how good the performance of the company is in using its assets, equity, and investments with the sales that company has achieved. Proxies for corporate financial performance are measured by the return on equity (ROE), return on assets (ROA), and return on investment (ROIC).

Based on the above, we hypothesize that there is a positive relationship between CSR and firm financial performance.

2.2 CSR and leverage – a

Firms with better CSR performance face lower capital constraints, and low cost of capital due to several reasons. First, a firm which is actively engage with its stakeholder would have relatively increased size of investor base that will result in lower cost of capital and higher market value for the firm. Secondly, firms with higher CSR performance are more transparent which reduce information asymmetry and lower cost of capital (See Cheng et al, 2014 and Dhaliwal et al., (2014). Thus, we hypothesise that firms with high CSR activities, will take advantage of debt for their financing as they enjoy lower cost of capital.

2.3 Leverage and financial performance - b

Firm leverage refers to capital structure of the firm. Capital structure defines as how a firm finances its overall growth and operations by using different sources of funds. It can be also defined as the permanent mix of long-term financing (i.e. long-term notes payable or bond issues), short term debt (i.e. working capital), common equity and preferred equity. A firm can go for different levels of mixtures of equity, debt and/or other financial facilities that emphasize maximizing the firm value. This is important because it may affect investor return and assessments of the firm's efficiency in dealing with a competitive environment (Simerly and Li, 2000). There is no standardized capital structure for all firms; the financial decisions can differ by which risk and cost can be minimized to achieve higher profits, and consequently enhance value for shareholders.

Chen (2004) and Huang and Song (2006) use the total debt ratio and Allen (1991) and Ooi (1999) use the equity ratio in their studies on firm capital structure. Some studies argue that book leverage is a better measure to identify a firm's asset value. However, some studies dispute that market leverage provides a more realistic measurement for firm leverage because it closely reflects the intrinsic value and potential for future leverage (Kayo and Kimura, 2011; Welch, 2004). Therefore, we measure firm capital structure in two ways, that is, book value and market value. The indicators of capital structure are the book and market value for a firm's long-term, short-term and total debt to capital.

The seminal work of Modigliani and Miller (1958) assumes that a firm's capital structure is independent of the firm value and does not matter in a perfect market, with no tax, bankruptcy cost, and agency cost or information asymmetry. Unfortunately, in reality, because of market imperfections, the capital structure of a firm considerably affects the firm value. With the modified theory of Modigliani and Miller (1963) using liabilities, firm value leads to a positive relationship via the firms' reduction in taxation.

The relationship between firm capital structure and corporate financial performance is central in addressing the agency cost. Previous studies showed contradictory results about the relationship between firm capital structure and corporate financial performance. McConnell and Serves (1995) and Dessi and Robertson (2003), using the U.S. and U.K. firms, respectively, split the data into 'low growth' and 'high growth' for an indicator of corporate financial performance of Tobin's Q, with a range of variables including debt. They find different results: McConnell and Serves (1995) claim that low growth firms tend to have less debt in their capital structure, which is consistent with Jensen's free cash flow hypothesis but contrasts with Dessi and Robertson (2003). According to Jensen's hypothesis, debt may act as a valuable managerial incentive mechanism for firms with large cash flows and few growth opportunities because of the inducement to management to pay out cash in the future, rather than investing in unprofitable projects compliant with extensive private benefit (Jensen and Meckling, 1976). McConnell and Serves (1995) also find that high growth firms are consistent with the Myers (1977) hypothesis that 'too much' debt induces managers (acting in shareholders' interests) to by-pass positive net present value projects. This contrasts with Dessi and Robertson (2003) who find that firms with more volatile cash flows tend to have more debt in their capital structure, which is predicted by agency theory. Moreover, Berger and Bonaccorsi di Patti (2006) and Margaritis and Psillaki (2007, 2010) use the profit X (efficiency indicator) for their performance measurement, and find that high leverage or lower equity ratio is associated with higher profit efficiency over almost the entire range of observed data. This finding is consistent with the agency cost hypothesis. Other studies reveal that high capital structure leads to lower performance, thus indicating a negative relationship (Abor, 2005; Booth et al., 2001; Ramadhan et al., 2012), that is, consistent with the Pecking Order Theory (POT). Ramadhan et al. (2012) who examined the U.K. market, find a significant negative relationship between firm capital structure and corporate financial performance

because the U.K. market uses other mechanisms such remuneration to enhance performance. Myers (2001) acknowledges that capital structure is not the only way to explain the financing of a firm, thus explaining the contradictory results.

In addition, by the signal theory from the asymmetric information model, the use of debt can give managers a signal to act to differentiate their firm from weaker competitors. For example, the use of debt indicates good news that shows the firm is doing well and has the ability to commit to debt payment and thus enhance confidence in the future. Investors are thus encouraged to invest in that firm and the firm's performance increases. In contrast, an equity signal is assumed to be bad news because the manager cannot hold debt to pay off costs and, thus, it is postulated that future earnings will probably decline. Then, investors are assumed to be discouraged from investing in the firm leading to poor performance. Therefore, this model is expected to show a positive relationship between firm capital structure and performance. Harris and Raviv (1991) also argue that debt could give information to the investor about a firm's quality, management and efficiency strategy. Similarly with the Trade-Off Theory (TOT) and Miller (1977), there will be a positive relationship between firm capital structure and corporate financial performance where a firm has the incentive to use debt, because of the benefit of interest deduction thus leading to a positive relationship. Consequently, it is hypothesized that there is a positive relationship between financial leverage and firm financial performance.

The overall hypothesis is to examine the mediation effects of firm leverage between the relationship of corporate social responsibility and firm performance from the perspective of the Malaysian companies (a-b-c).

3. Theoretical Framework

Empirical studies found that the relationship between CSR and financial performance has been contradicted, with some studies reporting a negative (Brammer, Brooks & Pavelin 2006), some neutral (Aupperle et al., 1985; Fauzi, 2009; Mulyadi & Anwar, 2012) and many positive relationships (Flammer, 2013; Goll & Rasheed, 2004; Tsoutsoura, 2004). Previous calls for research that directly examines how CSR influences firm leverage (such as Kempf and Osthoff, 2007; Sharfman and Fernando, 2008), and how firm leverage influences firm financial performance. However, to the best of our knowledge, no particularly in Malaysia has examined the model of mediation effect of financial leverage between the relationship CSR and firm financial performance from Malaysian companies. In this research we seek to answer this call. Building on the theoretical frameworks, we hypothesize that, high CSR firms have lower cost of equity capital than low CSR firms and ultimately, will lead to high firm financial performance.

The mediation proposed framework consists of three constructs: CSR, financial leverage and firm financial performance.

Mathematically the above figure can be described as:

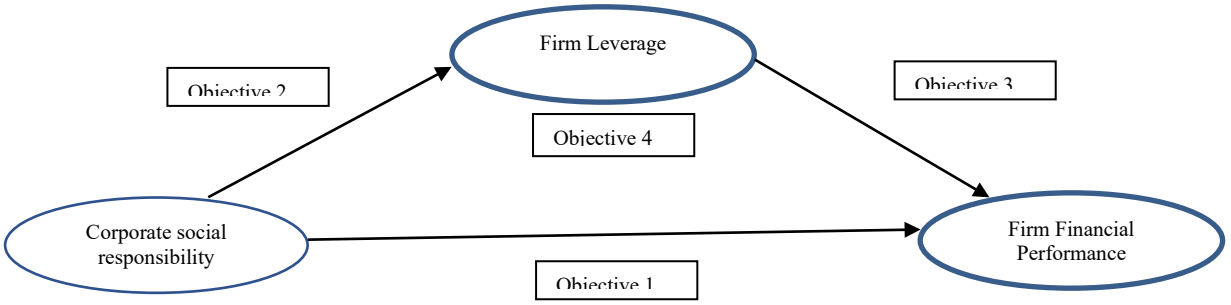
$$Y=\beta_0+\beta X+\beta M+\varepsilon \quad (1)$$

where is the endogenous latent variable, is the vector matrix of regression coefficients to the vector of exogenous latent variables X and M, and is the residual for the structural equation model (inner model). For example, in this study, the path coefficient relationship "a" is between the corporate social responsibility (X) and corporate financing decision (M), the path coefficient relationship "b" is between corporate financing decision (M) and corporate financial performance (Y) and the path coefficient relationship "c" is between the corporate social responsibility (X) and corporate financial performance (Y). Corporate financing decision (M) is assumed to be mediated by the direct relationship between the corporate social responsibility (X) and corporate financial performance (Y). For instance, although the use of a higher leverage or a lower equity capital ratio can increase corporate financial performance, the firm may also consider the performance of the corporate social responsibility to the enhance shareholders' wealth. In other words, the role high performance in corporate social responsibility will lead to an increase in the corporate financial performance via increases in its leverage.

3.1 Indirect/mediation effects

The terms indirect and mediator are interchangeable. In a situation where a variable X is hypothesized to exert an effect on criterion variable Y through a third variable (one or more intervening variables), the third variable is referred to as the mediator variable. **We examine the impact of the CSR on firm financial performance as mediated by firm leverage.** This assumes that a firm's financing structure influences the way in which CSR impact on firm financial performance. Firms with higher CSR activities potentially enjoy lower cost of capital and thus have tendency to support higher debt levels. This is consistent with the Agency Theory in that it can reduce the agency cost of debt which will in turn, generate more productivity in the value of the firm. This high level of CSR activities may also indicate a good reputation in getting funds, and thus is useful for a profitable project leading to more returns. Majority of studies investigate the direct effect between CSR and firm leverage and firm performance. To the best of our knowledge, there is no study done to investigate the mediating role of leverage between CSR and firm performance. This gap in the literature gives valuable opportunities for this capital structure study, especially from the perspective of Malaysian companies. Therefore, it is hypothesized that firm leverage has an indirect/mediation effect on CSR activities and firm financial performance for Malaysian companies. Figure 1 shows that this study has total of 3 constructs (Latent Variables), namely, CSR, firm leverage and firm financial performance. The diagram explains the simultaneous of mediation effects for research objectives of the study; (i) objective 1 is the path coefficient from the CSR to firm financial performance, (ii) objective 2 is the path coefficient from CSR to firm leverage, (iii) objective 3 is the path coefficient from the firm leverage to firm financial performance, and objective 4 is the mediation effect of firm leverage between the relationship of CSR and firm financial performance.

Figure 1: Construct of the mediation effects



4. Methodology

In this study, firm leverage (M) is the mediator variable for the relationship between corporate social responsibility (X) and firm financial performance (Y).

X, M and Y are referred to as latent variables that will be measured by manifest indicators, $x_1..x_3$, $m_1..m_3$ and $y_1..y_3$, respectively.

The measurement equation can be expressed as:

Let's say $x_i = \lambda_{i1} X_1 + \varepsilon_{i1}$ (2)

Where;

i) x_{i1} is the vector of the i^{th} manifest indicator of the vector of the latent variable of X_i,

ii) λ_{i1} is the matrix of factors loading for the i^{th} manifest indicator of x_{i1} to the latent variable of X_i (a matrix of regression coefficient of x_{i1} on X_i) and;

iii) ε_{i1} is a vector of the measurement error in the model.

The measurement model represents the measurement model for X corporate social responsibility. This equation can be represented according to the symbol for the manifest indicator, and the measurement error in the path diagram, e.g., the symbols for the indicator and measurement error for firm leverage (Debt ratio) are *m* and *ε,* and for firm financial performance (ROA, ROE and ROIC) are *y* and *ε*.

The structural model equation is:

$$Y=\beta_0 + \beta X + \beta M + \varepsilon \quad (3)$$

Where;

i) Y is the endogenous latent variable,

ii) β is the vector matrix of regression coefficient to the vector of exogenous latent variables X and M, and;

iii) ε is the residual for the structural equation model (inner model). The standard error and the estimation parameter in the measurement and structural models are estimates using the bootstrap procedure.

4.1 Data and sample measurement

In this research, we use ESG score as the CSR performance score which is obtained from Thomson Reuters ASSET4. It is a panel dataset with environmental, social and governance (ESG) performance scores. Thomson Reuters ASSET4 is a Swiss-based company that specializes in providing objective, relevant, auditable, and systematic ESG information and investment analysis tools to professional investors who build their portfolios by integrating ESG data into their traditional investment analysis. Islamic CSR activities such as zakah, waqaf and sadaqah will fall under social performance score. The sample is limited to selected companies listed, with ESG scores, in the Bursa Malaysia from 2008 to 2018.

We use the PLS-SEM approach in SmartPLS software 3.0 M3. PLS-SEM for the sample period is from 2008 to 2018 with total number of samples of 29 companies. From the total sample, any data that were not complete records were excluded from the analysis. Financial firms such as banks, insurance companies and investment companies, which generally have different characteristics from other companies, and might be affected by their regulations' requirements (e.g., minimum capital required) have also been excluded. The study has 3 constructs (LVs) for 5 indicators whose proxies have been calculated (see Table 1).

The three constructs (LVs) namely, CSR, firm leverage and firm financial performance. This study model specification for PLS-SEM includes the measurement model (e.g. formative and reflective construct) and structural model. The measurement model consists of three reflective constructs which are CSR, firm financial leverage and firm financial performance. The structural model is the path coefficient between the latent variable of the exogenous variable (i.e., CSR) and the endogenous variable which consists of firm leverage and firm financial performance. The firm leverage is a reflective indicator which is total debt ratio (TDR), while the firm financial performance has three reflective indicators, namely the return on equity (ROE), return on assets (ROA) and return on invested capital (ROIC).

Some studies argue that book leverage is a better measure to identify a firm's asset value. This is because it can capture the firm's assets in place rather than discretionary investment growth that is likely reflected in the future (Barclay et al., 2006; Harris and Raviv, 1990). Future investment may be distorted by the use of market value in leverage decisions. However, some studies suggest that market leverage provides a more realistic measurement for leverage because it closely reflects the intrinsic value and potential for future leverage (Kayo and Kimura, 2011). The use of market leverage reflects a firm's financial sag and book leverage reflects the use of financing assets in place. Because of this controversy, we only use total debt ratio (TDR) as firm leverage that acts as a mediator variable. To achieve the research objectives and several steps have been conducted. The first step assesses the two constituents in PLS-SEM, the measurement and structural sub-models. The measurement sub-model is estimated to test construct convergent validity and construct reliability. This test is essential to obtain the reliability and consistency of the data statistics for each indicator/proxy with its construct. The second step assesses the structural model that explains the relationship between the exogenous and endogenous variables. This structural model was tested in PLS-SEM for its statistically significant value. In the final step the bootstrap t-statistics (Hair et al., 2013;

Preacher and Hayes, 2008) were used to test whether leverage mediates the effect between the CSR and firm financial performance.

5. Measurement and structural model results

Table 1 shows the summary descriptive statistics of mean and standard deviations for exogenous and endogenous variables. Table 2 presents the results of the measurement models (convergent validity and construct reliability) for Malaysian companies. The measurement model assessments have met the commonly suggested criteria (see example from Chin, 1998; Chin et al., 2010; Henseler et al., 2009). Specifically, the Average Variance Extracted (AVE) values are above 0.5 and the composite reliability (CR) value for most of the constructs achieves a higher value of at least 0.7. The Variance Inflation Factor (VIF) shows the measurement model assessments are robust (VIF <10) and thus, indicating no problems with multi-collinearity. The R^2 reflects the power of construct variances in determining the goodness of fit against the manifest items (Chin, 1998). All the R^2 reported in Table 2 shows that firm leverage is above 0.9 which indicate that the model's explanatory power provide a better predictive ability for the dependent variable. However, for firm performance the R^2 reported as a weak predictive ability maybe due to the exclusion of some important factors that determines the firm performance variables [‡]. The significant value and structural coefficient estimate among the latent variables (LVs) are presented in the Table 3.

Table 1. Descriptive statistics for the exogenous and endogenous indicators

Variable	Indicators	Min	Max	Mean	Std. Dev.
Corporate social responsibility	CSR	18.802	85.174	53.110	13.192
Total Debt ratio	TDR	0.000	0.588	0.245	0.146
Firm financial performance	ROE	-58.400	369.910	35.508	65.972
	ROA	-35.230	75.320	12.079	14.918
	ROIC	-44.290	131.080	19.288	27.035

[‡] R^2 values of 0.67,0.33, or 0.19 in the inner path model for the endogenous variable are defined as substantial, moderate or weak, respectively (Chin, 1998, p. 323).

Table 2. The measurement model

Model 1			
Exogenous		AVE	CR
Corporate social responsibility		1.000	1.000
Endogenous			
Firm Leverage		1.000	1.000
Firm Financial Performance (ROE)		1.000	1.000
R-Squared(R2)			
R^2- Leverage	-0.002	p-value=0.929	
R^2- Firm Financial Performance (ROE)	0.109	p-value=0.001	
Model 2			
Exogenous			
Corporate social responsibility		1.000	1.000
Endogenous			
Firm Leverage		1.000	1.000
Firm Financial Performance (ROA)		1.000	1.000
R-Squared(R2)			
R^2- Leverage	-0.002	p-value=0.928	
R^2- Firm Financial Performance (ROA)	0.0071	p-value=0.029	
Model 3			
Exogenous			
Corporate social responsibility		1.000	1.000
Endogenous			
Firm Leverage		1.000	1.000
Firm Financial Performance (ROIC)		1.000	1.000
R-Squared(R2)			
R^2- Leverage	-0.002	p-value=0.931	
R^2- Firm Financial Performance (ROIC)	0.117	p-value=0.003	

Note: Measurement results of the factorial construct validity for the endogenous and exogenous variables hypothesised to influence the CSR activities and firm financial performance estimated using Partial Least Square which is variance based Structural Equation Modelling (PLS-SEM). The measurement estimates are calculated by the PLS algorithm with the path weighting scheme, Mean 0, Variance 1, Maximum iteration 300. AVE is defined as average variance extracted, and CR is defined as composite reliability. This study model specification for PLS-SEM includes **the measurement model (e.g. formative and reflective construct) and structural model. Three reflective constructs which are CSR firm leverage and firm financial performance.** The structural model is the path coefficient between the latent variable of exogenous variable and the endogenous variable which consists of firm leverage and firm financial performance.

Table 3. Statistically significant value (the structural model) for Malaysian Companies

Model 1				
Panel A	coef.(β)	Std.error	T-stats	P-values
Corporate social responsibility -> firm leverage	0.065	0.096	0.676	0.499
Panel B				
Corporate social responsibility -> firm financial performance (ROE)	0.321	0.045	7.188	0.000***
Firm leverage -> firm financial performance (ROE)	0.105	0.062	1.697	0.090*
Model 2				
Panel A				
Corporate social responsibility -> firm leverage	0.065	0.095	0.678	0.498
Panel B				
Corporate social responsibility -> firm financial performance (ROA)	0.286	0.058	4.944	0.000***
Firm leverage -> firm financial performance (ROA)	-0.003	0.064	0.042	0.966
Model 3				

Panel A				
Corporate social responsibility -> firm leverage	0.065	0.096	0.670	0.503
Panel B				
Corporate social responsibility -> firm financial performance (ROIC)	0.356	0.055	6.478	0.000***
Firm leverage -> firm financial performance (ROIC)	-0.052	0.057	0.921	0.357

Note: ***, **,* means statistically significant at the 1 per cent, 5 per cent and 10 per cent levels, respectively. Reflective indicators are CSR, total debt ratio (TDR) and Firm financial performance (FFP).

Table 3 presents the PLS-SEM statistically insignificant estimates for the CSR to firm leverage (Panel A) for all models and a PLS-SEM statistically significant estimate for the CSR to firm financial performance (Panel B). The PLS path model measures the Beta (β) coefficient, standard error and statistically significant values using resampling from the bootstrapping procedures for 5000 samples for all samples. Based on the relationships between the CSR and firm leverage in Panel A, we find that the CSR are positive but statistically insignificant correlated with the firm leverage. This is probably due to Malaysian companies that aggressively employ CSR through ESG strategy tend to consume less debt to minimize the threat of bankruptcy.

Based on the results relationships between CSR and firm financial performance in Panel B, we find that the CSR are statistically significant and positively correlated with the firm financial performance. This shows that the sample of Malaysia companies that adopt CSR strategies are able to increase their financial performance. This is consistent with stakeholder theory. Finally, there is significantly positive correlation between firm leverage and firm financial performance for model 1, but insignificantly negative relationship between these two variables in model 2 and 3. This shows that higher debt increases performance and consistent with trade off theory.

5.1 Mediation result

A mediation model hypothesizes that the independent variable (X) influences the mediator variable (M) which, in turn, influences the dependent variable (Y). We focus on the simultaneous relationship between CSR (X), firm leverage (M) and firm financial performance (Y). The advent of SEM with simultaneous analysis can extend the path analysis coefficients from path coefficient "a" of the CSR (X) to firm leverage (M), path coefficient "b" of firm leverage (M) to firm financial performance (Y) and path coefficient "c" of CSR (X) to firm financial performance (Y). The result shows that the path "b" which is the relationship between the firm leverage and firm financial performance is significant and positively correlated. This shows that the debt could give information to the investor about a firm's quality, management and efficiency strategy Harris and Raviv (1991). Similarly with the TOT that there will be a positive relationship between firm leverage and firm financial performance where a firm has the incentive to use debt, because of the benefit of interest deduction thus leading to a positive relationship.

Table 4 Mediation results

Path mediating effects	t-statistics	Result
Corporate social responsibility -> firm leverage -> firm financial performance (ROE)	0.548	Rejected
Corporate social responsibility -> firm leverage -> firm financial performance (ROA)	0.023	Rejected
Corporate social responsibility -> firm leverage -> firm financial performance (ROIC)	0.396	Rejected

**,*Statistically significant at the 5 per cent and 10 per cent levels, respectively, using standard errors that have been generated from the 5000 random bootstrapping procedure samples (with replacement). The null hypothesis will be rejected if the t-value exceeds 1.96 (at $p<0.05$), i.e., there are no mediating/indirect effects of firm leverage between the relationship of CSR and firm financial performance. Note: The mediation tests are measured as follows: The bootstrap t-statistic is measure by $t_{emp} = w /[(se(w)]$ where: t_{emp} is the empirical t-value, w is the original PLS estimate of a certain path coefficient, and se(w) is the bootstrapping of the standard error. These significance test estimates are claimed to perfectly suit the PLS-SEM technique (Hair et al., 2017; Preacher & Hayes, 2008).

However, according to the discussion above that CSR to firm leverage and firm financial performance are insignificant, we can conclude that that there is no mediation effects of leverage between the relationships of CSR and firm financial performance. This is because, the result of mediation effects has not met all the conditions of mediation model and this also has been confirmed by using the bootstrap T-statistics proposed by Hair et al. (2013) and Preacher and Hayes (2008).

6. Conclusion and Recommendation

This study contributes to the extension of capital structure literature by examining the mediation effects of firm leverage. We used Partial Least Squares, which is a variance based Structural Equation Modelling (PLS-SEM) technique to empirically test mediating effects of leverage between the relationship of firm CSR activities and firm financial performance in Malaysian public listed companies for the period 2008 to 2018. Usually, the previous study investigates at the concept of direct effect relationships X → Y (i.e., CSR activities and performance) and this is a clear concept that has been understood among all researchers. However, it is often unclear how a firm's CSR activities (X) affect performance (Y) directly and how the concept of direct effect X → Y can be labelled the "effect to be mediated". Our study specifically allows for this "mediation" to define the causal relationship between X and Y. This identification of the mediation effect is essential for the development of theories in corporate finance in thee ways. First, there are an exist of mediation effect of leverage for the Malaysian public listed companies. Secondly, the direct path is rarely expected and clarified. The assertion of unexplained "direct" paths is often evidence of the effects of one or more omitted mediators. It is common for theoretical independent variables to affect the dependent variables through two (or more) mediators (Zhao et al., 2010).

In this study, there is unexpected to see that there is no mediation effect of leverage in the relationship between a firm CSR activities and firm financial performance. This may be due to small sample size of companies that have ESG information available in the database. However, the results could still provide guidance to investors, issuers, government, corporate practitioners and academician to make appropriate capital structure decisions that can enhance firm performance. The study has important implications for managerial decisions, that is, the financial management knows the "way" and "how" its firm value would increase (decrease) from the firm characteristics and its appropriate capital structure decision from the mediation model.

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Relationship Between Large Shareholders Ownership and Firm Financial Performance. Evidence from Jordan

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Abstract

This paper aim to investigate the effect of large shareholder's ownership namely, family, government, foreign and institutional ownership on the firm financial performance among all Jordanian non-financial firms listed on Amman Stock Exchange for the year 2018 with 70 observations. In this paper, financial performance was measured using ROA, ROE as accounting performance measure, and MTBR as market performance measure. Firm age, firm size and leverage was used as control variable. the finding of this study show a positive significant relationship between family, foreign and institutional ownership and firms financial performance. Also, show negative significant relationship between government shareholders ownership and firms financial performance ROA, ROE.

Keywords: : large shareholders, financial performance, agency problem, Jordanian manufacturing firms

1. Introduction

The concentrated ownership by either families/government is a common feature among companies listed in emerging markets. The non-financial sector in Jordan as one of the emerging market countries, lacks literature that explains the impact of the ownership structure in general and large shareholders in particular on firm financial performance. The ownership structure is one of the key dimensions of corporate governance, according LaPorta at el., (1998) the ownership structure is determined by the characteristics of corporate governance at the state level, such as state intervention in companies and their regulation, the development of the stock market. The ownership structure is one of the most important mechanisms of corporate governance. Therefore, is considered an important area of research and study, dealing with the different ownership structure arrangements used to control the company within the objective of maximizing the wealth of shareholders (owners) (Jensen & Meckling, 1976). The review of the literature reveals importance of the relationship between managers and shareholders in the companies on the one hand, and highlights the problems of conflict of interest between these two parties on other hand. The conflict of interest between managers and shareholders arises when there are incomplete contractual relationships or issues of asymmetric information between managers and shareholders, Managers are motivated to achieve their own goals at

the expense of shareholders. For example, managers may implement financial and investment strategies or spend more on welfare projects for their own interests rather than increasing the company's value.

In developed countries, the ownership of the company's shares is distributed among a large number of shareholders who are difficult to recruit at the same time to manage the company. Shareholders who own small shares appoint person who act on their behalf in the management of the company, they are called managers or agents. Sometimes these managers seek to achieve their personal interests at the expense of the company or owners interest. Thus, arise problem between the parties the so-called in corporate governance as "agency problem". Berle and Means (1932) predicted by the existence of conflicts of interest between the shareholders and the owners in dispersed ownership, Jensen and Meckling (1976) pointed out that the separation between ownership and management leads to a conflict of interest between the parties. The essence of agency problem is the separation of managers who carry the business operation from the owners who provided finance fund to this business. The owners need the managers to control the firm, take a decision, and generate a return, and the manager's needs the owners to provide the finance fund needed. The divergence of interests between these two parties leads to the agency's problem. Claessens, Djankov and Xu (2000) they emphasized that the concentrated ownership in the hand of particular category could have an effective effect on the control and incentive of the company's activities through their shareholders' enjoyment of their rights and privileges to control their company. However, ownership concentration may create conflicts of interest between majority and minority shareholders, the increase of these conflict may effect on the financial position of the company negatively.

The agency's theory asserts that audit quality is important to reduce conflicts of interest between managers and shareholders. According to DeAngelo and Masuls (1980) Audit quality is one a feature of corporate governance that governs the actions of managers and controls their decisions. Sayyar, Basiruddin, Rasid and Elhabib (2015) defined audit quality as auditor using techniques that enable them to identify accounting system gaps and report errors. The audit of the financial statements serves to protect the interests of all parties in the Company by providing reasonable assurance that the financial statements in these statements are free from material misstatement. A several of previous studies have pointed to the importance of activating the role of corporate governance as an audit quality in reducing conflicts of interest between managers and shareholders and between majority and minority shareholders (Ani & Mohammed, 2015; Jusoh et al., 2013; Sayyar et al., 2015). Effective implementation of corporate governance mechanisms gives managers the right to make the correct decisions that serve the goals of shareholders and managers together and help them make the right decisions to serve shareholders and reduce the agency cost (Shleifer & Vishny, 1997). The objective of audit quality is to manage the conflict of interest between management and shareholders and to provide appropriate information about the company that limits asymmetry information between the two parties. According to Jensen and Meckling (1976), the audit quality and the existence of an external auditor limits the agency's problem and the asymmetry information between management and shareholders

As summary of the above, Large (majority) shareholders pursue personal objectives particularly when they are also managers, that differ from the general objective of firm to profit maximization and can be detrimental to minority shareholder interests. The possible conflict of interests between large shareholders and managers and/or others small shareholders. Thus, may affect the financial performance of the company as a whole. When reviewing the previous literature on the ownership structure and large shareholders and its impact on the firm financial performance found that most of them were conducted in the markets and companies of developed countries, especially the United States US and the United Kingdom UK, but relatively little is known about the relationship between large shareholders identity and the performance of the company in the Middle East region where different cultural and economic considerations prevail. Also founded that there is still a gap in the previous literature on the relationship between the major shareholders and the financial performance of companies where some of the findings of the researchers found a positive relationship and others confirmed the existence of a negative relationship but the relationship is still inconclusive. This study is designed to attempt to reduce this gap by taking into account the characteristics of the large shareholder's ownership, namely, family, government, institutions and foreign ownership, and their relation to the financial performance of firms listed on the Amman Stock Exchange.

2. Literature Review and Hypotheses Development

This section presents a previous study of the effect of large shareholder's large shareholder's identity on firm financial performance. Large shareholder's identity is presented by family ownership, institutional, government, and foreign investors. Also represent a literature review of the moderating role of audit quality on this relationship.

2.1 Family Ownership and Firm Financial Performance

Achmad et al (2009) argued that the families owners as a controlling shareholder will have significantly and positively on corporate performance (financial benefit), besides other benefits (non- financial benefit) such as reputation, competitive sustainable advantage. Amran and Ahmad (2013) study the impact of the Malaysian family holding and firm financial performance, they found that when the shares owned by the family by more than 15%, the financial performance of the company was improving because of the compatibility of the family managers with the performance of the company. Rajput and Joshi (2014) study the relationship between shareholders types and firm financial perfeormance mesured by ROA and ROE among 100 manufacturing companies listed in India for the time period between 2007 and 2014. The result shows that the firms owned by a family have a good impact on financial performance, and its positively significant at 5%. This is due to the fact that family-owned companies are willing to invest in capabilities that will create competitive advantages and have a long-term commitment to their companies. Martin-Reyna & Duran-Encalada (2015) examine the impact of family ownership on firm financial performance of mexico public firms, they found there is a significantly positive relationship between family ownership and maxico firms performance mesured by Tobin Q. This result indicate is that family businesses avoid external debt as well as increase the number of dominant external shareholders, which are considers as regulatory mechanisms to improve financial performance.

On the other hand, many studies point to a negative relationship between family property and the financial performance of companies because families enjoy the incentives and power to act on their own behalf at the expense of corporate financial performance. Fama et al (1983) noted that the separation between control and ownership will prevent shareholders to extract private benefits. This view has been supported by different authors. Bertrand, Johnson, Samphantharak, and Schoar (2008) conduct study for nearly 100 of the largest family firms in Thailand, finding show firms that are run by larger families tend to have lower performance, and the wider family involvement in business groups alters the performance. Ahmed and Hadi (2017) investigates the relationship between ownership structures and firm financial performance in nine countries in the MENA region, they find negative significant relation between family and performance, This negative link is due to the fact that corporate family ownership can encourage risk-taking, which in turn can affect the profitability of the company negatively rather than improving it.

In Jordan, agency problem is more likely between majority and minority shareholders rather than between manager and shareholders, where the firm ownership is concentrated in the hand of founding family. Therefore, given the opportunity and incentive for the founding family to pursue their own interest at the expense of the company, and the possibility of the existence incompetent manager appointed by virtue of the close relation with founding family. Therefore, the thesis proposes the following hypotheses:

H1: Family ownership as the largest shareholder is negatively related to firm financial performance

2.2 Institutional Ownership and Firm Financial Performance

Shleifer and Vishny (1997) assert that the institutional shareholders have greater experience and more power to monitor management performance and enhance firm performance. Zhang and Kyaw (2016) examine a sample of 1178 Chinese companies listed for 5 year, they find significantly positive relationship between institutional ownership and firm financial performance, and concluded that the institutional investor has the incentive, capacity and efficiency to participate in monitoring the company's activities and thus improve the company's performance. Lin and Fu (2017) investigating whether institutional ownership affect to financial performance measured by ROA and Tobin Q among public Chinese listed firms over 2004-2014 period, they report positively significant relationship between institutional and performance this result was attributed to the ability of institutional ownership

in the management of stock market and control of the rise and fall of markets, as well as deregulation. Also Institutional ownership is a key force in China capital markets, where China's continuous series of reforms aimed at promoting the development of institutional investors have generally been successful and is reflected in better firm. The results further suggest that institutional investors enhance shareholder value by increasing analyst following and decreasing insider ownership. Fich et al (2015) find increase funds provided by an institutional investor in a given firm, the more likely the institution is to monitor that firm. Safdar (2015) informed that the institutional investor plays an important role when firms internal governance is weak, institutional investor provide more monitoring to improve corporate performance and report positive relation between institutional investors and firm's performance. Rajput and Joshi (2014) report that institutional investors help in reducing the information asymmetry associated with ownership and control. Also, they have access to information that helps in decision making and increase the value of the firm.

In contrast to the above arguments, several studies argued that institutional investors have played a negative role in firm's performance. AL-Najjar (2015) measures the impact of institutional ownership on ROA and ROE, provided evidence of the relationship between the two variables through the use of a sample of listed companies in the Amman Stock Exchange. The study concluded that as a result of Jordan's impact on the unstable political conditions in neighboring countries, the process of investment decision making is no longer easy, which affects the economic conditions of the whole country and in turn will affect the financial performance of companies in way or another. Where the results of the study confirmed the negative relationship between institutional ownership and financial performance of Jordanian companies. Masry (2016) found that institutional ownership minimizes conflicts of interest and reduces the agency's problem between management and shareholders when engaging in control and control activities, thus enhancing the financial performance of companies listed on the Egyptian Stock Exchange. Hamza and Suman (2018) examined the impact of institutional ownership on ROA and ROE of manufacturing firms that are listed on stock exchange of Bombay, it is concluded that the institutional ownership doesn't have a positively significant effect on performance.

In Jordan, local investment institutions (including banks, insurance companies, and pension funds) contribute to listed Jordanian companies, average shareholding by the large domestic financial institutions of 32.016 in 2017. Most Jordanian investment institutions are subject to family ownership either individually or through a group of related companies, thus having important business and relationships with the main company, which may affect management in decision making and weaken the control to the company and influence the financial performance of companies. Second, while the investment units in Jordan are the board of directors of many Jordanian companies, the candidates for these positions are basically employees who lack experience in corporate matters. Therefore, this study proposes the following hypotheses:

H2: Institutional shareholder as the largest shareholders is negatively related to firm financial performance

2.3 Government Ownership and Firm Financial Performance

The government seeks through its ownership of local companies to profit. In addition, may want to stabilize the economy to reduce unemployment, or increase tax collection. Therefore, government ownership considers a strong advantage in the corporate sector. In analyzing the impact of government ownership on firm financial performance, Al-Najjar and Clark (2017) find a significantly positive relationship between government ownership and firm's ROA. Government ownership has the right to enact laws to facilitate access to information that reduces information asymmetry. Talab, Manaf, and Malak (2018) report a significant positive link between government ownership and Tobin's Q in public listed companies in Iraq. Sunday (2017) confirmed that the government's retention of large ownership in companies helps them exercise their powers of control and influence on managers, which reduces the expropriation of the rights of companies and minority shareholders. As the government as a major shareholder in companies is more effective than the dispersed ownership in the control of managers because it is a decision maker and has the ability to affect to the financial performance Alfaraih et al (2012) argued that government-owned companies have a negative impact on the financial performance of Kuwait companies because the government usually tends to achieve political motives that do not serve the company's interest and increasing profitability. Tran, Nonneman, and Jorissen (2014) they confirmed that the increasing the share government ownership in companies

leads to a negative impact on financial performance because the government seeks to achieve the political interests at the expense of the company interests and other shareholders. Wang and Shailer (2018) studied the difference between government and private ownership and its impact on the performance of companies listed in emerging markets. The results of the study showed that government ownership of companies is linked to poor financial performance and underlying government ownership–performance relation is negative because of its lack of innovative and entrepreneurial drive. Rajput and Joshi (2014) Find that there significant positive link between the government ownership and ROE. This result may due to that the governments are likely to pay special attention to political goals rather than the company's wealth, and information asymmetry of bureaucracy argument and dual-role argument for government ownership. In Jordan, government ownership is seen as a privilege, because in some cases the volume of financial investments in business is huge and above the capacity of other investors. The government intervenes to save these companies and inject capital to boost investor confidence. Although the government has recently become a small investor in Jordanian companies, it still has a reputation for corporate ownership. This study proposes the following hypotheses:

H3: Government as the largest shareholder is positively related to the firm financial performance

2.4 Foreign Ownership and Firm Financial Performance

Hamza and Suman (2018) find that firm performance is positively related to foreign ownership in Bombay stock exchange markets, this result has explained the ability of foreign investment to introduce modern technology that helps to raise and improve the performance of the company as well as the possibility of sending staff in training courses within the scope of work. Zraiq and Hanim (2018) they found that the involvement of foreign investors in the ownership structure of a firm improves the performance of the firm in Jordanian capital market, and argue that foreign ownership plays a good role in controlling and monitoring managers', which reduces agency costs resulting from information asymmetries, provides companies with managers and managerial talent, and a wealth of expertise and financial resources that help the company grow and progress. Yasser and Mamun (2017) investigate the impact of foreign ownership on the firm financial performance in emerging markets especially of Pakistan, they suggest that foreign ownership can increase the value of the company and improve its financial performance by motivating shareholders to control the performance of managers and to monitor the company's activities furthers, and the result showed that more significantly positive relation between foreign investor and performance.

Abdallah and Ismail (2017) explore the relationship between firm performance and ownership concentration in GCC countries. They confirmed that foreign investors often demand more disclosure of information related to the company financial position than local investors, thus, have access to the financial information they need and reduce information asymmetries. Also argued that the foreign investor effectiveness in improving the company's performance is greater than that of local money managers because they come from different investments environments that increase the requirements of supervision and control over manager's performance. On other hand, Zeitun (2014) conducted a study in the same region (GCC countries) for the period 2000-2010 and found that the foreign ownership in the GCC countries is still quite small and limited, It does not affect the investment decisions of the listed companies and their ability to influence the decision makers is also is limited. Therefore, foreign ownership is insignificantly effects on the financial performance of companies

Kumar (2004) Investigate the role of foreign shareholders on ROA and ROE on Indian firms. By using OLS the study finds the foreign investor is negatively impact on performance. This result may be due to the fact that foreign investors are somewhat far from the company's place and therefore their interventions and influence are limited to company decisions. In Jordan, the foreign ownership investments of the listed companies are distributed to 102 different nationalities specialty after Jordan adopted the privatization policy and opened the investment gate to foreign investors, the percentage of foreign ownership increased from 38.51 percent in 2001 to 46.45 percent in 2017. According to the ability of the foreign investor to enhancing company value through monitoring power. This study suggests the following hypothesis:

H4: Foreign shareholder as the largest shareholder is positively related to the firm financial performance.

3. Conceptual Framework

The study sought to establish the relationship between the largest shareholder's variables and firm performance variables. A conceptual framework, as shown in Figure 3.1 they are drawings, diagrammatic representation, or forms that show the main variables of the study of the structures to be studied and the assumed relationship between them (Grant & Osanloo, 2014). For this study, the independent variable is large shareholders, which comprise of the largest shareholder's identity namely, family ownership, government, foreign and institution shareholder's ownership. While the dependent variable is firm performance as measured by ROA, ROE, and MBR.

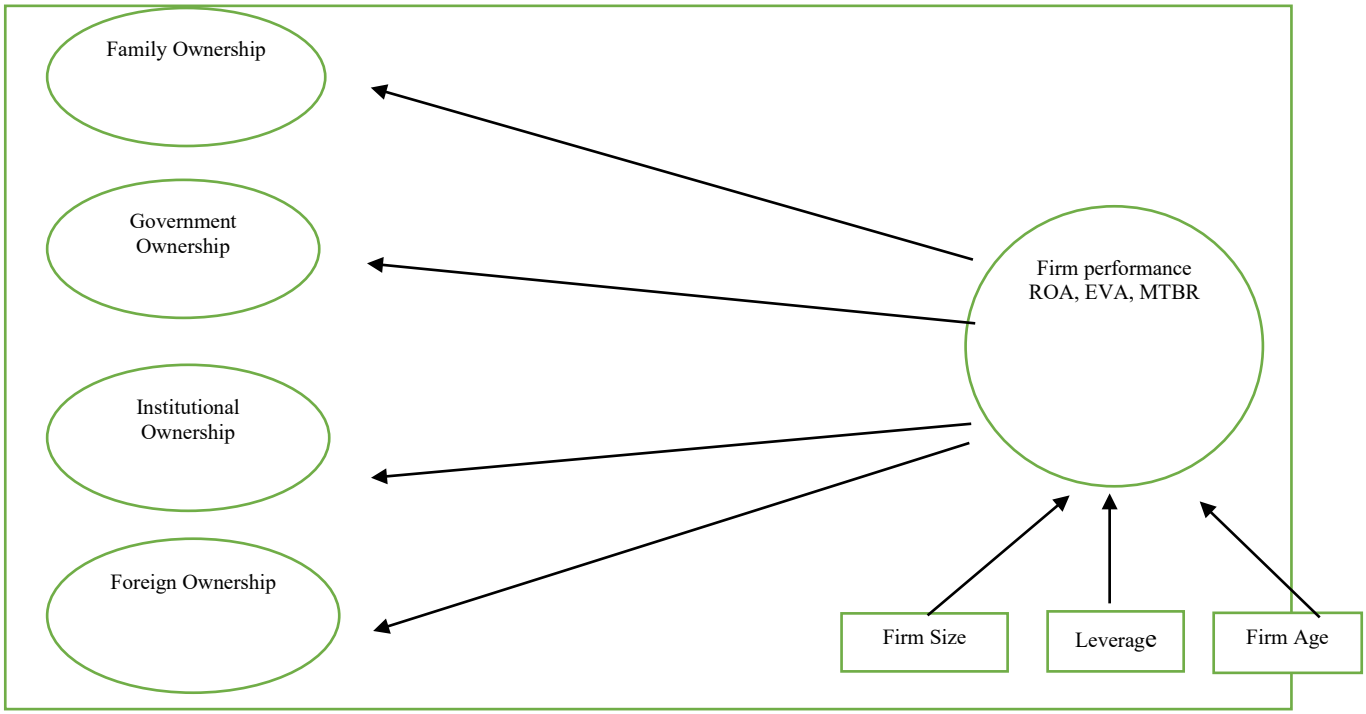


Fig 3.1. Conceptual Framework

4. Methodology

4.1 Sample and data

The current study uses the data of all non-financial firms listed in Amman Stock Exchange for the period 2018. Where its excluded firms due to a lack of liquidity or bankruptcy, also excluded firms that do not have the required data or incomplete data. Table 4.1 below present the number of listed companies and the number of non-financial companies for the year 2018.

Table 4.1 Sample of Study

Total Firms listed 2018	193
Number of Services Firms	44
Number of Industrial Firms	39
Total non-financial firms listed	82
Total final sample used	68

4.2 Data Sources

Data like ROA, ROE, and MBR (total assets, total shareholders' equity, net income, market value and the book value of the firm) will be obtained from the DataStream database. Also, Annual financial reports issued by companies will be reviewed whenever possible or required the need for increased accuracy. Data on firm's ownership are hand-collected from secondary sources, primarily the mandatory disclosure reports of these firms to the Jordan Securities Commission www.jsc.gov.jo), will be referenced in the annual financial report of each company and extracted by hand from downloading annual financial report from the Amman Stock Exchange (www.ase.com.jo), and firms website to ensure and verify the figures and statistics collected from annual report.

Variables

The empirical evaluation of the relationship between the largest shareholder and firm financial performance necessitates the selection of appropriate firm performance measures. Previous studies that analyzed the relationship between ownership and performance use a set of traditional measure covering, for example, return on Assets (Acheson et al., 2016; Visintin et al., 2017), Return on Equity (Xia & Cheng, 2016; Yasser & Mamun, 2017),

these measures of firm performance can be grouped to accounting-based firm performance such as (ROA, ROE) which indicators to measuring the value effects of ownership structure from the point of view of insiders (managers), and market- based firm performance (MBR) which indicator to measuring the value effect of ownership structure from the point of view of outsiders (investors).

Table 4.1 Summary of Variable Measurement

No	Variable	Acronym	Measurement
	Dependent variables		
1	Return on Assets	ROA	operating profit after tax (Net Income) at each financial year/ Book Value of total assets for the same period
	Independent Variables		
3	Family ownership	FAMILY	Number of Shares Owned by family ownership / total number of shares
4	Government ownership	GOV	Number of shares owned by government ownership / total number of shares
5	Institutional Ownership	INSTITUT	Number of Shares Owned by institutional ownership/total number of shares
6	Foreign ownership	FOREIGN	Number of Shares Owned by foreign ownership/total number of shares
	Control Variables		
8	Firm age	AGE	Natural logarithm of the number of the year since the firm foundation
9	Leverage	LEVERAGE	Ratio total debt to total asset
10	Firm Size	SIZE	Natural logarithm of total asset

4.3 Model Specification

Model of this study assesses the relationship between the largest shareholders' identity (family, institutional, government, and foreign), and firm financial performance, and other control variables such as firm size, firm age, leverage.

Model 1:

$$B=a+\beta^1 FAMILY+ \beta^2 INSTITUTIONAL+ \beta^3 GOVRNMENT + \beta\text{^}4 FOREIGN+\beta\text{^}5 LAVERAG+\beta\text{^}6 SIZE+\beta\text{^}7 AGE+\varepsilon$$

5. Results and Discussion

5.1 Descriptive Analysis

Table 5.1 Descriptive Analysis Result

	Sample	Mean	Median	Std. Deviation	Variance	Skewness	Max	Min
Family	70	.511	.539	.30	.09	.136	1	.1215
Government	70	.606	.565	.35	.123	-.089	1	.193
Foreign	70	.44	.366	.268	.071	.79	1	.987
Institutional	70	.498	.399	.299	.05	.579	.994	.1818
ROA	70	-1.12	.077	9.49	90.18	-3.91	14.06	-60.5
ROE	70	-3.19	.124	22.32	498.3	-3.64	31.86	-123.39
MTBR	70	1.038	.639	1.81	3.29	5.84	14	1.81
Age	70	30.67	26	1.84	230	.957	71	8
Size	70	4.24	4.21	1.28	1.65	1.873	9.88	2.08
Leverage	70	12.33	9.21	14.14	200.19	2.44	73.6`	

Table 5.1 above shown the descriptive statistic of study variables, mean, median, std. deviation, maximum, and minimum. The sample used is 70 firm's observation for the year 2018. The mean value of family ownership is .511, with standard deviation = .3 which is higher than the mean and std. deviation value of institutional and foreign ownership.

5.2 Correlation Analysis

Table 5.2 Correlation Analysis Result

	Family	Gov	Foreign	Institutional	ROA	ROE	MTBR	Age	Size	Leverage
Family	1									
Gov	.154	1								
Foreign	.063	.073	1							
Institutional	.095	.034	.048	1						
ROA	.128	-.19	.112	.207	1					
ROE	.117	-.33	.503	.26	.76	1				
MTBR	.305	.028	.107	.05	-.394	-.12	1			
Age	-.136	-.3	-.09	-.0159	-.00085	.139	-.0226	1		
Size	.09	-.5	-.13	-.37	.051	-.00214	.312	.093	1	
Leverage	.15	-.416	.07	.06	-.2	-.518	.069	-.052	.27	1

Table 5.2 reports the correlation analysis matrix for the relationship between large shareholder's ownership namely family, government, foreign and institutional ownership as an independent variable, and firm financial performance ROA, ROE, MTBR as the dependent variable. the correlation analysis result shows family, foreign and institutional shareholders ownership are positive significant relationship with firm financial performance, while government shareholders ownership is a negative significant relationship with ROA and ROE. This results due to the ability of the family, foreign, and institutional shareholder's ownership to reduce agency cost (transaction cost),

minimize the agent-principal conflict, and enhance firm performance. While government shareholder's ownership usually tends to achieve political motives that do not serve the company's interest and increasing profitability.

Table 5.3 Summary of Correlation Analysis Result

Variable	Result
Family shareholders ownership	Positive significant relationship with ROA, ROE, and MTBR, and with the size of the firm.
Government shareholders ownership	negative significant relationship with ROA, ROE, size, age, and leverage of the firm
Foreign shareholders ownership	Positive significant relationship with ROA, ROE, MTBR, and leverage.
Institutional shareholders ownership	Positive significant relationship with ROA, ROE, MTBR, and leverage.

6. Conclusion and Suggestions

This study aimed to empirically investigate the relationship between four variables of large shareholder's ownership namely family, government, institutional and foreign ownership, and firm financial performance ROA, ROE, and MTBR among non-financial listed firms in ASE for the year 2018. The finding of this study shows a positive significant relationship between family, foreign and institutional shareholders, and firm financial performance but finds a negative relationship between government shareholders' ownership and firm financial performance.

This study has limitations similar to previous studies that test the relationship between shareholder's ownership and firm financial performance. Therefore, for future study, firstly further research should investigate the relationship between variables of ownership such as managerial, other large shareholders or multiple large shareholders, also uses new performance variables such as EVA, and Tobin's Q. Secondly, this study used data only of one country (Jordan) for one year, thus further studies should use the data of more than one country and for several years to test the relationship between dependent and independent variables. Finally, the current study lake of examining the moderating or mediating variable effect on the relationship between large shareholder's ownership and firm financial performance such as audit quality, audit committee.

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The Pandemic Effect of Covid-19 On Bursa Malaysia

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1. Introduction

COVID-19 was first detected in December 2019 during the outbreak from a city of Wuhan in China. By March 2020, the virus had spread to over 200 countries around the world and had affected more than three million people globally with no vaccine yet to be developed and tested. The first case of COVID-19 in Malaysia reported by Malaysian Ministry of Health (MOH) started among tourists from China during the Chinese New Year holiday. While the local contact in Malaysia started with the Sri Petaling Tabligh cluster which had affected 3,375 individuals. The World Health Organization (WHO) also declared the COVID-19 disease as pandemic on 11 March 2020. The pandemic affects the nation in various angle including social and economic activities and financial market.

2. Overview

Numerical empirical studies on the effect of contagious deceases on economics activities and stock market had been done worldwide. Significant correlation was found in the study on the effect of Severe Acute Respiratory Syndrome (SARS) outbreak on economic activities by Beutels et al. (2009). The worst affected areas of SARS pandemic were China and Hong Kong (Keogh-Brown and Smith, 2008). The outbreak of Middle East Respiratory Syndrome (MERS) in 2015 cause significant losses to the tourism activities of Republic of Korea with an estimated loss of nearly US$2. Billion (Joo et al., 2019). In relations to the performance of stock markets study by Jiang et al., 2017 shows that Shanghai Composite Index was significantly outperformed during the pandemic of H7N9. Donadelli et al. (2017) proof that the existence of investors sentiment towards the pandemic also occur in the United State during the outbreak.

However, the study on the effect of contagious decease on Malaysian stock market is scare even though it had been proved that investor sentiments is exist in Malaysian stock market (Chia, 2019). The COVID-19 pandemic changes the direction of the study on the Malaysian stock market. Researchers such as Nia (2020), Ali, Alam and Rizvi (2020) started to measure the effect of the pandemic.

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3. Objectives and Methodology

The study aims to investigate either the COVIC-19 pandemic will also affect the performance of Malaysian stock market. The dependent variables used in this study were the daily closing value of FTSE Bursa Malaysia, which also known as Kuala Lumpur Composite Index (KLCI) and four selected main indices, which are FBM100 Index, MID70 Index, ACE Index and Health Sector Index. The independent variables were (i) the number of COVID-19 cases in Malaysia; (ii) the number of deaths due to COVID-19 in Malaysia and (iv) the number of patients recovered from COVID-19 in Malaysia.

Most of previous studies were using panel data in estimating the COVID-19 effects on the performance of stock market. This study is using the ARDL regression based on the data of sample period between 31st December 2019 to 30th September 2020. General functional form of model is listed as follow:

$$FBM_t = f(NOC_t, NOD_t, NOR) \dots (1.1)$$
$$FBM100_t = f(NOC_t, NOD_t, NOR) \dots (1.2)$$
$$MID70_t = f(NOC_t, NOD_t, NOR) \dots (1.3)$$
$$ACE_t = f(NOC_t, NOD_t, NOR) \dots (1.4)$$
$$HEALTH_t = f(NOC_t, NOD_t, NOR) \dots (1.5)$$

Where;

FBMt is FTSE Bursa Malaysia KLCI in day t,
FBM100t is FTSE Bursa Malaysia top 100 index in day t,
MID70t is FTSE Bursa Malaysia Mid 70 index in day t,
ACEt is FTSE Bursa Malaysia ACE index in day t,
HEALTHt is Bursa Malaysia Health Care index in day t,
NOCt is number of new COVID-19 cases in day t,
NODt is number of new death cases due to COVID-19 in day t,
NOCt is number of COVID-19 patients recovered in day t.

All variables will be transformed into log-linear form (LN) in order to transform the result into short run and long run elasticities and reduce the sharpness of the time series data resulting in consistent and reliable estimates (Shahbaz, 2010).

Data for the independent variables (the daily cases of COVId-19) were obtain from the statistics produced by World Health Organization (WHO). While the dependent variables (Bursa Malaysia index) were collected from *investing.com*.

4. Preliminary Observation

Figure 1 shows the preliminary observations of COVID-19 and KLCI index. The figure clearly shows that both COVID-19 and KLCI Index were moving in the same direction during the pandemic. However, this is only the observation without testing the estimation model that has been discussed earlier. The model will be used to prove is there any relationship between both variables.

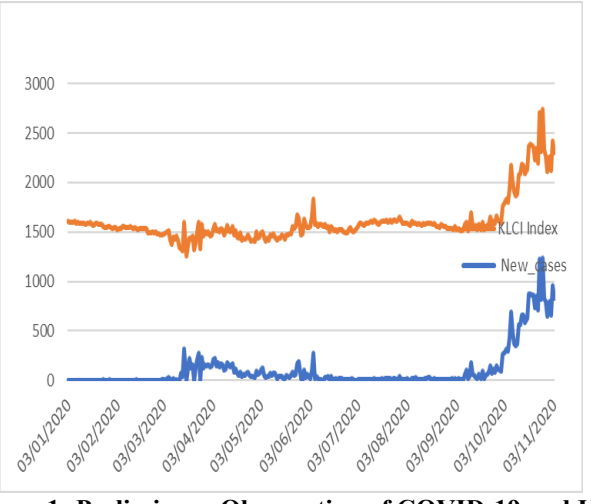


Figure 1: Preliminary Observation of COVID-19 and KLCI Index

5. Conclusion

The COVID-19 outbreak has drastically changed the economic and social activities through the new norms of the lifestyles. This study will examine the impact of the outbreak on the performance of Bursa Malaysia using 5 benchmarks, FTSE Bursa Malaysia, FBM100 Index, MID70 Index, ACE Index and Health Sector Index indices. Specifically, the study will identify the existence of investors' sentiment in Malaysian stock market during the pandemic of COVID-19.

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Digital Marketing for Halal Tourism Provider: A Review

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Abstract

Halal market becomes one of the most profitable market at present and has shown promising growth particularly in Malaysia. The concept of halal is not only limited to food consumption, but also covers halal tourism which consists of halal hotels, halal transport (airlines), halal restaurants, halal tour packages and halal finance. Majority of tourists got information through travel websites, social media, blogs, travel agencies and advertising. This signifies the importance of digital marketing as the internet has changed the way people communicating and interacting with each other. This study aims to explore the concept of digital marketing and its potential in enhancing marketing strategies for halal tourism provider based on critical review of literature. Halal tourism providers have been encouraged to improve their tourism promotion signifying the importance of digital promotion to increase global outreach of halal tourism services.

Keywords: digital marketing; halal tourism; digital promotion; islamic marketing

1. Introduction

It is evidenced that there have been significant changes in the use of technologies at present. Accordingly, there has been substantial development on the types of digital technology available for mass use within the last decade. For instance, the development and extensive use of Web. Web 1.0 could be referred to the time where World Wide Web was developed and became readily accessible to the public in 1994, while Web 2.0 which also known as the 'social web' began to be recognized by the social users of technology since 2004, and has been described as the evolving use of digital technology (Lupton, 2014). The Web can be accessed by any person equipped with appropriate software, making the platform accessible to create and communicate advertisements and other marketing efforts (Kiani, 1998). Consequently, mobile digital devices that could connect their users to the internet from almost any location such as smartphones, tablets and wearable sensor-based devices have hit the market and became commonly adopted. Furthermore, social media tools, such as Twitter, Facebook, YouTube and Instagram, are designed to enable users to create content and share personal data. Indeed, Web 2.0 is characterised by the activities of online technology 'prosumers' or consumers who both generate and consume digital content (Ritzer et al., 2012). It was argued that the Web could help in creating brands, creating consumers' word-of-mouth interaction, buzz marketing, and crowdsourcing (Whitla, 2009). Accordingly, the Internet will boost the overall efficiency of the

organisation to support the implementation of marketing campaigns (Smith, 2012). Meanwhile, researchers are now speculating that Web 3 is emerging as the next level of digital technologies. This may entail the interconnection of 'smart objects' which is able to exchange data without the necessity for human interference (Miorandi et al., 2012; Lupton,2014).

The digital era provides exceptional opportunities to attain and interact with youth, for whom the use of social media has grown to be a regular routine. The potential to reach youngsters and generate content that evokes them to participate in and share campaign materials significantly contributes to efforts aimed towards improving the health of teenagers and young adults. At the same time, global commercial companies have allocated a huge advertisement budgets to allow them to experiment with innovative and creative ways to inspire young people to learn about, share knowledge and try products that are harmful to their health. There are several barriers to appropriate and efficient control of social media ads that can, where feasible, have a detrimental impact on young people. It is crucial that the teenagers and their parents are informed about the scope and nature of social media marketing within the absence of effective legislation, so that teenagers can grow into media-literate users (Dunlop et al., 2016).

2. Digital Marketing

Digital marketing is an efficient way to communicate with millennials because of their broad use of digital media (Smith, 2012). Every organisation today competes in two worlds as according to Rayport and Sviokla (1995): a physical world with resources that managers can see and touch, and a virtual world built with information. The latter has given rise to the electronic commerce world. The Internet and the Web are the most developing and innovative elements that contain specific and influential features which make them central to a marketing paradigm shift (e.g. Armstrong and Hagel, 1996; Blattberg et al., 1994; Glazer, 1991; Hoffman and Novak, 1996; Rayport and Sviokla, 1995; from the conventional "One-to-Many" communication model to the "Many-to-Many" model (Hoffman and Novak, 1996), from "supply-side" to "demand-side" theory (Rayport and Sviokla, 1995), and the change from "differentiated goods in decentralised markets" to the "fifth phase" of marketing evaluation (Blattberg et al., 1994; 1997; Kiani, 1998). Tiago and Verissimo (2014) proposed that digital marketing is not only limited to the content of the message but also applies to consumer relationships and is a powerful tool to create, enhance and sustain the awareness of brands.

The most viable spot for reaching this generation is considered to be digital marketing (Smith, 2012). The internet enables millennial generation to assert control over the free market by sharing their views across various venues that severely affect a wide range of consumers and marketers. Millennials are motivated to be more involved in the marketing and development of goods and brands through social media, business websites, and interactive technologies. This online generation is very eager to write reviews, provide additional insight on products, and support their favourite brands. With the help of websites such as YouTube, V-Cam, and Google Video, consumer-generated advertisements, podcasts, and blogs are on the rise. The views of fellow consumers are perceived by this generation to be more reliable than conventional advertisements. Millennials have quite an impact on the marketplace by being more involved in the marketing and development of products and brands. Hundreds or even thousands of individuals can be targeted through online user feedback and WOM (Smith,2012).

Facebook is perhaps the most utilised, and thoroughly re-searched, social networking site. Facebook had 1.23 billion monthly users worldwide in 2013, less than a decade after its official launch (Dunlop et al., 2016). YouTube, an interactive video-sharing site where users can upload their own videos and receive reviews and feedback, is also a social networking site popular among youth. With over one billion users and video content hitting billions of views each day, YouTube is the second most popular social networking platform (Pew Research Center, 2014; Dunlop et al.,2016). YouTube, Vimeo, Flickr and other social media platforms present the ability to broaden and improve this approach to production (O'mara, 2012). Digital video, once restricted to DVDs, broadcast television and other 'one-way' communication networks currently can be downloaded, shared, re-mixed and posted via YouTube, Vimeo, Facebook and other interactive sites that enable users build their own posts, stories and networked forms of communication (O'mara, 2012).

Digital marketing involved with two activities with the first one, to exploit the specific capabilities of modern interactive media. For instance, the World Wide Web, streaming platforms and proprietary dial-up platforms to establish new kinds of consumer-to-marketer experiences and transactions. Secondly, to incorporate interactive

media with other elements of the marketing mix (Parsons et al., 1998). Mobile digital devices and applications ('apps'), websites and linked channels not only provide ready access to online medical and wellness records, but also new ways to track, measure and simulate the human body and exchange personal records and experiences with others (Lupton, 2014). As described by Dunlop et al. (2016), the use of mobile devices that allow access from anywhere at any time implies that individuals are subjected to social media marketing notifications near or at the point of purchase / decision-making.

In digital marketing, Leeflang et al., (2014) agree that the important factors for success include user attraction, engaging the attention and involvement of consumers, retaining and making sure users return to an application, knowing and learning about their interests and reflecting back to them to provide kind of personalized experience that represent the true 'value bubble' of digital marketing. The application of digital marketing could be seen in major sectors including tourism industry. This study highlights the applicability of digital marketing towards promoting halal tourism industry as the halal industry itself shows promising growth and significant development.

3. Halal Tourism

Currently, halal market can be considered as one of the most effective and profitable market. Muslim customers' expectation and demand to halal food, halal holiday and so on become significant factor to the growth of the halal industry (Akyol and Kilinc, 2014). The term halal (حلال) originates from the sense of the Arabic language: lawful, appropriate, allowed, and/or lawful. This word is the primary source of the halal definition, which not only applies to food or food items (as most people anticipate or believe), but also extends beyond food to include all aspects of the life of a Muslim either male or female. Within this regard the definition of halal is based on the need for every Muslim to have goods that are allowable, appropriate, permitted, and permissible from a religious point of view. As such, the halal definition involves any Islamic Shari'ah-compliant product(s) including food and beverages, banking and finance, tourism, cosmetics, employment, travel, transport services and others (El-Gohary, 2016). In order to promote worship and dietary requirements that adhere to Shariah law, halal tourism means the provision of a tourism product and service that meets the needs of Muslim travellers.

Non-Muslim majority countries such as Spain, India, and the UK are now actively targeting the halal tourism sector as a result of the high importance of halal tourism (The World Halal Travel Summit, 2015; El-Gohary, 2016). Muslim travel market is expected to grow a further US$80 billion to reach US$300 billion by 2026, with Malaysia was at third position among top 10 Muslim inbound destination (GMTI 2018). Many Muslim and non-Muslim countries are expected to capture the Muslim tourist market by providing tourism goods, facilities and infrastructure to meet their needs, because halal matters advancing the tourism industry (Zakiah Samori et al., 2016). The halal tourism market is a fast-growing market, but at the same time is under researched (Sanchez and Perano, 2018). It is argued that the absence or weak publicity, promotion and mass media exposure are obstacles for tourism development in the OIC member countries (Suradin, 2018). Zamani-Farahani and Henderson (2010) considered Islamic tourism and Halal tourism as similar concepts and described Islamic tourism as tourism primarily by Muslims who prefer to remain within their culture. This description illustrates the fact that Islamic tourism is for Muslims and Muslim country is where the activities take place. The term, however, neglects the criteria of Islamic law for tourism activities (Battour and Nazari Ismail, 2016). Islamic tourism is believed to draw many travelers' attention who are totally interested in what is known as 'Islamic culture' (El-Gohary, 2016).

However, it should be noted that Islamic tourism varies from halal tourism. Defining a certain activity or product(s) as Islamic gives a clear picture that such activity or product(s) completely complies with Islamic laws, guidelines and specifications (which may not be the case in every single product and/or activity of halal tourism). In addition, the branding of halal tourism as Islamic tourism could give a misleading idea that such tourism activities and/or products are only for Muslims, which is not true as halal tourism products can also be consumed by non-Muslim customers for many reasons. As such, the word "halal tourism" is preferred to be used as the main and only word for branding and identifying tourism products and/or activities that completely comply with the halal definition and Islamic Shari'ah rules and guidance. This offers a much clearer way to grasp the true essence and importance of tourism activities of this sort (El-Gohary, 2016). According to Islamic teachings, halal tourism can be summarised by any subject or activity that is appropriate for use or participation in the tourism industry including behaviour, attire, attitudes and diet (Battour and Nazari Ismail, 2016). It is also defined by Halbase (2015) as:

"Offering tour packages and destinations specifically designed to meet Muslim considerations and to address Muslim needs". As such, components such as: halal food, halal transportation, halal hotel, halal logistics, Islamic finance, Islamic travel packages, and halal spa are the fundamentals of halal tourism (Razalli et al., 2012).

Additionally, halal tourism is portrayed by Duman (2012) as the activities of Muslims who travel and stay above their usual environment in places. The consumers of halal tourism are therefore the end-user of products and services that are supposed to be compliant with halal, and thus the industry should respect their rights and interests if the needs of this sector are to be successfully met (Asad Mohsin et al., 2016). In order to gain religious and social objectives, travelling has also been promoted in Islam (Pickthall, 1976; Yusuf, 2005; Zamani-Farahani & Henderson, 2009; Zakiah Samori et al., 2016). Religion can affect Muslims' day-to-day activities, whether at home or travelling, and thus affects the choice of a destination and what would be performed at the destination for discretionary purposes. The category of travel mandated in Islam can be defined as "purposeful" tourism that differs from the current practice of mass tourism that is primarily motivated by pleasure and hedonistic pursuits (Zakiah Samori et al., 2016). In the Quran, several verses urge people to travel and make a journey, as this will increase the awareness of the Oneness of Allah. Muslims are encouraged to travel around the globe in order to learn about the glory of God. Similarly, in Surat Al-An'am, Allah SWT urges people to wander around the earth to consider the fate of those who preceded them, especially those who cast aspersions (Zakiah Samori et al., 2016).

On the other hand, halal tourism is also accessible for non-Muslims who may want to take advantage or benefit from halal tourism such as a Jewish family living in Israel and consuming halal food while travelling outside Israel as an alternative to Kosher food when staying in a halal hotel; and the non-Muslims consuming halal food while staying in a halal hotel as a healthy alternative food. Accordingly, due to its universal existence, non-Muslims can also enjoy halal tourism (Islamic Tourism Centre, 2015; El-Gohary, 2016).

4. Discussion

The internet serves as an important platform for information exchange between the customers and the industry players such as hotels, transportation services, travel agents as well as governments (Akyol and Kilinc, 2014). Majority of tourists got information through travel websites, social media, blogs, travel agencies and advertising (Comcec Coordination Office, 2016). The distinctive features of the internet marketing include low cost, easy access, global reach and extensive information (Akyol and Kilinc, 2014). Marketing policies particularly in digital promotion has been identified as key areas of halal tourism marketing gaps and opportunities (Comcec Coordination Office, 2016). The Comcec also encourage OIC member countries to improve their tourism promotion signifying the importance of digital promotion to increase global outreach of halal tourism services. As halal tourism offers a significant business opportunity for Malaysia, it is very important for the halal tourism providers to design and market their services according to the principles of Shariah. For instance, the digital promotion should include informative and persuasive advertising without compromising the Islamic values in their promotion. However, limited research has been done regarding digital promotion among halal tourism providers particularly in Malaysia. In particular, the information on how halal tourism providers create, communicate and deliver the Islamic values to their customers are scarce and limited.

Previous studies suggested that halal tourism operators should use Islamic Attributes of Destination in their marketing campaigns (Suradin, 2018). However, this could cause a concern among the non-Muslim tourists (Battour and Ismail, 2016). Accordingly, a common approach on standards of doing digital promotion is underdeveloped. Digital promotion refers to the use of web-enabled technologies and the internet to reach and engage consumers through various promotional activities. Digital promotion examples include search engine optimization, email, mobile, social media, blogs and wearable or virtual reality marketing. Digital promotion represents the strongest market growth segment, which can be seen as Digital Ad Spending accounted for 29.9 percent of total Media Ad spending worldwide in 2015, which is expected to increase to 39.3 percent in 2019 (Comcec Coordination Office, 2016). The content of digital promotion is central to the promotion of halal tourism as it provides all the information needed by the potential tourists. For instance, the availability of information regarding halal cuisine, halal hotels and permissible activities provided. Future developments related to halal tourism have been described as a market opportunity that is expected to expand in the years ahead. It is important to be more aware of the consequences of

greater Shariah observance by Muslims for people and organisations involved in the tourism and hospitality industries (M. Battour et al., 2010).

5. Conclusion

This study explores the concept of digital marketing and its applicability in current environment with the focus on halal tourism industry. Future research is recommended to recognise the current practice of digital marketing amongst halal tourism provider especially in Malaysia. Analysing the practices of advertising by halal tourism providers in Malaysia will assist marketers in their understanding and application of business communication towards their potential customers. The halal tourism providers must have knowledge as well as guidelines on how to promote their business and activities. Saeed et al., (2001) stated that "either as consumers or marketers, people's behaviour should be guided by the principles of justice, magnanimity, cooperation, exhorting goodness and forbidding wrong, and above all, seeking Allah's pleasure by serving consumers and society at large". Therefore, advertising messages should portray good images and positive influence to potential tourists.

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Integrating Internal Control Practices with Maqasid Shariah Framework of Non-Profit Islamic Organization

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Abstract

The internal control (IC) practices are one of mechanisms to ensure the effectiveness of the operation, comply with policy and law, and protect the assets (equity) of the shareholders. All of these objectives of IC practices are in line with Maqasid Shariah. This paper attempts to assess whether the five dimensions of Internal Control Practices, namely control environment, risk assessment, control activities, information and communication and monitoring of nonprofit Islamic organization are in line with the objectives of Maqasid Shariah. By applying the reviewing for all related literature and contents internal control and Maqasid Shariah. This paper discusses the five practices of internal control in light of the Maqasid Shariah perspective by utilizing the prior literatures and available data from library search and survey.

Keywords: Internal Control, Maqasid Shariah, Non-Profit Organization

1. Introduction

The internal controls (IC) shape the procedures to ensure sound of effectiveness in the organization operations and protect the organization from any fraudulent or opportunistic behavior and preserve compliance with regulations and laws. Particularly, the internal controls (IC) is concerning direct to control the financial process to enhance the reliability and credibility of financial reporting (Kewo and Afiah, 2017; Krishnan, 2005).

Whereas Shariah is defined as "The Commandments of God [Allah] derived from the primary sources of Holy Quran and Sunnah, for all human activities which include Aqidah (Belief), Akhlak (Human Behaviours, Attitudes

and Ethics), and Fiqh (Ibadat – Rules of Worshipping; Munakahat -Family Laws; Mu'amalat- Trade and Commercial laws; and Jinayat – Criminal Laws)".

2. Elements of Internal Control Practises in Non-Profit Organization

Internal controls are procedures and policies that mainly protect the organization's assets, generate reliable financial reporting, indorse compliance with laws and facilitate effective and efficient operations. IC relate to accounting, reporting, and the communication processes of an organization.

2.1 Control Environment in Non-Profit Organization

The control environment is the component of internal controls. There are some important factors included such as integrity, ethical values, competence of the workers and the management's philosophy in the organization. The control environment component provides the needed basis for the other components to build on in internal controls systems. COSO Internal Control - Integrated Framework, (1992). This important part of establishing internal controls requires a "tone" set from the board and managers that should be communicated to all employees, volunteers and donors. An effective control environment is an environment where competent people understand their responsibilities, the limits to their authority, and are knowledgeable, mindful and committed to doing what is right in a right way. These people are committed to the organization's culture and follow the policies and procedures that are in place to support that culture. The success of the control environment will rely on the board and management creating a positive "tone at the top" and demonstrating their commitment to internal controls by adhering to the organization's policies and procedures.

2.2 Risk assessment in Non-Profit Organization

Risk assessment component usually is used for identifying any risk in the system. Making sure that the risk assessment is effective, preventative measures are to be put into place by launching clear objectives. This component identifies and analyzes possible risks whether internally or externally. It manages risk by developing accurate procedures to accomplish consistent objectives within the organization. Risk assessment always takes change into consideration within the objectives set forth by Enterprise Risk Management – Integrated Framework (2004).

2.3 Control Activities in Non-Profit Organization

Control activities are continuously developed in order to support in the monitoring process. They include policies, procedures and practices advanced to increase risk management strategies. Specific control activities comprise separation of duties, verifications, reconciliations and physical security of assets. These policies are designed to ensure that management directives are fulfilled. Segregation of duties refers to manpower position. It is done by more than one person to complete a task to prevent abuse (Srinidhi, 1994). Different organization required different segregation of duties in internal control and there are no two or more entities have same internal control (Morehead, 2007). It depends on various criteria in the organization such as structures, size, complexity, purposes and management philosophy (Doyle, Ge, and Mcvay, 2006). authorization of transactions especially financial transactions is referred to typical financial transactions involves a form of payment in exchange for goods and services at a point of sale (Sellen and Schmid, 2004). Internal control activities generally include approvals, authorisations, verifications, reconciliations, reviews of performance, security of assets, segregation of duties, and controls over information systems. Essentially control activities will assist in deterring, preventing and disclosing risk events in the organisation.

2.4 Information and Communication in Non-Profit Organization

Information must be identified, captured and communicated timely and efficiently and achieved through this internal control component. It is designed to allow employees the ability to carry out their responsibilities in the best

manner possible. Information should be communicated externally as well to all parties involved in the organization. Information that is communicated in this way allows control activities and employee responsibilities to be more effectively. COSO Internal Control - Integrated Framework, (1992)

2.5 Monitoring in Non-Profit Organization

Monitoring includes assessing the performance of internal control components, ensuring they are operating effectively. It consists of allowing managers clear responsibility guidelines so that they are able to effectively do their jobs. It also includes performing evaluations through audits and other independent parties, ensuring that the organization is handling the operations of the business correctly. COSO Internal Control - Integrated Framework (1992).

Once internal controls have been established for the key activities of the organisation, the effectiveness of these controls requires monitoring to ensure that the objectives of the controls are being met. Ongoing monitoring activities include management and supervisory activities that evaluate and improve the design, execution and effectiveness of internal controls. Other ways that internal controls can be monitored is through the use of internal audits, self-assessment by employees, volunteers and managers, periodic review by an audit committee and spot checks to the internal control activity.

3. Methodology

This research is an exploratory study based on multiple case studies aiming at providing a comprehensive understanding of the five dimensions of Internal Control Practices of nonprofit Islamic organization are in line with the objectives of Maqasid Shariah. It applies the disclosure information related to waqf activities as a proxy to measure the waqf accountability practices. The collected data based on related studies, manual guidelines, and prior literatures in order to gain understanding on internal control practice along with Maqasid Shariah. The data analysis also involves a process known as coding. Coding involves conceptualizing, reducing, elaborating and relating data (Miles and Huberman 1994; Strauss and Corbin 2008). In qualitative research, coding represents another tool which support Internal Control Practices of nonprofit Organization with Maqasid Shariah. The coding scheme is used to organize segments of similar or related text for ease in interpretation and to search for confirming/disconfirming evidence of these interpretations. Coding itself can be performed with the help of a specialized computer program which facilitates the sorting, cutting, and pasting operations (Weitzman, 2008).

4. Maqasid Shariah Framework

4.1 Maqasid Al Shariah

Maqasid is an Arabic word [singular *maqsid*] which carries the meaning of goals or purposes and when it refers to *Shariah* [*Maqasid Al Sharia*] it specifically means the goals and purposes of Shariah. There are three other Arabic words that are found in the relevant literatures of *usul al-fiqh* that convey similar meaning as *maqasid*. These words are *hikmah* [wisdom], *'illah* [effective cause] and *maslahah* [interest or benefits].

Most Muslim scholars are of the opinion that the ultimate objectives [Maqasid al-Sariah] which are a necessity [al-daruriyyah] for mankind to be able to live peacefully in this world, according to al-Quran and al-Sunnah, include five main areas – [1] Protection of life, [2] Protection of al-Din [Islam], [3] Protection of Progeny or Offspring, [4] Protection of Intellect or Faculty of Reason, and, lastly, [5] Protection of Material Wealth or Resources. From a review of the related literature, little is mentioned or discussed about how Maqasid al-Shariah may be applied in today management towards achieving these ultimate objectives or Maqasid al-Shariah.

By looking into the internal control components and the Maqasid alShariah concept in general, the internal control system main aims are the protection and safeguard of the wealth from misused. By doing so, indirectly internal control system ensuring the sustainability of the organization through targeting effective and efficient operation. This is indirectly safe employee's job and income. In other ward, the IC practice is contributing indirectly in mitigating and fighting the poverty.

Reliability of the financial statements on the other hand refers to whether financial information is verified and consistent which means that Financial statements are based on reliable and accurate recordings of transactions. In

general, the reliability refers to the trustworthiness of the financial statements. Financial statements in general cannot be useful if decision makers cannot trust what is on the financial statements. Non-profit organizations which use the financial statements for internal management purposes only, has some incentive to hire an outside auditor. On the other hand, the managements of non-profit organization and outside donors have a much greater need for audited financial statements.

Therefore, IC practice could be explained in light of the Maqasid al-shariah, under the protection of life.

Despite the existence of several different views of Maqasid al-Shari'ah, a common treatment summarises it as the 'realization of well-being of all the stakeholders' (Asutay 2012, p. 96). The most common reference to Maqasid in Islamic economics is given to the Ghazalian definition of Maqasid, which is interpreted as 'human well-being' and articulated as "safeguarding their faith (dīn), their self (nafs), their intellect ('aql), their posterity (nasl), and their wealth (māl)" (Al Ghazali 1937; as cited in Chapra 2008, pp. 5–6) in constituting the IME axioms (Asutay and Yilmaz 2018). Chapra (2008) argues that while these five objectives could be considered primary, there are other necessary corollaries which can be found in the Qur'an, the Sunnah or in the writings of different Shari'ah scholars. Moreover, all primary objectives along with their corollaries are important, as "they are all interdependent and play the role of supporting each other" (Chapra 2008, p. 50).

The re-interpreting frame of maqasid is to include a dynamic nature rather than 'safeguarding' or 'protection', and the non-limitation of objectives so that it will better conceptualize and handle contemporary issues beyond a narrow of Al Ghazali frame (Asutay & Harningtyas, 2015).

5. Integration of Maqasid Shariah Framework and Internal Control Practices

Internal Control Practises	Internal Control Issues in Non-Profit Organization	Shariah	Maqasid Shariah Sources	
Control Environment	The organization's culture sets the tone of an organization, influencing the control consciousness of its people. Having an accounting and financial systems. The Organization has a very sound control environment to safeguard assets against abuse The Organization has put in place separation of powers/checks and balances in its outfit to control its activities. The roles and responsibilities of all managers, employees and volunteers. Examples will include: job descriptions, reporting lines/ segregation of duties.	(33:21) There has certainly been for you in the Messenger of Allah an excellent pattern for anyone whose hope is in Allah and the Last Day and [who] remembers Allah often. The Prophet, peace be upon him, used to take care of each of his companions and guide him to his faults, and encourages him in what he improves, and defines it among the people with its goodness. This special treatment made them respond to all his advices and directions, so as a result of that some	Those are the ones whom Allah has guided, so from their guidance take an example. Say, "I ask of you for this message no payment. It is not but a reminder for the worlds." Al-An'am(6:90) Allah has placed those (employees) under you. They are your brothers, so anyone of you has someone under him, he should feed him out of what he himself eats, clothes him like he himself puts on. You should not overburden him with what he cannot bear, and if you do so, help him	1. Essentials (*Dharuriyyat*) 2. Complementary (*Hajiyyat*) 3. Establishment (*Tahsiniyyat*)

		of the best leaders, pioneers of civilization and humanity in human history. When we examined in the approach of the Prophet, peace be upon him, in making a role model man observes a set of accurate and wise ways that lead a person to be a good example and a person with the highest qualities of perfection such as the punctuality and honesty.	in his job. (Sahih Muslim Vol.3, Hadith No.4093.)	
Risk assessment	Management establishes a materiality threshold for the purpose of identifying significant accounts and disclosures. management ensures that risk identification considers internal and external factors and the potential impact on the operations. Assessment of fraud risk considers the opportunities for willful violations of laws, regulations or policy at each location where the organization conducts activities	And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining]. And do good; indeed, Allah loves the doers of good. Al Baqarah 195 (QS 2: 195)	Anas ibn Malik reported: A man said, "O Messenger of Allah, should I tie my camel and trust in Allah, or should I leave her untied and trust in Allah?" The Prophet, peace and blessings be upon him, said, "Tie her and trust in Allah." Sunan al-Tirmidhī 2517	1. Essentials (*Dharuriyyat*) 2. Complementary (*Hajiyyat*) 3. Establishment (*Tahsiniyyat*)
Control Activities	Management control activities consider all the relevant processes, information technology and locations where control activities are needed, including outsourced providers. The Policies, procedures and other safeguards help ensure, that objectives are accomplished.	The Prophet □ employed a man to collect Zakat. When the employee returned (with the collections) he said: "(O Prophet □ !) This is for you and this is mine because it was presented to me as gift." Messenger of Allah	The Prophet said in a Hadith Qudsi, "God said, "I will oppose three types of people on the Day of Resurrection' and among these He mentioned 'one who employs a laborer, has the whole job completed by him, but does not pay him	1. Essentials (*Dharuriyyat*) 2. Complementary (*Hajiyyat*) 3. Establishment (*Tahsiniyyat*)

	Corrective action is taken to address weaknesses within the organization The organization security system identifies and safeguards its assets.	□ rose to the pulpit and praised Allah and extolled Him. Then he said, "I employ a man to do a job and he comes and says: 'This is for you and this has been presented to me as gift'? Why did he not remain in his father house and see whether gifts will be given to him or not? ..." [Al-Bukhari and Muslim].	for his labor" "I have made oppression unlawful for Me and for you, so do not commit oppression against one another" Sahih Muslim, Vol. 3 Hadith No.6254.	
Information and Communication	Pertinent information must be identified, captured and communicated to enable people to carry out their responsibilities in timely manner. management has a communication process for reinforcing to all employees their roles in internal control responsibility The organization has a process in place to communicate the results of reports provided by the Independent Auditor to the Board of Directors	Protecting the wealth of both the employee and the employer is considered to be a very important aim of Sharia.	And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction [by refraining]. And do good; indeed, Allah loves the doers of good. Al Baqarah 195 (QS 2: 195)	1. Essentials (*Dharuriyyat*) 2. Complementary (*Hajiyyat*) 3. Establishment (*Tahsiniyyat*)
Monitoring	Management periodically evaluates its business processes (e.g. cash management, comparison of budget to actual results) management periodically check whether policies and procedures are being followed and functioning as intended An internal review of implementation of the internal control system in departments is conducted	The self-censorship .. is the employee's control of himself in his private and openness, which limits him to the fear of God in all what he does, and that the employee if he believes in God's ability, and that his actions are accountable and	He has certainly succeeded who purifies himself(14) O mankind, fear your Lord, who created you from one soul and created from it its mate and dispersed from both of them many men and women. And fear Allah, through whom you ask one	1. Essentials (*Dharuriyyat*) 2. Complementary (*Hajiyyat*) 3. Establishment (*Tahsiniyyat*)

	periodically to ascertain its effectiveness Management undertakes monitoring to ensure that audit findings and recommendations are adequately and promptly resolved	being observed.	another, and the wombs. Indeed, Allah is ever, over you, an Observer. Al-Nisaa (4:1)	

6. Conclusion

Maqāṣid al-Sharī'ah is defined as the goals and objectives of Shariah rules and the wisdom behind each rules for the benefits of humanity. (Raysuni, p. 7, Fasi, p. 7,). Maqāṣid al-Sharī'ah in terms of derivatives are divided into two, the Maqāṣid al-Shari' (the purpose of the Lawgiver in legislating particular law and the Maqāṣid al-Mukallah (the Purpose of the legal person to act upon God's law). The scholars agreed that the purpose of Allah in enact laws is to incur benefit and ward off evils from humans. They also agreed that the legal purpose of acting upon each law could be for servicing God or others and it could be valid and invalid. Other classification of Maqāṣid al-Sharī'ah is in terms of the resource to these Maqāṣid. The classification is divided into four. Daruriya (essential), Hajiyat (needs, (tahsinaat (embellishment) and Mukammillat (complement). (Qahtani, 2014, 43)

Maqāṣid al-Sharī'ah is one of the newly developed science extracted from the science of Usul al-Fiqh. (Larbani and Mustafa 2011/1432). The scholars who have written on Maqāṣid al-Sharī'ah initially focused on the legal aspect of the science. This trend can be found in works of Al-Juwayni, (d.), Al-Ghazali (d.), Al-Shatibi (d.), IbnTaymiyyah, (d.) IbnQayyim, (d.), Ibn 'Ashur (1998) and IbnTaymiyyah.(Larbani and Mustafa, ibid. p. 51). It is equally essential to mention that the science of Maqāṣid al-Sharī'ah. IbnAshur is considered to be one of the scholars who call for independency of the science of Maqāṣid al-Sharī'ah . Since the theory of Maqāṣid al-Sharī'ah has been discussed in a legal capacity, Ibn Ashur has taken the science further to the stage of comprehensiveness. He developed idea of application of the theory to all aspect of Islamic law including the financial transactions. From this openness and unrestricted application of Maqāṣid al-Sharī'ah, scholars of different disciplines have seen Maqāṣid al-Sharī'ah as a way out from restrictive nature of Islamic law as presented in classical literatures. Mustafa Omar (2006) has critically question nonchalant attitude and a slow moving of IB in maximizing the theory of Maqāṣid al-Sharī'ah in improving the industry and achieving the purposes of the industry. He observes that IB can use Maqāṣid al-Sharī'ah in promoting the welfare of the ummah. In discussing the role of Maqāṣid al-Sharī'ah in promoting welfare, Mustafa alludes to the fact that Muslim wealth must be fairly distributed and invested in order to serve the very purpose of Shariah. (2006, p. 216).

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The Application Of Blockchain Technology In Family Takaful As Catalyst In New Normal Environment

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Abstract: The detrimental growth of new business contributions in Malaysia Takaful market for 1st half 2020 due to COVID-19 pandemic indicated the market required new catalyst to the way of doing business. The objective of the study is to explore the benefits of blockchain technology in family takaful. The study applied a semi-structured interview with the takaful practitioners in the market has listed five potential benefits that can be offered by blockchain technology in the area of product development, operation and distribution channel. The study aims for the viability of the blockchain in Family Takaful can be explored by the players.

Keywords: Takaful; Blockchain; Fintech

1. Introduction

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. As of June 2020, there are more than 7.9 million confirmed cases with 434,796 deaths in 213 countries (WHO, 2020). Malaysia's economy is projected to contract by 3.1% in 2020 due to a sharp slowdown in economic activity caused by COVID-19 (World Bank, 2020). Insurance sector included family takaful has signalled the negative trend as reports from reinsurers for 1st quarter 2020 have shown the impact of COVID-19 pandemic is hitting the underwriting and investment side of balance sheets (IFSB, 2020). Family Takaful is products offer protection against the risks of death, permanent disability and the plan normally attached to the medical benefit to cover the cost of healthcare. The participant also benefits from long-term savings and investment returns (Eldaia, Mohd Hanefah, Marzuki, & Shatnawi, 2020).

Table 1: 1H New Business Contribution for 2015 to 2020 For Malaysia Takaful Operator

Period 1H = Jan - June	Product		
	Ordinary	Investment-Linked	Total
2015	1,510.40	374.8	1,885.20
2016	1,634.30	434.7	2,069.00
2017	1,757.30	466.6	2,223.90
2018	1,970.30	540	2,510.30
2019	2,796.40	457.5	3,253.90
2020	2,873.40	318.4	3,191.80

Source: Bank Negara Malaysia Monthly Highlights and Statistics August 2020

Table 1 recorded the new business contribution for Family Takaful in Malaysia for the first half of the year for the period 2015 to 2020. New business contributions are used to reflect the growth in the Takaful industry. The contributions for January 2020 to June 2020 was contracted 1.9% against the same period for 2019. The shortage of

RM62 million contributions is the first since 2016 and Malaysia Takaful Association chairman Muhammad Fikri Mohamad Rawi admitted that the takaful sector is unlikely to achieve the 25% penetration rate goal set by Bank Negara Malaysia's Financial Sector Blueprint 2011-2020 (Olano, 2019). Technology enhancement had been identified as the important elements in the insurance industry to survive from the slowdown due to COVID-19 (Babuna, et al., 2020). Since 2015, the Securities Commission (SC) and Bank Negara Malaysia (BNM) undertaking the movement in fintech development included blockchain technology (MyGov, 2019). Blockchain technology is a distributed database of records, or public ledger of all transactions or digital events that have been executed and shared among parties (Crosby, Nachiappan, Pattanayak, Verma, & Kalyanaraman, 2016). What is the benefit of blockchain technology to the Family Takaful? The objective of the paper is to study the potential benefits of blockchain technology in family takaful with the aim for the findings to be a drive for the takaful industry to explore the adoption of the blockchain technology.

2. Materials and Methods

This study applied a qualitative study as data collected through systematic journals review and non-structured interview session with target group i:e takaful industry practitioners. The study applied two steps of the procedure. First, to collect the information on the blockchain technology and concept based on the journal's review. Second, to discuss the application of the technology to the takaful processes. The denaturalized transcription method used to convert the interview responds to the findings. Denaturalized transcription is flowing, presenting 'laundered' data which removes the slightest socio-cultural characteristics of the data or even information that could shed light on the results of the study (Mero-Jaffe, 2011). The outputs from the respondents reconciled with the other studies and market data to reflect the practical implications.

3. Results and Discussion

The study list five potential benefits of blockchain technology in family takaful.

3.1 Blockchain Enabler the Product Integration

There was a perception that takaful and conventional insurance are similar in product nature (Mohd Amin & Abdul Hamid, 2014). Takaful product should manifest more shariah elements as encouraged by the Bank Negara Malaysia for the operators to integrate *Waqf*, *Sadaqah* and Zakat in products offering (Mohamad Zahid, 2019). The main challenge to attach said elements in family takaful product is due to lack of monitoring platform for the waqf/zakat institutions to the fund activities both *tabarru* and investment by the operator (Nik Abdul Ghani & Mohd Sabri, 2020). However, the integration is possible with the availability of smart contract in blockchain technology. A smart contract may provide comprehensive monitoring of data, transparency and openness of operations in investment activities (Ablyazov & Petrov, 2020).

3.2 Improve The Accuracy And Turnaround Time of New Business Acceptance

The real-time data of blockchain technology may speed up the process of gathering the medical data and the acceptance of the new business in the process known as underwriting. Underwriting is the most complex process in the acceptance of insurance/takaful proposed coverage where operator using a wide assortment of data, to predict the likelihood claims will be made against and to price the takaful products accordingly (Raheman, 2011). The available data through blockchain may eliminate the time-consuming manual consolidation of medical information and internal approval. The proposal may improve the new business processing time and more accurate risk rating from the underwriting. Sound underwriting performance is a key element in determining a takaful operator profitability and income generation (IFSB, 2020).

3.3 Simplify Claims Management Process

The online medical database may speed up the claims settlement as the critical info such as date of treatment, diagnosis and costs may be directly assessed by the takaful operator. Bank Negara wants to see common complaints against the insurance industry including delays in claim settlement to be solved (The Star, 2015). A good claims experience may increase the certificate persistency in takaful market as the result showed claims households during the policy period are more likely to renew their policy for the next period (Salleh, Ghazali, Yazid, Wan Daud, & Abdul Razak, 2018). Blockchain technology also may prevent fraud claims that may result in a monetary loss for takaful operators. The technology may be detecting, validating and auto-adjudicating the medical claim errors,

rejections and potential denial issues in real-time by comparing set of known references and identified medical billing information produced by the group of medical billers that are stored and verified by a live crowdsourcing data or live forum (Nair, 2019).

3.4 Promote Data Transparency in Family Takaful

Proposed person cover should fully disclose the medical histories and the non-disclosure may result in claims rejection and certificate cancellation. Non-Disclosure refers to a situation where a customer fails to reveal a relevant fact when applying for or renewing takaful contract (Yeasmeen, 2015). Smart contract in the blockchain may evade the scenario. The smart contract incorporates the different aspect of Takaful business transactions included new takaful application (Abdeen, Jan, Khan, & Ali, 2019). The application may see any false declaration by the applicant will be validated by the blockchain platform that consolidated the medical histories from the industry data. Any contradicted info will be rejected upfront and the *tabarru* fund preserved the value as financial management centred by justice, honesty, and transparency (Arofah, Puspitasari, & Farida, 2019)

3.5 Suitable for The Direct Distribution Channel Initiative

The protection gap in family takaful in Malaysia is largest for the younger age group (i.e. age 30 and below) and these groups incline to participate in Takaful without the assistance of agent (MTA, 2020). The direction by BNM is for the takaful operators to offer commission-free takaful products through the direct distribution channel and appropriate tools for consumers to conduct self-assessments of product's suitability to their needs, financial and risk profiles (BNM, 2018). The platform can be developed by the Blockchain technology to supply the customer data integrate with the artificial intelligence of takaful core system in the event of life marketing i:e revealing the customer's attitude and behaviour via initial research, product inquiry, purchases, and claims, and the chatbot i:e the inventions that help potential customers to answer basic questions through online conversations or messaging (Singh & Chivukula, 2020). The initiative is a perfect tool to be introduced during COVID-19 pandemic time where traditional face to face sales is not the ideal scenario.

Table 2: Family Takaful Net Contribution and Net Commission for 2015 to 2019

Period	Net Contributions (RM Million)	Net Commissions (RM Million)	% Of Net Commission/Net Contributions
2015	5,104.3	806.0	15.8
2016	5,743.9	840.9	14.6
2017	6,351.0	921.0	14.5
2018	7,315.4	1,115.9	15.3
2019	8,607.0	1,224.3	14.2

Source: Bank Negara Malaysia Monthly Highlights and Statistics August 2020

Table 2 showed the BNM data on the annual net contribution and net commissions paid to the agent by the takaful operators in Malaysia from 2015 to 2019. On average, 15% from the annual takaful contributions had been paid for agents' commission. Therefore, the family takaful pricing in Malaysia can be 15% lower by the availability of a direct distribution channel backed by the blockchain technology.

4. Conclusion

1. The study listed five possible benefits of blockchain technology to the family takaful industry in Malaysia. The listed benefits covered the elements of business development, product, operation and governance. The MIGHT General Survey finds fintech and healthcare as the areas greatly benefit Malaysia from blockchain adoption (MyGov, 2019). The two areas are strongly related to family takaful and testament on how the blockchain technology is one of the ways to moving forward in the takaful industry. Detail study should be conducted with the feedbacks from regulators, takaful association and blockchain expert to determine the viability and challenges of the application blockchain technology in family takaful. The insurance industry had been listed as one of the ten industries to be integrated into blockchain technologies in the next three years (Accenture, 2018). Hence, COVID 19 pandemic is a blessing in disguise as the unprecedented crisis could be accelerated the adoption of new normal

innovation such a blockchain in Malaysia family takaful market.

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Technology Acceptance Model Using Electronic Banking to Muslim Consumptive Behavior

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1. Introduction

National Survey of Financial Literacy and Inclusion in 2017 revealed that the most widely used delivery channel for the Indonesian people to conduct financial transactions was still dominated by office users of financial services institutions with 80.5% of transactions, then 71.8% for ATMs. Meanwhile, phone banking stated that it was 4.9%, mobile banking was 4.3%, internet banking was 4.2%, LJK agents were 4.1% and EDC was 0.9%. Indirectly, the data illustrates that the dissemination of electronic banking information in Indonesia is still very low and uneven, compared to many banking industry users who prefer to conduct financial transactions using traditional delivery channels such as offices of financial service institutions using electronic banking.

The low level of penetration of electronic banking services, one of which is because customers feel comfortable and accustomed to conventional banking transactions, do not yet know the benefits of electronic banking services (Irmadhani & Nugroho, 2012). In addition, there are not a few customers who have not used electronic banking services because they feel that electronic banking is something complicated and there is a low level of customer knowledge of these banking facilities (Amutha, 2016). Described by (Widiyanto & Prasilowati, 2015) that consumptive behavior arises because of the ease of making transactions using electronic banking. Perception of ease of online transactions refers to individual perceptions of the ease with which online shopping transactions are carried out. In carrying out consumer transactions, they only do a little effort, not too complicated, making it easier for these consumers to make purchasing decisions and making varied and easy payments via electronic banking. So with electronic banking, people will find it easier to shop.

This research determined the research subjects, namely Muslim Scholar at the Sumbawa University of Technology, West Nusa Tenggara Province as research subjects. Based on observations that refer to the phenomenon that many non-academic staff and employees do not use electronic banking and most Muslim Scholar who understand finance but do not use financial technology as digital financial services. Where according to data obtained by researchers at Financial Division at Sumbawa University of Technology in 2019, it shows that the number of BRI (Bank Rakyat Indonesia) account users is 138 Muslim and non-academic at the Sumbawa University of Technology.

2. Methodology

This research focuses on the observation of the perceived ease of use and the perceived usefulness of using banking services through electronic banking by lecturers and non-academic staff at the University of Technology of Sumbawa which will then influence the use of electronic banking services so that it is hoped that it will increase financial inclusion and reduce the consumptive behavior of the Sumbawa Regency area. The analysis tool used is Structural Equation Modeling-Partial Least Square (SEM-PLS) which is operated through the SmartPLS version 3.0 program. Analysis steps: 1) Designing the inner model; 2) Designing the outer model; 3) Construct a path diagram; 4) Convert path diagrams to equations; 5) Convert path diagrams to equations; 6) Evaluate goodness of-fit; 7) Hypothesis Testing

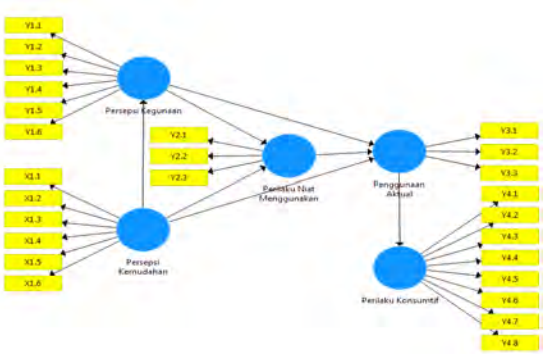


Figure 1: TAM and Consumptive Behavior Path Diagrams

3. Result and Discussion

Hypothesis testing between constructs, namely the exogenous construct against the endogenous construct (γ) and the endogenous construct against the endogenous construct (β) was carried out using the resampling boostraping method. The test statistic used is the t statistic or t test. The t-table value with a significance level of 5% = 1.96. The research hypothesis is proven significant if the T-statistic value is> 1.96. The basis used to test the hypothesis is the value of the Path Coefficients in the PLS. The results of the Path Coefficients output on PLS Boostrapping are as follows:

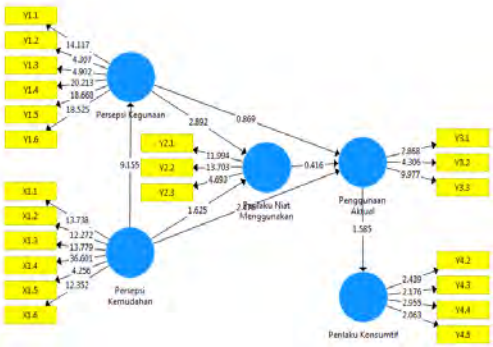


Figure 2. Path Diagram after Bootstrapping

3.1 Effect of perceived ease of use on perceived usefulness

Based on testing the first hypothesis, it is known that the proposed H1 is accepted. The output path coefficients show that the t statistical value for the perceived ease of use construct is greater than 1.96. The perception of the ease of electronic banking services means that users do not need a lot of effort to be able to use electronic banking services so that they can provide the benefit of facilitating user businesses both in terms of time and energy to be able to get financial access. The better the perception of the ease of use of the customer, the better the perception of benefits felt by the customer by using electronic banking services.

3.2 The effect of perceived usefulness on intention to use behavior

Based on the second hypothesis testing, it is known that the proposed H2 is acceptable. This shows that the higher the perceived usefulness value, the greater the effect on intention behavior to use electronic banking services.

3.3 The effect of perceived ease of use on intention to use behavior

Based on testing the third hypothesis, it is known that the proposed H3 is rejected. The output path coefficients show that the t statistical value for the construct of perceived ease of use of the construct of intention to use behavior is smaller than 1.96, which is 1.625. so that the effect of perceived ease of use on the construct of intention to use behavior is not significant. The value of the latent construct path coefficient of perceived convenience at the output path coefficients is 0.264, which means that there is a positive effect of 26.4% on the intention to use behavior construct and the remaining 73.6% is explained by other factors outside the model. For example external factors, such as the ability to use computers, level of education, age, user experience, good technology reputation, and the availability of reliable support mechanisms (Chuttur, 2009). The higher the perceived convenience value, the greater the effect on intention to use behavior.

3.4 The effect of intention to use behavior on actual use

Based on testing the fourth hypothesis, it is known that the proposed H4 is rejected. This result is in accordance with the research conducted by Tao (2009) which shows that intention to use behavior has no significant effect on actual use. A person who has the intention to use electronic banking services does not mean that that person will use electronic banking services continuously later. In this case, users who have the intention of using electronic banking services are considered potential consumers.

3.5 The effect of perceived usefulness on actual use

Based on testing the fifth hypothesis, it is known that the proposed H5 is rejected.This means that the high perceived usefulness of customers using electronic banking does not make the use of electronic banking also increase. The use of electronic banking in conducting financial transactions does not affect customers to frequently use electronic banking in their banking activities.

3.6 Effect of perceived ease of use on actual use

Based on testing the sixth hypothesis, it is known that the proposed H6 is acceptable. The better the perception of convenience felt by users of electronic banking services, the higher the level of use of electronic banking services for Muslim Scholar at the Sumbawa University of Technology. Someone will use electronic banking services continuously because electronic banking makes it easy for users.

3.7 The effect of actual use on consumptive behavior

Based on testing the seventh hypothesis, it is known that the proposed H7 is rejected. The results of this study indicate that the more often people use electronic banking, the lower the consumptive behavior, because customers when choosing or buying a product are more selective and prioritize the most important (primary) needs first compared to the needs that can be postponed. Muslim Scholar realize that electronic banking is a system that is easy to use and not complicated, but users still feel that electronic banking is not yet an attractive system as a medium for online shopping transactions because it is controlled by the scale of need.

3.8 The effect of perceived ease of use on intention-to-use behavior through perceived usefulness

The indirect effect of latent constructs with other constructs is by looking at the significant or insignificant relationship that occurs between these latent constructs. Based on the value on the path coefficients, the relationship between the perceived ease of construction and the perceived usefulness construct resulted in a significant value of 9.155> 1.96. While the effect of the construct of perceived usefulness on the construct of intention to use behavior is to produce a significant value, namely 2.892> 1.96. So it can be concluded that there is an indirect effect of the perceived ease of construct on the behavioral construct of intention to use through the construct of perceived usefulness because there is a significant effect on the two construct relationships. The easier the electronic banking service, the more useful the technology will be for users so that it becomes the main factor for someone to have the intention of using electronic banking services.

3.9 The effect of perceived ease of use on actual use through intention to use behavior

Based on the value on the path coefficients, the relationship between the perceived ease of construct and the intention to use behavior construct resulted in an insignificant relationship, namely 1.625 <1.96. Meanwhile, the effect of the intention to use behavior on the actual use construct resulted in an insignificant value, namely 0.416 <1.96. So it can be concluded that there is no indirect effect of the construct of perceived ease of use on actual use through intention-to-use behavior because there is an insignificant effect on the two construct relationships.

4. Conclusion

This study aims to analyze the behavior of using electronic banking services on the consumptive behavior of Muslim Scholar at the Sumbawa University of Technology. The model used to determine the factors that influence the use of electronic banking services in this study is to use the Technology Acceptance Model (TAM) approach. The method used to analyze the relationship between constructs is the Structural Equation Modeling Partial Least Square (SEM-PLS) method which is operated through the SmartPLS version 3.0 program. Based on the analysis and discussion in the previous section, the following conclusions can be drawn: Hypothesis 1, 2, 6, 8 are acceptable, and the others are denied.

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Penggunaan *FinTech* Di Kalangan Institusi Perbankan Islam Sebagai Ejen Kutipan Zakat Menggunakan Perkhidmatan *Online Banking*

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Abstrak

Zakat merupakan alat kewangan sosial Islam terpenting dalam masyarakat Islam. Zakat berada di kedudukan ketiga di dalam rukun Islam. Ledakan teknologi telah mengubah sistem pengurusan kewangan dan juga cara hidup masyarakat sekarang. Institusi pengurusan zakat di Malaysia perlu memanfaatkan perkembangan teknologi terkini untuk memastikan kutipan zakat dapat ditingkatkan setiap tahun. Ini akan memberi impak positif kepada agihan zakat untuk asnaf yang layak. Kemunculan *FinTech* di Malaysia telah mengubah corak pengurusan kewangan secara atas talian. Masyarakat sekarang pula lebih suka kepada sesuatu alat atau mekanisma yang mampu menjimatkan masa, kos, tenaga dan keselamatan diri. Oleh itu kajian ini akan mengkaji peranan institusi perbankan Islam di Malaysia sebagai ejen kutipan zakat melalui pengunaan *FinTech*. Kajian ini memfokuskan penggunaan *online banking* (perbankan internet) yang ditawarkan oleh institusi perbankan Islam kepada para pelanggan yang ingin menunaikan kewajipan membayar zakat secara cepat dan pantas. Kajian ini menggunakan kaedah temubual dan kajian perpustakaan bagi mendapatkan maklumat yang tepat. Hasil kajian mendapati tidak semua institusi perbankan Islam menawarkan kemudahan bayaran zakat secara *online banking* kepada pelanggan mereka. Ini sangat merugikan institusi zakat dan pihak bank Islam itu sendiri. Jesteru itu institusi zakat perlu meningkatkan kerjasama dengan institusi perbankan di Malaysia bagi mempastikan kutipan zakat dapat ditingkatkan ke tahap maksimum dengan penawaran bayaran zakat secara atas talian oleh pihak perbankan Islam.

Kata Kunci: Zakat; institusi zakat; perbankan Islam; *FinTech*.

1. Pengenalan

Zakat merupakan alat pengagihan kekayaan dalam masyarakat. Golongan yang mempunyai pendapatan tertentu daripada harta tertentu akan dikenakan zakat jika cukup haul dan nisab. Menurut Wahbah Al-Zuhaili (1994) dan Jabatan Kemajuan Islam Malaysia (2001) zakat dari segi syarak ialah sesuatu hak yang wajib pada sesuatu harta untuk dikeluarkan kepada orang yang berhak mendapatkannya Ini bermaksud sebahagian harta tertentu yang telah diwajibkan oleh Allah SWT untuk diberikan kepada orang-orang yang berhak menerimanya iaitu golongan asnaf sebagaimana yang telah dinyatakan di dalam Al-Quran. Asnaf ini terdiri daripada fakir, miskin, amil, *muallaf*, hamba (*riqab*), berhutang (*gharimin*), bermusafir kerana Allah (*ibnu sabil*) dan berjuang pada jalan Allah (*fi sabilillah*).

Pada masa dahulu kutipan zakat hanya dilakukan oleh amil yang dilantik oleh Sultan dan Raja bagi sesebuah negeri melalui institusi zakat negeri (Mahmud Zuhdi, 2007). Kemudian kutipan zakat mula diperluaskan dengan pembukaan kaunter-kaunter zakat di daerah-daerah dalam sesebuah negeri termasuk kaunter-kaunter di institut pengajian tinggi di Malaysia. Namun dengan wujudnya ledakan dan perkembangan teknologi maklumat serta perkembangan sistem perbankan Islam di Malaysia, kaedah pembayaran zakat tidak lagi tertumpu kepada kaedah konvensional sebaliknya pelbagai kaedah bayaran zakat disediakan oleh institusi zakat negeri dengan kerjasama

pelbagai pihak termasuk institusi perbankan Islam. Ini penting kerana perubahan kos sara hidup yang tinggi di Malaysia telah menyebabkan peningkatan bilangan golongan asnaf yang memerlukan bantuan zakat. Pihak institusi zakat perlu mencari alternatif terbaik dan berkesan untuk menangani isu ini dengan meningkatkan jumlah kutipan zakat melalui kerjasama dengan institusi perbankan Islam di Malaysia.

Pandemic COVID19 yang melanda Malaysia pula telah mengubah corak kehidupan masyarakat khususnya masyarakat Islam. Orang ramai tidak boleh keluar bekerja sewenang-wenangnya. Gerai-gerai kecil dan industri kecil sederhana tidak dibenarkan beroperasi khususnya di kawasan PKPD (perintah kawalan pergerakan diperketatkan). Perubahan corak kehidupan masyarakat ketika COVID19 ini telah mempengaruhi ekonomi negara (Mohd Faisol, 2020). Larangan bekerja telah menyebabkan pendapatan isi rumah terjejas akibat hilang punca pendapatan. Dasar bekerja dari rumah (*WFH*) telah membantutkan pengurusan sesetengah institusi. Suasana pandemic COVID19 ini akhirnya telah mempengaruhi dan memberi kesan negatif kepada struktur sistem kutipan zakat yang diuruskan oleh institusi zakat negeri. Sebagai institusi kewangan sosial Islam utama, institusi zakat perlu bertindak pantas dengan menghulurkan bantuan agihan zakat kepada mangsa-mangsa keadaan pandemik COVID19. Peruntukan ini akhirnya mempengaruhi jumlah kutipan zakat pada tahun semasa. Oleh itu institusi zakat negeri perlu merangka strategi kutipan zakat bersepadu dan komprehensif menggunakan teknologi terkini dengan bantuan kerjasama daripada institusi lain ataupun menggunakan kepakaran modal insan institusi zakat negeri itu sendiri.

Ledakan tekonologi pada zaman revolusi perindustrian 4.0 menerusi penggunaa *FinTech* telah mempengaruhi sistem kewangan dan perbankan khususnya perbankan Islam di Malaysia. *FinTech* merupakan singkatan perkataan *Financial Technology* yang membawa maksud Teknologi Kewangan. Secara umumnya *FinTech* dimaksudkan sebagai teknologi kewangan terkini yang digunakan dalam sistem kewangan. Perkembangan *FinTech* dapat dibahagikan kepada tiga tahap (Rizal, 2018) dan penggunaan perbankan internet termasuk dalam tahap ke dua manakala penggunaan iPhone bagi urusan kewangan termasuk *FinTech* tahap ke tiga. Penggunaan *FinTech* mula berlaku secara mendadak selepas dunia dikejutkan dengan krisis kewangan global pada tahun 2008. Pada tahun 2018 terdapat 85.1% penduduk di Malaysia menggunakan perbankan atas talian bagi urusan mereka (Laporan *FinTech*, 2018). Beberapa kajian telah dibuat ke atas perkembangan perkhidmatan asas elektronik dan operasinya iaitu dengan kehadiran *FinTech* telah membolehkan bank dan institusi kewangan menyediakan banyak pilihan alternatif yang lebih murah dan effisien bagi pengguna mendapatkan maklumat seterusnya melakukan transaksi jual atau beli produk dan perkhidmatan perbankan (Siti Nur & Mohd Hasimi, 2020).

Kekangan masa, tenaga, wang dan faktor keselamatan menyebabkan masyarakat mula berpindah kepada penggunaan perbankan atas talian. Masyarakat kini tidak lagi perlu membawa wang dalam jumlah yang banyak hanya sekadar penggunaan *FinTech* seperti kad debit, kad kredit, e-dompet dan aplikasi atas talian lain seperti jom pay, e-zakat, perbankan internet dan lain-lain lagi. Institusi perbankan khususnya perbankan Islam mula mengaplikasi penggunaan *FinTech* dalam urusan perbankan mereka bagi memudahkan urusan mereka seterusnya menarik minat pelanggan dengan perkhidmatan yang ditawarkan. Terdapat institusi zakat di Malaysia yang telah menjalinkan kerjasama dengan pihak bank (Mohd Faisol, 2016) bagi menggunakan kemudahan *FinTech* ini untuk memudahkan pelanggan mereka membayar zakat. Ini secara tidak langsung membantu melonjakkan jumlah kutipan zakat. Kajian berkaitan dengan metodologi bayaran dan kutipan zakat di Malaysia oleh institusi zakat adalah sesuatu yang baharu dan signifikan lebih- lebih lagi dunia sekarang berada di dalam era ledakan teknologi maklumat yang tiada batasnya. Oleh itu kajian ini akan mengkaji peranan institusi perbankan Islam di Malaysia sebagai ejen kutipan zakat membantu kutipan zakat melalui aplikasi *FinTech*.

2. Literatur Kajian

Terdapat beberapa kajian yang membincangkan tentang penggunaan teknologi dalam kaedah kutipan zakat di Malaysia antaranya Shawal Kaslam (2009) mendapati bahawa e-Zakat telah muncul sebagai salah satu inisiatif kerajaan dalam mengintegrasikan aplikasi internet untuk membina sebuah institusi yang berdaya saing moden zakat. Pandangan ini disokong oleh Md. Shahnur (2013) yang mendapati penggunaan aplikasi atas talian dapat mengurangkan masalah ketirisan atau kebocoran dalam pengurusan kewangan serta meningkatkan keberkesanan perkhidmatan. Ini penting bagi meningkatkan keyakinan pembayar zakat di Malaysia agar membayar zakat melalui kaedah atas talian.

Kajian yang dilakukan oleh Fidlizan et al. (2012) pula menyatakan peningkatan yang ditunjukkan dalam jumlah kutipan zakat di PPZ adalah hasil inisiatif yang diusahakan oleh PPZ-MAIWP melalui Jawatankuasa Penyelidikan dan Pembangunan Korporat yang berperanan untuk mengkaji, menganalisa dan membuat cadangan kepada

pengurusan berkenaan sebarang perancangan pembangunan, aktiviti-aktiviti baru serta penambahan dan pengenalan kaedah pembayaran zakat terbaharu seperti kaedah potongan gaji, perbankan internet dan ATM.

Kepelbagaian kaedah bayaran zakat oleh institusi zakat di Malaysia sebenarnya mampu meningkatkan hasil kutipan zakat (Mohammed Yusoff & Sorfina, 2012). Pandangan ini amat bertepatan dengan Hairunnizam et al. (2009) yang menerangkan terdapat beberapa faktor yang menyumbang kepada peningkatan kutipan zakat iaitu kaedah pembayaran yang mudah, pengurusan zakat yang semakin cekap, penswastaan institusi zakat dan sebagainya. Menurut Mohd Faisol (2016) pula, terdapat ketidakseragaman kaedah-kaedah bayaran zakat yang ditawarkan oleh institusi zakat termasuk institusi zakat yang dikorporatkan dan institusi zakat yang tidak dikorporatkan.

Selain itu, perkhidmatan atas talian seperti perbankan internet, kaunter pos, kaunter bank, perbankan telefon, khidmat pesanan ringkas serta kaunter pusat zakat yang ada di pelbagai tempat tumpuan awam diadakan, bertujuan hanya untuk membantu umat Islam berzakat dengan lebih mudah dan sekaligus berupaya meningkatkan lagi kutipan zakat saban tahun (Muhsin, 2014). Pandangan ini di sokong oleh kajian yang dilakukan Aman et.al (2020) yang menyatakan bahawa sebelum ini bayaran zakat fitrah hanya menggunakan wang fiat tetapi sekarang bayaran zakat fitrah boleh menggunakan teknologi kewangan (*FinTech*). Menurut Ridzuan (2020), penggunaan FinTech terhadap pengurusan Lembaga Zakat Kedah sangat penting khususnya berkaitan kutipan kerana semua institusi kewangan di Malaysia sudah bergerak ke arah *Fintech*. Menurutnya lagi sekiranya pengurusan zakat negeri tidak mengikuti perkembangan *FinTech* akan menyebabkan mereka jauh ketinggalan.

Kajian oleh Mohd Faisol (2016) mendapati faktor faktor demografi institusi zakat negeri, kekurangan kerjasama antara institusi zakat negeri dengan LHDN dan pihak IPTA serta IPTA dan juga ketiadaan Akta dan Ordinan ataupun Enakmen khusus yang mewajibkan semua institusi perbankan Islam di Malaysia perlu menawarkan kaunter zakat oleh pihak BNM telah menyebabkan wujudnya ketidakseragaman kaedah kutipan zakat di Malaysia. Kajian yang dilakukan oleh Mohd Faisol (2014) menjelaskan bahawa penggunaan laman sesawang zakat membolehkan para pengguna boleh mendapatkan maklumat terkini dengan tepat di mana sahaja mereka berada dengan fungsi *stream*yx, *broadband* dan *wifi*, maka pembayaran zakat juga boleh dilakukan secara jarak jauh atau pun atas talian melalui laman sesawang tersebut.

Menurut Hasan & Ezani (2006) pula menyarankan agar institusi zakat tidak cukup hanya diuruskan berdasarkan prinsip-prinsip tradisional tetapi lebih dari itu bagi mencapai tahap profesionalisme institusi zakat. Pengurusan zakat pada masa kini juga memerlukan pengurus yang mempunyai ilmu-ilmu lain seperti pengurusan, keusahawanan, teknologi dan sebagainya. Ini akhirnya mampu meningkatkan profesionalisme pengurusan zakat, meningkatkan keyakinan pembayar zakat dan akhirnya akan meningkatkan lagi dana zakat (Hairunnizam Wahid et al., 2009).

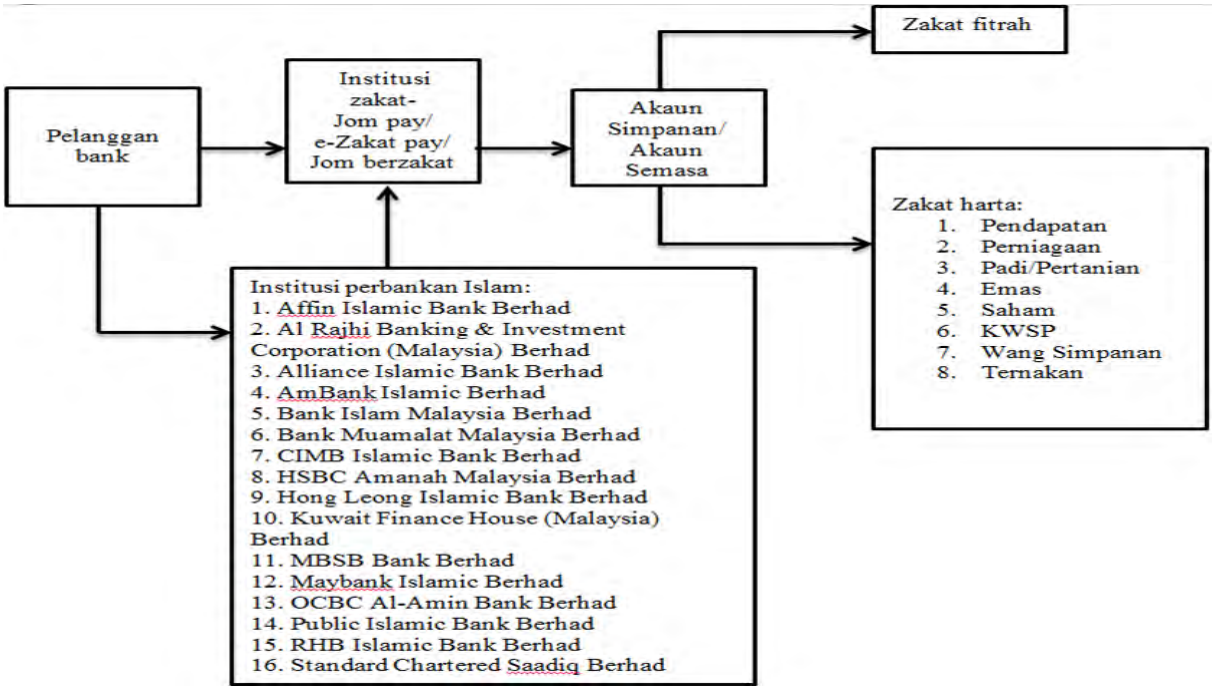
3. Metodologi kajian

Kajian ini menggunakan pendekatan deskriptif kualitatif dan jenis kajian yang digunakan adalah kajian perpustakaan iaitu mengumpul data yang bersesuaian dengan objek penelitian atau pengumpulan data yang bersifat keperpustakaan. Antara bahan yang terlibat dalam pencarian maklumat adalah buku, akhbar, jurnal, majalah asnaf, majalah dewan ekonomi, laporan tahunan institusi zakat negeri dan juga laman sesawang setiap institusi zakat negeri. Kaedah penyelidikan ini memerlukan pengumpulan data berkaitan daripada dokumen tertentu dan menyusun data untuk menganalisis bahan dan memberi kefahaman yang lebih mendalam berkaitan dengan kutipan dan bayaran zakat di Malaysia. Kajian ini juga menggunakan kaedah temu bual ringkas yang dilakukan melalui telefon terhadap wakil daripada institusi zakat negeri tertentu. Kajian ini hanya memfokuskan Lembaga Zakat Selangor, Pusat Pungutan Zakat Wilayah Persekutuan dan Lembaga Zakat Negeri Kedah. Ketiga-tiga institusi zakat ini merupakan institusi zakat yang telah dikorporatkan dan merupakan antara instutusi zakat negeri yang mempunyai jumlah kutipan tertinggi berbanding institusi zakat yang lain.

4. Hasil dan perbincangan

4.1 Model Kutipan dan Bayaran Zakat Menggunakan FinTech Melalui Perbankan Internet

Rajah 1. Model Kutipan dan Bayaran Zakat Menggunakan *FinTech* Melalui Perbankan Internet



Perbankan internet merupakan salah satu kemudahan yang wujud dalam *FinTech* khusus untuk industri perbankan. Melalui penawaran perbankan internet ini sistem perbankan Islam mampu menarik lebih ramai pelanggan yang beragama Islam agar mencarum di institusi mereka kerana melalui perbankan internet para pelanggan yang ingin menunaikan kewajipan membayar pelbagai jenis zakat, boleh dilakukan di mana-mana tanpa perlu hadir ke institusi zakat negeri.

Rajah 1 di atas menunjukkan model kutipan dan bayaran zakat menggunakan *FinTech* melalui perkhidmatan perbankan internet. Berdasarkan rajah di atas pelanggan bank yang ingin menunaikan kewajipan berzakat mesti terdiri daripada pelanggan yang mempunyai akaun simpanan di salah sebuah 16 institusi perbankan Islam di Malaysia. Sekiranya pelanggan mempunyai akaun simpanan di institusi perbankan Islam, pelanggan hanya perlu melayari laman sesawang institusi zakat negeri dan cari perkataan Jom Pay/Jom Berzakat dan tekan butang klik di situ. Setelah butang klik ditekan pelanggan perlu mengisi beberapa maklumat peribadi dan jumlah zakat yang ingin dibayar kepada institusi zakat. Maklumat peribadi perlu diisi oleh pelanggan kerana pihak institusi zakat akan menyimpan data pelanggan bagi kemudahan pelanggan jika memerlukan resit bagi tujuan rebat cukai Lembaga Hasil Dalam Negeri. Zakat yang telah dibayar melalui perbankan internet ini akan dipotong melalui akaun simpanan pelanggan di institusi perbankan Islam. Ini membuktikan model kutipan dan bayaran zakat menggunakan *FinTech* melalui perkhidmatan perbankan internet menjadi pemudah cara untuk pelanggan perbankan Islam menunaikan kewajipan berzakat. Selain itu juga, ini secara tidak langsung akan memberi kesan positif kepada kenaikan jumlah kutipan zakat bagi institusi zakat negeri. Para pelanggan perbankan Islam juga tidak lagi mempunyai alasan untuk tidak menunaikan kewajipan menunaikan rukun Islam yang ketiga ini.

4.2 Perkhidmatan Kutipan dan Bayaran Zakat Menggunakan FinTech Melalui Perbankan Internet oleh Institusi Perbankan Islam di Malaysia

Pada tahun 2020 terdapat 16 institusi perbankan Islam (BNM, 2020) yang menawarkan perkhidmatan berasaskan Syariah 100 peratus. Berbanding pada tahun 1984 hanya sebuah bank Islam sahaja yang beroperasi di Malaysia iaitu

Bank Islam Malaysia Berhad. Kewujudan 16 institusi perbankan Islam di Malaysia ini telah mengubah corak pengurusan zakat di Malaysia khususnya berkaitan kutipan zakat.

Rajah 2. Perkhidmatan Kutipan dan Bayaran Zakat Menggunakan FinTech Melalui Perbankan Internet oleh Institusi Perbankan Islam di Malaysia

Institusi Perbankan Islam	**Pemilikan**	**LZS**	**PPZ MAIWP**	**LZNK**
Affin Islamic Bank Berhad	Tempatan	-	□	-
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad	Asing	-	-	□
Alliance Islamic Bank Berhad	Tempatan	□	-	-
AmBank Islamic Berhad	Tempatan	□	□	□
Bank Islam Malaysia Berhad	Tempatan	□	□	□
Bank Muamalat Malaysia Berhad	Tempatan	-	□	□
CIMB Islamic Bank Berhad	Tempatan	□	□	□
HSBC Amanah Malaysia Berhad	Asing	□	□	-
Hong Leong Islamic Bank Berhad	Tempatan	-	□	□
Kuwait Finance House (Malaysia) Berhad	Asing	-	-	-
MBSB Bank Berhad	Tempatan	-	-	-
Maybank Islamic Berhad	Tempatan	□	□	□
OCBC Al-Amin Bank Berhad	Asing	□	□	-
Public Islamic Bank Berhad	Tempatan	□	□	□
RHB Islamic Bank Berhad	Tempatan	□	□	-
Standard Chartered Saadiq Berhad	Asing	-	□	□

Sumber: Laman sesawang BNM 2020, laman sesawang LZS 2020, laman sesawang PPZ MAIWP 2020, laman sesawang LZNK 2020.

Rajah 2 di atas menunjukkan 16 institusi perbankan Islam yang beroperasi di Malaysia pada tahun 2020. Terdapat empat buah institusi perbankan Islam yang beroperasi di Malaysia dimiliki oleh pemilikan asing manakala selebihnya adalah pemilikan tempatan. Rajah di atas juga jelas memperlihatkan hampir semua institusi perbankan Islam di Malaysia terlibat dengan perkhidmatan bayaran zakat menggunakan kemudahan perbankan internet kecuali Kuwait Finance House Malaysia Berhad (bank yang sudah lama beroperasi di Malaysia) dan MBSB Bank Berhad. Ini menunjukkan bahawa institusi pebankan Islam di Malaysia memainkan peranan yang penting bagi membantu pelanggan yang beragama Islam menunaikan kewajipan rukun Islam yang ketiga. Selain itu ia juga membuktikan bahawa wujud kerjasama erat antara sektor perbankan Islam dengan sekor kewangan sosial Islam di Malaysia. Hubungan kerjasama yang erat ini mampu melonjakkan jumlah kutipan zakat yang tinggi setiap tahun oleh institusi zakat negeri.

Di samping itu PPZ MAIWP merupakan institusi zakat negeri yang mempunyai bilangan institusi perbankan Islam terbanyak menawarkan perkhidmatan bayaran zakat menggunakan kemudahan perbankan internet iaitu 75% daripada keseluruhan institusi perbankan Islam di Malaysia. Hanya dua buah institusi perbankan Islam asing dan dua buah institusi perbankan Islam tempatan yang masih belum berjaya menjalinkan kerjasama dengan PPZ MAIWP.

LZS dan LZNK pula masing-masing mempunyai sembilan buah institusi perbankan Islam yang menawarkan perkhidmatan bayaran zakat menggunakan kemudahan perbankan internet. Bagi LZS dan LZNK juga terdapat hanya dua institusi perbankan Islam asing yang menawarkan perbankan internet bagi perkhidmatan bayaran zakat

iaitu HSBC Amanah Malaysia Berhad dan OCBC Al-Amin Bank Berhad dengan LZS dan LZNk pula ialah Al Rajhi Banking & Investment Corporation (Malaysia) Berhad dan Standard Chartered Saadiq Berhad.

Selain itu Bank Muamalat Malaysia Berhad yang merupakan bank Islam kedua ditubuhkan di Malaysia hanya menawarkan perkhidmatan perbankan internet untuk pembayaran zakat kepada PPZ MAIWP dan LZNK sahaja sedangkan LZS merupakan institusi zakat negeri yang mempunyai jumlah kutipan zakat di Malaysia. Usaha yang jitu perlu dilakukan oleh pihak LZS agar Bank Muamalat Malaysia Berhad turut menawarkan perkhidmatan perbankan internet untuk pembayaran zakat kepada LZS.

Terdapat lima buah institusi perbankan Islam yang berjaya menawarkan perkhidmatan bayaran zakat dengan menggunakan perbankan internet bagi ketiga-tiga institusi zakat ini iaitu AmBank Islamic Berhad, Bank Islam Malaysia Berhad, CIMB Islamic Bank Berhad, Maybank Islamic Berhad dan Public Islamic Bank Berhad. Ini menunjukkan masih terdapat kelompangan hubungan kerjasama institusi perbankan Islam di Malaysia dengan institusi zakat di Malaysia. Kelompangan ini perlu segera di atasi bagi memastikan jumlah kutipan zakat dapat ditingkatkan ke tahap yang paling optimum. Peningkatan jumlah kutipan zakat akan mempengaruhi jumlah agihan zakat di Malaysia. Peningkatan jumlah agihan zakat pula akan meningkatkan jumlah penerima zakat di Malaysia.

5. Kesimpulan

Kemunculan Revolusi 4.0 telah merancakkan penggunaan *FinTech* dalam urusan kewangan semasa. Penggunaan *FinTech* ini perlu dimanfaatkan oleh institusi zakat di Malaysia demi meningkatkan keupayaan pengurusan kutipan dan agihan zakat. Walaupun Malaysia mempunyai 16 buah institusi perbankan Islam tetapi masih terdapat ruang yang perlu diperbaiki bagi memastikan semua institusi perbankan Islam di Malaysia menawarkan perkhirmatan perbankan internet kepada semua institusi zakat negeri untuk bayaran zakat. Ini kerana terdapat bebarapa institusi perbankan Islam yang masih tidak menjalinkan hubungan dengan semua institusi zakat negeri bagi perkhidmatan perbankan internet bagi tujuan bayaran zakat. Menurut Hamizul (2020), *FinTech* merupakan teknologi dalam kewangan dan sekiranya teknologi patuh Syariah maka institusi zakat wajar meraikannya.

Selain itu institusi zakat negeri perlu pro aktif menjalankan kerjasama dengan semua institusi perbankan Islam milik asing untuk menyedarkan pelanggan mereka tentang keperluan membayar zakat melalui kemudahan perbankan internet yang disediakan. Ini kerana melalui kerjasama yang erat dengan institusi perbankan Islam milik asing akan membuka ruang dan peluang kepada institusi zakat negeri untuk menarik pembayar zakat baharu yang berpotensi dan bersifat global. Di harapkan kajian ini akan dapat membantu institusi zakat negeri membuat pembaharuan dan penambahbaikan kepada sistem kutipan zakat khususnya berkaitan *online banking*.

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Islamic Wealth Management and Digital Marketing in Achieving Sustainable Finance

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Abstract

Purpose – This paper aims to analyze digital marketing's role in Islamic wealth management in achieving sustainable finance.
Design/methodology/approach – The article presents an overview of Islamic Wealth Management (I.W.M.) by employing a qualitative method using document and content analysis classifying digital marketing's role on Islamic wealth management and its relationship to sustainable finance.
Findings – The finding revealed that digital marketing's role in Islamic wealth management uses its elements: wealth accumulation, protection, distribution, and purification, which can engage with prospective investors and deepen the relationships with the existing clients, which is based on Islamic ethical values to achieve sustainable finance.
Practical implications – The paper's importance contributes to the current theory and practice of Islamic wealth management.
Practical Impact - The beneficial impact suggests I.W.M. is used in a traditional and digital approach.
Originality/value – The practical implications mean I.W.M. is used in traditional and digital approaches.

Keywords: Digital Marketing, Islamic Wealth Management, Sustainable Finance

1. Introduction

It has been a decade since the global financial crisis faced in many countries. It has imposed many people who have raised many questions about the conventional financial system's stability and sustainability, which has been preserved a long time ago. It is needed for an economic system that integrates finance, social, and environment to benefit society in many countries. Many observers believe that the Islamic financial system can provide such an alternative, making significant contributions to global financial markets (https://www.iisd.org/pdf/2013/interconnections_islamic_sustai nable_finance.pdf).

Foundation of Responsible Finance and Investment (RFI) stated the integration of environmental sustainability and adoption of ecological, social, and corporate governance (E.S.G.) implemented by Islamic financial institutions resulted in higher reputation, financial outperformance, and fuller compliance with national and international laws, for both conventional and Islamic financial institutions alike (RFI, 2018). However, although

mismanagement and Shari'ah boards are willing to adopt sustainable business practices, a lack of experience and proper guidelines hinder I.F.I.s' sustainable business practices (Ibid).

In recent years, Islamic finance has expanded enormously in the Muslim society and the non-Muslim. Consequently, Isla¯mic wealth management has become the newest niche in the Islamic finance and banking industry. Interestingly, European countries are one of the first movers in Islamic wealth management via financial institutions that many H.N.W. clients have used them for Shari'ah-compliant of wealth management services such as UBS, BNP Paribas and Dar al Maal al Islami based in Geneva and Islamic Finance House Universal Holding in Luxembourg (Hashim & Hassan, 2013).

Moreover, Islamic wealth management helps individual investors get a holistic perspective on their wealth by combining investment and social activities such as waqf, zakah, hibah, and trust. It is following the global resurgence towards a more equitable socioeconomic existence supporting sustainable finance. As a result, the implementation of Islamic wealth management is growing now, not only in Muslim countries but also in the countries concern with socially responsible objectives and ethical financial solutions.

This research paper aims to analyze digital marketing's role in Islamic wealth management to achieve sustainable finance. This paper's research question is to what extent does the role of digital marketing on Islamic wealth management contribute to sustainable finance? The article proceeds as follows. Section Two explores the definition and development of digital marketing. Part Three addresses the methodology of the paper. In contrast, Section Four discusses Islamic wealth management in the global industry, and five will focus on the sustainability of Islamic wealth management in a sustainable finance approach. The final section includes suggestions for the development industry of Islamic wealth management.

2. Digital Marketing and Its Development

Digital marketing is defined as a projection of conventional marketing, its tools, and strategies on the Internet (Otero, T. & Rolán, X., 2016: 38). Digital marketing can be defined as the exploitation of digital technologies, which are used to create channels to reach potential recipients, to achieve the enterprise's goals through more effective fulfillment of the consumer needs (Sawicki, 2016). On the other hand, it is a kind of marketing using the internet interacting between enterprise and consumer needs.

Digital marketing first appeared as a term in the 1990s, but, as mentioned above, it was a very different world, which is known as web 1.0 (Kingsnorth, 2017: 7). To Murugesan (2007), The web 2.0, user cannot only read the content but also write, modify and update the content online; it supports collaboration and helps to gather collective intelligence rather web such as sharing photos on Flickr, reading and commenting on a blog, looking for friends on Facebook or Friendster, watching a video clip on YouTube, tried to find your house on Google Maps, video-called friends or family abroad using Skype or looked up an article on Wikipedia, are kind of Web 2.0 technologies (Ryan & Jones, 2009). According to Conrad Wolfram web, 3.0 is where the computer will generate and think new information rather than humans, which rich internet applications and social media and brings them to mobile devices, netbooks, and digital signage (Nath & Iswzry, 2015).

Consequently, a digital revolution has changed rapidly and has several impacts on economic and business activities. Evolving digital technology leads to changing a marketing pattern adopted by individuals, groups, private, and government. Over the years, marketing has evolved through three stages: Marketing 1.0, 2.0, 3.0, and 4.0. Kotler et al., 2010; 2017). The objective of marketing 1.0 is selling products; marketing 2.0 is satisfying and retaining the consumer; marketing; and 3.0 is making the world a better place (Kotler et al., 2010: 6).

Moreover, Marketing 4.0 is a marketing approach that combines online and offline interaction between companies and customers, blends style with substance in building brands, and ultimately complements machine-to-machine connectivity with a human-to-human touch strengthen customer engagement (Kotler et al., 2017: 53). It can be regarded that today's digital marketing is to enhance human interaction by new wave technology online and offline, providing human needs.

3. Definition and Elements of Islamic Wealth Management

With the existence of Islamic Banking and Finance (IBF) today, Islamic Wealth Management (I.W.M.) as part of IBF is no longer an unfamiliar term and concept. In conventional definition, wealth management (W.M.) can be defined as an integrated process for helping clients manage their wealth. It is defined as a preferred delivery model

for providing financial advisory services to affluent customers (Ashiya, 2007).

Also, Islamic Wealth Management is defined as a management strategy whereby a person uses financial or non-financial instruments to manage his wealth Islamically (Bello & Maiyaki, 2013). It is also seen as a process of ownership (al-tamalluk), acquiring (al-takassub), and consuming of wealth (al-istihlak) by the rules of Islam (Mohammed, 1996). I.W.M. may be defined as a financial service for helping the clients to understand the full meaning of wealth and to manage the wealth based on Islamic principles derived from Islamic sources (Ismail & Riza, 2014). By definitions, it is noticed that I.W.M. is substantially different from W.M.: Religious vs. Conventional.

At least, there are four philosophical underpinnings of I.W.M., which are the difference from W.M. First is the essence of wealth in Islam. Wealth is ultimately belonging to God, and Man is only a temporary guardian receiving the wealth in trust. By then, the man has several consequences in the wealth in Islam: 1) He has full ownership with trusteeship, not absolute ownership; 2) He has no right to squander, hoard, or harm the rights of others or society; 3) He is subject to a duty to use for the good of himself, his family, and the community—to spend it wisely and moderately for God's cause and society's prosperity by God's commandments; 4) There are recognition and protection of individual ownership (within boundaries to protect the community); 5) There is the enhancement of the community through mutual and justice through redistribution and ethical behavior (Wouters, 2013).

Second is the legal aspect. I.W.M. is legalistically distinctive due to adherence to certain permissible and prohibitions in managing wealth. Islamic Shari'ah principles encourage risk-sharing/co-investment, the profit margin on transactions and transparent transactions (Maude, 2006); and also prohibits an increase of money on money (riba), uncertainty in investment (gharar), and speculative in investment (maysir), and a few things that are prohibited on their own, such as pork, intoxicant, pornography, etc. (Maude, 2006; Farooq, 2014; Ariff, 2017). Another encouragement is spending wealth in the way of God (fi sabilillah) such as zakah, infaq, sadaqah, and waqf.

The third is I.W.M.'s element differs from W.M. The elements of wealth management consist of wealth creation, enhancement, protection, and distribution. The four elements are different between I.W.M. and W.M. in a legalistic approach. All elements of I.W.M. must conform to Shari'ah principles and values. Also, wealth purification through zakah is one of the uniqueness of I.W.M. The elements of wealth distribution such as hibah, wasiyah (will) waqf and sadaqah, and wealth purification are used to help others obtain the good life and functioned as redistribution as crucial concepts very start of the chain and not as a result.

Moreover, Zakat is the third pillar of Islam as mandatory is imposed to the wealth of wealthy believers whose wealth reaches the nisab (the minimum amount that a Muslim must have before being obliged to Zakat) and the fund of zakah will be distributed to eight recipients that are mentioned in the Qur'an, Surah al-Taubah, 60: poor and the needy, and amil (those employed to administer the funds), for the muallaf (those who have embraced Islam), for those in bondage and debt, those who strive in the cause of Allah and for the pilgrim. The waqf is the wealth disposed to provide incomes for charitable purposes long after the wealth holder is dead and gone: this for the good of the eternal soul even after death has ended one's life (Ariff & Mohammad, 2017).

Lastly is the purpose of I.W.M. There are three purposes of I.W.M.; they are: First, individual objectives are such as sustaining life on earth, improving knowledge, and strengthening the faith. Second, family purposes are fulfilling the family's needs, spending the wealth for education, and saving for scheduled events. Third, social goals are promoting growth, providing social activities, and reducing income distribution inequality. These three are to be done to achieve happiness and welfare by His blessing (barakah) here and the hereafter.

It can summarize that I.W.M. is a very holistic product that combines various Islamic finance products, banking, insurance, and estate regulated by the multi-legal framework. It is a combination of investment and social welfare of the community.

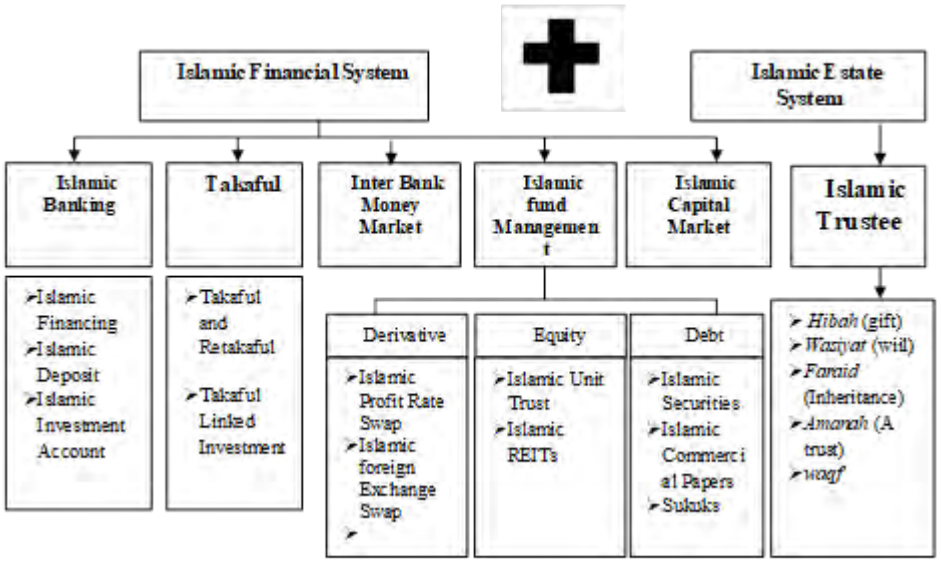


Figure 1: Product of Islamic Wealth Management

4. What is Sustainable Finance

Financial objectives with an eye to environmental or social issues, not only profit, have become mainstream in the past decade. Sustainable becomes a significant concern of all countries supporting sustainable development programs. However, the definition of sustainable finance is warranted; the broad consensus is that it would encompass the economic, environmental, and social sustainability of finance (Wilson, 2008). Sustainable finance refers to any forms of financial service integrating environmental, social, and governance (E.S.G.) criteria into the business or investment decisions for the lasting benefit of both clients and society at large (www.sustainablefinance.ch).

It is realized in the framework for managing sustainable development at different levels, which consists of three: refined shareholder, stakeholder, and universal ethical values (Schoenmaker, 2017). Schooenmaker (2017) divides sustainability into several values. The first is 1.0 sustainable finance. Financial institutions avoid investing in, or lending to, so-called 'sin' companies such as selling tobacco, anti-personnel mines, and cluster bombs or exploiting child labor.

The second is 2.0 sustainable finance, in which the financial institution attaches a financial value to social and environmental impacts into their decision making by avoiding risk. Lastly, sustainable finance, 3.0. It is related to corporate governance by maximizing social and ecological values. So, it can be summarized that sustainable finance is an effort of financial institutions to promote ethical, social, and environmental values in their investment activities.

5. The methodology of the Study

This Study is related to Islamic finance, which is confined to the Study of wealth management. Moreover, Islamic economics aims to identify and establish an economic order that conforms to Islamic scripture and tradition (Addas, 2008). This Study employs qualitative research by referring to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of the matter under Study (Berg, 1989).

The Study uses content and descriptive analysis to analyze the data collection is generated from Islamic sources: Qur'an and Sunnah, and additional sources such as books, journals, report documents, magazines, and the internet. These sources will be put into coding and analyzed to answer the research problem of the Study and to

attain its objectives.

6. Islamic Wealth Management in Global Practice

Islamic Wealth Management Report (IWMR) 2016 mentions that most respondents had not heard of any Islamic private banks except Faisal private bank in Geneva. The company was founded in 1980 and is based in Geneva, Switzerland, as a Ithmaar Bank of Bahrain B.S.C (www.bloomberg.com). Other providers of Islamic wealth management are BNP Paribas and UBS private banking. Switzerland is one of the global market leaders in cross-border private banking; therefore, it is needed to take some lessons and experiences.

To cater to Muslim wealth, Faishal, BNP Paribas, and UBS provide both strictly Islamic products and conventional financial products to its Islamic clients. Furthermore, UBS gives shariah-compliant deposits to individuals of high net worth through commodity murabahah and structured Islamic investment using foreign exchange BLOC (buy low or cash) certificates, which are well established in the Swiss Market (Wilson, 2007). UBS has also provided personal Shariah trust as a succession planning solution for Muslim families of high net worth.

It is moving to the Middle East that the intermediate wealth group also encompasses the increasing number of millionaires such as Bahrain, Lebanon, Oman, and Saudi Arabia. Naturally, the region's significant wealth, coupled with its religious demographics, have created a demand for Islamic wealth management services (Lalandre, 2015). Some Islamic banks in the Middle East offer the service of Islamic wealth management such as Dubai Islamic Bank, Commercial Bank of Dubai, Qatar Islamic Bank, and Ahli United Bank.

For the I.W.M. portfolios, Dubai Islamic Bank is offering its services through a brand-name Wajaha, which encompasses private banking and a range of financial planning services. In Ahli United Bank, Private Banking Wealth Management also offered various types of global bond issues, providing investors with enhanced security compared to direct equity and other forms of equity-related investments (Annual Report Ahli Bank, 2017).

In the Southeast Asian countries, Malaysia and Singapore are countries try to become a global hub of Islamic wealth management. Malaysia issued Islamic finance and wealth management blueprint in 2017 to support the development of I.W.M. in Malaysia. Most Islamic banks offer wealth management products to cater to the client's needs in managing wealth such as Bank Islam Malaysia Berhad (BIMB), Bank Muamalat Malaysia Berhad (BMMB), Maybank, CIMB Bank, and so forth. Other Islamic financial institutions offer Islamic wealth management products and services like estate planning such as Amanah Raya Berhad (A.R.B.), As-Salihin Trustee Berhad, and Wasiyyah Shoppe. They offer products and services on wills writing, preparation of waqf agreements, hibah, trust, and inheritance (faraid).

In Indonesia, Islamic banking has pushed the existing of wealth management even though the product is offered late compared with Malaysia. Some Islamic banks provide wealth management such as Bank Shariah Mandiri, Bank Muamalat, BNI Shariah, Permata Bank Syariah, CIMM Niaga Shariah, and HSBC Amanah Shariah. However, the product offered is still limited to trust funds, deposit account, and bancassurance. The related acts or rules have been not regulated yet by the Indonesian Financial Service Authority (O.J.K.).

In Singapore, many financial institutions have introduced a full range of Shariah-compliant products such as Standard Chartered Bank, HSBC, OCBC, CIMB, and Maybank. In 2007, Singapore saw the launch of its first fully Islamic bank- the Islamic Bank of Asia, a joint venture between D.B.S. Bank and Middle Eastern private investors (http://www.mas.gov.sg). Financial Alliance is one of the largest independent financial advisory firms in Singapore and regulated by the Monetary Authority of Singapore (M.A.S.), an Islamic wealth advisory unit, FAiWA that offers Shariah-compliant investment, protection, inheritance, waqf, Zakat (Duriat, year). There are many again Islamic finance players for wealth management and financial planning such as Halal-U.com, IdealRatings, ST&T International Pte Ltd, HTHT Advisory Services Pte Ltd, Warees Investments, Muslim Financial Planning Association, and Barakah Capital Planners (Duriat, 2015).

By then, all countries have the opportunity to develop I.W.M. in which they should consider several factors such as supported regulatory framework, Islamic finance infrastructure, and talent of Islamic wealth managers. Challenges are segmentation, lack of innovation in products, and a lack of understanding of Islamic financial services by potential clients. To Giorgio (2015), an investor's characteristics in the Middle East and Southeast Asia are entirely different. It will impact the products and services that will be served to the clients in each country. The lack of innovation can be seen in wealth distribution, which is mostly underdeveloped compared with other elements of I.W.M. The last is related to the client's literacy to the understanding of I.W.M. ideas, which the government and private should pay attention to.

7. Sustainability of Islamic Wealth Management in Contributing to Sustainable Finance

The principles of Islamic wealth management, as mentioned above, offer a just and fair socioeconomic system where there is a strong commitment towards the well-being of the society. One of Islam's most important objectives is to realize and promote greater justice in the human community. According to the Qur'an, a community where there is no justice will ultimately head towards decline and destruction (Qur'an, 57:25). One of the fundamental elements for ensuring justice is a set of rules and moral values, which are faithfully accepted and adhered to by members of the society (Myers & Hassanzadeh, 2013). So, a set of moral values is the main factor of I.W.M. contributing to sustainable finance before going into its elements.

In wealth accumulation or investment, I.W.M. can contribute Islamic Finance in Private sector development and Inclusive Social Development Economic infrastructure Shariah-compliant financing for various infrastructure initiatives such as green Sukuk. Green Sukuk is Shariah-compliant securities backed by a specific pool of assets used to invest in climate change solutions. For instance, Indonesia becomes the world's largest coal exporter and has become the first country in the world to sell a sovereign green Sukuk bond. The country has borrowed $1.25bn with the issuance of a five-year Sukuk bond, which is designed to comply with Islamic law (Dunkley, 2018). This infrastructure Shariah-compliant is financing for addressing climate change and ensuring sustainable development. By then, the investments through I.W.M. should be allocated in Shariah-compliant based and environmental protection such as in green or blue.

Another contribution to wealth accumulation is Shariah-compliant equity participation in developing sustainable private sectors using profit and loss sharing (P.L.S.) replacing interest based on the conventional system. The characteristics of P.L.S. is risk sharing, allocation of capital based on productivity and viability of the project, and supporting not only big enterprise but also small and medium enterprises (S.M.E.s). So, it is contributing to the real economy of the society.

The element of wealth distribution and purification can be developed as the cornerstone of I.W.M. in contributing to sustainable finance. Consequently, wealth distribution has three scopes in I.W.M., namely: individual, family, and social purposes, which are all related to the social aspect and sustainability of human life. By waqf, wealthy people can contribute to social welfare in productive and perpetuity assets such as building mosques, schools, hospitals, orphanages houses, guest houses, environment, and water projects, etc. Another kind of waqf is used for immediate family members such as children, grandchildren, and so forth. The Prophet encouraged this type of waqf to his companions to make endowments to their nearest relatives (Abd Aziz, 2012). Hence, I.W.M.'s provider should respond to the practical relevance of waqf, which contributes to the newly emerged developmental needs and challenges of the world community. Another voluntary wealth distribution that can contribute to human well-being is charity (sadaqah) and gifts (hibah). Sustainable family life is also a significant concern in the wealth distribution of I.W.M. The will and bequest are two essential instruments used to sustain family life on the earth.

Like the waqf, zakah is contributed on a community level, where each participant often openly declares the amount of his contribution and strives to give more the next year, as it would testify to the benevolence of God the Almighty (Wouters, 2013). The wealthy people have responsibility for the poor, and the community is mentioned in Surah al-Taubah 60. Their funds directly related to economic welfare on the distribution of income and the poor and needy's emancipation. The pool of zakah funds attained from the I.W.M. client can be distributed to the beneficiaries to support their hardship life. From the economic perspective, Zakat is considered to alleviate poverty as it transfers wealth from those with a lower marginal propensity to consume to those with a higher marginal propensity to consume (Mahomed, 2017).

I.W.M. encourages the clients to contribute to sustainable finance using their funds managed by the wealth advisors and managers. It is a means for personal, family, and community through redistribution mechanisms achieving better human life. Managing wealth

cannot focus on merely creation and accumulation without finding ways to spread asset/capital ownership. Therefore, I.W.M. is a holistic product and service containing the client's needs to support the cycle of human life for himself and the others based on Islamic principles and values.

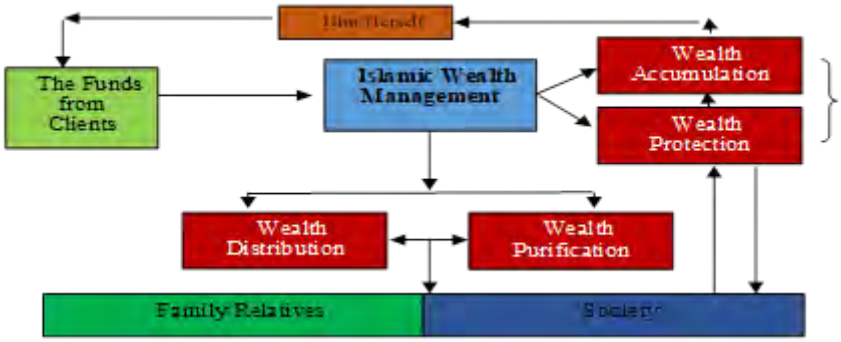


Figure 2: Islamic Wealth Management & Sustainable Finance

Figure 2 explains how I.W.M. will contribute to the sustainable finance of society. On the commercial side, the funds from clients will be managed by wealth managers in Islamic private banks. The cash funds will flow to several elements: wealth accumulation, protection, distribution, and purification. In the wealth accumulation process, the funds will be allocated in many baskets of investments such as in Sukuk, real estate (I-REITS), Islamic private equity, Islamic hedge fund, Islamic ETFs, Unit Trust, Commodities, and Islamic Structured Instruments. In wealth protection, the funds will be allocated in bancatakaful, covering benefits such as helping the client and another, sharing risk and sharing profit and loss sharing. These two elements can give an advantage to him/herself and society.

On the social side, the funds will be distributed in several ways such as wasiyah (will), waqf (endowment), sadaqah (donation), infaq (a gift to Islamic cause), hibah (gift), Nazar (vow), and fara'id (Islamic inheritance). Hence, it is also divided into two categories from the side of time. First, wealth transfer, while alive, can be used, such as hibah, sadaqah, waqf, trust, and nazar. Second, estate distribution upon death wassiyah, faraid, and hibah. This category has two purposes, namely: family and society purposes. Firstly, it is for individual purposes that transfer of wealth to others, either family or society, obtain the reward in the hereafter. Secondly, the transfer of wealth for family purposes is to sustain the family's needs by using some instruments such as wassiyah, faraid, hibah, and waqf. All funds can be used to help either the family or society needs sustaining life on the earth.

Table 1: Instruments of Wealth/Estate Transfers for Muslims

Wealth Transfer While Alive	Wealth Distribution Upon Death
Instruments: 1) *Hibah* 2) *Sadaqah* 3) *Waqf* 4) Trust 5) *Nazar* 6) *Iqrar* 7) Jointly acquired property	Devices which are subject to: bequest rules: 1) *Hibah* 2) *Sadaqah* 3) *Waqf* 4) Trust 5) *Nazar* 6) Bequest 7) Obligatory bequest *(Wasiyyah wajibah)*
There is no limit on shares imposed on any of the instruments above	Instruments which are not subject to *wasiyyah* (bequest) rules: 1) Statutory disposition 2) *Faraid* 3) *Iqrar* 4) Jointly acquired the property

Source: Ma' mun

8. The Role of Digital Marketing on Islamic Wealth Management for Achieving Sustainable Finance

Globally, investors or customers' behavior continues to be concerned about sustainability practice promoting ethical, social, and environmental values in their activities of investment. In the digital era, consumer behaviors on accessing financial products and services have changed. Therefore, financial institutions have to understand consumer adoption of, and preferences for, digital media. Presently, social media has become an essential communication tool for many organizations, including the financial institution, regarding sustainability (Reilly & Hynan, 2014).

Therefore. As providers of I.W.M., Islamic banks that contribute to sustainable finance should leverage social media as a two-way communications vehicle to listen to the audience and gain insights to provide clients with targeted and differentiating solutions that solve their financial needs. Using digital marketing in sustainable finance issues is helpful for Islamic banks and their clients interacting between one and another to contribute to sustainable development. There are specific roles in digital marketing on I.W.M., providing sustainable finance.

Firstly, digital marketing is used for building trust between providers of I.W.M. and clients. Sustainability reporting is a vital indicator of a firm's commitment to its environmental performance and continuous improvement, although it may not reflect sustainable performance (Vafaei et al., 2016). Through the mobile application, Islamic banks can provide data insightfully transparently, such as portfolio data, performance reporting, fee structures, and other significant insights. Social media is one way to tell clients about events, seminars, sponsorship, and charitable efforts related to sustainability practice. By creating a Facebook Community Page or youtube channel is being used.

Secondly, digital marketing is cheaper and effective than traditional marketing. For instance, many companies pay a lot more for social media marketing in time value than in monetary value. They would save a lot more time and money by outsourcing their social media campaign to marketing consultants (Constant contact, 2011). With Google, youtube, Facebook advertisement, I.W.M.'s providers can advertise his products and service on sustainability practice, in which the actual cost is lower than traditional media. Still, the spending of time and efforts are massive (Cowden, 2014).

Thirdly, the digital marketing scale is global reach. With the internet, it allows the providers of I.W.M. to find new markets and trade globally for investment and charity based on a sustainability approach. The data shows us there are 4.39 billion internet users in 2019, an increase of 366 million (9 percent) versus January 2018 (https://datareportal.com/reports/digital-2019-global-digital-overview). Also, there are 3.48 billion social media users in 2019 and 5.11 unique mobile users in the world today (Ibid). These facts are an opportunity for I.W.M. providers to optimize the products and services in the global market.

9. Conclusion

Islamic wealth management (I.W.M.) is an interconnection with sustainable finance. It contributes to sustainable finance by using its elements from wealth accumulation, protection, distribution to purification. As a product of an Islamic bank, wealth managers should advise his/her clients to participate in sustainable finance by transferring their wealth to the family and society.

It can be stated that I.W.M. is a holistic product and service of financial management to help the client financial needs based on Islamic ethical values contributing to commercial, environmental, and social purposes. It is suggested that I.W.M. is for affluent people and middle or lower-income people to manage their wealth. By then, all people can contribute to sustainable development by adequately organizing their wealth based on Islamic ethical values, environmental basis, and beneficial to society.

The role of digital marketing on Islamic wealth management by using its elements: wealth accumulation, protection, distribution, and purification, can engage with prospective investors and deepen the relationships with the existing clients and open for prospected clients not only in domestic but global market, which based on Islamic ethical values to achieve sustainable finance.

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Corporate Social Responsibility Disclosure and Company Performance: A study of Islamic Banks in Malaysia

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Abstract

The concept of social responsibility of Islamic banks has produced considerable interest in Malaysia in recent years. Prior research tends to focus on the relationship between corporate social responsibility and company performance has largely been based on international data, therefore this paper will focus on the Malaysia context. This study aims to explore the corporate social responsibility disclosure (CSRD) practices of the 10 Islamic banks in Malaysia during the period 2017-2018 and examines its impact on company performance. The paper develops a comprehensive CSR index for Islamic banks in Malaysia based on prior literature and AAOIFI,No7 2010 guidelines . The study applies ordinary least squares regression analysis to study the impact of respective dependent variables. The results show a significant negative relationship between CSR and company performance of Islamic Banks in Malaysia. The negative effect on firm performance could be driven by the content of the CSR information disclosed and how investors perceive it. There is a possibility that CSR information itself raises concerns about firm performance, which leads investors to lower their valuation. While CSR information could offer positive news to the stakeholders, they might misinterpret the practice that competitor firms would benefit from this excessive information. The findings imply the need for Islamic banks to strategically leverage the effect of CSRD on company performance. The finding of the study also provides an important implication for investors, managers, regulatory bodies, policymakers and Islamic banks in Malaysia.

Keywords: Corporate Social Responsibility Disclosure, company performance, Islamic Banks, Malaysia.

1. Introduction

The growth of the Islamic banking and financial system has been one of the hallmarks, as its inception of Islamic bank in 1975 in Egypt namely as Mit-Ghamr. The market capitalization (MC) of Islamic banking industry currently stands at US$2.05tn (IFSB, 2018). Despite its growth, it is believed that Islamic banking represents the absolute ethical codes of the Islamic religion because of the unique characteristics of Islamic finance – no interest (riba), prevention of uncertainty (gharar) and gambling (maysir) and the insistence of "real" transactions (El-Gamal, 2005). In fact, Islamic codes impose strong social obligations on Muslim individuals and organizations (Maali et al., 2006).

The existing body of CSR literature on Islamic banks focuses on either the level of CSRD(corporate social responsibility disclosure) (Hassan and Harahap, 2010; Aribi and Gao, 2012) or the determinants of CSRD (Farook et al., 2011; Amin et al., 2011; Rahman and Bukair, 2013). There is limited research examining this relationship towards Islamic banking performance (Hassan et al., 2009; Arshad et al., 2012; Mallin et al., 2014) and there is no prior evidence of studies narrowly focus on the impact of CSRD in Islamic banks in Malaysia.

Also, most previous studies were conducted before the issuance of an updated AAOIFI (2010 edition) Governance Standard No. 7 (on CSR) and, thus, did not represent a clear benchmark of CSRD practice in Islamic banks. The motivation behind this study derives from the dearth of research on CSRD in Islamic banks in Malaysia

after the issuance of AAOIFI's Governance Standards No. 7 in 2010. In fact, only a handful of studies adopted AAOIFI as best practice for CSR reporting for Islamic Banks based on the latest AAOIFI Governance Standards (versions 2010), which provides variations of CSRD practices between banks and countries. It is noted, here, that AAOIFI standards (2010 edition) contain 48 Shari'ah standards, 26 accounting standards (FAS) and 5 auditing standards (AS), 7 governance standards and 2 codes of ethics for Islamic banks, where the overall disclosure practices of banks including CSRD predominantly depends on FAS and AS. The AAOIFI Governance Standards No. 7 relates to corporate social responsibility conduct and disclosure for Islamic Financial Institutions including Islamic banks. The primary objective for this standard is to ensure that CSR activities and compliance of Islamic Financial Institutions are communicated in a truthful, transparent and comprehensible manner to relevant stakeholders (AAOIFI, 2010).

Other streams of research also show that disclosure reporting plays an important role in improving communication with stakeholders along with a positive impact on firm performance (Uyar and Kiliç, 2012; Anam et al., 2011; Wang et al., 2008; Schwaiger, 2004; Hassan et al., 2009; Servaes and Tamayo, 2013). Nonetheless, prior studies (Al-Qadi, 2012; Maali et al.,2006) have not clearly examined how CSR reporting could influence a firm performance for Islamic banks. Even the findings on the impact of disclosure on firm performance are generally inconclusive (Vogel, 2005; Hassan et al., 2009; Al-Akra et al., 2010) and the issue remains as an open empirical question particularly for Islamic banks. To the best of our knowledge, there is only one study by Platonova et al. (2018), which examined the relationship between CSR and financial performance of Islamic banks in GCC whereas there are no studies yet conducted for Islamic banks in Malaysia. Using a Study on GCC Islamic banks sample of 24 GCC Islamic banks during the period 2000 to 2014 and based on six dimensions of the corporate social responsibility disclosure (CSRD) index, the study documented that CSRD practices by Islamic banks are positively linked to the bank's past and future financial performance. Nonetheless, their study did not provide evidence of the factors determining CSRD in these Islamic banks and its effect on firm performance.

Our study contributes to the literature in several ways. Firstly, our study differs from previous studies (Maali et al., 2006; Thompson and Zakaria, 2004; Hussainey et al., 2011; Mallin et al., 2014; Rahman and Bukair, 2013; Platonova, 2013; Platonova et al., 2018; Haniffa and Hudaib, 2007; Platonova, 2014; Maali et al., 2006; Abdul Rahman et al., 2010; Hassan and Harahap, 2010; Aribi and Gao, 2012; Ullah, 2013) as we explore the CSRD practice among the Malaysia Islamic banks and its impact on firm performance. To the best of our knowledge, no other studies attempted this. Secondly, this study also examines the impact of corporate governance variables, which were found to be a significant determinant of CSRD and company financial performance to understand more completely how these factors jointly impact the level of compliance and CSRD. Thirdly, our study develops a more comprehensive CSRD composite measure consisting of 11 dimensions based on prior research and the AAOIFI Governance Standards No. 7 (2010 edition) to understand the factors explaining the cross-sectional variation in the quantity of the information disclosed by Islamic banks in Malaysia and, therefore, provides insight into CSRD practice among them. Finally, this study focuses on Islamic banks in the Malaysia, which provides a unique empirical setting to investigate the economic consequences of CSRD using alternative measures of firm performance. Specifically, our study extends the work of Platonova et al. (2018) by using a larger sample of Islamic banks and a more comprehensive dimension of the CSRD index, consider alternative proxies for firm performance .The findings generate incremental insights to managers who seek to enhance the firm performance of Islamic banks.

2. CSRD and company performance

Many studies have reported that socially responsible activities by firms have a positive association with a firm's performance, even though the results are decidedly mixed. Carroll and Buchholtz (2003) suggest three possible causal relationships between corporate reputation, CSR, and a firm's performance. The literature on the impact of corporate disclosure on firm performance is limited and with mixed results. Several empirical studies concluded that voluntary disclosure enhances investors' ability to predict future earnings, which has consequences on firm performance (FP) (e.g., Hussainey et al., 2003). Rhodes and Soobaroyen (2010) argue that disclosure can curtail agency problems by decreasing information asymmetry, thus enhance firm performance (FP). Al-Akra et al. (2010) specified the existence association between disclosure and firm performance (FP) using panel data for Jordanian

listed companies.

Prior studies reveal that increasing disclosure level results in decreasing misevaluation of share price, hence increasing firm's market capitalization (Anam et al., 2011). Garay et al. (2013) find that an increase of 1% in the corporate disclosure causes an upsurge of 0.15% in the Tobin's Q[§] and an increase of 0.0119% in the firm's ROA (return on assets). Dhaliwal et al. (2011) find a positive association between firm performance (FP) and disclosure, based on an investigation of the link between the cost of equity and CSRD. Studies by Villiers (2013) examine the effect of a firm's governance measures on the relationship between CSR disclosure and firm performance (FP). Stronger governance mechanisms could reduce the ability of managers to disclose CSR information opportunistically, making CSR disclosures more credible, and, thus, increase the weight capital market participants put on these disclosures. This would suggest a stronger link between CSR disclosures and firm performance (FP) in stronger governance countries. However, financial disclosures themselves may be more opaque in weakly governed countries. Alotaibi and Hussainey (2016) find a positive relationship between CSR disclosure quality and market capitalization of Saudi non-financial listed companies in 2013-2014.

However, enhanced disclosure could have adverse effects if it puts the firm at a competitive disadvantage compared with its rivals (Healy and Palepu, 1993; Hassan et al., 2009) or if it makes more noise to the investors, which affects negatively on their valuation (Chung et al., 2012). Therefore, the existing literature does not present strong evidence on the positive association between corporate disclosure and firm performance.

3. Research Methodology and Data

This study adopts a quantitative research approach. Yearly financial reports of the 10 sample Islamic banks in Malaysia from 2017-2018, data gathered from the bank scope database and their websites. Other data such as charitable activities and social responsibility in the index and details of their data, which are not available in the financial report are collected from the bank's newsletter and website. To measure the CSRD quantity in the study, the un-weighted content analysis method is used to code and measure CSRDs over the annual reports, ensuring the validity and the reliability of the analysis. Therefore, "1" is given for each CSR disclosed in the annual report and "0" if not shown in the annual report. The use of the unweighted index and dichotomous methods to measure CSRD used are consistent with other CSRD studies (Platonova et al., 2018; Haniffa and Hudaib, 2007).

A total of 11 dimensions of the CSRD index are developed based on prior research and Governance Standard No.7 issued by AAOIFI, and which relate to CSRD requirements for Islamic banks and include both, mandatory and voluntary disclosure. The main dimensions of the index consist of 4 main aspects, which cover the issues of social responsibility within organizations, social responsibility in its relationship with customers and clients, social responsibility in screening its investments and social responsibility in its relationship with greater society presents a summary of the main and sub-dimensions in measuring CSRD practices used in this study

To enhance the reliability of the instrument, the disclosure items are coded and checked twice to ensure they are free from any potential discrepancies (Taliyang and Jusop, 2011). The quantity of disclosure is measured through the calculation of a CSRD index score. As indicated before, the approach to scoring items is essentially dichotomous in that an item inthe research instrument scores "1" if communicated and "0" if it is not (Haniffa and Cooke, 2002; Haniffa and Hudaib, 2007) and is additive and equally weighted to avoid potential scoring biasand scaling problems (Cooke, 1989). The method used in measuring the CSRD levels of the sample Islamic banks is as follows:

[§]Tobin's Q, or the Q ratio, is the ratio of the market value of a company's assets (as measured by the market value of its outstanding stock and debt) divided by the replacement cost of the company's assets (book value).

$$CSRDI(i,t) = \sum_{i=1}^{N} Score(j)$$

Where:
CSRDI = corporate social reporting index score for company *i*. and for the year *t*
N = number of items in the index
j= indicates each item included in the index
Thus, the value of the index, for each companies *i* for the year *t*, is obtained as the sum of the scores assigned to each item in Score (j).
It can be standardized as follows:

$$CSRDI(i,t) = \left(\frac{\sum_{i=1}^{N} Score(j)}{N}\right) x\ 100 = \frac{\text{Total Score}(i,t)}{N}\ x\ 100$$

Where, to measure CSRD impact towards Islamic banks performance, the study uses three alternative dependent variables associated with firm performance (FP) to test the hypothesis, which is consistent with several literatures (Sheu et al., 2010; Barontini and Caprio, 2006). The three measures have diverse theoretical implications (Hillman and Keim, 2001; Servaes and Tamayo, 2013). Selecting three proxies may support the researcher to construct the holistic view of the impacts of disclosure on firm perfromance(FP) through different proxies.

FP n = α + β1CSRD+ β2 B.SIZE n+ $\beta\beta$3 B.Comp n+ $\beta\beta$4 CEO Dual n+ $\beta\beta$5 F.Size n+ β6 F.Profit n+ β7 F.Leverage n+ β8 C.GDP n+ Year dummy variable+ ε

Where:
FP =is the firm performance measured using the market-to-book value of equity ratio (MTBV) or MC or Tobin's Q (TQ) as a proxy for the dependent variable.
α . = the intercept

β1 = Independent variables (CSR disclosure score of the sample Islamic banks)
β2 - β8= Control variables (B. Size (board size), B. Comp (board composition), CEO Dual (CEO duality), F. Size (refers to Islamic banks size), F. Profit (refer to Islamic banks' profitability), F. Leverage (refers to Islamic banks leverage) and C. GDP (growth domestic product of the sample countries).
Dummy variable= the study uses year 2017 and 2018 as a dummy variable
e = the error term, the difference between the predicted and observed value of the MTBV for the sample banks.

4. Empirical Results

This study conducts the Kolmogorov–Smirnov test to ensure that the data are normally distributed. Based on this test, all data are found to be normally distributed. Following Aryani (2015), the heteroscedasticity test is also conducted and the un-tabulated result shows that all variables are more than 0.05 indicating no sign of any heteroscedasticity problem. Again, to avoid the multi-collinearity among the independent variables that would affect the reliability of the estimates and may cause wide inflation in the standard errors for the coefficient, the

Pearson correlation matrix is tested. Gujarati (2003) indicates that collinearity among the independent variables is acceptable if the correlation coefficient (r) is a maximum of 0.80. The un-tabulated Pearson correlation matrix results show that there is no multi-collinearity problem in this study as the association among the variables is

below0.80. In addition, the variance inflation factor (VIF) is calculated. This procedure is an additional step to ensure that explanatory variables are not extremely correlated. The rule that has been applied is that the correlation between independent variables is accepted if VIF is still smaller than 10 (Gujarati, 2003). The un-tabulated VIF results of this study are higher than 0.1 and less than 10, implying that the variables do not have a multi-collinearity/autocorrelation problem.

Empirical analysis for the effect of corporate social responsibility disclosure on firm performance presented in the Table 1 below. The results of the regression analysis of CSRD impact for Islamic banks in Malaysia. The results show a significant negative relationship between CSRD and the firm performance proxy of MC, rather than MTBV and TQ, at the 10 per cent significance level. This finding is consistent with prior research such as Hassan et al. (2009) and Elliott et al. (2013), who show that CSRD is negatively associated with firm performance as it adversely affects a firm's competitive advantage with rivals and creates more uncertainty for the investors. As argued by Rhodes and Soobaroyen (2010), disclosure cannot reduce the agency cost by a decrease in the information asymmetry problem. The finding of our study is contrary to Platonova et al. (2018), Klein et al. (2005), Sheu et al. (2010), Gordon et al. (2010) and Anam et al. (2011), which all point out that social disclosure has a positive impact on firm performance. However, it can be said that the direction and magnitude of the relationship are associated with the type of disclosure (Hassan et al., 2009) and the proxy, that is used for firm performance (Uyar and Kiliç, 2012; Omair Alotaibi and Hussainey, 2016). Furthermore, there is no agreement in the literature on which proxy constitutes an ideal measure for firm performance (Mangena et al., 2012; Albassam, 2014). Our findings suggest that conflicting evidence exists for the inverse relationship between CSRD and firm performance.

With respect to governance variables, the results indicate that better governance leads to higher firm performance. Both board size and board composition have a significant positive effect on the firm performance proxies MTBV and MC, respectively. These findings are consistent with the existing literature (Giraldez and Hurtado, 2014; Baglioni and Colombo, 2009). Again, contrary to expectation, CEO duality has shown a significant positive effect on firm performance using the proxies MTBV and MC. This finding can be explained by signaling theory, as CEO duality seems to be perceived by stakeholders as a sign of effective control and leadership. This finding is in line with prior studies such as Peng et al. (2007) and Yang and Zhao (2013). Further, regarding firm-specific variables, profitability appears to have a significantly positive association with firm performance proxy MTBV, while GDP also reveals a significant positive association with both MTBV and MC. On the other hand, firm size shows a significant negative relationship with MTBV. Finally, it is noted that TQ as a proxy in measuring firm performance does not demonstrate any significant relationship with any variables. Dybvig and Warachka (2015) argue that TQ does not measure firm performance, but the rather firm performance and growth prospect with respect to efficiency measure and cost discipline.

TABLE 1: Empirical Finding of CSRD and Firms Performance

	MTBV				MC			Tobin-Q		
Variables	**Exp. Sign**	**Coef.**	**t**	**Sig.**	**Coef.**	**t**	**Sig.**	**Coef.**	**t**	**Sig.**
Constant			-1.312	0.140		-4.128	0.000		1.783	0.071
CSRD	+	0.036	0.571	0.545	-0.076	-1.605	0.070*	0.052	0.643	0.521
B.SIZE	+	0.182	2.518	0.010**	-0.025	-0.486	0.671	0.037	0.501	0.6174
B.COMP	+	0.006	0.067	0.838	0.078	1.612	0.099*	-0.020	-0.274	0.765
CEO.DUAL	+	0.338	2.150	0.002***	0.153	2.751	0.009***	0.120	1.547	0.123
F.SIZE	+	-0.162	-1.156	0.022**	-0.031	-0.487	0.734	0.078	0.965	0.378
F.PROFIT	+	0.131	1.301	0.173	0.205	3.540	0.000***	0.083	1.015	0.311
F.LEVERAGE	-	0.053	0.603	0.356	0.030	0.370	0.726	0.063	0.978	0.316
C.GDP	0	0.163	1.704	0.053	0.547	9.965	0.000***	0.034	0.332	0.723
Y2011	0	-0.068	-0.781	0.301	-0.077	-1.444	0.142	0.125	1.324	0.157
Y2012	0	-0.083	-0.890	0.224	-0.136	-2.032	0.042	0.124	1.326	0.178
Y2013	0	-0.038	-0.312	0.552	-0.050	-0.932	0.350	0.131	1.516	0.131
Y2014	0	-0.006	-0.061	0.743	-0.077	-1.166	0.237	0.160	1.852	0.080
Adjusted R Square (Sig.)	0.072 (p<0.000)				0.524(p<0.000)			0.014 (p=0.261)		

This table presents the regression results for the CSR disclosure consequences of Islamic banks in Malaysia. All variables are defined as follows: B.Size (board size), B.Composition (board composition), B.Meeting (board meeting), CEO.Dual (CEO duality), F.Size (firm size), F.Profitability (return on asset), F.Leverage (firm leverage) and GDP (gross domestic products). *, **, *** indicates significance at 10%, 5%, & 1%, respectively. (-) indicates the negative correlations, (+) indicates a positive correlation and (0) indicates no correlation was found in the regression model. Constant is a MTBV (dependent variable). Constant is a WC08001/Market Capitalization (dependent variable). Constant is a Tobin Q (dependent variable).

5. Discussion and concluding remarks

The aim of this research is to examine the impact of the CSRD and firm performance among 10 Islamic banks in Malaysia for the year 2017-2018.this study also analyzes the impact of CSRD on firm performance based on three different proxies, namely, MTBV, MC and TQ. The finding confirms a significant negative association between CSRD and firm performance (MC). This negative link between disclosure and firm performance can be explained using signaling theory, rather than from an agency theory perspective. Extra information could have a negative effect on firm performance in the sense that the excessive CSR information disclosed may cause extra uncertainty for the investors, which affects negatively their valuation of the firm.

Further, the negative effect on firm performance could be driven by the content of the CSR information disclosed and how investors perceive it. There is a possibility that CSR information itself raises concerns about firm performance, which leads investors to lower their valuation. While CSR information could offer positive news to the stakeholders, they might misinterpret the practice that competitor firms would benefit from this excessive information. Nevertheless, this result does not support the idea that Islamic banks can use corporate disclosure to differentiate themselves and enhance their competitive advantage through increasing firm performance. Again, the results reveal that board size, board composition and CEO duality have a significantly positive effect on firm performance, suggesting the influence of dominant personality or leadership in Malaysia Islamic banks.

This study contributes to existing CSR reporting literature as being the first to examine the impact of CSRD towards firm's performance in Malaysia Islamic banks for the years 2017-2018 using comprehensive variables. Moreover, it provides a valuable contribution to research as it extends the understanding of how CSRD affects the firm performance of Malaysia Islamic banks. The findings of the study have important implications for investors, managers, regulatory bodies, policymakers and Islamic banks. In an asymmetric information environment, corporate governance mechanisms are not yet as effective as expected for improving CSRD. Islamic banks are expected to fulfill their inherent character as an "Islamic" bank and distinguish themselves from non-Islamic banks, but the financial incentive is not evident because of the negative performance effect of CSRD.

However, managers who engage in good practices of information disclosure are recommended to continue doing so. For those who refrain from providing information to the stakeholders, the results call for more CSR transparency if they want their bank to be more valuable in the opinion of their stakeholders. As there are many annual reports and websites of Malaysia Islamic banks having no disclosure of CSR information, the regulatory bodies and policymakers may identify a minimum benchmark for CSRD, that is published by each bank either in their annual reports or on their website. The findings of this study have important messages for Malaysia Islamic banks, which may need to know that more CSRD might have a significant impact on their firm performance. They should be more aware of CSRD issues, rather than focusing only on profit-maximizing objectives.

There are several limitations inherent in this study. Firstly, the relatively small sample size of 10 Islamic banks in Malaysia (from 2017 to 2018) may limit the application of the findings to other Islamic financial institutions such as Takaful and the Islamic unit trust company. This is a common limitation of labor-intensive types of studies using manual content analysis and manual data collection from annual reports. Further study may be conducted using a larger sample of data over a longer time.

Through exploring CSRD using a time series data, future research can contribute clearer information regarding CSRD trends and practices among Malaysia Islamic banks. Finally, other studies could explore other measures of firm performance such as scale efficiency measures or examine the non-economic consequences of CSRD and firm performance such as the image and reputation of the banks.

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An Application of the Theory Reasoned Action (TRA) in Determining Factors Influencing *Muslim* Public Services Employees' Intention to Participate in Motor Takaful

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Abstract

Although the majority of Malaysian are Muslims, data shows that the *takaful* penetration rate was much lower than the conventional insurance. Motor takaful as an important segment in the general insurance sector which was offered as an alternative to conventional is supposedly becoming the preferred choice for *Muslim*. For that, this study aims to look at the factors that influenced the intention to participate in motor *takaful* among public services employees. Applying the Theory of Reasoned Action (TRA), this study analysed respondents' intention to participate in motor *takaful.* The variables used are based on TRA that are risk awareness, attitude and subjective norms. Multiple Linear Regression (MLR) was carried out to analyse the relationship between the independent variables and the dependent variable. The results showed that subjective norm does not significantly affect the dependent variable. Risk awareness and attitude significantly influence the intention to participate in motor *takaful*. This study provides a better understanding of the factors influencing the intention of vehicle users in choosing *takaful*. This study is important as one of the small contributions, especially to *takaful* operators in empowering *takaful* industry, specifically, and for Islamic financial system, generally, in Malaysia.

Keywords: Motor Takaful ; theory of reasoned action ; intention

1. Introduction

General insurance market in the Malaysian insurance industry has four main sectors with motor insurance as the largest sector followed by aviation and transit, marine, fire, and miscellaneous. Insurance and takaful products share similarities in functions, from the concept of helping each other of which is found in Islamic teachings and insurance. Both motor insurance and motor takaful offer same services to vehicle users, which are schemes or policies that insured the policyholders for a claim by the

third party due to an accident caused by their vehicle or to their own or claim for bodily injuries or death caused to other person or for losses and damages of property.

However, there are many differences noted from the operational and conceptual perspective between insurance and takaful. Islamic teaching forbids contracts with elements of usury (riba), uncertainty (gharar), and gambling (maysir). Hence, to avoid prohibitive elements, motor takaful was designed to meet the criteria of permissible contract or shariah compliance insurance functioning as conventional insurance product but differently operated. For example, the policyholder is known as a participant because he willingly joins to voluntarily contribute certain amount of money to a special fund and mutually agrees to share risks amongst the participants. Meanwhile, the policy holder in conventional insurance has to pay the premium and transfer the risks to the insurer.

The largest sector in general insurance and general *takaful* industry is motor insurance. This sector contributes the highest net premium towards overall industry around 54% average of the total net premium contributions collected between 1986 and 2004. Nowadays, there are 16 *takaful* operators in Malaysia and only five operators offer motor *takaful* (MTA 2017). Despite the increasing number of *takaful* companies, Muslims' understanding and awareness about the *takaful* industry are still low. In fact, only 10% of the Malaysian population chose *takaful* products although Islamic banking and *takaful* have been introduced over 30 years ago.

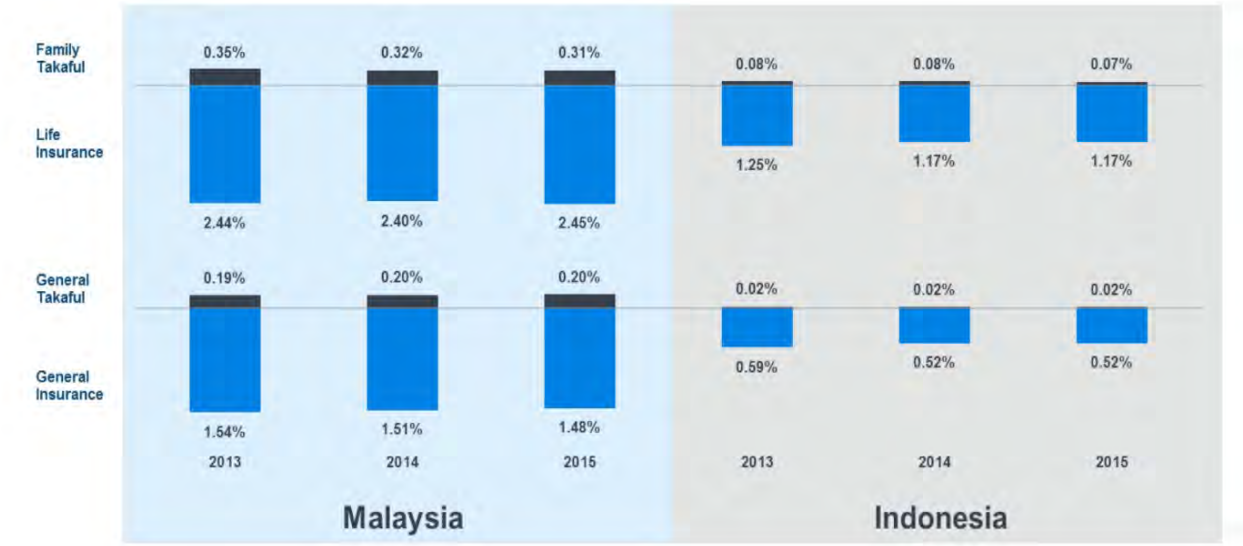


Figure 1 Penetration Rates between Insurance and Takaful (Family and General) Malaysia and Indonesia
Source : Milliman Global Takaful Report 2017

An analysis of Malaysia and Indonesia as reported by Miliman (2017) (refer Figure 1) on market penetration of insurance similarly gave obvious gap where life and general insurance largely penetrated the market in 2013, 2014, and 2015. The *takaful* (family and general) constituted only less than 0.32% and 0.2% for Malaysia and less than 0.08% and 0.02% for Indonesia. Although the majority of Malaysian and Indonesian market are *Muslims*, the *takaful* penetration rate was much lower than the conventional insurance penetration rate. As reported by PIAM (2019), only four out of 25 motor insurance providers were *takaful* operatorsin Malaysia. Table 1 displays three types of scheme offered both by insurance and takaful.

Table 1 *Comparison between General Takaful and General Insurance Operator for 3 Types of Scheme*

Type of Scheme	General *Takaful* (Motor *Takaful*)	General Insurance (Motor Insurance)
Comprehensive	4 companies	21 companies
Fire And Theft	4 companies	21 companies

Third Party	3 companies	21 companies

Source: MTA (2019) and PIAM (2019)

In addition to the above, the annual contribution payment for motor takaful is far low compared to Muslim population and registered vehicles. Besides, lower market penetration rate for general *takaful* and fewer takaful operators contributed to the unbalanced difference between conventional and *takaful,* as well as the Muslim-majority population. Therefore, there is a need to investigate the factors that influence the intention of consumers in choosing motor *takaful* to increase the market penetration and raise the demand for *takaful.* The motor takaful operators offering motor takaful scheme are also not as many as conventional general Insurance. Despite the positive growth of *takaful* market in Malaysia, there are still untapped *takaful* market and percentage of market penetration also very low compared to conventional insurance (Earnst and Young, 2015).

A review of current research revealed that limited studies that applied TRA to investigate general takaful, specifically in motor takaful segment. This study attempts to test the relationship between an intention to participate and various factors in the theory reasoned actioned (TRA). Specifically focuses on motor takaful, intention of public service employees in Putrajaya is analysed. This study differs from other studies by examining the factor based on assumption in TRA and public services employees of Jabatan Kemajuan Islam Malaysia (JAKIM) in Putrajaya headquarters were chosen as respondents. The remaining discussion of this paper is as follows. Section 2 discusses the theoretical underpinning highlighting the previous literatures. Section 3 discusses the data and methodology. Section 4 present results and findings. Finally, section 5 concludes the overall discussion.

2. Underpinning Theory

To determine a person's decision on the intention to participate in Islamic insurance products, the TRA is a suitable tool of measurement. It is based on the greater a person's attitude, the more he will prefer to engage in behavioral intention. This is commonly discussed in Theory of Planned Behavior (TPB) of behavioural predictions on individual. However earlier, attitude was as an important role in influencing the intention (Ajzen, 2002) where TRA concept were developed. The TRA concept in based on prevailing assumptions "attitude and behavior were strongly related". TRA and TPB both propose concept of intention and the following term came out; behavioural control, volitional control, attitude and subjective norms to relate to the intention. The behavioral control is the extend of ease or difficulty one believe the performance of behavior to be. While volitional control is the extend to which one can decide to do something. The revised of TRA comes as it fails to explain behaviours not under volitional (wilful) control. However, TRA has got widespread acceptance for the assumption that there is strong correlation between the attitude and subjective norms to the intention of individual.

Major studies that used TRA are Ab. Rahim and Amin (2011), Amin (2012), Razak and Taib (2008b), Amin et al. (2009). Ab. Rahim and Amin (2011) confirmed the applicability of TRA on Islamic insurance by measuring attitude and subjective norm. Amin (2012) stated that attitude and subjective norm are the key antecedents in explaining a person's willingness to choose Islamic insurance products. He added that attitude, subjective norm, and amount of information provide the best accuracy of data to be considered as important factors of determining participation in Islamic insurance. Additionally Razak and Taib (2008b) also reveals, perception of *takaful* is among the significant predictors of *takaful* acceptance intention

In Malaysia, study on takaful focuses on knowledge and perception to takaful acceptance can be referred to Wan Abdul Aziz et al. (2011). Additionally, earlier, Ab. Rahman et al. (2008) also studied the perceptions on comparison between conventional and motor takaful. Religiosity found to be an important determinant that may changed the perceptions towards insurance product. In other country, Mas'ud (2017) investigates individual risk awareness on takaful acceptance intention. He found that attitude, perceived behavioural control, and individual's risk awareness have a significant correlation with takaful acceptance intention in Nigeria.

3. Data and Methodology

Realising the fact that all staff in JAKIM were *muslim,* the intention of JAKIM staff was of interest as JAKIM is a religious department besides most of them have a religious study background. This study believes that their participation in motor *takaful* might be greatly influenced by the selected variables used in this study.

350 sets of questionnaires were distributed among JAKIM staff in Putrajaya with the criteria determined as the following; Respondents must be JAKIM staff, ii) Respondents must be working in Putrajaya; iii) Respondents must own a private vehicle (car or motorcycle). A total of 253 were returned and 218 is available to be used for the data analysis. As illustrated in Table 2, JAKIM staff involved in this study is summarised as follows:

Table 2: Profile of the Respondents

Items	Category	Frequency	Percentage %
Gender	Male	107	49.1
	Female	111	50.9
Age	25-29	56	25.7
	30-34	50	22.9
	35-39	49	22.5
	40-44	31	14.2
	45-50	32	14.7
Job level	Senior officers	27	12.4
	Junior officers	98	45
	Supporting/Technical	93	42.7
Status	Single	48	22
	Married	165	75.7
	Divorced	5	2.3
Education	PhD	7	3.2
	Master	29	13.3
	Degree	119	54.6
	Diploma	39	17.9
	STPM/SPM/PMR/UPSR	24	11
Household income	<1000	7	3.2
	1000-1999	24	11
	2000-2999	27	12.4
	3000-3999	37	17
	4000-4999	34	15.6
	> 5000	89	40.8
Monthly saving	< 100	32	14.7
	100-199	43	19.7
	200-299	38	17.4
	300-399	23	10.6
	400-499	29	13.3
	> 500	53	24.3

This study develops a model in investigating factors influencing intention based on TRA as follows:

$$INT = \beta + \beta 1\ RSK + \beta 2\ ATT + \beta 3\ SN$$

Where β =constant, INT= Intention, ATT = Attitude, SN = Subjective Norms with the following hypothesis: -

H1. Risk awareness significantly determined the intention to participate in motor takaful.
H2. Attitude significantly determined the intention to participate in motor takaful.
H3. Subjective norm significantly determined the intention to participate in motor takaful.

The questionnaire contains two sections; Section on demographic questions and Section B where respondents were requested to answer questions relating to the degree of their risk awareness, attitude, and subjective norm based on a five-point Likert scale, ranging from 1 to 5 where 1 indicates "strongly disagree", 2 indicates "disagree", 3 indicates "neutral; either agree or disagree", 4 indicates

"agree", and 5 indicates "strongly agree". All items, intended to measure the variables in this study, were taken from previously validated instruments [5].

4. Results and Findings

Table 3 below shows the mean and standard deviation for each of the variables that were Intention, Risk Awareness, Attitude, and Subjective Norm. The standard deviation is also important in indicating the degree of each variable and also to point out the distribution of the score of the mean. If the value of standard deviation is small, therefore the responses in a sample distribution of numbers fall very close to the mean. Thus, the less the value of the standard deviation, the better. Attitude showed the highest mean with the value of 4.3578 and the standard deviation value of 0.66156. Meanwhile, the lowest mean (3.7599) was the subjective norm with the standard deviation value of 0.73375. From these figures, it has been shown that JAKIM staff's intention to participate in motor *takaful* was influenced by attitude consideration.

Table 3: Result for Each Variable

Variables	Mean	Standard Deviation
INT	4.1404	0.84936
RSK	4.1573	0.72076
ATT	4.3578	0.66156
SN	3.7599	0.73375

Table 4 : Results of the Pearson Correlation between JAKIM Staff's Intention to Participate in Motor Takaful and Independent Variables

Variables	Correlation Coefficient	Sig. (2-tailed)
RSK	.558**	0.000
ATT	.612**	0.000
SN	.466**	0.000

Significant level p<0.01

Table 4 above shows the results of Pearson Correlation of the variables. It is reported that all hypotheses failed to be rejected as the p-value was below 0.01 (p<0.01). The risk awareness, attitude, and subjective norm have a significant relationship, but with moderate relationship ($0.40 \leq r \leq 0.59$). The correlation coefficient was 0.558** (risk awareness), 0.612** (attitude), and 0.466** (subjective norm).

Table 5 Regression Results

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B.	Std. Error	Beta		
β	.210	.311		.674	.501
RSK	.254	.085	.216	2.984	.003*
ATT	.501	.091	.390	5.517	.000*
SN	.184	.072	.159	2.555	.011
R					.658[a]
R Square					.433
Adjusted R Square					.425
Std Error					.64395

Significant level (P<0.01)*

Table 5 summarises the results of multiple regression with intention as the dependent variable for risk awareness, attitude, and subjective norm. The results showed that both attitude and risk awareness were statistically significant. The standardised regression coefficient revealed that attitude (Beta=0.501, t=5.517, p=0.000) made the strongest contribution in explaining intention, followed by risk awareness (Beta=0.254, t=2.984, p=0.003). Subjective norm (Beta=0.184, t=2.555, p=0.011), had no significant

[5] Questionnaires were available upon request by email naim9319@yahoo.com

influence with intention as the p-value showed more than 0.01. Two variables were statistically significant which were attitude and risk awareness as both p-values <0.01 with 0.000 and 0.003, respectively. Thus, attitude and risk awareness significantly influenced the intention to participate in motor *takaful* among JAKIM staff and correlated in a positive direction. Coefficient correlation was 0.658 and coefficient determination or R square was 0.433 implies 43.3% of the changes in the dependent variables can be explained by these three variables. It also indicates that risk awareness, attitude, and subjective norm which collectively explained 43.3% variation in intention. The remaining 56.7% can be explained by other variables. Additionally, the better the attitude, the higher the risk awareness of JAKIM staff leading to a higher intention to participate in motor *takaful*.

5. Conclusion

Based on this study, it was found that attitude and risk awareness strongly influenced the intention to participate in motor *takaful* applying theory of reasoned action (TRA) to the public services employees, specifically JAKIM staff at Putrajaya. The results can be used by takaful operators for marketing decisions on how to attract potential consumers especially *muslim* to participate in takaful knowing that risk awareness and attitude in this study importantly contributes to the prediction of intention to participate in motor takaful. The intervention strategies targeting risk awareness and attitude would certainly improve individual intentions to participate and the subsequent behaviour as applied in TRA. Knowing intention is not at satisfactory level, ppublic acceptance toward *takaful* products may be improved and *takaful* companies should take the opportunity and give more effort to build consumer confidence in this product. Additionally, *takaful* companies may be benefited based on this findings in improving their service delivery and quality consistent with government aims for motor *takaful* as preferred choice since new policy commenced on July, 2017 by liberalization of the insurance and *takaful* sector as well as separation between life and general insurance among *takaful* companies in 2018.

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How Far the Islamic Banking Sector Contribute to Halal Industry? The Comparison with Conventional Banks on Trade Finance Products

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Abstract

Malaysia is well known with Halal industry due to government's efforts to facilitate the development of Halal industry. Halal industry in Malaysia is acknowledged due to its efficiency in the regulatory framework as well as its diversity of the sectors, ranging from products (food and beverages, consumer products, pharmaceuticals, cosmetics and others), and services (such as logistics, tourism and banking sectors). The Halal industry contributes 7.5 percent to Malaysia GDP in 2017. As the Halal practice should be applied in the whole chain of Halal production and distribution, the Islamic banking sector is proposed to support the whole halal industry through their funding. This support plays some roles towards the integration, and accelerating the growth of the Halal industry. While it is expected that conventional trade finance products are diverse and contribute more to Malaysia businesses, not much is known on the evolvement of the Islamic trade financing compared to conventional banks. This study explores the trends of growth in the usage of Islamic and conventional trade finance products.

Keywords: Islamic finance, Islamic banking, Halal industry

1. Introduction

The global Halal industry market value is increasing yearly. The worldwide market value of Halal products worth USD45.3 billion in 2016 (Statista 2019). Large numbers of Muslims populations and an increase of Muslim awareness on Shariah compliance contributes to an increasing in the current growth of Halal industry. In Malaysia, the industry started in 1970s for Halal sectors and in 1980s for Islamic banking and takaful sectors. Extensive experience led industry to set up the comprehensive regulatory framework, governance and Halal certification process. Malaysian Halal certification and logo is recognized and accepted by the global Halal market.

In addition, the Islamic banking sector in Malaysia is well known for its diversity in terms of products and services. Islamic finance (which covers Islamic banking, takaful, money and capital market) in Malaysia is ruled systematic regulatory as well as governance framework. As banking institutions gain deposits and channel them for financing and investment purposes, the Islamic banking sector was urged to contribute to Halal industry through their funding.

From the academic discussion, the basis for Halal integration, Halal ecosystem and Halal economy agenda in the context of synergizing Halal sector and Islamic finance emerged since 2005 (Evans 2005, Ahmad 2008). Sultan Nazrin Shah in World Halal Conference in 2018 also stressed on the need for 'true Halal economy, that integrated all Halal aspects in Halal business model. The stress was to integrate Islamic funding in Halal value chain.

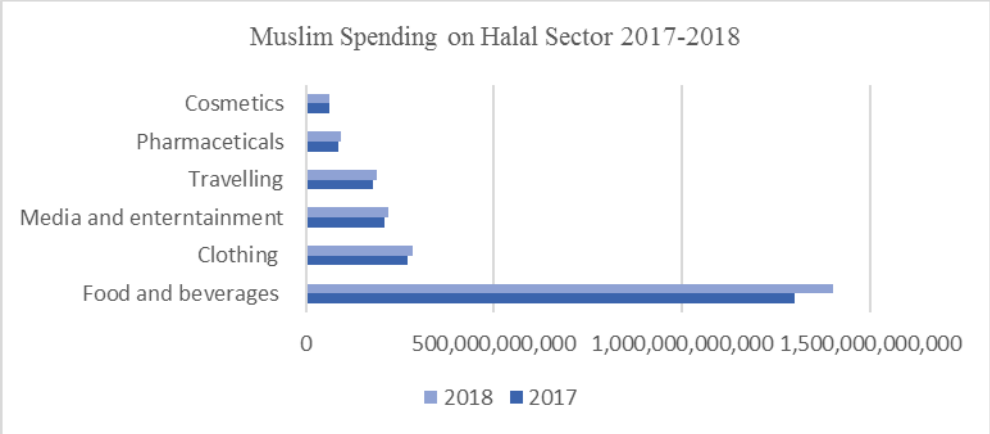
One of the contributions of the Islamic banks in Halal sectors can be made through their product and services offering such as trade finance products to support trade activities. While there are limited studies on Islamic banking contributions on Halal industry, this paper attempts to (i) examine on the trend of Islamic trade finance products and services and (ii) compare it with conventional trade finance trend in terms of trend of funding. As conventional banking sector was operated much longer compared to Islamic banking sector, there is no argument that conventional trade finance products contribute more to the whole industry in Malaysia. However, comparing the trend of the trade financing products on both sectors will provides indicators on whether there are increasing trends in offering. This paper is

structured as followings. This paper starts with introduction, literature review and research methodology, followed by current trends and ended with the conclusion.

2. Literature review

Halal refers to an action or object that are allowable in Islamic Law. As Muslims need to fulfil their religious obligations, they should apply all Islamic teachings in their daily life including the way of their spending and consumptions. The data in Diagram 1 shows that Muslims spend their money most in food and beverages, followed by clothing, media and entertainment, travelling, pharmaceuticals and cosmetics. The amount of their spending is increasing every year. The supply of Halal products and services come from many countries in including from non-Muslim countries such as Brazil, Australia, New Zealand, India and others. New comers such as Korea and Japan also put their interests on the industry.

Diagram 1: Global Muslim Spending on Halal Sector 2017-2018



Source: Adapted from Thomson Reuters (2018/2019)

Looking at this background, countries such as Indonesia also realize on the potential of the Halal industry for their economy. Indonesia through its Indonesian Sharia Economic Masterplan 2019-2024 attempts to integrate Halal sector with Islamic banking and finance. Nisha and Iqbal (2017) among others highlighted some potential for Halal ecosystem including Islamic economic growth, Muslim life trends, intra-OIC economic growth and participation of the global players in Halal market.

In Malaysia, the Halal industry as the whole are regulated by the different regulatory bodies. Halal sector is monitored by Department of Islamic Development Malaysia (JAKIM) with supports come from other agency bodies at the federal and states level. The main act that guide this sector is Trade Description Act (2011). Islamic banking and takaful industry is guided by the Central Bank, Malaysia. The Islamic and conventional banking system work in parallel, but with different acts. The Islamic banking industry is guided by the Islamic Financial Services Act 2013 (IFSA 2013), while the conventional banking sector is guided by Financial Services Act 2013 (FSA 2013).

3. Research methodology

This paper used the secondary data as the main sources. It reviews publicized policy documents and gathered the Islamic banking data by the Central Bank of Malaysia, Islamic banking institutions' websites, academic journal papers, and online articles.

4. Current trends in trade finance

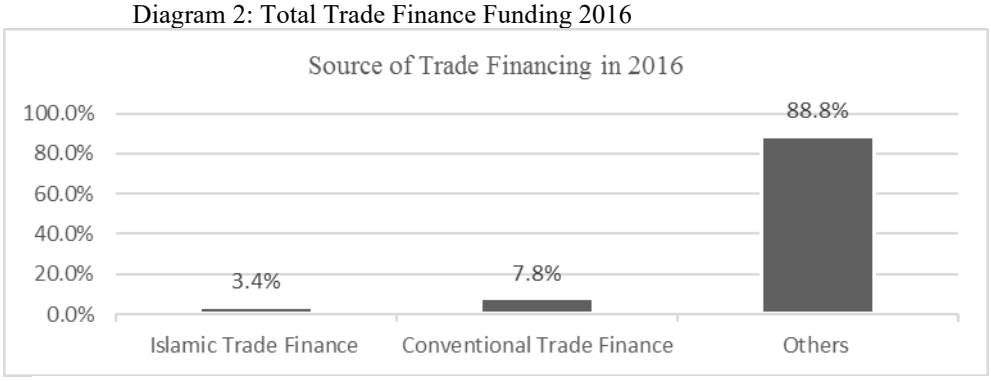
Trade finance is important for business entities to perform their export and import activities. Trade finance products and services can be in the form of funding and related supported activities including providing the guarantee to facilitate the trade activities. Islamic trade finance products can use several types of contracts including sales (murabahah), commodity murabahah (tawarruq), agency (wakalah) and guarantee (kafalah) contracts. Products can be varies, including Bills, Letter of Credit, Bank Guarantee, Shipping Guarantee, Trust Receipt, Invoice Financing, Banker Acceptance (Sale), Banker

Acceptance (Purchase), Inward Letter of Credit, Export Credit Refinancing, Foreign/Domestic Bills of Exchange Purchased, Onshore Foreign Currency Financing, Foreign Currency, Trade Financing, and Advance Against Trade (MIFC 2013). As there are 16 Islamic banking institutions in Malaysia, the majority of Islamic banking institutions offer the trade finance products.

As the data shows that there is an increasing trade activity, the data on funding from the source of trade finance provided by the Islamic banking sector was only at a small contribution. At the global perspective, Islamic trade finance has only funded 1.14 percent of the inter-OIC trade activities.

The similar trend is also shown in Malaysia. It is reported that Malaysia international trade was at RM1.835 trillion in 2019 (Matrade 2019), with the Halal industry export activities was estimated at RM40.2 billion and import value at RM40 billion (Halal Development Corporation Berhad 2020). Given with this total numbers, Syed Alwi (2019), highlighted that Islamic trade finance only attract 3.4 percent of funding, compared to conventional trade finance (7.8 %) and others (88.8%) (see Diagram 2). This summary of data shows that Islamic banking institutions yet unable to involve and contribute more to trade activities, in comparison with conventional trade finance or other types of funding.

Diagram 2: Total Trade Finance Funding 2016



Source: Adapted from Malaysian Reserve (2017)

5. Conclusions

Trade activities is the backbone of the Halal industry, as it covers the purchase activities of the material and the distribution of the selling goods. Funding to facilitate trade activities is important to support the global Halal trade activities. The preliminary study shows that there is a large gap of trade finance and services offering by Islamic and conventional banking institutions as well as other types of funding. As this study shows on this funding gap, future studies to explore the reasons leading to this situation should be done to help the policy makers and market participants to find the best solutions in reduce the gap in Islamic banking offering.

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Liberalization of Commission Structure: How Minimum Allocation Rate (MAR) Affecting Takaful Operator's Model

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Abstract

Effective 1 October 2020, Bank Negara Malaysia (BNM) Life Framework required all Takaful Operator to comply with the new Minimum Allocation Rate (MAR) requirement together with the liberalization of commission structure. Due to the implementation of MAR, few Takaful Operators decided to withdraw their Investment Link plans from the shelves and launches more Family Takaful savings plans. The implementation of the new MAR primarily to establish a sustainable fund for the participant, but the operators look at it as a tight policy that could affect mostly on commission structure for agents. From the distribution side, reducing the commission structure could lead to the withdrawal and reduction of agents. For big players, they can still offer this product by reducing profit margins and an increase in the volume of sales. For small and mid-players, the innovation in Takaful Model is crucial to ensure they can offer a similar product without contradicting the new MAR. This paper will propose an innovation for Takaful Models that could help the Takaful industry remain relevant in the market.

Keywords: Islamic Finance, Takaful, Takaful Model

1. Introduction

Effective 1 October 2020, Bank Negara Malaysia (BNM) Life Framework required all Takaful Operator to comply with the new Minimum Allocation Rate (MAR) requirement together with the liberalization of commission structure. Due to the implementation of MAR, few Takaful Operators decided to withdraw their Investment Link plans from the shelves and launches more Family Takaful savings plans. The implementation of the new MAR primarily to establish a sustainable fund for the participant, but the operators look at it as a tight policy that could affect mostly on commission structure for agents. Insurance companies has already implemented the MAR a year before, particularly starting July 1st, 2019.

2. New Minimum Allocation Rates (MAR) and Its Requirement for ILT

The year 2007 had witnessed the Takaful operators' commitment to remain competitive and keep on track with the rapid development of the Islamic finance industry by introducing new Takaful products that bridging the current market demand with the appetite of investors. Investment-linked plans (ILPs) are the latest innovations from the Islamic finance industry that offers investors the opportunity to get protection and investment through their family takaful plan. Takaful operators have introduced ILPs that combine both protection and investment tailored to provide the element of structured products. Based on the performance of the specific underlying assets, these unique products offer the opportunity of capital protection upon maturity and yield enhancement (Kassim & Rahman, 2017; Parveen, Razali & Salleh, 2019). These ILPs add to the existing long-term Shariah-based investment offered by the Islamic banks to cater the needs of Muslims to invest in non-interest bearing investment instruments. Typically, a Shariah-compliant investment-linked plan is a single contribution plan with a fixed term of

maturity. Takaful operators work together with a structure provider, normally a banking institution to integrate the structured product features into the ILPs (Kassim & Rahman, 2017).

Recently released new regulations on ILPs in 2019 by Bank Negara Malaysia (BNM) has received many reactions from the Takaful industry players. Effective from 1 July 2019 onwards, under the Bank Negara policy document on investment-linked businesses, insurance/takaful providers must adhere to three main requirements as following (Tan, 2019):

- Implementation of standards on Minimum Allocation Rates to protect the account values of investment-linked policy/certificate owners;
- Minimum standards on sustainability tests and communication to policy/certificate owners to improve long term persistency of IL policies/certificates and consumer awareness; and
- Strengthened disclosure standards on product illustration to facilitate more informed decision-making by consumers.

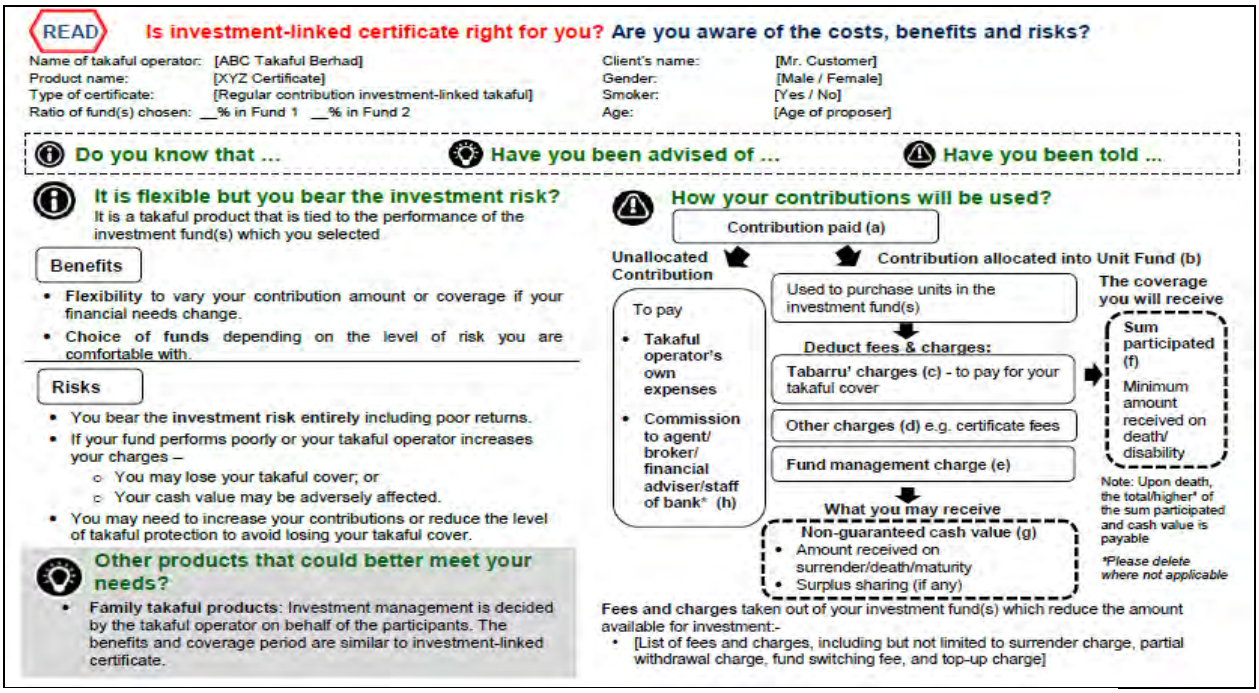
Specifically, there are some changes to the ILP policies pursuing the new regulations. One of them is the minimum allocation rate (MAR). MAR refers to the minimum proportion of premiums payable by policy owner/takaful contributions made by takaful participants that are allocated in the unit fund(s) of choice before the deduction of any charges (BNM, 2019). Effective 1 July 2019, the MAR for ILP policies which longer than 20 years will be set at a MAR of at least 60%. The new policy intends to protect the policy's sustainability in the long run (Tan, 2019). Table 1 shows the new MAR policy.

Table 1 The minimum allocation rate (MAR) effective from 1 July 2019 onwards

Contribution Payment Year	MAR (% of annual contribution)
1 to 3	60%
4 to 6	80%
7 to 10	95%
11 onwards	100%

Corresponding to the new regulation, from 1 January 2020, all policy owners receive a yearly statement that comprises the expected duration of their insurance/takaful cover based on their current cash values (i.e. how long can the policy run if the customers stopped paying premiums). There are a few implications that insurance companies and takaful operators need to adhere. For policies sold before 1 July 2019, insurance companies/takaful operators should send a pre-lapse notice for ILPs that will lapse within the next 12 months. While, for policies sold after 1 July 2019, insurers/takaful operators must set premiums that are expected to be sustainable until the end of the contract term. For the premiums to be set sustainably, assessments that are current and specific to the individual ILP owner are required by the insurers/takaful operators.

Furthermore, in order to assist the customer in the decision-making process, the regulations also introduce new rules for product illustrations at the point of sale. From the product illustration, the potential ILP customer can obtain information on the possible movements of cash flows as well as the impact of fees and charges on cash values. Under the new rules, insurers/takaful operators are required to base their illustrations on 2% and 5% rates when illustrating hypothetical rates of return to their potential customers. Figure 1 presents the sample ILP product illustration by Bank Negara Malaysia for licenced Takaful operators. Figure 2 illustrates the sample of a product illustration for an ILP policy that must be presented to an ILP customer at the point of sale. Based on Figure 2, starting from 1 July, "Scenario X" must refer to return rates of 2%, while "Scenario Y" is set at a rate of 5%.



READ **Is investment-linked certificate right for you? Are you aware of the costs, benefits and risks?**

Name of takaful operator: [ABC Takaful Berhad] | Client's name: [Mr. Customer]
Product name: [XYZ Certificate] | Gender: [Male / Female]
Type of certificate: [Regular contribution investment-linked takaful] | Smoker: [Yes / No]
Ratio of fund(s) chosen: __% in Fund 1 __% in Fund 2 | Age: [Age of proposer]

Do you know that ... | **Have you been advised of ...** | **Have you been told ...**

It is flexible but you bear the investment risk?
It is a takaful product that is tied to the performance of the investment fund(s) which you selected

Benefits
- **Flexibility** to vary your contribution amount or coverage if your financial needs change.
- **Choice of funds** depending on the level of risk you are comfortable with.

Risks
- You bear the **investment risk entirely** including poor returns.
- If your fund performs poorly or your takaful operator increases your charges –
  - You may lose your takaful cover; or
  - Your cash value may be adversely affected.
- You may need to increase your contributions or reduce the level of takaful protection to avoid losing your takaful cover.

Other products that could better meet your needs?
- **Family takaful products**: Investment management is decided by the takaful operator on behalf of the participants. The benefits and coverage period are similar to investment-linked certificate.

How your contributions will be used?

Contribution paid (a)

Unallocated Contribution → To pay
- Takaful operator's own expenses
- Commission to agent/ broker/ financial adviser/staff of bank* (h)

Contribution allocated into Unit Fund (b) → Used to purchase units in the investment fund(s)

Deduct fees & charges:
- Tabarru' charges (c) - to pay for your takaful cover
- Other charges (d) e.g. certificate fees
- Fund management charge (e)

What you may receive
- Non-guaranteed cash value (g)
  - Amount received on surrender/death/maturity
  - Surplus sharing (if any)

The coverage you will receive
- Sum participated (f)
- Minimum amount received on death/ disability

Note: Upon death, the total/higher* of the sum participated and cash value is payable

Please delete where not applicable

Fees and charges taken out of your investment fund(s) which reduce the amount available for investment:-
- [List of fees and charges, including but not limited to surrender charge, partial withdrawal charge, fund switching fee, and top-up charge]

Source: Bank Negara Malaysia (2019)

Figure 1 Sample ILP product illustration by a licenced Takaful operator.

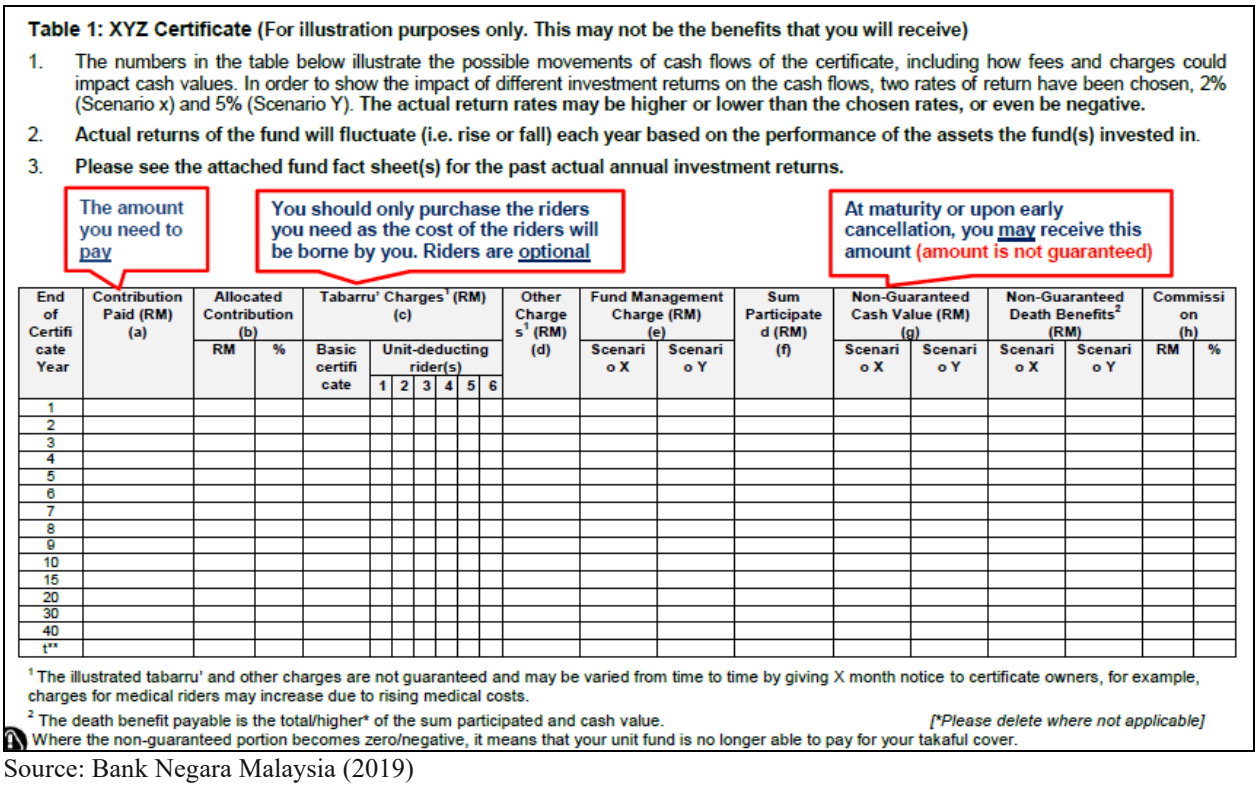


Table 1: XYZ Certificate (For illustration purposes only. This may not be the benefits that you will receive)

1. The numbers in the table below illustrate the possible movements of cash flows of the certificate, including how fees and charges could impact cash values. In order to show the impact of different investment returns on the cash flows, two rates of return have been chosen, 2% (Scenario x) and 5% (Scenario Y). **The actual return rates may be higher or lower than the chosen rates, or even be negative.**
2. **Actual returns of the fund will fluctuate (i.e. rise or fall) each year based on the performance of the assets the fund(s) invested in.**
3. **Please see the attached fund fact sheet(s) for the past actual annual investment returns.**

The amount you need to pay

You should only purchase the riders you need as the cost of the riders will be borne by you. Riders are optional

At maturity or upon early cancellation, you may receive this amount (amount is not guaranteed)

End of Certificate Year	Contribution Paid (RM) (a)	Allocated Contribution (b)		Tabarru' Charges[1] (RM) (c)						Other Charges[1] (RM) (d)	Fund Management Charge (RM) (e)		Sum Participated (RM) (f)	Non-Guaranteed Cash Value (RM) (g)		Non-Guaranteed Death Benefits[2] (RM)		Commission (h)	
		RM	%	Basic certificate	Unit-deducting rider(s) 1	2	3	4	5	6	Scenario X	Scenario Y		Scenario X	Scenario Y	Scenario X	Scenario Y	RM	%
1																			
2																			
3																			
4																			
5																			
6																			
7																			
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[1] The illustrated tabarru' and other charges are not guaranteed and may be varied from time to time by giving X month notice to certificate owners, for example, charges for medical riders may increase due to rising medical costs.

[2] The death benefit payable is the total/higher* of the sum participated and cash value. *[*Please delete where not applicable]*

Where the non-guaranteed portion becomes zero/negative, it means that your unit fund is no longer able to pay for your takaful cover.

Source: Bank Negara Malaysia (2019)

Figure 1 Sample of a product illustration for an ILP policy by a licenced Takaful operator.

This is applicable for all types of funds except for equity funds, for which the rates should be 2% and the 10-year average historical FTSE Bursa Malaysia KLCI returns for the first 20 years and then 5% following that. The 2% and 5% rates said to be a better way to demonstrate the interactions between cash flows without giving rise to undue expectations (Bank Negara Malaysia, 2019).

Above all, all these new changes are fall under Bank Negara's principal aim for ILP which is to protect the interest of the consumers. The raising of the MAR could improve transparency and standards of communication. This promotes better customer service with more informed decisions on their ILP takaful policies (Tan, 2019).

3. Existing Takaful Models

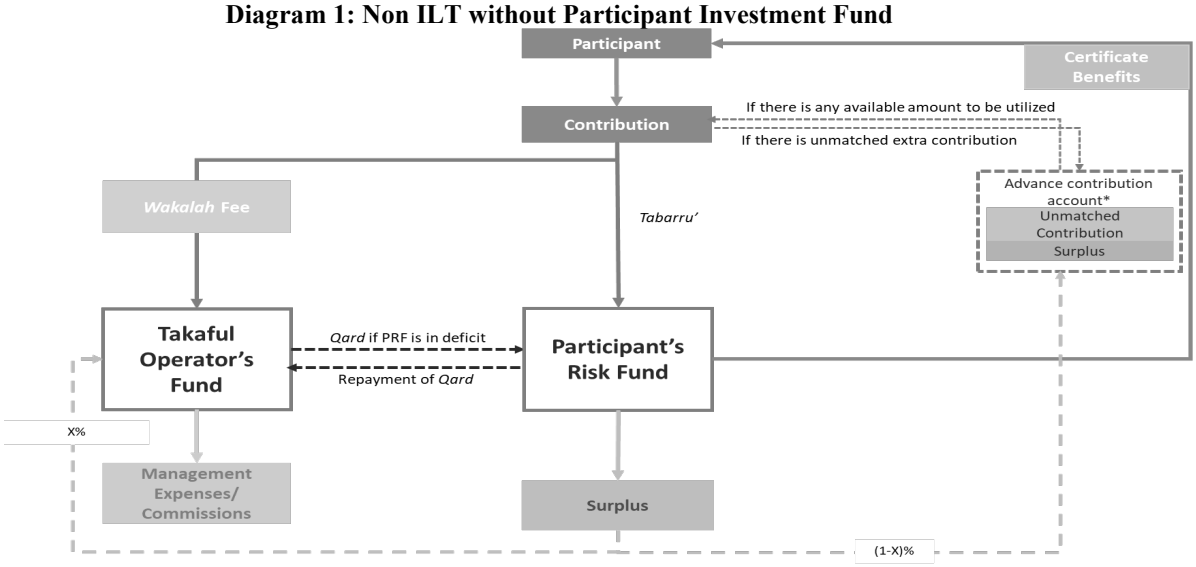
As mentioned in the introduction section, investment-linked takaful (ILT) is a part of a family takaful that combines investment and takaful (protection) cover. The contribution paid will provide coverage that includes death and disability benefits, while the other part of the contribution will be invested in a variety of shariah-compliant investment fund. Participants of ILT plan have the flexibility to choose their own level of protection and investment according to their financial circumstances. They can also switch their current investment funds, such s equities, bonds or other financial instruments to invest in. participants are also able to redeem part of their investment-linked units at any point of time.

Based on an interview session with the industry player from FWD takaful, there are four existing ILT models, practiced by the company. Diagrams and brief descriptions of the four existing models are explained below:

3.1 Model 1: Non-Investment linked Takaful (ILT) without Participant Investment Fund (PIF)

Referring to diagram 1, contribution paid by the participant in a non-ILT without PIF will first be deducted as *wakalah* fee, which is charged to pay for services rendered, such as fund management fee services and surrender charges. The *wakalah* fee is credited into Takaful Operator's Fund, which will be used to pay for management expenses or commissions. After excluding the *wakalah* fee, the balance of the contribution paid will be allocated in the Participant's Risk Fund in the form of participative contribution (*tabarru'*). If there are any surplus after the underwriting and investment activities, it will be divided between participants and the takaful operator based on an agreed ratio portion.

Diagram 1: Non ILT without Participant Investment Fund



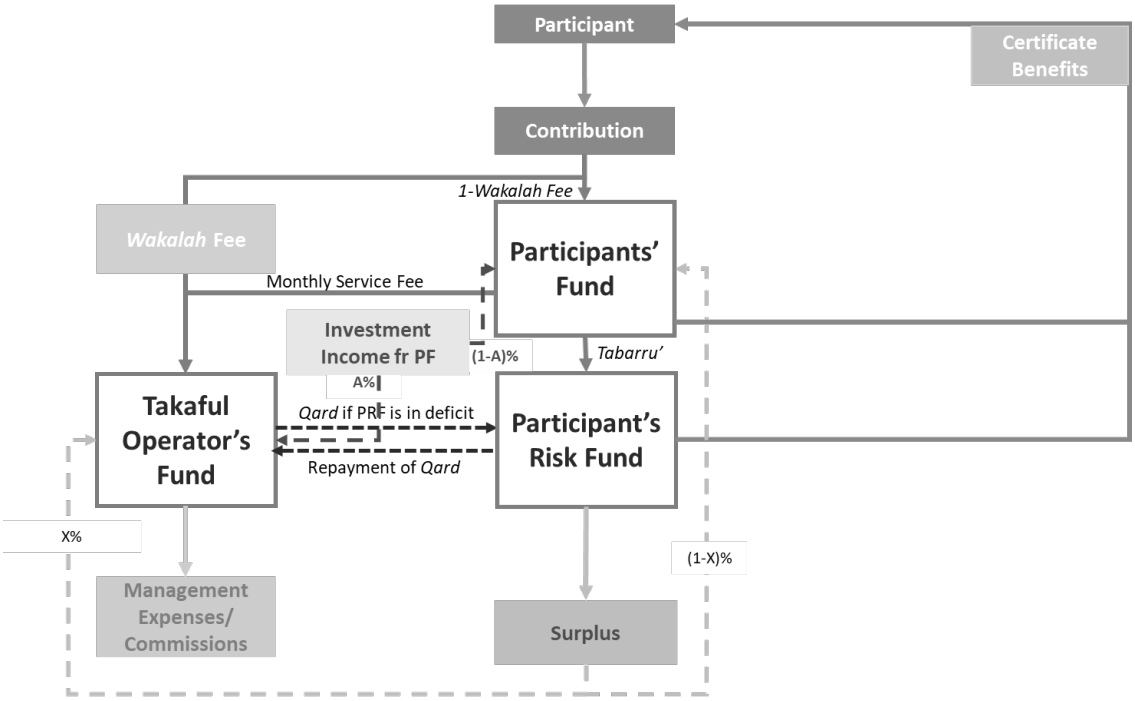
Source: Interview session with FWD Takaful

3.2 Model 2: Non-Investment linked Takaful (ILT) with Participant Investment Fund (PIF)

Diagram 2 depicts how contribution paid by the participant in a non-ILT with PIF will be allocated. Just like in diagram 1, the contribution paid by participant will first be deducted as wakalah fee for services such as fund management and other charges. The balance after the deduction of wakalah fee, will then be allocated in the Participant's Risk Fund for the purpose of tabarru' that will be shared among the participants, should any of them suffered mishaps. If there is any surplus after the underwriting and investment activities, it will be divided between participants and the takaful operator

based on an agreed ratio portion. However, the participant's portion will be credited in the Participant's Investment Fund (PIF) for investment purposes.

Diagram 2: Non ILT with Participant Investment Fund



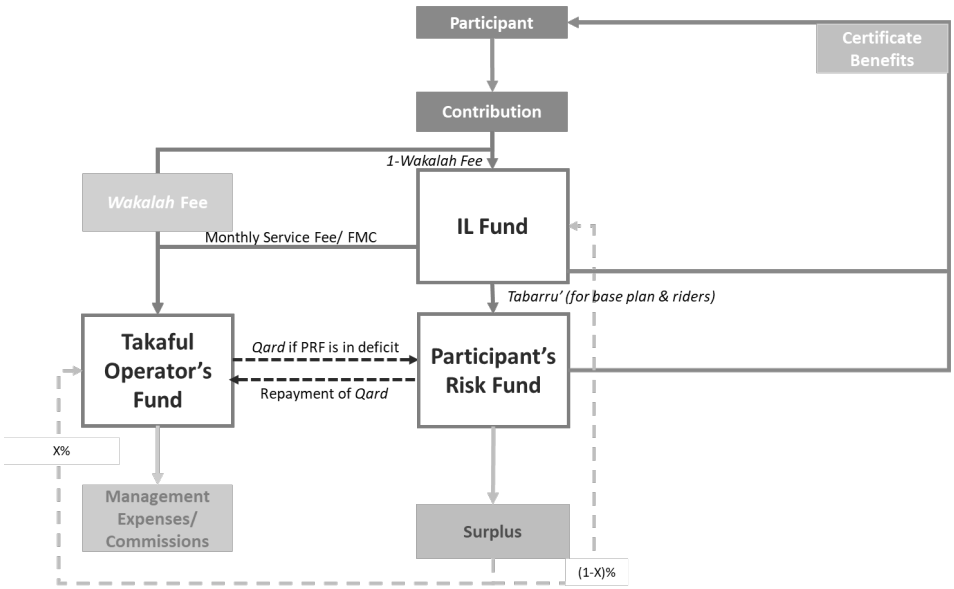
Source: Interview session with FWD Takaful

3.3 Model 3: Investment Linked Takaful (ILT) with Participant Investment Fund (PIF) and Unit Deducting Riders

Diagram 3 describes the model for ILT with PIF and Unit Deducting Riders. The contribution paid by the participants are allocated the same way as previous models. A portion of the contribution paid is deducted as *wakalah* fee upfront and credited into the Takaful Operator's Fund. The balance of the contribution will be used to provide for takaful coverage in the Participant's Risk Fund. The basic coverage normally provides death and disability benefits. However, participants can extend the basic cover by adding additional coverage (riders), such as critical illness and personal accident. Another portion of the contribution will be used to purchase units in the Participant's Investment Fund and be invested in a variety of Shariah-approved investment funds of the participant's choice.

Participants are given the flexibility to choose their own level of takaful protection and investments, based on their financial circumstances. If there is any surplus, the money will be shared between the participant and the takaful operator based on the pre-agreed ratio. Participant's share of the surplus will be used to purchase additional investment-linked units.

Diagram 3: ILT with PIF and Unit Deducting Riders

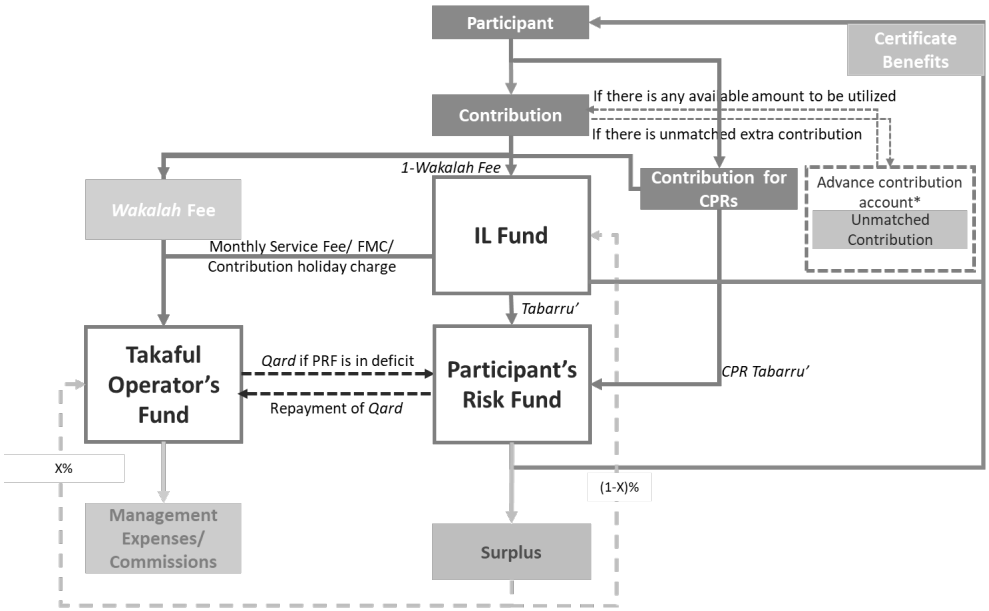


Source: Interview session with FWD Takaful

3.4 Model 4: Investment Linked Takaful (ILT) with Participant Investment Fund (PIF) and Contribution Paying Riders

Diagram 4 depicts the model for ILT with PIF and Contribution Paying Riders. The modus operandi is the same as in Diagram 3. However, there is an additional benefit of contribution paying riders. These contributor riders will assist to pay for the participant, in the event of death, total and permanently disable (TPD) or critical illness of the participant or covered family member. These riders will not affect the amount of the sum assured.

Diagram 4: ILT with PIF and Contribution Paying Riders



**ACA is only applicable to products that are in LA.*

Source: Interview session with FWD Takaful

4. Methodology

Qualitative analysis is employed to examine the reactions of Takaful operators towards the new regulations on MAR for the ILPs. A semi-structured interview has been conducted the reach the aim of the study. The interviewees of the interview sessions include nine officers from the licenced Takaful operators in Malaysia.

Secondary analysis is employed to come out with a proposed new model of the ILPs. This study involves critical textual and content analysis of relevant provisions locally and internationally in investment-link products and policies. Library and internet searches are utilized in this study in providing a critical view of the existing literature in the model.

5. Results and Discussion

The reactions of takaful operators towards the new regulations on the ILPs are presented in Table 2 below. Six out of nine takaful operators plan to withdraw all the ILT plan which are not comply with MAR, with five of them either have launched or will replace with new ones. Interestingly, two takaful operators stated that they will comply with the new MAR for their existing ILT plans, with different approaches on the product features and service fee, but the commission rates remain the same.

Table 2 Reactions of Takaful operators towards the new regulations on MAR for the ILPs

Takaful Operator	Findings
A	▪ They will withdraw all ILT plan by 1 October 2020
B	▪ They will withdraw all ILT plan by 1 October 2020 and will replace their products with Ordinary family takaful plans. They keep their hybrid family takaful plan on the shelf.
C	▪ They have withdrawn all ILT plan effective 30 July 2020.
D	▪ They will withdraw all ILT products by 1 October 2020 and launch new ordinary plans for replacement.
E	▪ They plan to withdraw all existing ILT Plans and replaced with a new ILT plan that comply MAR by 1st September 2020. ▪ The new ILT plan will be simple that provides death/TPD benefits, double indemnity on accidental death/TPD as well as Partial Permanent Disability benefits. ▪ Will only offer 2 riders: ▪ Waiver of contribution on death/TPD/CI and family benefit rider which provides Funeral expenses on death of spouse/kids
F	▪ They have launched new ILT products named Mahabbah and Hadiyyah in 2019 which comply MAR. ▪ All their existing ILT plans that do not comply MAR on the shelf will be withdrawn by 1 October and will be replaced with new ILT products.
G	▪ They will comply MAR by 1st October for all their existing products with no changes to the commission rates, other fees and features
H	▪ They do not have any ILT business on banca channel and currently do not have Agency force. ▪ Currently plan to develop a new Education ILT plan for banca channel (most probably via Bank Islam)
I	▪ They will comply MAR by 1 October for their existing ILT plans where commission and product features remain the same. They increase the product monthly service fee.

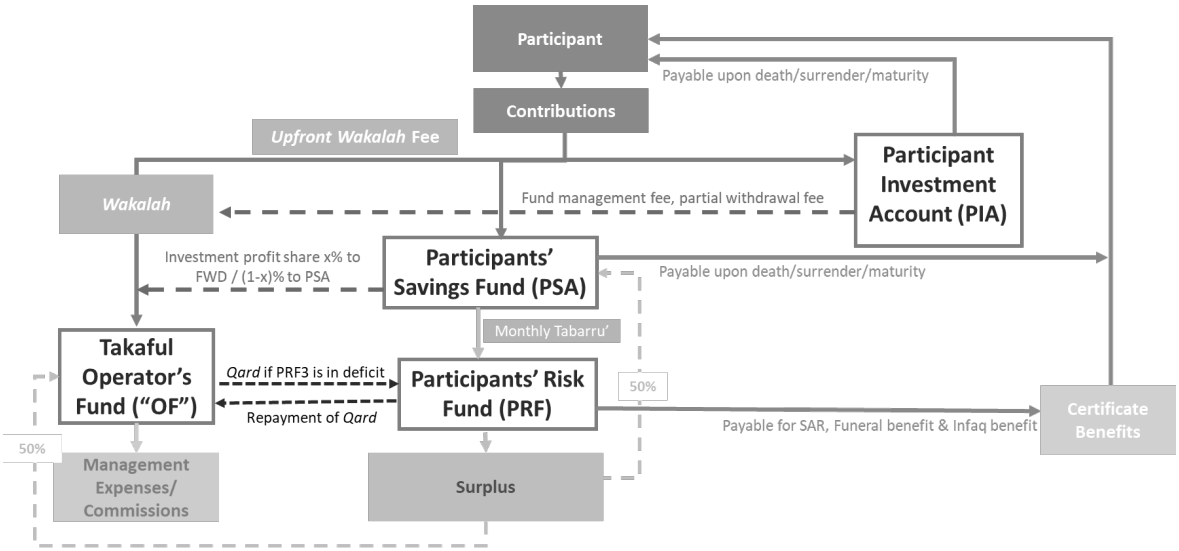
The reasons behind the majority of the takaful operators choose to withdraw all their existing ILT plans could be explained through the complexity of the changes that need to be made by the takaful operators for each of the individual ILP owners. The assessments to meet the new MAR requirement must be made at the current and specific individual customers of the ILP policy.

Meanwhile, those operators that still offering the investment product will modify the structure and even their existing model to comply the new MAR. If they stick to current models, it could not meet the new structure.

6. Proposed Model

The implementation of the new MAR primarily to establish a sustainable fund for the participant, but the operators look at it as a tight policy that could affect mostly on commission structure for agents. From the distribution side, reducing the commission structure could lead to the withdrawal and

reduction of agents. For big players, they can still offer this product by reducing profit margins and an increase in the volume of sales. For small and mid-players, the innovation in Takaful Model is crucial to ensure they can offer a similar product without contradicting the new MAR. The authors recommend the existing model for ILT to be modified to accommodate such changes, and explained as follows



- Participants pays basic OL contributions and Investment rider contribution.
- Basic OL contribution after minus wakalah fees will be allocated into the Participant Savings Account (PSA).
- Investment Rider contribution after minus wakalah fees will be allocated into Participant Investment Account (PIA).
- Any top up contribution after minus wakalah fees will be allocated into the PIA.
- Tabarru' will be dripped into the Participant Risk Fund (PRF) on monthly basis.
- Upon death/TPD – the Sum Covered plus PSA values and PIA values will be paid.
- Upon Surrender or maturity – the PSA values and PIA values will be paid.
- Fees applicable –
  - ❑ Upfront Wakalah fees – on all contribution payable.
  - ❑ fund management fee - will be charged to the PIA,
  - ❑ Partial withdrawal fee – will be charged on any partial withdrawal from PIA.
- The investment profit of the PSA will be shared between Takaful Operator and PSA in the ratio of x : (1-x).
- Any distributable surplus from the PRF will be shared 50/50 between Takaful Operator and eligible participants. The participant's portion will be allocated into the PSA.
- If the PRF is in deficit, the Takaful Operator will provide qard. Qard will be payable from the future surplus in the PRF.

The main feature for this model is the separation between PSA and PIA, which previously combined in a fund. New MAR required the minimum allocation in the participant investment account (PIA) to maintain at certain level, and therefore dripping method is quite difficult. Therefore, the MAR will not be been affected at the beginning since it solely a different with investment features. The funds description is as follows

Participant Savings Account (PSA)	• The basic plan contribution will be allocated into the PSA after deduction of applicable Wakalah Fees. • Any investment profit in the PSA will be shared between TO and participant in the ratio of x : (1-x). The investment profit for the participant will be allocated into the PSA.

Participant Investment Account (PIA)	• The investment rider contribution will be allocated into the PIA. • Any single top up contribution will be allocated into the PIA. • Allocation rates for the investment rider contribution and single top up is 95%. • Customer may withdraw from the PIA – withdrawal fees is applicable. • Fund management fee will be charged to the PIA. • PIA values will be payable upon death claim, surrender or maturity date. • PIA – customer may choose the available ILT fund
Participant Risk Fund (PRF)	• Tabarru' will be dripped from PSA on monthly basis to the PRF. • The Sum at Risk (SAR) will be payable from PRF upon death or TPD. • The Funeral benefit and Infaq benefit will be payable from PRF. • Surplus of PRF will be shared between the TO and participant in the ratio of 50:50.

This model could be a hybrid model to enable the practice of similar to investment link in Takaful, with a more flexible side. However, the implementation side is more crucial, since the operators have to prepare on system, accounting entries, and even the margin and commission.

7. Conclusion

Innovation is crucial for financial institutions to ensure its sustainability dan development. It depends on the institution to drive towards innovation. The implementation of MAR leads into the innovation by takaful operators to innovate their product and even the fundamental models. Therefore, it could sustain the takaful industry as a whole.

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Non-Interest Banking Products and Financial Performance of Jaiz Bank Plc, Nigeria

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Abstract

This study evaluated the effect of non-interest banking products on the financial performance of Jaiz bank Plc (the only full-fledged non-interest bank in Nigeria), using time series data generated from the annual reports and accounts of the bank, covering the period 2013- 2019. Descriptive statistics such as mean, median, minimum and maximum values are used in data presentation, while ordinary least squares regression is applied in the investigation of the effect of non-interest banking products (investment in Sukuk, investment in Istisna and investment in Ijara assets) on the financial performance surrogated by return on equity. Results reveal that investments in Sukuk and Ijara assets have significant positive effect on the financial performance; while investment in Istisna has significant negative effect on the financial performance. The study concludes that in the long run, investments in Sukuk and Ijara assets will enhance shareholders' value, while investment in Istisna will attenuates shareholders' earnings. The paper recommends that Jaiz bank Plc should consider more carefully the utility and value maximization of investment in Istisna in comparison to investments in Sukuk and Ijara assets.

Keywords: Non-Interest banking products, financial performance, Jaiz bank Plc, Nigeria

1. Introduction

The emergence of Islamic financial products also known as non-interest banking products or Shariah compliant products across the globe has been in response to the growing need of a significant segment of the marketplace that reject or refused to deal with interest-based instruments (Elfakhani, Zbib & Ahmed, 2007). This development according to Elfakhani et al. (2007) has helped finance the operations of small and medium enterprises that were unable to access credit facilities from conventional banks due to their lack of collateral and the small size of these loans, making costs higher. Elfakhani et al. (2007) further contends that conventional banks rely extensively on the creditworthiness of the clients before granting a loan, while Islamic banks emphasize the projected cash flows of a project being funded, culminating in the introduction of various Islamic financial products as a significant contributor to the development of local economies and meeting consumers' needs.

Non-interest banking is a profitable growing global phenomenon practiced in nearly 70 countries across the world including the United Kingdom (UK), Canada, the United States of America (USA), the United Arab Emirates (UAE), Malaysia, China, Singapore, South Africa, Kenya etc. Global Banks like HSBC, Citibank, Barclays Bank, Standard Chartered etc. are also offering non-interest banking products and services (Jaiz bank Plc, 2019). Islamic banking is a global phenomenon and is gaining regulatory approval to operate alongside conventional Western-style institutions. In Britain for instance, the British regulatory body, the Financial Services Authority (FSA), has been playing a proactive role in promoting Islamic banking across the United Kingdom (UK), leading to the establishment of the Islamic Bank of Britain (Elfakhani et al., 2007). Mamman, Abubakar and Shagari (2017) documented

that in Nigeria, non-interest banking (NIB) was legalized with the promulgation of Banks and other Financial Institutions Decree (BOFID) 25 of 1991. This development led to the commencement of NIB at window level by Habib Bank. Thereafter, Jaiz bank Plc was granted licensed by the Central Bank of Nigeria (CBN) to operate as a fully non-interest bank in Nigeria in 2011 (Mamman et al., 2017).

Non-interest banking offers almost all the services of conventional banks, and it is an alternative financial service offering which is open to all, irrespective of race or religion. It is based on the ethical principles of fairness, transparency and objectivity (Jaiz bank Plc, 2019). The difference between Islamic banks and conventional banks is that Islamic banks do not give or receive interest, nor finance anything that is harmful to the society like alcohol, tobacco, gambling among others (Jaiz bank Plc, 2019).

Although, there are a lot of empirical literature linking products/services to financial performance, these studies are mostly limited and confined to conventional banks. There is paucity of empirical studies associating non-interest banking products (Islamic banking products) with financial performance globally, and Nigeria in particular. In fact, from the review of empirical works, we did not come accross any literature in Nigeria on the relationship between non-interest banking products and financial performance. This is the gap in literature filled by the present study. This study on the other hand, examines the effect of non-interest banking products (investment in Sukuk, investment in Istisna and investment in Ijara) on the financial performance (return on equity) of Jaiz bank Plc using the period 2013- 2019.

This study develops and tested the following hypotheses:

$H_0$1: Investment in Sukuk has no significant effect on the financial performance proxy by return on equity (ROE).

$H_0$2: Investment in Istisna has no significant effect on the financial performance surrogated by ROE

$H_0$3: Investment in Ijara asset has no significant effect on the financial performance measured ROE.

2. Literature review

2.1. Concept of non-interest banking

Non-interest banking and Islamic banking are often used interchangeably (Mamman et al, 2017). Bello (2009) asserts that NIB is a system of banking activity which is consistent with the practices and principles of Islamic Shariah law. The primary idea of Islamic banking is to provide service to its clients free from interest, and prohibits riba in all transactions. Preclusion of premium (riba) makes Islamic managing banking system different from the conventional banking system (Omar, 2016). Islamic banks also avoid gharar- speculation, extreme uncertainty and deception, and a significant portion of Nigerian population is desirous of ethical banking services which non-interest banking is poised to deliver (Jaiz bank Plc, 2019). As rightly documented by (Jaiz bank Plc, 2019), non-interest banking is real economy oriented where profit and loss sharing arrangement, mark-up, leasing and partnership are mostly the mode of financing.

The major non-interest banking products i.e. Islamic banking products marketed by Islamic banks or non-interest banks globally are discussed below:

Murabaha

Murabaha (trade with mark-up cost) is one of the most widely used instruments for short-term financing and accounts for almost 75 per cent of Islamic financial products marketed across the globe (Elfakhani et al., 2007). Murabaha refers to ‘cost-plus sale’ and it is the sale of a commodity at a price that includes a set profit of which both the vendor (marketer) and the consumer are aware (Elfakhani et al., 2007). Murabaha financing is a prevalent mode of asset financing and represents a significant portion of Islamic bank financing of either short-term or long-term assets (Chartered Institute of Management Accountants [CIMA], 2015). Ahmad and Haron (2002) assert that Murabaha standout among the most broadly used methods of financing by the Islamic banks. This instrument is being utilized for financing of real estate, consumer durables and in the business for buying raw materials, equipment or machinery (Ahmad & Haron, 2002).

Murabaha is in fact, a term of Islamic Fiqh and it refers to a particular kind of sale having nothing to do with financing in its original sense. If a seller agrees with his purchaser to provide him a particular commodity on a certain profit added to the cost, it is called a Murabaha transaction (Ethica Institute of Islamic Finance, 2019). The basic ingredient of Murabaha is that the seller discloses the actual cost

incurred in acquiring the commodity, and then adds some profit thereon. This profit may be in lump sum or may be based on a percentage (Ethica Institute of Islamic Finance, 2019).

Ijara

Ijara (leasing) allows the client to purchase assets for subsequent leasing for a certain period of time and at a mutually agreed upon amount of rent, and represents approximately 10 per cent of Islamic financial products marketed worldwide (Elfakhani et al., 2007). Under the scheme, the customer requests the bank (lessor) to purchase capital goods like machinery or equipment and rent it to him or her (lessee) (Sapovadia, 2015). Ijara contract is an agreement in which a lessor (mu'ajjir) rents physical property or assets to a tenant (musta'jir) who gets the benefits connected with responsibility for resource against instalment of predetermined rentals (ujrah) (Omar, 2016).

Mudaraba

Mudaraba (trust financing) is a contract executed between two parties, a capital owner *(rabb al-mal)* and an investment manager *(mudarib)*, and is similar to an investment fund. The *rabb al-mal* (beneficial owner or sleeping partner), lends money to the *mudarib* (managing trustee or labour partner), who then has to return the money to the *rab al-mal* in the form of principal with profits shared based on a pre-agreed ratio (Elfakhani et al., 2007). Under a Mudaraba financing contract the bank agrees to finance the entrepreneur on the understanding that both parties will share the profits of the particular venture being financed (CIMA, 2015). Deposits made to the bank by individuals under a Mudaraba contract are treated as an investment in the bank by the individual. Under the Mudaraba contract the bank will have agreed to give the depositor a share of its profits in return for the investment based on a pre-agreed ratio (CIMA, 2015).

Musharaka

Musharaka (sharing) is derived from *shirkah. Shirkat-ul-milk* means a joint ownership of two or more persons of a particular property through inheritance or joint purchase, and *shirkat-ul-aqd* means a partnership formed through a contract (Elfakhani et al., 2007). Musharaka is basically a joint contract by which all partners share the profit or loss of the joint venture, which resembles *Mudaraba,* except that the provider of capital or financier takes equity stakes in the venture along with the entrepreneur (Elfakhani et al., 2007). Since Islam has prohibited interest, this instrument cannot be used for providing funds of any kind. Therefore, Musharaka can play a vital role in an economy based on Islamic principles (Ethica Institute of Islamic Finance, 2019).

Istisna

Istisna is a contract in which a party demands the production of a commodity according to certain specifications and then the delivery of it from another party, with payment dates and price specified in the contract (Elfakhani et al., 2007). But it is necessary for the validity of Istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them (Ethica Institute of Islamic Finance, 2019). The contract can be cancelled at any time by either party by giving a prior notification time before starting the manufacturing process, but not later than that. Such an arrangement is widely used for real-estate mortgage (Elfakhani et al., 2007).

Qard Hassan

Qard Hassan is a benevolent loan (Hassan, Kayed & Oseni, 2013). Qard Hassan is interest free loans granted to needy customers, mostly on compassionate grounds, with a minimum service charge to cover the cost of administering the loan (Sapovadia, 2015).

Sukuk

Sukuk is an Islamic bonds or certificate (Hassan et al., 2013). Sukuk are financial instruments similar to bonds and also shares that are compliant with Islamic law. Sukuk markets have experienced dramatic growth rates attracting the attention of investors, analysts and researchers alike since their inception in 2002 (Zolfaghari, 2017). Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) defines Sukuk as certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activities (Zolfaghari, 2017).

Three requirements are necessary for a Sukuk to be considered as complying with the Sharia law (Godlewski, Turk-Ariss & Well, 2013). *First*, the certificates must represent ownership in tangible assets, usufructs or services from revenue-generating firms. *Second*, payments to the investor emanate from profits after-tax and *third*, the value repaid at maturity date should follow the current market price of the underlying asset and not the original invested amount (Godlewski et al., 2013).

Bai' mu'ajjal (sale on deferred payment basis)

A sale in which the parties agree that the payment of price shall be deferred is called a "Bai' Mu'ajjal" (Ethica Institute of Islamic Finance, 2019). Bai' Mu'ajjal is valid if the due date of payment is fixed in an unambiguous manner. The due time of payment can be fixed either with reference to a particular date, or by specifying a period, say three months, but it cannot be fixed with reference to a future event the exact date of which is unknown or uncertain. If the time of payment is unknown or uncertain, the sale is null and void. If a particular period is fixed for payment, like one month, it will be deemed to commence from the time of delivery, unless the parties have agreed otherwise. The deferred price may be more than the cash price, but it must be fixed at the time of sale (Ethica Institute of Islamic Finance, 2019).

Once the price is fixed, it cannot be decreased in case of earlier payment, nor can it be increased in case of default. In order to pressurize the buyer to pay the instalments promptly, the buyer may be asked to promise that in case of default, he will donate some specified amount for a charitable purpose. In this case the seller may receive such amount from the buyer, not to make it a part of his income, but to use it for a charitable purpose on behalf of the buyer (Ethica Institute of Islamic Finance, 2019).

2.2. Concept of financial performance

Financial performance is the measurement of bank's policy and operations in monetary form and a measure of a bank's overall financial health over a period of time, and it also used in comparing different banks across the banking sector at the same time ((Wanjohi, Wanjohi & Ndambiri, 2017). Ongore and Kusa (2013) documented that return on equity (ROE) and return on assets (ROA) are the mostly commonly used accounting measures of financial performance. Wanjohi et al. (2017) contends that ROE is an internal performance measure of shareholder value and the most popular measure of financial performance. This study adopted ROE not because of its popularity, but because preliminary analysis and robustness test between ROA and ROE show that ROE is more robust than ROA in this study. Return on equity is a measure of how much N1 investment in equity is generated as return for shareholders.

2.3. Review of empirical studies

Omar (2016) examined the impact of Islamic banking on the financial performance of six (6) conventional banks offering Islamic banking products in Kenya over the period 2009- 2015 using multiple regression method. Findings reveal that Islamic banking products proxies by Musharaka, Tawarruq, Mudaraba and Ijara have positive and significant impact on the financial performance measured by the return on asset (ROA).

Thomi (2014) evaluated the impact of Islamic banking on economic performance of commercial banks in Kenya covering a period of four (4) years ranging from 2009 to 2013. Results reveal significant positive association between Islamic banking products (Murabaha, Mudaraba & Tawarruq) and bank performance. The author did not document any significant relationship between Ijara and bank performance indicated by ROA.

Al-Fawwaz and Alawneh (2014) investigated the effect of Islamic bank on some macro-economic variables using evidence from Jordanian Islamic bank. Results indicate significant positive link between Islamic fund and macro-economic variables as domestic investments and economic growth proxy by gross domestic product (GDP).

Tuitoek (2012) assessed the effect of offering Shariah compliant products on the financial performance of banks in Kenya using data collected from structured questionnaire and analysed through descriptive statistics. Findings reveal that Shariah compliant products have positive and significant effect on the financial performance.

Hassan (2012) investigated the effect of Islamic banking products on the financial performance of two (2) full-fledged Islamic banks in Kenya during the period 2009- 2011 using regression analysis. Results indicate significant positive relationship between Islamic banking products and financial performance

proxy by profit before tax.

From the above review of empirical studies, it is evident that literature linking non-interest banking products to financial performance is rather scanty. Additionally, the few empirical studies available are mostly carried out in Kenya with no evidence of study from Nigeria found in literature. The review also revealed that no author utilized Sukuk and Istisna in their study. These are the gaps addressed by the present study.

2.4 Theoretical framework

Ismail (2011) documented that "the early contributions on the theory of Islamic banking were only discussed as part of the subject in Islamic economic system" (p. 10). Qureshi (1946) viewed banking as a social service that should be the responsibility of the government like other public institutions such as public health and education. This view was premised that the bank could neither pay any interest to account holders nor charge any interest on loans and advances. Qureshi suggested the possibility of both Islamic banks and entrepreneur creating a partnership, but nothing was mention about profit-sharing (Ismail, 2011).

Following Qureshi (1946), Ahmad (1952) in his book titled *Economics of Islam*, proposes the establishment of Islamic banks on the basis of a joint stock company with limited liability. Ahmad (1952) proposed that in addition to current accounts, on which no dividend or interest should be paid, there should be an account in which customers could deposit their capital on the basis of partnership, with shareholders receiving higher dividends than the account holders from the profits made (Ismail, 2011). Ahmad (1952) theory also suffered similar set back like Qureshi (1946) theory in which there was no clear cut rules or principles governing partnership arrangement suggested by them.

Uzair (l955) suggested the principle of *Mudarabah* as the main premise for interest-free banking. However, his argument that the Islamic banks should not make any capital investment with its own deposits rendered his analysis somewhat impractical (Ismail, 2011). Addressing the limitation of Uzair (1955), Al-Arabi (l966) suggested the idea of a two-tier *Mudarabah* which would enable the Islamic bank to mobilize savings on a *Mudarabah* basis, allocating the funds also on a *Mudarabah* basis. The Islamic bank would act as a *mudarib* as far as the depositors were concerned, while the borrowers would act as *mudaribs* in the eye of the Islamic bank. This way according to Al-Arabi (1966), the Islamic bank could provide not only the capital procured through deposits but also the capital of its own shareholders. He also acknowledged that his view with regard to the distribution of profits and the responsibility for losses was strictly in accordance with the *Shariah* (Ismail, 2011).

3. Methodology

This study employed Ex-post factor research design since the study relies on time series data which is historical in nature. Jaiz bank Plc is the population of the study being the only bank that offered full-fledged non-interest banking products which is the focused of the present study. In fact, Jaiz bank Plc is the only bank registered by the central bank of Nigeria as a non-interest bank. Other banks were excluded from the study because their balance sheet composition differs remarkably from that of Jaiz bank considered for this study.

The study sourced data from the annual reports and accounts of Jaiz bank Plc over the period 2013-2019. Specifically, statement of financial position and statement of comprehensive income portions of the annual reports are utilized. The beginning period 2013 is chosen because Jaiz bank Plc commenced operations on the 6th of January, 2012 and the annual report is only available from 2013. The end period 2019 is chosen because annual reports of banks in Nigeria are only available up to 2019 as at the time of carrying out this study.

In addition, return on equity was computed using profit after tax divided by total equity. Values of investment in Sukuk, investment in Istisna and investment in Ijara asset were lifted directly from the statement of financial position of Jaiz bank Plc over the study period. In order to read the variables from their elasticity values, logarithm transformation was carried out on the values.

The empirical model used in this study is specified as follows:

$$ROE_t = \alpha_0 + \alpha_1 SKK_{it} + \alpha_2 IJR_{it} + \alpha_3 ITN_{it} + e_t \quad (1)$$

Where: ROE_t = Return on equity in year t, α_0 = the intercept,

$\alpha_1, \alpha_2, \alpha_3$ = Coefficients of non-interest banking products measures.
SKK_t = Investment in Sukuk in year t.
IJR_t = Investment in Ijara asset in year t.
ITN_t = Investment in Istisna in year t.

e_t = Error term

The study utilized both descriptive statistics and ordinary least square regression (OLS). Descriptive statistics such as mean; medium; minimum and maximum values are used for data presentation, while OLS is used in analysing the effect of the explanatory variables: SKK, IJR and ITN on the dependent variable proxy by ROE. Robust heteroskedasticity and autocorrelation consistent (HAC) is used in addressing heteroskedasticity and autocorrelation problems.

4. Results and discussion

4.1. Descriptive analysis

The descriptive results of the variables used in the study are provided as Table 1. The results indicate that on the average, Jaiz bank Plc invested more in Ijara assets than investments in Sukuk and Istisna combined. This may be due to the fact that both Sukuk and Istisna appears new in comparison to Ijara (leasing) which is more popular.

Table 1: Descriptive results

Variable	Mean	Median	Minimum	Maximum
SKK	1.03826e+007	2.40000e+006	1.00000e+006	4.10865e+007
ITN	954474.	754448.	328414.	1.86566e+006
IJR	1.24116e+007	1.31532e+007	3.37054e+006	2.12834e+007
ROE	0.0510400	0.0615600	-0.0677400	0.157070

Source: Authors' Computation using GRETL

The mean value of ROE is 0.05 against the minimum value of -0.07 and maximum value of 0.16. The mean value implies that for every ₦1 worth of investment in equity, about ₦0.05 is generated as returns for shareholders. The minimum value is negative due to the loss reported in the year 2013 i.e. a year after the bank was established. Loss making in the few years of operation is synonymous to most start-up businesses. The maximum value indicates that the highest return generated for shareholders during the period 2013- 2019 is ₦0.16 for every ₦1 worth of investment in equity. This is a very remarkable improvement over a loss of ₦0.07 generated for shareholders in the year 2013.

4.2. Normality test

To test whether the study variables are normally distributed or not, three tests namely Shapiro-Wilk, Lilliefors test and Jarque-Bera test are used. The null hypothesis is that the variable is normal. Table 2 presents the results of 3 normality tests carried out.

Table 2: Results of normality test

	Variables			
Normality Test	L_Sukuk	L_Istisna	L_Ijara	ROE
Shapiro-Wilk P-value	0.87135 0.19074	0.97513 0.93272	0.87846 0.21971	0.94269 0.66305
Lilliefors test p-value	0.20962 0.46000	0.17354 0.75000	0.26497 0.14000	0.19975 0.54000

Jarque-Bera test	0.82278	0.18549	1.40082	0.09283
p-value	0.66273	0.91143	0.49638	0.95464

Source: Authors' Computation using GRETL

From the results of the 3 normality test above, it can be observed that the p-values for each of the variables are greater than the chosen levels of significance (0.01, 0.05 and 0.10). Hence, this study fails to reject the null hypothesis and concludes that the entire variables of the study follow normal distribution. In other words, the study did not violate the assumption of normality.

4.3. Collinearity test

Collinearity test is conducted to ascertain if the explanatory variables have high correlation coefficient that may lead to a multicollinearity problem. The most commonly used procedures in detecting collinearity problem are the correlation matrix and Variance Inflation Factor (VIF). The correlation matrix is regarded as a rule of thumb while the VIF is a more reliable method. Correlation shows the relationship between two variables. Correlation technique is used to find out if the coefficient between any combinations of two independent variables is high say 0.90 to cause a collinearity problem according to Swain (2008). The results of the correlation between the independent variables are provided as Table 3.

Table 3: Correlation results

L_SKK	L_IST	L_IJR	
1	0.77**	0.65	L_SKK
	1	0.81**	L_IST
		1	L_IJR

** implies significant at 5%
Source: Authors' Computation using GRETL

As can be observed from the results in Table 3, no correlation coefficient between any combinations of two independent variables is up to 0.90. Following Swain (2008), it can be safely concluded that there is no multicollinearity in our model. In order to corroborate and validate the correlation results, variance inflation factor (VIF) is computed, and the results shown as Table 4.

Table 4: Variance inflation factor

Variable	Variance Inflation Factor	Tolerance
L_SKK	2.482	0.403
L_IST	4.068	0.246
L_IJR	2.874	0.348

Source: Authors' Computation using GRETL

It can be seen from the results of the VIF in Table 4 that none of the independent variables has a VIF greater than 10 and tolerance levels less than 0.2; implying non-existence of collinearity problem (Menard, 1995; Rajkumar & Hanitha, 2015). The VIF results have validated the correlation results on the non-existence of multicollinearity problem among the independent variables.

4.4. Specification test

Test for specification is conducted to investigate if the study model is well specified or not. In this regard, Ramsey's Reset (cubes only) is used. The null hypothesis is that specification is adequate. The result of Ramsey's Reset test for specification is presented as Table 5.

Table 5: Ramsey's reset test for specification

Null Hypothesis	F-statistics	Probability	Degree of Freedom
Ui	1.72541	0.319452	(1, 2)

Source: Authors' Computation using GRETL

From the results in Table 5, the F-statistics of 0.319452 is not significant as indicated by the p-value of 0.319452, which is greater than the chosen levels of significance. Hence, this study fails to reject the null hypothesis, and concludes that the model specification is adequate.

4.5. Regression analysis

Return on equity (ROE) is regressed on the 3 explanatory variables as investment in Sukuk, investment in Istisna and investment in Ijara using ordinary least squares with Heteroskedasticity-robust standard errors which is robust in the presence of Heteroskedasticity. Table 6 presents the regression results of the variables used in this study.

Table 6: OLS, using observations 2013-2019 (T = 7)
Dependent variable: ROE
Heteroskedasticity-robust standard errors, variant HC0

	Coefficient	*Std. Error*	*t-ratio*	*p-value*	
const	-1.11247	0.312859	-3.5558	0.03793	**
l_SKK	0.0236509	0.00857707	2.7575	0.07030	*
l_IST	-0.072181	0.0130428	-5.5342	0.01163	**
l_IJR	0.110349	0.026414	4.1777	0.02498	**

Mean dependent var	0.051040	S.D. dependent var	0.067496
Sum squared resid	0.004605	S.E. of regression	0.039179
R-squared	0.831530	Adjusted R-squared	0.663061
F(3, 3)	49.65126	P-value(F)	0.004681
Log-likelihood	15.71025	Akaike criterion	-23.42050
Schwarz criterion	-23.63686	Hannan-Quinn	-26.09466
rho	-0.085728	Durbin-Watson	2.044018

Source: Authors' Computation using GRETL

Results in Table 6 reveal that investment in Sukuk (SUK) has positive and significant effect on the financial performance proxy by ROE, as shown by the t-value of 2.7575 which is positive and significant at 10 per cent level of significant. Similarly, the regression results also indicate that investment in Istisna (IST) has negative and significant effect on the ROE, as revealed by the 5 per cent of level of significant t-value of -5.5324. In addition, the regression results also indicate that investment in Ijara (IJR) has positive and statistically significant effect on the ROE as confirmed by the positive t-value of 4.1777which is significant at 5 per cent level of significance.

The adjusted R-squared of 0.663061 indicate that about 66 per cent of variation in financial performance of Jaiz bank Plc is jointly accounted for by the investments in Sukuk, Istisna and Ijara, while the remaining 34 per cent is due to receivables in Murabaha, Qard Hassan and other variables not considered appropriate for the study. Receivables in Murabaha and Qard Hassan were excluded due to high collinearity among the independent variables.

Two post estimation diagnostics (Autocorrelation and Heteroskedasticity) are carried out to ensure that the basic assumptions of regression model are not violated. Autocorrelation test is carried out to investigate whether or not any of the explanatory variables is correlated with the omitted variables. Autocorrelation is detected using Durbin-Watson (DW) statistics and Breusch-Godfrey test for first-order autocorrelation. The D-W statistics is 2.044018 as shown in the regression results in Table 6. Since the D-W statistics is 2 or approximately 2, it can be concluded that our model is not suffering from autocorrelation problem (Swain, 2008). Additionally, the result of the Breusch-Godfrey Lagrange Multiplier (LM) test for first-order autocorrelation is presented as Table 7. The null hypothesis is "No autocorrelation".

Table 7: Breusch-Godfrey test for first-order autocorrelation

Null Hypothesis	LM F-statistics	Probability	Degree of Freedom
Ui	0.0394493	0.86092	(1, 2)

Source: Authors' Computation using GRETL

The autocorrelation test in Table 7 has an LMF value of 0.0394493 with associated p-value of 0.86092, which is not significant. Hence, this study fails to reject the null hypothesis, and concludes that our model has no autocorrelation. This result provides additional evidence in support of the D-W statistics on the absence of autocorrelation.

In order to determine if the variances of the cross sectional unit (Jaiz bank Plc) are equal, i.e. if there is Homoskedasticity, test for Heteroscedasticity was conducted using White's test (squares only), Breusch-Pagan test and Koenker, and the results presented as Table 8. The null hypothesis is that heteroskedasticity is not present i.e. there is homoskedasticity.

Table 8: Results of the test for heteroscedasticity

Test	Test Statistic (LM)	P-value
White's test (square only)	7	0.320847
Breusch-Pagan test	1.43763	0.696738
Koenker	2.61954	0.454075

Source: Extracted from GRETL

The results of the 3 variants of Heteroskedasticity test in Table 8 are not statistically significant as indicated by their respective p-values. Therefore, the study fails to reject the null hypotheses and conclude that Heteroscedasticity is not present in our model. Hence, discussion of findings, conclusions and recommendations are done on the basis of the regression results in Table 6.

4.6. Discussion of research findings

As observed from the regression results in Table 6, investment in Sukuk (L_SKK) is positively and statistically significantly related to financial performance, measured by return on equity (ROE). The coefficient for L_SKK is approximately 0.02, which signifies that a 1 per cent increase in investment in Sukuk is positively associated with about 0.02 per cent increase in the shareholders' value measured by the ROE. The implication of this finding is that increase in the value of investments in Sukuk (Islamic bonds) has the potential to enhance shareholders' wealth. This is not surprising given that Islamic bond is advantageous over conventional bond in which the holder of conventional bond bears all the risk and he is committed to both principal and interest payment. The situation is quite different in Islamic bonds which are based on mutual benefits. Sukuk is not simply a claim to cash flows like in the case for conventional bonds, but ownership claim in a pool of assets. Sukuk mirror the economic effect of conventional bonds (Nammari, 2017).

Evidence from the regression results in Table 6 also reveals that investment in Istisna (L_IST) has significant negative effect on the financial performance proxy by ROE. The coefficient for L_IST is approximately -0.07, which implies that a 1 per cent increase in the investment in Istisna will bring about 0.07 per cent decline in shareholders' wealth. This may not be unconnected with the fact that there is under-investment in Istisna in comparisons to investment in Sukuk and Ijara assets. This assertion stemmed from the results of the descriptive statistics which revealed that on the average, Jaiz bank Plc invested more in Ijara assets, then Sukuk and then Istisna. The implication of this result is that increase in investment in Istisna is capable of eroding shareholders' wealth and by extension, injure financial performance.

Similarly, investment in Ijara (L_IJR) has positive and significant effect on the financial performance surrogated by ROE. The coefficient for L_IJR is approximately 0.11, which connotes that a 1 per cent increase in investment in Ijara assets (leasing) will result in about 0.11 per cent increase in financial performance indicated by ROE. Investment in Ijara assets has the highest coefficient which suggests that investment in Ijara assets has the greatest effect on the financial performance in relation to investments in Sukuk and Istisna. In other words, investment in Ijara assets is the most important determinant of financial performance of Jaiz bank Plc during the study period 2013- 2019. The implication of this finding is that increasing investment in Ijara assets is paying off for Jaiz bank Plc. In other words, the financial performance of the bank is enhanced by continuous investment in Ijara assets. The descriptive results revealed that investment in Ijara assets is higher than investments in Sukuk and Istisna combined. The result provides evidence that the high value of investment in Ijara assets in the investment portfolio of Jaiz bank Plc is improving ROE as a measure of financial performance. This finding is in conformity with the results of Omar (2016) and Tuitoek (2014), and

contrary to Thomi (2014) who did not find significant relationship between Ijara and financial performance.

5. Conclusion and recommendations

This study examined the effect of non-interest banking products on the financial performance of Jaiz bank Plc from 2013- 2019, using ordinary least square method. Findings indicate that investment in Sukuk and investment in Ijara assets have positive and significant effect on the financial performance, whereas investment in Istisna has negative and significant effect on the financial performance represented by the return on equity.

The study concludes that in the long run, investments in Sukuk and Ijara assets will enhance shareholders' value, while investment in Istisna will attenuates shareholders' earnings. The paper recommends that Jaiz bank Plc should consider more carefully the utility and value maximization of investment in Istisna in comparison to investments in Sukuk and Ijara assets. Additionally, management of Jaiz bank Plc should increase investment in Ijara assets as doing also will enhance and improve shareholders' wealth measured by return on equity.

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Aset Wakaf Tidak Produktif : Cadangan Penyelesaiannya Menggunakan Instrumen Tawriq dan Istibdal di Negeri Sembilan

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Abstrak

Pengurusan wakaf berhadapan dengan beberapa isu mengenai aset tidak produktif. Masalah ini sekiranya tidak ditangani dengan baik akan mengundang beberapa masalah lain pada masa akan datang. Antara kemungkinan yang akan dihadapi ialah Majlis Agama Islam Negeri tepaksa menanggung liabiliti seperti bil utiliti, kos penyelenggaraan dan lain-lain kos pengurusan. Kajian ini cuba melihat konsep tawriq dan istibdal sebagai satu solusi kepada masalah aset tidak produktif ini. Antara solusi yang dilihat dapat digunakan untuk menangani isu ini adalah, menggunakan instrumen Istibdal dan Tawriq. Konsep asal instrumen *Istibdal* adalah menukarkan tanah kepada tanah, manakala *Tawriq* pula adalah mencairkan tanah kepada tunai. Kedua-dua instrumen adalah cadangan pilihan solusi penyelesaian semasa terhadap harta wakaf, tanah dan bangunan yang tidak produktif. Kajian ini menggunakan metode kualitatif, dengan menganalisis teks kandungan (*content analysis)* beserta temubual bersama Mufti Kerajaan Negeri Sembilan dan Pegawai Jabatan Wakaf dan Sumber Am Perbadanan Baitulmal Negeri Sembilan (PBNS). Kajian ini mendapati, empat daripada tujuh harta wakaf tidak produktif boleh diberdaya majukan menggunakan kaedah *Tawriq Istibdal*. Manakala tiga harta wakaf yang selebihnya masih boleh dimanfaatkan walaupun tidak memberi pulangan. Kajian ini mencadangkan tiga strategi pelaksanaan *Tawriq Istibdal*. pertama, meng*Istibdal*kan tanah-tanah dilokasi yang tidak strategik, kedua, *Tawriq* dan *Istibdal* tanah-tanah di lokasi tidak strategik ke tanah di lokasi strategik dan ketiga, *Tawriq* sebahagian tanah yang mempunyai keluasan yang bersesuaian untuk mendapatkan dana bagi membangunkan tanah yang sama dengan kerjasama penduduk serta komuniti setempat. Implikasi polisi kepada kajian ini adalah, MAINS dan Institusi Wakaf boleh mengenalpasti harta-harta wakaf yang tidak produktif dan mengambil langkah-langkah proaktif dengan membangunkan polisi membangunkan harta tidak produktif dengan menggunakan instrumen *Istibdal* dan *Tawriq*.

Katakunci: Dana wakaf, hujjah wakaf, *Istibdal*, mawquf alaih, *Tawriq*

6. Pengenalan

6.1. Pengurusan Wakaf Negeri Sembilan

Pengurusan wakaf yang dilaksanakan di Negeri Sembilan secara umumnya dipantau oleh Majlis Agama Islam Negeri Sembilan (MAINS) sebagai Pemegang Amanah tunggal bagi mana-mana harta wakaf yang terletak di Negeri Sembilan. Menurut Kamal Amran Kamarudin et al. (2013), penubuhan Majlis Agama Islam Negeri Sembilan pada dasarnya adalah bertujuan untuk membantu dan menasihati Yang di-Pertuan Besar Negeri Sembilan dalam perkara-perkara yang berhubungan dengan agama Islam. Keanggotannya terdiri daripada Pengerusi, Timbalan Pengerusi, 5 orang anggota atas nama jawatan yang memegang jawatan iaitu Setiausaha Kerajaan Negeri, Penasihat Undang-Undang Negeri, Pegawai Kerajaan Negeri, Mufti dan Ketua Polis Negeri serta tidak lebih daripada 10 orang anggota lain dan sekurang-kurangnya 5 daripada mereka hendaklah yang arif dalam Hukum Syarak. Objektif MAINS adalah seperti berikut:-

a. Meninggi dan meningkatkan syiar Islam di Negeri Sembilan.

b. Memaju dan dan mengukuhkan keunggulan Umat Islam dalam pelbagai bidang dan kemahiran.
c. Memaju dan memperkasakan agensi-agensi pelaksana dasar Islam agar dapat memainkan peranan dengan lebih baik, cekap dan berkesan.
d. Menjana pembangunan sosio ekonomi Umat Islam melalui penggemblengan dan eksploitasi sumber yang sedia ada.
e. Meningkatkan kesedaran dan pengamalan Islam sebagai cara hidup (Ad Din) oleh masyarakat Islam dan dalam masa yang sama meningkatkan persefahaman dengan masyarakat bukan Islam.

6.2. MAINS Holdings Sdn Berhad dan peranannya

MAINS Holdings Sdn Bhd. merupakan syarikat milik penuh Majlis Agama Islam Negeri Sembilan (MAINS) dan nama MAINS Holdings Sdn Bhd dikenali secara rasminya mulai 10 November 1998. Pada awal penubuhannya, MHSB berfungsi dalam 3 bahagian iaitu Bahagian Pengurusan Hartanah dan Projek Hartanah, Bahagian Teknologi Maklumat serta Bahagian Pentadbiran dan Kewangan. MHSB berperanan dalam memastikan agar segala pengurusan aset milik MAINS dilaksanakan dengan lebih cekap dan berkesan disamping merancang untuk melaksanakan projek-projek pembangunan hartanah yang dapat memberikan pulangan kepada masyarakat. MAINS Holdings Sdn Bhd mempunyai 2 anak syarikat yang bernaung di bawahnya iaitu MAINS Hotel Sdn Bhd dan Perbadanan Wakaf Negeri Sembilan. MAINS Hotel Sdn Bhd telah ditubuhkan dan didaftarkan pada 14 Jun 2010 mengikut Akta Penubuhan Syarikat 1965 sebagai sebuah syarikat sendirian berhad yang dimiliki sepenuhnya oleh anak syarikat MAINS iaitu MAINS Holdings Sdn Bhd. Ia dikenali juga dengan nama Hotel Wakaf kerana hotel ini dibina di atas tanah wakaf Baitul Hilal seluas 3.5 ekar. Hotel ini menjalankan operasi perniagaannya dengan menggunakan nama Klana Beach Resort Port Dickson. Bahagian pengurusannya diuruskan oleh pihak Klana Management Sdn Bhd terletak di lokasi yang strategik iaitu di kawasan pusat pelancongan Port Dickson, Negeri Sembilan.

Perbadanan Wakaf Negeri Sembilan Sdn Bhd (PWNS) pula telah ditubuhkan pada 22 April 2005 dan ianya merupakan 100% anak syarikat milik penuh MAINS Holdings Sdn Bhd. PWNS telah mula beroperasi sejak 10 Jun 2005 dengan matlamat untuk menjalankan urusan pengurusan wakaf dan perkara-perkara berkaitan dengannya di Negeri Sembilan bagi memantapkan pengurusan institusi wakaf di Negeri Sembilan. Tujuan penubuhan PWNS adalah untuk mewujudkan sebuah institusi wakaf yang berperanan menjalankan pengurusan wakaf dan perkara-perkara yang berkaitan dengan wakaf di Negeri Sembilan secara profesional dan teratur. Terkini, pengurusan institusi Wakaf di kelola di bawah Perbadanan Baitulmal Negeri Sembilan di bawah Jabatan Wakaf dan Sumber Am.

MAINS telah melaksanakan penstrukturan semula unit-unit di bawahnya. Perbadanan Baitulmal Negeri Sembilan (PBNS) telah ditubuhkan pada tahun 2018. Sebahagian besar unit-unit di bawah MAINS yang sebelum ini beroperasi secara berasingan diletakkan di bawah PBNS. Antara jabatan-jabatan penting dibawah PBNS adalah Jabatan Pentadbiran, Jabatan Kewangan, Jabatan Pemasaran, Jabatan Dakwah, Jabatan Wakaf dan Sumber Am, Jabatan Pelaburan dan Jabatan Penyelidikan (Mohd Farihal Osman et al., 2019). MAINS Holdings Sdn Bhd masih lagi entiti berasingan.

Penubuhan PBNS adalah satu inisiatif untuk membangun dan mengoptimumkan peranan Baitulmal secara lebih komprehensif untuk memperkasakan kedudukan sosio-ekonomi Ummah dan Islam di Negeri Sembilan. PBNS focus kepada bidang operasi manakala MAINS focus kepada dasar. Sebelum ini Baitulmal merupakan satu unit kecil sahaja di bawah MAINS. Justeru keupayaannya terhad untuk mendepani tanggungjawab perbendaharaan (treasury) yang besar, dari segi keperluan sumber kewangan dan modal insan untuk membangunkan sosio-ekonomi Ummah.

Penstrukturan semula pentadbiran agama Islam di Negeri Sembilan khususnya penubuhan PBNS telah menghasilkan impak dan faedah yang positif dalam pengurusan Baitulmal. Sebelum penbuhan PBNS telah wujud masalah seperti kekurangan sumber manusia, beban kerja yang tinggi dan sistem-sistem kurang sempurna (Yaakub et al., 2017). Penubuhan PBNS dimana sebahagian besar unit disatukan di bawah satu bumbung mengoptimumkan penggunaan sumber terutamanya IT, sumber manusia dan kewangan. Penstrukturan semula pengurusan tertinggi serta barisan pentadbir sokongan memudahkan lagi perancangan dan pelaksanaan pembangunan. PBNS menjadi lebih sistematik dalam pembangunan hartanah (mal) dan sistem (Hajar et al., 2017).

PBNS lebih bersedia untuk membangunkan produk-produk wakaf baru. Dalam konteks kertas kerja ini PBNS juga lebih bersedia untuk membangunakan harta wakaf yang tidak produktif untuk menjadikannya produktif, menghasilkan peningkatan dalam nilai aset dan jariah pendapatan/manfaat

yang boleh digunakan untuk kebajikan Ummah. Aplikasi Istibdal dan Tawriq terhadap harta wakaf yang tidak produktif perlu dibuat mengikut kehendak Syariah tanpa mengkompromikan tujuan asal wakaf itu diwujudkan.

7. Sorotan literatur: konsep Wakaf, Istibdal dan Tawriq

2.1. Konsep Wakaf

Wakaf dalam bahasa Arab berasal daripada kata wa-qa-fa mempunyai beberapa makna dan kegunaannya. Dari segi bahasa, ianya bermaksud berhenti (السكن), menegah (المنع) atau menahan (الحبس) (Siti Mashitoh, 2006; al-Mughniyah, 2004; Osman Sabran, 2002; Wahbah Zuhaili, 1996). Manakala dari segi syarak pula Al-Mughniyah, (2004) menjelaskan maksud wakaf iaitu sesuatu pemberian yang pelaksanaanya dilakukan dengan menahan pemilikan asal (حبس الاصل) kemudian menjadikan manfaatnya dirasai oleh masyarakat umum. Menurut beliau, menahan pemilikan asal disini adalah menahan aset yang diwakafkan itu agar tidak diwarisi, dijual, dihibahkan, digadai, disewakan, dipinjamkan dan lain-lain. Cara memanfaatkannya adalah dengan menggunakannya sesuai dengan kehendak pemberi wakaf (*wakif*) tanpa imbalan. Kata kunci kepada wakaf adalah menahan harta asal dan menggunakan manfaatnya hasil daripada harta wakaf tersebut (al-Mughniyah, 2004).

Bagi menyempurnakan maksud wakaf, terdapat 4 rukun wakaf yang terlibat. Iaitu orang yang berwakaf (*wakif*), harta yang diwakafkan (*Mawquf*), penerima manfaat wakaf (*Mauquf Alaih*) dan Sighah (*lafaz maksud wakaf*) (Osman Sabran, 2002). Wakaf pula terbahagi kepada dua, sama ada wakaf Umum atau disebut sebagai waqf Khairi dan Wakaf Khas yang dinyatakan secara jelas tujuan wakaf diwujudkan. Terdapat juga wakaf Irsod iaitu wakaf daripada pemerintah dan wakaf al-Dhurri iaitu wakaf yang dikhususkan kepada ahli keluarga. Untuk memastikan manfaat wakaf boleh dimanfaatkan secara mampan dan lestari, harta wakaf hendaklah dalam keadaan yang baik, kekal dan tujuan wakaf adalah cara untuk menjadi lebih dekat dengan Allah (taqarrub) dengan menyediakan kebajikan sosial kepada orang lain.

Antara nas-nas al-Quran dan Hadith mengenai pensyariatan wakaf ialah seperti firman Allah SWT bermaksud:

> *Kamu tidak sekali-kali akan dapat mencapai (hakikat) kebajikan dan kebaktian (yang sempurna) sebelum kamu dermakan sebahagian dari apa yang kamu sayangi. Dan sesuatu apa jua yang kamu dermakan maka sesungguhnya Allah Maha Mengetahuinya.* (Surah Ali Imran: 92)

Sabda Rasulullah SAW yang bermaksud:

> *Apabila mati seseorang manusia itu, maka terputuslah segala pahala dari amalan kebaikannya melainkan tiga perkara: sedekah jariah (sedekah jariah di sini merujuk kepada wakaf) atau ilmu yang dapat di manfaat dengannya atau doa anak soleh yang sentiasa mendoakannya.* (Al-Tarmizi, 1395. 3: 652).

Oleh itu sekiranya harta wakaf tidak lagi berfungsi dan dimanfaatkan sebagaimana hasrat pewakif yang asal, *Istibdal* dan *Tawriq* bolehlah diguna pakai. Berikut adalah maksud *IstibdaL*

2.2. Konsep Istibdal

Istibdal membawa maksud menjual harta mawquf dan membeli harta yang lain menggantikan harta mawquf tersebut sama ada dari jenis yang sama ataupun yang lain. (Al-Ubaydiy, 2009). Kemudian pemahaman dan amalan *Istibdal* berkembang menjadi menjual harta mawquf secara tunai. (Al-Ubaydiy, 2009). Terdapat istilah lain yang serupa dengan *Istibdal*, iaitu ibdal yang bermaksud menukar harta mawquf dengan harta lain. Namun begitu menurut pakar bahasa tiada perbezaan antara kedua-dua istilah tersebut. Mereka menyebutnya sebagai : (*jaᶜl syay' makan syay' akhar*) iaitu menukarkan sesuatu sebagai ganti sesuatu yang lain, Ibn Manzur (2005). *Istibdal* tidak hanya berlaku pada permasalahan wakaf sahaja, tetapi ia satu amalan yang hukum asalnya adalah harus selama mana ia dilaksanakan oleh yang berkemampuan dan tidak bercanggah dengan syarak. (al-Kasaniy, 1997).

Hukum hakam *Istibdal* dan ibdal mengikut ulama fiqh juga berlaku pada permasalahan zakat, qurban (udhiyyah), kaffarah, jual beli, ijarah dan sebagainya. (al-Mawsuᶜah al-Fiqhiyyah, 1993). *Istibdal* juga bermaksud menjual apa yang kurang atau telah hilang hasil atau pendapatan daripada mawquf dan membeli apa yang lebih baik daripadanya serta menjadikannya sebagai ganti. Dalam statut wakaf Negeri Selangor (1999), Negeri Sembilan (2004) dan Negeri Melaka (2005)

memperuntukkan bahawa *Istibdal* bermaksud menggantikan sesuatu mawquf dengan harta lain atau wang yang sama atau lebih nilainya sama ada melalui gantian, belian, jualan atau apa-apa cara lain menurut hukum syarak).

2.3. Konsep Tawriq Wakaf

Tawriq Wakaf :bermaksud mencairkan aset waqf bagi menangani masalah harta wakaf yang belum produktif, tidak produktif, tiada nilai komersial dan kekurangan sumber dana bertujuan untuk pembiayaan dan pelaburan projek sosial Islam yang lebih lestari (Fuadah Johari, 2020). Mohd Daud Bakar (2017) menjelaskan bahawa, al-Tawriq adalah asal kata al-Wariq iaitu menukarkan aset kepada kecairan tunai. Kecairan tunai ini bermaksud menjual sebarang aset iaitu ditukarkan kepada wang tunai atau bersamaan tunai dengan tempoh segera dan kos efektif. Dalam kes aset wakaf, Tawriq adalah menjual sebahagian harta wakaf untuk menampung kos pengurusan, penyelenggaraan ataupun pembangunan namun dalam masa yang sama masih mengekalkan ain atau hasrat pewakaf sebagaimana akad asal ketika mewakafkan harta tersebut.

Tawriq wakaf juga bermaksud kecairan tunai dalam bentuk (sekuriti) iaitu instrumen yang menggerakkan pelbagai aset hutang terjamin, dengan menukarkannya dari hutang kepada kredit yang dibangunkan, dan kemudian ditawarkan kepada orang awam melalui cara khas untuk langganan dalam bentuk sekuriti yang sesuai untuk meminimumkan risiko dan untuk memastikan aliran mudah tunai yang berterusan (Ajil Jasim al-Nasyami, (2009). Selain itu, al-Tawriq adalah (sekuriti) dalam penukaran pinjaman ke dalam pasaran sekuriti yang boleh dipasarkan dan pindahan hutang dari penghutang primer kepada penghutang yang lain (Muhammad Ahmad Ghanim, 2009).

Oleh itu, secara ringkasnya *Tawriq* wakaf boleh dimaksudkan dalam dua keadaan. Pertama, adalah mencairkan aset untuk mendapatkan tunai. Kedua adalah mencairkan aset tidak alih (property sebenar) iaitu aset melalui penciptaan hutang / instrument kewangan (sijil) baru dalam erti memindahkan aset kewangan dari pemberi pinjam asal kepada yang lain, yang sebahagian besarnya melalui institusi kewangan dan bursa saham).

2.4. Enakmen Wakaf mengenai Istibdal dan Tawriq Wakaf

Terdapat illah yang membolehkan pelaksanaan *Istibdal* dan *Tawriq* dalam keputusan Mesyuarat jawatankuasa Fatwa negeri Pulau- Pinang dalam perkara tiga, iaitu apabila terhenti maksud hajat dan keperluan wakaf, Jawatankuasa Fatwa bolehlah merujuk kepada pandangan mana-mana mazhab yang lain. Berikut dinyatakan Meyuarat Jawatankuasa Fatwa Negeri Pulau Pinang Bil. 5/2018 yang bersidang pada 16 Oktober 2018 telah memutuskan hal berkenaan *Istibdal* seperti berikut:

i. Hukum *Istibdal* tanah dan harta wakaf adalah diharuskan dengan syarat-syarat yang tertentu.
ii. Harta wakaf dikategorikan kepada dua bahagian iaitu harta tak alih dan harta alih. Harta tak alih tidak boleh *Istibdal* sama sekali, manakala harta alih dibolehkan *Istibdal*.
iii. Jika terhenti maksud hajat dan keperluan wakaf, Jawatankuasa Fatwa bolehlah merujuk kepada pandangan mana-mana mazhab yang lain.
iv. Tanah yang diberi milik oleh kerajaan untuk kepentingan umat Islam hendaklah diwartakan sebagai wakaf irsod.

2.5. Tawriq dalam Istibdal : enakmen Negeri Sembilan

Enakmen 5 Tahun 2005, Enakmen Wakaf (Negeri Sembilan) 2005, Bahagian I – Permulaan, Seksyen 2. Tafsiran. Definisi *Istibdal* adalah seperti berikut;

> "*Istibdal*" ertinya menggantikan suatu *mawquf* dengan harta lain atau wang, atau berupa wang, yang sama dengan atau lebih tinggi nilainya daripada *mawquf* itu, sama ada melalui gantian, belian, jualan atau apa-apa cara lain menurut prinsip Syariah;

Berdasarkan definisi *istibdal* di dalam enakmen ini, mengantikan suatu maquf dengan harta lain atau wang memenuhi pelaksanaan *Tawriq*. Ini bermaksud kebolehlaksanaan *Tawriq* wujud pada pelaksanaan Istibdal bagi harta wakaf di Negeri Sembilan. Wakaf pada asalnya tidak boleh dijual, diwarisi, dihibahkan dan terputus hak pemilikan pemberi wakaf kepada hartanya. Namun, dalam

beberapa hal tertentu terdapat prinsip keharusan yang dibenarkan untuk mencairkan atau menjual aset-harta wakaf tersebut. Ini kerana, di mana ia perlu bagi tujuan wakaf, qadi boleh membenarkan penjualan, atau mengubah peraturan pengurusan wakaf, walaupun ia telah dilarang secara nyata dalam hukum asal. Qadi boleh; 1) membenarkan hutang kontrak untuk membaiki harta itu, atau untuk membayar cukai apabila tiada pendapatan atau cara membayarnya daripada wakaf. 2) menggadai tanah yang didedikasikan hasilnya dengan cara aman untuk hutang yang dikontrakkan 3) menjual sebahagian tanah khusus untuk tujuan yang disebutkan di atas (Mohd Zain Othman, 1982: Fuadah et al, 2017). Manakala kajian mengenai *al-Tawriq* banyak dilakukan sebelum ini berkisar mengenai konsep, terminologi dan kriteria *al-Tawriq* itu sendiri.

Ajil Jasim al-Nasyami (2009) dalam kajiannya bertajuk *Terma dan Syarat al-Tawriq dan al-Taskik*, menekankan kepentingan pensekuritian serta kriteria dalam perbandingan dan perbezaan keduanya sebagai satu inovasi baharu dalam bidang kewangan Islam. Kajian ini disokong oleh Muhammad Ahmad (2009) dan akhirnya produk sukuk telah menjadi satu resolusi baharu dalam Fiqh. Kajian Fuadah et al (2018) pula menyatakan terdapat beberapa prinsip-prinsip asas yang membenarkan *al-Tawriq* ini dilaksanakan antaranya harta wakaf tidak lagi berfungsi seperti tujuan asal diwakafkan. Kajian mereka juga mengusulkan *al-Tawriq* digunapakai sebagai salah satu solusi kepada pembangunan aset-harta wakaf di Malaysia yang bertujuan untuk meningkatkan kualiti aset dengan mewujudkan kecairan tunai sebagai sumber dana baharu kepada perbelanjaan penyelenggaraan ataupun pembangunan. Ianya penting bagi memastikan harta wakaf menjadi lebih produktif, dapat dimanafaatkan oleh penerima manfaat, dan jariah pahalanya boleh berjalan, berterusan dan memberi impak yang positif kepada pembangunan dan ekonomi umat Islam dan manusia sejagat.

Fuadah Johari (2020), telah membuat kajian menggunakan kaedah Masalik al-Illah untuk mengenalpasti illah *Tawriq* wakaf ini. Sembilan contoh berlakunya *Tawriq* berasaskan bukti-bukti yang dinyatakan dalam hadith dan athar yang menjadi hujah pandangan Imam Hambali, al-Qadhi, Imamiyah, Abu Bakar dan Ibnu Qudamah sebagaimana yang dicatatkan dalam penulisan al-Mughniyah, Muhammad Jawwad (2004), Ibnu Qudamah (1997) dan Muhammad Abu Zahrah (1971) berasaskan analisis kandungan teks (content analysis). Diakhir kajian, illah bagi keharusan *Tawriq* Wakaf yang dikenalpasti adalah apabila harta wakaf gagal berfungsi berdasarkan tujuan asalnya (contohnya kes masjid untuk solat dan kuda perang untuk digunakan sebagai kenderaan peperangan). Kegagalan fungsi asal wakaf ini akan memberi natijah menghilangkan manfaat wakaf dan kelestariannya. Illah ini turut disokong dengan prinsip asas wakaf, iaitu "*Habs al-Asal wa Sabili al-Thamarat*", iaitu menahan harta asasnya (pokok) dan sedekahkan hasilnya. Sekiranya sesuatu harta wakafitu gagal berfungsi, adalah mustahil aset tersebut mengeluarkan sedekah daripada hasilnyaplatform. Because this internet-based platform is managed utilizing some internet facilities, the occurrence of administrative cost in managing and maintaining the system is unavoidable.

8. Metode kajian

Penyelidikan ini merupakan kajian kualitatif yang melibatkan sesi temubual bersama dengan Yang Berhormat Sahibus Samahah Mufti Negeri Sembilan dan Pegawai Sumber Am dan Wakaf Negeri Sembilan. Temubual Bersama Mufti telah di adakan pada 12 Jun 2020 di Pejabat Mufti, Menara MAINS, Seremban, Negeri Sembilan. Temubual ini diadakan untuk mendapat maklumbalas mengenai pelaksanaan *Istibdal* dan potensi pelaksanaan *Tawriq* Wakaf di Negeri Sembilan. Sesi temubual kedua adalah bersama Encik Ali Mazri, Pemangku Ketua Jabatan Wakaf dan Sumber Am, Perbadanan Baitulmal Negeri Sembilan pada 17 Jun 2020.

Hasil temubual bersama Yang Berhormat Sahibus Samahah Dato Mufti Negeri Sembilan, secara ringkat menyatakan bahawa sehingga temubual diadakan, tiada permohonan *Istibdal* diterima, dan sekiranya diandaikan berlaku, kemungkinan tanah yang akan di *Istibdal* adalah tanah yang diperlukan oleh pihak pemerintah untuk kegunaan masyarakat awam. Sekiranya berlaku *Istibdal,* tanah perlu dinilai terlebih dahulu dan pilihan utama adalah tanah ditukar kepada tanah juga. Sekiranya perlu ditukarkan kepada nilai semasa, nilai *Ain* asal perlu dikekalkan, malah boleh dikembangkan dengan membeli kepada aset yang lain. Manakala pandangan beliau mengenai *Tawriq* pula, penggunaan istilah ini agak baharu, dan berdasarkan penjelasan tidak rugi melaksanakan *Tawriq Wakaf*, malah boleh dilaksanakan kalau ianya memberi faedah kepada tanah wakaf sedia ada.

9. Analisis aset Wakaf tidak produktif : cadangan penyelesaiannya berasaskan kaedah Tawriq dan Istibdal di Negeri Sembilan

4.1. Profail harta Wakaf yang tidak produktif di Negeri Sembilan

Berdasarkan maklumat semasa temubual bersama Pegawai Unit Wakaf dan Sumber Am, negeri Sembilan mempunyai sejumlah tanah wakaf tidak produktif yang berpotensi untuk dibangunkan. Maklumat tanah wakaf yang tidak produktif dan berpotensi dibangunkan menggunakan instrumen *Tawriq Istibdal* ini adalah seperti di dalam senarai dibawah:

Jadual 1 Profile harta Wakaf yang tidak produktif di Negeri Sembilan

Bil	Jenis No. Hakmilik	No. Lot / Pt	Daerah	Mukim / Pekan / Bandar	Kategori	Keluasan Wakaf	Jenis Wakaf	Catatan
1	GRN 50107	LOT 1300	Port Dickson	Pekan Telok Kemang	Bangunan	0.0077 Ha	Am	Apartmen Pd Perdana
2	GRN 103903	LOT 8430	Seremban	Pekan Rasah Jaya	Bangunan	0.0150 Ha	Am	Taman Rasah Jaya (Mak Engku)
3	GRN 47541	LOT 14338	Seremban	Pekan Seremban Jaya	Bangunan	0.0100 Ha	Am	Taman Seremban Jaya
4	GRN 201085	LOT 27650	Seremban	Bandar Nilai Utama	Bangunan	0.0167 Ha	Am	Taman Desa Melati, Nilai
5	GM 170041	LOT 3986	Tampin	Mukim Gemas	Pertanian	0.8125 Ha	Am	Tanah Kosong
6	GRN 219536	LOT 22601	Seremban	Bandar Mantin Utama	Bangunan	0.0746 Ha	Am	College Mantin Heights
7	GRN 264063	LOT 20006	Rembau	Pekan Rembau	Pertanian	0.7639 Ha	Am	Tanah Kosong Pekan Rembau

Sumber : Temubual bersama En. Ali Mazri, pemangku ketua Jabatan Wakaf dan Sumber Am, Perbadanan Baitulmal Negeri Sembilan

Berdasarkan Jadual 1 di atas, harta bernombor hakmilik GRN 50107, terletak di aras 9 pangsapuri PD Perdana. Pihak MAINS telah berusaha untuk mendapatkan manfaat daripada aset tersebut termasuk membuka untuk sewaan tetapi kebanyakan penyewa menarik balik hasrat tersebut kerana bangunan tersebut terlalu sunyi. Hal ini kerana pangsapuri tersebut hanya berpenghuni sehingga aras 2 sahaja.

Manakala bagi harta wakaf nombor hakmilik GRN 103903, GRN 47541 dan GRN 201085, ketiga-tiga harta wakaf tanah tersebut telah diwakafkan oleh individu kepada MAINS dan mereka memohon semula untuk menduduki hartanah tersebut sehingga meninggal dunia.

Bagi harta wakaf nombor hakmilik GM 170041, tanah tersebut terletak di mukim Gemas, Tampin. Lokasi harta wakaf ini terletak jauh ke pendalaman sehingga hanya boleh dilalui melalui tanah milik

orang lain dan perlu menggunakan kenderaan pacuan 4 roda. Ini juga menyukarkan pihak MAINS untuk memberdaya majukan tanah ini.

Jika tanah wakaf yang disebut sebelum ini adalah sukar untuk diuruskan oleh pihak MAINS, lain pula bagi harta wakaf bernombor hakmilik GRN 219536 dan GRN 264063. Kedua-dua harta wakaf ini merupakan tanah tidak produktif namun berpotensi dan mempunyai harga nilaian yang tinggi kerana terletak di College Height Mantin dalam kawasan pekan Rembau. Harta wakaf (kategori tanah untuk didirikan bangunan Lot Banglo) di College Height Mantin ini merupakan kawasan elit berpengawal dan berpagar. Harta ini diwakafkan oleh seorang warga Singapura pada tahun 2017 pada anggaran nilai dua ratus ribu ringgit (RM 200,000)

4.2. Liabiliti / tanggungan harta Wakaf keatas MAINS

Harta wakaf dibawah pentabiran MAINS yang belum berjaya dimanfaatkan akan menjadi liabiliti atau tanggungan kepada pihak MAINS. Ini adalah kerana setiap daripada harta wakaf tersebut perlu di selenggara oleh pihak MAINS selaku pemegang amanah. Jadual berikut menunjukkan senarai liabiliti (tanggungan kepada MAINS) dalam menguruskan harta wakaf yang tidak produktif di Negeri Sembilan.

Jadual 2 Senarai liabiliti / tanggungan harta Wakaf yang perlu diuruskan oleh Mains

Bil	**Jenis No. Hakmilik**	**Mukim / Pekan / Bandar**	**Liabiliti / Tanggungan Kepada Mains**				
			Kos Selenggara	**Cukai Taksiran**	**Bil Utiliti**	**Cukai Tanah / Strata**	**Kos-Kos Lain**
1	Grn 50107 Lot 1300 Apartmen Pd Perdana	Pekan Telok Kemang Port Dickson	√	√	√	Nil	√
2	Grn 103903 Lot 8430 Taman Rasah Jaya (Mak Engku)	Pekan Rasah Jaya Seremban	Tiada Tanggungan Kepada Mains Kerana Harta Wakaf Ini Diduduki Sehingga Pewakaf Meninggal Dunia				
3	Grn 47541 Lot 4338 Taman Seremban Jaya	Seremban	Tiada Tanggungan Kepada Mains Kerana Harta Wakaf Ini Diduduki Sehingga Pewakaf Meninggal Dunia				
4	Grn 201085 Lot 7650 Taman Desa Melati, Nilai	Bandar Nilai Utama Seremban	Tiada Tanggungan Kepada Mains Kerana Harta Wakaf Ini Diduduki Sehingga Pewakaf Meninggal Dunia				
5	Gm 170041 Lot 3986 Tanah Kosong	Mukim Gemas Tampin	-	-	-	Nil	-
6	Grn 219536 Lot 22601 College Mantin Heights	Bandar Mantin Utama Seremban	-	-	-	√	-
7	Grn 264063 Lot 20006 Tanah Kosong Pekan Rembau	Pekan Rembau Rembau	-	-	-	Nil	-

Sumber : Temubual Bersama En. Ali Mazri, Pemangku Ketua Jabatan Wakaf Dan Sumber Am, Perbadanan Baitulmal Negeri Sembilan

Berdasarkan Jadual 2 diatas, harta wakaf pangsapuri di PD Perdana menunjukkan kadar liabiliti atau tanggungan yang lebih banyak kepada MAINS berbanding harta wakaf yang lain. Pangsapuri PD Perdana pada ketika ini tiada penyewa, kerana tingkat yang dipenuhi hanya sehingga tingkat ke 2 sahaja dan telah tidak dihuni selama 9 tahun sejak tahun 2012. Perbelajaan telah dibuat dengan membuat pengubahsuaian dan pembaikan pada tahun 2012, namun sejak tahun tersebut tiada penyewa walaupun pada kadar sewa yang rendah iaitu pada kadar RM 400 sebulan. Oleh kerana tiada penyewa, MAINS menanggung kos penyelenggaraan pangsapuri sebanyak RM 136.00 sebulan. Ini menjadikan jumlah keseluruhan liabiliti ke atas MAIS adalah sebanyak RM 14, 688.00 (dengan andaian RM 136.00 sebulan x 108 bulan). Ini tidak termasuk kos-kos lain seperti taksiran tahunan RM 200.00 serta bil utiliti minimum.

Merujuk kepada Jadual 2 juga, tiga harta wakaf yang manfaatnya dimanfaatkan oleh pewakaf, menunjukkan tiada liabiliti atau tanggungan kepada pihak MAINS pada masa kini iaitu harta wakaf di pekan Rasah Jaya, Seremban dan Bandar Nilai Utama. Namun harta-harta ini perlu ditadbirkan apabila

pewakaf meninggal dunia kelak. Harta-harta ini turut berpotensi untuk mengalami susutnilai jika tidak selenggara dan menjadi liabiliti pihak MAINS sekiranya tidak mempunyai penyewa pada masa akan datang.

Bagi tiga harta wakaf berbentuk tanah, satu daripadanya dikenakan cukai tanah yang perlu dibayar oleh MAINS setiap tahun. Berdasarkan carian di laman sesawang pada pautan http://ptg.ns.gov.my/en/public/online-services/pertanyaan-cukai-tanah. Tanah bernombor hakmilik GRN 219536 yang berada di Mantin dikenakan cukat tanah sebanyak RM 291.00 setahun. Manakala dua tanah yang lain, masih belum ada rekod dalam pangkalan data cukai tanah Negeri Sembilan.

4.3. Kategori Harta Wakaf Tidak Produktif Berdasarkan Manfaatnya

Harta Wakaf yang tidak produktif secara umumnya dikategorikan kepada dua bahagian iaitu a) harta wakaf yang boleh manfaat dan b) harta wakaf yang belum dimanfaatkan. Keterangan selanjutnya adaalh seperti dibawah:

a) Harta wakaf yang boleh dimanfaat

Dalam kajian ini, harta wakaf yang sedang dimanfaatkan adalah tanah GRN 103903 lot 8430 Taman Rasah Jaya yang berada di pekan rasah jaya seremban, GRN 47541 lot 4338 Taman Seremban Jaya dan GRN 201085 Lot 7650 Taman Desa Melati, Nilai di Seremban. Ketiga-tiga harta wakaf ini sedang dimanfaatkan oleh penyumbang harta wakaf (dalam masa yang sama sebagai penerima manfaat wakaf) ini sehingga meninggal dunia.

b) Harta wakaf yang belum dimanfaatkan.

Dalam kajian ini, harta wakaf yang belum dimanfaatkan boleh dibahagikan kepada dua kumpulan, iaitu:

i. Harta wakaf tidak produktif yang berada di lokasi strategik
   Dua harta wakaf di lokasi strategik adalah GRN 219536 LOT 22601 College Mantin Heights dan GRN 264063 LOT 20006 Tanah Kosong Pekan Rembau.
ii. Harta wakaf tidak produktif yang berada di lokasi tidak strategik
   Dua harta wakaf di lokasi tidak strategik adalah GM 170041 LOT 3986 Tanah Kosong Dan GRN 50107 LOT 1300organization.

10. Perbincangan dapatan kajian dan cadangan penyelesaian

Berdasarkan analisis yang telah diperbicangkan, terdapat beberapa dapatan bagi harta wakaf yang tidak produktif tersebut berpotensi untuk dibangunkan menggunakan kaedah *Tawriq Istibdal*. Kategori harta wakaf yang berpotensi untuk dibangunkan menggunakan kaedah *Tawriq Istibdal* adalah seperti berikut:

5.1. Harta Wakaf yang tiada hasil dan mempunyai kos penyelenggaraan kepada MAINS.

Dalam menentukan harta wakaf yang berpotensi untuk dibangunkan menggunakan kaedah *Tawriq Istibdal* ini, didapati, harta wakaf tersebut perlulah merupakan harta wakaf yang tidak memberi hasil kepada MAINS malahan boleh pula menyebabkan MAINS menanggung tanggungan kos seperti kos penyelenggaraan, cukai dan lain-lain kos kepada kepada MAINS. Bagi bangunan pula, ianya mempunyai kos susutnilai jika jika tidak diselenggara dengan baik, ia akan menyebabkan kos penyelenggaraan akan lebih tinggi (merujuk kepada pangsapuri PD Perdana). Perkara ini selari dengan pandangan Penasihat Syariah Pesuruhjaya Sekuriti Malaysia, Mohd Daud Bakar (2017) menjelaskan bahawa, *al-Tawriq* adalah asal kata *al-Wariq* iaitu menukarkan aset kepada kecairan tunai terutamanya bagi harta wakaf yang mempunyai liabiliti dan perlu menampung kos pengurusan, penyelenggaraan ataupun pembangunan.

5.2. Harta Wakaf di lokasi strategik

Bagi harta wakaf yang berbentuk tanah, dan berada pada lokasi strategic iaitu Tanah di Kawasan perumahan elit dan berpagar (GRN 219536 LOT 22601 College Mantin Heights) serta tanah pertanian (GRN 264063 LOT 20006 Tanah Kosong Pekan Rembau) yang berada di tepi laluan utama Pekan

Rembau, strategi jangka pendek boleh diambil untuk memberdaya majukan tanah wakaf tersebut. Tindakan stategik secara segera perlu diambil, dengan mengambilkira ianya menjadi illah utama kepada pelaksanaan *Istibdal* dan *Tawriq*. Sebagaimana yang telah termaktub dalam kandungan Meyuarat Jawatankuasa Fatwa Negeri Pulau Pinang Bil. 5/2018 yang bersidang pada 16 Oktober 2018 telah memutuskan hal berkenaan *Istibdal*, perkara tiga (3) iaitu jika terhenti maksud hajat dan keperluan wakaf, Jawatankuasa Fatwa bolehlah merujuk kepada pandangan mana-mana mazhab yang lain dalam kes *Istibdal* bagi harta wakaf.

5.3. Harta Wakaf di lokasi yang tidak strategik

Namun bagi yang berada dilokasi agak terpencil iaitu Tanah, ianya bolehlah disimpan dahulu sehinggalah ianya mempunyai nilai yang lebih tinggi kelak. Saranan ini bersesuaian dengan pandangan Yang Berhormat Sahibus Samahah Dato Yusuf Ahmad, Mufti Negeri Sembilan yang telah di adakan pada 12 Jun 2020 di Pejabat Mufti, Menara MAINS, Seremban, Negeri Sembilan. Adalah menjadi keperluan untuk pihak MAINS menjaga hasrat wakif supaya harta wakaf sentiasa dimanfaatkan.

5.4. Cadangan pelaksanaan Tawriq Istibdal.

5.4.1. Strategi I: Pelaksaan Tawriq Istibdal bagi jangka pendek (3-5 tahun)

Berdasarkan tujuh harta wakaf tidak produktif dalam kajian ini, Pangsapuri di PD Perdana adalah harta wakaf paling utama untuk dilaksanakan samada kaedah *Istibdal* ataupun *Tawriq Istibdal*. Berdasarkan padangan Yang Berhormat Dato Mufti juga, penilaian harta wakaf tersebut perlu mengambil nilai keutamaan menukar fizikal kepada fizikal yang sama. Sekiranya perkara ini sukar untuk dilaksanakan, pilihan kedua adalah dinilaikan dengan nilai yang sama. Keutamaan adalah bagaimana tanah itu boleh dimanfaatkan dan dibangunkan.

5.4.2. Strategi II: Pelaksaan Tawriq Istibdal bagi jangka panjang (melebihi 5 tahun)

Bagi harta wakaf yang berada di lokasi yang tidak strategik, dicadangkan untuk di Tawriq dan Istibdal harta wakaf di lokasi yang lebih strategik.

5.4.3. Strategi III: Perlaksanaan Tawriq sebahagian tanah

Bagi harta wakaf yang mempunyai keluasan yang bersesuaian dicadangkan untuk Tawriq sebagahian tanah tersebut untuk mendapat dana memajukan sebahagian besar baki tanah tersebut. Dicadangkan juga projek ini perlu berkolaborasi dengan penduduk setempat untuk mengusaha dan untuk mendapat manfaat daripada tanah tersebut. Perancangan yang terperinci, penilaian projek yang bersesuaian dengan tanah tersebut perlu dilakukan. Sekiranya ke tiga-tiga strategi ini dapat dilaksanakan, ianya dapat mengekalkan hasrat asal pewakaf bertujuan untuk mengekalkan manfaat wakaf dan lestari sehingga hari kiamat.

11. Kesimpulan

Secara kesimpulannya, pelaksanaan Istibdal boleh dilaksanakan terutamanya melibatkan harta-harta tidak produktif. Manakala Tawriq berpotensi dilaksanakan bersesuaian dengan peruntukan Istibdal yang telah dinyatakan di dalam enakmen Negeri Sembilan. Berdasarkan dapatan harta-harta wakaf tidak produktif dalam kajian ini, dapatlah disimpulkan bahawa terdapat empat (4) daripada tujuh harta wakaf tidak produktif berpotensi untuk dibangunkan menggunakan kaedah Tawriq Istibdal. Manakala bagi tiga (3) harta wakaf yang manfaatnya masih digunakan iaitu rumah di Seremban, Seremban Jaya dan Desa Melati, tiada tindakan perlu diambil sehinggalah pewakaf yang menikmati manfaat tersebut meninggal dunia.

Bagi harta yang tidak dimanfaatkan, langkah-langkah strategik memberdaya majukan harta wakaf ini bolehlah dilakukan. Antaranya pertama, mengIstibdalkan tanah-tanah dilokasi yang tidak strategik, kedua, Tawriq dan Istibdal tanah-tanah di lokasi tidak strategik ke tanah di lokasi strategik dan ketiga, Tawriq sebahagian tanah yang mempunyai keluasan yang bersesuaian untuk mendapatkan dana bagi

membangunkan tanah yang sama dengan kerjasama penduduk serta komuniti setempat. Sekiranya ini berlaku, hasraf pewakaf sentiasa terjaga dan lestari sehingga hari kiamat.

Untuk tujuan tersebut, kajian ini mencadangkan satu kajian membangunkan polisi pengurusan risiko harta-harta wakaf untuk menilai harta-harta tidak produktif mengikut nilai semasa dan pada masa akan datang. Selain itu, satu rubrik khas dicadangkan untuk dibangunkan bagi membantu pengurusanan wakaf dalam menilai harta yang bakal diwakafkan untuk mengelakkan risiko MAINS perlu menanggung liabiliti yang tidak sepatutnya. Kajian ini juga mencadangkan diadakan satu kajian mengenai Fiqh Istisna' (Fiqh Penyelenggaraan) bagi harta-harta wakaf untuk menilai semua keupayaan harta wakaf untuk lebih berdaya maju pada masa yang akan datang.

Tawriq Istibdal merupakan satu mekanisma bagi membangunkan harta wakaf agar lebih produktif. Untuk memastikan kejayaan perlaksanaan Tawriq dan Istibdal, harta wakaf mestilah memenuhi keperluan kepada syarat-syarat yang telah ditetapkan oleh syarak. Tawriq dan Istibdal dilihat sebagai satu solusi yang akan banyak memberi manfaat dan faedah kepada masyarakat awam berbanding ia dikekalkan dalam bentuknya yang asal dan berterusan menjadi tidak produktif. Hakikatnya, pelaksanaan konsep ini turut menzahirkan kelenturan serta keutuhan sistem wakaf dalam menyediakan kemudahan dan bantuan kepada umat Islam.

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The Impact of Intellectual Capital on GCC Banking Industry Performance

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Abstract

The GCC banking industry witnessed a moderate low performance over the period 2015-2019, which is attributed to the sharp declining of global oil prices. This study aims to investigate the impact of intellectual capital components that human capital and structural capital on the GCC banking industry performance. The research is based on secondary data collected from Thomson Reuters data base, which covers 168 quarterly data basis span from 2013 to 2019. The panel data estimation is used to test the potential contribution of intellectual capital on the GCC banking industry performance. The result obtained confirmed a significant and positive impact of structural capital on the GCC banking industry performance. It recommends that the GCC banking industry needs to promote the adoption of intellectual capital to cope the latest global development in banking industry.

Keywords: Intellectual Capital, Human Capital, Structural Capital, Banking Industry performance, GCC

1. Introduction

The establishment of Gulf Cooperation Council (GCC) was in 1981, it comprised of six countries that Oman, Saudi Arabia, Qatar, United Arab Emirates, Bahrain, and Kuwait. Due to the financial and economic potential of its members, the GCC has a real impact on the alignment of forces in the League of Arab States, the Organization of the Islamic Conference and the Non-Aligned Movement, significantly affecting (through OPEC and OAPEC) the state of affairs on the world oil market.

Banking industry considers as the main nerve of the stock market in GCC. This industry suffers of low performance over the period 2014-2019, this is due to several reasons, the slowdown of the economy in GCC, which relies more on oil and gas industry, the sharp declining of global oil and gas price led to moderate budget deficit among GCC (Nusair, Al-Khasawneh, & Restructuring, 2018), as a result of this economic shock event, the new cash flow into the GCC stock market declined monetarily. According to Al-Sartawi and Journal (2018) there is a low level of applying intellectual capital by the GCC banking industry, where banking industry in GCC relies more on tangible assets, this led to weakening the asset management within this industry. Ousama, Hammami, Abdulkarim, Finance, and Management (2019) link the low applying of intellectual capital by GCC banks to the weak level of corporate governance implementation

2. Literature review

Intellectual Capital (CI) is useful packaged knowledge, with which all ideas, regardless of size or scope, constitute CI, as long as they provide a benefit to the company that makes it more efficient and competitive in its development and operation. In this sense, an advance in biotechnology is as important for a company as an error-free billing system; the discovery or invention of a new product such as the

modification of a process that required a month and has been reduced to a week. Edvinsson (1997) define Intellectual Capital "as the possession of knowledge, applied experience, organizational technology, customer relations and professional skills that offer the company a competitive advantage in the market". For Allarakhia (2018), the current environment has changed who leads the term intellectual capital to the agenda of leadership and management, and who defines it as “everything that the members of an organization know and that gives it a competitive advantage in the market". This use of the term would define the dynamic effects of the intellect of individuals, in this sense, for managers and management consultants. For these reasons, intellectual capital is the sum of all the knowledge that all the employees of a company possess and give it a competitive advantage.

Edvinsson and Sullivan (1996) mentions that "a corporation is like a tree. There is a part that is visible (the fruits) and a part that is hidden (the roots). That is, if you only care about fruits, the tree it can die. For the tree to grow and continue to bear fruit, the roots must be healthy and nourished. In this sense, it is valid for companies: if we only focus on the fruits (the financial results) and ignore the hidden values, the company will not subsist in the long term. "In this way, knowledge management must establish the optimal conditions for enhancing the exchange of information, as well as the development and socialization of knowledge. In this way, the organizational capacity allows the worker development and the generation of innovations in the various systems of the company. In short, an organization open to learning must be pursued. In this sense, intellectual capital h the way of doing business has changed through the generation of value and therefore the transformation of the economy. In short, the market is increasingly competitive. In other words, it contributes to companies to perfect or improve the offer of goods and services and, consequently, increase customer satisfaction. In this sense, it is necessary for companies to develop intellectual capital, with the aim of generating competitive advantages. According to (SRI, 2016), banks are in the generating of financial products and services, with which, banks add value in financial market development, in this regard, it is It is important to mention that banks play an important role in the economy since they are sources of wealth. In this way, Irawanto, Gondomono, and Hussein (2017) mention that: "currently intangible elements such as intellectual capital create necessary conditions, generating sustainable competitive advantages over time". Therefore, today, the determination of intellectual capital within a bank is vital for the generation of wealth, which, in turn, allows it to be a factor that adds value. According to Mohapatra, Jena, Mitra, and Tiwari (2019), "basic economic resources, land, labor and capital, have been replaced by knowledge over time"; They also mention a new way of generating wealth that is represented by opportunity, creativity, added value, information, technology, productivity, among others, all of which are applications of intellectual capital ”.

In other words, the growth of a bank depends significantly on employees, who through ideas, knowledge, skills and experience allow a company to stay active and compete in the market. However, it is important to develop new and better capacities regarding intellectual capital which allow generating competitive advantage. As a result of the correct development of intellectual capital, they have the effect of obtaining wealth, employment, positioning in the market. According to Ozkan, Cakan, and Kayacan (2017), human capital is the set of individual capacities, knowledge, skills and experience of the organization's employees and managers. Liu and Jiang (2020) consider that these resources can be of three types: competencies (knowledge, aptitudes, abilities and know how), attitude (motivation and leadership capacity) and intellectual agility (innovation capacity and entrepreneurship, adaptation and creation of synergies, etc.). Secundo, Ndou, Vecchio, and De Pascale (2020) make their conceptual contribution by considering human capital as the main driver of value creation for the organization. Adesina (2019) defines it as a generator of value and a potential source of innovation for the company, that is, the center from which the ideas of organization. In this sense, human capital is a differentiating source of competition. In this sense Oppong and Pattanayak (2019) points out that Human Capital must be conceived as "the skills of individuals necessary to provide solutions to customers". However, this concept refers to the ability of the members of a certain company to satisfy or meet the needs of customers. Although this definition may seem acceptable from a general point of view, it is clear that it, from another perspective, has a limiting character, since it leaves out, from an internal perspective, the attitude of individuals, which also It is important when executing an action to solve a customer problem and, from an external perspective, to other members or entities that may have a relationship with the company, such as financial entities, suppliers or investors.

3. Methodology

This study relies on panel data analysis technique. The panel data for this study is retrieved from

Thomson Reuters (Eikon 4.0). The retrieved data spans from 2013 to 2019, based on quarterly basis. This study sample consisted of 58 listed banks from each GCC security markets. The total estimated observation for each bank is 28, and 1624 quarterly observations for 58 listed banks. The measurements of the independent variable represent the intellectual capital measures as follows:

- Human capital (HC); represents the cost of human resource (Pulic, 2000)
- Structural capital (SC); measures by deducting the cost of human capital from the net output of the bank (Pulic, 2000)

For the purpose of measuring the performance of banking industry in the GCC, the return on assets (ROA) proxy is used, where the return on assets will be calculated by dividing the net income after tax on the total bank assets (Needles, Powers, & Crosson, 2013). To test the relationship between the both measurements of intellectual capital (. i.e. human capital and structural capital) and banking industry performance, the equation (1) as follow:

$$ROA_{it} = C + HC\beta_{it} + SC\beta_{it} + e_{it} \qquad \text{Equation (1)}$$

Where
ROA = banking industry performance measured by return on assets at the period t for the country i
HC = human capital at the period t for the country i
SC = structural capital at the period t for the country i

4. Findings

Table 1 provides the descripitve sttistics of the study, which decrbies the data retrived over the period 2013-2019 from the GCC banking industry. Three measurments were selcted that HC for the human capital measurments, SC for the structural capital measutrments, and the ROA for the resturn on assets. It can be noticed that the average quarterly human capital spent by the GCC banking industry equals to 4,333,264 million dollars quarterly, which is lower than the average quarterly structural capital spent by the GCC banking industry that equals to 4,783,403 million dollars. The average return on assets found at 11.1% quarterly, with a standard deviation of 0.047, which is condieed moderatly risky.

Table 1: Descriptive statistics

Factors	Observations	Mean	SD
HC	168	4333264	2695686
SC	168	4783403	2175522
ROA	168	0.111	0.047

Table 2 provides the correlation test among the study variables. The result showed a signficant and positive realtionship between human capital, structural capital, and the return on assets at (r=0.806, p=0.000) and (r=0.821, p = 0.000) respectively.

Table 2: Correlations

		HC	SC	ROA
HC	Pearson Correlation	1		
	Sig. (2-tailed)			
SC	Pearson Correlation	.612**	1	
	Sig. (2-tailed)	.000		
ROA	Pearson Correlation	.806**	.821**	1
	Sig. (2-tailed)	.000	.000	

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

Table 3 provides the result of three models estimation. The first model refers to the result retrived based on the pooled regression model, while the second model refers to the fixed effect model, and the third model refers to the random effect model. Based on table 4, the Husman test is conducted to find out better modelfor estimation. Based on the Husman test hypothesis, as p-value more than 5% we cannot reject the null hypothesis that is mean random effect model is appropriate for testing the

relationship between intellectual capital components and performance of GCC banking industry. The result of random effect showed a positive and signficance impact of structural capital on the return on assets at (β=-0.063, t= 8.047), while the human capital showed a non-signficance impact on the return on assets.

Table 3: Estimation resutl – panel data

Factors	Dependent Variable: ROA		
	Pooled M1	**Fixed effect M2**	**Random effect M3**
C	-0.851006* (-17.04173)	-0.608542* (-4.617668)	-0.730794* (-7.125302)
LNHC	0.024930* -3.220167	-0.018136 (-1.652460)	-0.007693 (-0.806289)
LNSC	0.038479* 4.870078	0.065229* 8.20332	0.062909* 8.047202
Observations	168	168	168
R-squared	0.692743	0.800285	0.403247
F-statistic	186.0047	91.59138	55.74809

Table 4: Correlated Random Effects - Hausman Test

Test Summary	Chi-Sq	Chi-Sq. d.f.	Prob.
Cross-section random	5.786452	2	0.0554

5. Discussion

Based on the result obtained, it can be found that structural capital contributes to the improvement of retrun on assets posiviely. Previous literature such as (Al-Sartawi & Journal, 2018; Mohapatra et al., 2019; Vo, 2018) debate that driving economic and financial development effectively relies on two main pillars, human and structural, which represent the main components of intellectual capital as stated by Edvinsson (1997). Intellectual capital is a theme on which the interest of organizations has grown rapidly in recent years, especially those in which its benefits derive mainly from innovation and knowledge-intensive services. In this sense, Mention and Bontis (2013) states that intellectual capital has been considered by many, defined by some, understood by few and formally valued by practically no one, which is one of the most important challenges for managers and academics of the present and the future. The concept of intellectual capital has been used in academic literature for many years; However, in the 1990s, some companies in Sweden and the United States began a theoretical current called knowledge management, which arises from the intention of organizations to increase the intellectual capital of their human resources, through evaluation of their competencies to solve their problems efficiently, that is, in the shortest possible time, impacting their productivity and profitability.

Ozkan et al. (2017) conducted an investigation for the impact of intellectual capital on the performance of 44 Turkish banks. The intellectual capital performance of banks is measured through the value added intellectual coefficient (Subramaniam, Vaicondam, Nadarajan, & Leng) methodology. The intellectual capital performance of the Turkish banking sector is generally affected by human

capital efficiency (HCE). In terms of bank types, development and investment banks have the highest average VAIC. When VAIC is divided into its components, it can be observed that capital employed efficiency (CEE) and human capital efficiency (HCE) positively affect the financial performance of banks. However, CEE has more influence on the financial performance of banks compared to HCE. Therefore, banks operating in the Turkish banking sector should use their financial and physical capitals if they wish to reach a higher profitability level.

Nawaz and Haniffa (2017) measured the relationships between the basic components of intellectual capital and profitability, productivity, and the book value of 64 Islamic financial institutions from over eight countries to market value, which are criteria of the financial performance of businesses. The results indicate a significant positive relationship between Value Added Intellectual Coefficient (Subramaniam et al., 2020) and accounting performance based on ROA. The results further indicate a significant positive relationship between accounting performance and capital employed efficiency (CEE) and human capital efficiency (HCE), but no significant relationship with regards to structural capital efficiency (SCE). Overall, the results suggest that value creation capability of IFIs is highly influenced by HCE and CEE. It also revealed that it has an indirect effect on firm performance due to structural relationships. Vo (2018) as a result of the analysis of the relationship between intellectual capital and firm performance on banks operating in Thailand, they determined the positive effect of both the intellectual capital and physical capital of firms. The results show that bank profitability is driven mainly by capital employed efficiency to make a profit. However, human capital efficiency marginally reduces bank profitability in the current period but has positive effects on future profitability. Mohapatra et al. (2019) found similar results as a result of an analysis on banks operating in India. According to the results obtained, there is a positive relationship between intellectual capital and bank performance. In this way, Irawanto, Gondomono, and Hussein (2017) mention that: "currently intangible elements such as intellectual capital create necessary conditions, generating sustainable competitive advantages over time". Therefore, today, the determination of intellectual capital within a bank is vital for the generation of wealth, which, in turn, allows it to be a factor that adds value. According to Mohapatra, Jena, Mitra, and Tiwari (2019), "basic economic resources, land, labor and capital, have been replaced by knowledge over time"; They also mention a new way of generating wealth that is represented by opportunity, creativity, added value, information, technology, productivity, among others, all of which are applications of intellectual capital ".

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6. Conclusion

The concept of intellectual capital is still very new and that it is defined by many scientists in different ways. Likewise, the emergence of the topic of intellectual capital and the emergence of a newly emerging term has also shown its effect on the elements of intellectual capital. Intellectual capital elements have not yet been brought to a certain standard in the relevant literature. The debate on the contribution of intellectual capital in the banking industry still scarce. This study applied the measurments of intellectual capital on the performance of GCC banking industry over the period 2013-2019. The growth of a bank depends significantly on employees, who through ideas, knowledge, skills and experience allow a company to stay active and compete in the market. However, it is important to develop new and better capacities regarding intellectual capital which allow generating competitive advantage. As a result of the correct development of intellectual capital, they have the effect of obtaining wealth, employment, positioning in the market.

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Tawarruq Home Financing: Risk Mitigation or Overconcentration?

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Abstract

Home financing today has played a vital role in banking and contributing a great amount of percentage in the growth of the economy not only in Malaysia but also elsewhere across the international borders. The evidenced of growth in Islamic banking and finance in Malaysia give no exception to Islamic home financing. Many of these products are being accused to replicate and mimicking the conventional products, thus alleged of not living to the spirit of Shariah. Debt-based products offered by Islamic financial institutions (IFIs) was usually viewed as mimicking conventional products rather than offering profit and loss sharing products. There are also concerns that many of the products offered by the IFIs are concentrated on the *Tawarruq* products. Often, concerns received from the regulator are referring to the usage of this product and the associated risks as a result from its utilisation. The purpose of this study is to investigate the usage of *Tawarruq* contract and the types of risk associated with it when it is being used as the basis for home financing products offered by IFIs in Malaysia in 2020. Further investigation was done to study the evolution of the home financing for each bank. The methodology used in this study is through content analysis (website, brochures, Product Disclosure Sheet (PDS), and annual report). The finding shows that around 63% of the Islamic banks offer *Tawarruq* for home financing in 2020. The study also revealed that many banks prefers to use *Tawarruq* in the recent years due to its arrangement that is less risky to the IFIs when it concerned financial risks and Shariah non-compliant risk (SNCR).

Keywords: Islamic finance, Islamic banking, *Tawarruq,* financial risks, Shariah non-compliant risk (SNCR)

1. Introduction

Since the inception of Islamic finance more than 30 years ago, Islamic finance has comfortably set its footing in many Muslim countries and evidenced by tremendous growth especially in Malaysia. The emergence of Islamic banking and finance products that carries significant uniqueness as to compare with conventional banking products has enticed Malaysian to opt for Islamic banking and finance services offered by Islamic banks which includes non-Muslim. This trend has helped to further boost the growth of Islamic banking and finance (IBF) in Malaysia.

In Malaysia, the banking system are operating in dual banking environment, which both systems are operating in parallel. Both conventional and Islamic banks perform the same essential functions nonetheless the modus operandi is different. For Islamic bank, not only they are bound by the same banking regulation as conventional banks, they also required to obey Islamic principles. As they are founded by religion of Islam, their accountability towards society are higher especially on moral and social values. Naturally these banks need to find equilibrium between Shariah requirements and profit making or they are unable to survive in the industry (Aris et al., 2013).

Conventional banks operate through interest or riba, however interest (riba) is clearly prohibited in the Islamic banks' operation. According to Shariah, any additional money raised from lending or

borrowing is riba (interest) based on interest as their income but since interest are prohibited, Islamic banks have to use other means to sustain their operations. This is aligned with the command of Allah stated in Quran that:

> *Those who devour usury (riba) will not stand except as stand one whom the Evil one by his touch Hath driven to madness. That is because they say: "Trade is like usury," but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge), but those who repeat (The offense) are companions of the Fire: They will abide therein (forever). (2:275)*

Thus, following this prohibition, any transactions must involve trading such as Mudharabah, Murabahah, Musharakah, Ijarah, Istisna' and Tawarruq to replace income from interest as in conventional practices. Similar to their counter party, these Islamic banks offer a comprehensive and broad range of Islamic financial products and services ranging from deposit products (savings, current and investment) to financing products (home financing, personal financing, vehicle financing, trade financing).

Islamic Financial Services Board (IFSB) (2010) highlighted that Malaysia has gone through 4 successful important phases in the development of Islamic Banking and Finance. The first phase was started with the introduction to the basic contracts such as Wadiah and Mudarabah for deposit products and Bai Bithaman Ajil (BBA) for financing products. In 1993, second phase start to roll where corporate, Islamic money and capital market instruments begin to emerge in the industry such as Murabahah working capital. The third phase in 1999, many hybrids products start to surface such as al-Ijarah Thumma al-Bai (AITAB), Ijarah fixed financing and Islamic credit cards. Lastly, in the final phase the emergence of more complex and intense type of products start to capture the financial market such as Musharakah Mutanaqisah (MM) and Mudarabah financing as well as derivatives and hedging products (Bahari, 2009).

Home financing today has played a vital role in banking and contributing a great amount of percentage in the growth of the economy not only in Malaysia but also elsewhere across the international borders. Jalil et al. (2010) mentioned that in the initial stage, Malaysia home financing was monopolized by the conventional banks which started in year 1830. An economic report published by Ministry of Finance (MOF) for year 2007/2008 showed that home financing is the largest financing type in Malaysia at that time delivering many projects namely MyBeautiful New Home (MyBNHome), Program Perumahan Rakyat (PPR), Rumah Mesra Rakyat (RMR) and Perumahan Rakyat 1Malaysia (PR1MA) (Laporan Ekonomi Malaysia, 2017/2018). Jalil et al. (2010) opined that home financing is the type of financing that received the biggest selection by customers due to the economic demand and needs in Malaysia. The evidenced of growth in Islamic banking and finance in Malaysia give no exception to Islamic home financing. According to Jalil and Naharu (2020), the increase of 8.3%, in Islamic banking assets from RM771.8 billion in year 2018 to RM835.2 billion in 2019, was mainly contributed by home financing estimated around RM184.4 billion.

In Malaysia, Islamic banks offer home financing products ranging from Bay` Bithaman Ajil (BBA), Musharakah Mutanaqisah, Tawarruq, Ijarah and Istisna'. Figure 1 shows the timeline and evolution of Islamic Home Financing in Malay

Bay` Bithaman Ajil (BBA) is the first Islamic home financing products, introduced by Bank Islam Malaysia Berhad (BIMB) in late 1984. BBA is defined as deferred payment, through instalments, on the sale of an asset with a pre-agreed price, payment method and profit. The product become quite popular amongst Islamic banks in Malaysia (BIMB, 2012). Many argued that BBA is presenting a mode of payment rather than contract where the payment is deferred in the future through installment or full payment (Engku Rabiah Adawiah, 2012; INCEIF, 2007; Zaharuddin, 2010). Besides being widely used in Malaysian Islamic banks, BBA also received many critiques from the scholars highlighting on its Shariah and operational issues.

Rosly (2001, 2005); Meera & Larbani (2009) agreed that BBA has some operational and Shariah non-compliant issues which leading to the opening of the back door for *riba*. Undertaking trading as the alternative to *riba* transaction, requires the seller i.e. the bank to hold ownership of the goods and all liabilities comes from it. However, BBA has not evidenced any ownership being held and absence in risk taking thus it violates the very essence of Shariah principles of *al-ghorm bil ghonm* (no reward without risk) and *al-kharaj bil daman* (profits comes with liability). The absence of risk taking in BBA

does not reflects the requirement of *al-bay* (trading) as what has been dictated by Allah S.W.T in the Quran. Accordingly, Rosly (2005) mentioned that Ibn al-'Arabi (d.543H/1148), opined the element of *'iwad* (counter value), namely effort, liability and risk must be incorporated for lawful sale. Any additional amount without *'iwad* is tantamount to riba.

Resulting to numerous criticisms, several alternatives of home financing are being introduced in the market as a replacement to BBA. One of them is *Musharakah Mutanaqisah* (MM). MM is technically very different from BBA where it is based on diminishing partnership concept. *Musharakah Mutanaqisah (MM)*, also known as *Diminishing Musharakah/Partnership* is a partnership contract between two parties where one party's installments will gradually increase his share in the property till the whole ownership (Subky, 2017; Bank Negara, 2010).

As an alternative to BBA contract, Kuwait Finance House Malaysia Berhad (KFHMB) launched Malaysia's first equity-based house financing facility under the Musharakah Mutanaqisah concept in 2006. The Shariah Advisory Council (SAC) of Bank Negara Malaysia, resolved that the product of MM is permissible in its 56th meeting held on 5th February 2006 (Bank Negara Malaysia, 2010).

KFHMB were commended for offering equity-based financing, rather than relying too much on debt-based financing. Many postulated that a country's finance that is built on debt-based financing, will not be able to maintain efficiency, stability and growth in the long run (Siddiqi, 1983, 2001; Ahmad, 1984, Smolo and Hassan, 2011; Rosly and Bakar, 2003). Many Islamic banks followed KFHMB switched to *Musharakah Mutanaqisah*, but then many of them discontinued or freezed the product and replaced it with more convenient products in terms of maintenance and legal support such as *Tawarruq, Ijarah Muntahiyah bit Tamlik (IMBT*) and *Istisna'*. According to Subky (2017) the related banks are Ambank Islamic, Asian Finance Bank, Bank Muamalat, KFHMB, Maybank Islamic and OCBC Al Amin.

Even though it looks promising theoretically but in practice, there are many implementation hurdles, associated with MM. The issues of MM could be classified under 2 major categories; operating and legal. Under operating, the documentations are lengthy, MM have long list of documentation as compared with other products, thus make it more costly (Subky, 2017). The complicated of MM contracts accounted to shortage of legal advisors and lawyer who could prepare the MM documents (Shahwan et al., 2013). Even though some argue on the main advantage of MM is the flexibility and revisable of the rental rates but the rates are largely influenced by location, tax regulations, as well as wear and tear (Meera and Abdul Razak, 2005). Additionally, there are also issues such as defaults, termination of contracts and even redemption (Meera and Abdul Razak, 2009).

As a result of the complication in MM, another players in town such as *Tawarruq, Ijarah Muntahia Bil Thamlik (AIMAT)* and *Istisna'* starts gaining its popularity around 2013. However, in the case of *Tawarruq*, also known as *Commodity Murabahah* (CM), the permissibility of this product is being questioned. It has recently become popular in the local Islamic banking industry for liquidity management instruments, or cash liquidity purposes. It can be considered as an alternative instrument to BBA (which has element of *bay'al-'inah),* which was adopted in Malaysia a few years back. The arrangement of getting liquidity is more or less has similar style as *bay' inah*, missing the elements of genuine transactions. Some said the overconcentration of these attention that most of the products offered by Islamic banks are in *Tawarruq* (Ali, 2017). According to him, the popularity of *Tawarruq* started when BNM issued the circular [6] on *bay' inah* in 2012 to exclude "mandatory buy back" provision in the contract. With the less popularity of MM and BBA, many banks turn to *Tawarruq* in their financing protfolio (Ali, 2017). Basically, many banks prefer *Tawarruq* based on their less risky nature towards the bank's position in the transaction.

The AAOIFI, FAS 30, *Tawarruq* should only be employed as a last resort when an institution faces a liquidity shortage that could harm its sustainability. It should not be used as a mode of investment or financing for the purpose of profit making. Secondly, the overwhelming use of *Tawarruq* does not

[6] https://islamicbankers.files.wordpress.com/2013/12/20121219-implementation-of-shariah-advisory-council-of-bank-negara-malaysias-resolution-on-bai-inah.pdf

substantially add to the IFI value preposition and economic growth due to debt nature inherent in the concept.

However, the widespread usage of this product has raised uneasiness by Muslim economists and Shariah scholars. This strengthen the view of proponents that many of Islamic banks products are just a mere substitute rather than alternative. Some said that the contract has controversial nature for being non-compliant to the Shariah as the study done by Ahmed et al. (2012), found that *Tawarruq* and *Bai al-Inah* at some point have the element of *shubahah* in them.

Whilst other choose *Tawarruq*, others opt for *AIMAT* and *Istisna'*. However, these 2 products are not short of flaws and shortcomings. With all the criticism, it would be interesting to investigate the current issues surrounding Islamic home financing in Malaysia. These lead to these research questions:

- to investigate the home financing products offered by Islamic Banks in 2020.
- to examine the composition the home financing products for each bank from 2015 to 2019.

This study claims two major contributions out of its investigation. Firstly, exploring the issues and any possible risk exposure of home financing will give a general overview of the recent development in Islamic home financing and its surrounding issues, which is expected to indirectly help policymakers and bankers to design a better policy in dealing with Islamic home financing's issues and risks.

Secondly, the review of literature suggests the common norm of research studies to mainly focus on the survey and interviews but rarely look into the composition of these home financing in details from annual report. It is hoped that the analysis on home financing figure in the study able to shape a better Islamic home financing framework and system in Malaysia.

The structural remainder of this paper is organised as follows: Section 2 and 3 provide details discussion on the structure and process of all Islamic Home Financing offered by the banks alongside with the literature review on Islamic home financing. Section 4 elaborates on the study's research methodology and the data collection method. Section 5 depicts the analytical part of the study, and Section 6, which is also the last, provides the study's concluding remarks.

2. Islamic Home Financing

There are wide ranges of Islamic home financing offered by the Islamic banks in Malaysia, namely, *BBA, Musharakah, Tawarruq, Ijarah and Istisna'*. These products could categorised into 3 main categorization, namely debt-based financing, equity based financing and leasing.

2.1 *Bay` Bithaman Ajil* (BBA)

BBA fall under debt-based financing, and often being accused mimicking the conventional products. In Malaysian Islamic bank's practice, BBA apply *Murabahah*.

2.2 *Musharakah Mutanaqisah* (MM)

Musharakah Mutanaqisah (MM) is a diminishing partnership concept that comprises contracts which are *Musharakah* (partnership) and *Ijarah* (renting). MM which are often been categorized equity based financing.

Meera and Razak (2005) has done quite a comprehensive review on how the MM works principally and technically. In summary, customer and bank will enter into a partnership contract under joint ownership agreement where both customer and bank will co-own the property. This co-ownership agreement entitled the customer 10% ownership of the property which is presented in terms of the down payment made by the customer for the property while the bank has the remaining 90% of the

property ownership. The portion of co-ownership will gradually be increased for the customer and decreased for the bank until the property is fully owned by the customer. At the same time, the rental contract in the forms of *Ijarah* contract will take effect on the 90% ownership by the bank i.e. rental will be charged to the customer through out the financing period. And this rental amount and tenor is representing the share ratio of the property ownership until the ownership is fully transferred to the customer.

2.3 *Tawarruq*

According to Shariah Standard on Mudarabah issued by Bank Negara Malaysia (Refer Section 9.1).

"A tawarruq consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis".

In essence, *tawarruq* is a hybrid concept that consists of a credit and cash sale, which is similar to the concept of *'inah* . The credit sale normally contains a profit margin, which is commonly executed under the basis of the *murabahah* concept. *Murabahah* is a cost plus sale, which refers to the sale and purchase of goods at a price with the profit margin agreed by both the seller and the buyer. The common term used in the market today to denote tawarruq is commodity murabahah transaction. In Malaysia, the common commodity used is Crude Palm Oil (CPO) made available by Bursa Suq al-Sila', whereas metals are normally used in the London Metal Exchange.

2.4 *Ijarah*

Ijarah Mausufah Fi Zimmah means an ijarah contract which is executed for an asset undertaken by the lessor (Bank) to be delivered to the lessee according to accurate specifications, even if the asset is not owned by the lessor. During the period that the leased asset/property is under construction, the lessor may ask the lessee (Customer) to pay a certain portion of pre agreed lease rental as a forward lease. The forward lease rental payment will be considered as a debt to the lessor until the delivery of the leased asset to the lessee. The Customer undertakes to purchase the asset/property upon the end of the lease period or full payment the asset/property price or in the event of default, subject to agreed terms and conditions. Ownership will be transferred to customer at the end of leasing period (or upon full settlement) by way of 'sale'.

3. Literature Review

Studies on Islamic home financing usually looking at the perception of the customers in adopting Islamic home financing products. In Malaysia context, being a multi-racial country, several studies such as Shah (2012) and Amin et al. (2014) agreed that the choice of selecting Islamic home financing among Malaysian depends on several important factors such as marital status, ethnic, occupation, religion, attitude and perceived behavior are among the highest influential factors as to compare to gender, academic qualification and monthly income. Thus, it is crucial that Islamic banks in Malaysia to have various types of Islamic home financing products that are competitive enough to be offered to the customers in order to compete and received equal share together with their conventional counterpart. Others look at a specific review on certain product of home financing to discuss its advantages and drawbacks.

Aris et al. (2013), in their study disclosed the home financing products by 6 Islamic banks but only confined to BBA and MM only. They argued that even a single contract could have several variant, in term of rate, tenure and coverage, consequently creating a complex and complicated

environment for the customer and greater monitoring tasks for regulators. Nonetheless, they admitted that varieties implied more options for the customers to choose from.

All 16 Islamic banks in Malaysia are equally offering similar types of home financing products. Various types of Islamic home financing products have been extended to the customers such as BBA financing, MM, *Istisna'*, *Murabahah*, *Ijarah Mausufah Fi Zimmah, Ijarah Muntahiyah*, *Al-Ijarah Muntahiyah Bi Tamlik* and *Tawarruq*. Studies done by Shahwan et.al (2013) shows that out of 23 home financing products offered by the Malaysian Islamic banks, 65.23% using BBA concept, 21.75% using MM and 4.34% using *Tawarruq*, *Istisna'* and *Murabahah*. From the statistic, obviously BBA received the highest usage in Malaysian Islamic banks as reported by Bank Negara Malaysia where BBA is the main type of contract endorsed amounting to 67,672.9 million Ringgit Malaysia followed by *Al-Ijarah Thumma Al-Bai'* (AITAB) (BNM, 2011). Even though, BBA received critiques from many scholars on its operational and Shariah issues, its technical simplicity has made it the main choice by the Islamic banks in fulfilling the needs for Malaysian home-owner despites its rejection in most of Arab countries (Shahwan et.al, 2013).

MM partnership is another famous type of contract for Islamic home financing in Malaysia. According to Haneef et.al (2011), the introduction of MM into the market was first approved in 1991 during a workshop that was co-organized by Islamic Research and Training Institute (IRTI) and the Sudanese Estates Bank held in Khartoum. Whereas in Malaysia BNM and Shariah Advisory Council (SAC) conquered MM on 5th February 2006 BNM, 2010). On the overall studies done in Islamic Home Financing, less studies look at the composition of the Home Financing in details.

4. Methodology

As to answer the research questions, the study adopts several steps. Firstly, as to gather information on the current home financing products, content analysis is applied. The data of are gathered through banks' websites and brochures from the bank. In some instances, the Product Disclosure Sheet (PDS) and annual report to clarify any unclear information from the banks' websites.

Table 1: Data collection and methodology

Research Questions	Data Collection	Method
to explore the current home financing products offered by Islamic Banks in 2020	Website, PDS, annual report	Content analysis
to examine the composition of the home financing products for each bank from 2015 to 2019	Annual report	Descriptive analysis and graphical

The second step is to collect the data of the products offered by all Islamic Banks in Malaysia. As of January 2020 there are 16 Islamic Banks in Malaysia, under BNM[7] purview comprises of 11 local and 5 foreign banks (Refer to Table 2).

5. Analysis and Findings

Based on Table 1, many of the banks offer Tawarruq product as compared with other products.

[7] Accessed http://www.bnm.gov.my/index.php?ch=li&cat=islamic&type=IB&fund=0&cu=0 on 4th Mac 2020.

Table 2: Home Financing products offered by Islamic banks in Malaysia in 2020

			Home Financing				
No	**Islamic Banks**	**Ownership**	**BBA**	**Tawar-ruq**	**MM**	**Ijarah**	**Istisna'**
1	Affin Islamic Bank Bhd	Local		x	x	(s)	
2	Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	Foreign		x			
3	Alliance Islamic Bank Bhd	Local	x				
4	AmBank Islamic Berhad	Local		x			
5	Bank Islam Malaysia Bhd	Local		x			
6	Bank Muamalat Malaysia Bhd	Local		x			
7	CIMB Islamic Bank Bhd	Local		x			
8	HSBC Amanah Malaysia Bhd	Foreign			x	(s)	
9	Hong Leong Islamic Bank Bhd	Local		x			
10	Kuwait Finance House (Malaysia) Bhd	Foreign				x	
11	MBSB Bank Bhd	Local		x			
12	Maybank Islamic Bhd	Local		x			
13	OCBC Al-Amin Bank Bhd	Foreign				x	
14	Public Islamic Bank Bhd	Local			x	(s)	
15	RHB Islamic Bank Bhd	Local		x	x	(s)	
16	Standard Chartered Saadiq Bhd	Foreign			x	(s)	
	Percentage		6.25%	62.5%	31.25%	12.5%	-

Note: BBA is Bai Bithaman Ajil, MM is Musharakah Mutanaqisah/Diminishing Partnership, Tawarruq (Commodity Murabahah), Ijarah (AIMAT or Ijarah Mausufah fi Zimmah)

S denotes the supporting contracts, appear in the PDS

It seems that most of the banks are offering *Tawarruq* for Home financing in 2020. Based on their websites, out of 16 banks 10 offers *Tawarruq*. There are few banks for example disclose in their website as *Murabahah*, however after close examination on their PDS, the product is actually Commodity *Murabahah* or *Tawarruq*.

Clearly from Table 1, a total of 10 out of 16 banks or 62.5% choose *Tawarruq*, followed by MM (31.2%), *Ijarah* (12.5%) and BBA by 6.25%. Based on the findings, in 2020 none of the banks offer *Istisna'* home financing.

It is seems that more banks are adopting Tawarruq because based on Hanuddin Amin (2018), as of January 2018, only 6 out of 16 Islamic banks are offering their mortgages on the basis of *Tawarruq* home financing.

However, it would be interesting to know the amount of this *Tawarruq* home Financing in value to see the impact. Further findings are revealed from the annual report from 2015 to 2019 of these banks.

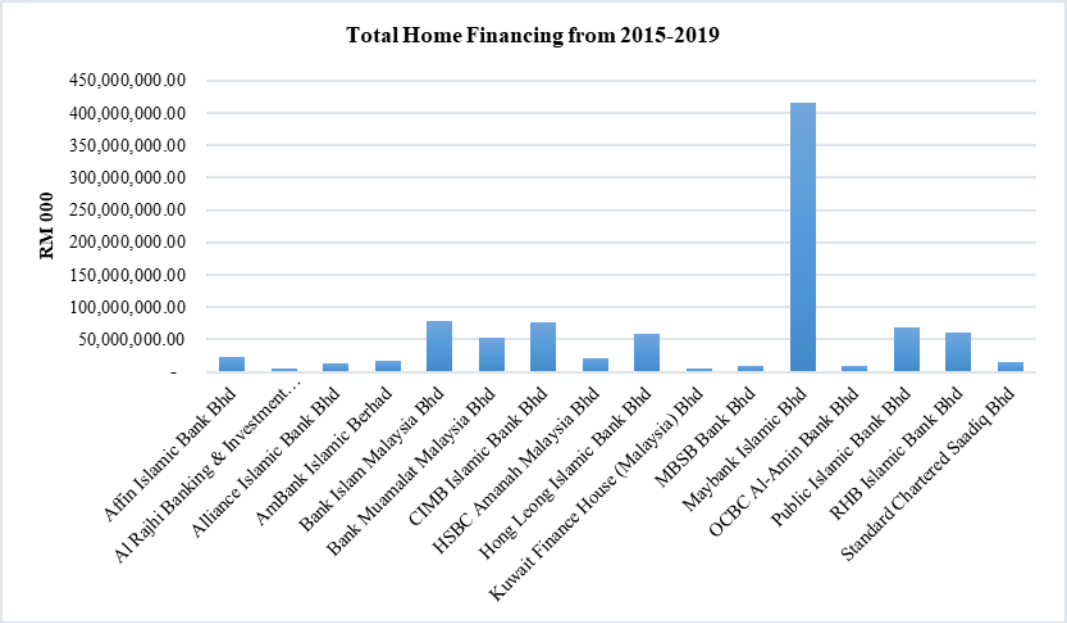


Fig. 2: Total Home Financing

From the data, Maybank Islamic lead the pack by quite extensively more than 400 billion (45%), 5 times more than Bank Islam around 79 billion, which come second providing home financing.

Table 3: Total financing for each bank

Banks	**Financing (RM 000)**	**Percentage**
Affin Islamic Bank Bhd	23,138,717.00	2%
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	5,315,263.00	1%
Alliance Islamic Bank Bhd	12,956,100.00	1%
AmBank Islamic Berhad	18,072,167.00	2%
Bank Islam Malaysia Bhd	79,519,802.00	9%
Bank Muamalat Malaysia Bhd	51,932,846.00	6%
CIMB Islamic Bank Bhd	77,497,623.00	8%
HSBC Amanah Malaysia Bhd	21,500,709.00	2%
Hong Leong Islamic Bank Bhd	57,987,782.00	6%
Kuwait Finance House (Malaysia) Bhd	4,538,312.00	0%
MBSB Bank Bhd	9,338,160.00	1%
Maybank Islamic Bhd	415,489,406.00	45%

OCBC Al-Amin Bank Bhd	9,804,503.00	1%
Public Islamic Bank Bhd	69,501,311.00	7%
RHB Islamic Bank Bhd	61,516,722.00	7%
Standard Chartered Saadiq Bhd	14,173,281.00	2%
TOTAL	**932,282,704.00**	**100%**

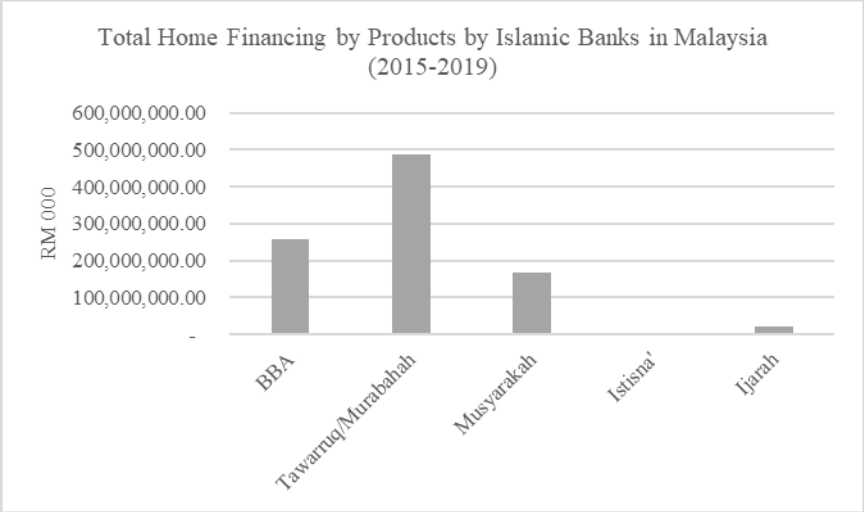


Fig. 3: Total Home Financing by products

Table 4: Total financing by products

Product	**Financing (RM 000)**	**Percentage**
BBA	256,684,858.00	28%
Tawarruq/Murabahah	488,035,057.00	52%
Musyarakah	166,530,357.00	18%
Istisna'	371,764.00	0%
Ijarah	20,660,668.00	2%
Total	**932,282,704.00**	**100%**

It could be noted in the annual report Maybank for example classify the Commodity *Murabahah* as *Murabahah* categorization. Is the amount of *Murabahah* home financing is mainly coming from Maybank Islamic. However, if we look at the PDS of Maybank Islamic, the term *Murabahah* is referring to *Commodity Murabahah* which is *Tawarruq*.

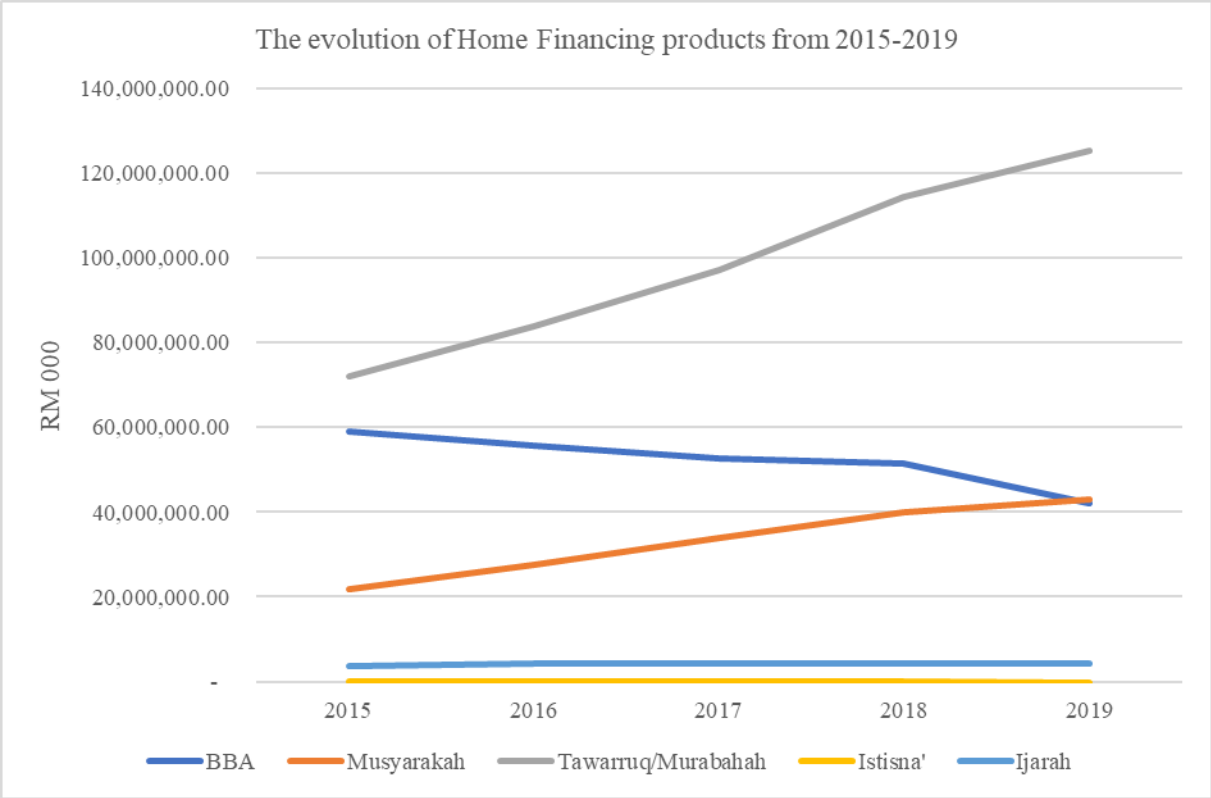
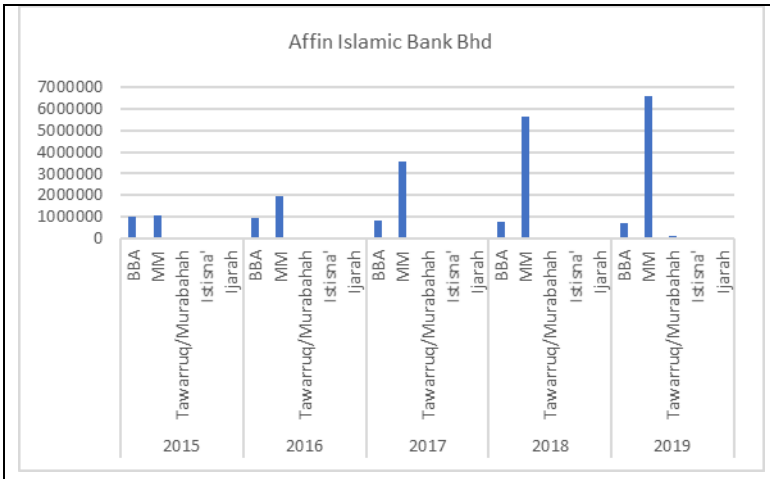


Fig. 4: The evolution of Home Financing from 2015-2019

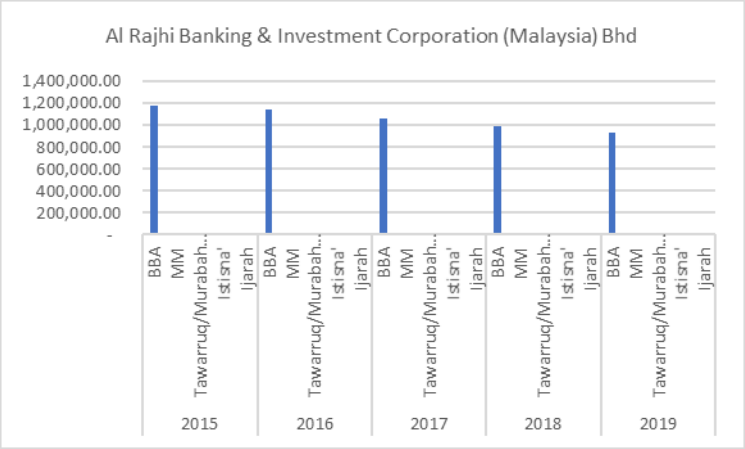
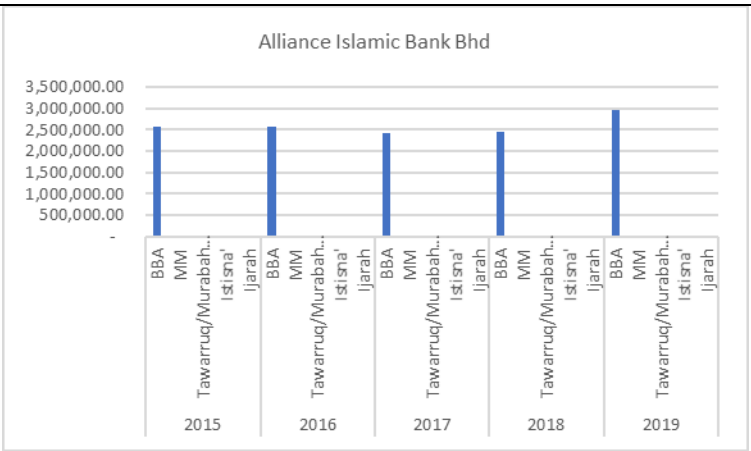
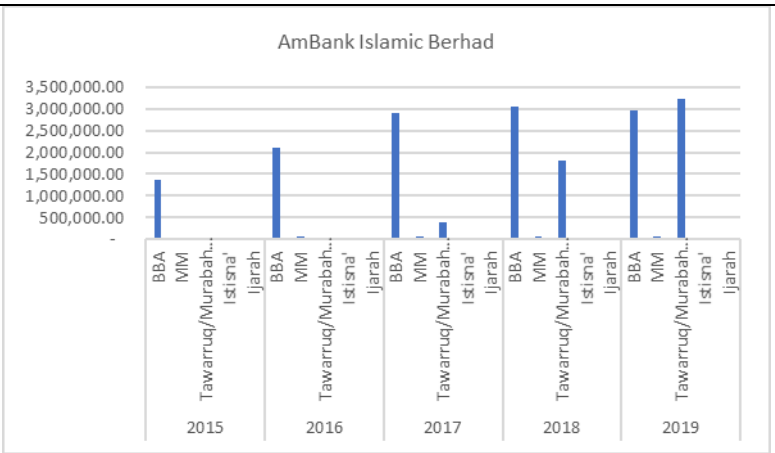
It is quite interesting to explore the evolution of the Home Financing for each bank. Figure 5 revealed that for the banks that started using Tawarruq will then continue and the usage are increasing over the past 5 years. This trend can be clearly seen in several banks for example AmBank Islamic, Maybank Islamic, Bank Muamalat, Hong Leong Islamic, CIMB Islamic, RHB Islamic and MBSB.

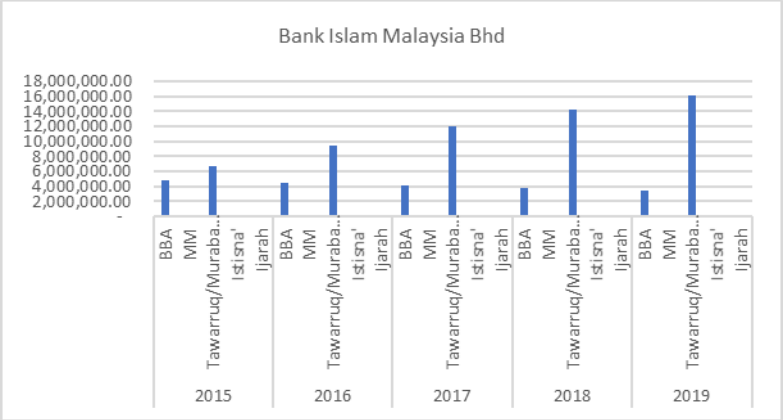
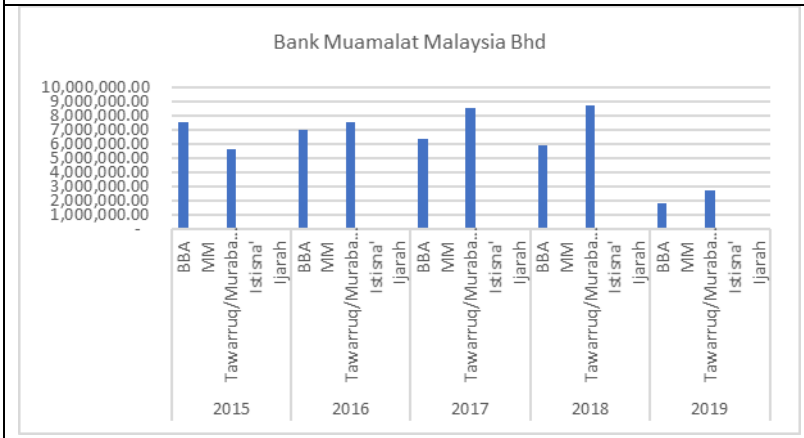
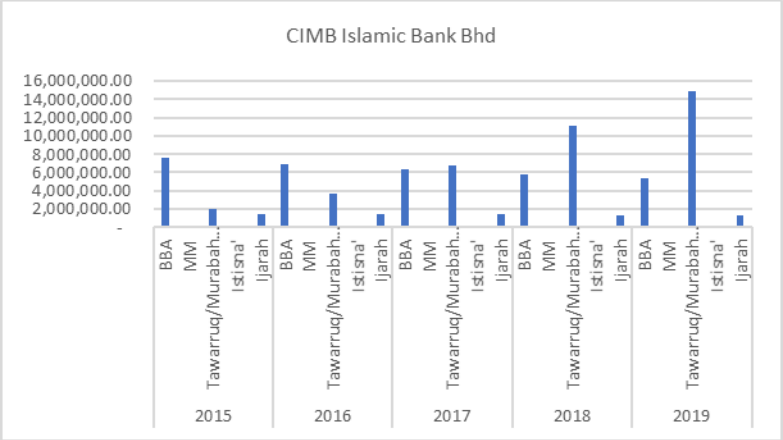
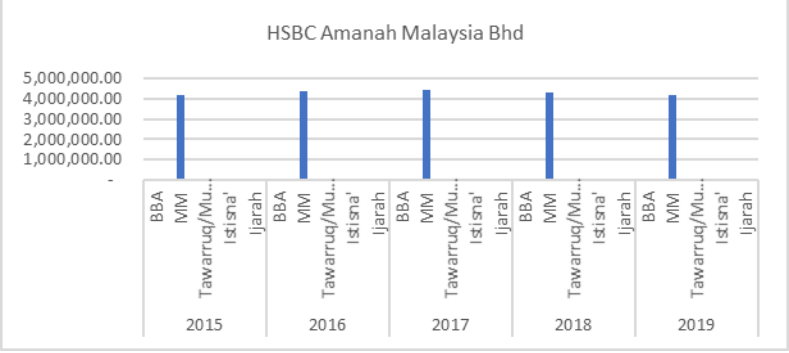


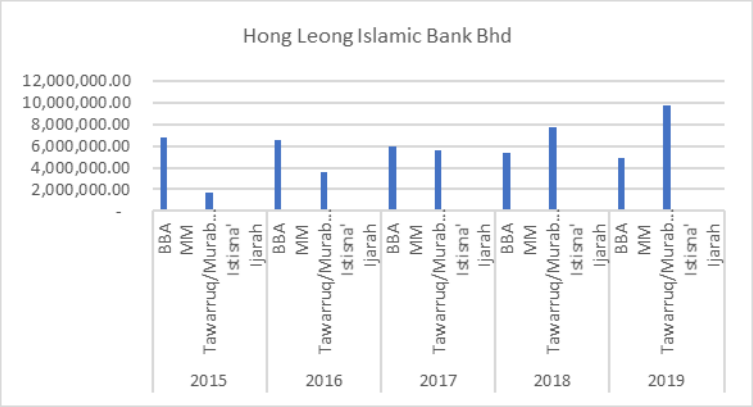
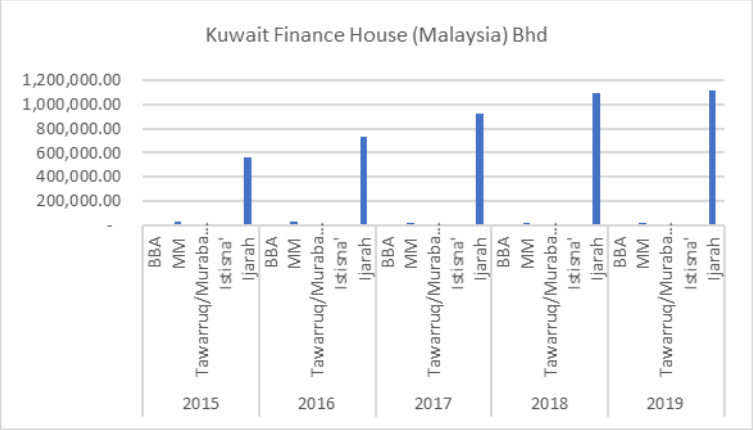
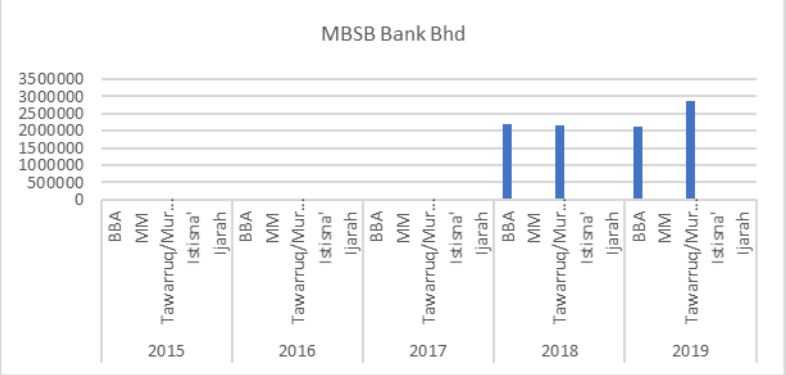
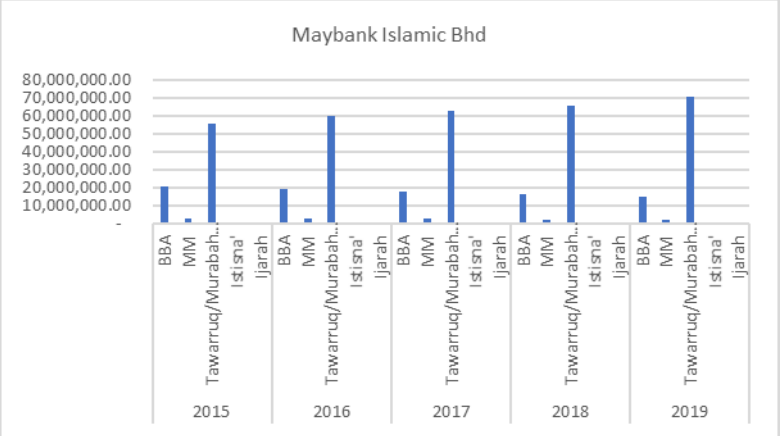
MM main

Reduce BBA

Starting to offer Tawarruq

	BBA main, but at the declining rate
	BBA incline to 2017 but then increase
	BBA increasing, but after 2019, declining Tawarruq increasing

	Tawarruq increasing BBA declining Istisna' only small portion
	Tawarruq increasing BBA declining However sudden drop in 2019
	Tawarruq increasing BBA declining Ijarah declining
	MM with no trend

	Tawarruq increasing BBA declining
	Ijarah increasing MM stopped/discontinued
	Tawarruq increasing BBA declining
	Tawarruq increasing BBA declining MM declining

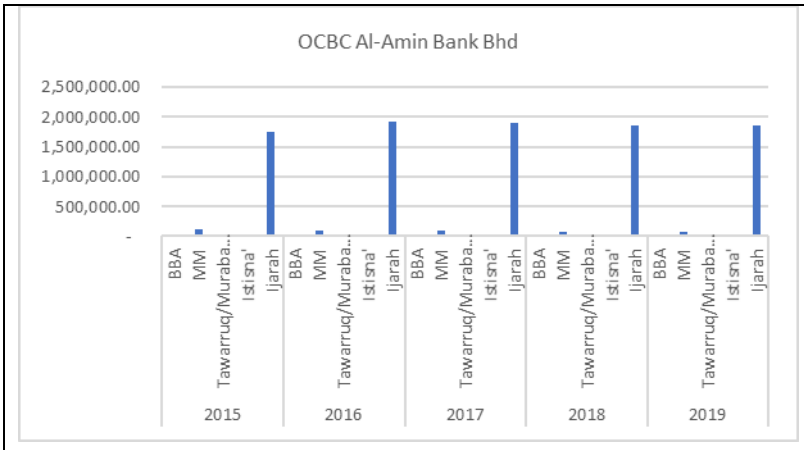
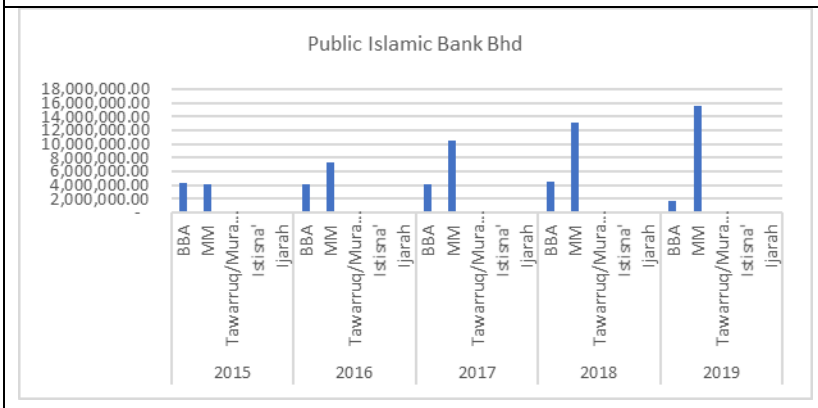
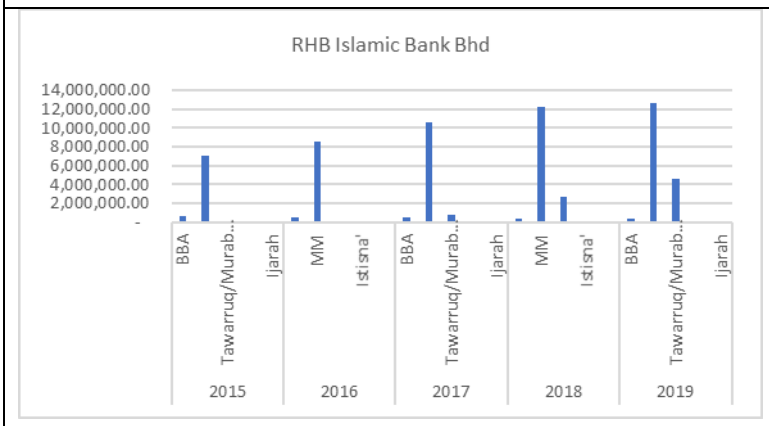
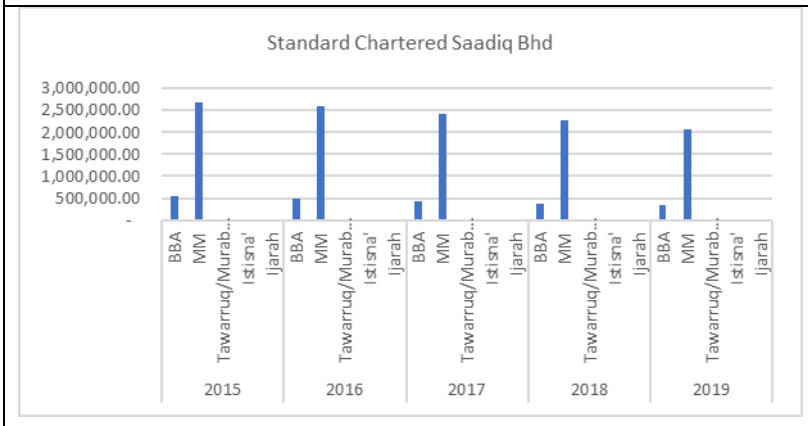
	Ijarah no trend MM declining
	MM increasing BBA declining
	MM increasing BBA declining Tawarruq increasing
	MM declining BBA declining

Fig. 5: The Home Financing for each bank from 2015-2019

5.1 Why *tawarruq* becomes popular?

Bank Negara Malaysia (2016) reported that *Tawarruq* financing grew over 34 percent that has been largely spurred by the commodity trading operation of Bursa Suq Al-Sila, which has reduced costs and risks associated with *Tawarruq*-based transactions including Islamic home financing.

Bank Islam Malaysia Berhad (BIMB) indicates that its tawarruq home financing is well-performed. Evidently, on 31st December 2014, the bank managed to reap a financing value of RM3.9 billion and increased to RM9.5 billion on 31st December 2016 (Bank Islam, 2014; 2016).

Nonetheless, the development of banking *Tawarruq* shows the concerns and recognition by some of the jurists globally of the need to find alternatives for solving the problem of liquidity shortage faced by Muslims around the world (Dusuki, 2007). While some scholars (e.g. Mohamad and Rahman, 2014) commented that *tawarruq* could be the most suitable concept for banking products that require cash-based dealing.

In a study of why Islamic financial institutions (IFIs) are reluctant to adopt *Istisna* in Malaysia, Hasmawati and Mohamad (2019) concluded the following; first, a construction project has high levels of uncertainty and risk which may affect completion time and quality; second, other instruments such as BBA and MM are easier to implement than *Istisna*. In other words, Malaysian IFIs consider financing construction projects to be a risky investment. This suggests that an Islamic bank is more risk-averse than its conventional counterpart (Dieng, 2019).

5.2 Risk perspectives

It is often being misunderstood by many, that IFIs should not have many risks as all his operations are complied with the Shariah Principles. In reality is actually the opposite where due to many forms of Shariah contracts and the complexity of financing instruments, IFIs possessed unique types of risk compared to its conventional counterpart. In Islamic financing, other than financial risks, the exposure of risks can be seen from two perspectives: Operational and Shariah perspectives. The sources of operational risk are based on human errors, system or technology related and non-compliance to the governance and regulations (BCBS, 2003). And the latter is where most of the Shariah issues were rooted from. Indeed, the IFIs has different orientation towards risks which the risks are more based on the structure of Shariah contract used (Akkizidis & Khandelwal, 2008). Thus, IFIs are facing multiplicity of risks and strictly abided to its permissible and non-permissible attributes outlined by the Shariah is crucial. This including no forbidden element such as *Riba*, *Gharar*, *Maysir* and harmful subject matter that could violate the sanctity of Shariah are allowed.

As discussed earlier, to date *Tawarruq* has become the most common and well-known mode of financing arrangement which has been used for deposit, liquidity as well as personal financing in many Islamic banks in Malaysia. It was first endorsed by the SAC of BNM in July 2005 as a permissible instrument to be practised in financial market especially for personal financing (Dusuki, 2007) and the following years many Islamic banks has started to used *Murabahah* financing via *Tawarruq* arrangement or so called *Commodity Murabahah* (Zukri, 2009). Despites its element of *shubahah* that were argued by Ahmed et al. (2012), compared with other Shariah contracts, it is permissible by some scholars and agreed that from the practical aspect, *Tawarruq* is the safest types of arrangement that favours the IFIs in terms of minimal risk exposures (Ismon, 2012).

The increased in *Tawarruq* usage was triggered by the Shariah issues surfaced from BBA financing that consist *Inah* element. *Inah* was viewed as trick aimed at getting around the prohibition of *Riba* (Ismon, 2012). This issue of Shariah has gave birth to Shariah non-compliant risk. Rosly and Sanusi (2001) has clearly discussed the criticism and arguments on BBA with *Inah* content. *Inah* normally argued on the basis it resembles loan contract where both contracting parties ignore the real intent of purchasing the subject matter. For instance, the subject matter is purchased for the purpose of consumption and the party who purchased the subject matter will later sell it with the aim to receive profit. This obviously against the condition for valid sale as prescribed in the law of contract where the

subject matter must offer benefits (*manfaah*) to both contracting parties (Rayner, 1991). This has raised serious Shariah concern to many Islamic finance scholars since it will give harmful implication to the purchasing party where will be subjected to similar legal measures as a borrower who enter into interest-bearing loan contract. Eventhough *Inah* is valid by al-Shafi'i's school of thought, it however unanimously rejected by most Muslim jurist. Nevertheless, the differences in opinion is only methodological in nature (Rosly & Sanusi, 2001).

Therefore, *Tawarruq* was brought to town to mellow down the fiasco of disagreement among the practitioners and scholars on BBA-*Inah* issues. Many proponents' review has been recorded for the past years on *Tawarruq*. The reviews come from both scholars and several authorities or organisations that are supporting the operations of Islamic finance globally. Some of the views are as follows (Ismon, 2012):

• *Tawarruq* is a type of sales where it involves purchasing of commodity with deferred payment and selling it to third party in order to obtain cash. This is acceptable by referring to Allah's words in the Quran *"……Trade is similar like riba and Allah has allowed trade but prohibits riba*" (*Al-Baqarah* 2:275)

• *Tawarruq* has conformed to the conditions of Islamic law of contract where the actual possession of the commodity has taken place before the second sales.

• *Tawarruq* arrangement is based on mutual consent among the contracting parties conformed with the injunction in the Quran "*O you who believe! Do not squander your wealth among yourselves in vanity, except it be a trade by mutual consent"*(*An-Nisa'* 4:29).

• *Tawarruq* consist no harmful implication to the contracting parties as how it was narrated by Ibn Mas'ud ruled that no harm is inflicted in declared lump sum or percentage of the profit margin.

• *Tawarruq* is free from *Riba* where the arrangement is involving selling commodity to the buyer at a high price through debt and the buyer will sell the commodity at a lower price to the third party at the same price in order to earn profit.

Table 5: Summary of tawarruq reviews

No.	Organization	Ruling
1	Islamic Fiqh Academy	Supporting *Tawarruq*, on one condition, that the purchaser, or *Mutawarriq*, does not resell the item he has bought to the original seller at a lower price, either directly or indirectly. If or when this condition is not adhered to, the *Tawarruq* transaction is categorized as usurious, which is forbidden (Hosen and Narawi, 2012).
2	Islamic Judicial Assembly, a branch of the World Muslim League during its Conference of Rajab, 1419H	Decided the permissibility of *Tawarruq*.
3	Accounting and Auditing Organization for Islamic Finance (AAOIFI)	Issued Shariah standard on the application of *Tawarruq* on Standard No.3. The procedure will take place when two contracts will be executed. First contract involves the purchasing of commodity on deferred which call as *Murabahah* or *Musawamah*. Second contract involves the selling of the commodity to third party on cash basis which was stated in Standard No 30 (2).
4	Fatwas Permanent Committee for Scientific Research	The issue of *Tawarruq* is mentioned in it as, "When someone buys a commodity on credit, so that he can sell it in the market to the non-debtor, which he can benefit from its amount, if the debt becomes payable, it will be paid to its owner who bought it on credit". The sale by installment is allowed, the saying that it is disallowed should not be considered.

5	Shariah Advisory Council of Bank Negara Malaysia (SAC) in its 51st meeting held on 28th July 2005	Resolved that deposit product and financing based on the concept of *Tawarruq* is known as *Commodity Murabahah* is permissible. The standard agreement for Tawarruq deposit accounts also was launched between banks and corporate which aim to remove the barrier to the sector's growth.

Source: (Ismon, 2012) with some modifications

Based on the above, the permissibility of *Tawarruq* has been well recognized by both scholars and highest authorities in Islamic finance however it is still subject to specific condition to ensure its validity according to the Shariah.

6. Conclusion

Based on the study done, it is clearly that the *Tawarruq* is the most popular product in Islamic Home Financing, since more than 60% of the banks use them. The trends also showed that those banks that use *Tawarruq*, the proportion are keep on increasing. Thus, the question whether the Islamic financial products are actually an alternative to the industry are also deemed futile as they are similar to the conventional, debt-based financing.

Nonetheless, the issues arise as to no better alternative products that could replace *Tawarruq*. What the industry really need is the constructive criticism as to be able to give a proactive solution to the current problem in the industry. Even though *Tawarruq* are not really well accepted by some, but at this point there are no better alternative product better than can replace *Tawarruq*. Thus, its features that supposedly guarded the IFIs towards financial risk and treated as risk mitigation tool has resulted to an overwhelming level of usage that highlighted the issue of overconcentration. Will *Tawarruq* remain effective in the long run in protecting IFIs against financial risks? This question requires further analysis and exploration, and perhaps future research could be done to spark new ideas and innovation for new Islamic home financing products.

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Autonomi Daerah : Kesan Pelaksanaannya terhadap Perkembangan Sistem Perbankan Islam di Negeri Aceh Darussalam

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Abstrak

Pasca berlakunya tsunami pada tahun 2004, melalui MoU Helsinki yang dimeteraikan antara pemerintah Republik Indonesia dan Aceh, Negeri Aceh diberikan satu kuasa "Autonomi Daerah" dalam menjalankan pentadbiran negeri. Tujuan dan permasalahan yang dibincangkan dalam artikel ini adalah melihat bagaimana peluang autonomi daerah yang telah diberikan oleh kerajaan Indonesia kepada negeri Aceh dapat digunakan sepenuhnya untuk melaksanakan sistem perbankan Islam. Kajian ini digarap berasaskan metode kualitatif melalui pendekatan deskriptif semula. Hasil dari kajian ini adalah Aceh yang terkenal dengan negeri serambi mekkah ini mengalami keterlambatan dalam pelaksanaan sistem perbankan Islam walaupun sebenarnya pada tarikh 16 Julai 2008 telah disahkan Undang-undang Nomor 21 Tahun 2008 tentang Perbankan Syariah sebagai landasan hukum tersendiri bagi bank syariah di Indonesia namun Qanun Aceh yang mengatur tentang sistem kewangan Islam baru muncul pada tahun 2018. Kesimpulannya, dengan peluang antonomi daerah yang diberikan oleh pemerintah pusat Indonesia kepada negeri Aceh, Aceh perlu mengambil langkah-langkah yang konstruktif bagi memastikan pelaksanaan syariah di negeri tersebut dapat dilaksanakan secara *kaffah* termasuk dalam bidang sistem perbankan Islam.

Kata kunci : *Autonomi Daerah/Khusus, Sistem Perbankan Islam, Negeri Aceh Darussalam.*

1.1 PENDAHULUAN

Negeri Aceh Darussalam (NAD) adalah salah satu negeri yang bernaung di bawah pemerintah Republik Indonesia. Statistik dikeluarkan oleh Badan Statistik Indonesia (BPS) pada 2010 jumlah keseluruhan penduduk Indonesia 237.556.633 jiwa yang sebahagian besarnya tertumpu di Pulau Jawa. Daripada keseluruhan jumlah ini sekitar 204 juta orang adalah Muslim. Berdasarkan jumlah ini, Indonesia dikatakan sebagai negara yang berpenduduk Muslim terbesar di dunia. Negeri Aceh pula jumlah penduduknya berjumlah 4.494.410 jiwa (Badan Pusat Statistik Republik Indonesia. 2010) dan Aceh adalah adalah sebuah negeri yang majoriti penduduknya adalah muslim. Negeri ini juga digelar dengan gelaran negeri Serambi Mekah dengan peranannya sebagai pusat penyebaran Islam di Nusantara (Mohd Zailani bin Haji Mohd Yusof. 2001).

Perkembangan perbankan syariah di Indonesia bermula pada tahun 1991 dengan tertubuhnya Bank Muamalat Indonesia (BMI) dan rasmi beroperasi pada tahun 1992 Suryani, S. . 2012). Berdasarkan undang-undang No.23 tahun 1999 dan kemudiannya telah dipinda kepada undang-undang No.3 tahun 2004 tentang Bank Indonesia (BI), menyatakan Indonesia mengaplikasikan sistem kewangan dan perbankan ganda, iaitu sistem syariah dan sistem konvensional. Ertinya berdasarkan undang-undang ini pemerintah Indonesia telah mengakui dan menerima sistem kewangan dan perbankan syariah sebagai salah satu sistem kewangan dan perbankan di Indonesia dan sekaligus telah membantah undang-undang perbankan No 14 tahun 1967 (Mutiara Dwi Sari, Zakaria Bahari, Zahri Hamat. 2013).

Perkara ini juga dinyatakan dalam undang-undang No. 7 tahun 1992 dan telah dipinda menjadi undang-undang No. 10 tahun 1998. Dalam undang-undang No. 10 tahun 1998 tersebut dinyatakan bahawa bank-bank mendapatkan kesempatan yang lebih luas untuk melaksanakan operasinya dengan diperbolehkan menjalankan operasi *dual banking system.* Pada tahun 2008 pemerintah Indonesia mengeluarkan lagi undang-undang yang lebih komprehensif tentang perbankan syariah iaitu undang-undang No.21 Tahun 2008 dan diikuti dengan undang-undang Sukuk Negara No.19 tahun 2008. Dengan diberlakukannya undang-undang ini, maka semakin menguatkan lagi landasan hukum kepada sistem kewangan dan perbankan syariah (Mutiara Dwi Sari, Zakaria Bahari, Zahri Hamat. 2013).

Manakala di negeri Aceh, pelaksanaan perbankan syariah di Aceh adalah berasaskan Undang-undang no. 7 tahun 1992 yang telah ditetapkan oleh pemerintah republik Indonesia dan Undang-undang Pemerintah Aceh (UUPA) tahun 2006 sebagaimana termaktub dalam pasal 125 dan Qanun Aceh *Nomor 8 Tahun 2014 tentang Asas-asas Syari'at Islam, secara tegas telah mewajibkan bahawa Institusi Kewangan yang beroperasi di Aceh wajib dilaksanakan berdasarkan Prinsip Syariah.* (UUPA Nomor 11 Tahun 2006). Jadi dalam masa ini di Aceh adalah sebuah keniscayaan yang tidak boleh ditawar-tawar lagi agar semua pihak terkait wajib mendukungnya. Apa lagi sejak tahun 2016 bank pemerintah daerah (BPD Aceh) telah dipisahkan oleh Menteri Besar *(governor)* bersama Dewan Undangan Negeri Aceh menjadi Bank Syariah sepenuhnya *(Spint Off)* (Zaini M. Amin. 2018).

1.2 METODOLOGI

Kajian ini digarap berasaskan metode kualitatif, iaitu kajian yang mengadaptasi metode pengumpulan data melalui penganalisisan kandungan dokumen melalui pendekatan deskriptif dengan merujuk kembali kepada beberapa penulisan sebelum ini yang berkaitan dengan autonomi daerah dan pelaksanaan sistem perbankan Islam di Aceh. Pengumpulan data kajian melalui kajian kepustakaan yang mana rujukan dibuat kepada sumber sekunder melibatkan buku, jurnal, artikel, kertas persidangan, seminar, kertas penyelidikan, tesis, keratan akhbar, carian di internet dan seumpamanya sama ada dalam Bahasa Indonesia, Bahasa Melayu, Bahasa Arab dan Bahasa Inggeris. Tujuan penulisan ini adalah untuk melihat bagaimana peluang autonomi daerah yang telah diberikan oleh kerajaan Indonesia kepada negeri Aceh dapat digunakan sepenuhnya untuk melaksanakan syariat Islam secara kaffah khususnya dalam bidang perbankan Islam di Aceh.

1.3 SEJARAH PERBANKAN ISLAM DI DUNIA

Perbankan Islam secara umumnya didefinisikan sebagai urusan perbankan yang bebas daripada amalan riba dan berasaskan kepada prinsip-prinsip muamalat Islam yang berteraskan al-Quran dan al-Sunnah (Joni Tamkin Borhan. 2000).

Secara asasnya, praktik dan prinsip dalam perbankan Islam bermula semenjak zaman Rasulullah s.a.w. lagi dan berkembang sehingga ke hari ini. Syariat Islam yang bersifat anjal mampu disesuaikan mengikut peredaran zaman.

Pada era 60-an apabila berlakunya perubahan zaman dan kebanjiran sistem perbankan konvensional di negara-negara umat Islam, para cendikiawan Islam telah mengeluarkan fatwa pengharamkan perbankan konvensional dan mengingatkan masyarakat agar tidak bermuamalat dengan riba. Para cendiakawan juga banyak menulis maqalah-maqalah yang mencadangkan operasi dan alternatif bagi Sistem Perbankan Islam. Kemuncaknya, mereka juga menggesa penubuhan sebuah institusi Islam yang mampu menjadi altenatif kepada sistem perbankan secara konvensional (Dr. Uthman Syibir. 2007).

Seterusnya pada tahun 1963, perbankan Islam dunia mula mengorak langkah dengan menubuhkan sebuah bank yang berteraskan prinsip syariah namun tidak meletakkan nama Islam iaitu penubuhan Mit Ghamr Local Saving Bank di Mesir. Walaupun tidak menggunakan nama Islam, bank ini menawarkan produk yang selaras dengan syariah. Bank ini menyediakan kemudahan asas bank, seperti akaun simpanan (akaun tabungan), akaun pinjaman, penyertaan ekuiti, pelaburan terus, dan perkhidmatan

sosial. Perkhidmatan berdasarkan prinsip-prinsip syariah yang disediakan oleh bank ini mendapat sambutan hangat oleh penduduk tempatan dan petani-petani. Jumlah penyimpan di bank ini bertambah dengan mendadak iaitu sejumlah 17, 560 penyimpan pada tahun pertama operasinya (1963/1964) meningkat kepada 251, 152 penyimpan pada akhir tahun kewangan 1966/1967. Bagitu juga dengan jumlah wang yang disimpan dalam bank ini. Pada akhir tahun pertama operasi, jumlah deposit hanya sebanyak L 40, 944.00 (mata wang mesir) dan bertambah kepada L 1, 828, 375.00 pada akhir tahun kewangan 1966/1967. Di samping keupayaan menghalang pelanggan-pelanggannya dari pergi kepada peminjam-peminjam wang untuk mendapatkan bantuan kewangan, bank ini turut berjaya menanamkan semangat kepada para pelanggan untuk menganggap bank tersebut kepunyaan mereka sendiri dan inilah salah satu faktor yang menyebabkan bank ini beroleh kejayaan (Sudin Haron. 1996).

Walau bagaimanapun kewujudan bank ini tidak lama. Akibat daripada pertukaran iklim politik di Mesir, operasi bank ini telah diambil alih oleh Bank Kebangsaan Mesir (National Bank of Egypt) dan juga Bank Pusat Mesir (central Bank of Egypt) yang kemudian menukar operasi bank ini kepada sistem riba. Penukaran dari SPI kepada sistem riba menyebabkan merosotnya jumlah penyimpan dan pelanggan yang berurusan dengan bank ini. Namun begitu, kematian sistem tanpa riba tidaklah berpanjangan apabila pada tahun 1971 di bawah pemerintahan Presiden Anwar Sadat, konsep SPI ini dihidupkan semula. Konsep ini diadakan semula apabila kerajaan menubuhkan Nasser Social Bank pada tahun 1972. Seperti Mit Ghamr, operasi Nasser Social Bank adalah berlandaskan hukum Syariah (Sudin Haron. 1996).

Keperluan untuk menubuhkan bank berlandaskan prinsip syariah ini memuncak terutamanya pada tahun-tahun 1970 –an. Namun begitu, penubuhan bank Islam ini digerakkan oleh individu-individu dan kebanyakannya bukan atas usaha kerajaan sesebuah negara. Proses penubuhan bank ini juga berbeza antara sesebuah Negara Islam dengan Negara Islam yang lain. Almarhum Raja Faisal bin Abdul Aziz Al-Saud dari Arab Saudi dianggap sebagai orang yang memainkan peranan penting dan memberi sumbangan besar terhadap perkembangan ekonomi Islam dan SPI. Bagindalah yang mengusahakan Pertubuhan Negara-negara Islam atau lebih dikenali sebagai Organization of Isamic Conferences (OIC). Raja Faisal jugalah yang menyaran setiap Negara Islam menubuhkan SPI. Penubuhan Islamic Development Bank pada tahun 1975 dianggap sebagai pendorong kepada penubuhan bank-bank Islam di Negara Islam. Sebagai contoh, Dubai Islamic Bank juga telah ditubuhkan pada tahun yang sama, iaitu pada tahun 1975. Pada tahun 1977, terdapat tiga buah lagi bank Islam ditubuhkan iaitu Faisal Islamic Bank of Egypt, Faisal Islamic Bank of Sudan dan Kuwait Finance House. Senarai bank-bnak Islam yang ditubuhkan pada tahun 1970-an dan awal tahun 1980-an ditunjukkan dalam jadual 1.1.

Walaupun pada permulaannya penubuhan bank Islam di Negara-negara Islam adalah atas daya usaha individu-individu tertentu, tetapi sokongan padu kerajaan adalah penting bagi menjamin kejayaan bank-bank yang ditubuhkan itu (Sudin Haron. 1996).

Jadual 1.1 Senarai Bank-bank Islam

NAMA	NEGARA	TARIKH PENUBUHAN
Nasser Social Bank	Mesir	1972
Islamic Development Bank	Arab Saudi	1975
Dubai Islamic Bank	Emiriyah Arab Bersatu	1975
Faisal Islamic Bank of Egypt	Mesir	1977
Kuwait Finance House Islamic Banking System	Kuwait	1977
International Holding	Luxemburg	1978
Jordan Islamic Bank	Jordan	1978
Bahrain Islamic Inv. Company	Bahrain	1981
Islamic International Bank for Investment & Development	Mesir	1981
Al-Baraka Investment and Development Bank	Arab Saudi	1982
Saudi-Philipine Islamic Development Bank	Arab Saudi	1982
Bank Islam Malaysia Berhad	Malaysia	1983
Islami Bank Bangladesh Limited	Bangladesh	1983
Islamic Bank International	Denmark	1983
Tadamon Islamic Bank	Sudan	1983

Qatar Islamic Bank	Qatar	1983
Bait Ettamouil Saudi Tounsi	Tunisia	1984
West Sudan Islamic Bank	Sudan	1985
Al-Baraka Turkish Fin. House	Turki	1985
Faisal Finance Institution Inc. Al-Rajhi Company for Currency Exchange & Commerce	Arab saudi	1985
Al-Ameen Islamic & Financial Inv. Corp. India Ltd	India	1985

1.4 SEJARAH PERBANKAN ISLAM DI INDONESIA

Sebagaimana perkembangan pemikiran perbankan syariah di dunia khususnya negara-negara Islam, Indonesia juga tidak lari dari tuntutan pemikiran cendekiawan-cendekiawan muslim Indonesia. Di Indonesia sepanjang awal abad ke-20, sistem kewangan syariah sekadar menjadi bahan diskusi dan retorika (Suryani, S. 2012).

Indonesia sebagai negara majoriti penduduk Muslim terbesar di dunia, muncul pemikiran tentang perlunya menerapkan perbankan berteraskan syariah yang dimulai pada 1974. Hadirnya gagasan pemikiran perbankan berteraskan syariah dalam sebuah seminar Hubungan Indonesia-Timur Tengah yang diadakan oleh Lembaga Studi Ilmu-Ilmu Kemasyarakatan (LSIK). Perkembangan pemikiran tentang perlunya umat Islam Indonesia memiliki perbankan Islam sendiri mulai sejak itu, seiring munculnya kesedaran baru kaum intelektual dan cendekiawan muslim dalam mengukuhkan ekonomi masyarakat.

Pada awalnya memang terjadi perdebatan yang berpanjangan mengenai hukum bunga bank dan hukum zakat vs cukai di kalangan para ulama, cendekiawan dan intelektual muslim. Perbezaan pandangan di kalangan ulama Indonesia mengenai bunga terbahagi pada tiga kelompok iaitu; kelompok yang menghalalkan, kelompok yang mengatakan syubhat dan kelompok yang mengharamkan. Hal ini sangat menentukan respon masyarakat terhadap bank syariah (Suryani, S. 2012).

Adanya perbezaan di kalangan umat Islam tidak menghalang penubuhan perbankan syariah di Indonesia, permulaan praktik perbankan Islam di Indonesia dimulai pada awal tahun 1980-an, melalui diskusi-diskusi bertemakan bank Islam sebagai tunjang ekonomi Islam.

Cadangan lebih khusus mengenai pendirian bank Islam di Indonesia baru dilakukan tahun 1990. Pada tanggal 18-20 Ogos tahun tersebut, Majlis Ulama Indonesia (MUI) mengadakan diskusi bunga bank dan perbankan di Cisarua, Bogor, Jawa Barat. Hasil diskusi tersebut kemudian dibahas lebih mendalam pada Musyawarah Nasional IV MUI di Jakarta 22 – 25 Ogos 1990, yang menghasilkan amanat bagi pembentukan jawatankuasa kerja bank Islam di Indonesia. Jawatankuasa ini dinamakan sebagai "Tim Perbankan MUI" dengan diberi tugas untuk melakukan pendekatan dan konsultasi dengan semua pihak yang terkait. Sebagai hasil kerja Tim Perbankan MUI tersebut adalah berdirinya PT. Bank Muamalat Indonesia (BMI), yang sesuai akta pendiriannya, berdiri pada tanggal 1 November 1991 (Karim, Adiwarman A. 2004). Sejak tanggal 1 Mei 1992, BMI beroperasi secara rasmi dengan modal awal sebesar Rp. 106.126.382.000,-. Sehingga bulan September 1999, BMI telah memiliki lebih dari 45 cawangan yang tersebar di seluruh wilayah Indonesia.

Setelah berdirinya Bank Muamalat Indonesia (BMI) yang diikuti oleh berdirinya Bank Pembiayaan Rakyat Syariah (BPRS) lainnya dan terbukti perbankan syariah tidak terkesan dengan krisis kewangan pada tahun 1998 maka akhirnya perbankan-perbankan konvensional pula membuka kaunter-kaunter perbankan syariah. Selanjutnya, perbankan syariah dikuatkan lagi oleh Undang-undang No. 21 Tahun 2008 tentang Perbankan Syariah. Undang-undang ini sudah merupakan peraturan secara keseluruhan mengenai sistem dan operasi perbankan syariah secara mandiri, maksudnya akta mengenai perbankan syariah dan konvensional diatur dalam undang-undang yang berbeza. Sejak diberlakukannya UU No. 7 Tahun 1992 tentang Perbankan, sebagaimana telah diubah dengan UU No. 10 Tahun 1998, bank syariah secara rasmi telah diperkenalkan kepada masyarakat dan dengan diberlakukannya Undang-Undang No. 21 Tahun 2008 tentang Perbankan Syariah yang terbit tanggal 16 Juli 2008, maka pengembangan industri perbankan syariah di Indonesia semakin memiliki landasan undang-undang yang memadai serta akan mendorong pertumbuhannya secara lebih cepat lagi (Suryani, S. 2012).

Sehingga tahun 2019, perbankan syariah mencatatkan perkembangan dan pertumbuhan yang baik. Keseluruhan aset berjumlah Rupiah 538,32 Triliion dan pertumbuhan aset sebanyak 9.93 %. Keseluruhan perkembangan dan pertumbuhan bank syariah di Indonesia pada tahun 2019 terdapat dalam jadual 2 (Laporan Perkembangan Kewangan Syariah Indonesia yang dikeluarkan oleh Otoriti Jasa Kewangan (OJK) Indonesia tahun. 2019).

Jadual 2. Indikator Utama Perbankan Syariah 2019

Industri Perbankan	Jumlah Institusi	Jumlah Kantor	Aset Triliun Rp	PYD Triliun Rp	DPK Triliun Rp
Bank Umum Syariah	14	1.919	350,36	225,15	288,98
Unit Usaha Syariah	20	381	174,20	130,04	127,58
Bank Pembiayaan Rakyat Syariah	164	617	13,76	9,94	8,73
Total	**198**	**2.917**	**538,32**	**365,13**	**425,29**

1.5 AUTONOMI KHUSUS DAN SYARIAT ISLAM DI ACEH

Perjuangan Aceh untuk mendapatkan kebenaran melaksanakan hukum syariat Islam sudah sejak sekian lama ketika zaman pemerintah Soekarno di mana ketika itu pemimpin Aceh yang terkenal Tengku Daud Beureueh sudah memohon berkali-kali dari pemerintah pusat namun gagal ditunaikan oleh soekarno sehingga penolakan ini berakibat munculnya gerakan menentang kerajaan yang berlanjut sehingga puluhan tahun (Ali Geno Berutu. 2016).

Ali Geno Berutu dalam tulisan yang bertajuk "Penerapan Syariat Islam Aceh Dalam Lintas Sejarah" membahagikan sejarah pelaksanaan syariat Islam di Aceh kepada tiga tahap, di antaranya, tahap pertama ; pada zaman awal kemerdekaan Indonesia sampai tahun 1959, tahap kedua ; zaman kemerdekaan (1959-1998), dan tahap ketiga ; zaman reformasi (1999 sampai sekarang).

Zaman awal kemerdekaan Indonesia sehingga tahun 1999 dimana ketika itu Indonesia telah memasukan kepada fasa baharu dari sejarah iaitu zaman reformasi yang ditandai dengan jatuhnya presiden Soeharto, sebuah harapan baharu muncul kepada masyarakat Aceh dengan dikeluarkannya undang-undang no. 44 tahun 1999 tentang pemberian hak istimewa kepada Provinsi Daerah Istimewa Aceh dimana undang-undang ini mengambil kira kepentingan Aceh dalam bidang agama, adat istiadat tempatan dan peranan ulama dalam berbangsa dan bernegara (Misran. 2012). Sebagai langkah awal untuk melaksanakan syariat Islam di Aceh dan respon positif dari munculnya undang-undang tersebut, maka kerajaan negeri Aceh menerbitkan Peraturan Daerah (Perda) no.5 tahun 2000 yang mengatur tentang pelaksanaan syariat Islam. Namun Perda tidak berjalan dengan efektif sehingga terjadilah pindaan terhadap Undang-undang No. 44 Tahun 1999 menjadi UU No. 18 Tahun 2001 tentang Autonomi Khusus dan sekaligus mengubah nama Provinsi Daerah Istimewa Aceh menjadi Provinsi Nanggroe Aceh Darussalam (Provinsi NAD). Di dalam UU Autonomi Khusus (UU Otsus) bagi Aceh yang ditandatangani oleh Presiden Megawati Soekarno Putri ini terdapat beberapa instrumen yang menjadi dasar pelaksanaan syariat Islam di Aceh diantaranya adalah *Mahkamah Syar'iyah* dan *Qanun* Pemerintahan Aceh (Ali Geno Berutu. 2016).

Di antara kebijakan yang diambil kerajaan Indonesia bagi mengakhiri konflik berpanjangan antara kerajaan pusat dan negeri Aceh adalah dengan digubalnya Undang-undang no.18 tahun 2001 tentang Autonomi Khusus (UU Otsus) bagi provinsi Nanggroe Aceh Darussalam (NAD) bagi melengkapi UU No. 44 Tahun 1999 tentang Keistimewaan Provinsi NAD yang mencantumkan empat keistimewaan asas bagi Aceh, di antaranya :

(1) keistimewaan dalam menyelenggarakan kehidupan beragama dalam bentuk pelaksanaan syariat Islam bagi pemeluknya;
(2) keistimewaan dalam menyelenggarakan pendidikan;
(3) keistimewaan dalam menyelenggarakan kehidupan adat; dan
(4) keistimewaan menempatkan peran ulama dalam penetapan kebijakan (Pasal 11 UU No. 44 Tahun 1999 tentang Keistimewaan Aceh, Pasal 9 dan 11 UU No. 18 Tahun 2001 tentang Otsus).

Setelah berlakunya peperangan yang berkepanjangan antara kerajaan Indonesia dan Gerakan Aceh Merdeka (GAM) serta pasca berlakunya tragedi tsunami yang melanda Aceh pada tahun 2004, kerajaan Indonesia telah melakukan perdamaian dengan GAM dengan menandatangani memorandum persefahaman antara kedua-dua pihak iaitu MoU Helsinki. MoU yang ditandangani disaksikan oleh mantan presiden Finland ini, mengandungi beberapa perkara penting bagi membolehkan Aceh menjalankan syariat Islam iaitu keperluan dikeluarkan satu undang-undang khusus tentang pemerintahan Aceh (UUPA) dan juga Qanun Aceh akan disusun kembali dengan menghormati tradisi sejarah Aceh dan adat istiadat rakyat Aceh serta mencerminkan keperluan hukum terkini Aceh (MoU antara Pemerintah Republik Indonesia dan Gerakan Aceh Merdeka. Tahun 2005). Rentetan dari MoU ini, maka pemerintah Indonesia telah menerbitkan Undang-undang No.11 tahun 2006 tentang

Pemerintah Aceh (UUPA). Dalam UUPA ini dinyatakan secara khusus bahawa syariat Islam yang dilaksanakan di Aceh meliputi akidah, akhlak dan syariah. Syariah yang dimaksudkan adalah meliputi ibadah, ahwal al-syakhsiah, muamalat, jinayat, qadha' syarie, tarbiyah, dakwah, syiar dan pembelaan Islam (Undang-undang Republik Indonesia No.11 tahun 2006).
Maka, dengan kuasa yang diberikan oleh inilah kerajaan negeri Aceh menyusun dan menggubal beberapa Qanun Syariat Islam untuk diaplikasikan di Aceh.

1.6 QANUN LEMBAGA KEWANGAN SYARIAH (LKS) ACEH TAHUN 2018

Negeri Aceh adalah satu-satunya negeri di Indonesia yang memiliki undang-undang tersendiri dalam bidang perbankan Syariah dan uniknya undang-undang ini hanya membenarkan perbankan syariah sahaja yang beroperasi di Aceh. *Formalisasi* dan *legalisasi* syariat Islam di Aceh merupakan hasil dari konflik yang berkepanjangan antara Gerakan Aceh Merdeka (GAM) dengan Pemerintah Republik Indonesia (Latief, H. M. A. 2012).

Selaku daerah istimewa, Aceh memiliki kuasa khusus untuk mentadbirurus sendiri hal ehwal pemerintahan dan kepentingan masyarakat setempat, salah satunya adalah pelaksanaan kehidupan beragama. Dalam mewujudkan ekonomi masyarakat Aceh yang adil dan sejahtera dalam naungan Syariat Islam, Pemerintah Daerah Aceh telah mengeluarkan kebijakan Qanun Aceh Nomor 11 Tahun 2018 tentang Lembaga Kewangan Syariah. Latar belakang disusunnya Qanun Lembaga Kewangan Syariah ini adalah menjadikan prinsip syariah Islam sebagai satu-satunya landasan dalam transaksi kewangan di Aceh. Dengan diberlakukannya Qanun Lembaga Kewangan Syariah di Aceh, maka institusi kewangan yang beroperasi di Aceh harus sesuai dengan prinsip syariah. Hal tersebut bererti institusi kewangan konvensional yang berada di Aceh harus menyesuaikan operasinya agar sesuai dengan prinsip syariah paling lambat 3 (tiga) tahun sejak Qanun diundangkan atau 4 Januari 2022 (Laporan Perkembangan Kewangan Syariah yang dikeluarkan oleh Otoriti Jasa Kewangan Indonesia. tahun 2019).

Qanun Institusi Kewangan Islam Aceh ini terdiri dari 9 bab dan 61 pasal sepertimana yang digmbarkan dalam jadual berikut :

BAB	TAJUK
Bab Satu	Ketentuan Umum
Bab Kedua	Jenis, Pendirian, Kepemilikan, dan Perizinan
Bab Ketiga	Bank Syariah
Bab Keempat	Institusi Kewangan Non- Bank Syariah
Bab Kelima	Kegiatan Usaha dan Cakupan Wilayah Usaha
Bab Keenam	Dewan Pengawas Syariah, Dewan Syariah Aceh, dan Dewan Syariah Perbandaran
Bab Ketujuh	Tanggungjawap Kerajaan Negeri dan Perbandaran
Bab Kelapan	Perlindungan Pelanggan, Rakan Kongsi, Institusi Kewangan dan Penjaminan
Bab Kesembilan	Pembinaan, Pengaturan dan Pengawasan
Bab Kesepuluh	Denda Pentadbiran
Bab Kesebelas	Tempoh Transisi
Bab Keduabelas	Penutup

1.7 PERBINCANGAN DAPATAN KAJIAN

Kuasa autonomi daerah yang diberikan oleh pemerintah Indonesia yang diberikan kepada Aceh sejak tahun 2001 telah digunakan sebaik mungkin oleh kerajaan negeri Aceh untuk melaksanakan syariat

Islam yang telah diperjuangkan sejak sekian lama. Namun, pelaksanaan syariat Islam dalam kerangka autonomi daerah ini, kerajaan Aceh lebih memberikan keutamaan kepada pelaksanaan hukum *Jinayat* dan *Uqubat* pada peringkat awalnya, manakala sistem perbankan Islam baru mampu diterjemahkan sepenuhnya melalui Qanun Institusi Kewangan Islam (LKS) Aceh pada tahun 2018 yang dikeluarkan oleh kerajaan negeri Aceh (Qanun Aceh, No.11 tahun 2018 tentang Lembaga Keuangan Syariah).

Walaupun awal berkembangnya perbankan syariah di Indonesia pada tahun 1992 dengan ditubuhkan Bank Muamalat, namun perkara tersebut tidak berkembang di Aceh dalam tempoh yang singkat. Di antara faktor yang menyebabkan lamanya tempoh masa perkembangan perbankan syariah di Aceh adalah konflik yang berkepanjangan antara kerajaan pusat dan masyarakat Aceh sehingga konflik yang berlaku ini direspon oleh masyarakat Aceh dengan mengambil pendekatan *Muwajahah Silahiyyah/ Harbiyyah* (perang) demi menuntut keadilan dari kerajaan pusat. Hal ini berbeza dengan apa yang berlaku di negeri Kelantan pada tahun 1990, walaupun berlaku perbezaan parti yang memerintah antara pusat dan negeri, namun kerajaan negeri Kelantan yang ketika itu diperintah oleh Parti Islam Se-Malaysia (PAS) mengambil pendekatan *Muwajah Silmiyyah,* iaitu pendekatan damai dengan masuk bertanding dalam sistem pilihanraya dan PAS memerintah Kelantan pada tahun 1990. Kemenangan yang diperolehi ini dijadikan sebagai peluang untuk melaksanakan syariat Islam secara bertahap di Kelantan walaupun kuasa kerajaan negeri adalah terhad. Bermula tahun 1983 contohnya, penubuhan Bank Islam Malaysia Berhad (BIMB) merupakan tunas pertama yang lahir daripada kepada perbankan Islam yang pertama di Malaysia. Selepas tahun 1991, sistem perbankan Islam mulai berkembang dengan pesat bermula tindakan Kerajaan Negeri Kelantan pimpinan al-Marhum Dato' Bentara Setia Tuan Guru Nik Abdul Aziz bin Haji Nik Mat mengeluarkan semua simpanan wang Kerajaan Negeri dari dalam bank-bank yang mengamalkan sistem riba dan memasukkan ke dalam BIMB. Bermula dari situlah, sistem perbankan Islam di Malaysia mulai bercambah dan tumbuh bagaikan tumbuhnya cendawan selepas hujan sebagaimana yang dapat disaksikan pada hari ini (Mohamed Fadzli bin Dato' Haji Hassan. 2017).

Pada tahun 2018, dengan kuasa autonomi daerah yang diberikan pemerintah Indonesia kerajaan negeri Aceh telah berjaya mengeluarkan satu undang-undang khusus yang berkaitan dengan kewangan dan perbankan Islam untuk dilaksanakan di Aceh. Undang-undang yang dimaksudkan adalah Qanun Lembaga Kewangan Syariah (LKS) Aceh dimana qanun ini menjadi punca kuasa mutlak kerajaan Aceh untuk melaksanakan sistem perbankan Islam di Aceh (Al Yasa' Abubakar dan M. Daud Yoesoef, 2004). Apa yang menarik dari qanun ini adalah semua institusi kewangan yang beroperasi di Aceh wajib mengikut syariat Islam bermula tahun 2018 yang lalu. Pihak otoritas jasa kewangan Indonesia (OJK) telah memberikan tempoh masa transisi selama tiga (3) tahun bermula tahun 2018 sehingga 2021 kepada semua institusi kewangan konvensional yang masih belum beralih ke perbankan syariah di Aceh. Inilah satu anugerah dan hadiah terbesar yang diperoleh oleh masyarakat Islam Aceh setelah melalui tribulasi perjuangan berdarah-darah yang sangat panjang dengan mengorbankan jutaan nyawa manusia. Maka sudah selayaknya peluang keemasan ini mesti digunakan oleh kerajaan dan msyarakat Aceh untuk melaksanakan sepenuhnya sistem perbankan yang patuh syariah dengan efektif. Dengan izin Allah SWT, pada tahun 2022 dunia akan menyaksikan bahawa tidak ada perbankan yang beroperasi di Aceh melainkan perbankan Islam sahaja.

Berikut adalah beberapa cadangan yang dikemukakan kepada kerajaan Aceh agar pelaksanaan sistem perbankan Islam di Aceh dapat berjalan secara efektif pada peringkat ini, di antaranya :

1. Sosialisasi.
   Kerajaan negeri mesti mengambil peranan secara aktif dalam memberikan pengetahuan dan penerangan tentang sistem perbankan Islam kepada semua lapisan masyarakat. Penerangan ini boleh dibuat dengan merancakkan penganjuran seminar, wacana ilmiah dan kuliah maghrib secara tersusun di masjid-masjid seluruh negeri Aceh.
2. Sumber Manusia dan Kepakaran.
   Di antara faktor kejayaan sebuah sistem adalah wujudnya sumber manusia dan pakar bidang yang mampu melaksanakan sistem dengan baik. Maka, tugas ini mesti dikolaborasikan antara pihak kerajaan negeri, perbankan dan institusi pengajian tinggi di Aceh bagi menjayakan agenda melahirkan pakar-pakar bidang perbankan Islam yang berkompeten.
3. Pondok Pesantren.
   Di antara kekuatan masyarakat Islam di Aceh adalah wujudnya pondok-pondok pesantren yang banyak di Aceh. Pondok-pondok ini telah memainkan peranan yang sangat penting dalam menjayakan pelaksanakan syariat Islam di Aceh. Maka selayaknya Institusi Pondok ini dilibaturus dalam menjayakan pelaksanaan sistem perbankan Islam di Aceh.

Semoga dengan penglibatam semua pihak ini, sistem perbankan Islam di Aceh dapat diterima dengan baik oleh semua lapisan masyarakat dan mampu berkembang setanding dengan perbankan konvensional di Indonesia.

1.8 KESIMPULAN

Negeri Aceh merupakan salah satu negeri bahagian dari pemerintah Indonesia yang terkenal dengan gelaran bumi Serambi Mekah dengan majoriti penduduknya adalah muslim. Walaupun perbankan Islam pertama muncul di Indonesia pada tahun 1992 namun perkembangannya dan pelaksanaannya sistem perbankan Islam tidak begitu memberi kesan yang signifikan di Aceh. Namun dengan kuasa autonomi khusus yang diberikan oleh pemerintah Indonesia kepada Aceh, mereka memiliki peluang untuk melaksanakan syariat Islam secara *kaffah* termasuk dalam bidang system perbankan Islam, dimana bermula tahun 2018 semua institusi kewangan yang beroperasi di Aceh diberikan tempoh transisi dari sistem konvensional kepada sistem patuh syariah sepenuhnya selama tiga tahun. Dengan erti kata lain, pada tahun 2021 dapat dipastikan bahawa tiada lagi institusi kewangan konvensional beroperasi di Aceh.

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Closing the Expectation Gap in Shariah Audit

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Abstract

Shariah audit has currently emerged as an important mechanism in ensuring Shariah compliance in line with the rapid development of Islamic Banking. It strengthens the Shariah compliance and enhance the integrity of Islamic Financial Institutions (IFIs) due to the uniqueness features of the IFIs such as the prohibition of *riba, gharar, maysir* and other requirements that its activities must be in compliance with Shariah. Research on audit expectations gap in Shariah audit practices has received little attention by researchers. Two objectives are set in this study; these are: Firstly, to examine the perceptions of the internal auditors (Shariah auditors), regulators (BNM), Shariah committee, Shariah officers, external auditors and depositors concerning the Shariah audit practices in the Islamic banks in Malaysia. Secondly, to determine the existence of expectations-performance gap between internal auditors (Shariah auditors), regulators (BNM), Shariah committee, Shariah officers' external auditors and depositors concerning the Shariah auditor's performance in the Islamic banks in Malaysia. Based on the findings there is existence of gap in Shariah audit practices and auditor's performance. Thus, there is a need to strengthen the Shariah audit practices in the Islamic banks to ensure greater effectiveness of the goals of Shariah compliance. The research provides new insights into the structure, composition and extent of the audit expectation-performance gap in Shariah audit practices but, more importantly, it signals a rational, comprehensive approach towards narrowing the gap. This should bring practitioner's and stakeholders's expectations on Shariah audit practices and Shariah auditors' performance into closer accord and, as a consequence, reduce the criticism and different expectations on the Shariah audit practices in the Islamic banks.

Keywords: Compliance, Shariah auditor's performance, gap, Islamic banking

1 Introduction

Shariah audit practices strengthen Shariah compliance and enhance the integrity of the IFIs. It emerged to cater for the different nature and characteristics of Islamic banking practices. Many Islamic banking scholars identified the nature of Islamic banking should be distinct from the conventional banks. Islamic banking and finance should differ from conventional banking practices in terms of: i) striving for a just, fair and balanced society as envisioned by Islamic economics, ii) constructed upon the principle of brotherhood and cooperation, which calls for a system of equity-sharing, risk-sharing and stake-taking, iii) characterised by ethical norms and social commitments as a system grounded in the ethical and moral framework of the Shariah community, iv) oriented and entrepreneur-friendly, emphasising productivity and the physical expansion of economic production and services, and v) operates within limits that ensure stability in the value of money and that curtail destabilising speculation (Chapra & Ahmed, 2002; Dusuki, 2011; Iqbal & Mirakhor, 2007).

The motivation of the study is to ensure Shariah compliance issues are properly addressed since Shariah noncompliance is a risk to all IFIs. This can be done through developing proper guidance on Shariah audit practices regarding framework, scope, independence, competency, processes, reporting, responsibilities and performance. With the expanding global Islamic banking and finance industry, there is a need for developing professional Shariah auditing practices. In addition, the failure of external auditors and Shariah Supervisory Board members to conduct a holistic Shariah audit (Najeeb and Ibrahim, 2014) motivates this research to identify gaps in current practices in Shariah audit. According to Sultan (2007), Shariah noncompliance risks may occur in products, the technology supporting the

operations, operational processes, the people involved, documentations and contracts, policies and procedures, and other activities that require adherence to Shariah principles. According to Chik (2011), Shariah auditing should not address worldly corporate governance practices only, but a religious obligation on the IFIs and Shariah auditors (*muhtasib*/*mudaqqiq syar'ie*).

According to Abdul Rahman (2011), Shariah Committee of the IFIs normally expressed their opinions on the Shariah compliance of the products and services offered (ex-ante compliance). He also argued that a comprehensive and well-guided audit of the Shariah legal contracts, documentations and operations have not been adequately conducted. The ex-post compliance stage is absent in practice. Without a Shariah audit function, this scenario creates a functional gap of Shariah compliance in the Islamic financial system. From the stakeholder's point of view, it will create an expectation gap in Shariah audit practices in the IFIs. Shariah audit, in theory, should enhance the shareholders' value and confidence of the stakeholders of the IFIs. If stakeholders (i.e. customers, depositors, etc.) are suspicious of Shariah compliance, it would adversely affect the integrity of Islamic finance (Abdul Rahman, 2011; Atiqah, 2009).

Two objectives are set in this study; these are: Firstly, to examine the perceptions of the internal auditors (Shariah auditors), regulators (BNM), Shariah committee, Shariah officers, external auditors and depositors concerning the Shariah audit practices in the Islamic banks in Malaysia. Secondly, to determine the existence of expectations-performance gap between internal auditors (Shariah auditors), regulators (BNM), Shariah committee, Shariah officers, external auditors and depositors concerning the Shariah auditor's performance in the Islamic banks in Malaysia.

2 Literature Review

To date, a limited number of studies have been conducted on Shariah audit practices in Malaysia. One of the early empirical studies has been initiated by Hood and Bucheery (1999) on audit expectation gap between financial and religious (Islamic) auditors in Bahrain. Hood & Bucheery (1999) further argued that religious audit in Bahrain seems to complement the financial audit by external auditors. Nevertheless, they questioned whether religious auditors have a set of religious statements to audit as compared to financial statement audited by financial auditors. They found that a financial audit expectation gap does exist in Bahrain but not for religious auditors. They also found that financial auditors and religious auditors in Bahrain seem unaware of the tasks performed by each of them. Hood & Bucheery (1999) presumed that this finding was due to respondents' lack of understanding on religious audit. Kassim et al. (2009) examined the expectations and the actual practice of Shariah audit function in IFIs in Malaysia. The study surveys different groups of respondents involved directly or indirectly with the process of Shariah compliance/auditing in IFIs. Based on their study, there is a gap between the 'desirable' and the 'current' practice of Shariah auditing in the IFIs in Malaysia. Kassim et al. (2009) classified the gap into framework, scope, qualifications and independence. These four components differ from previous studies on audit expectation gap.

Grais and Pellegrini (2006) mentioned that the Islamic banking industry lacks supervision and monitoring, oversight, auditing and management of risks. These are closely related to the competency level of Shariah auditors. Any risks resulting from auditor's incompetency will expose Islamic banks to potential losses (Othman and Ameer, 2015). Losses to the Islamic banks like in the case of Dubai Islamic banks in 1998, signals the importance of identifying and monitoring the gaps that exist in Shariah audit practices. Mulyani (2007) found that the academics, audit practitioners and Shariah scholars in Malaysia, agreed strongly with the creation of a new Shariah audit discipline with a separate regulatory framework. This Shariah audit should be conducted by a new group of professionals termed Shariah auditors. In addition, Yahya and Mahzan (2012) found that the practice of Shariah audit is still at the development stage and requires further improvement. Thus, there is a need to increase the understanding of Shariah auditing among internal auditors, enhance the Shariah knowledge of internal auditors, standardise the Shariah audit framework and provide general guidelines to design audit programmes for Shariah auditing. Abdul Rahman (2011) also suggested the need for establishing Shariah audit evidence, Shariah audit education, Shariah audit programmes and procedures, and reporting resulting from the Shariah audit findings. Training on Shariah audit practices must be undertaken among regulatory authorities, IFI staff and external auditors should reach a uniform level of understanding of what constitutes Shariah audit (Sultan, 2007; Abdul Rahman, 2008). Among the views from scholars and practitioners on the practice of Shariah audit in Islamic banks, there are lack of

comprehensive and well-guided audit of the Shariah legal contracts, documentations and operations (Abdul Rahman, 2011). The Islamic banking industry also lack supervision and monitoring, oversight, auditing and management of risks (Grais and Pellegrini, 2006). In addition, there is also lack of auditor competency in performing Shariah audit function according to scholars and practitioners (Uddin et. al., 2015; Yusoff, 2013; Kasim, 2009; Yaacob, 2012). The lack of both Shariah and accounting knowledge has dampened the crucial needs of the Shariah auditor competency. Those with accounting knowledge tend not to have Shariah knowledge and vice versa. Any risks resulting from auditor's incompetency during Shariah audit process will expose Islamic banks to potential losses (Othman and Ameer, 2015). The rapid and tremendous growth in Islamic finance requires the IFIs to have competent Shariah auditors. And to provide the 'check and balance' an equally competent auditor who has good knowledge of accounting, auditing and finance with the equally good Shariah and fiqh knowledge and understanding (Uddin et. al., 2015). Investments for the education in shari'ah, accounting and auditing is crucial to enhance the knowledge and expertise of the actors involve with the shari'ah audit especially and IFIs in general (Rahman, 2011; Sulaiman, 2011).

Due to that, the academics, audit practitioners and Shariah scholars in Malaysia, agreed strongly with the creation of a new Shariah audit discipline with a separate regulatory framework (Yusoff, 2013; Mulyani, 2007). There is a need to increase the understanding of Shariah auditing among internal auditors, enhance the Shariah knowledge of internal auditors, standardise the Shariah audit framework and provide general guidelines to design audit programmes for Shariah auditing (Yahya & Mahzan 2012).

Some of the scholars argued that the Shariah audit is only to be conducted by Shariah professionals instead of accountants (Kasim et.al. 2009), while some others prefer the trained internal auditor to undertake the responsibilities (Yusoff, 2013; Yaacob, 2012). The Audit Committee of the IFIs should discharge their best effort to ensure that the external auditors are capable of undertaking the ex-post Shariah compliance reviews within their term of references (IFSB, 2006). They should also work with the internal auditor and the Shariah auditor, if the internal auditors are not Shariah capable, and more importantly with the SC (Abdul Rahman, 2011). Hence, the IFIs auditing should evolve into a professional Shariah internal and external auditors capable of doing the financial, management and also the Shariah audit. Chartered audit firms should acquire the necessary knowledge and personnel to undertake the Shariah audit.

As a result from the discussions above, different expectation in Shariah audit practices especially in the area of framework, independence, competency, reporting, scope and processes. Identifying components of the audit expectation gap is critical because problems arising from different components require different solutions. Possible tools to reduce the gap can be assigned only after the audit expectation gap and its components in a specific society have been identified (Judit, 2015).

Based on the previous studies and given the current scenario, there is no doubting the need to identify the existence of an expectation gap in Shariah audit practices due to different views and opinion by the scholars, practitioners and stakeholders in the practice of Shariah audit. It is crucial to get feedback from the regulators, practitioners and the stakeholders on what would be the best practices in Shariah audit and analyse their expectations to identify gaps in the implementation of the Shariah audit function based on the SGF (BNM, 2010) and Islamic Financial Services Act (IFSA, 2013). It is important to identify the gaps that exist in the practice of Shariah audit since its implementation requires improvement (Othman and Ameer, 2015). Through the identification of the factors that contribute to the expectation gap in Shariah audit practices, steps will be taken as an initiative to narrow the gaps. This is to enhance and harmonise the practice of Shariah audit in IFIs.

The overall conceptual framework of the study is illustrated in the figure below:

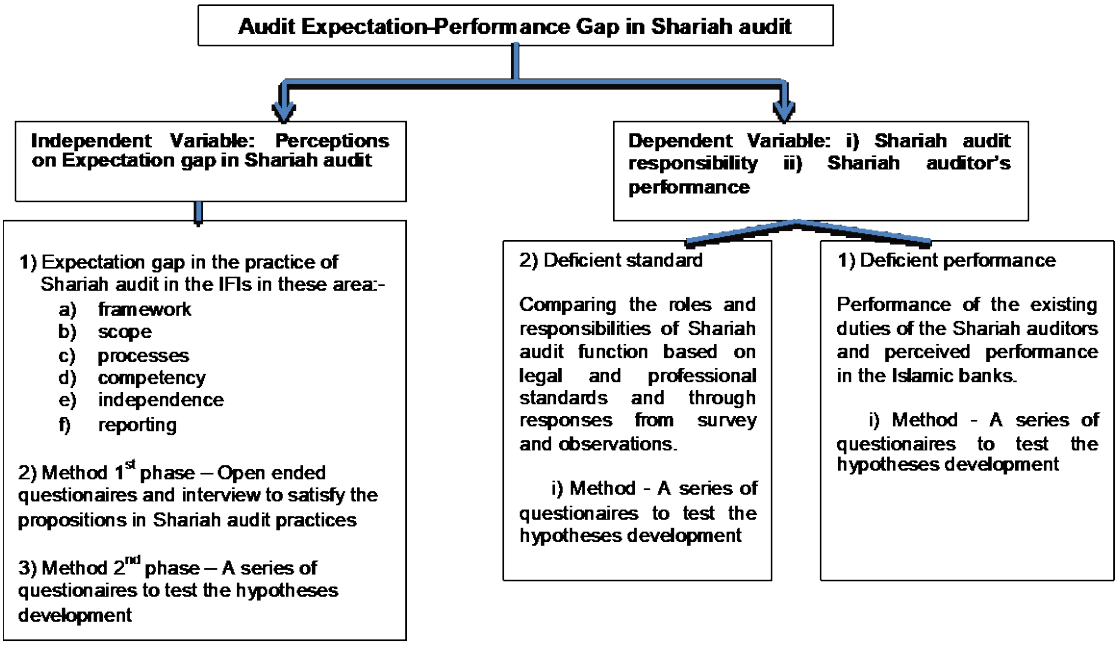


Figure 1: Conceptual framework of Audit Expectation-Performance Gap in Shariah Audit Practices

3 Methodology

After the validation process with the experts, the research proceeds with collecting data using the survey method. There are different methods for data collection identified in the literature, including mail, face-to-face, telephone, electronic mail, and a combination of these methods (Sekaran & Bougie, 2009). The decision to choose a survey method may be based on a number of factors that include sampling, type of population, question form, question content, response rate, costs, and duration of data collection (Cooper & Schindler, 2006). The instrument used in this research will be a mail survey questionnaire. The target respondents will read the questions themselves and mark answers on a questionnaire.

The subjects for questionnaire distribution are the regulators, the Shariah Committee, the practitioners of the IFIs (internal auditors, external auditors and Shariah officers) and the stakeholders. The target population in this study is defined as all individuals in Islamic banks that are aware and related to Shariah audit practices, which are the Shariah Committee; the practitioners (internal auditors, external auditors and Shariah officers), the regulators and the stakeholders. The regulators are representative from Jabatan Perbankan, Insurans dan Takaful (JPIT) department and related departments of BNM are included in the population due to their responsibilities in overseeing the overall operations of Islamic banks. In addition, the Shariah Committee, the practitioners of the IFIs (internal auditors, external auditors and Shariah officers) and the stakeholders are selected as the sample population of this study because they are the three line of defence as referred by IFSB in its "Guiding Principles of Risk Management for Institutions (other than Insurance institutions) offering only Islamic Financial Services" in its principle 14 states that: "IFI should have in place adequate systems and controls, including Shariah Board or Advisor, to ensure compliance with Shariah rules and principles".

4 Analysis and Findings

The research received a total of 172 questionnaires out of 340 questionnaires, which resulted in a response rate of 49%. While entering the raw data into an SPSS file, screening was the first method used to identify the completeness and quality of questionnaires. After screening, the dataset remained at 166 usable questionnaires. Table 1 reveals the demographic profile:

Table 1: Respondents Demographic

GENDER		
	Frequency	Percentage
Male	81	48.8%
Female	85	51.2%
AGE		
Below 30	40	24.1%
31-40	88	53%
41-50	32	19.3%
Above 50	6	3.6%
Designation		
Shariah Committee	14	8.4%
Internal auditors	33	19.9%
External auditors	16	9.6%
Stakeholders (depositors)	43	25.9%
Shariah officers	32	19.3%
Regulators (BNM)	28	16.9%
Years of Experience in Islamic Banks		
1-2 years	73	44%
3-5 years	49	30%
6-10 years	32	19%
More than 10 years	12	7%

Based on Table 1, 85.7 per cent of the Shariah committee members who responded to the questionnaires hold legal qualifications apart from the existing Shariah qualification that they already possess. This shows that out of 14 Shariah committee members, 12 have legal and Shariah qualification. Also, most of the internal auditors are qualified in accounting, which is 48.5 per cent. Surprisingly 18.2 per cent of the internal auditors are qualified in Shariah, and only 9 per cent have a background in law. The internal auditors of the Islamic banks who responded to the survey are from backgrounds not limited to accounting since the internal auditors of the Islamic banks are responsible for performing the Shariah audit function. 100 per cent of the external auditors involved in the survey are qualified in accounting, and only two of them hold a dual qualification in accounting as well as Shariah. Apart from that, 32 Shariah officers of whom five are the Shariah manager of the Islamic banks participated in the survey. 75 per cent of them hold Shariah qualifications while 34.3 per cent are qualified in law. 17.8 per cent of the Shariah officers are qualified in both areas Shariah and law. However, none is qualified in accounting and auditing. Also, 28 respondents from BNM participated in the study from various departments such as Jabatan Perbankan Insurans dan Takaful (JPIT) and departments related to Islamic banking operations. 42.9 per cent of the regulators who participated in the survey are qualified in accounting, 10.7 per cent are qualified in law and 28.6 per cent are qualified in Shariah. The qualifications of the respondents is illustrated in Table 2:

Table 2: Qualifications of respondents

Designation	No. of respondents / % representative		Accounting qualification	Legal qualification	Shariah qualification	Shariah audit involvement	Awareness in Shariah audit	Mean Years of experience in Islamic Banking
Shariah Committee	14	8.4%	0	12 (85.7%)	13 (92.9%)	1 (7%)	14 (100%)	10
Internal auditors	33	19.9%	16 (48.5%)	3 (9%)	6 (18.2%)	28 (84.8%)	33 (100%)	3
External auditors	16	9.6%	16 (100%)	0	2 (12.5%)	4 (25%)	16 (100%)	5
Stakeholders (depositors)	43	25.9%	5 (11.6%)	6 (13.9%)	5 (11.6%)	0	19 (44.1%)	0
Shariah officers	32	19.3%	0	11 (34.3%)	24 (75%)	9 (28.1%)	32 (100%)	5
Regulators (BNM)	28	16.9%	12 (42.9%)	3 (10.7%)	8 (28.6%)	4 (14.3%)	28 (100%)	3
Total	166	100%	49 (29.5%)	35 (21%)	58 (34.9%)	46 (27.7%)	142 (85.5%)	

To determine the existence of an expectation-performance gap in Shariah audit; Kruskal-Wallis test is used. Kruskal-Wallis test is used to find a statistically significant difference between two or more groups of an independent variable on a continuous or ordinal dependent variable. It is considered the nonparametric alternative to the one-way ANOVA, and an extension of the Mann-Whitney U-test to allow the comparison of more than two independent groups. Since this study involves few respondents Kruskal- Wallis test fit with one of the objectives of the research which is to determine the existence of an expectation-performance gap in Shariah audit practices among the respondents.

The present study utilised the Kruskal-Wallis to assess whether there was a significant difference among six groups of respondents. Most of the questions in the questionnaires use the 5-point Likert scale measurement (1=Strongly disagree to 5=Strongly agree). The data were ranked in nature, and the Kruskal-Wallis analysed the differences based on the mean rank of each group. For comparing among those surveyed, mean value is used to reflect the accuracy of the score for each group of respondents.

It can be concluded that different expectations exist among the respondents on the practice of Shariah audit in the Islamic banks. The analysis of the nature and compositions of the expectation gap based on Porter's (1993) framework shows that there exists a reasonableness gap, deficient performance and deficient standard in the Shariah audit practices. The findings of this survey are summarised as follows:

Reasonableness gap	**Deficient standard**	**Deficient performance**
a) Shariah audit framework should differ from Shariah review framework	a) Shariah audit function shall be performed by internal auditors who have acquired adequate Shariah-related knowledge and training	a) Shariah auditor is responsible towards the outside financiers (i.e. capital contributor; i)
b) Shariah auditor should audit the findings of Shariah review done by Shariah officers	b) The audit committee upon consultation with the Shariah Committee shall determine the deliverables of the Shariah audit functions.	b) Shariah auditor should have a clear understanding of the business activities of the IFI to allow for better scoping of an audit exercise, i.e. auditability and relevance of activities;
c) Professional training and Continuous Professional Development (CPD) in Shariah audit is necessary	c) Shariah audit should cover on Shariah rulings	c) Shariah auditor should develop a comprehensive internal audit programme or plan.
d) The internal auditors should attest the financial statements of the Islamic banks for Shariah compliance	d) Shariah auditor should obtain and make references to relevant sources, including the SACs published rulings, the Shariah committee decisions, fatwas, guidelines, the Shariah audit results and the internal Shariah checklist.	d) Shariah auditor should provide recommendations on rectification measures taken as well as following-up on the implementation by the IFI.
e) The scope of Shariah audit is limited as per SGF only	e) Shariah auditor should attest and provide assurance that the Shariah audit conducted have met Shariah objectives and comply with Shariah requirements	e) Shariah auditor should attest and provide assurance that the Internal Shariah Control System (ISCS) established by the IFIs have met Shariah objectives and comply with Shariah requirements.
f) Human resource management		f) Shariah auditor should assess the adequacy of Shariah review as a basis to determine the authenticity of Shariah rulings, adoption of Shariah requirements and validity of Shariah-complaint transactions.
g) A qualified accountant		g) Shariah auditor should detect fraud related to Shariah
h) appointed among Muslims only		h) Providing a useful service to the stakeholders.
i) qualified in Shariah and accounting		i) Reporting truthfully.
j) qualified in Shariah only		j) Providing a useful service to the IFIs.
k) Fully subscribe to the principles and Shariah rulings upon engagement and execution of the audit task		k) Detecting errors and irregularities pertaining to Shariah.
l) the internal auditors of the IFIs		l) Acting independently without regard to self-interest
m) Audit committee should not determine the Shariah audit planning		m) Communicating effectively
n) Shariah audit programme is necessary for evidence purpose		n) Prescribing remedies in the event of Shariah noncompliance issues.
o) Shariah auditor should ensure that all new fatwas, rulings and guidance and modifications to existing fatwas are identified and reviewed for each period under examination		o) Preventing errors and irregularities pertaining to Shariah.

p) Shariah committees are aware of the income purification issues and disclosed in the Shariah committee report		p) Coping with risk and uncertainty in the transactions related to Shariah.
q) The bank may appoint or employ external party or person to conduct Shariah audit		q) Diagnosing problem.
r) Shariah audit engagement should be endorsed by the Shariah committee		r) Predicting the future in the event of Shariah litigation.
s) Shariah audit engagement should be recommended by the Audit committee		s) Acquiring information related to Shariah noncompliance.
t) Shariah audit engagement should be approved by the Board		t) Enforcing Shariah legal requirements.
u) A Shariah auditor should be independent in the execution of the audit		u) Forming correct judgements.
v) A Shariah auditor is a person who always thinks of the concept justice in discharging responsibilities		v) Coping with professional rules and Shariah rulings.
w) A Shariah auditor should act independently without regard to self-interest		
x) Shariah audit function should not be attached to the internal audit department of an Islamic bank.		
z) Shariah audit report should communicate ongoing basis with monthly report to Shariah committee and quarterly reporting to audit committee		
b) Shariah audit report is a formulation of audit opinion on the degree of assurance of timely and comprehensive adoption or implementation of Shariah principles and rulings		
c) Report should include reporting on *ihsan, ithar, ta'awun, sabr'*, *syukur* and *silaturahim*		
d) The findings of Shariah audit should be reported in the annual report of the IFI.		
e) Shariah audit findings should be disclosed separately from Shariah Committee report i.e., Shariah audit report		
f) The findings of Shariah audit should be included in the Shariah Committee report.		

5 Conclusion

This study contributes to the industry on the practice of Shariah audit in the Islamic banks. Audit gaps are growing rapidly in Shariah audit practices (Othman and Ameer, 2015; Zakari et al., 2014; Kasim et al., 2009; Sulaiman, 2005). Shariah audit has a key importance, as there is a growing awareness among IFIs that every such institution should contribute towards achieving the objectives of the Maqasid Shariah. There is a need to have regular independent Shariah audits in IFIs as people are now experiencing a movement along a continuum from a society that trusts everything and audits nothing to a society that trusts nothing and audits everything. The concept of Shariah auditing should be extended to the activities relating to among others, the system, the products, the employees, the environment and the society. Based on the findings, there is an existence of performance gap in Shariah audit practices which results in 'deficient standards' and 'deficient performance'. The 'performance gap' in Shariah audit practices due to poor standards and deficient performance needs to be addressed to boost the performance of the Shariah auditors. This study also found that performance gap due to 'deficient standard' as a result of inadequate legal and professional standards on the roles and responsibilities of Shariah auditors. The research provides new insights into the structure, composition and extent of the audit expectation-performance gap in Shariah audit practices and, more importantly, it rational and comprehensive approach towards narrowing the gap. This will lead to good Shariah audit practice that meet the expectations of stakeholders will reduce the criticism and different expectations on the Shariah audit practices in the Islamic banks.

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Extent of Disclosures on Halal Assurance Management System (HAMS): Cases of Halal Certified Companies Listed on Bursa Malaysia

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Abstract

Malaysia's position as one of the drivers of the halal industry in the world at the same time puts it as a leader in developing a comprehensive and trusted halal management and assurance system which become a global reference and yardstick. The Department of Islamic Development Malaysia (JAKIM) as the body responsible for providing halal certification to manufacturers and products produced in Malaysia, introduce the Halal Assurance Management System (HAMS) in 2011 as a measure to establish a systematic mechanism in monitoring, controlling and improving halal management and assurance at the internal level of the entity. It is an effort to inculcate accountability and integrity among businesses in preserving product and process validity. In line with this principle, it is appropriate for companies to channel information related to the implementation of HAMS to their stakeholders through appropriate disclosure in appropriate publications and media. This study examines and analyzes the level of disclosure related to HAMS in the form of programs, activities and measures implemented in JAKIM halal-certified listed companies. For this purpose, a total of seven JAKIM-halal certified public listed companies among food and beverage manufacturers were selected as the study sample. Reviews and analysis are made on the annual reports, publications and websites of the companies concerned to extract and identify the disclosures made related to the implementation of HAMS components. The results of the study found that the level of disclosure related to HAMS components by these companies is very minimal and limited. The establishment of the Internal Halal Committee (IHC) and training programs which are important aspects in the implementation of HAMS are also not covered in the marketing strategies of most companies. Lack of value proposition is a factor why this scenario applies. This study also found that the size and maturity of a corporate influence the level of disclosure made. Based on these findings, it is suggested that the level of awareness and sensitivity among consumers be increased to put pressure on businesses. The evidence also suggests the need for mandatory enforcement of standards on these types of disclosures.

Keywords: Halal Management, Halal Assurance, Halal Disclosure

1. Introduction

In the challenge of global economic uncertainty due to COVID-19 pandemic control, Malaysia’s status as one of the world's leading manufacturers of halal products to some extent gives breath to its economic growth. In the trend of declining global oil prices, Malaysia's dependence on revenue from petroleum produce need to be gradually reduced and its strength in as a halal hub can be one of an excellent buffer. The development of the halal industry has gained worldwide recognition as Malaysia has been rated as "Top Country for the Global Islamic Economy Indicator" over the United Arab Emirates, Saudi Arabia and Qatar with total exports worth RM45 billion in 2019 (Zainul, 2019). The contribution of halal industry on the Gross Domestic Product (GDP) is forecasted as 7.4 percent and the export figure is expected to rise to RM50 billion by the end of 2020 (Halal Industry Development Corporation, 2019). With this rapid development, the Government expects the market value of Malaysia's halal industry to reach RM614 billion by 2025.

These swift developments in Malaysia halal industry is supported by a well-established governance system to ensure that Malaysia's halal assurance is always at a competitive level. In 2013, the Islamic Development Department of Malaysia (JAKIM) as the government agency responsible for halal certification moved towards the internalization of halal assurance by introducing the Halal Assurance Management System (HAMS) as a guide for industry players to establish internal halal governance. HAMS, among others, outlines procedures for identifying key elements in halal determinations as well as steps to be taken in light of the

identified risks. In addition, JAKIM is in the process of introducing the Malaysia Halal Management System (MHMS) which will take effect from 1 January 2021, as a step towards strengthening the implementation of HAMS.

In line with these actions, this paper aims to study the extent to which HAMS implementation translated to public disclosure as a source of reference in measuring a company's commitment and value proposition towards halal governance. This study covers companies listed on the main board of Bursa Malaysia and is guided by the disclosures made by the management in their 2018 Annual Reports.

2. Component of Halal Assurance Management System (HAMS)

The Halal Assurance Management System (HAMS) is designed to create a halal assessment function internally by companies seeking for halal certification. It aims to create an internal mechanism to prevent, monitor and control any issue of halal non-compliance in the product manufacturing process. To ensure a high level of commitment in implementing HAMS, several measures need to be taken those are;

i. *establishment of the Internal Halal Committee (IHC)* as the HAMS implementing agent within the organization. The IHC should consist of knowledgeable and well-trained members in halal standards and certification process;
ii. *provide appropriate and adequate training programs* related to halal standards and certification for staff involved in product development;
iii. *development of product recall procedures* to ensure their practicality and effectiveness when necessary; and
iv. *determining the effectiveness of traceability* of supply chain for a product to identify the affected product in the event of a non-halal supply issues;

In order to strengthen the implementation of HAMS, a number of principles are expected to be carried out by IHC which are;

i. *the determination of Halal Critical Points (HCP)* which covers the possible causes of violations of the halal standard requirements and policy statement;
ii. *the development and verification of flow charts* to confirm the implementation of supply operations are in line with the documented steps;
iii. *Implementation of control measures* for all HCPs identified in accordance with halal certification standards;
iv. *development of corrective actions* that are regularly reviewed to ensure its applicability in the event of noncompliance;
v. *documentation system and management of records* relating to the implementation of HAMS including halal assurance manuals, roles and responsibilities of IHC and evidences of roles and actions taken by IHC; and
vi. *verification of process* involves reviewing by the IHC on compliance with the operating procedure specified in the halal assurance monitoring process.

The Malaysia Halal Management System (MHMS) guidelines, which will come into effect on January 2021, is an effort to improve HAMS. In implementing the halal assurance system (HAS), MHMS provides flexibility to small and medium industries (SMEs) by simply creating an internal halal control system (IHCS) with very minimal requirements. MHMS also details its implementation according to the scheme based on the type of industry and product. In addition, the draft of the guidelines reveals that it consolidates and details the components and principles of the halal management system in an orderly manner as the general requirements of the HAS. Emphasis on the aspect of halal risk control can also be seen through the improvement of Halal Critical Point (HCP) component to Halal Risk Control (HCR) which includes the development of flow charts and the implementation of Halal Risk Management Plan (HRMP). One improvement that needs to be noted is the enforcement of internal halal audit process which is an enhancement to the verification process in HAMS.

3. Methodology

In the context of this writing, halal certified company refers to companies that have obtained halal certification from JAKIM. As a business that has been recognized and operates as a publicly listed company, they are considered to have made due commitment to the importance of halal assurance. This paper uses a cross-sectional analysis approach to the annual report of companies for 2018, which are the main source in obtaining disclosures made. In addition, information is also obtained from other official published materials and the websites of relevant companies.

For the purpose of this study, a total of seven (7) listed companies were selected among the food and beverage companies that consistently managed to obtain halal certification from JAKIM, as listed in Table 3.1. The disclosures made by the companies in the annual report are evaluated based on the component of HAMS to determine the level of implementation by the companies based on their published materials.

Table 3.1. Brief profile of companies selected

Company	Year of Incorp	Industry	Market Capital* (RM)	Net Profit/(Loss)* (RM)	Total Asset* (RM)
Nestle (Malaysia) Berhad (Nestle)	1912	Food and Beverages	35,000 million	659 million	2,847 million

Fraser & Neave Holdings Bhd (F&N)	1962	Food and Beverages	2,607 million	179 million	4,491 million
Hwa Tai Industries Berhad (Hwa Tai)	1974	Food and Beverages	17 million	(3.9 million)	58 million
Dutch Lady Milk Industries Bhd (Dutch Lady)	1963	Food and Beverages	4,110 million	129 million	405 million
Saudee Group Berhad (Saudee)	1985	Food and Beverages	61 million	(2.8 million)	111 million
Power Root (M) Sdn. Bhd. (Power Root)	1999	Food and Beverages	801 million	9.7 million	356 million
Kawan Food Berhad (Kawan Food)	1984	Food and Beverages	877 million	23 million	377 million

* Base on annual report of the selected companies for 2018

4. Disclosure of HAMS implementation

Based on general observations and reviews of disclosures regarding the implementation of HAMS among listed companies, we have found that the publicity levels are very low. The process of extracting and organizing disclosures made in annual reports, other published materials and websites on companies efforts, programs and achievements in the implementation of halal control and assurance based on HAMS components became limited due to lack of information. Since the companies selected for this study are those who have been certified halal by JAKIM, we can assume that they have complied with the requirements set forth under HAMS. This situation should be an advantage to these companies compared to their competitors and logically should be manipulated in their marketing agenda. However, it seems to be ignored with very minimal disclosure by most companies, as if the compliance did not provide value proposition to be disclosed to investors and potential investors, customers and other stakeholders.

All companies surveyed have made a general statement on their commitment to comply with halal standards. This statement is made either through halal policy stated or in the annual report or in the marketing statement on their website. According to observations, large companies with a big market capitalization such as Nestle, F&N and Dutch Lady display halal policy whereas others just put a general statement on halal commitment. Comparison of types of halal statements is shown in Table 3.2. Halal policy provides a summary of the commitment in implementing the halal assurance system. In the MHMS draft, halal policy is a necessary aspect even for SME companies and it needs to be announced within the organization and to other stakeholders.

Table 3.2. Halal statement of commitment

Companies	Type of Statement
Nestle	Halal Policy
F&N	Halal Policy
Hwa Tai	General Halal Commitment
Dutch Lady	Halal Policy
Saudee	General Halal Commitment
Power Root	General Halal Commitment
Kawan Food	General Halal Commitment

Table 3.3. Comparison of Halal governance disclosure on internal Halal committee and training program

Comparison Item	Nestle	F&N	Hwa Tai	Dutch Lady	Saudee	Power Root	Kawan Food
1. Internal Halal Committee	We have set up the Nestlé Halal Committee comprising senior Muslim executives from various disciplines to be responsible for all matters pertaining to Halal compliance. We have established a Department of Halal Affairs to further enhance capacity and credibility in Halal.	An internal Halal Committee is set up in each of our manufacturing plants and is held responsible for all matters pertaining to Halal compliance.	No relevant disclosure	Dutch Lady Milk Industries Berhad has an Internal Halal Committee responsible for all matters pertaining to Halal. Dutch Lady Malaysia's Internal Halal Committee was established to undertake a collective responsibility towards ensuring the Company practices' adherence to the Halal Policy in alignment with JAKIM's requirements.	No relevant disclosure	No relevant disclosure	No relevant disclosure
2. Training Program	SME Mentoring Programme, in partnership with the Halal Industry	Continuous strengthening of employee's Halal awareness	No relevant disclosure	Internal Halal Committee by conducting Halal Showcase and Halal	No relevant disclosure	No relevant disclosure	No relevant disclosure

Comparison Item	Nestle	F&N	Hwa Tai	Dutch Lady	Saudee	Power Root	Kawan Food
	Development Corporation (HDC) and SME Corp. Collaborate with HDC for our Vendor Development Programme. Conducted training on Nestlé Halal Standards to all our quality management communities from various regions.	and understanding with the following initiatives: - Regular Halal Awareness training program - Regular training in Good Manufacturing Practices (GMP) and Good Hygiene Practices (GHP)		Week, with the purpose of engaging with internal employees on the importance of Halal in year 2018.			

As shown in Table 3.3, disclosures on the formation of the Internal Halal Committee (IHC) which should be made up of at least four people with two of whom are Muslims managers were made only by Nestle, F&N and the Dutch Lady, the same companies that promotes their halal policies. IHC is an important element as it plays as coordinating and monitoring function for HAMS implementation. If we compare with banking sector, the IHC plays a similar role with the Shariah Committee which is the main reference for the implementation of Shariah-compliant banking in each of the IFIs. If we refer to an IFI annual report, we will find that the existence of this committee has been strengthened with the decision to include their statement in the statutory reporting which among other things contains its role and opinion on the level of Shariah compliance by IFI. This situation not only increases the confidence of stakeholders but also reflects the high level of transparency and integrity. As such, it is inappropriate that this important role is not being highlighted in the annual reporting. In fact, in the MHMS draft, the establishment of the IHC strengthened by increase the number of its members to five, including a Halal Executive who is appointed on a permanent basis.

Training programs are another important element of HAMS. It aims to ensure that the requirements of halal standards and certification are understood and taken into account by every employee involved in each level of product manufacturing process. Studies related to the bases of failure in Shariah compliance have found that the human factor is the main cause which consists of a lack of understanding of the compliance requirements, negligence and low level of awareness. Our review on the disclosures related to this item found, the same three multinational companies with capital worth more than RM 1 billion showed comprehensive disclosure in halal training and awareness programs for the relevant workforce. In fact, Nestle, a company experienced in managing production in a Shariah-compliant environment, also shares experience and knowledge with small and medium enterprises (SMEs) in the field of halal food and beverage processing. IHC of F&N and Dutch Lady are also active in organizing training and awareness programs for staff especially those who work at the manufacturing line.

Table 3.4. Comparison of Halal governance disclosure based on principle of Halal Assurance Management System

Comparison Item	Nestle	F&N	Hwa Tai	Dutch Lady	Saudee	Power Root	Kawan Food
Determination of Halal Critical Points	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	Risk assessment - Failure to meet statutory requirements and Halal.
Development of Verification Flowchart	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure
Implementation of Control Measures	As a responsible corporate citizen of Malaysia, we are extremely mindful of our obligations to the country and its consumers. We therefore manufacture, import and distribute	Halal Assurance Management System (HAS) is implemented to maintain and ensure sustainability of Halal production processes according to JAKIM Halal requirements and	Our halal expression means the product is not poisonous or hazardous to health; has not been prepared, processed or manufactured using any instrument that is contaminated with	Dutch Lady Malaysia remains committed in providing Halal products to its consumers by putting in place various Halal monitoring tools and systems that sets out the Company's	The R&D department and chemist lab are to ensure all products meet with the highest standards and market expectations. This is the result of the Total Quality Management approach	Our products are also certified as HALAL by the Islamic Development Department of Malaysia (JAKIM), which meets the Islamic World Body Requirements .	Conforming to the highest food and safety standards around the world, including HACCP and Halal standards, all KAWAN products are manufactured by the own state of the

Comparison Item	Nestle	F&N	Hwa Tai	Dutch Lady	Saudee	Power Root	Kawan Food
	only products which have been certified Halal by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised Islamic authorities. Our Halal Assurance System complies with the strictest Halal practices across our factories, ensuring highest standards of hygiene, quality and food safety. Our warehouses are certified Halal and only store halal products. Our transportation system complies to Halal requirements and the strictest hygiene control.	standards. All our products are Halal certified by the Department of Islamic Development Malaysia (JAKIM) and other relevant authorised Islamic certification bodies in accordance with the *halalan toyyiban* standards and the Islamic Shariah Law requirements. Product Halal certifications are achieved by conforming with Halal audit requirements by JAKIM and other relevant Islamic certification authorities, as well as adherence to Good Halal Manufacturing Practices.	impurities according to Shariah Law and Fatwa; and has not in the course of preparing, processing or storage been in contact with, mixed, or in close proximity to any food that fails to satisfy Shariah Law and Fatwa. We are proud to claim that all our products are Halal certified and comply with MS 1500:2009.	commitment to adhering to Jabatan Kemajuan Islam Malaysia's (JAKIM) requirements. This covers the highest standards of hygiene, quality and safety conditions from the purchasing of raw material to distribution of our products. As a JAKIM accredited 'HALAL' premise, we comply to the Good Manufacturing Practices - Good Hygiene Practices - Abide by Halal Requirement for Foods Within the Company Premises".	adopted by the company. The move has assisted us to successfully obtain HACCP accreditation for good hygiene standards and to meet the guidelines of Halal certification from the Malaysian Islamic Development Department (JAKIM). All products produced are 100% Halal. We strictly sourced Halal meats and ingredients from 100% certified Halal sources. We also ensure that our manufacturing process conform to the strictest JAKIM Halal Standards.		art manufacturing facilities utilising the proprietary technologies.
Development of Verification Flowchart	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure
Development of Corrective Action	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure
Documentation System and Management of Records	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure
Process Verification	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure

Table 3.4 summarize the analysis on the disclosure made in relation to the principles of HAMS. Disclosures regarding the principles of HAMS are generally low among the companies studied. In terms of identifying the halal critical point (HCP), for example, only Kawan Food mentioned about the risk assessment conducted for non-compliance with halal standards, though only in general. Most companies focus on the aspects of implementation of control measures in which all the companies surveyed provide information on compliance with environmental hygiene, manufacturing, distribution, transportation and other standards. The review did not find any disclosures that could be related to the role of IHC in the development of verification flowchart, development of corrective action, documentation system and management of records, process verification and development of product recall procedure. This indicates that the level of implementation of HAMS is still dependent on external reviews by JAKIM and related agencies. It can also be concluded that, as the companies have complied with JAKIM's halal standards, it is possible that these elements have been practiced but have not been disclosed. However, this depends on JAKIM's auditing and review process whether it only conducted on the process or includes internal control of the company.

Table 3.5. Comparison of Halal governance disclosure on product recall procedure and effectiveness of traceability

Comparison Item	Nestle	F&N	Hwa Tai	Dutch Lady	Saudee	Power Root	Kawan Food
Development of Product Recall Procedure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure	No relevant disclosure
Determining the effectiveness Traceability	Vendor Development Programme (VDP) supports local manufacturers to produce Halal raw ingredients based on stringent Nestlé standards and requirements. VDP also aims to groom these local manufacturers to become Nestlé vendors. All raw materials and ingredients sourced are Halal compliant and Halal certified. We conduct Halal briefing and surveillance audits with our suppliers and co-manufacturers, to ensure they meet our stringent Halal standards.	An internal Halal Committee is set up in each of our manufacturing plants and is held responsible for all matters pertaining to Halal compliance in our supply chain, from materials selection, purchasing, raw materials receiving, manufacturing facilities and personnel directly involved in production processes, to the storage, warehousing, and transportation of our products.	No relevant disclosure	No relevant disclosure	Saudee always seek to work with suppliers who contribute to sustainable development and are economically, environmentally and socially responsible. We uphold our commitment to ensure the raw materials received is of high Halal standard and is safe for producing our products.	No relevant disclosure	No relevant disclosure

In relation to effectiveness of traceability, as can be seen in Table 3.5, Nestle highlights its Vendor Development Program (VDP) which indirectly controls the process of raw materials supply and identifies the suppliers involved in the manufacture of every product. F&N emphasizes on the functions of the IHC established at every manufacturing plant that can play a more effective role in monitoring and controlling all processes involving the supply of raw materials. Saudee likewise mentioned about the cooperation made with suppliers in ensuring environmental sustainability and the halal status of raw materials received. No relevant disclosures were made by other companies. As a food and beverage manufacturing company, standards in ensuring the halal status of raw materials used are one of critical aspects. Although the halal certification statement has provided an overview of this aspect, disclosures related to raw material policies, principles and control mechanisms certainly add value to stakeholders' perceptions of the company's seriousness in ensuring the halalan toyyiban status for the products manufactured.

5. Conclusion and recommendation

Based on the research done, the level of halal-related disclosures in the annual reports of listed companies is relatively low assessed using the HAMS component. However, the level of disclosure by multinational companies is much better than those active in the local market. This reflects the pressure and sentiment of the external market to affect the level of disclosure by these companies. The concerns of investors and consumers in evaluating the governance and compliance levels of halal standards based on disclosures in their annual reports put force on them on them to improve their published information. Therefore, the level of awareness and sensitivity of the local market needs to be enhanced to ensure the quality of information received from these companies.

Clearly, the maturity and size of a company affect the seriousness and commitment in providing added value to stakeholders. Nestle, F&N and Dutch Lady are in a higher class in terms of the implementation of the halal assurance system and can be

considered as a yardstick among their competitors. Nevertheless, moving forward, there are many areas for improvement that can be done to continue to develop the halal industry, especially ahead of the enforcement of MHMS.

In striving to strengthen the internal governance of halal assurance through the implementation of MHMS, it is good for JAKIM to take lessons and examples of Shariah governance developments that have been imposed on all financial institutions operating Shariah-compliant banking. Like the Shariah Committee at all IFIs, the role of the IHC in implementing halal assurance needs to be strengthened by ensuring that it operates independently of company management and is complemented by operational review and monitoring by the board of directors (BOD). Internal audits function may also be independently deployed to conduct reviews of IHC's implementation of HAMS and to report directly to BOD. With the establishment of internal controls in halal assurance, JAKIM can act as an oversight body and external advisor as per Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) without having to engage in auditing at the company's operational level.

It is hoped that this study will provide information towards improvement of the guidelines for halal internal governance to ensure a more orderly and systematic implementation. The successful implementation of halal governance certainly has a positive impact on the country's position as a globally recognized and trusted halal product manufacturer and in turn can boost economic growth through the halal industrial sector.

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Industrial Revolution 4.0 and the Concept of *Al Falah*

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Abstract

Industrial Revolution 4.0 has been the new hype for several years now. Everyone is talking about automation and the changes to the job environment, which will cause massive technological unemployment if IR4.0 adaptation were not taken seriously. The journey of industrialization was then accelerated when the Covid19 pandemic hits the global. Everybody is all about the new norm that promotes social distancing, automation, and the virtual world. Though it is the right measure, IR4.0 was not viewed in Islamic perspectives. The existence of automation that may disregard Islamic moral or ethical value and fintech that is not compatible with Islamic finance and has attracted users to switch from Islamic finance to conventional financing is concerning. All of these happened due to the failure to foresee that the demand to adapt IR4.0 is not only a mere worldly success but can also be considered as *Al Falah*, an Islamic concept that defines success as something beyond materialistic. Therefore, the purpose of this paper is to eidolon efforts to adapt to IR4.0 as an effort to achieve *Al Falah*. This will give insight to Muslim scholars to take part in the development of IR4.0 in Malaysia since the concept of *Al Falah* will offer them greater motivation and purpose other than worldly matters. The paper is constructed to examine the discussion of *Al Falah* in publication, which manifested through *Akhlaq, Ibadah,* and *Akidah* and projected it in every benefit and challenge brought by IR4.0, which are productivity and efficiency, technological unemployment, and skills gap. The discussion showed that as the concept of *Al Falah* embedded in every aspect highlighted, the benefits of IR4.0 might bloom many other advantages as *Al Falah* not only aim for material gain but also promotes good morality, persistence, and determination, which will boost success. It also shows that the drawback of IR4.0 may be minimized since the community's welfare is put forward than personal goals. Understanding the concept will motivate Muslims to work harder, set the right goals, and offer more than expected. All of these traits will help the adaptation and adoption of IR4.0 technologies.

Keywords: Industrial Revolution 4.0, Al Falah, Technological Unemployment, Skills Gap, Productivity, and Efficiency.

1. Introduction

The touch of IR4.0 is rarely seen in Malaysian households, but the awareness among SMEs, manufacturers, scholars, and even politicians is immensely satisfying. Various frameworks, policies, and innovations have started to take place in the industry. In the recent Budget 2020 presented by the former Prime Minister of Malaysia, Tun Dr. Mahathir Mohd, a special allocation of RM40 million in the Education and Training sector is provided to working adults interested in undertaking IR4.0 professional certification. In fact, in the ICT and IR4.0 sector budget, many initiatives and grants will be introduced to facilitate the adaptation of IR4.0 among the citizen, SMEs, manufacturers, et.cetera. (Yeo Eng Ping, Amarjeet Singh, 2019). This has shown that Malaysia is on a serious mission to undertake IR4.0. In October 2019, a conference organized by *MTDC Technology Conference and Exhibition* (2019), numerous technology enhancements were highlighted by SMEs that have started to adapt IR4.0 in their businesses. Mr. Ramana K. Naidu, the founder of Famox Plantation (M) Sdn. Bhd. in his speech, has shared the success story of developing two acres of crops to currently 310 acres with the help of automation and advanced robotics machines. The conventional ways of spraying pesticides are changed with a fully automated spraying carried out by a drone. This has helped him dramatically shorten the amount of time taken and has also reduced the number of workers needed to get the job done. Technology has saved time and increase the efficiency and productivity of the company. Dr. Hanafiah Yusof, the founder of Robopreneur, one of the pioneers of robotic machines in Malaysia, demonstrates his latest innovation during the conference. The ability of his robots to interact and communicate with a human is inspirational. This robot is assumed to take place the role of many personnel such as receptionist, secretary, operator, et cetera. in the short future

2. Background of study

The journey of IR4.0 in Malaysia was accelerated when the Covid19 global pandemic hits the nation. Citizens were forced to live their lives virtually, and most of the routines changed significantly. The daily transaction that used to be done personally has been shifted online. Almost all of the businesses promote delivery and cashless payment. Even the government has launched the 'Penjana' Campaign that rewarded RM50 to everyone registers for eWallet. It was a successful measure, and Malaysia was recognized worldwide as one of the countries that handled the pandemic well. However, many of these achievements are positioned within the idea of solving and achieving worldly matters. This is not very pleasant since determination to become an expert, the willingness to help the nation, the intention to accommodate future generation, et cetera can also be regarded as pursuing what Allah has commanded. This can be seen from the use of eWallet that has become today's mainstream. During the Muzakarah Institusi Kewangan Islam (2019), an early research paper on eWallet stated no eWallet provider claims themselves as shariah compliance. This has raised questions such as the sources of investment that the eWallet provider entered and the type of *ijab/qabul* between the user and eWallet provider, or eWallet provider and merchant.

According to Chapra (2016), it is quite challenging to ensure that new technology or economics is based on Islamic perspectives. This is because the economic knowledge, theory, and model were adapted from the Western, which revolved around materialistic (profit maximization) and neglecting spiritual and moral development (Aqbar et al., 2020). This has misled the Muslims in setting their goals, which caused ignorance of the ethical and noble values that have been thoroughly emphasized in Islamic teachings (Hassan, 2013). It is the purpose of human existence in this world to be a *Khalifah* and to worship Allah. Thus, the new technology, advancement, or modernity must be guided by Islamic principles to ensure that human does not deviate from Allah's commandment and cause harm to the world. Therefore, using a non-Islamic business success as a parameter will mislead Muslims in setting real and meaningful goals (Aminuddin et al., 2016). It is the duty of the scholars who are blessed with knowledge, the capability to seek knowledge, and the expertise to continuously improve their knowledge to prepare guidelines for other Muslims.

3. Literature review

3.1 Industrial revolution 4.0

IR4.0 was first popularized to the world during the World Economic Forum (WEF) Conference in 2016 (Abdul Rahim, Rushdi.; Abu Ahmad, Ibrahim.; Rajab, Razman Shah.; Ishak, Mastura.; Ishak, 2016). Since then, many literatures have come out with various definitions to answer the local citizens; What is the cut-off point or the difference between IR4.0 and IR3.0? IR4.0 is the extension of what IR3.0 could offer, which is the internet infrastructure. Bloem et al. (2014) define IR4.0 as an era that humans and machines will jointly perform and completes a task. In contrast to the technology that we have today, the revolution brought by IR4.0 will see the trend that robots or machines created will adapt to human nature instead of what current machines are doing, whereby humans are adapting to the machinery's capabilities. Buhr (2015) and Dutton (2014) conclude IR4.0 as the emergence of a smart factory that will replace all the human capital with fully connected automated robots and will only require very little human interaction. M. Mazzucato and M. Tancioni, (2008) states that it is a new integration of value chain that works around a product's life cycle. This is quite similar to Rojko, (2017) that stresses how the new value chain integrates the relationship among stakeholders through the Internet of Thing (IoT); an essential component that enables IR4.0 to be successfully implemented (Klingenberg & Jr., 2017; N. Kudriashov, 2016; Rojko, 2017). The table below illustrated how the definition of IR4.0 revolved throughout the years.

Table 1: Transformation of the IR4.0 definition

Year	Definition of IR4.0
2014	Collaboration between man and machines that are capable of adapting to human nature (Bloem et al., 2014)
2015	Smart Factory enables a higher capacity and smoother production with minimum human interference. (Buhr, 2015)
2016	Business integration is achieved through complex machinery that controls enterprises and societal results. (N. Kudriashov, 2016)
2017	A self-configurated system that enables products and processes to configures. (Klingenberg & Jr., 2017)
2018	The effect of multiple "exponential technologies" diminishes fixed and centralized factories and massive workforce within a large corporation. (Penprase, 2018)
2019	Technological megatrends will transform the means of production, AI, productivity, and flexible automation. (World Economic Forum McKinsey & Company, 2019)

In conclusion, IR4.0 is a new phenomenon where every stage of the value chain (from production to end customers) is upgraded with automated robots and machinery installed with artificial intelligence, enabling them to make simple decisions and communicate or share information through IoT.

3.2 The concept of al Falah

In Arabic, success is represented by several terms, which are *najah*, *fawz*, and *falah*. *Najah* has never been mentioned in Al

Quran, and *fawz* was mentioned 29 times but mostly associated with reward. However, *Al Falah* was mentioned 40 times with three different tenses; 1. *Fi'l Madi* (past tense), 2. *Fi'l Mudari'* (present and future tense) and 3. *Ism Fi'l* (noun) (Ismail & Zahrin, 2019). According to Ummah (2018), these different tenses gives a different stance to the words *Al Falah*. When used in the past tense, *Al Falah* discusses definite matters compared to when used in the present tense. *Fil Mudari'* usually discusses the means to achieve *Al Falah* itself. *Ism Fi'l*, on the other hand, is used to describe the characteristics of people that have achieved *Al Falah*. Though there were many tenses used to describe *Al Falah*, *Al Falah* means success in Islamic terminology. As stated by Ismail & Zahrin (2019), Mohd Zain (2015), and Seun & Kalsom (2015), *Al Falah* represents what is achieved in this world and includes things that matter for the afterlife. This shows that success in Islam is defined not only by the material accumulated in this world but also with the spiritual gain that will be countable in life after death. Therefore, the concept of *Al Falah* can only be achieved by Muslims that practiced Islamic teachings as a whole as mentioned by Allah SWT in Al Quran: Terjemahan Perkata dan Tajwid Berwarna (2018) (23:1-4),

"Successful indeed are the believers. Those who offer their prayers with all solemnity and full submissiveness. And those who turn away from Al-Laghw (dirty, false, evil vain talk, falsehood, and all that Allah has forbidden). And those who pay the Zakat".

4. Research methodology

The methodology used in this paper is qualitative research, whereby the information is gathered from secondary sources such as scientific papers and scholarly journals. The initial search of relevant papers focused on articles published that contain both keywords for "Industrial revolution 4.0 and "*Al Falah*." However, the result of the search engines used was not encouraging. Google Scholars resulted in only five papers, while Scopus produced none. Thus, both keywords searched separately to have more robust sources of information. Still, not all articles are included in the research. Certain criteria such as language, type of scholarly paper, and year of publication are used to refine selected articles. Both of the keyword and preferred criteria is illustrated in the table below:

Table 2: Search string

Keyword	Search String
Industrial Revolution 4.0	TITLE-ABS-KEY ((“industrial revolution 4.0” OR “IR 4.0” OR “fourth industrial revolution” OR “4.0 industrial revolution” OR “industrial revolution 4” OR “4th industrial revolution” OR “4.0 IR” OR “education 4.0”))
Al Falah	TITLE-ABS-KEY ((“Al Falah” OR “Al-Falah” OR “Islamic Success” OR “Success in Islam”))
IR4.0 and Al Falah	TITLE-ABS-KEY ((“industrial revolution 4.0” OR “IR 4.0” OR “fourth industrial revolution” OR “4.0 industrial revolution” OR “industrial revolution 4” OR “4th industrial revolution” OR “4.0 IR” OR “education 4.0”) AND (“Al Falah” OR “Al-Falah” OR “Islamic Success” OR “Success in Islam” OR “The Concept of Al Falah”))

Table 3: Inclusion and exclusion criteria

Criterion	Eligibility	Exclusion
Literature Type	Scholarly Journals, Books, Chapter in Books.	Conference Proceedings, Thesis, and Dissertation, Paper, Magazine etc.
Language	English	Non-English
Time Line	2014-2020	< 2014

Once all of the articles are gathered, forward and backward referencing technique is used to ensure that the article's search is vigorous. Besides the article, the researcher also used the information gathered from the technology conference that she attended, such as MTDC Technology Conference and Exhibition, Muzakarah Institusi Kewangan Islam, Education Summit, and Digital Putrajaya Exhibition and Conference. Most of the information gathered during the conferences represent the current IR4.0 implementation in Malaysia. Later, the information is assembled based on the themes. IR4.0 is themed into changes that it brought which are: technological unemployment, skills gap, productivity, and efficiency, while the concept of *Al Falah* is divided into two themes: worldly practice (*Akhlak*) and religious practice. The religious practice was then divided into two subthemes which are *Akidah* and *Ibadah.*

5. Result

Al Falah should be the aim of every Muslim, and to achieve it, all of the actions should be centered towards achieving Allah's pleasure. Scholars have come out with various recommendations to achieve *Al Falah* concerning life after death through *Akhlak, Akidah,* and *Ibadah*. A successful person or *Al Muflihun* is a person that obedient to Allah and Rasul by doing what he has been asked for (prayer, fasting, charity etc.) and abscond from what he is prohibited to do (gambling, injustice, *riba*, etc.).(Nadzri & Yaacob, 2019). Aminuddin et al. (2016) and Aqbar et al. (2020) describe the personality of *Al Muflihun* based on the characteristics narrated in Surah Al Mukminun; 1. A believer that able to develop *khusyu'* during prayer, 2. Those who avoid

pointless or meaningless activity (*lagha*), 3. Those who pay Zakat, 4. Those who abstain from adultery, 5. Those who take care of the trustee under their responsibility, and 6. Those who take care of their daily prayer. Though the characteristics are defined through sets of *Ibadah,* it is impossible to achieve *khusyu'* in prayer without a strong *Akidah. Akidah*, on the other hand, is defined through the pillars of *Iman,* while *Ibadah* can be fulfilled according to the pillars of Islam (Akhirin, 2013). However, it is important to remember that *Al Mukminun* is one of the characteristics of *Al Muflihun. Al Mukminun* does not necessarily *Al Muflihun,* but one will only be *Al Mulflihun* if he is *Al Mukminun.*

The characteristic of *Al Muflihun* further discusses. According to Tafsir Ibn Kathir (1301-1373), Muslims should strive for success based on the *naqli* (Al Quran and As Sunnah) by performing the virtues (*mahmudah*) and avoiding oneself from vices (*mazmumah*). Allah SWT has promised to reward those who strive for *Al Falah* with His continuous blessings and guidance. In fact, the necessity of achieving *Al Falah* is clarified in Al Quran: Terjemahan Perkata dan Tajwid Berwarna (2018) (87:8-15),

"And We will make it easy for thee (to follow) the simple (path). Therefore, give admonition in case the admonition profits (the hearer). The admonition will be received by those who fear (Allah), but it will be avoided by those most unfortunate ones, who will enter the Great Fire, in which they will then neither die nor live. But those will prosper who purify themselves, and glorify the name of their Guardian-Lord, and (lift their hearts) in prayer."

These verses indicate that Allah has guided us through revelation, and mankind should remind one another of promoting virtues and preventing vices as those who are ignorant will be burnt in hellfire. This is suggested by HAMKA (1987) and Langgulung (1989) that the practice of *Amar Makruf Nahi Munkar* is also considered as one of the characteristics of *Al Muflihun*. Besides spiritual practices, the concept of *Al Falah* plays a vital role in daily life. Islam has never limits or denies human satisfaction of possessing material gain. This can be seen in verses in Al Quran: Terjemahan Perkata dan Tajwid Berwarna (2018) (62:10),

"But when the prayer is ended, then disperse abroad in the land and seek of Allah´s grace, and remember Allah much, that you may be successful".

Countless scholarly articles stress on achieving *Al Falah* through the *Akhlak* of performing worldly activities. Aminuddin et al. (2016) suggest that every activity should go through these basic assessments; halal, haram, sin, and rewards, which agrees with Abdul Wahab & Rafiki, (2014) that mentioned every matter should be shariah compliance. Aqbar et al. (2020) and Ismail & Zahrin, (2019) suggest that the decision should be oriented to the concept of *maslahah*, which will give a deeper meaning to personal success since *maslahah* will also contribute to the welfare of the community. Numerous of the Al Quran verses encourage Muslims to work hard for their life, be involved in entrepreneurship, and be independent. Many of these Akhlaq, when combined with the intention to achieve Allah's blessings (*Akidah),* are regarded as *Ibadah.* (Akhirin, 2013).

Table 5: Relevant Al Quran verses

Aspect	Surah/Verses
Entrepreneurship	They ask you concerning the new moon. Say: They are times appointed for (the benefit of) men, and (for) the pilgrimage; and it is not righteousness that you should enter the houses at their backs, but righteousness is this that one should guard (against evil); and go into the houses by their doors and be careful (of your duty) to Allah, that you may be successful. Al Baqarah (2:189)
Seek for Allah's Grace	But when the prayer is ended, then disperse abroad in the land and seek of Allah´s grace, and remember Allah much, that you may be successful. Al Jumuah (62:10)
Independent	For his sake there are angels following one another, before him and behind him, who guard him by Allah´s commandment; surely Allah does not change the condition of a people until they change their own condition; and when Allah intends evil to a people, there is no averting it, and besides Him they have no protector. Al Ra'd (13:11)
Strive	And do not covet that by which Allah has made some of you excel others; men shall have the benefit of what they earn and women shall have the benefit of what they earn; and ask Allah of His grace; surely Allah knows all things. An Nisa (4:32) And seek by means of what Allah has given you the future abode, and do not neglect your portion of this world, and do good (to others) as Allah has done good to you, and do not seek to make mischief in the land, surely Allah does not love the mischief-makers. Al Qasas (28:77)

In a nutshell, *Al Falah* is a concept that goes beyond the typical definition of success. It does not only be measured by material possession and personal gain but further extends to inner success that represents by *Akhlaq, Aqidah,* and *Ibadah* and from personal gain to *maslahah.* The figure below shows the criteria (not limited to) of *Al Muflihun.* Note that a *Muslim* should be *Al Mukminun* first before he can achieve to be *Al Muflihun*

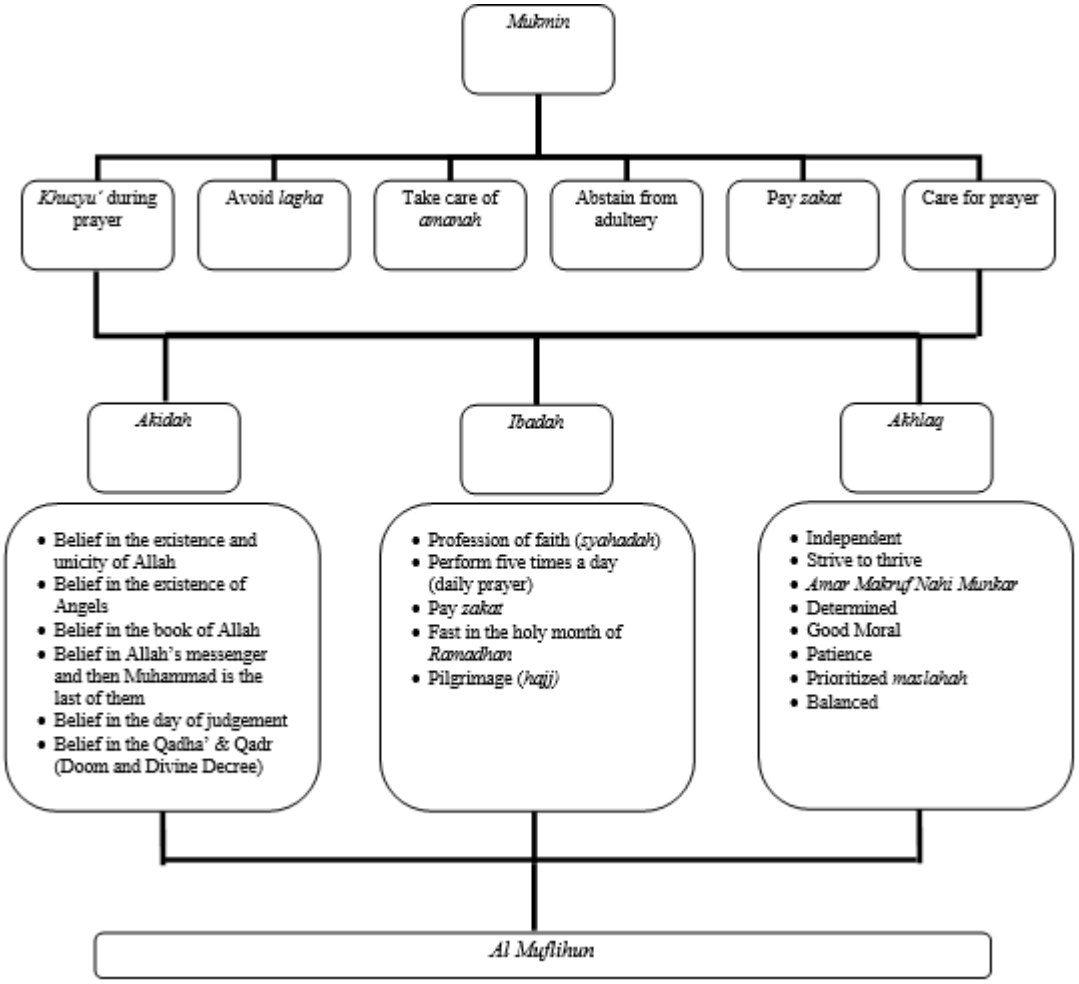


Figure 1: The Concept of *Al Falah*

6. Discussion

6.1. The concept of al Falah and technological unemployment

One of the effects brought by IR4.0 is the changes in the job environment. Research made by WEF shows that a tremendous job decline in production and office/administration will occur six years from now (Xu et al., 2018). This is supported by another research that claims 57% of the workforce will become unemployed due to automation, while ten jobs are emerging and declining, which will change 83% of the value chain (World Economic Forum & Boston Consulting Group, 2018). According to Peters (2017), a speech given in the 2015 World Summit elaborates on this condition as creative destructions since the diminishing of existing jobs and creating new jobs happens simultaneously. Nonetheless, an article from The Wall Street Journal argues that the main problem is not on the demand side but on the supply side of the jobs since it is expected that the number of the jobs extinct is greater than those that are newly created (Summers, 2014). Brynjoltsson, E. & McAfee (2011) has deliberately agreed that the race of IR4.0 will leave many people behind as the computers and machine become powerful and instill the ideas of skilled workers as obsolete. McClelland from Mother Jones Magazine reports one example that represents this phenomenon (Means, 2017). Before automation transpires, workers in Amazon warehouses were forced to work endlessly to the extent that medical staff was placed at every corner of the warehouse for a medical emergency. Even though their suffering ends when the automation kicks in, many become jobless, and only a few survive the transition. This is the situation that people have been buzzing about. Our near future will fill with people who share the same fate as Amazon workers, pushed aside by automation, and did not survive the technological transition.

Al Falah concept views the risk of unemployment as a public concern that needs to be solved. As a Muslim that aims to achieve *Al Falah*, these challenges must be viewed as possible to overcome. Allah has promised success to those who put effort, pray to Allah (*dua'),* and *tawakal* (Basri, 2008). It is a responsibility as *Al Muflihun* to be independent, not giving up, and put his best effort to overcome problems. Every possible action, such as reskilling and upskilling, to address the problem, should be taken. This is parallel to what has been recommended in *Riwayat Ibn Hibban,* "Do not delay in seeking sustenance; indeed no servant will die, but his last sustenance will reach him. So fear Allah and seek it well, that is, take what is *halal* and leave what is *haram*" (3241). This hadith urge humans to be determined, do not give up, and put effort into achieving what they want. In order

to be successful, it is essential to be confident (H. Ali et al., 2010), have a powerful motivation (Alam et al., 2011), and a strong locus of internal control (Deraman et al., 2005). In fact, it is frown upon as Muslims to be idled or not productive (Amsami & Adamu, 2017). Besides the effort of entering the industrial, the encouragement of entrepreneurship in Islam should be considered (2:198, 2: 275,4:29) (Al Quran: Terjemahan Perkata dan Tajwid Berwarna, 2018). This will give other perspectives than being employed. Entrepreneurship will help people to become creative and productive. It will also help others who are unemployed because what is regarded as successful in Islam does not mean being able to be in a workforce but the capacity to fulfill the responsibility to provide and generate *halal* income. *Halal* earnings bring the love of Allah SWT, enlightenment, knowledge, righteous thoughts, courage, and attentiveness (Abdullah, 2020). As an employer, it is understandable that the selection process is aimed at choosing the most suitable and qualified applicants. However, it would be considerate that the basic character trait (strong will, eager to learn, etc.) is taken into a precedence in hiring rather than skills which can easily be imparted through training (Malik, 2016).

6.2. The concept of al Falah and the skills gap

During the World Summit, which was held on September 8, 2015, in New York, speakers such as Robert Reich, Larry Summers, and Joseph Stiglitz describe the phenomenon brought by IR4.0 as creative destruction whereby loss of jobs is replaced with a new one (Peters, 2017). As the industries seem to race their way to cope with all of these cheered developments, it may not be realized that all of these phenomena create new job opportunities that require new sets of skills. An architect may not only have to include several new IR4.0 features in his plan but may also need to acquire a new skill to handle advanced software and hardware in producing the plan. This phenomenon is regarded as creative destruction (Schwab, 2018). This means that, even with creative destruction, the newly invented job will not be as familiar as any existing jobs, creating another phenomenon; skill gap. Analysis suggests that there will be 3.5 million job openings in the manufacturing industry in the future decade. However, less than half of them will be filled due to insufficient skilled workers (Giff, C., McNelly, J., Dollar, B., Carick, G., Drew, M., Gangula, 2015). This is quite similar to the study made by WEF that forecasted 65% of the children entering primary school today would end up working in completely new job types (Schwab, 2016). This indicates that the skills needed to fill in for the job would be different from what has been offered today.

Al Muflihun should view this problem as a chance for them to upgrade and update their skills. Islam has always encouraged knowledge seeking and place those who seek knowledge at a superior level (21:7, 22:54, 27:40, 28:14, 39:9 and 28:11) (Al Quran: Terjemahan Perkata dan Tajwid Berwarna, 2018). As an individual, reskilled and upskilled should be considered necessary since *Al Muflihun* will view his work as *Ibadah,* thus perfecting work with new sets of skills meet the criteria of a successful person in Islam (A. J. Ali, 2009). Since the skill gap is a concerning problem to many, those who are blessed with expertise can share their understanding as one form of jihad. A call for virtues, prevention of vices, and benefits or assistance to society is considered jihad (Langgulung, 1989; Ummah, 2018), thus meeting *Al Muflihun.* As an employer, the responsibilities to enhance employees' ability, motivation, and opportunity to perform should be regarded as *Ibadah*. Providing necessary training or even ensuring just compensation to the employee helps society transition with the changes brought by IR.4.0. Subtly, the action helps take care of the *maslahah* of most people, giving them a chance to do better at work or at least have a chance of starting up again. The effort taken by the employers will be rewarded as achieving dual quality in the workforce, which are the moral quality and professional quality, as emphasized in Islam. (A. H. M., 1990)

6.3. The concept of al Falah and the efficiency and productivity

Despite all of these negatives impacts, IR4.0 offers some benefits that should be enjoyed by all. Croom et al. (2018) mentioned in his article that even though some jobs may not exist in the future, the creation of new jobs will always be there. Take the example of the software industry that hires 2.5 million people directly and then supports other industries' growth. This is hardly a nightmare to the prospect. In his book, Schwab (2016) mentioned that he believed IR4.0 would benefit in three possibilities. First, it will address the negative externalities of development, such as carbon emission, which can be seen through projects such as the smart city installed with the capabilities of screening and purifying the cities' air quality. Second, it will fulfill the unmet needs of two billion people by connecting individuals and communities worldwide. Finally, it will help businesses, governments, etc. experience the full efficiencies that IR4.0 offers. Even IR4.0 is still in the early stage of its blooming, its effect on efficiency is somehow already experienced by the market player even it is not in its full potential yet. Besides that, Davis (2018) added that productivity would continuously increase and be driven by many advanced technologies and IoT platforms as products become more available and continuously encourage production. This can be seen by invigorating application growth such as Grab, Food Panda, DeliverEat, Trivago, and many more.

Al Falah concept views the advantages of IR4.0 as an opportunity that should be grabbed. The productivity and efficiency offered by IR4.0 can be apprehended as a prospect to perfection. There are several verses in Al Quran and Hadith, where Allah showed that He deals with perfection and bless those who do their best to achieve perfection. In *Surah Al Mulk*, verse 2-4 shows that Allah created the world perfectly. Not even a single default can be identified even if scrutinized several times Al Quran: Terjemahan Perkata dan Tajwid Berwarna (2018). Al-Buraey (2005) and Alhabshi (1996) attributed perfection to the word *Ihsan* and suggest that from the hadith, "Verily, Allah has enjoined goodness upon everything, so when you kill, kill in a good way,

and when you slaughter, slaughter in a good way. So every one of you should sharpen his knife and let the slaughtered animal die comfortably." (Sahih Muslim), *Ihsan* means efficiency, proficiency, concentration, and extra consideration. The capability to achieve another level of efficiency and productivity is a knowledge blessed upon the human. Thus, as *Al Muflihun,* the best standard of perfecting their jobs (regarded as *Ibada*h) is a must. It also compatible with verse 55 in *Surah Al Zumar*, "And follow the best of what has been revealed to you from your God" (Al Quran: Terjemahan Perkata dan Tajwid Berwarna, 2018). Hence, the technology brought by IR4.0 that contributed to efficiency and productivity should be master by *Al Muflihun.* It is believed that with good self-control (Rahman et al., 2016) and regular prayers (Al Haq et al., 2016) that attributed to the *akhlaq* of the *Al Muflihun,* people will be able to physically and mentally adapt to the challenges of life.

7. Conclusion

Religion has commonly been viewed as an act of worship. Thus, it is rare that the urge to aim for the best or striking for success is viewed as one of the obligations or summons of Islamic teachings. However, it is our duty to always keep in mind that Islam is *syumul* (comprehensive); it covers all aspects of life. The Islamization process should be as active as the Westernization process to ensure that anything new introduced to the world is shariah compliance. Even the hype of new technology such as Industrial Revolution 4.0 should be viewed as one of the Islamization responsibilities. IR4.0 touches and alters every aspect of life. It modifies the employment environment, creates a skills gap, and boost productivity and efficiency of good and service rendered. However, these challenges can easily be tackled if a Muslim aims to achieve *Al Falah*. In Islam, a successful person or *Al Muflihun,* should be excellence in three main aspects; *akidah, ibadah,* and *akhlaq.* These aspects will lead to, among others, better motivation, determination, a higher level of responsibilities, a disciplined, ambitious, empathy, and independent personality, which will help to overcome challenges. Thus, it can be concluded that the benefit and the challenges of IR4.0 can be habituated with the personality of *Al Muflihun* to ease the journey of adopting the advancement, as well as to Islamization of all the processes involved.

This article is limited to the concept of *Al Falah,* while there are so many other Islamic concepts that are relevant to the study of IR4.0 that may be pursued by future researchers. It is also recommended that future researchers to view this article quantitatively so that research such as the relationship or the impact of the concept and the adoption of IR4.0 can be conducted.

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Sentimen Akhbar Bahasa Malaysia Ketika Perintah Kawalan Pergerakan (PKP) Fasa 1: Analisa Kandungan Ekonomi dan Kepenggunaan

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Abstrak

Penyampaian berita memainkan peranan yang penting di dalam masyarakat terutama ketika sesuatu krisis berlaku. Pandemik COVID-19 yang melanda seluruh dunia telah menyebabkan berlakunya perubahan lanskap dalam kita menjalankan kehidupan seharian sehinggakan ianya digelar sebagai norma baharu. Akhbar memainkan perananan yang penting dalam penyampaian berita kepada khalayak masyarakat dengan menetapkan tona dan nada berita yang ingin disampaikan ketika berlakunya sesuatu krisis. Kertas ini bertujuan untuk mengupas tema-tema utama berkaitan ekonomi dan kepenggunaan yang disiarkan di akhbar-akhbar utama Bahasa Malaysia di sepanjang Fasa 1 Perintah Kawalan Pergerakan (PKP) yang berlansung dari 18 sehingga 31 Mac 2020. Pendekatan analisis kandungan telah digunakan untuk mendapatkan tema-tema utama berita berkaitan ekonomi dan kepenggunaan yang disiarkan disepanjang tempoh 2 minggu tersebut. Dapatan telah menunjukkan bahawa tema-tema utama untuk kedua-dua isu tersebut berkisar mengenai tanggungjawab kerajaan dalam mempastikan bekalan barangan asas mencukupi. Selain itu tema-tema utama yang berkisar mengenai peranan kerajaan dalam meransang ekonomi dengan memperkenalkan bantuan-bantuan umum dan khas untuk rakyat serta penerangan mengenai prosedur sektor ekonomi untuk beroperasi juga menjadi keutamaan untuk disiarkan di akbar-akhbar utama Bahasa Malaysia. Secara kesimpulan, nada yang ingin disampaikan oleh kedua-dua akhbar ini adalah bersifat positif yang memperlihatkan usaha kerajaan dalam memberi penerangan kepada rakyat mengenai perubahan norma kehidupan disamping memperkenalkan bantuan-bantuan yang akan diberikan oleh kerajaan disebabkan berlakunya Pandemik COVID-19 ini.

Katakunci: COVID-19; Kepenggunaan; Ekonomi; Berita; Akhbar; Analisis Kandungan

1. Pengenalan

Pandemik COVID-19 telah menzahirkan kesan yang belum pernah terjadi sebelumnya kepada seluruh dunia. Ini adalah satu peristiwa besar yang berlaku yang memerlukan penilaian dan tindakbalas yang pantas. Banyak negara telah membuat keputusan yang sukar untuk 'menutup' negara mereka untuk mengekang penularan wabak ini. Malaysia adalah antara negara pertama yang melaksanakan Perintah Kawalan Gerakan atau Sekatan di Asia Tenggara berikutan krisis wabak COVID-19 yang semakin meruncing. Wabak Coronavirus (COVID-19) adalah penyakit berjangkit yang boleh menyebabkan penyakit pernafasan, seperti selesema dengan gejala batuk, demam dan kesukaran bernafas yang boleh menyebabkan kematian. Sebagai langkah untuk membendung wabak ini, Perdana Menteri Malaysia telah mengisytiharkan Perintah Kawalan Pergerakan Fasa 1 pada 18 Mac 2020 sehingga 31 Mac 2020. Perintah ini adalah bersandarkan pada Akta Pencegahan dan Pengawalan Penyakit Berjangkit 1988 dan Akta Polis 1967 (Majlis Keselamatan Negara, 2020)

Pada 25 Mac 2020, Perdana Menteri Malaysia telah mengumumkan bahawa Perintah Kawalan Pergerakan (PKP) telah dilanjutkan sehingga 14 April 2020 (Fasa 2) dan pada 10 April 2020, sekali lagi PKP telah dilanjutkan tempohnya sehingga 28 April 2020 (Fasa 3). Seterusnya pada 23 April 2020, Perdana Menteri mengumumkan bahawa Perintah Kawalan Pergerakan (PKP) Fasa 4 akan dilanjutkan sehingga 3 Mei 2020.

Perintah Kawalan Pergerakan Bersyarat mula diperkenalkan pada 4 Mei 2020 dengan objektif utamanya adalah untuk membuka kembali ekonomi nasional secara berstruktur dan ini membolehkan pengoperasian semula di beberapa sektor ekonomi, tetapi harus mengikuti peraturan dan prosedur operasi standard (SOP) yang telah ditetapkan. Pada 7 Jun 2020. Perdana Menteri mengisytiharkan bahawa Perintah Kawalan Pergerakan Bersyarat (PKPB) akan berakhir pada 9 Jun dan digantikan dengan Perintah Kawalan Pergerakan Pemulihan (PKPP). yang berkuat kuasa dari 10 Jun hingga 31 Ogos 2020 dan pada 28 Ogos 2020 Perintah Kawalan Pergerakan Pemulihan (PKPP) telah diumumkan akan dilanjutkan sehingga 31 Disember 2020. Pemantauan dilakukan dari semasa ke semasa untuk mempastikan agar masyarakat dapat mematuhi SOP dalam norma baharu agar dapat diputuskan rantaian penularan wabak COVID-19 di negara ini.

Kebanyakan kajian berkenaan media yang dilaksanakan ketika pandemik COVID-19 berkisar mengenai isu penyebaran berita palsu. Md Saiful Islam et. al. (2020) telah menjalankan kajian berkenaan 2,311 berita mengenai khabar angin, stigma dan teori konsipari di 87 negara dan mendapati kebanyakan berita palsu tersebut berkisar mengenai kaedah jangkitan penyakit dan juga kadar kematian. Selain itu, kewujudan berita yang mengelirukan juga telah mempengaruhi kesihatan mental pelancong dari China (Zheng, Goh, & Wen, 2020). Kajian yang dilaksanakan oleh Brennen et. al. (2020) telah mendapati bahawa 59% daripada maklumat yang tidak tepat di dalam berita adalah berita yang telah diolah semula dari berita asal manakala 38% daripadanya adalah berita yang dicipta sendiri.

Kajian-kajian media massa yang lain daripada Shelby et. al. (2020), Aslam et. al. (2020), dan Jurkowitz (2020) berkisar mengenai sentimen yang dimainkan oleh akhbar dan televisyen berkenaan isu COVID-19 pada suku pertama tahun 2020. Kriteria seperti ketakutan, kepercayaan, kesedihan dan marah banyak mempengaruhi sentimen pembaca terhadap berita yang disiarkan ketika pandemic COVID-19. Satu kajian berkenaan Surat kepada Pengarang telah dijalankan ke atas akhbar The Star Online oleh Siti Aesiha dan Syamimi telah mendapati bahawa surat yang merujuk kepada pandemic COVID-19 memiliki konotasi yang negatif serta sarat dengan emosi (Joharry & Turiman, 2020). Satu kajian mengenai kepenggunaan telah dijalankan oleh S.M. Yasir Arafat et. al. (2020) mendapati bahawa kebanyakan laporan pembelian panik yang membincangkan mengenai sebab dan impak berlaku di negara membangun.

2. Metod Kajian

Berita mengenai ekonomi dan kepenggunaan yang dikaji adalah berdasarkan berita yang telah disiarkan di dalam media cetak utama Bahasa Malaysia iaitu akhbar Berita Harian dan Harian Metro. Menurut NSTP, jumlah pembaca Harian Metro telah meningkat sehingga mencecah kepada angka 3 juta pada tahun 2019 berbanding 106,000 orang pada tahun 1993 (NSTP, 2020). Akhbar ini adalah merupakan tabloid Bahasa Malaysia yang paling laris di pasaran. Khalayak pembaca bagi Harian Metro adalah mereka yang berumur antara 18 – 35 tahun manakala untuk Berita Harian adalah untuk mereka yang berumur 35 tahun ke atas (Prima, 2020). Untuk kajian ini, penulis merasakan kriteria spektrum khalayak pembaca telah dipenuhi kerana kedua-dua akhbar Bahasa Malaysia ini mempunyai khalayak pembaca bermula dari 18 tahun ke atas yang merangkumi golongan belia dan golongan dewasa.

Kaedah yang telah digunakan oleh penulis ialah kaedah analisa kandungan. Kaedah ini dipilih atas kesesuaian dengan bentuk kajian yang dijalankan. Berita yang di analisa adalah berita bercetak dan bukannya berita yang bercorak digital. Berita-berita bercetak ini dikumpulkan secara fizikal dari tarikh 18 Mac 2020 sehingga 31 Mac 2020. Ini adalah bersesuaian dan berpadanan dengan tarikh Perintah Kawalan Pergerakan Fasa 1 yang dilaksanakan di seluruh Malaysia selama 2 minggu pada ketika itu. Berita-berita ini diambil hanya dari ruangan berita tempatan dan nasional tidak termasuk ruangan bisnes.

Kaedah analisa akan di bahagikan kepada dua bahagian. Pertama, berita-berita dari akhbar Harian Metro dan Berita Harian di asingkan mengikut tajuk, isu dan tema di bawah dua isu iaitu ekonomi dan kepenggunaan. Kedua, pengiraan frekuensi dilaksanakan bagi gabungan tema yang terhasil dan pengiraan kumulatif peratusan akan dibuat atas tema yang terhasil.

3. Dapatan dan Perbincangan

Jadual 1 dan 2 menunjukkan tajuk-tajuk berita berkaitan perihal ekonomi dari tempoh 18 – 31 Mac 2020. Berita berkaitan ekonomi dari kedua-dua akhbar tersebut telah diasingkan mengikut tajuk isu dan tema. Bagi tempoh tersebut sebanyak 18 berita ekonomi di akhbar Berita Harian dan sebanyak 13 berita ekonomi di akhbar Harian Metro.

Jadual 1: Surat Khabar Berita Harian (Ekonomi)

TAJUK BERITA	ISU	TEMA
RESTORAN DIBUKA TAPI DIBELI BUNGKUS	Premis boleh membuka restoran namun mesti menggunakan perkhidmatan penghantaran seperti Grab Food dan food panda. Makanan hanya boleh dibungkus atau take-away	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
PASAR RAYA BESAR UTAMA BEROPERASI SEPERTI BIASA	Pengoperasian untuk pasar besar beroperasi dibuka dan tempoh pembukaan pasar besar seperti mydin, tesco dibuka awal dari waktunya	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
RM600 SEBULAN BAGI PEKERJA CUTI TANPA GAJI	Kerajaan bagi peruntukan 120 juta menerusi program pengekalan pekerja (ERP)	Peruntukan dari Kerajaan mengurangkan beban rakyat
PASARAN KEWANGAN OPERASI SEPERTI BIASA	BNM galak ramai guna menggunakan perkhidmatan dalam talian	Menggalakkan perkhidmatan atas talian untuk memudahkan urusan
ORANG RAMAI DIMINTA TIDAK KELUAR RUMAH	Pusat beli belah kelihatan lengang berikutan perintah kawalan pergerakan berkuatkuasa	Kesan PKP menyebabkan sektor ekonomi terjejas dan tidak mendapat sambutan ramai
PASAR MALAM , PASAR TANI TAK DIBENAR BEROPERASI	Pasar malam , pasar tani tidak dibenarkan beroperasi tetapi yang dibenarkan beroperasi ialah pasar yang mempunyai struktur bangunan kekal	Pasar yang tidak mempunyai bangunan kekal seperti pasar malam tidak dibenarkan untuk beroperasi
PELBAGAI LANGKAH RANGSANG	Kerajaan Perak memberi bantuan khas	Peruntukan dari Kerajaan mengurangkan

EKONOMI	sebanyak 7 juta seperti memeberi kotak yang berisi makanan kepada penduduk setempat dan menangguhkan pembayaran balik pinjaman perak	beban rakyat
SEKTOR MAKANAN, TEKNOLOGI ANTARA BERDAYA TAHAN TINGGI	Industri penginapan penerbangan paling terdedah dan terkesan dengan impak covid 19 , dan sektor makanan, teknologi antara sektor yang mempunyai tahan tinggi	Sektor makanan menjadi kepentingan dari sektor yang lain
INISIATIF BANTU PENCARUM KWSP HARUNGI IMPAK PENULARAN VIRUS	Keputusan kerajaan membenarkan pengeluaran caruman akaun dua iaitu akaun kumpulan simpanan kewangan pekerja supaya dan membantu mengurangkan kesan ekonomi di Malaysia	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
PENGUNJUNG DI PASAR AIR ITAM BERKURANGAN	Jumlah pengunjung ke pasar Air Hitam di Johor semakin berkurangan selepas langkah kawalan dilaksanakan	Kesan PKP menyebabkan sektor ekonomi terjejas dan tidak mendapat sambutan ramai
KELUAR KWSP RINGANKAN BEBAN	Sekurang-kurangnya pengeluaran KWSP mampu membantu meringankan belanja dapur	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
PERINTAH KAWALAN PERGERAKAN LEBIH LAMA BERI IMPAK BESAR	Perintah kawalan pergerakan lebih lama beri impak besar kerana bakal berhadapan inflasi yang tinggi. Ini semestinya akan meningkatkan kos sara diri yang akan menghimpit terutama B40	Peningkatan kos sara hidup
PM UMUM INISIATIF KHAS RANSANG EKONOMI ESOK	Pengumuman pakej rangsangan ekonomi mengumumkan inisiatif seperti penangguhan Pembayaran Perbadanan Tabung Pendidikan Negara	Peruntukan dari Kerajaan mengurangkan beban rakyat
MORATORIUM BANTU RINGAN BEBAN RAKYAT	Pembayaran balik pinjaman bank ditangguhkan seperti pembayaran kereta dan kerajaan membantu PKS	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
PENANGGUHAN BANTU PIHAK TERJEJAS	BNM umum langkah kawalan membolehkan bank menyokong ekonomi ketika waktu mencabar	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
GAJI MENTERI, TIMBALAN DIPOTONG 2 BULAN UNTUK TABUNG COVID 19	Langkah ini membuktikan kesungguhan kerajaan untuk membantu mereka menerima kesan akibat penularan wabak covid 19	Kerajaan prihatin dan bersungguh mengawal penularan wabak
RM250 B RANGSANG EKONOMI BANTU RAKYAT	Pakej prihatin sediakan bantuan segera untuk membantu ekonomi rakyat	Kerajaan prihatin dan bersungguh mengawal penularan wabak
PAKEJ RANGSANGAN ELAK EKONOMI TERUS MERUDUM	Pakej rangsangan prIhatin)mendapat pujian pelbagai pihak disifatkan pakej menyeluruh	Kerajaan prihatin dan bersungguh mengawal penularan wabak

Jadual 2: Surat Khabar Berita Metro (Ekonomi)

HEADINGS	ISU	TEMA
BAYAR PENUH DAHULU	Sebelum ini jual dulu barang kemudian baru membayarnya tetapi sewaktu PKP mesti membuat bayaran penuh	Keutamaan penjualan tunai berbanding penjualan kredit
BERSESAK SEJAK 8 PAGI	Pasar raya besar beroperasi dan menjadi sasaran penduduk dan ramai yang membeli stok dengan banyak dan pasar raya perlu menambah stok	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
PERCUTIAN TERBANTUT	Sesiapa yang pergi percutian perlu pulang dari percutian tersebut kerana bimbang keselamatan dan kesihatan	Sektor pelancongan turut terkesan
12 TENGAH MALAM TUTUP KEDAI	Waktu pengoperasian dihadkan dan perlu mengikut waktu yang ditetapkan	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
MELAKA ARAH TUTUP 7 MALAM	Melaka arah tutup 7 malam dan menutup perniagaan lebih awal	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
PREMIS DI KOTA BHARU HENTI OPERASI 7 MALAM	Tempoh beroperasi yang bermula pada 7 pagi akan ditutup lebih awal termasuk perkhidmatan drive- thru	Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan
IBU KOTA LENGANG	Jalan Chow Kit , Jalan Tunku Abdul Rahman dan Bukit Bintang kelihatan sunyi dan pelanggan yang datang hanya membeli barang keperluan dantidak mengambil masa terlalu lama untuk memilih barang	Kesan PKP menyebabkan sektor ekonomi terjejas dan tidak mendapat sambutan ramai
RINGAN BEBAN KEWANGAN RAKYAT DENGAN AKAUN ILESTARI	Pencarum KWSP yang berumur bawah 55 tahun dibenarkan untuk mengeluarkan simpanan akaun dua sebanyak RM500 sebulan untuk tempoh 12 bulan	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
KERAJAAN UMUM TIGA LANGKAH PENANGGUHAN BABIT HUTANG RAMAI DAN PERNIAGAAN	Bermula 1 April , kerajaan menawarkan moratorium atau penangguhan bayaran balik hingga enam bulan kepada peminjam	Peruntukan dari Kerajaan mengurangkan beban rakyat

	individu dan PKS	
40,000 PENIAGA DIKECUALIKAN BAYARAN	40,000 peniaga dikecualikan bayaran sewa tapak perniagaan mulai april hingga oktober (pakej rangsangan ekonomi)	Peruntukan dari Kerajaan mengurangkan beban rakyat
SAYA HILANG REZEKI	Hilang punca pendapatan susulan PKP mendesak pekerja bergaji harian, peniaga, gerai, penjaja jalanan mendapatkan bantuan NGO	Hilang pendapatan sewaktu PKP dijalankan
RM100 B RANGSANG EKONOMI	Kerajaan memperuntukkan RM100 billion untuk menyokong perniagaan termasuk 2 billion untuk memperkukuhkan ekonomi yang terjejas akibat PKP	Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia
TIADA BAZAR RAMADAN DI MELAKA TAHUN INI	Bazar ramadan tidak dibenarkan sebarang aktiviti pasar dan bazar tidak diadakan sepanjang ramadan	Pasar yang tidak mempunyai bangunan kekal seperti pasar malam tidak dibenarkan untuk beroperasi

Jadual 3 dan 4 menunjukkan tajuk-tajuk berita berkaitan perihal kepenggunaan dari tempoh 18 – 31 Mac 2020. Berita berkaitan kepenggunaan dari kedua-dua akhbar tersebut telah diasingkan mengikut tajuk isu dan tema. Bagi tempoh tersebut sebanyak 11 berita kepenggunaan di akhbar Berita Harian dan sebanyak 6 berita kepenggunaan di akhbar Harian Metro.

Jadual 3:Surat Khabar Berita Harian (Kepenggunaan)

HEADINGS	**ISU**	**TEMA**
KPDNHEP JAMIN BEKALAN CUKUP	KPDNHEP menjamin barangan asas mencukupi. Pengeluaran ayam/ telur meningkat . Sebulan 800 juta biji telur terjual tetapi sebelum ini 620/630 juta biji telur.	Peningkatan permintaan stok barang asas dan keperluan secara mendadak
SEKTOR PEMBUATAN PRODUK KRITIKAL DIBENAR OPERASI	Kerajaan beri kelulusan untuk beroperasi yang ditakrifkan kritikal : Iaitu seperti makanan, minuman, pertanian, perikanan dan barangan rumah	Aliran produk kritikal seperti makanan, pertanian, perikanan menjadi tumpuan
TAK PERLU PANIK STOK BERAS CUKUP	Kementerian memaklumkan bekalan makanan import dan konsisten	Barang keperluan asas dijamin mencukupi oleh kerajaan
KPDNHEP BENAR IMPORT TOPENG MUKA	Kerajaan menetapkan harga siling naik kepada RM2	Kerajaan mengawal harga barang dengan baik
SOROK TOPENG MUKA PUNCA HABIS DI PASARAN	Ada pihak kaut untung mudah jual dipasaran gelap dengan harga tinggi	Peningkatan kes penipuan dicatatkan semasa PKP terutama dalam urusan jual beli facemask
BEKALAN DAGING, TELUR MENCUKUPI	Bekalan daging, telur mencukupi untuk menampung permintaan domestik	Barang keperluan asas dijamin mencukupi oleh kerajaan
BEKALAN MAKANAN DIJAMIN CUKUP – ISMAIL SABRI	Kementerian pertanian dan industri makanan memberi jaminan bekalan makanan untuk keperluan rakyat	Barang keperluan asas dijamin mencukupi oleh kerajaan
JAWATANKUASA KHAS PASTIKAN BEKALAN TAK TERPUTUS	Jawatankuasa ini akan memastikan bahan dan bekalan makanan bukan sahaja dihasilkan boleh juga dihantar serta dibungkus	Barang keperluan asas dijamin mencukupi oleh kerajaan
PENYEWA PPR, DBKL DIKECUALIKAN 3 BULAN SEWA	Kementerian bersetuju mengecualikan bayaran sewa premis perniagaan kepada 6000 penyewa.	Kerajaan memberikan kemudahan kepada premis perniagaan
BEKALAN MENCUKUPI TIADA KENAIKAN HARGA	KPDNHEP gerak 2500 penguatkuasa pastikan peniaga patuh peraturan	Barang keperluan asas dijamin mencukupi oleh kerajaan
INTERNET PERCUMA BERMULA 1 APRIL	Pemberian Internet secara percuma dengan kuota 1 GB sehari bermula 1 april sehingga tamat PKP	Internet merupakan keperluan asas juga ketika PKP

Jadual 4: Surat Khabar Harian Metro (Kepenggunaan)

HEADING	**ISU**	**TEMA**
TERKEJUT 900 PAPAN TELUR TERJUAL	Peniaga menyatakan kebiasaanya telur yang terjual lebih kurang 100 papan telur sahaja sehari, namun 900 papan terjual sewaktu PKP dan perlu ada 1000 lebih sehari untuk menampung permintaan	Peningkatan permintaan stok barang asas dan keperluan mendadak
PHARMANIAGA JAMIN UBAT CUKUP	Pharmaniaga membuat persediaan awal dan menjamin bekalan ubat ke semua hospital dan klinik kerajaan tak terganggu	Penyediaan stok dibuat persediaan awal
MASIH BELI DALAM JUMLAH BANYAK	Orang ramai masih berpusu-pusu dan membeli keperluan harian dalam jumlah banyak	Orang ramai risau akan ketidakcukupan barang keperluan dan panik
STOK BARANG LAMBAT MASUK	Pembeli terpaksa ke beberapa kedai untuk memenuhi keperluan	Orang ramai risau akan ketidakcukupan barang keperluan dan panik

370 KES TIPU BELIAN PENUTUP MULUT, HIDUNG DAN BARANGAN LAIN	Ramai yang menjadi mangsa kes penipuan membabitkan pembelian penutup mulut dan hidung serta barangan lain sepanjang penularan jangkitan	Peningkatankes penipuan dicatatkan semasa PKP terutama dalam urusan jual beli facemask
SOKONG INTERNET PERCUMA	Menyambut baik pakej khas internet percuma pada 1 April hingga tamat PKP	Internet merupakan keperluan asas juga ketika PKP

Jadual 5 menunjukkan kekerapan dan kumulatif peratusan untuk berita berkaitan ekonomi yang disiarkan di akhbar Berita Harian dan Harian Metro bagi tempoh 18 – 31 Mac 2020. Secara keseluruhan, sejumlah 31 berita berkaitan ekonomi disiarkan di kedua-dua akhbar tersebut ketika Perintah Kawalan Pergerakan Fasa 1 sedang berlangsung. Tema-tema berita dengan kekerapan tertinggi berkisar tentang isu inisiatif kerajaan dalam membantu kelangsungan ekonomi Malaysia serta penerangan mengenai waktu operasi premis perniagaan ketika tempoh Fasa 1 PKP. Kedua-dua aspek ini dapat melancarkan pergerakan ekonomi dalam keadaan ketidaktenuan yang disebabkan oleh Pandemik COVID-19 ini. Dalam masa Fasa 1 PKP, kedua-dua tema ini telah disiarkan sebanyak 6 kali bagi setiap tema. Selain itu, tema yang mempunyai kekerapan sebanyak 5 kali disiarkan dalam jangkamasa 2 minggu pertama PKP berkisar secara khusus mengenai peruntukan dari kerajaan untuk rakyat. Selain itu tema mengani kesan PKP yang telah menyebabkan beberapa sektor ekonomi terjejas atas faktor keterbatasan perjalanan fizikal telah disiarkan sebanyak 3 kali sama seperti berita mengenai usaha dan keperihatinan kerajaan dalam memerangi wabak tersebut. Selain itu berita yang bertemakan penerangan mengenai jenis-jenis perniagaan yang tidak dibenarkan beroperasi ketika Fasa 1 PKP telah disiarkan sebanyak 2 kali.Tema-tema seperti peningkatan kos sara hidup, keutamaan penjualan tunai berbanding jualan kredit, pengalakkan penggunaan perkhidmatan atas talian dalam memudahkan urusan, kepentingan industri makanan berbanding industri lain ketika PKP, kesan terhadap sektor pelancongan dan kes kehilangan punca pendapatan disebabkan PKP adalah antara tema lain yang timbul dari berita berkenaan ekonomi dengan kekerapan 1 bagi setiap tema.

Jadual 5: Kekerapan Dan Peratusan (Ekonomi)

TEMA	KEKERAPAN	PERATUS
Kerajaan memberi inisiatif untuk membantu ekonomi Malaysia	6	19.35%
Kebenaran untuk beroperasi tetapi perlu mematuhi waktu dan syarat yang ditentukan	6	19.35%
Peruntukan dari kerajaan mengurangkan beban rakyat	5	16.13%
Kesan PKP menyebabkan sektor ekonomi terjejas dan tidak mendapat sambutan ramai	3	9.68%
Kerajaan prihatin dan bersungguh mengawal penularan wabak	3	9.68%
Pasar yang tidak mempunyai bangunan kekal seperti pasar malam tidak dibenarkan untuk beroperasi	2	6.45%
Peningkatan kos sara hidup	1	3.23%
Keutamaan penjualan tunai berbanding penjualan kredit	1	3.23%
Menggalakan perkhidmatan atas talian untuk memudahkan urusan	1	3.23%
Sektor makanan menjadi kepentingan dari sektor yang lain	1	3.23%
Sektor pelancongan turut terkesan	1	3.23%
Hilang pendapatan sewaktu PKP dijalankan	1	3.23%
	31	100%

Jadual 6 menunjukkan kekerapan dan kumulatif peratusan untuk berita berkaitan kepenggunaan yang disiarkan di akhbar Berita Harian dan Harian Metro bagi tempoh 18 – 31 Mac 2020. Secara keseluruhan, sejumlah 17 berita berkaitan kepenggunaan disiarkan di kedua-dua akhbar tersebut ketika Perintah Kawalan Pergerakan Fasa 1 sedang berlangsung. Tema berita dengan kekerapan tertinggi berkisar tentang isu jaminan daripada kerajaan kepada rakyat sebagai pengguna bahawa barang keperluan asas adalah mencukupi dan tema ini telah disiarkan sebanyak 5 kali di sepanjang tempoh 2 minggu tersebut. Tema-tema yang mempunyai kekerapan sebanyak 2 kali setiap satu ialah kenaikan mendadak dari segi permintaan barangan asas, peningkatan kes penipuan pembelian barangan, Internet dianggap sebagai keperluan asas ketika PKP serta kebimbangan orang ramai akan kemungkinan berlakunya kekurangan barang keperluan. Selain itu, tema seperti penumpuan terhadap aliran produk kritikal, penyediaan stok awal, kawalan harga dari kerajaan serta kemudahan yang disediakan oleh kerajaan kepada pemis perniagaan telah disiarkan dengan kekerapan 1 kali sepangjang 2 minggi Fasa 1 PKP di antara 18-31 Mac 2020.

Jadual 6: Kekerapan Dan Peratusan (Kepenggunaan)

TEMA	KEKERAPAN	PERATUS
Barang keperluan asas dijamin mencukupi oleh kerajaan	5	29%

Peningkatan permintaan stok barang asas dan keperluan secara mendadak	2	12 %
Peningkatan kes penipuan dicatatkan semasa PKP terutama dalam urusan jual beli facemask	2	12%
Internet merupakan keperluan asas juga ketika PKP	2	12%
Orang ramai risau akan ketidakcukupan barang keperluan dan panik	2	12%
Aliran produk kritikal seperti makanan, pertanian, perikanan menjadi tumpuan	1	6%
Penyediaan stok dibuat persediaan awal	1	6%
Kerajaan memberikan kemudahan kepada premis perniagaan	1	6%
Kerajaan mengawal harga barang dengan baik	1	6%
	17	100%

4. Kesimpulan

Dalam ketidaktentuan ekonomi yang berlaku ketika mulanya Pandemik COVID-19 melanda Malaysia, sewajarnya isu mengenai kesihatan dan ekonomi menghiasi dada-dada akhbar utama. Kajian ini telah mendapati, untuk berita yang bertemakan ekonomi, hanya 31 artikel yang disiarkan di akhbar Berita Harian dan Harian Metro manakala 17 artikel bertemakan kepenggunaan disiarkan di akhbar-akhbar berikut. Tema-tema utama untuk kedua-dua isu tersebut berkisar mengenai tanggungjawab kerajaan dalam mempastikan bekalan barangan asas mencukupi. Selain itu tema-tema utama yang berkisar mengenai peranan kerajaan dalam meransang ekonomi dengan memperkenalkan bantuan-bantuan umum dan khas untuk rakyat serta penerangan mengenai prosedur sektor ekonomi untuk beroperasi juga menjadi keutamaan untuk disiarkan di akbar-akhbar utama Bahasa Malaysia. Secara kesimpulan, nada yang ingin disampaikan oleh kedua-dua akhbar ini adalah bersifat positif yang memperlihatkan usaha kerajaan dalam memberi penerangan kepada rakyat mengenai perubahan norma kehidupan disamping memperkenalkan bantuan-bantuan yang akan diberikan oleh kerajaan disebabkan berlakunya Pandemik COVID-19 ini.

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The Effects of Perceived Severity 0f Violation and Perceived Corporate Social Responsibility on Boycott Towards Halal Products

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1. Introduction

The halal industry that includes banking & finance, takaful, transportation, tourism as well as food becomes the global growing business sectors. Halal food industry is becoming very important sector since the Muslim religion is also progressing (Khalek and Ismail, 2015). The growth of halal food products consumption among Muslim around the world has necessitated many companies to apply halal certification. According to Abdur Razzaque and Nosheen Chaudhry (2013) the value of global halal food was at USD436.8 billion in 2016 and it was estimated that the halal food industry would grow by 6.1 percent in the near future. Basically, food is considered halal when it is free from any prohibited elements and must be accordance to Shariah law right from the farm until it is served on the table (Soon, Chandia and Regenstein, 2017).

The halal food certification involves the food inspection process conducted by an authorized body that complies with the Shariah guideline that covers all aspects e.g. slaughtering, preparation, processing, handling and distribution (Sahilah, Laila, Aravindran, Aminah and Mohd, 2016). The authorized body that handles all aspects of inspection process becomes one of initiatives by many countries to warrant the quality of halal certification and accreditation (Omar et al., 2017). There were few cases in Malaysia where halal certification was temporary removed because the production company failed to comply with halal guidelines set by the halal authorized body. The halal certification violation had created a negative impact on the company's image and reputation, consequently caused many Muslim consumers to boycott and avoid the products.

2. Methodology

The research's reflective constructs were measured by using 5-point Likert scales where the measurement items were adapted from previous studies of Omar et al. (2017); Bansal and Zahedi (2015); Lichtenstein et al. (2004); Abosag and Farah (2014) and Rose et al. (2009). The purposive sampling method was applied where a total of 400 questionnaire were distributed to respondents who were aware and had experienced with halal product violation incidents. However, only 334 questionnaires were valid for further analysis contributing to around 83 percent of response rate. The valid questionnaires were analyzed by applying the structural equation modelling techniques; partial least squares (PLS) to test the hypotheses.

3. Results and discussion

The measurement model assessment had resulted to maintain all measurements items except one item of perceived severity and two items of perceived CSR that were lower than 0.708. The composite reliability (CR) exceeded the cut-off value of 0.7, and the average variance extracted (AVE) met the minimum level of 0.50. The evaluation of discriminant validity confirmed the items fulfilled the criterion of Fornell-Larcker, cross-loading, and HTMT. The hypothesis testing showed the three paths were statistically significant at the 0.05 and 0.001 levels. Hypotheses H1 and H2 were supported where the path coefficient of perceived severity of the halal violation on consumer boycott was equal to 0.395, $t = 8.896$, $p < .000$ and perceived CSR showed a significant negative effect on consumer boycott at $\beta = -0.188$, $t = 3.163$, $p < 0.001$. The hypotheses H3 was also supported showing the moderating effects of CSR on perceived severity and the consumer boycott at $\beta = -0.219$, $t = 3.480$, p-value < 0.000.

The results reflect that Muslim customers are more aware and sensitive in consuming halal products or services that meet the Shariah requirements (Battour and Ismail, 2016). A company's involvement in CSR activities will create a perception among consumers that the organization is fair and responsible, leading towards trust among customers (Bustamante, 2018), positive shareholder values (Hogarth et al., 2018) and the organizational performance (Wang et al., 2015).

4. Conclusion

Generally, the research offers the empirical findings where perceived severity and perceived CSR contribute to consumer boycott during halal violation. Specifically, perceived CSR contributes negatively to consumer boycott and significantly moderates the relationship of perceived severity and consumer boycott. Managerially, the findings contribute towards service recovery management in the context of halal industry.

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Identifying Growth Constraints in Halal Cosmetics Ecosystem and Adapting to New Norms

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Abstract

To improve the incomes of a population and attain sustainable development, a nation's primary goal must focus on continuous and inclusive economic development. Such optimal conditions will create economic security with greater and better employment opportunities for her citizens. This study seeks to look at the *halal* cosmetics sector, which is fast expanding globally, with special focus on the situation in Malaysia. Subsequently, it is crucial to diagnose the factors affecting the growth of *halal* cosmetics SMEs operating in the *halal* cosmetics ecosystem. A cybernetics and systems-based approach will be developed to understand the dynamic nature of growth variables and their relationships will be mapped based on data gathered from various groups of stakeholders in Malaysia. The research method chosen is qualitative due to the multi-faceted nature of the *halal* cosmetics industry. The cybernetics analysis had identified the most binding constraint variable within the *halal* cosmetics industry. This will enable policy makers and SMEs to take intervention initiatives and thereby ensure the growth of *halal* cosmetics industry and increase inclusive growth in this industry. It has also paved the way for the stakeholders to predict behavioural changes of the affected variables should any of the related growth constraint variable alter. Advent of COVID19 pandemic has impacted the cosmetics industry as a whole and use of augmented reality coupled with the rise of skin care gadgets has ensured survival of this industry.

Keywords: Growth constraints; Halal cosmetics; Cybernetics analysis; SMEs; Pandemic

1. Introduction

In order to create economic security with greater and better employment prospects for its citizens, a nation must attain sustainable development through perpetual and inclusive economic development that has both rapid and positive impact on the livelihood of its population. This aspiration was the second main thrust in the Eleventh Malaysia Plan. The main crux of inclusive development is on the improvements of societal well-being including "the capacity of economic, political and social systems to provide the environments for a sustainable societal well-being on a long-term basis" (Rauniyar and Kanbur, 2010).

Growth diagnostics approach developed by Hausmann, R. et. al. (2005) suggests an analytical framework, to identify the most binding growth constraints, and assumes that elimination of the identified binding constraints will allow economic growth to accelerate. These binding constraints are related to production function such as physical and human capital, governance, institutions, infrastructure, and geography. It will allow policymakers to design and adopt policy designs that address the most binding constraint whilst respecting pertinent factors in their country's economic, political and social context (Hausmann et.al., 2005). Consequently, growth diagnostics methodology is a practical strategy that consists of identifying the most serious constraint(s) that has the greatest negative impact though not all constraints bind equally (Rodrik, D., 2010). However, this methodology does not consider the dynamic nature of growth constraints of interactive systems which in this case is between the consumers, business and the governance systems.

Cybernetics and Systems Science regard systems as a complex, multi-dimensional networks of information systems that can be unified as they are governed by underlying laws and principles. Cybernetics is the science of communication and control in complex, dynamic systems where the core objects of study are information, communication, feedback, and adaptation (Schwaninger, M., and Scheef, C., 2016). While systems theory focused more on the structure of systems and their models, cybernetics concentrate on how systems function, how they control their actions, and how they communicate with other systems or with their own components (Principia Cybernetica Web). A study conducted by Khairul Akmaliah et.al. (2015) explained that cybernetics and systems approach coupled with growth diagnostics framework will enable identification and mapping of growth constraints variables relationships resulting in an analysis which addresses the dynamic nature of growth in an ecosystem.

Halal is a global industry which is substantial and represents a vibrant opportunity for the worldwide economy and Malaysia. The fast growing affluent and tech savvy Muslims, making up 26% of the global population in 2020 and forecasted to reach 2.2 billion in 2030 (GIER 2019/2020), are the drivers of the *halal* economy as they are keen to embrace the consumer market whilst

leading a faith based lifestyle (Özlem Sandikci, 2011). The same report noted that Muslim spend on cosmetics is estimated at

USD64 billion in 2018 and predicted to reach USD95 billion by 2024. Even with the onset of Covid-19 pandemic which saw the world economy paralysed, the long-term growth of this sector is still expected to expand albeit slower than previously forecast (McKinsey, 5 May 2020).

GlobalData report indicated that Malaysia's cosmetics and toiletries industry, is set to grow from USD1.6 billion in 2018 to USD 2.1 billion by 2023, driven by strong domestic demand and private consumption and to grow at a compound annual growth rate (CAGR) of 4.2%; with the colour cosmetics category forecasted to grow the fastest at 4.71% CAGR between 2018 – 2023. Shivangi Gupta, Consumer Analyst at GlobalData, concludes, "As discerning consumers in Malaysia are growing more conscious of the harmful effects of chemicals used in cosmetics and toiletries, the demand for products with 'natural' claims are set to rise in the future".

A leader in *halal* economy, Malaysia had targeted *halal* cosmetics industry as a gateway for wealth creation and sustainability. Malaysian SMEs makes up 98.5% of the country's business establishments, contributed 38.3% towards its gross domestic product (GDP), and accounted for 66.2% of its employment. Malaysia's Ministry of Entrepreneur Development and Cooperatives (MEDAC) made efforts to simplify the bureaucratic processes for SMEs development under its National Entrepreneurship Policy 2030 (The Edge Markets, 2020; The Star, 2019). MEDAC hopes that by establishing a holistic and conducive entrepreneurial ecosystem it will support the country's inclusive, balanced and sustainable entrepreneurship development agenda.

The cosmetics industry is highly competitive but international attitudes, strict ethical governance and lack of harmonised *halal* regulation worldwide has curtailed global expansion of local *halal* cosmetics SMEs. The resulting lockdowns imposed by Covid19 pandemic caused a major disruption to the global supply chain of raw materials further hampered their efforts. SMEs are also struggling to keep up with the rapid development of technology required for communications, transactions and marketing which has been made mandatory due to onset of Covid-19 pandemic. Another plague *halal* cosmetics producers face is the flooding of fake and illegal cosmetics (The Malaysian Reserve, 2018; New Straits Times, 2018).

To Muslims, *halal* and *haram* are vital issues, as it affects individuals and societal well-being and covers everything and all stages from raw material sourcing to the distribution of end products, up to delivery to consumers (Man & Sazili, 2010). Halal cosmetics refer to beauty products that have been manufactured, produced and is composed of ingredients that are permissible under Islam. Alas, majority of Muslim beauty consumers are unmindful that numerous cosmetics contain *haram* ingredients that is impermissible (Abdul Aziz et.al., 2014). Thus, *halal* cosmetics SMEs face continuous uphill battle to expand.

Non-Muslims worldwide are increasingly receptive to *halal* cosmetics as they are produced in virtuous consumerism fashion and conducted in an ethical business environment (Elasrag, 2016; Alam & Sayuti, 2011). Dazinger (2019), stated that beauty buyers are drawn to cosmetics that are natural, clean and sustainable, which fits the definition of *toyyiban*. Aoun and Tournois (2015), reported that *halal* companies undertake social responsibility towards the environment, community and economy, through symbiotic relations for sustainability, as they fight against animal cruelty, environmental degradation and promotes green marketing.

Clearly *halal* beauty industry has significant potential to grow exponentially even during post-Covid-19 pandemic. Malaysia has all the necessary infrastructure to support its *halal* economy and has proven this by its booming *halal* food sector. Whether it has the necessary infrastructure to support its *halal* cosmetics sector remains to be proven.

This study would provide information to Malaysia's policy makers and agencies on how to create a more conducive and comprehensive *halal* cosmetics ecosystem, and provide a robust ecosystem to support and safeguard local *halal* cosmetics SMEs, repeat its success in the *halal* food sector and ultimately attain inclusive development for the betterment of her citizens. While local *halal* cosmetics SMEs can address the growth constraint factors to enable them to remain viable and expand.

A cybernetics and systems-based approach is developed to understand the dynamic nature of growth constraints variables, and their relationships mapped to identify which growth constraint variables are proving to be the greatest obstacle. The relationships will be mapped based on data gathered from bibliography and published sources as well as through interviews with various groups of stakeholders in Malaysia. This comprehensive method is used as it addresses the dynamic nature of growth and aid in unearthing the root cause of growth constraints.

2. Literature review

To improve the incomes for the population of any nation and realise sustainable development, there must be continuous and inclusive economic growth as outlined under the Sustainable Development Goals, set by the United Nations General Assembly and targeted to be attainable by 2030 (UN Resolution 70/1). It is believed that attainment of Goal 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and Goal 9 (build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation) will create greater economic security with expansive and better employment opportunities for citizens of developing nations (United Nations website).

These features can be found in the *halal* cosmetics industry but only if *halal* cosmetics SMEs play an active role, both domestically and internationally, with the government authorities providing a conducive *halal* cosmetics ecosystem.

2.1. Inclusive development

Economic growth is necessary, but on its own is insufficient to improve the welfare of a population. A development approach that encompasses an agenda beyond growth and income is needed to ensure that the benefits of growth are shared equitably across all parts of society. Policy makers currently advocate that to improve living standards in a developing world and achieve positive societal transformation, that nation must provide a robust ecosystem and subscribe to inclusive growth. However, an increase in GDP may not bring equal benefit to all citizens resulting in greater economic inequalities to the poor (Abbott et al 2016). In 2010, Rauniyar and Kanbur defined inclusive development to mean improvements to societal well-being on a sustainable long-term basis through increased capacity of the economic, political and social systems. Inclusive development thereby focuses on efficiency in distribution of social and material benefits across various social communities and addresses the structural factors that impacts marginalised vulnerable citizens.

2.2. Growth diagnostics, cybernetics and systems approach

Growth diagnostics approach developed by Hausmann, Rodrik and Velasco (2004) suggests an analytical framework to identify the most binding constraints that hinder economic expansion. The hypothesis assumes that elimination of the detected binding constraints will allow growth to accelerate. These binding constraints are related to production function such as physical and human capital, governance, institutions, infrastructure, and geography. It will allow policymakers to design and adopt policy designs, be it orthodox and/or heterodox, which tackle the most binding constraint whilst respecting pertinent factors in their country's economic, political and social context (Hausmann *et.al*., 2005). Consequently, growth diagnostics methodology is a practical strategy that consists of identifying the most serious constraint(s) that has the most negative impact though not all constraints bind equally (Rodrik 2010). However, this methodology does not consider the dynamic nature of growth constraints of interactive systems which in this case is between the consumers, business and the governance systems.

Cybernetics and Systems Science regard systems as complex, multi-dimensional networks of information systems, which though different, can be unified as they are governed by underlying laws and principles. While systems theory focused more on the structure of systems and their models, cybernetics concentrate on how systems function, how they control their actions, and how they communicate with other systems or with their own components (Schwaninger M., 2016; Principia Cybernetica Web). A study conducted by Khairul Akmaliah et.al. (2015) explained that cybernetics and systems approach coupled with growth diagnostics framework will enable identification and mapping of growth constraints variables relationships resulting in an analysis which addresses the dynamic nature of growth in an ecosystem. In this study, the system-in-focus, *halal* cosmetics industry ecosystem, will be examined from a human activity system. This will enable a cybernetics analysis to be conducted in identifying the growth drivers and constraints variables in the *halal* cosmetics ecosystem as well as the relationships between them with special emphasis on *halal* color cosmetics.

2.3. Halal cosmetics market

Rising demand for *halal* cosmetics among affluent Muslim millennials is mirrored by the largest expansion in over a decade, for global cosmetics sales, with Muslim spend on cosmetics projected to grow by 6.8% per annum to reach USD95 billion by 2024. Even with the onset of Covid-19 pandemic, which incapacitated the world economy, the long-term growth of this sector is still expected to expand albeit slower than previously anticipated (McKinsey 5 May 2020). According to Juliet Shor's hugely popular "Lipstick Effect" consumers indulge in little luxuries to look attractive as a morale booster during economic downturn (Hill *et al*., 2011); inferring that even if the world economy spirals downward the beauty business is likely to float.

Table 1. Top 10 Halal cosmetics consumer markets

Position	Country	Halal Cosmetics Spending, USD	Position	Country	Halal Cosmetics Spending, USD
1	India	5.4 billion	6	Bangladesh	2.9 billion
2	Indonesia	3.9 billion	7	Iraq	2.2 billion
3	Russia	3.6 billion	8	Kazakhstan	2.1 billion
4	Turkey	3.4 billion	9	France	1.8 billion
5	Malaysia	3.1 billion	10	Iran	1.8 billion

Source: Figures from GIER 2018/19

Table 1. revealed that the top three countries with the highest *halal* cosmetics spending are India, Indonesia and Russia, and France as top ninth are of Muslim minority countries. A situation that augurs well for *halal* cosmetics companies and investors.

Doreen Bloch, CEO of Poshly, a beauty data company, reiterated that people are still buying cosmetics and skin care however spending has shifted to different beauty categories as the pandemic has pushed other things to the front of consumers' minds and faces (Wischhover, C. 2020). Large cosmetics producers such as L'Oréal and Sephora have leveraged on virtual reality (VR) and augmented reality (AR) that allows buyers to try out entire combinations of different products without being

physically present on site before they purchase online. Olay and Clinique encourage users to use apps that permits individualized hair and skin analysis hence facilitate personalized product recommendations. Other brands offer real-time assistance as users try on different products via AR app, to suggest the right combination of products and how to apply make-up products.

2.3.1.Halal cosmetics and beauty consumers

The revitalization of Islam and religious principles in emerging countries, with young educated and affluent Muslims, have given rise to a generation of Muslim consumers who want to lead a balanced faith-based existence and yet eager to join the global consumer culture (Özlem Sandikci, 2011). The same report noted that Muslim spend on cosmetics is estimated at USD64 billion in 2018 and predicted to reach USD95 billion by 2024. Even with the onset of Covid-19 pandemic which saw the world economy paralysed, the long-term growth of this sector is still expected to expand albeit slower than previously forecast (Gerstell, E. et. al., 2020).

According to AlQaraḍāwī (2001), the term *halal* means "permissible for consumption to be used by Muslims, whereas *haram* is anything that is unlawful or forbidden"; whilst Surah Al Baqarah 2:168 outlines that *halal* is for all mankind. Halal encompasses every stage of the delivery up till end consumers, including raw materials sourcing, logistics, production, marketing including financial transactions (Che Man & Sazili, 2010).

Cosmetics is defined as "any substance or preparation intended to be placed in contact with various external parts of the human body or with teeth and the mucous membranes of the oral cavity, with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance and/or correcting body odours and/or protecting them or keeping them in good condition" (National Pharmaceutical Research Agency website). Halal cosmetics refer to beauty products that have been manufactured, produced and consists of ingredients that complies to Shariah law and with reference to *halal* standards. Study by Sutono (2015) highlighted that *halal* must be accompanied with *toyyiban* and free from alcohol, *najs*, contamination and any genetically modified organisms (GMO). According to Sugibayashi, K. (2019) "*halal* cosmetics transcends beyond religion because they require rigorous scientific investigation to come up with a product that is safe, effective, pure, and sensitive to the holistic needs of the Muslim community".

Shiffman (2007) defined consumer purchase behaviour as "the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs". Gogoi (2013) propounded that during the buying process consumers are influenced by external as well as internal motivations that may change purchase intention and in so doing affect behaviour.

Wilson and Liu (2011), argued that perceived importance of *halal* is built into the Muslim consciousness as *halal* is preordained and dictates the moral conduct of Muslim. They posited that *halal* certification communicates to and reassure consumers that the products are made using Shariah compliant ingredients, processing, marketing using ethical business transactions. Muslim consumers are highly receptive to beauty and skin care products as Muslim modesty has been redefined due to influence by social media and e-influencers, who leverage on global digitisation and IR4.0 technology advancements (Wilson *et. al*., 2013). Recent consumer behaviour studies affirmed that *halal* beauty consumers will prioritise the product features especially quality, *halal* certification, brand name and visibility, social influence, pricing, packaging, celebrity endorsement (Alhedhaif *et al*., 2016; Kamaljeet, K. et.al., 2018; Putri, T.U. and Abdinagoro, S.B., 2018; Qaisar Ali, 2019).

Meanwhile, non-Muslims worldwide are increasingly interested in *halal* brand, as they are aware that *halal* cosmetics are produced, using eco and animal-friendly processes, in an ethical commercial environment (Elasrag, 2016; Alam & Sayuti, 2011). An article written by Dazinger (2019) stated that beauty buyers are drawn to new brands and cosmetics that are natural, clean and sustainable, these features correspond to the definition of *toyyiban*.

2.3.2.Halal Cosmetics SMEs in Malaysia

Small and medium-sized enterprises (SMEs) in the manufacturing sector are defined as small and medium independent firms that are non-subsidiary, which sales turnover not exceeding RM50 million OR whose fulltime personnel numbers is below 200 (www.smecorp.gov.my). The SMEs GDP contribution to Malaysia's GDP in 2018 increased to 38.3% compared to 37.8% in 2017 (Department of Statistics Malaysia). SMEs in Malaysia constitute 98.5% of Malaysia's business establishments and account for 66.2% of employment (SME Corp, 2020; The Star, 2019).

In Muslim majority Malaysia, global cosmetics brands such as L'Oréal, Revlon, Maybelline, Estee Lauder and Shiseido dominate *halal* cosmetic market, while SMEs command a smaller market share (The Borneo Post, 2019). Recognising this, the Minister of Entrepreneur Development and Cooperatives then, Mohd Redzuan said, "The government will continue to bolster the contribution of SMEs through the National Entrepreneurship Policy 2030 by enhancing the capacity and participation of young entrepreneurs and SMEs in the national and global economy" (The Malaysian Reserve, 2019). To penetrate this captive cosmetics market, Malaysia has pledged to increase efforts in facilitating business procedures for SMEs especially with regards to NPRA notification of registration, *halal* certification and exporting processes whilst concurrently educating the masses and stakeholders on benefits of *halal* cosmetics (The Edge, 2020). It intends to do this via leveraging and operationalising on its robust *halal* ecosystem which would have a sizable impact in increasing wealth creation of stakeholders within this business sector and encourage comprehensive inclusive development.

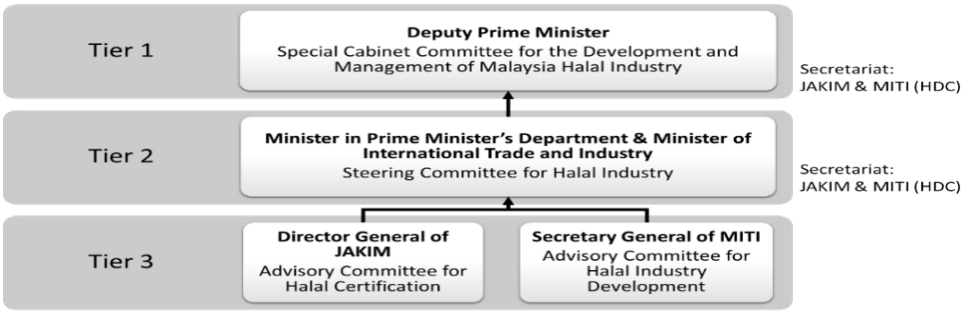
Just as regulatory bodies continue to monitor and increase enforcement to combat the flooding of fake and illegal cosmetics, consumers must also be more responsible and accountable when purchasing *halal* cosmetics (The Malaysian Reserve, 2018; New Straits Times, 2018), while SMEs must strategies and deliberate on pertinent internal and external issues that affect consumer purchase behaviour of *halal* cosmetics and explore new markets. (Allied Market Research, 2017)

Halal manufacturing stresses on sustainable production that should have minimal impact on the Earth's natural resources. In 2015, Aoun and Tournois stated that companies who are *halal* certified are ethically managed, oppose animal cruelty, environmental degradation and advocate green marketing. This includes conducting ethical business and manufacturing practices that supports smart alliances and sustainability.

Entry to the international *halal* cosmetics market are challenging as producers face issues concerning formulation of cosmetics and skincare ingredients, presence of diverse *halal* certification standards and lack of a consistent certification framework employed by different countries.

2.4. Regulatory and support mechanism

The Malaysian government had instituted substantial measures including the governance structure of Malaysia's *halal* industry and its ecosystem (Fig. 1) and given prominence in all its three Malaysia Plans (RMK9, 10 and 11).



Source: Adapted from HDC

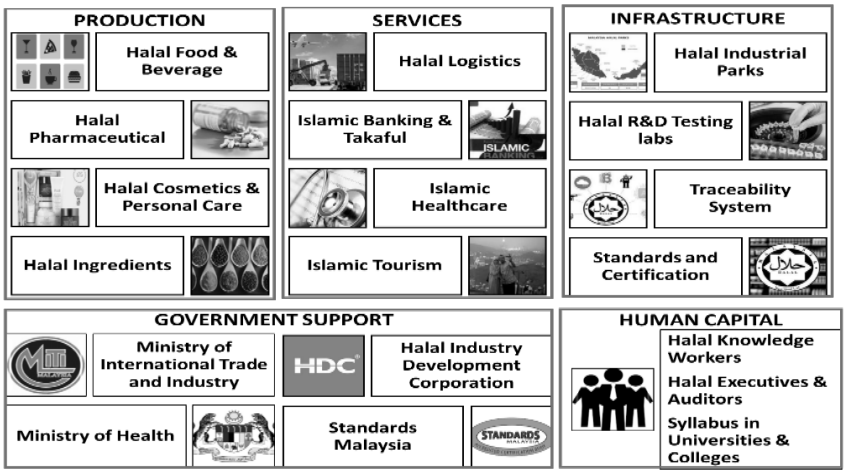
Figure 1. Governance structure of Malaysia's Halal industry

Malaysia's global *halal* ecosystem is progressive and dynamic, as it incorporates standards, regulations, infrastructure, logistics and human capital capacity development in its thriving *halal* industry and Islamic Finance sector. This resilient *halal* ecosystem is supported by various government agencies, government linked agencies and private enterprises that ensures the sustainability and expansion of *halal* industry (Table 2).

Table 2: List of agencies involved in cosmetics Halal governance

Agencies	Responsibility
Malaysian Islamic Development Department (JAKIM)	Manages issues regarding halal certification, administration and Shari'ah including monitoring and enforcing halal certification integrity both locally and globally
Standards Malaysia	Establishes halal standards and acts as the national accreditation body
Halal Industry Development Corporation (HDC)	To position Malaysia as a global halal hub as well as to accelerate the development of the halal industry worldwide in particular on the development of halal standards and capacity building for halal products and services.
Malaysia Halal Council (MHC) which also includes the Ministries of Health; Agriculture and Agro-based Industry; Domestic Trade and Consumers Affairs; and Education	It role is to consolidate, reconcile, and resolve issues of JAKIM, Standards Malaysia and HDC to develop halal in a more integrated and holistic manner.
SME Corporation Malaysia (SME Corp)	Is the central coordinating agency (CCA) under the Ministry of Entrepreneur Development and Cooperatives (MEDAC) that coordinates the implementation of development programmes for small and medium enterprises (SMEs) across all related Ministries and agencies including acts as the central point of reference for research and data dissemination on SMEs and entrepreneurs, as well as provides business advisory services for SMEs
Centre for Cosmetics, National Pharmaceutical Regulatory Agency (NPRA)	To safeguard the nation's health by determining quality, efficacy and safety of cosmetic products through continuous monitoring and dissemination of information.
Ministry of Domestic Trade and Consumers Affairs (MDTCC)	Conducts enforcement and monitoring programme to protect Halal integrity Halal logo and consumer's interest.
Ministry of International Trade and Industry (MITI)	Formulates strategies and provides incentives to encourage trade and investment in Halal products and services at the domestic level and promote Halal Standards as a benchmark tool at the international level
Malaysia External Trade Development Corporation (MATRADE)	To provide an avenue for businesses to develop and expand their exports of halal products overseas. Organises trade events such the Malaysian International Halal Showcase (MIHAS) annually which is considered the world's largest halal trade fair
Cosmetic, Toiletry and Fragrance Association (CTFA)	Works to promote trust and confidence in the personal care industry and to ensure that regulations are competitive and internationally harmonized
Malaysian Industrial Development Authority (MIDA)	Promotes investments in the manufacturing and services sector as well as coordination of industrial development in Malaysia
Malaysia Productivity Corporation (MPC)	Identifies potentials in halal industry as well provides training and consultancy to SMEs and industries to meet halal standards and requirements

In 2014, JAKIM leveraged the dawn of IR 4.0 with the introduction of Malaysia Halal Certification System (MyeHalal), a comprehensive centralised database system that integrate online registration and management system; published in 2017, a *halal* e-book that seeks to harmonise *halal* standards (New Straits Times, 2017); and introduced Malaysia International Halal Authorities and Bodies System (MyIHAB) in 2018. Figure 2 depict the current comprehensive *halal* ecosystem practised in Malaysia.



Source: Adapted from HDC

Figure 2. Malaysia's Halal industry ecosystem

3. Research methodology and findings

The methodology of this study will utilize that outlined by a previous study conducted by Khairul Akmaliah *et al.* (2015) on the study of inclusive growth of a district in Malaysia, though this research will ascertain growth constraints variables that have led to the success, stagnation/failure of selected Malaysian *halal* cosmetics SMEs as well as unearthing roles of government agencies in providing standards, talent enhancement, monitoring, financial and advisory support, to facilitate growth of this substantial emerging *halal* sector. The study will firstly seek to identify the growth constraints variables that affect growth of the *halal* cosmetics SMEs within the *halal* cosmetics industry ecosystem, and understand the relationship between them, so that appropriate policies can be executed to accomplish the objective of inclusive growth.

The objective of the growth analysis is to identify and understand the growth constraints that affect the growth of *halal* cosmetics SMEs in Malaysia which is recognised globally to have an all-inclusive *halal* ecosystem. The study uses a qualitative approach in which the growth constraints variables eventually emerge from the findings. Data are gathered from multiple sources including from published sources (which comprise secondary data from bibliographic and printed media), and through interviews (primary data) of officials from government and government linked agencies. Qualitative data on *halal* cosmetics consumers and *halal* cosmetics SMEs were derived by using information gleaned from bibliographic journals, public domains such as newspaper articles and company websites (derived mainly from textual data available on the internet). Additional data from *halal* cosmetics consumers were obtained through interviews whereby participants interviewed were chosen through convenience sampling. Meanwhile, data on government agencies were gathered from the respective institutions' website, newspaper databases and internet search via Google search engine, as well as from interviews with the executives of JAKIM *halal* unit, Halal Development Corporation (HDC), National Pharmaceutical Research Agency (NPRA) and other relevant departments, who are directly involved in the policy formulation, *halal* certification and implementation of *halal* regulations in its respective ecosystems.

In order to gain insights from the two groups of stakeholders, cosmetics consumers and government agencies within the *halal* cosmetics ecosystem, a total of 15 participants were asked semi-structured and open-ended questions during the in-depth interviews. All interviews were recorded and transcribed immediately after the interview sessions (Table 3). Morse (1994) suggested that data saturation is achieved after six interviews.

Table 3. Respondents of the study, objective, and reasons for selection and interview outcomes of the study

Respondent Group	Cosmetics Consumers	Supporting Agencies (JAKIM, NPRA, HDC)
Choice of respondents	10 individuals who use make-up	Executive from three government (JAKIM, NPRA) and government linked agencies (HDC) who assists SMEs in the cosmetics industry
Objectives	i. To identify criteria used when selecting cosmetics ii. To affirm their opinion about halal cosmetics	i. To ascertain assistance given to SMEs in cosmetics and *halal* cosmetics industry ii. To identify problems faced when dealing with *halal* cosmetics SMEs growth and expansion (local and international) iii. To distinguish their aspirations for the *halal* cosmetics industry in Malaysia
Reasons for selection	i. Potential groups that benefits from growth of *halal* cosmetics industry	i. Potential government agencies that facilitate Malaysia *halal* cosmetics SMEs growth and sustainability
Selection criteria	i. Identify and select 10 individuals who uses make-up based on convenient sampling techniques	i. Identify agencies that support *halal* cosmetics industry ii. Choose potential representative from top managerial position responsible for planning, supporting and facilitating *halal* cosmetics SMEs iii. Determine representative aspirations for *halal* cosmetics industry development
Focus questioning	i. Describe what are the qualities they look for when purchasing cosmetics ii. Discuss aspirations for *halal* cosmetics industry	i. Describe agency's role in *halal* cosmetics industry ii. Discuss issues/problem faced by agencies in facilitating growth of *halal* cosmetics SMEs iii. Determine representative's aspirations for *halal* cosmetics industry development
Interview outcome	i. Gathered information on purchasing criteria cosmetics consumers look for ii. Collected views of consumers about *halal* cosmetics iii. Gathered consumers' perspectives on the future of *halal* cosmetics	i. Identified approaches to facilitating business growth of *halal* cosmetics SMEs ii. Ascertained problems that hamper facilitation process related to *halal* cosmetics SMEs iii. Gathered perspectives on the future growth of *halal* cosmetics industry in Malaysia

Five cosmetics SMEs were studied based on several criteria: SME must be locally owned, possess valid JAKIM *halal* certification, have been in the market for the past six years (ability to sustain), has internet presence and sells using various platforms (distribution), actively market their products and sells colour cosmetics domestically and internationally (Table 5).

Whilst Rothschild (1990) stated that the global economy and biological ecosystem are similar as both consists of a system in which there is interaction amongst the participants, Moore (1993) stated that "innovative businesses cannot evolve in a vacuum as they must attract resources of all sorts, drawing in capital, partners, suppliers, and customers to create cooperative networks". Later in 2001, Korhonen maintains that industrial ecology is dynamic as to implement changes to improve the economy, whilst routine economic behaviour must be redirected continuously. This ecology similarity must be acknowledged and respected by manufacturers, consumers, policy makers and media. Industrial ecosystem also stresses on aspects of sustainable development (Galateanu, 2013).

Unearthing the path each stakeholder believes the establishment should take, and understanding what the major stakeholders want, is critical if the business change leads to improvements in all systems and subsystems. Following this, the system-in-focus is defined by the human activities that occur within the *halal* cosmetics industry ecosystem that results in inclusive development. The study will adopt CATWOE Analysis, as it can be used for thought-provoking regarding business problems and solutions, through understanding stakeholders' perspective and the impact that this view will have on the course of the business change (Checkland and Scholes, 1990). This same research methodology was applied by Khairul Akmaliah *et al.* (2015). It is used to identify what the business is trying to achieve, what the problem areas are and how stakeholder perspectives affect the people involved in it.

CATWOE systems thinking tools focus on the existing *halal* cosmetics industry system or processes that take place within the industry ecosystem, and entails examining how the features of elements within the system or process interact externally and internally. Based on the CATWOE criteria the system-in-focus is defined as a transformative system for societal well-being. The system recognises the following:

1. Customers (C) are stakeholders who benefit or suffer when the system or process changes;
2. Actors (A) are the people within the organisation who perform activities and conduct the transformation;
3. Transformation (T) is the major business activity of the organisation or business system carried out within the system in question to achieve the system's goals of inclusive growth
4. Worldview (W) are beliefs and reasons that clarifies why certain activities occurs and what it should accomplish;
5. Owners (O) are system owners who control the organisation or business process and able to initiate change;
6. Environment (E) are the constraints imposed within the environment surrounding the business activity.

Cybernetics principles based on Rastogi (1979) work was also applied in the study as it is aligned to CATWOE and the concepts of control, system activity and structure. Using the concepts of control and regulatory mechanism function, human activities were better defined and detection of interrelationships between distinguished human activities were further structured.

To build the growth constraints variables framework, the study first analysed and then uncover the growth constraints variables using qualitative analysis of statistical data; gathered textual information from online search platform including bibliographic sources, newspaper and professional magazine articles and reports as well as published articles from organisations' websites (secondary data); and interview transcripts (primary data). The open coding was then conducted manually by applying

grounded theory (Strauss and Corbin, 1990) which is suitable for this study as it supports inductive approach in generating growth constraint variables from multiple sources of data. A list of growth constraints variables was then generated (Table 4).

Table 4. List of growth constraint variables in *halal* cosmetics industry and their definition in this research context

1. **Consumer awareness** – consumer is aware of the information about the product and their rights
2. **Consumer behavior** – actions of consumers and the motives of their actions
3. **Knowledge of producers** – awareness, understanding or skills obtained by producers through experience or education
4. **Knowledge and skills of employees** - awareness, understanding or skills obtained by employees through experience or education
5. **Competency and capability of SMEs** – the competence and ability of the SMEs to sustain and grow the organization
6. **Marketing** – activities and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large
7. **Social media** - use of social media platforms to connect with consumers to build SMEs brand, increase sales, and drive website traffic
8. **Advertisement** - marketing communication that employs an openly sponsored, non-personal message to promote or sell the product or related services
9. **Sales** – activities related to selling to obtain revenue
10. **Price** – the amount of money for which the cosmetics is sold
11. **Award** - prize or other mark of recognition given in honour of achievement in the cosmetics industry
12. **Blogger** - person who writes content in a weblog to share views on the product/ subject
13. **Distribution** - to spread the product throughout the marketplace through various platform so that people can buy it
14. **Production** - process of combining various material inputs and immaterial inputs (plans, know-how) in order to make cosmetics for consumption (output)
15. **Halal raw materials** - raw material obtained through halal sources and must not be harmful to human
16. **Halal certification** – an official document stating that the product and its production methods adheres to the Islamic law (Shariah Law) and requirements issued by JAKIM
17. **Cost of production** - total cost incurred by SME to produce a specific quantity of a product
18. **R&D Technology** - includes activities that SMEs undertake to innovate and introduce new products
19. **Quality of product** - the perception of the degree to which the cosmetics or service meets the customer's expectations
20. **Suppliers** - an entity that supplies goods and services to the SME
21. **National Pharmaceutical Research Agency (Cosmetics Unit)**
15. **JAKIM**
16. **HDC**
17. **SME Bank**
18. **SME Corp**
19. **MATRADE**

For roles of institutions refer to Table 2

20. **Source of funds** - retained earnings, debt capital, and equity capital
21. **Training programs conducted by agencies** – training programs offered by government and GLCs to cosmetics companies
22. **Enforcement** - process of ensuring compliance with laws, regulations, rules, standards, and social norms
23. **Trade events** - exhibition organized so that companies in the cosmetics industry can showcase and demonstrate their latest products and services, meet with industry partners and customers, study activities of rivals, and examine recent market trends and opportunities
24. **Mentor** - a person with experience in a business who supports and advises someone with less experience to help them develop in their work

Table 5. Features and activities conducted by five local *halal* cosmetics SMEs

Criteria \ Company	SIMPLYSITI For the beauty in you	NURRAYSA	SOLEK	mineral makeup Ronasutra	breena
Establishment	March 2010	January 2013	2016	2007	2014
Founder/Owner/ Producer	Iconic Founder: Datuk Sri Siti Nurhaliza Celebrity and Family Business Muslim	Nur Aini Zolkepeli Entrepreneur Muslim	Siblings Dahlia Nadirah & Luqman Hakim Juhari Family Business Muslim	Audri Zin Cosmetologist by qualification	Sabrina Tajudin, and Tawfik Nasir Beauty blogger turned entrepreneur
Halal Certfied	Yes	Yes	Yes	Mineral base Majority are halal but some certs are pending	Vegan
Product Market	Origin: Malaysia International Market: Indonesia, Brunei, Singapore, Asia Barat	Origin: Malaysia International Market: • Singapore	Origin: Malaysia International Market: • Canada – Rayan Beauty • UK – Pure Modus	Origin: Malaysia Target Market: Malaysia • Niched for consumers with problematic skin	Origin: Malaysia Market (Ship Worldwide): • Singapore; Brunei, Indonesia • France, Brazil, Mexico
Revenue Turnover	First year sales were recorded at RM21mil, followed by RM27.7 million in the second year and an estimated of RM32 million in the third. Growth rate of SimplySiti's turnover is between 20 and 30 per % per annum. Plans to list co. on Bursa Saham	RM11.7 million in 2018 RM13.2 million in 2019	N/A	N/A	N/A
Marketing Plan – Product (halal / organic/ vegan)	Organic	Wudhu' Friendly	Natural sources Vit. E and Olive Oil Wudhu friendly & Cruelty free	Mineral base with no alcohol and for problematic skin	Vegan and Cruelty free
Price	Affordable	Cheaper and affordable	Affordable	Affordable	Affordable
Place	• Website • E-Platform • Pharmacy • Shopping Mall	• Website • E-Platform • Nurraysa Business Associate (NBA) – Agent / Dropship	• Website • Social Media (Insta, FB) • Network of stockists, distributors and drop ships • Pretty Suci & Fashion Valet	• E-platform/ online retailer • Website • Social Media (Insta/ FB) • Malls	• Website; online retailer • Social media (FB and Insta) • Watsons • Shopping Malls • Agent / Dropship
Promotion	• Online (Instagram, FB), blog • Newspaper coverage • Artist testimony • Advertisement (Television) • Roadshows in malls across Malaysia • Simplysiti Warehouse sale • Theme song "It Used to Be My Secret, Now It's Yours	• Social Media (Insta, FB) • Newspaper • Television • Artist testimony • Blog • Billboard adverts	• Social media • Social media promotions • Exhibitions and local bazaars. International exhibitions in China, Brunei and Africa. • Interviews with print media to create branding and product awareness. • Advertisements on billboard • CSR by donating RM1 per sale	• Agents • Sponsorship of cosmetics for TV dramas and movies • Merdeka promotion in FB in 2018	• Website • Social Media (Insta/ FB) • Online retailer (Shopee, Zalora, Hermo)
Award	• Best Halal Product 2010 • Cosmopolitan Award 2010 – "Best Water-Proof Mascara" • Halal Journal Award 2010 – "Best Halal Product" • UDC Business Award 2011 – "Best Upcoming Cosmetic Product" • Brand Laureate – SME's Chapter Awards 2011 – "Most Promising Brand" • Halfest Award 2012 – "Halal Packaging" 2nd place • Strongest brand award 2016 – "Malaysia's Strongest Brands" • BOSS Award 2016 – "People Choice's Awards"	• Awarded Asia 100 Favourite Product 2018-2020 • SEBA Award 2017 – "Emerging Woman Entrepreneur of the Year"	Her Beauty Award: Best of Local Malaysian Beauty Brands 2019 - "Best Lip Matte"	Claimed to have won awards for its kabuki make-up brush and mineral 2-in-1 face powder	• HER BEAUTY AWARDS 2019: • Best of Local Malaysian Beauty Brands • Best makeup Sponge – Breena Beauty Blending Pearl Pink Marie Claire Beauty Awards 2019
Manufacturer	Manufactured in Korea	GIM COSMETIC INDUSTRIES SDN BHD, Malaysia	KOSMETIK ALWAN SDN BHD, Malaysia	Miliyasutra Industries Sdn Bhd, Malaysia	Manufactured in Malaysia by OEM
Points of Difference	Self-made with money and well known to fans for her beauty	Attending mentorship programmes	Mother as investor and mentor in business	Lack of funds (paid adverts is low) but educated in the field	Beauty blogger with massive network

Having obtained this list, interrelationships of the growth constraints variables were then constructed based on evidence and interpretation of the data, and in accordance to understanding of the problems in the *halal* cosmetics industry ecosystem. The framework developed will enable greater understanding of the relationships amongst the growth constraint variables as it affords a visual representation of the *halal* cosmetics industry.

To establish model authentication, the method conducted by Khairul Akmaliah *et al.* (2015) was replicated, whereby in this instance there was continuous reiteration of the data and model which was then validated against similar existing studies. Eventually a growth diagnostic framework of the *halal* cosmetics industry ecosystem was created which demonstrate the interplay between the growth constraint variables involved in the Malaysia *halal* cosmetics ecosystem (Figure 3). The relationship is shown by arrows between variables that describe either cause (affect) or associated relationships. The cause arrow means that the origin variable is the antecedent of the end variable; for example knowledge and skills of employees will affect production but it has an associated relationship with certification body (JAKIM/MAIN) as in order to obtain *halal* certification JAKIM/MAIN will want to know whether employees in the production line has knowledge about *halal* standards and practice them. In other words, the associate arrow defines a relationship between two growth constraint variables but it is not a causal one.

The most binding growth variable is the one that causes and affects the occurrence of most other growth constraints and thereby acts as a control function in the system. To illustrate, in the role of the government agency, the growth constraint variable of the Cosmetics Unit in NPRA directly affect four growth constraints (knowledge of producers, consumer awareness, *halal* certification, enforcement and advertisement) and is associated with four other growth constraint variables (HDC, certification bodies, R&D Technology), consequently this variable is found to be one of the most binding constraints in the *halal* cosmetics industry. While for the SMEs, the *halal* certification constraint variable is affected by most growth constraint variables (NPRA, certification bodies, production knowledge of producers, *halal* raw materials) and in conjunction affects other growth constraint variables (consumer behaviour, marketing, price, sales, cost of production) and associated with four growth constraint variables (training programs, source of funds, HDC, quality) within the SMEs jurisdiction.

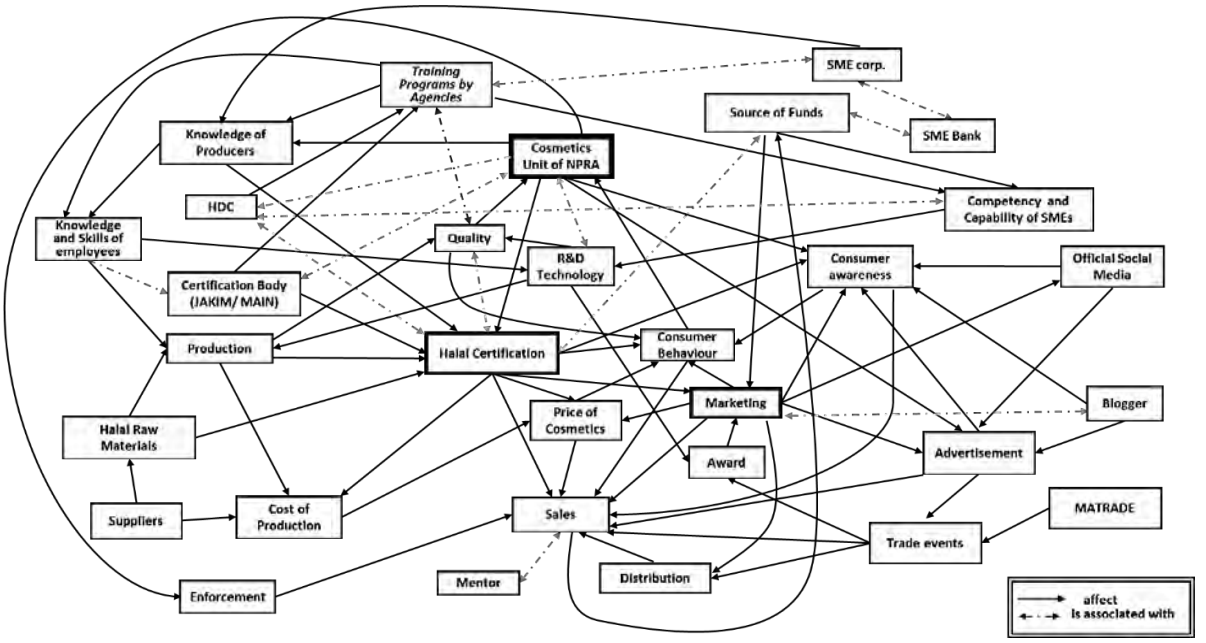


Figure 3. Halal cosmetics industry ecosystem growth constraint variables interrelations

Thus, cybernetics and systems approach coupled with growth diagnostics framework has enabled identification and mapping of growth constraints variables relationships and generated a comprehensive growth constraint variables model for *halal* cosmetics ecosystem in Malaysia. As it is modelled according to human activities, the model demonstrates the dynamic nature of growth in the *halal* cosmetics ecosystem.

The resulting network (Figure 3) shows that some of the binding constraints relationship exists in a circular structure known as feedback cycles (Rastogi, 1979) and can be related to variables in other circles (Figure 4 and 5) known as external variables. While other relationship exists in incomplete circles. Figure 4 demonstrate that circular structure of which the main growth constraint appears to originate from the Cosmetics Unit of NPRA which contribute towards knowledge of producers who then dictate the knowledge and skills that they require from their employees as this will then affect the production process which then affects status of *halal* certification of the *halal* cosmetics. Having *halal* certification allows SMEs to market it as a value proposition and result in rising sales thereby increase the SMEs revenue that can then be used to improve the capability and competency of the SMEs who can then invest in R&D technology to produce better quality products. Having new cosmetics products will see the SME submit for notification to NPRA.

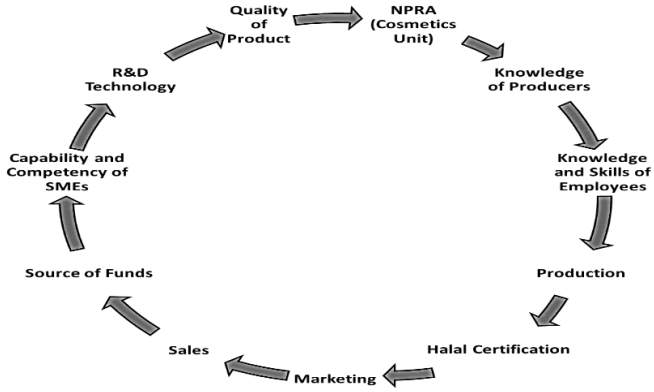


Figure 4. Effect of NPRA (Cosmetics Unit) to SMEs activities

Meanwhile, Figure 5, illustrates the interplay between 2 circular systems of which consumers affect the law enforcement activities of Cosmetics Unit of NPRA further demonstrating major role of NPRA as the biding growth constraint variable of several systems.

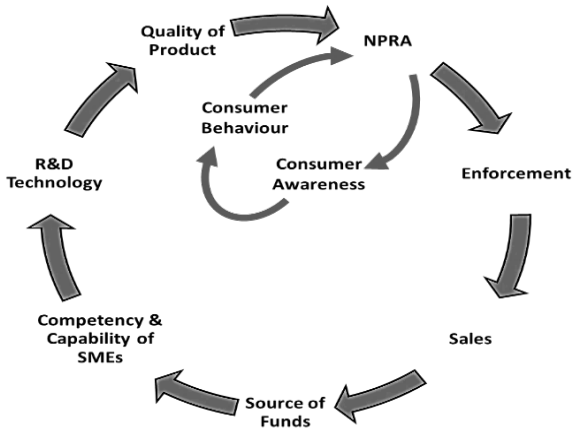


Figure 5. Interrelationship between consumers, NPRA (Cosmetics Unit) and SMEs

The smaller cycle denotes that NPRA affects consumer awareness and therefore consumer behaviour. As stated in an indicated that if there are changes to the interview with NPRA head of cosmetics unit, the unit receives 7000 new cosmetics applications monthly and thereby only able to monitor safeness of cosmetics offered by SMEs through the various media platforms (printed and online). It will only carry out its enforcement duties once there are ample number of validated complaints from consumers.

4. Analysis and discussion

A list of growth binding constraint variables and a map of their inter-relationships at a specific point in time was generated using the cybernetics analysis and researchers' inductive reasoning, grounded on exposure and knowledge about the *halal* cosmetics ecosystem. Based on the analysis, the most binding constraints were identified to enable policy makers from both the government and SMEs to plan on interventions required, eliminate growth hurdles and achieve desired growth and expansion.

The system of focus derived from the mapping of the various growth constraints indicated that changes in the system of focus will affect the overall system. For example, the role of the Cosmetics Unit in NPRA is identified as one of major growth constraint variable as it directly affects four growth constraint variables namely knowledge of producers, consumer awareness, ability to apply for *halal* certification, enforcement and advertisement. It is also associated with four other growth constraint variables: HDC, JAKIM *halal* certification body and requirement of R&D technology. Thus, the Cosmetics Unit in NPRA is identified as one of the most binding constraints in the *halal* cosmetics industry ecosystem. It is not surprising when comparing its small size to the job scope and responsibility it has been given whereby the Cosmetics Unit have to process over 7,000 applications monthly.

Through an understanding of the cybernetics growth analysis, researchers were able to do a comprehensive analysis and extract several circular structures that reveal the interconnectedness of some growth constraint variables (Fig. 4 and 5). This has also enabled researchers and policy makers to analyse the relationships and recommend actions to be taken to improve the effectiveness and efficiency of each variable thereby ultimately improve economic inclusiveness of the *halal* cosmetics industry ecosystem. As in the case of the Cosmetics Unit in NPRA, the stakeholders, in particular the policy makers, can predict the overall impact on the other growth constraints variables within the circular structure (Fig.4) if the policy makers decide to establish a National Cosmetics Research Agency. They can monitor if in fact this new establishment, may overcome previous problems and cease to affect the *halal* cosmetics ecosystem negatively. That is, the performance of the growth constraints variables in this specific circular structure can be monitored and information gathered be applied to further improve the circular system. In other words, the cybernetics analysis will enable future prediction to be made with regards to the behaviour of growth constraints and its impact on the ecosystem and growth of the system in focus. The above behaviour indicates that the growth constraint variables within the circular structures, Figures 4 and 5, will thus also alter and may cease to become a hurdle and replaced by new growth constraint variables. Impact of these new variables on the circular structure and the overall system can also then be studied.

On the flip side of cause and effect, the cybernetics analysis also revealed that possession of *halal* certification is most affected by many growth constraint variables such as NPRA, certification bodies (JAKIM and MAINS), production knowledge of producers and supply of *halal* raw materials. In conjunction, possession of *halal* certification growth constraint variable affects other growth constraint variables such as consumer behaviour, marketing, price, sales, cost of production and is associated with four growth constraint variables (training programs, source of funds, HDC, quality) within the SMEs jurisdiction. This revelation will help SMEs decision makers to strategise accordingly to their favour.

Thereby, using cybernetics analysis will empower all stakeholders and especially policy makers to continuously monitor the impact of changes on any of the growth constraint variables within the system-in-focus. They can

initiate pre-emptive actions to ensure the sustainability and expansion of *halal* cosmetics industry and result in inclusive economic development for the betterment of society.

In fact, the impact of Covid19 pandemic and restrictions on the system in focus can be further predicted, and preparations and intervention taken by *halal* cosmetics industry stakeholders, to minimise the negative effect and turn it into an opportunity. Halal cosmetics SMEs must be equally innovative as the large global brans and use AR and VR to further their agenda as technology is not as expensive as before and consumers have accepted and expect the new norms that is currently applied in the beauty industry.

5. Conclusion and implications

The application of cybernetics theory has been used in analysing the growth constraint variables of *halal* cosmetics industry whereby the list of growth constraint variables was generated, their inter-relationships were mapped, and circular structures presented to denote their interconnectedness. The cybernetics analysis had also identified the most binding constraint variable within the *halal* cosmetics industry which will enable policy makers as well as SMEs to take intervention initiatives and thereby ensure the sustainable growth of *halal* cosmetics industry and increases inclusive development in this industry. It has also paved the way for the stakeholders to predict behavioural changes of the affected variables should any of the related growth constraint variables alter.

Some of the issues that may arise for future research in the same field is that results may differs as the system-in-focus that was studied is dynamic and time related. It is also heavily dependent on the knowledge and experience of the researchers, location and time of study and accordingly may not be replicable in other location or at other times.

The growth constraint variables studied are those chosen by researchers and therefore not exhaustive. This implies that more growth constraint variables should be studied to make it more comprehensive but with this expansiveness comes other research issues and implications. However, the advantage would be that more circular systems can be exposed and be of greater assistance to policy makers.

Rapport between interviewees and researchers must be positive to ensure information obtain is reliable and trustworthy as it affects interpretation of data obtain. Thereby, both interviewees and researches must be equally vested to improve situation of the system-in-focus and collaborate to ascertain what is the most growth constraint variable so that appropriate action and recommendation can be initiated.

Though the study was conducted before and during the Covid19 pandemic crisis, a post pandemic study should be carried out to fully comprehend the ramifications of this global crisis on the cosmetics industry as a whole, and on *halal* cosmetics industry in focus as consumers adapt to the new norm.

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Islamic Banking, Accounting And Finance International Conference– The 9thiBAF 2020

Pedagogy Validation Of Simulation-Game For Jakim Halal Compliance Certification: Development Of Halal2u – Halal Simulation Game

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Key words: Halal certification, Simulation Game, Game Pedagogy, Pedagogy Validation

1. Introduction

The certification process was reported as stringent and exclusive information is only known by several experts. Hence, knowledge on halal certification and assurance are relatively inconsistent with the demand for halal product. Besides the comprehensive references and complicated processes need to be understood, Halal trainings conducted were mostly lecture-based. Hence, a group of researchers who have experience in teaching Halal procedures and certification in the university level have innovated a simulation game named as Halal2U Simulation Game. The development stage during product innovation stage required three types of validation, especially when it involves educational tool. The objective of this study is to report one of the validation processes undergone known as pedagogy validation stage which was conducted by pedagogy experts from Universiti Pendidikan Sultan Idris (UPSI). The major finding is reported with some improvements to be done on the prototype. This research found that validation process conducted has proven that Halal2U simulation game is able to perform the perceived learning objectives by the innovators.

2. Overview

Halal certification alertness among Halal certification practitioners and potential practitioners has been reported moderately low compared to the need and demand of halal products. The certification process was reported as stringent and exclusive information is only known by several experts. Hence, knowledge on halal certification and assurance are relatively inconsistent with the demand for halal product. Besides the comprehensive references and complicated processes need to be understood, Halal trainings conducted were mostly lecture-based.

This study aims to fill the gap by offering educational tool to assist understanding process and provide experiential learning and exposure to the whole ecosystem of halal certification process. A "game-based educational tool" named as Halal2U Simulation Game was innovated to provide hands-on and experiential learning platform for halal certification activities in Malaysia and could be benefited also by the global Halal certification applicants.

The development of the simulation game was divided into three; conceptualisation stage, development and pre-

commercialisation stage. This paper only discussed one of the processes done during development stage which is named as validation stage. There are 3 stages for prototype testing and validation; concept validation, pedagogy validation and user-ability test. The objective of the paper is to report only the pedagogy validation findings from the validation process.

To evaluated the pedagogy accomplishment, Halal2U Simulation Game has itemized three learning objectives (LO) to be achieved by playing the simulation game:

LO1: To provide experiential learning on Halal certification application process.
LO2: To familiarize the players with JAKIM Halal Manual Procedure.
LO3: To expose the players with e-Halal application process.

3. Pedagogy validation process

The game-based learning validation study was conducted by Pedagogy Validation Lab Experts of Universiti Pendidikan Sultan Idris (UPSI). A prototype of the game developed by research team from Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia was a project awarded under Prototype Research Grant Scheme (PRGS) of Ministry of Higher Education (PRGS). The aim of this project was to research and develop a game-based learning meant for Halal certification process based on the manual procedure issued by Jabatan Kemajuan Islam Malaysia (JAKIM). The research questions were:
The project run time was from August 2017 to January 2020. Prior to pedagogy validation stage, the game has been validated in terms of its contents by JAKIM's Halal Certification officers. In advance, a playability test has been conducted in two-stages of end-users (actual users of the simulation game). Both test groups utilised convenience sampling and consisted of 10 post graduate international students and 8 industry representatives which were conducted in two different times and places.

The pedagogy validation sample was also applied convenience sampling consisted of variety of background. The samples were chosen by UPSI Pedagogy Lab Director and they were chosen based on various races and educational backgrounds considering the final usage of the game is for Halal industry and its certification process as well as students doing Halal Management and Certification Certificates. Before playing the game in both sessions, the participants were required to sign Non Disclosure Agreement (NDA) Form to ensure confidentiality and protection of the contents and game's technical apparatus. The participants then were briefed and trained on how to operate and play the game by the researchers. Learning outcomes and objectives were provided to the Lab Director and the reseachers were around to assist the process during testing sesión as shown in the following Figure 1.

Figure 1: The trainer explained the gameplay of Halal2U simulation game in Skyplay Lab, Bangunan Teknologi Maklumat, Sultan Abdul Jalil Campus, UPSI. The game board and a tablet with e-Cards App



Source: UPSI Pedagogy Lab Report 2019

4. Results and discussion

After playing the same, the players were required to answer a number of question and indicate their experiential learning experience in each checkpoint developed in the game. The result of the mapping of learning outcomes against game checkpoints result as per reported in the following Table 1:

Table 1: 3.1 Mapping of learning outcomes against game checkpoints

Learning outcomes	Checkpoints							
	Briefing/ induction	Registration Centre	Choose product	eHalal application	On-site audit	Halal specific requirements	Post on-site audit	Halal logo & debriefing
1. To provide experiential learning on Halal certification application process.		/	/	/	/	/	/	/
2. To familiarize the players with JAKIM Halal Manual Procedure.		/	/	/	/	/	/	/
3. To expose the players with e-Halal application process.				/				

Source: UPSI Pedagogy Lab Report 2019

It is found that the prototype of Halal2U has fulfilled all the three intended learning outcomes. However, some improvements are to be made in exposing the players with e-Halal system and make it more user friendly and could be learnt though out all the checkpoints.

5. Conclusion

Halal2u Simulation Game was innovated to provide experiential learning tool to understanding Halal certification and processes. The hands-on tool will assist the training sesión to be more lively, shorthen the required time for cognitive understanding and reduce movement and mobilty of the trainees to outside places like visit to onsite Halal certified factory. It brings the process to the trainees in this Halal2U simulation game.

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Job Crafting, Perceived Organizational Support (POS) And Work Engagement In Malaysia

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1. Introduction

The recent COVID-19 outbreak is a symbol of how fragile and unpredictable our lives can be. The virus has changed our daily lives, work and even resulting in an economic slowdown, business disruption, travel obstructions, public seclusion and so on. Due to this, every organization is competing to survive in this challenging and volatile environment. No exception to Malaysia, various states have been exposed to a situation of complete lockdown which has led employers to ponder upon how they can keep their employees safe from containing the spread of the virus and continue their operations effectively during this unprecedented crisis.

Concerning to the continuity of business, working conditions have been changing. Companies around the world have switched over to online/virtual modes of working while global mobility has come to a standstill. Due to these changes, employees are more likely to feel pressure and stress at their work (Grant & Parker, 2009) especially during Movement Control Order (MCO), as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic starting on 18 March 2020. The order was commonly referred to as "lockdown" or "partial lockdown" by local and international media. During MCO, there are certain procedures and regulations need to be followed e.g. all nurseries, government and private schools, public and private universities and vocational training centres closed. It has led to the disruption of on-campus classroom activities which affected the face to face teaching and learning process. But, the Ministry of Education and Ministry of Higher Education has instructed through the circulars that the teaching and learning need to be continued.

COVID-19 has created new normal for the education sector, revolutionizing the online learning landscape, reshaping application processes and refreshing crisis management strategies. The new normal can be seen as changes in the work environment. Especially by working from home has increased attention to the concept of job crafting, i.e., an idea of employee-initiated job design/redesign. Job crafting, an employee-initiated job design/redesign, has become important for employees' well-being. However, most studies on the relationship between job crafting and employees' well-being have been conducted in western countries. Thus, it is unclear whether job crafting can be effectively applied to Asian cultures.

2. Literature review

Job crafting defined as the physical and cognitive change individuals make in the task or relational boundaries of their work (Wrzesniewski & Dutton, 2001). It involves changing work tasks, changing interpersonal relationships at work and changing cognitions about work. By using job-crafting behaviours, employees design and improve their work and social environment in the workplace by themselves (Wrzesniewski & Dutton, 2001; Tims, Bakker & Derks, 2012). Previous studies have indicated that job crafting has a relationship with various employee's outcomes (i.e., work engagement, work performance, commitment) (Rudolph et.al., 2017). Due to this significance and positive outcomes of job crafting, this study interested to investigate to gain a better understanding of the potential consequences of job crafting. It is believed that when employees actively work on their own engagement which in

turn, predictive of other ratings of performance.

3. Hypotheses

The study outline several hypotheses as below:

H1: Job Crafting is positively related to Work Engagement.
H2: POS is positively related to Work Engagement.
H3: Job Crafting is positively related to Work Engagement through POS.

4. Data collection method

A questionnaire will be included in the sample required that the respondents are among academicians in both public and private universities in Malaysia. A cross-sectional survey design will be used for this study and convenient sampling method as a mode of conducting the survey.

5. Conclusion

The proposed study would like to focus on academician's several possible relationships between self-reported job crafting with perceived organizational support (POS) and work engagement in Malaysia. Also, examining potential variables as mediator or moderator in the relationships of job crafting, work engagement and POS. These potential results will contribute to research development.

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Internet Financial Reporting Espousal: The Stimulus of Corporate Governance

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Abstract

Internet Financial Reporting is the use of corporations' websites in disseminating financial information. Numerous advantages offered by internet financial reporting as the latest and modern tools for business reporting as compared to conventional way of reporting reflects to irrefutable, increase and extensive use of internet financial reporting amongst corporations in emerging economics countries. The quality of financial reporting is influenced by the corporate governance practiced by the corporations. Strong corporate governance is said to inspire companies to have better quality of financial reporting. This study attempts to investigate the affiliation between specific corporate governance characteristics and the extent of internet financial reporting espousal by 100 top Malaysia public listed companies listed by the Minority Shareholders Watch Group (MSWG). Data is analyzed by using multiple regression. The study revealed that internet financial reporting by the corporations are significantly influenced by characteristics of corporate governance namely board meeting and board size in a positive way. However, board diversity, audit committee financial expert and board independence are found to be insignificant in inspiring practice of internet financial reporting amongst the corporations. The study provides empirical evidence on the contribution of board meeting and board size on internet financial reporting based on the perspective of Malaysian public listed companies.

Keywords: Internet Financial Reporting; corporate governance; listed corporations; Malaysia.

1. Introduction

Nowadays, the adoption of the world wide web as a medium in delivering financial information of the corporations is overwhelming. World wide web is a unique dissemination tool that can be utilized by corporations around the world as it allows corporate sectors to present their financial information in a flexible way as well as communicate with unlimited numbers of existing and potential stakeholders (Kelton and Young, 2004), thus, is said as efficient and effective communication medium. Most of the corporations today has presented their financial information online through the world wide web (Momany and Pillai, 2013). The use of corporations' websites in disseminating financial information in known as internet financial reporting. Numerous advantages offered by IFR as the latest and modern tools for business reporting as compared to conventional way of reporting, which includes innovative presentation of information, (Jones and Xiao, 2004), dynamic multimedia formats (Debreceny, Gray and

Rahman, 2002), wider and easier access to information for larger groups of users without selection (Ettredge, Richardson and Scholtz, 2001)as well as the ability of providing timeliness (Pratt, 1996) and more interactive information with unlimited space (Joseph, 1995).

Besides the significant of world wide web in assisting communication between corporations and their stakeholders, corporate governance is becoming the key factors in determining strength and weaknesses. Corporate governance plays an important role in ensuring the quality of financial reporting provided by corporations (Cohen, Wright and Krishnamoorthy, 2004). By promoting strong corporate governance, corporations are able to have more transparent financial information (Ajinkya, Bhojraj and Sengupta, 2005). This study aim to investigate the influence of corporate governance upon the practice of internet financial reporting by corporations in Malaysia.

2. Literature Review

A considerable amount of research on the extent of Internet financial reporting documented a variation of the practices among corporations around the world. There were firms with incentives to establish corporate websites, while there were also firms without corporate websites. For companies with corporate websites, variations exist in the extent of Internet financial reporting practice and disclosure.

Fekete, Tiron-Tudor and Mutiu (2009) examined the relationship between corporate governance factors, as well as company characteristics and the comprehensiveness of internet financial reporting. Their investigation focused on the context of 48 Romanian companies listed on the Bucharest Stock Exchange. The comprehensiveness of Internet financial reporting was measured based on 35 items of disclosure index. The items were grouped into a format that represented the internet financial reporting quality index and content that represented the internet financial reporting quantity index. Fekete et al. (2009) categorised internet financial reporting quality index into general website items and specific investor relations. As for quantity index, it was categorised into financial reporting aspects and corporate governance aspects. Company characteristics examined in the study were company size, international visibility, profitability, leverage and activity sector. Pertaining to corporate governance factors, the variables investigated were auditor type, CEO role duality and ownership diffusion. Findings of the univariate analysis revealed the positive significant effect of size, profitability, auditor type and directors' holdings and a negative significant effect for international visibility and CEO role duality on the internet financial reporting quality. In addition, the findings indicated a significant positive relationship between size, profitability, auditor type and CEO role duality and internet financial reporting quantity and a negative significant relationship between free float and internet financial reporting quantity. The results for full internet financial reporting index show the positive significant impact of size, profitability and auditor type on internet financial reporting comprehensiveness. However, for the multivariate analysis, slight differences appeared in the result whereby besides size and profitability, leverage was found as positively significant in influencing comprehensiveness. Corporate governance factors, however, did not appear to be significant in determining companies' internet financial reporting in terms of content and format.

Aly, Simon and Hussainey (2010) examined the potential factors affecting internet financial reporting in the context of 62 Egyptian companies listed on the Egyptian Stock Exchange. In measuring internet financial reporting, the study used 82 items of Internet disclosure index. The index consisted of 58 items of disclosure content and 24 items of presentation format and accessibility factors. The results of the OLS regression analysis conducted show that profitability, foreign listing and industry sectors through the communication and financial services sectors were positively significant in affecting both the amount and presentation formats of corporate Internet reporting of Egyptian listed companies.

Again, the internet financial reporting practised by the 88 most active companies listed on the Egyptian Stock Exchange was examined by Desoky (2009). Focus of this study is to examine the relationship of six factors, namely, company size, profitability, foreign listing, activity sectors, ownership structure and legal form towards internet financial reporting practice. In this study, internet financial reporting was operationalized according to 39 attributes,

which consisted of 26 items of content and 13 items of users support. Multiple regression showed that size, which was measured by market capitalization, profitability by ROE, ownership structure by percentage of free float and foreign listing status, were the positively significant factors. Conversely, the legal form, which was measured by joint-owned and private-owned companies was negatively significant. The activity sector was found to be insignificant, and did not appear as a determinant of IFR extent.

In addition, the impact of corporate governance attributes on internet financial reporting practice has ben investigated by Samaha, Dahawy and Abdel-Meguid (2012). Specifically, Samaha et al. (2012) focused on the influence of ownership structure and board of directors towards the propensity and comprehensiveness of internet financial reporting practice among the largest 100 Egyptian companies. Propensity of internet financial reporting practice was measured through a dummy variable of 1 for companies with accessible corporate websites and 0 otherwise. As for the comprehensiveness of reporting, it was operationalized by the checklist of 67 items of content and 20 items of presentation. Pertaining to the corporate governance attributes, ownership structure was proxied by free float, managerial ownership and government ownership, while structure of board of directors was measured by board size, board independence and CEO-chair duality. Result of the binary logistic regression indicated that companies with greater ownership dispersion, managerial ownership, governmental ownership and board independence were more likely to adopt this new method of reporting. As for the comprehensiveness, result revealed that companies with greater ownership dispersion, governmental ownership and board independence were more likely to have more comprehensive internet financial reporting.

3. Research Methodology

In conducting the research, cross-sectional study is used. Cross-sectional study is defined as a study that is conducted by gathering the data for once only, probably over a period of days, weeks or months in order to answer the research questions (Sekaran and Roger, 2016). In this study, the practice of internet financial reporting acts as the dependent variable. Non-probability sampling technique is used in selecting companies to be a representative sample of the study. Total sample for the study was 100 top Malaysian public companies listed by the Minority Shareholders Watch Group (MSWG). The companies represent several economic sectors in Malaysia, namely

In examining the extent of internet financial reporting espousal by listed companies in Malaysia, an index was used. A total of 86 items of internet financial reporting index was developed, which consists of both items of content and presentation. Data were collected by examining the extent of internet financial reporting practice for each sample company website for the presence of each of the 861 measurement items based on an unweighted index.

As for the independent variables, the corporate governance characteristics examined are board diversity, audit committee financial expert, board meeting, board size and board independence Data were analysed using multiple regression. Regression model that is used in the study is as follow:

$$IFR= c+\beta 1Bdiver+\beta 2ACexpert+\beta 3Bmeeting+\beta Bsize+\beta 5Bindependence+\alpha \quad (1)$$

Where:

c= constant
IFR = internet financial reporting
Bdiver = board diversity
ACexpert = audit committee financial expert
Bmeeting = board meeting
Bsize = board size
Bindependence = board independence
A = error

4. Findings and Discussion

Based on multiple regression analysis, findings of the study reveal that two corporate governance characteristics, namely board meeting and board size are positively and statistically significant at p=0.004 and p=0.041, respectively. This shows that higher frequency of board meeting will results to higher level of internet reporting espousal among the companies. In addition, an increase of company board size will results to higher espousal of internet financial reporting of the companies being investigated.

Other factors (board gender diversity, audit committee financial expert and board independence) were found to be not statistically significant. This means that the extent of internet financial reporting espousal is not influenced by these factors.

The value of adjusted R^2 is 0.162, thus indicates that the regression model is able to explain about 16.2 percent of the associations between the extent of internet financial reporting espousal and its corporate governance stimulus. Based on the results, the equation of the regression model is specified as follows:

$$\text{Internet Financial Reporting} = 0.761 + 0.003(\text{Bmeeting}) + 0.004(\text{Bsize}) + \varepsilon \qquad (2)$$

5. Conclusion

Results of this study is fruitful in better understanding the corporate governance stimulus factors that determine the practice of internet financial reporting espousal by the Malaysian public listed companies. As the study found that board meeting and board size have a positive significant relationship with the extent of companies' internet financial reporting espousal, the results suggest that companies with higher board size and more frequent board meeting would have better internet financial reporting practices.

However, there might be other potential stimulus exist that affect the extent of internet financial reporting espousal by the public listed companies in Malaysia, but are not included in this study. Therefore, it is valuable for future research to consider the possibility of other stimulus of internet financial reporting in Malaysia. Also, the inclusion of other stimulus factors is worthwhile to obtain a stronger predictive model of internet financial reporting espousal.

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Talent Retention Practices in Global Business Services: Insights from Institutional Logic

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Abstract

The purpose of this paper is to provide insights on talent retention practices in global business services in Malaysia. Despite of the advantages gained in terms of world-class infrastructure, tax incentives and competitive ICT prices, global business services (GBS) is still struggling with talent problems. Drawing on institutional logics' perspective, the author seeks to uncover the institutional reasons for observed talent retention practices in GBS to overcome talent problems. This study uses qualitative methodology with interpretive case study design (Ryan et al., 2002). Specifically, this study is based on two (2) GBS organizations operated in Malaysia. Data collections include interviews and focus groups. Findings suggest that the main challenge of GBS is retaining local talent. Findings illustrate how talent retention practices in the cases are influenced by Malaysian institutional orders. The cases responded differently towards particular influential institutional orders, hence indicate unalike results. This paper furthers the theoretical understanding on how local institutional orders constrain global business practices (Robertson, 1995). The paper focuses on the need for GBS to respond strategically to local institutional orders, thus gain legitimacy (Scott, 1991). It is found that the idiosyncrasy of Malaysian institutional orders, for example religion and community logics, should be recognized and understood by GBS players. By recognizing and understanding them, GBS could retain local talent and instill their global corporate logic.

Keywords: Global Business Services, institutional logics, talent retention, talent management

1. Introduction

A Global Business Services(GBS) is an internal accountable entity (Strikwerda, 2014) of multinational organization located offshore, established to provide pre-defined finance and accounting services to global business units as in internal market mechanism (Quinn et al., 2000). It has become the trend for multinational companies (MNCs) to not only reduce costs but more importantly to grasp on abundant of accounting talent dispersed all over the world. GBS functions that has been migrated to offshore locations ranging from transactional functions such as bookkeeping, general ledger accounting, account payables, to financial and management reporting (Maelah et al., 2012). Lately,

the functions transferred has improved to higher value added finance and accounting functions such as business analytic, ad-hoc reporting and internal auditing to assist the execution of strategic operations (O'Connor et al., 2015).

In term of GBS location, India, China and Malaysia are still ranked at the top three favourable offshore SS locations since 2004 (Kearney, 2018). These locations offer various advantages such as lower labour costs, good infrastructure and information and communication technology (ICT) capability as well as tax incentives (Kearney, 2018). A. T. Kearney reports that majority of Fortune 500 companies have operated finance and accounting functions through shared services (SS) organizational form to gain competitive advantage (2014). Based on SSON survey, about half (42 per cent) of SS implementers have entered mature stage which have more than 5 years of experience (Hodge and Hood, 2014). The companies include IBM, British American Tobacco, Shell, DHL and BP where they have moved all or parts of their GBS functions to in-house SS centres (SSC) located elsewhere.

Previous studies discuss finance and accounting (GBS) function in SS, but most of the studies in GBS SS are guided by organizational rational standpoint (such as transaction cost economics (TCE) (Williamson, 2000), and control (Das and Teng, 2001). The literature (such as Amiruddin et al., 2013; Kastberg, 2014; Minnaar, 2014; Minnaar and Vosselman, 2013) discuss more on management control, governance and organizational structure. A group of scholars at Loughborough University, under the umbrella of Centre for Global Sourcing and Services funded by CIMA, has produced papers in GBS SS (Herbert and Seal, 2012, 2014; Rothwell et al., 2011; Seal and Herbert, 2013). However the papers explain organizational changes from multi-divisional form to SS, and how the changes affect accountants' works and responsibilities. There is a dearth of study in GBS SS that explore on how global operations in F&S SS affecting and being affected by local institutional context (except for Cohen and El-Sawad, 2007). Cohen and El-Sawad (2007) suggest that the management of SS in two different institutional contexts (the United Kingdom and India) is contingent with the on going dialogue between these two institutional settings to mitigate different work ethics, expectations and scepticisms among them.

2. Literature review

GBS functions in organizations has been redesign (Wang and Wang, 2007) from centralization to decentralization, and outsourcing. Organizations always find new ways to align structure and strategy, to achieve competitive advantage and sustainability. There are many organizations that have implemented shared services (Kearney, 2018) to redesign their GBS functions engendered by the proliferation of information and communication technology (ICT) and the accessibility of accounting talent across borders (Bhimani and Willcocks, 2014). Herbert and Seal (2012) illustrate the evolutionary change of GBS functions in organizations from conventional multi-divisional form (M-form) to shared services. Soalheira and Timbrell (2014) report that majority of Fortune 500 companies now operate GBS SS within their organizations, whereby over 85% of them have captured variety of benefits ranging from cost reductions to capability enhancements in global service delivery (Kearney, 2013).

This is mainly due to globalization, where globalization has brought digitization, standardization and automation to alter GBS functions in organizations with value proposition of increased efficiency, cost savings, transparency, security and efficient decision making (Lindvall and Iveroth, 2011). However, globalization which is described as a process of integration, internationalization and homogenization of trade, communication, immigration and transportation (from Financial Times http://lexicon.ft.com/Term?term=globalisation accessed in November 18th, 2015), does not explain the other side of the coins, glocalization. Glocalization is a way of view from both angle of global and local perspectives, which is not about homogenization only, but there is also element of heterogenization of practice (Robertson, 1995). Cruz et al. (2011) that study global management control system support the glocalization of global management practices as inevitable to achieve goal congruence between corporate and local subunits objectives.

Through utilization of ERP system and networking (Lindvall and Iveroth, 2011), organizations standardize business processes and set up their GBS SS located offshores. Standardization of accounting processes is achieved by separating finance and accounting works into modules (Keuper and Lueg, 2013). These modules are cleansed

from any non-value added redundancy to increase efficiency through business process reengineering (Lacity and Fox, 2008). Then, modified modules are lifted and transferred to offshore GBS SS, where the modules are run by local accounting talent. Here, the processing of GBS works by SS is not done freely as in centralization form. As part of internal market mechanism in GBS SS environment, global internal customers are charged-back for every GBS services rendered. The term to illustrate the event is 'commodification' (Howcroft and Richardson, 2012, p. 111). The commodification of GBS works allows organizations to separate processes from people and locations, through IT enablement. Then, it becomes the major advantage for organizations to offshore their GBS functions into more economical countries (Gospel and Sako, 2010).

Howcroft and Richardson (2012) argue that standardization of support functions in SS has brought in frustration among employees in terms of limited flexibility, undermining the sense of professionalism, and boredom from monotonous and routine jobs. They also claim that because of 'stickiness of work' (2012, p. 122) and 'the need for highly qualified and culturally sensitive capacities' (2012, p. 119), conflicts surface between SS' employees and global clients. Moreover, part of standardization process, organizations implement homogeneous rules and regulations across their global operations as part of control mechanisms and to promote consistency of practice. This homogenization is associated with generic performance measurement across global operations, where this could intensify pressures among employees in SSC because of cultural differences. These ultimately cause high attrition rate in GBS SSC.

The standardization of GBS works and homogenization of performance measurement across global operations do not recognize the importance of local institutional orders. Meyer et al. (2010) argue that the embedded knowledge of local institutional contexts is indispensable for the success of MNCs to thrive on local resources. Moreover, Elharidy et. al. that study global accounting outsourcing also find that 'embedded relationships' (2013, p. 60) between suppliers (India) and clients (the UK) of accounting services influence control between the parties involved. Elharidy et al. (2013) dissect embeddedness into structural, temporal and cultural, where these three categories of embeddedness imply the same local institutional contexts that need to be recognized and understood by the global GBS SS. Cruz et al. (2011) find that localization process of global management practices by local managers is inevitable to achieve both corporate and local subunits objectives. They define localization as 'a process through which heterogeneous practices can emerge to facilitate the homogenizing tendencies of globalization' (Cruz et al., 2011, p. 412). Apart from that, Sahay et al. (2003) discuss the importance to recognize the forces of local institutional contexts in managing the complexities of global relationships that work across borders.

These show the importance of local institutional orders for GBS to gain legitimacy from human capital resources, which is local accounting talent. Without recognizing and understanding local institutional orders that nurture local accounting talent, GBSC could not integrate their global objectives into local workforce. Evidently, a study done by Aman and Asmui (2012) reflect on how local accounting talent in Malaysia do not show strong interest to work in GBS. However, current literature in GBS SS has not yet rigorously explain the effect of SS organizational form on local accounting talent where the effect is perceived to be critical. We argue that changes in organizational form, infrastructure, system and processes must be followed by changes in the mind set of employees who are affected by the changes. Bergeron (2003) contends that mind set change of the workforce affected by SS organizational form is vital to its success. In GBS, local accounting talent are perceived as the most affected, because they are born and raised in local environment but at the same time work in global environment. Local accounting talent inherit and bring in different local institutional logics into global working environment, while GBS tries to inculcate global corporate logics practiced in rules and regulations, work flows, business processes and performance measurement system.

Researchers differ greatly in their understanding of what constitutes talent management. Cappelli (2008) simply states that talent management is 'a matter of anticipating the need for human capital and then setting out a plan to meet it' (p. 74). While Blass et al. (2007) suggests that talent management refers to 'additional management processes and opportunities that are made available to people in the organization who are considered to be talent' (p. 3). Whereas, Tansley and Tietze (2013) refer talent management as 'strategies and for the systematic attraction, identification, development, and retention of individuals who are of particular value to an organisation" (p. 1799). Lewis and Heckman (2006) critique current approaches to talent management that focus on individual's

development and overlook the organizations' practices. They propose a talent management practice that devises from organizational strategy and ultimately implicates organizations' talent pools (Lewis and Heckman 2006). Collings and Mellahi (2009), and Dries (2013) have concluded that talent management still lacks conclusive conceptual foundation.

Talent retention studies are mostly done and written by North American scholars (Collings et al., 2011). Even the seminal work on talent management by McKinsay Consultants in the late 1990s is based on a survey in US labour market. Even though the work from US context has advanced our understanding of talent management considerably, it is important to progress and develop insights from other context. Other countries for example Malaysia, China and India have their own institutional influences that could inform talent management literature. By studying these contexts, we could gain more and better understanding on talent management practices in these countries and how institutional orders play their roles in that particular contexts. In order to broaden talent management perspective, Collings et al. (2011) also call for studies from other contextual insights.

Institutional theory is based on the intertwined of wider societal contexts, organizational fields, organizations and individuals that cross-over each other to bring stability to social behaviour. The new institutional theory discovers that organizations are not only responding to economic forces based on rationality, but react and behave in accordance with societal pressures. Organizations which idealized as 'rational actor' do not necessarily conform to efficiency objective in their strategic decision making. However, organizations as part of the system in society, 'adopt practices not for performance but legitimacy effects' (Suddaby et al., 2013, p. 331). Legitimacy according to Scott (2008) is 'a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Scott, 2008, p. 59). The paper follows recent calls to link research on organizational practices and institutional theory (Suddaby et al., 2013). Organizations that respond to local institutional pressures choose to streamline their global practices towards achieving both organizational goals and societal legitimacy.

For the paper, we choose to explain societal institutional contexts from institutional logics perspective. The reason is that institutional logics perspective has broaden the new institutional theory limited societal insights and isomorphic organizational practices, to the enunciation of agency, heterogeneity of practices and multi-level of analysis (Thornton et al., 2012). The seminal paper on institutional logics by Friedland and Alford (1991) defines institutional logics as 'values and beliefs that are shown in the practice of individual and organization' (p.248), by which when certain logics are pledged, they could enable and constrain the behaviour of these actors. Institutional logics in actors' belief system are the rules that regulate and guide organizational material practices. Material practices are understood as 'unique events' (Thornton et al., 2012) that articulate the translation of actors' belief from the institutional logics that they subscribed. Here, we say that organizations have their own logics to guide operations and achieving goals, however at the same time need to consider societal logics to function in that social situations. Hence, organizations such as GBS are to recognize and understand societal logics in order to gain legitimacy from important resources.

Early studies in institutional logics concentrate on dominating logics and how they influence practices (such as Lounsbury, 2002; Thornton, 2002; Thornton and Ocasio, 1999). Co-existence of multiple logics (Greenwood et al., 2011, 2010; Reay and Hinings, 2009) in established institutional contexts is still scarce. The relationships of logics which conceptualized the arrangement of logics multiplicity (more than two logics (Goodrick and Reay, 2011; Waldorff et al., 2013). Competitive relationships among logics suggest that one logic is dominant over the other weakened logic. Meanwhile, cooperative relationships suggest that multiple logics can influence and strengthening each other.

We recognize the interplay of four logics in the setting of our study. First, the GBS organizations bring in two logics into local contexts, which are corporate and market logics. These two logics are the base for their global operations to achieve standardization, efficiency, cost savings and effectiveness. The corporate logic provides source for standardized processes through rules and regulations, and performance measurement. Meanwhile, market logic drives the organization to seek for the most cost effective operations for example by offshoring accounting functions to Malaysia due to labour cost arbitrage. These two logics exist in parallel and have collaborative effects (Reay and Hinings, 2009). They are described as follows.

Table 1: Corporate and market logics (Thornton et al., 2012, p. 56)

	Corporate logic	**Market logic**
Root metaphor	Hierarchy	Transaction
Sources of legitimacy	Market position of firm	Share price
Sources of authority	Top management	Shareholder activism
Sources of identity	Bureaucratic roles	Faceless
Basis of norms	Firm employment	Self-interest
Basis of attention	Status in hierarchy	Status in market
Basis of strategy	Increase size of firm	Increase profit
Informal control mechanisms	Organization culture	Industry analysts
Economic system	Managerial capitalism	Market capitalism

Secondly, the GBS operations in Malaysia is not without the contestation of local institutional logics. The logic of religion and community are widely recognized and play important roles in Malaysian institutional contexts. Castells (2010) expresses that ethnicity as in community logic and religion are always part of the fabrics that have considerable influence in the spheres of Malaysian economy, politic and society. Therefore, we bring forward the discussion of how these two logics influence talent retention practices of GBS.

Table 2: Community and religion logics (Thornton et al., 2012, p. 56)

	Community logic	**Religion logic**
Root metaphor	Common boundary	Temple as bank
Sources of legitimacy	Unity of will: belief in trust & reciprocity	Importance of faith & sacredness in economy & society
Sources of authority	Commitment to community values & ideology	Priesthood of charisma
Sources of identity	Emotional connection: Ego-satisfaction & reputation	Association with deities
Basis of norms	Group membership	Membership in congregation
Basis of attention	Personal investment in group	Relation to supernatural
Basis of strategy	Increase status & honour of members	Increase religious symbolism of natural events
Informal control mechanisms	Visibility of actions	Worship of calling
Economic system	Cooperative capitalism	Occidental capitalism

3. Research setting

Malaysia is chosen as research setting because of the idiosyncrasy of its institutional contexts. For many years, Malaysia has been able to attract foreign direct investment from MNCs to establish their GBS SS functions. AMD, Shell, BP, British American Tobacco and IBM are among the MNCs that already have their own regional and global GBS SS in Malaysia. Besides MNCs, local players such as Petronas, Sime Darby and AirAsia has established GBS SS locally for their regional and global operations. Based on Multimedia Development Corporation (2013) annual report, out of RM12.41 billion export of services sales, RM8.4 billion which is more than 60 per cent comes from shared services operations. International Data Corporation (2012) reports that GBS SS are accounted for 54% of total SS sales in Malaysia, and is expected to continue maintaining similar rates through 2016. There are several reasons that makes Malaysia the preferred regional and global hub to consolidate MNCs' GBS operations, for example government incentives and policies, access to modern infrastructure, ICT readiness and last but not least talent pool. Even though Malaysia is not competing on costs, it is still cited as offering lower cost advantages as compared to Australia, Hong Kong and Singapore (International Data Corporation, 2012).

Particularly, Malaysia has diverse ethnics population that require different attentions. The three major ethnic groups are Malays, Chinese and Indians. From the total population of 29.72 million in 2013, approximately 60 per cent is Malay background, 32 per cent is Chinese and 8 per cent is Indian (Department of Statistics, 2013). The historical and self-analysis event of race riot in May 1969, has been the critical departure that recognizes the strong influence of multi-ethnicity order in Malaysian societal landscape. The race riot was caused by inadequate efforts in rectifying socio-economic imbalances among different ethnics. At that time, of all Malays households, 65 per cent were in poverty compared to 26 per cent for Chinese households. In the case of Indian, 39 per cent had incomes below the poverty line. Since then, multi-ethnicity becomes the major social fabrics that defines economic system, education and political spheres. New Economic Plan (NEP) was established in 1970 to reorganize and restructure the differences in socio-economic system through economic redistribution. Rukunegara (the national ideology) was formulated in 1971 to express the beliefs and principles of the nation to build the foundation of national unity. Despite of various national programmes held, racial stability is still the primary concern and one of the most influential orders in Malaysia. Recently, Najib Razak, the sixth Prime Minister of Malaysia, has recalled for national unity and ethnic harmony in his ongoing programme of 1Malaysia (pronounced as One Malaysia).

4. Research method and data collection

The paper adopts interpretive qualitative research approach by collecting empirical data from two case studies of GBS organizations, which are (1) ABC, and (2) XYZ. Case study method is applied to address accounting practices that could not be separated from their context (Yin, 2009), whereby context becomes major part of rich explanations for observed accounting practices (Scapens, 2008). Case study is mainly utilized to study organizational practices in the 'fieldwork' that the practices take place and offers rich explanations of the issues under investigation in their own practical setting (Ryan et al., 2002). The cases are selected based on their representation of global business operations of finance and accounting functions located in Malaysia. These cases are MNCs' GBS organizations that render services to global internal customers. Data are collected from both cases by semi-structured interviews, focus groups, observations and document reviews. A total of 28 hours interviews were conducted with junior accountants with less than a year of experience, accounting executives, senior accountants, human resource managers and director of both GBS organizations (details are shown in the table below). Observations consist of six (6) times site visits to both organizations, attendance of operational meeting with global internal customers, staff trainings and workshops. Public reports from Malaysian Development Corporation (MDeC), companies' annual reports, brochures and companies' websites were all reviewed and analysed. Further interviews were conducted with MDeC officers and universities' professors to gain more insights on local institutional contexts and local accounting talent with a total of 5 hours interviews. All interviews and focus groups were recorded and transcribed, and memos were written. Transcriptions, memos and pictures were coded into NVivo for analysis.

Table 3: List of interviews

Interviewees	**Case 1: ABC**	**Case 2: XYZ**
Director	2 hours	1 and a half hours
Human resource manager	2 hours (1 manager)	2 hours (2 managers)
Senior accountants	4 hours (3 seniors)	4 hours (3 seniors)
Accounting executives	3 hours (3 executives)	2 hours (3 executives)
Junior accountants	5 hours (4 juniors)	3 hours (3 juniors)
Total:	16 hours	12 and a half hours
MDeC Officers	2 hours (two officers)	
Universities' professors	3 hours (two professors)	
Total:	**33 and a half hours**	

5. Case description

ABC is a US-based MNC that has 15 years of operations in Malaysia since 2000. Parent company of ABC is one of the largest semi-conductor producer in the world with over 70 global sub-units. ABC serves parent company in the US and all its global sub-units from Malaysia. The planning and implementation process together with the global ERP system installation took nine months with no consultants hired. ABC started with transactional accounting works such as account payables and receivables, and catered only for Asia region. With the closure of Bangkok in 2003, all recording and reporting of accounting transactions for Asia were moved to Malaysia. The accounting functions migrated to ABC gradually move up the value chain to business analytics such as internal audit, performance reports and corporate planning. By 2008, internal customers being served from Malaysian ABC are globally dispersed to all sub-units including US, Germany, China, Japan and Korea.

The second case which is XYZ was established in 2010, and it is the second for the parent company after Chennai. The parent company of XYZ which is based in France, operates global container transportation and shipping services. XYZ started with only a small unit in the Malaysian subsidiary of the parent company. In year 2012, a company was formed as XYZ Sdn Bhd (private limited) to acquire the benefits of Malaysia Super Corridor (MSC) status. After that, the office of XYZ was moved to the Golden Triangle of Klang Valley as part of MSC status requirements. With almost 200 workforces, XYZ provides transactional and reporting accounting functions to over twenty global internal customers. Besides that, XYZ also provides business-specific shipping recording and reporting functions. Table 2 below describes the cases further.

Table 4: Cases description

	Case 1: ABC	**Case 2: XYZ**
Background	US-based company	French-based company
Nature of business	Semi-conductor manufacturer	Container transportation and shipping services
Revenue (2014)	USD5.51 billion	USD16.7 billion
Number of years in operation	15 years	4 years

Global internal customers		Over 70	Over 20
Number of employees		231 employees	Almost 200 employees
Fraction of employees based on ethnicity		35% Malays : 60% Chinese : 5% Other	50% Malays : 35% Chinese : 15% Other
Director of GBS SSC		Local	Foreign
GBSC location		Single GBSC in Kuala Lumpur	Two GBSC: one in Kuala Lumpur; the other in Chennai.
Accounting functions:			
	1. Bookkeeping and transactions recording	General ledger accounting; account payables; account receivables; payroll	General ledger accounting; account payables; account receivables; shipping documents
	2. Reporting	Financial and management reports	Financial and shipping reports
	3. Business analytics	Internal audit; ad-hoc reports; business units performance report; dashboard	None

As we can see, the cases employ different fraction of ethnicity, where XYZ employs the same proportion of Malays and non-Malays, while ABC employs 30 per cent more non-Malays than Malays. Both director of the cases are non-Malays, where the director of ABC is local woman and XYZ is a French man. Both cases confronted by problems in managing local accounting talent, however they exercise different talent management practices.

6. Conclusion

With the availability of multiple logics to respond in local space, GBS would strategically react and align their talent retention practices in tandem with local institutional logics to gain legitimacy from local accounting talent. GBS adapt their strategies and organizational practices to local contexts, subject to constraints imposed by the resources available in the local context as well as institutional constraints imposed by their global operations. The ability for GBS to be aware, recognize and understand influential local institutional logics, creates the opportunities to reorganize and align organizational practices, ultimately gain legitimacy from local resources. The failure to understand and adapt to local contexts into global GBS talent retention practices causes problems in managing local accounting talent as they are raised and nurtured in local institutional logics.

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Theoretical and practical underpinnings of equity-based financing and credit risk in Islamic bank

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Abstract

This study resolves the gap between Profit and Loss Sharing (PLS) theory and the practice of Islamic banks in financing customers. Two-step GMM estimation technique is used in the investigation. The empirical finding of the study is consistent with the PLS theory of reducing credit risk and inconsistent with the practice of Islamic banks. Equity-based financing has been found to reduce credit risk, while bank-specific determinants such as credit growth, profitability, and cost inefficiency influence the credit risk. Furthermore, institutional development is a macroeconomic indicator that reduces credit risk. This study offers policy implications for risk-minimised decisions in financing clients.

Keywords: Islamic Banks, equity-based financing instrument, Credit Risk, System GMM

1. Introduction

Equity-based financing requires Islamic banks to finance a client as a partner based on the Profit and Loss Sharing (PLS) theory. It does not allow charging a fixed rate and securitising a collateral asset; rather, it requires sharing the investment profit between the bank and client based on a pre-agreed ratio. Equity-based financing provides an uncertain return, while theoretically reducing the credit risk. As a partner, banks are required to provide technical support alongside financing to build the ground for a profitable business environment (Warde, 2000). Equity-based financing is based on the proposal of a potential investment project rather than financing randomly. The banks are also required to conduct fact-based forecasting, evaluation, and surveys to ensure a positive return to the project (Rinaldi and Sanchis-Arellano, 2006).

Islamic banks finance clients based on Profit and Loss Sharing (PLS) and non-PLS concepts. PLS is based on the idea of partnership, in which both banks and customers are engaged as business partners. The partnership is formed based on several contracts such as *Mudarabah and Musharakah,* which eliminate interest-based return and earn uncertain, and risk-adjusted returns (Shahari et al., 2015). Inversely, non-PLS financing instrument depends on contracts such as *Murabaha, Salam, Istisna, Ijarah,* and *Tawarruk* which generate fixed and guaranteed return (Aggarwal and Yousef, 2000; Siddiqi, 2006 and Abdul-Rahman et al., 2014). Theoretically, PLS-based financing reduces credit risk. It requires banks to engage in investment projects directly, along with partners (customers). As a partner, the Islamic bank invests effort to make a project successful since the return is uncertain (Warde, 2000). The nature of uncertain returns in PLS forces the banks to be selective in choosing a potential project. The banks evaluate, survey, and forecast the potential profitability of the project before offering finance (Rinaldi and Sanchis-

Arellano, 2006).

In practice, Islamic banks prefer debt-based financing instead of equity-based financing. More than 90% of the financing is provided based on debt-based financing, while less than 10% is disbursed based on equity-financing (Shahari et al., 2015). Debt-based financing is chosen to avoid uncertain income flow and liquidity-shortfall. It allows charging a fixed rate and securitising collateral assets to recover the financed amount in the case of default. Therefore, Islamic banks use debt-based financing to reduce credit risk, but PLS theory ensures the reduction of credit risk by equity-based financing (Boumediene, 2011). This apparent gap between theory and practice is resolved empirically to decide which financing instrument should be used to reduce the credit risk.

Many studies examined the factors determining nonperforming loans, but none used an equity-based financing instrument to explore the credit risk as practised in the PLS theory of Islamic banks. Studies such as Misman (2011) used the ratio of bank-specific variables to investigate their impact on the credit risk of Malaysian Islamic banks. The result shows that total equity and capital are negatively related to the nonperforming loan. Zaki et al. (2011) used macroeconomic and bank-specific variables to examine their impact on the credit risk of UAE Islamic and conventional banks. The findings indicate a positive association between the cost-income ratio and credit risk. It implies that higher banking costs lead to inefficiency in operational activities, and causes credit risk. Furthermore, Boumediene (2011) compared between Islamic and conventional banking based on default probability and distance-to-default. The finding reveals that the mean distance-to-default of conventional banks is lower than that of Islamic banks. The result indicates that Islamic banks manage credit risk well.

Similarly, Abedifar et al. (2013) used macroeconomic and bank-specific variables to investigate their effect on the credit risk of Islamic banks. The study finds that some of the determinants, such as loan growth, bank size, and the interest rate, have a significant effect on credit risk. Bank size is negatively correlated with the credit risk indicating that the larger banks' capacity to reduce the credit risk is higher than that of smaller banks. Larger banks can better use economies of scale and diversification options in generating returns than smaller banks. Moreover, a positive relationship between the interest rate and credit risk implies that higher interest rate causes the credit risk. It occurs because a higher amount of payment burden associated with the interest causes the possibility of credit risk. This result is consistent with the study of Kabir et al. (2015) who investigated credit risk of 37 Islamic banks and 156 conventional banks by employing both macroeconomic and microeconomic effects. The study provides evidence of a significant relationship. It shows that inflation, GDP growth, cost efficiency, diversification, size, loan to asset ratio, and banks' profitability have a significant effect on the credit risk.

In addition, Louhichi and Boujelbene (2016) examined the determinants of the credit risk of 30 Islamic banks in the Middle Eastern and North African (MENA) and Asian countries. By implementing the GMM technique, the study reveals that inflation and financial crises do not affect credit risk. The authors believe that Islamic banks are immunised from the harmful effects of economic changes. Moreover, bank-specific variables such as loan loss provision, credit growth, bank size, and cost efficiency play a significant role in affecting credit risk. Credit risk is also negatively affected by GDP growth. It implies that GDP growth contributes to reducing credit risk. The finding is consistent with that of Salas and Saurina (2002), Louzis et al. (2012), and Castro (2013).
The literature does not consider equity-based financing instrument, which is supported by PLS theory in exploring the credit risk of Islamic banks. Rather, most studies discuss some macroeconomic and bank-specific variables. This study focuses on Islamic financing via PLS theory and equity-based financing. This study offers significant policy implication as it pinpoints the financing outcomes by considering equity and non-equity-based financing.

The remainder of the study is arranged in several sections. Section two focuses on the data and variable,s followed by measurement and hypotheses development in section three. Section four discusses the estimation technique, while empirical results are discussed in section five. Directions for future study are suggested in section six, followed by the conclusion along with policy recommendations.

2. Data and Variables

Credit risk is the dependent variable, equity-based financing, and development of financial institutions are the focus-independent variables, while bank-specific and macroeconomic determinants are control-independent variables. The bank-specific factor consists of several variables such as banks' cost inefficiency (EFF), capital ratio, credit growth (CG), banks' profitability (PROFIT) and banks' size (SIZE), lending rate (LR) and deposit rate while macroeconomic variables are GDP growth (GDPG), institutional development index (IDI) and exchange volatility (EXCH).

The data for macroeconomic variables are collected from Datastream, while Bankscope is used to collect bank-specific variables. Initially, 101 Islamic banks from 16 countries, namely Malaysia (16 banks), UAE (10 banks), Bangladesh (5 banks), Indonesia (11 banks), Bahrain (17 banks), Lebanon (2 banks), Pakistan (9 banks), Saudi Arabia (4 banks), Egypt (3 banks), Kuwait (9 banks), Turkey (4 banks), Qatar (4 banks), Jordan (2), Sudan (3), Yemen (1) and South Africa (1) are selected based on the availability of data. The data of the equity-based financing instrument is not provided by Bankscope and hence selected banks' annual reports are utilised in this regard. The annual reports are collected through several sources such as downloading from the banks' websites and by requesting the requisite information from the banks' managers. The data of the PLS financing instrument is available for 40 out of 101 banks in 12 countries. It has been collected over the maximum available periods which are between the years 2005 and 2012.

3. Measurement and Hypotheses Development

The dependent variable, credit risk, is measured by the ratio of nonperforming loans to total loans as it implies a healthy position of the banks' income (Rahman and Shahimi, 2010; Louhichi and Boujelbene, 2016). A higher ratio implies a higher degree of credit risk. The study considers value-at-risk (VaR) as a dependent variable to reinvestigate the credit risk for the robustness checking following Ismal (2010). It assesses the risk level by using statistical and simulation models designed to capture the volatility of portfolio assets. It can be presented in the following form:

$$\begin{bmatrix} X_1 & X_2 & X_3 \end{bmatrix} \begin{bmatrix} w_1 \\ w_2 \\ w_3 \end{bmatrix} = V \quad (1)$$

where,
V is the volatility of financing in the portfolio.
W is the weight of the different groups of financing in the portfolio.
X is derived from the equation below:

$$\begin{aligned} X_1 &= w_1(\alpha\sigma_1)^2 + w_2\left[(\alpha\sigma_2)\rho_{2,1}(\alpha\sigma_1)\right] + w_3\left[(\alpha\sigma_3)\rho_{3,1}(\alpha\sigma_1)\right] \\ X_2 &= w_1\left[(\alpha\sigma_1)\rho_{1,2}(\alpha\sigma_2)\right] + w_2(\alpha\sigma_2)^2 + w_3\left[(\alpha\sigma_3)\rho_{3,2}(\alpha\sigma_2)\right] \\ X_3 &= w_1\left[(\alpha\sigma_1)\rho_{1,3}(\alpha\sigma_3)\right] + w_2\left[(\alpha\sigma_2)\rho_{2,3}(\alpha\sigma_3)\right] + w_3(\alpha\sigma_3)^2 \end{aligned} \quad (2)$$

where,
α is the confidence interval factor which is considered at 95% based on the study of Felsenstein (1985)
σ is the standard deviation of the type of financing
ρ is the correlation of coefficient between two types of financing

The VaR is computed through the square root of *V*-value that shows an overall position of credit risk. The summary of the measurements and hypothesis is provided in Table 1.

Table 1: Summary of variables, definition, and hypotheses

Bank specific variables		
Variable	**Definition**	**Hypotheses**
Equity-financing Instrument	$Asset-based\ financing_{jt} = (\frac{Asset\ based\ Financing_{jt}}{Debt\ based\ Financing_{jt}})$	Negative
Lending Rate	$LR_{ijt} = 1 - month\ interbank\ lending\ rate\%$	Positive
Cost Inefficiency	$EFF_{ijt} = \frac{Operating\ Expenses_{ijt}}{Operating\ Income_{ijt}}$	Positive
Credit Growth	$CG_{ijt} = \log\left(\frac{Total\ Loan_{ijt}}{Total\ Asset_{ijt}}\right)$	Positive
Capital Ratio	$Cap_{ijt} = Capital/Asset$	Negative
Profitability	$PROFIT_{ijt} = Return\ on\ Asset_{ijt}$	Negative
Size	$SIZE_{ijt} = Log\ (Total\ Asset_{ijt})$	Negative
Macroeconomic Variables		
GDP Growth	$GDPG_{jt} = GDP_{jt}\%$	Negative
Exchange Rate Volatility	$EXCH_{jt} = First\ diff(\frac{Local\ Currency}{\$US})$	Negative
Financial Development Index	$FDEV_{jt} = Financial\ Development\ Index$	Negative

Note: The ratio is presented in percentage

The equity-based financing instrument is the focused independent variable. The ratio of asset-based financing to debt-based financing is used to measure the variable. To avoid the probable size effect, the ratio of equity-based financing instrument is scaled by standardising the equity-based ratio. The standardised value is calculated by dividing the differentiated value of equity-based ratio and its mean by its standard deviation,

$$Standardized\ value_{jt} = (\frac{equity-based\ Ratio - Mean\ of\ equity-based\ ratio}{Standard\ Deviation\ of\ equity-based\ Ratio}).$$

Usmani (2002) and Siddiqi (2006) state that equity-based financing enables the banks to reduce credit risk. They explain that the reduction of credit risk is contributed by the theoretical enforcement in Islamic financing. The financier takes part in the operational activities in utilising the financed amount. The cooperation strengthens the ability to generate more revenue leading to the reduction of credit risk (Abdul-Rahman et al., 2014). Due to the theoretical support, a negative relationship is hypothesised between equity-based financing instrument and credit

risk.

The bank-specific factors are used as controlled variables. Lending rate (LR) is a bank-specific variable that is assumed to have a positive relationship with credit risk following the studies of Louzis et al. (2012) and Abedifar et al. (2013). Clients face additional payment burdens when the lending rate increases. Cost inefficiency is another bank-specific variable that assumes a positive relationship with the credit risk following the studies of Louzis et al. (2012), and Louhichi and Boujelbene (2016). It includes the operational cost, where higher operational cost indicates the inefficiency. Credit risk increases significantly when the degree of inefficiency increases.

Credit growth (CG) is also used to determine the credit risk following the study of Salas and Saurina (2002) who suggest a positive relation. The study suggests that a higher degree of credit growth leads to a higher credit supply which causes credit risk. Besides, Flannery (1989) and Gennotte and Pyle (1991) found that capital ratio has a negative relationship with credit risk. Given the above studies and their finding, we hypothesise a negative relationship between capital ratio and credit risk. Profitability (PROFIT) is also used to determine credit risk. A profitable bank indicates that it efficiently manages operational activities. Following the study of Louzis et al. (2012), this study hypothesises a negative relationship between profitability and credit risk as efficiency in financial and operational activities reduces the credit risk. According to Abedifar et al. (2013) and Kabir et al. (2015), the size of a bank affects the credit risk, where larger banks have a better capacity to reduce the credit risk due to the economies of scale. Therefore, this study hypothesises a negative relationship between the size of bank and credit risk.

Macroeconomic variables; GDP growth and exchange rate volatility are also considered control variables to determine the credit risk. GDP growth is an important determinant of credit risk (Castro, 2013; Louhichi and Boujelbene, 2016). When growth is high, it implies economic expansion, whereby people have better earnings and business opportunities. It means clients are earning more, enabling them to repay the financing. Higher repayment of bank-financing means the reduction of credit risk. Therefore, a negative relationship is expected between credit risk and GDP growth. The foreign exchange rate is another macroeconomic variable that is used to determine credit risk following. Castro (2013) suggests a negative relationship between exchange rate volatility and credit risk because an increase in exchange helps to recover the financed amount form foreign customers. Finally, the Institutional Development Index (IDI) is used to determine the credit risk of Islamic banks following the study of Ang and McKibbin (2007). Its relationship is hypothesised as being negative with credit risk because the clients' earning capacity improves during the expansion of intuitional development.

4. Estimation Technique

The two-step system GMM model proposed by Arellano and Bover (1995) and Blundell and Bond (1998) is used in the estimation. It can be formulated as follows:

$$y_{i,jt} = \gamma y_{i,j,t-1} + \beta x_{i,j,t} + \varepsilon_{i,jt} \quad |\gamma < 1| \quad (3)$$

where y is the dependent variable, $y_{i,jt-1}$ is the lagged variable while $x_{i,j,t}$ implies a set of explanatory variables. The error term has two elements; η indicates the unobserved country-specific effect while $v_{i,t}$ indicates the idiosyncratic shocks. Furthermore, $i = 1,2,.....N$ implies the countries; j =1,2,3,……M implies the banks and t = 2,3,…..T implies the time period. The error term $\varepsilon_{i,t} = \eta_i + v_{i,t}$ contains the standard error structure, where $E(\eta_i) = E(v_{i,t}) = E(\eta_i v_{i,t}) = 0$ for both individual and time.

Presumably, the transient error is serially uncorrelated, for $i = 1,2,.....N$ and $S \neq t$ where the initial conditions

y_{i1} are predetermined and $E(y_{it}v_{i,t}) = 0$ for $i = 1,2,.....N$ and $t = 1,2,.....T$. It indicates $m = 0.5(T-1)(T-2)$ moment restrictions, where, $E(y_{i,t-s}\Delta v_{it}) = 0$ for $t = 3,.....T$ and $s > 2$ which is rearranged as $E(Z, \Delta v_j) = 0$. The instrument variable, Z_i is the *(T-2) x m* matrix shown as follows:

$$Zi = \begin{bmatrix} y_{i1} & 0 & 0 & ..... & 0 & ..... & 0 \\ 0 & y_{i1} & y_{i2} & ..... & 0 & ..... & 0 \\ . & . & . & ..... & . & . & . \\ 0 & 0 & 0 & ..... & y_{i1} & ..... & y_{i,T-2} \end{bmatrix} \quad (4)$$

where $\Delta\ v_i$ is the $(T-2)$ vector $(\Delta v_{i3,}\Delta v_{i4,},.....,\Delta v_{iT})'$. The system GMM technique maintains these moment restrictions which use lagged value dated (*t-2)* and instrument variables. This technique maintains the consistency in the estimator of λ where N → ∞ and fixed T. The data used in this research is "short T" panel data as the number of T is smaller than the number of N. Therefore, it is the most suitable technique that can be used for the micro panel data. The specified model is formulated as follows:

$$\Delta CR_{ijt} = \alpha\Delta CR_{it-1} + \beta_1 EFI_{ijt} + \beta_2 GDPG_{jt} + \beta_3 LR_{ijt} + \beta_4 CAP_{ijt} + \beta_5 IDI_{jt} + \beta_6 EXCH_{jt} + \beta_7 EFF_{ijt} + \beta_8 CG_{ijt} + \beta_9 PROFIT_{ijt} + \beta_{10} SIZE_{ijt} + \varepsilon_{it}$$

(With $|\alpha| < 1, i = 1,...,N$ and $t = 1,...,T$ (5)

where CR is the credit risk of Islamic banks, EFI is the equity-based financing instrument and IDI is the institutional development index. GDPG is the GDP growth, LR is the lending rate, EXCH is the exchange rate volatility, EFF is the cost inefficiency, CG is the credit growth, PROFIT is the profitability of Islamic banks, CAP is the capital ratio, SIZE is the size of the Islamic banks and ε_{it} is the random error. For a reliable estimation, Sargan test and Hansen test are used for the validity of instrumental variables, while Arellano and Bond test is used to see the existence of autocorrelation in the model.

5. The empirical results and discussion

The result in Table 2 indicates that the estimated coefficient of the equity-based financing instrument is significantly negative, thereby supporting the expected hypothesis. It implies that an increase in equity-based financing reduces the credit risk. This can be explained using the unique concept of equity-based financing. For example, *Mudarabah,* which is used to finance the purchase of real assets such as vehicles. Clients use the vehicles for renting purpose to earn a regular income that enables paying off financial obligations leading to a reduction in credit risk. The cooperation, additional effort and technical strategy of the bank in equity-based financing contribute to the reduction of credit risk.

Table 2: The Estimated results on Credit Risk

GMM on Credit Risk	
Variables	GMM 1
Constant	20.709 (0.000)***
Lagged Credit Risk, CR (-1)	0.822 (0.000)***
Equity-based Financing Instrument	-0.529 (0.000)***
Institutional Development	-1.368 (0.000)***

Capital Ratio	0.547(0.100)
Cost Inefficiency	0.013 (0.000)***
Profitability	-0.612 (0.000)***
Size	- 2.003 (0.000)***
Lending Rate	0.051 (0.001)***
Credit Growth	-1.302 (0.000)***
Exchange risk	-0.0003 (0.000)***
GDP Growth	0.13 (0.137)
Number of Banks	40
Number of Observations	252
Sargan test	34.794 (0.116)
1st order Auto (m_1)	-2.383 (0.017)**
2nd order Auto (m_2)	-0.362 (0.717)

*Note: Values in the bracket are p-values, where ***, ** indicates a significant level at 1%, and 5% respectively*

Bank-specific determinants such as profitability and bank size, reduce credit risk. Size is an important element for determining credit risk. Larger banks can overcome short-term financing risk by opting for risky investments which provide higher returns. Any unexpected negative market shock is adjusted in larger banks. Most importantly, larger banks can use economies of scale and portfolio diversification to minimise the financing risk, thereby supporting the Markowitz modern portfolio theory (Markowitz, 1991). Profitability resulting from effective operations, efficient management, and proper resource allocation reduces credit risk. This finding indicates that profitable banks take the steps necessary to minimise credit risk. This is consistent with Kabir et al. (2015) and Louhichi and Boujelbene (2016), who state that profitable banks have effective policies that help reduce credit risk.

Furthermore, the estimated coefficient of foreign exchange rate volatility is negative, indicating a reduction in credit risk. The increase in exchange rate depreciates the domestic currency, which enables the recovery of foreign financing leading and reduces credit risk. Inversely, cost inefficiency, which increases the operational expenditures, causes credit risk, thereby implying a positive relationship. This finding explains that higher cost inefficiency reduces profit margins which increases the payment failure and causes credit risk. Moreover, the lending rate, which is the tool for financing, is used to determine credit risk. The result shows a positive relationship indicating that higher lending increases the credit risk. A higher lending rate increases the cost of funding, making it difficult to settle outstanding debt leading to credit risk (Louzis et al., 2012).

In addition, institutional development is examined for its role in reducing credit risk. The study found that institutional development maintains a negative relationship with credit risk indicating the reduction of the credit risk of Islamic banks. It implies that development in financial institutions and financial markets, and improvement in financial systems enable clients to generate higher income which is used to pay bank debts thereby reducing the credit risk (Mollah and Zaman, 2015). Finally, the capital ratio, which is used to determine the credit risk is irresponsive to changes in credit risk despite being hypothesised as having a negative relationship. The lack of responsiveness can be explained by its irrelevance with the business cycle, as indicated by Flannery (1989) and Gennotte and Pyle (1991). Credit risk is related to the factors that cause customers' income generation, not a capital ratio.

Table 3: Estimated results as robustness checking

Variables	GMM 2	Fixed Effect with Robust
Constant	0.030 (0.120)	0.315 (0.000)***
Lagged VaR	0.898 (0.000)***	

PLS-based Financing Instrument	-0.005 (0.063)*	-0.011 (0.048)**
Institutional Development	-0.006 (0.000)***	0.004 (0.148)
Credit Growth	-0.002 (0.000)	-0.002 (0.729)
Cost-Inefficiency	-0.0006 (0.000)**	0.000005 (0.871)
Profitability	0.0001 (0.528)	0.002 (0.079)**
Size	-0.001 (0.605)	-0.022 (0.000)***
GDP Growth	-0.001 (0.000)***	0.00001 (0.949)
Exchange Rate Volatility	-0.0003 (0.000)***	0.012 (0.729)
Capital Ratio	0.006 (0.278)	-0.004 (0.380)
Lending Rate	0.0005 (0.000)***	0.0005 (0.046)**
Number of Banks	40	40
Number of Observations	252	252
Sargan test	29.700 (0.280)	R-sq = 0.387
1st order Auto (m_1)	-2.434 (0.014)**	F-value = 17.40 (0.000)
2nd order Auto (m_2)	-0.975 (0.330)	

*Note: Values in the bracket are p-values, where ***, **, * indicates significant level at 1%, 5% and 10% respectively*

6. Robustness Check

Value-at-Risk (VaR) is used as a proxy of credit risk to check the robustness of the previous results. The significant and negative coefficient in Table 3 confirms the reduction of credit risk, which is consistent with earlier findings. The findings of institutional development are also consistent. Additional robustness is checked by employing a fixed effect model which is tested as the most suitable technique based on selection procedures among Pooled OLS, fixed effect, and random effect. The estimated coefficient of equity-based financing is negatively significant, confirming that equity-based financing reduces the credit risk of Islamic banks.

7. Conclusion and Policy Recommendation

This study examines whether equity-based financing reduces the credit risk of the Islamic bank. The finding of GMM estimation shows that equity-based financing reduces the credit risk of both full-fledged Islamic banks and Islamic banking-window supporting the theory of PLS. Institutional development also contributes to reducing credit risk. The result is consistent with the alternative estimations.

The study strongly recommends that Islamic banks finance customers based on equity-based financing that relies on the PLS theory complying with the true practice of Islamic financing. We suggest policymakers apply equity-based financing that reduces the credit risk and improves income diversity while improving socio-economic wellbeing and establishing social justice. Furthermore, future studies are suggested to carry out a comparative investigation of credit risk between Islamic and conventional banks.

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Financial-based Crowdfunding: An Alternative Entrepreneurial Funding in Malaysia amidst Covid-19

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Abstract

This study explores the possibility for financial-based crowdfunding as alternative funding for entrepreneurs during the Covid-19 crisis. It seeks to determine whether crowdfunding should become one of the ventures' crisis management and future planning. This paper is conceptual in nature and reviews the related literature on the potential of crowdfunding in helping entrepreneurs to secure funding during the pandemic. In order to present an actual scenario that reflects Malaysia's crowdfunding-based activity, contents which relate to crowdfunding activities during the crisis were extracted from the platforms' websites. Crowdfunding activities are conducted virtually during Covid-19, making it possible for the fundraiser to approach the funder. However, the number of funders' participation during the pandemic showed a decline. In most cases, tech-related and R&D projects tend to report successful funding campaigns. Moreover, trustworthiness and social capital are factors that increase the campaign success rate during the current crisis. The entrepreneur's ability to make use of every possible resource (entrepreneurial bricolage) is a value added trait that helps them to confront the crisis. Additionally, the government's role is important during the crisis to ensure that entrepreneurial activities could continue to move. Lastly, entrepreneurs may enhance their survivability and sustainability by creating more value for better economic growth. This study is one of the few studies to explore the adoption of online funding through the financial-based platforms in Malaysia during pandemic. The study finds that financial-based crowdfunding has a significant effect on the entrepreneurial funding in Malaysia context. Hence, more entrepreneurs should develop their knowledge to have a better picture of the online funding, the strengths and weaknesses it constituted for the future growth of the ventures. The pandemic's broader implications require policymakers to have real-time information for decision-making. Thus, the government should leverage the financial-based platforms' purpose for the benefit of entrepreneurial aims.

Keywords: Entrepreneurial funding; Financial-based crowdfunding; Crisis management; Entrepreneurial Bricolage; Real-Time Information;

1. Introduction

The Covid-19 crisis has caused a reaction among numerous economic sectors, and the entrepreneurial ecosystem is not an exception. Entrepreneurial factors respond differently to the crisis depending on various factors such as management orientation, founder's leadership, size of the ventures, existing policies, business model, and government intervention. It is thus significant to determine the extent to which the crisis affects the ventures; moderately or severely with financial losses as the main issue. The execution and extension of the movement control order (MCO) and work from home (WFH) order by the government have an impact on both businesses as well as

individuals. The inability for banks and other businesses to conduct their operations as usual during the MCO causes further problems to the ventures which need to address their financial losses. However, regardless of the pandemic occurrence, the entrepreneurial dynamic and value creation need to progress accordingly. This study explores the financial-based crowdfunding activities amidst Covid-19 in Malaysia.

1.1 Entrepreneurial Dynamic and Value Creation

Value creation in entrepreneurship can be materialized if the strategy used focuses on the organization's orientation, marketing channels, available resources, technology, and most importantly, on the product or service that satisfies customers' needs (Schumpeter, 1934). Value creation is a manifestation of companies' performance created over a specific time frame (Lebas & Euske, 2002). It depends on the ability of the companies to utilize these resources to create the value (Fischer & Sojer, 2015). Nevertheless, the process of value creation must consider the sustainable cash flows. As a result, assets selection needs to be done. Only those assets that significantly improve the firm's value should be considered for investment decisions (Eniola & Ektebang, 2014).

Under the resource-based concept, value captured by the firm determines the profitability of the firm (Makadok & Coff, 2002). This signifies the importance of distinguishing between the values created and the value captured (Becker & Gerhart, 1996; Hsu & Ziedonis, 2013). However, according to Fisher and Sojer (2015), value creation is similar to value capture. In a quantitative study on 108 Greentech industry firms in German, their finding suggests that firms could either concentrate on value creation or value capture to achieve competitive advantage. Furthermore, maintaining competitive advantage depends on market-demand steadiness, the ability to grow internally, and awareness on replication by opponents. Hence, it is essential to closely monitor decision-making as well as organizational and technological processes, especially when it involves technology that changes very fast. Failure to do so will decrease the competitive advantage (Teece, 2010). However, the coronavirus pandemic has given the worldwide entrepreneurial landscape a new look.

1.2 Entrepreneurial Reaction towards Coronavirus Pandemic (Covid-19)

Covid-19 is an uncommon phenomenon. It entails innovation preference and changes in the existing entrepreneurial landscape (Leung et al., 2020). In reality, as the crisis happened in sudden mode (Bogle & Sullivan, 2009), making sound and fast decision is critical (Kuckertz et al., 2020). Generally, the possibility of crisis occurrence is slim. Unfortunately, when it does occur, the impact can be dreadful. To avoid this, entrepreneurial ventures need to position themselves in the new normal as quickly as possible (Doern et al., 2019). It is normal for the mind to focus on difficulty rather than opportunity realization during crisis (Buchanan & Denyer, 2013). However, the crisis opens doors to new business spectrums (Grewal & Tansuhaj, 2001). Most importantly, disruptions due to the crisis need to be handled effectively so that the impact could be lessened and the opportunity could be recognized (Williams et al., 2017).

The pandemic's drastic implications show many organizations ceasing operation, cutting manpower, striving for survival and adapting for modification (Deschryvere et al., 2020). These could temper the operation costs and cause a deviation in the normal practices which could affect the overall performance of the firms (Wenzel et al., 2020). Therefore, a check and balance strategy for causes and actions identification is essential in order to curb business loss during the crisis (Ramadani et al., 2017). These could be seeking financial assistance to remain in existence, switching to the new norm that matches with the current situation, or in the worst scenario, adopt an exit strategy. Exit strategy allows the firm to immediately manage the financial losses impact due to the crisis. Even though this strategy signals that the firm is no longer in the market, it could be the best strategy to open a new nascent venture that is more resilient to the present condition (Giones et al., 2020; Ratten et al., 2017).

Clearly, there will most likely be a new wave of creative destruction that will bring about major changes in the global business environment and at the same time inspires the new generation of entrepreneurial ventures who find

opportunities in the unrest caused by Covid-19 (Zahra, 2020). From the perspective of crisis management studies, the type of business, firm's human capital roles (Alharthi & Khalifa, 2019; Vardarlier, 2016), and firm's networking contribute to the level of losses the firm encounters during crisis (Doern, 2016). This implies the potential of crisis management in an organization that could assist in developing sustainability (Liu & Froese, 2020).

Looking into the impact of the crisis to the organizations, financial-related issues are the most debated matter. Financial issues do not merely affect the established firms, but early stage and small firms as well. The severity of the impact could also be observed among technology-based firms. For firms with a promising future, crowdfunding could be their entrepreneurial funding solution. There are four familiar types of crowdfunding in the market and they can be classified into financial and non-financial based crowdfunding.

1.3 Types of Crowdfunding

Non-financial based crowdfunding refers to donation-based and reward-based crowdfunding whereas financial-based crowdfunding denotes peer-to-peer lending and equity-based crowdfunding. Table 1 summarizes the types, the returns, and the motivation of the funder.

Table 1: Types of Crowdfunding, Returns and Funder Motivation

Types of Crowdfunding	Form of Contribution	Form of Return	Motivation of Funder
Donation	Donation	Intangible benefits	Intrinsic and social motivation
Reward	Donation/Pre-purchase	Reward and intangible benefits	Combination of intrinsic, special motivation and rewards
Lending	Loan	Repayment of loan plus interest. Socially motivated lending is interest free.	Combination of intrinsic, social and financial motivation
Equity	Investment	ROI in time if business is making profit. Rewards and intangible benefits also attract investors.	Combination of intrinsic, social and financial motivation

Source: Pazowski & Czudec (2014)

1.4 Definitions of Crowdfunding

There are several definitions of crowdfunding which share more or less a similar meaning. Crowdfunding is basically a small amount of money collected from a large pool of people. Crowdfunding is defined as a collective of virtual activity involving an individual, institution, non-profit organization, or company which convinces the crowd or a group of individuals of different education background, characters, and experiences through a flexible open call. It is the voluntary undertaking of a task which always entails mutual benefit, and the crowd participates by bringing in work, money, knowledge, and experiences (Estellés-Arolas & González-Ladrón-De-Guevara, 2012). It is also known as the "social model of financing" (Brzozowska, 2013) or "collective financing" (Biancone et al., 2019).

Crowdfunding money helps finance a project, business, personal loan, and other purposes (Kirby & Worner, 2014). Belleflamme, Lambert and Schwienbacher (2014) derive the idea of crowdfunding from the crowdsourcing concept. They assert that it acknowledges many people's (crowd) ideas, comments, and suggestions for entrepreneurial development. Crowdfunding in general refers to the act of collecting a small amount of money from the crowd through the internet (Green et al., 2015).

In simpler words, crowdfunding means collecting money from the crowd online. Internet use which is incorporated with skills and knowledge leads to the success of the crowdfunding. Internet savvy individuals would be advantageous for crowdfunding as the attractive campaigns posted via social media and online applications such

as Instagram, Facebook, Whatsapp and others help the initiator to attract citizens to donate, provide right and fast information about the crowdfunding stages, and the kinds of reward they will get (Baeck & Collins, 2013; Gierczak et al., 2016; 2015). Freedman and Nutting (2015) uphold that the existence of social media enables the collection of small money from many people, especially when the project has social value.

The crowdfunding definition is a manifestation of globalization and internet openness where a group of people share resources with the community that has the same objectives, mission, and obligations (Beck, 2017). Thus, entrepreneurial internalization is possible under the crowdfunding setting (Cumming & Johan, 2017). It further has the potential to overcome the funding issues of entrepreneurial ventures. Additionally, it encourages entrepreneurs to go beyond the typical entrepreneur's normal approach in doing business. Furthermore, crowdfunding promotes new business ideas and develop significant skill and knowledge. Crowdfunding demonstrates trust as a factor that increase public confidence (Swart & Milner, 2015).

1.5 Motivation in the Crowdfunding Ecosystem

Crowdfunding has become a practical tool to foster financial inclusion (Muneeza et al., 2018). The motivation to engage with crowdfunding is referred as incentives to the crowdfunding actors, or the motivation for an entrepreneur to seek money via crowdfunding. Platform providers as the intermediary and investors under the crowdfunding umbrella tend to vary. The motivation in the crowdfunding ecosystem can be discussed from three perspectives; the entrepreneur who is also known as the fund raiser, the funder or investor, and the platform operator who acts as the intermediary.

1.5.1 Entrepreneur (capital seeker)

Afuah and Tucci (2012) broadened the idea of crowdsourcing. Crowdfunding involves mobilizing people to finance projects advertised by their supporters either on a private page or on a specific website, known as a crowdfunding platform. Financing is provided by the web users in exchange for some monetary claims on the project income, for economic benefits, or just for donations. Suggestions and inputs for the project are welcomed by its supporters. Also, crowdfunding has the potential to succeed the traditional funding practices concerning entrepreneurship and start-up projects by completing the funding provided by professional investors such as venture capitalists, business angels, or equity providers (Giudici et al., 2012). Companies are becoming more attracted and motivated towards crowdfunding from year to year (Massolution, 2013).

Entrepreneurs are triggered to participate in crowdfunding because it is the fastest and easiest way to generate funds for the project from a huge group of people, to get the public's recognition, obtain feedbacks on products or services, build networking, have more freedom in terms of maintaining control over the project, and to learn new skills (Aprilia & Wibowo, 2016; Gerber & Hui, 2013). Crowdfunding benefits including fund raising, self-satisfaction, and personal skills recognition are also motivating factors that accelerate the entrepreneur to participate in crowdfunding fundraising (Pichler & Tezza, 2016).

1.5.2 Supporters, investors or funders (capital giver)

Harms (2007) exposes investors' motivation relating to the different components of value, namely, emotional value, social value, quality performance value, and financial value. However, Gerber and Hui (2013) emphasize enthusiasm between the supporters and the creators, as well as parents, family, and friends which motivates funding of the project. There are supporters willing to support for the sake of helping others, and some may support because they want to collect the rewards offered (i.e., mugs, notebooks, CDs, and t-shirts). Meanwhile, trust motivates supporters to participate because the confidence is there. Listing down the supporters' name on the platforms increases the supporters' trust. There are of course others who merely support the cause that they like.

1.6 Platforms

Intermediaries, mediators, and middlemen reflect the same primary purpose that is connecting others. Intermediation can be found in the financial industry, takaful and insurance industry, marketing, manufacturing, advertisement, technology, and many others. It refers to connecting one party with another party. Howells (2006) investigated the intermediation innovation and found that intermediation grew as time passed. Intermediaries diversify from focusing on certain specialization to the acquisition of new required skills and specialties, thus creates values and vitality within the system. Intermediaries function not to merely connect parties but to also enhance them by promoting new opportunities and passion. Evaluating the impact of intermediary innovation is difficult given its indirect and direct effects on the value chain of businesses. However, the growth of the number and distance of perpetrators in the system denies the benefits they make to their customers and to the whole system of innovation. Nevertheless, the richness and success of intermediation in the overall system can potentially create institutional inertia, which can cause problems in the strength and longevity of the system in the long run (Van der Meulen & Rip, 1998).

According to Haas, Blohm and Leimeister (2014), it is reasonable to investigate the crowdfunding platforms' potential as intermediaries since research on crowdfunding platforms is still lacking. Hass et al. (2014) found that intermediaries' value propositions differ depending on the crowdfunding models (i.e., hedonism as reward, altruism as donation, and profit). On the other hand, Salomon (2016) views the emergence of crowdfunding platforms as the manifestation of declining support from VC industries and private equity (PE) funds. This suggests that VCs and PEs are abandoning the early-stage entrepreneurial market as it is difficult to identify sound start-up projects to build a successful portfolio. Hence, they merely concentrate on the existing and growing businesses that already have worthwhile products and stability in the market (Lindstrom & Olofsson, 2001).

1.6.1 Crowdfunding ecosystem

The crowdfunding ecosystem involves three main players; the creator, the investor, and the platform (Agrawal et al., 2014). Each of them has different functions and practices in the crowdfunding ecosystem. As a result, their influences on the ecosystem also differ. In order to understand the ecosystem, there is a need to know the crowdfunding ecosystem as a whole unit. Thus, it is necessary to identify who are the stakeholders in the crowdfunding ecosystem. This section examines the components that constitute the crowdfunding ecosystem, their contributions, and expectation from the system. The components are comprised of the primary actors (i.e., entrepreneur, investors, and platform), and the angel investor, venture capitalist, banks, and legislation.

1.6.2 Platform providers

Technology is the core element in crowdfunding. It enables the interaction within the ecosystem. The fact is that technology cannot perform by itself. Therefore, in crowdfunding, the platform (website) provider plays an important role. Other than connecting the people (i.e., entrepreneur and investors), it acts as an inspector by conducting due diligence to ensure the validity of the creator in terms of its existence and project proposal (Hamermesh & Tsoflias, 2013; Sigar, 2012). As a marketing platform, it promotes the project, and as a trustee, it collects the investors' investment money and distributes it to the project creator (Ordanini et al., 2011).

The dynamic nature in technology evolves the platform's business model. Therefore, to ensure optimum income streaming, the provider would consider to upgrade its website. This is also reflected in the increase of its functions in the future (Braet et al., 2013). Often, technology is associated with displaying transparency. Unfortunately, under the crowdfunding perspective, the transparent level is limited to the information displayed on the platform or disclosed during the crowdfunding campaign. In other words, the information merely serves certain stakeholders and that limits its transparency. As the website is the place where the deal is structured and the legal obligation is enforced, the importance of the platform providers in the crowdfunding ecosystem is heightened (Gelfond & Foti, 2012).

In the case of ECF, the platform provider as the 'middle man' connects the entrepreneur who is looking for funding and the investors who have the money. In return, the platform will charge the platform fees ranging between 3% - 10% out of the funds raised. On the whole, the platform provider is the center of the crowdfunding ecosystem that creates, controls, and ensures the efficiency of the crowdfunding's overall process for the benefit of all stakeholders (Beaulieu et al., 2015). It also has continuously disrupted traditional banking and financing sectors (Horvát et al., 2015). In fact, the crowdfunding platforms are capable in cutting costs related to communication, underwriting and transactions costs that are unavoidable in traditional banking. It thus attracts investors who eye for low-cost portfolios (Baumgardner et al., 2017). However, empirical evidence has shown that platform websites are most visited by entrepreneurs rather than investors (Gedda et al., 2016).

1.6.3 Founders

The literature has exposed the different terms used to reflect the founder. Among those used include the issuer, entrepreneur, firm, owner, start-up, creator, as well as borrower. A founder can be an individual or a group of people who aims to execute a particular project. The founder comes from different background and experiences, from qualified people to individuals without experience. However, there are two founder criteria to be considered. Firstly, those with business proficiency. The founder of such experiences is able to understand the business processes from the idea stage to the execution stage. Secondly, those who are directly involved in product development and distribution. Such experiences help market and distribute the product. Therefore, a founder with various experiences (i.e., excellent in both aspects, good at either one of them, and may have some experience in both aspects) approaches the website provider to seek for capital. It is for that matter that the founder comes up with the project's or product's proposal and introduces the idea via the provider's website. This phase is known as the crowdfunding campaign (Beaulieu et al., 2015).

During the campaign, vibrant and convincing ideas that are enough to attract the prospect investors are introduced. At this time, the prospective investor can access the information and it is the founder's responsibility to ensure its transparency so that the prospective investor can make well-informed judgement before investing (Beaulieu et al., 2015). In raising the funding, the crowdfunding website is a place where the founder can have public feedback for the project or ideas launched (Gerber et al., 2012; Helmer, 2014). It further encourages interaction between the founder and investors (Gerber et al., 2012), and to secure future financing (Dingman, 2013). However, in the case of equity-based crowdfunding, if the founder offers high equity to the crowdfunders, this will less likely attract the potential backers to invest as it signals the quality of the founder's organization or the crowdfunded project (Vismara, 2016).

1.3.1.1 Founder's characteristics

These types of traditional funders choose which founders to fund. Banks select the founders that meet their five C's criteria before the loan application is processed (Beaulieu, 1994; 1996; Beaulieu et al., 2015; Jankowicz & Hisrich, 1987). The five C's are the founder's character, capacity of the founder's organization, the collateral the founder and his/her organization have to secure the application, the availability of capital the organization has for its operation, and the condition the founders have to fulfil (Beaulieu et al., 2015).

Shark tank is a US-based reality TV program in which founders would propose their business ideas with the intention to safeguard investment from a group of venture capitalists (Keren, 2016). The show illustrates the competition for VC funding which is high. In most cases, founders struggle to convince their business ideas in front of the VC panel, and only a select few business plans are funded via venture capital funds (Dos Santos et al., 2011; Lavinsky, 2011). In this case, VC tends to participate in managing the firm receiving the fund (Fried & Hisrich, 1995).

The online crowdfunding, instead, shows founders independently funding their enterprises using 'crowd' money. In other words, crowdfunding has substantially changed the traditional process in acquiring entrepreneurial funding (Beaulieu et al., 2015). The founder that has been successful in raising money through crowdfunding has a proven

track record that shows his/her product or service has public demand. Venture capitalists may fund this kind of enterprise (Burns, 2013, Hsu, 2004). In circumstances where the enterprise is at start-up or at the growing stage and has no proven record to convince the traditional funder, or when the product is below the expectation of VC or angel, or when the project has less commercial value, traditional financing is impossible. Hence, crowdfunding is the solution (Levin et al., 2013; Macht & Weatherston, 2014; Manchanda & Muralidharan, 2014).

1.6.4 Backers or investors

The literature also highlights the terms used for crowdfunding backers. Other than backers, they are also referred as funders, investors, lenders, crowdfunders, and contributors. They are also one of the crowdfunding ecosystem's backbones since they are the supporters for the crowdfunded project. They are not merely fulfilling the required capital but are responsible to test the market and provide opinion on whether the project is worthwhile to carry out. Besides that, backers, through social media, make use of their network to spread information on the project. Therefore, their roles are broadened outside the monetary aspect. Backers from different demographic background would approach the website provider depending on the crowdfunded project they are interested in, and which they consider worth funding and trustworthy (Hui et al., 2014; Lehner, 2013). However, this demographic aspect varies depending on which crowdfunding models they approach. For example, high net-worth backers are more interested in equity-based crowdfunding where they have ownership in return (Beaulieu et al., 2015).

The factors which motivate backers to crowdfund have been explained in several theories. One touches upon the egoism or altruism-behavioral aspect of the crowdfunder. In the egoism perspective, an individual is motivated to contribute for his/her own benefits, such as getting rewards and being recognized when involved in the project (Gerber et al., 2012; Haas et al., 2014). Altruism, on the other hand, explains one's act of self-satisfaction when helping others (Andreoni, 1990; Burtch et al., 2013; Haas et al., 2014). Thus, in reality, the combination of both factors may likely influence the spirit to contribute which will in return fulfil the extrinsic rewards (material satisfaction) and intrinsic rewards (spiritual satisfaction) (Beaulieu et al., 2015). Putting aside the geographical vicinity, backers' and BAs' motivation to invest are rather alike (Hornuf & Schwienbacher, 2016).

1.7 Financial-based Crowdfunding in Malaysia

In Malaysia, financial-based crowdfunding is governed by Securities Commission of Malaysia (SC) under the Guidelines on Regulation of Markets under Section 34 of the Capital Market and Services Act 2007. These guidelines act as a governance mechanism and confirm the legality of financial-based crowdfunding in Malaysia. It further safeguards all of the involved parties, especially investors. The recognized market operators' targeted entities include micro, small, and medium enterprises (MSMEs) which are looking for early-stage financing (Securities Commission Malaysia, 2017).

The crowdfunding ecosystem particularly connects the project creator, platform provider, and investors. It involves rules and regulation when pertaining to crowdinvesting; the equity crowdfunding, peer-to-peer financing and property crowdfunding. Equity-based crowdfunding is when shares are exchanged with money. This type of crowdfunding involves the transfer of ownership from the firm to the investors. Hence, it is the reason why financial-based crowdfunding is a highly regulated activity in Malaysia.

1.7.1 Crowdfunding registered market operators (RMO) in Malaysia

In Malaysia, the registered crowdfunding-recognized market operators are divided into three. They are equity crowdfunding, peer-to-peer (P2P) crowdfunding, and property crowdfunding. The Securities Commission Malaysia has introduced these types of crowdfunding into Malaysia's capital market since 2014. Table 2 provides a list of registered and recognized market operators in Malaysia.

Table 2: Recognized Market Operators in Malaysia

ECF	P2P	Property
Ata Plus Sdn Bhd	Bay Smart Capital Ventures Sdn Bhd	EdgeProp Sdn Bhd
Crowdo Malaysia Sdn Bhd	B2B FinPal Sdn Bhd	
Crowdplus Sdn Bhd	Capsphere Services Sdn Bhd	
Eureeca SEA Sdn Bhd	Crowd Sense Sdn Bhd	
Ethis Ventures Sdn Bhd	Ethis Kapital Sdn Bhd	
FBM Crowdtech Sdn Bhd	FBM Crowdtech Sdn Bhd	
Fundnel Technologies Sdn Bhd	MicroLEAL Plt	
Leet Capital Sdn Bhd	Modalku Ventures Sdn Bhd	
MyStartr Sdn Bhd	Moneysave (M) Sdn Bhd	
Pitchin Platforms Sdn Bhd	Peoplender Sdn Bhd	
	QuicKash Malaysia Sdn Bhd	

Source: SC (2020)

1.7.2 Market regulation: Capital Market and Services Act 2007

End of year 2015 was a credential in Malaysia's history when SC issued the Guidelines on Regulation of Markets under Section 34 of CMSA (Capital Markets and Services Act 2007) to facilitate ECF platforms on the procedures to be followed and the way it is supposed to be conducted and operated. The introduction of these guidelines made Malaysia as the first country in the Asian region to have its own regulation to facilitate ECF (Securities Commission Malaysia, 2016). However, the guidelines have been superseded by the Guidelines on Recognized Market, revision series number SC-GL/6-2015 (R1-2016). The replacement guideline is to be read together with sub-division 4, division 2 of Part II CMSA in accordance with section 377 of the Capital Markets and Services Act 2007. Part F of the guideline specifically represents the additional requirements relating to a recognized market that is the crowdfunding platform. It consists two chapters; Chapter 12 on equity crowdfunding platform and Chapter 13 on peer-to-peer lending or crowdfunding (Securities Commission Malaysia, 2016). This is to enhance the investment-related crowdfunding in order to safeguard the crowdfunding actors, especially investors, and to assure that this funding mechanism would benefit the SMEs (Securities Commission Malaysia, 2015).

The guideline necessitates the fitness of the operator or director who must be proper and have the ability to operate an orderly, fair, and transparent market. As the operator plays a critical role in ensuring confidence in the ECF platform, the guideline entrusts the operator with obligations to ensure issuers' compliance with platform rules. The operator may deny an issuer access to its platform if it is of the view that the issuer or the proposed offering is not suitable to be hosted on the platform. The operator is also required to ensure that funds obtained from investors are safeguarded in a trust account until the funding goal is met. Under this framework, an eligible issuer can raise up to RM3 million within a 12-month period. Issuers will be able to tap on investments from retail, sophisticated as well as angel investors, subject to the investment limits as provided in the Guidelines. ECF investors are given a six-day cooling off period, within which they may withdraw the full amount of their investment. In addition, if there is any material adverse change relating to an issuer, the investors must be notified of such change. The investors will be given the option to withdraw their investment if they choose to do so within 14 days after the said notification.

1.7.3 Limits to funds raised on ECF platform

Initially, the maximum amount an issuer can raise through the ECF platform is MYR5 million. This amount excludes the issuers' own capital contribution and any funding obtained through other sources. However, in every 12-month period, an issuer can only raise up to RM3 million irrespective of the number of projects and the issuer may seek another MYR2 million the following year (Securities Commission Malaysia, 2016). Recently, the maximum amount has been raised from MYR5 million to MYR10 million for both investment crowdfunding platforms, the ECF and P2P, and both platforms are now allowed to set up secondary trading. This is due to the MSMEs interest on these funding avenues.

On top of that, the Malaysia Co-Investment Fund (MyCIF) was introduced to encourage investors and government collaboration to grow SMEs in Malaysia. MyCIF was established with MYR50 million from existing

grants to be co-invested in SMEs with private investors through ECF and P2P crowdfunding platforms (Farah Adilla, 2017). The ratio is set at 1:4, meaning that for every Malaysia ringgit raised from ECF, the MCIF will invest one Malaysia ringgit. However, the maximum cap is limited to MYR500,000.

More recently, the maximum cap for MCIF was increased to MYR one million with the current ratio of 1:2 due to Covid-19. However, the current maximum cap was only set up to the month of September 2020 (Fong, 2020), and has yet to see any further amendment.

2. Research Methodology

The objective of this paper is to explore the potential of financial-based crowdfunding platforms in closing the financing gaps encountered by firms during the Covid-19 crisis in Malaysia. This is a content analysis research constructed based on;

- Current journals and information related to Covid-19 which are examined to extract more information about Covid-19 related issues, particularly those that impact the businesses.
- Contents on the financial-based platforms' websites in Malaysia. The crowdfunding activities during the MCO (March,18,2020 until Oct, 20, 2020) are of focus. These platforms have obtained their licenses from Securities Commission Malaysia. Table 2 below is a list of equity crowdfunding platform providers and Table 3 is a list of P2P lending crowdfunding platform providers with the crowdfunding activities during MCO. NA represents the not available information on the platforms' websites.

3. Results

3.1 Covid-19 and Crowdfunding-related Journals

Crowdfunding is a good response mechanism during crises (Mejia et al., 2019). The current pandemic has shown the world the strengths of crowdfunding from both sides of shared values (Dominguez et al., 2020) and economic growth (Battaglia et al., 2020). Public sympathy and willingness to donate have raised during the pandemic. In Indonesia for instance, two billion rupiahs were raised in a week for the development and delivery of continuous positive airway pressure (CPAP) ventilator to hospitals. Surprisingly, when the project formally closed, more than 12 billion rupiahs were raised for the mass production and commercialization of CPAP ventilator (Hidayat et al., 2020). However, whether the public will continue to help patients in the future is still vague (Desai et al., 2020; Fischer et al., 2020). The ability of fundraisers to provide transparent and continuous campaign updates will increase the campaign's genuineness and thus raise the trust level among donors. In addition, the platform's accreditation is a donor's concern. Fundraisers using non-accredited platforms need to double their effort in providing the campaign's status to lock donor's attention (Mejia et al., 2019). A study conducted by Rajwa et al. (2020) revealed that in the USA, a large portion of the crowdfunding money were used for living, loss of salaries, foods (88%), medicals (8.7%) and healthcare workers (3.35), whereas in Italy, most of the chunk go to hospital and health workers (54.6%), medical supplies (26.9%), living, lost of salaries, foods (16.7%), and to conduct research on Covid-19 (1.9%). Dominguez et al. (2020) claim that crowdfunding helps in paying medical expenses for the "uninsured" and "underinsured" individuals who are infected. Table 3 indicates the top three reward and donation crowdfunding platforms in France, the charges, number of campaigns, amount raised, and the number of donors during Covid-19.

Table 3: The Top Three Non-Financial Crowdfunding in France

France's Top 3 Crowdfunding Platforms	Types of Platform	Platform & Transaction Fees during Covid-19	Total Campaigns	Amount Raised £	No. of Donors

Leetchi	Donation	Fee waiver for Covid-19 related projects or research	150	4,911,767	65,085
KissKissBankBank	Donation&Rewards	3% transaction fee	53	709,197	17,765
Ulule	Donation&Rewards	No platform fee 3% transaction fee	42	458,453	7,793
		TOTAL	**245**	**6,079,419**	**90,643**

Source: Moine & Papiasse (2020)

The above table shows that Leetchi, a fully donation-based platform, is the most popular among the top three platforms. Leetchi successfully conducted 150 campaigns and recorded the highest value and donors at £4,911,767 and 65,085 respectively. According to Moine and Papiasse (2020), the platform's popularity and Covid-19 policy such as platform and transaction fees waiver might have attracted campaigns and donors to participate.

From the perspective of entrepreneurial landscape, Brown and Rocha (2020) highlighted that Covid-19 implication in China has badly affected the SMEs and nascent ventures as the pandemic has swiped away their financial resources. A comparison on investment availability from the first quarter of 2019 and 2020 shows a 60% reduction on the investment markets. In essence, Covid-19 has changed investors' reactions towards the equity crowdfunding activities.

Meanwhile, Italy's equity crowdfunding ecosystem shows that the equity crowdfunding campaigns run by female entrepreneurs are more likely to succeed compared to their male counterparts during this period of time. According to Battaglia et al. (2020), women entrepreneurs and social capital significantly affect the campaign's success rate. This may be due to investors' heightened preference and value towards the aspect of trust during crisis periods. Unexpectedly, social capital supporters for women founders have also increased and this helps in their campaign's success. Meanwhile, the percentage of shares offered does not affect the campaign's success rate. These show that Covid-19 does not stop investors from participating in funding activities. However, they become more prudent in selecting which projects to invest in. Thus, being transparent could increase the funder's trust and insight towards the fundraiser's determination (Buell et al., 2017; Buell et al., 2020).

However, the effect of being transparent can be different according to the type of business. For example, in the journalism industry, many have been successful through funding via the crowdfunding mechanism (Carvajal et al., 2012). The effect of being transparent can be seen from both crowdfunding actors; the entrepreneur's venture and the platform provider. The information transparency release strategy adopted by the venture is consistent with the platform provider's tenet during the pitching period (Hu et al., 2018). At this particular period, if the venture foresees an unfavorable campaign result, it can revive the funding process by giving offers or discounts to those who invest (Du et al., 2017; Li & Duan, 2014).

A wider aspect of being transparent will benefit the creator, particularly in a competitive setting where each of the firm's market sizes become smaller. The transparent strategy acts as an information strategy which could attract more customers, reflected in promising profitability (Hu et al., 2018). This clearly suggests that for new enterprises to survive, especially when it involves investment-based crowdfunding, being transparent is what they need to build potential backers' confidence. If not, stakeholders will be disappointed when liquidation occurs (Hurt, 2016). The crowdfunding moral hazard could also be recognized and rectified in advance.

Battaglia et al. (2020) added that technology-related and R&D industries are the most financed by investors during Covid-19. They also suggest that investors are more likely to invest in family types businesses which have to be redefined to reflect the current situation. In addition, it is obvious that entrepreneurs in highly affected zones suffer more than those in low Covid-19 areas. Investors are more selective and careful in order to minimize their losses. On the other hand, Deschryvere et al. (2020) provided a contrasting scenario in which Covid-19 indirectly discourages innovation and R&D. Even though innovation is vital for long-term economic growth, the funding for that purpose is declining. The same goes to equity crowdfunding investor's participation which has decreased

worldwide (Battaglia et al., 2020). A recent study conducted by Mohammadi (2020) discovers that funders' decision to invest are influenced by the weather. Thus, the ventures should aim for angel and sophisticated investors that have less weather influence. Then, what about when a crisis like Covid-19 hits? The next section is based

3.2 Financial-based Crowdfunding Activities amidst Covid-19 in Malaysia

Table 4 shows the registered ECF platform providers in Malaysia, the number of funded campaigns, and the ongoing campaigns amidst Covid-19. For the purpose of this study, campaign activities from 18th March, 2020 to 20th April, 2020 are examined. From the table, 32 campaigns have successfully raised money and 24 more campaigns are waiting for the crowdfunding period to end on ECF platforms during the period. However, not all activities are shared by the platforms. Thus, the results may not portray the whole picture of ECF activity during the pandemic.

PitchIN, the most popular ECF platform in Malaysia, runs both as reward and ECF crowdfunding platform. PitchIN has dominated the ECF funded campaigns so far in terms of amount raised, number of ventures', and investors' participation.

Table 4: Equity-crowdfunding Platforms in Malaysia

ECF Platform Providers	No. of Funded Campaign(s)	No. of Ongoing Campaign(s)
Pitchin Platform Sdn Bhd	15	6
Ata Plus Sdn Bhd	2	7
Crowdplus Sdn Bhd	1	1
Leet Capital Sdn Bhd	0	3
Ethis Ventures Sdn Bhd	1	2
MyStartr Sdn Bhd	6	1
FBM Crowdtech Sdn Bhd	0	4
Fundnel Technologies Sdn Bhd	5	NA
Crowdo Malaysia Sdn Bhd	NA	NA
Eureeca SEA Sdn Bhd	2	NA

Meanwhile, Table 5 below indicates the registered P2P lending crowdfunding platform providers in Malaysia. Unfortunately, not much information can be gathered from the P2P platforms' websites. FBM Crowdtech successfully organized nine campaigns through its lending platform and is the only crowdfunding platform that has both licenses as lending and equity based crowdfunding from the Securities Commission of Malaysia.

Table 5: P2P Lending Platforms in Malaysia

P2P Platform Providers	No. of Funded Campaign(s)	No. of Ongoing Campaign(s)
FBM Crowdtech Sdn Bhd	9	NA

Bay Smart Capital Ventures Sdn Bhd	NA	NA
B2B FinPal Sdn Bhd	NA	NA
Capsphere Sdn Bhd	NA	NA
Crowd Sense Sdn Bhd	NA	NA
Ethis Kapital Sdn Bhd	NA	NA
MicroLeap PLT	NA	NA
ModalKu Ventures Sn Bhd	NA	NA
Moneysave (M) Sdn Bhd	NA	NA
Peoplender Sdn Bhd	NA	NA
Quickash Malaysia Sdn Bhd	NA	NA

Table 6 is the information retrieved from PitchIN's platform from 18th March 2020 to 20th October 2020.

Table 6: PitchIN Platform's Equity-based Crowdfunding Activities during Covid-19

PitchIN Platforms Sdn Bhd	Types of Industry	Amount Raised MYR	Shares Offered %	No. of Investors	Larges Investment MYR
Yin's Sourdough	F&B	1,139,468	15	59	220,806
RentGuard	Platform-Digital property	644,600	4.63	107	165,600
Policy Street	Insurance technology	5,280,657	11.71	274	998,058
VMO	Platform-Event	2,085,052	9.10	24	692,464
Newswav	Platform-AI & BD	1,520,178	18.74	7	550,016
Everpeaks	E-commerce	941,000	25.17	48	500,000
SecondLife	Technology/ e-commerce	268,800	9.11	14	150,000
Speedrent	Platform-rent property	2,592,962	10.27	106	639,744
Carpedia	Platform-gig income	552,500	15	87	139,400
Regov Tech	Bitcoin	2,830,423	8.4	132	895,752
Superceed	Artificial Intelligence	3,110,555	7.29	31	998,296
Airuphere	Platform-Sport Organizer	250,500	9.04	9	100,500
Deemples	Golfer platform	1,440,000	16.78	59	450,000
Talent Ap Mgmt	Marketing solution provider	3,000,800	25.05	19	1,038,400
NU Vending	Automation	2,457,200	10.53	27	736,400
	TOTAL	**28,114,695**		**1,003**	

Source: PitchIN (2020)

Despite the pandemic, PitchIN recorded a total of 1003 investors with the total investment amount exceeding MYR28 million. Looking at the number of shares offered, the percentage ranges from 7.29% to 25.17% and the number of investors from 7 to 274. Meanwhile, the last column represents the single largest investment, recording the minimum of MYR100,500 and the maximum of MYR1,038,000. Thus, the investments are likely those from angel investors and sophisticated investors. In Malaysia, angel investors can invest in financial-based crowdfunding up to MYR500,000 in one year and there is no restriction on investment amount for sophisticated investors.

Meanwhile, retail investors can invest in not more than MYR50,000 a year and are subject to a maximum of MYR5,000 per issuer (Securities Commission Malaysia, 2016). These rules were enacted to safeguard the investors from unpredictable losses (Securities Commission Malaysia, 2017).

Most of the funded ventures are technology related. The finding is supported by Battaglia et al. (2020)'s study in which investors tend to invest in R&D and technological projects. In fact, in today's business culture, the use of technology such as big data, business analytics, and customer management systems are common (Mohammadi, 2020). The largest amount raised was MYR5,280,657 by Policy Street. With an insurance technology approach, Policy Street succeeded in convincing 274 investors to secure the largest single investment of nearly RM one million. Policy Street is thus the 55th successful issuer on PitchIN platform (Pitchin, 2020).

This study's finding is similar to that of Buell et al. (2017) and Buell et al. (2020) which found that investors do not invest based on the ownership offered by the ventures. Superceed, for instance, offered 7.29% shares and managed to raise MYR3,110,555 from 31 investors with the highest single investment totaling almost a million. This is the second time Superceed has raised funding via PitchIN. The first campaign was launched in 2018.

Apart from that, all successful fundraisers during the pandemic are eligible for further funding assistance from MyCIF. However, they must fulfil the criteria imposed by the Securities Commission Malaysia (Securities Commission Malaysia, 2020). Policy Street is the 17th successful MyCIF recipient (Pitchin, 2020).

This shows that alternative online funding such as financial-based crowdfunding has the potential to offer entrepreneurial funding for ventures especially during Covid-19. Hence, crowdfunding can be a great source of funding during emergencies (Mejia et al., 2019).

4. Discussion

The pandemic has made it clearer for us that traditional financial institutions are not "user-friendly" for entrepreneurs. This is especially true during the movement control order (MCO) and work from home (WFH) directive. The fact that MCO threatens start-up entrepreneurs has added to their existing problems (Kuckertz et al., 2020). From the perspective of crowdfunding ecosystems in Malaysia, all players from entrepreneurs, investors and platform providers are affected by the pandemic and its impacts. Although their responses on the pandemic vary, they nevertheless share a similar concern, and that is to minimize the financial losses.

Enterprises pursue a cost cutting regime; cutting manpower and changing to business models that are more resilient to the present situation, and may even withdraw from the business altogether. Amazingly, the crowdfunding platforms are actively assisting the ventures looking for capital or operating expenditure at this point of time. These ventures are either newly emergent or existing ventures with new business models that match with the current situation. Interestingly, most are making use of technology such as Apps store, digital application, and social media platforms to attract customers or users. The use of technology significantly differentiates them from other ventures. This is because technology allows shared value creation, enhances management systems, the internet of things (IoT), and provides the practical tools to monitor remote operations, data analytics, and big data. Yet, the costs to acquire technologies are high and perplexing in today's business environment (Akpan et al., 2020). The research conducted suggests that while startups are successfully leveraging their available resources as a first response to the crisis, their growth and innovation potential are at risk. Therefore, policy measures should not only provide first aid to startups by alleviating the pressures caused by constrained cashflow, but should also involve long-term measures embedded in and supported by the wider entrepreneurial ecosystem to ensure rapid recovery and growth (Kuckertz et al., 2020).

Investors' response amidst Covid-19 can be seen from their participation. The pandemic has increased the investors' perception on trust and fundraiser campaign updates. Evidence shows that female entrepreneurs secure more crowd funds, and that the social capital of female entrepreneurs also increases. However, investors tend to favor and opt for technology-based, digitalized ventures and R&D more than other industries. In reality, investments for these technologies and innovation have also decreased. If this persists, it will badly affect the economic growth.

According to Moine and Papiasse (2020), the Covid-19 pandemic has also impacted crowdfunding platforms. However, the impact differs depending on the types of platforms and their goals. Crowdfunding platforms, despite playing a different role from private equity (PE) investors, could learn from how PE deals with Covid-19 on their portfolio companies. PE roles vary depending on the portfolio companies they are in. Gompers, Kaplan and Mukharlyamov (2020) indicate that 50.9% of PE firms are unaffected, and 39.9% and 9.9% are critically affected. Regardless of the crisis, the PE firms' main focus is to increase the value of their portfolio companies according to the current situation. According to Kaplan and Stromberg (2009), corrective measures involve three settings; the financial, governance and operational. In addition, the size of the portfolio companies, the investing policies, geographical aspect and business concentration would influence the PE firm' decisions. Despite that, PE investors still pursue new companies even if it results in lower expected returns. Thus, financial-based platforms could modify their existing policies by adopting ideas from the PE industry to regenerate online funding amidst crises like Covid-19. In doing so, more entrepreneurial ventures could benefit from it.

During pandemic, community networks, spirit of social entrepreneurship, skills, knowledge, and ideal collaboration with government, social institutions, and businesses have shown their good vibes in making something impossible possible (Hidayat et al., 2020).

This study is one of the few studies to explore the adoption of online funding through the financial-based platforms in Malaysia during pandemic. The study finds that financial-based crowdfunding has a significant effect on the entrepreneurial funding in Malaysia context. Hence, more entrepreneurs should develop their knowledge to have a better picture of the online funding, the strengths and weaknesses it constituted for the future growth of the ventures. Making use of financial-based crowdfunding platforms is one of the solutions that the government has for the sustainability of the entrepreneurial landscape in Malaysia. Thus, the government should leverage the financial-based platforms' purpose for the benefit of entrepreneurial aims. With this information, this study recommends the government and its agencies to fine-tune their existing policies to support the masses, especially the ventures and the crowdfunding platform providers in dealing with the destruction caused by the Covid-19. Also, the respective bodies could investigate what could be offered to the investors to encourage them to participate. Thus, government and policy makers need to have real-time information so that any uncertainty awaiting the entrepreneur could be handled accordingly (Brown & Rocha, 2020). It is important to denote that early response to the crises (Mejia et al., 2019), could reduce anxiety and panic among the society (Sahadevan & Bhagat, 2020). In addition, the financial-based platforms as one of the players in the crowdfunding ecosystem have to play their roles meaningfully in bringing in as many potential funders to joint entrepreneurs' pitching sessions and other viable projects to realize the full potential of online funding platforms.

Last but not least, there are several limitations in this study. Firstly, this study is unable to represent the whole of financial-based crowdfunding activities in Malaysia amidst the pandemic due to the absence of required information. Secondly, this study is subjected to financial-based crowdfunding. However, non-financial platforms are also found to channel finance to enterprises.

Future research can be done to study the effect of Covid-19 and crowdfunding in Malaysia using complete dataset, particularly since empirical research provides substantial findings. The causal effect of further funding assistance (i.e. MyCIF) and the campaigns launched can be further examined as well to determine whether the fundraiser's intention to raise funding is influenced by the grant offered by the government or not. Lastly, to examine the performance of the firms (crowdfunding recipients). This could demonstrate more knowledge as financial-based crowdfunding is a new form of entrepreneurial funding in Malaysia.

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Cabaran dan Survival Kewangan Belia Berdepan Pasca Pandemik

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Abstrak

Pandemik Covid-19 yang melanda seluruh dunia bukan sahaja memberi implikasi kepada kesihatan, malah kepada ekonomi dan pasaran buruh. Hampir 40 peratus daripada keseluruhan tenaga buruh di Malaysia merupakan golongan belia yang berusia 15 hingga 29 tahun. Tidak dapat dinafikan bahawa golongan ini adalah golongan penting kepada pasaran buruh negara dan berperanan sebagai tunjang kemakmuran ekonomi negara. Justeru, kesan semasa dan selepas Covid-19 kepada belia tidak boleh dipandang ringan. Kadar pengangguran dijangka meningkat kepada 5.5 peratus atau lebih 860,000 orang penganggur sepanjang tahun 2020 di Malaysia. Bank Negara Malaysia turut mengumumkan peningkatan unjuran kadar pengangguran kepada 4 peratus untuk tahun 2020. Graduan baharu turut menerima tempias penguncupan ekonomi akibat krisis Covid-19 melalui penawaran pekerjaan yang terhad. Dengan jumlah keluaran graduan ke pasaran buruh sebanyak lebih 200,000 setiap tahun, sudah pastinya mereka akan menghadapi kesukaran untuk mendapatkan kerja. Bagi yang mengekalkan pekerjaan pula, berdepan kehilangan pendapatan 90 peratus dan tidak mempunyai simpanan cukup untuk meneruskan kelangsungan hidup. Justeru, pelbagai inisiatif dilaksanakan oleh Kementerian Sumber Manusia bagi mengatasi permasalahan tersebut menerusi Pelan Jana Semula Ekonomi Negara (PENJANA) yang dibentangkan oleh Perdana Menteri Malaysia pada 5 Jun 2020. Melalui PENJANA, insentif pengambilan pekerja telah menyediakan lebih 300,000 graduan baharu dan belia yang menganggur termasuk perantis untuk menerima manfaat daripada insentif ini. Maka, artikel ini bertujuan mengupas cabaran dan survival kewangan belia berdepan krisis Covid-19 dengan mengaplikasikan kaedah kualitatif menerusi analisa dokumen dan data sumber sekunder. Artikel ini turut menjelaskan langkah-langkah kerajaan menangani isu pengganguran di kalangan belia. Hasil perbincangan mendapati bahawa krisis Covid-19 menuntut semua pihak untuk melakukan pengubahsuaian dalam cara hidup termasuklah dalam menguruskan kewangan. Peluang yang diberikan pihak kerajaan dalam mengatasi ekonomi belia khususnya sektor pekerjaan haruslah direbut sebaik mungkin.

Katakunci: Covid-19; belia; kewangan; pengangguran.

1. Pengenalan

Tidak dinafikan bahawa virus Covid-19 telah pun menggegarkan satu dunia, dari sudut kesihatan, keselamatan, ekonomi dan sosial di setiap negara. Pandemik Covid-19 bukan sahaja menyebabkan kesukaran kepada sektor kesihatan awam negara, malah kepada ekonomi dan pasaran buruh keseluruhannya. Perkembangan semasa Covid-19 telah menambah beban dan cabaran kepada golongan pekerja, majikan dan pihak kerajaan. Tambahan pula dengan arahan ke atas penjarakan sosial dan arahan Perintah Kawalan Pergerakan (PKP) sejak 18 Mac yang lalu, majoriti pekerjaan terutamanya yang bergantung kepada interaksi pelanggan secara fizikal turut terkesan.

Hakikatnya, serangan wabak Covid-19 telah menyebabkan perkembangan ekonomi negara terjejas dan akibatnya ramai rakyat yang telah diberhentikan kerja. Masa depan golongan belia pula dilihat kelam dengan berdepan kemungkinan diberhentikan kerja pada bila-bila masa sahaja serta kesukaran mendapat pekerjaan. Justeru, golongan belia perlu mempersiapkan diri dalam menempuh cabaran utama yang merangkumi cabaran dari sudut ekonomi, sosial, teknologi, pendidikan, kesihatan dan politik. Namun, isu yang menjadi perbualan hangat bagi golongan belia adalah cabaran dalam menguruskan kewangan.

Menyentuh tentang takrifan belia, perkataan "belia" ini didefinisikan dalam pelbagai maksud, sama ada di dalam kamus mahupun dalam perundangan. Menurut Kamus Dewan Edisi Ke-Empat (2019), belia bermaksud muda, sangat muda (muda remaja), golongan muda secara keseluruhannya (baik lelaki mahupun wanita) serta pemuda dan pemudi. Namun begitu, takrifan belia menurut Akta Pertubuhan Belia dan Pembangunan Belia 2007 (Akta 668) adalah individu yang berumur antara 15 hingga 40 tahun. Walau bagaimanapun, melalui Dasar Belia Malaysia, takrifan had umur belia telah diubah kepada individu yang berumur antara 15 tahun dan sebelum mencapai umur 30 tahun, tetapi perlu dilakukan berperingkat dan mendahulukan sistem sokongan kepada pertubuhan belia sebelum pindaan (Khairy Jamaluddin, 2015). Penurunan had usia itu perlu dilakukan dengan memastikan pertubuhan belia mempunyai akses terhadap kaderisasi hingga ke peringkat sekolah dan mempunyai kualiti kepemimpinan baharu yang cukup terlatih. Pemimpin belia boleh didefinisikan sebagai individu berusia 15 hingga 35 tahun, manakala belia pula didefinisikan individu berusia 15 hingga 30 tahun (Mohd Fauzi, 2020)

Jika dilihat daripada komposisi belia di Malaysia, merujuk statistik Jabatan Perangkaan Malaysia pada suku pertama 2020, jumlah penduduk yang berumur antara 15 hingga 30 tahun adalah dianggarkan seramai 9.2 juta yang mewakili 27.8% daripada keseluruhan 32.7 juta penduduk Malaysia (Jabatan Perangkaan Malaysia, 2020; Mohd Mursyid, 2020). Belia merupakan penyumbang penting kepada pasaran buruh negara. Menurut data yang dikeluarkan oleh Institut Penyelidikan Khazanah yang memfokuskan kepada cabaran dan strategi pasca-pandemik untuk belia, dianggarkan seramai 5.45 juta (35.7%) daripada 15.3 juta tenaga buruh adalah dari kalangan belia yang berumur 15 hingga 29 tahun pada tahun 2018 (Junaidi & Mohd Amirul Rafiq, 2020). Jumlah ini boleh dikira sebagai suatu jumlah yang amat besar. Justeru, situasi semasa Covid-19 ini pastinya memberi kesan buruk kepada penyertaan belia dalam pasaran buruh, terutamanya bagi graduan baharu seperti kesukaran mencari kerja, mengekalkan pekerjaan dan pendapatan.

2. Kesan Kemelut Pandemik Covid-19 kepada Belia

Menurut Junaidi dan Mohd Amirul Rafiq (2020), majoriti pakar ekonomi menjangkakan sebahagian besar aktiviti ekonomi akan merosot disebabkan kemelut Covid-19 dan ini memberi kesan secara langsung kepada golongan belia melalui lima dimensi.

Pertama, sejumlah besar penganggur merupakan golongan belia. Kadar pengangguran di Malaysia pada tahun 2018 ialah 3.3% yang melibatkan jumlah penganggur seramai 504,300 orang. Daripada jumlah tersebut, penganggur belia merangkumi seramai 397,000 orang (78.7%) (Jabatan Perangkaan Malaysia, 2019). Dengan anggaran peningkatan kadar pengangguran oleh Bank Negara Malaysia (BNM) pada tahun 2020 kepada 4.0% berbanding 3.3% pada tahun 2019, golongan belia akan terus mendominasi jumlah penganggur (Mahanum, 2020).

Kedua, semua sektor merasai tempias Covid-19 terutamanya sektor berkaitan perkhidmatan seperti pekerja dalam industri makanan, jagaan kanak-kanak, pengangkutan udara, pelancongan, hiburan dan pengurusan acara, peruncitan, kesukanan dan perhotelan. Berdasarkan Jadual 1 menunjukkan sektor perkhidmatan merangkumi komposisi terbesar pekerja di Malaysia, iaitu sebanyak 9.36 juta (63.3%) dengan sejumlah 3.13 juta orang (21.2%) daripadanya ialah belia berumur antara 15-29 tahun. Ini bermakna, satu daripada lima pekerja di sektor berkaitan perkhidmatan merupakan golongan belia.

Jadual 1. Penduduk Bekerja Mengikut Industri dan Kumpulan Umur, Malaysia, 2018

Industri	**Jumlah pekerja**	**Pekerja 15-29 tahun**		**Pekerja 30-64 tahun**	
Pertanian, perhutanan dan perikanan	1,570.3 ('000)	481.7	3.3 (%)	1,088.6	7.4 (%)

Perlombongan dan pengkuarian	90.8	24.4	0.2	66.4	0.4
Pembuatan	2,499.9	1,020.0	6.9	1,479.9	10.0
Pembinaan	1,257.8	396.2	2.7	861.6	5.8
Perkhidmatan	9,357.2	3,129.9	21.2	6,227.3	42.1
KESELURUHAN	**14,776.0**	**5,052.2**	**34.3**	**9,723.8**	**65.7**

Sumber: Jabatan Perangkaan Malaysia (2019).

Ketiga, sektor tidak formal turut terkesan akibat krisis pandemik Covid-19 yang melibatkan lebih ramai golongan belia. Menurut Organisasi Buruh Antarabangsa, 77% daripada 1.3 juta belia di dunia terbabit dalam sektor tidak formal (Nur Sofea Hasmira, 2020). Merujuk Jadual 2, jumlah tenaga kerja dalam aktiviti tidak formal pada tahun 2017 ialah sebanyak 1.36 juta, merangkumi 9.4% daripada jumlah guna tenaga keseluruhan. Jumlah guna tenaga dalam aktiviti tidak formal bukan pertanian di Malaysia meningkat dengan kadar pertumbuhan purata 5.3% sejak tahun 2011. Daripada 1.36 juta guna tenaga dalam sektor tidak formal pada tahun 2017, golongan berumur 15-34 tahun merangkumi sebanyak 516,000 orang (37.9%). Daripada jumlah tersebut, peratus terbesar ialah dalam kalangan mereka berumur 25 hingga 34 tahun. Ini bermakna satu daripada tiga orang pekerja dalam sektor tidak formal merangkumi belia berumur 15-34 tahun. Malah, golongan pekerja di sektor tidak formal dalam kalangan mereka yang mempunyai pendidikan tertiari juga menunjukkan peningkatan berbanding tahun 2011 (Siti Aiysyah, 2020). Majoriti pekerja aktiviti tidak formal ini terdiri daripada golongan yang bekerja sendiri dan mereka ini lebih mudah terjejas berikutan ketidaktentuan keadaan ekonomi akibat krisis Covid-19, ditambah dengan arahan PKP.

Jadual 2. Guna Tenaga dalam Sektor Tidak Formal Mengikut Kumpulan Umur dan Strata, Malaysia, 2011-2013, 2015 dan 2017.

Umur	**2011**		**2012**		**2013**		**2015**		**2017**	
15 – 24 tahun	137.2	('000)	156.2		178.9	13.5	192.8		200.1	14.7
	13.7%		14.4				13.7			
25 – 34 tahun	225.8		249.9	23.1	283.3	21.4	325.9	23.2	315.9	23.2
	22.6%									
35 – 64 tahun	638.1		676.4		861.6	65.1	884.3	63.0	847.7	62.2
	63.7%		62.5							
JUMLAH	**1,001.1**		**1,082.5**		**1,323.8**	**100.0**	**1,403.0**		**1,363.7**	**100.0**
	100.0%		**100.0**				**100.0**			

Nota: Angka merangkumi jumlah guna tenaga aktiviti bukan pertanian dalam sektor tidak formal mengikut kumpulan umur.
Sumber: Jabatan Perangkaan Malaysia (2018).

Keempat, krisis pasca pandemik Covid-19 akan menjadi satu cabaran terbesar buat graduan baharu dalam pasaran pekerjaan. Statistik dari Kementerian Pendidikan Malaysia (KPM, Pelbagai tahun) melaporkan keluaran graduan warganegara Malaysia pada tahun 2018 ialah sebanyak 290,282 orang dan 17% daripadanya melanjutkan pengajian dan meningkatkan kemahiran. Selebihnya, seramai 240,934 graduan memilih memasuki pasaran buruh pada tahun 2018 (Jadual 3). Dengan kadar pertumbuhan purata tahunan belia yang memasuki pasaran pekerjaan sejak 2015 sebanyak 9.1%, jumlah keluaran graduan pada 2020 dianggarkan sebanyak 286,800 orang. Dengan jumlah ini, ditambah pula dengan anggaran peningkatan pengangguran kepada 4.0% pada tahun 2020 (berbanding 3.3% pada tahun 2019), menjadi satu cabaran besar kepada graduan untuk mendapatkan pekerjaan. Malah, pergerakan yang terhad sepanjang pandemik Covid-19 ini juga merupakan halangan utama mereka untuk mencari pekerjaan dan menghadiri temuduga secara fizikal.

Jadual 3. Keluaran Graduan Mengikut Status Pekerjaan, 2015-2018.

Status Pekerjaan	**2015**		**2016**	**2017**		**2018**
Bekerja	121,671	53.0%	134,576	141,325		170,105
			56.5	55.4		58.6
Menunggu penempatan pekerjaan	9,183	4.0%	9,527	11,990	4.7	13,353
			4.0			4.6
Belum bekerja	54,867	23.9%	54,068	53,316		57,476
			22.7	20.9		19.8
Melanjutkan pengajian	40,174	17.5%	34,537	43,367	17.0	45,574

Meningkatkan kemahiran	3,673	1.6%	14.5 5,478 2.3	5,102	2.0	15.7 3,774 1.3	Sumber: KPM (Pelbagai tahun)
JUMLAH	**229,568** **100.0%**		**238,187** **100.0**	**255,099**	**100.0**	**290,282** **100.0**	

Kelima, golongan belia berhadapan dengan jurang pendapatan akibat upah dan gaji yang diterima adalah rendah. Secara puratanya, belia memperolehi pendapatan sebanyak RM2,256 (25-29 tahun), RM1,643 (20-24 tahun) dan RM1,323 (15-19 tahun). Maklumat gaji penengah pula menunjukkan angka lebih rendah berbanding purata dicatatkan. Dengan purata pendapatan bulanan yang rendah, menyukarkan belia untuk sara diri ketika situasi kehilangan pekerjaan dengan simpanan kecemasan yang sedikit. Ramai golongan belia berada dalam sektor tidak formal, pekerjaan sementara atau mengambil keputusan melanjutkan pelajaran. Akhirnya, belia diberikan gaji rendah, keselamatan sosial terhad dan ditempatkan dalam persekitaran kerja tidak berapa baik.

3. Pengangguran Belia dan Krisis Kewangan

Dalam mengekang krisis berkembar kesihatan awam dan ekonomi, penambahan jumlah pengangguran adalah antara isu yang merisaukan. Golongan belia yang paling terjejas kerana mereka biasanya kelompok pertama diberhentikan majikan kerana kekurangan pengalaman bekerja serta jaringan sosial termasuk ketidakpadanan kemahiran. Belia Malaysia yang berusia antara 15 hingga 24 tahun menyumbang seramai 2.8 juta tenaga buruh, iaitu 18% tetapi sudah mewakili 58.2% jumlah penganggur (Nur Sofea Hasmira, 2020).

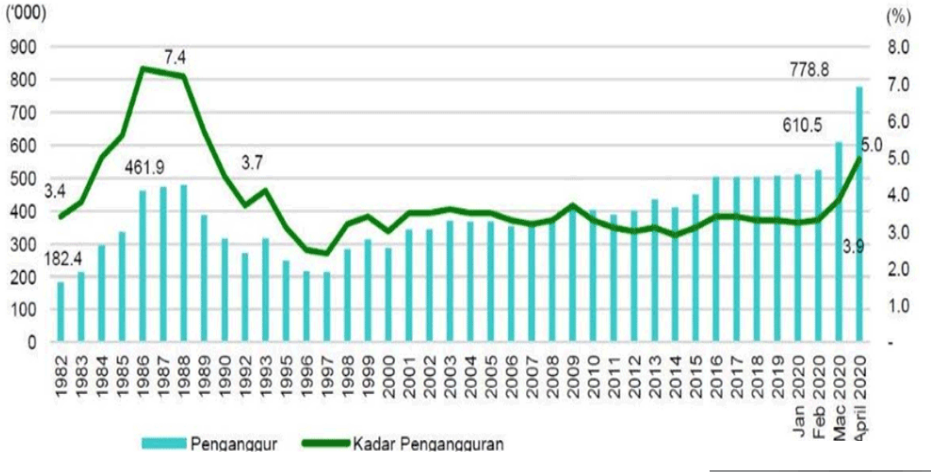
Kajian oleh Institut Penyelidikan Khazanah melaporkan kadar pengangguran belia berumur 15-24 tahun semakin meningkat dari tahun ke tahun. Kebanyakan ahli ekonomi meramalkan kesan Covid-19 adalah lebih buruk berbanding Krisis Kewangan Global pada tahun 2009 dan Krisis Kewangan pada tahun 1998. Kadar pengangguran belia akan turut menunjukkan trend yang meningkat berbanding tahun 2019. Organisasi Buruh Antarabangsa juga telah mengunjurkan pengangguran global pada tahun 2020 dijangka meningkat antara 193.3 juta sehingga 212.7 juta berbanding jumlah penganggur dicatatkan pada tahun 2019 iaitu sebanyak 188 juta (kadar pengangguran global 2019 = 6.97%), peningkatan antara 2.8% hingga 13.1 %.

Situasi semasa menyaksikan kadar pengangguran dijangka meningkat kepada dua angka di Amerika Syarikat, India, Kanada, Sepanyol dan China. Konflik perdagangan dan pergolakan politik di beberapa negara turut memburukkan lagi keadaan. Ini sekaligus memberi kesan yang lebih negatif kepada ekonomi dunia. Berdasarkan unjuran IMF (Tabung Kewangan Antarabangsa) pada April 2020, pertumbuhan ekonomi dunia adalah pada kadar -3.0% (Kamarulzaidi, 2020). Menurut Muzaffar Syah (2020), negara maju seperti Amerika Syarikat (AS) turut melaporkan kadar pengangguran tinggi dalam sejarah negara mereka dengan jumlah pengangguran lebih 40 juta orang. Data statistik oleh Biro Statistik Buruh Amerika Syarikat (AS) turut melaporkan kehilangan pekerjaan sebanyak 701,000 pada Mac 2020. Hal ini merupakan statistik terburuk AS dalam kehilangan pekerjaan rakyatnya sejak krisis kewangan global 2009 yang lalu (Junaidi & Mohd Amirul Rafiq, 2020).

Walaupun situasi antara kedua-dua krisis ekonomi ini agak berbeza untuk dibuat perbandingan dengan situasi pandemik Covid-19 ini, namun, majoriti ahli ekonomi sependapat krisis Covid-19 akan membawa kepada kegawatan ekonomi yang lebih teruk. Justeru, kesan jangka panjang ke atas ekonomi akibat Covid-19 ini tidak boleh diambil mudah. Mengikut kajian, antara golongan paling teruk terjejas akibat penularan COVID-19 adalah belia bawah usia 30 tahun yang majoritinya belum memiliki kestabilan kewangan kerana baru memulakan pekerjaan ataupun masih belum bekerja (Muzaffar Syah, 2020). Oleh itu, golongan belia bukan sahaja terdedah kepada peluang terhad dan kerugian pendapatan disebabkan COVID-19, bahkan mereka dibebankan hutang seperti pinjaman pendidikan, kereta dan rumah.

Berdasarkan laporan statistik utama tenaga buruh keluaran Jabatan Perangkaan Malaysia (2020), kadar pengangguran melonjak kepada 5.0% (Rajah 1). Pengangguran meningkat 48.8% berbanding tahun sebelumnya kepada 778.8 ribu orang (April 2020). Jumlah pengangguran yang direkodkan itu (778.8 ribu orang) adalah yang

paling tinggi sejak 34 tahun lalu. Kadar pengangguran tertinggi pernah dicatatkan di Malaysia adalah pada kadar 7.4% pada tahun 1986. Namun, harus diberikan perhatian bahawa kadar pengangguran 5.0% ini melangkaui kadar pengangguran rakyat Malaysia ketika krisis ekonomi Asia pada tahun 1998-1999 (3.9%) dan kelembapan ekonomi dunia sekitar tahun 2007-2009 (4.1%) (Shahir, 2020).



Sumber: Jabatan Perangkaan Malaysia, 2020 dalam Shahir Adnan (2020).

Rajah 1. Kadar Pengangguran Malaysia, 1982 – April 2020

Seterusnya, berdasarkan unjuran Jabatan Perangkaan Malaysia, kadar pengangguran negara dijangka akan meningkat kepada 5.5% atau lebih 860,000 orang untuk keseluruhan tahun 2020. Dengan mengambil kira situasi yang mencabar ini, kerajaan mengjangkakan ekonomi Malaysia menguncup pada suku kedua tahun 2020 berikutan usaha membendung penularan wabak COVID-19 yang masih dijalankan di peringkat global dan dalam negara (Kamarulzaidi, 2020).

Sementara itu, Bank Negara Malaysia mencatat unjuran pengangguran dalam kalangan belia akan menokok dari 3.3% pada tahun 2019 kepada 4% pada tahun 2020. Ia ditambah dengan beberapa sektor yang terkesan dengan kritikal akibat pandemik ini seperti sektor tidak formal, merujuk kepada belia yang bekerja sendiri atau yang bekerja di bawah majikan yang tidak berdaftar dengan Suruhanjaya Syarikat Malaysia (SSM). Sektor-sektor lain seperti industri makanan, jagaan kanak-kanak, pengangkutan udara, pelancongan, hiburan, pengurusan acara, peruncitan, perhotelan serta sukan dan rekreasi. Sektor-sektor yang terkesan ini menyebabkan seramai 3.13 juta golongan belia yang bekerja di dalam sektor-sektor tersebut berhadapan kehilangan sumber pendapatan dan risiko kehilangan pekerjaan. Hal ini belum ditambah dengan graduan-graduan dan golongan mahasiswa yang mengambil jurusan berkaitan sektor-sektor yang terkesan tersebut (Hisyam, 2020).

Sememangnya ia suatu realiti yang amat membimbangkan untuk dihadapi apatah lagi Malaysia adalah sebuah negara membangun dan dikelaskan sebagai negara dunia ketiga. Sekiranya unjuran Bank Negara Malaysia ini benar-benar menjadi realiti, maka ia akan terpahat dalam sejarah negara, senario pengangguran belia paling buruk mengatasi 3.2% kadar pengangguran belia pada tahun 1998 dan 3.7% kadar pengangguran belia pada tahun 2009 akibat krisis ekonomi global. Pengangguran dalam kalangan belia yang tinggi akan menyebabkan ekonomi terus merosot selain menghadirkan kejatuhan domino dalam aspek lain seperti pendidikan, sosial dan politik negara.

Lebih mencabar apabila diunjurkan oleh laporan Institut Penyelidikan Khazanah (KRI) bahawa seramai 286 800 pelajar akan bergraduasi pada tahun 2020. Sebahagian besarnya akan memasuki pasaran buruh dan hanya sekitar 15% akan meneruskan pengajian. Graduan baharu terpaksa terus bersaing sengit dengan penganggur-

penganggur sedia ada dan penganggur-penganggur semasa dan pasca Covid-19. Ini bukan suatu tugasan yang mudah kerana sekiranya golongan ini tidak diambil perhatian oleh negara, maka sudah pasti masa hadapan negara dalam keadaan yang sangat genting. Justeru, kesan semasa dan selepas Covid-19 kepada belia tidak boleh dipandang ringan.

Pada masa yang sama kerajaan perlu melihat kembali dasar pengambilan pekerja asing dalam negara. Memandangkan negara menghadapi pelbagai masalah akibat penularan COVID-19, penting supaya sektor pekerjaan dalam negara termasuk sektor 3D (kotor, susah, dan bahaya) diberikan keutamaan kepada warga tempatan bagi mengelak isu pengangguran membelenggu terutama dalam kalangan belia. Menurut Shahir (2020), dasar kerajaan untuk mengurangkan pekerja asing di negara ini adalah satu daripada kaedah yang boleh digunakan untuk mengatasi masalah pengangguran. Sebagai contoh, Kementerian Wilayah telah memulakan inisiatif mengambil golongan gelandangan untuk bekerja dan mengurangkan penggunaan pekerja asing di pasar-pasar di Wilayah. Bagaimanapun, rakyat dan golongan belia tidak boleh memilih pekerjaan pada waktu krisis sebegini. Kelangsungan hidup adalah perkara pokok yang perlu diberi perhatian

4. Insentif dan Inisiatif Kerajaan Menangani Cabaran COVID-19

Menginsafi natijah kebejatan yang bakal melanda golongan belia yang terjejas dengan pandemik ini, kerajaan Malaysia telah mulai merancang beberapa strategi pasca pandemik COVID-19. Pelbagai inisiatif telah dilaksanakan bagi membantu rakyat terutama belia dalam mendepani cabaran pasca pandemik COVID-19. Bagi menangani krisis ini, kerajaan telah mengumumkan Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) yang bernilai RM250 bilion pada Mac 2020 (Muhyiddin, 2020). Pakej rangsangan ini boleh diraih pelbagai manfaat oleh golongan belia yang mana majoriti penerima terbesar berada di kelas M40 dan B40 (Tengku Zafrul, 2020). Menurut Hisyam (2020), golongan belia yang terjejas memerlukan sistem sokongan yang padu untuk bangun semula memajukan diri dan masyarakat akibat kehilangan kerja yang menjadi sumber mata pencarian. Justeru, kerajaan mengambil langkah tepat dalam menangani pengangguran dengan memperuntukkan RM295 bilion secara keseluruhan untuk melaksanakan Pakej Rangsangan Ekonomi Prihatin Rakyat (Prihatin) dan Pelan Jana Semula Ekonomi Negara (PENJANA) dengan RM45 bilion suntikan fiskal langsung.

4.1 Bantuan Prihatin Nasional

Bantuan Prihatin Nasional (BPN) diperuntukkan sebanyak RM10 bilion bagi rakyat yang layak. BPN adalah salah satu bantuan yang disediakan oleh Kerajaan dalam Pakej Rangsangan Ekonomi Prihatin Rakyat yang akan diberikan wang tunai secara one-off kepada golongan berpendapatan bawah 80% (B40 dan M40) dan golongan berumur 21 tahun ke atas. Pemberian BPN bagi golongan B40 adalah berdasarkan pangkalan data Bantuan Sara Hidup. Manakala BPN bagi golongan M40 adalah berdasarkan data percukaian Lembaga Hasil Dalam Negeri Malaysia (LHDNM) (Astro Awani, 2020). Penangguhan bayaran ansuran pinjaman Perbadanan Tabung Pendidikan Tinggi Negara (PTPTN) turut dilaksanakan. Ramai golongan belia menerima bantuan BPN kerana ramai daripada golongan ini baru bekerja dan tempoh beberapa tahun lalu.

Selain itu, kerajaan juga memperuntukkan RM270 juta untuk disalurkan kepada pelajar Institusi Pengajian Tinggi (IPT) dengan bantuan *one-off* sebanyak RM200. Untuk menyokong perniagaan belia, kerajaan menyediakan Geran Khas Prihatin (GKP) yang menawarkan geran RM3,000, pinjaman mudah perusahaan kecil dan sederhana (PKS) bernilai RM6.3 bilion, Skim Kredit Mikro Bank Simpanan Nasional (BSN) bernilai RM500 juta dengan kadar faedah sifar, selain skim kredit mikro TEKUN Nasional yang berkadar faedah sifar (Tengku Zafrul, 2020).

Namun, terdapat kritikan bahawa bantuan-bantuan tersebut masih tidak menyeluruh terutama kepada golongan yang bekerja sendiri, tiada caruman KWSP dan golongan pekerja bukan standard yang tidak mempunyai perlindungan insurans pekerjaan (SIP Perkeso) (Adam, 2020; Hawati, 2020). Belia dan graduan pula, walaupun tidak dinyatakan secara khusus (kecuali bantuan *one-off* RM200 kepada pelajar IPT), merupakan penerima subset dalam hampir kesemua bantuan.

4.2 Pelan Jana Semula Ekonomi Negara (PENJANA)

Langkah kerajaan seterusnya dalam fasa pemulihan menangani cabaran COVID-19 ialah mengumumkan pelan pemulihan ekonomi jangka pendek yang dikenali sebagai Pelan Jana Semula Ekonomi Negara (PENJANA) untuk tempoh Jun hingga Disember 2020. Pelan merangkumi 40 inisiatif bernilai RM35 bilion dengan tema 'Bersama Menjana Ekonomi' itu bermatlamat Memperkasakan Rakyat, Melonjakkan Perniagaan dan Merangsang Ekonomi. Daripada RM35 bilion saiz keseluruhan PENJANA, sejumlah RM13.2 bilion atau 37.71% diperuntukkan untuk memperkasakan rakyat; RM14.8 bilion (42.28%) bagi melonjakkan perniagaan dan RM7.1 bilion (20.28%) untuk merangsang ekonomi (Kamarulzaidi, 2020).

Antara inisiatif yang memberi kesan secara langsung kepada penganggur dan belia dalam PENJANA ialah Pakej Insentif Pengambilan Pekerja (Penjana Kerjaya) berjumlah RM1.5 bilion. Majikan atau syarikat akan menerima bantuan insentif kewangan untuk memberi pekerjaan kepada golongan penganggur dan belia. Insentif ini terbahagi kepada tiga iaitu insentif RM800 sebulan selama 6 bulan bagi setiap pekerja sekiranya menggaji penganggur berumur di bawah 40 tahun; RM1,000 sebulan selama enam bulan sekiranya menggaji penganggur berumur 40 tahun dan ke atas serta golongan orang kurang upaya (OKU); dan RM600 sebulan selama 6 bulan untuk perantis. Selain itu, insentif ini juga menawarkan elaun latihan sebanyak RM4,000 seorang untuk pekerja termasuk yang bukan pencarum PERKESO serta bantuan pergerakan. Berdasarkan laporan Kementerian Kewangan, adalah dianggarkan kira-kira 300,000 pencari kerja akan mendapat manfaat melalui insentif itu (Shahir, 2020)

Inisiatif PENJANA juga memberi ruang kepada golongan belia untuk meningkatkan lagi kemahiran dan kemampuan diri supaya dapat memenuhi keperluan pasaran kerja. Antara inisiatif tambahan yang disediakan melalui pelan pemulihan ekonomi ini ialah kerajaan memperuntukkan dana sejumlah RM2 bilion bagi program peningkatan kemahiran untuk mereka yang sedang menganggur dan juga golongan belia. Inisiatif ini merangkumi program latihan dan penempatan serta pelaksanaan kursus jangka pendek di institusi-institusi terpilih. Diharapkan inisiatif ini akan memberikan manfaat kepada sekitar 200,000 orang belia (Shahir, 2020)

Melalui PENJANA juga, kerajaan memperkenalkan inisiatif komprehensif termasuk ePenjana yang bermula 31 Julai 2020. Rakyat Malaysia termasuk belia mendapat kredit RM50 dalam e-dompet dan padanan insentif tambahan bernilai RM50 berbentuk pulangan tunai, baucar atau mata ganjaran (Tengku Zafrul, 2020).

Inisiatif kerajaan melalui PENJANA diharap bakal memberi manfaat kepada kira-kira tiga juta tenaga kerja melalui beberapa pelan perancangan yang komprehensif. Insentif yang disediakan kepada majikan diharapkan dapat mengekalkan pekerja sedia ada serta mengambil pekerja baharu. Keadaan ini diharapkan memberi nafas baru kepada golongan belia dan membuka peluang jawatan kosong kepada anak muda yang baru menamatkan alam pendidikan tinggi. Skim-skim bantuan kepada golongan belia ini mampu membantu mereka membangunkan keupayaan diri selain sebagai mesej yang jelas betapa kerajaan sentiasa mengutamakan golongan belia sebagai aset utama negara dalam melestarikan pembangunan dan kemajuan negara kelak.

4.3 Program Malaysia@Kerja

Program Malaysia@Kerja (*Malaysians@Work*) telah diperkenalkan melalui pengumuman Belanjawan 2020 (PMO, 2019). Melalui program ini, sebanyak RM6.5 bilion diperuntukkan dalam tempoh lima tahun untuk pelaksanaan program ini bagi mewujudkan peluang pekerjaan yang lebih baik kepada semua peringkat termasuk golongan belia, graduan dan wanita. Program yang diuruskan oleh KWSP ini dijangka mampu mewujudkan sebanyak 350,000 peluang pekerjaan baharu untuk tempoh lima tahun. Antara program yang disasarkan kepada pekerja dan majikan oleh Malaysia@Kerja khusus untuk belia ialah Graduan@Kerja dan Perantis@Kerja.

Graduan@Kerja memanfaatkan graduan yang menganggur. Mereka akan diberi tambahan gaji sebanyak RM500 sebulan ke atas gaji yang diterima untuk tempoh selama dua tahun. Majikan pula akan menerima insentif pengambilan pekerja sebanyak RM300 sebulan bagi tempoh sama. Semetara itu, Perantis@Kerja pula mensasarkan golongan graduan baharu. Ia merupakan program insentif pendidikan TVET berupa elaun tambahan sebanyak RM100 sebulan untuk pelajar yang sedang menjalani latihan industri dalam kursus-kursus berkaitan TVET. Selain itu, potongan cukai selama dua tahun diberikan kepada syarikat yang menyertai Skim Latihan Dual Nasional

(SLDN).

Selain memberi manfaat kepada tenaga buruh, program Malaysia@Kerja mampu menangani isu pengangguran berpanjangan dalam pasaran buruh, terutamanya dalam kalangan belia. Namun, program ini dilihat tidak menggalakkan pembangunan jenis pekerjaan yang berkualiti dan berkemahiran tinggi. Contohnya, program Graduan@Kerja dilihat memanfaatkan golongan graduan yang telah menganggur untuk tempoh melebihi 12 bulan. Tidak dapat dipastikan mengapa tempoh ini ditetapkan sedangkan berbanding 240,000 output graduan pada tahun 2017, seramai 54,000 (23%) graduan menganggur untuk tempoh melebihi 6 bulan (Parlimen Malaysia, 2019).

Malah, menurut Junaidi dan Mohd Amirul Rafiq (2020), terdapat juga kemungkinan untuk graduan mengambil apa sahaja pekerjaan yang ditawarkan, walaupun tidak setara dengan kelayakan memandangkan mereka akan tetap mendapat insentif pendapatan tambahan sebanyak RM500. Katakan mereka bekerja sebagai jurujual di sebuah pasaraya dengan tawaran gaji sebanyak RM1,200, mereka masih akan memperolehi pendapatan sebanyak RM1,700 kerana menerima insentif RM500 di bawah program Graduan@Kerja ini. Situasi ini sememangnya tidak mustahil berlaku, malah bagi mereka yang kurang bernasib baik dari segi pendidikan dan latar belakang keluarga seperti tinggal di kawasan luar bandar, ketidakpadanan ini lebih ketara. Pengangguran belia sangat sensitif kepada ketidakpadanan antara kerja dan taraf pendidikan yang akhirnya akan merendahkan prestasi pasaran buruh disebabkan oleh (i) menerima gaji yang lebih rendah (ii) kepuasan kerja yang rendah dan (iii) tempoh pengangguran yang lebih panjang atau masa diperlukan untuk mendapatkan pekerjaan yang stabil (Badillo-Amador & Vila, 2013).

Pelaksanaan program subsidi upah, program pengekalan pekerjaan, insentif pengambilan pekerja, peningkatan kemahiran, bantuan kewangan di bawah program PRIHATIN dan PENJANA, telah sedikit sebanyak menyumbang kepada kadar pengurangan pengangguran. Ia adalah langkah, usaha dan inisiatif yang harus dipuji dalam meringankan beban rakyat yang terjejas penularan Covid-19. Namun, dalam konteks ini kerajaan memerlukan suatu bentuk pelan khusus yang memberikan fokus kepada golongan belia bagi membantu kelangsungan mereka dalam menghadapi pandemik ini. Keadaan ini amat merisaukan apabila kesan daripada kehilangan pekerjaan serta peralihan pekerjaan akan mengakibatkan belia mengalami defisit kemahiran, pengetahuan dan guna tenaga sehingga memberikan implikasi terhadap peningkatan kerjaya serta kualiti hidup mereka. Kerajaan perlu mewujudkan pasukan petugas khas serta membuat senarai rekod penerima secara terbuka. Ini penting bagi memastikan insentif yang disalurkan kerajaan kepada syarikat akan benar-benar memanfaatkan pekerja serta tidak berlaku penyelewengan dana yang dikhuatiri merencatkan usaha kerajaan dalam menangani masalah pengangguran khususnya belia. Kerajaan juga harus mengenakan tindakan tegas terhadap syarikat yang menerima insentif ini, namun masih bertindak memberhentikan pekerja. Tuntasnya, kerajaan harus memastikan insentif menerusi pelan-pean yang dilaksanakan berupaya untuk menyelesaikan kemelut kehilangan pekerjaan khususnya belia di samping berupaya memperoleh pekerjaan berkualiti dengan kadar gaji yang bermaruah.

5. Cadangan Penambahbaikan Dasar

Dasar sedia ada yang diumumkan oleh kerajaan dilihat tidak begitu menyebelahi golongan belia dan graduan. Menyedari kekangan dari segi kewangan kerajaan, beberapa strategi dasar serta fokus penambahbaikan dicadangkan oleh Institut Penyelidikan Khazanah bagi membendung kesan semasa krisis Covid-19 kepada belia dan graduan baharu, antaranya ialah (Junaidi & Mohd Amirul Rafiq, 2020):

(i) Sistem sokongan mencari kerja yang bersepadu perlu diwujudkan seperti portal bersepadu pencari kerja secara atas talian. Melalui platform ini, pencari kerja dan graduan baharu akan merujuk satu platform yang dilengkapi semua maklumat penting mengenai pekerjaan, latihan industri dan perantisan serta bantuan sedia ada (*one-stop centre*). Ketersediaan dan kemudahcapaian sangat penting dan seharusnya mencakupi pelbagai latar belakang (terutamanya dari luar bandar). Hal ini kerana situasi semasa menyukarkan belia mencari pekerjaan secara fizikal. Namun begitu, kewujudan platform ini memerlukan usaha jangka panjang dan kerjasama erat antara pihak kerajaan dan majikan. Contoh platform mencari kerja sedia ada ialah *JobsMalaysia* dan *JobStreet*, namun kedua-duanya wujud secara *stand-alone*.

(ii) Bantuan kewangan kepada belia pertama kali mencari kerja. Bantuan kewangan untuk pencari kerja di Malaysia lazimnya diberikan di bawah SIP Perkeso dalam keadaan penerima manfaat kehilangan pekerjaan. Namun,

tiada peruntukan khusus kepada pencari kerja pertama kali dalam bentuk elaun bulanan, terutamanya kepada graduan baharu atau belia yang berdaftar.

(iii) Galakan penyertaan dalam program latihan industri dan perantisan kepada belia, graduan baharu dan majikan bagi meningkatkan kemahiran seiring dengan keperluan pasaran buruh. Keterlibatan perniagaan mikro, perusahaan kecil dan sederhana (mikro PKS) adalah penting tetapi PKS kebanyakannya mempunyai kekangan sumber untuk memperuntukkan elaun bulanan kepada perantis industri berbanding syarikat besar. Justeru galakan penyertaan dalam kalangan PKS ke atas program-program bantuan dan subsidi latihan pekerjaan sedia ada adalah sangat penting.

(iv) Memperluaskan program sedia ada seperti program PROTEGE, *Structured Internship Program* (SIP) dan Malaysia@Kerja melalui insentif tambahan kepada kedua-dua graduan dan majikan sekiranya graduan berjaya mendapatkan pekerjaan yang setara dengan kelayakan mereka. Kaedah ini secara tidak langsung dapat memastikan bukan sahaja graduan memperolehi pekerjaan, malah mereka mendapat pekerjaan yang lebih baik dan setimpal dengan kelayakan pendidikan mereka.

(v) Galakan kepada majikan untuk memanfaatkan sepenuhnya perkhidmatan secara digital bagi urusan pengambilan pekerja baharu, dari proses permohonan, temuduga sehingga diterima bekerja. Kaedah yang fleksibel dan inovatif harus difikirkan untuk menangani kesukaran dalam proses mencari kerja dan kehilangan pekerjaan dalam kalangan belia ketika ini. Program latihan ini termasuk disiplin penguasaan bahasa asing, IT dan media, keusahawanan dan teknikal serta perluasan program Felo Perdana yang dilihat dapat membantu dan memajukan daya, akal dan budi golongan belia. Kaedah ini secara tidak langsung dapat memastikan bukan saja graduan memperolehi pekerjaan, malah mereka mendapat pekerjaan yang lebih baik dan setimpal dengan kelayakan pendidikan mereka.

Selain itu, kesan terhadap psikologi akibat daripada pengangguran perlu diberi perhatian oleh semua pihak termasuk pihak kerajaan dan bukan kerajaan seperti memberi bantuan sokongan motivasi dan kerohanian secara atas talian dalam menggalakkan gologan belia untuk terus berusaha mengharungi kelangsungan hidup. Galakan kepada penglibatan agensi-agensi keusahawanan seperti MARA, Amanah Ikhtiar, FAMA juga diperlukan dalam menyediakan kursus-kursus kemahiran perniagaan dan bantuan promosi perniagaan terhadap golongan belia. Selain itu juga, penglibatan syarikat-syarikat perniagaan digalakkan untuk memberi ruang dan peluang terhadap golongan belia menjadi sebahagian agen jualan bagi pihak syarikat. Institusi Pengajian Tinggi sama ada awam mahupun swasta juga boleh turut berperanan dalam menggalakkan dan menawarkan graduan baharu kursus-kursus perniagaan teknologi dan inovasi bagi meningkatkan kemahiran golongan belia dalam perniagaan digital secara percuma.

6. Saranan dan Pandangan Belia

Berita Harian (2020, Mei 25) melaporkan majoriti golongan belia berpandangan Pakej Rangsangan Ekonomi Negara (PRE) bagi menangani impak pandemik COVID-19 mampu memberi nafas baharu kepada sektor ekonomi negara. Menurut kajian dalam talian Institut Penyelidikan Pembangunan Belia Malaysia (IYRES) dari 14 hingga 24 April 2020, hampir keseluruhan atau 97.2% daripada 2,928 responden turut berpendapat langkah kerajaan itu dapat membantu mereka menangani impak COVID-19. Dapatan ini sedikit sebanyak memberi gambaran bahawa perancangan yang dibuat kerajaan ini selari dengan harapan golongan belia.

Belia daripada golongan berusia 15 hingga 30 tahun turut didapati berpuas hati dengan cara kerajaan menangani penularan wabak itu, yang mana 89.4% menyatakan persetujuan dengan langkah diambil kerajaan. Golongan belia yang menerima bantuan dalam bentuk kewangan/ elaun (81.9%), pekerjaan/ pengajian (80.1%), penangguhan pinjaman (76.%), diskaun bil utiliti (89.5%) dan Perusahaan Kecil dan Sederhana (PKS) (73.6%) juga bersetuju ia banyak membantu mereka yang terjejas sepanjang tempoh Perintah Kawalan Pergerakan (PKP). Bagaimanapun terdapat 2.8% dalam kalangan responden tidak bersetuju dengan keseluruhan PRE yang berpendapat wujud kelemahan dalam pengendalian bantuan diberi kerajaan. Contohnya, '*blind spots*' dalam kumpulan sasaran seperti bantuan tidak sampai sepenuhnya kepada yang layak, isu komunikasi dengan PKS, kelemahan proses atau sistem penyampaian, yang mana proses permohonan dianggap tidak jelas, bantuan bersifat jangka pendek dan batasan infrastruktur seperti kekurangan akses kepada internet di kawasan mereka.

Fasa pasca COVID-19 adalah cabaran utama bagi golongan belia, hal ini kerana ramai golongan belia yang terkesan dari segi ekonomi, sosial, fizikal dan mental. Oleh itu, rata-rata golongan belia menyarankan beberapa inisiatif baharu kepada kerajaan. Antara inisiatif yang disarankan adalah pemantauan harga barang, membuka lebih banyak peluang pekerjaan kepada belia tempatan, meningkatkan tahap keselamatan di kawasan perumahan dan bantuan diskaun yuran pendidikan. Turut dicadangkan adalah insentif seperti pengecualian cukai dan perumahan, kemudahan pembiayaan sewa atau pinjaman, galakan pematuhan atau penguatkuasaan PKP dan pelan pembangunan semula komuniti kepada individu yang terjejas (Berita Harian, 2020, 25 Mei).

7. Kesimpulan

Situasi pasaran buruh pasa masa ini sangat mencabar. Ditambah pula dengan krisis pandemik Covid-19 yang menyekat banyak pergerakan dan aktiviti ekonomi. Namun, ekonomi masih perlu bergerak bagi memastikan kesan negatif semasa dan selepas Covid-19 adalah minimum. Maka, masalah pengangguran merupakan satu isu yang serius dan perlu ditangani dengan segera kerana ia boleh mengundang kepada masalah sosial lain yang lebih besar. Kehilangan pekerjaan di saat krisis ekonomi pasti akan memberikan kesan yang sangat besar kepada seseorang individu. Keadaan yang terdesak memungkinkan peningkatan masalah sosial dan kadar jenayah bakal berlaku di negara kita. Jika keadaan ini berlaku, maka rakyat pastinya hidup dalam keadaan yang sentiasa tertekan dan resah. Adalah penting untuk memastikan belia, termasuk graduan baharu bukan sahaja memperolehi pekerjaan, malah memperolehi pekerjaan yang berkualiti, dan setara dengan kelayakan mereka.

Pelbagai peruntukan, inisiatif dan dasar-dasar kerajaan telah diumumkan untuk mengurangkan kesan krisis Covid-19 kepada pasaran buruh. Kebanyakan inisiatif yang diumumkan adalah menyeluruh, namun manfaat kepada belia dan graduan baharu adalah minimum. Meneliti kepada beberapa program dan inisiatif sedia ada dan pengumuman insentif Prihatin 2020 baru-baru ini, beberapa penambahbaikan ke atas dasar sedia ada dicadangkan untuk memastikan manfaatnya lebih fokus kepada graduan dan belia secara keseluruhannya.

Langkah perlu dilaksanakan untuk mengatasi masalah dan mengekang peningkatan kadar pengangguran iaitu dengan memulihkan perniagaan. Apabila perniagaan pulih, ia akan membantu mewujudkan semula pekerjaan. Hakikatnya, COVID-19 mengubah landskap sektor pekerjaan dan kerajaan perlu memperkemaskan sistem pendidikan untuk memenuhi keperluan semasa berkaitan teknologi. Kemahiran teknologi diperlukan ketika ini untuk mewujudkan pekerjaan baharu pada masa depan.

Kerajaan akan meningkatkan usaha untuk memperkukuh golongan belia supaya lebih berjaya termasuk dari segi pendidikan menerusi Belanjawan 2021. Selain menjadi penyumbang utama terhadap hala tuju pembangunan negara, belia juga merupakan kumpulan paling ramai membantu masyarakat yang terkesan ketika pandemik COVID-19 melanda negara. Kerajaan menyedari bahawa belia memerlukan sokongan dari segi pendidikan awam yang baik serta ekonomi yang dapat memberi mereka peluang untuk berdikari serta berjaya. Peluang perlu disediakan untuk semua, sama ada yang berkelulusan akademik atau vokasional. Selain menjadi penyumbang utama hala tuju pembangunan negara, belia juga kumpulan paling ramai membantu masyarakat yang terkesan ketika pandemik koronavirus (Covid-19) melanda negara. Kerajaan juga melalui Kementerian Kewangan turut merancang untuk menyediakan platform bagi membolehkan golongan belia meningkatkan pengetahuan dalam pengurusan kewangan.

Ramai belia terlibat sebagai petugas barisan hadapan dalam sektor kesihatan, keselamatan, kebersihan, kesukarelawan dan kemasyarakatan, selain ada yang menyumbang idea-idea kreatif dan berinovasi dalam membantu mempermudahkan lagi urusan sesama rakyat. Sebab itu kerajaan mengambil langkah proaktif bukan sahaja untuk menghentikan penularan wabak Covid-19 tetapi memastikan golongan belia tidak tercicir dalam meneruskan kelangsungan hidup. Walau bagaimanapun, segala usaha serta pelan yang dirangka dan dilaksanakan oleh kerajaan ini tidak akan membuahkan hasil sekiranya mentaliti golongan belia masih lagi berada di kelas ketiga.

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The Mediation Effect of Cash Waqf Preference: Case Study in Indonesia

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ABSTRACT

The objective of this study is to analyze factors that significantly affect Muslim preference on cash waqf and to assess its mediation effects to cash waqf contributions. Using primary data on three hundred respondents in Indonesia, the study adopted structural equation modelling as tools of analysis. The research confirms that religiosity, knowledge on cash waqf, convenience, benevolence of cash waqf institutions, and promotion as major factors to significantly affect cash waqf preference. Hence cash waqf preference mediate the relationship between those exogenous variables with nominal of cash waqf, the repetitions and the intensity of cash waqf.

Keywords: Cash Waqf, Islamic Banks, Nazir, SEM

1. Introduction

1.1 Background

Islam is a complete way of life, and it manages all aspects of life, including the spiritual aspects of human beings but also the socio-financial well-being of individuals and society as a whole (Andam & Osman, 2019). Waqf one of the socio-financial in Islam (Nabi et al., 2019). As a voluntary, waqf act recommended by Prophet Muhammad (SAW) and has widely practised in the early period of Islam (Pitchay et al., 2015).

Several modern Muslim scholars believe that contribution to waqf in the form of cash becomes inevitable (Salem Al-Harethi, 2019). At the end of the 16th century, the idea of cash waqf was entirely accepted by the whole Antonia and the European provinces of the Ottoman Empire, which was equally controlled by some pieces of South-Eastern Europe, North Africa, and the Middle East (al Ajfan, 1985). Cash waqf has excellent potential to improve the economy of Muslims, especially in financing social, the higher education sector, and the health sector (Anuar et al., 2019; Khan, 2010). Indonesia, as a country with a majority of Muslims, has immense potential cash waqf. According to Nizar (2017), potential cash waqf in Indonesia is IDR 985 billion per month or an estimated IDR 11,82 trillion per year. If 10 million Muslim populations in Indonesia donate cash waqf IDR 100.000 per month, they can be collected IDR 10 trillion per month and IDR 120 trillion per year (Noor, 2015). However, according to Wildan (2019), the amount of cash waqf collection is just IDR 199 billion. It can be concluded that the potential of cash

waqf in Indonesia has not been optimized properly, and people willing to it greatly affects the development of cash waqf.

Several reasons the collected cash waqf did not reach potential has less information in society about cash waqf. Less information makes cash waqf less attention. Another way, Muslim chose cash waqf through Nazir. In define and ways to donate is different. Cash waqf is waqf to manages productive, and the benefits give to beneficiaries (*mauquf'alaih*). On the other hand, cash waqf through Nazir is *wakif* donates money to buy or make something appropriate nazir needs.

1.2 Objective

The main objective of this research is to explore the determinants of Muslim preference of cash waqf in Indonesia. These factors are expected to playing a significant role in the donated cash waqf, including, internal factors such as religiosity, knowledge on cash waqf and trust to waqf institutions. This study also assesses external factors such as convenience, promotion and benevolence of waqf institution in determining cash waqf preference. Furthermore, the assessment through the mediation effects of cash waqf contributions is also conducted in exploring the relationship between latent variables and other proxies of cash waqf contributions; nominal of cash waqf, the repetition and intensity of cash waqf.

2. Literature Review

2.1 Background theory

Generally, cash waqf is an amount of money donated from one's possessions for social welfare or any particular purposes (Khademolhoseini, 2008; Mohsin, 2013). Similarly, it is the cash invested in profitable economic sectors for specific percentages for the social benefit (Hilmi, 2012). Cash Waqf is also known to be one of the financial methods designed by the Muslim jurist for the development of Waqf properties around the world (Iman & Mohammad, 2014).

Many countries adopt cash waqf schema, such as the United States, Germany, Egypt, Iraq, Syria, Iran, Turkey, Singapore and Malaysia (Osman & Muhammed, 2017). For example, in the United States, cash waqf was introduced since 1971 by the North American Islamic Trust. This foundation administers waqf properties in the United States. Cash waqf is used for the purchase of buildings for schools, colleges, mosques, among others (Bakar, 1999). According to Mannan (1998), realized the potential of cash waqf and hence introduced the cash waqf certificate in the banking industry to provide opportunities for Muslims in Bangladesh to invest in religious, educational and other social development projects. Indonesia adopts the Mannan schema about cash waqf. So that at the peak the law No. 41 of 2004 was issued so that the waqf had legal powers recognized by the state.

2.2 Previous studies

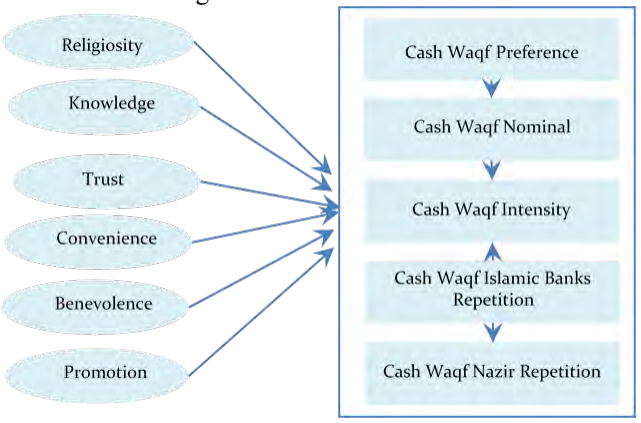
In the research, religiosity is one of the predictors to explain the decision of waqif to donate cash waqf. It is assumed that Muslims with higher levels of religiosity would put more intention to participate in cash waqf scheme compare to others (Salem Al-Harethi, 2019). The effect of religiosity on the decision to donate has been scanty in the context of Cash Waqf. According to Worthington et al., (2003), religiosity is the degree to which a person is committed to the values and beliefs of the religious practices and use it in their daily lives. In this study, religiosity refers to the degree to which a person believes that participating in cash waqf is because of religious influence, as it is strongly encouraged in the religion of Islam in order to rich the mardatillah (Ong & Moschis, 2006; Mokhlis, 2006).

Access to public information is also a significant influences on people's knowledge and understanding of cash waqf (Adeyemi et al., 2016). Socialization, education and promotion programs are one way to provide adequate information about the cash waqf program. Those who have sufficient information about cash waqf will have good

knowledge and understanding so that eventually they have the awareness to do cash waqf (Adeyemi et al., 2016). According to Gounaris (2005), trust is a desire to depend on an exchange partner who has confidence. Trust is needed when individuals' opinions become weak and unsure of the outcome of their decision toward various financial transactions. According to Shukor et al. (2016), stated that it is essential to have an ability to reduce individual uncertainty for innovations. Cash waqf in Malaysia attempts often feel doubtful about the waqf distributions because there is insufficient information from waqf institution (Shukor et al., 2016). This feeling and uncertainty are expected to affect individual attitude towards contribution in the cash waqf.

Benevolence to look at the maslahah is also considered. This argument was also addressed in Babiche Snip (2011) who determined the trustworthiness of an organization through perceived benevolence, integrity, and ability of such an organization (Gefen & Straub, 2004; Mayer et al., 1995). A charity organization that is benevolent, honest, and helpful to beneficiaries will gain trust from people. Babiche Snip (2011) concluded that confidence is linked to ability, integrity, and benevolence. Figure 1 summarizes the research framework of the study.

Fig 2. Research framework



Therefore, the hypothesis of this study is:
H1. There is a significant relationship between religiosity and cash waqf preference
H2. Knowledge has a significant effect on cash waqf preference
H3. Trust to cash waqf institutions influence cash waqf preference significantly
H4. Convenience has a significant effect on cash waqf preference
H5. Benevolence has a significant influence on cash waqf preference
H6. Promotion affects cash waqf preference significantly
H7: Cash waqf preference mediate the effect to the nominal of cash waqf significantly
H8: Nominal of Cash Waqf mediate the effect to the intensity of cash waqf significantly
H9: Repetition of cash waqf mediate the effect to the intensity of cash waqf significantly
H10: Repetition of cash waqf through Islamic banks mediate the effect to a repetition of cash waqf through nazir significantly.

3. Methodology

This paper investigates the determinants of Muslim preference on cash waqf donation, and compare their choices on both cash waqf through Islamic banks and nazir. This research has employed a quantitative method in the form of a field survey. A Likert-type scale of 1-5 was used for independent variables (1 is strongly disagree, and 5 is strongly agree). There are 30 items which belong to six factors; such as religiosity, knowledge, trust to cash waqf institutions, convenience to donate cash waqf, the benevolence of cash waqf institutions and cash waqf promotions. The instruments were adapted from Osman & Muhammed (2017), Iqbal et al., (2019), Razak et al., (2019), and Johari et al. (2015). The first part of the questionnaire was mainly focused on demographic profiles of the respondents, such as gender, age, education, marital status, income, knowledge on ziswaf (zakat, wakaf, infaq,

shodaqoh), and historical participation in cash waqf.

The selection of an appropriate sample size is a crucial issue in Structural Equation Modeling (SEM). According to Hair et al. (2006), a sample size ranging between 200 and 400 is sufficient for SEM to give precise results. This is also supported by Kline (2011), who suggested that the sample size for SEM should be large enough (n>200). Thus, by taking the suggestions of Hair et al. (2006) and Kline (2011), the present study has surveyed a total sample of 300 individual Muslims. Random sampling was drawn for the survey. Sampling was conducted by distributing online questionnaires to individual Muslims in Indonesia, who are older than 18 years old. The effective response used in this study is considered reasonable and appropriate for practical data analysis. Some researchers argue that statistical analysis can also be conducted with a minimum sample size of 100 to 200 (Hoyle, 1995).

Structural Equation Modeling has been used analysis purpose, and it is a technique for measuring relationship among latent variables. When applying the SEM technique for analytical procedures, many issues have remained. These issues may concern various overall fit indices and the selection of the appropriate approach. There are several indicators of goodness-of-fit, and most SEM scholars recommend evaluating the models by observing more than one of these indicators, such as CFI and RMSEA. For research with primary data, SEM is advantageous. It is because SEM estimates the multiple and interrelated dependence relationship, and it can represent unobserved concepts in these types of relationships and account for measurement error in the estimation process.

4. Results and analysis

4.1 Respondents profile

To explore about the profile of the respondents, Table 1 summarizes the descriptive of the samples of this study based on gender, age, education, marital status, income, knowledge on ziswaf, and historical participation in cash waqf.

Table 5. Respondent profile

Variabel	Description	Percentage
Gender	Male	43,3
	Female	56,7
Age	18-34	68,7
	35-55	25,3
	>55	6,0
Education	High School/Diploma	32,3
	Undergraduate	44,3
	Master	20,0
	PhD	3,3
Marital Status	Not Married	59,7
	Married	40,3
Income	< IDR 10 million	86,0
	IDR 10 -20 million	9,7
	IDR 20-30 million	2,3
	> IDR 30 million	2,0
Knowledge on Ziswaf	No	3,7
	Yes	96,3

Historical Participation in Cash Waqh through Islamic Banks	No	61,7
	Yes	38,3
Historical Participation in Cash Waqh through Nazir	No	59,0
	Yes	41,0
Historical Participation in Cash Waqf	Not Yet	55,0
	Only through Islamic Banking or Nazir	10,7
	Through Islamic Banking and Nazir	34,3

Source : Author

According to the Table above, the samples are predominantly female, accounted for 56,7% of the respondents. In our cases, the 68,7% respondents are falls in the range of 18-34 years old. The result from descriptive statistics also indicates that our respondents have a good background, with more than 40% holding bachelor degree and about 20%respondents are the master holder.

Moreover, in term of monthly income, 86% of our respondents earn less than IDR 10 million per month. In the second place, 9,7% of our respondents fall within the range of IDR 10 million to IDR 20 million monthly income group. From the descriptive statistics table above, it is shown 59,7% of our respondents are not married, and 3,7% respondents have lack knowledge in differentiating between zakah, infaq, waqf and shodaqoh. Subsequently, 38,3% of the respondents have participated in cash waqf through Islamic banks, and 41% of them have experienced in cash waqf through nazir. Overall, 34,4% respondents have participated in cash waqf through the two cash waqf institutions.

Cash waqf preference as the dependent variable is represented by seven factors: cash waqf contribution preference, nominal of cash waqf through Islamic banks, nominal cash waqf through nazir, repetition of cash waqf through Islamic banks, intensity of cash waqf through Islamic banks, repetition of cash waqf through nazir, and last intensity of cash waqf through Islamic banks. The summary of each cash waqf preference is summarized in Table 2.

Table 6. Descriptive statistics of dependent variables cash waqf preference

Cash Waqf Contribution Preference (CW Preference 1)	Cash Waqf through Nazir	13,67
	Cash Waqf through Islamic Banks	17,00
	Both	69,33
Nominal of Cash Waqf through Islamic Banks (CW Preference 2)	No Intention	15,7
	1 Jt	54,0
	2 Jt	16,3
	3 – 5 Jt	7,0
	>= 5 Jt	7,0
Nominal of Cash Waqf through Nazir (CW Preference 3)	No Intention	17,0
	<= 1 Jt	58,0
	1,1 - 2 Jt	12,7
	2,1 - 5 Jt	7,3
	>= 5 Jt	5,0
Repetition of Cash Waqf through Islamic Banks (CW Preference 4)	No	39,3
	Yes	60,7

Frequence of Cash Waqf through Islamic Banks (CW Preference 5)	Every year	67,7
	Every six month	12,0
	Every three month	7,3
	Every month	13,0
Repetition of Cash Waqf through Nazir (CW Preference 6)	No	40,3
	Yes	59,7
Frequence of Cash Waqf through Nazir (CW Preference 7)	Every year	69,7
	Every six month	6,7
	Every three month	12,0
	Every month	11,7

Source : Author

4.2 Confirmatory factor analysis

A confirmatory factor analysis (CFA) of the measurement model addressing the relationship of the observed indicators to the latent constructs with all the constructs be inter-correlated to each other. The square multiple correlations exhibited that all the measurement items were > 0,5, which means that a good reliability level. Therefore, the measurement model of cash waqf preference has 30 observed indicators to estimate the model fit. Subsequently, this study conducted CFA, and the results of this measurement exhibited a fit to the sample data.

To check the reliability of religiosity (Rlg), knowledge on cash waqf through Islamic banks (Know), trust to waqf institutions (Trust), convenience in participate of cash waqf donation (Conv), cash waqf promotion (Promo), and benevolence of cash waqf institutions (Bnv), the construct reliability was measured. Overall, the coefficient of construct reliability was higher than the minimum requirement of 0.70. It leads an insight that they provide a good estimate of internal consistency reliability. Moreover, *Cronbach's Alpha* values are between 0,944 and 0,947, that indicates all constructs have achieved *internal consistency*.

Moreover, to determine the convergent validity of each construct, the study employes standardized factor loadings for each items. The findings show that each factor loadings of cash waqf preference are higher than the minimum level of 0.50. the data indicated that each factor loading for each construct was between 0,604 and 0,93. Therefore, the convergent validity for each construct was established and provide evidence for construct validity. In addition, the average variance extracted (AVE) was also displayed for the six constructs, and it ranged from 0,4825 to 0,798.

Table 7. Reliability test result

	Rlg	**Know_CWIB**	**Trust**	**Conv**	**Promo**	**Bnv**
Rlg1	0,685					
Rlg2	0,691					
Rlg3	0,667					
Rlg4	0,81					
Rlg5	0,604					

Know_WU1	0,707					
Know_WU2	0,676					
Know_WU3	0,732					
Know_WU4	0,793					
Know_WU5	0,756					
Trust1		0,837				
Trust2		0,88				
Trust3		0,877				
Trust4		0,879				
Trust5		0,865				
conv.1			0,875			
conv.2			0,902			
conv.3			0,821			
conv.4			0,832			
conv.5			0,676			
promotion.1				0,906		
promotion.2				0,902		
promotion.3				0,869		
promotion.4				0,841		
promotion.5				0,846		
Bnv1						0,897
Bnv2						0,913
Bnv3						0,877
Bnv4						0,881
Bnv5						0,898
Avg. Variance Exctracted	0,4825	0,5386	0,753	0,6805	0,7625	0,798
Construct Reliability	0,7756	0,7856	0,8127	0,8042	0,8136	0,8171
Cronbach Alpha	0,947	0,946	0,945	0,945	0,945	0,945

Source : Author

The measurement of discriminant validity gives the insight that the construct should be different and not be related to each other. According to Table 4, the correlation between the two constructs is discriminated from each other. The correlation between Rlg-Trust = 0,231. The correlation between tho constructs later is compared with square rooted of AVE between each pair factors. To achieve discriminant validity, the square rooted of AVE between each pair factors (figures in bold) should be higher than the correlation estimated between factors (figures in italic). Based on the findings, the value of AVE of each construct is higher than the correlation estimated between

factors. It is concluded that the model has established discriminant validity.

Table 8. Discriminant validity

	Rlg	Know_CWIB	Trust	Conv	Promo	Bnv
Rlg	**0,695**					
Know_CWIB	*0,367*	**0,734**				
Trust	*0,231*	*0,473*	**0,868**			
Conv	*0,279*	*0,494*	*0,776*	**0,825**		
Promo	*0,207*	*0,481*	*0,601*	*0,663*	**0,873**	
Bnv	*0,182*	*0,353*	*0,724*	*0,757*	*0,724*	**0,893**

Source : Author

4.3 Structural model testing

Having satisfied the requirements for the measurement model, a structural model can be used to test the cash waqf preference using structural equation modelling (SEM). The objective of the structural theory is to postulates the conceptual relationship among the constructs in the model. The final structural model and the single-headed arrow are used to test the causal effects, as shown in Figure 2. The fit indices can be verified from CFI and RMSEA with respective values of 0,878 (> 0,8), and 0,073 (< 0,08) as summarized in Table 5.

Table 9. Fit Indices for Structural Model

Goodness of Fit	**Value**	**Requirements**
RMSEA	0,073	Close Fit ≤ 0,05 (Browne & Cudect,1993) Reasonable Fit: 0,05 – 0,08 Poor Fit ≥ 0.08
CFI	0,878	Adequate Fit: 0,8 – 0,9 (Bentler, 1990) Good Model Fit: > 0,9
TLI	0,869	Mediocore Fit: 0,8 – 0,9 (Bentler & Bonett, 1980; Sharma et al., 2005) Good Model Fit > 0,9
CMIN/df	2,61	Acceptable Fit: < 3 (Marsh et al., 2004)

Source : Author

Table 6 shows the relationship between latent variables and cash waqf preference. It is concluded that this study can answer H1, H2, H4, H5 and H6. It is proved that religiosity, knowledge of cash waqf, convenience, benevolence and promotions are significantly affecting cash waqf preference. It is established that religiosity significantly affects the repetition of cash waqf through Islamic banks, while knowledge significantly influences the nominal of cash waqf through Islamic banks and nazir. Moreover, convenience significantly affects cash waqf

contribution preference, nominal cash waqf through Islamic banks and frequence of cash waqf through Islamic banks. Furthermore, benevolence significantly affects cash waqf contribution preference, and promotions significantly influence nominal of cash waqf through Islamic banks and nazir.

Table 10. Parameter estimate for structural model

Relationship	Parameter Estimate	***CR***	***P value***	***Decision***
H1. Religiousity à Waqf_Pref4	0,124	1,981	0,048	Supported
H2. Know_WU à Waqf_Pref2	-0,128	-2,128	0,033	Supported
H2. Know_WU à Waqf_Pref3	-0,102	-1,681	0,093	Not Supported
H3. Trust à Waqf_Pref3	-0,069	-1,5	0,134*	Not Supported
H4. Convenience à Waqf_Pref1	0,148	2,486	0,013	Supported
H4. Convenience à Waqf_Pref2	0,14	2,982	0,003	Supported
H4. Convenience à Waqf_Pref4	0,195	3,267	0,001	Supported
H5. Benevolence à Waqf_Pref1	-0,128	-2,202	0,028	Supported
H6. Promotion à Waqf_Pref2	0,14	2,453	0,014	Supported
H6. Promotion à Waqf_Pref3	0,16	2,78	0,005	Supported
H7. Waqf_Pref1 à Waqf_Pref2	0,158	2,836	0,005	Supported
H7. Waqf_Pref1 à Waqf_Pref3	0,188	3,355	***	Supported
H8. Waqf_Pref2 à Waqf_Pref5	0,083	2,166	0,03	Supported
H9. Waqf_Pref4 à Waqf_Pref6	0,727	18,318	***	Supported
H10. Waqf_Pref6 à Waqf_Pref7	0,159	4,167	***	Supported

Source : Author

This study also provided strong evidence for H7, H8, H9 and H10. Cash waqf preference becomes the mediator of the relationship between convenience and benevolence to the nominal of cash waqf through both Islamic banks and nazir. Nominal of cash waqf through Islamic banks also mediates the relationship between knowledge, convenience and promotion of the Frequence of Cash Waqf through Islamic Banks. Repetition of Cash Waqf through Islamic Banks mediates the relationship between religiosity and convenience with the Repetition of Cash Waqf through Nazir. The Repetition of Cash Waqf through Nazir then mediates the relationship with the Frequence of Cash Waqf through Nazir.

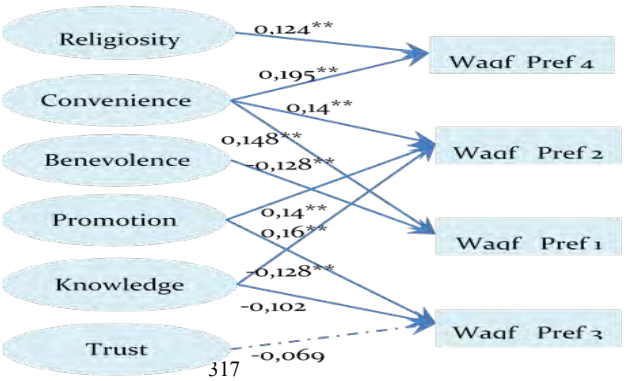


Fig 3. Structural model for cash waqf preference

** significant at confidence level 95%

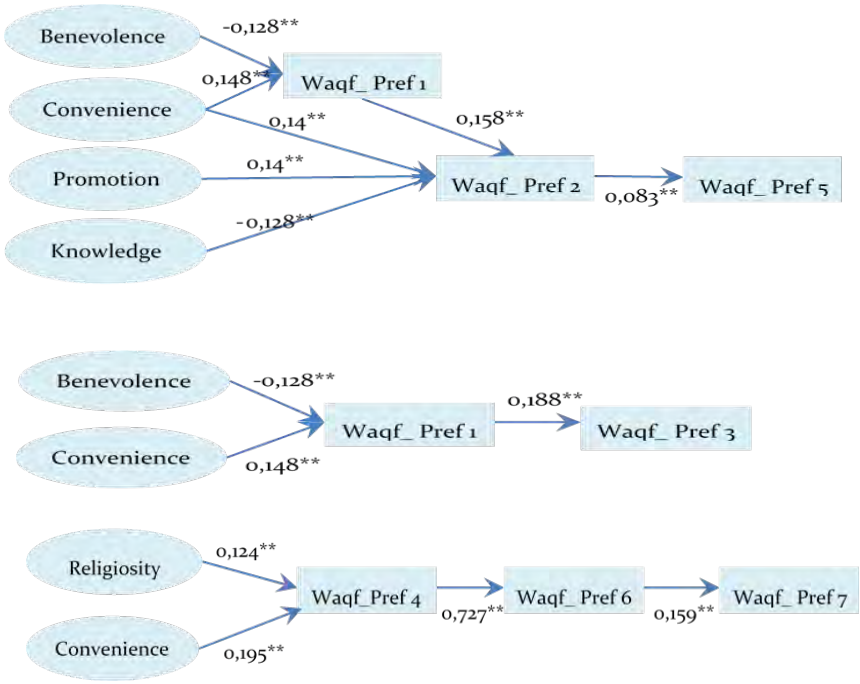


Fig 4. Mediation pathways for each category of cash waqf preference

4.4 Analysis

A thought-provoking findings is confirmed in this study that trust is found not significantly to affect cash waqf preference. Religious individuals prefer to participate in cash waqf both through Islamic banks and nazir and to repeat cash waqf participation in Islamic banks. Individuals with adequate knowledge and information about cash waqf prefer to decrease the nominal of cash waqf contribution in Islamic banks. Convenience in the process of cash waqf donations is found to significantly encourages Muslims to participate in cash waqf both through Islamic banks and nazir, to increase the nominal of cash waqf through Islamic banks and to increase the intensity cash waqf participation through Islamic banks. Muslim who are impresses by positive value and benefit of cash waqf would prefer to participate cash waqf through nazir. Moreover, promotion has positive and significant impacts in increasing the nominal donation of cash waqf.

Moreover, convenience in undertaking cash waqf donation create indirect effects to the increase on the nominal of cash waqf through nazir, the increase to the intensity of cash waqf through Islamic banks and nazir, and the increase the likelihood of cash waqf repetition through nazir. And finally, the promotion has an indirect effect on the rise of cash waqf intensity in Islamic banks.

5. Conclusion

Muslim preference is mainly affected by religiosity and knowledge of cash waqf. It is in line with the findings that promotions will increase the likelihood for Muslims to participate in cash waqf. Therefore, waqf institutions such as Islamic banks and nazir need to put more effort into campaigning cash waqf as Islamic terms on donations and how Muslim participation on cash waqf will significantly improve the welfare of others. In addition, Muslims need to have more access to gain more insight into how crucial cash waqf position as an alternative source of project funding for humankind. By doing so, benevolence created by waqf institution will encourage more Muslim to contribute to other constructive and beneficial projects. Moreover, waqf institution needs to assist Muslims to do good deeds through cash waqf by providing good atmosphere, convenience measure for cash waqf contributions. Some innovations are needed in terms of how Islamic banks and nazir approach the potential waqif to contribute and to give reports on the mention of beneficial projects.

6. Recommendation

To attract more participation in cash waqf, Islamic banks and nazir need to enhance cooperations and coordination and to ensure to give accurate information on cash waqf projects to potential waqif. Even though religiosity comes first in determining cash waqf contributions, waqf institutions need to put transparency in managing the projects. In the end, Muslims are willing to increase their participation in cash waqf as the manifestation of trust to the cash waqf institutions.

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Gig Economy: The Promise of Platform Work

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Abstract

The International Labor Organization defines gig work as a task-based job with higher presence in an online labor platforms. Gig workers are part-time workers or freelancers offering their jobs and services via platform economy. The recent COVID-19 financial crisis has highlighted the fact that gig workers do not receive benefits and perks associated with permanent jobs. This study explores the future direction of gig economy in Malaysia. A survey questionnaire was carried out to students and alumni from the Universiti Sains Islam Malaysia in June until September 2020 based on purposive sampling. The results suggest that most of the respondents have at one point, during the Movement Control Order period, involved in gig jobs such as dropship, courier services and food delivery. In general, the respondents perceived that gig works contribute to the economy. However, it is important for the gig workers to continue the process of upskilling and reskilling themselves to remain competitive. For the employers, benefits such as social security contributions and medical benefits should be provided to gig workers accordingly. Policy makers may utilize the information of how the traditional labor market is disrupted by the gig economy, raise awareness on the different expectations of both employers and employees, and devise appropriate strategies to support gig economy as an enabler of growth post-pandemic period.

Keywords: gig workers, gig economy, traditional jobs, digital economy, platform work

1. Introduction

Gig economy is identified as a new source of economic growth and would be made part of the Twelfth Malaysia Plan (2021-2025) as announced by the government in early 2019. The word 'gig' used to be associated with performing artists hired for short-term engagements. The word gig later was identified with any job that is on an *ad hoc* or temporary basis. Examples of gig jobs are freelancers, project-based workers, independent contractors and part-time hires. The latest trend is professionals are starting to offer their services as well such as journalism and copywriting and legal consultation. Gig economy flourishes because remote working, technological advancement such as virtual meetings and co-working spaces, makes hiring freelancers a norm in the human resources industry.

McKinsey & Company recent report indicates that the gig economy is predicted to contribute USD2.7 trillion by 2025 to the world, or two percent to the global economy. In Malaysia, according to the World Bank data, about 26

percent of the total of 15.3 million Malaysian workforces are freelancers and the trend is increasing. That is approximately close to four million freelancers.

However, the COVID-19 crisis highlighted the dark side of Gig economy. The biggest concerns are welfare considerations and financial safety nets for gig jobs. Unlike salaried employees, gig workers generally do not have company covered insurance plans. Thus, they have to bear the cost if there is a job related accident. Those in gig economy run the risk of being mistreated or disadvantaged by employers. Without a policy in place to address such issues, the expansion of the gig economy could create financial instability, which then poses more serious socio-economic and political issues in the long run for the country. Should gig workers decide to switch for traditional jobs, it would fail to become the new engine of growth post-pandemic crisis. The present work is motivated by the fact that the Gig economy is introducing a new market structure and bargaining power into the labor market. It disrupts the traditional employer-employee relationships and permanent employment status. The expectation is that gig jobs are going to be the new normal and the future of work. Therefore, it is important for those involve in gig economy sector to understand how the new labor market functions.

The paper contains five sections. After the Introduction, Section 2 covers literature review. Section 3 explains research method and Section 4 continues with the discussion on results and analysis. Section 5 concludes the discussion with some policy recommendations.

2. Background

Gig economy refers to a labor market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs. Examples of gig employees are freelancers, independent contractors, project-based workers and or part-time hires. A recent study predicted that by 2020, 40 percent of American workers would be independent contractors. In Asia, the number of gig workers is growing and their incomes are affected by the COVID-19 pandemic. However, the crisis highlights their lack of protections like health care, sick leave, workers' compensation, and stable pay. These workers have no benefits and financial safety nets as compared to permanent employees.

In recent years, the share of jobs that do not involve a formal employer-employee relationship is increasing. The term gig economy refers to these less structured work arrangements and flexible jobs mediated through various online platforms. This is also known as non-traditional work arrangements. The trend of working online from home is on the rise, as COVID-19 pandemic requires governments to impose mandatory work-from-home (WFH) policies. The switch to remote digital work will change the way people work. Gig jobs are prevalent among younger generations because they can offer their services through apps and websites worldwide and not be hindered by geographical locations. The gig economy strives when there is massive unemployment or underemployment.

Gig workers' rights and benefits, including healthcare and access to unemployment, have become key topics for governments. It remains to be seen if the recent health crisis will change the future of gig economy. Gig jobs are impacted by the pandemic as it stops businesses and stalled payments. Many gig workers now become frontliners in delivery industry as customers stay at home. Food delivery, Grab drivers and e-hailing drivers, for examples, are among those still able to work. Other freelancers such as wedding organizers are not able to operate at all.

3. Recent trend in the Gig Economy Literature

The recent interest in non-traditional work arrangements reflects the new structure and organization of work that is having important effects on both workers and firms. Making a similar point, Hurst and Pugsley (2011), for example,

argue that self-employed workers enjoy substantial non-pecuniary benefits in the form of being one's own boss, enjoying flexible hours and so on. However, there are gig workers who do not enjoy the legal rights and protections afforded under the unemployment insurance system, the workers compensation system and other benefits received by permanent workers.

The literature on the state of knowledge in understanding and measuring the rise of the gig economy is limited. Identifying the key attributes that characterize different forms of non-employee work, such as independent contractors, self-employed business owners, on call workers, temporary help agency workers, and seasonal workers, help us close in on the traits of jobs that are most consistent with gig work.

Since gig workers represent a substantial number of workforces, the government is looking for ways to ensure better social protection for them. According to a survey by Zurich Insurance in early 2020, 38 percent of Malaysians will join the gig economy in 2021. At present, 2.2 million gig workers have registered with the Malaysian Digital Economy Corporation (MDEC). Ultimately it would widen the income gap between the rich and the poor, and affect the country's social support infrastructure to address the needs of an ageing population. The gig economy does provide a short-term solution for economic woes, but empirical evidence is required to show its sustainability in the long run. Therefore, is there a need to regulate the gig economy to put in place some protection measure to ensure the well-being of gig workers, for now and in the future.

4. Advantages and Disadvantages of Gig Economy

Gig economy benefits consumers because there are a lot of choices available. It benefits large organisations due to job flexibility and lower cost of productions. For the workers, they enjoy working hours flexibility, good salary and freedom to choose the type of work. Some of them have the benefits of receiving cash upfront instead of having to wait till the end of each month. The New Strait Times reported that in Malaysia, there are 13,000 Foodpanda and 10,000 Grab Food riders in the Klang Valley. People take many different jobs to earn more income. The workforce has changed in the last decade where younger generations, who are technology-savvy, prefer to work independently. The gig jobs are mostly occupied by students, unemployed and fresh graduates seeking jobs. The younger generations are less concerned on having savings for retirement purposes.

Among other advantages of gig jobs is greater flexibility in completing jobs, greater independence in performing the task, more employment opportunities and reduce transportation costs because work can be performed at home. However, they do not receive benefits such as social security, pensions, health care or medical leave. High level of isolation, greater possibility of being mistreated, uncertain payment structure and less possibility of building a career are other disadvantages facing them (Gaile, 2019).

As for the firms hiring temporary workers, they have to carefully plan how the temporary staffs are going to fit in the future planning of the company. Even though the hiring firms can benefit in terms of not having to provide physical office building or human resource department, temporary workers might be less reliable. Besides, it would be harder to recruit upper-level and executive management positions in the long run (Gaile, 2019).

5. Current Issues in Gig Economy

The demand and supply for gig jobs are instantly communicated through sharing information and opportunities from work in digital environment via apps. However, the study by Price Water Cooperhouse revealed that the gig economy might place these workers into skills and career traps. Temporary or part-time positions they hold prevent

them from developing solid skills or build an in-depth expertise, which can offer a more positive career path. In addition, these temporary jobs would leave them unable to have precautionary savings to help them in time of need.

Some gig economy organizations, especially ride-sharing and food-delivery services, have raised public concerns on skills and retirement plans. Although the gig economy freelancers are offered independence and flexibility in working hours, they are not entitled to company-sponsored retirement. In addition, another issues are low-skilled level jobs have little or no future prospect for career advancement. Gig workers with higher level of education may be in a situation of skills mismatch or fall under the underemployed category. Others include irregular workloads and getting paid on time by different employers which would build up stress level.

Unlike full time workers who receive benefits in the form of the Employees Provident Fund (a mandatory retirement scheme by the Malaysian government), financial safety, pensions, insurance coverage, among others, gig workers do not have such privileges. This is because those who form part of the gig economy are often registered as vendors by businesses that hire them for their services. As the gig economy expanding alongside traditional jobs market, it remains to be seen whether the gig economy will replace traditional jobs.

6. Methodology

This study conducted a preliminary study on alumni and students of the Universiti Sains Islam Malaysia (USIM) during April until mid-August 2020. The purpose of the survey is to gather preliminary information on the level of awareness among the younger generation on the usage and future expectation of platform economy. The respondents are selected among those who have access to the Internet and have been using platform services at least once during the Movement Control Order (MCO) period and its subsequent extension lock down period of 18 March until August 31, 2020. The instruments were pilot-tested and validated by peer experts prior to the distribution.

The questionnaires were distributed based on purposive sampling to 100 students and alumni of USIM via google survey form. The response rate was 54 percent. The Survey questionnaire has two sections and contained 20 questions. Section 1 collects information on the demographic background while Section 2 asks questions related to gig economy and gig jobs. The Survey instrument was adapted from the work of Abraham et al. (2016) and Kassi and Lehnorverta (2016). In addition, there are three respondents who were interviewed in early April until June 2020 to get their feedbacks and wider perspectives on gig economy.

The descriptive analysis of the survey conducted is shown in Table 1. The respondents are mainly female (63 percent), below 25 year old, single and receive tertiary education. Most of them are still studying and earn less than RM2,500 per month. Majority of them reside in the central, northern and southern part of Peninsular Malaysia.

The jobs that most of them have been involved-in are dropship, food delivery, courier services, consultation and tutoring or editing. The reasons why they have taken part-time jobs are mostly to cover daily expenses, to be used as savings and to gain experience. Majority of them earn less than RM100 per week performing various tasks. Approximately 27 percent of them earn between RM101 to RM200 per week doing part time jobs. Almost half of them think part-time jobs will replace permanent jobs in the future. Majority of the respondents think that part-time jobs help them go through the difficult period of COVID-19 crisis and they agree that gig jobs will contribute to the economy and have a promising future.

Table 1: Profile of Respondents

Demographic status	Frequency	Percentage (%)
Gender		
Male	20	37
Female	34	63
Total	54	100
Age (years)		
Below 25	40	74.1
26 – 35	14	25.9
Total	54	100
Marital Status		
Married	6	11.1
Single	48	88.9
Total	54	100
Household		
4 people or less	4	37
5 - 7 people	24	44.4
More than 7 people	10	18.5
Total	54	100
Job Sector		
Private	17	31.5
Further Study	29	53.8
Self-Employed	4	7.4
Government	2	3.7
Looking for job	2	3.8
Total	54	100
Salary per month (RM)		
Less than 2,500	43	79.6
2,501 – 3,000	6	11.1
3,001 – 5,000	4	7.4
More than 5,000	1	1.9
Total	54	100
Geographical location		
North (Perlis, Kedah, Perak & Penang)	12	22.2
Central (Selangor, WP & Putrajaya)	22	40.7
South (Johor, Melaka & Negeri Sembilan)	12	22.2
East Coast (Pahang, Kelantan & Terengganu)	6	11.1
Sabah, Sarawak & Labuan	2	3.7
Total	54	100
Education		
Degree	44	81.5
Master	5	9.3
SPM	3	5.6
Diploma	2	3.7
Total	54	100
You provide the following services during MCO besides your permanent job.		
Food delivery	10	18.5
House cleaning	0	0
Tutoring	7	13
Personal shopper	2	4.9
Dropship	26	48.1
Personal assistance	3	5.6
Designing	1	1.9
Baby sitting		

None	1	1.9
Total	16	29.6
	54	100
You provide the following services to self-employed individual or company.		
Consultation on a project		
Editing work	7	14.6
Maintenance or repair	9	18.8
Dropship	2	4.2
Setting/Maintaining a computer system	24	50
Courier services	0	0
Administration		
None	5	10.4
Total	1	2.1
	6	12.5
	48	100
You provide ride sharing services such as Grab and Uber.		
Yes	9	17
No	43	81.1
None	1	1.9
Total	53	100
You have assisted with medical, marketing and/or other researches.		
Yes	7	13.5
No	44	84.6
None	1	1.9
Total	52	100
You have posted video, blog, or other contents online, such as You Tube that generates income or commission.		
Yes		
No	7	17.1
None	33	80.5
Total	1	2.4
	42	100
You do other types of informal work or part-time job (please specify)		
Agent for printing company		
Research Assistant	1	4.2
Design	2	8.3
Grabfood	2	8.3
Dropship	2	8.3
Selling dessert	2	8.3
Waiter	1	4.2
Child care	1	4.2
Fasilitator	1	4.2
None	1	4.2
Runner	6	25.2
Stockist	1	4.2
BB Bed & Breakfast	2	8.3
Work From Home	1	4.2
Total	1	4.2
	24	100
I do part time job because		
Help family	3	6.1
Cover daily expenses	10	20.4
Pay for education	5	10.2
Savings	13	26.5
Hobby	1	2
To gain experience	9	18.4

To increase net worth	2	5.3
Networking	2	4
None	3	6.1
Total	49	100
Your average earning from all part-time jobs per week (RM).		
Less than 100	26	54.2
101-200	13	27.1
201-300	4	8.3
301 and above	5	10.4
Total	48	100
You acquire new skills while working part-time.		
Yes	38	77.6
No	3	6.1
Not Sure	3	6.1
Maybe in future	5	10.2
Total	49	100
Part-time jobs will replace permanent jobs in the future.		
Yes	21	42
No	8	16
Not Sure	21	42
Total	50	100
Part-time jobs (gig workers) helps during COVID-19 situation.		
Yes	38	96
No	0	0
Not Sure	2	4
Total	50	100
Part-time jobs (gig workers) is the future economic trend.		
Yes	43	87.8
No	2	4.1
Not Sure	4	8.2
Total	49	100

Notes: Figures may not tally because respondents can tick more than one answer.

Source: Survey, 2020.

Based on Table 2, majority of the respondents are from the central and southern regions of the country. Women are more optimistic of the possibility that gig economy would contribute to economic growth (61.54%). However, almost the same number of both male and female freelancers are not sure about whether gig economy could be growth enhancing. Looking at average earnings per week, in general, men are earning more than women. There is a higher number of women in the 'less than RM100' and 'RM301 and above' category, suggesting a possible inequality in income earning based on gender. This situation might lead to a K-shaped economic recovery post COVID-19, in which income inequality will be wider among professionals and low-skill workers as well as between gender.

Table 2: Geographical Location, Perception and Average Weekly Earnings Based on Gender

	Central (Selangor, Wilayah Persekutuan & Putrajaya)	East Coast (Terengganu, Kelantan, Pahang)	North (Perlis, Kedah, Penang & Perak)	South (Johor, Negeri Sembilan & Melaka)	Sabah, Sarawak & Labuan
Gender	percentage (%)				
Male	19.48	5.19	6.49	11.69	1.30

Female	25.97	7.79	10.39	10.39	1.30

Gender	Do you think gig economy will contribute to economic growth? (%)		
	Yes	No	Not Sure
Male	38.46	58.33	47.22
Female	61.54	41.67	52.78

Gender	Average weekly earnings from all part-time jobs (RM)			
	Less than RM100	RM101-RM200	RM201 - RM300	RM301 and above
Male	13	10	2	4
Female	21	5	1	6

Source: Survey, 2020.

There are also interviews conducted in April until June 2020 to three respondents who have been doing part-time jobs before the MCO was implemented and have continued to do so until present. One of them is below 30 years old and another two respondents are in their early 30s and early 40s. Two of them received tertiary education. Below are their descriptions on how gig jobs are affecting them during the MCO period. From the responses, skills and willingness to upgrade themselves in their respective field of business are key factors that will help them go through the crisis period.

Respondent 1, who has a Bachelor degree in English language from a foreign university, has been conducting tuition classes during weekend with minimum fees charged as part of his community work. He also has some skills in cooking, and take-up orders from his colleagues at the school he is currently teaching. Below is his response towards the income earned doing part-time jobs. He is in his early 30s and work as an English teacher in a government school in Perak.

"Since I have my day job, I continue with home tutorials for primary and secondary school students who cannot afford to pay online tuition fees. I continue to do so during MCO, but I give them discount. Some of them do not have computer and access to Internet at home. Some have only one computer and they have to share with their siblings. I also provide dinner and lunch to them, if they take more than three subjects with me. I teach English, Mathematics and Sciences mostly for primary school children. My intention is more to helping them. I consider this as my social work, helping the community in the time of crisis."

Respondent 1, Bachelor in English Language

Respondent two is in his early 20s, male and single and resides in Selangor. He receives formal education up to Form Three Assessment. Afterwards, he opted for home schooling. Since young, he has been working with his father at their family's car workshop and is quite skillful in repairing motorcycles and cars. He has been working at various places and will repair his friends' motorcycles whenever he has free times. Below is his perception on gig jobs.

"The competition is stiff in the food delivery service. Some of the orders come from different locations and all of them want their order to be delivered as quickly as possible. During MCO, it is difficult to earn even less than what

we usually earn before this. But since I live with my family and all my sisters are already married, the MCO has not been affecting me much. Besides, before this I help my father repair car and motorcycle at home. So from time to time, I repair my friends' bike so I earned some money. But my mother, who take care of our neighbors' children, are affected since parents do not send their children during MCO since they can work from home."

Respondent 2, Secondary Education

The third Respondent is in his early 40s, married with two children and lives in Penang. He works in a private construction business and do part-time job as Grab driver during weekend and public holidays. His response is recorded below.

"I have been involved in the platform economy for quite some time now, even before the COVID-19 period. I have business online and I also offer Grab services. The online business selling traditional medicine is having low sales during MCO period. But since I have regular customers, the business can sustain. For the Grab services, I experience people moving office equipment such as chairs and computers home to work from home (WFH). I learn how to keep up in the online business and make great efforts to keep good ratings for my services. I also read and learn. Even during my spare time, for example when I go fishing, I will ask for business advice from the other person sitting next to me. For the Grab services, I usually get business tips from European tourists. It is good that I can converse in English. At the beginning of the MCO period, I was jobless for about one and a half month, luckily my wife works in the essential electronic industry. So our family can survive. I have two daughters. I also take care of my mother in-law who lives nearby since she is quite old and on medication due to diabetes.

Respondent 3, Diploma in Mechanical Engineering

7. Results and Discussion

Gig works can be divided in two; first based on geographical location which requires workers to be in a particular place; and second, the online platform which refers to work that can be completed remotely via a computer, or the digital nomad. From the survey conducted, most of the respondents are doing unskilled gig jobs, with the exception of a few. Therefore, they can up-skilled and reskilled themselves and move into either semi-skilled or medium-level skilled jobs. Fiscal stimulus targeting the gig economy workers should focus on this aspect.

Some of the survey respondents are not aware of the changing patterns of jobs market and how gig jobs would affect the labor market in the future. Their responses also indicate that they are not aware of the monopoly power of the employers and the debate surrounding the rights of gig workers in more advanced economies such as Europe and the United States. In China, for example, the MCO period has seen that millions of unemployed gig workers are not able to switch to traditional jobs at will. The European countries, considered as pro-employees, are voicing out concerns on the welfare aspect of the new economy that is digital based. However, the interviews-based responses highlight the importance of planning for the future and the strong family support to get through the crisis period. One particular aspect from the interviews that should be highlighted is that all three of them have other skills and they take time to acquire new skills to be able to offer better services and remain competitive. They are also having a good social network, which would enable them to continue working in a healthy working environment. This is because one of the main disadvantages of performing gig jobs are they do not have the physical contact with others, thus missing daily office exchanges which will lead to loneliness.

There is also a recent movement by multinationals and big corporations to enter the labor market. These corporate gigs have been investing in providing sharing working spaces for the digital nomads. Digital nomads refer to those

who work remotely. WeWork business model, a pioneer in coworking space, is one example, where in 2017, Japanese company was investing billions in sharing economy with planned offices in Tokyo, Shanghai and Singapore to capture the digital nomads in Asia. They believe this approach will redefine a new wave of productivity around the world. The digital nomads have found a new wealth, not in terms of money, but wealth in terms of time and space. The younger generation concept of working is not the 9 to 5 hours of traditional jobs, but their lifestyles define their jobs. Flexibility is the bottom line for the gig economy workers.

The COVID-19 crisis highlights gig workers lack of protections like health care, sick leave, workers' compensation, and stable pay. The Gig economy does provide a short-term solution for economic woes, but more evidence is required to ensure sustainable footing. Therefore, there is a need to regulate the Gig economy and to provide some protection measures to the workers. The recent health crisis has put a spotlight on gig workers. If gig economy is expected to be the new engine of growth, social protections should be provided to them.

In Malaysia, there is a plan to include the provisions for gig workers benefits in the Twelfth Malaysia Plan (2021 to 2025). Several initiatives are undertaken to leverage on Gig economy since it currently represents about four million jobs in the country. There are empirical evidences from researchers stating that digital platform jobs do contribute to economic growth. For instance, the National Infrastructure Commission (NIC) report suggests that digital economy could add between one-third and two-thirds of one percent to the growth rate of the United Kingdom economy.

8. Conclusion

The study conducted a preliminary survey to examine the perception towards Gig economy and gig jobs. The findings indicate that in general, the respondents agree that part-time gig jobs help them survive during the pandemic. Furthermore, the part-time work has a promising future and it does contribute to the economy.

The World Bank estimated that for every one month of MCO, economy would shrink by 2.5 percent. The crisis impacted all sectors in the economy, including gig workers that formed the Gig economy. Gig jobs are prevalent among younger generations because they can offer their services through apps and websites worldwide and not be hindered by geographical locations. The gig economy strives when there is massive unemployment or underemployment. To gig workers, freedom is a new form of wealth. Provision of gig workers benefits similar to permanent jobs will ensure they stay in the industry, thus help the economy achieve the intended growth rate. Re-Skilling and up-skilling, especially in low-skilled gig jobs, will help sustain gig economy's contribution as a new source of sustainable and inclusive growth.

Gig workers increased during 2007 global financial crisis, and now they represent a third of the workforce. A consulting firm in New York predicts that by 2030, it will increase to 80 percent. They provide the so-called 'liquid workforce' with their knowledge organized via the Internet or the digital earning platform. The United States Bureau of Economic Analysis estimates that digital economy grew by an average of 5.6 percent per year from 2006 to 2016 compared to 1.5 percent growth in the overall economy. The gig workers accounts for four percent of total US employment. This is comparable to industries such as finance and insurance and transportation. This trend will continue with the 5G technology where by the end of 2020, 70 percent of the world population will have a smartphone and business models and work culture will have to adapt to flexible work arrangements. For the policymakers, labor laws in terms of work permits and taxable income for the digital nomads have to be overhauled**.**

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Passive Income in Malaysia

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1. Introduction

Passive income is recognised worldwide as a new 4th Industrial Revolution factor that can improve the standard of living of a society. In general, passive income can be defined as earning gained from economic activities which require inactive participation or little to no effort to earn it. Suraya (2018) defines passive income as income that requires a one-time burst of work that will then generate income 'as you sleep'. While Dan Caplinger (2018) defines passive incomes as money earned from all investment and portfolio activities including interest, dividend and capital gains. This means that passive income does not simply appear overnight. One must go through a hurdle of creating the related activities through certain channels so that some amount of income can be generated. Most people defined passive incomes as earning derived from real estate, equity funds, dividend stocks, limited partnership and peer to peer (P2P) lending. While other group of people claimed that there are many shape and forms of passive incomes. These include earning derived from intellectual property royalties through creating and making software, apps, websites, e-books, songs and photographs, lower risk investment such as mutual funds, fixed deposits and unit trust or higher risk investment such as stock investment. Some investors even perceive that incomes can also be generated through items as their value grows over time. Such items include gold, antiques and rare collectibles. No matter what the society perceived about the activities and channels that they need to create in order to generate the passive income, its existence has been recognised by the world.

While generating income in Malaysia, an individual will face taxes. There are various taxes such as income tax, corporate tax, property tax, vehicle tax and others. Personal income tax is tax imposed on everyone that is working in Malaysia. It also includes income from business activities and dividends. A tax imposed will also include progressive tax where the tax rate will increase as an individual's income increases. The United States Internal Revenue Services (IRS) which governs the imposition of tax on active and passive income in the United States stated that, taxes are imposed at different rates and under different rules for both incomes. As such, does Malaysia also have different rates and rules when it is related to passive income. With that, the condition related to passive income sources need to be clearly identified.

2. Methods

The research objective of this paper is twofold; first is to identify the common types of passive income that exist in Malaysia and second is to determine whether passive income in Malaysia is taxable and is handle through a proper process. With that, the study used content analysis to analyse documented information such as news, articles and texts gathered from the social media sources.

3. Discussion

3.1 Types of Passive Income in Malaysia

Fiholic (2020) suggest that there are two main types of passive income in Malaysia namely, passive income generated from financial investments and passive income generated from effort of investments. The former then can be divided into dividend from stocks, income from peer-to-peer (P2P) lending, from managed investment schemes, rental from properties and income online from websites. Meanwhile the later types of passive income can be divided into royalty income from writing books, royalty from creating music and ad revenue from original content.

Passive income generated by high-quality dividend from stock of company is more suitable in the long run. Typically, these companies have existed for a long time and the dividends provided some form of assured income streams to the investors. However, to investment in such streams, it needs considerable amount of time and effort to select a good company and it also enquire large financial capital to start with.

Next, peer-to-Peer (P2P) lending is a type of investment whereby a person lends his money via a platform to businesses or on a project base. The investor will also be being known as the issuer of an investment. These businesses then make a monthly payback with a certain rate of interest. There are many P2P platform officially recognised and regulated by the Securities Commission in Malaysia. These platforms include Alixco, B2B Finpal, Funding Societies and Nusa Kapital (Nukap) among others. NuKap is the world's first Shariah-compliant P2P Lending platform, which makes it particularly suitable for Muslim investors who would like to ensure that their investments are not against religious laws. P2P lending is steadily gaining popularity in Malaysia as it is perceived as a good way of encouraging the growth of Small and Medium Enterprises (SMEs).

Managed investment schemes are pooled investment such as in unit trust funds. It is called pooled investment because the investment amount is pooled together with other investors and being professionally managed by a fund manager. Investing in real estate or properties will ensure a consistence flow of income in a form of rental income over a very long period. Though it is very rewarding, it is one of the most difficult investments to dabble in since it needs a substantial amount of money as the down payment and due to some pitfalls, that might affect the returns such as the location, interest rate and tenant issues (Fiholic, 2020). Income online from website is related to passive income generated from online streams. With skills for example in digital marketing an investor builds up a portfolio and then collect income from ad or commission revenue that the website generates.

Royalty income in the form of copyright and trademark from writing books, modules, creating content for online course and music is a type of passive income that involves effort in producing something in exchange for money (also known as effort investment). These types of income also include advertisement fees and commissions. Fiholic (2020) classifies this income because of original creative efforts and comes from own accumulated knowledge over long period of years. With an in-depth knowledge about a certain field, then writing books or modules and even creating an online course content will generate royalty as a passive income stream. However, the quantum of royalty would depend on the volume of book sold. Similarly, with a good musical talent such as singing or composing songs, a stream of royalties over the song produce, singing performance can generated a continuous inflow of income. Notwithstanding tonnes of idea and the ability to design and invent something a person can also earn royalties from patents.

3.2 Characteristics of Passive Income in Malaysia

Based on an article written in a blog managed by Lee et. Al (2020), each passive income has different characteristics. They are:

1. starting capital – some passive income required as little as few thousand starting capital while other with a minimum of few hundred thousand.
2. risk appetite – risk of passive income can be as high as losing entire life saving while other can be very minimum.
3. skillset and techniques – the required skillsets are such as leadership, management, research and planning. Some types of income even need certain techniques such as negotiation, communications and chart analysis.
4. return on investment (ROI) – ROI for every income type is different and varies accordingly with reasonable rate.

5. investment period – 'maturing' or 'harvesting' period for each income types varies from days to months to years. It will take some time before harvesting what that have being sowed.
6. challenges and obstacles – some passive income requires investors to face their worst fear, get out of their comfort zone, venture into an unknown territory or even overcoming psychological traps.
7. systemisation – for duplication purpose, very few types of passive income have a system that allows easy duplication.

3.3 Is Passive Income Taxable?

Another crucial question arise related to passive income activities is whether these incomes are taxable. According to Erik Hatch (2020) referring to the United States Internal Revenue Services (IRS) standard, regardless of whether the passive income come from different streams such as a multi-family rental property, limited partnership or another enterprise that an investor is not actively involved in, these incomes are still taxable. For example, in passive real estate activities, long-term capital gains or assets that may have being held for more than one year are taxed at three different tax rates of 0 percent, 15 percent, and 20 percent, respectively. Meanwhile an article written by Dan Caplinger (2018) stated that passive income has different tax treatment and passive losses are typically deductible only against passive income. However, the excess passive losses cannot be claim immediately, and instead they must be carried forward. There are different taxes imposed based on different rules surrounding these passive activities. Each rule is assigned to prevent the taxpayers from improperly claiming immediate tax losses on investment.

4. Conclusion

To date, there are no official classifications of which passive income are the most popular in Malaysia. Since this study focused on online documents analysis only, it has many drawbacks. As the economy becoming more diverse and more dynamic, there are more types of passive income not being identified yet. Further study can explore into them. Other study using different methods of analysis are also compulsory to get a better picture of the environment about passive income in Malaysia. So far, through content in social media documents, the author has not found enough information about the classification of this income. Furthermore, there are no documents that outline rules and body that govern the activities of generating passive income in Malaysia specifically. Each activity of passive income falls under the laws related to the types and characteristics of the activity itself. However, to make sure that all activities are recognised, the author perceived that the government should form specific bodies and formulate certain policies to manage and monitor the activities involved in generating passive income. With the help of Fintech, establishing a block chain can help with the governance process. Searching for discussion on whether the total income generated through passive activities are taxed or not, specifically throughout the Malaysian social media so far, result in zero outcomes, the tax is imposed on the stream individually. The discussion so far relates to taxable issue in the United States. Similar outcomes are reached when searching about the specific benefits it gives to the society. Yet there are some articles that discuss about the negative effect of passive income. The claims that passive income created huge amount of income are subjective to be discussed. Some claims that the income generate depends on the effort made and the time it takes to grow.

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Downside Beta Modelling for Shariah Compliant, Conventional and Bitcoin Indices as A Proxy for Malaysia

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Abstract

The study focuses on establishing the downside beta for Shariah compliant index, conventional index and bitcoin index (a cryptocurrency) in Malaysia. The indices for the Shariah compliant is the FTSE Bursa Malaysia EMAS Shariah (FTFBMS), the conventional index used is the FTSE Bursa Malaysia EMAS (FTFBMEMAS) and the proxy index for the cryptocurrency is the bitcoin. Given the weak track record of cryptocurrencies in Malaysia, the bitcoin is used as a proxy to simulate cryptocurrency behavior in Malaysia. Downside beta for the three portfolios is calculated through the use of historical volatility (HV) and the Exponentially Weighted Moving Average (EWMA) methods. The findings indicate there is a statistically significant difference in downside beta for each of the portfolios, although the difference is very minimal between Shariah compliant index and the conventional index. However, bitcoin poses to be a riskier portfolio with significant difference over both other indices. The low beta for Shariah complaint indices and its conventional counterparts suggests the large market volume the two indices share, still maintaining them as the mainstream financial models. While bitcoin is vastly riskier, it is surely making promising strides as far as financial trading methods are concerned. Moreover, there is great optimism in cryptocurrency models that assimilate moral Islamic trading principles as research has shown Shariah compliant stocks to be more efficient.

Keywords: Downside beta; Shariah; Conventional; Bitcoin

1. Introduction

1.1 Background

The section covers the background of the study. The concept of safety-first introduced by Roy (1952) is the backbone of downside beta. It made the pronounce distinction of an investor's appetite to differentiate between

higher and lower co-moments. Essentially, it reaffirms that investors generally have asymmetric value functions which motivates them to pay keen attention to the distribution of positive and negative returns. The profoundness of downside beta, also synonymous to downside risk, is that investors are more concerned with avoiding losses over having potential gains. The formula below captures downside beta's influence in the return of an investor.

$$R_i = R_f + \beta_{im}^{-}(R_M - R_f) + \varepsilon_i \quad (1)$$

where,
R_i: Expected return on i^{th} Asset,
R_f : Risk free rate,
β_i^- : Downside beta,
R_M : Return on the market,
$(R_M - R_f)$: Market risk premium.
$\varepsilon_i \sim (0, \sigma^2)$: *Residual*

As such, Stuart & Markowitz (1959) recognized this important distinction in his portfolio maximization model. Other early contributors in the modelling of risk return trade-offs included Hogan & Warren (1974) and Arzac & Bawa (1977). Shortly after, Bawa & Lindenberg (1977), Harlow & Rao (1989) and Estrada (2002) also made improvements to the Lower Partial Moment-CAPM or downside beta. The general CAPM beta is given as:

$$\beta_{im} = \quad (2)$$

The innovation with Harlow & Rao (1989) involves setting a defined target instead of the risk free rate. This target is generally set at the equity market mean return. The estimation of downside beta using this method still proves to be efficient in demonstrating that investors who manage downside beta will enjoy better premiums as indicated by Rashid & Mehmood (2018). The equation for downside beta as given by Harlow & Rao (1989) is:

$$\beta_{im}^{(HRM)} = \quad (3)$$

Where,
R_i : Return on the i^{th} asset,
u_i : *Mean asset return,*
u_m : *Mean market return,*
R_m : Return on the market.

Generally, the Greek letter beta (β=1) is introduced for the wave movement of beta exhibited by the general market. Thus, security betas are measured in relation to the market beta. Any aggressive security will have a $\beta > 1$ and defensive securities will have a $\beta < 1$. In lieu of a security's position in that spectrum, if the market returns are negative (Downside Beta), portfolios will react in retrospect. The study focuses on computing the downside volatility of Shariah compliant index, cconventional and a cryptocurrency index proxy (Bitcoin) of firms in Malaysia. The market indices for Shariah compliant index is the FTSE Bursa Malaysia EMAS Shariah (FTFBMS) and the conventional index is the FTSE Bursa Malaysia EMAS (FTFBMEMAS). The study uses the bitcoin currency as a good model proxy given the weak existence of cryptocurrency in Malaysia. The track record of the bitcoin and its wide acceptance globally makes it a strong contender and a good proxy to use for the purposes of this research. The computation of downside beta is achieved through the modelling of strictly negative index returns for the period 1st January 2015 to the 1st of January 2020, using the HV and EWMA methods.

1.2 Objective

The objective of the study is to:

1. Establish the comparative downside beta for Shariah compliant, conventional and bitcoin indices using EWMA and HV methods.

2. Literature review

2.1 Background

Malaysia is recognized to be a huge player in the Islamic Capital Market with a leading market size of over RM 1.7 trillion according to Securities Commission Malaysia (2016). Authors that focused on beta and return relationship between Shariah compliant indices and their conventional counterparts includes Ben Rejeb & Arfaoui (2019), with the proposal that Islamic stock indices are more volatile than their conventional counterparts although Islamic stock indices are more information efficient. However, Mwamba et al. (2017) indicates that Islamic stocks are less risky when compared to their conventional counterparts during "extreme events". Other publications with similar findings includes the research of Dewandaru et al. (2015), suggesting that Shariah compliant stocks are less risky as compared to their conventional counterparts.

While the existence of both Shariah compliant financial models as well as their conventional counterparts has been long practised, the birth of cryptocurrencies is relatively new. The operations of cryptocurrencies in Malaysia indicates that Luno Malaysia Sdn. Bhd., SINEGY Technologies (M) Sdn. Bhd. and Tokenize Technology (M) Sdn. Bhd. are the only approved cryptocurrency exchange operators listed by the Securities Commission (SC) as of 1st June 2019, as indicated by Fong (2019). Moreover, Bank Negara has rolled out policy document which stipulates the minimum requirements and standards that guides the crypto currency institutions on their continual reporting to the bank so as to effectively deal with potential acts of Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT).

2.1.1 Shariah Compliant Index

The Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC) is responsible for approving securities to the list of formally acknowledged Shariah Compliant securities. The Security Commission was established under the Securities Commission Act of 1993 as a regulatory body and to aid in the capital market development. Also, part of the Security Commission's mandate is to issue licensing to deserving entities and further ensuring that due processes are strictly adhered to. The SC is also tasked with protecting the investor Securities Commission Malaysia (2012).

There are evidently fundamental pillars through which Islamic indices differentiate themselves from Conventional indices. Some of these principles involve the reluctance to participate in practices involving uncertainty (Gharar) and speculation (Maysir), unwillingness in trading haram goods and not involving in taking interests after transactions. However, it is argued by most researchers that the parameters that bound Shariah-compliant stocks makes it less appealing from a portfolio diversification standpoint. This consequently results in slightly more volatile returns for Shariah-compliant indices over their conventional counterparts as specified by Hussein & Omran (2003).

For firms to qualify as a Shariah compliant business, they are required to undergo a screening process. The total number of Shariah compliant securities in Malaysia as at 29th May 2020 is cumulated at 697, according to the Securities Commission Malaysia (2020). There continuous to be a growing interest in Shariah compliant

investments by virtue of its progressive governance structure. There are a few fundamental pillars that distinguishes between Shariah compliant investments over conventional and bitcoin investments.

While the feud between Shariah compliant index and conventional index continues to grow interest, the relatively new financial system (cryptocurrency) is gradually making its mark. However, there has been sceptics questioning the legality of cryptocurrency with respect to its conformity to Shariah compliant principles. To its effect, the Securities Commission Malaysia (2019) acknowledges the permissibility of trading in digital currency so long as it is "backed by gold, silver and currency". The commission further indicates that both trading in digital currency without any underlying and digital currencies backed by "ribawi items other than gold, silver and currency" is not accepted under the rules that govern Shariah principles.

While Shariah compliant principles have a few objections, other factors enable a high engagement with cryptocurrencies. Research done by Ku-Mahamud Et al (2019) informs that the level of education, age or industry sector does not affect the use of the cryptocurrency. Moreover, while Bitcoin seems to be the dominator in the global market, users also have other cryptocurrencies alternatives such as the Ethereum.

2.1.2 Conventional Index

The conventional financial system has long been accepted as the universally practiced model without the limitations of the highlighted Shariah compliant prohibitions. Therefore, conventional firms are better positioned to involve in a wider array of portfolios. Whereas there is growing controversy over the volatile nature of conventional indices, different views continue to surface. Conventional indices do show remarkable similarities with their Shariah compliant counterparts to the point of indistinguishable volatility amongst the two portfolios, as researched by Kholifatul & Fauzan (2016) and Bayram & Abdullah Othman (2019).

Treating the general market as a pie, both conventional and Shariah compliant securities are now compelled to cater a share for the new financial trading model (Cryptocurrency). The use of cryptocurrencies, besides being low maintenance cost, is fast to transact and easy to use unlike traditional banking. This is a key reason why it has been greatly but cautiously considered. However, the main reason the market has seen a dramatic increase of usage is due to the global pandemic which has restricted residents in their homes. This trend is not expected to decline until a vaccine is developed, with researchers such as Cortez (2020) estimating a viable vaccine in 2021. The globe is still in a partial lockdown, with some nations easing restriction of movement but still implementing regulations such as social distancing, wearing of masks and washing of hands as guided by the World Health Organization (2020). This shows that the agenda is minimal physical interaction or touching which is inevitable in exchange of hand-to-hand physical cash hence reinforcing the point that there is potential for the crypto market to grow and continue ahead.

2.1.3 Bitcoin Index

First introduced by Satoshi Nakamoto, cryptocurrency was founded on the basis of performing peer to peer financial services, as published by Wright (2019). The crypto part of the name represents a secured method used to make the currency, that is also commonly known as cryptography. The unique features about cryptography is that it makes it nearly impossible to counterfeit the currency nor double spend. In a sense it can be compared to be having a unique ID which is unchangeable and very secure. Furthermore, it uses encryption techniques, algorithms that give secure keys to the users involved which gives the entire system a solid protection. Amongst some key features of the virtual currency, it uses a new technology called Block chain. It is a distributed type of ledger that is managed by a system of computers in a given network. Furthermore, one of the most distinguishing feature of cryptocurrency which makes it a very widely debated topic is that it is not centrally governed by any government or organization which makes any sort of manipulation very difficult, if not impossible. Following this line of thought, the currency is also not issued by any particular authority who will then be controlling it.

Also, shifting attention to Malaysia, there is realization of increased interest in cryptocurrency, especially during the ongoing pandemic where citizens have resorted to use virtual currency as the medium of exchange. It is

likely that this among other reasons has compelled the government to allow the currency to operate legally in the country. The revolution of virtual currency which includes both cryptocurrencies and fiat money via mobile apps or e-wallets, has recently got a lot of attention. Now that people are restricted to their homes, the use of virtual cash is becoming prevalent. There are many types of cryptocurrencies floating, however the most notable ones are Bitcoin, Ethereum, Litecoin, Tether and XRP as evidenced by Chez (2018).

Flow of funds

There are two parts the mining of the unit currency and storage of the transactions. Similar to mining gold from underground mines and then representing the amount versus physical money, how the modern world is operating, cryptocurrency also uses a similar analogy except that it is virtual.

Bitcoins are made at a fixed rate which follows the Bitcoin protocol. Accordingly, as represented by Bitcoin.org (2009), there will exist only 21 million coins circulation as they are mined. Presently, the total amount of bitcoins in circulation is 18.444 million according to Block-chain's official website, Blockchain.com (2020). There are generally 4 ways to get bitcoins; as payment for goods or services, exchanging them with fiat money at Bitcoin exchange platforms, exchanging with another user or by mining. Mining is the lingo used to explain what an auditor does in basic sense. Miners get paid for mining, and they work as auditors who verify bitcoin (and other similar cryptocurrencies) transaction security and validation which is done using computers. This auditing is what avoids any issues like double-spending and checking for legitimate coins.

As mentioned earlier, cryptocurrencies work on a technology called blockchain. Which is a public leger that keep records of transfers in a given system. The transactions that occur are anonymous and does not require the physical presence of both parties together. The blockchain serves as the engine of the secure transfers. Any transfer has to go through the system ledger, verified and then stored as an archive. The storage of data or transaction is done in what is called "blocks", each block stores information about transactions like date time and amount spent. Then it also stores the identity of the users involved, however these are not actual names of the persons but detail signatures of the parties involved. Finally, each block is given a unique code called a "hash" which helps to identify it and other millions of blocks as portrayed by Reiff (2020).

Then comes the process of the transaction, for a block to be added to the so called chain, a transaction must take place. The transaction is verified as mentioned above, then it is stored in the block and finally the block is given a hash. Once these steps are done it is added to the chain. Then, the transaction information of the block can be seen on the official website, which updates every time a new block is mined. For example, Bitcoin, can be seen in categories of height, hash (unique code), mined(time), miner and size on simple display, while individually select the hash more information can be seen.

The use of cryptocurrencies is starting to manifest in Malaysia such that there exist at least 5 Bitcoin Automated Teller Machine. One at Petaling Jaya in Selangor, Langkawi, Nilai, Klang in Selangor and Ipoh in Perak as reported by AskTraders (2020).

Issues and challenges

Cryptocurrencies have seen both positive and negative opinions since inception. Amongst the biggest critics are claims that unlawful organizations conduct illegal activities such as money laundering and payment for such activities. Other risks are cyber-related crimes such as hacking of personal user data and malware infected applications which aims to steal information or virtual currency. Although, currencies like Bitcoin claim that it is difficult to hack the currency itself, but the user end can be compromised, as it has been in the past, nonetheless with advancement in the technology more precautions are being taken and security systems such as multi-signature transactions and wallet encryption have been introduced to reduce this risk. Also, part of the main aspects of cryptocurrency is anonymity and ease of operation. However, some companies like Bitcoin have made their currency such that a law enforcement agency can possibly trace and arrest such culprits. Yet still, other currencies like Monero offers almost total user anonymity which allows for all sorts of activities as stipulated by Wilson

(2019).

Other traits are regulation of the currency, unlike traditional fiat money which is regulated by government worldwide, cryptocurrencies don't have any central body to regulate it. And the key aspects are cheap transfer and no heavy charges like traditional banking systems. In Malaysia the government has implemented some regulation towards the use of cryptocurrencies and the central bank with securities commission are doing what they can to enforce the regulations.

There is great potential for Bitcoin to thrive as published by Yussof & Al-Harthy (2018). However, the biggest risk for implementing such a system without detailed regulation by the government can lead to cyber related crimes and other potential crimes.

2.2 Conceptual Framework

The figure below highlights the conceptual framework of the research.

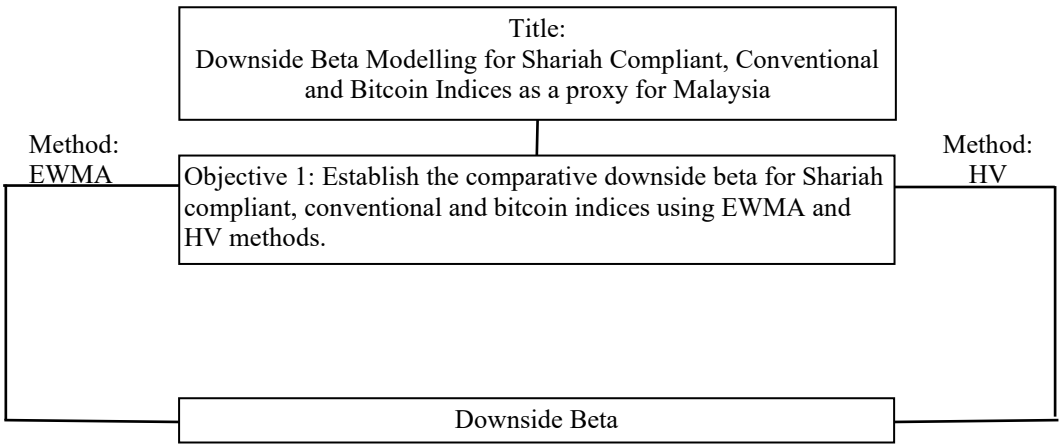


Figure 5. Conceptual framework of the research.

3. Methodology

In order to gain a strategic investment scheme, it is important to be able to predict simulations of market behaviour. This assures a clear qualitative description of how one can make an optimal investment with a sufficiently enough controlled risk and return. The raw data was retrieved from Investing.com (2020). The daily returns were continuously compounded by taking the log return. Thereafter, the data was filtered to capture only days that the indices recorded values below the zero threshold. Finally, the EWMA and HV methods delivers the downside beta scores.

3.1 Data

The data obtained for the daily openings of Shariah-compliant index (FTSE Bursa Malaysia FTFBMEMAS SHARIA), Conventional index (FTSE Bursa Malaysia FTFBMEMAS) and the cryptocurrency proxy (bitcoin) ranged from 1st January 2015 to the 1st of January 2020. This is enticed by the emerging Malaysian market growth over the last few years and its effectiveness in refining this data with better precision and accountability.

3.2 Model Development

The listings for the daily openings is extracted from the dataset. In calculating the downside beta, the daily log returns are computed. Furthermore, the returns are subtracted from a target return (set at 0). This is the by-line that differentiates upside from downside betas. The standard deviation, which represents the volatility is then computed for the three portfolios over the 5-year period. The proposed null hypothesis is that there is no difference in downside mean values between the three portfolios (FTFBMEMAS, FTFBMS and Bitcoin).
The first hypothesis proposes that there is no statistical difference in the mean downside beta values of FTFBMS and Bitcoin indices. The alternative hypothesis suggests that there is a difference. Therefore:
$H_0 : \mu_d = 0$
$H_A : \mu_d \neq 0$
Where,
H_0: The null hypothesis
H_A: The alternative hypothesis
μ_d : The difference between mean downside values of Shariah compliant index and bitcoin index.

The second hypothesis seeks to establish whether there is any statistically significant difference between Bitcoin and FTFBMS. Other than this innovation, both null and alternate hypothesis statements remain the same.

The third hypothesis is set similar to the above mentioned hypothesis with the only difference in the replacing of Bitcoin with FTFBMEMAS. This seeks to establish whether there is statistically significant difference between the selected Shariah compliant index with its conventional counterpart. Both null and alternate hypothesis remain the same.

3.3 Method

The index return is simply a measure of how much money an investor gains or losses on an investment. It is a fundamental index in our computation of downside beta, which ultimately discloses the level of volatility/Beta. The daily index returns (u_{n-i}) will be generated by:

$$Return_t = u_{n-i} = Ln\left(\frac{Price_t}{Price_{t-1}}\right) \quad (4)$$

where,
$Return_t$: u_{n-i} : Index Return at time t,
Ln: Natural Logarithm,
$Price_t$: Index price at time t,
$Price_{t-1}$: Index price at time t – 1.

The target return is set at 0. This becomes the mean ($\bar{u}$) return to differentiate the downside returns from the upside. It is denoted by:

$$\bar{u}_i = 0 \quad (5)$$

3.3.1 HV Method

Standard deviation is a measure of volatility. It is obtained through computing the squared downward deviation from a benchmark (FTSE KLCI). In more analytical terms, it is expressed by (Post, van Vliet, & Lansdorp, 2012):

$$\beta_{sv,i} \equiv \frac{\quad}{\quad} \quad (6)$$

The numerator details the covariance between the market and the index returns while the denominator highlights the variance of the market returns.

After sorting the returns for shariah-compliant indices and Conventional indices, the next step is to find the variance of each portfolio. Firstly, the daily returns are each subtracted from the target return (0). Then, the values obtained are each squared and summed up. Finally, the result is divided by the total number of trading days in the sample size. In a statistical form, it is denoted by:

$$\sigma_n^2 = \frac{}{} \sum (u_{n-i} - \bar{u})^2 \quad (7)$$

where,
σ^2 : Variance,
m : Number of trading days,
u_{n-i} : Return on i^{th} asset,
$\bar{u}$: Return threshold that separates losses from gains.
The standard deviation is then given by taking the square root of the variance.

$$\sigma = \sqrt{\sigma^2} = \sqrt{\frac{}{} \sum (u_{n-i} - \bar{u})^2} \quad (8)$$

Where,
M= 59 days

NB: The volatility for the 60th day was calculated by using the opening index returns of the first 59 days. Therefore, there is no recorded daily volatility for the first 59 days because the returns were used as statistics to inform on the volatility for the 38th working day. This is not necessary for the HV but for the EWMA. Therefore, to maintain consistency, the HV was computed for the whole 5-year period, except the first 2 months of 2015.

3.3.2 EWMA Method

The EWMA is an instrument that detects smaller fluctuations in the mean of data points constrained by time. By way of assumption, the EWMA is significant only when observations are normally distributed. In our computation of volatility, the EWMA allows for flexibility in more recent weights having a higher influence on the volatility as opposed to previous periods. The only innovation for the EWMA is the addition of weighted averages. The innovation for the EWMA is the addition of weights which assign higher magnitude to more recent returns. Therefore, the 59 days' variance are such that the 59th day carries 94% of the total weight. This is called the smoothing parameter. The 59th day is assigned a weight of (94% of the weight of day 59). The 59th day is assigned a weight of (94% of the weight the 59th day), and so on. This implies that yesterday's return has a much higher influence in predicting today's returns as compared to the long run history. It is noteworthy to recognize that the introduced weights are allocated in an exponentially declining order.

The EWMA introduces a controlling/smoothing parameter lambda (λ) which is levered on each squared periodic return. λ is a decay factor that lies between 0 and 1. It is typically assigned a value between 85% to96%? The decay factor's effects on the model is such that lower λ values will suppress the influence of more distant squared returns.

A lambda of 94% is chosen in this research as it is mainstream in most financial risk management companies MSCI (n.d). The weight for the most recent return will be (1-94%), the subsequent weight will be (94% of the (1-94%)) and so on. This is represented as:

$$\sigma_{t-1}^2 = \lambda\sigma_t^2 + (1-\lambda)r_{t-1}^2 \quad (9)$$

Where:
λ : smoothing parameter
σ : Variance
r : index return

The EWMA uses a refined method of calculating the variance as defined by Wahab (2009)

$$\sigma^2 = \quad (10)$$

where,
$(\lambda \mid 0 < \lambda < 1)$,
λ : Smoothing parameter.
In summary:

1. We first obtain the daily log returns for the different portfolios in our study.
2. Next, we find the return threshold that separates loses from gains. This is subtracted from the monthly log returns.
3. Then, the log returns subtracted from the return threshold is squared. This is the variance of the portfolio and it is represented by:

$$\sigma_n^2 = \quad \rangle \ (u_{n-i} - \bar{u} \mid (u_{n-i} < \bar{u})^2 \quad (11)$$

where,
σ^2 : Variance,
u_{n-i} : Portfolio Return,
m : Number of days,
$\bar{u}$: Return threshold that separates losses from gains.

4. Assign weights to the returns in descending order of proportions with the most recent return carrying the most weight. The weights are assigned as $(1-\lambda)\lambda^{i=0}$ to the i^{th} return.
5. The squared returns are multiplied with their corresponding weights and summed up.
6. Finally, the value is divided by the total number of trading days to give the total downside variance of the portfolio. The square root of the variance yields the standard deviation.

4. Results and analysis

4.1 Results

The descriptive analysis using the EWMA method indicates a higher mean downside value for Bitcoin, at 36.94%, followed by Shariah compliant and Conventional index respectively. The same sequence is observed for the standard error as well as the median values. However, Shariah compliant index records a higher kurtosis value at 3.05, followed by Conventional and Bitcoin index respectively. Moreover, Shariah compliant index is more skewed to the left, followed by Conventional index and then bitcoin being the least skewed at 0.78.

Table XI: Downside volatility scores of the indices using EWMA and HV methods.

	PANEL A EWMA			PANEL B HV		
Descriptive	FTFBMS	FTFBMEMAS	BITCOIN	FTFBMS	FTFBMEMAS	BITCOIN
Mean	6.31%	5.84%	36.94%	5.78%	5.33%	34.64%
Standard Error	0.10%	0.09%	0.55%	0.09%	0.08%	0.43%
Median	5.54%	5.06%	34.80%	5.22%	4.46%	35.41%
Mode	#N/A	#N/A	#N/A	0.05	0.07	0.31

Standard Deviation	3.45%	3.15%	18.89%	3.04%	2.73%	14.71%
Sample Variance	0.12%	0.10%	3.57%	0.09%	0.07%	2.16%
Kurtosis	3.05	2.63	0.57	2.18	1.60	0.34
Skewness	1.53	1.54	0.78	1.38	1.34	0.46
Range	22.28%	18.26%	108.37%	14.77%	12.12%	73.03%
Minimum	1.53%	1.70%	5.97%	1.47%	1.67%	7.90%
Maximum	23.81%	19.96%	114.35%	16.24%	13.79%	80.93%
Sum	74.73	69.18	437.72	68.47	63.13	410.08
Count	1185	1185	1185	1184	1184	1184

The HV method records a higher value for all the measured quantities relative to the EWMA method. This is as a consequence of having to parameterize the HV method into assigning more weights to more recent returns. Similarly, the Mean downside value for bitcoin equals 37.10%, followed by Shariah compliant index at 6.31% and Conventional index at 5.84%. The kurtosis for Shariah compliant index follows a normal distribution at 3, while kurtosis for conventional index and bitcoin are relatively lower at 2.63 and 0.45 respectively. The figure below captures the downside volatility for the three indices used in this study through the EWMA method.

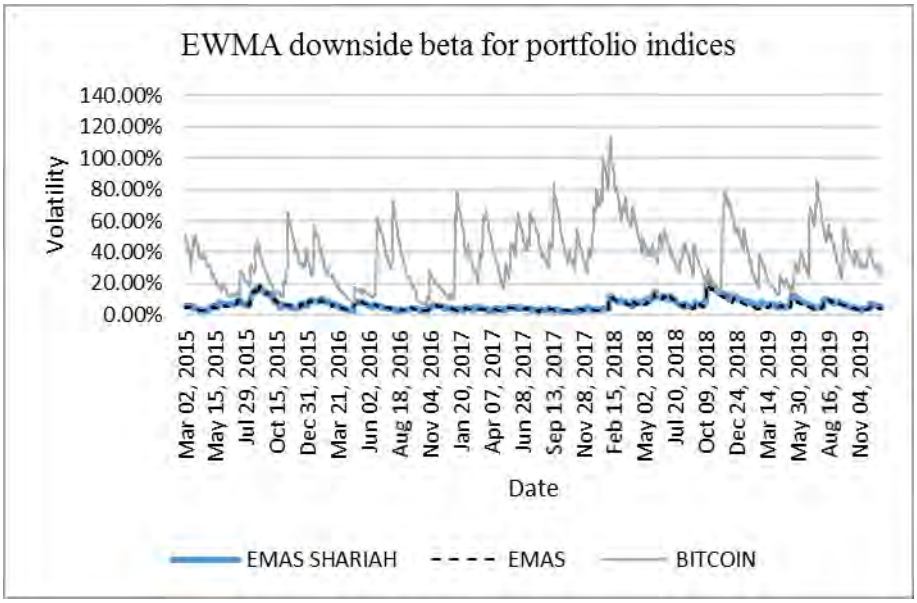


Figure 6: EWMA downside volatility for FTFBMS, FTFBMEMAS and Bitcoin indices

The downside volatility registered by bitcoin is certainly higher than both the Shariah compliant index as well as the conventional index. There is high correlation between FTFBMS and FTFBMEMAS while downside volatility for Bitcoin is significantly higher.

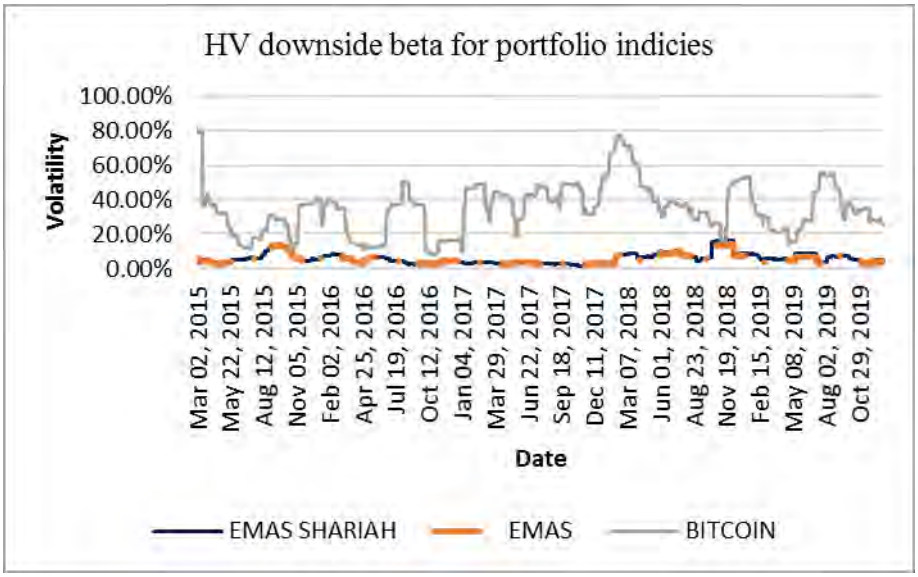


Figure 7: HV downside volatility for FTFBMS, FTFBMEMAS and Bitcoin

The HV method for the portfolios is computed. The HV method outlined a similar trend with the EWMA method. The figure above captures the downside volatility scores for the three indices using the HV method. The t-test is done to establish whether there is statistical difference between the average downside values for the three indices. The tests are conducted using a confidence interval of 95%.
The table below highlights the result.

Table XII: t-Test: Two-Sample Assuming Unequal Variances for Bitcoin and FTFBMS

	BITCOIN	FTFBMS
Mean	0.369	0.063
Variance	0.036	0.001
Observations	1184	1184
Hypothesized Mean Difference	0	
df	1262	
t Stat	54.856	
P(T<=t) one-tail	0.000	
t Critical one-tail	1.646	
P(T<=t) two-tail	0.000	
t Critical two-tail	1.962	

The downside Shariah values (M=0.063, SD = 3.45%, n = 1184) was hypothesized to have equal mean with Bitcoin downside values (M = 0.0369, SD = 18.89%, n = 1184). This difference was significant, *t* (1262), p = 0.00 (2 tails).

Table XIII: t-Test: Two-Sample Assuming Unequal Variances for Bitcoin and FTFBMEMAS

	BITCOIN	FTFBMEMAS
Mean	0.369	0.058
Variance	0.036	0.001
Observations	1184	1184
Hypothesized Mean Difference	0	
df	1249	
t Stat	55.846	
P(T<=t) one-tail	0.000	
t Critical one-tail	1.646	
P(T<=t) two-tail	0.000	
t Critical two-tail	1.962	

The average downside beta values between FTFBMS and FTFBMEMAS is tested to establish whether there is any statistical difference between the two. The FTFBMEMAS average downside beta values (M=0.058, SD = 3.15%%, n = 1184) was hypothesized to have equal mean with Bitcoin's average downside beta values (M = 0.369, SD = 18.89%, n = 1184). This difference was significant, t (55.85), p = 0.00 (2 tails).

Table XIV: t-Test: Two-Sample Assuming Unequal Variances for FTFBMEMAS and FTFBMS

	FTFBMEMAS	FTFBMS
Mean	0.058	0.063
Variance	0.001	0.001
Observations	1184	1184
Hypothesized Mean Difference	0	
df	2346	
t Stat	-3.443	
P(T<=t) one-tail	0.000	
t Critical one-tail	1.646	
P(T<=t) two-tail	0.001	
t Critical two-tail	1.961	

The FTFBMS average downside beta values (M=0.063, SD = 3.45%, n = 1184) was hypothesized to have equal mean with FTFBMEMAS downside values (M = 0.058, SD = 3.15%, n = 1184). This difference was significant, t (1262), p = 0.00 (2 tails).

Table XV: correlation matrix between FTFBMS, FTFBMEMAS and Bitcoin

	FTFBMS	FTFBMEMAS	BITCOIN
FTFBMS	1		

FTFBMEMAS	0.978	1	
BITCOIN	-0.020	-0.028	1

There is strong positive correlation between Shariah FTFBMEMAS and FTFBMEMAS of (97.8%). However, Bitcoin is negatively correlated with both FTFBMS index and FTFBMEMAS index.

The mean values between all three portfolios are statistically significant and different from each other. Conventional portfolio is slightly less volatile than Shariah compliant portfolio (Ling et al., 2020). The graph below highlights the similar correlation in downside beta between Shariah compliant index as well as conventional index.

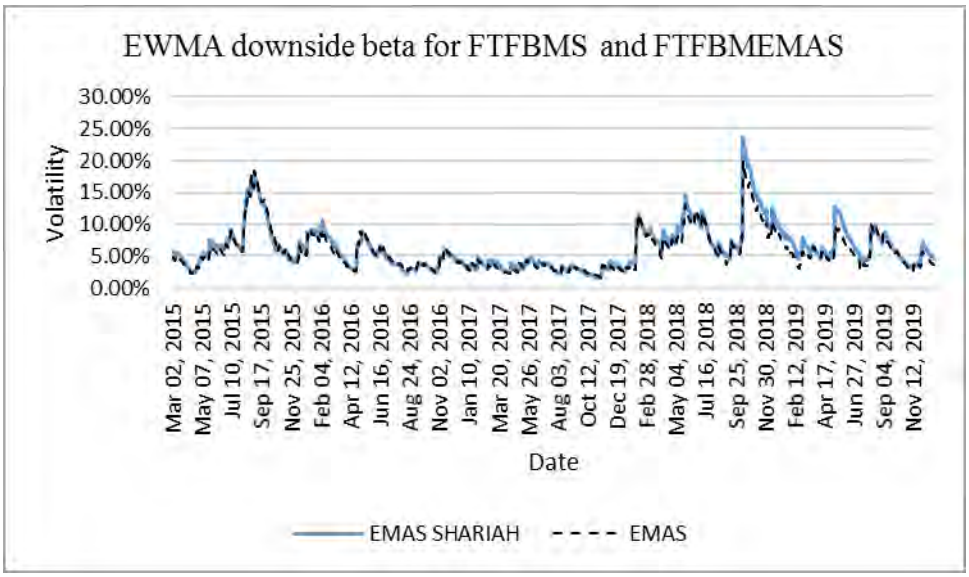


Figure 8: EWMA downside volatility for FTFBMS and FTFBMEMAS

4.2 Robustness Test

The beta of Shariah compliant indices with respect to the movements of Bitcoin index (-0.004) indicates a beta less than 1. Therefore, it is evident that Shariah compliant index is less risky compared to the bitcoin index.

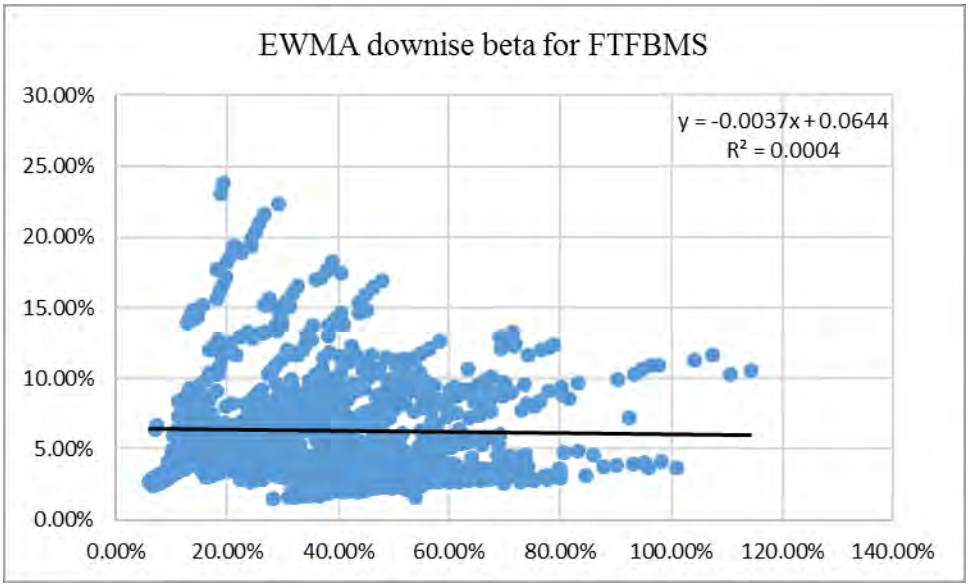


Figure 9: Downside BETA for FTFBMS with respect to Bitcoin using EWMA

Similarly, the beta captures the co-movement of Bitcoin's volatility (beta) scores with respect to FTFBMEMAS beta scores. The graph above illustrates that FTFBMEMAS is less risky compared to bitcoin, with a beta of (-0.005).

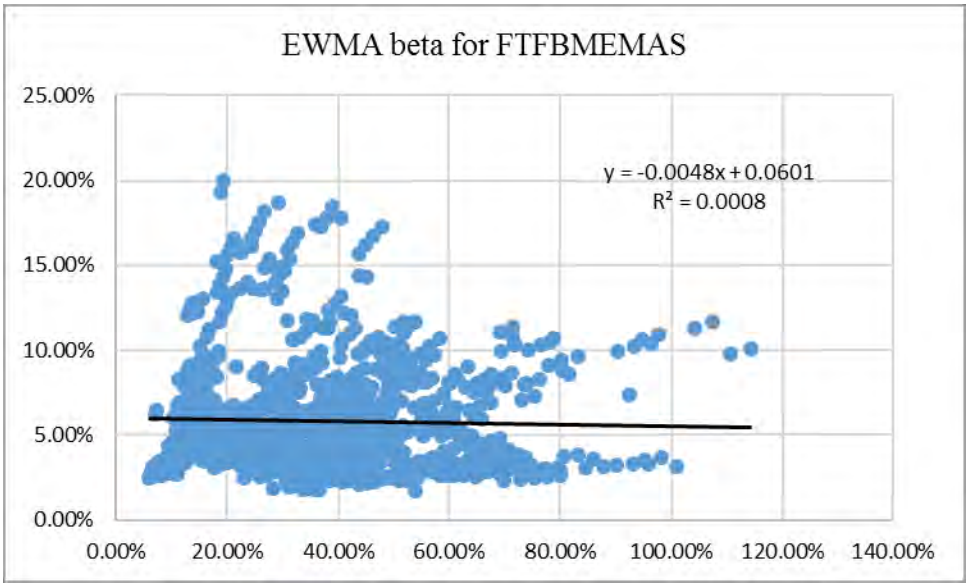


Figure 10: Downside BETA for FTFBMEMAS with respect to Bitcoin using EWMA

The approach is doubled on the HV method. The graph below illustrates that FTFBMEMAS is less risky compared to bitcoin, with a beta of (-0.01) as expected.

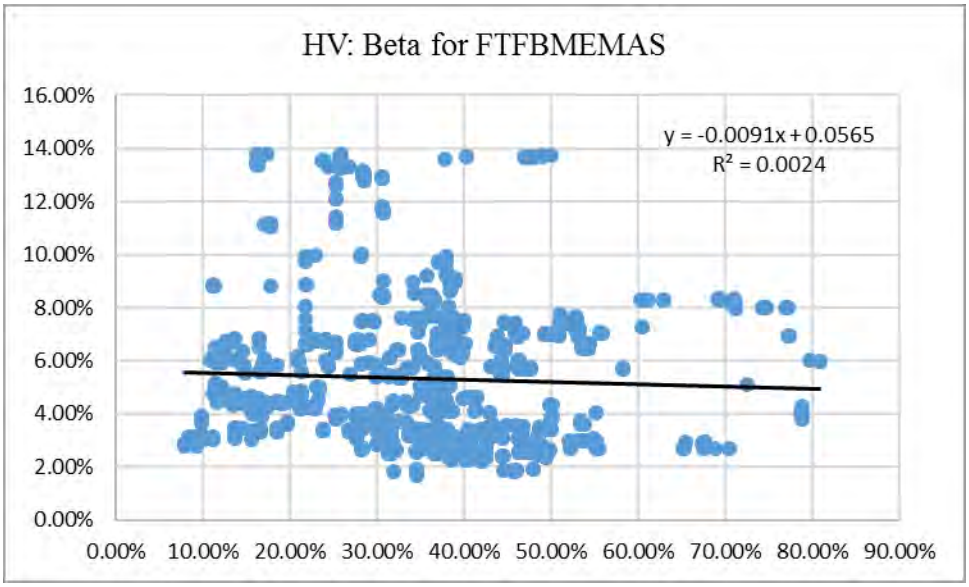


Figure 11: Beta for FTFBMEMAS with respect to Bitcoin using HV

Finally, similar beta computation is done for FTFBMS against Bitcoin. The graph below illustrates that FTFBMS is less risky compared to bitcoin, with an approximately equal beta of (-0.01) as expected.

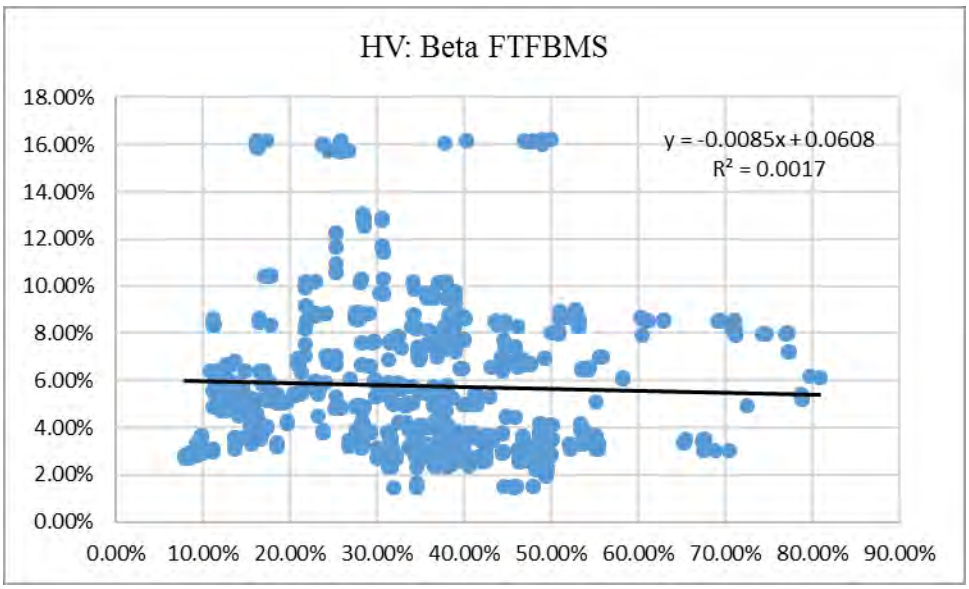


Figure 12: Beta for FTFBMS with respect to Bitcoin using HV

4.3 Analysis

The beta and performance of Shariah compliant and conventional markets has always been a contentious issue with different opinions. In emerging markets, Hashmi (2018) showed that Shariah compliant indices tend to exhibit slightly higher volatility as compared to their conventional counterparts. Additional views suggesting that conventional indices are slightly more efficient in performance over their contemporary has been acknowledged by Sensoy et al. (2015) and Ling et al. (2020). This aligns with the findings of this research, with the classification of present Malaysia as an emerging market. However, opposing views that Islamic indices are more efficient compared to their conventional counterparts, especially during bearish periods, has been researched by Habib & Ul Islam (2014), Al-Khazali et al. (2016) and Ben Rejeb & Arfaoui (2019).

Furthermore, the findings of the research collaborates on the fact that Islamic indices do exhibit similar behavior as their conventional counterparts as also mentioned by Orzano & Welling (2017). While conventional and Shariah compliant indices exhibit low downside beta mean values, bitcoin stands out well under the downside beta spectrum with relatively higher risk exposure. The magnitude of downside beta (100% share) is distributed at 11.9% for conventional indices, 12.8% for Shariah compliant indices and a huge portion of 75.3% for bitcoin indices. The slightly higher downside beta for Shariah compliant index can be attributed to the fact that it is less diversified as opposed to its conventional counterpart (Sherif, 2016). Additionally, the downside beta values exhibited similar directional result patterns with the individual portfolio beta.

5. Conclusion and recommendation

5.1 Conclusion

While conventional indices have been in existence longer than both crypto currency and Islamic indices, they have proved to be the least risky portfolio. However, this does not translate to better performance. In fact, Dow Jones Islamic Market World Index have outperformed their conventional counterparts (Dow Jones Global Market) from 2015 to 2019 as researched by Orzano & Welling (2017). This allows for a possible convincing argument that while Shariah compliant indices are resilient for risk averse investors, they are renounced for providing higher reward, affirming the mantra “the higher the risk, the higher the reward”.

As the debate surrounding crypto currency continues to grow, there are expectations that it will replace the current mainstream trading currencies as it is slowly being embraced across the globe. Focusing on the tech frontier and based on historical experiences of Shariah compliant and conventional financial models, the burst of the dot com agrees to the fact that it is natural to leverage technology in easing the way business and networking are conducted, even at the expense of unclear future consequences. Therefore, it is logical to presume crypto currency will inadvertently continue to get more approval as time unfolds. However, as brilliant as the concept sounds, if it is not guided by proper rule of law and grounded on good social constructs, it is inevitably going to perish at the expense of its competing financial models.

5.2 Recommendation

Based on the findings of this research, investors will not necessarily suffer a penalty for investing in a chosen portfolio if success is determined by downside volatility or downside return performance. Consequently, risk averse investors are at liberty to be guided by environmental, social and governance (ESG) requisites or any proactive value based system to dictate good investments in any of the two portfolios.

In addition, recommendations on the extension of this research can be achieved in different ways. Researchers can

choose to use the risk-free rate as the benchmark for average returns as well as different market portfolios. This can be extended to both within and outside the Malaysian context for a much diverse risk-return analysis. In addition, further researchers can look into publishing more works on downside beta as there are limited papers that focus on it. Moreover, other methods of assessing the level of downside beta can be explored such as the Markov switching GARCH models.

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The Roles of Zakat in the Provision of Islamic Social Finance: Qualitative Approach

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Abstract

In the 21st Century, most economic models are based on profits, which creates a social gap and injustice. Under the Islamic economic model, besides making an appropriated profit, the wealth will also be redistributed to the eight needed groups known as asnaf through Zakat. As a result, Zakat helps to protect the interest of the unfortunate and close the social and economic gap. Therefore, the zakat objectives cover Sustainable Development Goals (SDG) that can improve humans worldwide. Besides helping asnaf, Zakat can be distributed to affected groups during crises and disasters like COVID-19. Hence, to facilitate and make progress smooth, Zakat must be managed by an institution and apply financial technology (FinTech). Thus, this paper attempt to review the related pieces of literature on SDG, redistribution of wealth and the role of Zakat during COVID-19. The methodology of this article is through library research based on the document- analysis of previous articles and literature on Zakat between 2010 until 2020. Therefore, Zakat is the best economy tool to purity and bless the wealth worldwide, especially the Muslim countries. Zakat is among the tool in reducing and eliminating poverty in Malaysia.

Keywords Zakat, Sustainable Development Goals, COVID-19, redistribution of wealth.

1. Introduction

Islamic economic system consists of three main sectors; siyasi (government or public sector), ijtimai'e sector (social sector or non-profit sector) and tijari sector (trade sector or profit-based sector) (Syahidawati et.al, 2018). Islamic social finance is a combination of two major sectors which is Islamic finance and Islamic microfinance (Shaheen et. al, 2015). Generally, the function of Islamic social finance in the 21st Century is to alleviate poverty. In the discussion of Islamic social finance, Zakat or almsgiving is considered part of Islamic social finance.

Almsgiving or Zakat defines as an act to bless and clean the zakat properties, payers, and recipients. According to syarak, zakat payer needs to contribute based on certain conditions to the eight groups of beneficiaries known as asnaf (Siti Nabihah, Shifa, & Mariani, 2018). The payment of Zakat like zakat fitrah has advanced from giving some cereal as stated by a Muslim that Prophet Muhammad obligated of zakat fitrah in Ramadan with a *sa'* of dated, or a *sa'* of burley to pay via fiat money as allowed by Imam Hambali and now can be paid using FinTech. Under FinTech or financial technology, Zakat's collection and distribution process are digital (Ahmad, 2018). The various means of payments bring additional collection and help diversity distribution improve the quality of life under eight groups of asnaf (Mohd Faisol, 2020).

Zakat management in Malaysia has successfully covered many aspects and issues, including the collection,

distribution, and socio-economic (Müller & Mu, 2016). A good zakat organization comprises proper management with modern infrastructure (Ahmad Dahlan, 2020). Although the end target is to improvise the living of eight groups of asnaf, Zakat's role in the 21st Century has become more vital towards the world's social economy, mainly Muslim countries. Zakat also plays its role as a fiscal mechanism by performing some of the primary functions of modern public finance like social security entitlements, social assistance grants for childcare, food subsidy, education, health care, housing and public transportation in a welfare state (Yusoff et.al 2012).

1. Methodology

This article adopts library analysis based on several kinds of literature on zakat issues for ten years between 2010 until 2020. The review focuses specifically on the articles written in the areas of Zakat. It follows that the articles would be classified into three categories, namely SDG, redistribution of wealth and role of Zakat during COVID-19. The classifications are made based on the content of the articles. Therefore, this review would emphasize the article based on the criteria, which is the role of Zakat.

3. Resut and Discussion

3.1 Result

a. Sustainable Development Goals (SDG)

The SDGs are a worldwide pledge to reduce inequality and improve human life quality through 17 goals by the 2030s. The primary criteria of SDG, which is to alleviate poverty and close the wealth inequality, are part of Maqasid al-Shariah of Zakat. Under Maqasid al-Shariah, Zakat is vital to achieving all five goals: protecting faith, life, progeny, intellect, and wealth (Noor et al., 2017). These principles align with Salman Ahmed Shaikh and Abdul Ghafar (2017) finding that Muslim countries can achieve seven of 17 goals under SDG through zakat institutions. The highlighted criteria are to alleviate poverty, end hunger, have good health and well-being, serve quality education, offer decent work and economic growth, eliminate gender-biased, and leverage income equality (Shaikh & Ismail, 2017).

However, Suhaimi Mhd Sarif (2020) study is quite critical when discovered that zakat institutions in Malaysia may face difficulties in achieving the SDG because of stickiness. The stickiness is because of the bureaucracy addressing the administrative needs and public perception (Sarif, 2020).

b. Redistribution of Wealth

The pandemic of COVID-19 has changed our lifestyle, adapting technologies in our daily communication because of social distancing (Aman, Mohd Faisol, & Nuradli Ridzwan, 2020). As a result, several well-known world technopreneurs had accumulated billions of revenue in the first few months of this outbreak. On the other hand, approximately 40 million in America lost their job during the same period (Ramay, 2020).

Besides the leapfrog of the technologies, this outbreak created inequality in the economy. Based on the Department of Statistic Malaysia's official portal, the unemployment rate in August 2020 is 4.7% compared to 3.3% in December 2019. This vast disparity may not happen in the Islamic economic model.

Muslims are encouraged to work and gain wealth. However, Muslims must help and feed others who are unfortunate (Goraya, 2020). Through Zakat, fortunate Muslims will give a small contribution to the asnaf. This situation will redistribution wealth from the rich to the needed and create equality of economy for all (Ramay, 2020). The contributor's justice is also secured by only paying 2.5% of the wealth and fulfilling the Nisab. Compared to the sadaqah or donation, the zakat institution will give continuous support and distribute Zakat to the asnaf until they can be independent. In contrast, the taxation system will only focus on government coffers for public infrastructures and services (AlMatar, 2015).

c. Role During COVID-19

The government of Malaysia has provided much financial help during the Malaysia Control Order (MCO). Zakat institutions were also providing financial aid to the asnaf. RM153.24 million was paid to the asnaf nationwide during the MCO to cater to their basic needs like food and healthcare while staying at home. Also, Zakat is distributed as a financial relief to petty traders and low-income families, which may not become asnaf. Besides, Zakat was also used as a research fund to find the vaccine for COVID-19 (Hambari, et.al, 2020). In Indonesia, BAZNAS Mustahik Economic Empowerment Institute (LPEM) introduced Cash For Work (CFW) program. Zakat was channelled to those who lost income during the outbreak of COVID-19 as an allowance for being volunteers. They may be involved in spraying disinfectant operations or becoming helpers on other social programs (Fitriani, 2020).

3.2 Discussion

Nowadays, Zakat's role becomes more comprehensive and is not only confined to give support to the asnaf. Having good management will bring Zakat as the catalyst to the development of socio-economy for the unfortunate groups. Many scholars like Salman Ahmed and Abdul Ghafar (2017), Aprilya Fitriani (2020) and Suhaimi (2020) agree that Zakat needs to be managed by the excellent governance institution and act as an enabler to the needed. Countries like Malaysia and Indonesia with a systematic zakat institution prove that Zakat is a vital socio-economy tool in the 21st Century.

World Bank discovered that Islamic finance involves big data of wealth that need to be addressed through financial technology (FinTech). However, indifferences of shariah compliance had hindered most of the Islamic countries to adopt FinTech in Islamic finance like Zakat (World Bank, 2020). These weaknesses need to be overcome, or otherwise, zakat institutions may expose to mismanagement or delay in implementation. It is proven that FinTech, like internet banking and mobile banking, is essential in financial inclusion to expedite the process of distribution to the asnaf (Ahmad, 2018).

Zakat institution can improve the effectiveness and efficiency by applying FinTech, which is discussed by Khaliq Ahmad (2018), Siti Nabihah, Shifa and Mariani (2018), Aman et.al (2020) and Mohd Faisol (2020). FinTech helps to collect Zakat everywhere and distribute the Zakat efficiently to the recipients. According to Hamizul (2020), FinTech is a technology in the finance sector, and if the technology is Shariah-compliant, then the zakat institution should implement it.

As explained and discussed earlier, Zakat's role has evolved to become an important tool to develop world inclusiveness in society and the economy, especially in Muslim countries. However, if Zakat is not appropriately managed, it will be exposed to mismanagement and corruption. An issue like stickiness discovered by Suhaimi (2020) needs to be overcome before it becomes cancer to the zakat institution. Recommendation of professional zakat management by Ahmad Dahlan (2020) need to be considered to avoid this threat.

4. Conclusion

Past studies prove that Zakat is important in the 21st Century to develop Muslims' socio-economy by redistributing the wealth from the fortunate to the needed. The role becomes crucial during crisis and disaster by helping the asnaf and others who are affected. Since it involves much money and properties, Zakat is potent to be corrupted and needs to be managed wisely through good institutions and FinTech. More research and case studies in Zakat will help benchmark the best practice for Ummah's betterment.

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ISLAMIC BANKING AND FINANCE II

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The Impact Of Macroeconomic Variables On Zakat Collection: The Case in Lembaga Zakat Selangor

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Abstract

Zakat is the third pillar in Islam which forms social security for the poor and needy. Zakat also develops a balanced economic growth through redistribution of wealth in society, wealth purification and for spiritual development. Zakat is among the most important elements of wealth management that are so dynamic and recognized as one of the proper methods to measure economic growth. Macroeconomic variables such as growth domestic product (GDP), consumer price index (CPI) and unemployment rate are among the best measures for the economic condition of a country. Thus, proper Zakat fund management should be carried out to address wealth accumulation during good economy and also zakat collection shortages during bad economy such as in the financial crisis. Consequently, the objective of this paper is to examine the relationship between zakat collection in Selangor and macroeconomic variables such as GDP, CPI and unemployment rate. Quarterly data is used to show seasonal fluctuations or changes in zakat collection in relation to changes in macroeconomic variables. This study applies time series analysis to assess the state of zakat collection under the influence of macroeconomic factors. The findings suggest growth domestic product (GDP) is positive and significantly correlated with Zakat collection (ZC) at 1% significant level. This means the higher the GDP the higher the amount of Zakat collection and vice versa. Consumer price index (CPI) and unemployment rate are not significantly correlated with Zakat collection (ZC). These results implicate the need for Lembaga Zakat Selangor particularly to have proper financial planning in zakat collection such as bigger savings during good economy (higher GDP) to cover the increasing demand from the existing and potential beneficiaries (Asnaf) during crisis period (lower GDP) such as Covid-19.
Keywords: Zakat collection, macroeconomic variables, GDP, CPI, unemployment rate

1. Introduction

This study discusses the impact of macroeconomic variables on zakat collection. Quarterly data is used to show seasonal fluctuations or changes in zakat collection in relation to changes in macroeconomic variables The analysis on relationship between zakat collection in Selangor and macroeconomic variables such as GDP, CPI and

unemployment rate are discussed in result and discussion. The structure of this study as follows: section 1 introduces the research background and describes the meaning of zakat literally and practically and overview of zakat management in Lembaga Zakat Selangor (LZS). Section 1 also addresses the problem of this study and establishes the objective of the study. Next, section 2 discusses literature review relevant for this study. Theoretical background is defined to support the research. Section 3 discusses the methodology and data used for this study. Information about data and statistical test is discussed in this section. The results and discussion for this study is summarised in section 4. Lastly, section 5 summarizes the contribution of this study and addressed recommendations for future research.

1.1. Research background

Literally, zakat means to cleanse, to purify and to grow. Technically zakat is where a Muslim contributes his or her wealth by specific requirements to the qualified beneficiaries (*Asnaf*). Zakat also becomes an obligatory action to every Muslim and the main objective is to eradicate poverty, to balance economic growth and to minimize social problems. Zakat especially improves the living standard of the poor and needy (Ridhwan, M.Pimada and Asnawi, 2019; Suprayitno, 2020). Zakat fund will generate and boost economic activities through the increasing individual's purchasing power which creates a chain effect on production and consumer demand (Zaman, Kamarudin and Ahmad, 2017).

Furthermore, zakat is an instrument fund that is so dynamic that it is recognized as one of the proper methods to measure economic growth which means when people pay zakat, the level of economic growth will be higher and vise versa (Sarea, 2012). It is considered as an effective divine tool for alleviation of poverty because Islam looks upon poverty as religious and social problems since poverty pushes a person to lowliness, sin, and crime (Hassan, 2006). This is especially true if zakat collection and distribution are managed efficiently and channeled for productive and sustainable means. In Malaysia, Zakat collection and distribution are managed by zakat institutions as fund collectors and distributors (Amil) in each state of Peninsular Malaysia including Sabah and Sarawak. Lembaga Zakat Selangor is among the highest zakat collector in Malaysia since Selangor is the center for business activities. There are 27 branches of Amil (zakat collector) in Selangor and the number of Muslims also is a major percent among the robust population in Selangor. However, awareness of the importance of fulfilling the obligation to pay zakat among Muslims of Selangor is still not satisfactory even though the amount of zakat collection increases every year (Mohamed, Ibrahim, Zaidi & Kamaruzaman, 2019). In 2019, Lembaga Zakat Selangor (LZS) recorded the highest zakat collection amounting to RM855.1 million which increased by 7.18% compared to the year 2018 collection of RM793.7 million. Zakat distribution in Selangor reported an increase over the years which reflects the growth of zakat collection. Year 2019 recorded the highest amount of zakat distribution amounting to RM868.3 million which increased by 4.42% from the year 2018. The result shows that Lembaga Zakat Selangor (LZS) had achieved the target as one of the great and excellent zakat organizations through good economic factors that affect their zakat collection.

Zakat plays an important role in economic development especially to eradicate poverty. Poverty issues have become an economic obstacle all over the world and cause multidimensional and enormous (Ahmed, Johari and Abd Wahab, 2017). In alleviating the problem of poverty, Islam promotes a solution that is precise and effective, which is making it compulsory for qualified Muslims to give zakat. The performance of zakat collection cannot be denied has increased from year to year (Ahmad and Wahid, 2005). Zakat collection determines zakat distribution because a huge zakat collection benefits zakat recipients. On the other hand, some macroeconomic factors such as Gross Domestic Products (GDP), Consumer Price Index (CPI) and Unemployment rate can post a challenge to the amount of zakat collection. These macroeconomic variables are manipulated by the difference in demand and supply in the market. Thus, it can influence economic development. An increase (decrease) in GDP will expand (contract) the economy hence, will increase (decrease) household and business income. An increase (decrease) in inflation rate will decrease (increase) household and business income too. Thus, productivity growth in economy sectors will influence household and business income. As household and business income is connected to the economic condition, the Gross Domestic Product (GDP) and inflation of a country is likely to influence zakat collection

(Yusoff, 2011). In short, any changes in these macroeconomic factors will either increase or decrease zakat collection (Yusoff, 2006). Therefore, the objective of this study is to analyze the impact of macroeconomic variables on zakat collection.

2. Literature review

According to Sarif and Kamri (2009), some contemporary Islamic economics suggest that zakat be used as a source for income generators to make the poor more economically independent. Therefore, zakat collection and distribution should be properly managed by the Islamic states (*Amil)* to avoid any misapplication. In this context, zakat is a religiously-motivated economic instrument through which the surplus wealth of society is taken out to satisfy the essential needs and encourages entrepreneurial behavior among those who are not fortunate enough to have wealth of their own. Thus, zakat is one of the tools under wealth distribution planning to address some major socio-economic problems such as poverty alleviation, unequal distributions, weak economic growth and social problems.

According to Wahab (2012), GDP is one component of national income that provides information about the economy of a country. An increase in GDP will increase the value of zakat received. The positive influence of GDP on the amount of zakat is in accordance with the existing theory of Nurcholis (2005) who suggested that if GDP increase, the ability to pay will also increase. Thus, it will increase the amount of zakat. Economists used GDP in determining whether an economy is growing or experiencing a recession. Increasing economic growth will increase national income. This will increase the amount of zakat due to an increase in the number of assets of the zakat mal. Based on the discussion above, the following hypothesis is proposed:

H_{1a}: There is a positive and significant relationship between GDP and zakat collection.

Inflation is a sustained rise in the general price level. A high inflation rate will increase the living cost and the living standards of people in a particular country, therefore maintaining a low and stable inflation rate has become one of the challenges in the macroeconomic management of most countries. According to Idris and Bakar (2017); N. Grengory (2007) rising inflation rate will increase the price of goods continuously. Thus, under the Demand-Pull Theory of inflation (Keynes, 1936), which explains that rising inflation will increase the price of goods so that the value of the currency will decrease and ultimately will reduce peoples' purchasing power. The negative influence of inflation on zakat collection showed that inflation had a significant effect on the amount of zakat collected. Fluctuating of inflation rate will influence people's income and decisions in allocating funds to pay zakat (Afendi 2018). Based on the discussion above, the following hypothesis is proposed:

H_{1b}: There is a negative and significant relationship between Inflation rate and zakat collection.

Philip curve (1985) theory indicates that inflations have an inverse relationship with unemployment rate. Higher inflation is associated with lower unemployment and vise versa. For example, when demand for labor is low and unemployment is high, workers are reluctant to accept lower wages than the prevailing rate, and as result, the wages rate will fall. In such a situation, individual income will decrease. Therefore, lower unemployment rate exists at the expense of higher inflation and vise versa (Macharia and Otieno, 2017). Rising in unemployment rate will decrease the people's income and influence individual decision to pay zakat. Therefore, amount of zakat will decrease. Based on the discussion above, the following hypothesis is proposed:

H_{1c}: There is a negative and significant relationship between Unemployment rate and zakat collection.

Zakat institution plays a role as a fund manager and as fund managers they also should have financial planning in managing cash inflows (collection) and cash outflows (distribution) but for the purpose of public welfare (*Maslaha*). During good economy, it is expected that Zakat collection will increase and the money will be distributed to beneficiaries (*Asnaf)* accordingly. During bad economy, it is expected that Zakat collection will decrease and the number of beneficiaries (*Asnaf)* will increase due to unemployment and increasing cost of living. Therefore increasing the inflation rate will decrease an individual income due to increasing price in goods and hence will decrease the amount of zakat collected (Armina, 2020). An income is connected to economic conditions. The bad economic condition will decrease the income and likely to influence zakat collection (Saadillah and Firmansyah, 2019). Thus, Zakat institution should have some reserves to cater unexpected demand from those who are greatly

affected by the economic crisis. This financial planning process is mentioned in surah Yusuf (47-48*): [(Yûsuf (Joseph)] said: "For seven consecutive years, you shall sow as usual and that (the harvest) which you reap you shall leave it in ears, (all) - except a little of it which you may eat. (47) "Then will come after that, seven hard (years), which will devour what you have laid by in advance for them, (all) except a little of that which you have guarded (stored) (48).* Allah SWT stresses the importance of good financial planning where people must keep and save their abundant wealth in the seven-period of good harvest and be prepared for the seven periods of dreadful years. Shariah has incorporated measures such as zakat to maintain a balanced society while waqaf and wasiyyah to ensure healthy circulation of wealth, value preservation and protection from prohibited activities.

The obligation of Zakat is mandatory on every Muslim who possesses the minimum *Nisab* (exemption limit or criterion of Zakatability) of wealth that enjoys growth or is a result of a growth process, whether the person is man, woman, young, old, sane, or insane (Qaradawi, 1999). The beneficiaries (*Asnaf)* of Zakat are mentioned in *surah Taubah* (verse 60): *The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarer; a duty imposed by Allah. Allah is Knower, Wise.*

Zakat institutions should manage Zakat collection efficiently to provide sustenance to the economically unfortunate beneficiaries (*Asnaf)*.To be efficient, Zakat institution is expected to practice financial planning process especially in collecting and distributing Zakat to the needy beneficiaries (*Asnaf*). The significance of zakat is largely attributed to its effectiveness as a distribution tool in the process of wealth circulation and social security (Ismail and Hussain, 2017). Therefore, effective management of zakat collection and distribution is very important to improve the quality of life and alleviate poverty of recipients. Another study by Wahid, Ahmad, Mohd Nor and Abd Rashid (2017) suggests that the inefficiencies of zakat distribution might be seen through the amount of surplus fund of zakat undistributed every year and the institution not able to distribute the zakat fund to the eight *Asnaf* as well as not distributed based on the priority of *Asnaf.*

3. Methodology and data

Lembaga Zakat Selangor (LZS) is chosen as sample data due to its highest total zakat collection and distribution achieved compared with other states in Malaysia. Furthermore, LZS is situated in the Klang Valley area which is highly populated and being the center for economic activities and contributes the highest to Malaysia's gross domestic product (GDP). Secondary data of total zakat collection from 2001- 2018 (17-years) is taken from LZS's annual reports. Macroeconomic data such as GDP, Inflation and Unemployment rate for 17-year period are taken from the Department of Statistics Malaysia. Quarterly data is used to show seasonal fluctuations or changes in zakat collection in relation to changes in macroeconomic variables.

Time series analysis is performed to see how a given asset, security, or economic variable changes over time. In this study, it is used to examine how the changes associated with zakat collection compare to shifts in macroeconomic variables over the same time period. The linear trend analysis is used to test whether there is an overall significant increase (or decrease) in the zakat collection as the GDP, CPI and unemployment rate increase (decrease). The ordinary least square (OLS) regression method is conducted to examine the relationship between dependent variable and independent variables (Banker and Natarajan, 2008; Banker *et al*., 2010). By using the zakat collection as the dependent variable, the following baseline regression model is estimated:

$$ZC = \alpha + \beta_1(GDP_t + CPI_t + UNEMP_t + \varepsilon_t) \quad (1)$$

Where:

ZC	= Zakat collection
GDP	= Gross Domestic Product
CPI	= Consumer Price Index
UNEMP	= Unemployment rate

Multicollinearity problem will be tested and confirmed using the Vector Inflation Factor (VIF) test in the first step of analysis. According to Henseler et al. (2009), if the VIF values of the variables are less than 5, this indicates absence of multicollinearity issue. In this study, the VIF value of the variables is less than 5 and that indicates no multicollinearity issue.

For the second step, multiple time series regression analysis frameworks is applied based on the Ordinary Least Square (OLS) estimation method to examine the relationship of all the explanatory and control variables (GDP, CPI, UNEMP) to the dependent variable (ZC).

4. Result and discussion

Multicollinearity problem has been tested using Variance Inflation Factor (VIF) as shown in Table 1.

Table 1: Multicollinearity Test Vector Inflation Factor

Variable	**VIF**	**1/VIF**
GDP	1.340	0.748
CPI	1.020	0.979
UNEMP	1.340	0.746
Mean VIF	1.230	

The VIF values for the GDP, CPI and UNEMP variables show a value which are less than 5 and therefore indicates these 3 variables having no multicollinearity issue.

4.1. Determinants of zakat collection

Table 2 shows the OLS regression analysis on the determinants of zakat collection. Only Gross Domestic Product (GDP) is positive and significantly correlated with Zakat collection (ZC) at 1% significant level. Consumer Price Index (CPI) and unemployment rate are not significantly correlated with zakat collection (ZC).

Table 2. Determinants of Zakat Collection

Variable	Model 1
C	**17.062**
	(12.825)
GDP	**9.440*****
	(3.444)
CPI	**-2.281**
	(13.040)
UNEMP	**0.536**
	(1.232)
L2ZC	
R-squared	0.113
Adjusted R-squared	0.073
F-statistic	2.874**

Durbin-Watson stat	2.558
Obs	72.000

Note: ***, **, * indicates significance at 1%, 5% and 10% levels respectively.
Figure in parentheses () are standard error.

Therefore, H_{1a} that proposes there is a positive and significant relationship between GDP zakat collection and macroeconomic variables is supported in Model (1). This is consistent with Saadillah and Firmansyah (2019) and Senawi, Mat Isa, Kamarul Zaman and Husain (2018). Inflation rate and Unemployment rate are not significantly correlated with zakat collection. This may be due to the frequency of the quarterly data used. Table 3 summarizes the findings:

Table 3. Findings

H_{1a}	There is a positive and significant relationship between GDP and zakat collection.	Supported
H_{1b}	There is a positive and significant relationship between Inflation rate and zakat collection.	Not supported
H_{1c}	There is a negative and significant relationship between Unemployment rate and zakat collection.	Not supported

5. Conclusion

In this study, Inflation rate and Unemployment rate maybe are not important determinants for zakat collection in a short time period. The findings indicate that only GDP has a positive significant relationship with zakat collection. This means when there is an increase (decrease) in GDP, the impact on zakat collection will increase (decrease). For quarterly data analysis, only GDP has a significant impact on zakat collection but CPI and unemployment rate show a negative insignificant effect on zakat collection.

Based on the result of this study, the quarterly data analysis shows a consistent relationship between GDP and zakat collection. The significant impact of GDP on zakat collection shows that LZS should aware of economic factors that can affect zakat collection performance to provide sufficient funds to the economically unfortunate beneficiaries (*Asnaf)* especially during the crisis period.

Thus, LZS as an Amil should have proper financial planning to prepare for the worst-case scenario such as financial crisis and pandemic covid-19 crisis. Thus, as suggested by surah Yusuf (verse 46-47), LZS can plan for bigger savings during good economy to cover the increasing demand from existing and potential *Asnaf* during the crisis period. As suggested by financial planner, if we fail to plan then, we plan to fail. Therefore, it is important to have a proper and effective financial planning as zakat largely attributed to its effectiveness as a distribution tool in the process of wealth circulation and social security. Future studies should include other macroeconomic variables such as interest rate and exchange rate.

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Spiritual Intelligence and Financial Experience On Personal Investment Muslim Scholar

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Abstract

Nowadays, there are so many things that affect investors in making decisions, as obtained through experience or the intelligence. When these two things combine, it can form a different action for each investor. The aims of this study are to find out the effect of spiritual intelligence and financial experience on investment decision among Muslim scholars in Sumbawa University of Technology. Sumbawa University of Technology is located in West Nusa Tenggara, a province with Muslim-majority population that known for the strong nuances of Islam. Data were collected by using questionnaire method from the respondents that become sample in this research. There are 62 scholars selected as respondents using the Slovin formula with an error margin of 10%. To test hypotheses, this study employs multiple regression analysis. Moreover, by performing multiple regression analysis, the findings shown that only financial experience has an effect on personal investment decision, but spiritual intelligence does not.

JEL Classification: G11,G0,G4

***Keywords**: Spiritual Intelligence, Financial Experience, Muslim*

I. INTRODUCTION

1.1. Background

Many individuals find choices in their daily activities and put their self in decision making. These decisions have an impact to the main purpose, directly or indirectly. In this era of technological and knowledge advancements, financial decision is one of the hardest decision to make. It is reasonable for the corporation. Financial decisions, especially investments, are the most difficult decisions taken for corporation management because it will affect its value (Vranakis & Chatzoglou, 2011).

Besides, discussions about this topic also become a scourge for each individual in managing their personal finance. From Scipioni (2019), based on the results of a survey conducted by GoBankingRates.com, 68 percent of millennials (aged 23-38 years) stated that they agreed or strongly agreed about the difficulty of financial problems they had to face compared to the previous generation. It taught individuals to be more financially aware, so the individuals can reduce financial problems and be wiser in making decisions.

Decision making in personal finance is chosen based on various reason. Hilgret and Jeanne observe that an ideal financial decisions are needed to increase income, manage expenses and pay taxes so that family financial management gets better (Yulianti & Silvy, 2013). Preparation of education funds, burden of living expenses, even daily needs will be very risky if it is decided without careful reason.

Financial decisions are divided into several focuses, one of which is investment decision. According to Setiawan et al. (2016) investment is one of the important requirements in capital and economic growth in a country's society consisting of the behavior, perceptions, and intentions of individuals or institutions in placing their deposits in selected financial assets. Investment decision is a decision to invest capital in an asset, with the hope of earning profits in the future.

Individuals' income can be optimized as well as possible through investments like investing in stock or gold. According to Rodgers & McFarlin (2017) there are various types of investments that can be chosen, such as complete investment and accounting, portfolio investment or savings certificates, domestic investment or international investment, and personal needs such as home investment, agricultural investment, or senior investment. Making investment decisions can have a big impact in determining the motion and direction of steps an individual will take. For example, if an individual decides to send his child to university, he must also prepare sufficient education funds. These individuals are no longer free to behave impulsively because they have to follow the investment decisions that have been made. Rodgers & McFarlin (2017) state that improper investment decisions can cause an individual to have legal, financial, and even personal problems. Therefore, investment objectives must be measurable and based on logical estimates of financial allocations. Individuals who have made investment decisions, of course, have previously designed a financial plan and can map their personal financial allocations, which will create certain financial results.

Based on previous studies, there are several variables that affects an individual' investment decisions. In this study, the first variable is spiritual intelligence. Spiritual intelligence is the intelligence that an individual has related to the meaning of life that affects the resulting behavior. Zohar & Marshall (2007) mention that spiritual intelligence is the intelligence to face and solve problems of meaning and value, and is the intelligence to place our behavior and life in the context of a broader and richer meaning.

Some studies reveal the effect of one's intelligence in decision making. Stupar et al. (2014), for example, examined 34 managers in different fields of industry. The research explains that spiritual intelligence affects the performance of decision making, which is indicated through answers from respondents. The answers show that the respondents proved the importance of spiritual intelligence for successful decision making. Ikhtiarini & Indrawati (2017) also state that someone who has high spiritual intelligence is able to have a positive point of view when making decisions, so that the decisions taken by these individuals are pure without coercion and in a conscious state. In addition, according to Arjianto, one of the factors that affect personal financial management is spiritual intelligence (Sina & Noya, 2012). Similar to what was stated by Parmitasari et al. (2018) who found that spiritual intelligence had a partial effect on personal financial management.

The second variable that affects individual investment decisions in this study is financial experience. Sina (2012), stated that experience can improve financial management and decision making. It could be learned from personal experiences, friends, family, or others who are more experienced. Sohn et al. (2012) identifies that experiences in childhood can be more important because financial incidents in the family occur simultaneously with consumer socialization, so that financial experience at a young age can be a key that leads to behavior as an adult. Financial experience could also be obtained through the work environment, literacy, and others.

In addition to learning resources, the experience is one of the bases that is often used as a guide in decision making. Experience is very useful for practical knowledge and can help in analyzing the background of a problem. Someone who has experience tends to better understand the tasks at a job and do them well. This can be seen in the social life of the community where in organizations and even in the world of work, experience is an important element in the assessment standard. The experience has more value in practice, therefore people who have a lot of experience will be judged to be superior in addressing problems and being careful in making decisions.

Financial experience is an important factor in investment decision making. According to Pritazahara & Sriwidodo (2015), financial experience is the basis in investment decision making because financial experience is not just about having an investment product, but also in utilizing the investment product itself.

Based on the explanation above, the writer is interested in knowing how an individual makes investment decisions with their spiritual intelligence and financial experience, which in this case will be examined by the Muslim scholars especially at the Sumbawa University of Technology. Sumbawa University of Technology is a university located in

West Nusa Tenggara, one of the provinces in Indonesia which is famous for its strong Islamic nuances. The university routinely holds Spiritual Capacity Building Activities as a spiritual program for the academic community. Besides, the scholars come from different scientific backgrounds and regional origins so that they are quite heterogeneous both in terms of mindset and experience. Therefore this study entitled "Spiritual Intelligence and Financial Experience on Personal Investment Muslim Scholar".

1.2. Objective

The objectives of this study are twofold; (i) to determine the effect of spiritual intelligence on investment decisions for Muslim scholars, and (ii) to determine the effect of financial experience on investment decisions for Muslim scholars in Sumbawa University of Technology.

II. LITERATURE REVIEW

2.1. Background Theory

2.1.1. Spiritual Intelligence

Covey (2013) explains that spiritual intelligence is the basic ability of all existing intelligence. This intelligence develops from a person who is reflected in the form of knowledge and appreciation and understanding in oneself, then produces social behavior. Zohar & Marshall (2007) define spiritual intelligence as intelligence to deal with and solve problems of meaning and value, to place behavior and life accordingly, and intelligence to judge that one's actions and ways of life become more meaningful. Spiritual intelligence also plays a role in bridging the mind and emotions, and the mind and body. Meanwhile, Wigglesworth (2012), describes spiritual intelligence as the ability to be wise and patient, maintain inner and outer balance, and use that ability to live and survive in various situations.

Buzan (2002) explains that spiritual intelligence is related to how an individual grows and develops. This intelligence develops naturally from personal intelligence which is reflected in the form of knowledge and appreciation and understanding of oneself. Therefore, the first principle in spiritual intelligence is self-awareness and appreciation, which is then continued through social intelligence in the form of knowledge and appreciation and understanding for others. After going through the development of personal intelligence and social intelligence, in the end, individuals will be able to understand and appreciate aspects of the universe. Even the intensity, understanding, and appreciation of the environment are important aspects of developing individual spiritual intelligence.

According to Amram & Dryer (2008), there are 5 indicators in spiritual intelligence, namely: 1) Consciousness; 2) Grace; 3) Meaning; 4) Transcendence; and 5) Truth.

2.1.2. Financial Experience

Widger & Crosby (2014) state that psychologically, humans will predict the likelihood of an event based on things that are easy to remember when making decisions. That is why experience is often used as the basis for decision making in various cases. Widger made a classification of successful investment companies and one of them stated that the company's investment management officials also learned a lot from experience and made it a foundation in their movement.

A psychologist in the clinical field, Arlow (1991) states that in psychoanalytic theory, individual experiences can produce thoughts, feelings, and impulses in a phenomenon. This means the experience possessed by each individual will affect the thinking and behavior of individuals in dealing with phenomena. Schmitt (2010) in his book also states that apart from intelligence and knowledge, the experience can also produce different sensory perceptions, feelings, and actions for each individual.

Financial experience is an occasion that has ever been passed by an individual that affects the mindset and response related to finance. According to Sina (2012), financial experience is the ability to consider or make investment decisions to determine the current and future use of financial management. Financial experience can be obtained

from events that happen to oneself and others, such as family financial incidents, social circles, even from other people's stories about their finances.

According to Lusardi & Tufano (2008), financial experience is a learning medium for individuals that can be obtained through individual experiences related to investment, utilizing investment products, and others. Furthermore, Sina (2012), explains that experience can improve financial management and decision making and can be learned from personal experiences, friends, family, or others who are more experienced.

The indicators in financial experience: 1) Having carried out investment activities; 2) Having owned and utilizing investment products; 3) Having carried out financial planning; 4) Family financial culture; and 5) Experience in having debt.

2.1.3. Investment Decision

Investment decision is a decision regarding the composition of assets owned and investment choices in the future (Wijaya & Wibawa, 2010). Investment is an activity to invest capital for future profits. According to Tandelilin (2001), investment is the commitment of an amount of money or other resources that is carried out now (present time) in the hope of obtaining benefits in the future. According to Rodgers & McFarlin (2017), there are various types of investment that individuals can choose, such as stocks, bonds, certificates of deposit, domestic and foreign investment, as well as personal needs such as home investment, educational investment, or pension investment. Meanwhile, those who invest are known as investors, which consist of two groups; individual investors and institutional investors.

Tandelilin in Marsis (2013) stated that investment decision indicators are return, risk, and time value. According to Tandelilin (2001), when investing, the time factor is an influential component because it can affect investor behavior towards their investment. There are three alternative timeframes for investing, namely the short, medium and long term. The investment period chosen also affects the investment risk that is likely to occur. In addition, the time factor can also consider the fast and slow return on investment. The faster the returns, the more feasible the investment is.

III. METHODOLOGY

This study uses quantitative research methods that explain the effects of spiritual intelligence and financial experience on individual investment decisions. Sugiyono (2011) explains that quantitative research methods are defined as research methods used to examine specific populations or samples, data collection using research instruments, statistical quantitative data analysis, which aims to test predetermined hypotheses. This research is a type of associative research which is research to determine the relationship or influence between two or more variables (Abdullah, 2015). Associative research is divided into two objectives, namely correlational research and causal research. The purpose of this study is to determine the effect between variables, so it is called causal research.

The target population of this study was the Muslim scholar at Sumbawa University of Technology. According to the Human Resource Department data, 166 lecturers are officially registered and 62 people are selected as respondents using the Slovin formula with an error margin of 10%. The formula is used to determine how much sample size is needed by knowing the entire population through this following formula:

$$n = \frac{N}{1+Ne^2} \qquad (1)$$

The sampling technique used was Purposive Sampling. According to Abdullah (2015), Purposive Sampling is a sampling technique that is based on certain objectives with several considerations. The criterion used as

consideration is the sample is the Muslim scholars at Sumbawa University of Technology.

3.1. Method

To ensure validity and reliability of the data that was collected, the questionnaires were pre-tested by researcher to establish their validity and reliability before they were administered to the respondents.

1. Validity Test

A good instrument is a valid one in measuring what is being measured, in other words accuracy is important. The validity test scale uses product moment using SPSS. An item is declared valid if r_{count} value is greater than r_{table} (Machali, 2017). The validity test of this study used 31 samples with a significance level of 10%. The result of the degrees of freedom is 29 using the formula df = N-2 and α = 0.05, so that the value of r_{table} is 0.355.The results of the validity test obtained show items in the valid questionnaire because r_{count} value is greater than r_{table}.

2. Reliability Test

Reliability test is used to measure repeatedly produce the same data, or also called consistently. Reliability test usually uses Cronbanch's Alpha and can be said to be reliable if the alpha coefficient is greater than 0.7.

Table 2.
Reliability Test Criteria

Cronbanch's Alpha Value	Category
≥ 0,900	Excellent
0,800—0,899	Good
0,700—0,799	Acceptable
0,600—0,699	Questionable
0,500—0,599	Poor
< 0,500	Unacceptable

Source: Machali, 2017

The reliability test results of this study showed that all items said to be acceptable reliable since the Cronbanch's Alpha value of the variables are greater than 0.70.

After the data had been collected and pre-tested, researcher conducted data processing using SPSS. The researcher used Multiple Regression Analysis whereby the variables of the interest here were spiritual intelligence and financial experience which was the independent variable and personal investment decisions the dependent variable. In Machali (2017), it is explained that multiple regression analysis is one of the inferential statistical methods used to measure the influence of two or more variables. This test consisted of the classical assumption test including normality test, multicollinearity test and heteroscedasticity test and the individual t-test to test the hypothesis.

IV. RESULTS AND DISCUSSION

a. The Effect of Spiritual Intelligence on Individual Investment Decisions

According to Zohar and Marshall (2007), spiritual intelligence is a form of intelligence to deal with and solve

problems of meaning and value, to place behavior and life accordingly, and intelligence to judge that one's actions and way of life become more meaningful.

The findings shows that spiritual intelligence has no effect on the personal investment decisions of Muslim scholars. This is not same with what was mentioned by Arjianto (in Sina & Noya (2012) and Parmitasari et al. (2018), which explains that one of the factors that influence personal financial management is spiritual intelligence. But this results are also in accordance with some previous researchers that under certain conditions, spiritual intelligence requires other factors to be able to influence other variables. As explained by Karvof (2010), that spiritual intelligence is absolutely needed in managing finances by requiring other factors in optimizing it.

This spiritual intelligence variable uses five indicators, namely awareness, grace, meaning, transcendence, and truth. After examining these indicators, the five of them showed the average of the indicators achieved based on the results of the questionnaire and got good scores. In accordance with the average results obtained, the indicator with the highest score is achieved by grace. This can be interpreted that Muslim scholars are individuals who are always grateful, grateful, and instill joy in their lives. Besides that, Muslim scholars in Sumbawa University of Technology have an average spiritual intelligence that is quite high but it does not affect the investment decisions made. This can be explained by Pradiansyah (2007), who divides three generations of spirituality in the workplace. The first generation is often called the generation of pre-spirituality, namely the generation who adheres to the understanding that business is solely for profit and must be kept away from spirituality.

Then the second generation is the first generation of spirituality. This generation can present the spirituality in the workplace but it is only a symbol and cannot be united. The third generation is the generation that fully understands and brings spirituality into the work environment. Not only present, this generation also applies the values of spirituality in its business so that it can give a deep meaning to the work.

If related to Pradiansyah' explanation above, the Muslim scholars can be categorized as the second generation where the individuals already have an awareness of spirituality but still separate it from the scope of work. As example, Sumbawa University of Technology has regular monthly spiritual capacity building activities, prayer room, and other spiritual environment but these do not affect the business and work activities of each individual. Therefore, even though it has a spirituality intelligence that tends to be high, it does not affect the Muslim scholars personally in making individual investment decisions.

b. The Effect of Financial Experience on Individual Investment Decisions

Sina (2012) explains that financial experience is an ability that is possessed through things that have been passed to consider or make investment decisions to find out the usefulness of financial management at present and in the future.

The findings shows that financial experience has an effect on personal investment decisions. These results are in line with those stated by Pritazahara & Sriwidodo (2015) that financial experience is one of the basics of investment decision making. Yulistia & Iramani (2018) also explained that someone who has good financial experience has the confidence to be able to solve daily financial problems and encourage these individuals to do good financial management as well.

In addition, these results are also consistent with research conducted by Susdiani, (2017), which explains that financial experience has an influence on the behavior of PNS investment planning in Padang. While the research by Yulianti & Silvy (2013) also suggests that there is an influence between financial experience on investment planning behavior.

The financial experience variable has five indicators that each of which has an intermediate score. The indicator with the highest score is achieved by experience in having debt. It means that the Muslim scholars has a variety of

experiences related to debt. From each indicator used in this study, it shows the influence of financial experience possessed by Muslim scholars on investment decisions. This shows that the things that have been passed by individuals related to finance can give effect to the individual in making their personal investment decisions.

c. Making Investment Decisions For Muslim Scholars

There are three indicators of investment decision making in this study, namely return, risk, and time factor. Of the three indicators, the risk indicator or risk level has the highest value among the others. This can be seen from the results of the questionnaire obtained.

Table 7.
Average Value of Investment Decision Indicators

Variable	Indicators	Average Value
Investment Decision	Return	2,87
	Risk	3,06
	Time Factor	2,83

The results show the calculation results of the questionnaire which shows the risk indicator as the indicator with the highest value. The risk position that occupies the top position means that the Muslim scholars make good investment decisions based on considerations of the risks that will be obtained. Meanwhile, the other two indicators have a slight difference and the time factor indicator has the lowest value. The time factor indicator which has the lowest value means that Muslim scholars do not consider time in investing and are more focused on future risks other than time-related risks. It can be in the form of default risk, bankruptcy risk, and other types of risk that are not related to time.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on research on spiritual intelligence and financial experience on individual investment decisions of Muslim scholars, the following conclusions can be drawn:

1. The findings shows that spiritual intelligence has no effect on individual investment decisions. Therefore, the level of spiritual intelligence possessed by Muslim scholars does not have any effect in investment decision making and the scholars can be categorized as the second generation where the individuals already have an awareness of spirituality but still separate it from the scope of work.
2. The findings shows that financial experience affects the individual investment decisions. Therefore, the better and richer one's experience in finance, the better the investment decisions made.

5.2. Recommendation

1. For the researcher to prepare themselves better in managing the time and energy to carry out research so that the results obtained are more optimal.
2. For the next researchers, to deepen the theories related to this research even across other branches of science (for example psychology, sociology, or anthropology) so as not to be confused with terms and explanations from different fields of science. In addition, it would be better to look for case studies other than at Sumbawa

University of Technology and add or use variations of other variables that are more interesting such as financial literacy, experienced regret, risk tolerance, overconfidence, or risk perception.

3. For individuals who want to invest, to consider carefully before deciding their investments from various points of view and from aspects of yourself that can affect investment (psychological factors).
4. For Muslim scholars as reference material about spiritual intelligence and financial experience and its relation to investment decisions.

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Market Risk and Market Value of Listed Deposit Money Banks in Nigeria

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Abstract

This study investigated the impact of market risk on the market value, using panel data evidence from the annual reports and financial statements of 8 listed deposit money banks in Nigeria over a 10-year period from 2010 to 2019. Descriptive statistics and random effects model were utilised in the analysis of data. Results indicate that degree of financial leverage has significant and positive impact on the market value, while interest rate risk and foreign exchange exposure have no significant impact on the market value measured by Tobin's Q. The study concludes that listed deposit money banks in Nigeria were able to trade-off the tax shields benefit of debt against the cost of financial distress; thereby expanding their earnings. The study recommends that banks should expand their investment in fixed income securities in order to increase their earnings.

***Keywords**: Market risk, market value, deposit money banks, random effects, Tobin's Q*

Introduction

Over the years, the Nigerian financial market has witnessed a dramatic expansion in the array of financial services and products. This tremendous growth in scale and scope has also generated new risks with global consequences, especially market risk, necessitating an evaluation of exposures to the volatility of the underlying risk drivers (Access Bank Plc, 2019). Banking business is subject to the risk that financial market prices and rates will move and result in profits or losses. Market risk arises from the probability of adverse movements in financial market factors such as interest rates, equity prices, foreign exchange rates, commodity prices, the correlations among them and their levels of volatility (Fidelity Bank Plc, 2019).

Market risk consists of exchange rate, inflation and interest rate risks that affect the financial performance of banks and they are outside the control of the banks, as they are determined by factors that affect the overall economy (Aruwa & Musa, 2014). Market risks may be divided into interest rate risks and exchange rate risks including gold, share price risks and commodity price risks which refer to respectively the risks created by any adverse change in interest rates, exchange rates, share prices and commodity prices (Muriithi, Muturi & Waweru, 2016).

There are very limited empirical studies globally and Nigeria in particular, analysing the association between market risk and market value. Reviews of empirical studies on the link between market risk and market value revealed that no author explored data for Nigerian firms and even the few studies conducted outside Nigeria used accounting measures of performance and not market value. See for instance, Kelvin (2016) and Muriithi *et al*. (2016). The study of Aruwa and Musa (2014) which utilized data for Nigerian banks for the period 1997- 2011 only used interest rate risk as proxy for market risk and return on assets as a measure of financial performance. This study therefore, addresses this gap in knowledge by investigating the impact of market risk (degree of financial leverage, interest rate

risk and foreign exchange exposure) on the market value (Tobin's Q) of listed deposit money banks in Nigeria using the most recent data over the period 2010- 2019.

This study develops and tested the following hypotheses:

$H_0$1: Degree of financial leverage has no significant impact on the market value proxy by Tobin's Q.

$H_0$2: Interest rate risk has no significant impact on the market value denoted by Tobin's Q.

$H_0$3: Foreign exchange exposure has no significant impact on the market value represented by Tobin's Q.

Literature Review

Conceptual Clarifications

Market risk is the risk of loss in On- or Off-balance sheet positions, as a result of adverse movement in foreign exchange rate, interest rate, and equity or commodity prices (Guaranty Trust Bank Plc, 2019). Market risks is the risk that the fair value or future cash flows of a financial instrument will be adversely affected by changes in market prices such as interest rates, foreign exchange rates, equity prices and commodity prices (Fidelity Bank Plc, 2019).

Consistent with prior studies such as Kelvin (2016) and Muriithi *et al*. (2016), this study used degree of financial leverage, interest rate risk and foreign exchange rate exposure as proxies for market risk.

The degree of financial leverage (DFL) measures the proportion of the earnings before interest and taxes (EBIT) against the earnings before taxes which shows the debt obligation that a firm must settled (Muriithi *et al*., 2016). Degree of financial leverage is practically a measure of the degree of financial risk. Thus, the higher the DFL the more risky the business is considered to be as it relies too much on debts (Muriithi *et al*., 2016). Degree of financial leverage is best used to help a company determine financial leverage risk (Kelvin, 2016). Pandey (2015) described DFL as the percentage change in earnings per share (EPS) due to a given percentage change in EBIT.

Interest rate risk (IRR) is the exposure of bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. Banks can be exposed to IRR through the interest-bearing assets and liabilities in their trading and banking books (Access Bank Plc, 2019). Interest rate risk is the potential loss to the income and/or economic value of equity of the bank as a result of adverse movement in interest rates. Banks can be exposed to three dominant interest rate risks: re-pricing risk, basis risk and yield curve risk due to its primary function of borrowing and lending and taking proprietary positions, as part of strategy, to improve earnings (Union Bank of Nigeria Plc, 2019). Interest rate risk are factors that have adverse effects on a bank's earning and its economic position are estimated in each currency which banks have interest-rate-sensitive (Opoku-Adarkwa, 2011). Interest rate risk exposures involve managing the net interest margin i.e. interest income minus interest expense and controlling the risk posed by changing interest rates while trying to take advantage of changing interest rates (Muriithi *et al.,* 2016). Fluctuations in net interest margins could be an important source of uncertainty in bank profitability and could have adverse effects for particular banks (Ngalawa & Ngare, 2013).

Foreign exchange exposure is the sensitivity of firms' cash flows, real domestic currency value of assets, liabilities, or operating incomes to unexpected changes in exchange rates (Ahmed, 2015). Foreign exchange exposure is defined as the degree to which a company is affected by exchange rate changes (Muriithi *et al*, 2016). The magnitude of the gain or loss that results from a particular exchange rate change is transaction exposure, and transaction exposure is a foreign exchange loss or gain on transaction already entered into and denominated in a foreign currency (Muriithi *et al*., 2016). Foreign exchange risk, also known as currency risk, is more pronounced in businesses that deal with more than one currency in their import and export transactions (Muiru, Kisaka & Kalui, 2018). Foreign exchange rate volatility could be an important source of risk for the banking industry. In worst case scenario, large foreign exchange losses could lead to bank failures and even in a mild case scenario, foreign exchange losses could cause huge burdens on banks' profitability (Ahmed, 2015).

Organisational researchers as documented by (Hult et al., 2008) use either accounting-based measures of profitability such as return on asset (ROA), return on sales (ROS) and return on equity (ROE) or stock market performance measures such as Tobin's Q and market return to analyse financial performance. The stock market-based measures indicate the long-term financial performance of a firm, with an emphasis on the firm's ability to generate future economic earnings (Muiru *et al*., 2018). This study used Tobin's Q as a market performance measure

due to paucity of studies that utilized the ratio. Tobin's Q according to Pandey (2015) is the market value of a firm's assets (or equity and debt) to its replacement cost. A Tobin's Q of less than 1 implies that the market price of stock is under-valued, while a ratio of greater than 1 signifies that the stock price is over-valued (Abubakar & Mamman, 2017).

Theoretical Framework

This is guided by the Extreme value theory (EVT) which is used as a typical implement along with financial institution to describe the downside risk of a market portfolio (Jorion, 1997). It will measure the utmost loss of the portfolio worth that will take place over a given time at some explicit confidence level due to uncertain market factors (Jorion, 1997). Several alternative methods have been proposed for estimating value at risk (VaR), one of which being the EVT and the theory makes VaR estimations based on the data in the tails as opposed to fitting the entire distribution and can make separate estimations for left and right tails (Diebold, Schuermann & Stroughhair, 2000). Value at Risk is a popular measure of market risk whose origins dated back to the late 1980's at J.P. Morgan (Jorion, 2001). VaR answers the question about how much can be lost with a given probability over a certain time horizon and it became a key measure of market risk since the Basel Committee maintained that banks should be able to cover losses on their trading portfolios over a ten-day horizon, 99 per cent of the time (Fernandez, 2003). Financial firms usually use VaR for internal risk control considering a one-day horizon and a 95 per cent confidence level (Fernandez, 2003).

Hull (2012) observed that proper estimation of VaR is necessary since it can accurately capture risk exposure which an organization can be exposed to, but if it overestimates the risk level, then the firm will unnecessarily tie up capital to cover the risk, which could have been better invested elsewhere. Hence, the banks need to determine the optimum capital that should be set aside to cover market risks (Hull, 2012). To achieve this objective, banks need to manage the market risks using the financial ratios such as degree of financial leverage (Muriithi *et al*., 2016).

Review of Empirical Studies

Muriithi *et al.* (2016) assessed the effect of market risk on the financial performance of 43 commercial banks in Kenya between 2005 and 2014, using fixed effects, random effects and generalized method of moments (GMM). Results reveal that market risk proxies by degree of financial leverage (DFL), interest rate risk (IRR) and foreign exchange exposure (FEE) have negative and significant effect on financial performance proxy by return on equity (ROE). Kelvin (2016) investigated the effect of market risk on the financial performance of 42 registered commercial banks in Kenya for a 6-year period from 2010- 2015, using regression analysis. Results show that market risk measured by degree of financial leverage (DFL), IRR and FEE have negative and significant effect on ROE. Applying panel data approach on 18 insurance companies in Ghana from 2002- 2011, Gatsi, Gadzo and Akoto (2013) explored the effect of degree of financial and operating leverage on profitability. Findings indicate that DFL has negative effect on profitability while DOL has positive effect on profitability measured by ROE. Nimalathasan and Pratheepkanth (2012) examined the link between systematic risk management and profitability of 10 financial institutions in Sri Lanka over the period 2007 to 2011 using correlation analysis. Results reveal that systematic risk proxy by DFL and degree of operating leverage (DOL) is positively associated with profitability measures (net profit, return on capital employed and ROE).

Mudanya and Muturi (2018) investigated the effect of interest rate on profitability of 11 commercial banks in Kenya covering the period from 2007 to 2016 using ordinary least square (OLS). Results reveal that interest rate risk (IRR) has significant negative effect on profitability surrogated by return on asset (ROA). Musiega, Olweny, Mukanzi and Mutua (2017) determined the influence of interest rate risk on the performance of 30 commercial banks in Kenya from 2006 to 2015, using panel data approach. Findings indicate that ratio of interest income to total loans has a significant positive influence on ROA and ROE as measures of performance. Odeke and Odongo (2014) evaluated the association between interest rate risk exposure and financial performance of 9 commercial banks in Uganda. Findings reveal that IRR exposure represented by maturity/reprising gap and asset and liability margins have positive relationship with performance measures as efficiency, ROA and ROE. Applying fixed effect model over the period 2002- 2011, Fapetu and Kolapo (2015) analysed the influence of interest rate risk on the performance of deposit money banks (DMBs) in Nigeria. Results reveal that interest risk proxies: loans to asset ratio, average

lending ratio, and risk of interest diversity have no significant on bank performance represented by ROA.

Ahmed (2015) analysed the effect of foreign exchange exposure (FEE) on the financial performance of commercial banks in Kenya. Results indicate FEE has negative effect on financial performance. Muiru *et al.* (2018) examined the effect of foreign exchange hedging techniques on financial performance of 54 listed firms in Kenya from the period 2011- 2016, using feasible generalised least square method. Results show that currency hedging has a significant positive effect on financial performance measured by Tobin's Q. Mbithi (2013) analysed the effect of foreign exchange rate on the financial performance of 41 multinational companies in Kenya for a period spanning from 2002 to 2012. Findings indicate that unrealized foreign exchange gains/losses have positive effect on the net income. Using descriptive, correlation and regression analyses, Runo (2013) studied the relationship between foreign exchange risk and the profitability of two listed oil companies in Kenya during the period 2002 to 2012. Author uncovered strong negative correlation between foreign exchange risk measured by the foreign exchange gain/loss and profitability. Gachua (2011) carried out a study on the effect of foreign exchange exposure on a financial performance of 33 listed companies on the Nairobi Stock Exchange. Results show positive association between unrealized foreign exchange gains/losses and net income.

Methodology

Ex-post factor and longitudinal research designs are used in carrying out the study. The focus on historical data supports the use of Ex-post factor design, while longitudinal design is ideal for panel data used in this study. The population of the study comprises 10 listed deposit money banks on the main and premium boards of the banking sub-sector of the Nigerian Stock Exchange (NSE) as contained in the NSE daily official list (Equities) for December 31, 2019. Of the 10 banks, Jaiz bank Plc and Unity bank Plc were removed from the study. Jaiz bank Plc was removed because it was listed on the NSE after the cut-off year of 2010 set for the study, while Unity bank Plc was removed because its annual report for the period 2019 as not available online. Hence, Access Bank Plc; Fidelity Bank Plc; Guaranty Trust Bank Plc; Sterling Bank Plc; United Bank for Africa Plc; Union Bank of Nigeria Plc; Wema Bank Plc and Zenith Bank Plc are the remaining (8) listed deposit money banks that constitute the working population of the study.

Data for the study was obtained from the income statement (statement of comprehensive income), statement of the financial positions, statement of cash flow and notes to the financial statements portions of the annual reports of the sampled banks for the period 2010- 2019. In defining the independent variables (degree of financial leverage, interest rate risk and foreign exchange gains/losses) of the study, the procedure used by Gachua (2011) and Muriithi *et al.* (2016) is adopted and followed in this study, while the dependent variable (Tobin's Q) is calculated as the ratio of the market value of the firm to the replacement cost of its assets (Muiru *et al*., 2018). However, due to lack of information about the stock market returns, the adjusted Tobin's Q in line with Muiru *et al*. (2018) is used in this study. Based on the foregoing, Table 1 presents the variables and how they are measured.

Table 1: Variables and Measurements

Variables	Measurements
Degree of Financial Leverage (DFL) [independent variable]	Earnings before interest & tax (EBIT) divided by EBIT minus interest (profit before tax)
Interest Rate Risk (IRR) [independent variable]	Logarithm (interest paid minus interest received)
Foreign Exchange Exposure (FEE) [independent variable]	Foreign Exchange Gains/Losses
Tobin's Q (TBQ) [dependent variable]	Market value of equity plus book value of debt divided by total asset

Source: Gachua (2011); Muiru *et al*. (2018); Muriithi *et al.* (2016)

The empirical model used in this study is specified as follows:

$$TBQ_{it} = \alpha_0 + \alpha_1 DFL_{it} + \alpha_2 IRR_{it} + \alpha_3 FEE_{it} + C_i + \mu \quad - - - - - \quad (1)$$

Where: TBQ_{it} = Tobin's Q for bank i in year t, α_0 = the intercept,

$\alpha_1, \alpha_2, \alpha_3$, = Coefficients of market risk measures.

DFL_{it} = Degree of financial leverage for bank i in year t.
IRR_{it} = Interest rate risk for bank i in year t.
FEE_{it} = Foreign exchange exposure for bank i in year t.
C_i = unit-specific error component
μ = remaining error component

The study utilized descriptive statistics and panel regression as the techniques of estimation. Descriptive analytical tools such as mean; medium; minimum; maximum; standard deviation, coefficient of variation, skewness and kurtosis are used for data presentation, while panel regression techniques in the form of Pooled Ordinary Least Squares (POLS), Fixed Effects Model (FEM) and Random Effects Model (REM) are utilized in the investigation of the impact of the independent variables on the dependent variable. The F-test for the 3 panel models is significant implying that the models are suitable for analysis and drawing conclusions. Hence, there is the need for the selection of the best model among the 3 estimators. In this regard, the restricted F-test, Hausman test and Breusch-Pagan test are used in the selection of the best model. To detect and address collinearity problem, the Variance Inflation Factor (VIF) is employed.

Results and Discussion

Descriptive Analysis

In Table 2, the descriptive results are provided. The results indicate that degree of financial leverage (DFL) has a mean value of 4.16 as against the minimum value of -1.38 and maximum value of 18.05.

Table 2: Descriptive Results

Variable	Mean	Median	Minimum	Maximum
DFL	4.16	3.21	-1.38	18.05
NIM	7.80705	7.80335	6.75360	8.38678
FEE	4.20642e+006	1.82750e+006	-9.30389e+007	1.03621e+008
TOBQ	0.43	0.25	0.06	2.43
Variable	Std. Dev.	C.V.	Skewness	Ex. kurtosis
DFL	3.16	0.76	2.52	8.31
IRR	0.37	0.05	-0.51	-0.27
FEE	2.14271e+007	5.09391	0.52	12.5
TOBQ	0.50	1.17	2.45	5.27

Source: Author's Computation using GRETL

The mean value implies that for a given change in EBIT, earnings before tax i.e. profit before tax will change by 4.16. The mean value of DFL is an indication that deposit money banks (DMBs) in Nigeria employed high level of debt i.e. financial leverage in their capital structure during the study period 2010- 2019. This is expected considering the fact banks are highly levered financial institutions. The difference between minimum and maximum value is great suggesting that there is high degree of variability in the usage of debt among the banks.

The descriptive result of interest rate risk measured by net interest margin (NIM) has a mean value of 7.81 against the minimum and maximum value of 6.75 and 8.34 respectively. The interest income is higher than interest expense, confirming that investment in fixed income securities is profitable during the study period. Descriptive results also show foreign exchange gains/losses has a mean value mean of about ₦420 billion against minimum value of about negative ₦93 billion and maximum value of about ₦1.03 trillion. Overall the results show that there is high level of variability in foreign exchange gains/losses among the banks.

The results in Table 2 also reveal a mean value of 0.43 for Tobin's Q (TBQ) and maximum value of 2.43, which imply that on the average the stock price of the banks is under value during the study period. This assertion stemmed from the fact that the mean value of TBQ is less than unity i.e. the replacement cost is higher than the market value of equity.

The standard deviation and coefficient of variations in Table 2 reveal that FEE and TBQ are heterogeneous dispersed and scattered because their coefficients of variation are greater than unity. Conversely, DFL and IRR are

homogeneous because their standard deviations are low and their coefficients of variation are less than unity. This implies that there is low degree of variability in the degree of financial leverage and interest rate risk among the deposit money banks used in the study. Similarly, the values of the skewness in Table 2 indicate that DFL and TBQ are positively skewed while IRR and FEE are approximately normally distributed because their values of skewness are very close to zero. Furthermore, the results of the kurtosis show that all variables except IRR which is mesokurtic are lepto-kurtic. Panel data technique is considered to tackle heterogeneity among variables.

Collinearity Test

Collinearity test is sacrosanct in ensuring that the independent variables are not highly or perfectly correlated to lead to multicollinearity problem. Variance Inflation Factor (VIF) is employed in determining or detecting the existence of multicollinearity and the results is presented as Table 3.

Table 3: Variance Inflation Factor

Variable	Variance Inflation Factor	Tolerance
DFL	1.05	0.96
IRR	1.05	0.96
FXGL	1.00	1.00

Source: Author's Computation using GRETL

In Table 3, the VIF for all the independent variables are less than 10 and their corresponding tolerance levels are more than 0.1, connoting none existence of multicollinearity. Rajkumar and Hanitha (2015) documented that that a VIF of less than 10 and tolerance level greater than 0.1 may imply absence of collinearity.

Regression Analysis

Tobin's Q (TBQ) is regressed on the degree of financial leverage (DFL), interest rate risk (IRR) and foreign exchange gains/losses (FEE) using the 3 panel models already specified. Table 4 presents the regression results of the variables used in this study.

Table 4: Regression Results

	Dependent variable: Tobin's Q		
Variables	Pooled OLS	Fixed Effects	Random Effects (GLS)
CONSTANT	-2.10 (-1.74)*	2.64 (1.25)	0.63 (0.36)
DFL	0.04 (2.35)**	0.06 (3.60)***	0.05 (3.32)***
IRR	0.30 (1.98)*	-0.32 (-1.16)	-0.05 (-0.24)
FEE	0.00 (0.51)	0.00 (0.47)	0.00 (0.56)
R^2	0.10	0.43	0.10
F	2.69 (0.05)*	5.20 (0.00)***	2.69 (0.05)*
STD ERROR	0.49	0.41	0.49
DW	1.11	1.79	1.11
Significant at 10% (*), 5% (**), 1% (***)			

Note: The values in parentheses for variables are t ratios and those against F-statistic are P-values.

Source: Author's Computation using GRETL

Since the F-statistics for the 3 panel models are significant at 1 and 5 per cent levels, it implies that the models are qualified to be used in carrying out analysis. Hence, there is the need to ascertain the best out of the 3 models. In this regard, the Restricted F-test, Breusch-Pagan test and Hausman test are used. Table 5 displays the results of the Restricted F-test for selecting between Pooled Ordinary Least Squares (POLS) and Fixed Effects Model (FEM). The null hypothesis is that the groups have common intercept i.e. POLS is sufficient.

Table 5: Results of the Restricted F- Test

Model Comparison	F-value	P-value
POLS- FEM	5.78	0.00***
Significant at 10% (*), 5% (**), 1% (***)		

Source: Author's Computation using GRETL

The results of the Restricted F-test in Table 5 indicate that the F-value of 5.78 is significant at 1 per cent level as shown by the p-value of 0.00. Hence, the study rejects the null hypothesis and concludes that FEM is sufficient over the POLS. To select between POLS and REM, the Breusch-Pagan test is utilized, and the result presented as Table 6. The null hypothesis is that variance of the unit-specific error is equal to zero i.e. POLS is adequate.

Table 6: Results of the Breusch-Pagan Test

Model Comparison	Chi-square	P-value
FEM- REM	21.18	0.00***

Source**:** Author's Computation using GRETL

The results of the test in Table 6 reveal that the Chi-square value is significant at 1 per cent level. Thus, the study rejects the null hypothesis and concludes that REM is better than the POLS. The results of the Restricted F-test and Breusch-Pagan test revealed that both FEM and REM are better than POLS, hence, the need to choose between FEM and REM. To do this, Hausman test is used and the result is presented as Table 7. The null hypothesis is that GLS estimates are consistent i.e. REM is better than FEM.

Table 7: Results of the Hausman Test

Model Comparison	Chi-square	P-value
FEM- REM	3.28	0.35

Source: Author's Computation using GRETL

The result of Hausman Test in Table 7 shows that the asymptotic test statistic is not significant as confirmed by the p-value of 0.35 which is greater that the chosen levels of significance as 0.01, 0.05 and 0.10. Hence, the study fails to reject the null hypothesis and conclude that REM is better than FEM. On the bases of the results of the Restricted F-test, Breusch-Pagan Test and the Hausman Test, Random Effects Model (REM) is the best model for this study. Since the REM is based on generalised least squares (GLS) which is adequate in the presence of Autocorrelation and heteroskedasticity, there is no need to carry out these two post-estimation diagnostics.

The regression results of the REM in Table 4 indicate that degree of financial leverage (DFL) has positive and significant impact on the market value proxy by Tobin's Q, as revealed by the t-value of 3.32 which is positive and significant at 1 per cent level of significant. The regression results also reveal that interest rate risk (IRR) has no significant impact on the Tobin's Q, as shown by the non-significant t-value of -0.24. In a similar vein, the regression results also indicate that foreign exchange exposure (FEE) did not have any statistical and significant impact on the Tobin's Q as confirmed by the non-significant t-value of 0.56.

Discussion of Research Findings

Degree of financial leverage (DFL) was found to be significantly and positively associated with market value, proxy by Tobin's Q. The regression coefficient for DFL is 0.05, which signifies that a 1% increase in DFL will result in about 0.05% increase in the market value measured by the ROE. The descriptive results indicate that listed banks in Nigeria are highly levered meaning that they employ high level of debt in their capital structure. The use of leverage is advantageous if it increases earnings. As observed by Pandey (2015), with increasing EBIT, more financial leverage i.e. debt in the capital structure, the greater the increase in earnings per share (EPS). This finding is consistent with the trade-off theory which predicts positive relationship between financial leverage and performance. This implies that banks are taking advantage of the fact that interest on debts is tax deductible i.e. they are using the tax shields benefit of debt to improve their earnings. The finding provides evidence that increase in the usage of debt has the possibility of enhancing the market value of banks during the study period. Financial leverage also leads to increase in risk. Hence, firms should trade-off risk and return in order to ascertain the appropriate amount of leverage to employ in their capital structure.

This finding is not in agreement with the results of Kelvin (2016) and Muriithi *et al.* (2016) whom found significant negative association between DFL and ROE, but consistent with Gatsi *et a*l. (2013) and Nimalathasan and Pratheepkanth (2012) that reported significant positive link between DFL and ROE.

Furthermore, the results also indicate that interest rate risk (IRR) proxy by net interest margin (NIM) has no significant impact on the financial performance proxy by Tobin's Q. This implies that a unit change in NIM will not

alter or change the value of Tobin's Q. Although, descriptive results reveal that NIM on the average is positive, meaning interest income outweighs interest expense, yet the difference did not make any impact on the value of Tobin's Q. The result may not be too surprising considering the high volatility in interest rates and the influence of external factors such as monetary policy and forces of demand and supply on interest rates. This result is contrary to the findings of Kelvin (2016); Mudanya and Muturi (2018) and Muriithi *et al.* (2016) who documented significant negative relationship between IRR and financial performance proxies as ROE and ROA.

Similarly, foreign exchange exposure (FEE) proxy by foreign exchange gains/losses equally has no significant impact on Tobin's Q. The result is similar to that of IRR. This is not surprising given that both variables are highly volatile and are macro-economic variables that are affected by external environmental factors which are beyond the control of management. This finding is contrary to the results of Ahmed (2016), Kelvin (2016), Muriithi *et al.* (2016) and Runo (2013) who reported negative significant link between FEE and financial performance. The results is also in disagreement with the findings of Gachua (2011) and Mbithi (2013), which discovered that FEE has significant positive effect on financial performance measured by net income. The differences in results may be due to differences in study period, population of study and proxy variables. None of the studies used Tobin's Q as a measure of financial performance as utilized in the present study.

Conclusions and Recommendations

This study analyzed the impact of market risk on the market value (Tobin's Q) of 8 listed deposit money banks in Nigeria from 2010- 2019, using random effects model. Findings indicate that degree of financial leverage (DFL) has positive and significant impact on the market value, whereas interest rate risk (IRR) and foreign exchange exposure (FEE) have no significant impact on the market value measured by Tobin's Q.

Following the major findings, the study concludes that listed deposit money banks (DMBs) in Nigeria were able to trade-off the tax shields benefit of debt against the cost of financial distress; thereby expanding their earnings. The study also concludes that due to high volatility in interest rates and exchange rate, the market performance of banks is hindered resulting in under valuation of their shares.

Based on the major conclusions, the study recommends that banks should expand their investment in fixed income securities in order to increase their earnings. The study also recommends that banks should hedge against foreign exchange exposure by continuing taking a full forward contract in their foreign exchange transactions.

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متطلبات التحول نحو الصيرفة الإسلامية وأثر تطبيقها بالمصارف الليبية

The Requirements of The Transition to Islamic Banking And The Effect on Libyan Banks of Its Application.

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الملخص

أضحت صناعة المصرفية الإسلامية اليوم تتمتع بمكانة مهمة كأحد المرتكزات الاقتصادية الصاعدة في مختلف دول العالم، حيث تشير التقارير إلى أن حجم أصول المالية الإسلامية بلغ في نهاية عام 2017م نحو 2.4 تريليون دولار، ومن المتوقع أن يصل إلى 3.8 تريليون دولار بحلول عام 2023 (تقرير تومسون رويترز لعام 2018). وبالرغم من هذه الإمكانيات والتطور في قطاع الصيرفة الإسلامية للعديد من الدول مثل ماليزيا وباكستان والبحرين إلا أن هناك بعض الدول الأخرى مثل ليبيا لاتزال في بداية مشوارها نحو الصيرفة الإسلامية فقد بدأت التوجه لهذا الاتجاه فعلياً سنة 2009 حيث سمح مصرف ليبيا المركزي أعلى سلطة نقدية في الدولة للمصارف التجارية الليبية تقديم منتجات مصرفية تتوافق مع احكام الشريعة الإسلامية والتي أطلق عليها في ذلك الوقت أسم "المنتجات البديلة". وبعد تغير النظام السياسي في ليبيا سنة 2011، أصدر المؤتمر الوطني العام أعلى سلطة تشريعية في ليبيا القانون رقم (1) لسنة 2013م والذي ينص على منع التعامل بالفوائد الدائنة والمدينة (الرباء) في كل المصارف العاملة في ليبيا وذلك استناداً للقانون رقم (46) لسنة 2012م الصادر عن المجلس الوطني الانتقالي وذلك في خطوة مهمة للتحول نحو الصيرفة الإسلامية. ولكن لايزال هناك نوع من البطء والتعثر في خطوات هذا التحول، والقطاع المصرفي الليبي يبدو بعيداً عن تحقيق ما ذكره بعض المختصون سنة 2012م بأن ليبيا تسعى إلى ريادة التمويل الإسلامي في منطقة المغرب العربي (الحوتي، 2012). فمنذ انطلاق العمل المصرفي وفق أحكام الشريعة الإسلامية

إلى وقتٍ قريب لم تشهد الصناعة المصرفية الإسلامية في ليبيا إلا مصرفاً إسلامياً مستقلاً لازال حديث الإنشاء، ولم يُعلن أي مصرف تجاري تحوله التام نحو الصيرفة الإسلامية، واكتفت معظم المصارف التجارية بإنشاء نوافذ وفروع للصيرفة الإسلامية تتبع الصيرفة التقليدية. فلا شك أن التحول نحو الصيرفة الإسلامية ليس بالأمر السهل أو الهين.

الكلمات الافتتاحية: التحول نحو الصيرفة الإسلامية ، المصارف الليبية

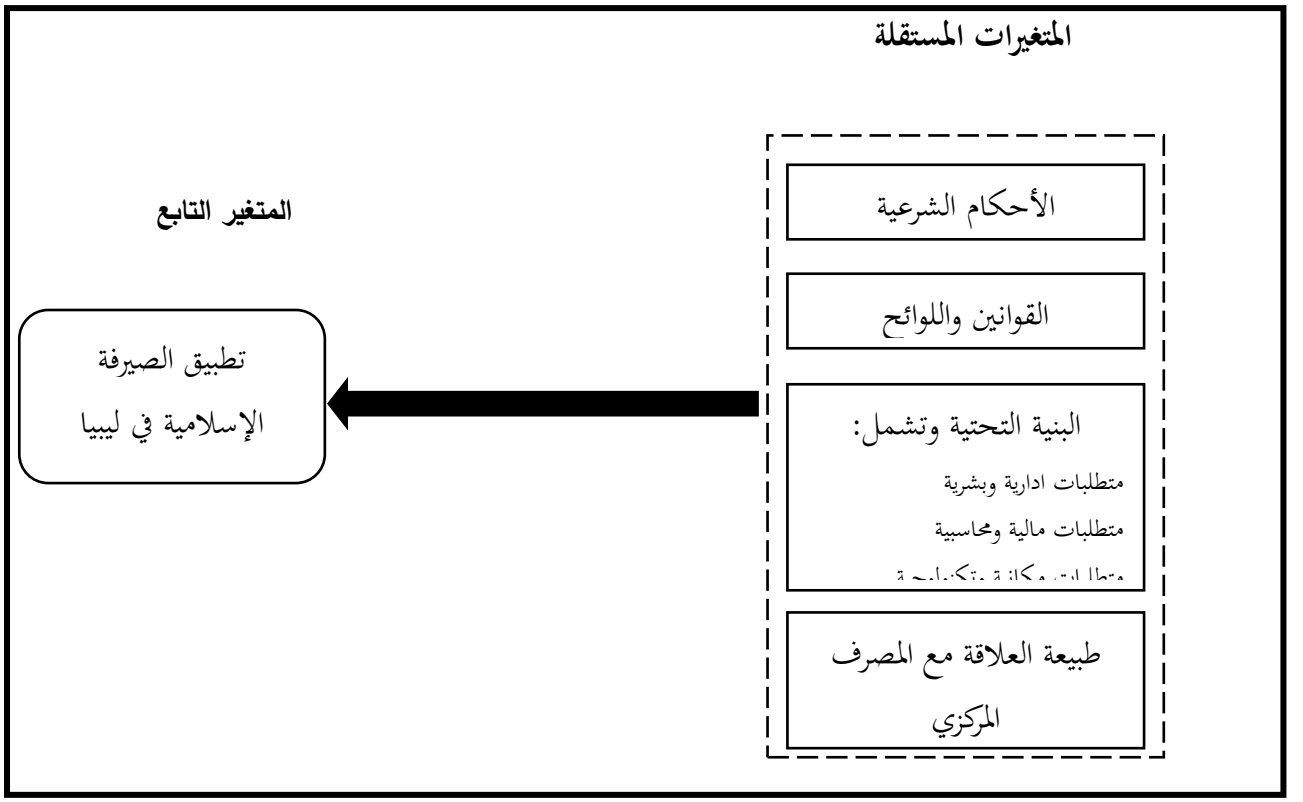
1. المقدمة :INTRODUCTION

أضحت صناعة المصرفية الإسلامية اليوم تتمتع بمكانة مهمة كأحد المرتكزات الاقتصادية الصاعدة في مختلف دول العالم، حيث تشير التقارير إلى أن حجم أصول المالية الإسلامية بلغ في نهاية عام 2017م نحو 2.4 تريليون دولار، ومن المتوقع أن يصل إلى 3.8 تريليون دولار بحلول عام 2023 (تقرير تومسون رويترز لعام 2018).

وبالرغم من هذه الإمكانيات والتطور في قطاع الصيرفة الإسلامية للعديد من الدول مثل ماليزيا وباكستان والبحرين إلا أن هناك بعض الدول الأخرى مثل ليبيا لاتزال في بداية مشوارها نحو الصيرفة الإسلامية فقد بدأت التوجه لهذا الاتجاه فعلياً سنة 2009 حيث سمح مصرف ليبيا المركزي أعلى سلطة نقدية في الدولة للمصارف التجارية الليبية تقديم منتجات مصرفية تتوافق مع احكام الشريعة الإسلامية والتي أطلق عليها في ذلك الوقت أسم "المنتجات البديلة". وبعد تغير النظام السياسي في ليبيا سنة 2011، أصدر المؤتمر الوطني العام أعلى سلطة تشريعية في ليبيا القانون رقم (1) لسنة 2013م والذي ينص على منع التعامل بالفوائد الدائنة والمدينة (الرباء) في كل المصارف العاملة في ليبيا وذلك استناداً للقانون رقم (46) لسنة 2012م الصادر عن المجلس الوطني الانتقالي وذلك في خطوة مهمة للتحول نحو الصيرفة الإسلامية. ولكن لايزال هناك نوع من البطء والتعثر في خطوات هذا التحول، والقطاع المصرفي الليبي يبدو بعيداً عن تحقيق ما ذكره بعض المختصون سنة 2012م بأن ليبيا تسعى إلى ريادة التمويل الإسلامي في منطقة المغرب العربي (الحوتي، 2012). فمنذ انطلاق العمل المصرفي وفق أحكام الشريعة الإسلامية إلى وقتٍ قريب لم تشهد الصناعة المصرفية الإسلامية في ليبيا إلا مصرفاً إسلامياً مستقلاً لازال حديث الإنشاء، ولم يُعلن أي مصرف تجاري تحوله التام نحو الصيرفة الإسلامية، واكتفت معظم المصارف التجارية بإنشاء نوافذ وفروع للصيرفة الإسلامية تتبع الصيرفة التقليدية. فلا شك أن التحول نحو الصيرفة الإسلامية ليس بالأمر السهل أو الهين (Marai et al, 2015).

واستناداً على عدة دراسات محلية ودولية مثل دراسة (هارون والدعيكي، 2018) ودراسة (العاني، 2017) ودراسة (فركاش، 2017) ودراسة (إجباره وإجباره، 2016) فإن التحول نحو الصيرفة الإسلامية بشكل فعلي وسليم لابد أن تتوفر له عدد من المتطلبات الأساسية والتي تشكل جوهر العمل المصرفي الإسلامي، وأكدت هذه الدراسات أن توفير تلك المتطلبات يُعد عامل رئيس وفعال لنجاح التحول نحو الصيرفة الإسلامية. وقد أوصت العديد من الدراسات التي بحثت في واقع الصيرفة الإسلامية في ليبيا مثل دراسةAbziz& Johari ,Shafii et al ,2015; El–Brassi et al ,2016; Alaswad ,2017, 2018) بضرورة توجيه الابحاث نحو دراسة التحول الناجح للمصارف الليبية نحو الصيرفة الإسلامية، والبحث لتحديد كافة المتطلبات الواجب توفرها لتحقيق فاعلية الصيرفة الإسلامية.

ومن هنا فإن هذه الدراسة تبحث في تتبع مسيرة التحول، واستكشاف مدى توفر المتطلبات اللازمة للتحول نحو الصيرفة الاسلامية وذلك من وجهة نظر الموظفين بفروع الصيرفة الإسلامية كونهم الأقرب فعلياً للعمل المصرفي الإسلامي والأكثر دراية بما يحتاجه وبما يتطلبه العمل المصرفي الإسلامي، وتقترح الدراسة عدد من المتطلبات تتمثل في التقنين الشرعي وكل مايتعلق بالأحكام والضوابط الشرعية، والتشريعات والقوانين واللوائح المنظمة للمعاملات المالية المصرفية، والبنية التحتية وما تتضمنه من إجراءات إدارية وأماكن مناسبة وتقنيات حديثة وكوادر بشرية مؤهلة، وكذلك العلاقة مع مصرف ليبيا المركزي. وتأخذ هذه المتطلبات شكل المتغيرات المستقلة للدراسة في حين يعتبر التطبيق الفعلي لصيرفة هو المتغير التابع كما يوضح الشكل التالي:



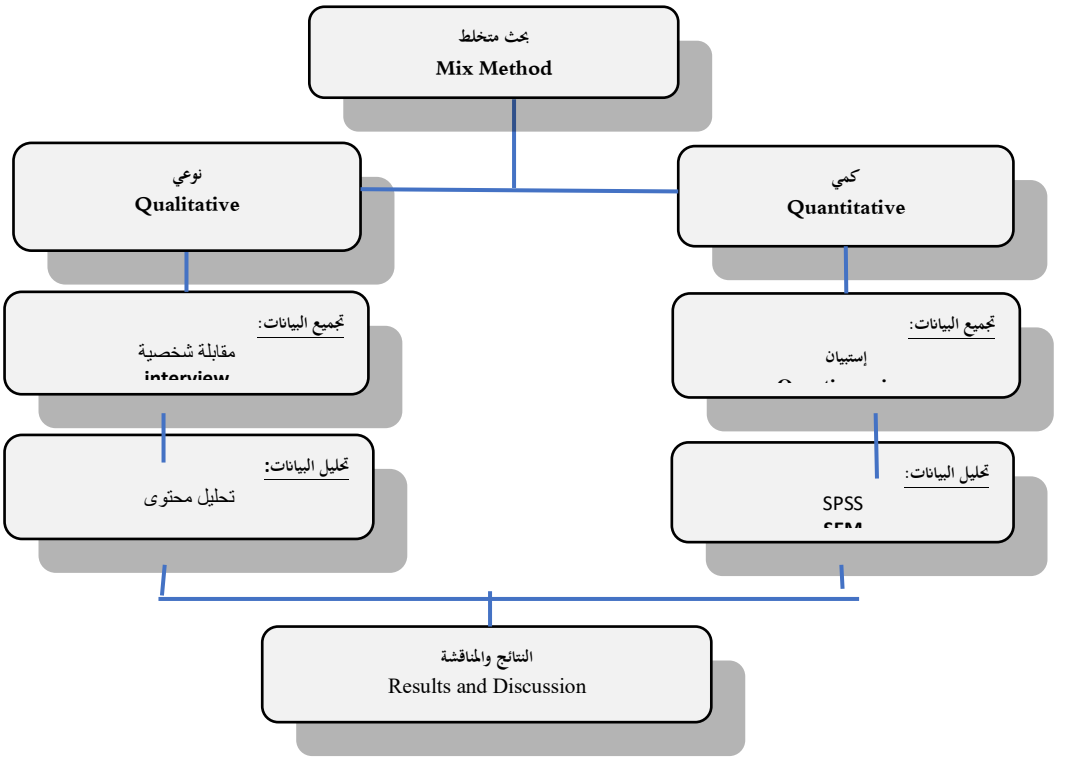
نموذج الدراسة: إعداد الباحث

ويمكن بلورة مشكلة الدراسة بشكل أوضح، من خلال سؤلات البحث:

1. ما مدى توفر متطلبات التحول (الأحكام الشرعية، القوانين والتشريعات، البنية التحتية، طبيعة العلاقة مع المصرف المركزي) نحو الصيرفة الإسلامية في ليبيا؟
2. ما أثر متطلبات التحول نحو الصيرفة الإسلامية على التطبيق الفعلي للصيرفة الإسلامية في ليبيا؟

2. المنهجية: METHODOLOGY

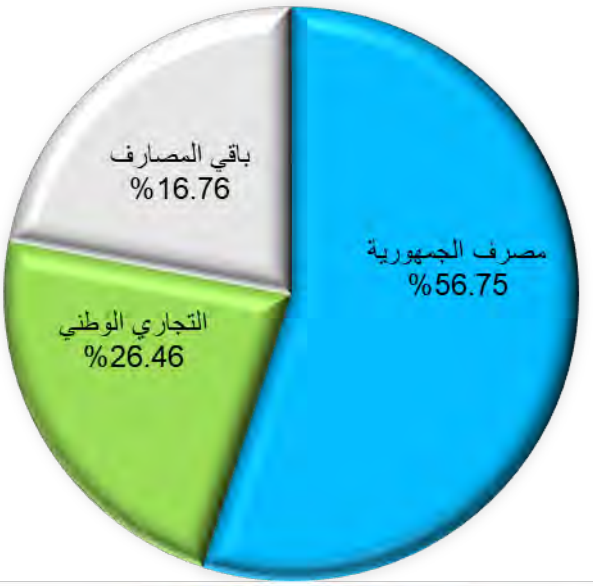
ستعتمد هذه الدراسة في جزئها العملي على المنهج الوصفي التحليلي وفقاً لأسلوب البحث المختلط (Mixed Method)، وذلك للتعامل مع البيانات الكمية التي سوف يتم جمعها باستخدام الاستبيان (questioner) والبيانات النوعية التي عن طريق المقابلات الشخصية (interview) لعدد من الأكاديميين والممارسين للصيرفة الإسلامية. حيث تشير الدراسات إلى أن استخدام المدخلين الكيفي والكمي في دراسة واحدة عادة ما تصل إلى نتائج قوية (Field& Morse, 1985). وتحدد مجتمع الدراسة في الموظفين في قطاع الصيرفة الإسلامية في ليبيا (النوافذ الإسلامية والفروع الإسلامية) بمختلف مستوياتهم الادارية بمصرفي الجمهورية والتجاري الوطني، باعتبارهما المصرفان الرائدان في تقديم خدمات الصيرفة الإسلامية، وأيضاً كونهما يملكان على أكبر حصة سوقية في قطاع الصيرفة الإسلامية في ليبيا، وهذا ما تؤكده التقارير والبحوث والدراسات والمختلفة. وكان اختيار العينة الكمية للدراسة والتي تمثل مجتمع الدراسة وفق جدول (1970, Krejci and Morgan)، حيث أن المجتمع مكون من 1070 موظف وموظفة وبالتالي فإنه بالإطلاع على الجدول نجد أن عينة الدراسة تبلغ 285 موظف وموظفة. وسوف يتم تحليل البيانات الكمية باستخدام برنامج التحليل الاحصائيSPSS عبر عدد من الاختبارات الوصفية والتحليلية، للتأكد من صحة البيانات وخصائصها وتحليل اتجاه أراء العينة وفق الفقرات المقترحة لكل متغير في الاستبيان. أما البيانات النوعية يتم تحليلها بالاعتماد على الأسلوب الظواهري في التحليل، حيث سيتم الاعتماد على هذا الأسلوب في تحليل محتوى المقابلة، وتجميع البيانات في فقرات ذات مدلول، وتنظيم البيانات وتفسيرها وتنميطها، وربطها *بأهداف البحث.*



شكل يوضح تصميم منهجية البحث: إعداد الباحث

3. النتائج والمناقشة:RESULT AND DISCUSSION

نظراً لكون الدراسة قيد البحث، فالنتائج ماتزال تحت الاجراء والتحليل، ويتوقع الباحث أن الاستجابة جيدة للإستبانات الموزعة عبر وسائل التواصل الاجتماعي نظراً لظروف جائحة فيروس كورونا، حيث تستهدف هذه الاستبانات الموظفين بمختلف المستويات الإدارية في كلاً من مصرف الجمهورية، والمصرف التجاري الوطني. ويملك المصرفان الحصة السوقية الأكبر في قطاع الصيرفة الإسلامية في ليبيا. وإن العدد الكافي من الاستبانات المناسبة سيتم تجميعها والبدء في تحليلها.



إعداد الباحث : بالاعتماد على (تقرير مصرف ليبيا المركزي2016 :دراسة العاني، والقندولي 2019)

ويحاول االباحث عبر هذه الدراسة التأكيد على أن التطبيق الناجح والفعال للصيرفة الإسلامية لا يتم إلا بتوفر مجموعة من المتطلبات أو المقومات أو العوامل كما أسمتها العديد من الدراسات السابقة، والتي استفادت منها الدراسة الحالية في تأكيد أهمية هذه الدراسة، ودعم مشكلة الدراسة في تحقيق التطبيق الصحيح للصيرفة الإسلامية وكذلك في البحث عن توفر المتطلبات اللازمة لهذا التطبيق. فما زالت ليبيا تشهد العديد من التحديات والبطء الشديد في الخطى، بالرغم من كل الخطوات التي اتخذها المصرف المركزي وتعديل القانون رقم(1) لسنة 2005 بموجب القانون رقم 46 لسنة 2012م، وإضافة فصل خاص بالصيرفة الإسلامية، وإقرار قانون رقم (1) لسنة 2013 بشأن منع المعاملات الربوية (أبوحميرة وسويسي، 2010) و(العاني، 2017). الامر الذي شكل نوع من الضغط ودفع بالمصارف التجارية للتحول نحو الصيرفة الإسلامية اضطراراً وخضوعاً للقانون لا رغبة وطواعية (أبوزيد، 2018، الشائبي/ الحالة الليبية 2020). أن التحول نحو الصيرفة الإسلامية في ليبيا

4. الخاتمة: CONCLISION

يتناول الباحث في هذه الدراسة عدد من المتغيرات التي تمثل المتطلبات اللازمة للتحول نحو الصيرفة الإسلامية في ليبيا وذلك وفقاً للدراسات السابقة، والعلاقة بينها وتأثيرها على تطبيق الصيرفة وذلك بهدف التعرف أين تقف الصيرفة الإسلامية في ليبيا وتوضيح مدى توفر هذه المتطلبات. إن هذه الدراسة تساهم في إثراء الادبيات النظرية حول الصيرفة الإسلامية في ليبيا، كما يمكن ان تكون دليلاُ إرشادياً لأصحاب المصلحة في النظام المصرفي والقيادات المصرفية العليا وصانعي القرار حول أليات ومتطلبات التحول الفعلي نحو الصيرفة الإسلامية. وبالرغم من هذا فإن المتطلبات التي اقترحتها الدراسة لا تغطي كل شيء لدى هناك حاجة الى النظر نحو مزيد من المتغيرات المتعلقة بالصيرفة الإسلامية في ليبيا. كما إن بعض المتغيرات الحالية التي تستعرضها الدراسة بحاجة الى التدقيق والبحث وخاصة فيما يتعلق بعنصر البنية التحتية لما لها من أهمية بالغة في تطبيق الصيرفة الإسلامية، وكذلك بخصوص العلاقة مع المصرف المركزي

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تأثير الأنماط القيادية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان

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ملخص: يمثل الحفاظ على البيئية أحد اهم القضايا العالمية التي يتم نقاشها على نطاق واسع في عالم الاعمال اليوم، لما لها من دور محوري نحو الاستدامة الشاملة على المستوى الوطني والعالمي. يمثل توجه سلطنة عمان نحو تحقيق تنمية بيئية شاملة تحديا حقيقا للشركات العاملة في قطاع الصناعات الكيميائية، لما له من اثر على تنمية هذا القطاع على المدى القصير الاجل. تهدف هذه الدراسة الى قياس اثر الانماط القيادية على التنمية البيئية في قطاع الشركات الكيميائية بسلطنة عمان. اتبعت الدراسة المنهج الوصفي التحليلي لقياس اثر ثلاثة انماط قيادية ممثلة في القيادة التحويلية والرسمية والتبادلية على عامل التنمية البيئية. شملت عينة الدراسة 285 موظفا من قطاع الشركات الكيميائية بسلطنة عمان. أظهرت النتائج وجود اثر ايجابي ذو دلالة احصائية لكل من القيادة التحويلية و التبادلية، كما اكدت على عدم وجود اي اثر ذو دلالة احصائية للنمط القيادي الرسمي على التنمية البيئية. توصي الدراسة بتبني النمط القيادي التبادلي نظرا لتركيزه على تحقيق اداء عالي للشركة على المدى القصير الاجل.

الكلمات المفتاحية: القيادة التحويلية، القيادة التبادلية، القيادة الرسمية، التنمية البيئية، قطاع الصناعات الكيميائية، سلطنة عمان

1.0 المقدمة

التنمية الصناعية هي الدعامة الأساسية لإقامة قاعدة الإنتاج وتعظيم قدرات التصدير للاقتصاد الوطني. وبالتالي ، يتم إعطاء أولوية قصوى كعامل قيادي في بناء اقتصاد تنافسي في مواجهة المتغيرات الدولية والتجمعات الاقتصادية للدول الصناعية.

كانت عُمان من بين دول العالم في قمة الأمم المتحدة في سبتمبر 2015 للاعتراف بأهداف التنمية المستدامة واعتمادها ، لتصبح واحدة من الدول الأعضاء التي وافقت على تكريس كل الجهود لتحقيق هذه الأهداف. وبالتالي ، تم دمجهم في الركائز الرئيسية للخطة الخمسية الوطنية التاسعة للسلطنة. يستعرض التقرير الوطني التطوعي الأول تحقيق السلطنة لأهداف التنمية المستدامة ، ومتابعة التقدم المحرز ، ويسلط الضوء على التحديات التي تواجه التنفيذ.

قدمت عمان تقريراً وطنياً عن التقدم المحرز في تحقيق أهداف التنمية المستدامة. تم تقديم التقرير في اجتماع ترأسه سعادة السيد طلال الرحبي ، نائب الأمين العام للمجلس الأعلى للتخطيط (SCP). تم تقديم التقرير كجزء من مشاركة سلطنة عمان في المنتدى السياسي الرفيع المستوى في الأمم المتحدة في نيويورك في نهاية العام ٢٠١٨.

يركز التقرير الوطني على أربعة طرق رئيسية - تمكين الإنسان ، والاقتصاد التنافسي القائم على المعرفة ، والمرونة البيئية والسلام ، وهي ركيزة أساسية للاستدامة. تبنت عُمان أيضًا ثلاث آليات رئيسية هي: كفاءة التمويل ، التنمية المستدامة المحلية والرصد والتقييم. التمكين البشري - يمثل التمكين البشري طريقًا أساسيًا لضمان عدم تخلف أحد عن الركب. يبدأ هذا في مرحلة صياغة الرؤى المستقبلية وبرامج التنويع الاقتصادي حيث يتمتع بمشاركة واسعة من المجتمع ويراعي أولويات المجتمع ، في حين أن فوائد برامج التنمية سوف تمس الجميع.

يسعى الباحث من خلال البحث الدراسة الحالية الى التوصل و معرفة مدى تأثير الانماط القيادية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان.

2.0 مشكلة الدراسة

تعتقد سلطنة عمان أن التنمية ليست غاية في حد ذاتها. المستفيد النهائي من التنمية يجب أن يكون المواطنون. يتم تمكين المواطنين من خلال الاستثمار في التعليم ورفع نوعية الحياة من خلال إنشاء المدارس والجامعات والمستشفيات والخدمات البلدية ومحطات الطاقة والمياه والصرف الصحي والاتصالات السلكية واللاسلكية والطرق والموانئ والمطارات في جميع أنحاء البلاد. المرأة هي أحد أركان التنمية. تعمل مبرمجات تمكين النساء على تعزيز القدرات وضمان حصولهن على حقوقهن. يكفل القانون حق المرأة في تكافؤ فرص العمل سواء في القطاع الحكومي أو الخاص. تسعى السلطنة أيضًا إلى تأسيس دور الشباب كشريك حقيقي في تشكيل المستقبل ، وضمان دمج الأشخاص ذوي الإعاقة في عملية التنمية من خلال تهيئة بيئة مواتية لهم وتوفير الفرص لمشاركتهم النشطة في جميع جوانب الحياة.

سعى الباحث التوصل الى اهم التحديات و المشاكل التي تواجه التنمية المستدامة في شركات الصناعات الكيميائية في سلطنة عمان عبر العديد من مراجعة الادبيات ولكن ذلك لم يكن كافي للتوصل الى اهم التحديات و المشاكل الحالية التي تواجهها شركات الصناعات الكيميائية في سلطنة عمان باالذات. ومن هذا المنطلق قام الباحث بعمل عدة مقابلات مع مدراء و قادة في ثلاث شركات متخصصة في الصناعات الكيميائية في سلطنة عمان (شركة الخليج الدولية للكيماويات وشركة المنظفات الوطنية وشركة الكلور العماني).

هدفت هذه المقابلات الى التعرف من خلال القادة و المدراء على اهم المشاكل والتحديات والمعضلات التي تواجه قطاع الصناعات الكيميائية بسلطنة عمان في اطار تحقيق اهداف التنمية المستدامة التي حددها المجلس الأعلى للتخطيط في السلطنة في عام 2015م، ممثلة في 17 هدفا في سبيل تحقيق الأهداف الأممية للتنمية المستدامة بحلول العام 2030م.

من خلال هذه المقابلات، توصل الباحث الى ان اهم المعضلات والتحديات التي تواجة هذا النوع من الصناعات متمثلة في المتغيرات الاقتصادية الإقليمية والعالمية، خاصة تقلبات أسعار النفط العالمية وتراجع نمو الاقتصاد العالمي، بالإضافة إلى الأوضاع الجيوسياسية الإقليمية المضطربة والانعكاسات السلبية لذلك على الأوضاع المالية للسلطنة، وتوفير فرص عمل لاستيعاب الباحثين عن عمل والداخلين الجدد في سوق العمل لقطاع الصناعات الكيميائية، والمتوقع ازديادهم بصورة كبيرة ومتصاعدة نتيجة التركيب الفني للهرم السكاني للمجتمع العماني، وتسريع وتيرة التنويع الاقتصادي بما يسهم في التقليل من اعتماد الاقتصاد الوطني على النفط سواء في الإيرادات أو الصادرات، وما يتطلبه ذلك من انتهاج سياسات التنويع الاقتصادي للاستفادة من المنجزات التي تم تحقيقها في خطط التنمية السابقة في مجالات البنية الأساسية، وإيجاد قطاع خاص يتميز بالفعالية والقدرة على المنافسة والاستخدام الأمثل للموارد البشرية والطبيعية للسلطنة، كمسهم رئيسي في عملية التنويع الاقتصادي.

تتلخص مشكلة الدراسة في مجال التنمية البيئية أن شركات القطاع الصناعي الكيميائي العمانية تتجاهل الدور الكبير للأنماط القيادية، والتي تحث على اتقان العمل والازدهار والرقي في قطاع الصناعات الكيميائية عموماً، ومنه يمكن بلورة مشكلة الدراسة في التعرف على دورالأنماط القيادية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان.

3.0 اهداف الدراسة

تهدف الدراسة الحالية إلى تحقيق الأهداف التالية:

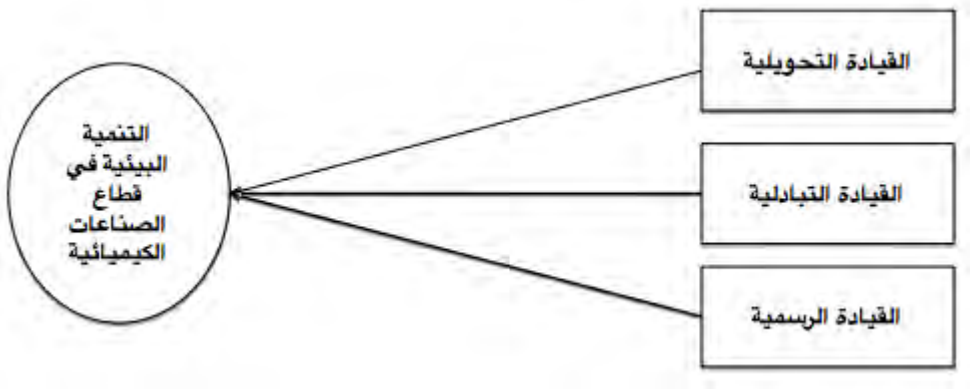
1.0 معرفة مدى تأثير القيادة التحويلية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان .

2.0 معرفة مدى تأثير القيادة التبادلية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان.

3.0 معرفة مدى تأثير القيادة الرسمية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان.

4.0 الاطار البحثي

تقدم الدراسة الحالية الاطار البحثي التالي:



شكل 13: الاطار البحثي

5.0 مراجعة الأدبيات

5.1 الإطار النظري

تم تسليط الضوء على أسلوب القيادة باعتباره أحد أهم التأثيرات الفردية على الابتكار العام لأن القادة يمكنهم أن يقرروا مباشرة إدخال أفكار جديدة في المنظمة ووضع أهداف محددة وتشجيع مبادرات الابتكار من المرؤوسين (Harborne and Johne، 2003). ترتبط القيادة بشكل معقد بالثقافة لأنها قادرة على إحداث تغيير ثقافي أو ببساطة تعزيز القواعد القائمة (Reinke ، 2004). يعتبر علماء الثقافة في الإدارة أن القيادة تمثل جانبًا مهمًا يمكنه تشكيل خصائص الثقافة التنظيمية.

التنمية المستدامة هي عملية تطوير الأراضي والمدن والمجتمعات ، وكذلك الأعمال التجارية ، شريطة أن تلبي احتياجات الحاضر دون المساس بقدرة الأجيال المقبلة على تلبية احتياجاتهم. ويواجه العالم خطورة التدهور البيئي ، الذي يجب التغلب عليه دون التخلي عن احتياجات التنمية الاقتصادية وكذلك المساواة والعدالة الاجتماعية (Saleh & Alalouch, 2015).

تتطلب التنمية المستدامة تحسين الظروف المعيشية لجميع الناس دون زيادة استخدام الموارد الطبيعية بما يفوق قدرة تحمل الكوكب. ويجري التنمية المستدامة في ثلاثة مجالات رئيسية للنمو الاقتصادي ، والحفاظ على الموارد الطبيعية والبيئة ، والتنمية الاجتماعية. من أهم التحديات التي تواجه التنمية المستدامة القضاء على الفقر ، من خلال التشجيع على اتباع أنماط الإنتاج والاستهلاك بشكل متوازن ، دون الاعتماد المفرط على الموارد الطبيعية.

يبدو أن التنمية المستدامة تقوم بصياغة يوم كان لمعظم السياسات البيئية اليوم جمهور تميز بمفهوم الدور في جعله شعارًا شعبيًا

ومشرقًا ، مما جعل جميع الحكومات تقريبًا تتبنى التنمية المستدامة حتى لو كانت تعكس تختلف جداول الالتزامات السياسية اختلافًا كبيرًا عن الاستدامة ، حيث تم استخدام المبدأ لدعم وجهات النظر المتضاربة حول جميع القضايا البيئية مثل تغير المناخ والتدهور البيئي ، وهذا يتوقف على زاوية التفسير ، وقد تعني الاستدامة أشياء مختلفة ، ولكنها متناقضة في بعض الأحيان للاقتصاديين وبيئيين ومحامين وفلاسفة. لذلك يبدو أن الإجماع بين آراء هؤلاء بعيد المنال (Lakhal ، 2005).

لذلك على الرغم من أن الالتزام الدولي بالتنمية المستدامة ، وعلى الرغم من أنه قد يبدو للوهلة الأولى غير واضح ، فقد عرفوا وفهموا وطبقوا بطرق مختلفة جدًا ، مما تسبب في درجة عالية من الغموض حول معنى المفهوم هو أحد المفاهيم الصعبة ، والمراوغه ، والمضللة. من الجدير بالذكر في هذا السياق أن التنمية المستدامة لديها أكثر من ثمانين تعاريف مختلفة وغالبا ما تتنافس وأحيانا متناقضة لهذا المفهوم. مشكلة مفهوم التنمية المستدامة من حيث أنها تتأثر بعلاقات القوة بين الدول وداخلها ، وهذه الحقيقة تتطلب مراجعة نقدية للمفهوم.

التنمية المستدامة هي عملية تحدث في عدة مستويات (عالمية ، إقليمية ، محلية). ومع ذلك ، فإن ما يعتبر مستدامًا على المستوى الوطني ليس بالضرورة على المستوى العالمي. يرجع هذا التناقض إلى آليات النقل الجغرافي التي مرت من خلالها بالآثار السلبية لبلد أو منطقة ما على بلدان أو مناطق أخرى (Yukl ، 2002). فيما يلي استعراض لأهم أهداف التنمية المستدامة من خلال بعض العناصر التي ستؤثر بشكل مباشر على الظروف المعيشية للأشخاص.

تهدف الاستدامة الاقتصادية إلى ضمان الإمداد الكافي بالمياه ورفع كفاءة استخدام المياه في التنمية الزراعية والصناعية والمناطق الحضرية والريفية. الهدف من الاستدامة الاجتماعية لضمان الحصول على المياه الكافية في المنطقة للاستخدام المنزلي والزراعة على نطاق صغير بالنسبة للفقراء. الهدف من الاستدامة البيئية لضمان الحماية الكافية لمستجمعات المياه والمياه الجوفية وموارد المياه العذبة ونظامها البيئي (William، 1977). تهدف الاستدامة الاقتصادية إلى رفع الإنتاجية والإنتاج الزراعيين لتحقيق الأمن الغذائي على المستوى الإقليمي والتصدير. الهدف من الاستدامة الاجتماعية لتحسين إنتاجية وأرباح الزراعة الصغيرة والأمن الغذائي داخل المنزل. الهدف من الاستدامة البيئية لضمان الاستخدام المستدام وحفظ الأراضي والغابات والمياه والحياة البرية والأسماك وموارد المياه.

تهدف الاستدامة الاقتصادية إلى زيادة الإنتاجية من خلال الرعاية الصحية الوقائية وتحسين الصحة والسلامة في مكان العمل. الهدف من معايير الاستدامة الاجتماعية لفرض الهواء والماء والضوضاء لحماية صحة الإنسان وضمان الرعاية الصحية الأولية للغالبية الفقيرة. الهدف من الاستدامة البيئية لضمان الحماية الكافية للموارد البيولوجية والنظم الإيكولوجية وأنظمة دعم الحياة (Dale ، 1965).

من الملاحظ خلال التعريفات السابقة للتنمية المستدامة التي تتضمن أبعاد متعددة تتداخل مع بعضها البعض أن تركز على معالجة التقدم الكبير في تحقيق الأهداف الإنمائية ، ويمكن الإشارة هنا إلى الأبعاد الأربعة الحاسمة والتفاعلية وجميعها أبعاد اقتصادية وإنسانية ، البيئية والتكنولوجية:

بالنسبة للأبعاد الاقتصادية للتنمية المستدامة ، نلاحظ أن سكان البلدان الصناعية يستفيدون مقارنة بمستوى نصيب الفرد من الموارد الطبيعية في العالم ، وهي الأوقات التي يستخدمها الناس في البلدان النامية. على سبيل المثال ، فإن استهلاك الطاقة من النفط والغاز والفحم في الولايات المتحدة أعلى منه في الهند بنسبة 33 مرة ، وهو في بلدان منظمة التعاون الاقتصادي والتنمية في "OCDE" أعلى عشر مرات في المتوسط من في البلدان النامية (Cenzo ، 1996).

- نظرية الرجل العظيم

إن الجهود المبذولة لاستكشاف السمات المشتركة للقيادة ممتدة على مدار قرون حيث أن معظم الثقافات تحتاج إلى أبطال لتحديد نجاحاتهم وتبرير إخفاقاتهم. في عام 1847 ، صرح توماس كارليل في مصلحة الأبطال أن "التاريخ العالمي ، تاريخ ما أنجزه الإنسان في هذا العالم ، هو في نهاية تاريخ الرجال العظماء الذين عملوا هنا". ادعى كارليل في "نظرية الرجل العظيم" أن الزعماء يولدون وأن هؤلاء الرجال الذين يتمتعون بإمكانيات بطولية هم وحدهم الذين يمكن أن يصبحوا قادة. لقد رأى أن الرجال العظماء ولدوا ، لم يصنعوا. قام الفيلسوف الأمريكي ، سيدني هوك ، بتوسيع منظور كارلايل ، حيث سلط الضوء على التأثير الذي يمكن أن يحدثه الرجل الحافل بالأحداث مقابل الرجل الذي يصنع الأحداث (Dobbins & Platz ،1986).

اقترح أن يظل الرجل الحافل بالأحداث معقدًا في موقف تاريخي ، لكنه لم يحدد مساره حقًا. من ناحية أخرى ، أكد أن تصرفات رجل صنع الحدث أثرت على مجرى الأحداث ، الذي كان يمكن أن يكون مختلفًا كثيرًا ، لو لم يشارك في هذه العملية. الحدث الذي يصنع دور الرجل على أساس "عواقب القدرات البارزة للذكاء والإرادة والشخصية بدلاً من أفعال التمييز". ومع ذلك ، كشفت الأحداث اللاحقة أن مفهوم القيادة هذا كان معيبًا من الناحية الأخلاقية ، كما كان الحال مع هتلر ونابليون وما شابه ، مما يشكل تحديًا لمصداقية نظرية الرجل العظيم. أصبح هؤلاء الرجال العظماء غير ذي صلة ، وبالتالي نمو المنظمات (McGregor, 2003). "لقد أعطت السنوات الماضية الانقلاب النعم لقوة أخرى الرجل العظيم الذي كان ببراعة وبُعد نظر يمكن أن يترأس بسلطات دكتاتورية كرئيس لمنظمة متنامية ولكن في عملية إعاقة الديمقراطية". ثم تطورت نظرية القيادة من العقيدة التي يولدها الزعماء أو يتم توجيههم بطبيعتهم ليكونوا في دورهم في وقت معين إلى انعكاس لبعض الصفات التي تتصور إمكانية القيادة.

- نظرية السمات

رأى المنظرون الأوائل أن الزعماء المولودين قد وهبوا بعض الصفات الجسدية وخصائص الشخصية التي ميزتهم عن غير القادة. تجاهلت نظريات السمات الافتراضات حول ما إذا كانت سمات القيادة جينية أم مكتسبة. حدد جينكينز صفتين ؛ الصفات الناشئة (تلك التي تعتمد اعتمادًا كبيرًا على الوراثة) مثل سمات الطول والذكاء والجاذبية والثقة بالنفس والفعالية (استنادًا إلى الخبرة أو التعلم) ، بما في ذلك الكاريزما ، باعتبارها مكونًا أساسيًا في القيادة (Ekvall & Arvonen ، 1991).

وصف ماكس فيبر الكاريزما بأنها "أعظم قوة ثورية ، قادرة على إنتاج توجهات جديدة تمامًا من خلال أتباعها وتفانيها الشخصي الكامل للقادة الذين يعتبرونهم يتمتعون بصفات وقوى خارقة للطبيعة وسحرها تقريبًا". هذا التركيز المبدئي على السمات الفكرية والجسدية والشخصية التي ميزت غير القادة من القادة تنطلق من البحث الذي أكد أن هناك فروق طفيفة فقط بين المتابعين والقادة. أدى الفشل في اكتشاف السمات التي يشترك فيها كل قائد فعال إلى تطور نظرية السمات ، باعتبارها مكونًا يتعذر الوصول إليه ، وتقع في حالة من عدم الرضا. في أواخر الأربعينيات من القرن العشرين ، درس العلماء سمات القادة العسكريين وغير العسكريين على التوالي وكشفوا أهمية بعض السمات النامية في أوقات معينة.

- نظريات الطوارئ (الظرفية)

تنصح نظريات الطوارئ بعدم دقة أسلوب القيادة كقائمة بذاتها لأن أسلوب القيادة المستخدم يعتمد على عوامل مثل الجودة أو وضع المتابعين أو عدد من المتغيرات الأخرى. "وفقًا لهذه النظرية ، لا توجد طريقة صحيحة واحدة للقيادة لأن الأبعاد الداخلية والخارجية للبيئة تتطلب من القائد أن يتكيف مع هذا الموقف بالذات". في معظم الحالات ، لا يغير القادة الديناميات والبيئة فحسب ، بل يتغير الموظفون داخل المؤسسة. بشكل عام ، تعتبر نظريات الطوارئ فئة من النظريات السلوكية التي تتحدى أنه لا توجد أفضل طريقة للقيادة / التنظيم وأن أسلوب القيادة التي تعمل في بعض الحالات قد لا يكون فعالًا في حالات أخرى (Jamrich, Greenleaf, & Bautz, 1977).

افترض منظري الطوارئ أن القائد كان محور العلاقة بين المرؤوس والقائد ؛ رأى منظري الظرفية أن المرؤوسين لعبوا دورًا محوريًا في تحديد العلاقة. على الرغم من أن القيادة الظرفية تظل تركز في الغالب على القائد ، فإنها تخلق أهمية التركيز في ديناميكية المجموعة. "أدت هذه الدراسات حول العلاقات بين المجموعات وقادتها إلى بعض نظرياتنا الحديثة عن ديناميات المجموعة والقيادة". تقترح نظرية القيادة الظرفية أنه ينبغي منح أسلوب القيادة بنضج المرؤوسين (Bass & Avolio, 1994). "نموذج القيادة الظرفية ، الذي تم تقديمه لأول مرة في عام 1969 ، نظريًا أنه لا توجد طريقة غير مسبوقة للقيادة وأن يكون هؤلاء القادة ، لكي يكونوا فعالين ، قادرين على التكيف مع الموقف وتحويل أسلوبهم القيادي بين التوجه نحو المهام وتوجيه العلاقة" .

4.2 التعريفات الأكاديمية لمتغيرات الدراسة

- القيادة التحويلية

يتم تعريف القيادة التحويلية كنهج القيادة الذي يؤدي إلى تغيير في الأفراد والأنظمة الاجتماعية. في شكله المثالي ، فإنه يخلق تغيير قيمة وإيجابية في أتباعه مع الهدف النهائي المتمثل في تطوير أتباعهم في القادة.

القيادة التحويلية تعزز الدافع والمعنويات والأداء من المتابعين من خلال مجموعة متنوعة من الآليات. ويشمل ذلك ربط إحساس أتباعه بالهوية والنفس بالمهمة والهوية الجماعية للمنظمة ؛ كونها قدوة للمتابعين الذين يلهمونهم ؛ تحدى المتابعين في الحصول على ملكية أكبر لعملهم ، وفهم نقاط القوة والضعف لدى المتابعين ، حتى يتمكن القائد من محاذاة المتابعين مع المهام التي تعمل على تحسين أدائهم.

- القيادة التبادلية

القيادة التبادلية هي نوع من أسلوب الإدارة الذي يتصرف فيه الأشخاص بطريقة حقيقية وصادقة ومخلصة وصادقة مع من هم أفراد. يقول أنصار القيادة الأصيلة إن هذا النوع من القادة هو في وضع أفضل لإلهام الثقة والولاء والأداء القوي من الموظفين. القيادة التبادلية هي "أن نكون صادقين مع القيم الأخلاقية والأخلاقية العالية وأن نتصرف وفقًا للقيم التي عبروا عنها".

- القيادة الرسمية

غالبًا ما تتم مقارنة قيادة المعاملات (الاكترونية) بالقيادة التحويلية. تعتمد قيادة المعاملات على الأشخاص الذين لديهم دوافع ذاتية والذين يعملون جيدًا في بيئة منظمة وموجهة. على النقيض من ذلك ، تسعى القيادة التحويلية إلى تحفيز وإلهام العمال ، واختيار التأثير بدلاً من توجيه الآخرين.

زعيم المعاملات (الاكترونية) هو شخص يقدر النظام والبنية. من المحتمل أن يتولوا قيادة العمليات العسكرية أو إدارة الشركات الكبيرة أو قيادة المشروعات الدولية التي تتطلب قواعد ولوائح لإكمال الأهداف في الوقت المحدد أو نقل الأشخاص والإمدادات بطريقة منظمة. قادة المعاملات ليسوا مناسبين للأماكن التي يتم فيها تقييم الإبداع والأفكار المبتكرة.

- التنمية البيئية

التنمية البيئية هي عملية تطوير الأراضي والمدن والمجتمعات ، وكذلك الأعمال التجارية ، شريطة أن تلبي احتياجات الحاضر دون المساس بقدرة الأجيال المقبلة على تلبية احتياجاتهم. ويواجه العالم خطورة التدهور البيئي الذي يجب التغلب عليه دون التخلي عن احتياجات التنمية الاقتصادية وكذلك المساواة والعدالة الاجتماعية.

في أعقاب تقرير نادي روما ، أعدت مجموعة بحثية من معهد ماساتشوستس للتكنولوجيا عشرة جلسات استماع حول "النمو وتأثيره على المستقبل" (Roundtable Press ، 1973) للكونجرس الأمريكي ، أول جلسات استماع تعقد على الإطلاق حول التنمية المستدامة. أعد وليام فلين مارتن وديفيد دودسون جراي وإليزابيث جراي جلسات الاستماع برئاسة عضو الكونغرس جون دينغل.

في عام 1980 نشر الاتحاد الدولي لحفظ الطبيعة إستراتيجية عالمية للحفظ تضمنت واحدة من أولى الإشارات إلى التنمية

المستدامة كأولوية عالمية وقدم مصطلح "التنمية المستدامة". بعد ذلك بعامين ، طرح ميثاق الأمم المتحدة العالمي للطبيعة خمسة مبادئ للحماية يتم بموجبها توجيه السلوك البشري الذي يؤثر على الطبيعة والحكم عليه. في عام 1987 ، أصدرت لجنة الأمم المتحدة العالمية للبيئة والتنمية تقرير "مستقبلنا المشترك" ، المعروف باسم تقرير برونتلاند. تضمن التقرير ما هو الآن واحد من أكثر التعاريف المعترف بها على نطاق واسع للتنمية المستدامة.

يشكل المعيار الأكثر قبولا لاستدامة الشركات استخدام الشركة الفعال لرأس المال الطبيعي. عادة ما يتم حساب هذه الكفاءة البيئية باعتبارها القيمة الاقتصادية المضافة من قبل شركة فيما يتعلق بتأثيرها البيئي الكلي. وقد حظي هذه الفكرة بشعبية من قبل مجلس الأعمال العالمي للتنمية المستدامة (WBCSD) وفقًا للتعريف التالي: "تتحقق الكفاءة البيئية من خلال توفير السلع والخدمات ذات الأسعار التنافسية التي تلبي احتياجات الإنسان وتحقق نوعية الحياة ، مع تقليل البيئة بشكل تدريجي التأثيرات وكثافة الموارد طوال دورة الحياة إلى مستوى على الأقل تمشيا مع القدرة الاستيعابية للأرض "(، DeSimone and Popoff (1997

على غرار مفهوم الكفاءة البيئية ولكن حتى الآن لم يتم استكشافه إلا هو المعيار الثاني لاستدامة الشركات. تصف الكفاءة الاجتماعية العلاقة بين القيمة المضافة للشركة وتأثيرها الاجتماعي. بينما ، يمكن افتراض أن معظم تأثيرات الشركات على البيئة سلبية (باستثناء استثناءات نادرة مثل زراعة الأشجار) وهذا ليس صحيحًا بالنسبة للتأثيرات الاجتماعية. يمكن أن تكون هذه إما إيجابية (على سبيل المثال ، منح الشركات ، وخلق فرص العمل) أو سلبية (مثل حوادث العمل ، والسخرية من الموظفين ، وانتهاكات حقوق الإنسان). اعتمادًا على نوع التأثير ، تحاول الكفاءة الاجتماعية إما تقليل الآثار الاجتماعية السلبية (أي حوادث لكل قيمة مضافة) أو زيادة الآثار الاجتماعية الإيجابية (مثل التبرعات لكل قيمة مضافة) فيما يتعلق بالقيمة المضافة.

تهتم كل من الكفاءة البيئية والفعالية الاجتماعية في المقام الأول بزيادة الاستدامة الاقتصادية. في هذه العملية ، قاموا بدور فعال في استخدام رأس المال الطبيعي والاجتماعي بهدف الاستفادة من حالات الفوز. ومع ذلك ، كما أشار Dyllick و Hockerts (2003)، فإن قضية العمل وحدها لن تكون كافية لتحقيق التنمية المستدامة. وهي تشير إلى الفعالية الإيكولوجية والفعالية الاجتماعية والاكتفاء والإنصاف الإيكولوجي كأربعة معايير تحتاج إلى الوفاء بها إذا أريد الوصول إلى التنمية المستدامة.

CASI Global، New York "المسؤولية الاجتماعية للشركات والاستدامة تؤديان معا إلى التنمية المستدامة. المسؤولية الاجتماعية للشركات كما هو الحال في المسؤولية الاجتماعية للشركات ليست ما تفعله بأرباحك ، ولكن هي الطريقة التي تجني الأرباح. هذا يعني أن المسؤولية الاجتماعية للشركات هي جزء من كل قسم من أقسام الشركة سلسلة القيمة وليس جزءًا من إدارة الموارد البشرية / الإدارة المستقلة. يجب قياس الاستدامة كما في التأثيرات على الموارد البشرية والبيئة داخل كل قسم من أقسام الشركة. " CASI Global.

5.3 الدراسات السابقة

دراسة بلمختار & هشام (2016) بعنوان دور القيادة الإدارية في تنمية الثقافة التنظيمية لدى العاملين * دراسة ميدانية بالمركب المنجمي للفوسفات جبل العنق بئر العاتر تبسة. لقد توصلت الدراسة لموضوع: " دور القيادة الإدارية في تنمية الثقافة التنظيمية لدى العاملين في المؤسسة" إلى أن الدولة شرعت في تطبيق سياسة التنمية الشاملة واحتلت الصناعة فيها مكان الصدارة مستعينة في ذلك على التركة الضعيفة، واستيراد التكنولوجيا حينها لم يكن المجتمع الجزائري في مستوى اجتماعي وتقني يمكنه من مواجهة سيرورة التصنيع. فالمتتبع لمسير ة المؤسسة الجزائرية منذ الاستقلال وانطلاق التنمية يلاحظ أنها شهدت العديد من التحولات الجذرية والتي تغلغلت إلى وحداتها البنائية ومستوياتها على اختلاف اختصاصاتها وفعاليتها في الإسهام في تحقيق الأهداف، ووفقا لذلك حاولت الدراسة من خلال دراستها معالجة اشكاليات من خلال محاولة التوفيق – النظري – الميداني، ومحاولة الكشف عن الجزئيات والحيثيات في التحولات والتغيرات داخل النسق العام للتنظيم الصناعي الجزائري، والذي شهد استقرار سواء في الأنساق الفرعية للبناء أو في الأنساق الداخلية، وما تحمله من قيم وعلاقات متساوية وغير متساوية بين مختلف الوحدات النسقية للبناء الكلي للتنظيم.

دراسة الطبلاوي (2018) بعنوان القيادة المستدامة و فعالية الأداء التنظيمي لتحقيق التنمية المستدامة. توصلت الدراسة الى انه يحتاج المجتمع لكي يحقق خطوات واسعة نحو التنمية المستدامة الى منظمات مستدامة ذو أداء تنظيمي مستدام فعال، وهذا بدوره يتطلب نمط من القيادة يختلف تماماً عن االنماط القيادية المتعارف عليها. نمط قيادي متوجه باالستدامة ولديه المقدرة على تحقيق التوازن بين االهداف الثالث للتنمية المستدامة)الأهداف الاجتماعية، والأهداف البيئية، والأهداف االقتصادية(، وي طلق على هذا النمط القيادة المستدامة والتي من أهم أبعادها: التنوع لتعزيز االبداع – تنمية العاملين – التوجه بالتقدم – التوازن بين العمل والحياة – عالقات فعالة مع جميع أصحاب المصالح و الأطراف المعنية. يجب أن يمتلك القائد المستدام مجموع من الكفاءات الخاصة التي تمكنه من تحقيق أداء تنظيمي فعال نحو التنمية المستدامة، وتتحدد أهم هذه الكفاءات فيما يلي: عقلية متوجه باالستدامة - التفكير المنهجي المنظم - بناء العالقات. حيث يستطيع القائد المستدام قيادة منظمته لتكون منظمة مستدامة. إن أهم ما يميز المنظمة المستدامة: ثقافة تنظيمية قوية موجه نحو الإستدامة – والى العاملين للمنظمة - العمل بروح الفريق - صورة ذهنية إيجابية - منظمة صديقة للبيئة - نتائج ومخرجات مستدامة.

دراسة قصير (2017) بعنوان تأثير الثقافة التنظيمية في تبني نظام الإدارة البيئية بالمؤسسة الاقتصادية دراسة حالة شركة صناعة الأنابيب البلاستيكية بعين وسارة الجلفة. هدفت هذه الدراسة إلى التعرف على تأثير الثقافة التنظيمية على تبني نظام الإدارة البيئية في الشركة المبحوثة، و ذلك من خلال تأثير كل من الأبعاد الخمسة للثقافة التنظيمية و هي القيم التنظيمية، تمكين

العاملين الاتجاهات التنظيمية، العمل الجماعي، التعلم التنظيمي و قد أجريت هذه الدراسة على الأفراد العاملين في شركة صناعة الأنابيب البلاستيكية بعين وسارة بولاية الجلفة. رغم التصور الإيجابي للجانب المادي للثقافة التنظيمية السائدة بشركة صناعة الأنابيب، إلا أن هناك أداء جيد نسبي في الثقافة التنظيمية المكتسبة للأفراد العاملين، مما يفسر مساهمة أبعاد الثقافة في تبني وتمرير نظام الإدارة البيئية و هذا ما ترجمته النتائج في العلاقة القوية بين كل من هذه المتغيرات. وقد تحددت مشكلة البحث في المدى الذي تؤثر به الثقافة التنظيمية في تبني نظام الإدارة البيئية، وفي سبيل تحقيق هدف البحث والإجابة على التساؤلات الفرعية، طبق هذا البحث على ا تمع المكون من 100 فرد، وتم الاعتماد على الإستبانة كأداة رئيسية لجمع البيانات والمعلومات، وعولجت البيانات باستعمال برنامج التحليل الإحصائي spss على الحاسوب. وأظهرت النتائج وجود تأثيرات معنوية للثقافة التنظيمية في تبني نظام الإدارة البيئية مما عزز وأكد الفرضيات.

دراسة السيايدة واخرون (2015) بعنوان القيادة التحويلية وأثرها في فاعلية سلوك العاملين في المستشفيات الأردنية الحكومية والخاصة. هدفت هذه الدراسة إلى تحديد مدى اعتماد أسلوب القيادة التحويلية في المستشفيات العامة والخاصة في الأردن ، وفعالية سلوك موظفيها. كما تهدف الدراسة إلى دراسة تأثير متغيرات القيادة التحويلية (النزف المثالي ، والدافع الملهم ، والتحفيز الفكري ، والاعتبار الفردي) على فعالية سلوك الموظفين في المستشفيات الأردنية العامة والخاصة. غطى سكان الدراسة جميع المستشفيات العامة والخاصة الأردنية ، حيث تم توزيع عينة من (249) مسحا على جميع مستويات الإدارة العليا والمتوسطة (مدير عام ، مدير إدارة أو ما يعادلها ، رئيس القسم أو ما يعادله) ، وكان عدد الاستطلاعات التي تم إرجاعها (188) والتي نظرت للتحليل الإحصائي ، تغطي (75 ٪) معدل الاستجابة. أظهرت النتائج أن تبني أسلوب القيادة التحويلية في المستشفيات العامة والخاصة في الأردن مرتفع ، كما أن فعالية سلوك موظفيها مرتفعة أيضًا. بالإضافة إلى ذلك ، وجدت الدراسة أن جميع متغيرات القيادة التحويلية أثرت على فعالية سلوك الموظفين ، وكان متغير التحفيز الفكري هو المتغير الأكثر تأثيرًا. ووجدت الدراسة أيضًا أن درجة تبني القيادة التحويلية كانت أعلى في المستشفيات الخاصة مقارنةً بالمستشفيات العامة. أيضا ، لم يكن هناك دلالة إحصائية في تبني نمط القيادة التحويلية في المستشفيات الأردنية العامة والخاصة بسبب المتغيرات الديموغرافية (الجنس والعمر والمؤهل والمستوى الإداري) ؛ في حين وجدت الدراسة أهمية إحصائية في تبني نمط القيادة التحويلية في المستشفيات الأردنية العامة والخاصة بسبب متغير التجربة.

دراسة Kabene, Baadel, and Attou (2019) بعنوان تأثير أسلوب القيادة على الابتكار المستدام. في بيئة سريعة التغير ، يعد الابتكار أمرًا ضروريًا في الحفاظ على بقاء المؤسسات العامة والخاصة على المدى الطويل. استخدمت الورقة التالية البحث الكمي بهدف فهم تأثير متغيرات مؤشر الابتكار العالمي على الابتكار في 64 دولة. تم استخدام تحليل الانحدار الفردي لإيجاد الارتباط بين مؤشر الابتكار العالمي (II) والمؤشرات الأخرى مثل مؤشر الفعالية الحكومية (GEI) ، مؤشر عدم المساواة بين

الجنسين، مؤشر التنوع الثقافي (CDI) من بين أمور أخرى لفهم كيفية المتغيرات المذكورة أعلاه تتأثر وتؤثر على الابتكار في البلدان التي شملتها الدراسة. تقدم دراستنا شرحًا موجزًا للعلاقة المعقدة بين القيادة التحويلية وتأثيراتها على الثقافة التنظيمية المبتكرة والحديثة ، حيث تتدفق الهرم الهرمي للقطاعين العام والخاص. سوف يفيد هذا البحث مجتمع الأعمال والحكومات وأصحاب المصلحة المختلفين في فهم المتغيرات وأنواع القيادة الأكثر فاعلية وارتباطًا بالابتكار.

دراسة Alex, UKVian, and Heather (2015) بعنوان أسلوب القيادة للمهنيين الاستدامة في صناعة البناء في المملكة المتحدة. القيادة هي عامل نجاح كبير في تعزيز ممارسات الاستدامة في صناعة البناء والتشييد. الاستدامة هي جزء لا يتجزأ من صناعة البناء والتأثير على جميع جوانب عمليات البناء التجارية. الغرض من هذه الورقة هو التحقق مما إذا كان هناك أي نمط قيادة معين مرتبط بالقادة داخل المنظمات داخل منظمات البناء في المملكة المتحدة المكلفة بالترويج لممارسات الاستدامة. تبحث الورقة بالتالي في أسلوب القيادة الفعال لأخصائيي الاستدامة المسؤولين عن تطوير استراتيجيات البناء المستدامة. تم جمع البيانات النوعية من خلال مقابلات شبه منظمة مع 15 من القادة ، تلتها دراسة استقصائية على مستوى الصناعة تضم 200 من القادة داخل المنظمات في منظمات المقاولين والاستشاريين في صناعة البناء في المملكة المتحدة. أظهرت النتائج أنه على الرغم من عدم وجود أفضل أسلوب قيادة لجميع المواقف ، إلا أن معظم القادة المكلفين بدور تعزيز البناء المستدام هم إستراتيجيون في أسلوبهم أو سلوكهم.

على الرغم من أن القيادة والاستدامة قد تمت تغطيتهما على نطاق واسع كقضايا منفصلة ، إلا أنه لم يتم إجراء سوى القليل من البحث الدقيق حول الصلة بين القيادة والاستدامة في أبحاث إدارة البناء. يمكن أن توجه النتائج القادة التنظيميين الذين يتحملون مسؤولية تعزيز ممارسات الاستدامة.

6.0 منهجية الدراسة

شاع مفهوم التنمية المستدامة من قبل اللجنة العالمية للبيئة والتنمية في تقرير برونتلاند كتطور يلبي احتياجات الحاضر دون المساس بقدرة الأجيال المقبلة على تلبية احتياجاتهم الخاصة (اللجنة العالمية للبيئة والتنمية ، 1987) . ومع ذلك ، فقد قدم العديد من العلماء العديد من التفسيرات لهذا المفهوم. وفقًا لماليا وكلاركسون (2009) ، فإن مفهوم التنمية المستدامة معقد ومتعدد الأوجه. إن وجهات النظر المختلفة حول هذا الموضوع متأصلة في معتقدات الناس فيما يتعلق بالتنمية المستدامة. لا عجب أن ينظر إلى التنمية المستدامة من قبل السياسيين من حيث المشاريع المجتمعية. من قبل الشركات والسلع والأرباح ؛ من قبل البيئة كوسيلة لتمكين الاستخدام الفعال للموارد الطبيعية ؛ ومن جانب الجماهير كوسيلة لتلبية احتياجاتهم وكذلك استراتيجية لتخفيف حدة الفقر.

بعد عدة قراءات ، وجد الباحث أن النهج الأكثر ملائمة لهذه الدراسة هو النهج الكمي. تم استخدام المنهج الكمي لأن هذا

النهج سريع وسهل من حيث جمع البيانات ، كما أنه يوفر بيانات أولية بالإضافة إلى بيانات دقيقة. يناسب هذا النهج هذا النوع من الأبحاث أكثر من غيره لأن البحث يعتمد على مصادر البيانات الأولية.

أداة البحث هي الأداة المستخدمة لجمع البيانات ، وبالتالي فإن أداة البحث في هذه الدراسة هي الاستبيان. بنود الاستبيان هي عدد معين من البيانات أو الأسئلة المستخدمة تحت كل من متغيرات البحث. تستخدم هذه العبارات والأسئلة كمقاييس للمعايير تعبر عن ملاحظات المشاركين بشأن عناصر الاستبيان. يتم تطبيق كل هذه العملية لتحقيق أهداف البحث.

يُعتبر مجتمع الدراسة أنهم جميع الأشخاص الخاضعين لنطاق البحث ولهم صفات أساسية يمكن رؤيتها ويمكن دراستها. مجتمع الدراسة هم التجمع الذي يحتاج المختص إلى تلخيصه أو اكتشافه. ركزت هذه الدراسة على العمال والموظفين والمدراء في شركات الصناعات الكيميائية في عمان. وفقا للمعلومات الحاصل عليها من اجهزة القطاع الخاص في سلطنة عمان يوجد ثلاث شركات رئيسية فقط التي تعمل في نشاط الصناعات الكيميائية. يتمثل مجتمع الدراسة في 1100 موظف في الشركات الكيميائية في سلطنة عمان. سيتم التعرف على تقسيم المجتمع و تحديد العينة في الفقرة التالية. وفي هذا السياق تم تحديد العينة المشاركة في الدراسة بناء على جدول (Krejcie and Morgan، 1970), و من خلال الجدول تبين ان عدد العنية المناسب للدراسة الحالية هو 285 موظفين من ثلاث شركات في القطاع الصناعي الكيميائي في سلطنة عمان وهي (شركة الخليج الدولية للكيماويات و شركة المنظفات الوطنية و شركة الكلور العماني). تم استخدام اختيار العينة العشوائية.

تم استخدام برنامج SPSS لعمل التحاليل الازمه للبيانات المجمعه. من اهم التحاليل التي ركزت عليها الدراسة الحالية هي البيانات السكانية، و القيم المتطرفه لفقرات الدراسة، و مصفوفة الارتباط، و الالتواء والتفلطح (Skewness و Kurtosis)، و نتائج كومو (KMO)، و المتوسطات الحسابيه والانحرافات المعياريه لمتغيرات ومحاور الدراسة، و إختبار تحليل المسار (فرضيات الدراسة).

7.0 النتائج والمناقشة

يستعرض هذا الجزء من الدراسة الاختبارات التي تمت على البيانات المجمعه من العينات. يحتوي هذا الجزء على اختبار العينات السكانية و موثوقية البيانات و احصاءات العلاقات بين متغيرات الدراسة.

7.1 البيانات السكانية

7.1.1 الجنس:

كان الجنس هو الاختبار الأول في تحليل البيانات السكانية. بالنسبة لهذا الاختبار، كان هناك فئتان تشاركان في هذا البحث ، وهما الذكور والإناث.

- سجلت فئة الذكور 67.8٪ من إجمالي عدد المشاركين حيث بلغت = 193.
- سجلت فئة الإناث 32.2٪ من إجمالي عدد المشاركين ، حيث بلغت = 92.

أظهرت النتائج وجود أغلبية من الذكور على الاناث في هذه الدراسة. الجدول (١) التالي يوضح النتائج التي تم العثور عليها من هذه الفئة.

الجدول (١): البيانات السكانية (الجنس)

الجنس	العدد	النسبه المئويه
ذكر	193	%67.8
انثى	92	%32.2
إجمالي	285	%100

7.1.2 العمر:

كان العمر هو الاختبار الثاني في تحليل البيانات السكانية. بالنسبة لهذا الاختبار، كانت هناك عدة فئات عمرية شاركت في هذه الدراسة ، وهي من 20 إلى 30 عامًا ، ومن 31 إلى 40 عامًا ، ومن 41 إلى 50 عامًا ، و اكبر من 50 عامًا.

- الفئة من 20 إلى 30 سنة سجلت الفئ19.4٪ من إجمالي عدد المستجيبين ، حيث = 55.
- الفئة من 31 إلى 40 سنة سجلت الفئة 40.6٪ من إجمالي عدد المستجيبين ، حيث = 115.
- الفئة من41 إلى 50 سنة سجلت الفئة 23.5٪ من إجمالي عدد المستجيبين ، حيث = 66.
- الفئة اكبر من 50 عامً سجلت الفئة 16.5٪ من إجمالي عدد المستجيبين ، حيث = 49.

من النتائج ، يتضح أن غالبية المشاركين في البحث كانوا من جيل الشباب الذي تركزت أعمارهم بين 31 و 40 عامًا. الجدول التالي (٢) يوضح النتائج التي تم العثور عليها من هذه الفئات العمرية.

الجدول (٢): البيانات السكانية (العمر)

العمر	العدد	النسبة المئوية
كم 20-30 سنه	55	%19.4
من 31 الى 40 سنة	115	%40.6
من 41 غلى 50 سنة	66	%23.5
اكثر من 50 سنة	49	%16.5
الاجمالي	285	%100

7.1.3 المؤهل العلمي:

كان المؤهل العلمي هو الاختبار الثالث في تحليل البيانات السكانية. بالنسبة لهذا الاختبار ، كانت هناك عدة مؤهلات و هي دبلوم متوسط, بكالريوس, دبلوم عالي, ماجستير, و دكتوراة.

- كان عدد المشاركين الحاصلين على دبلوم متوسط = 21 و بنسبة 7.5% من اجمالي عدد المشاركين.
- كان عدد المشاركين الحاصلين على بكالريوس = 35 و بنسبة 12.5% من اجمالي عدد المشاركين.
- كان عدد المشاركين الحاصلين على دبلوم عالي = 42 و بنسبة15% من اجمالي عدد المشاركين.
- كان عدد المشاركين الحاصلين على ماجستير = 101 و بنسبة35.6% من اجمالي عدد المشاركين.
- كان عدد المشاركين الحاصلين على دكتوراة = 86 و بنسبة 29.4% من اجمالي عدد المشاركين.

من النتائج السابقة ، يتضح أن غالبية المشاركين في الدارسة حاصلين على مؤهلات عالية تتقسم بين الماجستير و الدكتوراة. الجدول التالي (٣) يوضح النتائج التي تم العثور عليها من هذه المؤهلات العلمية.

الجدول (٣): البيانات السكانية (المؤهل العلمي)

المؤهل العلمي	العدد	النسبة المئوية
دبلوم متوسط	21	%7.5
بكلوريوس	35	%12.5
دبلوم عالي	42	%15
ماجستير	101	%35.6
دكتوراه	86	%29.4
المجموع	285	%100

7.1.4 مكان العمل (الشركة):

مكان العمل هو الاختبار الرابع في تحليل البيانات السكانية. بالنسبة لهذا التصنيف ، كان هناك ثلاث شركات للمشاركين في هذه الدراسة ، وهي شركة الخليج الدولية للكيماويات و شركة المنظفات الوطنية و شركة الكلور العماني.

- كان عدد المشاركين من شركة الخليج الدولية للكيماويات = 136 و بنسبة 47.8% من اجمالي عدد المشاركين.
- كان عدد المشاركين من شركة المنظفات الوطنية = 81 و بنسبة 28.7% من اجمالي عدد المشاركين.
- كان عدد المشاركين من شركة الكلور العماني = 68 و بنسبة 23.5% من اجمالي عدد المشاركين.

أظهرت النتائج أن غالبية المشاركين في هذه الدراسة كانوا يعملون في شركة الخليج الدولية للكيماويات. الجدول التالي (٤) يوضح النتائج التي تم العثور عليها من هذه الجامعات.

الجدول (٤): البيانات السكانية (مكان العمل [الشركة])

الشركة	العدد	النسبه المئويه
شركة الخليج الدولية للكيماويات	136	%47.8
شركة المنظفات الوطنية	81	%28.7
شركة الكلور العماني	68	%.23.5
المجموع	285	%100

7.2القيم متطرفه

في الإحصاء ، القيمة المتطرفة هي نقطة بيانات تختلف بشكل كبير عن الملاحظات الأخرى. قد يكون الانحراف بسبب التباين في القياس أو قد يشير إلى خطأ تجريبي ؛ يتم استبعاد الأخير أحيانًا من مجموعة البيانات. يمكن أن يسبب الانحراف مشاكل خطيرة في التحليلات الإحصائية.

يمكن أن تحدث القيم المتطرفة عن طريق الصدفة في أي توزيع ، ولكنها تشير غالبًا إما إلى خطأ في القياس أو أن المجتمع له توزيع ذو طرف كبير. في الحالة الأولى ، يرغب المرء في تجاهلها أو استخدام إحصائيات قوية للقيم المتطرفة ، بينما في الحالة الأخيرة تشير إلى أن التوزيع به انحراف كبير وأنه يجب توخي الحذر الشديد في استخدام الأدوات أو الحدس الذي يفترض التوزيع الطبيعي. السبب المتكرر للقيم المتطرفة هو مزيج من توزيعين ، يمكن أن يكونا مجموعتين فرعيتين منفصلتين ، أو قد تشير إلى "تجربة صحيحة" مقابل "خطأ قياس" ؛ هذا على غرار نموذج خليط.

في هذه الدراسة ، يمكن الكشف عن القيم المتطرفة أحادية المتغير((Univrate outlier اوتسمى الحالات المتطرفة في متغير واحد كلاً على حده باستخدام وظائف SPSS ، تم تحويل قيم البيانات لكل ملاحظة إلى درجات قياسية معروفة أيضًا باسم z-scores (Tabachnick & Fidell 2007؛Hair et al، 2006) من خلال نتائج التحليل تكشف أن مجموعة البيانات تحتوي على 17 حالات من القيم المتطرفة لأن الدرجات z-scores لهذه الحالات كانت أكبر من±3 ، Hair et al (2006 ؛2007 Tabachnick & Fidell) . لذلك ، تم استبعاد هذه الحالات من مجموعة البيانات (17-337) = 285 ليتم تحليلها. يوضح الجدول (٥) حالات القيم المتطرفة لكل متغير.

جدول (٥) القيم المتطرفه أحادية المتغير (Univrate outlier)

المتغيرات الرئيسية	الأبعاد	Case of outlier رقم الحالة المتطرفة	z-scores >±3.0
التنمية البيئية		79 و 245	أكبر من ±3
الأنماط القيادية	القيادة التحويلية	88 و 123	أكبر من ±3
	القيادة التبادلية	55 و 310	أكبر من ±3
	القيادة الرسمية	44و 167	أكبر من ±3

7.3 مصفوفة الارتباط

مصفوفة الارتباط هي جدول يوضح معاملات الارتباط بين المتغيرات. تُظهر كل خلية في الجدول الارتباط بين المتغيرين. تُستخدم مصفوفة الارتباط لتلخيص البيانات ، كمدخلات في تحليل أكثر تقدمًا ، وكتشخيص للتحليلات المتقدمة.

يعدّ اختبار الارتباطات بين المتغيّر التابع والمتغيّرات المستقلة شرطاً أساسياً لتبني طريقة الانحدار الخطي واستخدامه. وكما سبق ذكره، فإنّ من الضروري إيجاد العلاقات القويّة بين المتغير التابع والمتغيرات المستقلة أو المنبئات بينما تكون العلاقات بين المتغيرات المستقلة بعضها ببعض ضعيفة تفادياً لانصهار تام بين المؤشرات. فإذا وجدت العلاقات القوية بين بعض المتغيرات المستقلة لا بد من دمج هذه المتغيرات أو شطب واحد منها في التحليل.

الجدول رقم (٦) يبين مصفوفة الإرتباط (Correlation Matrix) أن معامل الارتباط بين جميع المتغيرات لاتتجاوز 0.80، وهي محصورة بين القيمة 0.715 لإرتباط المتغيرين القيادة الرسمية والتنمية البيئية كأعلى قيمة إرتباط و القيمة 0.589 بين القيادة التبادلية و القيادة الرسمية كأقل قيمة إرتباط، دلالة على عدم وجود التعدد الخطي بين المتغيرات المستقلة Multicollinearity.

الجدول (٦) مصفوفة الارتباط بين جميع المتغيرات

المتغيرات	القيادة الرسمية	القيادة التبادلية	القيادة التحويلية	التنمية البيئية
التنمية البيئية				1
القيادة التحويلية			1	.630**
القيادة التبادلية		1	.659**	.640**
القيادة الرسمية	1	.589**	.608**	.715**

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

7.4 التوزيع الطبيعي [الإلتواء والتفلطح (Skewness و Kurtosis)]

الإلتواء هو مقياس للتماثل ، أو بشكل أدق ، عدم وجود تناظر. يكون التوزيع ، أو مجموعة البيانات ، متماثلًا إذا كان يبدو متماثلًا على يسار ويمين النقطة المركزية. التفرطح هو قياس ما إذا كانت البيانات ثقيلة الذيل أو خفيفة الذيل بالنسبة للتوزيع الطبيعي.

بعد التأكد من عدم وجود التعدد الخطي في البيانات اختبر الباحث كذلك التوزيع الطبيعي لها (Normal Distribution) باحتساب معامل الالتواء (Skewness) ومعامل التفلطح (Kurtosis) لدراسة صلاحية البيانات المستخدمة في إجراء البحث

الإحصائي الاستدلالي. وكما اتفق كثير من الإحصائيين أن الالتواء والتفلطح يجب أن يكونا بين 2 سالباً أوموجبا(2±)لاتصاف البيانات بالتوريع الاعتدالي(Hair،et al.2010). ويتضح من خلال نتيجة هذه الدراسة يتبين أنّ البيانات المستخدمة تتسم بالتوزيع الطبيعي من خلال احتساب قيم معامل الالتواء (Skewness) محصورة بين 0.345 - و 1.054 ومعامل التفلطح (Kurtosis) محصورة بين - 1.363 0.163،حيث إنّ القيّم المتحصلة لا تتجاوز الحد المسموح والمقترح من قبل المختصين (2±) (Hair، et al. 2013)، كما في الجدول رقم (٧). وهذه دلالة علمية على أن البيانات المستخدمة توزع توزيعاً اعتدالياً بحيث لا تكون متحيّزةً إلى مجموعة معيّنة في مجتمع الدراسة. ويعاضد هذا الاستنتاجُ النتيجةَ الإحصائيةَ المتحصلةَ من خلال هذه البيانات حيث يمكن الاعتماد عليها وأن القرار العلمي المستنتج قراراً صائباً يمكن التعامل معه والبناء عليه.

جدول (٧): معامل الالتواء و التفلطح لمتغيرات الدراسة

المتغير	البعد	الالتواء Skewness		التفلطح Kurtosis	
التنمية البينية		-.345		-1.363	
الأنماط القيادية	القيادة التحويلية	.126	.225	-1.190	-0.823
	القيادة التبادلية	1.054		.163	
	القيادة الرسمية	.005		-1.115	

7.5 نتائج كومو (KMO)

أما من ناجية الجودة الكلية للاختبار ومدى ملائمة العينة به فقد كشفت نتيجة اختبار قيصر (كايزر ماير أولكن واختبار باتليت) الجودة العالية لهذا الاختبار. يعتبر مقياس كايزر-ماير-اولكين (واختصارا ، مقياس كمو) واختبار بارتليت معايير أساسية لاختبار ملائمة العينة للتحليل العاملي. اختبار بارتليت يجب أن يكون ذو دلالة إحصائية أقل من (.05)، وكانت متوسط نتيجة KMOلجميع المتغيرات تشير الى جودة جيدة فوصلت إلى 0.896 و نتيجة Bartlett بالنسبة الفائية = 0.000 ودرجة الحرية 136 والنتيجة كما هو واضح من النموذج (٨) التالي:

جدول رقم (٨) كمو واختبار باتليت

0.896	مقياس أخذ العينات الملائمة لكايسر ماير أولكين KMO	
3054.988		اختبار كروية لبتليت Bartlett
136	Df	
0.000	Sig.	

7.6المتوسطات الحسابيه والانحرافات المعياريه لمتغيرات ومحاور الدراسة

يوضح الجدول (١١) المتوسطات الحسابية والانحرافات المعياريه لمتغيرات الدراسه:المتغير التنمية البيئية، المتغير المستقل الأنماط القيادية (القيادة التحويلية و القيادة التبادلية و القيادة الرسمية).

فقد حصل المتغير المستقل الأنماط القيادية بأبعاده الثلاثة (القيادة التحويلية و القيادة التبادلية و القيادة الرسمية)، على متوسطات حسابيه متقاربه وجيده على التوالي 3.486 و 3.064 و 3.262 من إجمالي 5 ونسبة موافقة 70% و 61% و 65% على التوالي وكانت جميع القيم أكثر من الوسط الافتراضي 3، و المتوسط العام لمتغير الأنماط القيادية 3.270 ونسبة موافقة 65% وانحراف معياري 0.6048. في الجانب الاخر يتضح من النتائج أن هناك إجماع على موافقة أفراد عينة الدراسة على أهمية متغير الأنماط القيادية كعامل هام يؤدي الى التنمية البيئية.

وأظهرت نتائج الدراسة انا المتغير التابع التنمية البيئية حصل على متوسط حسابي جيد بقيمة 3.493 ونسبة موافقة 70% وهي نسبة جيدة دلالة على أهمية االتنمية البيئية للعاملين في قطاع الصناعات الكيميائية العمانية، وأظهرت نتائج الدراسة ان الانحرافات المعيارية لجميع متغيرات الدراسة محصورة بين 0.45225 و 0.78704 وهي قيم منخفضة تدل على تقارب القيم عن متوسطها الحسابي لجميع متغيرات الدراسة. الجدول رقم (٩) يبين المتوسطات الحسابية و الانحراف المعياري لمحاور وأبعاد الدراسة.

الجدول رقم (٩) المتوسطات الحسابية و الانحراف المعياري للمتغيرات

المتغير	البعد	المتوسط الحسابي		الانحراف المعياري	
التنمية البيئية			3.493	.78704	
الأنماط القيادية	القيادة التحويلية	3.270	3.486	.57424	.6048
	القيادة التبادلية		3.064	.45225	
	القيادة الرسمية		3.262	.78095	

7.7 إختبار تحليل المسار (فرضيات الدراسة)

تفترض الدراسة الحالية انه توجد علاقات مباشرة ذات دلالة إحصائية بين بعض أبعاد الأنماط القيادية و التنمية البيئية لدي للعاملين في قطاع الصناعات الكيميائية في سلطنة عمان, و يتضح من خلال الدراسة الحالية التالي:

يظهر الجدول رقم (١٠) نتائج تحليل المسار المستخرج من مخرجات SPSS لتحليل العاملي البنائي الذي يبين اثر نتائج إختبار الفرضيات بوجود أثر مباشر ذي دلاله إحصائية بين (القيادة التحويلية و القيادة التبادلية) و التنمية البيئية لدى العاملين في قطاع الصناعات الكيميائية ، وكانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.667 و قيمة t الاحصائية 6.861 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التحويلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. كما كانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.840 و قيمة t الاحصائية 9.656 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التبادلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. و أخيرا و جد انه لا يوجد علاقة بين القيادة الرسمية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان.

وهو مايشير إلى أن الأنماط القيادية (القيادة التحويلية و القيادة التبادلية) تؤثر مباشراً على التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان، أي أنه كلما كلما زادت القيادة التحويلية والتبادلية, زادت التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان.

جدول رقم (١٠) نتائج الفرضية الرئيسية المباشرة للدراسة

الفرضية	المتغيرات		التقديرات المعيارية Estimated	خطا التقدير	القيمة الحرجة T	مستوى الدلالة P-value	النتيجه
H1	القيادة التحويلية	التنمية البيئية	0.667	0.103	6.861	0.000	مقبولة ومؤثرة
H2	القيادة التبادلية	التنمية البيئية	0.840	0.123	9.656	0.000	مقبولة ومؤثرة
H3	القيادة الرسمية	التنمية البيئية	1.267	0.193	1.861	0.5030	غير مقبولة

7.8 المناقشة

تمت الدراسة الحالية بناء على هدف معرفة مدى تأثير الانماط القيادية على التنمية البيئية في قطاع الصناعات الكيميائية بسلطنة عمان, و بناء على هذا الهدف تم جمع البيانات و تحليلها. استخدمت الدراسة الحالية اختبار البيانات السكانية لغرض التأكد من انه تم اختيار العينة بناء على اسلوب اختيار العينه العشوائية. ايضا تم استخدام اختبار القيم المتطرفه لفقرات الدراسة, مصفوفة الارتباط, الالتواء والتفلطح (Skewness و Kurtosis), نتائج كومو (KMO) للتأكد من مصداقية و موثوقية البيانات المجمعه.

كما تم استخدام اختبار المتوسطات الحسابيه والانحرافات المعياريه لمتغيرات ومحاور الدراسة. كشفت المتوسطات الحسابيه والانحرافات المعياريه عن انه حصل المتغير المستقل الأنماط القيادية بأبعاده الثلاثة (القيادة التحويلية و القيادة التبادلية و القيادة الرسمية)، على متوسطات حسابيه متقاربه وجيده على التوالي 3.486 و 3.064 و 3.262 من إجمالي 5 ونسبة موافقة 70% و 61% و 65% على التوالي وكانت جميع القيم أكثر من الوسط الافتراضي 3، و المتوسط العام لمتغير الأنماط القيادية 3.270 ونسبة موافقة 65% وانحراف معياري 0.6048. في الجانب الاخر يتضح من النتائج أن هناك إجماع على موافقة أفراد عينة الدراسة على أهمية متغير الأنماط القيادية كعامل هام يؤدي الى التنمية البيئية. وأظهرت نتائج الدراسة انا المتغير التابع التنمية البيئية حصل على متوسط حسابي جيد بقيمة 3.493 ونسبة موافقة 70% وهي نسبة جيدة دلالة على أهمية االتنمية البيئية للعاملين في قطاع الصناعات الكيميائية العمانية، وأظهرت نتائج الدراسة ان الانحرافات المعيارية لجميع متغيرات الدراسة محصورة بين 0.45225 و 0.78704 وهي قيم منخفضة تدل على تقارب القيم عن متوسطها الحسابي لجميع متغيرات الدراسة.

أخيرا تم استخدام إختبار تحليل المسار للكشف عن نتيجة فرضية الدراسة. كشف هذا الاختبار انه توجد علاقة مباشرة ذات دلالة إحصائية بين القيم الإسلامية و الإلتزام الوظيفي لدي للعاملين في الجامعات الليبية, و يتضح من خلال الدراسة نتائج تحليل المسار المستخرج من مخرجات SPSS لتحليل العاملي البنائي الذي يبين اثر نتائج إختبار الفرضيات بوجود أثر مباشر ذي دلاله إحصائية بين (القيادة التحويلية و القيادة التبادلية) و التنمية البيئية لدى العاملين في قطاع الصناعات الكيميائية ،

وكانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.667 و قيمة t الاحصائية 6.861 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التحويلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. كما كانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.840 و قيمة t الاحصائية 9.656 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التبادلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. و أخيرا و جد انه لا يوجد علاقة بين القيادة الرسمية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. وهو مايشير إلى أن الأنماط القيادية (القيادة التحويلية و القيادة التبادلية) تؤثر مباشراً على التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان، أي أنه كلما زادت القيادة التحويلية والتبادلية, زادت التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان.

هذه النتائج مشابهه للنتائج الموجوده في الدراسات السابقة حيث انه اظهرت دراسة (السيايدة et al., 2015) بعنوان القيادة التحويلية وأثرها في فاعلية سلوك العاملين في المستشفيات الأردنية الحكومية والخاصة. هدفت هذه الدراسة إلى تحديد مدى اعتماد أسلوب القيادة التحويلية في المستشفيات العامة والخاصة في الأردن ، وفعالية سلوك موظفيها. كما تهدف الدراسة إلى دراسة تأثير متغيرات القيادة التحويلية (النزف المثالي ، والدافع الملهم ، والتحفيز الفكري ، والاعتبار الفردي) على فعالية سلوك الموظفين في المستشفيات الأردنية العامة والخاصة. غطى سكان الدراسة جميع المستشفيات العامة والخاصة الأردنية ، حيث تم توزيع عينة من (249) مسحا على جميع مستويات الإدارة العليا والمتوسطة (مدير عام ، مدير إدارة أو ما يعادلها ، رئيس القسم أو ما يعادله) ، وكان عدد الاستطلاعات التي تم إرجاعها (188) والتي نظرت للتحليل الإحصائي ، تغطي (75 ٪) معدل الاستجابة. أظهرت النتائج أن تبني أسلوب القيادة التحويلية في المستشفيات العامة والخاصة في الأردن مرتفع ، كما أن فعالية سلوك موظفيها مرتفعة أيضًا. بالإضافة إلى ذلك ، وجدت الدراسة أن جميع متغيرات القيادة التحويلية أثرت على فعالية سلوك الموظفين ، وكان متغير التحفيز الفكري هو المتغير الأكثر تأثيرًا. ووجدت الدراسة أيضًا أن درجة تبني القيادة التحويلية كانت أعلى في المستشفيات الخاصة مقارنةً بالمستشفيات العامة. أيضا ، لم يكن هناك دلالة إحصائية في تبني نمط القيادة التحويلية في المستشفيات الأردنية العامة والخاصة بسبب المتغيرات الديموغرافية (الجنس والعمر والمؤهل والمستوى الإداري) ؛ في حين وجدت الدراسة أهمية إحصائية في تبني نمط القيادة التحويلية في المستشفيات الأردنية العامة والخاصة بسبب متغير التجربة.

أيضا كشفت دراسة (Slimane, 2012) بعنوان الدور والعلاقة بين القيادة والتنمية المستدامة لإطلاق البعد الاجتماعي والإنساني والثقافي. إذا كانت التنمية المستدامة تعني تأمين الأجيال القادمة على التقدم والتطور. العلاقة بين القيادة والتنمية المستدامة مهمة للغاية ، لأنه لا توجد تنمية بدون قيادة خاصة في البعد الاجتماعي والإنساني والثقافي. يهدف هذا الاقتراح أو

الورقة إلى توضيح دور القيادة في التنمية المستدامة. ولكن كيف يمكن للقيادات أن تلعب هذا الدور في المجتمع الحديث.
و في نفس المجال تناولت دراسة Stefane; Said; and Rafik (2019) بعنوان تأثير أسلوب القيادة على الابتكار المستدام. في بيئة سريعة التغير ، يعد الابتكار أمرًا ضروريًا في الحفاظ على بقاء المؤسسات العامة والخاصة على المدى الطويل. استخدمت الورقة التالية البحث الكمي بهدف فهم تأثير متغيرات مؤشر الابتكار العالمي على الابتكار في 64 دولة. تم استخدام تحليل الانحدار الفردي لإيجاد الارتباط بين مؤشر الابتكار العالمي (II) والمؤشرات الأخرى مثل مؤشر الفعالية الحكومية (GEI) ، مؤشر عدم المساواة بين الجنسين (Bulgakow, Tokmakov, Otto, & Langosch) ، مؤشر التنوع الثقافي (CDI) من بين أمور أخرى لفهم كيفية المتغيرات المذكورة أعلاه تتأثر وتؤثر على الابتكار في البلدان التي شملتها الدراسة. تقدم دراستنا شرحًا موجزًا للعلاقة المعقدة بين القيادة التحويلية وتأثيراتها على الثقافة التنظيمية المبتكرة والحديثة ، حيث تتدفق الهرم الهرمي للقطاعين العام والخاص. سوف يفيد هذا البحث مجتمع الأعمال والحكومات وأصحاب المصلحة المختلفين في فهم المتغيرات وأنواع القيادة الأكثر فاعلية وارتباطًا بالابتكار.
كما وضحت دراسة Alex, UKVian, and Heather (2015) بعنوان أسلوب القيادة للمهنيين الاستدامة في صناعة البناء في المملكة المتحدة. القيادة هي عامل نجاح كبير في تعزيز ممارسات الاستدامة في صناعة البناء والتشييد. الاستدامة هي جزء لا يتجزأ من صناعة البناء والتأثير على جميع جوانب عمليات البناء التجارية. الغرض من هذه الورقة هو التحقق مما إذا كان هناك أي نمط قيادة معين مرتبط بالقادة داخل المنظمات داخل منظمات البناء في المملكة المتحدة المكلفة بالترويج لممارسات الاستدامة. تبحث الورقة بالتالي في أسلوب القيادة الفعال لأخصائيي الاستدامة المسؤولين عن تطوير استراتيجيات البناء المستدامة. تم جمع البيانات النوعية من خلال مقابلات شبه منظمة مع 15 من القادة ، تلتها دراسة استقصائية على مستوى الصناعة تضم 200 من القادة داخل المنظمات في منظمات المقاولين والاستشاريين في صناعة البناء في المملكة المتحدة. أظهرت النتائج أنه على الرغم من عدم وجود أفضل أسلوب قيادة لجميع المواقف ، إلا أن معظم القادة المكلفين بدور تعزيز البناء المستدام هم إستراتيجيون في أسلوبهم أو سلوكهم.
على الرغم من أن القيادة والاستدامة قد تمت تغطيتهما على نطاق واسع كقضايا منفصلة ، إلا أنه لم يتم إجراء سوى القليل من البحث الدقيق حول الصلة بين القيادة والاستدامة في أبحاث إدارة البناء. يمكن أن توجه النتائج القادة التنظيميين الذين يتحملون مسؤولية تعزيز ممارسات الاستدامة.

8.0 الخلاصة

هدفت الدراسة الحالية الى قياس اثر الانماط القيادية (القيادة التحويلية و القيادة التبادلية و القيادة الرسمية) على التنمية البيئية في قطاع الشركات الكيميائية بسلطنة عمان. ولتحقيق هذه الاهداف تم عمل اطار مفاهيمي بناء على مراجعة الادبيات التي ذكرت في هذه الدراسة مسبقا. تم استخدام تقنية اختبار الفرضيات و هي التقنية التي تم استخدامها في هذا البحث لتحقيق

هذه الاهداف، وهذا يعني أن الباحث قام بإنشاء فرضيات تستند إلى أدبيات الأنماط القيادة و التنمية البيئية وتم اختبارها في مجتمع هذه الدراسة.

تم استخدام نهج أسلوب كمي (منهج المسح) لهذه الدراسة. ويستند هذا البحث على مستوى نوع البحوث التحليلية. تم استخدام نهج أخذ العينات العشوائية الطبقية المتناسبة، و هو احد تصاميم احتمالات أخذ العينات، وهي عبارة عن أن كل عنصر واحد في عدد السكان لدية فرصة معروفة و متساوية من اختيارة كموضوع. كما تم استخدام أداة الاستبيان لجمع البيانات لهذه الدراسة.

تم استخدام العديد من الاختبارات و التحاليل عبر برنامج SPSS للتأكد من صحة و موثوقية البيانات المجمعه. كما تم استخدام المتوسطات الحسابيه والانحرافات المعياريه لمتغيرات ومحاور الدراسة. كشفت المتوسطات الحسابيه والانحرافات المعياريه عن انه حصل المتغير المستقل الأنماط القيادية بأبعاده الثلاثة (القيادة التحويلية و القيادة التبادلية و القيادة الرسمية)، على متوسطات حسابيه متقاربه وجيده على التوالي 3.486 و 3.064 و 3.262 من إجمالي 5 ونسبة موافقة 70% و 61% و 65% على التوالي وكانت جميع القيم أكثر من الوسط الافتراضي 3، و المتوسط العام لمتغير الأنماط القيادية 3.270 ونسبة موافقة 65% وانحراف معياري 0.6048. في الجانب الاخر يتضح من النتائج أن هناك إجماع على موافقة أفراد عينة الدراسة على أهمية متغير الأنماط القيادية كعامل هام يؤدي الى التنمية البيئية. وأظهرت نتائج الدراسة انا المتغير التابع التنمية البيئية حصل على متوسط حسابي جيد بقيمة 3.493 ونسبة موافقة 70% وهي نسبة جيدة دلالة على أهمية االتنمية البيئية للعاملين في قطاع الصناعات الكيميائية العمانية، وأظهرت نتائج الدراسة ان الانحرافات المعيارية لجميع متغيرات الدراسة محصورة بين 0.45225 و 0.78704 وهي قيم منخفضة تدل على تقارب القيم عن متوسطها الحسابي لجميع متغيرات الدراسة.

أخيرا تم استخدام إختبار تحليل المسار للكشف عن نتيجة فرضية الدراسة. كشف هذا الاختبار انه توجد علاقة مباشرة ذات دلالة إحصائية بين القيم الإسلامية و الإلتزام الوظيفي لدي للعاملين في الجامعات الليبية, و يتضح من خلال الدراسة نتائج تحليل المسار المستخرج من مخرجات SPSS لتحليل العاملي البنائي الذي يبين اثر نتائج إختبار الفرضيات بوجود أثر مباشر ذي دلاله إحصائية بين (القيادة التحويلية و القيادة التبادلية) و التنمية البيئية لدى العاملين في قطاع الصناعات الكيميائية ، وكانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.667 و قيمة t الاحصائية 6.861 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التحويلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. كما كانت جميع القيم تدل على مطابقه جيده مع المعايير المحدده ، Hair et. al. 2010)) وكانت قيمة الاثر path coefficient مساوياً 0.840 و قيمة t الاحصائية 9.656 أكبر من الجدولية 1.96 ومستوى الدلالة المعنوية <0.001 للعلاقة، إذ بلغ مستوى الدلالة 0.000 بين القيادة التبادلية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. و

أخيرا و جد انه لا يوجد علاقة بين القيادة الرسمية و التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان. وهو مايشير إلى أن الأنماط القيادية (القيادة التحويلية و القيادة التبادلية) تؤثر مباشراً على التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان، أي أنه كلما كلما زادت القيادة التحويلية والتبادلية, زادت التنمية البيئية في قطاع الصناعات الكيميائية في سلطنة عمان.

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أثر أخلاقيات التسويق على ولاء الزبون في شركات الاتصالات الخلوية الفلسطينية: إطار مفاهيمي

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ملخص

تهدف هذه الدراسة إلى تسليط الضوء على مفاهيم أخلاقيات التسويق، وكذلك علاقة تلك الأخلاقيات بولاء الزبون وواقعها في شركتي جوال وأوريدو فلسطين الخلويتين، من خلال مراجعة أدبيات الدراسات السابقة ذات العلاقة بموضوع الدراسة، وعليه فإن مجتمع الدراسة يشمل أكبر ثلاث جامعات في قطاع غزة، وعينة الدراسة هم طلاب الجامعة الاسلامية وجامعة الأزهر وجامعة الأقصى، في الفترة الزمينة 2017-2020، وعليه فإنه من المتوقع أن تشكل هذه الدراسة مرجع حقيقي للشركتين محل الدراسة لتطوير عملهما التسويقي، ومعرفة مدى رضا الجمهور عن أدائهما التسويقي وعن الخدمات المقدمة من قبل هاتين الشركتين، من أجل تطوير خططهما التسويقية ووضع معايير أخلاقية متوافقة والمجتمع الفلسطيني، وتطبيق هذه المعايير على أرض الواقع، مما يعود بالنفع على الشركتين وعلى الخدمات المقدمة للجمهور الفلسطيني، من خلال التركيز على البيئة الفلسطينية التي تتميز بعدم الاستقرار السياسي والاقتصادي، بسبب الاحتلال الاسرائيلي لفلسطين منذ 1948م، والانقسام الفلسطيني بين شطري الوطن.

الكلمات المفتاحية: أخلاقيات التسويق، ولاء الزبون، شركة جوال، شركة أوريدو فلسطين.

مقدمة الدراسة:

تعتبر إدارة التسويق عملية ديناميكية من التحليل والتخطيط والتنفيذ لما تقدمه المنظمة من تلبية احتياجات ورغبات الزبائن، ويرتكز نجاح الإدارة التسويقية على مصداقية الأفراد ذوي العلاقة بالتحليل والتنفيذ وعلى خطة العمل، فإن اعتمدت إدارة التسويق في أي منظمة على طرق من الخداع والتضليل في تسويق منتجاتها، وابتعد موظفوا هذه الإدارة عن أخلاقيات التسويق، وكان الهم الأوحد لهم هو جني الأرباح دون الاهتمام برضا الزبون وسد احتياجاته، لن تحافظ المنظمة على زبائنها، ولن يكون هناك نمو أو ديمومة لمبيعات هذه المنظمة وولاء الزبون لها (كافي، 2009)

ورغم ذلك ظهر جلياً في مجتمعاتنا العربية والاسلامية بعض الشركات والمؤسسات التي تستخدم الدعاية المضللة أو ما يعرف بالخداع التسويقي، بعيداً عن أخلاقيات المجتمعات الاسلامية وعاداتهم، من أجل جني مزيد من الأرباح بالغش والخداع، وتكون الخدمات المقدمة من قبل هذه الشركات ظاهرها يختلف عن حقيقتها دون أي مسؤولية اجتماعية أو دينية تجاه الفرد أو المجتمع، فالاسلام حث على الايفاء بالعهد وعدم الغش فالله جل وعلا قال في كتابه العزيز: "وأوفوا بالعهد إن العهد كان مسؤولاً" (الاسراء:34).

فلسطين هي جزء لا يتجزأ من الوطن العربي والعالم، تتأثر بكل ما هو جديد من الأساليب والأدوات التسويقية والترويجية المستحدثة في مختلف أنواع القطاعات الصناعية والخدمية، وهي تحدو حدو كل الشركات المحيطة في الوطن العربي والاسلامي، وتواكب كل ما هو جديد من الأساليب الدعائية والتسويقية، وقد يكون أن بعض الشركات العاملة فيها أيضاً لا تلتزم بشكل كبير بالأخلاقيات التسويقية، وقطاع الاتصالات الفلسطيني من أهم القطاعات العاملة في فلسطين، ومن أهم الشركات العاملة في هذا القطاع شركة الاتصالات الفلسطينية (بالتل)، والتي تأسست سنة 1995 وهي مزود خطوط الانترنت والهاتف الثابت، وكذلك هناك العديد من شركات خدمات الانترنت، بالإضافة إلى الشركات المختصة في تقديم الاتصالات الخلوية، وأهم هذه الشركات العاملة في هذا المجال شركة الاتصالات الفلسطينية الخلوية (جوال)، وهي تعتبر أول شركة اتصالات فلسطينية متخصصة في الاتصالات اللاسكية والتي تأسست سنة 1999، وكذلك لاحقاً سنة 2007 تأسست شركة اتصالات لاسلكية ثانية وهي شركة أوريدو فلسطين، وهي تعتبر منافس حقيقي لشركة جوال، وحاجة المواطن الفلسطيني وخصوصاً في قطاع غزة لخدمات هاتين الشركتين ملحة للغاية لعدم وجود بدائل أخرى، لذلك يتوجب على هاتين الشركتين الالتزام بأخلاقيات التسويق وألا تستغل حاجة المواطن الفلسطيني للخدمات المقدمة من قبلها عبر اعلانات تسويقية براقة، ولكنها خالية من المضمون والجودة، مما سيعود بالضرر أولاً على خدمات هذه الشركات وعلى ديمومة مبيعاتها وولاء الزبائن لها، وكذلك سيعود بالضرر على الفرد والمجتمع في قطاع غزة.

و منذ أن دخلت شركة أوريدو فلسطين لسوق العمل الخلوي في قطاع غزة خلقت أجواء من المنافسة التسويقية بين الشركتين، من جهة **شعرت شركة جوال أنها دخلت مرحلة جديدة، حيث أصبحت تعمل في بيئة فيها منافس حقيقي لم تتعود عليه منذ ثمانية عشرة عاماً في قطاع غزة**، وكذلك انطلاق أعمال شركة جديدة كشركة أوريدو فلسطين في قطاع غزة **أدى بالشركتين من اطلاق حملات تسويقية كبيرة**، رغبة من شركة جوال المحافظة على زبائنها وكسب ولائهم، وكذلك زيادة

مبيعاتها في خضم أجواء جديدة من المنافسة الحقيقية، وعلى الطرف الآخر شركة أوريدو فلسطين والتي تعتبر سوق ناشئ في قطاع غزة، يحتاج لدخول السوق بقوة والحصول على رضا الجمهور من خلال أعمال تسويقية تجذبه إليها، وخدمة حقيقية ذات جودة عالية في ظل منافس قوي، والذي كان محتكراً لهذا المجال في قطاع غزة لفترة طويلة من الزمن.

وقد أكدت العديد من الدراسات أن هناك علاقة متينة بين أخلاقيات التسويق وولاء الزبون من جهة، وكذلك جودة الخدمة وولاء الزبون من جهة أخرى، وأن الكثير من منظمات الأعمال لا تلتزم بأخلاقيات التسويق، فقد اظهرت دراسة (الدويك، 2006) من خلال مؤشر الولاء بأن ثلث المشتركين في شركة جوال يفكرون في الانتقال من الشركة، وأنه في حالة وجود شركة فلسطينية بديلة ربما ستتضاعف هذه النسبة، وكذلك أظهرت أن العلاقة بين المواطنين والشركة جاءت بنسبة متوسطة، وان هناك نسبة غيرراضية عن مدى اهتمام الشركة بالمواطنين.

وبعد مراجعة العديد من الدراسات حول أخلاقيات التسويق وولاء الزبون، وجد ندرة في الأبحاث التي تم إجراءها على البيئة العربية ومنها الفلسطينية، فقد ظهر أن منظمات الأعمال العربية لم تعطي هذا المجال الاهتمام الكافي، حيث تبين أن الكثير من الدراسات العربية في هذا الموضوع جاءت متأثرة بما قدمه الباحثين الغربيين من أفكار، وقد لا تناسب هذه الأفكار واقعنا العربي والاسلامي (الهنداوي، واخرون، 2010)، لذلك تهدف هذه الدراسة الى تسليط الضوء على مفاهيم أخلاقيات التسويق من خلال مراجعة الدراسات السابقة وكذلك علاقة تلك الأخلاقيات بولاء الزبون وواقعها في شركتي جوال وأوريدو فلسطين، وعليه فإنه من المتوقع أن تشكل هذه الدراسة مرجع حقيقي للشركتين محل الدراسة لتطوير عملهما التسويقي، ومعرفة مدى رضا الجمهور عن أدائهما التسويقي وعن الخدمات المقدمة من قبل هاتين الشركتين، من أجل تطوير خططهما التسويقية ووضع معايير أخلاقية متوافقة والمجتمع الفلسطيني، وتطبيق هذه المعايير على أرض الوقع، مما يعود بالنفع على الشركتين وعلى الخدمات المقدمة للجمهور الفلسطيني، من خلال التركيز على البيئة الفلسطينية التي تتميز بعدم الاستقرار السياسي والاقتصادي على مدار مدة طويلة من الزمن وحتى الآن بسبب الاحتلال الاسرائيلي لفلسطين منذ 1948م. وعليه فان هذه الدراسة سوف يتم تقسم هيكلها كما يلي:

القسم الثاني يتناول واقع الأتصالات الخلوية في فلسطين، أما القسم الثالث فسيتم تسليط الضوء على الدراسات السابقة المرتبطة بموضوع الدراسة، و سيتم عرض منهجية الدراسة في القسم الرابع، فيما سيتضمن القسم الخامس خاتمة الدراسة.

2. قطاع الاتصالات الفلسطيني:

كان قطاع الاتصالات في فلسطين في بداياته ملكاً للسلطة الوطنية الفلسطينية، لكن بعد ذلك و بموجب قرار السلطة الذي أصدر بتاريخ 15تشرين ثاني 1996م، أصبح هذا القطاع من صلاحيات شركة الاتصالات الفلسطينية، حيث أنشئت هذه الشركة بموجب اتفاقية بهذا الخصوص وقعت مع السلطة الوطنية الفلسطينية الممثلة بوزارة البريد والاتصالات، هذه الاتفاقية أعطت الشركة صلاحية إنشاء وتركيب وتشغيل كل من الهاتف الثابت والخلوي، وكل ما يتعلق بهما من تجهيزات فنية....، ويسري مفعول هذه الرخصة لمدة عشرين عاماً من تاريخ التوقيع قابلة للتجديد، وبذلك أصبحت شركة الاتصالات الفلسطينية

المساهمة العامة المحدودة (PALTEL) الشركة الفلسطينية الوحيدة المشغلة للاتصالات الثابتة والخلوية في فلسطين وبرأسمال ابتدائي 45 مليون دينار أردني. (بالتل، التقرير السنوي: 1999)

2.1 شركة الاتصالات الخلوية الفلسطينية (جوال):

تعتبر شركة الاتصالات الخلوية الفلسطينية (جوال) أول شركة اتصالات فلسطينية متخصصة في الاتصالات اللاسكية، والتي تأسست سنة 1999، وقد سجلت كشركة خاصة تحت اسم شركة الاتصالات الخلوية الفلسطينية (في أيلول سنة 2000)، وعليه فقد تم الإعلان عن استقلاليتها العملية والوظيفية والمالية عن شركة الاتصالات الفلسطينية Paltel في كانون الثاني 2000، و قد بدأت شركة الاتصالات الخلوية الفلسطينية (جوال) برأس مال مصرح ومكتتب به بقيمة خمسة وعشرون مليون دينار أردني.

حيث كانت تساهم فيها كل من شركة الاتصالات الفلسطينية وشركة الخدمات التجارية التي تمثل السلطة الفلسطينية، بملكية 65% و35% على التوالي، ومن ثم قامت شركة الاتصالات الفلسطينية بشراء كامل مساهمة شركة الخدمات التجارية في شركة جوال، لتصبح الشركة مملوكة بالكامل لشركة الاتصالات الفلسطينية. (عبد العال، 2007)

2.2 شركة أوريدو فلسطين:

قامت الشركة بتاريخ 14 آذار 2007 بتوقيع اتفاقية مع وزارة الاتصالات وتكنولوجيا المعلومات، منحت من خلالها الشركة رخصة لتشغيل ً خدمات الجيل الثاني والثالث في الضفة الغربية وقطاع غزة، مدة الرخصة عشرين سنة تبدأ من 10 أيلول 2009 ، والذي يمثل فعليا حصول الشركة على ترددات خدمة الجيل الثاني في الضفة الغربية.

وقد أطلقت شركة أوريدو الفلسطينية خدماتها التجارية في شهر تشرين الثاني من عام 2009، وكان ذلك فقط في الضفة الغربية نظراً لمنع الاحتلال لها من العمل في قطاع غزة، ولكن شهد العام 2007 انطلاق لعمل هذه الشركة في قطاع غزة، ليشهد قطاع الاتصالات الفلسطينية الخلوية أجواء من المنافسة الحقيقية بعدما كان هذا القطاع في قطاع غزة حكراً على شركة (جوال) فقط (أوريدو فلسطين، اكتتاب ثانوي عام: 2018).

3. الاطار المفاهيمي و الدراسات السابقة:

3.1 تمهيد:

يتضمن هذا القسم الاطارالنظري والدراسات السابقة المتعلقة بأخلاقيات التسويق، و ولاء الزبون، وتم تقسيم الاطار النظري إلى ثلاث أقسام رئيسية: القسم الاول يقدم مفهوم أخلاقيات التسويق وأبعاده، والقسم الثاني يتحدث عن ولاء الزبون من حيث المفهوم والأهمية، بينما يحتوي القسم الثالث الدراسات السابقة.

3.2 مفهوم أخلاقيات التسويق وأبعادها:

اولاً: مفهوم أخلاقيات التسويق:

تعتبر الأخلاقيات موضوع حيوي يحتل أهمية كبيرة و ذلك بسبب زيادة حاجة المؤسسات إليها و ضرورتها في عالمنا اليوم، بعد أن أصبحت المعايير المادية والحرص على الربح بشتى الوسائل هي التي تحكم العلاقات بين المتعاملين أكثر من الدين والقيم والأعراف و التقاليد.

تعددت مفاهيم الأخلاق ولكنها في معظمها تتفق من حيث المضمون والجوهر، لكن ربما الاختلاف فقط من حيث الأسلوب والشكل، وهنا نستعرض بعض من هذه التعريفات:

عرفها نجم عبود بأنها: "عبارة عن مفهوم المجتمع لما هو صواب أو خطأ في السلوك"

(المرهضي، 2009).

وعرفها الطراونة وأبو جليل بأنها: "مجموعة من القواعد والمبادئ والأحكام السلوكية والأدبية والقيم والمعايير والمقاييس الأخلاقية التي تحكم تصرفات الفرد أو الجماعة أثناء تأدية الأعمال في بيئة العمل، وتشمل هذه الخصائص الاستقلالية والموضوعية والأمانة والاستقامة والنزاهة والشفافية، والإعتمادية والمسؤولية وجوانب أخرى في السلوك القويم مقابل السلوك الخاطئ" (الطراونة وآخرون، 2013) .

ثانياً: أبعاد أخلاقيات التسويق:

هناك العديد من الأبعاد والعناصر الأساسية لأخلاقيات التسويق التي لا بد من توفرها في العاملين والموظفين في أي منظمة أعمال نذكر منها:

الصدق: الصدق بشكل عام سواء بين أفراد المنظمة أو بين أفراد المنظمة والمجتمع، وما بين أفراد المنظمة والشركات المنافسة. (يوسف، 2015)

الثقة والأمانة: سواء على المستوى الفردي أو على مستوى فرق العمل، والبعد عن الغش والتدليس في مجال التسويق والمبيعات، ولها حرصت معظم تشريعات الخدمة المدنية ضمن شروط تعيين الموظف ألا يكون حكم عليه بأي حكم مخل بالأمانة والشرف. (العمر، 1999)

3.3 مفهوم ولاء الزبون وأهميته:

اولاً: مقهوم ولاء الزبون:

تعددت مفاهيم ولاء الزبون، وتداول الباحثون العديد من هذه المفاهيم، فالولاء هو عبارة عن مزيج من المعاني العاطفية والنفسية كالإيمان بأمر معين أو الميل نحوه، ولكن السلوك الفعلي للزبون وليست العواطف وحدها هو من يحقق الربحية المرجوة.

وقد عرفه البعض بأنه عن قيام المنظمات أو الشركات باستخدام حواجز أو موانع طبيعية تمنع تحول الزبون إلى منافس آخر (توفيق، 2007).

وقد وضح (Day,1969) مفهوم ولاء الزبون بأنه الاستجابة السلوكية المنحازة كلياً لشركة أو منتج ما بشكل مستمر ودائم بالرغم من وجود بديل أو أكثر يحمل نفس المزايا وربما أفضل(Chen, et, al., 2009).

كما عرفه أيضاً (Fournier& yao, 1997) بأنه الالتزام بإعادة الشراء أو إعادة اقتناء المنتج بشكل مستمر في المستقبل بالرغم من تأثير الجهود التسويقية للمنظمات المنافسة.

ثانياً: أهمية ولاء الزبون:

تتلخص أهمية ولاء الزبون لأي منظمة أو مؤسسة من خلال النقاط التالية:

1- **80% من عملك يأتي من 20% من الزبائن**: قاعدة 80\20 تظهر أن معظم الشركات وجدت أن 80% من منتجاتها يشتريها 20% فقط من زبائنها، وهذا يوجب على هذه الشركات المحافظة عليهم لكسب ولائهم لاستمرار زيادة المبيعات ونمة الأرباح. (Furlong, 1993)

2- **الكلمة المنطوقة**: هي أرخص شكل من اشكل التسويق، بحيث الزبون الراضي عن تعامل الشركة وعن منتجاتها بالتأكيد سيصبح مدير تسويق مجاني للشركة، عبر الحديث عن جودة هذا المنتج وحسن معاملة الشركة لكل من أصدقائه وأقربائه، وبالتالي كسب زبائن جدد للشركة، و من فوائد الكلمة المنطوقة الإيجابية، خاصة التي تصدر من العملاء ذوي الرضا العالي، أنهم يعتبرون بمثابة إعلان متحرك للشركة (سويدان، 2011).

3- **التكلفة**: أظهرت الدراسات الإحصائية التي نشرتها مجلة الاتصالات و العالم الرقمي بتاريخ ، 2006/1/22 أن "معدل فقدان الزبائن لدى الشركات قد يبلغ 20% من عدد العملاء الكلي سنوياً، وأن كلفة عملية المحافظة على العميل قد تبلغ ست أضعاف كلفة اكتساب عميل جديد، وأن 68% من العملاء يغيرون الشركات والمؤسسات التي يتعاملون معها بسبب الخدمات، والملاحظ أن 4% فقط من هؤلاء العملاء الذين توقفوا عن التعامل سبق لهم أن اشتكوا من سوء الخدمات، بينما 90% تركوا الشركات دون سابق إشعار، وأن 82%من العملاء الذين تم حل مشكلاتهم عاودوا التعامل مع الشركات نفسها".(كامل، 2006)

4. دراسات حول أخلاقيات التسويق وتأثيرها على ولاء الزبون:

أظهرت دراسة بن جروة وبن حوحو بوجود علاقة ذات دلالة إحصائية بين الالتزام بأخلاقيات التسويق والسلوك الشرائي لزبائن المحلات التجارية لعينة الدراسة، بمعنى أن لأخلاقيات التسويق ارتباط بولاء الزبون (بن جروة، بن حوحو، 2017). وكذلك أوضحت دراسة بودرجة وصليحة بأن الشركات الصناعية الغذائية لعينة الدراسة تلتزم بأخلاقيات التسويق، ولهذا الأمر أثر معنوي على صورتها الذهنية المدركة لدى الزبون (بودرجة، صليحة، 2017). فيما بينت دراسة كحلي بأن ممارسة المؤسسات للمسؤولية الاجتماعية والأخلاقية يحسن من صورتها وسمعتها لدى المستهلك وبالتالي يقوي من ولاء الزبون لها

ولمنتجاتها، وكذلك يساهم الزبون بشكل إيجابي في التأثير على المؤسسات لدفعها نحو تبني الأخلاقيات التسويقية والمسؤولية الاجتماعية، فيما أظهرت نتائج العينة المستهدفة أن أخلاقيات التسويق تؤثر على سلوكهم الاستهلاكي (كحلي، 2016). كما أوضحت دراسة بن صالح بأن التسويق في مجمله يهدف إلى التأثير على سلوك المستهلك، وأن الأخلاق لها ارتباط كبير في التسويق، ما يتجلى في كثرة القضايا والمسائل التي ترتبط مضمونا ومنهجاً بالأخلاق سواء من حيث مبادئ التسويق و أصوله، أو من حيث أهدافه ومضامينه كما بينت نتائج الدراسة الميدانية وجود أثر ذو دلالة إحصائية للأخلاق على سلوك المستهلك قبل أو بعد عملية الشراء، ويتغيرذلك الأثر بتغير مستوى إدراك المستهلك لأهمية أخلاقيات التسويق (بن صالح، 2014). فيما أكدت دراسة حجاوي أن صدق الأسعار المثبتة على المنتجات تؤثر على نظرة المستهلك الفلسطيني للأبعاد الأخلاقية للمسؤولية الاجتماعية، وأن صدق الرسائل الترويجية تؤثر بنسبة كبيرة على نظرة المستهلك الفلسطيني للأبعاد الأخلاقية كما يدركها المستهلك(حجاوي،2011). وكذلك أظهرت دراسة خدير بأن توفر السلوك الأخلاقي في المؤسسة يوطد العلاقة بين المؤسسة والعمال وكذلك مع مختلف أصحاب المصالح وخصوصا الزبائن، كما أن توفر سلوكيات الأخلاق في أي مؤسسة يؤدي إلى الشفافية، وبالتالي يحقق ذلك رضا الموظفين والزبائن (خدير، 2011). بينما أظهرت دراسة جويل أن رضا الجمهور عن الخدمات المقدمة لا يعني زيادة في ولاء الزبون، فقد أظهرت هذه الدراسة أن ما يقرب من (65%-85%) من المسافرين الذين قاموا بتغيير شركة الطيران التي كانوا يتعاملون معها كان لديهم الرضا والرضا الشديد عن خدمات الشركات التي كاناو يتعاملوان معها إلا أن نسبة ما يقرب من (30%-40%) هم من عاودوا التعامل مع نفس الشركة مرة، وهذا يعني أن الرضا عن الخدمات المقدمة لا يعني زيادة الولاء (جويل، 2001). فيما خلصت دراسة فلوب وهسريتش وسجيدي إلى أن ما نسبته 22% من المنظمات الهنغارية لا تهتم بالقضايا الأخلاقية، و أشار أفراد العينة إلى أن عدم الاهتمام بأخلاقيات الأعمال ناتج عن عدة أسباب أهمها النقص المعرفي في هذا المجال، وأن أغلب المنظمات تهتم بالبقاء أكثر من الاهتمام بقاضايا الأخلاق (Fulop & Hisrich & Szegedi, 2000).

منهجية الدراسة

تعتبر منهجية الدراسة وإجراءاتها محوراً رئيساً يتم من خلاله إنجاز الجانب التطبيقي من الدراسة، وعن طريقها يتم الحصول على البيانات المطلوبة لإجراء التحليل الإحصائي للتوصل إلى النتائج التي يتم تفسيرها في ضوء أدبيات الدراسة المتعلقة بموضوع الدراسة، وبالتالي تحقق الأهداف التي تسعى إلى تحقيقها.

وبناء على ذلك ينقسم هذه الفصل لعدة أقسام تتعلق بالمنهجية المستخدمة من قبل الباحث في هذه الدراسة، ويمكن تقسيمها على النحو التالي:

أولاً: أسلوب الدراسة ومصادر جمع المعلومات

ثانياً: مجتمع الدراسة

ثالثاً: عينة الدراسة (نبذة عن شركتي جوال والوطنية موبايل)

رابعاً: أدوات الدراسة

أولاً: أسلوب الدراسة ومصادر جمع المعلومات:

من أجل تحقيق أهداف الدراسة سيقوم الباحث باستخدام **المنهج الوصفي التحليلي** الذي يحاول من خلاله وصف الظاهرة موضوع الدراسة، وتحليل بياناتها، والعلاقة بين مكوناتها والآراء التي تطرح حولها والعمليات التي تتضمنها والآثار التي تحدثها، كونه يناسب الظاهرة قيد الدراسة (الرفاعي،1998).

وقد وضح (إبراهيم، 2011) المنهج الوصفي التحليلي بأنه يعتمد على دراسة الظاهرة كما هي موجودة، ويهتم بوصفها وصفاً دقيقاً، ويعبر عنها عبر منهجين، كمي أو كيفي.

فالمنهج الكمي يعطيها وصفاً دقيقاً يظهر مقدار هذه الظاهرة أو حجمها أو درجة ارتباط هذه الظاهرة مع الظواهر الأخرى، بينما المنهج الكيفي يصف الظاهرة ويوضح خصائصها.

من خلال ما سبق سيقوم الباحث باستخدام هذا المنهج من أجل وصف "أثر أخلاقيات التسويق على ولاء الزبون" كدراسة ميدانية على شركتي الاتصالات الفلسطينية الخلوية (جوال وأوريدو فلسطين)، بحيث باستخدام المنهج الوصفي التحليلي يمكن الاجابة على أسئلة الدراسة دون تدخل من الباحث، من خلال أداة الاستبانة، كما سيتم توضيح ذلك في **أدوات الدراسة**.

وكذلك سيتم استخدام **المنهج الاستقرائي** والذي من خلاله يتم جمع البيانات والمعلومات من خلال الكتب والمراجع العربية والأجنبية ذات العلاقة، والدوريات والمقالات والتقارير، والأبحاث والدراسات السابقة المنشورة التي تناولت موضوع الدارسة، ومن خلال البحث والمطالعة في مواقع الانترنت المختلفة.

ثانياً: مجتمع الدراسة:

يتكون مجتمع الدراسة من طلاب أكبر ثلاث جامعات في قطاع غزة، وهذه الجامعات تضم طلاباً من المحافظات الخمسة في قطاع غزة، هذه الجامعات هي الجامعة الاسلامية وعددهم 20000 طالب وطالبة، وكذلك جامعة الأزهر في قطاع غزة وعددهم 15499 طالب وطالبة، بالاضافة إلى جامعة الأقصى وعدد طلابها 22240 ألف طالب وطالبة.

ثالثاً: عينة الدراسة:

تتكون عينة الدراسة من 450 طالب موزعين بالتساوي على أكبر ثلاث جامعات في قطاع غزة (الجامعة الاسلامية وجامعة الازهر بالاضافة لجامعة الأقصى).

رابعا: أدوات الدراسة:

سيتم في هذه الدراسة استخدام المنهج الوصفي التحليلي باستخدام أداة الاستبانة:

أداة الاستبانة:

سيتم إعداد استبانة حول "أثر أخلاقيات التسويق على ولاء الزبون" دراسة ميدانية على شركتي الاتصالات الخلوية الفلسطينية"، وسيتم توزيعها على 450 طالب وطالبة موزعين بالتساوي على أكبر ثلاث جامعات في قطاع غزة (الجامعة الاسلامية وجامعة الازهر وكذلك جامعة الأقصى).

الخاتمة:

خلصت الدراسة و من خلال مراجعة أدبيات الدراسات السابقة ذات العلاقة بموضوع الدراسة، إلى أن هناك علاقة قوية وإيجابية بين أخلاقيات التسويق وولاء الزبون، وهذا ما أكدته دراسة (بن جروة، بن حوحو، مرجع سابق)(كحلي، مرجع سابق)، وكذلك تبين أن صدق الاعلان والرسائل الترويجية تؤثر على نظرة المستهلك الفلسطيني للأبعاد الأخلاقية للمسؤولية الاجتماعية للمؤسسات (حجاوي، مرجع سابق)، لذلك توصي الدراسة شركتي جوال وأوريدو فلسطين الخلويتين بالاهتمام بأخلاقيات التسويق، والعمل على كسب رضا الزبون في قطاع غزة الذي يعاني من جراء احتلال ظالم وحصار شديد منذ عشرات السنوات، لتحقيق ولاء الزبون، وهذا بدوره يعود بالفائدة على زيادة ربحية الشركتين، وكذلك على الخدمات المقدمة للمواطن في قطاع غزة.

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