

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT :

Strategy, Practices and Performance Measurements



EDITORS BY
NURUL FADLY HABIDIN
NURSYAZWANI MOHD FUZI
SHARON ONG YONG YEE
TUAN WAHEDA TUAN CHIK
UMMU AIMAN MUHAMAD
SITI ASMA' MOHD ROSDI

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: Strategy, Practices and Performance Measurements

Editors

**Nurul Fadly Habidin
Nursyazwani Mohd Fuzi
Sharon Yong Yee Ong
Tuan Waheda Tuan Chik
Ummu Aiman Muhamad
Siti Asma' Mohd Rosdi**

Publisher

**Kaizentrenovation Sdn Bhd
Tanjung Malim
2019**

First Printing September 2019

Copyright © 2019 Nurul Fadly Habidin, Nursyazwani Mohd Fuzi, Sharon Yong Yee Ong,
Tuan Waheda Tuan Chik, Ummu Aiman Muhamad, & Siti Asma' Mohd
Rosdi

Publisher : Kaizentreovation Sdn Bhd (1167478-D)
Address : No A10-1 & A10-2, Gemilang Avenue, Jalan Pulai 1, Proton City,
35900 Tg Malim, Perak
Email : info.kaizentreovation@gmail.com
Facebook : Kaizentreovation Bookstore
Telephone : 017-5716705

All rights reserved. No parts of this ebook may be reproduced, in any form or by any means
without the written permission from the publisher and author.

eISBN: 978-967-17400-1-9

CONTENT

Preface	Page
LEAN HEALTHCARE MANAGEMENT SYSTEM (LHMS) Nurul Fadly Habidin, Nursyazwani Mohd Fuzi, Sharon Yong Yee Ong, Tuan Waheda Tuan Chik, Ummu Aiman Muhamad, and Siti Asma' Mohd Rosdi	1
THE SELF EFFICACY AND RELAPSE Asbah Razali, Siti Nor Azhani Mohd Tohar, and Fauziah Ani	4
SERVICE QUALITY MEASUREMENT IN HIGHER EDUCATION INSTITUTIONS: A REVIEW OF SERVQUAL, SERVPERF and HEdPERF Azyati Ilyani Aznan and Nurul Fadzillah Mohd Saleh	11
SUSTAINABILITY GOVERNANCE: QUALITY OF BOARD, AUDIT COMMITTEE AND SHARIAH COMMITTEE ON QUALITY ZAKAT DISTRIBUTION PERFORMANCE Norlizawati Abd Rahman and Mohd Abdullah Jusoh	17
THE LUXURIOUS GIFTS AS TRIGGER TO DIPLOMATIC RELATION IN THE GOVERNMENT OF BIMA TO THE NETHERLANDS Che Nuraini Che Puteh and Salmah Jan Noor Muhammad	28
PARTICIPATION, LEADERSHIP AND ECONOMIC EMPOWERMENT IN COMMUNITY BASED ORGANIZATION Fauziah Ani, Zahrul Akmal Damin, Asbah Razali, and Siti Nor Azhani Mohd. Tohar	34
GEN-Y TEACHER LEADERSHIP ON CONFLICT MANAGEMENT AND COMMUNICATION SATISFACTION Marlia Jamail and Yahya Don	43
THE EFFECTS OF ETHICAL LEADERSHIP ON ETHICAL CLIMATE Umi Hamidaton Mohd Soffian Lee, Razaleigh Muhamat @ Kawagit, and Zaleha Yazid	52
AN OVERVIEW OF HOME-GROWN FRANCHISOR EXPANSION INTO INTERNATIONAL MARKET Nurul Ashykin Abd Aziz, Mohd Hizam Hanafiah, Rosmah Mat Isa, and Hamizah Abd Hamid	58

LEARNING THROUGH PLAYING (LTP) IN UNDERSTANDING ENTREPRENEURSHIP CONCEPT: A CASE STUDY OF ORANG ASLI SEMAI, MALAYSIA Siti Asma' Mohd Rosdi, Ahmad Amri Zainal Adnan, and Norsamsinar Samsudin	63
SME'S SUCCESSFUL FACTORS: A SCHEMATIC REVIEW Siti Hajar Mohd Amin and Sarimah Ismail	74
AN EPISTEMOLOGY OF KNOWLEDGE SHARING IN FACILITIES MANAGEMENT ORGANISATIONS Irwan Mohammad Ali, Mohd Azian Zaidi, Kharizam Ismail, and Mohamed Imran Mohamed Ariff	83
CONSTRUCTION QUANTIFICATION SKILLS BASE: MINIMUM KNOWLEDGE AND EXPERIENCE Norhafizah Yusop, Mohmad Mohd Derus, and Ismail Samsuddin	93
EFFICIENCY AND PREDICTION OF FINANCIAL DISTRESS USING ALTMAN'S Z-SCORE MODEL Lim Hai Sze and Nik Intan Norhan Abd Hamid	98
A REVIEW OF THE CONCEPT OF DEBT LITERACY Mahdhir Abdullah	103
GREEN SUPPLY CHAIN MANAGEMENT AND ENVIRONMENTAL PERFORMANCE FOR KPJ HEALTHCARE SPECIALIST HOSPITAL IN SELANGOR Mohd Zaini Zainudin, Nurul Fadly Habidin, and Mohd Burhan Yusof	109
SIRAH NABAWIYYAH: IS IT STILL RELEVANT? Nazatul Azreen Abdul Hayi	119
THE MANAGEMENT OF EMOTIONAL PROBLEM IN MALAY <i>HIKAYAT</i> USING ISLAMIC METHOD Nadiatul Shakinah Abdul Rahman, Salmah Jan Noor Muhamad, and Arba'ie Sujud	125
MEASUREMENT OF MEDICAL COMMUNICATION ATTRIBUTES FOR PATIENTS AND SERVICES Norshahrizan Nordin, Razli Che Razak, Mohd Saiful Izwaan Saadon, Mohammad Rezal Hamzah, Sharmini Abdullah, and Umami Naiemah Saraih	132
THE USE OF RHIZOMES IN MALAY MEDICAL STUDIES Jacqlyn Patricia Jelani and Salmah Jan Noor Muhammad	138

THE READINESS OF STUDENTS TO PURSUE DIPLOMA RETAIL MANAGEMENT Noraini Hashim, Nor Alwani Abd Wahab, and Aniza Suriati Abdul Shukor	143
THE DETERMINANTS OF URBAN POVERTY IN SELANGOR, MALAYSIA Nor Zuriati Amani Ab Rani, Siti Fairuz Hassan, Farahiyah Akmal Mat Naw, and Muhammad Syafiq Mahadzir	149
THE THEORY OF COGNITIVE DISSONANCE: DISCOVERING MEANING BEHIND CONSUMER INVOLVEMENT IN COUNTERFEIT CONSUMPTION BEHAVIOUR Nurhidayah Rosely, Raja Nerina Raja Yusof, Haslinda Hashim, and Nor Azura Adzharuddin	154
APPRECIATION OF HISTORY AS A MECHANISM TO INSTIL NATIONAL IDENTITY AMONG THE YOUTH GENERATION IN MALAYSIA Siti Nor Azhani Mohd Tohar, Asbah Razali, and Fauziah Ani	161
AN EMPIRICAL ANALYSIS ON BANK PROFITABILITY: REVIEW ON MACROECONOMIC FACTORS AND LENDING RATE Vikniswari Vija Kumaran, Chin Wei Sheng, Abdullahi Hassan Gorondutse, Syamsulang Sarifuddin, and Mohd Khairi Ismail	165
A REVIEW OF RETAIL SERVICE QUALITY SCALE (RSQS) Azyati Ilyani Aznan	170
THE BASIC STEPS OF ANALYZING THE DATA OUTLIERS WITH MAHALANOBIS DISTANCE (<i>MDi</i>) TECHNIQUE: A STUDY ON THE INFLUENCE OF HUMAN CAPITAL INVESTMENT AT POLYTECHNIC IN EAST COAST MALAYSIA Farahiyah Akmal Mat Naw, Abdul Malek A.Tambi, and Mazlina Mamat	173
INTEGRATED REPORTING DISCLOSURE QUALITY (IRDQ) INDEX Mira Susanti Amirrudin, Mazni Abdullah, and Zakiah Saleh	179
PERFORMANCE MEASUREMENT OF SUSTAINABILITY: THE CASE OF CO- OPERATIVES Nooraslinda Abdul Aris, Norashikin Ismail, and Roslani Embi	185
AN OVERVIEW OF FRANCHISEE BUSINESS SURVIVAL Nurul Ashykin Abd Aziz, Mohd Hizam Hanafiah, Rosmah Mat Isa, and Hamizah Abd Hamid	191
THE LANGUAGE STYLE OF <i>AL-RAJĀ</i> USED IN <i>LA TAHZAN</i> BY 'AIDH AL- QARNI Syazwani Mohd Mutaridi and Khazri Osman	197

ORGANIZATIONAL READINESS FOR INTRODUCING A PERFORMANCE MANAGEMENT SYSTEM Muhammad Hafiz Aziz, Nur Atiqah Adam, Nadiyya Mohammad Kassim, Nur Mazidah Ahmad, and Nor Intan Adha Hafit	201
MEASURING PERFORMANCE IN THE PUBLIC SECTOR: CHALLENGES AND TRENDS Nor Intan Adha Hafit, Sharifah Alwiah Syed Bashir, Soraya Rahbani, and Maisarah Abdul Samad	211
THEORY OF PLANNED BEHAVIOUR FROM THE PERSPECTIVE OF MAQASID SYARI'AH: A CONDITIONING OF AL-MUJAZ FI AL-MANTIQ Nurliana Mohd. Hassan, Fazilah Idris, Khairul Anwar Mastor, and Fariza Md. Sham	218
PERFORMANCE MANAGEMENT CAPABILITY: CRITICAL SUCCESS FACTORS OF MALAYSIAN SME'S IN MANUFACTURING SECTORS Siti Nor Diana Razali, Nur Salihah Mohd Nasri, Patrick Mehon, and Nor Intan Adha Hafit	224
SOLE POWER SHOES Wan Mohd Zamri Wan Ab Rahman and Faizatul Absharizan Abu Bakar	231
THE MALAYSIAN HERITAGE GARDEN: DOES IT EXIST? Ahmad Zamil Zakaria, Melasutra Md Dali, and Hazreena Hussein	238
RESILIENCE INFRASTRUCTURE SYSTEMS TOWARDS NATURAL DISASTERS Ezzat Fahmi Ahmad, Ida Nianti Mohd Zin, and Kartina Alauddin	243
A CONTRIBUTION OF SOCIAL COGNITIVE THEORY TOWARDS THE LOYALTY OF WAQIFS IN CASH WAQF ENDOWMENT Intan Fatimah Anwar, Syadiyah Abdul Shukor, Nuradli Ridzwan Shah Mohd Dali, and Muhamad Azrin Nazri	251

PREFACE

The articles in this ebook are contributed by researchers who have conducted Emerging Trends and Challenges in Management: Strategy, Practices and Performance Measurements. The 39 articles revolve around issues that are encompassing the following areas of research: lean healthcare management system (LHMS), the self efficacy and relapse, service quality measurement in higher education institutions, the luxurious gifts as trigger to diplomatic relation in the government, participation, leadership and economic empowerment in community, Gen-Y teacher leadership on conflict management and communication satisfaction, the effects of ethical leadership on ethical climate, an overview of home-grown franchisor expansion into international market, learning through playing (LTP) in understanding entrepreneurship concept, SME's successful factors, an epistemology of knowledge sharing in facilities management organisations, construction quantification skills base, efficiency and prediction of financial distress, debt literacy, green supply chain management, sirah nabawiyah, the management of emotional problem, medical communication attributes for patients and services, the use of rhizomes in Malay medical studies, retail management, urban poverty, consumer involvement, appreciation of history, macroeconomic factors and lending rate, retail service quality scale, influence of human capital investment, reporting disclosure quality, performance measurement of sustainability, franchisee business survival, the language style of *Al-Rajā*, organizational readiness, measuring performance in the public sector, theory of planned behaviour, performance management capability, sole power shoes, the Malaysian heritage garden, resilience infrastructure systems towards natural disasters, and cash waqf endowment.

The compilation of the articles in “Emerging Trends and Challenges in Management: Strategy, Practices and Performance Measurements” is expected to contribute to the literature on management.

From the Editors

LEAN HEALTHCARE MANAGEMENT SYSTEM (LHMS)

Nurul Fadly Habidin, Nursyazwani Mohd Fuzi, Sharon Yong Yee Ong, Tuan Waheda Tuan Chik, Ummu Aiman Muhamad, and Siti Asma' Mohd Rosdi

Abstract

Healthcare industry is seen as an industry of great responsibility for the development of society and the nation. Lean Healthcare Management System (LHMS) is faced with challenges and opportunities from a rapidly changing operating environment, including increasing expectations on the quality of healthcare. The purpose of this study is to explore LHMS for Malaysian healthcare industry. This quantitative study develops a model for the Malaysian healthcare industry which incorporates the LHMS model. Data were obtained from 238 healthcare managements in Malaysian healthcare industry. This study provides fundamental knowledge and direction for researchers in further research as well as practitioners to constantly improve performance through the implementation of LHMS.

Keywords: Lean Healthcare Management System, Healthcare Management, Healthcare Industry

Introduction

Lean Healthcare Management System (LHMS) is faced with challenges and opportunities from a rapidly changing operating environment, including increasing expectations on the quality of healthcare (Parkhi, 2019). LHMS has been selected in this study to see the potential in Malaysia healthcare industry. LHMS is a tool for quality improvement which has been used by many organizations. It is suitable for service industry because lean improves the speed of delivery, quality and flexibility. Thus, LHMS is an important practice that can be implemented in Malaysian healthcare industry in order to increase the performance.

The healthcare industry may implement a new strategy in order to maintain the LHMS effectiveness in terms to reduce the operating cost (Rossum, Aij, Simons, Eng, & Have, 2016) and increase the customer service level. For example, rising in cost and concern about better quality in services have increased attention to developing and adopting LHMS in the healthcare industry. Therefore, LHMS can be adopted in terms of improvement in cost and quality in Malaysian healthcare.

Waste in healthcare unit occur such as delays between the expected time and the actual time for a visit, operation, over capacity, preparation time needed consists of operational, visit, medical device time and procedures to manage referrals (Singh, 2019). According to Habidin, Shazali, Ali, Khaidir, and Jamaludin (2014), healthcare industries have moved forward to focus on efficiency especially on preparing lower cost material, cheaper price, just in time deliveries and elimination of waste, and defects in many aspects of the activity operation. Therefore, LHMS is not only to reduce waste, but can add value offered to customers.

Based on that issue, healthcare sector should be adopted LHMS for assessing an organization to achieve the performance. Healthcare industry may concern about critical issue such as medical error, patient safety, quality, efficiency, and medical cost. To increase the healthcare performance, this study focused on LHMS implementation in Malaysian healthcare industry. Therefore, Malaysian healthcare industry can implement LHMS in order to achieve the success and sustain the quality improvement of healthcare industry.

Literature Review

Many healthcare organizations adopt the Toyota Production Systems as the practices and performance improvement that often called the LHMS (Habidin, 2017; Yousefli, Nasiri, & Moselhi, 2017). Lean initiative does not focus on large scale investments, but it gives healthcare organizations an alternative methodology for achieving improvement without high investments (Hussain & Malik, 2016). Thus, LHMS

is to develop hospital culture characterized by increased patient and other stakeholder satisfaction and everybody participate in identifying and reduce waste.

Hihnala, Kettunen, Suhonen, and Tiirinki (2018) defined LHMS as a lean is a strategy focused on efficiencies and thereby allowing more time for patient care activities while LHMS as a process elimination waste in every area of operations for reducing inventory, cycle times and cost to delivering higher quality patient services. In addition, Agarwal, Green, Agarwal, and Randhawa (2016) state that LHMS is a system designed to provide the tools for people to continually improve their work and add value to the service they are deliver.

Meanwhile, the service organization such as healthcare industry, lean is applicable to organizations that have limited information and face interruption on task performance (Mathur, Gupta, Meena, & Dangayach, 2018). This is because the services encounter high costs with slow processes because of non-value added activities, which lead to poor quality and low customer satisfaction.

In previous studies, it reported that lean is well established on detecting waste and eliminating waste in healthcare industry. In other words, waste can be viewed on equipment, materials, part, space, and working time required and anything else to provide the service (Ahmed, Manaf, & Islam, 2018). Besides, most of the result supports the effectiveness of the lean initiative appear to offer an improvement especially in patient care such as decrease in length of stay, waiting times and proportion of patients (Elamir, 2018). Therefore, the summary of research findings on LHMS study findings is shown in Table 1.

Table 1

The Summary of Research Findings on Lean Practice Study

Lean Initiatives	Sectors	Findings
Lean Thinking	Emergency Departments	The reviewed showed that patient care usually improved after implement lean in emergency departments with decrease in length of stay, waiting times, and proportion of patients leaving the emergency departments without being seen.
Lean Thinking	Hospital	The finding showed that the approach of value stream mapping achieves an efficient manner in eliminating waste. Besides that, the approach showed a significant reduction of 5% and 9.3% was noted in the 30 days and overall mortality, respectively, after implementing lean thinking.
Value Stream Mapping	Hotel Industry	The finding showed that all every stream mapping technique (except production variety funnels and supply chain response matrix) have attained high impact on both upstream and downstream the value chain.

Methodology

In this study, samples were selected from the list of hospital in Malaysian healthcare industry. In order to achieve the research objectives, the selection of the Malaysian healthcare industry selected by data contained in public and private healthcare in Malaysia. Healthcare industries are chosen as population of study because organizations in this industry are exposed to the risk of defects that could endanger customers, especially patients. Besides, the quality and safety of the services are essential for healthcare organization to survive.

The representative of respondent is critical because the data give the impression of statistical characteristic of population. There are currently 123 hospitals that are member of Association of Private Hospital of Malaysia represented as population in this study. Researcher will send three set of

questionnaire to each hospital and the total will become 369 respondents. In this study, 238 respondents from healthcare management were selected.

Moreover, in Structural Equation Modeling (SEM) application, a general rule of thumb is that the minimum sample size should be no less than 200 (preferably no less than 400 especially when observed variables are not multivariate normally distributed) (Kline, 2005). Whereas, according to Bentler (1990) recommendation for reasonable sample size is about 150 to 300.

Conclusion

This research offers a number of theoretical implications from knowledge enhancement in the quality improvement domain. First, this research extends to explore in the area of healthcare industry performance especially in the Malaysian region. As noted before, this research makes a contribution of filling the existing gaps in research on Malaysian healthcare industry. This research is only able to focus on healthcare industry in Malaysia due to the lack of time, financial, knowledge, skills, and technical support. For future research, it is suggested that future researchers must be able to prepare themselves with various supports before conducting the final research.

References

- Agarwal, R., Green, R., Agarwal, N., & Randhawa, K. (2016). Benchmarking management practices in Australian public healthcare. *Journal of Health Organization and Management*, 30(1), 31-56.
- Ahmed, S., Manaf, N. H. A., & Islam, R. (2018). Effect of lean six sigma on quality performance in Malaysian hospitals. *International Journal of Health Care Quality Assurance*, 31(8), 973-987.
- Bentler, P. M. (1990). Comparative fit indexes in structural models. *Psychological Bulletin*, 107(2), 238-246.
- Elamir, H. (2018). Improving patient flow through applying lean concepts to emergency department. *Leadership in Health Services*, 31(3), 293-309.
- Habidin, N. F. (2017). The development of lean healthcare management systems (LHMS) for healthcare industry. *Asian Journal of Pharmaceutical and Clinical Research*, 10(2), 97-102.
- Habidin, N. F., Shazali, N. A., Ali, N., Khaidir, N. A., & Jamaludin, N. H. (2014). Exploring lean healthcare practice and supply chain innovation for Malaysian healthcare industry. *International Journal of Business Excellence*, 7(3), 394-410.
- Hihnala, S., Kettunen, L., Suhonen, M., & Tiirinki, H. (2018). The Finnish healthcare services lean management: Health services managers' experiences in a special health care unit. *Leadership in Health Services*, 31(1), 17-32.
- Hussain, M., & Malik, M. (2016). Prioritizing lean management practices in public and private hospitals. *Journal of Health Organization and Management*, 30(3), 457-474.
- Kline, R. B. (2005). *Principles and practice of structural equation modeling*. New York: Guilford Press.
- Mathur, B., Gupta, S., Meena, M. L., & Dangayach, G. S. (2018). Healthcare supply chain management: Literature review and some issues. *Journal of Advances in Management Research*, 15(3), 265-287.
- Parkhi, S. S. (2019). Lean management practices in healthcare sector: A literature review. *Benchmarking: An International Journal*, 26(4), 1275-1289.
- Rossum, L. V., Aij, K. H., Simons, F. E., Eng, N. V. D., & Have, W. D. T. (2016). Lean healthcare from a change management perspective: The role of leadership and workforce flexibility in an operating theatre. *Journal of Health Organization and Management*, 30(3), 475-493.
- Singh, P. (2019). Lean in healthcare organization: An opportunity for environmental sustainability. *Benchmarking: An International Journal*, 26(1), 205-220.
- Yousefli, Z., Nasiri, F., & Moselhi, O. (2017). Healthcare facilities maintenance management: A literature review. *Journal of Facilities Management*, 15(4), 352-375.

THE SELF EFFICACY AND RELAPSE

Asbah Razali, Siti Nor Azhani Mohd Tohar, and Fauziah Ani

Abstract

Although some former drug addicts are able to exact self-control from continued drug use, there are also those unable to control their desire for drugs. Factors, such as personal and interpersonal stress, further increase their inclination to relapse. They require the internal strength to fight off the desire for drugs, and need social support, especially from parents, family members, friends, and members of society. Without this social support, it is difficult for former addicts to function as effective and normal human beings. This self-efficacy or confidence serves to restrain the addict from negative reactions as it covers both cognitive control and predicting their behavior. This fact has been acknowledged by many previous studies, and the inclination to relapse among addicts can be overcome through a cognitive control that covers the self-efficacy aspect as they face risk-of-relapsing situations. Findings from previous studies show that the link between self-efficacy and inclination is one of the mechanisms that can help addicts decrease their risk of relapse.

Keywords: Self-Efficacy Strategy, Inclination to Relapse, Stress, High Risk Situation

Introduction

Studies on relapse have been carried out by a number of scholars in the West (such as Bowen, Chawla, & Marlatt, 2010; Sinha, 2001; Tate, Brown, Glasner, Unrod, & McQuaid, 2006), but similar studies in Malaysia on the inclination to relapse is few and inconsistent. Findings in the West mostly found the inclination to relapse are caused by a number of factors including personal stress, emotional stress, and social environment factors such as family, peer, and societal supports. The lack of social support causes former addicts difficulty in socializing with their environment (Fletcher, Bonell, & Hargreaves, 2008). Furthermore, the scenario on the inclination to relapse among former drug addicts in Malaysia is also seen as significant based on the social environment, personal stress, emotional stress, and interpersonal conflict factors, its implication being the increase in the number of repeat drug addicts every year (Fauziah & Naresh Kumar, 2009; Mahmud Mazlan, Schottenfeld, & Chawarski, 2006).

These previous studies prove the inclination to relapse is influenced by cognitive factors, and issues relating to cognitive strength to overcome relapse among addicts are increasingly of interest to most social researchers. To this day, many studies conducted are based on theories and models on relapse prevention, as the number of addicts and repeat addicts increase year by year. This increase is due to the imbalance within the addict to overcome the stress in their lives, which then affect their cognitive and psychosocial functions.

The concept of self-efficacy in this paper is related to confidence to ensure their ability to overcome their desire for drugs (Ryan & Deci, 2000). Most previous findings focus on self-efficacy, which consists of two aspects: belief in the ability of the self to overcome risky situations, and belief in their expectations (Sinha, 2001). This self-efficacy also influences someone to decide to chase their expected goals, because they are more inclined to choose activities they feel are achievable, and avoid unachievable ones. The higher their confidence in their ability to overcome challenges, the better their control against negative reactions. Hence, there is a need for drug addicts to focus on efforts to prevent their relapse, based on cognitive factors to master the stress they face on a constant basis. However, the effects of stress depend on the internal strength of the addict, and not all listed factors have a negative effect on the addict to relapse. Therefore, this brief paper elaborates on the empirical studies relating to the inclination to relapse among drug addicts by directly focusing on cognitive factors like self-efficacy. In addition, theoretical supports on self-efficacy are also discussed to empirically prove the link between self-efficacy and the inclination to relapse among drug addicts.

The Self-Efficacy Theory

The self-efficacy theory as elaborated by Albert Bandura (1977) is seen to have a significant implication in understanding the link between the cognitive aspect of an addict and their relapse. In the context of this study, self-efficacy and the skills to face risky situations are seen as predictors to relapse behavior. He classifies self-efficacy based on three factors, which are negative situations (unpleasant emotions); positive situations (pleasant emotions); and desires. Bandura (1982) suggests that interactions between these factors can influence a person's perception and ability to act. An individual's level of confidence will influence their actions and decisions to face these stresses. Self-efficacy is seen as an individual's response as they face problematic situations, as well as their ability to produce the required behavior to reach their level of self-performance.

Based on this theory, a change in behavior is seen to produce two types of expectations: the outcome expectancy, and the self-efficacy expectancy. Outcome expectancy is a belief that certain behavior lead to certain results, while self-efficacy expectancy is one's belief that he is able to carry out an expected behavior. Self-efficacy expectancy is important in behavioral changes, as it is this expectancy that determines an individual's early resolve to produce a reaction, even as they face various challenges. Therefore, the self-efficacy expectancy has an important effect on an individual's pattern of thought, emotion, and behavior (Tomczak, 2010). Self-efficacy at an early stage is conceptualized as a form of belief based on a specific situation. However, there is evidence to show that an individual's experience also contributes to their self-efficacy expectancy, and it could be generalized to an expression other than the target behavior. Individuals with multiple experiences of success in their lives have a more positive self-efficacy expectancy compared to individual with limited successful experiences. For individuals that relate confidence with opportunity or skill, their experiences decide the extent of their confidence level when facing stress.

This theory of self-efficacy confirms that behavioral changes produced by various types of treatments could be solved through a cognitive mechanism, which is the self-efficacy expectancy. This shows that an expectation when facing a high-risk situation can develop their idea of confidence. Bandura (1982) also found four sources of developing self-efficacy related to the individual's performance, which are (a) mastery: the success in performance strengthens belief in ability of self (b) model: model is able to build up belief in ability of self by articulating an effective strategy observer to manager different situations (c) verbal persuasion: realistic encouragement drives individual effort, and (d) stimulus: physical situation can build up belief in ability of self. These then can increase their ability to overcome challenges (Bandura, 1982; 1997). This shows that the self-efficacy theory can rein in the inclination to relapse among addicts (Marlatt & Gordon, 1985). This theory also supports the idea that relapse can occur when the individual that goes through treatment often lack experiences of success in their lives, whereby they fail to stop their drug use. This then affects their self-efficacy to function normally in society. This theory also explains that addicts that have sufficient self-efficacy can live a normal and drug-free life.

Cognitive and Relapse Behaviour Model

Based on a study by Witkiewitz and Marlatt (1985), the stress faced by drug addicts is low when they can manage high-risk situations effectively. Conversely, if they are unable to respond to high-risk situations, relapse might possibly occur. In the cognitive and behavior model, Witkiewitz and Marlatt (1985) explore the cognitive and behavioral aspects of addicts to control their desire to reuse. Based on this model, relapse is described as a process occurring due to high-risk situations such as an imbalance in lifestyle, stress, desires triggered by psychological and environmental stimuli, and the temptation to fulfill their desire to relapse. These factors could increase the rate of relapse among addicts. It depends on the addict's confidence, whether they are able to overcome high-risk situations within the post-treatment period or otherwise.

This model also stresses self-efficacy in preventing drug use when addicts encounter risky situations. Addicts with high confidence are less likely to relapse into drug use compared to addicts with low confidence when faced with high-risk situations. If they are unable to respond and manage high-risk

situations, there is a possibility of relapse. However, with high self-efficacy, the addict can avoid relapsing and the possibility of relapse decreases. In addition, if an addict is able to effectively react against risky and difficult situations, the possibility of relapse also decreases. This depends on the self-efficacy of addicts, either they are able or not to overcome some high-risk situations within the post-treatment period. In the cognitive and relapse behavior model, Marlatt and Gordon (1985) see self-efficacy as a complex element including expectation, results, symbols, physiological effects, and behavior. Self-efficacy is also seen as a moderator variable in the relapse process. In addition, this model also looks at self-efficacy as an important element in the occurrence of relapse, and high confidence can help addicts when facing risky situations (Marlatt & Gordon, 1985). This self-efficacy model also covers desires and temptations to reuse drugs. The addict's desires can weaken their resolve and motivation when facing an unexpected risky situation. Temptation is an addict's drive to relapse, and desire is a result and consequence of the temptation.

Previous Studies on Self-Efficacy and the Inclination to Relapse

Marlatt and Gordon (1985) state self-efficacy refers to a complex cognitive process covering expectation, evaluation, results, and physiological effects within an individual when faced with problematic situations. When an individual faces a problem, their self-efficacy can react to said situation. Bandura (1999) opines that self-efficacy is one's ability to respond to a stressful situation. This includes social, situational, and experience factors that serve as predictors to one's behavior. The level of confidence determines one's extent of facing stress and resilience against high-risk situation. Maddux and Gosselin (2003) argue that self-efficacy consists of two aspects, belief in the self to overcome risky situations, and belief in their expectations. Confidence can influence someone to act in order to achieve their goals. They are more inclined to opt for achievable activities and avoid unachievable ones. Self-efficacy serves as a check on negative reaction as it covers cognitive control and expectation of behavior. This means, the higher one's belief in their ability to face challenges, the better the chances of control over negative reactions when faced with risky situations.

Bandura (1977) in his study found that self-efficacy can be used as an intermediary variable to relapse behavior among drug addicts. This is because self-efficacy can control an addict's action to manage high-risk situations such as emotional, social, and environmental stresses, as well as interpersonal conflicts. This means, this cognitive mechanism can help predict relapse behavior among former drug addicts as it involves an internal process that combines these high-risk situations. A study by Marlatt and Gordon in 1985 on 313 former drug addicts found that around 35% - 58% of addicts relapsed two weeks after post-treatment period. This study utilizes the Alcohol and Drug Expectancy Questionnaire (ADEQ), which shows that former addicts that relapsed within the period faced stressful situations and lack the necessary skills to control their environmental stress. Thus, they have two options, to continue with their drug use, or resist the temptation to relapse. Their ability to fight stress is based on their internal strength and self-efficacy. This study provides the implication that drug addicts must prepare themselves with the ability to control themselves when faced with stress in order to prevent relapse. Furthermore, Marlatt and Gordon (1996) again conducted a study on 1500 former drug addicts in the Brooklyn and Manhattan areas, utilizing the same Alcohol and Drug Expectancy Questionnaire (ADEQ), which also found the inclination to relapse among addicts are caused not only by exposure to risky situations, but the perception and ability of addicts to face these high-risk situations also serve as a predictor to relapse behavior. This means if someone has a high level of confidence and believe themselves able to manage without drugs, the reaction to relapse can be reduced. However, if an individual possesses low self-efficacy, they are unable to respond to stress, leading to relapse. This shows low confidence or self-efficacy becomes a positive expectation to relapse.

Carroll (1996) conducted a study on 126 former addicts that received psychosocial treatment in rehabilitation centers, utilizing the Drug Avoidance Self Efficacy (DASES) scale. The findings show that self-efficacy can be used as an intermediary to reduce relapse behavior, as well as increase psychosocial adjustment among addicts within a six-month period post-treatment. The results also found that low self-efficacy means addicts lack the motivation and drive to overcome high-risk situations. The implication of

this study is within the first six months after treatment, the addict's self-efficacy is utilized optimally. A significant link between self-efficacy and the inclination to relapse also show an optimistic expectation in maintaining a positive expectation for relapse among former addicts.

Next, Haegerich and Tolan (2009) conducted a study relating to the self-efficacy factor and social support on former drug addicts that have completed their treatment after 30, 60, and 90, and 120 days. This study was conducted on 279 former addicts, 155 males and 124 females in Rome. They utilized the Substance Use Attribution Style Questionnaire (SUASQ), and their findings show a significant relationship between an individual factor and drug reuse in 30 days. On the 30th day, there is a significant difference in the mean score between addicts with high self-efficacy and addicts with low self-efficacy. Their results also found that the reasons for relapse within the 30-day period are the addict's lack of preparation to change, lack of motivation, and lack of support. For addicts that relapsed within the 60-day to 120-day period, a lack of social support lead to their relapse. On the 30th day after a follow-up treatment, there is a significant difference in the total mean score of self-efficacy between those that relapsed and those that did not.

This means most addicts find it difficult to control themselves from relapsing within 30-days after treatment. It shows most addicts could not prevent themselves from reusing drugs. This is because, within 30 days, their mental health level also changes. The results found that addicts that relapsed within this period have a low self-esteem, a deviant personality, and the inability to effectively identify their self-defense mechanism. This then causes former addicts to carry on with their deviant behavior, which then drives them to relapse. This situation describes the addicts as only treated from a physical aspect, but their endurance is still not fully treated. Furthermore, a study by Rychtarik, Prue, Rapp, and King (1992) evaluates the extent of self-efficacy on drug abuse through a telephone interview method. 183 addicts, 62% male adolescents and 38% female adolescents aged between 9-25 years in urban areas were selected as respondents. 23 respondents said they relapsed within a one-month period. The remaining 160 respondents reported they relapsed within the following 60 days. This means a low self-efficacy influences the respondents to relapse within a month after the end of treatment, while addicts that can control themselves from relapsing within 60 days are seen to have a higher level of confidence.

This is admitted by Chong and Herman-Stahl (2003) who conducted a study on 230 former female addicts among the Native American community, utilizing the Addiction Severity Index (ASI) questionnaire and the Self Rating Anxiety Scale (SAS). The findings show that the female Native American addicts were only able to avoid relapsing within 30 days. This means, the desire to relapse increased within the 30-day period. This study also includes the mental health and self-esteem factors, and found that mental health and self-esteem decrease after the end of treatment. Environmental stress triggered their desire to relapse and changed their perception on their own self-esteem to fully recover, until it influenced their self-efficacy and confidence. Specifically, a higher self-efficacy can overcome drug reuse.

Majer, Jason, Ferrari, Venable, and Olson, (2002) conducted a study on 78 male addicts that have completed their treatment, within two weeks, a month, two months, three months, six months, and twelve months' post-treatment, utilizing the telephone interview method. This study utilized the Self Efficacy Scale (SES). The results found that a lack of self-efficacy begins after the first month, increasing the inclination to relapse. For addicts, their self-efficacy can influence the start of addiction, as their expectation of pleasure then feeds into their belief of their ability to relapse McKay, Alterman, McLellan, and Snider, (1994) in their study identifies eight (8) aspects that could influence the inclination to relapse among addicts by utilizing the Addiction Severity Index (ASI) and the Beck Depression Inventory (BDI). Among the aspects of study include the general social support for drugs, the specific social support for drugs, quality of life, confidence, self-efficacy, in-group support, psychiatric problems, and employment status. The findings show that only self-efficacy produces a consistent effect on the inclination within a six-month, 12-month, 30-month, and 36-month period. There is also a link between public social support, in-group support, and employment status, but these links are not strong enough to predict relapse behavior.

The results also found that non-relapsed addicts have a high self-efficacy score compared to relapsed addicts, who have a lower self-efficacy score. This means there is a significant difference in the total mean score for addicts with self-efficacy, between addicts that relapsed and did not relapse.

A study on 1,202 former addicts in Queens, New York was conducted by Witkiewitz and Marlatt in 2007, utilizing the Self Rating Anxiety Scale (SAS). The results found that self-efficacy has a better effect if the former addicts receive cognitive behavioral therapy compared to former addicts that only receive motivational behavior therapy. The cognitive behavior therapy covering both confidence and self-efficacy aspects found to have better results compared to motivational behavior. It means that relapse behavior depends on self-efficacy, and not merely on the received treatment. A study by Reilly, Sees, Hall, Shropshire, Delucchi, Tusel, Banys, Clark and Piotrowski, (1995) attempts to review the changes in self-efficacy among former addicts that received a methadone-based rehabilitation treatment. The Self Efficacy Scale (SES) was used in this study. 74 respondents that used methadone were selected as research samples to measure the self-efficacy level within 100 to 120 days. The respondents' self-efficacy score was taken on the 30th, 60th, 90th, and 120th days within the methadone-use period, by requesting the respondents to submit their self-efficacy rate on their ability to fight the desire for drugs. The results found that drug addicts' self-efficacy score differ within the 30-day period of study. This is because there are different results, and it proves the addicts' ability for self-control is determined through self-efficacy.

Studies on self-efficacy are not limited to drug addicts. Gulliver, Hughes, Solomon, and Dey (1995) study self-efficacy and addiction behavior by focusing on heavy smokers, utilizing the Confidence Questionnaire (CQ) created by Baer and Lichtenstein (1988). They studied on 630 smokers who were prepared to quit smoking immediately, through an interview method. All respondents were found to quit within two to ten days after the interview. Smokers with a high level of self-efficacy were able to control their smoking behavior within 30 days after the interview. This means self-efficacy can serve as a consistent variable in predicting relapse behavior among former smokers. In addition, Greenfield, Huffed, Vagge, Muenz, Costello, and Weiss (2000) also conducted a study on 146 smokers in selected districts in Pennsylvania. This study utilized The Wisconsin Smoking Withdrawal Scale (WSWS). Their study was conducted for six two-hour sessions in a week. Respondents were asked to provide possibility on a percentage scale, from 10% to 100% of their ability to control their desire to smoke, based on 50 questionnaire items. Each item score is obtained by taking the average item answers provided. An evaluation of self-efficacy is recorded within one, two, three, and six months after treatment. The findings show that after treatment, an evaluation on the ability to overcome smoking behavior could be controlled, but self-efficacy was not a significant predictor factor. However, the findings also show that self-efficacy measured during and after treatment can predict the smoking rate, but it could not predict whether a smoker can restrain themselves from not smoking.

Di Clemente, Fairhurst, and Piotrowski, (1995) conducted a study on 25 people, 17 Caucasian-Americans and 8 African-Americans (14 males and 11 females), utilizing the Alcohol Abstinence Self Efficacy (ASSE) questionnaire. Findings show a link between self-efficacy and the inclination to relapse within 30 to 60 days after the end of treatment and rehabilitation for respondents, with $r=.904$, $p<.01$. This means the respondents have the inclination to relapse within one to two months' post-treatment at the rehabilitation centre. This study also categorized self-efficacy into four main factors: firstly, negative effects by focusing on individual belief (replacing negative situations with positive ones) as they face risky situations. Secondly, a positive social situation that involves their social situation to resist peer and social environment pressure to relapse. Thirdly, relating to the drug addicts own physical condition that lead to their relapse, and fourthly, relating to their temptation and desire to relapse. This means, self-efficacy influences someone to act in order to achieve their goals. An individual is more inclined to choose achievable activities, and avoid unachievable ones.

Conclusion

In conclusion, relapse occurs due to risky situations, such as interpersonal problems that produce negative reactions and emotions, as well as signals to drug reuse. In high-risk situations, cognitive factor is viewed

as able to influence the possibility of relapse, through effective reactions to overcome risk and the lack of self-efficacy (Niaura, Rohsenow, Binkoff, Monti, Abrams, & Pedraza, 2008). All these factors are said to be predictive factors that influence an addict to return to drug use. Therefore, cognitive factors play an important role in controlling the stress addicts go through in their effort to control and prevent the increase in relapsed addicts from time to time. It is important for addicts to develop their internal strength and help to cease their continued drug addiction.

References

- Bandura, A. (1997). *Self-efficacy: The exercise of control*. New York: W. H. Freeman.
- Bowen, S., Chawla, N., & Marlatt, G. A. (2010). *Mindfulness-based relapse prevention for addictive behaviors: A clinician's guide*. New York, NY: Guilford.
- Carroll, K. M. (1996). Relapse prevention as a psychosocial treatment: A review of controlled clinical trials. *Experimental and Clinical Psychopharmacology*, 4, 46-54.
- Chong, J., & Herman S. M. (2003). Substance abuse treatment outcomes among American Indians in the telephone aftercare project. *Journal of Psychoactive Drugs Special Issue: Morning Star Rising: Healing in Native American Communities*, 35, 71-77.
- Di Clemente, C. C., Fairhurst, S. K., & Piotrowski, N. A. (1995). *Self-efficacy, adaptation, and adjustment: Theory, research, and application*. New York: Plenum.
- Fauziah, Ibrahim, & Naresh Kumar. (2009). Factors effecting drug relapse in Malaysia: An empirical evidence. *Asian Social Science*, 5, 129-133.
- Fletcher, A., Bonell, C., & Hargreaves, A. (2008). How might social influence young people's drug use? Development of theory from qualitative case-study research. *Journal of Adolescent Health*, 45, 126-132.
- Greenfield, S., Hufford, M., Vagge, L., Muenz, L., Costello, M., & Weiss, R. (2000). The relationship of self-efficacy expectancies to relapse among alcohol dependent men and women: A prospective study. *Journal of Studies on Alcohol*, 61, 345-351.
- Grichting, W. L., & Barber J. G. (1989). The impact of quality of family life on drug consumption. *International Journal Addiction*, 24, 963-971.
- Gulliver, S. B., Hughes, J. R., Soloman, L. J., & Dey, A. N. (1995). An investigation of self-efficacy, partner support and daily stresses as predictors of relapse to smoking in self quitters. *Addiction*, 90, 767-772.
- Haegerich, T., & Tolan., P. H. (2009). *Core competencies and prevention of adolescent substance use*. N.G. Guerra & C. Bradshaw (Eds.), Youth at risk: Core competencies to prevent problem behaviors and promote positive youth development. New Directions in Child Development (R. Larson & L. A. Jensen, Series Ed.). (pp. 47-61). New York: Josey-Bass.
- Maddux, J. E., & Gosselin, J. T. (2003). *Self-efficacy*. In M. R. Leary, & J. P. Tangney (Eds.), Handbook of self and identity (pp. 218e238). New York: The Guilford Press.
- Mahmud Mazlan., Schottenfeld, R. S., & Chawarski, M. C. (2006). New challenges and opportunities in managing substance abuse in Malaysia. *Drug and Alcohol Review*, 25(5), 473-478.
- Majer, J. M., Jason, L. A., Ferrari, J. R., Venable, L. B., & Olson, B. D. (2002). Social support and self-efficacy for abstinence: is peer identification an issue? *Journal of Substance Abuse Treatment*, 23, 209-215.
- Marlatt, & Gordon, J. R. (1985). *Relapse prevention: Maintenance strategies in the treatment of addictive behaviors* (pp. 280-350). New York: Guilford Press.
- Marlatt, G. A. (1985). *Relapse prevention: Theoretical rationale and overview of the model*. In G. A. Marlatt & J. R. Gordon (Eds.), *Relapse prevention: Maintenance strategies in the treatment of addictive behaviors* (pp. 3-70). New York: Guilford Press.
- Marlatt, G. A. (1996). Lest taxonomy become taxidermy: A comment on the relapse replication and extension project. *Addiction Journal*, 91, 147-153.
- Marlatt, G. A., & Gordon, J. R. (1980). Determinants of relapse: Implications for the maintenance of behavior change. In P. O. Davidson & S. M. Davidson (Eds.), *Behavioral medicine: Changing health lifestyles*. New York: Brunner/Mazel.
- Marlatt, G. A., & Gordon, J. R. (1985). *Relapse prevention: Maintenance strategies in the treatment of addictive behaviors*. New York: Guilford Press.
- Niaura, R. S., Rohsenow, D. J., Binkoff, J. A., Monti, P. M., Abrams, D. A., & Pedraza, M. (2008). The relevance of cue reactivity to understanding alcohol and smoking relapse. *Journal of Abnormal Psychology*, 97, 133-152.

- Reilly, P. M., Sees, K. L., Hall, S. M., Shropshire, M. S., Delucchi, K. L., Tusel, D. J., Banys, P., Clark, H. W., & Piotrowski, N. A. (1995). Self-efficacy and illicit opioid use in a 180-day methadone detoxification treatment. *Journal of Consulting and Clinical Psychology, 63*(1), 158-162.
- Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist, 55*, 68-78.
- Rychtarik, R. G., Prue, D. M., Rapp, S. R., & King, A. C. (1992). Self efficacy, aftercare and relapse in a treatment program for alcoholics. *Journal of Studies on Alcohol, 53*, 435-440.
- Sinha, R. (2001). How does stress increase risk of drug abuse and relapse? *Psychopharmacology, 158*, 343-359.
- Tate, S. R., Brown, S. A., Glasner, S. V., Unrod, M., & McQuaid, J. R. (2006). Chronic life stress, acute stress events, and substance availability in relapse. *Addiction Research and Theory, 14*, 303-322.
- Tomczak, V. M. (2010). *The impact of emotional intelligence on substance abuse and delinquency in a college sample: The comparison of emotional intelligence traits versus abilities*. Retrieved from ProQuest. (UMI 3422981).
- Witkiewitz, K., & Marlatt, G. A. (2004). Relapse prevention for alcohol and drug problems. *American Psychologist, 59*, 224-235.
- Witkiewitz, K., & Marlatt, G. A. (1985). Relapse prevention for alcohol and drug problems: That was Zen, this is Tao. *American Psychologist, 59*, 224-235.
- Witkiewitz, K., & Marlatt, G. A. (2007). Modeling the complexity of post-treatment drinking: It's a rocky road to relapse. *Clinical Psychology Review, 27*(6), 724-738.

**SERVICE QUALITY MEASUREMENT IN HIGHER EDUCATION INSTITUTIONS:
A REVIEW OF SERVQUAL, SERVPERF AND HEDPERF**

Azyati Ilyani Aznan and Nurul Fadhillah Mohd Saleh

Abstract

This study review service quality measures in the context of higher education institution, the relevant models developed, as well as the subsequent implementation of these models in the higher education sector. This paper reviews the effectiveness of SERVQUAL, SERVPERF, and HEDPERF scale as an instrument to measure the quality of higher education, by comparing these models in terms of their characteristics and previous studies. Existing literature on the subject supports the argument that SERVQUAL, SERVPERF and HedPERF are reliable scales forming the studies for service quality assessment in the higher education institution.

Keywords: Service Quality, Higher Education Institutions, SERVQUAL, SERVPERF, HEDPERF

Introduction

The rapid development of a country will indirectly affect the quality of education offered in that country. Traditionally, higher learning institutions try their best to deliver high quality service through their academic curriculum and the efficiency of their administration process. Apart from that, many higher education institutions compete among each other to provide the best quality education and the most affordable fees to both students and future students. Service quality is becoming the most significant element looked at by the higher education institutions to evaluate themselves, to measure their level of service performance. Students are becoming extremely selective in their choice of educational institutions, due to a large number of players in the industry currently. Thus, student satisfaction is an essential factor to be considered by the learning institution to improve the quality of their performance.

Many research studies have been developed by researchers to measure the level of service performance by the higher learning institutions in the industry. Most of the studies on service quality which focus on the higher education sector across the world have adopted the SERVQUAL, SERVPERF, and HedPERF scale to measure service quality in higher education and this three instrument has received lots of comments in terms of their reliability and validity issues (Kontic, 2014). SERVQUAL, developed by (Parasuraman, Zeithaml, & Berry, 1985; 1988), is the most popular tool identified to measure service performance, followed by SERVPERF. Most of the previous studies had directly chosen SERVQUAL as their measurement tool, proven by the fact that SERVQUAL has been widely cited in research papers all over the world. However, due to the changes in technology and the different nature of settings for studies, new measurement techniques other than SERVQUAL should also be considered. Studies conducted in the context of higher education level should include HEDPERF as the measurement tool to be used because this tool does not exclude higher performance aspect (Abdullah, 2005). Thus, this study is developed to compare the service quality measures at a higher education level, by comparing SERVQUAL, SERVPERF, and HEDPERF instruments.

Literature Review
Service Quality

There are many versions of the definition of "service quality" put forward by the different authors, but their meaning generally falls within the same scope. Service quality can be defined as being able to meet customers' expectations or providing service levels that meet customers' requirements (Sultan & Wong, 2012). Angell, Heffernan, and Megicks (2008) define service quality as being a measure of how well the service is delivered to match customers' expectations. In the service industry, the concept of measuring the quality of the service provided has gone through gradual evolution from quality is excellence, to quality is value, to quality is conformance to specifications, to most recently, quality is meeting and exceeding customers' expectations. Practitioners and academics alike have found that providing a high level of service quality can realize the potential to earn a higher market share (Sultan & Wong, 2012).

Service Quality in Higher Education Institutions

Research on service quality in the higher education sector is new, at least compared to the commercial sector. The higher education sector has begun to adopt total quality management concepts by applying a customer-oriented approach in dealing with their students. Thus, an appropriate way of measuring the service quality of higher learning institutions is to assess the perception of their consumers, namely their students (Jain, Sinha, & Sahney, 2011). Higher education institutions are essentially service providers. The concept of relationship marketing is of high importance in services marketing, especially the types of services that require high-contact and long-term contact order to obtain an outcome. Maintaining relationships with tertiary students in a higher education environment can produce long-term benefits to the university (Sultan & Wong, 2012). The quality of higher education as a service is also fundamental to a country's development. Universities are the places which will produce professionals who will turn out to be future managers and leaders managing public and private resources and caring for the health and education of the new generations to come (Abili, Mokhtarian, & Rashidi, 2011). Service quality research in higher education has developed proper measures conceptualising SERVQUAL, SERVPERF, or HEDPERF. Academics have also been at odds with each other with regards to their decision to use either SERVQUAL, SERVPERF, HedPERF or other measures scales in a higher education setting, and which factors, or combined factors, are the most applicable to be used to evaluate their choices in that context (Sultan & Wong, 2012).

SERVQUAL Scale

The SERVQUAL (Service Quality) scale was introduced by (Parasuraman et al., 1988) in the United States. SERVQUAL was designed to evaluate service quality as perceived by the client and to measure the difference between customer expectations and actual performance. SERVQUAL comprise of 22 items with five dimensions to measure customer expectations and 22 items with five dimensions to measure actual performance. Thus, the total number of items in the questionnaire for SERVQUAL is 44. SERVQUAL is widely used and is the scale which is most cited by the researchers in this field. According to Parasuraman et al. (1988), SERVQUAL is suitable to be applied in the various service field, as its structure may be adapted or complemented to cater to the specific needs of an individual company. SERVQUAL scales are appealed to be generic scales and can be applied in the most various services. Below are the SERVQUAL FIVE scale dimensions:

Table 1

SERVQUAL

Dimensions	Descriptions
Reliability	Ability to perform the service promised in an accurate and reliable manner
Responsiveness	Willingness to help clients and provide a quick service
Assurance	Knowledge and courteousness from employees and their ability to inspire confidence and assurance
Empathy	Individual dedication and attention offered to clients
Tangibles	Physical facilities, equipment and appearance of staff

Source: Parasuraman et al. (1988)

SERVPERF Scale

Another scale for measuring perceived service quality that is constantly applied in service quality studies is SERVPERF (Service Performance) which was introduced by Cronin and Taylor (1992) in the United States. This scale only measures the performance level and eliminates the element of expectation included in the SERVQUAL scale. Although this scale is based on SERVQUAL, the 22 items included are just perceptions items and exclude the expectations factor. Abdullah (2005) concurs with Cronin and Taylor (1992) that adopting the SERVPERF model will result in more reliable estimation, better explained variance, and consequently less bias than the SERVQUAL scale (Cronin & Taylor, 1992). SERVPERF scales are also appealed to be a generic scales and can be applied in the most various services just like SERVQUAL scales.

Table 2

SERVPERF

Dimensions	Descriptions
Reliability	Ability to perform the service promised in an accurate and reliable manner
Responsiveness	Willingness to help clients and provide a quick service
Assurance	Knowledge and courteousness from employees and their ability to inspire confidence and assurance
Empathy	Individual dedication and attention offered to clients
Tangibles	Physical facilities, equipment and appearance of staff

Source: Cronin and Taylor (1992)

HedPERF Scale

HedPERF (Higher Education Performance) is a new and broader dimension to measure service quality in the higher education industry developed by Abdullah (2005) in Malaysia. As it is based on the SERVPERF scale, the questionnaire in HedPERF includes 41 service performance items, of which 13 are adapted from the SERVPERF scale and categorized into six dimensions. HedPERF explains the variance within the higher education setting better in terms of reliability and validity as compared to SERVPERF (Abdullah, 2005). This HedPERF scales claimed to be an industry specific scale as studies about service quality focus directly to higher education institutions. Below are the HedPERF six scale dimensions:

Table 3

HedPERF

Dimensions	Descriptions
Non-academic aspects	Items that are essential for allowing students to fulfil their study requirements. It regards to the tasks performed by the clerical staff.
Academic aspects	Items the teaching staff is completely responsible for.
Reputation	Items that suggest the importance of higher education institution in projecting a professional image.
Access	Items related to accessibility, ease of contact, availability and convenience.
Programme issues	Items that emphasize the importance of providing a wide range of programme that is reputable and have flexible structures and study plans.
Understanding	Items regarding the understanding of specific students need in terms of counselling and health.

Source: Abdullah (2005)

Discussion

Measuring the service quality dimensions in a higher education institution is a complex issue which needs to be analytically revised by the institutions. The suitable measurement tools and techniques should be considered before further investigating into this service quality study. Thus, the SERVQUAL, SERVPERF, and HedPERF scales are being compared in this study. SERVQUAL is widely used and widely cited in the service quality studies across all industries which comprises: bank (Kumar & Charles, 2010; Ayo, 2018), hotel (Kumarasinghe, Lee, & Karunasekara, 2018), healthcare (Behdioğlu, Acar, & Burhan, 2017), telecommunication (Govender, 2013), retailing (Sajadi & Rizzuto, 2013), automobile (Izogo, 2015), libraries (Hossain & Ahmed, 2014), airline (Jeeradist, Thawesaengskulthai, & Sangsuwan, 2016). Many of the studies also applied SERVQUAL to measure service quality in higher education institution (Galeeva, 2016; Yousapronpaiboon, 2014; Brochado, 2009; Koni, Zainal, & Ibrahim, 2013; Oldfield & Baron, 2000; Shekarchizadeh, Rasli, & Hon-That, 2011; Smith, Smith, & Clarke, 2006; Calvo-Porral, Lévy-Mangin, & Novo-Corti, 2013). Cronin and Taylor (1992) found that their measure of service performance (SERVPERF) produced better results, more reliable estimations, greater convergent and

discriminant validity, greater explained variance, and consequently less bias than the SERVQUAL. SERVPERF always being used in various industry after SERVQUAL which include of mobile services (Babic-Hodovic, Arslanagic-Kalajdzic, & Imsirpasic, 2017), Insurance (Haque & Sultan, 2019), service firms (Rasyida, Ulkhaq, Setiowati, & Setyorini, 2016), fast food (Qin, Prybutok, & Zhou, 2011), bank (Andreani & Wijayanty, 2014; pest control, dry cleaning, and fast-food restaurants (Cronin & Taylor, 1992). Many of the studies also applied SERVPERF to measure service quality in higher education institution (Soni & Govender, 2018; Khalifa, 2015; Abdullah, 2005; Brochado, 2009). Although, HedPERF scale is an industry-specific scale as studies about service quality focus directly to higher education institutions, HedPERF scale also being applied in numerous studies across the nation in higher education institution field (Gadhavi, Patel, & Shukla, 2018; Ushantha & Kumara, 2016; Ali, Zhou, Hussain, Nair, & Ragavan, 2016; Yusuf, 2017; Silva, Moraes, Makiya, & Cesar, 2006). Many other studies have also made a comparison between SERVPERF and HEDPERF. Abdullah (2005) found that in terms of unidimensionality, reliability, and validity, HEDPERF explains the variance within the higher education setting better than SERVPERF. Further, Abdullah (2005) also concluded that although SERVPERF is more superior and more widely used as compared to HEDPERF, it did not provide a better measure for the higher education institution research background.

Despite its wide application, the SERVQUAL model has also been criticized by some authors, where the SERVQUAL dimensions across different types of service have been put to question. It has also been argued that the number of dimensions and the nature of the SERVQUAL construct may be too universal (Smith et al., 2006). This demonstrates that the SERVQUAL model is too general to apply to one specific industry, where it has not been designed to suit any of the various industries specifically. Other than that, Cronin and Taylor (1992; 1994) argued that SERVQUAL is paradigmatically flawed because of its ill-judged adoption of the disconfirmation model. Carman (1990) points out that the Gap approach offers little theoretical support as a basis for measuring service quality. Its five dimensions, namely, reliability, empathy, tangibles, responsiveness, and assurance, were difficult to replicate across diverse service contexts (Buttle, 1996). According to Cuthbert (1996a; 1996b) the five dimensions of the SERVQUAL scale may not be appropriate for measuring service quality in higher education. There are some studies which found that the SERVPERF scale is a better alternative to the SERVQUAL scale (Calvo-Porrall et al., 2013; Cronin & Taylor, 1994; Sultan & Wong, 2012). SERVPERF is discovered to be more efficient as compared to SERVQUAL, due to the reduction in the number of items from 44 to 22 items. In the SERVPERF scale, the 22 components included are just the perceptions items, excluding the expectations factor. Thus, it is a minimalist model which directly measures performance. There is a significant difference in the outcomes of the two metrics which is SERVQUAL and SERVPERF based on the empirical study (Rodrigues, Barkur, Varambally, & Motlagh, 2011). Although SERVQUAL and SERVPERF use the same items for actual performance, the difference comes from the customer expectations items. Hedperf scale is a current phenomenon for service quality scale for the higher education sector. It captures more variance relative to that of the SERVPERF scale based on the comparative results (Abdullah, 2005; 2006a; 2006b; 2006c). Brochado (2009) concluded that both the HEDPERF and SERVPERF scales were suitable for the same purpose as compared with SERVQUAL. The author also pointed out that it is not possible to determine which of the two scales is superior. In terms of unidimensionality, reliability, and validity, HEDPERF explained variance within the higher education setting better in comparison to SERVPERF (Abdullah, 2005).

Conclusion

The reviews in the literature show that service quality has a very important role in the development of the higher education system. Improving service quality within the context of higher education service is often mentioned as an internal goal of higher learning institutions, without any explicit reference to what is meant by service quality in higher education (Sultan & Wong, 2012). It is tough to mentioned which scale is the best, it depends on the author objective and research setting. By comparing the SERVQUAL, SERVPERF, and HEDPERF models, existing literature on the subject supports the argument that SERVQUAL, SERVPERF and HedPERF are reliable scales forming the studies for service quality

assessment in the higher education institution. This is because, each of the measurement scales has its own unique characteristics and the selection of the measurement scale is based on the objective of the studies.

Limitations and Suggestions for Future Research

Future studies should include other measurement scales that may be applied in the educational sector for evaluating service quality such as performance-based higher education service quality model (PHED-model), Importance Performance Analysis (IPA) and others. Besides that, this study is a review of the previous literature, future study should prove all the theory with the empirical data.

References

- Abdullah, F. (2005). HEDPERF versus SERVPERF. *Quality Assurance in Education*, 13(4), 305–328. <https://doi.org/10.1108/09684880510626584>
- Abdullah, F. (2006a). Measuring service quality in higher education : HEDPERF versus SERVPERF. *Marketing Intelligence & Planning*, 24(1), 31–47. <https://doi.org/10.1108/02634500610641543>
- Abdullah, F. (2006b). Measuring service quality in higher education: Three instruments compared. *International Journal of Research & Method in Education*, 29(1), 71–89. <https://doi.org/10.1080/01406720500537445>
- Abdullah, F. (2006c). The development of HEDPERF: A new measuring instrument of service quality for the higher education sector. *International Journal of Consumer Studies*, (November), 569–581. <https://doi.org/10.1111/j.1470-6431.2005.00480.x>
- Abili, K., Mokhtarian, F., & Rashidi, M. M. (2011). Assessing quality gap of university services. *The Asian Journal on Quality*, 12(2), 167–175. <https://doi.org/http://dx.doi.org/10.1108/09564230910978511>
- Ali, F., Zhou, Y., Hussain, K., Nair, P. K., & Ragavan, N. A. (2016). Does higher education service quality effect student satisfaction, image and loyalty? A study of international students in Malaysian public universities. *Quality Assurance in Education*, 24(1). <https://doi.org/http://dx.doi.org/10.1108/QAE-11-2012-0046>
- Andreani, F., & Wijayanty, D. (2014). The influence of service performance on customer satisfaction of Bank Central Asia in Surabaya. *International Journal of Advances in Management and Economics*, 3(6), 57–64.
- Ayo, F. E. (2018). A two-phase multiobjective optimization for benchmarking and evaluating service quality in banks. *International Journal of Intelligent Computing and Cybernetics*. <https://doi.org/10.1108/IJICC-12-2017-0155>
- Babic-Hodovic, V., Arslanagic-Kalajdzic, M., & Imsirpasic, A. (2017). Perceived quality and corporate image in mobile services: The role of technical and functional quality. *South East European Journal of Economics and Business*, 12(1), 114–125. <https://doi.org/10.1515/jeb-2017-0011>
- Behdioğlu, S., Acar, E., & Burhan, H. A. (2017). Evaluating service quality by fuzzy SERVQUAL: A case study in a physiotherapy and rehabilitation hospital. *Total Quality Management & Business Excellence*, 3363(April). <https://doi.org/10.1080/14783363.2017.1302796>
- Brochado, A. (2009). Comparing alternative instruments to measure service quality in higher education. *Quality Assurance in Education*, 17(2), 174–190. <https://doi.org/10.1108/09684880910951381>
- Buttle, F. (1996). SERVQUAL: Review , critique , research agenda. *European Journal of Marketing*, 30(1), 8–32.
- Calvo-Porrà, C., Lévy-Mangin, J.-P., & Novo-Corti, I. (2013). Perceived quality in higher education: An empirical study. *Marketing Intelligence & Planning*, 31(6), 601–619. <https://doi.org/10.1108/MIP-11-2012-0136>
- Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A reexamination and extension. *Journal of Marketing*, 56(3), 55–68. <https://doi.org/10.2307/1252296>
- Cronin, J. J., & Taylor, S. A. (1994). SERVPERF versus SERVQUAL: Reconciling performance-based and perceptions-minus-expectations measurement of service quality. *Journal of Marketing*, 58, (January 1994), 125–132.
- Cuthbert, P. F. (1996a). Celebrate and record Managing service quality in HE: Is SERVQUAL the answer? Part 1. *Managing Service Quality*, 6, 11–16.
- Cuthbert, P. F. (1996b). Celebrate and record Managing service quality in HE: Is SERVQUAL the answer? Part 2. *Managing Service Quality*, 6, 31–35.
- Gadhavi, D. D., Patel, J. D., & Shukla, Y. S. (2018). Role of information of service quality in formation of behavioural intention among students: Empirical analysis in university settings. *International Journal of Services, Economics and Management*, 9(1).
- Galeeva, R. B. (2016). SERVQUAL application and adaptation for educational service quality assessments in Russian higher education. *Quality Assurance in Education*, 24(3).
- Govender, J. P. (2013). Assessing service quality in the mobline telecommunications market. *Corporate Ownership & Control*, 11(1), 510–517.
- Haque, M. I., & Sultan, Z. A. (2019). A structural equation modeling approach to validate the dimensions of SERVPERF in insurance industry of Saudi Arabia. *Management Science Letters*, 9, 495–504. <https://doi.org/10.5267/j.msl.2019.1.012>
- Hossain, M. J., & Ahmed, S. M. Z. (2014). An investigation of service expectations: Developing and validating an alternative scale for service quality assessment in academic libraries. *The International Information & Library Review*, 46, 37–41. <https://doi.org/10.1080/10572317.2014.924777>

- Izogo, E. E. (2015). Service quality, customer satisfaction and loyalty in automobile repair services sector. *International Journal of Quality & Reliability Management*, 30(3).
- Jain, R., Sinha, G., & Sahney, S. (2011). Conceptualizing service quality in higher education. *Asian Journal on Quality*, 12(3), 296–314. <https://doi.org/10.1108/15982681111187128>
- Jeeradist, T., Thawesaengskulthai, N., & Sangsuwan, T. (2016). Using TRIZ to enhance passengers' perceptions of an airline's image through service quality and safety. *Journal of Air Transport Management*, 53, 131–139. <https://doi.org/10.1016/j.jairtraman.2016.02.011>
- Khalifa, Al. B. M. B. (2015). A confirmatory factor analysis for SERVPERF instrument based on a sample of students from Syrian Universities. *Education + Training*, 57(3), 343–359.
- Koni, A., Zainal, K., & Ibrahim, M. (2013). An assessment of the services quality of palestine higher education. *International Education Studies*, 6(2), 33–48. <https://doi.org/10.5539/ies.v6n2p33>
- Kontic, L. (2014). Measuring service quality in higher education: The Case of SERBIA. *International Conference MakeLearn 2014: Human Capital without Borders: Knowledge and Learning for Quality of Life*, 645–654.
- Kumarasinghe, S., Lee, C., & Karunasekara, C. (2018). Comparing local and foreign perceptions of service quality of five-star hotels in Sri Lanka. *Journal of Quality Assurance in Hospitality & Tourism*, 00(00), 1–22. <https://doi.org/10.1080/1528008X.2018.1483285>
- Oldfield, B. M., & Baron, S. (2000). Student perceptions of service quality in a UK university business and management faculty. *Quality Assurance in Education*, 8(2), 85–95.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(January), 12–40. [https://doi.org/10.1016/S0148-2963\(99\)00084-3](https://doi.org/10.1016/S0148-2963(99)00084-3)
- Parasuraman, A., Zeithaml, V., & Berry, L. (1985). Conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41–50. [https://doi.org/10.1016/S0148-2963\(99\)00084-3](https://doi.org/10.1016/S0148-2963(99)00084-3)
- Qin, H., Prybutok, V. R., & Zhou, J. (2011). Quantitative comparison of service quality and recoverability measures. *Int. J. Services and Standards*, 7(2), 138–154.
- Rasyida, D. R., Ulkhaq, M. M., Setiowati, P. R., & Setyorini, N. A. (2016). Assessing service quality: A combination of SERVPERF and importance-performance analysis, 03, 6–10.
- Rodrigues, L. L. R., Barkur, G., Varambally, K. V. M., & Motlagh, F. G. (2011). Comparison of SERVQUAL and SERVPERF metrics: An empirical study. *TQM Journal*, 23(6), 629–643. <https://doi.org/10.1108/17542731111175248>
- Sajadi, R. E., & Rizzuto, D. (2013). The antecedents of consumer satisfaction and loyalty in fast food industry: A cross-national comparison between. *International Journal of Quality & Reliability Management Management*, 30(7), 780–798. <https://doi.org/10.1108/IJQRM-May-2012-0069>
- Shekarchizadeh, A., Rasli, A., & Hon-That, H. (2011). SERVQUAL in Malaysian universities: Perspectives of international students. *Business Process Management Journal*, 17(1), 67–81. <https://doi.org/http://dx.doi.org/10.1108/09564230910978511>
- Silva, S. D., Moraes, G. H. S. M. de, Makiya, K. I., & Cesar, F. I. G. (2006). Measurement of perceived service quality in higher education institutions: A review of HEDPERF scale use. *Quality Assurance in Education*, 14(3), 251–267. <https://doi.org/http://dx.doi.org/10.1108/QAE-11-2012-0046>
- Smith, G., Smith, A., & Clarke, A. (2006). Evaluating service quality in universities: A service department perspective Gareth. *Quality Assurance in Education*, 14(3), 251–267. <https://doi.org/http://dx.doi.org/10.1108/QAE-11-2012-0046>
- Soni, S., & Govender, K. (2018). The relationship between service quality dimensions and brand equity: Higher education students' perceptions, 26(3), 71–87. <https://doi.org/10.7206/jmba.ce.2450-7814.236>
- Sultan, P., & Wong, H. Y. (2012). *Service quality in a higher education context: An integrated model*. <https://doi.org/http://dx.doi.org/10.1108/09564230910978511>
- Ushantha, R. A. C., & Kumara, P. A. P. S. (2016). A quest for service quality in higher education: Empirical evidence from Sri Lanka. *Services Marketing Quarterly*, 2, 98–108. <https://doi.org/10.1080/15332969.2016.1154731>
- Yousapronpaiboon, K. (2014). SERVQUAL: Measuring higher education service quality in Thailand. *Procedia - Social and Behavioral Sciences*, 116, 1088–1095. <https://doi.org/10.1016/j.sbspro.2014.01.350>
- Yusuf. (2017). The influence of HEDPERF and student satisfaction against perceived service value and implication in institutional image. *Integrated Journal of Business and Economics*.

SUSTAINABILITY GOVERNANCE: QUALITY OF BOARD, AUDIT COMMITTEE AND
SHARIAH COMMITTEE ON QUALITY ZAKAT DISTRIBUTION PERFORMANCE

Norlizawati Abd Rahman and Mohd Abdullah Jusoh

Abstract

This study argues that sustainability governance practice in zakat institutions could possibly lead to an effective distribution performance based on quality of distribution. Therefore, this study conducted to investigate the effect of governance mechanism on the distribution performance. Secondary data is employed in obtaining data from 2010 to 2016, Ordinary Least Squares (OLS) regression are used for the purpose of hypothesis testing. The result shows that governance mechanisms of board size, board meetings, summary of audit committee report and shariah committee meetings are significantly associated with quality of distribution performance. This study suggest that zakat institutions should review the current *haddul kifayah* used as distribution policy which is believed to be no longer relevant as the living cost is increasing. This study contributes to current literature by providing evidence that the zakat distribution performance can be influence through sustainability in governance practices. Furthermore, the results may increase the confidence of the zakat payers and eradicate negative perceptions toward zakat institutions.

Keywords: Sustainability Governance, Board, Audit Committee, Performance, Zakat Distribution

Introduction

Organizational performance essentially denotes the ability of a company in managing the resources. The challenges towards the best organization performance are not limited for the company but also faced by several types of institution such as public and private sectors, profit and non-profit institutions, as well as cooperative. Zakat institutions as a non-profit organization are no exception on this matter. In addition, these institutions are the prime agent appointed to manage zakat funds provided by payers. The zakat institutions are the trusted body to distribute the zakat collection for asnaf (zakat recipient) according to the Islamic laws. For this reason, the best practice of governance is looking as the mechanism, which could enhance the distribution performance of zakat institution.

In the context of zakat institutions, governance refers to the procedure and structure in managing and directing the activities of the organization. It is important towards increasing the social welfare of zakat recipients as well as establishing accountability to the zakat payers. According to Norazlina and Abdul Rahim (2013, 2015) believed that good governance is one of the mechanisms significant in improving the management of the zakat distribution system and its performance. This is consistent with Eza Ellany et al. (2014) that the efficiency of zakat distribution performance can influence the zakat collection in the future. Therefore, the implementation of good governance is perceived to bring significant impact towards the efficiency of zakat institutions in Malaysia.

Previous study indicated that the effectiveness of zakat depends on the method of distribution and also the purpose of it (Fuadah, Ahmad Fahme, & Muhammad Ridhwan, 2015). Therefore, the primary goal of the study is to investigate the sustainability governance on the performance of zakat distribution in Malaysia. In particular, this research intends to achieve the following objectives:

- i. To evaluate the level of zakat distribution performance based on the quality of distribution;
- ii. To identify the governance mechanism which becomes the tool that could improve the quality of distribution.

Literature Review

Zakat Distribution System

In Malaysia, zakat affairs are governed by the legislation under MAIN as discussed in the previous section. According to Rusni and Nur I'ffah (2016), government plays an important role in the management of zakat

money to ensure a more equitable distribution and efficient as practicable. This is because the government has enough resources, particularly in terms of information recipients compared to zakat payers. Paying of zakat is to the needy that are within their sight. There also may be other recipients who are in need of zakat. This led to inequities in the distribution of alms. There are many opinions and arguments relating to the distribution of zakat to the needy. In the view of Shafie mazhab, when zakat distribution activities are managed by its faith (government / MAIN), then the distribution shall be made to the eight groups of recipients. The first part is for the amil that benefits them through zakat collection and the rest is distributed to other groups on the basis of equality between them (Rusni & Nur I'ffah, 2016). But if the distribution is carried out by zakat payers themselves, then the distribution rights should only be done to only seven groups excluded the amil portion (Mohamad Uda, 2005). However, there are issue on shariah scholars, which have different opinions on determining the order or sequence in priority of asnaf. According to the mazhab of Shafie, generally, there are four recipients who should be given first priority namely al-fuqara' (the poor), al-Masakin (the needy), al-gharimin (people in debts) and ibnsabil (a traveler) (Mohamad Uda, 2005). Here, the amil will the third part after the poor and needy recipients based on the argument that at least three distributions should be carried out to the recipients. Based on these priorities, zakat institutions need to ensure that the five recipients received the zakat that should be carried out before distribution to the other three the recipients specified in the Qur'an. This is to ensure a fair distribution can be implemented to recipients according to predefined rules. Fair distribution of zakat should be implemented as far as possible to the eight groups of recipients. Based on opinion of Maliki and Hanafi scholars, there is no specific order or sequence as to whom should receive zakat first. In other words, the priority of asnaf should be based on the needs of the recipients. That means that any group of recipients who is in greater need of zakat will be given priority in receiving zakat. Therefore, currently, zakat institutions in Malaysia are much more preferable with placing the needs of zakat recipient as the basis of zakat distribution (Rusni & Nur I'ffah, 2016). Mostly, it gives the flexibility for the zakat institution to distribute zakat according to the society's need. This is because there are several factors have to be considered such as the needs of the recipients, the number of recipients and the volume of zakat collection available before determining the zakat distribution to the recipients. All of these factors are not fixed instead they are prone to changes from time to time.

Haddul Kifayah

The aims of zakat distribution are to decrease inequality, establish human rights, eradicate social injustice and bring empowerment of the poor people of the Muslim society. For that reasons, zakat institutions have to review most appropriate *haddul kifayah* rate for zakat distribution management. *Haddul Kifayah* refers to the is a basic rate of minimum requirement for self and household in determining the eligibility of zakat recipients to the poor and needy by considering the difference of place, time, purpose and socio-economic situation (JAWHAR, 2007). Actually, *haddul kifayah* is important in maqasid shariah which refers to preserving faith, human self, mind, posterity and wealth. Therefore, zakat distribution by zakat institutions have to be conducted based on the objective of maqasid shariah (JAWHAR, 2007). JAWHAR (2007) explained clearly about the basic needs, household members, and its dependent relatives. Besides, Lembaga Zakat Selangor (2016) defined *haddul kifayah* as minimum sufficiency line for basic needs of an individual and his dependants based on the current cost of living. The basic need refers to necessitate of accommodation, food and beverage, clothing, medicine, education and transport by the household and dependents (JAWHAR, 2007). Specifically, accommodation refers to the expenses of providing wellbeing for the entire home including house rent, water and electricity bills as well as the expenses of the basic needs of a household. While, transportation covers all expenses-paid of household members including petrol, bus fares and other. In determining *haddul kifayah*, there are seven categories identified to be considered which are leader of the family, adult, school adult, teenagers in school, children in school, youth or children are not attending school and children under 5 years of age and calculated based on various variables such as the number of members in a household, age group of members, etc. (JAWHAR, 2007).

Determination of *haddul kifayah* varies according to location. First is location of the city, an area that is under the administrative authority of the Board or the City Council. Second is the urban area of the

municipality or district under its area of operations. Third is a rural area, an area outside the boundaries of the City Council or Municipal Council or area under related District Council operation (JAWHAR, 2007). Home status in *haddul kifayah* determination can be divided into two. First is the free housing. Second, paying rental or home loan and likely related. LZS (2017) has listed the component of basic needs that must be taken into consideration in the calculation of *haddul kifayah*. Coincidentally, the list is similar to the list prepared by JAWHAR (2007). The rate of *haddul kifayah* in LZS always being reviewed and up dated consistent with current actual cost of living. JAWHAR (2007) also considers the different locality in the calculation; rural, suburban or urban. In Terengganu, *haddul kifayah* limit refers to a level of minimum basic needs of a household determined by Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM) and prepared based on the cost of living in the state. The monthly *haddul kifayah* in Terengganu for different locality for each category.

Sustainability Governance

Generally, the aim of an organization or institution is to ensure that the mission, vision and objectives of the organization are achieved every year. In Malaysian perspective, the Malaysian Code of Corporate Governance (MCCG) defines corporate governance as the structured systems and systematic processes towards enhancing of an organization overall direction, effectiveness, supervision and accountability with the ultimate objective of shareholder value (Securities Commission, 2012). Hasnah (2009) describes corporate governance as a self-regulation system that aims to ensure corporate accountability and a set of rules and procedures that should be met by the management in decision-making. In summary, sustainability governance is a structure, integration and effective management by groups or committees with rule developed for the practice of an organization in decision-making processes.

Board of Directors

The board of directors play several different roles in organization, namely: monitoring and control; strategic planning; and independence (Charitou, Georgiou, & Soteriou, 2016; Brickley & Zimmerman, 2010; Hasnah, 2009). All of these roles can be effectively implemented if the board of directors apply their ability as quality director. In this study, board size and number of board meetings (Yeh & Hsieh, 2017; Khanchel, 2007) are perceived acceptable to be practiced for zakat institutions in order to improve the zakat distribution performance.

Audit Committees

The audit committee is a very important component in an organization, especially in assisting the board of directors in decision-making process. The major roles of audit committee are monitoring the quality, professionalism and integrity (in terms of accounting, auditing, risk management, internal control, compliance issues, the behaviour of staff and financial reporting practices), as well as the overall layout of governance (Hasnah, 2009). Hasnah (2009) also believes that the audit committee is significant in the effectiveness of internal audit function. Besides, Zang, Kim, Segal, and Segal (2012) mention that a more competent and independent of audit committee is likely to require greater auditing effort and higher quality auditors. There are several measures to evaluate the quality of an audit committee. Such as the composition of the audit committee, audit committee meetings, terms of reference and a summary of the activities of the audit committee (Hasnah, 2009; Hasnah, Muhamad, & Pheng, 2005). The audit committee is yet to be fully established and is still new in zakat institutions. All measurement features the quality audit committee such as audit committee meetings, a summary of the activities by audit committee and the internal audit activity (Bursa Malaysia, 2016; Szczepankowski, 2012; Hasnah, 2009; Hasnah et al., 2005) are seen suitable for zakat institutions in order to improve their performance efficiency.

Shariah Committee

Bank Negara Malaysia through BNM/GPS 11 (para 7) requires every Islamic financial institution to establish a shariah committee. The shariah committee is an independent body and it reports directly to the board of director. The committee, as spelt out by BNM/GPS 1 (para 21) has six (6) duties and responsibilities namely to advise the board on shariah matters in its business operation, to endorse shariah compliance manuals, to endorse and validate relevant documentations, to assist related parties on shariah

matters for advice upon request, to advise on matters to be referred to Shariah Advisory Committee (SAC) of Bank Negara Malaysia, to provide written shariah opinion and to assist the SAC on reference for advice. Bank Negara Malaysia has prepared the Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions that regulates the governance of shariah committee of an Islamic financial institution. These guidelines provide the rules, regulations and procedures in the establishment of a shariah committee and also define the role, scope of duties and responsibilities of a shariah committee (BNM, 2004). The proposed member of the shariah Committee shall at least either have qualification or possess necessary knowledge, expertise or experience in Islamic jurisprudence (Usul al-Fiqh); or Islamic transaction/commercial law (Fiqh al-Mu'amalat) (BNM, 2004).

Based on the discussion above, following hypotheses have been developed for the purpose of the study:

- H1: There is a positive significant relationship between board size and zakat distribution performance.*
- H2: There is a positive significant relationship between number of board meetings and zakat distribution performance.*
- H3: There is a positive significant relationship between number of audit committee meetings and zakat distribution performance.*
- H4: There is a positive significant relationship between summaries of audit committee activities and zakat distribution performance.*
- H6: There is a positive significant relationship between shariah committee qualification and zakat distribution performance.*
- H7: There is a positive significant relationship between number of shariah committee meetings and zakat distribution performance.*

Research Methodology

There are 14 zakat institutions in Malaysia and involved as the sample of the study. The study used secondary data sources covering the period of seven years between the years of 2010 to 2016. This study uses panel data and cross-sectional time-series in order to capture the impact of governance. The Regression model Ordinary Least Squared (OLS) was used to examine the relationship between the governance mechanisms towards the performance of zakat institutions.

The dependent variable quality of distribution performance is determined based on the justice of efficiency according to the recipients. The study conducted the validation of content (content validity) based on the distribution view recommended by the Shafie mazhab and form the efficiency score according to the recipients. The priority of asnaf score (PAS) is formed by total of differences score between the scores of Shafie mazhab of real distribution with the scores distribution for the eight categories of zakat institutions recipients and divided by the difference in maximum score that can be obtained by the eight categories of recipients (Hairunnizam et al., 2016, 2009; Eza Ellany et al., 2014; Mohamad Uda, 2005) as formulated below:

$$PAS = \frac{\text{Total score differences for 8 categories of recipient} \\ (\text{actual distribution score} - \text{institution distribution score})}{26 (\text{Total difference of maximum score})}$$

The calculation for actual distribution score based on Shafie mazhab and total difference of maximum score were provided as in **Table 1** and **Table 2**.

Table 1

Actual Distribution Score Based on Shafie Mazhab

No.	Category of <i>Asnaf</i>	Actual distribution Score
1	<i>Al-Fuqara'</i> (poor)	1
2	<i>Al-Masakin</i> (needy)	2
3	<i>Amil</i> (Zakat administrators)	3
4	<i>Al-Gharimin</i> (people in debt)	4
5	<i>Ibn sabil</i> (travellers)	5
6	<i>Muallaf</i> (new Muslims member)	6
7	<i>Al-Riqab</i> (slaves)	6
8	<i>Fi-sabilillah</i> (Muslims who strive for Allah)	6

Sources: Mohamad Uda (2005)

Table 2

Total Difference of Maximum Score

Actual Distribution Score	Lowest Institution Distribution Score	Difference of Maximum Score
1	6	5
2	6	4
3	6	3
4	5	1
5	4	1
6	3	3
6	2	4
6	1	5
Total		26

Source: Adopted from Eza Ellany et al. (2014)

Independent variables are governance mechanisms which are the quality of board of directors (board size and number of board meetings), quality of the audit committee (number of audit committee meetings, summary of audit committee activities and internal audit activities report), complementary with the shariah governance mechanism which is the qualification and number of shariah committee meetings. The relationship of these independent variables is tested with the dependent variable of quality zakat distribution performance. The control variable namely the size of the firm used in this study is the common factor normally used for the relationship between governance and firm performance (Al-shammari, 2012; Mashayekhi & Bazaz, 2008). Dimopoulos and Wagner (2016) use the natural logarithm of total assets as an indication of the size of the firm. Since there are some of zakat institutions do not disclose the amount of their assets, the study uses the amount of zakat collection as the proxy for the size of zakat institutions. The model is generally estimated as follows:

$$PAS_i = \alpha + \beta_1 BSIZE_i + \beta_2 BMEET_i + \beta_3 ACMEET_i + \beta_4 ACSUM_i + \beta_5 ACIAAR_i + \beta_6 SQUA_i + \beta_7 SMEET_i + \beta_8 ISIZE_i + \epsilon_i$$

where:

PAS = Priority of *asnaf* score
BSIZE = Board size
BMEET = Number of board meetings

<i>ACMEET</i>	=	<i>Number of audit committee meetings</i>
<i>ACSUM</i>	=	<i>Summaries of audit committee activities</i>
<i>ACIAAR</i>	=	<i>Internal audit activities report</i>
<i>SQUA</i>	=	<i>Shariah committee qualification</i>
<i>SMEET</i>	=	<i>Shariah committee number of meetings</i>
<i>ISIZE</i>	=	<i>Size of institutions</i>

The summary of operating variables is as in **Table 3** below:

Table 3

Summary of the Variables and Measurements

Variable	Measurement/Proxy	Sources
<u>Dependent Variable</u>		
1. Priority of <i>Asnaf</i> Score (<i>PAS</i>)	Total score differences for 8 categories of <i>asnaf</i> (real distribution score – institution distribution score) 26 (Total difference in maximum score)	Mohamad Uda (2005)
<u>Independent Variable</u>		
1. Board Size (<i>BSIZE</i>)	Dichotomous variable equal to 1 if the number of director between 5 to 15 and 0 if the number of director >15≤5 members	Yermark (1996), OECD (2011)
2. Number of board meeting (<i>BMEET</i>)	Dichotomous variable equal to 1 if the number of meetings ≥ 6 times and 0 if the number of meeting < 6 times	Khanchel (2007), Bursa Malaysia (2017)
3. Number of AC meeting (<i>ACMEET</i>)	Dichotomous variable equal to 1 if the number of AC meetings ≥ four times a year and 0 if the number of AC meetings at < four times a year.	Treadway Comission (1987), Cornwell (1999), Bursa Malaysia (2017)
4. Summary of the AC activities (<i>ACSUM</i>)	Dummy. 1 if the AC has a summary of the activities and 0 if otherwise.	Hasnah et al. (2005)
5. Audit Committee Internal audit activities report (<i>ACIAAR</i>)	Dichotomous variable equal to 1 if the AC review the internal audit activities report and 0 if otherwise.	Hasnah et al. (2005)
6. Qualification of shariah committee (<i>SQUA</i>)	Dichotomous variable equal to 1 if the shariah committee members expertise with shariah in Islamic jurisprudence (Usul al-Fiqh); or Islamic transaction/commercial law (Fiqh al-Mu'amalat) more than 50% from the board members and 0 if less than 50% from the board members.	BNM (2004)
7. Number of shariah committee meetings (<i>SMEET</i>)	Dichotomous variable equal to 1 if the number of shariah committee meetings ≥ four times a year and 0 if the number of shariah committee meetings at < four times a year.	Shahul Hameed et al. (2004)
<u>Control Variable</u>		
Size of institution (<i>ISIZE</i>)	Natural log of total zakat collection	Dimopoulos and Wagner (2016)

Results & Discussion

Descriptive Analysis

The results in **Table 4** indicate that there is an improvement in zakat distribution quality, since the mean difference of priority of *asnaf* (*PAS*) has decreased to 37.8%. Variable *PAS* has a highest value of 58%, lowest value of 27% and mean of 37.8%. In comparison to Eza Ellany et al. (2014), they found a mean of

46% in their sample institutions. Their results indicate that the zakat institutions have achieved 54% of distribution quality performance based on priority of asnaf.

Table 4

Descriptive Statistics for All Variables

Variable	Mean	Max	Min	Standard Deviation	Value = 1
<i>Dependent variables</i>					
PAS	0.3780	0.58	0.27	0.0856	
<i>Independent variables</i>					
BSIZE		1	0	0.4963	58.73%
BMEET		1	0	0.4963	41.23%
ACMEET		1	0	0.4988	57.14%
ACSUM		1	0	0.4853	36.51%
ACIAAR		1	0	0.4963	58.73%
SQUA		1	0	0.4191	22.22%
SMEET		1	0	0.4895	38.1%
<i>Control variable</i>					
ISIZE	18.6226	20.33	17.31	0.8318	

All the categorical variables are shown to have more than 10% of value equal to one. The coefficient estimates can result in biasness toward the other 90% of the sample, the variables are retain and valid for analysis as long as they have approximately a 90/10 split (Tabachnick & Fidell, 2000). The characteristics of the board of director quality comprise the dummy variable of board size and the number of board meetings. Variable BSIZE has shown that 58.73% of the board size ranging from 5 to 15 directors. Based on corporate governance code for the other 12 OECD from the Asian countries, the average number of boards that are between 5 to 15 members (OECD, 2011). This shows that most of the zakat institutions have the ideal size of the board from 5 to 15 members. According to Bursa Malaysia (2017), a minimum number of board meetings by six times each financial year and at any such times as it deems necessary to fulfil its responsibilities. Out of 63 observations, 41.23% of zakat institutions represent the number of boards meeting held more than six times a year. Focusing on the quality of audit committee, variable ACMEET indicates that almost half of the sample (57.14%) held meeting at least four times a year. This show that the audit committee of zakat institutions also held the meeting at least four times each year (Bursa Malaysia, 2017). Meanwhile, variable ACSUM has a mean of 36.51% of the sample prepare a summary of the activities of the audit committee. Variable ACIAAR has a mean of 58.73% prepare the reports of internal audit activities. This shows that, zakat institutions also concern with the particular to include the summary of the work of the audit committee and summary of the work of the internal audit function (Bursa Malaysia, 2016). The characteristics of shariah supervisory board quality represent by variable SQUA and SMEET. Variable SQUA has a mean of 22.22% indicates that the directors of the shariah board fulfilled the qualification as required by BNM (2005). According to BNM (2005), a member of a shariah Committee shall at least either have qualification or possess necessary knowledge, expertise or experience in Islamic jurisprudence (Usul al-Fiqh); or Islamic transaction/commercial law (Fiqh al-Mu'amalat). In terms of number of shariah supervisory board meetings (SMEET), 38.10% of the zakat institutions held more than four times a year. The shariah committee should hold regular meetings at least four times per year. The results of SQUA and SMEET is very low, this is because of the lower percentage of zakat institutions, which have shariah committee. Last but not least is the control variable ISIZE where the average size of zakat institutions is below the value of 18.62.

Correlation Analysis

This section discusses the correlation among the independent variable as presented in **Table 5**. Correlation is used to measure the strength and direction of the linear relationship between the two variables (Tabachnick & Fidell, 2007). It is important to check whether the independent variables are significantly correlated to avoid high autocorrelation of the residuals (Tabachnick & Fidell, 2007). The presence of autocorrelation can significantly affect the result of hypothesis testing. Table 5 presents the result of Spearman Rank-correlation matrix of the full sample. Spearman correlation is considered as more appropriate than Pearson when the independent variable consist of categorical (non-metric) variable (Hair et al., 2010). The examination of the correlation matrix indicates that there is no correlation greater than 0.80. The highest correlation is between variable ISIZE with a correlation value of 0.752. The ACMEET with a correlation value of 0.645. Variable ACSUM and BMEET have a negatively significant correlation at ($r=0.435$). Thus, there is some reason to believe that multicollinearity is unlikely to be a problem because the highest correlation value is less than 0.80 (Tabachnick & Fidell, 2007).

Table 5

Correlation Matrix of the Independent Variables and Control Variable

	BSIZE	BMEET	ACMEET	ACSUM	ACIAAR	SQUA	SMEET	ISIZE
BSIZE	1.000							
BMEET	.310*	1.000						
ACMEET	-.074	-.316*	1.000					
ACSUM	.033	-.435**	.590**	1.000				
ACIAAR	.280*	.048	.512**	.636**	1.000			
SQUA	-.095	.250*	-.077	-.405**	-.095	1.000		
SMEET	-.006	-.060	.283*	-.120	-.006	.524**	1.000	
ISIZE	-.053	.177	.382**	.340**	.644**	.398**	.240	1.000
	.679	.164	.002	.006	.000	.001	.058	.

*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix indicates a few significant findings. Variable BSIZE has a positive weak correlation with variable BMEET at 5% significance level. This implies that a high number of board size is more likely to have frequent number of meetings in a year. Evidence from prior studies argues that effectiveness of board can be indexed by a high number of board meetings, since the higher the frequency of board meetings will indicate more monitoring of the board on the financial reporting process (Vafeas, 1999). This is consistent with the result where board size (BSIZE) of zakat institutions are positively associated with the number of board meetings (BMEET) at ($r=0.310$). Variable ACMEET is significantly positive correlated with variable ACSUM with correlation coefficient at 0.59. This indicates that the more number of meetings held a year, highly influence the zakat institutions to prepare for summary of audit committee activities report. Variable ACMEET has a significant positive correlation at ($r=0.512$) at 1% significance level. This mean the higher number of audit committee meetings are associated with the review of internal audit activities report. The findings are relevant with the requirement in Bursa Malaysia (2016), where a characteristic for a quality audit committee should include the summary of audit committee report and review of the internal audit activities. The results support the roles of the audit

committee to hold the meetings and positively correlates to the review and monitor management's response to internal audit findings and recommendations. Variable SQUA is significantly positively correlated with SMEET ($r=0.524$) at 1% significance level. This means that the zakat institution with qualified member of shariah board is moderately held more than 4 times meeting a year. This implies that the shariah committee member with qualification is expected to frequently conduct meetings as indicated and perceive more monitoring of the committee on the shariah review and remedial action. There are limited evidence to support the findings because no such study has indicated the association between shariah committee qualifications with the number of shariah committee meetings in zakat institutions. Therefore, this finding could be further investigated by other scholar to explain the correlations in detail. Variable ISIZE is found to have positively strong correlation with variable IAAR ($r=0.644$) and IAEXP ($r=0.752$) at 1% significance level. This implies that the zakat institutions with higher of total zakat collections have correlated with higher audit committee's internal audit review and higher internal audit experience. Variable ISIZE has a significantly negative correlation with BSIZE ($r=-0.053$). This indicates that the higher of total zakat collections to have lower number of board size. Variable ISIZE is also positively significantly correlated with BMEET ($r=0.177$), ACMEET ($r=0.382$), ACSUM ($r=0.340$), SQUA ($r=0.398$) and SMEET ($r=0.240$) which means that zakat institution with large size commonly have correlation with all these variables.

OLS Regression Model

The quality of distribution performance model is developed to examine the relationship between priority of asnaf score (dependent variable) with the governance mechanisms and organizational structure mechanism (dependent variables) and institutional size (control variables). **Table 6** describes the results of the quality of distribution performance model analysis.

Table 6

Hypothesis Testing Results using OLS Regression: Quality of Distribution Performance Model

Dependent Variable	Priority of Asnaf Score		
Variable	Coeff	t-Stat	P-value
<i>Independent variable</i>			
BSIZE	-0.0311	-1.8368	0.0720
BMEET	-0.0491	-2.3752	0.0213
ACMEET	0.0426	2.2508	0.0287
ACSUM	-0.1433	-5.6432	0.0000
ACIAAR	0.1270	5.0398	0.0000
SQUA	0.0770	2.2698	0.0274
SMEET	-0.0748	-4.0523	0.0002
<i>Control variable</i>			
ISIZE	-0.0399	-2.6147	0.0117

***, **, * represent 0.01 (highly significant), 0.05 (significant) and 0.10 (marginal significant) significance level respectively

Table 6 presented the result for regression analysis. The first hypothesis suggests that a quality board comprising the number of board size ranging from 5 to 15 directors, is positive correlated with the quality of distribution performance of zakat institutions. The p-value is significant at 5% significance level with coefficient of 0.03. The results for hypothesis one shows that there is significantly positive relationship between variable BSIZE and quality of distribution performance. Therefore, hypothesis 1 is accepted. For hypothesis two, variables BMEET is significantly with a negative association with variable PAS with coefficient of 0.05 in OLS Regression Model. Thus, the result indicates the positive relationship between the numbers of board meetings with quality of distribution performance. Therefore, hypothesis two is accepted. For hypothesis three, the result from Table 6 shows significant positive relationship between variable independent ACMEET and dependent variable PAS. This means that the higher number of audit committee meetings, the higher of priority of asnaf score are recorded; thus, the quality of

distribution performance will decrease. Therefore, hypothesis three is rejected, since the indication should be positively relationship between numbers of audit committee meetings with quality of distribution performance. Table 4.8 shows negative relationship between independent variable ACSUM and dependent variable PAS but the result significant. Therefore, hypothesis four is accepted. The acceptance of hypothesis four means that the tendency to prepare the summary of audit committee report is highly significantly associated with coefficient of 0.14. The findings of the quality of distribution performance model do not support the fifth hypothesis. OLS regression model shows the p-value at 5% significance level but variable IAAR has a positive association with the variable PAS. This means that there is a negative related between internal audit reports reviewed by audit committee with financial distribution performance. Therefore, hypothesis five is rejected.

This paragraph describes the results for the coefficient of shariah committee qualification with the zakat institutions quality of distribution performance. The result in **Table 6** shows that variable SQUA and quality of distribution performance is significantly negative relationship. Therefore, hypothesis seven is rejected. The result indicates that zakat institutions the large number of shariah committee member with qualification or possess necessary knowledge, expertise or experience in Islamic jurisprudence (Usul al-Fiqh); or Islamic transaction/commercial law (Fiqh al-Mu'amalat), the lower quality of distribution performance. Variable SMEET has positive relationship with financial distribution performance and associated significantly. Therefore, hypothesis eight is accepted. The acceptance of hypothesis eight means that the frequent of shariah committee meetings the higher level of quality of zakat distribution performance. Therefore, shariah committee can be trusted unit to act in their best way to represent the shariah review and remedial action (Imran Hussein, 2012). Lastly, variable ISIZE has significant positive relationship with quality of distribution performance with the coefficient value of 0.0399 at 5% significance level.

Conclusion

Sustainability governance are the organizational management tools that have proven to enhance the organization's performance. The study attempts to apply the governance mechanisms tool to zakat institutions in an effort to improve the performance of zakat distribution. The study has evaluated that the zakat distribution performance based on priority of asnaf scores. Zakat institutions should emphasis more on the decision of determining the priority of asnaf in order to ensure the optimal and fairness of distribution. The study also identifies that the governance mechanisms of quality board size, number of board meetings, audit committee meetings and summary of audit committee activities report could influence the performance of zakat institutions. Besides, the shariah governance mechanisms such as the regular meetings at least four times a year by shariah committee also can enhance the performance of zakat distribution. The findings of this study will allow all the all parties that manage me through a good management tool can help the organization to achieve their objectives. Through the good governance practices, zakat distribution performance can be improved. Thus, a more transparent and fair distribution of zakat can be implemented in ensuring the well-being of Muslims in Malaysia. The zakat distribution by zakat institutions should not be taken lightly. Allah s.w.t. has ordered that every zakat fund should be distributed fairly to the qualified asnaf. Therefore, zakat institutions should accept these responsibilities and provide the best service in carrying out the mandate entrusted.

References

- Al-shammari, B. (2012). Corporate governance and Islamic social responsibility disclosure in Kuwaiti Shariah Compliant Financial Institutions, 5–36.
- BNM. (2004). *Guidelines on the governance of shariah committee for the Islamic financial institutions*. Retrieved from <http://www.bnm.gov.my/index.php?ch=57&pg=137&ac=51&bb=file>
- Bursa Malaysia. (2016). *Chapter 15- corporate governance. Bursa Malaysia Listing Requirement*. Retrieved May 13, 2017, from <https://doi.org/10.1017/CBO9781107415324.004>
- Bursa Malaysia. (2017). *Governance model document of bursa malaysia berhad*. Retrieved from http://bursa.listedcompany.com/newsroom/CG_Report_2017_of_Bursa_Malaysia_Berhad.pdf
- Charitou, A., Georgiou, I., & Soteriou, A. (2016). Corporate governance , board composition , director expertise , and value : The case of quality excellence. *Multinational Finance Journal*, 20(3), 181–236.

- Cornwell, L. (1999). *Blue ribbon commission recommendations executive summary – November 1999*. Retrieved from <http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1106&context=rangebeefcowsymp>
- Dimopoulos, T., & Wagner, H. F. (2016). *Corporate governance and CEO turnover decisions*. Swiss Finance Institute Research Paper, pp.12-16.
- Eza Ellany, A. L., Mohd Rizal, P., & Mohamat Sabri, H. (2014). Prestasi kecekapan agihan kewangan dan bukan kewangan di kalangan institusi zakat di Malaysia. *Jurnal Ekonomi Malaysia*, 48(2), 51–60.
- Fuadah, J., Ahmad Fahme, M. A., & Muhammad Ridhwan, A. A. (2015). A review of literatures on current zakat issues: An analysis between 2003 - 2013. *International Review of Research in Emerging Markets and the Global Economy*, 1(2), 336–363.
- Hairunnizam, W., Sanep, A., Mohd Ali, M. N., & Maryam, A. R. (2016). Prestasi kecekapan pengurusan kewangan dan pengurusan agihan zakat: Perbandingan antara Majlis Agama Islam Negeri. In *Persidangan Kebangsaan Ekonomi Malaysia* (pp. 8–9).
- Hasnah, H. (2009). *Kegagalan tadbir urus korporat: Bagaimanakah keberkesanan mekanisme pemantauan dalaman dan luaran dapat membantu? Siri perlantikan profesor 2006 / Bil. 11*. Penerbit Universiti Sains Malaysia.
- Hasnah, H., Muhamad, J., & Pheng, E. G. (2005). Audit committee compliance with Kuala Lumpur stock exchange listing requirements. *International Journal of Auditing*, 9(9), 187–200.
- Imran Hussein, M. (2012). Shari'ah Governance Model (SGM) and its four basic pillars. *Journal of Islamic Banking and Finance*, 29(2), 30–34.
- JAWHAR. (2007). *Manual pengurusan agihan zakat*. Jabatan Wakaf, Zakat dan Haji Jabatan Perdana Menteri.
- Khanchel, I. (2007). Corporate governance: measurement and determinant analysis. *Managerial Auditing Journal*, 22(8), 740–760.
- Mashayekhi, B., & Bazaz, M. S. (2008). Corporate governance and firm performance in Iran. *Journal of Contemporary Accounting & Economics*, 4(2), 156–172.
- Mohamad Uda, K. (2005). *Zakat teori, kutipan dan agihan*. Kuala Lumpur: Utusan Publication & Distributors Sdn Bhd.
- Norazlina, A. W., & Abdul Rahim, A. R. (2013). Determinants of efficiency of zakat institutions in Malaysia: A non-parametric approach. *Asian Journal of Business and Accounting*, 6(2), 33–64.
- Norazlina, A. W., & Abdul Rahim, A. R. (2015). Efficiency of zakat institutions and its determinants. *H A El-Karanshaw et Al. (Eds.), Access to Finance and Human Development — Essays on Zakah, Awqaf and Microfinance*, 1, 33–42.
- Rusni, H., & Nur I'ffah, M. N. (2016). Prioritization of zakat distribution in selangor and the federal territory of malaysia: Are they following the right distribution principles according to shariah? *Intellectual Discourse*, (Special Issue), 435–457.
- Securities Commission. (2012). Malaysian code on corporate governance. Retrieved from <https://www.sc.com.my/wp-content/uploads/eng/html/cg/cg2012.pdf>.
- Shahul Hameed, M. I., Wirman, A., Alrazi, B., Mohd Nazli, M. N., & Pramono, S. (2004). Alternative disclosure and performance measures for Islamic Banks. *Second Conference on Administrative Sciences: Meeting the Challenges of the Globalization Age*, King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia, 19–21.
- Szczepankowski, P. (2012). Audit committee practice in the polish listed stock companies. Present Situation and Development Perspectives. *Business, Management and Education*, 10(1), 50–65.
- Treadway Commission. (1987). Report of the National Commission on Fraudulent Financial Reporting. Retrieved from <http://www.coso.org/publications/ncffr.pdf>.
- Yeh, Y. M. C., & Hsieh, W.-C. (2017). Does board supervisory quality enhance corporate social performance?- Evidence from Taiwanese listed firms. *Asian Journal of Finance & Accounting*, 9(1), 68-89.
- Yermack, D. (1996). Higher market valuation for firms with a small board of directors. *Journal of Financial Economics*, 40(1994), 185–211.
- Zang, Yoonseok; KIM, Jae B.; SEGAL, Benjamin; & SEGAL, Dan. (2013). The triangular relationship between audit committee characteristics, audit inputs, and financial reporting quality. *AAA Annual Meetings*. Research Collection School Of Accountancy.

**THE LUXURIOUS GIFTS AS TRIGGER TO DIPLOMATIC RELATIONS IN THE
GOVERNMENT OF BIMA TO THE NETHERLANDS**

Che Nuraini Che Puteh and Salmah Jan Noor Muhammad

Abstract

A letter is the oldest and the earliest manuscript written by the ancient people for the purpose of communicating with the outside world. The letter was chosen as an alternative to this bilateral relationship so that it was more formal and considered serious. This is because, the constraints of advancement at that time have limited human movement from one place to another place that is very far. Hence, with the presence of letters along with the company of messengers is seen to be capable in giving a new shift to the advancement in terms of economy, social and other advancement at that time. The letter was also written using the beautiful Malay language with custom and courtesy. This is very important because the language used is a symbol of the identity of the sender. The objective of the study was to analyze letters with prizes as a sign of friendship to the Dutch government. Moral Diplomacy Theory has been used to make this study a success. In addition, quantitative methods are used by analyzing texts, collecting data, classifying and summarizing data for the best results. The study is hoped to identify the aspects of diplomacy used by the government of Bima to ensure that the relation with the Dutch government is working smoothly.

Keywords: Letter, Diplomacy, Gift Giving, Malay Government, Dutch

Introduction

The Malay letter was the earliest manuscripts written by society in the Malay period long ago. This importance can give people the opportunity to learn to recognize the life from the previous Malay community as this legacy is of great value. Because of the life and circumstances of the previous government have not been developed then the letter works as a tool to achieve wishes, talk and have a goal. In terms of intention, the letter is forwarded to achieve the wishes of the government. Other than that, conversations are more about the means of communication used by the government through the writing of the letters sent and the purpose of the letter is the biggest aspect. This is because the goal plays an important role especially in knowing whether the goal is achievable, will be achieved or will fail in the middle of the road. However, the goal that is wanted is to be focused and have a positive impact on two or more governments that have diplomatic relations and the people. With the delivery of this letter, it is seen as a way of serious conversation between two governments and it is also a way to take the opponent's heart. Therefore, letters are a highly intelligent and effective diplomatic medium. The effectiveness of researchers now is striving to conduct studies that understand the content related to the success of the diplomatic medium used in this letter. Among the success factors are in terms of giving gifts for diplomacy. According to Ab. Razak Ab. Karim (2006), the Malay letter is an invaluable legacy. It is a primary source of emphasis on political studies, diplomatic relations, economic history and the development of Malay language at that time. This is a proof that letters are very important to ensure diplomatic ties at the time are well and smooth. The significance of the letter from external and internal terms cannot be understood if no relevant studies are made for exploration on this aspect. It is supported by Hashim Musa, Salmah Jan Noor Muhammad, Rozita Che Rodi and Nurliayana Zainal Abidin (2013), diplomacy is an art or practice in conducting negotiations between representatives of the state. Hence, this diplomatic relation is an important agenda in international relations to give a choice to a country that has diplomatic relations. The role of the letter is as an assessment of the state that wants to carry out the diplomatic relation so that the beginning of this relation gets positive news to cross the continent at that time. According to Salmah Jan Noor Muhammad (2015), at the Malay sultanate period, the characteristic of the Malay customs was the gift of giving. This diverse gift giving is seen as a specific meaning embodied in economics, politics and social.

Literature Review

Malay letters are rarely studied by scholars and students because of material constraints and lack of understanding in the old Malay language used. However, now with the sophisticated electronics and

learning which is free and great is seen to have a positive impact to research pertaining to Malay letters. This is because, many have started to study in detail about Malay letters because of the value of knowledge contained in many and useful for life today. Some studies have been referred and formulated to obtain data on the letter of the Malay government of Bima with the Dutch. However, there is no study focused on literature and the internal contents contained in the letter of Sultan Bima. Furthermore, studies on diplomacy and related theories will also be referred and formulated to highlight intellectual views from the researchers. Among the selected caliber researchers to highlight are Ab. Razak Ab. Karim (2005), Suryadi (2007), Hashim Musa, Salmah Jan Noor Muhammad, Rozita Che Rodi and Nurliayana Zainal Abidin (2013), Salmah Jan Noor Muhammad (2015a), Salmah Jan Noor Muhammad (2017) and Che Nuraini Che Puteh and Salmah Jan Noor Muhammad.

According to Ab. Razak Ab. Karim (2005), conducting research related to the collection of letters available at the National Library of Malaysia. This study was conducted to provide new input to researchers about the old Malay letters of 28 different shoots. A total of 17 letters are still in the original form which are still not transliterated in relation to the Malay Sultanate epoch. These letters have their own structure, which has an outline signifying the government of a state. In addition, this structure also marks the custom and the various stages that need to be followed by those who give letters. This structure consists of designs and decorations, sealed stamps, letterheads, word of praise and more.

According to Suryadi (2007), this study focused on letters sent by King Buton to the Dutch. Full focus is given to five letters which are the letters from Sultan Muhyiudin Abdul Ghafur. He was the 26th Sultan Buton in 1791 until 1799 and sent a letter to the Dutch East Indies General in Batavia. The five letters were written between 1788 to 1798. This study was a transliteration study that was read by the author to get the state of ruling in Buton at that time. Therefore, it is argued that the letter of Sultan Muhyiudin Abdul Ghafur was a reflection of the government at that time. These letters also highlight how the government of that era began to conduct diplomacy and to send the gifts that the Dutch government asked at that time. Writing letters at that point of time also highlighted the use of good Malay language in standard writing.

According to Salmah Jan Noor Muhammad (2015a), a letter is an important medium to ensure intergovernmental links can be run well and transparent. In addition, the relations with this western power often have a solid and easy-to-understand content and purpose for the purpose of speeding up diplomatic relations to happen smoothly. Among the diplomatic elements identified are gifts offerings, speech recognition and politeness. This study uses the Islamic Diplomacy Theory introduced by Wang Yong Boa or Ahmed Musa to analyze the topic. It can be concluded that the ingenuity of the Malay community can be seen through the words expressed through the text. Other than that, Salmah Jan Noor Muhammad (2015 b), diplomatic strategy was very important in the Malay government at some point in time. With the existence of this diverse diplomatic strategy is seen to strengthen existing diplomatic ties between these governments. The positive reactions given to this wide range of diplomatic knowledge are seen to result having a new relationship, strengthening the old diplomatic relations and giving many positive reactions from the affected countries. Furthermore, Salmah Jan Noor Muhammad (2017), in order to ensure a successful government-linked relation, the use of interesting means of communication is able to bring about a successful relation. In addition, the use of a strong Malay language is seen to elevate the dignity of the Malay language at its highest level. This is because the Malay language itself is beautiful, artistic, polite and delicious to be heard. This study focuses on diplomatic relations between the Malay and English governments using the Malay language.

In addition, according to Hashim Musa, Salmah Jan Noor Muhammad, Rozita Che Rodi, and Nurliayana Zainal Abidin (2013), the elements of diplomacy can be seen through the Malay sultanate's texts. This study focuses on the Paduka Seri Sultan Ahmad Ibn Sultan Zain Al- 'Abidin who was the sultan of the state of Terengganu. Other than that, this study focuses on the letter dated March 19, 1824 and the practice of diplomacy implemented to advance the state that was under protection. Diplomacy practices are the ways or aspects of the relationship between the country and the organization of professional diplomats.

Among its aspects are the aspects of peace, trade, economy, war and culture. Among the aspects of diplomacy that were put forward in this study were the sending of messengers to countries conducting diplomacy errands, language politeness, gift giving, prayer methods and praise words seen to further strengthen diplomatic affairs. This strategy has yielded lucrative returns and positive results to the Terengganu government as the Dutch people have secured business and trade in this state that ran smoothly and more steadily.

According to Che Nuraini Che Puteh and Salmah Jan Noor Muhammad (2018), gift giving was made a must-do business when sending letters. This is because, in the event of a gift delivery activity then diplomatic relations will be livelier and more positive. Plus, gift giving was also being made to persuade the hearts of trading partners so that trade and communication activities will be better. The use of moral diplomacy theory has further strengthened this study. Accordingly, this study is to analyze the goals that the Bima government intends to implement in relation to the Dutch government. This study focuses on five letters from the Bima government, which were the letters E, L, P, Q and V. The aspects of research are the use of good wishes, gift giving, respect and protection. Therefore, it can be seen in the study of the selected letters which is related to the aspects studied.

Reflecting the above study's point of view, the objective of the study was to identify and describe the aspects of giving souvenirs as a sign of friendship between the Bima government and the Dutch government. The research method used was a qualitative method that led to research based on the Bima Malay government papers which had been sent to the Dutch government. Analysis of the Bima government letters has been done carefully and steadily for the most clear understanding of the purpose of the letters being sent to the Dutch government. In addition, why gift giving is done by the Malay government used in the letter. The selected data will be screened and used as the focus of the study on the aspects of diplomacy of the old Malay letters. The summary will be based on the description that has been done to achieve the goal of the research.

Methodology

This study uses a qualitative method by analyzing the letters sent by the Malay Government to the Dutch government. Qualitative methodology is a method of collecting data related to diplomatic aspects that will be used in a study. Some letters have been used to obtain accurate and thorough data regarding the aspects of gift giving. These letters are letters from the Bima government during the reign of Sultan Abdul Hamid who was the 9th King of Bima sent to the Netherlands to safeguard his state's priority. Among the letters taken as materials are 5 letters:

1. Letter B (July 20, 1790)
2. Letter D (July 23, 1792)
3. Letter E (25 August 1792)
4. Letter L (September 30, 1798)

The book entitled *Iman dan Diplomasi Serpihan Sejarah Kerajaan*, written by Henri Chambert-Loir, Massir Q. Abdullah, Suryadi Oman Fathurahman and H. Siti Maryam Salahuddin in 2010. This Bima government letter was taken from the book of *Iman dan Diplomasi Serpihan Sejarah Kerajaan Bima*. The planning stage will be done through four ways, that are selecting data, collecting data, analyzing data and making conclusions. Accurate and informative data selection can help the study be carried out quickly and in good quality. In addition, reading and collecting correct empirical data in the letters is required to present evidence in line with the results of the study. Then, the correct and accurate information will be analyzed and formulated firmly. For this study, the theory to be used is written by Afzal Iqbal, the Moral Diplomacy Theory. This theory was written in 2000 and data search would lead to this theory. This theory is based on the formulation of the life of Prophet Muhammad s.a.w. in leading the country's relations internationally. The components found in the Moral Diplomacy Theory is very much among them are polite attitudes in humanity, trustworthiness in the truth, patience in achieving goals, proper communication and more. However, only a few components are taken to allow this study to be done in detail.

Findings

Accordingly, the Moral Diplomacy Theory introduced by Afzal Iqbal has been applied to refine the topic of discussion. This study has focused on giving souvenirs as a sign of friendship in the letters that successfully raised the diplomatic relations between the Malay and Dutch governments. Souvenirs are gift giving or give something as a sign of friendship to friends, friends and in a country relation. These souvenirs serve as a true sign of friendship between two countries that enable them to benefit from such relations. However, in order to achieve unity and a great relation between one another is not easy, this souvenir is also a symbol of friendship and trust given by a country to another country. For example, the Bima government has given many souvenirs to the Dutch government as a sign of friendship. It is supported by Salmah Jan Noor Muhammad (2017), gift giving is an important factor in enabling the relationship to go smoothly. This can be seen through the letter B written, Sultan Abdul Hamid, Sultan Bima, has provided a horse to the Dutch people who are the representatives of Mr. Gurnadur Jenderal (TGJ) who have come to Bima. To ensure the relation runs smoothly, so the Sultan Abdul Hamid had sent a horse to TGJ but was rejected by a sailor named Karel Mulder at that time. This can be seen through the examples below:

With this, like the horse that was prepared by King Bima, want to be given to Sir Gurnadur General with every Rat Van [In]dia that was already accustomed to the previous years, but not to be brought by the captain of the ship named Karel Mulder in the ship named Stavenisse.

*(Iman dan Diplomasi Serpihan Sejarah Kerajaan Bima:
Letters of Sultan Abdul Hamid , 20 July 1790: 160)*

Gifts or souvenir gifts have certain meanings only understood by the government that receives them. The diversity of the gifts serves to achieve the goals in terms of political, economic, religious and social aspects desired by a government. According to Salmah Jan Noor Muhammad (2014), the purpose of gift giving is to broaden the influence, strengthen sovereignty and widen political power. The diversity of gifts given has its own meaning for the government who gives gifts to the government who receives gifts. This can be seen when the Bima government has sent a gift to the Dutch government with six female slaves, six men slaves and two candles to ensure that the relation runs smoothly. This can be seen through the example of the letter D below.

Syahdan was accompanied by a letter of six maids and six male servants and two candles that had nothing like that, though the leaves of the wood were dry in the middle of the field.

*(Iman dan Diplomasi Serpihan Sejarah Kerajaan Bima:
Letters of Sultan Abdul Hamid , 23 July 1792: 166)*

Furthermore, gift gifts not only serve as tools for the rulers or the government to engage with each other. Therefore, existing diplomatic relations will become stronger with each other. It is supported by Salmah Jan Noor Muhammad, Hashim Musa, and Rozita Che Rodi (2014), Gift is usually sent at the beginning of the friendly relations between two parties. In the meantime, for the diplomatic ties that the gifts will be established will strengthen the relationship between the governments. This can be seen through a letter E written that King Bima has given a gift to the Dutch Government of five girls and seven boys. In addition, he also gave two red horses and two gray horses and two white gray horses as offerings to His Majesty the TGJ. Examples can be seen through the following letter E:

Syahdan is your King of Bima to present to Your Majesty, that are the five girls and seven boys and two pairs of red horse and two pairs of gray horses and two pairs of white gray horses. Hopefully [performance] your King will come safely to the presence of the Most High.

*(Iman dan Diplomasi Serpihan Sejarah Kerajaan Bima:
Letters of Sultan Abdul Hamid , 25 August 1792: 171)*

Gifts such as silk and gold thread are a sign of Melaka and China relations in the reign of Emperor Ming. This gift is to tighten and strengthen the relationship between the two countries. This is supported by Mohd Samsudin, Zulkanain Abdul Rahman, and Aziz Ujang (2017), as the unity of friendship and politics between the two governments is due to the cruise. Delivery of various gifts or souvenirs makes the relationship of the two governments more solid and better than ever. For example, can be seen in the letter L when King Bima presented to His Royal Highness TGJ five black horses with a black gray horse and four male slaves and two candles. All these gifts were guarded by Juragan Ence 'Kesaban as the head of the Bima group. Examples of letter L can be seen in the text below:

Syahdan is at present time King Bima is offered under the Presence of His Majesty, five pairs of gray horses and one pair of gray horses, but a few white hairs, turns into six pairs of horses, and four male servants, and two candles that do not seem to exist. That shahdan is to the hands of Jurangan Ence 'Kesaban, will be presented under His Presence.

*(Iman dan Diplomasi Serpihan Sejarah Kerajaan Bima:
Letters of Sultan Abdul Hamid, 30 September 1798: 177)*

The gift giving element as a sign of friendship above is an element taken through five selected letters. It can be concluded that what is stated above is that gift giving can strengthen relations between two countries and achieve the desired diplomacy. With such examples and empirical evidence it is hoped to provide the best results for the study.

Summary

The study of these Malay government letters is very important for young people who are eager to seek and explore more about the aspects that triggered diplomacy between the previous Malay governments. This study focuses on the aspects of gift giving that the letters from the Bima government to the Dutch government have made this study interesting. This is because, the tendency of research on gift giving which has facilitated diplomacy relations between the Malay and Dutch Kingdoms is something that can be proud of the previous rulers. This study concludes that any diplomacy that is taking place can be achieved if the government wisely develop strategies and can persuade the Dutch people well. The way of writing and using a strong and orderly idea has led the Dutch people to be commended for a letter as a starting point for the diplomatic relations. In addition, the Dutch government is also pleased to pay the interest of the Malay Government. This is supported by Mohd Koharuddin Mohd. Balwi (2005: 38) that the King is the patron of a state, the state's highest ruler and reacts to the peace of his people. In addition, the King is also the leader of the war, having an external relationship and is a symbol of the greatness of a nation. This is evidence that the government plays a major role in maintaining relationships with the outside world. According to Salmah Jan Noor Muhammad (2018), giving diplomatic gifts is also a strategy for establishing diplomatic relations. Among the gifts given were gold, silver, slaves, tame animals and weapons and much more. The gift giving is one of the strategies for establishing a good and steady relationship for a country. This is the main thing for the Malay rulers to do a diplomatic relationship. Letter is a very good tool in executing formal diplomatic relations between the Malay government and the outer government. With the letter, the relation is taken seriously and will have a positive reaction when diplomatic affairs are carried out between these states.

Conclusion

In conclusion, this study is beneficial to some groups of students who are interested in traditional knowledge such as letters and lecturers of Malay Literature. Therefore, this study can be taken for reference and as a material for further study of Bima's letters. Scientifically, such material is very difficult to find even the material is limited. This material can be used as a highlight for current student research. In addition, it is hoped that aspects of the achievement of diplomacy goals can be explored more widely so that internal inputs can be disseminated. These internal inputs were seen to boost research related to Malay letters. Furthermore, the results in this study are hoped to benefit the community who are interested in the study based on the instrumental materials of the previous letter. It is also hoped that it will be able to add

and provide constant new input to the current study of the letter. Next, it is hoped that it will elevate the dignity of Malay literature so as to change the minds of society today. Nowadays, the increasingly sophisticated broadband, libraries and virtual conveniences need to be utilized well in order to be fully utilized by the community for the rich material and broad knowledge. In this context, the Ministry of Higher Education (KPT) can take advantage of the research results to be used as a learning guide to raise the dignity of Malay Literature in order not to be considered silent. It is hoped that KPT could raise the old Malay literary knowledge to a new dimension so that the younger generation would be more eager to pursue this literary study.

References

- Ab. Razak Ab. Karim. (2005). Warkah-warkah Kesultanan Melayu lama koleksi Perpustakaan Negara Malaysia: Analisis komponen dan binaan warkah. *Jurnal Pengajian Melayu*, 15.
- Ab. Razak Ab. Karim. (2006). *Warkah Melayu lama*. Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Che Nuraini Che Puteh & Salmah Jan Noor Muhammad. (2018). Diplomatic letters of the Malay empire of Bima and Netherlands. *International Journal of Academic Research in Business and Social Sciences*, 8(8), 585–595.
- Hashim Musa, Salmah Jan Noor Muhammad, Rozita Che Rodi, & Nurliayana Zainal Abidin. (2013). Unsur diplomasi dalam penulisan warkah Kesultanan Melayu (Paduka Seri Sultan Ahmad Ibn Sultan Zain Al-'Abidin). *International Journal of the Malay World and Civilisation (IMAN)*, 1(3), 3-10.
- Hashim Musa & Salmah Jan Noor Muhammad. (2013). Unsur diplomasi dalam penulisan warkah Kesultanan Melayu (Paduka Seri Sultan Ahmad Ibn Suktan Zain Al'Abidin. *International Jurnal of the Malay World and Civilisation*, 1(3), 3-10.
- Mohd Koharuddin Mohd Balwi. (2005). *Peradaban Melayu*. Johor: Penerbit Universiti Teknologi Malaysia.
- Mohd Samsudin, Zulkanain Abdul Rahman, & Aziz Ujang. (2017). *Kegemilangan maritim Kesultanan Melayu Melaka*. Selangor: Penerbit Universiti Kebangsaan Malaysia (UKM).
- Salmah Jan Noor Muhammad, Hashim Musa, & Rozita Che Rodi. (2014). Pembinaan ilmu diplomatik Melayu dalam menjalin hubungan diplomatik antara kerajaan. *Conference: Persidangan Antarabangsa Manuskrip Melayu 2014*. At Grand Ballroom, Hotel Seri Pacific, Kuala Lumpur.
- Salmah Jan Noor Muhammad. (2014). Bingkisan hadiah pencetus keberlangsungan hubungan diplomatik pada zaman Kesultanan Melayu. *International Journal of the Malay World and Civilisation (Iman)*, 2(2), 91 – 103.
- Salmah Jan Noor Muhammad. (2015a). Warkah sebagai medum diplomatik Kesultanan Melayu dalam menjalinkan hubungan dengan kuasa Barat. *Jurnal Melayu*, 14(1), 136 – 148.
- Salmah Jan Noor Muhammad. (2015b). Strategi diplomatik bervariasi suatu kearifan lokal dalam pemerintahan Kesultanan Melayu. *International Jurnal of the Malay World and Civilisation*, 3(2), 79 -93.
- Salmah Jan Noor Muhammad. (2017a). Bahasa Melayu sebagai medium perantara komunikasi diplomatik kerajaan nusantara. *Mahawangsa*, 4(1), 63-74.
- Salmah Jan Noor Muhammad. (2017b). Kepemimpinan diplomatik pemerintah kerajaan dalam al tarikh salasilah negeri Kedah. *Jurnal Melayu*, 16(1), 1-18.
- Salmah Jan Noor Muhammad. (2018). *Ilmu diplomatik Melayu dalam kesusasteraan Melayu tradisional*. Selangor: Penerbit Universiti Putra Malaysia.
- Suryadi. (2007). Warkah-warkah Sultan Buton Muhyiuddin Abdul Gafur kepada Kompeni Belanda, Koleksi Universiteitsbibliotheek Leiden. *Sari*, 25, 187 – 239.

PARTICIPATION, LEADERSHIP AND ECONOMIC EMPOWERMENT IN
COMMUNITY BASED ORGANIZATION

Fauziah Ani, Zahrul Akmal Damin, Asbah Razali, and Siti Nor Azhani Mohd. Tohar

Abstract

Community-based Organisations (CBO) are mediums of economic empowerment of members of the rural community. In order to increase economic empowerment, scholars note the participation and leadership in the CBO as an effective strategy to reduce the poverty rate, and improve the quality of life. For this reason, this study aims to measure the extent of the success of participation in influencing economic empowerment, and how leadership styles serve as moderators for the link between participation and economic empowerment. 366 members from 80 women smallholders' associations (PWPK) were selected as respondents, and this study utilised the cluster multistage sampling method. Data from this study is gathered through questionnaires and analysed through the Structural Equation Modelling (SEM), and supported by AMOS software. Findings show that participation in benefits reception is the main predictor, while Transformational leadership styles has a moderating effect on the link between participation and economic empowerment. This study suggests to RISDA to increase participation, especially in decision-making, and to further promote leadership training and courses.

Keywords: Empowerment, Participation, Community-Based Organisation, Leadership

Introduction

The economic empowerment of poor women through Community-based Organisations (CBOs) is increasingly highlighted in rural development studies as the basis of cultivating local capital towards improving the quality of life, reducing the poverty rate, and creating growth and change at the local level. This is a global initiative and effort, with involvement from many parties at the international and the national level, to ensure that women are not sidelined and become the main components at both the global and national socio-economic development agenda. In fact, the UN recognised the empowerment strategy to increase the "power" of poor women to facilitate their access to opportunities to increased income and decision-making processes, so they could decide what is best for themselves. Their roles are no longer limited to the home, but expanded to community and national development.

In line with the *Beijing Declaration and Platform for Action* (1995) and the *Sustainable Development Goals* (SDGs) (2015-2030) that emphasise on women empowerment, Malaysia is no exception in voicing its commitment to ensure female empowerment as one of their main development agenda. The emphasis on women is enshrined in the Eleventh Malaysia Plan (2016-2020) that underlines the necessity of increasing the role of women in development to strengthen a productive and prosperous community. In line with this goal, the generation of additional economic activity through the CBOs is one of the government's initiatives to empower poor women in rural areas. However, the extent on one's efforts is dependent on their active involvement in the generation of additional economic activity in the CBOs.

Poverty among the majority of rural women has made it difficult for them to improve their well-being, and this affects the government goal to empower women under the 11th Malaysia Plan. This is because the majority of rural women are full-time home-makers, and some work as smallholders that generate irregular income, without side jobs and have lower levels of education. For mainly home-makers, they depend on their husbands' income, who are mostly employed in traditional village work as farmers, manual labour, fishermen, and some that work in the government sector. Most of them fall within the 40% income-group (B40) that earn less than RM 3850. The situation is more difficult if these women are single mothers and sole breadwinners. Their low income level makes it difficult for them to earn a living, especially with the rising cost of living. In addition to increasing their capability in the decision-making

process and deciding what is best in their lives, women should be empowered to help improve the family economy to reach a better stage.

Based on the data produced through quantitative studies, 366 members from 80 Women Smallholders' Associations (PWPK) in Malaysia were selected as samples, and a number of questions have arisen that drove the researcher to study these CBOs. Firstly, have the members, through the PWPK, been able to successfully increase their income that allowed them to own assets and savings? Secondly, what is the most effective predictive factor in influencing economic empowerment? Thirdly, as an organisation, what type of leadership has positive effects in increasing participation and the empowerment of its community members.

Economic Empowerment and Participation

Empowerment is an increasingly popular concept, debated since the past two centuries as the basis of building local capacity towards improving the quality of life, reducing the poverty rate, and development and change at the local level (Ahmad & AbuTalib, 2014). The empowerment concept gained wide currency in economic development literature reviews following Deepa Narayan-Parker's study, "Voices of the Poor" (1997). Since then, the majority of theoretical and empirical studies provide more details to this empowerment concept, mostly focusing on women and poor empowerment. This term then was widely used throughout the social sciences, across the diverse disciplines such as community psychology, management, politics, social work, education, women studies, health, and so on. Although this study focuses on women, gender is not the main point of discussion in economic empowerment. In fact, this study looks at the role and responsibility of women in helping to improve their household economic empowerment.

Specifically, economic empowerment means the extent a community is able to improve their economic status through their income, savings, and assets, through participation in additional economic activities. It refers to economic strength, either at an individual or group level, which Mayoux (2000) believes is the basis of political and social strength. Moyle, Dollard, and Biswas (2006), Mayoux (2000), Bashir and Asnarulkhadi (2014) define economic empowerment as the ability to earn sufficient income to purchase basic necessities such as a house, clothes, education for their children, and so on, in order to live a more comfortable life. However, this economic capability, according to Moyle et al. (2006) and Mayoux (2000) could be obtained through providing community members with freedom in decision-making. From there, the individual improves their income-earning ability by participating in economic generating activities.

Although there are many factors that determine empowerment, previous studies highlight participation as the most examined aspect. The participation approach has different and often changing stages. The difference in the stages and types of participation, according to Florin and Wandersman (1990) are necessary for the varying phases of both individual and organisation life. Only a handful of researchers have studied the potential impact of a difference in entrance stages on organisational change. Some researchers differentiate between active and inactive participation to show that participation has varying effects on individual and organisational behaviour.

Many supporters of the empowerment theory, such as Zimmerman, Israel, Schulz, and Checkoway (1992) and Speer, Peterson, Armstead, and Allen (2012) believe that through participation, community members could be empowered either individually or through community organisation. Previous studies show the close relationship between empowerment and participation, although Itzhaky and Schwartz (1998) prove that not all elements of participation affect empowerment. The direct link between participation and empowerment has been studied in various stages and different dimensions.

Many scholars have studied the direct link between the participation stage and empowerment that occurs at the group and organisational level (Schulz et al., 1995; Hardina, 2003; Moyle, Dollard, & Biswas, 2006) as well as the community level (Peterson, Andrew, & Speer, 2000). In fact, group participation not

only helps in achieving maximum benefits, but also builds personal and economic empowerment. However, individual empowerment would not be effective without empowering both organisation and community. Adams (2003) believes that an empowered group, organisation, or community is more able to provide community members with positive experience, skills, and confidence to raise the quality of life.

Previous studies also proved that participation in CBOs could also empower group members economically. According to Israel et al. (1994), individual-level empowerment is linked to organisation and community through the potential in each individual, such as the ability to take control of life, effective action, social support, interpersonal development, and skills in political, economic, and social aspects. Studies by Sultana and Hasan (2011), Das (2012), Moyle et al. (2006), and Mayoux (2000) prove that participation in micro-credit programmes increase the socio-economic status of lower-income groups, through monthly income, savings, asset ownership, and so on. Wadiwale (2004) believes that there is a drastic change in social status among members after joining women association activities, especially in economic and social empowerment.

The Role of Leadership in Community Based Organization

As a CBO, leadership plays an important role in empowering its followers (Speer et al., 2012; Sinha, 2005). Community leaders emphasise on shaping a reciprocal relationship between leaders and followers through influence and interaction (Peterson & Speer, 2000; Laverack, 2001). The success of a community leader in empowering their followers depends on the extent the leader's influence on their followers, through their style, to actively participate in activities and development projects that bring change to their quality of life.

In quantitative studies, most researchers study the direct effect of leadership styles on dependent variables. However, in this study, the researchers explain the role of leadership style as a moderator variable in the link between participation and leadership styles. The researcher also aims to see how transformational leadership style as offered by the leader has a different effect on the link between participation and economic empowerment among PWPK members.

Previous literature reviews prove that participation is the catalyst to empowerment (Speer et al., 2012; Peterson et al., 2006; Schulz, Israel, Zimmerman, & Checkoway, 1995; Zimmerman, Israel, Schulz, & Checkoway, 1992; Speer, Peterson, Armstead, & Allen, 2012). However, the road from participation to empowerment is difficult, and it requires a strong guidance from other influential variables that would either strengthen or weaken this link. Sinha (2005) and Laverack (2001) place leadership as one factor that could influence the participation and empowerment stages. An effective leadership encourages participation, builds links and networks, and convinces followers on the upcoming benefits. In line with this view, Fiedler (1996) opines that an effective leadership style attracts followers to work to achieve organisation and group objectives. However, the question is what style of leadership has different effects in strengthening or weakening the link between participation and empowerment.

Transformational is labelled as a leadership style oriented towards leader-member relationship, with both needing each other to increase motivation and morale to a higher level. Hartog, Mugen, and Koopman (1997) think that transformational leadership is a type of leadership that inspires its members to do something beyond their usual abilities and capabilities. This leadership style is also able to encourage the drive to learn and pay attention, generate awareness and acceptance among its members. Bass (1985) found that transformational leadership style appears with the presence of three factors: firstly, the leader is able to stimulate the individual minds of their followers; secondly, the leader is able to motivate his members; and thirdly, the leader is charismatic, with a vision, mission, and insight. In this study, the researcher expects transformational leadership style to further strengthen the link between participation and empowerment. This is because transformational leadership style supports a conducive environment, which boosts followers' and association members' active participation in development activities. Active participation provides experience, knowledge, and skills to followers to improve their capabilities in life.

Although there is still no study on leadership styles that act as moderators in the link between participation and empowerment in the context of CBOs, especially PWPK, there is evidence that supports the interaction of leadership styles and other variables, especially in more formal organisations. Buisman (2009) found that transformational leadership style has a moderating effect that reduces the negative effects of conflict on job satisfaction. Green, Miller, and Aarons (2013) prove that transformational leadership style has a moderating effect on the link between emotional exhaustion and turnover intention. In line with these studies, Chi Hsin-Kuang, Lan Chun-Hsiung, and Dorjgotov (2012) found that transformational leadership style again acts as an effective moderator in influencing the relationship between knowledge management and organisational effectiveness.

Research Methodology

This study uses the inferential quantitative approach analysed through the SEM, supported by the AMOS 21 software. This method allows for discussion and provides a clearer picture of member participation and empowerment in PWPK association activities in Johor. SEM AMOS is used to analyse multiple regression. SEM analysis is a hybrid model that combines two model components, and it contains measurement and structural models (Li, 2011; Chua, 2009).

For the purpose of this study, 366 members were selected through the cluster multistage sampling method. According to Floyd J. Fowler (2009), this sampling method is suitable for survey reviews with a large population size and without a complete list of members. The data from this study is collected through questionnaires and face-to-face interviews, with three parts. Part A, relating to demographic background, contains questions on district, age, duration of membership, main occupation, marital status, education level, and income. Part B contains questions on PWPK member participation level in development activities. The participation item is based on Cohen and Uphoff's (1981) participation typology, which covers three (3) stages, decision-making, implementation, and reception of benefits. The participation-stage item contains 32 questions, measured through the five-point Likert scale. Part C contains 26 questions, which measures PWPK perception on the leadership styles of the Chairperson and Committee Members. The transformational leadership style item is adopted and adapted through the Multifactor Leadership Questionnaire (MLQ 5X) constructed by Bass and Avolio (1997).

The researcher has conducted a pilot study to confirm the reliability of the research instrument used. Part C contains nine (9) questions on economic empowerment. The economic empowerment item is adopted and adapted from Sultana and Hasan (2011) and Mohammed Bashir Saidu (2013), which contains two indicators: income, and savings and assets. This questionnaire is measured with a five-point scale, from strongly disagree to strongly agree. A confidence measure of more than 0.6 is used for this study.

Analysis

There are two objectives to this study. Firstly, to determine the participation level that is the main predictor to economic empowerment. Secondly, to determine the transformational leadership style that serves as moderator to the link between participation and economic empowerment. SEM AMOS analysis is used to answer both questions.

Determining the Significant Predictive Factor on the Economic Empowerment of PWPK Members

The structural model in Figure 1 illustrates the relationship of each predictor variable and dependent variable through a path diagram. The link between the three stages of participation, decision-making, implementation, and benefit reception and economic empowerment. Based on this direct link, the participation construct is labelled as the predictor to empowerment. This analysis is used to study the extent of participation influence on the empowerment of community members and increase well-being, especially in the economic aspect.

Table 1

Results of the Influence of the Participation Stage on Empowerment

Hypothesised Link		B	β	S.E.	C.R.	P
Economy	<--- Decision	-.095	-.14	.034	-2.76	.019
Economy	<--- Implementatio n	.172	.21	.024	2.49	.007
Economy	<--- Benefit	.709	.65	.026	3.26	.001

The findings in **Table 1** show that the three stages of participation (decision-making, implementation, and reception of benefits) are significant predictors to economic empowerment. The findings support Cohen and Uphoff (1981) and previous studies (Saidu, Asnarulkhadi, Ma'arof and Nobaya, 2014; Christens et al., 2011; Moyle et al., 2006; Msw and Cheung, 2006). For decision-making the value is $\beta = -.14$, $p = .019 < 0.05$, implementation is valued at $\beta = .21$ and the value is $p = .007 < 0.05$, and reception of benefits the value is $\beta = .65$ and $p = .001 < 0.05$.

In addition, based on the structural model, $R^2 = .56$ shows a 56% variance in economic empowerment is explained by the three stages of participation (decision, implementation, and reception of benefits). The standardized coefficient value β also shows the participation stage in reception of benefits is the most important predictor in influencing economic empowerment.

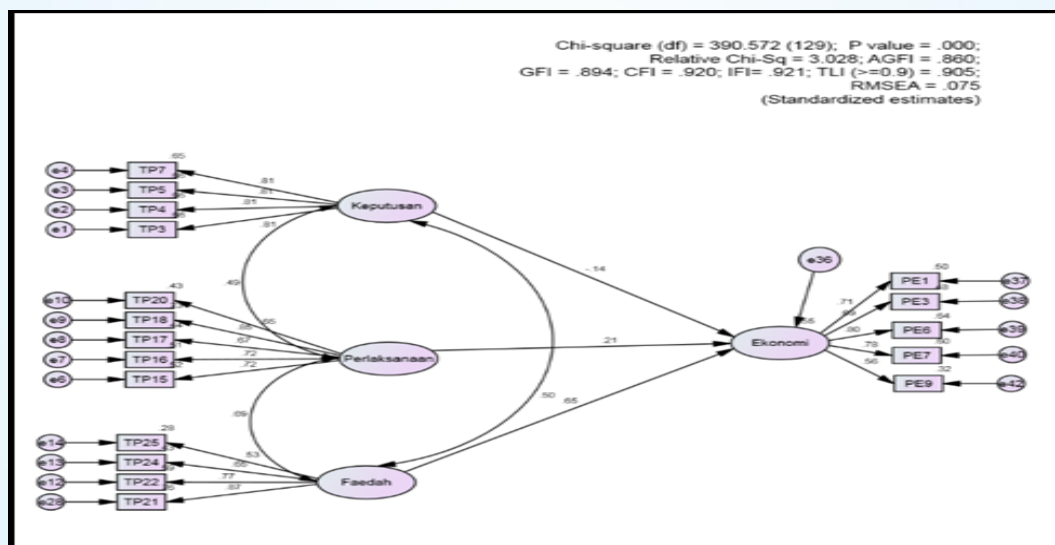


Figure 1. Economic Empowerment Structure Model

The Moderator Effect Leadership Style on the Link between Participation and Economic Empowerment

This part explains the effects of transformational leadership style on the link between the participation stage and economic empowerment. In this study, participation in implementation is selected as a moderator variable to see how transformational leadership plays a role in the implementation of economic generating activities. The results of this study determine the most suitable model to explain the economic empowerment of PWPK members and answer the research objective. In this study, Multi-Group Analysis is used to test the moderator effect. The moderator effect is tested on two models, the comprehensive model, and the individual model. The comprehensive model aims to ensure the presence or absence of a moderator effect. If the effect is present, then an individual model is implemented one-by-one to identify

the moderator variable that has a moderator effect on the link between the independent and dependent variables.

i. Comprehensive Model

Based on the provided premise, the difference value of χ^2 , df and p between the two models is shown in **Table 2**. the results show the value $\Delta\chi^2=139.29$, $\Delta df=54$ and $p=0.000 < 0.5$. Based on the change in values between the Unconstrained and the MR Models, the conclusion could be drawn that there exists a moderator effect of transformational leadership style on the link between participation stage through implementation.

Table 2

Comprehensive Model

Model	χ^2 (CMIN)	df	p
Unconstrained Model	780.619	354	0.000
MR model	919.909	408	0.000
MR– unconstrained Model (Δ)	139.29	54	0.000

ii. Individual Model

The Individual Model in **Table 3** shows the link between participation in implementation and economic empowerment is moderated through transformational leadership style at a high level with the value of $\beta=.324$, $p=.013$ (significant) and a low level with the value of $\beta= .187$, $p = .050$ (not significant). The justification to support this finding is the transformational style is able to stimulate its followers through inspiration, encouragement, support, and help offered to members (Antonakis et al., 2003). Within the PWPK context, the findings suggest that the effective transformational leadership styles of the Chairperson and the Committee Members increase active participation in implementing economic activity, and thus are able to increase their income, savings, and assets.

Table 3

Test Results of the Transformational Leadership Style Moderator on the Link between Participation in Implementation and Economic Empowerment

Construct	β (standard ized)	β (unstandard ized)	p	CR for difference	Results
Economic Implementation					
High	.324	.221	.013 (sig)	2.494	Moderator
Low	.187	.140	.050 (non)	1.959	

Discussion and Suggestions

This article discusses in detail the research findings through a quantitative method to allow researchers to test the research objective as presented in this study. An inferential analysis with SEM, supported by the AMOS 20 software is used to answer the research objective.

Specifically, this study identifies and discusses the link between participation stages and economic empowerment among PWPK members in Johor, and thus study the role of transformational leadership styles as the moderator of this link. Findings show that there is a high link between participation stages in implementation and reception of benefits and economic empowerment. Participation in reception of

benefits is the most important predictor in influencing economic empowerment in PWPK. In addition, the results also show that participation in decision-making is the lowest predictor variable.

The explanation supporting the results is based on Cohen and Uphoff's premise (1980) that participation of community members, especially in rural development, is not limited to the decision-making stage, but also include all stages, like implementation and reception of benefits. Each stage has a different effect on the living standards of community members. Rationally, members that see economic activity as an opportunity to improve their living standards are more inclined to actively take part in each stage of participation. The findings are also supported by previous studies by Sultana and Hasan (2011), Ahmed, Siwar, Aini, and Idris (2011), Das (2012), and Moyle et al. (2000) that prove participation in economic activity is able to improve the socio-economic standing of low-income groups, through monthly income, savings, asset ownership, and so on.

Although Cohen and Uphoff's (1980) participation typology explains that the highest participation stage is decision-making, followed by implementation and reception of benefits, this study highlights the opposite direction. When comparing the three stages, the findings show reception of benefits as the strongest and most significant contributor in influencing economic empowerment among PWPK members, followed by implementation and decision-making. Rationally, PWPK members are more inclined to join economic activities to gain the benefits, either in material, social, and personal forms. Participation in reception of benefits is prioritised as the majority of PWPK members are those with limited resources. These benefits include loans and financial aid, skills, knowledge, experience, and facilities that drive them to actively take part in the economic activities and improve their socio-economic standing to a better position, compared to when they had no benefits. On the flipside, decision-making is the lowest predictor to economic empowerment, and this finding is consistent with other studies (Saidu, 2014; Li, 2006; Ohmer, 2007; Mohammad, 2010; Muhammad, 2009). This finding is linked to the lack of knowledge among PWPK members to contribute ideas and properly plan to increase economic empowerment.

Leadership styles are often studied specifically in more formal organisations, especially in establishing its link with other variables, either as an independent or predictive variable, mediator or moderator. However, there is still no study on leadership style that serves as a moderator variable in rural CBOs. From this starting point, as an organisation, the researcher argues the necessity to conduct a study on the leadership style in the CBOs. This is because leadership is also an important structure in any organisation, formal or informal. The role of leaders should not be sidelined as an effective leader affects the ability of an organisation. An effective participation depends on the role a leader plays.

Therefore, to fill in this gap in scholarship, the researcher also studies the moderator effect of transformational leadership style as a theoretical framework. According to Fiedler (1996), an effective leadership style attracts followers to work to achieve organisation goals. Sinha (2005) and Antonakis et al., (2003) contend that only effective leadership style could encourage high collective participation. If applied to this study, the results suggest that transformational leadership style has a stronger and more positive moderator effect, thus supporting previous studies (Buisman, 2009). In this study, transformational leadership style plays a significant role as a moderator in the link between participation in implementation and economic empowerment. The results show the chairperson and committee members provide inspiration, encouragement, support, and aid to PWPK members to always work to improve their standard of living. This effort would not work if they did not actively take part in additional economic activities.

To increase activity effectiveness, this study suggests that RISDA must encourage active participation of PWPK members. The findings show that member participation in PWPK activities are at a medium level. Some joined only to receive benefits, but were not active in decision-making and implementation. Therefore, they should be involved at the early stage of activity-planning until evaluation. This way, they would have a clearer understanding of the problems in the community and come up with ways to overcome them. Participation is a method to guide, cultivate self-reliance, and reduce dependence on government aid to improve their standard of living.

To ensure PWPK becomes a relevant CBO today, this study also suggests them to focus on the leadership aspect. Organisation progress and overall activity achievements are closely linked to effective leadership. An effective leader is one that is able to reach organisation goals and community development to improve the standard of living of its members. Based on this study, the transformational leadership style of PWPK leaders are able to moderate the link between participation and empowerment. Therefore, RISDA must push for more training and leadership courses to chairpersons and committee members to bring forth their leadership characteristics.

Conclusion

In summary, the PWPK operating as a CBO plays an important role in rural community development. The establishment of PWPK not only has a positive impact on member empowerment in improving their quality of life, it also contributes to national development and progress. However, economic empowerment is dependent on the extent its members use this organisation as a medium empowering them to control and overcome the problems that impact their lives. Participation in additional economic generating activities within the associations provide them with space and opportunities to earn a better living standard. Through these associations, they gained experience and knowledge, and learned new skills until they are able to effectively manage and implement economic generating activities. To increase participation, leadership is also seen to play an important role in empowering its followers. An effective community leader is able to form a reciprocal relationship with their followers through influence and interaction, one of the traits in transformational leadership style. A good relationship encourages community members to actively take part in economic activities.

References

- Adams, R. (2003). *Social work and empowerment* (3rd ed.). New York, NY: Palgrave Macmillan.
- Antonakis, J., Avolio, B. J., & Sivasubramaniam, N. (2003). Context and leadership: An examination of the nine-factor full-range leadership theory using the multifactor leadership questionnaire. *The Leadership Quarterly*, 14(3), 261–295.
- Bass, B. M. (1985). *Leadership performance beyond expectation*. New York, NY: Free Press.
- Bass, B. M. and Avolio, B. J. (1997). *Full range leadership development: Manual for the multifactor leadership questionnaire*. Palo Alto, CA, Mind Garden.
- Buisman, K. (2009). *The understanding of the moderating effect of leadership styles on the relationship between hierarchical conflicts and employee satisfaction* (Master's thesis). University of Twente, Netherland.
- Christens, B. D., Peterson, N. A., & Speer, P. W. (2011). Community participation and psychological empowerment: Testing reciprocal causality using a cross-lagged panel design and latent constructs. *Health Education & Behavior*, 38(4), 339–47.
- Cohen, J. M., & Uphoff, N. T. (1980). Participation's place in rural development: Seeking clarity through specificity. *World Development*, 8(3), 213–235.
- Das, S. K. (2012). Socio-economic empowerment of women through SHG-banking linkage programme : A boon for development. *IJMBS*, 2(1), 39–46.
- Den Hartog, D. N, Van Mugen, J. J., & Koopman, P. L. (1997). Transactional versus transformational leadership. *Journal of Occupational and Organizational Psychology*, 70(1), 19–34. doi: <http://doi.org/10.1111/j.2044-8325.1997.tb00628.x>
- Fiedler, F. (1996). Research on leadership selection and training: One view of the future. *Administrative Science Quarterly*, 41, 241–245.
- Florin, P., & Wandersman, A. (1990). An introduction to citizen participation, voluntary organizations, and community development: Insights for empowerment through research. *American Journal of Community Psychology*, 18(1), 41–54. doi: <http://doi.org/10.1007/BF00922688>
- Fowler, F. J. (2009). *Survey research method* (4th edition). USA: SAGE Publication, Inc.
- Green, A. E., Miller, E. A., & Aarons, G. A. (2013). Transformational leadership moderates the relationship between emotional exhaustion and turnover intention among community mental health providers. *Community Mental Health Journal*, 49(4), 373–9. doi: <http://doi.org/10.1007/s10597-011-9463-0>
- Hardina, D. (2003). Linking citizen participation to empowerment practice. *Journal of Community Practice*, 11(4), 11–38.
- Hsin-Kuang Chi., Chun-Hsiung Lan., & Dorjgtov, B. (2012). The moderating effect of transformational leadership on knowledge management and organizational effectiveness. *Social Behavior and Personality*:

- An International Journal*, 40(6), 1015-1024.
- Itzhaky, H., & Schwartz, C. (1998). Empowering the disabled: Multidimensional approach. *International Journal of Rehabilitation Research*, 21(3), 301.
- Laverack, G. (2001). An identification and interpretation of the organizational aspects of community empowerment. *Community Development Journal*, 36(2), 134-145.
- Mayoux, L. (2006). *Women's empowerment through sustainable micro finance: Rethinking "best practice"*. Retrieved from www.genfinance.net
- Mohammed Bashir Saidu. (2013). *Participation in Microfinance Scheme as a medium for empowerment among farmers community in Kano State, Nigeria*. Universiti Putra Malaysia.
- Moyle, T. L., Dollard, M., & Biswas, S. N. (2006). Personal and economic empowerment in rural Indian women: A self-help group approach. *International Journal of Rural Management*, 2(2), 245-266.
- Moyle, T. L., Dollard, M., & Biswas, S. N. (2006). Personal and economic empowerment in rural Indian women: A self-help group approach. *International Journal of Rural Management*, 2(2), 245-266. doi: <http://doi.org/10.1177/097300520600200207>
- Muhammed Shakil Ahmad., & Noraini Abu Talib. (2014). Empowering local communities: Decentralization, empowerment and community driven development. *Quality & Quantity*. doi: <http://doi.org/10.1007/s11135-014-0025-8>
- Muhammad, M. W. (2009). *Community participation in forest management programs in Azad Jammu Kashmir and Hazara, Pakistan* (Doctoral thesis). Universiti Putra Malaysia.
- Ohmer, M. L. (2007). Citizen participation in neighborhood organizations and its relationship to volunteers' self-and collective efficacy and sense of community. *Social Work Research*, 31(2), 109.
- Peterson, N. Andrew, & Speer, P. W. (2000). Linking organizational characteristics to psychological empowerment. *Administration in Social Work*, 24(4), 37-41.
- Saidu, M. B. (2014). Relationship between socio-economic factors and participation in decision making in microfinance scheme among rural farmers in Kano, Nigeria. *Life Science Journal*, 11(4), 342-347.
- Saidu, M., Asnarulkhadi, Ma'arof, & Nobaya. (2014). Participation as a medium for economic empowerment among microfinance scheme beneficiaries in Kano, Nigeria. *World Applied Sciences Journal*, 31(4), 667-671. doi: <http://doi.org/10.5829/idosi.wasj.2014.31.04.208>
- Schulz, A. J., Israel, B. A., Zimmerman, M. A., & Checkoway, B. N. (1995). Empowerment as a multi-level construct: Perceived control at the individual, organizational and community levels. *Health Education Research*, 10(3), 309-327.
- Sinha, H. (2005). Leadership and people's participation in community forestry. *International Journal of Rural Management*, 1(1), 125-143.
- Speer, P., Peterson, N., Armstead, T., & Allen, C. (2012). The influence of participation, gender and organizational dense of community on psychological empowerment: The moderating effects of income. *American Journal of Community Psychology*, 51(1), 103-113.
- Sultana, S., & Hasan, S. S. (2011). Impact of micro-credit on economic empowerment of rural women. *A Scientific Journal of Krishi Foundation*, 8(2), 43-49.
- Wadiwale, S. M. (2004). Slum women empowered by saving credit programme. *Social Welfare*, 51(5), 31-35.
- Zimmerman, M., & Rappaport, J. (1988). Citizen participation, perceived control, and psychological empowerment. *American Journal of Community Psychology*, 16(5), 725-750.

GEN-Y TEACHER LEADERSHIP ON CONFLICT MANAGEMENT AND COMMUNICATION SATISFACTION

Marlia Jamail and Yahya Don

Abstract

Distributed leadership through teacher leadership of generation Y teachers, is a practical necessity that should be emphasized as outlined in the Malaysia Education Blueprint 2013-2025. However, conflicts in educational organizations are difficult to avoid that came along with ineffective communication, thus causes teacher leadership becomes deniable to be implemented. The main objective of this pilot study is to determine the mean score of items used in the instruments. This study uses SPSS Version 21.0 in search of mean scores and Alpha Cronbach of the items involved. The sample of this study consists of 36 generation Y teachers in a selected secondary school in Kedah. The findings of this pilot study show that Alpha Cronbach values for distributed leadership, conflict management and communication satisfaction; are at high levels scoring .81, .73 and .86 respectively. Based on the pilot data, the highest mean score for distributed leadership is instructional program with 4.16, conflict management is compromising style with 3.98 and communication satisfaction is horizontal communication with 3.91. This initial finding shows that generation Y teachers is a generation that always demand to be led, seek clear direction, need support and guidance from school administrators, and require to be involved in decision making at school. They also desire attentions, need immediate feedback, have high curiosity and prefer to communicate in informal ways. Conflicts are preferable to be solved by compromising style and they do not prefer in avoiding styles that then can lead to a more severe conflict in the future.

Keywords: Distributed Leadership, Teacher Leadership, Conflict Management, Communication Satisfaction, Generation Y Teachers

Introduction

The national education system is moving towards the second wave that is being implemented within 5 years from 2016 to 2020 (Malaysia Education Blueprint, MEB 2013 - 2025). The quality of education is the main agenda of Ministry of Education (MOE) is to concentrate on improving the quality of leadership of teachers in every school in Malaysia. This is necessary as the improvement of the national education system is extremely depending on teachers' quality (MEB Report 2015). The quality of teachers and schools reflects the quality of student enrollment in which this aspect began to be an indicator of educational success in Malaysia as noted in the Second Wave Malaysia Quality Education Standards (SKPMg2). Students' capability is a critical phase in MEB 2013-2025 as students are the output of success that can reflect the successful implementation of the 13-years state educational plan. This is aligned too, with the fifth shift requirement of MEB that is to: '**Ensuring High Performance Leadership is Practiced in Each School**'. This fifth shift is a clear MOE aspiration with the need to synthesize a quality leadership group at the school level to create a democratic school.

Statement of Problem

School-based leadership has been reformulated so that it is align with school leadership to discover alternatives to delegate leadership functions to organizational citizens (Green, 2009). Even though the concept of distributed leadership has long existed (Gronn, 2008; Harris, 2012), the study of distributed leadership form is still in its early stage of study (Spillane & Diamond, 2007; Jamalul Lail Abdul Wahab, Aida Hanim Hamid, Surayati Zainal, & Md Fuad Md Rafik, 2013). A more comprehensive and thorough study should be done on the influence of this distributed leadership (Hulpia, Devos, & Rosseel, 2009; OECD, 2008) and become a necessity for today's leadership to shift towards the distributed leadership model (Gronn, 2002). Baker (2007) and Riggio (2014) state that recent research on leadership is a process developed jointly by leaders and followers in an organization such as distributed leadership.

Distributed leadership is an issue of leadership that is being widely discussed (Gronn, 2000; Harris, 2008) and debated particularly in Malaysia in the context of education (Baharuddin Yaacob, 2009;

Jamalul Lail Abdul Wahab et al., 2013, Rosnarizah Abdul Halim & Hussein Ahmad, 2015; Rabindarang, Khuan, & Khoo, 2014; Yusof Boon & Yahzanon Tahir, 2013) and have been acknowledged with their capability in driving development progress and achievement of a school (Gronn, 2003; Harris, 2008; 2009; Spillane, Halverson, & Diamond, 2004; Spillane & Sherer, 2004).

Teacher leadership can be observed through leadership effectiveness at school level (Kowalski, 2010). Jamilah Man (2017) stated that the school leadership establishment consists mostly of the generation of Baby Boomers that is approaching retirement, while 70% of generation Y teachers are entering the realm of working and are still new in the workforce. Hence, this study will concentrate on the cohort of generation Y teachers who were born between 1980 and 2000 (Beekman, 2011 & Cekada, 2012). The generation Y teachers has a longer periods of service and these cohorts need to be given the space and chances to lead the educational organization.

Teacher leadership through the practice of distributed leadership has multilateral interaction networks between leader, followers and situation, calls upon an appropriate and highly efficient communication medium (interaction). One of the biggest challenges leaders in managing this 21st century organization is in terms of communication management; whereby leaders should avoid using an overly critical, assertive, straight forward and threatening communication approaches (Green, 2009). Studies show that 80% of organizational management is practicing interpersonal communication. Therefore, school leaders need to have a clear-cut comprehension of the communication process that existed in their organization (Lunenberg & Orstein, 2008). This is necessary, as powerful communication will create effective schools (Hallinger & Walker, 2011), enhancing organizational effectiveness (Miller, 2001), improving job satisfaction and job performance (Ahmad Jawahir, Rosli, & Kalthom, 2011; Schmidt, 2014; Zulch, 2014) as well as encouraging organizational members to adhere to the leaders' instructions (Barret, 2006). On contrary, inefficient communication may lead to the relationship between the leader and the worker to be distant, affecting the ongoing task (Butts, 2010) and will eventually elicit a conflict.

School leaders should be aware that the communication climate that is not conducive in the workplace creates multiple conflicts. In actuality, conflict is an inevitable element as organizational member have different opinions, views and cultures, but are compelled to move towards a common vision (Wellington, 2011). Conflicts will happen because communication is always needed to carry out a task. Additionally, conflict is the most crucial and challenging process (Green, 2009) in the school environment. Nonetheless, the studies on the effect of conflict in schools are still at scarce level (Tschannen-Moran, 2001).

The well planned MEB 2013-2025 desire the expectations of effective school leadership so that the vision of the national education can be comprehended and appreciated by all members of the organization. Only through effective communication, members of the organization can work collaboratively to achieve the organizational vision (Green, 2009). The organization members will feel underappreciated, misunderstood, depressed and disappointed if organizational communication is not effective (Sobel & Ornstein, 1996) and will trigger catastrophic conflicts. If conflict frequency is high in an organization, certainly the objective, vision and aspirations of MEB 2013-2025 will fail, which in turn will disrupt the flow of MEB as well as the National Education Philosophy (NEP) itself.

Literature Review

Leadership could initiate change through one's ability to influence other individuals to accomplish a stated mission. Moreover, educational leadership has allowed the implementation of the national education policy changes through the Malaysia Education Blueprint (MEB) 2013-2025 which concerns the transformation of the country's overall education system. It should be noted that the transformation of the national education system not only involves improvements to curriculum content but also involves an adjustment in the educational leadership at the school level too (Male & Palaiologou, 2015).

Distributed Leadership

Practical distributed leadership is described as the consequent of the interaction between leader, followers and the situation (Spillane, 2005). Effective followers strongly affect the achievement of leadership in an organization. They will work collaboratively with leaders to realize their vision and solve problems arising through their own action, because of their capabilities and influences (Chen, Kanfer, Kirikman, Allen, & Rosen, 2007; Hopton, 2014).

The followers at the school level referred as teacher leadership is one of the dimensions inherent in distributed leadership. Teachers can influence others through efforts to administer an environment of engagement and collaboration in all activities and instructional programs. There are various studies proving that principals play a vital function in developing teacher leadership capabilities in schools. This situation applies to teacher leadership factors that can influence the existence of effective schools (Harris, 2003; Katzenmeyer & Moller, 2001; Frost & Durrant, 2002; Leithwood, Jantzi, & Steinbach, 1999). This is also supported by the statements from Berry, Daughtrey, and Wieder (2010) that more studies need to be conducted on teacher leadership as it can be developed according to different needs. Teachers should also be given the opportunity to make decisions especially issues that relates to teacher work scope in the school (Alanezi, 2011). According to the MEB Report 2016, the quality of teachers and school leaders stays as focus of MEB and continues to be established every year.

Generation Y

Referring to the issue of cohort differences generations that have now entered the 21st-century working sector, there are 3 generation cohorts have begun to exist in organizations namely the generation of Baby Boomers, generation X and generation Y (Tapscott, 2009). Nonetheless, this study only concentrates on the generation Y teachers. This is because the generation Y teachers is the cohort of teachers who were born between 1980 and 2000 (Beekman, 2011; Cekada, 2012) which has a longer service period. For the next 30 years, generation Y will be aged between 48 years up to 68 years old. Generation Y teachers is a notable component of future leaders who will govern and lead the country to ensure that Malaysia will be among the top 20 countries in the world in numerous aspects. Thus, it is essential for school leaders to delve into the exclusive features of the generation Y teacher to obtain the best output from the generation Y cohort itself.

Balda and Mora (2011) portray the generation Y as a very distinguished generation in comparison to the previous generation. Leaders in an organization should apprehend the behavior of the generation Y to get the best output from them. Generation Y is the first generation to be exposed with computers and digital media (Raines, 2003). This generation is also known as the Millennial generation who loves digital technology (IT savvy) and has the skills and expertise in the field of information and communication technology. Generation Y enjoys working with the environment that uses modern and upcoming approaches as there are challenges and opportunities that can be tested (Martin, 2005). They always desire precise instruction of methods on how they want their work to be completed and they are comfortable to work collaboratively (Alch, 2008). Misleading instructions for this generation will cause communication barriers and triggers conflict within an organization.

Conflict Management

The conflict management style depends on the type of interaction that occurs between the conflicting individual (Rahim, 1983). Generally, conflicts occur because of contrasting opinion involving a significant discrepancy between the generational gap of teachers in the school. Therefore, the study of conflict management in an organization is paramount to accomplish the national education of vision and mission which is intended, can be exercised and achieved within the prescribed period without any destructive conflict. An organization will be paralyzed if the conflict is not solved and properly managed and it will worsen the leadership to retrieve the conflict which has happened before (Sabanci, Sahin, & Ozdemir, 2018).

As being suggested by Ab Aziz Yusof (2000) in conflict management, the best negotiating skills are to assure that all members of the organization will benefit through a win-win situation. When conflicts are well handed, a win-win attitude can be forged and harmonize the organization (Green, 2009). An efficient-functioning conflict aids the achievement of goals by members of the organization and can provided a new solution from the previous conflicts (Putnam & Poole, 1987). On the other hand, if the conflict does not work accordingly, the win-loss situation will take place and indirectly creates estrangement which will negatively impact an organization and eventually distract the productivity of the organization. Thus, the leader itself plays a vital role in the management of interpersonal conflicts that occur within the organization.

Communication Satisfaction

Futile form of communication may affect relationship between leaders and employees negatively, thus affecting the task given (Butts, 2010) and finally causing a conflict. By practicing effective communication approaches, employees can express their feelings about their dissatisfaction toward organizational members, and improving work performance too (Szilagyi & Wallace, 1990). Gray and Laidlaw (2004) stated that employee communication satisfaction can boost the understanding of communication practices that occur in an organization and enhance other type of satisfaction such as job satisfaction (Pettite, Goris, & Vaught, 1997 & Pincus, 1986). Zulhamri Abdullah and Jong Hui (2014) agreed that school leaders must comprehend strategies to improve communication satisfaction with the teachers and the environment of the work place they needed, especially the generation Y teachers who love communication through social media mediums. Communication satisfaction is vital to be assessed as it highlighted a significance of the communication process itself, such as the medium, style and communication functions that occurs in an organization (Clampit & Girard, 1993).

The vision and mission of an organization is arduous to achieve without effective communication between individuals through different generation cohorts. Without communication, an organization is like having several groups of individuals performing their respective tasks without the same goal (Sabanci, Sahin, & Ozdemir, 2018). Ineffective communication will add to the conflict caused by the drastic transformation factor that occurs in an organization, which should be managed through effective management (Fullan, 2001; Spillane, 2006; Zuraidah Juliana Mohamad Yusoff, Yahya Don, & Siti Noor Ismail, 2016). This potent management should be looked at and examined from the dimensions of communication and conflict management styles involving the generation Y teachers. Jamilah Man (2017) stated that 70% of teachers are the generation Y who will be in a future educational organization. Thus, it is crucial to see the quality of the generation Y teachers to be adapted into the 21st century education sector to align a clear MOE vision and mission to the successful MEB 2013-2025.

Research Objectives

This study aims to:

1. Identify the distributed leadership level, conflict management level and communication satisfaction level of generation Y teachers.
2. Determine the alpha Cronbach value for each items in distributed leadership, conflict management and communication satisfaction instruments of generation Y teachers.

Methodology

The design of this study is through quantitative method which to determine the mean score and alpha Cronbach values for distributed leadership, conflict management and communication satisfaction instruments of generation Y teachers. The data obtained will be analyzed using Statistical Packages for the Social Science (SPSS) version 21.0. This study had adapted the Distributed Leadership Survey (DLS) instrument by Davis (2009), Communication Satisfaction Questionnaires (CSQ) by Downs and Hazen (1977) meanwhile the instruments of Rahim Organizational Conflict Inventory (ROCI-II) Form A for the measurement of conflict management style by Rahim (1983). All the instruments were measured by the reliability of items in the instruments of distributed leadership, communication satisfaction and conflict management and the total items for this study are 105 items.

Data Analysis of Pilot Study

A pilot study had been conducted in concerning a total of 36 generation Y teachers from a national secondary school in Baling, Kedah. Respondents involved in this pilot study will not engage in the actual studies. Tables 1, 2 and 3 represent the analysis of the findings of the pilot study for the reliability values that have been implemented using the instruments involved in the pilot study.

Table 1

Pilot Test Results on Item Reliability of DLS

Distributed Leadership Dimensions	Items	Alfa Cronbach Values	Mean Score
School Organization	7	.83	3.81
School Vision	5	.89	4.06
School Culture	6	.81	4.00
Instructional Program	3	.85	4.16
Artifact	4	.82	4.07
Teacher Leadership	6	.87	4.12
Principal Leadership	6	.88	4.04
Total		.81	4.46

Table 2

Pilot Test Results on Item Reliability of ROCI-II Form A

Conflict Management Dimensions	Items	Alfa Cronbach Values	Mean Score
Intergrating	7	.85	3.89
Obliging	6	.84	3.93
Compromising	4	.84	3.98
Avoiding	6	.84	3.19
Dominating	5	.81	3.77
Total		.73	4.72

Table 3

Pilot Test Results on Item Reliability of CSQ

Communication Satisfaction Dimensions	Items	Alfa Cronbach Values	Mean Score
Communication Climate	5	.83	3.85
Supervisory Communication	5	.82	3.54
Organizational Intergration	5	.78	3.87
Media Quality	5	.82	3.83
Horizontal Communication	5	.87	3.91
Organizational Perspective	5	.85	3.56
Personal Feedback	5	.82	3.56
Subordinate Communication	5	.85	3.75
Total		.86	4.50

Discussion

As being suggested by Hogan (2007), the Alpha Cronbach value of an instrument should be at the range between .70 and .90 to ensure it is reliable in the study. In this pilot study, the Alpha Cronbach test was applied on all variables, namely the dimensions of distributed leadership, conflict management and communication satisfaction that either reached the range or not. The researcher found that the Alpha Cronbach's value for each dimension of distributed leadership, communication satisfaction as well as conflict management is more than .70 and within the acceptable range.

The mean score of distributed leadership instruments demonstrated that the instructional program dimension was the highest at 4.16. This implies that generation Y teachers require unequivocal direction in completing a given assignment and practices leadership at school if they received appropriate guidance. Generation Y teachers are often curious and always ask questions such as why to get rational answers (Kehril & Sapp, 2006). Generation Y teachers are also attracted to the outcome like obtaining desired output (Streeter, 2007) and needed to be maneuvered by the tasks authorized to them.

In regarded to school organization, this dimension has the lowest mean score of 3.81 of distributed leadership. This is because generation Y teachers believed that they are lack of given spaces and opportunities to practice the leadership and seldom involved in the process of making decisions at school from the school administration. This is because of the hierarchy structure that still hold the power and communication in one way that is from top to down.

As for the conflict management style, the highest mean score for the instrument is compromising style with 3.98. Generation Y teachers feel that when conflicts occur between them and the administrators, they prefer to use compromising style. The style is often applied because it concerns a give and take action between both parties and no party win or lose (Rahim, 1983). This compromising style is also founded to be moderate between the two dimensions in concerning for self and concerning for others between the conflicting parties. The two conflicting parties will then create an agreement to find a solution (Rahim, 1983).

The avoiding dimension is also the most undesirable conflict management style with the lowest mean score of 3.19. Generation Y teachers are not individuals who tend to avoid, withdraw, defer conflicts, do not accentuate themselves and seek other solutions by means of this avoiding style (Rahim, 1983). Generation Y teachers always demand immediate answers and feedback on the task assigned as they are responsible in whatever they are involved (Martin, 2005). The administration should establish relevant work space and draw the attention of generation Y teachers since the nature of this cohort who demands attention and immediate feedback (Jane, Regina, & Edward, 2009). Although this avoiding style can be adapted to conflict situations, the consequent of a slow decision will interfere with any decision to be made later (Goodwin, 2002; Gross & Guerrero, 2000; Rahim, 2004). This is against the individual characteristics of the generation Y who always require immediate feedback and decisions.

The highest mean score for communication satisfaction was on the dimension of horizontal communication with 3.91. Generation Y teachers feel comfortable with informal communication through a grapevine network because this generation of teachers does not have any problems engaging in groups. Furthermore, generation Y teachers can communicate efficiently with the administrator if this informal communication is concerned, but the accuracy of the information should be retained (Downs & Hazen, 1977). Rosli Mohammed (2016) clarifies that horizontal communication satisfaction is a process of action integration to enhance operational efficiency in solving problems, teamwork and gaining the goal of setting up an organization. Organizational integration is also a dimension that can determine the satisfaction of generation Y teachers' communication as they always call for ample information from the organization about the direction and needs of the organization towards the assignment given to them (Rosli Mohammed, 2016). Generation Y teachers are also often aware of ways in their work should be implemented and they enjoy working collaboratively (Alch, 2008). The generation Y teachers requires a relaxed and less assertive communication environment. Moreover, these generation Y teachers are comfortable in working in a team that required a workflow that fits with the assignment given to them.

The dimensions of communication with school administration have the lowest mean score of 3.54. Generation Y teachers found that administrators were less guided in completing any task given to them. Additionally, they also found that administrators lack of confidence in their abilities and were not open when they faced problems in each task. Satisfaction with supervisor communication explains the extent of openness of leaders to listen, accepting opinions, paying attention to the problems of subordinates (Rosli Mohammed, 2016). It also includes the ability of leaders to communicate openly with their subordinates,

whether interacting with them or listening to their complaints (Downs & Hazen, 1977) and includes aspects of communication from top to down with leaders (Downs, 1988; Gray & Laidlaw, 2002). Ergo, the administrator should give more trust on the generation Y teachers so that they can also participate in the success of the mission and vision set by the MOE.

Summary

The results of this pilot study offered an overview of the generation Y teachers in the aspect of distributed leadership, conflict management style and communication satisfaction with the school administrations. Chun Yu and Miller (2005) suggested that a form of leadership that fits with the modern working environment should dodge leadership approach based on organizational hierarchical structure and focus more on leadership based on knowledge. Stretched over leadership for some individuals is one of the major elements that has been pointed up in this distributed leadership (Elmore, 2000; Gronn, 2002; Spillane et al., 2001). Furthermore, PLC culture among teachers can also be intensified through organizational learning culture resulting from this distributed leadership.

In conclusion, generation Y teachers is a generation that always need a desired attention, immediate feedback on each of their actions, and being high curiosity are the unique characteristics of this cohort. They always demand to be led, and seek clear direction in the issue of teacher leadership in school through a proper guidance until they are able to complete the task given to them. They needed support and guidance from school administrators, and required to be involved in decision making at school. Conflicts that are solved by compromising style proven that generation Y teachers are still respected the administrator. They do not prefer in avoiding styles to resolve any conflict which will then lead to a more severe conflict in the future. Communication with generation Y teachers must be more geared towards informal communication because of their preferable communication using social media. The use of social media also creates the characteristics and communication style of generation Y teachers in teacher leadership in the educational organization.

References

- Ahmad Jawahir Tugimin., Rosli Saadan., & Kalthom Husain. (2011). Kesan komunikasi dalam organisasi ke atas kepuasan kerja staf sokongan di Universiti Teknikal Malaysia Melaka (UTeM). *Journal of Human Capital Development*, 4(2), 57-74.
- Alanezi, A. S. (2011). *Communication satisfaction and its relationship to organizational commitment among secondary school teachers in Kuwait*. (Unpublished doctoral dissertation). Indiana State University, Indiana.
- Alch, M. L. (2008). Get Ready for a new type of workplace: the net generation. *Supervision*, 69(6), 18-21.
- Baharuddin Yaacob. (2009). *Respective approaches in promoting distributive leadership in school*. Seminar Nasional Pengurusan dan Kepimpinan Pendidikan ke16. Institut Aminuddin Baki, Genting Highlands.
- Baker, S. (2007). Followership: The theoretical foundation of a contemporary construct. *Journal of Leadership and Organizational Studies*, 14, 50-60.
- Balda, J., & Mora, F. (2011). Adapting leadership theory and practice for the networked, millennial generation. *Journal of Leadership Studies*, 5, 13-24. doi:10.1002/jls.20229
- Barrett, L. F. (2006). Solving the emotion paradox: Categorization and the experience of emotion. *Personality and Social Psychology Review*, 10, 20-46.
- Beekman, T. (2011). Fill in the generation gap. *Strategic Finance*, 93(3), 15-17.
- Berry, B., Daughtrey, A., & Wieder, A. (2010). Teacher leadership: Leading the way to effective teaching and learning. *Center for Teaching Quality*.
- Butts, A. G. (2010). *Managers communication style and employees' job satisfaction: A quantitative study* (Doctor of philosophy doctoral dissertation). Capella University.
- Cekada, T. L. (2012). Training a multigenerational workforce. *Professional Safety*, 57,40-44.
- Chen, G., Kanfer, R., Kirkman, B., Allen, D., & Rosen, B. (2007). A multilevel study of leadership, empowerment, and performance in teams. *Journal of Applied Psychology*, 92, 331-346.
- Chun, H. Y., & Miller, P. (2005). Leadership style. *Leadership & Organization Development Journal*, 26(1), 35-50.
- Clampit, P. G., & Girard, D. M. (1993). Communication satisfactions: A useful construct? *New Jersey Journal of Communication*, 1(2), 84-102.
- Davis, M. W. (2009). *Distributed leadership and school performance* (Tesis kedoktoran yang tidak diterbitkan). The faculty of the Graduate School of Education and Human Development of the George Washington University, UMI Number 3344534.

- Downs, C. W., & Hazen, M.D. (1977). A factor analytic study of communication satisfaction. *Journal of Business Communication*, 14(3), 63-73.
- Elmore, R. (2000). *Building a new structure for school leadership*. Washington: The Albert Shanker Institute.
- Frost, D., & Durrant, J. (2002). Teachers as leaders: Exploring the impact of teacher-led development work. *School Leadership and Management*, 22(2), 143-161.
- Fullan, M. (2001). *Leading in culture of change*. San Francisco, CA: Jossey-Bass.
- Goodwin, J. (2002). Auditors 'conflict management style: An exploratory study. *Abacus*, 38(3), 378-405.
- Gray, J., & Laidlaw, H. (2004). Improving the measurement of communication satisfaction. *Management Communication Quarterly*, 17(3), 425-448.
- Green, R. L. (2009). *Practicing the art of leadership: A problem-based approach to implementing the ISLLC standards* (3rd ed.). Pearson.
- Gronn, P. (2002). Distributed leadership as a unit of analysis. *The Leadership Quarterly*, 13, 423-451. doi:10.1016/s1048-9843(02)00120.
- Gronn, P. (2003). *The new work of educational leaders: Changing leadership practice in an era of school reform*. London: Paul Chapman Publishing.
- Gronn, P. (2008). The future of distributed leadership. *Journal of Educational Administration*. 46, 141-158.
- Gross, M. A., & Guerrero, L. K. (2000). Managing conflict appropriately and effectively: An application of the competence model of Rahim 's organizational conflict styles. *International Journal of Conflict Management*, 11(3), 200-226.
- Hallinger, P., & Walker, A.D. (2011). School leadership in Asia Pacific: Identifying challenges and formulating a research agenda. *School Leadership & Management*. doi:10.1080/13632434.2011.606988
- Harris, A. (2008). Distributed leadership: According to the evidence. *Journal of Educational Administration*. 46(2), 172-188.
- Harris, A., & Muijs, D. (2003). Teacher leadership: Improvement through empowerment? *An Overview of the Literature Educational Management an Administration*, 31, 437-448.
- Hogan, R. (2007). *Personality and the fate of organizations*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Hopton, C. (2014). Learning and developing followership. *Journal of Leadership Education*, 13, 129-137.
- Hulpia, H., Devos, G., & Rosseel, Y. (2009). *The relationship between the perception of distributed leadership in secondary schools and teacher's and teacher leaders' job satisfaction and organisational commitment*. Retrieved from <http://www.jstor.org/stable/40284858>.
- Jamalul Lail Abdul Wahab., Aida Hanim A. Hamid., Surayati Zainal., & Md Fuad Md Rafik. (2013). The relationship between headteachers' distributed leadership and teachers' motivation in national primary schools. *Asian Social Science*, 9(16), 161-167.
- Jamilah Man. (2017). *Pengaruh kepemimpinan sekolah terhadap tingkah laku dan kualiti guru generasi Y Maktab Rendah Sains MARA* (Tesis Kedoktoran yang tidak diterbitkan). Universiti Utara Malaysia.
- Jane, W. G., Regina, A. G., & Edward, F. M. (2009). Generational differences in the workplace: Personal values, behaviors, and popular beliefs, *Journal of Diversity Management*. 4(3), 1-7.
- Katzenmeyer, M., & Moller, G. (2001). *Awakening the sleeping giant: Helping teachers develop as leaders*. Newbury Park, CA: Corwin Press.
- Kehril, S., & Sopp, T. (2006). *Managing generation Y*. HR Magazines, 51(5), 113.
- Kowalski, T. J. (2010). *The school principal; Visionary leadership and competent management*. Routledge Taylor & Francis Group: New York & London.
- Laporan PPPM. (2015). Retrieved from <https://www.moe.gov.my/index.php/my/pemberitahuan/2016/1343-laporan-tahunan-2015-pelan-pembangunan-pendidikan-malaysia-2013-2026>
- Laporan PPPM. (2016). Retrieved from https://www.moe.gov.my/images/KPM/UKK/2017/08_Ogo/Laporan%20Tahunan%20PPPM%202016.pdf
- Leithwood, K., Jantzi, D., & Steinbach, R. (1999). *Changing leadership for changing times*. Buckingham, UK: Open Merrill Prentice Hall.
- Lunenberg, F. C., & Orstein A. C. (2008). *Educational administration: Concepts and practices* (5th ed.). Belmont, CA: Thomson/Wadsworth.
- Malaysia Education Blueprint. (2013 – 2025). Retrieved from <https://www.moe.gov.my/index.php/en/dasar/pelan-pembangunan-pendidikan-malaysia-2013-2025>
- Male, T., & Palaiologou, I. (2015). Pedagogical leadership in the 21st century: Evidence from the field. *Educational Management Administration & Leadership*, 43(2), 214-231.
- Martin, C. A. (2005). From high maintenance to high productivity: What managers need to know about Generation Y. *Industrial and Commercial Training*, 37(1), 39-44.
- Miller, E. (2006). *The effect of rewards, commitment, organizational climate, and work values on intentions to leave: Is there a difference among generations?* PhD Dissertation, University of New York, Albany, NY.
- OECD. (2008). *Education and training policy, improving school leadership*. Policy and Practice, Summary in English. Paris: OECD.
- Petite, J. D., Goris, J. R., & Vaught, B. C. (1997). An examination of organizational communication as a moderator of the relationship between job performance and job satisfaction. *The Journal of Business Communication*, 34(1), 81-98.
- Pincus, J. D. (1986). Communication satisfaction, job satisfaction and job performance. *Human Communication Research*, 12(3), 395-419.

- Putman, L. L., & Poole, M. S. (1987). Conflict and negotiation. *Handbook of organizational communication: An interdisciplinary perspective*. Newbury Park, CA: Sage Publications.
- Rabindarang, S., Khuan, W. B., & Khoo, Y. Y. (2014). Refleksi tenaga pengajar terhadap kepemimpinan distributif dan tekanan kerja dalam pendidikan teknik dan vokasional. *Jurnal Akademika*, 84(1&2), 17-27.
- Rahim, M. A. (1983). Measurement of organizational conflict. *The Journal of General Psychology*, 109(2), 189-199.
- Rahim, M. A. (2004). *Rahim organizational conflict inventories: Professional manual*. Bowling Green, KY: Center for Advanced Studies in Management.
- Raines, C. (2003). *Connecting generations: The sourcebook*. Crisp Publications, Menlo Park, CA.
- Riggio, R. E. (2014). Followership research: Looking back and looking forward. *Journal of Leadership Education*, 13, 15-20.
- Rosli Mohammed. (2016). *Audit komunikasi organisasi*. Kedah: Penerbit Universiti Utara Malaysia.
- Rosnarizah Abdul Halim., & Hussein Ahmad. (2015). Kepemimpinan distributif, faktor kontekstual dan efikasi sendiri guru Malaysia. *Jurnal Kepimpinan Pendidikan*, Institut Aminuddin Baki, Genting Highlands, 2(4).
- Sabancı A, Şahin A, & Özdemir, I. (2018). The correlation between interpersonal communication skills of inspection groups and their conflict management strategies. *European Journal of Education Studies*, 4(4), 176 – 195.
- Schmidt, G. B. (2014). Virtual leadership: An important leadership context. *Industrial and Organizational Psychology*, 7(2), 182-187. doi:10.1111/iops.12129
- Sobel, D. S., & Ornstein, R. (1996). *The healthy mind, healthy body handbook*. New York: Time Life Medical.
- Spillane, J. P. (2005). Distributed leadership. *The Educational Forum*, 69, 143-150. doi:10.1080/00131720508984678.
- Spillane, J. P. (2006). *Distributed leadership*. San Francisco: Jossey-Bass.
- Spillane, J. P., & Diamond, J. B. (2007). *Distributed leadership in practice: Teachers College Press*. New York, NY, USA.
- Spillane, J. P., & Sherer, J.Z. (2004). *A distributed perspective on school leadership: Leadership practice as stretched over people and place*. Preliminary draft prepared for presentation at the annual meeting of the American Education Association, San Diego.
- Spillane, J. P., Halverson, R., & Diamond, J. B. (2004). Towards a theory of leadership practice: A Distributed perspective. *Journal of Curriculum Studies*, 36, 3-34. doi:10.1080/0022027032000106726
- Spillane, J. P., Harverson, R., & Diamond, J. B. (2001). *Investigating school leadership practices*. *Educational Researcher*, 30(3), 23-28.
- Spillane, J. P., Harverson, R., & Diamond, J. B. (2001). *Towards a theory of leadership practice: A distributed perspective*. Chicago: Northwest University.
- Streeter, B. (2007). Welcome to the new workplace. *ABA Banking Journal*, 99(2), 7.
- Szilagyi, A. D., & Wallace, M. J. (1990). *Organizational behavior and performance (5th ed.)*. USA. Harper Collions.
- Tapscott, D. (2009). *Grown up digital: How the net generation is changing your world*.
- Tschannen-Moran, M. (2001). Collaboration and the need for trust. *Journal of Educational Administration*, 39, 308-331.
- Wellington, P. (2011). *Effective people management: Improve performance delegate more effectively handle poor performance and manage conflict*. London: Kogan Page Publishers.
- Yusof Boon., & Yahzanon Tahir. (2013). *Kepimpinan tersebar dan hubungannya dengan tekanan dan komitmen kerja*. Johor: Universiti Teknologi Malaysia.
- Zulch, B. (2014). Leadership communication in project management. *Procedia – Social and Behavioral Sciences*, 119, 172-181. doi: 10.1016/j.sbspro.2014.03.021.
- Zulhamri Abdullah., & Jong Hui. (2014). The relationship between communication satisfaction and teachers' job satisfaction in the Malaysian primary school. *Asian Journal of Humanities and Social Sciences*, 2(2), 58-71.
- Zuraidah Juliana Mohamad Yusoff., Yahya Don., & Siti Noor Ismail. (2014). Kompetensi emosi pemangkin keberkesanan amalan kepemimpinan guru. *Jurnal Kepimpinan Pendidikan*, 1(3).

THE EFFECTS OF ETHICAL LEADERSHIP ON ETHICAL CLIMATE

Umi Hamidaton Mohd Soffian Lee, Razaleigh Muhamat @ Kawagit, and Zaleha Yazid

Abstract

The Ethical leadership practice in corporate organization can make the difference between the perception of employees between an appropriate and an inappropriate working environment which reflects the ethical climate in organization. Previous studies found that if people felt that their organization leaders' values are conflicting with ethical values in organisation they will affects the ethical climate. This study empirically investigates the relationship between ethical leadership through the element of decision making, reinforcement and two ways of communication and ethical climate. A total of 150 employees from corporate sector headquarters in Klang Valley, Kuala Lumpur had participated. The study found that there is a significant relationship between decision making, reinforcement and two ways of communication and ethical climate. Thus, it is important to understand the effects of ethical leadership towards ethical climate since it will affect the overall performance of an organisation.

Keywords: Ethical Leadership, Decision Making, Reinforcement, Two Ways of Communication, Ethical Climate, PLS SEM

Introduction

Ethical issues in organization nowadays have become more complex because they mainly focus on several crucial aspects such as fairness, social expectation, social responsibilities and legal rights (Chye & Boo, 2014). Victor and Cullen (1988) establish a way to understand the practices of ethical conduct in the organization by introducing the concept and ideas of ethical climate. Employees will look for and choose to work in the organization that is in line with their ethical preferences, and ethical leadership was found to be one important variable that will affect the ethical climate in which employees will perceive their organization's climate as ethical (Jr 2001; Ma et al., 2012). According to Brown and Trevino (2013) and Trevino et al (2000; 2003), ethical leadership can help organizations strengthen the climate in the various elements to name but a few rewards, discipline, communication and decision making, to set some standard and to make the employees comply with, and be responsible for the standard.

In Malaysia, the issues on ethical conduct which have resulted from corporate leadership who fails to demonstrate ethical leadership practices have gained prominence due to the increasing rate of commercial crime reported by year (Ma et al., 2012; Ponnu, 2009). Besides, it is revealed in recent years that the statistics on the amount of unethical practices adopted by leaders in organization has been alarming (Lu et al., 2013; Mayer & Kuenzi, 2011). As an example, well known corporate scandals such as Enron WorldCom that involved management and leaders' fraudulent activities had eventually contributed to the company's demise in December 2001. There is an increased awareness of the prevalence of wrongdoing practice by leaders in organisations and strikingly, previous studies have shown the increasing interest in the ethical climate and the role of ethical leadership, all of which findings might offer insights into reducing the amount of unethical practice in organizations (Lu et al., 2013).

Previous literature has also suggested that an important factor that may determine ethical climate is ethical leadership (Lu et al., 2013; Brown Trevino, 2006; Mayer et al., 2010/113). By definition, ethical leaders are leaders who demonstrate an ethical component in their conduct (Ciulla, 1995), Ethical leadership is regarded as the demonstration of appropriate conducts to followers through two ways of communication, reinforcement and decision making (Brown et al., 2005). Decision making refers to the set of expectation in which leaders lay out principled decisions and weigh the ethical consequences of their decision, while reinforcement is defined as establishing transparent ethical rules, law and standards to reward or reprimand followers' behaviors and communication in reference to the interaction to convey the ethics and values to other people in the organization (Brown et al., 2005; Eubanks et al., 2012; Vivian Sheeri, 2018).

On the other hand, the concept of ethical climate was developed by Victor and Cullen (1988), (Shafer et al., 2013). Ethical climate is regarded as the shared perception of ethically correct behaviour and the manner in which ethical issues should be handled in organization. According to recent leadership studies, ethical climate serves to be one of the primary factors that shape the intra-organisational relationship and employee attitudes and which leave an impact on organisational performance and which may be influenced by the ethical leadership elements (Elci & Alpan, 2009). Therefore, the goal of this study is to probe into the relationship between ethical leadership practices via acts of decision making, reinforcement and two-way communication and ethical climate.

Literature Review and Research Hypothesis

Being an important predictor of ethical climate, the role of ethical leadership was strongly supported by the Social Learning Theory introduced by Albert Bandura (1977) when it shows that leader as ethical and moral person and he or she emulates important elements as a role model which make up the ethical climate in organization and can be followed by the employee (Dickson et al., 2001). A number of empirical findings support this notion when it comes to examining the consequences of ethical leadership on various samples.

Several studies have examined the relationship between ethical leadership practices through decision making, two ways of communication, reinforcement and ethical climate (Elc et al., 2009; Elçi et al., 2015; Mayer et al., 2009; Okpara et al., 2008; Schminke et al., 2005). Research done by Lu and Lin (2013) on 147 employees in Taiwan, Elçi et al. (2015) on 543 employees in Istanbul, Park et al. (2014) on 728 employees in Korea and Engelbrecht et al. (2013) on 224 employee in Africa indicated that decision making, reinforcement and the two-way communication are significantly associated with ethical climate. Thus, the following hypotheses are:

H1: There is a significant relationship between decision making and ethical climate

H2: There is a significant relationship between two ways of communication and ethical climate

H3: There is a significant relationship between reinforcement and ethical climate.

Hence this leads the current researcher to develop a theoretical framework also serving as the research framework as provided below:

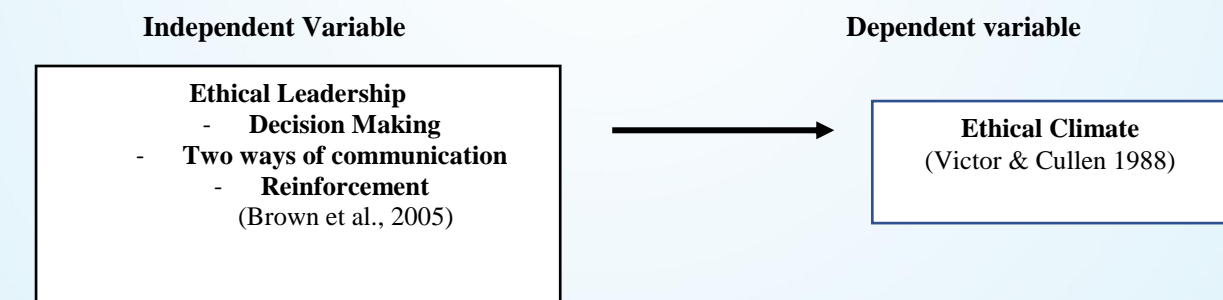


Figure 1. Conceptual Framework

Methodology **Research Design**

This study applies a cross-sectional method because it allows a researcher to integrate data collection from the ethical leadership research literature and actual survey. Besides, this method sees the integration of a few steps; Ethical leadership literature concerns with the exploration, in-depth interview, pilot study and actual survey to gather and analyse data. The application of those procedures benefits this study as it improves the inadequacy of single method and the capability of getting high quality data with less bias (Creswell, 2014; Sekaran & Bougie, 2015). The research was done at the headquarters of a corporate sector in Klang Valley, Peninsular Malaysia and the organization's name has been kept anonymously for confidentiality reasons. The survey questionnaire was developed based on ethical leadership literature at the beginning of this research work. In the next stage, a sequential translation technique was adopted for

the translation of the questionnaire into English and Malay language to fulfil the aim of improving the errors, ambiguities or confusion of items and it is able to improve both the validity and reliability of the research outcome (Creswell, 2014; Lomand, 2016; Sekaran & Bougie, 2016).

Research Instruments

The questionnaire consists of four major parts: First of all, decision making was assessed using eleven items adapted from Yukl (2010) and Brown et al. (2005). The items emphasize the elements of justice in the process and procedure of decision making. Two ways of communication were assessed using nine items adapted from Yukl and Brown et al. (2005). They also focus on the practice of effective interaction between the leader and employees. Besides, the reinforcement aspect is included in nine items adapted from Yukl (2010) and Brown et al. (2005). The items also focus on the practice of rule and regulation and the practices of reward and punishment. Ethical climate was assessed through eighteen items adapted from Victor and Cullen (1998) and these items are validated by (Okpara et al., 2008), (Tsai, 2008). There are also items concerning the compliance with organisational rules and procedures, adherence to legal or professional standards and concerns for others. All these were measured using a five-point Likert scale with a range between 1 which indicates '*strongly disagree*' to 5 which indicates '*strongly agree*'. In social science research, a purposive selection method is often used because it permits the researcher to use his or her own judgement in selecting participants from the sample and it may adequately represent the studied population (Black, 2010, Saunders, Lewis, & Thornhill, 2012).

For this research, the purposive sampling method was used to dispense 200 sets of questionnaire because the organization could not provide a list of employees' details for confidentiality and privacy reasons. Out of the total numbers, 150 usable questionnaires were sent back to the researcher and they were calculated as 75% response rate from the entire population. This sample fulfils the acceptable standard of the probability sampling technique and this sample was analysed using Partial Least Square-Structural Equation Modelling (PLS-SEM). This software has the capabilities of handling small size sample (Hair et al., 2017). Additionally, the study's sampled profile was used as the controlling variable as this research focus on employee's perceptions.

Sample

Most participants are male (51.3%), between the age of 36-40 years old (52.7%), married (86%), have been working for 11 to 15 years (54%), executive level (55.3%) and they also have monthly gross incomes ranging from RM 6000 to RM 6999 (27.3%).

Findings

Measurement Scale Validity and Dependability

The results of the convergent validity and reliability assessment show that all items achieved satisfactory indicator loadings of >0.7 (Hair et al., 2017). All items for decision making ranged between 0.746-0.894, two ways of communication item ranged between 0.877-0.894, reinforcement items ranged between 0.811-0.899 and ethical climate items ranged between 0.834-0.895. In terms of the construct level, the Average Variance Extracted (AVE) values of decision making was 0.673, two ways of communication 0.788, reinforcement 0.761 and ethical climate 0.747. These Average Variance Extracted (AVE) values were above the threshold values of 0.5 (Hair et al., 2017; Henseler et al., 2009). Thus, showing the constructs examined fulfils the adequate admissibility of the convergent validity (Fornell Larcker, 1981; Henseler & Chin 2010; Henseler et al., 2014).

Besides, the outcome of the convergent and discriminant validity analyses for all constructs is shown in Table 1. The square root of AVE values for all constructs in the diagonal is found to be larger than the values of the squared correlation with the off diagonal constructs, thus demonstrating the acceptable standards of discriminant validity that all constructs have acquired (Henseler et al., 2014; Zhang, 2009; Henseler & Chin, 2010). Additionally, all constructs' composite reliability values were found to be higher than 0.80, thus altogether highlighting the fact that the tool adopted in this study has high internal consistency (Henseler & Chin, 2010; Nunally & Bernstein, 1994).

Table 1
Convergent and Discriminant Validity Analyses Results

Variables	1	2	3	4	Composite Reliability
Decision making					0.935
Two ways of communication	0.874				0.949
Reinforcement	0.781	0.831			0.941
Ethical Climate	0.824	0.829	0.877		0.959

Analysis of the Constructs

The variance inflation factor and descriptive statistic for the research constructs are shown in Table 2. The results indicate that the means for all constructs are between 4.1388 and 4.1091, demonstrating that the majority of the respondents perceived that decision making, two ways of communication, reinforcement and ethical climate range from high level (4) to the highest level (5). At the same time, the variance inflation factor values for the correlation between the research construct such as independent variable and dependent variable are not more than 5.0, suggesting that all constructs are not determined by a severe collinearity problem (Hair et al., 2017). Therefore, these outcomes have confirmed that the required criteria for the validity and reliability analyses of using the tools in this study have been fulfilled.

Table 2
The Result of Variance Inflation Factor and Descriptive Statistics

Construct	Mean	Standard Deviation	Variance Inflation Factor (VIF)	
			3	4
Decision Making	4.1388	0.55326		2.952
Two ways of communication	4.1121	0.54022		4.881
Reinforcement	4.1091	0.48620		4.291
Ethical Climate	4.1009	0.49180		

Outcome of Testing Hypotheses H1, H2 and H3

The outcome of testing the directs model effects shall be established. The inclusion of decision making, two ways of communication and reinforcement evaluation in the analysis contributed 79 percent of the variance under the aspect of ethical climate. This result implies that the overall predictive strength of the model is substantial (Hair et al., 2017; Henseler et al., 2010). Furthermore, the results of the testing hypotheses for the model indicated three essential findings: Firstly, decision making is found to be a significant determinant of ethical climate ($\beta = 1.65$; $t=2.105$). Therefore, H1 is supported. Secondly, two ways of communication significantly correlate with ethical climate ($\beta= 0.501$; $t =3.277$), hence H2 is supported. Thirdly, reinforcement has been identified to be a significant determinant of ethical climate ($\beta = 0.276$; $t =2.964$), hence H3 is supported. All in all, the results demonstrate that the decision making, two ways of communication and reinforcement act as important predictors of ethical climate in the organization examined.

Discussion and Conclusion

In our paper, it is established that the decision making, two ways communication and reinforcement act as important predictors to ethical climate. In the organizational context, leaders' values and behaviour serve as a mean and mechanism to accomplish the organizational strategies and goals. As described from the results, the majority of respondents perceived that the level of decision making, two ways of communication, reinforcement and ethical climate are high. This situation explains that leaders who are able to appropriately and ethically practise the ethical leadership components with their subordinates will strongly indicate the organizational ethical climate.

Consequently, it may affect the perception of employees on what is deemed to be ethical practice in the organisation and how ethical issues should be handled within the organisation. The main objective of the study is to look into the relationship formed between ethical leadership elements and the organization's ethical climate in the corporate sector. This study concludes that the decision making, two ways of communication and reinforcement significantly influence the ethical climate. The overall findings of this study suggested that ethical leadership practices by leaders do affect the ethical climate. Hence, the management and leaders should ensure that a proper and appropriate decision making has been made, and the two ways communication between leaders and employees also the reinforcement are applied to encourage a suitable ethical climate to exist in the organization. Furthermore, for future research employee outcome such as organizational commitment, job satisfaction and turn over intention can be considered as the dependent variables in order to get more generalised outcomes in the important aspect of ethical leadership practice towards employees.

References

- Black, K. (2010). *Business statistics: Contemporary decision making*. San Francisco: John Wiley & Sons.
- Brown, M.E., Trevino, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes*, 97(2), 117–134.
- Chye, H., & Boo, E. H. Y. (2014). The link between organizational ethics and job satisfaction : A study of managers in Singapore. *Journal of Bussiness Ethics*, 29(4), 309–324.
- Ciulla, J. B. (1995). Leadership ethics: Mapping the territory. *Business Ethics Quarterly*, 5(1), 5–28.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences*. Mahwah, NJ: Lawrence Erlbaum.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative and mixed methods approaches (4th ed.)*. California: SAGE Publication.
- Dickson, M. W., Smith, D. B., Grojean, M. W., & Ehrhart, M. (2001). An organizational climate regarding ethics: The outcome of leader values and the practices that reflect them. *The Leadership Quarterly*, 12, 197–217.
- Elc, M., Elçi, M., & Alpan, L. (2009). The impact of perceived organizational ethical climate on work satisfaction. *Journal of Business Ethics*, 84(3), 297–311.
- Elçi, M., Erdilek, M., & Akyüz, B. (2015). Investigating the mediating effect of ethical climate on organizational justice and burnout: A study on financial sector. *Procedia - Social and Behavioral Sciences* 207, 587–597.
- Engelbrecht, A. S., Wolmarans, J., Mahembe, B., Africa, S., Cape, W., & Africa, S. (2013). Effect of ethical leadership and climate on effectiveness, 1–8.
- Eubanks, D. L., Brown, A. D., & Ybema, S. (2012). Leadership, identity, and ethics. *Journal of Business Ethics* 107(1), 1–3.
- Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. *Journal of marketing research*, 382–388
- Yukl, G. A. (2010). *Leadership in organization* (Upper Saddle River, Ed.) Edisi ke-7th. NJ: Prentice Hall.
- Hair Jr., J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)* (2nd Ed.). United States of America: SAGE Publications Inc.
- Henseler, J., & Chin, W. (2010). A comparison of approaches for the analysis of interaction effects between latent variables using partial least squares path modeling. *Structural Equation Modeling: A Multidisciplinary Journal*, 17(1), 82–109.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2014). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135.
- Jr, C. H. S. (2001). Ethical climate' s relationship to job satisfaction, organizational commitment, and turnover intention in the salesforce. *Journal of Business Research*, 54, 39–52.
- Lomand, T. C. (2016). *Social science research: A cross section of journal article for discussion and evaluation (7th ed.)*. New York: Routledge.
- Lu, C. S., Kuo, S. Y., & Chiu, Y. T. (2013). Ethical leadership and ethical climate in the container shipping industry. *International Journal of Shipping and Transport Logistics*, 5(6), 591.
- Ma, H., Jo, H., Ros, A., Safinas, I., & Hashim. (2012). The relationship between ethical climates and organizational commitment in manufacturing companies. *Conference: International Conference on*

- Sociality and Humanities Jan*, 134–138.
- Mayer, D. M. & Kuenzi, M. (2011). Examining the link between ethical leadership and employee misconduct: *Journal of Business Ethics*, 7–16.
- Mayer, D. M., Kuenzi, M., Greenbaum, R., Bardes, M., & Salvador, R. (Bombie). (2009). How low does ethical leadership flow? Test of a trickle-down model. *Organizational Behavior and Human Decision Processes* 108(1), 1–13.
- Michael E., Brown, Linda, K., & Trevino. (2006). Ethical leadership: A review and future directions. *Leadership Quarterly* 17(6), 595–616.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York, US: McGraw-Hill.
- Okpara, J. O., Wynn, P., Okpara, J. O., & Wynn, P. (2008). Implications for management development: The impact of ethical climate on job satisfaction, and commitment in Nigeria Implications for management development. *Journal of Management Development*, 27(9), 935–950.
- Park, H., Kang, S., & Campus, S. (2014). The influence of the founder's ethical legacy on organizational climate: Empirical evidence from South Korea. *Social behavior and Personality*, 42(2), 211–222.
- Ponnu, C. H. (2009). The association between ethical leadership and employee outcomes – the Malaysian Case, 14(1).
- Schminke, M., Ambrose, M. L., & Neubaum, D. O. (2005). The effect of leader moral development on ethical climate and employee attitudes. *Organizational Behavior and Human Decision Processes*, 97(2), 135–151.
- Sekaran, U., & Bougie, R. (2016). *Research method for business: A skill building approach* (7th ed.). United Kingdom: John Wiley & Son, Inc.
- Shafer, W. E., Poon, M. C. C., Tjosvold, D., & Shafer, W. E. (2013). An investigation of ethical climate in a Singaporean accounting firm. *Accounting, Auditing & Accountability Journal*, 26(2), 312–343.
- Saunders, M., Lewis, P. & Thornhill, A. (2012). *Research methods for business students*. US: Pearson Education Limited.
- Tsai, M. (2008). The relationship among ethical climate types, facets of job satisfaction, and the three components of organizational commitment: A study of nurses in Taiwan, 565–581.
- Vivian, C., Sheeri, S. L. L. H. (2018). Ethical leadership from Western foundation to Chienese context. *Journal of Asian Pacific Communication*, 28(1), 20–40.
- Victor, B., & John, B. C. (1988). The organizational bases of ethical work climates. *Administrative Science Quarterly*, 33, 101–125.
- Yukl, G., Mahsud, R., Hassan, S., & Prussia, G. E. (2013). An improved measure of ethical leadership. *Journal of Leadership and Organizational Studies*, 20(1), 38–48.
- Zhang, Y. (2009). A study of corporate reputation's influence on customer royalty based on PLS-SEM model. *International Business Research*, 2(3), 28–35.

AN OVERVIEW OF HOME-GROWN FRANCHISOR EXPANSION INTO INTERNATIONAL MARKET

Nurul Ashykin Abd Aziz, Mohd Hizam Hanafiah, Rosmah Mat Isa, and Hamizah Abd Hamid

Abstract

Franchising is one of the business platforms ventured by many industries in today's era. Globalization and the emergence of international market are creating incredible internal expansion opportunities for Malaysian home-grown franchisors. This paper reviews past studies within franchising research and identifies two major factors that influence the expansion of home-grown franchisors into the international markets which are: (i) The Proven Business Format; and (ii) The Brand Equity of Franchising. In addition, the researchers draw together the related past empirical findings to support this study. In brief, this study has contributed new knowledge in relation to the expansion of home-grown franchising brands into the international markets and is beneficial for future studies.

Keywords: International Franchising, Franchisor, Franchise, International Strategy

Introduction

Nowadays, franchising is a platform for business expansion and it will continue to grow in the future (Mahmood Khan, 2015). From international and global perspectives, the term 'franchising' has been prevalent worldwide (Shumba, Zindiye, & Donga, 2017). Franchising is one of the rapid development forms of business in a global scale, and it is valuable for studies in entrepreneurship since it plays important roles to support economic development through the creation of employment opportunity, development of entrepreneurship growth and enhancement of the standards of living (Baena & Cervino, 2012). Historically, franchising has experienced a global growth since the early 1980's, and the founder (franchisor) saw an opportunity to develop the existing business by bringing partners (franchisee) who will own the business format, which consequently have access to human and financial capitals. As reported by Hong Kong Trade Development Council (2014), due to the increase in number over the middle income groups, they are seen to be changing their preferences over international brands, causing most Asian countries to practice franchising in these recent years.

Malaysian government history and development with franchising started in 1992 when Franchise Development Programme was established under the Implementation and Coordination Unit, Prime Minister's Department. In 1998, Franchise Act 1998 was introduced as a legal framework to govern the industry and was recognized as the first Franchise Act in the world (Malaysia Franchise Association, 2018).

In 1995, Franchise and Vendor Division was established under the Ministry of Entrepreneur Development, before it was rebranded to Franchising Development Division and reallocated under the Ministry of Domestic Trade, Cooperative and Consumerism in 2009 (Malaysia Franchise Association, 2018a). Then, more serious efforts to promote franchising in the country and in the international market were done when Perbadanan Nasional Berhad (PNS) was given a task to promote and develop homegrown franchising, besides bringing international system into the country. Nowadays, the Malaysian Government has strongly promoted franchising as one of the approaches in inspiring local entrepreneurs and moving into international market (Amy Azhar, Hee Hoe, & Hani, 2011). Binh and Terry (2014) argued that even though franchising was easily identified through the usage of it as a platform for business expansion, many factors can be found to influence it. Looking on the growth of franchising in the Malaysian market, businesses that adopt franchising systems are not new, but have existed in this country since a very long time ago. According to Malaysia Franchise Association (2017), franchising is a rapid growth of global business platform and franchising in Malaysia began in 1850 throughout companies such as Singer.

Literature Review

Definition of Franchising

Franchising is a business format that offers many advantages compared to chain-ownership (Grewal, Iyer, Javalgi, & Radulovich, 2011). The emergence of this concept by selling ‘company-owned’ business to franchisee-owned units has become a trend nowadays (Paynter & Arthanari, 2000). On definition, the term ‘franchising’ refers to “*licensing agreement between the franchisor and the franchisee, whereby the former grants the permission for the use of his trademarks, ideas, patents or goodwill in return of royalty or some other consideration by the franchisee*” (Vaishnav & Altinay, 2009).

International Franchising

Lu et al. (2011) described that to enter the foreign market, entrepreneurs can choose multiple modes of market entries such as join venture, whole owned subsidiaries or by joining the franchising contract, or by choosing to use more than one mode of entry since the business operates at different countries. Furthermore, a study by Baena and Cervino (2012) claimed that a franchise with a strong brand has high propensity to expand its business into the international market whereby this strong brand is able to create business opportunities from potential franchisee and thus become profitable. Furthermore, Berbel-Pineda et al. (2012) discussed that franchising is a profitable strategy that is matured and is well known in many countries whereby firms are created to follow franchisors groups and control the laws for the market within other aspects. This was supported by (Baena, 2011; Thompson & Stanton, 2010; Zhu, Wang, & Quan, 2011) whereby they claimed that adopting a franchise business model in an international market is a platform for internationalization strategy.

Likewise, Lu et al. (2011) also supported that international franchising is beneficial since it reduces the franchisor’s investment. According to past studies, several empirical studies on franchising expansion into international market have focused on the concept of international business (e.g; Hoffman, Munemo, & Watson, 2016; Quinn & Alexander, 2002). Other studies found that infrastructures (Michael, 2003), cultural values (Alon, Mark, & David, 2000), and economic growth (Michael, 2014), pose effects on franchise expansion into the international market. In addition, a past study by Forte and Carvalho (2013) emphasized that markets with stable economy, low political gap, huge cultural gap, difference in consumption and difficult laws and language can be ventured into through franchising, considering the risks that could be faced when entering the markets using own stores. Nevertheless, an empirical study by Lee et al. (2011) found that internationalization of franchise firm is a critical strategy to develop the operation’s performances. In addition, Forte and Carvalho (2013) claimed that a franchise firm starts its expansion into international market through psychical and geographical connection with high commitment markets and lower proximity markets where the level of commitment was low thus the firm took the franchising pathway. Another empirical study by Hoffman et al. (2008) found a significant relationship between five environmental factors namely geography, technology, cultures, economy and politics with the franchise expansion into the international market. Moreover, the main aim of franchising is to penetrate and expand itself into the international market (Michael, 2003).

In another study, Perrigot et al. (2004) found that internalization process of franchise firm occurs when the franchisor exploits the sufficient resources such as human capital, financial capital and brand in the domestic market operations. Likewise, Dant and Grünhagen (2014) supported that most franchise firms enter the market with regards to the characteristics of firms such as the economic capabilities, socio-politics and resources factors. On the other hand, large firms adopt the franchises as platforms to reduce the market risk which are quite low than other approaches. A strong brand image is also important in strengthening the internationalization strategy for the franchise firm. Additionally, the high value of franchise brand positions will enable the franchisee’s desire to join the franchise chain (Nyadzayo, Matanda, & Ewing, 2011).

Discussion

In the last few decades, franchising business has received a lot of attention from industry players and researchers from all around the world. The present study discusses why the franchisors are often chosen by most entrepreneurs to expand their businesses into the international market. Here are the justifications:

Proven Business Format

According to the International Franchise Association (2017), franchising is a method for business expansion and distribution of the goods and services by a licensing relationship where the franchisor grants the license to the franchisee to conduct a business under their own management, trade name, operating system, brand and support. Olotu (2011) highlighted that franchisors sell a proven franchising business format to the franchisee, whereby the franchisee will receive many benefits such the attainment of rapid expansion with limited financial capital. The franchisee also owns and operate a proven business format and procedure while the franchisors provide their expertise in areas of their businesses. In addition, franchisors provide a proven business model with established system and structured operation procedure for their investors (franchisees) so that the risks are lower compared to the other types of business (Baresa, Ivanovic, & Bogdan, 2017; Spinelli, Rosenberg, Birley, & Eberhart, 2004).

Furthermore, Davies et al. (2011) highlighted franchising being a system characterized by mutual interdependence that creates trust between both parties (franchisor and franchisee). In reality, franchisors are defendant on franchisees to achieve their goals while franchisees are reliant on franchisors in promoting the brand supports and managerial supports. In addition, Baena and Cervino (2012) claimed that companies that remain extended in the market with good performance records provide proven results and reputation to potential franchisees. The potential franchisees view these attributes as an opportunity to reduce their entrepreneurial risks, and to gain a proven business format with the expertise in management and marketing provided by franchisors. Besides, Saleh and Kleiner (2005) supported that franchising is globally recognized as a successful business approach for market entrance and business expansion.

An empirical study by Davies et al. (2011) claimed that the success of franchising system is determined by the franchisor's ability to plan the standard operations for their network. Nevertheless, franchising is categorized as a group of entrepreneurs being inspired by innovativeness and self-sufficiency. Thus, it becomes a challenge for the franchisors to develop standards of business without preventing the franchisees' goals. Moreover, Lee et al. (2016) found that franchising is being developed rapidly as a mainstream organization because of its brand name and sustainability. In recent times, many franchise firms have expanded themselves into the global market since this system provides supports. Additionally, Baresa et al. (2017) supported that franchising system provides benefits to franchisees in terms of proven and success concepts, well-known brands, unique business images and training assistance. The benefits received by franchisees are adequate with the capital investments by them for productions and resources.

The Brand Equity of Franchising

According to Kotler (2018), 'brand' can be defined as a name, term, sign and symbol or any combination of these that identify the producer or seller of the product. Ukaj (2016) highlighted that the companies should pay attention to the branding. Furthermore, building a strong brand equity is important for franchising particularly on the relationship between franchisors and franchisees since promoting brand equity is essential (Nyadzayo et al., 2011).

Pitt et al. (2002) described that franchise brand management have occupied the minds and actions of industry players and scholars since the last part of the 19th century. Knowing the benefits that a franchise brand can deliver; franchise firms have increasingly focused their marketing activities toward generating and managing brands. A past study by Nyadzayo et al. (2011a) found that franchisors play an important part in encouraging brand citizenship behaviors among their franchisees which will turn into brand equity. Franchise brands that are developed and anchored on strong and positive brand relationships are the best way of doing the business in complex and freedom-constrained market environments. Hence,

franchisees can place themselves in the market and distinguish themselves from non-franchised firms through the establishment of a powerful brand relationship.

Furthermore, a franchisor's brand is one of the two fundamental elements of a franchise's package where the franchisee invests into, and one of the major resources that a franchisee pursues when engaging into a franchise contact (Ghantous & Jaolis, 2013).

These scholars also found that franchisors should strongly assimilate their brands into value propositions in order to enhance positive feedbacks from their existing and potential franchisees. An empirical study done by Badrinarayanan et al. (2016) emphasized that brand relationships between franchisors and franchisees are the most important criteria in determining the success of franchising activities. The findings revealed that a franchisor's trade equity, a franchisor's knowledge specificity and a franchisee's trust are influential in formatting brand quality.

On the other hand, an empirical study by Felício et al. (2014) on 250 Portuguese franchisee firms found that franchisee-based brand equity was a multivariate factor which had strong influences on firm performance, and this study had contributed significantly on literatures by viewing the perspectives of franchisees to franchises' performance. Moreover, a past study by Nyadzayo et al. (2015) also found that brand relationship is stronger when franchisors' competence is high.

Conclusion

In brief, there are many factors for franchise company to expand their businesses into the international market. Many views need to be considered to ensure the success of franchising business in today's international market. Moreover, good governance supports, and comprehensive policies can also enhance the development and growth of franchise players.

Acknowledgements

Nurul Ashykin Abd Aziz serves Universiti Malaysia Kelantan as a lecturer and is also a PhD candidate at Universiti Kebangsaan Malaysia. This article was written under the supervision of Assoc. Prof. Dr Mohd Hizam Hanafiah, Assoc. Prof. Dr Rosmah Mat Isa and Dr Hamizah Abd Hamid.

References

- Khan, M. (2015). *Restaurant franchising concepts, regulations and practices* (3rd ed.). Toronto, New Jersey: Apple Academic Press and CRC Press Taylor & Francis Group.
- Alon, I., Mark, T., & David, M. (2000). Evaluating foreign-market environments for international franchising expansion. *Sage Journals*, 35(1), 1–11.
- Amy Azhar Mohd Harif, M., Hee Hoe, C., & Hani Mahad Noor, N. (2011). Franchisee failures in Malaysia: Contribution of Financial and Non-Financial Factors. *World Journal of Social Sciences*, 1(2), 52–65.
- Badrinarayanan, V., Suh, T., & Kim, K.-M. (2016). Brand resonance in franchising relationships: A franchisee-based perspective. *Journal of Business Research*, 69, 3943–3950.
- Baena, V. (2011). The effect of corruption on global franchising in emerging markets. *International Journal of Business and Emerging Markets*, 3(1), 57.
- Baena, V., & Cervino, J. (2012). International franchise expansion of service chains: insights from the Spanish market. *The Service Industries Journal*, 32(7), 1121–1136.
- Baresa, S., Ivanovic, Z., & Bogdan, S. (2017). Franchise business as a generator of development in central Europe. *Journal of Economics*, 8(3), 281–293.
- Berbel-Pineda, Ramírez-Hurtado, J. M., & M, J. (2012). Issues about the internationalization strategy of hotel industry by mean of franchising. *International Journal of Business and Social Science*, 3(6).
- Binh, N. B., & Terry, A. (2014). Meeting the challenges for franchising in developing countries: The Vietnamese experience. *Journal of Marketing Channels*, 21(3), 210–221.
- Dant, R. P., & Grünhagen, M. (2014). International franchising research: Some thoughts on the what, where, when, and how. *Journal of Marketing Channels*, 21(3), 124–132.
- Davies, M. A. P., Lassar, W., Manolis, C., Prince, M., & Winsor, R. D. (2011). A model of trust and compliance in franchise relationships. *Journal of Business Venturing*, 26(3), 321–340.
- Felício, J. A., Duarte, M., Caldeirinha, V., & Rodrigues, R. (2014). Franchisee-based brand equity and performance. *The Service Industries Journal*, 34(9–10), 757–771.
- Forte, R., & Carvalho, J. (2013). Internationalisation through franchising: the Parfois case study. *International Journal of*

- Retail & Distribution Management*, 41(5), 380–395.
- Ghantous, N., & Jaolis, F. (2013). Conceptualizing Franchisee-based brand equity a framework of the sources and outcomes of the brand's added value for franchisees. *International Business Research*, 6(2), 112–125.
- Grewal, D., Iyer, G. R., Javalgi, R. R. G., & Radulovich, L. (2011). Franchise partnership and international expansion: A conceptual framework and research propositions. *Entrepreneurship Theory and Practice*, 35(3), 533–557.
- Hoffman, R. C., Kincaid, J. F., & Preble, J. F. (2008). International franchise expansion: does market propinquity matter? *Multinational Business Review Management Research News Iss Journal of Services Marketing*, 9, 93–104.
- Hoffman, R. C., Munemo, J., & Watson, S. (2016). International franchise expansion: The role of institutions and transaction costs. *Journal of International Management*, 22(2), 101–114.
- Hong Kong Trade Development Council. (2014). Franchising in Asia: Hong Kong's leading role | HKTDC. Retrieved from <http://economists-pick-research.hktdc.com/business-news/article/research-articles/franchising-in-asia-hong-kong-s-leading-role/rp/en/1/1x000000/1x0a0ehd.htm>
- International Franchise Association (IFA). (2017). *2016 ITA Franchising Top Markets Report 2016 Top Markets Report Franchising Overview and Key Findings*. United States.
- Kotler, P. (2018). *Principles of Marketing*. (L. Albelli, Ed.) (17th ed.). United Kingdom: Pearson Education Limited.
- Lee, C. K. H., Choy, K. L., Ho, G. T. S., & Lin, C. (2016). A cloud-based responsive replenishment system in a franchise business model using a fuzzy logic approach. *Expert Systems*, 33(1), 14–29.
- Lee, S., Koh, Y., & Heo, C. Y. (2011). Internationalization of US publicly traded restaurant companies – a transaction cost economics perspective. *Tourism Economics*, 17(2), 465–471.
- Lu, Y., Karpova, E. E., & Fiore, A. M. (2011). Factors influencing international fashion retailers' entry mode choice. *Journal of Fashion Marketing and Management: An International Journal*, 15(1), 58–75.
- Malaysia Franchise Association. (2017). Retrieved from <http://www.mfa.org.my/newmfa/>
- Malaysian Franchise Association (MFA). (2018a). *Background | Franchise International Malaysia 2018*. Retrieved from <http://www.mfa.org.my/newmfa/background/>
- Malaysian Franchise Association (MFA). (2018b). *Franchising in Malaysia*. Retrieved from http://mfa.org.my/fim2018/?page_id=2493
- Michael, S. C. (2003). Determinants of the rate of franchising among nations. *Management International Review Journal*, 43(3), 267–290.
- Michael, S. C. (2014). Can franchising be an economic development strategy? An empirical investigation. *Small Business Economics*, 42(3), 611–620.
- Nyadzayo, M. W., Matanda, M. J., & Ewing, M. T. (2011). Brand relationships and brand equity in franchising. *Industrial Marketing Management*, 40, 1103–1115.
- Nyadzayo, M. W., Matanda, M. J., & Ewing, M. T. (2015). Franchisee-based brand equity: The role of brand relationship quality and brand citizenship behavior.
- Olotu, O. A. (2011). Reinventing business growth through franchising in developing economies: A study of the Nigerian fast food sector. *International Journal of Marketing Studies*, 3(162–170).
- Paynter, J., & Arthanari, T. (2000). Determinants for franchise success. *Franchise Association of New Zealand, Auckland*.
- Perrigot, R., Cliquet, G., & Mesbah, M. (2004). Possible applications of survival analysis in franchising research. *The International Review of Retail, Distribution and Consumer Research*, 14(1), 129–143.
- Pitt, L., Napoli, J., van der Merwe, R., & Ewing, M. T. (2002). Brand management in franchise organizations. *Proceedings of the Australian and New Zealand Marketing Academy Conference*, 651–657.
- Quinn, B., & Alexander, N. (2002). International retail franchising: A conceptual framework. *International Journal of Retail & Distribution Management*, 30(5), 264–276.
- Saleh, S., & Kleiner, B. H. (2005). Effective franchise management. *Management Research News*, 28(2/3), 74–79.
- Shumba, K., Zindiye, S., & Donga, G. (2017). Challenges faced by franchise entrepreneurs operating in a volatile business environment: A case of the fast food industry in Harare, Zimbabwe. *Problems and Perspectives in Management*.
- Spinelli, S., Rosenberg, R., Birley, S., & Eberhart, M. (2004). *Franchising: Pathway to wealth creation (paperback)*. Upper Saddle River, NJ: Prentice Hall.
- Thompson, M., & Stanton, J. (2010). A framework for implementing retail franchises internationally. *Marketing Intelligence & Planning*, 28(6), 689–705.
- Ukaj, F. (2016). The Role and Importance of Brand in the marketing of small and medium sized enterprises in Kosovo. *International Journal of Marketing Studies*, 8(6), 52–56.
- Vaishnav, T., & Altinay, L. (2009). The franchise partner selection process and implications for India. *Worldwide Hospitality and Tourism Themes*, 1(1), 52–65.
- Zhu, M., Wang, Z. J., & Quan, H. R. (2011). A study on the key factors influencing international franchisors' choice of entry modes into China. *Frontiers of Business Research in China*, 5(1), 3–22.

**LEARNING THROUGH PLAYING (LTP) IN UNDERSTANDING ENTREPRENEURSHIP
CONCEPT: A CASE STUDY OF
ORANG ASLI SEMAI, MALAYSIA**

Siti Asma' Mohd Rosdi, Ahmad Amri Zainal Adnan, and Norsamsinar Samsudin

Abstract

Understanding entrepreneurship concept is indispensable in formal education system to support entrepreneurship education especially in school and higher education institutions. However, in non-formal education, the need for understanding entrepreneurship concept is also important as every individual has the potential to stave off entrepreneurs. In the case of Orang Asli, the purpose of this study is to access the understanding of entrepreneurship concept after playing the game; and to remark the feelings/comments after played the game. This paper employs qualitative method in the form of observation and interview with 20 Orang Asli Semai in Perak State. The findings of this study indicated majority of respondents have basic understanding of entrepreneurship and they feel good, fun and interested when playing the game. The case study brings attention to the importance of learning approach in non-formal learning especially among Orang Asli community.

Keywords: Learning Through Playing, Entrepreneurship Education, Orang Asli, Case Study

Introduction

How people learned and what people learned is important in the achieving the successful learning. In order to improve education, educators need to provide more proactive and responsive teaching strategies (Kristen & Schellhase, 2008). The development of science and technology affects the teaching strategies in education system nowadays. Education is one of the important aspects of life to produce knowledgeable people. To achieve that goal, it requires an effective learning process. Thus, education and learning are interconnected. Learning is a process of interaction between students and educators and learning resources. Previous literature proved that effective learning techniques can increase student motivation (Ninda, Khairul, & Leny, 2017; Agung Setya, 2017).

There are various learning techniques including the use of learning media and the use of technology in learning such as visual media, audio media, audio-visual media, and multimedia, and game-based learning (gamification). The game has potential in education that is very much related to the approach through the game creation and learning through playing. Both approaches are game-based learning with flexible context because either they are formal in the classroom knowing that students are learning that they are happening or out of the classroom informally (Wee Hoe, 2016). Game-based learning is a relatively new teaching and learning domain practiced in Malaysia (Wee Hoe, 2016). It is a student-centered learning which helps students to learn and develop their skill through game making or through game playing. Learning through playing is a gamification concept that is appropriate to deliver complex lesson content in which learning components can be simplified through the gamification process (Wee Hoe, 2016) that relates to the level of knowledge, thinking, skills, capability, and emotion.

This article offers insights into the practices of a non-formal education for Orang Asli community mainly focus on entrepreneurship education by learning through playing approach. In the twenty-first century entrepreneurial education system, the content and teaching methods are the main factors driving success. According to Hassan et al. (2016), teaching methods and training provide education through action (learning by doing), involvement in real situations, case studies, and the sharing of knowledge by entrepreneurs. Thus, the purpose of this study was to contribute to research about learning within a non-formal education context by case study which offers insight into the practices of learning through playing, for the Orang Asli community in Malaysia. Learning through playing was chosen because this approach gave an entertaining learning environment to motivate the learners during the learning process. The aims of this article are to deliver the knowledge of entrepreneurship concept to Orang Asli by playing the game. The learning outcome by playing the game is to access the understanding of entrepreneurship concept.

In the following section, we contextualise our field of interest and discuss the background of viewpoints on learning through playing in non-formal education. This is followed by our research methodology and its theoretical underpinnings, a description of the project, and an outline of how the data are presented. Thereafter, we describe the findings, followed by an analysis and discussion which addresses and answers the research questions. Finally, the article ends with our conclusions and demonstrates how this study contributes to an understanding of entrepreneurship concept in non-formal learning context by using LTP approach useful for Orang Asli who choose to participate in study.

Learning through Playing (LTP) in Non-Formal Education

Education and learning is overlapped, but they can also be differentiated according to specific characteristics (Norqvist & Eva Leffler, 2017). Previous studies stated that there is no single definition about learning and education. As stated by Bateson (1972) learning denotes a process of receiving information from an external source, which can be adapted at a later time to a similar event to carry the same information and conclude that learning is a process that initiated through a stimulus, make change happen. Formal learning is associated with an institution and takes place within the formal education system. Non-formal learning is also connected to an institution (i.e. an organisation or association with a specific interest such as culture or sports) within the non-formal education system (Norqvist & Eva Leffler, 2017). Non-formal learning occurs in a planned but highly adaptable manner in institutions, organizations, and situations beyond the spheres of formal or informal education. It shares the characteristic of being mediated with formal education, but the motivation for learning may be wholly intrinsic to the learner (Eshach, 2007). From an international perspective, the values and needs of non-formal learning can be understood differently according to the various goals for the development of learning and education, which can be considered as benefiting individuals and/or organisations (Ahmed, 2014). Furthermore, informal learning is often mentioned in relation to formal and non-formal approaches; however, it differs in that informal learning does not subscribe to the systemic organisation which should characterise formal or non-formal learning. Thus, it should be noted that informal learning is not a focus of this article. Table 1 provides some distinctive between formal, non-formal and informal education.

Table 1
Distinctive between Formal, Non-Formal and Informal Education

Formal	Non-formal	Informal
Usually at school	At institution out of school	Everywhere
May be repressive	Usually supportive	Supportive
Structured	Structured	Unstructured
Usually prearranged	Usually prearranged	Spontaneous
Motivation is typically more extrinsic	Motivation may be extrinsic but it is typically more intrinsic	Motivation is mainly intrinsic
Compulsory	Usually voluntary	Voluntary
Teacher-led	May be guide or teacher-led	Usually learner-led
Learning is evaluated	Learning is usually not evaluate	Learning is not evaluated
Sequential	Typically non-sequential	Non-sequential

Source: Eshach, (2007)

In this study, learning is the process of understanding entrepreneurship that involves cognitive domain and knowledge. Houwer, Barnes-Holmes, and Moors, (2013) studied detailed functional definition of learning, not only does it solve problems related to other definitions of learning, but also it is compatible with and has advantages for cognitive learning psychology. The cognitive approach in learning psychology aims to explain learning effects in terms of mental constructs.

Study on learning through playing often associated with children's learning (Kennedy & Lennie Barblett, 2009). Play has been central to the practice of experiential learning; be it games, role plays, outdoor adventure training or “playing” with ideas in the creative process. There has been to our knowledge, however, no systematic examination and application of the extensive literature on play to these

activities (Kolb, 1984). Is it possible to create a learning environment that integrates play and learning? Kolb and Kolb (2010) propose a holistic model that views play and learning as a unified and integral process of human learning and development. They introduce the concept of ludic learning space, wherein learners achieve deep learning through the integration of intellectual, physical, moral, and, spiritual values (Kolb, 1984) in a free and safe space that provides the opportunity for individuals to play with their potentials and ultimately commit themselves to learn, develop, and grow. There are studies that showed that learning through playing or game based learning is possible (Kolb & Kolb, 2010; Olga, Malliarakis, Tomos, & Mozelius, 2017). Several research studies have been carried out and corresponding games have been developed that aim to include the aforementioned features to support learning and teaching.

Dart game is one of the most popular games, because it contains elements of probability expected to be interesting and fun so it can create a conducive learning environment. Dart Game Entrepreneurship is the application of modified game darts. In this game the students are assigned to throw arrows (darts) to the dart board that has been prepared. The dart board has a number column of 1-20 indicating the point that will be accepted and has four color-adjusted colors into one secret box in black and three categories of questions: green color indicates easy-to-use categories, red indicates medium and yellow is difficult. The dart board also has a red midpoint indicating point 20 bonus without doing the problem. In this game students will work in groups in working on the questions and then answers corrected together with the teacher, so it is expected to create good interactions between students with students and students with teachers. Previous studies have been using dart game approach in teaching and learning, for example Agung Setya, (2017) and Ninda, Khairul, and Leny (2017).

Methodology

Data Collection Procedure

To obtain a holistic picture that would be rich in understanding, this study utilised the qualitative method in the form of observation and interview. During this game, the researcher did an observation to see how far the respondent understood about the basic entrepreneurship. The observation interview was conducted at Chinggung Village Multipurpose Hall in February 2018. The interviews were conducted in Malay language after the game played. All interview was recorded and transcribed verbatim in English by a professional transcriptionist. We operationalised our inquiry by asking the participants open questions about their understanding about entrepreneurship after play the game. Consent was obtained from respondents to record the interview. All of the questions were open-ended. The interview lasted for half an hour on average. In order to access the understanding/remark of the respondents when they played the dart game, the objectives of this study is to assess: [1] the understanding entrepreneurship concept after playing the game; [2] the remark (feeling/comment) after played the game. Thus, the interview questions were structured as follows:

- (1) What is the entrepreneurship?
- (2) What is the remark/feeling or comment (s) about the game?

Current literature significantly indicated the limited, readily available information on assessing the understanding on entrepreneurship concept through playing among Orang Asli. As Benbasat, Goldstein, and Mead (1987), case study allows the study of a phenomenon of interest in its natural setting. In this case, this research chose the Orang Asli based on the spill over effects to the rural community in terms of employment and business opportunities. The Orang Asli who living in rural area has been chosen as respondents based argument by McElwee and Smith (2014) that rural community is a group of people that have enormous potentials to develop as an entrepreneur. Ozden (2008) argued that some an effective method for teaching minority groups such as aboriginal students should be implemented. However, there has been limited literature and empirical data to support this contention. In this capacity, this study assesses the understanding of respondents about the entrepreneurship through playing the Dart game.

Justify the Use of the Dart Game

In this study, learning through playing was practiced through dart game. The implementation of the game has been modified as a learning game carried out from the pilot study conducted earlier on the village chief known as Tok Batin, as well as villagers of Chinggung consisting of 10 people of Orang Asli. The results of pilot study show that, dart games are medium suitable for learning purposes, and give interest to Orang Asli to learn. Therefore, this study applies dart games as one of the learning through playing techniques because the dart game method requires the player to play the game by aiming at precise points on the dartboard. Orang Asli has been adept this skill as they are also very well versed in the chopping. Stretching is an activity that requires target point skills.

Method of Implementation the Dart Game

Game-based learning should be applied to the appropriate group of students, where the student group needs to be identified before learning begins. Thus, the game used should be specially designed to fit the student group. For example, the use of language, the level of difficulty, the type of skills, the level of thinking and the appropriate tone is taken into account in creating this game. The researcher used five original game building elements as suggested by Prensky (2007), for example; [1] Rules, [2] Goals, [3] Challenges, [4] Interactions and [5] Feedback. Researchers did not include Narrative elements because they did not want to complicate the game to facilitate the implementation and understanding of respondents. The game genre is a combination of board games and puzzle games.

1. Rules

Before starting the game, the researcher had described the rules of the game to the participants. The rules of the game are as follows:

- a. Distance: The distance from the dart board and the player was 7 feet.
- b. Group Distribution: Each participant is divided into two groups where each group has a pair of 5 pairs. The two groups are named A and B. Groups A and B will take turns darting darts to the dartboard.
- c. Score Determination: A score will be given to participants who can answer simple questions about entrepreneurship. If the participants can answer the question correctly, 5 marks will be awarded and the score will be grouped according to each group. The group that collects the most marks is considered the winner.

2. Goal

The player does not have to be too focused on scores, but just need to keep the darts on any part of the dart board. The goal in this game is to afford fun and knowledge about entrepreneurship to the participants.

3. Challenges

The next step is setting the Challenge. The challenges in this game is answering the questions. The existing numbers on the dart board are used to set questions about entrepreneurial basics. When players are darting on any number on the dart board, the player is obliged to answer the predetermined question based on the number. Each correct answer will be scored. The player's challenge is to correctly answer each question to get the highest score.



Figure 1. The Distance from the Dart Board and the Player was 7 Feet

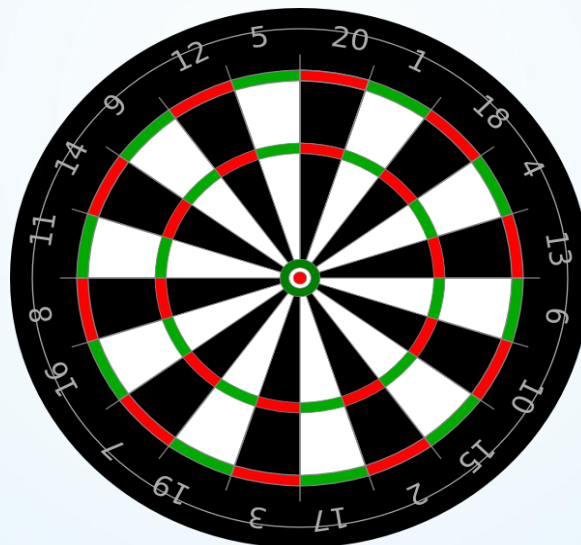


Figure 2. Dart Board has Certain Numbers that has been provided with Simple Questions about Entrepreneurship

There are 10 questions that have been made according to the selected number. Since the dart board has 20 numbers, the researcher only selects 10 numbers to put questions related to entrepreneurship. The question is stated in Table 2.

Table 2
Selected Numbers and Questions

Number	Questions
2	In your opinion, what do you think about entrepreneur? Answer in your own word.
5	Entrepreneurs are people who dare to take the risk. Right or wrong?
6	You like to catch a fish. What do you do if there is a surplus of catches?
7	Business ideas will be obtained if you are thinking of solving business-related problems. Right or wrong?
9	You love to search for forest produce, and what will you do if you have a lots of forest produces?
12	In your opinion, what do you think about entrepreneurship? Answer in your own word.
15	Be friends with people and entrepreneurs can give opportunity in business networks. Right or wrong?
17	In your opinion, do you have intention to start a business?
19	If there are financial resources and business opportunities, do you want to start a business
20	Provide examples of the products / services you offer if you become an entrepreneur

4. Interaction

For the Interaction element, the social interaction mod (Adams, 2010) respondents should focus on two: interacting competitively among competing groups and cooperatively in their own set of game.

5. Feedback

Feedback in this game refers to the response given when answering questions and also responses when playing dart. The feedback is formatted throughout the game, and after the game ends.

Finding

Profile Respondents

Table 3 below summarizes the respondent's profile. All respondents were Orang Asli from Semai tribes with 65% (N=13) of female and 35% (N=35) male. Regarding education level, most of them only finished primary school comprises 75% (N=15) and 15% (N=5) completed Sijil Pelajaran Malaysia (SPM). None of respondents completed tertiary education at Diploma or Degree level. In term of marital status, 85% (N=17) of respondents are married, and 15% (N=3) are still single. Based on occupation, most of respondents were housewife comprise 50% (N=10) of respondents, 35% (N=7) of them was working in private sector as cleaner and only 15% (N=3) of them was self-employed.

Table 3
Respondent's Demographic Profile

Demographic		Frequency (N)	Percentage (%)
Gender	Female	13	65
	Male	7	35
Education level	Diploma/Degree	0	0
	SPM	5	25
	PMR	0	0
	UPSR	15	75
Marital Status	Married	17	85
	Single	3	15
Occupation	Housewife	10	50

Private sector	7	35
Public sector	0	0
Self-employed	3	15

Finding of the Observation

The observation was carried out when respondents playing the darts game. As mention earlier, the observation was used to observe the behavior of the respondents throughout the game. While observing throughout the process, the researchers found that the respondents were very active, excited and entertained with this game. They laughter after being able to correctly answer the questions (See Figure 3 and Figure 4).



Figure 3. Respondents Laughed after Answering Questions



Figure 4. Respondents were given a Question after Throwing Darts onto the Dart Board

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 70

Strategy, Practices and Performance Measurements

Table 4 shows the summary of respondent's answers throughout the game. There are 3 questions that have no answers because the numbers are not rated by respondents.

Table 4
Respondent's Answer

Number	Questions	Respondent's Answer
2	In your opinion, what do you think about entrepreneur? Answer in your own word.	Team A: Selling product <ul style="list-style-type: none"> • Have business Team B: <ul style="list-style-type: none"> • Doing business • Business partner
5	Entrepreneurs are people who dare to take the risk. Right or wrong?	Team A: <ul style="list-style-type: none"> • Right Team B: <ul style="list-style-type: none"> • No answer (no score at this number)
6	You like to catch a fish. What do you do if there is an extra of catches?	Team A: <ul style="list-style-type: none"> • No answer (no score at this number) Team B: <ul style="list-style-type: none"> • Sell to others • Give it to friends
7	Business ideas will be obtained if you are thinking of solving business-related problems. Right or wrong?	Team A: <ul style="list-style-type: none"> • Right Team B: <ul style="list-style-type: none"> • Right • Right
9	You love to search for forest produce, and what will you do if you have a lots of forest produces?	No answer because both team not score at number 9.
12	In your opinion, what do you think about entrepreneurship? Answer in your own word.	No answer because both team not score at number 12.
15	Be friends with people and entrepreneurs can give opportunity in business networks. Right or wrong?	Team A: <ul style="list-style-type: none"> • Right • Right Team B: <ul style="list-style-type: none"> • Right
17	In your opinion, do you have intention to start a business?	Team A: <ul style="list-style-type: none"> • Yes Team B: <ul style="list-style-type: none"> • Yes • Yes
19	If there are financial resources and business opportunities, do you want to start a business?	Team A: <ul style="list-style-type: none"> • Yes Team B: <ul style="list-style-type: none"> • Yes • Yes • No
20	Provide examples of the products / services you offer if you become an entrepreneur	No answer because both team not score at number 20.

After the game ends, respondents are given time to rest for 10 minutes. Then, the researchers asked question “how was this game”? Is it Fun? The respondent’s raise hand to show that the game was fun (see Figure 5).



Figure 5. Respondent’s Feedback

Finding of the Interview

The results of the focus group interviews are presented in Table 5 below guided by two interview questions. Two themes are created to conclude [1] the understanding entrepreneurship concept; [2] the remarks whether feeling/comment of respondent when they played the game.

Table 5
Findings of the Interview

Themes	Findings
Theme 1: The understanding entrepreneurship concept (when the respondent answer the question by playing the game)	<p>First theme is considering the understanding entrepreneurship. Based on the results of the interview, majority of the respondents agreed that entrepreneurship is a business activity. When asked them “what is the entrepreneurship? Some of their response were recorded as below:</p> <ul style="list-style-type: none"> • “Entrepreneurship is business activities” (F4; F5; F6; F8; F11) • “Entrepreneurship is selling product” (F11; F7; F8; F9; M1; M3) • “Entrepreneurship is take profit in business” (F9; F10; F11; M1; M2; M3)
Theme 2: The remark/feeling/comment (after the respondent playing the game)	<p>The respondents sincerely expressed their opinions on their feeling/remark and comment about the game. Some of their responds were recorded as below:</p> <ul style="list-style-type: none"> • “I feel good and interesting in playing this game” (F3; F4; F7; F9; F10; F18) • “This game can be used for learning purposes because students will answer questions to score” (M1; M2; F1; F3) • “Want play this game again (F7; F8; F9; F10; F11; M1; M2; M3) • “Fun and interesting” (M1; M3; F4; F17; F20)

Discussion

Entrepreneurship education is an emerging issue in Malaysia. This is in relation to the important role played by rural entrepreneurship in supporting the economic development of the nation. A dynamic economic development and several uncertainties had created numerous business opportunities for future entrepreneurs, including rural communities. Hence, to educate entrepreneurship education in non-formal learning, the creativity and innovative approach is needed. From the observation and interview, it can be concluded that the majority of the respondents were satisfied with the game. In fact, a few of them suggested that this game should try in classroom and can be used for learning purposes because students will answer the questions to score. This is also in line with Wee Hoe, (2016) who suggest that game-based learning is a flexible context as student can learn formal in the classroom or out of the classroom informally to motivate them to learn.

In relation to the observation finding, this game focuses on the potential of a participant regardless of age and capability as the learning outcome of the game is focus on the cognitive element (when answering the question). The game empowers understanding and answering questions about entrepreneurial fundamentals; ability to work together in groups; and the ability to think as entrepreneurs, when students can relate the concept of entrepreneurship with him, he has undergone meaningful learning process. This observation supports Dale (1969), who argues that the best way to learn is through direct purposeful experience and instructors should design instructional activities that build upon more real-life experiences. Thus, this game is a tool to help researchers make decisions about resources and activities.

Conclusion

Learning is a continuous process. An entertaining learning environment can enhance motivation for students during the learning process. Our contribution is to the understanding of learning in non-formal education is grounded in the perspective that learners now have many opportunities to connect to spaces of information, communication, learning and education with the help of information and communication technologies (ICTs) which are increasingly available in education and society as a whole (Norberg et al., 2011; Floridi, 2014; Jahnke, 2016), and which can also be described as ubiquitous learning (Cope & Kalantzis, 2009). According to several studies, entrepreneurship education can foster an entrepreneurial culture. The development from industrial-based employment to self-employment has accelerated over the years (Norasmah & Norfadhilah, 2016). In this context, rural community must tap the opportunities and infrastructure provided by governments to produce quality human capital and man power possessing the attributes and values that are the hall marks of entrepreneurship. Future studies are proposed to take into consideration the place, design, duration and capabilities of the participants based on the learning needs of the students. If the game-based learning wants to measure higher order thinking skills, the game-based learning design can measure that skill. In relation to non-formal learning context learning is not necessarily formal. For example, game based learning involving exploration and challenges such as exploration race that highlighted on personality of entrepreneurs. With the innovative teaching and learning increasing more attention in education system, the findings of this paper strongly support the government's move to introduce an entrepreneurship education for society. An earlier exposure on entrepreneurship might be useful to reduce the number of business failure among Orang Asli particularly in rural entrepreneurship context.

References

- Adams, E. (2010). *Fundamentals of game design*. California: New Riders.
- Agung, Setya., S. P. (2017). *Pengembangan media pembelajaran dart game accounting untuk meningkatkan motivasi belajar kompetensi mengelola kas kecil kelas x keuangan SMK Muhammadiyah 1 Prambanan Klaten Tahun ajaran 2016/2017*. Program Studi Pendidikan Akuntansi Jurusan Pendidikan Akuntansi Fakultas Ekonomi, Universitas Negeri Yogyakarta.
- Ahmed, M. (2014). Lifelong learning in a learning society: Are community learning centres the vehicle? In G. Carbonnier, M. Carton, & K. King (Eds.), *Education, learning, training: Critical issues for development* (pp. 102–125). Leiden, NL: Martinus Nijhoff Publishers.
- Bateson, G. (1972). *Steps to an ecology of mind: collected essays in anthropology, psychiatry, evolution, and epistemology*. San Francisco: Chandler Publishing Co.

- Dale, E. (1969). *Audio-Visual methods in teaching*. 3rd Ed. New York: Holt, Rinehart & Winston.
- Eshach, H. (2007). Bridging in-school and out-of-school learning: Formal, non-formal, and informal education. *Journal of Science Education and Technology*, 16(2), 171-190.
- Hassan, H., Norasmah, O., Hanim, K., Wan Mimi, W. Z., & Sarmila, M. S. (2016). Entrepreneurship education in UKM: Essential skills for first year students. *Proceeding International Conference on Leadership, Innovation and Entrepreneurship as Driving Forces of the Global Economy (ICLIE)*. Canadian University, Dubai, (April 20-22, di Atlantis – The Palm, Dubai).
- Houwer, J. D., Barnes-Holmes, D., & Moors, A. (2013). What is learning? On the nature and merits of a functional definition of learning. *Psych on Bull Rev*, 20, 631–642.
- Kennedy, A., & Barblett, L. (2009). *The early years learning framework: Learning and teaching through play*. Australia: Elect Printing, Canberra.
- Kolb, A. Y., & Kolb, D. A. (2010). Learning to play, playing to learn: A case study of a ludic learning space. *Journal of Organizational Change Management*, 23(1), 26-50.
- Kolb, D. A. (1984). *Experiential learning: Experience as the source of learning and development*. Upper Saddle River, NJ: Prentice Hall
- Kristen, C. Schellhase. (2008). Applying mastery learning to athletic training education. *Athletic Training Education Journal*, 3(4), 130-134.
- McElwee, G., & Smith, R. (2014). Rural entrepreneurship. In A. Fayolle (Ed.), *Handbook of research in entrepreneurship*. Cheltenham, UK: Edward Elgar.
- Ninda, A., Putri, C., Khairul, B., & Leny, L. (2017). Efektivitas teknik permainan simulasi dengan menggunakan media dart board untuk meningkatkan motivasi belajar siswa Kelas VII C SMP Negeri 2 Tegal Siwalan Probolinggo. *Jurnal Konseling Indonesia*, 3(1), 22 – 27.
- Norasmah, O., & Norfadhilah, N. (2016). Entrepreneurship education programs in Malaysian polytechnics, *Journal of Education and Training*, 58(7/8), 882-898.
- Norqvist, L., & Leffler, E. (2017). Learning in non-formal education: Is it “youthful” for youth in action?. *Int Rev Educ*, 63, 235–256.
- Olga, S., Malliarak, C., Tomos, F., & Mozellius. (2017). European conference on games based learning. *Reading*, 571-576. Reading: Academic Conferences International Limited.
- Ozden, M. (2008). Improving science and technology education achievement using mastery learning model. *World Applied Sciences Journal*, 5(1), 62-67.
- Prensky, M. (2007). *Digital game-based learning*. New York: Paragon House.
- Wee Hoe, T. (2016). *Gamifikasi dalam pendidikan: Pembelajaran berasaskan permainan*. Perak: Penerbit Universiti Pendidikan Sultan Idris.

SME'S SUCCESSFUL FACTORS: A SCHEMATIC REVIEW

Siti Hajar Mohd Amin and Sarimah Ismail

Abstract

The objective of this paper is to provide a systematic review about entrepreneur's successful factors and types of sample were chosen from previous studies. The research methodology was a meta-analysis from relevant literature search through online databases and journals such as Google Scholar, Taylor and Francis, Science Direct, Elsevier, Emerald Insight and JSTOR. Keywords used in the search were successful enterprise, successful Small Medium Enterprises (SMEs), SMEs successful factors and SMEs Critical Success Factors (CSF). Our findings show that successful factors for SMEs was environment, entrepreneur criteria, entrepreneur age, research and development (R&D), customers, sources, education, competitive, planning, technology, measurement and policy. That element can be used as a basic guideline for the SME's models development for future research, can help future researcher find up why several successful factor is not much discuss in the previous study and in the some times it will help training agencies and government to improve their work with an entrepreneur in SMEs. From the schematic review about sample types, the result show that this method can help others researcher to manage their data, show the current issue in the topic and help future researcher get new idea about the topic. This research also suggests to other researchers to do some schematic review research about comparasion sucessful factor in SMEs developed countries and success countries.

Keywords: Small and Medium Enterprise (SME), Success Enterprise, Success Factor, Successful SMEs and Enterprise

Introduction

The Small Medium Entreprises (SMEs) is contribute to the rapid growth of organizations, increase hiring, national output value, fixed assets, good income distribution, upgrading skills and transferring foreign technology (Mohd Akbal and Rafiuddin, 2011). There are three categories of SMEs namely as micro, small and medium. The number of medium-sized of SMEs issued by the Department of Statistics, Malaysia in 2010 and 2015 (survey made every five years) is lower than the micro and small category (see Table 1). For the annual gross output value, medium category companies show the highest output between RM15 million and less than RM50 million compared to micro and small category companies (refer Table 2).

Table 1
Participation of Malaysian Manufacturing Companies

Entrepreneur Entities	Category	Entrepreneur's Total	
		Year 2010	Year 2015
SMEs	Micro	21,619	22,083
	Small	13,934	23,096
	Medium	2,308	2,519
Large Firm	-	1,808	1,403

Source: Department of Statistics Malaysia year 2010 dan 2015

Table 2
Features of SMEs Manufacturing Companies in Malaysia

Entrepreneur Entities	Category	Number of Employee	Annual Gross Output Value
SMEs	Micro	5 peoples	< RM300,000
	Small	5 - 75 peoples	RM300,000 -< RM15 million
	Medium	75 - < 200	RM15 juta -< RM50 million

		peoples	
Large Firm	-	> 200 peoples	RM50 million and above

Source: SME Corp (2014)

The survey result in 2015 shows that among the three categories of SMEs, the small SMEs are higher (23,096), followed by the micro (22,083) and medium (2,519). The number of micro category increased 464 units in 2015, 10,962 units for the small category and only 211 units in the medium category. However, the number of Large Firms Enterprises is decreased by 405 units from 1808 (2010) to 1403 units (2015) (see Table 1). It may have something wrong that happened in the entrepreneur.

Based on number of SME and large firms, this studies' objective is to know the successful factors and sample types in SMEs perspective generally. Guzman and Lussier (2016) point out that research in SMEs' successful factors is important to assist SMEs to continue and contribute towards the development of national economy by helping employers, researchers and governments to aware and improve their practices in SME performance. Dyoulety et al. (2014) pointed that entrepreneurs who practice innovation in their enterprises are contributing to economic improvement. This can be seen through the new number of recruiters, new product creation, new methods and processes (Kritikos, 2014). Thus, the needs for capable SMEs' entrepreneur to produce innovative products or services are indispensable.

Methodology

Data were searched through electronic databases of Google Scholar, Taylor and Francis, Science Direct, Elsevier, Emerald Insight and JSTOR. These data were restricted to articles published from the year of 2014 to 2018. This is to make sure that the data found out is relevant in current situation in SMEs generally. The following keywords were used to search for related publications on the successful enterprise, successful Small Medium Enterprises (SMEs), SMEs successful factor and SMEs Critical Success Factors (CSF). All publications obtained were recorded to determine the SMEs successful factors in SMEs only. The results of the analysis were grouped into three columns based on author, title and finding.

Result

The result shows ten journals article how previous researchers conducted their study to find out the successful factors and sample types of SMEs (refer Table 3). For the successful factors, researcher grouped it in to twelve named environments, entrepreneur criteria, entrepreneur age, research and development, customers, sourcing, education, competitive, planning, technology, measurement and policy. The result also shows that entrepreneur in the SMEs, data analysis and field experts are the types of sample that they use in their study.

Table 3
SMEs Success Factors

No	Researcher	SMEs successful factors	Sampel
1.	Kemayel, Lina (2015)	Environment, entrepreneur criteria, entrepreneur age	Small business managers
2.	Yongyoon Suh and Moon-Soo Kim (2014)	R&D and customers	593 STEPI to manager/ top executives from i-SMES
3.	Grama and Pavaloia (2014)	Sourcing and education	75 entrepreneur all size
4.	Ensari and Karabay (2014)	Environment, entrepreneur age, competitive, planning	7 SMEs from Turkey's SMEs Development Organization and Women Entrepreneurs Association
5.	Zaridis and Mousiolis (2014)	Environment, entrepreneur criteria, education, planning and technology	Factors of business size, market share, management and ownership, data relating to the survival and

			competitiveness of sme, potential fundraising, sales, profitability and liquidity, lack of skilled personnel in the industry, distribution channels data and market information, barriers to entry in certain markets, changes taking place in markets, birth of niche markets, operation in a niche, closed or protected local or regional market, data on acquisition of a business, use of innovation or new technologies, organizational structure, customers, suppliers, creditors and relationship with public institutions and policies, lack of confidence in external consultants, resources control, networking and clustering.
6.	Jernstrom et al. (2017)	Research and development, customers, sourcing, education, competitive and planning	66 CEO, entrepreneur, marketing and sales managers, business and sales directors and farmers in SMEs and Large firm
7.	Guzmin, Judith. Guzman (2015)	Sourcing and education	199 sucessful and 104 fail business
8.	Sadeghi (2018)	Environment, entrepreneur criteria, education, planning and technology	6 expert in entrenuruship at university and expert in SMEs; and 6 manager in high-tech firm (15 years professional experience)
9.	Hansen er al. (2018)	Environment, sourcing and planning	210 successful enterprise's employee
10.	AlManei et al. (2017)	Environment, sourcing and planning	Lean implementation approaches
11.	Knol et al. (2018)	Entrepreneur criteria, education and planning	33 manufacturing's production manager vs owner/director, general manager, managers of marketing, sales, R&D, engineering and/or logistics, production leaders and/or team leaders, resulting in a cross-level and cross- functional self-assessment.
12.	Numprasertchai et al. (2018)	environment, entrepreneur criteria, R&D, sourcing, education, and planning	4 SME's supporting organization and 8 SME's Entrepreneur

13.	Yavirach (2016)	entrepreneur criteria, education and planning	100 SMEs devide for two group- employee and worker
14.	Ofori-Kuragu et al. (2016)	entrepreneur criteria, customers, education, planning and measurement	79 D1K1 contractors
15.	Eze et al. (2018)	environment, education, planning and technology	20 small business manager
16.	Bansal and Agarwal (2015).	Sourcing, education and planning	106 of managers, consultants, engineers and not specify
17.	Cnizy et al. (2014)	environment, entrepreneur criteria, education, planning and technology	155 management executives
18.	Hsin et al (2014)	environment, education, planning and technology	fuzzy analytic hierarchy processing (FAHP) method was then used to determine the weights of each factor, using the answers in the returned questionnaires.
19.	Saade and Nijher (2016).	Environment, education, planning and measurement	the literature review process and the other for the analysis and synthesis.
20.	Palanisamy et al.,(2015)	policy	227 of CIO, IT management, purchasing, legal, user and other in manufacturing and service company
21.	Mendes and Lourenco (2014)	Environment, sourcing and education	95 small and medium company
22.	Flynn and Davis (2016)	environment, entrepreneur criteria, entrepreneur age,	2,755 SME
23.	Glas and Ebig (2018)	entrepreneur age, competitive and policy	667 SME and 530 non-SME
24.	Lende et al. (2016)	entrepreneur criteria, customers, education, planning, technology and policy	critical success factors (CSFs) of Lean Six Sigma (LSS) framework affecting and influencing quality, operational and financial performance of small and medium enterprises (SMEs) in indian and non indian

Discussion

An analysis was conducted to examine the successful factors and the sample types that previous reseaechers used in their study. Education, planning, environment and entrepreneur criteria are top four among 12 sucessful factors. The moderate sucessful factors are source, technology, entrepreneur age and consumer and the lower sucessful factors are R&D, policy, competitive and measurement (refer Figure 1).

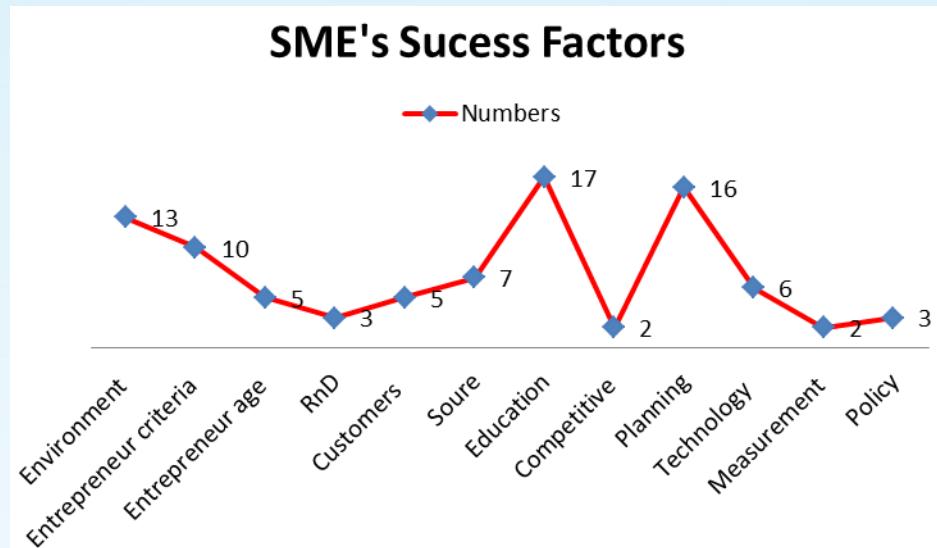


Figure 1. SMEs' Success Factor

As we can see from Figure 1, top ranking of successful factor for SMEs is education, planning, environment and entrepreneur criteria. This factor is higher because it's basic needed by SME entrepreneurs to running their company. It's because SMEs environment adapts the knowledge and skills based on technology and innovation that they transfer to entrepreneur in training or syllabus in the education program. Where, innovation elements should be emphasised to generate which is now seen to emphasize the element of innovation in science that can generate knowledge-based economy (K-Economy) (Dumciuviene, 2015). It's important for entrepreneur plan their enterprise to make sure they know and work to achieve the target. Ya et al. (2018) found with good planning, most of the entrepreneur applying innovation in the product and it will raise entrepreneurial motivation to operate their company. This will fluent entrepreneur to success in their enterprise. For the environment, Gaganis et al (2018) said that outcome of every country are different according to the government regulation such policy, bureaucracy, religion, military in politic and how the corruption, business freedom and credit conditions fluent their SMEs. By that, the environment factor looks very important to contribute SME's achievement. Entrepreneur criteria such communication skills, leadership skills, problem solving skills and creativity is important to teach in entrepreneurship education at the institutions to cover the gaps in the industry (Daniel et al., 2017). These criteria are important to entrepreneur for improve their SMEs performance (Mithchelmores & Rowley, 2010).

For the moderate successful factors, source, technology, entrepreneur age and customer are in the list. The good source is important in the business cycle where it can see as social capital (Yumiao et al., 2018) or human capital (Muda & Che Abdul Rahman, 2016). Yumiao et al. (2018) said, that social capital is a unity of ethnic, government and people around them with relationship, structure and cognitive to develop opportunity and maintain social relationship. By good source in social capital, the technology will more easy to implement in their enterprise because it has many benefit then using traditional method. Where the new style of decision making, data analysis, organizational changes, managing strategies, social knowledge, technologies and relationships are practise in 4.0 Industrial Revolution eras (Sousa and Rocha, 2019), the good source have to emphasized. Now days, then technology changed very fast. In enterprise, the technology is not just involve in manufacturing and marketing process, but it was conduct in the hold system and it gives very big opportunity to entrepreneur especially in SMEs.

This seen same likes Saridakis et al. (2008) was found that the small enterprise performance was growth when using e-commerce technology, Bedwell and Vault (2014) who state that with some system applied in the SMEs, employee can minimize to hiring the expert to handle the security, purchase, deploy,

configure, monitor or report issue. However to implement this technology, it may concern with how matured the entrepreneur in manage the enterprise. Where, entrepreneurs have big challenge now with limit place and machineries (Muda & Che Abdul Rahman, 2016). It may be able to see from Wasdani and Mathew (2014) said that social capital and cognitive have different influent in opportunity recognition of SMEs's stage then self efficacy and motivation. In this stage, they just focus to extend the enterprise with minimum control and coordination (Muda & Che Abdul Rahman, 2016). To extend their venture, entrepreneur must get customer's satisfaction with the special value at the product or service (Carrion et al., 2017). For fulfill the customer satisfaction, most of the researcher use customer knowledge management to get input between enterprise and customer to innovation process (Trejo et al., 2016). Where, the innovation's stage likes value added, income, process or motor in the model, outcome, performance and feedback (Trejo et al., 2013).

The lower successful factors in SMEs we found in this paper are R&D, policy, competitive and measurement. It has two effects of R&D activities named direct and indirect. Direct effect from R&D activities is technology, patent and property; where indirect R&D activities is commercialization of R&D, cost reduction, increase Gross Domestic Product (GDP) and good competitive where small entrepreneur are difficult to find human resource who can do R&D and support from government (Minso et al., 2018). For full fill this difficult, government should protect entrepreneur with the policies and education should play their role in term of training and curriculum development to the SMEs entrepreneur. As Woolley (2017) said, universities, agencies and government is entrepreneur infrastructure creator. This is to make sure the product and service not just can establish, but it also helps consumer to get safe product (Zainal Abidin et al., 2014). For example, Garcia Villarreal (2010) show that there are many policy and synergy planning was creating to promote competitive such business friendly to improve business environment such increase investment and create a job. This is to support entrepreneurship (Woolley, 2017).

Major competitive factor among the entrepreneur its cause of technology and economy changed to electronic practice especially in marketing and communication (Sceulovs & Sarkane, 2014). Effect, it was increase product, process and service performance (Minseo et al., 2018). Not be denied, competitive is good in the enterprise. However, some of the entrepreneurs are facing bad risk like can't sustain in the enterprise because of this competitive. For this, measurement is the way to help government or any entities to plan and develop policies and program for entrepreneur. The data is important especially to help government to manage and develop fair policies, law and initiative (Garcia Villarreal, 2010). Hameed et al., (2018) found that knowledge management in the business can give positive impact for long term where many of them ignore it. Where now days, the big data concept in the business system is featured. As Rofla and Chalmata (2016) show that big data and web 2.0 technologies will allpy in manage strategy, supply chain, design product and so on in the business.

From the Figure 2, the result shows that a previous research sample type is entrepreneur in SMEs, data analysis and expert. The figure shows that majority sample come from entrepreneur (80%), 12% are conducted from data analysis and only 8% conducted with an expert. This show that successful factor in SMEs is trusted because come from the person in the field and work, and also from previous study. It shows that previous researchers do not refer an expert in their study maybe because of need follow protocols, lack of the time and so on. This can be related to Sanjari et al. (2014) said that researcher needs a specific guideline because of ethical challenges such as relationship between researcher and sample especially in qualitative research. However, an involvement expert in the research is good to encourage researcher to help entrepreneur as user gets new information, knowledge and technology to impliment in their companies because most of the experts are working with government agencies and have more knowledge and information about their expertise. This seems like Grundmann (2017) that said an expert is a knowledgeable person who provides their expertise to government and community.

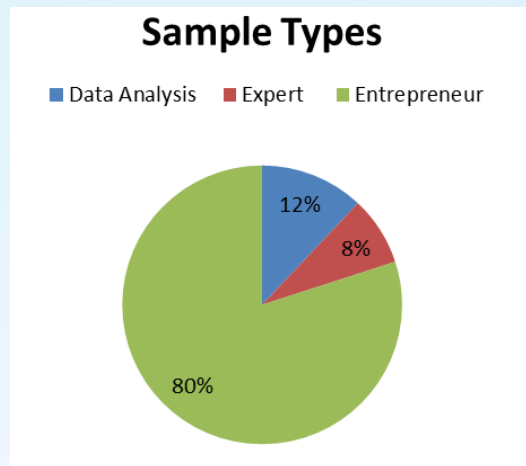


Figure 2. Sample Type

Conclusion

These studies are conducted to find out what the successful factors and sample types are used in SMEs from previous study where the successful factors are environment, entrepreneur criteria, entrepreneur age, research and development, customers, sourcing, education, competitive, planning, technology, measurement and policy. This element can be used as a basic guideline for the SME's models development for future research, to help future researcher find up why several successful factors are not much discussed in the previous study and in some times it will help training agencies and government to improve their work with an entrepreneur. As Sharina et al. (2013) said, only competitive SMEs can stay in the industry; where nowadays the industry is transformed into digital-based Industry.

This transformation is change business model (business strategy, leadership, consumer, product, operations, culture, individuals, management and technology) to based on technology (Shumacher et al., 2016), internet and other technology support (Gligor & Holcomb, 2012). Which the business model is the key element to entrepreneur sustains their business. In reality, most of SMEs are not be able to implement the technology that is seen can benefit the profits. It's requires action from academia, policy makers and any organizations to expose technology in their SME (Soroka et al., 2017); increase the value of creatives, offers and profit (Miller et al., 2017).

Beside that, the varieties of the sample show how previous researcher's identified the success factors of SMEs. The data from schematic review can be used to policy development because its findings are based on evidence and follow the research process as a result of an assessment (Ramdhani et al., 2014). By that, the finding in this paper is relevant to use for other researcher when they want to show what SME's successful factor is. Sometimes, the schematic review will provide the good method for other researchers in managing their data, show the current issue in the topic and help other researchers to get new idea about the topic. As Malli and Sharif (2015) said, the data can or can't be acceptable to the reader, but by using different sources of data will show many views in the studies that can focus on the field. Lastly, this study also wants to suggest future research to comparasion successful factor in SMEs developed countries and success countries.

References

- AlManei., Mohammed., Salontis., Konstantinos., & Xu, Yuchun. (2017). Lean implementation frameworks: The challenges for SMEs. *Procedia CIRP*, 63(1), 750 – 755.
- Bansal, Veena., & Agarwal, Ankit. (2015). Enterprise resource planning: Identifying relationships among critical success factors. *Business Process Management Journal*, 21(6), 1337-1352.

- Carrion, Ignacio. Cepeda., Landroquez, Silvia. Martelo., Rodriguez, Antonio. L. Leal., and Millan, Antonio. Leal (2017). Critical Process of Knowledge Management: An Approach Toward the Creation of Customer Value. *European Research on Management and Business Economics*, 23 (1), 1 – 7.
- Cnizy, Itzhak., Baker, William. E., and Grinstein, Amir. (2014). Proactive learning culture: A dynamic capability and key success factor for SMEs entering foreign markets. *International Marketing Review*, 31 (5), 477-505
- Ensari, M. Sebnem and Karabay, M. Erdilek (2014). What Helps to Make SMEs Successful in Global Markets? *Procedia- Social and Behavioral Sciences*, 150 (1) 192 – 201
- Eze, Sunday C., Olatunji, Sulaimon., Chinedu-Eze, Vera C., and Bello, Adenike O. (2018). Key success factors influencing SME managers' information behaviour on emerging ICT (EICT) adoption decisionmaking in UK SMEs. *The Bottom Line*, 31 (3/4), 250-275
- Flynn, Anthony., and Davis, Paul. (2016). Firms' experience of SME-friendly policy and their participation and success in public procurement", *Journal of Small Business and Enterprise Development*. 23 (3), 616-635.
- Gaganis, Chrysovalantis., Pasiouras, Fotios., and Voulgari, Fotini (2018). Culture, business environment and SMEs' profitability: Evidence from European Countries. *Economic Modelling*, 1-18.
- Garcia Villarreal, J. P. (2010). Successful Practices and Policies to Promote Regulatory Reform and Entrepreneurship at the Sub-National Level. *OECD Working Papers on Public Governance*, 18.
- Glas, Andreas. Herbert., and Eßig, Michael. (2018). Factors that influence the success of small and medium-sized suppliers in public procurement: evidence from a centralized agency in Germany. *Supply Chain Management: An International Journal*, 23 (1), 65-78
- Grama, Ana. and Pavaloaia, V. Daniel., (2014). Outsourcing IT- The Alternative for a Successful Romanian SME. *Procedia Economics and Finance*, 15 (1), 1404 – 1412
- Guzman, J. Banda and Lussier, R. N (2015). Success Factor for Small Business in Guanajuato, Mexico. *International Journal Business and Social Science*, 6 (11), 1 – 7
- Hameed, Waseem. Ul., Basheer, Muhammad. Farhan., Iqbal, Hawad., Anwar, Ayesha., and Ahmad, Hafiz. Khalil. (2018). Determants of Firm's Open Innovation Performance and The Role of R&D department: An Empirical Evidence from Malaysian SME's. *Journal of Global Entrepreneurship Research*, 8 (29), 1-20
- Hsin-Pin Fu, Tien-Hsiang Chang, Cheng-Yuan Ku, Tsung-Sheng Chang and Cheng-Hsin Huang, (2014). The critical success factors affecting the adoption of inter-organization systems by SMEs. *Journal of Business & Industrial Marketing*, Vol. 29 (5), 400-416.
- Hansen, M. Wendelboe, Ishengoma, Esther. K., and Upadhyaya, Radha (2018). What Constitutes Successful African Entreprises? A Survey of Performance Variations in 210 African Food Processors. *International Journal of Emerging Markets*, 12 (6), 1835 – 1854
- Jernstrom, Eeva., Karvonen, Vesa., Kassi, Tuomo, Kassi, Kraslawski, Andrzej., and Hallikas, Jukka. (2017). The Main Factors Affecting the Entry of SMEs into Bio-Based Industry. *Journal of Cleaner Production*, 141 (1), 1 – 10
- Kemayel, Lina (2015). Success Factors of Lebanese SMEs: An Empirical Study. *Procedia-Social and Behavioral Sciences*, Volume 195. Pages 1123 – 1128
- Kishinchand Poornima Wasdani and Mary Mathew (2014). Potential for opportunity recognition along the stages of entrepreneurship. *Journal of Global Entrepreneurship Research*. 2:7, 1-24
- Knol, Wilfred. H., Slop, Jannes., Schouteten, Roel. L., and Lauche, Kristina (2018). Implementing Lean Practices in Manufacturing SMEs: Testing 'Critical Success Factors' using Necessary Condition Analysis. 56 (11), 3955 – 3973
- Malli, Gerlinde and Sharif, Suzanne. Sackl (2015). Researching One's Own Fiefl. *Interaction Dynamics and Methodological Challenges in The Context of Higher Education Research*. *Qualitative Social Research Sozialforschung Forum*, 16(1).
- Minseo Kim., Ji-eung Kim., Yeong-wha Sawng., and Kwang-sun Lim. (2018). Impacts of innovation type SME's R&D capability on patent and new product development. *Asia Pacific Journal of Innovation and Entrepreneurship*, 12 Issue (1), 45-61
- Mejía-Trejo, J., Sánchez-Gutiérrez, J., & Ortiz-Barrera, M. (2013). Leadership and value creation on innovation: the case of software developer sector in Guadalajara
- Mendes, Luís., and Lourenço, Luís. (2014). Factors that hinder quality improvement programs' implementation in SME: Definition of a taxonomy. *Journal of Small Business and Enterprise Development*. 21 (4), 690-715

- Muda, Salwa., and Che Abdul Rahman, Mara., Ridhuan., (2016). Human Capital in SMEs Life Cycle Perspective. *Procedia Economics and Finance*. 35 (1), 683 – 689.
- Numprasertchai, Haruthai., Srinammuang, Phanthipa., and KSkuna, Jiraphan (2018). Critical Success Factors of Thai SMEs in Then New Product and Service Development Sectors. *Management, Knowledge and Learning International Conference 2018. Integrated Economy and Society: Diversity, Creativity and Technology*, 16 – 18 May 2018, Italy.
- Ofori-Kuragu, Joseph. Kwame., Baiden, Bernard., and Badu, Edward. (2016). Critical success factors for Ghanaian contractors. *Benchmarking: An International Journal*, 23 (4), 843-865
- Palanisamy, Ramaraj., Verville, Jacques., and Taskin, Nazim. (2015). The critical success factors (CSFs) for Enterprise Software Contract Negotiations: An empirical analysis. *Journal of Enterprise Information Management*, 28 (1), 34-59
- Ramdhani, Abdullah., Ramdhani, M. Ali., and Amin, A. Syakur (2014). Writing a Literature Review Research Paper: A Step by Step Approach. *International Journal of Basic and Applied Science*, 3 (1), 47-56
- Rogla, Sergio. Orega., and Chalmeta, Ricardo (2016). Social Customer Relationship Management: Taking Advantage of Web 2.0 and Big Data Technologies. *Speinger Plus*, 5 (1462), 1 – 17
- Saade, Raafat. George, and Nijher, Harshjot. (2016). Critical success factors in enterprise resource planning implementation: A review of case studie. *Journal of Enterprise Information Management*, 29 (1), 72-96
- Sadeghi, Arash (2017). Success Factors of High-Tech SMEs in Iran: A Fuzzy MCDM Approach. *Journal of High Technology Management Reseaech*, 29 (1), 71 – 87
- Sanjari, Mahnaz., Bahramnezhad, Fatemeh., Fomani, Fatemeh. Khoshnava., Shoghi, Mahnaz., and Cheraghi, Mohammad. Ali (2014). Ethical Challenges of Researchers in Qualitative Studies: The Necessity to Develop a Specific Guideline. *Journal of Medical Ethices and Hoistory of Medicine*, 7 (1).
- Saridakis, George., Lai, Yanqing Lai, Mohammed, Anne-Marie., and Hansen Jared. M. (2018). Industry characteristics, stages of E-commerce communications, and entrepreneurs and SMEs revenue growth. *Technological Forecasting & Social Change*. 128 (1), 56–66
- Sceulovs, Deniss., and Sarkane, Elina. Gaile., (2014). Impact of e-environment on SMEs business development. *Procedia - Social and Behavioral Sciences*. 156, 409 – 413
- Sousa, Maria. Jose. dan Rocha, Alvaro (2019). Skills for Disruptive Digital Business. *Journal of Business Research*, 94 (1), 257 - 263
- Tian, Yumiao (Anna)., Nicholson, John. D., Frick, Jens. Eklinder., and Johanson, Martin (2018). The interplay between social capital and international opportunities: A processual study of international ‘take-off’ episodes in Chinese SMEs. *Industrial Marketing Management*, 70 (1), 180–192
- Woolley, Jennifer (2017). Infrastructure for Entrepreneurship. *Oxford Research Encyclopedia of Business and Management*, 1 – 22
- Yavirach, Natepanna (2016). Critical Success Factors of Management Style in Food Industry and Consumer Products Respond to The Asian Economics Community. *Asia Pasific Journal of Advanced Business and Social Studies*. 2(3)9 – 18
- Yumiao, (Anna) Tian., Nicholson, John. D., Frick, Jens. Eklinder., and Johanson, Martin (2018). The Interplay between Social Capital and International Opportunities: A Processual Study of International ‘Take-Off’ Episode in Chinese SMEs. *Industrial Marketing Management*, 70 (1), 180 – 192
- Yongyoon Suh and Moon-Soo Kim (2014). Internationally Leading SMEs vs Internationalized SMEs: Evidence of Success Factors from South Korea. *Internatinal Business Review*, Volume 23. Pages 115 – 129
- Zainal Abidin, Sazrinee., Raja Ahmad Afendi, Raja Ahmad, Azmeer, Ibrahim, Rahinah., and Idris, Muhammad. Zaffwan., (2014). A Semantic Approach in Perception for Packaging in the SME’s Food Industries in Malaysia: A Case Study of Malaysia Food Product Branding in United Kindom. *Procedia Social and Behavioral Science*, 115 (1), 115 – 130
- Zaridis, Apostolos. D., and Mousiolis, Dimosthenis. T (2014). Entrepreneurship and SME’s Organizational Structure. *Elements of a Successful Business. Procedia- Social and Behaviorial Sciences*, 148 (1), 463 – 467

AN EPISTEMOLOGY OF KNOWLEDGE SHARING IN FACILITIES MANAGEMENT ORGANISATIONS

Irwan Mohammad Ali, Mohd Azian Zaidi, Kharizam Ismail, and
Mohamed Imran Mohamed Ariff

Abstract

In general, facilities management (FM) integrates multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology. FM challenging activities concerns to fast information retrieval; managing and recording changes; coordinating vendors; handling defects and faults; and meeting compliance guidelines. Failure to manage these activities can affect the FM organisations performance. Hence, FM is vital to an organisation since it covers almost all the business aspects and their role in strategic planning that helps an organisation to achieve their business objectives. One of the strategic approaches that can be applied to ensure FM organisations performance is through knowledge sharing (KS) advantages. Therefore, the main aim of this study is to review the KS epistemology in FM based on results that has been identified by the authors in previous research. The KS epistemology consist of working culture, staff attitude, motivation to share, and opportunities to share. This attributes clearly shows significant influences in ensuring FM organisations performance.

Keywords: Epistemology, Facilities Management, Knowledge Sharing, Organisation, Performance

Introduction

The key factor to success in business is effective planning and managing organisation performance. Best practice in business operation will ensure that each investment will be beneficent to all stakeholder. Thus, it is essential for all members of organisation to recognised its main vision, mission and goals in business operation (Bryson, 2018). The case is more complicated when the business operation is focus on service delivery or facilities management (FM) (Bing, Akintoye, Edwards, & Hardcastle, 2005). In general, FM integrates multiple disciplines that will ensure functionality of the built environment by integrating people, place, process and technology. Hence, FM is vital to an organisation since it covers almost all the business aspects and their role in strategic planning that helps an organisation to achieve their business objectives. If the functionality of FM is not comprehensive monitored, this will upset the spending of money and investment initiative. FM challenging activities concerns to fast information retrieval; managing and recording changes; coordinating vendors; handling defects and faults; and meeting compliance guidelines. Failure to manage these activities can affect the FM organisations performance. Hence, FM must be reacted according to the standards that has been established for the agreed contract period. Previous researches conducted by the authors shows that there are numerous problems specifically associated to the operational performance, defects management, difficulties to understand Key Performance Indicator (KPI), payment mechanism, value for money, and the complexity on managing FM tasks (Ali, Zaidi, Ismail, & Ariff, 2018).

Accordingly, one of the strategic approaches that can be applied to achieved FM performance is through knowledge sharing (KS) advantages. Previous research shows that knowledge sharing has contribution on improving organisational performance (Hartono & Sheng, 2016). According to Ipe (2003), KS relates to the action of individuals in making knowledge available to others within the organisation. In addition, Yang (2004) has defined that KS as an information and knowledge dissemination to entire organisation or department. Therefore, if KS is properly applied and made as a vital part of FM organisations, it will help in saving valuable time exhausted in seeking answers to problems. This is because the knowledge required to solve the FM problems is made readily available by the KS process. Consequently, FM organisations may remain competitive, in the future, if they embrace KS strategies which would involve human and technological network capabilities. Therefore, the main aim of this paper is to review the KS epistemology in FM based on results that has been identified by the authors in previous researches (Ali, Azian Zaidi, Ismail, & Mohamed Ariff, 2018; Ali et al., 2018).

KS Epistemology in FM

There are numerous epistemology belief for KS enablers in FM performance-based organisation. Previous research shows that epistemological beliefs affect the behaviour process, the ways in which individuals seek and evaluate information as they work on specific problems (Weinberg, 2015). The following sections explain on how KS epistemology has influence FM organisations performance. The KS epistemology consists of: 1) working culture; 2) staff attitude; 3) motivation to share; and, 4) opportunities to share.

Working Culture

The foremost KS epistemology in FM organisations is working culture. Working culture is defined as the thought that generates values and beliefs in the organisation where the progression naturally embraces of beliefs, thought processes, values and expanded from the attitude of personnel (Schein, 2010). There are several factors that contributes in emerging valuable effects of working culture in FM organisations. The characteristics for working culture are tendency to be; 1) fairness with others; 2) bringing organisation creativity to high level; 3) responsive to the organisation vision and mission; 4) stimulating and tolerant with diversity; 5) enlightening social ties with others; 6) the inclusive team characteristics; and, 7) innovation culture in the organisation.

The first characteristic of working culture is to ensure that the employees stay fairness with FM organisation members. The employees who have fairness perceptions are likely to have positive attitudes towards KS behaviour (Yu, Lu, & Liu, 2010). Furthermore, fairness also identified has a relationship with job demands, performances and satisfactions (Pieterse, Knippenberg, Schippers, & Stam, 2009). Thus, the establishment of fairness in working culture will positively effect KS that can stimulus overall performance of FM organisations.

Next characteristic of working culture is creativity within FM organisations members. In general, creativity is the likely to produce novel ideas based on tasks and high in quality. Therefore, Sternberg (2001) described that creativity is related to individual intelligence and wisdom. Moreover, Richards (2007) suggested that continues creativity is essential to the identical existence. In addition, Cook (1998) claimed that service delivery successfulness is depends on creativity as a key input. Without a dynamic approach and continuing supply of ideas, most of FM organisations would end to survive. Thus, creativity is challenging in daily FM working cultures in order to meet its requirements. As results, FM organisations performance might be increased to the extent that employees able to generate more creativity in working culture.

Another important characteristic in working culture is the establishment of corporate strategy through FM organisations vision and mission. This approach will reshape reality and produce knowledge that supports the organisation's knowledge vision (Nonaka, von Krogh, & Voelpel, 2006). Therefore, this will provide impetus to an organisation to be more systematic in gaining FM organisations vision and mission through KS. Moreover, this will improve employee's perception on the importance of KS towards FM organisations performance. Hence, the vision and mission of the FM organisations are clearly transferred to the employees along the FM operations. The perception of the KS not helping the organisational strategy is not just the view of the workers but can also be the view of management. If management do not see how the sharing of knowledge helps the organisations strategic path, they do not promote or encourage the KS or allow staff time to participate (Van Meer, 2014). Thus, management should promote and encourage the KS approach among employees in order to secure their core business growth and progress according to FM organisation vision and mission.

A different characteristic of working culture that need to be considered in promoting KS is diversity among employees in FM organisations. Respecting individual differences will benefit the FM organisations by creating a competitive edge and increasing work productivity. In addition, management tools in a diverse FM organisations should be used to educate everyone about diversity and its issues, including laws and regulations (Green, López, Wysocki, & Kepner, 2012). Considering all of the above,

diversity is inevitable the choice of one form of knowledge representation over another that can have a big impact on FM organisations performance. There is no single knowledge representation that is best for all problems, nor is there likely to be one. Therefore, in many cases, KS could be one of the answers (Neches et al., 1991).

Apart from that, social ties in working culture that positively influence KS among FM organisation members are also crucial to be monitored. Some scholars examined that strong social ties to perceived trust and subsequent increased complex KS (Chowdhury, 2005). Mutually, Cabrera and Cabrera (2005) discovered that social ties or patterns and frequency of interactions is among the factors that may facilitate and encourage KS among employees. On the other hand, KS is relatively easy to achieve and sustain when networks have strong connections and direct ties between employees (Chang & Chuang, 2011). On top of that, Chiu et al. (2006) examined that members social interaction ties are positively associated with their quantity and quality of KS. In other words, similarity is helpful in KS because group members with social and knowledge ties can (and will) support one another by validating their common knowledge (Phillips, Mannix, Neale, & Gruenfeld, 2004).

Other trait of working culture is the inclusive organisation team characteristics. Most FM organisations that practice a hierarchical structure, lead to the slowing or prevention of KS among employees. The size of FM organisations is often too large to allow KS. In large organisations, it can be difficult to identify the right person to ask. If the organisation is geographically dispersed, it may be difficult to consult with the right person due to time, distance or language barriers (Hislop, Bosua, & Helms, 2018). In hierarchical structures, the concept is that instructions flow down, and information flows up. For that reason, those on the lower levels of the hierarchy are uncomfortable or reluctant to provide knowledge to those viewed as top management (Hislop et al., 2018). This commonly occur when those in higher levels respond negatively to advice provided from those lower downs. Knowledge may be trapped within certain groups or departments and only flow in one direction within the FM organisations. Visibly, this problem occurs when a group become the owners of special knowledge that is not shared across the organisation (Rubenstein & Geisler, 2003). Thus, team characteristic must be identified clearly before executing explicit KS approaches.

The last characteristic in working culture is innovation in KS within FM organisations. Previous studies reported that innovation is very important to continuously sustain the organisation strength and corporate competitiveness (Dodgson & Rothwell, 1994). Moreover, large organisations frequently have a lot of ideas and resources to implement innovation (Pinchot, 1985). Hence, Drucker (1998) has demonstrated that innovation is not just being brilliant and looking at need alone, however it is being hardworking, look at necessity and opportunities. This nature is relatively similar to FM industry where nowadays innovation is the key to remain competitive. Nonetheless, the changing landscape in FM industry's toward competitive patterns with different types of innovation require different strategic approaches. With this in mind, benefits from innovation can offers high technology in FM services at lower cost, set a wide variation, and providing FM specialist services at considerably low prices.

Staff Attitude

In general, attitude is described as psychological or emotional condition of concentration, the probability dimension, a belief can transform individually (Davidson, 2013). In every organisation, staffs can have either an optimistic or bad attitude. This attitude will influence on specific work activities, services delivery, groups or management. For example, staff with bad attitudes normally not focus to daily tasks (Ross & Goldner, 2009). Therefore, staff attitude in FM organisations is another key characteristic in ensuring employees are participate in KS towards organisation performance. The characteristics of staff attitude towards KS in FM consists of; 1) openness mindset; 2) enjoy to helping others; 3) voluntary mentoring new staff; 4) senses of responsibility to organisation; 5) being proactive; and, 6) loyalty to the organisation management.

The first characteristic of staff attitude is being openness towards KS in FM organisations. According to Gibbs, Rozaidi, and Eisenberg (2013), the affordances of social media increase openness towards KS. Thus, constant characteristics of the individuals openness influence KS (Matzler, Renzl, Müller, Herting, & Mooradian, 2008). Nevertheless, Cabrera et al. (2006) in their study found that openness have positive relationship to experience and KS. In the context of FM organisations, the employee's openness towards KS are important in promoting and supporting innovative performance. Meanwhile, some people agreed that they contribute to the organisation because they enjoy learning and sharing with others (Wasko & Faraj, 2000). Therefore, enjoy helping others also the significant characteristic of staff attitude towards KS in FM organisations. In general, employees within FM organisations improve performance, fundamental enjoyment and satisfaction by helping others through KS approach.

The following characteristic of staff attitude towards KS in FM organisations is mentoring others. Generally, mentoring is becoming mutual and an effective approach to empower KS (Bryant, 2005). Several experiences employee believed that they had to start giving back by sharing their expertise and mentoring new employees. The relationship in mentoring must be based on mutual trust and respect that naturally offers individual and organisational advantages for both parties. In contrast, FM organisations discovered that KS was primarily facilitated by workshops, discussion forums, training, and mentoring. Therefore, mentoring is suggested as channel for effective KS in FM organisations.

Another characteristic of staff attitude that has significant influence with KS in FM organisations is sense of responsibility. Thus, Hendriks (1999) suggested that someone had to share knowledge because they assume or anticipate for a sense of responsibility. Hence, this influence employee to take responsibility in sustaining collaborative learning progress within FM organisation. This effort requires FM organisation members to monitors and updates the externalised knowledge for which he or she has responsibility. Another characteristic of staff attitude is proactive actions towards KS in FM organisations. According to Mittal and Dhar (2015), management with transformational leaders will take proactive actions towards creative thoughts and at the same time expecting returns from their employees. This can be established by recruiting and selecting FM employees who have proactive behaviour (Hung, Durcikova, Lai, & Lin, 2011). For instance, by encouraging proactive KS in FM operations, it will contribute to organisation performance.

Another characteristic of staff attitude towards KS in FM organisations is loyalty. According to Hislop (2003), no research has examined on how the degree of loyalty and commitment that employees feel for their organisations affects their KS attitudes and behaviour. At this stage, the influence of contextual factors and personal perceptions on KS behaviour and community loyalty is a critical area on which very few studies have been performed (Lin, Hung, & Chen, 2009). Therefore, loyalty among FM employees to another subgroup might be a significant barrier to KS in large organisation. However, by establishing loyalty among group members through positive feeling and motivation it will increase KS in FM organisations. In addition, encouragements for sharing and linkages within the organisation can lead to the creation of a loyalty space thru knowledge (Smith & Rupp, 2002). Obviously, Ardichvili (2008) highlighted that KS puts trust on employees' loyalty in respects to organisational expectation and moral obligation of all employees.

Motivation to Share

Fundamentally, motivation is the major forces to drive persons towards actions, desires and needs. Thus, motivation also has significant role in influencing individual to share their knowledge to others. This study explores that motivation has amounts of characters to look thoroughly. The characteristics for motivation to share consists of; 1) rewards; 2) recognition to the employees; 3) sense of belonging; 4) providing training and development for the staffs; 5) reciprocity of knowledge; 6) trust among employees; 7) management support; and, 8) job satisfaction.

The first motivation characteristic of KS in FM organisations is rewards. It cannot be denied that rewards are a natural part of individual motivation features (Cameron & Pierce, 2002). Rewards is defined as positive outcomes associated with a service (Dibert & Goldenberg, 1995). According to Cabrera et al. (2006), they notes that rewards is directly associated with KS. Therefore, organisational rewards are very effective in give perceive support and encouraging FM employees to perform KS. Next, sense of belonging is the significant motivational characteristic for successful KS in FM organisations. In addition, FM organisation members with strong sense of belonging typically has emotional attachment that significantly affects KS behaviour. Another characteristic in motivating FM organisations in KS behaviour is through training and development. Generally, training and development defined as the process of teaching employees how to perform their jobs and preparing them for the future (Noe, Hollenbeck, Gerhart, & Wright, 2006). These activities will allow FM organisations to adapt, compete, excel, innovate, produce, be safe, reach goals and improve overall FM performance.

Later, reciprocity also has influence in motivating FM organisations towards KS. Hendriks (1999) found that people share their knowledge as eagerness for reciprocity that others too will share their knowledge that may be useful to them. In addition, Tullberg (2004) also discovered reciprocity as an advantageous act whose return comes from someone other than the recipient, it is a common phenomenon in human cultures. Cabrera and Cabrera (2005) found that the social capital formed during socialisation processes that resulting reciprocity beliefs also positively affect KS. Meanwhile, employees who is working on the basis of their desire for reciprocity are likely to have positive attitudes toward KS (Bock, Zmud, Kim, & Lee, 2005).

According to Holsapple and Joshi (2002), notes that motivation for KS is trust. Mooradian, Renzl, and Matzler (2006) also found that interpersonal trust of the specific individual factors effect to KS. In addition, Riege (2005) noted that there is the trust the sharer has in that the receiver uses the knowledge given responsibly and that they provide sufficient acknowledgement to the sharer. There is also the trust that the receiver must have that the knowledge from the sharer is accurate to the best of their knowledge and reliable. Meanwhile, Ardichvili et al. (2003) indicated that poor in promoting knowledge sharing are resulted from low trust in organisational. Later, Renzl (2008) also in his study highlighted the influence of interpersonal trust in general and trust in management towards KS. Chiu et al. (2006) found that trust are positively associated with the quantity and quality of knowledge shared by members in KS. In addition, Ismail Al-Alawi et al. (2007) also supported that trust among colleagues and KS in organisation are positively associated. Hence, team leaders who facilitate KS and stimulate trust contribute to team effectiveness since the separate effects of leadership, trust and KS on team performance are well recognised (Lee, Gillespie, Mann, & Wearing, 2010).

Another motivation characteristic is management support is considered to be a critical factor in the successful implementation of project that requires information systems advances (Young & Jordan, 2008). According to Lin (2007), top management support have positive influences on employees willingness to share knowledge with colleagues. Therefore, leadership need to make clear the benefits and values of KS to motivate and encourage the collaboration efforts (Holsapple & Joshi, 2002). If leadership does not promote and encourage the concept of KS, it may not be seen as an important part of the role of staff. The last part of motivational characteristic for KS in FM organisations is job satisfaction. According to Almahamid, Mcadams, and Kalaldehy (2010), job satisfaction has positive influences towards KS within organisation. Likewise, Usoro and Sharratt (2014) believed that employee's that has been supported with trust lead to high level of job satisfaction and job performance and their participation in KS within organisation. Therefore, Silverthorne (2004) indicated that higher job satisfaction will result higher organisational commitment and create good organisational cultures that implying knowledge sharing.

Opportunities to Share

Before sharing the knowledge, there must be opportunities that can accepted the process. Therefore, opportunities to share also plays an important role in sharing existing knowledge. In this study, the characteristics of opportunities to share consists of; 1) knowing knowledge as power; 2) technology; 3)

allocation of specific time; 4) infrastructure are well established; 5) knowledge self-efficacy among organisation members; 6) system quality; and, 7) communication skills.

The initial characteristic of opportunities towards KS in FM organisation is the perception of knowledge as power. For some people, the knowledge they possess is their power. Often it is what they feel is keeping them in their job, especially in uncertain economic times (Van Meer, 2014). For instance, the mechanic that knows how to keep an old, but necessary piece of equipment operating is unlikely to be let go. If those that have the knowledge share it, they stand to lose or transfer their power or bargaining chip to another (Hislop et al., 2018). Moreover, Chait (2008) observed that some individuals do not seek help as it is not as much fun as solving the problem themselves and the feeling of accomplishment they get from solving the problem. The next characteristic of opportunities towards KS in FM organisations is the availability of information technology (IT). Frequently, IT can offer instant access to data and enable collaboration over distance (Riege, 2005). But while it can help facilitate the KS process, it can also hinder it. Where the technological issues are not considered and established to aid in KS problems with incompatibility of infrastructure and technical support can develop (Van Meer, 2014). In many organisations, the development of IT systems occurs over time and is often carried out on an as needed basis. This results in a piecemeal development of the IT infrastructure and compatibility issues in applications used rather than an integrated system. This lack of integration of IT systems can cause problems for the way work is carried out and how the knowledge can be shared (Riege, 2005).

Another characteristic of opportunities is the allocation of specific time for KS in FM organisations. In many organisations, there is no time scheduled into an individual's working day to allow them to share knowledge or write down what they know (Hislop et al., 2018). In addition, this barrier also discovered by Riege (2005). This means that where something goes right, the individuals involved do not learn why it worked well to pass on to other situations. In contrast, they do not learn where the problems occurred when something goes wrong (Van Meer, 2014). In defence of this lack of review, organisations feel that if employees spend time transferring existing knowledge, there is less time for them to develop new knowledge (Dixon, 2000). While, those with the knowledge can take the view that it is simply faster to just do the task themselves rather than take time to provide the knowledge to those responsible for undertaking the task (Chait, 2008). Apart from that, good infrastructure in FM organisations will create opportunities for effective KS. According to Pan and Scarbrough (1998), infrastructure is the hardware or software which enables the physical or communicational contact between network members. This cultural knowledge defined constraints on knowledge and information sharing. Thus, knowledge based system development and operation is facilitated by infrastructure and technology for successful KS (Neches et al., 1991). Moreover, integration of all KS processes and establish common information technology infrastructure will enable KS approaches in organisation (Pan & Leidner, 2003).

One more characteristic of opportunities towards KS in FM organisations is knowledge self-efficacy. Self-efficacy is defined as a personal judgments of their capabilities to organise and execute courses of action required to attain designated types of performances (Bandura, 1986). In other words, persons with strong efficacy beliefs are more confident in their capacity to execute behaviour. Moreover, self-efficacy is what an individual believes he or she can accomplish using his or her skills under certain circumstances (Snyder & Lopez, 2011). Self-efficacy has been thought to be a task specific version of self-esteem (Lunenburg, 2011). If the perceived benefits equal or exceed the costs, then the exchange process will execute. Therefore, reciprocal benefits as extrinsic salient determinants of employee KS behaviours. In other words, employees can be satisfied by enhancing their knowledge self-efficacy or confidence (H.-F. Lin, 2007). Next characteristic of opportunities towards KS is system quality. According to Rohlin (2017), system quality is an organised effort to manage how productions produce the items and devices. Furthermore, the primary goal is to ensure that organisation act responsibly and have the organisational structure, procedures, processes and resources for implementing rules that keep safe of the production. Rohlin (2017) again added that system quality also focuses on the performance characteristics of the system, reliability of devices or products, response times of employees, a device's ease of use, human

factors, design controls and system accuracy. Considering all of the above, throughout effective system quality it will support KS within FM organisations.

The last characteristic of opportunities towards KS is communication skills. Chait (2008) have investigated that sharers were concerned about the context and possibility of misinterpretation of knowledge if it is only written down and passed on to the receiver. They were reluctant to pass on knowledge in any format that did not include face-to-face communication. Therefore, the sharer wanted to have the opportunity to talk to those using their knowledge to ensure they understood the meaning (Chait, 2008). This problem can also occur through the lack of a common vocabulary or language. For example, when the knowledge sender uses jargon or technical language that the receiver is unfamiliar with Helms et al. 2011. This issue has a reverse perspective where the lack of common language and understanding may mean that the receiver is unable to formulate the question they need to ask. This can lead to miscommunication where the sender provides the wrong information (Hislop et al., 2018).

Conclusion

This study offers a unique viewpoint on KS epistemological characteristics that principally affect FM organisations. KS is part of the knowledge management approaches to make sure the success of FM organisations performance. Therefore, FM organisations needs to have push factor for successful KS within organisation members. Pushing employees to share knowledge needs a strong willing culture. The organisation culture is not the only factor to consider but it is one of the most deeply buried in the company and can be among the most complicated to change if required. As KS epistemology shown positive advantages through working culture, staff attitude, motivation to share, and opportunities to share, FM organisations should promote better KS approaches and ultimately attain better performance.

Acknowledgments

This research was part of an ongoing PhD research at the Faculty of Architecture, Planning and Surveying, Universiti Teknologi MARA, Cawangan Perak and funded under Geran Insentif Khas Penyelidikan Perak. The authors would like to express their deepest gratitude to Faculty of Architecture, Planning and Surveying, and Universiti Teknologi MARA, Cawangan Perak.

References

- Ali, I. M., Azian Zaidi, M., Ismail, K., & Mohamed Ariff, M. I. (2018). *Determinant Factors for Knowledge Sharing in Facilities Management of Private Finance Initiative Procurement. International Journal of Supply Chain Management* (Vol. 7). Retrieved from <http://ojs.excelingtech.co.uk/index.php/IJSCM/article/view/2640>
- Ali, I. M., Zaidi, M. A., Ismail, K., & Ariff, M. I. M. (2018). Impact of Knowledge Sharing Determinants on Improving Performance of Facilities Management. *International Journal of Technology*, 9(8), 1533. <https://doi.org/10.14716/ijtech.v9i8.2761>
- Almahamid, S., McAdams, A. C., & Kalaldehy, T. (2010). *The Relationships among Organizational Knowledge Sharing Practices, Employees' Learning Commitments, Employees' Adaptability, and Employees' Job Satisfaction: An Empirical Investigation of the Listed Manufacturing Companies in Jordan. Interdisciplinary Journal of Information, Knowledge, and Management* (Vol. 5).
- Ardichvili, A. (2008). Learning and Knowledge Sharing in Virtual Communities of Practice: Motivators, Barriers, and Enablers. *Advances in Developing Human Resources*, 10(4), 541–554. <https://doi.org/10.1177/1523422308319536>
- Ardichvili, A., Page, V., & Wentling, T. (2003). Motivation and barriers to participation in virtual knowledge-sharing communities of practice. *Journal of Knowledge Management*, 7(1), 64–77. <https://doi.org/10.1108/13673270310463626>
- Bandura, A. (1977). Self-efficacy: Toward a unifying theory of behavioral change. *Psychological Review*, 84(2), 191–215. <https://doi.org/10.1037/0033-295X.84.2.191>
- Bandura, A. (1986). The Explanatory and Predictive Scope of Self-Efficacy Theory. *Journal of Social and Clinical Psychology*, 4(3), 359–373. <https://doi.org/10.1521/jscp.1986.4.3.359>
- Bing, L., Akintoye, A., Edwards, P. J., & Hardcastle, C. (2005). The allocation of risk in PPP/PFI construction projects in the UK. *International Journal of Project Management*, 23(1), 25–35. <https://doi.org/10.1016/J.IJPROMAN.2004.04.006>
- Bock, G.-W., Zmud, R. W., Kim, Y.-G., & Lee, J.-N. (2005). Behavioral intention formation in knowledge sharing:

- Examining the roles of extrinsic motivators, social-psychological forces, and organizational climate. *MIS Quarterly*, 29(1), 87. doi: <https://doi.org/10.2307/25148669>
- Bryant, S. E. (2005). The impact of peer mentoring on organizational knowledge creation and sharing. *Group & Organization Management*, 30(3), 319–338. doi: <https://doi.org/10.1177/1059601103258439>
- Bryson, J. M. (John M. (2018). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement*. Wiley Publisher.
- Cabrera, Á., Collins, W. C., & Salgado, J. F. (2006). Determinants of individual engagement in knowledge sharing. *The International Journal of Human Resource Management*, 17(2), 245–264. doi: <https://doi.org/10.1080/09585190500404614>
- Cabrera, E. F., & Cabrera, A. (2005). Fostering knowledge sharing through people management practices. *The International Journal of Human Resource Management*, 16(5), 720–735. doi: <https://doi.org/10.1080/09585190500083020>
- Cameron, J., & Pierce, W. D. (2002). *Rewards and intrinsic motivation: Resolving the controversy*. Westport, CT, US: Bergin & Garvey.
- Chait, L. (2008). Sharing knowledge: Problems, root causes, and solutions. *Information Today Medford, NJ*.
- Chang, H. H., & Chuang, S.-S. (2011). Social capital and individual motivations on knowledge sharing: Participant involvement as a moderator. *Information & Management*, 48(1), 9–18. doi: <https://doi.org/10.1016/J.IM.2010.11.001>
- Chiu, C.-M., Hsu, M.-H., & Wang, E. T. G. G. (2006). Understanding knowledge sharing in virtual communities: An integration of social capital and social cognitive theories. *Decision Support Systems*, 42(3), 1872–1888. doi: <https://doi.org/10.1016/j.dss.2006.04.001>
- Chowdhury, S. (2005). The role of affect- and cognition-based trust in complex knowledge sharing. *Journal of Managerial Issues*. Pittsburg State University. doi: <https://doi.org/10.2307/40604504>
- Cook, P. (1998). The creativity advantage - is your organization the leader of the pack? *Industrial and Commercial Training*, 30(5), 179–184. doi: <https://doi.org/10.1108/00197859810225652>
- Davidson, D. (2013). Knowing one's own mind. In *The American Philosophical Association Centennial Series* (pp. 389–409). doi: <https://doi.org/10.5840/apapa2013158>
- Dibert, C., & Goldenberg, D. (1995). Preceptors' perceptions of benefits, rewards, supports and commitment to the preceptor role. *Journal of Advanced Nursing*, 21(6), 1144–1151. doi: <https://doi.org/10.1046/j.1365-2648.1995.21061144.x>
- Dixon, N. M. (2000). *Common knowledge: How companies thrive by sharing what they know*. Harvard Business School Press.
- Dodgson, M., & Rothwell, R. (1994). *The handbook of industrial innovation*. E. Elgar.
- Drucker, P. F. (1998). The discipline of innovation harvard business review. *Harvard Business Review*, 98604.
- Eagly, A. H., & Chaiken, S. (2007). The advantages of an inclusive definition of attitude. *Social Cognition*, 25(5), 582–602. doi: <https://doi.org/10.1521/soco.2007.25.5.582>
- Fishbein, M., & Raven, B. H. (1962). The AB Scales. *Human Relations*, 15(1), 35–44. <https://doi.org/10.1177/001872676201500104>
- Gibbs, J. L., Rozaidi, N. A., & Eisenberg, J. (2013). Overcoming the “ideology of openness”: Probing the affordances of social media for organizational knowledge sharing. *Journal of Computer-Mediated Communication*, 19(1), 102–120. doi: <https://doi.org/10.1111/jcc4.12034>
- Green, K. A., López, M., Wysocki, A., & Kepner, K. (2012). *Diversity in the workplace: Benefits, challenges, and the required managerial tools*.
- Hartono, R., & Sheng, M. L. (2016). Knowledge sharing and firm performance: The role of social networking site and innovation capability. *Technology Analysis & Strategic Management*, 28(3), 335–347. doi: <https://doi.org/10.1080/09537325.2015.1095289>
- Hendriks, P. (1999). Why share knowledge? The influence of ICT on the motivation for knowledge sharing. *Knowledge and Process Management*, 6(2), 91–100. doi: [https://doi.org/10.1002/\(SICI\)1099-1441\(199906\)6:2<91::AID-KPM54>3.0.CO;2-M](https://doi.org/10.1002/(SICI)1099-1441(199906)6:2<91::AID-KPM54>3.0.CO;2-M)
- Hinds, P. J., & Pfeffer, J. (2003). Why organizations don't “know what they know”: Cognitive and motivational factors affecting the transfer of expertise. In *Sharing Expertise: Beyond Knowledge Management*. The MIT Press.
- Hislop, D. (2003). Linking human resource management and knowledge management via commitment. *Employee Relations*, 25(2), 182–202. doi: <https://doi.org/10.1108/01425450310456479>
- Hislop, D., Bosua, R., & Helms, R. (2018). *Knowledge management in organisations: A critical introduction*. Oxford University Press.
- Hofstede, G. (1983). The cultural relativity of organizational practices and theories. *Journal of International Business Studies*, 14(2), 75–89. doi: <https://doi.org/10.1057/palgrave.jibs.8490867>
- Holsapple, C. W., & Joshi, K. D. (2002). Knowledge management: A threefold framework. *The Information Society*,

- 18(1), 47–64. doi: <https://doi.org/10.1080/01972240252818225>
- Hung, S.-Y., Durcikova, A., Lai, H.-M., & Lin, W.-M. (2011). The influence of intrinsic and extrinsic motivation on individuals' knowledge sharing behavior. *International Journal of Human-Computer Studies*, 69(6), 415–427. <https://doi.org/10.1016/J.IJHCS.2011.02.004>
- Ipe, M. (2003). Knowledge sharing in organizations: A conceptual framework. *Human Resource Development Review*, 2(4), 337–359. <https://doi.org/10.1177/1534484303257985>
- Ismail Al-Alawi, A., Yousif Al-Marzooqi, N., & Fraidoon Mohammed, Y. (2007). Organizational culture and knowledge sharing: critical success factors. *Journal of Knowledge Management*, 11(2), 22–42. <https://doi.org/10.1108/13673270710738898>
- Lee, P., Gillespie, N., Mann, L., & Wearing, A. (2010). Leadership and trust: Their effect on knowledge sharing and team performance. *Management Learning*, 41(4), 473–491. <https://doi.org/10.1177/1350507610362036>
- Lichtenstein, S., & Hunter, A. (2006). Toward a receiver-based theory of knowledge sharing. *International Journal of Knowledge Management*, 2(1), 24–40. <https://doi.org/10.4018/jkm.2006010103>
- Lin, H.-F. (2007). Effects of extrinsic and intrinsic motivation on employee knowledge sharing intentions. *Journal of Information Science*, 33(2), 135–149. <https://doi.org/10.1177/0165551506068174>
- Lin, H.-F. (2008). Determinants of successful virtual communities: Contributions from system characteristics and social factors. *Information & Management*, 45(8), 522–527. <https://doi.org/10.1016/J.IM.2008.08.002>
- Lin, H. (2007). Knowledge sharing and firm innovation capability: An empirical study. *International Journal of Manpower*, 28(3/4), 315–332. <https://doi.org/10.1108/01437720710755272>
- Lin, M.-J. J., Hung, S.-W., & Chen, C.-J. (2009). Fostering the determinants of knowledge sharing in professional virtual communities. *Computers in Human Behavior*, 25(4), 929–939. <https://doi.org/10.1016/J.CHB.2009.03.008>
- Lunenburg, F. C. (2011). Self-efficacy in the workplace: Implications for motivation and performance. *International Journal of Management, Business and Administration*, 14(1). Retrieved from <http://nationalforum.com/Electronic Journal Volumes/Lunenburg, Fred C. Self-Efficacy in the Workplace IJ MBA V14 N1 2011.pdf>
- Matzler, K., Renzl, B., Müller, J., Herting, S., & Mooradian, T. A. (2008). Personality traits and knowledge sharing. *Journal of Economic Psychology*, 29(3), 301–313. <https://doi.org/10.1016/J.JOEP.2007.06.004>
- Mittal, S., & Dhar, R. L. (2015). Transformational leadership and employee creativity. *Management Decision*, 53(5), 894–910. <https://doi.org/10.1108/MD-07-2014-0464>
- Mooradian, T., Renzl, B., & Matzler, K. (2006). Who trusts? Personality, trust and knowledge sharing. *Management Learning*, 37(4), 523–540. <https://doi.org/10.1177/1350507606073424>
- Neches, R., Fikes, R. E., Finin, T., Gruber, T., Patil, R., Senator, T., & Swartout, W. R. (1991). Enabling technology for knowledge sharing. *AI Magazine*, 12(3), 36–36. <https://doi.org/10.1609/ AIMAG.V12I3.902>
- Noe, R., Hollenbeck, J., Gerhart, B., & Wright, P. (2006). *Human resources management: Gaining a competitive advantage* (10th ed.).
- Nonaka, I., von Krogh, G., & Voelpel, S. (2006). Organizational knowledge creation theory: Evolutionary paths and future advances. *Organization Studies*, 27(8), 1179–1208. <https://doi.org/10.1177/0170840606066312>
- Pan, S. L., & Leidner, D. E. (2003). Bridging communities of practice with information technology in pursuit of global knowledge sharing. *The Journal of Strategic Information Systems*, 12(1), 71–88. [https://doi.org/10.1016/S0963-8687\(02\)00023-9](https://doi.org/10.1016/S0963-8687(02)00023-9)
- Pan, S. L., & Scarbrough, H. (1998). A socio-technical view of knowledge sharing at Buckman Laboratories. *Journal of Knowledge Management*, 2(1), 55–66. <https://doi.org/10.1108/EUM00000000004607>
- Pettigrew, A. M. (1979). On Studying Organizational Cultures. *Administrative Science Quarterly*, 24(4), 570. <https://doi.org/10.2307/2392363>
- Phillips, K. W., Mannix, E. A., Neale, M. A., & H. Gruenfeld, D. (2004). Diverse groups and information sharing: The effects of congruent ties. *Journal of Experimental Social Psychology*, 40(4), 497–510. <https://doi.org/10.1016/J.JESP.2003.10.003>
- Pieterse, A. N., van Knippenberg, D., Schippers, M., & Stam, D. (2009). Transformational and transactional leadership and innovative behavior: The moderating role of psychological empowerment. *Journal of Organizational Behavior*, 31(4), 609–623. <https://doi.org/10.1002/job.650>
- Pinchot, G. I. (1985). Intrapreneuring: Why you don't have to leave the corporation to become an entrepreneur. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1496196
- Renzl, B. (2008). Trust in management and knowledge sharing: The mediating effects of fear and knowledge documentation. *Omega*, 36(2), 206–220. <https://doi.org/10.1016/J.OMEGA.2006.06.005>
- Richards, R. (Ed.). (2007). *Everyday creativity and new views of human nature: Psychological, social, and spiritual perspectives*. Washington: American Psychological Association. <https://doi.org/10.1037/11595-000>
- Riege, A. (2005). Three-dozen knowledge-sharing barriers managers must consider. *Journal of Knowledge Management*, 9(3), 18–35. <https://doi.org/10.1108/13673270510602746>

- Rohlin, A. (2017). What Is System Quality? *Bizfluent*. Retrieved from <https://bizfluent.com/facts-7525377-system-quality.html>
- Ross, C. A., & Goldner, E. M. (2009). Stigma, negative attitudes and discrimination towards mental illness within the nursing profession: a review of the literature. *Journal of Psychiatric and Mental Health Nursing*, 16(6), 558–567. <https://doi.org/10.1111/j.1365-2850.2009.01399.x>
- Rubenstein, A., & Geisler, E. (2003). *Installing and managing workable knowledge management systems*.
- Schein, E. H. (2010). *Organizational culture and leadership*. Jossey-Bass.
- Sharma, R., & Yetton, P. (2003). The contingent effects of management support and task interdependence on successful information systems implementation. *MIS Quarterly*, 27(4), 533. <https://doi.org/10.2307/30036548>
- Silverthorne, C. (2004). The impact of organizational culture and person-organization fit on organizational commitment and job satisfaction in Taiwan. *Leadership & Organization Development Journal*, 25(7), 592–599. <https://doi.org/10.1108/01437730410561477>
- Smith, A. D., & Rupp, W. T. (2002). Communication and loyalty among knowledge workers: a resource of the firm theory view. *Journal of Knowledge Management*, 6(3), 250–261. <https://doi.org/10.1108/13673270210434359>
- Snyder, C. R., & Lopez, S. J. (2011). *The Oxford Handbook of Positive Psychology*. Oxford University Press.
- Stajkovic, A. D., & Luthans, F. (1998). Self-efficacy and work-related performance: A meta-analysis. *Psychological Bulletin*, 124(2), 240–261.
- Sternberg, R. J. (2001). What is the common thread of creativity? Its dialectical relation to intelligence and wisdom. *American Psychologist*, 56(4), 360–362. <https://doi.org/10.1037/0003-066X.56.4.360>
- Tullberg, J. (2004). On indirect reciprocity. The distinction between reciprocity and altruism, and a comment on suicide terrorism. *American Journal of Economics and Sociology*, 63(5), 1193–1212. <https://doi.org/10.1111/j.1536-7150.2004.00341.x>
- Usoro, A., & Sharratt, M. (2014). *Understanding knowledge-sharing in online communities of practice*. *E-Learning and Digital Media* (Vol. 11). Retrieved from www.ejkm.com
- Vakola, M., & Nikolaou, I. (2005). Attitudes towards organizational change. *Employee Relations*, 27(2), 160–174. <https://doi.org/10.1108/01425450510572685>
- Van, R., & Meer, D. (2014). *Knowledge sharing in inter-organisational collaborations*. Retrieved from <http://dro.deakin.edu.au/eserv/DU:30067569/vandermeer-knowledge-2014A.pdf>
- Wang, J.-K., Ashleigh, M., & Meyer, E. (2006). Knowledge sharing and team trustworthiness: It's all about social ties! *Knowledge Management Research & Practice*, 4(3), 175–186. <https://doi.org/10.1057/palgrave.kmrp.8500098>
- Wasko, M. M., & Faraj, S. (2000). It is what one does": Why people participate and help others in electronic communities of practice. *The Journal of Strategic Information Systems*, 9(2–3), 155–173. [https://doi.org/10.1016/S0963-8687\(00\)00045-7](https://doi.org/10.1016/S0963-8687(00)00045-7)
- Weinberg, F. J. (2015). The Learning Organization Epistemological beliefs and knowledge sharing in work teams: A new model and research questions Article information. *The Learning Organization*, 22(1), 40–57. <https://doi.org/10.1108/TLO-11-2013-0067>
- Yang, J. (2004). Job-related knowledge sharing: Comparative case studies. *Journal of Knowledge Management*, 8(3), 118–126. <https://doi.org/10.1108/13673270410541088>
- Young, R., & Jordan, E. (2008). Top management support: Mantra or necessity? *International Journal of Project Management*, 26(7), 713–725. <https://doi.org/10.1016/J.IJPROMAN.2008.06.001>
- Yu, T.-K., Lu, L.-C., & Liu, T.-F. (2010). Exploring factors that influence knowledge sharing behavior via weblogs. *Computers in Human Behavior*, 26(1), 32–41. <https://doi.org/10.1016/J.CHB.2009.08.002>

**CONSTRUCTION QUANTIFICATION SKILLS BASE:
MINIMUM KNOWLEDGE AND EXPERIENCE**

Norhafizah Yusop, Mohmad Mohd Derus, and Ismail Samsuddin

Abstract

The aim of the study is to identify some primary signs on the construction quantification skills base of new quantity surveying (QS) graduates (less than one-year experience). Targeted respondents would be the employer or the senior quantity surveying staff from the QS consultant. The acquired data of the literature reviews and questionnaires survey conducted revealed the minimum knowledge and experience of new QS graduates in carrying out construction quantification task. Generally, most of the respondents (employers' perceptions) tend to agree that the minimum knowledge and experience of staff who recently graduated in QS field from Institution of Higher Learning (less than one-year experience) is influenced greatly by the construction quantification educational methods and knowledge possessed by the learners during the transfer of learning (processes of learning). Most of the employers are more concerned with the relevant learning experiences (education) that lead to better quality standards of construction quantification skills base amongst new QS graduates. In this quantitative research, the findings highlighted the clear-cut differences between expectations and reality (quantification proficiency, construction quantification difficulties, academic performance and current Information Technology or software intervention) in the respondents' response to construction quantification skills base.

Keywords: Construction Quantification, Experience, Knowledge, Learning, Skills Base

Introduction

The early diagnosis of construction quantification skills base issues amongst learners is very important to understand core inquiry aspects (education and training) that contribute to the construction quantification skills base of each learner (minimum knowledge and experience). According to Hodgson et al. (2008) and Peddle (2000), getting to know key factors from the beginning would help to design the most effective instructional methodology or technology (educational methods) that best fit each learner's needs in performing complicated tasks. Furthermore, during the transfer of construction quantification learning (processes of learning), it is very important to recognize the initial signs that put learners at risk for having certain proficiency issues and difficulties in performing a complicated construction quantification task (Hodgson et al., 2008). To be specific, initial signs and early identification of learning abilities required during the process of reading and interpreting construction drawings can pave the most effective way for learners, especially the novices to get the necessary support during teaching and learning phase (Fortune & Skitmore, 1993).

Research Background

Construction quantification and costing of building works are known as core subject taught in the Quantity Surveying Programme. It is known as the most important course of studies (Abdul Aziz, 2003; Rashid, 2002). According to previous researchers, it is the highest level of knowledge (employers' expectations) that needs to be acquired by graduates (Zakaria et al., 2006). Thus, it is important for graduates to equip themselves with the utmost quantity surveying students' skills and knowledge for employment in the industry (Ali et al., 2016; McDonnell, 2010). To do so, previous studies agreed and claimed that it is important for quantity surveyors to master and well understand the core subject. Apart from that, in order for them to perform well in the industry, they must be able to improve on the relevant foundation and core skills needed by the quantity surveying professionals and semi-professionals.

Research Methodology

In this research, questionnaires survey was developed and distributed to the employer or the senior quantity surveying staff from the QS consultant in Malaysia. Up to December 2018, a total of 364 Quantity Surveying consultants were registered with the BQSM (BQSM, 2018). Therefore, a total of 364 preliminary questionnaires were circulated among the registered consultant QS practice. At the end of the cut-off date, only 50 consultants gave positive responses by returning the completed questionnaires survey. The percentage of the response rate is only 13.74%, however, in this study, the 13.74% response rate of the preliminary survey is considered acceptable (Berawi et al., 2012).

Findings and Discussion

Additionally, in response to increasing employer expectations and needs (learners' skills and knowledge for employment), it seems important to investigate the core foundations of education and training possessed by workers (Peddle, 2000). In this present study, the base conditions aspects such as quantification proficiency, construction quantification difficulties, academic performance and current Information Technology (IT) or software intervention will give inputs to issues raised in the need for future education and learning experiences of learners. The perception of the employers, who were considered as one of the most important people in the industry may provide genuine views (positive and negative) regarding the highest level of knowledge (employers' expectations) that needs to be acquired by new graduates (Peddle, 2000; Zakaria et al., 2006). In this present study, a quantitative approach was adopted. The summarised findings of the questionnaire survey were thoroughly discussed in Table 1.

Table 1

Summarised Findings of Questionnaire Survey

Item	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		TR	Frequency (Expectation)	Frequency (Reality)
		1		2		3		4		5				
		Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality			
		%	%	%	%	%	%	%	%	%	%			
Construction Quantification Proficiency (A-H)														
A	Basic taking-off skills	0%	0%	0%	12%	26%	36%	54%	42%	20%	10%	50	Agree	Agree
B	In-depth training	0%	4%	0%	10%	24%	30%	58%	52%	18%	4%	50	Agree	Agree
C	Complete QS tasks within the time frame	0%	4%	2%	16%	24%	42%	60%	30%	14%	8%	50	Agree	Neutral
D	Basic quantification tasks	0%	0%	6%	22%	20%	46%	60%	28%	14%	4%	50	Agree	Neutral
E	Good skills (reading and interpreting drawings)	2%	2%	6%	14%	24%	50%	62%	32%	6%	2%	50	Agree	Neutral
F	Creative thinking	2%	2%	4%	14%	26%	46%	54%	28%	14%	10%	50	Agree	Neutral
G	Imagine a picture (taking-off problems)	0%	0%	0%	0%	4%	6%	46%	36%	60%	48%	50	Strongly Agree	Strongly Agree
H	Good skills (visualization)	0%	0%	4%	6%	6%	12%	44%	20%	70%	38%	50	Strongly Agree	Strongly Agree
Construction Quantification Difficulties (I-Q)														
I	Complete QS tasks within the time frame	14%	2%	16%	34%	46%	52%	20%	8%	4%	4%	50	Neutral	Neutral

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 95
Strategy, Practices and Performance Measurements

Item	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		TR	Frequency (Expectation)	Frequency (Reality)
		1		2		3		4		5				
		Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality			
		%	%	%	%	%	%	%	%	%	%			
	(major errors)													
J	Carrying out quantification tasks under supervision	0%	0%	12%	8%	40%	62%	38%	24%	10%	6%	50	Neutral	Neutral
K	Failed to perform	34%	10%	14%	32%	24%	38%	28%	20%	0%	0%	50	Strongly Disagree	Neutral
L	Complete taking-off task beyond the time frame	14%	8%	16%	34%	40%	40%	26%	18%	4%	0%	50	Neutral	Neutral
M	Struggled with problems involving drawings	12%	4%	34%	40%	44%	52%	10%	4%	0%	0%	50	Neutral	Neutral
N	Struggled to convert the 2D drawing into a 3D drawing	0%	0%	40%	2%	30%	16%	20%	74%	10%	8%	50	Disagree	Agree
O	Struggled to interpret drawings within a short time	0%	0%	10%	4%	30%	32%	34%	48%	26%	16%	50	Neutral	Agree
P	Struggled to visualize 3D drawings	0%	0%	16%	6%	44%	48%	30%	40%	10%	6%	50	Neutral	Neutral
Q	Struggled to visualize 2D drawings	0%	0%	10%	6%	48%	56%	30%	32%	12%	6%	50	Neutral	Neutral
Academic Performance (R-W)														
R	Well trained in QS core skills	0%	0%	4%	14%	22%	52%	58%	34%	16%	0%	50	Agree	Neutral
S	Ability to imagine a picture	0%	0%	2%	0%	18%	6%	70%	60%	10%	34%	50	Agree	Agree
T	Able to sketch (to solve a taking-off problem)	0%	0%	2%	2%	30%	22%	60%	50%	8%	26%	50	Agree	Agree
U	Able to label the drawing	0%	0%	0%	0%	20%	24%	70%	64%	10%	12%	50	Agree	Agree
V	Able to understand (2D and the 3D view looks when rotated from their initial states)	0%	0%	4%	2%	16%	26%	66%	58%	14%	14%	50	Agree	Agree
W	Able to understand how an object would appear, would be drawn or would be depicted	0%	0%	0%	0%	12%	16%	80%	74%	8%	10%	50	Agree	Agree

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 96

Strategy, Practices and Performance Measurements

Item	Statements	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		TR	Frequency (Expectation)	Frequency (Reality)
		1		2		3		4		5				
		Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality	Expect	Reality			
		%	%	%	%	%	%	%	%	%	%			
Current Information Technology or Software Intervention (X-Y)														
X	Well trained to the latest computer and IT techniques	0%	0%	0%	8%	28%	46%	56%	40%	16%	6%	50	Agree	Neutral
Y	Well equipped with computerised drawing skills, planning and programming techniques	0%	6%	6%	8%	32%	56%	58%	30%	4%	0%	50	Agree	Neutral

As can be seen from Table 1, the questionnaire survey using the Likert Scale method (between 1; strongly disagree to 5; strongly agree). Generally, the statements in the questionnaire survey were listed out to describe 4 different aspects (four sections) involved. The respondents were required to state their level of agreement for every section (expectations and reality). Particularly, every section represents different core inquiry aspects related to the construction quantification skills base. As shown in Table 1, the findings summarised the key differences between expectations and reality of the anticipated skill base requirements of the quantity surveyor (minimum knowledge and experience of staff who recently graduated) in certain core inquiry aspects such as quantification proficiency, construction quantification difficulties, academic performance and current Information Technology (IT) or software intervention. These construction quantification skills base aspects are commonly recognised in the quantity surveying profession. The findings verified that most of the employers agreed that QS graduates' performance in construction quantification (less than one year experience) was influenced greatly by the educational methods and knowledge possessed by the learners during the learning process.

In the first section, as indicated in Table 1 (Section 1; item A-H), the construction quantification proficiency was noticed to be absolutely important for learners and graduates' performance. The data showed that there is a clear difference between expectations and reality in certain core skills. In the findings of the preliminary survey (expectations), construction quantification proficiency is rated agree to strongly agree. Whereas in reality it is rated from neutral to strongly agree. In the second section, as indicated in Table 1 (Section 2; item I-Q), the construction quantification difficulties were also rated as the key indications on the expectation level and performance of the recent quantity surveying graduates. Based on the result of the preliminary survey (expectations), construction quantification difficulties are rated from strongly disagree to neutral (as shown in Table 1). While in reality it is rated from neutral to agree. In the third section, as indicated in Table 1 (Section 3; item R-W), most of the respondents agreed that academic performance were important criteria of the study. The findings demonstrated that most of the employers approved on the importance of prior experience in learning and educational outcome. In reality, it is rated from neutral to agree. In the fourth section (Section 4; item X-Y), as for the software intervention aspect, the findings verified that most of the employers agreed that fresh graduates must be well trained to the latest computer and Information Technology (IT) techniques to survive in the challenging industry (as shown in Table 1). In reality, most of the respondents agreed that fresh graduates' performance level in Information Technology (IT) was slightly lower compared to their expectations. In the findings of the preliminary survey (expectations), most of the respondents agreed (56% and 58%) that current Information

Technology (IT) or software intervention were important to be learned. However, in reality, most of the respondents rated neutral with the agreement of 46% and 56%.

Conclusion

In conclusion, questionnaires survey conducted indicated the acceptance towards the key factors that influenced the construction quantification skills. Even though the respondents accepted the themes and agreed that the key factors would provide a valuable framework to improve learning outcomes and performance relationship, the findings of the preliminary survey however revealed differences level between expectations and reality of the anticipated skill requirements of the quantity surveyor who recently graduated (less than one-year experience). Evidently, it is argued that there is a slight difference between expectations and reality in certain core expectations (essential technical skills). In this situation, the skill gaps differentiation occurs where graduates do not have adequate prior experience, knowledge and/or specialised skills to meet the industry and the employer's needs.

Acknowledgement

This research work is supported by the *Geran Khas Insentif Penyelidikan Perak (GKIPP)* grant, Universiti Teknologi MARA. We would like to express our deepest gratitude to all the participants in the research and for their time and valuable information.

References

- Abdul Aziz Hussin. (2003). A quality qualified quantity surveyor: A need or a must? *The Surveyor*, 37(4), 10-13.
- Ali, K. N., Mustafa, N. E., Keat, Q. J., & Enebuma, W. I. (2016). Building information modelling (BIM) educational framework for quantity surveying students: The Malaysian perspective. *Journal of Information Technology in Construction (ITcon)*, 21(9), 140-151.
- Berawi, M. A., Berawi, A. R. B., & Hadwart, K. A. (2012). Managing construction logistics management: Findings from construction contractors and industrialized building system (IBS) manufacturers. *African Journal of Business Management*, 6(5), 1932-1944. doi: <https://doi.org/10.5897/AJBM11.2047>
- BQSM. (2018). *Registered consultant QS practice*. Retrieved from https://www.bqsm.gov.my/index.php/en/?option=com_wrapper&view=wrapper&Itemid=649&lang=en.
- Fortune, C., & Skitmore, M. (1993). *The identification and classification of the skills required for the collection and transfer of design information*. International Council for Building Research Studies and Documentation, pp. 75-85, Lisbon, Portugal. Retrieved from <http://eprints.qut.edu.au/archive/00004516>
- Hodgson, G., Sher, W., & Mak, M. (2008). An e-learning approach to quantity surveying measurement. *Building Resilience*, 1639-1649. Retrieved from http://usir.salford.ac.uk/9822/1/101_Elvitigalage_Dona_NG_et_al_Women%E2%80%99s_career_advancement_and_training_%26_development_in_construction_industry_Bear_2008.pdf;public#page=1664. Accessed on 19 June 2017.
- McDonnell, F. P. (2010). The relevance of teaching traditional measurement techniques to undergraduate quantity surveying students. *Journal for Education in the Built Environment*, 1-15.
- Peddle, M. T. (2000). Frustration at the factory: Employer perceptions of workforce deficiencies and training needs. *Journal of Regional Analysis and Policy*, 30(1), 23-40. Retrieved from <https://ageconsearch.umn.edu/bitstream/132163/2/2000-1-2.pdf>
- Rashid, K. A. (2002). A study on the curricula for the bachelor of quantity surveying courses in Malaysia. *The Surveyor*, 3, 17-22.
- Zakaria, N., Munaaim, M. C., & Khan, S. I. (2006). Malaysian quantity surveying education framework. *Centre of project and facilities, University of Malaya*. Retrieved from <http://s3.amazonaws.com/academia.edu.documents/>

**EFFICIENCY AND PREDICTION OF FINANCIAL DISTRESS
USING ALTMAN'S Z-SCORE MODEL**

Lim Hai Sze and Nik Intan Norhan Abd Hamid

Abstract

The aim of this paper is, a better understand the real performance of ACE market. This research focused on companies of Bursa Malaysia's ACE market for 8 years' period (2009-2016). Objectives are developed which are to identify the annual efficiency of listed companies in Malaysia ACE market, to predict the firm's financial distress on sample firm with an efficiency score of below 1.0 using Altman's Z-score. Total sample of 64 companies are chosen and tested using the empirical quantitative method. Data envelopment analysis (DEA) and Altman's Z-score analysis is used in this research to measure the actual performance of ACE market.

Keywords: Efficiency, Financial Distress, Ace Market

Introduction

Nowadays, the world transforms to become borderless with the advancement of knowledge, science and technology. The dynamicity changes bring effect on both the physical and business environments (Nordin & Fatimah, 2010). All the business organizations need to ready and adapt themselves to challenges these changes (Mohamad & Said, 2010). Competitive environment has proven to be challenging in many companies; company need to check its operation efficiency in order to remain their operation and maintain their market share (Haron & Chellakumar, 2014). The only way for company to sustain its competitive advantage is through efficiency and effectiveness (Shoman, 2006). As cited by Nordin and Fatimah (2010), performance improvement and productivity enhancement are strategies for firms to continue remain in the competitive business world. Besides that, Chua (2012) reported that firms' bad performance is a threat for many business today regardless of firm's size and type of business. For the non-efficient firm, firm will suffer losses include decrease in the value of a company, even this circumstance is likely going until bankruptcy (Blocher et al., 1999).

During year 2008, Damodaran (2012) emphasized that almost all countries over the world posted negative growth. Malaysia as one of top twenty world largest trading nation was also affected and decline in exports during that particular year. It is interesting to note that by year 2009, the Malaysian gross domestic product registered a negative growth of 6.2 percent and 3.9 percent in its first two quarters and posted an overall negative growth for the year 2009. Due to the effect of financial crisis, many Malaysian companies suffered financially from business cycle. Moreover, from the latest ACE monthly stock list, it is shown that the Ace Market might also effected and it were suffers from hyper competitiveness since its establishment in 2009 until today.

As a summary of the background, with the assessment of financial performance, it can provide firms with awareness to avoid business from becomes distress, early precaution can be prepare and taken for the non-efficient firm (Nur Adiana, 2008). The output of the study is very beneficial and important to all the local (government, lenders, investors, suppliers and employees) and abroad parties, in order to prevent and eliminate the potential great losses cost derived from the existence of financial distress which may slide Malaysia economy into another recession. Thus, it is necessary for firms to check their actual financial performance.

Literature Review

Brief Overview of Malaysia Market

Bursa Malaysia (Malaysia Exchange), previously was known as Bursa Saham Kuala Lumpur (Kuala Lumpur Stock Exchange). Given the new name as Bursa Malaysia during year 2004, and it was listed at its own exchange in year 2005. The main and second boards merged and renamed the Main Market, while the

MESDAQ was renamed the ACE Market in 2009. Concurrently, Malaysia has two markets: Main Market and ACE Market. The Main market consisted of 14 economic sector including, consumer product, construction, hotels, industrial products, plantation, properties, technology, trading and services, mining, finance, close end funds, real estate investment trust, special purpose acquisition company and exchange traded funds. On the other hand, ACE Market is listing companies from all sectors (Bursa Malaysia, 2017).

Overview of Financial Distress

Failure happen when a company unable to repay back its company debt's interest, overdraw its current account and declaring bankruptcy (Beaver, 1966). Brown et al. (1992), Andrade and Kaplan (1998), define and grouping the financial distress in similar way. They interpret financial distress as a phenomenon where the quality of business operation is in a decline stage. In regards with the Brown et al. (1992), financial distress is a circumstance where company require to restructuring to solve the company's financial conflict or avoid from the possible conflict. As published in Andrade and Kaplan (1998) research, financial distress was define as a situation where company need to take action restore the company's difficulty and attempt to prevent the difficulty. Besides that, as published in Jantadej (2006), financial distress has been specific defined as where companies suffer from a series of negative circumstance from investing, operating and financing activities.

Concept and Theory of Efficiency

According to Clement (2007), the initial concept for efficiency started with Edgeworth (1881) and Pareto (1927). In 1951, the concept of measuring efficiency was first discuss by Koopmans and Debrau. Koopmans used Pareto efficiency to the production process. In order to achieve the Pareto efficiency, resources need to be reallocate to make one entity better by not making another become worse. On the other hand, Debrau find out the inefficiencies started with the coefficient of resource utilization. In 1953, Malmquist extended the idea from Caves et al. (1982), enclosed the view of proportional scaling into Malmquist index. Malmquist index refer to a geometric average of two distance functions. Later in 1957, it was followed by Farrell empirically measured the efficiency. Farrell start with "*Farrell Measure*" which measure efficiency by take all the input into account in order to avoid the index problem.

Financial Distress Theory

Notional one theory is a theoretical framework use for predict the bankruptcy (Qaiser & Abdullah, 2015). According to the notional one theory, a firm's financial status was indicate by using the perception of financial ratios. The signal from the financial ratio indicator determine the firm's financial level either in healthy or unhealthy level. Liquidity, profitability, and solvency ratio is the most significant ratios to measure the financial distress (Altman, 1968). The measurement of a firm's financial level is based on three major categories: 1) Liquidity, 2) Profitability, and 3) Wealth. The higher of these three measurement, the lower the risk a firm fall into distress. Liquidity ratios used to determine a company's ability to pay its short term debts obligations. Profitability use to access how well a firm performing its ability to generate profit during a specific of time. Thus based on the Notional one theory, it suggested that the risk of firm file to bankruptcy decrease when a firm post a positive and high measurement of liquidity, profitability and wealth.

Overview of Altman's Z-score Model

The Altman's Z-score is a set of financial ratios in a multivariate context, based on discriminated model developed by Professor Edward I. Altman. In year 2005, Bemmam stated Altman's Z-score model is perhaps most widely recognized model for predicting financial distress. This model requires a firm to have a publicly traded equity. In 1993, Altman has been make refinement on Z-score model, and apply the formulas in different sectors. The two refinement of the Z-score model is presented with: Z' and Z'' score. This was greatly contributed to the development of United State companies. Z-score model is globally used to predict corporate defaults, moreover become a control measure to calculate the financial distress status in academic studies.

Methodology

Data Envelopment Analysis (DEA)

The data envelopment analysis model adopted in this study as below:

$$\text{Max}_{i,k} = \frac{u1RA_k + u2RE_k + u3NP_k + u4EP_k}{v1TO_k + v2TE_k + v3TA_k + v4CR_k} \leq 1$$

Table 1

List of Inputs and Outputs for DEA Model

Where: i,k = Company efficiency	K= Total of Listed Company
u1 = Weighted given to Return on Assets	RA = Return on Assets
u2 = Weighted given to Return on Equity	RE = Return on Equity
u3 = Weighted given to Net Profit Margin	NP = Net Profit Margin
u4 = Weighted given to Earnings per Share	EP = Earnings per Share
v1 = Weighted given to Total Operating Expenses	TO = Total Operating Expenses
v2 = Weighted given to Total Equity	TE = Total Equity
v3 = Weighted given to Total Assets	TA = Total Assets
v4 = Weighted given to Current Ratio	CR = Current Ratio

Altman's Z-score Analysis

The Altman's Z-score model adopted in this study is as below:

$$Z = 0.012X_1 + 0.014X_2 + 0.033X_3 + 0.006X_4 + 0.000X_5$$

Where: Z = Overall Index

X₁ = Working Capital / Total Assets

X₂ = Retained Earnings / Total Assets

X₃ = Earnings before Interest and Taxes / Total Assets

X₄ = Market Value of Equity / Book Value of Total Liabilities

X₅ = Sales / Total Assets

Hypotheses

The hypotheses were developed to justify empirically are as follows:

- H1 Listed companies in Malaysian ACE market are efficient
- H2 Altman's Z-score is positively significant in predicting the firm's financial distress on sample firm with an efficiency score of below 1.0.

Acknowledgements

First, I would like to thanks to my respectable supervisor, Dr Nik Intan Norhan bt. Abd Hamid for her time, encouragement and guidance throughout the process of completing this research. Besides that, thanks to all my friends and others who have provided assistance at various occasions. Their ideas, views, suggestions and opinions are useful indeed. Last, I would like to thank to my parents and siblings who was constantly being caring, understanding and supportive of my efforts throughout the duration of the research.

References

- Ali, A. E. M. & Ng, K. S. (2012). Using altman's model and current ratio to access the financial status of companies quoted in the Malaysian stock exchange. *International Journal of Scientific and Research Publication*, 2(7).
- Altman, E. I. (1968). Financial ratios, discriminant analysis and the prediction of corporate bankruptcy. *The Journal of Finance*, 589-609.
- Altman, E. I. (1993). *Corporate financial distress: A complete guide to predicting, avoiding, and dealing with bankruptcy*. New York.
- Andrade, G., & Kaplan, S. (1998). How costly is financial (not economic) distress? Evidence from highly leveraged transactions that became distressed. *The Journal of Finance*, 53(5), 1443-1493.
- Beaver, W. H. (1966). Financial ratios as predictors of failure. *Journal of Accounting Research*, 5, 71-111.
- Bemmann, M. (2005). Improving the comparability of insolvency predictions. *Dresden Economics Discussion Paper*.
- Ben, J. S. (2014). Macroeconomic variables in financial distress: A non-parametric method. *International Journal of Finance and Banking Studies*, 2(3).
- Bhagat, S., & Black, B. (2001). The non-correlation between board independent and long-term firm performance. *The Journal of Corporate Law*.
- Blocher, E. J., Ko, L. J., and Lin, P. P. (1999). Prediction of corporate financial distress: An application of the opposite rule induction system. *The International Journal of Digital Accounting Research*, 1(1), 69-85.
- Blums, M. (2003). D-score: Bankruptcy prediction model for middle market public firms. Presented to the *Macalester College Conference*, Saint Paul, USA.
- Brown, D., James, C., & Mooradian, R. (1992). The information content of distressed restructuring involving public and private debt claims. *The Journal of Financial Economics*, 33, 93-118.
- Choy, S. L. W., Munusamy, J., Chelliah, S., & Mandari, A. (2011). Effects of financial distress condition on the company performance: A Malaysian perspective. *Review of Economics and Finance*, 1(4), 85-89.
- Chua, S. Y. (2012). *Financial distress: A study of industrial product sector companies in Malaysia*. Faculty of Economic and Business. Universiti Malaysia Sarawak.
- Clement, A. T. (2007). Institutional economics and the behavior of conservation organizations: Implication for biodiversity conservation. *Economics, Ecology and Environmental Working Paper*. University of Queensland.
- Damodaran, R. (2012). Determinants, estimation and implications. *University Paper*. New York University. New York.
- Dyson, R. G., Allen, R., Camanho, A. S., Podinovski, V. V., Sarrico, C. S., & Shale, E. A. (2001). Pitfalls and protocols in DEA. *European Journal of Operational Research*, 132(2), 245-259.
- Haron, M., & Chellakumar, J. A. (2014). Understanding the efficiency of listed manufacturing companies in east Africa using a non-parametric approach: A case study of Kenya. *Full Proceeding Paper*, 1, 127-136.
- Jantadej, P. (2006). *Using the combinations of cash flow components to predict financial distress* (PhD Dissertation). University of Nebraska, Nebraska.

- Mohamad, N. H., & Said, F. (2010). Measuring the performance of listed companies in Malaysia. *Journal of Management*, 14(4), 177-189.
- Mwangi, F. K. (2013). *The effect of macroeconomic variables on financial performance of Aviation industry in Kenya* (Unpublished MSC Thesis). University of Nairobi.
- Noor Salfizan, F. (2014). *A comparison of cash flow ratios: Distressed and non-distressed companies* (Dissertation paper). Faculty of Accountancy. Universiti Teknologi MARA, Kelantan, Malaysia.
- Nordin, H. M., & Fatimah, Said. (2010). Measuring the performance of 100 largest listed companies in Malaysia. *African Journal of Business Management*, 4(13), 3178-3190.
- Nur Adiana, H. A. (2008). Predicting corporate failure of Malaysia's listed companies: comparing multiple discriminant analysis, logistic regression and hazard model. *International Research Journal of Finance and Economics*, 15, 201-207.
- Qaiser, R. Y., & Abdullah, A. M. (2015). Corporate failure prediction of public listed in Malaysia. *European Researcher*, 91(2), 114-126.
- Shie, Y. N., David, K., & Duffy, C. (2010). Parameter estimation of physical based surface model. *Proceeding of AGU Annual Fall Conference*.
- Shoman, L. M. (2006). *Belize foreign policy year books*. United State Caribbean Relations.
- Smith, A., Bushman, R., Chen, Q., & Engel, E. (2004). Financial accounting information, organizational complexity and corporate governance systems. *Journal of Accounting and Economics*, 37, 167-201.
- Tew, Y. H., & Enylin, N. (2005). *Predicting corporate financial distress using logistic regression: Malaysian evidence* (Unpublished dissertation paper). Universiti Teknologi Mara, Selangor Darul Ehsan, Malaysia.
- Wan Adibah., Raja Nazrin., Khairul Anuar., & Rusliza. (2005). Corporate failure prediction: An investigation of PN4 companies. *Journal of Financial Reporting and Accounting*, 3(1), 1-16.

A REVIEW OF THE CONCEPT OF DEBT LITERACY

Mahdhir Abdullah

Abstract

The aftermath of the 2008 world financial crisis has stimulated a lot of research in individual and household debt problem. Studies pertaining individual and household debt generally discuss the element of financial literacy as one of important factors that influence individual and household indebtedness, however there is a lack of discussion on debt literacy. The objective of this article is to review the definition and measurement of debt literacy, a more specific aspect of financial literacy. The study is conducted by critically reviewing articles with a search word “debt literacy” in SCOPUS database in December 2018. The findings of this paper highlight common definitions and measurements of debt literacy, and suggest an appropriate definition and measurement for future research.

Keywords: Debt Literacy, Financial Literacy, Individual Indebtedness, Household Debt

Introduction

After the 2008 global financial crisis, there have been many studies regarding individual and household debt, as well as individual indebtedness. Many studies on individual indebtedness included financial literacy in their discussion (Mainal, Ho, & Yusof, 2017; Shih & Ke, 2014; Brown, Van Der Klaauw, Wen, & Zafar, 2013; Disney & Gathergood, 2011), however there were only a handful studies that relate individual indebtedness with debt literacy. Initial work on debt literacy was traced back in 2009 pioneered by Lusardi and Tufano (Cwynar, Cwynar, & Wais, 2018). Since then, studies on debt literacy started to develop and most of the researchers benchmarked their studies with the work of Lusardi and Tufano. In this paper, the concept of debt literacy is explained based on the review of published articles in SCOPUS database, with emphasis on two aspects of the debt literacy namely the definition and the measurement.

Methodology

This article review was conducted by critically reviewing English-language academic journal articles obtained from SCOPUS database in December 2018. The search string specified the word “debt literacy” appearing in either the article title, abstract or keywords. The search was first performed without any filter on the years of publication, and the search results showed that the earliest dated document on debt literacy was published in 2012. Since the works on debt literacy were considered still new in academic research, the search was not filtered further in terms of the years of publication. The results of the search showed nine documents containing the term “debt literacy” including seven articles, one article in press, and one review article. In terms of the years of publication, there was one article each year in 2012, 2013, 2015, 2016 and 2017, and there were two articles in 2014 and two articles in 2018. These articles were reviewed critically focusing on the definition and the measurement of debt literacy, that will become a source of reference in future studies.

Analysis of Article Review

In this section, eight out of nine SCOPUS articles with a search word “debt literacy” were reviewed with emphasis on the definition and measurement of debt literacy. In addition, a few seminal papers that have been repeatedly cited by most of the authors were also reviewed. The reason for reviewing the seminal papers is to grasp meaningful links between them. The definitions and measurements of debt literacy were analyzed in parallel, rather than separately, in order to obtain the connection between the definition and measurement used by each author. The following paragraph will discuss the similarities and differences in the definitions of debt literacy by the authors. The subsequent paragraph will discuss the review of debt literacy measurements. The last paragraph will discuss the findings of the article review and their implications for future research.

From the analysis of the articles review, it is gathered that there were three different but slightly similar definitions of debt literacy used by the authors, as shown in Table 1 below. First, Li, Baldassi,

Johnson, and Weber (2013) referred to Lusardi and Tufano (2009, p. 1) who defined debt literacy as “the ability to make simple decisions regarding debt contracts, applying basic knowledge about interest compounding to everyday financial choices”. The same definition of debt literacy was used by Lusardi and Tufano in 2015. Second definition was by Lee and Mueller which stated that student debt literacy as “the ability to identify, understand, interpret, and navigate student loan options, principles, and practices associated with responsible borrowing and debt management” (Lee & Mueller, 2014, p. 714). The definition by Lee and Mueller was self-developed and was specific on student debt literacy. Thirdly, Cwynar, Cwynar, Wais, & Parda (2017) used the definition by Disney and Gathergood (2011, p. 1) who defined debt literacy as the “capacity of individuals to make simple financial calculations concerning debt”. The three definitions of debt literacy above have two common similarities – 1) incorporation of the elements of “understand (knowledge)” and “use (application)”; and 2) focus on debt matters. Knowledge and application are two fundamental elements of financial literacy (Huston, 2010). Thus, the definitions of debt literacy used in the reviewed articles satisfied the underlying concepts of literacy. With regards to focusing on debt matters, all the three definitions above specified debt matters, hence distinguishing themselves from a broader definition of financial literacy. According to Huston (2010), based on a body of literature, financial literacy covered at least four contents of financial matters namely money basics:

Table 1
A Review Analysis of the Definitions of Debt Literacy

Definitions	Referred / Cited by:	Components
The ability to make simple decisions regarding debt contracts, applying basic knowledge about interest compounding to everyday financial choices (Lusardi & Tufano, 2009, p. 1)	1. Li, Baldassi, Johnson, and Weber (2013). 2. Lusardi and Tufano (2015)	1. Knowledge and application. 2. Debt matters. 3. Decision making. 4. Understanding of the characteristics of debt contracts. 5. Understanding the working of time value of money.
The ability to identify, understand, interpret, and navigate student loan options, principles, and practices associated with responsible borrowing and debt management (Lee & Mueller, 2014, p. 714).	Self-developed.	1. Knowledge and application. 2. Debt matters. 3. Decision making. 4. Understanding of the characteristics of debt contracts.
Capacity of individuals to make simple financial calculations concerning debt (Disney & Gathergood, 2011, p. 1).	1. Cwynar, Cwynar, Wais, and Parda (2017)	1. Knowledge and application. 2. Debt matters.

borrowing, investing, and protection. Debt literacy can be regarded as one aspect of financial literacy and is more suited for researches pertaining individual debt or indebtedness. In the same line of thinking, Lusardi and Tufano (2009, 2015) developed a definition and a measurement that explicitly related to debt and debt instruments. In addition to the two similarities mentioned above, there are some elements that were embedded in one definition of debt literacy but were not incorporated in other definitions. First, the definitions by Lusardi and Tufano (2009, 2015) and by Lee and Mueller (2014) have the element of decision making, while Disney and Gathergood’s definition lacked this element. The element of decision making in those definitions provided an indication that debt literate individuals would use the knowledge about debt to develop attitudes towards debt and actual behavior of taking up debt. Second, Lusardi and Tufano’s definition covered understanding of two components namely the characteristics of debt products and the workings of time value of money. In contrast, the definition by Disney and Gathergood did not mention about understanding debt products and how time value of money works. From Table 1, it can be seen that Lusardi and Tufano’s definition of debt literacy is more comprehensive compared to the other

two definitions by having the dimensions of knowledge, application, and debt matters. Furthermore, it consists of the elements of decision-making, understanding the characteristics of debt products or contracts, and understanding the workings of time value of money.

In terms of the measurement of debt literacy, most of the articles attempted to assess the knowledge about interest compounding, time value of money, and the characteristics of debt contracts. From the analysis, it was observed that seven of the reviewed articles referred to the instrument by Lusardi and Tufano (2009), as shown in Table 2. Five of the articles adapted Lusardi and Tufano's instrument with minor modifications to suit the context of each individual study. The instrument by Lusardi and Tufano (2009) is available in Appendix A for reference. The measurement comprised of the components of understanding the knowledge and application of debt contracts, credit card and loan arising from the purchase of an appliance as examples of debt contracts, and the ability to understand the workings of time value of money. The questions were multiple choice questions and were very objective rather than self-assessed or perception-based. Gaurav and Singh (2012) measured the ability to understand three dimensions of debt literacy namely interest compounding, debt burden, and time value of money, by adapting three-question instrument by Lusardi and Tufano (2009) with slight modifications to suit the Indian context. Li, Baldassi, Johnson, and Weber (2013) also used the instrument by Lusardi and Tufano (2009) to measure the knowledge of compound interest and credit card debt. Schicks (2014) in her study altered Lusardi and Tufano's instruments by removing the choices "Do not know" and "Prefer not to answer" from the answer choices. By removing the two reluctant-to-answer choices, the respondents were left with less number of answer choices, thus improving the probability of answering correctly. van Ooijen and van Rooij (2016) adapted Lusardi and Tufano's instrument with minor alteration by rephrasing the questions based on familiarity of the debt product in the Netherlands. They changed credit card debt in the original instrument to personal loan from bank to suit the Netherlands' context because credit card was virtually non-existent in the Netherlands. From the works of Gaurav and Singh (2012), Li, Baldassi, Johnson, and Weber (2013), Shicks (2014), Lusardi and Tufano (2015), and van Ooijen and van Rooij (2016), it can be gathered that all the authors referred to Lusardi and Tufano's measurement as the main reference. Cwynar, Cwynar, Wais and Parda (2017) also referred to Lusardi and Tufano's three-question measurement as a basis, and complemented it with 22 self-developed closed ended and semi-open questions and 12 "True/False/Do not Know" questions to include the aspect of knowledge about technical and legal issues of debt contracts. Cwynar, Cwynar, and Wais (2018) developed debt literacy instrument to "find out what people really know about credits and loans in terms of both professional (technical) issues as well as legal (contractual) ones" (Cwynar, Cwynar, & Wais, 2018, p.8). They added 5 questions on sociodemographic and economic traits, in addition to the 34 questions in Cwynar et al. (2017). A large set of questions by Cwynar et al. (2017) and Cwynar, Cwynar and Wais (2018) covered a broader scope of debt literacy and answered both objective and self-assessed questions. Among the reviewed articles, one article by Lee and Mueller (2014) was different from the other articles in terms of the measurement of debt literacy. Lee and Mueller conducted a study on students debt literacy and referred to the measurement by Porter's (1999) Debt Management Survey which was very specific towards students debt. Porter's Debt Management Survey were measuring students' perception about their own debt management knowledge and the perception about the financial aid counselling practices. As compared to the measurement of debt literacy by Lusardi and Tufano (2009), Porter's measurement was subjective and perception-based.

Based on the analysis of the definitions and measurements of debt literacy discussed in the previous paragraphs, it was found that the work of Lusardi and Tufano in 2009 has become a breakthrough in the study of debt literacy as other researchers used the work of Lusardi and Tufano as a benchmark. The definition of debt literacy by Lusardi and Tufano was comprehensive as it consisted the components of knowledge and application of debt, decision making, understanding the characteristics of debt contracts, and understanding how time value of money works. Most debt literacy studies also referred to Lusardi and Tufano's debt literacy measurement as their main reference. From the review analysis, it can be concluded that there was a strong alignment between the definition and the measurement of debt literacy. In most of the reviewed articles, the dimensions in the debt literacy measurement were found to be aligned to the definition of debt literacy. From the findings, there are two major implications. First, the findings of this

review can be applied in instrument development process. Lusardi and Tufano's measurement can be used as a basis of debt literacy measurement. In addition, modifications can be done to suit the context of the respondents and can be customized to suit individual study's research questions and research objectives. Second implication of the findings is the applicability of the definition and measurement of debt literacy in future research pertaining debt literacy, individual and household debt, and indebtedness. Since the terminology "debt literacy" is new and there is still a handful research on debt literacy, there is a huge potential for research in this area.

Table 2
A Review Analysis of the Measurements of Debt Literacy

Measurements	Referred / Cited by:	Components
1. Lusardi and Tufano (2009) Three-question instrument.	1. Gaurav and Singh (2012). 2. Li, Baldassi, Johnson, and Weber (2013). 3. Schicks (2014). 4. Lusardi and Tufano (2015). 5. Van Ooijen and van Rooij (2016). 6. Cwynar, Cwynar, Wais and Parda (2017) 7. Cwynar, Cwynar and Wais (2018).	1. Knowledge and application. 2. Debt matters. 3. Decision making. 4. Understanding of the characteristics of debt contracts. 5. Understanding the working of time value of money.
2. Cwynar, Cwynar, Wais and Parda (2017) 22 closed-ended and semi-open questions, 12 "True/False/Do not Know" questions.	Self-developed.	1. Knowledge and application. 2. Debt matters. 3. Decision making. 4. Understanding of the characteristics of debt contracts. 5. Understanding the working of time value of money.
3. Cwynar, Cwynar and Wais (2018) 22 closed-ended and semi-open questions, 12 "True/False/Do not Know" questions, 5 demographic and economic traits questions.		6. Knowing technical issues pertaining loans. 7. Knowing legal issues pertaining loans. 8. Aware of current issues regarding interest rate, lending institutions, and loan products.
4. Porter (1999)	1. Lee and Mueller (2014)	1. Knowledge and application. 2. Debt matters. 3. Decision making. 4. Understanding of the characteristics of debt contracts.

Conclusion

This paper has analyzed the concept of debt literacy and has found the connection between the definitions and the measurements of debt literacy used in academic research. The work by Lusardi and Tufano in 2009 has been a breakthrough as it is the most referred article by other researchers in the field. Thus, the concept of debt literacy pioneered by Lusardi and Tufano has set the research direction in the area of debt literacy, individual and household debt, and indebtedness. The definition of debt literacy by Lusardi and Tufano can

be considered as an all-inclusive definition by having the dimensions of knowledge and application of debt, and the elements of decision making, understanding debt contracts, and understanding the working of time value of money. The measurement of debt literacy Lusardi and Tufano was aligned to their definition of debt literacy. Thus, Lusardi and Tufano's definition and measurement are good references for instrument development and future research pertaining debt literacy.

Acknowledgement

The author acknowledges USIM library, Universiti Sains Islam Malaysia for providing resources in conducting this study.

References

- Brown, M., Van Der Klaauw, W., Wen, J., & Zafar, B. (2013). *Financial education and the debt behavior of the young*. Federal Reserve Bank of New York Staff Reports (Vol. 634).
- Cwynar, A., Cwynar, W., & Wais, K. (2018). Debt literacy and debt literacy self-assessment: The case of Poland. *The Journal of Consumer Affairs*, 1–34.
- Cwynar, A., Cwynar, W., Wais, K., & Parda, R. (2017). Personal loan companies in Poland: Does empirical evidence justify regulatory transition? *Prague Economic Papers*, 26(4), 377–396.
- Disney, R., & Gathergood, J. (2011). *Financial literacy and indebtedness: New evidence for U.K. Consumers*. SSRN.
- Gaurav, S., & Singh, A. (2012). An inquiry into the financial literacy and cognitive ability of farmers: Evidence from rural India. *Oxford Development Studies*, 40(3), 358–380.
- Huston, S. J. (2010). Measuring financial literacy. *Journal of Consumer Affairs*, 44(2), 296–316.
- Lee, J., & Mueller, J. A. (2014). Student loan debt literacy: A comparison of first-generation and continuing-generation college students. *Journal of College Student Development*, 55(7), 714–719.
- Li, Y., Baldassi, M., Johnson, E. J., & Weber, E. U. (2013). Complementary cognitive capabilities, economic decision making, and aging. *Psychology and Aging*, 28(3), 595–613.
- Lusardi, A., & Tufano, P. (2009). *Debt literacy, financial experiences, and overindebtedness* (NBER Working Paper No. 14808). Cambridge, MA.
- Lusardi, A., & Tufano, P. (2015). Debt literacy, financial experiences, and overindebtedness. *Journal of Pension Economics and Finance*.
- Mainal, S. A., Ho, C. S. F., & Yusof, J. M. (2017). Household behavior towards debt in a challenging financial environment in Malaysia. *Journal of Behavioural Studies*, 2(7), 21–29.
- Porter, J. Y. (1999). *The role of financial aid counseling in students' understanding of student loan management* (PhD dissertation). Louisiana State University.
- Schicks, J. (2014). Over-indebtedness in microfinance – an empirical analysis of related factors on the borrower level. *World Development*, 54, 301–324.
- Shih, T. Y., & Ke, S. C. (2014). Determinates of financial behavior: Insights into consumer money attitudes and financial literacy. *Service Business*.
- Van Ooijen, R., & van Rooij, M. C. J. (2016). Mortgage risks, debt literacy and financial advice. *Journal of Banking and Finance*.

Appendix

Appendix A – Instrument of Debt Literacy by Lusardi & Tufano (2009)

1. *Suppose you owe \$1,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you didn't pay anything off, at this interest rate, how many years would it take for the amount you owe to double?*
 - (i) 2 years;
 - (ii) Less than 5 years;
 - (iii) 5 to 10 years;
 - (iv) More than 10 years;
 - (v) Do not know;
 - (vi) Prefer not to answer.
2. *You owe \$3,000 on your credit card. You pay a minimum payment of \$30 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges?*
 - (i) Less than 5 years;
 - (ii) Between 5 and 10 years;
 - (iii) Between 10 and 15 years;
 - (iv) Never, you will continue to be in debt;
 - (v) Do not know;
 - (vi) Prefer not to answer.
3. *You purchase an appliance which costs \$1,000. To pay for this appliance, you are given the following two options: a) Pay 12 monthly installments of \$100 each; b) Borrow at a 20% annual interest rate and pay back \$1,200 a year from now. Which is the more advantageous offer?*
 - (i) Option (a);
 - (ii) Option (b);
 - (iii) They are the same;
 - (iv) Do not know;
 - (v) Prefer not to answer.

**GREEN SUPPLY CHAIN MANAGEMENT AND ENVIRONMENTAL PERFORMANCE FOR
KPJ HEALTHCARE SPECIALIST HOSPITAL IN SELANGOR**

Mohd Zaini Zainudin, Nurul Fadly Habidin, and Mohd Burhan Yusof

Abstract

The aims of the study was to examine the relationship between the Green Supply Chain Management (GSCM) and Environmental Performance (EP) based on the six Kumpulan Perubatan Johor (KPJ) specialist hospital in Selangor. A quantitative approach used. Data from 132 respondents from professional management were collected questionnaires. Data were analyzed using descriptive analysis technique, Pearson correlation analysis and multiple regression analysis. The results showed all GSCM practices significantly related to EP. This research found that there was a strong correlation between GM and EP factor ($r=0.519$, $p=0.000$). As a conclusion, the study showed independent variables of GSCM have increased the EP. The implications of the study indicated that GSCM practice can improve the EP in order to ensure that the success of the environment through the industry can be successfully pursued. The paper ends with a proposed future direction for this research.

Keywords: Green Supply Chain, Green Supply Chain Management, Green Manufacturing, Environment Performance, KPJ Healthcare Specialist Hospital, Malaysia

Introduction

Supply chain management and a healthy environment has gained great attention among practitioners or researchers actually began 17 years ago. Through methods and approaches, which are in the care of the environment of an organization will tend to become more integrated. According to (Zhou & Benton, 2007), the integration between supply chain strategy combined with green technology has a positive impact on supply chain performance particularly makes it easier. Furthermore, with the manufacturing of information among supply chain that affects the behavior and performance, it is able to make decisions better direction for the healthcare industry.

National Key Economic Areas (NKEAs) under the 10th Malaysia Plan (2011-2015) has outlined an activity that is identified as the healthcare industry. The healthcare industry in Malaysia has grown rapidly and steadily since the early '90s until now. Malaysia has been continuously vigilant about their healthcare system for many years in the healthcare industry (Habidin, Omar, Kamis, Latip, & Ibrahim, 2012). According to (Castro, 2009), activities that operate in Malaysia through healthcare has undergone a radical transformation. Malaysia should review its healthcare business strategy either to adopt a health care system that is driven by markets such as China, Singapore, and Japan which use the single-payer national health system (NHS). This is because today's healthcare industry continues to face a surplus rising costs, falling profits, steep regulatory compliance, and administrative inefficiency.

The healthcare industry is seen as one of the industry's responsibilities for the development of society and the nation. Coinciding with this, the healthcare industry also gave great service to the community to produce and develop a healthy society which can contribute to the country. Therefore, various programs and provisions have been made by the Malaysian government in order to see the people's welfare. Through Budget 2014, the operating and development expenditure in the healthcare industry in Malaysia has allocated RM22 billion (Ministry of Health Portal, 2015). In addition, the Malaysian government has also set up 1Malaysia clinics which aim to reduce treatment costs to be paid by the people. This shows the healthcare industry is one of the pillars of the economic development of the country towards becoming a developed nation by 2020.

Green Supply Chain (GSC) has become an important strategy in order to compete globally in the service industry. Since 1980, the supply chain has been concerned with almost all organization. Priority is now more focused on issues for many companies, not just a profit, venture capital, or the government, but

also engage healthy manner within their company (Hannon et al., 2011; Smith, 2012; Jamaludin et al., 2013; Habidin et al., 2014). According to (Jamaludin, Habidin, Shazali, Ali, & Khaidir, 2013), a source familiar to define 'green' is from the report of the World Commission on Environment and Development 1987. It states that sustainable development as development that meets present needs without compromising the ability of future generations to meet their own needs. A complex system of interacting as sustainable healthcare can be defined as an approach to recovery manage and optimize human health and the environment, and competitive in economic and social development (Beamon, 1999).

In order for Malaysia to achieve a developed nation status, improvements in term of healthcare services are required. This is because of customer very concern and seeks for the quality of products and services. In line with that, the Malaysian healthcare industry should provide the quality of their services or product in order to meet the customer's requirement.

In this study, GSCM has five domain categories in this study that are namely; Green Manufacturing (GM), Reverse Logistic (RL), Eco-design for Environment (ED), Green Purchasing (GP) and Green Distributor (GD). Furthermore, this paper also focused on Environment Performance (EP). There are three elements of EP: Operational Performance (OP), Economic Performance (ECP), and Innovation Performance (IP). However, for this article I only focused on one item out of five essential items in GSCM namely Green Manufacturing (GM).

Literature Review

Overview of Green Supply Chain Management

The Green Supply Chain Management (GSCM) concept is based on the introduction of environmental thinking into supply chain and has been the result of an evolutionary process strongly linked to the evolution of the Supply Chain Management (SCM) concept. Baojuan (1996) mention this has its origins in the 90's when the influence of the procurement function on the environment began to be investigated. Subsequently, Handfield et al. (1997) proposed a definition and a taxonomy of best environmental practices for the entire supply chain. From this study, this author proposed approach as an element GSCM inclusive of all stages of the product lifecycle.

Supply Chain (SC) are all activities related to transformation and flow of goods and services rather than material resources to end users (Bowersox & Closs, 1996). Adding components "green" SCM to integrate environmental management by addressing the influence and relationship to the natural SCM environment (Hervani & Helms, 2005; Srivastava, 2007). Therefore, it is desirable that the GSCM find the definition in the SCM.

There is widespread concern about GSCM practices, especially due to the importance of environmental groups and users (Fiksel et al., 1998; Beamon, 1999). Organizations face the pressure of competition and the public together with environmental laws and regulations enforced by the government. In fact, they are required to balancing both economic and environmental performance (EP) (Shultz & Holbrook, 1999; Zhu et al., 2004). In practice, GSCM's role is to maintain this balance. However, it is necessary to ensure that the benefits, environmental risks, and impacts that lowered and raised ecological efficiency in business (Zhu et al., 2004). Furthermore, several organizations have proved that there is a link between improved EP and financial gains are listed in Table 1 as below.

Table 1

Company Adaptation of GSCM

Company	Result	Authors
Common wealth Edison	50 million dollars have been saved by managing equipment and materials production through the adjustment of the green life cycle management.	Casper, 2010
Coca-cola and Pepsi	Have reduced the utility of more than 195 million corrugated material and more than 40 million can be saved by using the corrugated with reusable plastic containers.	Joseph, 2010
IBM, HP, and Xerox	Already taken steps to integrate the corresponding suppliers, distributors, and reclamation facility for greening their SC.	Sheu et al., 2005
Wal-Mart	The giant retail company expects to save 667,000 tons of carbon dioxide from entering the atmosphere by reducing packaging. The company also expects \$ 3.4 billion in direct savings and roughly \$ 11 billion in savings across the supply chain in 2015.	Françoise van den Broek, 2010
Nestlé	The company has applied to use the product packaging strategy by initiating an integrated approach that favors source reduction, reuse, recycling, and energy recovery. Saving packaging materials companies between 2006 and 2014 led to \$610 million in savings worldwide.	Françoise van den Broek, 2010

The Implementation of GSCM in Healthcare Industry

Successful implementation of the GSCM in various industries has attracted the organization in the healthcare industry to test its effectiveness. International Warehouse Logistics Association (IWLA) became the GSCM pioneer in healthcare industry whereby organizing convention and expo since 2010. Many healthcare organizations are following IWLA after its success story, benefiting from the implementation of GSCM practices. The focus of attention is the direct care delivery, and financial administration when implementing GSCM. A survey by UPS Communication for caution remains in the healthcare industry at U.S. find that logistics has become an increasingly essential part of healthcare company's overall strategy, enabling a high degree of operational efficiency. These efficiencies will remain a critical factor in moving forward whether the company's healthcare can succeed in areas such as operating of reform and achieve cost efficiencies can be focused to ensure that their supply chain is set to drive future business (3PL Americas, 2012).

In addition, Wilkerson (2005) explored the effects of GSCM to implement centers for disease control and prevention guidelines for hand hygiene in four intensive care units in three hospitals. Based on more than 4,000 the number of observations, he revealed that the observed compliance has increased from 47% to 80%. Therefore, the implementation of GSCM practices in the healthcare industry has been shown to help to achieve this healthcare organization.

GSCM Practices Constructs

GSCM is the practice of integrating environmental thinking into the SCM. It includes product design, materials and resources selection, manufacturing process, product delivery to end users, and end-of-life product management afterlife. GSCM also is a concerted effort across the enterprise and more than just implement some ecological practices, but the more reasonable approach to improving the environmental performance of all levels of management and organization (Zhu et al., 2007). GSCM integrated very importantly to the environment in SCM include the design of products and services, procurement, manufacturing, distribution, and end-of-life product management to achieve sustainable competitive advantage.

Based on the review of extent literature, there are a lot of CSFs have been investigated and identified. This is because CSFs in GSCM practices is important in order to gain the goals and great performance. The summary of findings CSFs in GSCM shown in Table 2.

Table 2

Previous Study About CSRs of GSCM

CSF of GSCM	A	B	C	D	E	F	G	H
Green Manufacturing	*		*	*	*			*

Note: (A) Nimawat and Namdev, 2012; (C) Zhu et al., 2012.; (D) Sarace-Castro et al., 2014; (E) Kumar and Shekhar, 2013; (H) Srivastava, 2007.

Have been mentioned before, there several studies concerning CSFs in GSCM. This study focuses on one factor which are green manufacturing as constructs in GSCM. These factors are selected because it is relevant to study the relationship between GSCM and EP in the healthcare industry. Besides, there are some of the previous studies concerning these five factors which are Srivastava (2007), Zhu et al. (2012), Nimawat and Namdev (2012), Kumar and Shekhar (2013), Sarace Castro et al. (2014), and Masoumik et al. (2015). Based on the five factors that have been chosen as shown in Table 3.

Table 3

GSCM Constructs Items

GSCM constructs	Definitions
Green Manufacturing (GM)	Green manufacturing is a combination of a set of manufacturing processes to reduce the use of resources, it is not hazardous waste and generate little or no contamination (Deif, 2011). According to Bose and Pal (2012), GM is to provide an environment free of pollution to consumers, employees, and the community.

A Review of Relationship between GSCM and EP

Due to the limited research on GSCM and EP, this section will provide reviews on sustainability with respect to the EP method. The literature has offered insights into the potential patterns of internal and external supply-chain-based relations for improving EP (Geffen & Rothenberg, 2000; Vachon, 2007; Seuring & Mueller, 2008). A positive relationship between SCM and EP is increasingly evidenced in the literature. Previous studies show that external GSCM practices such as supplier and customer collaboration will facilitate the adoption of internal GSCM practices, with the explicit purpose of improving EP in the supply-chain-wide context (Vachon & Klassen, 2006, Vachon, 2007).

Methodology

The questionnaire is a conceptual model of development that has been established by researchers in previous studies related to GSCM practices. The collection of data at the end of the study carried out entirely by e-mail every six branches Healthcare in Selangor area from October 2016 to December 2016. Researchers have been in contact with Mrs. Marisa Amiruddin, Corporate Manager - Talent Management KpJ Healthcare Berhad. Researchers choose respondents from companies that hold top management positions such as managing directors, quality control, and manufacturing managers about the practice and performance of their companies. For the purpose of this research, questionnaires are given simultaneously in every 6 KPJ branches by researchers. 132 sets of questionnaires were collected which showed 100% response rates from 132 sets of questionnaires distributed on KPJ management in Selangor.

Validity

Generally, the only measure of reliability research does not give any confidence, which can convince more of validity. There is another instrument that determines the strength of the validity of the test. Through this legality, necessarily it is a measuring instrument that must be reliable and must also be valid. Validity refers to the extent to which instruments should be measured (Bagozzi et al., 1991; Ary et al., 2002; Sekaran, 2003). In this study, the instruments of ratification procedures following conclusions:

1. Content validity
2. Construct validity

The Content validity set sampling represents the set of items that measure the overall concept, and chapter reveals how the dimensions and elements of the concept that has been set (Sekaran, 2003). The content validation was done through a comprehensive literature review on the concept of GSCM and EP that are related to the nature of the quality improvement for KPJ healthcare specialist hospital in Selangor. Moreover, the construct should have measure items that are reviewed by an expert; academicians or professionals on the relevancy and adequacy of the construct (Flynn et al., 1990; Hair et al., 1998; Zikmund, 2003). Hence, items that have been raised will be reviewed by involving a number of academics and industry experts who have experience and knowledge in GSCM and EP especially in the healthcare industry. Comments and feedback on the content and the wording of the question will be changed before the questionnaires were distributed. In this study, content validity has been proven through validation specialists as described in the previous sections.

Statistical Analysis

The survey instrument was analyzed using a statistical software namely the SPSS for window Version 21. The data were analyzed in three ways using 1) descriptive statistics and t-test; 2) correlation and 3) multiple regression analysis.

Descriptive Statistics

Descriptive statistics was used to describe or summarize the information or data obtained for the population or sample (Yahaya et al., 2007). These statistics are also used to make a data summary that has large quantities. Descriptive statistics are used to describe the respondent's general information such as the date of establishment of the hospital, type of ownership, number of employees, respondent's current position and year of the current position. The descriptive statistics that have been used in this study were frequency, percentage.

Correlation Analysis

The correlation analysis was applied to a hypothesis for examining whether there are a significant relationship between GSCM practices construct (GM) and EP for KPJ healthcare specialist hospital in Selangor. Data were analyzed with programs guided by the Statistical Package for the Social Science (SPSS) version 21. The researcher assessments mean scores based on assessments by Nunnally and Bernstein (1994), by interpreting mean GSCM construct practices and EP in this study as shown in Table 4

Table 4
The Mean Analysis

No.	Mean Scale	Mean Strength
1	4.60 – 7.00	Very Strong
2	3.10 – 4.50	Strong
3	2.60 – 3.00	Weak
4	1.00 – 2.50	Very Weak

(Source: Nunnally & Bernstein, 1994)

The Pearson correlation was used to examine the relationship between dependent and independent variables, to predict the strength of the relationship as well as the direction of the relationship. This test was mainly used to answer the first research question in this study. Gliner, Morgan, and Leech (2009) recommended that Pearson correlation can vary from -1.0, which considered as perfect negative correlation through 0.0, which is no correlation at all to +1.0, which is considered as a perfect positive correlation. The coefficient scale and relationship strength of correlation has been lined out by Alias Baba (1992) to interpret the relationship between two variables as shown in Table 5.

Table 5
The Coefficient Scale and Relationship Strength of Correlation

Coefficient Scale	Relationship Strength
$\pm 0.81 - \pm 1.00$	Very Strong (VS)
$\pm 0.61 - \pm 0.80$	Strong (S)
$\pm 0.41 - \pm 0.60$	Moderate (M)
$\pm 0.21 - \pm 0.40$	Weak (W)
$\pm 0.01 - \pm 0.20$	Very Weak (VW)

(Source: Alias Baba, 1992)

In order to determine the significance between two variables, it can be seen through the significant value. If the significant value, $p < 0.05$, therefore, there is a correlation between the variables. If the value is above the sign value, it can be concluded that the variable is not significant and there is no relationship between the variables involved (Coakes & Steed, 2007).

Multiple Regression Analysis

The purpose of performing this test is to see how much of the variance in the dependent variable that is affected by the independent variable. The R-square value is used to interpret the data in terms of variance explained both variables (Gliner et al., 2009). This test is also required to achieve the objectives of both studies. The analysis was used to analyze managed the best predictor among GSCM in the EP for KPJ healthcare specialist hospital in Selangor. To determine the influence of independent variables on the dependent variable, it can be seen through significant value in the table managed it. If the value is below the significant level of $p < 0.05$, this means that the independent variables affect the dependent variable. Conversely, if the value is above the value of the sign, it shows that there is no correlation between independent and dependent variables (Gliner et al., 2009).

Results and Discussion

Descriptive Analysis of Respondent's Background

This chapter discussed the general background of respondents, including KPJ branch location, type of ownership, the number of employees, current position, and years in current position. From the information, the criteria of the respondent can be identified from the background for KPJ healthcare specialist hospital in Selangor.

Analysis of Demographic Items

As for this part, the frequency distribution was used to summarize the general or background information of the respondents. The result shows that 21.2% of the 132 KPJ healthcare highest certified in Selangor was represented by KPJ SSH with 22 respondents while KPJ KSH frequency is lowest at 17 respondents representing frequency (12.9%). KPJ DSH is also the second highest with 24 respondents (18.2%) and thus KPJ KLGSH of 22 respondents (16.7%), KPJ APSH also by 21 respondents (15.9%), followed by KPJ RSH by 20 respondents (15.2%) who participated in the study this.

Critical Success Factors of GSCM for KPJ Healthcare Specialist Hospital in Selangor

This section explained the critical success factors (CSFs) for GSCM implementation at KPJ healthcare specialist hospital in Selangor. It shows five CSFs of GSCM which consists of GM. The various means for the perception of importance were analyzed. The overall mean for each factor was obtained to investigate the level of each GSCM construct perceived by respondents.

Based on Table 6, it shows the value of the mean and standard deviation of the independent variable. According to the result, for the independent variable, GM obtained the mean value by 6.3939.

Table 6

Mean Perception and Standard Deviation and Rank of CSFs by Degree of GSCM Constructs

Factors	Mean	SD
Green Manufacturing (GM)	6.3939	0.35484

Critical Success Factors of EP for KPJ Healthcare Specialist Hospital in Selangor

This section explained the critical success factors (CSFs) for EP implementation at KPJ healthcare specialist hospital in Selangor. It shows three CSFs of EP which consists of economic performance, operational performance, and innovation performance. The various means for the perception of importance were analyzed. The overall mean for each factor was obtained to investigate the level of each EP construct perceived by respondents.

Table 7

Mean Perception and Standard Deviation and Rank of CSFs by Degree of EP Constructs

Factors	Mean	SD	Rank
Economic Performance (ECP)	6.4110	0.35642	3
Operational Performance (OP)	6.4716	0.36504	1
Innovation Performance (IP)	6.4375	0.33036	2

Based on Table 7, it shows the highest mean value for operational performance, the dependent variable is 6.4716. The second highest mean value is 6.4375 obtained by innovation performance and followed by an economic performance with mean value 6.4110.

Pearson's Correlation Analysis

The correlation analysis was carried out to determine the type and the strength of relationship exists between the variables in the hypothesis. In order to achieve the second objective of the study, the Pearson's correlation was used to examine the relationship between GSCM (GM) and EP (economic performance, operational performance, innovative performance). In this study, Pearson Correlation was used to test significant at 99% confidence level or $p < 0.01$ (significance level). For this study, if the p-value less than 0.01, the research hypothesis will be accepted and proved that there is a positive relationship between measured variables. A one-tailed test was used since the statements of hypotheses stipulate the direction of the relationships are positive. Table 8 represents the result of Pearson's correlation analysis:

Table 8

Correlation between Independent Variables and Environmental Performance (N=132)

Variables	EP	Pearson Correlation	
		Sig.	CS
Green Manufacturing	0.519	.000**	S

** Correlation is significant at the 0.01 level (1-tailed)

According to Table 8 all the five independent variables of GSCM which is GM shows a positive and significant result $p = 0.000$, where the significant value less than 0.001 ($p < 0.001$). The degree of strength of the relationship between the variables of CSFS of GSCM is moderate but the GSCM relationship between EP are strong by 0.667.

Pearson correlation test that used to examine the relationship between GM and EP obtain the value of coefficient $r = 0.519$ and significant by $p = 0.000$ ($p < 0.01$). Based on table 4.3, the value of results proved that a positive relationship exists between GM and EP while the degree of strength is moderate. The result also shows that the strength of the relationships are moderate. Referring to Alias Baba (1992), when the coefficient scale is between ± 0.41 and ± 0.60 , the relationship strength is considered as moderate.

Overall, the findings of Pearson correlation analysis clearly show and proved that independent variables CSFs of GSCM (GM) have a positive relationship and correlate significantly with the dependent variable (EP). The findings of correlation also indicate that CSFs influence moderately for EP. Thus from this finding, the researcher accepts Research Hypothesis 1 stating that there is a positive and significant relationship exists between all critical success factors of GSCM with EP.

Table 9
Summary of All Hypotheses (N=132)

Hypothesis	Hypothesis Statements	Remark
H1	There is a positive and direct significant relationship between green manufacturing and environmental performance for KPJ healthcare industry in Selangor.	Supported
H2	There is a positive and direct significant relationship between green supply chain management and environmental performance for KPJ healthcare industry in Selangor.	Supported

Multiple Regression Analysis

Multiple regression analysis was applied to identify the best predictor influencing the EP among KPJ healthcare specialist hospital in Selangor. The variables of GM were tested using multiple regression to achieve the third objective of this study. If the value is below the significant level of $p < 0.05$, this means that the independent variable influences the dependent variable. In contrast, if the value is above the sign value, it indicates that there is no influence between the independent and dependent variables (Gliner et al., 2009).

Table 10
Multiple Regression Result (N=132)

R	R Square	Adjusted R Square	R Std. Error of the Estimate	F	Sig
0.682	0.465	0.444	02.164	21.895	.000
Dependent Variable : Environmental Performance					
Model (Constant)		Standard Coefficient Beta	T		Sig
			3.464		.001**
Green Manufacturing		0.242	2.817		.006**

Sig: ** $p < 0.05$

The regression result in Table 10 shows that green supply chain management consisted of GM jointly explain 46.5% of the variance in predicting EP. The GSCM model proposed is significant at 0.00 level ($F=21.895$, $p=0.000$). GM variables have been found to have statistically significant associations with EP. The variables are GM ($Beta=0.242$, $p=0.006$). The largest beta coefficient obtained was 0.242 for GM and this corresponds with the third highest t-statistic of 2.817. This means that this variable makes the strongest unique contribution in explaining the dependent variable, EP when the variance explained by all other predictor variables in the model was controlled for. It suggests that one standard deviation increase in GM is followed by 0.242 standard deviation increase in EP. Therefore, GM are the important predictors in influencing EP among KPJ healthcare specialist hospital in Selangor based on the findings of this analysis.

Conclusions and Future Researches

The studies of GSCM has to continue various potential to explored. Due to pressure from customers and government bodies on environmental protection, the healthcare industry is expected to achieve a balance of EP. GSCM constructs can be extended to cover a wider area than existing studies. Based on the results of multiple regression, the R Square explains 46.5% (Table 4.12) of the variance in predicting EP. This suggests that there are other factors that influence EP. Furthermore, there is still a lack of GSCM parsimonious theory in explaining how and why GSCM lead to better performance, and what and who should be integrated (Wong, Wong, & Boon-itt, 2015).

In terms of data collection, the sample size can contribute to the greater accuracy of the results it. Therefore, increasing the sample size to healthcare hospital throughout Malaysia will be a good suggestion for future research. In addition, each country is facing with different levels of pressure and different levels of technological advancement for green manufacturing practice (Zhu et al., 2010), a study on the comparison will be able to achieve more conclusive results. It will also help to generally provide instructions on how sustainable performance can be achieved through green practices, particularly among healthcare firms

Acknowledgement

The researchers would like to acknowledge the Ministry of Education (MOE) for the financial funding of this research through Exploratory Research Grant Scheme (ERGS), Research Management Centre (RMC), and UPSI for Research University Grant (RUG).

References

- 3PL Americas (2012). Supply Chain Management in the Health-Care Sector. The Magazine of IWLA in North America. (MAG title supply in healthcare sector).
- Alias Baba. (1992). Statistik penyelidikan Sains Sosial. Bangi: Universiti Kebangsaan Malaysia.
- Ary, D., Jacobs, L. C., & Razavieh, A. (2002). Introduction to Research in Education. Belmont, CA: Wadsworth/Thomson Learning.
- Bagozzi, R. P., Yi, Y., & Philips, A. (1991). Assessing construct validity in organizational research. *Administrative Science Quarterly*, 36(4), 421-458.
- Baojuan, S. H. I. (1996). Green supply chain management and implementing strategy. Working paper, Hebei Polytechnic University, China, 1-4.
- Beamon, B. M. (1999). Designing the green supply chain. *Logistics Information Management*, 12(4), 332-342.
- Bowersox, D. J., & Closs, D. J. (1996). *Logistical management: the integrated supply chain process*. New York: McGraw-Hill.
- Carter, C. R., & Ellram, L. M. (1998). Reverse logistics: a review of the literature and framework for future investigation. *Journal of Business Logistics*, 19(1), 85-102.
- Casper. (2010). *Greenhouse Gases: Worldwide Impacts* (Second Edition ed.). Infobase Publishing.
- Castro, J. M. (2009). Health Care in Malaysia. Available at <http://www.expatforum.com/articles/health/health-care-in-malaysia.html>. Accessed September 26, 2012.
- Deif, A. M. (2011). A system model for green manufacturing. *Journal of Cleaner Production*, 19(14), 1553-1559.
- Eltayeb, T. K., & Zailani, S. (2009). Going Green Through Green Supply Chain Initiatives Towards Environmental Sustainability. *Operations & Supply Chain Management*, 2(2), 93-110.
- Fiksel, Joseph, McDaniel, Jeff, & Spitzley, David. (1998). "Measuring Product Sustainability". *The Journal of Sustainable Product Design*.
- Flynn, B. B., Sakakibara, S., Schroeder, R. G., Bates, K. A., & Flynn, J. B. (1990). Empirical research methods in operation management. *Journal of Operations Management*, 9(2), 250-284.
- Françoise van den Broek (2010). Green Supply Chain Management, Marketing Tool or Revolution?. Published on the occasion of the inaugural speech related to the lectureship Logistics & Sustainability.
- Geffen, C., & Rothenberg, S. (2000). Sustainable development across firm boundaries: the critical role of suppliers in environmental innovation. *International Journal of Operations and Production Management*, 20 (2), 166-186.
- Gliner, J. A., Morgan, G. A., & Leech, N. L. (2009). *Research Method in Applied Settings: An Integrated Approach to Design and Analysis*. New York: Taylor & Francis Group, LLC.
- Habidin, N. F., Omar, C. M. Z. C., Kamis, H., Latip, N. A., and Ibrahim, N. (2012). Confirmatory Factor Analysis of Lean Healthcare Practices in Malaysian Healthcare Industry. *Journal of Contemporary Issues and Thought*, 2 (1), 17-29.
- Habidin, N. F., Shazali, N. A., Ali, N., Khaidir, N. A., and Jamaludin, N. H. (2014). Exploring lean healthcare practice and supply chain innovation for Malaysian healthcare industry. *International Journal of Business Excellence*, 7 (3), 394-410.
- Hair, J. F., Anderson, R. E., Tatham, R., & Black, W. (1998). *Multivariate data analysis with readings* (4th ed.). Englewood Cliffs, New Jersey: Prentice Hall.
- Handfield, R. B., Walton, S. V., Seegers, L. K., & Melnyk, S. (1997). "Green" value chain practices in the furniture industry. *Journal of Operations Management*, 15(4), pp. 293-315.
- Hannon, A. and Callaghan, E. G. (2011). "Definitions and organizational practice of sustainability in the for-profit sector of Nova Scotia." *Journal of Cleaner Production*, 19(8), 877- 884.
- Hervani, A., Helms, M., & Sarkis, J. (2005). Performance measurement for green supply chain management. *Benchmarking: An International Journal*, 12(4), 330-353.
- Jamaludin, N. H., Habidin, N. F., Shazali, N. A., Ali, N., and Khaidir, N. A. (2013). Exploring Sustainable Healthcare Service and Sustainable Healthcare Performance: Based on Malaysian Healthcare Industry. *Journal of Sustainable Development Studies*. 3 (1), 14-26.

- Joseph. (2010). *Greening the Supply Chain* (First Edition ed.). Springer.
- Kumar, R. & Shekhar, S. (2013). Green Supply Chain Management: A Review. *International Journal Of Research In Aeronautical And Mechanical Engineering*, 1(7), 245-255.
- Lambert, M. D., & Stock, J. R. (1981). *Strategic Physical Distribution Management*. Homewood: Irwin.
- Martínez-Giraldo, J. & Sarache-Castro, W. A. (2014). Green supply chains: Conceptual bases and trends, in Cardona-Alzate, C. and Sarache-Castro W.A., *Green supply chains. Applications in agroindustries*. Instituto de Biotecnología y Agroindustria, Universidad Nacional de Colombia, Manizales, 13-26.
- Masoumik, S. M., Rashid, S. H. A., Olugu, E. U. & Ghazilla, R. A. R. (2015). A Strategic Approach to Develop Green Supply Chains. *Procedia CIRP* 26(2015) 670 – 676.
- Min, H., & Galle, W. P. (1997). Green purchasing strategies: trends and implications. *International Journal of Purchasing and Materials Management*, 33(3), 10-17.
- Montabon, F., Sroufe, R., & Narasimhan, R. (2007). An examination of corporate reporting, environmental management practices and firm performance. *Journal of Operations Management*, 25, 998-1014.
- Nimawat, D. & Namdev, V. (2012). An Overview of Green Supply Chain Management in India. *Research Journal of Recent Sciences*, 1(6), 77-82.
- Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York, NY: McGraw-Hill.
- Rao, P., & Holt, D. (2005). Do green supply chains lead to competitiveness and economic performance. *International Journal of Operations and Production Management*, 25(9), 898-916.
- Rusli, K. A., Rahman, A. A., Jo Ann Ho, J. A., Abdullah, R. (2013). How Green is Your Supply Chain? Evidence from ISO 14001 Certified Manufacturers in Malaysia. *Pertanika Journals Social Sciences & Humanity*, 21(S), 213 – 230.
- Sekaran, U. (2003). *Research methods for business: A skill building approaches* (4th Ed.). USA: John Wiley & Sons.
- Seuring, S. & Muller, M. (2008). From a literature review to a conceptual framework for sustainable supply chain management. *Journal of Cleaner Production*, 16(15), 1699-1710.
- Sheu, J. B., Chou, Y. H., & Hu, C. C. (2005). An Integrated Logistics Operational Model for Green-Supply Chain Management. *Transportation Research*, 41, 287-313.
- Shultz, C. J., & Holbrook, M. B. (1999). Marketing and Tragedy of The Commons: A synthesis, Commentary and Analysis for Action. *Journal of Public Policy and Marketing*, 18(2), 218-229.
- Smith, M. E. F. (2012). *Sustainable healthcare: a path to sustainability*. Lund University University of Manchester, University of the Aegean, and Central European University.
- Srivastava, S. K. (2007). Green supply-chain management: A state-of-the-art literature review. *International Journal of Management Reviews*, 9(1), pp. 53-80.
- Vachon, S. & Klassen, R. D. (2008). Environmental management and manufacturing performance: The role of collaboration in the supply chain. *International Journal of Production Economics*, 111(2), 299-315.
- Vachon, S. (2007). Green supply chain practices and the selection of environmental technologies. *International Journal of Production Research*, 45(18), 4357–4379.
- Wilkerson, J.R. (2005). Building progressive measures of teacher dispositions. In Wilkerson, J. (Chair), *Measuring teacher dispositions with credibility: a multi institutional perspective*, Symposia presented at the Annual Meeting of the American Association of Colleges of Teacher Education, Washington D.C.
- Wong, C. Y., Wong, C. W. Y., & Boon-itt, S. (2015). Integrating environmental Management into supply chains. *International Journal of Physical Distribution and Logistics Management*, 45(1/2), 43–68.
- Yahaya, A., Hashim, S. Ramli, J., Boon, Y., & Hamdan, A. R. (2007). *Menguasai Penyelidikan dalam Pendidikan: Teori, Analisis dan Interpretasi Data*. Kuala Lumpur: PTS Professional Publishing Sdn Bhd.
- Zhou, H. and Benton Jr. W.C., (2007). Supply chain practice and information sharing. *Journal of Operations Management*, Vol. 25. No. 6, pp. 1348-1365.
- Zhu, Q. and Sarkis, J. (2004). Relationships between operational practices and performances among early adopters of green supply chain management practices in Chinese manufacturing enterprise. *Journal of Operations Management*, 22: 265-289.
- Zhu, Q., Sarkis, J. & Lai, K. (2007). Green supply chain management: pressures, practices and performance within the Chinese automobile industry. *Journal of Cleaner Production*, 15(11), 1041-1052.
- Zhu, Q., Sarkis, J., & Lai, K. (2010). Examining the effects of green supply chain management practices and their mediations on performance improvements. *Journal of Environmental Management*, 92, 577-591.
- Zhu, Q., Sarkis, J., & Lai, K. H., (2012). Examining the effects of green supply chain management practices and their mediations on performance improvements. *International Journal of Production Research*, 50(5), 1377–1394.
- Zikmund, W. G. (2003). *Business research methods*, (7th ed.). Ohio: Thompson, South-Western.
- Zsidisin, G. A., & Siferd, S. P. (2001). Environmental purchasing: a framework for theory development. *European Journal of Purchasing & Supply Management*, 7, 61-73.

SIRAH NABAWIYYAH: IS IT STILL RELEVANT?

Nazatul Azreen Abdul Hayi

Abstract

Majority of Muslims today especially youth are found to be following friends and leaders that lack the characteristic of *rahmatan lil-alamin*. Why is this happening? Is it due to the absence of role-models that display the characteristics of *rahmatan lil-alamin*? Or the leadership of the Prophet is not taken to be followed? Is the Prophet's leadership not relevant anymore? Or is it due to the Islamic Education not making the Prophet's leadership relevant for the 21st century Muslims? To answer those questions, this research strips off the condition of the Jahiliyyah Arabs in the Makkan phase and the condition of the 21st century society today; to determine whether similarities exist or do not, in order to answer the question of relevance. The methodology employs the application of two functions - the function of history in the Quran and the function of the Sirah Nabawiyyah, so the Jahiliyyah lifestyle dominating the Muslim society today, can be highlighted.

Key Words: Sirah, Prophet, Jahiliyyah, Leadership, Role-model, Quran, History, Relevance

Introduction

What is it with the Sirah Nabawiyyah?

The names of these leaders are often referred to, spoken about and adhered to in the Muslim community at individual, organization and national level. Among them are Tun Mahathir, Erdogan, Zuckerberg, Jack Ma, Syed Saddiq, Mother Teresa, Ghandi, Anwar Ibrahim, Dr Zakir Naik, Dr Maza, Syed Naquib al-Attas, Syekh Yusuf al-Qaradawi, Al-Ghazali, Mufti Menk, Ebit Lew, Nouman Ali Khan, Prof. Muhaya, Ustaz Don, Prof Shamrahayu, Dr Zaharuddin, Dr Afifi, the four Imams (Muhammad Rizwan-ul-Haque 2017), CEOs of companies, corporate people, celebrities, artists. The leadership of the Prophet is as if non-existent, almost not discussed except in matters of outfit, food, fiqh, marriage, and his family.

The source of the problem is pointed out in the verse below when Muslims take other leaders as role-model, this means choosing to follow and refer other than the Quran and the Sunnah of the Messenger, which is opposed to the expectation of Surah al-A'raaf, 7:3 "*Follow what has been revealed to you from your Lord and do not follow leaders besides Him, how little do you mind*"; thus, the function of the Sirah Nabawiyyah also vanished from the lifestyle of the Muslims today. As a result, the Quran that contains the commandment of Allah which needs to be executed and established by humans as *Khalifah* on the face of His earth, are not carried out. Hence, oppression, tyranny, deterioration of the Muslim community has been spreading like cancer for hundreds of years and widespread from China to the Middle East to Europe.

Until today there is no leader from the West or Asia that can come up, keep up or beat the Prophet's track record in establishing a just government where justice prevails in all aspects – politic, economic, social, education, private and public lives; and where peace, prosperity and stability were enjoyed by all without exception, without racial discrimination and acknowledged by the West. This achievement happened without the help of Google, smartphones, intelligence satellites, loans from IMF, World Bank, injection of funds from advanced countries. A track record that is different from leaders today who have abundant technological resources and allies, but no results.

Problem Statement

With the track record above, why is the leadership of the Prophet (as head of state, entrepreneur, husband, father, companion, teacher, etc) not followed, referred to by the Muslim community, even though the Muslim community is the ummah of the Prophet Muhammad? Is it true that it is not relevant? Or is it because the Islamic Education has not been successful to make it relevant?

Farid Wajdi Mohd Nor (2013) confirmed that Prophet is not taken as role-model among teenagers-youth and teachers. More shockingly, the increase of religious schools/tahfiz every year (Table B) is expected to produce good character and reduce social problems every year, yet the opposite happens (Munada Binti Mohammad Rodi, 2009). Based on the interview with Ustaz Nor Faisal from JAIS Enforcement Unit, 13 April 2018, 10 am, role model is identified as one of the main cause for the increase in social problems. This finding is based on his observation and experience.

The data from Table B below which was acquired from JAIS for 5 years, from 2013 to 2017, confirms there is correlation between the increase of religious schools with the increase of social problem complaints. This does not reflect the advantage of Islamic Education (IE). Instead, this correlation shows something is not right with IE because the learning of IE including Sirah Nabawiyyah from primary one to form five, takes place about 8 to 11 years, certainly this is not a short period of time. However, the result shows otherwise that teenagers-youth are easily influenced and swayed by role-models that lack the characteristics of rahmatan lil-alamin.

Table 1

Data Obtained from JAIS 2018 Showing A Steady Increase in (i) and (ii)

(i) Total number of complaints on social problems from 2013 to 2017: -

Year	2013	2014	2015	2016	2017
Total number of complaints	1,255	1,311	1,573	1570	1,601

Increasing every year

* (i) is based on reports received from public and recorded by JAIS, but the unreported ones are not recorded.

The actual number could be higher but is unknown.

(ii) Amount of religious schools under JAIS from 2013 until 2017:

Year	2013	2014	2015	2016	2017
Total number of schools	1026	1081	1213	1275	1379

Increasing every year.

Highlights of Past Studies

Findings of Khairul Hamimah Mohamad Jodi, Syaidatun Abu Zahrin, Hadenan Towpek, Nurul Husna Mansor 2015 and Sinar Harian dated 24 January 2017 entitled '*Transformasi subjek Pendidikan Islam*', found that the Sirah Nabawiyyah is taught and learnt for scoring A in the examinations, it is not made relevant in everyday life of the students.

So as the research of Wan Sofian Mustafa Roni 2016 and Norzaharah 2011, which found out that IE teachers stress more on matters concerning worship (*ibadah*), morale (*akhlak*), and *tadarus* al-Quran, while the techniques often used are memorisation and answering exam question in the teaching and learning of the Sirah Nabawiyyah. This caused the role-model of the Prophet not chosen to be applied inside and outside of class, because there is no connection between theory (what is in the books, classroom and exam) and reality (everyday life).

This is in accordance with the studies of Rozita Che Mustapa, Ezad Azraai Jamsari, Norshahidah Zakaria, Nurliyana Mohd Talib (2011) who found out teachers are less competent in teaching and learning of the Sirah Nabawiyyah and Islamic Civilisation due to having less interest and comprehension on the significance of this subject. The tendency to use storytelling method without emphasizing on the purpose and end goals of teaching and learning of Sirah Nabawiyyah contributes to weak appreciation and

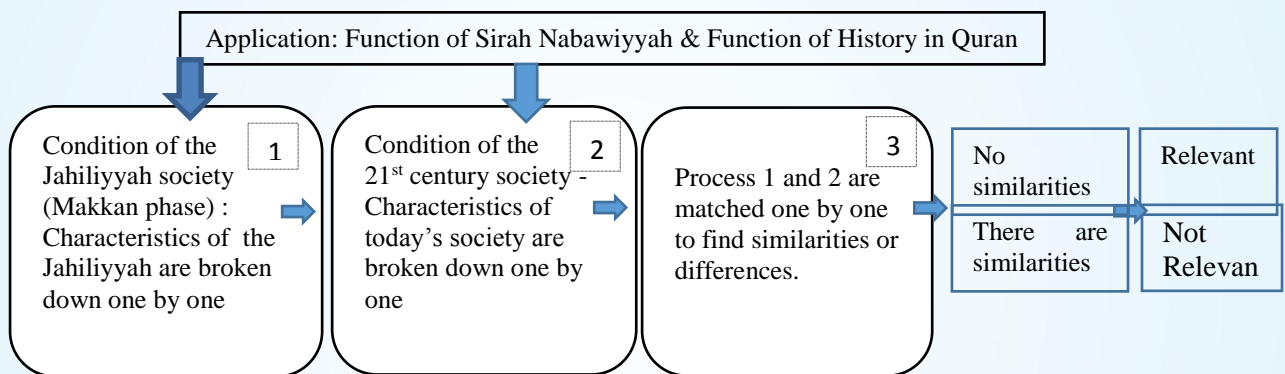
application. Instead, if the Sirah Nabawiyyah were seen relevant like prayers and hajj, certainly the purpose, the fight and end goals of the Prophet would be given importance and made relevant in today's life; not only storytelling for fun learning or easy teaching.

Purpose of Research and Its Significance

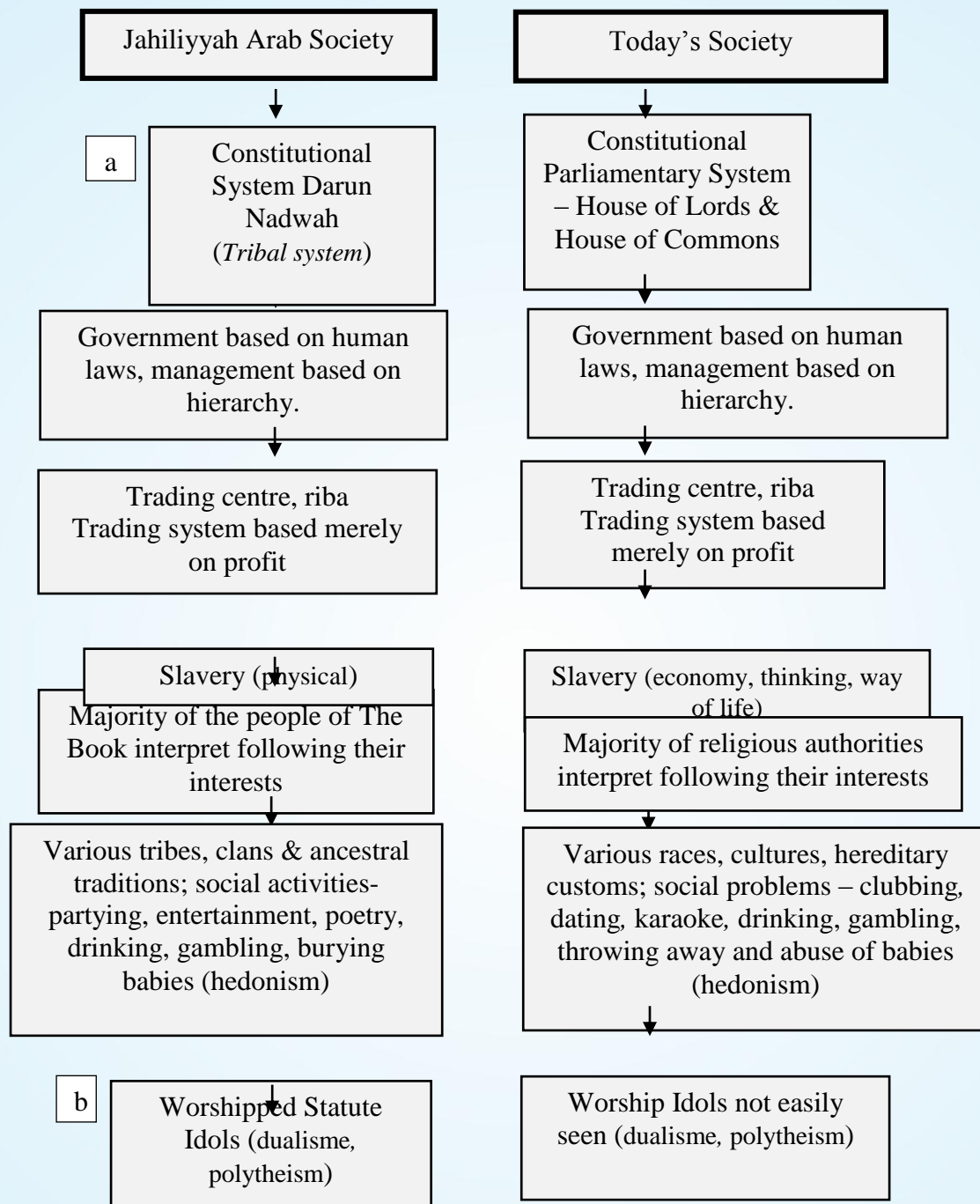
Concluding from the discussion above, it has become a necessity to answer the question about the relevance of Sirah Nabawiyyah, so this subject will not be continued to be treated, taught and learnt merely as an academic subject or history of the past people or be seen irrelevant due to industrial revolution (IR) 4.0.

Methodology

To fulfil the above aim, Sirah Nabawiyyah is re-examined and defined as the pattern of the Rasul's journey as the Messenger of Allah in establishing Din al-Islam. It consists of his thought process, his fight, his vision, mission, and strategy, starting from the first revelation *Iqra* until the last revelation and his demise, in 2 important phases: Makkah and Medina. The term 'Sirah' in *Sirah Nabawiyyah* stems from "sara" (*sin, alif, ra*) "yasiru"; which brings the meaning of **walking, pathing, journey** (Muhammad Rasuli Jamil 2011). Almost 1,000 verses from the 6,000 verses in the Quran is about history (Zuraini Binti Ibhrim 2015). Thus, the function of history in the Quran – *Ibrah* (*Al-Ahzab* 21), *Mau'idzah* (*Al-Baqarah* 214), *Hudan* (*Yusuf* 111) from Ibnu Bahasan 2010 are also applied in this process as follows.



Similarities between the Jahiliyyah Arab Society and Today's Society

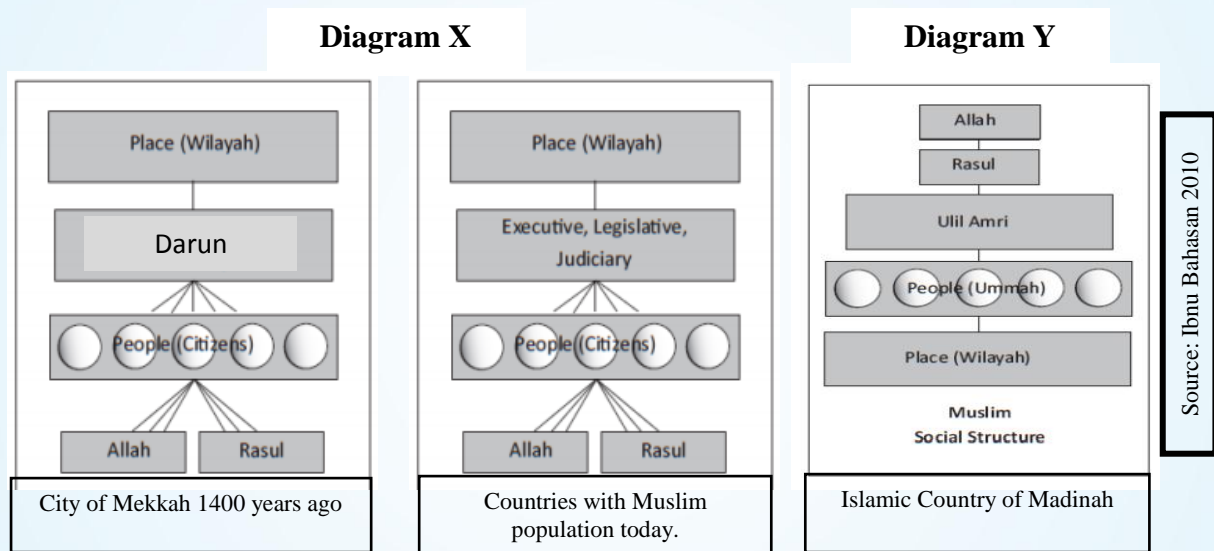


Findings

From this stripping and mapping, it is clear the similarities between the two conditions of societies are repeated in the **same categories but in different forms**, hence the existence of Jahiliyyah in today's society. This existence proves the relevance of Sirah Nabawiyah. Two key points to be highlighted here. Firstly (a) The Constitution according to Cambridge Dictionary means a set of political principles by which a state or an organization is governed. The root word is constituents meaning parts that form

something. For example, the constitution of Malaysia i.e. Federal Constitution has a Parliament which consists of 2 parts - House of Lords and House of Commons. Similarly, the constitution that governs Makkah at that time although unwritten like Britain's constitution, was named Darun Nadwah. Darun Nadwah consisted of a group of people (the Quraysh tribe) who manages the day to day of the city, decides the order, control and movement of the city, and the way of life of the people there. Look at Diagram X.

Secondly, (b) idols according to Cambridge Dictionary mean an image or representation of God used as an act of worship, commonly known as statues that are worshipped by non-Muslims. Another meaning is a person or a thing that is greatly admired or revered. Hence, idol in the context of Jahiliyyah is anything or anyone, visible or invisible that is revered or greatly admired and becomes the basis, the centre of one's decision making in life in public or private setting (Dusuki Ahmad 1974). For example, money or self-interest. Idols in Makkah at that time consists of both types, first the man-made statues that are easily seen, secondly the idols that are not easily seen which is Darun Nadwah (Diagram X). Idols of today's society are also the same. There are statues that are easily seen for example monuments or places of worships and idols not easily seen, too. The latter is the Parliament where a group of humans arrange, control, order, decide the thinking and way of life of a society based on thoughts and laws of man (Diagram X).



In closing, although the Muslim community is living as a Muslim outwardly, the reality is Muslims for centuries have been bowing down to idols that are governing and arranging Muslims' way of life. This way of life (bowing down to more than one idols/Gods) called dualisme, polytheisme is definitely not the Muslim's way of life prescribed by Quran and Sunnah Rasul (see Diagram Y).

Solution

Is there a way out from this chain of Jahiliyyah and worshipping idols that is pinning down the Muslims ever since the collapse of Din-al-Islam around 1800-1900? The real issue is not whether there is a way out or not, but whether Muslims **want** to make the Sirah Nabawiyyah functioning and use it as a way out; which is the way of the Prophet when he was in the same situation in Makkah more than 1400 years ago. As for Islamic educators, the real issue is not about their helplessness to change the educational system, but whether they **want** to continue to treat Sirah Nabawiyyah merely as stories of the past and an easily-scored subject, or take it as an application and solution in solving the problems of the Muslim community today, particularly the teenagers- youth who are always looking for role-models and directions. So it doesn't come as a surprise when today's teenagers-youth prefer others instead of following the leadership of the Prophet.

References

- Ahmad Nabil bin Amir. 2009. Sistem politik Islam di zaman Nabi Muhammad SAW. *Jurnal Usuluddin* (29): 221-252.
- Azimah Ghazali. 2017. Transformasi subjek Pendidikan Islam. *Sinar Harian*, 24 Januari 17.
- Al-Islam.org. 2018. Arabia before Islam. <https://www.al-islam.org/restatement-history-islam-and-muslims-sayyid-ali-ashgar-razwy/arabia-islam#political-conditions-arabia>
- Balkis Abu Bakar. 2000. *Early opposition to the prophet Muhammad* (pbuh) A literary and historical study. Kuala Terengganu Middle East Islamic Graduates Association.
- Bourke, S. 2008. *The Middle East: The Cradle of Civilisation Revealed*. Babylonia: Global Book Publishing.
- Breay, C. & Harrison, J. 2014. Medieval origins. <https://www.bl.uk/magna-carta/themes/medieval-origins>
- Farid Wajdi Mohd Nor. 2013. The roles of school in promoting the awareness of the sunnah of the prophet Muhammad SAW among Muslim adolescents in Selangor. *ICSSR E-Journal of Social Science Research* 2013, 371-383.
- Dusuki Ahmad 1974. Ikhtisar Perkembangan Islam. Dewan Bahasa dan Pustaka. Bil 66.
- Glatthorn, A. A. 2000. *The Principle as Curriculum Leader: Shaping what is Taught and Tested*. 2nd ed. Thousand Oaks: Corwin Press.
- H. Zainal Abidin Ahmad. 1973. *Piagam Nabi Muhammad S.A.W. Konstitusi negara tertulis yang pertama di dunia*. Jakarta: Penerbit Bulan Bintang.
- Ibn Al-Kalbi. 2015. *Book of idols*. Princeton University Press.
- Ibnu Bahasan. 2010. *Halumma Ila Mardhatillah (Mari Menuju Ridha Allah)*. Islam: Lintasan sejarah negara, bangsa dan bahasa. Juanda: Mara Media Publishing.
- Islamic History. 2018. Chapter 1 The Country of Arabia Part One. <https://steemit.com/islam/@islamic-history/chapter-1-the-country-of-arabia-part-one>
- Jabatan Agama Islam Selangor (JAIS). 2018. Pelan Tindakan Menangani Gejala Khalwat Negeri Selangor 2018-2025.
- Mahyuddin Hj Ashaari. 2001. Pendidikan Al-Quran menjana keupayaan berfikir. *Jurnal Pendidikan Islam* 9(4):1-9.
- Maps on the Web. 2018. The orient in the 6th century. <https://mapsontheweb.zoom-maps.com/post/70775718748/the-orient-in-the-6th-century-source> [27 Mei 2018].
- Mas'ud HMN, Adian Husaini & Didin Saefuddin. 2014. Metode pengajaran sejarah menurut Hamka. Ta'dibuna. *Jurnal Pendidikan Islam* 3(1): 61-84.
- Muhammad Al-Baqir. 2015. *Merindui Islam Nabi. Keperihatinan Seorang Juru Dakwah Syaikh Muhammad Al-Ghazali*. Jakarta Selatan: Penerbit Noura Books.
- Mohd Aderi Che Noh, Khadijah Abdul Razak & Ahmad Yunus Kasim. 2015. Islamic education based on quran and sunna during Prophet Muhammad's era and its relationship with teenager's moral formation. *Tinta Artikulasi Membina Ummah* 1(2): 93-101.
- Muhammad Al-Ghazali. 1988. *Fiqh Al-Sirah Jilid 1 dan 2*. Kuala Lumpur: Dewan Pustaka Fajar.
- Muhammad Imam Asy-Syakir. 2015. Relevansi Dakwah Nabi S.A.W Pada Period Mekkah serta Korelasinya dengan Dakwah dan Tantangannya di Masa Modern.
- Muhammad Rasuli Jamil. 2011. *Manhaj Bernegara dalam Haji. Kajian Sirah Nabawi di Indonesia*. Indonesia: Media Madania.
- Muhammad Rizwan-ul-Haque. 2017. What is Our Stature in Comparison to Four Great Imams. <http://www.linkedin.com/pulse/what-our-stature-comparison-four-great-imams-muhammad-rizwan-ul-haque>
- Muhammad Tahir. 2013. Tidak Islamiknya pembangunan di negara Islam. *GJAT* 3(1): 85-105.
- Pesuruhjaya Penyemak Undang-Undang Malaysia. 2010. *Perlembagaan Persekutuan Tanah Melayu 31 Ogos 1957*. Kuala Lumpur: Percetakan Nasional Malaysia Berhad.
- Rosnani Hashim. 2005. Rethinking Islamic Education in facing the challenges of the twenty-first century. *The American Journal of Islamic and Social Sciences*, 22(4): 133-147.
- Thompson, E. A. and Barbara Flower (eds.). 1996. *A Roman Reformer and Inventor: being a new text of the treatise de rebus bellicis*. Chicago: Ares Publishers.
- The Noble Quran. 2018. Interpretation of The Meanings of the Noble Quran. <https://www.noblequran.com/translation/>
- Zainal Abidin Abdul Wahid. 2009. Malaysia, South East Asia and World Politics. In Wang Gungwu (ed.). *Malaysia: A Survey*, pp. 356-374. New York: Frederick A. Praeg.
- Zuraini Bt Ibrhm. 2015. Metod Sejarawan Islam Zaman Awal dan Pertengahan.

THE MANAGEMENT OF EMOTIONAL PROBLEM IN MALAY *HIKAYAT*
USING ISLAMIC METHOD

Nadiatul Shakinah Abdul Rahman, Salmah Jan Noor Muhamad, and Arba'ie Sujud

Abstract

Human will experience emotional problems when dealing with problems and conflicts. In fact, the situation become more complicated if emotional problem is not well controlled. This situation is also shown through characters in Malay hikayat. The author shapes the characters with a image that touches the emotions and feelings of the audience. Because of that, the characters in Malay hikayat also described as experiencing emotional distress when dealing with problems and conflicts as happens to human in reality. Therefore, to manage and control this emotional problem it is reasonably handles with in a suitable method in a particular context which is the Islamic method. Islam does not encourage its people to excessively emotionally. Therefore, Islam has outlined some appropriate methods for controlling and managing emotions. Hence, this is the method of managing and controlling the emotional problems of the character in the Malay hikayat using a Islamic method. This research using a library method and analysis of data research on Malay hikayat such as Hikayat Parang Putih, Hikayat Inderaputera dan Hikayat and Hikayat Ahmad Muhammad. The findings show that methods such as charity, acceptance and prayer is an appropriate method of managing and controlling emotional problems. Therefore, this study can also educate and cultivate Muslims using Islamic methods when dealing with emotional disturbances.

Keywords: Acceptance, Conflict, Charity, Controlling, Emotional Problem, Prayer

Introduction

Human will experience emotional disturbances when dealing with emotional problems and conflicts. These emotional problems and conflicts will induce people to unpleasant feelings. Normally, these emotional disorders lead to sad events and touched the feelings. For example, when people deal with such as loss, death, separation, misfortune, illness, war and poverty which are the cause of emotional problem. According to Salasiah Hanin Hamjah (2016) the sad feelings exist when a person loses a loved one or loses something that has a meaningful value in his life or fails to achieve something that is so important. Sadness is also an unhappy feeling because of the undesirable and miserable death.

If this emotional problem is not well controlled, it will make the situation more complicated, chronic and worse. In this case, Intan Farhana Saparudin, Fariza Md. Sham and Salasiah Hanin Hamjah (2014) explain that emotional disturbances will cause social change such as frustration, depression, anxiety and worry that affect human function as a productive human being. In addition, the constant ignorance to this may lead to the confusing emotional disorder such as neurosis and dysfunctionality of human.

Therefore, in order to manage and control this emotional problem the character will be attempt to emerge from problems and emotional conflicts. The character will trying to find a solution to manage and control emotional problem. The using of Islamic methods is the best way to deal with emotional problems. According to Darwis Hude (2006) emotional control is very important in human life in particular to reduce the tension arising from the heightened emotions. Emotions cause hormonal imbalances in the body and cause mental tension especially in negative emotions. In this context, the Qur'an provides guidance to humans in order to control and manage their emotions to reduce physical and mental tension and eliminate negative effects.

In addition, the using of Islamic methods in controlling and addressing emotional disturbances is aimed at educating and cultivating human hearts and souls to become more calm and positive. In this regard, Nazneen Ismail (2014) thought that Islam is a perfect religion which has a way for every problem. The practice of Islamic way of life is the key to happiness for every human being and to avoid any form of problems. The secret of the happiness of one's life lies in his soul. Hence, Islam has provided

psychotherapy is treatment of mental disorders through psychological methods by changing human behavior, thoughts and emotions.

Therefore, this situation can also be seen through the characters of the Malay *hikayat* when the character is dealing with events, problems and conflicts. Normally, when a character confronts an event that touch emotionally indirectly will lead to emotional problem. In fact, the characters of the Malay *hikayat* that are emotionally disturbed will be trying their best to find solutions to control and manage with emotional disturbances. The using of Islamic methods is a method used to control and manage the emotional problem of the character.

Therefore, this research will be discuss the using of Islamic methods to manage the emotional problem of characters in Malay *hikayat* such as *Hikayat Parang Puting*, *Hikayat Inderaputera* and *Hikayat Ahmad Muhammad*.

Literature Review

The description of human emotions can be seen through behavioral change, behavior, expression and reaction that is a response to the emotions that it's experiencing. For example, an individual would smile and laugh when he was happy but, when the individual was sad clearly showing his crying behavior. In this context, negative emotions are an emotional problem. When an individual experiences emotional problem, the step that needs to be done is to control and deal with such emotional disturbances from continuing to disturb themselves.

According to Yahdinil Firda Nadhiroh (2015) and Rachmy Diana (2016) emotions have an important function in human life because emotions can help people in keeping themselves and the preservation of life, but excessive emotions will endanger human physical and mental health. The disruption of emotional aspects to human beings is a major cause of the emergence of various physical illnesses. Therefore, emotional handling can be seen through several models like the first model, displacement which includes catharsis, rationalization and recitation. Second, the cognitive adjustment model includes *husnudzhon*, empathy and altruism. Third, the coping model includes thankful, to be patient, forgiveness and adjustment adaptation. Fourth, models such as regression, repression and relaxation.

In this case, Siswoto Hadi Prayitno (2015) also gives a similar view on how to treat emotions that caused by depression symptoms. Depression is a feeling of sadness that caused from loss, sleep problem and anxiety. Therefore, to reduce the depression is a using a therapy such a prayer and recitation. Recitation can make people to calm down, reduce depression and become a soul calmer. In fact, Harmathilda Soleh (2016) also supports the views expressed by Siswoto Hadi Prayitno (2015). According to Harmathilda Soleh (2016) every human being will not be separated from all these problems and this will cause the human heart to be discouraged and confusing thus leading to a life-threatening situation. Therefore, prayer and recitation methods can eliminate emotional disturbances and anxieties. When human refrain or control emotions that are forgiving God has promised to receive forgiveness from Him and promised Heaven. The forgiving people belongs to a group of people who are loved by Allah.

Emotional problems also caused to disruption of soul and human heart. To treat emotional and human disorders, the Psych Spiritual Therapy method can be used to overcome this problem. According to Mohd Rushadan Mohd Jailani and Ahmad Bukhari Osman (2015) psych spiritual Therapy refers to therapy that integrates psychological and spiritual elements. Psych spiritual Therapy of Islam is defined as a psychiatric and spiritual treatment method based on the divine sources and practices of Quran-based, al-Sunnah and the practice of the righteous person that do not conflict with the Islamic principle. Islamic Psych Spiritual Therapy can be applied in the healing of psychological, emotional and human conflicts.

In addition, Norhafizah Musa, Azahar Yaakub @ Ariffin, Siti Suhaila Ihwani, Adibah Muhtar, Zaharah Mustafa, and Mohd Hambali Rashid (2018) also present similar views with Mohd Rushadan Mohd Jailani and Ahmad Bukhari Osman (2015). According to Norhafizah Musa et al. (2018) Islamic

psychotherapy is derived from the Quran and al-Sunnah is the spiritual healing ability of human beings. Islamic psychotherapy according to the Quran and al-Sunnah is able to help the individual in healing emotions, behavior and mind and strengthening the spirituality. In fact, the use of Islamic psychotherapy in managing stress is able to influence the aspects of human nature and human behavior because human and external interiors are complementary in human beings.

Hearing verses of the Quran can also be used as a therapy in treating human physical, mental and emotional illnesses. In this case, Nur Hidayah Ibrahim Star and Sharifah Norshah Bani Syed Bidin (2018) explain that the use of recitation verses of the Quran as one of the methods of sound therapy can have a positive impact on human beings in terms of physical, spiritual and mental. Sound therapy through the recitation of the verses of the Quran can provide healing effects on human physical, mental and emotional illness. In fact, al-Quran reading can also help in curing illness and giving a positive impact to humans.

Therefore, according to some previous studies it has been proven that the use of Islamic methods such as Psych Spiritual Therapy, Islamic psychotherapy, prayer, *dzikir*, Quran recitation, patience and thankful are effective and can help and restore mental and physical illness, soul, mind as well as human emotions. Hence, through this study will highlight the Islamic method used to control and restore the emotional problem of the character in the Malay *hikayat*.

Methodology

This research uses library method and analysis data. Library methods are used to obtain materials related to research such as journal articles, books and magazines. The data analysis method was conducted on three Malay *hikayat* such as *Hikayat Parang Puting*, *Hikayat Inderaputera* and *Hikayat Ahmad Muhammad* as a research data.

Finding and Discussion

The result show that there are three Islamic methods performed by the character in the Malay *hikayat* to manage and control emotional disturbances namely charity, acceptance and prayer.

Charity

Charity (*sedekah*) is the gift of a person to those who need help. Charity can be given in physical form such as money or not in physical form such as providing assistance in the form of work. That gift can be implemented openly or in secret. However, in Islamic charity practice is highly demanded and should be implemented in secret so as not to cause narcissist in the giver. In other words, *sedekah* is the gift of a Muslim to the one who is entitled to receive it sincerely and voluntarily without being limited by the time and amount of it by hoping for Allah's redemption and merit alone and not limited to the granting of something of a material nature to the needy. Alms covers all acts of kindness whether physical or non-physical and not limited to specific provisions (Muhd Usman, 2014; Ismail Hashim, 2015).

Sedekah were also found in the word of Allah in Surah al-Ma'idah verse 12 which means: "*I am with you. If you establish prayer and give zakat and believe in My messengers and support them and loan Allah a goodly loan, I will surely remove from you your misdeeds and admit you to gardens beneath which rivers flow*". In addition, the charity is not only meant to share the sustenance and purify the property and the heart of the giver alone but the charity also aims to control the emotions and reassure people's hearts in sorrow and anxiety. In this case, Mohd Hariri Mohamad Daud (2016) explains that charity can cleanse the property, cultivate the soul and give happiness in life.

In context of this study, *sedekah* as a method of Islam in managing and controlling emotional disturbances can be shown through the character of Tuan Puteri Langgam Cahaya. The losing of her son, Budak Miskin was caused the princess to feel sad and restless in fear of her son's condition. This situation has caused the princess to be sad over the loss of her child. To control her emotional disturbance, Syahbandar's the adopted father to the Budak Miskin has advised his mother to make a feast. The following text excerpts:

“After he reached the Budak Miskin house, the mother to Budak Miskin came to cry at the foot of the Syahbandar with a variety of cries. Then the Syahbandar also was crying because of his compassion to see the boy’s mother’s behavior. Then Syahbandar said, “Hi, my sister, let’s do a feast for your son’s.” After he sit down and asked for permission to go home. The mother to Budak Miskin was performs daily feast during her child's disappearance and she sits to reminiscing her child. It was her behavior everyday along way her son was gone.
(*Hikayat Parang Puting*, 1980)

Observation of text passage finds Islamic method as a charity (*sedekah*) in controlling emotional problem. The phrase of feast refers to *sedekah*. The act of charity that is to make a feast to eat other people not only to share their sustenance with others yet, at the same time aimed at praying for the well-being and safety of the giver. In this case, the recipient will indirectly pray for safety and well-being to the giver. In fact, at the same time will pray for the lost Budak Miskin without any news. According to Mardeli (2016) when individuals dealing with sadness need to give more charity to overcome and control their emotions.

In addition, Saadiyah Syeikh Bahmid (2014) also gives a view of *sedekah*. Charity can create tranquility and peace to the recipient and giver. The charity also purposes to pray for the safety of family members. In fact, the practice of *sedekah* (*zakat*) can also prevent people from being easily despairing (Salasiah Hanin Hamjah, 2016). This is as demonstrated by the practice of *sedekah* and feasts performed during the loss of the child to Tuan Puteri Langgam Cahaya.

Acceptance

Acceptance (*redha*) is a feeling in accepting the fate and provisions that God has set. The acceptance individual will be rising from his destiny set for him. In this case, the individual not only accepts of Allah’s will only yet, but will strive to rise for the sake of survival due to the future events or expectations. That’s why *redha* can educate the hearts and emotions of humans to be stronger and more positive. According to Noor Hisham Ismail (2012) *redha* means when a person has a choice but takes an unwelcome choice and accepts wholeheartedly without feeling parted. Allah also says in Surah al-Fajr verse 27-30 concerning the meaning of *redha*: “O reassured soul, return to your Lord, well-pleased and pleasing [to Him], and enter among My [righteous] servants, and enter My Paradise.” In this case, person *redha* and acceptance to Allah will be promised heaven for him.

Therefore, the appearance of *redha* character can be refined through the character of Tuan Puteri Langgam Cahaya in *Hikayat Parang Puting* who have been pregnant without the bond of marriage. The news of the pregnant princess who was unmarried had reached to her father, Raja Dewa Laksana Dewa and her mother that caused them both to be angry with the deeds of the princess. Then the princess was punished and sworn to be turned face and thrown out of the world. However, the fact is the princess slandered and spelled to be a pregnant woman by Mambang Segara Indera. This situation caused the princess’s emotion to be disrupted by her father’s actions swearing herself so it has to go down to the world. However, the princess was acceptance with the situation she was facing. The following text excerpts:

Then the princess cried and said to her palace maidens, “Don’t be sad sister. This is God's will. No worries anymore. Let me die because I do not blame the mistake”.
(*Hikayat Parang Puting*, 1980)

The slanderous events of spell have caused the princess to facing emotional problems. The sadness of the princess can be manifested through her crying behavior. However, to control and manage her emotions, the princess acceptance her life destiny. In fact, the princess does not blame fate and accept the Allah’s will. *Redha* requires the strength of a human being to receive the destiny of their life journey. In other words, people will feel calmer when dealing with problems and conflicts. According to Suhailiza Md. Hamdani et. al. (2017) explaining that *redha* plays a major role in the process of strengthening the soul. This is because the patience people will always be tested and people should be *redha* and put a high

expectation on Allah because everything that happens is His will. In addition, Mardeli (2016: 11) also says that human who is patient and accepts the disaster without complaining and *redha* will bring relief within him and get God's pleasure.

Prayer

Prayer is an assertion of believers towards the Greatness of Allah and signifies the human salvation when we are in need of His helps. Prayer is strength, faith and hope to humans towards Allah when we are helpless or overwhelmed in His tribulations until the emotional element of a person could be disturbed. According to Badri Taib (1995) and Ismail Kamus (2010), the word prayer comes from a word means call out or ask for help. Prayer is an utterance or supplication as well as a request dedicated to Allah as to fulfil the wishes or specific needs and hoping for all the wishes come true. This has been stated in Surah Al-Baqarah, verse 186 that means "*And when My servants ask you, (O Muhammad), concerning Me, indeed I am near. I respond to the invocation of the supplicant when he calls upon Me. So let them respond to Me and believe in Me that they may be rightly guided.*"

Prayer is not only for wish-granting alone. Prayer can be done for mellowing down any tension and emotional disturbances that confine one's self. According to Nazneen Ismail (2014) in Islamic psychology, prayer is considered as one of the psychotherapy treatments to overcome emotional instability such as depression. Besides that, at the point when a human gone through hardship and intense pressure of mental and emotion, one of the ways to treat this condition is through confiding, seeking help meticulously, hoping and have faith towards a power that can help people to solve the problem and get out from hardship. (Asyraf al-Hasyir, 1999).

This situation can be traced through the character of Raja Bikrama Indera in the *Hikayat Inderaputera* that facing the emotional disturbances that caused by losing his son, Inderaputera. Inderaputera have been kidnapped by golden peacock. This incident caused Raja Bikrama Indera was a feel sad and depressed by the loss of his son. To control and manage the sadness and concern of Inderaputera security, Raja Bikrama Indera was doing a pray and service to God at the mosque. This can be see through the text excerpt:

As long as the disappearance of Inderaputera being kidnapped by the golden peacock, King Raja Bikrama Indera never sat in the castle except devoting himself in mosque with scholars, praying and supplicating to Allah swt as so his son, Inderaputera could be found.
...After listening to the sailors, he stopped his boat and went to see Inderaputera. He prostrated to Inderaputera while weeping and saying, "Your absence gave a great remorse to your dad. He cried because he misses you. He didn't stay in castle except in mosque for worshipping God."
(*Hikayat Inderaputera*, 2007)

Because of this, Raja Bikrama Indera's behavior was not only to calm the restless heart and to manage and control his sadness. But, he also doing a prayer for the safety and well-being of his son. Praying is a worship that is demanded in Islam whether or not the person is faced with pleasure, difficulty or distress. This is because the practice of prayer can bring people closer to God. At the same time, it can prevent people from remembering the emotional problems that shake themselves. In this case, R. Rachmy Diana (2015) and Yahdinil Firda Nadhiroh (2015) have opined that remembering Allah with the act of praying is a form of deviation from a difficulty or problem encountered.

This situation also proves that Raja Bikrama Indera has been trying to manage and control his emotions due to losing of his son Inderaputera by worship and praying at the mosque. The act of Raja Bikrama Indera also illustrate that when people face difficulties and hardships, people will pray and seek guidance from God. Only by doing a prayer, God will help people who are in trouble. Praying is a hope for human to something that he or she wants. According to Badri Taib (1995) that prayer is a medium to confide when we are in difficulty and beg or hope to acquire what we really deserve for.

The good deed of prayer and worship performed by Raja Bikrama Indera during the disappearance of Inderaputera had been successful when his son returned. This situation proves that when people doing a good deed prayer seriously then, God will fulfill his or her wish as like happened to Raja Bikrama Indera and Inderaputera.

In addition, prayer methods to manage and control emotional disturbances can also be shown through Muhammad's character in *Hikayat Ahmad Muhammad*. Ahmad and Muhammad who were escaped from murder and they escape without any food or drink. Along the way, Ahmad has complained to his brother Muhammad that he is thirsty. Then, Muhammad as a brother carried out his responsibilities by seeking water as a drink for Ahmad. After Muhammad gets water and returns to Ahmad, Muhammad finds out that Ahmad has disappeared. This situation caused Muhammad's emotion to be disturbed by the loss of his brother, Ahmad. Muhammad also worried Ahmad's still small and did not know the way to go home. In fact, Muhammad is also frustrated if Ahmad has been trampled by elephants. So, Muhammad prayed to God to take care of Ahmad if he was alive and re-encountered either in the world or in the hereafter. This situation can be showed in this excerpt:

“Oh my brother, we are in waiting and who we are; we have to just believe! My brother, my son, my sunshine and heart lover, where have you been my dear. I have left by you forever. You are still small and never had we got apart. At this moment you might be dead being stepped by elephant. Muhammad cried while uttering the God's name Who is Gracious and Merciful. Muhammad prayed to God for Ahmad to forget the way returning home because he doesn't want him to get difficulties because Ahmad is still small. Muhammad asked to God and Messenger for him to be reunited with his little brother in the hereafter life”.

(Hikayat Ahmad Muhammad, 1996)

The observation of this text quotes indicates that Muhammad expressed his sadness through cries after he found that his brother Ahmad disappeared when he looks for water. The loss of Ahmad had been caused Muhammad to feel sad and sorrowful with the condition of Ahmad whether he is alive or dead when he sees an elephant's foot in Ahmad's area. Muhammad thought Ahmad had died because the elephant and prayed to God to be reunited with Ahmad in the hereafter. This condition also proves that by praying can control the feeling of sadness and beg for help to God to fulfill his wish and wish. In this case, Harmathilda H. Soleh (2016) state that pray is one of the attempts to acquire tranquility of soul when a human was in difficult condition. Even pray also is a symbol to the blessing of Allah is needed to be pleaded so that it can gives hope and spirit to enforce the spiritual and physical of human (Ismail Kamus, 2010).

Conclusion

When humans are faced with problems and emotional disturbances, they need to strive to control and deal with emotional disorders. Various methods can be used and applied in human life to cure human emotions and souls. The people need to think wisely and rationally in controlling and managing emotions. This is because emotional actions will be more dangerous to human emotions. Hence, Islam has outlined guidelines for mankind when facing the emotional disturbances. The Islamic methods such as charity, acceptance and prayer are effective in managing and controlling emotional problems as an evidenced by characters in the Malay *hikayat*. Therefore, through the findings of this study can also help, nurture and educate people towards a positive life and emotional stability when facing an emotional disturbance. This is because emotional problems will cause the situation to become more chronic and complicated if not controlled, managed and handled promptly.

References

- Abdullah Zikry. (1993). *Hidupkan batin dengan berdoa dan berzikir*. Alor Setar: Kalam Ilham.
- Al-Quran.
- Asyraf al-Hasyir. (1999). *Doa-doa orang soleh*. Johor Bahru: Perniagaan Jahabersa.
- Badri Taib. (1995). *Doa runtutan dan pengertian*. Kuala Lumpur: Kementerian Pertahanan.
- Darwis Hude. (2006). *Emosi penjelajahan religio-psikologis tentang emosi manusia di dalam al-quran*. Jakarta: Penerbit Erlangga.
- Harmathilda, H. Soleh. (2016). Doa dan zikir dalam meningkatkan kecerdasan emosi. *PSIKIS Jurnal Psikologi Islami*, 2(1), 26-39.
- Hashim Ismail. (1996). *Hikayat Ahmad Muhammad*. Kuala Lumpur: Perpustakaan Negara Malaysia.
- Intan Farhana Saparudin., Fariza Md. Sham., & Salasiah Hanin Hamjah. (2014). Faktor gangguan emosi dalam fenomena histeria massa remaja Muslim. *Jurnal al-Hikmah*, 6, 2-20.
- Ismail Hashim. (2015). *Syariah zakat, sedekah dan infak dilengkapi dengan tinjauan dalam fiqah 4 mazhab*. Kuala Lumpur: SAM Synergy Media Sdn. Bhd.
- Ismail Kamus. (2010). *Indahnya amalan doa*. Kuala Lumpur: Telaga Biru.
- Jamilah Ahmad. (1980). *Hikayat parang puting*. Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Mardeli. (2016). Teori kompensasi emosi. *Tadrib*, 2(1), 1-30.
- Mohd Hariri Mohamad Daud. (2016, January). *Ajaibnya bersedekah*. *Cahaya*, 10-11.
- Mohd Rushdan Mohd Jailani., & Ahmad Bukhari Osman. (2015). Integrasi terapi psikospiritual Islam dalam modul rawatan rehabilitasi berasaskan TC (*Therapeutic Community*). *International Drug Prevention and Rehabilitation Conference*, 98-109.
- Muhd Usman. (2014). *Kemuncak pahala sedekah*. Kuala Lumpur: SAM Synergy Media Sdn. Bhd.
- Mulyadi, S. W. R. (2007). *Hikayat Inderaputera*. Kuala Lumpur: Yayasan Karyawan.
- Nazneen Ismail. (2014). *Psikologi Islam*. Batu Caves: Must Read Sdn. Bhd.
- Noor Hisham Ismail. (2012). *Mencari redha-mu*. Shah Alam: Karya Bestari Sdn. Bhd.
- Norhafizah Musa., Azahar Yaakub @ Ariffin., Siti Suhaila Ilwani., Adibah Muhtar., Zaharah Mustafa., & Mohd Hambali Rashid. (2018). Psikoterapi Islam menurut al-quran dan al-sunnah dalam mengurus tekanan pesakit kanser payudara. *E-Bangi Journal of Social Sciences and Humanities*, 13(2), 131-140.
- Nur Hidayah Ibrahim Star., & Sharifah Norshah Bani Syed Bidin. (2018). Terapi bunyi melalui bacaan al-quran dan kesannya terhadap fizikal, mental dan emosi manusia. *Prosiding Seminar Antarabangsa al-Quran dalam Masyarakat Kentemporari*, 336-345.
- Rachmy Diana. (2015). Pengendalian emosi menurut psikologi Islam. *UNISIA*, 37(82), 41-47.
- Saadiyah Syekh Bahmid. (2014). Sedekah dalam pandangan al-quran. *Rausyan Fikr*, 10(2), 193-216.
- Salasiah Hanin Hamjah. (2016). *Pendekatan kaunseling spiritual menurut Al-Ghazali*. Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Siswoto Hadi Prayitno. (2015). Doa dan dzikir sebagai metode menurunkan depresi penderita dengan penyakit kronis. *Seminar Psikologi dan Kemanusiaan*, 354-358.
- Suhailiza Md. Hamdani., Marina Hamdani., Abdul Munira., Munira Mutalib., Farhana Dini., Mohd Baharudin Othman., & Zaliridzal Zakaria. (2017, May). Sumbangan pemikiran tasawwuf Abu Talib al-Makki dalam kaunseling pasangan Islam. Paper presented to *Konvensyen Antarabangsa Psikoterapi Islam*, Paroi, Negeri Sembilan.
- Yahdinil Firda Nadhiroh. (2015). Pengendalian emosi (kajian religio-psikologis tentang psikologi manusia). *Jurnal Sainitika Islamica*, 2(1), 53-63.

MEASUREMENT OF MEDICAL COMMUNICATION ATTRIBUTES FOR PATIENTS AND SERVICES

Norshahrizan Nordin, Razli Che Razak, Mohd Saiful Izwaan Saadon, Mohammad Rezal Hamzah, Sharmini Abdullah, and Umami Naiemah Saraih

Abstract

Medical communication in healthcare service delivery improvement is constantly restricted by persistent barriers and challenges. Thus, apt selection on service category is considered as crucial. It has been argued that the escalating complaints based on linear assumption are mainly due to poor service delivery. However, this assumption is not necessarily always valid due to unexpected, uncertain and hidden expectations of patient's fulfilment which may not necessarily be accounted for in practices of service delivery improvement. For the purposes of this research, unaccounted patient's fulfilment based on satisfaction and dissatisfaction tendencies is considered as a non-linear fulfilment. Therefore, patients and services are considered as crucial factors in balancing patient's dissatisfaction and satisfaction tendencies in order to acquire service delivery performance from patients. In this case, Kano model is adapted and modified as an attempt to address the issue above. A new algorithm is developed specifically to measure the non-linear attributes. As part of the satisfaction model, QFD is used to prioritize the service delivery. The non-linear attributes are mainly based on satisfaction, dissatisfaction, compliment and complaint indexes which are presented based on a ranking basis and in the form of prioritized patient attributes and prioritized service attributes. In order to execute the QFD, a set of algorithm is developed to form the automated QFD House of Quality. At this point, the proposed of Kano-QFD satisfaction model is considered as completed. Findings indicate that full confidentiality during treatment emerged as the topmost rank for patients attributes by compliments and complaints while the lowest is local language and dialect. Further analysis of the findings concerning service attributes compliments revealed that degree of attentiveness is the highest rank while the least preferred is accessibility. Finally, findings pertaining to complaints on service attributes indicate that staff knowledge is considered as most detrimental as opposed to the feedback system.

Keywords: Medical Communication, Patient Attributes, Service Attributes, Kano Model, Quality Function Deployment

Introduction

The development of service satisfaction model for the present Malaysian healthcare scenario can be accomplished in many ways. Healthcare modeling is considered as one of the most apt approaches in developing the service satisfaction model (Berry & Bendapundi, 2007; Harper & Pitt, 2004). In healthcare modeling, TQM tools and Continuous Quality Improvement (CQI) approach such as Quality Function Deployment (QFD) and Kano's Model are identified as one of the potential approach to outline the possible service design methodology (Cheng & Nordin, 2018; Andronikidis, Georgiou, Gotzamani, & Kamvysi, 2009) despite its successful experience in product development (Ginn & Zairi, 2005; Gonzalez, Quesada, & Mueller, 2004). The integration of Kano's model and QFD is expected to provide strength and reliable service fulfillment measurement and service priorities identification for the new service satisfaction model (Meng & Jiang, 2011; Mikulic & Prebezac, 2011). The patient satisfaction measurement is extremely important to not only justify the extent the services provided by hospitals are able to fulfill patient expectations but also identify the possible prioritize service elements that need to be continuously improved and subjected to the most dissatisfied service elements. The patient satisfaction measurement is important in from two angles. Firstly, as patients are the hospital's clientele, their satisfaction at overall is forms the most important aspects as itself and secondly, the patient satisfaction also provides indirect measurement of other service dimension (Sharma et al., 2011). More evidence on the patient satisfaction is highly correlated with the effectiveness on treatment and care is outlined by Nelson and Batalden (1993).

Methodology

The quality of healthcare service is an issue that generate most interest internationally from academics and practitioner (Gaur et al., 2011) as well as affecting the quality of life more than any other service sectors (Berry & Bendapundi, 2007). The quality of healthcare service should be measured by how it has been delivered right to the patients based on the extent the service is received as defined by patient perception (Owusu-Frimpong et al., 2010). Patient perception can be positive (satisfy) or negative (dissatisfy) and both perceptions are expressed through compliments or complaints, respectively (Nordin et al., 2018). The patient perception is mostly measured through the assumption of linear relationship with the quality of delivered healthcare service. To assess this, many methods has been used such as SERVQUAL by Vinagre & Neves, (2008) and ultimate question (UQ) by York & McCarthy (2011). The assumption, however is not accurate since the patient perception may be indifferent and the non-linear relationship may exist due many factors such as patient emotions (Vinagre & Neves, 2008), gratitude, faith and loyalty (Staniszewska & Henderson, 2005). To deal with non-linear relationship (Nordin et al., 2017), Kano Model has been employed in healthcare services assessment to measure patient satisfaction through complaints (Gruber et al., 2011) and compliments (Jangland et al., 2009).

This particular paper also forms the extension study of Kano-QFD with the focus to improve the difficulties of Kano and QFD implementation by introducing Kano-SS concepts which are not only based on Analysis of Complaints and Compliments (ACC) and Critical Incident Technique (CIT); but also on prioritized index which are based on the patient and service attributes for satisfaction, dissatisfaction, complaints and compliments. Figure 1 demonstrates the systematic execution for Phase I, Phase II and Phase III.

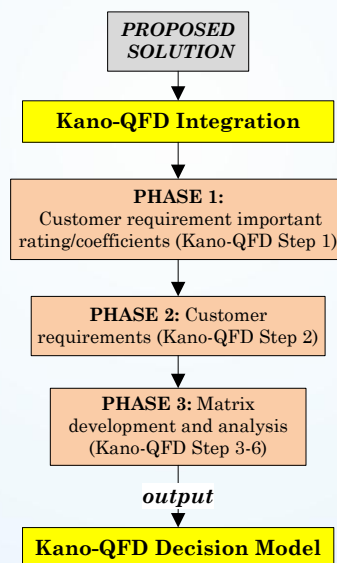


Figure 1. Preliminary Concept of Kano-Qfd Integration

Results

Medical communication between patient and doctor is fundamental for best medical practice (Cockburn & Walters, 1999). From the HOQ, prioritized patient attributes ($PACi_p$) index by compliments and prioritized patient attributes ($PACa_p$) index by complaints are presented in Tables 1 and Table 2. From Tables 1 and Table 2, “Full confidential during treatment” was observed to be the first rank of $PACi_p$ index by compliments, and $PACa_p$ index for by complaints for Medical Communication. The absolute weight of $PACa_p$ was 34% higher than the absolute weight of $PACi_p$. Overall, the ranking for both $PACi_p$ and $PACa_p$ was not in the same order of rank 1 – 22. In other words, the PAs for Medical Communication displayed differences in the perception of compliments and complaints.

Table 1

Prioritized Patient Attributes ($PACi_p$) Index By Compliments For Medical Communication

Rank	%	W_{PACi}	Patient attributes (PA)
1	10.8	85.14	Full confidential during treatment
2	5.4	42.51	Asking other related questions
3	5.3	41.80	Practise body language
4	5.2	41.42	Acknowledge patient feeling
5	5.0	39.60	Proper language used
6	5.0	39.52	Fast answer and feedback
7	5.0	39.24	Explain medical examination
8	4.9	38.48	Listen with silence
9	4.8	38.16	Conflicts are settled by dialogue
10	4.7	37.44	Used low controlling behaviour
11	4.7	37.44	Opportunities to express opinion
12	4.5	35.88	Speak Malay language
13	4.4	34.65	Good verbal communication
14	4.2	33.48	Answer with attention by body language
15	3.8	30.34	No interruption
16	3.8	30.02	Explain medical terminology
17	3.8	29.97	Care oriented behaviour
18	3.7	29.16	Listen and trust to patients
19	3.1	24.50	Readable notes
20	2.7	21.09	Sharing decision making
21	2.7	21.09	Respond with full attention
22	2.4	19.24	Local language and dialect

The inexistence of identical rank of $PACi_p$ index by compliments and $PACa_p$ index for by complaints also reflected the non-linear behaviour of VOPs regarding the services that were delivered particularly Medical Communication services. The order of $PACi_p$ index and $PACa_p$ index were found to be dissimilar starting from Rank 2. This is believed that Medical Communication has severe communication problem and a high uncertainty level. The more the disorder rank, the more uncertainty of VOP is observed. According to Cockburn and Walters (1999); Mahrous and Hifnawy (2012), failure to provide adequate communication between patient and medical staff (nurse and doctor) may result in a significant drop of satisfaction level. Interaction skills with high communication skills can be developed with specially-designed training programmes. Table 2 shows the percentage of improvement that Hospital Service Providers need to concentrate for better service delivery improvement, in the range of 34-54%. These results also proved the existence of non-linearity relationship between patients and service delivery in ranking order form (Steven et al., 2012).

Table 2

*Prioritized Patient Attributes (**PACa_p**) Index By Complaints For Medical Communication*

Rank	%	W_{PACa}	Patient attributes (PA)
1	9.3	128.70	Full confidential during treatment
2	5.3	72.60	Proper language used
3	5.2	71.50	Practise body language
4	5.1	70.85	Explain medical examination
5	5.1	70.85	Acknowledge patient feeling
6	5.1	70.85	Asking other related questions
7	5.1	70.72	Opportunities to express opinion
8	5.1	69.96	Conflicts are settled by dialogue
9	5.0	68.64	Used low controlling behaviour
10	4.9	67.60	Fast answer and feedback
11	4.8	66.56	Listen with silence
12	4.7	65.34	Good verbal communication
13	4.4	61.38	Answer with attention by body language
14	4.4	60.72	Speak Malay language
15	3.9	53.46	Listen and trust to patients
16	3.9	53.30	No interruption
17	3.8	52.65	Care oriented behaviour
18	3.8	52.14	Explain medical terminology
19	2.7	37.05	Respond with full attention
20	2.7	37.05	Sharing decision making
21	3.3	46.20	Readable notes
22	2.5	34.32	Local language and dialect

From Table 3, it can be observed that the “Degree of attentiveness” was the first rank for prioritized service attributes ($SACi_p$). This rank was in rank 3 for prioritized service attributes ($SACa_p$) index by complaints, as displayed in Table 4. The first rank of $SACa_p$ was “Staff knowledge & experience” where this SA was the third rank of $SACi_p$. Therefore, the overall ranking 1 – 22 for complaints and compliments was sequentially not in the same order.

Table 3

*Prioritized Patient Attributes (**SACi_p**) Index By Compliments For Medical Communication*

Rank	%	w	Service attributes (SA)	SA categories
1	9.0	7606.59	Degree of attentiveness	Medical service delivery & technology care
2	7.8	6596.01	Code of practise	Medical service delivery & technology care
3	7.7	6537.1	Staff knowledge & experience	Healthcare education
4	5.5	4671.51	Continuous training & workshop	Healthcare education

5	4.5	3804.35	Responsiveness	Medical practical quality dimension
6	4.2	3559.93	Reliability	Medical practical quality dimension
7	4.1	3503.45	Skilled personnel	Healthcare education
8	3.8	3216.99	Standardization of diagnosis	Medical service organization
9	3.7	3140.75	Communication	Medical practical quality dimension
10	3.4	2880.09	Empathy	Medical practical quality dimension
11	3.3	2807.85	Autonomous team	Medical service delivery & technology care
12	3.3	2799.92	Professional qualification & recognition	Healthcare education
13	3.1	2626.11	Self-audit mechanism	Medical service delivery & technology care
14	2.2	1904.66	Feedback system	Medical service delivery & technology care
15	2.1	1813.71	Accessibility	Medical practical quality dimension

In Table 4, “healthcare education” that referred to “Staff knowledge and experience” was the top category to reduce complaints. The same concern was reported by Ong et al. (2000) where communication training skills affected the patient outcomes.

Table 4

Prioritized Patient Attributes ($SACa_p$) Index By Complaints For Medical Communication

Rank	%	w	Service attributes (SA)	SA categories
1	8.5	11725.56	Staff knowledge & experience	Healthcare education
2	8.3	11443.14	Code of practise	Medical service delivery & technology care
3	6.1	8390.94	Degree of attentiveness	Medical service delivery & technology care
4	5.8	7964.04	Continuous training & workshop	Healthcare education
5	4.7	6450.42	Responsiveness	Medical practical quality dimension
6	4.5	6167.22	Standardization of diagnosis	Medical service organizations
7	4.2	5717.54	Skilled personnel	Healthcare education
8	3.9	5399.61	Communication	Medical practical quality dimension
9	3.7	5064.10	Professional qualification & recognition	Healthcare education
10	3.7	5036.38	Empathy	Medical practical quality dimension
11	3.4	4709.82	Autonomous team	Medical service delivery & technology care
12	3.4	4707.90	Self-audit mechanism	Healthcare education
13	2.4	3239.24	Protocol for patient's need investigation	Medical service organizations
14	2.3	3146.84	Accessibility	Medical practical quality dimension
15	2.2	3029.86	Feedback system	Medical service delivery & technology care

Discussion

Analysis of the findings, demonstrated that the integration of non-linear Kano model and linear approach of Quality Function Deployment (QFD) in investigating the non-linear patients feedback as responds not only to the public hospital service delivery; but also prioritize the feedback based on satisfaction and dissatisfaction levels in a form of indexes to merge with prioritized patient attributes ($PACA_p$ and $PACi_p$) and service attribute ($SACA_p$ and $SACi_p$) in the Malaysian public healthcare scenario.

Conclusion and Recommendations

In sum, findings indicate that full confidentiality during treatment emerged as the topmost rank for patients attributes by compliments and complaints while the lowest is local language and dialect. Findings concerning service attributes compliments revealed that degree of attentiveness is the highest rank while the lowest rank is accessibility. Finally, findings pertaining to complaints on service attributes indicate that staff knowledge is considered as most detrimental as opposed to the feedback system. However, this study also revealed some limitations concerning the research execution. Firstly, the use of historical inpatients and outpatients (IOP) as stakeholders to obtain the data of complaints and compliments towards the service delivery performance are based on BOR and ALOS which are specific to the states of Kedah, Perlis, Kelantan and Johor and approved by Medical Research & Ethics Committee, Ministry of Health Malaysia. Therefore, future extensive research is proposed to include all the states in Malaysia for a broader representation of the service satisfaction and service dissatisfaction on the public healthcare service delivery.

References

- Andronikidis, A., Georgiou, A. C., Gotzamani, K., & Kamvysi, K. (2009). The application of quality function deployment in service quality management. *The TQM Journal*, 21(4), 319-333.
- Berry, L. L., & Bendapundi, N. (2007). Healthcare: A fertile field for service research. *Journal of Service Research*, 10(2), 111-122.
- Cheng, C.C. & Nordin, N. (2018). Non-Linear Berger's coefficient prioritization for quality of sustainability in healthcare services. *Applied Mathematics and Computational Intelligence*, 7(1), 73-78.
- Cockburn, J., & Walters, W. A. W. (1999). Communication between doctors and patients. *Current Obstetrics and Gynaecology*, 9, 34-40.
- Gaur, S. S., Xu, Y., Quazi, A., & Nandi, S. (2011). Relational impact of service providers' interaction behaviour in healthcare. *Managing Service Quality*, 21(1), 67-87.
- Ginn, D., & Zairi, M. (2005). Best practise QFD application: An internal/external benchmarking approach based on Ford Motors' experience. *International Journal of Quality & Reliability Management*, 22(1), 2005.
- Gonzalez, M. E., Quesada, G., & Mueller, R. (2004). QFD strategy house: An innovative tool for linking marketing and manufacturing strategies. *International Journal of Quality & Reliability Management*, 22(3), 335-348.
- Gruber, T., Abosag, I., Reppel, A. E., & Szmigin, I. (2011). Analysing the preferred characteristics of frontline employees dealing with customer complaints. *The TQM Journal*, 23(2), 128-144.
- Harper, P. R., & Pitt, M. A. (2004). On the challenges of healthcare modelling and a proposed project life cycle for successful implementation. *The Journal of the Operational Research Society*, 55(6), 657-661.
- Jangland, E., Gunninberg, L., & Carlsson, M. (2009). Patients' and relatives' complaints about encounters and communication in healthcare: Evidence for quality improvement. *Patient Education and Counseling*, 75, 199-204.
- Mahrous, M. S., & Hifnawy, T. (2012). Patient satisfaction from dental services provided by the College of Dentistry, Taibah University, Saudi Arabia. *Journal of Taibah University Medical Sciences*, 7(2), 104-109.
- Meng, Q., & Jiang, X. (2011). A method for rating customer requirements' final importance in QFD based on quantitative Kano model. *Proceedings from ICSSSM 2011: The International Conference on Service System and Service Management*. Nankai University Tianjin: China.
- Mikulic, J., & Prebezac, D. (2011). A critical review of techniques for classifying quality attributes in the Kano Model. *Managing Service Quality*, 21(1), 46-66.
- Nelson, E. C., & Batalden, P. B. (1993). Patient-based quality and measurement systems. *Quality Management in Health Care*, 2(1), 18-30.
- Nordin, N., Radzi W.N.S.W., Razak, R.C., Abdullah, S., Hamzah, M.R., Saraih, U.N & Idrus S.S.Z (2018). Complaints and compliments assessment in developing service delivery measurement. *Management Science Letters*, 8, 293-304.
- Nordin, N., Abdullah, M.M.A.B., Razak, R.C., (2017). Non-linear assessment and deficiency of linear relationship for healthcare industry. *AIP Conference Proceedings*, 1885, 020154.
- Ong, L. M. L., Visser, M. R. M., Lammes, F. B., & Haes, J. C. J. M. d. (2000). Doctor-patient communication and cancer patients' quality of life and satisfaction. *Patient Education and Counseling*, 41, 145-156.
- Owusu-Frimpong, N., Nwankwo, S., & Dason, B. (2010). Measuring service quality and patient satisfaction with access to public and private healthcare delivery. *International Journal of Public Sector Management*, 23(3), 203-220.
- Sharma, R., Sharma, M., & Sharma, R. K. (2011). The patient satisfaction study in a multispecialty tertiary level hospital, PGIMER, Chandigarh, India. *Leadership in Health Services*, 24(1), 64-73.
- Staniszewska, S. H., & Henderson, L. (2005). Patient's evaluations of the quality of care: influencing factors and the importance of engagement. *Journal of Adv. Nursing*, 49, 530-537.
- Steven, A. B., Dong, Y., & Dresner, M. (2012). Linkages between customer service, customer satisfaction and performance in the airline industry: Investigation of non-linearities and moderating effects. *Transportation Research Part E*, 48, 743-754.
- Vinagre, M. H., & Neves, J. (2008). The influence of service quality and patients' emotions on satisfaction. *International Journal of Health Care Quality Assurance*, 21(1), 87-103.
- York, A. S., & McCarthy, K. A. (2011). Patient, staff and physician satisfaction: A new model, instrument and their amplification. *International Journal of Health Care Quality Assurance*, 24(2), 178-191.

THE USE OF RHIZOMES IN MALAY MEDICAL STUDIES

Jacqlyn Patricia Jelani and Salmah Jan Noor Muhammad

Abstract

This study is about Malay medical studies which is the ancestors' heritage in the field of culture. The Malay community is also known as a wealthy community of knowledge such as in the method of drug manufacturing, treating, material preparation, the acquisition of knowledge from a variety to a cultivation of plants for medical purposes. Hence, the objective of this study is to identify and discuss the frequency and effect of the use of rhizomes in *Ubat Tradisional MS 1988.400* collection of Terengganu State Museum. This study also uses the Introduction of Medical Anthropology by Hashim Awang (1990) as support for this study. The findings show that there are some benefits of rhizomes in Malay medical studies that cure various diseases and the use of time is also taken into account and there are taboos. In view of this, the researchers hope that this study will benefit the anthropologists in deepening Malay medical studies.

Keywords: Rhizome, Manuscript, Anthropology, Disease, Medical Studies

Introduction

The existence of medical studies is believed to be hundreds of years ago. The result of the spread of this study are divided into a few medical studies that are modern medicine, alternative medicine, Islamic medicine, Malay medicine and so on. The effect of the spread is that the old Malay society has made traditional medical studies as their survival for their lives that encompasses curing, treating and preventing diseases. In line with Mohd Koharuddin Mohd Balwi (2003), the Malays have an in-depth knowledge in healing, treating and overcoming fever and illness of old age.

In addition, Harun Mat Piah (2006) also states that medical studies are one of the most important areas of society. Some of the activities are learning activities, utilization and medical practitioners that have grown and spread over time. This includes drug manufacturing, treatment, material preparation, knowledge acquisition from a variety to the plant's cultivation for medical purposes.

However, the development of traditional medicine raised many concerns. One of the concerns is a factor of modernity and the distrust of society on the methods and ways of traditional medicine that are considered a flop. Not only that, the development of traditional medicine is followed with the lack of expert and specialized medical practitioners on the concept of health and illness. Medical studies activities are undergoing changes in the shortage and shaman after the arrival of religion in the Malay world. This is supported by Abdul Ghani Hussain (2014) who states that looking for skilled individuals in the field of medicine is now quite difficult. This is because, many are simply memorizing medical methods without understanding the whole medical process including interpreting the disease, medicines used to treat and so on.

Literature Review

The study of traditional Malay medicine is no longer a strange thing. Among the most popular studies is Samad Ahmad (1988), "*Warisan Perubatan Melayu*". In this study, researchers have gathered various types of Malay medicine including taboos, treatment methods, materials used, time-consuming and medical features. The surge in paradigm has attracted many local researchers and outside researchers in taking the opportunity and space to study this medical study that covered various aspects of the study.

Among them are the study, in the aspects of the role of the community in medicine, Abdullah Sani Ahmad, Jamil Abu Bakar and Fawazul Khair Ibrahim (2003), Salfarina Abdul Gapor and Daniel Ugih Anak Echoh (2013), Adlina Ab Halim, Normala Othman, and Sri Rahayu Ismail (2015), Jurry Foo, Abdul Latiff Mohamad, and Mustaffa Omar (2016), Yusmilayati Yunos, Mohd Yuszaidy Mohd Yusoff, and Muammar Ghadaffi Hanafiah (2016), Jurry Foo (2018), and Jacqlyn Patricia Jelani and Salmah Jan Noor

Muhammad (2018). The research of this study found that the community is still prioritize and preserve their ancestors' heritage as it is a part of the community's identity and valuable knowledge is clearly transmitted. The proof is that people are still planting, using, eating and drinking, practicing, interpreting and taking care of plants and animals from being threatened by time and modernization.

Further research in the aspect of guidance and practice in medical studies is the study carried out by Mohd Koharuddin Mohd Balwi (2003), Harun Mat Piah (2015), Hamidah Abdul Wahab (2013), and Siti Khairul Bariyyah Binti Akhbar (2016). In the previous study, it touched upon the aspect of taboos and traditional guidance in the Sarawakian Malay community, the analysis of the texts of Malay medicine books and the use of herbs in Malay medicine for women after childbirth in the Peninsular of Malaysia. Therefore, in this study, it will emphasize the frequency of rhizomes in Malay medical studies by focusing on *Kitab Tib Muzium Terengganu* as a study material. Furthermore, in this study, the researchers will identify and discuss the frequency and the effect of rhizomes in *Ubat Tradisional MS 1988.400* collection of Terengganu State Museum.

Methodology

In this study, researchers use texts of *Ubat Tradisional MS 1988.400* collection of Terengganu State Museum as the main text. This study uses the method of text analysis and the Introduction to Medical Anthropology by Hashim Awang (1990). In the Introduction of this medical anthropology, there are three sub-fields that are medical technology, ethnopsychology and ethno medicine. However, the researchers only use the medical ethno sub-field because it is suitable for the distribution of fever in the Malay community. The rationale for choosing this theory is that it portrays the culture of Malay medicine clearly than utilizing the view of western theories.

Data Analysis

Use of Rhizomes in Malay Medicine

The meaning of this rhizome is the part of plants that grow horizontally in the soil and grow in clumps. Hashim Musa and Salmah Jan Noor Muhammad (2011) stated that this plant is widely used in Malay medicine knowledge by shamans and midwives to cure diseases as it is durable and able to fight diseases. In addition, this plant is also used as flavoring in food and removes the stench from meat, fish and so on. The use of this rhizome can be seen in the *Ubat Tradisional MS 1988.400* that includes:

Shallots

Shallots is a family of *Liliaceae* rhizomes originated from India. Azimah Abd Kadir, Rosnani Abd Ghani and Wan Khairul (2018) stated that onion's name is also known as *Allium Cepa L.* It works to cure illness and treat diarrhea, acne, fever, discharge, seasick, wounds and ulcers, diabetes, cough and flu. The habitat for this growth is living in areas with sufficient light source and cannot grow in humid areas as it can damage the internal structure of the onion. The functions of onions in Malay medicine can be seen in *Ubat Tradisional MS 1988.400*. Among them are:

Sebagai lagi ubat orang terkena angin besar atau mati kaki tangannya atau sekalian tubuhnya atau serban sekalian tubuhnya orang itu inilah ubatnya...sawi lima tahlil dan jintan kedua lima tahlil dan bawang kedua lima tahlil maka sekalian itu giling lumat bubuk minyak lenga sukat segantang dan garam dua cupak maka masak pada api hingga tinggal minyak itu sahaja kemudian taruh baik-baik; [barangkali hendak berubat] maka lumurkan pada orang itu, aflat.

As again, the medicine for people who are affected by the great wind or death in their legs and limbs, or their bodies or head scarf, the person's body is the cure...five mustard greens tahlil and second caraway five tahlil and second onion five tahlil, thus, they grind milled pulverized oil in a compact size and two cups of salt, then cook on the fire till what's left is the oil, then, put it properly; [probably want to medicate] then lavish on that person, aflat.

(*Ubat Tradisional MS 1988.400*: 100)

...Sebagai lagi ubat sakit perut sebab angin. Maka perangnya tiada dapat duduk dan ia bernafas seperti orang lelah, akan ubatnya, ambil bawang merah muda lagi hijau, maka makan pagi takala belum lagi makan nasi sudah bersugi...

...As another stomach ache medicine due to wind. So, his temper cannot sit and he breathe like a tired person, will his medicine, take on the shallots that is still light green, so breakfast after cleaning the teeth is not yet the time to eat rice...

(*Ubat Tradisional MS 1988.400: 236*)

Based on the passage above, it can be seen that the use of shallots is to cure people who are famous for the wind in the body. In addition, shallots are also used to treat stomach ache. The way to prepare it is to squeeze the onion and also eat the onion before breakfast and after cleaning the teeth or more commonly known as toothbrushing. This is in line with the Introduction of Medical Anthropology (1990) that is the Malay community used natural ingredients to treat illnesses such as medicines from plants with their own treatments. Furthermore, there are taboos like eating shallots. It should be eaten after toothbrushing and eat before breakfast so that it can warm up the stomach.

Ginger

Noridah Arifin (2005) states that ginger is a plant that is very easy to find. In the Malay community, ginger is widely used to enriched food, to remove stench from meat and fish. Ginger has a scientific name that is *zingiber officinale* or *zingiber minus* that belongs to the *zingiberaceae* plant group originated from India and China. Azimah Abd Kadir, Rosnani Abd Ghani and Wan Khairul (2018) stated that ginger also has other types of ginger or the scientific name is *zingiber officinale* var. *rubrum* Theilade. The habitat of ginger is growing with dawn in the soil that has high humidity and sufficient daylight emission. Its use is to treat the colds, vomiting, diarrhea, stomach ache, food poisoning, impotence and much more.

The proof is:

Sebagai lagi [sakit] hulu hati, hendak mutah tiada muntah. Maka ambil jintan hitam dan jintan putih dan sunti halia dan kapur barus dan garam hormuz, maka kepada sesuatu sama beratnya, maka digiling lumat-lumat seperti tepung, mka huli mesra dengan air madu kira-kira boleh ditelah oleh orang sakit itu tiga hari, insya-Allah Taala, afiat.

As another [sore] heart burn, want to vomit no vomit. Take cumin, black cumin and ginger slices and chalk and Hormuz salt and then, to a thing similar its weight, then grind it like flour, and then again friendly with honey can be seen by these sick people in three days, insya-Allah Taala, afiat.

(*Ubat Tradisional MS 1988.400: 182*)

Sebagai lagi ubat budak demam sawan yang tiada kebah. Maka ambil akar cintakudi dan akar terung asam dan akar terung pipit dan halia bara rebus beri minum, afiat.

As a remedy for febrile fever that has no cure. Then take *cintakudi* roots and sour eggplant roots and roasted eggplant roots and boiled broth gourd give drink, afiat.

(*Ubat Tradisional MS 1988.400: 256*)

Based on the passage above, it can be seen that ginger is not only used as a flavor enhancer in cooking, but it is used as a cure for heart disease and seizures of fever. A way to prepare it is that it is to be crushed and boiled and then is to be drink and eaten. In the Introduction to Medical Anthropology (1990), most Malays provide medicines with the process of boiling, oil form and drink in several times daily. It can have a quick impact on the recovery of the patient's illness.

Turmeric

Azimah Abd Kadir, Rosnani Abd Ghani and Wan Khairul (2018) turmeric in scientific name is known as *curcuma longa* L and *sinonim of curcuma domestica* Val. The family group *zingiberaceae* and the origin of this plant are from South Asia and Southeast Asia. Noraida Arifin (2005) stated that this rhizome has a scent of fragrant, beautiful flowers and leaves that can also be made in *ulam*. It is able to treat many

diseases such as yellow fever, diarrhea, treating constipation, diabetes, kidney inflammation and to freshen up the human body. The use of turmeric can be seen in *Ubat Tradisional MS 1988.400*: among them are:

Sebagai lagi ubat wasir. ambil lada tujuh biji dan bawang tujuh ulas dan kulit kunyit kering, maka giling lumat-lumat, maka minum tiga hari pagi petang, afiat.
As another hemorrhoid medicine. Take seven seeds of pepper and seven cloves of garlic and dry turmeric skins, then grind it, then drink three days in the morning, afiat.
(*Ubat Tradisional MS 1988.400*: 189)

Sebagai lagi ubat mandi. Ambil...daun kunyit dan daun pisang kelat kering. Maka rebus semuanya itu diberi masak-masak, maka sejukkan sudah itu mandikan tiga hari, afiat.

As a bath medicine. Take ... turmeric leaves and dried banana leaves. So, boil it give all cooked, so after cooling bath with it in three days, afiat.
(*Ubat Tradisional MS 1988.400*: 288)

Apart from some of the ways to roast, boil, mash, knead, to be burn and others. The Malay community also prioritize the time factor in curing the disease. This can be seen in the passages above that are bathing and eating using boiled and milled ingredients three days three evenings. In the belief of the Malay community the appropriate time is morning, evening and night. While dusk and midday were not appropriate because of the time that many ghosts hanging around.

Summary

The summary in the study of rhizomes in the Malay medical studies has found that the knowledge of the Malays is very wide and is very special. This includes the selection of materials based on natural plants, the use of time, taboos and the way of preparation that is appropriate for the Malay community itself. Furthermore, the Malay community itself uses many natural ingredients such as onion, turmeric, ginger and many more in the Malay cuisine and medicine. The selection of this study corresponds to the opinion by Ab. Razak Ab. Karim (2002) which is a study of the past medical Malay writings or better known as the book or the Malay medical studies of the legacies of the past society has not yet been studied by the researchers in a broad and profound manner.

Conclusion

In conclusion, based on the analysis of the use of rhizomes in Malay medicine, it has a positive impact on the development of Malay medicine. Furthermore, it has a great impact on the development of knowledge to the local community, not only the Malay community itself. Therefore, this study is considered important to the writers because, the authors are able to summarize Malay medical studies including materials, taboos, etiology of fever and healing and medical specialists. The authors can also make valuable contribution in research aspects to the university indirectly. In addition, this study is considered important to medical science officials. Malaysia is known as a country with a various medical knowledge that are unique and special. Hence, this study can assist a medical science officer in finding a solution to finding medicinal ingredients to cope with the increase of the country's health problems, especially in Malaysia. Lastly, it is to the future researchers. This study can be used as a reference for, recognizing Malay medicine that includes rhizomes in detail. In view of this, it is hoped that future studies will focus more on the fauna-related aspects more clearly or to use field studies.

References

- Abdul, G. H. (2014). *Mss 2999 kitab tib pandangan dan tafsiran perubatan moden terhadap manuskrip perubatan Melayu*. Kuala Lumpur: Perpustakaan Negara.
- Abdul, S. A. (1988). *Warisan perubatan Melayu*. Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Abdullah, S. A., Jamil, A. B., Fawazul, K. I., & Hazel, K. (2003). Senibina landskap melayu tradisi - analisis dari perspektif nilai. *Seminar Za'ba Mengenai Alam Melayu (Nilai-nilai Peradaban Melayu)*, 12-14 Ogos 2003.

- Adlina, A. H. et al. (2015). Pengetahuan tradisional etnik Kadazandusun dalam bidang pertanian dan perubatan di Ranau, Sabah. *Jurnal Sultan Alauddin Sulaiman Shah*, 2(2), 104-177.
- Azimah, A. K. et al. (2018). *Spesies tumbuhan herba dan rempah ratus Taman Botani Perdana*. Kuala Lumpur: Perpustakaan Negara Malaysia.
- Hamidah, A. W. (2013). Petua dan pantang larang tradisional dalam Alam Melayu Sarawak. *International Journal of the Malay World and Civilisation (Iman)*, 1(1), 89 – 97.
- Harun, M. P. (2006). *Kitab Tib – ilmu perubatan Melayu*. Kuala Lumpur: Perpustakaan Negara Malaysia.
- Harun, M. P. (2015). Ilmu perubatan Melayu tradisional dari naskhah-naskhah lama. *International Journal of the Malay World and Civilisation (Iman)*, 3(3), 3 – 17.
- Harun, M. P. (2017). *Kitab Tib Muzium Terengganu edisi dan huraian teks*. Selangor: Institut Penyelidikan Perhutanan Malaysia.
- Hashim, M., & Salmah, J. N. M. (2011). Bustan Al-Salatin: Bahan-bahan dan rawatan penyakit tradisional. *Jurnal Filologi Melayu*, 18, 26-38.
- Jelani, J. P., & Muhammad, S. J. N. (2018). The influence of animism on the customs and culture of the Iban community. *International Journal of Academic Research in Business and Social Sciences*, 8(8), 763–774.
- Jurry, F., Abdul, L. M., Mustaffa, O., & Ahmad, A. A. (2016). Utilitarian tumbuhan ubatan di Tamu Pantai Barat Sabah. *Malaysian Journal of Society and Space*, 12(12), 99-112.
- Jurry, F. (2018). Penglibatan komuniti tempatan dalam pasaran tumbuhan ubatan di Tamu Pantai Barat Sabah. *Akademika*, 88(1), 35-47.
- Mohd, K. M. B. (2003). Ketamadunan Melayu dan sains: Satu analisis awal ke atas pencapaian masyarakat Melayu dalam bidang sains. *Jurnal Teknologi*, 39(E), 47–61.
- Noraida, A. (2005). *Penyembuhan semula jadi dengan herba*. Pahang: PTS Millennia SDN. BHD.
- Salfarina, A. G., & Daniel, U. A. E. (2013). Tren penanaman dan kegunaan tumbuhan herba dalam kalangan masyarakat Melayu di Balik Pulau, Pulau Pinang. *Journal of Social Sciences and Humanities*, 8(1), 1-9.
- Siti, K. B. A. (2016). *Amalan dan penggunaan herba dalam perubatan tradisional Melayu selepas bersalin di Zon Tengah, Semenanjung Malaysia*. Fakulti Sains Teknologi dan Pembangunan Insan, Universiti Tun Hussein Onn Malaysia.
- Siti, F. Y. (2010). *Tumbuhan ubatan liar di sekeliling anda*. Selangor: Ar-Risalah Product Sdn. Bhd.
- Yusmilayati, Y., Mohd, Y. M. Y., Muammar, G. H., & Mohd, N. J. (2016). *Malaysia Journal of Society and Space*, 12(11), 79-91.

THE READINESS OF STUDENTS TO PURSUE DIPLOMA RETAIL MANAGEMENT

Noraini Hashim, Nor Alwani Abd Wahab, and Aniza Suriati Abdul Shukor

Abstract

The purpose of this study was ascertain the readiness of students to pursue Diploma Retail Management. Two aspect were specially looked into are the level of academic knowledge of student Diploma in Retail Management semester 1 toward Diploma in Retail management. Second is the habits of mind for student in Retail Management semester 1 toward Retail Diploma Management, A reliability test was conducted on the instrument used in this study is to know the student's readiness to pursue Diploma in Retail Management. It is registered an index of 0.781 on the Cronbach's alpha which considered high and therefore appropriate to be used in this study. A total 50 students participated in this study. Data gathered through the questionnaire that were being analysed using statistical package for social science (SPSS). Descriptive statistic using means, frequencies and percentages were used in measuring the readiness of the students. From this research, it found that student habits of mind towards Diploma in Retail Management is 3.55. While the knowledge among students toward Diploma in Retail Management is 4.01 thus the level of student readiness to pursue Diploma in Retail Management is 3.81. Based on the finding, student already know about retail courses

Keywords: Readiness, Students, Pursue, Diploma Retail Management, Politeknik

Introduction

The Diploma in Retail Management designed to provide students with a general and comprehensive knowledge and understanding about theoretical and practical aspect of retail management. Diploma in Retail Management will provide students with the opportunity to obtain the knowledge in a competitive retailing environment. The business of retailing is the most fascinating and vibrant industry and it is the major source of employment in Malaysia. Diploma in Retail Management will expose students to knowledge and skills in Fundamental of retailing, Mathematic for Retailing, Retail Operation 1& 2, Customer Service and Retail Selling, Retail Buying, Fashion Merchandising, Retail Promotion and Global Retailing. The industry would certainly require skilled and competent personnel in order to promote its growth. Hence, the student will also expose to Arabic Language 1, Mandarin Language 1, Fundamental of Insurance, Product Management, Computerized Accounting System and many more management, retail and technology subjects. This programme will produce qualified and semi-professional graduates who will be a part of the manpower in his business sector.

This programme will equip the graduate with the relevant knowledge and skills to enable them to supervise and manage retail store effectively. Student will undergo a six (6) semester programme inclusive of industrial training. Through case studies, team projects and reflective journals, student will be able to analyse current retail situations in order to understand the challenges in retail field. The programme also enable the graduates to be an entrepreneur in future, which is in line with the National Vision to increase the numbers of young entrepreneurs.

This research will look into how habits of mind and student knowledge encourage the students towards their readiness to pursue Diploma in Retail Management. 'Habits of mind' or we can called it intellectual dispositions, can help students solve academic problem in the study places. Besides, it is one of the factors recently discussed by academic research and introduced by several educational frameworks. The recent Framework for Success in Postsecondary Writing jointly developed by the Council of Writing Program Administrators, the National Council of Teacher of English, and also the National Writing Project in January 2011 (further, Framework) stated that readiness for college entrance should be defined not by specific standards but by intellectual behaviors and educational experiences that encompass rhetorical skills as well as habits of mind (Johnson, 2013). In fact, it can armed students o face a wide variety of ethical, moral and spiritual challenges throughout their lives. It also able to influence students to become more active and inquisitive in the face of challenges, rather than being passive and only accepting (Boyes

& Watts, 2009). Sometimes it's relate to critical thinking toward certain things. The importance of student's critical thinking skills development has been broadly discussed by researchers and reinforced by accrediting bodies in the educational facilities (Suad, Haya, Asma and Nidhal, 2018). Besides, critical thinking can be traced through variation of behaviours. The critical habits of mind that could be fostered through reading, writing and critical analysis are creativity, openness, curiosity engagement, persistence, flexibility, responsibility and meta-cognition (O'Neill, Adler-Kassner, Fleischer, & Hall, 2012). According to Sullivan (2012), the importance of habits of mind as a prerequisite for college readiness, focusing on the skills of curiosity, openness, creativity, accountability, and humility.

Problem Statement

From the data collected by Hal Ehwal Pelajar (HEP) Polytechnic of Sulan Azlan Shah, there is increasingly number of enrolment for diploma in Retail Management. This number getting bigger every semester since 2014. Before this, an enrolment for Diploma in Retail Management student is slow, which is the lowest enrolment number is only 4 students. Increasing number of his enrolment might be to achieve key performance indicator of Jabatan Pengajian Politeknik (JPP). Some simple interview had done with the student in Diploma in Retail Management and found that some of them never apply for this course but offered to pursue this Diploma in Retail Management so that they are not really ready to pursue their study in Retail Management.

Research Objective

The objective of this study are to identify the level of academic knowledge of student Diploma in Retail Management semester 1 toward Diploma in Retail Management. Secondly the data been analyzed to identify the habits of mind for students Diploma in Retail Management thus measure their readiness to pursue Diploma in Retail Management.

Literature Review

Academic Knowledge and Skills

An ability to have an academic knowledge and skills generally being a measurement for college readiness (David, 2012). A student who is ready for college and career can qualify for and succeed in entry level leading to career pathway oriented scheme and training program without the need for remedial or developmental coursework. Successful academic preparation for college is grounded in two important dimension which is habit of mind and content knowledge. Understanding and mastering key content knowledge is achieved through the exercise of border cognitive skills embodied within the habits of mind. With this relationship of mind, it is entirely proper and worthwhile to consider some of general areas in which students need strong grounding in content that is foundational to the understanding of academic discipline. The case of the importance of challenging content as the framework for developing thinking skills and habit of mind has been made elsewhere and will not be repeated in depth here (Bransfort, Brown, & Cockin, 2000)

In order to illustrate the academic knowledge and skills necessary for college success, a brief discussion of the key structures, concepts and knowledge of core academic subjects is presented. This presentation is not a substitute for a comprehensive listing of essential academic knowledge and skills. Such a more complete exposition is contained in Understanding University success, produce by Standards for success through three years of study in which more than 400 faculty and staff members from 20 research university participated in extensive meetings and reviews to identify what students must do succeed in entry level courses at their institutions (Conley, 2003). These finding have been confirmed by subsequent studies. This overview begins with two academic skill areas that have repeatedly been identified as being centrally important to college success, writing and research. This is followed by brief narrative descriptions of content from a numbers of core academic areas.

Habits of Mind

Habits of the mind are 16 behaviors that breed thoughtful and intelligent actions. King (2013) said that the importance of developing mathematical habits of mind among students. In her analysis, the researcher argued that productive habits of mind in this direction are complex to develop given that students are frequently trying to approach the tasks in abstract algebra by attempting to look for a quick answer, not being persistent when the answer is not obvious and tending to memorize the approach but not to understand it.

The success of a well-prepared college is built upon a foundation of key habits of mind that enable the students to learn content from a range of discipline. Unfortunately, the development of key habits of mind in high school is often overshadowed by an instructional focus on decontextualized content and fact necessary to pass exit examination or simply to keep student busy and quiet classrooms.

For the most part, state high-stakes standardized test require students to recall or recognize fragmented and isolated bits of information. Those that do contain performance task are severely limited in the time of task can take their breadth or depth. The test rarely requires the students to apply their learning and almost never require students to exhibit in higher forms of cognition (Marzano, Pickering, & McTighe, 1993). Several studies of college faculty member nationwide, regardless of the selectivity of the university, express near-universal agreement that most student arrive unprepared intellectual demands and post secondary (Conley, 2003b). For example, one study found that faculty reported that the primary areas in which first-year student needed further development were critical thinking and problem solving (Lundell, Higbee, Hipp, & Copeland, 2004).

The term 'habits of mind' was selected to describe intelligent behavior necessary for college readiness and to emphasize that these behaviors need to be developed for a period of time such they become way of thinking, habit in low intellectual activated are pursued.

In other word, habits of mind are pattern of intellectual behavior that lead to development of cognitive strategies and capabilities necessary for college-level work. The term 'habit of mind' invokes a more disciplined approach to thinking the term such as 'dispositions' or 'thinking skills'. The term indicate intentional and practiced behaviors that become a habitual way of working toward more thoughtful and intelligent action (Costa & Kallick, 2000). Besides, there other theory from Ahuna, Tinnensand VanZile-Tamsen (2011) suggested dividing them into meta-strategic, meta-cognitive and epistemological behaviors, which is stand for *knowing how*, *knowing what*, and *how do I know* respectively. Other than that through Matsuura, Sword, Piecham, Stevens, and Cuoco (2013) said that the important discipline with respect to habits of mind development. Researcher also explored the importance of the habit of using mathematical language, which is about thinking, mental habits and research techniques applied to the explanation of more complex terms, such as definitions, theorems, and algorithms. Their investigation pointed that it is significant.

Methodology

The questionnaire was adopted by 'Kesediaan Menceburi Kerjaya Pengurusan: Satu Kajian Kes Dikalangan Pelaja-Pelajar IPT Aliran Pendidikan Teknik dan Vokasional (Yusof Hadi, 2000). The population of study is 58 student of Diploma in Retail Management semester 1. According to Krejcie and Morgan, 1970, the sample is about 50 students. Data collection proceed through the student in Diploma in Retail Management semester 1. The question distributed in the class representative and collected it back.

Findings and Analysis

The Cronbach's alpha reliability coefficient normally ranges between 0 to 1. Refer to George, 2003 the Cronbach alpha table value of this research, is acceptable. The number of respondent divided to female 60% and male 40% with the Malay races is the highest percent of 94%. For the background of school before they manage to register at Polytechnic Sultan Azlan Shah, most of them came from Sekolah Menengah

Kebangsaan, covered 96%. From this research also we can see that majority from the respondent took Commerce study stream.

Table 1

The Level of Habits of Mind Students towards Diploma in Retail Management

	N	Minimum	Maximum	Mean	Std Deviation
H1	50	1	5		
H2	50	1	5	3.38	1.159
H3	50	1	5	3.82	.941
H4	50	1	5	3.68	.891
H5	50	1	5	3.42	.928
H6	50	1	5	3.58	.928
H7	50	1	5	3.66	.823
Habitofmind	50	2	5	3.32	1.236
Valid N listwise	50	1	5	3.5514	.59360
	50	2.00	4.71		

From the table, it shows that mean for all the items is above 3.00. The highest is 3.82 which is their decision normally are not influenced by any parties. Usually the decision made to further the studies influenced by parent and friends or their interest field. The total mean score for this variable is 3.55.

Table 2

The Level of Diploma in Retail Management Knowledge Among Students

	N	Minimum	Maximum	Mean	Std Deviation
K1	50	3	5	4.06	.843
K2	50	2	5	3.92	.829
K3	50	3	5	3.90	.789
K4	50	3	5	4.14	.756
K5	50	3	5	4.18	.720
K6	50	3	5	4.14	.783
K7	50	2	5	3.96	.880
K8	50	2	5	3.90	.814
K9	50	3	5	3.92	.665
Knowledge	50	3.00	4.89	4.0133	.59078
Valid N listwise	50				

From the table, it shows that the highest is on relation between retailing and entrepreneurship which is the common knowledge and become their mind set that after they finish their study so that they will be an entrepreneur in retail field. The lowest is employability and facilities during study in diploma in retail Management. Usually at the beginning phase, student not really clear what is the department mission and vision. It's only based on their logical thinking toward the knowledge.

Table 3

Level of Student Readiness to Pursue Diploma in Retail Management at Polytechnic Sultan Azlan Shah

	N	Minimum	Maximum	Mean	Std Deviation
H1	50	1	5	3.38	1.159
H2	50	1	5	3.82	.941
H3	50	1	5	3.68	.891
H4	50	1	5	3.42	.928
H5	50	1	5	3.58	.928
H6	50	1	5	3.66	.823
H7	50	2	5	3.32	1.236
K1	50	3	5	4.06	.843
K2	50	2	5	3.92	.829

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 147

Strategy, Practices and Performance Measurements

K3	50	3	5	3.90	.789
K4	50	3	5	4.14	.756
K5	50	3	5	4.18	.720
K6	50	3	5	4.14	.783
K7	50	2	5	3.96	.880
K8	50	2	5	3.90	.814
K9	50	3	5	3.92	.665
Overall	50	2.69	4.63	3.8113	.48601
Valid N listwise	50				

From the table above, it shows that the result of the level of student to pursue Diploma in Retail management at Polytechnic Sultan Azlan Shah. The highest score is 4.18 represent the knowledge of the student contributes to the student decision to pursue their study while the lowest is 3.32 represent the student's habit of mind which what they think logically may encourage them to make the decision to pursue their study. The total mean score is 3.81.

Conclusion

This study can be concluded as the factor of academic knowledge and skills also habits of mind can be use to measure the readiness of students to pursue their academic in their selected courses. From this research that created with the objective to find out the level of knowledge of student about Diploma in Retail Management and it shows 4.01 mean score. According to Nunally (1994), 4.01 means is high. From the research it found that the student already knows about this course very well. It can be concluded that the student had knowledge about retail, this shows us the result is positive. Level of knowledge among students toward Diploma in Retail Management is high. The second objective is to find out the habits of student's mind influence them to choose Retail Management as their course to pursue study in polytechnic. Student try to find the knowledge and information about Retail Management. They also felt Diploma in Retail Management in their spirit. The total mean score for this variable is 3.55, which is above the average (Nunally, 1994). It can be conclude that the student concern on their soul or perception towards retail field. Finally, the last objective is to find out the readiness of student to pursue Diploma in Retail Management. Mean score for these items is 3.81 and according to Nunally, 1994 it considers as average level. It can be conclude that the student already know about retailing courses offered by polytechnic. The student may get told about the courses by their family, relatives or their friend. Its mean that the student ready to pursue Diploma Retail Management. Their readiness to pursue Diploma in Retail management is high above the range which is almost high.

References

- Boyes, K., & Watts, G. (2009). *Developing habits of mind in secondary schools: An ASCD action tool*. Alexandria, VA: ASCD.
- Bransford, J. D., Brown, A. L., & Cocking, R. R (Eds.) (2000). *How people learn: Brain, mind, experience, and school*. Washington, DC: National Academy of Sciences.
- Conley, D. T. (2003). *Understanding university success*. Eugene, OR: Center for Educational Policy Research, University of Oregon.
- Costa, A. L. E., & Kallick, B. E. (2000). *Discovering and exploring habits of mind: A developmental series*, book 1 (No. ED439101). Alexandria VA: Association for Supervision and Curriculum Development.
- David, T. C. (2012). A complete definition of college readiness and career readiness: Educational policy improvement center.
- George, D. (2003). *SPSS for window step by step: A simple guide and reference*.
- Johnson, K. (2013). Beyond standards: Disciplinary and national perspectives on habits of mind. *College Composition and Communication*, 64(3), 517-541.
- King, K. (2013). Aftermath: Mathematical habits of mind. *Math Horizons*, 20(4), 34. doi: <https://doi.org/10.4169/mathhorizons.20.4.34>
- Krejcie, Robert V., & Morgan, Daryle W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*.

- Lundell, D. B., Higbee, J. L., S., & Copeland, R. E (2004). *Building bridges for access and success from high school to college: Proceeding of the Metropolitan Higher Education Consortium's developmental education initiative*. Minneapolis, MN: Center for Research on Deveploment Education and Urban Literacy, University of Minnesota.
- Marzano, R. J., Pickering, D., & McTighe, J. (1993). *Assesing student outcomes: Performance asesement using the Dimensions of learning model*. Alexandaria, Virginia: Assocoation for Supervision and Curriculum Development.
- Matsuura, R., Sword, S., Piecham, M.B., Stevens, G., & Cuoco, A. (2013). Mathematical habits of mind for teaching: Using language in algebra classrooms. *The Mathematics Enthusiast*, 10(3), 735-776.
- Nunnally, J. (1994). *Psychometric theory*. New York: McGraw-Hill.
- O'Neill, P., Adler-Kassner, L., Fleischer, C., & Hall, A.-M. (2012). Symposium: On the framework for success in postsecondary writing. *College English*, 74(6), 520-533.
- Suad. A, Haya. A, Asma. A, Haila. A., & Nidhal. A. (2018). *A systematic review: Using habits of mind to improve student's thinking class*. Curriculum & Instruction Department, KSU, Riyadh, Saudi Arabia.
- Sullivan, P. (2012). Essential habits of mind for college readiness. *College English*, 74(6), 547-553.

**THE DETERMINANTS OF URBAN POVERTY
IN SELANGOR, MALAYSIA**

Nor Zuriati Amani Ab Rani, Siti Fairuz Hassan, Farahiyah Akmal Mat Nawi, and Muhammad Syafiq Mahadzir

Abstract

Urban poverty in Malaysia has been considered as an increasingly visible phenomenon due to impacts of urbanization. With the rising of urbanization, the number of poor in urban areas is significant, even though urban poverty rates are low. Malaysia had successfully reduced the incidence of urban poverty since 1970 until now. However, increasing cost of living in the urban area was affecting the rate of urban poverty. The aim of this study is to identify factors influence urban poverty in Petaling Jaya, Selangor. This study used primary data collected through questionnaires. The sample of this study involves 100 respondents. Data analyzed using Statistical Package for Social Science (SPSS) version 23.0. As a conclusion, majority of the respondents earn income lower than RM2000 and allocate their income for food, education level, medical, transportation, paying electricity and water bills, saving and paying loans. In addition, this study found that majority of the respondent have complete home appliance.

Keywords: Urban Poverty, Household Income, Urbanization, Selangor

Introduction

Urban poverty in Malaysia has been considered as an increasingly visible phenomenon due to impacts of urbanization. With the rising of urbanization, the number of poor in urban areas is significant, even though urban poverty rates are low. Although in Malaysia the urban poverty rate is very low, rapid urbanization that has occurred over the decades means that the number of the urban poor is now considered significant. Due to massive urbanization in Malaysia, some factors and consequences occurred and still occurring until now. The urban poor include migrants from rural areas, foreign workers and also the unemployed (Nurul Hidayah, 2012). Higher urbanization rates in some states such as Kuala Lumpur (100%), Selangor (91.4%), Penang (90.8%), Perak (69.7%) and Johor (71.9%) in 2010 (DOSM, 2011). Malaysia had successfully reduced the incidence of urban poverty from 21.3 to 0.3 percent between 1970 and 2014. However, increasing cost of living in the urban area was affecting the rate of urban poverty. In Malaysia, overall urban population increasing from 50.6 percent (1991), 55.6 percent (1996), 57.3 percent (1998), 59.2 percent in 2000 and increase to 75.4 percent in 2017. In terms of states, Selangor had the largest number of households, with 1.6 million households, while Perlis had only 56,300 households. Selangor is one of the state in Malaysia known the highest GDP among all Malaysian states. Chamhuri (2016), found that the number of urban vulnerable people is high in more developed states of the country such Selangor, Johor, Perak, Sabah, Sarawak and Kedah. Incidence of poverty rate in Selangor decreased from 29.2 percent to 0.2 percent between 1970 and 2014 (EPU, 2017). Although the poverty rate is decreasing, there is still urban poverty problem in Selangor. The aim of this study is to identify factors influence urban poverty in Petaling Jaya, Selangor through aspect of income, allocation of household income and indicators of asset.

Concepts of Poverty: Conventional and Islamic

Poverty is categorized into two concepts: absolute poverty and relative poverty. The absolute concept of poverty is determined through Poverty Line Income (PLI). PLI is characterized as the most practical and appropriate measure of poverty, especially for national planning purposes (Harun, 1991). PLI is a living standard boundary that can separate the poor with the poorest people (Zaini Omar, 2010). Chamhuri (2004), defines PLI as "the average household capability to obtain sufficient goods and services to buy food and beverage needs for maintaining a healthy, nutritional and other household needs such as clothing and footwear, residential rental, fuel and energy, transportation and communication, health, education and recreation. The second concept is the concept of relative poverty which compares the position of poverty between individuals with individuals or groups of people with other populations. A person would be

considered relatively poor if his socio-economic status was above the absolute level of poverty (Chamhuri, 2004).

Baharaoglu (2002), dimensions of poverty are many, there is a subset of characteristics that are more pronounced for the poor in urban areas and may require specific analysis are commoditization (reliance on the cash economy); overcrowded living conditions (slums); environmental hazard (stemming from density and hazardous location of settlements, and exposure to multiple pollutants); social fragmentation (lack of community and inter-household mechanisms for social security, relative to those in rural areas); crime and violence; traffic accidents; and natural disasters.

Urban poverty is usually defined in two ways as an absolute standard based on a minimum amount of income needed to sustain a healthy and minimally comfortable life, and as a relative standard that is set based on average the standard of living in a nation (McDonald & McMillen, 2008). Difficulties are often faced in measuring poverty because of its complexion. It can be looked not just on low income, but is also on social and financial capital (Nurul Hidayah, 2012). Urban poverty analysis that uses available census and administrative data and specially designed surveys can provide an overview of the change in people's quality of life over time in areas such as income, assets, health outcomes, and education outcomes (Judy Baker, 2004). Poverty according to Islamic perspective, is the poor and *fakir*. According to Muksin (2004) and Muhammad Shahbudin (1997), poor and *fakir* are two the different dhuafa (daif) but the status is almost the same. These two groups of dhuafa unable to manage their daily lives as their economy is weak. According to Muhammad A. Shahbudin (1997) poor phenomena, *fakir* or poor people all depict poverty. Different things between the poor and the *fakir* is the only level that is from individuals who have little property until no property or than individuals who have a small amount of income so that individuals do not have income to meet a few basic needs.

Methodology

This research was conducted in Seksyen 6, Petaling Jaya, Selangor. Petaling Jaya or also known as PJ is a major Malaysian city originally developed as a satellite township for Kuala Lumpur. It is located in the Petaling District of Selangor with an area of approximately 97.2 square kilometers and has a total population of over 619,925 people. Petaling Jaya was granted city status on 20 June 2006 and now known as the leading growth centre in Selangor. Petaling Jaya is surrounded by the Malaysian capital, Kuala Lumpur to the east, Sungai Buloh to the north, Shah Alam, the capital of Selangor and Subang Jaya to the west and Bandar Kinrara to the south. The population comprised of 38,000 residents in Seksyen 6, Petaling Jaya, Selangor and a random number of 100 respondents are picked as a sample of this study. The study uses primary data collected through interviews and filling out questionnaires. Data analysed using Statistical Package for Social Science (SPSS) version 23.0.

Results and Discussion

Respondent's Profile

Majority of respondents are male with 73 respondents and 27 respondents are female. The majority of the respondent are from the age of 18 to 27 years old which represent 45 percent of the respondents, followed by the range of age from 28 to 37 years old which is 24 percent. For the age of 48 to 57, it represents 19 percent of the result and followed by the range of age from 38 to 47 that consists 9 percent of the respondents. The lowest range of age is 58 and above which consists only 3 percent of the respondents.

Most of the respondents are married which represent 51 percent of the total respondents and followed by single with 44 percent and others is 5 percent for divorced and widowed. The highest frequency of religion status is Islam with 55 percent of the respondent followed by Christian with 21 percent. It is 14 percent of the respondents that follows Buddhism and Hindu with 10 percent. The majority of the respondents are Malay with 51 percent of the respondents followed by Chinese with 29 percent and Indian with 20 percent of the respondents. For household size, 39 percent of the respondents have the size of household with the range from 3 to 5 persons which is the highest. The second highest percentage for the household size is one person which is 28 percent and followed by household size ranging from 6 to 8

persons with 19 percent of the respondents. 14 percent of the respondents have the size of household of 2 persons and the lowest is 9 persons and above with 0 percent of the respondents. David Francois Meyer (2016), found the positive relationship between household size and poverty. He concluded that the higher or the larger the number of household size, the higher the level of poverty. Range 3 to 5 persons is normal because the average size of household in Malaysia is 4.1 persons in 2016 (KIR, 2018). Educational level refers to the highest level of schooling that a person has reached. For educational level, the majority of the respondents have secondary education with 44 percent of the respondents followed by respondents which received the education of Diploma/ Degree/ Masters/ PhD with 33 percent of the respondents. There is an even percentage of 9 percent for respondents that have no education and primary education. The lowest is STPM/ A-level/ Foundation with 5 percent of the respondent. Anyanwu (2013) explains that the level of education is an important to determinant of poverty.

Table 1
Demographic Profile

Gender	Frequency	Percentage %
Male	73	73.0
Female	27	27.0
Total	100	100.0%
Age	Frequency	Percentage %
18 – 27	45	45.0
28 – 37	24	24.0
38 – 47	9	9.0
48 – 57	19	19.0
58 and above	3	3.0
Total	100	100.0%
Marital Status	Frequency	Percentage %
Single	44	44.0
Married	51	51.0
Others	5	5.0
Total	100	100.0%
Religion	Frequency	Percentage %
Islam	55	55.0
Christian	21	21.0
Hindu	10	10.0
Buddhism	14	14.0
Total	100	100.0%
Race	Frequency	Percentage %
Malay	51	51.0
Chinese	29	29.0
Indian	20	20.0
Others	0.0	0.0
Total	100	100.0%
Household Size	Frequency	Percentage %
1 person	28	28.0
2 persons	14	14.0
3-5 persons	39	39.0
6-8 persons	19	19.0
9 and above	0	0.0
Total	100	100.0%

Educational level	Frequency	Percentage %
No education	9	9.0
Primary education	9	9.0
Secondary Education	44	44.0
STPM/A-level/Foundation	5	5.0
Diploma/Degree/Master/PHD	33	33.0
Total	100	100.0%

(Source: Field Study, 2017)

Income and Allocation of Household Income

The majority of the respondents earn from RM1001 to RM2000 with 39 percent of the respondents followed by income range from RM 2001 to RM3000 with 19 percent. Income range from RM3001 to RM4000 have the percentage of 14 percent of the respondent and 10 percent of the respondents have the income of RM5001 and above and 9 percent for both incomes range of RM4001-RM5000 and below RM1000. Main sources of income are from work in the government sector with 44 percent of the respondent and followed closely by the private sector with 42 percent and self-employed with 14 percent of the respondents. Figure 1 shows allocation of household income for food, education, medical, transportation, house rent, electricity and water bills, saving and loans. Majority respondents allocate their income for food expenditures about RM201-RM300 with more than 25 percent. For education level, about more than 30 percent respondent spend their income with RM501 and above. Respondent spend less than RM100 for their medical because majority of them get their treatment at the hospital with fee RM1 only for the registration. Besides that, 95 percent of the respondents do not have any health issue while the other five percent have health issue such as asthma, respiratory, heart and cancer. Respondents that have health issues does not receive scheduled treatment at the hospital. Some of the respondent agree that problem of health can affect their income. For transportation, respondents spend their income about RM101-RM200 per month. Majority of respondents spend their income for house rent with RM501 and above. While for electricity, water and others bills, more than 20 percent respondent spend their income about RM301-RM400 per month. Some of the household income also are spend for saving and paying their loans. About 28 percent of respondents are not saving their income and about 71 percent of respondent are not get loans, while 20 percent pay loans with RM401-RM500.

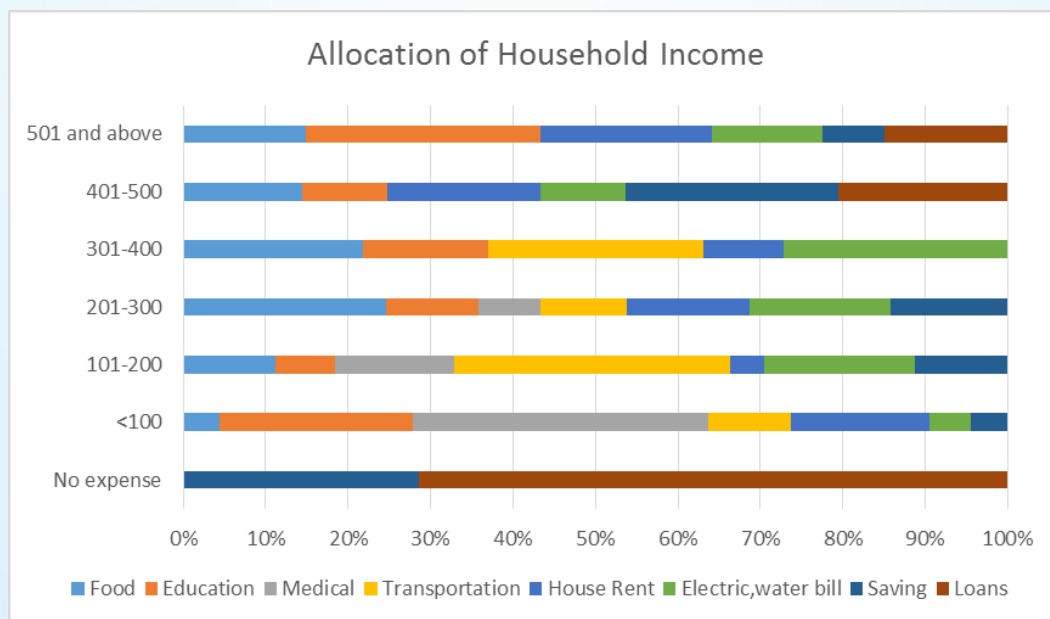


Figure 1. Allocation of Household Income

Asset Indicators

Majority of the respondents live in rent house with 61 percent while 39 percent of the respondents have their own house. In their house, about 38 percent of the respondents have three rooms, 37 percent have two rooms, 15 percent have four rooms and only 10 percent have more than four rooms in house. While for the water supply most of the respondents have water from SYABAS and all of the respondents receive an electric supply from TNB. For sanitary about 48 percent of the respondents have only squatting toilets, 37 percent have only seating toilets and 15 percent have both type of toilets. For housing equipment, 100 percent of the respondents have television in their home. Majority of the respondents have radio in their home with the percentage of 68 percent while the other 32 percent do not own radio. Most of the respondents have washing machine in their home with 73 percent of the respondents while 27 percent still does not own a washing machine. For clothes iron, 100 percent of the respondent have iron. About 61 percent of the respondents have cooking stove in their house and 39 percent does not own the equipment. Majority of the respondents have fan in their home with 95 percent while the other 5 percent do not own the equipment. For air-conditioner in their home with 57 percent of the respondents does not own air-conditioner in their home and the other 43 percent have the equipment.

Conclusion

The study is to identify factors influence urban poverty in Petaling Jaya, Selangor through income, allocation of household income and indicators of asset. As a results, majority of the respondents earn income from RM1001 to RM2000. Households earning below RM2, 000 are potentially very vulnerable against economic shocks or emergencies. Lower income can affect the life of respondent and they can categories as poverty. For the allocation of income, respondents spend their income for food, education level, medical, transportation, electricity and water bills, saving and paying loans. For the asset indicators, majority of the respondent live at rent house with at least three rooms and have toilets in their house. Majority of them have complete home furnishings.

References

- Baharaoglu., & Kessides. (2002). *Urban poverty” in World Bank, 2002. A Sourcebook for Poverty Reduction Strategies*, Chapter 16.
- Chamhuri Siwar., & Surtahman Kastin Hasan. (2004). *Ekonomi Malaysia*. Selangor: Pearson Malaysia Sdn Bhd.
- Chamhuri Siwar., Ferdoushi Ahmed., Ahmad Bashawir., & Md. Shahin Mia. (2016). Urbanization and urban poverty in Malaysia: Consequences and vulnerability. *J. Applied Sci*, 16, 154-160.
- Departments of Statistics Malaysia (DOSM). (2011). Jabatan Perdana Menteri, Putrajaya, Malaysia.
- Judy Baker., & Nina Schuler. (2004). *Analyzing urban poverty: A summary of methods and approaches. Policy Research Working Paper; No.3399*. World Bank, Washington, D.C. © World Bank.
- Khazanah Research Institute (KRI). (2018). *The state of households 2018: Different Realities*. Perpustakaan Negara Malaysia.
- Malomam, I. (2016). The socioeconomic determinants of household poverty status in a low-income settlement in South Africa. *International Journal of Social Sciences and Humanity Studies*, 8(2).
- McDonald, J. F., & McMillen, D. P. (2008). *Urban economics and real estate*. Oxford: Blackwell Publishing.
- Meyer, D. F. (2016). *The impact of household size on poverty: An analysis of various low-income townships in the Northern Free State Region, South Africa*. *African Population Studies*, 30(2).
- Mok, T. Y. (2007). *The determinants of urban household poverty in Malaysia*. Commerce Division, Lincoln University, Canterbury, New Zealand.
- Muhammad A. Shahbudin. (1997). *Peringatan dan perkhawaran untuk si miskin dan si kaya*. Johor Bharu: Perniagaan Jahabersa.
- Nurul Hidayah Chamhuri., Hafazah Abdul Karim., & Hazlina Hamdan. (2012). Conceptual framework of urban poverty reduction: A review of literature. *ASIA Pacific International Conference on Environment-Behaviour Studies (AicE-Bs): Cairo*.
- Unit Perancang Ekonomi (EPU). (2017). Jabatan Perdana Menteri, Putrajaya. Malaysia.

**THE THEORY OF COGNITIVE DISSONANCE: DISCOVERING MEANING BEHIND
CONSUMER INVOLVEMENT IN COUNTERFEIT
CONSUMPTION BEHAVIOUR**

Nurhidayah Rosely, Raja Nerina Raja Yusof, Haslinda Hashim, and Nor Azura Adzharuddin

Abstract

The rising demand for counterfeit goods has led to a new phenomenon in consumer behaviour. Counterfeit goods have long been labelled as inferior in quality and often targeted at consumers with low purchasing power. However, current trends show that there is a rise in the number of consumers who willingly purchase counterfeit goods despite being able to afford the original merchandise. This paper seeks to explain the phenomenon of non-deceptive counterfeit goods demand through the Theory of Cognitive Dissonance (Festinger, 1957). The theory emphasizes on how individuals try to alter the inconsistencies between existing beliefs, knowledge, perceptions and actual behaviour of consumers to reduce the sense of dissonance which in turn enables consumers to escape from negative and unpleasant feelings when purchasing counterfeit goods thus legitimizing their consumption behaviour. Moreover, the concept of consumer rationalization on this unethical consumption behaviour further leads to the construction of meaning for the consumer's involvement in counterfeit consumption behaviour. Accordingly, the aim of this paper is to extend the literature on counterfeit consumption behaviour through cognitive dissonance, by discovering the under-investigated areas and opening up a research avenue that is worthy for academicians as well as managerial and authority bodies.

Keywords: Theory of Cognitive Dissonance, Counterfeit Consumption Behaviour, Meaning, Rationalization, Motivation

Background of the Study

The production of and demand for counterfeit goods are one of the most persistent issues in the industry that has remained unresolved despite deliberations for over a decade, and authentic goods manufacturers are still searching for a solution to prevent the development of the counterfeit market. Billions of dollars in losses have been borne by the manufacturers of luxury goods (Bekir, El, & Gilles, 2013; Bian & Moutinho, 2011; Xuemei Bian, Wang, Smith, & Yannopoulou, 2016; Eisend & Schuchert-güler, 2006; Staake, Thiesse, & Fleisch, 2009) due to the substitution effect created by the counterfeit market that had devalued the brand images of authentic goods. Manufacturers of authentic goods have invested heavily on research and development, technology, and brand equity management in order to gain a lucrative return on their investment (Cesareo & Stöttinger, 2015). However, this scenario has turned into a liability for the manufacturers as irresponsible counterfeiters have seized the available opportunities by creating demands for another market (Meraviglia, 2015). Consumer demand is the leading cause of the development of counterfeit markets and poses the greatest challenge for authentic fashion goods manufacturers as well as governments in preventing consumer involvement in counterfeiting activities. Consumer involvement is a major concern for researchers, and in recent years, there has been extensive research on consumer involvement in counterfeit purchases (Eisend & Schuchert-güler, 2006).

Objective

The objective of this paper is to:

- explain how theory of cognitive dissonance (Festinger, 1957) motivates consumers to rationalize and give meaning to their involvement in counterfeit consumption behaviour.

Terms and Definitions

Counterfeiting could be defined as any unauthorized manufacturing of original products (Xuemei Bian, & Veloutsou, 2007) with remarkable brand values that have been copied and sold at lower prices (Eisend & Schuchert-güler, 2006). Counterfeit fashion goods are also synonymous with terms such as replicas, knock-offs, fakes, high grade, “inspired by”, bogus, and imitation – all of which carry similar characteristics and are indistinguishable from the genuine versions of the goods (Staake, Thiesse, & Fleisch, 2012). Festinger (1957) defined cognitive dissonance as an individual’s effort to reduce the inconsistency between existing beliefs and opinions with their action and behaviour. The cognition which entails prior knowledge and perceptions that an individual holds unfortunately are unable to lead the consumer to behave accordingly (Xuemei Bian et al., 2016; Eisend & Schuchert-güler, 2006; Pueschel, Chamaret, & Parguel, 2016; Sharma & Chan, 2014). Therefore, this situation leads to high dissonance and sense of unpleasantness in their internal states. The individual is then driven to find a solution to reduce the dissonance by altering their existing beliefs and behaviour. Consumers in general are aware of the fact that counterfeit consumption has been declared as unethical and illegal (Xuemei Bian et al., 2016; Cesareo & Stöttinger, 2015; Staake et al., 2009). However, several studies found that some consumers are still motivated to engage in this consumption behaviour (Xuemei Bian et al., 2016; Key, Jr, Adjei, & Campbell, 2013; Pueschel et al., 2016; Quintanilla, Perez, & Castan, 2010). These groups of consumers are thus making their own excuses to reduce their sense of dissonance through several coping strategies so as to sustain their involvement in this practice.

Literature Review **Counterfeit Consumption**

Numerous studies have attempted to explain consumer involvement in counterfeit purchase according to different contexts of consumer knowledge: deceptive counterfeit purchase or non-deceptive counterfeit purchase (Phau, Sequeira, & Dix, 2013; Staake et al., 2009). Building from these studies, non-deceptive counterfeit purchase attempts to explain the phenomenon of consumer demand for counterfeit goods. As consumers are aware and knowledgeable enough to distinguish between counterfeit and genuine goods, consumer attitudes and behaviours become the major determinant to the survival of the counterfeit market (Eisend & Schuchert-güler, 2006; Meraviglia, 2015; Phau et al., 2013).

Due to this motivation, a growing body of literature has investigated the consumer’s willingness to purchase counterfeit goods by identifying several influential factors that motivate consumer attitudes and purchase intentions. In order to investigate the rising demand for counterfeit goods, studies need to be carried out to explore the causes and reasons behind consumer involvement in counterfeit purchases (Xuemei Bian et al., 2016). Therefore, the notion of non-deceptive counterfeit purchases is the most appropriate context to be used because in this scenario, consumers voluntarily engage in this unethical behaviour.

The study on counterfeit goods purchase itself revolves around the negative perceptions and beliefs on the quality and benefits of counterfeit goods that are turned into positive beliefs by consumers with low purchasing power (Amaral & Loken, 2016a; Staake et al., 2009; Zaichowsky, 2000). As stated by Cesareo & Stöttinger (2015), the quality of the counterfeit goods and favourable acceptance by the social group members have changed the evolution of the counterfeit goods market. Consumers purchase counterfeit goods not only for satisfying their utility needs, but also for fulfilling their hedonic needs (Xuemei Bian et al., 2016; Perez, Castaño, & Quintanilla, 2010; Romani, Gistri, & Pace, 2012).

Cognitive Dissonance Theory

In terms of motivation, the theory of cognitive dissonance (Festinger, 1957) has been explained as inner forces that urge the individual to take specific actions and engage in certain behaviours. Cognition consists of prior knowledge, information, beliefs and perceptions that have been disrupted due to some internal conflict. The mental inconsistency between actual individual action and cognition causes unpleasant feelings such as guilt and discomfort as the individual thinks that he is violating his own existing belief (Gawronski, 2012; Gbadamosi, 2009; Telci, Maden, & Kantur, 2011). As a result, the individual is motivated to make “excuses” by rationalizing his actions and behaviour. Through this rationalization process, the individual is able to reduce or overcome the inconsistency and internal conflict and thus justify the reason for sustaining his behaviour. Festinger (1957) mentioned that humans have inner drives. They also hold attitudes and beliefs in harmony, and try to prevent disharmony or dissonance (Pincus, 2004). This theory highlights the capability of humans to alter their cognition in order to seek consistency between attitudes and behaviours (Gawronski, 2012). As a result, humans are motivated to reduce the discrepancy between those cognitions and discomfort by altering their beliefs, attitudes, and behaviours. Apparently, cognitive dissonance gives individuals opportunities to modify their actions and behaviours following the making of wrong decisions by allowing them to rectify the dissonant, unpleasant and guilty feelings (Telci et al., 2011).

Meanwhile, the main research area in marketing and consumer behaviour emphasizes on consumer post-purchase dissonance by reinforcing the consumer’s decision-making process through advertising; redefining consumer goods from the context of product categories, functions and product evaluation; decreasing post-purchase dissonance through post-purchase communication and increasing future sales; analysing product diffusion process to reduce dissonance among the innovators and the role of consumer involvement in purchase decision-making process to reduce the sense of dissonance (Pincus, 2004; Telci et al., 2011). The conclusion indicates that dissonance is inevitable and consumers cannot escape from the sense of discomfort following their purchase decision-making even if it is in a different context of consumption.

Cognitive Dissonance in Existing Counterfeit Consumption Literature

Consumers usually try to rationalise their purchase decision by changing their existing beliefs and attitudes towards some events in order to meet the inconsistencies. As found in prior studies, consumers are willing to purchase counterfeit goods due to the perception that their actions will not harm any individual, the society and manufacturers of genuine luxury goods (Cesareo & Stöttinger, 2015). These consumers also gain strong support from other social group members who purchase counterfeit goods (Key et al., 2013; Thaichon & Quach, 2016) although they are aware that such behaviour is unethical and illegal (Xuemei Bian et al., 2016; Eisend & Schuchert-güler, 2006; Pueschel et al., 2016).

These consumers also try to alter their existing beliefs and attitudes towards counterfeit purchases by eliminating the feelings of guilt. They are motivated to keep giving excuses to justify their involvement in counterfeit goods purchases. This finding was also supported by Kim & Johnson (2014) who reported that consumers try to decrease the importance of dissonance cognition by convincing themselves that they are wiser spenders for optimizing the available resources deemed as a good investment for something that degenerates easily.

Contrary to previous studies, Phau, Sequeira, & Dix (2009) revealed that consumers always try to reduce the discrepancy between immoral and moral purchasing by excusing themselves from violating their personal judgment on counterfeit goods. Apparently, this study was supported by Xuemei Bian et al. (2016) who discovered that consumers often try to compensate their unethical consumption behaviour and eliminate unpleasant feelings by rationalising their purchase decisions.

In fact, consumers often try to rationalize that what they have purchased is worthy as long as the counterfeit version satisfies their hedonic and utility needs (Key et al., 2013; Kim & Johnson, 2014; Pueschel et al., 2016; Thaichon & Quach, 2016). Bian et. al. (2016) further reported that consumers

rationalize their involvement in counterfeit consumption through two neutralization techniques namely denial of responsibility and appealing to higher loyalties which function as coping strategies to eliminate the feeling of dissonance. This reinforces the consumers' motivation to sustain their consumption practice and involvement in counterfeit consumption behaviour due to their mental ability to alter the negative cognition and dissuade the feeling of dissonance.

These consumers purchase counterfeit goods to accomplish several goals and psychological needs such as self-esteem, status and social needs (Amaral & Loken, 2016b; Ar, 2012; Peng, Wan, & Poon, 2013; Phau, Teah, & Chuah, 2015; Quintanilla et al., 2010). Their inability to attain these goals through the purchase of genuine material objects leads to the feelings of self-frustration and disappointment. As the attainment of goals leads to the feeling of life satisfaction, consumers try to attain that feeling through easily achievable goals (Pugno, 2008) i.e. by purchasing counterfeit fashion goods. They try to convince themselves that counterfeit goods are really worth it, enjoyable, and fun to use (Pueschel et al., 2016; Quintanilla et al., 2010).

Discussion

Research Gaps

Throughout the widespread literature on counterfeit goods purchase, only a few studies have used the Theory of Cognitive Dissonance (Festinger, 1957) to explain how and why consumers are involved in counterfeit consumption behaviour. Prior studies on counterfeit goods purchase indicate cognitive dissonance as motivational drivers to how consumers rationalize their involvement in counterfeit goods purchasing. Eisend & Schuchert-güler (2006) explained the phenomenon of counterfeit goods demand from the perspective of motivation through cognitive dissonance. The authors discussed how consumers are urged to modify their existing cognitions of counterfeits and balance out the inconsistencies between both cognition and behaviour. This theoretical study had opened up a new avenue for other scholars to explore other dimensions on consumer motivations through the rationalization of behaviour.

The empirical study conducted by Sharma & Chan (2014) utilized the theory of cognitive dissonance in developing a conceptual framework and explaining the role of product evaluation as the mediating factor between subjective norms, ethical judgment as a factor and counterfeit proneness that influences consumer purchase intentions. Surprisingly, the finding revealed that Chinese consumers in China are not concerned anymore with the "face consumption" that previously had a negative influence on consumer purchase intention on counterfeit goods (Chen, Zhu, Le, & Wu, 2014; Pang, 2008). Subjective norms encourage the Chinese consumers' willingness to purchase counterfeits, as it has become an acceptable norm among social group members in China. The consumers hence are able to showcase their counterfeit fashion goods in public without the fear of exposing themselves to negative social repercussions. This explains the tremendous market demand for counterfeit goods as consumers are able to change their existing negative beliefs and justify their consumption behaviour with several temporary benefits.

Bian et al. (2016) revealed that these consumers come out with cognitive, moral logics and neutralization techniques to justify their involvement in counterfeit consumption. Together, this study provides important insights into the literature as hedonic and emotional outcomes contribute much as the motivational drivers that help consumers rationalize their involvement in this unethical behaviour. The result in this study indicates that counterfeit consumption creates an opportunity to demonstrate consumer expertise and knowledge besides satisfying hedonic needs from the emotional experience. Meanwhile, Pueschel et al. (2016) utilized the cognitive dissonance theory to ascertain how the consumers come out with several risk perceptions in order to cope with the uncertain psychosocial risks. The finding points out that the affluent consumers utilize the availability of counterfeit goods and demonstrate their skills and knowledge to reduce the risks. Surprisingly, Islamic consumers use religious and moral values to excuse themselves and to rationalize their consumption behaviour. This indicates that these consumers are taking prior steps and strategies to minimize the risks of dissonance so as to escape the psychological conflict.

Meaning on Counterfeit Consumption

In a post-modern consumption era, consumers try to relate their consumption activities with self-concept, image and identities (Elliott, 2006; Piacentini & Maller, 2004; Tian & Belk, 2011). Each decision to engage in any consumption activity is purposive and goal-oriented as consumers believe it will communicate meaning to the society. Therefore, consumers should carefully select their activities including the decision to be involved in any consumption behaviour (Kasser & Ryan, 2001; Pugno, 2008; Truong, McColl, & Kitchen, 2010). Consumers believe that the consumption of material goods construct personal meanings that can later be related to their lives. Those meanings which are subjective will guide their consumption behaviour and explain the reasons for consumer involvement in any specific activities. The aforementioned studies started with investigations on consumer motivation behind counterfeit consumption behaviour and later directed to different paths and objectives. Bian et al. (2016) concluded their study with neutralization techniques to cope with unethical consumption and found possible benefits and consequences that consumers may gain from their involvement. Whereas, Pueschel et al. (2016) finalized their study with several strategies to cope with the perceived risks from consumer involvement in counterfeit consumption. While both studies provided interesting insights, there is a lack of emphasis on the meaning of counterfeit consumption from the angle of emotional experiences via cognitive dissonance. Cognitive dissonance is able to connect emotional experiences to find the meaning behind consumer involvement in counterfeit consumption. This implies that the internal conflict between guilt and pleasure could derive a meaning from the subjective experiences in counterfeit consumption behaviour. Bian et al. (2016) found two contrasting emotional experiences from the outcomes of the neutralization techniques. This study intends to extend the search in finding the meaning behind the consumers' involvement in this purchasing behaviour through rationalization strategies. Although cognitive dissonance allows consumers to rationalize their purchase decision, the role of affective elements and emotion are also important in consumption behaviour as discovered in hedonic consumption (Alba & Williams, 2012; Yim, Yoo, Sauer, & Seo, 2014) and luxury brand consumption (Kastanakis & Balabanis, 2012; Morrin, 2010). The rationalization of counterfeit goods usage will be more meaningful if it is derived from the consumer's emotional and functional experiences; therefore, new insights can be discovered to explain consumer involvement in non-deceptive counterfeit goods purchase. Moon, Javid, Kiran, Awan & Farooq (2018) identified that hedonic and utilitarian attitudes act as an organism that influences consumer purchase intention in the context of counterfeit goods. The finding reveals that hedonic attitudes, which stem from emotional values, act as the main drivers that urge consumer purchase intention rather than utilitarian attitudes. Therefore, it is suggested that the integration of cognitive and affective elements in investigations from the angle of emotional experiences (guilt and pleasure) should be explored further to understand the consumers' meaning behind their involvement in counterfeit consumption behaviour. A meaningful insight will be discovered through the consumers' real life experiences which therefore will explain the reason behind the consumers' involvement in this unethical consumption behaviour.

Managerial Implications

Managerially, the study on consumer meaning of counterfeit consumption behaviour through the theory of cognitive dissonance reveals how consumers rationalize their decision to sustain their involvement in counterfeit consumption. Further research into this subject will provide better understanding on how consumers confront the inconsistency between the existing cognition on counterfeit goods and consumption behaviour as well as provide more insight for genuine fashion goods manufacturers to create effective messages in discouraging this unethical consumption behaviour.

Conclusion

The rising consumer demand on counterfeit fashion goods has become a substantial threat to the society and global economies. This paper highlighted a literature review on the component of cognitive dissonance as a motivational driver that leads to this problem. While prior studies had utilized the cognitive dissonance theory to focus on ethical and moral judgment, this study explored the other dimension by explaining the rationale behind the consumer's involvement in this consumption behaviour. From a managerial perspective, it may provide some useful insights to assist organizations in creating effective marketing campaigns and messages to discourage consumer involvement in counterfeit activities.

References

- Alba, J. W., & Williams, E. F. (2012). Pleasure principles : A review of research on hedonic consumption. *Journal of Consumer Psychology*. <http://doi.org/10.1016/j.jcps.2012.07.003>
- Amaral, N. B., & Loken, B. (2016a). Viewing usage of counterfeit luxury goods: Social identity and social hierarchy effects on dilution and enhancement of Genuine Luxury Brands. *Journal of Consumer Psychology*. <http://doi.org/10.1016/j.jcps.2016.02.004>
- Amaral, N. B., & Loken, B. (2016b). Viewing usage of counterfeit luxury goods: Social identity and social hierarchy effects on dilution and enhancement of Genuine Luxury Brands. *Journal of Consumer Psychology*. <http://doi.org/10.1016/j.jcps.2016.02.004>
- Ar, A. R. (2012). Counterfeit Luxury Goods Online: An Investigation of Consumer Perceptions. *International Journal of Marketing Studies*, 4(2), 74–79. <http://doi.org/10.5539/ijms.v4n2p74>
- Bekir, I., El, S., & Gilles, H. (2013). How a luxury monopolist might benefit from the aspirational utility effect of counterfeiting ?, 169–182. <http://doi.org/10.1007/s10657-011-9235-x>
- Bian, X., & Moutinho, L. (2011). The role of brand Image, product involvement, and knowledge in explaining consumer purchase behaviour of counterfeits: direct and indirect effects. *European Journal of Marketing*. <http://doi.org/10.1108/03090561111095658>
- Bian, X., & Veloutsou, C. (2007). Consumers' attitudes regarding non-deceptive counterfeit brands in the UK and China. *Journal of Brand Management*, 14(3), 211–222. <http://doi.org/10.1057/palgrave.bm.2550046>
- Bian, X., Wang, K.-Y., Smith, A., & Yannopoulou, N. (2016). New insights into unethical counterfeit consumption. *Journal of Business Research*. <http://doi.org/10.1016/j.jbusres.2016.02.038>
- Cesareo, L., & Stöttinger, B. (2015). United we stand, divided we fall: How firms can engage consumers in their fight against counterfeits. *Business Horizons*, 58(5), 527–537. <http://doi.org/10.1016/j.bushor.2015.05.007>
- Chen, Y., Zhu, H., Le, M., & Wu, Y. (2014). The effect of face consciousness on consumption of counterfeit luxury goods. *Social Behavior and Personality*, 42(22), 1007–1014.
- Eisend, M., & Schuchert-güler, P. (2006). Explaining Counterfeit Purchases : A Review and Preview, 2006(12).
- Elliott, R. (2006). Existential consumption and. *European Journal of Marketing*, 31(3/4), 285.
- Gawronski, B. (2012). Back to the Future of Dissonance Theory : Cognitive Consistency as a Core Motive, 30(6), 652–668.
- Gbadamosi, A. (2009). Cognitive dissonance. *International Journal of Retail & Distribution Management*, 37(12), 1077–1095. <http://doi.org/10.1108/09590550911005038>
- Kasser, T., & Ryan, M. (2001). Be Careful What You Wish For: Optimal Functioning and the Relative Attainment of Intrinsic and Extrinsic Goals.
- Kastanakis, M. N., & Balabanis, G. (2012). Between the mass and the class: Antecedents of the “bandwagon” luxury consumption behavior. *Journal of Business Research*, 65(10), 1399–1407. <http://doi.org/10.1016/j.jbusres.2011.10.005>
- Key, T. M., Jr, R. E. B., Adjei, M. T., & Campbell, D. A. (2013). Watch out : Themes in timepiece communities of counterfeit consumption, 317(June), 307–317. <http://doi.org/10.1002/cb>
- Kim, J., & Johnson, K. (2014). “Shame or pride?” *European Journal of Marketing*, 48(7/8), 1431–1450. <http://doi.org/10.1108/EJM-02-2013-0110>
- Meraviglia, L. (2015). Counterfeiting, fashion and the civil society. *Journal of Fashion Marketing and Management: An International Journal*, 19(3), 230–248. <http://doi.org/10.1108/JFMM-06-2013-0084>
- Moon, M. A., Javaid, B., Kiran, M., Awan, H. M., & Farooq, A. (2018). Consumer perceptions of counterfeit clothing and apparel products attributes. *Marketing Intelligence and Planning*, 36(7), 794–808. <http://doi.org/10.1108/MIP-11->

2017-0272

- Morrin, M. (2010). Why buy luxury? insights from consumer research, 224–241.
- Pang, L. (2008). 'China Who Makes and Fakes': A Semiotics of the Counterfeit. *Theory, Culture & Society*, 25(6), 117–140. <http://doi.org/http://dx.doi.org/10.1177/0263276408095547>
- Peng, L., Wan, L. C., & Poon, P. S. (2013). Responses to Counterfeit Products.
- Perez, M. E., Castaño, R., & Quintanilla, C. (2010). Constructing identity through the consumption of counterfeit luxury goods. *Qualitative Market Research: An International Journal*, 13(3), 219–235. <http://doi.org/10.1108/13522751011053608>
- Phau, I., Sequeira, M., & Dix, S. (2009). Consumers' willingness to knowingly purchase counterfeit products. *Direct Marketing: An International Journal*, 3(4), 262–281. <http://doi.org/10.1108/17505930911000865>
- Phau, I., Sequeira, M., & Dix, S. (2013). Consumers' willingness to knowingly purchase counterfeit products. *Direct Marketing: An International Journal*, 3(4), 262–281. <http://doi.org/10.1108/17505930911000865>
- Phau, I., Teah, M., & Chuah, J. (2015). Consumer attitudes towards luxury fashion apparel made in sweatshops. *Journal of Fashion Marketing and Management*, 19(2), 169–187. <http://doi.org/10.1108/JFMM-01-2014-0008>
- Piacentini, M., & Mailer, G. (2004). Symbolic consumption in teenagers clothing choices. *Journal of Consumer Behaviour*, 3(3), 251–262. <http://doi.org/10.1002/cb.138>
- Pincus, J. (2004). The consequences of unmet needs: The evolving role of motivation in consumer research. *Journal of Consumer Behaviour*, 3(4), 375–387. <http://doi.org/Article>
- Pueschel, J., Chamaret, C., & Parguel, B. (2016). Coping with copies: The influence of risk perceptions in luxury counterfeit consumption in GCC countries. *Journal of Business Research*, 77, 184–194. <http://doi.org/10.1016/j.jbusres.2016.11.008>
- Pugno, M. (2008). Economics and the self: A formalisation of self-determination theory. *Journal of Socio-Economics*, 37(4), 1328–1346. <http://doi.org/10.1016/j.socec.2007.03.004>
- Quintanilla, C., Perez, E., & Castan, R. (2010). Constructing identity through the consumption of counterfeit luxury goods. *Qualitative Market Research: An International Journal*, 13(3), 219–235. <http://doi.org/10.1108/13522751011053608>
- Romani, S., Gistri, G., & Pace, S. (2012). When counterfeits raise the appeal of luxury brands. *Marketing Letters*, 23(3), 807–824. <http://doi.org/10.1007/s11002-012-9190-5>
- Sharma, P., & Chan, R. Y. K. (2014). Demystifying deliberate counterfeit purchase behaviour towards a unified conceptual framework. *Marketing Intelligence & Planning*, 34(3). <http://doi.org/10.1108/02634501011078138>
- Staake, T., Thiesse, F., & Fleisch, E. (2009). The emergence of counterfeit trade: a literature review. *European Journal of Marketing*, 43(3/4), 320–349. <http://doi.org/10.1108/03090560910935451>
- Staake, T., Thiesse, F., & Fleisch, E. (2012). Business strategies in the counterfeit market. *Journal of Business Research*, 65(5), 658–665. <http://doi.org/10.1016/j.jbusres.2011.03.008>
- Telci, E. E., Maden, C., & Kantur, D. (2011). The theory of cognitive dissonance: A marketing and management perspective. *Procedia - Social and Behavioral Sciences*, 24, 378–386. <http://doi.org/10.1016/j.sbspro.2011.09.120>
- Thaichon, P., & Quach, S. (2016). Dark motives-counterfeit purchase framework: Internal and external motives behind counterfeit purchase via digital platforms. *Journal of Retailing and Consumer Services*, 33, 82–91. <http://doi.org/10.1016/j.jretconser.2016.08.003>
- Tian, K., & Belk, R. (2011). CONSUMPTION AND THE MEANING OF LIFE Kelly Tian and Russell Belk. *Journal of Consumer Behaviour*, 10(06), 249–274. [http://doi.org/10.1016/S0885-2111\(06\)10010-1](http://doi.org/10.1016/S0885-2111(06)10010-1)
- Truong, Y., McColl, R., & Kitchen, P. J. (2010). Uncovering the relationships between aspirations and luxury brand preference. *Journal of Product & Brand Management*, 19(5), 346–355. <http://doi.org/10.1108/10610421011068586>
- Yim, M. Y. C., Yoo, S. C., Sauer, P. L., & Seo, J. H. (2014). Hedonic shopping motivation and co-shopper influence on utilitarian grocery shopping in superstores. *Journal of the Academy of Marketing Science*, 42(5), 528–544. <http://doi.org/10.1007/s11747-013-0357-2>
- Zaichkowsky, J. L. (2000). Do counterfeits devalue the ownership of luxury brands? *Journal of Product & Brand Management*, 9(7), 485–497.

**APPRECIATION OF HISTORY AS A MECHANISM TO INSTIL NATIONAL IDENTITY
AMONG THE YOUTH GENERATION IN MALAYSIA**

Siti Nor Azhani Mohd Tohar, Asbah Razali, and Fauziah Ani

Abstract

A lack of appreciation in national history need to be highlighted in this decade, especially among the younger generation. This is because history serves as the most important mechanism in instilling a national identity among the multi-ethnic society in Malaysia. With this concern in mind, this article discusses the link between history and national identity, and the lack of appreciation of national history among the youth. This discussion is based on an analysis of literature. The findings must be highlighted, as history has often been treated lightly by a society confronting modernity. History must be given a position of prestige and promoted as a way to instil national identity within a society, to build human sustainability and ensure the future continuation of the Malaysian civilisation.

Keywords: Appreciation of History, National Identity, Younger Generation, Multi-Ethnic Society, Human Sustainability

Introduction

History is important to a multi-ethnic Malaysia as it serves as the most basic mechanism in instilling a national identity, especially among the younger generation far removed from the events of history. Ibnu Khaldun (Rosenthal, 1967) emphasises that the younger generation are partial to losing this sense of togetherness, as they are ignorant of the genesis and development of their own sovereign nation.

Therefore, history plays an important role in instilling national identity among the people, especially among the younger generation too far removed from the historical events concerning the formation of their multi-ethnic society and the struggle for national independence. Consequently, an elaboration on linking history with instilling the national identity must be understood and emphasised. In addition, society must also recognise the reality of a lack of appreciation in history among the younger generation today, in order to cultivate their national identity. Hence, an appreciation in history among the younger generation must be reinforced as a mechanism to instil national identity, to ensure human sustainability in strengthening the continuation of Malaysian civilisation.

History and National Identity

A national identity is determined by a timeline often associated with a historical situation (Condor, 2006; Nuan & Xin, 2012; Reicher & Hopkins, 2001; Sani et al., 2007; Shin et al., 2014) and efforts to cultivate patriotism is often linked to efforts to remember national history (Nuan & Xin, 2012). In fact, history provides the main element within an identity, and further highlights a collective identity (Jetten & Hutchison, 2011; Semonin, 2000). Furthermore, history could also be incorporated today in order to build a better future (Sani et al., 2007) as well as contribute to collective adjustments to overcome challenges within society, and prepare its members with an open mind to accept globalisation (Shin et al., 2014). Consequently, national identity could not be separated from the historical context, as the people are also inclined to elevate their own culture and historical heritage (Karasawa, 2002). This is because cultural nationalism or identity nationalism favours unity and the quality of life of the people, fully founded on cultural heritage and a national tongue (Teo Kok Seong, 2011). In fact, national symbolic icons are not merely limited to historical figures and events, and Semonin (2000) even argues that pre-historic animals can serve as national symbolic icons to explain the lifestyle of its people. Zainal Kling (2012) argues that history-based identity is open to change just as history changes, as historical facts are always open to interpretation and new discoveries.

Hence, it must be admitted that history plays an important role in instilling a national identity if this history is studied in depth. Empirical studies have also shown many scholars conducting studies linking history to, i) cultivation of identity (Huang & Liu, 2004), ii) national identity (Condor, 2006; Shin et al.,

2014; Karasawa, 2002; Semonin, 2000; Jetten & Hutchison, 2011; Sani et al., 2007), iii) patriotism (Nuan & Xin, 2012), and iv) nationalism (Karasawa, 2002). Therefore, the importance of history in building a national identity has been discussed by both local and international scholars. History can form a framework of national identity through patriotism and nationalism, in line with the passage of time. The strength in appreciating history contributes to societal sustainability and strengthens a civilisation with their own national identity, even when faced with the sophistication and rapid development of a borderless world.

The Lack of Appreciation in History Among the Younger Generation

However, one must realise that in reality, there is a noticeable gap in the appreciation of history among the younger generation. This was empirically proven in a study by Sharifah Nor Puteh et al. (2010) involving 80 Form Four students in two schools in Miri, Sarawak, with student perception towards learning history thinking skills at a moderate level. Anuar Ahmad et al. (2009)'s study involving 436 Form Five students in 17 low-performing schools for SPM History in the North Zone of Peninsular Malaysia (Perlis, Kedah, and Penang) also found that student perception towards the overall aspect of their history teachers' lessons are merely moderate-positive. In fact, overseas studies also show that students are only able to produce a simplistic analysis of historical realism and subjectivism (Cassedy et al. 2011).

Demographically, Sharifah Nor Puteh et al. (2010)'s study shows that there is no significant difference between male and female students in the four historical thinking skills (chronology, evidence-gathering, interpretation, and imagination). Nevertheless, rationalisation skills show that male student perception is more positive compared to their female counterparts. The findings also show no significant difference between science-stream and arts-stream students in the four historical thinking skills (chronology, interpretation, imagination, and rationalisation), but in evidence-gathering skills, the science-stream students have a more positive perception compared to arts-stream students. These findings prove that appreciation of history among the Malaysian youth is still weak. Although History has been made a compulsory subject at the school level, its impact has been barely registered, as there are still flaws in the education system that require a dynamic effort to alert students to the fact that history is not merely there to help one pass the examinations, but a mechanism to strengthen their identity as Malaysians bound by the principles of the constitution and national culture.

Nevertheless, at the higher education level, a study by Zaid Ahmad, Ahmad Tarmizi Talib, Adlina Ab. Halim, Zarina Muhammad, Sri Rahayu Ismail (2010) in all 20 public institutions of higher learning (IPTA) across the country involving 1978 students show that student perception of TITAS (Islamic and Asian Civilisations) from the objective, beneficial, and importance aspects, are positive. The majority of students also agree that this course has an effect on their thinking and knowledge as well as their outlook. Sharliana Che Ani et al. (2012)'s study in private institutions of higher learning (IPTs) in Selangor also record positive student reaction to the university compulsory courses (Malaysian Studies, Moral Studies, Islamic Studies, and National Language).

Nevertheless, these studies in these institutions of higher learning only concern student perception of the compulsory courses in the institutions. A study on their interest and earnest for higher thinking in history have yet to be carried out in the higher education sector. Therefore, it is necessary to instil interest and earnestness, especially in generating critical and creative thinking in regards to national history. This is because the younger generation in the IPT is the generation that will shape the landscape of national administration based on a national identity instilled through an appreciation of national history.

Hence, the younger generation of Malaysia must be educated in statecraft, specifically history, literature, ethnic relations, familiarity with the socio-cultural background of ethnicities and sub-ethnic groups, traditions, rulers and government, national rights compared to ethnic rights, and so on from a young age (A. Aziz Deraman, 2012). Unfortunately, the history taught to school students are too shallow and brief, and the matter underlying Malay demands in national constitution and in implemented public policies are not fully understood. The understanding on the long history and the function of history to

recognise Malay status as the natives in this region have often been questioned and poorly understood by all groups, including Malay youths (Zainal Kling, 2012). Malaysian students only study history to pass their examinations, taught through ineffective methods, a deeper understanding is lacking and History is said to be useless, thus, the individual is unable to comprehensively view their society and the world, as they could not understand their surroundings without history (Khoo Kay Kim, 1984).

Hence, appreciation of history must be instilled properly, and the role and function of history be prioritised in explaining the fundamentals of nationhood and government as a way to legitimise demands in today's nation-state (Zainal Kling, 2012), especially in shaping a unity from among the ethnic diversity. Any country in this world, including the United States, Russia, Britain, China, India, Indonesia, the Philippines, Thailand, Australia, and others would not neglect history, especially national history (Khoo Kay Kim, 1984). Furthermore, neglect of history leads to exclusion of patriotism and nationhood, with us becoming a stranger in our own homeland (Mohamad Johdi Salleh & Ariegusrini Agus, 2009). Therefore, appreciation of history is important as it is closely related to instilling national identity within the younger generation, and generational sustainability will lead them to a solid national idea. In line with this thinking, the application of key elements to strengthen appreciation of history among the multi-ethnic younger generation is highly necessary.

Conclusion

There is a need to instil national identity among society through an appreciation of history, especially among the youths, as there exists a gap in their appreciation of the history of their homeland. The government decided to make compulsory the study of History in all primary and secondary education levels to instil an appreciation of history, and through the History Teaching and Learning Exercise Module applied to multi-ethnic students, a national identity could be instilled from a child and adolescent stage. In addition, the government also decided that History must be a must-pass subject in the Malaysian Certificate of Education Examinations (SPM) since 2013, and a core subject in primary schools since 2014 (Utusan *Online*, 24 October 2010) to highlight the importance of history at a school level, so it may be appreciated by all younger generations from various ethnic backgrounds. This is in line with the objective of the Integrated Secondary School Curriculum (KBSM) for History, to cultivate and strengthen a spirit of patriotism and identity in each Malaysian and world citizen. Through an appreciation of national history as well as the history of related nations, the student can understand the situation of their society and country, and their relationship with world history. This effort also aims to strengthen a sentiment of national unity and togetherness among Malaysians. History can also forge a collective memory for historical events as a point of reference for national consciousness and international understanding (Ministry of Education, 2000). A mechanism of formal education can be used as a medium to instil national identity through teaching and learning national history and civilisation, with subjects like Local Studies, History, Civics, Islamic and Asian Civilisations, Ethnic Relations, and Malaysian Nationhood; taught from the school to the Higher Institutions of Education (Ku Hasnita Ku Samsu, 2008). Therefore, if instilling national identity through appreciation of history is understood as important to all sides, the government and the family, it is possible to maintain human sustainability in tackling current issues and conflicts that arise, especially those that question the institutions of Monarchy, Religion, equal rights, and language. History must serve as the basis for national unity and oneness (Wan Mohd. Nor Wan Daud, 2001).

References

- A. Aziz Deraman (2012). Warisan Budaya dalam Konteks 1 Malaysia. Dalam Abdul Latiff Abu Bakar (Ed.), *Jati Diri dan Patriotisme Teras Peradaban Malaysia* (ms. 109-132). Tanjong Malim: UPSI.
- Anuar Ahmad, Siti Haishah Abd Rahman, & Nur Atiqah T. Abdullah. (2009). Tahap Keupayaan Pengajaran Guru Sejarah dan Hubungannya dengan Pencapaian Murid di Sekolah Berprestasi Rendah. *Jurnal Pendidikan Malaysia*, 34(1), 53–66.
- Cassedy, L., Flaherty, C., & Fordham, M. (2011). Seeing the Historical World: Exploring How Students Perceive the Relationship between Historical Interpretations. *Teaching History*, 142(March), 14–21.
- Chandra Muzaffar. 1996. Cabaran Membina Bangsa Malaysia. Dlm. Abdul Razaq Haji Omar. (pnryt.) *Pembentukan Bangsa Malaysia*. Kuala Lumpur: Yayasan Nurul Yaqeen.
- Condor, S. (2006). Temporality and Collectivity: Diversity, History and the Rhetorical Construction of

- National Entitativity. *British Journal of Social Psychology*, 45, 657–682. <https://doi.org/10.1348/014466605X82341>
- Huang, L.-L., & Liu, J. H. (2004). “The Double Identity” of Taiwanese Chinese : A Dilemma of Politics and Culture Rooted in History. *Asian Journal of Social Psychology*, 7, 149–168.
- Ibnu Khaldun (1967), *The Muqaddimah: An Introduction to History*. Terjemahan oleh Franz Rosenthal. Princeton, NJ: Princeton University Press.
- Jetten, J., & Hutchison, P. (2011). When Groups Have a Lot to Lose: Historical Continuity Enhances Resistance to a Merger. *European Journal of Social Psychology*, 41, 335–343.
- Karasawa, M. (2002). Patriotism, Nationalism, and Internationalism Among Japanese Citizens : An Etic-Emic Approach. *Political Psychology*, 23(4), 645–666.
- Kementerian Pelajaran Malaysia (2000). *Kurikulum Bersepadu Sekolah Menengah: Sukatan Pelajaran Sejarah*. Putrajaya: Pusat Perkembangan Kurikulum.
- Khoo Kay Kim (1984). *Masalah Sosial dan Politik di Malaysia*. Kuala Lumpur: Gateway Publishing House Sdn. Bhd.
- Ku Hasnita Ku Samsu (2008). Persepsi Mahasiswa Bukan Melayu Terhadap Penggunaan Mekanisme Pendidikan dalam Mempertingkatkan Semangat Patriotisme. Prosiding *Seminar Kebangsaan Sains, Teknologi dan Sains Sosial (STSS)* (ms. 813-820). Kuantan: UiTM Pahang.
- Mohamad Johdi Salleh, & Ariegusrini Agus. (2009). Kaedah Lawatan Ke Tempat Sejarah: Kepentingan dan Strategi. In Abdul Razaq Ahmad & Isjoni (Eds.), *Strategi dan Model Pembelajaran Sejarah* (pp. 1–8). Penerbitan Bersama: Fakulti Pendidikan, Universiti Kebangsaan Malaysia, Bangi; dan, FKIP, Universitas Riau, Pekanbaru Indonesia.
- Nuan, W., & Xin, G. (2012). How to Strengthen the Patriotism Education of College Students During the New Period. *Cross-Cultural Communication*, 8(5), 123–126. <https://doi.org/10.3968/j.ccc.1923670020120805.2541>
- Reicher, S., & Hopkins, N. (2001). *Self and Nation*. London: Sage Publications.
- Sani, F., Bowe, M., Herrera, M., Manna, C., Cossa, T., Miao, X., & Zhou, Y. (2007). Perceived collective continuity : Seeing groups as entities that move through time. *European Journal of Social Psychology*, 37, 1118–1134. <https://doi.org/10.1002/ejsp>
- Semonin, P. (2000). *American Monster: How the Nation's First Prehistoric Creature Became a Symbol of National Identity*. New York: New York University Press.
- Sharifah Nor Puteh, Nooreiny Maarof, & Elisabeth Tak. (2010). Students ' Perception of the Teaching of Historical Thinking Skills. *Pertanika J. Soc. Sci. & Hum.*, 18(S), 87–95.
- Sharliana Che Ani, Sofia Elias, Rusniyati Mahiyadin, Eliza Irdawaty Awang @ Nawi & Siti Noor Amyah Khasbullah (2012). Keberkesanan Pelaksanaan Dasar Kursus Wajib Universiti di IPTS. Prosiding *Regional Conference on Cross Cultural Communication and National Integration 2012 (RECCNI 2012)*, (ms. 387-414). Kuala Lumpur: UPM.
- Shin, S.-H., Kashima, Y., Laham, S. M., Kim, U., Park, Y.-S., Koo, J., & Park, J. (2014). The temporal dimension of national identification : An empirical investigation in South Korea and Australia. *Asian Journal of Social Psychology*, 17, 25–35. <https://doi.org/10.1111/ajsp.12043>
- Teo Kok Seong (2011). Pencerobohan Bahasa Gugat Jati Diri Nasional. *Berita Harian*, 16 Mac 2011.
- Utusan Online (24 Oktober 2010). Subjek Sejarah Wajib Lulus SPM. Diakses di http://ww1.utusan.com.my/utusan/info.asp?dt=1024&pg=mh_02.htm&pub=Utusan_Malaysia&sec=Muka_Hadapan&y=2010.
- Wan Mohd. Nor Wan Daud (2001). *Pembangunan di Malaysia: Ke Arah Satu Kefahaman Baru yang Lebih Sempurna*. Kuala Lumpur: ISTAC.
- Zaid Ahmad, Ahmad Tarmizi Talib, Adlina Ab. Halim, Zarina Muhammad, Sri Rahayu Ismail (2010). *Laporan Penyelidikan Pelaksanaan dan Keberkesanan Kursus Tamadun Islam dan Tamadun Asia (TITAS) di IPTA Malaysia*. Putrajaya: Kementerian Pengajian Tinggi.
- Zainal Kling (2012). Jati Diri Melayu dan Peradaban Dunia. Dalam Abdul Latiff Abu Bakar (Ed). *Jati Diri dan Patriotisme Teras Peradaban Malaysia* (ms. 35-59). Tanjong Malim: UPSI.

AN EMPIRICAL ANALYSIS ON BANK PROFITABILITY: REVIEW ON MACROECONOMIC FACTORS AND LENDING RATE

Vikniswari Vija Kumaran, Chin Wei Sheng, Abdullahi Hassan Gorondutse,
Syamsulang Sarifuddin, and Mohd Khairi Ismail

Abstract

The purpose of this paper is to investigate the relationship between macroeconomic variables and lending rate towards the profitability in local and foreign banking sector in Malaysia. Panel unit root test indicated whether the variables are stationary or non-stationary. For the estimation method part, we have an insight on regression analysis of panel data set comprising 15 top local and foreign banks over the period 2007-2016. To this end, the empirical data are collected from Bankscope and World Bank and interaction between a comprehensive set of macroeconomic variables and lending rate is examined with profitability. The results provide interesting insights into the characteristics and practices of banking sector in Malaysia. This paper filled the important gap in the existing literature by improving the understanding of bank profitability in Malaysia. All the determinant variables included in the model have statistically significant impacts on Malaysia local and foreign banks' profitability. However, the effects are not uniform across profitability measures. Regression findings reveal that real interest rate and Gross Domestic Production (GDP) are significantly interact with lending rate and overall affect the profitability of local foreign banks in Malaysia. This paper has various policy implications, as the performance of the foreign and local banking zone relies upon on its efficiency, profitability and competitiveness. In view of these findings, some hints might also be practical for financial institution regulatory authorities to intensify and preserve robustness and stability of the banking sector.

Keywords: Bank Profitability, Lending Rate, Macroeconomic Variables, Interest Rate, Economic Growth

Introduction

Bank is a financial institution which provides the financial services and help in developing the country's economy. Therefore, if the bank does not perform well in the market, it will cause the country's economic falls (Omotayo, 2016). Based on the research of Deming-Kunt and Detregiache (1999), they mentioned that bank profitability is an important indicator to forecast the financial crises occurs. Therefore, study on the determinate of bank's profitability has become an important issue. This will help the bank to understand more about the current conditions of the banking industry market and beware of the factors that they should consider while making decisions. Moreover, the bank creates new policies for recovery or improvement of their banking system based on their profitability. Moorad Choudhry (2017) said that the biggest challenge that faced by banks in 2017 is to stay engaged with the customer. Therefore, bank sectors improve their services based on the statement stated.

Financial crisis in 2008 affected many institutions across the world including banking sector in Malaysia. During financial crisis, the loans were defaulted and caused the bank faced losses. Loan default is still happening although the country's economic is in well condition, this is a big challenge for the banks (Ivashina & Scharfstein, 2010). According to The Star (July 2016), Malaysia bank's earnings were under pressure. Bank Negara Malaysia tends to decrease the Overnight Policy Rate (OPR). By reducing this OPR, it will give negative impact to the banks in Malaysia, as their margins will be pressured. The deposit rate offer by bank to customer has been declined (BNM, 2018). Based on the banks annual report, ROE and earning per share are fluctuating throughout the year. Therefore, reducing OPR will affect the bank profitability. Thus, it is important to identify the determinants of bank profitability to improve overall economic activities in Malaysia. The main objective of this study is to examine how lending rate interacts with macroeconomic variables and overall affect the bank's profitability.

Literature Review

Foreign exchange (FOREX) is used to determine the value of one country's currency relative to other country's currency. It is important and represented the financial part of commercial transactions of the banks. Foreign exchange market was established in order to meet the requirement of large volume of foreign exchange transactions by banks (Babazadeh & Farrokhnejad, 2012). The methods used in this study are descriptive statistics and ARCH LM test for examined the impact of exchange rate fluctuation on banks' profitability (Osundina et al., 2016).

The result computed by Duraj and Moci (2015) using time series regressions and cross-sectional regressions, to examine the banking sector in Albania and to statistically it proves if the factors taken in consideration are significant and the relation to the bank profitability. Eventually, they stated as increase of the GDP of the country have positive influences in the Albania bank's profitability. Bouzgarrou, Jouda and Louhichi (2017) researched over 170 of commercial bank in French to study the banking sector environmental and the financial characteristics that influenced the bank's profitability. Ishfaq and Khan (2015) studies Pakistan's banks in the period of 2008 to 2012 by using panel data to analysis over 100 observations. As the result is apparently show that the higher productivity of the bank the more profit that bank can generate. Although inflation will discourage investor and also create negative impact to the market yet there is positively relationship between profitability of bank and inflation of Pakistan's banks. Habibullah and Sufian (2009) carried out a study of commercial banks taken from the Bangladesh to assess the performances of banks for a time period ranges within 1997 to 2004. Eventually, they found the credit risk, cost efficiency and loan intensity of selected banks have a positive and significant impact on banks performance and non-interest income is negative relation with the bank performance.

Claessens, Coleman and Donnelly (2017) examines the impact of low interest rates on 3,385 banks taken from over 47 countries over the period of 2005 to 2013, using the econometric analysis method which is to hold other factors constant, found that as per one percentage drop in interest rate cause bank net interest margin to decrease 8 basis points. This show that low interest rate have is significantly and have greater impact on bank's net interest margin than high interest rates.

Tamunonimim and Lucky (2016) investigated the relationship between interest rate and the profitability of Nigeria commercial banks over the period of 1980 - 2014, and they objective is further extended to examine which various interest rate measures influence the profitability of the targeted banks. The time series data used in the study were mined from the annual financial reports of the commercial banks, and also from the Nigeria Central Bank. They used the ordinary least square of regression analysis method to test the relationship between the independent and dependent variables.

Methodology

In this research, we used Pooled OLS regression model to analyze the panel data for this paper. The reason behind of using Pooled OLS regression is the secondary data are consists of cross sectional data (The 8 local and 7 foreign commercial bank in Malaysia) and time series data (Year 2007 to 2016). Moreover, by using panel data is enable to provide a result of comprehensive data with additional variability and lesser multicollinearity. In additional, Pooled OLS regression model has better performance than pure cross and time series data due to it can discover the effects that cannot be detect by just using pure form of data. Therefore, Pooled OLS regression model is used to identify below panel data.

Model

Local Banks:

$$\text{Net Profit}_{it} = \beta_1 + \beta_2(\text{IR} \times \text{LR})_{it} + \beta_3(\text{RL} \times \text{LR})_{it} + \beta_4(\text{GDP} \times \text{LR})_{it} \\ + \beta_5(\text{ER} \times \text{LR})_{it} + \mu_{it}$$

Foreign Banks:

$$Net Profit_{it} = \beta_1 + \beta_2(IR \times LR)_{it} + \beta_3(RL \times LR)_{it} + \beta_4(GDP \times LR)_{it} + \beta_5(ER \times LR)_{it} + \mu_{it}$$

y_{it} = Bank's Net Profit of Bank i for year t Whereas,

GDP_{it} = Gross Domestic Product

RI_{it} = Interest Rate

ER_{it} = Real Exchange Rate

IR_{it} = Inflation Rate

LR_{it} = Lending Rate

μ_{it} = Error Term

The interaction model was based from the macro factors model, as we wanted to know a individual independent variable have affected on one another independent variables. From this model, the result will shows that how the lending rate will affected by the macro factors and at the end the how the lending rate will affect the local and foreign banks' profitability. The data period is from year 2007 until year 2016.

Results and Discussion

This study endeavors to highlight the current macroeconomics determinants of bank profitability and study emphasis the interaction between the macroeconomic variables and the lending rate and for the period 2007 to 2016 on banking sector of Malaysia. Based on F-statistics, we can conclude that the interaction between the macroeconomics variables and lending rate is significantly affect the banks' profitability at least at 10% except under fixed effect model for foreign banks. Thus, the macroeconomics variables adequate for explaining the interaction between the macroeconomics variables and the lending rate and overall affect the banks' profitability.

Based on the table 1, for both local and foreign banks, the variable of Gross Domestic Product (GDP) is significant at 1% indicating serious impacts on banks profitability when interact with lending rate. Gross Domestic Product (GDP) contributes positively to the profitability of banks in Malaysia which is consistent to the earlier studies. (Sufian & Habibullah, 2009). Hence, a high GDP leads to better profitability by creating many opportunities. The variable of Real Interest Rate (RL) is statistically significant at least at 10% with positive value which means this variable increase the bank profitability for both local and foreign banks (Demirgüç & Detragiache, 1999). Therefore, higher interest rates offered lenders in an economy a higher return thus banks can increase their profitability.

On the other hand, the variables of inflation rate (IR) and exchange rate (ER) shows no significant impacts on banks' profitability for both local and foreign banks. Inflation rate was negatively related to the bank's profitability. This was probably due to the fact that inflation could affect the value for money, the purchasing power and the real interest rate that banks charged and received. In general, high inflation rate was related with high loan interest rates, and thus, if inflation was not anticipated and banks were sluggish in the adjustment on their interest rates, it was possible for banks cost to increase faster than their revenues and to adversely affect banks' profitability. This finding is in line with the results of Sufian and Chong (2008) and Herrero et al. (2009). In the light of these results, it is possible to conclude that macroeconomics factors have limited effect on banks' profitability for the period 2007 to 2016 on banking sector of Malaysia

Table 1
Estimate for (POLS), FEM and REM (Model A and Model B)

Models	Model A (Local Banks)			Model B (Foreign Banks)		
	POLS	FEM	REM	POLS	FEM	REM
C	6.702283** * (0.0000)	-0.378363*** (0.0000)	7.828504*** (0.0000)	8.164653*** (0.0000)	7.681729*** (0.0000)	8.164653*** (0.0000)
IR	-0.074563 (0.1720)	-0.047108 (0.4641)	-0.074563 (0.1825)	-0.038918 (0.6035)	-0.045695 (0.5595)	-0.038918 (0.6092)
RL	0.055059** (0.0261)	0.066253** (0.0149)	0.055059** (0.0299)	0.064011* (0.0512)	0.068587** (0.0456)	0.064011* (0.0548)
GDP	0.063586** * (0.0089)	0.080140*** (0.0041)	0.063586** (0.0106)	0.078979*** (0.0084)	0.101008*** (0.0029)	0.078979*** (0.0094)
ER	0.075222 (0.1045)	0.115810** (0.0426)	0.075222 (0.1130)	0.048242 (0.3705)	0.058341 (0.3609)	0.048242 (0.3779)
R-squared	0.174182	0.213575	0.174182	0.153245	0.206971	0.153245
Adjusted R-squared	0.130138	0.086359	0.130138	0.101137	0.072560	0.101137
F-statistic	3.954749** **	1.678838*	3.954749***	2.940919**	1.539832	2.940919**
Durbin-Watson stat	0.892124	1.028078	0.892124	1.1518 27	1.334208	1.151827
VIF	1.210921	1.271577	1.210921	1.180979	1.260988	1.180979
Hausman Test		3.406227 (0.4923)			3.880279 (0.4225)	
LM Test	0.0000			0.0204		

Notes: *, ** and *** implies that the rejection of the null hypothesis of non-stationary at 10%, 5% and 1% significant level respectively.

Conclusion

In nutshell, the results show that Real Interest Rate and Gross Domestic Production (GDP) show negative and significance effects on bank profitability when interact with lending rate. The major activities for Bank profitability come from the service charges fees and accrual bond that receive on the property.

Based on our research, we are evaluating the relationship between economic and financial factor and bank profitability. Hence, investor can easily make decision and improve the evidence through before their investing in the bank. Despite the advantage of the bank profitability, there also have a lot of limitation based on our research. During the globalization level, the combination of the economy market and supply chain were affected all of the foreign countries. This will lead to great changes in the market fluctuations, unstable economy rate and lower leverage due to the global crisis.

Hence, some of the foreign banks will reduce their fund and budget of the business to decrease their outflow in the local market. Hence, it also caused these of the foreign bank consider to retreats their business in the Malaysia. Moreover, Ogunbiyi and Ihejirika (2014) found that bank profit was influenced

by lending rate and there is positive relationship between bank profit and lending rate. The higher the lending rate will lead to higher the bank profitability. In future, government should apply monetary policy in order to improve bank profitability. The management of bank should manage their liquidity of the money supply and strengthen lending rate policy. For example, bank should manage efficiently, monitoring framework and make sure that the bank has sufficient money in bank as required reserves. The importance of this implication is flexibility regard with charging moderate lending rates in their allow state of affairs (Ogunbiyi, S. S., 2014).

References

- Babazadeh, M., & Farrokhnejad, F. (2012). Effects of short-run and long-run changes in foreign exchange Rates on Banks' profit. *International Journal of Business and Management*, 7(17), 70-77.
- Bank Negara Malaysia. (BNM). 2018. *The BNM quarterly bulletin presents a quarterly review*. Retrieved from: http://www.bnm.gov.my/files/publication/qb/2018/Q3/3Q2018_fullbook_en.pdf
- Bouzagrou, H., Jouda, S., & Louhichi, W. (2017). Bank profitability during and before the financial crisis: Domestic vs. foreign banks. *Research in International Business and Finance*.
- Choudhry, M. (2017). *The Moorad Choudhry Anthology: Past, present and future principles of banking and finance*. United States. Wiley Finance.
- Claessens, S., Coleman, N., & Donnelly, M. (2017). DP11842" low-for-long" interest rates and banks' interest margins and profitability: Cross-country evidence.
- Demirgüç-Kunt, A., & Detragiache, E. (1998). The determinants of banking crises in developing and developed countries. *Staff Papers*, 45(1), 81-109.
- Demirgüç-Kunt, A., & Detragiache, E. (1999). *Financial liberalization and financial fragility*. The World Bank.
- Duraj, B., & Moci, E. (2015). Factors influencing the bank profitability – empirical evidence from Albania.” *Asian Economic and Financial Review*, 5(3), 483-494.
- García-Herrero, A., Gavilá, S., & Santabábara, D. (2009). What explains the low profitability of Chinese banks?. *Journal of Banking & Finance*, 33(11), 2080-2092.
- Ivashina, V., & Scharfstein, D. (2010). Bank lending during the financial crisis of 2008. *Journal of Financial economics*, 97(3), 319-338.
- Ngerebo-A, T. A., & Lucky, L. A. (2016). Interest rates and deposit money banks' profitability: Evidence from Nigeria (1980-2014). *International Journal of Empirical Finance*, 5(1), 22-35.
- Ogunbiyi, S. S., & Ihejirika, P. O. (2014). Interest rates and deposit money banks' profitability Nexus: The Nigerian experience. *Oman Chapter of Arabian Journal of Business and Management Review*, 34(2350), 1-16.
- Omotayo, A. A. (2016). The effect of banks profitability on economic growth in Nigeria. *IOSR Journal of Business and Management (IOSR-JBM)*, 18(3), 01-09.
- Osundina, C. K., Ademola, O. J., Olamide, J. O., & Moses, O. I. (2016). Exchange rate volatility and banks performance: Evidence from Nigeria. *IIARD Int. J. Econ. Bus. Manag*, 2(4), 1-11.
- Sufian, F., & Chong, R. R. (2008). Determinants of bank profitability in a developing economy: Empirical evidence from the Philippines. *Asian Academy of Management Journal of Accounting & Finance*, 4(2).
- Sufian, F., & Habibullah, M. S. (2009). Determinants of bank profitability in a developing economy: Empirical evidence from Bangladesh. *Journal of business economics and management*, 10(3), 207-217.
- Sufian, F., & Habibullah, M. S. (2010). Does economic freedom fosters banks' performance? Panel evidence from Malaysia. *Journal of Contemporary Accounting & Economics*, 6(2), 77-91.
- The Star. (2018). *Malaysian banks' earnings under pressure*. Retrieved from: <https://www.thestar.com.my/business/business-news/2016/07/14/earnings-under-pressure/>

A REVIEW OF RETAIL SERVICE QUALITY SCALE (RSQS)

Azyati Ilyani Aznan

Abstract

This study review retail service quality measurement scale which suites in the retail industry scale. This paper reviews the effectiveness of retail service quality scale (RSQS) scale as an instrument to measure the quality of any retail institution by using these. Existing literature on the subject supports that RSQS scale is a reliable scales forming the studies for service quality assessment in the context of retail institution.

Keywords: Retail Service Quality, Rsqs, Retailing, Service Quality, Service Quality Measurement

Introduction

The term 'retailing service quality' has gained a prominent place in the service quality literature during the last decade. Service quality is important in building consumer loyalty, improving sales, and retaining consumers. As service quality can be the basis to retailing achievement, retailers need to continuously assess their service quality through the use of a reliable measuring instrument. Such an instrument can serve as an analytical tool that helps the company monitor, notice any imperfections and most importantly improve their service. The most popular approach to conceptualizing and measuring service quality perhaps traces back to the SERVQUAL scale created by (Parasuraman, Zeithaml, & Berry, 1985; 1988) that measures the difference between customer expectation and their perception of actual service performance on that can be applied to various industry. While retail service quality (RSQS) is more focus to an industry specific which is retailing industry. Thus far, the search for an appropriate instrument to measure retail service quality has been largely academic and has resulted in an assortment of instrument choices and considerations. This study is focusing on reviewing the effectiveness of retail service quality (RSQS) scale to measure service quality in the retailing industry.

Literature Review

Service Quality

Service quality is being progressively perceived as an instrument to increase value for the consumer; as a means of positioning in a competitive environment to gain consumer satisfaction and retention. The high service quality significances in customer satisfaction and loyalty to the product or service, greater willingness to recommend to someone else, decrease in complaints and improved customer retention (Zeithaml, Berry, & Parasuraman, 1996). The earliest service quality measurement is SERVQUAL which develop by (Parasuraman, Zeithaml, & Berry, 1985;1988). SERVQUAL scale was designed to appraise service quality as perceived by the client and to measure the variance between customer expectations and actual performance. Another scale for measuring perceived service quality that is constantly applied in service quality studies is SERVPERF which was introduced by (Cronin & Taylor, 1992). SERVPERF scale only measures the performance level and eliminates the component of expectation comprised in the SERVQUAL scale. Both of SERVQUAL and SERVPERF scale are generic scales and can be applied in the most various services

Retail Service Quality (RSQS)

Retail service quality scale (RSQS) is an industry specific scale which is focusing on measuring service quality in the retailing industry. According to Leen and Ramayah, (2011) retail service quality is related with future consumption behaviour in terms of the customers' intention to visit, purchase and recommend the stores to others. Dabholkar, Thorpe, and Rentz (1996) argue that the SERVQUAL is more appropriate to pure service sector rather than retail stores, which offer the combination of goods and services. The researchers developed the retail service quality scale (RSQS), using both quantitative and qualitative research methods, measuring five dimensions of retail service quality. This scale comprised of 28 items, 17 of which from the existing SERVQUAL scale and the remaining 11 items from the researchers' qualitative work. Below are the dimensions of retail service quality:

Table 1

Dimensions of Retail Service Quality

Dimensions	Definitions
Physical aspects	Appearance and Convenience of retail store
Reliability	Retailers do the right things and do as they promise
Personal interaction	Employees are courteous and can inspire confidence in customers
Problem solving	Employees' ability to handle customer' complaints, returns and exchanges
Policy	Store policy on parking, operation hours, merchandise quality, credit cards

Discussion

Tepanon and Thatriroth (2016) study finds that having quality products and convenient services when the customers shop at a store is their main factor of satisfaction. This show that, satisfaction and retail service quality is interrelated. Other than that, Ibrahim et al., (2013) highlight the importance of service quality and there is an essential role to all of the retailers to upgrade their service time to time in order to remain competitive in the industry. Mehta, Lalwani, and Han, (2000) study reveal that by comparing SERVPERF and RSQS, RSQS is appropriate to business in which there is a higher ratio of goods to service (i.e., a supermarket), while the SERVPERF is appropriate to businesses with the opposite ratio in which service is more important (i.e., an electronic goods retailer). RSQS model in original form is invalid in the Indian retail store environment. A four factor RSQS model excluding the 'Policy' dimension revealed reliable and valid results in Indian context. The modified RSQS model demonstrates strong validity to the study whereas the original model is invalid the the Indian retail context. This is in line with Kim and Jin (2006) study in US and Korean context that eliminate the 'Pollicy' dimensions as it were unreliable in that both countries. Moreover, Kim and Jin (2006) study has combined 'Personal Interaction' and 'Problem Solving' dimensions into single construct which is 'Personal Attention' due to the consumers of Korean and US cultures cannot differentiate the both dimensions.

Conclusion

The reviews in the literature show that service quality has a very important role in the development in the competitive world in the retail institutions. Existing literature on the subject supports that the retail service quality (RSQS) scales is a reliable scale and can be used to measure service quality in the retail context environment.

References

- Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality: A reexamination and extension. *Journal of Marketing*, 56(3), 55–68. <https://doi.org/10.2307/1252296>
- Dabholkar, P. A., Thorpe, D. I, & Rentz, J. O. (1996). A measure of service quality for retail stores : Scale development and validation. *Journal of the Academy of Marketing Science*, 24(1), 3–16.
- Ibrahim, Z., Dana, L., Mahdi, A. F., Mohd Zin, M. Z., Ramli, M. A., & Mohd Nor, R. (2013). Evaluation of Malaysian retail service quality. *Asian Social Science*, 9(4). <https://doi.org/10.5539/ass.v9n4p14>
- Kim, S., & Jin, B. (2006). Validating the retail service quality scale for US and Korean customers of discount stores : An exploratory study. *Journal of Services Marketing*, 16(3), 223–237. doi: <https://doi.org/10.1108/08876040210427218>
- Leen, J. Y. A., & Ramayah, T. (2011). Validation of the RSQS in apparel specialty stores. *Measuring Business Excellence*, 15(3), 16–33. doi: <https://doi.org/10.1108/13683041111161139>
- Martinelli, E., & Balboni, B. (2012). Retail service quality as a key activator of grocery store loyalty. *The Service Industries Journal*, 32(14), 2233–2247. doi: <https://doi.org/10.1080/02642069.2011.582499>
- Mehta, S. C., Lalwani, A. K., & Han, S. L. (2000). Service quality in retailing : relative efficiency of alternative measurement scales for different product- service environments. *International Journal of Retail & Distribution Management*, 28(2), 62–72.
- Najib, M. F., & Sosianika, A. (2018). Retail service quality scale in the context of Indonesian traditional market. *International Journal of Business and Globalisation*, 21(1).
- Nguyen, T. N., Nguyen, H. L., Cao, T. K., & Thu, T. (2017). The influence of service quality on customer loyalty intentions: A study in the Vietnam retail sector. *Asian Social Science*, 12(2), 112–119. doi:

<https://doi.org/10.5539/ass.v12n2p112>

Parasuraman, A., Zeithaml, V., & Berry, L. (1994). Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research. *Journal of Marketing*, 58(January), 111–124. doi: <https://doi.org/10.2307/1252255>

Parasuraman, A., Zeithaml, V., & Berry, L. (1985). Conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41–50. doi: [https://doi.org/10.1016/S0148-2963\(99\)00084-3](https://doi.org/10.1016/S0148-2963(99)00084-3)

Sivapalan, A., & Jebarajakirthy, C. (2017). An application of retailing service quality practices influencing customer loyalty toward retailer. *Marketing Intelligence & Planning*. doi: <https://doi.org/10.1108/MIP-09-2016-0178>

Tepanon, Y., & Thatriroth, S. (2016). Retail service quality in hypermarket, 0–3.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31–46. doi: <https://doi.org/10.2307/1251929>

THE BASIC STEPS OF ANALYZING THE DATA OUTLIERS WITH MAHALANOBIS
DISTANCE (*MDi*) TECHNIQUE: A STUDY ON
THE INFLUENCE OF HUMAN CAPITAL INVESTMENT
AT POLYTECHNIC IN EAST COAST MALAYSIA

Farahiyah Akmal Mat Nawawi, Abdul Malek A. Tambi, and Mazlina Mamat

Abstract

Data analysis involved the process of developing answers to research questions through the examination and clarification of data and data screening process is a crucial part to prepare the data for further analysis. Therefore, this paper will highlight on the steps of Mahalanobis distance (*MDi*) implementation as one of the techniques to remove the data outliers by using the Statistical Procedure of Social Science (SPSS) software. The paper is going to adopt the data derived from the study which was conducted in 9 polytechnic campuses in East Coast Malaysia- Kelantan, Pahang and Terengganu. The numbers of population (N=1408 respondents) are consists of the lecturers from various departments. While the sample size (n) are 345 respondents. The questionnaire was distributed to obtain the feedback from the respondents by using the stratified sampling procedure. The questionnaire was consisting of 8 section with 1 dependents variable, 6 independent variables and 1 moderator.

Keywords: Mahalanobis Distance (*MDi*), Outliers and Polytechnics

Introduction

In general data analysis is the process of methodically applying the statistical and logical methods to describe and explain, condense, recap, and evaluate data (Sanaz, 2016). It concentrated on the process of developing answers to research questions through the examination and clarification of data and it start with recognizing research problems, determine the availability of appropriate data, decide on which methods are suitable for answering the research questions, apply the methods, summarize and discuss the results. This paper will introduce the Mahalanobis Distance technique to the researcher as one of the procedures to eliminate the outliers which it will be conducted in the data screening phase. Generally, the data screening phase it consists of three main activities which are screening for missing data, screening for outliers and screening for data distribution (Habsah, Loganathan, Awang, & Zaharah, 2018). This is the crucial part at the beginning of the analysis process to ensure that the data is accurate, and the variables are normally distributed.

Literature Review

Data Outlier

One of the significant current discussion on the data analysis issues is to overcome the data outliers' issues. Basically, identifying the outliers are a part of preliminary analysis before a researcher would be able to proceed the next stage of data analysis. A definition of outlier by Tabachnick and Fidell (2007) is those with standardised residual values above about 3.3 (or less than -3.3). Meanwhile, as the solution from Pallant (2011) outliers can be either be deleted from the data set or alternatively given a score for that variable that is high but not too different from the remaining cluster of scores.

Mahalanobis Distance (*MDi*)

The key aspect of using the data cleaning technique is to eliminate the data which is not applicable to the study such as the incomplete questionnaire. Mahalanobis distance is one of the options usually used in the data cleaning process. The Mahalanobis distance can checked the outliers as produce through the multiple regression program Pallant (2011). In conducting the analysis, the researcher needs to decide if the case is outlier by comparing the Mahalanobis distance value against a critical value as stated in the chi-square critical value table (see appendix 1). Then if there too many outliers or very extreme score the researcher can consider deleting the items of excluding the items for the further analysis. In addition supported by (Riani, Atkinson, & Cerioli, 2009) Mahalanobis distances provide the standard test for outliers analysing the research data. Besides that, (Garthwaite, Elfadaly, & Crawford, 2017) explain the Mahalanobis distance is also commonly used as a measure of the distance between two population means or the distance

between a population mean and some hypothesized values. Cited in (Kannan & Manoj, 2015) a classical approach for detecting outliers is to compute the Mahalanobis Distance (MD_i) for each observation x_i :

$$MD_i = \sqrt{(x_i - \bar{x})^T V^{-1} (x_i - \bar{x})}$$

where \bar{x} and V are the sample mean and sample covariance matrix of the data set X , respectively. The distance tells us how far is from the centre of the cloud, considering the shape of the cloud as well. It is well known that this approach suffers from the masking effect by which multiple outliers do not necessarily have a large MD_i . But for the analysis purpose in this paper the SPSS version 20 was used to evaluate the outliers.

The Extreme Value

Che Ghazali (2011), emphasize the data cleaning process as an important stage to identify any extreme values or outliers to the data set. This is because if there are any extreme values on the dataset the data cannot be process to the next analysis unless the values are removed. Cited in Che Ghazali (2011), the basic formula to determine the existing of extreme value with Statistical Procedure of Social Science (SPSS) software is:

$$\text{The outlier's value} = \text{Mahalanobis distance} > \text{Chi-Square Value } (x^2)$$

$$\text{Chi-Square Value } (x^2)$$

As cited in Pallant (2011) to identify the which cases are outliers the Chi-Square Value (x^2) is used to investigate by assessing the value using the number of independent variables as the degree of freedom (df) with the alpha value $p=0.001$. Normally the researchers are referring to the statistical table- Chi-Square Value (x^2) to find the x^2 and df values.

Steps in Assessing the Data Outliers with Mahalanobis Distance (MD_i) Technique

- **Step 1: Identify the numbers of items for the independent variables**

Example:

- Training = 8, education 8, knowledge=8, skill 6, experience=6, ability=6. **total=42 items (df)**
- Check on the Table of chi-square statistics for $df=42$, $P=0.001$
- Therefore, the ($df=42$, $P=0.001$) = $x^2 = 76.084$

- **Step 2:**

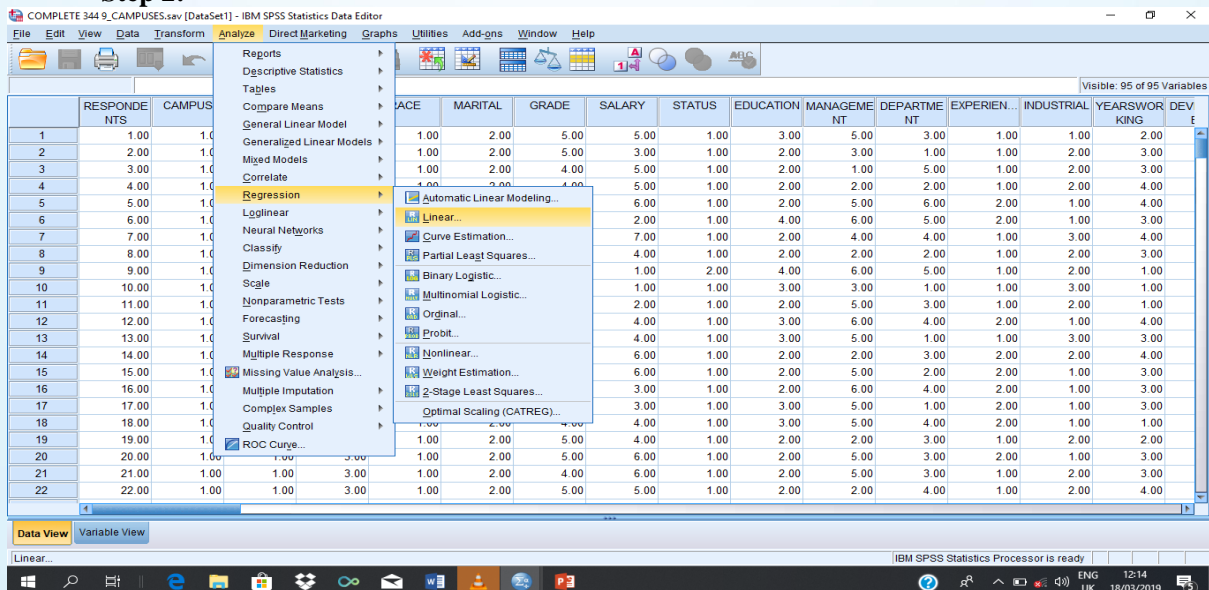


Figure 1. Analysing the Linear Regression (Analyse – Regression-Linear)

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 175

Strategy, Practices and Performance Measurements

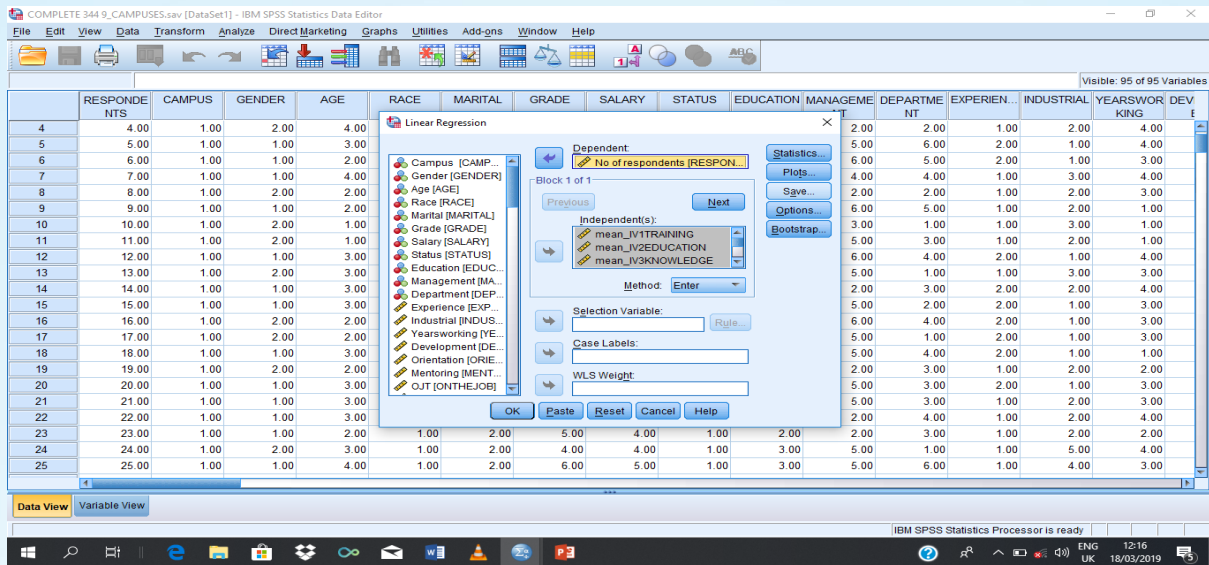


Figure 2. Insert the Mean Score for Dependent and Independent Column

• Step 3:

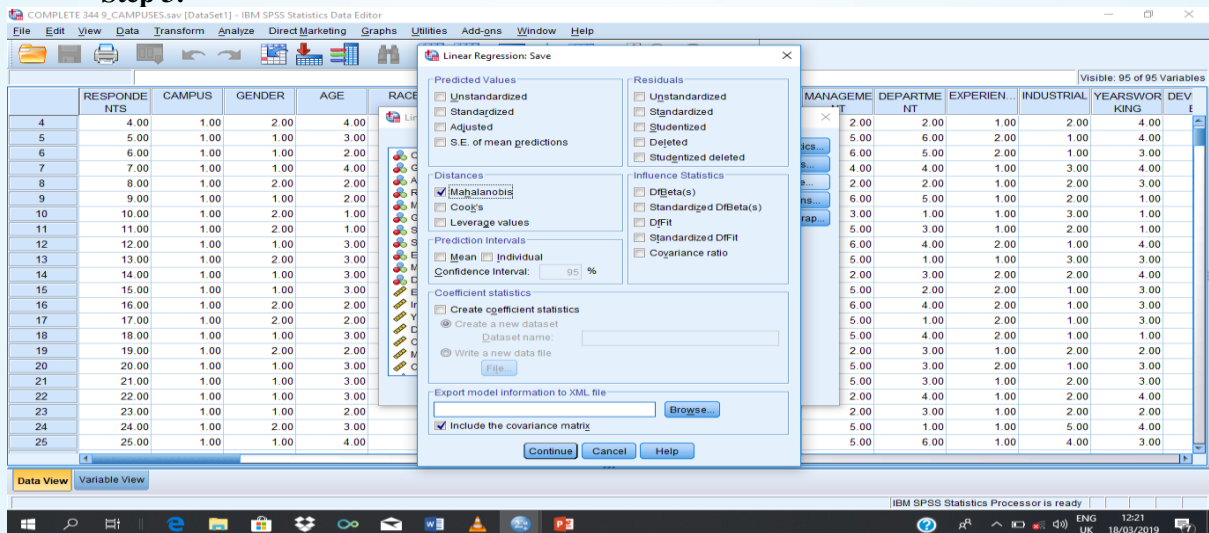


Figure 3. Tick for the Mahalanobis in the Distance Box (Save-Distance- Mahalanobis-Continue)

• Step 4:

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	120.4793	243.5197	173.0058	14.23037	345
Std. Predicted Value	-3.691	4.955	.000	1.000	345
Standard Error of Predicted Value	6.174	38.162	13.242	5.096	345
Adjusted Predicted Value	120.9892	228.4641	172.8797	14.27996	345
Residual	-192.23132	193.45531	.00000	98.71713	345
Std. Residual	-1.930	1.943	.000	.991	345
Stud. Residual	-1.976	1.960	.001	1.001	345
Deleted Residual	-201.36617	197.03394	.12605	100.75342	345
Stud. Deleted Residual	-1.984	1.969	.001	1.003	345
Mahal. Distance	.325	49.514	5.983	6.173	345
Cook's Distance	.000	.045	.003	.004	345
Centered Leverage Value	.001	.144	.017	.018	345

a. Dependent Variable: No of respondents

Figure 4. The Mahalanobis Distance Out Residual Output

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 176

Strategy, Practices and Performance Measurements

• Step 5:

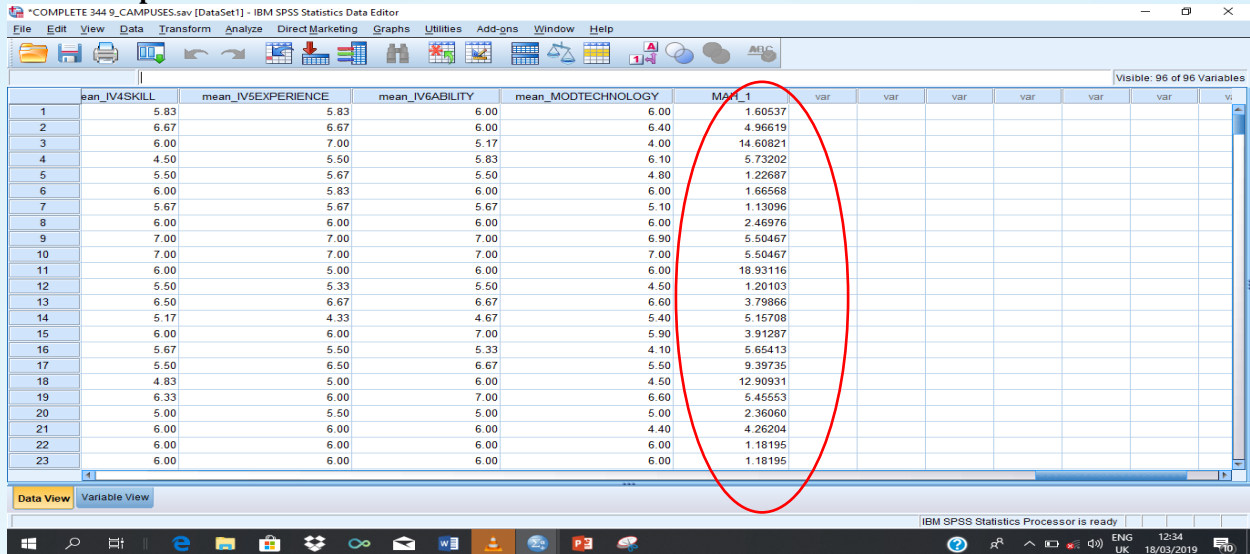


Figure 5. Open the Data View to Check on the MAH_1 Output Either the Extreme Values Exceed the χ^2 or not

• Step 6:

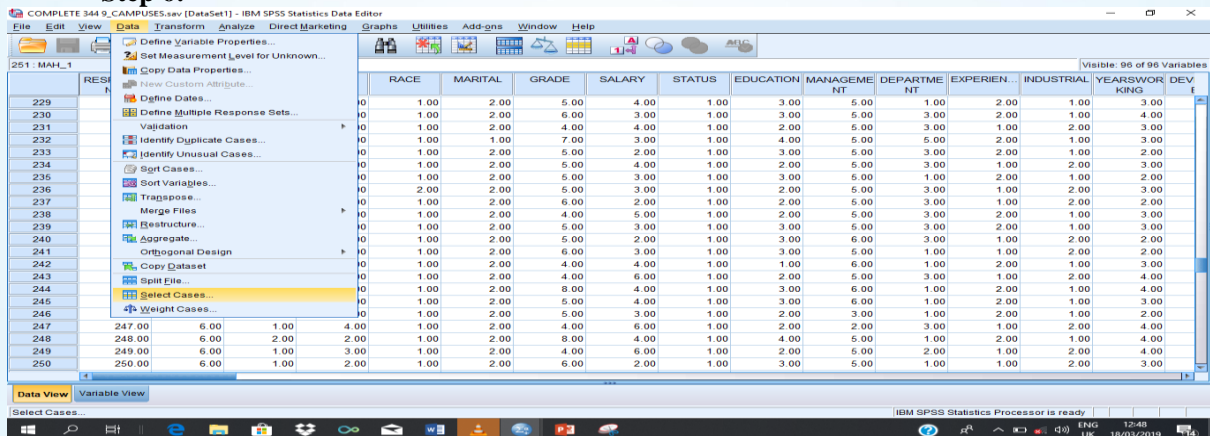


Figure 6. Remove the Extreme Values (Data – Select Cases- If Condition is Satisfied – If)

• Step 7:

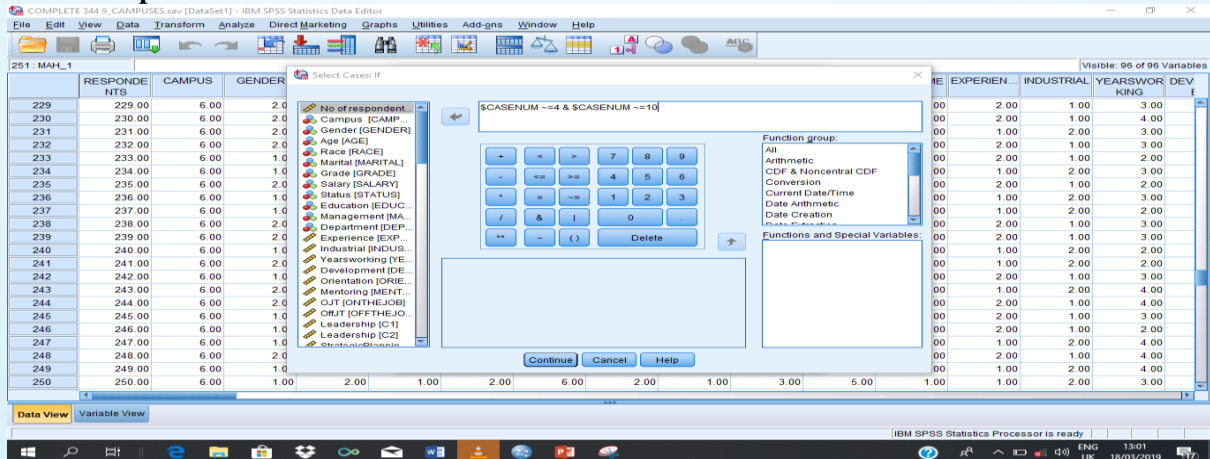


Figure 7. Insert the Formula \$CASENUM ~4 (if the Respondent No.4 Should Be Remove, but if the Extreme Value is 10, 11 and 20 Change it into = \$CASENUM ~10 (\$CASENUM ~4 & \$CASENUM ~10 & \$CASENUM ~11 & \$CASENUM ~20) – Continue

• Step 8:

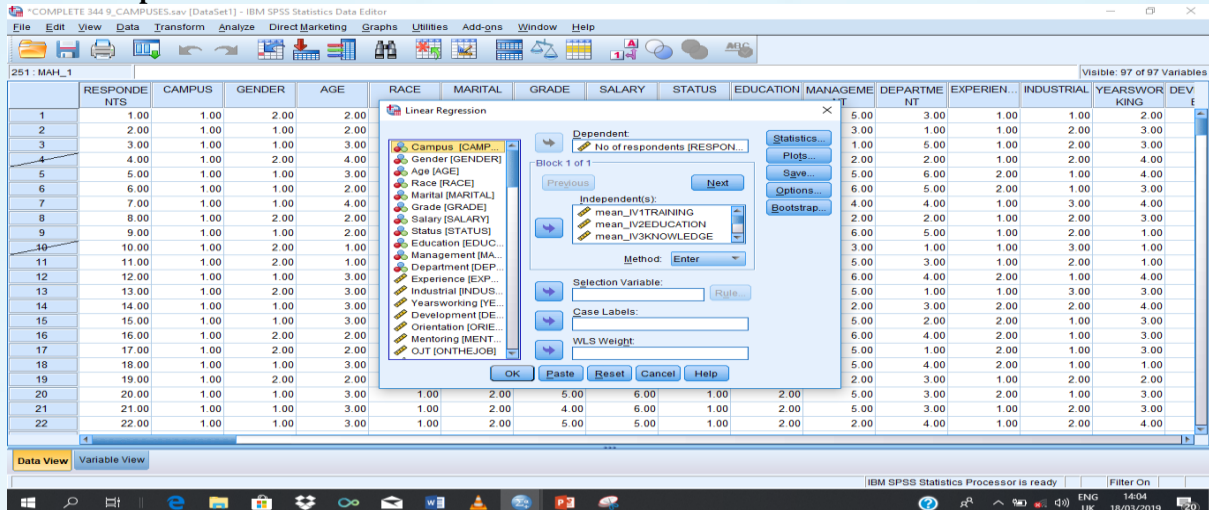


Figure 8. Open the data view, the TEMPORARY Excluded Item is Automatically Tick as / and Rerun the Regression Analysis Process (Repeat Step 2) Until the Data are Clean From Outliers

• Step 9:

If there is any extreme value exceed the chi square value repeat the process (Step 7) until your data is clean from the outliers (step 8)

Conclusion

This paper has discussed on implementation of the Mahalanobis distance (MD_i) technique to help the researcher in dealing with the data outliers. The SPSS version 20.0 was used throughout the procedure to analyse the data.

References

- Che Ghazali Che Awang (2011). *Contoh Kaji Selidik Dan Teknik Analisis Data Langkah Demi Langkah*. Perpustakaan Negara Malaysia.
- Garthwaite, P. H., Elfadaly, F. G., & Crawford, J. R. (2017). Modified confidence intervals for the mahalanobis distance. *Statistics And Probability Letters*, 127, 131–137. doi: <https://doi.org/10.1016/J.Spl.2017.03.029>
- Habsah, Loganathan, N., Awang., & Zaharah (2018). *Application of theory, methodology and analysis in conducting research*. Penerbit Universiti Sultan Zainal Abidin Kuala Terengganu.
- Kannan, K. S., & Manoj, K. (2015). Outlier detection in multivariate data. *Applied Mathematical Sciences*, 9(47), 2317–2324. doi: <https://doi.org/10.12988/Ams.2015.53213>
- Pallant, J. (2011). *SPSS survival manual a step by step guide to data analysis using SPSS* (4th edition). Allen & Unwin.
- Riani, M., Atkinson, A. C., & Cerioli, A. (2009). Finding an unknown number of multivariate outliers. *Journal of the Royal Statistical Society. Series B: Statistical Methodology*, 71(2), 447–466. doi: <https://doi.org/10.1111/J.1467-9868.2008.00692.X>
- Sanaz, S. (2016). Steps in research process (partial least square of structural equation modeling (PLS SEM): A review.
- Tabachnick, B. G., & Fidell, L. S. (2007). *Using multivariate statistics* (5th Edition). Boston: Pearson Education.

EMERGING TRENDS AND CHALLENGES IN MANAGEMENT: 178

Strategy, Practices and Performance Measurements

The Appendix: Table of Chi-Square Statistics

DF	0.995	0.975	0.20	0.10	0.05	0.025	0.02	0.01	0.005	0.002	0.001
1	0.0000393	0.000982	1.642	2.706	3.841	5.024	5.412	6.635	7.879	9.550	10.828
2	0.0100	0.0506	3.219	4.605	5.991	7.378	7.824	9.210	10.597	12.429	13.816
3	0.0717	0.216	4.642	6.251	7.815	9.348	9.837	11.345	12.838	14.796	16.266
4	0.207	0.484	5.989	7.779	9.488	11.143	11.668	13.277	14.860	16.924	18.467
5	0.412	0.831	7.289	9.236	11.070	12.833	13.388	15.086	16.750	18.907	20.515
6	0.676	1.237	8.558	10.645	12.592	14.449	15.033	16.812	18.548	20.791	22.458
7	0.989	1.690	9.803	12.017	14.067	16.013	16.622	18.475	20.278	22.601	24.322
8	1.344	2.180	11.030	13.362	15.507	17.535	18.168	20.090	21.955	24.352	26.124
9	1.735	2.700	12.242	14.684	16.919	19.023	19.679	21.666	23.589	26.056	27.877
10	2.156	3.247	13.442	15.987	18.307	20.483	21.161	23.209	25.188	27.722	29.588
11	2.603	3.816	14.631	17.275	19.675	21.920	22.618	24.725	26.757	29.354	31.264
12	3.074	4.404	15.812	18.549	21.026	23.337	24.054	26.217	28.300	30.957	32.909
13	3.565	5.009	16.985	19.812	22.362	24.736	25.472	27.688	29.819	32.535	34.528
14	4.075	5.629	18.151	21.064	23.685	26.119	26.873	29.141	31.319	34.091	36.123
15	4.601	6.262	19.311	22.307	24.996	27.488	28.259	30.578	32.801	35.628	37.697
16	5.142	6.908	20.465	23.542	26.296	28.845	29.633	32.000	34.267	37.146	39.252
17	5.697	7.564	21.615	24.769	27.587	30.191	30.995	33.409	35.718	38.648	40.790
18	6.265	8.231	22.760	25.989	28.869	31.526	32.346	34.805	37.156	40.136	42.312
19	6.844	8.907	23.900	27.204	30.144	32.852	33.687	36.191	38.582	41.610	43.820
20	7.434	9.591	25.038	28.412	31.410	34.170	35.020	37.566	39.997	43.072	45.315
21	8.034	10.283	26.171	29.615	32.671	35.479	36.343	38.932	41.401	44.522	46.797
22	8.643	10.982	27.301	30.813	33.924	36.781	37.659	40.289	42.796	45.962	48.268
23	9.260	11.689	28.429	32.007	35.172	38.076	38.968	41.638	44.181	47.391	49.728
24	9.886	12.401	29.553	33.196	36.415	39.364	40.270	42.980	45.559	48.812	51.179
25	10.520	13.120	30.675	34.382	37.652	40.646	41.566	44.314	46.928	50.223	52.620
26	11.160	13.844	31.795	35.563	38.885	41.923	42.856	45.642	48.290	51.627	54.052
27	11.808	14.573	32.912	36.741	40.113	43.195	44.140	46.963	49.645	53.023	55.476
28	12.461	15.308	34.027	37.916	41.337	44.461	45.419	48.278	50.993	54.411	56.892
29	13.121	16.047	35.139	39.087	42.557	45.722	46.693	49.588	52.336	55.792	58.301
30	13.787	16.791	36.250	40.256	43.773	46.979	47.962	50.892	53.672	57.167	59.703
31	14.458	17.539	37.359	41.422	44.985	48.232	49.226	52.191	55.003	58.536	61.098
32	15.134	18.291	38.466	42.585	46.194	49.480	50.487	53.486	56.328	59.899	62.487
33	15.815	19.047	39.572	43.745	47.400	50.725	51.743	54.776	57.648	61.256	63.870
34	16.501	19.806	40.676	44.903	48.602	51.966	52.995	56.061	58.964	62.608	65.247
35	17.192	20.569	41.778	46.059	49.802	53.203	54.244	57.342	60.275	63.955	66.619
36	17.887	21.336	42.879	47.212	50.998	54.437	55.489	58.619	61.581	65.296	67.985
37	18.586	22.106	43.978	48.363	52.192	55.668	56.730	59.893	62.883	66.633	69.346
38	19.289	22.878	45.076	49.513	53.384	56.896	57.969	61.162	64.181	67.966	70.703
39	19.996	23.654	46.173	50.660	54.572	58.120	59.204	62.428	65.476	69.294	72.055
40	20.707	24.433	47.269	51.805	55.758	59.342	60.436	63.691	66.766	70.618	73.402
41	21.421	25.215	48.363	52.949	56.942	60.561	61.665	64.950	68.053	71.938	74.745
42	22.138	25.999	49.456	54.090	58.124	61.777	62.892	66.206	69.336	73.254	76.084

INTEGRATED REPORTING DISCLOSURE QUALITY (IRDQ) INDEX

Mira Susanti Amirrudin, Mazni Abdullah, and Zakiah Saleh

Abstract

The study aims at designing an Integrated Reporting Index to analyse the disclosure quality of Integrated Report by public companies. The International Integrated Reporting Council (IIRC) has developed an Integrated Reporting (IR) Framework in 2013 for a better integration of financial and non-financial information and to improve corporate reporting. IR comprises financial and non-financial information and is more than the publication of one report. IR is a report concisely representing how an organisation creates and sustain value, taking account economic, social and environmental factors. Previous studies find that the organisation's IR range in practices, lengthy rather than concise and stapling the two reports, i.e., sustainability report and financial report together and renaming it as an IR. This practice has not stimulated innovations in disclosure mechanism. It is important to highlight that an IR is not merely combining two reports as one. It is a holistic view of the organisation by putting its performance and prospects, strategy and governance into its external environment. There is a need to study the quality of IR whether it is prepared according to the IR Framework 2013 as suggested by IIRC. Therefore, to analyse the quality of Integrated Report, this study designing an IRDQ Index as a tool to measure the quality of Integrated Report. The index may provide a useful insight for the regulators, preparers and users as guidance in preparing IR and enhancing the quality of Integrated Report prepared by the companies.

Keywords: Integrated Reporting, Disclosures, Quality, Index, IIRC

Introduction

In the challenging economy, financial reporting, a state of art documentation by the company is referred by various users to make economic decisions. Business organisation starts to disclose more information to users to promote transparency, improve the quality of information and reduce information asymmetry (Leuz & Wysocki 2008). Traditional financial reporting has developed from corporate, environmental, social and governmental (ESG) reporting (Deegan, 2002; Hassel, Nilsson, & Nyquist, 2005), sustainable reporting (SR) and now Integrated Reporting (IR). IR is defined as a concise communication about how an organisation's prospects, performance, governance, and strategy in the context of its external environment, create value over the short, medium and long-term (IIRC, 2013). Table 1 shows the framework for IR consist of fundamental concepts, guiding principles and content elements

Table 1
IR Framework

Fundamental Concepts	Guiding Principles	Content Elements
<ol style="list-style-type: none"> 1. Capitals <ul style="list-style-type: none"> • Financial • Manufactured • Intellectual • Human • Social and relationship • Natural 2. The Business Model 3. The Creation of Value over time 	<ol style="list-style-type: none"> 1. Strategic focus and future orientation 2. Connectivity of information 3. Stakeholder relationships 4. Materiality 5. Conciseness 6. Reliability and completeness 7. Consistency and comparability 	<ol style="list-style-type: none"> 1. Organisational overview and external environment 2. Governance 3. Business model 4. Risks and opportunities 5. Strategy and resource allocation 6. Performance 7. Outlook 8. Basis of presentation

Given the new development of IR, García-Sánchez, Rodríguez-Ariza, and Frías-Aceituno (2013) emphasized that research should examine the actual contents of IR and the effect of this reporting strategy on performance or value. Prior studies on the early adopters of IR in South Africa during 2010 to 2012, show that there is an increase in disclosures of capitals information (Setia, Abhayawansa, Joshi, & Huynh,

2015; Solomon & Maroun, 2012). Studies also find that IR reports range in practices (Stent & Dowler, 2015) lengthy rather than concise and not following IR Framework (Wild and van Staden 2013). According to Wild and van Staden, (2013), early reporters of IR are not achieving the standard of reporting required by IIRC since there is no relevance Standard and Framework for IR. It appears that companies have taken the information disclosed in a traditional SR and strategically placed this information on the IR to look as if the company was successfully integrating sustainability issues in the business (Clayton, Rogerson, & Rampedi, 2015).

Stubbs and Higgins (2013) find that the organisation's IR was mainly stapling the two reports, i.e., sustainability report and financial report together and renaming it as an IR, and this practice has not stimulated innovations in disclosure mechanism. Similarly, a survey conducted by GRI on pioneers of IR in 2010 to 2012 shows that half of the published IR analysed are a combination of the annual report and sustainability report together under one cover with a minimum cross connection (GRI, 2013). It is important to highlight that an IR is not merely combining two reports as one (Eccles & Krzus, 2010). It is a holistic view of the organisation by putting its performance and prospects, strategy and governance into its external environment (IIRC, 2013). Unlike SR (each of which serves its beneficial disclosure purposes), IR moves beyond SR. IR allow companies around the world to tell their unique stories, linking their various capitals, opportunities, business model, their business strategy and risks to future economic value over the short, medium, and long term (IIRC, 2013d).

The objective of this paper is to describe the designing of IRDQ Index instrument, which attempts to analyse the quality of IR to meet the recommendations by IIRC and the needs for information of the stakeholders. Following the steps in designing an index by (Zainon, Atan, & Wah, 2012) this study design an IRDQ Index for analysing the quality of IR. Previous studies of Index for IR limited to the analysing content of IR based on the occurrence and non-occurrence of the items in IR (Stent & Dowler, 2015) or compliance level (Lee & Yeo, 2015). This study is multidimensional measures by analysing the content, measures (financial and non-financial) and managerial orientation (forward and backwards looking) in disclosing IR information. This research, therefore, aims at proposing an index through which public companies can formulate their strategies, policies and practices that ensure high-quality IR to gain the competitive advantage in the future.

Methodology

This study aimed at designing IRDQ Index based on the IR Framework 2013. A content analysis method was adopted to examine information items from the literature review, framework, annual report and Background Papers prepared by Technical Collaboration Group (TGC). The Background papers provide more explanation on the content elements of IR such as Business Model, Capitals and Value Creation. This study adopted the four steps methods used by (Zainon et al., 2012) in designing the IRDQ Index. The four steps are as follows:

Step 1: Identification of Information Items

The IR Framework introduces three fundamental concepts which is the concept of the six capitals, the need to explain the organisation's business model and the value creation and destruction over time. There are eight content elements recommended by the Framework, and this is the basis for determining the themes in IRDQ Index. The identification of the information items is based on the literature review, Integrated Reporting Framework 2013 as a main reference, Best Content Elements of IR as per IIRC recommendations and Background Papers published by IIRC. The IR Framework 2013 introduces three fundamental concepts which is the concept of the six capitals, the need to explain the organisation's business model and the value creation and destruction over time. There are eight content elements recommended by the Framework, and this is the basis for determining the themes in IRDQ Index.

The Background papers by Technical Collaboration Group (TGC) provides explanation on the content elements of IR such as Business Model, Capitals and Value Creation. The Technical Task Force of IIRC established Technical Collaboration Groups (TCGs) to prepare the following Background Papers for

IR. The TCGs were coordinated by lead organizations with input from participants from a range of disciplines and countries. The Background Papers reflect the collective views of TCG participants, not necessarily those of their organizations or the IIRC. Examples of the organisations involved in the issuance of Background Papers are Chartered Institute of Management Accountants (CIMA), International Federation of Accountants (IFAC), PricewaterhouseCoopers (PwC), Association of Chartered Certified Accountants (ACCA), Netherlands Institute of Chartered Accountants (NBA), World Intellectual Capital Initiative (WICI) American Institute of Certified Public Accountants (AICPA) and Ernst & Young LLP (EY).

The Best Content Elements of IR is a database that contains IR from various countries and award winning IR. This database is created by Black Sun Plc (a stakeholder communication business) and IIRC compiling over 260 best practice IR reporting example from 164 companies. Users can search examples of best IR based on the region, sector, content elements, IR guiding principles and fundamental concepts. In this study, the IRDQ Index is developed based on the best content elements to identify the structure of the Index. Previous studies on the IR disclosures to identify the themes and information are included in the Index. Table 2 shows the source of information for the development of information items for IRDQ Index.

Table 2
Source of Information for IRDQ Index

No	Source	Reference
1	Integrated Reporting Framework 2013	IIRC
2	Background Papers	Business Model (issued in 2013) Capitals (issued in 2013) Materiality (issued in 2013) Value Creation (issued in 2013)
3	Best Content Elements of IR	IIRC
4	Literature Review	Papers from previous studies (e.g. (Lee & Yeo, 2015; Zhou et al., 2017)

As a result, a list of eight themes from IR Framework is identified, five sub themes for each main theme, and totaling forty sub-themes altogether was produced. The five sub themes identified is based on the questions asked in the IR Framework. The themes are in the question form since IR is in principal based. These question also is based on the previous study by Lee and Yeo (2015). These sub-themes were then compared to previous literature to induce rules defining the sub-themes. This first stage enables this study to identify the information items in the IRDQ Index. next stage is to identify the structure of the index.

Step 2: Identification of Structure, Measurement and Scoring

The second stage is through taxonomic analysis by using computer-assisted qualitative data analysis software (CAQDAS) such as Nvivo (QSR International Pt Ltd, 2008) to assist in the research. According to Leech & Onwuegbuzie (2011) using this CAQDAS allows researchers to have a constant comparison analysis, classical content analysis, the taxonomic analysis also present screenshot of the data analysis. Using a frequency of words from Nvivo software, this study selects a sample of 70 companies Integrated Report from the IIRC websites that labelled as the best report by IIRC. Part of the section in the best report has been classified according to each of content elements identified by IIRC. The analysis of the frequency of words is run through each content elements and the words emerge from this analysis is compared against the IRDQ Index checklist.

To overcome the limitation of the traditional classification schemes by the previous study on the disclosure for IR, this study incorporates in the analysis the concept of quality of IR disclosure by adapting the framework proposed by Beattie, McInnes and Fearnley (2004), and Beretta and Bozzolan (2008). Their framework allows capturing a significant number of quantitative and qualitative features concerning a specific kind of voluntarily disclosed information, such as that IR disclosure. In line with their work, this

study proposes an analysis of IR disclosures that captures three different types yet complementary dimensions: contents of information disclosed in the IR, the types of measures used to discuss and describe IR information and managerial orientation.

Step 3: Assignment of Weight

The third stage will be the weighting score for each content element. According to Lee & Yeo (2015), there is no difference between equal weighting and different weighting of scoring in the analysis of disclosures for IR. Their study has made a survey of 40 analysts and ranked the importance of the themes (content elements) as follows (1) Organizational overview and external environment (19 %); (2) Governance (13 %); (3) Business model (18 %); (4) Risks and opportunities (14 %); (5) Strategy and resource allocation (12 %); (6) Performance (15 %); (7) Outlook (5 %); and (8) Basis of preparation and presentation (4 %).

Step 4: Assessment of Validity

Presenting and reviewing the index with academicians and industry experts.

Findings

The themes of the index are based on the analysis in Step 1 and Step 2. The eight themes (content elements) of IR are important to analyse the quality of IR. The themes are summarised in Table 2 below:

Table 3
IRDQ Index Themes

Themes	Coverage
Organisational Overview and External Environment	Information about the organisation doing and circumstances under which it operates. The external environment of an organisation are those factors outside the company that affect the company's ability to function. Factors include aspects of the legal, commercial, social, environmental and political context that affect the organisation's ability to create value in the short, medium or long term. They can affect the organisation directly or indirectly.
Governance	Information regarding the governance structure supporting the organisation's ability to create value in the short, medium and long term.
Business Model	Information regarding the system of transforming inputs, through its business activities, into outputs and outcomes that aim to fulfil the organisation's strategic purposes and create value over the short, medium and long term
Risks and Opportunities	Information that discloses the specific risks and opportunities that affect the organisation's ability to create value
Strategy and Resource Allocation	Information that discloses the direction of the organisation to achieve and the plan to reach their target
Performance	Information that discloses the extent of an organization has achieved its objectives and the outcome in term of the effect on the capital.
Outlook	Information that discloses the direction of the organisation to make and the plan to achieve their target
Basis of Preparation and Presentation	Information on how organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated

The taxonomic analysis is run through each theme from 70 companies and the words emerged from the analysis is selected as the items for each theme. Example of the taxonomic analysis output for Organisational Overview and External Environment is shown in Table 3 and Figure 1 below:

Table 4

Word	Length	Count	Weighted Percentage (%)	Similar Words
mission	7	495	0.03	mission, missions
vision	6	802	0.04	vision
culture'	8	856	0.04	cultural, culturally, culture, culture', cultures
ethics	6	901	0.05	ethical, ethically, ethics
principles	10	1030	0.05	principle, principled, principles, principles'
operators	9	12854	0.66	operate, operate', operated, operates, operating, operation, operational, operationally, operations, operations', operative, operatives, operator, operators



Figure 1. Word Cloud Analysis for Items in Organisational Overview and External Environment Theme

Conclusions

The IRDQ Index from this study will be significant to the preparers of IR, policy, and standard setters to assist in assessing IR's potential as a vehicle to improve corporate reporting after the issuance of Framework in 2013. This study offers a more comprehensive analysis of the "quality" for Integrated Reporting and not concentrating on the existence or non-existence of the disclosure. High quality integrated report in this study covers more dimension rather than concentrating on the content element of the report. This study provides an analysis of IR based on another dimension, i.e. measures, based quantitative and non-quantitative disclosures and financial and non-financial disclosures.

In the same line with IR Framework 2013, IR reports should quantify the information's disclosed by providing key quantitative information in which is helpful to explain how an organisation creates value. Also, IR Framework suggests that in some cases it is recommended for companies to monetized certain effects of the capital (IIRC 2013). What another important measurement of the IRDQ Quality provides is time orientation whether information disclosed is backwards or future looking. The first guiding principle in the IR Framework 2013 is the strategic focus and future orientation. Therefore, higher quality IR should provide forward-looking information. This study contributes to the existing literature in three unique ways. First, this study is among few papers that attempt to design disclosure index for IR. This help to assist the difficulties associated with information disclosure in IR. Second, IRDQ Index developed in this study has a multidimensional measurement that covers not only the content quality contents of information disclosed in the IR but also the types of measures (financial and non-financial information) used to discuss and describe IR information and managerial orientation (backwards or forward looking information). Third, IRDQ Index should be a value in an attempt to fill a gap in IR disclosure measurement instrument.

References

- Beattie, Vivien, Bill McInnes, and Stella Fearnley. 2004. "A Methodology for Analysing and Evaluating Narratives in Annual Reports: A Comprehensive Descriptive Profile and Metrics for Disclosure Quality Attributes." *Accounting Forum* 28 (3): 205–36.
- Beretta, S, and S Bozzolan. 2008. "Quality versus Quantity: The Case of Forward-Looking Disclosure." *Journal of Accounting, Auditing & Finance*.
- Clayton, A F, J M Rogerson, and I Rampedi. 2015. "Integrated Reporting vs. Sustainability Reporting for Corporate Responsibility in South Africa." *Bulletin of Geography* 29 (29). The university of Johannesburg, School of Geography, Environmental Management and Energy Studies, Faculty of Science, Johannesburg, South Africa: Nicolaus Copernicus University Press: 7–17.
- Deegan, Craig. 2002. "Introduction: The Legitimising Effect of Social and Environmental Disclosures – a Theoretical Foundation." *Accounting & Accountability Journal* 15: 282–311.
- Eccles, Robert G, and MP Krzus. 2010. *One Report: Integrated Reporting for a Sustainable Strategy*.
- García-Sánchez, Isabel-María María, Lázaro Rodríguez-Ariza, and José-Valeriano Valeriano Frías-Aceituno. 2013. "The Cultural System and Integrated Reporting." *International Business Review* 22 (5): 828–38.
- GRI. 2011. "G3 Sustainability Reporting Guidelines." *G3 Guide*, G3 Guideline.
- Hassel, Lars, Henrik Nilsson, and Siv Nyquist. 2005. "The Value Relevance of Environmental Performance." *European Accounting Review* 14 (1). Taylor & Francis: 41–61.
- IIRC. 2013. "Integrated Reporting Framework." *International Integrated Reporting Council*.
- Jensen, Julia Catharina, and Nicola Berg. 2012. "Determinants of Traditional Sustainability Reporting versus Integrated Reporting. An Institutional Approach." *Business Strategy and the Environment* 21 (5). Wiley Online Library: 299–316. doi:10.1002/bse.740.
- Lee, Kin-Wai Wai, and Gillian Hian-Heng Heng Yeo. 2015. "The Association between Integrated Reporting and Firm Valuation." *Review of Quantitative Finance and Accounting*. Springer US.
- Leech, Nancy L, and Anthony J Onwuegbuzie. 2011. "Beyond Constant Comparison Qualitative Data Analysis: Using NVivo." *School Psychology Quarterly* 26 (1): 70–84.
- Leuz, Christian, and Peter Wysocki. 2008. "Economic Consequences of Financial Reporting and Disclosure Regulation : A Review and Suggestions for Future Research *."
- Neelam Setia, Subhash Abhayawansa, Mahesh Joshi, and Anh Vu Huynh. 2015. "Integrated Reporting in South Africa: Some Initial Evidence Neelam." *Sustainability Accounting, Management and Policy Journal*.
- Solomon, Jill, and Warren Maroun. 2012. "Integrated Reporting: The Influence of King III on Social, Ethical and Environmental Reporting."
- Stent, Warwick, and Tuyana Dowler. 2015. "Early Assessments of the Gap between Integrated Reporting and Current Corporate Reporting Warwick." *Meditari Accountancy Research*.
- Stubbs, Wendy, and Colin Higgins. 2013. "Integrated Reporting and Internal Mechanisms of Change." Edited by Professor Charl de Villiers, Professor Jeffrey. *Accounting, Auditing & Accountability* 27 (7). Emerald Group Publishing Ltd.: 1–37.
- Wild, Susan, and Chris van Staden. 2013. "Integrated Reporting : Initial Analysis of Early Reporters – an Institutional Theory Approach," 1–39.
- Zainon, Saunah, Ruhaya Atan, and Yap Bee Wah. 2012. "Applying Stakeholder Approach in Developing Charity Disclosure Index." *Archives Des Sciences* 65 (5): 204–1661.
- Zhou, Shan, Roger Simnett, and Wendy Green. 2013. "Does Integrated Reporting Matter To the Capital.

PERFORMANCE MEASUREMENT OF SUSTAINABILITY: THE CASE OF CO-OPERATIVES

Nooraslinda Abdul Aris, Norashikin Ismail, and Roslani Embi

Abstract

This study explores the measurement of sustainable performance of the co-operatives. Co-operatives echo the non-profit organisation and considered as part of social enterprises as their primary objective is to satisfy their members' need. Co-operative performance is, therefore, a concern for many of its stakeholders. There has been a lack of knowledge concerning co-operatives performance and its ability to sustain in the era of the emerging economy. Issues surrounding the co-operatives are mostly on its size, shortage of resources, poor governance, as well as incompetent management to monitor performance. The main mechanisms of monitoring process include the ability to identify key performance indicators to track results along with an understanding of the use of appropriate measures. This study, therefore, explores and identify the key construct of performance measurement for the co-operatives based on the sustainability ideology. The measurements combine the measures used by both the profit and non-profit organisations. The selected measures were screen out to ensure its suitability to the co-operative and classified based on sustainability creed. A key contribution of this study is the combination of multiple indicator measures with sustainability principles towards improving the co-operatives performance as well as sustaining its position as the third engine of growth.

Keywords: Performance Measure, Sustainability, Multiple Indicator; Co-operatives

Introduction

Measuring business performance especially among the small and medium-sized has been challenging. The same impression appears to be true for co-operatives. Specifically, the difficulties relate to defining key performance dimension (Bergin-Seers & Jago, 2007) as co-operatives have similar traits like the profit and the non-profit organisations. Good financial performance signals the management ability in caring for the shareholder's well-being.

Co-operative is a formal business model that combined a group of peoples and activities in pursuing common economic, social, and cultural objectives. It is regarded as a user-owned, user-controlled business that distributes benefits on the basis of use (Frederick, Wadsworth, & Eversull, 2012). As social enterprises (SEs), co-operatives are placed to contribute to sustainable development's triple bottom line of economic, social and environmental objectives plus the governance agenda.

Co-operatives in Malaysia was firstly registered in 1922 as a vehicle for elevating the standard of living of the poor and low-income earners within the urban and rural sectors of the population. The entities, however, faced several issues such as smaller in size, lack of capital, conventional activities, weak structure and the absence of good governance which resulted in poor financial performance. An audit report by Bank Negara Malaysia confirmed the findings highlighting poor financial performance, cash flow and mismanagement, lack of enforcement against members who break the law and deviate from the co-operative principles as the weaknesses of the Malaysian co-operatives (Bidin, 2007). In addressing these issues, the government has stressed on the need to utilise resources available in this sector in terms of professional assistance, guidance and monitoring the performance in making Malaysian co-operatives as the third viable catalyst for economic growth.

Thus, the primary objective of this paper is to identify the suitable performance measurements for co-operatives in Malaysia based on sustainability ideology. Although literature suggested that the key dimensions of performance are similar for the profit and non-profit organisation irrespective of firms' size, the management role varies. The differences of the co-operatives in terms of objective, structure and resource variations may require a special set of measurement. The rest of the paper is organised in the following manner. In the next section, the co-operative business model and its linkage with sustainability

as well as the usage of multiple indicator measures are explained. This is followed by a brief description of the methods used. The proposed measures are presented in the fourth section while the final section concludes the study.

Literature Review

Assessing co-operative performance is vital to view how well it enhances the shareholders' wealth and the ability to generate income from the capital invested by shareholders, i.e. the members. Business performance measurement has been a challenging task among the co-operatives since profit is not the major concern, and thus making a comparison with other business entities difficult. In identifying and proposing a standard performance measurement for the co-operatives, it is vital to understand the business model and how co-operative relates to sustainability ideology.

Co-operative Business Model

Co-operatives are a form of social enterprise that initially appeared during the Industrial Revolution. The acceptable definition of the co-operative was established in 1995 by the International Co-operative Alliance (ICA) as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise" (ICA, n.d.). The ICA has been providing the guiding definition, principles, and values for co-operative, which have been universally accepted and adopted. Co-operatives shall be based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

Globally, the co-operative sector has over one billion members with 2,829 co-operatives reported to exist over 76 countries with a total turnover worth more than USD2951 billion (ICA & Euricse, 2015). The world's 300 largest co-operatives reported revenues over \$2 trillion while providing more than 100 million jobs, 20% more than multinational corporations (ICA, 2013). The activities of co-operatives accounted for 3% to 10% of national GDP. To stimulate co-operative as the fastest growing enterprise form by 2020, the United Nations (UN) declared 2012 as the International Year of Co-operatives in recognising co-operatives contribution to the development of socioeconomic as well as call for more intensive research on its operation and contribution (United Nations, 2011). The co-operatives also aim to pursue the community's sustainable development priority as envisaged by the United Nations (ICA & ILO, 2015).

Co-operatives are a widespread enterprise model with several socioeconomic benefits, such as the reduction of poverty, unemployment and socioeconomic inequalities (ILO, 2002). Moreover, co-operatives contribute to local environment protection by raising public awareness in environmental issues and by applying environment-friendly policies (Zeweld, Dayanandan, & Oyhus, 2010). Notably, one of the most interesting aspects of co-operatives is their resilience towards economic crisis. Their purpose of fulfilling their members' needs shapes a stable and risk-averse type of enterprise. Since co-operatives focused on long-term viability instead of short-term profit or expansions, they tend to grow progressively. Consequently, the co-operative model can contribute to lessening the crisis-related problems. Specifically, financial-based co-operative (bank and credit) provide financial services even during periods of credit freeze by investor-owned banks, consumer co-operatives decrease product prices by providing good-quality and low-cost goods, and worker and producer co-operatives contribute to employment preservation and small business' survival (Birchall & Ketilson, 2009).

Several factors influence the successful activity of a co-operative. The most prominent one is the dedication to the scope and the co-operative principles. In specific, the realisation of the members that they are owners as well as customers, their proper representation in the Board of Directors and their constant information and education (Carr, Kariyawasam, & Casile, 2008). Further factors include proper self-control and supervision, financial stability, cooperation with other co-operatives as well as an adept workforce and board members. In contrast, inter-co-operative conflicts, strong competition by private companies and a lack of members' active participation are key causes of co-operative failure (Carr et al., 2008).

Sustainability Concept

The term sustainable development was popularised in 1987 by the Brundtland report. It is an emerging concept and usually being defined on the macro-level of societies which are regarded as a process in reaching sustainability objective (Baumgartner & Ebner, 2010). The best suitable meaning of sustainable development for the businesses is “adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future” (IISD, 1992). In making this notion workable, businesses including co-operatives must integrate sustainable development into the planning and measurement systems. Clear articulations of its elements – economic, social and environment should be placed as an end goal for organisation to remain competitive amidst globalization (Raissa, Setiawan, & Rahmawati, 2014).

Co-operatives have positioned sustainability at the core of their identity. Linkages exist between the sustainability definitions with the co-operative identity. The Statement of Co-operative Identity by ICA (n.d.) in 1995 declares that co-operatives’ members believe in the ethical values of honesty, openness, social responsibility and caring for others. Sustainability of co-operatives, therefore, combines long-term profitability with ethical behaviour, social justice and environmental care (Araya, Mas, & Garrido, 2014). This is being proven with the recognition by the European Commission that asserts co-operatives together with mutual and associations are membership-led organisations that have a long tradition in combining economic viability with social responsibility through stakeholder dialogue and participative management (Pezzini, 2006). Despite the recognition, there is little effort in measuring the performance and sustainability state of the co-operatives.

Multiple Indicator Measures

It is common that the readily available financial indicator measures the performance of the organisation. Researchers commonly apply these measures to evaluate co-operatives performance in the context of profit-maximising investor-owned firms, much to the neglect of the dual objectives of co-operatives, i.e. profitability and member benefits.

A measure of firm performance as indicators of strong values is crucial for control purposes. Hind (1999) highlighted the dilemma facing co-operatives in term of selecting the appropriate performance measures. Table 1 below lists possible performance indicators for co-operatives. As an entity having a member-owner relationship, the co-operative may use profitability, growth, dividends, share prices, assets, and return on capital as performance indicators.

Table 1
Interest Groups and Performance Indicators for Co-Operative

Interest Group	Performance Indicators
Owners	Profitability, growth, dividends, security, share price
Investors	Share price, dividends, asset composition and growth, financing of assets, return on capital
Directors	Growth, market share, profitability, security
Managers	Growth, cash flow, discretionary expenditure
Employees	Earnings levels and growth, employment levels, security
Suppliers	Level, growth, variation and security of orders, payment period, prices
Customers	Prices, quality, after-sales service, efficiency of distribution channels, new product development, credit terms
Competitors	Growth, profitability, market share, non-price behaviour, advertising, investment rate
Government	Corporate taxation contribution, potential employment level, growth and regional distribution of output, trading practices, investment rate

Source: (Pickering & Cockerill, 1984)

Methodology

This study aims at proposing suitable performance measures in assessing the performance of co-operatives in Malaysia. The use of standardise measure will assist stakeholders – investor, regulators, etc. in comparing co-operatives performance with other business entities like SEs, MFIs and NPOs. In general,

the readily available indicator measures of profit and non-profit organisations are selected. As sustainability is used as a basis in developing the performance measures, the selected indicators are scrutinised to ensure its relevancy. The indicators were then tested on co-operatives using the information made available in the annual report.

Proposed Performance Measurement

The indicator measurements are selected based on its usefulness and understandable by the industry. However, since co-operatives differ from other forms of business entity, fine-tuning based on the co-operative's context is needed. The proposed measures are shown in Table 2 below. Adopting multiple measurements are fundamental as the co-operatives are providing information to various stakeholders. The result may also be used internally in making a crucial decision for the benefit of the co-operative's members and its local community.

Table 2

Possible Measurements in Assessing the Co-Operatives' Performance

Theme	Variable Name	Measurement
Financial Vulnerability	Return on Assets (ROA)	PBIT / Total Assets
	Equity ratio (EQ)	Equity / Total Assets
	Asset ratio (AR)	Current Assets / Total Assets
Financial Flexibility	Admin Expense ratio (ADEX)	Admin expense / (Total expense – Admin expense)
	Financial Debt ratio (FD)	Debt / (Debt + Net Assets)
Financial Sustainability	Operational sustainability (OSS)	Total Revenue / Total Expenses
	Financial self-sufficiency (FSS)	Adj. Operating Revenue / Adj. Operating Expenses

Financial Vulnerability

In the business world, a financial vulnerability could be considered as financial problems exposure to an organisation. Most studies on financial vulnerability took place in the profit sector compared to the non-profit sector. As an enterprise that focuses on benefiting its members, co-operatives reflect more on non-profit organisations. It is worth to look at the three significant studies which their findings may relate to the co-operative sector.

Tuckman and Chang (1991) defined a non-profit organisation as financially vulnerable if “it is likely to cut back its service offerings immediately when it experiences a financial shock.” An economic crisis is considered as one of the financial shocks that affect an organisation's performance. Extending the Tuckman-Chang model, Greenlee and Trussel (2000) defined an organisation as financially vulnerable if it reduced its expenditures on programs for three consecutive years. Basing from the same idea of Tuckman-Chang and Greenlee-Trussel, Bowman (2011) divide financial issues in non-profit organisations into financial capacity and financial sustainability given time (short-term and long-term) consideration. Financial capacity entails resources that give an organisation the ability to seize opportunities and react to unexpected threats while financial sustainability captures the capacity variation in each period. These studies used financial ratios that are easily computed and understood.

Financial Flexibility

Financial flexibility answers the question, “to what degree can an organisation supplement its future cash flows to cover any unforeseen needs or to take advantage of any unforeseen opportunities?” An operational definition of financial flexibility is presented to includes strategic liquidity – the ability to tap liquid funds, including those made available by foundations, grantors, or arranged borrowing, to fund strategic initiatives such as program expansion, geographical expansion, new hires, mergers and acquisitions, social enterprises, and collaborative ventures (Zietlow & Seidner, 2007).

Organisations having financial flexibility may avoid default in payment if they have options for obtaining cash especially during needy times (Zainudin et al., 2017). Financially flexible organisations tend to have either a high level of cash or low level of debt ratios (Lie, 2005). Lacking financial flexibility may hamper the operations of the organisation and reduce the chance of growth especially among smaller scale co-operatives. It has been reported that having excess cash allowed firms to be financially flexible especially during the crisis as it allows firms to fund their investment growth and to prevent financial distress and default. In contrast, holding extensive cash balances do not certainly build up the firm's financial flexibility (Arslan et al., 2010). Financial flexibility, therefore, acts as an essential element in financing decision and has some influence on financial performance. The same connotation applies to the co-operatives as business entities with substantial financial flexibility will be able to take more future investment opportunities when prospects arise.

Financial Sustainability

Research on financial sustainability measurement covers mostly on microfinance institutions (MFIs). Some authors included credit-based co-operatives as microfinance organisations that offer a feasible financial alternative to assist the poor. MFIs are different from a formal financial institution and government-supported development banks as they practice market approach to credit and attempt to operate on the basis of self-sustainability.

Financial sustainability of MFIs is normally measured in two stages namely operational sustainability and financial self-sufficiency. Operational sustainability refers to the ability to cover its operational costs from its operating income, while financially self-sufficiency is the ability to cover from internally generated income, both operating and financing costs and other form of subsidy valued at market prices (Kinde, 2012; Quayes, 2012). These financial sustainability measures of MFIs are often related to its outreach to the poor. It could be adopted with slight modification since co-operatives involve in various sectors like credit, consumerism, services, transportation, housing and agriculture.

Discussion and Conclusion

Measuring co-operatives performance is crucial in assuring that co-operative is a viable business model and able to sustain in the long run. The proposed measures combining financial vulnerability, financial flexibility, and financial sustainability in a co-operative setting may be a guide in assessing co-operatives' performance in a standardised manner. The adoption of these measures with slight modification may well be used to assess the financial health of co-operatives. The co-operatives primary objective mirrors the NPOs and other SEs objective in satisfying the social needs of their members instead of maximising profit. Financial-based co-operatives (banking, credit and services function) on the other hand are similar to the MFIs since they provide financial aid to the less fortunate people.

To ensure its usability, the proposed measures warrant experimental testing using real data. By doing so, the result may suggest other consideration or even limitation. This study may be extended to consider other measures that may influence the performance of co-operatives. The usage of non-financial measures, for instance, is more suitable for capturing social and ecological impacts. Qualitative tools, such as narratives to describe an organisation's social and environmental impacts form a critical part of sustainability accounting (Lehman, 1999). Other variables such as the co-operative sector growth, economic condition, and management ability may be explored for their relationship with co-operatives performance. It may also be worth to compare the co-operatives performance in different regions, function or among developing countries as the co-operative population spread across the world. More interestingly, performance comparison could be conducted among the NPOs, MFIs and SEs.

Acknowledgement

The authors gratefully acknowledge the help of the Research Management Centre (RMC) in providing the Bestari Research Grant (043/2017) and Universiti Teknologi MARA (UiTM).

References

- Araya, H.-M. B., Mas, E. S., & Garrido, F. P. (2014). Sustainability reporting in European cooperative banks: an exploratory analysis. *REVESCO Revista de Estudios Cooperativos*, 30–57.
- Arslan, Ö., Florackis, C., Ozkan, A., Billett, M. T., Garfinkel, J. A., Goergen, M., ... Rajan, U. (2010). Financial Flexibility, Corporate Investment and Performance. *SSRN Electronic Journal*, 44, 1–41.
- Baumgartner, R. J., & Ebner, D. (2010). Corporate sustainability strategies: Sustainability profiles and maturity levels. *Sustainable Development*, 18(2), 76–89.
- Bergin-Seers, S., & Jago, L. (2007). Performance Measurement in Small Motels in Australia. *Tourism and Hospitality Research*, 7(2), 144–155.
- Bidin, Y. H. (2007). Positioning knowledge management as key success factors in the growth of cooperatives in Malaysia. *Asian Academy of Management Journal*, 12(1), 69–82.
- Birchall, J., & Ketilson, L. H. (2009). *Resilience of the Cooperative Business Model in Times of Crisis*. Geneva: International Labour Office.
- Bowman, W. (2011). Financial Capacity and Sustainability of Ordinary Nonprofit. *Nonprofit Management and Leadership*, 22(1), 37–51.
- Carr, A., Kariyawasam, A., & Casile, M. (2008). A Study of the Organizational Characteristics of Successful Cooperatives. *Organisation Development Journal*, 26(1), 79–87.
- Frederick, D. A., Wadsworth, J. J., & Eversull, E. E. (2012). *Co-ops 101: An Introduction to Cooperatives*. Washington: United States Department of Agriculture (USDA).
- Greenlee, J. S., & Trussel, J. M. (2000). Predicting the Financial Vulnerability of Charitable Organizations. *Nonprofit Management and Leadership*, 11(2), 199–210.
- Hind, A. M. (1999). Cooperative Performance—Is There a Dilemma? *Journal of Cooperatives*, 30–43.
- ICA. (n.d.). Co-operative Identity, Values & Principles. Retrieved November 6, 2015, from <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>
- ICA. (2013). *ICA Annual Report 2013*. Retrieved from <http://ica.coop/sites/default/files/attachments/Annual Report 2013.pdf>
- ICA, & Euricse. (2015). *Exploring the Co-operative Economy: Report 2015*.
- ICA, & ILO. (2015). *Cooperatives and the Sustainable Development Goals*.
- IISD. (1992). Business strategies for sustainable development. In Deloitte & Touche & World Business Council for Sustainable Development (Eds.), *Business Strategy for Sustainable Development: Leadership and Accountability for the 90s* (pp. 1–19). ILO. (2002). Recommendation R193 - Promotion of Cooperatives Recommendation, 2002 (No. 193).
- Kinde, B. A. (2012). Financial Sustainability of Microfinance Institutions (MFIs) in Ethiopia. *European Journal of Business and Management*, 4(15), 1–11.
- Lie, E. (2005). Financial Flexibility, Performance, and the Corporate Payout Choice. *The Journal of Business*, 78(6), 2179–2202.
- Pezzini, E. (2006). Cooperatives, Good Companies “By Definition”? In *The Sixth International Conference on Catholic Social Thought and Management Education* (pp. 1–24). Rome, Italy.
- Pickering, J. F., & Cockerill, T. A. J. (1984). *The Economic Management of the Firm*. (J. F. Pickering & T. A. J. Cockerill, Eds.). P. Allan.
- Quayes, S. (2012). Depth of outreach and financial sustainability of microfinance institutions. *Applied Economics*, 44(26), 3421–3433.
- Raissa, D. R., Setiawan, R. P., & Rahmawati, D. (2014). Identification of Indicators Influencing Sustainability of Minapolitan Area in Lamongan Regency. *Procedia - Social and Behavioral Sciences*, 135, 167–171.
- Tuckman, H. P., & Chang, C. F. (1991). A Methodology for Measuring the Financial Vulnerability of Charitable Nonprofit Organizations. *Nonprofit and Voluntary Sector Quarterly*, 20(4), 445–460.
- United Nations. (2011). *Cooperatives in social development and implementation of the International Year of Cooperatives* (Vol. A/66/136).
- Zainudin, Z., Ibrahim, I., Said, R. M., Hussain, H. I., Said, R. M., & Hussain, H. I. (2017). Debt and Financial Performance of REITs in Malaysia: A Moderating Effect of Financial Flexibility. *Jurnal Pengurusan (UKM Journal of Management)*, 50, 3–12.
- Zeweld, W., Dayanandan, R., & Oyhus, A. (2010). Women Empowerment and Environment Rehabilitation Though Cooperatives in High Lands of Ethiopia. *JM International Journal of Management Research*, 1(1), 24–34.
- Zietlow, J. T., & Seidner, A. G. (2007). *Cash & Investment Management for Nonprofit Organizations*. Wiley.

AN OVERVIEW OF FRANCHISEE BUSINESS SURVIVAL

Nurul Ashykin Abd Aziz, Mohd Hizam Hanafiah, Rosmah Mat Isa, and Hamizah Abd Hamid

Abstract

As franchising has become a globally well-known business platform, it has attracted the attention of many researchers and has motivated franchise entrepreneurs to improve their probabilities to survive in business operations and competitive markets. This paper reviews the previous studies related to franchise firm survival and it also identifies three elements of franchise firm survival within the context, which are: (i) Ownership; (ii) Franchise Brand; and (iii) Franchise Royalties. Additionally, this paper also highlights past empirical findings related to the survival patterns of franchisees.

Keywords: Franchising, Business Survival, Theory of Franchising

Introduction

Since the past decade, franchising is seen as an extreme strategy of organization form (Grewal et al., 2011) and it has become as fast as the growth of global retailing (Combs et al., 2004). Furthermore, Michael and Combs (2008) highlighted that it is important to understand the survival of business in entrepreneurship fields. Importantly, franchising plays its role in supported economic development through employment creation, development of entrepreneurship growth and enhancement of the standards of living, as stated by Shumba, Zindiye, and Donga (2017). By definition, franchising is “*licensing agreement between the franchiser and the franchisee, whereby the former grants the permission for the use of his trademarks, ideas, patents or goodwill in return of royalty or some other considerations by the franchisee*” (Vaishnav & Altinay, 2009). According to Baena et al. (2012), franchising offers many advantages compared to chain-ownership and it is a quick platform for businesses worldwide, thus it is valuable for studies in entrepreneurship areas (Grewal et al., 2011).

On the other hand, Paynter and Arthanari (2000) claimed that a business format that sells a company owned business to a franchisee-owned business has become a trend these days. For this article, the researchers made comparisons on past literatures in order to explain the issues on franchise firm survival from the perspective of franchisees. Besides that, Bordonaba Juste et al. (2009) emphasised that the survival ability of a franchise firm is also influenced by other circumstances in the competitive mark. A past study by Kosonova and Lafontaine (2010) claimed that contracting terms and characteristics of chains may affect the growth and survival of chains, and other factors might also be driven by such characteristics. Also, Bordonaba-Juste et al. (2017) highlighted that other variables may influence franchise survival related to previous experiences of the franchisees’ characteristics.

Literature Review

Oxenfeldt and Kelly (1968) described that a firm goes for franchising in order to access the scarce resources mainly the managerial and capital resources for rapid expansion. In addition, Shane (1996) supported that it is difficult for a firm to get the capital from traditional financial market when the firm is very small and young, hence making it difficult to build the managerial talent. Besides that, a firm turns to franchising when it wishes to gather the economies of scale that push it to expand using internally generated resources (Shane, 1996). On the other hand, Rubin (1978) emphasized that there are other important elements for franchising, such as to get the human capital, and thus, he proposed the Agency Theory.

Furthermore, in Agency theory, the scholar highlighted that a franchisor (principal) depends on the franchisee (agent) to perform some actions on behalf of a franchisor, while in contrast with the Resource Scarcity Theory, Brickley (2002) argued that franchising system is an effective business model to control the principal-agent problem. Moreover, this theory highlighted that there is a difference in interest between the franchisor and franchisee, whereby the company-owned outlets will pursue their goals thus creating a conflict of interest. Besides that, the issues are whether the agents (franchisees) are

contributing their efforts to align with the principals' (franchisor) goals and either behaving in the interest of the principals or in their own interests.

Hsu et al. (2010) explained that constraints of resources become a key reason to start a franchising business as firm involved at the beginning stages of growth to overcome the managerial and capital constraints. When a firm becomes mature, the chances of participating in a franchise is reduced. Furthermore, franchising is a platform that provides fixed investments such as buildings, equipment, brand names and others where these explain that franchisors view growth as an important factor for franchising (Dant, 1995; Lafontaine & Kaufmann, 1994). Alon (2001) also supported that firms with scarce business resources will depend more on franchising. As firms become more mature, the human capital and capital constraints become stable and franchising may seem to be less attractive.

Hoover (2009) explained that the main reason to adopt a franchise system is to access the capital and establish effective distribution network quickly. A past empirical study by Chirico et al. (2011) claimed that a long term factor concerning survivability allows a family firm franchisor to efficiently share its resources with its franchisees. Furthermore, a past empirical study by Kistruck et al. (2011) suggested that undeveloped capital markets can be a strategy to overcome capital constraints that are related with growth in micro franchising. However, they also recommended that some possible adaptations enable mitigation for at least some of the financial resources' challenges. Another study by Combs et al. (2011) found that managers prefer ownership redirection because it is controlled by economic factors which are further explained in agency and property rights that motivate franchising.

Discussion Ownership

Many countries develop their chain activities based on company owned systems before they are transformed to either full or partial franchising Dant et al. (1996). Oxenfeldt and Kelly (1969) proposed the concept of ownership whereby they mentioned that a franchisor will retreat from franchise system once the company has full access to the necessary resources (financial and management) in order to grow by themselves and finally re-buy the store from its franchisee. The ownership explains that most franchising networks will fully commit to company-owned networks by leaving only a few outlets (franchisees) once the resources are fully accessed and these will lead to franchisor performance's decision of either wanting to remain in the system or to retreat.

Dant (1995) argued that even though franchising is mainly a multi-unit phenomenon, the standard model of franchising adopts a single unit operation. In addition, a comprehensive model of franchising requires the reason and understanding on why firms begin with franchise, and he also stated that capital constraints influence the early decision to franchise. Most franchise firms maintain a mix of company-owned and franchising organizations (Bradach, 1997). In addition, Bradach (1997) identified that most franchise firm chains have a mix of company owned establishments and the reason behind this is that some of the formations are more matched to one form of ownership than others. Other than that, the presence of one kind of outlet may bring either positive or negative impacts on each outlet. Windsperger & Dant (2006) claimed that the motivation of franchisees is more important than the employees of company owned outlets because franchisees obtain residual income. In addition, the economies of scale gathered from the franchise model inspires franchisors to have more outlets than company owned outlets to compete with other franchise chains.

As mentioned before, the main principal of franchise business in the twenty first century is to ensure the survival of their system chains. According to Bruder (1992), he found that age was related with firm survival. Theoretically, a study on age of franchise chain with survival was studied before by Bates (1998), who highlighted that owning multiple units of franchise gives more advantages compared to a single unit and this results to survival. In addition, a multi-unit franchise is more equivocal because it increases the survival for a larger franchisor (Shane 2001). Generally, when a franchisor shares formal

ownership of the franchising system with franchisees, the ownership is generated through formal ownership and this can reduce agency problem, hence improving the relationship between both parties.

On the other hand, the survival of franchise system is not only dependent on the economy, but it is also related on affective factor such as ownership (Hou, Hsu, & Wu, 2009). Most franchisees prefer to put their trusts on larger and older systems compared to newer and smaller chains because those long standing systems have more experiences Asare et al. (2010). Furthermore, Bates (1998) claimed that holding multiple units of franchises is more valuable than having a single unit, whereby this results for better survival chance since the business experience is more easily transferred. In contrary, Shane (2001) argued that having multi-unit of franchising is more confusing since it reduces the survival chances for new franchisors but increase the chances for large franchisors. Besides that, Vroom and Gimeno (2007) highlighted that chains have greater advantages through company owned units compare to franchised units in the market, as company owned units can gain high revenues in several situations.

Yin and Zajac (2004) identified that franchised units need more complicated rather than simple approaches for the best financial performance. Likewise, by using franchise business format, it will enhance the survival for firms when they grow rapidly (S. Shane & Foo, 1999). Moreover, when a firm is growing rapidly, the use of the franchise business format will enhance its survival (S. Shane & Foo, 1999). According to Michael & Combs (2008), multi-unit ownership are related with passive ownership, thus, when firms own multiple units, passive ownerships are required. A study done in a larger and older restaurant in the United States network, passive ownership is unfavorable for a firm to survive. An empirical study by Perryman & Combs (2011) described the association between company owned and franchised outlets to explain and extend the Agency Theory. This study found that multi-outlet franchising is cost efficient when franchisors fulfill the gaps left by franchisees in the market.

Franchise Brand

Farquhar (1989) defined 'brand' as an added value bestowed to a product. In detail, a franchise's value is dependent on a strong relationship between the brand, the product and the service line (product-mix) based on customer expectation on an outlet. The perceptions originally developed and associated with that brand will still succeed in the market and chains through the concept of cloning in different locations (Kosonova & Lafontaine 2010). Furthermore, a franchisee gets benefits from brand loyalty and pre-emption resources such as customer preferences, brand reputations and locations as claimed by Coeurderoy & Durand (2004). A past study by Gillis & Combs (2009) highlighted that brand name is positively linked to survivals, profits, growths and sales. In addition, brand name has positive impact on franchisees' survivals, satisfactions and success (Steven C. Michael & Combs, 2008; Pitt, Napoli, & van der Merwe, 2003; Watson & Johnson, 2010). Barthélemy (2011) explained that franchising is a business format that contains a brand name, where entering to franchise system and running business with a well-known brand name (Herrington, 2005) provide significant advantages for a potential franchisee.

Based on franchising system, a franchisor will provide brand recognition through brand name for franchisees where positive impact from franchisor investment in the brand itself is passed to all franchisees in the system (Steven C. Michael & Combs, 2008). On the other hand, Bishai et al. (2008) emphasised that the use of brand name is affiliated with other marketing strategies whereby it pushes franchise practices by providing a signal of high quality and it results in high revenue. Furthermore, Blair & Lafontaine (2005) clarified that in aligning with the basic definition of franchise business format, franchises should consider to include a brand name in studies that are accompanied by a contract agreement between both parties (franchisor-franchisee) that control the provision of goods and services provided by a franchisee under the brand name with standard managements, trainings and supplies.. A format facilitator consists of operating and managing structures that enable franchisees to deliver the required products and services as stated by franchisors. Bishai et al. (2008) claimed that franchisees have good incomes and bigger chances of survival by operating in a tested and tried concept with a well-known brand name that can pull franchise practices. An empirical study by Hsu et al. (2017) showed that the

outcomes of franchises (survivals) are determined through brand names, format facilitator controls and supports.

Franchise Royalties

Basically, a franchisee will pay a startup fee to the franchisor, and in return, the franchisee is able to use the franchisor's trademarks, systems and ongoing supports. From the agency perspective, Vázquez (2009) claimed that as franchisors continuously provide valuable services, the higher return of royalty is expected. As the franchise network expands, some costs such for marketing and training will increase. Furthermore, Shane & Foo (1999) supported that as the size of a franchise network expands, the franchisor's efforts in maintaining the brand name is higher due to the monitoring cost. In addition, Kosonova & Lafontaine (2010) clarified that as ongoing fixed fee is high, it negatively affects the franchise's survival. In addition, the relationship between advertising fee and franchise survival is positive on growth, from the royalties in mature firms. Dant & Grünhagen (2014) determined royalty fees as profit goals of franchisors. Additionally, Michael (1992) stated that franchise networks with high royalties attract franchisees that are able to generate high income. When discussing on business contracts, both parties (franchisor-franchisee) establish royalties as a percentage from expected sales. Hence, franchisees who failed to meet the target will face losses. On the other hand, there are better chances for franchisees who paid low royalties compared to franchisees who paid high royalties fee.

Viewing from a franchisee's perspective, issues such as high start-up cost, high franchise fee and high royalty payment will result to the loss of control of operation, high cost of contract termination and lack of control on goodwill generated based on franchise operation agreement (Soriano, 2005). Rubin (1978) highlighted that a franchisee runs its business based on a franchisor's way, where the franchisor has control over the activities such as the outlet's operation, prices, products sold, and others related. Furthermore, conflict is natural in franchising when franchisors attempt to add values to the network systems and get benefits from the royalties, while franchisees are always seeking ways to increase the profits for their outlet (Combs et al., 2004). In addition, when franchisors spread the system's standardization and look to increase their control, franchisees are struggling to follow their personal goals and entrepreneurial interests. Thus, the different goals of both parties in franchising cause conflict and negative attitudes (Kidwell, Nygaard, & Silkoset, 2007).

Moreover, Brickley (2002) provided findings on the determinants of royalties in contract by examining on how termination laws of state franchise affect the franchise contracts. Likewise, this scholar found the two-sided moral hazard model in explaining the terms in franchise contract, and it increases the importance of franchisor effort. Thus, franchisees seem to pay a higher fee to franchisors in states with protection laws. An empirical study by Bordonaba-juste et al. (2017) found that the royalty franchisee fee becomes the price variable to attract new franchisees and it increases the involvement of outlets in franchise network.

Conclusion

Overall, many perspectives need to be considered to ensure the survival possibilities for franchising business in the competitive market. Furthermore, future researches need to be conducted to explore the issues of franchising survival in detail. Additionally, inclusive policy, governance and support for franchise entrepreneurs in Malaysia can encourage more growth and development of franchise industry. Moreover, the enforcement of Franchise Act is necessary to protect the rights and interests of franchise entrepreneurs in Malaysia to increase their chances of survival in the competitive market. Additionally, the accomplishment of the right combination of outlets managed by franchisors and franchisees will increase survival possibilities in the long term.

References

- Alon, I. (2001). The use of franchising by U.S based retailers. *Journal of Small Business Management*, 39, 111–122.
- Asare, A., Kang, J., & Brashear Alejandro, T. (2010). A meta-analysis of the drivers of franchise system performance.

- Baena, V., Junquera, B., Menon, J., & Ramirez, M. D. (2012). Master franchising as foreign entry mode: Evidences from the Spanish franchise system. *International Scholarly Research Network ISRN Economics*, 8, 1–8. doi: <https://doi.org/10.5402/2012/293478>
- Barthélemy, J. (2011). Agency and institutional influences on franchising decisions. *Journal of Business Venturing*, 26(1), 93–103. doi: <https://doi.org/10.1016/j.jbusvent.2009.05.002>
- Bates, T. (1998). Survival patterns among newcomers to franchising. *Journal of Business Venturing*, 13(2), 113–130. doi: [https://doi.org/10.1016/S0883-9026\(97\)00066-9](https://doi.org/10.1016/S0883-9026(97)00066-9)
- Bishai, D. M., Shah, N. M., Walker, D. G., Brieger, W. R., & Peters, D. H. (2008). Social franchising to improve quality and access in private health care in developing countries. *Harvard Health Policy Review*, 9(1), 184–197. Retrieved from http://www.sf4health.org/sites/sf4health.org/files/wysiwyg/Bishai_franchising_2008.pdf
- Blair, R.D., & Lafontaine, F. (2005). *The economics of franchising*. Cambridge and New York: Cambridge University Press.
- Bordonaba-Juste, V., Lucia-Palacios, L., & Yolanda Polo-Redondo. (2011). An Analysis of Franchisor Failure Risk: Evidence From Spain. *Journal of Business and Industrial Marketing*, 26(21), 407–420. Retrieved from <https://doi.org/10.1108/08858621111156403>
- Bordonaba Juste, V., Lucia-Palacios, L., & Polo-Redondo, Y. (2009). Franchise firm entry time influence on long-term survival. *International Journal of Retail & Distribution Management*, 37(2), 106–125. <https://doi.org/10.1108/09590550910934263>
- Brickley, J. A. (2002). Royalty rates and upfront fees in share contracts: Evidence from franchising. *Journal of Law, Economics, and Organization*, 18(2), 511–535. doi: <https://doi.org/10.1093/jleo/18.2.511>
- Chirico, F., Ireland, R. D., & Sirmon, D. G. (2011). Franchising and the family firm: Creating unique sources of advantage through “familiness”*. *Entrepreneurship Theory and Practice*, 35(3), 483–501. doi: <https://doi.org/10.1111/j.1540-6520.2011.00441.x>
- Coeurderoy, R., & Durand, R. (2004). Leveraging the advantage of early entry: proprietary technologies versus cost leadership. [https://doi.org/10.1016/S0148-2963\(02\)00423-X](https://doi.org/10.1016/S0148-2963(02)00423-X)
- Combs, J. G., Ketchen, D. J., Christopher Shook, J. L., & Short, J. C. (2011). Antecedents and consequences of franchising: Past accomplishments and future challenges. *Journal of Management*, 37(1), 99–126. <https://doi.org/10.1177/0149206310386963>
- Combs, J. G., Michael, S. C., & Castrogiovanni, G. J. (2004). Franchising: A review and avenues to greater theoretical diversity. *Journal of Management*, 30(6), 907–931. <https://doi.org/10.1016/j.jm.2004.06.006>
- Dant, R. P. (1995). Motivation for franchising: Rhetoric versus reality. *International Small Business Journal*, 14(1), 10–32. doi: <https://doi.org/10.1177/0266242695141001>
- Dant, R. P., & Grünhagen, M. (2014). International franchising research: Some thoughts on the what, where, when, and how. *Journal of Marketing Channels*, 21(3), 124–132. doi: <https://doi.org/10.1080/1046669X.2014.917012>
- Dant, R. P., Paswan, A. K., & Kaufman, P. J. (1996). What we know about ownership redirection in franchising: A meta-analysis. *Journal of Retailing*, 72(4), 429–444. doi: [https://doi.org/10.1016/S0022-4359\(96\)90022-6](https://doi.org/10.1016/S0022-4359(96)90022-6)
- Farquhar, P. H. (1989). Managing brand equity. *Marketing Research*, 1, 24–33.
- Gillis, W. E., & Combs, J. G. (2009). Franchisor strategy and firm performance: Making the most of strategic resource investments. *Business Horizons*, 52(6), 553–561. doi: <https://doi.org/10.1016/j.bushor.2009.07.001>
- Grewal, D., Iyer, G. R., Javalgi, R. R. G., & Radulovich, L. (2011). Franchise Partnership and International Expansion: A Conceptual Framework and Research Propositions. *Entrepreneurship Theory and Practice*, 35(3), 533–557. <https://doi.org/10.1111/j.1540-6520.2011.00444.x>
- Herrington, J. D. (2005). Are Restaurant Franchisees Getting a Positive Return on Their Advertising Fees? *Journal of Promotion Management*, 11(1), 71–81. https://doi.org/10.1300/J057v11n01_05
- Hou, S., Hsu, M., & Wu, S. (2009). Psychological ownership and franchise growth. *International Journal of Entrepreneurial Behavior & Research*, 15(5), 415–435. <https://doi.org/10.1108/13552550910983004>
- Hsu, L., Jang, S., & Canter, D. D. (2010). Factors affecting franchise decisions in the restaurant industry. *Journal of Hospitality & Tourism Research*, 34(4), 440–454. doi: <https://doi.org/10.1177/1096348009350647>
- Hsu, L., Kaufmann, P., & Srinivasan, S. (2017). How do franchise ownership structure and strategic investment emphasis influence stock returns and risks? *Journal of Retailing*, 93(3), 350–368. doi: <https://doi.org/10.1016/j.jretai.2017.04.004>

- Kidwell, R. E., Nygaard, A., & Silkoset, R. (2007). Antecedents and effects of free riding in the franchisor–franchisee relationship. *Journal of Business Venturing*, 22(4), 522–544. doi: <https://doi.org/10.1016/j.jbusvent.2006.06.002>
- Kistruck, G. M., Webb, J. W., Sutter, C. J., & Ireland, R. D. (2011). Microfranchising in base-of-the-pyramid markets: Institutional challenges and adaptations to the franchise model. *Entrepreneurship Theory and Practice*, 503–531. doi: <https://doi.org/10.1111/j.1540-6520.2011.00446.x>
- Kosonova, R., & Francine Lafontaine. (2010). Survival and growth in retail and service industries: Evidence from franchised chains. *The Journal of Industrial Economics*, VIII(3), 542–576.
- Lafontaine, F., & Kaufmann, P. J. (1994). The evolution of ownership patterns in franchise systems. *Journal of Retailing*, 70(2), 97–113.
- Michael, S. C. (1992). The elasticity of franchising. *Small Business Economics*, 12, 313–320.
- Michael, S. C., & Combs, J. G. (2008). Entrepreneurial failure: The case of Franchisees. *Journal of Small Business Management*, 46(1), 73–90. doi: <https://doi.org/10.1111/j.1540-627X.2007.00232.x>
- Oxenfeldt, M. R., & Kelly, A. O. (1968). Will successful franchise systems ultimately become wholly-owned chains? *Journal of Retailing*, 44(4), 69–83.
- Paynter, J., & Arthanari, T. (2000). Determinants for franchise success. *Franchise Association of New Zealand, Auckland*.
- Perryman, A. A., & Combs, J. G. (2011). Who should own it? An agency-based explanation for multi-outlet ownership and co-location in plural form franchising. *Strategic Management Journal*, 33(4), 368–386.
- Pitt, L., Napoli, J., & van der Merwe, R. (2003). Managing the franchised brand: The franchisees' perspective. *Journal of Brand Management*, 10(6), 411–420. doi: <https://doi.org/10.1057/palgrave.bm.2540138>
- Rubin, P. H. (1978). The theory of the firm and the structure of the franchise contract. *The Journal of Law and Economics*, 21(1), 223–233. doi: <https://doi.org/10.1086/466918>
- Shane, S. (2001). Organizational incentives and organizational mortality. *Organization Science*, 12(2), 136–160. doi: <https://doi.org/10.1287/orsc.12.2.136.10108>
- Shane, S. A. (1996). Hybrid organizational arrangements and their implications for firm growth and survival: A study of new franchisors. *Academy of Management Journal*, 39(1), 216–234. doi: <https://doi.org/10.2307/256637>
- Shane, S., & Foo, M.-D. (1999). New firm survival: Institutional explanations for new franchisor mortality. *Management Science*, 45(2), 142–159. doi: <https://doi.org/10.1287/mnsc.45.2.142>
- Shumba, K., Zindiye, S., & Donga, G. (2017). Challenges faced by franchise entrepreneurs operating in a volatile business environment: A case of the fast food industry in Harare, Zimbabwe. *Problems and Perspectives in Management*. doi: [https://doi.org/10.21511/ppm.15\(2-2\).2017.12](https://doi.org/10.21511/ppm.15(2-2).2017.12)
- Soriano, D. R. (2005). The new role of the corporate and functional strategies in the tourism sector: Spanish small and medium-sized hotels. *The Service Industries Journal*, 25(4), 601–613. <https://doi.org/10.1080/02642060500092469>
- Vaishnav, T., & Altinay, L. (2009). The franchise partner selection process and implications for India. *Worldwide Hospitality and Tourism Themes*, 1(1), 52–65. doi: <https://doi.org/10.1108/17554210910949887>
- Vázquez, L. (2009). How passive ownership restrictions affect the rate of franchisee failure. *The Service Industries Journal*, 29(6), 847–859. doi: <https://doi.org/10.1080/02642060902749419>
- Watson, A. & Johnson, R. (2010). Managing the franchisor-franchisee relationship: A relationship marketing perspective. *Journal of Marketing Channels*, 17, 51–68.
- Windsperger, J., & Dant, R. P. (2006). Contractibility and ownership redirection in franchising: A property rights view. *Journal of Retailing*, 82(3), 259–272. doi: <https://doi.org/10.1016/j.jretai.2006.06.001>

THE LANGUAGE STYLE OF *AL-RAJĀ* USED IN *LA TAHZAN*
BY 'AIDH AL-QARNI

Syazwani Mohd Mutaridi and Khazri Osman

Abstract

This paper will be focus on the usage of *al-Rajā* as one of the language style in Arabic language that carries a meaning of hopefulness in a book titled *La Tahzan* by 'Aidh al-Qarni. However, *al-Rajā* in this context refers to putting a fully hope to Allah SWT and avoiding despair. 'Aidh al-Qarni is a famous *dai* that has already contributed a lot within his writings and also talks. Language style used plays an important role in order to deliver any messages. For example, when we face any troubles, this *al-Rajā* is needed in order to make sure that we put a very high hope to Allah SWT. Besides, 'Aidh al-Qarni also mentioned some useful and effective ways in order to avoid ourselves from being despair when facing any obstacles as there must be any way to solve them. This study uses qualitative approach to process and analyse data. This study also is limited in scope of the language style on *al-Rajā* only that uses words of *asaa* (عسى) and *la'alla* (لعل).

Keywords: Language style, *al-Rajā*, *La Tahzan*, *Balaghah*, *Uslub*

Introduction

Balaghah in term of knowledge means an ability to describe what is in the mind with a clear meaning and true structure. It is related with literature and also including all the variety of style and beautiful expression. Besides that, Balaghah in this term also refers to rhetoric. Gorys Keraf come with a meaning that defines rhetoric as a certain technique of using language as a form of arts whether in speeches or writings based on a certain form of knowledge (Keraf, 1984).

The language style used also must to align with what to deliver so that the receiver can receives the messages correctly. There are also esthetic elements that should be connected by a poet so that he or she can comes out with a very good and nice poems (Osman & Mohamed, 2018). If the language style used is good, therefore the message also can be delivers easily to receiver or reader. So, this study is about the usage of *al-Rajā* language style in a work of 'Aidh al-Qarni, *La Tahzan*.

The language of *da'wah* is important to be understood because it can guide any *dai* in delivering *da'wah* correctly according to the condition of the *mad'u* (Fuad, 2015). When *da'wah* is been delivered in form of writing, the wisdom of it can be seen within a good writing, attractive and easy to be understand besides uses a medium level of language and also can increase the spirit of reader to do good things according what had been written.

So, the language style can be concluded in a certain way in using language for deliver any thoughts and feelings through the ways that show the identities of the writer. It also important in understanding a text or a book so that it can be deliver directly to the readers. Hence, that's why this book, *La Tahzan* had been chosen in looking *al-Rajā* that has been used by its writer 'Aidh al-Qarni.

Problem Statement

Al-Rajā refers to a condition of hopefulness. This occur when somebody feels that there must be a hope for a better tomorrow. This hope gives the person a condition of inner calmness in order to get something good regardless of fear in his or herself. Those who do not have any hope will despair and getting his or herself lost. That's why Allah SWT says to all the true believers not to lose hope and Allah disgrace those who are losing hope from His mercy.

La Tahzan is one of the works of 'Aidh al-Qarni. This book was been written as a spirit booster for those who are facing a lot of problems in their life. Then, fully putting hope to Allah SWT in order to

find the way out. So, this type of language style of al-Rajā is important to be studied in this book. Then also the relationship and role with the messages that wanted to be conveyed by the writer.

‘Aidh al-Qarni’s Background

‘Aidh al-Qarni is one of the famous preacher in Saudi Arabia. He was born in the village of al-Qarn in year 1379 Hijri. The name of al-Qarni also refers to his village which is located in the southern Saudi Arabia. Beside a preacher, he also a poet as he always put his poems in his writing. From his childhood, religion has been taken serious by his father. Then, he also memorizes al-Quran but in the same time he manages to understand the Arabic and modern poems.

Besides, ‘Aidh al-Qarni also had been prisoned because he wrote 50 lines of poem about politics. So, we can say that this book of *La Tahzan* was written by him during he was in the prison and completed it after he was freed. This book was among his famous and until now, it had been translated into 29 languages (Bakri, 2016). In every of his writing, there must be any poem included.

Al-Qarni used *La Tahzan* for his book title because it refers to prophet Muhamamad SAW saying: “*La tahzan innallaha ma’ana*” to his companion, Abu Bakar al-Siddiq r.a who was felt scary when they were hiding in the Cave of Thur, Allah SWT also says in surah al-Taubah verse 40:

إِلَّا تَتَصَبَّرُوا فَقَدْ نَصَرَهُ اللَّهُ إِذْ أَخْرَجَهُ الَّذِينَ كَفَرُوا ثَانِيَ اثْنَيْنِ إِذْ هُمَا فِي الْغَارِ إِذْ يَقُولُ لِصَاحِبِهِ لَا تَحْزَنْ إِنَّ اللَّهَ مَعَنَا فَأَنْزَلَ اللَّهُ سَكِينَتَهُ عَلَيْهِ وَأَيَّدَهُ بِجُنُودٍ لَمْ تَرَوْهَا وَجَعَلَ كَلِمَةَ الَّذِينَ كَفَرُوا السُّفْلَى وَكَلِمَةُ اللَّهِ هِيَ الْعُلْيَا وَاللَّهُ عَزِيزٌ حَكِيمٌ

Translation:

“If you do not aid the Prophet - Allah has already aided him when those who disbelieved had driven him out [of Makkah] as one of two, when they were in the cave and he said to his companion, "Do not grieve; indeed, Allah is with us." And Allah sent down his tranquillity upon him and supported him with angels you did not see and made the word of those who disbelieved the lowest, while the word of Allah - that is the highest. And Allah is Exalted in Might and Wise.”

(Surah al-Taubah: 40)

Research Methodology

This research uses qualitative approach in order to process and analyse data. So, *La Tahzan* was been used as research subject to be analyse. Besides, researcher also used any type of research matter about this topic whether it is in a form of writing or electronic media that can be used to strengthen the research questions and the theme focused by researcher. As just mentioned before, the book titled *La Tahzan* had been chosen as the main subject in this research in order to identify the language style used in term of *al-Rajā*.

The Element of Hopefulness in *La Tahzan* by ‘Aidh al-Qarni

Hopefulness is one of the action done by the heart and soul of the believers who are worshipping their God. Opposite for this action is despair. Hope is always being related to anybody who is longing for something. Usually, when a person longing for something, he or she will pray to Allah with full of hope. Mankind will really pray to achieve what they want. Allah SWT says in surah Yusuf verse 87:

يَبْنِي أَذْهَبُوا فَتَحَسَّسُوا مِنْ يُوسُفَ وَأَخِيهِ وَلَا تَأْيِسُوا مِنْ رَوْحِ اللَّهِ إِنَّهُ لَا يَأْيِسُ مِنْ رَوْحِ اللَّهِ إِلَّا الْقَوْمُ الْكَافِرُونَ

Translation:

“O my sons, go and find out about Yusuf and his brother and despair not of relief from Allah. Indeed, no one despairs of relief from Allah except the disbelieving people.”

(Surah Yusuf: 87)

Based from the above verse, we can understand that Allah SWT command to all His servants not to lose hope and despair. So, every servant of Allah must always have hope to the only One, Allah SWT. According to (Zaidan, 2009), mankind should not lose hope as this will forbid the way to Allah. This

action and attitude just only own by the non-believers. He also said that by putting hope to Allah, it can overcome all the problems and hardness in life such as decreasing suffer and fade away fear in souls.

Some of the Analysis of Hopefulness (Al-Rajā) in La Tahzan

Sample 1

Allah SWT says in al-Quran surah al-Maidah verse 52:

فَعَسَى اللَّهُ أَنْ يَأْتِيَّ بِالْفَتْحِ أَوْ أَمْرٍ مِّنْ عِنْدِهِ

Translation:

“But perhaps Allah will bring conquest or a decision from Him.”

(Surah al-Maidah: 52)

The word ‘asa (عسى) in this verse carries a meaning of perhaps, Allah will bring conquest to His messenger. However, in al-Quran ‘asa also carries a meaning of must for Allah to bring that conquest. The word ‘asa in this context act as an affirmation and confirmation to Rasul Allah SWT and the true believers that the conquest that has been promised by Allah will come to them that is the conquest of Mecca to Islam (al-Jazairi, 2006).

Based on this verse, al-Suddi says: “That is the *Fath al-Makkah* (the conquest of Mecca)”, while another scholar says: “That is qada’ and qadar”. Then, “a decision from Him” according to al-Suddi: “It refers to *jizyah* to the Jewish and Christian people”. Another come with commentary that is refer to the winning for having Mecca (*fath al-Makkah*). However, the word *al-fath* in Arabic means a decision (Thabari, 2009).

Next, the usage of word *ya’ti* (يأتي) which means bring to someone. Usually, the word *ata* (أتى) is been used for the thing that can be easily to be obtain. While the word *aw amrin min ‘indihi* (أو امر من عنده), al-Suddi explains: “The decision in this verse refer to *jizyah* or can be refer to the others.”

Sample 2

عسى فرج يكون عسى ... نعلل نفسنا بعسى
فلا تقنط وإن لاقى ... تهما يقبض النفسا
فأقرب ما يكون المرء ... ء من فرج إذا ينسأ

(al-Qarni, 1999):102)

Translation:

Keep hoping that the ease will come, keep hoping,
We always entertain ourselves with one single hope,
So, do not be sad and despair wether how big your problem is,
As the ease will come at the end of the sorrow.

From the poem by Qarni above, he defines ‘asa in the above poem refers to perhaps or hopefully. It can be understood as it means perhaps there is a way out for every trouble. It shows a full of hope from a servant to his or her Creator. Then, the word *taqnut* (تقنط) in that poem refers to losing hope from Allah’s mercy. Al-Quran itself explain that this action should be avoid when any trials come over.

In the next duplex, it is mention the word of *hamman* (هما) which means by sadness that can be relieve. The word has been chosen because this type of sadness can be relieved and fade away. So, when facing any trials and troubles that can weaken our soul, remember that there must be any way out from that. Allah SWT says in surah al-Hajj verse 78:

فَنِعْمَ الْمَوْلَىٰ وَنِعْمَ النَّصِيرُ

Translation:

“He is your protector and excellent is the protector, and excellent is the helper.

(Surah al-Hajj: 78)

And also Allah SWT says in surah al-Syarh verse 6:

إِنَّ مَعَ الْعُسْرِ يُسْرًا

Translation:

“Indeed, with hardship [will be] ease.

(Surah al-Syarh: 6)

Qarni also mentioned in his book that do not be sad because every disease will be relieve. Those who are hurting somebody will be forgiven their sins, the person who are been loved will be left and also vice versa. Including also those who commit sins will seek for forgiveness. So, this shows that everything that happened will be a way out and as a human, we should continue this journey by putting hope and never lose hope. From the above explanation, it is clear that the fully hopefulness must be put to Allah SWT because only Allah will guide us to the way out after been faced with trials and problems. Only a willing soul that can accept all the *qada* and *qadar* from Him. Then, strengthen our heart and never be sad.

Conclusion

From the above discussion, we can conclude that:

1. From *La Tahzan* book, there are words '*asa* and *la'alla* that carry meaning of hopefulness. This two word also explain how they carry respective meaning and function.
2. The beauty of language used can be clearly seen in the poems and al-Quran verses that has been mention in the book. The ability of Qarni in his writings cannot be deny and also can attract the emotion of the readers.
3. From this study, it is hope that it can be some of the references in *da'wah* that can used to all the *dai* especially by using the style of *al-Rajā* in writing and speech.

References

- Al-Quran al-Karim.
al-Jazairi, S. A. (2006). *Tafsir al-Quran al-Aisar*. Jakarta: Darus Sunnah Press.
al-Qarni, ' A. (1999). *La tahzan*. Beirut, Lubnan: Dar Ibn Jazm.
Bakri, K. B. (2016). Obat mujarab anti sedih. *Majalah Gatra*.
Fuad, Z. (2015). Pendekatan bahasa dalam dakwah (Satu Kajian Dari Perspektif al-Quran). *E-Jurnal Penyelidikan dan Inovasi Jilid II*, 14-25.
Keraf, G. (1984). *Diksi dan gaya bahasa*. Jakarta: Gramedia Pustaka Utama.
Osman, K., & Mohamed, F. (2018). The aesthetics in the poems of patience of Imam Shafi'i Rahimahullah. *International Journal of Academic Research in Business & Social Sciences*, 1874-1882.
Thabari, A. J. (2009). *Tafsir Ath-Thabari*. (S. Muhammad Syakir, & S. Muhammad Syakir, Trans.) Jakarta: Pustaka Azzam.
Zaidan, K. (2009). *Dasar-dasar ilmu da'wah*. Shah Alam, Selangor: Dewan Pustaka Fajar.

ORGANIZATIONAL READINESS FOR INTRODUCING A PERFORMANCE MANAGEMENT SYSTEM

Muhammad Hafiz Aziz, Nur Atiqah Adam, Nadiyya Mohammad Kassim, Nur Mazidah Ahmad, and Nor Intan Adha Hafit

Abstract

The purpose of this paper is to review on literature about organizational readiness towards performance management system. Organization often addressed the need to make changes in structure, strategy, process and culture since there is an increment in dynamic environment. Unfreezing were actually reflected to the belief, attitudes, and intention of organization's members including the elements that deal with the changes required and the capacity by the organization to make all elements change favorably. Change readiness is the best early indicator to see how organization will react to the introduction of new business systems, such as performance management systems. The key element of readiness are efficacy, appropriateness, management support, and personal valence. The performance management system plays an important role not only in ensuring that the organization survives but also in enhancing its performance by leveraging the efforts of the employees.

Keywords: Organizational Readiness, Change, Performance, Performance Management, Performance Management System

Introduction

Globalization and rapid technological advancement have turned the whole world into an ever-changing and highly competitive marketplace. Business organizations, therefore, need to embrace change in a highly competitive and volatile business environment in order to survive and grow (Samaranayake, 2017). The organizational change includes from the known to the unknown because the future is unclear and can unpleasantly affect the skills, value and coping skills of people, members of the organization generally do not support change unless they persuaded by convincing reasons. Similarly, in the face of unclear future benefits, organizations tend to devote heavily on the status quo and resist changing it (Cummings & Worley, 2015). In every aspect of an organization, however, the performance management system plays an important role not only in ensuring that the organization survives but also in enhancing its performance by leveraging the efforts of the employees (Armstrong, 2008).

According to Armstrong (2008), performance management involves a systematic process that drives integrated and strategic intentions on annual performance reviews of an employee by compiling and evaluating goals and calibrating them with their peers (Armstrong, 2008). It also eventually used them as benchmarks for rewards, for valuation of competencies development, or for implementing a Performance Improvement Plan (PIP) to provide a chance for employees to mend their performance and to yank them if it was not able to make so much improvement (Armstrong, 2008).

Recently, the practices of performance management system have been increasing continuously but the assessment of such formal employees has existed for centuries (Toong & Lee, 2018). According to Gudla and Veni (2012), the performance management system can emphasis on the performance of an organization, unit, employee or even the manufacturing processes of a product or service and many other areas. It incorporates exercises that assure that goals are effectively and efficiently met (Gudla & Veni, 2012). This often used in workplaces where people communicate with each other. Organizations succeed when they support the top performers continuously and develop poor performers.

Trend from Research Literature

Definition of Readiness for Change

Definitions for readiness for change is described by Armenakis, Harris and Mossholder (1993) as beliefs, attitudes and intentions of the organizations members about the need for change and the ability of the organization. The cognitive precursor of behavior to support or resist a change effort (Armenakis, Harris,

& Mossholder, 1993). While, Eby, Adams, Russell, and Gaby (2000) define readiness for change is the perception of the individual that the organization is ready to undergo major change. As studied by Choi and Ruona (2011) stated in Holts (2007), it defines clearly the concept as a multifaceted construct which includes four elements that are willing to change in terms of effectiveness, adequacy, management support and personal valence. Many researchers define the individual readiness for organizational change differently (Choi & Ruona, 2011).

While Jansen (2000) referred to the ability of an organization to make change and the response of the individual to the change this means that Armenakis et al. (1993) have beliefs, attitudes and intentions of organizational members that cover all the changes needed and the ability of the organization to make a successful change (Armenakis et al., 1993).

In the meantime, employees are prepared for change because of the need to change the organization and their belief in the positive consequences for themselves and the organization of the change (Jones, Jimmieson, & Griffiths, 2005a). They also explained that readiness could mean either resisting or supporting the effort to change the initial cognitive reactions of behavior. Choi and Ruona, 2011, therefore, argue that in defining a person's readiness for change, both Jansen (2000) and Armenakis et al. (1993) have the same opinion. These include the urgency and the organization's ability to implement a specific change initiative well. Choi and Ruona (2011), who stated that the willingness to change stressed the employees' belief in the benefit of the change, commented on this assumption (Choi & Ruona, 2011).

The organization's personal perception of readiness to change, on the other hand, is ready to change greatly (Eby et al., 2000). Holt et al. (2007) discussed further by saying that the readiness for change is a multidimensional view of the employee's belief in four things which are their ability to executing the proposed change (change-specific efficacy), the suitability of the approved change for the institution (appropriateness), the leaders commitment to the approved change (management support), the benefits for any personnel (personal valence) (Holt, Armenakis, Feild, & Harris, 2007).

The researchers Choi and Ruona (2011) agreed on the concept of individual readability to change, which included the individual and organizational ability to successfully change, the need to change, and the potential future benefits, both for the organization or its person. (Armenakis et al. 1993; Eby et al. 2000; Holt et al. 2007; Jansen 2000) Choi and Ruona (2011) also argue that Holt et al. (2007) has four indicators to provide a more complete definition which are the beliefs of the staff, suitability of the change, support to management, and possible future benefits from the change.

Theory of Readiness and Lewin's Change Model

Organization often addressed the need to make changes in structure, strategy, process, and culture since there is an increment in dynamic environment. Numerous reasons, such as change readiness, contribute to the effective implementation of the change by the organization (Armenakis et al., 1993). The authors believe in the notion of readiness from the Lewin concept of unfreezing were actually reflected to the belief, attitudes, and intention of organization's members including the elements that deal with the changes required and the capacity by the organization to make all elements change favorably.

The major reason why change is failed and organization efforts are in unsuccessful could be due to insufficient readiness (Armenakis et al., 1993). Either the organization or the employees must to be prepared for change (Smith, 2005). It is also more than just an understanding of change and believes in change, but also a combination of insights and strategies for particular efforts for change (Bernerth, 2004). It is very vital to the organization to be ready for change before attempting to implement and manage changes (Armenakis & Harris, 2002a). The employees' readiness as an individual and as a part of the organization needs to be held globally.

Lewin (1951) provided one of the earliest models of planned change. He considered change as an alteration of those forces retaining a behavior system stable. Precisely, a distinct set of behaviors at any

point in time is the outcome of two assortments of forces: those attempting to sustain the status quo and those driving for change. When both assortments of forces are about same, current behaviors are sustained in what Lewin termed a state of “quasi-stationary equilibrium.” In order to change that situation, one can build those forces contending for change, reduce those forces sustaining the current situation, or employ some combination of both (Armenakis et al., 1993). For instance, the performance level of a workgroup might be stable due to group norms sustaining that level are equal to the forces for change to higher levels by supervisor. This level can be raised either by breaking the group norms to support higher levels of performance or by rising supervisor forces to produce at higher levels. Lewin proposed that reducing those forces sustaining the status quo creates less pressure and resistance than raising forces for change and consequently is a more powerful change maneuver. Lewin saw this process of change as consisting of unfreezing, change, and freezing which are shown in Figure 1.1.

The first step in Lewin’s Change Model, unfreezing normally includes diminishing those forces sustaining the organization’s behavior at its current level Schein (1987). Unfreezing is sometimes achieved by a process of “psychological disconfirmation.” By proposing information that tells inconsistencies between behaviors coveted by organization members and those behaviors presently displayed, members can be driven to occupy in change activities. The second step is moving. This step changes the behavior of the organization, unit, or individual to a new different level. It includes interrupting in the system to generate new values, behaviors, and attitudes by changes in organizational processes and structures. The last step which is refreezing preserves the new equilibrium state to the organization. It is often achieved through the use of mechanisms of supporting that strengthen the organization’s new state, such as organizational rewards, culture, and structures.

Lewin’s model gives a general structure for explaining the organizational change. The three steps of change are comparatively wide, substantial effort has gone into elaborating them. For instance, the planning model revealed by Lippitt, Watson, and Westley (1958) regulates Lewin’s model into seven steps namely scouting, entry, diagnosis (unfreezing), planning, action (moving), stabilization and evaluation, and termination (refreezing). Likewise, the eight-stage stage process of Kotter can be linked onto Lewin’s phases: raises an urgency feeling, establishes a coalition of guidance, develops a vision and strategy, and delivers the vision of change (unfreezing), permitting broad-based action, engendering short-term wins (moving), associating gains and producing more change, and symbolizing new methods in culture (refreezing) (Kotter, 2012). However, Lewin’s model remains closely recognized with the OD field and was used to exemplify how to implement other types of change. For instance, Lewin’s three-step model was used to clarify how information technologies can be effectively implemented (Benjamin & Levinson, 1993).

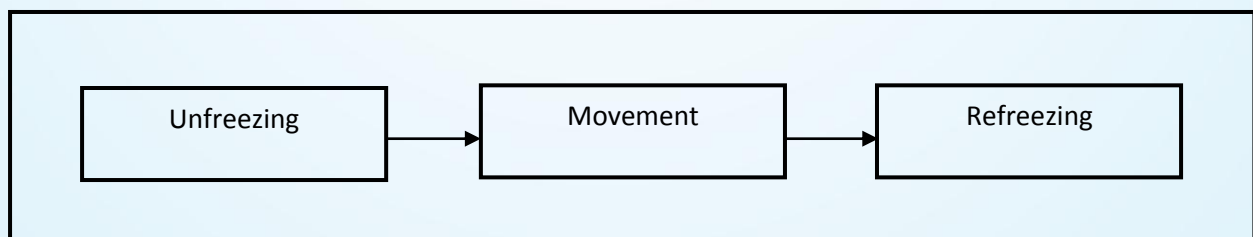


Figure 1. Diagram of Lewin’s Change Model

Source: Cumming, T. G., and Worley, C. G. (2015). Organizational Development and Change (10th ed.). Stamford, USA: Cengage Learning

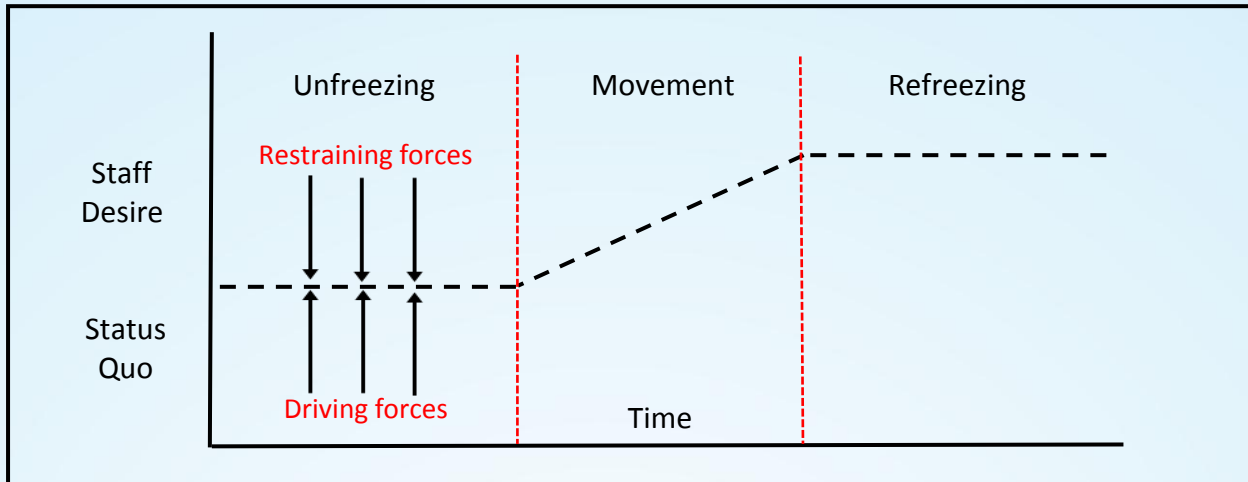


Figure 2. Unfreezing the Status Quo

Source: Rubin, H. J. and Rubin, I. S. (2005), *Qualitative interviewing: the art of hearing data* (2nd ed), Sage Publication United Kingdom

Readiness for Change

Organizations operate in environments that are complex and changing. They nurture in activities, productivity, and profitability, which give rise to greater challenges to them and require changes in their operating way (Carnall, 2007). All these challenges and rising demands from external environments might mean that they have to encourage achievement and performance-orientated culture (Armstrong, 2006; Kaplan & Norton, 1996; Kates, Marconi & Mannle Jr., 2001; Swanson, 1996). It is a strategic change and one of the most ultimate methods of cultivating efficiency, productivity, and effectiveness and, eventually, increasing revenue when they introduce a performance system to an organization (Nelongo, 2011).

Change readiness is the best early indicator of what lies ahead in the future (Bridges, 2010). The significant factor to change readiness is whether the employees are ready to do their works in new surroundings (Madsen, S. R., Miller, D., & John, 2013). Bring together performance management systems as change initiatives are essential to the organizations' strategies and they should ensure organizational readiness implement the system. (Canterucci, 2008). The employees are more likely to commit greater effort, initiate change, display greater perseverance and display more complaisant behavior when organizational readiness for change is high (Armenakis & Harris, 2002).

Local governments all over the world are under pressure to develop, transmute and become accountable to their communities. One method they to attain this is by introducing performance management systems (Williams, 2006). Nevertheless, employing these systems involves change and the victory of these changes depends on the organization's readiness.

Organizations need to manage change in order to diminish resistance to it by, for instance, introducing performance management systems. Change management directs a conversion to attain a lasting change in organizations (Jones, Jimmieson, & Griffiths, 2005) Organizations frequently present it as a process and use methods and tools to manage people in order to achieve the desired business outcomes (Nickols, 2006; Robbins, Odendaal & Roodt, 2003). The main starting point is to determine when organizations are ready to initiate the changes.

Change readiness comprises management strategies used by the organization to address any resistance to new initiatives in their employees (Stratman & Roth, 2007). Organizations readiness for change based on the employees' level of commitment to the change and whether they believe the change can occur (Weiner, 2009).

Key Elements of Readiness

Previously, the concept of individual readiness had discussed by the experts and the key readiness elements had taken into account to see whether the individuals were ready to change in the non-freezing phase.

Thus, there are five key elements proposed by experts on the degree of readiness for change (Armenakis & Harris, 2002b). Those components are discrepancy, efficacy, appropriateness, principal support and personal valence. Recent research by Holt et al. (2007) has shown that discrepancy already adequately covered by appropriateness. In addition, the literature by Choi and Ruona (2011) shows that Holt et al. (2007) use a full term by referring to four dimensions which are discrepancy, efficacy, management support and personal valence.

There is a study about the availability of organizational change. The elements by Armenakis et al. (1993) and Armenakis and Harris (2002) are the major literature on readiness for change. Additionally, Armenakis et al. (2007) are proposing five views of change, which are discrepancy, efficacy, appropriateness, principal support and personal valence. They argue that all of these elements are important in order to promote change. In addition, the authors also believe that the five elements could be a valuable tool to evaluate readiness. Choi and Ruona (2011) mention that Holt et al. (2007) had defined the concept more clearly as a multifaceted construct with four dimensions: individual's belief in the specific efficacy of change, change appropriateness, support for change from the management, and the benefits of the change personally. The concept also had been recognize among researchers. Considering that the level of change may differ in different aspects of readiness for change, change agent have to ensure that when change are planned, not a single element is left aside (Neves, 2009). Otherwise, there will be an increased in the resistance to change and it may lower the level of supports (Neves, 2009). Therefore, this study uses the readiness elements that are outlined by Holt et. al (2007) for the individual readiness for change. Each element described in the following way:

Efficacy

The first component for change is efficacy. Armenakis and Harris (2002) defined efficacy as 'having confidence to be successful, which could make somebody try the change'. While Holt et al. (2007) and Neves (2009) stated that efficacy is the conviction that a proposed change is possible and they capable to face the change. Self-efficacy to change can be define as the sense of having skills to carry out tasks and activities in accordance with the implementation for future change (Holt et al., 2007). They also mention that the elements of efficacy consist of the feeling that change can be easily handled, that they are able to make the change, that they can learn the requirements for the change and have experience to build confidence to be succeed. Self-efficacy also can be define as the decision to use the ability to carry out certain tasks (Bernerth, 2004). It is similar to what Bernerth and Armenakis et al. (2007) think; that somebody will do certain activities if they sure that they can perform certain activities. Any agents of change should ensure that every personnel are able to successfully implement changes (Bernerth, 2004). The author also believes that numerous efforts to change offer employees an unfamiliar environment and situation. For him, developing employees' efficacy means reduce the fear and develop an attitude to be achieve success. Then, if employees are not confident enough to do what management requires, change agents should develop realistic goals and strategies to communicate how all employees can improve the chance to succeed. He also believes the first step to having a sense of institutional readiness for successful changes would be to develop self-efficacy. Therefore, employees must believe that they can develop the required attitudes of those who change, so that the output of change is less than what is expected (Armenakis, Bernerth, Pitts, & Walker, 2007).

Appropriateness

The second key elements of readiness are appropriateness. Some experts says that appropriateness may cover the individual experience and discrepancy (Armenakis & Harris, 2002c). It is necessary for individuals to experience some form of change, yet certain aspects of change cannot be agreed upon (Armenakis & Harris 2002). Furthermore, discrepancy require all people to be motivated to change. They

should be certain that the current system's weakness must be remedied (Armenakis & Harris 2002). Some factors in appropriateness also cover the knowledge of the benefits of change for the organization, the legal reasons for the change, and the benefits for the employees (Holt et al., 2007). There may be many reasons to change, and if the staff know they can benefit from the change, they can easily make it. Moreover, the message factors of discrepancy are the efforts of the institution to explain in details about the necessary for change (Bernerth 2004).

Armenakis et al. (2007) argue that discrepancy refers to the necessary of change. While Bernerth (2004) clarifies that if change is necessary, the agents of change should show how it was different from what happened. Bernerth (2004) also said that if the personnel fail to understand the recent system problems, they could not internalize the vision for the organization's better future. In short, if the staff think that the necessary change will not solve the problems, they are not prepared to accept the change. Armenakis et al. (2007) viewed that a related belief should be established when a certain belief has a discrepancy. For them, in order to be able to address the discrepancy, a specific change in the organization is required. Each agent for change should persuade the staff that the change target is an appropriate response to the recent situation (Bernerth, 2004). The author also explains that the top leaders should strongly demonstrate that the change is the correct answer to the discrepancy-induced gap.

Management Support

Besides that, the key element of readiness is management support. According to Holt et al. (2007), support for management is a major reason for leaders to adapt to change because change needs resources and commitment (Armenakis & Harris, 2002). Then, people could be seen change through entire institution. Managers also play an important role in improving employee readiness for change (Neves, 2009). In addition, management support and other factors are important, such as senior leaders' encouragements to change, the support of policy makers or the top management to emphasize the importance of change, senior management's commitment to adapt and clarify management's perception of change (Holt et al., 2007). Furthermore, Bernerth (2004) states the fact that no one is alone as part of an organization as the most important factor. This is because employees actually get along with their colleagues cognitively and behaviorally. The employees are not only looking for predictable relations but also reliable and consistent job functions. In fact, the word "change" could actually make people worried. When faced with insecurity, staff will listen formally or informally to their colleagues or leaders in order to know how to react. Bernerth (2004) further stated that it would be more secure when an individual knows the response when required to change directly from their colleagues or their managers. If managers and other respected employees are not prepared to stand alongside the change effort, there is greater resistance and resentment to the change. Management should give support and reacts to the change by carrying out the performance evaluation and compensating to the change. Bernerth (2004) also stated that change required sacrifice from the employees, as employees may feel uncomfortable during changes.

Personal Valence

The last key elements of readiness are personal valence. Personal valence could provide many benefits to the members of the organization (Holt et al., 2007). Armenakis and Harris (2002) further elaborated by suggesting leading the members as the objective of the change to the question "what has it for me?" Employees would easily adapt with the change if they realize the advantages of the necessary change. Armenakis, Harris and Field (1999) suggest that the change agents need to fully clarify to the employees about what benefits that they will get if they change. If they know that this change will give them many advantages, they definitely will improve themselves in order to move forward. Besides that, individual valence can also reinforce the change trigger. According to Bernerth (2004), when an individual believes that there is a need for their institution to change, then they believe that they can carry out the change, have management's support and have a successful change. Conversely, if they think change are not beneficial for them, they will not show any attentiveness in the change (Bernerth, 2004). Armenakis et al. (2007) describes personal valence as reminder for any change agents to ensure that all personal needs are take into account in the change. The authors also think the employees will not make any efforts if the commitment

for them is too risky. It is different if the change is securable, they personally willing to take the change and have a positive attitude to the change (Armenakis et al., 2007).

Readiness for Introducing a Performance Management System

Managing performance is fundamental for any organization. It creates systems that provides support, consolation and guidance and helps to set up a performance-oriented culture (Dixon, 2004; Walters, 1995). Olve, Roy and Wetter (2004) contend that performance management systems make organizational cultures of individual obligation for business and individual advancement. Other research has contended that a performance management system improves performance against particular organizational goals, improves service delivery through a culture of execution change, improves understanding of employees regarding the link between performance and organizational goals and leads to positive behavior to attain them (Kates, Marconi, & Mannle, 2001).

In any case, these scholars expect that a performance management system is already in place or that is a worthy advancement to the organization. Being able to create a performance management system has its own claim challenges and cultural resistance. Organization ought to be prepared for the change and have to manage to performance management systems. Based on Robbins et al. (2003) contend that workers may feel intimidated in terms of job security and interest if organizations just introduce new performance management system. On systematic level, it is very crucial that one recognizes that organizations ought to be prepared for the new system. This incorporates the fact that workers need to know and understand why they need the performance management system, what organizations will achieve by introducing the performance management system and how they will implement the changes and who will drive them (Robbins et al., 2003).

Readiness to change is one of the best early indicator of how organizations will react to the new system such as performance management systems. The sorts of performance management systems that organization have attempted within the past will affect the reactions. In this manner, it is pivotal that change agents and those who drive the change activities in the organization ought to consider the degree to which workers are committed to the change and whether they accept that their organization able to change (Weiner, 2009). When the level of readiness toward organizational change is high, workers are more likely to participate and be part of the change process (Kates et al., 2001). On the other hand, when the level of readiness toward organizational change is low, workers are likely to resist the change, put less effort on the implementation and persevere less toward the implementation challenges (Weiner, Amick, & Lee, 2008). Hence, it is fundamental for managers to examine the level of organizational readiness toward change before introducing new systems. Failure to do so may give bad consequences to the organization such as waste in term of money and resources on systems that workers do not acknowledge and may undermine (Madsen, et al., 2013).

Van Tonder (2004) argues that organizations have to distinguish and examine their “self-concepts”, or the views they have of themselves. They should also analyze how other partners or stakeholder see them (Bacal, 2007; Rogan, 2002). Other highlights of successful change in organizations incorporate having clear change design (Carnall, 2007), the buy-in and acknowledgement of stakeholders (Keet, 2005), goals with clear overview, roles of people will play and the directions of the change processes (Hale, 2004). It is additionally basic to be open hearing employee’s disappointment, engaging in discourse and overseeing expectations (Ainsworth, Smith & Miller, 2002). Leaders must create a sense of direness in their organization, create teams that can provide guidance on the change processes, persistently communicate the need for change and then empower individual to carry out the required change efforts (Allio, 2013). Poor leadership during the change process can mean that organizations become dysfunctional (Stacey, 2003). Organizational can become dysfunctional if there is poor leadership during the process of organizational change. Jones et.al (2005) surveyed the impacts change readiness when introducing to a state department about a new computer system. The authors found that the change readiness is related with positive organizational culture. A successful introduction of the new system was associated with the level of change readiness among employees in the organization. Interestingly, attempts

to create culture on change readiness may not result to fruitful introductions of new systems. Abdinnour-Helm, Lengnick-Hall and LengnickHall (2003) explored a program to create positive pre-implementation attitudes regarding an enterprise resource planning system. The authors found that position and length of time with the firm had a greater impact on acknowledgement of the system than did any attempt to create positive attitudes beforehand.

Before an organization introducing a performance management system, certain pre-conditions need to be exist first. Managers must prepare their organizations, communicate the responsibilities and roles of those included within the change processes and guarantee that the processes are comprehensive, participatory, simple, straightforward, practical, realistic, developmental and non-punitive (Amatayakul, 2005; Hardison, 1998; Kok, 2007; O'Connor & Fiol, 2006; Walters, 1995; Williams, 2002).

Canterucci (2008) contend that performance management systems, as change initiatives, are essential to the organization's strategies and they ought to make sure that they are well prepared for it. D'Ambrosio (2007) recommend that organizations should structure the intending to incorporate intelligent points of view that will address the outside and inside conditions and take a look at the past, present and future. As indicated by Costello, 1994, Weiss and Hartle 1997, and Williams 2002, the managers of the organization felt that the changing interior and outside situations (political, social, competitive and technological) made it fundamental to build up a performance management system (Hardison, 1998).

Recommendation

As if the stakeholders are lack of knowledge and communication about performance management systems, the organizations have to conduct a stakeholder impact analysis to address the concerns, challenges and assumptions of the stakeholders before introducing a performance management system. The model that been used in this research can be reused with the other additional performance management and readiness for change elements. Moreover, the model used in this research could be to test whether the performance management elements and readiness for change elements give significant change to an organization. Organizations should develop communication strategies to ensure that the information they provide aligns with the project goals, organizational objectives as well as their visions and missions. Other than that, given that this research model was implemented in a certain organization and limited to a number of respondents the future research could be conducted by covering other organizations with many more respondents so that generalization to other institutions is possible. More research needs to be done to determine how the different elements affect each other.

Conclusion

The purpose of this paper is to review on literature about organizational readiness towards performance management system. Introducing a performance management system to an organization can be one of the way to improve effectiveness, efficiency and performance the whole organization. Introducing performance management systems as change initiatives is pivotal to the strategies of organizations and they should ensure organizational readiness before doing so. However, before doing any changes in the organization, management should make sure that employee well ready and full equipped with knowledge and skills to be part of the change. Changes will not completely success if employees in the organization are not ready to change and not giving full cooperation. Having the change in the well-established system, an organization needs the unfreezing process where it involves preparing the organization to accept that change is necessary, which involves breaking down the existing way of doing job task. In order for change to be success, it is vital for organizations to increase the awareness among employees why a change is required for introducing performance management systems.

References

- Ainsworth, M., Smith, N., & Miller, A. (2002). *Managing performance managing people: Understanding and improving team performance*. Australia: Prentice Hall.
- Allio, R. J. (2013). Leadership development teaching versus learning.
- Amanto, M. (2009). *Change leadership skills*. Retrieved from <http://changeleadership.com>
- Amatayakul, M. (2005). EHR? Assess readiness first. *Healthcare Financial Management*, 59, 112–113.

- Armenakis, A. A., & Harris, S. G. (2002). Crafting a change message to create transformational readiness. *Journal of Organizational Change Management*, 15(2), 169–183.
- Armenakis, A. A., Harris, S. G., & Mossholder, K. W. (1993). Creating readiness for organizational change. *Human Relations*, 46(6), 681–704.
- Armenakis, A. A., Bernerth, J. B., Pitts, J. P., & Walker. (2007). Organizational change recipients' beliefs scale. *The Journal of Applied Behavior Science*, 43(4), 481–505.
- Armenakis, A. A., Harris, S. G., & Feild, H. S. (1999b), *Paradigms in organizational change: Change agent and change target perspectives*. In R. Golembiewski (Ed.), *Handbook of organizational behavior*, New York: Marcel Dekker.
- Armstrong, M. (2008). *Armstrong's handbook of performance management: An evidence-based guide to delivering high performance. Plastic and Reconstructive Surgery*. doi: <https://doi.org/10.1097/PRS.0b013e31822adba3>.
- Armstrong, M. (2006). *Performance management: Key strategies and practical guidelines* (3rd edn.). London: Kogan Page.
- Armstrong, M., & Taylor, S. (2014). *Human resource management practice* (13th ed.). London: Kogan Page.
- Armstrong, M. (2006). *Performance management: Key strategies and practical guidelines*. (3rd edn.). London.
- Bacal, R. (2007). *Change management*. Retrieved from <http://www.work911.com/articles/leadchange.htm>.
- Benjamin, E., & Levinson, E. (1993). A Framework for managing it-enabled change. Sloan Management Review.
- Bennis, W. (2006). *Leadership and change: Becoming a leader*. Retrieved from <http://www.nwlink.com/~donclark/leader/leadchg.html>.
- Bernerth, J. (2004). Expanding our understanding of the change message. *Human Resource Development Review*, 3(1), 36–52. doi: <https://doi.org/10.1177/1534484303261230>.
- Bridges, W. (2010). *Managing transitions: 3 guidelines to successful change management*. Retrieved from <http://www.williambridges.com>.
- Bunker, B. B., & Alban, B. T. (1996). *Large group interventions: Engaging the whole system of rapid change*. San Francisco: Jossey-Bass (Barbara Benedict Bunker, Billie T. Alban).
- Canterucci, J. (2008). *Change, leadership and growth*. Retrieved from <http://www.corpchange.com/Resources/Articles/Lack of Change Readiness Can Cost Millions.aspx>.
- Carnall, C. A. (2007). *Managing change in organizations* (5th edn.). United Kingdom: Pearson Education Limited.
- Choi, M., & Ruona, WEA (2011). Individual readiness for organizational change and its implications for human resource and organization development. *Human Resource Development Review*, 10(1), 46–73.
- Costello, S. J. (1994). *Effective performance management—The business skills express series*. New York: McGraw-Hill.
- Cumming, T. G., & Worley, C. G. (2015). *Organizational development and change* (10th ed.). Stamford, USA: Cengage Learning.
- D'Ambrosio, C. (2007). *Catalysing change: A turnaround success*. Retrieved from <http://www.isixsigma.com/library/content/c030505>.
- DeCenzo, D. A., & Robbins, S. P. (2005). *Fundamentals of human resource management* (8th edn.). USA: John Wiley & Sons.
- Dixon, R. (2004). *The management task*. (3rd edn.). New York: Elsevier Butterworth-Heinemann.
- Eby, L. T., Adams, D. M., Russell, J. E. A., & Gaby, S. H. (2000). Perceptions of organizational readiness for change: Factors related to employees' reactions to the implementation of team-based selling. *Human Relations*, 53(3), 419–442. doi: <https://doi.org/10.1177/0018726700533006>.
- Gudla, S., & Veni, V. S. K. (2012). The study of performance management system in IT organizations. *IOSR Journal of Business and Management*, 6(3), 37–52. doi: <https://doi.org/10.9790/487x-0633752>.
- Hardison, C. D. (1998). Readiness, action, and resolve for change: Do health care leaders have what it takes?
- Hale, J. (2004). *Performance-based management: What every manager should do to get results*. San Francisco: John Wiley & Sons Ltd.
- Holt, D. T., Armenakis, A. A., Field, H. S., & Harris, S. G. (2007). Readiness for organizational change. *Journal of Applied Behavioral Science*, 43(2), 232–55.
- Jacobs, R. W. (1994). *Real time strategic change*. San Francisco: Berrett-Koehler.
- Jones, R. A., Jimmieson, N. L., & Griffiths, A. (2005a). Jones_et_al-2005-Journal_of_Management_Studies (1), (March). doi: <https://doi.org/10.1111/j.1467-6486.2005.00500>
- Jones, R. A., Jimmieson, N. L., & Griffiths, A. (2005b). The impact of organizational culture and reshaping capabilities on change implementation success: The mediating role of readiness for change (March). doi: <https://doi.org/10.1111/j.1467-6486.2005.00500>
- Kates, J., Marconi, K., & Mannle, T. E. (2001). Developing a performance management system for a Federal public health program: The Ryan White CARE ACT Titles I and II. *Evaluation and Program Planning*, 24(2), 145–155.

- Kaplan, R. S., & Norton, D. P. (1996). *The balance scorecard: Translating strategy into action*. Boston: Harvard Business School Press
- Keet, R. (2005). City of windhoek-office of the chief executive officer: Draft Strategic Management Report (Revision 2). South Africa: Corporate Renaissance Group
- Kok, L. J. (2007). *Practical integrated performance management. Local Government Implementation*. South Africa: Louis Jacobus Kok
- Kotter, J. (2012). *Leading change*. Boston: Harvard Business School Press.
- Lewin, K. (1951). *Field theory in social science* (New York: Harper & Row).
- Lippitt, R., Watson, J., Westley, B. (1958). *The dynamics of planned change*. New York: Harcourt, Brace and World)
- Madsen, S. R., Miller, D., & John, C. R. (2013). Readiness for organizational change: Do organizational commitment and social relationships in the workplace make a difference? *Human Resource Development Quarterly*, 16(2), 213-234.
- Nelongo, J. (2011, 14 February). *Effective performance management*. New Era Newspaper.
- Neves, (2009). Readiness for change: Contributions for employee's level of individual change and turnover Intentions. *Journal of Change Management*, 9(2), 215-31.
- Nickols, F. (2006). *Distance consulting: Change management*. Retrieved from <http://home.att.net/~nickols/change.htm>
- O'Connor, E. J., & Fiol, C. M. (2006). Creating readiness and involvement. *Physician Exec*, 32, 72-74.
- Olve, N., Roy, J., & Wetter, M. (2004). *A practical guide to the balanced scorecard: Performance drivers*. England: John Wiley & Sons Lt.
- Robbins, S. P., Odendaal, A., & Roodt, G. (2003). *Organisational behaviour. Global and Southern African perspectives*. South Africa: Pearson Education.
- Rogan, M. (2002). *The transformation of BP*. London: London Business School.
- Rubin, H. J., & Rubin, I. S. (2005). *Qualitative interviewing: The art of hearing data* (2nd ed). Sage Publication United Kingdom.
- Samaranayake, A. U. (2017). Employee readiness for organizational change: A case study in an export oriented manufacturing firm in Sri Lanka. *Eurasian Journal of Business and Economics*, 10(20), 1-16. doi: <https://doi.org/10.17015/ejbe.2017.020.01>
- Schein, E. H. (1987). *Process consultation volume I: Its role in organization development*. New York: Addison-Wesley.
- Smith, I. (2005). Achieving readiness for organisational change. *Library Management*, 26(6-7), 408-412. doi: <https://doi.org/10.1108/01435120510623764>
- Stacey, R. (2003). *Strategic management and organisational dynamics*. Harlow: Pearson Prentice Hall.
- Stensgaard, A. (2007). *Challenges of change leadership*. Retrieved from <http://www.ameinfo.com/60938.html>
- Stratman, J. K., & Roth, A. V. (2007). Enterprise Resource Planning (ERP) competence constructs: Two-stage multi-item scale development and validation. *Decision Sciences*, 33(4), 601-628. doi: <https://doi.org/10.1111/j.1540-5915.2002.tb01658>
- Toong, Y. Y., & Lee, C. A. (2018). *Factors impacting performance management system of Malaysian multinational corporations*. Moderated by Organisational Culture: A Dyadic & Mixed Method, (September), 1718-1726
- Van Tonder, C. L. (2004). *Organisational change. Theory and practice*. Pretoria: Van Schaik Publishers
- Walters, M. (1995). *The performance management handbook*. London: Institute of Personnel and Development.
- Weiner, B. J., Amick, H., & Lee, S.-Y. D. (2008). Review: *Conceptualization and measurement of organizational readiness for change*. *Medical Care Research and Review*, 65. Retrieved from <http://journals.sagepub.com/doi/10.1177/1077558708317802>
- Weiner, B. J. (2009). A theory of organizational readiness for change. *Implementation Science*, 4(1), 1-9.
- Weiss, T. B., & Hartle, F. (1997). *Reengineering performance management: Breakthrough in achieving strategy through people*. Florida: St Lucie Press.
- Williams, Q. W. (2006). *Implementing performance management at local government level in South Africa: A case study on the impact of organisational culture* (Unpublished master's thesis). Rhodes University, South Africa.
- Williams, R. S. (2002). *Managing employee performance-design and implementation in organizations*. Australia: Thomson Learning.
- World at Work Journal. (2006). Society of certified professional's performance management: Strategy, design and implementation.

MEASURING PERFORMANCE IN THE PUBLIC SECTOR: CHALLENGES AND TRENDS

Nor Intan Adha Hafit, Sharifah Alwiah Syed Bashir, Soraya Rahbani, and Maisarah Abdul Samad

Abstract

This paper looks at the performance management in Malaysia's public sector. The aim of this paper is to identify the challenges and trends of performance measurement system such as balanced score card (BSC), key performance index (KPI), and total quality measurement (TQM) approaches faced by the public sector. Lastly, further research is required to identify and develop the best performance measurement for the public sector.

Keywords: Performance Measurement, Balance Scorecard, Key Performance Indicator (KPI), Total Quality Management (TQM), Public Sector

Introduction

Various studies had increasingly focused on the performance measurement in the public sector organization. As the technology changed quickly, globalization increased, and trade barriers eliminated, public organizations realized that they needed to improve their performance management systems with a focus on performance measurement (Bititci, Dorfler, & Nudurupati, 2011). As Poister (2003) mentioned, performance measurement is the process by which organization, program performance is defined, monitored and on an ongoing basis objective indicator. Furthermore, this process objectives to monitor specific indicator related to key priorities that often link with specified objectives or targets. Study by Mark, Henry, and Julnes (2000) indicated that performance measurement is a tool for managing program operations in order to improve surveillance and to support better data based planning and decision making. Moreover, this process serves as a monitoring and evaluation method for the manager to identify potential implementation problems, issues and areas for improvement (Weiss, 1998). Likewise, managers can conduct performance measurement to compare data patterns of overtime indicators, predict future and compare them with similar programs (Poister, 2003).

Over the years, most of the developed countries, performance indicators have been a valid tool for evaluating the quality and efficacy of the public sector (Veledar, Basic, Kapic, 2014; Richards, Yeoh, Chong, & Popovič, 2019). Further, in order to ensure the openness of public decisions and the use of public funds and to enhance their performance, performance measurement has been introduced in many public organisations (Diana, 2014). However, in practice this concept presents numerous obstacles and challenges that define public sector performance, identify appropriate performance indicators, implement a performance management system. Additionally, one challenge still present is the identification of the best methods of monitoring and performance measurement so that employees and managers do not produce speculative behaviour. According to Diana (2014), perverse effects in the public sector of performance measurements can take various forms, but their knowledge is helpful in developing an optimal performance management and measurement system. Throughout this paper we will provide an insight of the challenges and trend on the implementation and development of performance measurement in public sector organization.

Problem Statement

Recently, Tun Dr Mahathir Mohamad, the Prime Minister of Malaysia said that the government would take an initiative to right size the public sector institutions. According to Prime Minister, the current number of civil servants is about 1.7 million which is a rise by 0.7 percent. In his statement, one of the ways to reform the public sectors is through designing the standard performance assessment that could enhance the talent management by improving their skill, knowledge and abilities (KSA). Rightsizing is known as a proactive measure to restructuring organisations into an optimum state. Apart from that, we are living in a globalised era which advanced technology continuously taking part in our daily lives. It also improves an organisation's competitiveness by improving the effectiveness and efficiency of their work process so that they can stay relevant in the competitive environment. Similarly, the public sector also needs to grab this

trend to improve its performance as they are dealing with the citizens and they deserve to receive a good service from the civil servants. There is no reason why the public sector needs to be left behind from the megatrend that is happening around the world. They should adapt a new way of doing things and they need to leave their comfort zone in order to be sustainable.

Performance management is defined as ‘a strategic and integrated process that delivers sustained success to organisations by improving performance of the people who work in them and by developing the capabilities of individual contributors and teams’ (Armstrong, 2004). Hence, performance management can be concluded as a certain standard that need to be achieved and a certain way need to be developed for people to strike that target.

With that being said, we need to focus on the performance measurement of Malaysia’s public sector. There is a similar study that was conducted by Ruzita, Azhar and Abu Hasan (2012) and it revealed that the performance measurement system was moderately well developed. The main reason that we would like to conduct this study is because the current government has a plan to reform the public sector and we would like to see if the current performance measurement is applicable for that approach. We hope that by studying this paper, it will encourage other researchers to continuously study the topic for the improvement of the performance measurement of the public sector.

Literature Review

Performance Management System (PMS)

Performance management systems involve a wide range of activities and must express how well they have accomplished their objectives (DeCenzo & Robbins, 2010; Richard, 2019). As an integral mechanism for planning, management and budgeting, performance management is, in fact, an excellent public management framework in terms of improving strategic planning, management efficiency and democratic accountability. Only when the system is properly designed and implemented for the people in the system will perform the benefits of performance management (Kong, 2011). Armstrong (2006) describes that management of performance is the component that integrates into one system in Figure 1 as described.

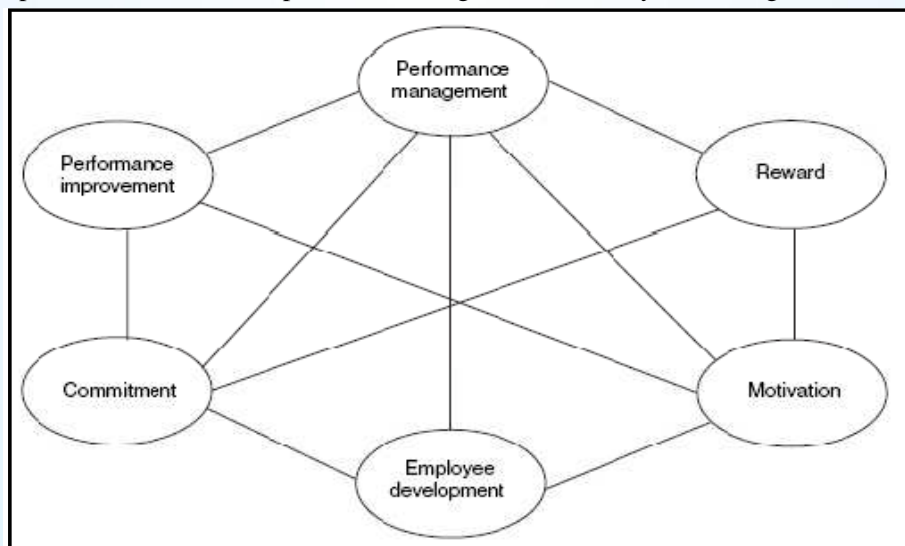


Figure 1. Integrated Performance Management System
Source: Armstrong, 2006

Based on Figure 1, Armstrong (2006) argues that performance management has implication in increasing motivation, commitment, employee development and also performance improvement. A recent study highlights the importance and relevance in today's government organizations of the urgent nature of the performance management system, as government funding falls significantly, with an increase in

community demand for good quality services (Hoque, 2008). Furthermore, Goh (2012) argues that the effectiveness of a performance measurement system in the public sector, which is a management discretion, a learning and an evaluation culture and involvement of stakeholders, must be taken into consideration three important factors. This study is aim to explore the obstacles and challenges in implementing performance management system in public sector organization.

Performance Measurement in Public Sector

The measurement of performance of private sector organizations is aimed at increasing profit and satisfying the needs of owners, while public sector organizations are primarily concerned with the provision of public services so that management of performance in public organizations should be directed at achieving those objectives (Balaboniene & Vecerskiene, 2014). Performance measurement is referred to as an information sharing and management system to be shared with external and internal users (Henri, 2004). Performance measurement is a key aspect of performance management on the grounds that “if you cannot measure it you cannot improve it” (Amstrong, 1994). With this feature, performance measurement provides public decision-makers with an effective tool in their struggle for improving performance in the public sector.

Balance score card (BSC) is used by public sector as their control mechanism. It is a carefully selected set of quantifiable measures derived from an organisation’s strategy (Nixen, 2003). According to Kaplan and Norton, (1996) a strategy needs to be translated into measurable goals as a guidance for an organisation to explain the adverbs and nouns. Many government agencies are recognizing BSC an important performance measurement system to reward their employees for good performance. However, there is a few researches done on which level of effectiveness of BSC should be implement in public sector. It is important for a BSC transpire the related relationship towards the customer satisfaction. A happy customer shows that the employee has done his or her job right. For decades, the BSC has been extensively used in public sector organizations, such as healthcare management (Radnor & Lovell, 2003), higher education management (Chan, 2007), and local government management (Palmer, 1993; Askim, 2004). One of its important advantages is that it enables the selection of multiple performance measures related to strategic goals and integrates traditional financial measures and non-financial measures from different perspectives: customer, internal process, and learning and growth (Herath et al., 2010). Furthermore, Dreveton’s (2013) examination of the development of a BSC in a French organization reveals that the process can help with the development of a shared vision of the organization’s strategy, key performance indicators, and operationalization of those performance indicators. In this regard, the BSC not only acts as a diagnostic control but also provides an interactive system that allows different stakeholders to overcome information asymmetries in decision making.

The Key Performance Indicators (KPIs) are the heart of any BSC system and they are widely used in business and management literature (Grigoroudis, Orfanoudaki, & Zopounidis, 2011). Although Kaplan and Norton (1992) argue that the strength of such indicators in an organization strategy cannot really be identified by any simple definition, the KPIs can be described as measuring quantifiable performance to define success factors and measure the progress towards business objectives. It is important to note that a clear understanding of their meaning is necessary for the development of an effective set of KPIs. In addition, goal values for each KPI should be established to allow the BSC system to be used as a performance measuring system developed. Besides that, a series of KPIs have been selected for each one of the above-mentioned strategic objectives of the organisation. In the process of selecting such indicators the success of the KPI in a specific perspective of the BSC system reflects the success of a policy objective. In the selection process the availability of data is also important.

Performance measurement is very essential for the valuable management of an organization. Scholars explored the association between TQM practices and performance through different types of performance such as financial, commercial, innovative, operative and quality (Zehir et al. 2012). Feng et al. (2006) argued that in today’s concurrent market place, firms must focus on improving quality and innovativeness. TQM implementation generally has strong and positive relations with Quality performance

(Brah et al., 2002; Prajogo & Sohal, 2003; Zehir et al., 2012). Kaynak (2003) revealed that TQM is relevant to the indicators of quality performance. Similarly, Kumar et al. (2009) found improvement in process, product and service quality resulting from TQM practices. According to Pfau (1989), TQM is a holistic approach that helps organization to manage, measure and focuses on customer's needs and organizational objectives through the improvement of quality, productivity and competitiveness. Furthermore, Neely (1995) mentioned that the most important factor to the success of performance measurement system is the implementation of TQM. Specifically, both performance management and performance measurement system in TQM environment should be continuously reviewed and updated (O'Mara, 1998).

Although numerous government organisations, the efficiency of the measures used varies considerably while applying considerable energy to performance measurements. The basics of performance measurement are essential for the design and implementation of any performance measurement system.

Challenge Faces on Measuring Performance in Public Sector

Performance Measurement has become a topical issue in public organization today. Various researchers argue that most public sector organization faced quite a lot of problem in implementing, developing and applying performance measurement. Therefore, this study aims to identify the specific problems faced by public sector organization in developing and implementing performance measurement in their organization. According to Rantanen, Kulmala, Lonnqvist, and Kujansivu (2007), Performance Measurement is a process that should be carried out at all level of the organization. Moreover, Performance Measurement should provide valuable information about the most important dimension of performance. Stakeholder conflicting interest has become one of the major challenges in the implementation and development of performance measurement in public sector institution (Brignal & Modell, 2000). In public sector organization, the potential stakeholder might include local citizens, customers, employees, media, central government, managers and etc (Wisniewski & Stewart, 2004). The various groups of stakeholders may produce a multitude of performance measures that satisfies no one and causes problem for the company to measure the outcome. Furthermore, this may lead to the development of an unclear or blurred performance measurement objective. The conflicting interest between stakeholders causes difficulty for the management to set targets and make decisions. According to Rantanen, Kulmala, Lonnqvist and Kujansivu (2007), most manager faced difficulty in defining performance measurement crucial aspect and measures when the design and implementation process was not very target-oriented.

The second challenges in the implementation and development of performance measurement in public institution is lack of management skills among manager (Bruijin, 2002). In public organization, the managers are usually chosen based on their substance skills rather than managerial capabilities (Rantanen, Kulmala, Lonnqvist, & Kujansivu, 2007). Some researcher argues that some public organization manager had no experience and education on performance measurement and they are assigned to manage their company performance measurement process. Specifically, incompetent manager does not necessary know how and what he or she supposed to manage or measure. Hence, this situation may lead to ineffective or defective measures (Rantanen et al., 2007). As stated by Simon (2000), managers are specialist in developing the measurement objective but somehow they are lacking of knowledge and abilities in establishing and implementing the management tools and measurement system. There were also group leaders who are autonomous, independent and highly sensitive to feedback from their colleague (Rantanen et al., 2007). This causes difficulty for the measurement system to be effective as some managers are highly sensitive towards their status and respect.

Recommendation

Public sector organization faces various challenges related to Performance Measurement. Below is some listed recommendation that might help public sector organization to reduce and overcome the challenges:

1) Set a Clear Objective and Implement Effective Communication System

Employee uncertainty, lack of clarity and struggle on which objective should be focus on can be drastically reduced if public institution establishes a clear and realistic performance measurement objective. A measurable, specific and clear objective will create a clear a sense of direction for the employees to understand their key role in the organization. Furthermore, this can avoid employee from spending their time on activities that do not contribute to the organization plan. Unfortunately, clear objective alone is not sufficient. Public organization must establish an effective communication system to drive performance. It should be noted that, effective communication system must be implement in all level in the organization. Top management or leaders play a key role in communicating and demonstrating the organization objective, plan and strategies. Moreover, objective must be clearly communicated in which top leader must be able to explain what, why, when, where and how the performance measurement is implemented. This is to ensure the information are understood and can be adopted by the employees. It is important to note that, top leaders must be transparent in communicating the measurement objective to ensure employee understand how their work translated into the successful of organization's goals. Furthermore, to ensure the success of organization performance measurable goal top leaders must keep on reminding the employees the goals of the organization and continuously engage with them. Public sector organization must take every opportunity through continuously engage with employees through formal or informal meetings, lunches and off sites to ensure organization's performance measurement objective and strategies remains top of mind for employees (Kate Morican, 2015). Moreover, it is advisable for top leaders to encourage a two-way communication system among employees as this method allows employee to speak up their thoughts, share their perspectives and allow manager to obtain continuous and real time feedback.

2) Provide Training and Development program for Employees

In the era of globalization, Knowledge is the key for public organization to remain competitive in the business industry. Training and development programs is a vital human resources management practices that positively affects the quality of the worker's knowledge, skills and capability and thus result in higher employee performance on job (Guest ,1997). The lacking of employees' knowledge, skills and abilities are the factor that contributed to the failure of developing and implementing performance measurement in public sector organization. It is critical for public organization to understand that employee can't perform if they do not understand their duties in the organization. Likewise, public sector organization should treat their employees as their asset by increasing personnel performance measurement education and changing the manager selection criteria. It advises able for public sector organization to identify the knowledge gap among employee during the implementation of performance measurement. Training and development program may act as a platform for public institution manager to build confident and motivation, increase managerial knowledge, establish leadership traits, reduces resistance toward change and help them to face future work-life conflict or risks. On the other hand, public organization may change their recruitment and selection style through hiring and recruiting people who has the real competency to manage and govern the organization. Public organization may set specific criteria for performance measurement manager so that the company recruits the right person for the right job. This method may improve company's performance management style and can reduce training budget as when company employs people with the right skills, training cost or budget can be reduced.

3) Full Management Commitment and Implement Reward System

Top management or leaders in public sector organization act as a role model in performance measurement system. It is important to note that, leaders must practice excellent leadership styles and give their full commitment to make performance measurement a success in public organization. Besides that, full management commitment helps the organization to continuously engage, reduce uncertainty and tackles resistant. Moreover, challenges in implementing and developing performance measurement in public organization can be overcome through the implementation of rewards system. It should be noted that, reward or performance incentive is a crucial element to shape and encourage top performance and desire behavior in public organization. Usually, employee tends to perform and participate in change program when they know that they will be rewarded for their effort. Due to that, public sector organization may provide rewards that are align with the company's desired goals. Rewards can be in various forms such as salary increment, promotions, bonuses, recognition and etc. Thus, this organizational effort may help to

contribute to overwhelmed employee's effort, lead to greater employee engagement, and instill a sense of employee purpose and belonging to the organization.

Conclusion

Performance measurement is affected by the unresolved problems of defining indicators, their quality and their reporting. The changing public sector culture and the performance management culture are in problems and different organizations have addressed various aspects. Restructurings and reorganizations imposed externally contribute to preventing management of performance. Many of the proposed solutions are wide-ranging and do not provide details about progress for organizations. Literature is lacking on the interpretation, reporting and statistical validity of indicators and how to make sure management of performance supports leadership and culture. In addition, this study shows the insights the performance management system's design that we hope would attract future empirical research on the improvement and implementation of performance management system in public sector. Despite all the performance measurements that are being used by the public sector, it is important for it to be regularly reviewed and updated as time goes by in order to make it relevant, efficient and effective for the benefits of public sector in Malaysia. The performance measurement needs to be holistic change for the employees of public sector to have high readiness in embracing change and innovation that would lead to more transparency and outcome oriented. Moreover, the culture aspect in public sector could be another challenge for the performance measurement system as they tend not to critic their superior or refuse to question on any work - related matters. Therefore, it could put the performance measurement system in public sector at risk as they are not being honest with it and cause the public sector's image to continuously perceive as negative to the people's perception.

References

- Amir, E., & Amen, I. (2013). The effect of training on employees performance. *European Journal of Business and Management*, 5(4).
- Armstrong, M. (2006). *Strategic human resource management: A guide to action* (3rd edition). Kogan Page: London, UK.
- Armstrong, M., & Baron, A. (2004). *Managing performance: Performance management in action*. London: Chartered Institute of Personnel and Development.
- Aziz, A. (2018, October 18). Govt wants to 'rightsize' public service. Retrieved from <https://www.theedgemarkets.com/article/govt-wants-rightsize-public-service>
- Balaboniene, Ingrida., & Vecerskiene, Giedre (2014). The peculiarities of performance measurement in universities. *Procedia Social and Behavioral Sciences: 19th International Scientific Conference Economics and Management 2014, Riga, Latvia. Amsterdam: Elsevier*.
- Carter, N. (1991). Learning to measure performance: The use of indicators in organizations. *Public Administration*, 69(1), 85-101.
- Diana, M. I. H. A. I. U. (2014). Measuring performance in the public sector: Between necessity and difficulty. *Studies in Business & Economics*, 9(2).
- Dixon, John et al. (1996). The commercialization of the Australian public service and the accountability of government: A question of boundaries. *The International Journal of Public Sector Management*, 9(5/6), 23.
- Dixon, John et al. (1998). Managerialism – something old, something borrowed, little new economic prescription versus effective organisational change in public agencies. *The International Journal of Public Sector Management*, 11(2/3), 164.
- Frank, C., Vinod, K., & Uma, K. (2008). Performance measurement in TQM environment: Desired characteristic and need for continuous improvement. *Measuring Business Excellence*, 27, 137-148.
- Goh, S. C. (2012). Making performance measurement systems more effective in public sector organizations. *Measuring Business Excellence*, 16(1), 31-42.
- Hannu, R., Harri, I. K., Antti, L., & Paula, K. (2007). Performance measurement systems in the Finnish Public sector. *International Journal of Public Sector Management*, 22(5), 415-433.
- Henri, J. F. (2004). Performance measurement and organisational effectiveness: Bridging the gap. *Managerial Finance*, 30(6), 93-123.
- Hoque, Z. (2008). Measuring and reporting public sector outputs/outcomes: Exploratory evidence from Australia. *International Journal of Public Sector Management*, 21(5), 468-493.

- Jusoh R, Rudyanto, A., & Halida, A. H. (2012). Performance measurement practices of public sectors in Malaysia. *Journal of Global Strategic Management*, 42-56.
- Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard - Measures that drive performance. *Harvard Business Review*, January-February, 71-79.
- Kaynak, H. (2003). The relationship between total quality management practices and their effects on firm performance. *Journal of Operations Management*, 405-435.
- Kong, Dongsung. (2011). *Performance evaluation and gaming*. Disseminated in 2011 Korean Association for Public Administration, International Conference on Korean Model of Development, Lesson and Challenges of Development Strategies in Asia: Korean, Indonesian and ASEAN Experiences, Jakarta.
- Kumar, V., Choisine, F., Grosbois, D. D., & Kumar, U. (2009). Impact of TQM on company's performance. *International Journal of Quality & Reliability Management*, 23-37.
- Nanni, A. J., R., Dixon., & Vollmann, T. E. (1992). Integrated performance measurement: Management accounting to support the new manufacturing realities. *Journal of Management Accounting Research*, 4(Fall), 1-19.
- Niven, P. R. (2003). *Balanced scorecard step-by-step for government and non-profit agencies* (2nd Edition). John Wiley & Sons, New York.
- Richards, G., Yeoh, W., Chong, A. Y. L., & Popovič, A. (2019). Business intelligence effectiveness and corporate performance management: An empirical analysis. *Journal of Computer Information Systems*, 59(2), 188-196.
- Ruzita., Azhar., & Abu Hassan. (2012). Performance measurement practises of public sectors in Malaysia. *Journal of Global Strategic Management*.
- Veledar, B., Basic, M., & Kapic, J. (2014). Performance measurement in public sector of transition countries. *Business Systems Research*, 72-83.
- Zehir, C., Ertosunb, Ö. G., Zehir, S., & Müceldilli, B. (2012). Total quality management practices' effects on quality performance and innovative performance. *Procedia - Social and Behavioral Sciences*, 273 – 280.

THEORY OF PLANNED BEHAVIOUR FROM THE PERSPECTIVE OF
MAQASID SYARI'AH: A CONDITIONING OF AL-MUJAZ FI AL-MANTIQ

Nurliana Mohd. Hassan, Fazilah Idris, Khairul Anwar Mastor, and Fariza Md. Sham

Abstract

Theory of Planned Behaviour (TPB) has been very significant for consumer and personality research. It explains thoroughly about the access of behaviour through attitude strength, characteristics of norms and effects of controlled perceptions which potentially operationalized by a specific intention. This theory influenced many psychological study by positioning MODE Model as its central cognitive capacity and effortful manner of a youthful person. In Islam, predicting a behaviour is very much interpreted by the *dharruriyah* of *aql* and soul in *Maqasid Syariah*. It is critically discussed within the scope of protecting them prior to the implication of self-consciousness. This study deals with integrated conceptual framework of TPB-MODE Model corresponding to the conditions of *al-Majuz fi al-Mantiq*. By moderating effects of these variables, we expect to activate confidence and behaviour guidance. Initially, this conceptual paper provides statistically recorded findings with latency of responses. Extensively, the impose of consistent and deliberate impact upon defining a situation is founded to be self-monitoring tendency towards cognitive conditioning, provided there are dominating response among individuals. As for future study, it is demanded for a synthesis to acknowledge intensity of intention before performing a behaviour.

Keywords: Intention, *Maqasid Syariah*, *al-Majuz fi al-Mantiq*, Cognitive Conditioning, Behaviour Guidance

TPB-MODE Model: From Personality to Actions

A personality trait approves a person's physical characteristics either there is direct access to the person's thoughts or feelings. It indicates behavioural manifestations of certain underlying trait, responses and indication. It can be assessed by internal reactions such as changes in heart rate or blood pressure using appropriate instruments. In social situations, non verbal cues such as amount of eye contact in a conversation or seating distance infers a person's standing of his/her personal trait. It measures the extent of being outgoing. Responses reflect perceptions and thoughts about a specific feeling which produce an attitude (Ajzen, 2006). By considering cognitive responses as verbal nature of expressions communicating beliefs, information provided about attitude is indirect. It stimulates positivity towards motivation with favourable attitudes.

There is a clear cut between attitudes and traits which are:

Table 1

Difference of Attitude and Trait

Attitudes	Traits
<ul style="list-style-type: none">• Responses are evaluative in nature• Directed at a given target.• Example: a person institution policy event	<ul style="list-style-type: none">• Not necessarily evaluative• Describe response tendencies• Resistant to transformation• Do not focus on any particular external target• Differentiate individuals

Functional consistency is a dynamic principle involving psychological forces of overwhelming strength as driving forces without imbalanced anxiety structures. Consistency fulfils important needs in a person's life. It is essential to maintain consistency in beliefs. Feelings and actions for a person's effective functioning in developing stable routines.

Rosenberg's theory projected that cognitive component are structures of beliefs, potentialities and realization of valued states in order to obtain value goals. Other than that, it prevents reoccurrence of negative valued events. At times, when cognition and feelings are at odds, need of consistency activates processes of changes in beliefs which bring components of cognition and expressions of feelings in line. As an integrative theoretical framework, MODE Model lays out an intuitive appeal featuring competency requirements such as conducive personal factors associating general disposition and specific actions. Fazio and Towles-Schwen (1999) found MODE Model as a diagram defining attitude as memory and its evaluation upon influential or biasness of perception. MODE Model describes controlled and spontaneous attitude whereby its acronym suggests that motivation and opportunity act as determinants of spontaneous versus controlled attitude process (refer Figure 1).

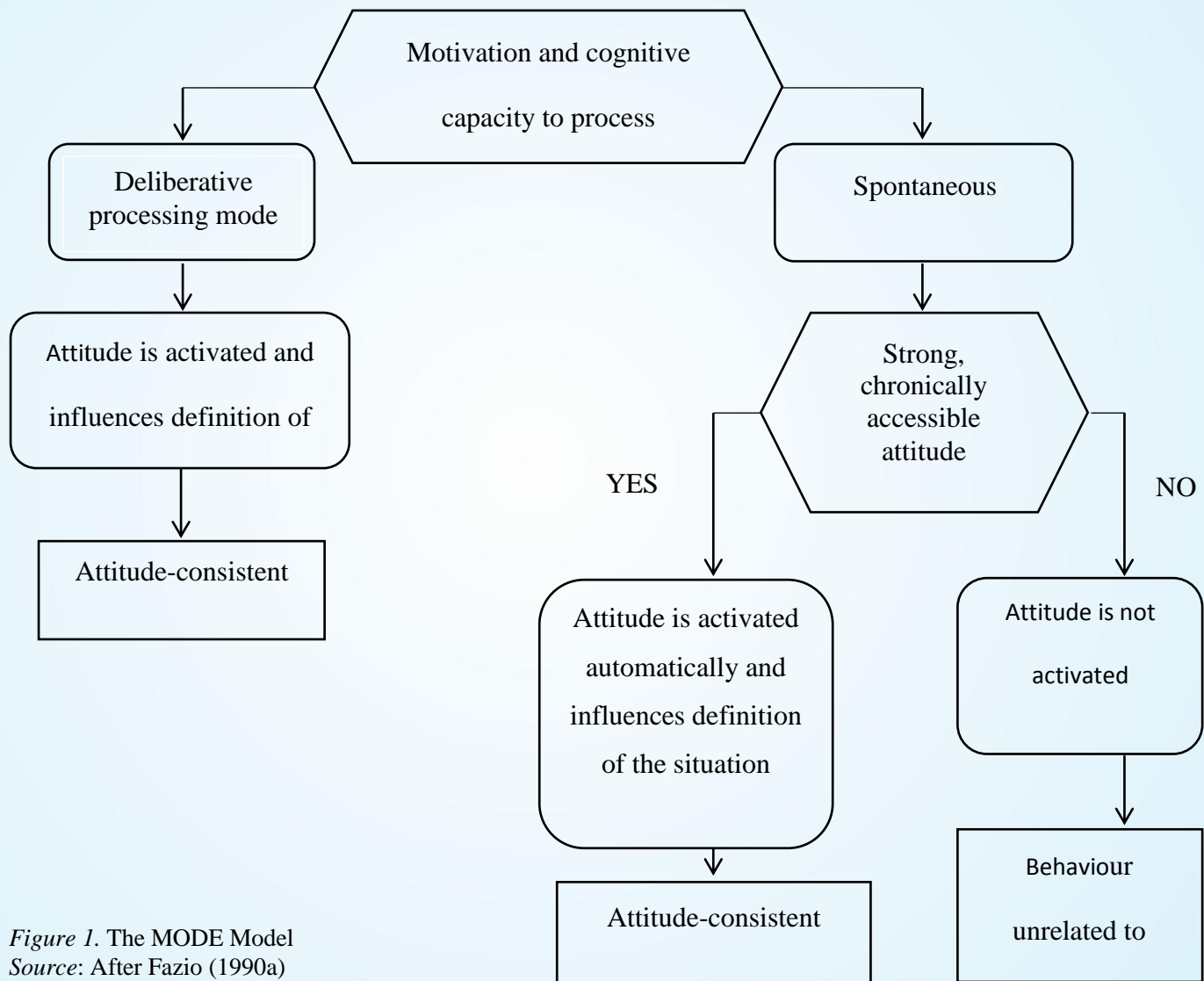


Figure 1. The MODE Model
Source: After Fazio (1990a)

Dharruriyah of Aql and Soul in Maqasid Syar'iah

General objectives of Islamic legislation are to preserve social order of the community, promote well-being, health progress, maintain the righteousness of their deeds and intellect. From Qur'an's Surah 7 verse 142, 'And Moses said to his brother Aaron: Take my place among my people and act righteously and do not follow the path of the spreaders of corruption.' This verse clearly indicate that what is meant by

corruption is not about religious disbelief (*kufir*) but evil deeds of human being on earth. We should realize and be conscious of the righteousness intended.

There are many Qur'anic textual proofs confirming the Syari'ah overall objective which is to ensure thing to rights and remove corruption at all level of human activity. The Syari'ah has its own consideration upon what is right to what is unethical of corruption. It categorises knowledge aiming on the acquisition of what is good and beneficial (*jalb al-masalih*) and rejection of what is evil and harmful (*dar' al-mafasid*). It is the universal rule of Syari'ah establish to the virtue of human beings pertaining to faith and belief. The right belief constitutes of correct human thinking leading the mind to proper reflection on life's affairs. Islam takes seriously upon purification of human soul as Islam cares for the inner person that motivates one to righteousness deeds.

As Prophet's saying, 'Beware! There is in the body a piece of flesh (*mudghah*), if it becomes good (reformed), the whole body becomes good, but if it is spoilt, the whole body is spoilt, and that is the heart.' It coincides to what cognitive philosophers mention, 'man consists of an intellect that is served by the organ'. Due to that, it is very important to understand the meaning of *maslahah* and *mafsadah* because cognitive intensity is derived from its own form of prevalence. Ibn Ashur defined *maslahah* as an attribute of the act (*fi'l*) whereby righteousness and goodness is in place for the public or individuals through its utility and benefit. *Maslahah* appears in two types that is public a private (refer Table 2).

Table 2

Public interest (<i>maslahah 'ammah</i>)	Private interest (<i>maslahah khassah</i>)
<ul style="list-style-type: none"> • What is beneficial and useful for the community or the whole. • Does not concern individuals only as they are members of the whole. • Collective obligations. • Example: <ul style="list-style-type: none"> - Defence of Muslim lands - Safeguarding economic value from destruction by flood and fire, etc. - People against aggressors. 	<ul style="list-style-type: none"> • Secondary • Anything that benefit individuals. • The righteousness and goodness of an individual acts as means of the well-being of the whole society to which they belong. • Example: <ul style="list-style-type: none"> - Protection of the private property of mentally incompetent people (<i>safih</i>) from squandering by placing them under interdiction during their incompetencies.

While *mafsadah* is the opposite of *maslahah*. It is an attribute of the act whereby corruption or harm happens mostly to the public or individuals. There must be humanistic concept which explains how human possess their way of thinking in order to remain righteous and good.

al-Majaz Fi al-Mantiq

The knowledge (*ilm*) of mantiq revealed in this book consist of 53 sections. It explains thoroughly about the faculty of mind (*Zhihn*) and how it works in order to establish the truth with a certain intention. Basically, *mantiq* means 'logic'. It is meant only for human being as to gain the realization (*haqiqat*) of insan. Humans are attributed by various sensual and rational senses. They are apprehended (*tasawwur*) as an affirmation (*tasdeeq*) in the form of attribution. It is detailed into concepts of cognitive apprehension (*tasawwur Nazari*) and cognitive affirmation (*tasdeeq Nazari*). It functions to the need of contemplating and thinking. However, logic is the recognition of meanings through the method of attaining words. Words are formulated (*al-Wad'*) with an intention because there is a signification (*al-Dalalah*) of it. Signification has 3 components which are:

- i) formulative - formulation (*al-Wad'*)
- ii) rational - reasoning ('*aql*)
- iii) natural - natural (*tabee'ah*)

As for verbal formulative signification limits to 3 divisions:

- i) coincidental (*mutabaqah*) - expression upon total meaning for what the expression was formulated. Example: signification of human – a rational being (*al-Hayawan an-Natiq*)
- ii) partial (tadammun) - part of the meaning expressed
- iii) associative (iltizam) - expression beyond the real meaning - requires the mind to recognize the real meaning.

Therefore, due to human capability of thinking and processing logical reasoning, it is within their role to ensure it works effectively according to biological age level of a person. This is because human mind functions positively throughout a lifetime.

Findings

- a) Research conducted by Dr. Fazil Ahmad (2015) from UNISZA with the title ‘Antecedents of Halal Brand Personality’ managed to define key dimensions and attributes data of halal brand personality. It regarded the association of words to halal personality. Respondents aged between 20-59 years old expressed that halal branding image helps to boost confidence of Muslim consumers. Products and services used were not only halal but also hygienic and safe. Respondents have more confidence over halal products and services as they gained worldwide recognition with quality assurance. Certified halal products are benchmark as exciting, safe and sophisticated. Besides, they are readily accepted by Muslim consumers particularly. High level of acceptance is due to wholesomeness concept of halal covering Syari’ah requirements which emphasized on hygiene, sanitation and safety aspects. They associated halal personality to primary word such as below:

- | | |
|--------------------|------------------|
| i. Purity | vi. Uniqueness |
| ii. Excitement | vii. Interesting |
| iii. Safety | viii. Friendly |
| iv. Sophistication | ix. Trendiness |
| v. Righteousness | x. Ruggedness |

The fundamental guide upon developing halal standard is the Syari’ah Law which is enforced in Federal Territory or the Ruler of any state and approved by the Islamic Authority. It is made applicable through the Mazhab of Syafi’i and other Mazhab of Maliki, Hambali and Hanafi in the form of fatwa.

- b) The study conducted by researchers from Universitas Indonesia entitled ‘Understanding Halal Restaurant Patronage Intention: The Role of Perception, Culture and Religiosity’ hypothesized 13 relationship testing based on Theory of Planned Behaviour by Ajzen & Fishben (1980). 8 was accepted and 5 was rejected.

The first hypothesis showed:

-Significant impact of perceived value on intention of customers to patronage halal restaurants. Findings were positive for Muslim society’s tendency to return and recommend the restaurant to others.

The second hypothesis showed:

-Presence of halal food products and restaurants label are useful to facilitate Muslim consumers to shop.
-Halal certification safeguards consumers from eating unclean food.

- Halal label increases confidence, adoption rates and product consumption of restaurants.

The forth hypothesis showed:

- Horizontal collectivism significantly influences Indonesian's intention to patronise halal restaurants.
- Horizontal collectivism is the culture of togetherness emphasizing equality.

The fifth hypothesis showed:

- Development of individualism value in Indonesia
- Vertical individualism referring to the culture of individualism associated to hierarchy concerning to individual interests than the interest of family.
- Certain restaurants provide vertical individualist characteristics whom may dine in halal restaurants to signal their status.

The eighth and ninth hypothesis showed:

- Significant moderation of religiosity on perceived value and perceived usefulness.
- Higher level of consumer's religiosity indicates more careful the consumer upon choosing consumption products.
- Consumer's obedience to religious rules refrains them from eating non-certified halal restaurants.
- Halal certification restaurants increased perceive value of restaurant among Muslims society with high level of religiosity.

The eleventh hypothesis showed:

- Higher level of religiosity implies lower relationship between horizontal individualism and halal restaurant patronage intention.
- Higher level of religiosity brings more desire to protect fellow Muslims.

The thirteen hypothesis showed:

- Horizontal individualist Muslim as more easily assimilated by surrounding and environment compared to collectivist.
- Horizontal individualist does not care much about peer pressure or normative regulations from the community.
- Each individual action is an individual choice.

- c) A study by UUM researchers in 2016 with the title 'Halal Awareness and Knowledge Among Muslim's Student Entrepreneurship Program: A Preliminary Study' developed a framework based on Theory of Planned Behaviour by Ajzen (1991). It consists of three independent variables which are halal awareness, halal knowledge and halal economy. The respondents are aged between 20-26 years old. The results showed significance relationship between each independent variables to dependent variables which is intention to producing halal product and behaviour of Muslim entrepreneur towards producing halal products.

Conclusion

Theory of Planned Behaviour as argued by Ajzen Iczek (2006) determines behavioural intention as influenced by the belief of human being over the possible consequences of the behaviour, beliefs about the normative expectations of others and beliefs about the presence of factors that may ease or obstruct a person from performing a behaviour. It can be used to predict behaviours.

As per this study, the findings prove that the conditioning set by *al-Majuz fi al-Mantiq* are applied significantly in our daily well-being chores. Intention plays a very important role in ensuring *Maqasid al-Syari'ah* is well understood among Muslims with iman of *amar ma'ruf nahi munkar* (Zulia et al., 2016). Today, Muslims are more conscious about social behaviours and the way people perceive Islam as a

religion constituting Syari'ah Law with its own objectivity. It is expected that future research covers other area of halal focusing on the interest of youth.

Acknowledgement

The authors would like to thank National University of Malaysia for awarding the Arus Perdana Grant (Geran Arus Perdana AP-2017-002/2) to fund the study which led to the publications of this paper.

References

- Aiedah Abdul Khalek., & Sharifah Hayaati Syed Ismail. (2015). *Why are we eating halal-using the theory of planned behaviour in predicting halal food consumption among generation Y in Malaysia. International Journal of Social Science and Humanity*, 5(7), 608-612.
- Aiedah Abdul Khalek., Sharifah Hayaati Syed Ismail., & Hairunnisa Mohammad Ibrahim. (2015). *A study on the factors influencing Young Muslims' behavioural intention in consuming halal food in Malaysia. Jurnal Syariah*, 23(1), 79-102.
- Andreina Fara., Sri Rahayu Hijrah Hati., & Sri Daryati. (2016). *Understanding halal Restaurant Patronage Intention: The role of perception, culture and religiosity*. 3rd International Conference on Business and Economics Indonesia.
- Ezanee Mohamed Elias., & Adam Mohd. Saifudin. (2016). *Halal awareness and knowledge among Muslim's student entrepreneurship program: A preliminary study*. 2nd International Conference on Business Global & Social Entrepreneurship (ICoGBSE2016) Thailand.
- Icek Ajzen. (2005). *Attitudes, personality and behaviour*. Open University Press.
- Muhamad Fazil Ahmad. (2015). *Antecedents of halal brand personality. Journal of Islamic Marketing*.
- Muhammad Al-Tahir Ibn Ashur. (2006). *Treatise on Maqasid al-Shari'ah*. The International Institute of Islamic Thought.
- Sayyid Sadiq Shirazi. (2006). *al-Mujaz Fi al-Mantiq*. Madani E-Publications.
- Zulia Khamzani Binti Zuhidin., Juliati Binti Jusoh., & Fauziah Binti Esman. (2016). *Intention to purchase halal products among POLISAS students: TPB Model*. 6th National Conference in Education Technical and Vocational in Education and Training.

**PERFORMANCE MANAGEMENT CAPABILITY: CRITICAL SUCCESS FACTORS OF
MALAYSIAN SME'S IN MANUFACTURING SECTORS**

Siti Nor Diana Razali, Nur Salihah Mohd Nasri, Patrick Mehon, and Nor Intan Adha Hafit

Abstract

The purposing of this paper is to investigate the critical success factors (CSF) for estimating (PM) in quality setting in Malaysian SMEs in the assembling parts. Administrative framework models like quality administration systems (QMS) are utilized for improving execution and elevating profitability to accomplish authoritative objectives. Performance measurement (PM) is one of the vital elements of associations to show to what degree the association has accomplished in their pre-structured methodologies and objectives. The result of this paper will give point by point survey of CSF to associations to think about while executing quality estimations in a structure approach of Performance Management in Malaysian SMEs Manufacturing sectors.

Keywords: Quality Management, Critical Success Factors, Performance Management, Small and Medium Enterprise, SMEs

Introduction

Performance Management is a basic ability for each association, yet it is frequently not all around characterized or coordinated. In a carefully developed association it turns into a complex and useful asset. How would we accomplish a state where the execution of people, groups, and forms and the administration of machines, data, and materials all add to the association's key objectives and KPIs.

In many nations, small medium enterprises (SME) have the essential capacity. According to Sousa-Poza, Altinkilinc, and Searcy (2009) stated that they should empower organizations to get ready superb items and administrations to contend. SMEs give a chance to work improvement, trades, and furthermore in different enterprises, for example, providers, SMEs assume a noteworthy job in the economy (Deros, Yusof, & Salleh, 2006; Talib, Ali, & Idris, 2009; Arda, Bayraktar, & Tatoglu, 2019).

With setting up over 99.2% of business, SMEs assume a huge job in the advancement of the Malaysian economy. The lion's share parts of SMEs are horticulture, assembling, and administrations. It is delineated in the Census of Establishments and Enterprises 2005 (Aris; Negara, 2005).

Because of the indispensable job of SMEs in the new economy, a few specialists center around the critical success factors (CSFs) and performance. The historical backdrop of performance management (PM) can be isolated into two periods; the first was connected from 1880 to 1980, which weights on money related measures in hierarchical execution, for example, benefit, profitability, and the return of investment (ROI). On a second time frame because of worldwide challenge, client prerequisites changed authoritative unpredictability, and rivalry of business shortcomings revealed the restrictions of money related PMSs (Kaplan and David, 1992). Ghalayini, Noble, and Crowe (1997), the mid 1980s, associations concentrated on new strategies, theories, and innovative usage in execution, for example, Balanced Scorecard and EFQM (Arda, Bayraktar, & Tatoglu, 2019).

Research Objective

1. To identify the relationship between communication with performance management.
2. To identify the relationship between employees involvement with performance management.
3. To identify the relationship between teamwork with performance management.

Literature Review

Performance Management

Performance management is an entire work framework that starts when a vocation is characterized as required. It closes when a worker leaves association. Performance management characterizes the

collaboration with a worker at consistently these significant life cycle events and makes each connection opportunity with a representative into a learning event.

One basic stipulation to consider is that while performance management for explanations behind the fundamental initiative and laborer progression are obviously related, these two destinations are every so often maintained comparably well by a lone structure. Right when a performance management structure is used for essential administration, the examination information is used as a purpose behind lifts in pay, progressions, trades, assignments, diminishes in power or other administrative HR exercises. Exactly when a performance management structure is used for development, the examination information is used to coordinate the readiness, proficient undertakings, training and other developmental activities that agents will partake in to develop their capabilities (Noe, Hollenbeck, Gerhart, & Wright, 2017).

According to the Tangen (2003), aggressiveness and gainfulness of the business through the consolation and backing in efficiency improvement are regularly utilized by Performance Management. Likewise, gathering information and data to facilitate and bolster the strategy of making a move and settling on choices all through the association is the purpose behind PM (Van Schalkwyk, 1998).

Performance Management history could be partitioned in two periods; initial one was connected from 1880 to 1980, which accentuation on monetary factors in estimating execution, for example, benefit, profitability, and return of venture (ROI). In the mid 1980s, due to worldwide challenge, client necessities changed. In this manner, associations concentrated on new techniques, rationalities and innovative usage in the administration and generation (Ghalayini, et al., 1997).

Kaplan and David (1992), the unpredictability and rivalry of associations are the purposes behind these impediments. Numerous researchers uncovered the shortcoming of budgetary PMSs and contended that the money related measures depend on basic costs, concentrating on diminishing work cost, incapacity to help rivalry condition, having few institutionalized things for large scale manufacturing, lastly, a handicap to adjust to another reasoning in management (Tangen, 2003).

Critical Success Factor From an Organizations Point of View

Critical Success Factor (CSFs) are components that are imperative for successful strategy and could affect the performance in an either positive or negative direction (Raravi et al., 2013). The idea was presented by Rockart (1978) who features the significance for organizations to have authority over its CSFs so as to be successful. Freund (1988, p. 20) defined the concept, as "those things that must be done if an organization is to be successful", hence those components inside the organizations that encourages organizations to be favourable on a competitive market. It ought not be mistaken for competitive advantage, as a couple of on-screen characters on a specific market can just accomplish it. In any case, CSFs can be controlled by all organizations in a given market, and can rather be viewed as a must for survival. A typical mishappening is to feel that the level of development inside an organization is the CSF yet that isn't the case. A CSF is somewhat the goal behind the growth: "to accomplish and keep up critical mass size." (Freund, 1998, p. 21). De Vasconcellos et al. (1989) consider contributed with quantifiable help that organization with higher evaluations on CSFs than competitors available have qualities in the given regions and will beat the challenge. This implies when an organization is going for predominance over others, the manager should focus on maybe a couple CSFs very well rather than a more prominent number of factors sensibly well (De Vasconcellos et al., 1989). Thusly Boynton et al. (1984) contends that when an organization's CSFs are distinguished they need cautious consideration, as it is essential for the organizations working exercises and its future success (Boynton et al., 1984).

From a Consumers Point of View

In the past passage CSFs are clarified as those things inside an organization that is required so as to compete and survive (Freund, 1988). Customers are one of "those things" and will pick an organization that complies those factors that are most engaging the consumers. Consequently, customers have a high

impact of what an organization ought to organize (Selim, 2007; Keats and Bracker, 1988). It is the customers' esteem that are huge to consider in any case what sort of setting the CSFs depend on (Johnson et al., 2011). Since the customers are the individuals who produce a lion's share of the benefit to the organizations their sentiments are exceptionally significant (Kaufman, 1996).

Communication

Powerful communication diverts must exist in the business between various units of work. With the assistance of data innovation, correspondence can be made successful. Compelling communication is basic in adjusting the workforce towards corporate desires. Communication alludes to the demonstration; contact or twofold associates among the people in conveying data, meanings, and understanding (Fisher, 1980). A few experts have communicated blended assessments on communication competency utilized as an indicator of worker achievement (Ryan and Sackett, 1987). The significance of communication can't be denied for associations as connected to their capacity to impact the primary concern as found in developing proof connected with work profitability (Camden and Witt, 1983; Papa and Tracy, 1987; Snyder and Morris, 1984).

With powerful communication, an organization can have great coordination among the groups or units in an association whereby its nonappearance will reflect issues in running business activities or fundamentally cause the harm between people. It has been recommended that the people who are associated with communication forms need to have both fundamental aptitudes and capacities, generally, the data could be missed to see fittingly, and moreover it relies upon the offices accessible in associations and the activities of administrators to see the worthiness of data so as to have a precise redemption.

Moreover, as one of the critical components, the administrators have been approached to take in the input picked up from the representatives, which likely influences their work inspiration. This identifies with the conditions that are as of now looked by the workers including the opportune time of conveying such data, along these lines, they may perform dependent on the messages they get. In getting such a decent performance, the directors must demonstrate the activities of creating and giving chances to adapt new abilities to their representatives through the communication procedure.

Small Medium Enterprise

According to Sandberg, Vinberg & pan (2002), capability to create a job opportunity and maintaining their profitability are the definition of performance of small business. Quantitative and qualitative are the factors contributing in defining SMEs (Peterson, 1986). But across the world, every nation has their own perspectives of the SMEs definitions. Normally, SMEs are defined in the form of yearly sales turnover and quantity of full time workers. For instance, the numbers of workers are range from 1-199 in defining SMEs in Australia.

SMEs should be look within the nation's affair, their normal operation and how it differs between countries (Gunasekaran, Forker, and Kobu, 2000). According to sultan (2007) there are several advantages of SMEs which is opportunity to extend the business, positive significant growth in Growth Domestic Product (GDP), provide support to a large business, job opportunity, contribute to a positive growth in the rural development, decentralization, contribute to the small market niches and lastly, have a more flexibility in adapting changes.

In Malaysia, the definition of SME is divided into 2 sectors. The first one is manufacturing sector. In this manufacturing sector, the quantity of full time worker must be below than 200 workers and for the yearly sales turnover it must not be over the limit of RM50 million. Second is, service and other sector, which is the quantity of workers must be below than 75 workers and the yearly sales turnover must not be over the limit of RM20 million. If the business meet one of the two criteria, it can be considered as a SMEs. Below are the details of the SMEs definition in Malaysia.

Table 1
Definitions of SMEs in Malaysia

Sector/Size	Manufacturing Sectors	Service and Other Sectors
Micro	Quantity of workers are less than 5 and yearly sales turnover are less than RM300,000	Quantity of workers are less than 5 and yearly sales turnover are less than RM300,000
Small	Quantity of workers are range from 5 -74 and yearly sales turnover are range from RM300,000 – RM15 million	Quantity of workers are range from 5-29 and yearly sales turnover are range from RM300,000 – RM3 million
Medium	Quantity of workers are range from 75 – 199 and yearly sales turnover are range from RM15 million – RM50 million	Quantities of workers are range from 30 – 74 and sales turnover are range from RM3 million – RM20 million.

Table 2 shows the percentage of SMEs in Malaysia by state as portrayed by Department of Statistic Malaysia.

Table 2
Percentage of SME in Malaysia (2017)

State	Percentage
Perlis	0.8 %
Pulau Pinang	7.4 %
Kedah	5.4 %
Perak	8.3 %
Kelantan	5.1 %
Terengganu	3.2 %
Selangor	19.8 %
WP Kuala Lumpur	14.7 %
WP Putrajaya	0.1 %
Negeri Sembilan	3.6 %
Pahang	4.1 %
Melaka	3.5 %
Johor	10.8 %
WP Labuan	0.3 %
Sabah	6.2 %
Sarawak	6.7 %

There are 907,065 total of SMEs establishment in Malaysia. As shown in the table 2, it can be conclude that the highest percentages of SMEs establishment are in Selangor state, which is 19.8%. The second and third places for the highest SMEs establishment are WP Kuala Lumpur (14.7%) and Johor (10.8%). While the lowest percentage are WP Labuan (0.3%) and WP Putrajaya (0.1%).

Employee Involvement

Employee involvement defined as a process of increasing employee commitment toward organization by initiating a process develop by management (Marchington & Parker, 1990). Amah and Ahiazu (2013) defined employee involvement as the participation of an employee in making a decision for the

organization. Other than that, the word of ‘involve’ has already showing of taking part in any activity and situation (Phipps, Prieto, & Ndinguri, 2013). Employee involvement is important in decision-making process, as it will affect their performance. (Akuoko, Dwumah, & Ansong, 2012).

Some authors make comparisons between employee involvement and job involvement. Deinfendorff et al. (2002) and Kreiner et al. (2006) state that job involvement as the degree to which a worker highly engages and anticipates with their work. In other word they have an emotional and psychological bond with their work. According to Akuoko et. al (2012) organizational and employees performance will be affected based on how the employees been treated. Attitude survey is one way of knowing the views of workers whether they feel that they are treated fairly or not.

Basically, employee involvement is based on the three main components which is influence, interaction and sharing information with employees. Moreover, having the absolute power is also regarded as employee involvement as it gives an access to employees in providing the best in doing their job (Timming, 2012). Employee involvement and participation term are using when it refers to the sharing information and participate in the decision making (Timming, 2012) & (Wilkinson, Townsend, & Burgess, 2013). Akuoko, Dwumah, & Ansong, (2012), shows that employee involvement in decision making are positively influenced the employee commitment and performance.

Most of people agree that sharing data and involve in decision making are the core element of employee involvement although there is various opinion about it (Timming, 2012; Wilkinson, Townsend, & Burgess, 2013). Due to this, management should let the employees to get involved in any matters regarding to the decision making process so that they can show their commitment in achieving an organizational goal (Akuoko, Dwumah, & Ansong, 2012).

Team Working

Teamwork is a basic component if CSF is to succeed (Crosby, 1989). Teamwork advances a base up push for quality improvement and conveys synergistic upgrade of value efforts (Thiagarajan & Zairi, 1997). Effective organization are kept running with team – for taking care of issues, for improving quality, for presenting new processes and products (Hoevenmeyer, 1993). Contrasted with representatives who work individually, successful teams will in general have higher morale and productivity, and invest wholeheartedly in the activity and the organization. Workers who include themselves in quality gathering activities are likewise better persuaded of the advantages of the quality process (Thiagarajan & Zairi, 1997).

Getting employees together in groups does not ensure a successful result. Individuals need to work successfully as a team. Organization quick to advance coordination through teams makes an empowering framework, which advances teamwork and wipes out barriers to effective performance (Thiagarajan and Zairi, 1997). This essential segment of CSF culture ties the employee’s physical and mental efforts, brings trust and conveys a synergistic augmentation of the complete critical success factor process (Aune, 1991; Manz & Sims, 1993; Clemmer, 1993; Kanji & Asher, 1993; Hoevenmeyer, 1993; Creech, 1994; Goulden, 1995; Da Cruz & Kay, 1995, Arasli, 2002).

Quality teams are regularly interdepartmental, and a quality affirmation framework makes it troublesome for divisions to consider themselves to be independent tasks (Partlow 1993). Mene quoted the organization has discovered that not every person needs the duty of being on a strategic-planning team and that a few managers are more qualified to a team approach particularly as facilitator or coach than others (Partlow, 1993).

Screening methods used in hiring to figure out who shares in values and utilize predictive instruments to advise if individuals are appropriate to teamwork. Additionally, invested more energy assembling the relationship of the team. Underestimated that on the off chance that were at that point a decent employee, officially comprehended idea of lateral service. So when we put a gathering of cross-

utilitarian individuals together in a team, we figured they would just normally cooperate as a group and go ahead. Be that as it may, what we found was that we needed to invest more energy to enable the colleagues to become acquainted with one another and figure out how to manufacture and keep up help before they could truly get the sort of progress we needed (Partlow, 1993). According to Breiter et al. (1995), Bergstrom's team workshop centers on perceiving singular qualities, the standards of structure a successful team, everyday team strategies, and how to put those systems into action. The critical thinking session shows members how to solve problems, whether personal or professional, effectively and a five-step method, beginning with analysis and ending with implementation, provides the framework for the workshop (Breiter et al., 1995).

Conceptual Framework

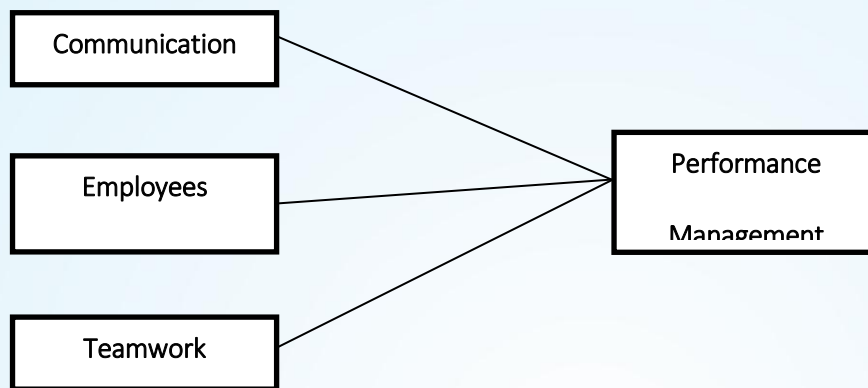


Figure 1. Conceptual Framework

Conclusion

In SMEs, quality is extremely imperative and critical. As referenced before, a few researchers contended that these critical success factors have influenced on association performance management. Additionally, numerous investigations bolster that QMSs have altogether influence SMEs performance (Anderson & Sohal, 1999; Bayati & Taghavi, 2007; Demirbag, 2006; Pinho, 2008; Sousa-Poza et al., 2009; Sousa et al., 2006; Talib et al., 2009; Noe, Hollenbeck, Gerhart, & Wright, 2017). Several of researches have distinguished CSFs for progress on quality management or TQM rehearses execution in associations. Not with standing, this paper proposes a system for distinguishing the CSFs that add to hierarchical performance in Malaysia SME's in manufacturing sectors.

References

- Arda, O. A., Bayraktar, E., & Tatoglu, E. (2019). How do integrated quality and environmental management practices affect firm performance? Mediating roles of quality performance and environmental proactivity. *Business Strategy and the Environment*, 28(1), 64-78.
- Amah, E., & Ahiauzu, A. (2013). Employee involvement and organizational effectiveness. *Journal of Management Development*, 32(7), 661-674.
- Anderson, M., & Sohal, A. (1999). A study of the relationship between quality management practices and performance in small businesses. *International Journal of Quality & Reliability Management*, 16(9), 859-877.
- Akuoko, K. O., Dwumah, P., & Ansong, F. (2012). Employee involvement in decision making and workers performance in selected organizations in Ashanti region of Ghana. *Excel International Journal of Multidisciplinary Management Studies*, 2(6).
- Budd, J., Gollan, P. and Wilkinson, A. (2010). "New approaches to employee voice and participation in organizations". *Human Relations*, 63(3), pp.303—310
- Camden, C, & Witt, J. (1983). Manager communicative style and productivity: A study of female and male managers. *International Journal of Women's Studies*, 6, 258-269.

- Cöster, F., Engdahl, M., & Svensson, J. (2014). *Critical success factors: An evaluation to identify strategic capabilities*. Bachelor thesis. Linnaeus University, Sweden.
- Deros, B., Yusof, S., & Salleh, A. (2006). A benchmarking implementation framework for automotive manufacturing SMEs. *Benchmarking: An International Journal*, 13(4), 396-430.
- Diefendorff, J., Brown, D., Kamin, A. and Lord, R. (2002). Examining the roles of job involvement and work centrality in predicting organizational citizenship behaviors and job performance. *Journal of Organizational Behavior*, 23(1), pp.93--108.
- Ghalayini, A. M., Noble, J. S., & Crowe, T. J. (1997). An integrated dynamic performance measurement system for improving manufacturing competitiveness. *International Journal of Production Economics*, 48(3), 207- 225.
- Gunasekaran, A., Forker, L., & Kobu, B. (2000). Improving operations performance in a small company: a case study. *International Journal of Operations & Production Management*, 20(3), 316-336.
- Kaplan, R., & David, P. (1992). Norton (1992), "The Balanced Scorecard—Measures That Drive Performance." *Harvard Business Review*, 71-79.
- Kreiner, G., Hollensbe, E. and Sheep, M. (2006). "Where is the "me" among the "we"? Identity work and the search for optimal balance". *Academy of Management Journal*, 49(5), pp.1031--1057.
- Lodahl, T., & Kejnar, M. (1965). The definition and measurement of job involvement. *Journal of Applied Psychology*, 49(1), 24. Retrieved from <http://web.b.ebscohost.com/ehost/>
- Mehdi, S. (2008). *A feasibility study of the total quality management in hospitality industry with a case study in Esfahan Hotels* (Master's Thesis). Luleå University of Technology.
- Noe, R. A., Hollenbeck, J. R., Gerhart, B., & Wright, P. M. (2017). *Human resource management: Gaining a competitive advantage*. New York, NY: McGraw-Hill Education.
- Negara, B. (2005). *Bank Negara Annual Report 2005*. Central Bank of Malaysia: Kuala Lumpur.
- Perterson, A. (1986). *The Public's definition of small business*. *Journal of Small Business Management*.
- Phipps, S. T., Prieto, L. C., & Ndinguri, E. N. (2013). Understanding the impact of employee involvement on organizational productivity: The moderating role of organisational commitment. *Journal of Organizational Culture, Communications & Conflict*, 17(2).
- Ryan, A. M., & Sackett, P. R. (1987). A survey of individual assessment practices by I / O psychologists. *Personnel Psychology*, 40, 387-455.
- Sandberg, K., Vinberg, S., & Pan, Y. (2002). An exploratory study of women in microenterprise: Owner perceptions of economic policy in a rural municipality: Gender-related differences. CD-proceedings of 12th Nordic Conference on Small Business Research, 1-14.
- Sousa-Poza, A., Altinkilinc, M., & Searcy, C. (2009). Implementing a Functional ISO 9001 Quality Management System in Small and Medium-Sized Enterprises. *International Journal of Engineering*, 3(3).
- Sultan, S. S. (2007). The Competitive Advantage of Small and Medium Sized Enterprises.
- Tangen, S. (2003). An overview of frequently used performance measures. *Work study*, 52, 347-354.
- Timming, A. (2012). "Tracing the effects of employee involvement and participation on trust in managers: an analysis of covariance structures". *The International Journal of Human Resource Management*, 23(15), pp.3243--3257.
- Van Schalkwyk, J. (1998). Total quality management and the performance measurement barrier. *The TQM Magazine*, 10(2), 124-131.
- Wilkinson, A., Townsend, K. and Burgess, J. (2013). "Reassessing employee involvement and participation: Atrophy, reinvigoration and patchwork in Australian workplaces". *Journal of Industrial Relations*, 55(4), 583--600.

SOLE POWER SHOES

Wan Mohd Zamri Wan Ab Rahman and Faizatul Absharizan Abu Bakar

Abstract

Sole Power Shoe is a power-generating shoe insole for charging portable electronics like cell phones, music players, or GPS devices. It is based on the concept green energy which harvest the electricity from the kinetic energy. The electricity stored can be used for electrical gadget that uses small amount of electricity. The piezoelectric transmitter is embedded inside the shoe to convert the mechanical stress applied into electrical energy to power, this electrical energy is further stored in a device like lithium polymer batteries so that it can be used in portable devices such as mobile phones or other hand held electrical which is as a receiver doesn't need to be embedded in a shoe, so that it can be removable depend on users. It is ideal for anyone who doesn't have access to any source of power supply. The specialty of Sole Power Shoe will use the renewable energy to produce the electricity, waterproof and weather resistant. Therefore, it can contribute in emergency environment and critical situation that don't have the power supply.

Keywords: Sole Power, Charging, Renewable Energy

Introduction

Energy resources have become an importance when we are out for outdoor activities. If it rains, camp fires will die out and torch light batteries usually do not last long. The world is full of alternative energies such as the heat from the sun, wind and hydro power. These energies can be harnessing to reduce relying totally on the supplied electricity. Moreover, some of the electrical devices and home lightings use only little power. Harnessing the natural energies can save money paid for the electricity and help to save our world. Hence the purpose of this project is to design a fully automated power generation system that will harness kinetic energy and then convert it into electrical energy to power some of the electrical devices at home and for hawkers. An additional feature is the battery level indicator that will show the life span of the battery.

The cost for the project will be emphasizing on low cost to produce so that it will be affordable. Moreover, the design of the Sole Power Shoes will be convenient to be carried around to places where availability for electricity is an issue. In recent year, people especially workers and students is busy with their busy daily life to complete the task or project. When they are out station there is some difficulty to find the switch to plug in charger to charge power bank which is important devices to charges other gadget to make sure the battery in optimum condition. So when the smart phone battery run out there is problem for them to access the smart phone to keep in touch to others or updated to important information.

Based on the current situation described above is likely to people have problem to get the power supply that will cause their phone to run out of the battery. For that reason, the suitable solution is developed the new concept of generation and friendly user for everybody and any situation also easy to carry and light. This Sole Power Shoes will use the renewable energy to produce the electricity. This Sole Power also can generate the ac current than convert to the dc current by bridge rectifier. The best concept to solve this problem is develop the portable electricity generator.

Hence this Sole Power Shoes also can help in severely environment cannot have the power supply using to have some energy where it can help in emergency or critical situation. The objective for the project is to develop a Sole Power Shoes generator system that based on the concept green energy which harvest the electricity from the kinetic energy that can be used for the human benefits. Besides that, the electricity stored can be used for electrical gadget that uses small amount of electricity which will minimize the monthly electricity bill payment. This project will help graduates be more competent in future as the experience gained in completing the project will be highly evaluated by the industry.

This project will include working with both hardware and software. The hardware will include the materials such as the piezoelectric, Power Bank, Arduino microcontroller, printed circuit board (PCB), buzzer and so on. The hardware materials will be purchased either locally or used from our house appliances. The hardware will then be set up by connecting the system in a correct sequence. The mechanical design for the project will be studied such as the piezoelectric to the desired position. This will include the hardware and software implementation for the system. Software programming and hardware design will be deterministic for the overall outcome of the project.

Literature Review

Piezoelectricity

Piezoelectricity is the electric charge that accumulates in certain solid materials (such as crystals, certain ceramics, and biological matter such as bone, DNA and various proteins) [1] in response to applied mechanical stress. The word piezoelectricity means electricity resulting from pressure and heat. It is derived from the Greek which means to squeeze or press, and ἤλεκτρον electron, which means amber, an ancient source of electric charge. Piezoelectricity was discovered in 1880 by French physicists Jacques and Pierre Curie. The piezoelectric effect is understood as the linear electromechanical interaction between the mechanical and the electrical state in crystalline materials with no inversion symmetry.

The piezoelectric effect is a reversible process in that materials exhibiting the direct piezoelectric effect (the internal generation of electrical charge resulting from an applied mechanical force) also exhibit the reverse piezoelectric effect (the internal generation of a mechanical strain resulting from an applied electrical field). For example, lead zirconate titanate crystals will generate measurable piezoelectricity when their static structure is deformed by about 0.1% of the original dimension. Conversely, those same crystals will change about 0.1% of their static dimension when an external electric field is applied to the material.

The inverse piezoelectric effect is used in the production of ultrasonic sound waves. Piezoelectricity is found in useful applications, such as the production and detection of sound, generation of high voltages, electronic frequency generation, microbalances, to drive an ultrasonic nozzle, and ultrafine focusing of optical assemblies. It is also the basis of a number of scientific instrumental techniques with atomic resolution, the scanning probe microscopies, such as STM, AFM, MTA, SNOM, etc., and everyday uses, such as acting as the ignition source for cigarette lighters, and push-start propane barbecues, as well as the time reference source in quartz watches.

Sensor

The principle of operation of a piezoelectric sensor is that a physical dimension, transformed into a force, acts on two opposing faces of the sensing element. Depending on the design of a sensor, different "modes" to load the piezoelectric element can be used: longitudinal, transversal and shear. Detection of pressure variations in the form of sound is the most common sensor application, e.g. piezoelectric microphones (sound waves bend the piezoelectric material, creating a changing voltage) and piezoelectric pickups for acoustic-electric guitars. A piezo sensor attached to the body of an instrument is known as a contact microphone. Piezoelectric sensors especially are used with high frequency sound in ultrasonic transducers for medical imaging and also industrial nondestructive testing (NDT). For many sensing techniques, the sensor can act as both a sensor and an actuator – often the term transducer is preferred when the device acts in this dual capacity, but most piezo devices have this property of reversibility whether it is used or not. Ultrasonic transducers, for example, can inject ultrasound waves into the body, receive the returned wave, and convert it to an electrical signal (a voltage). Most medical ultrasound transducers are piezoelectric. In addition to those mentioned above, various sensor applications include: Piezoelectric elements are also used in the detection and generation of sonar waves. Piezoelectric materials are used in single-axis and dual-axis tilt sensing. [42] Power monitoring in high power applications (e.g. medical treatment, sonochemistry and industrial processing). Piezoelectric microbalances are used as very sensitive chemical and biological sensors.

Piezoceramic material—non-conductive piezoelectric ceramic or crystal—is placed between the two metal plates. For piezoelectricity to be generated, it needs that material to be compressed or squeezed. Mechanical stress applied to piezoelectric ceramic material generates electricity. As shown in Fig. 1, there's a voltage potential across the material. The two metal plates sandwich the piezo crystal. The metal plates collect the charges, which creates/produces voltage (lightning bolt symbol), i.e., piezoelectricity. In this way, the piezoelectric effect acts like a miniature battery, because it produces electricity. This is the direct piezoelectric effect. Devices that use the direct piezoelectric effect include microphones, pressure sensors, hydrophones, and many other sensing types of devices.

Methodology Arduino UNO.

Arduino is an open source computer hardware and software company, project, and user community that designs and manufactures single-board microcontrollers and microcontroller kits for building digital devices and interactive objects that can sense and control objects in the physical world. The project's products are distributed as open-source hardware and software, which are licensed under the GNU Lesser General Public License (LGPL) or the GNU General Public License (GPL), permitting the manufacture of Arduino boards and software distribution by anyone. Arduino boards are available commercially in preassembled form, or as do-it-yourself kits.



Figure 1. Arduino

Arduino board designs use a variety of microprocessors and controllers. The boards are equipped with sets of digital and analog input/output (I/O) pins that may be interfaced to various expansion boards (shields) and other circuits. The boards feature serial communications interfaces, including Universal Serial Bus (USB) on some models, which are also used for loading programs from personal computers. The microcontrollers are typically programmed using a dialect of features from the programming languages C and C++. In addition to using traditional compiler toolchains, the Arduino project provides an integrated development environment (IDE) based on the Processing language project. The Arduino project started in 2003 as a program for students at the Interaction Design Institute Ivrea in Ivrea, Italy, aiming to provide a low-cost and easy way for novices and professionals to create devices that interact with their environment using sensors and actuators. Common examples of such devices intended for beginner hobbyists include simple robots, thermostats, and motion detectors.

Hardware



Figure 2. Hardware

Arduino is open-source hardware. The hardware reference designs are distributed under a Creative Commons Attribution Share-Alike 2.5 license and are available on the Arduino website. Layout and production files for some versions of the hardware are also available. The source code for the IDE is released under the GNU General Public License, version 2. Nevertheless, an official Bill of Materials of Arduino boards has never been released by Arduino staff.

Although the hardware and software designs are freely available under copyleft licenses, the developers have requested the name Arduino to be exclusive to the official product and not be used for derived works without permission. The official policy document on use of the Arduino name emphasizes that the project is open to incorporating work by others into the official product. Several Arduino-compatible products commercially released have avoided the project name by using various names ending in-duino.

An early Arduino board with an RS-232 serial interface (upper left) and an Atmel ATmega8 microcontroller chip (black, lower right); the 14 digital I/O pins are at the top, the 6 analog input pins at the lower right, and the power connector at the lower left. Most Arduino boards consist of an Atmel 8-bit AVR microcontroller (ATmega8, ATmega168, ATmega328, ATmega1280, ATmega2560) with varying amounts of flash memory, pins, and features. The 32-bit Arduino Due, based on the Atmel SAM3X8E was introduced in 2012. The boards use single or double-row pins or female headers that facilitate connections for programming and incorporation into other circuits. These may connect with add-on modules termed shields. Multiple, and possibly stacked shields may be individually addressable via an I²C serial bus. Most boards include a 5 V linear regulator and a 16 MHz crystal oscillator or ceramic resonator. Some designs, such as the LilyPad, run at 8 MHz and dispense with the onboard voltage regulator due to specific form-factor restrictions.

Software Development

A program for Arduino may be written in any programming language for a compiler that produces binary machine code for the target processor. Atmel provides a development environment for their microcontrollers, AVR Studio and the newer Atmel Studio. The Arduino project provides the Arduino integrated development environment (IDE), which is a cross-platform application written in the programming language Java. It originated from the IDE for the languages Processing and Wiring. It includes a code editor with features such as text cutting and pasting, searching and replacing text, automatic indenting, brace matching, and syntax highlighting, and provides simple one-click mechanisms to compile and upload programs to an Arduino board. It also contains a message area, a text console, a toolbar with buttons for common functions and a hierarchy of operation menus. A program written with the IDE for Arduino is called a sketch. Sketches are saved on the development computer as text files with the file extension. `.ino`. Arduino Software (IDE) pre-1.0 saved sketches with the extension. `.pde`. The Arduino IDE supports the languages C and C++ using special rules of code structuring. The Arduino IDE supplies a software library from the Wiring project, which provides many common input and output

procedures. User-written code only requires two basic functions, for starting the sketch and the main program loop, that are compiled and linked with a program stub `main()` into an executable cyclic executive program with the GNU toolchain, also included with the IDE distribution. The Arduino IDE employs the program `avrdude` to convert the executable code into a text file in hexadecimal encoding that is loaded into the Arduino board by a loader program in the board's firmware.



Figure 3. Arduino Software IDE

A minimal Arduino C/C++ sketch, as seen by the Arduino IDE programmer, consist of only two functions:

`setup()`: This function is called once when a sketch starts after power-up or reset. It is used to initialize variables, input and output pin modes, and other libraries needed in the sketch.

`loop()`: After `setup()` has been called, function `loop()` is executed repeatedly in the main program. It controls the board until the board is powered off or is reset. Most Arduino boards contain a light-emitting diode (LED) and a load resistor connected between pin 13 and ground, which is a convenient feature for many tests and program functions. A typical program for a beginning Arduino programmer blinks a LED repeatedly.

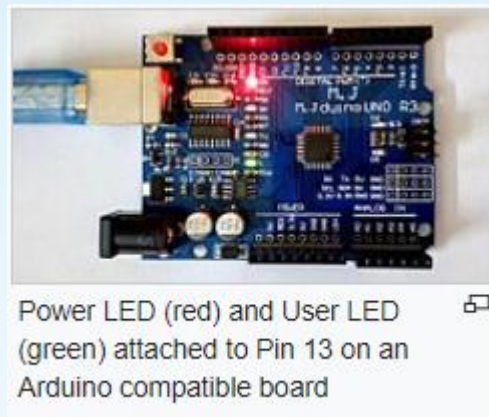


Figure 4. Arduino

```
#define LED_PIN 13 // Pin number attached to LED.

void setup() {
  pinMode(LED_PIN, OUTPUT); // Configure pin 13 to be a digital output.
}

void loop() {
  digitalWrite(LED_PIN, HIGH); // Turn on the LED.
  delay(1000); // Wait 1 second (1000 milliseconds).
  digitalWrite(LED_PIN, LOW); // Turn off the LED.
  delay(1000); // Wait 1 second.
}
```

This program uses the functions `pinMode()`, `digitalWrite()`, and `delay()`, which are provided by the internal libraries included in the IDE environment. The program is usually loaded in the Arduino by the manufacturer. Arduino IDE and C language allow the programming of the low level registers in the atmega328P. instructions like `DDRB=0b00000001` for changing PORTB input/output pins are allowed.

Results and Discussion

This section were discusses on the results of Sole Power Shoe.

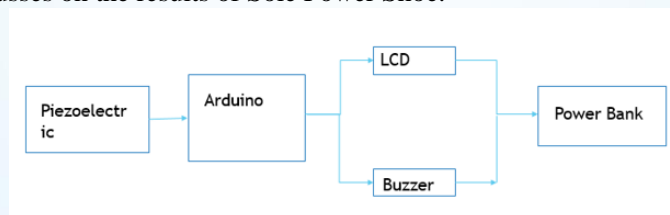


Figure 5. Block Diagram

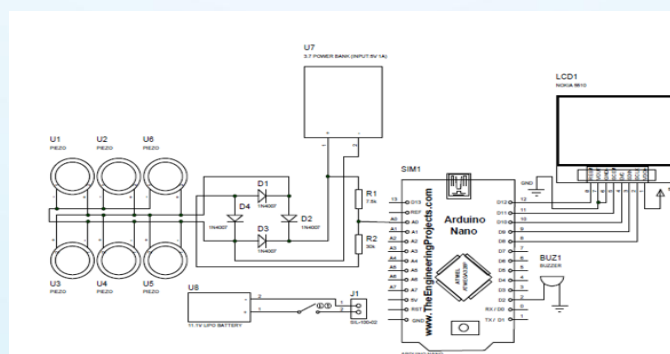


Figure 6. Schematic Circuit

Description of the Block Diagram and Schematic Circuit

Piezoelectric is a device that convert kinetic energy to AC current while we walk. Then, the full wave rectifier which contain four diodes also known as bridge will convert AC current to DC current. The DC current will flow to resistors. A resistor is a passive two-terminal electrical component that implements electrical resistance as a circuit element. In electronic circuits, resistors are used to reduce current flow, adjust signal levels, to divide voltages, bias active elements, and terminate transmission lines, among other uses. The Arduino Nano is a small, complete, and breadboard-friendly board based on the ATmega328 offers the same connectivity and specs of the UNO board in a smaller form factor. The Arduino Nano is programmed using the Arduino Software (IDE), our Integrated Development Environment common to all our boards and running both online and offline. At the same time, Arduino Nano will read the amount of voltage produce by piezoelectric and will display the percentage of battery and time on display. If the powerbank charge already full, the buzzer will alert the user by produce sound.

Conclusion

After simulating the sole power shoe out there and make comparison with socket charger and sole power shoe. We calculate how many step and percentage for 1km, 2km and so on. To get battery percentage 100%, must walk 20. 8km.To measure voltage, we use millivoltmeter. Not only step that affect the percentage, the body weight can bring impact, the heavier the body will increase the percentage.

Table 1
Tandem Cell Layer of the CIS / CIGS

1 km = 1250 steps	
Battery percentage 100% = 26 000 steps (20.8km)	
1mA=0.001V	
The total capacity of power bank is 2600mAh	
Distance (km)	Percentage (%)
2	10
4	20
6	30
Body Weight (kg)	Voltage(mV) for 1 step
50-60	0.1
60-70	0.12
70-80	0.15

Acknowledgment

The authors would like to express gratitude to the Jabatan Kejuruteraan Elektrik, Politeknik Sultan Salahuddin Abdul Aziz Shah, for their support and also to all lecturer of Jabatan Kejuruteraan Elektrik.

References

- Burnham, Gerald O et al. (October 2001). The first telecommunications engineering program in the United States" (PDF). *Journal of Engineering Education* (American Society for Engineering Education), 90(4), 653–657.
- Dodd, A. Z. (2002). The essential guide to sole power shoe. *Prentice Hall PTR*, 183.
- Walker, M. M. (2001). Convert kinetic to electrical in sole power shoe. *Final Year Project*, 93(1), 257-267.

THE MALAYSIAN HERITAGE GARDEN: DOES IT EXIST?

Ahmad Zamil Zakaria, Melasutra Md Dali, and Hazreena Hussein

Abstract

Currently, there are abundant of open parks operated for relaxation and entertainment in Malaysia. In this study, Putrajaya was chosen as a case study due to the city's number of public parks. The aim of this study was to determine the implementation of the Malaysian Heritage Garden concept in the development of public parks. The main objective is to distinguish the factors that caused the implementation difficulties, and the initiatives that have been made to introduce this concept. Site observation methods is used for collecting data. The results revealed that the entire park design does not highlight the elements of the Malaysian Garden concept (the Malay Garden criteria's). From the information gathered can be presumed that Putrajaya is yet not prepared to highlight the traditional elements in landscape design. Although, Putrajaya is the federal administrative center of the country, but still not able to accentuate the national identity.

Keywords: Malaysia Heritage, Malaysian Garden, Malay Garden, National Identity, Putrajaya

Introduction

The development of public parks is not concerned with the local culture, especially the Malays. Landscape design that sees modern-style and adapts the concepts of famous all over the world cannot help the development of the local landscape design. Currently, there are various design concepts in the field of landscape architecture. Among the favourite landscaping concepts are Japanese, Balinese and English Garden. Through these concepts, the culture of its community been promoted to the outside world (Zakaria et al., 2013a). In Malaysia, the current scenario of landscape focuses on contemporary designs, which means that the Malaysian community does not have the one landscape identity to be proud of. In the opinion of the researchers, Putrajaya is a planned and smart city that developed by political agenda in Malaysia. Social components give off an impression of being heading to the arrangement of Putrajaya is to make a "*livable*" city and charming (Perbadanan Putrajaya, 2018).

National Identity

Referring to Dahbour (2002), two concepts of national identity are prevalent in contemporary political philosophy; (i) a strict one that regards nationality as based on a belief in common ancestry or ethnicity and, (ii) a loose one that views nationality as a malleable term without fixed properties. National identity is a sense of a nation as a cohesive whole, as represented by distinctive traditions, culture, and language (Oxford Dictionaries, 2018). The set of qualities and beliefs that make individual or group different from others is another identity definition (Merriam-Webster, 2015). Kuean (1999) stated the national identity are tied to a specific social conception of space, built from selected landscape types and individual spatial components.

Cultural Landscape

The cultural landscape is regarded as being of the most complex designs which involve interactions between man, nature, cultural values and the associated built environment (Harun et al., 2017). The cultural identity that relates to a person's heritage helps them to identify with others who have the same traditions and primary belief system — the "community identity" concerning the acknowledgement that cultural landscapes form part of the living memory of past generations and can provide connections to future generations (ICOMOS, 2014). Referring to Lowenthal (1997), a landscape is considered as a common heritage and a collective identity.

The Malay Traditional Garden in Malaysia

The designs of Malay Garden concern for good space layout to create a surrounding of high functionality and benefits towards users. Ismail et al. (2015) said the Malay Garden plays a significant function of sustaining the residents. The planting compositions in the garden indicate not only intrinsic cultural values, such as food, medicine, cosmetic, belief but also decoration and provision of shade. Abu Bakar (2012)

agreed that the Malay landscape could be regarded as a complete life, which includes aspects of the divine, natural and human.

The Malaysian Garden Concept

Among the interests of the Malaysian Garden establishment is; ‘Conservation of historical and cultural value, it is to be inherited and cherished by future generations. Besides, it is also an effort to maintain the cultural landscapes’ (National Landscape Department, 2009). According to Abu Bakar (2012), a consensus has been reached, where the Malaysian Landscape characteristics must be based on the Malay Landscape concept criteria’s, and the National Landscape Department agreed on it in 2007.

Materials and Methods

The methodology for this research includes the formation of objectives, data collection, summary and findings, and last suggestion and conclusion. In this research, researchers did not just use the qualitative method, but quantitative as well, by using questionnaires. The “*observation*” method using to watch something carefully and accurately record in some way the activities or situation to capture data relevant to the research issues (Gray & Malins, 2004).

Sample Criteria

For this study, Putrajaya (administration city of Malaysia) was selected as it is a place of interest to be visited by locals and tourists from abroad. A total of eight (8) public parks around Putrajaya has become a case study. The public parks are:

Assessing the Cultural Landscape

This study has used the Melnick's method, which states the importance to identify the characteristics and elements of nature, culture, and visual interest at a selected place (Melnick 2009). This process and guidelines facilitate the researchers for more focus on the subject matter to increase the validity and reliability of the study.

Results

The researchers have conducted on-site observation before any selected public park. The researchers have made the ranking, according to the perceptual after a site visit conducted (Refer to Table 1). Researchers are beginning the study through observation methods; the researchers have chosen Putrajaya Botanical Garden and Putra Perdana Park as a public park that has the potential to be highlighted cultural ethnic landscape design (first and second ranks: results from the observation studies have been conducted).

Table 1

The Perception of the Researchers After Conducting Visits to the Public Parks in Putrajaya (Observation Study)

Public Park	Putrajaya Challenge Park	Putrajaya Equestrian Park	Putra Perdana Park Putrajaya	Agriculture Heritage Park Putrajaya	Wawasan Park Putrajaya	Wetland Park Putrajaya	Putrajaya Botanical Garden	Rimba Alam Park Putrajaya
Criteria								
Park Design	4	3	4	4	3	4	5	2
Number of Users	3	2	4	4	2	5	5	2
User Comfort	4	4	4	4	4	5	5	3
Adapting the Concept of Popular Landscape Design	2	2	3	2	2	2	3	1
Cultural Elements	1	3	3	3	2	3	3	2
Modern Elements	5	3	5	5	5	5	5	2
The Potential to Absorb	3	4	5	5	5	5	5	5

Elements of
Local Culture

Ranking	6	7	2	4	5	3	1	8
---------	---	---	---	---	---	---	---	---

1- Very Poor; 2- Poor; 3- Neutral; 4- Good; 5- Very Good

The Importance of Introducing Traditional Elements for the Survival of the Malays Culture

The researchers thought, let's culture retained in place, for example, in the Malay villages. Believed that culture is for a civilised nation and it can be used to benefit the tourism sector. Also, proud of the nation's history is one of the characteristics of people with first-class brains. In the next part of the discussion, the researchers deliberate on how to incorporate the Malay Garden Design Concept to an existing public park. People prefer to implement something trendy and modern. The way of life is seen as the factors influencing their behaviour today. People desire to live in cities than in villages and children nowadays are less exposed to the culture of their parents.

Discussion

In this section, the researchers will touch on some of the relationships between a public park in Malaysia and the Malay Garden Design Concept. This article will also explain to the reader, about the importance of the Malay Garden Design Concept to the field of landscape architecture in Malaysia.

What is the Malay Garden?

Zakaria et al. (2017) argued the basis of culture could be divided into four parts, artistic, social, economic and political. All four sections are relevant in creating the landscape concept for the Malay community in Malaysia. According to him, three essential things that need to be studied before knowing the identity of the Malay landscape is; product potential, the challenges before it recognised, and methods of globalization (Refer to Figure 1).



Figure 1. The Malay Garden Concept that Has Been Made Exhibition Abroad by Malaysian Landscape Consultant

(Source: Morphosis Design Sdn Bhd Project Collection, 2015)

The most significant potential is the idea become a legacy for generations and need to be passed down to future generations. The constraints that not able to be handled by the Malay community now is the lack of understanding of this concept. It has made the community less appreciate and prefer another landscape concept. Data has shown, due to the lack of understanding of this concept, it has caused public parks in Putrajaya not convinced to implement it. They fear of their own shadow and belittled.

How to Incorporate the Concept of the Malay Garden into Existing Public Parks?

It is where the creativity of a designer to create a design to be an exciting, unique and uses the basic idea of *"Tropical Gardens"*. From the data obtained, there is an option if this concept is to be implemented. Some visitors suggest that only small spaces need to be allocated to the Malay Garden design, but it is necessary to generate a psychological and understanding impact on visitors.

The Strength of the Concept of "Malay Garden" Compared to Other Landscape Concept

The strength of the concept of *"Malay Garden"* can be seen from the philosophy, culture, and lifestyle of the *"Malays as a whole"*. The Malay landscape concept should stress those things because the practice of philosophy and culture will highlight the way of life of the Malay community (Zakaria et al., 2016a). Lots of Malays long-standing theory is still used until today. Undoubtedly another landscape concept also has a variety of philosophies, but the difference is in the religious sense. The Malays in Malaysia are Muslims. Indirectly the philosophies more directed on the teachings of Islam. Malay culture is not the same as other races. They argue that our country needs something that can represent the philosophy, identity and dignity of the nation. If referring to the results of previous studies (as described above), then we can feel that this concept has been around, but unfortunately not taken it seriously.

Is the Concept of the "Malaysian Garden" Has Existed?

The director of the National Landscape Department (NLP) had expressed a desire to produce a concept *"Malaysian Garden"* (Ismail, 1997). The concept uses the idea of *"tropical rainforest"* as the subject matter. It was reported 20 yr. ago, and maybe some of us are already forgotten the matter. That means the study of *"Malaysian Garden"* concept does not take a short and quick to produce. It is complicated to be realised on factors such as Malaysia's multiracial society (3 main races are the Malays, Chinese and Indians). From the observation, it is not easy to claim that the design is *"Malaysian Garden"*. Due to a lack of understanding and awareness among Malaysians especially the parties responsible for developing the landscape industry. The formation of the Malaysian Garden concept was triggered by the former Prime Minister of Malaysia who desired a garden concept that could be proud of Malaysians (Refer to figure 2).



Figure 2. The Malaysian Garden Concept
(Source: National Landscape Department, 2009)

Conclusion

People are always fascinating to see gardens from around the world. Some have asked researchers why not trying to highlight the concept of *"Malaysian Garden"*, whereas it represents all Malaysians. The correct answer is the concept of Malaysia Garden is not suitable realised at present. Although the concept of Malay garden is not an option at this point, as Malaysians, researchers would like to suggest that the research and production of appropriate guidelines should be accelerated. The role of every member of society is crucial to make it comparable to popular concepts that have become a trend today. Without the cooperation of all parties, any program organised either from the ministry, government departments, local

authorities or otherwise will not be welcome. Malaysians need to enjoy it because they already have a landscape design concept that can be proud of the nation.

Acknowledgements

We would like to express our gratitude to the Center for Sustainable Urban Planning & Real Estate, Faculty of Built Environment, University of Malaya (SUPRE), the Centre for Knowledge and Understanding of Tropical Architecture and Interior (KUTAI) and Taman Alam Melayu Nusantara (T.A.M.A.N) UiTM Perak Branch for the precious support during the research period.

References

- Abu Bakar, J. (2012). *Taman Malaysia ke arah identiti Nasional (Malaysian Garden Towards a National Identity)*. Penerbit UTM Press, Malaysia, 7.
- Dahbour, O. (2002). National identity: An argument for the strict definition. *Public Affairs Quarterly*, 16(1), 17-37.
- Gray, C., & Malins, J. (2004). *Visualizing research: A guide to the research process in art and design*. Ashgate Publishing Limited, UK.
- Harun, N. Z., Mohd Ariffin, N. A., & Abdullah, F. (2017). Changes and threats in the preservation of the traditional Malay landscape. *Planning Malaysia Journal*, 15(4), 69 –78.
- ICOMOS. (2014). *The florence declaration on heritage and landscape as human values: Florence, Italy*. Retrieved from https://www.icomos.org/images/DOCUMENTS/Secretariat/2015/GA_2014_results/GA2014_Symposium_FlorenceDeclaration_EN_final_20150318.pdf
- Ismail, F. (1997). *Designing the Malaysian garden*. New Straits Times.
- Ismail, N. A., Utambarta, N., Mohd Yunus, M. Y., & Ismail, S. (2015). A cultural responsive landscape study on Perak Malay garden: An expressional value. *Advances in Environmental Biology-AENSI Journals*, 9(5), 485-490.
- Kuèan, A. (1999). Cultural landscapes as symbols of national identity-protection or change? *Agriculturae Conspectus Scientificus*, 64(4), 259-268.
- Lowenthal, D. (1997). European landscape transformations: The rural residue. In P. Groth, & T.W. Bressi (Eds.) *Understanding Ordinary Landscapes* (pp.180-188). New Haven, CT: Yale University Press.
- Melnick, R. Z. (2009). Climate change and landscape preservation: A twenty-first-century conundrum. *APT Bulletin: Journal of Preservation Technology*, 40(3-4), 35-42.
- Morphosis Design Sdn Bhd. (2015). *2 decades of landscape architecture 1995-2015*. Malaysia.
- National Landscape Department. (2009). *Taman Malaysia untuk diwarisi*. Kementerian Perumahan dan Kerajaan Tempatan, Malaysia.
- Oxford Dictionaries. (2018). *National identity*. Retrieved from https://en.oxforddictionaries.com/definition/national_identity
- Perbadanan Putrajaya (2018, December 2018). *Background of Putrajaya*. Retrieved from http://www.ppj.gov.my/portal/page?_pageid=311,1&_dad=portal&_schema=PORTAL#1208
- Zakaria, A. Z., Abd. Rashid, M. S., & Ahmad, S. (2017). Hardscape and softscape elements of a Malay garden. *Journal of Social Sciences & Humanities*, 25(S), 109 – 118.
- Zakaria, A. Z., Abd. Rashid, M.S., & Ahmad, S. (2016). *The Perak Malay landscape furniture design: An overview*. Proceedings of the 2nd International Colloquium of Art and Design Education Research (i-CADER 2015), Langkawi Island, Kedah Darul Aman, Malaysia, Springer, 2016 edition (23 March 2016), 497-510.
- Zakaria, A. Z., Salleh, I. H., & Abd. Rashid, M. S. (2013a). *The Malay garden design concept opportunity to be developed as the tourism product*. Book Chapter: Hospitality and Tourism Synergizing Creativity and Innovation in Research, CRC Press.

**RESILIENCE INFRASTRUCTURE SYSTEMS
TOWARDS NATURAL DISASTERS**

Ezzat Fahmi Ahmad, Ida Nianti Mohd Zin, and Kartina Alauddin

Abstract

Natural disasters around the world have become more frequent and intense. Natural disasters have caused serious damage and disruption to infrastructure systems such as electricity supply, water supply, sewage, road and rail networks, telephones and critical facilities such as hospitals and shelters. People nowadays rely heavily on infrastructure systems. Since natural disasters have caused serious damage to infrastructure systems, there are extreme needs to strengthen infrastructure systems that can absorb, recover and function properly during the disaster events. This paper therefore aims to identify resilience criteria to strengthen infrastructure systems towards natural disasters. This paper is based on an overview of journal literature, articles, journals, books and reports from previous research. Thus, other researchers can use the results obtained from this paper to strengthen the infrastructure systems toward natural disasters.

Keywords: Disaster, Infrastructure, Resilience

Introduction

Natural disasters have become more frequent and intense around the world and have caused serious damage and disruption to people in the affected areas, causing large lives and property losses. Between 1998 and 2017, 1.3 million people were killed by natural disasters and another 4.4 billion were injured, homeless, displaced or in need of emergency assistance. Although most deaths were caused by geophysical events, mainly earthquakes and tsunamis, 91% of all disasters were caused by floods, storms, droughts, heat waves and other extreme weather events. Meanwhile, between 1998 and 2017, disaster-stricken countries experienced direct economic losses valued at US\$ 2.908 billion, of which US\$ 2.245 billion, or 77 percent, was caused by climate-related disasters. This is up from 68% (USD 895 billion) of losses reported between 1978 and 1997 (USD 1.313 billion) (Preventionweb, 2018). In addition, it is more likely that more frequent and severe natural disasters, will occur in the future. The increasing number of natural disasters such as floods, droughts, cyclones, typhoons and landslides would be a major threat to the livelihood of the population (Joerin, Shaw, Takeuchi, & Krishnamurthy, 2013; Shaw, Razafindrabe, Gulshan, Takeuchi, & Surjan, 2009).

The natural disasters are conditioned by the possibility of causing serious damage and loss. Natural disasters lead to harmful consequences relating to death or injury, property or livelihood losses, damaged infrastructure systems, economic activity disruptions or environmental damage. This adverse condition has caused serious damage and millions of dollars losses specially infrastructure (Reliefweb, 2016). Infrastructure damage concerns the supply of electricity, water, sewage, road and rail networks, telephone and critical facilities such as hospitals and shelters. Based on research finding by Said, Gapor, Samian, & Abd Malik (2013), inadequate and damaging infrastructure systems have dramatically affected the livelihoods of the victims in the affected regions. The functionality of the infrastructure systems is therefore crucial, especially during the disaster events. Infrastructure systems not only represent significant financial investments, but also provide people with essential services (Opdyke, Javernick-Will, & Koschmann, 2017). It is therefore essential to strengthen infrastructure systems in order to withstand natural disasters generated force while simultaneously reducing the impact of disrupting the livelihood of victims in affected areas (Cutts, Wang, & Yu, 2015; Reiner & McElvaney, 2017). Based on Bruneau et al. (2004), disaster damage and disruption can be reduced by focusing and implementing the criteria of resilience: robustness, resourcefulness, rapidity and redundancy and integrated with infrastructure systems. The aim of this paper is consequently to identify the resilience criteria required to strengthen infrastructure systems on the basis of four (4) criteria, as stated by Bruneau et al. (2004). In this paper, authors do not try to challenge established constructs and frameworks from previous research, but rather to analyse and integrate the diversity of research perspectives used to study the resilience of infrastructure systems worldwide.

Methodology

This paper is based on an overview of literature from journals, articles, newspapers, books and reports, as floods become the main threat to Malaysia, causing serious damage and disruption, especially infrastructure systems, focusing on local and other country experiences with regard to flood effects in infrastructure systems and their efforts to strengthen infrastructure systems.

Resilience

The term of resilience typically used in the same way as the concept of “*bouncing back*” and was derived from Latin root “*resiliere*” which means to “*jump back*” (Paton & Johnston, 2001). This term has become an important term in the language of many disciplines ranging from ecology, hazards, psychology, geography, sociology and public health (Cutter, Burton, & Emrich, 2010; Mayunga, 2007). Thus, the definition of resilience may differ, and it's hard to find a consensus on this matter (Mayunga, 2007). However, in term of hazard discipline, UNISDR (2017) defined it as “*the ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management*”.

Nowadays, the notion of resilience became recognise realising that natural disasters are inevitable (Alshehri, Rezgui, & Li, 2015; Cutter, 2016; Sharifi, 2016). Now, policymakers, practitioners and scholars are turning their focus and effort that can strengthen resilience against various types of natural disasters (Cimellaro et al., 2014). They also realize and accept that people cannot prevent every risk of natural disasters, but must learn to absorb, recover and operate quickly and efficiently from the impact of disasters (Asharose, 2016). Disasters can lead to large-scale consequences and cascade effects for the nation (Cutter, 2012). The effect of not paying attention to strengthening the resilience to natural disasters can have serious consequences for the livelihood of people (Alshehri et al., 2015). Either frequent small, medium or severe disasters can have a serious impact on people, including loss of life, injury, disease and other harmful effects on human physical, mental and social well-being, property damage, asset destruction (Lindell, 2011), loss of services, social and economic disruption and environmental degradation (UNISDR, 2009). One way to reduce the impact of disasters on people is to strengthen their resilience towards natural disasters (Joerin, Shaw, Takeuchi, & Krishnamurthy, 2012). Resilience has become a focal point of the United Nations of International Strategy for Disaster Reduction (UNISDR) to reduce the impacts of natural disasters worldwide. As evidence, the decade of 2005 – 2015 (the Hyogo Framework for Action) and 2015 – 2030 (the Sendai Framework for Disaster Risk Reduction) will gain attention to what affected people can do for themselves, and how best to strengthen and enhance them in the light of disaster risks they face (UNISDR, 2005, 2015).

Resilience Criteria

In this section, a comprehensive review of literature research on the resilience criteria towards natural disasters was conducted. Based on the analysis of previous researches, authors have identified the resilience criteria and sub-criteria to strengthen infrastructure systems. The resilience criteria in this study discovered from the group of researchers at MCEER (Multidisciplinary Centre of Earthquake Engineering to Extreme Events) which identified four (4) main criteria along that can strengthen resilience (Cimellaro, Reinhorn, & Bruneau, 2010). These criteria are robustness, resourcefulness, rapidity and redundancy (Bruneau et al., 2004). Robustness can be defined as the ability of infrastructure systems to withstand disaster forces without significant degradation or loss of performance (Bruneau et al., 2004). Meanwhile, resourcefulness relates to the ability to identify problems, establish priorities and mobilise resources when conditions exist that threaten to disrupt the infrastructure systems. Sajoudi et al. (2007) added resourcefulness refers to the ability to expertly get ready for, react to, and manage a disaster as it occurs and capacity to organise needed resources and services in natural disaster events. Moreover, rapidity is defined as the capacity to meet priorities and achieve goals promptly to contain losses and avoid future infrastructure systems disruption (Bruneau et al., 2004). Finally, redundancy can be defined as the extent of infrastructure systems that are substitutable and capable of satisfying the functional requirement in the event of disruption, degradation or loss of functionality (Bruneau et al., 2004).

Meanwhile, the sub-criteria to strengthen infrastructure systems in this paper discovered through literature reviewed which covered several topics which are: resilience for transportation systems, resilience for energy systems and resilience for sewerage systems. A summary of the resilience criteria and sub-criteria to strengthen infrastructure systems from various researches can be view in Table 1. Each of the resilience criteria as shown in Table 1 is discussed thoroughly in the following sub-section.

Table 1
Resilience Criteria to Strengthen Infrastructure Systems

Resilience Criteria	Sub-criteria	References
Robustness	Maintenance	(Giovinazzi, Hart, Cavalieri, & Kongar, 2014; Keating et al., 2014; Labaka, Hernantes, & Sarriegi, 2016; Mattsson & Jenelius, 2015)
	Design	(Giovinazzi et al., 2014; Labaka et al., 2016; Panteli & Mancarella, 2015)
Resourcefulness	Upgrading	(Giovinazzi et al., 2014; Mattsson & Jenelius, 2015; Panteli & Mancarella, 2015; Winderl, 2014)
	Information	(Atreya & Kunreuther, 2016; Bruneau et al., 2004; Keating et al., 2014; Labaka et al., 2016; Mattsson & Jenelius, 2015; Oravec, 2014; Sajoudi et al., 2007; Tierney, 2008; Winderl, 2014)
	Material	(Atreya & Kunreuther, 2016; Bruneau et al., 2004; Keating et al., 2014; Labaka et al., 2016; Oravec, 2014; Tierney, 2008; Tierney & Bruneau, 2007; Winderl, 2014)
	Financial	(Bruneau et al., 2004; Keating et al., 2014; Labaka et al., 2016; Oravec, 2014; Tierney, 2008)
	Manpower	(Bruneau et al., 2004; Keating et al., 2014; Oravec, 2014; Tierney & Bruneau, 2007)
Rapidity	Mobilisation	(Bruneau et al., 2004; Keating et al., 2014; Simonovic & Peck, 2013; Tierney, 2008)
	Restoration	(Amico & Currà, 2014; Bruneau et al., 2004; Mattsson & Jenelius, 2015; Winderl, 2014)
	Reconstruction	(Bruneau et al., 2004; Rose & Krausmann, 2013; Winderl, 2014)
Redundancy	Duplication of components	(Bruneau et al., 2004; Oravec, 2014; Simonovic & Peck, 2013; Tierney, 2008; Xu, Chen, Jansuwan, Heaslip, & Yang, 2015)
	Alternative components	(Amico & Currà, 2014; Atreya & Kunreuther, 2016; Bruneau et al., 2004; Keating et al., 2014; Mattsson & Jenelius, 2015; Oravec, 2014; Panteli & Mancarella, 2015; Sajoudi et al., 2007; Simonovic & Peck, 2013; Tierney, 2008; Tierney & Bruneau, 2007; Winderl, 2014; Xu et al., 2015)
	Capacity of components	(Bruneau et al., 2004; Keating et al., 2014; Panteli & Mancarella, 2015; Winderl, 2014; Xu et al., 2015; Zhong, 2014)

Robustness

Robustness defines as an ability of infrastructure systems to withstand disaster forces without significant degradation or loss of performance. The ability of infrastructure systems to withstand disaster forces without significant degradation or loss of performance can be achieved by implementing proper maintenance, proper and safe design and upgrading and renewal the infrastructure systems.

Maintenance can be divided into two types of maintenance: preventive and corrective. Preventive and corrective maintenance is essential to guarantee the integrity and functioning of infrastructure systems during natural disasters struck (Giovinazzi et al., 2014; Keating et al., 2014; Labaka, Hernantes, & Sarriegi, 2015). The maintenance work must be carried out periodically and continuously to ensure that the infrastructure systems can withstand the disasters-generated force and reduce the extent of the impact and the recovery time (Giovinazzi et al., 2014; Labaka et al., 2016; Mattsson & Jenelius, 2015).

Appropriate and safe design is one of the criteria for the resilience of infrastructure systems. This criterion can be achieved through government promotion, encouragement and implementation. In this case, the government and its public bodies must develop and enforce the regulations and building codes used by the people as guidelines (Ranghieri & Ishiwatari, 2012). Land- use regulations and the strict implementation of seismic reinforcement for infrastructure systems can be taken as part of the action to prevent excessive infrastructure damage (Giovinazzi et al., 2014; Labaka et al., 2016), at the same time, minimizing the effort required to restore functions following disasters (Atreya & Kunreuther, 2016; Panteli & Mancarella, 2015).

Moreover, upgrading (Panteli & Mancarella, 2015) and retrofitting (Winderl, 2014) the infrastructure systems represent a further strategy aimed to create robust infrastructure systems towards natural disasters (Giovinazzi et al., 2014; Mattsson & Jenelius, 2015; Panteli & Mancarella, 2015). In Australia, infrastructure structures have been designed to impact natural disasters with adequate water resistant structural material (AIDR, 2013). Meanwhile, Japan has developed an infrastructure for disaster resilience through retrofitting the road network, including bridges, which can minimize damage and recovery efforts (Ranghieri & Ishiwatari, 2012). However, the upgrading and retrofitting activities must be monitored and continuously updated periodically to ensure the robustness of the infrastructure systems to natural disasters (Giovinazzi et al., 2014).

Resourcefulness

As define by Bruneau et al. (2004), resourcefulness relates to the ability to identify problems, establish priorities and mobilise resources when conditions exist that threaten to disrupt the infrastructure systems. Resourcefulness can be obtained by implementing these four (4) sub-criteria: resourceful of information, material and equipment, financial aid and manpower.

Resourceful of information refer to people's ability to diagnose and prioritize the problem by identifying and mobilizing resources that disrupt the infrastructure system during natural disasters (Keating et al., 2014; Mattsson & Jenelius, 2015; Oravec, 2014; Tierney, 2008; Winderl, 2014). It can be done by preparing the people with information to reduce the impact of the natural disasters (Atreya & Kunreuther, 2016) and implementing training and planning for the time that natural disasters struck (Petit, Eaton, Fisher, McAraw, & Collins, 2012; Sajoudi et al., 2007). For example, dissemination of natural disasters brochures, posters, calendars, announcements, or exclusive reports and interviews on radio and television are action taken to disseminate the information among the people (Muhari, Diposaptono, & Imamura, 2007). In the meantime, training and evacuation exercises including education are crucial. Regular training exercises, school education and the planning of hazard maps are the keys to saving the lives of school children in Japan (Ranghieri & Ishiwatari, 2012). In addition, on-going community training and education are required to ensure that the population is aware of natural disaster emergency management plans (AIDR, 2013).

Resourcefulness can also be translated into the availability and ability to supply resources including materials and equipment, financial assistance and manpower. The availability and ability to supply resources are crucial in the recovery phase of natural disasters (Bruneau et al., 2004; Keating et al., 2014; Tierney, 2008; Winderl, 2014). As these resources used for restoration and reconstruction of damaged infrastructure system (Atreya & Kunreuther, 2016; Oravec, 2014).

The provision of storage facilities for materials and equipment in Japan is a crucial element in their readiness for future disasters. The stockpile of materials and equipment such as generators, cord reels, floodlights, and mobile toilets, large tents for stations or shelters and satellite telephones are stored during the disaster recovery phase (Ranghieri & Ishiwatari, 2012).

In addition, supplies of materials and equipment alone are not sufficient to deal with the occasional natural disasters. Financial measures, such as insurance and recovery funds, must be established. In Japan, financial arrangements have been established between local authorities and the federal government in advance to prevent delays in the restoration work (Ranghieri & Ishiwatari, 2012).

Insurance as an example helps people get back on their feet from suffering due to the impact of the disaster (Oravec, 2014). In this case, the federal government can play a key role in promoting and enabling the private insurance industry to provide disaster victims with cost-effective and affordable insurance solutions (Ranghieri & Ishiwatari, 2012).

Meanwhile, a unified and coordinated operational structure and process have been established and maintained in the USA that appropriately integrates all key stakeholders through the involvement of the community in the affected areas, together with the government and its public entities (FEMA, 2015). The capability to organize human resources is crucial to enable damaged infrastructure systems to be restored and rebuilt in a short period of time (Keating et al., 2014; Oravec, 2014). In a different way, as what implemented in Japan, the establishment of volunteer centres in the affected areas as well may provide the workforce for restoration and reconstruction work (Ranghieri & Ishiwatari, 2012).

Rapidity

Rapidity refers to the capacity to meet priorities and achieve goals promptly to contain losses and avoid future infrastructure systems disruption. The infrastructure system can be strengthening by achieving these three (3) sub-criteria: rapidity in mobilisation, restoration and reconstruction.

There is an essential human element when natural disasters occurred. Natural disasters are not only people affected, but they also affect natural disasters. The mobilization of resources (material and equipment, financial assistance, manpower) is complicated because it involves the involvement of victims in the affected areas and the government as well as their public bodies (Rivera & Kapucu, 2015). Rapid mobilization of resources is critical because it reduces unfavourable and harmful conditions and accelerates the restoration and reconstruction of infrastructure systems in the affected areas (Kuznecova, Romagnoli, & Rochas, 2014). As evidence, rapidity mobilisation of resources has been identified as one of the success factors in post-disasters reconstruction project in Indonesia, China and Sri Lanka (Ismail, Abdul Majid, Roosli, & Ab Samah, 2014; Moe & Pathranarakul, 2006). However, rapidity of resource mobilization can be achieved through pre- agreement between the government and the private sector. By pre-agreement with the private sector, the necessary resources can be mobilized quickly and the procurement process can be skipped and restoration and reconstruction activities started immediately (Ranghieri & Ishiwatari, 2012). Natural disasters cause major losses and major disruption of infrastructure systems. It is therefore crucial to restore infrastructure systems to their original pre- natural disasters. The re- establishment of infrastructure systems can be classified as restoration and reconstruction (Rapp, 2010). However, there are differences between reconstruction and restoration activities. The restoration work seeks to repair existing structures in their original state while the reconstruction work seeks to demolish and rebuild damage structures (Baroudi & Rapp, 2010). Restoration and reconstruction after natural disasters involve the re-establishment of pre- disaster activities which have been disrupted by natural disasters. Therefore, in order to ensure that people can continue their normal pre- disaster life, restoration and reconstruction activities must be carried out quickly and promptly (Amico & Currà, 2014; Bruneau et al., 2004; Mattsson & Jenelius, 2015; Rose & Krausmann, 2013). However, the restoration and reconstruction activities should be according to priority. According to FEMA (2015), stabilizing critical infrastructure functions, minimizing threats to health and safety and efficiently restoring and regenerating systems and services to support a viable and resilient community is crucial.

Redundancy

Redundancy can be defined as the extent of infrastructure systems that are substitutable and capable of satisfying the functional requirement in the event of disruption, degradation or loss of functionality as defined by Bruneau et al. (2004). The infrastructure systems can be strengthened by applying duplicative of the infrastructure systems, alternative infrastructure systems and capacity of infrastructure systems to satisfy the functional requirement during the flood.

In term of infrastructure systems, the redundancies can be viewed as the duplication (Bruneau et al., 2004; Simonovic & Peck, 2013; Xu et al., 2015) and alternative (Amico & Currà, 2014; Atreya &

Kunreuther, 2016; Keating et al., 2014; Panteli & Mancarella, 2015) systems that capable to fulfil the functional requirement in the flood events. However, it must be highlighted that the "duplication" and "alternative" infrastructure systems are dissimilar. The duplication of infrastructure systems refers to a system that is an exact copy of existing systems. For instance, multiple telephone networks could increase the redundancy by providing duplicate telephone network if one or more telephone networks are disturbed by the disruption. In this case, if one telephone network fails in a time of crisis, people still can use another telephone network to communicate (Xu et al., 2015). Meanwhile, the alternative of infrastructure systems refers to a component that is the substitute or replaces with other systems. For example, if the telephone network fails in a time of crisis, the radio network can be a good alternative for substitution (Sajoudi et al., 2007).

Also, the capacity of infrastructure systems refers to the ability to absorb and withstand in time of flood events (Keating et al., 2014; Windler, 2014). Nevertheless, the capacity is not only referred to the ability to absorb and withstand in time of flood events but also it needs to deal with the ability to absorb and resist with additional demand in that time. In that view, additional infrastructure systems could help increase the capacity as it provides operational flexibility and remains functional in disaster situations (Zhong, 2014) as well as contribute to the prevention of greater failure (Panteli & Mancarella, 2015). Take the redundant telephone network, internet connection, radio network and television broadcast as example, all of these telecommunication systems have the extra capacity to serve if others fail, for instance, if internet connection fail in time of flood situation, telephone network, radio network and television broadcast can be used as alternative medium to communicate and disseminate information in the affected area (Sajoudi et al., 2007).

Conclusion

Natural disasters are an event that has occurred throughout the world. They leave the substantial impact on livelihood and are completely devastating. Although natural disasters are caused by nature and inevitable, it is important to be aware of and prepared. Natural disasters, as known, have had a negative impact on infrastructure systems. However, this negative effect can be significantly reduced by increasing the resilience of infrastructure systems in the face of the expected future increase in natural disasters. The authors believe this paper has provided a general view on how to strengthen infrastructure systems resilience towards natural disasters. The most common and fundamental resilience criteria to strengthen infrastructure systems resilience were reviewed and listed from the previous researches. The authors believe it can serve as a platform for other researchers to launch into this field and find a way to strengthen infrastructure systems resilience towards natural disasters in general.

Acknowledgement

The authors wish to acknowledge the Institute of Postgraduate Studies (IPS) and the Universiti Teknologi MARA Perak Branch for providing necessary research facilities and supervision.

References

- AIDR. (2013). *Managing the floodplain: A guide to best practice in flood risk management in Australia. Australian Emergency Management Handbook Series*. Melbourne: Australian Institute for Disaster Resilience.
- Alshehri, S. A., Rezguy, Y., & Li, H. (2015). Disaster community resilience assessment method: A consensus-based Delphi and AHP approach. *Natural Hazards*, 78, 395–416.
- Amico, A. D., & Currà, E. (2014). The role of urban built heritage in qualify and quantify resilience . Specific issues in Mediterranean city. *Procedia Economics and Finance*, 18, 181–189. [https://doi.org/10.1016/S2212-5671\(14\)00929-0](https://doi.org/10.1016/S2212-5671(14)00929-0)
- Asharose. (2016). *A study on the significance of enhancing disaster resilience among communities of disaster prone areas of Cuddalore district, Tamil Nadu, India*. Kyoto University, Japan.
- Atreya, A., & Kunreuther, H. (2016). *Measuring community resilience: The role of the community rating system (CRS)*. Philadelphia.
- Baroudi, B., & Rapp, R. R. (2010). Disaster restoration projects : A conceptual project management perspective. *Australasian Journal of Construction Economics and Building Conference Series*, 1(2), 72–79.
- Bruneau, M., Chang, S. E., Eguchi, R. T., Lee, G. C., Rourke, D. O., Reinhorn, A. M., ... & Winterfeldt, D. V.

- (2004). A framework to quantitatively assess and enhance the seismic resilience of communities. In *13th World Conference on Earthquake Engineering*. Vancouver, Canada.
- Cimellaro, G. P., Asce, A. M., Solari, D., Arcidiacono, V., Chris, S., Asce, A. M., ... & Asce, A. M. (2014). Community resilience assessment integrating network interdependencies. doi: <https://doi.org/10.4231/D3930NV8W>
- Cimellaro, G. P., Reinhorn, A. M., & Bruneau, M. (2010). Framework for analytical quantification of disaster resilience. *Engineering Structures*, 32(11), 3639–3649. doi: <https://doi.org/10.1016/j.engstruct.2010.08.008>
- Cutter, S. L. (2012). *Disaster resilience: A national imperative*. Washington D.C.: The National Academic Press. doi: <https://doi.org/10.17226/13457>
- Cutter, S. L. (2016). The landscape of disaster resilience indicators in the USA. *Natural Hazards*, 80(2), 741–758. doi: <https://doi.org/10.1007/s11069-015-1993-2>
- Cutter, S. L., Burton, C. G., & Emrich, C. T. (2010). Disaster resilience indicators for benchmarking baseline conditions. *Journal of Homeland Security and Emergency Management*, 7(1), 14. doi: <https://doi.org/10.2202/1547-7355.1732>
- Cutts, M., Wang, Y., & Yu, Q. (2015). New perspectives on building resilience into infrastructure systems. *Natural Hazards Review*, B4015004. doi: [https://doi.org/10.1061/\(ASCE\)NH.1527-6996.0000203](https://doi.org/10.1061/(ASCE)NH.1527-6996.0000203)
- FEMA. (2015). *Operational lessons learned in disaster response*. U.S. Fire Administration. Maryland. doi: <https://doi.org/10.1111/j.1754-6095.1970.tb00129.x>
- Giovinazzi, S., Hart, D., Cavalieri, F., & Kongar, I. (2014). *Towards more resilient infrastructure systems: Methods and tools*. Wellington.
- Ismail, D., Abdul Majid, T., Roosli, R., & Ab Samah, N. (2014). Project management success for post-disaster reconstruction projects: International NGOs Perspectives. *Procedia Economics and Finance*, 18(September), 120–127. doi: [https://doi.org/10.1016/S2212-5671\(14\)00921-6](https://doi.org/10.1016/S2212-5671(14)00921-6)
- Joerin, J., Shaw, R., Takeuchi, Y., & Krishnamurthy, R. (2012). Assessing community resilience to climate-related disasters in Chennai, India. *International Journal of Disaster Risk Reduction*, 1(1), 44–54. doi: <https://doi.org/10.1016/j.ijdr.2012.05.006>
- Joerin, J., Shaw, R., Takeuchi, Y., & Krishnamurthy, R. (2013). Action-oriented resilience assessment of communities in Chennai, India. *Environmental Hazards*, 11(3), 226–241. doi: <https://doi.org/10.1080/17477891.2012.689248>
- Keating, A., Campbell, K., Mechler, R., Michel-Kerjan, E., Mochizuki, J., Kunreuther, H., ... & Egan, C. (2014). *Operationalizing resilience against natural disaster risk: Opportunities, barriers and a way forward*.
- Kuznecova, T., Romagnoli, F., & Rochas, C. (2014). Energy metabolism for resilient urban environment: A methodological approach. *Procedia Economics and Finance*, 18(September), 780–788. doi: [https://doi.org/10.1016/S2212-5671\(14\)01002-8](https://doi.org/10.1016/S2212-5671(14)01002-8)
- Labaka, L., Hernantes, J., & Sarriegi, J. M. (2015). Resilience framework for critical infrastructures: An empirical study in a nuclear plant. *Reliability Engineering and System Safety*, 141, 92–105. doi: <https://doi.org/10.1016/j.res.2015.03.009>
- Labaka, L., Hernantes, J., & Sarriegi, J. M. (2016). A holistic framework for building critical infrastructure resilience. *Technological Forecasting & Social Change*, 103, 21–33. doi: <https://doi.org/10.1016/j.techfore.2015.11.005>
- Lindell, M. K. (2011). Disaster studies. *Sociopedia*. doi: <https://doi.org/10.1177/205684601111>
- Mattsson, L., & Jenelius, E. (2015). Vulnerability and resilience of transport systems – A discussion of recent research. *Transportation Research Part A*, 81, 16–34. doi: <https://doi.org/10.1016/j.tra.2015.06.002>
- Mayunga, J. S. (2007). Understanding and applying the concept of community disaster resilience: A capital-based approach. *Landscape Architecture*, (July), 22–28. doi: <https://doi.org/10.1146/annurev.energy.32.051807.090348>
- Moe, T. L., & Pathranarakul, P. (2006). An integrated approach to natural disaster management: Public project management and its critical success factors. *Disaster Prevention and Management*, 15(3), 396–413. doi: <https://doi.org/10.1108/09653560610669882>
- Muhari, A., Diposaptono, S., & Imamura, F. (2007). Toward an integrated tsunami disaster mitigation: Lessons learned from previous tsunami events in Indonesia. *Journal of Natural Disaster Science*, 29(1), 13–19. doi: <https://doi.org/10.2328/jnds.29.13>
- Opdyke, A., Javernick-Will, A., & Koschmann, M. (2017). Infrastructure hazard resilience trends: An analysis of 25 years of research. *Natural Hazards*, 87(2), 773–789. doi: <https://doi.org/10.1007/s11069-017-2792-8>

- Oravec, T. J. (2014). *Municipal sewerage system resilience: Disturbances and management strategies in Cook County, Illinois*. Oregon State University.
- Panteli, M., & Mancarella, P. (2015). A stronger , bigger or smarter grid ? Conceptualizing the resilience of future power infrastructure. *IEEE Power and Energy Magazine*, (May), 1–16.
- Paton, D., & Johnston, D. (2001). Disaster and communities: Vulnerability, resilience and preparedness, *10*(4), 270–277. doi: <https://doi.org/10.1108/EUM0000000005930>
- Petit, F. D., Eaton, L. K., Fisher, R. E., McAraw, S. F., & Collins, M. J. (2012). Developing an index to assess the resilience of critical infrastructure. *International Journal of Risk Assessment and Management*, *16*(1/2/3), 28–47. doi: <https://doi.org/10.1504/IJRAM.2012.047551>
- Preventionweb. (2018). *Economic losses, poverty & disasters: 1998-2017*. Retrieved from <https://www.preventionweb.net/publications/view/61119>
- Ranghieri, F., & Ishiwatari, M. (2012). *The great East Japan earthquake: Learning From megadisasters*. Washington D.C.
- Rapp, R. R. (2010). *Disaster recovery project management: Bringing order from chaos*. West Lafayette, Indiana: Purdue University.
- Reiner, M., & McElvaney, L. (2017). Foundational infrastructure framework for city resilience. *Sustainable and Resilient Infrastructure*, *2*(1), 1–7. doi: <https://doi.org/10.1080/23789689.2017.1278994>
- Reliefweb. (2016). Malaysia: Disaster management reference handbook 2016. Retrieved from <http://reliefweb.int/report/malaysia/malaysia-disaster-management-reference-handbook-2016>
- Rivera, F. I., & Kapucu, N. (2015). *Disaster vulnerability, hazards and resilience: Perspectives from Florida*. (T. A. Birkland, Ed.). Springer International Publishing.
- Rose, A., & Krausmann, E. (2013). An economic framework for the development of a resilience index for business recovery. *International Journal of Disaster Risk Reduction*, *5*, 73–83. doi: <https://doi.org/10.1016/j.ijdr.2013.08.003>
- Said, M. Z., Gapor, S. A., Samian, M. N., & Abd Malik, A. A. (2013). Konflik di pusat pemindahan banjir: Kajian kes di Daerah Padang Terap, Kedah. *Malaysian Journal of Society and Space*, *9*(1), 69–78.
- Sajoudi, M. N., Wilkinson, S., Costello, S. B., & Sapeciay, Z. (2007). *Resilient infrastructure principal features: A review*. Auckland, New Zealand.
- Sharifi, A. (2016). A critical review of selected tools for assessing community resilience. *Ecological Indicators*, *69*, 629–647. doi: <https://doi.org/10.1016/j.ecolind.2016.05.023>
- Shaw, R., Razafindrabe, B., Gulshan, P., Takeuchi, Y., & Surjan, A. (2009). Climate disaster resilience: Focus on Coastal Urban Cities in Asia, *1*, 1–15. doi: <https://doi.org/10.1017/CBO9781107415324.004>
- Simonovic, S. P., & Peck, A. (2013). Dynamic resilience to climate change caused natural disasters in Coastal Megacities quantification framework. *British Journal of Environment & Climate Change*, *3*(3), 378–401.
- Tierney, K. (2008). Structure and process in the study of disaster resilience. In *World Conference on Earthquake Engineering*. Beijing, China.
- Tierney, K., & Bruneau, M. (2007). *Conceptualizing and measuring resilience: A key to disaster loss reduction*.
- UNISDR. (2005). International strategy for disaster reduction Hyogo framework for action 2005-2015: Building the Resilience of Nations. *World Conference on Disaster Reduction (A/CONF.206/6)*, 25. Retrieved from <http://www.unisdr.org/we/coordinate/hfa>
- UNISDR. (2009). *UNISDR terminology on disaster risk reduction*. Geneva, Switzerland.
- UNISDR. (2015). *Sendai framework for disaster risk reduction 2015 - 2030 1*. Retrieved from <http://www.unisdr.org/we/coordinate/sendai-framework>
- UNISDR. (2017). *UNISDR terminology*. Retrieved from <https://www.unisdr.org/we/inform/terminology>
- Winderl, T. (2014). *Disaster resilience measurement: Stocktaking of ongoing efforts in developing systems for measuring resilience*.
- Xu, X., Chen, A., Jansuwan, S., Heaslip, K., & Yang, C. (2015). Modeling transportation network redundancy. *Transportation Research Procedia*, *9*, 283–302. doi: <https://doi.org/10.1016/j.trpro.2015.07.016>
- Zhong, S. (2014). *Developing an evaluation framework for hospital disaster resilience: Tertiary hospitals of Shandong Province, China*. Queensland University of Technology.

A CONTRIBUTION OF SOCIAL COGNITIVE THEORY TOWARDS THE LOYALTY OF
WAQIFS IN CASH WAQF ENDOWMENT

Intan Fatimah Anwar, Syadiyah Abdul Shukor, Nuradli Ridzwan Shah Mohd Dali, and
Muhamad Azrin Nazri

Abstract

Waqf has been known as an Islamic endowment that plays an essential role to the socio-economic development in many of the Muslim countries including Malaysia. *Waqf* is a piece of property that been kept and preserved for specific purposes with philanthropic intention. It provides numerous benefits particularly to the one who bestows *waqf* and mostly the community. There are several types of *waqf* and among them which the movable property, is cash *waqf* or *waqf* share. Cash *waqf* involves a sum of money which is endowed and handled by cash *waqf* trustees or *mutawalli* for the purpose of assisting charitable causes. Cash *waqf* is seen to have potential to be developed and promoted due to factors such as flexibility, convenience and speed to gain collection in funding *waqf* projects. Hence, this study aims to investigate antecedents of loyalty in cash *waqf* from the *waqifs*' or endowers' perspective. This conceptual paper reviews literature related to *waqifs* internal attributes towards loyalty in cash *waqf* with theoretically integrate the theory of social cognitive. Based on the literature, it is proposed that *waqifs*' internal attribute towards loyalty in cash *waqf* is influenced by attitude, knowledge and experience. This study explores the role of psychological dimensions of Muslim consumers as a factor to loyalty. It is hoped that contribution of this theory will helps to encourage repetitive endowment by *waqifs* particularly in Malaysia.

Keywords: Waqf Endowment, Cash Waqf, Waqif, Loyalty, Social Cognitive Theory

Introduction

Waqf in Arabic indicates the meaning of stopping, containing or preserving (Kahf, 1999). It cannot be returned or refunded and cannot be distributed or used for reasons other than its predetermined purposes (Aziz et al., 2014). In the Islamic context, *waqf* refer to specific property which is preserved for altruistic intentions and in order to attain the benefits of duniawi and ukhrowi (Kahf, 1999; Mahamood, 2007). *Waqf* can ultimately benefit the one who bestows *waqf* and the community, in the large scale. *Waqif* is defined as an individual who participate in endowment of any types of *waqf* or also known as an endower or in charity familiar with term as donator and contributor.

The jurisdictions (*shariah*) for *waqf* are derived from the Al-Quran and Sunnah of the Prophet (peace be upon him). The Al-Quran and Hadith advocate the practice of *waqf*, and it is also allowed under the Islamic law.

"Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend indeed, Allah is Knowing of it" (Surah Ali-Imran, 3:92).

The verse above has clarified that Allah will not compensate the goodness unless we are willing to allow our most favorable to others (Yaacob, 2013). In the Al-Quran, the permissibility of *waqf* is not specifically mentioned. However, Allah favors those who spend their wealth in the way of Allah and has guaranteed exceptional compensation to those who contribute their properties as a charity with most truthfulness intention. These favors from Allah are supported by the verse below, Surah Al-Baqarah, verse 2:261.

"The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing" (Surah Al-Baqarah, 2:261).

Waqf has been categorized into few types which are *waqf khayri*, *waqf ad-dzurri* atau *fi ahli*, *waqf mushtarak*, *waqf istibdal* and cash *waqf* or also known as *waqf share*. The only movable property is cash *waqf* or *waqf share*, while the rest are immovable properties (Yaacob, 2013). Rahman (2009) categorized in general two main forms of *waqf* that are movable property or *manqul* and immovable property or *aqar*. However, in Malaysia, the immovable forms of *waqf* for instance land and building are still not adequate due to less of ownership by Muslims even though they are the majority population (Zakaria & Muda, 2015).

Hence, the movable or *manqul* cash *waqf* is seen as a potential instrument to be developed and promoted particularly in Malaysia due to factors such as flexibility, convenience and speed to gain collection in funding *waqf* projects. Cash *waqf* which was established as a permissible category of *waqf* by the Malaysian National Fatwa Council on 12th April 2007 involves a sum of money which is endowed and handled by cash *waqf* trustees or *mutawalli* for the purpose of auxiliary and execute the development of *waqf* projects (Rahman, 2009). For instance, the money will be transformed into fixed assets or property to serve community and welfare needs. To date, the cash *waqf* in Malaysia has been introduced in a form of scheme and implemented by several religious councils at the state level (Asni & Sulong, 2017). From the Islamic and economic perspectives, *waqf* in general, including cash *waqf*, is seen as a viable Islamic economic instrument to eliminate poverty and solve the socio-economic issues of Muslim in many aspects such as re-distributing wealth in terms of economic, social, education, commerce, medical and other benefits to the society (Aziz & Johari, 2015; Aziz et al., 2014; Cizacka, 2000; Haji-Othman et al., 2017; Puad, Rafdi, & Shahar, 2014).

The Loyalty in Cash Waqf

Loyalty is described as an important element in marketing for companies to plan their marketing strategy in increasing and maintaining existing customers (Kotler & Armstrong, 2018). By measuring the loyalty, it helps the company to have better understanding towards consumer retention in repeat buying actions of a same product brand which will directly affect on the company's profit (Naskrent & Siebelt, 2011). Kotler and Armstrong (2018) stated that loyalty from marketing perspective should be particularly dynamic for a new to market offering and rewarding to existing product brand. However, the benefit of consumer's purchase intentions can only be realized by a company when the consumers start to purchase the service or product. In addition, consumers' loyalty or repurchase intention is not the only variable of interest for the service provider. Rather, behavioral outcome of loyalty will be better understood through the quantity or extent of purchasing by the consumer (Chatterjee & Sravanan, 2018).

The rational of this study is to suggest antecedents of loyalty in cash *waqf* so that it will be resulted to consistency of cash *waqf* endowment and concurrently contribute to the growth of cash *waqf* fund. It has been proven by literature which identifies various issues affecting the development of *waqf* and cash *waqf* institution in Malaysia. Among them, although cash *waqf* practices have existed for many years at the state level but still they are at the nascent stage and not broadly implemented (Osman, Mohammed, & Fadzil, 2015; Tunku Alina, 2011). On the other hand, the cash *waqf* collection mostly happen at random and inconsistent contribution by *waqifs* which these have impacted to inadequate fund of cash *waqf* (Asni & Sulong, 2017; Ismail, Muda, & Hanafiah, 2014; Md. Shahedur Rahaman Chowdhury, Ghazali, & Ibrahim, 2011). Hence, cash *waqf* loyalty is vital to be studied in the context of internal attribute of *waqifs* since it will lead to positive outcome that is repetitive contribution. This is where social cognitive theory will be introduced to explain the internal attribute related to *waqifs*.

Social Cognitive Theory

The Social Cognitive Theory (SCT) was founded in 1986 which begun as the Social Learning Hypothesis (SLH) in the 1960's by Albert Bandura. SCT focuses identity through an inquiry on social behaviors, cognition, and learning (Bandura, 1989). Bandura (1986) stated, human expectations, beliefs, emotional and cognitive abilities are developed and modified by social influences. It is based on the thought of complementary determinism, which are dynamic interactions among people with their personal factors, behavioral and environments. These three constructs will function as determinants and influence each other to perform specific action by an individual (Bandura, 1986). The exceptional features

of SCT is the highlight on social effect and its complement on external (environment) and internal social influences as behavioral and personal factors (Bandura, 1986, 1989, 1999).

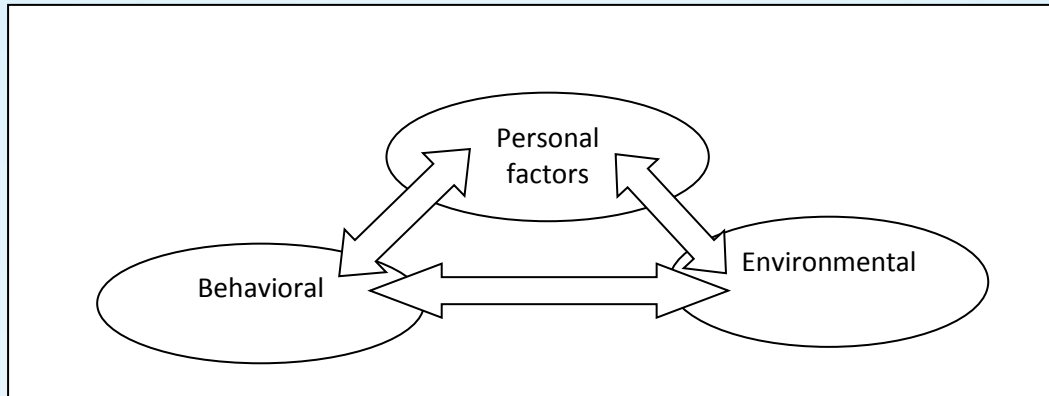


Figure 1. The Constructs of Social Cognitive Theory (Bandura, A., 1986)

Attitude

Attitude refer to the evaluation of an object, concept, or behavior along dimension of favor or disfavor, good or bad, like or dislike (Fishbein & Ajzen, 1974, 2000). The psychologists have begun to develop the theories that show how attitude impacted behavior since in the early 1862. The assumptions made in the theories supposed that human beings are rational and make systematic use of information available to them (Bandura, 2005). The attitudes are established through consumers' beliefs in purchasing products and consuming services. Consequently, these attitudes will be referred to as attitudes towards behavior. The behavior action of endowers is determined by internal factors associated with the cognitive learning (Greenwald, 2013), affective factors such as self-efficacy (Bandura, 1978), intrinsic and extrinsic attitudes (Kim & Song, 2010). While attitudes toward behavior is an assessment of respondent engagement either in single behavior or a set of behavior (Webb et al., 2000). The attitudinal measures developed in this study can be tailored to assess attitudes influencing *waqifs*' behavior in a wide array of social or environmental waqf contexts specifically cash *waqf*.

Knowledge

According to Brucks (1985) and Park, Mothersbaugh and Feick (1994) the level of a consumer's knowledge may contribute to their information and effecting their decision-making behavior. Through knowledge, behavior is either planned or coincidental, will influence the decision making by providing guidance and information on how the action should be taken which at a personal level, it requires the ability to conduct self-direction. Cognitive representations of experiences in knowledge structures provide the substance for thinking. Meanwhile, rules and strategies provide the cognitive operations for manipulating knowledge at different purposes. Through observational learning humans be able to expand their knowledge and skills based on information conveyed by modeling influences.

Experiences

SCT hypothesis stated that the occurring behavioral action whether in present and future were determined by a person's past encounters or experiences (Bandura, 1991). These past encounters shape a behavior and reason of a person to decide on certain actions or involve in a decision-making process. It is likely that experience of consequences also affected a person subsequent moral reasoning (Bandura, 2014). Besides, the selection and creation of the situations will affect the nature of the experienced environment in which people tend to select activities and associates from the various possibilities in terms of their priorities and competencies.

Proposed Conceptual Framework

Hence, researcher intend to examine the antecedents of loyalty in cash waqf endowment by applying Bandura theory (Social Cognitive Theory). This study is keen to study on the internal aspect of a waqif

which includes personal and behavioral influences. Figure below explains the conceptual framework of this study.

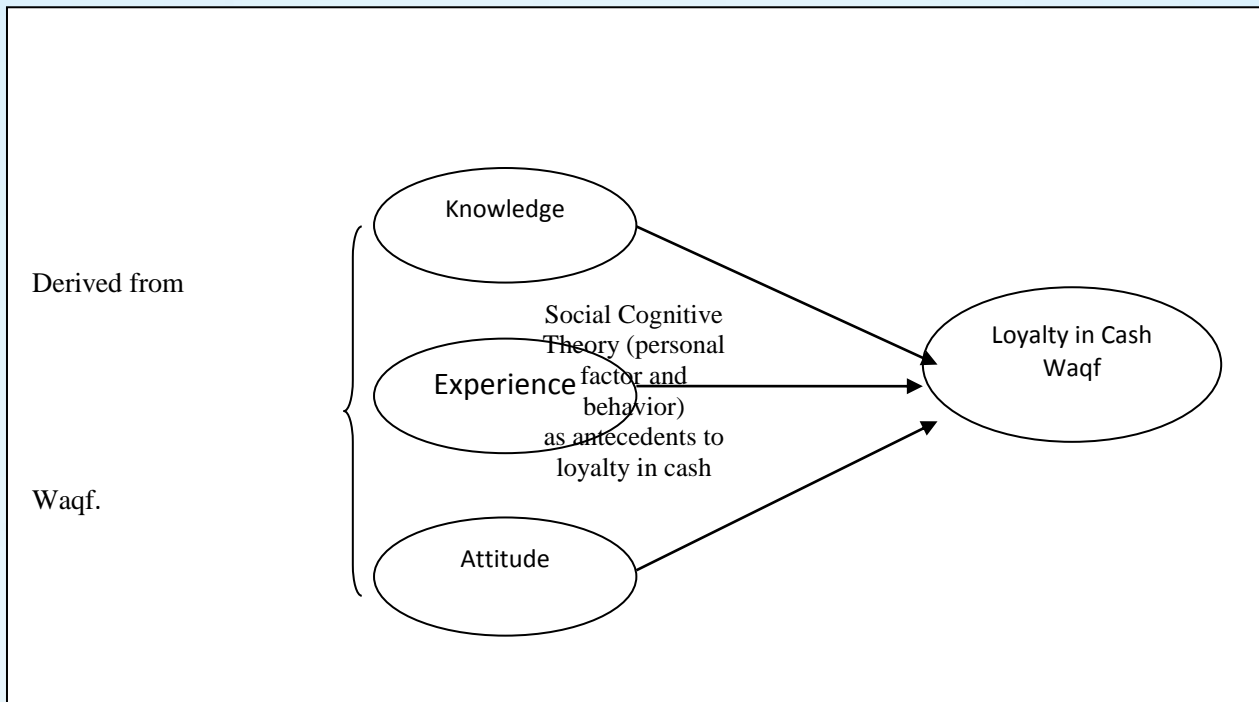


Figure 2. The Proposed Conceptual Framework of Study

Methodology

This study will be conducted using quantitative method and involved data collection via survey questionnaire. For the purpose of achieving this study objectives, samples will be determined in order to conduct a survey. The questionnaire will be the instrument in obtaining data and related information for this study. In the beginning, Statistical Package for Social Sciences (SPSS) is used to perform statistical analysis. Followed by structural equation models (SEM) software will be utilized for the purposes of interpreting data and testing the constructs in the study.

Conclusion

This paper is based on an ongoing study which intends to investigate antecedents of loyalty in cash *waqf* endowment from the aspect of *waqif's* internal attribute. The social cognitive theory serves as an underlying theory to describe related antecedents which are attitude, experiences and knowledge of a *waqif* in order to develop consistency and repetitive behavior that resulted to loyalty in cash *waqf* endowment. It also identifies the extent of *waqif's* loyalty in cash *waqf* is influenced by an individual's background such as educational level, occupation, income and gender. It is clearly understand that the antecedents of *waqif's* internal attributes toward loyalty in cash *waqf* will be able to encourage Muslim who is the largest population in Malaysia to consistently participate in cash *waqf*. In addition, this paper contributes to the area of marketing specifically in consumer behavior. Lastly, it is hope that this study will help the *waqf* institutions in promoting cash *waqf* aggressively to individual or potential *waqifs* in the future.

References

- Asni, F. A. H. M., & Sulong, J. (2017). Wakaf tunai dan aplikasinya dalam undang-undang di negara Asean. *Jurnal Syariah*, 25(2), 217–246.
- Aziz, M. R. A., & Johari, F. (2015). Exploring potential cash waqf contribution among low income group in Malaysia. In *2nd Edition of the WIEF-UiTM Occasional Papers on Waqf* (2nd Ed, pp. 105–115). WIEF Foundation and Universiti Teknologi MARA (UiTM).
- Aziz, M. R. A., Yusof, M. A., Johari, F., & Sabri, H. (2014). Relationship between level of income and method

- of contribution and appointment of islamic waqf bank as an agent in collecting waqf fund. *Journal of Emerging Economies and Islamic Research*, 2(2), 1–10. doi: <https://doi.org/10.7763/IJTEF.2014.V5.363>
- Bandura, A. (1978). *Self-efficacy: Toward a unifying theory of behavioral change*. *Advances in Behavior Research and Therapy*, 1(4), 139–161. doi: 10.1016/0146-6402(78)90002-4.
- Bandura, A. (1986). *Social foundations of thought and action: A social cognitive theory*. Prentice-Hall.
- Bandura, A. (1989). *Social cognitive theory* (Vol. 6). CT: JAI Press. doi: <https://doi.org/10.1111/1467-839X.00024>.
- Bandura, A. (1999). Social cognitive theory : An agentic Albert Bandura. *Asian Journal of Social Psychology*, 2(1), 21–41. <https://doi.org/10.1111/1467-839X.00024>.
- Bandura, A. (2005). The evolution of social cognitive theory. In *Great Minds in Management* (pp. 9–35). doi: <https://doi.org/10.5465/amr.2007.23467624>.
- Chatterjee, S. G. S., & Sravanan, C. N. S. (2018). Does intention translate into action? Investigating the impact of loyalty intention on future usage. *Journal of Indian Business Research*. doi: <https://doi.org/10.1108/JIBR-11-2017-0213>.
- Cizacka, M. (2000). *A history of philanthropic foundations: The Islamic world from the seventh century to the present* (1st ed). Istanbul: Bogazici University Presss. doi: <https://doi.org/10.1017/CBO9781107415324.004>.
- Fishbein, M., & Ajzen, I. (1974). Attitudes towards objects as predictors of single and multiple behavioral criteria. *Psychological Review*, 81(1), 59–74.
- Greenwald, A. G. (2013). *Cognitive learning, cognitive response to persuasion, and attitude change. psychological foundations of attitudes*. Academic Press, INC. doi: <https://doi.org/10.1016/b978-1-4832-3071-9.50012-x>.
- Haji-Othman, Y., Mohamed Fisol, W. N., Mohd Saufi, M. S. A., & Abdullah, M. B. (2017). Financing Kolej Universiti INSANIAH using the concept of cash waqf: The way forward. *International Journal of Academic Research in Business and Social Sciences*, 7(11), 1128–1135. doi: <https://doi.org/10.6007/IJARBS/v7-i11/3551>.
- Ismail, C. Z., Muda, S., & Hanafiah, N. J. A. (2014). Challenges and prospects of cash waqf development in Malaysia. *Journal of Basic and Applied Scientific Research*, 4(2), 340–348.
- Kahf, M. (1999). Towards the revival of awqaf: A few fiqhi issues to reconsider. *Harvard Forum on Islamic Finance and Economics*, 1–16.
- Mahamood, S. M. (2007). Pembentukan dana wakaf menurut perspektif syariah dan undang-undang serta aplikasinya di Malaysia. *Jurnal Syariah*, 15(2), 61–83.
- Md. Shahedur Rahaman Chowdhury., Ghazali, M. F., & Ibrahim, M. F. (2011). Economics of cash WAQF management in Malaysia: A proposed cash WAQF model for practitioners and future researchers. *African Journal of Business Management*, 5(30), 12163. doi: <https://doi.org/10.5897/AJBM11.1810>.
- Naskrent, J., & Siebelt, P. (2011). The influence of commitment, trust, satisfaction, and involvement on donor retention. *Voluntas*, 22(4), 757–778. doi: <https://doi.org/10.1007/s11266-010-9177-x>.
- Osman, A. F., Mohammed, M. O., & Fadzil, A. (2015). Factor influencing cash waqf giving behaviour: A revised theory of planned behaviour. *The Journal of Global Business and Social Entrepreneurship*, 1(1), 33–48.
- Puad, N. A. M., Rafdi, N. J., & Shahr, W. S. (2014). Issues and challenges of waqf instruments: A case study in MAIS. *E-Proceedings of the Conference on Management and Muamalah*, (May), 978–983. <https://doi.org/10.1007/s13398-014-0173-7.2>
- Rahman, A. A. (2009). Peranan wakaf dalam pembangunan ekonomi umat islam dan aplikasinya di Malaysia. *Shariah Journal*, 17(1), 113–152.
- Tunku Alina, A. (2011). Tax laws affecting waqf in Malaysia: A comparison with the United States and Turkey. *6th UUM International Legal Conference*.
- Webb, D. J., Green, C. L., & Brashear, T. G. (2000). Development and validation of scales to measure attitudes influencing monetary donations to charitable organizations. *Journal of the Academy of Marketing Science*, 28(2), 299–309.
- Yaacob, H. (2013). Waqf history and legislation in Malaysia: A contemporary perspective. *Journal of Islamic and Human Advanced Research*, 3(6), 387–402.
- Zakaria, M. S., & Muda, M. Z. (2015). Pelaksanaan wakaf tunai di Malaysia: Satu sorotan literatur. *Prosiding Kolokium Antarabangsa Siawazah Pengajian Islam*, 44–50. Retrieved from <http://conference.ukm.my/kaspi/KASPI15>



KAIZENTRENOVATION SDN BHD (1167478-D)
No A10-1 & A10-2, Gemilang Avenue,
Jalan Pulai 1, Proton City,
35900 Tg Malim, Perak
Email: info.kaizentreovation@gmail.com

eISBN 978-967-17400-1-9



9 789671 740019