

**FACTORS INFLUENCING
KNOWLEDGE OF ISLAMIC BANKING PRODUCTS
AMONG MUSLIM ENTREPRENEURS**

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**Research Paper Submitted to the
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ABSTRACT

This research focuses on the factors influencing knowledge of Islamic banking products among Muslim entrepreneurs. It is intended to measure the factor that might affect the knowledge of Muslim entrepreneur which include the understanding of underlying principles, religiosity factors and perceptions towards the Islamic banking. This study examines the relationships between the knowledge with all the mentioned factors earlier. A proposed theoretical framework has been developed in knowledge in Islamic banking product, understanding of underlying principles, religiosity factors and perceptions toward Islamic banking. Hypothesized relationships are tested using survey responses from a sample of 300 respondents which consist of the Muslim entrepreneur registered under Companies Commission of Malaysia (SSM) in Sungai Petani, Kedah. In this study, knowledge in Islamic banking product, understanding of underlying principles and perceptions toward Islamic banking it was measured using the scale by (Harun, 2014), while the instrument used for religiosity factors adopted by Idris, et al., (2011). All the data were analysed using SPSS software by applying the Descriptive Statistics, Pearson correlation and Multiple Linear Regression analysis to achieve the objective of this research. The outcome of the analysis shows of gender and experience in business has no significant relationship of the knowledge in Islamic banking product. Meanwhile, age and education level has significant the knowledge in Islamic banking product. However, at 99% confidence level, all variable is positively correlated with knowledge of Islamic banking products. Using the multiple regression analysis, the study found all variables (underlying principles, religiosity factors and perceptions towards the Islamic banking) are the most influencing variable in knowledge in Islamic banking product. The results reported in this research are useful to both industry and academics by providing relevant exploratory data about the knowledge. Besides that, the results should be able to recommend some future research suggestion with adding factor because factors that have been suggested is the influential factors that affect the knowledge of Islamic Banking Product among Muslim entrepreneur between the underlying principles, religiosity factor and perceptions towards the Islamic banking.

Keywords: Knowledge, Products and Services, Muslim Entrepreneur

ABSTRAK

Kajian ini memberi tumpuan kepada tahap yang mempengaruhi pengetahuan di kalangan usahawan Islam terhadap produk perbankan Islam. Ia bertujuan untuk mengukur faktor yang mungkin memberi kesan kepada pengetahuan usahawan Islam yang termasuk pemahaman prinsip-prinsip asas, faktor-faktor keagamaan dan persepsi terhadap perbankan Islam. Kajian ini melihat hubungan antara pengetahuan dengan semua faktor-faktor yang dinyatakan sebelum ini. Satu kerangka kajian konseptual telah dibina berdasarkan pengetahuan produk perbankan Islam, pemahaman terhadap prinsip-prinsip asas perbankan Islam, faktor-faktor keagamaan dan persepsi terhadap perbankan Islam. Hubungan hipotesis diuji menggunakan maklum balas kajian daripada sampel 300 responden yang terdiri daripada usahawan Islam yang berdaftar di bawah Suruhanjaya Syarikat Malaysia (SSM) di Sungai Petani, Kedah. Dalam kajian ini, pengetahuan produk perbankan Islam, pemahaman terhadap prinsip-prinsip asas perbankan Islam dan persepsi terhadap perbankan Islam diukur dengan mengikut skala (Harun, 2014) dan instrumen faktor-faktor keagamaan diadaptasi oleh Idris, et al., (2011). Semua data dianalisis menggunakan perisian SPSS dengan menggunakan Statistik Deskriptif, Korelasi Pearson dan Analisis Regresi Linear untuk mencapai objektif. Hasil kajian menunjukkan bahawa jantina, pengalaman berniaga tidak mempunyai hubungan yang signifikan terhadap pengetahuan produk perbankan Islam. Manakala, umur dan tahap pendidikan mempunyai hubungan yang signifikan terhadap pengetahuan produk perbankan Islam. Selain itu, hasil kajian juga menunjukkan bahawa semua pemboleh ubah mempunyai positif korelasi antara keputusan pengetahuan produk perbankan Islam pada tahap 99%. Keputusan analisis regresi berganda pula menunjukkan bahawa kesemua pemboleh ubah mempengaruhi keputusan pengetahuan produk perbankan Islam yang terdiri daripada pemahaman terhadap prinsip-prinsip asas perbankan Islam, faktor-faktor keagamaan dan persepsi terhadap perbankan Islam. Keputusan yang dilaporkan dalam kajian ini berguna kepada kedua-dua industri dan ahli akademik dengan menyediakan data penerokaan berkaitan tentang pengetahuan. Selain itu, keputusan akan dapat mengesyorkan cadangan kajian akan datang dengan menambah faktor yang telah dicadangkan bagi mempengaruhi kesan kepada pengetahuan produk perbankan Islam di kalangan Usahawan Islam.

Kata Kunci: Pengetahuan , Produk dan Perkhidmatan, Usahawan Islam

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LIST OF ABBREVIATIONS

AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions
ANOVA	One-way analysis of variance
BIMB	Bank Islam Malaysia Berhad
BMMB	Bank Muamalat Malaysia Berhad
BNM	Bank Negara Malaysia
IFIs	Islamic Finance Institutions
IFSA 2013	Islamic Financial Services Act 2013
LSD	Least Significant Difference
LUTH	Lembaga Urusan Tabung Haji
SMEs	Small and Medium-Sized Enterprises
SSM	Companies Commission of Malaysia

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter provides the background of study, which is particularly focused on the background of Muslim entrepreneurs and also Islamic Banking issues generally in various countries specifically Muslim entrepreneur in Malaysia. The discussion continued with the problem statements, research questions, research objectives, significance of study, scope of study and limitation of study. At the end of the first chapter layout and the conclusion will be presented.

1.2 Background of Study

This study envisaged to fill in the gap in Islamic banking knowledge (literacy) especially among Muslim entrepreneurs and expected to foresee the factors that influence knowledge of Islamic banking products among Muslim entrepreneurs for predict influence toward knowledge of Islamic banking product with factor affecting knowledge namely with three items is underlying principles, religiosity and perception. Therefore, this study contributes to the literature by investigating the factor knowledge mentioned in the context of banking product. However, factors influence selected with the knowledge of Islamic banking product it relevant as the information or fact acquired by the Islamic bankers through education and experience in the Islamic banking industry (Harun, 2014).

In this study, was sufficient to test the three items as factor influencing because Doraisamy, Shanmugam and Raman (2011) have been previous study with three items factor an appropriate to the study toward consumer preferences. The Islamic banking system in Malaysia has evolved as a competitive component of the overall financial system, complementing the conventional banking system as a driver of economic growth and development. Besides that, the Islamic banking's success continued to strengthen regional cooperation and Islamic banking is no longer regarded as a business entity striving only to fulfil the religious obligations of the Muslim community, but more significantly, is a business entity which is ineluctably in need for winning over consumers' whilst retaining the old ones (Bank Negara Malaysia, 2013)

The main principles of Islamic banking activities comprises of the prohibition of interest (riba) or usury in all forms of banking transaction, undertaking business and trade activities on the basis of fair and legitimate profit, giving zakat (alms tax), prohibition of monopoly, and cooperation for the benefit of society and development of all halal aspects of business that are not prohibited by Islam (Iqbal and Mirakhor, 2011). Unlike conventional banking system, the Islamic banking system prohibits usury, the collection and payment of interest, instead, it promotes profit-sharing in all conduct of banking businesses (BNM, 2007).

It is important to understand that Islamic banks offer products and services that are very much similar to conventional banks and with this perspective intense competition exists. It is now a fact that consumers of all products and services tend to become more demanding due to the current market place that are becoming more

competitive. As a result, there are continuous increase in consumer expectations and consumers' successive demands within the improvement of the quality of service (Parasuraman, et al., 1988). This necessitates Islamic banks to really understand the perceptions of their consumers towards them in terms of service quality and the criterion for choosing between other banks.

However, in the context of Malaysia, although the number of Malaysian banking consumers using Islamic banking products and services are growing, obviously a majority still have not adopted the system. The system has not fully reached or diffused all levels of community like the matured market of conventional banking. In this study, researcher examine the knowledge of Islamic banking products among Muslim entrepreneurs in order to create awareness among them regarding to the business financing sources which are free from the element of *riba*, *gharar* and *Maisir*.

1.2.1 Entrepreneurship in Malaysia: A Brief Outlook

According to Sarif and Abdullah (2005), entrepreneurship in Islamic perspective is a *fardhu kifayah*. This means that the entrepreneur holds a big responsibility since it is an obligation. The only obligation is that if the group is a party to the activity of entrepreneurship, and then missed is the responsibility of all member groups. However, if none of the group members who perform entrepreneurial activity, then all members of the group count with Allah S.W.T.

According to Ab. Ghani and Kamri (2008) an entrepreneur is a business entrepreneur that willing to take risks, especially on production factors such as capital, labour, materials and rewards through profits from the market goods. As well, Ab. Ghani and Kamri (2008) also defines the entrepreneur as a person who received the task to manage, administer and believe the risk in business. Entrepreneur works in a creative, optimistic, and committed to introducing new sources or replacing old with new capabilities for the creation of wealth.

Therefore, Muslim entrepreneurs in Malaysia have been controlled by the government to establish small and medium-sized enterprises (SMEs) developed since the early 1960s to create business opportunities for Malay or Muslim entrepreneurs to increase employment and participation in economic activities of Muslim entrepreneurs. In the latter half of 1980, SMEs have focus Muslim entrepreneur in supporting industries, in particular pre-set of medium. In Malaysia, the common definition of SMEs is categorized under three categories by the National SME Development Council (NSDC) at the Council Meeting on 14 July 2013, in which three groups based on the number of persons employed or on sales or earnings of a business in the year (see Table 1.1).

Table 1.1:

Definition of SMEs

Category	Micro-enterprise	Small enterprise	Medium enterprise
Manufacturing, Manufacturing-Related Services and Agro-based industries	Sales turnover of less than RM300,000 or full time employees less than 5	Sales turnover between RM300,000 and less than RM15 million or full time employees between 5 and 75.	Sales turnover between RM15 million to not exceeding or full time employees from 75 to not exceeding 200
Services, Primary Agriculture and Information and Communication Technology (ICT)	Sales turnover of less than RM300,000 or full time employees less than 5	Sales turnover between RM300,000 and less than RM3 million or full time employees between 5 and 30	Sales turnover between RM3 million to not exceeding RM20 million or full time employees between 30 to not exceeding

Source: SME Corp. Malaysia Secretariat to the National SME Development Council 2013

Based on the Census of establishment and Enterprises (Census) which was conducted in 2011 released in September 2012, Muslim entrepreneur remained resilient and continued to expand at a relatively strong pace of 6.8% in 2011 despite the challenging external environment. In addition, the Census also indicated that the entrepreneur was the major source of employment for Muslim in Malaysia. This sector provides more than 5.6 million workers, which accounted for 56% of total employment. Besides that, the entrepreneur in Malaysia can be grouped under three broad sectors, namely the general business sector, the manufacturing sector and lastly the agricultural sector (Osman and Ali, 2008). The entrepreneur operating under general business sector include construction, wholesale and retail trade, transport and storage, business services and activities, and providing services such as hotel and restaurant.

Meanwhile, the manufacturing sector concentrates on the activities such as processing and production of raw materials such as food, textile, wood, chemicals, petroleum, rubber, plastic, metallic and non-metallic materials, supplying electrical and electronics appliances and components and transport equipment. The agricultural sector on the other hand, is the sector which has contributed a lot to the national economy such as the production of rubber, rice, oil palm, coconut cocoa, pepper, tobacco, livestock, timber, fish, fruits and vegetables.

Business in Malaysia have capability for improving product's financing in Islamic Banking to develop resilience and competitive entrepreneur in a more effective and efficient manner (Osman and Ali, 2008). At the start of business, most entrepreneurs often face the problem of limited capital. Therefore, they had to use the financial resources available as soon as possible. There were times when entrepreneurs are forced to ignore the importance of self and own family, using their own savings or family business, selling personal possessions of the asset for business purposes or to obtain financial aid from banks, agencies and related institutions.

There are various types of aid, loans and funding provided by the government agencies and institutions to help entrepreneurs in Malaysia which not only limited to conventional but also based on the principles of Shariah. Among them are the Ministry of Entrepreneur and Cooperative Development (MeCD), Bank Malaysia Berhad, Malaysia Agro Bank and other banks. Based on the types of funding offered by the ministries and agencies concerned, Malaysian entrepreneurs have the option of getting a loan or financing based on Islamic principles to suit the needs and nature

of their business. Among the sources of funding that can be applied by the entrepreneurs is as follows Table 1.2:

Table 1.2:

Sources of Funding from Bank

Institutions / Banks	Name of Scheme / Fund / Savings
Bank Kerjasama Rakyat Malaysia Berhad	i). Micro Financing-i MUsK ii). Rural Development Financing-i Scheme (SPED) iii). Contract Financing-i Tijari iv). Working Capital for Ar-Rahnu X'Change
Bank Islam Malaysia Berhad (BIMB)	i). Hire Purchase-I ii). Leasing-i iii). Equipment and Commercial Property Financing-i iv). Project Financing v). Business Financing-i
Bank Muamalat Malaysia Berhad (BMMB)	i). Muamalat Revolving Financing (MRF) ii). Muamalat Al-Istisna Project Financing-I (Al-Istisna)
Maybank Islamic Berhad	Premier Mudharabah Account-i (PMA-i) for SME and Business Banking (BB)
Hong Leong Islamic Bank	i). Hong Leong CM Flexi Term Financing-i ii). Hong Leong Commodity Murabahah Term Financing-i
CIMB Islamic	Term Financing-i

(Source: Website Related Institution Bank Kerjasama Rakyat Malaysia Berhad, BIMB, BMMB, Maybank Islamic Berhad, Hong Leong Islamic Bank, CIMB Islamic)

1.2.2 Islamic Banking in Malaysia

Malaysia is the most active country contributing to the development of the national economy in the Southeast Asia region and it is the first country in the world that has dual banking and financial system. Lembaga Urusan Tabung Haji (LUTH) is the first Islamic Banking institution in Malaysia and LUTH practice Shariah principles in its fund management operations for Muslims intended on pilgrimage. LUTH pays dividends earned from its investments in equities and other securities. Before distributing the dividend, LUTH will pay a tithe which is the business zakat based on both the profit earned during the zakat year and the amount of capital at the end of the zakat financial year (Abdullah, 2011).

Before operating under LUTH in 1969, the pilgrimage Saving Corporation was developed in 1963 and according to Ahmad (1997), the main reason for the establishment of Malaysia LUTH is dedicated to fulfilling the desire of Muslims to ensure that the money spent for the Hajj should be clean and untainted from *riba*. LUTH serves all Muslims in Malaysia to perform the hajj by saving the money for the provision of their expenses during pilgrimage. The money saved will be implicate in investment, industry, plantation and real estate based on the Islamic principles. In addition, LUTH is providing protection, security and welfare of the Muslims through services provided by LUTH.

Based on Abdullah (2011), due to lack of financial innovation and incentives in its LUTH's schemes which were mainly focusing on savings, the first Islamic bank was established in Malaysia known as Bank Islam Malaysia Berhad (BIMB). BIMB was developed in 1983 and regulated by Bank Negara Malaysia (BNM) under the Islamic

Financial Services Act 2013 (IFSA 2013). BIMB had introduced various interest-free products such as *Qardhul Hassan*, *Mudharabah*, *Musyarakah* and etc. According to Jamalluddin (2011), the bank has spiralled its growth and the business has unfolded through the years. In December 2010, shareholders' of Bank Islam had raised support up to RM 2.5 million along with the initial capital of RM80 million. In light of the Corporate Profile, BIMB consists of 131 offices and more than 1000 self-service terminals nationwide. In addition, BIMB offer approximately 70 innovative Islamic banking products and services throughout its branches.

According to Bank Negara Malaysia (2013), Malaysia now has sixteen Islamic banks consisting of seven international Islamic banks and nine local Islamic banks such as Affin Islamic Bank Berhad, Bank Muamalat Malaysia Berhad, Maybank Islamic Berhad, CIMB Islamic Bank Berhad, Kuwait Finance House (Malaysia) Berhad, RHB Islamic Bank Berhad.

1.2.3 Principles of Islamic Banking Products.

The funding for entrepreneurs in Malaysia came from the instruments of financing offered by banking institutions and other to assist entrepreneurs in Malaysia to develop their businesses so as to produce a successful Muslim entrepreneur. Meanwhile, the demand for banking and financial system based on Shariah is encouraging; the various instruments have been created to meet the demands and needs of customers. Similarly, Muslim entrepreneur should now underlying principles of Islamic Banking to meet the demand based on Shariah. The founding principles of Islamic banking by Dusuki and Abdullah (2011) are as follows:

The first principle of Islamic Banking is the freedom from riba. Based on Shanmugam and Zahari (2009), Interest charging in Islamic financing and Interest on deposits in account holders cannot do, have an interest (riba) oriented based on risk-and-reward sharing because Allah mentioned that:

"O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful"

(Translation, Surah al-Imran verse 130)

Moreover, Allah mentioned that:

"Those who devour interest will not stand except as one who is being beaten by the devil into madness".

(Translation, Surah al-Baqarah verse 275)

Explicitly, the evidence from the Qur'an indicated that any increase over and above the principal should be riba, and as such it is unlawful. However, Islamic banking is the avoidance of Gharar; meaning uncertainty. According to Ayub (2007) *gharar* refers to “*a circumstance where a contract in absolute risk or uncertainty about the ultimate result of the contract*”.

In Islamic banking, gharar is present in contracts where the object of the sale is not in the possession of the seller or does not exist at the time the parties enter into the contract but such contracts are permissible. To minimize gharar, contracts must carefully state the terms of the agreement, particularly by giving a thorough description of the asset that is the subject of the contract and the asset's transaction price. In a sale, if the asset being sold and its price are not clearly defined or specified, the sale contract would be considered to have excessive gharar (Shanmugam and Zahari, 2009).

The second basic principle of Islamic Banking product is the risk and return sharing. Risk sharing in equity Financing Islamic banks offers equity finance with risk sharing for a project or venture. Losses are shared on the basis of the equity participation, whereas profit is shared on the basis of a pre-agreed ratio. Risk sharing is not generally offered, but is available through venture capital firms and investment banks, which may also participate in management. According to Ismail (2010), Islam encourages investment either people invest with risk or suffer losses through devaluation by inflation by keeping their money in order that the community may benefit, it is not willing to allow a loophole to exist for those who do not wish to invest and take risks, but rather are contested with hoarding money or depositing money in a bank in return for receiving an increase on these funds for no risk and other than the bank becoming insolvent.

The third basic principle of Islamic banking is the system grounded in the ethical and moral framework of the Shariah. According to Shanmugam and Zahari (2009) some of the principles will guide of the Islamic Banking is business framework functions and operating modes are based on Shariah, and Islamic banks must ensure that all business activities are in compliance with Shariah requirements. According to Laldin (2008), Shariah consultants appointed by the bank can advise and ensure their activities are in compliance with Shariah requirements. Affect the implementation Shariah Consultant this Islamic banking product can also compete effectively (Kadir,2005). Restrictions Islamic banks are allowed to participate only in economic

activities that are Shariah compliant. For example, banks cannot finance a business that involves selling pork or alcohol.

The fourth key principle of Islamic Banking gives emphasizing on productivity and physical expansion of production economies and services to community oriented and entrepreneur- friendly. Hence, Islamic banking is important implications for the distribution of credit as well as the stability system for shifts from the predominant practice of focusing on financial collateral or financing worth of borrower to entrepreneur's trustworthiness and project viability and usefulness.

The fifth key principle of Islamic Banking is in the role of money as potential capital. Islam recognizes money as a medium of exchange and—operates within the limits that ensure stability in the value of money and curtail destabilizing speculation. From the Islamic perspectives, money is something that cannot be hoarded and cannot be wasted in large quantities (Ahmad and Hassan, 2004). Therefore, Islam recognizes the time value of money, but only in cases where it acts as potential capital and this is particularly true, especially when the money flows through Islamic financial modes are tied directly to the flow of goods and services. Hence, there is limited space for a sudden and mass movement of funds as compared to the flow of interest based short-term funds.

1.2.4 Islamic and Conventional Bankings

In Malaysia, the use of Islamic banking products encouraged than conventional banking because conventional banking loans involved in the transaction in which he borrowed from saviour and then lend to enterprise or individuals. In addition, conventional banking make a profit from the margin between borrowing and lending rates of interest. Instead, Islamic banks are deposits of banking institutions which includes all the scope of banking activities leaving the loan and interest on a loan. In addition, Islamic banking will mobilize funds from depositors by investing in business activities that are allowed in Islam. The difference between Islamic and conventional banking system are listed in Table 1.3

Table 1.3:

Comparison of Islamic and Conventional Banking

Characteristic	Islamic Banking System	Islamic Banking System
Business framework	Functions and operating modes are based on Shariah, and Islamic banks must ensure that all business activities are in compliance with Shariah requirements.	Functions and operating modes are based on secular principles, not religious laws or guidelines.
Interest charging	Financing is not interest (<i>riba</i>) oriented and should be based on risk-and-reward sharing.	Financing is interest oriented, and a fixed or variable interest rate is charged for the use of money.
Interest on deposits	Account holders do not receive interest (<i>riba</i>) but may share risk and rewards of investments made by the Islamic bank.	Depositors receive interest and a guarantee of principal repayment.
Risk sharing in equity financing	Islamic banks offer equity financing with risk sharing for a project or venture. Losses are shared on the basis of the equity participation, whereas profit is shared on the basis of a pre-agreed ratio.	Risk sharing is not generally offered but is available through venture capital firms and investment banks, which may also participate in management.

Restrictions	Islamic banks are allowed to participate only in economic activities that are Shariah compliant. For example, banks cannot finance a business that involves selling pork or alcohol.	Conventional banks may finance any lawful product or service.
<i>Zakat</i> (religious tax)	One of the functions of the Islamic banks is to collect and distribute <i>zakat</i> .	Conventional banks do not collect any religious tax.
Penalty on default	Islamic banks are not allowed to charge penalties for their enrichment. They may, however, allow imposition of default or late payment penalties on the grounds that these penalties discourage late payments or defaults, which impose administrative costs on banks for processing and collecting the amount owed. Penalties may be donated to a charity or used to offset collection costs	Conventional banks normally charge additional money (compound interest) in case of late payments or defaults.
Avoidance of <i>gharar</i>	Transactions with elements of gambling or speculation are discouraged or forbidden.	Speculative investments are allowed.
Customer relationships and debtor.	The status of an Islamic bank in relation to its clients is that of partner and investor.	The status of a conventional bank in relation to its clients is one of creditor
Shariah supervisory Board	Each Islamic bank must have a supervisory board to ensure that all its business activities are in line with Shariah requirements	Conventional banks have no such requirement.
Statutory requirements	An Islamic bank must be in compliance with the statutory requirements of the central bank of the country in which it operates and also with Shariah guidelines.	A conventional bank must be in compliance with the statutory requirements of the central bank of the country in which it operates and in some places, the banking laws of state or other localities.

Source: (Shanmugam and Zahari, 2009)

1.3 Problem Statement

The financial support from the government is not enough even for entrepreneurs in need of financial support from financial institutions and Islamic banking are growing rapidly to enhance the development of entrepreneurs in the future.

Therefore, Islamic Banking product is very important to the entrepreneurs. However, Ahmad and Haron (2002) found the knowledge among respondents in the Islamic Banking system were posed and Bahrom, et al., (2003) found out that the level of understanding Islamic banking system is low among Malay due to not understanding clearly about the product and services offered by Islamic banking institution. Meanwhile, the knowledge on religiosity factors is important because based on Isa, et al., (2011) and also argued that individual religion have a positive effect on believers entrepreneurial activity in three respects; influencing the decision to become entrepreneurial, enterprise management and entrepreneur's contact networks. This research it worth studying because according to Doraisamy, et al., (2011), the promotion about Islamic banking is still low in Sungai Petani and the effect is insufficient knowledge of Islamic banking product among entrepreneur.

Therefore, knowledge of Islamic banking products is very important because of the lack of knowledge affects the need for entrepreneurs to fund the Islamic banking products. refer to Osman and Ali (2008), these factors cause shortfall due to lack of knowledge of the Islamic banking information to disclose knowledge of Islamic banking to promote and encourage greater involvement of the entrepreneur to Islamic finance, particularly Islamic banks and other financial institutions offering Islamic financing and business development services to people and other entrepreneurs. In

addition, according to Ab.Ghani and Kamri (2008) knowledge of Islamic banking products is very important for the development of entrepreneurship Islam saw the need for a strong support system. It includes financing terms that support the financial aspects of the entrepreneur himself. As Muslim entrepreneurs, funding sources need to ensure business is conducted come from sources clean and free from the clutches of a *Riba*.

1.4 Research Questions

The key research questions to be addressed are as follows:

- i). Are there any differences between gender, age, education level and experience in business with knowledge of Islamic banking product among Muslim entrepreneurs?
- ii). What are the correlation between underlying principle, religiosity and perception with the knowledge of Islamic banking products among Muslim entrepreneurs?
- iii). To what extent are that influencing knowledge in adopting Islamic banking products among Muslim entrepreneurs against underlying principles of Islamic banking, religiosity factor and perception in Islamic Banking?

1.5 Research Objectives

A careful review of questions above led to the development of the following specific research objectives:

- a) To determine the differences of gender, age, education level and experience in business with the knowledge of Islamic banking product among Muslim entrepreneurs.
- b) To investigate the correlation between underlying principle, religiosity and perception with the knowledge of Islamic banking product among Muslim entrepreneurs.
- c) To determine the influencing of underlying principle, religiosity and perception of knowledge of Islamic banking product among Muslim entrepreneur

1.6 Scope of Research

This study focused on Muslim entrepreneurs in Sungai Petani, Kedah. The total population of Sungai Petani is numbered at 456,605 refer Department of Statistics, Malaysia (2010). However, this research focused on enterprise companies registered under SSM in Sungai Petani as the sample of the data because of the economic growth including small and medium-sized industry from semiconductors to television tubes, food industry and from textile to wood products. Sungai Petani is

also a booming business centre with many large malls, franchise store and business.(Doraisamy, et al,. 2011).

1.7 Significance of Research

There are many essential ground in this research one of it is to provide a guideline in identifying level of knowledge among Muslim Entrepreneurs towards Islamic banking products and services This study will benefits several people who involve whether direct or indirectly. This study is significant to:

- i. Entrepreneur** – This study will facilitate the entrepreneurs in identifying their level of knowledge towards Islamic banking products and services that offered. Besides, it will create awareness among entrepreneurs to improve and gain much knowledge regarding Islamic terms and principles that regulate under the Islamic banking system.
- ii. Bank** – This study also significant to bank itself, where the bank can give accurate information and explanation of product and services offered to the customer and it also can create sense of trustworthiness between customer and bank.
- iii. University** – This study will also help the academic institution such as a university to provide much literature regarding to the mentioned issue. In addition, it can help the university to give an adequate information to its students so that the students can implement further research regarding above issue in order to come out with better solutions.

1.8 Organization of the Dissertation

This dissertation is organized into five (5) chapters:

Chapter 1: Provides the background of study, problem statement, research question, research significance and definition of terms as well as the organization of the remaining chapters.

Chapter 2: Contains the literature review and previous research which that are related to this study. The review presented in this chapter includes a discussion of the knowledge towards Islamic banking product and this chapter also discusses all the factors that might affect the level of knowledge of the Muslim entrepreneur. Finally, the chapter discusses the selected independent variables and presented the research framework and hypotheses.

Chapter 3: The chapter discusses the selected independent variables and presented the research framework and hypotheses. In addition, it describes the methodology employed in the study, which includes research design, sample and data collection, research instrument, operational definition and measurement of the variables, method of data analysis are also discussed in this chapter.

Chapter 4: Devoted to the findings of the study. The respondents profile descriptive analysis and the results of hypotheses are presented. At the end of this chapter, a summary of results is presented.

Chapter 5: Recapitulates the study findings followed by the discussion. Implication and limitation of the present study are also discussed. It then goes on to recommend areas for future research and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter includes relevant articles or journal books and other sources that are related to knowledge, religiosity, perceptions and underlying principles of Islamic banking towards the Islamic banking products that offered for Muslim entrepreneurs.

2.2 Review of Literature

A literature review will review some of the previous research and following the review about in this study:

- i). Knowledge of Islamic banking products.
- ii). Understanding of the underlying principles.
- iii). Religiosity factors.
- iv). Perception toward the Islamic banking.

2.2.1 Knowledge of Islamic Banking Products

Islamic banking industry had appeared as one of the fastest growing sectors over the last few decades. It has extended to all places of the world and has gained extensive identification by Muslim and non-Muslim (Arshad, et al., 2011). Knowledge is a practice-based experience of a rare or an individual, such as perception of the internal or external and also practical activities (Jian, 2005).

Haron, et al., (1994) had conducted a study among Muslim and non-Muslim Customer. They found out that source of knowledge in Islamic bank product among the Muslim are from mainly television, newspapers, family members, magazine, and radio. Hence, his review found that 63% of respondents know the difference between Islamic and conventional banking. The research conduct by Hamid and Nordin (2001) have expressed their findings that 96.7% of respondents were aware of their banking Islam in Malaysia and obtained a low percentage in the knowledge of Islamic banking products.

Osman and Ali (2008) had conducted a study on Muslim entrepreneur knowledge and usage of Islamic finance. Their study focused on the level of knowledge among entrepreneurs towards Islamic financing to the SMEs. Their findings reveal that Muslim entrepreneurs understanding towards Islamic SME's financing are considerably well and the respondents understand the importance of practicing and applying Islamic financing towards their business.

According to Bley and Kuehn (2004) focused on students' knowledge and perception towards conventional and Islamic finance in United Arab Emirates (UAE). This study examined the elements of financial knowledge, religion and language and it was found that Muslim students are more interested and knowledgeable in Islamic banking as compared to non-Muslims. This was supported by Khan and Asghar (2012) had conducted a study regarding to the Islamic banking and financial service knowledge in Pakistan and it was found that there are greater opportunities in this country for the development and growth of Islamic financial system since Muslim community themselves eager to take financial products and willing to spend their

lives according to Shariah. This study found that more than 50 percent of the respondents agreed where the Islamic banking and financial service have proper knowledge of the teachings of Islam.

However, Ahmad and Haron (2002) found the knowledge among respondents in the Islamic Banking system were posed because the Malaysian corporate customers stated that providers of Islamic banking products have not done enough in educating customers and marketing their products. This support by Doraisamy, et al., (2011), the promotion about Islamic banking still low in Sungai Petani and the effect is people's insufficient knowledge of Islamic banking product system.

As one of the most important players in the service industry nowadays, it has appeared as one of the fastest growing industry all over the globe. Therefore, the knowledge of the Muslim entrepreneurs in Islamic SME's financing is considerably well and the respondents understand the importance of practicing and applying Islamic financing towards their business (Osman and Ali, 2008).

2.2.2 Understanding of the Underlying Principles

The understanding of underlying principle is the most important factor that affect the level of product knowledge among the Islamic bankers because the principle of the Islamic banking itself that make it differentiate with the conventional banking system (Harun, 2014). In addition, the factor influencing of knowledge for underlying principles good for that Islamic Banking and financial service have proper knowledge of the teachings of Islam and works accordingly Shariah and that Islamic

Banking and financial service have proper knowledge of Shariah and works accordingly underlying principles (Khan and Asghar, 2012).

Based on Ayub (2007), Islamic law does not recognize any transaction that have a proven unlawful. Due to this factor, Shariah has recognized some elements that need to be avoided in any such transaction for instance the prohibition of *Riba*, *Gharar* and *Maisir*. The prohibition of *Riba* can be found clearly in the Quran from various verses. For example in al-Quran:

“That which you give as Riba to increase the people’s wealth increases not with God; but that you give in charity, seeking the goodwill of God, multiplies manifold,”

(Translation, Surah al-Rum verse 39:)

In addition, according to Ahmad and Hassan (2007) the absolute prohibition of Riba in Quran is a command in order to develop an economic system which free from the elements of exploitation, injustice between the financier and the entrepreneur. Therefore, the relevance for this prohibition is to create equity balances among the parties involved in the transaction. According to Ab.Ghani and Kamri (2008), as Muslim entrepreneurs, capital business needs to be ensured taken from halal sources and independent of elements of laptop to get the blessings of Allah in this world and the hereafter.

Another principle that underlies under the Islamic banking is in terms of a basic freedom to enter into any kind of business or transaction which is *halal* or permissible in Islam. Ayub (2007) had identified that exchange is only permitted when carry out in permissible commodities and follow the guides that laid down by

the Shariah. Thus, Islam allows the transactions like *Bai' Ijarah* and services. Instead of that, Islam also encourages Muslims to engage in the transaction that based on profit and loss sharing (PLS). Based on Ajija, et al., (2012), applying PLS is one of ways out to eliminate usurious systems and comply with three main reasons which are; *halal* spending, *halal* earning and equitable distribution of wealth.

Besides of the above principles, another aspect that need to be carefully scrutinized is the *aqad* (contract) and legal documentation. An *aqad* can be considered as the root of an Islamic banking transaction where it differentiates the components between the conventional system which is doubtful that can lead to invalid contract and entitlement of ownership (Rahman, 2007). A valid contract must consist of several elements which are offer and acceptance, contracting parties and subject matter. The offer can be done through spoken words, writing or conduct. Meanwhile, the acceptance should conform to the offer in all its detail. On the other hand, the contracting parties must have the capacity to execute or perform in the transaction. Lastly, the subject matter must be lawful, exist at the time of contract made and can be delivered in the required time (Ayub, 2007).

In the Islamic banking industry, the role of the Shariah board becomes a vital component since it has the fiduciary duties towards all the stakeholders of Islamic Finance Institutions (IFIs). Instead of that, it plays a fundamental role in ensuring the credibility of IFIs by having the authority to issue fatwas regarding to the Islamic finance and banking through collective *ijtihad* (Dusuki, 2012). According to Iqbal and Mirakhor (2011) the role of Shariah boards in governance is quite critical especially in ensuring the consistency of application in all financial transactions. In

addition, based on Ayub (2007), the uprightness of the IFIs is totally depends on the status of Shariah compliance, the impact of a product launched, the competence of the professional as well as the attitude to conform with the Shariah norms.

2.2.3 Religiosity Factors

According to Ab. Ghani and Kamri (2008), Islam as a religion that provides guidance for the welfare of all human life in this world and the hereafter and very high regard to entrepreneurial activity. Islam is not only about religion but also stressed on the way of life which is *Ad-Din* (Alam, et al., 2012). This means, Islam guides and teaches Muslims in every aspects of life and not just only focus on specific performance of worship. For example, engaging in *haram* (forbidden activities) such as consuming alcoholic drink and gambling are clearly mentioned in the Holy Quran. Even on the trading transaction such as what to trade, how to trade, how to interact with others are clearly directed within this religion.

The Muslim have the prospect to put their money or investment in a bank since it complies with their religious beliefs. According to Alam, et al., (2012) religion is one of the most universal and prominent social institutions that can influence people's attitudes, values as well as behavior at both levels which are individual and societal levels. It is supported by Conroy and Emerson (2004) where they defined religiosity as something which is signified that can influence people's ethical beliefs and can reflect human daily conduct and commitment.

Islamic banking products have won the trust of all religions, and it has also been supported by Naser and Moutinho (1997) identify that the concept of the Islamic

banking is not only stressed on the Muslim customers, but also able to entice non-Muslims customers due to the benefits gained from the system itself. In addition, it is also supported by Kishada and Wahab (2013), in general, non-Muslim customers have equal chances to put their investment either in Islamic banks or in conventional banks without concerning about the religious factors.

Discussion of this paper lead us to faith and human knowledge is limited and put aspects of religious considerations a priority in crisis make a choice. For instance, Ahmad, et al., (2008) regarding to religiosity and banking selection criteria among Malays had revealed that there are significant differences between a Muslim's level of religiosity and Islamic banking as their main choice of bank. This showed that the lack of formal religious background in Islamic teachings may lead to low religious belief as well as lack of awareness towards the Islamic banking products and services.

Therefore, the problem that occurs give interest to writer for review to determine either the religiosity factor can influence the knowledge of Muslim enterprenuer and in accordance with the comprehensive nature as a religion and a way of life, Islam provides a complete guide to undergo all forms of life, including life economically. With these guidelines, people are not only able to handle the election crisis, but also may lead a quiet and peaceful as the servant of Allah Almighty in achieving the ultimate goal of the pleasure of Allah and most studies focus on the results of the election users of Islamic banking.

Even though there are a lot determining factors the religious value practised by the consumers plays a vital role in influencing them to patronize Islamic banking. The study has revealed that religious value stands as the most important factor to academicians who patronize Islamic banks especially those from the East Coast of Peninsular Malaysia (Idris, et al., 2011). However, some research have have found factor influencing of religious motivation as the overall reason behind the use of Islamic banking services (Metawa and Almossawi, 1998). Besides, there are also findings the Islamic financial services adoption that will consider both the conventional dimensions as well as the dimensions that are specific to the Islamic banking practice. This is due to the fact that the previous studies have proven that religious based motives are not the only factors influencing the patronisation decisions of Islamic banks' customers (Echchabi and Olaniyi, 2012).

2.2.4 Perceptions towards the Islamic Banking.

The Muslim entrepreneur need a strong support funding to support the financial aspects of the entrepreneur himself. As Muslim entrepreneurs, funding sources need to ensure business is conducted come from sources clean and free from the clutches of a *Riba*. Therefore, the problem that occurs give interest to determine either the perception factor of Islamic product can influence the knowledge in corporate customer in action selects Islamic banking products. Perception is the act of discerning, realizing and becoming aware of through the senses (Rustam, et al., 2011).

Basically, the perception is often identified by the level of satisfaction towards particular products or services. Previous studies acted as an indicator to determine the Muslim entrepreneur's perceptions towards Islamic banking. According to Dusuki and Abdullah (2006), the factors relating to corporate social responsibility initiatives as part of potential selection of customer because the Islamic banking practice good corporate social responsibility towards the customers and make the responsibility as a strategic tool to enhance the reputation and image of the institution of Islamic business in the long run and one additional important aspect is to strategically market as an initiative through strict publicity, not only to attract potential customers, but also to serve as effective tool to educate the public about Islamic banking. Examples of social responsibility undertaken by operations namely, involvement in the community, respect for human rights and environmental practice and impact have been taken from some identified initiatives suggested by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

In addition, the Muslim entrepreneur's perceptions towards Islamic banking probably due to based on profit-oriented in order to survive in the industry. The study of Ahmad and Haron (2002) had revealed that there was a misunderstanding among corporate customers about the objectives and philosophy of the establishment of Islamic banks and more than 50 % of respondents assumed that Islamic banks must be based on profit-oriented in order to survive in the industry.

Futhermore, Rustam, et al,. (2011) conducted a study on a percerptions of corporate customers towards Islamic banking products and services in Pakistan. The result revealed that Islamic Banking products and services had good potential within Pakistan corporate sector. In addition, the factor influencing have positive perceptions of the Islamic products and services. However, employees in Islamic banks are more optimistic than their counterpart. Based on the undesirable outcome in terms of level of employees in the Islamic banking field, it is recommended that the banks' management take greater initiative in providing their employees with sufficient: knowledge of and exposure to rules of the Shariah and the principles governing Islamic banking in particular (Zainol, et al,. 2008).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

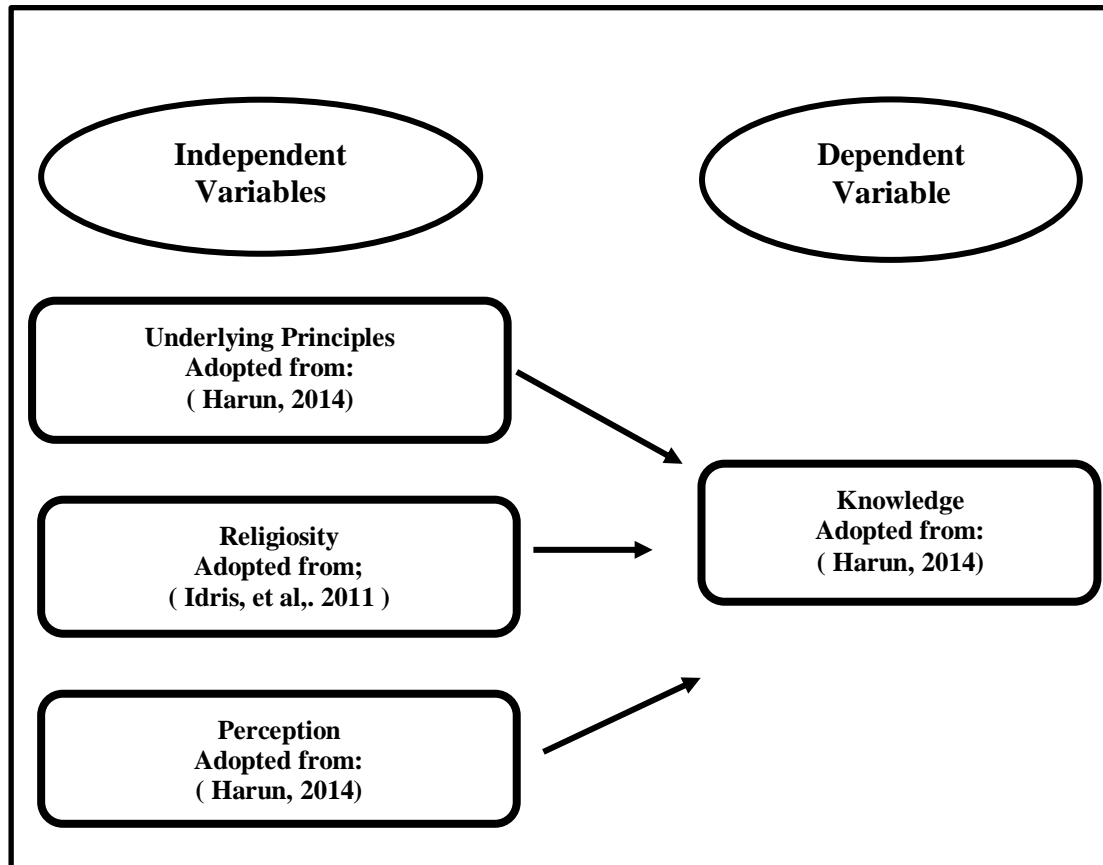
This chapter discusses the methodology of this study. It will elaborate on the theoretical framework, hypotheses, research design, the population and sample of the study as well as the data collection procedure. This chapter ends with a discussion of the statistical techniques used to analyse the data.

3.2 Proposed Theoretical Framework

The theoretical framework is the conceptual model of how one theorizes or logically plausible relationship between several factors or matters that have been identified as important for the study area (Sekaran, 2003). A theoretical framework enables the researcher to hypothesize or purposes as well as to test the relationship between the variables involved in order to expand the understanding of the related research area of study. This study about knowledge of Islamic banking product among Muslim entrepreneur and the researcher propose a framework as known in Figure 3.1 below:

Figure 3.1:

Theoretical Framework



In this study, the theoretical framework is required in order to know the affiliation of one variable to other variables. Therefore, under the theoretical framework, there are two variables used which are dependent variable (DV) and independent variable (IV). Variables are anything that can take different or changing values. Meanwhile, the dependent variable is the variable of interest to researchers. The independent variable can affect the dependent variable either in a positive or negative manner (Sekaran, 2003). Thus, it can be conclude that, when there is a positive value or an increase in independent variable, the dependent variable would also increase and give a positive value based on the result of the independent variable.

3.3 Hypotheses Development

This research is expected to have four (4) variables which are knowledge, underlying principles, religiosity and perception. Knowledge among Muslim entrepreneur towards Islamic banking product would be the dependent variable which will become the main factor throughout this research. Meanwhile, the remaining variables which are underlying principles, religiosity and perception would act as the independent variables that can affect the knowledge.

A hypothesis is a logical relation that estimated a relationship between two or more variables expressed in the form of statements that can be tested (Sekaran, 2003). In other words, after identifying the important variables in the research area and establishing the relationships among the variables through the development of a theoretical framework, the variables need to be tested whether there exist significant relationships. Therefore, there are several hypotheses that need to be tested in this study.

3.3.1 Selected Demographic Factors

In this study, the demographic profiles that have been chosen to be investigated are gender, age, educational level and experience in business. The reason to investigate these demographic factors with the dependent and independent variables involved is to see the differences between each of them. The test that will be used to test gender is a t-test while for age, educational level and experience in business with one-way

ANOVA will be used. In addition, these hypotheses are developed in order to answer research question and research objective in this study.

i. Gender and Knowledge of Islamic Banking Products:

Ho 1: There is no significant difference between gender and knowledge of Islamic banking products.

Ha 1: There is a significant difference between gender and knowledge of Islamic banking products.

ii. Age and Knowledge of Islamic Banking Products:

Ho 2: There is no significant difference between age and knowledge of Islamic banking products.

Ha 2: There is a significant difference between age and knowledge of Islamic banking products.

iii. Education level and Knowledge of Islamic Banking Products:

Ho 3: There is no significant difference between education level and knowledge of Islamic banking products

Ha 3: There is a significant difference between education level and knowledge of Islamic banking products

iv. Experience in business and Knowledge of Islamic Banking Products:

Ho 4: There is no significant difference between experience in business and knowledge of Islamic banking products

Ha 4: There is a significant difference between experience in business and knowledge of Islamic banking products.

3.3.2 Correlation Between Dependent and Independent Variables

In this study, all the independent variables involved, namely underlying principles, religiosity and perception will be analysed to see their correlation with the knowledge factor. The data analysis will be used by Pearson correlation to determine the correlation between them. In addition, these hypotheses are developed in order to answer the second research question and research objective in this study.

i. Underlying Principles of Islamic Banking:

Ho 5: There is no significant correlation between knowledge in adopting Islamic Banking products among Muslim entrepreneur and the underlying principles of Islamic banking.

Ha 5: There is a significant correlation between knowledge in adopting Islamic Banking products among Muslim entrepreneur and the underlying principles of Islamic banking.

ii. Religiosity Factor:

Ho 6: There is no significant correlation knowledge in adopting Islamic banking products among Muslim entrepreneur and the religiosity factor.

Ha 6: There is significant correlation knowledge in adopting Islamic banking products among Muslim entrepreneur and the religiosity factor

iii. Perception towards Islamic Banking:

Ho 7: There is no significant correlation between knowledge in adopting Islamic Banking products and the perception towards Islamic banking.

Ha 7: There is a significant correlation between knowledge in adopting Islamic Banking products and the perception towards Islamic banking.

3.3.3 The Influence of Independent Variables on Dependent Variable

In this study, the independent variables namely, underlying principles, religiosity and perception will be analysed to identify how much variance of these IVs influence the knowledge. The test that will be used to determine the variance is multiple regressions. In addition, these hypotheses are developed in order to answer the third research question and research objective in this study.

Ho 8: Underlying principles, religiosity and perception will not significantly explain the variance of knowledge among Muslim entrepreneur towards Islamic banking products.

Ha 8: Underlying principles, religiosity and perception will significantly explain the variance of knowledge among Muslim entrepreneur towards the Islamic banking products.

3.4 Research Design

The research design is the overall plan structure which is used to conduct entire of this study. This quantitative research is found to be most appropriate for this study because to examine the knowledge of the Muslim entrepreneurs towards the Islamic banking products which involves a relationship with the knowledge such as the underlying principles, religiosity and, perception of Islamic banking.

According to Bhatti, et al., (2012), quantitative research is the research that explaining phenomena through the process of quantifying and interpreting data through the application of statistical analysis techniques and solutions particular problem can be derived from statistical patterns. In addition, the time horizon for this research is cross-sectional instead of longitudinal studies. This is because, the data for this study are gathered just once over a certain period of days in order to answer all the research questions mentioned in Chapter 1.

This study is a hypothesis test. According to Sekaran (2003), hypotheses testing normally explain the nature of certain relationship among groups or the independence of two or more factors in a situation. Therefore, in this research, the data has been collected through a detailed questionnaire which emphasize on knowledge towards Islamic banking products with several variables that can affect their knowledge such as understanding of underlying principles, religiosity and perceptions. For instance, if Muslim entrepreneurs have a high understanding of the underlying principles of the Islamic banking, therefore they might have an interest in using Islamic banking products. Thus, this study is undertaken to explain the variance in the dependent variable and also to predict the outcome for certain circumstances.

3.5 Operational Definitions

According to Sekaran (2003), operational definition is a concept to render it measurable which is done by looking at the behavioral dimensions, facets or properties denoted by the concept a most the construct being used in this study are knowledge, underlying principles, religiosity and perception.

3.5.1 Knowledge of Islamic Banking Products

In this study, knowledge is operationalized from environment in business to know the information or fact acquired about Islamic banking industry through education and experience in the Islamic banking industry. This definition is supported by Jian (2005) where knowledge is a practice-based experience of an individual, such as perception of the internal or external as well as practical activities.

3.5.2 Understanding of the Underlying Principles

In this study, the underlying principles are operationalized rules that apply when solving the problem in Islamic Banking system and its one dimension where it is a fundamental source that becomes the foundation or guideline in the Islamic banking systems. This definition is supported by Al-Jarhi (2004) where it is a set of ideas or theories that provide some guidelines related to certain issues. Besides that, this supported by Abdullah and Dusuki (2011), it is a system which aims at contributing to the fulfilment of the socioeconomic objectives and creation of a just society.

3.5.3 Religiosity Factors

Religiosity can be operationally for view an ethical belief that reflects the daily conduct and commitment by Muslim entrepreneur. By supporting from Alam, et al., (2012) comes out with the definition where it is a faith that gives a significant influence on people's attitudes, values and behaviours.

3.5.4 Perceptions towards the Islamic Banking

The measure of perception proposed in this study is adapted from Harun (2014). Perception is operationalized as the ability of the Muslim entrepreneur to pick out something or giving opinion regarding the Islamic banking products through the various senses. This definition is supported by Rustam, et al., (2011) where the perception is the act of discerning, realizing and becoming aware of something through the senses.

3.6 Questionnaire Design

In this research, questionnaire become the main instrument in order to achieve the objective of this study since questionnaires are the most applicable when the researcher deal with a large number of respondents. Instead of that, engaging with questionnaire would save the time as well as less expensive compared to conducting interviews. The reason is, the researcher can collect the complete responses from the respective respondents within a short period of time. In addition, the researcher also able to elucidate any question that the respondents might not understand during the survey distribution.

In this study, the researcher has intended to use the existing questionnaires which were executed by the previous researcher this study such as from Idris, et al., (2011) and Harun (2014) and their instruments already validated. In addition, questionnaires are used to collect the data in order to achieve the objectives of this study and save time as well as less expensive compared to conducting interviews. It also enables the researcher to collect the complete responses from the respective respondents within a short period of time.

In addition, the researcher can also elucidate any questions that the respondents might not understand during the survey distribution. The questionnaire consists of a front page and its contents are divided into four sections. The questionnaire has been developed in Malay language and the cover page contains the consent message together with some brief explanation regarding the aim of the research. Table 3.1 below show the details of each section in the questionnaire.

Table 3.1:

Subdivision for the questionnaire

Section	Contents	Question	No.
A	Demographic Profile (Gender, Age, education level and experience in business)	4	1-4
B	Factors Affecting Knowledge (Underlying principles, religiosity and perception)	17	5-21
C	Product Knowledge among Muslim Entrepreneur	7	22-28
D	Open and ended	1	29

The detailed for the questionnaire design can be referred in Appendix A at the end of this research report. The measurement of the questionnaire is based on nominal and interval scale. Nominal scale refers to the categorization of the individuals into mutually exclusive which can be calculated using percentage or frequencies (Sekaran, 2003). For instance, Section B which consists of demographic profiles such as gender, age, education level and experience in business under the nominal scale which has no intrinsic values. As well as section B and C, use the interval scale allows the performance of arithmetic operations and measure the distance between two points on the scale (Sekaran, 2003). For example, the Likert Scale was used as an indicator to determine the answer. It consists of five (5) values which give different views towards the answer. The indicators are as follows:

Strongly Disagree	Disagree	Neither Disagree nor Agree	Agree	Strongly Disagree
1	2	3	4	5

Finally, Section D use open ended questions which allow the respondents to answer in any way they like. The question is aiming to obtain any suggestion or recommendation to improve the knowledge among the Muslim entrepreneur towards Islamic banking products based on their own views.

3.7 Operationalisation of the Instruments

In this study, the researcher uses the existing instrument to measure variable which was validated by the previous researchers. In addition, all existing instruments are accompanied by five points Likert scale format which ranging from 1 for strongly disagree to 5 strongly agree. Meanwhile, the knowledge is the main issue concerned in this study and it will be treated as a single factor in order to validate the instruments. Knowledge is operationalized as the information or fact acquired by the entrepreneur through education, use of banking products or their views on Islamic banking. The measure of knowledge in this study is adapted from Harun (2014) and dimension are seven (7) self-rating item.

Besides that, the measure for an underlying principle in Islamic Banking is adapted from Harun (2014) as well as the underlying principles is a basis of something in the Islamic banking systems and all of these dimensions consisted of eight (8) self-rating items. Besides that, the measure for religiosity factor is adapted from Idris, et al., (2011) and the religiosity factor is accompanied by five (5) self-rating items. Finally, the perception toward Islamic banking is adapted from Harun (2014) and consist of four (4) self-rating and each item.

3.7.1 Pilot Study

A pilot study has been conducted before a large-scale study being carried out in order to correct any inadequacies in the instruments prior to data collection and also identify the difficulties in wording and translation in the questionnaires by Sekaran (2003). It involved a group of respondents that have similar characteristic with the actual respondent at Changlun. Thirty (30) sets of questionnaires were distributed during that time.

3.7.2 Reliability Test

The reliability test establishes by testing for both consistency and stability. The consistency would be showing that how well the items measuring a concept together as a set. Cronbach's alpha that generates from this test is a reliability coefficient which indicates how well the items in a set are positively correlated to one another. The Cronbach's alpha is computed in terms of the average inter correlations among the items measuring the concept. According to Sekaran (2010) has explained more that, reliabilities less than 0.60 are considered to be poor, those in the 7.0 range are acceptable, and those over 8.0 are considered good.

Based on the Table 3.2, The result shown that the alpha value for independent variable (underlying principle, perception) and dependent variable (knowledge) in this study is 0.85 those over 8.0 are considered good. This Cronbach's alpha value is for the independent variables (Religiosity) is 0.79 those in the 7.0 range are acceptable.

Table 3.2:

Reliability of All Variable

Variable	No. of Items	Cronbach's Alpha
Knowledge	7	0.85
Underlying Principles	8	0.85
Religiosity	5	0.79
Perception	4	0.85

Source: SPSS output

3.8 Data Collection Method

This study using primary data is an important research tool to address the research objective in this study. According to Zikmund (2002), the primary source is the first-hand data communication and interaction with a representative sample of individual. Beside that, refer to Zakaria (2010) the primary data are data collected from the original sources for a specific purpose. Hence, the researcher had decided to use self-administered questionnaire as the main data collection method. Self-administered questionnaires refer to the situation where the respondents (Muslim entrepreneur) will take the responsibility for reading and answering the questions listed in the survey.

3.9 Sampling Design

Sampling design be used to ensure that the data collected represents a study, following a number of terms related to the concept of sampling should be understood.

3.9.1 Population of Study

The population for this study consists of the Muslim entrepreneurs around Sungai Petani. According to Companies Commission of Malaysia (SSM), Kedah, the total population in this study is 14 694 based on the total amount of Muslim entrepreneur registered under enterprises company list in Kuala Muda.

3.9.2 Sampling Frame

Sampling frame is the source from which sampling unit is chosen in this research which consists of a list of a set of direction of the target population (Ling et al., 2013). In this study, the sampling units consisted of 400 sets of questionnaires that were distributed to the Muslim entrepreneur registered under SSM. The sampling location is within Sungai Petani, Kedah. Since the researcher cannot clearly identify the population for the Muslim entrepreneur, the researcher approached the executive in SSM to enquire the number of Muslim entrepreneurs' directly in order to determine the sample size for this study.

3.9.3 Sampling Elements

Sampling elements is the case in the population or unit of analysis. Since the problem statement in this research is to identify the product knowledge toward Islamic banking product among Muslim entrepreneur. In addition, this study is also aiming to determine which factors would affect their level of knowledge in Islamic banking product. Therefore, the unit of analysis in this study is the individual being the Muslim entrepreneur. Thus, in order to meet the objective of this study, the sample was selected based on the following criteria:

- i). Samples should be Muslims.
- ii). Samples should be entrepreneurial.
- iii). Samples should be registered under the Companies Commission of Malaysia, Kedah.

3.9.4 Sampling Techniques

In this study, the questionnaires were randomly distributed among Muslim entrepreneur in a designated area around the city Sungai Petani and allocate the questionnaires based on the number from designated by the executive from the Companies Commission of Malaysia, Kedah. The letter of application for data collection and questionnaires distributed directly to each individual through meeting with the respondents and email. The respondents were given a week's time to fulfill the questionnaires appropriately. Then, the questionnaires will be collected after the stipulated due date. Therefore, the probability sampling technique used in this study is a random sampling since the target population was already known and each of them has equal chances of being chosen as a respondent for this study.

3.9.5 Sampling Size

Sample size indicates the number of elements to be included in the research. In this study, the sampling units consisted of 400 sets of questionnaires that were distributed to the Muslim entrepreneur registered under SSM. Therefore, the appropriate sample size for this study is 370 (Sekaran, 2003). However, in this research, the researcher successfully collected questionnaires of 300 and 70 sets of questionnaires was not returned from the respondents. Therefore, a total of 300 are sufficient for this research to obtain a normal data and the previous research conducted by Bahrom, et al., (2003) had obtained 300 questionnaires enough for conducting the analysis.

3.10 Data Analysis

In this study, quantitative data analysis used for the raw data gathered from the questionnaires will be analyzed by using some statistical tools and the interpretation of the results of the analysis will be using the SPSS software Version 16. This includes factoring and reliability analysis to test the goodness of the instrument, descriptive statistics to describe the characteristics of the respondent, and the distinction between the variables and demographic profiles. The data later were analyzed and the hypothesis is tested.

3.10.1 Normality Test

Hair, et al.,(2008) using the normal distribution because it provides the underlying basis by researcher who collect data using sampling and normality can be determined through some extent by obtaining skewness and kurtosis values. Hence, in this study, the researcher has to run the normality test in order to ensure the normality of the distribution and checking for outliers.

For the purpose, this researcher using SPSS to test all the variables involved in order to ensure there is no violation of normality assumption using a certain procedure laid down under SPSS. Through the normality test, the outliers were removed from the analysis and after removing them, the results can be obtained by using the graphical analysis and statistical test of normality. The normal distribution will form a straight diagonal line and the plotted data values are parallel to the diagonal. From the normal Q-Q plot of all the variables, almost all data distributions were plotted closely follows the diagonal (Appendix C). This can be concluded that the data used in this study did not interrupt the normality assumption for the inferential analysis.

3.10.2 Descriptive Analysis

Descriptive analysis is used to describe the main features of the quantitative data collection. It aims to formulate a set of data collected from the respondents respectively. By using SPSS, this study uses data obtained from Section A and C the questionnaire to analyze the descriptive statistics. Descriptive statistics are provided

by frequencies for use to describe the demographic factors of the respondents, such as gender, age, education level and experience in business.

In addition, descriptive statistics are also used to measure the level of all variables where the mean score for each variable were computed along with the standard deviation. Generally, the standard deviation could identify the level of each variable and also point out the distribution of the score of the mean. It can be concluded that, if the value of standard deviation is small, the responses in a sample distribution of number fall very closely to the mean (Hair, et al., 2008).

3.10.3 Independent T-test

T-test is commonly used to test or to compare the difference between the two means of the two groups related to detect whether there is a statistically significant difference between the means. In this study, t-test is used to analyze (Ho1) it is differences between gender (male/female) towards the knowledge with other independent variables involved. It will indicate if the perceived differences are significantly different between male and female. The level of measurement of t-test will be based on two different measurements. For instance, the independent variable should be nominal while the dependent variable should be an interval/ratio or a scale. Therefore, in this study, a group of male and female (gender) is deemed to be nominal while knowledge is an interval.

According to Bhatti, et al., (2012) before implementing the statistical test, there are several assumptions that must be taken into consideration. This is in to ensure the accuracy of test interpretation which depends on whether assumptions have been violated. The assumptions that must be undertaken in this test are interval scale, normally distributed and collected through a random sampling method.

3.10.4 One-way ANOVA

One-way analysis of variance (ANOVA) is part of the inferential analysis used to test (Ho2, Ho3, Ho4) it is the difference between at least three groups or more than two groups. This is because the test for two groups' case is dominated or covered by a t-test. According to Sekaran (2003), one-way ANOVA is appropriate to test the hypothesis which involved selecting a demographic profile since there are more than two groups (in this study: age, education level and experience in the business).

The F-value is below the significance level (assume the significance level is <0.05) it exists statistically significant differences between the groups involved. Meanwhile, where the significant differences need to be worked to analyze the pattern of difference between means by using the test post-hoc analysis its view by the least significant difference (LSD) test. According to Bhatti, et al., (2012), and Coakes and Ong (2011), the assumptions that must be undertaken before conducting ANOVA and this test must be normally distributed and an interval scale should be used for the dependent variable.

3.10.5 Correlation Analysis

The Pearson correlation coefficient is used to examine the relationship between independent and dependent variables and also to show the strength of the relationship in (Ho4, Ho5, Ho6 and Ho7). This researcher, will perform bivariate and partial correlations using Pearson's product moment correlation. According to Coakes and Ong (2011) Simple bivariate correlation, also referred to as zero-order correlation, refers to the correlation between two continuous variables, and is the most common measure of linear relationships. In addition, correlation coefficient is significant from the test, therefore, a general rule of thumb is applied (Ling, et al., 2013),

According to Gliner and Morgan (2009) it is noted that Pearson correlation can vary from -1.0 (perfect negative correlation) through 0.0 (no correlation at all) to +1.0 (perfect positive correlation). However, the researcher need to realize that even though +1.0 and -1.0 are having equal or string value, both would come out with different interpretations. This research provides a graph simple scatter in the Appendix F to see the relationship between the two variables involved in the shape of the relationship, the relationship and the strength of the relationship.

According to Hamed (2010) when both variables are significant, tested the strength of the relationship between two variables is reviewed. The strength of correlation between two federal indicate variables tested. It is described by the value of r . If the r value of the correlation between the two variables is strength. If the value of the correlation r medium they are moderate. But if the value of r smaller then the correlation is low. The value $r=1$ is a perfect correlation, while the correlation of $r=0$

is perfect and the value $r = 0$ is no correlation. Refer Table 3.3 the coefficients range and the strength of the relationship. According to Bhatti, et al., (2012), there are several assumptions underlying the correlation analysis before implementing the statistical test. In Addition, to test the correlation, the data should be collected from the same respondents and the relationship between the two variables should be linear.

Table 3.3

The coefficients range and the strength of relationship

The coefficients range	The strength of relationship
$\pm 0.91 - \pm 1.00$	Very strong
$\pm 0.71 - \pm 0.90$	Strong
$\pm 0.41 - \pm 0.70$	Moderate
$\pm 0.21 - \pm 0.40$	Weak
$\pm 0.01 - \pm 0.20$	Very Weak, No relationship

Source: Hair, et al., (2008)

3.10.6 Multiple Regression

Gliner and Morgan (2009) explained that multiple regression is frequently used in a data analysis to analyze data involving several independent variables with one dependent variable which is tested on (Ho8). In addition, multiple regression can help the researcher to understand how much of the variance in the dependent variable that are being affected by the independent variables it. In multiple regression, a value of multiple R is computed. This value would give an interpretation of the strength of the relationship that exists between the independent variables and the dependent variable. It should be noted that even the value of multiple R is high, it does not

mean that the independent variables might cause the change in the dependent variable.

Since all independent variables in this study are expected to have an equal importance as well as theoretically equal interest, standard regression has been used. The multiple regression analysis was used to test the hypothesis and it will determine the extent of the collaboration paraphernalia of the independent variables towards dependent variable. Before continuing with the regression analysis, elementary presumption of linearity which represent the extent of change in the dependent variable associated with the independent variables. In addition, the passage of normality of the error and homoscedasticity was initially examined.

Based on Bhatti, et al., (2012), there are several assumptions underlying the multiple regression analysis. The assumptions underpin the use of regressions are the number of cases for the dependent variable should be at least five times more than the independent variables. In addition, outlier should be minimises, as outliers should be minimised, as outliers have a huge impact on regression results and the data should be a linear relationship between the dependent and independent variable.

3.11 Conclusion

In this chapter, the research methodology is crucial to address the research problem as well as research questions. All the steps starting from collecting the data to the tools being used in analysing the data were discussed in this chapter. The next chapter would be the continuation of this chapter, which are findings of the data analysis.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the findings of the survey done and resulted with factors that contributed to the knowledge of the Islamic banking product among the Muslim entrepreneur.

4.2 Research Response

Data analysis and interpretation of results may be most meaningful explained by referring to a business research project. Data was analysed from 300 questionnaires with complete answer. In order to analyse all this data, the researcher used the SPSS software program. The SPSS program is used to store all the data, processing the data and outputs whereas the output is used to make analysis for the research conducted by the researcher in order to make the research more accurate, faster and easier through a variety of statistics tools that offered by the program. By the way, for this project paper, the researcher analysed the collected data from the respondents by developing the reliability test, frequency distribution, correlation test and multiple regressions.

4.3 Demographic Characteristics of Respondents

The respondents participated in this study consist of the Muslim entrepreneur in Sungai Petani. The distribution of respondents involved in the Table 4.1:

Table 4.1:

Distribution of respondents

Demographic Profile	Categories	N	Percentage (%)	Mean	Std. Deviation	Sig.
Gender	Male	141	47	4.09	0.55	0.27
	Female	159	53	4.03	0.47	
Age	21- 30 years	71	23.7	4.16	0.58	0.001
	31-40 years	80	26.7	3.95	0.42	
	41-50 years	77	25.7	3.94	0.44	
	50 and above	72	24.7	4.20	0.53	
Education Level	Primary	37	12.3	3.98	0.43	0.027
	SPM	187	62.3	4.06	0.52	
	STPM/ Diploma	43	14.3	3.95	0.53	
	Bachelor Degree	33	11	4.29	0.48	
Experience in Business	1-5 years	110	36.7	4.04	0.56	0.070
	6-10 years	69	23	3.94	0.39	
	11-15 years	50	16.7	4.10	0.55	
	16 years and above	71	23.7	4.17	0.48	

Source: SPSS output

In this study, there are a total of 300 respondents consisting of Muslim entrepreneurs around Sungai Petani, Kedah. Four demographic factors are reported, namely age, gender, education level, and experience in business. Above table illustrate, among the 300 respondents, 141 (47 %) of them are male, while the rest of 159 (53 %) are female.

As for age, most of the respondents are in the age of below 30 years where the amount is 71 which is equivalent to 23.7 percent. This is followed by the respondents in the age of between 31 to 40 years where the number of respondents involved is 80 which is equivalent to 26.7 percent. Meanwhile, 77 of 300 of the respondents in the age range 41 to 50 years. The percentage in this age is 25.7 percent. There are 72 respondents who are in the age of above 50 years involved in this study which is equivalent to 24.7 percent.

In terms of education level, 12.3 percent of the respondents held at least primary school while another 62.3 percent possess having a secondary school certificate such as Sijil Pelajaran Malaysia (SPM). Meanwhile, 14.3 percent of the respondents hold a STPM and Diploma while the rest of 11 percent held a bachelor degree. From the data collection, 110 out 300 respondents have experience in business of below 5 years while of the respondents experience in business between 6 to 10 years where the number of 69 respondent. Meanwhile, 50 respondent in the 11 to 15 years have experience in Business. Another 71 respondents are from 16 years and above experience in business.

This analysis corresponds to answering the research question one of this study, which is to identify the differences between the differences of demographic (age, gender, education level and experience in business) on the knowledge in adopting Islamic banking products among Muslim entrepreneurs. Therefore, the independent group t-test analysis is conducted to test the hypothesis related to gender in this study. The previous chapter had discussed several assumptions that need to be taken into consideration before conducting a t-test. After that, One-way ANOVA used for examining the difference between gender, education level and experience in business. An interval scale is used to measure the knowledge, as respondents indicate their responses to statements in term of ratings.

i. The differences between gender and knowledge of Islamic banking products:

Ho 1: There is no significant differences between gender and knowledge of Islamic banking products.

Ha 1 There is a significant differences between gender and knowledge of Islamic banking products.

Based on Table 4.1, the significant value of knowledge in Levene's test is 0.008 which is less than 0.05 and this variance between male and female is different. Since the mean value of these two groups is from the different population. It was found that the mean efficacy for male is 4.09 and for females is 4.03. The significant value obtained is 0.27 which is greater than 0.05 and the researcher provide results that there are not significant as well as the null hypothesis (Ho1) is not rejected. It can be concluded that there are no significant difference between gender and knowledge. As a result, Ha1 is rejected.

ii. The difference between age and knowledge of Islamic banking products.

Ho 2: There are no significant differences between age and knowledge of Islamic banking products.

Ha 2: There are a significant differences between age and knowledge of Islamic banking products.

Based on descriptive statistics, as for age of the respondents are in the age of below 30 years where the amount is 71. This is followed by the respondents in the age of between 31 to 40 years where the number of respondents involved are 80 .Meanwhile, 77 from 300 of the respondents in the age range 41 to 50 years and 72 respondents who are in the age of above 50 years involved in this study. The mean value of these knowledge of Islamic banking product for total respondent is 4.06 and the standard deviation is 0.51. Results show knowledge of Islamic banking products for the age of above 50 years is the highest compared to the other age (mean is 4.20 and standard deviation is 0.54). Meanwhile, between 21 to 30 years (mean is 4.16 and standard deviation is 0.58), as the age between 31 to 40 years (mean is 3.95 and standard deviation is 0.42) and the lowest is between 41 to 50 years (mean 3.94 and standard deviation is 0.44)

Although there are differences in mean for knowledge of Islamic banking products by age, the researcher cannot say there is a difference for knowledge of Islamic banking products among Muslims according to the age of the entrepreneur. Therefore, to investigate the basis and significant differences, researcher need to interpret table in (ANOVA). Under the ANOVA table, an F value is 5.43 and significant value is 0.001. The significant value is less than 0.05 and the results are

significant as well the null hypothesis (H_0 2) is rejected. It can be concluded that there are significant difference between age and knowledge. As a result, H_{a1a} is accepted. As the significant result was obtained, the researcher using LSD test to interpret from Post Hoc Tests: Multiple Comparison Table to test the difference between age and knowledge. In observation this study, there is a star on the mean difference is significant at the 0.05 level. The sign means that there is a difference age and knowledge but to more accurately study looked at the value of significant real.

The researcher compared the differences between the age groups 21 to 30 years with 31 to 40 years and 21 to 30 years with 41 to 50 years found both comparisons are significant at the alpha level of 0.05 ($0.001 < 0.05$) . The age between 21 to 30 years with 50 years above and 31 to 40 years with 41 to 50 years of age is not significant at the alpha level of 0.05 ($0.63 > 0.05$) and ($0.94 > 0.05$). In conclusion , this study found that 21 to 30 years with 31 to 40 years and 21 to 30 years with 41 to 50 years have a different age to the knowledge of Islamic banking products and 21 to 30 years to 50 years and 31 to 40 years with 41 to 50 years of age have in common the knowledge of Islamic banking products.

iii. The difference between education level and knowledge of Islamic banking products:

H_0 3: There are no significant differences between education level and knowledge of Islamic banking products.

H_a 3: There are a significant differences between education level and knowledge of Islamic banking products.

Based on descriptive statistics, as for education level of the respondents which in the primary school where the amount is 36. This is followed by the respondents in the secondary school certificate such as Sijil Pelajaran Malaysia (SPM) where the number of respondents involved is 187. Meanwhile, 43 from 300 of the respondents in Diploma and STPM and 33 respondents who are in Bachelor Degree involved in this study. The mean value of these knowledge of Islamic banking product for total respondent is 4.06 and the standard deviation is 0.51. Results show knowledge of Islamic banking products for the bachelor degree is the highest compared to the other education level (mean is 4.28 and standard deviation is 0.51). Meanwhile, secondary school (mean is 4.06 and standard deviation is 0.52), as the primary school (mean is 3.98 and standard deviation is 0.43) and the lowest is diploma and STPM (mean 3.94 and standard deviation is 0.44).

Under the ANOVA table, an F value is 5.43 and significant value is 0.001. The significant value is less than 0.05 and the results are significant as well the null hypothesis (H_0 3) is rejected. It can be concluded that there are significant difference between age and knowledge. As a result, H_a 1a is accepted. Having obtained a significant result, the researcher using LSD test to interpret from Post Hoc Tests: Multiple Comparison Table to test the difference between age and knowledge. In observation this study, only a bachelor degree have a difference in education level because bachelor degree with primary school, bachelor degree with secondary school and bachelor degree with diploma and STPM found both comparisons are significant at the alpha level of 0.05 ($0.001 < 0.05$).

iv. The difference between experience in business and knowledge of Islamic banking products:

Ho 4: There are no significant differences between experience in business and knowledge of Islamic banking products.

Ha 4: There are a significant differences between experience in business and knowledge of Islamic banking products.

Based on descriptive statistics, as for experience in business of the respondents are in the experience of below 5 years where the amount is 110. This is followed by the respondents in the experience of between 6 to 10 years where the number of respondents involved are 69 .Meanwhile, 50 from 300 of the respondents in the experience range 11 to 15 years and 70 respondents who are in the experience of 15 years and above involved in this study. The mean value of these knowledge of Islamic banking product for total respondents are 4.06 and the standard deviation is 0.51.

Results show knowledge of Islamic banking products for the experience of 50 years and above is the highest compared to the other experience (mean is 4.17 and standard deviation is 0.48). Meanwhile, between 11 to 15 years (mean is 4.10 and standard deviation is 0.55), as the experience between 1 to 5 years (mean is 4.04 and standard deviation is 0.56) and the lowest is between 6 to 10 years (mean 3.94 and standard deviation is 0.39). Under the ANOVA table, a F value is 2.38 and significant value is 0.07. The significant value is greater than 0.05 and the result re no significant as well the null hypothesis (Ho 4) is accepted. It can be concluded that there are no

significant difference between experience in business and knowledge. As a result, Ha4 is rejected.

4.4 The Correlation between Underlying Principle, Religiosity and Perception with the Knowledge of Islamic Banking Product among Muslim Entrepreneurs

The Pearson correlation was used to determine the relationship between the two variables in which the lower scale is based on an interval scale. It will discuss the relationship between knowledge (DV) with all the independent variables involved. To interpret the correlation coefficient, examine the coefficient and its associated significant value (p). Before coming out with the correlation output, the researcher need to fulfill several assumptions mentioned in the previous chapter. It is noted that the scale of measurement of the data is an interval, and the data are also normally distributed.

Thus, there is no violation to the assumption testing. Meanwhile, it showed that there is linearity between the two variables involved (Appendix F). The last assumption for the correlation is related to the homoscedasticity. The scatter plot showed that there is no obvious pattern and it indicate that homoscedasticity is in the set of independent variables (Appendix F). Table 4.2 below shown the results of the correlation between knowledge and all independent variables that might affect knowledge. Sekaran (2003), has stated that correlation of less than 0.3, can be indicate small or weak relationship , while correlation coefficient of greater than 0.3, less than 0.5, indicate moderate or medium relationship and correlation, coefficient of greater than 0.5, indicate a large and strong relationship.

Table 4.2:

Result for Correlation of Knowledge and other Variable.

Variable s	Correlation	Sig.
Underlying Principles	0.613	0.000
Religiosity	0.557	0.000
Perception	0.562	0.000

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

Table 4.2 shows the correlation matrix between knowledge and underlying principles. The Pearson correlation between both variables is 0.613 which is significant at 0.000. Based on Hair et al. (2008), this indicates that there is moderate of correlation between knowledge and underlying principles as well the direction is positive. Therefore, the null hypothesis (Ho5) is rejected and the alternative hypothesis (Ha5) would be accepted. Meanwhile, for religiosity factors, the Pearson correlation between both variables is 0.557 where the correlation is significant as 0.00 levels. This indicates that there is a moderate of correlation knowledge and religiosity as well the direction is positive. Thus, the null hypothesis (Ho6) is rejected and the alternate hypothesis (Ha6) was accepted.

Last but not least, The tabel also indicated the correlation matrix between the knowledge and the perception in Islamic Banking among Muslim entrepreneur. The table indicates that the Pearson correlation of these variables is 0.562 where the correlation is significant at 0.00 levels. Meanwhile, this would verify that there is a moderate of correlation knowledge and perception and as well the direction is positive. As a result, the null hypothesis (Ho7) is rejected while the alternative hypothesis (Ha7) is accepted.

4.5 Multiple Regressions

The last objective in this study is to answer the last research question research and objective in this study, the researcher need to prove the hypothesis which was developed earlier. The hypothesis is as follow:

Ho 8: Underlying principles, religiosity and perception will not significantly explain the variance of knowledge among Muslim entrepreneur towards Islamic banking products.

Ha 8: Underlying principles, religiosity and perception will significantly explain the variance of knowledge among Muslim entrepreneur towards the Islamic banking products.

Before conducting the analysis, preliminary analyses were performed in order to ensure there is no violation of the assumptions of outliers, multicollinearity, linearity, normality as well as homoscedasticity. It is found that all the assumptions are not violated in this study. Hence, multiple regressions can be used to examine the influences between independent variables on dependent variable in this study. Table 4.3 shows that analysis of variance from the ANOVA table indicated that F statistic produced ($F=87.845$) is found to be significant ($p=0.000$) at the level 0.05 level. It can be concluded that this regression model reaches statistically significant as the p value is less than 0.05.

Table 4.3:

Relationship between the Various Determinants and Knowledge

Determinant	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.197	.185		6.482	.000
Underlying Principles	.321	.053	.357	6.076	.000
Religiosity	.149	.056	.158	2.633	.009
Perception	.228	.040	.293	5.662	.000

Note: *F Value* = 87.8450 with *Sig*= 0.000, $R^2=0.472$

The objective is to investigate whether all the independent variables involved can influence the knowledge of Islamic banking product among Muslim entrepreneurs. From the table, the researcher had summarize the relationship between the variables such as formula equation below:

$$y = a + b_1X_1 + b_2X_2 + b_3X_3$$

$$y = 1.197 + 0.321 x_1^{**} + 0.149x_2^{**} + 0.228x_3^{**}$$

Where a = Intercepts
y = Knowledge
b₁x₁ = Underlying Principles
b₂x₂ = Religiosity
b₃x₃ = Perception

From the above formula, it can be concluded that, all variables that have significant to influence on underlying principles (B= 0.321), Religiosity (B=0.149) and perception (B= 0.228). Understanding in underlying principles make more influence to knowledge. It means, 1 unit of understanding of underlying principle is increase would make 0.321 knowledge increase. Besides that, religiosity factor make positive

significant to knowledge. It means, 1 unit of religiosity factor's increase would make 0.149 knowledge increase. Lastly, perception toward Islamic Banking product make positive significant to knowledge. It means, 1 unit of perception toward Islamic Banking product make increase would make 0.228 knowledge increase.

In general, it can be concluded that, the null hypothesis (H_0) is rejected while the alternative hypothesis (H_a) is accepted. Hence, all variables which are underlying principles, religiosity and perception were accepted under the alternative hypothesis. Therefore, in this study, the most influential factors that affect the knowledge of Islamic Banking Product among Muslim entrepreneurs fall under the underlying principles. Second, perception and the lowest influential factors that affect the knowledge of Islamic banking product among Muslim entrepreneurs fall under the religiosity.

Due to this, these factors should need to be discussed in detail in the next chapter because the R square purpose to see the factors affecting the Independent variable and dependent variable. Should the independent variable is high; it was complete and affect too dependent variable and the event that R square is low there are still independent variable that can influence dependent variable.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1 Introduction

This chapter will summarize the findings of the study followed by a discussion. Consequently, the theoretical and managerial implications as well as suggestions for future research are also discussed. Last but not least, this chapter ends with the recommendations related to the study.

5.2 Recapitulation of the Study Findings

Based on the previous study of knowledge, this study further investigates the factor that can affect the level of knowledge among Muslim entrepreneur towards the Islamic banking products. In other words, level of product knowledge is the main interest of this research. Knowledge is a practice-based experience of a rare or an individual such as perception of the internal or external and also practical activities (Jian, 2005). Meanwhile, the operational definition of knowledge in this study is the information acquired by the Muslim entrepreneur through education and experience use the Islamic banking products.

This research was conducted to achieve three main objectives. The first objective is to determine the differences between age, gender, education level and experience in business may influence the knowledge of Islamic banking products among Muslim entrepreneurs. The second objective is to investigate the correlation of knowledge of Islamic banking product among Muslim entrepreneur with the underlying principles, religiosity and perception. Finally, the third objective is to conclude the variance of underlying principles, religiosity and perception of Islamic banking products. In consideration of the above research objectives, this research was commenced to strive for answers towards the several research questions:

- i. Is there any differences between knowledge of Islamic banking product with gender, age, education level and experience in business.
- ii. What is the correlation between underlying principles, religiosity and perception with the knowledge of Islamic banking product among Muslim entrepreneur
- iii. To what extent that the underlying principles, religiosity and perception with the knowledge of Islamic banking products among Muslim entrepreneurs.

As mentioned in Chapter three, the data was gathered through the designated questionnaires which were distributed among Muslim entrepreneur. Approximately 300 sets of questionnaires was replied with complete answer. The analysis was implemented separately between the dependent and independent variables. From the analysis, it produced various dimensions of the factors which can affect the knowledge. In addition, the internal consistency of the instruments was done through

comparing the reliability coefficient based on Cronbach's alpha values. This study also implemented correlation analysis in order to identify the relationship between the independent variables with the dependent variable. Finally, the data collected were also analyzed using the multiple regression analysis to test the hypothesis of the study. In order to determine whether the null hypotheses can be substantiated or not, 0:05 was used as a critical level for the entire decision-making throughout the study.

Returning to the first research question regarding the differences of knowledge based on the selected demographic factors, the researcher had chosen to evaluate only four demographic factors namely, age, gender, education level and experience in business. It was found that, for gender and experience in business, there are no difference between knowledge of Islamic banking products. While for age, there are only two group that shows a significant difference between age and knowledge of Islamic Banking Product found that 21 to 30 years with 31 to 40 years and 21 to 30 years with 41 to 50 years have a different age to the knowledge of Islamic banking products. Finally for educational level, Bachelor degree have significant differences among each primary school, secondary school with the knowledge of Islamic banking product.

A Pearson correlation analysis was undertaken in order to answer the research question (b). From the analysis, it was found that all the independent variables which are underlying principles, religiosity and perception have a moderate of correlation and positive relationship with the knowledge. In addition, finding from regression analysis was undertaken in order to answer the research objective. The three independent variable explained the variance in the knowledge in adopting Islamic

banking products among Muslim entrepreneurs. Hence, all variables which is underlying principles, religiosity and perception were accepted under the alternative hypothesis. Therefore, in this study, the most influential factors that affect the knowledge of Islamic banking products among Muslim entrepreneurs fall under the underlying principles. Second, perception and the lowest influential factors that affect the knowledge of Islamic banking products among Muslim entrepreneurs fall under the religiosity.

5.3 Discussion of Findings

The following section will discuss in further detail the level of product knowledge among Muslim entrepreneurs as well as the effects of various factors towards the knowledge based on the findings obtained from the previous chapter. The main purpose of this study was to identify the level of knowledge of Islamic banking products among Muslim entrepreneurs in Sungai Petani. It demonstrated that the level of knowledge among Muslim entrepreneurs is moderate since they have given a positive response towards the items related to the knowledge in the questionnaires.

As Muslim entrepreneur, they should have an in-depth knowledge of the Islamic banking systems because, business financing sources need to ensure it comes from a clean and halal source and free from the clutches of a laptop and acceptance of the instruments are entrepreneurs Islamic finance in an endeavor which contribute the economic development of Islam. However, what if in the circumstance that they do not have enough knowledge regarding the mentioned issue? This might be a severe problem to reduce unemployment, encourage the growth of small and medium

enterprises and facilitate the improvement the economy of a country to obtain tax and zakat to assist the government in solving problems poverty.

From the result obtained, there is a significant difference between ages and knowledge namely group 21-30 year and above of 50 year know that the awareness of products. According to this study, the majority of customers 21-30 years might have the high concentrations in this age because the relatively short to know of history of banking and research has proven by Khan, et al., (2008) in Bangladesh. Meanwhile, the group 50 years and above have difference knowledge of Islamic banking product because a society that was in the older age may have different opinions compared to a society from a younger age. This is because, the older age has more experience than the youth. Back to the studied mentioned earlier, some researcher such as Khan, et.al., (2008) stated that the level of awareness is related to the existence of Islamic banking which, influenced by the background or history of Islamic banking that was newly developed in certain countries. In this regard, the Islamic banking is still considered new in certain country and therefore, the age differences would result in different levels of awareness among the various communities.

Other than that, this review has provided significant differences of knowledge in Islamic banking products have on their education background. Result show that respondents who have education from university tend to show higher level of understanding toward Islamic banking products compared to other type of qualifications. According to a study executed in Sarawak by Run and Lip (2005.), educational level gives a significant difference towards the level of understanding

among the consumers regarding Islamic financing. However, the study also shows that there is no significant relationship between level of education and the overall perception among users of Islamic financing.

5.4 Contribution of the Research

This research and the findings have academic and managerial implications. These contributions and implications are discussed below.

5.4.1 Theoretical Contributions

The primary objective of this study was to determine the level of knowledge among Muslim entrepreneurs. The contribution of this research from the theoretical perspectives lies in identifying how the underlying principles, religiosity factor and perception. Most of previous researchers have focused more on the customers' perspectives. Therefore, this study contributes to the literature by investigating the factors mentioned in the context and develop a theoretical framework that will have an impact on knowledge of Islamic banking products among Muslim entrepreneurs.

This study limits the scope of respondents for Muslim entrepreneur only so that it can meet the objectives of this study. This study also helps the Muslim entrepreneur to enhance their level of understanding towards the Islamic banking products in terms of the understanding of underlying principles, religion and perceptions. In addition, the research regarding Islamic banking is limited compared to the research that was implemented on conventional banks. Due to this, this study may contribute

to a research paper in Malaysia which will provide some information for future researchers interested in carrying out a study on Islamic banking.

In addition, this study also helps to validate the previous instruments regarding the knowledge as well as the determinants that would give an effect towards the knowledge. The existence of the proposed theoretical framework in this study helps the Islamic bankers to marketing the Islamic banking to Muslim entrepreneurs. The findings also proved that, the most influential factors that affect the knowledge of Islamic banking products among Muslim entrepreneurs is the underlying principles. Second, perception and the lowest influential factors that affect the knowledge of Islamic banking product among Muslim entrepreneurs fall under the religiosity. This may suggest that the factors affecting because Underlying principles, religiosity and perception will significantly knowledge of Islamic banking product among Muslim Entrepreneur.

5.4.2 Managerial Implications

Beside the academic contribution of this study, managerial implications can also be derived from. Besides academic contribution of this study, managerial implications can also be derived from the results obtained in this research. The results from this study give several implications to help the entrepreneurs to know what is their level of knowledge towards Islamic banking products and services offered. Besides, it will create an awareness among entrepreneurs to improve and gain much knowledge regarding the Islamic terms and principles that regulate under the Islamic banking system. The findings of the study can also be utilized by the bank to give a better explanation regarding products and services offered to entrepreneur.m the results

obtained in this research. The results from this study give several implications to help the entrepreneurs to know what is their level of knowledge towards Islamic banking products and services offered. Besides, it will create an awareness among entrepreneurs to improve and gain much knowledge regarding Islamic terms and principles that regulate under the Islamic banking system. The findings of the study can also be utilized by the bank to give a better explanation regarding the products and services offered so that it can create a sense of trustworthiness between customer and bank.

Meanwhile, the factor that the bankers have to demonstrate is the importance of enhancing the level of knowledge through increasing the understanding of the underlying principles of Islamic banking among Muslim entrepreneurs. The bankers are also advised to listen to the customers' issues, comments and respond to Muslim entrepreneurs appropriately because sometimes the entrepreneur can provide some relevant information to the bankers in order to improve their current services and performances. Hence, banker must provide financial planning services to entrepreneurs to fund their business by Islamic Banking. The important part is, selection must the underlying principles of Islam and adapted to the level of business risk that can be minimized. Thus, the government's intention to make Malaysia a hub for Islamic finance in the global level will become a reality.

5.5 Limitations and Future Research Directions

The limitations of the study are discussed in order to stipulate the limitations and to recognize anticipated possibilities for research. First, because of the constraints of time, the respondents in this study are limited to the Sungai Petani. Furthermore, this study also has a limitation in deciding the number of population among the Muslim entrepreneur around the area of study. Therefore, the researcher had decided to get the total number of Muslim entrepreneur from the SSM . Since the intention of this research to take Muslim entrepreneur as respondents in Sungai Petani only, therefore the results obtained in this study cannot be generalized to the entire population of another place. However it will be an indicator in this study of this subject in the future. Basically, the scope of this study is limited to exploratory study among the Muslim entrepreneur in Sungai Petani to obtain the information regarding the level of knowledge among them. This exploratory study could be improved in the future research through more empirical research with different level and size of respondents which involved other place in Malaysia through cross-country studies.

In addition, the future research could be extended to investigate the factors affecting because underlying principle in Islamic banking, religiosity and perception will significantly knowledge of Islamic banking product among Muslim entrepreneur. Hence, this future research can measured knowledge with awareness of Islamic Banking product among Muslim entrepreneur because Hamid and Nordin (2001) in their study of Malaysian banking consumers' found out that a high level of awareness of Islamic banking compare lower knowledge of specific Islamic banking products namely Including lower understanding of the difference between Islamic and conventional banks.

5.6 Conclusion

Finally, it could be concluded that the entire objective in this study was achieved at all and from the overall results and it is hope that this study would be beneficial to all relevant parties including the Islamic banking industry participants, academic research, students, end user and the bankers. So, the Muslim entrepreneur in Sungai Petani influence knowledge of Islamic banking products.

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APPENDICES

• **APPENDIX A**
(Questionnaires)

• **APPENDIX B**
(Reliability Test)

• **APPENDIX C**
(Normality Test)

• **APPENDIX D**
(Descriptive Statistic)

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(Test of Differences)

• **APPENDIX F**
(Correlation)

• **APPENDIX G**
(Multiple Regression)

APPENDIX A

(Questionnaire)



“PENGETAHUAN TERHADAP PRODUK PERBANKAN ISLAM DI KALANGAN USAHAWAN MUSLIM”

Kepada para pelanggan bank-bank Islam yang dihormati,

Soal selidik ini bertujuan untuk mengukur pengetahuan anda terhadap produk perbankan Islam dan kecenderungan anda memilih serta berurusan dengan bank-bank Islam. Maklumat yang diperoleh melalui soal selidik ini amat penting untuk penyelidik mencapai objektif dan matlamat penyelidikan bagi memenuhi keperluan pengajian Sarjana Kewangan dan Perbankan Islam di Universiti Utara Malaysia. Soalan ini ditujukan khas kepada Usahawan Muslim.

Soal selidik ini terbahagi kepada Empar bahagian utama iaitu:

- i) Bahagian A : Profil responden
- ii) Bahagian B: Faktor-faktor yang mempengaruhi pengetahuan
- iii) Bahagian C : Pengetahuan Tentang Produk Perbankan Islam
- iv) Bahagian D: Cadangan dan pandangan terhadap perkhidmatan bank-bank Islam

Segala maklumat yang anda berikan akan **DIRAHSIAKAN** dan hanya untuk **TUJUAN PENYELIDIKAN AKADEMIK SEMATA-MATA**. Terima kasih atas kerjasama dan sokongan anda.

Yang benar,

Aiffah binti Abu Bakar
Master in Islamic Finance and Banking
Email : aiffah89@gmail.com.

BAHAGIAN A : Profil pelanggan

Sila tandakan (✓) di kotak yang sesuai

1. Jantina:

Lelaki ☐ Perempuan ☐

2. Umur:

- i. 21- 30 Tahun ☐
- ii. 31- 40 Tahun ☐
- iii. 41-50 Tahun ☐
- iv. 50 tahun ke atas. ☐

3. Tahap pendidikan tertinggi:

- i. Sekolah Rendah ☐
- ii. Sekolah Menengah (SPM) ☐
- iii. STPM / Diploma ☐
- iv. Ijazah Sarjana Muda ☐
- v. Lain-lain. ☐

Nyatakan:_____

4. Tahun pengalaman dalam perniagaan:

- i. 1-5 Tahun ☐
- ii. 6-10 Tahun ☐
- iii. 11-15 Tahun ☐
- iv. 16 Tahun dan ke atas ☐

BAHAGIAN B: FAKTOR YANG MEMPENGARUHI PENGETAHUAN.

Sangat Tidak Setuju	Tidak Setuju	Tidak Pasti	Setuju	Sangat Setuju
1	2	3	4	5

1	Saya faham bahawa perbankan Islam hanya boleh membuat pelaburan dalam perniagaan yang tidak bertentangan dengan Islam	1	2	3	4	5
2	Saya bersetuju bahawa setiap bank Islam perlu mempunyai Lembaga Pengawasan Syariah untuk memastikan semua aktiviti perniagaan adalah selaras dengan kehendak Syariah	1	2	3	4	5
3	Sistem perbankan Islam diperkenalkan kerana orang Islam dilarang daripada menerima atau memberi faedah, sepertimana yang diamalkan oleh sistem perbankan konvensional.	1	2	3	4	5
4	Saya faham bahawa setiap transaksi dalam perbankan Islam mestilah mempunyai akad	1	2	3	4	5
5	Saya tahu bahawa pulangan perbankan Islam berdasarkan jualan, sewaan dan perkongsian keuntungan dan bukannya faedah (<i>interest</i>)	1	2	3	4	5
6	Saya percaya bahawa perbankan Islam melarang keraguan (<i>gharar</i>) yang berlebihan dalam semua bentuk transaksi	1	2	3	4	5
7	Produk-produk perbankan Islam di Malaysia mempunyai potensi yang sangat tinggi	1	2	3	4	5
8	Bank-bank Islam mampu bersaing dengan bank-bank konvensional	1	2	3	4	5
9	Saya tahu perbankan Islam tidak melibatkan perjudian atau perbuatan yang bertentangan dengan Syariah	1	2	3	4	5

10	Saya tahu transaksi perbankan Islam adalah berlandaskan keadilan dan kejujuran berpandukan kepada al-Quran dan Sunnah.	1	2	3	4	5
11	Saya tahu perbankan Islam menyumbang ke arah pembangunan zakat.	1	2	3	4	5
12	Saya tahu perbankan Islam tidak menawarkan caj yang berunsurkan riba dan bebas dari transaksi yang meragukan.	1	2	3	4	5
13	Peraturan yang dikeluarkan oleh perbankan Islam menunjukkan prestasi yang lebih baik	1	2	3	4	5
14	Bank-bank Islam dan konvensional memasarkan produk Islam mereka dengan cara yang berkesan.	1	2	3	4	5
15	Dengan menggunakan perbankan Islam pelanggan akan menjadi lebih beretika dalam nilai-nilai seharian mereka.	1	2	3	4	5
16	Perbankan Islam adalah produk dan perkhidmatan yang unik dan tidak bersaing pada harga.	1	2	3	4	5
17	Caj perkhidmatan yang ditawarkan oleh perbankan Islam lebih rendah berbanding konvensional	1	2	3	4	5

BAHAGIAN C: Pengetahuan Terhadap Produk Perbankan Islam

Sangat Tidak Setuju	Tidak Setuju	Tidak Pasti	Setuju	Sangat Setuju
1	2	3	4	5

1	Saya tahu dan memahami perbezaan antara produk-produk perbankan Islam dan konvensional	1	2	3	4	5
2	Saya tahu konsep yang diaplikasikan dalam perbankan Islam	1	2	3	4	5

3	Saya tahu produk perbankan Islam ditawarkan kepada Muslim dan bukan Muslim	1	2	3	4	5
4	Saya percaya bahawa perbankan Islam mestilah berlandaskan Syariah	1	2	3	4	5
5	Saya faham bahawa sistem yang diguna pakai oleh bank-bank Islam benar-benar membantu dalam menggalakkan nilai-nilai Islam di kalangan kakitangan, pelanggan dan orang awam.	1	2	3	4	5
6	Saya bersetuju bahawa undang-undang dan peraturan yang dikeluarkan oleh pakar-pakar Syariah mestilah mengikut al-Quran dan Sunnah	1	2	3	4	5
7	Saya tahu bahawa produk yang ditawarkan oleh bank-bank Islam adalah mengikut keperluan dan pilihan pelanggan	1	2	3	4	5

BAHAGIAN E : Cadangan dan pandangan terhadap perkhidmatan bank-bank Islam

Saya cadangkan

KASIH DI ATAS KERJASAMA ANDA

SEMOGA JASA ANDA MENDAPAT GANJARAN DI SISI ALLAH S.W.T

APPENDIX B

(Reliability Test)

A. Reliability Test for Knowledge

Case Processing Summary

		N	%
Cases	Valid	300	100.0
	Excluded ^a	0	.0
	Total	300	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.853	7

B. Reliability Test for Underlying Principle

Case Processing Summary

		N	%
Cases	Valid	300	100.0
	Excluded ^a	0	.0
	Total	300	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.849	8

C. Reliability Test for Religion

Case Processing Summary

		N	%
Cases	Valid	300	100.0
	Excluded ^a	0	.0
	Total	300	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.793	5

D. Reliability Test for Perception

Case Processing Summary

		N	%
Cases	Valid	300	100.0
	Excluded ^a	0	.0
	Total	300	100.0

a. Listwise deletion based on all variables in the procedure.

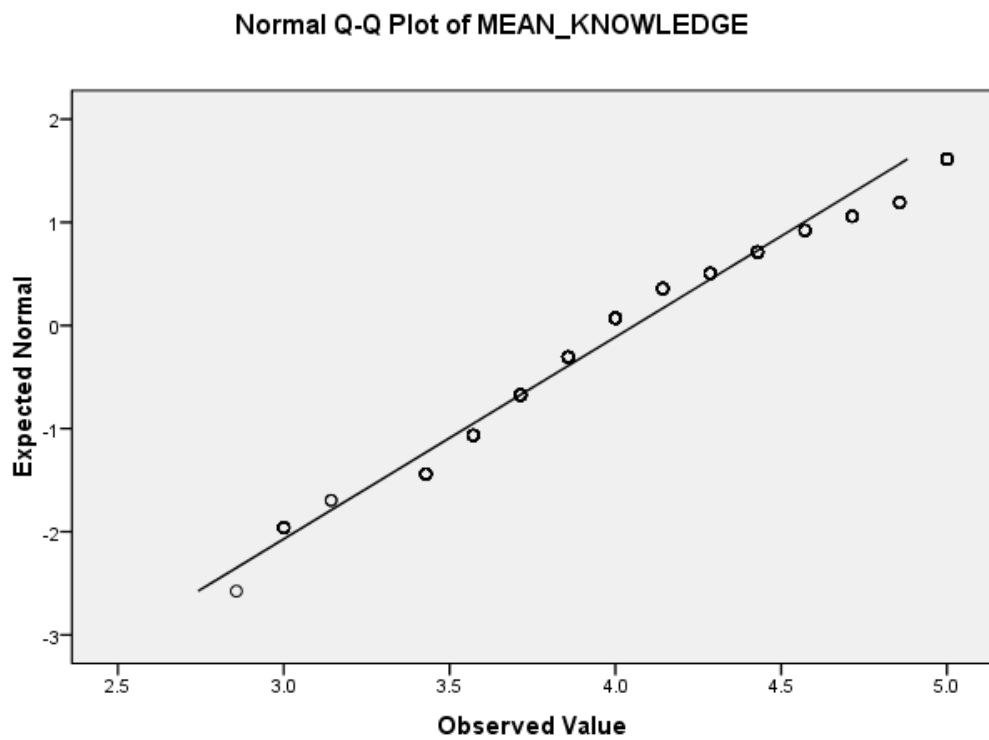
Reliability Statistics

Cronbach's Alpha	N of Items
.848	4

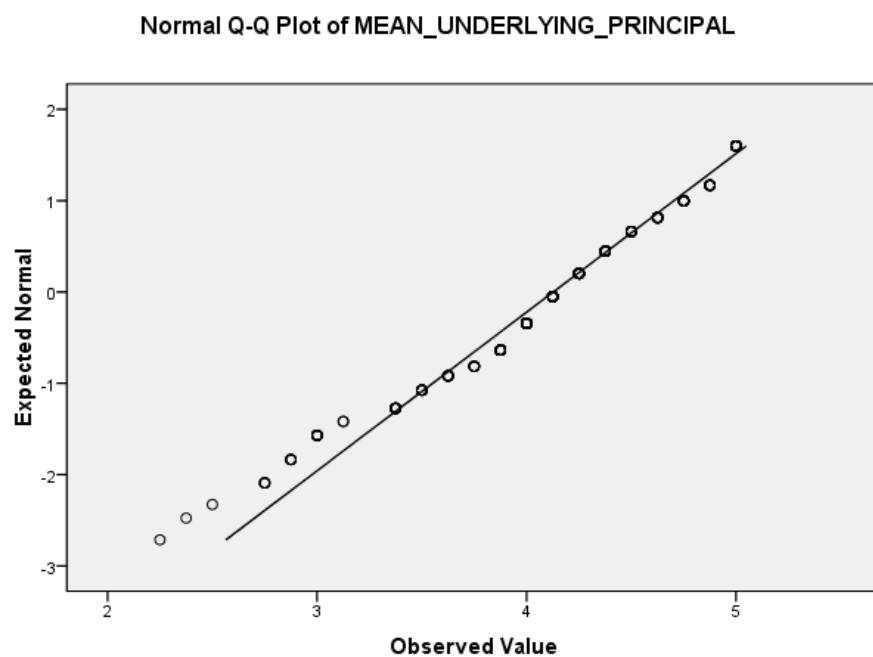
APPENDIX C

(Normality Test)

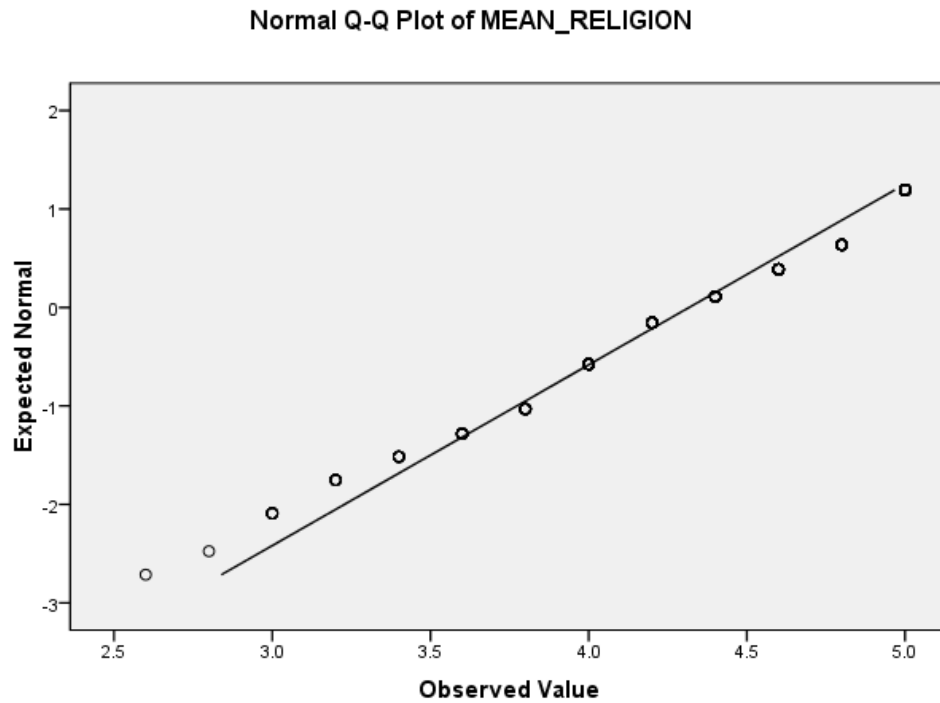
A. Normality Test for Knowledge



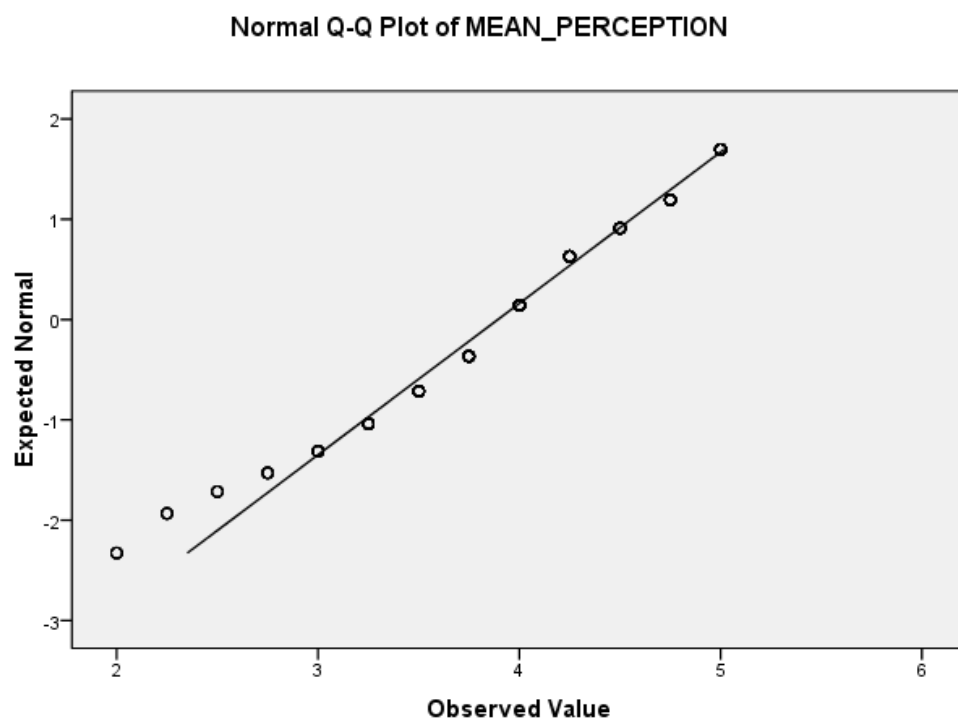
B. Normality Test for Underlying Principles



C. Normality Test for Religion



D. Normality Test for Perception



APPENDIX D

(Descriptive Statistic)

A. Descriptive Statistic

Statistics

		gender	age	level of education	experience of business
N	Valid	300	300	300	300
	Missing	0	0	0	0

B. Frequency Table for Gender

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	141	47.0	47.0	47.0
	Female	159	53.0	53.0	100.0
	Total	300	100.0	100.0	

C. Frequency Table for Age

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 years	71	23.7	23.7	23.7
	31-40 years	80	26.7	26.7	50.3
	41-50 years	77	25.7	25.7	76.0
	50 and above	72	24.0	24.0	100.0
	Total	300	100.0	100.0	

D. Frequency Table for Education Level

level of education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	primary	37	12.3	12.3	12.3
	secondary	187	62.3	62.3	74.7
	Diploma/ advanced Diploma	43	14.3	14.3	89.0
	Bachelor Degree	33	11.0	11.0	100.0
	Total	300	100.0	100.0	

E. Frequency Table for Experience of Business

experience of business					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	110	36.7	36.7	36.7
	6-10 years	69	23.0	23.0	59.7
	11-15 years	50	16.7	16.7	76.3
	16 years and above	71	23.7	23.7	100.0
	Total	300	100.0	100.0	

APPENDIX E

(Test of Differences)

A Test of differences between gender and knowledge

Group Statistics

		gender	N	Mean	Std. Deviation	Std. Error Mean
Mean Knowledge	Male		141	4.0922	.54776	.04613
	Female		158	4.0262	.47499	.03779

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Mean Knowledge	Equal variances assumed	7.108	.008	1.115	297	.266	.06598	.05915	-.05043	.18239
	Equal variances not assumed			1.106	278.933	.269	.06598	.05963	-.05141	.18336

B Test of differences between age and knowledge**Descriptives**

Mean Knowledge

					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
21-30 years	71	4.1590	.58332	.06923	4.0209	4.2970	3.00	5.00
31-40 years	80	3.9500	.42348	.04735	3.8558	4.0442	2.86	5.00
41-50 years	77	3.9443	.44887	.05115	3.8425	4.0462	2.86	5.00
50 and above	71	4.1992	.53967	.06405	4.0715	4.3269	3.00	5.00
Total	299	4.0573	.51080	.02954	3.9992	4.1155	2.86	5.00

Test of Homogeneity of Variances

Mean Knowledge

Levene Statistic	df1	df2	Sig.
5.479	3	295	.001

ANOVA

Mean Knowledge

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.067	3	1.356	5.427	.001
Within Groups	73.685	295	.250		
Total	77.752	298			

Post Hoc Test

Multiple Comparisons

MEAN KNOWLEDGE
LSD

(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
21-30 years	31-40 years	.20895*	.08149	.011	.0486	.3693
	41-50 years	.21461*	.08223	.010	.0528	.3764
	50 and above	-.04024	.08388	.632	-.2053	.1248
31-40 years	21-30 years	-.20895*	.08149	.011	-.3693	-.0486
	41-50 years	.00566	.07979	.944	-.1514	.1627
	50 and above	-.24920*	.08149	.002	-.4096	-.0888
41-50 years	21-30 years	-.21461*	.08223	.010	-.3764	-.0528
	31-40 years	-.00566	.07979	.944	-.1627	.1514
	50 and above	-.25485*	.08223	.002	-.4167	-.0930
50 and above	21-30 years	.04024	.08388	.632	-.1248	.2053
	31-40 years	.24920*	.08149	.002	.0888	.4096
	41-50 years	.25485*	.08223	.002	.0930	.4167

*. The mean difference is significant at the 0.05 level.

C Test of differences between education level and knowledge

Descriptive

Mean Knowledge								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
primary	36	3.9841	.43435	.07239	3.8372	4.1311	3.00	5.00
secondary	187	4.0573	.51751	.03784	3.9826	4.1320	2.86	5.00
Diploma/ advanced Diploma	43	3.9468	.52537	.08012	3.7852	4.1085	3.43	5.00
Bachelor Degree	33	4.2814	.47980	.08352	4.1113	4.4515	3.71	5.00
Total	299	4.0573	.51080	.02954	3.9992	4.1155	2.86	5.00

ANOVA

Test of Homogeneity of Variances

MEAN_KNOWLEDGE

Levene Statistic	df1	df2	Sig.
1.321	3	295	.268

MEAN_KNOWLEDGE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.374	3	.791	3.098	.027
Within Groups	75.377	295	.256		
Total	77.752	298			

POST HOC TEST

MEAN_KNOWLEDGE

LSD

Multiple Comparisons

(I) level of education	(J) level of education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
primary	secondary	-.07317	.09200	.427	-.2542	.1079
	Diploma/ advanced Diploma	.03728	.11419	.744	-.1875	.2620
	Bachelor Degree	-.29726*	.12182	.015	-.5370	-.0575
secondary	primary	.07317	.09200	.427	-.1079	.2542
	Diploma/ advanced Diploma	.11045	.08549	.197	-.0578	.2787
	Bachelor Degree	-.22409*	.09544	.020	-.4119	-.0363
Diploma/ advanced Diploma	primary	-.03728	.11419	.744	-.2620	.1875
	secondary	-.11045	.08549	.197	-.2787	.0578
	Bachelor Degree	-.33454*	.11698	.005	-.5648	-.1043
Bachelor Degree	primary	.29726*	.12182	.015	.0575	.5370
	secondary	.22409*	.09544	.020	.0363	.4119
	Diploma/ advanced Diploma	.33454*	.11698	.005	.1043	.5648

*. The mean difference is significant at the 0.05 level.

D Test of differences between Experience and knowledge

Descriptives

MEAN_KNOWLEDGE

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1-5 years	110	4.0429	.56336	.05371	3.9364	4.1493	2.86	5.00
6-10 years	69	3.9420	.39071	.04704	3.8482	4.0359	3.00	5.00
11-15 years	50	4.0971	.54870	.07760	3.9412	4.2531	3.14	5.00
16 years and above	70	4.1653	.48438	.05789	4.0498	4.2808	3.00	5.00
Total	299	4.0573	.51080	.02954	3.9992	4.1155	2.86	5.00

ANOVA

Test of Homogeneity of Variances

MEAN_KNOWLEDGE

Levene Statistic	df1	df2	Sig.
4.949	3	295	.002

MEAN_KNOWLEDGE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.836	3	.612	2.378	.070
Within Groups	75.916	295	.257		
Total	77.752	298			

Post Hoc Test

Multiple Comparisons

MEAN_KNOWLEDGE

LSD

(I) experience of business	(J) experience of business	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1-5 years	6-10 years	.10083	.07790	.197	-.0525	.2541
	11-15 years	-.05429	.08652	.531	-.2246	.1160
	16 years and above	-.12245	.07756	.115	-.2751	.0302
6-10 years	1-5 years	-.10083	.07790	.197	-.2541	.0525
	11-15 years	-.15511	.09421	.101	-.3405	.0303
	16 years and above	-.22328*	.08606	.010	-.3926	-.0539
11-15 years	1-5 years	.05429	.08652	.531	-.1160	.2246
	6-10 years	.15511	.09421	.101	-.0303	.3405
	16 years and above	-.06816	.09393	.469	-.2530	.1167
16 years and above	1-5 years	.12245	.07756	.115	-.0302	.2751
	6-10 years	.22328*	.08606	.010	.0539	.3926
	11-15 years	.06816	.09393	.469	-.1167	.2530

*. The mean difference is significant at the 0.05 level.

APPENDIX F

(Correlation)

Descriptive Statistics

	Mean	Std. Deviation	N
Mean Knowledge	4.0573	.51080	299
Mean Underlying Principles	4.1275	.57577	300
Mean religiosity	4.3173	.54457	300
Mean perception	3.8933	.66245	300

Correlations

		Mean Knowledge	Mean Underlying Principles	Mean Religiosity	Mean Perception
Mean Knowledge	Pearson Correlation	1	.613**	.557**	.562**
	Sig. (2-tailed)		.000	.000	.000
	N	299	299	299	299
Mean Underlying Principles	Pearson Correlation	.613**	1	.675**	.524**
	Sig. (2-tailed)	.000		.000	.000
	N	299	300	300	300
Mean Religiosity	Pearson Correlation	.557**	.675**	1	.547**
	Sig. (2-tailed)	.000	.000		.000
	N	299	300	300	300
Mean Perception	Pearson Correlation	.562**	.524**	.547**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	299	300	300	300

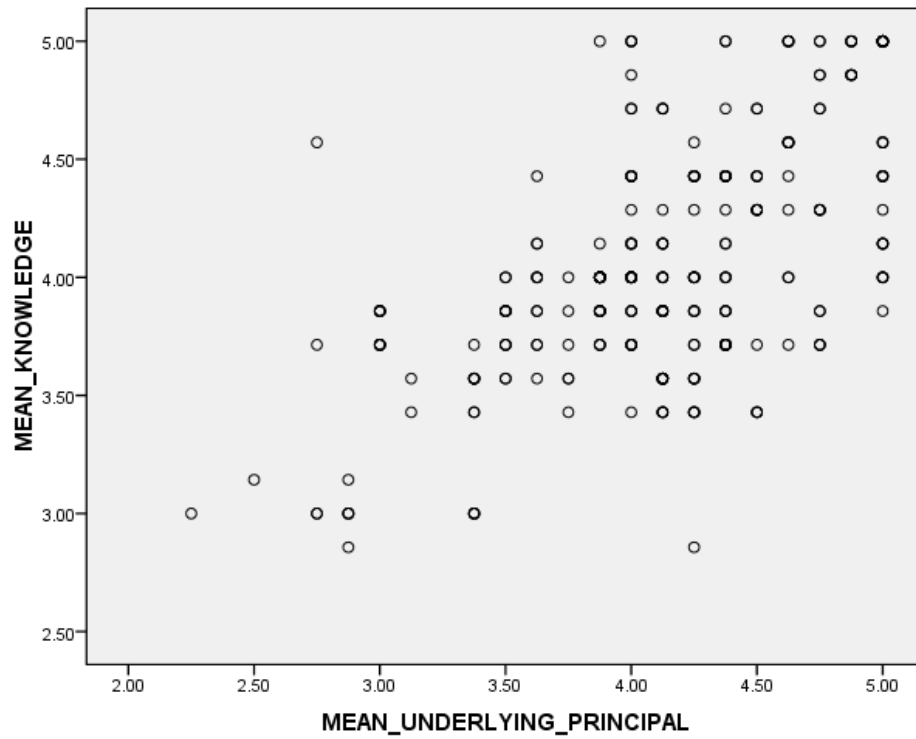
** . Correlation is significant at the 0.01 level (2-tailed).

APPENDIX G

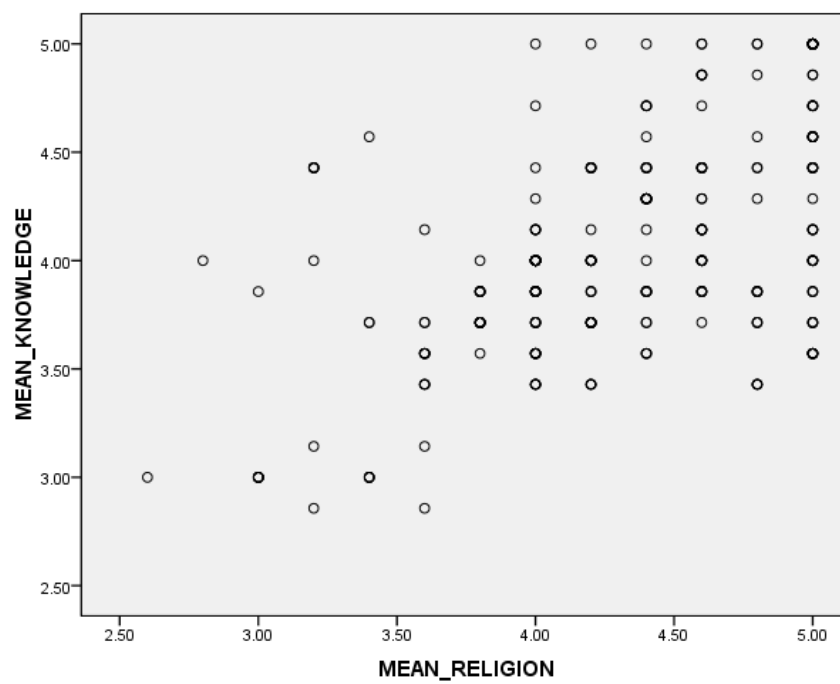
(Multiple Regression)

SINGLE SCATTER PLOT

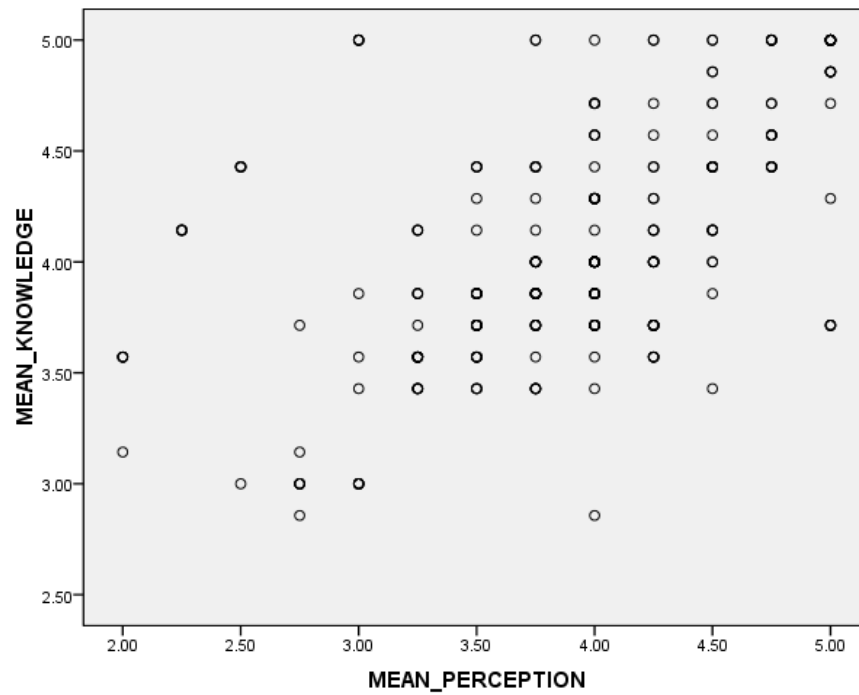
A. Underlying Principles



B. Religiosity



C. Perception



MULTICOLLINEARITY and MULTIPLE REGRESSION.

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	Mean Perception, Mean Underlying Principles, Mean Religiosity		. Enter

a. All requested variables entered.

b. Dependent Variable:
MEAN_KNOWLEDGE

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.687 ^a	.472	.466	.37310

a. Predictors: (Constant), Mean Perception, Mean Underlying Principles, Mean Religiosity

b. Dependent Variable: MEAN_KNOWLEDGE

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.686	3	12.229	87.845	.000 ^a
	Residual	41.066	295	.139		
	Total	77.752	298			

a. Predictors: (Constant), Mean Perception, Mean Underlying Principles, Mean Religiosity

b. Dependent Variable:
MEAN_KNOWLEDGE

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.197	.185		6.482	.000		
	Mean Underlying Principles	.321	.053	.357	6.076	.000	.519	1.928
	Mean Religiosity	.149	.056	.158	2.633	.009	.497	2.014
	Mean Perception	.228	.040	.293	5.662	.000	.666	1.500

a. Dependent Variable:
MEAN_KNOWLEDGE

Collinearity Diagnostics^a

		Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	MEAN UNDERLYING PRINCIPAL	MEAN RELIGION	MEAN PERCEPTION
1	1	3.971	1.000	.00	.00	.00	.00
	2	.014	16.586	.24	.02	.01	.88
	3	.009	20.638	.69	.41	.07	.10
	4	.005	27.140	.07	.57	.92	.02

a. Dependent Variable: MEAN_KNOWLEDGE

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.9367	4.6882	4.0573	.35087	299
Std. Predicted Value	-3.194	1.798	.000	1.000	299
Residual	-1.15360	1.00764	.00000	.37122	299
Std. Residual	-3.092	2.701	.000	.995	299

a. Dependent Variable:
MEAN_KNOWLEDGE