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**FACTORS INFLUENCING THE PERCEPTIONS OF  
ISLAMIC FINANCE RESEARCHERS  
TOWARDS SUKUK-WAQF**

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July 2019**



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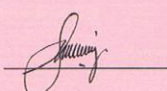
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## Abstract

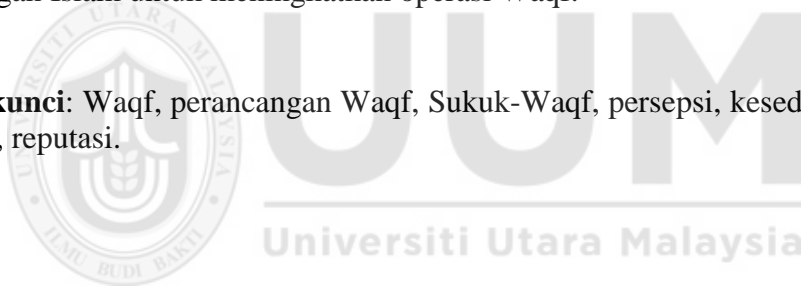
The aim of this research paper is to identify the determinates of Islamic finance researchers' perceptions towards Sukuk-Waqf by measuring the following factors: awareness, religious obligation, and reputation. A set of questionnaires were designed to clarify the differences of perceptions towards Sukuk-Waqf. The goals of this study are to identify the variations of Islamic finance researchers' perceptions based on the demographic factors such as gender, age, religion, educational level, reading of Islamic finance materials, and years of experience in the field of the Islamic finance industry. Also, to determine the relationship between (awareness, religious obligation, and reputation) and the perceptions of Islamic finance researchers towards Sukuk-Waqf. The study has targeted certain population which is the academicians and postgraduate students in Malaysia who are majoring their studies in the lore of Islamic finance. It employed a quantitative type of research using questionnaires and the sample comprised of 413 respondents. The study found three determinants to be significant in influencing the perceptions of Islamic finance researchers towards Sukuk-Waqf namely Awareness, Religious Obligation, and Reputation. Therefore, this study provided great contributions, implications and has recommended for Islamic Waqf planning institutions and Islamic financial institutions which offer Islamic financial instruments to improve Waqf operations.

**Keywords:** Islamic endowments or Waqf, Islamic Waqf planning, Sukuk-Waqf, perceptions, awareness, religious obligation, reputation.

## Abstrak

Tujuan kertas penyelidikan ini adalah untuk mengenal pasti penentu persepsi penyelidik kewangan Islam terhadap Sukuk-Waqf dengan mengukur faktor-faktor berikut: kesedaran, kewajipan agama, dan reputasi. Satu set soal selidik direka untuk menjelaskan perbezaan persepsi terhadap Sukuk-Waqf. Matlamat kajian ini adalah untuk mengenal pasti variasi persepsi penyelidik kewangan Islam berdasarkan faktor demografi seperti jantina, umur, agama, tahap pendidikan, bacaan bahan kewangan Islam, dan pengalaman bertahun-tahun dalam bidang industri kewangan Islam. Juga, untuk menentukan hubungan antara (kesedaran, kewajipan agama, dan reputasi) dan persepsi penyelidik kewangan Islam ke Sukuk-Waqf. Kajian ini mensasarkan populasi tertentu yang merupakan ahli akademik dan pelajar pascasiswazah di Malaysia yang melanjutkan pengajian mereka dalam bidang kewangan Islam. Kajian ini menggunakan jenis penyelidikan kuantitatif menggunakan boring soal selidik dan sampel terdiri daripada 413 responden. Kajian ini menemui tiga penentu yang signifikan dalam mempengaruhi persepsi penyelidik kewangan Islam terhadap Sukuk-Waqf iaitu Kesedaran, Kewajipan Agama, dan Reputasi. Oleh itu, kajian ini memberikan sumbangan besar, implikasi dan telah mencadangkan institusi perancangan Waqf dan institusi kewangan Islam yang menawarkan instrumen kewangan Islam untuk meningkatkan operasi Waqf.

**Kata kunci:** Waqf, perancangan Waqf, Sukuk-Waqf, persepsi, kesedaran, kewajipan agama, reputasi.



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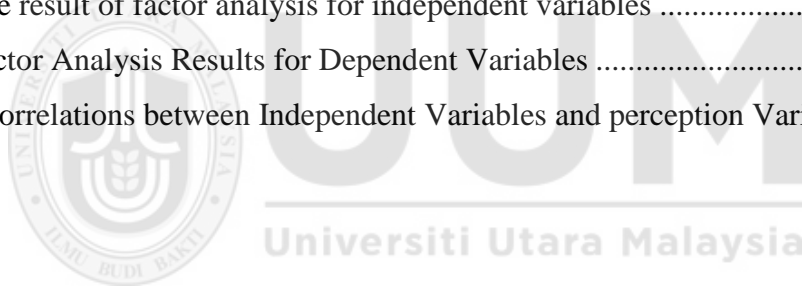
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# CHAPTER ONE

## 1.1 Background of study

Islamic financial sector intended to provide a wide variety of products and financial instruments to the corporate world while ensuring that all services have been offered are adhering the Sharia law (Wilson, 2016). As the Muslim world increasingly facing economic issues related to public spending and social finance. Consequently, the field of Islamic finance has offered a new innovative financial instrument designed to treat many economic issues (Vizcaino, 2018). The new product is an integration between Islamic bonds, or Sukuk, and Islamic endowments, or Waqf.

Islamic finance as an integrated financial system provides Sukuk as a method of funding. Sukuk is the plural of *Sakk*, it refers to any document representing financial ability, and its roots can be traced back almost 1450 years. According to a report named as The Origins of Sukuk was published by Bank of Khartoum, it stated that Sukuk in Islam as a financial tool to make the contracting parties able to transact and avoid the risk of muggers while transferring the properties from place to place. Sukuk also as an Islamic financial instrument represents financial obligations as a result of trade and other commercial activities. Thus, its development was shown by having varieties types of Sukuk such as Sukuk *Mudharabah*, Sukuk *Ijarah*, Sukuk *Murabahah*, Sukuk *Musharakah*, and more.

According to Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Sukuk is defined as certificates of equal value representing undivided shares in ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activity. Similarly, the Islamic Financial Services Board (IFSB) defined Sukuk as financial certificates that represent the holder's proportionate ownership in an undivided part of the underlying asset, where the holder assumes all rights and obligations to such asset.

On the other hand, Waqf as a concept was founded by Prophet Muhammad (P.B.U.H) himself, as he donated the fruits of date garden in Khyber to Muslims. It can be said that Waqf is anything that serves charitable purposes, its history rooted for thousands of years. It can be defined as the concept of dedicating specific property for current time and posterity from which its profit may be used for any charitable deeds (Dahlan et.al, 2014). Alongside the Islamic history, Waqf institutions played a decisive factor in the whole economic cycle by developing and securing the welfare of Muslim communities. In the Islamic context, Waqf is a specific type of voluntary charity comes out of the free will of the donator. The growth and development of Islamic civilization continues to depend on the growth and development of waqf. It creates a constant, cumulative, and ever-increasing capital base and infrastructure for benevolent activities (Musari, 2016).

Sukuk-waqf is formed of consolidation of Sukuk and Waqf contracts. It can be defined as a transactional certificate that can be traded of equal monetary value that represents the money restricted (Ramli, 2014). Economic sustainability can be achieved in Muslims countries by using Sukuk-Waqf as a medium of financial structures. That due to the fact that reinforcement Waqf institutions with solid financial instruments such as Sukuk-Waqf will enable them to play a major role in the economic cycle, as the strong institution of Waqf is indeed more capable to offer varieties types of Waqf to support the welfare of Muslims and control the public spending (Oubdi and Raghibi, 2018).

Moreover, the linkage programme of Sukuk-Waqf is going to be a groundbreaking financial instrument that could tackle the most economic dilemma among Muslims communities which is poverty. As the linkage programme will provide Waqf institutions with its sustenance. Consequently, more poor people are going to meet their needs, and more Islamic endowments are going to have stronger financial situations (Musari, 2017).

The linkage program of Sukuk and Waqf has similar features project-based Sukuk whereby the issuance of Sukuk is intended for real economic sector development which allows the Waqf institutions to expand their services to a wider scale of needy people across the country.

Sukuk-Waqf has become a 'household name' for charity fundraising or humanitarian causes. In addition, Sukuk-Waqf is playing a crucial role



by bridging the gap between the profit and non-profit sectors in the economic scale (Benyounis and Husain, 2014). The study found that implementing the concept of Sukuk Waqf will have huge positive implications on the public finance expenses that will ease the missions of governments in controlling the public spending and raise-up the welfare of Muslims around the globe.

It is incontrovertible that Sukuk-Waqf as new Islamic financial instrument is working to help develop a solid balanced economic platform that was always a dream for the sector of Islamic economy (Benyounis, 2015).

That because of the new financial instrument is enabling the Islamic endowment institutions to be a productive industry that can support itself and serve more needy people. Consequently, that will enhance the efficiency of the non-profit sector, develop new Islamic finance tools for the non-profit sector, provide secured infrastructure to globalize the Islamic endowment industry, and safe structure for the profit to invest in the non-profit sectors (Ahmed, et.al, 2015).

The nascent integration of Sukuk contract and Waqf bring a unique bond structure that allows Sukuk-Waqf to be involved in an interesting development to Islamic endowments. In the recent years, the best practices of the issuance of Sukuk-Waqf in the world were in Saudi Arabia, Singapore, and New Zealand (Kasri & Saeran, 2016). *Sukuk al-intifa'a* is an invention financial instrument designed specifically for developing waqf

since the early year of 2000. It is integration between Sukuk and Waqf and it was named *Sukuk al-intifa'a* as the beneficiaries are Waqf institutions. For instance, ZamZam Tower in Makkah located near Masjid Al-Haram was the project that built using the financial instrument of *Sukuk al-intifa'a* (Ahmed, 2004).

In addition, the Islamic Religious Council of Singapore who is the key administrator of all waqf funds in Singapore adopt Sukuk-Waqf as one of the financial instruments to support and fund Islamic endowments. For instance, a Sukuk based on Musharakah concept was issued by the Islamic Religious Council of Singapore to raise capital to renovate old and under-developed Islamic endowment properties into highly valued and market-rate properties (Hanefah, et.al, 2009).

According to Indonesian Awqaf Board 2015, the contemporary interpretation of Islamic endowments allows ongoing financing to be inflowing to cover its operating cost to attract more Awqaf assets that could be used for charitable and social purposes. Additionally, the advanced enlargement of Islamic endowment's operations also takes place in terms of financial support. Waqf institutions in Indonesia are racing to classified their assets as financial assets which can be securitised for the issuance of Sukuk-Waqf.

Consequently, Sukuk-Waqf issuance would stimulate sustainable growth for Waqf industry. That will be associated with the balanced capital formation and the special attachment to the real sector whereby the Islamic

endowment institutions will be operating and realise sustainable growth (Nazar, Jhordy Kashoogie, 2015).

More to the point, a study was done by Negasi, and Laeba (2019) mentioned that Sukuk-Waqf is generally supported and recommended for Muslims to get engaged with as many Quranic verses calling Muslims for taking serious charitable actions in the best possible way.

Allah S.W.T said in Surat Al-‘Imran verse 92:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

*“You will not attain unto piety until you spend of that which you love.  
And whatsoever ye spend, Allah is aware thereof.”*

Moreover, Muslims New Zealanders developed a new way to support Islamic endowments using Sukuk-Waqf as a new way to generate income and start-up a complete project of Waqf. Sukuk-Waqf in New Zealand has aimed to maximum utilisation of the charitable resources with a project to turn wasted charitable resources into Islamic endowment revenues. For instance, New Zealand's expertise in supporting the livestock industry give the Muslims their opportunities to establish Islamic endowments out of the waste products of sheep and cows slaughtered for Qurbani and recycle it back to be useable products. To establish those projects Muslims in New Zealand used Sukuk-Waqf to raise up the capital and start engaging in the

most charitable activities that can humans offer (Kasri, 2016, and Benyounis, 2014).

On the other hand, the practitioners of the Islamic finance industry in recent years gave more attention to the academic sector to work together for achieving the goal of the prosperity of the Islamic finance industry. Booming Islamic businesses will have come to reality by applying the concept of raising up the quality of Islamic financial instruments through conducting a lot of researches by educational organizations with the help of Islamic financial institutions (Bernama, 2012).

It is the implementation of one of Shariah highly recommended principles which is quality. As Muslims are strongly advised by their prophet Muhammad (PBUH) to take full care of the quality of their work as stated in the following Hadith:

*“Allah really like any of his servants who do a job with earnest (Itqan)”*

*(Bukhari and Muslim)*

The above hadith has stated that Allah S.W.T adored his followers or believers to perform their task sincerely and accurately in order to achieve the prosperity of their wellbeing. That is explaining why Islamic financial institutions are paying lots of efforts in supporting universities, institutes, and research centers in order to establish a solid knowledgeable background about Islamic financial instruments.

## 1.2 Problem Statement

Sukuk-Waqf as a financing tool has been officially recognized by regulatory authorities in several countries such as Indonesia, Bahrain, Malaysia, Saudi Arabia, Singapore, New Zealand, United Arab Emirates, and Kuwait.

Table 1.1 Sukuk-Waqf in the World

Countries	Authorizing Party	Date
MALAYSIA	Securities Commission Malaysia (SC)	2015
INDONESIA	Bank Indonesia	2015
BAHRAIN	Central Bank of Bahrain	2017
SAUDI ARABIA	General Authority for Awqaf	2007
SINGAPORE	Islamic Religious Council of Singapore	2014
NEW ZEALAND	New Zealand Foundation Charity	2016
UNITED ARAB EMIRATES	International Center of Islamic Economy ICIE	2018
KUWAIT	Kuwait Awqaf Public Foundation	2018

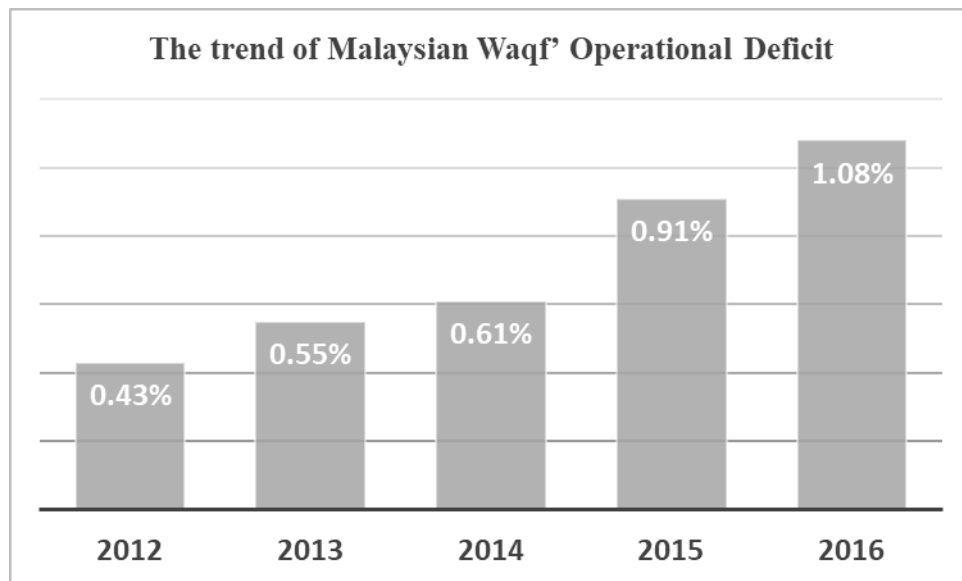
According to *Jabatan Kemajuan Islam Malaysia JAKIM* (2018), Waqf properties are battling to have sufficient financial sustenance that enables them to cover their operation cost. In Muslim countries, Waqf perpetual nature was resulted in building up of Waqf institutions mainly to manage the Waqf properties. That was a study done by Hasan, and Abdullah (2008) stated that in Malaysia the Waqf lands, schools, hospitals, and workshops are managed by the Waqf institutions. Those institutions

that are facing increasing problems related to operation cost and maintaining the Waqf properties to deliver good value to all Muslims. Yielding the greatest benefits of Waqf to society is the main goal of Waqf institutions. However, to do so, a serious positive development must take place and Sukuk-Waqf is the solution.

Sukuk-Waqf as an Islamic financial instrument has been presented by a number of researchers to equip Waqf institutions with investment tools that enable them to acquire profits. Thus, achieved sustainable growth. Many researchers believe that Sukuk-Waqf might be the panacea in solving the dilemma of funding the Islamic endowments (Daud, 2018).

According to the Malaysian Accounting Standards Board (2014), Waqf institutions in Malaysia are continuously facing an operational risk for several reasons and the fluctuated income is the top of its weakness. For instance, as the result of operation deficit, endowment institutions do not recognize a liability or provision for amounts it is expected to spend on a waqf, such as repairs, maintenance and operational costs.

Figure 1.1: The trend of Malaysian Waqf' Operational Deficit



Source: Malaysian Accounting Standards Board, 2016

This infographic in Figure 1.1 presents five years' trend of Malaysian Waqf' operational deficit from 2012 to 2016. The results show that the level of operational deficit for Islamic endowments in Malaysia is increased from 0.43 percent in 2012 to 1.08 percent in 2016. This indicates that Waqf institutions in Malaysia facing issues in managing operational cost and its proof that Waqf institutions in Malaysia are increasingly still dealing with growing operational deficit and it will influence the Waqf industry performance. Generally, the highest level of operational deficit for Malaysian Islamic endorsements is in 2016 which is 1.08 percent.

Waqf institutions in Malaysia have recorded huge deficits in their sustenance financial primary need; Waqf revenues are insufficient to bear the operational cost, Waqf properties have no self-generating income and

unproductive, delay in the earning of the compensation in the acquisition of Waqf properties, and procrastination in irregularity in receiving the benefit of the Waqf properties by the beneficiaries (Chowdhury et.al, 2012).

A study was done by Kahf, (2015) mentioned that it is very challenging to attract and reach the rich to get involved in the modern forms of Waqf such as Sukuk-Waqf, because the lack of confidence in having investment that giving its all profits to the Islamic endowment institutions. In fact, from a religious point of view, Sukuk-Waqf as a way of investing is not fully guaranteed to be always profitable business due to ignorance, and lack of awareness of the donators.

However, study was done by Mokhtar, and Ashhari (2015) also added that these groups of people do not have the knowledge and skills needed to engage with new financial instrument due to lack of basic education in business and fear from having business exposure. Therefore, it is very crucial for Sukuk-Waqf to be well explained and promoted by Islamic finance institutions, so Muslims can utilize this financial instrument to support Waqf institutions and save it from deficits (Musari, 2017).

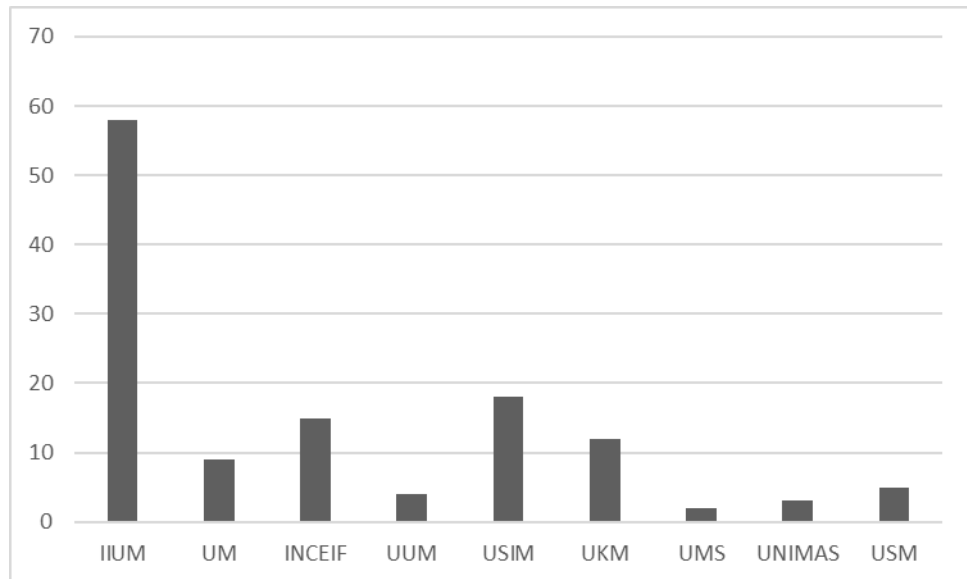
It is well-known that when the number of researches increases on a certain topic, after a few years, that particular topic is more likely to be studied deeply, developed, or legitimize it by the law. According to the Islamic finance development report, (2018) published by Thomson Reuters, it mentioned that the positive implications of the continues increasing



number of researches in the field of Islamic finance are the main reason behind the success of the whole sector.

According to Aziz (2015) the central bank of Malaysia is always intended to recognize a high number of researches on a specific area of finance as an independent force with the power and authority, to challenge the economic odds and construct new financial instruments to tackle them. Researches will always be the reason for creating an energy that will further guide logic enquiry and contribute intellectual and scientific progress that will end in updating the laws of finance. Currently, there are 23 universities and colleges in Malaysia offering courses in the field of Islamic finance. However, only nine universities produced studies and researches related to the topic of Sukuk-Waqf. Which shows the low number of researches that have been done due to the fact that Sukuk Waqf is basically a new concept.

Figure 1.2: Number of researches on Sukuk Waqf



The above infographic in Figure 1.2 presents the number of researches has been done on the topic of Sukuk Waqf in Malaysian universities. Nevertheless, it appears that International Islamic University Malaysia (IIUM) has the highest number of studies conducted among its peers.

Consequently, as the number of researches on the topic of Sukuk-Waqf in Malaysia can be rated as minimal. This research paper is calling the attention of researchers in the field of Islamic finance to conduct more studies on Sukuk-Waqf to help to offer the financial instrument on large scale and promoted by official authorities to develop the best possible method to support the Waqf development process.

As the consequences of the above issues, this research paper aims to survey on the determinant factors influencing the perception of Islamic finance researchers towards Sukuk-Waqf. This research paper will examine the relationship of factors, namely awareness, religious obligation, and reputation with the perceptions of Islamic finance researchers towards Sukuk-Waqf.

### 1.3 Research Questions

Based on the discussion above, this research is aimed to answer and analyze the following research questions:

- i. What is the relationship between demographic factors gender, education level, and years of experience on the perceptions of Islamic finance researchers towards Sukuk-Waqf?
- ii. What is the relationship between awareness, and the perceptions of Islamic finance researchers towards Sukuk-Waqf?
- iii. What is the relationship between religious obligation, and the perceptions of Islamic finance researchers towards Sukuk-Waqf?
- iv. What is the relationship between reputation, and the perceptions of Islamic finance researchers towards Sukuk-Waqf?
- v. What is the most factor influencing the perceptions of Islamic finance researchers towards Sukuk-Waqf?

#### 1.4 Research Objectives

The general objectives of this study are to determine the factors that influence perceptions of Sukuk-Waqf. Thus, based on those research questions. We derived research objectives which are as follows:

- i. To examine the relationship between demographic factors gender, education level, and years of experience on the perceptions of Islamic finance researchers towards Sukuk-Waqf
- ii. To examine the relationship between awareness, and the perceptions of Islamic finance researchers towards Sukuk-Waqf.
- iii. To examine the relationship between religious obligation, and the perceptions of Islamic finance researchers towards Sukuk-Waqf.
- iv. To examine the relationship between reputation and the perceptions of Islamic finance researchers towards Sukuk-Waqf.
- v. To identify the most influencing factor among awareness, religious obligation, and reputation is affecting the perception of Islamic finance researchers towards Sukuk-Waqf.

### 1.5 Significance of the Study

Sukuk-Waqf as a financial instrument, if it used befittingly, will potentially elevate the performance of Waqf. Subsequently, it is crucial to observe perceptions of Islamic finance researchers towards Sukuk-Waqf and what factors can affect their perceptions to conduct more researches on Sukuk-Waqf. The findings of this study provide input and valuable information as the followings:

i. Governmental Authorities

Sukuk-Waqf is a new innovative financing tool that enables the institutions of Waqf to track the donates' contributions as well as help them to manage their source of income and make it sustainable. This study may give awareness and knowledge to the public perception, especially among the elites of the Islamic finance sector academically. The study may give hint to government authorities to apply Sukuk-Waqf as a major key to develop the Waqf industry.

ii. Waqf Institutions

The findings of this study may give an idea to enhance the numbers of research that are focusing on Waqf development. As a result of increased research numbers, Sukuk-Waqf is going to be proven as a sustainable financial channel that helps the growth of Waqf sector. Moreover, Waqf institutions will have a larger amount of knowledge that can use by their research and development departments.

iii. Academicians and students

Additionally, the findings of this research paper will be beneficial to students and academicians who are inspired to conduct their research in the topic of Sukuk-Waqf, as well as, to serve as a reference to them.

### 1.6 Limitation of the Study

There are several limitations to this study. Firstly, the research has constraints in resources in relation to the literature, as Sukuk-Waqf is a new financial instrument there are limited studies related to this topic. Moreover, the lack of specific data and an insufficient amount of research on this topic also caused incomplete information on the sector.

*Jabatan Kemajuan Islam Malaysia JAKIM* (2018), stated that data about the operation cost of Waqf institutions' is not presented in good condition. Therefore, this research paper encounters some difficulties to find enough references to complete this study.

Secondly, there is no exact statistical information mentioning the number of researches has been done on the development of Waqf process. Thus, as Sukuk-Waqf generally considered to be the new engine that could help Waqf institutions to grow, the number of researches has been done on Sukuk-Waqf is not announced yet by official authorities. That due to lack

of the existing of research and development department in most of Waqf institutions.

Thirdly, time constrain of this research paper limit the ability to reach wide scale of respondents. Thus, that makes the researcher limit the number of respondents. That means the population of the research will not expand to reach researchers who are busy during the time of the survey is conducted.

Despite the above limitations, this study aims to find helpful results that may provide valuable information in identifying the perception's factors of Islamic finance researchers towards Sukuk-Waqf. So that Waqf institutions will have more research findings that may help them stand stronger.

### **1.7 Scope of the Study**

This research paper is related to the perceptions of Islamic finance researchers who are currently conducting their researches in Malaysia. The scope of this research paper to include academicians, PhD, and master students who are working and studying as researchers in the field of Islamic finance by the time this research paper is conducted.

An Islamic finance researcher is a person who carries out academic or scientific research in the field of Islamic finance. Thus, the researcher can

be a postgraduate student who is majoring in Islamic finance studies or an academician who is job involves conducting research in the field of Islamic finance. However, in this research paper, we are only considering Malaysian universities that are offering postgraduate Islamic finance programmes as our research geographical area.

The reasons why the researcher is intended to conduct research of Sukuk-Waqf in Malaysia is due to several points as follows:

At first, Malaysia positioned itself as the world's capital of the Islamic finance industry. According to a publication central bank of Malaysia (2015), posted on its official website, Malaysia is well recognized as a significant milestone in the area of Islamic finance education globally. Also, it is mentioned that some Malaysian universities are applying the standards of Chartered Institute of Islamic Finance Professionals. That gives us a glimpse of Malaysia's universities strength and how it is affecting the industry of Islamic finance.

Moreover, Islamic Finance researchers have played a crucial role by being the forefront in the educational development in the Islamic finance industry (Ahmadi, 2016). Thus, several Malaysian universities such as UUM, IIUM, have their own research centres that specialized in the field of Islamic finance to support and provide the best environment to increase the number of Islamic finance researches.



Between 2017 and 2019 alone, three top-notch Malaysian universities (UUM, IIUM, and INCEIF) have been awarded several global prizes in the field of Islamic finance. That position Malaysian universities specializing in Islamic finance as top-notch experts in providing the best Islamic finance research centres worldwide. Universiti Utara Malaysia (UUM) was awarded as best Islamic finance education provider in 2017 from GIFA platform held at the Kazakhstan capital city of Astana. In 2018, International Islamic University Malaysia (IIUM) was awarded as the best Islamic finance university in global banking and finance from 'the European' London. Moreover, in 2019, The Global University of Islamic Finance (INCEIF) has been honoured with 'The Most Outstanding Islamic Finance Education and Research' at the Kuala Lumpur, Malaysia.

All the above reasons made the researcher decide to conduct the research among the Islamic finance academicians of IIUM.

## **1.8 Organization of the Study**

This study contains five chapters. Chapter one gives the reader an introduction to the research paper. Whereby, this chapter presented an overall view of the research area, research problem, research questions, and the significance of the study.

Chapter two deals with reviewing of kinds of literature relevant to this research paper. The kinds of literature contain a discussion of the perception towards Sukuk-Waqf and factors that affect perception. This

chapter presented the structure of the research framework used in this study. Additionally, the chapter will discuss the hypotheses that will be tested later.

Chapter three discusses the methodology of research design, population and sample used in this research paper. In addition, the chapter explains the instrument and measurement of the variables used in the survey. Also, this chapter presented the data collection process and data analysis techniques.

Meanwhile, chapter four deals with the analyses of the data used for this research paper. The chapter contains the outcome of this research paper, factor analysis and the result of reliability analysis. Moreover, the chapter will discuss the results of the hypotheses.

Chapter five entails conclusion and recommendation for future research. It discusses the findings of data analysis based on the research hypotheses of this research paper. Besides, this chapter presented the implications of the research.

## **CHAPTER TWO**

### **2.1 Introduction**

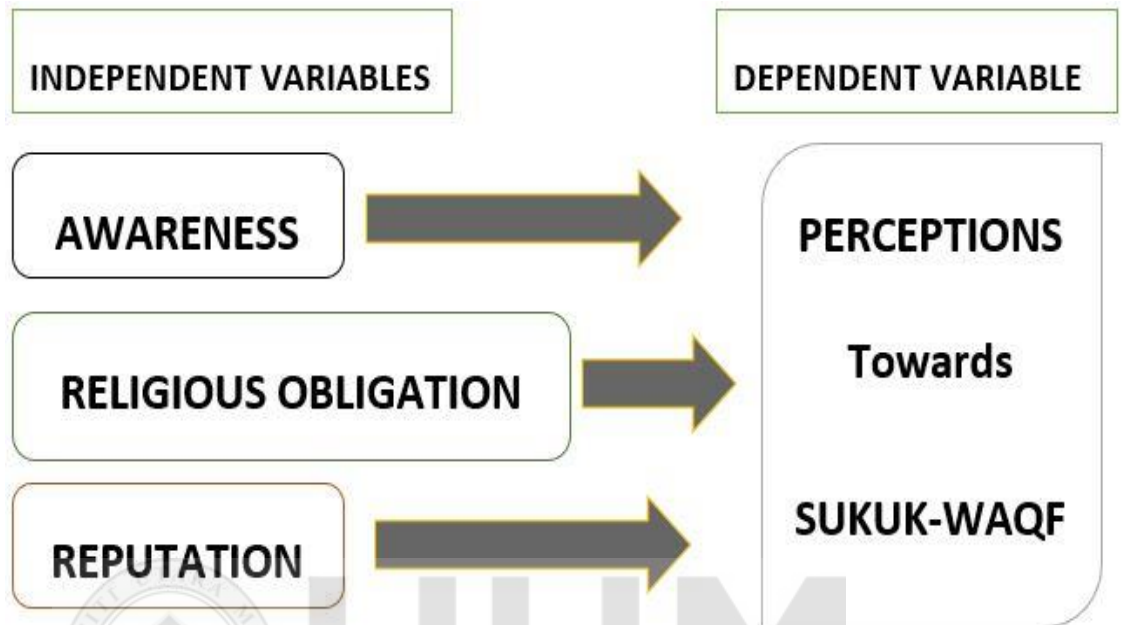
This chapter demonstrates the foregoing studies related to this study. literature review is a documentation of the board reviews of the published work and obtained from secondary sources of data in the specific areas of the researcher (Sekaran, 2003). Consequently, this chapter will demonstrate the previous literatures related to the perception of Sukuk-Waqf, awareness, religious obligation, and reputation. The theoretical framework will also be clarified in this chapter.

### **2.2 Theoretical Research Framework**

Based on the research framework shown in Figure 2.1, this research is designed to examine the relationship and influence between factors awareness, religious obligation, and reputation with the perception of Sukuk-Waqf. Therewithal, the review of literature relates to the independent variables and dependent variable also will be discussed in this chapter.

Figure 2.1:

*Theoretical Framework of variables related to perceptions of Islamic finance researchers towards Sukuk-Waqf*



The theoretical framework for this study is shown in Figure 2.1. This study would undertake four (4) variables, namely awareness, religious obligation, and reputation as independent variables. Whereas the dependent variable of this study is the perception of Sukuk-Waqf among Islamic finance researchers.

### 2.3 Perception

According to Hanna, and Wonziak (2013) perception is a process of selecting, organizing and interpreting sensations into a meaningful whole. The flow of perception begins with exposure. Exposure is the act that accidentally coming into contact with environmental stimuli.

The next process is attention which refers to the allocation of an individual's mental capacity to ask. Lastly, sensation process which response a person's sensory receptor to environmental stimuli and transforms this information to the brain.

Mcdonald (2012) stated that perception often going through the process of seeing, feeling and understand. The perception is necessary to determine opinion, acceptance or dissatisfaction with what is seen and experienced. In other words, perception is a response to something or someone observed. The response is formed based on persons' experience either by seeing, feeling, hearing, experience, or understanding.

According to Hanna, and Wonziak (2013) perception refers to the persons' view of reality. Besides, individual differences have a direct effect on behaviour which every person is unique because of his or her perception. The study also found that people with different perceptions have different characteristics, needs, and how they perceive the world and other individuals and they interact differently with others. Individual perceptions shape behaviour and individual differences in perception help to examine why some people adapt to change while others are fearful of it.

However, Elnaga (2010) stated that there are possibilities that a person's perception is inaccurate. This is due to the misinterpreting the stimuli which can result in perceptual errors. The same study added that

every person has their own ways in making the perception of people, objects and symbols. This is the reasons why people always have misperceived towards another person, group or objects due to some of the people interpret something in the context which they satisfy.

The previous study was done by Bley, and Kuehn (2004) found that the awareness and religious obligation was among the main factors that had impacted the perception of postgraduate students about Islamic financial instrument in the United Arab Emirates. The study shows that students while conducting researches are highly influenced by awareness, amount of information, and religious obligation.

#### **2.4 Awareness**

According to Sabi (2016) awareness is one of the factors that can influence perception. The study focused on the awareness and perception towards Islamic financial instruments found that people who have knowledge and aware of the existence of Islamic financial instruments have higher preferences in using it.

Therefore, positive perception of Sukuk-Waqf come from good understanding about the element of the contract. Sabi (2016) added that even though people have lack of awareness on the differences between Islamic and conventional way of establishing business, they are willing to

accept Islamic finance approach because of their good perception on Islamic financial operation.

In relevant view, claimed that awareness and knowledge about Islamic financial instruments can directly affect the perception of Muslims and those who dedicated their lives for the service of Islamic studies. Moreover, Sabi (2016) found that lack of awareness among Muslims Malaysians entrepreneurs of exploring ways to support Islamic endowments can be a serious reason that restricting the development of Waqf sector. The result of the study shows inconsistency in the cash inflow for Islamic endowment institutions caused by lack of awareness of not having a consistency of monetary support that can exist if Sukuk-Waqf applied.

Mohammad, et.al, (2005) study on the performance of Islamic endowment institutions found that most of the donators for Waqf do not have sufficient awareness of how Waqf institutions being managed their operation cost. This study surveyed 100 donators who participated in support Waqf in Malaysia, the study investigates the reasons why most of the donators lack knowledge and awareness skills. Shinsuke (2012) stated that most of donators for Waqf did not follow-up with Waqf administration about how well their financial aid helped.

Sachithanadam (2014) stated that, awareness of the availability of Islamic financial instruments will motivate Muslims to choose them

compared with their conventional peers. This is due to the fact Muslims are highly influenced by the guidelines and direction of Shariah as considered to be a religious obligation. The awareness of the existing of Islamic financial instruments that are compiled with Shariah makes Islamic finance researchers motivated to conduct studies on new Islamic financial instrument such as Sukuk-Waqf.

The study found that most of them donate an amount of money and leave with no further inquiries of how they can help in a better way. This is might be one of the several reasons why people are not aware of Sukuk-Waqf as a way to support Islamic endowments.

## 2.5 Religious Obligation

Khatib, (2016) stated that the origins of Sukuk can be traced back to the classical Islamic period (700-1300AD) where a *Sakk* ‘singular of Sukuk’ was used to describe any document representing a financial liability. This instrument represents financial obligations resulting from trade and other commercial activities. Such practice was practiced in conformity with verse 2:282 of the Holy Quran:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَى أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ وَلْيَكْتُبَ بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ وَلَا يَأْبَ كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسَ مِنْهُ شَيْئًا

*“O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you in justice. Let*



*no scribe refuse to write as Allah has taught him. So, let him write and let the one who has the obligation dictate. And let him fear Allah, his Lord, and not leave anything out of it.”*

Pitchay, et.al (2014) Emphasized that the Muslims who intend to donate for Waqf are mostly acting out of executing of the Shariah principles that highly recommend the charitable actions on many occasions. Also, the study showed high level of adherence to religion among people who participate in supporting the Islamic endowments. However, Sabi (2016) stated that generally, Muslims have issues on engaging with businesses that are against Shariah law.

Another factor that also affects the perception of Islamic finance researchers towards Sukuk-Waqf is a religious obligation. However, (Musari, 2017) stated that, for centuries, the number of donors for Waqf continues to increase globally. The finding showed higher levels of adherence to religion among Muslims. This is because they have a positive perception of Shariah-based business. This is parallel with the report by (Karim et. al, 2008), who found twenty to forty percent of people in Syria, Jordan, and Algeria were not involved in conventional business activities due to the religious obligation which strict the potential donators for Waqf to have a legal business from Shariah point of view.

For instance, the emergence of Islamic financial instrument that is designed to support Waqf that in line with the Shariah principle change people perception towards that particular product.

## 2.6 Reputation

A report named as Trust and Reputation in Financial Services published by the British Government Office for Science (2012) mentioned that, as information technology is ongoing to have a greater impact on the reputation of the financial instruments by the general public.

Researchers and formal authorities are ultimately responsible to increase the number of researches and present the financial information in a simple way so that can help people to understand the new financial instruments and how it works (British Government Office for Science, 2012).

The reputation of the financial instruments is very crucial as it will be the reason why investors choose to use it or not. A good reputability of financial institutions shows that they are reliable, efficient and responsible in providing their services (Majeethia and Bose, 2014).

However, a study done by Abbas, and Shirazi, (2014) said that in terms of world reputation, the Islamic financial system is still left behind the conventional. The constraints faced by Islamic finance are lack of awareness, experience, and professional skilful staff that is capable to deliver clarity of financial information to normal ordinary people.

Reputation will also give a serious impact on perception. This is because many people rely on their surroundings to getting information. A study done by Pitchay, et.al, (2014) found that the most of Muslims businessman who are the players in the market do not have accurate information about Waqf operation deficit because the information usually

comes from friends or people of the locality. Thus, most of them rely on informal sector supporting Islamic endowments. Similarly, Benjamin, et.al, (2011) stated that when it comes to donate people tend to follow what their relatives or friend said. Most of them just make the perception of what they heard rather than experience it or reading authentic figures published by formal authorities. Therefore, reputation is also one of the critical factors that can be said as influence the perception towards something.

Moreover, a study done by (Aziz and Ridhwan, 2013) stated that the negative reputation of using Sukuk to fund Islamic endowments, such as lack of expertise in managing Waqf institutions will leave a negative perception towards Sukuk-Waqf. The study also added that Islamic financial institutions are in need to train their staff and keep their system updated in order to acquire relevant skills and knowledge. Hence, publicity should be used to raise-up the awareness of Muslims about the up-coming financial instruments.

## **2.7 Hypotheses**

Hair et.al, (2003) stated that hypothesis is a clear statement of what is intended to be investigated. It should be specified before research is conducted and openly stated in reporting the results. This research paper identified the crucial variables in a situation and established the relationship among them through a theoretical framework. It is then to test whether the relationships that have been theorized do hold true significant relationship

or not. Additionally, several hypotheses have been built that are related to the objective of the study that needs to be tested.

H1: There is a relationship between awareness and the perception of Islamic finance researchers towards Sukuk-Waqf.

H2: There is a relationship between religious obligation, and with the perception of Islamic finance researchers towards Sukuk-Waqf.

H3: There is a relationship between reputation, and the perception of Islamic finance researchers towards Sukuk-Waqf.

H4: There is a significant influence of awareness, religious obligation, and reputation with the perception of Islamic finance researchers towards Sukuk-Waqf.



## **2.8 Conclusion**

This chapter has covered a review of relevant literature regarding the perception of Sukuk-Waqf. Besides, it discussed independent variables, namely awareness, religious obligation, and reputation that can affect the perception. The methodology for this research paper will be discussed in chapter three.

## **CHAPTER THREE**

### **3.1 Introduction**

Research methodology can be identified as a way to find out the result of a given problem on a certain matter that is known as a research problem. This chapter will provide an explanation of the research design formulation. Then followed by a discussion of sampling method, measurements of variables, data collection method and data analysis procedures. The researcher felt the appropriateness for adopting this quantitative research is through survey method of data gathering technique, using the questionnaire as the instrument to reach the findings in chapter four.

### **3.2 Research Design**

The research design is a design plan for conducting the research project, which involves the collection, measurement, and analysis of data based on research questions developed in the research paper. Thus, this research paper is adopting the quantitative method of conducting the research. Quantitative research generates numerical data and usually seeks to establish a causal relationship between two or more variables (Sekaran and Bougie, 2013). This study aims to examine the factors that influence the perception of Islamic finance researchers towards Sukuk-Waqf, which assume to have a relationship with perception such as awareness, religious obligation, and reputation. Besides, quantitative research data is more efficient and able to test the hypotheses.

Subsequently, as quantitative method research, an adoptive completion questionnaire was developed as the instrument for the survey. According to Richardson (2005), it is undoubtedly that questionnaires were often applied in sociological, opinion, psychological and in marketing research. Thus, investigating the perceptions of Islamic finance researchers is an absolute part of the psychological aspect. However, the data in this study were collected through questionnaires and will be analysed using Statistical Package for the Social Science (SPSS).

### **3.3 Population of the Study**

The population is defined as a total category of the subject which is the focus of attention on particular research projects (Sekaran and Bougie, 2013). The population of this study are Islamic finance researchers including academicians, PhD, and master students who are working or conducting their researches in the field of Islamic finance in Malaysia by the time this research paper is conducted.

The number of academicians, PhD, and master students that are involved in this study are 413 professional educators and officially registered postgraduate students by the time this research takes place. However, all the respondents of this research are working and studying in Malaysia's universities that are offering Islamic finance programmes.

### 3.4 Sampling Techniques and size

Sample size refers to a number of factors, including the purpose of the study (Polonia, 2013). A study was done by Ajay and Micah (2014) have explained the main way to determine the appropriate sample size which is the level of confidence or risk.

It is based on ideas included under the Central Limit Theorem that when a population is repeatedly sampled, the average value of the attribute obtained by those samples is equal to the true population value (Polonia, 2013). It is also called the alpha level. The alpha level used in determining sample size in most educational research studies is either 0.05 or 0.01 (Bartlett et al., 2001, and Samar, & Ahmadi, 2014).

The number of samples selected from the population is based on the determination of sample size proposed by (Sekaran and Bougie 2013). The number of sample size involved in this research paper is 413 respondents. Since the researcher cannot identify the exact population number of the Islamic finance researchers in Malaysia, the research worker takes other initiatives to distribute the questionnaire through online platforms such as emailing the academicians and postgraduate students using SurveyMonkey website for expanding the scale of respondents. Accordingly, the respondents were from the following respective Malaysian universities of such as The University of Malaya (UM), The Global University of Islamic Finance (INCEIF), Universiti Utara Malaysia (UUM), Universiti Sains Islam Malaysia (USIM), Universiti Kebangsaan Malaysia (UKM), Universiti

Malaysia Sabah (UMS), Universiti Malaysia Sarawak (UNIMAS), and Universiti Sains Malaysia (USM).

In addition; the researcher used WhatsApp and Telegram professional groups to reach the Islamic finance postgraduate students who are currently conducting their researches in the field of Islamic finance studies in Malaysia. Moreover, the researcher used the Linked-In website to widen the scale of the research respondents.

The response rate for this study was 85.7 percent, which equivalents to 413 of the questionnaires collected for this study. Nevertheless, from 482 questionnaires, only 413 were usable (completed) for this research.

Several previous studies have also used similar sampling technique, A study was done by Bley, and Kuehn, (2004) finds that the perceptions of graduate students towards Islamic financial instruments are significantly related to awareness, amount of knowledge, and religiosity aspects. The data was collected from 510 respondents out of an unknown number of students. Moreover, another study was done by Abdullah and Ahmad, (2010) which focused on the perceptions of Muslim consumers towards the promotional practices of the popular brands. The study had distributed 420 questionnaires to Muslim consumers and managed to get a high response rate of 88 per cent.

In regard to this research paper, the researcher attentive to examine the perceptions of Islamic finance researchers in Malaysia towards Sukuk-Waqf. Thence, by using random sampling each respondent's has an equal probability to being selected as a participant.



### 3.5 Measurement of Variables

According to Sekaran (2003), the operational definition is used to define the variables in terms of a process which is done by looking at the behavioural dimensions, aspect or property signified by the concept. The independent variables used in this study are awareness, religious obligation, and reputation. All independent variables included in this study were constructed from previous researchers' items. However, the items were adapted to suit the sample. Table 3.1 shows the measurement of the variables involved in this study. Please refer to Appendix A for detail information about each item.

Table 3.1  
Summary of Variables and Measurements of Instrument

Variables	Questionnaire			Source
	Number of Questions	Scale	Total of Items	
Demographic Profile	1 to 6	Nominal	6 items	Self-structured
Perception	7 to 12	1 to 5	6 items	(Hanudin et al., 2011)
Awareness	13 to 19	1 to 5	7 items	(Amin et al., 2011)
Religion Obligation	20 to 24	1 to 5	5 items	(Hanudin et al., 2011)
Reputation	25 to 28	1 to 5	4 items	(Jaffar et al., 2013)

### **3.5.1 Perception**

Islamic finance researchers' perceptions of Sukuk-Waqf is the main objective of this research paper. Perception is highly subjective and therefore it is easily distorted. According to Hanna and Wonziak (2014) the perception refers to thought, idea, and opinion. It can be positive or negative. This is based on their awareness, personal experience, and understandings. The measurement of this dimension was constructed by the researcher using the five-point Likert-type scale of importance ranging from 1 (strongly disagree) to 5 (strongly agree) with 6 items of questions.

### **3.5.2 Awareness**

Awareness refers to the knowledge of the current situation using the amount of information. Knowing the existing of a certain product and knowing the benefit and disadvantages of products and know the latest products (Razali, et., al, 2013). Measurement of this dimension was adapted from Mariatual, and Rosidah, (2014) and five-point Likert-type scale of importance ranging from 1 (strongly disagree) to 5 (strongly agree) with 8 items of questions.

### **3.5.3 Religious Obligation**

Religion obligation refers to the role of religion in affecting an individual's choice or activities (Amin, et., al, 2011).

The measurement of religious obligation involves perception to comply with underlying Shariah principles which is free from interest, ethical investment

and equal distribution of wealth. Measurement of this dimension was adapted from Adapted from Amin et., al, (2011) and five-point Likert-type scale of importance ranging from 1 (strongly disagree) to 5 (strongly agree) with 5 items of questions.

#### **3.5.4 Reputation**

Reputation is based on the perception of reliability, credibility, social responsibilities and trustworthiness of an organization (Watson, and Kitchen, 2010). It is related to leadership, management and organizational operations, the quality of products and services and crucially relationships with stakeholders. It is also connected to communicate activities and feedback mechanisms. Measurement of this dimension was adapted from Jaffar, and Musa, (2013) and will be measured using five-point Likert-type scale of importance ranging from 1 (strongly disagree) to 5 (strongly agree) with 4 items of questions.

#### **3.6 Questionnaire Design**

To achieve the objectives of this research paper, the used questionnaire is most appropriate in dealing with a large number of respondents.

The researcher also had the opportunity to introduce the research field since the questionnaire was personally distributed to respondents. For this research paper, the researcher adopt existing tools by previous researchers.

The variables of this study such as perception, awareness, religious obligation, and reputation were adopted from Hanudin et al., (2011) and Mariatul and Rosidah (2014).

Questionnaires for this research paper consists of a front page and its contents are divided into two sections which are section one and section two. Section one consists of six (6) demographic profile questions. Section two contains about 29 questions related to factors that influence the perceptions of Islamic finance researchers towards Sukuk-Waqf. Since the survey participants are academicians and researchers, the questionnaire used the English language to make it easier for the respondent to understand the questions.

The cover page includes some brief explanation regarding the purpose of the research and the consent from respondents. Table 3.2 below is the detail of every section.

Table 3.2

Subdivision for the questionnaire

Sections	Contains	Items
One	Demographic	6
Two	Perception, Awareness, Religious Obligation, and Reputation	22

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 one consists of the demographic profile such as gender, age, education level, religion, years of experience in the field of Islamic finance, and reading Islamic finance materials are considered as nominal where it has no intrinsic values. Meanwhile, the interval scale allows the performance of arithmetic operations and measure the distance between two points on the scale (Sekaran, 2003).

For instance, the Likert Scale where there is an indicator to determine the answer. It consists of five (5) values which give different views towards the answer. The value 1 shows the respondent strongly disagrees, the value of 2 disagrees, the value of 3 is neither disagree nor agree, the value of 4 agrees and value of 5 strongly agree.

### **3.7 Validity Test**

Zikmund (2003) stated that validity is conducted to ensure the credibility and trustworthiness of the data. There are several types of validity. However, there are two types of validity test involved in this research which are constructed validity and content validity. According to Drost (2011) content validity is a professional agreement on every item in the questionnaire. Meanwhile, construct validity is tools to justify the connection

of research, theory and research measurement which involve translation information (Drost, 2011).

For the construct validity, this study referred to the outcome of factor analysis in order to validate the construction of the conceptual framework in this study. The researcher needs to key in data collected into SPSS. Basically, factor analysis usually used to develop a questionnaire. Thus, to measure the ability trait, researchers need to ensure that the question listed associated with the construct intended to measure. Moreover, this analysis is used to confirm the instruments. For this study, factor analysis will be performed to all variables involved.

### **3.8 Data Screening**

#### **3.8.1 Reliability of the Instrument**

Reliability test is used to measure the validity of the data which includes the consistency and stability of the items. The test is significant for this research to ensure how the items relate together as a set of questionnaires. In this research paper, the reliability will be tested using the internal consistency where it identifies the correlation of responses for each question with other questions in the questionnaires.

The most common methods used to examine the internal consistency are using Cronbach Alpha. According to Gliner, Morgan, and Leech, (2009)

if the item on the test has multiple choices, the questionnaires are based on the Likert Scale, then Cronbach Alpha is recognized method in order to determine the reliability of the instruments. According to Sekaran, (2003) the closer the value of Cronbach Alpha to 1; the higher the reliability of internal consistency. Generally, reliability value less than 0.60 is considered to be poor, while those in the range 0.70 is acceptable and those over 0.80 is considered to be good.

### **3.8.2 Normality Test**

According to Hair et, al. (2003) normality of the data is perceived as an essential concern for results. The normal distribution is very crucial to provide the underlying basis for many inferences by the researcher who collect data using sampling. Therefore, in this research paper, the researcher has to run the normality test in order to confirm the normality of the distribution and checking for outliers. In this research, all the variables involved were tested through SPSS to ensure there is no violation of normality assumption using a certain procedure made by SPSS.

Through the normality test, some of the outliers were removed from the analysis. After eliminating the outliers, the results can be normal as indicated in the graphical analysis and statistical test of normality. The normal plot of all the variables shows that almost all data distributions were plotted close to the diagonal (refer to Appendix C). This can be concluded

that the data used in this research paper fulfil the normality assumption for the inferential analysis.

### **3.9 Factor Analysis**

According to Sekaran and Bougie (2013) factor analysis should be used by the researcher to confirm the dimension of those concepts that have been operationally defined. While Coakes, (2013) stated that factor analysis is used to reduce a large number of variables to a smaller set of an underlying factor that summarizes the essential information contained in variables. Coakes, (2013) added that it is more frequently used as an explanatory technique when researchers need to summarise the structure of set variables.

### **3.10 Assumption Conducting the Factor Analysis**

According to Kaiser-Meyer Olkin test and Bartlett test, the researcher needs to conduct the anti-image correlation matrix. Anti-image correlation matrix describes the degree to which the factors explain each other in the result (Hair, Babin, Anderson, and Tatham, 2006) and describe the ability of items to represent variables (Coakes, and Steed, 2003). Anti-image correlation will produce sampling adequacy (MSA) and partial correlation. The partial correlation value should not exceed that 0.7. Item with the value exceeding 0.7 will be removed from further analysis. On the other hand, evaluation of the MSA factors which is less than 0.5 acceptance level need to be removed from the facto analysis (Coakes, 2013).



According to (Hair et, el. 2006) the Bartlett test is a statistical test for overall significance of all correlations within a correlation matrix. Bartlett test needs to be significant at  $p < 0.05$ . Additionally, Kaiser-Meyer Olkin (KMO) measure the degree of inter-correlation between the variables studied. The KMO measure is acceptable if the value is greater than 0.6 (Coakes, 2013)

### **3.11 Identification of Factor and Factor Loadings**

In order to identify the factors extracted the researcher need to test the latent root creation. In this process, the researcher will test the eigenvalues. Hair et, el. (2006) explained that factor that has eigenvalues that equal to the value of 1 or more are said to be a significant factor.

According to Hair et, el. (2006) the factor loading that exceeds 0.30 is said to be at the minimum level, the value that 0.40 is said to be accepted and loadings more than 0.50 or more is said to be practical. Therefore, factor loading for this research paper is based on a study by (Hair et, el. 1989).

### **3.12 Data Analysis and Interpretation**

Data collected from the questionnaire will be analysed using SPSS software version 25.0. The descriptive statistic is to describe the characteristic of respondents, while inferential analysis will expand on the relationship and significant influence between independent variables and a

dependent variable. The data will be analysed, and the hypotheses will be tested.

Descriptive analysis is one of the tools to describe the main features of the quantitative data collection. Its purpose is to summarize a set of data that are collected from the respective respondents. By using SPSS, this research made use all the data obtained from Section ONE in the questionnaire in order to analyse the data. Descriptive statistics comprising of frequencies, percentage values as well as the measure of central tendency and dispersion such as mean and standard deviation.

The frequencies are used to describe the demographic factors in this research, which is gender, age, religion, level of education, years of experience in Islamic finance, and time consumption of reading Islamic finance materials. Additionally, descriptive statistics are also used to measure the level of all variables where the mean score for each variable was computed along with the standard deviation.

### **3.13 Inferential Analysis**

According to Baikie, (2009) inferential analysis is used to conclude from the data through analysis. It is used in order to achieve the research objectives in this research paper. Moreover, for the purpose of this study, inferential analysis results obtain through Pearson Correlation and Multiple Regression.

Pearson Correlation used to examine whether there is an existing relationship between the dependent and independent variables as well as

indicate the strength of the relationship. This research aims to examine the relationship between dependent variable perceptions of Islamic finance researchers towards Sukuk-Waqf and the independent variables are awareness, religious obligation, and reputation.

According to Gliner, Morgan, and Leech, (2009) Pearson Correlation can vary from -1.0 (perfect negative relationship) through 0.0 (no correlation to all) to +1.0 (perfect positive correlation).

Additionally, regression analysis is a statistical process for estimating significant influence among variables. The purpose of regression analysis is to investigate which independent variables (awareness, religious obligation, and reputation) mostly contributed as well as influence the dependent variable (perceptions of Sukuk-Waqf). In multiple regressions, the contribution percentage of R square is computed. In this research paper, the independent variables and dependent variable will be tested using SPSS software. The standard regression has been used. The final result of this regression analysis will indicate and show the result which variable is more influence on the dependent variable.

### **3.14 Conclusion**

This chapter provided the methodology used to address the research questions and research objectives. Research tools such as Pearson Correlation and Multiple Regression has been used in this chapter to analyse the data have been discussed. The data will be analysed, and further explanation regarding the finding of this research paper will be provided in chapter four.



## **CHAPTER FOUR**

### **FINDINGS AND ANALYSIS**

#### **4.1 Introduction**

Chapter four will focus on the analysis findings of the research data that was obtained during the questionnaire distribution. The processes of analysing the data were carried out using descriptive and inferential analysis. The results are divided into three sections which are the result of descriptive analysis, the result of factor analysis and a result of the inferential analysis. Descriptive statistical analysis in this research paper involves those related to the demographic characteristic of respondents. The results of factor analysis have been tested on both the dependent variable and independent variables. Meanwhile, the inferential analysis performed to analyse the relationship and significant influence between independent variables and dependent variable.

The Pearson correlation is used to ascertain the relationship between the determinant factor and Islamic finance researchers' perception. To analyse the factors that influence Islamic finance researchers' perception of Sukuk-Waqf, the researcher used multiple regressions. This analysis is presented to answer the research questions and hypotheses of this study.

#### **4.2 Research Response**

This study received 482 responses. Since the researcher was not sure to get 100 percent of responding proportion, a total of 482 sets of online

questionnaires were received for data collection purposes. Out of 482 sets of surveys distributed, 413 responses have received as complete questionnaires and useable. The total returned questionnaires represent a response rate of 85.7 percent, which is considered to be excellent. According to Barbie (2007), it is clearly mentioned that a review of social science research literature had suggested a 50 percent rate is adequate for data analysis, 60 percent good and 70 and above is very good.

#### **4.3 Normality Test**

According to Coakes, (2013) there are number of different ways to test the normality. Normality of data is perceived as a fundamental element in research conducted especially multivariate research as suggested by Hair et al. (1998). The statement of normality is required for inferential statistical techniques (Coakes, 2007).

There are several tools to test this assumption namely Skewness and Kurtosis, boxplots, histograms, normal probability plots and Kolmogorov. The use of a normality test was aimed to make sure that all data is in a normal distribution. The normal distribution is particularly important because it provides the underlying basis for many of the inferences the collected data using sampling.

The medium to acknowledge the normality of data is by using skewness and kurtosis. The skewness positive values illustrate a positive skew; however, the kurtosis positive values show a peaked distribution (Coakes et al., 2006).

The negative values for skewness indicate a negative skew while negative values for kurtosis signify a distribution that is flatter. As suggested by Hair et al. (2003), if the skewness values are greater than + 1 or lesser than - 1, it shows a significantly skewed distribution. Meanwhile, the kurtosis curve is considered is over peaked if the values exceed + 3 and are over flat if it is less than -3.

Table 4.1

Results of Normality Test

Variable	Skewness	Kurtosis
Perception	-1.178	-3.130
Awareness	-1.199	-3.225
Religious Obligation	-1.138	-4.779
Reputation	-1.122	-3.445

The data in Table 4.1 shows that the data used in this research is valid and did not interrupt the normality assumption for the inferential analysis.

#### 4.4 Reliability Analysis

Reliability test is used to measure the ability of data which include the consistency and stability of the items. The test is significant for this research, in order to ensure the scale is measuring the same underlying attribute. One the most commonly used indicators to measure the reliability

is using Cronbach's alpha coefficient (Pallant, 2013). According to Sekaran, (2003), the closer the value of Cronbach's alpha to one, it indicates the higher reliability of internal consistency. Reliability less than 0.6 is considered to be poor, in the range of 0.7 considered acceptable and over 0.8 is considered as good. However, Sekaran, (2003) stated that in the situation that reliability too high Cronbach's alpha or less than 0.6 will give a problem to the researcher. For this research paper, the result of reliability analysis in Table 4.4 shows that Cronbach's alpha value is more than 0.8. the result shows Cronbach's alpha range between 0.811 until 0.838.

Table 4.2  
The Results of the Reliability Test

Variables	Number of Items	Cronbach's Alpha
Perception	6	.771
Awareness	7	.773
Religious	5	.770
Obligation		
Reputation	4	.773

The results presented in Table 4.2 showed that Cronbach's alpha of this research paper for perception, awareness, religious obligation, and reputation are more than 0.770 and 0.77. Therefore, the strength is considered to be very adequate and excellent. It can be concluded, that the variable used in this research paper are consistent and stable.



#### **4.5 Descriptive Analysis of Respondent's Background**

Descriptive statistics are used to analyse the collected data and also to describe and summarise the collected data. It is helpful to make observations on the demographic profile of respondents such as gender, age, level of education, religion, years of experience in the field of Islamic finance, and reading Islamic finance materials. Additionally, descriptive analysis was used to measure awareness, religious obligation, reputation, and Islamic finance researchers' perceptions towards Sukuk-Waqf.

Consequently, to measure the level of all variables, the mean score for each variable were computed as well as the standard deviation. The standard deviation is crucial in indicating the level of each variable and to point out the distribution of the score of the mean. According to Hair et al., (2007) standard deviation explains the spread or variability of the sample values from the mean. The following analysis will represent the respondent's demographic profile and observation of the variables.

##### **4.5.1 Demographic Profile of Respondents**

Generally, the questionnaire was designed by the researcher and collected the data through professional survey hosting website (monkeysurvey.com), by circulating web-link via email, LinkedIn and social media channels such as WhatsApp, and Telegram. Moreover, in order to elaborate the data segmentation on this study, the demographic profile of the respondent was analysed by using descriptive statistical analysis. Table 4.3

shows the demographic variables include gender, age, religion, years of experience in the field of Islamic finance, and reading Islamic finance materials.

Table 4.3

The Distribution of Respondents

Variable	Characteristics	Number	Percentage (%)
Gender	Male	363	87.9
	Female	50	12.1
Age	18 - 27 years old	106	25.7
	28 - 37 years old	119	28.8
	38 - 47 years old	114	27.6
	48 years old and above	74	17.9
Level of Education	Master Level	229	55.4
	PhD Level	164	39.7
	Senior Lecturer	20	4.8
Religion	Islam	408	98.8
	Others	5	1.2
Years of experience in the field of Islamic finance	Less than 2 years	88	21.3
	3 - 5 years	187	45.3
	6 - 10 years	60	14.5
	11 years and above	78	18.9
Reading Islamic finance materials	Less than 2 hours daily	175	42.4
	3 - 5 hours daily	104	25.2
	More than 6 hours daily	134	32.4
Total		413	100%

#### **4.5.2 Respondent Background by Gender**

Table 4.3 shows that the preponderance among 413 respondents goes to male with 363 (87.9%), while the remainder is female which 50 (12.1%).

#### **4.5.3 Respondent Background by Age**

Table 4.3 shows that majority of the respondents are between the age of 28 - 37 years (28.8%) and of 114 (27.6%) represented the category of '38 - 47 years old' which are the biggest portions also the elderly respondents (48 years old and above) represent the minority with 74 (17.9%). While the youngest respondents (18 - 27 years old) represent 25.7 percent.

#### **4.5.4 Respondent Background by Education Level**

On the other hand, it is also found that the majority of the respondents are in master level with 229 (55.4%). Followed by PhD degree holders with 164 (39.7%). While Senior Lecturers were the minority with 4.8 percent.

#### **4.5.5 Respondent Background by Religion**

In regard to religion, table 4.3 shows that the religion of Islam represents the massive majority of the respondents with 408 (98.8%). While respondents who believe in other religion were represented by 1.4% of the questionnaire participants.

#### **4.5.6 Respondent Background by Years of experience in Islamic finance**

Furthermore, years of experience in the field of Islamic finance were as follows, the minority were having fewer years of experience '6 - 10 years' with 60 (14.5%) followed by '11 years and above' with 78 (18.9%). While the majority of the respondents had between 3 - 5 years of experience with 187 (45.3%). Respondents who have less than 2 years of experience were represent 88 (21.3%).

#### **4.5.7 Respondent Background by Reading Islamic finance Materials**

Most of the respondents spend less than 2 hours daily with a percentage of 42.4% and a number of 175 respondents. About 104 (25.2%) of respondents were reading Islamic finance materials between 3 -5 hours daily. Followed by 134 (32.4%) respondents spending more than 6 hours per day.

#### **4.5.8 Demographic Factors and Perceptions**

This analysis corresponds to answering the first research question of this research paper, which is to identify whether there are any differences between a group of demographic profiles (gender, education level, and years of experience) towards the perception of Sukuk-Waqf.

Table 4.4

Differences Between Gender and Researcher's Perceptions

Variable	Gender	Mean	Standard deviation
Perception	Male	4.328	.564
	Female	4.312	.640

Table 4.4 shows male whose perception towards Sukuk-Waqf with mean 4.328 and standard deviation .564 compared to female have the mean 4.312 and standard deviation .640. Based on the result, it was found that both groups (male and female) indicate a good perception of Sukuk-Waqf.

Table 4.5

The Difference Between education level and Researcher's Perceptions

Variable	Education Level	Mean	Standard deviation
Perception	Master Level	4.17	.581
	PhD Level	4.25	.111
	Senior Lecturer	4.45	.569

As shown in Table 4.5 the mean value for senior lecturer group has the higher score (4.45) compared to the PhD group (4.25) while the master group has the lowest score (4.17). This means that senior lecturer group has the most positive perceptions towards Sukuk-Waqf compared to the other groups.

Table 4.6

The Difference Between years of experience and Researcher's Perceptions

Variable	Years of Experience	Mean	Standard deviation
<b>Perception</b>	Less than 2 years	4.00	.136
	3 - 5 years	4.27	.833
	6 - 10 years	4.32	.596
	11 years and above	4.36	.667

As shown in Table 4.6 the mean value for 11 years and above group has the higher score (4.36) followed by 6 - 10 years group (4.32) while the group of 3 - 5 years and Less than 2 years e have the lower means (4.27) and (4.00) respectively. This means that the 11 years and above group and 6 - 10 years respondents have a higher rate than other groups in terms of positive perceptions about Sukuk-Waqf.

#### 4.6 Observation of the variables

Descriptive statistic in this research paper include means, standard deviation, variance and the maximum and minimum values. It was used to identify the situation of each variable in the form of standard deviation and mean. Therefore, it finds the mean value of the construct, this research uses five-Likert scale to measure the agreement of the respondents to the statement. The greater number that the respondents choose is in agreement towards the statement and vice versa. The values that indicate scale is from five to one. The value closer to five is considered better, while value close to

one is considered bad. Table 4.3 shows the descriptive analysis of all four variables in this research paper.

Table 4.7

Levels of factors that constitute the perceptions of Islamic finance researchers towards Sukuk-Waqf

	Minimum	Maximum	Mean	Std. Deviation
<b>Perception</b>	1.00	5.00	4.3208	.68544
<b>Awareness</b>	1.28	5.00	4.3490	.64212
<b>Religious</b>				
<b>Obligation</b>	3.20	4.80	4.1486	.61123
<b>Reputation</b>	3.25	4.50	4.2754	.63270

Table 4.7 presented the minimum, maximum, means, and standard deviation of the model variables. The means values for the variables range between 4.1 and 4.3. The mean value of the variables indicates moderate scores of the agreement.

The highest mean value is 4.3490 for the awareness independent variable, followed by the dependent variable perception with a mean value of 4.3208, reputation with a mean value of 4.2754. While religious obligation variable the mean value was 4.1486. The standard deviation values are 0.68544, 0.64212, 0.61123, and 0.63270 where is shows at a

moderate level showed that the variability of respondents in answering the questionnaire. If the value deviation is small, therefore the responses in a sample distribution of number fall very close to the mean (Hair et al., 2007).

#### **4.7 Data Screening**

In order to confirm that data have been correctly recorded and the distributions of variables in the analysis are normal, the researcher has used data screening and transformation techniques. The process of screening the data briefly explained in this section.

#### **4.8 Factor Analysis**

Factor analysis is a data reduction technique used to reduce the large number of variables to a smaller set of underlying factors that summarise the essential information contained in the variables (Coakes, 2013). It is frequently used as an exploratory technique when the researcher wishes to summarise the structure of a set variables. Thus, factor analysis is performed to ensure the instruments are reliable for this research.

In performing factor analysis, there are several pre-requisite tests that used to be concerned. Two statistical test which are Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. These two statistical tests were used to look for the presence of correlation variable and measure the degree of correlation between variables. According to Pallant (2013), Barlett's test sphericity should be significant ( $P < 0.5$ ) while KMO index range from 0 to 1, with 0.6 suggest as the minimum value of the good factor analysis.



Table 4.8

The result of factor analysis for independent variables

Items	Component		
Awareness1	.777		
Awareness2	.701		
Awareness3	.668	KMO	.775
Awareness4	.651	Bartlett's Test of Sphericity	2325.5
Awareness5	.788	Significance	.000
Awareness6	.778		
Awareness7	.768		
Religious Oblig1	.733		
Religious Oblig2	.758		
Religious Oblig3	.879	KMO	.713
Religious Oblig4	.689	Bartlett's Test of Sphericity	2256.4
Religious Oblig5	.641	Significance	.000
Reputation1	.629		
Reputation2	.731	KMO	.759
Reputation3	.737	Bartlett's Test of Sphericity	2535.1
Reputation4	.686	Significance	.000

As shown in Table 4.8 that factor's loadings of every variable representing the perceptions of Islamic finance researchers are above (0.6) According to Tabachnick, and Fidell, (2007) when the variable representing the items are above (0.6) it can be considered as excellent. The highest value Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) is awareness (.775),

while the lowest KMO value is shown by religious obligation variable (.713). However, the results exceed the recommended value of (0.60) and Bartlett's Test of Sphericity also reach statistical significance, supporting the factorability of the dimensions.

Table 4.9

Factor Analysis Results for Dependent Variables

Items	Component		
Perception1	.635		
Perception2	.704		
Perception3	.690	KMO	.757
Perception4	.605	Bartlett's Test of Sphericity	2325.5
Perception5	.695	Significance	.000
Perception6	.705		

Table 4.9 shows the dependent variable, perceptions of Islamic finance researchers, which is measured by 6 items in on dimension and was subjected component analysis using SPSS Version 22. Inspection of the factor's loading for every dimension reveals the presence of value above (0.70) and can be considered as excellent (Tabacknick and Fidell, 2007). Referring to Table 4.6 the KMO value for perception is (.757).

The KMO value for this dimension exceed the recommended value of (0.6) and Bartlett's Test of Sphericity reach statistical significance, supporting the factorability of the dimesions as suggested by (Kim, and Mueller, 1994).

Thus, the 6 items used to represent perceptions of Islamic finance researchers towards Sukuk-Waqf are statistically valid to the scale of measurements.

#### **4.9 Relationship Between the Factors Constitute the Perception of Islamic Finance Researchers Towards Sukuk-Waqf**

Pearson correlation analysis shows was designed to determine the strength and significance of the bivariate relationship among variables on the interval scale for specific ways. The level significant  $p < 0.05$  and  $p < 0.01$  are used to ascertain the correlation. This research paper applied Pearson Correlation to examine the relationship between awareness, religious obligation, and reputation with the perceptions of Islamic finance researchers towards Sukuk-Waqf.

According to Coakes, (2012) there are several assumptions before coming out with a correlation output. The first assumption is the related pairs. there must be a parallel score on both variables studied. The second assumption in the scale of measurement. The data studied must be at intervals. Next is normality, which the data must be normally distributed. The data must also fulfil the relationship between variables is linear. The last assumption is homoscedasticity. Scatter plot will indicate the homoscedasticity of the data. If there is no obvious pattern of the scatter plot, then the independent variable is considered homoscedasticity. Table

4.10 below indicates the result of the correlation between all independent variables with the dependent variable.

Table 4.10

Correlations between Independent Variables and perception Variable

Variables	Pearson Correlation
Awareness	0.000
Religious Obligation	0.000
Reputation	0.022

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

Generally, the findings of this research paper have met the research objectives and have been proved statistically.

H1: There is a relationship between awareness and the perception of Islamic finance researchers towards Sukuk-Waqf.

Table 4.10 shows the relationship between awareness and perception. The Pearson correlation for both variables is 0.000 which is significant at 0.05. The significant value of awareness is 0.000. thus, the hypothesis H1 have been statistically proved and it's statistically accepted.

H2: There is a relationship between religious obligation, and with the perception of Islamic finance researchers towards Sukuk-Waqf.

Table 4.10 shows that Pearson Correlation between religious obligation and perception indicate the relationship is significant with a value of 0.000.

therefore, hypothesis H2 have been statistically supported and it's statistically accepted.

H3: There is a relationship between reputation, and the perception of Islamic finance researchers towards Sukuk-Waqf.

The value of reputation and perception indicate the relationship is statistically significant with the value of 0.022. Hence, H3 hypothesis have been statistically supported and it's statistically accepted. However, the study found that factors awareness and religious obligation are the most influencing factors among the independent variables.

H4: There is a significant influence of awareness, religious obligation, and reputation with the perception of Islamic finance researchers towards Sukuk-Waqf.

The Pearson correlation for both variables is 0.000 which is significant at 0.05. Thus, H4 hypothesis has been statistically supported and they have significantly influenced the perception of Islamic finance researchers towards Sukuk-Waqf among other variables. This study found that two independent variables named as awareness and religious obligations are the most influenced variables.

## **CHAPTER FIVE**

### **DISCUSSIONS AND RECOMMENDATION**

#### **5.1 Introduction**

This chapter focus on the research output of this study followed by the implications of this study. In section 5.2, a discussion on research findings is explained. Section 5.3 of this chapter will also discuss on the implication from the output that analysed. The next explanation in section 5.4 will concentrate on several limitation and recommendations for future research. Lastly, the conclusion of this research paper will explain in section 5.5.

#### **5.2 Discussion of Research Findings**

Chapter five is conducted to attain the four research objectives. The first objective of the research is to identify the differences among groups of demographic factors on the researcher's perceptions towards Sukuk-Waqf. The demographic factors consist of (gender, education level, and years of experience). Consequently, this study concludes that both male and female are equally likely to have positive perceptions of Sukuk-Waqf.

In addition, researchers who have six years and above of experience found to have the most positive perception about Sukuk-Waqf, this could possibly be due to their understanding and awareness that the financial

instrument of Sukuk-Waqf is very useful and can be used to deliver betterment to the Waqf industry.

In the same context, this research paper found that senior lecturer and PhD students have better views in terms of their perceptions towards Sukuk-Waqf compared to master students. This indicates that further research and studies are highly needed on the topic of Sukuk-Waqf to be well explained and added to the academic subjects.

The second objective is to identify the relationship between awareness and the perception of Islamic finance researchers towards Sukuk-Waqf. The analysis of this study has found that awareness is highly affecting the perception of Islamic finance researchers towards Sukuk-Waqf.

Thirdly, another research objective is to identify the relationship between religious obligation and the perception of Islamic finance researchers towards Sukuk-Waqf. The analysis of this study has found that religious obligation is highly affecting the perception of Islamic finance researchers towards Sukuk-Waqf.

Fourthly, reputation was found as the least of the independent factors that can affect the perception of Islamic finance researchers towards Sukuk-Waqf. However, the result showed that the reputation factor has a low relationship with perception (0.022).

The Fifth objective of this research paper is to determine the most influencing independent factor on the perception of Islamic finance researchers towards Sukuk-Waqf. The conclusion of this research paper found that awareness and religious obligation are significantly influenced the perception of Islamic finance researchers towards Sukuk-Waqf.

The research output shows that all the three independents variables have statistically significant influence the perception of Islamic finance researchers towards Sukuk-Waqf. Nevertheless, reputation variable who has significant relationship with the perception of Islamic finance researchers valued at (0.022) is considered to be the least of the factors among the three independent variables conducted in this research paper.

However, the results of this research paper indicate that awareness and religious obligation are the most influential determinants on the perception of Islamic finance researchers towards Sukuk-Waqf in Malaysia.

This result is parallel with the study by Sabri (2016) that found that awareness and religiosity are considered to be as step-stone when it comes to the factors that influence the perceptions of people for Islamic financial services at Tajikistan, and Kyrgyzstan. That is due to the author that found that people that have enough knowledge and amount of information is more likely to have awareness about Islamic financial instrument.



In a similar situation, studies were done by Ahmad, and Haron (2000) and Khattak (2010) found that awareness and religiosity aspects of the existing of Islamic financial instruments will have a huge influence on the perceptions of Muslims. The authors stated that the raising of the awareness level of Islamic financial instrument is playing a crucial role in conducting more researches and thus more development of the Islamic financial institutions.

Furthermore, the lack of awareness and skills to manage a business among ordinary Muslims who have no knowledge about Islamic financial tools is considered to be among the major challenges facing Islamic financial institutions (Mokhtar, 2011). Most of them do not have financial literacy on how to buy a financial instrument and use it to make earnings and expand their business. Besides, Alam et.al, (2015) clarified that when it comes to investment many of the Muslim entrepreneurs have issues related to awareness, and knowledge of the Islamic financial tools. Due to the lack of sufficient numbers of researches done on certain financial instruments or lack of having clear guidance that can help the normal Muslim businessman to explore a new way to conduct businesses.

Another study was done by Raiz et.al, (2017), found that the level of awareness and religious obligation have a very strong positive impact on the perception of users of Islamic financial instruments. Also, another study was

done by Imafuku, et.al, (2015) found that awareness has a significant relationship with the perception of researchers towards conducting research.

On the other hand, the result of this study further indicates that reputation has a less or lower impact of the perception compared to the awareness factor. Studies were done by Maiyaki, & Mokhtar, (2012), Ringim, & Yussof, (2014) and Hossein, & Ali (2017) found that reputation might be one of the factors that influencing the client's perceptions towards the use of financial instruments, good reputation comes from publicity as well as having a wide variety of researches conducted in the favour of reputing the Islamic financial gadgets.

To sum up, from the result, the more positive the awareness, religious obligation and reputation the more positive the perception of Islamic finance researchers towards Sukuk-Waqf will be. however, although, reputation unable to influence enough the perception of Islamic finance researchers towards Sukuk-Waqf.

### **5.3 Implications of Research Findings**

The theoretical implication that was proposed in this study is to examine and identify the factors that have a serious influence on the perception of Islamic finance researchers towards Sukuk-Waqf. The outcomes of this research paper will give new empirical proof of

relationship and significant between awareness, religious obligation, and reputation towards the perceptions of Sukuk-Waqf.

This research paper highlighted that awareness and religious obligation are the most influential factors on the perception of Islamic finance researchers towards Sukuk-Waqf followed by reputation. However, reputation as a factor showed less significant influence on the perceptions of Islamic finance researchers towards Sukuk-Waqf among other factors studied in this research paper. Additionally, this research paper also helps future researchers to evaluate the perspective of a different demographic, different geographical area and more variables and theory in order to make any generalization.

This research also assistance to confirm the previous instruments regarding the dimensions of factors that influence perception towards Sukuk-Waqf. The existence of the proposed framework will help Islamic financial institutions in evaluating the Sukuk-Waqf in order to meet the requirement of potential holders. The findings of this research demonstrate that awareness and religious obligation affect positively on the perception of Islamic finance researchers towards Sukuk-Waqf.

This research paper has vital importance for Islamic finance researchers who dedicate their life to serve the Waqf development process. As this research paper uniqueness comes to deliver a clear idea of how the researchers can monitor their perception towards Sukuk-Waqf. Furthermore,

this research paper attempts to identify determinant factors that influence perceptions of Sukuk-Waqf. For future research, researchers may explore variables that did not study in this research.

Subsequently, the dimension suggested by the researcher is reliable and valid to be implemented in an Islamic endowment field and at the same time can improve the efficiency of Islamic financial institutions who cooperate with Waqf institutions.

#### **5.4 Limitation and Recommendations**

Sundry of limitations have met this research that should be considered. This research paper was limited in dimension related to perception in the Islamic financial instrument of Sukuk-Waqf. The limitation of this research paper will be discussed in order to recognize a new solution and to be useful for future researches.

At first, this research has been conducted in a particular location and involves a specific group of people in Malaysian universities. Thence, the findings of this research paper might not be generalized to other geographical areas or other groups of qualified professionals. Future researchers are advocated to include different practitioners to be the sample of this study. That due to the fact that Sukuk-Waqf as a financial instrument is not only offered to Islamic finance researchers but also to Muslim entrepreneurs and businessmen.

The perception of Muslim entrepreneurs towards Sukuk-Waqf is more fateful to be examined because Islamic endowments or Waqf need to penetrate the market in order to achieve the aim to be poverty alleviation among Muslim societies. Furthermore, more studies should consider other Islamic finance researchers from different parts of the world. Subsequently, the results and data on Sukuk-Waqf might be improved from time to time.

Subsequently, the data related to the utilizing of Sukuk-Waqf in Malaysia is not standardized and incomplete. Hence, it is a provocation to the researcher to gain the data and information on Sukuk-Waqf holders. Therefore, the research regarding the perception of Sukuk-Waqf is limited. There are many possible dimensions and theories that can be used to research on the perception. For instance, the theory of the perception of service quality of Islamic financial instrument is still unexplored. Perception is a crucial subject to study due to its ability in improving the growth and development of Islamic financial instruments (Abbas, and Shirazi 2014).

Finally, the result of this research paper indicates that awareness and religious obligation are the most influential factors on the perception among the three factors. Also, it is very crucial for the research and development departments in the Islamic financial institutions to promote Sukuk-Waqf as a serious financial tool to support the Waqf development process. The Islamic finance researchers that are conducting their studies on Islamic financial institutions should improve their ways and capabilities to deliver a higher

amount of information about Sukuk-Waqf in the sake of developing new techniques to support the development of Waqf processes.

However, the information that explains and promote the new Islamic financial instrument such as Sukuk-Waqf should always be updated through mass media-communication such as social media channels, television, and newspapers. This is very crucial in order to boost the growth of Sukuk-Waqf in Malaysia and thus can achieve their ultimate objective.

## **5.5 Conclusion**

This research finding gives guidance and an indicator for research and development departments in the Islamic financial institutions in developing strategies to support Waqf developments and to contribute to the Waqf operation processes as well as supporting Waqf properties. This research paper found that awareness and religious obligation are factors that influence the perception of Islamic finance researchers towards Sukuk-Waqf.

The study was done by Rupam (2014) found that the negative or positive perceptions of the researchers must always be taken into consideration by authorities in the effort to increase the performance and efficiency of the Islamic financial instruments. However, positive perceptions that are affected by certain factors can be used as a benchmark

or guideline for Islamic financial institution and the government to operate and legitimize the Islamic financial instrument (Abbas, and Shirazi, 2015).

The researcher of this study reckons that by providing more researches on new Islamic financial instrument such as Sukuk-Waqf can increase the level of confidence by potential Sukuk-Waqf holders. Donators are mostly choosing trusted charitable channels where they can place their belief in, however, researches playing a crucial role in shaping the donators perspectives by conducting studying on Sukuk-Waqf.

Comprehensively speaking, it is highly suggested that Islamic finance researchers should conduct more studies on the instrument of Sukuk-Waqf. It is young Islamic financial gadgets and further researches are robustly needed.

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## Appendix A

### Questionnaire



#### FACTORS INFLUENCING THE PERCEPTIONS OF ISLAMIC FINANCE RESEARCHERS TOWARDS SUKUK-WAQF

Dear Sir/Madam,

This is Imam Asalie, a postgraduate student from Universiti Utara Malaysia majoring in Islamic finance.

I am writing to you to request your valuable participation in a brief survey about the perceptions of Sukuk-Waqf.

As your rich experience will leave its reflection of your answers, this research survey is designed to be answered by researchers in the field of Islamic finance.

The survey will only take about 3 minutes to complete. Please click the link below to go to the survey Website.

Your opinion is highly valuable, Take the survey now

<https://www.surveymonkey.com/r/ZYWLL97>

Yours sincerely,

Imam Asalie  
Postgraduate Student  
Islamic Business School  
Universiti Utara Malaysia  
Kedah, Malaysia

**PART: A**

**Demographic factors**

Please tick (✓) for your answer

**1. Gender**

Male ☐

Female ☐

**2. Education level**

Master Level ☐

Senior lecturer ☐

PhD level ☐

**3. Religion**

Islam ☐

Others: \_\_\_\_\_

**4. Age**

18 - 27 years old ☐

38 - 47 years old ☐

28 – 37 years old ☐

48 years old and above ☐

**5. Years of experience in Islamic finance**

Less than 2 years ☐

6 - 10 ☐

3 – 5 years ☐

11 and above ☐

**6. Reading Islamic finance materials**

Less than 2 hours daily ☐

More than 6 hours daily ☐

3 – 5 hours daily ☐

**PART: B**

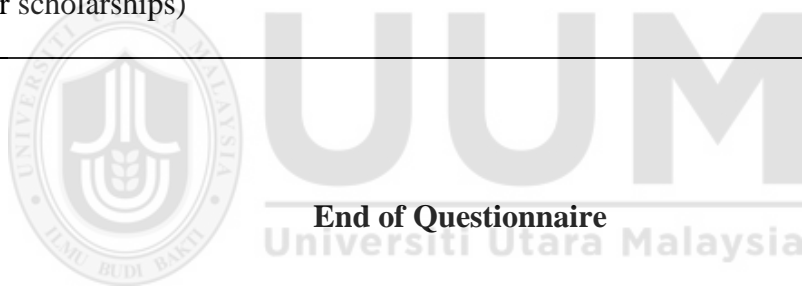
**Based on the scale given, please indicate your degree of strength agreement/disagreement on the following statement.**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

<b>Perceptions of Sukuk-Waqf</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
P 1	I am interested to know about Sukuk-Waqf	1	2	3	4	5
P 2	It's likely I will do research related to Sukuk-Waqf	1	2	3	4	5
P 3	I am interested to use Sukuk-Waqf in the future	1	2	3	4	5
P 4	I will use Sukuk-Waqf someday to support Waqf institutions	1	2	3	4	5
P 5	I am considering Sukuk-Waqf as good option to help endowment's property	1	2	3	4	5
P 6	I will definitely recommend Sukuk-Waqf to others	1	2	3	4	5

<b>Awareness</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
A 1	I'm aware of the existence of Sukuk-Waqf	1	2	3	4	5
A 2	In general, Sukuk-Waqf provides more advantages to public	1	2	3	4	5
A 3	In general, Sukuk-Waqf can help Waqf institutions	1	2	3	4	5
A 4	I know the importance of Sukuk-Waqf as a financial instrument to support Waqf	1	2	3	4	5
A 5	I'm aware that Sukuk-Waqf is based on Shariah principles	1	2	3	4	5
A 6	Sukuk-Waqf is important for Waqf sustenance	1	2	3	4	5
A 7	Sukuk-Waqf awareness is crucial for Waqf developers	1	2	3	4	5
<b>Religious obligation</b>		<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
RO1	Sukuk-Waqf is in line with an Islamic philosophy of doing charitable deeds.	1	2	3	4	5
RO2	Sukuk-Waqf is based on Islamic principle business implementation	1	2	3	4	5
RO3	Sukuk-Waqf as new financial instrument is based on Hadith and the teaching of Islam.	1	2	3	4	5
RO4	Sukuk-Waqf is free from Riba.	1	2	3	4	5
RO5	Sukuk-Waqf is free from fraud.	1	2	3	4	5

	Reputation	SD	D	N	A	SA
	Financial Institutions and agencies that provide Sukuk-					
R1	Waqf are not only maximizing profit, but also enhance the financial position of endowment institutions.	1	2	3	4	5
R2	Sukuk-Waqf as financial instrument is still at a novel stage, many studies need to take place.	1	2	3	4	5
R3	Financial Institutions and agencies that provide Sukuk-Waqf uphold Islamic reputation and image.	1	2	3	4	5
R4	Financial Institutions and agencies that provide Sukuk-Waqf contribute to social welfare (i.e. giving donations or scholarships)	1	2	3	4	5



**End of Questionnaire**

**Your Corporation Is Very Much Appreciated**



## APPENDIX B

### Reliability Test

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.781	.789	28

Item Statistics

	Mean	Std. Deviation	N
What is your gender?	1.8780	.32763	410
What is your age?	2.3732	1.05578	410
Education level	1.4902	.59018	410
Religion	1.0122	.10989	410
Years of experience in Islamic finance	2.3049	1.01202	410
Reading Islamic finance materials	1.9000	.86341	410
P1	4.4195	.65941	410
P2	4.2951	.74547	410
P3	4.4537	.70904	410
P4	4.2317	.76441	410
P5	4.1902	.58748	410
P6	4.3341	.65453	410
A1	4.1780	.53256	410
A2	4.2659	.70281	410
A3	4.3049	.59519	410
A4	4.1976	.60761	410
A5	4.5195	.69638	410
A6	4.6195	.70736	410
A7	4.3415	.65261	410

RO1	4.1366	.50025	410
RO2	4.1659	.56965	410
RO3	4.0951	.62407	410
RO4	4.1902	.72193	410
RO5	4.1659	.64228	410
R1	4.1366	.56454	410
R2	4.3171	.66484	410
R3	4.3220	.62839	410
R4	4.3195	.67644	410

**Inter-Item Correlation Matrix**

	What is your gender?	What is your age?	Education level	Religion	Years of experience in Islamic finance
What is your gender?	1.000	-.094	-.158	.041	-.183
What is your age?	-.094	1.000	.632	.066	.470
Education level	-.158	.632	1.000	-.017	.359
Religion	.041	.066	-.017	1.000	.010
Years of experience in Islamic finance	-.183	.470	.359	.010	1.000
Reading Islamic finance materials	.156	.197	.116	.013	.125
P1	-.023	-.120	-.071	-.003	.083
P2	-.083	-.035	-.113	.016	.062

P3					.25
	-.035	-.060	-.083	.086	0
P4					.13
	-.033	.026	.024	.112	0
P5					-
	-.044	-.154	-.093	-.036	.05
					7
P6					.14
	-.106	.056	.100	.113	8
A1					-
	.041	-.118	-.037	.130	.01
					5
A2					.20
	-.061	.107	.021	.053	5
A3					-
	.003	.145	.082	.130	.01
					7
A4					.03
	.072	.003	-.059	-.036	3
A5					.00
	-.022	-.241	-.032	-.083	7
A6					.00
	-.127	-.042	-.003	.060	9
A7					-
	.001	-.061	-.106	.010	.28
					4
RO1					-
	-.032	-.060	-.095	.059	.05
					8
RO2					.13
	-.062	-.054	-.082	.046	7
RO3					.28
	-.182	-.054	-.087	.019	7
RO4					-
	-.015	-.151	-.059	.032	.07
					0
RO5					.15
	-.136	-.113	-.002	-.029	1
R1					.11
	-.068	.107	.033	.052	5

R2					.00
	-.080	-.009	.002	-.053	9
R3					-
	-.011	-.030	-.104	.120	.07
					0
R4					.10
	-.033	.072	-.026	-.020	0

#### Item-Total Statistics

	Cronbach's Alpha if Item Deleted
What is your gender?	.787
What is your age?	.795
Education level	.784
Religion	.782
Years of experience in Islamic finance	.783
Reading Islamic finance materials	.790
P1	.774
P2	.772
P3	.766
P4	.770
P5	.769
P6	.768
A1	.773
A2	.772
A3	.770
A4	.775
A5	.779
A6	.766
A7	.778
RO1	.775
RO2	.772
RO3	.773
RO4	.770
RO5	.764
R1	.772
R2	.774
R3	.774
R4	.772

## APPENDIX C

### Descriptive Analysis

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
What is your gender?	413	1.00	2.00	1.8789	.32660	-2.332
What is your age?	413	1.00	4.00	2.3777	1.05328	.125
Education level	413	1.00	3.00	1.4939	.58962	.737
Religion	413	1.00	2.00	1.0121	.10949	8.955
Years of experience in Islamic finance	413	1.00	4.00	2.3099	1.01006	.457
Reading Islamic finance materials	413	1.00	3.00	1.9007	.86030	.192
P1	413	1.00	5.00	4.4165	.65798	-1.102
P2	413	1.00	5.00	4.3002	.74516	-1.115
P3	413	1.00	5.00	4.4504	.70751	-1.518
P4	413	1.00	5.00	4.2300	.76188	-1.374
P5	413	1.00	5.00	4.1889	.58556	-.715
P6	413	1.00	5.00	4.3390	.65460	-1.214
A1	413	1.00	5.00	4.1840	.53520	-.918
A2	413	1.00	5.00	4.2663	.70488	-1.054
A3	413	2.00	5.00	4.3099	.59596	-.580
A4	413	1.00	5.00	4.1961	.60562	-.714
A5	413	1.00	5.00	4.5230	.69504	-1.434
A6	413	1.00	5.00	4.6223	.70552	-2.357
A7	410	2.00	5.00	4.3415	.65261	-.749
RO1	413	1.00	5.00	4.1356	.49856	-.919
RO2	413	1.00	5.00	4.1646	.56775	-.792
RO3	413	1.00	5.00	4.0896	.63031	-.889
RO4	413	1.00	5.00	4.1889	.71947	-1.163
RO5	413	1.00	5.00	4.1646	.64009	-1.388
R1	413	1.00	5.00	4.1356	.56260	-1.206
R2	413	2.00	5.00	4.3220	.66495	-.819
R3	413	2.00	5.00	4.3269	.62874	-.678
R4	413	1.00	5.00	4.3172	.67452	-1.387

**Descriptive Statistics**

	Skewness	Kurtosis	
	Std. Error	Statistic	Std. Error
What is your gender?	.120	3.454	.240
What is your age?	.120	-1.193	.240
Education level	.120	-.428	.240
Religion	.120	78.575	.240
Years of experience in Islamic finance	.120	-.867	.240
Reading Islamic finance materials	.120	-1.624	.240
P1	.120	2.054	.240
P2	.120	1.628	.240
P3	.120	3.573	.240
P4	.120	3.594	.240
P5	.120	3.297	.240
P6	.120	4.035	.240
A1	.120	6.884	.240
A2	.120	2.067	.240
A3	.120	1.279	.240
A4	.120	2.736	.240
A5	.120	1.994	.240
A6	.120	6.872	.240
A7	.121	.676	.240
RO1	.120	7.657	.240
RO2	.120	4.213	.240
RO3	.120	3.341	.240
RO4	.120	2.750	.240
RO5	.120	5.935	.240
R1	.120	7.382	.240
R2	.120	.990	.240
R3	.120	.891	.240
R4	.120	4.511	.240

## APPENDIX D

### Frequencies Analysis

**What is your gender?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	50	12.1	12.1	12.1
Male	363	87.9	87.9	100.0
Total	413	100.0	100.0	

**What is your age?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 – 27 years old	106	25.7	25.7	25.7
28 - 37 years old	119	28.8	28.8	54.5
38 - 47 years old	114	27.6	27.6	82.1
48 years old and above	74	17.9	17.9	100.0
Total	413	100.0	100.0	

**Education level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Master level	229	55.4	55.4	55.4
PhD level	164	39.7	39.7	95.2
Senior Lecturer	20	4.8	4.8	100.0
Total	413	100.0	100.0	

#### Religion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Islam	408	98.8	98.8	98.8
	Others	5	1.2	1.2	100.0
	Total	413	100.0	100.0	

#### Years of experience in Islamic finance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 years	88	21.3	21.3	21.3
	3 - 5 years	187	45.3	45.3	66.6
	6 - 10 years	60	14.5	14.5	81.1
	11 years and above	78	18.9	18.9	100.0
	Total	413	100.0	100.0	

#### Reading Islamic finance materials

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 2 hours daily	175	42.4	42.4	42.4
	3 - 5 hours daily	104	25.2	25.2	67.6
	more than 6 hours daily	134	32.4	32.4	100.0
	Total	413	100.0	100.0	



## APPENDIX E

### Correlations

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.695 <sup>a</sup>	.483	.479	.29917

a. Predictors: (Constant), Reputatoin, Awareness, RO

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.959	3	11.320	126.477	.000 <sup>b</sup>
	Residual	36.337	406	.089		
	Total	70.296	409			

a. Dependent Variable: Perception

b. Predictors: (Constant), Reputatoin, Awareness, RO

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.533	.210		2.542	.011
	Awareness	.255	.051	.218	5.014	.000
	RO	.557	.049	.505	11.307	.000
	Reputation	.087	.038	.091	2.300	.022