



**ICBIE 2019**

**Proceeding:  
International Conference on Business,  
Management, Islamic and Education  
(ICBIE 2019)**

**The Everly Putrajaya, Malaysia  
14-15 September 2019**

**Published By:**



**eISBN 978-967-2245-15-5**

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**eISBN: 978-967-2245-15-5**

**GLOBAL ACADEMIC EXCELLENCE**

**PUBLISHED BY:  
GLOBAL ACADEMIC EXCELLENCE (M) SDN BHD  
(1257579-U)  
KELANTAN  
MALAYSIA**



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## THE PLATFORM OF MOOC (MASSIVE OPEN ONLINE COURSE) ON OPEN LEARNING: ISSUES AND CHALLENGES

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**Abstract:** *Naturally, MOOC or Massive Open Online Course is a course design for a distance learner. The platform which is provided by Open Learning is a course that's open at anywhere as learner connected with all the equipment needed and of course the Internet speed is a major concern. The growth of the Internet and all sorts of devices such as computer, notebook and tab has made learning more effective and fun for everyone. Thus, MOOC become a popular method of e-learning as it can provide the material of the course accessible by everybody, not only for a distance learner, but most of higher educational institution has taken for granted the benefit of these platforms. This paper attempted to discuss the definition and a brief history of MOOCs and observes it from various dimensions of issues: pedagogical, technological implementations and challenges in the digital era. Therefore, a literature reviews on MOOCs model and characteristics, timeline of its development and a practical concern with the involvements of well-known MOOCs providers are presented.*

**Keywords:** *MOOC, e-learning, higher educational institution.*

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### Introduction

Nowadays, MOOC or Massive Open Online Courses is a trending phenomenon in online education. As general, MOOC are a popular method of learning where most of the learner is away from the real building or classes. Nonetheless, these platform quite famous, especially at higher education institution. Due to this reason, a number of participants in a MOOC and the number of MOOCs of platforms and courses are appearing to be increasing at a tremendous level. The MOOC methodology is generally known in that it can achieve a wide group of learners (Sadhasivam and Babu 2017) . But yet, a study on MOOC phenomenon is still new and keep on moving. Thus, the objective of this paper is attempting to discuss the definition and a brief history of MOOCs and observes it from various dimensions of issues. However, the issues being discussed is more to general issues and challenges facing by MOOC implementation. MOOCs or Massive Open Online Courses are courses made available by MOOC providers on internet for learners who can study the learning content on a self-paced way. Normally the learner whom can complete the readings and assessments and may get help

from a large community of learners through discussion forums, blog or any other resources online whether provided from the platform or outside. The MOOCs are developed under the concept of Open Learning or Open Education, where it is expected to resume the academic characteristic of interaction, access to the debate, trading of knowledge and transparency beyond only the provision of contents, which can approach the democratization of knowledge (Quiliano Terreros et al. 2009). Moreover the MOOC acronym highlights the key components; i.e. that they are online courses which tie together the potential for learning in a large-scale, distributed community of peers and through open practices (Conole 2016).

### *MOOC Model*

MOOC can be categorized into two models. The first model is smoke and second is Xmas. The first MOOC was “Connectivism and Connective Knowledge (CCK08)” in 2008 by George Siemens and Stephen Downes at the University of Manitoba, with 2200 participants from around the world (Altinpulluk and Kesim 2016). The first generation of MOOC were non-linear, student-driven and chaotic. Learners need to learn everything on their own called individualized learning. However, the second category of MOOC which is cosmic are online versions of traditional learning formats, applying a knowledge transmission model using video recordings of classroom lectures or custom-produced mini-lectures (Kocdar, Recep Okur, and Bozkurt 2017). The method is linear and straightforward like a traditional classroom move to online.

Moreover, the model was the popular discussion on MOOC learning and technologies. In this category, the instructor will provide the content and material in the forms of lecture notes, quizzes, assignment and assessment. MOOC provide an opportunity which is a course that being offered for free or at lower cost widely and globally. Thus, the freeness of courses is significant features that interpret the wide spread of MOOCs. The low cost, is not just for participants or learners, but for educators, it’s a free tool to establish MOOCs are available. This makes MOOCs more convenient for learners to pick what knowledge or skill is suitable for them without committing to a certain context, time, and resources (Abu-Shanab and Musleh 2018).

### *MOOC Characteristics*

In general, the structure of MOOC is conceived to promote autonomous learning with a number of resources in the form of videos, links, documents, and a space for debate and communication or we call it a forum. The characteristics of MOOC are massive, online, openness and free (sometimes and most of the time). Briefly, massive means it should allow access to a very large number of students, much larger than a face-to-face class, or a traditional online course. Online mean the course is done remotely via the Internet and does not require physical attendance like in a classroom. This feature is essential for anyone from anywhere in the world with an Internet connection which is anybody can participate in these courses. Meanwhile openness means the course should be open to everyone and should not require any prerequisites such as possession of a qualification or a level of performance in earlier studies. Even though openness could have several meanings, but in this paper, it is quite enough if the author could explain as it is mentioned earlier.

### **Material and Methods**

In this research, the process of searching and identify the most relevant papers to review, which is regarding issues and challenging of MOOC platform is a crucial step. It is because too many papers and articles that related to MOOC and they have discussed too many issues and

challenges in a more general manner. However, there are several methods to identify the papers related which is searching from databases or search engines and choose only the relevant one. In this research, papers were located through a series of such attempts. The relevancy of the paper was determined by examining their primary focus whether it identifies on MOOC issues; pedagogical, technological implementations and challenges in the digital era. The search terms used were “MOOC”, “MOOC Model” and “MOOC issues and challenges” and the period narrowed to 2014 to 2019. We used the search terms in a selected number of educational journals such as International Journal of Web-Based Learning and Teaching Technologies, Journal of Interactive Online Learning and International Review of Education. At the same time, we expand our coverage of journals by searching from academic and bibliographic databases such as Wiley Online library, SpringerLink, Elsevier’s ScienceDirect and IEEE Explore.

**Result and Analysis**

As a result, Table 1 illustrate the search sources and the number of papers that relevant to the review. The source of searching can be categorized into two which is from Education Specific Journal and from Publisher/Research Databases.

**Table 1: Search Sources and Number of Papers Related**

<b>Sources</b>	<b>Number of Papers/Searching</b>	<b>Relevant to the review</b>
<b>Education Specific Journal;</b>	29	18
<b>Publisher/Research Databases;</b>	21	7
<b>Total</b>	50	25

*MOOC Design*

As MOOC model are evolving quickly which we consider into two categories, the shifting in a design, delivery and assessment of MOOC content were also change rapidly. In common, the general design of MOOC which is cater a large or massive participant, they will provide online material with lecture notes, video formatted style, quizzes and assessment as for free for everyone. Only a little could charge for a fees but still in a low cost way. Thus, MOOC design should favour a Learner-Centred Approach, providing strategies that change the perception of learners as active participants in the establishment of individual goals and a personal trajectory (Daradoumis et al. 2013). Therefore, it would be necessary if MOOCs could allow some degree of content customization based on user profiling that can improve the learning process.

### *Issues and Challenges*

Although MOOC considered as new technology, especially in e-learning environment, there are various challenges that MOOC community is coming across. Below is a general discussion of MOOC issues;

#### *Engagement and low completion rate*

As MOOC provide a virtual platform of learning, there is no live instructor there and the engagement of learners to the material provided could be the biggest issues. How learner could adapt to the online material as they must in different capabilities'. The pedagogical concern must take into consideration when involve with the massive audience. Due to one key concern of MOOCs is a high learner drop-out rate, with several sources indicating that about 5% to 15% of the participants finish the courses on average. Some author such as Brusilovsky applied the concept of an intelligent and adaptive in a web-based educational application to personalize the experience of distance learning students (Alzaghouli and Tovar 2016). The Intelligent Adaptive Learning (IAL) is a method that serves to individualize and to some extent can personalize learning for each student. Thus, this improvement which is seeing the rise of new technology at the beginning of the 21st century. According to Malach et al. (2018), Intelligent adaptive learning is defined as digital learning that immerses students in modular learning environments where every decision a student makes is captured, considered in the context of the sound learning theory, and then used to guide the students' learning experiences, to adjust the student's path and pace within and between lessons, and to provide formative and summative data to the student's teacher. This method of adaptive learning has a potential to keep student interest on learning at MOOC as it possibly may be increase the drop-out rate and completion rates as long as learner engagement to their learning path. Moreover, this type of learning analytics tailors instruction to each student's unique needs, current understandings and interests.

#### *Pedagogical model*

Other issues on technological and infrastructure which provider of MOOC needs to considered regarding technology used by everyone. Yes, it is true that MOOC is openness and massiveness, but nevertheless not all can adopt the technology as we provide. The concerns regarding the relevance of content offered, languages of instruction, diversity of learning needs, and cultural differences in pedagogy are pervasive (Castillo et al. 2015). Moreover, several authors have researched problematic aspects in the design and management of the courses, such as, for example, the pedagogical model and the quality of MOOCs. By the way, recent developments of MOOCs seem to be driven by commercial interests rather than by pedagogical concerns (Buhl and Andreasen 2018). According to Buhl and Andreasen (2018), MOOC providers are creating new business models which are gradually connecting the educational activities of MOOCs with various degrees of payment. Dhawal Shah (2017)<sup>1</sup>, summaries different business models of four big players on the MOOC market. In his examination of ex, Coursera, Future Learn and Audacity respectively, he depicts the MOOC phenomenon as becoming more and more based on market mechanisms, where visions about education for everybody are replaced by different payment systems. His ranking of the four providers, ex represents the most open provider, which still offers some free accessibility, while audacity was the first to offer a new mode of certification.

### *3.1.2.3 Quality*

Another concern is the quality. Quality in the MOOCs is related to the problem of high drop-out rates in this type of course. How can MOOCs managers declare quality learning in their courses, if students are failing to complete the same? The MOOCs should follow the same quality principles applied in traditional courses because, to a great extent, they derive from undergraduate disciplines, being produced by the same faculty, with the same material, however, adapted to the new environment (Bezerra and da Silva 2015). Offering or participating in a MOOC has benefits to each party, however, concerns are arising on the real value behind MOOCs and the consequences of it. It is mainly because there are higher dropouts in MOOC, which means only 7-13% of pass rate or sometimes less than that complete the courses (Gamage, Fernando, and Perera 2015).

### *Validation and plagiarism*

A fundamental aspect and a great challenge for the MOOCs is to ensure that the works are original and valid. Thus, to do so, a system to prevent and detect plagiarism of the activities generated by the students is necessary (Bezerra and da Silva 2015). Still, according to the same authors, the platform courses studies to deploy a software for detecting plagiarism, just as Audacity and Edx which formed a partnership with Pearson VUE, a test centre provider, to validate the tests in supervised form.

<sup>1</sup>Shah, D. (2017). MOOCs started out completely free. Where are they now? EdSurge [blog post 20 April]. Retrieved 8 January 2018 from <https://www.edsurge.com/news/2017-04-20-moocs-started-out-completely-free-where-are-they-now>.

However, it is important to highlight that this practice involves generating cost to students.

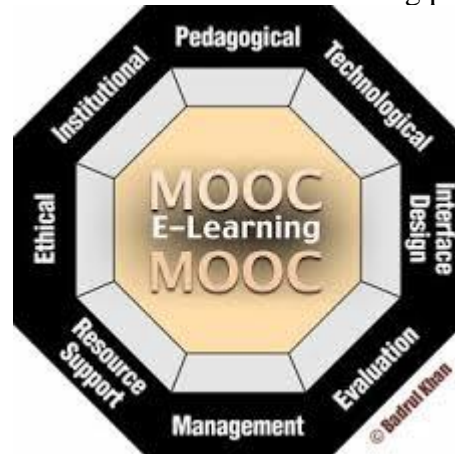
## **Discussion**

This section is dedicated to the presentation of the relations between the issues and challenges face by MOOC with the Khan Dimensional Framework. The Khan Dimensional Framework is a framework or numerous factors help to create a meaningful learning environment, and many of these factors are systemically interrelated and interdependent (Khan 2010). Figure 2 illustrated the diagram of E-Learning-MOOC framework by Badrul Khan. The purpose of this framework is to help people such as MOOC provider, instructor and policy maker think through every aspect of what need to be done during the steps of the e-learning design process. Khan stated that a systemic understanding of these factors can help designers create meaningful learning environments.

From the author's point of view, the first issue which is regarding engagement and low completion rate is related to the technological and interface design factor from the framework. Second issue which is pedagogical model is factor concern from pedagogical and institutional. Meanwhile, the quality issue is related to the management and resource support. Lastly the issue on validation and plagiarism associated with ethical and evaluation factors of Khan framework. Even though, the framework explains the broad element and factors associated with the success of e-learning method, especially on MOOC, it is truly a real guideline and procedure to follow with. As the issues and challenges are there and the person who is responsible through the implementation of MOOC learning must take into consideration on this. Even, the issues might be the biggest challenge, the MOOC provider or any responsible person might think the solution of this problem so that the problem could be overcome at least or reduced.

Moreover, the E-Learning Framework can be used to ensure that no important factor is omitted from the design of e-learning, whatever its scope or complexity (Khan 2010). Thus, these factors categorized into eight dimensions: institutional, management, technological,

pedagogical, ethical, interface design, resource support, and evaluation (Khan 2010). Khan also stated that various issues within the eight dimensions of the framework were found to be useful in several studies that were conducted to review e-learning programs, resources and tools.



**Figure 2: The E-Learning-MOOC framework**

### Conclusion

As it is, several issues and challenges being discussed in MOOC implementation so that for further research the author suggest that the detail issues can be elaborated more and the suggestion to overcome the issues may be can discuss. Because of Massive open online courses (MOOCs) are one of the most expanded trends in higher education in recent years, the education providers have to face the challenges as much as concern should be given to these major prominent in the sector. MOOCs is the modern trend in the field of distance education and it seems to go on for some time, which indicate a significant need of research studies, especially on the issues and challenges and the way to overcome it. Last but not least, Khan stated that designing open, flexible, and distributed e-learning systems for globally diverse learners is challenging; however, as more and more institutions offer e-learning to students worldwide, we will become more knowledgeable about what works and what does not work.

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# THE ROLE OF ADVERTISING AND BRANDING TOWARDS HALAL CONSUMPTION. WHAT DO WE KNOW AND WHAT WE DON'T KNOW IN THE CONTEXT OF ADVERTISEMENT FOR MUSLIM CONSUMERS?

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**Abstract.** *The aim of this paper is to offer a conceptual model that focus on the important areas that have not been addressed particularly on Halal branding in the context of advertisement for Muslim consumers. Halal branding especially in advertising has emerged as a new type of marketing advertisement. Such emergence has caused businesses to reconsider their advertising approach to attract new and retain old consumers. This paper's goal is to make a conceptual contribution to the Islamic marketing industry by highlighting the role of advertising and branding towards Halal consumption. Review of the literature highlights certain aspects of Halal branding and advertising. Findings reveal that there is a need to deepen existing insights on religious consumption and the perception of Muslim consumers towards Halal branding. Understanding advertising used for Halal branding is thus important as it not only affects Muslim consumers, providers, the government but it also impacts the society as a whole.*

**Keywords:** *Halal branding, Muslim consumer, advertising, consumption, perception*

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## Introduction

### *Research background*

Muslims, for whom prescribed consumption is a key element in the formation of their identity, are becoming more affluent and observant of the requirements of their religion [1]. The Muslim population is also increasingly dispersed outside of Islamic countries, suggesting an enticing opportunity for global marketers beyond the Middle East [2]. Muslims comprise one of the largest consumer segments in the world today since Islam is the fastest growing among all religions globally [3]. The Muslim market composes of approximately 23.4 per cent or 1.6 billion of the entire world population [3] and more than 60 per cent reside in Asia [4] which is parallel to [5]'s claim that Islam started in Asia. Within Asia, about 25 per cent of the global Muslim population reside in Southeast Asia [4]. Malaysia similarly to Brunei and Indonesia, has among the largest Muslim population in Southeast Asian countries. [6] estimated that 61.4 per cent of Malaysians in 2010 were Muslim and projected the number to increase to 64.5 per cent by 2030.

From an economic perspective, Malaysia is an ideal context of investigation since the country has been attempting to position itself as a global Halal Hub. The Halal industry has also been selected as an engine of growth under the Third Industrial Master Plan for its contribution potential to the country's GDP by 2020. Henceforth, Malaysia is well positioned to become a global leader in the Halal industry due to its strong tradition of Islamic values, robust regulatory environment and Halal industry ecosystem [7]. Nonetheless, the challenge in

marketing brands to Muslim consumers comes from the fact that Muslims hold a different set of values and beliefs that guide their behaviour in the marketplace. Thus, with the unique characteristics and dominance of the Halal market, there is a need and desire to understand the elements that influence the consumption choices of the modern-day Muslim consumer, and to avoid any risk of transgression by violating the values, norms and belief system.

#### *Research gaps*

One such challenge lies in the form of advertising to Muslim consumers as marketers must ensure that they uphold Islamic values in their marketing communications. Many researchers have tapped into some meaningful studies on Halal consumption and the concept of Halal food [8], but yet little is known on the role of advertising and branding towards Halal consumption. This is a ripe area of investigation as advertising is a key marketing strategy in creating brand awareness. Most forms of advertising try to persuade or influence the consumer to do something, although in some cases advertising is simply to inform consumers and make them aware of the product or company. In other words, it is strategic communication driven by objectives, and these objectives can be measured to determine whether the advertising was effective. Advertising reaches a large audience of potential consumers. The message is conveyed through many different kinds of mass media, which are largely non personal (i.e. advertising is not directed to a specific individual, although this is changing with the introduction of the Internet and more interactive media). A popular media in modern times is social media. Social media is arguably among the most effective advertising conveyors nowadays as marketers and consumers are able to interact directly with one another by using social networking platforms. [9] and [10] concur by suggesting the integration of social media as an advertising strategy as it could aid stimulate digital engagement.

In line with Malaysia's aspiration of becoming a global Halal hub, a Halal Expo is held yearly by the government in order to market local Halal products and services domestically and internationally. This year's Halal Expo was aimed at providing an opportunity for Malaysian SMEs to export their Halal products and services to Japan, in particular for the Tokyo Olympic and Paralympic Games 2020 [11]. With the evident growth of the local Halal industry and the continuous backing of the Malaysian government, it is imperative that marketers should understand the implications of marketing communication or advertising strategies of Halal brands, taking into consideration the unique values systems of Muslim consumers.

#### **Literature review**

##### *What do we know about the roles of advertisement in branding?*

Advertising has evolved into a vital communication system for both consumers and businesses. In market-based economies, consumers rely on advertising and other forms of promotion to provide them with information they can use in making purchase decisions. Corporations rely on advertising and promotion to help them market their products and services. [12] mention that over time, the practice of advertising has evolved and it played many different roles. It started out as a way to identify the maker of goods and that continues to be an important role today. As technology, such as printing press, made it possible to reach a wider audience, advertising became more focused on providing commercial information along with identification of the product's maker. Apart from visual, message appeals play an important role to 'bright up' advertisements. [13] state the important aspect of message strategy concerns the manner or style used to communicate the promotional message. One of the most important creative strategy decisions involves the choice of an appropriate appeal. Some promotional messages use rational appeals and are designed to communicate information regarding a

product or service and appeal to the logical aspects of the consumer decision-making process. [14] agree that advertising aims at increasing usage. It attempts to generate sales by highlighting the variety of uses of a product, and the frequency of use.

Advertisement in branding facilitate better consumer discrimination by relating the product brand with specific associations or values [15]. Brand according to [16] is a personal view of the consumers of a product and one's own experience using the same product. Therefore, if the product provides functional usage, brand is then responsible of building up the hype surrounding the product. Such hyping differentiates products with similar functions and at the same time, establishes probable brand loyalty among consumers. In terms of product branding, advertising can either include direct use of brand names or indirect use of brand elements such as logos and slogans that remind consumers of the advertised brand. [17] reveal that marketers often choose the latter as such advertisements are deem less intrusive and more creative. In their study of comparing direct and indirect branding in advertising, [17] nevertheless conclude that both choices have similar chances of appealing to consumers as consumers are indifferent regardless.

#### *What do we know about Halal consumption?*

According to the [18], 84 per cent of the global population is affiliated with some form of religion. Given this figure and the effect that religion has on consumption, it is not surprising to see that religion has been central in some consumer research (e.g. [19], [20] and [21]). Recent research in advertising and consumer behaviour, however, has mainly included religion as a demographic control variable or as a moderator but not as a main construct or context of investigation [22]. Furthermore, many studies addressing religion, consumption, and advertisement are based on the conceptualisation of the world by Western researchers and in Western consumer contexts ([23] and [24]). Nonetheless, as consumption occurs within a specific cultural context governed by certain norms and principles, it is essential to focus on the implications of advertising in other consumption contexts (e.g. Halal consumption).

#### *What do we know about the importance of Halal for consumption?*

Considering the growth rate of Muslim population, it is necessary to understand how important is Halal in a Muslim's daily life. [25] listed three importance; the common association of the term 'Halal' for Muslim consumption, the rapid growth of Muslim population and the increase of demand due to the population growth. The term 'Halal' is similarly used in other industries to attract Muslims' attention such as Halal tour in the tourism industry. Halal particularly for consumption, is associated with hygiene, safety and quality of higher standard ([26] and [27]). This is apparent based on a study of non-Muslims perception towards Halal foods in the United Kingdom that revealed non-Muslims appreciate Halal products due to their freshness and good quality [28]. Locally, Muslims consider Halal as important as Malaysia is a multicultural society. The Malaysian government has been promoting Halal campaigns nationwide and one of the efforts done led to the establishment of the Department of Islamic Development Malaysia or better known as Jabatan Kemajuan Islam Malaysia (JAKIM). JAKIM is the central authority for the issuance of Halal certification in Malaysia. Halal certified and issued by JAKIM is regarded as a benchmark for safety and compliance to the Islamic regulations.

#### *What do we not know?*

Areas of advertisement for Muslim consumers that involves Halal branding and consumption are discussed in the previous section. In some areas, there is indication of potential for further research. This section will elaborate why there is a need to study those areas that we do not know. As scholars, we are able to explore the unknown areas to provide useful insights that might be helpful to boost business sales in particular. What we do not realised is the importance of Halal certification in advertisement and its effect towards branding of consumable and non-consumable products. Also, the perception among modern-day Muslim consumers are shaped by their own understanding of Halal branding. This is evident as more and more are becoming conscious of the Islamic values, norms and belief system in their daily action. Thus, this study intends to investigate the following hypotheses;

H1: Advertising strategies have positive influence towards religious consumptions.

H2: Advertising appeals affect consumer's attitude towards Halal certified brands.

#### *Importance of Halal certification in advertisement.*

The term Halal which means permitted in Arabic; covers all aspect of a Muslim life. Products that are certified Halal are deemed fit to be consumed by Muslims and thus is relied on to distinguish a product distinctively among the many. Halal products however are appearance-wise similar to its non-Halal alternatives though they can be distinguished by their nature, ingredients, processing, handling and slaughter techniques [29]. Halal certification in advertisement give indication that the advertised products comply with the strict requirements outlined under Islamic law. [24] asserted that such products are not only welcomed by Muslim consumers but are accepted by non-Muslim consumers as well due to its assurance in product quality.

With Halal certification, marketers are able to highlight added value information that might persuade consumer in particular Muslim to purchase the advertised product. [30] reported that Muslim consumers in the UK rely on the presence of information cues from Halal certification such as Halal labelling and ingredient listing in their purchasing deliberation. This study will investigate whether the outcomes from previous studies (e.g. [30] and [31]) can be reproduced within the context of Muslim consumers in Malaysia.

#### *Effect of halal towards branding.*

Malaysia is a multicultural country where the majority of population is Muslim. Hence, not all local products are Halal and not all Muslim consumers accept every product branded Halal without doubt. Literature regarding this doubtful issue has been addressed by [31] and [32] whom argued that some Muslim consumers have express doubt on Halal certification originating from countries that are not from theirs whilst [33] reported that Muslim consumers in different countries can be more or less conservative than others. Hence, the perception towards Halal branding from a Muslim consumer's perspective may differ as [31] revealed that the purchase decision of Muslim consumers is complex and can be affected by religious influences (e.g. [2]). [31] recommended that available information regarding the product that are on the labelling can be used to mitigate such issue.

Otherwise known as Islamic branding, [34] defines the brand is based on ethics and values of Islam; hence any product or service bearing the label's brand should be parallel to Islamic law. In addition, [35] determine whether the product is Islamic by fulfilling three predetermined requirements; compliance with Islamic law, originated for Islamic country or majority population is Muslim and targeted Muslim consumers. In Malaysia, the government has continuously invested and promoted the country as a global hub for Halal products and services ([36] and [37]). In line with the Malaysian government efforts, outcomes from this

study will provide advertising companies with necessary insights to adapt the right design and marketing tools for Halal products. Among the many efforts undertaken, Halal branding has been emphasised although more time is needed to fully understanding the concept itself.

Muslim consumer perception. Consumer's attitude towards advertising and in particular, attitudes towards advertisement are important to study as these attitudes are a major antecedent of brand awareness and brand attitudes [38]. [39] claim advertisers spend a lot of money to keep individuals and groups of individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The advertiser's goal is to get enough relevant market data to develop accurate profiles of buyers in order to find the common ground (and symbols) for communication. This involves the study of consumer behaviour (the mental and emotional process and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants). The behaviour of organizational buyers (the people who purchase products and services for use in business and government) is also very important.

Obligation as a Muslim require consumers to strictly obey and only consume products that are permissible by Islamic Law. Literature also suggests that consumer's behaviour towards certain products tend to be inclined by the notion of "self-concept" ([40], [41], [42] and [43]). Muslim consumers are obliged to act in a manner that is acceptable in the Muslim society [44]. Previous studies have shown that collectivist society tend to be influenced by other members of a reference group that has similar behaviour trait attributes towards the religious spiritual origins ([40] and [42]). This may affect the consumers buying behaviour where people tend to relate their self-image with the products they purchase [41]. Therefore, the message advertising is trying to portray that relates to Halal consumption is very important.

### **Contribution and implication in Islamic marketing**

[24] compiled literature to prove that the presence of consumers with differing value systems based on culture and cultural values have yet to be fully considered in consumer behaviour models (e.g. [45], [46], [47] and [48]). Hence, this paper contributes conceptual insights towards establishing such presence by gaining better understanding of Halal branding and advertisement for Muslim consumers. As Malaysia is aspiring to become a global Halal Hub, empirical evidence from this study may provide some valuable insights to government policies and initiatives that may further spur the growth of the Halal industry in Malaysia. Focus groups to understand the modern-day Muslim consumer may provide unique avenues for the Halal industry to further expand to the needs of this consumer segment. This is because doubt concerning the 'Halal-ness' of advertised products is typically pondered upon by Muslims as precaution to safeguard their Islamic values and belief. Outcomes from this study foreshadow future directions to flourish the market for Halal products parallel to the growing Muslim population.

Through this study, Muslim consumers can communicate their expectations from Halal-certified brands, in terms of marketing communication and advertising messages. Marketing communication is often used to entice consumers with positive branding information of the advertised products. Advertisers take advantage of emotions that consumers may have towards the advertised brand in order to appeal to their purchasing intent. [49] specified the appeal into either rational or emotional although most advertisements would have a mixture of both appeals. Advertisement is thus an important tool to convey messages about the product and sometimes even the brand. Advertisers also need to be aware of the cultural, religious and social sensitivities related to their target market [50]. This is to avoid offending current or potential consumers as well as any unnecessary conflicts that could harm the brand's image. In today's

digital technology era, new advertisement mediums such as blogs, websites and social media platforms have surfaced to replace traditional advertising media (e.g. television, radio and newspaper). The popularization of these advertisement mediums have enable advertisers to create advertisements that better correspond with current consumer needs [51].

This study will benefit consumers, companies as well as the government. Brands and companies, especially Halal-certified brands will benefit from the findings of this research as they will understand the needs of Muslim consumers better and will be able to effectively tailor their advertising appeal to suit the Muslim consumers. Findings from the study will also be beneficial to government agencies that are responsible for the Halal industry in Malaysia [e.g. Halal Industry Development Corporation (HDC)]. Through this study, government, advertisers and marketers will have proper guidelines on what they are supposed to do in relation to Halal consumption. This study nevertheless is investigative in nature and bare apparent limitations. Specific group within a limited area is targeted as rich qualitative data is desired instead. Therefore, further study should include non-Muslim consumers and its coverage broaden to investigate differing perception among cities or states.

### **Conclusion**

Conceptual insights on advertisement, and the outcomes of Halal branding from this paper not only provide better understanding of consumer's perception but by studying and understanding the vital role of advertising and branding towards Halal consumption, business in the Islamic marketing industry can enhance their policies and tactics to sharpen their competitive edge. The challenge for advertising companies nonetheless is finding the balance between gaining competitive edge and improving profitability which can be improved with grasping Muslim's understanding of advertisement used for Halal products. This paper serves as a basis for understanding the role of advertising and branding for Halal consumption and provide information for the industry and government to address the needs of Muslim consumers. As the body of knowledge is limited, there is certainly a need to analyse consumption culture within the Islamic context to enable marketers to segment the market to address the specific needs, motivations, perceptions, and attitudes shared by members of the cultural group. This study aimed at studying Muslim consumers' awareness and preconceived knowledge towards Halal consumption. Muslim consumers in multi religious culture are studied upon in order to discover influences that construct their preferences for Halal products. This paper reports the findings of the study and briefly highlights implication, limitation and suggestion for future study.

### **Acknowledgments**

We thank Sunway University for providing the financial support needed for this study.

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*International Conference on Business, Management,  
Islamic and Education 2019 (ICBIE 2019)  
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## MASS MEDIA EFFECTS IN FORMATION OF ATTITUDES TOWARDS AN INTERNALIZED SHOPPING CENTRE- THE CONCEPTUAL UNDERSTANDING ON THE USEFULNESS OF ADVERTISING MEDIA

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**Abstract:** Retailing plays a major role in attracting tourists here and Malaysia is now known amongst the most popular shopping hubs in the world. Amongst the most iconic shopping centres that Malaysia is known for include KLCC, Pavilion, Midvalley Megamall, One Utama and Sunway Pyramid. According to Tourism Malaysia (2018), amongst the key attractions for tourists as well as Malaysians is the abundance of shopping centres available here. Most of these major shopping centres compete head to head in attracting more shoppers. It is established that in order for these iconic shopping centres to stand out in the minds of consumers, they depend heavily in creating the right retail atmosphere as well as a blend of advertising and promotions in enticing shoppers to patronage and shop there. Clow and Baack (2007) perceive there are many choices of advertising media. Effectively mixing these media is an important part of designing quality advertising. To do so, the advantages and disadvantages of each individual medium must be understood so that an advertising campaign features successful combinations. It also helps to know how attentive consumers are to various media. Apart from the functions of media on communicating what a shopping centre has to offer, media works on creating a positive brand image for the shopping centre. As such, this study seeks to establish if shopping centres are indeed using the appropriate blend of media in the formation of people attitudes towards the shopping centre.

**Keywords:** Mass Media; Retailing; Attitude

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### Background of Research

Advertising is able to create high revenue in the world of economy. Jaishri and Shruti (2006) purport the advent of the printing press brought about a paradigm shift. One could have multiple copies of posters, leaflets or print advertisements in the newspaper to reach many people at the same time. With the growth of the electronic media, followed by the Internet, Short Message Service (SMS) and MMS, the interactive media has now completely transformed the role of the expectations from advertising. The current era is technology driven and customer oriented. A lot of hope rests on the interactive media, which includes the Internet, to create a seamless global market. Connecting almost 300 million users worldwide, the Internet has truly created a seamless market and a global consumer.

William, Sandra, John and May (2007) look at advertising as something more than a sales message that occupies the space in and around news stories, magazines features, and TV programs. In fact, it is a complex form of communication that operates with objectives and strategies leading to various types of impact on consumer thoughts, feeling and actions. Most advertising tries to persuade or influence the consumer to do something, although in some cases the point of the message is simply to inform consumers and make them aware of the product or company. In other words, it is strategic communication driven by objectives, and these

objectives can be measured to determine whether the advertising was effective. Advertising reaches a large audience of potential consumers. The message is conveyed through many different kinds of mass media, which are largely non personal.

Many retailers are depending on good advertisements to promote their shopping malls. As mentioned above, the role of effectively mixing media (advertising) is to attract consumers to purchase products. In the context of retailing namely for shopping centres, the unique blend of media which includes advertising and in-store promotions are responsible in communicating the value of the product or shopping centre. According to Ahmad, Ismail, Sohail, Tabsh, & Alias, 2010; Ahmed, Ghingold, & Dahari, 2006; Sidin, Zawawi, Wong, Busu, & Hamzah, 2004 and Euromonitor, 2014, the typical Malaysian shopper would usually look for products and services that will good value to them. According to Retail Group Malaysia (2009), once the consumers find the products and services that are able to communicate the value that they seek, they are more willing to spend money on goods and services that offer or perceive to offer high value-added and or great saving.

Apart from the functions of media on communicating what a shopping centre has to offer, media works on creating a positive brand image for the shopping centre. As such, this study seeks to establish if shopping centres are indeed using the appropriate blend of media in the formation of people attitudes towards the shopping centre.

### **What we know on mass media as source of advertising?**

Advertising has evolved into a vital communication system for both consumers and businesses. In market-based economies, consumers rely on advertising and other forms of promotion to provide them with information they can use in making purchase decisions. Belch and Belch (2013) claim that the nature and purpose of advertising differs from one industry to another and across various situations as does its role and function in the promotional program. The common classifications of advertising to the consumer market include national, retail/local and direct-response advertising as well as primary versus selective demand advertising.

The Internet has become a viable alternative to traditional media such as television and billboards. Rodgers and Thomson (2017) further added that now digital advertising goes one step further than product placement by using computer technology to add products to scenes that were never there to begin with. The technology allows product names to be altered in scenes, creating the potential for new advertising revenues when series are sold into syndication. Many advertisers relying on a national TV ad campaign to build top-of-mind brand awareness, run promotions to give consumers added value and utilize the Internet as an information dispenser. The Internet provides a great opportunity for brand building. It is really an extension of traditional marketing efforts, but it gives the opportunity to provide more content-rich information than through traditional channels, especially for new initiatives

Dahlen, Rasch and Rosengren (2003) assert websites for different product differ in their ability to increase brand attitude. Websites for different products work differently over time, with repeat visits. A visit to high involvement product website increases brand attitude. This means that the website is an important advertising tool for high- involvement products. The advertiser wants to generate traffic to the website so that consumers can learn more about the brand and satisfy their individual needs for information at their own paces. As visitors are active and stay rather long, it is important that the website is filled with information and that it offers opportunities for interacting with the brand and the website content. They further added that in traditional media such as TV, this effect will not surface, as consumers cannot control the advertising exposure themselves. On website however, visitors are in control of the

advertisement and they choose how long they want to expose themselves to it and what information to access by clicking on various page links.

Consumers rank a brand's attributes, namely the colour, taste, smell and texture based on the advertising messages relayed. Therefore, advertising's role is to make consumers, whatever their current state of attitudes toward, information about, or images of a brand, more informed about the brand and more generally favorable to it. The success of an advertisement is gauged by its ability to produce a mental change in the consumer by making him or her think differently about the brand (Weilbacher, 2003). Most of the studies for advertising in its effectiveness to reach consumers is based on the hierarchy-of effects theory.

The purpose of this study is to establish if both traditional as well as digital media does in fact affect people's attitude towards a shopping centre.

### **What We Don't Know on the Consumer Attitudes towards Shopping Centre?**

According to Eagly & Chaiken (1993), attitude is formed primarily or exclusively on the basis of any one of three types of components: cognitive, affective, and behavioural. The first component, cognitive factors are usually created when individuals gain information about the attitude object and proceed to form beliefs (Ajzen & Fishbein 1980; Eagly & Chaiken 1993). The information or knowledge is obtained by a person's direct experience (participation, involvement) and indirect experience with objects (Simmons & Lynch 1991). Previous studies have also indicated that attitude has been treated as a mediator (Lutz, MacKenzie & Belch, 1983).

Eagly & Chaiken (1993) opined that affective factor is based on emotional experiences or preferences. According to (Derbaix & Pham 1991), both positive (e.g., delight) and negative affect (e.g., anger) usually arise from experiences derived using or consuming the product or service attributes. Both positive affect and negative affect make independent contributions to the level of satisfaction or dissatisfaction about products or services (Horley & Little 1985). The third component which is the behavioural factor is connected to a person's overt behaviour in relation to the attitude object (MacKenzie & Lutz 1989; Eagly & Chaiken 1993). Hupfer & Gartner (1971) opined that a person's involvement to a product or service is related to "a general level of interest in or concern about an issue" that is without reference to a specific position. As such, the variable "involvement" can be represented as an indicator of a behaviours factor.

In a study explaining people's relationship between them and spatial settings by Jorgensen & Stedman (2001), it was established that people do form attitudes towards the place that they visit or patronage. As such, it can be deduced that in the retail settings such as a shopping centre, people might form an attachment or an attitude towards it. They may either identify themselves with it, have some memories about (via attachment) or depend on it as a judgement or decision tool.

### **What we know on Advertising as Marketing Tools?**

Advertising is one of the most fascinating phenomena in modern capitalist markets. It is pervasive, perplexing, multidimensional, and unfathomably rich. It is seemingly simple, yet full of paradoxes. Advertising is an essential force in capitalist markets, the lubricant of competition, the vehicle for the communication of innovation, and the corollary of a fundamental right of all peoples, free speech (Tellis and Gerard, 2005)

There are many different ways of defining advertising, and whether it is the traditional way, or its interactive part, definitions vary from mindset to mindset. Whether in the form of online or traditional, the purpose of advertisement will be to persuade and attract people to the

product, services or even brand. Not only must the advertisement effectively communicate the desired message, but the individual audience must be willing to "buy into" the desired message. In other words, for the advertisement to be effective, the communication must be sent and received.

Internet ads are relatively simple to create. Even rich media banner ads are still simple for most programmers to create. Yet even the most simple banner ad is a tool for creating brand awareness. Customers are not only developing brand awareness from Internet advertising but they are also able to link directly to the seller's Web site and purchase a product.

The designation of advertising certainly reflects the claimed desire of most marketing practitioners to communicate openly and honestly with consumers. Indeed the law in most countries forbids false or deceptive advertising. Marketers justify advertising by arguing that advertising is intrinsic to markets and fundamentally beneficial to the customer (Pierre and Leyland, 2005, p539)

### **What We Don't Know on How Advertising helps in Retailing?**

Advertising is a two way communication process. Advertising must communicate appeals that are relevant and effective in the target market environment. The primary purpose of marketing communications is to tell customers about the benefits and values that a product or service offers. The environment in which marketing communications programs and strategies are implemented also varies from country to country. Advertiser need in depth knowledge about appropriate media for reaching certain types of audiences. (Keegan, 2002). Advertising media are the channels of communication through which advertising messages are conveyed. Choosing the best media for an advertising campaign is a critical task, requiring a sound knowledge of the benefits each channel provides for the audiences being targeted and the products being advertised (Arens, 2006).

In the 20th century, radio and television have brought sound and pictures directly to the individual household. This first generation of electronic mass media expanded the individual's access to information and homogenizing influence on large parts of the population. This development has played an important part in shaping the mass society which is a defining characteristic of our century.

In today's fast paced, high-tech age, businesses must use some form of advertising to make prospects aware of their products and services. Starting from human ads, then banners, newspapers, radio, television and now we are moving towards online advertising. Advertising reveals itself in all known media forms, and is constantly seeking new media, new channels of communication. In the mass media, the advertiser buys a limited amount of space (in a printed publication or on a display) or time (in a broadcast medium). The message communicated by the advertisement must be reduced to a minimum that can be clearly communicated in that minimum space or time. Therefore, most advertising concentrates on building brand awareness, or on associating one desirable benefit from the advertised product. This is because advertising is often designed to add psychological value to a product or brands since it plays an important communications role in marketing consumer and industrial products.

Keegan (2002) assert that marketers and advertising agencies invest great amounts of time and money to develop the appropriate advertising appeals, but effective media must be selected to reach consumers with these advertising appeals. The creative task of developing appeals in turn should be informed by knowledge of the media channels that will be used to communicate the appeals. Although markets are becoming increasingly similar in industrial

countries, media situations still vary to a great extent. The availability of television, newspapers and other forms of electronic and print media varies around the world.

Since there are many shopping malls are operated especially in urban areas proper advertising strategies are needed. Although we rarely sees any advertisements on shopping malls being aired through television advertisements but other forms of advertising medium such as print ads do help in promoting the shopping malls that can be a pulling factor for consumers to go to the particular malls. By giving enough information especially on what the shopping malls can offer, it may attract many people to go to the shopping mall.

### **What Can New Advertising Medium Help Attracting Consumer to Shopping Mall?**

Internet advertising differs from traditional media advertising in many ways. According to Sung and Joo (2001) among the most salient characteristics are (1) unlimited delivery of information beyond time and space, (2) unlimited amount and sources of information, and (3) the ability to target specific groups of individuals. An information provider can deliver large amounts of information to a specific information consumer at very low cost. The communications costs are minimal; the costs of storing the information on a server are so low as to be insignificant. The only significant cost to providing more information is the production process.

In these years, a new communication technology is beginning to break through interactive networks, which make it possible for the individual to retrieve and deliver large amounts of information to one or more recipients. As the information processed in these networks is digital, it can be replicated, manipulated and distributed with an unprecedented ease. And unlike the unidirectional communications of traditional mass media, the interactive networks are based on a two-way communication flow which gives a more active role to the user. Many observers argue that interactive networks hold the potential to revolutionize the way we communicate, work, shop and entertain ourselves. Revolution or not, there is little doubt that their long-term impact on our lives will be significant (Groenne, 1997)

One of the most significant differences may be the interactivity of internet advertisements. What is interactivity implies for the media audience is that it confers them with the ability to “choose and respond” to a particular advertisement of their liking. This is especially important in light of the current shift in advertising strategy that favours the effectiveness of deriving maximum response from selected target groups over the efficiency of providing maximum exposure to many unknown audience groups with a minimum cost (Sung and Joo, 2001). As a new marketing channel, e-commerce can be characterized by easy access, relatively low organizational set-up cost, a global reach, time independence and interactivity (Berthon et al.,1996; Boudreau and Watson, 2006). E-marketer uses advertisements to create brand awareness, preference, selection and to persuade consumers (Goldsmith and Lafferty, 2002). Internet advertisement offers an enhanced ability to interact with a desired target audience and help to establish stronger links (Nicovich et. al, 2005). Online advertising on the internet differ from other types, in that much of the time it is more dependent upon potential customers coming to the company’s website than asking them to respond to an ad as they would to something going out in the newspaper, radio or TV. This may help the retailers to advertise their products easier and faster in order to create a pulling factor to the shopping malls.

### **Implication to Managerial**

Studies show that in the modern era, many people shop online rather than spending time in shopping malls due to time limitation and convenient (Ravi Sen et al, 2014; Rick, 2004).

Therefore, this study may help advertisers to focus on better advertising strategies in order to help retailers to attract more customers to the shopping mall.

Internet user and non-Internet users have different attitudes towards advertising media. Internet user have positive attitude towards online media while non Internet user are passive towards online media and prefer more to traditional advertising media. Furthermore, the features on the Internet closely resemble what the television offer the audience. For both internet advertising and television commercials, the advertising process was similar on the desired result of first needing to call for audience attention within a short period of time. The perceptual process of users of internet advertising should be also similar to the perceptual process of users of television advertising due to the functional similarity of the two media.

Therefore, the marketers, advertisers and government need to re-examine and develop online strategy to create an interest among the Malaysian. They need to create better advertisements not only online but also the traditional advertisements more enjoyable, secure (especially for Internet) because most of the Malaysian feels unsecured to purchase online. Thus, Malaysian government needs to concern about the existing regulations to ensure and to protect consumer from unnecessary advertisements that may confuse or cheat consumer. Also, all advertisements should follow Malaysian rules and regulation without neglecting moral issues and all online advertisements that able to access by Malaysian should be proved by the government before it allow to be advertised. This is to avoid unhealthy image and environment to the public.

### **Conclusion**

In this study, we tried to find out which media able to create customers' satisfaction and effective to stimulate consumers' interest towards an internalized shopping centre by comparing traditional media and online media. Many people are aware that Internet able to offer many advantages due to its interactive nature compared to traditional advertising medium. Apart from all these, the many recent studies showed that though online advertising provide many distinctive and unique features, it has not transfer traditional media as sources of advertising information. This study would like to investigate consumers perception towards preferable advertising medium that they feel more effective in attracting them to the shopping malls. This study also would like to know what are the advertising appeal and information that able to create consumers attention towards shopping malls.

Consumers' satisfaction and preferences towards advertising can be considered as important because this will influence their perception, attention and reaction on the advertisements especially towards the products and services that have been advertised.

There is a basic difference between traditional media advertisement and online advertisement that is the degree of control over advertising exposure. No doubt that there are consumers' out there feel that advertisements sometime can be annoying because it interrupt consumers attention at the time when they are watching their programs or listening any programs but we can argue that online advertising may also create "irritate" effect such as when the pop-ups suddenly appear when we are browsing the Internet even though we have control over the advertisements. With all these statements, the study is able to find out what are the dimensions that able to create customers satisfaction towards the advertising media and help shopping mall retailers to use the right advertising strategies in order to attract more people to their shops.

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## **THE ROLE OF ISLAMIC BANKING IN ECONOMIC GROWTH: EMPIRICAL ANALYSIS ON MALAYSIA**

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**Abstract:** *Islamic banking recorded an excellent growth due to increased awareness of both Muslims and non-Muslims worldwide to start using Shariah compliant products and services. In Malaysia, Islamic banking started in 1983 and have experienced quite a tremendous growth for the past three decades. This paper investigates the relationship between Islamic banking and economic growth in Malaysia by employing cointegration test to see the significance of Islamic banking and its relationship with economic growth in Malaysia in the long run. The study employed a time series data of total Islamic bank financing, gross domestic product (GDP), and exchange rate to represent the economic sector. The results show that in the long run, Islamic banking has a significant relation and is positively correlated to economic growth in Malaysia.*

**Keywords:** *Islamic Banking, Economic growth, time series*

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### **Introduction**

Islamic finance was introduced to promote Shariah compliant principles in the financial market and it is permissible financing under Shariah Law. Islamic finance is important because of the growing Muslim population and Shariah compliant financial institution around the world. The industry has grown from where it first emerged in 1970's and based on the estimation from International Monetary Fund (IMF) there are more than 300 Islamic financial institutions (IFIs) in 75 countries worldwide. It has recorded excellent growth due to Muslims globally starting to use Shariah compliant products and it is also affected from the decision of Middle East countries to use Shariah compliant products in their financial institutions.

The existence of Malaysia's Islamic financial institution is already over 30 years. Its history in Malaysia started in 1983 when Malaysia passed Islamic Banking Act 1983 to allow establishment of Bank Islam. Since then the Islamic financial institutions has grown tremendously and in 2007 Malaysia International Islamic Financial Centre (MIFC) initiative was launched. Bank Negara Malaysia in 2007 revealed that Islamic banking institutions continued to record developments from time to time with current record of Malaysia's Islamic banking assets reaching USD65.6 billion with an average growth rate of 18-20% annually. This suggests that Islamic banking has been accepted by the whole society and is not centred on Muslim population alone. The concept of Shariah compliant which emphasizes ethics and it's improving in competitiveness has attracted not only Muslims but non-Muslims as well.

Islamic banking has become one of the most progressive sector in providing the Islamic banking services and products. The existence of numerous conventional banks which start to provide Islamic banking services and products in Malaysia nowadays prove that Shariah compliant banking is gaining attention and importance in the market. Among these institutions include Maybank Islamic, Hong Leong Islamic Bank, Alliance Islamic Bank, Affin Islamic and CIMB Islamic bank. The mushrooming effect of Islamic banking products worldwide has become the motivation of the current study to see how far it may assist domestic economic growth in Malaysia.

The objectives of the study are as follows:

To examine the relationship of Islamic banking development with economic growth in Malaysia.

To study the long run significant relationship of Islamic banking on economic growth in Malaysia.

### **Literature Review**

There are several studies on Islamic banking and economic growth. Based on a study by Johnson (2013), it was found that Muslim population plays significant role to the diffusion of Islamic banking. Muslim population are highly correlated to Islamic banking as it helps to develop and create demand for such products. This is because, the study covered all the countries that operate Islamic banking including the Middle Eastern country which have the highest population of Muslim. The result also shows that when the diffusion has no significant impact on economic growth, the GDP growth determinative power of initial GDP per capita will decrease. This suggests that the population of Muslim might affect the GDP growth by its diffusion in Islamic banking. On the other hand, Mosab and Raj (2014) in the study of the Islamic banking and economic growth in Qatar determined that in the long run, Islamic bank's financing is significant and positively correlated to the economic growth in Qatar. A study of the Islamic bank in Qatar has become a benchmark for other countries being referred in the field of Islamic banking. This is because Qatar is a developed country in Islamic finance and has a high Muslim population.

Besides, Mosab and Raj (2014) used Islamic bank's financing as a proxy to the Islamic bank's development and GDP per capita and Gross Fixed Capital Formation (GFCF) as proxies to the economic growth of Qatar. The method of unit root test, cointegration test and Engle Granger causality test are used in the study. Furthermore, a study of the Islamic banking and economic growth in Malaysia by Hafas and Ratna (2009) used the data of Islamic bank in year 1997-2005 by employing method of Cointegration test and Vector Error Model (VECM) to investigate the correlation of both variables. The study stated in the short run, Islamic banks will grow if there is any fixed investment in the period 1997-2005. In case of the long run, there are evidence to conclude that the improvement of the GDP will lead to the performance of Islamic banking and not vice versa.

Other than that, Patrick and Kangni (2015) revealed that Islamic banking has a positive relationship with the economic growth after controlling for various determinants including financial depth. This means that, Islamic banking plays a significant role in the economic growth. The study used sample from low and middle country by using data from year 1990-2010 and employed the econometric techniques and System GMM estimator to control for endogeneity bias.

### **Data & Methodology**

#### **Data**

In this paper a quarterly time series data is employed covering from 2007 to 2016. The data set of Islamic banking are extracted from the monthly statistical bulletin from Bank Negara Malaysia website. The variable used to represent the Islamic bank is the Islamic banking total financing. Islamic banking total financing refers to the financing by concept in Islamic banking. There are many types of concept in Islamic banking. For example, Bai Bithaman Ajil, Ijarah Thumma Al-Bai, Ijarah, Murabahah, Musyarakah, Mudharabah, Istisna', and others. To

represent the real economic sector, Gross Domestic Product data is used, which is obtained from the World Bank Data.

In addition, exchange rate data is used as a control variable of the equation. Exchange rate data is obtained from Asia Regional Integration Center (ARIC) website, where it is initially sourced from Bloomberg. The dependent variable, economic growth, is measured by GDP and the independent variable is Islamic banking total financing. The first step of the study is to determine the relationship between financial deepening and economic growth, and whether the series are stationary or not by using Ordinary Least Square method.

### Unit Root Test (Augmented Dickey-Fuller Test)

An augmented Dickey–Fuller test (ADF) tests the null hypothesis of a unit root is present in a time series sample. The alternative hypothesis is different depending on which version of the test is used but is usually stationarity or trend-stationarity. This tests whether the series is stationary or not. If the ADF test is rejects the null hypothesis of unit root test, then the series is stationary. The notation of the unit root test as follow:

$H_0$  : The series have unit root and are not stationary

$H_A$ : The series have no unit root and are stationary

The unit root test is significant because the stationarity or otherwise of a series can strongly influence its behaviour and properties. If the data is non-stationary, it might lead to spurious regression.

### Cointegration Test

Engle Granger co-integration test was used to examine the long-term relationship between Islamic banking and economic growth. Since the study is tested by using multiple equations, therefore the alternative approach to Engle-Granger method is by using Johansen approach.

The equation of the multiple linear regression is stated as follows:

$$\Delta \ln GDP growth_t = \beta_0 + \beta_1 \ln IBF_t + \beta_2 ER_t + \varepsilon \quad (1)$$

Where,

*GDP*: Refers to the quarterly data of GDP per capita growth in Malaysia

*IBF*: Refers to the quarterly data of Islamic bank financing in Malaysia

*ER*: Refers to the quarterly data of exchange rate in Malaysia as a control variable

$\beta_1$  and  $\beta_2$  : Refer to the coefficient for the independent variables

$\beta_0$ : Refers to the constant value

$\varepsilon$  : Refers to error term of the regression.

The first step in the cointegration is to test for the order of integration of the variables under examination. This is because most of the economic time series have nonstationary data and are integrated. This is considered an important step to use cointegration method to detect among the stationary cointegrating relationship and to avoid the spurious regression.

## Discussion of Findings

### Unit Root Test (Augmented Dickey-Fuller Test)

The Augmented Dickey Fuller (ADF) test result is showed in table 4.1. The unit root test is conducted for each variable at both level and first difference forms.

### HYPOTHESIS TESTING FOR THE NON-STATIONARY:

$H_0$  : The series is not stationary and has a unit root

$H_a$ : The series is stationary and has no unit root

The variables of *ln GDP* and exchange rate are not stationary at level form. However, all the variables are stationary at first difference, with the order of integration is  $I(1)$ . The series for *ln GDP* and exchange rate is not stationary at level form since the p-value of variables *ln GDP* is 0.0969 and exchange rate is 0.6297 where both p-values are more than 5% significant

Variables	Level Form			Result
	Coefficient Estimate	t-statistic	p-value	
<b>Ln GDP</b>	-0.1357	-1.7047	0.0969	The variable is not stationary, fail to reject null hypothesis
<b>Ln IBF</b>	-0.3488	-2.5127	0.0166	The variable is stationary, reject null hypothesis
<b>Exchange Rate</b>	-0.0312	-0.4863	0.6297	The variable is not stationary, fail to reject null hypothesis

level and fail to reject  $H_0$ .

**Table 4.1 Result For Unit Root Test At 5% Significance Level At Level Form.**

The next step is to check the stationarity of the variables at first difference after the variables are integrated of different order at first level. Since all the p-values are less than 5% significant level at first level, the variables are stationary and therefore we reject  $H_0$ . Thus, the order of integration of the variables are  $I(1)$ . After verifying for stationarity, the study proceeds with the regression estimation and cointegration test.

**Table 4.2 Result For Unit Root Test At 5% Significance Level At First Difference**

Variables	First Difference				
	Coefficient Estimate	t-statistic	p-value	Result	Order of Integration
<b>ln GDP</b>	-0.7227	-4.4871	0.0001	The variable is stationary, reject null hypothesis	I(1)
<b>ln IBF</b>	-1.4460	-9.6356	0.0000	The variable is stationary, reject null hypothesis	I(1)
<b>Exchange Rate</b>	-0.7593	-4.4720	0.0001	The variable is stationary, reject null hypothesis	I(1)

### Cointegration: The Engle-Granger Approach

**Table 4.3 Regression Estimation**

Variables	Coefficient	Standard Error	t-stat	p-value
<b>ln[IBF]</b>	0.3758	0.0163	23.0864	0.0000
<b>Exchange Rate</b>	-0.2903	0.0245	-11.8392	0.0000
<b>C</b>	8.9710	0.1834	48.9061	0.0000
<b>R-Squared</b>	0.9363			
<b>Adjusted R-Squared</b>	0.9329			
<b>F-statistic</b>	272.0768			

From table 4.3 above, the equation of the multiple linear regression is stated as follows:

$$\ln[GDP] = 8.9710 + 0.3758\ln[IBF] - 0.2903[ER]$$

Table 4.3 shows the result of cointegration test on the variables. The multiple regression is used to obtain the value of  $\beta_0$ ,  $\beta_1$  and  $\beta_2$ .

**Table 4.4 Unit Root Test on Residuals**

	<b>Coefficient</b>	<b>Standard Error</b>	<b>t-stat</b>	<b>p-value</b>
<b>ln[IBF]</b>	0.3758	0.0163	23.0864	0.0000
<b>Exchange Rate</b>	-0.2903	0.0245	-11.8392	0.0000
<b>C</b>	8.9710	0.1834	48.9061	0.0000
<b>R-Squared</b>	0.9363			
<b>Adjusted R-Squared</b>	0.9329			
<b>F-statistic</b>	272.0768			

Table 4.4 is the

4.4 is

results of the unit root test on residuals series to determine their order of integration. After performing ADF test, we find that at the level form residuals the p-value is 0.0026 and it is less than 5% of significant level. Thus, the variables are stationary and has no unit root so we can reject  $H_0$ . The order of integration on residual is  $I(0)$  and this is means that the pair is cointegrated when  $Ln[IBF]$  and  $[ER]$  become dependent variables.

The findings show that Islamic banking financing is strongly significant, and it is positively correlated to economic growth. The p-value of 0.0000 obtained as in Table 4.4 shows that it is less than 5% significant level, thus  $ln[IBF]$  is stationary and significant. It can also be summarized that when there is a 1% increase in IBF, there is a 37.58% increase in GDP. The significance of p-values also shows that all the variables are cointegrated and there is a long run relationship between the variables.

### Conclusion

This paper is a continuous study on the relationship between Islamic bank and economic growth in the long run. The initial study was carried out by Hafas and Ratna (2009). Their study had the same purpose with this study which is to investigate the relationship of Islamic banking and economic growth, empirical study from Malaysia. Data from 1997-2005 was used in the said study, therefore the current study furthers this by using data from 2007-2016. For that reason, we use Engle Granger method to see the long run relationship and analyse the previous research and findings.

The results generally prove that Islamic banking have a long run significant relationship with economic growth in Malaysia. Islamic banking is found to be positively correlated to economic growth with the indication that 0.3758 percent of GDP is increased if Islamic banking finance is increased by 1 percent. In this regard, Islamic banking is seen to efficiently play a role to the improvement in economy of Malaysia. Thus, it shows that Islamic banking has performed its duties well in the banking sector of Malaysia by implementing the roles of Islamic banking. Other than that Bank Negara Malaysia is also one of the largest contributors to the development of Islamic banking in Malaysia. This is because BNM is responsible to supervise all Islamic banks including local Islamic banking subsidiaries.

In order to further this study, we suggest adding more independent variables relevant to the banking such as real interest rate, basic loans of Islamic bank and may also include the asset of statement of Islamic bank.

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# THE EFFECT OF POWER DISTANCE ON JOB PERFORMANCE OF GOVERNMENT EMPLOYEES IN PAHANG DARUL MAKMUR: A REGRESSION ANALYSIS APPROACH

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**Abstract.** *Culture refers to the way of life of a group of people that covers the behaviours, beliefs, values and symbols that they accept, generally without thinking about them and that are passed along by communications and imitation from one generation to the next. Research has shown that culture has an impact on the business activities as well as the performance of an organization. Thus, the researchers found it interesting to conduct this study in order to understand more about the effect of culture on job performance. The study focused specifically on Hofstede's cultural dimension of power distance in relation to the job performance of government employees in Pahang Darul Makmur. Power distance is described as a level of trust or acceptance of an unequal power between people. The regression analysis approach using IBM-SPSS AMOS 24 software was used to determine the effect of power distance on job performance. A total of 176 respondents were conveniently selected to participate in this study and answered a set of questionnaire. This study found that a moderate positive significant relationship ( $r = .49, p = .000$ ) existed between the two variables. In addition, there exists positive significant effect of power distance on job performance, whereby power distance was identified as the significant predictor ( $\beta = 0.427, p = .000$ ). The result indicated that the greater the power distance culture existed in an organization, the better the employees perform their jobs. The study concluded that majority of the government employees still depends upon instructions while performing their job and wait for their superiors to make decision. They still prefer greater structure in every situation and the lower level employees unfailingly defer to the higher level person and feel relatively fine with the situation as it is considered the natural order.*

**Keywords:** *Power Distance; Job Performance; Regression Analysis Approach*

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## Introduction

What is culture and why is there a need to understand it and the different dimensions that exist in it? Culture refers to the way of life of a group of people that covers the behaviours, beliefs, values and symbols that they accept, generally without thinking about them and that are passed

along by communications an imitation from one generation to the next [1]. Malaysia known for being a multi-racial country faces challenges in all aspects of its daily administration to ensure that the cultures that it embraces are accepted and bring harmony to the people. Likewise, operating business in a multicultural country also requires the organization to understand the employees well in order to ensure good organizational performance. The notion is supported by [2] which stated that culture is most likely to impact the business activities as well as the performance in an organization. It is important to be aware about culture because it can result in a greater success of a business and failure might be the case if the people in the organization are not aware about it [2], [3].

Geert Hofstede five culture dimensions [4] which consists of power distance, uncertainty avoidance, individualism/ collectivism, masculinity/ femininity and long-term orientation was used in this study as the model had been widely cited and used in many cross-cultural studies. However, the researchers decided to focus specifically on the dimension of power distance in order to understand better the issues that might affect the employees' job performance. Power distance is a level of trust or acceptance of an unequal power between people [4]. Individuals in a society that exhibit a high degree of power distance accept hierarchies in which everyone has a place without the need for justification. However, with today's changing way of doing business which sees the culture of empowerment where employees are given the power to make decisions, both in the public and private sectors, the power distance culture might have certain effect to the performance of the individuals as well as the organization in the long run.

Job performance refers to all the behaviours of employees while engaging at work [5]. In a simpler word, job performance can be referred to as how well someone performs at his or her work. In addition, job performance consists of the observable behaviours that people do in their jobs that are relevant to the goals of the organization [6]. It was found that job performance is a value that closely related with the organizational goals which employees focused directly and indirectly to accomplish it [6], [7].

As mentioned earlier, in order to keep up with a more liberal and modern way of doing business, the researchers feel that it is imperative to understand the issues on power distance that might affect employees' job performance in the long run. These issues could directly or indirectly either speed or impede the aspiration of the Government in becoming a developed nation. Being the building blocks of the nation, government employees were selected as the respondents of this study. The study was conducted after the researchers found that there is no specific research conducted on the culture dimension of power distance and job performance among employees in government offices. The research was also conducted to determine the relationships between power distance and job performance. It is hoped that the findings of the study would fill the gap that exists and contribute further to the body of knowledge.

### **Literature Review**

Power distance can be defined as the way in which power is distributed and the extent to which the less powerful accept that power is distributed unequally. People in some cultures accept a higher degree of unequally distributed power than do people in other cultures [4]. Countries that embrace high power distance culture would see the people accepting more autocratic power relations and paternalistic whereby countries that have low power distance cultures tend to seek similarities between people and more focused on the status achieved than is carried by a person. Societies with low power distance expect and accept power relations that are more consultative or democratic [8] which is in contrast with societies with high power distance that would accept an authoritative power relation. According to [9], power distance can be related to the

imbalanced societal recognition power. It can also be related to the status, prosperity and power.

In general, employees at Asian countries has a higher degree of power distance as compared to Western countries [10]. It is expected that higher power distance will make better employee performance within the organization. [9] did their study on Malaysian hotel employees and found that power distance makes a significant impact toward employee's performance. While [11] who did their study in China found out that the voice of employees was affected by power distance culture which resulted either in an increased or a decreased in their job performance. As China has high power distance culture, the employees respect the leaders and react in humble manners toward their leaders. Thus, the employees accept the leaders' responses and performed well in their jobs. In addition, a meta-analytic review proved that power distance is an important moderating factor that affects job performance of employees in organizations [12]. Employees perform and react to the leadership style of the management in an organization in accordance to the level of power distance at the organization. Higher level of power distance employees prefers the autocratic style of leadership as they will follow orders and solutions from the leaders. In contrast, the participative or servant leadership are unfavorable to the employees as they have to make their own decision and independent in accomplishing their tasks.

Job performance is a value that is closely related to the organizational goals which employees focused directly and indirectly to accomplish [7]. It is further defined as the overall expected value from employees' behaviours carried out over the course of a set period of time or plainly stated, what people do at work. As stated by [6], job performance is an individual-level variable or something a single person does. An employee's behaviour adds expected value to the organization. It may be distinguished as helping or hindering an organization, but the outcomes of employee behaviours are rarely measured so their value is merely expected. More commonly, job performance refers to how well someone performs at his or her work. The ability to perform effectively in the job requires the understanding of a complete and up-to-date job description of the position, and also understanding the job performance requirements and standards that are expected to meet [6].

### **Research Methodology**

A set of questionnaire was developed and adapted from [4], [7] as the instrument for data collection. The questionnaire was divided into three parts, namely Part A, B and C. Part A consisted of questions on Demographic Background of the respondents, Part B consisted of questions on Power Distance (14 items), and Part C consisted of questions on Job Performance (16 items). A 10-point Likert-scale format range from 1 (strongly disagree) to 10 (strongly agree) was used for Part B and C. The questionnaires were distributed and collected by industrial training students attached to various government agencies located in the above respective districts of Pahang Darul Makmur. A total of 176 government employees working in Kuantan, Maran and Temerloh, Pahang Darul Makmur were randomly selected as the respondents for this study.

The data was analysed using IBM-SPSS AMOS 24 software which included the descriptive statistics and regression analysis. Normality test shows that the data was approximately normal distributed since the skewness value for each variable (power distance = .144, job performance = .430) is between the accepted range [13]. This study focused on the job performance of the government employees as dependent variable, (Y) and power distance as predictor variable (X). Aim of this study is to test the following hypothesis using regression analysis approach.

H<sub>1</sub>: Power distance has significant effect on government employees' job performance.

The power distance as predictor variable has a significant effect towards job performance if the p-value obtained from the regression analysis is at least less than 5% significance level.

### Findings And Discussions

70 (39.77%) male and 106 (60.23%) female employees aged more than 20 years old were involved in this study. Based on their working experienced, 49 (27.84%) of them have more than 15 years of working experience, 38 (21.59%) have less than two years of working experience, 37 (21.02%) have between five to nine years of working experience, 31 (17.61%) have between 10 to 14 years of working experience and 21 (11.93%) of the employees have between two to four years of working experience. The field data also shows that majority of the respondents are senior employees of the government sectors, thus it is expected that their job performance should be better.

The following Fig. 1 shows that the coefficient of determination,  $r^2$  of the model is 0.24 which indicated that 24% of the total variation of employees' job performance may predicted by their power distance, and the other 76% can be explained by other predictors. In addition, it can be determined that there existed a moderate positive significant relationship between power distance and job performance among government employees in Pahang Darul Makmur ( $r = .49$ ,  $p = .000$ ). This result is consistent to previous study [9] which stated that there exists a positive relationship between power distance and employee's performance.



Fig. 1: The Standardized Regression Path Coefficient

On average, the selected government employees in Pahang Darul Makmur tend to strongly agreed ( $M = 7.55$ ) that power distance dimension as one of the culture dimension is an organization as shown in Fig. 2.

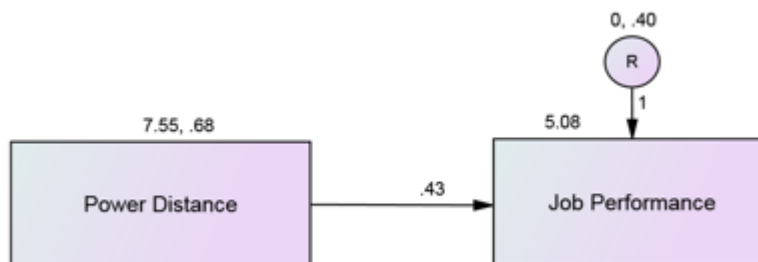


Fig. 2: The Unstandardized Regression Path Coefficient

Next result in Table 1 indicates that the regression weights and the significance result of the two variables of interest. The estimated value of power distance is .427 which means that

when the power distance dimension scale increased by 1 point, the government employees' job performance was also expected to increase by 0.427 point. In addition, the standard error (S.E.) value obtained indicates that the regression weight estimate, .427 has a standard error about .058. Meanwhile, the value of critical ratio (C.R.) means that the regression weight estimate is 7.410 standard errors above zero. The research hypothesis ( $H_1$ ) which is power distance has a significant effect on government employees' job performance is supported since the  $p$ -value (.000) obtained is less than 5% level of significance. The probability of getting a critical ratio as large as 7.410 in absolute value is less than 0.001. In other words, the regression weight obtained for the power distance in the prediction of job performance among government employees in Pahang Darul Makmur is significantly different from zero at the 0.001 significance level, which is, much less than 5% level of significance. Therefore, there is no enough evidence to reject the research hypothesis which means that there exists positive significant effect between the two variables, whereby the power distance dimension was identified as significant predictor ( $\beta = 0.427$ ,  $p = .000$ ). The result indicated that the respondents, the more focused and confident the respondents were towards their jobs, observe the greater power distance. Thus showing a more positive motivation in achieving good job performance. The finding is in line with [9] that found the power distance makes a significant impact toward employee's performance.

**Table 1: The Regression Weights and Its Significance**

Path	Estimate	S.E.	C.R.	P	Result	Decision
Y < --- Constant	5.082	.437	11.623	.000	-	-
Y < --- X	.427	.058	7.410	.000	Significant	$H_1$ is supported

The estimated model obtained to show the effect of power distance dimension on job performance of government employees in Pahang Darul Makmur is as follows.

$$Y = 5.082 + 0.427X$$

The estimated model is beneficial to predict the level of employees' job performance for a given level of power distance. Let's take a look at a simple example; when an employee stated that the level of his power distance is at scale 9, therefore his job performance will be predicted at scale 9. The results highlighted the importance and implication of power distance dimension towards job performance especially among government employees. As stated by other researcher [7], job performance is a value that is closely related to the organizational goals which employees focused directly and indirectly to accomplish. Therefore, the job performance of the government employees is expected to be higher when their power distance is also higher.

## CONCLUSIONS AND RECOMMENDATIONS

The study concluded that majority of the employees in the government agencies located in Kuantan, Maran and Temerloh, Pahang Darul Makmur still depends upon instructions while performing their job and they still prefer greater structure in every situation. It can also be concluded that employees prefer their superiors to dictate and make decisions for them. The result is consistent with [10, 11, 12] which showed that employees at organizations with high power distance perform their job well if the leaders apply autocratic or directive leadership style. Most organizations in Asia still have high level of power

distance and the employees follow the traditions that exist in the organization. The culture can be clearly seen as employees at these organizations tend to work in teams, use comprehensive Standard Operating Procedures (SOP) in accomplishing tasks and they prefer leaders to make important decisions for them.

From the findings obtained it is recommended that employees be given more chances and exposure in making decisions on their own. As the result showed positive relationship between power distance and job performance, it is imperative to ensure that lower level employees are ready to stand on their own and to be more responsible with their job. The business world keeps on evolving and the government agencies are not excluded from being affected by the challenges posed by the changes, thus, government employees should not be too complacent and remain status quo. They should be able to think critically, argue and make better decisions while performing their job. The right exposure on organization's daily operation, job coaching by senior supervisors and workshops on decision makings could assist lower level employees to gain more knowledge and confidence needed to perform their tasks. Therefore, the need to wait for approval from the superiors on simple matters would be diminished, thus promoting better employees' job performance as well as organizational performance.

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## TRANSPORTATION ROAD NETWORKS IN SABAH RURAL AREA AND POVERTY ERADICATION: STUDY ON EAST COAST OF SABAH

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**Abstract:** *The well-managed transportation system will definitely offer various advantages to the societies and country as well as it will drive towards sustainable transportation. A good transportation system also will significantly establish a good social relationship by facilitating communication between urban and rural populations. In addition, by permitting people to deliver services from one place to another, reducing pollution and it really benefits the public financially and timely. This study aims to identify how transportation road network in rural transport significant with poverty eradication in rural area of East Cost of Sabah. In these remote areas, transportation offers significant roles toward a difficult area to access, inadequate level of the proper road network system and less effort for its future development. On top of that, this study will also identify on what level logistics is very complicated, typically due to the topography of the earth. This study employed empirical study method by distributing questionnaires to community in remote area of East Coast of Sabah. The data analysed using SPSS 23 to answer the study objectives and to analyse the significant results. This study expected to show significant roles of transportation road network towards poverty eradication among remote rural area in East Coast of Sabah.*

**Keywords:** *Transportation, Network, Rural area, Poverty, Eradication, Socio-economics*

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### Introduction

#### Poverty Major Challenge

Ravallion (2008) stated that the World Bank has defined the new international poverty line or standard as USD1.25 a day in 2008, and it was estimated that, in 2012 using the poverty line around 1.2 billion people lived in poverty (Ravallion, 2013). In October 2015 the international poverty line has been updated into USD1.90 based on ICP purchasing power parity (PPP). And from using the new standard, World Bank report in 2016 that, of the 766 million extremely poor who live below the poverty line of \$1.9 a day, about 33% live in South Asia and 9% live in East Asia and the Pacific.

It is not easy to be poor, as they have to struggle every day. Ernest (for UNICEF in The Convention On The Right of the Child that it was estimated around half world's children (1.1 billion) live in state of poverty and 300 million go to bed hungry each night. On average, 24,000

children under the age of five die every day, most from preventable causes, with under nutrition contributing to about one-third of these deaths. One of poor country in Africa which is Niger, it was reported by aid worker that in the summer of 2005 draught and locusts has destroyed their food crops resulting the desperate parents to feed their starving children with grass and leaves (BBC, 2005). Even without disaster impending, it was estimated around quarter of Niger's children will die before the age of five (CNN, 2005). By using the statistical data provided by World Bank, the poorest countries are dominated by the countries from Africa region then followed by Asia.

### **Communities in Semporna East Coast of Sabah**

Generally accepted that most of the communities resides in the island around Sabah have limited facilities and opportunities. The communities living in the island they are not only have limited facilities and opportunities but they are also having limited and unequal access to education, employment and other vital services that result due to distance and location which include improving access to sustainable livelihoods, entrepreneurial opportunities and productive resources (Kasim, Sidah, Raman, Rini and Shyafiq, 2019). The government had an initiative providing universal access to basic social services and progressively developing social protection systems to support those who cannot support themselves. This study is a part of granted study on Feasibility Study on Transportation Network in the East Coast of Sabah. This study aims to identify the pattern of transportation network between Semporna and the island in Semporna, to identify transportation cost affecting the communities in the island, and to identify the need of transportation improvement and contribution towards poverty eradication among communities in Semporna. Major issues confronted these communities are related to transportation problem couple with shortage in drinking water resources problems related to water source security and supply.

The median monthly household income for Malaysians has increased to RM5, 228 in 2016 as opposed to RM4, 585 in 2014, with a growth rate of 6.6 percent per annum at nominal value (Statistics Malaysia, 2016). Sabah is targeting overall poverty to be less than 9 percent by 2015 and less than 5 percent by 2020. Poverty in the state of Sabah reduced at the rate of 4 percent in 2014 to 2.9 percent in 2016. It is contribution from agriculture sector constitutes 27 percent of Sabah's economy and the manufacturing sector which contributes 8.3 percent.

### **Overview of Empirical evidence**

#### **Poverty and Transportation**

It was important to know that poverty encompasses not only in term of money, expenditure and basic needs of survival, but it is also poor access to clean water and sanitation, low levels of health and education, lack of voice, inadequate physical security and insufficient capacity and opportunity to better one's life (World Bank, 2018). The **early definitions of poverty contradict with the overall meaning of poverty.** There is a risk of the early definition which is, it simplify the concept of poverty even though it have different perspective in its nature. It degraded the understanding of poverty to the history and the values of the community or the group cannot be considered (JICA, 2011). Another definition of absolute poverty that been accepted by United Nation in the World Summit on Social Development 1995, as a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. The definition accepted which poverty depends not solely on income but also included to the access to social services.

The importance of the transport sector in economic and social development has long been recognized. Sectors such as agriculture, education, health, and water and sanitation infrastructure are constantly emphasized for their direct role in poverty reduction. Transport tends to be viewed as contributing to poverty reduction indirectly through its contribution to economic growth World Bank (1980).

Number of the empirical studies confirms the strong links between transport and economic output, growth, and general welfare (David Aschauer, 1989; David Canning and Marianne Fay, 1993; Douglas Holtz-Eakin, 1992). The poorest groups those tend to be less mobile often end up in 'poverty trap' because of their limited access to jobs opportunity, education and health facilities, social networks and more generally their 'right to the city' (Harvey, 2003).

### **Transportation and Economy**

Usually, when people heard the word 'infrastructure', most of the people will think about of a structure like bus stop, road, school, clinic, police station and so on. Fulmer and Jeffrey (2009) defined infrastructure as the physical components of interrelated systems providing commodities and services essential to enable sustain, or enhance societal living condition. Other than that, infrastructure can be defined as the basic physical, organizational structure and facilities needed for the operation of a society or enterprise (oxforddictionaries.com, 2019) which can be found in one's country, city or other area. This is including the services and facilities necessary for the economy to function (Sullivan, 2003).

Therefore, infrastructure is composed of public and private physical improvement such as transportation, roads, sewage, water, electric, hospital, school and telecommunication (internet connection and broadband speed). Organization for Economic Co-operation and Development (OECD, 2007) classifies communications as a part of infrastructure when they listed communication is one of the points under their infrastructure investment. People that live in urban area will be better off compare to the people in the rural area as they can have a good access to the daily basic needs and infrastructure. According to Ali and Ahmad, (2009) the poverty gaps in rural-urban areas of the states still remain wide which is a challenge for the Malaysian economy. The development in the urban area will open more job opportunities that will attract people and at the same time will lead to high income.

In general infrastructure can be divided into two, either soft or hard (Torrise, 2009). Soft infrastructure refers to the infrastructure that makes up institutions that help maintain the economy. Usually it will require human capital and helps deliver certain service to the population. In the other words, the soft infrastructure is all the institution that are required to manage the economic, health, cultural and social standard of a country such as the education system, health care system, law enforcement, financial system, the government and the emergency services. The hard infrastructure in the other hand can be referred as the physical networks necessary for the functioning of a modern industrial nation. Bridge, railway, sewage, and train are examples of hard infrastructure.

The provision of hard infrastructure which is under transport services, including the construction and maintenance of transport infrastructure, generates demand for labor (often unskilled labor) and provides income-earning opportunities for the poor (Rosabeth Moss Kanter, 2015). In the service aspect of the sector, it is promoting economic growth (Cavelle D. Creightney 1993; Christine Kessides 1993) by improving accessibility, transport investment and which affects employment. Therefore, a transport project generates jobs for the poor who are otherwise unemployed or under-employed and it contributes to the reduction of poverty.

Transportation infrastructure linkages were important to enable the development of economy. As been mention before infrastructure is generally defined as the physical framework of facilities through which goods and services are provided to the public. Its linkages to the economy are multiple and complex, because it affects production and consumption directly, creates positive and negative spillover effects and involves large inflow of expenditure. Tacoli (2015) stated that, linkages definition consists of flows (of goods, people, information, finance, waste, information, social relations) across space that link another space to another space. Highways, roads, rail lines, air routes, and sea routes are all linkages since they link one place with another.

### **Methodology**

This study employed survey method to gather primary data. In this study random sampling used which focus on local communities. 115 head of the household were interviewed representing 20 villages located in the island around Semporna district. The data collected by using hired enumerator in assisting the respondents to fill-up the questionnaires. The data analysed using SPSS 23 in answering the relationship between transportation road networks and poverty eradication. The instrument of the survey questionnaire separate into five sections. The first section (Section A) questions relating family background, Section B relating saving and family support, Section C relating to availability of infrastructure, Section D accessibility to public support, Section E relating to available alternatives and future support. The instrument measurements are open-ended questions and Likert scale.

The Table 1 showed the respondents profile and background.

**Table 1: Respondent Profiles**

Profile	Frequency	Percentage
<b>Number of family members</b>		
10 persons and above	33	28.7
5 – 10 persons	41	35.7
2- 4 persons	26	22.6
1 person	15	13.0
<b>Level of Education</b>		
University/college degree or diploma	16	14.0
Secondary school	29	25.0
Primary school	33	29.0
Didn't have any education	37	32.0
<b>Number of assets*</b>		
10 and above	19	16.5
6 to 9	36	31.3
3 to 5	39	33.9
1 to 2	21	18.3
<b>Type of jobs</b>		
Owner of business	34	29.6
Government staff	28	24.3
Private company	41	35.7

Unemployed	12	10.4
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\*assets including house, boats, chalet/homestay and other relevant assets.

### Findings and Analysis

Referring to Table 2, this study result majority of the respondents agree that improvement and development of infrastructure significantly contribute to the improvement of their quality of life. It showed that transportation network problems do contribute to poverty and social exclusion, in a variety of ways. In particular, lack of transport provision contributes to social isolation and poverty. This is not just an issue for those without boat; those with access to boat also find that they are forced to use their boat to get necessity supplies from Semporna town.

**Table 2: Respondents Response on Transportation and Poverty Level**

Items	Percent
1. My family quality of life improved when we can earn more income	
: Strongly Agree	75.0%
: Agree	12.5%
: Neutral	8.75%
: Disagree	3.75%
: Strongly Disagree	-
2. We have the opportunity to find suitable job in town when we can mobile easily.	
: Strongly Agree	83.0%
: Agree	10.5%
: Neutral	6.5%
: Disagree	-
: Strongly Disagree	-
3. Transportation road network plays main role in my life and family.	
: Strongly Agree	89.0%
: Agree	7.5%
: Neutral	-
: Disagree	3.5%
: Strongly Disagree	-
4. Transportation road network contribute to my success in my business/career.	
: Strongly Agree	
: Agree	77.0%
: Neutral	20.5%
: Disagree	2.5%
: Strongly Disagree	
5. The development of provided infrastructure in my village has contributed to the improvement of this village	-
: Strongly Agree	
: Agree	75.0%
: Neutral	12.5%
: Disagree	8.75%
: Strongly Disagree	3.75%
	-

Limited vehicle availability and fewer affordable transportation options afflict this cost-sensitive group making the journey to town or city excessively long hours and costly, particularly to some of the very poor. This study has shown that 50 percent of the respondents spend more than three hours traveling from their island to town each day. The findings also shown 20 percent respondents spend more than five hours to reach the destination. These people also suffer disproportionately from safety due to high wave, and security because the location most exposed to “kidnapping” activities (Ramliet *al.*, 2016; Lai, 2014 and 2016).

This study found that there are significant impacts of transportation on economic growth at the macroeconomic level and on personal welfare of the poor at the microeconomic level. The burden of transport on household budgets often cannot be determined precisely. Incomes may be difficult to establish, especially where there is some fishing activities is for daily consumption and difficult to disclose the total amount. Household expenditure is therefore probably a better base than merely an income; although it is believed that household consumption in this research tend to understate transport expenditures, while transport surveys tend to overstate them. Subject to those caveats, it is estimated that transport accounts for between 50 to 60 percent of household expenditures.

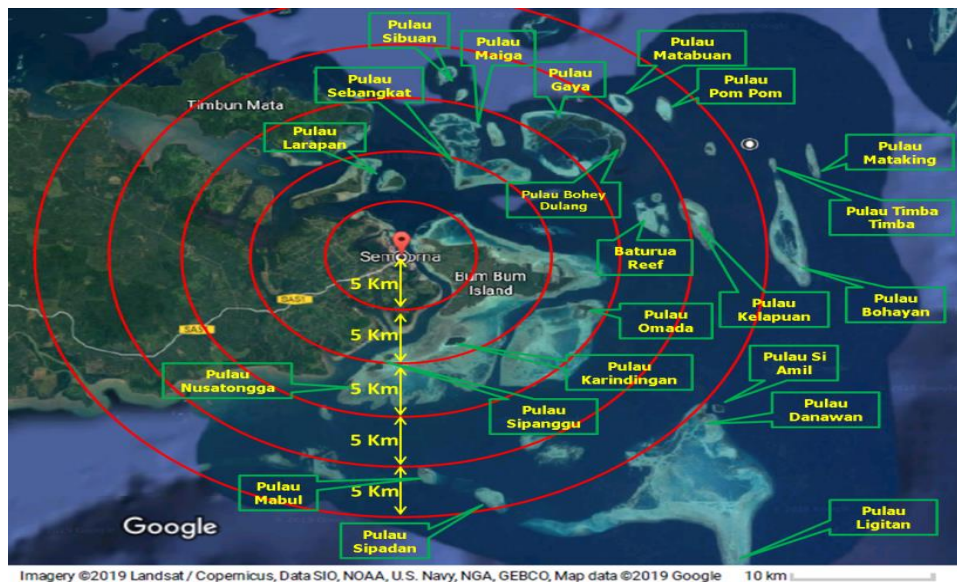
In these situations, the burden of transport expenditure on these people living in the island is considerably very high and in some cases hurt the poor the most. Similarly commercialization in the sea transport sector may lead to higher prices for services that were unaffordable to the poor.

**Daily Travel Radius of head of household to Town**

Samporna district recorded more head of households categorize as poor live in the island than in town or cities or rural communities. Suburban communities, however, experienced the largest change in the number of residents living in concentrated poverty. Households with more children tend to travel over twice as much as those without children because to meet the daily needs of the family members such as drinking water and others. Other purpose of trips such as to daycare, school, doctor’s appointments, and social activities are not accounted for. Include all these will add significant number of trips and will cost them more.

**Distance and Cost of transportation (RM)**

The average number of people go to the town to buy food supplies/drinking water	1.8 times a week
The closest in distance is 2km	RM12 per trip
The farthest in distance is 25.5km	RM50 per trip
The average cost -back and forth to Samporna town	RM31.7 per trip



These urban or suburban poor neighborhoods face many challenges such as poor health, high crime, low-performing schools, and low job density, which make it especially difficult to climb out of poverty and allow the community to develop and grow in sustainable ways. The contribution of transport operations to poverty alleviation is seen, in general, as indirect and stemming from broadly based economic development. Of course direct poverty-targeted interventions such as schools, health care center such as clinics, nutrition programs, and social services and amenities depend on transport as a complementary input for their effective delivery (Louis Berger International, 1979).

As for the water resources, the authority concern will have to look at technical aspect for long term solution. Majority of the respondents agreed transport subsidies should be provided to the affected islands. In general transport subsidy are commonly and widely used globally as a direct intervention to help the poor, especially in urban areas. However, transport subsidies are rarely heard provided to the poor living in the island in the state. Thus, transport facilities provided to the very poor communities living in the island should be recognized and prioritized. Second option is to provide them with underground water equipped with solar system. Third option is to have water supply from the main land through pipeline to the island. However, all of these alternatives require high cost, and concern in installation, maintenance and operation. Another best alternative is rainwater harvesting is seen a sustainable option that supplies water with low energy and cost.

## **Recommendations**

### **Accessibility to Transport Facility**

This study found that improving transport services from villages located in the island, making them more affordable or more physically accessible. In these particular cases these communities have to be provided public transport services. Such services have never been provided by the authority concerned. Thus, it can ease and help in addressing social exclusion. In addition accessibility in term of sea transportation could help promote socioeconomic integration such as employment, education, health, social service and retail amenities. Availability of public sea transportation will allow these communities access to job opportunities available to nearest town or urban areas. In other words their ability to obtain employment and education is highly dependent on the costs and availability of public transport.

In this study, it is important for the government to allocate special budget for public transportation provided for the island communities throughout the state. The budget will enhance the capacity of transport authorities to introduce new services affecting communities in the island. Otherwise these deprived groups will further expose to poverty or other forms of social exclusion.

In the analysis shows that low income families are more dependent on public amenities such as sea transportation facilities. Transportation cost in term of fuel consumption account for a larger proportion of their income and the cheaper fare deals which involve paying larger lump sums are often unavailable to them. Thus, in general transportation costs are considered the most crucial factor or barrier for the head of households affecting their daily needs. Particularly most households spend a greater share of income on transport than on other basic needs of households.

### **Social wellbeing**

With regards to the issue of poverty, generally the study shows that the island communities do not have sufficient resources to meet basic human needs and, in addition because of their lack of human capital, in many cases they may not be able to take adequate advantage of the

economic opportunities that they have in their surrounding areas. Improving mobility and job accessibility are very important factors for households to escape poverty. As transportation costs continue to rise, poor households will have an increasing burden with expenses that are necessary to meet basic needs and improve quality of life.

### Conclusion

This study has shown that the transport facilities are seen to be crucial for the island communities' in Semporna. Confronting limited access to transport facilities or lack of options to other public facilities produce a poverty trap, which limits their wider access to jobs, education and health facilities, social networks and more generally their right to the town or city. Having transportation facilities should be one of the top priorities or government agenda as it is economically and socially beneficial to the communities in general in terms of reducing transport costs, improving efficiency, and promoting economic growth. The poor can benefit from transportation facilities provided by the authority, but of course success lies in the implementation and the execution of the program.

Last but not least, different methodological approaches might be required to study more detail with regards to the water resources needed by the communities living in the islands. Much comprehensive publically available datasets have to be developed that can be used to explore transportation in relation to poverty and identify some important gaps in these datasets that need to be addressed in order to improve future analysis in this respect. Finally, it offers a flavor of some of the policy approaches that have been brought into play to address different aspects of the problem confronted people living in the island of Semporna, Sabah.

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*International Conference on Business, Management,  
Islamic and Education 2019 (ICBIE 2019)  
eISBN: 978-967-2245-15-5  
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**Appreciation**

This study is a part of findings from Project Grant SDK0051-2018. Thank you to UMS, Research and Innovation Centre for grant us this research.



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