KNOWLEDGE OF ISLAMIC BANKING PRODUCTS AMONG MUSLIM ENTREPRENEURS: PROPOSED THEORETICAL FRAMEWORK, HYPOTHESES DEVELOPMENT, RESEARCH DESIGN AND OPERATIONAL DEFINITIONS

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ABSTRACT

This paper discusses the methodology of a study on banking products among Muslim entrepreneurs. It will elaborate on the theoretical framework, hypotheses, research design, the population and sample of the study as well as the data collection procedure. This chapter ends with a discussion of the statistical techniques used to analyse the data. It starts with a definition of theoretical framework i.e., the conceptual model of how one theorizes or logically plausible relationship between several factors or matters that have been identified as important for the study area. It rationalises the important of theoretical framework where it enables the researcher to hypothesize as well as to test the relationship between the variables involved in order to expand the understanding of the related research area of study. With Knowledge as valuable of interest of the researcher i.e. Dependent Variable, Independent Variables which will be studied will be on the Underlying Principles, Religiosity and Perception.This study is a hypothesis testing study which normally explains the nature of certain relationship among groups or the independence of two or more factors in a situation. Hyphotheses development begins with the selection of demografic factors. Eight hypotheses are developed to study 'Gender and Knowledge of Islamic Banking Products'. Using t-test and one way ANOVA demografic factors will be analysed to answer eight hypotheses that have been developed on: Age and Knowledge of Islamic Banking Products; Education level and Knowledge of Islamic Banking Products and; Experience in business and Knowledge of Islamic Banking Products.To measure the strength of the association between the two variables i.e. 'Correlation between Dependent and Independent Variables', six hypotheses are developed and will be analysed using Pearson's correlation coefficient (r). The hypotheses are on: Underlying Principles of Islamic Banking; Religiosity Factor and; Perception towards Islamic Banking. Lastly The Influence of Independent Variables on Dependent Variable's hypotheses are going to be analysed using multiple regression analysis to identify how much variance of 'IV' influence the knowledge. The research design is a quantitative cross-sectional instead of longitudinal study and will explain phenomena through the process of quantifying and interpreting data through the application of statistical analysis techniques and solutions particular problem can be derived from statistical patterns. Operational Definitions on Knowledge of Islamic Banking Products is operationalized from environment in business; Understanding of the Underlying Principles are operationalized rules that apply when solving the problem in Islamic Banking system; Religiosity Factors are operationalized from view an ethical belief that reflects the daily conduct and commitment by Muslim entrepreneur; Perceptions towards the Islamic Banking is operationalized as the ability of the Muslim entrepreneur to pick out something or giving opinion regarding the Islamic banking products through the various senses.

Introduction

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

Proposed Theoretical Framework

The theoretical framework is the conceptual model of how one theorizes or logically plausible relationship between several factors or matters that have been identified as important for the study area (Sekaran, 2003). A theoretical framework enables the researcher to hypothesize or purposes as well as to test the relationship between the variables involved in order to expand the understanding of the related research area of study. This study about knowledge of Islamic banking product among Muslim entrepreneur and the researcher propose a framework as known in Figure 1below:

Figure 1. Theoretical Framework
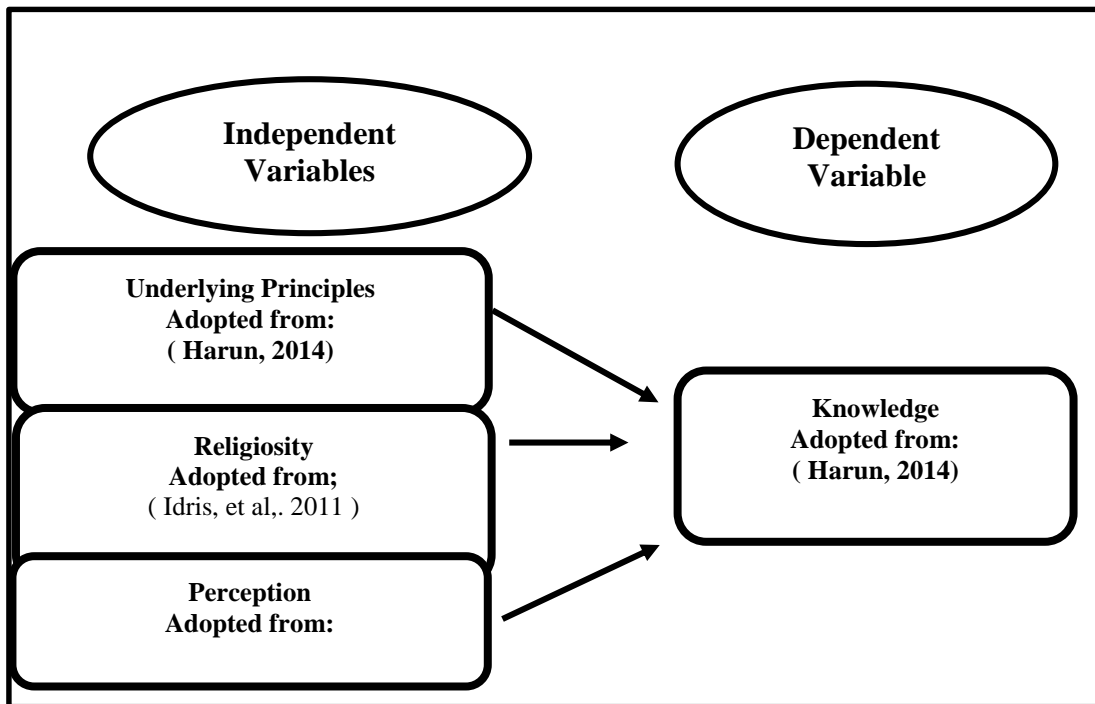
In this study, the theoretical framework is required in order to know the affiliation of one variable to other variables. Therefore, under the theoretical framework, there are two variables used which are dependent variable (DV) and independent variable (IV). Variables are anything that can take different or changing values. Meanwhile, the dependent variable is the variable of interest to researchers. The independent variable can affect the dependent variable either in a positive or negative manner (Sekaran, 2003). Thus, it can be conclude that, when there is a positive value or an increase in independent variable, the dependent variable would also increase and give a positive value based on the result of the independent variable.

Hypotheses Development

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

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

Selected Demographic Factors

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

i. **Gender and Knowledge of Islamic Banking Products:**

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

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

ii. **Age and Knowledge of Islamic Banking Products:**

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

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

iii. **Education level and Knowledge of Islamic Banking Products:**

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

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

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

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

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

3.3.2 Correlation between Dependent and Independent Variables

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

i. **Underlying Principles of Islamic Banking:**

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

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

ii. **Religiosity Factor:**

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

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

iii. **Perception towards Islamic Banking:**

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

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

The Influence of Independent Variables on Dependent Variable

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

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

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

Research Design

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

According to Bhatti, et al, (2012), quantitative research is the research that explaining phenomena through the process of quantifying and interpreting data through the application of statistical analysis techniques and solutions particular problem can be derived from statistical patterns. In addition, the time horizon for this research is cross-sectional instead of longitudinal studies.

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

Operational Definitions

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

Knowledge of Islamic Banking Products

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

Understanding of the Underlying Principles

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

Religiosity Factors

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

Perceptions towards the Islamic Banking

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

Conclusion

In this chapter, the research methodology is crucial to address the research problem as well as research questions. A few initial steps for any quantitate research have been discussed especially on the theoretical framework, hypotheses development, research design and operational definitions.

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