

THE ENGINEERING OF ISLAMIC COOPERATIVE PRODUCTS AND SERVICES IN SOUTHERN THAILAND

Mohammadtahir Cheumar^{1,*}, Wan Nazjmi bin Mohamed Fisol^{2,*}

^{1&2}Centre for Islamic Finance Education and Research (CIFER), Sultan Abdul Halim Mu'adzam Shah International Islamic University, 09300 Kuala Ketil, Kedah, Malaysia.

*For correspondence; Tel. + (60) 1114494030, E-mail: tahirnara@gmail.com

*For correspondence; Tel. + (60) 126620911, E-mail: wannazjmi@yahoo.com

ABSTRACT: Today, more than 7000 cooperatives exist in Thailand and offer many different products. By the existence of Islamic cooperatives, particularly in the southern region, which offers Islamic cooperative products and services based on Shari'ah principles which are completely different from the conventional ones. This research aims to investigate the relationship between attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity with the Muslim's intention to use Islamic cooperative products and services. In addition, this study also hopes to identify the most influential factors that affect Muslim's intention to use Islamic cooperative products and services. The theory of Plan Behavior model (TPB) has been used as a baseline theory, with a set of questionnaires were distributed to the respective respondents among Muslims in Southern Thailand. The results of this study reveal that there is a significant relationship between attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity with the Muslim's intention to use Islamic cooperative products and services. This research also verifies that attitude is the most determinant factor that affects Muslim's intention to use Islamic cooperative products and services in southern Thailand.

Keywords: Islamic cooperative, Islamic financial products, and services, Theory of Plan Behaviour

1. INTRODUCTION

As of January 2015, the Cooperative Movement of Thailand was composed of 7,043 cooperatives with an individual membership of 11,470,013 or about 18% of the total Thai population compared to the only 31 Islamic cooperatives with a membership of less than 200,000, operating mainly around the southern provinces of the Kingdom [1]. Cooperative societies exist in Thailand alongside other established institutions of intermediaries such as commercial banks, Islamic banks, and credit companies forming an important component of the vast landscape of Thailand's financial infrastructure. Islamic cooperative on the other hand is a new entry to the financial system, emerged in 1987 starting with the establishment of Islamic Saving Cooperative of Pattani Limited by Den Tokmena, a former senior government officers and Vice Minister of Health Care and Home affairs of Thailand [2].

Thailand is a multi-religious country with Buddhists being the majority and Islam the minority with only around eight million followers. The majority of the Muslims occupy and lived around the five southern regions of Thailand namely Narathiwat, Pattani, Yala, Songkla, and Satun. In this region, the traditional financial institutions mostly revolved around the institutions of pawnshops, and towards the '80s the cooperative societies were established by the Muslims in the region. These two main financial intermediaries exist these days alongside the existence of modern financial institutions. Long before these commercial banks embarked in the Islamic banking business, Shariah-compliant financial services in Thailand were initially made available through Muslim cooperatives in the region. Initially, there are four such cooperatives, which are still in active operation until today and they are Islamic Savings Cooperative of Pattani, Ibnu Affan Saving Cooperative, As-Siddiq Savings Cooperative, Saqaffah Islamic Savings Cooperative, and Al-Islamiah Savings Cooperative [2].

2. OVERVIEW

The objective of the study was to determine the relationship between attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity with the Muslim's intention to use Islamic cooperative products and services., and also to identify the most important factors between attitude, subjective norms, perceived behavioral control, level of knowledge and religiosity that affects the Muslim's intention to use Islamic cooperative products and services. Among Muslims who are currently working in the government sector, private sector, and also those who are self-employed in southern Thailand. This study applies the theory of planned behavior (TPB) by adding levels of knowledge and religiosity in an attempt to predict Muslim's intention to use Islamic cooperative products and services. In general, the rationale of this research is to analyze the relationship between the dependent variable (DV) and independent variables (IV). To gather data for the tests (pilot study), a total of 60 sets of questionnaires was distributed to the respective respondents among Muslims i.e., staff and teachers at Sub-district administrative organization and government schools for the government sector, teachers at Islamic private schools to the private sector and Muslim traders in Narathiwat, Yala, and Pattani in southern Thailand. 59 sets of questionnaires were returned by the respondents. Only 54 completed and used for data analysis which about 90.0 % of respondents rate. Correlation analysis and multiple regression analysis were conducted to answer the research questions of the study.

The first objective of this research is to study the relationship between attitude towards behavior with the Muslim's intention to use Islamic cooperative products and services. Research findings used Pearson correlation analysis found a significant relationship and positively correlated between attitude towards behavior with the Muslim's intention to use Islamic cooperative products and services.

The second objective of this research is to study the relationship between subjective norms with the Muslim's intention to use Islamic cooperative products and services. Research findings used Pearson correlation analysis revealed that there was a significant relationship and positively correlated between subjective norms with customer's intention in choosing Islamic cooperative products and services.

The third objective of this research is to study the relationship between perceived behavioral control with the Muslim's intention to use Islamic cooperative products and services. The findings used Pearson correlation analysis, it showed that perceived behavioral control was found to have a significant relationship and positively correlated with the Muslim's intention to use Islamic cooperative products and services.

The fourth objective of this research is to study the relationship between the level of knowledge with the Muslim's intention to use Islamic cooperative products and services. Research findings used Pearson correlation analysis also revealed that there were a significant relationship and positive correlation between the level of knowledge with the customer's intention in choosing Islamic cooperative products and services.

The fifth objective of this research is to study the relationship between religiosity with the Muslim's intention to use Islamic cooperative products and services. The finding used Pearson correlation analysis, it showed that religiosity was found to have a significant relationship and positively correlated on Muslim's intention to use Islamic cooperative products and services.

The sixth objective of this research is to identify the most influential factors that affect the Muslim's intention to use Islamic cooperative products and services. Therefore, the hypothesis has been developed to achieve the objectives of the study.

The result of this finding used multiple regression analysis shows that square figure defines that 66.4% of the variance in the dependent variable might be explained by the predictors, while the remaining 33.6% is explained by other factors. In this study, this means that the magnitude of the independent variables which are attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity might only explain 66.4% of the whole factors that affect Muslim's intention to use Islamic cooperative products and services. The balance of 33.6% has been explained by other factors which are not given in this study. Since the R square was too high, the researcher concluded there are other factors such as product features and services, pricing, reputation, bank's staff factors, convenience, perception of service quality, service delivery, mass media advertising, etc. might affect Muslim's intention to use Islamic cooperative products and services.

3. METHODOLOGY

In this study, modifications have been made in the theory of planned behavior developed by Ajzen [4]. In the field of Islamic cooperative products and services, the study considers the theory of planned behavior model in explaining determining factors influencing the Muslim's intention to use Islamic cooperative products and services. The strategy

behind the model introduced in this study is framed within the theory of planned behavior which has also proven to be a successful analysis for a range of research [5]. According to Ajzen [4], a person's action is determined by behavioral intentions, which, in turn, are influenced by an attitude towards the behavior and subjective norms. Besides attitude and subjective norms, perceived behavioral control can influence intention as well. Perceived behavioral control also influences the individual's decision through behavioral intention [6]. Behavioral intentions are factors that capture how hard people are willing to try to perform a behavior [4,6]. With respect to the theory of the planned behavior model, it is explained that behavioral intention is the fundamental determinant of behavior. This is supported by Gopi and Ramayah [7], who examine the intention to trade online in Malaysia, and find that behavioral intention can influence behavior. As a general model, it is reasonable if the model theory of planned behavior is used to explain the Muslim's intention to use Islamic cooperative products and services. Importantly, in this study, the researcher adds a level of knowledge and religiosity factors to the theory of the planned behavior model. The theoretical framework applied to this study is presented in Figure 1 which is showing the framework of the theory of planned behavior. There were three variables adopted from one author, Amin et al. [8] which are attitude toward behavior, subjective norms, and perceived behavioral control. Meanwhile, level of knowledge and religiosity adopted from Basir et al. and Alam [9, 10]. Having developed a conceptual framework, then, the testable hypothesis can be developed in order to test whether the model framed is valid or not. A hypothesis is an assumption or a theory that is provisionally accepted in order to interpret a certain phenomenon and to provide direction for further investigation. According to Sekaran [11], a hypothesis can be defined as a logical relation is estimated between two or more variables expressed in the form of statements that can be tested. This research identified the important variables in a situation and established the relationships among them through logical reasoning in the theoretical framework. It is then in a position to test whether the relationships that have been theorized do, in fact, hold true or exist a significant relationship neither nor.

This research has six (6) variables which are Muslim's intention to use Islamic cooperative products and services, attitudes towards behavior, subjective norms, perceived behavioral control, level of knowledge, and religiosity. Muslim's intention to use Islamic cooperative products and services. would be the dependent variable that will become the main factor throughout this research. Meanwhile, the remaining variables which attitude towards behavior, subjective norms, perceived behavioral control, level of knowledge, and religiosity that can affect the Muslim's intention to use Islamic cooperative products and services.

Therefore, in this study, several hypotheses have been built that are related to the objective of the study that needs to be tested. Based on literature reviews, the following hypotheses are related to the proposed objective of the study:-

H₀₁ There exists no significant relationship between attitude and intention to use Islamic cooperative products and services.

H₁ There exists a significant relationship between attitude and intention to use Islamic cooperative products and services.

H₀2 There exists no significant relationship between subjective norm and intention to use Islamic cooperative products and services.

H₁2 There exists a significant relationship between subjective norms and intention to use Islamic cooperative products and services.

H₀3 There exists no significant relationship between perceived behavioral control and intention to use Islamic cooperative products and services.

H₁3 There exists a significant relationship between perceived behavioral control and intention to use Islamic cooperative products and services.

H₀4 There exists no significant relationship between perceived compatibility and intention to use Islamic cooperative products and services.

H₁4 There exists a significant relationship between perceived compatibility and intention to use Islamic cooperative products and services.

H₀5 There exists no significant relationship between relative advantage and intention to use Islamic cooperative products and services.

H₁5 There exists a significant relationship between relative advantage and intention to use Islamic cooperative products and services.

H₀6 There exists no significant effect of the factors (attitude, subjective norms, perceived behavioral control, perceived compatibility and relative advantage) on intention to use Islamic cooperative products and services.

H₁6 There exists a significant effect of the factors (attitude, subjective norm, perceived behavioral control, perceived compatibility and relative advantage) on intention to use Islamic cooperative products and services.

4. RESULTS AND DISCUSSION

Reliability Test

The position of the reliability test for each construct in this study reported in Table 1 Reliability was measured by using Cronbach's Alpha [12]. There were six (6) variables were tested in the reliability test which was of attitude, subjective norms, perceived behavioral control, knowledge, religiosity, and intention to adopt. The result 0.80 and above were considered good and those in the range 0.70 was acceptable and those below than 0.60 was considered as poor [13]. In this study, the results for all constructs are situated in the range of 0.797 and .938. Therefore, the result of this study can be considered good and acceptable.

Table 1: Reliability Analysis

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
attitude	.837	.839	5
subjective norms	.843	.845	6
perceived behavioral control	.819	.827	5
knowledge	.797	.808	5
religiosity	.861	.890	8
intention to adopt	.938	.938	5

Hypothesis Testing Results Summary

In this study, the goodness of fit statistic was the main criteria used in testing hypothesis models. Based on the result, the Pearson correlation coefficient (r) showed a positive and significant relationship between independent variables of attitude, subjective norms, perceived behavioral control, knowledge, and religiosity with the dependent variable, customer's intention to adopt Islamic cooperative products and services. The star (**) sign showed that there is a significant relationship at the confidence level of 99% (**p 0.01). Therefore, the results of all hypothesis testing results indicated that all the independent variables were positively correlated with the customer's intention to adopt Islamic cooperative products and services. Further, the strongest independent variable that highly correlated with the dependent variable is an attitude which correlated at 0.753**, followed by subjective norms at 0.725**, knowledge at 0.704**, perceived behavioral control at 0.628**, and religiosity at 0.433**. As a result, is in table 2.

Table 2: Results of All the Hypothesis

No.	Hypothesis Testing	Results
H ₀ 1	There exists no significant relationship between attitude and intention to use Islamic cooperative products and services.	Rejected
H ₁ 1	There exist a significant relationship between attitude and intention to use Islamic cooperative products and services.	Accepted
H ₀ 2	There exists no significant relationship between subjective norms and intention to use Islamic cooperative products and services.	Rejected
H ₁ 2	There exist a significant relationship between subjective norm and intention to use Islamic cooperative products and services.	Accepted
H ₀ 3	There exists no significant relationship between perceived behavioral control and intention to use Islamic cooperative products and services.	Rejected
H ₁ 3	There exist a significant relationship between perceived behavioral control and intention to use Islamic cooperative products and services.	Accepted
H ₀ 4	There exists no significant relationship between perceived compatibility and intention to use Islamic cooperative products and services.	Rejected
H ₁ 4	There exist a significant relationship between perceived compatibility and intention to use Islamic cooperative products and services.	Accepted
H ₀ 5	There exists no significant relationship between relative advantage and intention to use Islamic cooperative products and services.	Rejected
H ₁ 5	There exist a significant relationship between relative advantage and intention to use Islamic cooperative products and services.	Accepted
H ₀ 6	There exists no significant effect of the factors (attitude, subjective norms, perceived behavioral control, perceived compatibility, and relative advantage) on intention to use Islamic cooperative products and services.	Rejected
H ₁ 6	There exist significant effects of the factors (attitude, subjective norm, perceived behavioral control, perceived compatibility and relative advantage) on intention to use Islamic cooperative products and services.	Accepted and the most influential factor is attitude

Hence, the result indicates that attitude has the strongest relationship with the customer's intention to adopt Islamic cooperative products and services. Follow by subjective norms and perceived behavioral control to have relatively high and knowledge has a relatively high relationship while religiosity is a moderate relationship with the customer's intention to adopt Islamic cooperative products and services. Therefore, multiple regression model can be expressed as follows:

$$INT = 0.208\alpha + 0.396A1 + 0.279A2 - 0.101A3 + 0.247A4 + 0.122A5$$

Where;

INT: Customer's intention to adopt Islamic cooperatives products and services.

α : Constant

$\beta1A1$: Attitude

$\beta2A2$: Subjective Norms

$\beta3A3$: Perceived Behavioural Control

$\beta4A4$: Knowledge

$\beta5A5$: Religiosity

5. CONCLUSIONS

In conclusion, this research accepted the Hypotheses H₁, H₂, H₃, H₄, H₅, and H₆, and rejected all null Hypothesis such as H₀₁, H₀₂, H₀₃, H₀₄, H₀₅, and H₀₆. Therefore, it is concluded that there is a significant relationship between the customer's intention to adopt Islamic cooperative products and services with attitude, subjective norms, perceived behavioral control, knowledge, and religiosity.

This study showed that the five (5) independent variables of attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity play an important role in affecting the Muslim's intention to use Islamic cooperative products and services. The result showed that attitude, subjective norms, perceived behavioral control, level of knowledge, and religiosity showed a significant relationship with the Muslim's intention to use Islamic cooperative products and services. The results also reveal that attitude is the most important factor. These findings can contribute to the knowledge and increase awareness to the Muslims, specifically in southern Thailand about the importance of used Islamic products and services in fulfilling the objectives of *Shariah*. In a nutshell, the theory and the studies that have been discussed, provide a clear picture that this study provides significant benefits to the academic field as well as the perspectives of the researchers and the practitioners of Islamic cooperatives in Thailand. The model theory that was developed in this study can be used as model information to the researchers who will come to measure knowledge in other fields. Therefore, the current study has provided some of the implications and provides valuable benefits to the academic and the practitioners of Islamic cooperatives based on a review of the work done by the researchers

5. REFERENCES

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*For correspondence; Tel. + (60) 1114494030, E-mail: tahirnara@gmail.com

*For correspondence; Tel. + (60) 126620911, E-mail: wannazjimi@yahoo.com