

Effects of Spirituality on Board Performance in Malaysian Microfinance Firms

¹Bashir Mande Tsafe and ²Rashidah Abd Rahman

¹School of Accountancy, College of Business, Universiti Utara Malaysia (UUM Sintok),

²Accounting Research Institute (ARI), Universiti Teknologi MARA UiTM Shah Alam,

Abstract: Management science research suggests a paradigm shift in the direction that embraces not only the drive for profit but also for social and religious responsibilities. Hence, there is call for problem-solving approaches to be broadened to incorporate spiritual dimensions (Parvez and Ahmed, 2004). The broad objective of this paper is to explore and analyze the extent Shariah spirituality dimensions explain board service performance in Malaysian microfinance institutions. Data have been obtained from 63 responses of the questionnaire in 4 microfinance organizations. The research findings of determining the extent Shariah spiritual values explain board service performance show the significance of governance mechanism in firms' development process, the board in Malaysian Islamic microfinance institutions (IMFIs) can play an important role, which is best captured in the assessment of their Shariah spirituality impacts on the service role performance measure that could win the dual objectives of the micro-credit firms. In addition, despite this limitation, being one of the pioneering works in the field, this study contributes to our understanding of the much under-research subject of Shariah spirituality from the Islamic perspective in terms of its application to board performance and its possible impact on poverty alleviation and perhaps IMFIs sustainability in future studies.

Key words: Microfinance • Shariah spirituality • Board Performance • Corporate governance

INTRODUCTION

World Bank, other agencies and individuals have been consistent in reporting extreme poverty especially in emerging nations where access to formal productive capital is lacking. In one of such efforts, [1] reports an estimated two billion people live with less than \$2 a day at a particular point in time. To address this unresolved issue, respective nations, international agencies, non-governmental organizations (NGOs) and commercial enterprises have taken measures aimed at alleviating the endemic poverty through microfinance institutions.

Microfinance has been identified as a workable approach to mitigate this problem by providing productive financial services to clients. The broad objective of microcredit loans is to encourage the poor to participate in income generating activities such as buying raw materials or invest in handsome returns varieties that yield higher production and output (Islam, 2007). Increases in production will also lead to increases in business income and this leads to poverty

reduction (Islam, 2007). In Malaysia, the borrower's type of business activity is important in determining the impact of microcredit loans. A study by Ismail (2001) on 60 AIM members showed that borrowers involved in small business activities generated higher business revenue than those involved in agricultural activities.

To achieve the required outreach and maintain a sustainable flow of funds, microfinance institutions explore various means of directing and controlling the affairs of the firm with a mechanism that ensures optimum service delivery, protect rights of all stakeholders and getting back the funds lent to clients through risk evaluation mechanisms. Governance mechanism is undeniably one of the vital constituents of any institution development, with a bigger challenge to Islamic finance system due to its additional risks compared to its conventional counterparts [2]. Therefore, investors, donors and governments are looking for effective mechanism of control to ensure that microfinance institutions (MFIs) make the best use of scarce resources [3]. In addition, according to Iqbal and Mirakhor (2008),

a firm in Islamic economic system can be viewed as 'nexus-of-contracts' whose objective is to minimize transaction cost to maximize profits and returns to investors subject to constraints that these objectives do not violate property rights of any party whether it interacts with the firm directly or indirectly. In pursuit of these goals, the authors affirm that firm honors its obligations to explicit and implicit contracts without impinging on the social order. This definition incorporates stakeholders' role in its view of the firm and supports recognition and protection of their rights.

In this regard, erosion of confidence in the corporate vineyards due to concerns about ethical scandals and violations such as Enron and Arthur Andersen, including the US subprime mortgage crisis create negative effects such as the elimination of trust and sense of community in corporations (Gull and Doh, 2004; Neal, 2000). In addition, donor agencies are increasingly vigilant for any signs of corruption in any form of projects they fund irrespective of the modality used. Similarly, despite being perceived as less corrupt, non-governmental organizations (NGOs) are not immune to frauds and corruption. Among the spectacular scandals is the United Way in the US, where the chief executives of the umbrella organization and its Washington DC chapter were convicted for theft and misappropriation of hundreds of thousands of dollars in 1995 and 2004 respectively [4-5-8]. Another NGO scandal as reported by [9] is in International Helsinki Federation for Human Rights where the finance officer embezzled EUR 1.2 million. The most common forms of frauds in NGOs include: inflated, duplicate invoices for goods and services procured for a project; 'ghost' employees, participants or beneficiaries that inflate the costs of project activities; kickback arrangements in procurement of goods or services or in hiring of project staff; accepting funds from more than one donor for the same project fictitious NGOs, or politically connected organizations set up to win public contracts [10].

Thus, Waddock (2006) argues that corporate scandals have resulted from self-centeredness, greed, egoism and selfish passion instead of caring for others. As a result, trust in institutions impaired. In the literature, there is a lack of empirical evidence to draw conclusive answers to questions on how effective are the mechanisms donors put in place to prevent corruption. However, some business enterprises are no longer willing to assert profit maximization as the overriding goal. Consequently, management research witnesses a paradigm shift in the direction of an ideology that

embraces not only the drive for profit but also for social and religious responsibilities. These changes include a shift from a materialistic economic focus to a balance of profits, spiritual orientation and social responsibility concerns (Fox, 1994; Neal, 1997; DeFoore and Renesch, 1995), a shift from self-centeredness to interconnectedness (Capra, 1993), a shift from self-interest to service and stewardship (Block, 1993; Neck and Milliman, 1994). In this regard, Tripp (1999) argues that spiritual commitment combined with practical support can be more effective in improving the lives of the poor than mere technical help can do.

As a result of the emerging conscious efforts of Muslim academicians trained under the traditional Western thoughts, a new era of Islamic renaissance towards seeking Allah's piety provides a platform for a paradigm shift in Islamization of knowledge. Similarly, increasing trend towards individualism, not tainted by the contemporary philosophy of materialistic human relations approach, which is utilitarian and manipulative in nature and the dwindling sense of social responsibility in business organizations of recent have attracted the attention of scholars to the concept of spiritual development (Parvez & Ahmed, 2004; Mat and Ismail, 2011). This situation could be a reflection of the nature of both economic and main stream governance theories that gave little space, if any, for Islamic moral and social principles. As such there is call for problem-solving approaches to be broadened to incorporate spiritual dimensions (Parvez and Ahmed, 2004).

Similarly, Muslim scholars suggest that Islamic microfinance institutions should include a Shariah spiritual development programme in providing capacity-building for their clients (Ahmed, 2002). Scholars attribute the growing prevalence to Islamic adherence to spiritual business guidelines as divine acts of worship towards seeking the pleasure of the Lord. While affirming the need for sound and efficient Shariah governance as a crucial part of corporate governance in Islamic financial institutions (IFIs), it has nevertheless been found that little has been written on the subject [11]. To add to the literature, but with a unique focus on Islamic microfinance firms, the broad objective of this paper is to explore and analyze the extent Shariah spirituality dimensions explain board service performance. In other words, due to the significance of governance mechanism in firms' development process, the board in an Islamic microfinance institution (IMFI) can play an important role, which is best captured by assessing the impact of board's Shariah spirituality dimensions on the service

role performance measure that could capture the dual objectives of such organization. The pertinent question in this study is: To what extent do dimensions of Shariah spiritual development factors in Islamic microfinance institutions (IMFIs) affect board service performance?

The paper is divided into five sections. The preceding section provides the background and the research question the paper seeks to address. Bearing in mind that literature is not exhaustible, section two provides an axis of narrations on the subject matter seen so far, especially on Islamic corporate governance and application of spirituality in microfinance businesses. Section three explains how the research is done by outlining the methodology employed to answer the research question. Section four analyzes the data, which provides the results that answers the research question. Section five discusses the findings, suggests recommendations and concludes the paper with a final note on suggestions for future studies.

Literature Review and Hypothesis Development

Definitions of Spirituality: In the literature, [12] reports that there are more than seventy definitions of spirituality at work and still, there is no widely accepted definition of spirituality [13]. There are indeed many possible ways to define such a complex and diverse term as spirituality at work. For example, spirituality has been defined as a search for personal meaning and a relation to the Supreme God or a unique and personal inner experience of and search for the fullest personal development through participation in the transcendent mystery and as a virtue, worldview and a path [14-15] Bandsuch, 2002). In more comprehensive perspectives, spirituality can be described as a state or experience that can provide individuals with direction or meaning, or provide feelings of understanding, support, inner wholeness or connectedness either to the said individuals, other people, nature, the universe, God, or some other supernatural power (Parven & Maqbool, 2007). In other words, it is the presence of relationship, inner motivation, existential quest and prescription (Smith & Rayment, 2007; Parveen & Maqbool, 2007; Armstrong, 1995). In these definitions, spirituality is mostly described as an idiosyncratic, multifaceted, elusive concept; difficult to be captured in a common definition [12].

However, despite the exceptional improvement of workplace spirituality within the management discipline, the claims by Gibbons (2000) that greater pluralism is a feature of the post modern spirituality, the practice

of workplace spirituality in the non-Christian and non-western settings remains unaddressed (Fernado, 2005). All major workplace spirituality models have been developed in the US and most of the few empirical studies testing these theories have also been conducted essentially on American organizations (Joseph, 2002). There is insufficient research that fits towards Islamic spirituality and its contribution to the overall development of modern organizations ((Kamil, Khatani and Sulaiman 2011). There is the need for researches to focus more on workplace spirituality processes from other cultures especially Islamic perspective. This will result in complete understanding of workplace spirituality, considering the fact that Islam is the second largest religion in the world with over 1.6 billion adherents (Kettani, 2010).

In the Islamic perspective, spirituality is seen as a constituent principle granted freely by Allah (swt), which aims at seeking connection with the Lord of the universe, other fellow human beings, creatures and the universe as they are all created by same God [16]. Therefore, the authors opine that people with good conditions of spirituality will *meet all* the characteristics identified by the Western definition of spirituality, for both the pure and the applied views of spirituality. In Islam, the way of expressing, facilitating and maintaining the level of spirituality should be based on the teachings of the religion. If not, it will be meaningless, the effort cannot be considered as act of worship, thus not rewarded and will not be beneficial in the hereafter. Based on the afore-mentioned facts above, it can be suggested that the action of expressing and maintaining the level of spirituality should be in the form of religious activities. Therefore, there is a relationship between spirituality and religion. However, the main difference in the Islamic perspective is in the position of spirituality toward religion. Imam Al-Ghazali's *Ihya Ulumuddin* as seen in [16] mentioned that it is spirituality that creates belief toward religion such that believers always try to find their own identity - Who created them? What is the position of the message and messenger of the Holy Scripture? Who are they? What is the purpose of life on earth? Where is the next destination after death? The answers to these questions can only be answered and maintained by religion which should form the conviction of the believers.

Spirituality, Micro-Firms and Board Performance: Over the last decade, scholars report a steady increase of interest in spirituality at work issues among

management researchers and practitioners in North America [14]. In their attempts on virtue as a benchmark for spirituality in business, Cavanagh and Bandsuch (2002) argue that business people often consider spirituality a means of increasing integrity, motivation and job satisfaction. Yet certain spiritualities are superficial and unstable. Religion gives depth and duration to spirituality, but may also sew divisiveness. Spirituality's ability to develop good moral habits provides a positive test of the "appropriateness" of that spirituality for business. Many successful business executives demonstrate a spirituality that does develop good moral habits. As a norm or benchmark to assist business people in deciding which spiritualities are appropriate for the workplace, it has been proposed that managers support those spiritualities that promote good moral behavior and good character, because such spiritualities will maximize the benefits of a spirituality in the workplace while minimizing the potential problems (Cavanagh & Bandush, 2002).

Other Scholars have documented various attempts exploring and explaining dimensions of spirituality. One of the most comprehensive is spirituality and performance in organizations by [12]. The author reviewed spirituality at work literature and explored how spirituality improves employees' performances and organizational effectiveness. The study reviewed about 140 papers on workplace spirituality to review their findings on how spirituality supports organizational performance. Three different perspectives have been introduced on how spirituality benefits employees and supports organizational performance based on the extant literature: a) Spirituality enhances employee well-being and quality of life; b) Spirituality provides employees a sense of purpose and meaning at work; c) Spirituality provides employees a sense of interconnectedness and community. The study introduced potential benefits and caveats of bringing spirituality into the workplace; providing recommendations and suggestions for practitioners to incorporate spirituality positively in organizations.

Whether applying, enabling, or incorporating spirituality practices in organizations result in increase in productivity or profitability is a very complex and controversial issue. Dent, Higgins and Wharff (2005) review the controversies around the measurement and rigor issues of how spirituality and firm performance are related. Some researchers supporting this position point out to the fact that there may indeed be ethical pitfalls

and moral concerns in the research. Other researchers also mention their concerns about spirituality being used as an administrative tool to manipulate employees (Brown, 2003; Fernando, 2005; Mirvis, 1997; Cavanagh & Bandsuch, 2002). These scholars argue that spirituality should be seen as an end in itself and should not be used as a managerial tool for increasing financial performance in organizations (Fernando, 2005; Cavanagh & Bandsuch, 2002). On the other hand, some scholars argue that spirituality can be used to improve organizational performance (Ashmos & Duchon, 2000). This position can be summarized as the strategy to empirically demonstrate positive effects and outcomes of spirituality in organizations [12]. The basic aim is to make the area of spirituality at work research more legitimate and mainstream to organizational studies. Indeed, it has been suggested that organizations that encourage spirituality experiences improved their organizational performance and profitability (Thompson, 2000). In the last decade, several research projects have been conducted that reported positive relationships between spirituality at work and organizational productivity and performance (Delbecq, 1999)

On the other hand, Dusuki (2006) posits that the invocation of *Shari'ah* and the reflection of the *taqwa-paradigm* in business imply that the entrepreneur is no longer driven only by the principle of profit maximization, but also by the pursuit of the ultimate happiness in this life and the Hereafter, whereby he acknowledges his social and moral responsibility for the wellbeing of his fellow-men (e.g. consumers, employees, shareholders and local communities). In line with this contention, Toor (2011) argues that leadership in Islam is a great responsibility that demands immense conscientiousness from the person in the leadership role and also emphasizes the service of mankind as well as encourages the leader to look after his followers with utmost sincerity and humility. From the foregoing, the level of *taqwa* (piety or spirituality) of a person determines his ethical behavior. Where it exists, board ethical behavior raises the goodwill and reputation of business which in turn opens up greater opportunities.

Studies conducted by Mardhatillah and Rulindo (2007; 2008) show a relationship between level of spirituality and micro-entrepreneur's performance. In one study, Mardhatillah and Rulindo (2007) use only a simple correlation analysis to prove the relationship between the entrepreneurs' spirituality and their business

performance. The other study by Mardhatillah and Rulindo (2008) adds qualitative analysis by interviewing the entrepreneurs to see how the spirituality helps them in running their business. Both of the methods, however, confirm that spirituality of the micro entrepreneurs influence their business performance.

On the wave of these interests, though we have not seen empirical research on Shariah spirituality that explains board performance, but based on the growing recognition of spirituality at work researches and the consensus that Shariah issues encompass all aspects of life, including board task, there is the need therefore to attempt an intersection of Shariah spirituality and board performance so that linked arguments can be consolidated and systematically analyzed. This exploratory study aims to provide a connection in Malaysia's microfinance lenders by integrating three different perspectives on how Shariah spirituality leads to board service performance: a) Business Perspective-Shariah spirituality values for world benefits provide a sense of purpose for board service performance; Hereafter Perspective-Shariah spirituality values for hereafter salvation is enough incentive for effective board service performance; Neutral Perspective-Shariah spirituality values influences board service performance with no connection to any worldview. Hence, the paper introduces an integrative view of how Shariah spirituality in Islamic microfinance benefits firms through these three perspectives.

Based on the analysis of literature, the following conceptual frame work is proposed to illustrate the relationship between three dimensions of spirituality in Islam and board performance. Spirituality in Islam is selected for this study because other antecedents of board performance had been studied and similar result could be expected. In particular, the paper notes and attempts to explain the general lack of cumulative work and the lack of synthesis of work across these three perspectives. We contend that the interplay between these three perspectives can provide us a more comprehensive understanding of how Shariah spirituality leads to effectiveness and better board service performance in Islamic microfinance institutions.

In the proposed framework depicted in Figure 1, there are three independent variables and one dependent variable. The model suggests that dimensions of Shariah spirituality in Islam directly influence board service performance. This is largely borne out of the fact that the extant literature from the Quran and Hadith scriptures

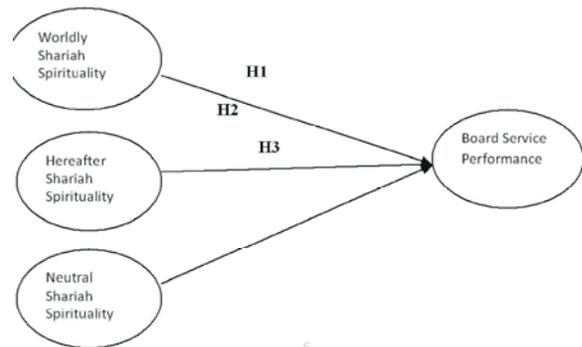


Fig. 1: Conceptual Model with Hypotheses

affirmed that Islam is a complete way of life. In other words, a form of legal business Muamalat in the name of alleviating poverty can better be directed and controlled if Shariah values informed bulk of decision-making processes of the board. As far as Islam is concerned, divine evidences abound in the Holy Scriptures. In addition, Hassan (2001) admonishes that from the Islamic point of view, it is not acceptable to separate spiritual values from daily affairs. In this respect, management and all other fields of study are considered as human activities that require Islamic guidance and managing organizations is considered as an act of worship (Atari, 2000). Hence, corporate governance is considered in Islam not only as a mere means of directing and controlling in managing means of livelihood but also an act of *ibadat* (worship) with a spiritual dimension.

The Quran, the Muslim Holy Book, defines the most important goal in the life of a Muslim as the worship of God, or Allah. The Quran States: "I created the jinn and humankind only that they might worship Me (51:56). Worshipping includes abiding by the principles of the faith and restricting oneself from what is forbidden. Moreover, worship in Islam encompasses many possible activities if done with the right intention; such as providing for one's children and working. According to his Sunnah (example), the prophet of Islam, Muhammad, once noticed a man praying endlessly in the mosque. When he asked who provides for the worshiper's livelihood, he was told that it was his brother. He then proclaimed a famous saying, or *Hadith*: "his brother is better than him".

Employing this in the context of governing business institutions, this *Hadith* implies that a Muslim firm should look for a candidate who is principled, moral and pious and dedicate to performing good deeds while serving the

organization. The services here are not exclusive of board tasks. These actions should add value to the company and help it become more profitable in the long run. The honesty of such employees or board members should motivate them negotiate better deals; plan better to benefit the company, design better products to meet the client's needs, strategize and focus on achieving set goals. They would be motivated by their desires to have their products or services simultaneously maximize profit and God's blessing. Muslim board members are expected to be both professional and spiritual. They join technical knowledge acquired through education and experience with ethical conduct to produce goods and services to the best of their abilities because they consider work to be a form of worship. The Prophet *also* entices them to achieve the highest standards in their work by saying in a *Hadith* that "Allah is pleased with those who when they undertake a task, they do it with perfection."

In today's workplace, the institutions require employees to punch in their cards to make sure they are coming to work and on time. Some ask for daily reports, send patrolling supervisors, or use other means of monitoring performance. An Islamic perspective on monitoring adds two types of such activities: self-monitoring and God's monitoring. Self-monitoring is the believer's effort to restrict himself from being immoral or from absconding. The Quran emphasizes this notion by declaring that even one's thoughts are known to Allah, as in (2:29): "*say if you conceal that which in your souls or reveal it, Allah knows it*".

When Muslims, either at the lower cadre or higher board members believe they are being monitored by the Lord of the Worlds, the One, the Omnipotent Creator who asked them to act righteously and with integrity, they will be careful in how they act within their organizations. They will produce well, minimize waste, strategize and refrain from deceiving and cheating. These benefits combined together could increase profits for the organization while reducing the cost of creating layers of supervisors and monitoring systems. Perhaps employers in Muslim societies should invest in educated employees in the precepts of their Islamic faith instead of emphasizing tools of monitoring and control. This could be done at during orientation or in cyclical workshops.

In this regard, Ali (2005) captures that spiritual and mental needs strengthen the quest for perfection and actualization of one's potential in serving the community and organization. Similarly, Toor (2011) maintains that

Islam encourages the man to integrate his work and everyday objectives with religion and spirituality and grow every day on earth while establishing God's will. Furthermore, scholars have argued that many of the characteristics of "spirituality in the workplace" are basic themes in Islam because of the recognition of the fact that spirituality and religion in Islam are not distinct entities but rather branches of the same tree (Toor, 2011). In business and management literature, one extension of spirituality at the workplace has emerged as an important factor in organizational development. Nevertheless, there are inconsistent findings among the studies given that religions are found to have no association with economic development (Noland, 2005). There are some studies that empirically prove positive relationship between religiosity and entrepreneurial activity and to some extent with economic development as well as business performance (Galbraith and Galbraith (2007). Others found more significant influence of individual and socio-economic characteristics on improvement of clients' business. In another related research Adamu, Kedah and Osama-Gani (2011) conducted an exploratory study to investigate the effects of spirituality in Islam on entrepreneurial outcomes. The result of the study suggests that spirituality in Islam has the potential to positively influence the attitudes of entrepreneurs and to serve as a motivational drive for going into business. The authors argued that spiritually inspired entrepreneurs are motivated in their entrepreneurial pursuit fundamentally to seek for the pleasure of Allah rather than worldly rewards in form of profits.

In line with the literature, based on the Shariah position in business presented as explained by the Quran and Hadith and juxtaposing a connection of various spirituality perspectives that demonstrate positive effects and outcomes of spirituality in organizational performance (Delbecq, 1999; Thompson, 2000; Ashmon & Duchon, 2000; Mardhatillah and Rulindo (2007; 2008; Karakas, 2010; Adamu *et al*, 2011; and Rulindo & Mardhatilla, 2011), we consider the following propositions:

- H1:** More often than not, for worldly business benefits, Shariah spirituality provides a sense of purpose for board service performance.
- H2:** More often than not, for hereafter salvation, Shariah spirituality provides the necessary inspiration for board service performance.

H3: On neutral grounds, Shariah spirituality provides enough incentive for board service performance.

MATERIALS AND METHOD

The empirical study was carried out using Islamic microfinance institutions in Malaysia as the sample frame. Out of 360 questionnaires distributed to 12 IMFIs, only 63 responded from 4 organizations, representing 17.5% rate. Simple random sampling technique was employed in identifying respondents because the industry sample participants in all the organizations have similar characteristics considering the homogeneity in guidelines and the Shariah compliance undertone in the Malaysian market. As a first step, there had been series of meetings and discussion with top officials of some sampled micro-credit firms. This helped in gaining insights on their *modus operandi* through meetings chat with CEO and some high level managers of AIM. In addition, discussion with CEO of MIMBAR (though not part of sample) and other IMFIs helped in construct validity of the questionnaire. In an exploratory research of this nature, an overview of the study background in the literature confirm that questionnaire approach was appropriate and logical (Rea & Parker, 2005). All the data for the three Shariah spirituality dimensions and board service performance constructs were obtained from responses of 5-points Likert Scale questionnaire. Great care was taken in designing the questionnaire.

Instrumentation and Measurements: Following series of discussions we held with the top managers of some micro-credit practitioners, who possess relevant experience in the mechanism of operations and corporate governance and based on research findings in the literature (for example, Adamu *et al*, 2011; and Rulindo & Mardhatilla, 2011; Wan & Ong, 2005; Zona & Zattoni, 2007), the survey questionnaire items for the construct were adapted and in some instances developed. Though we have not seen any previous efforts that attempted to test similar Shariah spirituality constructs, based on the discussions, the content validity was deemed adequate. As a pre-test process, the research instrument was initially submitted to four senior managers in AIM with extensive combined experience in survey research. They were able to provide critical assessment of the content (face) validity of each item, as suggested by Rea & Parker (2005). Their suggestions during the questionnaire design and revision process helped ensure a close match between the pre-test and final version of

the instrument. Piloting of the survey instrument is accomplished by administering the questionnaire to a small sample (15) of respondents in AIM whose responses and general reactions are sought and examined. All the participants in the questionnaire pre-test were sufficiently knowledgeable about issues of relevance to the field of microfinance in Malaysia.

The questionnaire on Shariah spirituality constructs contained 23 sets of statements and 16 for board service performance, in addition to 4 demographic questions. Apart from the demographic questions, each of these sets of questions required a single response (tick as appropriate in the answer options 1-5) for each of a range of items. Each statement was rated by respondents on a range of measures scaled from 1 “strongly disagree” to 5 “strongly agree”. Greater scores mean higher level of constructs. Items specific to a given construct were separated from each other in the questionnaire to minimize consistency bias and reduce any sense of repetitiveness. Additionally, each measure included at least one reverse-coded item. The questionnaire cover motivated participation by suggesting the usefulness of the questionnaire as an evaluation tool for reflection on participants’ own corporate experience, indicating the amount of time required to complete the survey and assuring participants of anonymity and confidentiality.

Even though some knowledge on the general area of spirituality in the workplace is known in the literature, no previous study seen had developed models using similar spirituality dimensions regressed to board performance. However, in this paper, the research measures of the three independent constructs have been adopted with modifications. Previously, they have been tested in the works of Adamu, Kedah and Osama-Gani (2011; 2013). Similarly, this study measures spirituality based on Islamic version of Spiritual Well-Being (SWB) scale. These scales have been tested empirically and the overall reliabilities of these scales are 0.85 and 0.81 respectively (Imam, 2007; Adamu, *et al*, 2011). Moreover, the reliability scale improved to some extent in this study, with regards to each latent construct separately measured due to the exploratory nature of the study dimensions. The scales are 0.65, 0.73, 0.93 and 0.95. The measures of the dependent variable have also been tested in previous studies (Ingley & van der Walt; Zona & Zattoni, 2007; Mande, Ishak and Idris, 2010). To test the model in our study framework, this paper employs an exploratory approach to shed more light on scarce empirical research on how Shariah spiritual dimensions lead to board service performance.

The hypotheses testing describe further the nature of relationships among the variables investigated. To achieve the objective, this study employed the use of questionnaire instrument considered appropriate to answer the research question and surveyed the perceptions of the study participants-2 board members and other top management that proxy for board. Two Islamic microfinance institutions and two banks offering Islamic microfinance as product in Malaysia participated. The questionnaire items used in this study are: 1) Worldly Shariah spirituality-I see connection between my tasks and the larger social good of my community; I read or listen to Holy Quran when I feel stressed; I try to internalize Islamic ethics in my daily business activities. 2) Hereafter Shariah spirituality-I am sensitive to the regulatory guidance of the Quran in my daily business activities; I do not cheat because it is spiritually wrong; when I am confronted with competing alternatives in decision making, I perform Istikhara; I encourage my employees to be Allah-fearing in their tasks; I get energy when I remember my tasks can help to gain Allah’s favor. 3) Neutral Shariah spirituality-in today’s world, I am aware that religious practices can be a hindrance to business patronage; my choice of business associates is based on moral values; I refuse to let religious considerations influence my business affairs. On the other hand, the items for the dependent variable (board service performance) are: the board contributes to the implementation of strategic decisions; board’s frequently improve strategic decisions; board benchmark strategic plan with industry data; board family and friendship ties with CEO encourage insider trading; Board chairperson does not promote his personal agenda with ulterior motives; Board is knowledgeable about the needs of creditors and suppliers; External stakeholders (e.g. creditors) try to influence board key decisions; Internal stakeholders (e.g. employee union) try to influence board decisions.

Despite the difficulty of accessing board members within the time frame, this study was able to get responses with the help of committed insiders. Ideally, questions on board effectiveness should better be responded by the board themselves (Ingley & van der Walt, 2005). The survey method employed in this study present information to a known level of accuracy because the respondents had required knowledge based on their current assessments of the Shariah dimensions of board service performance in this cross-sectional data approach. The participants (N = 63) as shown in Table 1 were few board members and many top managers that proxy for

Table 1: Organizational distribution

		Frequency	%	Valid %	Cumulative %
Valid	AmbankIslamic	19	30.2	30.2	30.2
	TEKUN	29	46.0	46.0	76.2
	MaybankIslamic	11	17.5	17.5	93.7
	AIM	4	6.3	6.3	100
Total		63	100	100	

Table 2: Position

		Frequency	%	Valid %	%	Cumulative %
Valid	CEO	2	3.2	3.2	3.2	3.2
	Executive Director	20	31.7	31.7	31.7	34.9
	Shariah Board Member	6	9.5	9.5	9.5	44.4
	Others	35	55.6	55.6	55.6	100
Total		63	100	100		

boards of Ambank Islamic (19); TEKUN (29); Maybank Islamic (11); and Amanah Ikhtiar Malaysia (4). It is not surprising that 46% of the participants were from TEKUN because they are full Islamic microfinance institution with 194 branches compared to AIM’s 86 and they provide loans to poor and not-so-poor compared to the AIM’s poor and hard-core poor (Mokhtar, 2011). They are both largely sustained by Malaysian government. In addition, of the 63 participants, 34 were female and 29 male. This is not surprising because according to Malaysian Education Ministry, an average of 66.2% in post secondary schools were female students and the gender distribution in Malaysia workforce is almost balanced. In the designated position of the participants, 2 CEOs; 20 Executive Directors; 6 Shariah board members and 35 “Others” responded. The “Others” could be Independent directors, Non-Executive directors and high-level managers (Table 2). All the respondents rated themselves using 5-point Likert-Scale anchored by: 1 = strongly disagree, 2 = disagree, 3 = Indisposed, 4 = agree and 5 = strongly agree. The field operation of these variables is discussed below.

RESULTS

Measurement Model: The statistical multivariate analysis used for this paper is the Smart PLS-SEM because it presents a wide range of extensions that provide more nuanced composite analyses in multi group analysis technique, specific segment approaches and methods to empirically test the mode of the measurement models [17]. PLS-SEM has the extension of providing estimation of hierarchical component models that enable researchers to estimate constructs measured at several dimensions of abstraction to allow for a more parsimonious set-up of the structural model

Table 3: Reliability and Validity of Constructs

	AVE	Composite Reliability	R Square	Cronbachs Alpha	Commuality	Redundancy
ServicePerf	0.695547	0.953301	0.737299	0.945052	0.695547	0.152854
ShrSprtHereafter	0.785711	0.947985		0.931077	0.785711	
ShrSprtNeutral	0.578274	0.80262		0.649233	0.578274	
ShrSprtWorld	0.687392	0.854656		0.727236	0.687392	

Table 4: PLS Quality Criteria Latent Variable Correlations

	ServicePerf	ShrSprtHereafter	ShrSprtNeutral	ShrSprtWorld
ServicePerf	1			
ShrSprtHereafter	-0.592727	1		
ShrSprtNeutral	0.663122	-0.497505	1	
ShrSprtWorld	0.717287	-0.341978	0.379956	1

Table 5: Path Coefficients and Hypotheses Testing

Hypotheses	Relations	Beta	Standard Error	T Statistics	P-Value	Findings
H1	ShariaHereafter -> ServicePerf	0.348795	0.065997	5.285028	0.000002	Supported
H2	ShariaNeutral -> ServicePerf	0.494139	0.055991	8.825334	0	Supported
H3	ShariaWorld -> ServicePerf	-0.25551	0.07977	3.20307	0.002148	Supported

(Hair, Ringle & Sarstedt, 2012). Hence, we ascertain the construct validity, following two major step modeling approach as suggested by Hair, Ringle and Sarstedt (2012). First, we assessed the convergent validity and the reliability of the constructs as shown in Table 3 and Table 4 respectively. Tabachnick and Fidell (2001) cite 0.32 as a good rule of thumb for the minimum loading of an item, which equates to approximately 10% overlapping variance with the other items in that factor. A cross-loading item is an item that loads at 0.32 or higher on two or more factors. The researcher needs to decide whether a cross-loading item should be dropped from the analysis, which may be a good choice if there are several adequate to strong loaders (0.50 or better) on each factor. If there are several cross-loaders, the items may be poorly written or the a priori factor structure could be flawed [18]. A factor with fewer than three items is generally weak and unstable; five or more strongly loading items (0.50 or better) are desirable and indicate a solid factor. However, other reports affirm that as a rule of thumb, construct validity are ascertained if the loadings are greater than 0.7; if composite reliability co-efficient is greater than 0.7; if average variance extracted is greater than 0.5; and if Cronbach alpha co-efficient exceeded the cut-off point of 0.7 [19] in bold.

Factor loadings, variance extracted, average variance extracted (AVE) and construct reliability are some of the available ways to estimate the relative amount of convergent validity. In general, researches report at least one of the three models-based estimates of reliability: construct reliability, SMC or variance extracted [20]. In this paper, the results in Table 3 indicated that the

ratios for all the latent constructs were all above the suggested 0.50, ranging from 0.578 to 0.785. In addition, Table 3 shows detailed composite reliabilities for all the latent constructs. Interestingly, all the constructs generally exhibited high values that ranged from 0.802 to 0.953. These results are greater than the acceptable threshold of 0.70 and also above the Cronbach's alpha correlation reliability estimates, which further confirmed the assertion that coefficient alpha understate reliability, as stated by Hair *et al* (2010). These results statistically confirm that the validity for all the latent constructs were all high. Composite reliability has been used.

In this study, we examined the individual structural parameter estimates against the corresponding hypotheses. Table 5 reveals the extent the parameter estimates of the three hypotheses are statistically significant in the predicted direction depicted in the paths diagram and the variance explained (R^2) for the endogenous variable, based on the stated statistical significance of the p-values at 0.01 level. Given that the board service performance structural model was conceptualized based on the extant literature, the aggregate results show that the combined effect of the four exogenous constructs account for 73.7% of the variability of board role performance, i.e. $R^2 = 0.737$ representing the estimates of the construct's squared multiple correlation. Thus, it is estimated that the predictors of board role performance explain 73.7% of its variance. In other words, the error variance of board role performance is approximately 26.3% of the variance of board role performance itself. All the three predictors - Worldly Shariah spirituality, Hereafter Shariah spirituality

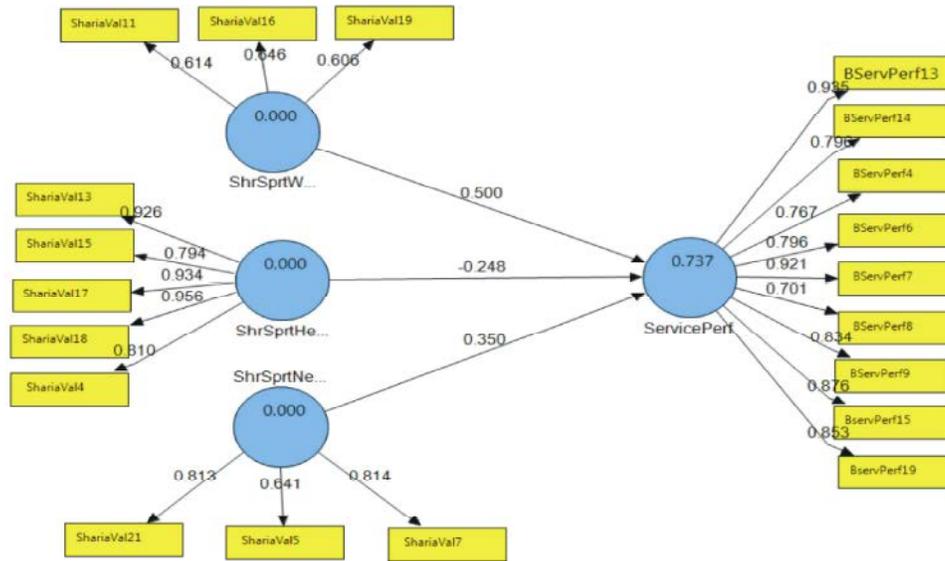


Fig. 2: PLS - Structural Hypothesized Model

and Neutral Shariah spirituality indicated statistical significance at 1% level respectively, supported the hypotheses (Table 5).

In other words, the study found that all the three dimensions of Shariah spirituality investigated in this study significantly influence board service performance. A fundamental assessment of construct validity involves the measurement relationships between items and constructs (i.e., the path estimates linking construct to indicator variables). In PLS-SEM application, larger standardized loading estimates confirm that the indicators are strongly related to their associated constructs and are one indication of construct validity. Rules of thumb suggest that standardized loading estimates should be at least .5 and ideally .7 or higher. Low loadings suggest that a measured variable is a candidate for deletion from the model (Hair *et al.*, 2010). Result in Table 3 indicates acceptable construct validity because the figures for construct reliability within the range of 0.802 – 0.953 are > that of average variance extracted, 0.578 - 0.802.

To further test the hypotheses, t-statistics have been employed, which is the ratio of departure of the estimated parameter from its notional value or standard error. Given the T-test and degrees of freedom, two-tailed probability (p) values have been calculated, which significantly supported all the hypotheses (see table 5) working at 5% significance level. Note that as the t-values get bigger, the p-values get smaller and the two-tailed is usually used in management research because it produces a p-value that is twice as large as a one-tailed test would produce.

It can be seen in the overall model (Fig. 2) that the initial 23 Shariah spirituality items shared amongst the 3 dimensions have been reduced to 11 items. This means that 12 items had to be deleted in the statistics processes as estimates lower than the required threshold of 0.5. The remaining items represent the proposed Worldly Shariah spirituality, Hereafter Shariah spirituality and Neutral Shariah spirituality as the independent variables. Similarly, the initial 16 items for the dependent variable-board service performance have been reduced 9. Within the overall model, the estimates of the structural coefficients provide the basis for testing the proposed hypotheses, thus supporting all the three proposed hypotheses. In other words, the regression weights for Shariah spirituality in the prediction of board service performance is significantly different from zero at the 0.005 level. In a standardized model, the standardized regression weights, correlations, AVE have been displayed (Fig. 2). In fig. 2, the standardized regression weight (R) for Hereafter Shariah spirituality items ShariaVal13, 15, 17, 18 and 4 are 0.926; 0.794; 0.934; 0.956 and 0.810 respectively. This means when board service performance goes up by 1 standard deviation, ShariaVal13 goes up by 0.926 standard deviation.

DISCUSSION

This study conceptualized Shariah spirituality latent constructs on board and empirically tested the model on four sampled institutions providing Islamic microfinance services in Malaysia. The perception of the few board

members and top managers that proxy for other boards in the four firms averted the possibility of bias responses, which would have been difficult to avoid if only the board of AIM or TEKUN were surveyed. Most importantly the participants were knowledgeable enough to answer the research instrument. In the foregoing, an implication for practice is board service performance may thus become more actionable for micro-credit practitioners. This suggests that board members contribute to the problem solving process because they offer a variety of Shariah spiritual hopes that result in quality of judgment, which in turn makes them perform their service roles more effectively. This argument falls within acceptable rationality because firm practitioners at the helms of affairs will have more composure with greater mental capacity and stability to focus on planning and controlling routines to help them analyze complex tasks for effective decision-making. This also implies that closeness to Allah (swt) will help the board in their analyses to re-examine evidence and assumptions, to shake up habitual ways of working and thinking, to dissipate conventional familiarities, to re-evaluate rules and institutions and to participate in the formation of early stages of strategic decision-making. In the end, by means of empathy, compassionate bond can be created through policies that could shift the poverty index in favor of the poor.

Consequently, these will serve as incentives to protect donors' wealth, encourage government continued support policies in poverty alleviation program and could help sustain the micro-firm in the long-run through proper poverty identification problem and definition. In summary, the verse below articulates the passage as a spiritual bond and in time:

Say: Truly, my prayer and my service of sacrifice, my life and my death, are (all) for Allah, the cherisher of the worlds (6:162)

Similarly, Ali (2005) maintains that in order to build business institutions and establish a market economy based on justice and responsible competition, Islamic principles and original thinking of the early Muslim generation are required. A tradition of the Prophet is reported to have said: *"The most lawful food of a servant is the earning of the hand of a producer if he did it to the best of his abilities (with sincerity)" (Bukhari).*

Therefore, the research objective of determining the extent Shariah spiritual values explain board service performance has been achieved. In effect, due to the significance of governance mechanism in firms' development process, the board in Malaysian Islamic

microfinance institutions (IMFIs) can play an important role, which is best captured in the assessment of their Shariah spirituality impacts on the service role performance measure that could win the dual objectives of the micro-credit firms. It is argued that board members in IMFIs with Islamic spirits are inspired from the heart and are guided in their leadership roles to seek Allah's (swt) pleasure, motivated by rewards both in this world (*falah*) and in the Hereafter (*Jannah*). As such they undertake their service and strategic tasks with utmost commitment, with the believe that they will be answerable not only to the shareholders, government, donors, but also to Allah (swt) for all their actions as custodians of the wealth and as vicegerent of Allah. This means that in AIM, TEKUN, Maybank Islamic, AmbankIslamic and other Islamic micro firms, board members who hold top positions in authority should treat every member of the organization as their equals and show kindness, benevolence and tolerance towards them as taught by Caliph Umar (ra). Such spirit is likely to encourage the fund managers of IMFIs towards a consciousness of being not only accountable to the top board, fund raisers and other stakeholders, but also primarily accountable to Allah (swt). Generally, the fundamental ethics of accountability can easily be enshrined as a culture and the desired business norms will be established especially as governance of micro-credit relates to the management of social institutions, whether government owned, for business or NGO's. Indeed, this could pave way for effective poverty alleviation as the ultimate objective of Islamic microfinance Institutions. From the research outcome, it can be inferred that Shariah spirituality can positively influence the attitudes of board members and serve as an inspiration in their determination for progressive business and also serve as a catalyst for positive energy and enhanced service performance. But whether Shariah spirituality factors lead to increased commitments to corporate social responsibility is an agenda for future studies.

In addition, due to its potential benefits, Muslim micro-funders should create an environment conducive for Islamic spiritual values and practice to flourish in their workplace by bringing their spirituality to life in their organization's culture through their actions. This is because as a complete way of life, Islam emphasizes on fairness in Muamalat and Shariah spiritual values can lead towards participatory and disciplined business approach through excellent board leadership. Hitherto, the motivation to provide only Shariah approved sources of

financing in the Malaysian micro-credit market especially in TEKUN is great incentive to guide Islamic finance towards success and the much needed fairness. Supporting our assertion in this study, the Islamic strategy effort being employed to alleviate poverty in a society with great potentials is the use of institutional approach (Iqbal, 2002). Using Shariah values, the board directs the IMFIs studied towards understanding the vision of the firms and how they are going to achieve success in their fiduciary duties at the helms. Another additional support on this position, caliph Umar Ibn al-Khattab (r.a) emphasized the meaning of 'guiding' when he addressed new appointed governors to head state affairs. He cautioned them against being rulers and despots; they should rather be "leaders of guidance" to win the loyalty of their followers. He admonishes them to render unto the Muslims their rights, lest you humiliate them. Do not shut your doors against them, lest the strong among them devour the weak ones (Husaini, 1958). Thus, the intelligible message of Umar (r.a) is clearly for Muslim leaders to help the *Ummah* towards living in happiness. As an implication for practice, fund managers in AIM, TEKUN, AmbankIslamic and Maybank Islamic and other Islamic Microfinance institutions in Malaysia can understand that the essence of the scheme is to improve the living condition of the poor and to guide people towards success in this life and in the hereafter.

Consequently, man has to run all his individual and collective affairs according to the spiritual code of conduct and also according to the guidance received from Allah (SWT) through the messengers as revealed in the holy book. From the research output, a code of conduct for board's activities both in business and otherwise should be based on high Shariah spiritual values. Thus, business activity including microfinance is considered a part of the vicegerent status. With this contention, the Qur'an considers the whole life as one fully integrated unit and hence no division between religion (Shariah spirituality) life, economics (or worldly business) life and day to day life (Toor, 2011). Hence, the socio-economic, legal, cultural and all aspects of human life are integrated. They are all guided by the same basic principles and have the same ultimate purpose. The Holy Quran is specific about maintaining a balanced life between the hereafter and this life.

"But seek, with the (wealth) which God has bestowed on thee the Home of the Hereafter nor forget thee portion in this world but do thou good as God has been good to thee and seek not (occasion for) mischief in the land: For God loves not those who do mischief" (28:77).

CONCLUSION

Studies in management have recently pondered in thought into consolidating spirituality in work place, entrepreneurship and microfinance institutions mostly from the Western perspective. One major implication in this study is that it has strengthened Islamic microfinance corporate governance literature by developing, conceptualizing and empirically testing three Shariah spirituality dimensions and further attempts a structural relationship between the three factors and board service performance. The perceptions of board on spiritual/religious moral value factors to enhance effective board performance, in relations to improving board strategic functioning were the sources of information for developing the measures and testing the three hypotheses involved in the study. Our effort in this paper follows the new era of Islamic renaissance towards a paradigm shift in Islamization of knowledge and in response to calls for problem-solving approaches to be broadened to incorporate spiritual dimensions (Parvez and Ahmed, 2004) in the Islamic perspective especially in a vibrant and robust Malaysian emerging economy. Interestingly, we made an attempt in this study to join spirituality preceding scholars in the framework of empirical research analysis showing how each one contributes to the field. This study finding in its unique form could be said to integrate some aspects in the works of (Mardhatillah and Rulindo, 2007; 2008; Karakas, 2010; Adamu *et al*, 2011; and Rulindo & Mardhatilla, 2011) and (Wang & Ong, 2005; Zona & Zattoni, 2007; and Mande, Ishak and Idris, 2010) for the board service performance factor.

An important methodological contribution in this study is the use of SmartPLS-SEM. We assess the strength of the hypothesized relationships between the three predictors of Shariah spirituality and the outcome board performance factor simultaneously and more accurately with the PLS-SEM as a soft modeling approach that overcomes the strict assumptions of CB-SEM. Its edge is enjoying increasing popularity across various disciplines of marketing, organizational behavior etc. In fact, SmartPLS-SEM is experiencing widespread application as a method in both academic research and practice [21]. Further on methodology approach, it is acclaimed that literature on board has been sparse and the reason for the insufficient empirical work is likely due to the difficulty of gaining access to boards (Wang and Ong, 2005).

In this paper, the methodological research has presented a wide range of extensions that enable researchers and practitioners using Smart PLS-SEM to

provide more nuanced analyses (Hair *et al.*, 2012). Some examples of these extensions are advances in multi-group analysis techniques and PLS-SEM-specific segmentation approaches [22-24-25] and methods to empirically test the mode (i.e., whether reflective or formative) of the measurement models (Hair *et al.*, 2012). Most important advantage in the use of SmartPLS-SEM in this study is it accommodates few samples that overcome the research reality characterized by limited sample sizes and nascent theoretical development, which often make it impossible to meet CB-SEM's rigorous assumptions. These challenges in terms of data quality and theory may impede our understanding of phenomena by having unrealistic expectations of researchers (Hair *et al.*, 2012) and perpetuating practices that lead to Type II errors if techniques lacking statistical power fail to find a significant effect (Sosik *et al.*, 2009). With this advanced technique, despite only 63 sample size in this study, the results of the in-depth method employed validated the measures, with clear implication for practitioners in the Islamic microfinance providers. Results show that board members are more inclined to the Hereafter Shariah spirituality factors due to its dual worldview perspective compared to the dimensions limiting the benefits to this world only. The Hereafter Shariah spirituality construct has higher average variance extracted (0.785), composite reliability (0.947), Cronbach's alpha (0.931) in the analysis. Hence, board members are sensitive to the regulatory guidance of the Quran in their daily business activities and there is high tendency that they do not cheat for the fear of being caught, but largely because it is spiritually wrong to do so. Most importantly, based on the perceptions, the board members surveyed seek Allah's intervention when confronted with competing alternatives in decision making, admonishing subordinates to fear Allah and seek divine favors and rewards rather than profits and bonuses.

Finally, this study would have provided more convincing arguments if strong theoretical framework were established to explain the latent constructs. However, it serves as a pioneer attempt. Being an exploratory study, no study was seen that specifically focus on explaining Shariah spirituality on board performance. Hence, the study claims to explore as a new research agenda focused on compacting descriptions of divine Shariah spirituality to facilitate board behavior. In addition, ideally it is very difficult to measure Man's spiritual attachment; therefore other dimensions of Shariah spirituality can be developed to come up with more reliable and valid instrument in an Islamic perspective future research.

When interpreting our findings, it should be noted that the cross-sectional design prevents causal interpretations. In addition, the precision of the participants' responses or identity could not be guaranteed due to the nature of the data collection procedure. One or two insiders were relied on to distribute to the IMFIs board members. Despite the difficulty in getting access to boards, future studies can devise a more pro-active means of the actual board response with habitual observance of true board participation. There is also a limitation in the small sample size for the study. Future studies could be better analyzed and generalized with higher sample size and if the boards of all Islamic microfinance institutions in Malaysia can participate instead of the two IMFIs and two banks offering MF as product used in this study. Whereas the current study supports the reliability and validity of the Shariah spirituality instrument used, research with other faith groups will be needed to support the assertion that this scale is definitely relevant for persons from a variety of other religious traditions, particularly in a multi-religious Malaysian society. It will be important in this environment to assess groups who do not hold to a God concept (e.g., Buddhists, Hindus, Sikh), which has been a common thread for all groups studied to date regarding religious support (i.e., Jews, Muslims and Christians). Moreover, it is possible to find non-Muslim board members in Malaysian multi-racial business environment. However, the current findings for Muslim board, as one important yet understudied religious group, represent a good preliminary step in the validation process. In addition, despite this limitation, being one of the pioneering works in the field, this study contributes to our understanding of the much under-research subject of Shariah spirituality from the Islamic perspective in terms of its application to board performance and its possible impact on poverty alleviation and perhaps IMFIs sustainability in future studies.

REFERENCES

1. World Bank, 2007. World Development Report Agriculture for Development, Washington, D.C., The World Bank.
2. Hasan, Z., 2008. Corporate Governance from Western and Islamic Perspectives. A paper presented at the Annual London Conference on Money, Economy and Management in 3rd-4th July, 2008. Imperial College, South Kensington, United Kingdom.

3. Hartarska, V. and R. Mersland, 2012. Which Governance Mechanisms Promote Efficiency in Reaching Poor Clients? Evidence from Rated Microfinance Institutions. *European Financial Management*, 18(2): 218-239.
4. Wilhelm, I. and B. Wolverson, 2004. D.C. United Way Leader Pleads Guilty to Fraud. *The Chronicle of Philanthropy* March 18, 2004. Available at <http://philanthropy.com>.
5. Strom, S., 2006. United Way Says Ex-Leader Took Assets. *The New York Times* April 14, 2006. Available at <http://www.nytimes.com/2006/04/14/nyregion/14united.html>.
6. Abou-Deif, M.H., M.A. Rashed, M.A.A. Sallam, E.A.H. Mostafa and W.A. Ramadan, 2013. Characterization of Twenty Wheat Varieties by ISSR Markers, *Middle-East Journal of Scientific Research*, 15(2): 168-175.
7. Kabiru Jinjiri Ringim, 2013. Understanding of Account Holder in Conventional Bank Toward Islamic Banking Products, *Middle-East Journal of Scientific Research*, 15(2): 176-183.
8. Muhammad Azam, Sallahuddin Hassan and Khairuzzaman, 2013. Corruption, Workers Remittances, Fdi and Economic Growth in Five South and South East Asian Countries. A Panel Data Approach *Middle-East Journal of Scientific Research*, 15(2): 184-190.
9. Fischer, U., 2007. IHF Forced to Close Down. *International Helsinki Federation for Human Rights Memo* 7 December, 2007. Available at <http://www.ihf>
10. Trivunovic, M., 2011. Countering NGO corruption. Rethinking the conventional approaches. *Anti-Corruption Research Center. U4 Issue (3)*. www.U4.no
11. Hasan, Z., 2011. Shari'ah Governance in Islamic Financial Institutions in Malaysia, GCC Countries and the UK. Executive Summary of Doctor of Philosophy Thesis at Durham University.
12. Karakas and Fahri, 2010. Spirituality and performance in organizations: a literature review. *Journal of Business Ethics*, 94(1): 89-106.
13. Markow, F.K. Klenke, 2005. The effects of personal meaning and calling on organizational commitment. An empirical investigation of spiritual leadership. *International Journal of Organizational Analysis*, 13(1): 8-27.
14. Cavanagh, G., 1999. Spirituality for managers: context and critique. *Journal of Organizational Change Management*, 12(3): 186.
15. Delbecq, A., 1999. Christian spirituality and contemporary business leadership. *Journal of Organizational Change Management*, 12(4): 345-349.
16. Rulindo, R. and A. Mardhatillah, 2011. Spirituality, Religiosity and Economic Performances of Muslim Micro-Entrepreneurs, 8th International Conference on Islamic Economics and Finance. Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation.
17. Sarstedt, M. and C.M. Ringle, 2010. Treating unobserved heterogeneity in PLS path modelling: a comparison of FIMIX-PLS with different data analysis strategies. *Journal of Applied Statistics*, 37(8): 1299-1318.
18. Costello, A.B. and J.W. Osborne, 2005. Best Practices in Exploratory Factor Analysis, four recommendations for getting the most from your analysis. *Practical Assessment Research & Evaluation*, ISSN, 10(7): 1531-7714.
19. Hair, J.F., C.M. Ringle and M. Sarstedt, 2012. Partial Least Squares, The Better Approach to Structural Equation Modeling? *Long Range Planning*, pp: 45.
20. Bollen, K.A., 1989. *Structural Equation Models with Latent Variables*, New York: Wiley and Sons.
21. Sarstedt, M., J. Henseler and C.M Ringle, 2011. Multi-group analysis in partial least squares (PLS) path modeling alternative methods and empirical results. *Advances in International Marketing*, 22: 195-218.
22. Hartarska, V., 2002. Three essays on financial services for the poor, Ph.D. Dissertation Columbus, OH: The Ohio State University.
23. Hartarska, V., 2009. The impact of outside control in microfinance, *Managerial Finance*, 35: 12.
24. Hartarska, V. and M. Holtmann, 2006, An overview of recent developments in the microfinance literature', *Agricultural Finance Review*, 66(2): 147-165.
25. Hair, J.F., W.C. Black, B.J. Babin and R.E. Anderson, 2010. *Multivariate data analysis, a global perspective (7th ed.)*. Uppersaddle River, New Jersey Pearson Prentice Hall.