The Impact of Religiosity in Explanation of Moroccan Very Small Businesses Behaviour Towardislamic Financial Products

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Abstract: *This communication aims to predict the role of religion in determining the behaviour of Moroccan very small businesses (VSB), focusing intention and attitude of the leaders of these companies to use Islamic financial products. As part of a field survey conducted in four Moroccan cities, empirical data were collected through the administration of a questionnaire to 157 leaders of VSB. The study used factor analysis, correlation, and regression analysis treating established data. The results confirmed the existence of a relationship between religiosity, attitude and intention. However, this relationship is manifesteddifferently; it has an impact on the attitude through the dimension of religious affiliation, while the influence of religiosity on the intention appears via religious commitmentdimension.*

Keywords: religiosity, attitude, intention, very small businesses, Islamic financial products

I. Introduction

Islamic finance is emerging as a flourishing financial industry, based on ethical principles stemming from Islamic religion requirements. The growing need felt in the Muslim world to adopt Islam as a system of beliefs and practices, which organizes and defines all aspects in life including financial practices, has prompted the creation and emergence of Islamic banks, and in response to market requirements to Muslim countries as well as in non-Muslim countries.

The process of launching Islamic banks, called participatory banks in Morocco, has accomplished an advanced stage by the official publication of Law No. 103.12 on the of the Islamic banksorganization. The next step certainly will be the effective launching of financial institutions specialized in offeringIslamic products.

Although the introduction of Islamic finance is in the final stages of implementation, it is important to study attitudes and intentions of market contributors with regard to these new financing methods. For companies, the decision to opt for a new financial product is a delicate process thatneeds preliminary thinking based on well-studied determinants. As part of predicting the behaviour of the Moroccan economic participants about the future launch of this new type of financial products, VSB is a major potential users considering their number as dominant among Moroccan companies.

VSBhas a limited dimension, it relies mainly on its leader with the choices are fairly personal. This study focuses on predicting the role of religious beliefs measured by religiosity, on behaviour ofVSB'sleaders in Morocco, and by analysing the influence of religiosity on attitude and intention which are considered as better predictors of behaviour (Ajzen, 2005).

The present research is structured as follows: the first section provides a brief literature review on religiosity, attitude and intention. The second section outlines methodology. The third section discusses results of quantitative study, before concluding communication.

II. Literature Review

2.1. Religiosity:

Religion is defined as "a system of beliefs and practices through which a group of people interpret and react, compared to what they regard it as mystical and spiritual". Furthermore, religion is a social institution that shapes and controls the beliefs and behaviours of people (Johnston, 1975).

Religion influences individual behaviour, taking into account two aspects: the first is the principles, rules and obligations that organize individual behaviour, and sanctions that control. The second aspect deals with religion as a powerful social institution with a remarkable role in culture and social values development (Ramly, Lau, &Choe, 2008).

Religiosity states the role of religion in influencingindividual choices and social behaviour. Islam is a religion that regulates human life; Aqeedah specifies rules of faith and beliefs ofthe Muslim, while Sharia regulates its practices and behaviors. Similarly, financial institutions must comply with Shariah standardsto

ensure supplying of Islamic financial products. The Sharia compliance can affect decision of potential Muslim customers to use Islamic financial products.

Previous researchers had shown the significant contribution of religiosity as a determinant of the use of Islamic financial products. (Metawa&Almossawi 1998) concluded that religion is among the most significant factor for customers of Islamic banks. Nonetheless, (Erol& El-Bdour, 1989) and (Aminet al., 2011) found that religion is not a significant factor of the intention to use Islamic financial products.

Religiosity is a multidimensional concept. The complexity of its aspects is reflected in includeddimensions. The literature suggests two dimensions of religiosity: religious affiliation that identifies and distinguishes individuals according to their religious affiliation (Mokhlis, 2008) and religious commitment that distinguishes the individuals of the same religious affiliation on the basis of their commitment to their religion (Johnson et al., 2001).

To measure religiosity, the Religious Commitment Inventory-10 (RCI-10) is used to assess the level of religiosity of individuals. It is a measurement tool consists of ten items related practices, motivation and behaviour of the person in the context of religious values (Worthington et al., 2003).RCI-10 items are divided into six statements to identify the cognitive dimension which refers to beliefs and personal religious experience, and four statements from the behavioural dimensionencompass personal commitment and motivation to participate in religious activities (Jamaludin, 2013).

2.2. The intention:

Behaviour prediction is released through intentions observation (Krueger et al., 2000). However, understanding intentions consequences involvesexploratingintentionhistory. The definition of intention was the subject of a debate between (Warshaw& Davis, 1985) and (Fishbein&Stasson 1990). On the one hand, (Warshaw& Davis, 1985) argue that such phrases as "I will try " or " I want " predict the behavioural expectations of the individual, while "I expect " measuring behavioural intentions. On the other hand, (Fishbein&Stasson, 1990) have criticized the measures proposed by (Fishbein&Stasson, 1990) stating that the distinction between measures concern only voluntary behaviour. The intention is an ambiguous term in case of involuntary behaviours (Kurland, 1995). Intention is manifested when individual expresses a proposal related to a behavioural act planned in the future (Amin et al., 2011).

2.3. Attitude:

It is defined byindividual disposition to respond in a favourable or unfavourable manner to an act or an event (Ajzen, 2005). The attitude is an assessment that individual makes about confronted actions and events.

Attitudes influencedirectlybehaviours and help to predict them. They provide a research framework on issues related to information treating, social influence, and individual differences. Measuring attitude becomes quantitative and more reliable, facilitates in consequence knowledge construction and research development (Kraus, 1995).

Attitude is a disposition to respond favourably or unfavourably to an object, a person, an institution, or an event. Although formal definitions of attitude vary, most contemporary social psychologists agree that distinct attribute of attitude is its assessment (Ajzen, 2005).

Attitudes, which are relatively permanent and stable summarized evaluation of an item, are an important psychological construct through their ability to influence and predict much behaviour (Kraus, 1995). In general, "the more favourable is attitude towards behaviour, the stronger the intention of the individual to perform the behaviour" (Ajzen, 1991); (Haghighiet al., 2012).

III. Methodology

3.1. Proposed Research Model:

The model of the proposed study is derived from the model developed by Fishbein and Ajzen known as the Theory of Reasoned Action (TRA) (Ajzen, 1991). The model is refocusing on the intention measured through attitude. Religiosity is added to meet the objective of the research.
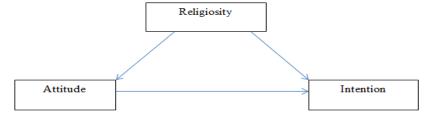

Figure 1: proposed research model

3.2. Research hypotheses:

The purpose of this study is to examine the role of religion in choosing to use Islamic financial products by VSB leaders. The study aims to determine whether religiosity may affectleaders'behaviour through attitude and intention. After conducting a review relevant literature, the following assumptions were made:

H1: Leader religiosityinfluences significantly his attitude to use Islamic financial products
H2: Leader religiosityinfluences significantly his intention to use Islamic financial products
H3: Leader attitude influences significantly its intention to opt for Islamic financial products

3.3. Methodology:

The sample is composed of the leaders of Moroccan VSB, located in several cities of the kingdom. The quantitative study was conducted during a period of four months, from June to September 2014. The questionnaire was administrateddoor to door, in four cities belonging to regions which cover around 70% of businesses creation in Morocco. The administration of the questionnaire by door to doorallows controlling the sample constitution.

The questionnaire is divided in two sections. The first section provides demographic data on the leaders and VSB, while the second section is on the measurement of the variables studied. The attitude and intention are single-item variables measured with a Likert scalecomposed by five points ranging from 1 (strongly disagree) to 5 (completely disagree).

IV. Results

4.1. Descriptive results:

The descriptive results from demographic data show that among the leaders of VSB, men are a majority with 92.4%. Moreover, the age of 71.5% of executives is between 25 and 40 years. Almost a half of the sample has a college degree, while over 30% of responds have a high school degree. Regarding professional experience, 34.4% of leaders said not to have professional experience before starting their business. The lack of experience of leadership is consistent with the young age of the majority of individuals of the sample.

Table 1 : Main descriptive results on leaders

		Frequency	Percentage	Valid percentage	Cumulative percentage
Sexe	women	12	7,6	7,6	7,6
	men	146	92,4	92,4	100,0
Age	Less than 25 years	7	4,4	4,4	4,4
	25 - 30 years	51	32,3	32,3	36,7
	30 - 40 years	62	39,2	39,2	75,9
	40 - 50 years	23	14,6	14,6	90,5
	50 - 60 years	13	8,2	8,2	98,7
Level of studies	Professional training	16	10,1	10,1	10,1
	Basic	6	3,8	3,8	13,9
	Secondary	30	19,0	19,0	32,9
	High school degree	28	17,7	17,7	50,6
	Graduated studies	78	49,4	49,4	100,0

About companies, 74,7% of VSB have a reduced number of staff which does not exceed 5 people. 55.1% of companies operate in the sectors of trade and services, VSB operate in industry represent13.3%, while 12% of VSB operate in construction and civil engineering sector.

Table2: Main descriptive results on VSB

		Frequency	Percentage	Valid percentage	Cumulative percentage
Number of employees	less than 5	118	74,7	74,7	74,7
	between 5 and 10	31	19,6	19,6	94,3
	between 10 and 15	3	1,9	1,9	96,2
	More than 15	6	3,8	3,8	100,0
Sectors	Trade	51	32,3	32,3	32,3
	Tourism	5	3,2	3,2	35,4
	Industry	21	13,3	13,3	48,7
	Services	36	22,8	22,8	71,5
	Construction and civil engineering	20	12,7	12,7	84,2
	Others	25	15,8	15,8	100,0

3.2. Analytical results:

The data isanalysed using SPSS version 20.0. A number of statistical tests are conducted to get to the data processing. Initially, the variable of religiosity is the object of a factor analysis to identify latent factors and reduce the number of measurement items for further analysis. The 10 items of the RCI-10 scale are subjected to an exploratory factor analysis using the principal component analysis and Varimax orthogonal rotation.

Because of exploratory type of the factor analysis, the number of factors is considered without constraints. For reasons of validity, 0.4 is used as a minimum value of levels of communality. Based on the criteria of factorial contribution and higher communality 0.4, (Table 2), all items are selected, except item 4 which should be deleted. The principal component analysis is included with Varimax rotation to extract two factors of the variable religiosity: it is indeed the dimension of religious affiliation and dimension of religious commitment raised in the literature review. The alpha coefficients of these four factors were 0.867 and 0.798 respectively (Table 3). These results indicate that both factors are reliable (Nunnally, 1978). This confirms the internal consistency of items in each dimension.

Table3: Main results of the factor analysis on religiosity

Religiosity dimensions	Factor contribution	Communality
Religious affiliation (Cronbach alpha= ,867) :		
My religious beliefs lie behind my wholeapproach to life	,865	,755
I spend time trying to grow in understanding ofmy faith	,903	,819
It is important to me to spend periods of time inprivate religious thought and reflection	,832	,714
Religious beliefs influence all my dealings in life	,746	,640
Religious commitment (alpha de Cronbach = ,798):		
I often read books and magazines about my faith	,719	,564
I enjoy working in the activities of my religiousorganization	,758	,699
I enjoy spending time with others of my religiousaffiliation	,793	,664
I keep well informed about my local religiousgroup and have some influence in its decisions	,651	,427
I make financial contributions to my religiousorganization	,719	,522

The predictive validity of the model was tested using correlation and regression analysis. The Pearson correlation is measured between the attitude and religiosity through two extracted dimensions. Correlation coefficients are shown in Table 4.

Table4: Correlation results between attitude and religiosity

	Pearson correlation	Signification
Religious affiliation	,395	,000
Religious commitment	,203	,005

For the dimension of religious affiliation, the correlation coefficient is significant at the 0.000, while the correlation coefficient for the dimension of religious commitment becomes significant at 0.005. The correlation results confirm the predictive validity of religiosity measure.

3.2.1. Validation of the hypothesis H1:

Predictive validity is tested using regression analysis. Regression analysis is a multivariate technique frequently used to maximize the predictive power of the independent variables (Carricano et al., 2010).
The regression model takes the following form:
Attitude = f (religious affiliation, religiouscommitment)

Table5: Regression results between attitude and religiosity

Model	Beta	t	Sig.level
1 (constant)		4,243	0,000
Religious affiliation	0,371	4,667	0,000
Religious commitment	0,065	0,818	0,414

Notes R-square = 0,160 ; F = 14,664 ; Sig.level= 0,000

From the results in Table 5, R-squared is 0.160 indicating that the two dimensions of the independent variable explains 16.00% of variance of the dependent variable, given that the R-square is significant at a level of 0.000. The resulting regression model is: Attitude = 0.371 (religiousaffiliation) + 0.065 (religious commitment) Table 5 indicates the coefficient of religious affiliation as the only one to reach the significance level, confirming this dimension is the only whichinfluencespositively the attitude to use Islamic financial products by the leaders of Moroccan VSB. The dimension of religious commitment has no significant impact on the attitude of the leaders. Therefore, hypothesis 1 is partially confirmed.
3.2.2. Validation of the hypotheses H2 and H3: The regression model takes the following form: Intention = f (attitude, religious affiliation, religious commitment)

Table6: Results of intention regression analysis

Model	Beta	t	Sig. level
1 (constante)		1,512	0,133
attitude	0,256	2,979	0,003
Religious affiliation	-0,091	-0,983	0,327
Religious commitment	0,201	2,523	0,013
Notes R-square = 0,184; F = 6,808; sig.level = 0,000			

From the results of Table 6, it is concluded the independent variables explain 18.40% of the variance of intention, as the value of R-square is 0.184 with a significance level of 0.000. The model of regression is:
Intention = 0.256 (attitude) - 0.091 (religiousaffiliation) + 0.201 (religious commitment)

These results indicate that the coefficients of the religious attitude and commitment are significant. It isdetermined that the variable of attitude and dimension of religious commitment have a positive and significant effect on the intention of leaders. However, religious affiliation dimension does not influence intention significantly. Hypothesis 2 and 3 are then validated by confirming the role of attitude and religious commitment as determinants of the intention.

The results from the regression analysis confirm findings of (Metawa&Almossawi, 1998) research. They considered as a determinant of religiosity among others, of the choice for Islamic bankscustomers, unlike researches of (Erol& El-Bdour, 1989) and (Amin et al., 2011) which noted an absence of significant influence for religiosity on Islamic banks clients.

V. Conclusion

The lack of studies on analysing the behaviour, attitudes and intentions about participatory Islamic finance, reduces discussionfield about empirical research contributions. Global growth of Islamic banking must encourage and guide research, with the aim of overcoming the deficiency identified in the literature.

While this research is devoted to study one determinant ofVSB choice to opt for Islamic financial products, the interest that leaders express towards Islamic financial products is conditioned by other factors related to both the marketing of these products, and the nature of each product. However, the introduction of Islamic finance in Morocco must be supported by well-structured communication strategies to respond to increased need for information articulated by businesses in general, and VSB in particular.

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