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Level of Acceptance of Muslim Small-Scale Entrepreneurs in Kelantan towards Ar-Rahnu

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Abstract

Ar-Rahnu provide source of finance for Muslim small-scale entrepreneurs in Malaysia especially in Kelantan. However, Ar-Rahnu service received a lukewarm response because in the procedure, customers are required to prepare collateral in the form of gold in their dealing. The question is, do the small-scale entrepreneurs realize about the existence of Ar-Rahnu? How is their acceptance towards the micro-credit financing? Is there any difference in the acceptance according to the demography? This article seeks to analyzed the level of acceptance and the difference in the demography of the small-scale Muslim entrepreneurs in Kelantan towards Ar-Rahnu. A total of 350 respondents were chosen through the purposive sampling comprising of small-scale Muslim entrepreneurs in Kelantan. The finding outcome is analyzed descriptively to know the percentage value and mean value using the software “*Statistical Package for Social Sciences*” (SPSS) version 22.0. The finding also shows a positive level of acceptance of small-scale Muslim entrepreneurs in Kelantan towards Ar-Rahnu. The small-scale entrepreneurs’ level of acceptance towards elements under the factor of Religious Obedience and the Intrinsic factor is mode dominant compared to elements in the Extrinsic factor. The demographic difference between the gender of the respondents shows that there is a significant difference in the acceptance compared to other demographic factors. Thus, this article can give important implication to Ar-Rahnu institutions to consider about the importance of religious obedience and intrinsic factors that directly related to religious. Besides, the important of female entrepreneur role that becomes important icon towards Ar-Rahnu progress in Kelantan.

Keywords: Islamic Pawn Broking, Ar-Rahnu, Small Entrepreneur, Enterprise, Kelantan.

Introduction

Ar-Rahnu means placing a valuable item as assurance or collateral by the owner to get financing (JAKIM, 2009). Ar-Rahnu provides a halal service which is clear from any elements of riba through welfare financing under the concept of *Qard al-Hasan* (Hsni, 2009). Other than that, Ar-Rahnu also provides a sharia compliant service by not imposing any interest rate (Hassan et al., 2015).

The main purpose why Ar-Rahnu is introduced is to help the low income group who is not eligible to get financing from financial institutions, other than aiming to help small-scale entrepreneurs get the financing to carry out entrepreneurship activities (Rasmin & Markom, 2014). Although the aim of Ar-Rahnu is to provide capital financing for small-scale entrepreneurship, it is said that the response towards Ar-Rahnu by small-scale entrepreneurs is still low. This is due to the use of Ar-Rahnu for consumerism activities (personal purposes like daily needs, paying off debts, medicine, education, tourism or vehicle purchasing) more than the use for productive activities (entrepreneurship) (Sulaiman et al., 2014; Azman et al., 2016). Thus, does this lukewarm response start from the issues related to the acceptance faced by Ar-Rahnu? On the same note, can Ar-Rahnu afford to achieve its aim which is helping small-scale entrepreneurs obtain financing more easily, more transparently and faster? What is the acceptance of small-scale entrepreneurs towards Ar-Rahnu? What are the actual factors that emphasise on accepting small-scale entrepreneurs towards Ar-Rahnu? Thus, a questionnaire needs to be carried out towards small-scale Muslim entrepreneurs in Kelantan to know the factors that influence their acceptance towards Ar-Rahnu financing.

The discussion in this article encompasses the introduction, literature review, research methodology, respondent's basic information, the different acceptance of Ar-Rahnu based on demographic characteristics, level of acceptance of Muslim small-scale entrepreneurs in Kelantan towards Ar-Rahnu and the conclusion.

Literature Review

Before the discussion related to factors behind the acceptance of Ar-Rahnu is included, this article will explain about the term 'acceptance'. The word as implied in the article is related to confidence that refers to the belief and determination without prejudice (Muhamad et al., 2005). The user acceptance tendency depends on education, knowledge, confidence, religious influence and economic characteristics (Hossain et al., 2002). However, Nelson et al., (2014) believe that important elements in acceptance would be down to behavior, attitude, action, belief and feelings.

Going back to the issues of Ar-Rahnu, Ar-Rahnu is said to experience issues related to acceptance, like awareness and the understanding of the public. The response towards Ar-Rahnu is said to be low compared to the conventional pawn because the lack of awareness and public's understanding on Ar-Rahnu (Sam et al., 2010). The lack of understanding related to Ar-Rahnu has made it gone unnoticed and doubted by the society (Magenderan et al., 2014).

The people are not really aware of the existence of Ar-Rahnu due to the less than perfect channel of communication which is Promotion (Azman, 2010; Hussin et al., 2016). The lack of delivery of

information regarding Ar-Rahnu can lead to the misunderstanding towards Ar-Rahnu. In this vein, the misunderstanding that happens causes some entrepreneurs to regard the saving rate of Ar-Rahnu as *riba* and the same as the conventional pawn concept (Azman, 2010).

Issues of halal and haram in Ar-Rahnu like *riba* and sharia issues can easily lead to the people's misunderstanding towards Ar-Rahnu (Azman et al., 2016). In drawing the attention of the pluralistic society in Malaysia to accept Ar-Rahnu, sharia compliance by Ar-Rahnu does not influence their acceptance significantly (Hashim et al., 2013). Thus, the study regards that the factor of sharia opinion cannot stand as the main factor in influencing the society to accept Ar-Rahnu. Appannan and Doris (2011) also stated that the users of Ar-Rahnu are mostly Malays compared to the Chinese and Indians. This limits the acceptance of Ar-Rahnu for other races in Malaysia. The same goes with Abdullah (2001) who stated that the Malays dominate the use of Ar-Rahnu. Thus, the factor of religious influence should be revised to see in further detail factors related to the acceptance of Ar-Rahnu.

The same goes with the issue of Location that is said to be less strategic when Ar-Rahnu only operates in the city, when most of the users reside in the suburb or rural areas (Salamon & Aziz, 2010). The same goes with the conventional pawn branches that are larger in number compared to Ar-Rahnu causing a lot of customers still dealing with the conventional one (Hsni, 2009). This is because the conventional pawn is easier to find in most locations in Malaysia, compared to Ar-Rahnu.

The issue of service quality of Ar-Rahnu is too complicated and the financing rate is lower compared to the conventional banks so customers do not really have an interest to use Ar-Rahnu (Hsni, 2009). As a matter of fact, there are still a lot of people who do not realise the kind of oppression done by the conventional pawn because although the financing rate is high, the interest rate is also high. These things cover the issue of the lack of efficacy on the part of the service management. Apart from that, Ar-Rahnu also faces problems in terms of the products, like issues involving pawn items that are only limited to gold as discussed in Syahpawi (2008) and Yunta (2007).

There are several factors that have become issues that restrict the acceptance of Ar-Rahnu. Some of the factors include Understanding, halal and haram, Religious Obedience, saving fees, Promotion, Location, product characteristics also the comfortability towards the service. All the factors have become the variables in this study. Past literature also shows that a lot of researchers used the Extrinsic factors as variables compared to the Internal factors. This is because the internal factors are very much linked with religion. Thus, there are several variables for the Intrinsic factors from users' behaviour leaning on Islam introduced by Adnan (2010) and included in this study. The variables are the *Maslahat* Returns and Use by Priority.

These issues of acceptance are also stressed on the public in general and on the customers in particular, but very few studies focused on small-scale entrepreneurs as an aid to capital financing. His is mainly to reduce poverty in the society by embarking into productive activities. In relation to this, there is still a very clear gap which is, firstly, the lack of studies that relate the

intrinsic factors and the second one, the limitation of the studies of Ar-Rahnu done on entrepreneurs. Thus, a survey needs to be done to identify the factors influencing the acceptance of small-scale Muslim entrepreneurs in Kelantan towards Ar-Rahnu.

The four main factors studied in this work are religious obedience as intrinsic (individual's internal factor), extrinsic (individual's external factor), religious obedience and demography. There are also other factors. For intrinsic motivation, there are other four factors introduced, Considerations of Halal and Haram, Understanding, *Maslahat* Returns also use by priority. For extrinsic factors, there are five more factors, Product and Service Characteristics, Promotion, Saving Fees, Location and Comfortability towards Services. There are also three other factors under Religious Obedience namely Faith and Belief, *Sunat* Acts of Worship and Compulsory Acts of Worship. For demography, there are five main factors namely gender, age, marital status, highest level of education and income. This article introduces several study methodologies.

Research Methodology

This study applied the descriptive study design using the descriptive statistics analysis and inferential statistics. It uses purposive sampling to get information from individuals with the easiest way (Sekaran, 2003). The sample comes from small-scale Muslim entrepreneurs in Kelantan. Kelantan is one of the states in the East Coast of the Peninsula Malaysia that is very exposed to Ar-Rahnu financing since 1992 when Ar-Rahnu was founded in Kelantan (Mohamad & Salleh, 2008). The survey was distributed to 400 small-scale entrepreneurs in the main markets in ten districts in Kelantan, but only 350 data were returned and were deemed qualified to be processed for analysis. The areas of concentration were the main markets in all the districts involved. They are *Pasar Besar Siti Khadijah*, *Pasar Besar Siti Aisyah di Jelawat*, *Pasar Besar Gua Musang*, *Pasar Besar Jeli*, *Pasar Besar Kuala Krai*, *Pasar Besar Machang*, *Pasar Besar Pasir Mas*, *Pasar Besar Pasir Putih*, *Pasar Besar Tanah Merah* and *Pasar Besar Tumpat*. The outcome was analysed using software SPSS 22.0 through the descriptive statistics using mean, standard deviation and percentage. Other than the t-test and ANOVA test, they are done to know how the factors influence the level of acceptance of Ar-Rahnu among the Muslim entrepreneurs in Kelantan.

Respondent's Basic Information

The descriptive statistics was used to know respondents' profile characteristics. The profile was divided into gender, age, marital status, highest education and household income as shown in Table 1.

Table 1: Small Scale Entrepreneur Profile (N=350)

Num.	Entrepreneur Profile	Number	Percent (%)
1	Gender		
	Male	80	22.9
	Female	270	77.1
	Total	350	100.0
2	Age		
	18-29 years	84	24.0
	30-39 years	90	25.7
	40-49 years	109	31.1
	50 years and above	67	19.1
	Total	350	100.0
3	Marital Status		
	Single	62	17.7
	Married	258	73.7
	Widower	17	4.9
	Divorced	13	3.7
	Total	350	100.0
4	Education Level		
	Primary School	15	4.3
	Secondary School	265	75.7
	Higher Education	68	19.4
	Others	2	0.6
	Total	350	100.0
5	Income		
	Less than RM1000	146	41.7
	RM1001-RM2000	114	32.6
	RM2001-RM3000	39	11.1
	RM3001-RM4000	19	5.4
	RM4001-RM5000	13	3.7
	RM5001-RM6000	7	2.0
	More than RM6001	12	3.4
	Total	350	100.0

Source: Edited Primary Data (2015)

Based on the study findings in Table 1, it is found that the largest distribution of entrepreneurs is female (n=270, 77.1%) compared to male entrepreneurs (n=80, 22.9%). There is a remarkable difference between the number of female entrepreneurs and male counterparts. This is due to the larger distribution of female entrepreneurs in the study areas, as opposed to male. They dominate businesses in markets in Kelantan. This supports the statement by Muin et al., (2011) whereby in most local markets in Kelantan, women entrepreneurs are found to be more aggressive, hardworking, persistent and independent than male.

In terms of age, most of them are between 40 and 49 years old (n=109, 31.1%). Next, the age group is between 30 and 39 years (n=90, 25.7%). Younger age group is 18 to 29 years old (n=84, 24%), and for those aged 50 and above (n=67, 19.1%). All in all, it is found that at the age of 40 to 49 years old, the public is more competitive. Life experience has made them more willing to take risks to launch into the world of entrepreneurship. It is also at these age groups that more chose to be involved in entrepreneurship after retiring from their previous works, as government pensioners.

Under marital status, most entrepreneurs were married (n=258, 73.7%) the rest bachelor, (n=62, 17.7%) or widower (n=17, 4.9%) and divorced (n=13, 3.7%). Between those married and still bachelors, the difference is prominent. Married respondents indicate that the people are more mature in the process of managing businesses to cater for their family's needs. Maturity also covers the independence shown by married respondents when they make the effort to open up their own businesses compared to bachelor ones who are more comfortable earning their salaries monthly.

Most of the entrepreneurs also finished school at the secondary level (n=265, 75.7%). The rest managed to get certificates, diploma and degree (n=68, 19.4%). Next is primary school (n=15, 4.3%), and never had any formal education (n=2, 0.6%). Generally, most of the entrepreneurs finished their education at secondary level as they chose to start up small-scale businesses that did not require high-level skills.

In terms of income, the total number of respondents with an income less than RM1000 (n=146, 41.7%) is the largest group. This is followed by respondents with income RM1001 to RM2000 (n=114, 32.6%) making up the second highest figures. The number of respondents with income RM2001 to RM3000 (n=39, 11.1%). The majority had an income less than RM1000. This shows that the income obtained from the businesses is small only because respondents only did small-scale businesses with small start-up capital.

It can be concluded that most of the respondents are female, aged 40s, married, educated (up until secondary school) and with an income less than RM1,000. The finding is agreed by several scholars, among whom are Razak (2011), Muhamat et al., (2011) also Nor et al., (2012). The diverse backgrounds have produced factors of acceptance that differ by respondents towards Ar-Rahnu. The response from the respondents serves to be very essential information about the level of acceptance of Muslim small-scale entrepreneurs in Kelantan towards Ar-Rahnu.

Different Acceptance of Ar-Rahnu Based on Demographic

To know the difference of acceptance based on gender, the analysis of difference is carried out to see the comparison of mean between the sample groups. The analysis involves the t-test and one-way ANOVA test. The t-test helps to see the difference of acceptance in terms of the gender of the entrepreneurs, whereas the one-way ANOVA is used to analyses the difference of acceptance for age group, marital status, education and income. The first is to see the difference of acceptance of Ar-Rahnu based on gender.

Different Acceptance of Ar-Rahnu Based on Gender

This is stated in Table 2. The t-test is used to analyse the data.

Table 2: t-Test Acceptance of Ar-Rahnu Based on Gender

Gender	Mean (M)	Standard Deviation (SD)	T-value	Sig.
Male	45.3523	7.46187	-0.196	.004*
Female	45.5075	5.80542		

*p<0.05

Source: Edited Primary Data (2015)

Table 2 shows the mean score and standard deviation for male (\underline{M} =45.3523, \underline{SD} =7.46187) and female (\underline{M} =45.5075, \underline{SD} =5.80542). It shows that there is a significant difference between the female and male groups when it comes to accepting Ar-Rahnu based on the t-test results ($t=-0.196$, $p=0.004$). This is following the fact that women entrepreneurs show better acceptance than men based on the mean value obtained. This is similar to the study by Daud (2011) and Salleh (2014) who held the opinion that there is a significant difference between men and women towards Ar-Rahnu when women showed higher level of acceptance than men towards Ar-Rahnu compared to men with the percentage of 51.9 percent. Women in Kelantan do more pawning and this spurs the development of Ar-Rahnu in Kelantan.

The Difference of Acceptance of Ar-Rahnu Based on Age

The analysis of difference in the acceptance of Ar-Rahnu by age is stated in Table 3. The one-way ANOVA test is used to know if there is a significant difference based on the respondents' age.

Table 3: One Way ANOVA Test Acceptance of Ar-Rahnu Based on Age

Age	Mean (M)	Standard Deviation (SD)	F	Sig.
18-29	22.7976	5.27960	1.929	.125
30-39	23.1667	5.26649		
40-49	24.3303	5.09367		
50 and above	22.5373	6.76293		
Total	23.3200	5.55776		

*P=<0.05

Source: Edited Primary Data (2015)

Table 3 shows the mean score and the standard deviation for the age category between 18 and 29 years old (\underline{M} =22.7976, \underline{SD} =5.27960), age between 30 and 39 years old (\underline{M} =23.1667, \underline{SD} =5.26649), age between 40 and 49 years old (\underline{M} =24.3303, \underline{SD} =5.09367), also age 50 years old and above (\underline{M} =22.5373, \underline{SD} =6.76293). The outcome of the finding shows that there is no significant difference between the age groups based on the one-way ANOVA test ($F=1.929$, $p=0.125$). It illustrates that the acceptance between age groups would be similar. Although the

finding does not show a significant difference, the highest mean score would be for the age group of 40 to 49 years old. The finding is consistent with the study done by Salleh (2014), showing that there is no significant difference between the age groups and user acceptance. It further shows that the age level does not influence the acceptance among the small-scale entrepreneurs towards Ar-Rahnu. This is because these entrepreneurs, irrespective of age level, have already been exposed to the Islamic way of pawn in Kelantan.

Different Acceptance of Ar-Rahnu Based on Marital Status

The analysis of difference in the acceptance of Ar-Rahnu based on marital status is stated in Table 4. The one-way ANOVA is used for the analysis based on marital status.

Table 4: One Way ANOVA Test Acceptance of Ar-Rahnu Based on Marital Status

Marital Status	Mean (M)	Standard Deviation (SD)	F	Sig.
Single	45.3242	6.30838	0.644	.587
Married	45.3521	6.29606		
Widower	47.4490	5.30762		
Divorced	45.9705	5.20948		
Total	45.4720	6.21170		

*P=<0.05

Source: Edited Primary Data (2015)

Table 4 displays the mean score and standard deviation for the marital status categories of bachelor (\underline{M} =45.3242, \underline{SD} =6.30838), married (\underline{M} =45.3521, \underline{SD} =6.29606), widower (\underline{M} =47.4490, \underline{SD} =5.30762) and divorced (\underline{M} =45.9705, \underline{SD} =5.20948). The outcome finds that there is no significant difference between the acceptance of Ar-Rahnu and the respondents' marital status based on the ANOVA test ($F=0.644$, $p=0.587$). Although the finding does not show any significant difference, the highest mean score for the marital status category is widower. It is similar to the study done by Salleh (2014) who agreed that there is no significant difference between marital status and the acceptance of users towards Ar-Rahnu.

The Difference of Acceptance of Ar-Rahnu Based on Level of Education

Next, the one-way ANOVA test is done to see the impact of education obtained by respondents that influences the acceptance towards Ar-Rahnu. Table 5 displays this in detail.

Table 5: One Way ANOVA Test Acceptance of Ar-Rahnu based on Education Level

Education Level	Mean (M)	Standard Deviation (SD)	F	Sig.
Primary School	22.4667	6.02218	1.673	.173
Secondary School	23.4491	5.39134		
Higher Education	23.2500	5.88034		
Others	15.0000	11.31371		
Total	23.3200	5.55776		

*P=<0.05

Source: Edited Primary Data (2015)

Table 5 displays the total mean score and the standard deviation for the level of education accepted by small-scale Muslim entrepreneurs in Kelantan. The categories of education include primary school ($M=22.4667$, $SD=6.02218$), secondary school ($M=23.4491$, $SD=5.39134$), higher education ($M=23.2500$, $SD=5.88034$) and others ($M=15.0000$, $SD=11.31371$). The finding shows that there is no difference that is significant in the acceptance of Ar-Rahnu based on the one-way ANOVA test ($F=1.673$, $p=0.173$). This non-significant association between the level of education and acceptance of Ar-Rahnu, and this shows that the acceptance of Ar-Rahnu by small-scale Muslim entrepreneurs in Kelantan is not influenced by the level of education. The acceptance between groups with different levels of education is similar and no remarkable difference is shown.

The Different Acceptance of Ar-Rahnu Based on Income

The differential analysis of the acceptance of Muslim small-scale entrepreneurs towards Ar-Rahnu based on income is shown in Table 6. One-way ANOVA test is used to analyse based on income.

Table 6: One Way ANOVA Test Acceptance of Ar-Rahnu Based on Income

Income	Mean (M)	Standard Deviation (SD)	F	Sig.
Less than RM1,000	22.9795	5.39280	1.174	.319
RM1,001-RM2,000	23.5088	6.03125		
RM2,001-RM3,000	23.8974	4.67240		
RM3,001-RM4,000	24.5263	5.60127		
RM4001-RM5,000	20.3077	6.75012		
RM5,001-RM,6000	23.4286	2.99205		
More than RM6,001	25.0833	4.67991		
Total	23.3200	5.55776		

*P=<0.05

Source: Edited Primary Data (2015)

Table 6 shows the mean score and standard deviation for income less than RM1,000 ($M=22.9795$, $SD=5.39280$), income between RM1,001 and RM2,000 ($M=23.5088$, $SD=6.03125$), income

between RM2,001 and RM3,000 ($M=23.8974$, $SD=4.67240$), income between RM3,001 and RM4,000 is ($M=24.5263$, $SD=5.60127$), income between RM4,001 and RM5,000 is ($M=20.3077$, $SD=6.75012$), income between RM5,001 and RM6,000 is ($M=23.4286$, $SD=2.99205$) and income more than RM6,001 is ($M=25.0833$, $SD=4.67991$). Table 6 also shows that there is no significant difference in the acceptance of Muslim small-scale entrepreneurs in Kelantan towards Ar-Rahnu in the aspect of income based on the t-test results ($F=1.174$, $p=0.319$). Other than that, the greatest difference of acceptance can be in the income group more than RM6,001 with the mean value ($M=25.0833$).

Based on the test outcome obtained using the t-test result and one-way ANOVA test to all demographic characteristics, it is found that only gender-based difference shows a significant acceptance towards Ar-Rahnu. The demographic characteristics namely age, marital status, level of education and income do not show any significant relationship towards the acceptance of Ar-Rahnu. The difference in the respondents' demographic background also produces a different level of acceptance among respondents towards Ar-Rahnu.

Level of Acceptance of Muslim Small-Scale Entrepreneurs in Kelantan towards Ar-Rahnu

To measure the level of acceptance of Muslim small-scale entrepreneurs in Kelantan, the descriptive statistics using the frequency analysis, mean and standard deviation is carried out. This finding is able to answer the questions related to the level of acceptance of Muslim small-scale entrepreneurs in Kelantan towards every dimension in the intrinsic, extrinsic and Religious Obedience factors seen as a whole. By interpretation Oxford (1990), the interpretation of perception stays at low level for the mean value of 1.00 to 2.49, whereas the mean value stays at moderate level for the mean value 2.5 to 3.49. High and good interpretation of perception shows that the mean value is between 3.5 and 5.00. Thus, Table 7 shows the level of importance for all 12 dimensions for the intrinsic, extrinsic and Intrinsic and religious obedience that influence the level of small-scale entrepreneurs in Kelantan towards Ar-Rahnu.

Table 7: The Ranking of the Level of Acceptance towards Ar-Rahnu for Every Item in the Dimensions of the Factors of Intrinsic, Extrinsic and Religious Obedience

Factor	Dimension	Elements (Items)	Mean	Standard Deviation	Rank
Religious Obedience	Faith and belief	I really believe in the existence and oneness of Allah SWT	4.76	0.625	1
Religious Obedience	Faith and belief	I will continue to learn about Allah SWT	4.67	0.624	2
Religious Obedience	Faith and belief	I am confident that Allah SWT will help me when I pray to Him	4.66	0.707	3
Religious Obedience	Faith and belief	Islam helps me to lead a better life	4.63	0.659	4
Religious Obedience	Faith and belief	I accept Allah's stipulation on myself wholeheartedly	4.63	0.647	5

Religious Obedience	Compulsory Worship	I perform solat five times a day	4.63	0.655	6
Religious Obedience	Faith and belief	Al-Qur'an is relevant and suitable to be referred to in the modern era.	4.61	0.671	7
Religious Obedience	Faith and belief	I believe that Allah SWT takes good care of me	4.61	0.709	8
Religious Obedience	Faith and belief	I am really determined to inculcate religion in all aspects of life	4.57	0.681	9
Religious Obedience	Faith and belief	I am certain that if I violate the religious commands, my life is not really calm	4.55	0.754	10
Religious Obedience	Compulsory Worship	I am fasting throughout the month of Ramadan	4.55	0.683	11
Religious Obedience	Compulsory Worship	I always pay zakat every year as long as I am eligible for it.	4.54	0.687	12
Religious Obedience	Compulsory Worship	I will perform hajj after all the requirements are met	4.49	0.717	13
Religious Obedience	Faith and belief	I am confident that religion will help me enjoy a more stable and balanced life	4.45	0.754	14
Religious Obedience	Compulsory Worship	I fulfill the obligation in paying off zakat every year as long as I am eligible in doing it	4.45	0.762	15
Religious Obedience	Compulsory Worship	I close my aurah perfectly	4.39	0.737	16
Religious Obedience	Faith and belief	One's religious principles can be seen from his or her daily actions	4.37	0.835	17
Intrinsic	Understanding	I know Ar-Rahnu does not contradict Islamic principles	4.00	0.880	18
Intrinsic	Considerations of Halal and Haram	As a Muslim, I must choose Ar-Rahnu compared to the conventional pawn	3.98	0.966	19
Intrinsic	Understanding	I know that Ar-Rahnu is free from the elements of riba	3.93	0.923	20
Intrinsic	Use by Priority	I believe that leaving riba is more important than doing <i>sunat</i> acts of worship	3.91	0.904	21
Intrinsic	Considerations of Halal and Haram	I reject the loaning facilities on business that raises suspicion, especially in terms of its halal nature	3.89	0.983	22

Religious Obedience	<i>Sunat</i> worship	I perform <i>sunat</i> prayers like <i>Duha</i> and others every day	3.86	0.912	23
Extrinsic	Saving Fees	I choose Ar-Rahnu because of the saving fees that is consistent with the Islamic requirements.	3.85	0.880	24
Extrinsic	Products and Service Characteristics	I choose Ar-Rahnu because there are protection and security characteristics	3.84	0.847	25
Intrinsic	Use by priority	I prioritise Ar-Rahnu which is free from syubhah compared to the conventional pawn that has elements of syubhah	3.81	0.890	26
Intrinsic	Understanding	I know that there is the concept of helping each other in Ar-Rahnu	3.79	0.917	27
Intrinsic	<i>Maslahat</i> Returns	My participation in Ar-Rahnu can help contribute to the Muslims' economic development.	3.79	0.888	28
Extrinsic	Comfortability towards service	I choose Ar-Rahnu because the pawnship procedure at the institution is simple	3.79	0.837	29
Extrinsic	Product and Service Characteristics	I choose Ar-Rahnu because there is an assurance of confidentiality about user information	3.78	0.904	30
Extrinsic	Location	I choose Ar-Rahnu because the location is close to my business premise	3.78	0.880	31
Extrinsic	Saving fees	I choose Ar-Rahnu because the saving fees is reasonable	3.76	0.889	32
Intrinsic	<i>Maslahat</i> Returns	I believe that Ar-Rahnu practices the principle of joint fairness between the lender and borrower	3.75	0.862	33
Intrinsic	<i>Maslahat</i> returns	By choosing Ar-Rahnu, I will obtain a good profit for my worldly affairs and rewards in the Here after	3.74	0.962	34
Extrinsic	Saving fees	I choose Ar-Rahnu because of the rate of the saving fees is lower than the conventional pawn.	3.74	0.938	35
Extrinsic	Saving fees	I choose Ar-Rahnu because the institution offers a reasonable price to low income individuals	3.74	0.914	36

Extrinsic	Product and Service Characteristics	I choose Ar-Rahnu because the financing rate is reasonable	3.74	0.907	37
Religious Obedience	<i>Sunat</i> worship	I allocate some amount of money for <i>sadaqah</i> every month.	3.72	0.870	38
Religious Obedience	<i>Sunat</i> worship	I read al-Qur'an every day	3.71	0.958	39
Extrinsic	Product and Service Characteristics	I choose Ar-Rahnu because of the flexible pawn lease	3.70	0.885	40
Intrinsic	Understanding	I know the difference between Ar-Rahnu and conventional pawn	3.68	0.940	41
Extrinsic	Comfortability towards service	I choose Ar-Rahnu because of its efficacious service	3.67	0.889	42
Extrinsic	Comfortability Towards Service	I choose Ar-Rahnu because the staff at the counter is customer-friendly	3.66	0.893	43
Intrinsic	Considerations of Halal and Haram	I choose Ar-Rahnu to take care of my relationship with Allah SWT	3.65	1.102	44
Intrinsic	Considerations of Halal and Haram	If I need to be in debt, I still choose Ar-Rahnu although it is even more expensive than the conventional pawn	3.65	1.035	45
Extrinsic	Comfortability towards service	I choose Ar-Rahnu because of the inside congestion in the Ar-Rahnu premise	3.64	0.913	46
Intrinsic	Use by Priority	I believe that Ar-Rahnu can give benefit to the people compared to individuals	3.63	0.948	47
Extrinsic	Location	I choose Ar-Rahnu because of its location in the urban area	3.63	0.929	48
Extrinsic	Location	I choose Ar-Rahnu because of its location close to the public transportation center.	3.61	0.947	49
Extrinsic	Product and Service Characteristics	I choose Ar-Rahnu because the financing rate is attractive	3.61	0.926	50
Extrinsic	Location	I choose Ar-Rahnu because of its strategic location	3.60	0.927	51
Extrinsic	Location	I choose Ar-Rahnu because of its location that is close to my home	3.58	0.980	52

Religious Obedience	<i>Sunat</i> worship	I take the <i>sunat</i> fasting on Monday and Thursday every week	3.55	0.909	53
Extrinsic	Comfortability towards services	I choose Ar-Rahnu because there are facilities outside the institution that offers Ar-Rahnu (for example: parking lot)	3.54	1.009	54
Intrinsic	<i>Maslahat</i> returns	I realize that there are bad impacts from Ar-Rahnu that practices <i>riba</i>	3.53	1.096	55
Extrinsic	Product and Service Characteristics	The facilities of Ar-Rahnu online are convenient for me	3.51	1.006	56
Intrinsic	<i>Maslahat</i> returns	I believe that Ar-Rahnu promises a share of profit to the lenders and borrowers	3.50	0.936	57
Extrinsic	Promotion	I choose Ar-Rahnu because the website facilitates me in knowing more about Ar-Rahnu	3.50	0.917	58
Intrinsic	Understanding	I obtain complete information about Ar-Rahnu	3.48	0.969	59
Intrinsic	Understanding	I have knowledge about the sharia principles of <i>Qard al-Hasan</i> , <i>al-Wadiah</i> , <i>al-Rahn</i> and <i>Ujrah</i> contained in Ar-Rahnu	3.47	0.926	60
Extrinsic	Promotion	I am inclined to choose Ar-Rahnu because I am interested in the articles about institutions that offer Ar-Rahnu	3.47	0.907	61
Extrinsic	Promotion	I know information about Ar-Rahnu through advertisements in the printed media	3.46	0.875	62
Extrinsic	Promotion	I am inclined to choose Ar-Rahnu due to the widespread advertisements in the media	3.44	0.931	63
Extrinsic	Location	I choose Ar-Rahnu because of the location in the rural area	3.09	1.080	64
Intrinsic	Use by Priority	I priorities the conventional financing priority in some circumstances	3.09	1.034	65
Intrinsic	<i>Maslahat</i> returns	I believe that Ar-Rahnu promises the share of loss to lenders and borrowers	3.08	1.116	66

Religious Obedience	Faith and belief	I pray to Allah SWT when I only need His assistance	2.51	1.436	67
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Source: Edited Primary Data (2015)

Table 7 shows the elements that achieve the highest importance in the level of acceptance of Ar-Rahnu which is related to the Islamic elements contained in the factors of Intrinsic and Religious Obedience. From the 23 elements at the top rank, 18 are elements from the factor of Religious Obedience. Meanwhile, 5 remaining elements are under the Intrinsic factor. For 18 elements under Religious Obedience, 11 elements are from the factor of Faith and belief. Next, 6 elements are under the dimension of Compulsory Acts of Worship and 1 element under the dimension of *Sunat* Acts of worship. For the five elements under the factor of Intrinsic there are elements under the dimension of Considerations of Halal and Haram (2 items), Understanding (2 items), Use by Priority (1 item). Elements for Faith and belief (IK) also Compulsory Worship (IW) in the factor of Religious Obedience dominate, except for the dimension of *Sunat* Acts of Worship. The element that displays the highest mean value is the element 'I really believe in the existence and oneness of Allah SWT' (IK11=4.76), whereas the element with the lowest mean from all elements in this study is 'I pray to Allah SWT only when I seek for His assistance' (IK8=2.51). The discovery shows that the level of acceptance of Ar-Rahnu by small-scale entrepreneurs is very much triggered by religious obedience and internal factors of individuals that stem from the fundamentals of religion. The belief and basics in Islam still become the principals among Muslims in Kelantan. This finding automatically is consistent with the study done by Sunaryo (2012) which states that the dominance of the internal items that relate positively with the determining factor of belief in the study about the acceptance of Malaysian Muslim society towards the Islamic banking product in Malang, Indonesia.

There are nine exempted elements that stay at the lowest position not really considered by entrepreneurs and which have the mean values less than 3.49. There are 3 elements of Promotion showing a moderate mean value (3.47–3.44) which is entrepreneurs who denied that Ar-Rahnu spread the Promotion through vast advertisement in the mass media, advertisements in the printed media and articles from institutions offering Ar-Rahnu. These elements of Promotion are at the bottom ranking (ranking 58 to 63). Also, entrepreneurs also denied that they have obtained through information about Ar-Rahnu especially in terms of the operations and implementations of Ar-Rahnu. This finding yields the discovery that the failure by the institution in giving a good promotion has led to the entrepreneurs lacking the understanding and actual knowledge about Ar-Rahnu.

Thus, this discovery shows that there is a positive acceptance among small-scale Muslim entrepreneurs in Kelantan towards Ar-Rahnu. The level of acceptance among small-scale entrepreneurs towards elements under the factors of Religious Obedience and the Intrinsic factor is more dominant compared to elements in the factor of Extrinsic. This shows that Muslim small-scale entrepreneurs in Kelantan priorities religious factors and internal factors in making considerations to choose Ar-Rahnu. Thus, Muslim entrepreneurs have high religious knowledge that can be seen through a positive level of acceptance towards items in Religious Obedience, so they will surely accept Ar-Rahnu. Also, five elements under the Intrinsic factor have shown the

highest level of acceptance by small-scale entrepreneurs comprising of elements in the dimensions of Considerations of Halal and Haram, Understanding and Use by Priority.

Conclusion

The finding obtained reveals that respondents show a positive level of acceptance towards all dimensions namely Intrinsic, Extrinsic and Religious Obedience factors. This follows the high mean score average value shown for every dimension except for the mean score average for the dimension of Promotion showing moderate mean average. Thus, small-scale Muslim entrepreneurs in Kelantan are seen to acknowledge that Ar-Rahnu has a positive role in providing micro-credit financing to the society. Other than that, elements in the factors of Religious Obedience and internal factors (Intrinsic motivation) of individuals also show high level of acceptance by small-scale entrepreneurs compared to elements in the extrinsic factor (Extrinsic motivation). The factor of Gender further explains the position of women in the development of small entrepreneurship and Ar-Rahnu. It is found that women have become an important icon to the development of Ar-Rahnu in Kelantan based on their higher level of acceptance towards Ar-Rahnu compared to male entrepreneurs. Therefore, future studies need to analyse the most dominant factors in influencing the acceptance of small-scale Muslim entrepreneurs in Kelantan towards Ar-Rahnu. As a whole, this article shows that Ar-Rahnu has the potential to finance the halal alternative to entrepreneurs and further develop the activities of small entrepreneurship.

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