

Development Of Holistic Islamic Organisational Culture Model (I-Holismik) In Islamic Banking Institutions In Malaysia

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ABSTRACT

Islamic organisational culture is a set of values based on the Qur`an, Sunnah, Ijma and Qiyas that help the members of the organisation to understand the purpose of the organisation, how the organisation works and its interests. The practise of Islamic organisational culture through the Islamic Banking System (SPI) is a manifestation of the fundamental re-emergence of Islamic values in Islamic banks. The main objective of this study is to develop a holistic model of Islamic organisational culture that can be applied in banking institutions in Malaysia for the sustainability of organisational management. This qualitative study uses observation, documentation and interview methods to develop a detailed Islamic organisational culture model in Islamic banking institutions in Malaysia. The resulting data was then analysed using ATLAS.ti. The findings of the study suggest a holistic model of Islamic organisational culture that focuses on Islamic banking institutions as the medium and implementation site for organisational management sustainability. It is expected that the development of this new model will be a reference for Islamic banking institutions, especially in further strengthening the management of the organisation as well as in creating a holistic Islamic organisational culture that can directly enliven Islamic law in general.

Keywords: sociology & anthropology, Islamic banking, conventional banking, organisational culture, Islamic organisational culture model.

INTRODUCTION

In general, the Islamic economic system is a system and not a science because it is the way Islam organises economic life. The Islamic economic system is not an interpretation that Islam uses to describe events in economic life and the laws that apply to them. It is an economic system that contains all the basic

rules of economic life associated with ideology (social justice) (Aditya Ananda, 2015) (Abdul Rahman Abdul Latip, Osman Md Yusoff and Mohamad Shaharudin Samsurijan, 2020).

In the Islamic world, the Islamic economic system has been practised since the time of the Messenger of Allah, but with the advent of capitalist, socialist and other economic considerations, the Islamic economic system

has become somewhat isolated. However, the strikes and imbalances inherent in these systems, as well as the rise of Islam and the aspiration of people to integrate the teachings of Islam into their lives, have led to a global shift towards the Islamic economic system, which covers various aspects of life. The Islamic financial system is not only prevalent in Islamic countries, but also in European countries (Hatem A. El-Karanshawy, 2015; Islamic Financial Services Board IFSB, 2015).

The success of the world's first Islamic bank, the Dubai Islamic Bank, and the emergence of the Islamic Development Bank in 1975 led the way for the establishment of Islamic financial institutions worldwide. To date, new markets have emerged and have been the main drivers of global growth for the past five years. Despite the recent turmoil, Islamic finance and banking remain important for global growth in the decades to come. A group of 25 fast-growing markets (RGM) has reshaped the global economy; and 10 of the 25 RGM have large Muslim populations. The world's people remain convinced that Bahrain and the six RGMs - Qatar, Indonesia, Saudi Arabia, Malaysia, the UAE and Turkey - will continue to drive the internationalisation of the banking industry (Islamic Banking Report, 2015).

In the context of Malaysia, the concept of Islamic finance is also known as a Shariah-based financial system, which is in line with Islamic developments in the 12th century. Islamic law was first introduced in the world of commerce to ensure that local people were not persecuted by capitalist systems that were more concerned with profit than social justice. In Malacca, for example, Islamic banking rules and practises were widely implemented to prevent abusive practises and fraudulent transactions. Islamic banking was also adopted by peasant communities in Kedah, Perlis and Perak before the arrival of the colonisers. This concept is known as *Al-Bay 'al-Wafa*. This concept refers to sales with the option of repurchase. This practise was adopted because they did not want to participate in credit financing based on the benefits administered by conventional institutions at that time (Bank Muamalat, 2012, YACOB, Shakila; ZAINOL, Rosilawati; HUSSIN, Hanafi, 2018). After the country gained independence, the demand for halal-based use of financial institutions

increased. In Malaysia, the first phase of Islamic financial system (SKI) started with the establishment of the Hajj Fund as the first non-Islamic financial institution in Malaysia in 1963. Lembaga Tabung Haji was established to help Muslims in Malaysia save money to perform pilgrimage. The second phase began with the establishment of Bank Islam Malaysia Berhad in 1983 and the offering of Islamic financial products in conventional banking, which became known as the Free Banking Scheme (Islamic Banking Scheme). This made Malaysia the first country in the world to offer IBS in line with conventional banking. The third phase of building SKI focuses on strengthening domestic financial institutions and making Malaysia an international Islamic financial centre while opening the country's Islamic financial markets to foreign financial institutions (Zulkefly et al. 2004).

The success of the Hajj Fund has led many parties to submit various proposals to the government to establish Islamic banks. This move was the result of discussions with various parties working with Islamic institutions and the banking regulator to create a Shariah-based banking system. This endeavour was also triggered at the international level to establish Islamic banks in Islamic countries, as discussed at the second meeting of Islamic foreign ministers in 1971. Subsequently, in 1983, the Cabinet approved the establishment of the first Islamic bank, Bank Islam Malaysia Berhad, regulated under the Islamic Banking Act 1983 (Bank Muamalat, 2012). In Malaysia, the Islamic banking system (IBS) started to develop since 1983 through the Islamic Banking Act 1983, which led to the establishment of Bank Islam Malaysia Berhad (BIMB). Bank Islam Malaysia Berhad commenced operations as the first Malaysian Islamic bank on 1 July 1983. It was established to cater to the financial needs of Muslims in Malaysia in particular and the public in general. BIMB also played a key role in establishing Malaysia as the major global Islamic financial centre (BIMB Annual Report, 2009).

The focus of the research study is on the formal organisation of Islamic banking institutions in order to understand the cultural significance of the organisation and its values. The subject of the study is a formal organisation. The study attempts to understand an Islamic-oriented

banking organisation using a qualitative approach and is a relatively new endeavour. The scope of the research is in the field of anthropology and sociology. Based on these developments, the researchers have found that Islamic organisational culture plays a major role as an institution for Muslims. This facilitation is achieved through its role and opportunities in all aspects of work culture and organisational management. However, the observations show that there is no model of Islamic organisational culture in the Islamic banking institutions in Malaysia to ensure the sustainability of organisational management. Therefore, the concept of a holistic Islamic organisational culture in Islamic banking institutions to ensure the sustainability of organisational management in Malaysia is in line with the role of Islamic banking institutions in Malaysia in promoting community development in line with current developments and progress. The need to create a holistic Islamic organisational culture model as an organisational culture in Islamic banking institutions is very important to obtain a more comprehensive/holistic and effective organisational management.

DISCOVERING HOLISTIC ISLAMIC ORGANIZATIONAL CULTURE MODEL: CONTEXT AND METHODOLOGY

Islamic Organisational Culture

"Religion is the opium of society" is one of the most frequently reworked statements by the German philosopher and economist, Karl Marx. It was adapted from the original German "Die Religion ... ist das Opium des Volkes" and is often translated as "Religion...is the opium of the common people". The phrase "This opium you feed your people" appears in early 1797 in the text of the Marquis de Sade L'Histoire de Juliette and Novalis' meaning "Religion acts solely as opium". At the same time, the full quote from Karl Marx translates as: "Religion is the lament of an oppressed being, the heart of a cruel world and the soul of a soulless state. It is the opium of the people. This phrase is often mentioned, but the metaphorical interpretation in its context receives little attention (McKinnon, 2005) (Chua, H-K., 2020).

Weber, on the other hand, is a major proponent of anti-positivist methodology in that he employs the study of social action through interpretation (and not just empiricism). This method aims to understand the purpose and meaning of individual actions based on their own actions. The main focus of Weber's thought was to understand the processes of rationalisation, secularisation and "frustration", which is why he has been associated with the rise of capitalism and modernity (Habermas, 1990). He is also seen as the initiator of a new way of thinking about the world (Macionis, 2012).

An introduction to the modern conventional banking system occurred about 850 years ago. The establishment of the Banco Bella Pizza in Rialto in Venice in 1587 is considered the first step in the development of modern banking. In England, the first modern conventional bank was established in 1964 (Bank Muamalat, 2012). A bank can be defined as a financial institution based on taking a deposit at a premium or an interest-bearing contract and providing interest-bearing debt or financing. The difference in interest rates between deposit and financing products is that the bank profits. The type of profit a bank makes is like liquid funds money (Bank Muamalat, 2012).

Under the conventional system, the concept of money is classified as a commodity where the lender is entitled to a return on investment and a premium for the money lent for investment. Products issued by conventional banks include short-term loans, credit cards, overdrafts and personal finance. Long-term products, on the other hand, include bonds, treasury bills and preference shares (Bank Muamalat, 2012). The conventional banking system is based on the commercial principle of maximising profit in business. Banks and commercial financial institutions bring two business partners into play - depositors who have idle surplus funds and investors who lack funds for investment. The depositor's money is passed on to the investor as a loan. The bank will pass on the interest to the depositors. The characteristics of conventional banking are that conventional banks pay interest to depositors, impose interest on borrowers or investors and apply the principle of maximum profit in their investments (Bank Muamalat, 2012).

Weber is best known for his thesis combining economic sociology and the sociology of religion, which he sets out in his book *Protestant Ethics and the Spirit of Capitalism*. In it, he argues that the asceticism of Protestantism is one of the most important "elective affinities" associated with the rise of market- and state-driven Western capitalism. a nation that uses legal rationalisation. Weber's principle is at odds with Karl Marx's concept of "historical materialism", in which Weber emphasises the importance of cultural influence rooted in religion to understand the origins of capitalism (Weber 1905). Weber's Protestant ethics formed the earliest part of his broader study of world religions. Weber went on to examine the religions of China, the religions of India and ancient Judaism, focusing on the effects and conditions of different socio-economic stratification.

The function of religion as a driving force in the life of humanity, both in terms of individuals, organisations, societies and nations, became one of the themes Ibn Khaldun discussed in his work '*Muqaddimah*'. This is because religion plays a very important and effective role as a catalyst for the unity of the people to gain supremacy until the desired state is created. Nevertheless, the country will not be strong until it is sustained by solidarity (*asabiyyah*). So, in the process of consolidating and stabilising the country, religion has to be developed in such a way that it becomes a solid esteem for the whole society. Religion plays a very important role in promoting the life of individuals, communities and nations or governments by creating togetherness, peace, social harmony, mutual respect, mutual aid and so on. This is because the members of society are bound together by a bond of love, affection and brotherhood (*ukhuwwah*) as a religion (Darraz 1980, 98). Ibn Khaldun, in turn, believes that a country with a large sphere of power must be based on religion, whether it is propagated by a prophet (*nubuwwah*) or the call to truth (*da'wat al-haq*) (Ibn Khaldun 1984, 107). Once again, Ibn Khaldun's argument: al-muluk (authoritative power or authority or state power) can only be obtained through the agency of domination. This rule can only be achieved with solidarity or 'asabiyyah and unity of direction as well as determination. Such unity can only be achieved through the help

(*ma'unah*) of Allah in upholding his religion (Ibn Khaldun 1984, 107).

It is obvious that the culture of the Islamic organisation consists of three main elements, as Yusuf Qardhawi (1985) opines: First, it must emanate from Islamic philosophy. Second, it must derive from the Qur'an and the Hadith, and third, it must aim to create people who will implement and fight for the teachings of Islam. Ultimately, the culture of Islamic organisations is surely one that is divine, humane and moral; that combines science with faith, links the material with ideas, balances the mundane with the ukhrawi and respects human dignity for the sake of humanity (Yusuf Qardhawi, 1985). The culture displayed by the Islamic banking institution as an Islamic organisation reflects the sincerity of the practise of an organisational culture that departs from Islamic philosophy. Islamic banking institutions also use Islamic principles derived from the Qur'an and the Hadith, and aim to implement and fight for the teachings of Islam.

Sharia Organisation

Islam is a universal religion for all people in the world and can be practised at any time. The comprehensive word for complete and perfect teachings is *Syumul*. This is stated in the Qur'an, Al-An'am 6:38. As Rivai et al. (2012) have stated, Islam has three pillars, namely monotheism, Shariah and morality. Ahmad (2006) briefly explains all three; tauhid is the fundamental belief of Islam, which means faith or belief in the oneness of Allah; Shariah can be described as the Muslim code of conduct based on the Qur'an and Hadith; morality refers to the practise of goodness, morals and manners. A Muslim entrepreneur must have the element of monotheism within him, i.e. he must submit to Allah as the only helper and provider who offers him security. The monotheistic paradigm can address the problem of integration in organisations and provides an intellectual understanding of unity, establishment and existence (Ahmad 2006). This is also mentioned in the Qur'an. Al-Ikhlās 112: 1 and Al-baqarah 2: 186.

Islam integrates the practise of business activities with religion as personal worship. The combination of these practises in good faith is called worship. All practices have been enshrined in the Qur'an and hadith or based on

guidelines that include various Shariah rules, muamalat values and ethics (Islamic morality), such as Islamic finance, halal certification, Islamic work motivation, Islamic education, Islamic business training, Islamic network (Jemaah), zakat payment, honesty, good faith (*niyyah*), dedication, creativity, confidence, commitment, perseverance and hard work (Ahmad & Kalsom, 2014).

Islamic practises are divided into *fardhu ain* (individual obligation) and *kifayah* (voluntary obligation). *Fardhu Ain* refers to practises that are obligatory for Muslims and failure to observe them is sinful and punishable. These include the pillars of Islam, i.e. belief in the Creator - the one God - and the Prophet Muhammad SAW as God's messenger, prayer or (Salat) five times a day, fasting in Ramadan, payment of Zakat, Hajj to Mecca and other acts of worship in which God is obeyed, everything commanded is done and all prohibitions are avoided. Meanwhile, *fardhu kifayah* refers to a situation where it is not obligatory for a Muslim businessman to learn financial or marketing strategies among Muslims (although from another perspective, every Muslim has the responsibility to acquire knowledge) (Ahmad & Kalsom, 2014).

The inclusion of Islam in business and management has been explained in detail. The influence of Islamic practises on an organisation aims to achieve al-falah (success in this world and the hereafter). This refutes the notion that Islam does not value commercial activities or that it is not associated with any organisational behaviour. In terms of implementing Islamic practises, it lays down the ways and rules based on four principles of devotion, namely devotion to God, committed heart, right words and righteous deeds (Angha, 2002). It is also a framework that shapes the behaviour of one-fifth of the total population of the global community engaged in business and other spheres of life in 50 countries (Jamaluddin, 2003).

In adopting Islamic practises, Muslims are driven by a kind of faith value, also known as belief. Islam considers faith as the basic motivating factor for believers, which determines their conscience. All business decisions must be guided by faith, which means adhering to Shariah, i.e. doing things that are permitted (*halal*) and avoiding things that are

forbidden (*haram*) (Alawneh, 1998). Business decision-makers are free to make their own decisions, but religious principles must provide the framework for those decisions (Ali & Gibbs, 1998) (Tan Fee Yean, Johanim Johari and Annis Fadilla Mohd Sukery, 2015) (Qian Long Kweh, Yee Chuann Chan and Irene Wei Kiong Ting, 2015).

Islamic values and ethics are based on statements in the Qur'an and the Hadith, which can also be read in the thinking of other religions, but the view of monotheism can differentiate between Muslims and followers of other religions. The elements seen can be applied in analysing business performance in an organisation through their useful concepts and functions. However, an argumentative empirical study comparing Islam with conventional religion, which has been used by many researchers for many years, has yet to be realised. The concept of syariah compliance should be superior to the other concepts. Muslims are obligated to perform all elements of ibadah, which aims to obtain Allah's pleasure or blessing in all aspects of their lives (Ahmad & Kalsom, 2014) (Mohd Al Adib Samuri, 2020).

Islamic Banking Culture in Malaysia.

Studies on organisational culture in Malaysia have focused on the private sector and statutory bodies (Kamal Bashah, 1988; Othman, 1994; Noor Azian, 1996; Mohd Yatim, 1999; Zaliza, 2004; Rothiah, 2005 and Jainabee, 2005, Cerio, Calyd T. 2020). Kamal Bashah studied organisational culture at Petronas, Othman studied PDRM, Noor Azian studied organisational culture in three private companies in comparison, Mohd Yatim studied organisational culture in MARA educational institution. Zaliza studied organisational climate in 2004 and Jainabee studied organisational culture at Maktab Perguruan Malaysia in 2005.

Nor Azzah Kamri conducted a study on organisational culture in banking organisations/financial institutions in 2009. The focus of her research is on the implementation of the Islamic code of ethics in the Islamic-based Development Institution which is a case

study at Lembaga Tabung Haji. Her research emphasised the formation and implementation of Islamic code of ethics in organisational management (Nor Azzah, 2009). In addition, studies were conducted at one of the Islamic banking institutions in Malaysia, namely Bank Islam Malaysia Berhad. However, the research on Bank Islam focuses on the performance of banks and Islamic banking (Maheran 2005 & Nur Azura, 2005).

Indeed, there are other studies that focus on the implementation of the Islamic Banking System (IBS). For example, Joni Tomkin Borhan discusses the history and development of IBS in Malaysia, as well as the principles and practises of the system (Joni, 2001). Meanwhile, Zaim Ismail has examined the growth of Islamic banking in Malaysia and its strategy to strengthen institutions (Zaim, Anitha, Taqiuddin, & Hanani, 2015). Humaida Banu Samsudin conducted a study on the comparison of Islamic financial performance between Islamic and conventional banking in Malaysia from 2009 to 2014 (Humaida & Nur Amira, 2017). Meanwhile, Mohd Izzat conducted a study on the comparative analysis of Shariah governance structure in Islamic Banking System between Malaysia and Indonesia (Mohd Izzat Amsyar & Ruzian, 2018). Azizah (2015) also compared Al-Rahnu in Islamic and non-Islamic banking institutions in Malaysia.

In another case, Mohd. Sadad Mahamad and Radiah Abd Kader (2012) studied the development of Takaful in Malaysia. It is a study on Islamic finance and equity law. Noordin (2014) provided an analysis of Tawarruq implementation in Personal Financing products in Malaysia. In addition, studies conducted on Islamic banking institutions in Malaysia include studies on technical issues such as aspects of implementation, evangelism and law. Mohammad Taqiuddin, Joni Tamkin and Ahmad Azam (2012) in their writings propose the Islamic banking behavior in managing financing in Malaysia through the influence of bank specifications, changes in monetary policies and the economic environment. Furthermore, Mohammad Taqiuddin, Joni Tamkin and Mohd Afifuddin (2012) discuss in their writings the potential of Islamic banking as a tool to expand missionary propaganda in Malaysia. Meanwhile, Zulkifli (Pelaksanaan

Sistem Perbankan Islam di Malaysia : Perspektif Undang - Undang, 2007) also studied the implementation of the Islamic Banking System from a legal perspective and Asrul Hisyam (2010) studied Islamic banking and takaful industry through the implementation of Hibah principles.

The studies conducted do not provide much insight into the culture of Islamic organisations, especially in Islamic banking institutions as Islamic organisations. Therefore, a survey should be conducted from the perspective of organisational members to determine the extent to which Islamic values are embedded in the working practises of organisational members through the culture of Islamic organisations. Generally, a good organisational culture will produce a good organisation. Moreover, every Islamic banking institution in Malaysia is an Islamic organisation and should reflect Islamic culture.

The current challenges require Islamic banking institutions in Malaysia to realign their roles and functions and initiate processes to adapt to the demands and realities of the new era. Therefore, it is important for these institutions to adopt a work culture that is of the highest quality as an Islamic organisation that promotes Islamic law, as the role and goal of Islamic organisations is to create a community that is committed to religious teachings and lead a successful life (Mohd Shah, 2002). Therefore, a clear overview of the culture of Islamic organisations in Islamic banking institutions in Malaysia is essential as it affects these institutions as an organisation, encompassing aspects of planning, change, adaptation and implementation in particular and the community in general.

According to Sathe (1983, 1985) and Soeters (1986), a culture that is agreed upon by the organisation and its members is a desirable situation that enables the objectives of the organisation to be fully realised. Only when members identify with and have an emotional attachment to the organisation's goals will they feel a sense of responsibility towards the organisation. On the other hand, the culture of the organisation, if not clearly understood, can disrupt the running of the organisation (Deal, 1985 & Sergiovanni, 1996). Thus, considering the effectiveness and cultural excellence of Islamic banking institutions in Malaysia as an

Islamic organisation, the objective of upholding Islamic Shari'ah is certainly safer.

Overall, through the studies conducted in the past, it is clear that many studies on the organisation have already been conducted by researchers. Studies on organisations have looked at aspects such as performance, contribution, creativity, discipline, culture, control, etc. This shows the importance of organisation in human life to achieve the desired goal. Previous studies have also conducted studies on organisational culture, focusing on aspects such as behaviour, motivation, attitude, values and beliefs in the organisational environment. However, studies focusing on the culture of Islamic organisations were not found. Other studies on Islamic banking institutions in Malaysia also focus only on aspects of banking performance, Islamic banking performance, selected products and services, and other aspects such as implementation, propaganda and legislation. This shows that Islamic organisational culture, especially in Islamic banking institutions in Malaysia, has never been studied. Consequently, this also shows that banking organisations are only studied in depth in the areas of economics, management and psychology. Thus, these studies have provided a guideline for looking at the culture of Islamic organisations from the aspects of philosophy, principles, operations, products and services in Islamic banking institutions in Malaysia. This study has made new contributions in the disciplines of anthropology and sociology, i.e. Islamic organisational culture in the context of Islamic banking, specialising in religious anthropology and economic anthropology.

This part deals with the epistemology of phenomenological studies, study design, qualitative studies, justification of qualitative selection, data collection strategies and data analysis. The design of qualitative studies is appropriate for studies that are exploratory in nature (Crawford & Irving, 2009). In line with the exploratory nature of the study, case studies were chosen as the research strategy and structured interviews as the research technique (Ahmad Naqiyuddin 2008a; Neuman, 2010). Therefore, some previous studies are still used as reference and guidance in this study.

The philosophy behind this study is constructivist. The research design is

qualitative in nature. The strategy of this study is a case study. The technique of this study is structured interview.

The study was started on 10 March 2020 with informants from the bank staff. The interviews were conducted in the Senate Hall of KUIS in a comfortable and semi-formal atmosphere. The interviews were conducted in groups from 10:00 am to 12:30 pm. The results of the tape-recorded interviews were transcribed before being analysed to get a clear picture of the themes and patterns.

Informants were selected on the basis of their direct role in the banking sector. Aspects of the bank's philosophy, policies, operations, products and services were emphasised. In addition, the selection of informants is also based on factors that can provide information beyond what can be obtained from printed source documents (Rabina, 2001).

ATLAS.ti

ATLAS.ti (www.atlasti.com) was developed by Thomas Muhr in Berlin and launched in 1993. ATLAS.ti is qualitative data analysis software that enables qualitative researchers to manage, encode, analyse and extract data that has been processed using a variety of simple methods to make the data easier to understand. ATLAS.ti can help "explore hidden phenomena in data" by enabling the collection of large amounts of data, including interview transcripts, PDFs, Microsoft Word documents, html, images and even audio and video recordings. The data can then be coded and analysed for themes and other information (Syed Nurulakla, 2014).

Using the ATLAS.ti Software

In this study, ATLAS.ti software was used as an instrument and tool for the process of coding, clustering and data analysis. ATLAS.ti is a qualitative data analysis software developed by Thomas Muhr in Berlin and launched in 1993. ATLAS.ti is qualitative data analysis software that allows any researcher to manage, encode, analyse and extract processed data. in a variety of simple ways that make the data easier to understand.

ATLAS.Ti can help "explore hidden phenomena in data" by enabling the collection of large amounts of data, including interview transcripts, PDFs, Microsoft Word documents, html, images, and even audio and video recordings. The data can then be encoded and analysed for themes and other information.

In the context of this study, the use of ATLAS.ti was a useful tool to easily manage the dialogue collection data obtained from the structured interviews of the veil operator informants. It is expected that the use of QDA software such as ATLAS.ti will help to find and extract deeper meanings and correlations in the dialogue data obtained by detecting and constructing themes, similarities and differences in the data.

In general, ATLAS.ti can be used in various fields of knowledge, from social sciences to medicine, from psychology, literature, quality control, engineering, criminology and text linguistics to history, geography, theology and law. Among the advantages of ATLAS.ti is that it is able to strengthen the research process by making the process more transparent and repeatable.

By using ATLAS.ti, which has several useful features that facilitate the collection of important information, the following can be done in this study:

- i. Collecting quotes and themes during data research;
- ii. Edit, encode, and paste themes to highlighted words, phrases or pages;
- iii. Record relevant information themes across a variety of documents;
- iv. Write memo notes, link them to the text and generate a data output that lists all relevant memos; and
- v. Generate a data output that summarises code and memos across the entire coded document.

In summary, this ATLAS.ti tool enabled the study to overcome the problems in dealing with

the large amount of data that resulted from the previous data collection process. By creating a theme, the study is able to code the data obtained and also build a network (diagrams and mapping) which is very helpful in explaining the concepts, forms and patterns of the data analysed.

DISCUSSION

Development of Holistic Islamic Organizational Culture model in Islamic Banking Institutions in Malaysia.

The essence of Islamic banking system in Malaysia is that it must be based on the Qur'an and the Sunnah. Both parties involved in business activities and assets must share risks and benefits. In addition, the Islamic banking system does not allow business activities that involve interest (*riba*), gambling (*maisir*) and speculative elements (*gharar*).

Describing the Islamic Banking Culture in Malaysia

Islamic banking culture in Malaysia is divided into two taxonomic aspects: Compliance and Strategic Aspects. For the theme of compliance aspects, the following findings were made.

- i. The integration between sub-themes on aspects of compliance, such as no *gharar* and no gambling, adherence to the principles of Fiqh Islami, admonishing and advising, controlling money and banking activities, no oppression, free from *riba'*, Qur'an and Sunnah based products, formation of Shariah Council and compliance in Islamic banking are considered as important mechanisms to explore the extent to which the organisational culture understanding among Islamic banking institutions in Malaysia has played a role in achieving the goals of Shariah-based banking practises.
- ii. Emphasis and affirmation based on high frequency of informants' responses to this theme are the sub-theme Islamic banking and the sub-theme. Free from *riba'* and Islamic banking is an important focus of the strategy of

Islamic banking institutions in Malaysia to achieve the objectives of the second taxonomy.

Under the theme of strategy aspects, the study found that:

i. The integration of these 7 sub-themes into strategies such as expanding the niche, rebranding Islamic banking institutions in Malaysia, achieving profitability, remodelling and renovation, advisory systems, 3-year development and customer satisfaction as important mechanisms in exploring the extent to which organisational culture is understood among the staff of Islamic banking institutions in Malaysia have played a role in achieving the objectives of Shariah-based banking practises.

ii. The emphasis and affirmation of the theme of strategy among the sub-themes is based on the high frequency of responses from informants on the sub-theme of freedom and the sub-theme of customer satisfaction. Customer satisfaction is an important focus of the strategy of Islamic banking institutions in Malaysia to achieve the objectives of the second taxonomy.

To propose a holistic Islamic organisational culture model that can be applied in the Institute of Islamic Banking in Malaysia for the sustainability of organisational management

To achieve this objective, the research question is considered as follows:

i. What is the holistic model of Islamic organisational culture that can be applied in Islamic banking institutions in Malaysia for organisational management sustainability?

A holistic model of Islamic organisational culture can be formed if the system implemented includes *maqasid*, cultivation, compliance and sustainability.

i. *Maqasid* is the plural of *maqсад*, which is derived from the verb (قصد), which in the language has the meaning of keeping, cause, aim, straightforwardness, fairness and simplicity. The term refers to the meaning of

'objective', which has a meaning based on actual statements or facts. (<https://www.mais.gov.my/maqasid-syariah/>).

The culture of a holistic Islamic organisation can be applied in the Institute of Islamic Banking if the organisation or the authorities such as the Syariah Board of the bank place great emphasis on the *Syarak* when passing a law. It is also important to measure and weigh something in order to secure the advantages and reject the disadvantages. This weighing must be based on the values of the Qur'an and the Sunnah, which form the basis for ensuring that the law is within the Shari'ah.

To Propose a comparative model between the Islamic banking system and the conventional banking system in the context of Islamic banking culture in Malaysia.

ii. Cultivation is the process or way of cultivating something (thought, science, etc.) (Dictionary of the Council Fourth Edition).

Based on the previous two objectives, it can be seen that cultural factors influence organisations and individuals, be it in terms of dress code, form of thinking and so on. Positive cultivation has a positive impact on an organisation.

iii. Obedience comes from the word obedient, which means to obey (orders, rules, laws, etc.), to obey, not to object to; to obey according to (orders, instructions, etc.), to obey; obedience the object of obedience (according to orders, etc.), the manner of obedience, obedience; following actions in accordance with the order.

Every organisation does not run away from having its own legislation. The same applies to banking institutions that have IFSA legislation. Anything that is enacted primarily in relation to Shariah compliance must be followed. Therefore, the authorities who have a great deal of influence must ensure that the aspects of compliance outlined are in line with Islamic law so that a holistic Islamic organisational culture can be implemented.

iv. Sustainability comes from the word sustainable, which means unchanging, permanent, fixed; upholding, maintaining; the sustainability of conditions (forests, environment, etc.) that have not changed or that are maintained as original, original; preservation of protection from destruction.

The system implemented in accordance with the Shari'ah based on the Qur'an and Sunnah must be maintained and preserved. When there is a new problem, the influential parties must look back and remember the principles that do not contradict the fundamentals of Islam.

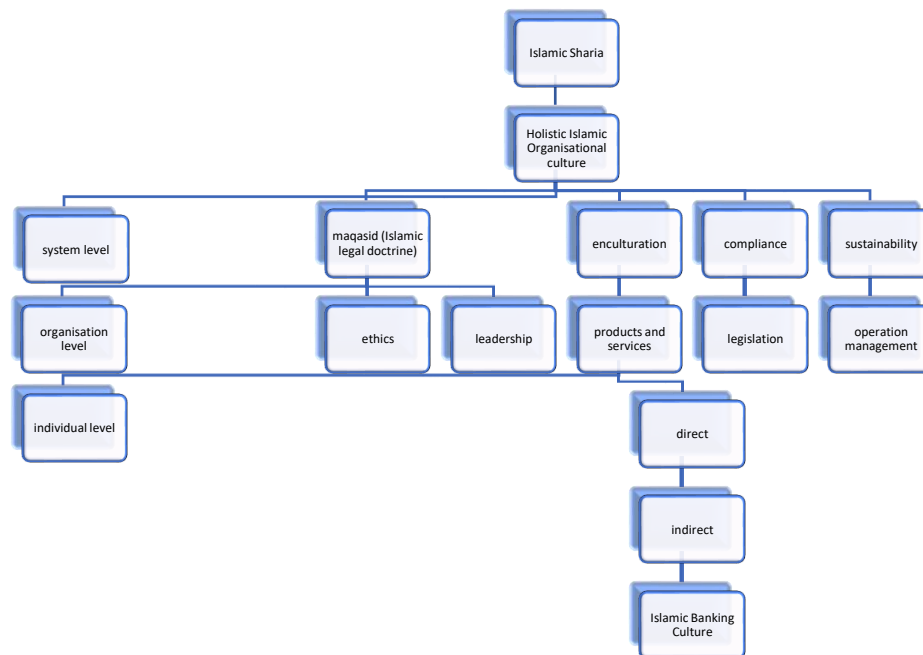


Figure 1: A Holistic Islamic Organisational Culture model in Islamic Banking Institutions in Malaysia (i-Holismik).

CONCLUSION

The main issue of this study is the extent to which Islamic banking culture is practised in Malaysia. The main objective of this study is to propose a holistic model of Islamic organisational culture that can be applied in the Institute of Islamic Banking in Malaysia for the sustainability of organisational management. The Islamic banking culture in Malaysia requires the Islamic banking institutions in Malaysia to realign their roles and functions and initiate processes to adapt to the various demands and realities of the new era. Therefore, it is important for these institutions to adopt a work culture that is of the highest quality as an Islamic organisation that promotes Islamic law, as the role and goal of Islamic organisations is to create a community that is committed to religious teachings and lead a successful life.

The research concludes that a holistic Islamic organisational culture model can be formed if

there are three main points that concern systems, organisations and individuals. Four things should belong to the implemented system, namely *maqasid*, cultivation, compliance and sustainability. Under the organisation, there are the elements of ethics, leadership, operations management, legislation, and products and services. The last item is the individual, for whom a holistic Islamic organisational culture can be designed directly and indirectly.

ACKNOWLEDGEMENT

This study was funded by the Ministry of Education through the Fundamental Research Grant Scheme (FRGS) (Grant name: "Pembentukan model budaya organisasi Islam holistik di institusi perbankan Islam di Malaysia"; Project code: FRGS:/1/2018/ss04/kuis/02/1) led by Dr Rosfazila Binti Abd Rahman; Selangor International Islamic University College (KUIS) and National University of Malaysia

(UKM) were the centre for conducting this study.

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