Enhancing Takaful Operator Performance Through the Islamic Leader's Quality

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Abstract

Based on the continuing growth of Takaful demand around the world, there is an even more pressing need to develop the Islamic leaders' qualities and competencies on a global basis. Despite this growth, leaders' qualities have become a major problem facing by the Takaful operators in Malaysia. Very little attention has been directed to the qualities of Islamic leaders to improve the business performance. Based on this reality, it is of interest to examine whether Islamic leaders' qualities affect Takaful performance in Malaysia. This study focuses on the relationship between qualities of Islamic leaders' truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) and organizational performance of Takaful operators in Malaysia. The study attempts to achieve three objectives. First, to determine the qualities of Islamic leaders in

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Malaysian Takaful industry. Second, to analyze the effect of Islamic leaders' qualities on Takaful performance in Malaysia. Third, to develop a model of qualities of Islamic leaders and Takaful performance in Malaysia. A total of 110 questionnaires distributed and 59 responded in which they were analyzed. The statistical tools used to analyze the descriptive statistics, factor analysis, reliability analysis and multiple regressions. This study has added to the concept of Islamic leaders' qualities by referring to Islamic Leadership Theory and presenting the model to increase understanding of Islamic leaders' qualities and organizational performance of the Takaful industry in Malaysia. The results of this study have provided a significant contribution to the Malaysian Takaful operators in improving their performance from both theoretical and practical aspects.

Keywords: Islamic leaders' qualities, Performance, Takaful

Introduction
The growth in Takaful demand has put increasing pressure on the supply of high leadership quality (Halim, 2013). This constraint is affecting the Takaful industry and momentum to drive the industry into the future. With the continuing growth of Takaful demand in the Gulf Cooperation Council (GCC), Indonesia, Africa, Europe and North America, there is an even more pressing need to develop quality leaders and followers' skills and competencies on a global basis (Hamid & Rahman, 2011; Hashim & Khairuddin, 2012).

Ten key business areas have been highlighted to enhance the resilience of the Takaful industry. It consists of rising

competition, evolving regulations, misaligned costs, limited financial flexibility, high-risk investment portfolios, limited diversification in exposures, enterprise risk management, political risks, inability to tap pent-up demand and a shortage of expertise (Ather & Sobhani, 2008).

Many researchers (Hashim & Khairuddin, 2012; Shooshtarian & Amini, 2012; Hamid & Rahman, 2011) have researched leadership and performance of Takaful industry. It found that there is a definite relationship between leadership and achievement. To progress in the Takaful industry, Muslim leaders of the global business world must possess qualities of Islamic leaders to survive in the competitive market. In today's demanding and dynamic leadership requirement, leaders who are incompetent in an organization must continuously upgrade their skills to perform in the real Takaful industry (Ather & Sobhani, 2008). There is no doubt that continuous efforts to acquire skills will lead a manager to become a successful leader. Takaful industry deals with Islamic management from the perspective of the knowledge gained. Islamic sources of knowledge and results in applications are compatible with Islamic beliefs and practices (Kazmi, 2007).

There are many challenges for Takaful industry such as lack of awareness of Takaful, lack of Shariah-compliant investment, lack of product range, and education of the masses that Takaful is shariah compliant. The most critical challenges are lack of human resource skills and lack of leadership qualities (Abdalelah & Zaid, 2008). According to Abduh et al. (2012), Zuriah (2009), Yon (2004), shortage

of Takaful human capital expertise are the critical contemporary business risks. Takaful continues to suffer from a lack of human resources with the requisite expertise. This issue is considered necessary in both the GCC and South East Asia. Shortage of human resource heightened in particular listed fields, including life insurance, risk management, and Shariah compliance. Retention identified as a critical element of this human resource shortage, where significant competition for resources has led to aggressive recruitment strategies backed by attractive remuneration. Institutionalization of knowledge and expertise are the priorities for these organizations as they try to diminish these shortages. Inadequate training of people selling Takaful products is hurting the industry as they are not able to differentiate between Takaful and insurance successfully. The number of shariah scholars has raised the concern that leaders of many Takaful operators come from the insurance industry (Hashim & Khairuddin, 2012; Wahab, Lewis & Hassan, 2007). However, even though they are professionals with a deep understanding of insurance, many of them are not familiar with the critical shariah issues associated with the conventional insurance model. Therefore, they would run Takaful as they would run the conventional insurance companies (Halim, 2012). Thus, it is a challenge to find a leader who can understand shariah principles to run the technical nature of Takaful business.

In a highly dynamic, rapidly changing and challenging environment, organizational performance and talent development for the Takaful industry have become an even more critical agenda to ensure that the necessary skills and capabilities support its growth and development. It is particularly crucial for Takaful industry, which becomes

the most rapidly growing segment of the economic system of Malaysia (Saifulrizal, 2012). However, Takaful industry in Malaysia faced an aggressive growth since 2010, and it still suffers regarding financial or non-financial performance (Halim, 2012). According to Bank Negara Malaysia (2011), even though the Takaful industry performance has been encouraging, but it is still relatively insignificant compared with conventional insurance.

Furthermore, the share of Islamic Finance in Malaysia is 22% whereas the Takaful market share is 10%. Takaful has at least 12% of the known shariah market that they have not yet tapped. As the industry matures and establishes stronger distribution capabilities, this additional market space will be captured. The Takaful industry needs a mindset shift to think broader and doing much more to tap into its potential market growth (Bhatty, 2009). Increase in market growth is closely related to leader capabilities (Halim, 2012). The leaders who practice leadership qualities such as truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh) will influence followers and stakeholders to do better business strategies and market penetration to gain better performances (Mahadi, 2011).

Currently, as far as the researcher's knowledge is concerned, most of the literature on Takaful industry has focused on the performance of Takaful. Very little attention has been directed to the quality of Islamic leaders to improve business performance Malaysia. Various studies have visualized that Takaful as an exciting area of research in Islamic finance (Alajmi & Dennis, 2011; Fithriah &

Hanudin, 2012, Wan Daud et al., 2014). For example, Billah (2001) focused on the theory development of Takaful industry but asserted that less attention had been given to the performance of the Takaful business in Malaysia. Thus, by enhancing the leaders' expertise of Takaful sector, Takaful operators may be able to overcome the key business issues (Ernst & Young, 2012). This study hopes to examine the effect of Islamic leader's qualities on organizational performance of the Takaful operator in Malaysia.

Higher competition, evolving regulations, and a shortage of Takaful human resource qualities and expertise are critical contemporary business risks for Takaful performance (Ernst & Young, 2012). A human resource becomes an essential agenda to industry players in the enhancement of organizational performance within the Takaful industry (Shooshtarian & Amini, 2012). Studies related to the qualities of Islamic leaders and its relationship with organizational performance in the service industry such as Takaful in Malaysia context has been scarce (Mahadi, 2011). Thus, the objectives of this paper are (i) to determine the qualities of Islamic leaders in Takaful industry, (ii) to analyze the effect of Islamic leaders' qualities towards Takaful performance, (iii) to develop a model of qualities of Islamic leaders and Takaful performance in Malaysia.

Literature review

Underlying Theory
Islamic Leadership Theory founded on spiritual traits and practices (Aabed, 2005). There are five pillars of Islam; first, bearing witness that there is no God but Allah

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Subhanahu Wa Ta'ala (SWT) and Muhammad Sallallahu Alayhi Wasallam (SAW) is His prophet, second, establishing the prayers, third, giving zakat, fourth, fasting during Ramadhan and fifth performing hajj. It sources of wisdom collectively structure the ethical and moral system that guides the leadership process from Islamic perspectives.

Islamic Leadership Theory is chosen as the underlying theory for the proposed model since it entails Islamic leaders and followers, spiritual variables, and leadership outcomes. Islamic leaders and followers should surrender to Allah (SWT), Shariah compliance, and strive positively regarding self-awareness, self-regulation, and self-development (Toor, 2008). The Islamic Leadership Theory suggests that the quality of Islamic leadership can positively influence the attitudes of followers and bring higher levels of satisfaction, motivation, performance, positive energy, and organizational loyalty (Aabed, 2005). It will also result in amplified fulfillment, commitment, and sufficient power on the part of the leaders. However, to maintain Islamic leadership and organizational goal, it is advisable to get the support from stakeholders, followers, and at the same time fully comply with the Islamic teachings and principles.

Islamic Leaders Quality
Quality is defined as the prevalence of central personal Islamic attributes of leaders, and it consists of truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh) (Kasim, 2009). Meanwhile, Islamic leader is one who organizes, provides guidance,

and influences others to achieve the objectives and compete to be ahead of others to seek the pleasure of Allah and success in the hereafter (Yunus, 2008). Quality of Islamic leaders refers to the compliance of Islamic leaders with values of Al-Qur'an and Sunnah, which represent a psychological contract between leaders and followers (Mahadi, 2011).

From the perspective of Islamic management views, Khaliq (2007) suggested Islamic leadership qualities that were exemplified by the Prophet Muhammad (SAW) consisted of patience, communication, enterprise, and leniency. Besides, a model of Islamic leadership developed by Ali (2009) explained that qualities of Islamic leadership are based on justice, compassion, persuasion, and moderation. There are four primary qualities of Islamic leaders that relate to Prophet Muhammad (SAW). It consists of truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh). These qualities need to be implemented by Islamic leaders purposely to gain the blessings from Allah (SWT).

Truthfulness (*al-Sidq*)
Truthfulness (al-Sidq) is another Islamic leaders' quality that requires consistency between words and deeds (Beekun & Badawi, 1999). In Islamic leadership, truthfulness has a comprehensive meaning. A leader should always speak the truth and to be truthful from the core of his heart, not for affectation but for the establishment of moral standards in the society. The character of al-Sidq provides serenity to the soul, although lies will worry the heart and make it anxious (Beekun & Badawi, 1999). From the verses of Al-Qur'an stated that:

He did not utter the Qur'an of his desire, the Qur'an from Allah to him through Gabriel who comes and recites it to him, and taught him (Al-Najm, 53:4-5)

According to Abbasi (2008), there is three types of truthfulness (i) truthfulness of speaking; (ii) truthfulness of heart; and (iii) truthfulness of action. Truthfulness is important in speech, intention, resolution, and fulfillment of decision. Truth leads to the consistency of organizational culture, higher reliability, and responsibility towards shareholders, customers, and society as a whole. For example, as narrated by Hakim bin Hizam: Allah's (SWT) said, the seller and the buyer have the right to keep or return the goods as long as they have not parted or until they are parted. If both the parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hide something, then the blessings of their transaction would be lost (Sahih al-Bukhari, 2079, vol. 3).

Trust (*Amanah*)

Trust is the execution of responsibilities relating to the rights of God and the rights of His slave, being in the form of acts, words, and beliefs (Mahadi, 2011). Trust is the expectation that employees in the organization can rely on fulfill their obligations, behave in predictable conduct, and negotiate fairly even when the possibility of opportunism is present (Gulati & Sytch, 2008). Dedina and Odchazel (2007) emphasized trust as beliefs in integrity, virtue, and trustworthiness of an individual or organization based on his or her experience. Anyone who holds the post of a leader is maintaining the public trust. Trust is a value,

which should be realized in leadership (Abbasi et al., 2010). The concept of trust stresses the idea of responsibility towards the organizational stakeholders. As narrated by Abdullah bin Abbas, Abu Sufyan told me what Heraclius had said to him, when I enquired you what he (i.e., Prophet Muhammad (SAW)) ordered you, you replied that he ordered you to establish the prayer, to speak the truth, to be chaste, to keep promises and to pay back trusts. Then Heraclius added, these are the qualities of a prophet (Sahih al-Bukhari, 846, vol. 3). As a core value, trust fits within the overall Islamic protocol governing social relationships (Beekun & Badawi, 1999) and Prophet Muhammad (SAW) was the best example of trust leader.

I convey to you the messages of my Lord by explaining the commands and prohibitions (and for you a faithful adviser) warning you of Allah's torment and calling you to repentance and faith, and I am trustworthy in conveying the message of my Lord. It is also said that: you used to consider me an honest person, so how is it that you are now accusing me (Al-A'raf, 7:68)

As narrated by Abu Hurairah, the Prophet said that the signs of a hypocrite person are three. They are whenever a person speaks, the person tells a lie, whenever the person promises, the person always breaks it, and if you trust him or her, the person proves to be dishonest. Whoever has one of those characteristics, he is hypocrites unless and until he gives up (Sahih al-Bukhari, 32 & 33, vol.1).

In the global development, trust is a demanded to sustain business associations. Lack of trustworthiness in an organization's practice will lower the possibility of other business to cooperate with the organization. The exhibition

of trust is a must for an organization's development (McGuire, Palus, Pasmore & Rhodes, 2009).

O, you who believe avoid suspicion as much (as possible) for suspicion is in some cases a sin and spy not on each other (Al-Hujurat, 49:12).

Ibn Umar narrated that Prophet Muhammad (SAW) said, the trustworthy, honest Muslim merchant would be with the martyrs on the Day of Resurrection (Ibn Majah, 2139, vol. 3). A reliable person will be trusted and respected by people. On the other hand, a betrayer will be hated and despised. Performing kindness to an individual or towards organization is also a kind of trustworthiness (Safi, 1995). The trust about leadership also means the leadership role and their care for the followers. In return, they will gain the trust of the followers and the employees (Dirks & Ferrin, 2002). Therefore, trust is the basis of organization's sustainability, the basis of a nation's stability, and the basis of power and recognition (Beekun, 1997).

Trust and honesty is the core of values of ethics. A follower is more likely to follow a leader who is congruent. The consistent living of values is a way of demonstrating honesty and trustworthiness. Trust is a person's inner strength, and it links between values and behaviors. It is through personal dedication and example that effective leaders build commitment in the organization and long-term, sustainable personal relationships with those whom they lead (Kouzes & Posner, 1995). Unfortunately, trustworthy leaders have been steadily declining for the past few decades and organizations are now paying the

price regarding financial and human capital (Thurgood, 2008).

Knowledge (*Fathonah*)

Leaders are expected to be knowledgeable and well-informed (Safi, 1995; Bangash, 2000; Mustapha, 2000; Ahmad, 2002). Excellence in knowledge increases humbleness and convinces a person how much more he or she needs to explore in the new areas of knowledge. Al-Qur'an refers to it uniquely:

Those truly fear Allah (SWT), among His servants, who know, for Allah (SWT) is exalted in Might, Oft-forgiving (Fatir, 35:28)

Leadership arises from knowledge, insight and virtue, a vision of the right, courage, humility, commitment, and God-consciousness (Kamali, 2010). These are the ingredients of hikmah in a good leader. Al-Qur'an thus instructed the prophet:

Take not a stand on something you are not knowledgeable about (Al-Isra', 17:36)

Based on the Al-Qur'an and hadith, the knowledge that needs to be mastered by Muslim can be divided into three categories (Abidin, 2011). First, the basic knowledge of Islam, which is known as fardu ain. It is the knowledge that is obligatory to know and compulsory to be implemented by all Muslims. The three subjects in fardu ain that must be learned are aqidah (about faith), tasawuf (about purification of the heart) fiqh (about the Islamic Law).

Second, the contemporary knowledge. Muslims need to know the deviant theories and philosophies (jahiliah) of their time so that they can avoid and prevent them. This knowledge can help to elevate the image of Islam besides improving the standard of life as a whole. This knowledge is fardu kifayah. Imam Ghazali divided fardu kifayah into two, namely the shariah (fundamentals, methodology and Islamic laws), and non-shariah. Fardu kifayah is all knowledge that aims to uphold the affairs of the world, and these affairs cannot be ignored such as medical knowledge that seeks to maintain health. The same goes for mathematical knowledge. It is needed for trading, distribution of wealth after death and others. The same applies to knowledge in the field of business, agriculture, and politics.

Third, knowledge concerns the future. Imam Muslim reported the words of the Prophet Muhammad (SAW), "do not postpone in performing good deeds because fitnah (unrest and tragedies) will come upon you like pieces from the night's darkness. Someone will be a believer in the morning and turn into an unbeliever in the evening, and he will forget his religion for the sake of the world" (Abidin, 2011). The hadith is about the future by giving facts and information that concern the signs of the Last Day. When Muslims understand the hadith, they can tune their mindset correctly to face the future.

It was narrated by Sayyidina Abu Kabshah Anmari that Prophet Muhammad (SAW) said, a man on whom Allah (SWT) gives wealth and knowledge and use them to the right path, this man is in the excellent category (Abu

Dawood, 1645, book 9). Also, Sayyidina Abu Huraira reported that Prophet Muhammad (SAW) said, if anyone treks a path seeking knowledge thereby, Allah will make easy his passage to Paradise (Al-Tirmidhi, 2655, book 44). It shows that knowledge is essential in life and ties the relationship with Allah (SWT).

In short, Muslim leaders must be knowledgeable in all aspects of fardu ain, fardu kifayah and knowledge that concern the future. It is essential for leaders to perform their tasks by following shariah and Islamic laws because they need to be capable of analyzing the overall situation, establishing priorities for action and developing strategies for their implementation to support the organizational performance for the sake of Allah (SWT).

Communication (*Tabligh*)
Communication (Tabligh) is another leadership quality. It is the ability to articulate ideas and views with clarity and eloquence (Safi, 1995; Bangash, 2000). Communication is essential to communicate the purpose of the mission apparently and to inspire people to follow it. Al-Qur'an itself is the most eloquent document, and it appeals both to the mind and the heart. For example, Prophet Muhammad (SAW) articulated message of Islam in a way that was immediately accepted by a small group of people in Makkah. Even the Quraish acknowledged that his message had merit, but they opposed it because they viewed it as undermining their interests (Volpato, 2011). Communication is an essential quality, which must be learned, practiced and mastered by every leader.

The messengers, Muhammad and other messengers know that the angels have conveyed the message from Allah so

that the jinn and human beings know that the messengers have sent the messages of their Lord. He has full knowledge of all the angels that surround them, (and He kept count of all things) it is also said that He knows their number just as He knows the state of the one who is wrapped up in his raiment (Al-Jinn, 72:28).

From the perspective of management and leadership, communication-based on two essential fundamentals, namely Rabbani (Godly) and Insani (humanistic) (Abidin, 2011). In the context of Rabbani, the boundaries of the lawful and unlawful act must be safeguarded. One of the most important words that need to be observed is always spoken the truth. Al-Qur'an states that:

O ye who believe! Obey Allah (Taqwa) and speak truthfully (Al-Ahzab, 33:70).

In communication, the language used needs to be easily understood. About this, the Prophet Muhammad (SAW) said, when you talk to people about something that cannot be understood by their intellect; it will become a fitnah (negative perceptions) to some of them (Muslim, 430, book 1). Hence, when leaders understand and apply the concepts of Rabbani and insani well, these tools will help to produce effective communication and thus help them to succeed. Sayyidina Ibn Umar narrated, two men came from the east and delivered their speeches, and the Prophet said, some eloquent speech had the influence of magic for example, some people refused to do something and then an excellent, eloquent speaker addressed them and then they agreed to

do everything after his speech (Sahih al-Bukhari, 76, vol. 7).

Furthermore, the ways leaders communicate with their employees are reflected in the morale, motivation, and performance of the employees (Rajhans, 2012) which ultimately leads to higher organizational performance. Communication is essential for not only persuading followers to adopt the proposed course of action and committing themselves to a specific set of purposes but also for negotiating and communicating with opponents and competitors (Abbasi, 2008).

Quality of Islamic Leadership and Organizational Performance Relationship

Quality of Islamic leadership refer to attributes of an effective leader in organizes, provides guidance and influences others to reach the goals and compete to be ahead of others to seek the pleasure of Allah and success in the hereafter (Yunus, 2008). According to Majali (1990), the Islamic leadership qualities refer to the ability of a leader to guide, influence and show the right way to others. In business point of view, Asaf (1987) suggested two categories of traits and qualities that Islamic leader must have. It consists of moral discipline and kindness in conversation. Furthermore, the characteristics of Islamic leader estimated to be essential for effective conduct in business consists of caring, experience and knowledge, exemplary behavior, justice, willingness to consult, persuasiveness through goodness and trust in Allah (SWT) (Ali, 2009). Those Islamic leaders who demonstrate these qualities are assumed to show moderation, kindness, a willingness to consult and not to impose intentional damage

on others, as well as a commitment to the development and growth of the organization.

Deris (2012) revealed that quality of Islamic leadership consists of four primary attributes; truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh). In addition, Deris also stressed that in order to achieve high organization performance, practical leadership qualities are essential such as ability to help understand efficiently, ability to answer questions adequately, ability to acquire love and affection of the members, habit of making decisions after consultation, courage to encourage criticism, dynamic, serious and keen perception. Furthermore, truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh) were the qualities that useful for every Muslim leader as well as a non-Muslim leader (Rashid & Mamat, 2013). The application and understanding of these qualities will open up the door to success and development of human endeavor. In the case studies at Wakaf Foundation of Indonesian Muslim University, the researchers found that truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh) need to fulfill by the leaders to improve the organization performance (Lannai, Sudarma, Irianto & Ludigdo, 2014).

Also, Dessler (2006) stated that the success of an organization depends significantly on the qualities of its leadership. In another study of Islamic leadership and performance by Majeed, Khalid, and Khan (2011), it found that there is a definite and significant relationship between Islamic leadership components (values or ethics and

management by example) and organizational performance. It discovered that Islamic leadership practices exert a crucial influence on performance (Abbasi, 2008).
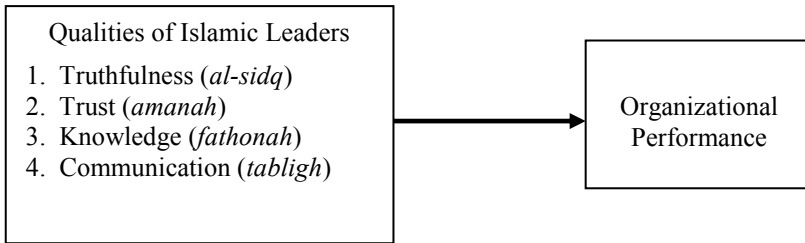
Theoretical Framework

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│   Qualities of Islamic Leaders  │          │                  │
│  1. Truthfulness (al-sidq)      │─────────▶│  Organizational  │
│  2. Trust (amanah)              │          │   Performance    │
│  3. Knowledge (fathonah)        │          │                  │
│  4. Communication (tabligh)     │          └──────────────────┘
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Figure 1: Conceptualization of relationship between qualities of Islamic leaders and organizational performance.

Methodology

Research Design
Research design provides an overall structure and strategy of the research. It gives information on how research data collected, analyzed and interpreted (Coolican, 1999). This study used quantitative research study. Creswell (2008) defined quantitative research is a means for testing scientific theories by examining the relationship between variables.

For this paper, the questionnaires will consist of three sections. Section A will be measured the organizational performance. Section B will be measured the qualities of Islamic leaders, and Section C will collect data on the demographic profile of respondents.

The Population and Sample

The population for this research will be the Takaful operators in Malaysia. The unit of analysis in this study will be the Takaful operators in Malaysia, which focus on managerial level staff as representatives. There are 11 Takaful operators as the targeted population, and Bank Negara Malaysia licensed the Takaful operators. The targeted population selected because the researcher is interested in surveying the operators that engaged in Islamic Insurance performance. It will reflect from the qualities of Islamic leaders towards the Takaful performance. The targeted population selected because the researcher is interested in surveying the operators that engaged in Islamic Insurance performance. It will reflect from the qualities of Islamic leaders towards the Takaful performance.

In this study, the sample consists of leaders (managerial level) in all departments of Malaysian Takaful operators. The rationale of chosen the selected samples because the researchers intend to know their expectation towards having quality Islamic Leaders in their organization. Due to that expectation, the quantitative technique is suitable to generalize results to a population.

Data Collection

The primary research design for this study was a survey design. This study stressed on primary data collection. The collection of primary data accomplished through the use of a mail survey instrument. The mail survey is used to collect information from questionnaires that will be answered by

the leaders (managerial level) in all departments of Takaful operators. By using mail survey instrument, this method is not only cost-effective, but it also appropriates for a relatively large sample. The survey conducted starting from early of February 2015 to end of May 2015. This study employed SPSS for Windows Software (version 19.0). The statistical tools used to analyze the factor analysis, reliability analysis, descriptive statistics, and regression analysis.

Results

A total of 110 questionnaires were sent to the respondents of 11 Takaful Operators as licensed by Bank Negara Malaysia as at January 2015. The surveys were carried in early February 2015 to May 2015 and were delivered to the Human Resource Department of the operators for distribution to all staff (managerial level) as defined in this study to ensure a high response rate.

Out of 110 questionnaires which were sent out, 54 surveys received, and all were excellent samples that could be used in the study with a percentage of 53.64%. Table 1 below is the summary of response rate in this study.

Table 1: Response Rate

	Frequency
Number of questionnaires sent	110
Received	59
Rate of response received	53.64%
Usable	59
Unusable	0
Rate of usable response	100 %

Profile of Respondents

Based on Table 2 below, out of 59 respondents in this study, 47.5% of the respondents (28) were male while 31 respondents (52.5%) were female. The highest response rate based on the respondents' age was from the age range between 31 to 40 years representing 42.4% (25 respondents) of 59 respondents, followed by 32.2% (19 respondents) of the respondents were from the age range between 21 to 30 years. 23.7% (14 respondents) were from the age range of 41 to 50 years old, and one respondent was older than 50 years old.

Table 2: Percentage and frequency of respondents' profile

Variable	N=59	
	Frequency	**Percentage (%)**
Gender		
Male	28	47.5
Female	31	52.5
Age		
21 - 30 Years	19	32.2
31 - 40 Years	25	42.4
41 - 50 Years	14	23.7
>50 Years	1	1.7
Religion		
Islam	59	100
Race		
Malay	57	96.6
Chinese	1	1.70

Others	1	1.70
Education		
SPM/SPMV	5	8.50
Diploma/STPM	11	18.6
Bachelor Degree	34	57.6
Master	5	8.50
PhD	4	6.80
Position		
Top Management	4	6.80
Senior manager	8	13.6
Manager	9	15.3
Deputy manager	5	8.50
Assistant manager	33	55.9
Year of service		
<1 year	3	5.10
2-5 years	22	37.3
6-10 years	21	35.6
>11 years	13	22.0
Takaful Operator		
AIA	6	10.2
SunLife	7	11.9
Etiqa	6	10.2
Great Eastern	19	32.2
MAAT	2	3.40
Prudential BSN	14	23.7
Takaful Malaysia	5	8.50

All the respondents participated in this study are Muslim whereby 57 (96.6%) were Malay, 1 (1.7%) was Chinese, and another 1 (1.7%) was in others category. It found that in this survey respondents were varied regarding educational qualification. Out of 59 respondents, 5 (8.5%) possessed   SPM/SPMV,   11   (18.6%)   possessed

Diploma/STPM, 34 (57.6%) possessed Bachelor's degree, 5 (8.5%) possessed Master degree and 4 (6.8%) possessed PhD.

In terms of the respondents' job position in the organization, it was found that 6.8% (4 respondents) of the respondents were Top Management, 13.8% (8 respondents) Senior Manager, 15.3% (9 respondents) were Manager, 8.5% (5 respondents) were Deputy Manager and 55.9% (33 respondents) were Assistant Manager. Regarding the respondents' job tenure, most of the respondents' job tenure was in between 2 to 5 years, i.e22 (37.3%).The tenures followed by 6 to 10 years, 21 (35.6%), more than 11 years, 13 (22%) and 3 (5.1%) less than one year.

Organizational performance becomes the primary concern in this study and represents as the dependent variable. In this study, organizational performance questionnaires were adapted from Homburg et al. (2002). It gathered information on the organizational performance using non-profit measures. It consists of achieving customer satisfaction, providing customer benefits, attaining desired market share, attaining existing customers, attaining desired growth, attaining new customers and building a positive organizational image. The independent variable in this study is the factor that influenced the organizational performance of Takaful industry in Malaysia. The independent variable is qualities of Islamic leaders, which consists of four dimensions; truthfulness (al-Sidq), trust (Amanah), knowledgeable (Fathonah), and communication (Tabligh). Truthfulness (al-Sidq) measures based on consistency between words and actions of a leader in

delivering his or her services. Trust (Amanah) estimates based on the execution of responsibilities relating to the rights of God and the rights of being His slave, regarding acts, words, and beliefs. Knowledge (Fathonah) measures based on the information is gathered from the Al-Qur'an and Sunnah, and practiced by the society such as fardu ain, fardu kifayah, and information that concerns the future. Communication (Tabligh) measures based on the ability to articulate ideas and views with clarity and eloquence. All the questions related to independent variable adapted from Mahadi (2011).

In the descriptive statistics of the first construct, measures of the central tendency would be the mean which showed that all variables were above their midpoint level (Sekaran & Bougie, 2010). The four independent variables, truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah) and communication (Tabligh) carried a mean score rating which was M=9.05, SD=1.16; M=8.9, SD=1.04, M=8.77, SD=1.24 and M=8.47, SD=1.36 respectively. On the other hand, for the dependent variable, the performance of Takaful industry, the mean score value was considered high which was M=8.83 and SD=1.18 respectively. Based on the above result, it indicates that the responses range of this study was satisfactorily over the scale.

Next, factor analysis consists of two tests namely Explanatory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). The result indicated that the KMO measure of sampling adequacy at 0.826, meaning that the items were interrelated and they shared common factors. According to Kaiser and Rice (1974), KMO within 0.8 was

Meritorious. Barlett's test of sphericity was also found to be significant (Approx. Chi-square =1586.032, p<0.05), indicating the significance of the correlation matrix and thus the suitability for factor analysis. The individual MSA values ranged from 0.548 to 0.935 indicating that the data matrix was suitable to be the factor analyzed. Results of the varimax rotated analysis indicated significant component with eigenvalue 13.43 that explained 44.78% of the total variances.

The reliability test was performed on variables to check the internal consistency of the measurement instruments. The Cronbach's Alpha for the variables scales was in the range of 0.922 and 0.934, well above the minimum acceptable reliability of 0.6 as suggested by Sekaran and Bougie (2010) and Hair et al. (2006).

The result of descriptive statistics analysis obtained shows that mean score for each item is between 7.98 and 9.14 with the standard deviation values of 1.737 to 1.074. The mean score value for all items which represent the quality of Islamic leaders is 8.798 with the standard deviation of 1.202. Thus, qualities of Islamic leaders in Takaful industry are determined at the level of good quality within the scale of measurement. The result is consistent with studies by Beekun (2012), Majeed et al. (2011). All studies above confirm that truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) were essential elements to support the leaders' qualities to increase their performance. Thus, the first research question

relating to what are the qualities of Islamic leaders in Malaysian Takaful industry has been answered.

Regression analysis on Qualities of Islamic leaders and Performance was performed in which Performance acted as the dependent variable and Qualities of Islamic leaders as the independent variable. From the results, the R2 is 0.672 which means that 67.2% of the variation in the performance can be explained by Qualities of Islamic leaders. The results shows that trust (beta=0.320, p=0.032 <0.05), knowledge (beta=0.235, p=0.04 <0.05) and Communication (beta=0.318 p=0.04<0.05) has a significant and positive effect on performance. Even though truthfulness is not significant (beta=0.085, p=0.461> 0.05) but it is positively related to performance. Based on the Beta values, trust and communication have the highest impact on performance followed by knowledge. This results also show that there is no autocorrelation exist (D-W = 1.792, within the range of 0 to 4). F-value is 27.606 which is higher than F-statistic (mean square/ total sum of square=>9.252/55.108) and p=0.000<001 shows the homoscedasticity or homogeneity of variance of the data. Therefore, hypotheses H1a, H1b, H1c, and H1d are all supported.

The leaders in Takaful operators try to improve the quality and give their best to all staff and stakeholders. Leaders also perceived that a leader who has good qualities would manage the companies beneficially and increase Takaful performance. The results revealed that Islamic leaders' qualities would affect organizational performance within Takaful industry in Malaysia. This result is supported with previous studies by Rahman et al. (2014), Hakim (2012), Abbasi (2008), Maududi (2005), Asaf (1987) and Hawi

(1982). Their studies have confirmed that Islamic leaders' qualities would affect the performance of the organization. Hence, the second research question is answered.

The leaders perceived that Islamic leaders' qualities consisting of al-Sidq, Amanah, Fathonah, and Tabligh affect Takaful performance. The data gathered, indicated that Islamic leaders' qualities are good business approaches to increase the employees' happiness and awareness of Islam. Leaders perceived that Islamic leaders' qualities have a positive relationship with Takaful performance. Leaders emphasized that truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) are important in work. Leaders perceived that Islamic leaders' qualities would affect non-financial performance such increased customer orientation, competitor orientation and inter-functional coordination. Thus, as shown in Figure 5xy, the result of this study confirmed that Islamic leaders' qualities would affect Takaful performance. Therefore, the third research question has also been answered.

Qualities of Islamic Leaders

1. Truthfulness (al-sidq)
2. Trust (amanah)
3. Knowledge (fathonah)
4. Communication (tabligh)
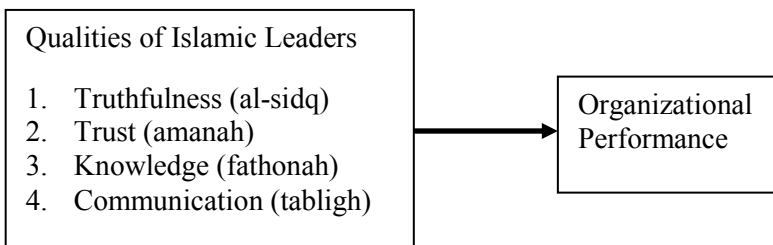
→ Organizational Performance

Figure 2: Model of Islamic Leaders' Qualities and Organizational Performance

The discussion of the findings and results of this study also have enhanced the body of knowledge in this field of research. The discussion is explained according to the research questions of this study.

What are the qualities of Islamic leaders in Malaysian Takaful industry?

The result of descriptive statistics analysis obtained shows that mean score for each item is between 7.98 and 9.14 with the standard deviation values of 1.737 to 1.074. The mean score value for all items which represent the quality of Islamic leaders is 8.798 with the standard deviation of 1.202. Thus, qualities of Islamic leaders in Takaful industry are determined at the level of good quality within the scale of measurement. The result is consistent with studies by Beekun (2012), Majeed et al. (2011). All studies above confirm that truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) were essential elements to support the leaders' qualities to increase their performance. Thus, the first research question relating to what are the qualities of Islamic leaders in Malaysian Takaful industry has been answered.

What is the effect of Islamic leaders' qualities towards Takaful performance in Malaysia?

Regression analysis on Qualities of Islamic leaders and Performance was performed in which Performance acted as the dependent variable and Qualities of Islamic leaders as the independent variable.

The leaders in Takaful operators try to improve the quality and give their best to all staff and stakeholders. Leaders also perceived that a leader who has good qualities would manage the companies beneficially and increase Takaful performance. The results revealed that Islamic leaders' qualities would affect organizational performance within Takaful industry in Malaysia. This result is supported with previous studies by Rahman et al. (2014), Hakim (2012), Abbasi (2008), Maududi (2005), Asaf (1987) and Hawi (1982). Their studies have confirmed that Islamic leaders' qualities would affect the performance of the organization. Hence, the second research question is answered.

How the model of Islamic leaders' qualities to improve Takaful performance in Malaysia is developed?

The leaders perceived that Islamic leaders' qualities consisting of al-Sidq, Amanah, Fathonah, and Tabligh affect Takaful performance. The data gathered, indicated that Islamic leaders' qualities are good business approaches to increase the employees' happiness and awareness of Islam.

Leaders perceived that Islamic leaders' qualities have a positive relationship with Takaful performance. Leaders

emphasized that truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) are important in work. Leaders perceived that Islamic leaders' qualities would affect non-financial performance such increased customer orientation, competitor orientation and inter-functional coordination. Thus, the result of this study confirmed that Islamic leaders' qualities would affect Takaful performance. Therefore, the third research question has also been answered.

Conclusion
This study makes a practical contribution to the Takaful industry in Malaysia. It provides an understanding of the Takaful industry in Malaysia environment concerning the Islamic leaders' qualities in enhancing the Takaful performance. This study contributes to the Takaful industry, the body of knowledge and policymakers through the use of the quantitative methodology.

i. Contribution to the Takaful industry; the results of this study revealed that Islamic leaders' qualities are related to the performance of the Takaful business in Malaysia. The results indicate the importance of having Islamic leaders' qualities that consist of truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) to achieve organizational goals. Thus, Takaful operators should consider the implementation of Islamic leaders' qualities elements in the organizations. This is a practical and appropriate approach as there is an empirical study that emphasized the importance of Islamic leaders' qualities and performance conducted by Mahadi (2011).

ii. Contribution to the body of knowledge; it shows that the model of Islamic leaders' qualities and organizational performance was developed. Based on the quantitative data gathered, qualities of Islamic leaders that consists of four

dimensions; truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh) were important elements to achieve the organizational goals as perceived by the leaders.

iii. Contribution to the policymakers; the research findings could be used to formulate Takaful management strategies in the Malaysian Takaful industry. The model of Islamic leaders' qualities and organizational performance offer some insights into how leaders can cope with the challenges to survive the Takaful environment in Malaysia. Also, the Takaful industry in Malaysia would achieve better performance when their leaders have Islamic qualities.

As a conclusion, this study has added to the concept of Islamic leaders' qualities by referring to Islamic Leadership Theory and presenting the model to increase understanding of Islamic leaders' qualities and organizational performance of the Takaful industry in Malaysia. This study identified four factors of different roles of Islamic leaders' qualities namely; truthfulness (al-Sidq), trust (Amanah), knowledge (Fathonah), and communication (Tabligh), which affect Takaful performance in Malaysia. Thus, the Takaful operators would attain benefit of sustainability in the market from the leaders who are practicing Islamic leaders' qualities.

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