

Documents

Marwan, S.^a, Ismail, S.^b, Mohamed Haneef, M.A.^c, Engku Ali, E.R.A.^a

Critical success factors of implementing sustainable and responsible investment (SRI) Sukuk for economic recovery from COVID-19 pandemic

(2024) *Journal of Economic and Administrative Sciences*, . Cited 1 time.

DOI: 10.1108/JEAS-08-2021-0160

^a IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia, Kuala Lumpur, Malaysia

^b Department of Accounting, International Islamic University Malaysia, Kuala Lumpur, Malaysia

^c Department of Economics, International Islamic University Malaysia, Kuala Lumpur, Malaysia

Abstract

Purpose: There are three objectives of this paper. First, the study investigates the critical success factors critical success factors (CSFs) of implementing sustainable and responsible investment (SRI) Sukuk in Malaysia as perceived by stakeholders. Second, the study examines the differences between the developers and the investors in relation to the importance of the CSFs. Third, the study attempts to categorise the CSFs. Design/methodology/approach: Using a questionnaire survey, 260 completed and useable responses were received representing a 42.54% response rate. In examining the importance of CSFs, the descriptive statistical tests of mean, standard deviation and mean score ranking were used. Independent t-tests were conducted to investigate the differences in the perceptions of the importance of CSFs between the developer and the investor groups. In categorising the CSFs, exploratory factor analysis (EFA) was undertaken. Findings: Overall, the top five most important CSFs as perceived by respondents are as follows: (1) good governance framework, (2) fulfil ethical standards, (3) transparent procurement process, (4) well-defined scope and (5) viable feasibility study. On the other hand, the five factors that are ranked last are as follows: (1) defined stakeholder roles, (2) stable macro-economic conditions, (3) existing social programmes, (4) guarantor and (5) political will. The study also found that there is a significant statistical difference in how the developers and investors scored the CSFs. Moreover, there are three main categories of the CSFs that are effective feasibility study, financial and technical considerations and political willingness and agreeability. Originality/value: The findings highlight the critical factors to consider when implementing SRI Sukuk. This can also serve as a reference and guideline for countries considering SRI Sukuk issuances for economic recovery stimulus post-coronavirus disease 2019 (COVID-19) pandemic. © 2022, Emerald Publishing Limited.

Author Keywords

COVID-19; Critical success factors; SRI sukuk

References

- (2020) *The wave of covid bonds*, 23rd June 2020
- Ali, E.R.A.E., Marwan, S., Razinah, N., Hassan, R., Kassim, S. **Potential development of SRI Sukuk models for higher learning institutions in Malaysia based on Wakalah and Waqf** (2019) *Journal of Islamic Finance*, 8 (Special Issue), pp. 90-106.
- (2010) *M'sia DPM: era of government knows best is over*,
- Bolton, E., Savell, L. (2010) *Towards a new social economy: blended value creation through social impact bonds*,
- Cimb (2015) *Ihsan Sukuk Berhad: Information Memorandum*. Kuala Lumpur, Commerce International Merchant Bankers Berhad
- Ciufu, G., Jagelewski, A. (2013) *Social impact bonds in Canada: investor insights*,
- (2020) *Indonesia raises \$4.3 billion in the first 'pandemic bond'*, 7th April 2020

- (2013) *Study on the Feasibility of Using Social Impact Bonds to Fund Early Learning Programs. (Report to the Twenty-Seventh Legislature 2014 Regular Session)*, State of Hawaii's Department of Budget and Finance
- (2014) *Qualitative Evaluation of the London Homeless Social Impact Bond : First Interim Report*, Crown copyright, London
- Draimin, T., Cory, R., Jagelewski, A.
(2010) *Social Impact Bonds: Potential Applicability for Canada (Working Draft)*, Human Resources and Skills Development Canada, Toronto, Canada
- Eusoff, N.S.
(2017) *Khazanah raises RM100m via SRI sukuk to roll out Trust Schools Programme*, 1st August 2017
- (2013) *Assessing the opportunity to improve social outcomes through the use of social impact bonds*,
- Freund, Y.P.
Critical success factors
(1988) *Planning Review*, 16 (4), p. 4.
- Ghani, M.I.
(2015) *The World's First Ringgit-Denominated SRI Sukuk Thomson Reuters - RFI Responsible Finance Report 2015: The Emerging Convergence of SRI, ESG and Islamic Finance*, Thomson Reuters, Edinburgh
- Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E.
(2010) *Multivariate Data Analysis*, 7th ed., Prentice-Hall
- Haneef, R.
Retail Sukuk and SRI Sukuk: the Malaysian experience
(2016) *1st Annual Islamic Finance Conference*, 17 May 2016
- Islam, R.
Critical success factors of the nine challenges in Malaysia's vision 2020
(2010) *Socio-Economic Planning Sciences*, 44, p. 13.
- Ismail, S.
Critical success factors of public private partnership (PPP) implementation in Malaysia
(2013) *Asia-Pacific Journal of Business Administration*, 5 (1), pp. 6-19.
- Kaiser, H.F.
An index of factorial simplicity
(1974) *Psychometrika*, 39, pp. 31-36.
- (2015) *Khazanah to issue first ringgit-denominated sustainable and responsible investment sukuk*, Press release
- Kotula, T., Fromaget, M.
(2020) *COVID-19: how a new breed of bonds can help finance the fight*,
- (2013) *Social bonds: market consultations*,

- (2013) *Social Impact Bonds: Planting for Future Growth*, p. 20. p., KPMG
- Leidecker, J.K., Bruno, A.V.
Identifying and using critical success factors
(1984) *Long Range Planning*, 17 (1), p. 10.
- Li, B., Akintoye, A., Edwards, P.J., Hardcastle, C.
Critical success factors for PPP/PFI projects in the UK construction industry
(2005) *Construction Management and Economics*, 23 (5), p. 13.
- Liebman, J.B.
(2011) *Social impact bonds - a promising new financing model to accelerate social innovation and improve government performance*,
- Marwan, S., Ali, E.R.A.E.
The potential of innovative financial tools: social impact bond (SIB) and sustainable and responsible investment (SRI) Sukuk, towards the sustainable growth of the islamic finance industry
(2016) *European Journal of Islamic Finance*, 4, pp. 1-9.
- Marwan, S., Ali, E.R.A.E.
Potential role of social impact bond and socially responsible investment sukuk as financial tools that can help address issues of poverty and socio-economic insecurity
(2016) *Intellectual Discourse*, 24 (3), pp. 343-364.
- Marwan, S., Ali, E.R.A.E.
Sustainable and responsible investment (SRI): trends and prospects
(2016) *Jurnal Muamalat*, 9, pp. 1-21.
- Marwan, S., Haneef, M.A.
Does doing good pay off? – social impact bonds and lessons for islamic finance to serve the real economy
(2019) *Islamic Economic Studies*, 27 (1), pp. 23-37.
- Miguel, A., Abughannam, S.
(2014) *Housing first social impact bond feasibility study*,
- (2010) *Malaysia's Government Procurement Regime*, Ministry of Finance Malaysia, Malaysia
- Mobin, M.A., Hassan, M.K., Mohd Khalid, M.A.S., Abdul Rahim, R.
COVID-19 pandemic and risk dynamics in financial market in G7 countries
(2022) *International Journal of Islamic and Middle Eastern Finance and Management*, doi:, Published: January 27, 2022
- Mohammad, W.H.B.W.
(2021) *Impact of liquidity risk, solvency ratio and corporate governance to the Sukuk defaulted firm*,
(PhD), Universiti Sains Islam Malaysia
- Mulgan, G., Reeder, N., Aylott, M., Bo'sher, L.
(2011) *Social impact investment: the challenge and opportunity of social impact bonds*,
- Munusamy, D., Hassan, M.K., Rabbani, M.R., Huq, T.
Does the covid-19 pandemic affect faith-based investments? Evidence from global sectoral indices
(2021) *Research in International Business and Finance*, doi:, Online: September 9, 2021

- (2020) *Govt rolls out additional RM166mil new Sukuk Prihatin issuance*, 20th September 2020
- (2020) *RM500 million Sukuk Prihatin launched*, 18th August 2020
- Rahman, M., Isa, C.R., Dewandaru, G., Hanifa, M.H., Chowdhury, N.T., Sarker, M. **Socially responsible investment Sukuk (islamic bond) development in Malaysia** (2020) *Qualitative Research in Financial Markets*, 12 (4), pp. 599-619.
- (2015) *RAM Ratings releases credit FAQs on Malaysia's first SRI sukuk*, Press release
- Reeder, N., Khalid, S., Bohlender, G., Kamil, W.A.R. (2014) *Social Financing and New Models for Public-Private Partnerships: Feasibility Study Report*, Agensi Inovasi Malaysia
- (2014) *Guidelines on Sukuk*, Securities Commission Malaysia
- (2014) *SC introduces sustainable and responsible investment sukuk framework*, Securities Commission Malaysia, 9 September 2014
- Securities Commission Malaysia (2015) *Guidelines on issuance of private debt securities and Sukuk to retail investors*, S.C. Malaysia (Ed.), SC-GL/5-2015, Securities Commission Malaysia
- The Center for Social Impact (2011) *Report on the NSW Government Social Impact Bond Pilot*, CSI, Sydney, New South Wales
- (2015) *Khazanah's RM100m Sustainable Sukuk priced at 4.3%*,
- (2014) *Full transcript of Najib's interview on umno's 68th anniversary*,
- Widaman, K.F. **Exploratory factor Analysis and confirmatory factor Analysis** (2012) *APA Handbook of Research Methods in Psychology*, 3, p. 29. p., Data Analysis and Research Publication

Correspondence Address

Ismail S.; Department of Accounting, Malaysia; email: suhaiza@iium.edu.my

Publisher: Emerald Publishing

ISSN: 20546238

Language of Original Document: English

Abbreviated Source Title: J. Econ. Adm. Sci.

2-s2.0-85203960943

Document Type: Article

Publication Stage: Article in Press

Source: Scopus

ELSEVIER

Copyright © 2024 Elsevier B.V. All rights reserved. Scopus® is a registered trademark of Elsevier B.V.

 RELX Group™