Corporate Social Responsibility and Market Orientation: An Integrated Approach Towards Organizational Performance

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ABSTRACT
Takaful operators in countries dominated by Muslim are still experiencing low penetration rate. New emerging customer segments have higher expectation where Takaful operators need more innovative approaches in acquiring and retaining customers. Moreover, Takaful companies need to apply marketing, societal and entrepreneurial concept to make the industry more competitive. Although many Islamic banking and Takaful studies have been conducted, empirical Takaful research is still limited. Therefore, the primary focus of this study is to empirically investigate the influence of market orientation and corporate social responsibility (CSR) towards Takaful agencies’ organizational performance in Malaysia. The first phase of the study involved refinement of CSR measurement items by performing exploratory factor analysis (EFA), where a new dimension was identified. The second phase of study was to test the hypotheses by employing all items adopted from past studies including the refined CSR measures. PLS-SEM analysis involving a two-step approach on 211 valid data shows co-adoption of CSR and market orientation influences organizational performance.

Keywords: CSR; market orientation; organizational performance; Takaful; Malaysia

INTRODUCTION
The global Takaful market is expected to continue its double-digit growth where the main contributing countries are Saudi Arabia, Malaysia and UAE (El Azem 2015). Malaysia remains as a strong Takaful growth contributor where 71 percent of total gross Takaful from ASEAN region comes from the country (Ernst & Young 2014). According to the latest report, Malaysia’s net Takaful contributions in 2016 has increased to RM7.5 billion from RM6.8 billion in 2015, indicating a 14.6 percent market share of total industry premiums and contributions (Islamic Finance News 2017). Generally, Takaful companies in Malaysia adopts either Wakalah (Agency-based model) or Mudarabah (profit-sharing model) as their Takaful business model, but Wakalah model is identified as a more efficient, sustainable and growing distribution channel (Halim 2012). Generally, Takaful agencies under Wakalah model play roles as channel for Takaful operators, whereby they do not involve in new product or service innovation and development (Nazri et al. 2015).

In spite of its huge potential for growth, Takaful operators in countries dominated by Muslim are still experiencing low penetration rate (Babalola 2017). New emerging customer segments have higher expectation where Takaful operators need more innovative approaches in acquiring and retaining customers by adopting more effective strategies and communication tools (Halim 2012). This is due to the fact that there is great potential for Takaful operators to tap into regional and international markets (El-Tahir 2014). Thus, Takaful companies should apply marketing, societal and entrepreneurial concept to
make the industry more competitive (Halim 2012; Sharif 2012). Moreover, there is also a need for a differentiated strategy for Takaful companies to convert opportunities to commercial success (Babalola 2017). Although many Islamic banking and Takaful studies have been done, but most studies were conducted in the context of Islamic banking (Amin et al. 2009; Dusuki 2008; Kumar, Kee & Charles 2010; Osman 2011). Generally, most Takaful studies are exploratory (Lim, Idris & Carissa 2010; Maysami & Williams 2006) and conceptual (Abdul Hamid & Othman 2009).

CSR still earns a considerable amount of research and interest for decades (Darrag & E-Bassiouny 2013). From the Islamic point of view, there is a similarity between Takaful concept and social responsibility (Yaacob & Abdul Ghani Azmi 2012). Most CSR studies focus on companies in developed countries (Frynas 2006), and many studies were associated with large corporations (Amran, Ling & Yahya 2007). Even though small and medium enterprises (SME) make up the majority of business landscape (Fitzgerald et al. 2012), but relatively few studies were conducted in that context (Pastrana & Srimamesh 2014; Giovanna, Alfredo & Lucio 2012; Tseng et al. 2010). It was suggested by researchers that SMEs may have different reasons to introduce and implement CSR compared to large corporations (Tamajóña & Aulet 2013).

Marketing in small and medium sized enterprises (SMEs) has become an important research (Cromie 1990) and still become a debatable topic among scholars (Brodie et al. 1997; Gilmore, Carson & Grant 2001). Scholars believed that the concept becomes an effective competitive weapon for firms including insurance companies to survive in the competitive environment as insurance companies deal with products that require service quality and customer orientation (Lado & Maydeu-Olivares 2001). Although many researchers postulated the importance of market orientation-performance study, only little market orientation-performance research have been performed among small organization (Raju, Lonial & Crum 2011), specifically in the insurance sector (Lado & Maydeu-Olivares 2001). Moreover, several scholars assert that the relationship between market orientation and performance with a presence of interactions amongst a number of strategic actions is still under researched (Olavarrieta & Friedmann 2008).

Despite MO and CSR are generally recognized as important determinants of business performance, only few research have considered their joint effects on performance (Qu 2009; Kiessling, Isaksson & Yasar 2016). Issues of CSR contribution towards market-oriented organization in achieving better business performance remains unclear (Qu 2009). To be specific, it is crucial to study the interaction effects of market orientation and corporate social responsibility (CSR) on performance (Brik, Rettab & Mellahi 2011). Hence, the primary focus of this study is to empirically investigate the co- adoption of market orientation and CSR towards Takaful agencies’ organizational performance in Malaysia.

LITERATURE REVIEW
TAKAFUL

Technically, Takaful comes from an Arabic word of “ka'fala” which means to guarantee, to look after or trust (Abdul Hamid & Othman 2009). Literally, “Takaful” is derived from adverbs “taka'fala” which means “looking after one another” (Abdul Hamid & Othman 2009). Bakar (2000) asserts that, Takaful is different from conventional insurance from Takaful perspective, a company is not the ‘insurer’ insuring the participants but the participants are actually mutually insuring one another which becomes the very essence of the word Takaful. Conceptually, Takaful is an arrangement by a group of people with common interests to guarantee or protect each other from certain defined misfortunes such as premature death, disability and property damages (Obaidullah 2005). Basically, insurance does not contradict the Islamic principles since it is essentially a system of mutual help (Redzuan et al. 2009). However, uncertainty (Gharar) and gambling (Maysir) in the contract of insurance as well as usury (Riba) in its investment activities become the elements that cause the operation of conventional insurance contradicts to the principle of Shari'a (Redzuan et al. 2009). The foundation of Takaful concept is relationship or brotherhood where it strongly encourages community’s benefit (religion, intelligence, life, honor, dignity and property) in fulfilling the Maqasid al Shari’ah (Yaacob & Abdul Ghani Azmi 2012; Muji Tahir 2009).

ORGANIZATIONAL PERFORMANCE

Performance is a multidimensional concept (Lumpkin & Dess 1996) with no mutually agreed definition (Andersen 2010). It can be categorized in terms of what is being measured and how it is being measured (Andersen 2010). Other researchers categorize performance into financial and non-financial measures (Venkatraman & Ramanujam 1986). Researchers consider performance of an organization entails its performance in finance, business and organizational effectiveness (Chu-Hua, Madu & Lin 2001; Terziowski & Samson 1999). It will also include its degree to satisfy organization’s survival needs and stakeholders’ needs as performance is influenced by various factors (Griffin 2003).

Generally, two approaches in measuring performance are normally applied in many studies; objective (actual) and perceptual (subjective) (Greenley & Foxall 1998). The objective approach implies actual performance information is obtained from secondary sources such as company’s annual report which are available from publicly held companies (Ambad 2014). However, performance information of non-publicly held company such as financial performance is sensitive and confidential to outsiders (Dess & Priem 1995). Sometimes it is due to little or unavailable published financial data of private-owned company or the owners of these companies are often reluctant to share actual performance information (Smart & Conant 1994;
Zacca, Dayan & Ahrens 2015). Thus, it is almost impossible for researchers to obtain actual financial information from small firms (Ambad 2014). However, many previous studies found that the perceptual performance of a company is positively related to actual performance (Dess & Robinson 1984; Golden 1992; Powell 1992; Murphy & Callaway 2004; Wall et al. 2004).

MARKET ORIENTATION (MO)

Generally, there is no mutually agreed definition of market orientation in the literature (Rapp, Schillewaert & Wei Hao 2008). However, there are two prominent approaches in conceptualizing the construct. The cultural perspective by Narver & Slater (1990: 21) defined it as the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and continuous superior performance for the business. From behavioral perspective; MO is defined as an organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to this intelligence (Kohli & Jaworski 1990: 6). Other than its conceptualization being discussed, many studies on market orientation discussed its relationship with organizational performance. Several scholars exerted the relationship between market orientation and performance depends on cultural factor (Agarwal, Erramilli & Dev 2003; Atuahene-Gima 1996; Mahmoud & Hinson 2012) and sectoral factor as evidenced by several studies for instance; service organization (Gray & Hooley 2002), industrial manufacturing organization (Bigné et al. 2004), non-for-profit organization (Macedo & Pinho 2006), political context (O’Cass 2001), charity organization (Balabanis, Stables & Phillips 1997) as well as in developing economies (Ellis 2005; Hooley et al. 2003). Furthermore, this concept is becoming very important for the companies to stay closer to their market as global competition is increasing and consumer need is changing (Greenwald 1991).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The accepted definition of CSR is still debatable (Green & Peloza 2011; Jamali 2008). This is because CSR is conceptualized from various perspectives and many empirical CSR studies focus on some of its aspects and dimensions only (Vaaland, Heide & Gronhaug 2008). Another reason of ambiguity of CSR concept is because it stems from societal demand that keeps on changing (Valor 2005). Even Muslim world faces issues of conceptual justification, definition, implementation and operationalization of CSR (Dusuki & Abdullah 2007).

Recently, scholars have started showing their interest to rationalise CSR concept from an Islamic point of view where Islamic moral economy (IME) becomes the underlying foundation by articulating the values of justice, fairness and equity (Mohd Nor 2012). IME promotes justice in social and economic aspect as accentuated in Islamic economic system which is based on Shari'ah principles and it becomes the alternative to the neoclassical economy which promotes capitalism and profit maximisation (Ahmad 1980; Chapra 1979; Siddiqi 1980; Naqvi 1994; Tripp 2006). IME is also viewed to have the capabilities to deliver material benefits to the economic development more effectively and transparently because it stresses on ethics and morality (Siddiqi 1980; Tripp 2006). IME is inspired from the Western concept of ‘moral economy’ that comprises of elements of faith or cultural norms, moral and ethical values as well as economic activities. Thus, CSR from Islamic point of view is built upon faith (Aqidah), personal moral behavioural disposition (Akhlq) and Shari’ah-compliance economic activities (Mohd Nor 2012). Despite many studies on CSR, research from the Islamic point of view is still limited (Darrag & E-Bassiouny 2013). Hence, Islamic Shari’ah could become a practical foundation for concept understanding and implementation, consequently it becomes the guideline in managing business and social responsibilities (Dusuki & Abdullah 2007). Shari’ah is believed to be able to guide company’s strategies, directions and goals to achieve economic, legal and social objectives and fulfill its obligations (Darrag & E-Bassiouny 2013). Theoretically, this study draws from stakeholder theory for CSR and behavioral theory for marketing orientation that provide strong foundations for understanding the business performance of Takaful agencies that run the business according to Shari’ah principles.

HYPOTHESIS DEVELOPMENT

Many empirical studies have shown a positive relationship between market orientation and organizational performance (Gonza’lez-Benito & Gonza’lez-Benito 2005; Kirca, Jayachandran & Bearden 2005; Kwon 2010; Langerak 2003; Shoah, Rose & Kropp 2006), and organization’s return of investment (ROI), return of asset (ROA), sales, and customer satisfaction (Cervera, Molla & Sanchez 2001; Harris 2001; Hong & Chen 1998; Homburg & Pflessner 2000; Jaworski & Kohli 1993; Pelham 1997; Slater & Narver 1994), export performance (Akyol & Akehurst 2003; Cadogan, Cui & Li 2003; Kwon & Hu 2000), sales and net profit (Kim 2003). In other word, there is a prolific study on the relationship between market orientation and organizational performance with substantial finding (Nwokah 2008). However, researchers may have different view regarding the intensity of the relationship and the market orientation and performance (Gonzalez-Benito, Gonzalez-Benito & Munoz-Gallego 2009). Hence, it was hypothesized that:

H1 Market orientation has positive influence on organizational performance of Takaful agencies in Malaysia.

Research works on CSR and performance relationship are rapidly growing (Wickham 2006). Several empirical
studies found a positive relationship exists between the construct and organizational business and financial performance (Mahmoud & Hinson 2012). However, other scholars found that no relationship exists between CSR and organizational performance (Aupperle, Carroll & Hatfield 1985; Margolis, Elfenbein & Walsh 2007), and even negative relationship exists (McGuire, Sundgren & Schneeweis 1988). It was argued that failure in considering the market segment or industry effect when investigating the relationship become the reason of mixed finding in CSR and performance study (Chand 2006). Another reason is organizational financial performance relies on industry characteristics that define the accepted degree of ethics and morality in evaluating whether the activities are socially responsible or not (Lee, Singal & Kang 2012). Generally, majority studies have shown a positive relationship between CSR and business performance (Luo & Bhattacharya 2006; Waddock & Graves 1997) specifically financial performance (Bird et al. 2007; Kang, Lee & Huh 2010). Hence, it was hypothesized that:

$H_2$: CSR has positive influence on organizational performance of Takaful agencies in Malaysia

**RESEARCH METHODOLOGY**

There were two phases in this study. Phase one involves qualitative and quantitative study to enrich the construct of CSR according to the context of this study. At the initial stage of phase one, several literatures related to Takaful and CSR were examined. Then, in order to enrich CSR scale, interviews were conducted with four senior managers from the Takaful industry.

There were 24 identified CSR items at the initial stage of research involving literature search and interview as shown in Table 1. These items were categorized into its respective dimensions namely economic, legal, ethics and philanthropy (Carroll 1991). Economic dimension comprises of activities such as to achieve operation efficiency and provide return of investment and

<table>
<thead>
<tr>
<th>Table 1. The identification of CSR among Takaful agencies</th>
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<tbody>
<tr>
<td><strong>Economic</strong></td>
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<tr>
<td>- Have a procedure to respond to every customer complaint</td>
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<td>- Continuous improvement on the quality of the services</td>
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<td>- Customer satisfaction as an indicator of the business performance</td>
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<td>- Strives to lower the operational cost</td>
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<tr>
<td>- Closely monitor the productivity of staffs</td>
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<tr>
<td><strong>Legal</strong></td>
</tr>
<tr>
<td>- <em>Takaful</em> products meet legal standards</td>
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<tr>
<td>- The contractual obligations are always honoured</td>
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<td>- <em>Takaful</em> agencies managers try to comply with the law</td>
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<tr>
<td>- To comply with the law regulating hiring and employee benefit</td>
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<tr>
<td>- Have programs that encourage the diversity of the workforce in terms of age and gender</td>
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<td>- Have internal policies to prevent discrimination in employees compensation and promotion</td>
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<tr>
<td><strong>Ethic</strong></td>
</tr>
<tr>
<td>- Have a comprehensive code of conduct</td>
</tr>
<tr>
<td>- Members of <em>Takaful</em> agencies follow professional standards</td>
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<tr>
<td>- <em>Takaful</em> agencies is known as a trustworthy company</td>
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<tr>
<td>- Fairness towards agents is an integral part of company’s evaluation process</td>
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<td>- Have a confidential procedure in place for employees to report any misconduct at work</td>
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<tr>
<td><strong>Philanthropy</strong></td>
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<tr>
<td>- <em>Takaful</em> agencies support employees who acquire additional education</td>
</tr>
<tr>
<td>- <em>Takaful</em> agencies have a policy that enable agents to better coordinate work and personal life</td>
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<tr>
<td>- Gives adequate contributions to charities</td>
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<tr>
<td>- Have a program to reduce the amount of energy and material wasted in the business</td>
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<tr>
<td>- Encourage partnership with local schools</td>
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<tr>
<td><strong>New items</strong></td>
</tr>
<tr>
<td>- Monitor the agents’ performance*</td>
</tr>
<tr>
<td>- <em>Takaful</em> agencies pay zakat*</td>
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<tr>
<td>- <em>Takaful</em> agencies’ business activities are in accordance to Islamic Law*</td>
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</table>
profitability. Legal dimension embraces responsibilities of an organization to comply with law and regulations. Ethical dimension covers activities that are not within the law or legislation but the activities are based on religion and human principles and human right. Philanthropy dimension comprises activities of promoting human welfare that are at the discretionary of organizations (Carroll 1991). During the interview, new items were also discovered (mark * in Table 1). Then, the CSR scales were validated with two CSR experts from local universities and managers from the Takaful industry.

However, the result of the study is still not appropriate for hypothesis testing (Strauss & Corbin 1990). Thus, the first quantitative study was conducted to perform Exploratory Factor Analysis (EFA) for CSR construct. Out of 300 questionnaires distributed, only 170 questionnaires were returned. However, only 163 questionnaires were valid for exploratory factor analysis (EFA) testing to refine CSR measurement items. Before EFA testing was conducted, normality and outliers testing were performed. The skewness and kurtosis were examined to check the normality of the data. All values of skewness and kurtosis were within the range of +2 and -2 indicating normality distribution of data (Garson 2012).

Table 2 shows the EFA examination result produced four factors with eigenvalue exceeding 1 that explained 73.065 percent of the total variance. Kaiser-Meyer-Olkin (KMO) of this analysis is 0.903 which exceed the recommended value of 0.6 or above (Hair, Ringle & Sarstedt 2011). Bartlett’s Test of Sphericity also shows that it is significant (p = 0.000) as suggested by Hair et al. (2011). Any items below cut-off point of 0.5 were removed where this exercise resulted to drop seven items. In addition, all retained items had a communality above 0.3 that indicates they were well defined by the factor solution and recommended to be retained (Tabachnick & Fidell 2001).

After the process of EFA, only 17 items were accepted with four remaining dimensions. Ethical dimension was combined with a new identified dimension and it was named Shari’ah Compliance. Other dimensions were economic, legal and philanthropy that are consistent with literature (Carroll 1979). Further inspection of the remaining items also showed that all values of Cronbach alpha satisfied the threshold value of 0.7 as suggested by Hair et al. (2011). Finally, all remaining 17 items were relabelled as CSR1 to CSR17, and were used to test the study model and hypotheses as shown in Table 3.

The second phase of data collection was conducted to test the research model and hypotheses by employing all measures including the refined CSR measures. The measures of market orientation (Kohli & Jaworski 1990; Gonzalez-Benito, Gonzalez-Benito & Munoz-Gallego 2009) and organizational performance (Ramayah, Samat & Lo 2011) appeared in previous literature. Purposive sampling was used in this study where the respondent were the owner of the Takaful agencies (mostly SME). About 800 self-administered questionnaire were distributed but only 211 were returned and valid for further analysis.
Table 3. The Dimensions of CSR, items and factor loading after EFA

<table>
<thead>
<tr>
<th>Dimensions of CSR</th>
<th>Relabelled Item</th>
<th>Item in Questionnaire</th>
<th>Factor Loadings</th>
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</thead>
<tbody>
<tr>
<td>Economics</td>
<td>CSR1</td>
<td>Takaful agencies have a procedure in place to respond to every customer complaint</td>
<td>.637</td>
</tr>
<tr>
<td></td>
<td>CSR2</td>
<td>Takaful agencies continually improve the quality of the services</td>
<td>.735</td>
</tr>
<tr>
<td></td>
<td>CSR3</td>
<td>Takaful agencies use customer satisfaction as an indicator of our business performance</td>
<td>.819</td>
</tr>
<tr>
<td></td>
<td>CSR4</td>
<td>Members of Takaful agencies follow professional standards</td>
<td>.500</td>
</tr>
<tr>
<td>Legal</td>
<td>CSR5</td>
<td>Takaful agencies’ products meet legal standard</td>
<td>.727</td>
</tr>
<tr>
<td></td>
<td>CSR6</td>
<td>Takaful agencies’ contractual obligations are always honoured</td>
<td>.536</td>
</tr>
<tr>
<td></td>
<td>CSR7</td>
<td>Takaful agencies managers try to comply with the law</td>
<td>.764</td>
</tr>
<tr>
<td></td>
<td>CSR8</td>
<td>Takaful agencies seek to comply with the law regulating hiring and employee benefit</td>
<td>.590</td>
</tr>
<tr>
<td></td>
<td>CSR9</td>
<td>Takaful agencies have programs that encourage the diversity of the workforce</td>
<td>.740</td>
</tr>
<tr>
<td></td>
<td>CSR10</td>
<td>Takaful agencies have internal policies which prevent discrimination upon employees’ compensation and promotion</td>
<td>.878</td>
</tr>
<tr>
<td>Shari'ah</td>
<td>CSR11</td>
<td>Takaful agencies are known as a trustworthy company</td>
<td>.712</td>
</tr>
<tr>
<td>Compliance</td>
<td>CSR12</td>
<td>Fairness towards agents is an integral part of firm’s evaluation process</td>
<td>.627</td>
</tr>
<tr>
<td></td>
<td>CSR13</td>
<td>Takaful agencies pay zakat</td>
<td>.741</td>
</tr>
<tr>
<td></td>
<td>CSR14</td>
<td>Takaful agencies’ business activities are in accordance to Islamic Law</td>
<td>.808</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>CSR15</td>
<td>Takaful agencies give adequate contributions to charities</td>
<td>.574</td>
</tr>
<tr>
<td></td>
<td>CSR16</td>
<td>Takaful agencies have a program in place to reduce the amount of energy and material wasted in the business</td>
<td>.789</td>
</tr>
<tr>
<td></td>
<td>CSR17</td>
<td>Takaful agencies encourage partnership with local schools</td>
<td>.865</td>
</tr>
</tbody>
</table>

DATA ANALYSIS

DESCRIPTIVE FINDINGS

Most of Takaful agencies involved in this study have less than five staff, which accounted for 77.3 percent, and the remaining 19.0 percent has 6 to 10 staff and only 3.8 percent has more than 10 staff. This indicates that majority of Takaful agencies are categorized as small business (SME Corp 2014). However, majority of Takaful agencies have more than 10 agents which accounted for 64.9 percent, 24.2 percent has 6 to 10 agents, and only 10.9 percent has less than 5 agents.

EMPIRICAL FINDINGS

The PLS-SEM analysis involves a two-step approach (Chin 2010). Firstly, the measurement followed by structural model evaluation was performed. The evaluation of a measurement model involved assessing its internal consistency reliability, indicator reliability, convergent reliability, and discriminant reliability (Hair et al. 2011). Internal consistency reliability was assessed by using Cronbach’s alpha and composite reliability where both assessment measure homogeneity of items (Sekaran 2003). The cut-off value for both measures is 0.7 indicating acceptable reliability value (Hair et al. 2011). Table 4 shows that the internal consistency reliability of the measurement model is acceptable with constructs’ Cronbach alpha and composite reliability above the cut-off value of 0.7. Using a rule of thumb of accepting items with loadings of 0.7 or more, it was found that several indicators were eliminated as they did not reach the level of acceptable reliability (Chin 2010). Then, the average variance extracted (AVE) was used to assess convergent validity with 0.50 as cut-off value, followed by discriminant validity assessment by using Fornell-Larcker criterion (Henseler, Ringle & Sinkovics 2009).

Table 4 and 5 show that measurement model met the acceptable level.

The next phase involves the structural model evaluation. The primary criteria for the evaluation is the coefficient of determination ($R^2$) value of the endogenous latent variable and estimate of path coefficients (Hair et al. 2011). The $R^2$ of the endogenous latent variables is important in assessing the model’s capability to explain the endogenous latent variables and to uphold the theoretical underpinning (Henseler et al. 2009). $R^2$ values of 0.67, 0.33 and 0.19 indicate substantial, moderate and weak respectively of the model’s explanatory capability (Chin 1998). The $R^2$ of the study is 0.381 indicating moderate explanatory capability. Then, the significance of the model’s structural path was examined by applying bootstrapping (n = 211, sample = 500). Table 6 shows the summarized result of the structural model indicating the path coefficients standard error and t-statistics. Essentially, all hypotheses are supported.

Table 7 displays the effect size, $f^2$ of the significant paths in determining whether a change in the independent latent variable has a substantial influence on the dependent latent variable through the change in $R^2$. According to Cohen (1988), $f^2$ is assessed as 0.02 (small), 0.15
(medium) and 0.35 (large). Table 7 shows that $f^2$ for all constructs is small.

Predictive relevance, $Q^2$, was also examined to test whether the model is able to adequately predict each endogenous latent construct’s indicators (Chin 2010). Using blindfolding procedure (omission distances $d = 7$), cross-validated redundancy measures of $Q^2$ were obtained. Table 8 shows the predictive relevance, $Q^2$ and its effect size $q^2$. $Q^2$ values greater than zero indicates the model has predictive relevance and if it zero or below, it indicates a lack of predictive relevance (Hair et al. 2014).

The model has predictive relevance as $Q^2$ score is greater than zero (Chin 2010).

**DISCUSSION AND IMPLICATIONS**

Theoretically, the main finding indicates that co-adoption of market orientation and CSR will bring positive implication to business performance. Another theoretical contribution is the consistency of the finding with the view of some researchers regarding the similarity between the concept of Takaful and social responsibility as both concepts emphasize on the community’s benefits of which is built on the basis of relationship characteristics (Yaacob & Abdul Ghani Azmi 2012). Specifically, CSR from Islamic
point of view is built upon faith (Aqidah), personal moral behavioural disposition (Akhlq) and Shari'ah-compliance economic activities (Mohd Nor 2012). Moreover, having a consciousness of God's presence (Taqwa) in daily activities including in economic activities is fundamental in Muslim’s life (Iqbal & Mirakhor 2007). Thus, Takaful agencies managers must manage their business according to Islamic Shari'ah consistently as ultimately the firms will achieve their goals which are in harmony with the teaching of Islam. Empirically, the study has contributed towards the enhancement of variable, in terms of its construct validity by using refined measurement items of CSR construct. This study has discovered a new dimension of CSR and it is named Shari'ah Compliance. Thus, it is postulated that from Islamic perspectives, social responsibilities will also include obligations to pay Zakat, fairness towards business channel, and practicing business according to Shari’ah.

For managerial contribution, the study found a high positive direct relationship between CSR and Takaful agencies’ organizational performance. This finding is consistent with past research showing a positive relationship exists between the construct and organizational business and financial performance (Bird et al. 2007; Kang et al. 2010; Luo & Bhattacharya 2006; Waddock & Graves 1997). This is also consistent with the study conducted by Yaacob and Abdul Ghani Azmi (2012) that shows a significant relationship exists between the achievement of Malaysian Muslim entrepreneur and social responsibility. This is contrary with the situation of many business organization that are still resistant to implement CSR due to the potential impact on firm performance (Kiessling et al. 2016).

The study also showed a high positive direct relationship between market orientation and performance which is consistent past studies (Lado & Maydeu 2001; Ramayah et al. 2011; Vega Rodri’quez & Rojas Berrio 2011). This indicates that Takaful agencies should be a market oriented firm in order to achieve better performance. Takaful agencies should continuously put effort in generating and collecting information pertaining to current and future customer needs, disseminating the information within the agencies and with Takaful operator, and being able to respond and take action based on the information obtained from the market. In general, the Takaful agency needs to develop “market orientation transformation competencies” in order to achieve superior performance as suggested by Qu (2009).

Specifically, Takaful companies must understand the factors that influence demand for Takaful products in order to get sales (Babalola 2017). It can be realized by putting more investment in customer education and awareness. In addition, convenient registration and payment processes, right pricing structure as well as customer’ liquidity constraint should also be considered in the marketing strategies. Takaful companies must build trust among customers through honesty, transparency and sincerity. Since the Takaful agents are representatives of Takaful operators, it is crucial for them to build and enhance a good image and foster a strong relationship with customers. This is because of company’s credibility depends on the professionalism of their representatives (agents). The agents are bound by a contract of Wakala to promote and distribute Takaful products to customers. They have responsibilities to share their knowledge, skills and have ability to perform the task. Therefore, agents should be able to identify potential customers and disseminate information about Takaful concept, philosophy, product and practice. Furthermore, they are responsible to explain the differences and advantages of Takaful compared to conventional products in order to head off misconception and misunderstanding of Takaful.

Takaful companies have responsibility to maximize profit for their shareholders and surplus distribution to policyholders as well as to maintain solidarity among them as one of central pillars of CSR concept (Islamic Finance News 2011). Takaful agencies are strongly recommended to focus on CSR too as a competitive weapon to achieve its overall business goals which are in line with the teaching of Islam. In a nutshell, these findings recommend to business practitioners to view CSR and market orientation as synergistic strategies to achieve organizational business performance.

LIMITATIONS AND FUTURE RESEARCH

The study limitations include among others purposive sampling used, cross-sectional design where data was collected at a single point in time, and choosing only Takaful industry as a context of study. Future study recommendations include replicating the study in other research setting such as conventional insurance, and incorporating moderating variables in the study in order to view the study in a broader perspective.

CSR was identified in the study as important predictors of the performance of the Takaful agencies. However, this study is not interested to investigate how each CSR dimensions influence performance even though the scale captures all dimensions of CSR. Thus, it is recommended for future research to investigate the role of each dimensions of CSR that may influence the performance of Takaful agencies in Malaysia. This is consistent with the view of CSR scholars who exerted the concept encompasses economic, legal, ethical, and philanthropy dimensions (Carroll 1979).

Purposive sampling was adopted in the study where only Takaful agencies managers were selected as the respondents. The information obtained in the study come only from the perspective of management of Takaful agencies. In fact, the view of customer is also important as CSR concept can be viewed from many perspectives (Stiar & Hossain 2009). Thus, it is recommended for future research to involve customers as respondents in order to obtain their view that may benefit the Takaful market.
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