Intention to use the Islamic micro-investment model in Nigeria: empirical evidence

Aliyu Dahiru Muhammad*

International Institute of Islamic Banking and Finance,
Bayero University Kano, Nigeria
Email: admuhammad.iiibfbuk@buk.edu.ng
*Corresponding author

Mohamed Aslam Haneef and
Mustafa Omar Mohammed

Centre for Islamic Economics,
International Islamic University Malaysia
Email: mdaslam@iium.edu.my
Email: mustafa@iium.edu.my

Abstract: Microfinance was celebrated as an effective tool for poverty alleviation. However, evidence shows that it has been charging high interest rates and exploiting poor income earners. Islamic microfinance, on the other hand, appears too expensive and pursues debt-like contracts that are tantamount to riba. In the case of Nigeria, conventional microfinance has failed to serve the needs of majority poor. Developing an Islamic micro-investment model (IMIM) based on genuine partnership contracts is deemed an appropriate option to overcome the challenges of the existing microfinance institutions. This study develops and tests the Islamic micro-investment model [IMIM based on the theory of reasoned action (TRA)]. The study uses structural equation modelling to examine the applicability and acceptance of the model in Kano State, Nigeria. The result shows that the model fits the data well and that attitude is the major determinant of intention to accept the IMIM among users.

Keywords: Islamic; micro-investment; microfinance; micro-entrepreneur; Islamic micro-investment model; IMIM; Nigeria.

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Biographical notes: Aliyu Dahiru Muhammad holds a PhD at International Islamic University Malaysia. He is currently a Lecturer I and the Deputy Director at International Institute of Islamic Banking and Finance, Bayero University Kano. His areas of interests include Islamic economics and finance, zakat, waqf, microfinance and poverty alleviation.

Mohamed Aslam Haneef is a Professor of Islamic Economics and Director Centre for Islamic Economics, International Islamic University Malaysia. His areas of interests include philosophical foundations of economics, Islamic economics methodology, zakat and waqf and Islamic microfinance.

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Mustafa Omar Mohammed is an Associate Professor at the Department of Economics and Centre for Islamic Economics. He holds a PhD in Islamic Finance and his areas of interest are Islamic economics, Maqasid al-Shariah, economics of zakat and Fiqh al-Muamalat.

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1 Introduction

Islamic microfinance is basically a microfinance tool that employs Islamic financial principles in providing financial services to the poor. It has been developed due to the apprehension of some Muslims in different countries and communities that conventional microfinance violates Islamic principles of finance. In other words, Islamic microfinance developed similar to Islamic banking to overcome the obstacles inherent in the conventional microfinance, in particular the laissez faire economy. In this system, the mechanisms for distribution of scarce resources are tilted toward favouring the already rich segment of society (Zaman, 2013). However, Islamic alternative to microfinance serves as an effective alternative given its fundamental philosophy of spreading mercy on earth. Allah says in the Quran "we sent thee not, but as a Mercy for all creation" (Q: 21:107).

However, the practice of Islamic microfinance again underscores on the mismatch between the Islamic economics and finance objectives with specific institutions offering Islamic microfinance. Thus, the researchers felt the need to develop a model that will ensure business success with socio-economic objectives of the Muslims community. The IMIM can be applied by any Islamic microfinance institution that has the dual objectives of attaining profitability and promoting socio-economic welfare. The IMIM imbibes the spirit and form of Islamic finance. Some scholars argue that implicit in the laws of Islamic finance is an ethical guideline to ensure that some or all of its funds for investment are used to redistribute wealth in the society at profitable levels, such as through microfinance [Farook, (2007), pp.31–32]. This can be achieved by applying a tool that has the dual objectives of the members of the society as stated earlier.

Similarly, the name 'Islamic micro-investment model (IMIM)' gives different positive impressions and creates avenues for applying the marginalised and under-applied Islamic financial contracts. Rahim Abdul Rahman (2010) for example, advocates that a profit and loss sharing scheme has the potential to reduce inequitable distribution of wealth and income as well as to ensure optimal allocation of resources compared to the interest based arrangement.

The IMIM proposed will overcome some of the major challenges of Islamic Microfinance such as cost of capital, human resource need, and above all poverty alleviation by targeting different segments of the society. This can be achieved by mobilising the latent resources, specifically waqf of different types including cash waqf. Thus, the model could be described by Haneef (2011) coined as 'ethically superior' by incorporating waqf, since waqf is voluntary unlike Zakat which is obligatory.

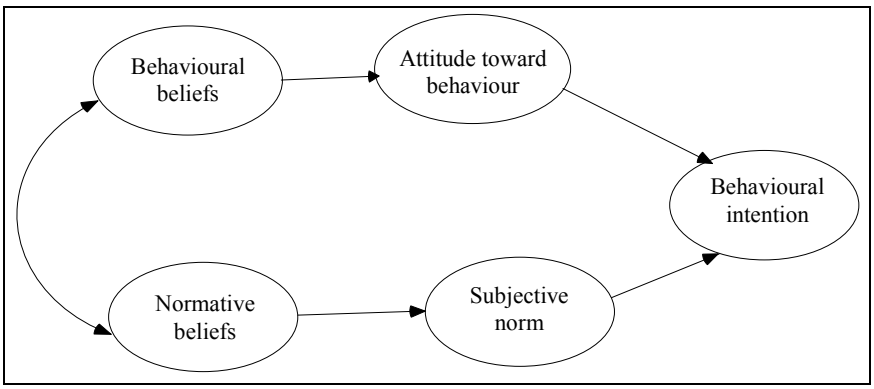
The IMIM was developed based on the theory of reasoned action (TRA) of Fishbein and Ajzen (1975). This study uses structural equation modelling (SEM) to empirically test the applicability and acceptance level of the model by micro-investors in the Nigeria. The result shows that attitude is the major determinant of intention to accept the IMIM among users. The remaining parts of the paper consist of theoretical framework, concept and structure of IMIM, data and methodology, results and discussion as well as some concluding remarks.

2 Theoretical framework

2.1 Theory of reasoned action

TRA (Figure 1) was first developed by Ajzen and Fishbein (1980) and Fishbein and Ajzen (1975) based on expectancy value model which provide a framework for understanding the relationship between attitude of individuals and their underlying beliefs. The theory emphasises the role of attitude, subjective norm, intentions and behaviour directed to a specific focus. In this context, one could say that TRA accepts the premise that there is no such thing as ideology-free or value free economics. One's worldview and set of values will certainly have an effect on one's behaviour.

Figure 1 Theory of reasoned action



Source: Fishbein and Ajzen (1975)

According to TRA, behaviour of a person is predicted by two components, i.e., attitude toward the behaviour and subjective norm. The first predictor measures the extent to which an individual has favourable or unfavourable evaluations of the behaviour. The second predictor however, measures the impact of other people in respect of that behaviour (Ajzen and Fishbein, 1980; Thompson and Panayiotopoulos, 1999).

With regard to the other possibly influencing factors such as past experience, demographic variables, Ajzen and Fishbein (1980) argue that they are mediated through beliefs and evaluations.

Thus, attitude and subjective norms are sufficient predictors of intention (Thompson and Panayiotopoulos, 1999). However, TRA is widely used as a theoretical model to

study human behaviour with regard to underlying factors that influence one's behaviour to engage or not engage in a particular cause of action, such as buying new products or consumers' acceptance to use specific instruments in health, education, technology, etc. In fact the technology acceptance model was evolved from TRA.

Apparently psychologists opined that the degree of these variables are not constant but varies between population and individuals. In other words a relationship between two or more variables may be quite strong in some individuals while it is weak or does not exist for others. The relationships could vary not only between groups of individuals but for individuals themselves. In fact, TRA is developed to capture these variations and differences (Hedeker et al., 1996).

TRA argues that the only immediate cause for any behaviour is an individual's intention to engage or not which in turn influenced by vis-à-vis attitude of the individual toward the behaviour and individual perceptions of the social pressure termed as subjective norm. People are more likely to engage in the behaviour when they hold a positive attitude toward an action and perceived social pressure in favour of the action. According to Septimus (2011) the size of the intention-behaviour relationship will impact the ability that attitudes and subjective norms have in predicting behaviour, since intention is the mediator between overt behaviour and the constructs attitudes and subjective norms in the theory. The predictive power of TRA not only makes it an elegant theory in psychology but also increases its relevance in social sciences in general (Hedeker et al., 1996).

TRA is built on the assumption of rationality of the consumer (Ajzen and Fishben, 1980), however this does not mean that behaviour is decided reasoned and objectively because of the existence of incomplete or biased information [Septimus, (2011), p.10]. The term 'reasoned' means that information is synthesised and evaluated systematically, thus the action of the person rests on the available information to him about the behaviour (Ajzen and Fishbein, 2005). In the end of analysis, beliefs are the underlying determinants of behaviour. And changes in the behaviours emanate from a change in these underlying beliefs. In fact, it is at this juncture that any intervening programs, based on the TRA, would be employed to affect the belief for behaviours to change (Septimus, 2011).

In Islamic economics, the meaning of rationality is bounded by the value set that guides agents. One's adherence to the values found in the Qur'an and Sunnah of the Prophet will have a profound impact on what is considered 'rational'. For example, in a system that is based on the ideology of secularism, rational economic decision making is limited to costs and benefits of the material world and in one's life in this physical world only. However, in systems that acknowledge a life here-after as in the religion of Islam, rational decision making must consider gains and losses not only in this material world, but also one's position in the hereafter.

Hence, as seen from recent writings regarding the cause of the 2008–2009 financial crisis, greed is considered good. Individual profit maximisation is taken as the dominating, if not only, rational goal that is to be attained. On the other hand, in an Islamic economic framework, seeking profits to fulfil one's needs and family needs is permissible. However, pursuit of wealth for its own sake is irrational and unacceptable in Islam (Zaman, 2015). Man, in his role as *abd Allah and khalifah* on earth must also consider the needs of others and of the environment when making rational decisions.

TRA is a series of linked concepts and hypotheses developed to understand and predict human behaviour. According to Ajzen and Fishbein (1980) and Fishbein and

Ajzen (1975) applying TRA for a certain behaviour was meant to predict and intervene in changing the behaviours where needed. Hence, it can also be used to promote a more ethical/moral behaviour that represents an Islamic view of rationality.

However, there are currently only a few studies in the area of Islamic economics and finance that utilise TRA of Ajzen and Fishbein (1980) and Fishbein and Ajzen (1975). Most of the studies concentrated in the conventional literature and few of them are undertaken in Muslim countries and communities. For instance Lada et al. (1999) applied TRA to predict the intention to choose halal products among Malaysian consumers. They tested the applicability of TRA on Qardulhasan financing acceptance among 214 Malaysian bank customers, and Bidin et al. (2009) utilised TRA on zakkat on income of 250 business respondents in the State of Kedah, the first state to make zakat payment a compulsory.

2.1 Islamic microfinance models

Theoretically and empirically, there exist a number of models of Islamic microfinance. Just like in Islamic banks, the products are more or less the same but the application could differ in terms of targeted clients; for instance, partnerships products, sales-based products and debt-based products. In partnership-based products, the dominant contracts are musharaka and mudaraba. While in musharaka, both parties contribute capital, in mudaraba, one party contributes capital and the other contributes skills. Trustee partnership based on mudaraba is a mode of financing through which the bank provides capital for a specific venture indicated by the customer. The bank, called rabb-al-mal is the owner of the capital and the entrepreneur, called mudarib [Obaidullah, (2005), p.57].

Sales-based contracts however, is murabaha (cost plus) which is also used to finance entrepreneurial needs for equipments for business or consumables to the households. In addition Ijarah (leasing) is a debt based contracts whereby the Islamic bank assumes the role of lessor and allows its client to use asset of its own. In Ijarah, the client could rent a vehicle and pay fixed rental payment for certain periods and sometimes the contracts ended with full ownership of the leased item to the client. This is called ijarah muntahiya bal-tamlik. Other specific products of Islamic banks include Qard Hasan (benevolent loan), which is spending in the path of Allah without expectation of returns in this world (Zaman, 2015). Qard Hasan is highly encouraged in Islam. In fact, Allah says in Quran 2:245 "who is he that will loan to Allah, a beautiful loan, which Allah will double and multiply many times? It is Allah that gives (you) want or plenty and to Him shall be your return".

In terms of application of these Islamic banking/microfinance products, most of the institutions, apply either sales-based or debt-based products. The uniqueness of equity based financing products arguably makes it challenging for Islamic banking and microfinance to apply it widely (Obaidullah, 2005). For instance, the issue of asymmetric information poses additional challenges especially when the profitability of a venture depends on the entrepreneur. Interestingly, microfinance with its grass root foundation has the potential of adopting some of these ideal Islamic financial products. In fact, microfinance is observed to be quite promising in terms of financing micro, small and medium enterprises (Obaidullah, 2005; Muhammad et al., 2011). Currently in Nigeria, there are institutions practicing Islamic microfinance such as Tijarah Microfinance Bank, the first full pledge Islamic microfinance in Nigeria; Al-Baraka Microfinance Bank; Al-Hayat Microfinance Bank among others. In fact, Jai'z Bank, the first full pledged

Islamic Bank in the country established in 2012 could create a platform for financing MSMEs. Zakat and waqf institutions could also be used to implement Islamic microfinancing in the country. Some of these institutions such as Zamfara Zakat and Endowment Board, Sokoto State Zakat Committee and Zakat and Sadaqat Foundation in Lagos have already initiated empowerment programs using zakat and waqf fund. The next section introduces IMIM that not only advocates for the adoption of the ideal Islamic microfinance models but also promotes the social-economic welfare of the clients in particular and the society at large.

2.2 Concept of IMIM

IMIM can be defined as a business venture in line with the Shari'ah requirement of finance, intended to cater for the socio-economic needs of the poor individuals in the society. Thus, the objective is not only to acquire or maximise profit but also to fulfil shariah requirement and improve the welfare of the people. It is meant to break the income inequality that is now at levels rarely seen in history (Stiglitz, 2012 cited in Zaman, 2013).

Islamic micro-investment focuses on the growth and development of the microenterprise sector. Generally, the micro and small business sector have important economic and social impacts on employment and income generation. The crux of the problem lies in the structure and objective of the program. Much of the supply of funds to the small businesses is ineffective, narrowly targeted and 'poorly structured'. This raises concern about the need for social investment funds to support the sector. Hence, the need for deep inquiry into the factors (belief system, right target, etc., well designed instrument) in diverse societies is required so as to match objectives with actions.

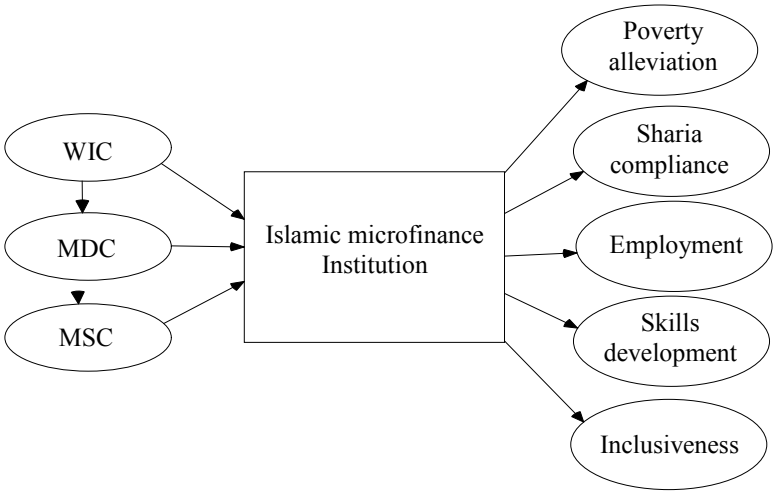
Any attempt to introduce Islamic alternatives to alleviate poverty must stem from the concept of rationality discussed earlier, i.e., it must be based on an ethical-moral base and cannot be a mere 'profit-maximising' activity. In a nutshell, theoretically, Islamic microfinance/micro-investment model (IMIM) needs to have both an economic benefit as well as social benefit to its clients. One needs to go beyond the current dominated debt and murabaha centric focus in the current practice of Islamic microfinance.

2.3 Structure of IMIM

Figure 2 shows the schematic presentation of the IMIM model. The presentation order indicates input, process and output.

Figure 2 depicts the three-stage model developed from the combinations of different contracts. These contracts, waqf-ijara contract (WIC), mudaraba contract (MDC) and musharaka contract (MSC) serve as building blocks of the model. In the frist stage the micro-investor would be given training from the waqf fund and capital provided in form of Ijara. If the mico-investor possesses the skills to start with MDC he/she would be considered also musharaka. This depends on the assessment by the Islamic microfinance institution. The output of the model implementation is expected to significantly impact on the income of the poor; provide faith satisfaction to investors, operators and clients. Additionally, employment, skills development and enhancement as well as inclusiveness are expected to be realised.

Figure 2 Islamic micro-investment model (IMIM)



Source: Authors

The IMIM, being free from the riba-based arrangement and being tied with charitable based source of finance such as waqf has advantages of low cost of funding and a blessing from Allah as promised in the Quran where Allah says "Allah will destroy Riba and will give increase for sadaqat (deeds of charity, alms). And Allah likes not the disbelievers, sinners." (Q: 2:276). Little surprise the series of crisis in the riba-based financial system that destroys millions of dollars and Euros, jeopardising future of millions of people that have directly caused the crisis and those that are just mere victims of it.

In order to test empirically, the relevance and possibility of applying IMIM, we have adopted the TRA that has a different concept of rationality and wider goals than mere individual profit maximisation. In other words, it comprises the goals for attaining worldly gain and hereafter. Thus, societal benefit is well considered in the decision making process.

3 Data and methodology

3.1 Study area

Kano State is the second commercial Centre in Nigeria. The city is termed as the 'Centre of Commerce' in Nigeria, comprising different ethnic groups, undertaking various economic activities in the state. A recent national survey shows that Kano had the highest record of informal sector owners with 1,590,669 persons (NBS, 2010). It has large concentration of diverse small business enterprise in Nigeria. Many specialised markets can be found in this commercial activity centre. In a special report on investment opportunities in Kano State, published in 2006 by the state government, 16 specialised markets were identified with small and micro enterprises of different kinds. Most of these microenterprises engaged in businesses such as selling vegetables, food items, general agricultural produce, consumer provisions, livestock, clothes, household appliances,

timber and plywood, vehicle spare parts, handcrafts and manufactured goods, among others.

3.2 Population and Instruments

The population of the study consists of all people that engage in informal and small scale businesses in Kano state. The study population is drawn from the 16 markets identified by Kano State Government in its 2006 report; entitled *Investment Opportunities in Kano State*. Kline (2011) also suggests a minimum of 200 for a path model with 20 indicators. Following this recommendation, this research with more than 20 indicators, opted to use 500 samples. That will increase statistical power of the research findings, enabling the results to be generalised and increase its validity (Kline, 2011; Hoe, 2008). In general, the greater the sample size the more accurate the estimates from the population is expected [Korzilius, (2010), p.894]. Sosulski and Lawrence (2008) claimed that sample size of 500 is considered adequate for a thorough a study of this nature.

The questionnaire was adopted and adapted from previous studies such as Fishbein and Ajzen (1975) and Ajzen and Fishbein (1980). We developed the items in the questionnaire, by adapting measures that had been validated by previous researchers conducted by Ajzen and Fishbein (1980), Ramayah et al. (2003), Fauzia et al. (2008) and Lada et al. (2009) and Abduh (2011) with the items altered to fit the acceptance and intention to use Islamic micro-investment instruments.

The questionnaire was divided into three main sections. Section 1 comprised demographic information, Section 2 direct measures of the TRA, and Section 3 indirect measures. The questionnaire measured the endogenous (independent) variables, and one exogenous (dependent) variable. The endogenous variables are attitude, subjective norm, normative belief and behavioural belief while the exogenous variable was behavioural intention.

3.3 Reliability and validity test

Reliability of test is a measure of the correlation between scores on the test and the hypothetical true value [Norusis, (2006), p.423]. We employed Cronbach's alpha to measure internal consistency among items in the questionnaire. Internal consistency (alpha) measures the degree to which items on the same test measure the same thing. Theoretically the size of the alpha or its reliability depends on the population to which it is administered and number of items included (Norusis, 2006). All the alpha values in this study exceed the 0.7 cut-off value [Kline, (2011), p.59]. This shows that the items are internally consistent which enables further analysis in the research. For construct reliability all values also exceed 0.7 and the constructs are loaded distinctly different from each other. In other words, the result shows that the constructs are not the same and the items used to measure latent variables are loaded correctly. The total variance explained is 84.19% for all the constructs.

Table 1 KMO and Bartlett's test

KMO measure of sampling adequacy	0.941
Bartlett's test of sphericity (approx X^2)	15,334.4***

Note: ****p*-value < 0.01.

The result of the KMO measure of sampling adequacy is 0.941. Kaiser (1974 cited in Norusis, 2006) declares KMO measures in the 0.90's as marvellous and below 0.5 as unacceptable. The Bartlett's test of sphericity is significant (chi-square = 15,334.4, p-value < 0.01).

KMO is an index that compares the size of the observed correlation coefficient to the sizes of the partial correlation coefficient [Norusis, (2006), p.390]. The closer the KMO value to 1 the better. This means that the partial correlation coefficients are small compared to the ordinary correlation coefficients. It also indicates that the variables are linearly related [Norusis, (2006), p.398]. In addition, Cronbach's alphas for all the constructs exceed 0.9.

3.4 Structural equation modelling

SEM was employed to test the fitness of the TRA with the data observed among the micro and small informal businesses in Kano State, Nigeria. The use of SEM has grown widely in social science research. The method enables researchers with a comprehensive means to assess and modify the theoretical models. They also provide opportunities to further theory development (Anderson and Gerbing, 1988). The measurement model or CFA specifies relations of the constructs with the constructs allowed to inter-correlate freely (Anderson and Gerbing, 1988).

SEM was used in the study to analyse the quantitative data. Frequencies and percentage were used to calculate the demographic variables in order to understand the demographic characteristics of the respondents. SPSS version 18.0 was employed to analyse the demographic variables. We then tested the fit between the proposed model and data collected using SEM.

We examined the relationships among the constructs that are in the TRA model. The hypothesised interrelationship among multiple independent and dependent variables were tested. According to Byrne (2001) and Hair et al. (1995) the best analytical strategy to examine simultaneously multiple effects between independent and dependent variables is to use SEM technique.

SEM has two major advantages over other statistical techniques. Firstly, as observed by Schumacker and Lomax (2010) it enables researchers to use multiple observed variables in their inquiry. Secondly, SEM, unlike other statistical techniques, incorporates both observed and unobserved variables in its measurement process (Byrne, 2001).

SEM is an extension of multivariate regression. The main difference between regression models and SEM is that the later provides coefficients that estimate the statistical significance and magnitude of the structural relationships between theoretical constructs [Mayhem et al., (2009), p.453]. Variables in SEM may influence one another reciprocally, directly or through other variables that stand as intermediaries. The SEM is meant to represent causal relationships among variables [Fox, (2002), p.1]. Since dealing with factors pertaining belief and behaviour is not straight forward, using SEM also enabled us to capture latent variables in the research.

The research used SEM software Amos 16.0 to generate goodness of fit indicators and to evaluate how well our data fits the model of TRA [Mayhem et al., (2009), p.453]. Before running the SEM we conducted a confirmatory factor analysis on the latent constructs to assess the degree in which our results follow the theory and predict the constructs in the TRA.

3.5 Results and discussions

3.5.1 Demographic information of the respondents

Table 2 provides the demographic information of the research respondents who are people in informal and micro businesses in Kano State, Nigeria.

Table 2 Demographic information of the respondents

Demographic variable		*Frequencies*	*Percentages*
Gender	Male	369	79
	Female	100	21
Age	15–29	161	34
	30–44	206	44
	45–59	72	15
	60–64	18	4
	65 and above	12	3
Marital status	Married	323	69
	Single	107	23
	Divorced	19	4
	Widowed	20	4
Level of education	Madrasah	195	42
	Primary	61	13
	Secondary	137	29
	Tertiary	76	16
Month income	below 6,000	130	28
	6,001–10,000	140	30
	10,001–15,000	89	19
	15,001–20,000	58	12
	20,001 and above	52	11

The table shows that the number of respondents with male carrying the frequency of 369 or 79% while their counterpart female with frequency 100 or 21%. As regards to the respondents' age, those at the age of 15 to 29 have the frequency of 161 or 34%, 30 to 44 have 206 or 44%, 45 to 59 have 72 or 15%, 60 to 64 have 18 or 4% while 65 and above have 12 or 3%. The marital status of the respondents indicates 323 or 69% are married while 107 or 23% are single. There was quite small number of divorced and widowed carrying frequency of 19 and 20 or 4 and 4% respectively.

The level of educational attainment of the respondents shows that 196 or 42% attended only madrasah, 61 or 13% attended primary school; 137 or 29% have secondary education, 76 or 16% have attended tertiary institutions respectively. The income level of the respondents shows that 130 or 28% fall below 6,000 Naira per month or below the $1.25 USD a day (which is regarded as below poverty line); 140 or 30% have income between 6,001 and 10,000 Naira which is below 2 USD a day; 89 or 19% fall between 10,001 and 15,000 Naira per month. In addition, 89 or 12% have income between 15,001 to 20,000 Naira while 52 or 11% has income of 20,000.

Table 3 Family size and ethnicity

Demographic variable		*Frequencies*	*Percentages*
Family size	None	85	18
	less than five	204	44
	Five to ten	129	28
	11 to 15	34	7
	15 and above	17	4
Ethnicity	Hausa/Fulani	430	92
	Yoruba	14	3
	Igbo	4	1
	Others	21	5

However, family structure of the respondents depicts that 204 or 44% have family size of less than 1; 129 or 28% have 5 to 10 family members; 34 or 7.2% have family of 11 to 15 while 17 or 4% have family above 15 members. The respondents' ethnic affiliation reveals that Hausa/Fulani has frequency of 430 or 92%; Yoruba with 14 or 3% while others with 21 or 5%.

Table 4 Economic activities of the respondents

Demographic variable		*Frequencies*	*Percentages*
Occupation	Fruits, vegetables and spices sellers	42	9
	Food items sellers	43	9
	Essential household commodities sellers	23	5
	Fish-meat, livestock sellers	73	16
	Hand craft/local manufactured goods sellers	84	18
	Vehicle, mechanic and accessories sellers	34	7
	Others	170	36
Business financing	Microfinance bank	3	1
	Money lenders	15	3
	Credit associations	20	4
	Friends/relatives	42	9
	Savings	277	59
	Finance from w. salers/retailer	112	24

The respondents' occupation reveals that there are 16 different types of occupation engaged by the respondents. Respondents that engage in essential household business have a frequency of 23 or 5%; vehicles and mechanic services have 34 or 7%; fruits, vegetables and spices have frequency of 42 or 9%; food sellers have frequency of 43 or 9%; fish, meat and livestock have the frequency of 73 or 16%; handcraft and local manufactured goods have frequency of 84 or 18% while other occupations that have been quoted have frequency of 170 or 36%.

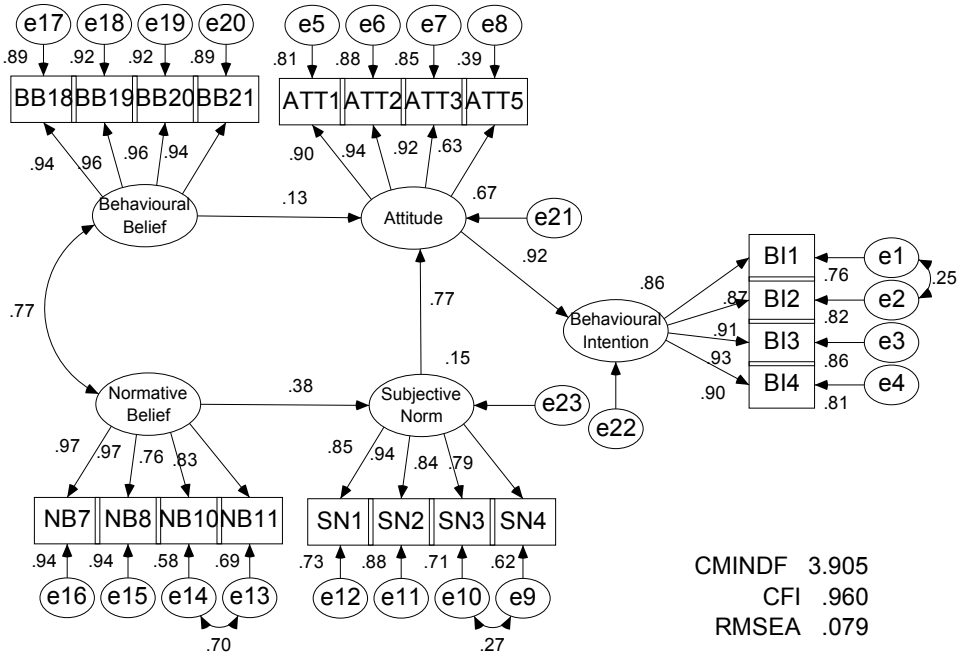
The sources of financing among the respondents show that respondents that use savings as a source of finance have frequency of 277 or 59%; finance through wholesalers/retailers has 112 or 24%; friends and relatives have frequency of 42 or 9%;

credit associations have 20 or 4%; money lenders have 15 or 3% while microfinance banks have frequency of 3 or 1%.

3.5.2 Goodness of fit of the revised model

A path model is a structural model for observed variables [Kline, (2005) p.66]. Goodness of fit tests are conducted to determine the acceptance or otherwise of the model. To see the goodness of fit we use commonly use fit indices in SEM vis-à-vis normed chi-square (CMIN/DF), comparative fit indices (CFI) and RMSEA. Schumacker and Lomax (2004) recommend maximum value of 5 as a cut-off of normed chi-square or CMIN/DF (Bollen, 1989). Our value falls within the acceptable range of 3.905. Previously CFI, NFI, TLI measures had cut off values of 0.90 (Bentler and Bonett, 1980). Recently, these values have changed to 0.95 (Hu and Bentler, 1999). The current research uses 0.95 as a cut-off value for better fit for theses indices.

Figure 3 Tested model



With regard to CFI, as one can observe in Figure 3, CMIN/DF was found to be 3.90 below the cut off value of 5. The value of CFI was 0.960 which is quite above the minimum cut-off value of 0.95. The RMSEA value of 0.079 is below the maximum cut-off value of 0.08. This indicates that IMIM that is based on TRA used in this study fits the data well and it can be used to predict the intention to use the IMIM.

Moreover, the parameters estimated were tested and found to be statistically significant and free from any offending estimates. The parameters also show logical direction of the results. The squared multiple correlations (SMC) of the indicators were examined which shows the reliability of the variables in the analysis and the proportion of variance in the endogenous variable that is accounted by the exogenous variable

(Tabachnick and Fidell, 2007). The result of SMC was found to be 0.86 indicating that 86% of the variance was explained by the variables in the model. The result shows strong predictive power by the exogenous variables on the endogenous variable.

Table 5 represents the fits indices, their cut-off points as found in the literature, the value found in the research and finally the interpretation or decision rule based on the cut-off point and the research findings.

Table 5 Model fit indices and its cut-off value

Fit indices	*Cut-off*	*Value*	*Interpretation*
CMIN/DF	5	3.905	Accept the goodness of fit of the model
CFI	0.95	0.961	Accept the goodness of fit of the model
NFI	0.95	0.95	Accept the goodness of fit of the model
RMSEA	0.08	0.079	Accept the goodness of fit of the model

Table 6 Estimates based on maximum likelihood

	Estimate	*S.E.*	*C.R.*	*P*	*Label*
Subjective norm ← normative belief	.261	.033	7.839	***	
Attitude ← behavioural belief	.101	.025	4.121	***	
Attitude ← subjective norm	.849	.050	16.856	***	
Behavioural intention ← attitude	.933	.038	24.437	***	

Note: *** p-value< 0.01.

We proceeded to the path analysis by examining the parameter estimates to ensure they have anticipated signs and magnitude (Boomsma, 2000). Following the standard TRA constructs, the research discovered that all the hypotheses have complied with the model except the subjective norm. It is discovered that subjective norm does not affect intention to use IMIM directly but through attitude. This finding is similar to that of Brand et al. (2004) who found that subjective norm does not significantly contribute to entrepreneurial interest. Moreover, the mediating effect of attitude is supported by Fu et al. (2010) and Lada et al. (2009, p.72). Previous research also indicates that subjective norm is the most complex in the TRA leading researchers to conclude that it is context dependent and sometimes problematic (Fu et al., 2010). Ajzen (2010) reaffirms that "there is nothing in the theory to suggest that attitude; subjective norm…will each make a significant contribution to the prediction of intention". He added that "the relative importance of these factors is likely to vary from one behaviour to another and from one population to another".

H1 Attitude towards behaviour affects the intention to use Islamic micro-investment instruments.

The first hypothesis states that attitude influences intention to use Islamic micro-investment instruments. The result shows that if attitude increases by 1, behavioural intention goes up by 0.933. The result is statistically significant, practically reasonable and the direction is meaningful.

H2 Subjective norm influences the intention to use Islamic micro-investment instruments.

The second hypothesis suggesting that subject norm influences intention was found to be insignificant, therefore modification indices and theoretical literature were used to modify the path, thus, new exploration was made and the path between subjective norm and behavioural intention was dropped (Veciana et al., 2005). Another link was discovered: the indirect relationship of subjective norm with behavioural intention through attitude. The parameter estimate was 0.849, indicating that when subjective norm increases by 1, attitude goes by 0.849. The result is statistically significant, practically relevant and logically tenable.

H3 Behavioural belief affects attitude to use Islamic micro-investment instruments.

The third hypothesis suggests that behavioural belief affect attitude. The estimated results show that when behavioural belief increases by 1, attitude goes up by 0.101. The result is statistically significant and logically tenable but practically not relevant.

H4 Normative belief affects subjective norm to use Islamic micro-investment instruments.

The last hypothesis suggests that behavioural intention influences attitude to use Islamic micro-investment instruments. The estimated result shows that when normative belief increases by 1, subjective norms increases by 0.261. This reveals that the result is statistically significant, practically relevant and logically tenable.

4 Concluding remarks

Central to the challenge of fighting poverty is creating wealth through development of microenterprises [Obaidullah, (2008), p.4]. The Islamic approach to poverty alleviation is more comprehensive and more rigorous than other methods. Islam as a comprehensive religion promotes human and physical development including skills, business and investments.

Similarly, the injunction in the Qur'an chapter 59 (verse seven) prohibits wealth concentration among few members of the society. The verse promotes obedience to Allah in all matters including financial transactions and demonstrates that wealth and resources ultimately belongs to Allah with human beings serving as custodians. The verse buttresses that wealth and resources must not be concentrated in just a few hands, rather wealth must be circulated through businesses and other lawful transactions. This paper proposes a model of risk and returns sharing and promotes wealth circulation in the society.

Nigeria has a sizable number of poor below poverty line engage in microenterprises. This IMIM developed in this study is an opportunity for Islamic micro-investors and other stakeholders to utilise and increase investment and benefit the overall society. Employment will increase, poverty will decrease, capital will be accumulated through saving by the micro-entrepreneurs, and above all there will be faith satisfaction in the process. Neither the investor nor the micro-entrepreneur violates Islamic prohibitions of dealing with interest, and with this credit, the business is likely to be blessed by Allah (S.W.T).

Using the TRA to examine the acceptance of the IMIM, results show that among the determinants of behavioural intention, attitude is the most important predictor of intention to use the new IMIM with the estimated value of 0.93. Furthermore, the strong

correlation (0.79) between normative belief and behavioural belief indicates that micro-investors with greater behavioural beliefs are likely to share underlying factors of beliefs between individual and society as they show commonalities among pairs of the observed variables of the constructs. The findings also reveal that subjective norms influence intention via attitude. Therefore any policy intervention should focus more on attitude given its direct effect on the behaviour.

Unlike conventional economics, Islamic alternatives to poverty alleviation must stem from the concept of rationality that is based on an ethical-moral base and cannot be a mere 'profit-maximising' activity. In other words, theoretically, IMIM provides both an economic benefit as well as social benefit to its clients. In advancing the ethical and moral approach to microfinance, education could play a vital role as many people are not exposed to this approach. There is also need for critical appraisals for the theories and materials used in teaching Islamic economics and finance, to ensure the integration of ethical values as offered by the Sharia.

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