

# INTEGRATED MUAMALAT CASE STUDY



Editor:  
Zainal Abidin Mohamed  
Rosnia Masruki

INTEGRATED  
**MUAMALAT**  
CASE STUDY



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EDITOR:-

ZAINAL ABIDIN MOHAMED  
ROSNIA MASRUKI

USIM Publisher  
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## **The Integrated Muamalat Case Study**

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## ACKNOWLEDGEMENTS

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*In the Name of Allah, the Most Merciful and the Most Benevolence*

*Alhamdulillah* (all praises be to Allah S.W.T.) the Almighty, for His blessings and for granting us good health, strength, patience and courage needed for the completion of a collection of case studies in this first series book, entitled '**Integrated Muamalat Case Study**'.

On behalf of all authors, I would like to record my sincere appreciation to the Vice Chancellor of Universiti Sains Islam Malaysia, Prof. Dato' Dr. Muhamad Muda for his continuous encouragement in producing this case study book. This is in line with the aspiration of the Ministry of Higher Education (MOHE) through its National Higher Education Strategic Plan (PSPTN), which has outlined several thrusts as its focus areas, one of which is to improve the quality of teaching and learning. A case study approach is one of the ways to bridge the gap between theory and practice in order to remain relevant in the global business community as well as in the local context.

My deepest gratitude goes to the facilitators from Case Writers' Association of Malaysia (CWAM), particularly the president, Prof. Dr. Zainal Abidin Mohamed who had tirelessly reviewed and edited all case study papers in this book. I am indebted to all contributors comprising of lecturers, post-graduate students from Faculty of Economics and Muamalat and the practitioners who are involved in sharing precious ideas and experiences while also contributing to the production of case study papers.

Great deal of appreciation extends to the Dean of Faculty of Economics and Muamalat, Dr Asmaddy Haris for his support towards the first case study publication at our Faculty and to all colleagues who had in one way or another made this book a reality.

I hope we can continue to work as a team in writing other case study books in the near future. *Insyallah* (if God willing). Lastly, I would like to thank everyone responsible (directly or indirectly) in organizing many case study workshops toward the publication of case study books.

Thank you.

**ROSNI MASRUKI**

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## FOREWORD BY THE VICE CHANCELLOR

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*Bismillahirrahmannirahim*

*Assalamu'alaikum warahmatullahi wabarakatuh*

First and foremost, congratulations to all case writers from the Faculty of Economics and Muamalat USIM for their perseverance and persistence in completing the first of the series of **Integrated Muamalat Case Study**.

The publication of this case study book is designed for Muamalat (Islamic Business Administration) related courses. The case teaching approach encourages lecturers to seek active participation of their students in classroom discussion. The usage of case studies in teaching and learning can provide a rich learning environment for developing problem-solving and decision making skills. While the curricula at the faculty have for many years been based on the analysis of real localized cases, lecturers in a variety of disciplines have observed that an occasional case study can help them assess students' ability to synthesize, evaluate and apply information and concepts learned in lectures and texts. Cases can help educators to organize and bring to life abstract and disparate concepts by forcing students to make difficult decisions about complex human dilemmas.

As with other teaching methods, the effective use of case studies requires lecturers to determine the specific goals they hope to accomplish. In general terms, cases can assess the application of concepts to complex real world situations, including building analytic skills that distinguish high priority from low priority elements. Working in groups on cases also helps students develop interpersonal skills and the capacity to work in a team which are goals that some lecturers evaluate and rate highly. Cases also help students make connections between what they might otherwise consider to be separate disciplines - for example, they see the need to draw upon principles in economics and ethics to solve a problem or the need to use theoretical and conceptual materials to make a decision about carrying out a project.

Using cases in learning and teaching would benefit in many ways. For that reason, I look forward to future publication of case study books that aims at enhancing human capital and upgrading the resources of the effective learning and teaching environment for the betterment of Ummah at large.

Thank you.

***KNOWLEDGEABLE • DISCIPLINED • DEVOUT***

**PROFESSOR DATO' DR. MUHAMAD MUDA**

Vice Chancellor

Universiti Sains Islam Malaysia

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## FOREWORD BY THE DEAN

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*Alhamdulillah*, praise be to Allah S.W.T the Almighty for the successfully completing the first case study book publication in Faculty of Economics and Muamalat. This first volume of the Integrated Muamalat Case Study book consists of fourteen cases. It was inspired by faculty members as a case study teaching material in several courses that are being offered in the faculty. Congratulations to all case writers on the successful of the first volume of case study publication.

The use of cases for teaching Muamalat (business administration) today is ideal because of the practicality and real life examples that can be used to contextualize the theoretical concepts in three different areas, namely Economy and Social (*Iqtisodi and Ijtima'ie*), Islamic Banking, Finance and Accounting (*Tijari*) as well as Management and Islamic Business (*Idari*). A case teaching has shown to be useful pedagogical tools as an interactive learning strategy, student-centered activities rather than teacher-centered emphasis. Despite the different teaching approach, using case study in the course can expose students to real-world issues which they may be faced. With hopefully, this book can increase motivation of students and their interest in a particular course.

In addition to that, I believe the use of case study to be very beneficial not only to the students, but also to the lecturers who can make the learning and teaching experience enjoyable and challenging. As for the students, they will be able to demonstrate application of theoretical concepts, thus bridging the gap between theory and practice, to participate in active learning and to provide an opportunity for the development of many soft-skills such as communication, building teamwork and problem solving.

On behalf of the authors, it gives me a great pleasure to express my sincere appreciation to Prof. Zainal Abidin Mohamed for his support towards realizing the first case study book publication through facilitating the case writers and to the University as a whole. It is hoped that this initiative will encourage more lecturers to be involved in case writing to be used for teaching as well as publication. I welcome more case writers from the faculty for use in the classroom to assure that the learning reflects as close as possible to the scenario of the industry.

Thank you.

**DR ASMADDY HARIS**

Dean

Faculty of Economics and Muamalat

Universiti Sains Islam Malaysia



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## PREFACE

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Welcome to this first volume of a collection of case studies in the field of *Muamalat* (Islamic Business Administration) produced by the Faculty of Economics and Muamalat (FEM), Universiti Sains Islam Malaysia.

As the chief editor, producing this book was a memorable and enjoyable experience although it had its blood and tears that went along with it. It was quite a different experience when compared to writing one of your own cases for a chapter in a book where all are within your control and you determine the destiny. As in a marathon race, you decide the speed and the mode, when to attack and maintain until the end of the race. But as an editor (chief, and the first time being entrusted with the job), it is like a coach of a team of players where you are dependent on them and they all know the destinations to pursue, and of course are being guided by you. The members are quite diverse and are not used to the rules of the game and not enough experience to see it run till the end. *Alhamdulillah* (thanks to the Almighty) that the whole team finally reached the finishing line or completed the full game period, with some injury-time added of course. There were a few casualties, but we had enough reserves to carry it through and some wanted more! All in all, what an experience! Coaching is not that easy although you are physically fit for the game with all the skills needed tucked inside you. Telling the players what to do is not difficult, but making sure they understand the 'hows' and the 'whys' are as important and critical and they need to be able to remember the moves and the coordination as well. Yes, congratulations to all the players as well as the owners and the stakeholders for this is actually a team effort and a special thanks to my Executive Editor, Rosnia Masruki for her energy and dedication.

This is the first book of cases of its kind I believe in the world, in the field of *Muamalat* (Islamic Business Administration).

Local cases are badly needed for the teaching and learning in the process of sharing knowledge. The efforts by the case writers to complete the 14 cases are indeed noble as to commit into such a journey is not only challenging but also hazardous (mentally and spiritually). The cases are of different levels of difficulties and meant for different levels of users. This first volume will be the beginning of more case writing in the near future as the writers are all still in their prime age and pursuing the peak of their respective academic excellence. With full sincerity, it is hoped that this will inspire them to higher levels of achievement and in contributing to the increase in the inventory of local cases for training purposes.

The 14 cases are grouped into three main areas of specialization in line with the university's aspiration. The first four cases are in the Economy and Social Science group. The next three in Islamic Banking, Finance and Auditing and followed by the remaining seven cases which fall into the areas of Management and Islamic Business Transactions. For trainers you might want to run through the abstracts and to skim the instructor's manual to make your choice for training.

Nonetheless, what they have gone through as denoted by the 'blood and tears' mentioned earlier refers to the team and group workshops and meetings either formally or otherwise and being first timers for most of them it was definitely not smooth sailing. Table 1 below is presented to share the structured processes for those who might want to get a glimpse of the experience. It went through some vigorous editing activities and to achieve certain standard as expected from an academic case document to be used for teaching.

These cases are published without the suggested solution. However, users (trainers and academicians) can get the instructor's manual or guide from the respective authors or USIM publication with validation of their trainer status. I hope that this document can add variety in your teaching choices and I would appreciate feedback on their usage outcome. New authors from any organizations are also welcomed to contribute towards future volumes which are envisaged to appear at least annually.

**Table 1: Summary of the various formalized activities**

<b>Dates</b>	<b>Workshops</b>	<b>Objectives</b>
14-15 July, 2011	Case Research and Writing workshop, Module I – Introduction to Case Study.	Exposure on case research, teaching, learning and publication.
7 December, 2011	Discussion on FEM case study writing.	Set up case research teams according to respective niche areas.
15 February, 2012	Case Research and Writing Workshop, Module II with facilitators from CWAM (Case Writers' Association of Malaysia).	Editing the case documents as well as the instructor's guide with three facilitators from CWAM.

12-13 April, 2012	Workshop on TOT (Training of Trainers) for case writers.	Evaluating case documents and TOT for case editors.
7-25 May, 2012	Double review of final draft of cases	Final editing of cases and instructors guides.

Thank you to all who participated in contributing to the content as well as those who supported this endeavourer from USIM's top management until the faculty supporting staff levels.

Sincerely,

**PROF. DR. ZAINAL ABIDIN MOHAMED**

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Nathasa Mazna Ramli  
Nor Asiah Yaakub  
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Suzana Samsudi  
Ummi Salwa Ahmad Bustamam  
Zurina Kefeli  
Zurina Shafii

*Faculty of Economics and Muamalat  
Universiti Sains Islam Malaysia*



# ECONOMY AND SOCIAL

*(Ijtimai'e & Iqtisadi)*

Case 1: **SHOULD SUKUK GET A HAIR CUT? (SAKINAH  
THE SERIES-2)**

*Nursilah Ahmad, Muhamad Muda, Zurina Kefeli & Siti  
Nurazira Mohd Daud*

Case 2: **HEALTH TAKAFUL VS. HEALTH INSURANCE**

*Zurina Kefeli, Nursilah Ahmad & Siti Nurazira Mohd Daud*

Case 3: **HALAL CERTIFICATION FOR NCR COMPANIES:  
HELP THEM CROSSING THE HURDLE**

*Nurul Aini Muhamed, Nathasa Mazna Ramli, Sumaiyah  
Abd. Aziz & Nor Asiah Yaakub*

Case 4: **HALAL ISSUES IN MC-DONALD**

*Mariza Zainuddin & Amir Shahrudin*



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# SHOULD SUKUK GET A HAIR CUT? (SAKINAH THE SERIES-2)<sup>1</sup>

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*Nursilah Ahmad  
Muhamad Muda  
Zurina Kefeli  
Siti Nurazira Mohd Daud*

## PROLOGUE

It was early Monday morning, mid-January 2012. Sakinah, the Chief Financial Officer (CFO) of Cagamas Berhad, was reading the article sent to her by Adlan, the Investor Relations Unit officer, in her spacious office. The article was about the recent global sukuk default. She scanned the article quickly, looking for facts and figures.

“Hmm...24 defaulted sukuk in 14 years? 2009 is the default year for sukuk?” she mumbled to herself.

Sakinah joined Cagamas in October 2011. Cagamas Berhad, the national mortgage corporation was established in 1986 to promote the secondary mortgage market in Malaysia. It issued sukuk and debt securities to finance the purchase of housing loans and other consumer receivables from financial institutions, selected corporations and government. Cagamas was the second largest issuer of securities after the Government of Malaysia.

She continued reading the article with great interest. The first case of defaulted sukuk in Malaysia was the RM500 million *Murabahah* Islamic Debt Securities issued by Johor Corporation (JCorp), a Johor state Government-linked Corporation (GLC). The *Murabahah* sukuk were issued in January 1999 and defaulted after three years in June 2002. It also held the record of being the largest amount of defaulted sukuk in the country to date. She reached the end of the article and found the note written by Adlan. The note said:

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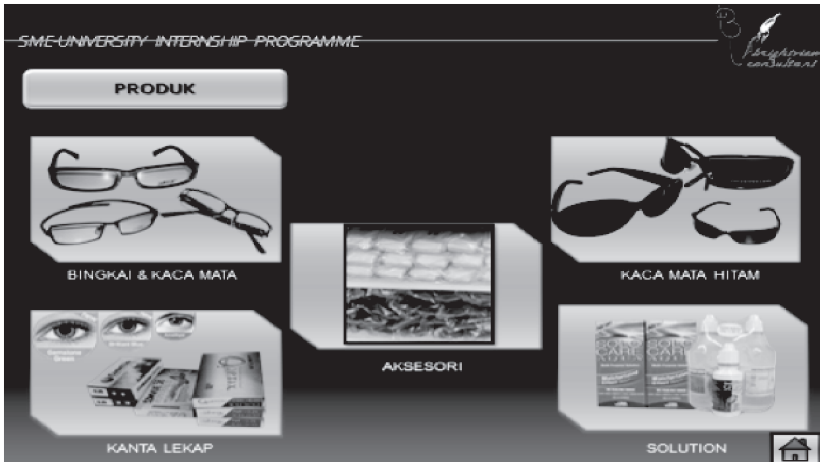
<sup>1</sup> This case was written based on the information collected from secondary sources and information given by the characters in the case as reported in the media. Some events may have been modified to suit some writing conventions. The author(s) had prepared this case solely to provide material for class discussion and had no intention of showing effective or non-effective handling of a management situation. Any use of the case or reference to it is prohibited without a written permission from the author(s). This research is funded by the Fundamental Research Grant Scheme: FRGS/1/2011/SS/USIM/02/2. The authors are lecturers at the Faculty of Economics and Muamalat and Research Fellows at the Islamic Finance and Wealth Management Institute (IFWMI), Universiti Sains Islam Malaysia. Corresponding author: nursilah@usim.edu.my

**SUGGESTED QUESTIONS**

1. What are the critical success factors in Optometry industry?
2. Construct a SWOT analysis for Mr. Zainal and Mr. Naquib in evaluating the business and industry.
3. Based on the above SWOT analysis, make suitable recommendations for Mr. Naquib and Mr. Zainal to stay competitive in the market.
4. Referring to Porter's Model of the Five Forces of Competition, what recommendations would you suggest as the business consultant for Puncak Optometry?
5. Describe the three separate ways that entrepreneurs identify new business, product and service opportunities.
6. In your opinion (based on your former answers), what is the most suitable way/approach that Mr. Naquib should perform for the company's growth?
7. Identify ways Puncak Optometry can sustain its competitiveness through the Business-level strategy it has adopted. Based on your answers, what is the preeminent way that Mr. Naquib should think of?

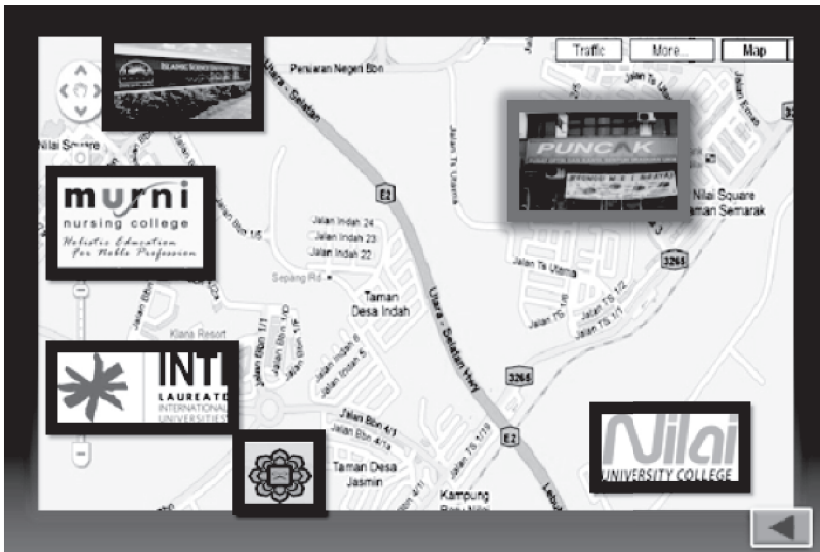
APPENDIX I

Product by Puncak Optometry



APPENDIX II

List of Potential Customers Surround Nilai



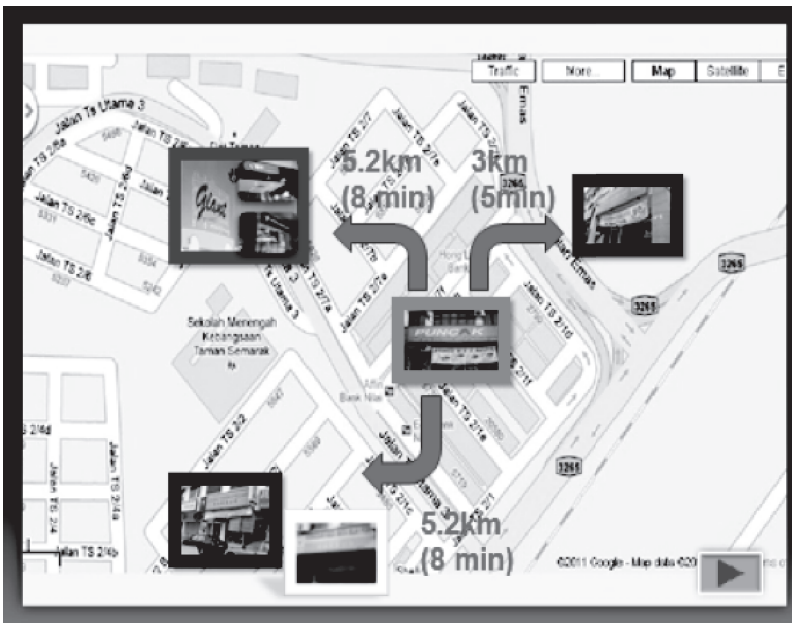
APPENDIX III

Sales for Apr 2010- Dis 2010



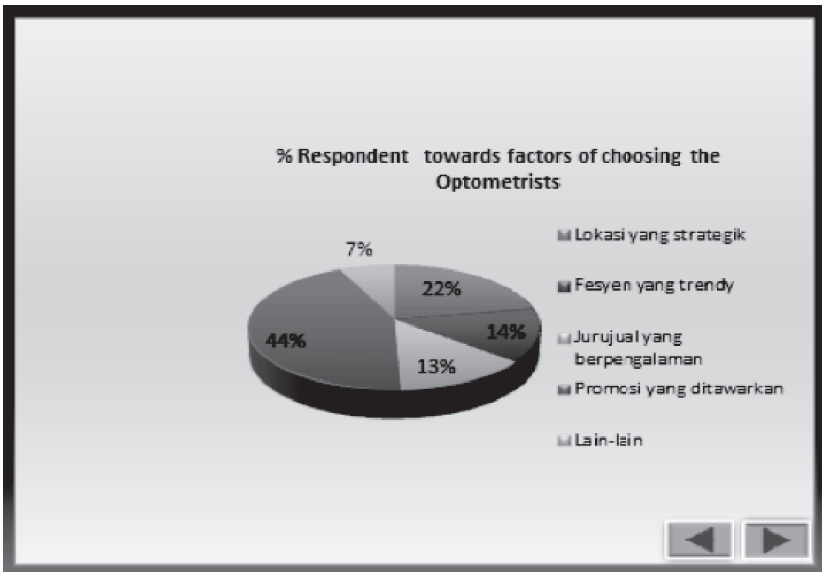
APPENDIX IV

List of Competitors surround Nilai



## APPENDIX V

## How respondent choose their Optometrists



## APPENDIX VI

## Competitors Comparison

**Competitor Comparison**

	How Often they promote their product?	Price	Quality	Brand
100 VISION	2 times in 3-6 months	<ul style="list-style-type: none"> <li>• Package</li> <li>• More clearance sale</li> </ul>	High	Mostly international brand
HANIZAH OPTOMETRY	Once in 3-6 months	<ul style="list-style-type: none"> <li>• Package</li> <li>• old product sold at cheap price</li> </ul>	Medium	medium
FOCUS POINT	7 times a year	<ul style="list-style-type: none"> <li>• Various package suits different people</li> <li>• Have prices as low as RM99 and as high as few thousand</li> </ul>	Thigh	Almost all international brand



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# INTEGRATED MUAMALAT CASE STUDY

This is a pioneering attempt to put together a collection of 14 cases related to Islamic business transactions (Muamalat). They are divided into three different sections namely economy and social, Islamic banking, finance and accounting as well as management and Islamic business. These cases are to be used for teaching and learning muamalat related activities to further assist the process of acquiring knowledge.



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