



An Examination of Cultural-Economic Model and Public Relations in The Malaysian Islamic Banking System

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Abstract

By adopting the study by Gaither and Kandari on cultural-economic model of, the current study was designed to analyse the cultural-economic model of public relations practice of two prominent Islamic banks (full-fledged Islamic bank and Islamic window bank) in Malaysia. This study is mainly focusing on their communication tool particularly websites and relevant reports. The study is advancing the understanding of Islam and public relations in the context of Islamic banking institution in Malaysia, an understudied area in public relation literature and enlightens the relationship between religion and public relations. The analysis has identified six Islamic value orientations elements especially respect for religious authority, affinity with the past, fatalism, communal kinship, attachment to the eternal life and spirituality and idealism relative to public relation practice among the particular Islamic banks. The study concludes with observation that there is inseparable relationship between religion and culture in the context of Islamic banking industry in Malaysia.

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Keywords: Cultural-Economic Model, Public Relations, Islamic Bank, Malaysia

1. Introduction

In recent years, the Malaysian Islamic banking sector has become the focus of a growing body of empirical literature. Studies have examined the developments of Islamic bank efficiency and Islamic bank productivity, the contribution of Islamic bank intermediation to Malaysia's economic growth, Islamic banks' corporate governance structures and risk management of Islamic banks. Notwithstanding this progress in empirical research, to the best knowledge of the researcher, there is (i) no any study have concentrated explicitly on cultural-economic model of public relations of Islamic banks in Malaysia, and (ii) to what extent religion can influence the aspect of cultural-economic model of public relations of Islamic banks in Malaysia.

Public relation is arguably the broadest of the communication disciplines, involving a wide range of activities and specializations used to deliver corporate and brand messages (Barnes & Schultz, 1999). Besides, it is also a set of communications techniques which are designed to create and maintain a favourable relation between an organization and public. Indeed, it helps organization to manage effectively its image and reputation. Public relations have gained attention in recent times, since it is perceived as both cost effective and highly reliable. Various institutions such as companies, governments, non-profit organizations, the educational system, labour unions, politicians, organized sports, and the media have practiced public relations.

Various researches have been conducted by incorporating element of culture into public relations in both macro (societal) and micro (organisational, interpersonal) levels (Bardhan & Weaver, 2011; Culbertson & Chen, 1996; Curtin & Gaither, 2007; Huang, 2000; Rhee, 1999; Sison, 2009). However, incorporation of religion into public relations research has received little attention (Tilson, 2011; Shin, 2008). With this initiative, the current study examines discursive practices of cultural-economic model of public relations activity of Malaysian Islamic banks that related to Islam, culture and public relations.

The cultural-economic model of public relations is used to study the website communications of two prominent Islamic banks (full-fledged Islamic bank and Islamic window bank) in Malaysia namely Bank Islam Malaysia Berhad (BIMB) and Maybank Islamic Berhad (MIB). By examining the websites of both Islamic banks, it helps to reflect Muslim value orientations and guidelines on the relationship between these

values and implications for public relations practice of Islamic banks in Malaysia. The current study focuses its discussion on Malaysia Islamic banking system, neither of which has received attention in public relations scholarship.

Malaysia is a small country with the population of almost 31 million people as in 2013. 61.3 percent of the total population is Muslim. Thus, the need of Islamic banking industry that fulfills the Shariah principles arise. Malaysia is one of the pioneering countries that introduce Islamic banking industry. The Islamic finance industry in Malaysia has been in existence for more than 30 years. At present, Malaysia is one of the most developed Islamic banking markets in the world with its annual growth rate of 18-25 percent. In 2013, Malaysia has 16 full-fledged Islamic banks, 12 Takaful operators, five international Islamic banks and six development financial institutions that offering Islamic financial services and products. As end of December 2012, its asset represented almost 24 percent of total banking system asset with the value of RM495billion. Besides, the total financing reached to RM315.0billion with market share of 25.8 percent. According to Samat (2013), Islamic financing is expected to account for 40 per cent of total financing in 2020. On the other hand, in terms of total liabilities, it has reached to RM386.2billion with 25.6 percent of market share.

Although there is tremendous growth of Islamic banking industry in Malaysia, to what extent the Islamic banks has managed its public relations activity that involves Islam, culture and public relations. In lieu of this, by anchoring on the cultural-economic model, the research questions are designed to explain the relationship between Islam, culture and public relations activity at the Islamic banking institutions in Malaysia. The research questions are (i) how does the regulatory element shape the Islamic banking system? (ii) how do Islamic banks represent Muslim values through their websites? (iii) how do the communications of Islamic banks reflect public relations practice in Malaysian context? (iv) how do the findings elucidate the relationship between Islam and public relations?

2. Literature Review

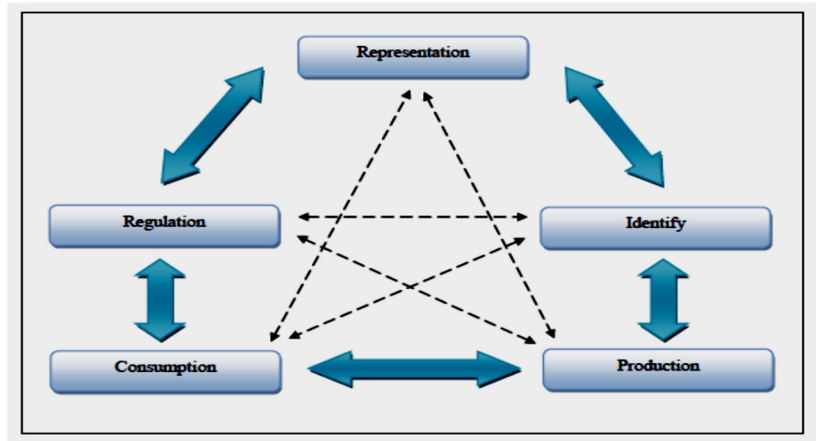
This section is divided into two folds. Section one focuses on theoretical background of Circuit of Culture (COC). Section two looks at the previous empirical study that used COC.

2.1. Theoretical Framework

Basically, the current study is guided by the study of Curtin & Gaither (2007) on cultural-economic model of public relations practice, which uses the Circuit of Culture (COC) as its organizing framework. COC as shown in Figure 1 consists of five “moments” which are (i) production, (ii) representation, (iii) identity, (iv) consumption and (iv) regulation (du Gay et.al, 1997).

Each moment relates to each other in order to form a cultural economy terrain. Regulation comprises of different types of laws, policies and rules that take place at various levels. Through regulation, it provides an option of what is acceptable and unacceptable within a given cultural context and public relations (Curtin & Gaither, 2007). Meanwhile, representation is defined as the meaning embedded in particular form of an object (Curtin & Gaither, 2007). Usually an object obtains its particular meanings depending on how it is constructed and can be represented (Hall, 1997). According to Curtin and Gaither (2005), it is also known as a discursive process where socially constructed through a symbolic system, or discourse.

Production is a process of communication where it is focusing on the tactical levels of practice in public relations activity. It covers the process of making and transferring a communication message, product, or campaign and also the process influenced by various factors, such as cultural norms, specific circumstances, technological availability, and economic factors (Hall, 1993). In addition, consumption is a process of how the consumer as an end user makes decision in the market in terms of acceptability and rejection of the product based on their cultural pattern, value and belief (Curtin & Gaither, 2007; Gaither and Kandari, 2014). In this context, the consumers engage in an active negotiation as co-creators of meaning to shape the ultimate outcome.



Source: Hall, 1997

Figure 1. The Circuit of Culture (COC)

Besides, identity represents transmitting of accumulated meaning to all social networks, from nations to organizations to publics (Curtin & Gaither, 2007). This purpose is to build a shared identity between organizations and their publics (Gaither and Kandari, 2014).

2.2. Empirical Study of Public Relation by Using Circuit of Culture

There are many past researches that have applied the Circuit of Culture model in explaining cultural and public relations in some organizations such as Starbucks in Beijing (Han & Zhang, 2009) and the Adidas “Beat Rugby” campaign (Scherer, 2007).

Han & Zhang (2009) have used the circuit of culture model to identify the tension between the Starbucks and the museum culture at Forbidden City. It has proved that the dissension generated in having a symbol of western food culture or low culture inside the Forbidden City (known as Chinese cultural legacy) are the main reason causes closure of Starbucks in the Forbidden city.

Similarly, in another study by Scherer (2007) found that the advertisement called “Black” to promote Adidas brand in an International Rugby tournament has caused commodification and misappropriation especially to Maori culture, New Zealand. The disputes occurred in regards due to the misuse of the cultural representation for advertisement purpose. These two studies have concentrated on the issue of respective brand towards their culture. However, the studies paid less attention on the role of religion in determining the public relations activity and cultural pattern.

On the other hand, Gaither and Kandari (2014) analysed the public relations communication of Islamic banks website at Kuwait by using cultural-economic model. They examined Islamic banks public relations activity using selected Islamic values which are representing religious aspects such as respect for religious authority, affinity with the past, fatalism, communal kinship, attachment to the eternal life and spirituality and idealism. They have postulated that the religion have significant influenced towards public relations in Middle East. However, this study concentrated mainly on public relations practice in the Middle East where the public relations activity is varied as the cultures of the region and public relations is different from other nations including in Malaysia.

Thus, it seems that they are only a few studies that have exhaustively covered religion, however, much work is needed to extend and apply these works explicitly to religion and public relations particularly in the context of Malaysia. With this gap and initiative, the current study has motivated to undertake in-depth analysis on the issues of public relations activity in Malaysian Islamic banking industry.

2.3. Research Method

The unit of analysis for the current study is the website of the two largest Islamic banks (full-fledged Islamic banks and Islamic window bank) in Malaysia, namely Bank Islam Malaysia Berhad (BIMB) and Maybank Islamic Berhad (MIB). The study is applying a narrative analysis suggested by Denzin (1989). This analysis involves the application of symbolic interactionist tenets to respective websites.

Furthermore, this study analysed the subtexts of each website of Islamic bank that related to manifest content guided by the cultural-economic model. All available texts related to bank identity, including web design, visuals and text were examined, along with functional documents including annual reports and ancillary materials such as a Corporate Social Responsibility (CSR) report posted on BIMB's and MIB's websites.

3. Results and Discussion

The analyses of the respective websites have resulted in the identification of six Islamic value orientations as suggested by Gaiither and Kandari (2014). Each of the value will be discussed in turn. In summary, the homepages of each of the banks are having similar pattern; each has a banner in the top quarter of the page with a financial offer and other programmes.

For example BIMB advertises its (i) Visa Debit Card-i for overseas spending, (ii) its community programme, (iii) list of award winning and (iv) competition programme. Meanwhile, MIB advertises its link for corporate information, consumer banking, business banking and wealth management. Furthermore, MIB also offers information on its (i) Saving Account M2U "Savers-i", (ii) housing loan "Skim Rumah Pertamaku", and (iii) Ikhwan Islamic credit card.

Meanwhile, both BIMB and MIB websites are maintained standard features among which are: Investment/investor relations, links for banking activities by category (generally including consumer banking and business banking), credit card offers, glossary of Islamic terms, customer service number and branch locations. Besides, their websites features are also reflecting the culture of Islam. For example, both BIMB and MIB list prayer times on its website.

Moreover, the current study also viewed the website itself as a public relations tactic where related items that important to public relations are provided such as corporate social responsibility reports, investor relations information, related documents and media reports. As concerned, the public relations activities of website guided by Islam might be very much different with western website as suggested by the cultural-economic model (Gaiither and Kandari, 2014).

In this light, this paper has adopted and adapted the Islamic values orientation by Gaiither and Kandari (2014) to understand the dynamics of communication and public relations of respective Islamic banks towards a Muslim public. Each of the identified Islamic values orientation is discussed in following section.

3.1. Respects for Religious Authority

The financial institutions which are offering Islamic financial services, obliged to follow the Shariah rules and principles as determined by the Shariah. Thus, in ensuring the Shariah compliance, the financial institutions both full-fledged Islamic bank and Islamic window bank in Malaysia are required to have its own Shariah board.

On its website, BIMB has listed out the name of members of Shariah Supervisory Council (SSC). Besides, as stated on BIMB Annual Report 2012, the Council serves to advise the Board and Management in ensuring that the Bank's operations are in line with Shariah rules and principles. It is the most important characteristic of Islamic banks that distinguishes them from conventional banks. In BIMB, the SSC consists of six members with diverse backgrounds in terms of qualification, experience and knowledge, including law and economics, so as to support the depth and breadth of the Shariah deliberations.

Meanwhile, the website of the Maybank Islamic Berhad (MIB) also includes information regarding their Shariah Supervisory Board (SSB). Their website explains the role of Maybank Shariah board which consists

of seven members. SSB is responsible in determining the Shariah compliance of financial products, endorse and validate relevant documents, assess work carried out by Shariah review and Shariah audit, advise on matter to be referred to the Securities Commission (SAC) and to provide written Shariah opinions based on Quran and the authentic saying of Prophet Muhammad (pbuh).

It clearly indicates the fact that Shariah boards are representing a credible source for both Islamic banking institutions to be referred as a source of knowledge in transmitting Quranic verses and saying of the prophet Muhammad (pbuh).

3.2. Affinity with The Past

The websites of BIMB and MIB are highlighting the importance of Shariah Board in monitoring and regulating bank operation. In the context of BIMB, the SAC is obliged to advise Board and Management of bank in ensuring that the Bank's operations are in line with Shariah requirements.

Furthermore, BIMB has a section of Shariah Knowledge Center on their website where it provides Shariah information and related terminologies. Among the terminologies provided are Riba, Gharar, Ghish and Maisir. SAC provides such terminologies to ensure that the financial activities by BIMB are conducted in compliance with the principles and provisions Islamic Shariah. Besides, SAC has its own Shariah Compliance Manual. This manual assists SAC in approving products and services and ensuring compliance with Shariah rules and principles.

Meanwhile, Maybank Islamic Berhad (MIB) in their 2012 Financial Report highlighted the role of Shariah Supervisory Board in ensuring the activities does not involve in any element which is not approved by Islam and compliance with the Shariah requirements. In addition, MIB is also providing several concepts such as Riba, Maysir, Gharar etc. on their website particularly on glossary section.

Thus, it shows that the activities of Islamic banking centered on the historical antecedents of the Quran to Islam. Indeed, it indicates that Islamic banking is evidence of a deep affinity for the past. Furthermore, the Islamic scholars of SAC and SSB have played a pragmatic role in interpreting Shariah laws, so that the banks follow those rules and regulation within the boundary. On a deeper level, however, it also suggests that the Islamic banks activities are regulated by centuries-old traditions and laws.

3.3. Fatalism

According to Gaiither and Kandari (2014), fatalism is referring to all natural happenings or human-related events to the will of God. In the Quran, it mentions in Verse 9: 51 that "Say: Nothing will happen to us except what Allah has decreed for us: He is our protector." In this regard, perhaps in order to avoid the wrath of Allah SWT, many documents particularly annual reports and financial statements that are available on the websites of both Islamic banks give thanks to Allah and ask for His blessing.

For example, the Chairman of Shariah Advisory Council of BIMB states in 2012 Annual Report that: "Praise to Allah, the Lord of the universe. And the consequence will be for the righteous and no aggression on the oppressors". Furthermore, after commenting the financial progress of the bank, he writes "Allah Knows Best".

Meanwhile, MIB has incorporated this Islamic value orientation in their Annual Report 2013. As the statement made by Shariah committee, Dr. Haji Harussani and Dr. Ahcene Lahsana, it says: "In The Name of Allah, The Compassionate, The Most Merciful, All praise is due to Allah, the Cherisher of the World, and the Peace and Blessing be upon the Prophet of Allah, on his Family and all his Companions" (para, 3). ".....We have provided the Shariah advisory services and consultation on various business and operational aspects to the Bank in order to ensure compliance with applicable Shariah principle as well as the relevant resolutions and rulings made by the Shariah Advisory Council of the regulatory bodies" (para, 4).

3.4. Communal Kinship

The community services by the Islamic banks are also becoming an important attribute in reflecting their corporate social responsibility. This value orientation highlights the banks' consideration for the community

services with relative weight given toward helping the underprivileged and marginalized. Basically, the community service by Islamic banks is seen through Zakat particularly.

For example, BIMB is providing Zakat information on their 2012 Annual Report. However, in their website, there is no section on (i) FAQ of Zakat and (ii) how Zakat is calculated. In their Annual Report 2012, BIMB has dedicated a total of 3 pages for Zakat information and programmes. Furthermore, community services are also reflected in their corporate social responsibility programmes. BIMB Annual Report dedicated almost 12 pages to highlight their CSR programmes. The remainder of the report is devoted to pictures that show BIMB's contributions to the community. Besides, the report is also divided sections that provide information on their Zakat and CSR programmes such as charity, education, business training, health and social development.

Meanwhile, MIB also uses Zakat for its community services. On page 38 of its Annual Report 2013, MIB highlights the Zakat programmes conducted by their institution. Furthermore, MIB also conducts its Corporate Social Responsibility (CSR) programmes by allocating some funds for non-profit organisation and needy family.

3.5. Attachment to the Eternal Life

In many cases, Islamic banks include Quranic verses and its interpretation in their websites. For the Islamic banks, by placing Quranic verses and its interpretation in the websites, it reflects the Quran at highly symbolic regulatory position, and guiding Islamic culture and cultural belief. Furthermore, Quran is also considered as the roadmap to a better life beyond this life. With the guidance of Quran, it indicates that life is eventually reconstructed for final judgment.

BIMB in its website (Shariah Knowledge Center) provides Quranic verses translation related to riba which say (Verse 2:274): "Those who charge usury (riba'/interest) are in the same position as those controlled by the devil's influence. This is because they claim that usury is the same as commerce. However, God permits commerce and prohibits usury. Thus, whoever heeds this commandment from his Lord and refrains from usury, he may keep his past earnings and his judgment rests with God. As for those who persist in usury, they will incur Hell, wherein they abide forever." This verse explains the reason why interest is illegal from a Shariah point of view. Indeed, Shariah Knowledge Center also provides other elements of Shariah principles of Islamic bank such as Halal, Haram, Gharar, and Maisir. Besides, in their Annual Report 2012, it has stated that ".....We uphold integrity, transparency and accountability in all our dealings". It reflects that BIMB advances the divine accountability as a foundational principle of Islamic corporate social responsibility.

Meanwhile, in term of MIB's website, it is very clear that their website is incorporating some of verses from Al-Quran and subsequently placed the glorious Al-Quran as authoritarian position. For example, it is clearly stated in its 2013 Annual Report report that "Any transactions that are suspected to be non-Shariah compliant are reported to the Securities Commission (SC) for their deliberation and conclusion as to whether any Shariah requirements have been breached. For any non-Shariah compliant transactions, the related income will be purified by donating the amount to an approved charitable organisation". This further justify that as long as the transaction are acceptable from Islamic point of view, it will be considered as Halal transaction. This excludes alcohol, pork, and gambling type of transaction.

3.6. Spirituality and Idealism

The practices of Islamic bank which incorporate the pillar of Islam and value reveal the potential of integration of spiritual element into the financial services activity. The Islamic banks become one of main tools that bring the application of Islamic religious law into the practice. However, the main question is how the Islamic banks illustrate its value vis-à-vis that relationship extends into representation of spirituality and idealism. In the present paper context, each bank describes its vision around values.

For example, BIMB in their mission has stated that "To be a responsible and prudent corporate citizen". Thus, in the Annual Report 2012, BIMB has highlighted their specific value into a section marked as "Advancing Corporate Responsibility". Under this section, it is stated that ".....Corporate Responsibility

has been embedded into the Bank's culture, where Islamic core values shape the heart of the Bank's business and anchor its success". Their value encompass four core pillars namely, workplace, marketplace, community and environment. This section seems synonym with a western idea of "community affairs," and includes photos with captions of several social activities.

Meanwhile, it is also similar to MIB where their values are grounded by team work, integrity, growth, excellence, efficiency and relationship building. In the 2013 Financial Report, MIB stated that ".....Maybank Islamic believes in giving back to society in a way that would be meaningful to the development of the nation and Ummah (people)". In addition, MIB is also allocated huge donation to support the physically handicapped, children in need, educational bodies as well as health and youth activities. Moreover, several social activities photo by MIB are included in their report.

4. Conclusion

By employing the circuit of culture model in analyzing this case study, the study has reflected how Islamic values are considered into the practices of public relations activity of Islamic banking in Malaysia. Furthermore, this study has provided a comparative case study to illustrate how cultural differences affect both banks (full-fledged Islamic bank and Islamic window bank) with different cultural ground, yet in the same cultural context to employ the website as a public relations tool. Generally, both institutions have maintained good public relation and incorporate Islamic values in their website and it is also in accordance to Al- Quran and Sunnah.

Specifically, the BIMB's website is reflecting more Islamic culture oriented, which conveys much cultural implication and tradition. The MIB's website, though an Islamic bank as well, does not reflect very much Islamic culture compared to BIMB. Instead, people are not able to have more Islamic features and information on their website. Although there are no significant differences among the websites of BIMB and MIB, it is clear that religion does play a key role to affect public relations activity of Islamic banks. Every aspect on the website, such as layout, content link arrangement, navigation, and language, are affected greatly by culture.

However, there are a few limitations of the current study. The theme of value orientations that have been generated and used in this study are constantly in flux. There are other orientations that might be affecting the cultural value of public relations activities of Islamic banking in Malaysia. Furthermore, these value orientations are less effective in identifying dominating cultural factors that can amend with situational flexibility since the current study focuses on Malaysian context.

Future research is required by incorporating a quantitative means of testing and measuring the effectiveness of website by using cultural- economic model. Besides, comparative studies that including in-depth interviews with public relations practitioners in Islamic banking institutions are necessary to provide more reliable and comprehensive results.

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