ISLAMIC FINANCIAL INSTITUTIONS AND THEIR IMPACT ON THE DEVELOPMENT OF HALAL SMEs IN NIGERIA

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ABSTRACT

Islamic Financial Institution is considered Halal and Shariah-compliant institution that effectively developed and impacted the role of developing Small Medium Enterprises by sharing similar value, principle, and market activities under Shariah-compliant and business sector. Despite its similarities, there is still low penetration of Islamic financial institutions on the Halal business instrument. However, the business should not only concentrate on Halal business but also financing SMEs is essential. The purpose of the study is to investigate the impact of Islamic Financial Institutions on the development of Halal SMEs in Nigeria. A 350 survey questionnaire was distributed to the twenty (20) Halal Small Medium Enterprises using Structural Equation Modelling and random sampling as an essential investigation tool. The findings justified that the development of SMEs with a significant number of business units and financing from Islamic financial institutions indicates a positive direction and promotes the development of SMEs ' relatively and broader representation of the Halal industry. The study shows a general overview of the positive impact on Islamic financial institutions towards the financing Halal sector and addresses the rate of unemployment in

Nigeria. The study recommends strategies for creating a partnership with Middle-East and Asian investors for more effective models and application techniques for financing SMEs and addresses the rate of poverty and unemployment in the country.

Keywords: Islamic Financial Institution; Halal products; Small and Medium Enterprises

INTRODUCTION

For the first time in Nigeria, the inception of the Islamic Financial Institutions has tremendously impacted Muslim easiness of accessing finance for the promotion of Halal SMEs in the country. It opens a door of interaction with the masses, and SMEs produced based on Halal products that include business transactions and other means of production. However, the demand for such industries products are increasing, and getting momentum among Muslim communities and non-Muslim, which developed a massive growth in Halal business. In the global phenomena, the Halal business market has been estimated at USD 5.73 trillion in 2016 and is expected to grow with the Muslim population's growth (Yanikkaya, Gumus, & Pabuccu, 2018). Halal focus (2011) reported that the fast-growing business industries considered to be Halal industries and Shariah-compliant, which are growing independently and approximately 16 -20 percent per annum. Islamic finance and Halal products have become a sophisticated global brand for more than four decades, while the halal industry, despite its growth but remains fragmented with less structure. However, the system reformed its glory aftermaths of the 2007 financial crisis (Hala Focus, 2011). Irfan & Man (2012) Halal economy and Islamic finance served to integrate the Halal products and Islamic financial system as a new economic model. The disconnection between Islamic finance and Islamic industries, especially SMEs, is less compared to the conventional micro and macro-financial institutions, particularly in Nigeria (Muhammad & Salisu, 2018). Although Islamic Financial Institution was established in less than one and a half decades in Nigeria, the penetrations of Muslims in the Halal SMEs have tremendously indicated the acceptability with Islamic Financial Institutions' contributions towards the Shariah-compliant among Muslims society in Nigeria (Ibrahim & Adnan, 2017).

Halal industries and products become an essential element to lead Muslim consumers to earn their daily activities based on Halal means. In extension, the increase in religiosity has led to the market expansion of demand and supply in the Nigerian markets based on the products and services rendered as Shariah-compliant (Fatai, 2012). Ibrahim (2015) indicated that the Halal industry, specifically Halal food, is the most substantial tart of the Halal market in the globe. Thus, it's also significant for Muslim society to comply and ensure their daily consumption is duly comply with Shariah principles as the market expanded. Therefore, With

Halal industries, enormous potential and Muslim need for Shariah-compliant products are increasingly growing and trends based on demand and growth of the halal products in Nigeria (Samori & Rahman, 2013). However, the Asian region is considered the largest Muslim population in the world with the massive demand for halal products, among these nations, Malaysia is regarded as the most advanced ecosystem with a significant effort from the government and private sector round through funding different Halal programs and training (Brander, Du, & Hellmann, 2015).

Therefore, the Halal industry is skyrocketing to the proper and crucial in prevailing integrity to ensure government structure and implementation, depending on the various law requirements regarding responsibility and scope based on the law. The Halal governance or intervention by the government its enhance industry based on Halal means and their ways of financing to ginger micro firms and industries on the ground of funding out of Halal. Muslim societies would wish to tap from the system generate growth and a sound economy based on Islamic principles. Thus, this study examines the impact of Islamic Financial Institutions towards Halal SMEs through its intermediary funding, which can be an active agent of change for business and growth of the economy in Nigeria.

LITERATURE REVIEW
ISLAMIC METHODS OF FINANCING

Giat & Worthington (2008) defined Islamic finance as a financial service that operates principally and consistent with Islamic law or Shariah-compliant. Aldohni (2014), indicates the religious features that form the distinctive basis of Islamic finance do not permit financing products or projects associated with the sequence features such as gambling (Maysir), speculative (Gharar) and interest (Riba). On the other hand, the right part consists of zakat (alms) and any permissible (halal) products and projects. The Islamic financing concept differs from conventional finance. Thus, Islamic finance is striving for equitable financial services and fair society, strengthening the principles of cooperation, brotherhood and transactional risk-mitigating, creditworthiness, and economic profiteering. Simultaneously, the conventional system is based on debt transaction and interest profiteering through manipulation and exploitation of prices and prevents less privilege from borrowing from the conventional financial Institution regardless of the micro or macro Institution and stresses the principle of cooperation (Mirakhor & Iqbal, 2011). Islamic modes of financing have been categorised into two respective methods. Firstly, Shariah-compliant products have been considered a mode of finance whereby the rate of return has been predetermined based on a predictable and fixed ratio. Thus, the percentage with compliant within Shariah jurisdiction and constraints, such as Bai Salam (Sale of goods and price paid in advance) Istisna

(acquisition of goods by specification where the price in advance and good delivery in future). While the second is considered a Shariah-based transaction that operates based on the profit sharing and principles of risk whereby the financier is not fixed. In advance, which is found only on the rate of return generated by the project such as Musharakah (full equity partnership financing) Mudaraba (partial-equity partnership or profit-sharing).

ATTITUDE TOWARDS ISLAMIC FINANCE

Studies empirically focused on Islamic financial institutions' attitudes towards SMEs and Islamic financing as major sources of development of Halal industries in Nigerian. The efforts have been invested in examining the attitude of awareness, religion, reputation, cost-benefit, and reputation to adopt Islamic financing of micro-business under Halal investment. Loo (2010), Ahmad & Haron (2002), justified the attitude of awareness and religion. Edris & Almahmeed (1997) focused on the religious attitude. Gait & Worthington (2008), argued on religion and supported the reputations and cost-benefit (Jalaluddin, 1997). Thus, customers were perceived, and drag by religious factors, and they developed interest towards Islamic Financial n Institution because of services rendered rather than religious affiliation (Metwally, 1996). Besides, religious factor is not the only factor for financial institution determinant for business. Ahmad & Haron (2002) examined the perception among 45 corporate customers towards Islamic financial Institutions in Malaysia. The result shows the low usage and penetration of Islamic financial Institutions products; however, the number of respondents was a late customer who started the banking with Islamic financial institutions in the less (5) years despite 15 years of the establishment. The majority of 65% were Muslim, and fewer had low knowledge of Islamic financial institutions in the nature of profit sharing.

HALAL GOVERNANCE

The government and regulatory framework in the field of the Hala industry are quite complex due to the nature of the industries and business, which strictly complied with the act and legal framework of the shariah law and law of the government as an act (Rahm, Bakri & Yahaya, 2019). According to Hassan & Awang (2009) indicated that non-Muslim countries such as Brazil, Argentina, Canada, New Zealand, and France become the largest exporter of Halal meat. Thus, due to the Muslims minority in that regions are sceptical about the integrity of Halal foods, because of the law and act to regulate such products are not in place or not properly taken care. Thus, the need for Halal governance is crucial, and regulators to ensure the integrity of products and the peaceful mind of the customers or consumers. Tieman (2011) revealed that Halal integrity lies upon assurance in developing trust in the essential products in the halal food supply chain.

Therefore, the traceability concept was developed to resolve the issue of Halal integrity as indicated by (European Commission, 2004). A halal business industry consists of three significant areas of producer, importers and processors. Those three must ensure adequate distributions to their members through supply chain which serve as farm to fork as each business most identify its partner for the traceability activities with the economy from the preparation, processing, with activities that involve production. As for Halal production, all activities and uses ingredients of all means must be Halal. And all industries traceability application depends on the activities of the sector. Jalaluddin (1999) investigated the attitudes of 385 SMEs business firms towards the method of profit and loss sharing of finance. However, in Australia indicates that motivation for their interest based on the method of profit and loss sharing consists of business support, risk default in a conventional system such as interest and length of risk-sharing between borrowers and lenders. And the expected rate of return is linked with profitability and cost of borrowing, which include the method and terms and conditions of borrowing management intervention. Giant & Worthington (2009) surveyed 296 Libyan firms on attitude towards the Islamic model of finance. The study confirmed that the majority of the business firms are interested in using Islamic finance, with almost 72.2 per cent approximately despite the informal activities of Islamic financial institutions in Libya. The motivating factors for firms to potentially use of Islamic finance as a religion driven and profitability, which indicates unique services. Schiffman & Kanuk (2007) examined the religious awareness in purchasing and consumption attitudes towards the financing of Shariah-compliant firms or businesses, especially where strict guidelines have been established. Thus, the result indicates the increasing awareness in the society could positively be influenced and shape producers' perspective on Halal products and better quality as Muslims as been mentioned in the Qur'an and Sunnah (Majah & Al-Qazwini, 2007). There are lots of less privileged people in Nigeria, especially in the dominant Muslim area, which requires small and micro-financial services—such as insurance and credit based on Shariah-compliant. Despite the infancy stage of Islamic financial institutions in Nigeria, but it's tremendously addressing the issues of loans microcredit, which cannot solve the entire need as a single-handedly financial institution.

Gait & Worthington (2008) investigated the attitudes towards Islamic finance products and services of firms. The study concluded that the susceptible to Islamic methods of finance is subsumed and in choosing a conventional financial institution. Osman & Ali (2008) examined Muslim entrepreneurs in Malaysia; the study indicates that 80 per cent of the sample intends to use Islamic financing and that due to the religious reason and Shariah-compliant based system. In another direction, capital and profit return certainty among the

users of Islamic financial institutions. While the non-users of Islamic financial Institution considered both conventional and Islamic financial institutions are of no difference. It's perceived that Islamic financing that also indicates in our above reviewed only a few developed interests in accessing attitude of Islamic financial Institutions towards business and SMEs financing with halal means. Therefore, the studies would adopt the theory of planned behaviour (TPB) as an essential theoretical framework for the justification, which indicates religion, awareness, reputation, and cost-benefit factors influence the adoption of Islamic financing through behavioural control formation.

DEVELOPMENT OF HYPOTHESES

The existing literature developed a conceptual framework to interact face to face with the entrepreneurs and top personal of Islamic Financial Institutions to identify ways and issues related to the services. Based on the above, the study adopted the theory of planned behaviour by Ajzen & Driver (1991). The model shows the religious intention in Islamic financing resulted from Islamic based funding on behaviour control.
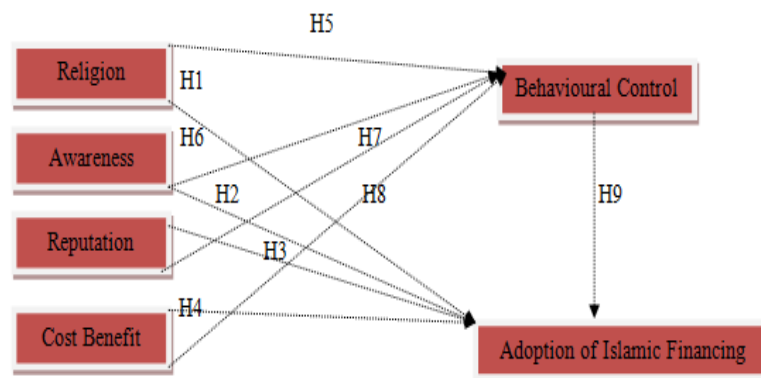

Figure 1: Conceptual framework

RELIGION FACTOR

Amin, Isa, & Fontaine (2013) defined religion as an individual's choice that affects individual activities and ways of life. The measures of religion are involved perception and consistency with underlying Islamic principles that are free from usury, gambling, and uncertainty. According to Wan et al., (2008), Islamic financial Institution favours Muslims in Malaysia, and the majority of patronisers still in conventional financial institutions, some argue that the religion was not a motivator tools to patronise Islamic financial Institutions. Ahmad & Pandy (2010) explained that some non-Muslim are taking sides due to their commercial gain, and that reflects on their production. Islamic bankers should not only concentrate on promoting the Islamic factor rather than financial service quality (Dusuki & Abdullah, 2006). Echchabi &

Aziz (2012) Religiosity has a positive influence and effective acceptability of Islamic financial institutions. In current Islamic issues, religious, education, and product sensitivity in Islamic financial institutions. However, the countries under the membership of IOC realising the possible chance of adopting such financial institutions due to the large population of Muslims in such countries (Khraim, 2010).

H1. There is a significant relationship between religion and Islamic financing.

AWARENESS

Awareness is a perception and realisation of a situation's knowledge or fact. Writz & Matilla, (2003) defined as the condition of identifying something through gained familiarity through education and experience. Thorat & Attewell (2007) argue that lack of awareness in developing countries is part of the major obstacle of the Islamic financial Institution amongst poor and less privileged, which prevents knowledge and understanding offered by financial services (Belke & Gros, 2010). Agarwal (2008) examined that lack of awareness and financial products caused the significant issue of ignorance lower level of literacy financially, which lead to financial exclusion in the society despite Halal Islamic financial services. Cole (2010) financial literacy is vital in identifying Islamic financial institutions and empowers people from understanding financial services to enable individuals and firms to evaluate the decision of been part of the system strategically. And financial knowledge can assist vulnerable and needy people in understanding savings and its instruments of Islamic financial institutions (Holzman, 2010). Ardic, Mylenko, & Saltane (2011) indicates that addressing ignorances and financial literacy tackles information asymmetry and impact on financial literacy by distinct financial knowledge and improve significantly based on awareness of any financial products available for choice and attitude towards a financial decision. A study by (Carpena, Cole, Shapiro, & Zia, 2011), Braunstein & Welch, 2002). Thus, financial literacy can facilitate and offer a better understanding of financial mainstream and encourages those excluded from financial services to enrol and avoid unbanked stand. Therefore, awareness uses Islamic financial products popular relied on access to the financial services as indicated by (Banafa, 2015). And a lot of masses are concerned about Islamic Financial Institution products and services which unknown and inaccessible, due to lack of awareness of some major drivers of the Islamic Financial Institution. Rammal & Zurbruegg (2016), (Imam, Samad, & Massod, 2011) and Fatima, Rahman & Khan (2015) discussed the proposition of the consumers are unaware of the majority of the existing financing product for SMEs and other individual benefits for footing Islamic Financial Institution in a competitive environment. In this study, the customer awareness on Islamic

financial Institution through Islamic financing and its existence which influence awareness towards Islamic financing.

H2. There is a significant positive relationship between awareness and Islamic financing.

REPUTATION

Reputation is based on perceptions of the reliability and measurement of reputable Islamic financial institutions, which indicates the potential financing business and trading through SMEs and that with a high reputation of Islamic financial institutions around the globe. However, the adoption of these financial services specifying the measurement process, the study tries to identify its main factors. In this scenario, whether the reputation is sensitive and with a significant impact on Islamic financing through financing business on perceptions of credibility, trustworthiness, and social responsibility (Fombrun, 1996). Rashid, Abdullahi Noor, Kassim, & Akbar (2018) and Al-ajmi (2009) Durrani (2016) the trustworthiness and credibility include the involvement, practice, and impact. Islamic financial institutions uphold and identify social justice and signify the Islamic values to the customer's reputation.

H3. There is a significant relationship between reputation and Islamic financing.

COST BENEFIT

Cost-benefit refer to a measured by a cost of production of goods and services or outweigh a benefit of cost for services provided on a competitive cost which consists of sensibly separate one service from another in different ways. By choice between two or more different items in cost price or estimates outcomes alternative related to the services based on value to each of the services weighed against each other. Atkinson & Mourato (2008) refer to services provided for the cost outweighed the benefit, which resulted and resolved mere satisfactory testing and accessing various basic principles of separating services from another, which will signify different insights for comparison in terms of their respective policy. Another way of accessing cost-benefit comparison that the constant needs are considered as simple decisions to maintain whether to or not pressurise a particular cost of action depends on their benefits of both cost and benefit. But most of the decision lies open A is cheaper than B, so the recommendation goes to A without analysing the benefit of both. In terms of benefit, in other words, A is more effective than B without considering the cost, in this case, both need to be merged for error-free check and have a valuable and clearer contribution for both cost and benefit for the system and that will ensure the cost of the productions less compare to the rate of return as profit maximisation, and the other service charges will be considered lower compared to the other ones in terms of interest rate and

other means of payment (Al-Ajmi et al., 2009). In this study, the cost-benefit may be relatively related in comparing conventional and Islamic financing a business with some advantage and of profit and loss sharing method and ease of the financing method for exploitation free system

H4. There is a significant relationship between cost-benefit and Islamic financing.

H5. Behavioural control mediates the positive relationship between religion and Islamic financing.

H6. Behavioural control mediates the positive relationship between awareness and Islamic financing.

H7. Behavioural control mediates the positive relationship between reputation and Islamic financing.

H8. Behavioural control mediates the positive relationship between cost-benefit and Islamic financing.

BEHAVIOURAL CONTROL

Ajzen (1991) defined behaviours control as refers to perception and behaviour of difficulty or ease to perform or accept an activity towards perception such as awareness, religion, cost-benefit, or reputation of the behavioural activities. Meier & Sprenger (2013) suggested a lower level of financial literacy as a result of lower rates of accumulation of assets or lower rates with planning for retirement. Lusardi & Tufano (2009) indicate the ability of a person to make financial decisions (Jappelli, 2010) and (Xu & Zia, 2012). Holzmann (2010) shows that the effectiveness of financial behaviour would attribute to an individual reaction on certain activities that may influence and impact another entity in terms of indicating a relationship between two different things. Indeed, financial knowledge promotes a range of behaviour such as planning and participation of the financial market (Braunstein & Welch, 2002) and (Jaffar & Musa 2014). Argue that the payment or cost of payment on a credit account is determined by individual behaviour (Lusardi & Tufano 2009). Thaler & Sunstein (2008) advocate for financial products that influence individuals' desire towards financial behaviours, thus, the concept was adopted in different ways, especially in developing countries such as activities influence behaviour towards consumption and formal financial institutions. The study intends to presume that behaviour control may likely to adopt Islamic financing through business or SMEs, as far as they can control over behavioural activities or deny adopting Islamic financing.

H9. There is a significant relationship between behavioural control and Islamic financing.

ADOPTION OF ISLAMIC FINANCING

Adaptation of any method of financing refers to an individual's decision or mind for choosing a favourable and unfavourable evaluation of behaviour (Ajzen & Fishbein, 1980). Amin (2016) shows that attitude impacted a positive focus in developing mindset upon decision potentially targeting, which is Islamic financing. The study will measure the adoption of Islamic financing from four different determinants, which are consist of religion, awareness, reputation, cost-benefit mediate behavioural control for selecting Islamic financing as a mode of financing business.

METHODOLOGY

The research engaged in review the above literature and employed the cross-sectional research design to identify hypotheses under the study. The population of the study draws from 20 respective Halal SMEs of which produces milling and food items located at three regions of Nigeria that includes North East, North West and North Central of which milling and food production were considered as Shariah-compliant business. A total population of 350 individuals in the business firm was selected for the study. The population is comprising senior staff of the business firm from Chief Executive Officers (CEOs), or Head of SMEs, Managers, Business Accountants and Operational Managers to fulfil the objective of the research. The questionnaire designed was categories into two sections. Section 1 of the study questionnaire captures the demographic profile of the respondents and their respective businesses. In contrast, Section B covered of business financing under Islamic Financial Institutions and instrument measured such as Religion (REL), Awareness (AWN), Reputation (REP) Cost-Benefit (COB) under the theory of the key construct of Planned Behaviour (TPB) which mediate Behavioural Control (BEH) towards the attitude of the factors. Thus, a total number of responded is above the minimum of 300 as a theoretical model sample of CFA stated by (Myer, Jin, Ahn, Celimli & Zopluoglu, 2015). The study further uses the 5-points Likert scale for the reason of reliability and validity test. The study underwent the pre-test by identifying ambiguous questions, and those considered to be negatively worded and confusing were removed and deleted to fit the study. The data was collected and captured into SPSS and Amos analyse the demographical data and outliers and missing values, entry errors and statistics generated, and the data was presented in the form of frequency and percentile for descriptive analysis, reliability and validity were considered. Hu & Bentler (1995) reliability is regarded as a measurement of determining repeatability of internal consistency of the factor using Cronbach's alpha. However, if the alpha coefficient for a particular factor or variable is low, the item or factor should be deleted for the improvement of coefficient (Hafiz & Shaari, 2013). Hafiz & Shaari, (2013) show any

additional or removal of the item used in the study can improve the reliability of the variable. The Cronbach's alpha overall reliability of sub-scale to be above 0.7, which indicates the reliable model as recommended by (Nunnally & Bernstein, 1994). Convergent and discriminant validity was considered and assessed based on Hair et al., (2006) recommendation in confirmatory factor analysis (CFA), As confirmed by Neuman (2006) the components with their values were greater in terms of value, and the correlation coefficient was all greater than 0.5. Thus, the Confirmatory Factor Analysis (CFA) manifested the entire variables with a high loading of above 0.5 as recommended by (Hair, 2010; Brayne 2010). The result shows in the below Tables indicate standardised estimates parameter of measuring the constructs model, the (p>0.000) and the model indicated the good model fit statistically. Thus, indices of IFI, GFI, CFI, and RMSE were significantly loaded on the latent variable measures.

FINDINGS

The 350 questionnaires were completed and analysed using Amos 24, and SSPS 20 for frequency and percentile for reliability analysis performed represents the demographic and frequencies percentiles of constructs items in the study.

Table 1: Demographic analysis

Group	Frequency	Percentage
Gender		
Male	184	52.6
Female	166	47.4
Age		
18-30	73	21
31-40	196	56
41-60	46	13
61-Above	35	10
Education		
Primary	17	5
Secondary	35	10
Degree	175	50
Master –above	123	35
Annual turn over		
Less Naira 20,000,000,000	12	60
N25,000 M – N50,000M	4	20

N51,000 M – N100,000M	3		15
N110,000M – Above	1		5
20 Business firms			

*$1 US equivalent N360 Nigerian currency

Table 1 Indicates the profile and characteristics of the respondents demographically. The samples show the 52.6 per cent is male while 47.4 per cent is female respondents. The total of 56 per cent of respondents was at the above age of 31-40, which indicates the majority of those entrepreneurs were youth at the middle age. Thus, 50 per cent of the respondents were degree holders who attended a university that indicates the majority of them are skilled people running SMEs. Furthermore, the annual turnover of the SMEs have indicated that 60 per cent of the SMEs were recording less than N20, 000,000 per annum as turn over, and the Corp of SME indicates that the annual turnover, annual sales, and the number of staff determine the size and capacity of that micro-sized enterprises.

RELIABILITY AND CONVERGENT VALIDITY

Once the uni-dimensionality of the constructs was achieved, each of the constructs was assessed for their reliability and validity. Reliability is assessed using Cronbach's alpha, composite reliability (CR) and average variance extracted (AVE), while for validity using construct.

Table 2: Reliability and Convergent Validity

Item(s)	Factor Loading Cronbach's	Cronbach's Alpha	Average Variance Extracted "AVE"	Composite Reliability "CR"
REL1	0.67	**0.848**	**0.734**	**0.83**
REL2	0.79			
REL3	0.73			
REL4	0.748			
AWN1	0.698	**0.785**	**0.684**	**0.725**
AWN2	0.681			
AWN3	0.674			
REP1	0.885	**0.797**	**0.776**	**0.828**
REP2	0.888			
REP3	0.556			

COB1	0.789	**0.793**	**0.811**	**0.793**
COB2	0.833			
BEH2	0.76	**0.7**	**0.731**	**0.698**
BEH4	0.702			
IFB1	0.73	**0.784**	**0.739**	**0.783**
IFB2	0.731			
IFB3	0.756			

As indicated in the above Table the results of evaluating the two scenarios of factor loading model, in the first-factor loadings model there are some four identified factors with less value which is (BEH1, BEH3, COB3, and IFB3) which showed 0.04 as less indicated. The values removed were below < 0.5 for the fitness of the model. The revised model with 17 remaining items was again tested to ensure whether the factor structure remained stable. The Cronbach's alpha values have been identifies at all levels, which shows an acceptability level above 0.5. While the Average variance Extraction (AVE) indicates the high reliability greater than > 0.5 as recommended by (Fornell & Larcker 1981). In composite reliability (CR) is showing the good reliability only under the BEH scenario indicates 0.698, which is considered approximately 0.70 as recommended by (Hair et al., 2010). In addition, the theory of TPB has significantly demonstrated its reliability scale, as shown in the above Table 2.

DISCRIMINANT VALIDITY

The discriminant validity checked to examine how truly the discrete and distinct a constructs item from the other. Discriminant validity has been examined to show the correlation between factors in the model should not exceed 0.85 as suggested by (Kline, 2005). However, the validity was assessed based on a comparison between the construct's items with the square root of the average variance extracted as recommended by (Fornell & Larcker, 1981). The below Table shows the discriminant validity.

Table 3: Discriminant validity and measurement

	IFB	REL	BEH	COB	REP	AWN
Islamic Financing Business (IFB)	**0.546**					
Religion (REL)	0.238	**0.538**				
Behavioural Control (BEH)	0.367	0.279	**0.534**			
Cost of Benefit (COB)	0.258	0.219	0.256	**0.657**		
Reputation (REP)	0.254	0.226	0.308	0.360	**0.602**	
Awareness (AWN)	0.269	0.361	0.222	0.222	0.233	**0.467**

"Note: Diagonals represent the square root of the average variance extracted

The inter-correlation between the constructs ranged from 0.219 to 0.657, which were below the cut-off of 0.85 as recommended by (Kline, 2005), and that indicates the correlation was less than the average variance extracted and that demonstrating good validity between the factors, which also recommend the goodness of fit of the model and discriminant validity of the model measurement and depicts measurement model with standardized factor loading.

GOODNESS OF FIT INDICES OF THE MODEL

The results have shown the iterative of model measurement offered adequate model fit of the data with the 17 items.

Table 4: Goodness of Fit Indices of Measurement Model

Fit index	Modified Model	Recommended Values	Acceptable Values	Source
Df	102			
CMIN (χ^2)	293.484			
χ^2/df	2.877	≤ 3.00	≥ 5.00	Bagozzi and Yi (1988)
p-value	0.000	>0.05	≥ 0.000	Joreskog & Sorbom (1993); Hair Jr, Anderson, Tatham and William (1998)
GFI	0.913	≥ 0.90	≥ 0.80	Hair et al, (2006), Hoyle (1995) and Kline (2010)
AGFI	0.870	≥ 0.90	≥ 0.80	Chau and Hu (2001)
CFI	0.942	≥ 0.90	≥ 0.90	Byrne, (2013); Bagozzi and Yi (1988)
TLI	0.922	≥ 0.90	≥ 0.90	Ho (2006); Hair et al. (2006)
IFI	0.942	≥ 0.90	≥ 0.90	Hair et al. (2006); Ho (2006)
RMSEA	0.073	≤ 0.05-0.08	≤ 0.10	Schumacker and Lomax (2010)

The results identified the Goodness of Fit indices indicated that the chi-square is significant, as shown above (p-value > 0.000). The relative CMIN/df show 2.877, which is stated below than 5.0 that is showing the fitness of the model as recommended (Bagozzi and Yi (1988). The value of GFI is 0.913, which meet the stipulated requirement of the value of 0.9 and has been considered as absolute fit as preferred value as stated by (Hair et al., (2006), (Hoyle, 1995) and Kline (2010). AGFI was 0.870, which was above the cut-off point of 0.80 as recommended by Chau and Hu (2001). In addition, the model is an absolute fit and predicts 91%.
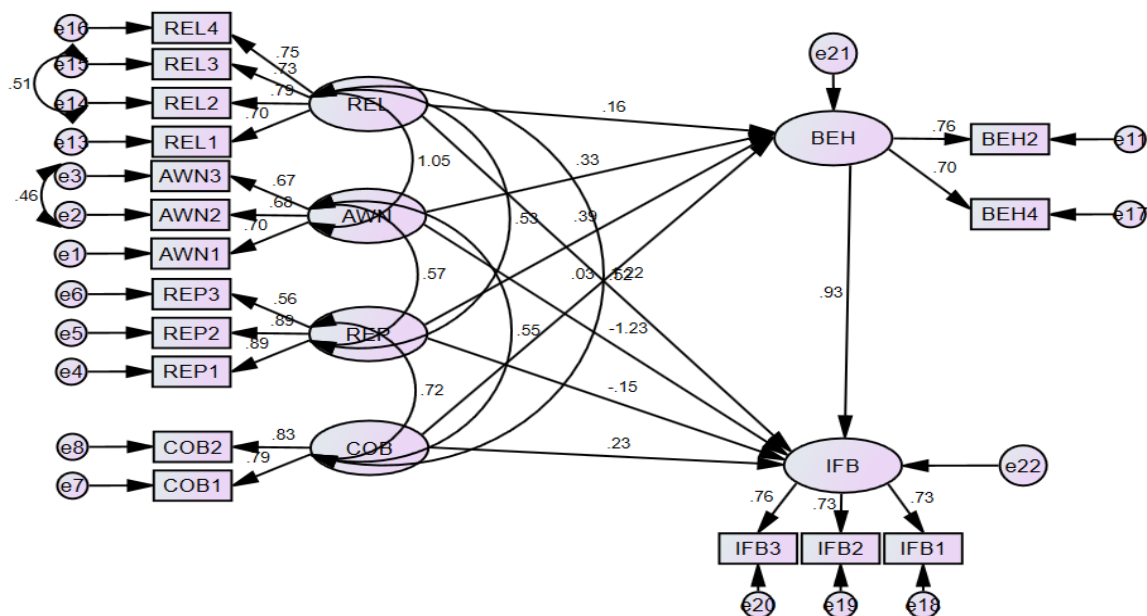
p-value:	0.000	CFI:	0.942
χ^2/df:	2.877	TLI:	0.922
GFI:	0.913	IFI:	0.942
AGFI:	0.870	RMSEA	0.073

Figure 2: Measurement Model

The assumption of factor loading and normality distribution of endogenous were the good percentage which indicates the level of loading from 56 per cent above indicated good loading as recommended by (Hair 2010) and constructs item signifies the influencing of religion, awareness, reputation, cost of benefit towards behavioural control and linked with the Islamic financing business with 93 per cent loading between the two constructs and that justifies the stableness of the variances at all level in data as stated by (Hair et al., 2010).

Table 5: Descriptive Analysis

Construct variables	Mean	SD	Min	Max
Religion	3.975	0.864	1.5	5
Awareness	4.066	0.805	1.6	5
Reputation	4.133	0.791	1	5
Cost of Benefit	3.85	0.878	1	5
Behavioural Control	4	0.834	1	5
Islamic financing Business	3.866	0.813	1	5

The mean applied to measure the central tendency indicated that the values of the construct maintained the midpoint level above (3). The consensus of the respondents indicates the perception towards constructs items were above average which shows the highest mean value is Reputation (REP) with 4.133 and lowest rating Cost of Benefit (COB) with mean of 3.850 and the standard deviation indicates the degree of any variable differ from other constructs variables in terms of mean assessment and indicates higher variability perception of the respondents. In addition, the illustration above signifies the good mean and their respective standard deviations.

Table 6: Direct Relationship Between Constructs Items

Hypotheses	Estimate	SE	Beta	CR	P-value	Hypothesis Result
REL ->IFB	1.231	0.507	1.222	2.428	0.02	Supported (H1)
AWN -> IFB	-1.302	0.992	-1.227	-1.313	0.189	Rejected (H2)
REP -> IFB	-1.25	0.152	-0.146	-0.796	0.426	Rejected (H3)
COB -> IFB	0.195	0.06	0.226	3.25	0.003	Supported (H4)
REL -> BEH	0.17	0.073	0.16	2.328	0.02	Supported (H5)
AWN -> BEH	0.369	0.11	0.33	3.354	0.002	Supported (H6)
REP -> BEH	0.349	0.087	0.387	3.934	0	Supported (H7)
COB -> BEH	0.023	0.088	0.024	0.26	0.795	Rejected (H8)
BEH -> IFB	0.883	0.223	0.93	3.966	0	Supported (H9)

$p<0.05$

The hypotheses H4, H6, and H7, were rejected, and H1, H2, H3, H5, H8 and H9 indicates the significant relationship through behavioural control which shows the significant relationship between those variables while the hypotheses are justifying the significant relationship between the variables as some literature are proven them, in this case of

rejection the three above variables of Cost-of-Benefit indicates the relationship while the reputation has proven that the there is significant relationship between the reputation and behavioural control in adopting Islamic finance as estimated SE 0.87 and p-value 0.000 below 0.05 which accepted the relationship.

Table 7: Mediation Effects

Hypothesis	Direct effect X->Y	Indirect effect X->M->Y	Result
REL ->BEH-> IFB	0.160**(0.02)	0.149**(0.07)	Partial Mediation
AWN->BEH-> IFB	0.330*(0.216)	0.307*(0.02)	Full Mediation
REP->BEH-> IFB	0.387**(0.02)	0.306**(0.02)	Full Mediation
COB->BEH-> IFB	0.025**(0.003)	0.023*(0.842)	Direct Mediation

**<0.05

The standard error and estimate of the above hypotheses indicates the mediation Behaviour Control between variables, all four hypotheses shown how Behaviour control mediate their relationship as REL -> BEH -> IFB the statement indicates the mediation behaviour control to Religion and Adoption of Islamic financing method with **Partial mediation**, Awareness indicates **Full mediation**, Reputation has **Full mediation** while cost-benefit is considered **Direct mediation**. However, the result accepted that there is a significant relationship between those variables through behavioural control and adopting Islamic financing business firms. However, in the above scenario proposed hypotheses of statistically significant relationship has supported, as p-value is below than <0.05, therefore, it's presumed that statistical supported the mediation as indicated above.
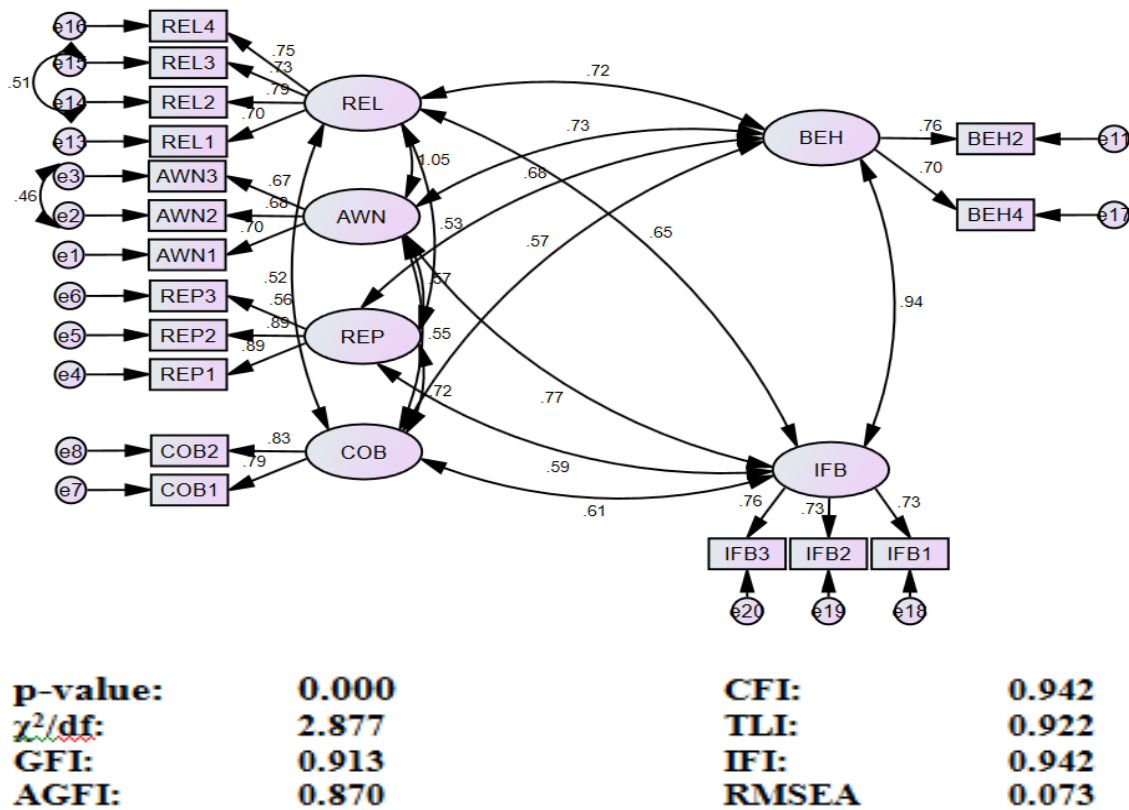
p-value:	0.000	CFI:	0.942
χ^2/df:	2.877	TLI:	0.922
GFI:	0.913	IFI:	0.942
AGFI:	0.870	RMSEA	0.073

Figure 3: Covariance of The Constructs Items

The covariance shows a relationship between the various constructs items where indicates the significant relationship between two variables or more, and covariance indicates whether variance varies in the same direction as positive covariance. In the above figure, the relationship between constructs items shows a positive relationship with high factor loadings such as the covariance between BEH and IFI with 0.94 as other relationships exist.

CONCLUSION

The results from the investigated study of twenty (20) Halal SMEs in Northern Nigeria indicate several areas based on religion mean. The Muslims population were the dominant and refining instrument of the survey were mainly emphases the questions also involved non-Muslim where their SMEs based on Shariah-compliant as the structural model was improved and supported some hypotheses and rejected others. Some as direct effects (H1, H4, H5, H6, H7, and H9) and four mediation effects through BEH are completely achieved, the procedure of path analysis in testing the model and its coefficient of the analysis. The findings of the research indicated that REL, AWN, and REP have positive and significant effects on Behaviour control. Moreover, the direct impact of COB and BEH have a direct

effect on Islamic financing, and those variables were positively significant. Thus, hypotheses were supported. Furthermore, the finding signifies the Islamic Financial Institutions is significant and boost the business financing while adopted, and Islamic financing shows the positive direction and gingering the lowest partners to enhance the development of financial institutions and reduce the rate of unemployment and create synergy between Islamic financial Institution in terms of business partnership and support the development role of SMEs in the country.

The study recommended that Islamic Financial institutions and SMEs must develop a common strategy and establish partnerships and integral systems of business development and other supported mechanism and network maintenance of financing businesses to impact the rate of unemployment and sustainable development in the country through Islamic financing.

Entrepreneurs should tap from the pool of opportunities of Islamic financing through creating a global partnership with middles east countries that are fully in the investment of interest-free market and partnering with the Nigerian Islamic financial institutions.

For this to be efficient and effective of Islamic financing strategies, need to be developed, such as human resources, techniques, and applications for the effective operation of Islamic financing.

Lastly, the legal, regulatory framework must be developed effectively through government support innovation and guidance. Thus, the business cycle should tactically bring academic practitioners, business professionals, and people congregation to promote and motivate the adoption of Islamic financing through Islamic financial Institutions and events would be through conferences, seminars and introducing courses through Islamic finance in our respective higher institutions for more awareness and innovations in the field.

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Lusardi, A., & Tufano, P. (2009), *Debt literacy, financial experiences* (Vol. 1, p.   120000). and Over indebtedness, Working Paper Dartmouth College 7   Appendix   1   This appendix gives details about the results in Section 2. 7.1   Consumption   when mortgage maturity equals

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