



Determining Accounting Undergraduates' Intention to Become Shariah Auditors in Malaysia: A Theory of Planned Behavior Approach

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ABSTRACT

This study investigates accounting students' intention to become Shariah auditors based on the Theory of Planned Behavior encompassing attitude, subjective norms, and perceived behavioral control. It identifies the key factors influencing this career intention. Employing data of 127 accounting students across three Malaysian universities and utilizing analysis through Smart PLS, the study reveals that subjective norms and perceived behavioral control significantly impact students' intention to become Shariah auditors. These findings provide valuable insights for universities to enhance accounting curricula and programs, ultimately fostering a workforce proficient in Shariah principles and auditing. Additionally, the findings of the study aid in the development of skilled and competent Shariah auditors equipped to address the growing demands of the Islamic finance sector, thus benefiting academia, the industry, and future practitioners.

Keywords: Accounting Undergraduates, Shariah audit, Shariah auditor, Smart PLS, Theory of Planned Behavior.

INTRODUCTION

Malaysia's recent focus on the Islamic finance industry led to significant growth in banks, financial institutions, Islamic capital markets, and standards. According to Bank Negara Malaysia (BNM), Malaysia's Islamic banking assets reached one trillion in 2023. This effort resulted, the market share for Islamic financing reaching 45.6% of the total banking system financing in 2023. Malaysia adopted a dual license banking system, setting it apart from other countries. The Malaysian government proactively supervised Islamic Financial Institutions (IFI) by issuing the Islamic Financial Service Act (IFSA) in 2013. IFSA played a vital role in ensuring compliance with Shariah principles and promoting financial stability. It empowered the Central Bank of Malaysia (BNM) to oversee Islamic Finance Institutions' adherence to Shariah principles through the Shariah Advisory Committee (SAC) and Shariah Committee (SC). IFSA introduced rules for Shariah compliance, including the establishment of a Shariah committee and compliance audit.

Shariah auditors play a vital role in the Islamic finance industry. Their pivotal role is ensuring Shariah Compliance as stipulated in the institutions' operations and transactions [1]. By doing so, this builds up trust among stakeholders and enhances the institution's credibility, reputation and competitiveness in the market. Their work safeguards the integrity and credibility of the industry while promoting trust among stakeholders. Another essential role of Shariah auditors is mitigating compliance risks [2], strengthening the governance framework, enhancing product development, supporting regulatory compliance [2], and promoting ethical practices. In essence, Shariah auditor role is indispensable to the Islamic finance industry, acting as gatekeeper of Shariah compliance and ethical practices. Their role extends beyond compliance, contributing to the industry's reputation, risk management, and sustainable growth. By fostering trust and transparency, Shariah auditors uphold the values of Islamic finance and ensure its relevance in a competitive and evolving financial landscape.

As the Islamic financial industry grows, the role of Shariah auditors has become increasingly prominent and complex, particularly in jurisdictions like Malaysia, which leads the global Islamic finance market. The Shariah Governance Framework (SGF) introduced in 2011 transformed Shariah matters. Today, Shariah Auditing is mandatory for IFIs under IFSA 2013, enhancing transparency and compliance. Three audits, external, internal, and Shariah, ensure financial and Shariah adherence. The accounting industry in Malaysia offers lucrative career opportunities, but faces a shortage of professional accountants, which affects financial reporting accuracy. This deficit, attributed to a lack of capable universities offering professional accounting courses, is critical, especially as auditors play a key role in ensuring trust in financial statements. Shariah auditing, particularly in Islamic Financial Institutions (IFIs), ensures compliance with Shariah principles and complements statutory audits, promoting fairness and trust. However, there is a scarcity of Shariah-practicing professionals, and the education system must adapt to prepare qualified Shariah auditors. While Shariah research and audit functions exist, no formal certification for Shariah auditors, except from Islamic Banking and Financial Institute Malaysia (IBFIM), is widely recognized. Low awareness of the Shariah auditor career among accounting students, along with a lack of promotion from regulatory bodies, hinders its growth. Collaboration between Shariah and accounting graduates, along with efforts to promote the career, could address the shortage and enhance the field's development.

Hence, this study attempts to investigate the accounting student's behaviour by utilizing the Theory of Planned Behaviour on factors affecting intention to be shariah auditor, in order to generate the future professional shariah auditor for Islamic financial institutions in Malaysia. The specific study objective is to determine the factors influencing undergraduate accounting students' intention to become Shariah auditors using the Theory of Planned Behavior (TPB).

LITERATURE REVIEW

Numerous research studies address graduates' industry skills and knowledge, including shariah auditing in Malaysia. Skills are specific abilities developed through experience and training. Knowledge stems from human inquiry, yet its nature remains debated. Informal education arises from experience and observation, while formal education is acquired through seminars, schools, and higher institutions. Knowledge is crucial, especially for employees, ensuring credibility and competency. Though shariah auditing isn't obligatory in Accounting programs, incorporating it enhances graduates' credibility for IFI shariah audit roles. This enables accounting graduates to explore shariah auditing due to IFIs' mandatory shariah audit functions, necessitating shariah auditors.

The globalization of the Islamic financial services industry has driven the need for the development of professional Shariah auditing practices. Moreover, the paucity of statutory auditors and Shariah Supervisory Board members to conduct a whole Shariah audit [3] also encourages identifying gaps in the latest practices in Shariah audit. The technology in running for the purpose of operation, involvement of people, documentation and contract, policy and procedure should support the shariah auditing for monitoring, controlling and detecting the shariah non-compliant risk from occurring in the product [4]. Shariah audit is also not only established for the purpose of worldly corporate governance practice but it is a religious responsibility of Islamic Financial Institution and Shariah auditors (muhtasib/mudaqqiq syar'ie) [5].

Shariah auditing, although not new in Malaysia, remains largely unknown to conventional auditors and accounting students. The lack of proper introduction, except for students in Mua'malat and Islamic banking, hinders awareness. This research aims to make shariah audit accessible and engaging for all, fostering more shariah auditors from diverse backgrounds. Islamic Financial Institutions play a crucial role in establishing shariah auditing and ensuring compliance by appointing shariah experts.

The challenge for IFIs lies in finding capable shariah experts. Scarce shariah auditors arise due to universities mainly teaching shariah to dedicated students, not accounting ones and Islamic accounting subjects are only elective subjects for accounting students. This results in a lack of shariah-auditing knowledgeable auditors. Currently, shariah auditing is dominated by shariah graduates without auditing backgrounds. Universities must integrate shariah knowledge into accounting curricula to prepare capable accounting students for shariah auditing roles.

Shariah Auditing in Malaysia

Shariah audit systematically acquires objective evidence to evaluate whether a subject, like financial statements, complies with Shariah laws [5]. The Shariah Governance Policy Document (2010) defines it as an independent assessment, enhancing compliance through effective internal control systems [6]. Shariah governance, vital for corporate governance in Malaysian

business, mandates the appointment of Shariah-competent committees in Islamic banking [7]. Internal audit units are responsible for shariah audit, challenging their competence and performance [8].

Shariah Audit assures integrity and credibility of financial status, crucial for Islamic Financial Institutions and public trust [9]; [10]. Shariah governance, emphasized by the Shariah Governance Policy Documents 2019, enhances corporate governance in Malaysia. Effective from April 1, 2020, the framework mandates competent Shariah committees in Malaysian Islamic banking, ensuring Shariah compliance. Shariah audit responsibility falls to internal audit units per the Shariah Governance Policy Document [7], making their role challenging and comprehensive. Beyond corporate governance, internal auditors also serve as consultants and are tasked with Shariah audit, posing competency concerns highlighted in the Shariah Governance Framework [11].

Theory of Planned Behavior

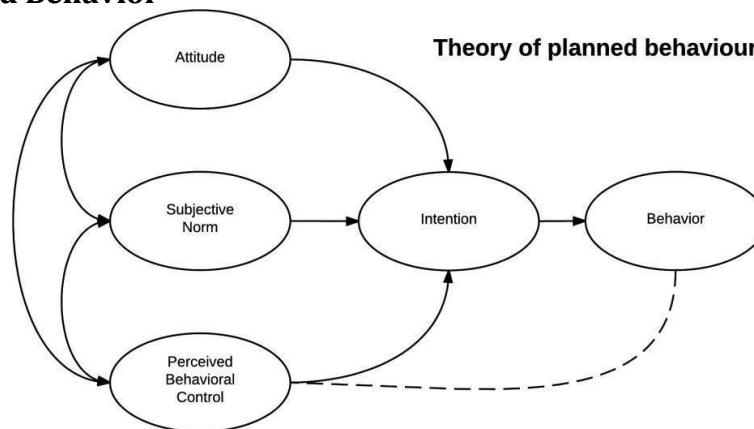


Figure 1: Theory of Planned Behavior

The Theory of Planned Behavior (TPB) provides a comprehensive framework for understanding the beliefs, attitudes, and control perceptions of accounting students regarding careers as Shariah auditors. Central to TPB is perceived behavioral control, which plays a pivotal role in shaping behavioral intentions and predicting whether individuals will engage in a specific behavior [12]. According to Ajzen [12];[13], human behavior is driven by three primary factors that collectively influence the intention to perform a particular behavior:

1. Attitudes toward the behavior, refers to an individual's positive or negative evaluation of pursuing a specific action, such as becoming a Shariah auditor. Students' intrinsic motivations, such as personal beliefs and self-efficacy, significantly impact their intention to become Shariah auditors. Research indicates that a strong religious commitment enhances the appeal of Shariah-related careers [14] and positive attitudes towards the profession, shaped by educational experiences and personal values, can lead to a higher likelihood of pursuing this career path [15].
2. Subjective norms, represents the perceived social pressure from peers, family, or significant others to engage or not engage in the behavior. The influence of peers and family can shape students' perceptions of the Shariah auditing profession. However, studies suggest that intrinsic factors may outweigh these external influences in this context [12] while support from mentors and role models in the field can also enhance

students' intentions to enter this profession [16].

3. Perceived behavioral control, reflects the individual's belief in their ability to perform the behavior, including access to resources, skills, and opportunities. Students' confidence in their ability to succeed as Shariah auditors plays a crucial role. High self-efficacy can lead to stronger intentions to pursue this career [14];[15]. Barriers such as lack of information or resources can negatively affect perceived behavioral control, thereby impacting career intentions [16].

In the context of Shariah auditor, TPB provides a robust framework to analyze students' motivations, the influence of their social environment, and their perceived capacity to succeed in this career path. The hypotheses of the study are as follow:

- H1: Attitudes have an influence on accounting students' intention to become Shariah auditors.
- H2: Subjective norm has influenced accounting students' intention to pursue a career as Shariah auditors.
- H3: Perceived behavioral control has influenced accounting students' intention to become Shariah auditors.

Research Framework

The research framework is an analytical tool with several variations and contexts. Refer to [17] notes that the conceptual context is defined as the Qualitative theorization method that first decides the definitions and then the concepts set out the processes and procedures for the creation of the research framework.



Figure 2: Research Framework of The Study

The research framework presented in Figure 2 highlights the interaction among various factors influencing accounting graduates' career intentions to pursue roles as Shariah auditors. The study centers on the dependent variable (DV), which is the intention of accounting graduates to become Shariah auditors. Meanwhile, the independent variables (IVs) are derived from the elements of the Theory of Planned Behaviour, including Subjective Norms, Attitude, and Perceived Behavioural Control.

RESEARCH METHODOLOGY

The data for this study were collected from public universities in Malaysia. Since the research investigates the intention to pursue a career as a Shariah auditor, the sample was drawn from universities that offer Islamic accounting programs, particularly in zakat accounting and Shariah auditing courses. These students had also been exposed to a broad range of accounting, auditing, and internal auditing courses which equipped them with a solid understanding of the career options available to them. The purposive sampling technique was employed. The focus was on final year accounting degree students, as they were at a stage where they were actively contemplating their educational progress and career routes and were deemed mature enough to make informed career decisions.

The research sample consists of 127 chosen undergraduate final year accounting students from UiTM (75 students; 59%), UPTM (24 students; 19%) and UMT (28 students; 22%). The data were gathered using a survey, with all instrument constructs being adapted from well-established sources in the field.

Research Instrument and Data Collection

The research instrument for this study was a digital or online questionnaire administered to accounting students during their classroom sessions in the 2024 semester. The questionnaire comprised two sections: Section A collected demographic and background information, including details such as the students' university, gender, race, religion, age, prior accounting education, and prior Shariah knowledge before enrolling in an accounting degree program.

Section B contained 7 subsections to investigate their intention to become shariah auditor. The items were measured by the scale 'agree' ranging from '1' strongly not agree to '7' strongly agree. The 4 subsections contained 3 to 4 statements for intention and 3 elements in Theory of Planned Behavior encompassing attitudes, subject norms and perceived behaviour control. The correlation analysis that explains the current relationship between variables will be used in this research. The correlation between Theory of planned Behaviour and student's intention will be explored using SmartPLS version 4 software which is a structural equation Modelling (SEM).

RESULT AND DISCUSSION

Descriptive Statistics

In this study, the gender distribution showed a significant difference between female and male participants. Out of the total sample, 99 participants were female, representing a large majority, while 28 participants were male. This indicates that females made up approximately 78.6% of the sample, while males accounted for around 21.4%. The study's participants were primarily drawn from three higher education institutions. The largest group came from UiTM, with 75 participants (59.1%), followed by UMT with 28 participants (22%), and UPTM with 24 participants (18.9%). This distribution suggests that the intention to pursue a career as a Shariah Auditor is mostly represented by students from UiTM. The relatively smaller numbers from UMT and UPTM provide additional perspectives but may not be as influential in shaping the overall conclusions. The concentration of responses from UiTM could impact the findings, especially if institutional factors play a role in shaping students' career intentions. In the study, the majority of participants lacked a background in Shariah before enrolling in their accounting degree, with 100 individuals (78.7%) reporting no prior Shariah knowledge. In contrast, only 27 participants (21.3%) had some form of Shariah background prior to their enrolment. This significant disparity suggests that most respondents may have limited exposure to Shariah principles and practices before pursuing their accounting education.

Table 1: Respondent's profile

Variable	Frequency (n = 127)	Percentage (%)
Gender		
Female	99	78.6
Male	28	21.4

Race		
Malay	122	96.1
Chinese	4	3.1
Indian	1	0.8
Religion		
Islam	122	96.1
Buddha	2	1.6
Hindu	1	0.8
Others	2	1.6
Institution		
UiTM	75	59.1
UPTM	24	18.9
UMT	28	22.0
Accounting background before enroll accounting degree		
Yes	100	78.7
No	27	21.3
Shariah background before enroll accounting degree		
Yes	27	21.3
No	100	78.7

The correlation analysis that explains the current relationship between variables will be used in this research. The correlation between attitude, subject norms and perceived behaviour control on accounting graduates and intention to become Shariah auditor was explored using Smart PLS version 4 software. A structural equation Modelling (SEM) variation, is used to analyze the correlation of the data. It is a viable alternative to covariance-based SEM as it predicts the relationship between the variables in the research model rather than replicating the covariance matrix to achieve model fit [18]. Given the stronger focus of the study on prediction, structural equation Modelling (SEM) with PLS 4 [19] is the most appropriate statistical tool. This technique gains higher statistical power and more significant correlation upon being presented in the population [18].

Common Method Bias (CMB) and Measurement Model

Common Method Bias (CMB) was a concern in this study since the data came from a single source, with the same respondents answering both independent and dependent variables [20]. To mitigate this, different scales were used for the predictors and criterion variables [21], and full collinearity testing was applied. By regressing all variables against a common variable, the variance inflation factor (VIF) was assessed, and with values ranging from 2.071 to 3.528, they were below the threshold of 5 [18]. This indicated that single-source bias was not a significant issue. In a well-validated measurement model, both convergent and discriminant validity are necessary to ensure that the data provides a reliable and valid representation of the theoretical concepts being studied. To establish convergent validity, [18] recommended an average variance explained (AVE) of at least 0.5 and loading and composite reliability (CR) values of 0.7 or higher. In this study, the AVE from 0.711 to 0.898, and the CR from 0.907 to 0.972, all exceeding the recommended thresholds. Thus, convergent validity was successfully established.

Table 2: The results of the common bias method and measurement model

	VIF	AVE	CR
Subject Norms	2.203	0.898	0.972
Attitude	3.528	0.744	0.971
Perceived Behavioural Control	2.071	0.830	0.936
Intention to Become Shariah Auditor	2.288	0.711	0.907

The second test is discriminant validity, which ensures that all constructs are distinct and capture the phenomena not mapped by other constructs in the model [18]. With all HTMT values being lower than 0.90, discriminant validity will be established [22]. Considering that the values for all HTMT in Table 3 amounted to lower than 0.90, no discriminant validity issue was found in this study.

Table 3: Discriminant Validity

Construct	4 SN	5 Att	6 PBC	7 Int
Subjective Norms		0.517	0.707	0.700
Attitude	0.517		0.576	0.653
Perceived Behavioral Control	0.707	0.576		0.662
Intention to become Shariah Auditor	0.700	0.653	0.662	

Structural Model

A bootstrapping procedure with 5,000 samples [18] was used to test the study's hypotheses. Hypotheses were supported if the beta value, t-value (>1.645), p-value (<0.05), and confidence interval showed no null values between the lower (LL) and upper (UL) levels of the confidence interval [20]. Hence, the study examined the impact of the Theory of Planned Behaviour (subjective norms, attitude, and perceived behavioral control) on the intention to become a Shariah Auditor. Multicollinearity was absent in prior studies, as all VIF values were below 3.3, though it appeared between subjective norms and perceived behavioral control.

The results showed subjective norms (SN), and perceived behavioral control (PBC) had positive relationships (SN: $\beta = 0.366$, $p = 0.011$; PBC: $\beta = 0.207$, $p = 0.000$). Hypotheses H2 were not supported, while H1 and H3 were supported. The R^2 value of 0.541 indicated that the variables explained 54.1% of the variance in the intention to become a Shariah Auditor. Effect sizes were small for attitude and perceived behavior control (PBC), while subject norm (SN) showed a medium effect size, as detailed in Table 4.

Table 4: Structural Model

Hypothesis	Relationship	Beta	Standard error (SE)	t	p	LL	UL	VIF	F2	Decision
H1	Subject Norms → Intention	0.366	0.079	4.613	0.011	0.241	0.502	1.896	0.162	Supported
H2	Attitude → Intention	0.106	0.121	0.876	0.191	-0.094	0.307	3.502	0.007	Not Supported
H3	Perceived Behavior → Intention	0.207	0.091	2.277	0.000	0.075	0.374	1.973	0.050	Supported

CONCLUSION

The study identified factors influencing career intentions as a complex interplay of personal aspirations, social influences, and educational experiences. Among these, subjective norms and perceived behavioral control were found to have positive relationships with students' intentions to pursue careers in Shariah auditing. This underscores the importance of fostering supportive environments and providing resources that enable students to envision and confidently pursue such careers. The career intentions of individuals are shaped by a complex interaction of personal, social, and educational factors. Recognizing and understanding these influences is crucial for universities and professional bodies aiming to design programs and strategies that develop a skilled cadre of Shariah auditors capable of meeting the dynamic needs of the Islamic finance industry.

The findings of this study carry significant implications for both academia and the industry. Universities can leverage these insights to refine their curricula, equipping students with the knowledge and competencies required to excel as proficient Shariah auditors. Meanwhile, professional bodies can utilize the findings to craft strategies aimed at attracting and nurturing future talent in the field. This research ultimately seeks to contribute to building a workforce capable of driving the Islamic finance industry forward with integrity and authenticity, aligning Shariah principles with the complexities of contemporary financial practices. Strengthening the pipeline of competent Shariah auditors in Malaysia is a pivotal step toward reinforcing the foundations of Islamic finance and enhancing its position on the global stage. Furthermore, the findings can be used to improve the quality and effectiveness of accounting curricula, benefiting both educational institutions and future professionals. In conclusion, this study seeks to illuminate the various aspects of Shariah audit awareness, competency, and career intentions. By addressing this gap in research, the study contributes to the development of capable Shariah auditors who can confidently navigate the evolving landscape of Islamic finance.

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