Takaful Operators and Socio-economic Objectives during the Pandemic of Covid-19: Issues and Challenges

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**ABSTRACT**

**Objective:** Takaful operations in Malaysia have proven their credibility through the remarkable achievement in market structure and net contribution income. This research paper discusses on the issues and challenges faced by Malaysian Takaful Operators in contributing for the socio-economic objectives during the pandemic of Covid-19.

**Methodology:** In complementing this study, ten respondents from takaful industry will be interviewed in gathering their insight over the subject matter. This study is in line with the VBIT framework which have been introduced to achieve inclusive protection for the underserved or unserved segments of the society and to address relevant socio-economic issues.

**Findings:** Based on the findings, Malaysian Takaful Operators are optimistic about their performance always seek for the best opportunity in contributing to the society. Takaful Operators also believe that all the challenges that they are currently faced would not become the barriers for them to consistently contribute to the socio-economic objectives even it is not in the pandemic era anymore.

**Implications:** The proposed solution for the identified problems is part of the contribution in this study and can be very useful for the industry player. Some of the listed strategies are different from prior studies, and in fact, there is no study previously which have been discussing the challenges in detail.

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**Introduction**

With the development of Islamic finance, notably takaful, it has been used not just in Muslim populated nations, as well as those where non-Muslims represent the majority of the population. Its introduction in
some of non-Muslim nations such as Africa and India through an effort to combat poverty and promote financial inclusion alleviating tool and has expanded in these fields with some extent of effectiveness (Dikko & Abd. Ghani, 2015). The study by Hassan and Salman (2020) also demonstrated that the conventional systems of Singapore, India, Canada, the United States, and Australia have better levels of acceptability and potential for Takaful. Current Islamic banks in non-Muslim countries serving as launching pads for prospective Takaful goods explained this vast expansion potential.

Looking back at the objectives of Takaful itself, it is intended for everyone regardless of their religious (Htay and Salman, 2017). Due to this, it may be able to enter certain markets for insurance in Muslim and non-Muslim nations. Takaful has become one of the important tools in risk management and it is getting attention from time to time. Though, it can be pictured as an agreement made by a group of individuals to collectively indemnify one another against potential loss or damage onto them (Abdul Rahman et al., 2008) Each participant works together to support the harmed member.

Takaful also considered as the most popular social institution in the Islamic community which aim is to counter poverty and deprivation (Nafti, 2022). This role of Takaful as the social institution is very much related to the socio-economic. Limited studies have been conducted on the underlying principles of Takaful and how it is related to the socio-economic objectives. Thus, the main research objective is to discuss on the issues and challenges Malaysian Takaful Operators encountered when trying to contribute to the socioeconomic goals during the Covid-19 outbreak.

This paper is organized in six parts. The second part explains on Takaful and its basic principles, Takaful and maqasid shariah and contributions of Takaful Operators during the pandemic of Covid-19. The third part elaborates on the research methodology. The fourth part explains the findings and analysis. Finally, it is the conclusion part.

Literature Review
Takaful and its Basic Principles
The Qur'anic definition of takaful (5:2): "And collaborate you one another in righteousness and piety" refers to shared accountability, reciprocal assurance, joint assurance, and mutual assistance, also known as ta'awun in Arabic. Takaful can be easily understood as a group of participants agreeing to mutually guarantee among themselves against a specific loss, according to the general description provided by Bank Negara Malaysia. The Shariah Advisory Council of BNM asserts that the tabarru' (donation) concept as well as the ta'awun concept are the fundamental tenets of takaful among participants. Tabarru' is the participant's agreement to surrender, as a donation, a contribution amount that they have previously agreed to contribute into a takaful fund. Both Takaful participants and Takaful operators adhere to other Takaful standards. Permissible interest is one of its key principles. It is essential to guaranteeing a takaful contract's legality. It also protects participants from moral hazard (Zulkifli et al., 2012). This rule applies if there is a connection between participants and the subject, which typically results from a number of circumstances such property ownership, potential legal obligation, and contractual rights.

To engage in a takaful contract, individuals and institutions must fulfill certain criteria set forth by a takaful operator acting as a fund manager. These criteria are based on the concept of utmost good faith, which leads us to the second Takaful principle. According to Zulkifli et al. (2012), exercising the utmost good faith entails an obligation to voluntarily disclose, accurately, and completely all information relevant to the risks being addressed, whether or not it is requested. It indicates that the takaful participant has an obligation to notify the takaful operator of significant facts or topics at the start of the contract and once the claim has been settled. There could be times when the participant doesn't engage in the best possible faith. This will result in misrepresentation and non-disclosure, which could result in the termination of the takaful certificate and the denial of claims (Razali & Mohd Ali, 2021).
In addition, a contract based on the indemnity principle is a takaful contract. According to Cheikh (2013), the Aqilah system, where tribes collectively agree to compensate others, is where the Islamic insurance mechanism initially appeared in Mecca and Medina. If a man murders another man belonging to the same tribe, the accusers’ family is responsible for compensating the alleged victim's heirs with blood money. Prophet Muhammad later adopted and implemented the technique (Peace be upon him). The Takaful system provides financial compensation in order to put the affected person in the same financial situation that he or she enjoyed immediately prior to the loss, and this is similar to the doctrine of 'Aqilah (Zulkifli et al, 2012). Additionally, this approach only applies to contracts involving property and liability takaful; it does not apply to family takaful, such as contracts involving health or personal accidents, because no monetary compensation can ever fully compensate for a person's loss of life.

The International Shariah Research Academy (ISRA) claims that the notion of subrogation in takaful is the corollary of the idea of indemnity. When a takaful operator has insured its participants under an indemnity agreement from a third party, subrogation refers to a set of procedures that makes it possible for the operator to be reimbursed. When a participant gets compensated by a takaful operator after a third-party harm him, the takaful operator is upholding the indemnity principle by prohibiting the participant from recovering compensation for the same loss twice and making money off the loss. The principle of contribution, which is another extension of the principle of indemnity, asserts that an insurer has the ability to request contributions from other participants who are similarly but not necessarily equally liable to a given participant. In other words, any claim must be divided among all operators if another indemnification contract (s) covering the same subject matter against the same risk exist. This rule is applied in general takaful to stop participants from making money off of several claims from various takaful operators for the same loss.

On the same ground, another takaful concept is proximate cause, or "sed causa proxima non-remota spectature," according to Zulkifli et al. (2012) (the proximate cause, not the distant cause). In other words, only risks that are specifically covered can receive compensation, therefore the reason of a loss must be determined. Participants in a claim must demonstrate that the loss was directly caused by the risk covered in order for it to be successful.

**Takaful and Maqasid Shariah**

If accepted by Shariah, the Takaful philosophy according to Billah (2019) might have a place in Islamic finance. According to Imam Al-Ghazali (1414 A.H.), the Maqasid, or goals, of Shariah are to advance the welfare of the people, which includes preserving their wealth (mal), faith (din), life (nafs), intelligence ('aql), and posterity (nasl). Therefore, anything that ensures the preservation of these five serves the greater good and is desirable. Additionally, Maqasid Shariah provides a solid framework for fostering Maslahah (benefits) and discouraging Mafsadah (damage) from people (Abdullah, 2012). Maslahah is divided into three categories by Imam Al-Shatibi: daruriyyat (the fundamentals), hajiyyat (the complimentary), and tahsiniyyat (embellishment). These three levels provide as a summary of maqasid Shariah and a rating of priority. The five maqasid Shariah principles that Imam Al-Ghazali previously described are included in the first category of Maslahah, which is known as daruriyyat (important). According to Dusuki (2008), the Maslahah and maqasid Shariah are related to "a set of norms, values, and rules that make up the Islamic way of life" and are crucial for controlling Muslim community members' activities.

Insurance can provide protection, however Islam does not approve of it since it contains components of riba (interest), gharar (ambiguity), and maysir (gambling or speculation). In order to do the same objective using a different contract and a Shariah-compliant risk mitigation method, Takaful, or Islamic Insurance, is used. Takaful also allows for more thorough Maqasid Shariah fulfilment. Adhering to Shariah principles is the main concern in risk management for takaful since it must achieve the objectives of Shariah, notably the protection of life, protection of money, and protection of dignity (Abdullah, 2012). According to Abdul Aziz et al. (2013), Takaful aspires to safeguard lives and promote the free flow of income by fostering a feeling of social responsibility, promoting cross-social cooperation, and fostering ethical business practises.
Aziz et al. (2013) added that Takaful supports the protection of life since it shields individuals from any unanticipated unpleasant events that might affect themselves and their families. In the event of one's death or total and permanent incapacity, the benefits of Takaful compensation would benefit one’s family because of the spirit of mutual assistance and risk sharing in this insurance. It so conforms with the maqasid Shariah’s need for continuance of life. Even while it is everyone’s right and duty to help others, the concept of fard kifayah, or social obligation, holds those who are capable or better off accountable for assisting those who are not capable or worse off (Abdullah, 2012). She also stated that it is an obligation, which denotes a requirement or fard, which indicates it is not an option. According to the Qur’an (11:61), "Human beings are expected to collaborate among themselves in order to properly execute the duty and mission of khilafah," which is the basis of Takaful, "Human beings are expected to cooperate among themselves."

The preservation of money and its circulation is one of the second most important protections under maqasid Shariah in relation to takaful terms, as mentioned by Aziz et al. (2013) and Abdullah (2012). Abdullah (2012) emphasised further the need for wealth to be shared throughout the community, as hoarding of riches is forbidden by Allah and requires His approval in order to achieve justice and benefit the community. If this is not done, social unrest and economic instability will occur. Humans are put to the test in a variety of ways, and riches and property are no exception. Losses of this worldly grace can occur at any time. This property may be tangible, like real estate or a car, or it may be intangible, like the loss of income or even security during trying times like a death or illness. This point of view claims that Takaful can also provide protection in this area due to the indemnity principle, which enables losses to be compensated and restores the policyholder's financial situation to what it was before the unfortunate event.

Another strategy for achieving the maqasid Shariah is the use of risk protection based on the tabarru' method in takaful, which promotes unity, brotherhood, and mutual cooperation by having each member pay with the intention of aiding fellow contributors in times of need. 2012 (Abdullah). Takaful, seen from a different perspective, includes maqasid shariah within the broader bounds of protecting human dignity in addition to the protection of life and property. Any violation of a duty owed to another human being, such as rape, incest, maltreatment of minors, or molestation, shall be covered by takaful, according to Abdullah (2012). Higher compensation is required for the victims who have been denied their rights as a result of such immoral and inhumane behaviour. In essence, maintaining participants' rights and duties in line with the goals and objectives of the maqasid Shariah involves protection of dignity on such a basis.

**Contributions of Takaful during the Pandemic of Covid-19**

According to a number of studies, COVID-19, which started out as a health disaster, swiftly turned into a worldwide economic crisis of unparalleled scope and speed. Conefrey and Walsh (2020) assert that COVID-19 has had a significant impact on the banking and insurance industries globally, shocking the economy and upsetting markets. When a traveller from China (through Singapore) tested positive for the virus on January 25, 2020, the first case of the COVID-19 epidemic in Malaysia had reached Malaysian soil. Since then, a new historic chapter has developed, upending the nation's public health system and finally putting the country’s tenacity to the test (Hashim et al., 2021). Due to a surge in more than 700 ongoing cases, the Malaysian Prime Minister's Office released the first Movement Control Order (MCO) on March 18, 2020. In addition to the limits on international travel, the MCO ordered rapid closures for enterprises and services that it judged unnecessary to be shut down. Regional travel, open athletic events, religious gatherings, and access to campuses, schools, and houses of worship were all prohibited. Armed forces helped enforce this more and more by keeping an eye on and limiting the movement of those who were regarded to not be providing critical services. (Tang, 2020)

According to Hasin et al. (2021), the application of MCO has undoubtedly resulted in various uncertainties that have affected everyone from individuals to enterprises and endangered the viability of the latter. Prudentiary industries, such as those in the energy and electricity, telecommunications, water, shipping, oil and gas, and fuel, finance and banking, health, apparel, food, transportation, and logistics, were,
however, left out of the MCO. The demands of communities during the outbreak are met by these sectors, which must continue to function as normal while allowing for economic migration (Hashim et al., 2021). According to World Health Organization (WHO) figures from 2008, rising healthcare expenditures drove more than 100 million people annually below the poverty line even before the outbreak. The idea of takaful risk management was developed as a strategy to manage risk for everyone in the community, not only the impoverished (Abdullah, 2021).

The Malaysian government, in cooperation with the Ministry of Health (MoH), numerous nongovernmental organisations (NGOs), businesses, and foreign governments, developed a number of financial aid and relief programmes in reaction to the COVID-19 pandemic's economic effects in Malaysia (Abu Seman, Sabri, Mohamad Nazarie, & Othman, 2022). Delaying family insurance and takaful premiums for afflicted people for three months is a component of the government-initiated economic stimulus package for the public during the MCO and COVID-19 outbreak (Abu Seman et al., 2022). The Life Insurance Association of Malaysia (LIAM) and Malaysian Takaful Association have determined the flexibility provided by life insurers and family takaful operators through a no-lapse guarantee, an extension of the grace period, or any other method that keeps the policy or certificate in good working order throughout the deferment period (MTA). The time frame in which this option was accessible, which was 1 April 2020 through 31 December 2020.

Participants had to approach the operators to ask for the postponement because it wasn't an automatic contribution deferment scheme in order to acquire the deferment pass (MTA, 2022). If their application for this Program is authorised by their Companies and they have COVID-19 infection, are under required home quarantine, or have lost income as a result of the COVID-19 scenario, certificate owners may postpone their contribution payment for 3 consecutive months (MTA, 2022). One takaful operators who has extended the duration of this relief scheme till June 30, 2022 is MTA.

In addition, policyholders affected by COVID-19 can maintain life insurance and family takaful protection even while experiencing short-term financial challenges thanks to an extension of their flexibility to reinstate or maintain those protections, according to a press release from LIAM in 2020. The short-term solution was extended to December 2020. The measure has benefits such as the ability to reinstate a lapsed policy, changes to the sum assured or covered, adjustments to the premium/contribution structure, conversion into a paid-up policy, waiver of fees for policy changes, and waiver of any penalties for late premium/contribution payments, particularly where takaful participants affected by COVID-19 are unable to access electronic payment channels during the MCO.

Takaful operators are focusing on micro-takaful protection to assist the Malaysian government's attempts to alleviate the socioeconomic effects of COVID-19. According to BNM (2016), microtakaful would be available to low- and moderate-income households in the lowest 40% (B40) of the population. These households are also eligible for the Bantuan Sara Hidup (BSH) or Bantuan Prihatin Rakyat (BPR). Due to their limited access to clean water, sewage, and healthcare, they are more likely to become ill and insurance coverage issues arise (Zainal, 2013). Zainal (2013) added that simple and economical Microtakaful programmes are necessary to reduce risk. By doing this, the government is able to fulfil its goal of providing low-income households with access to Takaful products to suit their financial protection needs. In order to achieve the Sustainable Development Goals, many takaful providers are persistently working to become the value-based intermediary (VBI) that is modelled after the government (Nurdianawati, 2021). As a result, they offer microtakaful to those in need. In its Value-Based Intermediation for Takaful (VBIT) Roadmap 2022, MTA sought to advance the sector in order to meet future demands, particularly those related to the Covid-19 epidemic alleviation presently underway.

The Perlindungan Tenang project is one of the main initiatives in line with the VBIT Underpinning Thrusts, according to LIAM. While the industry works to narrow the protection gap and ensure that the B40 community is able to defend itself from unanticipated occurrences and retain their lifestyle,
Perlindungan Tenang is designed for B40 consumers looking for appropriate products and services. Bank Negara Malaysia started a current initiative named Perlindungan Tenang in 2017. This project brings together the insurance and takaful industries in order to provide insurance and takaful solutions that address the requirements of disadvantaged groups, particularly lower-income consumers. According to Elmie Aman Najas, Chairman of the Malaysian Takaful Association, the qualified Bantuan Prihatin Rakyat beneficiaries can now protect themselves and their family against significant life risks with premiums and payments starting at just a few Ringgit each month (MTA). The Perlindungan Tenang programme satisfies the criteria for being easily available to the target population, providing good protection value, being straightforward to grasp as well as straightforward to purchase and submit claims. Takaful business owners consequently developed these reasonably priced microtakaful items.

Methodology
Face-to-face interviews were used to gather information in-depth. Interviews were selected as the main method of data collection because they offer a convenient way to get in-depth information on the current difficulties faced by practitioners. In order to perform this qualitative study, ten (10) Takaful Operators were used. Table 3.0 below exhibits the list of Takaful Operators involved in this study.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Takaful Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AIA PUBLIC Takaful Bhd</td>
</tr>
<tr>
<td>2</td>
<td>AmMetLife Takaful Berhad</td>
</tr>
<tr>
<td>3</td>
<td>Etiqa Family Takaful Berhad</td>
</tr>
<tr>
<td>4</td>
<td>Etiqa General Takaful Berhad</td>
</tr>
<tr>
<td>5</td>
<td>FWD Takaful Berhad</td>
</tr>
<tr>
<td>6</td>
<td>Great Eastern Takaful Berhad</td>
</tr>
<tr>
<td>7</td>
<td>Takaful Ikhlas Family Berhad</td>
</tr>
<tr>
<td>8</td>
<td>Takaful Ikhlas General Berhad</td>
</tr>
<tr>
<td>9</td>
<td>Zurich General Takaful Malaysia Berhad</td>
</tr>
<tr>
<td>10</td>
<td>Zurich Takaful Malaysia Berhad</td>
</tr>
</tbody>
</table>

Sources: Author (2022)

Ten (10) interviews with semi-structured interview questions were conducted. Purposive sampling was the approach used. Product development officers and shariah officers who are directly and indirectly involved in the operations of Takaful products make up as our respondents. The details of respondents are shown in Table 3.1 below.

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Gender</th>
<th>Highest Qualification</th>
<th>Role</th>
<th>Years of experience in industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent A</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>Shariah Officer</td>
<td>16-20 years</td>
</tr>
<tr>
<td>Respondent B</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>Shariah Officer</td>
<td>16-20 years</td>
</tr>
<tr>
<td>Respondent C</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>Shariah Officer</td>
<td>6-10 years</td>
</tr>
<tr>
<td>Respondent D</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>Head Shariah Officer</td>
<td>16-20 years</td>
</tr>
<tr>
<td>Respondent E</td>
<td>Female</td>
<td>Master degree</td>
<td>Product Development Officer</td>
<td>11-15 years</td>
</tr>
<tr>
<td>Respondent F</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>Product Development Officer</td>
<td>11-15 years</td>
</tr>
<tr>
<td>Respondent G</td>
<td>Female</td>
<td>Bachelor degree</td>
<td>Product Development Officer</td>
<td>11-15 years</td>
</tr>
<tr>
<td>Respondent H</td>
<td>Female</td>
<td>Bachelor degree</td>
<td>Product Development Officer</td>
<td>11-15 years</td>
</tr>
<tr>
<td>Respondent I</td>
<td>Male</td>
<td>Bachelor degree</td>
<td>VP of shariah department</td>
<td>11-15 years</td>
</tr>
<tr>
<td>Respondent J</td>
<td>Female</td>
<td>Bachelor degree</td>
<td>Product Development Officer</td>
<td>11-15 years</td>
</tr>
</tbody>
</table>

Sources: Researcher (2022)

Interviews took place on an online platform. Before the start of each semi-structured interview, participants completed a brief questionnaire to provide anonymous demographic information. All interviews were taped and then verbatim transcribed. All of the participants in the semi-structured interview that was used for this study appeared at comfortable and had a solid awareness of the
organisations' historical structures and operational procedures. The following three strategies have been applied in the interviews since semi-structured interviews offer greater variety and more useful data generation: relationship-building, provocative comments, and critical event analysis (Pathak & Intratat, 2012).

In order to establish the key points learned from the discussion, field notes were also taken throughout the focus group and interview sessions. Field notes and semi-structured interviews were used to triangulate the analysis. All participants received a copy of the transcript of their interview for the purpose of data validation. Under Patton’s direction, the second research team member cross-checked the transcribed data from the interviews after the data had initially been categorised using key themes pertinent to the primary study objectives (2002). Researchers examined at subjects during the analysis phase that offered potential explanations for what was happening in the data beyond summaries of specific transcripts. Verbatim quotes from participants that best illustrate each theme have been used to support it.

Result and Findings

After conducting a data analysis, the findings showed the themes indicated below, which were then verified. Based on the validity test, the author is certain that the themes accurately reflect the facts. Below is the list of five themes which comprises all the challenges faced by by Malaysian Takaful Operators in contributing for the socio-economic objectives during the pandemic of Covid-19 which will be further elaborated in the next subheading:

- Misunderstanding among the society
- Human constraints
- Prioritizing the relevant project
- Searching for the best collaborations

Misunderstanding among the Society

The first challenge faced by the Takaful Operators is misunderstanding among the society. It includes the misunderstanding on the concept of Takaful and the role of Takaful Operators itself. There was part of the society which still have the lame thought that the Takaful Operator is only focusing on profit maximization without understanding the main objective of the establishment of Takaful Operator. Some of them also does not have any idea on the differences between Takaful Operators and insurance company. Another issues which relate to the misunderstanding is the mindset of the society. Sometimes they just expect continuous help from the government or non-government organizations without any effort. For example, cash assistance, free food, extra allowances and so on. These circumstances happened due to the lack of knowledge and awareness among the society. These issues on the knowledge and awareness among the society have been discussed a lot in the previous study (Salleh et al., 2017; Mokhtar et al., 2017; Salman et al., 2017; Hassan et al., 2018; Salleh & Laksana, 2018; Wahab & Tajuddin, 2020; Abu Seman, 2021; Wan Jusoh & Noreffendi, 2022; Hassan et al., 2022). Below are among the statements made the respondents on the issues of misunderstanding among the society:

“...the challenges is to create awareness….but the mindset of the society still the same…no efforts at all.. we have actually open the way..for example we conduct a free training for asnaf to become takaful agent..but end up only one of them are able to generate their own income…” (RB)

As a solution, it can be suggested for takaful operators to educate Malaysian young about the advantages of takaful products. The level of education of potential participants may have a significant impact on their decision to engage or not, in addition to their general knowledge and understanding of Takaful.
Human Constraints
On top of that, Takaful Operator also highlighted on the challenges of human constraints. This is due to the small size of the organization and limited resources. Below are among the reply of the respondents on this issue:

“…it is different kind of challenge. I mean being a small company, we have a very green team, we don’t have enough staff to do CSR. It is more of human constraints…that can be the challenge..” (RC)

“…second challenge during the implementation..is of course lack of manpower…” (RB)

Based on description above, human constraint is one the issue which have been faced by Takaful Operators for quite sometimes. This is due to the size of Takaful Operators compared to other financial institutions. As a solution, it can be suggested for Takaful Operators to plan and manage accordingly the efficiency number of staff to address the issue of constraints. Other than that, the takaful sector needs to have a clear strategic direction in order to succeed and maintain the industry, particularly with regard to improving human capital and working together with other operators to further improve the industry’s resilience (Jaffer, 2015; Fauzi et al., 2016).

Prioritizing the Relevant Projects
The next challenge is prioritizing the relevant projects. This happened due to limited resources. Normally, the management of Takaful Operator will set aside the budget annually for the CSR programme or VBI program. The projected project would be based on the allocation budget. This is among the reply from the respondents:

“…budget is a challenge..to me, that is something that is within our control..” (RD)

“..A lot of request from community…sometimes we have to prioritize the projects which give more impact to the society…” (RE)

“..among the challenges is to specify the target groups. Due to limited resources..” (RG)

However, during the pandemic of covid-19, study by Baatwah et al. (2022) indicate a favourable and significant correlation between COVID-19 budgeting and CSR spending. Businesses spent a lot of money when there was a rapid increase in confirmed cases, but they spent a lot more money when there was a rapid increase in both the death rate and the number of confirmed cases.

Searching for the best Collaborations
Finally, the challenges come in term of findings the best collaborations since most of the time Takaful Operators have to engage with any Non-Government Organizations (NGO) when implementing the CSR. They really have to choose the best collaborators to ensure the success of the program. Below are some of their responds:

“..when we conduct our programme, normally through collaborations...sometimes their charge are quite high..so this is one of the challenges..” (RB)

“..The challenge would be to validate how NGO spend the money..that is why it is very important to find the best partners..”(RC)

“..one of the challenges..to find the partner to work or to execute the programme..” (RG)

Based on the respond from the Takaful Operators, it is very important for them to find the best collaborations in successfully implementing the project. The good relationship between businesses and NGOs are seen as a way to carry out the corporate social responsibility (CSR) agenda and help NGOs keep their commitments to the community (Eid & Sabella, 2014). Based on the opinion and description by the respondents, robust planning and monitoring, good support by the management and enforcement by the regulators are very necessary for Takaful Operators in order
for them to contribute for socio-economic objectives. Table summarizes on the challenges faces by the participants as described above together with the causes, consequences, and the preventive strategies.

Table 4.0: Challenges faced by the auditors

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Causes</th>
<th>Avoidance/Preventive Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misinterpretations among the society</td>
<td>Lack of knowledge and awareness of among the society</td>
<td>Finance literacy at the early age</td>
</tr>
<tr>
<td>Human constraints</td>
<td>Lack of resources</td>
<td>Strong management support</td>
</tr>
<tr>
<td>Prioritizing the relevant project</td>
<td>Role of agent</td>
<td>Increase R&amp;D</td>
</tr>
<tr>
<td>Searching for the best collaborations</td>
<td></td>
<td>Effective monitoring system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enforcement by the regulators</td>
</tr>
</tbody>
</table>

Sources: Authors (2022)

The industry can identify the appropriate solutions and take the required steps to reduce the effects of such issues by being aware of the challenges and their effects. Part of the contribution made by this study is the suggested remedy for the difficulties found, which can be very helpful to the participant in the sector. There are several of the stated strategies that differ from those found in earlier research, and there haven't been any studies that have specifically covered the issues before.

Conclusion

The main purpose of this study is to discuss the issues and challenges that Malaysian Takaful Operators encountered when trying to contribute to the socioeconomic goals during the Covid-19 pandemic and to lay out recommendations for how to navigate around those challenges and move towards achieving the clear objectives of the development of Takaful Operators. According to the findings, Malaysian Takaful Operators are convinced of their capabilities and constantly look for ways to improve society. Takaful operators also assume that despite the absence of pandemics, they will still be able to regularly contribute to socioeconomic goals despite the difficulties they currently confront. This study contributes by expanding the socioeconomic knowledge and offering preventive measures to deal with all the issues. However, when taking the analysis into account, there may be two major considerations that limit how the results should be interpreted. First off, only the Takaful industry is being considered in this analysis. The second point relates to the approach used to gather and examine the qualitative data. Future research has possibilities because of these limitations. Perhaps additional research with a wider scope and a different technique can be done in the future. Despite the aforementioned flaws, the study's conclusions are very strategic relevant to the current efforts being made by Takaful operators to implement maqasid shariah.

References


