

# **The Effect of Application Islamic Monitoring Principle on the Performance of the Islamic Banks (Case Study: The Islamic Banks - Jordan)**

Dr.Mohammad Farouq Al-Shboul

Assistant Pro. Jadara University, Faculty of Economy & Business, Malshboul89@yahoo.com

PO Box: 21110 PA: 733, Jordan- Irbid

## **Abstract**

This study examines the impact of the application of the principle of Islamic censorship in the Jordanian Islamic banks, and the aim of this study was to investigate the role of censorship and its impact on the work and performance of these banks. This study used descriptive statistics method as applied analytical method study of a random sample on a sample of employees of banks subject of the study and who numbered (120) employees. The questionnaire was designed to collect data was also used statistical tests that are commensurate with the nature of the subject matter to reveal the source of the relationship between the variables of the study in order to reach accurate results and clear. The study concluded that organizational communication and legal regulation and software and the timing of the regulatory process followed her statistically significant relationship to the success of the implementation of the control of Islamic banks. One of the main recommendations of this study the use of communication in the control process, and the development of regulations and laws in order to be used as criteria for judgment, and use the control as a means to discover and correct errors and to encourage the principle of self-censorship among the employees.

**Keywords:** Islamic Banks, Islamic Monitoring Principle, the Central Bank of Jordan, computerized programs.

## **1- Introduction**

The monitoring is the most important topics that should be writing in it and that cause of its great importance as the way management to follow-up implementation and to verify that activities in accordance with the plans and decisions will be implemented properly implemented and that the desired objectives will be achieved, it is also reflect to management to detect deviations. And the control group of species some of which are used to treat the problem before it occurs, including what is used to treat the problem during the occurrence of the problem, including what is used to treat the problem after the fact. There is another type that does not exist in the administration position which is the self-censorship that characterizes Islamic administration from the others.

Control is generally a function of the management functions and linked closely with other management functions like planning, organizing and directing. The researcher preferred to write about the monitoring in the Islamic and so for several reasons, the most important is successes achieved by the control of Islamic work of banks, because of the researcher desire in the development of business performance in Islamic banks in Jordan ,and another reason - most importantly - a researcher hope that the managers, particularly in Islamic banks apply the concepts Islamic control standards and effectively in order to be maintained on the funds of depositors and owners.

## **2- Study Problem**

Islam has cared for process monitoring dramatically because of its importance to the administrative work, for this Islam stressed responsibility and are intended to carry the results of actions and behaviors achieved already, though censorship interested in performance measurement by comparing the standards that have been developed in the plan and then correct deviations negative. And control due and necessary for all activities to make sure full of that work is going on accurately towards achieving the goals that controlled the role of a major complementary and integrated with other management functions in Wallace use of optimal resource available to the organization in identifying management efficiency in achieving the goals and the results pre-defined (Naji 1982). Hence materialize the problem in answer to the main question: **What is the effect of the Application Islamic Monitoring Principle on the Performance of the Islamic Banks in Jordan??**

### 3- Study variables:

#### 3.1. The dependent variable:

The Application of Islamic Monitoring Principle in the Islamic banks in Jordan. In order to reflect the dependent variable in this study, the researcher was calculated all Islamic banks operating in Jordan and number of it are (4) banks<sup>1</sup>.

- Islamic International Bank.
- Jordan Islamic Bank.
- Jordan Dubai Islamic Bank
- Al Rajhi Bank in Jordan.

#### 3.2. The independent variables:

The researcher select (4) independent variables that related directly to the study subject derived from the Islamic mentoring principle as follow:

- I. The timing of the implementation monitoring.
- II. The role of the Central Bank of Jordan.
- III. Computerized programs.

### 4- Study Hypothesis

The researcher creates three main hypotheses that related directly to the variables of study:

- 4.1. There is a statistical significant effect to **the timing of the implementation monitoring** on the performance of Islamic banks.
- 4.2. There is a statistical significant effect to the role of the Central Bank of Jordan on the performance of Islamic banks.
- 4.3. There is a statistical significant effect to computerized programs on the performance of Islamic banks.

### 5- The Study Objectives:

- 5.1. Identify the Islamic monitoring and its importance in detecting the deviations and correcting it in the Jordanian Islamic banks.
- 5.2. Introduce recommendations to develop the performance of work in Islamic banks that operating in Jordan to take a best market share and affects in the Jordanian economy, as it should.
- 5.3. Introduce recommendations to improve the functioning of the Islamic banks that operating in Jordan by clarifying the impact of the application of the Islamic monitoring principle.

### 6- The Study Importance :

The study importance show through the detect deviations and corrected errors, take action to prevent future occurrence, work to walk on achieve the Bank's work plan; reduce the costs that may be incurred by the bank, work to achieve the goals at the lowest possible time and effort. Thus the researcher provides that appears aimed at examining the mentoring and its application in Islamic banks, which supports the mentoring mainly to enrich the libraries of scientific and research findings and clear support of Islamic economic thought.

### 7- Methodology of the Study:

The researcher using descriptive & analytical methods in the steps of this study, for being the most widely used methods in the study of social and human phenomena, because it is appropriate with the phenomenon under study. And the researcher use of **secondary & primary** sources in the study, secondary sources consisting of books and previous studies, the primary sources contain the distribution of the questionnaire, where a promising researcher to identify specifically for this research, taking into account the use to be the type of questions are finally closed, so as to ease and speed answered by employees that working in Islamic banks in Jordan, and ease of analysis have been using the statistical analysis program SPSS.

---

<sup>1</sup> The Official Site electronic Dr. Najeeb Al-yos. B 830 038; Zahran mail 11183 Amman – Jordan,  
[http://www.layyous.com/jordan\\_ar/jordan\\_banks\\_ar.htm](http://www.layyous.com/jordan_ar/jordan_banks_ar.htm)

### 7.1. The Community & the Sample Study:

The researcher conducted the study on Islamic banks operating in Jordan, and chose a sample of workers, was a random sample of 120 people working in Islamic banks that have been mentioned previously as follows:

- Islamic International Bank.
- Jordan Islamic Bank.
- Jordan Dubai Islamic Bank
- Al Rajhi Bank in Jordan.

7.2. The questionnaire was distributed to workers in the Islamic banks in Jordan in a systematic way compatible with the following table: (see Table (1)):

**Table (1) Number of Questionnaires Distributed & Returned <sup>(1)</sup>**

Bank Name	Number of questionnaire Distributed	Number of Surveys Returned
Islamic International Bank.	30	27
Jordan Islamic Bank.	30	26
Jordan Dubai Islamic Bank	30	27
Al Rajhi Bank in Jordan.	30	29
<b>Total</b>	<b>120</b>	<b>109</b>

The study population consisted of workers in the Islamic banks in Jordan, and the estimated sample random (120) workers between the Director and Head of Department and employees, where the researcher using a random sample, were distributed (120) questionnaire on the study sample was obtained (109) questionnaires by retrieve 91%.

### 7.3. The Study Tools:

Questionnaire has been prepared on the "importance of the implementation of the monitoring principle on the performance of Islamic banks operating in Jordan," the study questionnaire consists of two main sections are:

7.3.1. **Section I:** It is a personality responder (Qualification, sex, the career characteristic).

7.3.2. **Section II:** It is a field of study and the questionnaire consists of 18 Para distributed on 3 major's areas:

- I. 1<sup>st</sup> Major: The timing of the implementation monitoring consisted of 6 paragraphs
- II. 2<sup>nd</sup> Major: The role of the Central Bank of Jordan consisted of 6 paragraphs
- III. 3<sup>rd</sup> Major: Computerized programs consisted of 6 paragraphs.

And it has been using (Likert) scale to measure the responses of the respondents to the questionnaire by paragraphs: see table 2:

Table (2) Likert Scale:

Response	Non	Small	medium	large
Degree	1	2	3	4

## 8- Literature Review :

8.1. Study Fadel (2007), entitled "**The extent of the impact of environmental and organizational factors, behavioral and technological effectiveness of accounting information systems at the commercial banks in the Republic of Yemen field study.**"

The study was **aimed** to determine the extent of the impact of environmental factors, organizational, behavioral and technological effectiveness of accounting information systems, both took these factors are combined or separate, and the study sample consists of 340 employees in the financial departments and sections of accounting in commercial banks of Yemen, has undergone (172) questionnaires for analysis.

The study found several **results** had them: that when you take factors as one package, it was found that there is a positive impact of both factors, technological and organizational effectiveness of accounting information systems, while there was no effect of both environmental factors and behavioral, but in the event of taking each factor independently has show a clear impact and positive for all the variables of the study on the effectiveness

of accounting information systems used in commercial banks in Yemen. The study recommended the need to involve workers and users of accounting information systems design and development and the need to use computers and sophisticated software and the need to expand the use of administrative decentralization system.

### **8.2. Abdullah study, Qatanani (2007) entitled "The banking environment and its impact on the efficiency of and effectiveness of accounting information systems:**

The study **aimed** to identify the characteristics and variables and the factors that make up the banking environment and measure their impact on the efficiency and effectiveness of accounting information systems in commercial banks in Jordan. The study data were collected through a list of the survey that was designed for this purpose were distributed (51) questionnaires to a sample of workers in information systems in commercial banks in Jordan by three questionnaires for each bank. The **results** of the study showed a very high degree of influence of each of the factors, legal and professional legislation and administrative and organizational factors and behavioral factors, technical factors and information technology at the level of efficiency and effectiveness of accounting information systems in commercial banks in Jordan.

### **8.3. Study, Smith and Jones (2002) "Strengthening Internal Controls"**

This study showed ways to enhance the internal controls in organizations and their importance, especially in the area of preventing and detecting errors and fraud and mismanagement. The study identified the basic rules of internal control in the construction and review of standards and performance indicators, see the senior management of the operational performance of the agencies and functional levels, the effective management of the workforce, the control of data processing and information, separation of powers and duties, validate transactions and accuracy of records, documenting appropriate for transactions and procedures internal control. This study showed that the weakness of internal control that would result in serious consequences, the most important of loss through neglect and lack of attention, and extravagance resulting from inadequate procedures and systems and decisions, and misuse through the exaggeration in the proceedings, and mismanagement. As a result of the study indicated that the possibility of fraud keep exist and that the program is good for internal control on paper does not guarantee the commitment of individuals to set regulatory procedures.

### **8.4. Swanson study (1999) entitled "Internal controls: Tools, not Hoops"**

This research discusses the use of internal control as a management tool in the United States, and tries to correct the look of employees the business sector to internal control as collars or barriers they have to overcome, and to clarify it a management tool to help them to implement the business as planned and thus achieve the objectives of the institution. This study shows the dependency of Internal Oversight CFO lead to look wrong to internal control as collars or barriers must be overcome. Hence make sure this study that internal control is the responsibility of senior management and must follow them, and not the financial manager or any other person continued financial management including it means and useful management tool and not a collar or a barrier.

## **9- Statistical Analysis:**

The researcher used many Statistical methods in this study as:

- The researcher unloaded and analysis of the questionnaire through a statistical analysis program (SPSS), and It was the use of non-parametric statistical tests because of that the Likert scale is ordinal scale has been the use of statistical tool the following:

- I. Percentages and duplicates, mean and median: This is mainly for the purpose of knowing repeating variable categories According to the researcher, in the description o the study sample.
- II. Cronbach's alpha test to see steady paragraphs questionnaire.
- III. Spearman correlation coefficient: To measure the degree of correlation. This test is used to study the relationship between the variables in the case of data Non-parametric.

### **9.1. Cronbach's Alpha Coefficient:**

The researcher used Cronbach's alpha method for measuring the stability of the questionnaire, and the results were as shown in Table (3):

Table (3) Cronbach's Alpha Coefficient

S.N	Major	Alpha Coefficient
1	The Timing of the operation Bank and implementation the Islamic monitoring in the bank	0.755
2	The Central Bank and implementation the Islamic monitoring in the bank	0.699
3	The Computerized programs and implementation the Islamic monitoring in the bank	0.715
4	All areas of the questionnaire	0.735

**9.2. Spearman correlation coefficient:**

The correlation coefficient between each grade every area of the questionnaire and the total score shows in table (4):

Table (4) Spearman correlation coefficient

S.N	Major	Spearman correlation coefficient	The Probability value (Sig)
1	The Timing of the operation Bank and implementation the Islamic monitoring in the bank	0.755	(*0.000)
2	The Central Bank and implementation the Islamic monitoring in the bank	0.712	(*0.000)
3	The Computerized programs and implementation the Islamic monitoring in the bank	0.575	(*0.000)

$\alpha = *$  correlation significant statistical at the 0.05 level of significance

**9.3. The Hypothesis's Test:**

If Sig. (P-value) is **greater** than the significance level  $0.05 = \alpha$  according to the results (SPSS), it cannot reject the hypothesis nihilism (zero), and in this case the average views of respondents on the phenomenon under study is not materially different from the degree of neutrality which is ( 2.5).

If the Sig. (P-value) is **less** than the significance level  $0.05 = \alpha$  according to the results (SPSS) are rejected hypothesis nihilism (zero) and acceptance of alternative hypothesis that the average views of the sample is materially different from the degree of neutrality, and in this case could determine whether the average answer increases or decreases significantly the degree of neutrality.<sup>2</sup>

**9.3.1. The 1<sup>st</sup> Hypothesis:** There is a statistical significant effect to **the timing** of the implementation monitoring on the performance of Islamic banks. And to test the 1<sup>st</sup> hypothesis the researcher follows the result in table (5):

<sup>2</sup> Dalal Qadi and others [2005]: «statistics for administrators and economists, Hamed Publishing and Distribution, Amman-Jordan.

**Table (5):** The arithmetic mean value of the probability (Sig.) for each paragraph of the **first** area:

S.N	Paragraph	Mean	Mean %	Rank	Sig.
1	The use of process control suddenly Affect on the performance of Islamic monitoring in general	3.62	90.50	1	*0.000
2	The use of process control periodically Affect on the performance of Islamic monitoring in general	3.56	89.00	2	*0.000
3	The commitment time of those responsible for monitoring Affect on the performance Islamic bank	3.45	86.25	3	*0.000
4	the timing of detection of deviations Affect on the performance of the oversight process in general Islamic	3.39	84.75	4	*0.000
5	the timing of Information Affect on the performance of the oversight process in general Islamic	3.37	84.25	5	*0.000
6	the timing of Distortions Affect on the performance of the oversight process in general Islamic	3.48	87.00	6	*0.000
*	All Paragraphs	3.48	87.00	*	*0.000

By looking at the paragraphs as set in the table above (no: 5), especially the arithmetic mean, which have to be more than 2.5 to accept the hypothesis, we note that most of the paragraphs above degree of neutrality, namely, (2.5), when the level of significance (0.05) the mean **more** than the neutrality degree that means **accepting** hypothesis that:

There is a statistical significant effect to **the timing** of the implementation monitoring **on the performance** of Islamic banks.

Means, there is a positive direct relationship between the time of implementation monitoring & the performance of Islamic banks.

**9.3.2. The 2<sup>nd</sup> Hypothesis:** 4.2. There is a statistical significant effect to the role of the **Central Bank of Jordan** on the **performance** of Islamic banks.

**Table (6):** The arithmetic mean value of the probability (Sig.) for each paragraph of the **Second** area:

S.N	Paragraph	Mean	Mean %	Rank	Sig.
1	The central bank role affect on monitor and direct the work at the bank in general	3.54	88.50	1	*0.000
2	The central bank role affect on determining the legal reserve ratio at the bank in general	3.35	83.75	2	*0.000
3	The central bank role affect on determining the percentage of liquidity at the bank in general	3.45	86.25	3	*0.000
4	The central bank role affect on determining the interest rate at the bank in general	3.33	83.25	4	*0.000
5	The central bank role affect to extend any necessary information generally	3.52	88.00	5	*0.000
6	The central bank role affect on Withhold any necessary information generally	3.44	86.00	6	*0.000
*	All Paragraphs	3.44	86.00	*	*0.000

By looking at the paragraphs as set in the table above (no: 6), especially the arithmetic mean, which have to be more than 2.5 to accept the hypothesis, we note that most of the paragraphs above degree of neutrality, namely,

(2.5), when the level of significance (0.05) the mean **more** than the neutrality degree that means **accepting** hypothesis that:

There is a statistical significant effect to the role of the **Central Bank of Jordan** on the **performance** of Islamic banks.

**9.3.3. The 3<sup>rd</sup> Hypothesis** There is a statistical significant effect to **computerized programs** on the **performance** of Islamic banks.

**Table (7):** The arithmetic mean value of the probability (Sig.) for each paragraph of the **third** area:

S.N	Paragraph	Mean	Mean %	Rank	Sig.
1	the costs paid by the Bank from behind the use of computerized programs Affect on the performance of the oversight process in general	3.54	88.50	1	*0.000
2	Returns achieved by the Bank from behind the use of computerized programs affect on the performance of control process in general	3.29	82.25	2	*0.000
3	The duration of access to information specialists Affect on the performance of the Islamic censorship in general	3.39	84.75	3	*0.000
4	The ease of use of computerized programs Affect on the performance of the overall control process	3.43	85.75	4	*0.000
5	The development and efficiency of computerized programs Affect on the performance of the overall control process	3.60	90.00	5	*0.000
6	The substantive of computerized programs Affect on the performance of the overall control process	3.45	86.25	6	*0.000
*	<b>All Paragraphs</b>	3.45	86.25	*	*0.000

By looking at the paragraphs as set in the table above (no: 7), especially the arithmetic mean, which have to be more than 2.5 to accept the hypothesis, we note that most of the paragraphs above degree of neutrality, namely, (2.5), when the level of significance (0.05) the mean **more** than the neutrality degree that means **accepting** hypothesis that:

There is a statistical significant effect to **computerized programs** on the **performance** of Islamic banks.

### 10-The study Result:

By the results of testing hypotheses above the researcher to several key conclusions:



The control device has to immediate reporting of distractions, and Use of computerized programs in control is moral and material revenue is greater than the costs that paid for it, and the all Islamic banks have to comply with the rules and regulations issued by the Central Bank of Jordan.

In other side the researcher reached to there is a direct relationship between the performances in Islamic banks & the variables of monitoring principle.

So researcher recommends, to abide by the Islamic control principles, and a commitment of issues by the Central Bank on the other hand, and the needed to according with information technology and increased spending on programs computerized, it's being useful in the process control, as well as such should be devices of internal control in Islamic banks to perpetuate sudden control over its operations.

#### 11-References:

- 1- Smith, David; Jones, Deborah, Strengthening Internal Controls, Armed Forces Comptroller, Vol. 45 Issue 3, Fall2000, p39, 3p. (Electronic Copy), <http://www.butler.edu/library/> (8.4.2002).
- 2- Swanson, Richard W. , Internal controls: Tools, not hoops , Strategic Finance, Sep99, Vol. 81 Issue 3, p6, 4/5p. (Electronic Copy), <http://www.butler.edu/library/>(19.4.2002).
- 3- The Official Site electronic Dr. Najeeb Al-yos. B 830 038; Zahran mail 11183 Amman – Jordan, [http://www.layyous.com/jordan\\_ar/jordan\\_banks\\_ar.htm](http://www.layyous.com/jordan_ar/jordan_banks_ar.htm)
- 4- Dalal Qadi and others [2005]: «statistics for administrators and economists, Hamed Publishing and Distribution, Amman- Jordan.
- 5- Vdelh, Bootoorh (2006)."Evaluation of the effectiveness of the internal control system in Abanno as" (Master's thesis), University of Mohamed Boudiaf.
- 6- Naji al-Sayed (1982). "Censorship on performance.", Second edition, Cairo, Abdi Press.
- 7- Valacich, Joseph S., George, John F., Hoffer, Jeffery, A., (2001), Essentials of System Analysis and Design, New Jersey, Prentice Hall.
- 8- Brazel Joseph F. «(2008) «The Effect of ERP system Implementation on Management of Earnings and Earnings of Release Dates«/Journal of Accounting Information System, 2, 1-21.
- 9- Nicolaou A.I. and Bhattacharaya.S. (2006) «Enterprise System and reshaping of Accounting System«/ International Journal of Accounting Information System, 7, 18-35.
- 10- . Ismail, Noor Azizi & King, Malcolm, (2007). Factors influencing the alignment of accounting information systems in small and medium sized Malaysian manufacturing firms, *Journal of Information Systems & Small Business*, Vol. 1 Issue ½:1-20.
- 11- Thunaibat, the extent and effectiveness of the use of information technology in the audit process, the College of Administrative Sciences, Volume 30, Issue, 2003, p 253: 258.
- 12- Independent Microcomputer bodies, the Arab chartered accountant, No. 92, 1995, p 31: 35.
- 13- Levin Arens,, James laubuka, translation: Mohamed Mohamed Abdel Qader, Ahmad Hamid pilgrims, an integrated audit entrance, Dar Mars, 2002.



This academic article was published by The International Institute for Science, Technology and Education (IISTE). The IISTE is a pioneer in the Open Access Publishing service based in the U.S. and Europe. The aim of the institute is Accelerating Global Knowledge Sharing.

More information about the publisher can be found in the IISTE's homepage:

<http://www.iiste.org>

## CALL FOR JOURNAL PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** <http://www.iiste.org/journals/> The IISTE editorial team promises to review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

## MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Recent conferences: <http://www.iiste.org/conference/>

## IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

