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Exploring Shariah Audit Training Impact on Shariah Audit Understanding by Malaysian Students

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Abstract

This study aims to analyse the impact of Shariah audit training on the understanding of Shariah audit knowledge by final year students in Malaysian universities. Specifically, this study investigates the understanding of final year students from Malaysian universities based on Shariah audit knowledge learned by comparing the understanding before and after enrolling in the Certified Professional Shariah Auditor (CPSA) training program conducted under the National Graduate Employability (GE 2020) initiative. Shariah audit knowledge is measured through training modules covering Shariah principles, Shariah governance, Islamic financial transactions, Shariah risk management, Shariah audit planning and programme and Shariah audit fieldwork and communication. A survey method was used to collect data from 296 graduates of 13 Malaysian public universities who were enrolled in the training program from July to August 2020. The study found that fresh graduates improved their understanding of Shariah audit knowledge after joining the Shariah audit training. In particular, female students and students with *muamalat*/Islamic economic background highly improved their Shariah audit knowledge from this CPSA training program compared to other students. In addition, the results also show that Shariah audit education background does not play a significant impact on students' understanding of Shariah audit knowledge after completing Shariah audit training – CPSA program. This study is believed to be the first study in recognising the impact of Shariah audit training on Shariah audit understanding by students.

Keywords: Shariah Audit, Shariah Audit Training, Shariah Audit Understanding, Shariah Audit Knowledge, Graduate Employability (GE), Islamic Accounting

Introduction

The Islamic finance industry in Malaysia has grown and is considered as one of the most developed in the world (Khan & Bhatti, 2008; Khiyar, 2012). According to the Islamic Finance Country Index (IFCI) by the *Global Islamic Finance Report 2019*, Malaysia was ranked in third place with only 0.66 scores different from the country which ranked at second place (GIFR, 2021). The report also placed Malaysia at the top of the list in terms of developing a coherent and comprehensive Islamic financial policy, contributed by the issuance of IFSA 2013 and

other Islamic finance guidelines and frameworks developed by Bank Negara Malaysia (BNM) and Securities Commission Malaysia (SC).

In addition, according to the *State of the Islamic Economy Report 2022*, Malaysia is the leader in the development of Islamic ecosystems for nine consecutive years starting from 2013. By using the Global Islamic Economy Indicator (GIEI), Malaysia was in the first place with a total score of 207.2, mainly contributed by the rapid development in Islamic financial sectors, leaving Saudi Arabia in second place with a score of 97.8 (DinarStandard, 2022). Similarly, the *Islamic Financial Development Report 2022* ranked Malaysia in the first place with a score of 113, and Saudi Arabia in second place with a score of 74. According to Islamic Financial Development Indicators (IFDI), Malaysia is leading in quantitative development, governance, sustainability, knowledge and awareness in Islamic finance (ICD, 2022). Furthermore, as reported by the *Islamic Financial Services Industry Stability Report 2022* produced by the Islamic Financial Services Board (IFSB), Malaysia was the third biggest country in terms of Islamic financial assets with approximately 11.2% of the total global Islamic financial assets. Besides, Malaysia also has the biggest *sukuk* market with approximately 43.9% of the total *sukuk* in the world (IFSB, 2022).

Despite the remarkable achievements and potentials in the Islamic finance industry globally, Malaysia still lacks a qualified and competent workforce in Islamic finance industry including Shariah auditors. Based on the *Financial Sector Blueprint 2022-2026* by BNM, above 4,000 jobs for every year were offered by the Malaysian finance industry including Islamic financial institutions (BNM, 2022). In addition, a survey conducted by the *Capital Market Regulators Forum* reveals that 82% of the countries with Islamic financial industry including Malaysia are facing a shortage of professional workforce (COMCEC, 2013). Furthermore, the survey also stressed that 60% of the existing workforce in the Islamic finance industry still needs to undergo training and advanced skill development programs.

However, the 2019 coronavirus disease (COVID-19) pandemic is posing other challenges for the development of a professional workforce in the Islamic finance industry. Based on the special survey on COVID-19 conducted by the Department of Statistics of Malaysia (DOSM), the food and beverages industry became the main sector where most of the workers lost their jobs (35.4%), followed by agriculture (21.9%) and construction (11.8%). Besides that, 46.6% of self-employed workers also lost their jobs due to COVID-19 (DOSM, 2020). In addition, the Malaysian Employers Federation believes that the COVID-19 will cost more than two million people their jobs, and the unemployment rate would soar to 10% or even 15% (Hoh, 2020).

Meanwhile, in the financial sector, several main industry players at the international level have also announced job cuts due to COVID-19. This includes Lloyds Bank in the United Kingdom with 780 job cuts, Wells Fargo in the United States with 700 job cuts, Barclays in the United Kingdom with 1,140 job cuts, UniCredit in Italy with more than 6,000 job cuts and Commerzbank in Germany with 10,000 job cuts (Hamilton, 2020). In addition, HSBC also accelerated 35,000 job cuts globally due to COVID-19 effect (Makortoff, 2020). In Malaysia, although there is no official statement on the job cuts in the financial sector due to the COVID-19, the implementation of the moratorium and Movement Control Orders (MCOs) made an impact on the bottom-line of many industries and Islamic financial institutions (IFIs) (Lee, 2020).

Therefore, the shortage of workforce including Shariah auditors in the Islamic finance industry due to COVID-19 will impact the growth of the Islamic finance industry itself. This will happen once Malaysia overcomes the COVID-19 pandemic and the economy begins to grow at a faster rate than expected. As such, the development of Shariah auditor talents especially

for undergraduate students is becoming one of the important solutions to overcome the scarcity of talents as well as to support the growth of the Islamic finance industry. The gap can be filled by competent and skilful Shariah auditors who possess professional certification and skills (Islam & Bhuiyan, 2021).

Moreover, as the Shariah audit function is required for the Islamic financial institutions in Malaysia, the competency of Shariah auditors is crucially important, especially in ensuring Shariah compliant practices by these institutions (Hanefah et al., 2020; Kamaruddin & Hanefah, 2022b). In order to have such competency, adequate knowledge and skills through a professional Shariah audit training programme are required (Ali et al., 2015, 2020). This further leads to not only the needs to have Shariah audit training, but also the needs to ensure that such training will impact in enhancing the knowledge and skills of the Shariah auditors.

Thus, the aim of this study is to explore and examine the extent of Shariah audit training's impact on Shariah audit understanding by Malaysian students. Specifically, this study analyses the understanding of final year students from Malaysian universities based on Shariah audit knowledge learned by comparing the understanding before and after enrolling in the Certified Professional Shariah Auditor (CPSA) training program conducted under the National Graduate Employability (GE 2020) initiative.

The remainder of the study is organised as follows. The next section reviews the literature on the importance of Shariah audit training and its impact on the students' understanding and knowledge. The research methodology employed in the study is discussed in the following section. Section 4 covers the findings and discussions of the study. Finally, several implications, limitations and suggestions for future study are discussed in the last section.

Literature Review

The Importance on Shariah Audit Training

In Malaysia, the introduction of Shariah audit practices is starting to receive attention after the introduction of the *Shariah Governance Framework* (SGF) by BNM in 2010. In this framework, BNM highlights the requirement to have four types of Shariah function in every Islamic financial institution (IFI) which are: (i) Shariah Risk Management; (ii) Shariah Review; (iii) Shariah Research; and (iv) Shariah Audit. These four Shariah functions ensure that IFI operates according to the principles of Shariah (Hanefah et al., 2020).

In September 2019, SGF 2010 has been superseded by the issuance of the *Shariah Governance Policy Document* (SGPD). In this latest guideline, the functions of Shariah audit have been detailed. For instance, a Shariah auditor is required to establish Shariah audit methodology, Shariah audit plan and Shariah audit programs. Besides that, the Shariah auditor is also responsible to communicate to the Board of Directors (BOD) and the Shariah Committee of IFI through the Shariah audit report on Shariah audit findings, recommendations, auditee's responses and action plans (BNM, 2019; Hanefah et al., 2020; Kamaruddin et al., 2020b).

Based on the above roles and responsibilities, several objectives or aims of Shariah audit practices were identified. First, Shariah audit practices will ensure the effectiveness of the Shariah governance structure, process and management oversight function. Second, Shariah audit practices will ascertain the degree of compliance with Shariah principles. Third, Shariah audit practices will assess the effectiveness of internal controls in managing Shariah risk. Finally, Shariah audit practices will follow up on the identified Shariah non-compliant

activities/events/transactions reported for rectification or other action needed by IFI to ensure its compliance towards Shariah (Hanefah *et al.*, 2020).

Basically, the effectiveness of Shariah audit practices can be attained if the established Shariah audit objectives are achieved (Badara & Saidin, 2014). For this, the ability of a Shariah auditor to achieve the established objectives within an organisation is important to ensure the effectiveness of the Shariah audit (Khalid *et al.*, 2018). The ability of a Shariah auditor can be measured based on their characteristics such as competency and work performance. Previous studies by Khalid *et al* (2017); Khalid (2020); Khalid and Sarea (2020) revealed that both competency and work performance of a Shariah auditor have positive relationships towards Shariah audit effectiveness. In addition, the level of education, professional qualification, experience as well as training of the Shariah auditors are also affecting the effectiveness of Shariah audits (Al-Twaijry *et al.*, 2003). Moreover, training is needed in order to guide Shariah auditors for developing their effectiveness and efficiency at work by bringing improvement and revising their professional knowledge by enhancing skills that are relevant to work and adopting appropriate attitude and behaviour towards people as well as work (Mirza & Riaz, 2012). Thus, it is important that adequate Shariah audit training is provided to develop knowledgeable and skilful-Shariah auditors.

Moreover, Shariah audit training is related to the competency of Shariah audit. For instance, Ali *et al* (2015); Ali *et al* (2020) argued that the competency of a Shariah auditor is derived from adequate knowledge, skills and other characteristics such as continuous training on analytical and interpersonal skills such as verbal and written communication skills, problem identification, and solving skills. In addition, Kamaruddin and Hanefah (2017) also argued that a Shariah auditor must not only have the necessary auditing skills but also need to have additional Shariah knowledge specifically in *fiqh muamalat* (Islamic business law).

However, previous studies identified that most Shariah auditors do not have either accounting or Shariah knowledge. In most cases, those with accounting knowledge do not have Shariah knowledge and vice versa (Yaacob, 2012). Compared to accounting knowledge, Shariah knowledge is the most important knowledge that must be acquired and grasped in performing Shariah audit (Ali *et al.*, 2016). Most Shariah auditors currently have only accounting background with auditing knowledge but they lack Shariah knowledge, thus the Shariah audit scopes need to be performed by a common internal auditor (Shafii *et al.*, 2014). The lack of Shariah knowledge means that the crucial needs of the Shariah auditor are not met (Kamaruddin & Hanefah, 2017). This further would become serious obstacles that might create more negative attitudes and perceptions towards Shariah compliance practices (Isa *et al.*, 2020).

To have adequate Shariah audit training, both Shariah audit knowledge and skills are needed. Shariah audit knowledge can be obtained through university education, while Shariah audit skills can be obtained through training and professional certification programs (Ali *et al.*, 2020; Ali *et al.*, 2015). For Shariah audit knowledge, there are many local universities with students majoring in various disciplines related to IFI particularly Islamic banking, accounting, finance and Shariah. However, at present, only several local universities in Malaysia offer a Shariah audit subject as part of their accounting and business curriculums including Universiti Sains Islam Malaysia (USIM), Universiti Malaysia Kelantan (UMK), Universiti Kuala Lumpur (UniKL) and Selangor International Islamic University (UIS). Meanwhile, the International Islamic University of Malaysia (IIUM) is also providing related Shariah audit knowledge through *fiqh muamalat* and Islamic accounting subjects even though no specific Shariah audit course is specifically taught to their students.

On the other hand, to obtain Shariah audit skills, there are several trainings and professional certification programs on Shariah audit available in the market. For example, Accounting and Auditing of Islamic Financial Institutions (AAOIFI) offers a certification on Shariah advisor and auditor known as the Certified Sharia Adviser and Auditor (CSAA). This certification program covers related subjects in Shariah compliance and reviews according to its standards on Shariah, governance, accounting, auditing and code of ethics (Shafii *et al.*, 2014). However, as this certification program is based on AAOIFI standards and does not include Malaysian framework and guidelines, thus it has yet to be recognised by Malaysian regulators as a professional qualification. Besides, majority of the countries of the world including Malaysia are applying the International Financial Reporting Standard (IFRS) and these countries basically do not apply the AAOIFI standards. Therefore, there is a need to have other professional Shariah audit certification who is in line with the IFRS that are globally accepted.

Acknowledging this gap, USIM and Islamic Banking and Finance Institute Malaysia (IBFIM) have initiated a Shariah audit certification program known as the Certified Professional Shariah Auditor (CPA). CPA program covers technical modules related to Shariah audit including Shariah for Islamic finance, governance and auditing, accounting and reporting for Shariah-based transactions, Shariah risk management and internal control, Shariah audit planning and programme, and Shariah audit fieldwork and communication. These modules are not only based on Malaysia standards and guidelines for IFI, but also cover some AAOIFI standards as well.

Besides that, a Shariah auditor must also have the willingness to learn the right attitude as a complementing characteristic to the Shariah audit knowledge and skills (Ali *et al.*, 2020; Ali *et al.*, 2018). This characteristic is needed as a package requirement to shape a competent Shariah auditor. Having proper education, training programs and attitude for Shariah audit will lead Shariah auditors to become competent and as a result, the effectiveness of Shariah audit practices can be assured (Kamaruddin & Hanefah, 2022a). Therefore, it can be said that qualified Shariah auditors will promote effectiveness and significantly contribute to the growth of Islamic finance as a whole (Abd Majid *et al.*, 2016).

Impact of Shariah Audit Training on Students' Understanding

There are several relevant theories that can be referred to support the argument of the impact of Shariah audit training on the Shariah audit understanding especially by Malaysian students in this study context. First, in order to uphold the Shariah audit competency, the effective job performance theory suggested that Shariah audit training as part of Shariah audit competency is seen to affect the performance of Shariah auditors due to an increase in understanding on the job (Ali *et al.*, 2020). Apart from this theory, another related theory is the training engagement theory where this theory suggested that the student understanding of Shariah audit knowledge is examined on the processes that occur from before Shariah audit training is conceptualised until after the completion of Shariah audit training (Sitzmann & Weinhardt, 2018). In addition, the knowledge conversion theory is another theory that can be used to portray the relation between Shariah audit training and Shariah audit understanding where knowledge spreads out from an individual after the training is considered as an impact of the training itself (Champagne *et al.*, 2014). In short, the above theories suggested that Shariah audit training will have a significant impact on Shariah audit understanding by Malaysian students for this study.

Based on previous discussions on the importance of Shariah audit training, it reflects the development and growth in the Islamic finance industry where the demand for talents is high. It is believed that the Islamic finance industry has a huge potential in creating vast employment and job opportunities for the country including for the Shariah audit profession. However, one of the greatest challenges for the Islamic financial services industry is to find a highly qualified workforce with sufficient knowledge and skills including for Shariah auditors (Shahimi *et al.*, 2015). However, this challenge can be overcome through adequate and appropriate Shariah audit education and training.

According to Aziz (2011), there are several critical components in the development of a qualified workforce especially in the Islamic finance industry. Firstly, human capital development programs need to be comprehensive and holistic in meeting the requirements for all levels. Secondly, education and training programs provided must have the highest quality, be credible and are globally recognised. Thirdly, the collaboration between industry and academia is vital to provide the education and training programs with the highest quality that meets all industry requirements at the same time.

Only a few studies have been conducted previously to identify and understand the environment as well as the issues and challenges for Shariah audit training among students. Based on the literature, it can be summarised that the focus is on the level of Shariah audit understanding among students, due to inadequate Shariah audit training during their period of studies. This is because knowledge and skillsets are obtained through education and training (Shahimi *et al.*, 2015).

The first study on Shariah audit knowledge among students was done in 2012 by Yaacob and Donglah (2012) on 27 postgraduate students in two universities in Brunei. This study found that 70% of the respondents were not aware of the term Shariah audit and 78% of the respondents did not know the differences between Shariah audit and conventional audit. In terms of Shariah audit education, about 85% of the respondents agreed that Shariah audit education needs to be developed and taught during undergraduate study and 86% of them agreed that it must include both accounting and Shariah knowledge. Moreover, 85% of the respondents also agreed that specialised qualification is needed by Shariah auditor. The result showed that only 30% of the respondents have a basic understanding and knowledge of Shariah audit and about 96% are willing to enrol in Shariah audit programs to enhance their knowledge and skills in Shariah audit. This also reflects the fact that 100% of the respondents agreed that the exposure on Shariah audit is limited and 59% of them agreed that IFI has yet to succeed in educating the public on Shariah audit.

Another similar study was conducted by Yaacob *et al* (2013) on 59 undergraduate students in Brunei. In this study, they found that 60% of the students were not aware on Shariah auditor roles. However, the majority of the students agreed that several related knowledge are needed for Shariah auditor profession including Islamic finance (93%), Shariah (92%), auditing (81%) and accounting (78%). Besides that, 91% of the respondents agreed that the Shariah auditor profession should be systematically developed, and the current structure and framework must be enhanced especially in the context of the Islamic finance industry in Brunei.

Meanwhile, the first study on Shariah audit knowledge among students in Malaysia was conducted by (Ali and Shafii, 2014). With 351 undergraduate students in two Malaysian universities (Uni A and Uni B) as respondents, this study revealed that 76.1% of the students from Uni A did not have any knowledge about Shariah audit, while students from Uni B scored 100% in awareness on Shariah audit because Shariah audit syllabus is delivered at their

university. In addition, students who learned the Shariah audit subject were found to have a higher understanding of Shariah concepts as compared to those who did not learn it.

Further, the majority of the respondents also agreed that both accounting and Shariah knowledge are necessary for a Shariah auditor. In this case, students agreed that either accounting and Shariah knowledge or at least a Shariah certification on top of an accounting degree is needed to become a qualified Shariah auditor. Moreover, they also agreed that knowledge related to Shariah audit such as Islamic finance, Shariah issues and Islamic economics need to be offered in their education program.

Next, a study was conducted by Khalid *et al* (2019) on 240 undergraduate students from four Malaysian universities to identify the level of the awareness, understanding and importance of Shariah audit. Based on the results, Malaysian undergraduate students were found to have high awareness (mean score = 4.084), understanding (mean score = 3.913) and had strongly agreed on the importance (mean score = 4.054) of Shariah audit. This finding showed a pattern of increasing awareness and understanding of Shariah audit knowledge among undergraduate students in Malaysia as compared to previous studies discussed earlier.

However, to date, there is no study conducted on the impact of Shariah audit education or training on students' understanding of Shariah audit. It is important to observe such impact not only to examine the quality of such training program in preparing the future talent of Shariah auditors but also to ensure that such training program is able to equip them with adequate Shariah audit knowledge and skill sets that are needed in the market.

This study, therefore, not only examined the level of Shariah audit knowledge among students, but also the impact of such Shariah audit education or training on students' understanding. It is hoped that by studying the Shariah audit training impact on Shariah audit understanding especially among the students as the future talent of Shariah auditors, this study will be able to give an insight on the ability of Shariah audit training to fulfil the lack of qualified and competent Shariah auditors that is currently prevalent in the Islamic financial industry (Shahimi *et al.*, 2015; Shafii *et al.*, 2014).

Research Methodology

Data Collection Process

This research aims to analyse the impact of Shariah audit training on the understanding of Shariah audit knowledge by final year students in Malaysian universities. Specifically, this study investigates the understanding of final year students from Malaysian universities based on Shariah audit knowledge learned by comparing the understanding before and after enrolling in the Certified Professional Shariah Auditor (CPSA) training program conducted under the National Graduate Employability (GE 2020) initiative.

This study employs the questionnaire survey method. This is because questionnaire survey is an approach to examine the relationship among variables (Creswell & Creswell, 2018). In this case, the relationship between Shariah audit training and understanding of Shariah audit knowledge by final year students in Malaysian universities. Moreover, sample population for this study is final year students from Malaysian universities. Due to large population scale, this study adopts the quantitative research in order to generalise the findings (Bell *et al.*, 2018).

As mentioned previously, only several Malaysian universities at present are offering Shariah audit as part of their curriculum. However, under the National Graduate Employability (GE 2020) Program, USIM is awarded a grant from the Ministry of Higher Education to conduct

the Certified Professional Shariah Auditor (CPSA) training program for final-year students at Malaysian public universities. This is part of the government initiative to equip final-year students with adequate knowledge and skills as an added value for them to be employed after their graduation.

In general, the CPSA program covers the technical skills and understanding of Shariah audit and review processes for the Islamic finance industry (IBFIM, 2019). This program is developed based on academia-industry collaboration between USIM and IBFIM to ensure that the program is offered with the highest quality and meets all industry requirements at the same time (Kamaruddin & Hanefah, 2017). It is expected that by enrolling in the CPSA program, participants will be able to learn and apply Shariah audit and review skills in Islamic financial institutions to ensure Shariah compliance and assurance to all stakeholders.

The CPSA program consists of six modules related to the Shariah audit. The modules cover various aspects of Shariah audit practices starting from the beginner level which is Shariah principles and Shariah governance, then it followed by the intermediate level which is accounting and reporting for Islamic financial transactions and Shariah risk management and finally the advanced level which covering Shariah audit planning, Shariah audit programmes, Shariah audit fieldwork and Shariah audit communication. The module outline for the CPSA program is summarized in Table 1

Table 1
CPSA Module Outline

Module	Descriptions
Fundamentals of Shariah for Islamic Finance	Covers Shariah concepts and principles in Islamic finance industry.
Fundamentals of Governance and Auditing	Covers governance and auditing in Islamic finance industry.
Accounting and Reporting for Islamic Financial Transactions	Covers Shariah-based accounting and reporting for Islamic financial transactions.
Shariah Risk Management and Internal Control	Covers Shariah risk identification and mitigation in Islamic finance industry.
Shariah Audit Planning and Programme	Covers Shariah audit process and programme based on scope, plan and processes in Islamic finance industry.
Shariah Audit Fieldwork and Communication	Covers Shariah audit fieldwork and communications in Islamic finance industry.

Source: IBFIM (2019)

Normally, the training is conducted via a face-to-face approach. However, due to COVID-19, the training was conducted via both face-to-face and online approaches. During the first phase, the training was conducted via an online approach through pre-recorded training videos and live session classes. Next, a revision session was conducted via face-to-face approach for each module. Finally, the examinations for each module were conducted at USIM. This training program was executed from July to August 2020.

To examine the impact of Shariah audit training on students' understanding, two surveys were conducted. The first survey was conducted before the training program began while the second survey was conducted immediately after the training program ended. In this case, each student who participated in this training program was requested to evaluate their

understanding (dependent variable) and knowledge (independent variable) of Shariah audit prior to and after completing the CPSA program. To measure such understanding and knowledge, this study employed a 5-point Likert scale consisting of "(1) = very low" to "(5) = very high" which had been used widely in similar previous studies (Ali & Shafii, 2014; Khalid *et al.*, 2019; Yaacob & Donglah, 2012; Yaacob *et al.*, 2013). The list of items and respective variables used in this study is listed in **Appendix A**.

For data analysis, SPSS version 26.0 has been used to perform the statistical analysis (compare mean and correlation analysis) in this study. All items used were validated by running both validity (Loadings ≥ 0.7) and reliability (Cronbach alpha ≥ 0.6) tests by using SPSS (Sekaran & Bougie, 2016). All items were tested and passed the evaluation before further analysis is conducted.

Sample Selection Process

Based on the allocation given by the Ministry of Higher Education, the GE program for CPSA was limited to 300 candidates only. Among the selection criteria was: (i) final year student for session 2019/2020 in Malaysian public universities; (ii) have related academic background with Shariah audit such as accounting, Shariah, *usul fiqh*, law, Islamic banking and finance, *muamalat* and Islamic economic studies; (iii) have completed the industrial training or internship; and (iv) unemployed.

Within two months, more than 1,000 applications were received. After the screening process, a total of 296 final year students from 13 Malaysian public universities were shortlisted to join the training program. All 296 selected final year students participated in the survey. Table 2 summarises the background information of these students.

Table 2
Respondents' Background Information

Details	Frequency	Percentage (%)
Gender:		
Female	224	75.7
Male	72	24.3
University:		
Universiti Sains Islam Malaysia (USIM)	97	32.8
Universiti Utara Malaysia (UUM)	21	7.1
International Islamic University Malaysia (IIUM)	20	6.8
Universiti Sultan Zainal Abidin (UNISZA)	20	6.8
Universiti Malaysia Kelantan (UMK)	20	6.8
Universiti Pendidikan Sultan Idris (UPSI)	20	6.8
Universiti Malaysia Sabah (UMS)	19	6.3
Universiti Teknologi Mara Malaysia (UITM)	18	6.1
Universiti Malaysia Terengganu (UMT)	18	6.1
Universiti Kebangsaan Malaysia (UKM)	17	5.7
Universiti Malaya (UM)	12	4.0
Universiti Malaysia Sarawak (UNIMAS)	7	2.4
Universiti Putra Malaysia (UPM)	7	2.4
Region:		
Central Region (Selangor, Kuala Lumpur & Putrajaya)	98	33.0
Eastern Region (Kelantan, Terengganu & Pahang)	82	27.7

Northern Region (Perlis, Kedah, Penang & Perak)	60	20.3
Southern Region (Negeri Sembilan, Melaka & Johor)	49	16.6
Malaysian Borneo Region (Sabah, Sarawak & Labuan)	7	2.4
Academic Background:		
Islamic Banking/Finance	108	36.5
Accounting	68	23.0
Shariah/ <i>Usul Fiqh</i> /Law	62	21.0
<i>Muamalat</i> /Islamic Economic	58	19.5
Shariah Audit Education Prior to the Program:		
No	208	70.3
Yes	88	29.7

Based on Table 2, the gap between male and female students is quite huge (51.4%), when only 72 males responded as compared to 224 female respondents. However, this is not surprising as about 70% of students in Malaysian universities consist of female students (Khalid *et al.*, 2019; MOHE, 2020). These students come from 13 different universities in Malaysia where the largest group is from USIM (32.8%), followed by UUM (7.1%), IIUM (6.8%), UNISZA (6.8%), UMK (6.8%), UPSI (6.8%), UMS (6.3%), UITM (6.1%), UMT (6.1%), UKM (5.7%), UM (4%), and the smallest groups are from UNIMAS (2.4%) and UPM (2.4%).

In terms of region, one-third of the students reside in the central region of Malaysia (33%). This is followed by students who reside in the eastern region (27.7%), northern region (20.3%) and southern region (16.6%). The remaining 2.3% of the students came from the Malaysian Borneo region (Sabah and Sarawak). As for the academic background, responses showed mixed backgrounds where 36.5% of the students had Islamic banking/finance background. Meanwhile, students with accounting background consist of 23% of the respondents and are closely followed by both Shariah/*usul fiqh*/law and *muamalat*/Islamic economics with 21% and 19.5% of the respondents respectively. From these figures, about 88 students (29.7%) had learned about Shariah audit while the rest 208 (70.3%) students did not undergo any formal Shariah audit course prior to the program. In overall, respondents for this study came from consists from both male and female, came from 13 different public universities, represent from all regions in Malaysia (central, eastern, northern, and Malaysian Borneo) as well as having mix between the one who have Shariah audit education prior the program or not.

Findings and Discussions

This section discusses the empirical findings on the impact of Shariah audit training on students' understanding of Shariah audit in Malaysian universities through two major aspects, namely (i) Shariah audit understanding (before and after Shariah audit training); and (ii) impact of Shariah audit training. All items were analysed by comparing the means. A further analysis was also performed by considering the differences of the students' attributes such as gender (male versus female), academic background (accounting versus Shariah/*usul fiqh*/law versus Islamic banking/finance versus *muamalat*/Islamic economic) and Shariah audit education (Yes versus No) as recommended by (Ang, 2015). In addition, for Shariah audit knowledge, a correlation analysis was carried out to analyse the relationship between Shariah audit knowledge gained with Shariah audit understanding after the Shariah audit training program. The aim was to study the impact of the Shariah audit training on Shariah audit knowledge.

Shariah Audit Understanding

Shariah Audit Understanding before Shariah Audit Training

Table 3

Shariah Audit Understanding before Shariah Audit Training

Statement	Full Sample Mean	Gender		Academic Background				Shariah Audit Education	
		Male (Mean)	Female (Mean)	Accounting (Mean)	Shariah/ Usul Fiqh/ Law (Mean)	Islamic Banking/ Finance (Mean)	Muamalat/ Islamic Economic (Mean)	Yes (Mean)	No (Mean)
1. Awareness of Shariah audit	4.307	4.379	4.285	4.304	4.155	4.373	4.345	4.298	4.311
2. Overview of Shariah audit	4.404	4.485	4.380	4.435	4.259	4.500	4.345	4.447	4.383
3. Importance of Shariah audit	4.477	4.606	4.439	4.435	4.466	4.500	4.500	4.447	4.492
4. Level of Shariah audit understanding	2.965	3.182	2.901	3.044	2.414	3.226	2.966	3.223	2.839
Overall Mean	4.038	4.163	4.001	4.055	3.824	4.150	4.039	4.104	4.006

Notes: male ($N = 72$) versus female ($N = 224$); accounting ($N = 68$) versus Shariah/usul fiqh/law ($N = 62$) versus Islamic banking/finance ($N = 108$) versus muamalat/Islamic economic ($N = 58$); and yes ($N = 88$) versus no ($N = 208$).

The results in Table 3 show that before the Shariah audit training, 80.76% (mean = 4.038) of the students believed that they understood Shariah audit. Among all four items under Shariah audit knowledge, the most significant item is the importance of Shariah audit (89.54%, mean = 4.477). This is followed by an overview of Shariah audit (88.08%, mean = 4.404), awareness of Shariah audit (86.14%, mean = 4.307) and the least is the level of Shariah audit knowledge (59.3%, mean = 2.965).

As for the comparison between males and females, there is a significant difference (3.24%, mean difference = 0.162) in their Shariah audit knowledge. Similarly, there is a significant difference based on academic background. In this case, the results showed that students with Islamic banking/finance background have the highest understanding of Shariah audit knowledge before the Shariah audit training compared to accounting (1.9%, mean difference = 0.095), Shariah/usul fiqh/law (2.22%, mean difference = 0.111) and muamalat/Islamic economics (6.52%, mean difference = 0.326) background. Lastly, there are also significant differences between students who have learned and not learned Shariah audit education on Shariah audit knowledge before Shariah audit training (1.96%, mean difference = 0.098).

Overall, the findings suggest that final year students in Malaysian universities have a good understanding of Shariah audit before joining the CPSA training program. Male students, in particular, expressed higher levels of understanding of Shariah audit knowledge before joining the Shariah audit training. This is the opposite of the previous finding where female students seemed more prepared than male students including on GE (Ang, 2015). However, it is not surprising to discover that students with Shariah/usul fiqh/law background have the lowest understanding of Shariah audit knowledge as compared to other students. This could be because audit subject is an 'alien' field for students with Shariah/usul fiqh/law background

as compared to other students. This finding is also consistent with a previous study by Khalid *et al.* (2019), where they found that Malaysian undergraduate students are more aware, understand and know the importance of Shariah audit.

Shariah Audit Understanding after Shariah Audit Training

Table 4

Shariah Audit Understanding after Shariah Audit Training

Statement	Full Sample Mean	Gender		Academic Background				Shariah Audit Education	
		Male (Mean)	Female (Mean)	Accounting (Mean)	Shariah/ Usul Fiqh/ Law (Mean)	Islamic Banking/ Finance (Mean)	Muamalat/ Islamic Economic (Mean)	Yes (Mean)	No (Mean)
1. Awareness of Shariah audit	4.237	4.318	4.213	4.261	4.103	4.265	4.293	4.213	4.249
2. Overview of Shariah audit	4.335	4.364	4.326	4.304	4.207	4.353	4.466	4.362	4.321
3. Importance of Shariah audit	4.481	4.455	4.489	4.478	4.310	4.520	4.586	4.511	4.466
4. Level of Shariah audit understanding	3.833	3.909	3.810	3.913	3.431	3.951	3.931	4.021	3.741
<i>Overall Mean</i>	4.222	4.262	4.210	4.239	4.013	4.272	4.319	4.277	4.194

Notes: male ($N = 72$) versus female ($N = 224$); accounting ($N = 68$) versus Shariah/usul fiqh/law ($N = 62$) versus Islamic banking/finance ($N = 108$) versus muamalat/Islamic economic ($N = 58$); and yes ($N = 88$) versus no ($N = 208$).

Based on Table 4, the results show that after the Shariah audit training, 84.44% (mean = 4.222) of the students believed that they understand Shariah audit better. Among all four items under Shariah audit knowledge, the most significant item is the importance of Shariah audit (89.62%, mean = 4.481). This is followed by an overview of Shariah audit (86.7%, mean = 4.335), awareness of Shariah audit (84.74%, mean = 4.237) and the least is the level of Shariah audit knowledge (76.66%, mean = 3.833).

As for the comparison between males and females, there is no significant difference (1.04%, mean difference = 0.052) in their Shariah audit knowledge. However, there is a significant difference based on academic background. In this case, the results showed that students with *muamalat/Islamic economic* background have the highest understanding of Shariah audit knowledge after the Shariah audit training as compared to *Islamic banking/finance* (0.94%, mean difference = 0.047), *accounting* (1.6%, mean difference = 0.080) and *Shariah/usul fiqh/law* (6.12%, mean difference = 0.306) background. Lastly, there are also significant differences between students who have learned and not learned Shariah audit education on Shariah audit knowledge after the Shariah audit training (1.66%, mean difference = 0.083).

Overall, the results suggested that final year students in Malaysian universities have a better understanding of Shariah audit after joining the Shariah audit training. Regardless of gender, academic background or even Shariah audit education, final year students in Malaysian universities have benefited from the Shariah audit training program. This shows that Shariah audit training can enhance Shariah audit knowledge and skills among these students. Besides, this finding also supports previous suggestions by Kamaruddin and Hanefah

(2017) where comprehensive Shariah audit training is found to enhance Shariah audit knowledge and produce better knowledgeable Shariah auditors with good skillsets.

Impact of Shariah Audit Training

Table 5

Level of Shariah Audit Knowledge

Statement	Full Sample	Gender				Academic Background			Shariah Audit Education	
		Mean	Male		Female Accountin		Shariah/ Usul Fiqh/ Law (Mean)	Islamic Banking / Finance (Mean)	Muamalat / Islamic Economic Yes (Mean)	No (Mean)
			(Mean)	(Mean)	g (Mean)	(Mean)			(Mean)	(Mean)
1. Shariah Principles (SAK-SP)	4.680	4.552	4.718	4.629		4.693	4.667	4.749	4.656	4.691
2. Shariah Governance (SAK-SG)	4.589	4.497	4.616	4.583		4.524	4.578	4.679	4.609	4.579
3. Islamic Financial Transactions (SAK-IFT)	4.624	4.537	4.651	4.594		4.538	4.630	4.738	4.645	4.615
4. Shariah Risk Management (SAK-SRM)	4.677	4.579	4.706	4.661		4.638	4.651	4.779	4.677	4.677
5. Shariah Audit Planning & Programme (SAK-SAPP)	4.620	4.531	4.646	4.609		4.552	4.614	4.710	4.623	4.618
6. Shariah Audit Fieldwork & Communication (SAK-SAFC)	4.635	4.546	4.661	4.594		4.579	4.630	4.748	4.641	4.632
<i>Overall Mean</i>	4.638	4.540	4.666	4.612		4.587	4.628	4.734	4.642	4.635

Notes: male (N = 72) versus female (N = 224); accounting (N = 68) versus Shariah/usul fiqh/law (N = 62) versus Islamic banking/finance (N = 108) versus muamalat/Islamic economic (N = 58); and yes (N = 88) versus no (N = 208).

Table 5 displays the results for items relating to the level of Shariah audit knowledge after the Shariah audit training. In general, the data indicate that 92.76% (mean = 4.638) of the students improved their understanding of Shariah audit knowledge after joining the Shariah audit training program. Among all six items under Shariah audit knowledge, the most significant is Shariah principles (93.6%, mean = 4.680). This is followed closely by Shariah risk management (94.36%, mean = 4.677), Shariah audit fieldwork and communication (93.54%, mean = 4.635), Islamic financial transaction (92.48%, mean = 4.624), Shariah audit planning

and programme (92.4%, mean = 4.620) and the least is Shariah governance (91.78%, mean = 4.589).

As for the comparison between males and females, there is a significant difference (2.52%, mean difference = 0.126) in Shariah audit knowledge. Similarly, there is a significant difference based on academic background. In this case, the results showed that students with *muamalat/Islamic economic* background have the highest understanding of Shariah audit knowledge after joining the Shariah audit training as compared to Islamic banking/finance (2.12%, mean difference = 0.106), accounting (2.44%, mean difference = 0.122) and Shariah/*usul fiqh/law* (2.94%, mean difference = 0.147) background. However, there are no significant differences between students who have learned and not learned Shariah audit education on understanding Shariah audit knowledge after joining the Shariah audit training program (0.14%, mean difference = 0.007).

The result of the correlation analysis between Shariah audit knowledge obtained with the level of Shariah audit understanding is shown in Table 6.

Table 6

Impact of Shariah Audit Knowledge on Shariah Audit Understanding

	Shariah Audit Understanding	SAK-SP	SAK-SG	SAK-IFT	SAK-SRM	SAK-SAPP	SAK-SAFC
Shariah Audit Understanding	1	.412**	.452**	.457**	.471**	.491**	.489**
SAK-SP	.412**	1	.787**	.780**	.863**	.833**	.840**
SAK-SG	.452**	.787**	1	.861**	.827**	.875**	.867**
SAK-IFT	.457**	.780**	.861**	1	.872**	.868**	.896**
SAK-SRM	.471**	.863**	.827**	.872**	1	.914**	.909**
SAK-SAPP	.491**	.833**	.875**	.868**	.914**	1	.940**
SAK-SAFC	.489**	.840**	.867**	.896**	.909**	.940**	1

Notes: N = 296, **p < 0.01

Table 6 shows that all Shariah audit knowledge (independent variables) are statistically correlated with Shariah audit understanding (dependent variable) where the p-value at 0.01 significance level. Table 6 further describes that among Shariah audit knowledge aspects, Shariah audit planning and programme (SAK-SAPP) has the highest correlation with Shariah audit understanding ($r=0.491$). It is closely followed by Shariah audit fieldwork and communication (SAK-SAFC) ($r=0.489$), Shariah risk management (SAK-SRM) ($r=0.471$), Islamic financial transaction (SAK-SRM) ($r=0.457$), Shariah governance (SAK-SG) ($r=0.451$) and the least is Shariah governance (SAK-SP) ($r=0.412$), which significantly correlates with Shariah audit understanding. Thus, it can be concluded that Shariah audit knowledge gained through the Shariah audit training program (CPSA) has impacted the Shariah audit understanding for final year students in Malaysian universities.

Overall, the results indicate that Shariah audit training benefits final year students in Malaysian universities by improving their Shariah audit understanding. Students with *muamalat/Islamic economic* and *Islamic banking/finance* background, in particular, expressed higher levels of understanding of Shariah audit knowledge after joining Shariah audit training (CPSA). This is likely because *muamalat/Islamic economic* and *Islamic banking/finance* background students are more familiar with the Shariah audit profession due to their education prospects which focus on Islamic financial institutions as compared to

accounting and Shariah/*usul fiqh*/law background students who have wider opportunities outside of Shariah audit. However, it is good to know that both groups of students who have learned and not learned Shariah audit education have similar results on Shariah audit knowledge after joining the Shariah audit training program.

This finding supports previous findings where a comprehensive Shariah audit training is found to enhance Shariah audit knowledge that will result in high credibility especially to Shariah auditors regardless of their academic background (Kamaruddin & Hanefah, 2017). Besides, findings from this study are also supporting several theories discussed earlier such as the effective job performance theory (Ali *et al.*, 2020), the training engagement theory (Sitzmann & Weinhardt, 2018) and the knowledge conversion theory (Champagne *et al.*, 2014), where there is an impact from Shariah audit training on the Shariah audit understanding by Malaysian students.

Conclusion

This study examined the impact of Shariah audit training on final year students' understanding on Shariah audit in Malaysian universities. The impact of Shariah audit training on Shariah audit understanding through Shariah audit knowledge before and after joining Shariah audit training as well as the impact of Shariah audit training on the level of Shariah audit knowledge were studied. Findings showed that final year students in Malaysian universities benefited from Shariah audit training. In this case, their understanding of Shariah audit knowledge has increased after joining Shariah audit training especially on the level of Shariah audit knowledge (before 2.965, 59.3%; after 3.833, 76.66%; mean difference = 0.868, 17.36%). In addition, the students showed a higher understanding of all knowledge related to Shariah audit such as Shariah principles, Shariah governance, Islamic financial transactions, Shariah risk management, Shariah audit planning and programmes, and Shariah audit fieldwork and communication after the Shariah audit training (92.76%, mean = 4.638).

In terms of comparison among students' attributes towards the impact of Shariah audit training on Shariah audit knowledge, gender plays a significant role in the understanding of Shariah audit knowledge. Female students benefited the most from the CPSA training program when compared to male students (4.18%, mean difference = 0.209). Besides that, students with *muamalat*/Islamic economic background also benefited the most as Shariah audit is probably a 'new' field of knowledge for them as compared to other students. Meanwhile, regardless of their Shariah audit education background prior to joining the Shariah audit training, all students had benefited from the Shariah audit training in enhancing their Shariah audit knowledge (learned = 3.46%, mean difference = 0.173; not learned = 3.76%, mean difference = 0.188 respectively).

In a nutshell, findings from this study have several theoretical and practical implications. Firstly, this study calibrates the impact of Shariah audit training on the understanding of Shariah audit. In this case, Shariah audit knowledge gained through a Shariah audit training program has an impact on Shariah audit understanding among the final year students in Malaysian universities. Secondly, this study also highlights the potential of the training such as CPSA to fill the gaps of qualified and competent Shariah auditors' workforce demanded in the Islamic finance industry (BNM, 2011; COMCEC, 2013). Thirdly, this study theoretically implicates that Shariah audit knowledge covered by training like CPSA is also able to develop students' soft skills in the Shariah audit profession, including critical thinking, communication, and ethics even though they have little working experience in the industry (Rebele & Pierre, 2019). Moreover, items used to measure Shariah audit knowledge in this study can be used

by regulators such as BNM and the Malaysian Institute of Accountants (MIA) to formulate a best practice guide for Shariah auditors in the future. This is based on the current initiative by MIA and USIM to issue the Shariah audit best practice guide for Shariah auditors in Shariah-based institutions in Malaysia.

In addition, as part of the graduate employability program initiated by the government, training like CPSA will also provide additional values to students when addressing the challenges in seeking employment after their graduation especially during COVID-19 (Kamaruddin *et al.*, 2020a). Besides, Shariah audit training is important as it will strengthen the Shariah governance practices to ensure Shariah compliance in IFIs (Algabry *et al.*, 2020). Moreover, Shariah audit training is also can fill up the pool of Shariah audit talent in the industry (Abdulla, 2019). Thus, this kind of program should be conducted not only in Malaysia but also in other countries.

However, it must be acknowledged that Shariah audit training itself does not guarantee the effectiveness of Shariah audit practices. There are other factors that will contribute to ensure Shariah audit best practices in an organisation. For instance, the management commitment in terms of financial, manpower, system, governance structure as well as cultural setting is also important to assure the Shariah-compliant through Shariah audit practices. Besides, other factors related to work performance such as proper Shariah audit planning, adequate Shariah audit processes, communicating Shariah audit results with the management and having sufficient information are also important to ensure the effectiveness of Shariah audit practices.

In interpreting the findings of this study, certain limitations must be acknowledged. This study only focused on the impact of Shariah audit training on final year students in Malaysian universities. Although the program is developed as an industry-based program, it is also important to understand the impact of Shariah audit training from other related parties such as practitioners and regulators. Future research could include these parties to cover a wider picture of the impact of Shariah audit training on Shariah audit understanding and knowledge. In addition, even though the study showed that Shariah audit training has a significant impact on Shariah audit understanding through Shariah audit knowledge gained during the training, researchers might need to further investigate the similar situation implemented in other countries as well. It is hoped that this finding will benefit regulators, educators, researchers, the industry and policymakers.

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Appendix

Appendix A: List of Items and Variables Used in the Study

Variables	Items
Shariah Audit Knowledge - Shariah Principles (SAK-SP) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Knowledge - Shariah Governance (SAK-SG) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Knowledge – Islamic Financial Transactions (SAK-IFT) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Knowledge - Shariah Risk Management (SAK-SRM) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Knowledge - Shariah Audit Planning & Programme (SAK-SAPP) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Knowledge - Shariah Audit Fieldwork & Communication (SAK-SAFC) (Independent Variable)	<ul style="list-style-type: none"> ▪ Strengthening the fundamental knowledge ▪ Empowering the knowledge understanding ▪ Obtaining the value-added ▪ Gaining the in-depth knowledge ▪ Acquiring the technical skills
Shariah Audit Understanding (Dependent Variable)	<ul style="list-style-type: none"> ▪ Awareness of Shariah audit ▪ Overview of Shariah audit ▪ Importance of Shariah audit ▪ Level of Shariah audit understanding