

Effect of Islamic Finance on Jobs Generation in Punjab, Pakistan

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Abstract : The study was accomplished at the Department of Economics and Agriculture Economics, Pir Mahar Ali Shah ARID Agriculture University, Punjab, Pakistan during 2013-16 with a purpose to discover the effect of Islamic finance/banking on employment in Punjab, Pakistan. Islamic banking system is sub-component of conventional banking system in various countries of the world; however, in Pakistan, it has been established as a separate Islamic banking system. The Islamic banking operates under the doctrine of Shariah. It is claimed that the referred banking is free of interest (Riba) and addresses the philosophy and basic values of Islam in finance that reduces the factors of uncertainty, risk and others speculative activities. Two Islamic bank's; Meezan Bank Limited (Pakistan) and Al-Baraka Bank Limited (Pakistan) from North Punjab (Bahawalnagar) and central Punjab (Lahore) west Punjab (Gujrat), Pakistan were randomly selected for the conduct of research. A total of 206 samples were collected from the define areas and banks through questionnaire. The data was analyzed by using the Statistical Package for Social Sciences (SPSS) version 21.0. Multiple linear regressions were applied to prove the hypothesis. The results revealed that the assets formation had significant positive; whereas, the technology, length of business (experience) and bossiness size had significant negative impact with employment generation in Islamic finance/banking in Punjab, Pakistan. This concludes that the employment opportunities may be created in the country by extending the finance to business/firms to start new business and increase the Public awareness by the Islamic banks through intensive publicity. However; Islamic financial institutions may be encouraged by Government as it enhances the employment in the country.

Keywords : assets formation, borrowers, employment generation, Islamic banks, Islamic finance

Conference Title : ICIBFC 2017 : International Conference on Islamic Banking, Finance and Commerce

Conference Location : Melbourne, Australia

Conference Dates : February 02-03, 2017