PROSIDING PERKEM VI, JILID 2 (2011) 184 – 195
ISSN: 2231-962X

Critical Success factors for Bumiputera/Muslim Medical Tourism Providers: Solution for Financing Needs Using Islamic Financing Instruments

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ABSTRACT

In Malaysia's New Economic Model (NEM), medical tourism has been identified as one of the new national key economic areas to propel the nation towards high-income status (10thMP, 2010). This paper reports preliminary results from a study on Bumiputera/Muslim private hospitals' involvement in medical tourism. In particular we explore their critical success factors. Medical tourism has great potential to contribute to foreign exchange earnings and to generate wealth and income for the players and human resources associated with the industry. Currently, Bumiputera/Muslim private hospitals' market share in the medical tourism segment is relatively small. Only nine (26.73%) hospitals out of 35 main private medical tourism providers identified and recognized by the Ministry of Health are Bumiputera/Muslim healthcare providers. Given the observed rising trend in medical tourism from Muslim countries, there is a potential for them to increase their market share. Indonesia is the leading country of origin for medical tourism into Malaysia accounting 69% of arrivals in 2009. Most of them are Muslims. In addition special interest tourists from the Middle East who came to this country especially for health treatments have shown a positive growth since 2007 ((1.9 per cent average annual rate of growth). In order to tap into the growing medical tourism market especially the Muslim medical tourists, the Bumiputera/Muslim private healthcare providers need to expand their capacity. They need more investments for future growth. Financing is one of the critical success factors identified. The authors explore the potential and suitability of Islamic financing instruments as a solution for the financing needs of the Bumiputera/Muslim private healthcare providers.

Keywords: Critical Success factors, Bumiputera/Muslim Medical Tourism Providers, Islamic Financing Instruments

INTRODUCTION

Medical tourism has a great potential to contribute to national foreign exchange earnings and to generate wealth and income for the players and human resources associated with the industry. In many official reports, Malaysia has been making its mark as a choice of medical tourism destination for both Muslim and non-Muslim foreign tourists (NST, 28 April 2011). According RNCOS (2010) reports, the breakdown of medical tourism in 2009 by country of origin is led by Indonesia (69%), followed by Singapore (12%) and others (19%). Most of these foreign tourists are Muslim, who coming for medical care and health treatment and frequently they combine their visit with recreational or cultural activities during recuperation periods (with doctor's permissions) in this country. They choose Malaysia because they confident with the availability, affordability and competitiveness of sophisticated healthcare facilities that Malaysian have (Chee, 2007).

The number of in-bound foreign tourists for medical tourism has increased by 313.3% between 2003 and 2009 (Tourism Malaysia, 2010). In percentage term, the arrivals for medical tourism in 2009 were only 1.80% of total international tourist arrivals in that year (23.6 millions) (see Table 1). The number of special interest tourists from the Middle East who came to this country especially for health treatments has shown a positive growth since 2007 (1.9 per cent average annual rate of growth) (Tourism Malaysia, 2009). Based on the performance until 2009, medical tourism potential has not been maximised. Moreover Malaysia is starting from a very low base.

In the New Economic Model (NEM) (NEAC, 2010), the tourism sector and specifically medical tourism, has been identified as one of the National Key Economic Areas (NKEAs). Through the introduction of the Economic Transformation Programme (ETP) as a catalyst in the Tenth Malaysia Plan (EPU, 2010), this tourism segment is seen capable to be more competitive and resilient. Integrative role of the public and the private sectors is believed to be able to create a higher productivity through the use of human resource skills and innovation. These are among expected outcomes which consistent with the international standards as the characteristics of high income economy that Malaysia aspired to be as outlined in Vision 2020 (EPU, 2006).

Given the potential of this tourism segment as an earner of foreign exchange and creating a huge opportunity for employment, the government has outlined more incentives to boost the healthcare travel industry and private hospitals to be more export driven (NEM, 2010). Among incentives provided to private hospitals are five years of 100% tax exemptions for the construction of new hospitals or for expansion or modernisation or refurbishment of existing hospitals between January 2010 and December 2014 with International Patients Unit, obtaining domestic or internationally recognised accreditation for double deduction incentive under the Income Tax Act 1967 and the introduction of 'Green Line" for medical tourists on emergency via 'Visa on Arrival' and approval of extension of stay will also be expedited. Meanwhile, to develop and promote the healthcare travel industry and to position Malaysia as the healthcare destination of choice in this region, the Malaysia Healthcare Travel Council (MHTC) was established on 3rd July 2009 as the primary agency (http://www.myhealthcare.gov.my).

Since Malaysia has been actively promoting its healthcare services to potential Muslim medical travellers from other countries especially from neighbouring regional countries such as Myanmar, Vietnam, Indonesia, Singapore, Brunei and China and Middle East countries such as United Arab Emirates, Bahrain, Saudi Arabia, (APHM, www.hospitals-malaysia.org), combined with all the advantages that Malaysian has and the potential growth of the medical tourism industry, it is seen as a great opportunity for Bumiputera/Muslim healthcare providers to venture into. However, at the present time, participation from Bumiputera/Muslim healthcare providers is still very limited. The Bumiputera/Muslim private hospitals' market share in the medical tourism segment in Malaysia is relatively small (about 20%). Only nine (26.73%) hospitals out of 35 main medical tourism providers identified and recognized by the Ministry of Health are owned by Bumiputera/Muslim.

Thus, the primary motivation of this study is to research on what are the key areas of where things must go right to flourish for Bumiputera/Muslim healthcare providers who are about to enter or already a participant in the medical tourism industry. Survey research is used to identify these external critical success factors (CSFs) of Bumiputera/Muslim healthcare providers. In order to tap into the growing medical tourism market, existing and prospective Bumiputera/Muslim healthcare providers need more investments for future growth. Financing is one of the critical success factors identified. In line with Second Capital Market Master Plan (CMP2) aspiration that was announced recently, the potential and suitability of Islamic financing instruments will be considered as a solution for the financing needs of the Bumiputera/Muslim private healthcare providers.

Hence, this paper begins with the premise that, by identifying the main external hindrance faced by the Bumiputera/Muslim healthcare providers, they will respond and can expand their capacity to take advantage from future growth in the Malaysian medical tourism industry. The rest of the paper is organized as follows. After the introduction, we will give an overview of Bumiputera/Muslim healthcare providers' participation in the health care industry and medical tourism and define the nature of problem at hand. Section three discusses the method of CSFs identification. Section four gives an evaluation and determination of the CSFs. Recommendations on the potential application of Islamic financing instruments by Bumiputera private healthcare providers and conclusions are provided in the final section.

PARTICIPATION OF BUMIPUTERA/MUSLIM HEALTHCARE PROVIDERS IN HEALTH CARE INDUSTRY AND MEDICAL TOURISM

By definition, a Bumiputera/Muslim healthcare provider is a *Syariah* compliance for-profit organization that runs and provides a capable medical care to treat or prevent the sickness or the symptom of the diseases, owned by a Bumiputera. In other words, Bumiputera/Muslim healthcare provider is a private hospital which should provide not only the best but also beneficial services; either for medical or non-medical to their patients and other stakeholders. Therefore, being a totally *Syariah* compliance private hospital is important and it is a *fardhu kifayah* for every private hospital which is owned by Muslim Bumiputera.

Running the *Syariah* compliance or not *Syariah* compliance private hospitals, does make a difference. For private hospital which is financed or generates income from activities such as offering the impermissible procedures, the hospital is considered not a *Syariah* compliance private hospital. In Islam, at least in one particular location or state, one person must carry the responsibility and supported by the government. If not, the whole *ummah* of that particular area or state will be questioned. This emanates from the concept of *fardhu kifayah* in Islam. Provision of *Syariah* compliance medical care requires that only permissible procedures be given and counted Either in medical tourism or not, ideas about providing *Syariah* compliance medical care is the same. As a *Muslim*, either as a medical tourists or as a medical provider, he should have the same idea about what is permissible and what is not. In Malaysia, most of Bumiputera/Muslim healthcare providers comply with the *Syariah* in term of providing the permissible procedures. However, it is quite difficult to find Bumiputera/Muslim healthcare providers that comply to the *Syariah* especially in relation to the financing aspects.

The actual number of Bumiputera/Muslim healthcare providers in Malaysia is not easily ascertained, However, databases from www.einsuran.com, revealed that there are four major groups of Bumiputera/Muslim private hospitals. They are six Federation of Islamic Medical Association hospitals, twenty of Kumpulan Perubatan Johor (KPJ) Healthcare Sdn. Bhd hospitals which are located throughout Peninsular Malaysia, three TDM Berhad's group hospitals and at least eight main independent hospitals (see Figure 1).

Since 1980s, the Malaysian government has been encouraging the private hospitals to play active roles to meet the rising demand, to drive improvement in Malaysian's health and to develop medical tourism as well. This has spurred the growth in the private healthcare sector (see Figure 2).

Consequently, there are 35 private main hospitals supported by another 76 healthcare facilities that have been recognized by the Ministry of Health Malaysia to promote medical tourism with a combined availability of 6,838 beds and 3,303 beds respectively (APHM, www.hospitals-malaysia.org)

Most of private hospitals in this country, including Bumiputera/Muslim private hospitals are located in major cities in Selangor, Kuala Lumpur, Penang and Johor. Table 2 below shows the Bumiputera/Muslim private hospitals distribution and number of beds available. Selangor, Kuala Lumpur and Johor are respectively the major states where most of Bumiputera/Muslim private hospitals can be found. In general, Kuala Lumpur (50 hospitals) is the state with the highest number of establishments of private hospitals in 2007. This is followed by Selangor (38 hospitals) and Johor (22 hospitals) (MOH, 2009). Although Bumiputera/Muslim private hospitals are scattered throughout Malaysia, each on average has limted number of beds. The figures also reflect the sizes of all types of private Bumiputera/Muslim healthcare facilities and services offered which are relatively small and limited as well.

In terms of service offered, most of Bumiputera/Muslim private hospitals are focusing on maternity cases and non-critical diseases procedure only. Only KPJ's hospital group, which is the largest Bumiputera/Muslim private healthcare group in the country, offers a wide range of promotive, preventive and curative procedures with modern and sophisticated medical devices. In 2010, only nine hospitals or 26.73% of 35 private main identified medical tourism provider hospitals are Bumiputera/Muslim healthcare providers. They are Kumpulan Perubatan Johor Healthcare Berhad Group (Johor Specialist Hospital, Ipoh Specialist Hospital, Ampang Puteri Specialist Hospital, Damansara Specialist Hospital, Selangor Specialist Hospital, Putra Specialist Hospital, Sentosa Medical Center, Sabah Medical Center and Tawakal Hospital) (APHM, www.hospitals-malaysia.org).

None of the nine selected Bumiputera/Muslim medical tourism provider holds international accreditation such as Joint Commission International (JCI) Accreditation instead of Malaysian Society for Quality in Health (MSQH). Meanwhile, there are seven non- Bumiputera/Muslim medical tourism providers which hold this international accreditation with local MSQH Accreditation. In comparison, there are 14 and 13 hospitals in Thailand and Singapore respectively with recognised JCI certificates.

According APHM (2010), the government has set certain requirement for hospitals to qualify as medical tourism healthcare providers. The requirements include the minimum number of beds and being accredited internationally or locally. Figure 4 shows the criteria that must be fulfilled to be considered by the Evaluation and Selection Committee for recognized medical tourism healthcare providers. Hence for Bumiputera/Muslim healthcare providers which are small-sized and not yet accreditated, these would be the barriers they have to overcome in order for them to tap the growing medical tourism market especially the Muslim medical tourists.

All KPJ's and a few of these Bumiputera/Muslim private hospitals have a formal organization and multiple-layered management structure. On the other hand, the rest of Bumiputera/Muslim private hospitals have a simple structured organization, where the owner may be the Chief Executive Officer, manager and services provider at the same time. Although the size and the organization structure is the simplest, the confidentiality of the internal information among players in the industry is crucial. Indeed,

because of the competition is very stiff among themselves they rather choose not to disclose their internal strengths or weaknesses. Given the above situation, it is expected that they tend to focus on the external environment issues in which their organizations operate, compete and thrive. Therefore in this study, the focus is on the external critical success factors.

CRITICAL SUCCESS FACTORS CONCEPT AND EXTERNAL IDENTIFICATION METHOD

As an Islamic country, Malaysia is in a position to create and offer its own *Syariah* compliance medical tourism products and services to compliment a huge Islam-friendly market. Participation from Bumiputera/Muslim healthcare providers is important to generate confidence among medical travellers. Islamic principles also are recommended to be applied strictly at all management levels. However, after more than 10 years since the health tourism industry was actively promoted by government in partnership with industry, the participation of Bumiputera/Muslim healthcare providers, especially hospital facilities is still left far behind. It is of utmost importance to analyze the Bumiputera/Muslim healthcare participation by focusing on what are the critical/most important factors that will ensure potential new entrants or those who are already in the medical tourism industry to succeed in this industry.

Before they can expand their capacity, to succeed, each healthcare provider must perform well in their key areas consistently to ensure accomplishment of its mission. These key areas are unique to each healthcare provider the industry in which they compete. The uniqueness of these key areas can be defined as organization's critical success factors (CSFs). The seminal work of John F. Rockhart's in 1981 has developed the codified approach of CSFs as a filter to prioritize the overload information needed by executives or managers. The underlying premise of this approach is that the identified key areas through this approach should be more accurate because the data are specifically linked to the factors that are critical to the success of the organization. Accordingly, based on Rockhart's CSFs approach, Figure 5 shows the steps to provide the CSFs list's to the potential Bumiputera/Muslim medical tourism providers.

According to Rockart (1981), there are five specific sources of CSF for the firm, namely as the industry in which the firm competes or exists, an understanding of firm's competitors, the general firm's environment, challenges to the firm and layers of management. As there are many levels of management with different operating environments faced by a typical firm, different executive level may focus on different mission either at industry or production levels. All these CSFs sources have to take into account to ensure the firm could accomplish its mission. In his work, Rockhart also stated that CSFs always referred to issues which had an internal focus, whilst others were rooted in issues associated with an external focus.

The internal category comprised CSFs which typically emphasized the maintenance and/or improvement of activities and processes, and the development of resources. The external category included CSFs which were more concerned with issues of positioning and performance in relation of prevailing and expected market also competitive dynamics (Brotherton and Shaw, 1996).

Based on first step of Rockhart's Codified Approach of CSFs, organization level is chosen as a scope of study. Then in second and third steps, a list of possible success factors and activity statements in medical tourism industry is extracted using the literature review process to develop questionnaires (Bookman & Bookman (2007); Teh & Calvin (2005); Douglas (2007); Fried & Harris (2007); Rebecca (2005); Buhalis (2001); 9th MP Report (2006); Connell (2006); McCallum & Jacoby (2007); Lagiewski & Myers (2008); Kim & Dwyer (2003)). The same method was used by previous researchers but applied in different fields and industries (Mahmood, Ashley, Sajid & Mark, 2005; Samir, Lorie, Bengisu & Subbu, 2008). According to Bonoma (1985) and Esteves & Pastor (2001), by collecting data from different sources, a wider range and a fuller picture may be obtained. Therefore, the literature review approach will be used to develop foundation factors of CSFs for medical tourism industry in Malaysia and to develop activity statements. For validation, combination of open and close ended questions had been adapted and modified from various sources to suit the Malaysian context and study's purposes (Treatment Abroad, 2008; Deloitte, 2008). The questionnaire had been distributed among thirty four Bumiputera/Muslim private hospitals throughout Malaysia. The questions are divided into four sections. Section A is on demographics. Section B seeks respondents' opinions on Bumiputera/Muslim private hospitals participation in Malaysian health care industry. Section C focuses on the Malaysian medical tourism industry and respondents' agreement on the possible external CSFs. Open ended questions in the final section are intended to confirm and specify the CSFs faced by Bumiputera/Muslim private hospitals in Malaysia. Finally, the CSFs are executed.

DATA ANALYSIS

The focus of this study is to examine the need for Bumiputera/Muslim healthcare providers to participate as medical tourism providers. By using the CSFs method, the paper attempts to highlight the various critical factors and the activities supporting these set of factors which can lead to increased participation of current medical tourism providers and addition of new entrants to the list. In the case of medical tourism in Malaysia, the government's vision is to place this country strategically as a medical tourism destination of choice. Thus, the external category of CSFs relates to this study and the organization level is chosen as a scope of the study (first step). Accordingly, the goal of this study is to increase the participation of Bumiputera/Muslim medical tourism providers and at the same time uphold the government's vision of Malaysian medical tourism industry.

The results of this study are still preliminary and this study is exploratory in nature. The respondents of the study comprised of four hospitals, two primary care clinics, two specialist clinics, one dental surgeon and another two healthcare facility establishments Malaysian medical tourism is much more driven by the government as a facilitator and operated by the private hospitals. This requires coordination of both policies and regulation governing the resource. Along with earlier factor, effective institutional management is a prerequisite to coordinate the resource and develop a successful package of treatments. Regulatory control helps in improving the acceptability of the services offered and ensure the high quality services to the patients. In addition, since developing private hospitals and being as Muslim medical tourism providers involved huge investment and foreign patients, it is important to take into consideration financial access and demand conditions such as cost saving differential, availability of treatments which are not offered at home country and potential to combine with leisure. Thus, institution, regulation and policies, financial and demand conditions are listed as the possible success factors and activity statements in medical tourism industry (the second and the third steps of CSFs as shown in Table 3 below). In total, sixteen activities are listed that satisfy the four factors which are critical to develop Bumiputera/Muslim medical tourism providers. It is to be noted here that one activity can satisfy more than one factor.

Finally, the final step is to validate the interrelationship between the set of factors and the activities by using the questionnaire. All respondents are Bumiputera/Muslim healthcare providers and nine of them are prospective medical tourism providers. This is because two establishments are totally focussing their services for locals only. Only one out of nine establishments has never given service to foreign patients. The others have 10% to 50% of their patients been foreign patients. It is an expected scenario because most of the respondents' establishments are in the major cities and accessible to about 1.8 million foreigners who are working and about 20,000 who are studying in this country. In terms of revenue, about 45% of the respondents have monthly revenue in a range of more than RM501,000 which indicates that healthcare business is really profitable. From the survey, the respondents also reveal that financing is a main CSF either for expansion plan or to upgrades the existing services and equipments. Another two identified factors are human resource and marketing managements and the regulations of the government, the Health Ministry's and the Association of Private Hospital of Malaysia (APHM). The findings support the CSFs matrix in Figure 5.

In detail from survey, 81% of the respondents agreed on the statement that Bumiputera/Muslim healthcare providers currently are facing financing problem to expand their capacity. But 18% of the respondents are not so sure about the problem. In addition 100% of the respondents perceived that the role of government policies will have an effect on financing support in this industry. For example, the incentives for healthcare sector such as five years of 100% tax exemptions and double deduction incentive under the Income Tax Act 1967.

Accordingly, as the government has been setting up the criteria to qualify the private healthcare providers to be medical tourism providers, the finding shows that the Bumiputera/Muslim healthcare providers are not ready yet. This is based on the result that only a few of Bumiputera/Muslim healthcare providers are being APHM's member (63%), only a few of Bumiputera/Muslim healthcare providers are holding MSHQ and ISO accreditation (63%) and only a few of Bumiputera/Muslim healthcare providers are providing minimum of 50 beds (63%). More than 30% of the respondents stated that they are not sure that most of Bumiputera/Muslim healthcare providers do have their own web pages. The researcher attempts to reach Bumiputera/Muslim healthcare providers' webpage to confirm and found that only a few of them really do have web sites. In terms of their awareness of government incentives, 55% of the respondents are not sure that Bumiputera/Muslim healthcare providers are aware. About 64% of the respondents then also are not sure whether Bumiputera/Muslim healthcare providers do have a strong referral network in the industry or not. These results can be explained from two perspectives. First, due to lack of research, information dissemination, discussions or seminars on this particular player of healthcare industry, there are no

information spreading out. Second, there might be some research that have been conducted which involve them as a subject of study, but the degree of cooperation to share the knowledge among them is very low. The research on particular race may seem sensitive to some people, but it need to be done in order to contribute to the nation's economic growth and development. All players must play their role effectively and by doing research the problems can be identified. In general, even though Bumiputera/Muslim healthcare providers realize the potential of their business in the medical tourism industry, they delay or refuse to join the industry because of their inability to improve or to expand.

ISLAMIC FINANCING INSTRUMENTS

The CSFs Method and survey confirmed that financing is a most critical factor for Bumiputera/Muslim healthcare providers to succeed in the medical tourism industry. Even though there are three other factors which can also enhance Bumiputera/Muslim healthcare provider's participation, the focus is on the main critical factor. As such, in this section the recommendation of financing instrument is discussed.

As mentioned earlier, since the Bumiputera/Muslim healthcare provider operates in an Islamic country and the potential to tap the rising trend in in-bound Muslim medical tourists fro neighbouring countries and the Middle East, we suggest for the Islamic financial instruments as a solution for them to opt in order to expand their future capacity. This suggestion is in line with both the first and second Capital Market Master Plan (CMP1 and CMP2) (Securities Commision, http://www.sc.com.my) which emphasised on the active growth of the Islamic bond (*sukuk*) market to finance business expansions, such as in property and real asset, plantation and agriculture and services sectors (including healthcare). The Islamic capital market refers to the market that applies Islamic principles in capital market transactions, which are free from the involvement of forbidden activities by Islam and free from *usury* elements, gambling and ambiguity (*gharar*).

Currently in Malaysian healthcare service sector, the number of private hospitals in Malaysia which have adopted Islamic financing methods is very limited. From reachable sources, Kumpulan Perubatan Johor Berhad (Al-Aqar KPJ Real Estate Investment Trust based on the contracts of al-bay' and al-ijarah) is the first and the only Bumiputera private hospitals which used Islamic financing instrument as their means of financing. Besides that Columbia Asia Sdn. Bhd. (Islamic Syndicate based on Ijarah Muntahiah Bitamik principle) (The Star, 17 March 2010) and Sarawak Specialist Hospital & Medical Centre Sdn. Bhd (SSHMC) (Istisna' Sukuk) (MARC, 2009) are among non-Bumiputera private hospitals identified that have adopted Islamic financing methods. This portrays that the use of Islamic financing instruments among healthcare providers are still limited, especially by the Bumiputera/Muslim healthcare providers. Given that the government has been promoting the Islamic financing instruments specifically *sukuk*, to finance business expansions, this type of investment can be considered. However, both, I-REIT and *sukuk* can achieve their intended benefits if only they are issued and traded on a large scale. Thus, from a limited survey research conducted among Chief Executive Officers of Bumiputera/Muslim private hospitals, they support the potential use of Islamic venture capital or partnership; based on musyarakah mutanaqisah (diminishing partnership) principle. This particular Islamic financing instrument can be used as a means of financing especially of asset acquisitions and refinancing such as for building or medical equipments.

Sukuk Musyarakah Mutanaqisah principle

This type of *sukuk* is more suitable to finance the corporate asset acquisitions and real estate property refinancing. The transaction of this sukuk involves at least two or more people who have agreed for the process of acquiring property. Firstly, the financier (person A) who has decided not to own the property for long term, secondly, the other person (B) will be the owner of the property. There are two portions of the contract. First, the contract is a partnership agreement between A and B. Initially, A will pay for a certain amount which will represent its ownership of the property, for example 30%, while, B will pay the rest of the amount which gives him 70% equity. Subsequently, A then gradually redeem B's share at an agreed portion until the property is fully-owned by A. Under the second agreement, B agrees to lease the property to A under the principle of *Ijarah*. A agrees to pay a rental to B for using its share of the property. Figure 6 illustrates the sukuk using musyarakah mutanaqisah principle. The potential of this type of sukuk has been seen as an alternative of Bai Bithaman Ajil principle that has been claimed by some parties as the same as conventional financing instrument.

CONCLUSION

Government has been setting up Malaysia to be a preferred medical tourism destination along with the mission to be a world hub for halal food products and financial instruments. Through the development of medical tourism, it is seen that this industry is capable to integrate *halal* foods and financial instruments with the (fully) Syariah compliance private hospital operations owned by Bumiputera. However, after ten years since the introduction of medical tourism segment, the Bumiputera/Muslim participation in the industry is relatively small. Critical success factors method reveals financing factors as a major hindrance for them to expand their capacity. Moreover, the operations of many Bumiputera private hospitals are not fully *Syariah* compliance. As a solution, this paper recommends the Sukuk Musyarakah Mutanaqisah principle as an alternative means of financing for Bumiputera/Muslim healthcare providers who intend to participate in this growing industry. Musyarakah is a form of partnership but with the end result of complete transfer of a partner's ownership to another partner. Musyarakah mutanaqisah is an appropriate mode to finance collective investment due to benefits to all respective parties (Mohammad et al. 2010). Results from this study provide insights and arguments to develop more attractive Islamic financial instruments to be adopted, particularly by Bumiputera/Muslim healthcare providers where their participation in the industry is still in the infancy stage.

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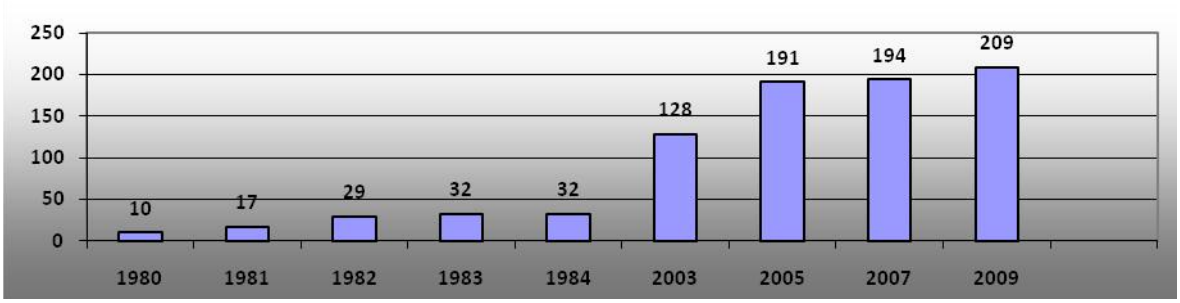
   a. KPJ Johor Specialist Hospital (215)
   b. KPJ Ipoh Specialist Hospital(260)
   c. KPJ Ampang Puteri Specialist Hospital(217)
   d. KPJ Damansara Specialist Hospital (155)
   e. KPJ Selangor Specialist Hospital (172)
   f. KPJ Tawakal Specialist Hospital (147)
   g. KPJ Penang Specialist Hospital (236)
   h. KPJ Kajang Specialist Hospital (n/a)
   i. Puteri Specialist Hospital (150)
   j. Perdana Specialist Hospital (83)
   k. Kuching Specialist Hospital (75)
   l. Seremban Specialist Hospital (130)
   m. Damai Specialist Hospital (250)
   n. Kedah Medical Center (106)
   o. Sentosa Medical Center (212)
   p. Taiping Medical Center (48)
   q. Kuantan Specialist Hospital (81)
   r. Kluang Utama Specialist Hospital (30)
   s. Sabah Medical Center (134)
2. Federation of Islamic Medical Association
   a. Al-Islam Specialist Hospital (65)
   b. Hospital Pusrawi (250)
   c. Pusat Rawatan Islam Az-Zahrah (23)
   d. Hospital Danau Kota (10)
   e. Pusat Perubatan KOHILAL (n/a)
   f. Pusat Rawatan Mahsuri (n/a)
3. TDM Berhad
   a. Kuala Terengganu Specialist Hospital (200)
   b. Kuantan Medical Center (84)
   c. Kelana Jaya Medical Center (23)
4. Independent
   a. Hospital Penawar (50)
   b. Pusat Rawatan Islam Ar-Ridzuan (n/a)
   c. Damansara Damai Medical Center
   d. Putra Medical Center (11)
   e. Selasih Specialist (8)
   f. Shah Alam Specialist Hospital (60)

t. Sibu Specialist Medical Center (35) **Total number of beds are 3,638 beds in 2010**	g. Senawang Specialist Hospital (101) h. Pusat Perubatan Naluri (n/a)

Source: www.einsuran.com ; *Figures in bracket are number of beds

FIGURE 1: Identified Bumiputera/Muslim private hospitals, 2010



Source: MOH, various years

FIGURE 2: Private Hospital trend in Malaysia

- Assunta Hospital (344)
- Columbia Asia Hospital, Seremban (65)
- Fatimah Hospital (183)
- Gleneagles Intan Medical Centre (330)
- Gleneagles Medical Centre, Penang (212)
- Island Hospital (211)
- KPJ Ampang Puteri Specialist Hospital (217)
- KPJ Damansara Specialist Hospital (155)
- KPJ Ipoh Specialist Hospital (260)
- KPJ Johor Specialist Hospital (215)
- KPJ Selangor Medical Centre (172)
- Lam Wah Ee Hospital (437)
- Loh Guan Lye Specialists Centre (184)
- Mahkota Medical Centre (356)
- Mount Miriam Cancer Hospital (40)l
- National Heart Institute (IJN) (262)
- NCI Cancer Hospital (16)
- Normah Medical Specialist Centre (130)
- Pantai Hospital Ayer Keroh (171)
- Pantai Hospital Ipoh (180)
- Pantai Hospital Kuala Lumpur (332)
- Pantai Hospital Penang (250)
- Penang Adventist Hospital (276)
- Prince Court Medical Centre (81)
- Putra Specialist Hospital, Melaka (201)
- Sabah Medical Centre (134)
- Sentosa Medical Centre(212)
- Sime Darby Medical Centre (384)
- Sunway Medical Centre (185)
- Taman Desa Medical Centre (128)
- Tawakal Hospital (147)
- Timberland Medical Centre (72)
- TMC Fertility Centre (7)
- Tun Hussein Onn National Eye Hospital (THONEH) (42)
- Tung Shin Hospital (247)

Total number of beds are 6,838 beds in 2010

Source: APHM, 2010
*Figures in bracket are number of beds

FIGURE 3: Thirty five recognised private hospitals for the promotion of medical tourism in Malaysia

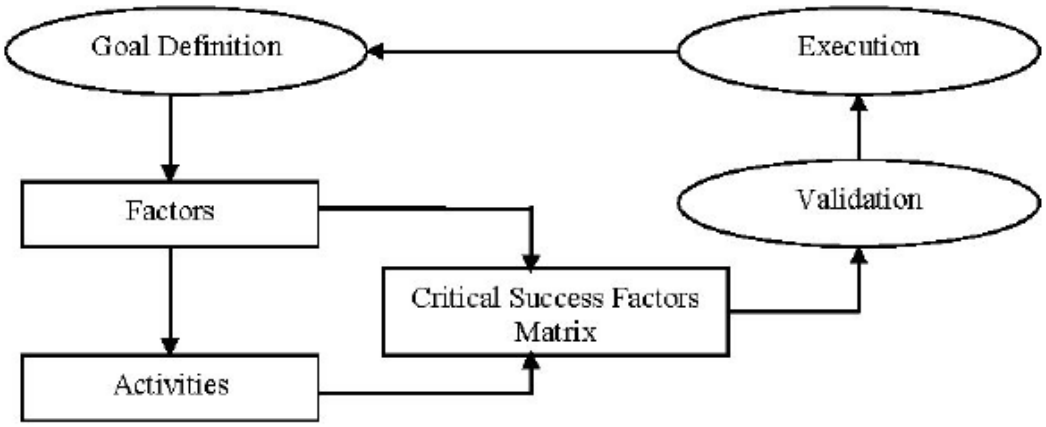
NEW CRITERIA FOR HEALTHCARE FACILITY QUALIFYING FOR RECOGNITION AS A HOSPITAL PROMOTING HEALTH TOURISM

1. Hospital licensed under the Private Healthcare Facilities and Services Act 1998 by Ministry of Health.
2. Member of the Association of Private Hospitals of Malaysia.
3. Accreditations - Has valid accreditation awarded by National or International bodies recognised by the International Society for Quality in Health Care (ISQua) e.g. Malaysian Society for Quality in Health (MSQH), Joint Commission International (JCI).
4. Has a minimum of 100 licensed beds.
5. Healthcare facility must be fully operational for at least one (1) calendar year.*
6. Submission of relevant health tourism data as required periodically to the Association of Private Hospitals of Malaysia.
7. Has own website conforming to the Medicine Advertisement Board, Ministry of Health Malaysia (KKLIU) guidelines.
8. Participate at least once a year in any health tourism promotional mission organised by government agencies e.g. Ministry of Health, Malaysia External Trade Development Corporation (MATRADE), Malaysian Industrial Development Authority (MIDA), Tourism Malaysia.

Note: Hospitals not able to comply with the criteria may appeal to the Evaluation and Selection Committee for consideration. Any decision made by the Evaluation and Selection Committee is final.*

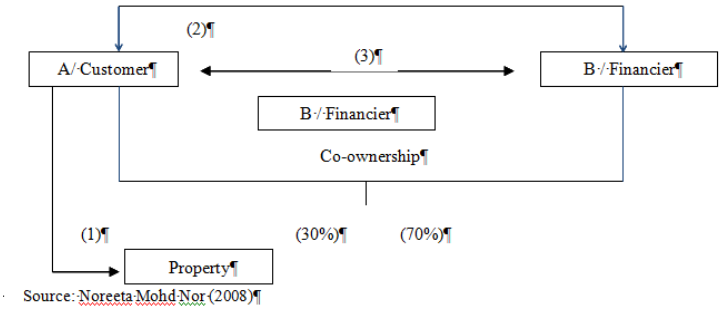
Source: http://www.myhealthcare.gov.my

FIGURE 4: Criteria for hospitals to participate



Source: Adapted from G.B. Keremane, J. McKay (2009)

FIGURE 5: The steps of critical success factors



Source: Noreeta Mohd Nor (2008)

(1) A identified the property with 30% of the purchase price being paid by A and 70% by B. A and B therefore own 30% and 70% of the property respectively.
(2) A's monthly instalments for the financing paid to the B will increase A's ownership of the asset/property.
(3) The ownership of the asset/property will progressively move towards the customer and the financing ends when the customer owns 100% of the asset/property.

FIGURE 6: Structure of musyarakah mutanaqisah principle

TABLE 1: Trend of medical and international tourist arrivals

Year	Medical Tourists (a)	Medical Tourism's Income (RM Million)	International Tourist Arrivals (millions) (b)	(a)/(b) In percentage
2003	102,946	58.9 (64%)	10.6	0.97
2004	174,189	105.0 (78%)	15.7	1.11
2005	232,161	150.9 (44%)	16.4	1.42
2006	296,687	203.7 (35%)	17.5	1.69
2007	341,228	253.84 (25%)	20.9	1.63
2008	374,063	299.10 (18%)	22.0	1.70
2009	425,500*	n/a	23.6	1.80
2010	n/a	n/a	24.6	n/a

Source: Tourism Malaysia, * RNCOS E-Services Pvt. Ltd. at http://www.treatmentabroad.com/medical

TABLE 2: Distribution of Bumiputera/Muslim private hospitals and bed strength

State	No. of hospital	No. of beds	State	No. of hospital	No. of beds
Kuala Lumpur	7	951	Pahang	2	165
Selangor	10	661	Sarawak	2	110
Johor	4	445	Penang	1	236
Perak	3	308	Terengganu	1	200
Kedah	3	114	Sabah	1	134
Negeri Sembilan	2	231	Kelantan	1	83

Source: www.einsuran.com, APHM (2010)

TABLE 3: Critical Success Factors and interrelationship with supporting activities.

Critical Success Factors				Activity
Institutional	Regulatory and Policy	Financial	Demand Condition	
		√		1. To finance the development/extension of the hospital
		√		2. To have required skill worker
		√	√	3. To equip hospital with the latest high tech medical devices
	√	√		4. To provide minimum 100 licensed beds.
√		√		5. To offer quality and wide range of specialist treatments
	√			6. To be a member's of APHM
√		√	√	7. To get international and local accreditation
	√			8. To comply with others' MoH and APHM criteria
√				9. To ensure the fitness of healthcare infrastructure
√		√		10. To manage the post operative care during recuperation period
		√	√	11. To have a communication channel eg. Portal and one stop centre
			√	12. To have a strong referral network
	√			13. To have approval from various government organization, department and local authority
√		√		14. To market the services
√		√		15. To always updating the information about marketing strategy and industry
√	√			16. To aware about government incentives

Source: Author's construction