

A STUDY OF THE SIGNIFICANCE OF COMMITMENT AND INTEGRITY, CONSISTENCY IN CAPTURING BUSINESS OPPORTUNITY, MANAGEMENT, AND OPERATIONAL EXCELLENCE, AND ACCOUNTABILITY AND TRANSPARENCY IN A MOSQUE-BASED COOPERATIVE BUSINESS MODEL² (MBCBM)

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ABSTRACT: *The purpose of this qualitative analysis is to assist SME entrepreneurs in a post-COVID-19 pandemic by examining the importance of commitment and integrity, consistency in capturing business, management and operational excellence, and accountability and transparency in a mosque-based cooperative business model. The investigation made use of firsthand information gathered from mosque financial statements displayed on whiteboards. After that, the data was subjected to a victimization thematic analysis. The findings suggest that since Islamic economic concepts are typically not well-known, the first fundamental step that must be implemented is constantly changing the mindset of the population through fundamental Islamic economic education in mosque lectures and alternative communication channels or media. This may lead to increased knowledge of and support for the Islamic economic movement. Islamic cooperatives, a structure that supports this trust, scepter the economic potential of mosques. It would suggest that mosque custodians hold lectures on issues with a focus on fundamental Islamic economics or Islamic cooperatives as a basis to widen the community's attention in order to enable the implementation of the proposal.*

Keywords: Islamic economic education, the institution of the mosque, mosque-based cooperative, Mosque-based (mbcbm) business model, small medium enterprise (SME).

1 INTRODUCTION

The mosque serves as a significant hub for Muslim social, cultural, and religious activity. Daily prayers, lectures, religious instruction for children and adults, planning and coordinating village development projects, and a variety of other activities are all carried out in mosques. A panel of trustees known as the Mosque Administration Committee (Ahli Jawatankuasa - AJK) is responsible for managing mosques. They are in charge of overseeing mosque operations and administering religious matters. The SIRC is in charge of approving and overseeing these AJKs' operating activities. As the Mutawalli of the state's fund assets, PWS could appoint members of these AJKs to act as their agents and manage the administrative aspects of the mosque-based cash fund financing model at the village level in Selangor. The workload of PWS officials in the tasks of identifying the financially needy Micro enterprises, post-financing supervision of the business activities, and collection of repayments, etc., will be reduced by delegating some administration and operational tasks of the model to the mosque-based administration committee (AJK). This will lessen the danger of default for micro-enterprises because they operate at the village level and their owners frequently communicate with AJK (mosque administration committee) officials on a daily basis. Compared to other SME credit providers, this technique significantly lowers the fund manager's operational expenditures for post-financing monitoring responsibilities. Modern online payment channels also make it possible to organize funding and repayments virtually, reducing the need for AJK (Mosque Administration Committee) staff to handle cash transactions.

It is imperative to discuss the suggested concept of a mosque-based cooperative business model to support SMEs in post-Covid 19 periods in order to understand the significance of the four elements, which are [1] commitment and integrity, [2] consistency in capturing business opportunity, [3] management and operational excellence, and [4] accountability and transparency in an mbcbm.

2 BACKGROUND OF THE STUDY

The heart of the Malaysian economy has traditionally been small and medium-sized businesses (SMEs). They contributed 48.4% of national employment and 38.9% of the nation's gross domestic product (GDP) as of 2019 [5]. The majority (89%) believe that their companies won't start to improve until the third quarter or later. The speed, efficacy, and coverage of Malaysia's immunization program, in particular, are key factors that will determine how quickly things return to normal. The vaccine campaign will start on February 26 and is anticipated to reach 80% of the population by February of the following year. By August 2021, 9.4 million people, or around 30% of the population, would have received their vaccinations, according to Malaysia's program. Business activity is anticipated to increase as a result of this and the recovery of international trading partners as they implement their immunization programs. But it's still not apparent if a 30% vaccination rate is enough to significantly boost company activity. New Covid-19 strains that have emerged and shown themselves to be more contagious or resistant to specific vaccines have added to the uncertainty. Malaysian SMEs are again confronted with numerous dangers and difficulties this year. In terms of their prognosis for 2021, SMEs are cautious, with 21% anticipating weak company performance and 25% being upbeat. 30% of people are unsure about potential layoffs [1].

3 AIM OF THE STUDY

This research's primary objective is to examine the importance of four organizational pillars—commitment and integrity, consistency in capturing business, management and operational excellence, and accountability and transparency—for the success of the mosque-based cooperative business model to support SME entrepreneurs in the aftermath of the COVID-19 pandemic.

4 RESEARCH HYPOTHESIS

H1: commitment and integrity have a positive effect on a *mbcbm*

H2: consistency in capturing business opportunity have a positive effect on *mbcbm*

H3: management and operational excellence have a positive effect on a *mbcbm*

H4: accountability and transparency have a positive effect on a *mbcbm*

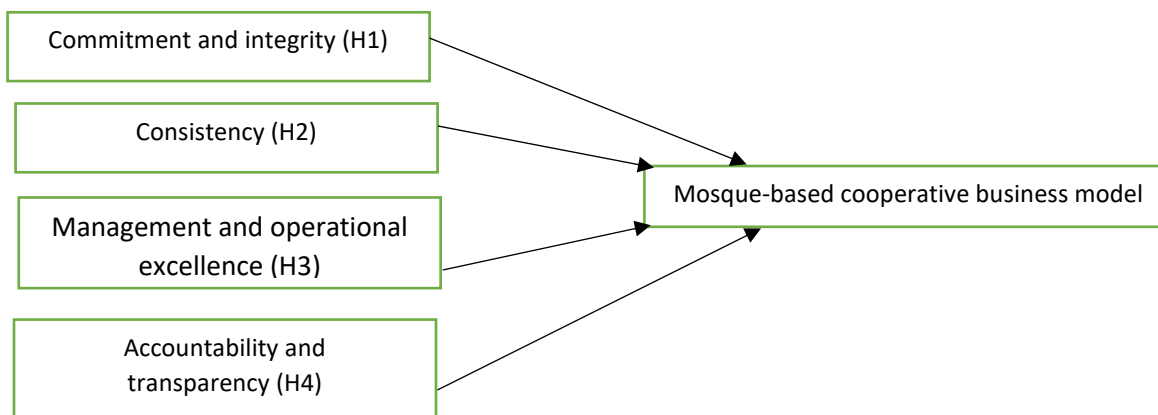


Figure 1. Conceptual Framework

5. LITERATURE REVIEW:

5.1 Significance of Commitment and Integrity in Cooperatives.

A Board's fiduciary duty to protect the cooperative's financial integrity is its highest obligation. Voting at member meetings and electing a board of directors both provide members with direct and indirect power over the cooperative. A cooperative is a type of business that is run (democratically) by its customers or owners; nevertheless, in the majority of cooperatives, members do not make all of the decisions themselves [4]. An owner or member is granted the right to participate in cooperative decisions in the interest of collective fairness, which ensures fairness for each and every cooperative member or owner in their interactions with the collective, or cooperative. It is the value that stems from the notion that each and every owner or member of the collective, or cooperative, shares responsibility for the success of the collective. This principle emphasizes how the success of the workers' cooperative, which is a self-sufficient business, rests on the commitment of its members [7]. Following the principles of mutual aid offers a framework for developing the relationships and commitment of the worker co-op members required for the organization's long-term development. The principles of self-help clearly state the morals and sense of community that workers in worker cooperatives must uphold. These principles must also guide the cooperative's actions, whether they are directed at its members, consumers, or the general public. The principles of self-help, self-reliance, democracy, equality, fairness, and solidarity are the cornerstones of cooperatives [7].

Members of cooperatives adhere to the founding principles of the organizations by upholding the moral principles of

transparency, honesty, social responsibility, and compassion for others. When given the chance to contribute, employees feel more invested in the company and take responsibility for its success. Everyone in a team with a high level of workplace integrity is more committed to the success of the company, more willing to cooperate, and more proud of their work [8]. Your team members will interact with their bosses, coworkers, and customers in line with the values, norms, ethics, beliefs, and habits you establish for your business. Under the direction of the board, management develops and implements the corporate strategy and oversees the operation of the firm with the goal of generating long-term, sustained value. In order to achieve long-term wealth creation, the board is essential in overseeing management and corporate strategy [7]. As long as doing so directly and meaningfully supports the creation of long-term value, the board may consider the interests of all parties involved in a business, including those of employees, clients, suppliers, and the communities in which a company conducts business. Despite the fact that all boards have the same general duties, the member-control principle dictates that cooperative boards differ dramatically from investor-owned company boards [4].

6.2 Significance of Consistency in capturing cooperative business opportunity

According to the Quran, everyone should engage in trade or run a business to support themselves [8]. It also enables individuals to comprehend the spiritual significance of giving religious considerations to their economic decisions. Some mosques have made it a policy to support cooperative enterprises in order to encourage cooperation among Islamic members, organizations, and businesses [9]. Members of diverse Islamic congregations can obtain a variety of services

via cooperative enterprises, including meal preparation and cleaning. Many mosques have a community-owned grocery store on the first level that provides food at a discount to all of the congregations. The management of the store often is part of a mosque organization to provide quality control. Transportation, banking, and insurance are other services. In addition, the cooperative's health clinic provides members with access to medical care. These projects have a high chance of success since members split revenues from cooperative businesses. Many cooperative enterprises use cooperative purchasing as a cost-cutting strategy in addition to offering services. Members can buy things in bulk for less money than they would individually. For instance, instead of buying paper clips one at a time if 10 people need them, they can buy 500 at once. When selling goods, any business owned and operated by mosque cooperatives is required to abide by legal requirements. For instance, if each retailer has a tax stamp on its register where customers can record their purchases, they are required to abide by all applicable regulations when transacting business. Cooperation between mosques benefits not only individuals but also local business owners running modest operations. When a mosque needs space for an impending event, it first makes inquiries with surrounding businesses before making the space available to its member business owners. This encourages better consumer attendance and allows the business owner time to prepare. Business owners use mosque locations to advertise their goods and services because they are free to do so. Cooperation among Muslims is encouraged, which helps people build their enterprises and the economy. The mosque collaborates with a number of Islamic institutions to offer affordable, high-quality services to its members. Customers find new enterprises fascinating and are prepared to spend money on goods and services since business owners receive free space for their business locations. Therefore, encouraging mosque cooperation is beneficial to all parties!

6.3 Significance of Management and Operational Excellence in Cooperatives:

Management and operational excellence are two further variables that contribute to cooperative success [14], together with long-term objectives, entrepreneurial culture, operational costs, management, and full-time support staff. Planning is a crucial component of management excellence, and it has a substantial impact on cooperatives' financial performance in achieving strong sales growth [10]. Appropriate planning is necessary to guarantee cooperatives remain competitive, respond to dynamic changes in a business environment, and adopt appropriate risk management practices [11]. Inadequate planning, particularly long-term planning, is one of the issues contributing to the demise of various cooperatives in Fiji [12]. Operating costs have a substantial impact on a cooperative's financial success [13]. Low running costs, cautious spending, and accurate financial records allow cooperatives to create more revenue and benefit members indefinitely. Four factors were used to assess the impact of entrepreneurial culture on a cooperative's financial performance: risk-taking mentality, inventive leadership style, flexible organizational linkages, and emphasis on proactive strategy [15]. Entrepreneurial culture has a significant impact on cooperative performance and is a success factor for retail cooperatives in Sarawak [16].

Full-time management improved cooperative performance [13] by hiring managers and supporting employees full-time, as opposed to less-performing cooperatives, according to the World Health Organization [17].

6.4 Significance of Accountability and Transparency:

Transparency and accountability are commonly regarded as the two primary foundations of good governance. Transparency indicates that all acts taken by the organization must be meticulous enough to be scrutinized publicly. Financial success includes the conventional financial performance criteria, whereas non-financial performance includes good governance, corporate social responsibility, members, customer happiness, and contributions to the welfare of mosque institutions [18]. Accountability arises when one party entrusts another with specific responsibilities. The mosque's financial manager must likewise conform to the Fathanah idea, which requires intellect and financial management expertise. Fathallah means to grasp, grasp, and grasp everything that happens in commitments and tasks. It will then deliver quality financial reports with intelligently handled obligations in the form of accountability and transparency [19]. Transparency is vital for an organization's ethics, yet embracing it across all elements of your organization is impossible. Transparency is more than just a fortunate byproduct of effective governance; it is the lifeblood of a devoted, delighted membership [20]. Every cooperative stakeholder should consider measures to make it easier for members to stay informed about their co-op's governance. When deciding how open to be, we should consider if the information we make public can be abused in ways that hurt the co-op. To create and sustain trust with our members, we must demonstrate our commitment to giving complete, unvarnished, and relevant information about how their cooperative is run [20]. Malaysia's Department of Islamic Development [24] has also described contributions to the advancement of the well-being of mosque institutions, such as reduced radicalism, improved infrastructure, and effective governance. A sub-section on the Review in the Mosque Cooperatives Strategic Development Plan 2017-2020 identified problems that lead to the low performance of mosque cooperatives, notably mosque cooperative structures, support from members and the community, and internal governance [18].

7 METHODOLOGY

This is known as causal research. According to [21], the goal of causal research is to explain phenomena through relationships between variables. The independent variables in this study were (H1) commitment and integrity, (H2) consistency in capturing business opportunities, (H3) management and operational excellence, (H4) accountability and transparency, and mbcbm as the dependent variable. The study sought to investigate the significance of the aforementioned characteristics in a mosque-based cooperative business model. This study employs a general literature analysis to investigate how dedication and integrity, consistency in capturing business opportunity, management and operational excellence, and accountability and transparency influence mbcbm. The primary source of information was information obtained from relevant and recent

articles, books, websites, and researchers' knowledge. The qualitative research technique approach was chosen for this study since it was thought to be the most appropriate.

8 CONCLUSION:

According to the report, commitment and honesty are critical components for the success of the mosque-based cooperative business model. The findings are consistent with those of [22]. Members who believe they are welcome and regarded as a vital part of the cooperative, according to [22], take the cooperative's long-term success into account and, as a result, sacrifice their short-term benefits for the sake of the cooperative's long-term growth. According to Simmons and Birchall's [25] research, the degree of membership in a cooperative is heavily determined by employee loyalty and integrity. This backed up the arguments in the literature review. It is critical to have professional, committed leaders in order to capture new business. The efficacy of cooperative leaders, officials, and employees who carry out cooperative leader duties unquestionably strengthens and reinforces members' confidence, trust, patronage, and loyalty in them. Regardless of the prospective cooperative's economic climate, leaders must demonstrate a combination of skill, enthusiasm, practicality, devotion, and resolve to secure the project's completion [11]. Furthermore, in order to be consistent in catching new business, cooperatives may establish one or more subsidiaries for any additional commercial activity that is not banned by law. No cooperative engaged in the provision of regulated utilities should engage in any non-regulated business activities other than those that are part of the cooperative's regular activities, except inside or through one or more subsidiaries of that cooperative. To be a member or stockholder in one or more other cooperatives organized to engage in any activity that is not prohibited by law, including, but not limited to, the activities of other types of utilities [11]. Identifying and executing processes that are aligned with an organization's plans and goals is what operational excellence is all about. For firms and organizations striving to develop and sustain efficiency, operational excellence is a highly appreciated strategy [26].

The study above showed that excellent cooperative business should run their operations to get their products or services to customers at exactly the time that they desire, with minimal costs, minimal effort, and at a price that customers will pay. Operational excellence is the mentality or working culture of striving to achieve perfection in every aspect of the execution of a business and to do better than the day before [26]. Achieving transparency is no small feat, but thankfully, companies now have an associate in Board Portal Software, which also doubles as Corporate Governance Software. The board must make sure the corporate governance policies for a corporation include business strategy, risk management, accountability, transparency, and ethical business practices. The board of cooperative directors should operate following the four principles of governance--accountability, transparency, equity, and accountability--for the best interests of stakeholders, shareholders, and the overall company, "three pillars of corporate governance". It is hard to show favoritism, take undue risks, and behave unethically or against the best interests of shareholders and stakeholders when your firm is

transparent, fair, and accountable. A valuable tool in modern governance, meetings increase board accountability, transparency, and safety. A firm's board is critical to its governance, and the very management may have important implications for stock valuation "three pillars of corporate governance," 2022. Mosque-based cooperatives are Islamic microcredit institutions that have two unshared missions of finance and society. This research examines the contributions that mosque-based Sharia cooperatives made during the COVID-19 pandemic for community well-being. Mosque cooperatives must ensure sustained financial outcomes to continue benefiting members and the community's socioeconomic well-being. The findings should be useful for regulators and mosque co-operatives to show the proper mechanisms for improving the effectiveness in future years.

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