

Research Article

Social Entrepreneurship Through Mosque Cooperatives in Building Loan-shark-free Society Economy

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ORCIDM Muhandi: <https://orcid.org/0000-0002-9027-7972>**Abstract.**

The existence of mosque cooperatives has driven strong independency both from the economic and social perspectives. The objective of this research is to acknowledge; (a) the social entrepreneurship situation and existence of mosque cooperatives; and (b) the social entrepreneurship concept practiced by mosque cooperatives in building a loan-sharks-free society with economic independence. This research used a descriptive qualitative method with interview, observation, and focus group discussion as data collection instruments. The sample of this research is a number of mosques in Sukabumi Regency that are actively involved in society's economic development efforts. The analytical tool utilized in this research is SWOT analysis. Based on this research, we concluded that; (a) social entrepreneurship implemented by mosque cooperatives is practiced by providing interests-free capital loans for non-formal economy sectors; and (b) social entrepreneurship implemented by mosque cooperatives is also practiced by taking an active role as a marketer or distribution channel for non-formal sectors.

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1. Introduction

The mosque is the center of Muslim civilization with a broad function, not only in the aspect of religiosity, but also in the aspect of economic empowerment and social resilience [1–7]. One of the social functions of the mosque is as a center for the development of the economic aspects of the community. Therefore, the economic activities of the mosque as a cultural center institution for Muslims must be carried out professionally without burdening the community [8]. With optimal management, the resulting economic and social impacts, through poverty alleviation efforts, will be well realized [9], and create an independent Muslim generation [10].

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In recent years, mosque-based community empowerment has become one of the studies that has received considerable attention. Mosques were found to have a strong capacity to empower the economy [11–13], and community education through collaboration with a number of stakeholders. However, from the studies that have been carried out, the concept of empowerment carried out by mosques has not been identified specifically and is only limited to the impact of the empowerment activities produced.

However, the function of the mosque other than as a center for ritualistic activities is very rarely felt by the community. The lack of competent and consistent quality of human resources is one of the factors that causes mosques to lose their position as centers of Muslim development in many places [14]. Therefore, in a number of regions in Indonesia, the inability of mosques to optimize their functions has led to the emergence of the phenomenon of people's dependence on high-interest loans provided by loan sharks.

A different situation was found in Sukabumi Regency. The community is no longer dependent on the services of moneylenders because the mosque cooperative is able to accommodate the community's needs in the capital sector through an interest-free loan program. With this access to loans, mosques are able to encourage the development of economic independence through the growth of micro and small businesses, which in turn encourages social resilience of the community. Based on the findings in the area, this study aims to provide a deeper understanding of the practices and concepts of social entrepreneurship run by mosque cooperatives, in building community economic independence so that they can be free from dependence on loan sharks and then encourage significant social change.

Islam is a religion that obliges its people to build a solid economic and social life in order to create independence [15,16]. One concept of entrepreneurship that focuses on optimizing empowerment, both economic and social, is the concept of social entrepreneurship. This concept focuses on solving social problems through strengthening economic capacity [17,18]. Social entrepreneurship is proven to be able to provide significant improvements, not only in economic independence, but also in the order of people's lives. Based on a study conducted by Sofia [19], Social entrepreneurship is able to encourage optimal employment, thereby reducing the percentage of social problems caused by high unemployment and poverty.

The basic objective of social entrepreneurship activities is the establishment of independence and adaptability which is generally realized through strengthening the microeconomic sector. Although this concept is not very favored by medium and large businesses because it is not focused on profitability [20], Islam believes that social

entrepreneurship is a strong solution in solving problems faced by society [21]. The capacity of social entrepreneurship in order to optimize the economic empowerment of the community has been proven in a number of studies. Greblikaitė et al. [22] identify that social entrepreneurship can break the cycle of poverty. Another study by Akhmetshin et al. [23] and Muhammad Isnan Nurfaqih [24] shows that social entrepreneurship is able to improve the welfare of society in general. Not only at the local level, nationally entrepreneurship has also driven institutional change and strengthened the economic ecosystem [25] and social transformation [26]. Therefore, social entrepreneurship can be an important aspect that is able to encourage the creation of long-term profitability through optimizing social involvement, strengthening communities, and economic resilience [27].

The application of social entrepreneurship in society has been proven to be able to provide major social and economic changes if it is implemented professionally and inclusively. The higher the level of community involvement in social entrepreneurship activities, the greater the potential for change to be generated [28,29]. Because social entrepreneurship is a concept that takes time to achieve maximum success [30], it takes consistency and commitment from all stakeholders so that the implementation can run well. Therefore, to ensure the sustainability of its business, the business sector that is run in the concept of social entrepreneurship must pay attention to aspects of connectivity and inclusiveness.

2. Research Method

The method used in this study is a qualitative descriptive method. In this study, it takes two types of data, namely primary data and secondary data. Primary data was obtained through data collection methods in the form of interviews, observations, and focus group discussions (FGD) involving a number of relevant stakeholders such as administrators and members of the Mosque Prosperity Council (or known as DKM) and the community in the mosque environment, so that the impact of the implementation of social entrepreneurship can be measured accurately. The sample in this study was the Pre-Cooperative Ta'awun Khairunnisa Mosque in Sukabumi Regency. The secondary data were collected from documents and literature relevant to the subject of research activities such as entrepreneurship documents, journals, proceedings, and articles of other types. The analytical tool used in this research is SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis.

3. Results and Discussion

Cooperatives are one of the most common types of medium-sized microfinance institutions found in Indonesia. Cooperatives are generally classified according to the type of business and the uniformity of their members, such as savings and loan cooperatives, trade cooperatives, employee cooperatives, pensioners cooperatives, and other cooperatives. One form of cooperative that is also considered quite attractive is a cooperative based on Muslim worship facilities or commonly known as a mosque cooperative.

The mosque cooperative is a cooperative that prioritizes social welfare as its ultimate goal. Thus, mosque cooperatives generally practice the concept of social entrepreneurship in the development of their business fields and operational activities. One of the cooperatives that adheres to the concept of social entrepreneurship is the Ta'awun Khairunnisa Mosque Pre-Cooperative which is domiciled in the Sukabumi Regency area. The cooperative, which was initiated in 1994 by the *majlis ta'lim* with the same name, was formed as an effort to improve welfare and build the community's economy through interest-free loans and financing programs.

The cooperative which was built in 2008 is a cooperative that is engaged in savings and loans and buying and selling. Based on the annual report published in 2021, this cooperative has a total voluntary savings of 563,589,342 Rupiah, with total loans reaching 666,566,000 Rupiah. The high activity of the cooperative's financial balance shows that the role of cooperatives in community empowerment, especially in capital activities and economic empowerment has been going well. This situation is also indicated by the high growth rate of small entrepreneurial activities which later became one of the main pillars of the community's economic sector.

Community businesses that are on a micro and small scale are generally still not bankable so that these business actors find it difficult to access bank-based capital even though basically the business potential they have is quite good. This situation then prompted the emergence of loan sharks to provide capital loans with very high interest rates. With this situation, instead of growing, the community's business is increasingly experiencing a decrease in capacity both from the perspective of production and the capacity of the availability of business capital.

To overcome problems related to the existence of loan sharks, this cooperative then initiated an interest-free loan program for people who are interested in becoming members. To access the interest-free loan program offered, the community must meet a number of requirements, such as having served a membership period of at least 6 months and actively contributing to the development of the cooperative. The maximum

loan term is 10 months and the maximum loan amount is 50 million Rupiah. Meanwhile, for non-member communities, access to the loan program can only be obtained if there is a recommendation and guarantee from one of the members. As a form of contribution to the savings and loan program, members are given the opportunity to provide infaq loans without any coercion or determination of the amount.



Figure 1: Products of Micro and Small Businesses Run by Members of Cooperatives.

The majority of people in Sukabumi Regency, especially those in the cooperative environment, rely on the non-formal sector as their main income. The types of products that are generally involved are food, beverages, and handicrafts. The existence of this cooperative turned out to have a significant impact on the growth of this non-formal economic sector. With flexible and light loans, the impact of the resulting empowerment becomes very pronounced, as indicated by the proliferation of small businesses in the community around the cooperative environment. For people who have difficulty in product marketing activities, this cooperative also provides marketing assistance through a network of *majlis ta'lim* spread throughout the Sukabumi Regency.

This cooperative also enforces the whitening of loan repayment obligations for the community if necessary. However, the granting of this facility must go through a number of procedures. The first procedure is field observation of creditors. If the creditor's economic condition is deemed impossible to make repayments due to bankruptcy or disaster, the cooperative may decide to extend the repayment period or release the creditor from the loan. This decision is taken collectively through a member meeting.

In addition to providing capital loans, this cooperative also provides educational assistance to the underprivileged and free education for those who memorize the Qur'an. The amount of assistance provided in this program is 1,500,000 Rupiah per month for each foster child. This educational assistance is specifically aimed at empowering orphans and the poor. The benefits of this education funding have been felt by 128 foster children

TABLE 1: SWOT Analysis.

IFAS EFAS	Strengths	Weaknesses
	Adequate cooperative capital. Very strategic location. Services with flexible values. The loan offered is not charged with loan interest.	Management ability is not optimal. Managers depend on certain figures. Capital that depends on members' savings minimizes growth potential. Cooperative operational time is very short.
Opportunities	SO-Strategies	WO-Strategies
Many people are interested in becoming members of the cooperative. Many people need an interest-free loan system. Members feel benefited by transacting in cooperatives. Good service encourages people to become members.	Improving the quality of service to the community, both members and non-members. Provide incentives for outstanding members to attract public interest in becoming members.	Provide management training as a regeneration effort. Increase the operational hours of the cooperative to increase the quantity and quality of services.
Threats	ST-Strategies	WT-Strategies
There is competition with other cooperatives that have more business fields. Negative perception of cooperatives as institutions that are difficult to develop. Limits on the amount and time of minimum loan repayments.	Socializing the cooperative movement to the community. Increase the loan amount and extend the payback period.	Holding a number of soft skill and hard skill trainings for cooperative management. Collaborating with bank and non-bank financial institutions to increase credibility and accountability.

at the elementary school (SD) and junior high school (SMP) education levels. Meanwhile, for those who have memorized the Qur'an, this cooperative has established a *tahfidz* (Qur'an memorizer) house for children who are interested in deepening their religious knowledge. This program was attended by 40 children who were under the supervision of 2 *ustadz* (teacher). All financing in this program is borne by the cooperative.

In order to strengthen its financial structure, the cooperative has also established a buying and selling unit. The various programs in this unit can be accessed by both members and non-member communities. The difference is that member buyers will receive subsidies and financing facilitation in the form of installments, while non-members must pay in cash. In order to increase the profitability and capacity of the resulting empowerment, this cooperative opens up opportunities for the community to become agents of product marketing in order to attract potential consumers in a wider scope.

Apart from a number of achievements that have been realized, this cooperative faces a number of difficulties that should be noted. With a loan program policy that is too flexible, this cooperative has a high risk of default. This weakness was identified based on the financial statements in 2020, where 15.9% of the total loans disbursed with

a nominal receivable of 124,269,500 Rupiah were not settled by creditors. Another weakness is the dependence on one person as the head of the cooperative. Since its establishment, the management of the cooperative has not changed. This condition poses a risk of decreased performance and dependence on the long term. Therefore, a strong management regeneration is needed to overcome this weakness. Regarding the use of technology, the cooperative management still uses an analog system, where the recording is done manually which is still very prone to errors. Based on these findings, the research team then conducted an internal and external analysis through mapping of cooperative operations using a SWOT matrix, which was also complemented by IFAS and EFAS analysis to provide strategic recommendations to the management. The SWOT matrix is as shown in Table 1.

From the SWOT analysis as shown in Table 1, this study recommends four cooperative development strategies, including:

1. S-O Strategy

Optimizing service quality for both members and non-members, and providing incentives for outstanding members to attract public interest.

2. W-O Strategy

Conduct management training as an effort to regenerate and extend cooperative operating hours as an optimization of the quantity and quality of services.

3. S-T Strategy

Socializing the cooperative movement to the community, increasing the loan nominal for reputable creditors and flexibility in the repayment period.

4. W-T Strategy

Initiate training activities in soft and hard skills aspects for cooperative management, and establish cooperation with bank and non-bank financial institutions to increase credibility and accountability.

4. Conclusion

Based on the results of the research activities, several research conclusions were generated, namely as follows:

1. Social entrepreneurship run by mosque cooperatives is centered on strengthening the interest-free capital system, so it is hoped that through this capital system,

community creativity and innovation in the economic sector can develop and become a sector that is able to support people's lives independently.

2. The concept of social entrepreneurship run by mosque-based cooperatives is carried out by emphasizing the provision of interest-free capital loans for business actors in the non-formal sector, taking an active role in the marketing process as strengthening the profitability of community businesses, and initiating educational financing programs for the poor.

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