

# KAMPONG COOPERATIVES DEVELOPMENT AND SUSTAINABILITY FROM MIZAN PRINCIPLES: A CASE STUDY AT NEGERI SEMBILAN

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## ABSTRACT

*The world's co-operative movement shows that co-operative continue to grow across the globe. In the Malaysian context, neo-endogenous development model has been a focus of many studies on future rural development policies for the 21st century wherein the supporting role of cooperatives may be acknowledged especially in terms of enhancing local capacity and establishing internal and external network. In Malaysia, transformative rural development embodying the characteristics of neo-endogenous development model is embedded in several policies such as the Government Transformation Plan, Economic Transformation Plan and Rural Transformation Plan. However, the role of cooperatives in supporting neo-endogenous model through Sustainable Rural Development (SRD) is constrained by the limited involvement of households as cooperative members. Exploration into the potential of cooperative entrepreneurship is not an aberration. Throughout the world, thousands of cooperatives producing goods and services for the market and also providing social condition and job opportunities. Realizing the advantages of cooperative for community development especially in the village or kampong, this research seeks to understand the kampong cooperatives development and sustainability from the mizan principles. The word mizan in Arabic comes from the word wazana means balance and consistency, scales or measurement of an object. On the other view, mizan is a tool that shows the value of the scales or measurement of a thing measured or weighed. Mizan principles are al-ubudiyah, as-syura, al-hurriyah and al-musawah. Those principles are important as guidelines in the process of kampong cooperative development and sustainability. Utilizing upon a qualitative research, a case study of three kampong cooperatives in Negeri Sembilan have been explored. Focus group interviews were conducted with the cooperative members, kampong development and security committee members (JKKK) and the villagers. It is found that all of four mizan principles have been utilized without realizing the importance of those principles due to knowledge lacking. The study also found that there are several issues that need to be addressed.*

**Keywords:** Cooperative; Kampong Development; Mizan; Kampong (village) Sustainability;

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## INTRODUCTION

The social economy constitutes a broad range of activities which have the potential to provide opportunities for local people and communities to engage in all stages of the process of local economic regeneration and job creation, from the identification of basic needs to the operationalisation of initiatives. The sector covers the economic potential and activities of the self-help and co-operative movements, i.e. initiatives which aim to satisfy social and economic needs of local communities and their members. This sector includes co-operatives; self-help projects; credit unions; housing associations; partnerships; community enterprises and businesses. The social economy is the fastest growing sector in Europe and this context is fertile ground for the creation of many new enterprises locally (Molloy et al. 1999).

Socio-economic development is also related to the cooperatives movement since the struggle of cooperative movement is to develop values focused on human needs within a competitive capitalist system. The International Co-operative Alliance was founded and held its first congress in Manchester in 1896. Today, the Co-operative Principles are successfully applied throughout the world to a vast array of co-operative enterprises, farming cooperatives, fishing cooperatives, credit unions, retail co-operatives, manufacturing co-operatives, even cooperatives providing internet access services (SOEMCO, 2016). Throughout the world, thousands of cooperatives produce goods and service for the market and provide social condition and work opportunities. Realizing the advantages of cooperative for a community development especially in *kampong*, this research seeks to understand the *kampong* cooperatives development and sustainability from the *mizan* principles.

The word *mizan* in Arabic comes from the word *wazana*. In the Maqayis al-Lughah dictionary, the word *wazana* means balance and consistency (Ibn al-Faris, 1979). While the book of al-Mufradat al-Alfaz al-Quran quotes the word *al-waznu* means scales or measurement of an object. In addition, the word *al-waznu* is also understood as a fair scales or measurement (al-Asfhani, 2009). In short, the word *mizan*, *wazana* or *al-waznu* means the scales or measurement done fairly without any addition or reduction. Whilst on the other view, *mizan* is a tool that shows the value of the scales or measurement of a thing measured or weighed (Zainuddin, 2017).

Pertaining to this, four principles of *mizan* will be the main guidelines for conducting the research. They are *al-ubudiyah*, *al-syura*, *al-hurriyah* and *al-musawah*. *Al-ubudiyah* principle emphasizes the true nature of self-service to Allah SWT. Hence, all activities carried out within an organization (in this case is the *kampong*) should be based on the devotion to Allah SWT. Islam also encourages *al-syura* practice in the decision-making process. This is because the quality of the results is better than the result of the discussion and involvement of the *syura* members. The importance of this practice is emphasized in the Quran (*Surah al-Syuraa*, 42:38) and is the practice of the Prophet Muhammad and his companions. The Quran explains that *syura* practice is among the characteristics of the believer and the pleasure of Allah SWT.

*Al-hurriyah* principle proves that Islam recognizes human freedom in all fields including freedom of thought, opinion, seeking and possessing a lawful property. In terms of management, it leads to the authorization of individual freedom in the organization in carrying out his/her duties such as giving an idea or opinion. It entails the right to carry out *amar ma'ruf nahi mungkar* or reminding of doing good things and leaving things forbidden. *Al-Musawah* or equality is among the principles of management in Islam that every person in an organization should be accepted and treated equally by law or regulation. Everybody should also be given equal rights, opportunities and facilities. Even workers or employers are placed in the same status and what distinguishes them is their piety to Allah SWT. The Quran (*Surah al-Hujurat 49:13*) explains that the equality of rights and services on everyone under the *syar'ie* law without discrimination. In this view, *mizan* is a tool that shows the value of the scales or measurement of a thing measured or weighed. *Mizan* principles are *al-ubudiyah*, *al-syura*, *al-hurriyah* and *al-musawah*. Those principles are important as guidelines for the process of *kampong* cooperative development and sustainability that have been utilized in this research.

The *mizan* principles can contribute toward cooperative development and sustainability because majority of the cooperatives in Malaysia are established to enhance the Bumiputras (the Malays, who are Muslims). The development and sustainability of these cooperatives can be enhanced through their own culture and religious beliefs and principles. The four principles of *mizan* are not alien to the members of the cooperatives in Malaysia and are in line with spirit of conventional cooperative principles especially *as-syura*, *al-hurriyah* and *al-musawah*.

### **Research Questions**

Socio-economic development is a complex phenomenon that could be understood from many perspectives. In doing so, this research attempts to understand the *kampong* cooperatives development and sustainability from the *mizan* principles. The following central research question encapsulates the focus of this study:

***How do kampong cooperatives practicing the mizan principles in their organization in ensuring the development and sustainability of the cooperatives?***

For the purpose of answering that central research question, three sub-questions are developed as follows:

**Sub-question 1:** How are the level of social entrepreneurship awareness in the *kampong* cooperatives?

**Sub-question 2:** What are the elements of *mizan* principles being practiced by the *kampong* cooperatives in ensuring the development and sustainability of the cooperatives?

**Sub-question 3:** What are the sustainability actions undertaken by the *kampong* cooperatives?

## LITERATURE REVIEW

### *Kampong Development*

One of the village culture is referred to cooperation among the villagers. Activities such as *gotong-royong* can strengthen the relationship of the villagers which is known as customs and culture of the *Malays* and also a major factor of a village development (CR, M., MZ, & Lyndon, 2016). In order to ensure that villagers can be together in the modernization of the country, the development of the village should not be taken lightly. Various aspects need to be considered in the pursuit of this objective.

There are several methods that can be proposed to assist the development of a village to continue to be competitive, including heritage conservation, knowledge transfers and economic enrichment. Heritage and culture preservation for example can be carried out by conducting periodic activities that are aimed to encourage practice among villagers and can be done in the economic point of view. Economic improvement can be seen in terms of the use of village resources. It also refers to optimizing the use of all existing natural asset resources, for instance, encouraging villagers to cultivate abandoned land to generate agricultural product (M. Balwi, 2005), to market the village products and also encourage entrepreneurship activities among villagers especially the younger generation. Lusetyowati (2015) found that the preservation of culture and heritage can be done through cultural heritage tourism. In their study in Palembang, culture heritage tourism may protect the heritage and creates jobs and offers business opportunities, besides strengthens local economy. However, Ahmad (2013) found that “typically Asian” is the factor in (rural) heritage landscapes in Malaysia was understand as places of many inconveniences and relative poverty (compared to urban areas) and that they are not aware of “values” in the practices, beliefs of their everyday landscapes. Since the potential of growth is still limited because the village mainly focus in their material outcomes such as arts and crafts Ahmad (2013). Therefore, the potential of cultural heritage tourism could be suggested need to be explored in Malaysian context.

### *Cooperative*

In Malaysia, several agencies have been established to assist cooperative growth and development, such as Malaysia Cooperative Societies Commission (MCSC), the National Cooperative Organization of Malaysia (NCOM) and the Co-operative College of Malaysia (CCM). In general, those agencies are to strengthen the business activities and management of the cooperative in Malaysia through providing variety of assistance programs and workshops. Therefore, in line with the National Co-operative Policy (DKN), the development of the cooperative can produce many entrepreneurs in order to develop the socio-economic growth. In 1922, over the last 95 years, the existence of co-operative was to address the concern of the community from the perspective of the oppression of the middleman, indebtedness among civil

servants and small farmers. In the other word is to reduce the poverty among Malaysian society. Based on a summary of general statistics of the cooperatives, the movement of the country's cooperative has shown a drastically increased since it was introduced around 1922. By mid of 2017, the total number of co-operatives in Malaysia is 13,648 with a total support of 6,733,788 members and the overall turnover of business activities was valued at RM24,359,703,782 (Cooperative Commission of Malaysia, Interim Statistics, 2017). The cooperative functioning pattern continues to grow with a wide range of business sectors such as construction, transport, banking, services, agriculture, housing, consumer, and industrial. Referring to the Malaysia Cooperative Commission, Interim Statistics (2017), the strength of the cooperative movement is in the service sector, particularly in financial services. The largest revenue contribution was generated by 591 credit cooperatives and 2 from the banking cooperatives. This is followed by the product and consumer services sector. Co-operative membership engagement is widespread with professional group employees, statutory bodies, government and private staff, graduates, retired school students, fishermen, farmers, small businessmen and residents of the residential parks are also left behind to enjoy the benefits of operating. With this achievement, the cooperative movement has proven that cooperative development has become one of the important contributors to the stabilization of member's living standards, addressing the issues of local communities and the development of the country's economy. Providing a variety of cooperative function patterns in Malaysia, it has created many job opportunities and businesses as well as optimized the use of local resources. In other words, the operation has been able to harmonize the country by raising human capital and social capital.

### *Al-Mizan Concept*

Islam advises its adherers to always balance between their strife for worldly gains and hereafter successes. This concept is known as *al-mizan*, which literally means scale (Ibnu Manzhur, n.d.). It is expressed primarily in the Ar-Rahman chapter of the Quran, verses seven to nine, where the word *al-mizan* is mentioned thrice. Here, the word, as reported by multiple exegesis scholars, means justice. That is, the creation of the world is established on the concept of justice and balance, and that men have the obligation preserve justice (Al-Baghawi, 1993; Ibnu Kathir, 2009; Al-Maududi, 2016).

The *mizan* concept is also taught by the Prophet pbuh. In several narrations, he advised the companions to not neglect their worldly needs, and stated that an individual is responsible for God, his family, guests, and himself (Al-Bukhari, n.d.). These responsibilities indicate the necessity of a balanced life. One has to fulfil his obligations to worship God, satisfy his family needs, entertain his guests, and live a balanced, healthy life. Similar assertions were also made in other traditions, where the Prophet pbuh described the religion as vast, and that the act of worship is a marathon; one cannot be expected to perform every act of worship in Islam, lest he fatigue himself (Ibnu Hanbal, 1978). He must be kind to himself so as to prevent himself from being exhausted due to the injustice and imbalance that he imposed on himself.

*Mizan* is the manifestation of justice and balance in every aspects of life, ranging from economics, social, environmental, technological, and health, among others. In supporting of the cooperatives development and sustainability, the *mizan* concept takes into account the social, ecological, and economical implications and concerns. Such association is exemplified by numerous studies on *mizan* and environmental ethics and concerns (e.g. Mangunjaya, 2013; Sackor, 2015). For instance, *mizan* in health entails the justice of health practitioners in attending to patients, regardless of the latter's socioeconomic status. It also necessitates an individual to be just to oneself by avoiding harmful practices and practicing a balanced diet and social life (Mohd Rani, 2017).

### ***A Balanced Society through Cooperative Development***

Indeed, Islam highly values moderation and instructs its followers to be moderate in their conducts. In Islamic terms, this concept is known as *wasathiyyah*. *Wasathiyyah* relates to the human conduct, while *mizan* the relationship between men and the universe (Kamali, 2016). One may say that *mizan* is more abstract relative to *wasathiyyah*, as the former is closely linked to intangible values.

These two concepts should be viewed as complements instead of contraries. A balanced society, of which Muslims should aim to become, is comprised of both values. The absence of either in the Muslim society indicates that it has yet to become a balanced one. The convergence of both concepts is the primary requirement for the realization of a balanced Muslim society, which integrates both individualism and collectivism features (Musah, 2011). A balanced society is just in its dealings; it violates the rights of none, and it upholds its responsibilities as the Lord's servant.

The harmonization of traditional and modern values of society is the manifestation of *mizan* values in a balanced society. Urbanization brought upon changes into the society, where previously collective and communal societies transform into individualistic ones (Golany, 1995). Kipnis (2013) stated that modernization theory maintains that urbanization may give rise to individualism and cosmopolitanism. Preserving the traditional social values amidst modern advancements, therefore, is a concern.

Similarly, maintaining fair economic benefits and welfare is also part of *mizan*. Gaps in welfare and income should be minimized. Concentration of wealth and assets is highly discouraged in Islam, and any exceeds in income and assets should be cleansed via alms and other wealth distribution methods. Variations of profit-sharing contracts such as *mudharabah* and *muzara'ah* have also been designed and applied to aid both laborers and asset owners.

Socially, *mizan*-based societies uphold equality for all, regardless of gender, race, or status. Such equality is exemplified by the Prophet's pbuh companions, who came from various cultural and socioeconomic backgrounds. The rich and poor, men and women, slaves and

freemen, Arabs and non-Arabs stand toe-to-toe, each contributing to the *ummah* according to their capabilities. Importance is given to one's sincerity and actions for the religion, rather than physical attributes (Muslim, 1991).

### ***Mizan Principles in Socio-Economic Development of Cooperatives***

*Mizan* or balance is an important principle for human being to adhere themselves as a servant of Allah SWT and serves with a responsibility as a caliphate on this earth. The application of the *mizan* principle in the society educates humans to positioned the ultimate virtue of hereafter world ahead of the current world's priorities. Thus, in order to ensure the actualization of balanced in life, there are four important principles that must be comprehended for us to return to the essence of human creation; i.e *al-ubudiyyah*, *al-syura*, *al-hurriyah* and *al-musawah*. The explanation of each principle bring the whole meaning of how *mizan* and balance embed in human life and actions, in particular for cooperative development and sustainability.

#### ***i) Al-Ubudiyyah (Self-service to Allah SWT)***

The purpose of Allah SWT created man is to devote himself to Allah SWT and be the caliph who upholds the religion of Allah and prosper this world according to the rules of Allah SWT. This bring the meaning that all action in human life is an act of subservient towards Allah SWT. To accomplish this task, humans are obliged to live their lives in harmony with the will of Allah SWT (Aziz & Man, 2012).

This is what meant by the declarations of the Tauhid Ubudiyyah; a complete obedience to Allah SWT throughout life. The word Allah SWT in Surah al-Dzariyat, verse 56 which means "And I did not make jinn and men except to worship me". This verse affirms the word (*Ma* and *Illa*) ie *denying* and *istithna* '. Where it assigns a very strong intentions. The word *Ma* (no) denied any other duties. While the word *Illa* means to abandon others except one thing only that is worship to Allah SWT (Aziz & Man, 2012).

In Surah al-An'am, verse 162-163, Allah SWT ordered the Messenger of Allah to declare; "Say ye; "My prayer, my religion, my life and my death are because of the Lord God of the universe, no shirk for Him and so I am commanded and I am the first Muslim". This verse brings a clear command to the Prophet Muhammad SAW to declare the main principle in Islam, namely all actions in this worldly life both in specific worship such as prayer or general worship that covers all activities of human life; is just for the sake of Allah SWT alone.

Apart from human duty as a caliph on this earth, man must perform his duty to worship (devotion) in the broadest sense to Allah SWT. In order to make all such acts and acts a worship of Allah SWT, we must put forth the intention to do something right, that is to make the good deeds solely for Allah SWT (Borham, 2008). The Messenger of Allah (blessings and peace be upon him) from Sayyidina Umar ibn al-Khattab RA stated: "Indeed, practice is nothing except

with intentions and every one will get what is intended. Then whosoever (to) migrate to Allah and His Messenger, then his migration to Allah and His Messenger; and whoever (makes) his hijrah to benefit the world or to marry a woman, his migration is for what is transmitted” (from Bukhari and Muslim).

In the context of cooperative, *al-Ubudiyah* practice could be mirrored through religious duties being conducted in the cooperative activities. For examples are paying *zakat* dan giving *sadaqah* (charity donation) and using Islamic financing in business activities. Religious activities also could be a specific worship to Allah like *solat jamaah* (praying in group) and conducting religious programmes such as talk during special day (i.e. *Maulidur Rasul*).

#### **ii) Al-Syura (Consultation)**

Syura is a consultative council. According to Ibn Manzur, the use of syura is for ‘*Ikhtibar al-syayk li-ma’rifati halih*’ which is to test and analyze something to know the real thing (Ibn Manzur). Al-Habshi (1998) argues that syura is not just a meeting but also a place to present ones’ views based on their own expertise in determining a decision. In this case, managers are responsible for planning, formulating, coordinating and controlling all organizational journeys so that organizational objectives are achieved. Syura should be done according to the suitability of time and place. In the context of organization, meetings with people representing various units within an organization can be considered as syura that involves representatives of all members of the organization. Any major decision involving policy, law, and other interests shall be decided with the consent of the majority of the members of the syura. This is the culmination of syura implementation which is desired by syarak (Aziz & Man, 2012; Borham, 2008).

This is confirmed in Surah al-Syura, verse 38; when the Prophet (peace and blessings of Allah be upon him) was still in Makkah and practiced the principles of syura among the small Muslim community. The verdict in Surah al-Syura, verse 38; which means: “*and their affairs are decided in their own syura*”, clearly shown its significant in all affairs. In short, syura plays an important role as a place of decision, and produces justice and development based on religious demands. As an organization, *al-Syura* principle could be adopted by cooperatives through the implementation of frequent meetings and discussion before making any decision. The philosophy of the implementation of syura in the cooperative is to get the best decision as well as to create understanding (*tafahum*), openness (*tasamuh*), balance (*ta’awan*), justice (*‘adalah*) and love (*mahabbah*). These six things are closely intertwined in preserving the human needs (*daruriyyah*), thus spur the ability in forming a solid and brilliant organization (Aziz & Man, 2012).

#### **iii) Al-Hurriyyah (Freedom)**

Freedom or *al-hurriyyah* is very important in Islam, especially in making decision to determine the truth or falsehood. Among the words of Allah that can be attributed to *al-hurriyyah* is “There is no compulsion for (entering) religion (Islam); Verily, there is a clear path from the path

that goes astray” (QS Al Baqarah [2]: 256). Truth comes from your Lord; And whosoever will (believe) let him believe, and whoever wishes (disbelieve) let him disbelieve” (QS Al Kahfi [18]: 29). The highest freedom that must be understood and practiced is freedom from relying on other than Allah SWT. Fully submitting to Allah SWT is a mandatory requirement in the success of the *mizan* village concept. The success of every effort done is in the power of Allah SWT. In relation to Islamic economics, freedom is the most important because the validity of the sale or purchase in contract lies in the freedom to pursue or not the economic activity. In Islam, the freedom meant is the freedom which is framed with Tawhid understanding that is based on the law and the limits set by Allah SWT as outlined in the Quran (Rahmawaty, 2013). In the context of today’s reality, al-huriyyah or freedom guaranteed through a process of democracy based on knowledge and ethics is based on Islamic principles which coincide and in line with the implementation of the concept of justice (*‘adl*), equality (*musawah*) and *musyawarah* (*syura*) (Hasan, 2016).

Islam stretches freedom to individuals to own and manufacture goods and to free trade and to set prices. However, every member of society is fully responsible for what is done to achieve the well-being and happiness of life in the world and the hereafter, harmonious and balanced, in line with the needs and interests of the community. From the cooperative perspectives, this practice could be executed through providing freedom in sharing ideas among members. All members should be open-minded to ensure everyone can share their opinion and thoughts. One of the practice could be the selection of cooperative committee members that would be conducted during the annual general meeting (AGM). Members can freely choose members that he/she thought could be their representative of the cooperative.

#### *iv) Al-Musawah (Equality)*

Al-musawah or equality bring the meaning of equal level or status to all human being. For example, in the Islamic administration, there should not be any group that feel higher or more special than the other. However, important to note that not all equality is fair. Thus, the leadership should takes great responsibility in ensuring that equality in its administration also conforms to the principle of justice. Therefore, the leadership must be trustworthy, possessing trustworthy attitudes and behaviors, honesty and fairness (Aziz, 2015). In socio-community well-being, it is important to enhance on the concept of equality that every human being in principle is the same as the servant of God who is not restricted by race and nation. The difference in human dignity lies in the level of faith in obeying Allah S.W.T. Hence, the rights of an individual should be granted according to the requirements of the Shari’a. Thus the implementation of equality in the organization or business is aimed at equality in terms of opportunities and facilities provided as well as the division of tasks by taking into account the aspects of charity and humanity as asserted by Allah S.W.T.

This principle has a very strong foundation which is outlined in the Quran, in Surah al-Hujurat 49:13 which means “*O mankind! We have created you from men and women, and We have*

*made you nations and tribes, so that you may know (and speak with one another). Surely your noble beings in the sight of Allah is the one who is more taqwa among you, (not of the offspring or of his people). Verily, Allah is All-Knowing, on everything*". This verse verifies that there is no difference between men except those who are devout to Allah SWT, not because of their offspring or their nation. In the context of cooperatives, equality (*al-musawah*) could be done through fair nomination and election of cooperative committee members. Every members should get an equal opportunity to become the committee member. Once a member is selected as a leader, he/she should portray a fair and trustworthy leadership.

From the above discussion of the *mizan* principles, the socio-economic development and sustainability especially in the context of the *kampong* cooperatives should take into account the principle of *mizan* as outlined (i.e. *al-ubudiyyah* (self-devotion to Allah), *al-syura* (discussion), *al-hurriyah* (freedom) and *al-musawah* (equality)). These four principles are crucial in ensuring the value of justice and balance will be achieved through balanced *mizan* management of socio-economic development in the village or also known as *kampong*.

## **METHODOLOGY**

This study employed a qualitative research whereby observation on the cooperative activities at the *kampong* as well as in-depth interview were adopted. For the primary data collection, this research utilised purposive sampling in gaining data through in-depth interview from selected groups. They were, 1- committee members of *kampong* development and security (*Jawatankuasa Kemajuan dan Keselamatan Kampong*), 2- Board of Directors (*Ahli Lembaga Koperasi*) or the committee members of existing *kampong* cooperatives, 3- business operators in *kampong*, and 4-youths of *kampong*. These groups are important and suitable for the interview since they are responsible for the socio-economic development of the *kampong* as well as for the cooperative. For the secondary data, researchers have referred to the data and policy provided by the Economic Planning Unit (EPU) of Negeri Sembilan and the Rural Development Ministry. The secondary data is pertinent in supporting the data provided by the primary sources. The interview protocol is attached in the Appendix section. The selected *kampong* profiles also will be briefly described in the study.

For the first stage, focus group interview were conducted at a selected *kampong* in Seremban district, Negeri Sembilan to gain in-depth case study (Yin, 1994). In terms of *kampong* selection, researchers selected *kampong* from the following criteria:-

- 1- Located less than 30km from the nearby town (Bandar Baru Nilai, Negeri Sembilan)
- 2- *Kampong* population – 200-300 villagers
- 3- Available and agree for research collaboration
- 4- Already established a cooperative – to revise their business operations

From the first stage interview, researchers then conducted a second stage focus group activity whereby a Social Business Model Canvas (<http://www.socialbusinessmodelcanvas.com/>) workshop session were conducted to coach the villagers in identifying the unique resources that could be transformed into social business activities. Following that, a second workshop will be organized for the social business strategic planning.

For the current study, the researcher followed Yin's (2011) description of qualitative analysis five-phased cycle to analyse the data. The process were; (1) compiling, (2) disassembling, (3) reassembling (and arraying), (4) interpreting, and (5) concluding. Thematic analysis was used in identifying the *mizan* principles utilised in the kampong cooperatives development (Table 1).

## **FINDINGS & DISCUSSION**

This section will provide descriptions of each *kampong* cooperatives that have been interviewed which were Cooperative of Kg. Jimah Bharu, Cooperative of Kg. Pelegong and Cooperative of Kg. Rawa. Informations were gained from the Board of Directors (*Anggota Lembaga Koperasi*) or the committee members of the three *kampong* cooperatives. Following that, using the thematic analysis from the *mizan* principles, a comparison among the three cooperatives will be discussed.

### ***Cooperative of Kampung Jimah Bharu***

Kampung Jimah Bharu is located at the border of Mukim Jimah in Port Dickson District with Mukim Labu in Seremban District (about 18km from Seremban, Negeri Sembilan). Opened in 1960 under the land development plan known as the State Land Plan (Rancangan Tanah Negeri), the main economic activity is rubber. Nevertheless, the villagers (around 200 people) also expanded their economic activity such as fish pond, farming, planting and small businesses. This kampung has founded their cooperative since the kampung's establishment in early 1960. In the early establishment of Kampung Jimah Bharu cooperatives, the main purpose of having a cooperative is to help the members with their household expenditures such as getting their groceries in advance by selling the rubber later on. Next, they expanded the cooperative business by offering business outlets and also credit loans to members. However, the cooperative have suffered losses and credit can't be continued until now. However, they still offer assistance for members who are doing small business by getting them small loans and business grants.

### ***Cooperative of Kampung Pelegong***

Kampung Pelegong is located about 15km from Seremban. The main economic activity of Kampung Pelegong is through a tourism-based homestay. The establishment of cooperative of Pelegong Homestay is to increase the income sources in this cottage industry. The activities of this cooperative including cultural and traditional activities, jungle tracking, river tracking and

others. In addition, this homestay cooperative is a homestay registered under the Malaysian Tourism Ministry. Pelegong Homestay is one of the oldest homestay in Negeri Sembilan as well as in Malaysia. The homestay was established in 1996 and the homestay cooperative was established in 2007. The main purpose of the Pelegong Homestay Cooperative establishment is to assist the members of the cooperative and the villagers. In the early stage, 25 houses were participated, however the number has decreased to 10. This is due to the the decrement number of participants since they are old and not capable to handle tourist coming to their homestay.

### ***Cooperative of Homestay Kampung Rawa***

Kampung Rawa is located about 22km from Seremban. It is a traditional kampung and main economic activities are farming and agriculture. The Homestay of Kampung Rawa was established in May 2012 after obtaining a license from the Ministry of Tourism Malaysia. Later in July 2014, the Cooperative of Homestay Kampung Rawa was founded and has received the national award as “COOPSTAY” by ANGKASA in September 2016. Now, the cooperative homestay is in the process of getting an accreditation of “Asian Standard Homestay Operator.” There are six main activities in Cooperative of Homestay Kampung Rawa namely equestrian, edu-tourism, health, recreation, agro-tourism and spa. The cooperative have been actively organizing homestay activities for tourist from both local and international.

### ***Comparative analysis***

Based on the research question developed for this research which is, “***How do kampong cooperatives practicing the mizan principles in their organization in ensuring the development and sustainability of the cooperatives?***”, the following table 1 is presented. The themes developed were based on Yin’s interpreting process which may be considered the craft of giving your own meaning to your reassembled data and data arrays (Yin, 2011, p. 207). The interpreting is not to only representing data into a specific table, yet, to develop a comprehensive interpretation through main themes as the basis for understanding the entire study.

**Table 1:** Findings of *Mizan* Themes for Three Kampongs

No	Theme	Kg. Pelegong	Kg. Rawa	Kg. Jimah Bharu
1	<i>Al-ubudiyah</i>	<ol style="list-style-type: none"> <li>1. Conduct religious programs/activities (masjid)</li> <li>2. Pay zakat</li> <li>3. Contributions to the society/ villagers</li> <li>4. No waqaf</li> <li>5. Community services</li> <li>6. Using Islamic banking</li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct religious activities (masjid)</li> <li>2. No zakat</li> <li>3. Using Islamic banking</li> <li>4. No donation/ no waqaf</li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct religious activities (masjid)</li> <li>2. No zakat</li> <li>3. Contributions for society</li> <li>4. Using conventional banking</li> </ol>

No	Theme	Kg. Pelegong	Kg. Rawa	Kg. Jimah Bharu
2	<i>As-syura</i>	1. Conduct meetings/ discussion prior to any activities 2. Cooperative meeting	1. Conduct meetings/ discussion	1. Conduct meetings
3	<i>Al-hurriyyah</i>	1. Reprimanding 2. Freedom to speak	1. Open discussion	1. Freely expressing opinions 2. Open selection for cooperative board of director
4	<i>Al-musawwah</i>	1. Open elections 2. Equality 3. Fund for welfare/ charity	1. No election for board member of the cooperative 2. Open selection 3. Equal opportunity to become a committee member	1. Open election 2. Cooperation among committee members
5	Understanding on Social Enterprise	1. Did not has a clear understanding	1. Believe that they have conducted social enterprise activities	1. Believe that they have conducted social enterprise business activities

From the above Table 1, overall, some of the practices were in accordance of the *mizan* principles. For example, the *as-syura* principle was executed through frequent meetings conducted especially when certain decision needs to be taken. For the *al-hurriyyah* principle, most cooperatives also mentioned that they were freely given opportunity to speak their mind. In terms of *al-musawwah*, the cooperatives practiced an open election for the committee members selection. In other words, members were given equal opportunity to become a committee member. However, for the *al-ubudiyah* principle, it has been found that knowledge lacking (i.e. using Islamic banking) as a reason of not managing the cooperative in shariah compliant. They also have little knowledge of social enterprise but believe that they have conducted social enterprise business activities. As this research was to understand how kampung cooperative utilizing the *mizan* principles in managing the cooperative sustainability and development, it is found that all four principles have been utilized without realizing the importance of those principles due to knowledge lacking. In addition, from the focus groups' emerging themes and workshops, the study found that there are several issues that need to be addressed. First is regarding the sustainability of kampung cooperatives existence, second is on the readiness on kampung cooperative towards business development and third is on the understanding of Islamic practice in cooperative management.

## CONCLUSION

Based on the findings from this research, as mentioned earlier, the application of the *mizan* principle in the society educates humans to position the ultimate virtue of hereafter world ahead of the current world's priorities. The *mizan* principles can contribute toward cooperative development and sustainability because majority of the cooperatives in Malaysia are established to enhance the Bumiputras (the Malays, who are Muslims). The development and sustainability of these cooperatives can be enhanced through their own culture and religious beliefs and principles. The four principles of *mizan* are not alien to the members of the cooperatives in Malaysia (although not defined as *al-ubudiyyah*, *as-syura*, *al-hurriyah* and *al-musawwah*) and are in line with spirit of conventional cooperative principles especially *as-syura*, *al-hurriyah* and *al-musawwah*. On the other hand, those *kampongs* were left behind with abundant resources that were not fully utilized. This was due to migration of the young generation to nearby cities and also lacking of expertise in the cooperative governance. For the practical contribution, this study will assist the Economic Planning Unit of Negeri Sembilan State and relevant agencies especially the Malaysian Cooperative Commission in stimulating the development and sustainability of cooperatives and encourage the participation of *kampung* communities in the socio-economic development.

## ACKNOWLEDGMENT

This research has been granted with a research grant from Bank Rakyat Malaysia. This research is part of the Kampung Mizan research group based at Mizan Research Centre, Universiti Sains Islam Malaysia (USIM).

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## **Appendix 1 – Focus Group Interview Protocol**

\*Questions were developed in Malay language to suit the context of the research.

*TOPIK 1: Pengetahuan tentang Koperasi (keusahawanan sosial)*

1. *Bila ditubuhkan koperasi?*
2. *Apakah aktiviti yang dijalankan?*
3. *Apakah yang koperasi yang laksanakan untuk membantu masyarakat?*
4. *Adakah koperasi kampung menawarkan produk/servis yang diperlukan oleh anggota/pelanggan?*
5. *Apakah yang anda faham tentang keusahawanan sosial?*

*TOPIK 2: Al-Ubudiyyah (Pengabdian diri kepada Allah)*

1. *Apakah yang koperasi yang laksanakan untuk membantu masyarakat?*
2. *Adakah ahli melaksanakan solat Bersama-sama ketika program di jalankan?*
3. *Zakat perniagaan?*
4. *Adakah menggunakan perbankan islam?*
5. *Wakaf?*
6. *Sedekah?*

*TOPIK 3: Al-Syura (Perbincangan)*

1. *Apakah aktiviti yang dijalankan?*
2. *Adakah aktiviti yang akan dijalankan di mesyuaratkan terlebih dahulu?*
3. *Berapa bnyak kali mesyuarat diadakan?*

*TOPIK4: Al-Hurriyyah (Kebebasan)*

1. *Kebebasan memberi idea dan pandangan kepada Lembaga/anggota koperasi?*
2. *Kebebasan memberi teguran kepada anggota yang membuat kesalahan?*

*TOPIK 5: Al-Musawah (Kesamarataan)*

1. *Pemilihan Jawatan dan ALK di buat secara terbuka?*
2. *Adakah semua anggota diberi peluang perniagaan yang sama rata.*
3. *Adakah koperasi menawarkan tabung kebajikan?*
4. *-jika ada ..adakah ia dibahagikan seadilnya?*

*TOPIK 6: Cadangan dan Pandangan*

*Adakah anda mempunyai cadangan atau pandangan lain yang ingin diutarakan?*