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Article

Strategies for Islamic Financial Management at Educational Institution: Taskah Al-Fikh Orchard, Ayer Tawar, Penang, Malaysia

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ABSTRACT

This study to analyze the sharia financial management strategies applied at Taskah Al- Fikh Orchrad Ayer Tawar Penang Malaysia. Management in accordance with sharia principles is very important in every financial activity carried out by the institution. This study uses a qualitative approach with in-depth interviews with managers and analysis of relevant documents. The results of the study show that the strategies implemented include sharia based budget planning, zakat fund management, and strict transaction supervision. Overall, the management, and strict transaction supervision. Overall, the management of sharia law at Taskah Al- Fikh orchard has succeeded in maintaining smooth operations and compliance with sharia law, although there are still challenges faced and need to be improved.

Keywords: *Sharia Financial Management, Strategy, Zakat, Ayer Tawar , Malaysia*

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INTRODUCTION

Islamic financial management, based on Islamic principles, plays a crucial role in managing finances across various institutions, including banking, microfinance, investment, and financing activities. This system strictly avoids prohibited elements in Islam, such as *usury* (interest), *gharar* (uncertainty), and *masyir* (gambling). The concept of Islamicpreneurship has been deeply rooted in the teachings of Prophet Muhammad SAW, significantly influencing human economic activities, especially for Muslims. Therefore, understanding and practicing Islamicpreneurship, which involves leadership, business establishment, risk management, and ownership according to Islamic teachings, is essential. The implementation of these principles aims to create a financial system that is not only fair and ethical but also aligns with religious values. Today, Islamic finance is gaining increasing global recognition, attracting attention from both Muslim-majority and non-Muslim countries that see its potential, including Al-Fikh Orchard in Ayer Tawar, Penang, Malaysia (Wahid & Syakur, 2023) .

In the context of educational institutions, the implementation of Islamic financial management is increasingly important. Islamic educational institutions, such as The Book of Al-Fikh Orchard, are not only responsible for providing quality education but must also ensure that all financial operations and management align with sharia principles. Islamic financial management in educational institutions involves planning, organizing, directing, and controlling financial resources to achieve predetermined educational goals. This includes managing educational funds, making sharia-compliant investments, and ensuring a transparent and accountable budgeting system. The application of sharia principles in financial management can enhance public trust and attract stakeholders, ensuring that the institution operates ethically and responsibly.

Beyond financial stability, implementing Islamic financial management in educational institutions strengthens community trust and stakeholder confidence. By adopting a transparent system free from practices that contradict sharia principles, educational institutions can ensure operational sustainability while optimizing their social role. Therefore, studying Islamic financial management strategies in educational institutions is crucial to identifying challenges and formulating solutions that enhance the effectiveness and efficiency of sharia-based financial management.

The Book of Al-Fikh Orchard is an institution that prioritizes the implementation of sharia principles in financial management, aiming not only to generate profit but also to provide social benefits to the community. As an institution operating with Islamic values, it is responsible for ensuring that all transactions and operations comply with Islamic law, with the hope of making a positive impact on the surrounding society. Therefore, studying the financial management strategies applied at this institution is essential to understand the effectiveness of these principles in its operations. Taskah Al-Fikh Orchard must ensure that all aspects of its management, including financing, fund management, and investment, are conducted with transparency and high accountability. However, the institution faces various challenges, both internal and external, which may affect the smooth implementation of Islamic financial management. Thus, analyzing the strategies used by Taskah Al-Fikh Orchard and exploring the challenges it encounters is crucial, especially in the midst of rapid economic development (Nabila Juwita Putri, 2023) .

This study employs a qualitative approach to gain deeper insights into the financial management practices at Taskah Al-Fikh Orchard. Qualitative research, often referred to as a postpositivistic method due to its foundation in postpositive philosophy, is considered relatively new in terms of its growing popularity. Through in-depth interviews with institutional managers, customers, and Islamic finance experts, this study aims to provide a clearer understanding of the implementation of Islamic financial management strategies. The qualitative approach is deemed highly relevant, as it can reveal the social and economic dynamics influencing the application of sharia principles in microfinance institutions like The Book of Al-Fikh Orchard (Sugiyono, 1967) .

Taskah Al-Fikh Orchard implements Islamic financial management strategies to navigate market changes and external factors, such as economic fluctuations and competition with conventional financial institutions. Strategic management in Islamic finance goes beyond profit-making; it aims to create a significant social impact, including economic empowerment and improving the overall quality of life. This approach ensures that financial operations align with ethical and religious principles while fostering long-term sustainability in the institution’s management (Sa'baini & Amsari, 2023).

One of the main focuses of this study is to analyze how Taskah Al-Fikh Orchard manages its funds, including financing for customers, cash management, and investment. The institution must ensure that all transactions comply with sharia law, particularly in financing and investment, by avoiding elements of usury or speculation. Consequently, Taskah Al-Fikh Orchard must develop strategies that establish fair and transparent relationships with customers through profit-sharing principles. Unlike conventional financial systems, Islamic finance considers both financial returns and social impact, ensuring economic sustainability by supporting small and micro businesses in Ayer Tawar (Adim et al., 2023).

The implementation of sharia principles in financial management requires strict control to ensure that all transactions and operational activities comply with Islamic regulations. Institutions like Taskah Al-Fikh Orchard must establish transparent and effective supervisory systems for fund management and customer financing. External challenges, such as changing government regulations and economic instability, can also impact the institution’s operations. This study examines how the institution addresses these challenges and implements strategies to mitigate their negative effects, ensuring long-term sustainability (Sitompul, 2022)

One of the major challenges in Islamic financial management is the public’s limited understanding of its principles. Many people are unaware of the benefits and advantages of

Islamic financial products. To address this issue, Taskah Al-Fikh Orchard needs to enhance public awareness through education, seminars, and counseling about sharia-compliant financial products. Effective communication and promotional strategies are crucial for educating the community and attracting more potential customers. This study also explores the effectiveness of these strategies in increasing public interest and participation in Islamic financial products (Utami et al., 2023)

Taskah Al-Fikh Orchard strives to balance economic and social aspects in its financial management. The institution not only prioritizes financial profit but also focuses on empowering the local economy by providing accessible financing options for small and medium-sized businesses. This study examines the impact of these financing strategies on local economic growth and social welfare. Additionally, sustainability in Islamic financial management is essential, requiring a long-term perspective that considers the broader impact on society and the environment (Putri, 2023)

To achieve sustainability, Taskah Al-Fikh Orchard integrates long-term financial planning with ethical and social considerations. This study explores how sustainability principles are applied in the institution's financial management and how these efforts contribute to broader economic and social objectives. By ensuring that financial activities align with Islamic teachings, the institution can strengthen its role in promoting ethical financial practices while maintaining economic viability.

By identifying various strategies and challenges faced by Taskah Al-Fikh Orchard, this research contributes to the development of Islamic financial management practices in Malaysia and beyond. The findings provide valuable insights for other Islamic financial institutions on managing finances efficiently, transparently, and in accordance with Islamic principles. Furthermore, this study highlights the importance of ethical considerations in financial management and the role of Islamic finance in fostering economic and social development.

The primary objective of this study is to analyze and understand the financial management strategies implemented by Taskah Al-Fikh Orchard in Ayer Tawar, Penang. Specifically, it aims to identify and assess the institution's Islamic financial management strategies, examine the challenges faced in implementation, and propose solutions. Additionally, the study provides practical recommendations for other Islamic financial institutions to enhance their financial management practices while adhering to sharia principles. Ultimately, this research serves as a valuable guide for institutions seeking to improve their financial strategies in alignment with Islamic teachings.

METHOD

This study employs a qualitative research method with a case study approach to analyze the Islamic financial management strategies implemented at Taskah Al-Fikh Orchard in Ayer Tawar, Penang, Malaysia. The qualitative approach is chosen to gain a deeper understanding of the financial management practices within the institution, which cannot be fully captured through a quantitative method. By using a case study design, this research provides an in-depth examination of the specific financial strategies applied in this setting, focusing on the various factors that influence the implementation of sharia-based financial management.

A qualitative approach is particularly relevant for exploring the complexity and depth of experiences and perspectives of individuals involved in Islamic financial management. This method allows researchers to investigate various contextual factors that shape financial decision-making, including cultural values, social norms, and regulatory frameworks. Understanding these elements is crucial in assessing how Islamic financial principles are maintained and adhered to within the institution.

Furthermore, the case study design facilitates a detailed analysis of how these factors interact to shape financial practices within Taskah Al-Fikh Orchard. By examining real-life applications and challenges, this research provides valuable insights into the institution's financial strategies and the obstacles faced in ensuring compliance with sharia principles. The findings from this study can contribute to a broader understanding of effective Islamic financial management and offer practical recommendations for similar institutions seeking to uphold Islamic financial guidelines.

Respondents

This study involves three individuals who are directly engaged in financial management at Taskah Al-Fikh Orchard in Ayer Tawar. The respondents were selected using a purposive sampling technique to ensure that those chosen have relevant knowledge and experience in managing finances within the institution. The selected participants include the head of the school, a childcare staff member, and a teaching staff member. This method ensures that the study gathers comprehensive and meaningful insights into the implementation of sharia-based financial management practices.

In addition to their direct involvement in financial management, the selection of respondents also considers their experience and understanding of Islamic financial principles. Their insights are expected to provide a deeper understanding of the financial strategies employed, the challenges encountered, and the solutions implemented to sustain the Islamic financial system. By adopting this approach, the research aims to capture diverse perspectives and obtain accurate and relevant data that align with the study's objectives.

Instruments

This research primarily employs interviews as the main data collection method, as they offer flexibility in exploring various aspects of Islamic financial management. Interviews enable researchers to gather in-depth information and diverse perspectives from respondents, ensuring a comprehensive understanding of the subject. Additionally, this method allows researchers to identify emerging issues during the discussion, making it possible to adjust questions and refine the focus as needed.

To ensure the relevance and effectiveness of the interviews, the questions were carefully designed based on the research objectives and a thorough literature review. The structured questions focus on respondents' understanding of Islamic financial management, the challenges they encounter, and the key factors influencing the successful implementation of sharia principles within the institution. This approach ensures that the collected data is both detailed and meaningful, providing valuable insights for further analysis (Tampubolon, 2023)

Procedures

This study employs interviews as the primary data collection method, as they enable researchers to engage directly with respondents and explore Islamic financial management in depth. Unlike surveys or questionnaires, interviews allow for dynamic interactions, where researchers can ask follow-up questions, clarify responses, and gain nuanced insights into financial practices. This method is particularly useful for capturing detailed experiences and perspectives, ensuring a richer understanding of how sharia-compliant financial management is implemented within the institution. Additionally, interviews facilitate the identification of emerging issues, allowing researchers to refine their approach and adapt discussions as needed.

To ensure the relevance and effectiveness of the interviews, the questions were carefully developed based on the research objectives and a thorough literature review. The aim is to explore respondents' understanding of Islamic financial management, the challenges they encounter, and the key factors influencing the institution's successful implementation of sharia principles. By adopting this structured approach, the study ensures the collection of comprehensive data, providing valuable insights for further analysis.

Data analysis

The collected data from interviews and documentation were analyzed using a thematic analysis approach. The first step involved transcribing the interview results, which were then coded to identify key themes related to Islamic financial management at Taskah Al-Fikh Orchard Ayer Tawar. Once these themes were identified, the data were categorized into relevant groups, such as financial management strategies, challenges faced, and factors influencing the effectiveness of financial management. The analysis findings were then presented in a narrative format to highlight the key insights from the study (Nuraini Azdina, 2024).

Following data collection, the analysis process involved comparing interview results, documentation, and observations to identify significant patterns and relationships. Researchers also interpreted the institution's financial policies and strategies in accordance with sharia principles. To ensure the reliability of the findings, a triangulation approach was applied, cross-checking information from multiple sources. This technique helped enhance the accuracy of the study's results, providing a deeper understanding of the effectiveness of the Islamic financial strategies used.

Validity of data

To ensure the accuracy and credibility of the data obtained, this research applies the triangulation technique by combining various data sources, such as interviews, documentation, and direct observation. Additionally, researchers conduct member checking by requesting confirmation from respondents to verify that the initial findings accurately reflect their views and experiences. This step enhances the validity and reliability of the study's results by minimizing bias in the analysis. Furthermore, the research findings are compared with previous studies that share a similar focus to assess consistency and reinforce the validity of the study.

FINDINGS AND DISCUSSION

Management of Islamic Finance as Stipulated by Taskah Al-Fikh Orchard Ayer Tawar

Taskah Al-Fikh Orchard applies various strategies in managing Islamic finance to ensure compliance with sharia principles while maintaining financial sustainability. One of the key strategies is implementing financing without usury, meaning all transactions avoid interest-based systems and instead follow a profit-and-loss sharing mechanism. This ensures fairness and transparency in financial dealings while aligning with Islamic values. Additionally, investment decisions are carefully made, ensuring that funds are only allocated to sectors that comply with sharia principles, avoiding industries such as alcohol, gambling, or speculative markets. These strategies are fundamental to maintaining the institution's credibility and adherence to Islamic financial laws (Utami et al, 2023).

Another essential aspect of Taskah Al-Fikh Orchard's financial management is regular consultation with the Sharia Council. Every financial policy is reviewed and approved by the council to ensure full compliance with Islamic law, preventing any deviation from sharia guidelines. Furthermore, the institution actively manages zakat funds transparently to support underprivileged communities. This includes distributing zakat to those in need, funding community empowerment programs, and ensuring proper documentation of fund usage. By integrating these principles into its financial strategies, Taskah Al-Fikh Orchard demonstrates a commitment to both financial sustainability and social responsibility in line with Islamic finance ethics.

Challenges in Implementing Islamic Financial Management

Taskah Al-Fikh Orchard faces several challenges in implementing Islamic financial management, one of which is the lack of staff understanding regarding sharia principles. Some employees are not well-versed in Islamic financial regulations, leading to potential mismanagement of funds or errors in financial transactions. Without adequate knowledge, staff members may struggle to distinguish between permissible and non-permissible financial practices, which could jeopardize the institution's compliance with Islamic finance guidelines. Addressing this challenge requires structured training and capacity-building programs to enhance staff competency in sharia-compliant financial management.

Another major challenge is ensuring transparency and accountability in financial reporting. The preparation of financial reports that align with Islamic finance standards is still an area that requires improvement. Inaccurate or unclear financial documentation can undermine public trust in the institution and create challenges in regulatory compliance. Additionally, limited access to sharia-compliant financial products presents another hurdle, as certain financial services that adhere to Islamic principles may not be readily available. This limitation restricts the institution's flexibility in financial management, making it difficult to explore innovative funding and investment opportunities within the sharia framework (Nurhayati, 2022).

Factors Influencing the Success of Islamic Financial Management in Taskah Al-Fikh Orchard Ayer Tawar

The successful implementation of Islamic financial management in Taskah Al-Fikh Orchard is influenced by several key factors. One of the most crucial is strong management commitment. The leadership's dedication to upholding Islamic financial principles plays a significant role in ensuring compliance and setting the foundation for sustainable financial practices. When management fully supports sharia-compliant policies, it fosters a culture of adherence to ethical financial conduct. Additionally, support from the sharia board is critical in providing guidance and oversight to ensure all financial transactions align with Islamic regulations. The board's role includes monitoring financial activities, offering religious interpretations, and ensuring financial products remain within the boundaries of Islamic teachings (Zuraidah & Sulhan , 2015).

Government regulations also play a pivotal role in shaping the institution's financial management strategies. Malaysia's policies on Islamic finance significantly impact operational procedures, as institutions must comply with legal frameworks and regulatory standards set by the authorities. Furthermore, public awareness of Islamic finance is another influential factor. As more people become educated about the benefits and ethical considerations of Islamic finance, their trust and participation in sharia-compliant financial institutions increase. A well-informed community contributes to the long-term sustainability of Islamic financial institutions like Taskah Al-Fikh Orchard.

Recommendations for Improving Islamic Financial Management

To enhance the effectiveness of Islamic financial management, one of the key recommendations is to provide comprehensive training programs for staff. Increasing employees' understanding of Islamic financial principles through structured learning sessions will help mitigate errors and improve compliance with sharia regulations. Training can cover essential topics such as Islamic contracts, risk management in sharia finance, and ethical investment principles. By equipping staff with the necessary knowledge, the institution can ensure that financial operations remain aligned with Islamic guidelines (Setyorini & Violinda, 2021).

Another recommendation is to improve transparency in financial management by collaborating with sharia auditors. Establishing a standardized financial reporting system that adheres to sharia principles will enhance credibility and build public trust. Additionally, strengthening partnerships with other Islamic financial institutions can help expand access to sharia-compliant financial products and services. By working together with banks, investment firms, and other stakeholders in the Islamic finance sector, Taskah Al-Fikh Orchard can diversify its financial strategies and improve sustainability while maintaining strict adherence to Islamic principles.

Discussion

The study's overall findings indicate that Taskah Al-Fikh Orchard Ayer Tawar has successfully implemented Islamic financial management strategies despite encountering several challenges. The institution has demonstrated a strong commitment to ensuring compliance with sharia principles in all aspects of financial management. This commitment is evident in the implementation of an interest-free financing system and the institution’s focus on halal investments. However, there are still areas that require improvement, particularly in enhancing staff understanding of Islamic financial principles and addressing transparency issues in financial reporting. By overcoming these challenges, the institution can operate more effectively and maintain its credibility as a sharia-compliant entity.

Several key factors influence the success of Islamic financial management at Taskah Al-Fikh Orchard, including strong leadership, support from the sharia council, and the development of regulations that promote Islamic financial practices. Effective leadership ensures clear direction and guidance in financial decision-making, reinforcing the institution’s commitment to sharia principles. The sharia council plays a crucial role in providing oversight, ensuring that all financial transactions align with Islamic law. Additionally, evolving Islamic finance regulations in Malaysia provide a supportive framework for institutions like Taskah Al-Fikh Orchard to operate efficiently. Furthermore, increasing public awareness of Islamic finance contributes to greater demand for sharia-compliant products and services, enhancing the institution’s growth and sustainability.

To address the existing challenges and improve the quality of Islamic financial management, several recommendations have been proposed. Expanding training programs for staff is a crucial step to enhance their understanding of Islamic financial principles, reducing the risk of errors and non-compliance. Additionally, collaborating with experienced auditors specializing in sharia standards can improve financial transparency and accountability. Strengthening partnerships with other Islamic financial institutions and consultants will provide access to a broader range of sharia-compliant financial products and expertise, further supporting the institution’s financial sustainability. By implementing these recommendations, Taskah Al-Fikh Orchard can enhance its financial efficiency and maintain its reputation as a well-managed Islamic institution.

Beyond internal strategies, it is also important to consider external factors such as government regulations and economic developments that influence Islamic financial management at Taskah Al-Fikh Orchard. Supportive government policies create opportunities for institutional growth, but economic fluctuations and competition with conventional financial institutions remain challenges that must be anticipated. To mitigate these risks, innovation in financial management strategies is necessary, including revenue diversification and optimizing the use of zakat and waqf funds. By adopting these strategies, Taskah Al-Fikh Orchard can maintain financial stability while increasing its social contributions to the surrounding community, reinforcing its role as a model institution in Islamic finance.

CONCLUSIONS

This study confirms that Islamic financial management is not only about ensuring compliance with Islamic principles but also about building a sustainable, transparent, and socially impactful system. The success of Islamic financial strategies depends on visionary leadership, supportive regulations, and improved Islamic financial literacy among institutional staff and the broader community. While challenges such as limited financial literacy, restricted access to sharia-compliant financial products, and the need for greater transparency persist, there are significant opportunities for growth. Strengthening internal control systems, collaborating with sharia auditors, and leveraging financial technology are strategic steps to enhance efficiency and accountability. Moreover, sustainability in Islamic finance requires continuous innovation and adaptability to global economic changes while remaining aligned with sharia principles. By reinforcing internal capacity, fostering strategic collaborations, and optimizing fund management for social welfare, Islamic finance can serve as a fair and inclusive economic system. Ultimately, institutions like Taskah Al-Fikh Orchard must continue to refine their financial management strategies to become exemplary models in implementing Islamic financial principles, thereby contributing to economic development and social justice.

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