The Resilience Concept of Islamic Entrepreneur and the Promoting of Islamic Financing Products to Credit Cooperative in Malaysia

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Abstract
Credit Cooperatives serve to stabilize the global economy and provide cash loans to low and middle-income people in Malaysia. Total numbers of credit cooperatives in Malaysia now are more than 588 of more than 10,087 registered cooperative with a total membership of more than 7 million people, who are eligible to receive a credit cooperative loan facility. The purpose of this research is to identify outstanding entrepreneurial attitudes possessed by members of the Board of excellent credit Cooperative to be the role model to other members of the Board of Cooperative since there are various obstacles in running the credit cooperative whether from the government policies or external competitions. The methods used in this study are a questionnaire method using instruments adapted from questionnaires Entrepreneurs “Perception of Success Inventory” (EPSI). Of 588 registered credit cooperatives, only 35 cooperatives managed to qualify in the category of best 100 cooperatives listed by the Cooperative Commission of Malaysia, with a total population is 350 credit Cooperative Board members. Variable tested was the phenomenon of credit cooperatives success as the dependent variable with nine dimensions as the independent variables. They are goal setting hardness and clarity, personality action and circumstances oriented, knowledge for planning, knowledge and management, motivation and Islamic financing product. Data were analysed using SPSS version 21, correlation analyses found were significant for seven variables that are goal setting clarity,
personality circumstances oriented, knowledge for planning, knowledge and management, motivation and Islamic financing product.

**Keywords:** 35 excellent credit cooperatives, Entrepreneurs' Perception of Success Inventory (EPSI), goal setting, personality, knowledge, motivation and Islamic financing.

1. **Introduction**

*The History of Cooperative Movement in Malaysia*

The awareness of cooperative is flourishing among the Islamic Malay community. This is in accordance to the words of Allah SWT:

\[
\text{وَتَعاَوَنُواَ عَلَىَ الْبِلَاءِ وَالْبِلَاءِ وَلَا تَعاَوَنُواَ عَلَىَ الْإِثْرِ وَالْعَدْوَانِ}
\]

“... And help each other in righteousness and piety, and help not one another in sin and transgression and remain fearing Allah, ...” (Al-Maidah: 2)

Hatta (1960) said, cooperative is intended as a method against capitalism and attempt to help lift people from poverty and destitution, and society is the basis of the economy of the people, and the ambition struggle against the occupation since the beginning of the 20th century. Zulkarnain Lubis (2007) mentioned that the basic cooperative principles were taken from Rochdale Cooperative Principles (*Rochdale Principles*) through the first cooperative formed by 28 labor looms in a factory in Rochdale, England in 1844. The 8 Rochdale Principles said that: (i) democratic control, (ii) open membership, (iii) limited interest on capital, (iv) the distribution of surplus in dividend to the members in proportion to the purchases, (v) trading strictly on cash basis, (vi) selling only pure and undelterated goods, (vii) providing for the education of the members in Cooperative principles as well as for mutual trading, (viii) political and religious neutrality. But the 8 Rochdale Principles has the similarities and differences with the principles embodied in Malaysia Cooperative Societies Act 1993 which outlines 7 principles: (i) open membership, (ii) democratic control by members, (iii) economic participation by members, (iv) autonomy and independence, (v) education training information, (vi) cooperation among cooperatives, and (vii) community conscious. Slight differences do not affect the main and prominent goal of the cooperatives movement.
2. The important of the study

According to Malaysian Cooperative Commission (2012) (Table 1), the total number of registered cooperatives in Malaysia is 10,087. Cooperative with the most members is the credit cooperative with 1.7 million members; the number is more than the members of Bank Rakyat. School cooperatives are uncountable, since the members are automatically come from the secondary schools’ students.

Table 1: General Statistic on the function of the cooperatives as at 31 December 2012

<table>
<thead>
<tr>
<th>NO.</th>
<th>FUNCTION</th>
<th>NO. OF COOPERATIVE</th>
<th>MEMBERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Banking</td>
<td>2</td>
<td>1,008,631</td>
</tr>
<tr>
<td>2</td>
<td>Credit</td>
<td>588</td>
<td>1,736,078</td>
</tr>
<tr>
<td>3</td>
<td>Agriculture – Adult</td>
<td>2,142</td>
<td>448,021</td>
</tr>
<tr>
<td>4</td>
<td>Agriculture – School</td>
<td>6</td>
<td>403</td>
</tr>
<tr>
<td>5</td>
<td>Housing</td>
<td>159</td>
<td>128,076</td>
</tr>
<tr>
<td>6</td>
<td>Industry</td>
<td>201</td>
<td>17,044</td>
</tr>
<tr>
<td>7</td>
<td>Consumer – Adult</td>
<td>2,172</td>
<td>573,029</td>
</tr>
<tr>
<td>8</td>
<td>Consumer – School</td>
<td>2,244</td>
<td>2,125,379</td>
</tr>
<tr>
<td>9</td>
<td>Construction</td>
<td>163</td>
<td>123,960</td>
</tr>
<tr>
<td>10</td>
<td>Transportation</td>
<td>435</td>
<td>147,479</td>
</tr>
<tr>
<td>11</td>
<td>Service</td>
<td>1,975</td>
<td>720,615</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>10,087</td>
<td>7,028,715</td>
</tr>
</tbody>
</table>

Source: Suruhanjaya Koperasi Malaysia, 2012

Even though, credit cooperatives have the most number of members but they are only represented by 558 registered credit cooperatives compare to the total number of registered cooperatives in Malaysia (10,087). From the total credit cooperatives (558), the category of big size credit cooperative has more than 1.2 million memberships (Table 2), that is 70.6%.

Table 2: General Statistic credit cooperatives according to cluster at 31 December 2012

<table>
<thead>
<tr>
<th>CLUSTER</th>
<th>NO OF COOPERATIVE</th>
<th>MEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big</td>
<td>56</td>
<td>1,174,413</td>
</tr>
<tr>
<td>Medium</td>
<td>85</td>
<td>344,794</td>
</tr>
<tr>
<td>Small</td>
<td>124</td>
<td>141,075</td>
</tr>
<tr>
<td>Micro</td>
<td>323</td>
<td>75,796</td>
</tr>
<tr>
<td>Total</td>
<td>588</td>
<td>1,736,078</td>
</tr>
</tbody>
</table>

Source: Suruhanjaya Koperasi Malaysia, 2012
Meanwhile source from the Public service commission of Malaysia (JPA, 2012) said that more than 1.2 millions government servants are using the service of credit cooperatives to get their personal loans. From these significant statistics on credit cooperatives, a study should has been done on the factors contributing to the success of the excellent credit cooperatives.

3. Problem statement

i) Though competition from companies that are not co-operative and other financial institutions perceived as a threat to the business of credit cooperatives such as Malaysian Building Society (MBSB)(2011), Coshare Company Holdings Berhad (2011), and Bank Rakyat Malaysia Berhad (Bank Rakyat)(2011). They can offer better term such as payment to customers (payout) is 100%, the customer may be able to get more cash from the net when they make loan from them, interest rate loans very low between 3.5% to 4.3% and a long repayment period of 25 years. This phenomenon enables credit cooperative to compete with these institutions in the market.

ii) Royal Malaysian Customs Department, Zaleha Hamzah (2013), said the newly Goods and Sales Tax (GST) launched by the Government is also imposed to the cooperative society. It involves 6% tax on cooperatives loan processing fees, 6% tax payable is additional the charge by ANGKASA when the current tax already between 0.6% to 2% . Moreover, the 6% GST is also imposed to cooperative membership monthly fees, which at least MYR 30.00 per month (Cooperative Act 1993). Therefore, Goods Sales Tax (GST) brings more financial burden to the members of the credit cooperatives and creates anxiousness among the public to make loan to the credit cooperatives since other financial institution do not charge the borrower with GST nor the membership fees.

iii) Implication

All the issues created great problem to the cooperative sectors such as unequal competition causing the cooperative products to be uncompetitive. GST tax on credit cooperative is a threat to people of lower and middle class income since the cooperatives main objective is to promote thrifty and saving. Future saving should not be burdened with tax. Furthermore, saving has its own obligation that is to pay yearly "zakat" and yearly tax by Inland Revenue (LHDN). The loan and saving scheme offered by the cooperatives are for the lower and middle income group to overcome the poverty in the society. Since financial institution do
not charge the borrower with GST nor the membership fees, this will cost the lost of sales opportunities to cooperative and the difficulties may trap the people into the loan sharks. When the income become less, consequently the cooperative still has to bear the burden of salaries and operational cost and bank repayment and the whole business of the cooperatives will fall.

4. Literature review

4.1 The Value of Entrepreneurship as Catalyst for Success

A study on global entrepreneurial activity found that level of national entrepreneurial activity is positively related to the level of economic growth (Reynolds, Bygrave, Camp and audio, 2000). Additionally, it is also found that the establishment of Small and Medium Enterprises (SMEs) and its growth is significantly associated with job opportunities, increasing productivity and innovation (Acs, 1999; Kuratko & Hodgetts, 1995; Reynolds & White, 1997). Mohd Khairuddin Hashim (2007) states that one of the reasons why SMEs is important because it represents the majority of business in many countries and in Malaysia, their significant contribution to the economy is through creating jobs opportunities, generating income, productivity of goods and services.

For reasons explained above, it is very important to study the success factors of credit cooperatives in Malaysia through entrepreneurial perspective to help understand what contributes to success and this can be further boosted to ensure the cooperative sector continues to grow rapidly to continue to drive country economic growth.

4.2 Muhammad S.A.W. as a Pioneer of Entrepreneur Model

Nor Adila (2011) states that entrepreneurial history of Islam started since Prophet Muhammad pbuh was at a very tender age. At that time, he worked as a shepherd. Then, he became a merchant and was appointed by Siti Khadijah as a managing director of her trading company. When he was at about 24 years old, Siti Khadijah’s trust on Muhammad increased when she found out that Muhammad pbuh had experience in the business since the age of 12 years. After the death of Abdul Muttalib, the Prophet’s grandfather, was reared by his uncle, Abu Talib (the father of `Ali), a well known and prominent corporate figure in the Arabian Peninsula. He has trained the Prophet in business (Abdul Sami `al-Misri, 1993) led him to Syria, Iraq and
other Middle Eastern countries (Haji Osman Khalid, 1996) to do business.

The Prophet's wisdom and know-how in matters relating to trade and commerce has led some of his uncles, comprising ignorance corporate leaders such as Abu Lahab, Abu Sufyan and other members of the board of directors of Bani Hashim family-owned company had met and decided to provide capital to the Prophet. When the offer was made, he refused to accept because the offer had exploitation motive and requested the Prophet Muhammad pbuh to acknowledge Latta and Uzza as God.

The refusal was done because the Prophet Muhammad pbuh did not want to be manipulated by the feudalis corporate for their personal gain. Unlike Siti Khadijah who gave him the freedom to manage the business without conditions. The Prophet Muhammad pbuh accepted the offer because of his nature as an honest and has humanitarian responsibility. Because of his honesty and humanitarian attitude that he finally became famous not only in Mecca and the Arabian Peninsula, but also at the international level as corporate leaders of al-Amin (the trustworthy).

The Prophet Muhammad pbuh’s name, descendant and personality had become well-known and had enabled him to get the title of 'al-Amin', the trustworthy. He possessed a very tranquil and pleasant character. Once he was appointed as a messenger, it was very easy for both, friends and foes, to accept and acknowledge the truth. Thus, this was the wisdom for the prophet Muhammad pbuh as a Prophet and leader (Abdul Sami 'al-Misri, 1993). Therefore, it is clear that the Islamic business management concept is based on the Islamic ethics such as 'al-Amin' or trustworthy since it really made the Prophet Muhammad pbuh as a famous and successful Muslim entrepreneur icon of today's world.

According to Buerah Pillar (2011), Islam encourages legitimate business because the business is the largest source of income compared with other sources of income such as a public servant or working with others. The Prophet Muhammad pbuh himself was a trader before he was appointed as a messenger. Similarly, many Prophet's Companions made business as their source of income and even became famous millionaires and helped finance the struggle for Islam such as Abdul Rahman bin Auf ra, Usman bin Affan ra, ra Siti Khadijah bint Khuwaylid and Umar al Khattab r.a. Because of its importance, Islam has put business efforts in a proper place of human life. This is stated in the Quran:
“And when the prayer has been concluded, disperse within the land and seek from the bounty of Allah, and remember Allah often that you may succeed.” (Al-Jumu’ah: 10)

Business activities are allowed during the pilgrimage season, while other activities are not allowed. This demonstrates the importance of such activities. The civilization and progress of a nation can be seen through the progress of its business. Business development will enable the country to achieve substantial progress and can give prosperity to its people. Meanwhile, in the context of the Islamic development, trade can be used to spread and develop (Mustafa, 1994). Ibn Khaldun in his book al-Muqaddimah states that the business world is wide and is the main cause of economic prosperity of a society. Business activities are also a source of cultural growth of a nation or a culture where the community will grow and develop in humans to meet and engage in activities that bring satisfaction (Ibn.Khaldun, 1995).

4.3 Islamic Entrepreneur Model

The forte of entrepreneurship in Islam is to have a complete and comprehensive model. Islamic entrepreneurship mode encourages business activities, providing facilities, outlines rules and guidelines as well as promising profits and reward now and in hereafter. Figure 1 shows the Islamic entrepreneurship model by Adnan Alias et al., (1992).

Figure 1: Islamic Entrepreneurship Model

Encouragement by Islam to involve in trading are mentioned several times in the Quran, such as in Surah Al-Baqarah: 198 and Al-Muzammil: 20, and some scholars such as al-Qaradawi linked it directly to business. Allah, the Almighty, has provided for man to do business and trade and has been clearly shown by Allah in the holy Quran. All these are signs of Allah, His mercy and His Pleasure towards business activities. Some of Allah's blessings are the sea as roads, boats for transportation, wind as power of direction and purpose, peaceful and conducive environment that encourages trade, season and protection. Islam also has set some rules and guidelines to ensure that the business can run properly and profitable for all parties. Adnan (1992) says, the regulation is divided into three, namely macro refers to the policy that benefit all parties and individuals refers to the characteristics of individual behavior such as honesty (Surah Al-An’am: 152):

5. Objectives of the study

5.1 General Objective

To identify the factors that influences the success of credit cooperatives in facing competitions and tribulations of business.

5.2 Definite Objectives

To ensure the General Objectives can be successfully achieved, the Definite Objectives below have been identified:

1. To identify a significant relationship between the independent variables with the phenomenon of success of credit cooperatives.

2. To identify a significant relationship between Islamic financing with the phenomenon of success of credit cooperatives.
6. Research questions

Based on the comments made on the problem and the purpose of the study, there are some questions that can be used as the basis of this study. The questions that arise are:

1. To what extent the existence of a significant relationship between the independent variables with the phenomenon of success of credit cooperatives.
2. To what extent the existence of a significant relationship between Islamic financing with the phenomenon of success of credit cooperatives.

7. Hypotheses

Ho1: No significant relation between independent variables with the phenomenon of success of credit cooperatives

Ho 2: No significant relation between Islamic financing with the phenomenon of success of credit cooperatives

8. Study framework

Based on Diagram 2, the study involved nine independent variables, there are goal setting hardness and clarity personality action oriented and condition oriented, knowledge for planning, leadership and management, motivation and Islamic product loan, while success for cooperative credit is a dependent variable.

Figure 2: Research framework

9. Research method

Research being done with the respondent from a total of 35 credit cooperatives which were awarded the winner of top 100 cooperatives in Malaysia for the year 2012 by Cooperatives Commission of Malaysia. Research has been done to identify the outstanding entrepreneurial attributes possessed by members of the Board of 35 outstanding credit Cooperative, to be an example to other members of the Board of Cooperative. Methods used in the study was the questionnaire survey using instruments adapted from the questionnaire "Entrepreneurs' Perception of Success Inventory" (EPSI) (Paige, 1999) and the original questionnaire was developed by Yurkiewicz (1996), Sun (2003), Valdez (2009) and Zahiruddin (2011) in Malay Language. Kamisan (2004) has developed question survey variables for Islamic financing in English and has been changed the language to Malay Language and has been reviewed by two senior lecturers in language from the University of Malaya, Malaysia. Questionnaire type is a multiple choice questions and Likert scale of 7. According to Table 3, the questionnaire is designed in two parts, A and B, which contains of 67 items. Part A contains 14 demographic items and Part B contains the factors that influence the success of cooperative credit (4 items for success; 9 items for goal setting, 8 items for personalities, 23 items for knowledge; 5 items for motivation and 4 items for Islamic financing product).

Table 3: Number of questionnaire

<table>
<thead>
<tr>
<th>No</th>
<th>Factor</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Demography</td>
<td>14</td>
</tr>
<tr>
<td>2.</td>
<td>Success Factor</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Goal Setting</td>
<td>9</td>
</tr>
<tr>
<td>4.</td>
<td>Personality</td>
<td>8</td>
</tr>
<tr>
<td>5.</td>
<td>Knowledge</td>
<td>23</td>
</tr>
<tr>
<td>6.</td>
<td>Motivation</td>
<td>5</td>
</tr>
<tr>
<td>7.</td>
<td>Islamic Financing</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>67</td>
</tr>
</tbody>
</table>

10. Data analysis: Correlation analysis

The correlation test is to identify the relationship between independent variables with the phenomenon of success among credit cooperatives. Table 9 shows the results of
correlation of the data.

Table 4: Correlation between success (dependent variables) and independent variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pearson Correlation</th>
<th>Sig. (1-tailed)</th>
<th>Hypotheses</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal Setting Clarity</td>
<td>.500</td>
<td>.000</td>
<td>Reject $Ho$</td>
<td>Medium</td>
</tr>
<tr>
<td>Condition-Oriented Personality</td>
<td>.302</td>
<td>.000</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Planning Knowledge</td>
<td>.282</td>
<td>.000</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Leadership Knowledge</td>
<td>.323</td>
<td>.000</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Management Knowledge</td>
<td>.321</td>
<td>.000</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Motivation</td>
<td>.139</td>
<td>.028</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Islamic Financing</td>
<td>.183</td>
<td>.006</td>
<td>Reject $Ho$</td>
<td>Weak</td>
</tr>
<tr>
<td>Goal Setting-Hardness</td>
<td>-.065</td>
<td>.188</td>
<td>Accept $Ho$</td>
<td>-</td>
</tr>
<tr>
<td>Action-Oriented Personality</td>
<td>.112</td>
<td>.061</td>
<td>Accept $Ho$</td>
<td>-</td>
</tr>
</tbody>
</table>

Test results showed variable correlation clarity of goal setting, personality-oriented, knowledge of planning, leadership and management, motivation and Islamic financing are connected with the phenomenon of success in credit cooperatives. Meanwhile, the difficulty of goal setting and action-oriented personality have no a significant bearing on the success of the phenomenon in credit cooperatives.

11. Hypothesis test
The null Hypotheses were rejected and draw the meaning of:

a. There is a significant relationship between the clarity of goal setting and the phenomenon of success of the credit cooperatives.

b. There is also a significant relationship between condition-oriented personality and the phenomenon of success of the credit cooperatives.

c. There is a significant relationship between planning knowledge, leadership and management and the phenomenon of success of the credit cooperatives.

d. There is a significant relationship between motivation and the phenomenon of success of the credit cooperatives.
e. There is a significant relationship between the Islamic financing product and the phenomenon of success of the credit cooperatives.

12. Discussion

The entrepreneurial spirit shown by a co-operator shows a significant relevance to the success of credit cooperatives. The spirit is to have a clear goal, a response to the personality, planning knowledge, leadership knowledge, management knowledge, motivation and a new variable is tested by researcher is credit cooperatives must have Islamic financing products. This is the prominent knowledge contributed by the researcher in this study.

The results show that credit cooperatives which provide Islamic financing products will experience a continuous success rate. This is in line with the opinion of Conroy (2002), Maghoul (2004) and Emanuel (2009). This finding also satisfies the credit cooperatives that meet the business according to Islamic compliance as Allah says in Surah Al-Baqarah : verse 278 -279. Similarly, the rights of Malaysians such as in Article 11 of the Constitution of Malaysia will be satisfied where the people are given the right to choose an Islamic financing products that are proven to have a significant relationship with the phenomenon of the success of credit cooperatives. Although the interpretation of McBurney (2001) says that the relevance rate is weak, but this interpretation carries two implications, first, Islamic financing products is newly introduced by credit cooperatives, and second all parties need to redouble efforts to promote Islamic finance products.

13. Recommendations

To Promote Islamic Financing Product

The offering of Islamic financing product shows a significant link to the phenomenon of success of credit cooperatives, but the conscious among the community to select the product is still unwavering. Credit cooperatives, banks and financial institutions take this advantage by offering both types of products, Islamic finance and conventional products based on usury or interest calculation. Customers are looking for products for which a loan approval is given faster except for a group of Muslim customers who are very loyal to the Islamic financing products. The non-Muslim customers will subscribe to Islamic products after having a long-term arrangement that will not be overwritten investment losses though the inflation will occur. This
is because the Islamic product profit rate is fixed and sealed *aqad* agreement for the total value of the contract and will not vary whatever the risk is.

However, Islamic financing contracts cannot be enforced in countries that secular constitution and often contract would accept defeat in a civil court trial. Shariah court in Malaysia has not provided the jurisdiction of Islamic Muamalat (economic), only to the extent of family affairs and Islamic Law of Inheritance. Khalid (2007) in the Kuala Lumpur High Court case of Bank Islam Malaysia Berhad (Plaintiff) with Tan Sri Khalid Ibrahim (Defendant), in which the Islamic Bank, among others, claiming debts of Islamic financing contract (BBA Facility Agreements) on the defendant. Defendant rejected the argument that the BBA Facility Agreements products offered by Islamic banks are not authorized to offer these products in accordance with the Islamic Banking Act 1983 and the BBA Facility is not in accordance with the teachings of Islam, with the Islamic Bank was violating the truth as the Islamic Banking Act 1983. The High Court rejected the Plaintiff claim and Justice Zawawi Salleh ordered the case to be referred to the Advisory Commission of Bank Negara Malaysia (the Shariah Advisory Council of Bank Negara Malaysia, SAC). Islamic financing contract cannot be enforceable in the civil courts in Malaysia, so there should be efforts to draft a contract that can be enforced in both the Civil and Syariah courts. Shirley (2006) stated that the main challenge is to draft a contract agreement with *Shari’a compliant* and at the same time ensuring that the contract should be enforced in secular court. Andreas (2008) in German secular stated that legislature should be enacted and not all parties are given the freedom to agree with the contract as they want. For the purpose of establishing Islamic Banking and enforcing the Islamic contract in German court, process analysis and identifying the products must be done carefully, then choose the appropriate secular legal clauses to conform to Islamic financing contracts. Draft contract manufacturing is very important to solve these *Shari’a compliant* problems, yet there are still many loopholes in Islamic financing contract agreement when the contract is tabled in Malaysian court.

Most financial institutions and credit cooperatives in Malaysia offer Islamic financing products, but not all the features are the same as each of them depends on the scholarly consultant in the financial institution called the Board of Syariah. Hanif (2008), states that the interpretation of Sharia Board is in accordance with their skills in four major sects of Islam fiqh (schools of thought); the Shafi sect, Hambali sect, Hanafi sect and Maliki sect. Thus, the composition of the Syariah Board should include scholars who are proficient in all four schools
of thoughts in the interpretation of Islamic products so that the output is agreed and accepted by all Muslims from all sects and localities. However, according to the study by The International Monetary Fund (IMF, 2007) noted that many scholars are invited as referral specialists to occupy the Syariah Board in a country as well as abroad, thus creating consistency in the interpretation of Islamic financing products even if issued by different financial institutions. Andreas (2008) states that in Germany, it is not enacted that every financial institution is required to have the Syariah Board but it is their own initiative to have one for the purposes of Islamic financing credibility and gaining the trust of Islamic products from customers. There are financial products in the existing banking system in Germany actually has fulfilled Syariah guidelines and there are also products that can be categorized as complying with Syariah guidelines by amending or adding some clauses.

In contrast, in the Netherlands, the law requires the sale contract to be stated in detail the payment of the debt and the interest (Israel, 2006). Thus, the interest will be clearly stated in the contract but consequently there are a few legal obstacles arise. The Islamic contracts require two sales transactions, it will be more expensive because customer has to pay stamp duty twice. Good move has been made in the UK, where the former Chancellor of the Exchequer, Gordon Brown, had abolished double stamp tax in the 2003 Budget (Han Visser, 2007). But other barriers are quite hard to be ignored for example the conventional housing loans in the UK are at risk of 50% under the Basle bankruptcy act and in the case where the financier (bank) holding of property, the risk rises to 100%. Thus, the interest has become one major element that could cause bankruptcy. In Malaysia there are many customers who are not obsessed with either the product is syariah compliant as it will extend the processing time and increase the costs. When the Islamic financing products was first introduced in the United Kingdom, Dar Humayon (2004) conducted a survey to see the interest of Muslims on the products. Surprisingly, only a small handful of Muslims in the UK were interested in Islamic financing products; from 500 Muslims in the UK, only 5% are very interested in Islamic finance, while 23% are interested in housing loans (mortgages) if only the rate is competitive with the conventional interest-based mortgage. Oakley (2007) states that mortgage is growing in the UK, and is expected to reach a value of £850 million a year to customers amounted to 8,000 people when conventional financing totaling more than £1,000 billion, and the rate of increase is in double digits. In this case the researcher strongly recommend Muslims in Malaysia and global to support and
subscribe to Islamic financing products issued by financial institutions and credit cooperatives because it can be a significant determinant of relevance to the success of financial institutions as evidenced in the t-test on demographic factors in Chapter 5.

14. Conclusion

This study provides many significant breakthroughs in terms of ensuring practical variations of the phenomenon of success of credit cooperatives. In addition, this study successfully manipulate the theoretical academic entrepreneurship (model EPSI by Paige (1999)) to be used to verify the success of the phenomenon of credit cooperatives which are in the 100 best Malaysian cooperatives by Cooperative Commission of Malaysia. Thus this study can serve as a reference in the future.

It is hoped that this study will be a guide to credit cooperatives which are not selected as a respondent to take heed of the results. Similarly, the authorities of the affairs of the cooperatives, namely Malaysia Cooperative Commission (SKM) and the Ministry of Domestic Trade, Cooperatives and Consumerism (Ministry) can make the study as a platform to be nurtured and supported other cooperatives to enable them to take the right approach in managing the organizations.

This study is also relevant to organizations such banks and other financial institutions, the statutory body of government loans (loans to business), the franchise organizations such as the oil company and restaurant chain may benefit from the result of this study to assist them in making the decision to assess the potential of cooperatives who they wish to nurture and support.

Last but not least, the study is expected to arouse the interest of other related studies to further contribute to the understanding of the behaviour of credit cooperatives and other cooperative functions that are successful or fail. Although in this study is related to the behaviour and human behaviour can vary, the possibility of future research are also similar or different finding, this study is a opener towards more significant study of human resources and the professionalism, with the goal of cooperative as a third effective and successful contributor to the Malaysia’s GDP.

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