

STRATEGIC ORIENTATION AND MOSQUES ECONOMIC ACTIVITIES

Ahmad Raflis Che Omar¹, Mohd Yahya Mohd Hussin² dan Fidlizan Muhammad³

¹ Fakulti Ekonomi dan Pengurusan, Universiti Kebangsaan Malaysia
(PhD Student of Universiti Pendidikan Sultan Idris)
e-mail: raflis@ukm.edu.my

² Fakulti Pengurusan dan Ekonomi, Universiti Pendidikan Sultan Idris
e-mail: yahya@fpe.upsi.edu.my

³ Fakulti Pengurusan dan Ekonomi, Universiti Pendidikan Sultan Idris
e-mail: fidlizan@fpe.upsi.edu.my

Abstract

This study examines the existence of strategic orientation and its relationship with the mosque's economic activities. A survey method was employed to gather response from mosques' management committee member in five districts of Selangor. The outcomes of the analysis revealed two important findings. First, strategic orientation practices exist among mosques operations and secondly, relationship between strategic orientation and mosques economy activities is significantly related. The results confirm that strategic orientation is the important factor contributed towards the involvement of mosques management committee in economic activities within their capacity. The empirical evidence provides important insights that could guide mosque's management committee and state religious agencies in understanding of the strategic orientation and promoting them for the benefits of mosques economic sustainability.

Keywords: Strategic Orientation, Mosque, Economy

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1. Introduction

Strategic orientation is the organizational strategy and decision that influence their performance and long-term sustainability. Strategic orientation are substantially influences organizational activity, investments direction, market focuses and economic activities. Strategy will improve the capability of organizations to explore new opportunities, innovate and improving their risk-taking propensity. Best strategy will provide an excellent framework for the institutions to mobilise their assets and human capital to offers value added services or products as compared to competitors. Thus, business or social organization should formulate the best strategy in coordinating their resources, technologies and network to achieve long-term superior performance in term of monetary or non-monetary measurement.

Strategic orientation is the most recent development in strategic management and entrepreneurship process that normally related to entrepreneurship orientation and market orientation (Jassmy and Bhaya, 2016). Strategic orientation is the strategic process where the organization exhibit its internal strategy in exploring new market, offerings innovative products or services, willingness to take higher risk and demonstrate pro-active behaviour in conduction business or operations. In general,

strategic orientation guides the ways organization pursuing their economic activities as stated by Balodi (2014).

Previous studies are focusing on strategic orientation among business organizations, private firms and corporate organization (Miller, 1983; Lumpkin and Dess, 1996; Balodi, 2014; Jassmy and Bhaya, 2016). Little study is found in measuring the strategic orientation among non-profit organization or social organizations such as mosques, churches and others. In fact, these organizations are currently facing new challenges in term of widen social responsibilities, limited funds and donation, as well as reducing of government budget (Allia et al, 2013; Ahmad Raflis et al, 2017). Therefore, requires them to be strategic oriented for their long-term survival. For example, mosque institutions are required to improve their activities and capabilities related to the economic aspect, leadership and governance (Mahazan and Wan Mohd. Fazrul Azdi, 2013; Omar, 2008).

This study attempts to measure the existence of strategic orientation among mosques and its relationship to the economic activities pursued by these organizations. It is our aims to understand on how the strategic orientation interact with the business-linked activities performed by the mosque institutions.

2. Literature Review

Mosque is the principle institution in Islam. By definition, mosque or “masjid” is the place of prostration or “sajda” in Arabic term. Beside its core function as the place of congregation, centre for Islamic teaching and reciting the Al-Quran, mosques are also performing other functions such as the administrative centre, community centre, learning centre and economic centre (Fidlizan et al., 2014). All are inclusion of worshipping for Allah in Islamic thought. As the centre for economic development, mosques had ventured into certain social entrepreneurship and economic activities mainly to create new source of income for their survival as well as to encourage entrepreneurial activities among small entrepreneurs within their vicinity (Ahmad Raflis et al., 2017).

Currently, there are more than 6,000 mosques established in Malaysia. The governance body which is responsible for the development of mosque policy is The State Islamic Religious Council, chaired by the Sultan. The State Islamic Religious Department is the execution body for the policies and operating procedures that need to be followed by all mosques in each states. At the mosque level, two management bodies involved in managing mosque’s operation and activities. First is the Mosque Management Committee (consist of Chairman or Nazir, Secretary, Treasurer and Committee members). Second is the Mosque’s Officers (consist of Imam, Bilal, and Siak) with the main responsibility to perform all daily religious duties in their respective mosque and qariah. Mosque Management Committee’s major duties are related to the planning and executing the State Islamic Religious Council’s policies and regulations, managing mosques overall operations and activities and maintaining all Islamic affairs within their mosque’s territory (*kariah*).

Mosque’s development and efficiencies are among the major concern within the previous literature. The Resolution of Second National Seminar on Mosque Management (2006) highlighted eight resolutions urging Mosques Management Committee to improve the roles of mosque institutions for Muslim community and Islamic socio-economic development. Omar (2008) encouraged mosque management team to improve their conducts and related activities to promote mosques as the economic centre, knowledge revealed centre and community centre. As such, the involvement of mosques in economic activities is realized through the introduction of mosque’s cooperative, as well as allocation of mosque’s properties and fixed assets to be rented by Muslim’s community, small entrepreneurs and others (Joni Tamkin et al., 2011; Fidlizan et al., 2014). Ahmad Raflis et al, (2015) revealed that certain mosques in Selangor are strategically involved in social business activities as the alternative ways to gain additional income as compared to their traditional sources.

The inclusion of mosques in strategic orientation practices is considered one of the applied strategy for them to achieve better economic performance, in particular the capabilities to gain other financial income as compared to the traditional source of government grant, *waqf* and public donation.

Balodi (2014) posited that strategic orientation contributes towards firm's overall performance by directly influence the activities of an organization. The ideas are related to the Resource Based View Theory by Penrose (1959) where the strategic orientation guides the direction of the social and service organization to pursue their economic activities by utilising all of the resources available within the organization (Storey and Hughes, 2013). Strategic orientation by definition of Miller (1983) is a process in which organization engage with offering new products or services, innovation, risk taking propensity, acquisition of technology, pro-activeness action in their operations or economic conducts. Therefore, strengthening mosque's economic efficiency in the area of financial and endowment capabilities requires strategic management and good operational practices among mosques management committee (Allia et al, 2013).

3. Methodology

Primary data were obtained through questionnaires distributed to the representative of mosque management committee consist of Chairman (*Nazir*), Deputy Chairman, Secretary and Treasurer in five districts of Selangor-Petaling, Gombak, Klang, Sepang, and Hulu Langat. The permission for questionnaires distribution is first obtained from the Mosques Management Division of Selangor State Islamic Religious Department. The purposive sampling method was used in this study as the targeted mosques are perceived to pursue at least one type of economic or social business activities.

The questionnaire comprised of three sections. The first section related to demographic details of the mosque. The second section related to the economic activities performed by the mosque and the final section measures about their strategic orientation factors. The economic activities are divided into five key elements which include the economic activities initiatives performed, project management skills, economic projects management, pro-activeness in dealing with economics project and risk-taking propensity. Finally, the strategic orientation is measured by applying eight constructs proposed by Miller (1983) and Lumpkin and Dess (1996) but with certain modification to suit with mosque's environment and operational process. Each of the questions applied a five-point Likert scale.

The analysis of the data was done using the Smart PLS software. The aims are to analyse the relationship between variables, with linear equations representing the cause and effects between variables. The descriptive analysis covers frequency, mean and outer loadings. Cronbach Alpha test, composite reliability and the average variance extracted was used to validate the data.

4. Findings

Table 1 revealed the demographic information about all samples. The study received feedback from 81 mosques out of 105 questionnaires distributed. Majority of the mosques are the local (kariah) mosque (82.7%) and mostly established since 1981 to 2000 (48.1%) and 2001 to 2016 (27.2%). Majority of the mosques have the congregational capacity of less than 1,000 people at one time (63%). There are 12 mosques that is able to occupied more than 3,000 congregation capacity (14.8%). The size of congregation will normally associate with the mosque activities, financial position and complexity of their operations.

Table 1: Demographic of Mosques

		Frequency	Percentage
Mosque Location	District of Petaling	30	37.0
	District of Gombak	17	21.0
	District of Hulu Langat	15	18.5
	District of Klang	11	13.6
	District of Sepang	8	9.8
Mosque's Category	Royal Mosque	1	1.2
	Institutional Mosque	8	9.9
	Jamek Mosque	5	6.2
	Local (Kariah) Mosque	67	82.7
Year of Establishment	1930 – 1980	20	24.7
	1981 – 2000	39	48.1
	2001 - 2016	22	27.2
Capacity for Congregation	Less than 500	31	38.3
	501 – 1,000	20	24.7
	1,001 – 2,000	9	11.1
	2,001 – 3,000	9	11.1
	Above 3,001	12	14.8

Reliability test has been conducted on the factors measurement. Table 2 revealed the results of the analysis. For the CA test, the value obtained were between 0.760 and 0.897 indicate that all factor items were strongly correlated to one another (Hair et al., 2007). CR and AVE test shown the reliability of internal consistency. All factors indicate values of more than 0.50 and considered as good.

Table 2: Results of Cronbach's Alpha, Composite Reliability and Average Variance Extracted

Factor	Cronbach's Alpha (CA)	Composite Reliability (CR)	Average Variance Extracted (AVE)
Strategic orientation	0.841	0.877	0.510
Risk taking	0.850	0.898	0.688
Pro-activeness	0.841	0.904	0.758
Economic project management	0.897	0.923	0.707
Economic activities performed	0.879	0.916	0.733
Project management skills	0.760	0.809	0.515

Further analysis was done to measure the structural model. Table 3 revealed the results of the convergent and discriminant validity analysis. It shows that all variance inflation factor (VIF) values are less than 10. Indicating that there are no indication of collinearity (redundancy) between the variables (Hair et al., 2007).

Table 3: Results of Convergent and Discriminant Validity Analysis

Factor	SO	RT	PA	EPM	EAP	PMS
SO	0.670					
RT	0.347	0.829				
PA	0.654	0.367	0.841			
EPM	0.584	0.343	0.570	0.871		
EAP	0.614	0.294	0.758	0.681	0.856	
PMS	0.646	0.127	0.502	0.437	0.534	0.718

Note: SO = Strategic orientation; RT = Risk taking; PA = Pro-activeness;
 EPM = Economic project management; EAP = Economic activities performed;
 PMS = Project management skills

Table 4 present the results of hypothesis testing for all variables and expected relationship. It shows that all elements had positive relationship. There are two constructs that was significantly associated to the strategic orientation of mosques. The first is the pro-activeness of the mosques management committee in strategically pursuing economic activities ($\beta=0.290$; $t=2.718$; $p = 0.007$). The second is the project management skills ($\beta=0.391$; $t=4.579$; $p = 0.000$). The results support the findings from Ahmad Raflis et al. (2017) that mosques had certain experience in pursuing social business activities and the strategy was related to the pro-active propensity among mosque's management committee's commitment.

Table 4: Hypothesis Testing Results

Hypothesis	Beta	t-test	p-value	VIF
Risk taking > Strategic Orientation	0.119	1.206	0.228	1.210
Pro-activeness > Strategic Orientation	0.290	2.728	0.007**	2.580
Economic project management > Strategic Orientation	0.194	1.656	0.098	1.987
Economic activities performed > Strategic Orientation	0.019	0.140	0.889	3.128
Project management skills > Strategic Orientation	0.391	4.579	0.000**	1.474
R Square	0.608			
Adjusted R Square	0.582			

Significant: ***=0.010; **=0.050, *=0.10

*H: Hypothesis

5. Conclusion and Recommendation

The study revealed that strategic orientation exists within the mosques management committee that derive their economic activities engagement. It shows that mosques management committee are pro-actively pursuing economic activities and actively looking for the new source of income generating activities by utilising their existing accumulated financial funds and fixed assets. Therefore, they are currently conducting various socio-economic based activities such as financial investment, small economic project, homestay, rented hall, establishing mosque's cooperative and others. Engagement on social entrepreneurship activities are very much valuable for the mosques institution to move forward.

However, mosques management committee are still cautious in term of risk-taking propensity. That is due to their accountability to the funds generated from the traditional sources such as public donation, endowment (*waqf*) and yearly government grant. It is understood that the management committee must act prudently on managing public funds and assets, as well as requires to submit yearly operational and financial report to the State Religious Department for monitoring purposes. It is found that they are still lacking in term of economic project management and ability to perform numbers of economic activities. This might be related to the nature of mosque management committee appointment on voluntary basis and does not work in full-time at the mosque. Furthermore, mosque management committee has tied to the prudent mechanism implied by the authority on the procedures and restriction set that need to followed on the usage of mosque's funds and assets.

As a recommendation, it is suggested that mosques management committee should be empowered by the Islamic religious authorities to performed such a potential economic and social business activities with clear guidelines and execution policy. Professional committee members should be appointed to lead the Economic Bureau of the mosque, while the investment committee should also be established for them to evaluate, monitor and managing risks of all economic project performed by the mosque. In term of improving management skills, mosque management committee should also appoint professional committee member or managers to conduct their economic activities in the future. As such, certain recognition award by the authority is also appropriate to be introduce to recognised the

achievement of the best mosque committee in pursuing strategic oriented economic activities. Further studies are needed to measure the strategic orientation among mosques in other states in Malaysia and perform some details comparison between states since the mosques procedures are related to individual states religious authority.

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