

Role Strategic Management and Maqasid Sharia Toward Islamic Cooperative Performance

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Abstract

Research Originality: The study of strategic management and maqasid sharia in Islamic cooperatives is scarce. This study's originality includes maqasid sharia and decision-making styles in the framework of strategic management.

Research Objectives: This study aims to determine the roles of strategic management, maqasid sharia, and decision-making style in the performance of Islamic cooperatives and to improve and embed Islamic values in organizations.

Research Methods: Questionnaires were distributed to 124 employees of Islamic-cooperative. Furthermore, the study uses structural equation modelling to analyze the questionnaires data from respondents.

Empirical Results: The study found that strategic management and organizational performance statistically affect financial performance. Meanwhile, the maqasid sharia and dependent decision-making style have statistically significant indirect effects on financial performance through strategic management and organizational performance.

Implications: This study supports the implementation of Maqasid Sharia as the baseline for strategic management. This policy aims to improve the performance of Islamic cooperatives within the limits of Islamic principles. Stakeholders can elaborate on the policy to strengthen strategic management and Maqasid Sharia's implementation.

Keywords:

Strategic; decision style; maqasid sharia; Islamic cooperatives; performance

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INTRODUCTION

In moving towards the vision of Golden Indonesia 2045, the Indonesian government is highly concerned about developing an Islamic economic ecosystem, from providing free halal certificates for MSMEs to increasing the Islamic financial industry. Based on data, the market share of Islamic finance in Indonesia is very low. When viewed from data from the OJK (financial services authority), the market share of Islamic cooperatives is only 9.01%, with a population of more than 200 million in Indonesia. This is where the role of Islamic cooperatives is to accelerate the expansion of market share, where Islamic cooperatives directly target productive groups of society. COVID-19 tests the resilience of Islamic financial institutions; based on data from the Ministry of Cooperatives, non-performing loans of Islamic cooperatives are lower than banks and other financial institutions. This is proof of the resilience of Islamic cooperatives and prospects in the role and development of the Islamic financial ecosystem.

Strategic management enables organizations to create strategies that provide a primary purpose and direction to their actions to employees and, in many cases, the broader community (Pock, 2007). Strategic planning helps businesses adjust in the face of external constraints produced by environmental changes. According to Alkhafaji and Nelson (2013), organizations can and frequently build their environment rather than react to it. Strategic planning and management assist organizations in developing competitive strategies. Meanwhile, in Islamic cooperatives, maqasid sharia becomes an important pillar of the organization following Islamic goals and values (Bhinekawati et al., 2024; Isnaeni & Qodri, 2019). Maqasid sharia provides a set of values and ethical guidelines that serve as a foundation for strategic decision-making. Strategic management is needed to ensure that Sharia objectives have justice, welfare, and sustainability integrated into strategic policy transparency and ethical decision-making (Bashori et al., 2024; Campra et al., 2021; Jaiyeoba et al., 2024).

Strategic management needed to challenge managing issues internally and externally. This issue is not only in Islamic cooperatives but also in conventional cooperatives. A cooperative can grow significantly because of mutual relationships between the cooperative and its members. Research on cooperatives in America and Europe has shown a strong relationship between strategic management and cooperative performance (Bontis et al., 2018; Benavides & Ehrenhard, 2021; Cornforth, 2004; Ribas et al., 2022). Grant (2024) noted that organizations with excellent strategic planning on focused resource allocation usually realized higher returns and improved cost efficiency. In addition, strategic management allows firms to predict and adapt to changes in their external environment, such as market demands, technological breakthroughs, or economic adjustments. This adaptability aids in maintaining or improving financial success in volatile markets (Flammer & Ioannou, 2021; Kaawaase et al., 2021; Rahmayati, 2021).

Porter (2011) argues that strategic management encourages the creation of unique competitive strategies. These tactics improve market positioning and revenue streams. Islamic cooperatives implementing creative techniques would attain tremendous financial

success over time. Netland and Ferdows (2016) highlighted that lean management practices, a subset of strategic management, assist organizations in minimizing superfluous expenses while retaining efficiency and improving financial performance. Nonetheless, it is undeniable that many Sharia cooperatives have failed, owing to poor business model development decisions and a lack of confidence among members who perceive Sharia cooperatives as incompatible with Islamic ideals. Maqasid sharia is an important guideline for deciding organizational strategy since its objective is to preserve and maintain fundamental parts of human life for well-being, welfare, and a balanced society under divine (Allah's) direction (Safawi et al., 2017; Samad & Shafii, 2021).

The goal of law enforcement, also known as Maqasid ash-Sharia, is an important notion in Islamic law. The essence of the Maqasid ash-Sharia idea is to realize righteousness while avoiding evil or to gain mashalah and reject mudarat. Jayusman et al. (2023) discuss the issues of maqasid sharia, ranging from technical advancements to modifying sharia components to present realities. At the same time, Antonio et al. (2014) and Noor et al. (2018) discuss the significance of the maqasid sharia index approach for measuring Islamic finance and social finance performance. Furthermore, Antonio et al. (2014) emphasized that a universal approach to Islamic finance organization activities (focusing on stakeholders) should be employed as a strategic alternative to actualize the Islamic ecosystem more in reaching the maqasid Sharia.

Strategic management must align with the cultural organization; the enormous challenge of the cultural organization is the decision-making style. Decision-making style has three categories based on behavior: rational decision-making style, intuitive decision-making style, and dependent decision-making style (Muttar et al., 2021; Shamsudheen & Muneeza, 2022). If we return to the culture contained in Islamic cooperatives, the closest culture depends on the decision-making style because all decisions are based on the results of shura and considerations of the supervisory board of Islamic cooperatives. Decision-making style is closely related to the behavior of religiosity (Ananthram & Chan, 2016; Bahçekapili & Yilmaz, 2017; Nugraha et al., 2023; Usman et al., 2022), intuitive decision-making style is not suitable for the cultural culture in Islamic organizations, but with the change of generations, does the dependent decision-making style still exist in Islamic organizations, especially Islamic cooperatives. This big question needs an answer; therefore, it is essential to fill the existing research gap based on the previous explanation related to strategic management, maqasid sharia, and decision-making style. This study fills that gap with the research role of strategic management and maqasid sharia toward Islamic performance. Furthermore, this study elaborates on decision-making style into a research framework to determine which model of decision-making style is currently running in cooperatives and how it affects Islamic cooperatives' performance. The novelty of this study integrating framework to determine the roles of strategic management, maqasid sharia, and decision-making style on the performance of Islamic cooperatives, as well as to improve and embed Islamic values in organizations

This study provides essential findings on the contribution of strategic management and maqasid sharia by considering both direct and indirect influences of these variables.

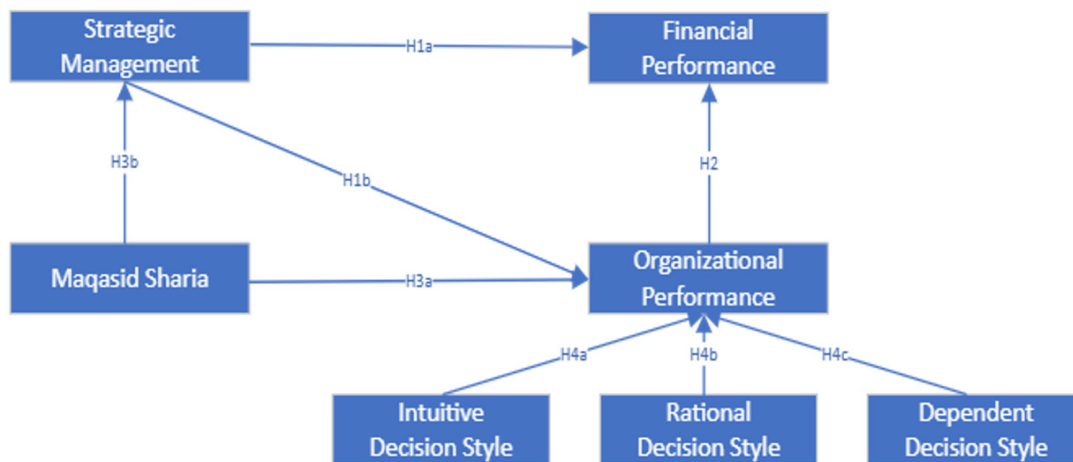
First, we extend the framework of the strategic management model with Maqasid Sharia. Second, this study also proposes to address the research limitations of previous studies with three criteria of decision-making style. As far as we know, this study is the new one to investigate these three essential factors together.

METHODS

This study examines the influence of strategic management and maqasid sharia on cooperative performance through structural equation modeling (SEM). Data were collected via online questionnaires disseminated within the Sharia cooperative sample from December 20, 2024, to January 15, 2025. Before distributing the questionnaire, this study was discussed with experts from Sharia cooperatives stakeholders to enhance clarity and precision. The results of this discussion are to eliminate and substitute unclear questions in the measurement statements.

The Slovin method was utilized to determine the research sample from the employee population of the Sharia cooperative. Utilizing the Slovin approach, a minimum sample of 54 respondents is required for a population of 124 employees of an Islamic cooperative. Additionally, questionnaires were distributed to all 124 respondents, and following data cleansing, 97 samples were selected for analysis. The questionnaire employed a Likert scale ranging from 1 to 5 to assess all research items, with one indicating very poor and five indicating very good. In another question, one represented very inefficient, and five denoted very efficient.

Figure 1. Research Framework Organization Performance



The SEM with Partial Least Squares (PLS)-based technique was used in this study to assess the research hypotheses with 40 indicators. SEM is a data analysis approach that can examine a succession of very complex correlations between the independent and dependent variables, with each variable composed of multiple indications. SEM seeks to estimate the association between variables in a model, including the link between indicators and latent variables. SEM is an approach that combines two analyses: factor

analysis and regression analysis. Then, test the structural model to see if there is an influence between variables or a correlation between constructs. The research framework is shown in Figure 1. Furthermore, the survey structure is provided in Table 1.

Table 1. Variable's Description

| No | Constructs Variable | Indicator/Question | Code | Reference |
|-------------------------------|----------------------------|--|-------|--|
| Dependent Variable | | | | |
| 1 | Financial Performance | Total revenue growth performance indicators | FP_01 | (Barus et al., 2017; Bontis et al., 2018) |
| | | Asset growth performance indicators | FP_02 | |
| | | Net income growth performance indicators | FP_03 | |
| | | Market share/consumer growth performance indicators | FP_04 | |
| | | Overall performance growth indicators | FP_05 | |
| Independent Variable's | | | | |
| 2 | Organizational Performance | Do you feel that the work processes in this organization are efficient? | OP_01 | (Abubakar et al., 2019; Alvi et al., 2020) |
| | | Do you have enough resources to get your work done? | OP_02 | |
| | | How well does this organization support work-life balance? | OP_03 | |
| | | Do you feel that the work environment supports collaboration and innovation? | OP_04 | |
| 3 | Maqashid Sharia | Are your cooperative products and services in accordance with sharia principles? | MS_01 | (Antonio et al., 2014; Samad & Shafii, 2021) |
| | | Does your cooperative provide education to members about Islamic economic principles? | MS_02 | |
| | | How do you feel about sharia transparency in cooperative operations? | MS_03 | |
| | | How big is the role of the cooperative in improving the welfare of members and employees? | MS_04 | |
| | | Does the cooperative provide support for the physical and mental health of members through its various programs? | MS_05 | |
| | | Does the cooperative provide financial training or education for members and employees? | MS_06 | |
| | | How does the cooperative help members understand sharia principles in finance? | MS_07 | |
| | | How fair is the distribution of business profits in this sharia cooperative in your opinion? | MS_08 | |
| | | Does the cooperative have programs that support the welfare of members' and employees' families? | MS_09 | |
| | | Does the sharia cooperative promote Islamic values that support the harmony of members'/employees' families? | MS_10 | |
| | | In your opinion, how big is this cooperative's role in realizing the values of maqashid sharia? | MS_11 | |

| No | Constructs Variable | Indicator/Question | Code | Reference |
|----|---------------------------------|---|-------|--|
| 4 | Strategic Management | Strategy to reduce costs (cost reductions) | SO_1 | (Barus et al., 2017; Pock, 2007) |
| | | Strategy to provide outstanding customer service (customer service oriented) | SO_2 | |
| | | Strategy to increase operational efficiency (efficiency) | SO_3 | |
| | | Strategy to improve product/service quality (quality improvement) | SO_4 | |
| | | Strategy to increase strict supervision for frontline personnel who interact directly with consumers (frontline personnel branding) | SO_5 | |
| | | Strategy to develop brand/label identity strategies for sharia cooperatives (company branding) | SO_6 | |
| | | Strategy to segment market strategies or specific target market niches/special markets (specific market niche or segment) | SO_7 | |
| | | Strategy to provide specific products or services that are the advantages of the cooperative (specialty products/services) | SO_8 | |
| 5 | Rational-Decision Making Style | I gather as much information as possible before making a decision (Rational-Style) | DS_01 | (Abubakar et al., 2019; Goyal et al., 2024; Mohiuddin, 2016) |
| | | I carefully evaluate the pros and cons of each option (Rational-Style) | DS_02 | |
| | | I rely heavily on logic and analysis to make decisions (Rational-Style) | DS_03 | |
| | | I prefer decisions that are supported by data and evidence (Rational-Style) | DS_04 | |
| | | I always double-check the facts before making a final decision (Rational-Style) | DS_05 | |
| 6 | Intuitive-Decision Making Style | I trust my intuition and gut feeling when making decisions (Intuitive-Style) | DS_06 | (Abubakar et al., 2019; Goyal et al., 2024; Mohiuddin, 2016) |
| | | I rely on past experience to make decisions (Intuitive-Style) | DS_07 | |
| | | I often know the right decision without needing detailed analysis (Intuitive-Style) | DS_08 | |
| | | I make decisions based on what feels right at the moment (Intuitive-Style) | DS_09 | |
| | | I value instinct over detailed information when time is limited (Intuitive-Style) | DS_10 | |
| 7 | Dependent-Decision Making Style | I seek advice and opinions before making decisions (Dependent-Style) | DS_11 | (Abubakar et al., 2019; Goyal et al., 2024; Mohiuddin, 2016) |
| | | I prefer consulting with experts or trusted coworkers as a guide to decision making (Dependent-Style) | DS_12 | |
| | | I am more confident in my decisions when supported by others (Dependent-Style) | DS_13 | |
| | | I avoid making decisions alone when possible (Dependent-Style) | DS_14 | |
| | | I follow the consensus/agreement in the group more often (Dependent-Style) | DS_15 | |

RESULTS AND DISCUSSION

The main finding is that strategic management has become the most important factor in company performance. The study examined how strategic management affects the success of Islamic cooperatives using questionnaire data. Table 2 summarizes the characteristics of the respondents and their perspectives on the questionnaire questions. The study focuses on strategic management and the performance of Islamic cooperatives, including financial and organizational performance. Based on the main findings, strategic management directly influences Islamic cooperatives' financial performance and organizational performance; furthermore, strategic management can be an intermediary for Maqasid Sharia to increase Islamic cooperative performance. The respondents' characteristics in Table 2 show that 54% were females and 46% were males. Furthermore, this percentage indicates that the study has a proportional gender distribution. Meanwhile, 12% of respondents had less than one year of experience, and the average respondent had one to five years of experience.

Table 2. Respondent's Characteristic

| Characteristic | Criteria | Frequency (n = 97) | Percentage (%) |
|---|--------------------|--------------------|----------------|
| Gender | Male | 45 | 46% |
| | Female | 52 | 54% |
| Age | 18-25 | 12 | 12% |
| | 26-35 | 63 | 65% |
| | 36-45 | 14 | 14% |
| | >45 | 8 | 8% |
| Working Experiences in current Position | Less than 1 year | 31 | 32% |
| | 1-5 years | 49 | 51% |
| | 6-10 years | 11 | 11% |
| | More than 10 years | 6 | 6% |
| Accumulate Working Experiences | Less than 1 year | 12 | 12% |
| | 1-5 years | 50 | 52% |
| | 6-10 years | 19 | 20% |
| | More than 10 years | 16 | 16% |

The study to evaluate the measurement model uses loading factors, composite reliability, and discriminant and convergent validity approaches. The first step is to examine the indicator's outer loadings; adequate item reliability is defined as outer loadings greater than 0.7 (Hair et al., 2020). We will omit indicators below 0.7, specifically MS_01, MS_02, SO_01, OP_04, and DS_13, from the research model to acquire robust study results. Table 3, representing the second step from the composite reliability metric side, reveals that all construct variables exceed the 0.7 threshold value. The next step in measuring convergent validity (Hair et al., 2019) is to use average variance extracted (AVE) with 0.5 as the lower limit. The test findings reveal that all construct variables meet the minimum requirement.

Table 3. Measurement Model Analysis

| Construct | Outer Loadings | Cronbrach Alpha's | Composite Reliability | Average Variance Extracted (AVE) |
|---------------------------------|-----------------------|--------------------------|------------------------------|---|
| Financial Performance | | 0.904 | 0.912 | 0.779 |
| FP_01 | 0.931 | | | |
| FP_02 | 0.795 | | | |
| FP_03 | 0.914 | | | |
| FP_04 | 0.884 | | | |
| Organizational Performance | | | | |
| OP_01 | 0.906 | | | |
| OP_02 | 0.836 | | | |
| OP_03 | 0.755 | | | |
| Maqashid Sharia | | 0.941 | 0.945 | 0.679 |
| MS_02 | 0.656 | | | |
| MS_03 | 0.778 | | | |
| MS_04 | 0.776 | | | |
| MS_05 | 0.791 | | | |
| MS_06 | 0.837 | | | |
| MS_07 | 0.807 | | | |
| MS_08 | 0.858 | | | |
| MS_09 | 0.855 | | | |
| MS_10 | 0.857 | | | |
| MS_11 | 0.830 | | | |
| Strategic Management | | 0.880 | 0.886 | 0.581 |
| SO_1 | | | | |
| SO_2 | 0.739 | | | |
| SO_3 | 0.762 | | | |
| SO_4 | 0.800 | | | |
| SO_5 | 0.710 | | | |
| SO_6 | 0.772 | | | |
| SO_7 | 0.775 | | | |
| SO_8 | 0.776 | | | |
| Rational Decision-Making Style | | 0.892 | 0.893 | 0.699 |
| DS_01 | 0.776 | | | |
| DS_02 | 0.803 | | | |
| DS_03 | 0.838 | | | |
| DS_04 | 0.886 | | | |
| DS_05 | 0.872 | | | |
| Intuitive Decision-Making Style | | 0.882 | 0.923 | 0.658 |
| DS_06 | 0.823 | | | |
| DS_07 | 0.775 | | | |
| DS_08 | 0.816 | | | |
| DS_09 | 0.826 | | | |
| DS_10 | 0.814 | | | |

| Construct | Outer Loadings | Cronbrach Alpha's | Composite Reliability | Average Variance Extracted (AVE) |
|----------------------------------|----------------|-------------------|-----------------------|----------------------------------|
| Dependent: Decision Making Style | | 0.835 | 0.865 | 0.671 |
| DS_11 | 0.781 | | | |
| DS_12 | 0.897 | | | |
| DS_14 | 0.706 | | | |
| DS_15 | 0.877 | | | |

Note: because Outer loadings factor under 0.7 "MS_01, MS_02, SO_01, OP_04, DS_13" exclude form indicator.

This study also proposes employing the Fornell-Larcker criterion and the heterotrait-monotrait ratio (HTMT) to improve test accuracy when determining discriminant validity (Henseler et al., 2015). When the MTMT and Fornel Larcker criteria levels are high, issues arise. Table 4 and Figure 2 reveal that none of the test values exceeded the maximum threshold of 0.9.

Table 4. Discriminant Validity Fornell Larcker Criterion

| | D-DS | FP | I-DS | MS | OP | R-DS | MS |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Dependent_Decision Style | 0.819 | | | | | | |
| Financial Performance | 0.335 | 0.883 | | | | | |
| Intuitive_Decision Style | 0.571 | 0.296 | 0.811 | | | | |
| Maqashid Sharia | 0.469 | 0.480 | 0.440 | 0.824 | | | |
| Organizational Performance | 0.443 | 0.470 | 0.337 | 0.359 | 0.835 | | |
| Rational_Decision Style | 0.728 | 0.444 | 0.477 | 0.476 | 0.391 | 0.836 | |
| Strategic Management | 0.172 | 0.630 | 0.108 | 0.436 | 0.353 | 0.257 | 0.762 |

Figure 2. Discriminant Validity Heterotrait-monotrait ratio (HTMT)

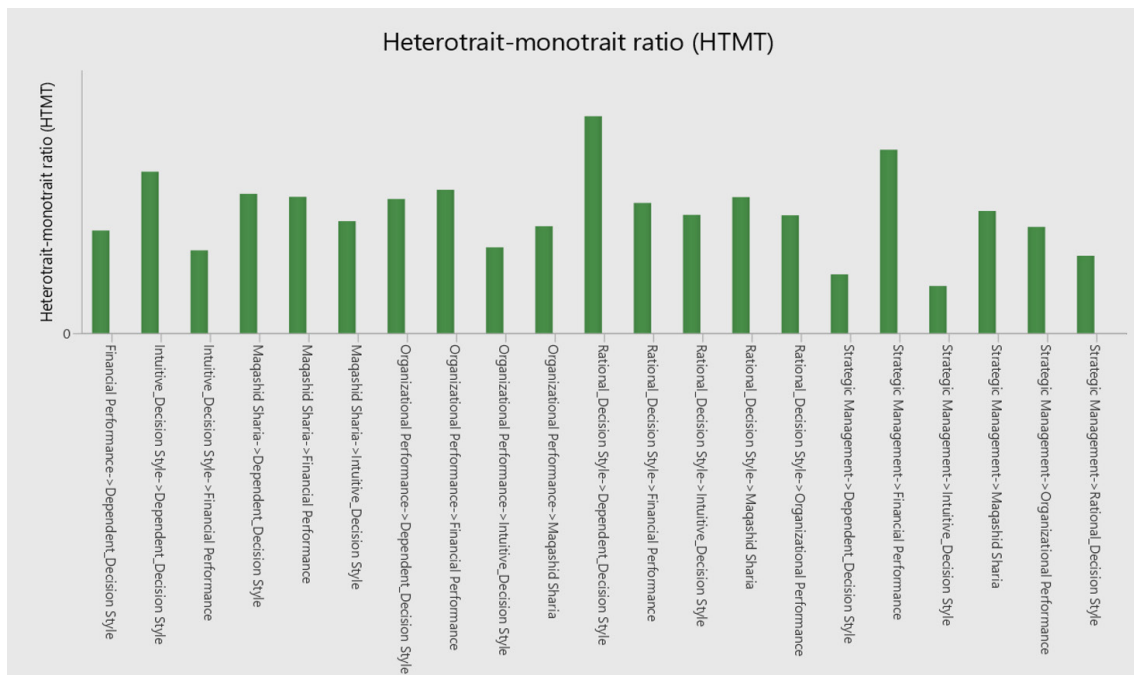


Table 5 reveals that all construct items have VIF values below 5. The model's explanatory power is evaluated using the coefficient of determination (R^2), calculated for all endogenous constructs. As presented in Table 6, the R^2 value for the financial performance construct demonstrates that the model possesses moderate explanatory power.

Table 6 presents the adjusted R-square values, illustrating the research model's ability to explain the impact of strategic management, maqasid sharia, and organizational performance on changes in financial performance. The adjusted R-square also evaluates how well the model can explain and predict future outcomes. A higher R^2 value increases the likelihood of accurate predictions (Hair et al., 2020). This research model accounts for a significant portion of the variation in the financial performance of Islamic cooperatives (R^2 -adj = 0.456, Table 6), indicating that strategic management, maqasid-sharia, organizational performance, and decision-making style collectively explain 45.6% of the variation in financial performance. Additionally, the model shows that strategic management mediates maqasid-sharia in influencing financial performance (R^2 -adj = 0.190). Furthermore, strategic management, maqasid-sharia, and decision-making style impact organizational performance, as reflected by an R^2 -adj value of 0.181.

Table 5. Collinearity Statistic (VIF)-Inner Model Matrix

| | D-DS | FP | I-DS | MS | OP | R-DS | MS |
|----------------------------|------|-------|------|----|-------|------|-------|
| Dependent_Decision Style | | | | | 2.511 | | |
| Financial Performance | | | | | | | |
| Intuitive_Decision Style | | | | | 1.595 | | |
| Maqashid Sharia | | | | | 1.676 | | 1.000 |
| Organizational Performance | | 1.142 | | | | | |
| Rational_Decision Style | | | | | 2.279 | | |
| Strategic Management | | 1.142 | | | 1.267 | | |

A comprehensive bootstrapping procedure with 3,000 samples was employed to assess the statistical significance of the path coefficients(Hair et al., 2019). The results of the structural model analysis are illustrated in Figure 3.

Table 6. Coefficient of determination (R^2 -adjusted)

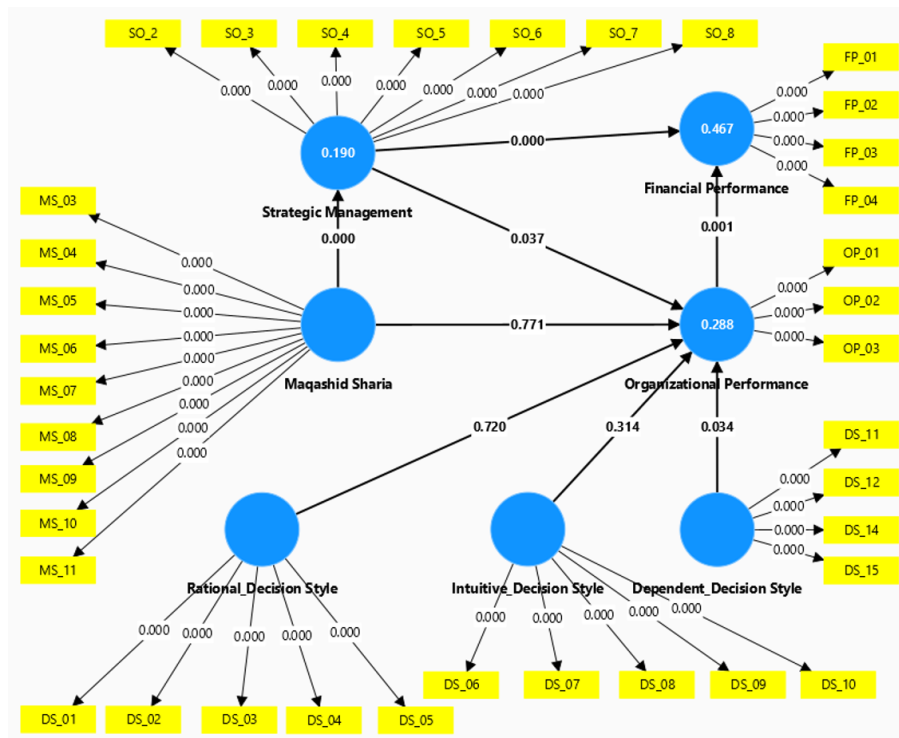
| | R-square | R-square adjusted |
|----------------------------|----------|-------------------|
| Financial Performance | 0.467 | 0.456 |
| Organizational Performance | 0.288 | 0.248 |
| Strategic Management | 0.190 | 0.181 |

As shown in Table 7, there are four direct effect hypotheses and four indirect effect hypotheses. Three of the four direct effect hypotheses are supported, except for H3a. Strategic management (H1a; $\beta = 0.605$) and organizational performance (H2; $\beta = 0.283$) positively and significantly affect financial performance. Furthermore, strategic management

(H1b; $\beta = 0.262$) positively and significantly affects organizational performance. Thus, H1a, H1b, and H2 are supported. Meanwhile, maqasid sharia has a non-significant direct effect on financial performance.

Table 7 indicates that two indirect effect hypotheses are supported. The results show that the indirect effect of maqasid sharia (H3b; $\beta = 0.276$) on financial performance is statistically significant through strategic management, even though maqasid sharia does not directly influence organizational or financial performance. This result suggests that strategic management fully mediates the relationship between maqasid sharia and financial performance. Additionally, within the decision-making construct, only the dependent decision-making style (H4c; $\beta = 0.081$) significantly influences financial performance through organizational performance. This finding implies that organizational performance mediates the relationship between dependent decision-making style, strategic management, and financial performance.

Figure 3. Results of Hypothesis Testing



This study aimed to empirically measure strategic management roles for the performance of Islamic cooperatives. To achieve this goal, social constructs from the extended hybrid framework, such as internal issues (organizational performance and decision-making style) and external issues from Islamic religion value (maqasid sharia), were integrated into the model. According to the descriptive findings, the average stakeholder in Islamic cooperatives is a young individual under age 35, expressing a generation transition between millennials and Generation Z. Most of these stakeholders have less than five years of job experience. This generational change is relevant because of

differences in organizational decision-making approaches. This remark is consistent with research by Chou (2012), Goyal et al. (2024), and Ryan and Cross (2024), who identify Indonesia's generational transition from baby boomers to millennials and Generation Z as a major problem for organizational stakeholders. As a result, management must take proactive steps to address and reduce the possible issues posed by negative followership patterns throughout this shift.

The main findings from this research emphasize that strategic management has the most significant direct impact on the financial success of Islamic cooperatives. These results align with previous studies (Beccalli et al., 2023; Chungyas & Trinidad, 2022; Ma et al., 2022). While organizational performance also demonstrated a significant direct effect on financial performance, strategic management also substantially impacted organizational performance (Campra et al., 2021; Zain et al., 2025). The main findings confirm the strategic fit theory. According to this principle, the efficiency of a strategy is determined by how well it fits with the internal and external environment (Beccalli et al., 2023; Chungyas & Trinidad, 2022). Islamic cooperatives must align their strategy with Shariah principles, government rules, and market conditions to maintain sustainability (Antonio et al., 2014; Noor et al., 2018).

Table 7. Hypothesis Decision

| | Hypotheses | Original Sample/β | p-Value | Decision |
|-----|--|---|----------------|-----------------|
| H1a | Strategic Management -> Financial Performance | 0.605 | 0.000 | Supported |
| H1b | Strategic Management -> Organizational Performance | 0.262 | 0.037 | Supported |
| H2 | Organizational Performance-> Financial Performance | 0.283 | 0.001 | Supported |
| H3a | Maqasid Sharia -> Organizational Performance | 0.157 | 0.189 | Not Supported |
| H3b | Maqasid Sharia -> Strategic Management -> Financial Performance | 0.276 | 0.000 | Supported |
| H4a | Intuitive Decision Style -> Organizational Performance-> Financial Performance | 0.030 | 0.344 | Not Supported |
| H4b | Rational Decision Style -> Organizational Performance-> Financial Performance | 0.013 | 0.741 | Not Supported |
| H4c | Dependent Decision Style -> Organizational Performance-> Financial Performance | 0.081 | 0.056 | Supported |

Interestingly, maqasid sharia (Kamaruddin et al., 2024; Mohd Zain et al., 2024, 2025) has a significant direct relationship with strategic management and not organizational performance. These findings indicate that strategic management bridges maqasid sharia and organizational performance, particularly financial performance. The role of strategic management as a mediator underscores that integrating maqasid sharia principles into a

structured strategic management framework can enhance their effectiveness (Campra et al., 2021; Mohd Zain et al., 2025). Maqasid sharia provides a set of values and ethical guidelines that serve as a foundation for strategic decision-making. Strategic management is needed to ensure that Sharia objectives have justice, welfare, and sustainability integrated into strategic policy transparency and ethical decision-making (Bashori et al., 2024; Campra et al., 2021; Jaiyeoba et al., 2024). In strategic management, these principles are translated into policies that strengthen accountability, foster stakeholder engagement, enhance effectiveness, and improve efficiency.

Based on our findings, dependent decision-making style had a significant indirect effect on financial performance in these Islamic cooperatives. The discussion of organizational performance is often a mediator that links decision-making style to financial performance (Elrehail et al., 2024; Gelei & Dobos, 2024). A dependent decision-making style can enhance team collaboration because it relies on guidance and advice and strengthens decisions with input from others, such as colleagues, supervisors, or organizational stakeholders (Irfany et al., 2024; Jabbouri et al., 2024; Soesetio et al., 2024). In terms of organizational performance, a dependent decision-making style can improve coordination and alignment, especially in a collaborative or hierarchical organization. In Islamic cooperatives, a dependent decision-making style often reflects a collective approach by the principle of deliberation (shura). Shura can improve organizational performance by creating more inclusive decisions and following Islamic values (Mohiuddin, 2016; Muhammad et al., 2024). Reliance on joint decisions or input from others can help ensure that decisions are consistent with the organization's strategic goals. Reliance on key decisions can improve organizational performance because the decisions made reflect collective values and goals that have been designed.

Overall, the important finding of the role of strategic management is that it not only directly affects financial and organizational performance but also strategic management can mediate between maqasid sharia and Islamic cooperative's performance; the results of this finding can strengthen stakeholders to be more concerned about how strategic management is implemented, furthermore how strategic management can be embedded into the belief and behavior of all stakeholders including employees. With the alignment of all stakeholders, strategic management becomes essential for gaining a competitive advantage in the development of Islamic cooperatives.

CONCLUSION

This study focused on strategic management and the performance of Islamic cooperatives. The rapid development of the Islamic economic ecosystem necessitates that Islamic cooperatives speed up their activities to meet the potential challenges of growing the Islamic economic ecosystem, particularly in Indonesia. Islamic cooperatives are the spearhead in the community because the uniqueness of cooperatives established from the deliberation of cooperative members is that they are not owned by one person but are owned and developed by the cooperative member. The finding crucial factor of

Islamic cooperatives in Indonesia is the development of strategic management that must be part of the pillars of Islamic cooperatives' activities because, based on the results of the findings, strategic management becomes the most determining factor; in addition, other findings support the implementation of Maqasid sharia as the baseline for making strategic management which aims to improve the performance of Islamic cooperatives within the limits of Islamic principles. The development of Islamic cooperatives based on shura emphasizes a dependent decision-making style more than an intuitive one; this is based on the collective values and goals of Islamic cooperatives.

Future research may change this study's theoretical framework for how strategic management execution influences employee happiness and expand it by including new dimensions of integrity and maqasid sharia for consumers or members of Islamic cooperatives. Because of the unique nature of Islamic cooperatives, employees can also be owners or members of the cooperatives. Based on the findings, stakeholders can elaborate on the policy to strengthen strategic management and Maqasid Sharia's implementation.

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