

Islamic Social Capital in Cooperative-Based Community Empowerment (Case Study of Makmur Mandiri Cooperative, Padangsidempuan City)

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Abstract

Cooperative-based community empowerment depends not only on financial capital but also on the quality of social relations embedded in institutional practices. This study examines the role of Islamic Social Capital in community empowerment at the Makmur Mandiri Savings and Loan Cooperative, Padangsidempuan City. Using a qualitative case study approach, data were collected through interviews, observation, and documentation. Findings reveal that the cooperative has operated stably and delivered tangible economic benefits through flexible capital access. Three core Islamic values underpin its social fabric: amanah (trustworthiness), reflected in transparent and accountable management; ukhuwah (brotherhood), expressed through sustained social bonds between managers and members; and ta'awun (mutual assistance), manifested in economic and social support during hardship. Theoretically, this study extends Islamic Social Capital theory by demonstrating its operational mechanisms within a cooperative institution. Practically, it provides a replicable model for embedding Islamic values into cooperative governance to enhance sustainable member empowerment. These findings contribute to the limited literature on Islamic social capital in savings and loan cooperatives, particularly in the local context of North Sumatra.

Keywords

Islamic Social Capital; Cooperatives; Community Empowerment

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1. INTRODUCTION

Community economic development is a strategic agenda for realizing prosperity and economic independence in Indonesia (Setyawan et al., 2025). A significant paradigm shift has repositioned communities from passive recipients of development to active subjects with the capacity to manage their own economic resources (Mufiani, 2025). Development success is therefore determined not only by government policy and economic capital, but also by the community's capacity for participation, solidarity, and cooperation. Within this context, cooperatives stand as a strategic economic institution built on principles of family, mutual cooperation, economic democracy, and member participation that function simultaneously as economic entities and social forums for collective welfare.



Within this community-based development context, savings and loan cooperatives are particularly relevant for lower-middle-class communities that face limited access to formal financial institutions. By providing accessible, flexible, and responsive financing mechanisms, they serve as instruments for community-based economic empowerment (Hermayani & Arif, 2022).

One form of cooperative that has become widespread in society is the savings and loan cooperative. This type of cooperative plays a crucial role in providing relatively easy and fast access to financing compared to formal banking institutions, which tend to have stricter administrative requirements. By (Utami et al., 2025) collecting funds and distributing loans to members, savings and loan cooperatives help communities meet their economic needs, both for consumptive and productive purposes (Ulya, 2022). The presence of savings and loan cooperatives also provides an alternative for communities who have traditionally relied on exploitative informal financing practices, such as loan sharks or high-interest loans (Arum et al., 2025). In the context of sharia cooperatives, cooperatives are even directed at building a more equitable economic system by avoiding usury and strengthening the spirit of mutual assistance among members (Ansari et al., 2024).

However, the success of a cooperative is not solely determined by its financial aspects or the size of its economic capital. In the study of economic institutions, the sustainability of an organization is also greatly influenced by the quality of the social relationships it fosters. These social relationships encompass the level of trust, social networks, norms, and values that govern interactions between members within a community (Pohan & Marliyah, 2022). Strong social relationships foster cooperation, member loyalty, and active participation making social capital a crucial yet often overlooked determinant of cooperative success.

Putnam (1993) defined social capital as a social resource born from networks, norms, and trust that enable communities to work together effectively to achieve common goals. Coleman (1988) emphasized that social capital does not reside in individuals but is inherent in the structure of social relationships that enable effective collective action (I. Harahap et al., 2020). Meanwhile, (Soemitra et al., 2022) explained that social trust plays a crucial role in reducing economic transaction costs and increasing institutional effectiveness. Together, these classical frameworks establish that cooperatives fundamentally relational institutions cannot be understood through financial capital alone; their sustainability depends on the quality of social bonds among members and between members and management.

From an Islamic economic perspective, social capital is extended into Islamic Social Capital a construct that integrates social, moral, and spiritual dimensions within economic activity. Built on three core dimensions: amanah (trustworthiness), ukhuwah (brotherhood), and ta'awun (mutual cooperation), Islamic Social Capital provides the value framework through which cooperative members

relate to one another and to institutional governance (Khairani et al., 2023). Amanah governs transparency and responsibility in fund management; ukhuwah sustains solidarity and cohesion among members; and ta'awun operationalizes collective action in economic and social support. This study proposes a conceptual framework in which these three dimensions of Islamic Social Capital act as mediating mechanisms between cooperative institutional practices and sustainable community empowerment outcomes. These values function not merely as moral guidelines but as structural social forces that reduce information asymmetry, strengthen reciprocal obligations, and enhance institutional resilience (Nuraenah et al., 2022).

Several prior studies have empirically demonstrated that social capital dimensions shape community economic outcomes. Research (Latifah et al., 2025), on community economic development in Kasih Sayang Village found that solidarity, collective spirit, and shared ownership rather than economic capital alone determine development success. Research by (Damayanti et al., 2024). also shows that trust, social networks, norms, and religiosity the core dimensions of Islamic Social Capital positively influence MSME performance and sustainability. Furthermore, (Kaswinata et al., 2023) found that brotherhood and trust in group-based financing strengthen household economic stability while sustaining social solidarity. Collectively, these studies confirm that Islamic Social Capital dimensions amanah, ukhuwah, and ta'awun function as key enablers of community economic empowerment, though their application in savings and loan cooperatives remains underexplored.

Despite this, most research on cooperatives still focuses on technical and financial aspects capital management, financing systems, and profitability while the role of Islamic social capital as a strengthening factor in cooperative-based empowerment remains largely unexamined. Islamic values within cooperatives are often understood only normatively rather than analyzed as operational social mechanisms. This gap results in persistent challenges: low member participation, weak institutional trust, and limited capacity for sustainable empowerment.

More specifically, prior studies have been conducted primarily in MSME or group-financing contexts; research applying the amanah-ukhuwah-ta'awun framework explicitly to savings and loan cooperatives particularly in the Padangsidempuan City context is still very limited. This gap motivates the present study.

The novelty of this research lies in its integration of Islamic Social Capital theory with cooperative-based community empowerment. Unlike prior studies that treat Islamic values normatively or focus on MSMEs, this study analyzes how amanah, ukhuwah, and ta'awun operate as active social mechanisms within a savings and loan cooperative examining cooperatives not only as financial institutions but as spaces for the formation of Islamic social relationships that sustain empowerment.

The Makmur Mandiri Savings and Loans Cooperative in Padangsidempuan City was selected as the research site due to its long operational history and intensive member interactions across savings, loan, and social activities conditions that create an observable context for the formation and functioning of Islamic Social Capital.

Based on this description, this study aims to analyze the role of Islamic Social Capital specifically the dimensions of amanah, ukhuwah, and ta'awun in cooperative-based community empowerment at the Makmur Mandiri Savings and Loans Cooperative, and to assess their contribution to economic strengthening and sustainable member empowerment.

2. METHODS

This research employs a qualitative approach with a field case study design. The case study method was selected because it allows for an in-depth, contextual examination of how Islamic Social Capital values amanah (trust), ukhuwah (brotherhood), and ta'awun (mutual cooperation) are enacted within a specific cooperative setting and contribute to community empowerment (Rukminingsih, 2020).

Data collection was conducted through in-depth interviews, direct observation, and documentation. Research informants were selected purposively based on their direct involvement in cooperative activities. A total of seven informants participated: two cooperative management staff (including the branch head and a financial officer) and five active members who had utilized cooperative loan and savings services for at least one year. Interviews were conducted using a semi-structured guide organized around the three dimensions of Islamic Social Capital amanah, ukhuwah, and ta'awun and their manifestation in daily cooperative operations. Each interview lasted approximately 45 to 60 minutes and was conducted at the cooperative office and members' business premises. Observation was carried out to document cooperative operational activities and member interactions, while documentation provided supporting data from cooperative financial records and organizational reports.

Data analysis followed Miles and Huberman's interactive model, comprising three concurrent stages: data reduction, data display, and conclusion drawing (Hardani, 2020). In the data reduction stage, interview transcripts were coded thematically based on the three ISC dimensions (amanah, ukhuwah, ta'awun) as a priori categories, while remaining open to emergent themes. Coded segments were then organized into a thematic display matrix to identify patterns across informant groups, and conclusions were drawn iteratively by revisiting earlier data as new themes emerged. To ensure data validity, source triangulation was applied by cross-checking findings from management interviews, member interviews, observation notes, and documentary evidence, thereby strengthening the

credibility and dependability of the analysis (Rahmani, 2022).

3. FINDINGS AND DISCUSSION

3.1. Conditions and Characteristics of the Makmur Mandiri Cooperative in Padangsidempuan City

The Makmur Mandiri Cooperative is a savings and loan cooperative that has been operating since 2009. Field observations confirm that the cooperative has secured legal entity status and developed a multi-branch network indicators of institutional maturity that distinguish it from cooperatives still in early formation stages. Its structured operational system and innovative service features reflect a transition from an informal community savings group to a formalized financial institution capable of sustained service delivery.

Three interconnected themes characterize the cooperative's operational profile: accessibility, flexibility, and innovation. In terms of accessibility, the cooperative offers retirement savings, education savings, and term deposits through streamlined procedures that members consistently describe as less burdensome than formal banking requirements.

Flexibility is evident in the savings withdrawal mechanism members may access funds before maturity without penalty and in the loan repayment system, which can be adjusted to weekly schedules for members facing financial difficulties. This responsiveness to members' economic realities distinguishes the cooperative from formal financial institutions that apply rigid terms regardless of individual circumstances.

On innovation, the cooperative has adopted a mobile application allowing members to independently monitor transactions and deposits in real time. This digital modernization signals a deliberate effort to increase institutional transparency and operational efficiency attributes that also carry social capital implications, as discussed in section 3.3.

From the members' perspective, the cooperative is valued primarily for its procedural simplicity, service flexibility, and faster disbursement factors that make it a preferred alternative to formal banking. While member-to-member social interaction is not yet fully developed given the cooperative's primary orientation toward financial services, managers actively maintain communication through service interactions, indicating a functional social layer that underlies economic activity.

Overall, the Makmur Mandiri Cooperative exhibits three markers of institutional maturity: legal formalization, service diversification, and digital adaptation. These characteristics position it as a cooperative that has moved beyond survival-stage operation toward a model capable of supporting sustained member engagement. Nonetheless, challenges remain in the areas of internal capital management, human resource capacity, and deepening member participation challenges that align with

(Dayu et al., 2023), who note that cooperative strengthening is a gradual, multidimensional process contingent on organizational capacity and adaptive governance.

Community empowerment in the context of cooperatives is a process aimed at improving the economic capacity and welfare of members through the utilization of cooperative resources (Dewi et al., 2025). In practice, empowerment is not only realized through formal programs but can also be reflected in service mechanisms, institutional policies, and the relationships established between the cooperative and its members in daily economic activities. In the context of this research, community empowerment at the Makmur Mandiri Cooperative is analyzed through three thematic categories: economic empowerment (capital access and productive loan use), service-based empowerment (flexibility and adaptability), and social empowerment (mutual support and welfare programs).

3.2. Form of Community Empowerment Based on the Makmur Mandiri Cooperative

Community empowerment in the context of cooperatives is a process aimed at improving the economic capacity and welfare of members through the utilization of cooperative resources (Khasanah & Paryanto, 2023). In practice, empowerment is not only realized through formal programs but can also be reflected in service mechanisms, institutional policies, and the relationships established between the cooperative and its members in daily economic activities. In the context of this research, community empowerment at the Makmur Mandiri Cooperative is analyzed through three thematic categories: economic empowerment (capital access and productive loan use), service-based empowerment (flexibility and adaptability), and social empowerment (mutual support and welfare programs).

In terms of economic empowerment, the cooperative's primary mechanism is providing loan access for both productive and consumptive purposes. Notably, the cooperative actively encourages members to direct loans toward productive uses particularly sustaining existing small businesses rather than treating them as purely consumptive instruments. This orientation aligns with the capability-building dimension of empowerment, where institutional support expands members' capacity for independent economic activity rather than merely addressing immediate needs. Members confirm the cooperative's comparative advantage over formal banks: "This cooperative is easier, with fewer requirements, so it really helps us," said one member. Field findings confirm that loan utilization has had measurable effects on household economic stability for several members.

Service-based empowerment is evidenced by the cooperative's flexible repayment system, which allows members experiencing financial difficulties to restructure payment schedules to weekly instalments. This adaptive policy prevents members from defaulting and sustains their engagement with the cooperative, demonstrating an institutional ethic that prioritizes member wellbeing over short-term revenue collection.

Social empowerment represents a third, often overlooked dimension. The cooperative provides material assistance including basic food supplies to members experiencing disasters, and runs an educational savings program with occasional recognition for members' academically achieving children. These practices indicate that the cooperative's empowerment function extends beyond financial intermediation into welfare support, reflecting an embedded social responsibility within its institutional culture.

From the members' perspective, cooperatives are seen as providing easier access to financing compared to other formal financial institutions. Relatively simple procedures and flexible services are the primary reasons members utilize cooperative services. "This cooperative is easier, with fewer requirements, so it really helps us," said one member.

Research findings confirm that loan utilization has had measurable effects on household economic stability for several members who use loans to sustain existing businesses.

Beyond economic access, the cooperative extends a form of social empowerment through disaster assistance providing basic food supplies to members in need and an educational savings program that supports members' long-term family welfare. "If a member experiences a disaster, the cooperative helps, for example with basic food supplies," noted one member. These practices indicate that the cooperative's empowerment function extends beyond financial intermediation into embedded social welfare, reflecting an institutional culture of collective responsibility.

Overall, the empowerment pattern at Makmur Mandiri is best characterized as incremental service-based empowerment where empowering practices are embedded within routine service delivery rather than delivered through structured programs. While this approach has produced tangible benefits, it also reveals a limitation: without a systematic empowerment framework, the depth and consistency of outcomes remain dependent on institutional goodwill rather than institutional design. This aligns with (Usdeldi et al., 2022), who emphasize that sustainable empowerment requires structured mentoring, consistent support, and long-term institutional commitment conditions the cooperative has yet to fully meet.

Islamic Social Capital is a construct that integrates social, moral, and spiritual dimensions of Islamic teaching into economic relationships. In the context of cooperatives, its three core dimensions *amanah* (trustworthiness), *ukhuwah* (brotherhood), and *ta'awun* (mutual assistance) function not merely as normative values but as active social mechanisms that reduce transaction costs, strengthen member commitment, and sustain institutional effectiveness (Sadallah, 2025). Critically, as the following analysis shows, these values operate in the Makmur Mandiri Cooperative independent of its non-Sharia formal status a finding that underscores the universality of Islamic social values as described in the concept of *Islam as rahmatan lil 'alamin*.

Based on interviews and field observations, the implementation of Islamic Social Capital in the Makmur Mandiri Cooperative is reflected in various operational aspects and social relationships. Importantly, these values are present not only in management conduct but are also directly experienced by members experienced as trust, comfort, and social support rather than merely narrated as institutional principles.

3.3. Implementation of Islamic Social Capital in the Makmur Mandiri Cooperative

Islamic Social Capital is a construct that integrates social, moral, and spiritual dimensions of Islamic teaching into economic relationships. In the context of cooperatives, its three core dimensions amanah (trustworthiness), ukhuwah (brotherhood), and ta'awun (mutual assistance) function not merely as normative values but as active social mechanisms that reduce transaction costs, strengthen member commitment, and sustain institutional effectiveness (R. S. P. Harahap et al., 2023). These values are not only normative but also play a role in strengthening community-based economic practices.

Critically, these values are not confined to formally Sharia-based institutions. Consistent with the concept of Islam as rahmatan lil 'alamin Islamic teachings as a benefit for all the values of amanah, ukhuwah, and ta'awun can operate in any cooperative context where members and managers internalize relational ethics grounded in honesty, solidarity, and mutual obligation. This is analytically significant: it allows Islamic Social Capital to be treated as a universal social force rather than a sectarian institutional marker.

The following analysis examines each ISC dimension in turn, linking observed practices to their theoretical functions.

a. Trust (Amanah)

Amanah functions in the cooperative primarily through informational transparency, which theoretically reduces the information asymmetry between management and members one of the key transaction costs that erodes institutional trust (Neves et al., 2023). In practice, the cooperative's mobile application enables members to independently monitor their savings and transactions in real time, making financial information directly verifiable rather than dependent on intermediary reporting. This transparency mechanism converts an abstract value (trustworthiness) into a structural feature of the cooperative's operational architecture.

Accountability further reinforces amanah at the behavioral level. Management actively communicates with members when service issues arise and resolves problems to protect institutional credibility. Members experience this as psychological safety: "We trust them because everything is clear and can be verified, so we feel more at ease," said one member. This is theoretically significant: Coleman (1988) argues that trust embedded in social structures reduces the need for costly formal monitoring,

enabling more efficient collective action. In the cooperative context, member trust in management translates into sustained participation the financial and social engagement on which the institution depends.

Amanah also manifests at the interpersonal level through service ethics: managers are required to demonstrate honesty, friendliness, and professionalism. This behavioral dimension of trust moves beyond systemic transparency to daily relational practice, suggesting that amanah in this cooperative operates as both an institutional mechanism and a cultivated professional norm.

b. Ukhuwah (Social Network and Closeness)

Ukhuwah operates in the cooperative through the cultivation of relational closeness between management and members that exceeds transactional necessity. Theoretically, this functions as bonding social capital the dense, trust-based ties within a group that Putnam (1993) identifies as central to institutional resilience. In practice, cooperative managers actively maintain ongoing, responsive communication with members, creating a service experience characterized by familiarity rather than bureaucratic distance.

Members experience this relational quality as comfort and ease they feel they can approach management with financial difficulties without embarrassment or fear of refusal. This lowers the psychological barriers to participation, which is particularly important for lower-income members who may feel intimidated by formal financial institutions. From an empowerment perspective, the reduction of social distance between members and management is itself an enabling condition for economic agency.

At the member-to-member level, ukhuwah is still emerging rather than fully established. Connections between members exist primarily through referral networks existing members recommending the cooperative to others rather than through organized social activities. This represents a form of bridging social capital (Kasri & Ismail, 2021) that expands the cooperative's social reach, but its informality also means that collective solidarity among members has not yet coalesced into a durable feature of cooperative culture. This observation points to a developmental gap: strengthening horizontal member relationships could significantly deepen the cooperative's social capital base.

c. Ta'awun (Mutual help)

Ta'awun is the most operationally visible ISC dimension in the cooperative. Unlike amanah (which operates through systems) and ukhuwah (which operates through relationships), ta'awun is enacted through concrete acts of assistance. Its primary expression is the loan access and flexible repayment system that enables members to meet economic needs without falling into cycles of debt or default. Theoretically, ta'awun functions as a cooperative insurance mechanism distributing economic risk across the membership base rather than leaving individual members to absorb it alone.

Members affirm this directly: “Loans from cooperatives are very helpful, especially for businesses,” said one member. This statement reflects not merely a product evaluation but recognition of the cooperative’s role as an accessible economic support system a function that formal financial institutions, oriented toward creditworthiness assessment, do not perform for lower-income communities.

Ta’awun extends beyond financial assistance into social solidarity. The cooperative provides basic food supplies and other material support to members experiencing disasters, and recognizes members’ academically achieving children through its educational savings program. These practices are analytically important: they indicate that ta’awun in this cooperative is not purely dyadic (manager-to-member) but begins to involve a collective ethic of shared responsibility the foundation of genuine community-based empowerment. However, it is worth noting that these social assistance practices remain informal and discretionary rather than systematized, which limits their reliability as an empowerment resource for members in need .

Overall, the three ISC dimensions operate through distinct but complementary mechanisms: amanah reduces information asymmetry and builds institutional credibility; ukhuwah lowers participation barriers through relational closeness; and ta’awun distributes economic risk and extends social support. Together, they constitute an informal governance system embedded in cooperative culture one that compensates for the absence of formal empowerment programming identified in section 3.2. Critically, this finding challenges the assumption that Islamic Social Capital requires a formal Sharia institutional framework to be effective: its social mechanisms can operate wherever members and managers share relational values grounded in honesty, solidarity, and mutual obligation.

Overall, the implementation of Islamic Social Capital in the Makmur Mandiri Cooperative demonstrates that the values of trust, brotherhood, and mutual assistance have been integrated into the cooperative's operational practices. The value of trustworthiness is reflected in transparency and trust, brotherhood in established social relationships, and mutual assistance in the form of economic and social assistance to members. These values are not only implemented by the management but also directly experienced by members as part of their experience interacting with the cooperative. Thus, Islamic Social Capital in this cooperative is not merely conceptual but has become part of the organizational culture that supports the cooperative's sustainability.

The existence of these values also strengthens the cooperative's role in community empowerment, as it not only improves the economic aspect but also builds harmonious and sustainable social relationships. Therefore, Islamic Social Capital can be seen as a crucial factor in supporting the success of cooperatives as community-based economic institutions.

3.4. The Role of Islamic Social Capital in Community Empowerment Based on the Makmur Mandiri Cooperative

The findings from sections 3.1 to 3.3 collectively demonstrate that Islamic Social Capital is not a peripheral feature of the Makmur Mandiri Cooperative but an embedded governance mechanism that shapes how the institution functions. This discussion contextualizes these findings within the broader literature, identifies points of theoretical contribution and contextual uniqueness, and acknowledges critical limitations that inform the interpretation of results.

The role of amanah in the cooperative confirms and extends prior findings. Consistent with (Akbar, 2021) and (Safri et al., 2021), trust in management drives member participation in both savings and loan utilization. However, this study adds a structural dimension: at Makmur Mandiri, trust is not merely interpersonal but is institutionalized through the digital transaction monitoring system. This moves the locus of trust from reliance on individual officer integrity toward verifiable systemic accountability a more resilient foundation for long-term institutional credibility. The contextual implication is important: in communities where formal legal enforcement of financial contracts is weak, such embedded transparency mechanisms serve as a functional substitute for external regulatory oversight. Members who trust each other tend to participate more actively, resulting in a more stable cash flow within the cooperative a dynamic that ultimately underpins the cooperative's financial sustainability.

The role of ukhuwah partially confirms the existing literature on social cohesion in cooperative institutions. Consistent with (Rusdi et al., 2022), relational closeness between management and members produces more adaptive institutional responses as evidenced by the cooperative's flexibility in restructuring loan repayments based on individual circumstances. This relational sensitivity is an expression of social capital in practice: it allows the cooperative to function as an adaptive institution rather than a rigid one. However, this study also identifies a critical limitation that the literature has not sufficiently addressed: ukhuwah in the Makmur Mandiri Cooperative is predominantly vertical (management-to-member) rather than horizontal (member-to-member). Member-to-member solidarity remains largely informal and incidental formed through referral networks rather than organized collective activity. This asymmetry in social capital architecture means the cooperative's social cohesion depends heavily on individual manager conduct, making it vulnerable to disruption when key personnel change. Strengthening horizontal ukhuwah through member group activities or peer support structures would significantly deepen the cooperative's social capital base and its capacity for sustainable empowerment.

The role of ta'awun in empowerment is the most empirically evident of the three dimensions, yet also the most analytically complex. The cooperative's loan access, repayment flexibility, and disaster assistance collectively instantiate what (Lubis et al., 2024) describe as social solidarity members are not

solely focused on individual interests but embedded in a network of mutual obligation. This study confirms and extends this finding: ta'awun functions as an informal risk-distribution mechanism that enables members to weather economic volatility without defaulting or withdrawing from the cooperative. However, a critical observation is warranted: the current expression of ta'awun at Makmur Mandiri is predominantly top-down it flows from management to members rather than horizontally among members themselves. This contrasts with the ideal of ta'awun as a communal, reciprocal practice and suggests that the cooperative has not yet fully cultivated the conditions for genuine mutual assistance among its membership. The absence of member-led mutual aid structures represents both a limitation of current practice and an opportunity for institutional development.

Taken together, the three ISC dimensions constitute a layered social governance architecture within the cooperative: amanah provides the institutional foundation of credibility; ukhuwah supplies the relational infrastructure for participation and communication; and ta'awun operationalizes solidarity into tangible mutual assistance. This architecture functions as an informal institutional supplement that compensates for the cooperative's lack of structured empowerment programming. This finding extends previous research confirming the positive relationship between Islamic Social Capital and community economic well-being by (Siregar, 2024) specifying the mechanisms through which each ISC dimension operates, rather than treating social capital as a unified explanatory variable.

A contextually distinctive finding of this study is that ISC operates effectively in a non-Sharia cooperative an institution that does not explicitly identify itself with Islamic economic principles. This challenges the prevailing assumption in the ISC literature that these values require a Sharia-formal institutional frame to be activated. The Makmur Mandiri case suggests that Islamic social values are culturally embedded in the community context of Padangsidempuan and are enacted through daily relational practices regardless of the cooperative's formal institutional identity. This finding carries significant implications for the broader applicability of ISC theory beyond explicitly Islamic institutions. Nonetheless, several limitations should be acknowledged. First, with seven informants, the findings reflect depth of insight rather than breadth of representation the experiences of members not included in the study may differ. Second, the study's cross-sectional design captures a snapshot rather than the trajectory of ISC development, and the sustainability of the observed social practices over time cannot be confirmed from the current data. Third, the cooperative's empowerment impact remains self-reported, without independent economic indicators to measure changes in member welfare. These limitations point to a productive agenda for future research: longitudinal studies, larger informant samples, and the development of quantitative ISC measurement tools calibrated to the cooperative context. This aligns with (Matondang et al., 2025).

In conclusion, the Makmur Mandiri Cooperative demonstrates that the integration of Islamic-based social values into cooperative governance is not merely aspirational but functionally operative — even in a non-Sharia institutional context. Islamic Social Capital does not substitute for sound financial management, but it substantially amplifies the cooperative's empowerment capacity by building the trust, relational cohesion, and mutual assistance orientation that make members willing to engage, participate, and support one another. The cooperative therefore offers a contextually specific but theoretically significant model: one in which community economic empowerment is co-produced by financial access and social value and where strengthening the latter is as strategically important as expanding the former.

4. CONCLUSION

This study demonstrates that Islamic Social Capital operationalized through the dimensions of amanah (trustworthiness), ukhuwah (brotherhood), and ta'awun (mutual assistance) functions as an active social governance mechanism that significantly strengthens cooperative-based community empowerment at the Makmur Mandiri Cooperative in Padangsidempuan City. Amanah builds institutional credibility through systemic transparency and accountable conduct; ukhuwah reduces participation barriers through relational closeness between management and members; and ta'awun distributes economic risk and extends social support beyond formal financial services. Critically, these mechanisms operate effectively in a non-Sharia cooperative context, demonstrating that Islamic social values are culturally embedded and relationally enacted rather than dependent on formal institutional identity. This finding makes a twofold theoretical contribution: first, it extends Islamic Social Capital theory by specifying the distinct functional mechanisms of each dimension rather than treating social capital as a unified variable; and second, it challenges the prevailing assumption that ISC requires a Sharia-formal institutional framework to be operative broadening the theory's scope of application to community economic institutions more generally.

These findings carry concrete policy implications at multiple levels. At the cooperative governance level, management should move beyond relying on informally enacted social values and develop structured programs that institutionalize ISC for instance, member literacy programs built around amanah principles, regular member assembly activities that strengthen horizontal ukhuwah, and formalized ta'awun funds with clear disbursement criteria. At the government and cooperative development agency level, the findings suggest that cooperative strengthening policies should not be limited to financial capital injection or regulatory compliance but should incorporate social capital assessment and development as a core institutional health indicator. Cooperative supervisors and field officers should be trained to recognize and cultivate ISC as a productive institutional asset. At the

community level, the Makmur Mandiri model offers a replicable template for other savings and loan cooperatives in North Sumatra and similar contexts, demonstrating that embedding Islamic relational values into cooperative governance can amplify empowerment outcomes without requiring Sharia-formal restructuring.

This study is subject to several limitations that define a productive agenda for future research. First, the case study design and limited informant sample (seven participants) prioritize depth over breadth; future research should employ larger samples or comparative multi-cooperative designs to test the generalizability of the amanah–ukhuwah–ta’awun framework across diverse cooperative contexts. Second, the cross-sectional nature of this study captures ISC at a single point in time; longitudinal research is needed to trace how ISC dimensions develop, erode, or transform alongside cooperative institutional change. Third, this study relies on qualitative evidence and member self-reporting; future research should develop and validate quantitative ISC measurement instruments calibrated to the cooperative context, enabling more precise assessment of the relationship between ISC dimensions and measurable empowerment outcomes such as member income growth, business survival rates, and savings accumulation. Finally, comparative studies between Sharia-formal and non-Sharia cooperatives would allow a more rigorous test of the claim that ISC operates independently of formal institutional identity a finding that this study surfaces but cannot fully confirm from a single case.

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