



Cultural Awareness and the Implementation of a Sharia-Based Transactional System in Islamic Early Childhood Education

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ABSTRACT

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This study aims to examine the implementation of a Sharia-based transactional system, explore the level of cultural awareness supporting its implementation, and identify the factors influencing its effectiveness within an Islamic early childhood educational institution. A qualitative approach with a descriptive analytical design was employed. Four participants, consisting of a school leader, a financial administrator, a teacher, and a parent, were purposively selected. Data were collected through observations, in-depth interviews, and documentation and analyzed using the interactive model of Miles, Huberman, and Saldaña, including data condensation, data display, and conclusion drawing/verification. The findings reveal that the institution has consistently implemented Sharia economic principles in its financial transactions by emphasizing transparency, accountability, honesty, and amanah. High cultural awareness was evident through the internalization of Islamic values into organizational practices and daily institutional activities. The implementation was supported by strong Islamic educational values, leadership commitment, parental involvement, and a supportive socio-cultural environment, while challenges included limited technical expertise in Sharia financial management and the absence of comprehensive Sharia-based standard operating procedures. These findings imply that integrating Sharia financial governance with organizational culture can strengthen ethical governance, institutional accountability, and sustainable financial management in Islamic educational institutions.

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INTRODUCTION

The rapid expansion of the Islamic economy has significantly transformed economic practices across various sectors, including education. Sharia principles are no longer confined to Islamic banking and finance but increasingly guide

institutional governance, financial administration, and organizational management. This development is important because educational institutions are expected to demonstrate ethical, transparent, and accountable financial practices while fostering Islamic values among future generations. According to Islamic economic principles, financial transactions should uphold justice (*'adl*), trustworthiness (*amanah*), transparency, and public welfare (*maslahah*) to achieve sustainable institutional development. Recent studies have shown that integrating these principles into educational financial management strengthens institutional credibility, improves stakeholder trust, and enhances governance quality (Misbah, 2025; Asyibli & Utami, 2025). Likewise, Sharia-oriented financial governance has become an essential strategy for ensuring accountability and sustainability within Islamic educational institutions facing increasing administrative and financial complexity (Darifah & Erihadiana, 2024; Dermawan et al., 2026).

Educational institutions play a strategic role in translating Islamic financial principles into daily organizational practices through administrative systems, financial governance, and institutional culture. Islamic financial governance theory argues that financial management should integrate transparency, accountability, integrity, and ethical responsibility to ensure compliance with both managerial standards and Islamic values. Organizational culture theory further explains that institutional values become sustainable when they are consistently internalized into the attitudes and behaviors of organizational members. Consequently, successful implementation of a Sharia-based transactional system depends not only on financial procedures but also on the cultural awareness of administrators, teachers, staff, and parents. Previous studies indicate that transparent and accountable financial governance significantly improves institutional effectiveness and public confidence in Islamic educational organizations (Akhyar, 2024; Sari & Sunhaji, 2025). Similarly, ethical leadership and Islamic organizational culture positively influence governance quality by reinforcing integrity, responsibility, and organizational commitment (Mahadi et al., 2024; Jinan et al., 2024).

Despite substantial progress in Islamic educational governance, many institutions continue to encounter challenges in implementing Sharia-compliant transactional systems consistently. Financial management often emphasizes administrative procedures while giving less attention to ethical values and organizational culture that sustain Sharia compliance. The rapid adoption of digital financial services also requires institutions to improve financial literacy, governance capacity, and technological readiness. Several studies report that limited institutional competence and insufficient understanding of Sharia financial management hinder the effective implementation of Islamic financial

practices (Alhassan et al., 2024; Yustati et al., 2024). Furthermore, the emergence of Sharia-compliant financial technology requires educational institutions to strengthen governance mechanisms capable of integrating technological innovation with Islamic legal and accounting principles (Ahmad et al., 2025; Alhifni et al., 2026). These conditions demonstrate the need for research examining both the transactional system and the cultural awareness supporting its implementation.

The growing body of literature has extensively examined Sharia financial management within Islamic educational institutions from different perspectives. Previous studies have primarily focused on financial governance, transparency, accountability, institutional financing, and the application of Sharia accounting principles. Other researchers have investigated Islamic financial literacy, financial inclusion, and the role of educational institutions in promoting Islamic economic awareness among students and communities. These studies consistently conclude that adherence to Sharia principles strengthens institutional governance and public trust while improving financial management effectiveness (Akhyar, 2024; Hamdana & Donna, 2024). Similarly, research has emphasized that integrating Islamic financial values into educational management contributes to more transparent, ethical, and accountable organizational practices (Cibro et al., 2023; Rusmini & Alfiandi, 2025). Although these studies provide valuable insights into Sharia-oriented financial governance, they generally examine financial management as an administrative function without comprehensively exploring how transactional practices become embedded within the organizational culture of Islamic educational institutions.

Another stream of research has explored Tadika Al-Fikh Orchard and comparable Islamic educational institutions from the perspectives of Islamic finance, financial literacy, and institutional management. Existing studies have highlighted the institution's contribution to promoting Islamic financial education and strengthening awareness of Sharia economic values among young learners and their families (Nabilah & Amalia, 2024; Syahfitri & Amalia, 2025). Other scholars have examined broader issues, including Islamic financial literacy, digital financial inclusion, and the application of Sharia principles in educational settings (Iswandi, 2023; Alhassan et al., 2024). Nevertheless, limited attention has been given to the implementation of Sharia-based transactional systems encompassing payment mechanisms, financial administration, accountability practices, and the cultural awareness supporting their sustainability within a single institutional context. This gap indicates the need for a more comprehensive qualitative investigation integrating financial governance with organizational culture.

This study offers a different perspective by examining the implementation of a Sharia-based transactional system and cultural awareness as interconnected dimensions rather than independent organizational phenomena. Instead of evaluating financial administration solely from procedural or accounting perspectives, this research investigates how Islamic values are translated into daily transactional practices and institutional culture through the interaction of school leaders, financial administrators, teachers, and parents. Furthermore, the study provides an integrated understanding of how ethical values influence governance quality and organizational behavior within an early childhood Islamic educational institution. By combining financial governance and cultural awareness in one analytical framework, this research expands current discussions on Sharia economic implementation in education and provides empirical evidence regarding the institutionalization of Islamic values in organizational practices.

Based on the identified research gap, this study aims to analyze the implementation of the Sharia-based transactional system at Tadika Al-Fikh Orchard, Malaysia, and to examine the cultural awareness supporting its implementation. It argues that effective implementation of Sharia economic principles depends not only on transparent financial procedures but also on the successful internalization of Islamic values within organizational culture. Consequently, ethical financial governance and strong cultural awareness are expected to reinforce institutional accountability, public trust, and organizational sustainability. The findings are expected to contribute theoretically by enriching the literature on Islamic educational management and Sharia financial governance, while practically providing a reference for Islamic educational institutions seeking to develop transparent, accountable, and value-based transactional systems capable of responding to contemporary educational governance challenges.

RESEARCH METHODS

This study employed a qualitative research approach with a descriptive analytical design to explore the implementation of a Sharia-based transactional system and the development of cultural awareness within an Islamic educational institution. A qualitative design was selected because it enables researchers to obtain an in-depth understanding of social phenomena, participants' experiences, institutional practices, and the meanings embedded in everyday interactions rather than measuring variables quantitatively (Sugiyono, 2023). This approach is particularly appropriate for examining the integration of Sharia economic principles into educational financial management and organizational culture, where contextual interpretation is essential (Jinan et al., 2024; Darifah &

Erihadiana, 2024). The research was conducted at Tadika Al-Fikh Orchard, Malaysia, which was purposively selected because it consistently integrates Islamic values into its educational, administrative, and financial management practices, making it a relevant setting for investigating Sharia-compliant transactional systems and financial governance in educational institutions (Nabilah & Amalia, 2024; Syahfitri & Amalia, 2025).

Data were collected through direct observation, in-depth interviews, and documentation to ensure comprehensive understanding and data triangulation. Observation was conducted to examine transactional practices, institutional culture, and daily financial management activities within the institution. Semi-structured interviews were carried out with four purposively selected informants consisting of the school principal, financial administrator, teacher, and one parent, all of whom possessed direct knowledge and experience regarding the implementation of Sharia-based financial transactions. Institutional documents, including financial administration records and supporting policy documents, were also examined to strengthen the credibility of the findings. The use of multiple data collection techniques and purposive informant selection is widely recommended in qualitative studies investigating Islamic educational management and Sharia financial governance because it facilitates comprehensive exploration of institutional practices while enhancing data credibility through source and method triangulation (Akhyar, 2024; Harmini et al., 2026). To ensure trustworthiness, source triangulation, methodological triangulation, and member checking were conducted by comparing information across participants and confirming interview findings with the respective informants.

The data were analyzed using the interactive model of Miles, Huberman, and Saldaña (2014), consisting of data condensation, data display, and conclusion drawing/verification. Data condensation involved selecting, simplifying, coding, and organizing the interview transcripts, observation notes, and documentation according to the research objectives. Subsequently, the condensed data were systematically presented through narrative descriptions and thematic matrices to facilitate interpretation and identify relationships among emerging themes. Finally, conclusions were continuously developed and verified throughout the analytical process by comparing evidence from different data sources until consistent and credible findings were achieved. This analytical procedure is considered appropriate for qualitative investigations examining organizational practices and financial governance because it enables systematic interpretation of complex institutional phenomena while maintaining analytical rigor (Misbah, 2025; Gunawan et al., 2025).

RESULTS AND DISCUSSION

Implementation of the Sharia-Based Transactional System in Institutional Financial Management

The findings indicate that the transactional system implemented at Tadika Al-Fikh Orchard, Malaysia, reflects the fundamental principles of Sharia economics in the management of educational administration and institutional finance. Observations revealed that transparency is practiced through the disclosure of tuition fees and other educational charges to parents from the beginning of the enrollment process. Every financial transaction is systematically recorded, documented, and supported by payment receipts, enabling financial accountability and traceability. This practice was confirmed by the principal (Informant 1), who explained that all educational fees are communicated to parents in advance and every payment is officially recorded and acknowledged through receipts. Similarly, the financial administrator (Informant 2) stated that all institutional funds are managed solely for educational purposes, including operational expenses, facility development, and learning improvement, with every expenditure carefully documented to ensure accountability.

Interview and observational data further demonstrated that the institution consistently avoids financial practices involving *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling or speculation). Financial decisions are guided by Islamic ethical values emphasizing *amanah* (trustworthiness), justice, transparency, and responsibility. These findings suggest that Sharia principles are embedded not merely in financial procedures but also in the institution's governance system, ensuring that financial management aligns with Islamic ethical standards. Such practices are consistent with previous studies emphasizing that financial governance in Islamic educational institutions should prioritize transparency, accountability, integrity, and compliance with Sharia principles to establish public trust and institutional sustainability (Akhyar, 2024; Wahyudi & Rosyidah, 2024).

The findings also reinforce the argument that effective financial governance in Islamic educational institutions extends beyond technical bookkeeping toward the realization of ethical and value-based management. Previous studies have reported that educational financial management grounded in Islamic principles contributes to institutional credibility, efficient resource allocation, and long-term organizational sustainability (Misbah, 2025; Dermawan et al., 2026). Therefore, the implementation of the transactional system at Tadika Al-Fikh Orchard demonstrates that Sharia-based financial management can function simultaneously as an administrative mechanism and as an ethical framework governing institutional operations.

Cultural Awareness in Supporting Sharia Economic Practices

The study found that cultural awareness regarding Sharia-based transactional practices among administrators, teachers, and staff is relatively high. Participants demonstrated a shared understanding of the importance of applying Islamic financial principles in everyday institutional activities. This awareness is reflected in organizational behaviors characterized by honesty, responsibility, openness, and trustworthiness. Observations indicated that financial administration is viewed not only as an operational responsibility but also as part of religious accountability, encouraging every staff member to perform financial duties with integrity.

The internalization of Islamic values has gradually become part of the organizational culture at Tadika Al-Fikh Orchard. Financial and administrative activities are consistently guided by both technical procedures and moral considerations derived from Islamic teachings. Consequently, transparency and accountability are perceived not merely as managerial obligations but also as expressions of religious commitment. This finding supports previous research indicating that the successful implementation of Sharia financial management depends on the integration of Islamic ethical values into organizational culture rather than solely on regulatory compliance (Mahadi et al., 2024; Asyibli & Utami, 2025).

Furthermore, the findings align with studies emphasizing that organizational culture founded upon Islamic values positively influences institutional governance and ethical behavior. Institutions that consistently promote honesty, accountability, and integrity tend to develop stronger organizational commitment and more sustainable governance systems (Jinan et al., 2024; Misbah, 2025). In the present study, the institutional culture functions as an enabling factor that reinforces compliance with Sharia principles across financial management processes, thereby supporting the credibility and professionalism of the institution.

Supporting and Inhibiting Factors in the Implementation of the Sharia Transactional System

The findings revealed several factors supporting the successful implementation of the Sharia-based transactional system. First, the institution operates within a strong Islamic educational environment that continuously promotes Islamic values in both educational and administrative activities. Second, institutional leaders demonstrate a strong commitment to implementing Sharia principles consistently across financial management processes. Third, parents actively support institutional financial policies because they understand the importance of transparent and accountable financial governance. Finally, the

broader Malaysian Muslim community provides a favorable socio-cultural environment where Islamic financial practices are widely accepted and understood.

Despite these strengths, the study also identified several challenges. Interviews indicated that some staff members possess limited technical knowledge regarding contemporary Islamic financial management, particularly concerning emerging digital financial practices and Sharia financial governance standards. In addition, the institution has not yet developed comprehensive written Standard Operating Procedures (SOPs) specifically addressing Sharia-compliant financial transactions. This condition may lead to inconsistencies in future financial practices if institutional knowledge depends primarily on individual experience rather than standardized procedures.

These findings correspond with previous studies highlighting that successful implementation of Sharia financial governance requires not only strong ethical commitment but also continuous professional development, institutional capacity building, and standardized governance mechanisms (Gunawan et al., 2025; Harmini et al., 2026). Likewise, sustainable financial management in Islamic educational institutions depends upon organizational readiness, effective financial planning, and systematic governance frameworks that ensure consistency across administrative practices (Info et al., 2025; Pahlawan, 2025).

Finally, the findings suggest that strengthening institutional governance through documented Sharia-compliant financial procedures and continuous staff development would further improve the effectiveness and sustainability of the transactional system. This recommendation is supported by recent studies emphasizing that Islamic educational institutions should continuously enhance financial literacy, governance quality, and digital financial competencies to respond to evolving institutional and technological challenges while maintaining compliance with Sharia principles (Alhassan et al., 2024; Ahmad et al., 2025). Collectively, these findings demonstrate that the successful implementation of a Sharia-based transactional system depends on the interaction between ethical organizational culture, competent human resources, transparent governance, and continuous institutional improvement.

CONCLUSION

This study demonstrates that the implementation of a Sharia-based transactional system at Tadika Al-Fikh Orchard, Malaysia, extends beyond financial administration to become an integral part of the institution's organizational culture. The most significant finding is that the consistent application of transparency, amanah, accountability, and honesty, supported by

strong cultural awareness among school leaders, teachers, financial administrators, and parents, contributes to effective and ethical institutional governance. These findings suggest that sustainable Sharia financial management depends not only on compliance with Islamic financial principles but also on the internalization of Islamic values within everyday organizational practices. The study contributes to the literature by providing an integrated qualitative perspective that connects Sharia financial governance with organizational culture in an early childhood Islamic educational institution, thereby enriching current discussions on Islamic educational management. Nevertheless, this research is limited to a single institution and a relatively small number of participants, which may limit the transferability of the findings. Future studies should involve multiple Islamic educational institutions, employ comparative or mixed-method approaches, and develop validated instruments to measure Sharia financial literacy, cultural awareness, and the effectiveness of Sharia-based standard operating procedures in strengthening educational governance.

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