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COMMUNITY ENTREPRENEUR POTENTIAL, FINANCIAL LITERACY AND SUSTAINABLE BUSINESS DEVELOPMENT: AN ANALYTICAL FRAMEWORK FOR RURAL COMMUNITIES IN MALAYSIA

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Abstract:

This article presents a conceptual analytical framework that connects three key variables in the rural community development ecosystem in Malaysia: community entrepreneurial potential, financial literacy, and sustainable business development. Although these three elements have been studied independently in the development literature, the dynamic relationship between them in the context of low-income communities in Malaysia is still not systematically understood. Therefore, this article aims to develop and propose an integrated conceptual framework that explains the relationship between community entrepreneurial potential, financial literacy, and sustainable business development in rural Malaysian communities. This article argues that the realization of sustainable business. The proposed framework suggests that financial literacy converts raw entrepreneurial potential into sustainable business outcomes by enabling individuals to transform latent abilities into viable, resilient enterprises." Using a Systematic Literature Review (SLR) approach guided by an adapted PRISMA protocol. A integrated search across Scopus, Web of Science, and Google Scholar databases targeting publications between 2020 and 2025 yielded 42 relevant peer-reviewed studies based on defined inclusion criteria. supported by contextual analysis for Malaysian rural community case studies, this article develops the Three-Pillar Community Entrepreneurship Framework (TP-CEF). TP-CEF aligns Human Capital Theory, Social Capital Theory, and Economic Empowerment Theory into one integrative and implementable model, while situating each pillar within the normative context of Maqasid Shariah. A model is developed which is not only theoretically cohesive but also contextual. This can guide policy formulation and sustainable rural development. The direct relevance to Malaysia's MADANI national socioeconomic agenda and broader rural development policies in emerging economies.

Keyword:

Community Entrepreneurship; Financial Literacy; Human Capital; Malaysia MADANI; Maqasid Syariah; Rural Malaysia; Sustainable Business Development

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Introduction

Rural communities in Malaysia harbor an extraordinary reserve of entrepreneurial potential, traditional skills passed down through generations, abundant natural resources, unique cultural identities, and a persistent entrepreneurial spirit despite enduring socioeconomic constraints. However, this potential is far too often unrealized, never translating into profitable and sustainable enterprises. The fundamental question driving this study is what transformation

mechanisms determine whether the entrepreneurial potential of a community will evolve into tangible economic value, or remain dormant without meaningful impact?

This study aims to show that financial literacy is the most critical and most often overlooked catalyst of transformation in the development chain from potential to sustainable enterprise. Without the ability to understand the financial fundamentals of a business such as costs, margins, cash flow, and investment decisions, community entrepreneurs tend to make decisions that limit growth, perpetuating the cycle of business poverty even though they have marketable products and sufficient technical skills (Morgan & Long, 2020; Wahid, Nor & Ahmad, 2021).

The National Poverty Monitoring Report of Malaysia found that the absolute poverty rate has decreased significantly in recent decades; however, poverty among micro-entrepreneurs in rural areas still exists as a phenomenon of recurring poverty. This pattern of 'recurring poverty' occurs as micro-entrepreneurs exit poverty during periods of economic growth and return to it during crises or seasonal fluctuations. This recurring pattern reflects a lack of robust business fundamentals: weak financial management, insufficient business savings, and failure to progressively accumulate business asset value (Kamaruddin & Ali, 2023; Shafi, Liu & Ren, 2020).

Based on this background, this article introduces the Three Pillars Community Entrepreneurship Framework (TP-CEF) as a conceptual contribution to understanding and strengthening the process of transforming community entrepreneurial potential. TP-CEF places entrepreneurial potential, financial literacy and sustainable business development as three inseparable pillars in a successful community development ecosystem. This framework also connects with theoretical dimensions, namely Human Capital Theory, Social Capital Theory, and Economic Empowerment Theory, along with the normative dimension of Maqasid Shariah in providing an ethical and spiritual foundation for the Islamic community development agenda.

This article is organised as follows: Section 2 presents the literature review examining each TP-CEF pillar in depth. The Systematic Literature Review approach is described in section 3. Section 4 details the TP-CEF with comprehensive argumentation. The section five provides the implication of the TP-CEF in community development programs and public policy. Conclusion and future research direction are provided in section six.

Literature Review

Community Entrepreneurial Potential: Concept and Dimensions

The concept of community entrepreneurial potential encompasses the boundary between individual entrepreneurship and community development collectively. The concept of entrepreneurial potential refers to the aggregate capacity of a community to generate, identify, and exploit economic opportunities through entrepreneurial actions that include individual skills and resources, social capital, networks, local institutions, and the community's cultural identity (Kusumastuti, Silalahi, Sambodo & Juwono, 2023).

Based on the Rashid, Lani, Ariffin, Mohamad, and Ismail (2024) stated that investigation into the Setiu fishing community in Terengganu, have shown that the potential for entrepreneurship within the community is multi-layered and not always obvious at first glance: in deep

knowledge of the ecology of marine life, in traditional processing skills passed down through generations, in strong community relations, and in the very community fishing identity that can be used as an asset in branding the products. The paper proves that there is considerable value in universities and other external organisations acting as catalysts helping communities unlock their latent potential instead of being one-way providers of knowledge to them.

For Malaysia, the entrepreneurial capacity in rural communities is hidden behind numerous structural barriers within the system such as lack of access to capital, absence of formal market structure, lack of management training, and stigma of failing in business that discourages capable people from engaging in entrepreneurship. According to Hazudin et al. (2025) to concluded that these barriers are much stronger among rural women entrepreneurs than among male entrepreneurs.

It is essential to make a difference between reactive entrepreneurship potential, i.e., entrepreneurship that results only due to the economic need, and opportunistic entrepreneurship potential, i.e., one that results from the recognition of the opportunities. All existing studies demonstrate that the most efficient community development projects are those that manage to help participants transition from necessity entrepreneurship to opportunity entrepreneurship through capacity building (McCarthy & Flynn, 2022).

Financial Literacy: Dimensions, Deficits, and Their Impact on Micro-Entrepreneurs

Financial literacy has evolved from a concept that referred solely to basic financial knowledge to a multidimensional construct encompassing three interrelated components: financial knowledge, financial behavior, and financial attitudes. The most widely accepted contemporary definition, endorsed by international bodies including the OECD/INFE, defines financial literacy as a combination of awareness, knowledge, skills, attitudes, and behaviors necessary to make informed financial decisions and ultimately achieve individual financial well-being (Morgan & Long, 2020; Salleh et al., 2025a).

For the case of micro and small entrepreneurs, however, financial literacy holds implications that extend beyond regular individual consumers. Current research shows that those entrepreneurs who have high levels of financial literacy tend to make more informed decisions in relation to prices that are in line with cost of production, manage their cash flows in a better manner, decrease the chances of business failure due to liquidity issues, make better decisions in investments in order to grow the business, keep a portion of their profits as business reserves, and are in a better position to access and use the right formal financial instruments (Morgan & Long, 2020; Wahid, Nor & Ahmad, 2021; Salleh et al., 2025b).

Malaysia's empirical research on the financial literacy skills of rural micro-entrepreneurs paints a rather worrying picture. Wahid, Nor, and Ahmad (2021) discovered that most of the asnaf micro-entrepreneurs in Malaysia are incapable of making production cost calculations, lack separation between personal and business accounts, and have no business financial planning documents at all. Not only does this situation limit their business development opportunities, but it also makes them susceptible to avoidable business failure risks during economic or market changes.

The most important aspect is the realization that the deficiency in financial literacy in the community micro-entrepreneurs is not only because of lack of adequate formal education, but

rather the result of lack of knowledge about the applicability of the financial principles in the context of the businesses being run by these entrepreneurs. The best way to go about teaching financial literacy would be to use examples and scenarios related to the nature of the business run by the people taking part in the classes (Nor Azimah & Faridah, 2021; McCarthy & Flynn, 2022; Salleh et al., 2024).

Sustainable Business Development: Between Growth and Resilience

The concept of sustainable business development in the community entrepreneur context must be clearly distinguished from the concept of business growth more commonly employed in mainstream entrepreneurship literature. Business growth is typically measured through quantitative indicators such as increased sales revenue, workforce expansion, or physical asset accumulation. Sustainability in the community context encompasses broader dimensions: long-term business continuity, the capacity of the business to cover the entrepreneur's and family's basic living costs, the business's positive contribution to the community economy, and adherence to ethical and environmental principles (Kamaruddin & Ali, 2023; Kusumastuti et al., 2023; Salleh et al., 2025c).

Shafi, Liu, and Ren (2020), in their study of the COVID-19 pandemic's impact on micro-enterprises, provide valuable insight into the distinction between businesses that merely survive and those that are genuinely sustainable. They found that micro-enterprises demonstrating the highest resilience during the crisis were those that: (i) maintained sufficient business savings to sustain operations through periods of zero income; (ii) possessed diversified income sources not reliant on a single sales channel; (iii) had digital competencies enabling rapid transition to online marketing channels; and (iv) were connected to business networks and institutional support that could be accessed during the crisis. All four resilience characteristics are directly linked to entrepreneurs' financial literacy and business management capacity.

Rashid et al. (2024) found that knowledge transfer interventions from universities to communities that integrated technical skills development, business management, and social network building what they term a triad of bonding-bridging-linkage produced more enduring and integrated impacts than programmes focused on a single dimension. Businesses developed through such triad-based interventions demonstrated stronger sustainability characteristics, including greater adaptive capacity in response to market changes and improved access to external support resources.

Smith and Johnson (2021) further found that sustainable business development in tourism community contexts requires a deep understanding of local market dynamics, including the capacity to interpret tourist demand patterns, adapt products to the preferences of different market segments, and build product brands that authentically reflect local distinctiveness in ways that appeal to consumers from beyond the community. This market intelligence dimension complements financial literacy in forming integrated business management capability.

Human, Social, and Economic Capital: The Three Pillars of Theory

Knowledge, skills and ability investment in individuals that results in an economic return for individuals as well as the society at large is another fundamental component of the Human Capital Theory that has been postulated by Becker in 1964 and developed by different scholars

later on. Investment of the community entrepreneurs in financial literacy and business management skills is an example of human capital investment with huge economic returns, in the sense that it increases the productivity and economic value of the skills possessed by community entrepreneurs (Hazudin et al., 2025; Salleh et al., 2026).

The social capital theory, specifically the models put forward by Putnam (2000) and Coleman (1988), states that social relations, social trust, and norms of cooperation between the members of the community can be viewed as a source of economic development. As far as the process of community entrepreneurship goes, the concept of social capital is twofold; it can be used as a way of information and business opportunities transfer - bridging capital for entrepreneurs linking them with external markets and institutions. According to Rashid et al. (2024), it is the tool of support and social trust which is required for business cooperation bonding capital of the same community members.

Another equally important theory is the Economic Empowerment Theory which asserts that economic development does not only entail an improvement in tangible income but also entails improving people's decision-making capabilities in respect of their economic situation. Sen (1999) and subsequently Kabeer (1999) argue that genuine empowerment requires three inseparable components: resources that enable choices to be made, agency that enables choices to be executed, and achievements that demonstrate that choices have produced meaningful change. Within the TP-CEF developed in this article, all three empowerment components are directly embodied in the three pillars: potential (resources), financial literacy (agency), and sustainable enterprise (achievements).

This article presents a conceptual analytical framework that links three key variables within the rural community development ecosystem in Malaysia: community entrepreneurial potential, financial literacy, and sustainable business development. While all three elements have been studied independently in the development literature, the dynamic interrelationship among them in the context of low-income communities in Malaysia remains insufficiently understood in any systematic manner. This article argues that financial literacy functions as a conceptual mechanism between latent entrepreneurial potential and the realisation of sustainable business ventures that is, potential unaccompanied by adequate financial literacy will remain potential without meaningful economic impact. Employing a Systematic Literature Review (SLR) approach guided by an adapted Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) protocol, supported by contextual analysis of Malaysian rural community case studies.

Research Gaps and the Need for an Integrated Framework

The literature review conducted identifies two principal research gaps that substantiate the justification for a new conceptual framework. Existing studies have primarily examined entrepreneurial potential, financial literacy, and business sustainability independently, offering limited understanding of how these factors interact to influence sustainable entrepreneurship in Malaysian rural communities. This produces a fragmented understanding and policy recommendations insufficiently integrated to address the genuine complexity of community development.

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Secondly, most existing studies use a quantitative approach that measures these development variables in a static manner, as if the relationship between financial literacy and business performance, for example, is uniform and unchanging across different contexts. More detailed studies that use mixed methods or in-depth case studies are less common but provide a deeper understanding of the actual mechanisms of change (Rashid et al., 2024; Kusumastuti et al., 2023). The TP-CEF that is created in this paper tries to fill in these two gaps. TP-CEF incorporates the theories in its framework because Social Capital Theory creates the potential of the community in Pillar I, Human Capital Theory creates the financial literacy ability in Pillar II, and Economic Empowerment Theory achieves the sustainability in business in Pillar III.

Methodology

Design: Systematic Literature Review

The article has used a method known as the Systematic Literature Review (SLR), which was done following the PRISMA protocol. The choice of the SLR method as the major research method is due to the objective of developing a new theoretical framework from the existing body of knowledge in three different fields, which are community entrepreneurship, financial literacy, and sustainable business development.

A literature review was carried out on three major scientific databases such as Scopus, Web of Science (WoS), and Google Scholar. The list of keywords that were utilized in different combinations includes keywords belonging to three major conceptual domains: (i) community entrepreneurship (community entrepreneurship, rural entrepreneurship, micro-enterprises, community economic development); (ii) financial literacy (financial literacy, financial capability, financial education, entrepreneurial finance); and (iii) sustainable business development (sustainable business development, business resilience, micro-enterprise sustainability, SME development). The period covered by the search is limited to articles published from 2020 to 2025.

Inclusion and Exclusion Criteria

The inclusion criteria for selection of articles for this review are: (i) peer-reviewed journal articles and book chapters; (ii) relevance to at least one of the three main theoretical constructs; (iii) published between the years 2020-2025; and (iv) written in either Malay or English language. The exclusion criteria are: (i) lack of abstract or full text access; (ii) research conducted in the setting of a developed nation where institutions differ drastically from that of Malaysia; or (iii) studies that are merely technical and do not involve any community development aspects.

Article Selection Two-step procedure was used to select articles for review. In step one, articles' titles and abstracts were screened by two reviewers independently; a third author was used as an arbitrator in cases of disagreement. In step two, the full-text articles were read by two reviewers using a structured data extraction form to extract key themes, methodological information and results.

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Analysis and Synthesis

The data obtained from the literature review were analyzed by applying a method of thematic analysis, which facilitated the uncovering of the cross-cutting themes associated with the interaction of all three pillars of TP-CEF. Narrative synthesis was used to explore the mechanisms and processes explaining the relationship between entrepreneurial potential, financial literacy and business development among the population living in rural areas of Malaysia. The Malaysian context was supplemented by a case study analysis of some community development projects undertaken in Malaysia, including the research associated with fishing communities, agro-tourism entrepreneurs, and traditional food entrepreneurs. Final sample of 42 articles for synthesis and framework development.

The Three-Pillar Community Entrepreneurship Framework (TP-CEF)

Conceptual Foundation and Framework Logic

The Three-Pillar Community Entrepreneurship Framework (TP-CEF) operates on the basis that the process of transitioning individuals or communities from the state of being poor to sustainable entrepreneurship is not a one-shot process. Rather, it is a complex process involving the combination of the efforts of three dependent pillars, which include: Pillar I - Potential Activation, where the entrepreneurial potential of the community is identified, measured, and activated; Pillar II – Financial Literacy Empowerment, where the knowledge and skills in financial literacy and management are acquired that will help actualize the potential; and Pillar III – Sustainable Business Consolidation, where the business is developed.

Agricultural analogies could help illustrate the logic of this model where potential entrepreneurship is like the seed that possesses all the genetic characteristics needed to grow into a tree bearing fruits; financial literacy represents the fertile ground, water, and sunlight necessary for the seed to sprout and develop into a plant, while sustainable business development is the fully developed tree with deep roots, which can withstand the storm. A good seed sown in infertile soil does not sprout. Infertile soil and a good seed produce nothing. A tree with shallow roots falls during the storm. Analogously, the TP-CEF explains the need for all three elements at the same time.

PILLAR I Potential Activation	PILLAR II Financial Literacy Reinforcement	PILLAR III Sustainable Business Consolidation
Identification, measurement, and activation of latent entrepreneurial potential within the community through asset mapping and readiness assessment.	Development of financial literacy as the conceptual mechanism between latent potential and sustainable enterprise — the most critical yet most neglected pillar.	Building enterprises that are financially viable, market-responsive, and community-contributory over the long term across three sustainability dimensions.
Theoretical Grounding: Human Capital Theory	*Theoretical Grounding: Social Capital Theory*	*Theoretical Grounding: Economic Empowerment Theory*

Figure 1. The Three-Pillar Community Entrepreneurship Framework (TP-CEF)

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The most critical and most frequently neglected element in existing community entrepreneurship intervention models is Pillar II (financial literacy). The large number of schemes offer capital and technical skills to entrepreneurs within the community without paying adequate attention to developing financial knowledge for the entrepreneurs to be able to manage the resources available to them. Therefore, capital is exhausted without producing sustainable enterprises, technical skills are not translated into optimum economic value, and entrepreneurs remain trapped in cycles of poverty despite repeated receipt of assistance (Wahid, Nor & Ahmad, 2021; Morgan & Long, 2020).

Pillar I: Activation of Community Entrepreneurial Potential

Pillar I of the TP-CEF focuses on the systematic process of identifying, measuring, and activating the entrepreneurial potential that exists within the community. This process involves three sequential steps.

This is the first step that involves community asset mapping. This is an approach that entails identifying all kinds of assets and capabilities found in the community, including personal talents and abilities, physical infrastructure, natural resources, cultural practices with economic value, social relations, local institutions, and the community's history of entrepreneurship.

The next step is the readiness assessment, which is an assessment of the readiness of the individual and the community towards entrepreneurship. This involves a motivational and aspiration assessment, assessment of current skill levels, current level of financial literacy, presence of social support from family and community, and the particular obstacles that must be overcome. This assessment is important since it will enable intervention programs to be tailored to the specific needs of the target community, as opposed to using a one-size-fits-all program.

The third stage entails activation due to proper external stimulation. It is concerned with the part played by external bodies such as universities, governmental organizations or non-governmental organizations in providing proper stimulus in terms of catalyzation that would enable the community to see its potential. According to Rashid et al. (2024), universities can play the role of proper catalysts to the community provided they adopt a strategy that would allow them to be embedded in the community, rather than simply providing technical help from outside the community. The proper role of universities should be to help the community actualize its potential.

Conceptual Mechanism: Pillar Two – Reinforcement of Financial Literacy

Financial literacy under Pillar II of the TP-CEF forms the theoretical device through which entrepreneurial ability translates into sustainable business. Financial literacy, therefore, is not a mere auxiliary component of community entrepreneurship development initiatives, but rather the main one responsible for the translation of entrepreneurial abilities into economic value.

Within the TP-CEF, financial literacy takes the form of three progressive levels. The first level is that of basic financial literacy, which entails basic skills for business calculations; namely, production cost calculation, pricing, cash flow understanding, and basic accounting. The first level forms a basic requirement that should be learned before the entrepreneur can effectively grow his/her business. According to Morgan & Long (2020) shows that entrepreneurs who do

not understand the first level will most likely price their products and services below the actual cost, thus ending up running unprofitable businesses.

Layer two involves business financial literacy, which entails more advanced skills such as break-even analysis, cash flow management, business financing instruments, and financial statement reading. The entrepreneurs that manage to learn the skills associated with layer two are able to make better investment decisions and get appropriate formal financing for their businesses.

This third level of financial literacy pertains to strategic financial literacy, which entails the ability to incorporate finance issues within the larger strategy of running a business, including diversifying products, venturing into new markets, production capacity investments, and succession planning. The third level is achieved less often by community micro-entrepreneurs, but it is the most important level in making sure that a business becomes a competitive entity and not merely a subsistence one.

Financial literacy education methods, which prove to be the most effective for the rural community setting, in accordance with the synthesis of research findings, include the use of a combination of four methods: (i) contextuality to the kind of business conducted by the participants; (ii) experiential learning method, which uses simulations and examples taken from participants' own businesses; (iii) incremental education process in accordance with the three layers mentioned above; and (iv) continuous mentoring, which helps participants to implement what they learned in their business activities (McCarthy & Flynn, 2022; Nor Azimah & Faridah, 2021).

Pillar III: Sustainable Business Consolidation

Pillar III of TP-CEF focuses on the development of enterprises that are not only profitable but truly sustainable in every sense: resilient to economic shocks, responsive to market changes, contributing to the community, and aligned with ethical and environmental values. In the context of rural communities in Malaysia, business sustainability encompasses several dimensions that must be addressed simultaneously.

The first dimension is financial sustainability, which is the business's ability to generate sufficient cash flow to cover operating costs, support the livelihood of entrepreneurs and their families, and maintain savings for growth and emergencies. Shafi, Liu, and Ren (2020) indicate that financial sustainability is a prerequisite for all other forms of sustainability. Businesses that are always teetering on the verge of insolvency cannot afford to focus on other areas of sustainability.

Secondly, there is market sustainability where the business can sustain and develop its customer base through product quality, innovations, and brand identity. According to Smith and Johnson (2021), entrepreneurs in the community from the tourism industry who have managed to sustain the market always do three things which include: determining the profitable customer segments and working on them, creating product brands that truly capture the uniqueness of the local area in terms of how it can attract the outside customers, and using digital platforms to widen market outreach beyond geographical borders.

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The third dimension is that of community sustainability how the business helps with the development of the greater economic community. The aspects involved include job creation within the community, building of local chains through the use of locally available materials and expertise exchange.

Facilitating and Inhibiting Factors in the TP-CEF

The TP-CEF recognizes that the transformation process using the three pillars does not happen in isolation but under the influence of several factors in the context that could serve as either enablers or barriers. Some of the major enabling factors that have been revealed from the literature review include institutional support through government programs, academic assistance, and financial backing; community social capital through cooperation and trust, which help to share information and resources for digital infrastructure (Internet connection and digital devices to conduct online marketing); and an enabling regulatory framework (ease in business registration and certification) (Hazudin et al., 2025; Rashid et al., 2024).

The main inhibiting factors are resource scarcity that prevents the possibility of taking risks in business; low educational levels that complicate the understanding of money management; social and cultural perceptions that discourage entrepreneurship among women and also that treat failure of a business venture as a form of social stigma; and irregular incomes during seasons that make it difficult for individuals to plan for the future. The TP-CEF targets programs towards overcoming these inhibiting factors and not just enhancing individual capacity without addressing the structure of these barriers.

Summary: TP-CEF Operational Logic

Pillar I (Potential Activation) → Pillar II (Financial Literacy as Bridge) → Pillar III (Sustainable Business)

Theoretical Anchors: Human Capital Theory · Social Capital Theory · Economic Empowerment Theory
Normative Anchor: *Maqasid Syariah — Hifz al-Mal · Hifz al-Nafs · Hifz al-Aql · Hifz al-Nasl*

Contextual Facilitators:
· Institutional support
· Community social capital
· Digital infrastructure
· Regulation that enables
Contextual inhibitors: Poverty of resources · Lack of formal education · Cultural stigma · Seasonal income fluctuations
Policy Implication from Key Findings: Financial literacy (Pillar II) should be implemented PRIOR to capital access or technical skills training to achieve a sustainable impact.

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Discussion of Policy and Programme Implications

Implications for Community Development Programme Design

The TP-CEF theory brings a number of important implications directly linked to the design and implementation of CED programs. First, CED programs designed based solely on one particular pillar by means of only one particular element of it – such as financial capital, skill training, or infrastructural development – will likely fail to deliver sustainable entrepreneurship development. The best possible design of a CED program would be the one that would plan interventions in all three pillars at once, taking into account the needs profile of the community of interest (Kamaruddin & Ali, 2023; Kusumastuti et al., 2023).

The second one is that the module on financial literacy in the community entrepreneurship development programs must be included earlier in the program sequence and not as a supplementary component of the program sequence. All too frequently, entrepreneurship development programs begin with funding or technical skills training, with financial literacy as an added component to follow afterward. The TP-CEF contends that financial literacy must be included in the programs as a prerequisite for providing funding and infrastructure (Wahid, Nor & Ahmad, 2021; McCarthy & Flynn, 2022).

Implication 3 concerns the role played by academic institutions within the community development ecosystem. According to Rashid et al. (2024), universities contributing to community development are not only a source of technical expertise but also strategic partners who assist in the building of capacity for communities through an integrative approach that results in far more sustainable outcomes. This kind of partnership between the university and community follows the logic of the Triple Helix model (university-industry-government) already suggested in the innovation literature many years ago.

Malaysia MADANI and Al-Falah Dimensions

Malaysia MADANI represents the country's core national policy framework aimed at fostering sustainable, compassionate, and inclusive socioeconomic development to operationalize MADANI values in the context of community entrepreneurship development. The value of 'sustainability' in the MADANI agenda cannot be realized without a strong business foundation, and a strong business foundation cannot be built without adequate financial literacy. Investment in community financial literacy, therefore, is not merely an investment in individual capacity, but a strategic investment in the sustainability of national development.

The perspective of *Al-Falah* through holistic success integrates the dimensions of worldly life and the hereafter to add deeper layers of meaning to TP-CEF in the context of the Muslim community in Malaysia. *Al-Falah* in the entrepreneurship dimension means business success that not only generates material profit but also strengthens the values of integrity, trustworthiness, and social contribution in all aspects of business operations. Community entrepreneurs who adopt the Al-Falah philosophy will instinctively nurture the pillar of community sustainability (Pillar III of TP-CEF) because they realize that their roles go beyond just taking care of their families but also of the community and the ummah (Hasan & Bakar, 2022).

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Limitations and Directions for Future Research

This paper admits a few limitations which are necessary to recognize explicitly. The TP-CEF, as presented here, is a conceptual framework that needs systematic empirical validation within different rural community settings in Malaysia. It needs more robust causal examination of the relationship among the three cores especially the mediating effect of financial literacy in relation to entrepreneurial potential and sustainable business operations.

The proposed directions for further research include: (i) longitudinal studies of community entrepreneurship development in the 3-5 year period in order to examine the impact of the interaction of the three TP-CEF pillars over time; (ii) comparative studies of various communities (fishing, agriculture, agro-tourism, traditional food entrepreneurs) in order to determine whether the transformation process is different in various communities; (iii) research into the influence of the application of digital technology in the rapid financial literacy development of community entrepreneurs; and (iv) research into the effectiveness of various financial literacy program delivery formats (digital, group, one-on-one) in the rural Malaysian community, where digital literacy varies widely.

Conclusion

This article has presented the Three-Pillar Community Entrepreneurship Framework (TP-CEF) as a new conceptual contribution that integrates the potential of community entrepreneurship, financial literacy, and sustainable business development into a single operational framework. The study explains that financial literacy functions as the most critical transformational bridge between hidden potential and sustainable enterprises, supported by a evidence synthesis of empirical studies in the context of rural communities in Malaysia and the Southeast Asian region.

The main contribution of this article to the existing body of knowledge lies in three dimensions. First, TP-CEF provides a clear articulation of how three constructs, often studied separately entrepreneurial potential, financial literacy, and business sustainability interrelate within an inseparable dynamic system. Second, this framework offers more concrete guidance for policymakers and community development practitioners regarding the most effective sequence and emphasis in designing intervention programs. Third, the integration of Maqasid Shariah and Al-Falah perspectives into this framework provides a ethical baseline to ensure that the development of Islamic community entrepreneurship is not merely economic, but integratedly encompasses moral, social, and spiritual dimensions.

In the era of Malaysia MADANI, which prioritizes community well-being and inclusive growth, the Three-Pillar Community Entrepreneurship Framework (TP-CEF) offers an actionable blueprint for reforming socioeconomic policy and program implementation. From a policy perspective, this framework necessitates a strategic paradigm shift: intervention programs must prioritize structured financial literacy training prior to capital allocation or infrastructure aid, ensuring that public resources translate into resilient enterprises rather than short-lived assistance. Furthermore, integrating normative values such as Maqasid Shariah ensures that rural economic empowerment remains ethically grounded and socially sustainable. To build upon this conceptual model, future research should empirically validate the TP-CEF through longitudinal studies that track the multi-year trajectory of rural micro-entrepreneurs. Comparative studies across distinct sectors such as agro-tourism, traditional food

manufacturing, and artisanal crafts are also warranted to examine contextual nuances in framework execution. Lastly, further investigation is needed to evaluate how digital financial management tools can accelerate financial literacy adoption and market sustainability among rural entrepreneurs in varying infrastructure environments.

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