

## **The Development of Shariah-Based Cooperative and Its Governance System: Cases in Thailand, Malaysia, and Indonesia**

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**Abstract :** Cooperative members (also known as user-owners) are responsible in running the cooperative businesses in order to improve their socio economic well-being. Cooperatives have always been recognized as a vehicle to elevate the standard of living of the poor and low-income earners by improving their ability to mobilize resources among the people within the urban and rural sectors of the population. To improve its performance and role, the cooperative should ensure the existence of its specific governance. Using narrative analysis and quasi-statistics, this paper describes the state of operation, growth and nature of products and services offered in Sakofah Savings Co-op (the largest Islamic cooperative in Krabi), Koperasi Muslimin Malaysia Berhad (KMMB) in Malaysia and KOSPIN Jasa Keuangan in Indonesia. Furthermore, it identifies and evaluates the current governance system in each cooperatives and proposes governance framework which may enhance the performance of the cooperatives. The paper, in turn discusses the challenges to cooperative growth and investment from the aspects of governance and monitoring, transparency and human capital. The paper will be useful for regulators and governance organs of cooperatives, namely Board of Members, Management and Shariah Committee in order for these parties to strengthen the governance within cooperatives to further grow this economic sector.

**Keywords :** Islamic cooperatives, governance, Shariah governance, case study

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