

**ADOPTION OF SHARIAH GOVERNANCE IN COOPERATIVE SECTOR IN
MALAYSIA: CASE OF COOPERATIVE BANKS AND CREDIT UNIONS**

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Abstract

The aim of this study is to evaluate the adoption of Shari'ah Governance Guidelines (GP28) in co-operative sector in Malaysia. This is to discover the extent of GP 28 compliance in credit co-operative and to evaluate whether the current shari'ah governance guidelines is adequate to ensure shari'ah governance practices in the co-operatives by investigating the power of Shari'ah Governance Organs to improve the shari'ah compliance procedure in cooperative. With this, a researcher will be able to analyse the requirements needed on credit co-operatives for shari'ah recognition. This study considers theoretical underpinnings and adopt a Shari'ah Governance Framework (SGF) as guidelines to the Islamic co-operatives setting. This study involves the investigation of the variables which are the main organs in the co-operative structure comprises the board members, management team, shari'ah committee and audit committee who are the backbones of each institution. Since the Shari'ah Governance Guidelines (GP28) is applicable to the co-operatives offering banking and credit activities, a group discussion has been conducted with 16 representatives of credit co-operatives from various states in Malaysia. This covers different levels of positions which includes the management team, the board members, internal auditor and the members.

Keywords: *Shari'ah, governance, credit co-operatives, Islamic co-operatives, compliance.*

1.0 INTRODUCTION

Co-operative organisations are seen by most people as a form of social enterprise as well as a grass root organisation with potential in helping people. Non-government organisation (NGO) which includes co-operative is found as a good arrangement for the lower income people. The increasing significance of the sector and its growing reliance on public funds has also attracted increased scrutiny. In particular, paralleling developments in other sectors, the spotlight has focused on governance arrangements and whether they are adequate to ensure that nonprofit organisations are effective, responsible and accountable for their actions.

However, the NGO has restricted capacity and inadequate investment due to limited operation. Macroeconomic stability should be the targeted objective as to achieve financial viability and sustained economic development. The core competencies of co-operative require further research in ensuring the effectiveness and efficiency policy framework. Alexander (2013) found in his studies that co-operatives is perceived as a central to the economic development strategies in several countries especially among the African countries.

In Malaysia, the co-operative society was first established since 1922 to protect the welfare of rural peoples. The establishment is not only to improve the wellbeing of its members but also to eradicate the poverty and act as the distribution tools of national wealth. With the aim to help its members, it is said that co-operative needs to accelerate its performance in order to transform the nation to be the high income nation by the year 2020.

Co-operative is defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise (ICA, 1995). The Malaysia Cooperative Societies Act 1993 (Act 502), define co-operative as an organization formed and owned by a group of individuals for the purpose of improving their participation in economic and social activities of its members based on the co-operative principles. All co-operatives in Malaysia are managed based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In line with

their founders, co-operative society members accept the ethical value of honesty, openness, social responsibility, and caring for others (ICA, 1995).

Co-operatives have always been considered as an economic agency with a strong social responsibility towards the members in particular and the society at large. Co-operatives have contributed significantly to the economic and social development of societies and communities through their operations in a wide range of economic enterprises such as banking, credit/finance, plantations, housing, industry, consumer goods, construction, transport and services. Ahmad Bello (2005) states that the process of developing and sustaining a co-operative involves promoting the community spirit, identity and social organization as co-operatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development.

Following the Statement of Cooperative Identity 1995 by the International Cooperative Alliance (ICA), Malaysian co-operatives also observed the seven universally accepted principles. These seven co-operatives principles are: (1) voluntary and open membership, (2) democratic member control, (3) members economic participation, (4) autonomy and independence, (5) education, training and information, (6) cooperation among cooperatives and (7) concern for community.

Moreover, co-operative organizations have a lot of opportunities in lifting the poor out of poverty and all other forms of deprivations. According to Birchall (2003), they can create opportunities both on the supply and demand sides. On the supply side, they can create opportunities for the poor through stimulating economic growth and making markets work for the poor. On the demand side, they help the poor people to take advantage of opportunities by building their confidence through education, training, and self-organization for various common interests.

The increasing number of co-operatives in Malaysia is also a good indication that people are more confident with co-operatives as a way to improve their living in the context of economic, political and environment (Yearly Financial Report of Cooperatives, 2010). The co-operative movement was not spared the 1997 financial crisis that hit Malaysia and other countries in the

region (Salleh et. al., 2008). Although the economic environment was not favourable, the co-operative movement indicated merely insignificant decline in progression from 1997 to 2000 and by the end of 2005, there were 4,771 registered co-operatives having 5.685 million members, share capital amounting to RM6.849 billion and total assets worth RM34.868 billion (Department of Co-operative Development Malaysia, 2006). By December 2007, the number of co-operatives had increased to 5,170 with 6.32 million members with a share capital and assets of RM7.80 billion and RM47.4 billion respectively (Nazura A. M. & Pardis M. T., 2013).

Today's co-operatives performance is being influence by the huge and complex role assigned to them in The National Co-operative Policy (NCP). Expectation placed on the co-operatives are high as they are perceived to be the third sector in the economy. They are expected to function as a vital part in reducing poverty and are given a specific place in the overall plans for the national development. It acts an association of people who work together to achieve certain economic objectives. However, the expectation of them is growing. Co-operative is to help peasants to become more business oriented and progressive, and further, co-operatives are also burdened with the role of transforming societies. In reality the co-operative movement only contributes just slightly more than 1 percent to the GDP of Malaysia and it is targeting an increase to 5 percent contribution by 2020 (SKM, 2010).

2.0 THE PROBLEMS AND ISSUES

The increasing number of co-operatives in Malaysia is also a good indication that people are more confident with co-operatives as a way to improve their living in the context of economic, political and environment (Yearly Financial Report of Cooperatives, 2010). However, there was a general consent that the co-operative sector has been in overall decline especially during the past two decades. A new consensus is emerging within the co-operative sector and among some policy makers that co-operatives globally are entering a period of renewal and growth. A reappraisal of the role of co-operatives emerging at the global policy level albeit resting on a limited evidential base. To address this problem, several large scale comparative studies of the co-operative sector are now underway or have recently been completed (Linda Shaw, 2006).

When an organisation dealing with governance issues that are important or institutions that seek to improve the performance, it will involve a comprehensive review. This is because governance organisation is the result of interaction between individual skills, experience and motivation; the relationship between the board and the management; and support the effectiveness of governance policies, procedures and process (Kiel & Nicholson, 2003). Looking at the various issues that arise in the management of the cooperative, it gave the signal to the need of emergence of Islamic cooperative with implementation of Islamic law (*shariah* law) in place to be used as guidelines in governance.

The concerns for *shari'ah* compliance have brought a new dimension of governance which falls under the corporate governance framework. This is somewhat unique to the Islamic system of financial management (Zulkifli Hassan, 2012). The fundamental role of *shari'ah* governance is to ensure that the operations of the Islamic finance activities comply with the *shari'ah* and the rights of the involved parties are not violated. As far as the literature on *shari'ah* governance is concerned, it remains limited since the subject is relatively new. Thus, the main difference between conventional and Islamic finance is that Islamic financial institutions and market needs to operate based on the concept and principles of *shari'ah* (Nawal et al., 2013).

Table 1: Credit Unions vs. Other Financial Institutions

	Credit Unions	Commercial Banks	Other Microfinance Institutions (MFIs)
Structure	Not-for-profit, member-owned financial cooperatives funded largely by voluntary member deposits	For-profit institutions owned by stockholders	Institutions typically funded by external loans, grants and/or investors
Clientele	Members share a common bond, such as where they live, work or worship. Service to the poor is blended with service to a broader spectrum of the population, which allows credit unions to offer competitive rates and fees.	Typically serve middle-to-high income clients. No restrictions on clientele.	Target low-income members/clients, mostly women, who belong to the same community.

Governance	Credit union members elect a volunteer board of directors from their membership. Members each have one vote in board elections, regardless of their amount of savings or shares in the credit union.	Stockholders vote for a paid board of directors who may not be from the community or use the bank's services. Votes are weighted based on the amount of stock owned.	Institutions are run by an appointed board of directors or salaried staff.
Earnings	Net income is applied to lower interest on loans, higher interest on savings or new product and service development.	Stockholders receive a pro-rata share of profits.	Net income builds reserves or is divided among investors.
Products & Services	Full range of financial services, primarily savings, credit, remittances and insurance.	Full range of financial services, including investment opportunities.	Focus on microcredit. Some MFIs offer savings products and remittance services.
Service Delivery	Main office, shared branching, ATMs, POS devices, PDAs, cell phones, Internet	Main office, shared branching, ATMs, POS devices, PDAs, cell phones, Internet	Regular visits to the community group

Source: WOCCU (<http://www.woccu.org/about/creditunion>)

3.0 Co-operative Governance Issues in Malaysia

The role of cooperatives as the third economic sector is becoming increasingly important in Malaysia in the present and future. The latest development strongly influenced by the development of information and communication technology (ICT) as well as the external influences such as globalization, deregulation and liberalization changes. The basic challenge is for the country to maintain the integrity of the cooperative identity, concept and philosophy.

Cooperatives are formed with the idea of mutual cooperation. Every cooperative movement is developed to render service to its members rather than to earn profit. To improve corporate accountability in the cooperative sector, effective governance practices is required in implementing the principles and practice sincerely. The problems and challenges faced by Malaysia cooperatives requires serious attention and need to be addressed by the cooperative

themselves and the government. For years, many issues remain unsolved such as lack of capital, undertaking of conventional activities, weak structure, absence of good governance, lack of cooperation between cooperatives in the business field, training, education and facilitating services (Yeop Bidin, 2007).

The Asian Development Bank (ADB), had conducted a study in November 1998 to observe the impact of financial crisis on the Southeast Asian countries particularly on their economic and corporate sectors. The findings claim that the ineffective board of directors, weak internal controls, poor audits, lack of inadequate disclosure and lax legal enforcement are the contributing factors to the severe problems. The ADB Study recommended that a good corporate governance system should consist of:-

- (i) a set of rules that define the relationships (including respective rights and responsibilities) between shareholders, managers, creditors, the government and other stakeholders; and
- (ii) a set of mechanisms that help directly or indirectly to enforce these rules.

In one interview with the Minister in the Ministry of Domestic Trade, Cooperatives and Consumerism, Datuk Seri Ismail Sabri Yaakob, it has been identified that most of the Internal Audit Committees of cooperative in Malaysia that have been appointed by the members failed to exercise their duties, functions and responsibilities (Utusan Malaysia, 2012). Furthermore, he added that members normally have more tendency of appointing famous or influential members to hold board position in their cooperatives. This will results in board members failed in carrying out their duties according to the best governance practices. The appointment should be based on members' experience and trustworthiness rather than their popularity (Maslinawati et al., 2013).

Further, inability to hire professional also affects the growth of small cooperatives (Maslinawati et al., 2013). Lack of management talent makes it more difficult for cooperative to maintain certain level of accountability, as a result of inefficient administrative and poor financial management. This has been supported by a statement from the former Prime Minister of Malaysia, Tun Dr. Mahathir Mohamad. According to him, lack of integrity among the management and the members of cooperative organizations contributes to failure of cooperative organisations due to mismanagement, breach of trust and fraud (Berita Harian, 2006).

4.0 ISLAM AND COOPERATIVE

The question of the implementation of Islamic law in cooperative governance has long been discussed in the country. In the early days of the cooperative in 1922, the issue of interest on loans that have been debated among Muslims at the time. As early as 1911, in a loan report, the government has highlighted the issue of the interest charged on loans by cooperatives which is against the teaching of Islam. In 1918, government officially said that the Malays were reluctant to keep their money in banks because there was an element of usury which is forbidden by Islam. In 1922, a discussion among scholars including *ulama'* was held in the palace of the Sultan of Perak to discuss about the issue of interest in credit unions.

The awareness among Muslims in this country on the Islamic practice began to flourish in 1970s. In 1978, a seminar entitled "Cooperation in Islamic Society" held at the Cooperative College of Malaysia, Petaling Jaya. The conclusion drawn in the seminar is a cooperative system in this country should be adjusted to the requirements of Islamic law. This is important given that most co-operatives members in the country has a Muslim majority.

Government initiatives in the country has also led to the establishment of many Islamic institutions and business organizations for example, the establishment of Takaful Malaysia, Bank Islam as well as cooperatives. In the context of the cooperative movement in Malaysia, we have seen the establishment of many cooperative with Islamic paradigm in place such as Islam Malaysia Youth Cooperative (BIC), Cooperative Muslim Malaysia and Malaysia Koperasi Al-Hilal (Kohilal), and others. However, there was absence of a specific body to monitor the extent to which the implementation and operation of these cooperatives meet the *shariah* standards.

According to Datuk Nik Mustapha Nik Hassan in his book entitled "Accelerating Economic Basis of *Ummah*", culture refers to the extent to which school of thought, feeling and how a society undergoing a job. Work culture that meets the philosophical and ethical values of Islam should be able to organize workers in an organization. In the book, he underlined the following Islamic work culture:

- i. Muslim organizations and employees should always strive to improve the quality of work performance. Islam was able to build a work culture 'built in mechanism' that connects businesses and undergoing a religious claims motivate employees to consistently high performing.
- ii. Improved employee moral self can be achieved through a spirit of faith which then lead to improved job performance.
- iii. Islam emphasizes the culture of discipline, especially in terms of entitlements, as emphasized in the *Surah Al-Asr*.
- iv. Islam emphasizes the spirit of cooperation and teamwork.

The above discussion indicate that co-operative setting is the best mode in supporting the society especially the Muslim community to be in line with the *shariah* practices. This is very important because when the Muslims economy aroused, it could generate Muslims development to be more positive.

From an Islamic view point, *Tawhidic* philosophy which has been describe in above under the sub-topic of 2.4 *Shariah* Framework should be the fundamental model to support this study. A philosophy is the foundation of an organization. *Tawhid* is the core teachings of Islam and as a central to all human activities. *Tawhid* includes three elements of faith in terms in beliefs, knowledge (*ilmi*) and behaviour (*amal*). One should believe in a single God. Allah SWT says;

“He neither begets nor is born. Nor is there to Him any equivalent.”

(Al-Ikhlās, 112: 3-4)

When the management is based on an Islamic framework, the three elements should be emphasized in the organisation basically in the following areas:

- The human beings (the Board, the management team, the members) as the main players in the organisation;
- The organisational operations or nature of the activities.
- The nature of the organisation in which it is located (the organisation’s environment).

Other than the *Tawhidic* philosophy, there are other models used to support this study. Co-operative model is also appropriate model to support this research where it provides comparative advantages as a formula for success. Generally, the ability of co-operatives is already known by society in its efforts to eradicate poverty and to improve people's living standard. Its involvement in various sector proves the ability of cooperatives to compete with other businesses.

Birchall (2003) explained that co-operative organizations have a lot of opportunities in lifting the poor out of poverty and all other forms of deprivations. According to him, they can create opportunities both on the supply and demand sides. On the supply side, they can create opportunities for the poor through stimulating economic growth and making markets work for the poor. On the demand side, they help the poor people to take advantage of opportunities by building their confidence through education, training, and self-organization for various common interests. Generally, co-operatives are believed to play far reaching role in stimulating local economic development and in improving the livelihood of local community (Adugna, 2013).

5.0 SHARI'AH GOVERNANCE OF CO-OPERATIVE

Shari'ah is the basis of business practices and Islamic finance where adherence to Islamic tenets, principles and conditions specified in shari'ah is the main objective. Islamic finance principles is concerned with the strength of our values and corporate governance structure, transparency, disclosure of information and strict compliance with shari'ah principles. Compliance with the shari'ah principles will strengthen public confidence in the credibility of the system of the Islamic Mu'amalat particularly in the cooperative movement.

The Cooperative Commission of Malaysia (CCM) as a regulatory agency of the co-operative movement has always given priority to all efforts which could ensure the overall business and operations of the co-operative activities are in line with shari'ah principles. In order to achieve this goal, two levels of shari'ah governance need to be established - the Shari'ah Advisory Body on the Commission and the SC in the co-operative.

The guidelines issued under section 86B of Co-operative Act 1993 (the Act) to regulate co-operatives doing business or activity shari'ah-compliant include:

- (a) the establishment of the SC; and
- (b) the shari'ah governance of co-operatives.

In Malaysia, co-operatives which carrying on business or activities in accordance with shari'ah are required to establish a SC of the co-operative. The committee may be created in the following three conditions:

- (a) the establishment of an internal SC;
- (b) the establishment of the SC for a co-operative society; or
- (c) the appointment of SC recognized externally by Islamic Banking and Finance Institute Malaysia (IBFIM) and International Shari'ah Research Academy for Islamic Finance (ISRA).

Shari'ah governance guidelines (GP 28) issued by CCM shall apply to co-operatives who engaged in the following categories or activities:

- (a) banking functions;
- (b) the credit;
- (c) financing; and
- (d) *Ar-Rahnu*

5.1 Shari'ah Compliance Requirement and Procedure

Compliance, on the other hand, can be achieved through the monitoring and evaluation of procedures and outcomes, combined with transparency in reporting those findings (Intan Waheedah et al., 2013). Better management of intellectual and human capital assets that exist in the movement co-operative may result in more enhanced compliance and better regulation of co-operative operations (Yeop Husin, 2007).

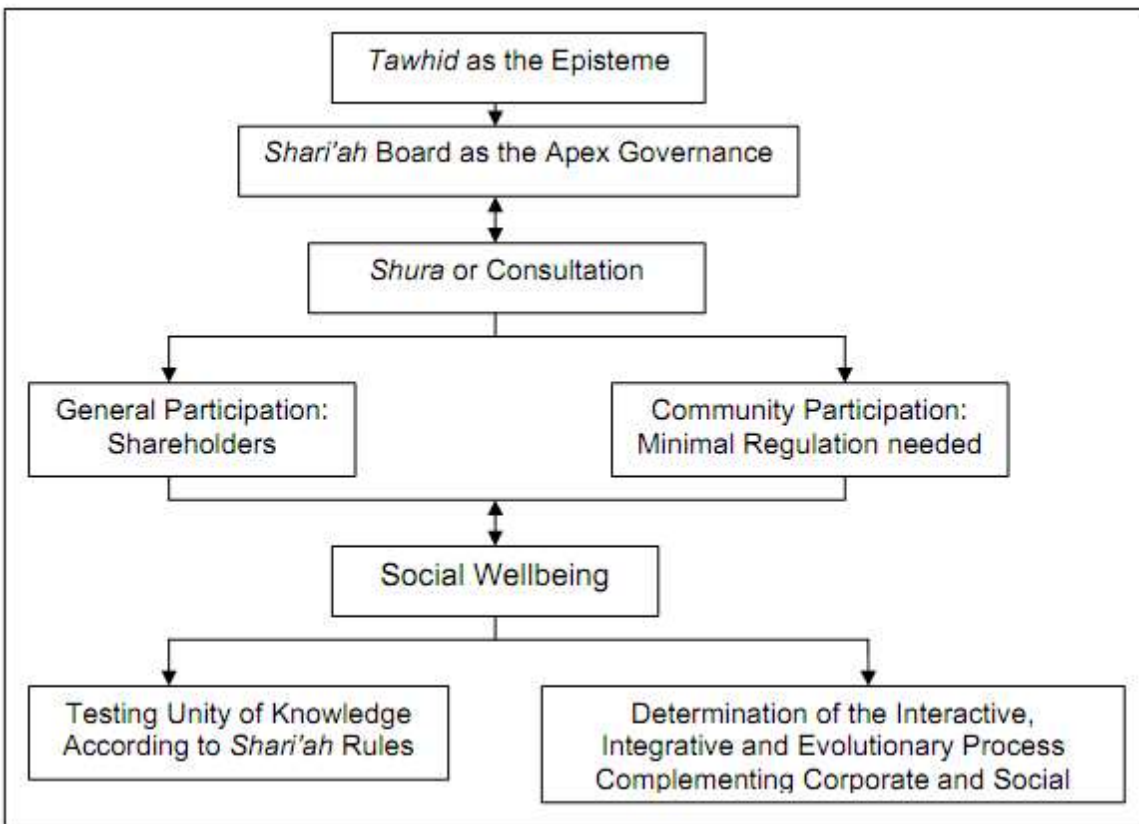
Unlike public listed corporations, the Malaysian co-operative have no obligations to disclose their financial reports to the public, but somehow the obligation still exists for co-operatives to disclose information to the members of co-operative. Publicly available information of co-operative organisations is important because non-accessibility may result in the loss of public confidence. The quality of transparency and disclosure crucially depends on accounting and

auditing standards, and the financial reporting system in the corporate sector. Auditing is crucial to commerce and is an essential component of the framework for any modern economy (Arussi, et al., 2009).

6.0 THEORETICAL FRAMEWORK

Choudhury and Hoque, (2004) discuss the fundamental Islamic epistemology of *Tawhid* on their corporate governance model.

Figure 1: *Tawhid* and *Shura* Based Approach



Source: Choudhury & Hoque (2004)

Tawhid is the foundation of the Islamic faith. Therefore, the framework of corporate governance should also be based on this concept. Allah SWT says in Al-Quran;

“Men who celebrate the praises of Allah, standing, sitting, and lying down on their sides, and contemplate the (wonders of) creation in the heavens and the earth, (With the thought): “Our Lord! not for naught Hast Thou created (all) this! Glory to Thee! Give us salvation from the penalty of the Fire.” (Surah Ali Imran 3: 191).

This paragraph describes the basic principles of governance in which all are created by Allah on this earth has a purpose. In fact, man was created to be the *khalifah* and Allah has placed in trust for mankind as a vicegerent to play an active role to monitor and engage in the human affairs. As Allah knows everything and everyone is responsible to Him, *Tawhid* principle should be the basis of the model of corporate governance in Islam as the parties involved in the corporation accountable to Allah (Chapra, 1992).

Malaysia’s legal and regulatory framework for Islamic banking and finance (IBF) has always been referred to as the most comprehensive in the world. Referring to the objectives of this study which is to explore and examine on the shari’ah governance and its compliance in the co-operatives, a SGF for IFI is found suitable to support this study.

SGF is an organisational arrangements for IFIs ensure effective supervision, responsibility and accountability of the board of directors, management and SC to lead the business operating environment always adhere to the principles of shari’ah. These guidelines are applicable to all the IFI under the supervision of BNM. This includes all Islamic banks operating pursuant to the Islamic Banking Act (IBA), all financial institutions participating under the Islamic Banking Scheme under BAFIA, all development financial institutions which carry out the Islamic Banking Scheme, and all the takaful operators operating under the Takaful Act.

The framework came into effect in January 2011 to provide a comprehensive SGF for IFIs regulated and supervised by BNM. The framework is issued pursuant to Section 59 of the CBMA 2009, Section 53A of the IBA 1983, Section 69 of the TA 1984, Section 126 of the BAFIA and Section 126 of the DAFIA.

The SGF promotes several principles that need to be observed in ensuring that the IFIs operations and business activities are in line with the shari'ah principles. One of the SGF's objectives is to promote a comprehensive guidance on the board, management, SC and audit committee. The SGF mentions the accountability and responsibility of these main organs as they are the backbone of each institution.

From the diagram below, it presents the five important organs in the Islamic financial intermediaries, how they function and integrate with each other. This study intends to explore the role of the main organs of the administration and management of the co-operative that is a member of the board of directors, the management team, the SC and the IAC. This study would like to examine the extent to which these co-operative organs understand and perform their duties accordingly to comply with GP28.

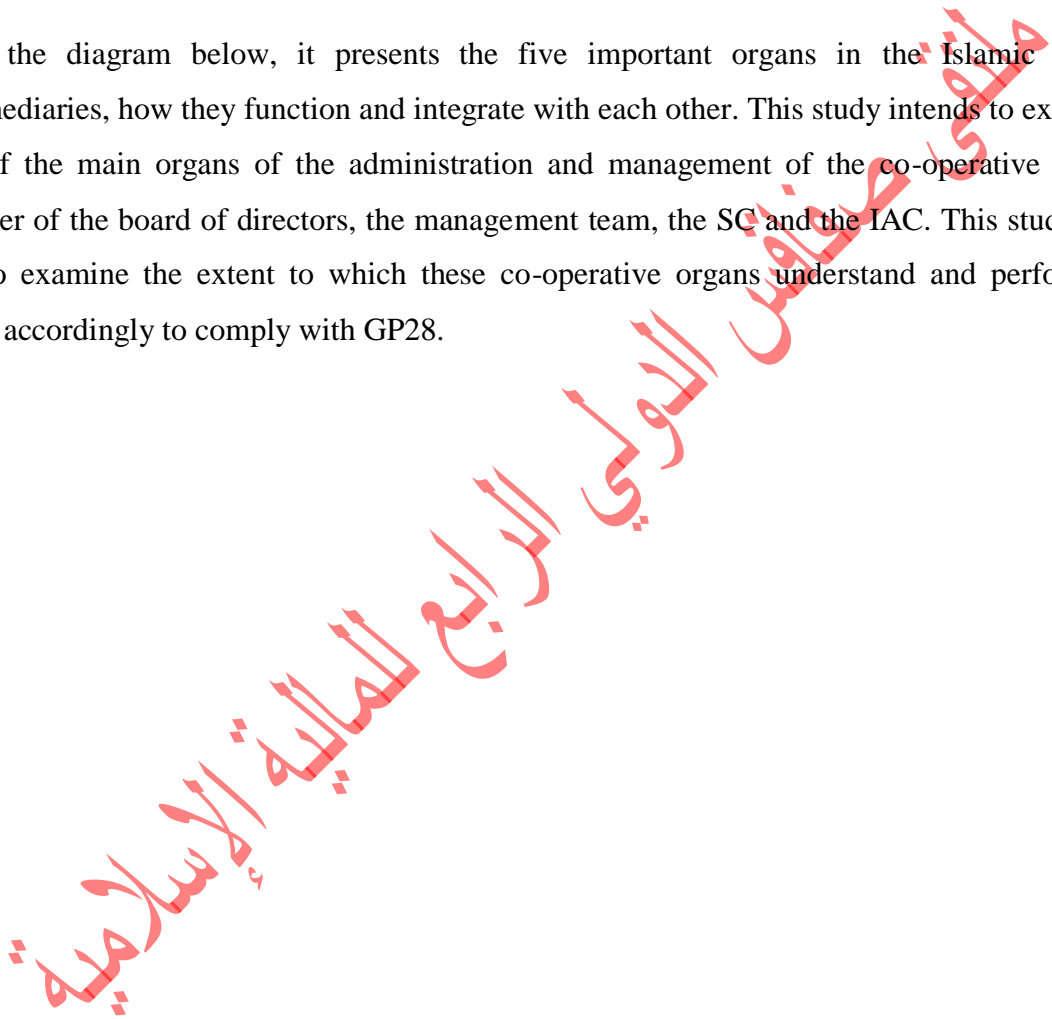
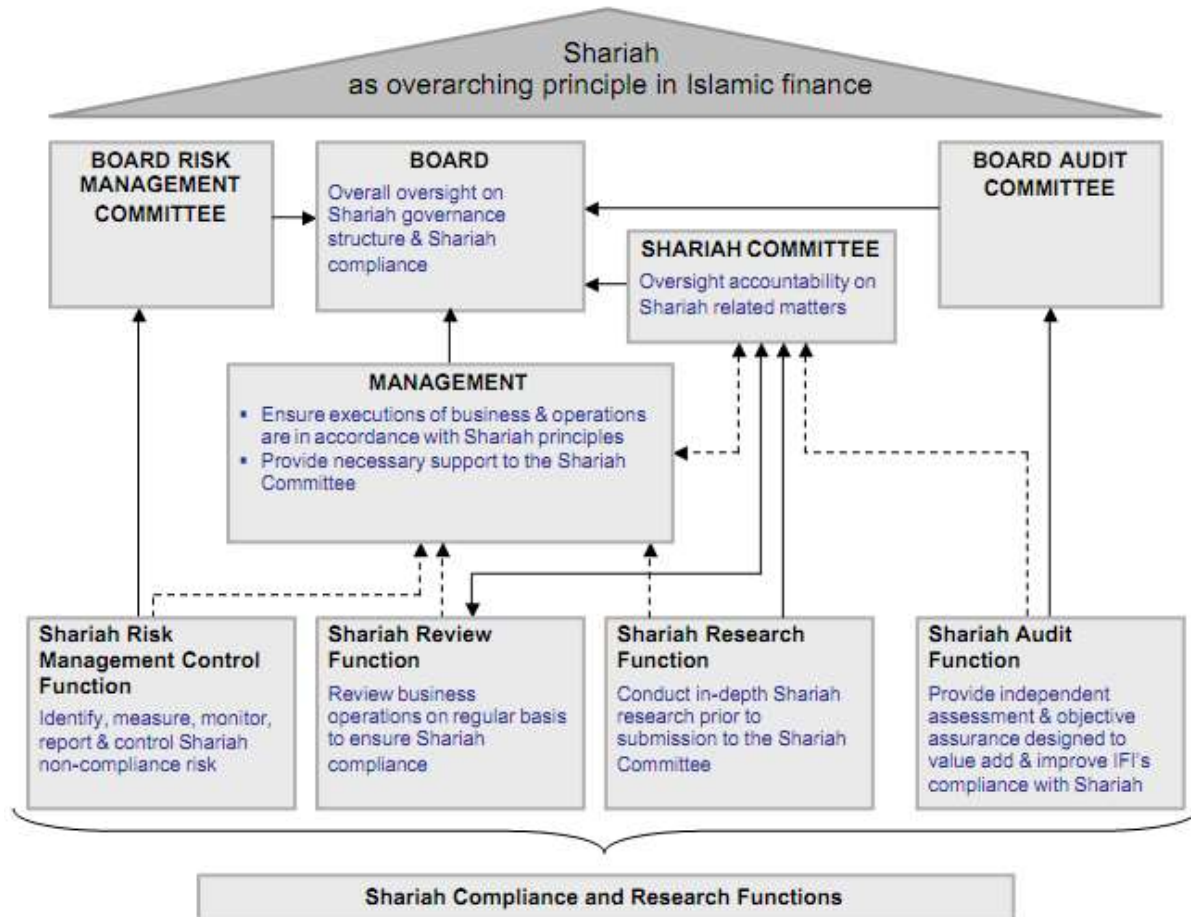


Figure 2: Shariah Governance Framework Model for Islamic Financial Institutions



Source: Shariah Governance Framework for Islamic Financial Institution (BNM) (2010)

In the Financial Stability Report (2010), Tan Sri Dr. Zeti Akhtar Aziz, Bank Negara Governor highlighted that the SGF aims to serve as a comprehensive guidance on the roles and responsibilities of the SC, the board and management in order to ensure the operations of IFI is compliance to shari'ah principles.

7.0 FINDINGS AND DISCUSSIONS

A feedback was gathered from participants during a training titled “Accounting and Reporting Islamic Financial Transactions” which was held on 21st March 2016 at Maktab Koperasi Malaysia (MKM) with 16 representatives of credit cooperatives from various states in Malaysia.

This covers different levels of positions which includes the management team, the board members, internal auditor and the members of co-operatives.

Some output from a personal interview with one of senior officer of CCM:

- i. GP28 should also be imposed to other types of co-operatives, not only on banking and credit based as other types of co-operatives are also equally important in determining the performance of this sector.
- ii. Lack of shari'ah expert. The Shari'ah committee members must be strong and eligible not only in setting up the rules but also in terms of implementation. It is found that the word of 'shari'ah' is merely added to the current rules which is more conventional.
- iii. The appointment of shari'ah committee should not get the approval from CCM as there is no shari'ah expert in CCM, but it should be sufficient by only submitting the relevant certificate or documents of the applicant.
- iv. There are lots of forms to be submitted to the CCM to get a shari'ah licence. This procedure would discourage cooperatives to apply the licence where we should move to the paperless procedure.

The finding also demonstrates that Islamic finance issues are considerable new in most of the cooperatives. On the governance aspects, implementations of shari'ah rules in the cooperatives is still weak mainly due to the lacking of expertise. The relevant series of trainings are required to educate and to create awareness among the human capital. This development is crucial to prepare the main organs of cooperatives in organising their roles and responsibilities.

However, there is positive acceptance of Islamic principles and concepts in the organisation where most of the credit cooperatives have started promoting some of the Islamic financial products on deposits, investment as well as financing. They are murabahah which is sale based contract. The receivables created are similar to cases of Ba'i Bithaman Ajil (BBA), 'inah, tawarruq, salam and istisna'. Other than that are the profit-sharing based contract that is both types of mudharabah (deposit/investment), mudharabah financing as well as musyarakah financing contract.

Table 2: Example of contracts on Islamic principles

(ii) Pembiayaan dan pendahuluan dianalisa mengikut konsep

	Kumpulan dan Bank	
	2014 RM'000	2013 RM'000
Bai' Inah	38,617,340	43,503,470
Bai' Bithaman Ajil	2,957,581	3,137,380
Ar-Rahn	1,662,191	1,762,602
Qard	221	416
Ijarah Thumma Al-Bai'	536,563	355,359
Murabahah	5,341,542	5,886,027
Musarakah	51,351	72,027
Tawarruq	12,932,832	4,091,674
	62,099,621	58,808,955

Source: Annual Report of Bank Rakyat

8.0 CONCLUSION

Co-operative is established, financed and controlled by its own members. Thus, maintaining a good governance is a very important issue. Although there are some common elements between the principles of corporate governance compared with the co-operative, but the application of the principles of good governance in co-operatives take a slightly different approach. As an example in the co-operative governance mechanisms, there is a concept of self-regulation which led to efforts to strengthen the role of members in their co-operative. The ability of the co-operative to realise this concept is closely related to the level of commitment of its members in exercising their rights and their responsibilities.

From the aspect of governance compliance of co-operatives, it can be achieved through monitoring and evaluation procedures and results. This should be combined with the element of transparency in reporting results. Successful co-operatives are usually those that can attract members of the board who are capable and committed, reaching a high level of participation,

isolate them from the influence of political decisions, and maintain an environment where the values of co-operation can be developed (Ruiz & Ginneken, 2006).

In facing with some challenges in co-operative, there are two possible actions to deal with. Despite the co-operative practice of innovation to thrive, priority should be given to the provision of a range of products and services to their members than to compete with other companies in the market. In any co-operative activity, the management should encourage active participation among their members, including the members of the board to promote fairer and systematic governance system.

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