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ISLAMIC COOPERATIVES: OPERATIONS AND EVIDENCE FROM ORGANIZATION OF ISLAMIC COOPERATION (OIC) COUNTRIES

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ABSTRACT

The Islamic finance industry has only been dominated with Islamic banking, Takaful, Islamic capital, and the money market, although, the Islamic cooperative (I-Coop), which is a non-financial institution in most cases is yet to be fully adopted in the contemporary Muslim societies. The Islamic cooperative can be a development reform tool or a social and economic growth method, it can be used to offer interest-free loans and to cover specific demands in rural and urban settings. The main purpose of this study is to investigate Islamic cooperative operations in some OIC countries. This study adopted the content analysis method by reviewing literature as the evidence to demonstrate and provide insights into various critical factors that have prompted the establishment of Islamic cooperatives in some OIC countries. Samples of literature for OIC countries were found and examined. Three I-Coop member countries were given focus to (Malaysia, Indonesia, and Nigeria). The findings show that Islamic cooperatives only exist in few OIC countries. It was found that the OIC countries have emphasised more on operating Islamic banking rather than Islamic cooperatives. It was also noticed that the lack of the well-regulated Islamic cooperatives in these countries is due to lack of the government support to established it. However, in Nigeria, the Islamic cooperative is considered new, but the study found various types of Islamic cooperatives already operating there. Lastly, based on the experiences of the Islamic cooperatives in the selected countries, the study suggested creating more awareness, promotions, and guidelines most especially within the OIC countries.

Keywords: Islamic finance, Islamic cooperatives.

INTRODUCTION

The word cooperative means to ‘work together.’ When people work together (or cooperate) to run any project, business, or co-op, the term “co-op” is used as an abbreviation of a cooperative. While the term “society” refers to a group of individuals who belong together. Cooperatives are believed to be reforming tools essential in developing and shortcuts to social and economic growth (Usman & Baba, 2020). It provides additional revenue for members, promotes entrepreneurship, and emphasises the underprivileged's involvement in economic activity. It is a growth engine because it enables low-income people to band together and raise cash to solve financial problems in their small companies or personal lives (Ada, Sagnak, Uzel, & Balcioglu, 2021).

Conventional and Islamic cooperatives share similarities in their emphasis on the community's economic empowerment, particularly among their members. They have social objectives and missions to improve the community's quality of life. Furthermore, both are expected to provide the community with greater access to finance and to act as institutions capable of long-term business sustainability supported by efficient systems and transparent reporting, with a focus on capacity building integrated with the concept of an authorised microfinance institution. However, Islamic cooperatives are like conventional cooperatives in many ways, but there are key differences between the two conceptions, such as profit and social considerations, which are more important to Islamic cooperatives (Nawai, 2017).

Shariah principles and legal standards guide the Islamic cooperative's operations. Various contracts in the Islamic cooperative require different treatments, as Shariah provisions must be examined for each contract, and the Islamic cooperative's revenues are usually derived from Shariah-compliant transactions (Jimoh, 2021); (Kareem, Raheem, Arije, & Olabode, 2018) et al., 2018; Nawai, 2017). In some countries, like Sudan, for example, cooperatives are increasingly being promoted as a way of mitigating social and economic development. While in Malaysia, Islamic cooperatives, like Islamic banks and Takaful operators, are recognised as suppliers of some Islamic financial services. A Shariah-compliant cooperative conducts activities and companies according to Shariah principles (Issyam et al., 2016).

In Nigeria, Islamic cooperatives were established in the 1990s and the early 2000s to address the socioeconomic needs of the Muslim community. Different Muslim communities have founded numerous Islamic cooperative societies in reputable public and private organisations or communities passionate about Islamic cooperatives and wanting to do away with interest-bearing cooperatives (Jimoh, 2021).

According to Indonesia's National Committee of Islamic Finance's Executive Director (KNKS), the idea of Islamic cooperatives with the founding of Baitul Maal Wat-Tamwil (BMT) Teknosa in 1984, cooperatives began to emerge in the early 1980s. Early in the 1990s, BMT prospered with the establishment of BMT Tamzis, BMT Beringharjo, and other BMTs (KNKS, 2019).

The Islamic non-banking cooperatives' primary goal is to improve their members' social and economic well-being. It functions as a captive social institution, allowing the less economically affluent sections of society to pool resources in a collaborative setting. The establishment of Islamic non-bank financial institutions (I-Coop) will increase the contribution of Islamic finance and make it even more competitive with conventional financing methods. Although, in comparing the Islamic banking and finance industry to Islamic cooperatives, the latter has a well-designed legislative and regulatory framework for Islamic financial institutions, including Shariah governance, its Shariah governance structure for Islamic cooperatives is still in its early stages (Issyam, Hasan, & Alhabshi, 2016).

Some countries, particularly OIC countries, represent and safeguard the interests of the Muslim world in economic, social, and political matters. The OIC is the global voice of Muslims, representing and

protecting their interests in economic, social, and political issues. Therefore, OIC countries are expected to set the pace and incorporate Islamic cooperatives to address societal issues by empowering citizens and implementing the necessary infrastructure. Hence, this study hypothesises the presence of Islamic cooperatives in most OIC countries. It is expected that Islamic cooperative operations are present in OIC countries and are used to settle various challenges, such as financial difficulties.

The main objective of this study is to examine Islamic cooperative establishments and their types of operation. The objective is to analyse existing, and current practises of Islamic cooperative standards for social and economic development in Organization for Islamic Cooperation (OIC) member countries. Also, the study will mention the best practices of the Islamic cooperative example to resolve social and economic needs. It will close the literature gap in evaluating and analysing Islamic cooperative operations and their objectives. This study is expected to increase understanding of Islamic cooperatives and has an impact, particularly in addressing social and economic growth issues. However, the research is limited to Islamic cooperatives in OIC countries, which will fulfil the study’s objectives. The Islamic cooperative concept is considered in cooperatives, where each participating cooperative member can resolve various issues, including financial concerns (Nawai, 2017).

LITERATURE REVIEW

Persoalan During the nineteenth century, the cooperative movement first took root in Europe (Pitman, 2018). The steadily growing cooperative movement started with the Equitable Pioneers of Rochdale Society. The Rochdale Society was founded in 1844 by 28 weavers and other craftspeople in Rochdale, England, who came together to operate their store, selling food they could not buy. The Rochdale Society is often regarded as the father of the contemporary cooperative movement (Forno, 2019). Even though there is still disagreement among scholars on the precise beginning date of the movement, many people credit the many cooperative experiences that occurred in Britain and France in the eighteenth century, particularly in the farming industry and consumer groups. (Pitman, 2018).

The International Cooperative Alliance (ICA), a non-governmental organisation, was established in 1895 to develop cordial economic ties between cooperative organisations of all stripes, both domestically and internationally. The primary objective of the ICA in every country was to strengthen and establish “the autonomous association of citizens united voluntarily to realise their common needs and objectives in economic, social, and cultural fields through a jointly owned and democratically controlled enterprise.” Understanding cooperative It is not as straightforward as it first appears to be because there are several meanings of “cooperative” in the literature (Camargo Benavides & Ehrenhard, 2021). (See Table 1).

Table 1
Definitions of Co-operative

Authors	Definition
(Soboh, Lansink, Giesen, & van Dijk, 2009)	A cooperative is an entity that is member-owned and member-controlled and exists to serve its members.
(Datta & Gailey, 2012)	A collective form of entrepreneurship (p. 569)
Diaz-Foncea and Marcuello (2013)	Cooperatives are organisations in which the people who use or benefit from the goods or services produced by the organisation also have the final say in decisions, or the owners have an unusual transaction relationship with the business because they are also employees, suppliers, and customers in addition to being investors; and organisational governance typically does not discriminate between members in terms of rights; in essence, there is typically a one-size-fits-all approach to ownership.

(Hendrikse & Feng, 2013)	A business cooperatively owned by several other enterprises and continues to exist in a particular relationship for a specific purpose is known as an interfirm cooperative (IFC).
(Dong et al., 2014)	Collectively owned businesses are known as cooperatives.
(Othman et al., 2014)	Cooperatives are member-owned, member-controlled businesses that benefit their members based on usage.
(Monteiro & Stewart, 2015)	A cooperative is characterised as a business in which one of the other contracting parties (i.e., parties other than capital providers) has been given the rights to residual control and in which these “members” exercise power according to the principle of “one member, one vote.” Once more, specialist managers could be tasked with making decisions.
ICA (2020)—retrieved from the ICA website	An independent group of people cooperating freely to fulfil their shared needs and objectives in the economic, social, and cultural issues through a business that is democratically owned and run.

Adopted from Camargo Benavides et al, (2021)

The word “cooperative” relates to helping one another and to thinking, living, and working together. Cooperative action is a broad concept that refers to the activity of people working together towards a common goal. Each member has the same power in the decision-making process under the principle that one person equals one vote. Thus, cooperation brings about a new social order based on fraternity, freedom, equity, and democracy and emphasises the principle “each for all and all for everyone.” Cooperatives' economic endeavours work as a vehicle for maximising social contributions (Gopinathan, P.).

The values of the cooperatives strongly identify with the actual social context of the individuals they serve. Due to members' ownership, democratic control, and participation in the society's revenues or surpluses, this is particularly true for its clients or members. The cooperative is concerned with identifying client requirements in their social context because it is a community-based organisation. The social added value the cooperative can provide to the market will improve the standard of quality and perfection and the level of customer care, improving the product or service element (Adebayo & Ajani, 2021).

Cooperative from Islamic Perspective

Cooperativeness is an Islamic value and has something to do with Muslim character. The Quran encourages Muslims to work together and cooperate in doing the right thing for the benefit and betterment of their community. It is mentioned clearly in Surah al-Maidah 5:2: “Ta’awun” refers to cooperate "And cooperate in righteousness and piety, but do not cooperate in sin and aggression." (And fear Allah, for Allah is harsh in punishment).

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ ۖ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ ۗ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

In this verse, according to "Ibn Katheer," God orders His obedient servants to assist those who do good deeds, which is righteousness (righteousness is that which brings peace to the soul), and to abstain from evil and sin (and sin is leaving what God has commanded to do, and transgression is a transgression of what God has limited in your religion and transgression of what God has imposed upon you in yourselves and others).

On other hand, from sahih Muslim hadith

19 – (1729) حدثني أحمد بن يوسف الأزدي. حدثنا النضر (يعني ابن محمد اليمامي). حدثنا عكرمة (وهو ابن عمار). حدثنا إياس بن سلمة عن أبيه، قال:

خرجنا مع رسول الله صلى الله عليه وسلم في غزوة. فأصابنا جهد. حتى هممنا أن ننحر بعض ظهرنا. فأمر نبي الله صلى الله عليه وسلم فجمعنا مزادنا. فبسطنا له نطعا. فاجتمع زاد القوم على النطع. قال: فتناولت لأحرزه كم هو؟ فحزرتة كربضة العنز. ونحن أربع عشرة مائة. قال: فأكلنا حتى شبعنا جميعا. ثم حشونا جربنا. فقال نبي الله صلى الله عليه وسلم (فهل من وضوء؟) قال: فجاء رجل بإداوة له، فيها نطفة. فأفرغها في قدح. فتوضأنا كلنا. ندغفقه دغفقة. أربع عشرة مائة. قال: ثم جاء بعد ذلك ثمانية فقالوا: هل من طهور؟ فقال رسول الله صلى الله عليه وسلم (فرغ الوضوء).

19 - (1729) Ahmad bin Yusuf Al-Azdi told me. Al-Nadr (meaning Ibn Muhammad Al-Yamami) told us. Ikrimah (who is Ibn Ammar) told us. Iyas bin Salamah told us on the authority of his father, he said: We went out with the Messenger of God. May God bless him and grant him peace on a campaign. We made an effort. Even our concern is to slaughter some of our backs. So, the Prophet of God, may God's prayers and peace be upon him, ordered, so we gathered our supplies. So, We simplified for him obedience. So, the people gathered more than obedience. He said: So, I took a long time to score it, how much is it? So, I guessed it like a goat's knee. We are fourteen hundred. He said: So, we ate until we were all satisfied. Then we tried. The Prophet of God, may God's prayers and peace be upon him, said: "Is there any ablution required?" So, I emptied it into a mug. So, we all performed ablution. We tickle it. Fourteen hundred.

Based on the prophet's practice during a military campaign, when he informed everyone that there was not enough food for the fighters, he commanded everyone to bring whatever such food was, which was a small amount of data placed on a mat, then the prophet prayed for its blessing to be increased and called everyone to take the form it. It was sufficient for all, with some leftovers (Sahih Muslim, # 1729). This hadith demonstrates that cooperative efforts are based on Islamic principles, mutual assistance, and seeking justice from Allah. May He be exalted and form the very foundation of Islamic value-based cooperative efforts in the context of common welfare, which can successfully overcome hunger and poverty problems at any time (Kwanpong & Hanisch, 2013; Selim & Farooq, 2020).

Currently, the Islamic cooperative is simply a traditional cooperative that has been converted into a Shariah-compliant approach. The idea of Shirkah Mufawadah is used to create an Islamic cooperative. This means all participating parties pay the same amount of money and collectively manage the organisation. In the Islamic cooperative, no one is required to invest more money or earn a larger share of the profits than the others (Beik & Purnamasari, 2011; Nawai, 2017). On the other hand, the contribution of Islamic cooperative societies is mainly unknown. Islamic microfinance institutions and cooperatives provide similar services (Usman & Baba, 2020).

Islamic cooperative is an alternative cooperative model that improves a society's efficiency while benefiting the country's partners and national economy. This is because the fundamental principles of Islamic finance are interest-free, profit and loss sharing model, high uncertainty and speculation avoidance, and transparency. They are combined with the values and principles of a cooperative model, and a cooperative society based on Islamic principles of Shariah will be more efficient in its operations (Jimoh, 2021). Risk-taking, interest-earning, immoral activities, gambling, and speculation are prohibited in the Islamic cooperative. It promotes transactions based on real goods and services and a reward-sharing agreement. It also focuses on establishing an ethical financial system with the goal of wealth redistribution, which will help to alleviate poverty in the long run (Kareem et al., 2018).

RESEARCH METHODOLOGY

This research adopts the methods of content analysis. Content analysis can be defined as "an approach to documents that emphasises the role of the investigator in the construction of the meaning of and in texts" (Bell et al., 2019). It allows us to quantify and analyse the meanings and relationships of words, themes and concepts in studies. This study thoroughly analyses content analysis's application to scholarly work on Islamic cooperatives in OIC countries. Searches were done with Google Scholar, Google, and literature from academic journals. The search phrases "OIC countries," "Islamic cooperative," and "cooperative research" were used. The included studies had to meet the following criteria: "peer-reviewed articles reporting interview studies and published in scientific journals" for the recent years, at least not more than five years to 2022.

Using the content analysis as proof to show and offer insight into a few important elements that have led to the creation of Islamic cooperative societies in some OIC nations. The systematic data processing approach, which includes the following three steps: literature search and screening, data extraction, and authoring the literature review and analysis, is used when using secondary data. The study's main objective is to outline and examine the salient characteristics of the Islamic cooperative model as it was used in diverse regions of the world, emphasising OIC nations. The philosophical perspective of this study is informed by the common belief systems that shape the knowledge sought after and how the researcher interprets the findings.

FINDINGS AND ANALYSIS

In the following sections, the study examined the academic writing on cooperatives from an Islamic perspective, compared Islamic and traditional cooperative types, looked at the novel cooperative concept, and provided examples of Islamic cooperatives in some OIC countries.

Islamic Cooperative Main Characteristics

Six traits distinguish Islamic cooperatives from other cooperatives, making the cooperative relevant and efficient in its operations. The essential elements of Islamic finance (interest-free, profit and loss sharing model, high uncertainty and speculation avoidance, and transparency) are merged with cooperative ideals and principles. As a result, the Islamic cooperative should have the following features: recognition of members' ownership rights to business capital, Riba-free transactions, and well-functioning institution (zakat, infaq, sadaqah, and wakaf), as well as profit motives, are acceptable if Shariah standards are strictly followed. This includes acknowledging the autonomy of trade and commercial pursuits and recognising common rights (Jimoh, 2021; Nawai, 2017).

Islamic Versus Conventional Cooperatives

Islamic cooperative is like conventional cooperative in many ways, apart from the rigorous execution of Islamic rules (Shariah). Academics such as (Jimoh, 2021; Kareem et al., 2018; Nawai, 2017) highlighted key differences between the two conceptions. As indicated in table 2, many studies explained these differences.

Table 2

The difference between Islamic and conventional cooperative

Islamic cooperative	Conventional cooperative
Profit and social considerations drive Islamic cooperatives.	Profit is more important in conventional cooperatives.

The Shariah principles and legal standards guide the operations of the Islamic cooperative.	The conventional cooperative follows the conventional system's legal norms.
Various contracts in the Islamic cooperative require different treatments, as Shariah provisions must be examined for each contract.	In a conventional cooperative, interest is imposed on all kinds of loans, independent of the contract's nature.
Islamic cooperative's revenues are usually derived from Shariah-compliant transactions.	A conventional cooperative may earn profit from interest-charged loans and other financial transactions.

Source Jimoh, 2021; Kareem et al., 2018; Nawai, 2017

To distinguish between conventional and Islamic cooperatives, Nawai (2017) illustrated the following factors in his discussion: profit motives, social motives, and ethical motives. The way cooperatives are run, the laws in the various nations, and the profit generated using the business model. The fundamental shariah principles, as outlined by Kareem et al. (2018), include the prohibition of interest (riba), the prescription of realising profits from speculation (mayseer), the absence of ambiguity in business contracts (gharar), and the requirement that all activities be for permissible purposes or halal. Meanwhile, in his research, Jimoh (2021) found some aspects where the two cooperatives differed, including their objectives, operating principles, source of profit, and where they should all operate according to the principles of Shariah, as well as their attitudes toward financing and lending and their ability to save in an Islamic cooperative.

Types of Cooperatives

There are many types of cooperatives; the form depends on which problem it tries to solve. The following section briefly explains the types of cooperatives.

Agricultural Cooperative

An agricultural cooperative is another name for a farmers' co-op claim (Candemir, Duvaleix, & Latruffe, 2021). Farmers get together in this organisation to pool their resources for a common objective. There are two agricultural cooperatives: the first category is agricultural service cooperatives, which offer a range of services to their farming members. Cooperatives for agricultural production are the second type. These provide resources for pool production, including land, equipment, and other necessary farm supplies. These kinds of collective farming are prevalent in former socialist countries; examples of agricultural production cooperatives include cooperatively administered community-shared agriculture, Longo Ma cooperatives, and Nicaraguan production cooperatives. An agricultural service cooperative is the most prevalent type of cooperative when the phrase "agricultural cooperative" is used in English. According to Candemir, Duvaleix, and Latruffe (2021), there are two types of agricultural service cooperatives: supply and marketing cooperatives. As an illustration, a supply cooperative offers services such as seeds, fertilisers, petroleum, and machinery as inputs to the agricultural production of its members. To handle the transportation, packaging, distribution, and marketing of farm products, including livestock and crops, farmers instead establish marketing cooperatives. Credit cooperatives are well-liked sources of working finance and investment funding for farmers. Building farmers' ability to pool resources or output is one practical reason agricultural cooperatives are formed. In agriculture, it frequently happens that farmers cannot afford to produce goods or offer services.

Cooperatives enable farmers to join an "association," through which a group of farmers may achieve better results—typically financial—than doing it alone. This method is connected to economies of scale and could also be related to economic synergy, where two or more actors collaborate to produce a result that cannot be achieved by any of the agents acting alone (Candemir, Duvaleix, & Latruffe, 2021).

Consumer Cooperative

According to Taloned et al. (2016), a consumer cooperative is a business that its customers own. Members cast ballots on essential matters and choose the board of directors from among themselves. A consumer cooperative is a company that distributes goods or offers services to clients who also own the company. A consumer cooperative may buy things in bulk to save money, but it is not a necessary trait of the cooperative (Pencavel, 2020). The people who purchase the goods and services that the co-ops sell, manage, or distribute own and control them. They aim to obtain the goods and services their members need for the least amount of money while ensuring the highest quality level (Duarte et al., 2020). These cooperatives can function in one of three ways: as buying clubs, obtaining goods and services only when members place orders; as retail establishments, where members visit and make purchases; or as service providers, where members place service orders for things like cable television, internet access, insurance, water, or natural gas. (Juga & Juntunen, 2018).

Worker Cooperatives

A worker co-op is the third type of cooperative owned and controlled by its employees. The worker co-op aims to provide jobs for its members while simultaneously providing them control over their workplace. Members contribute capital to the business and share the costs and risks of ownership (Lane et al., 2019). A worker co-management operation is concentrated on the business part and is classified as the third type of co-op in which the members are employees.

The worker co-op is typically service-oriented and provides services to other businesses, such as printing, nursery schools, cleaning, consulting, delivery, manufacturing, and food services. Member employees receive significant benefits, such as participation in policymaking through the election of a board of directors and profit sharing through patronage allocations. The membership also determines the quality of the work environment. The worker cooperative is one in which the workers own and run the business (Eurofound, 2019). This control can refer to a company where each worker has one vote and participates in democratic decision-making. It can also refer to a company where workers elect management with one vote.

In research by Powell et al. (2019), Riverside Café, a small business formed to offer additional cash in support of Riverside Village, a 78-year-old rural pacifist community near Motueka, New Zealand, was the subject of their study. Semi-structured qualitative interviews with personnel were done to elucidate the values and associated business culture at Riverside Café and how the two interact in everyday life. The dominant themes and subthemes were discovered and classified based on the transcribed recordings. Harmony, social justice, interconnectedness, trust, and post-materialism were the most prominent clusters of "values" that emerged from the interviews. Non-hierarchical management and service and commercial imperatives were recognised as virtual clusters of "business culture" norms. The value categories demonstrated the advantages and disadvantages of running cafes as worker cooperatives (Powell, Wang, O'Neil, Glen, & Neill, 2019).

Housing Co-operative

The housing co-op was created to fill a gap in the home market by providing inexpensive and secure housing in a thriving community. Members are tenants/owners who have authority over the co-management and operations. Under the law, there are two sorts of housing cooperatives: Not-for-profit housing cooperatives are those whose Articles of Incorporation state that they are not-for-profit, that file income tax returns as a not-for-profit corporation, or that have received a subsidy or assistance from some kind from the Government, or an agency of either, to help with or reduce housing costs (Lidberg, 2018). Most housing cooperatives are non-profit and are developed with government aid to offer

affordable housing for low and moderate-income families. Residents buy membership shares in the co-op for a low price (less than three months' worth of housing charges) and pay housing charges to cover mortgage interest, utilities, maintenance, taxes, depreciation, management, administrative, and other operational expenses. When members leave the co-op, they are entitled to have their shares redeemed by the co-op for the same price they paid unless the co-op is in the red and cannot redeem the shares due to legislation.

The other type of housing co-op has no such limits, and it sets its regulations for how much equity is required to become a resident member and how members handle their occupancy rights and shares when they leave. In most cases, the outgoing member gives the required notice, so he cannot be liable for housing expenses on the exit date, and he receives the purchase price for the membership shares upon redemption, minus the pro rata share of any capital impairment. The share capital in some of these co-ops is low and similar to that of not-for-profit housing co-ops, and its members' cash flows are not considerable. Other equity requirements are more significant, and members who increase their share capital investment can lower their monthly housing rates. However, because the incoming member may not be able to invest as much in share capital as the existing member, the housing co-op may have to increase its mortgage. In these circumstances, the leaving member may have to wait a while before receiving payment for all the redeemed shares. This can also put the co-op under strain if the mortgage holder does not believe the co-cash op's flow is sufficient to justify additional funding. Others are set up until a new resident member is located; the departing member is accountable for the housing payments (Carrere et al., 2020).

Finance Co-operative

The financial cooperative is a primary provider of financial services to the poor and the middle class and a key driver of financial inclusion. Aside from their considerable presence and relevance in developed economies, particularly in Europe and North America, financial cooperatives' importance in financial inclusion in developing countries cannot be overstated. Because of their widespread presence in rural areas and their potential to enhance financial inclusion by providing a variety of services to underserved segments, ensuring the long-term viability of financial cooperatives is a sensible-policy goal (CE Cuevas, 2018). A financial cooperative is founded to provide financial services to its members.

The New Generation Concept of Cooperative

The new basic concepts of cooperation apply two different strategies. Currently, the cooperative uses the concepts of "new formula to view" and "added value product." This new type of cooperative, known as the new generation, is a growing trend in agriculture, forestry, fisheries, and other producer-supplied industries. These concepts allowed cooperatives to process raw materials into finished goods. As a result, members of cooperatives not only get profit from selling raw materials, but they also tend to benefit from the processing and sale of these value-added products. According to Gopinathan, the new perspective is that cooperative is a concept for providing services and a unique approach to conducting business. The cooperative sector has expanded to include commercial levels of local, regional, national, and worldwide.

Cooperatives have often drawn members from a particular stakeholder group, as illustration, producers, employees, consumers, and so on down their respective cooperatives. On the other hand, multi-stakeholder cooperatives are co-ops owned and controlled by more than one membership class, such as consumers, producers, employees, volunteers, or community supporters. Stakeholders can be people or organisations like non-profits, businesses, government organisations, or even other cooperatives. (Novkovic, 2019).

Islamic Cooperatives in Organization of Islamic Cooperation Countries (OIC)

The OIC countries consist of 57 member states from four continents, Africa, Europe, Asia, and South America. It is the second largest inter-governmental organisation after the United Nations. The OIC is the collective voice of the Muslim world to represent and safeguard their interest in economic, socio, and political matters (Britannica, 2022). Some Islamic cooperatives can be found in OIC countries such as Malaysia, Indonesia, and Nigeria. OIC countries are expected to use Islamic cooperatives to solve societal challenges by making provisions and empowering their people (Nawai, 2017).

Riwajanti, 2019, developed an Islamic cooperative model for neighbourhood development centred on mosques through a qualitative study conducted in Indonesia. The study aims to enhance public opinion of and support for the Islamic economic revolution. The finding advised mosques to promote four pillars: commitment and integrity; continuity and focus; strong capability, power, and competent administration; and accountability and openness; to foster community confidence. His study concluded that establishing Islamic cooperatives can boost mosques' economic capability (Riwajanti, 2019).

Quilly (2015) also provided a case study of the Subasta Integrated Farmers Multipurpose Cooperative (SIFMPC). The study demonstrated cooperatives' critical role in empowering small farm owners and raising their expertise in cultivating, processing, and marketing cocoa beans in the Philippines. Although his study conclusions significantly support SIFMPC's ability to support each step of small farmers' emancipation successfully, there is no evidence of the organisation's involvement in environmental protection-related initiatives. The only initiatives the study showed in SIFMPC are promoting and producing organic fertilisers and using good industrial and agricultural techniques.

Jordan's cooperative (Al-Ajlouni, 2015) conducted a study of approximately two-thirds of those surveyed seeking personal finance through personal cooperatives. More than half of them needed money for current needs, while 17% required money for planned future uses. In actuality, most personal cooperative financing used by the sample's participants went toward purchasing furniture and other urgent short-term demands, such as appliances. Personal cooperatives can be used for purposes that align with the survey's objectives and the available financing, and it has been determined. The Islamic cooperative models that certain OIC countries have adopted are discussed in more detail in the following section.

Mosque-based Islamic cooperative for community economic development in Indonesia

In Riawajanti 2019, research aimed to offer a concept for forming mosque-based Islamic cooperatives for community economic development. In-depth interviews with six informants from diverse professions, including religious leaders, lecturers, the leader of an Islamic cooperative, and mosque caretakers, were used to gather primary data for the study. Thematic analysis was used to examine the data. Islamic economic concepts are not well known in the Indonesian community, but their findings imply that the first basic step should be to change society's thinking through Islamic economics instruction in mosque lectures and other forms of communication or media. Therefore, more people will be aware of the Islamic economic movement and more willing to support it. Four strong pillars should support these two aspects: I) commitment and integrity; II) consistency and focus; III) good capability, capacity, and professional management; and IV) accountability and transparency. These four pillars will help mosques gain community trust in their custodians. Mosques' economic potential can be boosted by forming Islamic cooperatives based on this trust.

Baitul Maal Wat Tamwil (BMT): A faith and community-based microfinance in Indonesia

Suseno, P. (2020). Baitul Maal Wat Tamwil (BMT), a faith-based and community-based microfinance organisation, was discussed. In Indonesia, cooperatives have a long and illustrious history. In 1896, the first cooperative in Indonesia was formed to prevent individuals from becoming victims of loan sharks. Savings and loan cooperatives were the most common type at the time. Cooperatives in the agriculture sector grew out of this commercial entity. In the early 1900s, Boedi Oetomo and Syarekat Islam campaigned for the formation of cooperatives as a way of exercising economic resistance. The cooperative was established as the basis of a nation-based economy after Indonesia earned independence in 1945.

The Islamic Financial Cooperative, or Baitul Maal Wat Tamwil (BMT), as it is known in Indonesia, might be a viable alternative for MSMEs seeking funding and capacity building. BMT is recognised as an institution in the form of a cooperative that is influenced by and operated under Islamic principles, according to the regulations of the Ministry of Cooperatives and Small-Medium Enterprises. Koperasi Jasa Keuangan Syariah (KJKS) is an Islamic financial co-operative. It is characterised as a "sharia-compliant cooperative" whose commercial activities include sharia-compliant saving and finance and managing zakat, almsgiving, and waqf (Minister of Cooperatives and UMKM No. 16 of 2015). Borrowing from non-traditional financial organisations, such as moneylenders, is an option but comes with a hefty interest rate. Because Muslims make up most of Indonesia's population, most micro and small businesses are likewise Muslim.

Koperasi Belia Islam Malaysia Berhad (KBI) In Malaysia

The first Islamic cooperative in Malaysia was founded in 1977 (Issyam et al., 2016). The first cooperative to implement Shariah-based finance was KBI. As a result, Shariah-compliant norms and regulations have been added to the Co-operative Act of 1993. Since low- and middle-income individuals make up most cooperative members, including those in the Islamic sector, these organisations also provide financial products to help members manage their finances.

Most Islamic cooperatives focus on retail-based financial goods like Qard Hassan and Bai Al-Inah to aid their members in purchasing homes, cars, and other items, as well as covering living expenses. These goods make personal finance tasks like finding inexpensive housing, financing cars, and other relevant expenses easier. The application and approval processes are straightforward, efficient, and less constrictive compared to banking organisations. Some cooperatives provide finance based on Bai Al-Inah, including Koperasi Muslimin Malaysia Berhad. In Islamic banking and finance, Bank Negara Malaysia has already created a policy that renders Bai Al-Inah almost impossible in Malaysia. The prerequisites represent the parameters demanded by the Shariah Advisory Council for Fiqh al-Muamalat to recognise Bai Al-Inah as genuine.

Islamic and Conventional Cooperative Societies on Poverty Reduction in Nigeria

In Nigeria, Kareem, Raheem, Arije, and Olabode (2018) investigated the effects of Islamic and conventional cooperative organisations on eliminating poverty. The Aro in Abeokuta, Ogun State, Nigeria, was where the study was carried out. The results showed that cooperative organisations, whether Islamic or conventional, provided members with the necessities at fair prices, enabling them to buy things they otherwise would not be able to afford. The finding also found that cooperatives help members manage to store their money and lend money from cooperatives. All these additional qualities raised the population's living standards while improving society and the nation's long-term viability. The results showed that the two cooperative organisations significantly reduced member poverty.

Based on this study's content analyses, the findings do not agree with the study's hypotheses that there is a presence of Islamic cooperatives in most OIC countries. It was found that the OIC countries emphasised more on Islamic operating banking rather than Islamic cooperatives. However, the study found that several countries received great demand for the financing services offered by Islamic banking and Islamic cooperative. These countries normally had strong government support for establishing Islamic cooperatives, such as Malaysia and Indonesia. Some countries, such as Nigeria, have yet to receive full government support, as there are no regulatory bodies specifically designated for Islamic cooperatives. In some countries, the same government body still regulates Islamic cooperatives as conventional cooperatives. This has posed a big challenge for the Islamic cooperatives because both cooperatives are distinct in their *modus operandi*. Also, some countries have yet to adopt and establish Islamic cooperatives, while few OIC countries have Islamic cooperatives either with or without financing services operations. Table 3 below displays a data summary of OIC countries with Islamic cooperatives (I-Coop) derived from the literature review.

Table 3
Countries and their Islamic cooperatives models

Country	Operations	Type of Islamic cooperatives	Government-supported and regulated	Authors
Malaysia	Retail based finance Economic development Savings and loans Agriculture Waqaf Zakat	Housing Finance Workers Consumer Agriculture New generation	Fully Supported and regulated	I(Issyam et al., 2016)
Indonesia	Economic development Savings and loans Agriculture Waqaf Zakat	Finance Workers Consumer Agriculture New generation	Fully supported	Riwajanti, N. I. (2019) Suseno, P. (2020).
Nigeria	Poverty Alleviation	Finance Agriculture New generation	Partially supported and not regulated	Kareem, Raheem, Arije, and Olabode (2018)

Source: Authors

CONCLUSION

Islamic cooperatives are established on concepts that forbid earning interest, taking significant risks, engaging in sinful pursuits, gambling, and engaging in speculative activities. Real goods and services should be the basis of the trading transaction. It offers a moral and financial system to help society advance and become more economically successful. Cooperatives also play a big part in national and international economic and social growth. Cooperatives encourage member participation and make it easier for the benefits of the organisations to be distributed fairly.

Although there have been initiatives by several OIC nations to use Islamic cooperative types to address various sociological and socioeconomic concerns, most of the countries are still only considering or

adopting a small number of realistic Islamic types in this regard. Islamic cooperatives exist in several OIC countries, including Nigeria, Indonesia, and Malaysia. OIC countries are expected to embrace Islamic cooperation to resolve their socioeconomic issues by supporting and strengthening their citizens. Even though all OIC countries have conventional cooperatives, they are either informal or follow traditional methods that are either supported or not supported by their governments. Conclusively, based on the content analysis, many OIC countries are falling behind in doing what they should represent by showing or setting the pace in adopting and using Islamic cooperatives. This study is limited to secondary data, which lacks the current situation of each country's data presented. Further research should consider using primary data on Islamic cooperatives in OIC countries and broader search coverage in secondary data.

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