

DRIVING SUCCESS IN ISLAMIC COOPERATIVES: THE ROLES OF STRATEGIC FOCUS, ORGANISATIONAL COMPETENCE, SHARED VALUES, AND SHARIAH GOVERNANCE IN THAILAND'S SOUTHERN BORDER PROVINCES

Kasetchai Laeheem

Faculty of Liberal Arts, Prince of Songkla University

(dkasetchai@yahoo.com)

DOI: <https://doi.org/10.22452/jati.vol31no1.5>

Abstract

Islamic cooperatives play a vital role in promoting community self-reliance, financial inclusion, and socio-economic resilience among Muslim communities in Thailand's Southern Border Provinces. Operating within a politically sensitive environment characterised by a Muslim-majority population, socio-economic marginalisation, and limited access to Shariah-compliant financial services, these cooperatives serve as important community-based institutions that support both economic development and social cohesion. This study investigated the causal factors influencing management success in Islamic cooperatives and examined the relationships among strategy focus, organisational shared values, organisational competence, cooperative management, and management success. Data were collected from 350 cooperative committee members and analysed using Structural Equation Modelling (SEM). The findings revealed that the proposed model demonstrated a strong fit with the empirical data ($\chi^2/df = 1.629$, GFI = 0.946, RMSEA = 0.047), indicating that the identified factors provide a reliable explanation of organisational effectiveness and resilience. Strategy focus emerged as the strongest predictor of cooperative management, while organisational shared values exerted the greatest overall influence on management success. The findings provide evidence-based guidance to strengthen Shariah governance, enhance organisational resilience, reduce regulatory ambiguities, and support the formal integration of Shariah-compliant cooperative systems within Thailand's national legal and financial frameworks.

Keywords: *management success; cooperative management; Shariah governance; Islamic cooperatives; Thailand's Southern Border Provinces*

INTRODUCTION

The cooperative system is an economic concept internationally recognised as suitable for every country, regardless of its main economic or governmental system (Pesamaa et al., 2009; Mazzarol et al., 2013; Ali & Huda, 2023). This is because cooperatives can effectively address economic and social problems. For example, in production, agricultural cooperatives can increase agricultural production and efficiency. In the area of consumption, investment in retail cooperatives can enhance consumer confidence by ensuring transparency, reliability, and accountability in the distribution of goods and services. In job creation, cooperative businesses employ community members. In employment, cooperatives help reduce the unemployment rate, provide employment for members, and help distribute income, thereby reducing the gap between the rich and the poor. The main objective of the cooperative system is to promote members' joint performance of economic and social activities based on cooperation, self-assistance, and mutual support, thereby achieving economic and social outcomes that enhance the quality of life for all members. It is one way of development that helps move the country from the basic economic sector to sustainable growth (Sulong & Laeheem, 2015; Wulandari & Kassim, 2016). Management using the cooperative system is a significant economic model, and thus cooperatives are an important mechanism in the country's economic and social development. Laws governing cooperatives have been enacted to support, promote, and protect the cooperative system in Thailand (Cooperative Promotion Department, 2021). Management using the cooperative system is an alternative that provides people with opportunities to access investment sources and markets and to address poverty through self-help and mutual support (Nilsson, 2001; Kaplan & McCay, 2004; Wulandari & Kassim, 2016).

While cooperatives generally serve as mechanisms for economic development and social welfare, their role in Thailand's Southern Border Provinces extends beyond conventional economic functions. The provinces of Pattani, Yala, and Narathiwat are characterised by a Malay-Muslim majority population, distinct cultural and religious identities, and a history of socio-political tensions between the central state and peripheral communities. Within this context, Islamic cooperatives have emerged as community-based institutions that promote economic resilience, social solidarity, and financial inclusion. They serve not only as providers of Shariah-compliant financial services but also as locally trusted mechanisms through which communities strengthen self-reliance, preserve cultural values, and enhance socio-economic stability in a conflict-affected environment.

Islamic cooperatives in Thailand are cooperatives organised by Muslim groups and situated in areas where Muslims live. The financial operations of the cooperatives are conducted in accordance with Islamic principles to promote Muslims' savings and facilitate mutual financial transactions. Islamic cooperatives have been organised and registered in accordance with the Cooperatives Act. Over the past 30 years, Islamic cooperatives have grown and expanded continuously. The operational objectives and basic principles for Islamic cooperatives in Thailand are 1) to have unity in operations according to Islamic principles, 2) to create networks for providing help and academic cooperation and exchange, sharing business experience and information, and promoting the use of technology related to financial institutions with similar operations to achieve higher efficiency, 3) to jointly organise academic activities and produce public relations documents, 4) to conduct other activities jointly agreed with operational feasibility for quality improvement and production cost reduction, 4) to act as the Islamic cooperative network in cooperating with other types of cooperatives in the country and in coordinating and protecting benefit of cooperative members, and 5) to mutually support and maintain members of the network. Nevertheless, Islamic cooperatives operating on Islamic principles and Shariah law often face challenges due to a lack of supporting laws or clear government regulations. This is because Islamic cooperatives have not been categorised as Islamic cooperatives in their own right. Therefore, Islamic cooperatives—also known as interest-free cooperatives—should be formally recognised and categorised as the eighth type of cooperative within Thailand's legal cooperative framework. This new classification would acknowledge their distinct operational characteristics, which are guided by Islamic principles, particularly the prohibition of interest (*riba*) and the emphasis on ethical and socially responsible financial practices. Recognising Islamic cooperatives as the eighth category would enable them to legally adopt and utilise financial instruments and transaction models that are compliant with Shariah law. Such a designation would resolve current regulatory ambiguities and enhance their operational efficiency, institutional legitimacy, and capacity to meet the financial needs of Muslim communities in a manner consistent with their religious beliefs (Uruyos, 2010; Ismail & Aziz, 2017; Hassan et al., 2022).

While cooperatives generally serve as mechanisms for economic development and social welfare, their role in Thailand's Southern Border Provinces extends beyond conventional economic functions. The provinces of Pattani, Yala, and Narathiwat are characterised by a Malay-Muslim majority population, distinct cultural and religious identities, and a history of socio-political tensions between the central state and peripheral communities (Aslam,

2008). Within this context, Islamic cooperatives have emerged as community-based institutions that promote economic resilience, social solidarity, and financial inclusion. They serve not only as providers of Shariah-compliant financial services but also as locally trusted mechanisms through which communities strengthen self-reliance, preserve cultural values, and enhance socio-economic stability in a conflict-affected environment (Dorairajoo, 2009).

The absence of a dedicated legal and regulatory framework for Islamic cooperatives creates significant operational challenges and institutional uncertainty. In such circumstances, Islamic cooperatives must rely heavily on internally developed organisational mechanisms to sustain their effectiveness and legitimacy. Shared organisational values grounded in Islamic ethics provide normative guidance for decision-making and member engagement, while strategic focus enables cooperatives to respond to regulatory ambiguity and changing socio-economic conditions. Likewise, organisational competence and effective management practices become critical resources that support organisational resilience and long-term sustainability. Therefore, understanding how these factors interact is essential for explaining management success in Islamic cooperatives operating within Thailand's Southern Border Provinces.

Drawing on organisational management theory, cooperative development literature, and Islamic institutional perspectives, this study proposes that management success in Islamic cooperatives is shaped by interrelated organisational and strategic factors. Previous studies have shown that cooperative management directly contributes to organisational success through innovation, proactiveness, and entrepreneurial behaviour (Antoncic & Hisrich, 2001; Mokaya, 2012; Sulong & Laeheem, 2015). Strategy focus has been found to enhance management effectiveness by aligning organisational activities with market demands and long-term objectives, and to contribute directly to organisational success (Lumpkin & Dess, 1996; Haug et al., 2013). Organisational shared values strengthen trust, cooperation, and ethical commitment among members, thereby supporting both effective management and organisational performance (Marxt & Link, 2002; Mokaya, 2012; Haug et al., 2013). Similarly, organisational competence improves managerial capacity through effective leadership, human resource development, and structural adaptability, contributing directly to both management effectiveness and organisational success (Lumpkin & Dess, 1996; Mokaya, 2012; Fuentes-Fuentes et al., 2011; Susanty et al., 2012; Haug et al., 2013). Furthermore, cooperative management is expected to mediate the relationships between these organisational and strategic factors and management success. Based on these theoretical assumptions, a structural equation model (SEM) was developed to examine the direct and indirect relationships among strategy focus,

organisational shared values, organisational competence, cooperative management, and management success.

Existing studies have largely examined Islamic cooperatives from managerial, financial, or legal perspectives in isolation. Limited attention has been given to how Shariah governance, organisational resilience, and strategic adaptation interact within conflict-affected and institutionally ambiguous environments (Dorairajoo, 2009). In particular, there remains a lack of systematic quantitative models explaining how religious obligations, organisational capabilities, and market constraints jointly influence management success in Islamic cooperatives operating in Thailand's Southern Border Provinces.

Based on the aforementioned conditions and problems, this study aims to investigate related concepts and theories by integrating them with Islamic financial principles and success in cooperative management, and to apply them appropriately and efficiently in the context of Islamic cooperatives in Thailand. In addition, emphasis was placed on appropriately supporting cooperatives' quality management systems in line with their actual potential. Therefore, this research focuses on determining the causal relationships among factors influencing the success of Islamic cooperative management in Thailand's deep south. The purpose is to enhance the effectiveness and success of Islamic cooperative operations in Thailand's deep south and to provide a model applicable to similar contexts in other regions of Thailand. Moreover, the study results should provide important information that leads to a better understanding among related organisations and the general public, and be valuable for cooperatives in operating their organisations more efficiently and achieving their goals.

LITERATURE REVIEW

A comprehensive review of the relevant literature was conducted to identify key factors influencing the success of cooperative management, particularly within the context of Islamic cooperatives in Thailand's deep south. The review focuses on five core constructs derived from prior empirical and theoretical studies: management success, cooperative management, strategy focus, organisational shared values, and organisational competence. Each construct represents a critical dimension in understanding how cooperatives—especially those guided by Islamic principles—achieve operational effectiveness, financial sustainability, and community impact. The discussion below elaborates on these constructs and their constituent components, supported by scholarly literature to inform the conceptual framework of this study.

Management Success

In the context of cooperative organisations, particularly Islamic cooperatives, management success is a multidimensional construct that reflects the organisation's ability to achieve its operational, financial, and strategic goals in alignment with its underlying principles. This study adopts a comprehensive view of management success, encompassing three interrelated dimensions: financial, marketing, and organisational success.

First, financial success refers to the cooperative's capacity to achieve sustainable profitability while maintaining cost efficiency and effective internal controls. Key indicators include profit margins, sales or service volume, operational cost management, and the ability to exercise internal financial discipline. These indicators reflect the financial health and operational viability of the cooperative, enabling it to fulfil its economic objectives and reinvest in member-focused initiatives (Lumpkin & Dess, 1996; Mokaya, 2012; Zainal et al., 2018; Kassim & Majid, 2021).

Second, marketing success is defined by the cooperative's ability to understand and respond to the needs and expectations of its members and customers. It includes metrics such as customer satisfaction, responsiveness to customer complaints, customer retention and acquisition rates, and overall market share. A cooperative's marketing effectiveness determines its market competitiveness and reflects the strength of its member relationships and community engagement (Nejatian et al., 2011; Fard et al., 2011; Zainal et al., 2018).

Third, organisational success involves internal factors that influence the cooperative's long-term sustainability and service excellence. This includes implementing service innovations tailored to member needs, providing a diverse range of services, and developing a competent, motivated workforce. Furthermore, successful cooperatives are characterised by effective communication systems, strong internal information exchange, and strict adherence to Islamic ethical and legal frameworks. Compliance with Islamic principles is particularly critical for Islamic cooperatives, where religious integrity is directly tied to the trust and participation of the membership base (Lumpkin & Dess, 1996; Mokaya, 2012; Zainal et al., 2018).

Collectively, these dimensions of management success provide a holistic framework for assessing the performance of Islamic cooperatives. They capture both tangible outcomes, such as financial returns, and intangible factors, such as organisational culture and stakeholder trust, which are essential for the cooperative's credibility, sustainability, and alignment with Islamic values.

In the context of Islamic cooperatives, management success extends beyond conventional measures of profitability and organisational growth. Success

is also reflected in the institution's ability to fulfil the objectives of Maqasid al-Shariah, including the protection of wealth, the promotion of social welfare, the enhancement of community well-being, and the preservation of ethical financial practices. Consequently, institutional legitimacy, member trust, and compliance with Shariah principles constitute important dimensions of success alongside financial sustainability.

Cooperatives Management

Effective cooperative management is a critical determinant of the overall success and sustainability of cooperative organisations. In this study, cooperative management is conceptualised through three interrelated dimensions: innovation creation, risk-taking, and proactiveness. These dimensions collectively capture the managerial behaviours and strategic orientations necessary to drive cooperative performance in dynamic socio-economic environments, particularly within the context of Islamic cooperatives.

First, innovation creation refers to the cooperative's ability to generate and implement novel ideas, processes, or products that enhance organisational value and operational efficiency. For cooperatives, especially those operating in competitive or resource-constrained contexts, innovation serves as a mechanism for differentiation and value creation. This includes the development of new financial products, service delivery methods, or administrative systems that align with both market demands and cooperative values (Rahman et al, 2020; Salihu et al., 2022). Organisations that exhibit strong innovation capabilities can respond more effectively to changing member needs, enhance customer satisfaction, and secure long-term growth. Successful innovation also supports adaptability in Islamic cooperatives by facilitating the design of Shariah-compliant solutions that meet the evolving expectations of Muslim stakeholders (Penuel et al., 1999; Stringer, 2000; Aktan & Butler, 2008; Yunis et al., 2018).

Second, risk-taking is defined as the cooperative's willingness to engage in ventures or initiatives with uncertain outcomes but the potential for significant benefit. This dimension emphasises the leadership's capacity for strategic decision-making in situations where outcomes are not guaranteed. Effective risk-taking requires thorough risk assessment, informed judgment, and a rational approach to uncertainty—balancing the desire for growth with the imperative of sustainability. In the cooperative context, particularly for Islamic financial cooperatives that must operate within the boundaries of Shariah law, calculated risk-taking is vital. It enables cooperatives to pursue innovation, expand their services, and seize emerging opportunities without compromising ethical standards. Risk-taking should not be impulsive; rather, it should be grounded in

accurate data, scenario analysis, and stakeholder consultation to mitigate unnecessary exposure (Lumpkin & Dess, 1996; Yunis et al., 2018; Marxt & Link, 2002).

Third, proactiveness reflects the cooperative's ability to anticipate future trends, identify emerging opportunities, and take timely action to capitalise on them. Proactive organisations do not merely respond to change; they actively shape their environment by initiating strategic initiatives ahead of competitors. In the cooperative sector, proactiveness can be observed through efforts such as entering new markets, launching innovative programs, forming strategic alliances, or enhancing member engagement practices. For Islamic cooperatives, being proactive is particularly important for staying ahead of regulatory developments, responding to shifts in community needs, and ensuring continued compliance with Islamic financial principles. A forward-looking orientation enables cooperatives to remain resilient, relevant, and capable of fulfilling their social and economic missions (Aktan & Butler, 2008; Marxt & Link, 2002; Yunis et al., 2018).

Within Islamic cooperatives, entrepreneurial orientation must operate within the ethical boundaries prescribed by Shariah principles. Accordingly, managerial risk-taking does not refer to speculative activities involving excessive uncertainty (*gharar*) or interest-based transactions (*riba*). Rather, it involves the capacity to navigate regulatory ambiguity, develop Shariah-compliant financial mechanisms, and expand cooperative services through permissible partnership arrangements such as *mudarabah* and *musharakah*. Innovation, therefore, reflects the ability to design financial solutions that simultaneously satisfy religious requirements and operational realities.

In sum, cooperatives that excel in innovation, risk management, and proactiveness are better positioned to improve their performance and deliver value to their members. These managerial competencies are essential for navigating complex challenges, fostering sustainability, and achieving strategic goals within the cooperative model—especially in contexts where religious, cultural, and social considerations are deeply intertwined.

Strategy Focus

Strategic focus is a critical dimension of effective cooperative management, encompassing the deliberate alignment of organisational actions with long-term objectives and stakeholder expectations. For Islamic cooperatives, strategic focus is particularly vital, as it involves navigating competitive market forces while remaining compliant with Islamic ethical and financial principles. In this study, the focus on strategy is conceptualised in three core strategic dimensions: business, marketing, and financial strategy. Together, these elements guide the cooperative

in achieving sustainable growth, operational efficiency, and value-driven service delivery.

First, business strategy refers to the cooperative's overarching plan to create and sustain a competitive advantage. In the context of Islamic cooperatives, this involves adopting a low-cost operational model to make services accessible to members, particularly those in economically marginalised communities. It also includes product differentiation—specifically through the development and provision of halal financial products that meet both market demands and religious obligations. Additionally, the business strategy emphasises strict adherence to Islamic principles in all organisational operations, thereby strengthening credibility, community trust, and member loyalty. These strategic orientations support compliance and ensure that cooperative services remain socially responsible and culturally relevant (Vorhies & Morgan, 2003).

Second, marketing strategy concerns how the cooperative identifies, understands, and satisfies the needs of members and customers. An effective marketing strategy includes responsive service design, personalised member engagement, and community outreach programs that build strong and lasting relationships. Islamic cooperatives often serve close-knit communities, and therefore, strategies that emphasise trust, transparency, and service reliability are essential. Marketing efforts should also focus on expanding the cooperative's reach by attracting new members while retaining existing ones through ongoing satisfaction monitoring and feedback mechanisms. Prioritising customer-centric practices enhances loyalty and increases the cooperative's market share in a competitive financial landscape (Piercy & Morgan, 1991; Zou & Cavusgil, 2002; Saad & Fikri, 2023).

Third, the financial strategy of Islamic cooperatives involves implementing interest-free financial systems in accordance with Shariah law. This includes offering a range of financial products—such as profit-sharing schemes, non-interest-based loans, and Islamic savings plans—that are ethically and religiously permissible. A robust financial strategy also includes the strategic use of financial and accounting data to guide decision-making. This entails comparing actual financial performance with planned targets, analysing cost structures, and applying financial controls to ensure alignment with organisational objectives. Sound financial planning, in this context, ensures fiscal sustainability and the cooperative's ability to fulfil its socio-economic mission within a Shariah-compliant framework (Zou & Cavusgil, 2002; Vorhies & Morgan, 2003; Ieamvijarn, 2015).

In summary, a well-defined strategy focus—integrating business, marketing, and financial strategies—serves as a foundation for achieving

management success in Islamic cooperatives. It allows these institutions to remain competitive and effective while upholding their ethical commitments and addressing the evolving needs of their members and communities.

In Thailand's Southern Border Provinces, strategic focus must also be understood within a context of economic vulnerability, social trust, and cultural proximity. Marketing strategies rely heavily on long-standing community relationships, local religious networks, and trust-based interactions within predominantly Yawi-speaking communities. Likewise, business and financial strategies function not only as mechanisms for organisational growth but also as protective economic instruments that provide interest-free financial alternatives and strengthen community resilience in a conflict-affected border region (Dorairajoo, 2009)..

Organisational Shared Values

Organisational shared values are a pivotal driver of management success, particularly in Islamic cooperatives where organisational practices are closely aligned with religious principles. These values are manifested through shared beliefs, ethical organisational culture, and collaborative teamwork.

First, beliefs form the foundation of organisational behaviour in Islamic cooperatives. These beliefs are rooted in the tenets of Islam, which require that all financial and managerial activities comply with religious doctrine. Financial operations that contravene Islamic principles—such as those involving interest (*riba*), uncertainty (*gharar*), or unethical investments—are considered sinful and are strictly avoided. Consequently, Islamic cooperatives prioritise ethical, transparent, and Shariah-compliant financial practices. This strong moral framework reinforces organisational integrity and promotes trust among members and stakeholders (Jung et al., 2010; Kamri et al., 2021; Ali & Syed, 2022).

Second, the organisational culture of Islamic cooperatives is characterised by a deep-seated commitment to cooperative principles and the collective well-being of members. This culture is cultivated through the internalisation of Islamic values such as mutual assistance (*ta'awun*), social justice (*'adl*), and sincerity (*ikhlas*). These values are embedded in every aspect of the cooperative's operations, from decision-making to service delivery. Adhering to Islamic principles is considered a religious obligation that enhances organisational identity and coherence (Houkes et al., 2003; Haniffa et al., 2023). By fostering a culture of cooperation, fairness, and accountability, Islamic cooperatives can sustain member engagement and long-term organisational performance (Kamri et al., 2021; Ali & Syed, 2022).

Third, teamwork is another core component of shared values in successful cooperative management. It reflects a collective approach to achieving shared goals through unity, trust, and mutual respect. In Islamic cooperatives, teamwork is operationalised through regular consultations (*shura*), joint planning, and collaborative problem-solving processes. These practices are supported by a culture that values love (*mahabbah*), unity (*ittihad*), and collective responsibility, all of which are consistent with Islamic teachings. Continuous communication and coordination among teams ensure that organisational objectives are met efficiently and harmoniously (Keawchaon & Chuntut, 2017; Jung et al., 2010; Sahibzada et al., 2020; Kamri et al., 2021).

The values of *ta'awun* (mutual assistance), *shura* (consultative governance), and *adil* (justice) constitute more than elements of organisational culture; they function as critical governance mechanisms in environments where legal protections and regulatory certainty remain limited. These shared values foster trust, strengthen accountability, reduce agency conflicts, and facilitate collective decision-making. In this context, Islamic ethical principles serve as informal institutional safeguards that help sustain organisational continuity, social cohesion, and legitimacy among Muslim communities in Thailand's Southern Border Provinces. The significance of these values is deeply rooted in the historical development of Islamic scholarship and religious institutions in Pattani, which have long shaped community norms, leadership structures, and collective identities (Ismail, 2001). As a result, contemporary Islamic cooperatives continue to draw upon these religious and cultural traditions as sources of organisational legitimacy, mutual trust, and ethical governance, enabling them to operate effectively within a complex socio-political and regulatory environment.

In summary, the success of Islamic cooperative management is underpinned by a coherent set of shared values grounded in Islamic beliefs, a culture of collective responsibility, and strong teamwork. These dimensions align organisational practices with religious ethics and foster internal cohesion and sustainable development.

Organisational Competence

Organisational competence is a critical determinant of successful management, particularly in value-driven organisations such as Islamic cooperatives. Competence in this context encompasses structural adaptability, effective human resource management, and strong leadership capabilities. These elements can be classified into three interrelated aspects: organisational structure, personnel management, and management skills.

First, a flexible and responsive organisational structure is essential for effective management. In the context of Islamic cooperatives, a structure that aligns with the size and complexity of operations is vital for efficiency and clarity. A relatively flat or horizontal structure is preferred, as it facilitates open communication, minimises bureaucratic barriers, and enhances the free flow of information across departments. This structural orientation promotes collaboration and timely decision-making, both of which are key to maintaining operational agility in a dynamic environment (Russell & Russell, 1992; Hornsby et al., 2002). Such adaptability enables the cooperative to respond efficiently to internal and external changes, while also encouraging cross-functional integration and accountability (Khan et al., 2022; Al-Fadhli & Ahmad, 2023).

Second, effective personnel management is another cornerstone of organisational competence. This includes ensuring that the workforce is appropriately scaled and qualified to meet organisational needs. Clearly defined job descriptions for each position help avoid role ambiguity and ensure accountability. Moreover, open recruitment processes that prioritise merit and alignment with the cooperative's values help in attracting qualified candidates. Equally important is the commitment to continuous personnel development through training, mentorship, and career advancement opportunities. Development plans should be transparent and communicated to employees, allowing them to visualise their career paths and progression within the organisation. In the context of Islamic cooperatives, personnel must understand Islamic finance operations to ensure their work aligns with Shariah principles (Susanty et al., 2012). Furthermore, retaining experienced and high-performing employees fosters institutional memory and stability, which are crucial for sustained organisational performance (Khan et al., 2022).

Third, the leadership capabilities of an organisation's executives significantly influence its success. Effective leaders in Islamic cooperatives must possess technical and managerial expertise and demonstrate integrity, vision, and the ability to inspire trust. Their role includes articulating a clear and compelling vision and translating it into actionable strategies embraced by all members of the organisation. Executives should be vigilant in identifying operational deficiencies or non-compliance with established standards and take proactive steps to correct them. They must also serve as motivators, mentors, and role models—guiding personnel, offering constructive feedback, and fostering a sense of shared responsibility and achievement (Hornsby et al., 2002; Susanty et al., 2012). Leadership grounded in ethical conduct and effective communication is particularly important in Islamic organisations, where spiritual and moral values guide operational practices (Khan et al., 2022).

In summary, organisational competence in Islamic cooperative management is shaped by a structurally agile framework, strategic human resource practices, and visionary leadership. These factors, when aligned with the organisation's core religious and ethical values, create a cohesive and effective management system that supports both operational success and long-term sustainability.

The reviewed literature provides a multidimensional perspective on the factors influencing the success of cooperative management, with specific reference to Islamic cooperatives. Five core constructs—management success, cooperative management, strategy focus, organisational shared values, and organisational competence—have been extensively discussed. Collectively, these constructs form an integrated framework for understanding how Islamic cooperatives achieve sustainability, community trust, and operational effectiveness.

Management success is conceptualised through financial, marketing, and organisational dimensions. These reflect both tangible performance metrics (e.g., profit margins, customer satisfaction) and intangible outcomes such as alignment with Islamic values and trust-building within communities (Lumpkin & Dess, 1996; Zainal et al., 2018; Adhitya et al., 2024).

Cooperative management is framed in entrepreneurial terms—innovation, risk-taking, and proactivity—which are critical for strategic adaptation, especially in socio-religious contexts. These elements enable Islamic cooperatives to design Shariah-compliant financial solutions while maintaining relevance and competitiveness (Aktan & Butler, 2008; Rahman et al., 2020).

Strategy focus covers business, marketing, and financial strategies, emphasising ethical compliance, halal product innovation, and stakeholder responsiveness. Strategic planning has been shown to be essential for harmonising market competitiveness with Islamic financial practices (Vorhies & Morgan, 2003; Ieamvijarn, 2015).

Organisational shared values emphasise Islamic beliefs, teamwork, and a cooperative culture. These values strengthen internal cohesion and trust, ensuring that the cooperative's identity is deeply rooted in religious principles (Kamri et al., 2021).

Organisational competence encompasses structural flexibility, personnel development, and leadership. Islamic cooperatives benefit from flatter structures, value-driven human resource management, and ethical leadership that aligns with Shariah principles (Khan et al., 2022; Al-Fadhli & Ahmad, 2023).

Organisational competence in Islamic cooperatives requires dual capability. Managers and employees must possess both conventional administrative and financial management skills and a sound understanding of

Shariah financial jurisprudence. Effective leadership, therefore, involves balancing financial sustainability with religious accountability, ensuring that organisational decisions remain commercially viable while maintaining the trust and confidence of members who rely upon the cooperative's Islamic identity and credibility.

Identified Research Gaps

Despite the valuable insights offered by existing scholarship, several critical gaps remain insufficiently addressed within the current literature.

First, there is a pronounced shortage of empirical research situated specifically within Thailand's Southern Border Provinces. Much of the extant work is either conceptual or draws on cooperative models in broader Islamic contexts outside Thailand. Consequently, the literature lacks nuanced, context-sensitive analyses that reflect the distinctive socio-cultural, political, and religious conditions shaping the operations of Islamic cooperatives in the deep south.

Second, although individual organisational constructs—such as innovation, leadership, and shared values—have been examined extensively, prior studies seldom integrate these components into a comprehensive causal framework. The absence of such theoretically grounded and empirically testable models has limited scholarly understanding of how these constructs interact to produce management success. This fragmentation restricts the development of an overarching explanation of cooperative performance that accounts for interrelated strategic and organisational dynamics.

Third, the influence of religious and cultural factors remains underexplored, despite widespread acknowledgement of the central role of Shariah compliance in Islamic cooperative governance. Empirical studies that systematically investigate the mechanisms through which Islamic ethical norms intersect with organisational practices are notably scarce. This gap prevents a deeper understanding of how religious values shape managerial decision-making, organisational behaviour, and overall performance outcomes.

Finally, the current body of research is dominated by qualitative descriptions, with a marked absence of quantitative studies capable of establishing causal inferences. Few investigations employ statistical modelling to empirically test how organisational, strategic, and value-based factors jointly affect cooperative success. Addressing this methodological gap is essential for advancing both theoretical refinement and evidence-based policy recommendations for Islamic cooperatives in this unique socio-religious setting.

Significance of the Study

This study addresses these gaps in four significant ways.

First, it situates the analysis within Thailand's Southern Border Provinces, where Islamic cooperatives function not only as financial institutions but also as critical social support mechanisms within Muslim-majority communities. By grounding the investigation in this unique context, the study offers insights that reflect local socio-cultural realities.

Second, it develops an empirically tested causal model that examines the interrelationships among strategic orientation, shared values, organisational capabilities, and cooperative success. This advances the literature by moving beyond descriptive accounts and providing a rigorous analytical framework.

Third, the study foregrounds the central role of Islamic ethics and values as both contextual conditions and core determinants of organisational performance. In doing so, it deepens understanding of how religious principles shape strategic choices, leadership behaviour, and service delivery within Islamic cooperatives.

Finally, the study contributes to policy and practice by proposing a validated model that can enhance management effectiveness in Islamic cooperatives. The findings offer actionable guidance for cooperative leaders, policymakers, and development agencies working in Muslim-majority settings.

METHODOLOGY

The methodology of this study was designed to rigorously examine the causal relationships among strategic, organisational, and value-based factors influencing the success of Islamic cooperatives in Thailand's deep south. A quantitative research approach was adopted, as it allows for systematic measurement of latent constructs and enables the testing of complex causal pathways with statistical precision. In line with this approach, the study employed survey research as the primary methodology, utilising a structured questionnaire to collect standardised data from executive committee members of Islamic cooperatives. This method is appropriate given the need to capture perceptual, behavioural, and organisational attributes across a relatively large and diverse respondent group. To analyse the data, Structural Equation Modelling (SEM) was used due to its capacity to assess both direct and indirect effects among multiple variables simultaneously and to validate the proposed theoretical model. The use of SEM is justified as it provides a robust analytical framework for testing causal relationships that cannot be adequately examined through simpler statistical techniques. Collectively, these methodological choices ensure that the findings are empirically rigorous, theoretically grounded, and capable of contributing meaningful insights to both academic scholarship and cooperative practice.

Research Area

This study is situated in the southern border provinces of Thailand, namely Pattani, Yala, and Narathiwat. These provinces possess distinctive geographic, demographic, and cultural characteristics. Located adjacent to the Malaysian border, they are predominantly inhabited by Malay-Muslim communities, in contrast to the Buddhist-majority demographics found in most other regions of Thailand.

The three provinces are marked by strong religious, linguistic, and cultural identities, shaped by long-standing historical and ideological dynamics (Aslam, 2008; Wiryomartono, 2012). The local population primarily communicates in the Malay dialect known as Yawi and observes Islamic principles with a high degree of adherence. Despite their rich cultural heritage, the region has experienced persistent social, economic, and political instability, largely due to ongoing conflict and violence (Aslam, 2008). In this context, community-based institutions, particularly Islamic cooperatives, have emerged as vital actors in promoting local economic development, reinforcing social cohesion, and providing financial services in alignment with Shariah principles.

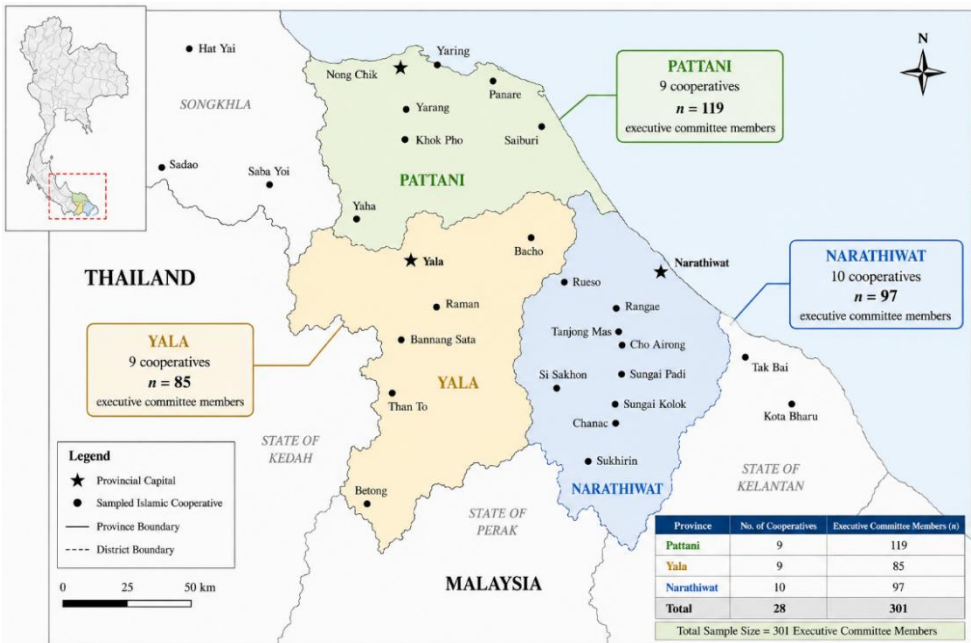


Figure 1: Geographic distribution of sampled Islamic cooperatives across Thailand’s southern border provinces.

(Source: Adapted by the authors based on administrative boundary data of Pattani, Yala, and Narathiwat Province.)

This research examines the causal factors influencing the effective management of Islamic cooperatives in this unique and complex setting, characterised by identity-based tensions and protracted insurgency dynamics (Aslam, 2008). Particular attention is given to the interplay between Islamic religious values, shared cultural norms, organisational structures, and strategic management practices. Understanding these contextual dynamics is essential for assessing the sustainability and impact of Islamic cooperatives operating in a multicultural, socio-politically sensitive environment. This study focuses on the areas shown on the map in Figure 1.

Population and Sample

The population was 457 executive committee members of 39 Islamic cooperatives in Thailand's southern border provinces (Cooperative Promotion Department, 2021), and the sample was 301 executive committee members recruited using the rule of thumb commonly used by statisticians when analysing multilevel variables; that is, a group of 10-20 samples per one variable (Hair et al., 1998). In this study, there were 15 observed variables, each measured 20 times, yielding 300 samples. Then, stratified sampling and systematic sampling methods were employed.

The study was conducted in 28 Islamic cooperatives located in Pattani, Yala, and Narathiwat Provinces. The study population consisted of 319 executive committee members, comprising 125 from nine Islamic cooperatives in Pattani, 88 from nine Islamic cooperatives in Yala, and 106 from ten Islamic cooperatives in Narathiwat. Following Hair et al.'s (1998) recommendation for Structural Equation Modelling (SEM), a minimum sample size of 300 respondents was required based on 15 observed variables. Using simple random sampling, 301 executive committee members were selected as the study sample.

Operationalisation Matrix

As presented in Table 1, the conceptual framework consisted of five latent constructs measured through 15 observed variables and 72 questionnaire items. The latent constructs comprised Management Success, Cooperative Management, Strategic Orientation, Organisational Shared Values, and Organisational Competence. Following Hair et al.'s recommendation that the minimum sample size for Structural Equation Modelling (SEM) should be at least 20 respondents per observed variable, a minimum sample of 300 respondents was required ($15 \times 20 = 300$). Therefore, the final sample of 301 executive committee members was

considered adequate for SEM analysis and exceeded the minimum threshold recommended for model estimation.

Table 1. Operationalisation of latent and observed variables

Latent Variable	Observed Variable	Number of Items
Management Success	Financial Success	4
	Marketing Success	6
	Organisational Success	7
Cooperative Management	Innovativeness	5
	Risk Taking	4
	Proactive Operations	4
Strategic Orientation	Business Strategy	4
	Marketing Strategy	4
	Financial Strategy	5
Organisational Shared Values	Belief	4
	Organisational Culture	4
	Teamwork	4
Organisational Competence	Organisational Structure	4
	Staff Management	7
	Management Style	6
Total	15 Observed Variables	72 Items

All questionnaire items were measured using a five-point Likert scale ranging from 1 (lowest level) to 5 (highest level). The scale was adapted to suit the nature of each construct. For Management Success, respondents evaluated the level of achievement relative to organisational goals, ranging from “much lower than the target” (1) to “much higher than the target” (5). For Cooperative Management, Strategic Orientation, Organisational Shared Values, and Organisational Competence, responses ranged from the lowest level (1) to the highest level (5), reflecting the extent to which each statement described the cooperative’s practices and organisational characteristics.

Research Instrument

The research instrument was a 6-part questionnaire. It was developed based on related concepts and theories to give operational definitions to the terms and structures of the variables used in the study. Then, question items were formulated according to the operational definitions, and items from various academics were

also applied as appropriate. After that, 5 experts validated the questionnaire, and the IOC ranged from 0.60 to 1.00; it was pilot tested with 45 individuals who were not in the sample group. The Cronbach's alpha coefficient was 0.852.

Data Collection

Data were collected by the researcher and trained field data collectors who were university students with prior experience in survey-based research. Before commencing the fieldwork, all data collectors received training to ensure a common understanding of the research objectives, questionnaire content, interview procedures, and ethical considerations. Given the unique socio-cultural context of Thailand's Southern Border Provinces, particular attention was paid to cultural sensitivity and respondent trust throughout the data collection process. The questionnaire was reviewed by experts familiar with Islamic cooperative operations and the local cultural environment to ensure conceptual clarity, linguistic appropriateness, and content validity. Access to respondents was facilitated through close coordination with cooperative leaders and executive committee members, whose support helped establish trust and encourage participation. Throughout the fieldwork process, the researchers and field data collectors carefully observed local cultural norms and communication practices to enhance respondent confidence, minimise response bias, and improve the overall quality and reliability of the data collected.

Data Analysis

In analysing the causal relationships influencing the success in the management of Islamic cooperatives, structural equation modelling (SEM) was employed to test the consistency between the hypotheses and the empirical data. Direct, indirect, and total effects of the causal variables were analysed using maximum likelihood (ML) estimates to test the model against the hypotheses.

Ethics Considerations

This study received approval from the Institutional Review Board for Human Subjects Research at Sirindhorn College of Public Health, Nakhon Sri Thammarat, Thailand, under certificate No. E06/2565.

RESULTS

The primary aim of this study was to investigate the causal relationships among key organisational and strategic factors influencing management success in Islamic cooperatives in Thailand's deep south. The analysis employed Structural Equation Modelling (SEM) to evaluate the proposed conceptual model derived from the literature. The variables tested were grounded in the theoretical constructs of strategy focus, organisational shared values, organisational competence, and cooperative management, all of which have been widely acknowledged in previous studies as critical determinants of cooperative performance (Covin & Slevin, 1991; Mokaya, 2012; Lumpkin & Dess, 1996).

Model Fit and Construct Validation

The initial structural model was refined to improve its consistency with the empirical data. Following model modification, the final structural equation model (SEM) demonstrated a satisfactory fit with the data ($\chi^2 = 128.724$, $df = 79$, $\chi^2/df = 1.629$, $GFI = 0.946$, $AGFI = 0.917$, $CFI = 0.962$, $SRMR = 0.048$, $RMSEA = 0.047$), meeting the recommended criteria for model adequacy (Hair et al., 1998). These fit indices indicate that the proposed theoretical framework adequately captures the causal relationships among strategic orientation, organisational shared values, organisational competence, cooperative management, and management success in Islamic cooperatives operating in Thailand's Southern Border Provinces. Furthermore, all factor loadings were statistically significant, and construct reliability values ranged from 0.902 to 0.953, while average variance extracted (AVE) values ranged from 0.760 to 0.871, confirming strong convergent validity and internal consistency across all latent constructs. The results therefore provide empirical support for the structural model as a robust explanation of the organisational factors contributing to the success of Islamic cooperatives in the region. See Table 2.

Table 2: Analysis of the overall adjusted goodness of fit index of the model

Index	Criterion	Element Measurement	
		Value	Consideration Results.
χ^2/df	≤ 3.00	1.629	Qualify
CFI	≥ 0.90	0.962	Qualify
GFI	≥ 0.90	0.946	Qualify
AGFI	≥ 0.90	0.917	Qualify
SRMR	≤ 0.05	0.048	Qualify
RMSEA	≤ 0.05	0.047	Qualify

Thematic Findings: Causal Influences on Management Success

The analysis of causal influences on the success of Islamic cooperative management revealed that all independent variables exerted both direct and indirect effects on management success, and that all relationships were statistically significant. These findings are presented in Figure 1 and detailed in Table 3, and are discussed thematically below in accordance with the study's conceptual framework.

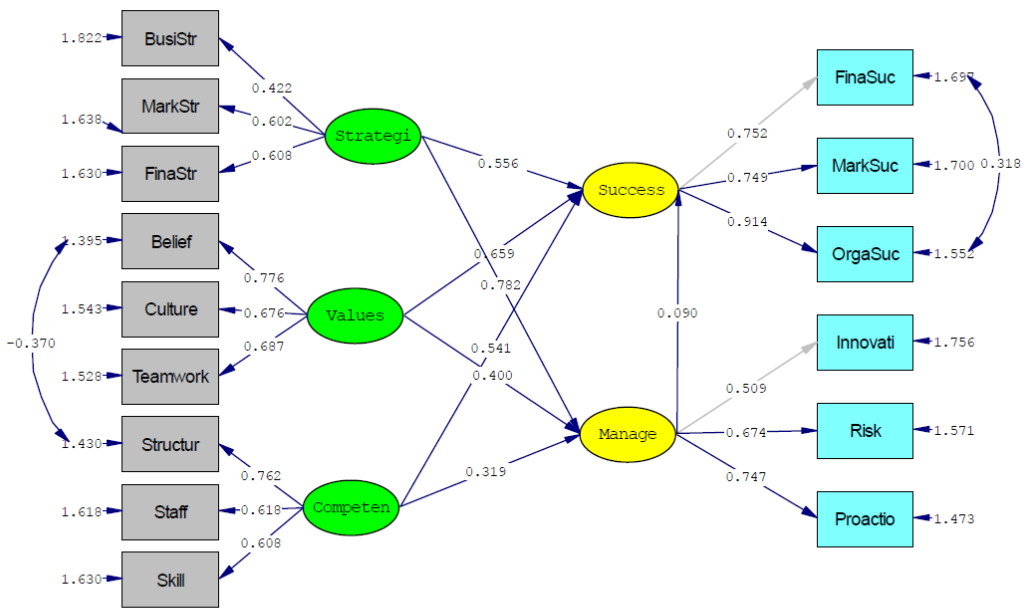
Strategy focus is the strongest predictor of cooperative management. The results indicate that strategy focus—comprising business, marketing, and financial strategies—had the most substantial direct impact on cooperative management ($\beta = 0.782$, $p < 0.001$). This underscores the pivotal role of strategic clarity in driving effective organisational operations. For Islamic cooperatives, aligning strategic initiatives with Shariah principles is essential for both competitiveness and legitimacy. These findings are consistent with prior literature, which emphasises that well-articulated strategic orientation enhances organisational responsiveness and performance (Russell & Russell, 1992; Vorhies & Morgan, 2003).

Organisational shared values are a comprehensive driver of success. Organisational shared values demonstrated significant direct and indirect effects on management success (DE = 0.659, IE = 0.036, TE = 0.695), and also directly influenced cooperative management ($\beta = 0.400$, $p < 0.001$). This finding affirms the centrality of shared beliefs, an ethical organisational culture, and teamwork in shaping cohesive and high-performing Islamic cooperatives. By promoting unity, trust, and value congruence, these shared values serve as a cultural foundation and as a catalyst for managerial effectiveness. The results align with the work of Raza et al. (2021) and Kamri et al. (2021), who highlight that internal value systems rooted in Islamic ethics are integral to cooperative resilience and success.

Organisational competence as a catalyst for managerial capacity. The variable organisational competence was found to have a statistically significant effect on cooperative management ($\beta = 0.319$, $p < 0.001$), and an indirect effect on management success (IE = 0.028, TE = 0.569). This construct encompasses the flexibility of organisational structure, the strength of leadership, and the effectiveness of personnel management systems. The results support the view that Islamic cooperatives equipped with adaptive frameworks and capable, Shariah-aware staff are more likely to achieve operational excellence. These findings are consistent with studies by Susanty et al. (2012) and Khan et al. (2022), which suggest that institutional competence is a key enabler of strategic and sustainable performance.

Cooperative management as a mediating mechanism. Although cooperative management had the smallest direct influence on management

success ($\beta = 0.090, p < 0.05$), its role as a mediator is notable. The effects of strategy focus, shared values, and organisational competence on management success are largely transmitted through improvements in cooperative management practices. Specifically, capabilities such as innovation, risk-taking, and proactivity serve as behavioural conduits through which these organisational resources translate into performance outcomes. This mediating function echoes the findings of Aktan and Bulut (2008), who assert that entrepreneurial orientation within cooperatives enhances organisational adaptability and performance, particularly in ethically constrained environments like Islamic finance.



Chi-Square=128.72, df=79, P-value=0.00027, RMSEA=0.047

Figure 2: Causal factors influencing cooperatives' performance. (Source: Researcher's study)

Table 3: Standardised direct, indirect, and total effects among latent variables

Determinants Variable	Outcome Variable					
	Cooperative Management			Management Success		
	DE	IE	TE	DE	IE	TE
Strategy Focus	0.782***	--	0.782***	0.556***	0.071*	0.627***
Organisational Shared Value	0.400***	--	0.400***	0.659***	0.036*	0.695***

Organisational Competence	0.319***	--	0.319***	0.541***	0.028*	0.569***
Cooperative Management	--	--	--	0.090*	--	0.090*
	R ² = 0.777			R ² = 0.759		

Remarks: *p ≤ 0.05, ***p ≤ 0.001

Explanatory Power of the Final Model

The final model accounted for a high proportion of the variance in the key outcome variables: 77.7% in cooperative management and 75.9% in management success. This indicates that the model, grounded in both theoretical and empirical foundations, captures the majority of the explanatory power needed to understand performance outcomes in Islamic cooperatives.

The results empirically validate the conceptual framework proposed in the literature review. They reveal that strategic focus, shared organisational values, and organisational competence are key drivers of Islamic cooperative success, with cooperative management primarily mediating these effects. These findings reinforce the idea that value alignment, strategic clarity, and structural readiness are all necessary—and mutually reinforcing—conditions for sustainable and Shariah-compliant cooperative operations in southern Thailand.

Table 4. Summary of hypothesis testing

Hypothesis	Structural Path	β	p-value	Decision
H1	Strategic Orientation → Cooperative Management	0.782	<0.001	Supported
H2	Strategic Orientation → Management Success	0.556	<0.001	Supported
H3	Shared Values → Cooperative Management	0.400	<0.001	Supported
H4	Shared Values → Management Success	0.659	<0.001	Supported
H5	Organisational Competence → Cooperative Management	0.319	<0.001	Supported
H6	Organisational Competence → Management Success	0.541	<0.001	Supported

Table 4 presents the results of hypothesis testing for the structural model. All seven hypothesised relationships were statistically significant and therefore supported. Among the antecedent variables of cooperative management, strategic

orientation exerted the strongest direct effect ($\beta = 0.782$, $p < 0.001$), followed by shared values ($\beta = 0.400$, $p < 0.001$) and organisational competence ($\beta = 0.319$, $p < 0.001$).

With respect to management success, shared values demonstrated the strongest direct effect ($\beta = 0.659$, $p < 0.001$), followed by strategic orientation ($\beta = 0.556$, $p < 0.001$) and organisational competence ($\beta = 0.541$, $p < 0.001$). In addition, cooperative management had a positive and statistically significant direct effect on management success ($\beta = 0.090$, $p < 0.05$), although the magnitude of the effect was relatively small compared with the other predictors.

These findings indicate that strategic orientation, shared values, and organisational competence are important determinants of both cooperative management and management success among Islamic cooperatives in Thailand's southern border provinces.

Table 5. Coefficients of determination (R^2)

Endogenous Construct	R^2	Interpretation
Cooperative Management	0.777	Substantial
Management Success	0.759	Substantial

Table 5 reports the coefficients of determination (R^2) for the endogenous latent variables. The results indicate that strategic orientation, shared values, and organisational competence jointly explained 77.7% of the variance in cooperative management ($R^2 = 0.777$). This suggests that the proposed antecedent variables provide substantial explanatory power for cooperative management.

Furthermore, the model explained 75.9% of the variance in management success ($R^2 = 0.759$), indicating that strategic orientation, shared values, organisational competence, and cooperative management collectively account for a substantial proportion of the variation in management success. The remaining 24.1% of the variance may be attributed to other factors not included in the present model.

Overall, the high R^2 values demonstrate that the proposed structural model has strong explanatory power and adequately represents the factors influencing the success of Islamic cooperative management in Thailand's southern border provinces.

Collectively, the findings provide empirical support for the proposed causal model and underscore the critical roles of strategic orientation, shared values, organisational competence, and cooperative management in enhancing the success of Islamic cooperatives. The model's substantial explanatory power

further confirms its suitability for understanding and predicting management success in Islamic cooperatives in Southern Thailand.

DISCUSSION

The findings of this study provide robust empirical support for the proposed structural model of causal relationships influencing the success of Islamic cooperatives in Thailand's deep south. The adjusted model demonstrated a good fit with the empirical data and revealed the significance of four primary factors—strategy focus, organisational shared values, organisational competence, and cooperative management—each of which plays a distinct, and in some cases overlapping, role in shaping management success. These factors work both independently and interactively to promote effective, ethical, and sustainable cooperative operations.

Strategy focus is a primary driver of cooperative management. Among the variables examined, strategy focus emerged as the most powerful direct predictor of cooperative management effectiveness ($\beta = 0.782$). This finding underscores the pivotal role of strategic orientation—particularly in business, marketing, and finance—in enhancing managerial capability. For Islamic cooperatives, whose operations are constrained by adherence to Shariah principles, having a well-defined strategy helps balance religious compliance with competitiveness and market responsiveness.

This result is consistent with Covin and Slevin's (1991) assertion that strategic alignment significantly enhances organisational performance, and with the findings of Russell and Russell (1992) and Ieamvijarn (2015), who observed that coherent strategic planning promotes cooperative service quality, goal achievement, and long-term viability. The exceptionally strong relationship between strategy focus and cooperative management ($\beta = 0.782$) may also reflect the distinctive institutional environment in which Islamic cooperatives operate. In the Southern Border Provinces, Islamic cooperatives are required to balance commercial sustainability with compliance with Shariah principles while responding to changing economic conditions. Consequently, strategic orientation serves not only as a managerial tool but also as an adaptive mechanism that enables cooperatives to maintain organisational legitimacy, manage operational risks, and respond effectively to external uncertainties.

Organisational shared values: A foundational and mediating influence. Organisational shared values had the highest total effect on management success (TE = 0.695), demonstrating both direct and indirect pathways of influence through cooperative management. This suggests that when cooperatives cultivate shared

beliefs, a cohesive organisational culture, and teamwork grounded in Islamic principles, they are more likely to experience high levels of trust, unity, and operational efficiency. Such alignment creates a resilient internal environment in which members are motivated by a shared purpose and ethical commitment.

These findings are supported by Mokaya (2012) and Raza et al. (2021), who emphasised that shared values rooted in religious and cultural coherence strengthen internal cohesion and promote organisational excellence. Similarly, Covin and Slevin (1991) noted that cultivating shared beliefs and values can drive consistent employee behaviour and enhance overall effectiveness.

Beyond their organisational function, shared values appear to play a particularly important role within the socio-cultural context of Thailand's Southern Border Provinces. Islamic cooperatives operate in communities where religious identity, collective solidarity, and social trust remain deeply embedded in everyday economic life. Principles such as Ta'awun (mutual assistance), Adl (justice), and Ikhlas (sincerity) are not merely normative ideals but practical mechanisms that facilitate member participation, strengthen organisational legitimacy, and reduce transactional uncertainty. The finding that shared values exerted the strongest total effect on management success ($TE = 0.695$), therefore, suggests that spiritual and social capital function as critical institutional resources that support cooperative resilience and sustainability.

Organisational competence as a structural enabler. Organisational competence also significantly influenced cooperative management ($\beta = 0.319$) and had a notable total effect on management success ($TE = 0.569$). This highlights the importance of having an organisational structure that is adaptable, efficient, and fit for purpose. A well-managed personnel system, with clear job descriptions, transparent career development, and a workforce knowledgeable in Islamic finance, is essential to institutional success. Likewise, competent leadership—particularly when participatory and ethically grounded—drives innovation, risk management, and long-term planning. This aligns with the work of Lumpkin and Dess (1996), Susanty et al. (2012), Nurhadi et al., 2020, and Khan et al. (2022), who stress that internal organisational capabilities are critical enablers of strategic performance. The ability to implement systematic personnel development plans and ensure executive leadership development, as noted by Buranasri (2009) and Tama et al. (2021), strengthens cooperative sustainability and goal attainment.

The present findings further suggest that organisational competence within Islamic cooperatives extends beyond conventional managerial capability. Leaders are expected to possess both professional management expertise and an understanding of Islamic financial principles. Such dual competency is particularly important in faith-based organisations, where managerial decisions

are evaluated not only for efficiency and profitability but also for religious compliance and community accountability. Strengthening this combination of managerial and religious literacy may therefore contribute substantially to long-term organisational performance.

The mediating role of cooperative management. Although cooperative management had the smallest direct effect on management success ($\beta = 0.090$), its mediating role is strategically significant. The results suggest that the influence of strategy focus, shared values, and organisational competence is channelled through improved managerial practices. High levels of innovation, risk-taking, and proactivity among cooperative managers serve as mechanisms by which other organisational attributes translate into performance outcomes.

This finding is consistent with the observations of Aktan and Bulut (2008) and Mokaya (2012), who found that entrepreneurial capabilities such as innovation and strategic initiative significantly enhance the effectiveness of cooperative management, especially when applied in dynamic or resource-constrained environments. An interesting finding is that cooperative management exhibited only a modest direct effect on management success ($\beta = 0.090$). Although statistically significant, this result suggests that routine managerial activities alone are insufficient to generate sustainable success. Within Islamic cooperatives, members often assess organisational performance not solely through financial outcomes but also through perceptions of trustworthiness, fairness, and adherence to Islamic principles. Consequently, management practices appear to create value primarily when supported by strong shared values, strategic clarity, and organisational competence. This finding highlights the importance of integrating managerial efficiency with ethical legitimacy in community-based Islamic financial institutions.

Taken together, the findings of this study present a holistic and nuanced view of Islamic cooperative management. The interplay among strategic clarity, value alignment, organisational competence, and managerial capability forms a comprehensive framework that explains the mechanisms of cooperative success. These drivers are not isolated variables; rather, they reinforce one another through cooperative management, which acts as a key mediator. In the unique socio-political and religious context of Thailand's deep south, where Islamic cooperatives serve as financial institutions and as community anchors, these findings have profound practical implications. Cooperatives in this region must address a dual challenge: maintaining compliance with Islamic ethical and legal frameworks while responding to the economic needs of communities affected by marginalisation and unrest. Thus, developing strategic discipline, strengthening shared Islamic values, and enhancing organisational capabilities are not merely

advisable—they are essential for achieving trust, legitimacy, and sustained impact. This study provides evidence that Islamic cooperatives with strong internal alignment, competent leadership, and strategic foresight are better positioned to thrive amid external challenges and fulfil their socio-economic mission in accordance with Islamic values.

CONCLUSION

This study examined the causal relationships among strategy focus, organisational shared values, organisational competence, and cooperative management, and how these variables influence the success of Islamic cooperatives in Thailand's deep south. Grounded in a robust theoretical framework and supported by empirical analysis using Structural Equation Modelling (SEM), the study confirmed that each of these factors plays a significant role—either directly or indirectly—in shaping management outcomes.

The results demonstrate that strategic focus is the strongest predictor of effective cooperative management, affirming the importance of aligning business, marketing, and financial strategies with the ethical requirements of Shariah law. Organisational shared values, including belief systems, ethical culture, and teamwork, emerged as the most comprehensive determinant of management success, exerting both direct and indirect effects. This reinforces the view that value-driven alignment is critical for Islamic organisational performance. Additionally, organisational competence—reflected in leadership capability, structural flexibility, and effective human resource systems—significantly enhances management capacity and indirectly boosts success. Finally, cooperative management itself acts as a mediating mechanism, translating these organisational and strategic resources into tangible performance outcomes.

Together, these findings validate the proposed causal model and provide a nuanced understanding of how Islamic cooperatives can thrive by integrating strategic clarity, ethical alignment, and operational capability. In a region characterised by religious identity, socio-political complexity, and developmental challenges, this integrated framework offers both theoretical and practical insight into the drivers of cooperative success.

RECOMMENDATIONS

Theoretical and methodological contributions to southeast asian scholarship

Future research should further extend the conceptual framework developed in this study by incorporating additional socio-cultural and regional variables specific to

Southeast Asia. Comparative studies across model. Methodologically, mixed-methods approaches are encouraged to enrich quantitative findings with deeper qualitative insights, particularly for understanding contextual dynamics.

Policy interventions and legislative formalisation

Policy-makers should consider integrating the key findings of this study into formal policy frameworks, particularly in areas related to governance, institutional development, and community-based management systems. The formalisation of guidelines and regulatory mechanisms will help ensure consistency in implementation and improve accountability. In addition, inter-agency collaboration should be strengthened to support effective policy execution at both national and local levels.

Practical and managerial blueprints for local leadership

At the practical level, local administrators and organisational leaders should adopt the proposed model as a guideline for strategic planning and operational decision-making. Capacity-building programs should be developed to enhance leadership competencies, particularly in participatory management and data-driven decision-making. Furthermore, continuous monitoring and evaluation systems should be established to ensure the sustained effectiveness and adaptability of implementation processes.

ACKNOWLEDGEMENTS

This study was financially supported by the Fundamental Fund from Science, Research and Innovation Fund for 2023, contract No. LIA6601023S.

REFERENCES

- Aktan, B., & Bulut, C. (2008). Financial performance impacts of corporate entrepreneurship in emerging markets: A case of Turkey. *European Journal of Economics, Finance and Administrative Sciences*, 12(1), 69-79.
- Adhitya, F., Farida, D. N., & Singh, M. (2024). Environmentally friendly behavior of islamic bank employees: The role of Islamic banks in maintaining sustainability. *Economica: Jurnal Ekonomi Islam*, 15(1), 73–91.
- Al-Fadhli, S., & Ahmad, K. (2023). Islamic leadership and organizational sustainability: A case study of cooperatives in Malaysia. *International*

Journal of Islamic and Middle Eastern Finance and Management, 16(2), 210–227.

- Ali, M., & Huda, N. (2023). Islamic cooperatives and sustainable development: A policy perspective. *Journal of Islamic Economics and Finance*, 9(1), 56–74.
- Ali, S., & Syed, M. A. (2022). Enhancing Islamic microfinance effectiveness through value-based governance and stakeholder engagement. *Journal of Islamic Accounting and Business Research*, 13(3), 389–406.
- Antoncic, B., & Hisrich, R. D. (2001). Intrapreneurship: Construct refinement and cross-cultural validation. *Journal of business venturing*, 16(5), 495–527.
- Aslam, M. M. (2008). The Southern Thailand insurgency: Ideological and identity challenges. *JATI – Journal of Southeast Asian Studies*, 13, 79–93.
- Buranasri, K. (2009).
ความสัมพันธ์เชิงสาเหตุของปัจจัยทรัพยากรส่วนเผื่อทางการเงินและปัจจัยความเป็นผู้ประกอบการ
ขององค์กรที่มีอิทธิพลต่อการเติบโตของธุรกิจขนาดกลางและขนาดย่อมในเขตกรุงเทพมหานคร
The relationship between corporate entrepreneurship, business environment and performance in medium and large size manufacturing corporation in the industrial estate authority of Thailand] [Unpublished Doctor of Business Administration]. Dhurakij Pundit University, Thailand.
- Cooperative Promotion Department. (2021). *Cooperative information 2021*. http://it.1cpd.go.th/profile/report_con_step.2asp. (In Thai)
- Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice*, 16(1), 7–25.
- Dorairajoo, S. (2009). Peacebuilding or state extension? The role of development in the southern Thailand conflict. *Journal of Southeast Asian Studies*, 40(3), 589–608.
- Fard, F. S., Mansor, N. N. A., Mohamed, A., & Bahru, J. (2011, March). The critical success factors of performance measurement for Malaysian SMES in manufacturing sectors: A proposed framework. In *Proceeding of the 2nd International Conference on Business and Economic Research*. Conference Master Resources.
- Fuentes-Fuentes, M., Lloréns-Montes, F. J., Molina-Fernández, L. M., & Albacete-Sáez, C. A. (2011). Environment-quality management coalignment across industrial contexts: An empirical investigation of performance implications. *Industrial Marketing Management*, 40(5), 730–742.

- Hair, J., Anderson, R., Tatham, R., & Black, W. (1998). *Multivariate data analysis with readings*. Prentice-Hall
- Haniffa, R., Hudaib, M., & Mirza, A. M. (2023). Governance, ethical identity, and performance in Islamic organizations. *Journal of Business Ethics*, 185, 291–310.
- Hassan, M. K., Muneeza, A., & Sarea, A. (2022). A Survey of Islamic financial literacy: A global perspective. *ISRA International Journal of Islamic Finance*, 14(2), 157–175.
- Haug, K., Read, S., Brinckmann, J., Dew, N., & Grichnik, D. (2013). Entrepreneurial talent and venture performance: A Meta-analytic investigation in SMEs. *Research Policy*, 42(6-7), 1251-1273.
- Hornsby, J. S., Kuratko, D. F., & Zahra, S. A. (2002). Middle managers' perception of the internal environment for corporate entrepreneurship: Assessing a measurement scale. *Journal of Business Venturing*, 17(3), 253-273.
- Houkes, I., Janssen, P. P., Jonge, J., & Bakker, A. B. (2003). Specific determinants of intrinsic work motivation, emotional exhaustion and turnover intention: A multisample longitudinal study. *Journal of Occupational and Organizational Psychology*, 76(4), 427-450.
- Ieamvijarn, S. (2015). Strategic finance planning as the guidance of financial and budgetary administration. *Journal of Research for Development Social and Community, Rajabhat Mahasarakham University*, 3(5), 7-20.
- Ismail, A. G., & Aziz, M. R. A. (2017). Institutional and legal challenges to Islamic financial cooperatives: A Malaysian perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 10(1), 92–108.
- Ismail, A. Z. (2001). Pemikiran ulama Patani dalam 'ilm al-kalam. Satu analisa. *JATI: Journal of Southeast Asian Studies*, 6, 172–183.
- Jung, H. S., Namkung, Y., & Yoon, H. H. (2010). The effects of employees' business ethical value on person-organization fit and turnover intent in the foodservice industry. *International Journal of Hospitality Management*, 29(4), 538-546.
- Kamri, N. A., Salleh, M. F. M., & Ahmad, H. (2021). Member engagement and satisfaction in Islamic cooperatives: A structural model analysis. *Asian Journal of Business Research*, 11(3), 65–83.
- Kaplan, I. M., & McCay, B. J. (2004). Cooperative research, co-management and the social dimension of fisheries science and management. *Marine Policy*, 28(3), 257-258.

- Kassim, S., & Majid, M. S. A. (2021). Financial resilience and performance of Islamic financial institutions during COVID-19. *Global Finance Journal*, 50, Article 100692.
- Keawchaon, K. & Chuntut, T. (2017). Team working for increasing work effectiveness. *Dusit Thani College Journal*, 11(1), 355-370.
- Khan, M. A., Nisar, Q. A., & Rasheed, M. I. (2022). Exploring the role of Islamic ethical leadership in shaping employee trust and performance. *Journal of Islamic Business and Management*, 12(1), 45-63.
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of management Review*, 21(1), 135-172.
- Marxt, C., & Link, P. (2002). Success factors for cooperative ventures in innovation and production systems. *International Journal of Production Economics*, 77(3), 219-229.
- Mazzarol, T., Limnios, E. M., & Reboud, S. (2013). Co-operatives as a strategic network of small firms: Case studies from Australian and French co-operatives. *Journal of Co-operative Organization and Management*, 1(1), 27-40.
- Mokaya, S. O. (2012). Corporate entrepreneurship and organizational performance theoretical perspectives, approaches and outcomes. *International Journal of arts and Commerce*, 1(4), 133-143.
- Nejatian, H., Sentosa, I., Piaralal, S. K., & Bohari, A. M. (2011). The influence of customer knowledge on CRM performance of Malaysian ICT companies: A structural equation modeling approach. *International Journal of Business & Management*, 6(7), 181-198.
- Nilsson, J. (2001). Organisational principles for co-operative firms. *Scandinavian Journal of Management*, 17(3), 329-356.
- Nurhadi, M., Handayati, P., & Purnomo, M. (2020). Islamic leadership and its impact on employee performance in Islamic financial institutions. *International Journal of Ethics and Systems*, 36(4), 531-547.
- Penuel, B., Roschelle, J., & Cohen, A. L. (1999). *Designing learning: Cognitive science principles for the innovative organization* (SRI Project 10099). Center for Technology in Learning.
- Pesamaa, O., Eriksson, P. E., & Hair, J. F. (2009). Validating a model of cooperative procurement in the construction industry. *International Journal of Project Management*, 27(6), 552-559.

- Piercy, N., & Morgan, N. (1991). Internal marketing – The missing half of the marketing programme. *Long Range Planning*, 24(2), 82-93.
- Praprom, C., & Laipaporn, J. (2021). The intervention analysis of the interrupted incidents' impacts on Malaysian tourist arrivals to Songkhla Province in Thailand. *Journal of Environmental Management and Tourism*, 6(54), 1513–1522.
- Rahman, A., Ismail, A. G., & Hamid, M. A. (2020). Digital Islamic finance: Innovation and regulatory challenges. *Journal of Islamic Monetary Economics and Finance*, 6(2), 277–292.
- Raza, S. A., Jawaid, S. T., & Shakeel, M. (2021). Role of Islamic cooperative finance in enhancing financial inclusion: Evidence from emerging markets. *Cogent Economics & Finance*, 9(1), Article 1913603.
- Russell, R. D., & Russell, C. J. (1992). An examination of the effects of organizational norms, organizational structure, and environmental uncertainty on entrepreneurial strategy. *Journal of Management*, 18(4), 639-656.
- Saad, N. M., & Fikri, M. F. A. (2023). Determinants of member loyalty in Islamic cooperatives: A Malaysian case study. *International Journal of Social Economics*, 50(6), 734–752.
- Sahibzada, U. F., Latif, K. F., & Hassan, R. (2020). Organizational culture and knowledge sharing: Critical success factors in the Islamic banking sector. *VINE Journal of Information and Knowledge Management Systems*, 50(1), 36–52.
- Salihu, A. M., Hossain, M. S., & Alam, N. (2022). Comparative governance in Islamic and conventional cooperatives. *Journal of Co-operative Organization and Management*, 10(1), Article 100154.
- Stringer, R. (2000). How to manage radical innovation. *California Management Review*, 42(4), 70-88.
- Sulong, M. & Laeheem, K. (2015). Development of a causal relationship model for operations Islamic cooperative in Thailand and test the model invariance between cooperative savings and cooperative service. *Al-Hikmah Journal, Fathoni University*, 5(10), 27-36.
- Susanty, A., Handayani, N. U., & Henrawan, M. Y. (2012). Key success factors that influence knowledge transfer effectiveness: A case study of Garment Sentra at Kabupaten Sragen. *Procedia Economics and Finance*, 4, 23-32.

- Tama, N. A., Suhaimi, A., & Rashid, M. (2021). Exploring the role of Waqf-based cooperatives in supporting community development. *Journal of Islamic Philanthropy and Social Finance*, 3(2), 10–22.
- Uruiyos, M. (2010). การศึกษานโยบายเพื่อการพัฒนาการเงินอิสลามของประเทศไทย: รายงานวิจัยฉบับสมบูรณ์[The study of policy development of Islamic finance in Thailand] (Research Report). The Thailand Research Fund.
- Vorhies, D. W., & Morgan, N. A. (2003). A configuration theory assessment of marketing organization fit with business strategy and its relationship with marketing performance. *Journal of Marketing*, 67(1), 100-115.
- Wiriyomartono, B. (2012). Historical notes, concepts, and evolution of urbanism in the malay world. *JATI – Journal of Southeast Asian Studies*, 17, 115–131.
- Wulandari, P., & Kassim, S. (2016). Issues and challenges in financing the poor: Case of Baitul Maal wat Tamwil in Indonesia. *International Journal of Bank Marketing*, 34(2), 216–234.
- Xie, X. (2012). Cooperative factors, cooperative innovation effect and innovation performance for Chinese firms: An empirical study. *Physics Procedia*, 24(1), 1086-1091.
- Yunis, M., Tarhini, A., & Kassar, A. (2018). The role of ICT and innovation in enhancing organizational performance: The case of the Lebanese banking sector. *Journal of Business Research*, 88, 356–365.
- Zainal, S. R. M., Nor, F. M., & Ishak, M. S. I. (2018). The effectiveness of Shariah-compliant cooperatives in Malaysia: A case study approach. *Journal of Islamic Accounting and Business Research*, 9(2), 234–249.
- Zeng, S. X., Meng, X. H., Zeng, R. C., Tam, C. M., Tam, V. W., & Jin, T. (2011). How environmental management driving forces affect environmental and economic performance of SMEs: A study in the Northern China district. *Journal of Cleaner Production*, 19(13), 1426-1437.
- Zou, S., & Cavusgil, S. T. (2002). The GMS: A broad conceptualization of global marketing strategy and its effect on firm performance. *Journal of Marketing*, 66(4), 40-56.

Driving Success in Islamic Cooperatives: The Roles of Strategic Focus, Organisational Competence, Shared Values, And Shariah Governance in Thailand's Southern Border Provinces

How to cite this article (APA):

Laehheema, K. (2026). Driving success in Islamic Cooperatives: The roles of strategic focus, organisational competence, shared values, and Shariah Governance in Thailand's Southern Border Provinces. *JATI-Journal of Southeast Asian Studies*, 30(1), 91-125.

Date received: 28 February 2023

Date of acceptance: 20 June 2026