

DOES RELIGIOSITY INFLUENCE THE RELATIONSHIP BETWEEN SHARIA GOVERNANCE AND MEMBER LOYALTY IN ISLAMIC COOPERATIVES?

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ABSTRACT

Sharia cooperatives play a pivotal role in advancing Islamic economic development by offering financial services aligned with Islamic principles. Nonetheless, sustaining member loyalty remains a significant challenge. This study investigates the impact of Sharia governance on member loyalty within Sharia cooperatives in Banda Aceh City and examines the moderating role of religiosity in this relationship. Employing an explanatory research design, primary data were collected through questionnaires distributed to 200 purposively selected respondents. The data were analyzed using moderated regression analysis to test the proposed hypotheses. The findings reveal that Sharia governance exerts a positive and significant influence on member loyalty. However, religiosity was found to weaken this relationship, indicating that members with higher levels of religiosity tend to rely more on personal beliefs than institutional governance when forming loyalty. These results suggest that member engagement strategies should not only focus on structural and governance compliance but also incorporate the diverse religious values held by cooperative members. The study offers practical implications for enhancing loyalty in faith-based financial institutions. Limitations include the cross-sectional nature of the data and its geographic restriction to a single region, which may affect the generalizability of the results. Future research is encouraged to include broader contexts and longitudinal data.

Keywords: Sharia governance; Member Loyalty; Religiosity; Sharia Cooperatives.

ABSTRAK

Koperasi syariah memainkan peran penting dalam mendorong pertumbuhan ekonomi Islam dengan menyediakan layanan keuangan yang sesuai dengan prinsip-prinsip syariah. Meskipun demikian, mempertahankan loyalitas anggota tetap menjadi tantangan yang signifikan. Penelitian ini bertujuan untuk menganalisis pengaruh tata kelola syariah terhadap loyalitas anggota koperasi syariah di Kota Banda Aceh, serta mengevaluasi peran religiositas sebagai variabel moderasi dalam hubungan tersebut. Dengan menggunakan desain penelitian eksplanatori, data primer dikumpulkan melalui kuesioner yang didistribusikan kepada 200 responden terpilih secara purposive. Data

dianalisis menggunakan regresi moderasi untuk menguji hipotesis yang diajukan. Hasil penelitian menunjukkan bahwa tata kelola syariah berpengaruh positif dan signifikan terhadap loyalitas anggota. Namun, religiositas justru melemahkan hubungan ini, yang mengindikasikan bahwa anggota dengan tingkat religiositas yang lebih tinggi cenderung lebih dipengaruhi oleh keyakinan pribadi daripada aspek kelembagaan dalam membentuk loyalitas. Temuan ini menyarankan agar strategi keterlibatan anggota tidak hanya menekankan pada kepatuhan normatif, tetapi juga mempertimbangkan nilai-nilai keagamaan individual yang dimiliki oleh anggota koperasi. Keterbatasan penelitian ini mencakup sifat data yang cross-sectional dan cakupan geografis yang terbatas pada satu wilayah. Penelitian lanjutan disarankan untuk mencakup konteks yang lebih luas dan data longitudinal.

Kata Kunci: Tata Kelola Syariah; Loyalitas Anggota; Religiusitas; Koperasi Syariah.

INTRODUCTION

Sharia cooperatives have become one of the key pillars in the development of Islamic economics in Indonesia, particularly in regions with a predominantly Muslim population, such as Aceh Province (Farlian et al., 2019). In recent years, the growth of Sharia cooperatives has shown a positive trend, driven by increasing public awareness of the importance of financial services that adhere to Sharia principles (Khairunnisa et al., 2025). These cooperatives function not only as alternative financial institutions but also as instruments for empowering communities through Islamic economic values (Maulana, 2022). Sharia cooperatives engage in various halal and ethical business activities and offer benefits through a profit-sharing mechanism rather than interest-based transactions. They play a vital role in fostering a business environment grounded in Islamic principles (Naimah et al., 2024). The application of justice and transparency in their operations reflects a dual emphasis on both profitability and moral responsibility. Ultimately, the core objective of Sharia cooperatives is to enhance the economic welfare of their members based on Islamic teachings, promoting values of solidarity, ethical norms, and moral integrity (Samad & Shafii, 2021).

The development of Sharia cooperatives in Indonesia began in the early 1990s, when the government initiated efforts to promote the establishment of Sharia-based financial institutions (Hermawan et al., 2024). By 2022, there were 3,912 active Sharia Savings and Loans and Financing Cooperatives (KSPPS) across the country (Azzahra et al., 2024). This growth has been driven by increasing public demand for financial products and services grounded in Sharia values, alongside government initiatives aimed at strengthening the Sharia-compliant economic sector.

In Aceh, the development of Sharia cooperatives has been significantly influenced by the implementation of Qanun No. 11 of 2018 concerning Sharia Financial Institutions, which mandates that all financial institutions operate in accordance with Islamic principles. This

regulation has provided a strong legal framework that supports the expansion and institutionalization of Sharia cooperatives within the province (Umuri et al., 2023). According to the 2023 report from the Aceh Provincial Office of Cooperatives and SMEs, there were approximately 300 active Sharia cooperative units in Aceh, out of more than 6,200 cooperative units operating in total (Atikah et al., 2023).

Banda Aceh, the capital city of Aceh Province, plays a strategic role in the development of Sharia cooperatives (Latifa et al., 2021). Supported by a predominantly Muslim population and strong local policy backing for Sharia-based business practices, the city has emerged as a hub for various social entrepreneurship initiatives facilitated through cooperatives. Sharia cooperatives not only provide financial access to their members but also contribute significantly to the socio-economic development of the local community (Panakaje et al., 2024). However, maintaining member loyalty remains a persistent challenge for these institutions. Member loyalty is a critical determinant of an organization's sustainability and long-term success (Umuri et al., 2023). In its absence, the stability and effectiveness of financial institutions can be severely compromised (Badara et al., 2013). Numerous factors have been identified as influencing member loyalty, including satisfaction, service quality, religiosity, and Sharia governance (Arizal & Listihana, 2017; Azzaida & Suzanawaty, 2022; Khasanah & Sadiqin, 2022; Nurdin et al., 2025; Safari & Turmudhi, 2022; Safittri & Riyaldi, 2022).

Member loyalty is a crucial determinant in achieving the objectives of cooperatives. According to Wicaksono (2023), member loyalty can be defined in two distinct ways. First, it may be viewed as an attitude encompassing positive feelings and a strong emotional commitment to a brand or institution. Second, it can be understood as a behavioural manifestation, such as members' continued use of cooperative services or consistent purchase of its products. By recognising both dimensions, Sharia cooperatives can develop more targeted strategies to enhance member engagement and ensure long-term sustainability amid intensifying market competition.

Sharia governance also plays a vital role in fostering trust among members of Islamic financial institutions (Puspitasari & Darma, 2019). It serves as a key mechanism for ensuring that operations remain in accordance with Islamic principles, thereby enhancing institutional credibility and member confidence. The effective implementation of Sharia governance strengthens the integrity of financial institutions, which, in turn, contributes to greater member loyalty (Solihati et al., 2023). Previous studies have identified a positive relationship between

Sharia governance and both member satisfaction and loyalty (Nurdin et al., 2025), confirming that transparency and accountability in management are essential in making members feel secure when investing in or utilizing the services of Sharia cooperatives.

Sharia governance ensures that the activities and business transactions of Islamic financial institutions remain free from prohibited elements such as *riba* (usury), *gharar* (uncertainty), *maysir* (gambling), and other non-compliant attributes (Alam et al., 2021). It serves as the foundation for the systems, regulations, and procedures that cultivate a culture of compliance in managing risks within Islamic banking. The primary objective of Sharia governance is to monitor, regulate, and enhance institutional performance effectively, with an emphasis on generating sustainable value for stakeholders over the long term (Kayadibi & Güçlü, 2021).

According to Fatmawati et al. (2022), Sharia governance represents an evolution of the broader concept of institutional governance, encompassing key principles such as transparency, accountability, responsibility, independence, fairness, and compliance with Sharia. When implemented effectively, Sharia governance enables Islamic financial institutions to achieve optimal performance while sustaining the trust of customers and other stakeholders. Studies conducted by Fatmawati et al. (2022), Kayadibi and Güçlü (2021), Maysyaroh et al. (2024), Safittri and Riyaldi (2022), Setiawati et al. (2023), and Suryadi et al. (2025) consistently demonstrate that Sharia governance has a significant and positive impact on member loyalty.

However, the relationship between Sharia governance and loyalty is not always straightforward, as it may be influenced by an individual's level of religiosity (Wahyuni & Fitriani, 2017). Religiosity is a critical factor to consider, as it can shape how individuals perceive and respond to Sharia governance (Fathullah et al., 2023). Members with a high degree of religiosity are generally more inclined to prioritise moral and ethical values in financial transactions, which in turn strengthens their commitment and loyalty to Sharia cooperatives (Setiawan et al., 2019).

Religiosity is a reflection of a belief system that encompasses a profound appreciation of the values embedded in religion (Suryadi & Hayat, 2021). It significantly influences individual attitudes and behaviours, thereby shaping decision-making across various dimensions of life, including the economic, social, and cultural spheres. Religiosity also moulds personal morals and ethics, affecting how individuals engage with their environment and surrounding communities (Sofian, 2018). As such, a deep understanding and internalisation of religious values can make a substantial contribution to both personal and collective well-being.

Members with high levels of religiosity tend to be more sensitive to Sharia aspects in institutional governance and demonstrate stronger loyalty when Islamic principles are consistently applied (Alzaydi, 2024). Conversely, the influence of Sharia governance on loyalty appears less significant among members with lower levels of religiosity (Tegambwage & Kasoga, 2023), as religious values are not a primary consideration in their decision-making processes. Hence, religiosity functions as a moderating variable that can either strengthen or weaken the relationship between Sharia governance and member loyalty, underscoring the importance of value alignment between individuals and institutions in sustaining long-term engagement. According to Abror et al. (2019), Barus et al. (2021), Maraliza (2024), and Nurhayati & Sukesti (2016), religiosity plays a significant moderating role in the relationship between service quality, Sharia governance, and member loyalty. Moreover, members with higher religiosity levels tend to exhibit stronger loyalty toward organisations that deliver high-quality services. This phenomenon can be attributed to religious teachings that emphasise trust, honesty, and commitment, thereby reinforcing the link between service quality and loyalty. Therefore, religiosity not only shapes individual attitudes and behaviours but also enhances the effectiveness of service strategies in fostering and maintaining member loyalty.

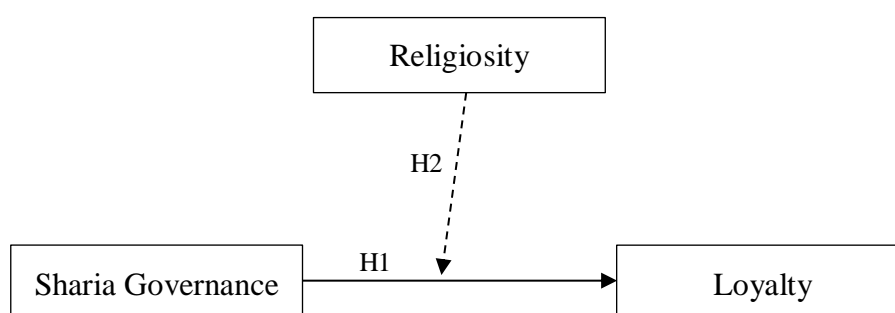
This study presents a novel contribution by incorporating religiosity as a moderating variable in the relationship between Sharia governance and member loyalty within Sharia cooperatives in Banda Aceh. While numerous previous studies have explored the relationship between various variables, few have positioned religiosity as a moderating factor in this specific context. This research seeks to address that gap by introducing religiosity as a critical dimension that may influence how Sharia governance impacts member loyalty.

This study diverges from previous research conducted by Arizal & Seswandi (2019), Chan & Raharja (2024), and Setiawan et al. (2019), which primarily focused on one or two isolated aspects without holistically examining the interactions among variables within a local context such as Banda Aceh. Similarly, the studies by Rifa'i et al. (2023) and Safittri & Riyaldi (2022) introduced mediating variables that influence member loyalty in Sharia cooperatives. However, they did not fully explore the integrative relationship between governance and religiosity. This research seeks to offer a more comprehensive understanding of the internal dynamics within Sharia cooperatives and how these elements collectively shape member loyalty. Uniquely, it examines the role of Sharia governance and religiosity not merely as independent variables, but

as interacting constructs that mediate and moderate the loyalty of cooperative members in the specific sociocultural setting of Banda Aceh.

The articulation of these key variables is expected to offer fresh insights for the management of Sharia cooperatives in enhancing member loyalty, while simultaneously fostering the growth of such institutions in Banda Aceh City and its surrounding regions. The findings of this study hold significant relevance for both academics and practitioners, particularly managers of Sharia cooperatives who are in the process of developing strategies to improve service quality and governance. Ultimately, these efforts are aimed at achieving long-term objectives, namely the sustainability and resilience of Sharia cooperative enterprises in Banda Aceh. The formulation of the hypotheses is on the figure 1.

Figure 1. Conceptual Framework



H1: Sharia governance influences the loyalty of cooperative members

H2: Religiosity moderates the influence of sharia governance on the loyalty of cooperative members

RESEARCH METHOD

This study aims to measure and analyze the influence of Sharia governance on the loyalty of Sharia cooperative members in Banda Aceh City, with religiosity serving as a moderating variable. Employing a quantitative research approach grounded in positivist philosophy, this study seeks to test predetermined hypotheses (Ragab & Arisha, 2018).

The research was conducted across several Sharia cooperatives located throughout Banda Aceh City, with the population consisting of all registered members of these cooperatives. In accordance with Ghazali (2016), the minimum viable sample size ranges from 100 to 200 respondents; hence, this study adopts a sample of 200 participants. The sampling method utilized is non-probability sampling, specifically purposive sampling, whereby not all members of the

population are selected as respondents (Suriani et al., 2023). The inclusion criteria require that participants must have been members of a Sharia cooperative for a minimum period of one year.

To collect data and information relevant to the research objectives, the researcher employed a questionnaire-based data collection method. A questionnaire is a data collection tool that presents a series of written questions or statements for respondents to answer (Sangadji & Sopiah, 2010). In the preliminary stage, 14 questionnaire items were selected and distributed as a pilot test. The responses obtained were subsequently evaluated. The questionnaire items were derived from the indicators associated with each variable: loyalty was measured using three indicators, Sharia governance with six indicators, and religiosity with five indicators. Any items found to be invalid or unreliable were revised, refined, and corrected accordingly. After ensuring that respondents fully understood the content of the questionnaire and confirming the validity and reliability of the measurement items, the final version of the questionnaire was distributed to 200 carefully selected respondents.

The application of linear regression analysis serves to determine both the direction and magnitude of the influence exerted by independent variables on a dependent variable. In this analysis, a regression equation is utilized to quantify the effect of these independent variables on the dependent variable, as illustrated below:

$$L = \beta_1 SG + e$$

Here, **L** denotes member loyalty, **SG** represents Sharia governance, **β** refers to the regression coefficient, and **e** indicates the error term of the study.

Moreover, to examine the moderating effect, this study employs Moderated Regression Analysis (MRA), a statistical technique used to identify whether a moderating variable amplifies or diminishes the influence of an independent variable on a dependent variable (Memon et al., 2019). Given that this study involves one independent variable, one dependent variable, and one moderating variable, the use of regression analysis is deemed appropriate as the data analysis technique.

To evaluate the impact of Sharia governance on the loyalty of members in Sharia-based employee cooperatives in Banda Aceh City, with **religiosity** serving as the moderating variable, the following regression model is applied:

$$L = \beta_1 SG + \beta_2 SG * R + e$$

In this equation, **R** denotes the moderating variable (religiosity), while **SG × R** represents the interaction term indicating the moderating role of religiosity in the relationship between Sharia governance and member loyalty.

RESULT AND DISCUSSION

RESULT

Respondent Characteristics

The demographic profile of the respondents reveals that the majority are male, accounting for 117 individuals (58.5%), while the remaining 83 respondents (41.5%) are female, out of a total of 200 participants.

In terms of age distribution, the largest group comprises individuals aged between 30 and 39 years, totaling 70 respondents (35%). This is followed by those aged 40–49 years (56 respondents, or 28%), those aged 50 years and above (39 respondents, or 19.5%), and the youngest group, aged 20–29 years, comprising 35 respondents (17.5%).

Regarding educational background, the majority of participants hold an undergraduate degree, with 71 individuals (35.5%). This is followed by 60 respondents (30%) with postgraduate degrees (Master's and Doctorate), 44 respondents (22%) with a high school education, and 25 individuals (12.5%) holding diplomas.

With respect to occupation, civil servants represent the largest proportion, totaling 60 respondents (30%), followed by private employees (55 respondents, 27.5%), lecturers (45 respondents, 22.5%), and self-employed individuals (40 respondents, 20%).

Finally, in terms of monthly income, the majority of respondents (139 individuals, or 69.5%) earn below IDR 5 million, while the remaining 61 respondents (30.5%) report earning above IDR 5 million per month.

Validity and Reliability Tests

The validity test was employed to assess the extent to which the questionnaire items accurately measured the intended constructs (Sugiyono, 2016). The questionnaire, distributed to respondents, was developed based on pre-determined indicators for each variable. Therefore, it was essential to examine the accuracy of the collected data through a validity assessment.

In this study, instrument validity testing was conducted to ensure that each questionnaire item was appropriate and aligned with the research objectives. The Pearson Product-Moment correlation method was used for this purpose. An item is deemed valid if the calculated

correlation coefficient (r-count) exceeds the critical value (r-table) at the 5% significance level, with $N = 200$. The r-table value obtained was 0.1388. The results of the validity test indicated that all item r-count values exceeded 0.6, thereby confirming the validity of all indicators used in the study.

For the reliability test, the Cronbach's Alpha method was applied. A questionnaire is considered reliable if the Cronbach's Alpha coefficient exceeds 0.60; otherwise, it is deemed unreliable. The results revealed that the Cronbach's Alpha value for all variables was 0.78—well above the accepted threshold, indicating that the questionnaire demonstrated strong internal consistency and could be considered reliable. Table 1 elaborates the Validity and Reliability Test Results in detail.

Classical Assumption Test Results

The classical assumption test is employed to assess the suitability of the regression model by adhering to the principles of classical linear regression (Nugraha, 2022). In this study, three primary diagnostic tests were conducted: the normality test, multicollinearity test, and heteroscedasticity test.

Normality Test Results

The normality test aims to determine whether the residuals of both the dependent and independent variables in the regression model are normally distributed. A dataset is considered normally distributed if the significance value (sig) is greater than 0.05. Conversely, a significance value below 0.05 indicates a departure from normality (Santoso, 2016). Using the Kolmogorov–Smirnov (K–S) method for statistical testing, this study obtained a significance value of 0.619, which is well above the 0.05 threshold. This outcome suggests that the regression data are normally distributed and free from extreme deviations. Consequently, it can be inferred that the processes of sampling and data entry were carried out accurately, without the presence of systematic errors.

Multicollinearity Test Results

The multicollinearity test was conducted to detect the presence of high correlations among the independent variables. This analysis utilized the Variance Inflation Factor (VIF) and tolerance values as diagnostic indicators. According to Gudono (2011), a regression model is considered free from multicollinearity if the VIF value is less than 10 and the tolerance value exceeds 0.1. Conversely, multicollinearity is indicated when the VIF exceeds 10 and the tolerance falls below 0.1.

Based on the results of the multicollinearity test, none of the independent variables in this regression model exhibit signs of multicollinearity. This is evidenced by the tolerance values of 0.992 for Sharia governance and 0.900 for religiosity, both of which surpass the 0.1 threshold. Additionally, the corresponding VIF values, 1.008 for Sharia governance and 1.111 for religiosity, remain well below the maximum limit of 10. Therefore, the regression model in this study satisfies the assumption of no multicollinearity.

Heteroscedasticity Test Results

The heteroscedasticity test was performed using the Glejser method, which aims to determine whether the variance of the residuals is constant across observations. The test results indicated no evidence of heteroscedasticity among the independent variables—Sharia governance and religiosity. This conclusion is supported by the significance values, which both exceed the 0.05 threshold: 0.614 for Sharia governance and 0.089 for religiosity. As such, the model fulfills the assumption of homoscedasticity, indicating that the residual variance is stable across the data. Meeting this assumption enhances the robustness and interpretability of the regression model, ensuring that the estimation results are reliable and not distorted by heteroscedasticity-related bias.

Data Analysis Test Results

A regression analysis was conducted to examine the effect of the independent variable, Sharia governance, on the dependent variable, namely member loyalty. The results of the regression estimations are summarized in Table 2.

Referring to table 2, the simple linear regression equation can be formulated as follows:

$$L = 0,209SG + e$$

The regression coefficient for the Sharia Governance variable is 0.209, suggesting that a one-unit increase in Sharia Governance is associated with a 0.209-unit increase in member loyalty, holding all other factors constant. In percentage terms, this implies that improvements in Sharia governance contribute to a 20.9% increase in loyalty.

Moderated Regression Analysis (MRA) Results

Moderated Regression Analysis (MRA) is used to assess the impact of an independent variable on a dependent variable while incorporating a moderating variable, in this case, religiosity, which may strengthen or weaken the relationship. Based on Table 2, the MRA regression equation is as follows:

$$L = 1.180 SG + 1.579 R - 1.745 SG \cdot R + e$$

Based on the Moderate Regression Analysis (MRA) results, several important findings were obtained related to the influence of the variables studied on the loyalty of Sharia cooperative members in Banda Aceh City. The regression coefficient for the Shariah governance variable shows a positive influence, with a coefficient of 1.180. That indicates that a one-unit increase in the Shariah governance variable will increase member loyalty by 1.180. On the other hand, the interaction between Shariah governance and religiosity also has a positive influence with a regression coefficient of 1.745. That shows that a one-unit increase in the interaction between the two variables will increase member loyalty by 1.745.

Hypothesis Testing Results

Hypothesis testing represents a critical phase in research, employed to examine alternative responses to the research questions that have been previously formulated. The **t-statistic test** is used to determine whether the independent variables exert a statistically significant influence on the dependent variable. This test evaluates the relevance or significance of each independent variable within the regression model, based on a 5 percent (0.05) significance level for a two-tailed test.

t-test Results

The results of the t-test for the *Shariah governance* variable reveal a t-value of 3.012 and a p-value of 0.000, which is significantly lower than the 0.05 threshold. Since this value also exceeds the critical t-value of 1.972, it can be concluded that Shariah governance has a positive and statistically significant partial effect on the loyalty of Sharia cooperative members in Banda Aceh City. This finding suggests that the more effectively Shariah governance principles are implemented in cooperative management, the stronger the members' loyalty tends to be. It underscores the vital role of Shariah governance in fostering and sustaining member loyalty within the context of Shariah-based cooperatives.

Furthermore, the t-test results presented in Table 2 include the interaction effect between Shariah governance and religiosity. The t-value of 1.809, which falls below the critical value of 1.972, and the p-value of 0.901, well above the 0.05 significance level, indicate that religiosity does not act as a moderating variable in the relationship between Shariah governance and member loyalty. This suggests that, in this study, religiosity is not sufficiently strong to amplify or diminish the influence of Shariah governance on cooperative loyalty. A plausible explanation for this may lie in the members' limited perception or incomplete internalisation of religious and

Shariah principles, which might not yet be fully reflected in their evaluation of cooperative governance.

Table 1. Validity and Reliability Test Results

No	Indicator	Load Factor	Cronbach's Alpha	Remarks
	Sharia Governance		0.791	Reliable
1	SG1	0.904		Valid
2	SG2	0.973		Valid
3	SG3	0.661		Valid
4	SG4	0.696		Valid
5	SG5	0.663		Valid
6	SG6	0.773		Valid
	Religiosity		0.820	Reliable
7	R1	0.806		Valid
8	R2	0.768		Valid
9	R3	0.714		Valid
10	R4	0.769		Valid
11	R5	0.767		Valid
	Loyalty		0.752	Reliable
12	L1	0.808		Valid
13	L2	0.812		Valid
14	L3	0.839		Valid

Source: Primary Data Processed (2025)

Table 2. Regression Results: The Effect of Sharia Governance on Member Loyalty

Model	Unstandardized Coefficients			Standardized Coefficients		
		B	Std. Error	Beta	t.	Sig.
1	(Constant)	6.923	0.919		7.531	0.000
	Sharia Governance	0.134	0.044	0.209	3.012	0.003
2	(Constant)	-7.886	3.896		-2.024	0.044
	Sharia Governance	0.753	0.191	1.180	3.949	0.000
	Religiusitas	0.923	0.231	1.579	3.992	0.000
	Sharia Governance*Religiusitas	-0.038	0.011	-1.745	-3.409	0.001

Source: Primary Data Processed (2025)

DISCUSSION

The Influence of Shariah Governance on the Loyalty of Sharia Cooperative Members in Banda Aceh

The results of the regression analysis indicate that the Shariah governance variable exerts a positive and statistically significant influence on member loyalty. This is evidenced by a t-value of 3.012, which surpasses the critical t-table value of 1.972, and a p-value of 0.000, which is well below the conventional significance threshold of 0.05. The regression coefficient of 0.209 suggests that for every one-unit increase in Shariah governance, member loyalty is projected to

increase by 20.9 percent. These findings lend strong empirical support to the hypothesis that Shariah governance significantly affects the loyalty of members within Sharia cooperatives.

This result holds particular significance in the context of Banda Aceh City, a region that formally implements Islamic law and is characterized by a community that deeply adheres to Islamic values. Within this socioreligious environment, cooperative management that strictly adheres to Shariah principles becomes a fundamental pillar in fostering trust and long-term loyalty among members. The effective implementation of Shariah governance encompasses several critical dimensions, including the presence of a Shariah Supervisory Board (SSB), regular internal Shariah audits, transparency in financial reporting, and strict compliance with fatwas issued by the National Sharia Council–Indonesian Ulema Council (DSN-MUI).

By consistently applying these governance components, cooperatives not only improve their institutional accountability but also enhance their religious legitimacy in the eyes of both members and the broader community. These results are consistent with prior studies conducted by Fatmawati et al. (2022), Kayadibi & Güçlü (2021), Maysyaroh et al. (2024), Safittri & Riyaldi (2022), Setiawati et al. (2023), and Suryadi et al. (2025), all of which highlight the significant role of Shariah governance in fostering member loyalty in Islamic financial institutions.

From a theoretical standpoint, the findings align with both stakeholder theory in Islamic finance and the trust-based relationship model, which emphasize the importance of institutional trust, ethical governance, and perceived fairness in maintaining sustainable relationships between financial institutions and their stakeholders. In this context, Shariah governance serves as a strategic mechanism that connects the normative religious expectations of the community with the economic operations of cooperatives.

In conclusion, the study reaffirms that strengthening Shariah governance is a critical determinant in cultivating member loyalty within Sharia cooperatives in Banda Aceh. This finding not only offers theoretical contributions to the growing literature on Islamic cooperative management but also presents practical implications for institutional leaders operating within highly religious communities. A governance model rooted in Islamic values can effectively enhance both organizational credibility and long-term member engagement.

The Influence of Shariah Governance on Member Loyalty Moderated by Religiosity

The results of the Moderated Regression Analysis (MRA) reveal that religiosity moderates the relationship between Shariah governance and member loyalty in a negative direction. This is indicated by a t-value of -1.745, which falls below the critical t-table value of 1.972, and a

significance value of 0.001, which exceeds the 0.05 threshold. Consequently, it can be concluded that religiosity has a significant but weakening effect on the relationship between Shariah governance and member loyalty.

One possible interpretation of this finding is that members with high levels of religiosity tend to apply more rigorous standards when evaluating the extent to which cooperatives implement Shariah principles in practice. These individuals are not easily influenced by symbolic Islamic formalities, but rather demand substantive and consistent application of Islamic values. When inconsistencies are perceived between stated values and operational realities, highly religious members may become more critical, ultimately reducing their loyalty toward the cooperative. This finding is consistent with prior studies by Majid et al. (2021) and Rhamdhan & Riptiono (2023), which indicate that individuals with strong religious orientations are more discerning and expect tangible evidence of Shariah compliance in institutional practices.

Conversely, these results may also reflect disparities in Shariah literacy and comprehension among cooperative members. Even if cooperatives strive to implement Shariah governance principles, limited understanding among members can result in misinterpretation or underappreciation of these efforts. When there is a gap between what the cooperative enforces and what members perceive or understand, the implemented policies may fail to generate the desired impact on loyalty. This aligns with findings from Haridan et al. (2018), which suggest that the absence of clear authority structures and limited member understanding of Shariah governance can hinder its effectiveness and negatively influence member perceptions and commitment.

Furthermore, religiously observant members often harbour higher expectations for ethical and value-based consistency, beyond mere administrative adherence. They expect core Islamic values such as justice, transparency, trustworthiness, and mutual consultation (shura) to be genuinely practiced in the day-to-day operations of the cooperative. Therefore, any misalignment between expectations and actual practice may result in diminished trust and loyalty, despite the formal adoption of Shariah governance structures.

These findings carry significant managerial and practical implications for Shariah cooperative governance. The implementation of sound Shariah governance alone is insufficient to foster loyalty unless it is complemented by strategic efforts to educate and positively shape member perceptions. There is a pressing need for a comprehensive Shariah literacy initiative, targeting not only administrative and managerial personnel but also all cooperative members.

This would help foster a shared understanding and alignment of values, ensuring that governance practices resonate meaningfully with the religious convictions of the membership base.

In essence, institutional development must be paired with value-based empowerment. Educational initiatives such as training sessions, interactive forums, and Islamic study circles relevant to the cooperative context could serve as strategic platforms for cultivating shared values between management and members. When members feel spiritually and emotionally connected to the cooperative's mission, their loyalty transcends transactional relationships and becomes rooted in shared ideals and religious commitment.

Ultimately, these findings underscore the necessity of a holistic and integrated approach that balances the structural (Shariah governance) and cultural (religious engagement) dimensions of cooperative management. In doing so, Shariah cooperatives can function not only as economic entities but also as agents of social and spiritual transformation, capable of fostering deep, enduring loyalty among their members.

CONCLUSION

Based on the findings obtained through the Moderated Regression Analysis (MRA), it can be concluded that Shariah governance exerts a positive and significant influence on the loyalty of members in Shariah cooperatives in Banda Aceh City. The implementation of sound Shariah governance contributes to increased trust and a stronger sense of loyalty among members. However, the moderating role of religiosity reveals a negative effect, indicating that higher levels of religiosity may weaken the positive relationship between Shariah governance and member loyalty. Highly religious members tend to be more critical and demanding, expecting not only formal compliance but also consistent and authentic implementation of Shariah principles. This underscores the crucial need for deepened understanding and enhanced literacy related to Shariah principles among cooperative members to foster alignment between institutional practices and member expectations.

In light of this, Shariah cooperatives should adopt a value-based educational approach in their management strategies. Strengthening institutional structures must be accompanied by member empowerment efforts, including relevant training, discussion forums, and educational initiatives. This integrated approach will allow Shariah cooperatives to evolve beyond being merely Islamic economic institutions, enabling them to serve as agents of social and spiritual transformation capable of cultivating deeper and more sustained member loyalty.

Nevertheless, this study acknowledges several limitations. First, its scope is confined to Shariah cooperatives within Banda Aceh, limiting the generalisability of the findings to regions with different cultural, religious, or institutional contexts. Additionally, the reliance on self-reported questionnaire data may introduce social desirability bias. The research model employed a limited set of variables, potentially overlooking other factors that may influence member loyalty.

These limitations present avenues for future research. Subsequent studies are encouraged to incorporate additional variables—such as service quality and member satisfaction—to enrich the analysis. Moreover, satisfaction could be examined as a mediating variable in the relationship between service quality, Shariah governance, and member loyalty. Expanding the scope and depth of future investigations will provide a more comprehensive understanding of the dynamics underpinning loyalty within Shariah-based cooperative institutions.

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