
Original Research Article

FOUNDERS' SYNDROME AND ITS IMPLICATIONS ON GOVERNANCE IN ISLAMIC COOPERATIVE IN NIGERIA

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Abstract: This study critically examined founders' syndrome and its implications on governance in Islamic cooperatives in Nigeria, including institutional accountability, independence of the Executive management (board), participation of members, and succession of leadership. It explored mechanisms that can mitigate the excessive influence of founders. It had two aims: to explore how the founders' syndrome affects governance in Islamic cooperative organisations and to critically review institutional mechanisms to enhance accountable, participatory, and sustainable governance. The qualitative research approach of critical documentary analysis was used. Most of the evidence was obtained from scholarly studies on Islamic cooperatives in Nigeria, with particular focus on the Zero Interest Cooperative in Lagos, Nigeria, cooperative governance, and founder syndrome, succession, and Islamic governance, and literature relevant to the subject was used as needed. The results showed that founder effects had played a role in organisational development, resource mobilization, and institutional continuity, but founder dependence also had led to a lack of substantive governance, a centralisation of authority, and a decrease in institutional independence and accountability. The analysis also revealed that strong governance, defined responsibilities, independent oversight, and good internal controls, as well as serious succession planning and a substantive Shura council, could be an impediment to founder dominance. Collective governance ought not to be replaced by founder leadership, the study concluded. This was important since it related the concept of founders' syndrome theory with Islamic governance principles and offered implications on how to enhance accountable and sustainable governance in Islamic cooperatives in Nigeria.

Keywords: Founders' Syndrome; Islamic Cooperatives; Governance; Shura; Zero Interest Cooperative.

Introduction

Islamic cooperative societies are now a more pertinent element in the alternative financial and socioeconomic institutional framework of Nigeria. Their appearance has been a response to attempts to coordinate economic group activities in terms of mutual assistance, resource mobilisation, and financial practices that are deemed to be Islamic. Adebayo and Ajani (2021) noted that the Islamic cooperative societies in Nigeria have largely been adapted from the conventional cooperative societies to align with the requirements of Shariah and have evolved a hybrid system of cooperative organisation and Islamic financial and ethical considerations. Different empirical studies have also linked Islamic cooperatives to financial intermediation, resource mobilisation and socioeconomic development, especially for communities that are seeking alternative financial institutions to the interest-based financial arrangement (Adeyinka et al., 2022; Jimoh, 2021; Olayinka et al., 2021; Olatubosun, 2022). As they became more and more institutionalised, questions about internal governance became more important.

Governance was seen to be especially significant since the effectiveness and sustainability of a cooperative was not only related to its capacity to mobilise resources, but also to the constitution, exercise and constraint of authority. There had been studies that had linked corporate governance and internal control with organisational performance of cooperatives in Nigeria, and evidence with agricultural cooperatives suggested that trust could influence the relationship between corporate governance and organisational performance (Ajao et al., 2022; Makut & Ibrahim, 2021; Umar et al., 2024). In Islamic institutions, governing had an extra normative aspect, as organisational power was supposed to be exercised in a way that aligns with the concepts of accountability, justice, consultation, and responsible stewardship (Mahmud et al., 2021; Sa'adatu & Abubakar, 2023). So, the governance issue went beyond an administrative perspective and involved a legitimate framework in the way power was shared and wielded. (Salaudeen, 2026)

Within this context, the issue of founders' syndrome was an important one, but one that was not sufficiently explored. Often, founders played a huge role in organisational formation as they provided vision, initiative, social networks, institutional knowledge and, in some cases, material resources. These contributions may be able to enhance organisational development when in a formative period. However, founder influence might be problematic if the authority of founding a cooperative was not distributed, or at least not evenly distributed, after formal governance structures have been put in place. Founder power and founder privilege are highlighted as key aspects of founder syndrome by Block and Rosenberg (2002), and founder syndrome is contextualised in organisational development and institutional change by Block and Miller Stevens (2021). The difference lies thus between founder leadership and founder dominance. The former would be able to contribute to institutional growth, while the latter would be able to undermine collective governance if individual authority were hard to question. The issue gained special importance in the context of Zero Interest Cooperative, which is an Islamic cooperative, and it came into conflict with the principles related to Shura. Rahman (2021) looked at Shura as a means of consultation and political power, and Hilal et al. (2023) reviewed the

connection between Islam, democracy, and Shura. Zakariya (2025) also associated Shura with Justice and equality. When it came to the cooperative governance of Islam, these views implied that consultation was more than simply having meetings or governing bodies. It entailed a real involvement in decisions of collective interest. Noting this, the influence of the founder may result in too much founder influence, and this might lead to a conflict between the authority of the founder and the "collective" spirit which is expected of a cooperative institution.

But there was a considerable analytical dissociation in the literature. Research on Islamic cooperatives (ICs) in Nigeria had focused significantly on the financial, resource mobilisation and socioeconomic aspects of ICs (Adeyinka et al., 2022; Jimoh, 2021; Olayinka et al., 2021; Olatubosun, 2022), and the governance studies had examined internal control, corporate governance and Islamic governance in general (Ajao et al., 2022; Makut & Ibrahim, 2021; Mahmud et al., 2021; Sa'adatu & Abubakar, 2023). On the other hand, studies on the founder's syndrome had mostly emerged in the context of family and non-profit organisations, focusing on founder power, succession and institutional continuity (Block & Rosenberg, 2002; Block & Miller Stevens, 2021; LeCounte, 2022, 2024). The area of convergence of these two knowledge fields had been marginally explored in the Nigerian Islamic cooperative context. This study, therefore, critically examined the phenomenon of founders' syndrome as an institutional governance issue of the Islamic co-operative organisations in Nigeria. It pursued two **Research Objectives**:

- a) examine how founder syndrome affected governance in Islamic cooperative organisations in Nigeria,
- b) assess institutional mechanisms through which founder dominance could be constrained to strengthen accountable, participatory and sustainable governance.

Research Questions

This addressed two corresponding questions:

1. How did founders' syndrome affect governance in Islamic cooperative organisations in Nigeria?
2. What institutional mechanisms could constrain founder dominance and strengthen accountable, participatory and sustainable governance?

Through qualitative critical documentary analysis, the study sought to connect founders' syndrome theory with Islamic governance principles and thereby clarify the conditions under which founder leadership could contribute to institutional development without undermining collective governance.

Literature Review

Conceptualising Founders' Syndrome

The founders' syndrome was that the organisation had become overly dependent on the founder(s) and that the founder(s) continued to be the focus of authority, influence, and organisational identity after the institutional structures were already in place. This was

especially true of organisations where the founders at the start held multiple roles such as strategic leadership, mobilising resources, representing the organisation, and making organisational decisions. By locating founders' syndrome in the context of the accumulation of power and privilege among founders of nonprofit organisations, Block and Rosenberg (2002) showed that the syndrome was not just an individual's reluctance to step down from his or her position, but about institutional power. What their argument suggested was that founder authority can become an issue if personal legitimacy established in the founding of the organisation is more powerful than the formal governance structure.

A more general theoretical approach was carried out by Block and Miller Stevens (2021), who linked founders and organisational development. Their contribution was crucial as it helped to defuse founder syndrome from being viewed as a personality problem. Initially, the influence of the founders might be essential to the development of an organisation, especially if they were new and there were no established systems. The issue of governance arose when the growth of the organisation did not match the founder's ongoing power. Thus, one could describe founders' syndrome as a structural imbalance between the level of maturity of an organisation and the level of focus that its founders have brought in the founding phase of the organisation. Islamic cooperatives were important in this context. Where members trusted the founder, by name or because of personal reputation and commitment to the objectives of the cooperative, there may be a sense of continuity of organisation and memory provided by the founder. However, such benefits would lead to dependency if the systems are institutional and are under the founder. The central analytical question was thus not whether or not founders should have influence, but whether or not their influence was accountable to the institution and members. An important asset and vulnerable source of governance in an organisation can be a founder at one and the same time. This duality was not so simple as to assume all founder involvement meant dysfunctional governance.

Islamic Cooperative Societies in Nigeria

Islamic cooperatives were an institutional innovation of the cooperative principles to suit the economic and ethical conditions of Muslims. Adebayo and Ajani (2021) explored the pros and cons of the Islamisation of cooperative societies in Nigeria and noted the institutional challenges of cooperative societies and Islamisation. The importance of this development was not just the interest-free nature, but that the Islamic cooperative economy was looking at a collective economy within an ethical framework. Elfaki and Che Embi (2023), in their study on Islamic cooperatives in the Organisation of Islamic Cooperation countries, showed the various ways in which Islamic cooperative institutions could operate. Through the literature, the role of Islamic cooperatives in providing financial and socioeconomic roles has been established in Nigeria. Adeyinka et al. (2022) studied Islamic cooperatives and financial intermediation in Ife East Local Government Area, Osun State, where it was revealed that they play a significant role in providing financial services. Jimoh (2021) examined the determinants of financial resource mobilisation of interest-free cooperative societies in Ilorin, Kwara State, and Olatubosun (2022) explored the relationship between resource mobilisation and financial performance of the cooperative

societies of South-western Nigeria. Olayinka et al. (2021) also evaluated the socioeconomic impact of Islamic cooperative societies in some states in Nigeria. These studies showed that Islamic cooperatives had been a factor in achieving financial and socioeconomic goals.

However, the focus of this literature was largely on organisational outputs. Some of the key measures of institutional effectiveness, such as resource mobilisation, financial intermediation, and socioeconomic development, meant little in terms of understanding how institutions worked internally to achieve these and other results. An organisation could be mobilising resources effectively, but have poor authority distribution or poor mechanisms for dominant leadership control. Likewise, positive socioeconomic results did not necessarily indicate meaningful member influence in strategic decisions. The evidence available thus indicated the relevance of Islamic cooperatives, but not the issue of governance, which lies at the heart of this.

Governance in Cooperative Organisations

Governance refers to the mechanisms and institutions that enable the exercise of power, decision-making, resource control, and accountability of the organisational actors. In cooperative organisations, governance is important as ownership and membership are collectively decided. As such, there was an ideal need for governance to have mechanisms to ensure that the organisational authority did not become separated from the interests of the members.

Cooperative societies serve as vital instruments for grassroots economic empowerment and financial inclusion within developing urban economies. In Lagos State, Nigeria, the rapid expansion of these grassroots financial alternatives necessitates a robust regulatory framework to ensure compliance, mitigate corporate governance failures, and safeguard member capital. There is an institutional design and legislative architecture governing over 16,000 active cooperative societies in the state, delineating the functions of statutory state actors, localised administrative structures, and apex independent bodies.

The regulatory authority over cooperative societies within Lagos State is structurally decentralized but legally consolidated. The primary statutory regulator is the Lagos State Ministry of Commerce, Cooperatives, Trade and Investment (MCCTI) (Lagos State Ministry of Commerce, Cooperatives, Trade and Investment [MCCTI], 2026). Operationally, executive oversight is executed through the Ministry's Department of Cooperative Services, which is led by the Director of Cooperatives acting in the statutory capacity of the Registrar. The current baseline for legal operations, compliance enforcement, and dispute resolution is anchored in the Lagos State Cooperative Societies Law (2022). This legal framework establishes the mandatory statutory baseline for operations, transitioning individual associations from informal mutual-aid groups into formally recognised corporate entities endowed with perpetual succession and legal recognition (Kolawole, 2023; Pavestones Legal, 2023). To manage the dense micro-economic landscape across various municipal zones, the Department of Cooperative Services utilises a decentralised operational strategy. The department coordinates its compliance monitoring and regulatory interventions through 24 strategically located Area

Offices mapped across the Local Government Areas (LGAs) of the state (MCCTI, 2026). The core operational and statutory obligations handled within this administrative pipeline are organised across distinct functional phases:

Pre-Registration and Capacity Building: The legislative framework requires that a minimum of 20 foundational members with a validated common bond initiate the formalisation process (Kolawole, 2023). A critical governance checkpoint within this phase requires the elected trustees (specifically the President, Secretary, and Treasurer) to complete a mandatory induction course hosted by the Lagos State Cooperative College (LASCOCO, 2026). This intervention is explicitly designed to minimise institutional friction, combat financial fraud, and introduce standard bookkeeping techniques (LASCOCO, 2026; Pavestones Legal, 2023). **Supervision and Quality Assurance:** Following the compilation of initial documentation and the execution of an inaugural meeting witnessed by a state representative, candidate societies enter a mandatory three-month active monitoring window (Pavestones Legal, 2023). Only after passing this probationary compliance period is an official Certificate of Registration issued. **Post-Formalisation Compliance:** Active oversight involves continuous accountability loops. Registered entities are legally required to submit an audited annual statement of accounts, file accurate statutory returns, maintain standardised ledgers (e.g., centralized cashbooks), and execute open, democratic governance via regular Annual General Meetings [AGMs] (MCCTI, 2026)—the **Bipartite Governance Model: State Regulation vs. Apex Representation.** The institutional landscape of cooperative governance in Lagos State operates on a bipartite structural model, balancing state-driven legal enforcement with independent industry self-regulation. While the MCCTI functions as the state-sanctioned enforcement and licensing apparatus, the Lagos State Cooperative Federation (LASCOFED) serves an entirely distinct, complementary role. LASCOFED operates as the independent, non-governmental apex organisation representing the collective interests of all registered cooperatives within the state (Lagos State Cooperative Federation [LASCOFED], 2026). Rather than acting as a punitive or statutory regulatory body, LASCOFED functions as a unifying advocacy vehicle, an administrative coordinator, and an economic facilitator, working alongside state institutions to foster ecosystem resilience and advance macro-level socioeconomic integration.

Ajao et al (2022) analysed the relationship between corporate governance and return on assets of the selected cooperative societies and concluded that corporate governance is relevant in the performance of organisations. Their contribution helped validate the proposition that governance was not a marginal issue to the success of cooperatives. Makut and Ibrahim (2021) found that internal control and cooperative performance are important in the cooperative organisation in Abuja. The usefulness of these studies was that they showed the institutional implications of the quality of governance. They did not adequately take into account, however, that governance mechanisms might be undermined by too much founder power. Thus, the difference between formal and substantive governance was important. A cooperative could have a constitution, a board, committees and procedures, but in reality has all the power centered in an influential founder. There may thus be formal

compliance, as well as informal centralisation. Umar et al. (2024) added an extra dimension by **including** the moderating effect of trust in the relationship between corporate governance and performance in agricultural cooperatives in Nigeria. Their conclusions were particularly relevant to founder's syndrome as trust could have both positive and problematic consequences. While potential for cooperation within an organisation may be created through high trust, too high a level of personal trust may also lead to a decreased tendency to challenge a founder. Thus, the literature pointed to a need for consideration of relationships and power dynamics within formal structures, as well as formal structures themselves, to assess governance effectiveness.

Founder Power and Institutional Dependence

In the areas of organisational identity, knowledge and external relations, the more personalised the processes, the more important founder power was. A founder who had started an organisation might have types of authority that were hard to replicate in formal governance structures. The founding member has the role of custodian of the organisation's history, values and original mission, to which members may have views on. This may result in institutional dependence even if the founder was not in the top formal position. Founder power can become entrenched via privilege and organisational authority, as Block and Rosenberg (2002) showed. Block and Miller Stevens (2021) took this understanding a step further by correlating founder influence with organisational development. Their views indicated that institutional maturity needed governance processes that could enable individual gifts to be translated into the capacities of the organisation. In those instances where this change did not take place, the organisation might remain psychologically and administratively bound to its originator. This was borne out by the literature on founder succession. LeCounte (2022) studied family business succession in founder-led firms and highlighted the need for succession in terms of leadership transition for continuity in family businesses. Then, LeCounte (2024) linked founder succession to implications for governance in mature family businesses. Family firms were very distinct from an Islamic co-operative. However, the governance issue was transferable: there must be some way to distinguish continuity of the institution from dependence on the specific founder. This insight was particularly strong in the context of Islamic cooperatives, as cooperative ownership was collective and permanent personalisation of authority could conflict with the institutional nature of the cooperative.

In addition, Chbili and Lakhal (2021) showed that there can be a link between the relationships of founders and external funders that can shape the governance of newly established nonprofit social service organisations. They showed that the founder's influence was more to do with institutional relationships and organisational development than just a personal attribute. This was important groundwork for analysing Islamic cooperatives, as well as the founder's authority, which could also be strengthened through controlling external networks, financial relations, membership mobilisation, or organisational knowledge.

Islamic Governance, Shura and Accountability

Founder dominance could be judged with the help of the Islamic norms of governance. Mahmud et al. (2021) studied the importance of the Shariah governance system in Islamic financial institutions in Nigeria and illustrated the importance of the governance system in the Islamic financial environment. Sa'adatu and Abubakar (2023) also studied Islamic corporate governance and the performance of Islamic financial institutions in Nigeria. Although a difference was found between Islamic cooperatives and Islamic banks, the literature has taught that Islamic institutional governance is more than an efficient conventional administrative process. Institutional legitimacy was based on accountability and adherence to Islamic concepts.

Shura was particularly important to this analysis. Rahman (2021) explored the concept of Shura as a method of acquiring political power, and Hilal et al. (2023) revisited the notion of Shura and democracy. Zakariya (2025) linked Shura to justice and equality. These views all indicated that consultation was more than being informed about decisions; it was meaningful participation. Thus, for Islamic cooperatives, Shura can be used as an analytical criteria to assess the extent to which collective governance is upheld and whether founder-dominated decision-making is done in a way that is compatible with collective governance.

This resulted in significant tension. The role of the founder leader might help bring the organisation together, especially if they were trusted for their competence and commitment. However, too much founder power might lead to fewer avenues for dissent, independent oversight and group decision-making. Institutional consultation can turn out to be symbolic, where members took up founder decisions mainly on the basis of personal loyalty. The issue was not, therefore whether or not founders made decisions, but whether the ability of the members and the governing bodies to call them into question became diminished. The scales of justice and equality implicit in Shura also brought up questions concerning the distribution of influence in the organisation. Zakariya (2025) proved the importance of justice and equality in participatory governance and stated that if the actual authority is not considered, then one cannot assess the legality of the authority based on the legal position. Collective ownership, as stated in the principle, suggested that members had to have a certain institutional status within a cooperative. However, if the founder's status was to give that person a position that was above the governance mechanisms that are intended to represent the members, that would be an example of Founder Dominance.

Governance Mechanisms and Constraints on Founder Dominance

It was found that there are a number of institutional mechanisms that can help to reduce excessive founder influence, as identified in the literature. One of these was internal control. Makut and Ibrahim (2021) have played a pivotal role in highlighting the significance of internal control in cooperative performance, whereas Ajao et al. (2022) have demonstrated a relationship between corporate governance and cooperative performance. These results indicated that organisational controls could offer a structure that would restrain arbitrary rule. However, only controls that were effective in the hands of those who

implement them and have independence from the founder would be effective. However, another important mechanism that needed to be in place was board independence. Such a board, which could not question founder decisions, could be a rubber stamp for founder rule rather than a counterweight to it. The general literature on the Islamic system of governance underscored the importance of control mechanisms. Yilmaz and Kachkar (2022) studied the diversity of the Shariah supervisory board of Islamic banks and found that institutional composition is crucial in the governance of banks. Harun et al. (2020) linked Corporate Governance to Corporate Value of Islamic Banks, and Zain and Abdullah (2025) highlighted corporate governance disclosure and corporate governance mechanisms. These studies were not about cooperatives but about Islamic banks, and they reinforced the general notion that the effectiveness of governance depended on credible oversight and transparency of institutions. Another significant point of constraint was succession planning. Succession had a direct governance significance for founder-led organisations, as shown by LeCounte (2022, 2024). Succession planning in Islamic cooperatives may minimize the chance of the Founders' dominion being permanently tied to the cooperative leadership. A transparent succession system may also serve to institutionalise the organisational knowledge by embedding it in organisational structures and procedures instead of being mostly in the founder.

The relevance of Shura also extends to these mechanisms. Consultation could enhance governance by providing real opportunities for members and governing bodies to consider proposals, to question decisions and to participate in the direction of institutions. It could, however, turn out to be ineffective if the founder authority decides the result without consulting others. Thus, Shura needed institutional frameworks that resulted in consultation being significant.

Empirical Evidence and Critical Debate

The empirical literature in Nigeria was incomplete, although important. Researchers had developed correlations between Islamic cooperative and financial intermediation, resource mobilisation, financial performance, and socioeconomic development (Adeyinka et al., 2022; Jimoh, 2021; Olayinka et al., 2021; Olatubosun, 2022). The concept of broader cooperative governance has indicated the importance of corporate governance, Internal control and Trust in an organisation's performance (Ajao et al., 2022; Makut & Ibrahim, 2021; Umar et al., 2024). However, in these studies, governance was usually treated as a system of performance, instead of as an internal politics of founder power. This had a crucial conceptual constraint. The governance aspects of these systems could be reduced to a performance measure, which may then be the only aspect being addressed. A founding entrepreneur may foster the economic success of the enterprise, and at the same time may develop institutional dependence. In the other direction, improved governance controls may create some tension with founders in the short term but have a positive effect on long-term institutional sustainability. It was therefore recommended that the terms of performance and governance should not be used interchangeably in the literature. The second issue was related to contextual transfer. A lot of the literature on the syndrome of the founders was created from nonprofit and family company settings (Block & Rosenberg, 2002; Block &

Miller Stevens, 2021; LeCounte, 2022, 2024). Islamic cooperatives indeed were different as they incorporated the element of collective ownership and Islamic ethical requirements. The founder dominance, therefore, could not be understood by using the traditional organisational succession theory. It had to be judged in the light of the extra requirements of Shura, accountability, justice, and collective responsibility.

Synthesis and Research Gap

The literature revealed three pertinent facts. Firstly, Islamic cooperatives had been a relevant institution in financial and socioeconomic activities in the country. Second, cooperative effectiveness had been correlated with governance, internal control, trust, and accountability. Third, founders' syndrome scholarship had set the stage for the overconcentration of power of the founders, which might lead to institutional dependency and succession issues. However, there had not been enough integration of these bodies of knowledge. The principal gap was thus of an analytical and contextual nature. The present study discovered that the issue of founders' syndrome has not been properly studied as a governance problem in Islamic cooperative organisations in Nigeria. Meanwhile, the founders' syndrome scholarship had not clearly considered how founder dominance interacted with the Islamic system of governance, which included shura, justice, accountability and collective participation. It was thus not a question of the significance of founders for the development of organisations but of when and how the influence of founders turned into institutional dominance.

This aimed to fill this gap by critically analysing the available evidence using a qualitative method. It was based on relating the foundational theory of founders' syndrome with the governance dynamics of Islamic cooperative organisations in Nigeria. However, it did not presume that founder influence itself was necessarily a bad thing, but rather that it was important to differentiate between productive founder leadership and founder dominance. It also explored how the advantages of founder leadership could be maintained, and the personalisation of institutional authority could be avoided through such institutional mechanisms as independent governance arrangements, internal control, succession planning, meaningful participation of members and substantive Shura. This analytical position served as a springboard for a consideration of the accountability, participation and sustainability of Islamic cooperative organisations as a governance challenge, rather than just an issue of individual leadership.

Methodology

The approach to this research was qualitative; a critical documentary analysis was used to understand the concept of founders' syndrome and the implications of the concept for governance in Islamic cooperative organisations in Nigeria. The approach was appropriate, since the study was looking to find the interpretation of institutional power, founder influence, accountability, participation, succession, and governance arrangements and was not attempting to measure them with numbers. Documentary analysis provided the researcher with insights into the conceptualization and investigation of Islamic cooperatives, cooperative governance, founders' syndrome, and Islamic governance by

previous studies, as well as the opportunity to critically compare findings from various organizations and geographical settings (Bowen, 2009). The documentary corpus comprised 24 pieces of academic literature provided for the study and, where relevant, other peer-reviewed external literature. The sources were purposive because they were relevant to the two research questions, methodologically credible, and contextually relevant and helpful to understanding founder authority or governance. Special focus was paid to the Nigerian studies relating to Islamic cooperatives and cooperative governance, such as those on financial intermediation, resource mobilisation, socioeconomic development, corporate governance, internal control, and trust. But also, foundational studies on founders' syndrome and succession were studied as their concepts lay at the heart of the interpretation of founder power and institutional dependence. The study included a systematic reading, extraction, and thematic coding of evidence pertaining to founder authority, institutional dependence, board independence, member participation, accountability, succession, internal controls, and Shura. The evidence retrieved was documented based on the two research objectives and critically compared with each other. Convergent findings were pointed out, and contradictory arguments, as well as contextual differences and limitations of previous studies, were investigated instead of being regarded as equivalent evidence. The results obtained from the non-profit and family organisations were also evaluated with a measure of caution to transfer them to the Islamic cooperative environment, as there is a possibility that there may be differences in ownership structure, purpose of the institution, and normative bases that could affect the results. The credibility of the analysis was enhanced by source triangulation and comparison of various scholarly views. The analysis was divided between evidence that related to Nigerian Islamic cooperatives and evidence that related to other organisations and cooperatives, where the lessons learnt were theoretical. The principal analytical lens was the founders' syndrome theory, and the Islamic governance perspective was through the lens of shura, accountability, justice and collective participation. Conclusions were therefore arrived at by means of critical synthesis and not descriptive aggregation so that the evidence could enlighten the possibilities of founder authority becoming either a creative organisational resource or a constraint of governance within Islamic cooperative institutions.

Results

Qualitative documentary analysis showed that founders' syndrome had been one of the governance issues whereby the authority, legitimacy, and organisational resources of the founders remained dominant beyond the formative phase of institutions' evolution. Evidence did not corroborate the notion of inherently dysfunctional involvement of founders. Instead, the results suggested that the impact of founder influence was both good and bad, depending on the level of institutional governance. In the literature reviewed, founder leadership had been seen to be correlated with organisational initiation and resource mobilisation, while too much dependence on founders had been correlated with issues of accountability, participation, succession and institutional autonomy (Block & Rosenberg, 2002; Block & Miller Stevens, 2021; LeCounte, 2022, 2024).

Founders' Syndrome and Governance

The first objective looked at the effect of the founders' syndrome on governance in Islamic cooperative organisations in Nigeria. The documentary evidence pointed to the greatest impact being the possible centralisation of organisational power around the founder. Founders' syndrome had been framed by Block and Rosenberg (2002) as the centralisation of power and privilege around organisational founders, and this centralisation of power and privilege had been located in the general process of organisational development by Block and Miller Stevens (2021). These findings indicated that where there were no governance structures in place to moderate the authority gained during institutional formation, it had become problematic, suggesting that founder authority had become problematic where governance structures had become insufficient. The interpretation was given with the help of the Nigerian cooperative literature, which provided a very important contextual basis. Islamic cooperative studies had been significantly focused on financial intermediation, resource mobilisation, financial performance, and socioeconomic development (Adeyinka et al., 2022; Jimoh, 2021; Olayinka et al., 2021; Olatubosun, 2022). The studies had already determined the role of Islamic cooperatives in the institutions, but gave less direct attention to the allocation of decision-making power in these cooperatives. This documentary synthesis thus showed that financial/socio-economic effectiveness alone could not be considered as evidence of effective governance. The organisation might have gained advantages and mobilised resources without relying excessively on specific people to make strategic choices and lead the institution.

A second finding related to how much authority founders had and how formal governance structures were. Previous studies on the subject of cooperative governance had shown how important the issues of corporate governance and internal control were to the performance of organisations (Ajao et al., 2022; Makut & Ibrahim, 2021). But analysis showed that the presence of governance structures did not mean that they were necessarily substantively independent. In theory, formal boards might not have the same practical power as a founder if the founder already holds the knowledge necessary to run the organization, or if the members are loyal, or if the founder is able to control important institutional relationships. This split between formal and substantive governance was an important implication of founders' syndrome for Islamic co-operatives. The other way in which founder influence might become institutionalised was through trust. The results of Umar et al. (2024) showed that there was a moderating effect between corporate governance and the performance of agricultural cooperatives in Nigeria. It indicated that there might be two ways for trust to work when applied critically to founder syndrome. There may be a higher level of trust that enhances cooperation and minimises organisational conflict. However, too much trust could also result in the members' lack of willingness to challenge the founder decisions. Thus, founder legitimacy may be self-reinforcing if the members of the cooperative linked the founder's personal legitimacy to the continued success of the cooperative. The analysis also showed that there were implications for member participation in the founders' syndrome. Collective ownership meant the cooperative principle that there would be opportunities for members to influence

the decisions of the institutions in a meaningful way. Islamic governance imposed this expectation with a new factor, which is Shura. Rahman (2021), Hilal et al. (2023), and Zakariya (2025) have respectively associated Shura with consultation, participatory governance, justice, and equality. Individual pieces of evidence indicated that consultation might come to have little substantive meaning if the founder's preferences were already prevailing. The existence of meetings or formal consultation systems could therefore not necessarily be taken to indicate good participatory governance. Another key governance ramification was succession. LeCounte (2022, 2024) had shown that founder succession had significant implications for organisational continuity and governance in founder-led organisations. The studies were not necessarily about family firms and Islamic co-operatives. However, they were relevant as they demonstrated that there needed to be ways in which leadership could be handed over without compromising the continuity of the organisation, to achieve maturity in the institutional structure. Consequently, the documentation indicated that if the founder centrality were maintained, the institution might be more prone to succession problems, especially if it was more personalized in terms of knowledge, relationships, and strategic control.

Mechanisms for Constraining Founder Dominance

The second objective looked at institutional mechanisms that could limit and hold founder-dominant institutions to account and build participatory and sustainable forms of governance. Clearly defined authority, independent oversight, internal control, succession planning, and substantive Shura were the five mechanisms identified. Firstly, there was a need for a well-defined institutional authority to ensure that founder influence does not become synonymous with the formal organisational authority. Block and Miller Stevens (2021) found that institutions to accommodate the changing relationships between founders and organisations were required in organisational development. In the cooperative context, this meant that founders would have the possibility of holding advisory or symbolic positions but not having constitutional powers on boards or management. Second, the importance of the institutional safeguards of board independence and internal control was determined. Ajao et al. (2022) and Makut and Ibrahim (2021) showed the general importance of governance and internal control to cooperative performance. The key point that came out was that, to work well, these mechanisms should have the right level of autonomy. Formal controls giving the group authority over the founder would have a limited ability to curb the founder's power.

Thirdly, succession planning was identified as a way to institutionalise the change of leadership. LeCounte (2022, 2024) highlighted the governance implications of succession, and Chbili and Lakhal (2021) suggested that founder relationships might have implications for governance in developing organisations. Succession planning thus had to be started prior to the time of the founder's exit from leadership in the case of Islamic cooperatives. It should have been based on clear institutional criteria, as opposed to his or her personal nomination. Lastly, substantive Shura came into importance as a protection for Islamic governance. The broader significance of governance mechanisms in Islamic institutions was highlighted by Mahmoud et al. (2021) and Sa'adatu and Abubakar (2023); consultation,

justice, and equality have been highlighted as conceptual foundations by Rahman (2021), Hilal et al. (2023), and Zakariya (2025). The Documentary synthesis showed that Shura has more value in governance when consultation is done, and there is real disagreement, scrutiny, and collective influence. This was less the case when it was used more as a rubber-stamping device for decisions made by dominant actors.

Conclusion and Implications

The study found that the role of founder syndrome was one of the major governance issues in unexamined Islamic cooperative organisations in Nigeria. Founder influence, as demonstrated in the critical documentary analysis, was not necessarily bad for the development of the institution. Often, the founder(s) had contributed vision, organisational knowledge, resource mobilisation capacity, social legitimacy and continuity to the formative life of cooperative development. The governance issue had come to the fore, where such contributions had become an ongoing personal authority that went beyond the founder's formal authority within the institution. In such a context, founder influence had possibly diluted board independence, participation, accountability and succession of leadership. The first goal of the study had thus been achieved: founders' syndrome had impacted governance mainly through the centralisation and individualisation of institutional powers. The evidence had suggested that formal governance can be present at the same time as a lack of substantive power distribution, where members and boards were reliant on the founder for legitimacy, knowledge or relationships. The analysis had also been able to determine that good financial or socioeconomic outcomes could not alone be used to prove good governance. Accountability had to be taken into account, and so had participation, and the ability of governance mechanisms to function without depending on individuals. The second objective had been addressed by identifying institutional mechanisms that can limit excessive founder control. Interdependence of separation of founder, board and management, effective internal controls, independent oversight, transparent succession planning and meaningful Shura had come about as safeguards. These mechanisms had been thought to be especially crucial to ensure that founders' benefits are maintained while averting the transformation of personal authority into institutional authority. The underlying thesis of this study was thus that founder leadership and founder dominance should not be equated. While founder leadership may be considered an institutional resource, founder dominance may be the source of the lack of collective character and the legitimacy of the governance of the Islamic cooperative. The sustainability of Islamic cooperative institutions therefore, relied on an ability to translate founder knowledge and vision into institutional capacities and not be forever stuck in the heads of individuals. Several implications followed. Responsibilities for governance should have been defined and divorced from the influence of the founders for cooperative management to be effective. Boards should have had enhanced independence and oversight within the board. Shura should have had substantive involvement, not ceremonial consultation, for the members. Succession – leadership transfer should have been formalised prior to the need for a founder to step down. In the case of Islamic cooperative regulators and policymakers, governance structures should have included more provisions that address issues of accountability,

succession, and founder-related conflicts of authority. When founders of Islamic cooperatives insist on staying in leadership positions beyond the provisions of the law governing cooperative business in Lagos State, they run afoul of the law, and when they hurriedly institute the Shura as a cover-up for their atrocities, it becomes more complicated because the principles behind the Shura are very clear. The founders' position is not a liberty to behave unethically with the cooperative resources, nor is it a license to harass and threaten other cooperators.

Contribution to Knowledge

Theoretically, this proved the importance of linking the founders' syndrome theory and Islamic governmental theory. This integration gave a more appropriate contextual explanation of founder power in Islamic cooperatives as compared to conventional founders' syndrome theory and Islamic governance literature in isolation.

The research further provides insight into the Islamic governance structure through mutual consultation (Shura) and the associated structures that ensure that the regulatory framework in Lagos State and Shura can work together.

The author has also argued that leadership is a trust and it goes beyond authority to service and accountability. Being a founder of an Islamic Cooperative is not an immunity against accountability, recklessness, and even prosecution by the law of the land.

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