

# Transforming Rural Market Governance: Preliminary Insights on Cooperative Roles in Managing Tamu Desa in Sabah, Malaysia

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## ABSTRACT

Tamu Desa, a traditional rural market, is a key part of the local economy and culture of Sabah. This study explores the feasibility of cooperative-led governance as an alternative management approach for Tamu Desa, one that is sustainable and aligned with rural empowerment policies, using an exploratory mixed-methods research design. The data was gathered using a structured survey and open-ended questions among 41 respondents in 17 villages within Kota Belud, Sabah, Malaysia. The results indicate a general acceptance of cooperatives in the community, particularly in terms of their ability to enhance governance efficiency, stimulate economic activity, and serve as a platform for empowering youth entrepreneurship. However, the acceptance depends on the respondents' prior knowledge of Tamu Desa operations, and some issues and challenges still exist. These challenges include role ambiguity, lack of cooperative literacy, and the risk of social conflict. The research hence highlights the need for a gradual implementation plan that focuses on hybrid governance structures, specific capacity-building programs, clear operational principles, and long-term involvement of communities. Cooperatives are not a panacea, but they represent a potentially effective strategy in inclusive, locally controlled market governance. The results provide stakeholders with insights into the rural development policy and current discussions on cooperative governance and institutional transformation in rural areas.

**Keywords:** Tamu Desa, cooperative governance, rural entrepreneurship, market transformation, Sabah

## INTRODUCTION

Tamu Desa is a traditional market institution that plays a central economic role in rural societies in Sabah (Kurpong & Imang, 2016; Lily et al., 2024; Yakin et al., 2022). In addition to its commercial functions, Tamu serves as a social space that unites different social layers to exchange local products and preserve cultural heritage. Within the rural economic system, Tamu provides a market for micro-traders and small farmers, thereby contributing significantly to rural household income (Lalim, 2021).

In many rural areas, Tamu markets typically operate without formal infrastructure (Foo, 2018; Kurpong & Imang, 2016; Lalim, 2021). These markets are often held in open spaces designated as Tamu sites, where Tamu operators set up temporary booths or stalls using tents or simple structures (see Photo 1). Recognising the need for a more organised and comfortable environment, especially during rainy weather or under intense heat, the government has initiated the Tamu Desa Project (Nabalu News, 2024) (See Photo 2). This initiative involves the construction of covered Tamu sites in rural villages that currently lack formal market infrastructure, as well as the upgrading of existing Tamu sites. The aim is to improve comfort and convenience for both Tamu operators and visitors, while enhancing the overall organisation of traditional markets in rural settings.



Photo 1: Tamu Site

Source: Author's compilation



Photo 2: Covered Tamu Site

Source: Author's compilation

This project is not just about providing a physical platform for trading activities. It also aims to enhance the visibility of local products and provide entrepreneurial training to improve the skills of Tamu operators. According to a statement by the Minister of Entrepreneur Development and Cooperatives (KUSKOP), Datuk Ewon Benedick, a total of 92 Tamu Desa projects have been planned for implementation in Sabah and Sarawak in 2024 (Bernama, 2024; Utusan Borneo, 2024). The initiative is divided into two phases: Phase 1 comprises 49 projects (36 in Sabah and 13 in Sarawak), while Phase 2 involves 43 projects (18 in Sabah and 25 in Sarawak). These facilities are expected to be fully completed by 2025.

However, the implementation of this project has raised an important question: who will be responsible for managing these newly established Tamu Desa sites? To ensure fair and comprehensive governance, particularly in cases where a Tamu site serves multiple villages, the government encourages the formation of cooperatives involving representatives from each participating village (Nabalu News, 2025). These cooperatives will manage and maintain the Tamu Desa sites.

Beyond operational responsibilities, the cooperative model also offers potential economic benefits to both its members and the local community (Ahmad et al., 2020; Ishak et al., 2020). As cooperatives are built on the principle of profit-sharing, the revenue generated from market operations can be reallocated among members,

thus nurturing stronger community involvement and guaranteeing that the benefits of rural market development are more equitably shared. The introduction of the cooperative model into Tamu management necessitates structural and social institutional transformation (Bernama, 2024).

In line with the government's aim to position cooperatives as an alternative mechanism for managing Tamu Desa, a key issue has emerged concerning community acceptance. Historically, Tamu markets have been managed by local authorities or the Village Development and Security Committees (JPKK) within their respective areas, making the proposed transition a significant shift in governance. The transfer of power from current institutions to cooperatives depends on community acceptance, as well as the coordination of roles to prevent internal conflict and loss of trust within the community.

Therefore, the present study aims to explore how the community perceives and responds to the introduction of a cooperative-based management model. Despite the numerous studies on the importance of cooperatives in rural economic development, there remains a lack of empirical research exploring community acceptance of cooperative participation in Tamu governance. The previous literature investigates the economic impact of the cooperative but pays little attention to social preparedness and institutional legality in the process of transferring governance control (Ahmad et al., 2020; Foo, 2018; Ishak et al., 2020; Tola et al., 2021). Thus, this paper fills this gap by exploring community acceptance of the proposed governance change in Tamu Desa, Sabah.

## METHODOLOGY

### Study Design

The research employs a mixed-methods exploratory survey design that combines both quantitative and qualitative methods simultaneously. A cross-sectional design was adopted to capture initial perceptions during the early phase of cooperative-led Tamu Desa management. This design was chosen to provide a more detailed picture of how the community has accepted the cooperative's proposal to manage Tamu Desa and to identify the challenges and factors that have influenced this acceptance (Mhembwe & Dube, 2017).

The quantitative element is based on Likert-scale questions that help assess the community's perceptions, attitudes, and tendencies towards various aspects of cooperative management, including governance capacities, economic influence, and institutional preparedness. The qualitative aspect is achieved through open-ended questions, allowing respondents to share their opinions on potential challenges and issues related to the transition of Tamu Desa management towards cooperatives.

The mixed quantitative-qualitative approach can be applied in the preliminary stage of the broader study of the transformation of Tamu Desa management. It also allows the triangulation of initial results to help promote more contextually relevant and community-based policy recommendations. Triangulation in mixed methods is becoming a standard recommendation in rural cooperative studies due to its ability to offer statistical reliability and local context and narrative understanding (Dejanović & Lukić-Nikolić, 2024; Lawangen, 2022).

### Study Location and Population

This study was conducted in the State Legislative Assembly (DUN) of Kadamaian, Sabah, located in the Kota Belud district (See Figure 1). This initial study focused on Kota Belud district due to its early involvement in the Tamu Desa infrastructure development, making it an appropriate pilot site. Several villages in the area have received Tamu Desa physical infrastructure development through government budget allocations, making it an appropriate site to assess the feasibility of transitioning market management to community cooperatives.

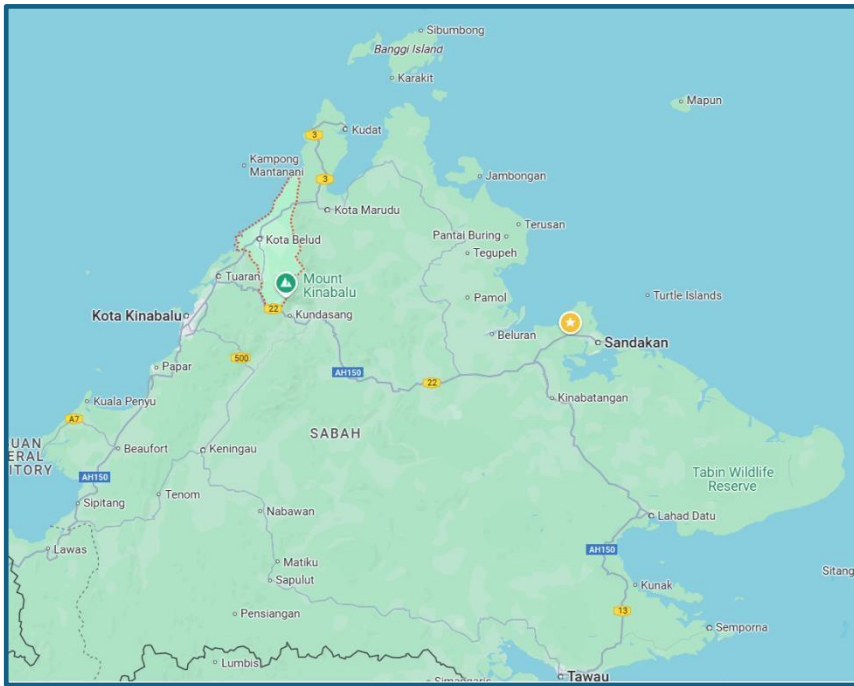


Figure 1: District of Kota Belud, Sabah, Malaysia

Source: Google Maps

The study population consists of individuals who have a direct interest in the management or implementation of Tamu Desa, including:

- Chairman, Secretary, and Members of the Village Development and Security Committee (JPKK)
- Cooperative Board Members
- Existing Tamu Management Committee
- Villagers who act as Tamu operators

Although this study focused on community leaders and cooperative members, future research will include disaggregated data to study variations in acceptance and perceived benefits by gender, age, and income.

### Sampling Method and Sample Size

Purposive sampling was employed based on selection criteria, including direct involvement in Tamu governance, roles within village or cooperative structures, and experience with Tamu operations (Lily et al., 2024). A total of 45 questionnaires were distributed, but only 41 forms were used for analysis after the screening process was carried out to ensure the accuracy and completeness of the information. A total of 17 villages were involved in this study, with the number of respondents representing various key roles within the community, including village community leaders, cooperative members, and existing Tamu managers.

### Research Instruments

The main instrument of the study was a structured questionnaire, which was developed based on previous literature and adapted to the local context of Tamu Desa. The questionnaire consisted of three main sections:

1. Section A (Demographics): Includes village, respondent's position, and experience implementing Tamu.



2. Part B (Acceptance and Role of Cooperatives): Measuring the dimensions of Community Perception towards the Dimensions of the Role of Cooperatives in Rural Tamu Management, such as management recognition, governance efficiency, economic contribution, development potential, and conflict risk.
3. Part C (Open Questions related to Challenges and Issues in Cooperative Management) : Identifying the challenges and issues in adapting the management of Tamu Desa cooperatives.

Each item in Section B is measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

## Data Collection and Analysis Methods

Data was collected through the physical distribution of questionnaires during a centralised workshop attended by representatives from each participating village. These representatives were invited to facilitate data collection, as the villages are geographically scattered across the Kota Belud district. The workshop setting enabled the researcher to efficiently gather responses in one location while also guiding participants on how to complete the questionnaires.

For data analysis, Parts A and B of the questionnaire were analysed using descriptive statistical methods, including calculations of mean scores, percentages, and frequency distributions to assess levels of acceptance and perception of the cooperatives' roles. Part C, which consisted of open-ended questions, was analysed using inductive thematic coding to identify recurring themes related to institutional challenges and issues in transforming the Tamu Desa management into a cooperative model. The qualitative findings were synthesised to provide a holistic understanding of the community's views on the role of cooperatives in market governance. Demographic information, such as gender, age, and income, was not included in this phase but will be incorporated in future data collection to support intersectional analysis.

## Study Findings and Discussion

### Descriptive Analysis

**Table 1: Main Position of Respondents**

No.	Position	No. of Respondents	Percentage (%)
1	Village Development and Security Committee (JPKK) – Chairman, Secretary, Ahi JPKK	16	39%
2	Village Tamu Management Committee	9	22%
3	Cooperative Representative (Member)	14	34.1%
4	Villagers as the Tamu Operators	2	4.9%

The majority of respondents consisted of individuals who held key positions at the community level, particularly the Chairman and Secretary of the Village Development and Security Committee (JPKK), who represented 39.0% of the total respondents, as well as Cooperative Board Members (ALK), who represented 34.1%. While 22% were directly involved in the management of Tamu Desa, the remaining 4.9% were ordinary villagers who operated as Tamu operators.

**Table 2: Status of Tamu Desa Implementation**

No.	Village Tamu Status	Number of Respondents	Percentage (%)
1	Yes	30	73.2%
2	No	11	26.8%

Of the total respondents, 30 people (73.2%) stated that their village had ever organised Tamu Desa, while the rest (26.8%) stated that they had not. This figure indicates that a large proportion of respondents had direct or indirect experience with the implementation of Tamu Desa, making the questionnaire findings more relevant, experience-based, and reliable in the context of this study.

**Table 3: Management's Recommendations for Tamu Desa**

No.	Management Recommendations	Number of Respondents	Percentage (%)
1	Joint Committee (JPKK and Cooperative)	22	53.65%
2	Cooperative only	15	36.6%
3	JPKK only/Other/None	4	9.75%

The majority of respondents suggested a joint committee between the Cooperative and JPKK as the most suitable entity to manage Tamu Desa. Respondents believed that cooperation between the two entities was crucial to maintaining harmony, sharing power, and ensuring smooth management.

**Table 4: Distribution of Acceptance Categories**

No.	Acceptance Category	Criteria	No. of Respondents	Percentage (%)
1	High	$\geq 4.00$	25	61%
2	Medium	3.00 – 3.99	16	39%
3	Very Low	$< 3.00$	0	0%

Note: Reverse coding has been done for negative statements

Part B of the questionnaire includes nine items that aim to measure the level of acceptance of cooperative involvement in managing Tamu Desa. A total of 61% of the responses received indicated high support for the management change proposal. In comparison, 39% of the responses indicated a moderate level of acceptance, suggesting the presence of some doubts or a need for additional information and coordination. No responses showed a low level of acceptance, thus proving that the cooperative proposal to manage Tamu Desa was not directly rejected by the communities involved in this study. The detailed study findings, based on the analysis of each item, are presented in Table 5.

**Table 5: Community Perceptions of the Dimensions of the Role of Cooperatives in Rural Tamu Management**

Aspect	Question Items	Mean
Management Recognition	Village cooperatives should be given the responsibility of managing Tamu Desa	4.52
	The management of Tamu Desa by JPKK should remain unchanged.	3.71
	The village community should be involved in deciding who manages the Tamu Desa.	4.05
Governance Efficiency	Cooperatives can effectively administer Tamu Desa activities.	4.37
	Support for cooperative management depends on the existence of clear guidelines and supervision.	4.32

Economic Contribution	Management of Tamu Desa by cooperatives can improve the economy of the villagers.	4.46
	Management of Tamu Desa by cooperatives can create new job opportunities in the village.	4.39
Entrepreneurship development potential	Tamu Desa has the potential to become an official platform for cooperative and village youth entrepreneurial activities.	4.46
Conflict risk	Management of Tamu Desa by cooperatives has the potential to cause conflict with village management (e.g., JPKK)	2.56

Note: Each item is measured using a 5-point scale (1 = Strongly Disagree to 5 = Strongly Agree).

The findings show that the village community expressed very high acceptance of cooperatives as the appropriate party to manage Tamu Desa, with a mean score of 4.52. This finding reflects a strong belief in cooperatives as entities that are believed to be more structured, membership-based, and have the potential to perform governance functions more efficiently than traditional mechanisms. However, the moderate assessment of the statement that management by JPKK should be continued (mean 3.71) and high support for the need to involve the community in decision-making (mean 4.05) indicate that the community still values the role of JPKK as an existing structure. Therefore, acceptance of cooperatives is not automatic or a complete replacement of the existing system, but rather a transitional process that needs to be implemented inclusively and carefully. Social legitimacy remains a crucial factor in determining the success of transferring management power to cooperatives.

The governance efficiency aspect also received high support, with a mean score of 4.37 for the statement that cooperatives can effectively administer Tamu Desa. This result reinforces the perception that cooperatives have the appropriate structure to coordinate market operations, including vendor management, revenue collection, and monitoring of business activities. However, this ability is seen as conditional, dependent on the provision of clear guidelines and supervision, as indicated by the mean of 4.32 for the item related to institutional support. It suggests that although confidence in cooperatives is high, it must be accompanied by the implementation of robust SOPs, comprehensive management training, and effective monitoring mechanisms from authorities such as SKM and PBT.

In economic contribution, community acceptance of cooperatives is high. Items related to the ability of cooperatives to improve the village economy and create employment opportunities recorded mean scores of 4.46 and 4.39. The findings indicate that the community views cooperatives not only as a means for Tamu logistics managers but also as engines of local economic growth. This belief is based on the hope that cooperatives can introduce a more equitable benefit distribution system, provide opportunities for more village entrepreneurs to get involved, and generate economic results that can be shared in the form of dividends or community development funds. The results provide a strong foundation for formulating cooperative development policies not only as a governance tool but also as a catalyst for rural economic growth.

Cooperatives are also seen as playing a crucial role in developing the entrepreneurial potential of villages, particularly among young people. The statement that Tamu Desa has the potential to be an official platform for cooperative and youth entrepreneurial activities received a mean score of 4.46, indicating a high level of confidence in the role of cooperatives in driving long-term development. This finding supports the proposal that Tamu be transformed into a more modern, structured business ecosystem, suitable for implementing digital or social economy initiatives. It thus justifies the need to position cooperatives as key actors in shaping a sustainable framework for rural economic development.

The findings show that the community does not expect major conflicts to occur between the cooperatives and the JPKK, with a mean score of only 2.56 for the item indicating potential conflict. The result suggests a positive signal of the community's social flexibility in accepting the new management structure. It also reflects that the community is open to change, as long as the transition process is carried out transparently, inclusively, and based on mutual dialogue. The finding is important because one of the main concerns in implementing

institutional change is the risk of social tension and loss of trust. This finding reinforces that cooperatives have the potential to be integrated into local governance structures without compromising social harmony.

**Table 6: Level of Acceptance and Experience of Tamu Desa Implementation**

Acceptance Level	Implementation of Village Visitors		Total
	No	Yes	
Very High	4 (9.75%)	21 (51.22%)	25 (61.0%)
Medium	7 (17.07%)	9 (21.95%)	16 (39.0%)
Total	11 (26.83%)	30 73.17%)	41 (100%)

Respondents from villages that had held Tamu at the Tamu Desa facilities were more likely to give a high acceptance rating. A total of 51.22% of respondents who had been involved in implementing Tamu Desa showed a high level of acceptance towards the idea of cooperatives managing Tamu Desa. The result indicates that direct experience provides understanding and confidence in the potential of cooperatives.

On the other hand, the majority who had never organised Tamu Desa tended to have moderate acceptance. Among respondents from villages that had never organised Tamu Desa, only 9.75% showed high acceptance, while 17.07% tended to have moderate acceptance. This finding indicates that a lack of experience leads to doubts about the cooperative's capabilities. Therefore, approaches such as sharing experiences, engagement sessions, and joint training are crucial for increasing community acceptance of cooperative management in areas that have not yet implemented Tamu Desa.

### Thematic Analysis

The ranking or level findings for challenges, issues, and improvements were determined based on the frequency of recurring themes identified through the inductive coding of qualitative data.

### Implementation Challenges

In addition to the high level of acceptance of the cooperative model, the study also revealed five key challenges that need to be addressed to ensure the sustainable and inclusive implementation of the Tamu Desa governance model. These challenges have been ranked based on community perceptions, reflecting a hierarchy of interests from social, institutional, and operational perspectives.

The most significant challenge identified is the lack of social acceptance of cooperatives, particularly among some communities that remain reluctant to join or sceptical of their effectiveness as a primary entity. The finding indicates a deficit in the legitimacy of cooperative institutions, especially when compared to the traditional role that JPKK has long played. In this context, any immediate transfer of power without community consultation has the potential to trigger passive rejection. Therefore, cooperatives need to initiate the transformation process by establishing social credibility and systematically engaging with grassroots communities. The result aligns with the proposal to implement a joint committee model, which can serve as a transition mechanism towards a governance structure that all parties accept.

The second issue is the problem of role conflict and misunderstanding among stakeholders, mainly cooperatives and JPKK. The sources of challenge are an ambiguous hierarchy, overlapping functions, and limited strategic communication between the two entities. This conflict highlights the instability of village governance institutions in the absence of a clear coordination strategy and structural changes that occur without sufficient preparation. Thus, the transfer of power to cooperatives should be gradual, and clear limits of responsibility should be set, as well as a formalised mechanism of community dialogue. Therefore, the hybrid structure adopted in the first stage is not only logical in terms of local politics but also a medium-term approach to gradually transferring legitimacy to cooperatives.



The third challenge involves constraints on cooperative literacy and public understanding. Although cooperatives have long existed in rural settings, many communities are still unclear about the function of cooperatives, their governance structure, and their differences from other village administrative entities. This confusion can lead to negative perceptions, subtle rejection, and apathy among the community. Therefore, cooperative education and public enlightenment need to be an important component of the initial implementation of this model. Training workshops, dissemination of visual materials, and cooperative management simulations need to be coordinated locally, so that the cooperative concept is not only understood but also owned by the community itself.

The fourth challenge relates to the lack of capital and financial resources, which are the most significant technical barriers for many rural cooperatives. The absence of revolving funds, seed capital, or access to financing prevents cooperatives from providing basic services such as market maintenance, vendor logistics, and infrastructure development. This scenario limits the cooperatives' ability to demonstrate effectiveness in the early stages of implementation. Therefore, financial assistance of an initial support nature, such as launch grants, interest-free micro-schemes, or matching grants, needs to be provided by relevant agencies and disbursed conditionally based on member performance and participation.

Finally, weak commitment among cooperative members was also identified as a hindering factor, despite being in the lowest position in terms of challenge ranking. This challenge refers to the sluggish participation of members in cooperative activities, reluctance to shoulder responsibility, and lack of collective motivation. Without a culture of shared responsibility and a spirit of collectivism, cooperatives risk becoming passive and undeveloped management entities. Therefore, strategies for empowering cooperative members through moral incentives, rewards for participation, and strengthening internal leadership structures require attention in the early phase of implementation.

Overall, the findings indicate that the primary challenges in implementing cooperatives encompass not only technical or resource aspects, but also focus on issues of social acceptance, governance structures, and institutional interactions within the community. Collectively, these five challenges form an ecosystem of risks that could derail Tamu Desa's transformation initiatives if not managed holistically. The success of the cooperative model in transforming Tamu Desa as a rural socioeconomic development platform depends on the ability of stakeholders to understand and prioritise these challenges strategically, with a combination of comprehensive short-term and long-term plans.

### **Potential Issues That Arise**

While there is general support for the implementation of cooperatives as the new management entity of Tamu Desa, this study also reveals several potential issues that could arise during the transition process from the existing structure to the cooperative model. Five key issues were identified based on respondent feedback and analysed according to priority (ranking), providing an insight into the dynamics of socio-institutional uncertainties that need to be addressed strategically.

The main issue identified was the reluctance of the previous management committee, particularly the JPKK. Respondents expressed concerns that these parties may not be willing to hand over power in an orderly manner to the cooperative, whether due to personal interests, loss of influence, or the absence of a clear transition plan. This situation can create institutional tension and threaten the smooth implementation. Therefore, the cooperative transformation plan needs to be driven not as an absolute takeover of power, but as a collaborative process that prioritises negotiation and gradual transition.

The second issue is the uncertainty of direction and the risk of organisational instability. Respondents expressed concern that if these structural changes are not comprehensively planned, cooperatives may fail to effectively govern the market, thereby creating confusion among vendors and the community. This uncertainty can lead to instability in daily business and erode confidence in the cooperative institution. Therefore, implementation needs to be preceded by a clear timeline, measurable success indicators, and a transparent performance monitoring system.

The third issue refers to the influence of internal politics and the lack of transparency in governance, which can hinder the objectives of reforming cooperative institutions. The findings suggest that some respondents are concerned that these changes may be influenced by personal agendas or the dominance of certain groups, potentially leading to a non-transparent or biased administrative process. To overcome this perception, it is essential to uphold the principles of accountability through the democratic appointment of cooperative leaders, open financial reporting, and community involvement in regular social audits.

The fourth issue is the lack of community knowledge about the true function of Tamu Desa and its cooperative management objectives. In many cases, cooperatives are viewed as mere administrative substitutes without a thorough understanding of cooperative values, management structures, or the anticipated socioeconomic impact. This confusion reduces moral and practical support for the transition. Therefore, educational and interactive communication strategies need to be expanded, including dissemination of information through local channels and face-to-face activities that clarify the function of cooperatives in the local context.

Finally, the study also identified the risk of social division and tension of opinion within village communities. Differences of opinion about the suitability of cooperatives or confusion about the transition process can create social polarisation and undermine community cooperation. These issues may not be overt, but they have the potential to emerge in the form of silent boycotts, passivity, or subtle sabotage of cooperative efforts. Therefore, implementing change needs to prioritise a participatory approach, where everyone feels involved, heard, and valued in the decision-making process.

Overall, these five identified issues demonstrate that institutional transformation is not only about technical or governance aspects, but is also closely linked to social dynamics, power, and grassroots perceptions. Therefore, the implementation strategy of cooperatives as Tamu management entities needs to be adaptive, inclusive, and based on continuous negotiation to ensure long-term success.

### **Comparative Insights for Cooperative-Led Market Governance**

In Malaysia, recent research confirms that cooperatives, especially in rural areas, often face significant challenges in their early phases, including weak governance, low participation, and public scepticism (Musa et al., 2020; Mastor et al., 2019). Agro-based and community cooperatives, in particular, struggle to balance commercial objectives with member empowerment, especially when literacy among cooperative members is low. However, those that received sustained support through leadership training, institutional partnerships, and clear governance reforms were able to gradually improve their performance and build trust among stakeholders (Hashim & Zakaria, 2017; Bose et al., 2017). This pattern aligns directly with the present study's findings from Sabah, where the proposed cooperative governance of Tamu Desa is supported in principle; however, concerns persist regarding readiness, understanding, and legitimacy.

A similar evolution is seen in Indonesia and Vietnam, where cooperatives historically struggled during their establishment phases but evolved into effective community institutions through legal reform, trust-building, and social capital development (Shafii et al., 2019; Hua & Brown, 2024). In Indonesia, for example, shariah-based and rural cooperatives often faced weak internal systems and community resistance in the early stage. However, once it was integrated into village development plans and supported with regulatory clarity, they improved in legitimacy and service delivery (Masyhuri, 2024; Shafii et al., 2019). Likewise, Vietnamese agricultural cooperatives that emphasised participatory leadership and social inclusion were more resilient and sustainable despite early governance hindrances (Hua & Brown, 2024). These experiences validate the observed reaction in Sabah. That cooperative success is possible, but it depends on phased implementation, trust-building, and the community's gradual engagement with the governance model.

## **CONCLUSION AND RECOMMENDATIONS**

This study presents preliminary findings regarding the level of community acceptance of cooperatives as the new management entity of Tamu Desa, as well as the various challenges and issues that may arise during the process of transitioning power from the existing management. The findings indicate that, overall, the community shows a high level of acceptance of the role of cooperatives, particularly in terms of their ability to

generate economic impact, administer market activities in a more structured manner, and create a sustainable local entrepreneurial platform.

Although cooperative governance structures have the potential to be a practical alternative to the Tamu Desa management systems, their successful implementation is not automatic and comes with challenges. The findings identify the following key challenges: deficits in social acceptance, institutional conflicts, constraints of cooperative literacy, poor financial structure, and low member commitment. Moreover, the process of power transfer between the current management and a cooperative may cause tensions connected with the unwillingness of the current management (e.g. JPKK) to give up power, the lack of clarity regarding the further course of actions, the lack of transparency in the process of governance, and the possibility of risk conflict in the community.

To facilitate a smoother transition between Tamu Desa management and cooperative governance, the following recommendations are suggested. To begin with, it is advisable to take a phased approach that involves the formation of a joint committee, consisting of both cooperatives and the JPKK. The empirical evidence shows that 53.65% of respondents favour this cooperative-JPKK partnership compared to a complete transfer of power to the cooperative. It is an essential structure in legitimacy, the avoidance of power conflicts, and the maintenance of the current institutional arrangements. It may also serve as a foundation for building trust, enabling a more thorough transfer of power in the long run.

Second, the capacities and functions of the cooperative should be enhanced to ensure effective implementation. The results indicate that the cooperative competence that is most widely supported is local economic development (mean score 4.46). As a result, cooperatives need to have systematic training in market management, finance, logistics, and vendor administration, along with context-sensitive and responsive modules that address real-life challenges.

Third, the institutional change requires an integrated and well-designed institutional support system. The respondents have expressed several concerns, with transparency and internal politics being the most prominent. As a result, oversight bodies such as the Malaysian Cooperative Commission (SKM), KUSKOP, Cooperative Institute of Malaysia (CIM) and other related local authorities are supposed to be actively involved in monitoring, offering technical support, and offering start-up grants. This kind of support is not only necessary for building confidence among the people but also for ensuring that the cooperatives can play their roles effectively.

Fourth, there is a need to establish and enforce standard operating procedures (SOPs) and a best practice cooperative model on Tamu management by cooperatives. The essential areas that these guidelines should cover include the cooperative member board, rent collection, allocation of trading lots, market operations time schedules, handling vendor disputes, and financial reporting to members and the broader community. A lack of such standards may lead to conflict and create a negative image of cooperatives, thereby destroying its legitimacy at the grassroots level.

Fifth, the implementation strategy should be supported by community education campaigns and effective communication. Although the rate of acceptance of cooperatives is very high, confusion and misunderstanding still exist regarding the role of cooperatives, as shown by the qualitative findings. In this regard, community workshops, dialogue sessions with local leaders, and public awareness programs are significant elements of the implementation process to enhance understanding and social support.

Finally, this study recommends that a long-term plan be developed towards making cooperatives the sole managers of Tamu Desa. While a hybrid approach is more appropriate for the initial phase, the ultimate strategic objective should focus on the empowerment of cooperative institutions in managing the market independently. This strategy is in line with the principles of centralised governance, effective management, and more sustainable local economic development. A transition period of three to five years is reasonable to allow cooperatives time to strengthen their structures, build community trust, and implement progressive management.

Overall, the success of Tamu Desa governance transformation through cooperatives depends on a contextual, gradual, and trust-based approach. This study contributes to the policy discourse and field practice by providing empirical foundations and recommendations that can be adopted by policymakers, cooperative enabling agencies, and rural community leaders in designing more sustainable and inclusive interventions for Tamu Desa development.

### Limitations and Future Research

This study provides valuable insights into the cooperative-led governance of Tamu Desa in Sabah. Although the study offers some useful insights, it is limited in scope. The study's geographical focus is restricted to a single district, and the data were collected from only 17 villages, which may not accurately represent the broader diversity of cooperative readiness across Sabah. Socio-cultural variations, differing levels of cooperative maturity, and localised institutional structures in other districts, such as Tawau, Ranau, Tambunan, Kudat, and Sandakan, may indicate different perspectives. Thus, future research should compare multiple sites to evaluate the effectiveness of the proposed governance framework in different contexts and whether it can be scaled effectively.

A second limitation relates to the study's sampling and methodological design. While purposive sampling allowed for targeted insights from key actors, such as JPKK leaders and cooperative board members, it may have unintentionally excluded other stakeholders, including women, youth, lower-income traders, and other marginalised community members. Future research should incorporate these stakeholders to broaden inclusivity to community engagement and governance outcomes.

Lastly, the study could benefit from a more in-depth demographic and comparative analysis. Without disaggregated data on gender, age, or income, it is challenging to evaluate how governance transformations differentially affect community groups. Additionally, comparative studies in similar rural regions, such as Sarawak or Kalimantan, could reveal adaptable practices in conflict resolution, leadership development, and cooperative finance. Therefore, future work should also explore participatory action research (PAR) to involve community members not just as respondents but as co-designers of collaborative models, ensuring contextual relevance and long-term legitimacy.

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