

# Challenges in Co-operative Dispute Resolution in Malaysia: A Qualitative Analysis of Tribunal Cases

Norbiha Kasmuri

Development Centre Co-operative Institute of Malaysia.

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.909000379>

Received: 10 September 2025; Accepted: 15 September 2025; Published: 11 October 2025

## ABSTRACT

This study investigates the procedural and legal challenges faced by co-operatives in Malaysia within the framework of dispute resolution, with emphasis on cases adjudicated by the Tribunal for Co-operative Societies. Co-operatives, as socio-economic entity rely heavily on effective governance and fair dispute settlement mechanisms to ensure accountability, transparency, and long-term sustainability. Drawing on qualitative interviews with co-operative Board, management officers and legal practitioner the study discovers issues such as the absence of standardized procedures, delays in case management, unclear documentation requirements, a shortage of legally competent officers, and concerns regarding impartiality and fairness. By analyzing these challenges through the lens of legal pluralism and access to justice, the study highlights the need for reform, legal literacy initiatives, and standardized procedural frameworks. The insights offer valuable implications for policymakers, co-operative leaders, and legal educators seeking to strengthen dispute resolution mechanisms and restore trust in co-operative governance.

**Keywords:** Co-operative Societies, Dispute, Challenges, Co-operative Tribunal, Governance.

## INTRODUCTION

Co-operatives are people-centered enterprises owned, controlled and run by and for their members to realize their common economic, social, cultural needs and aspirations. (International Cooperative Alliance, 2025). In other words, co-operatives are community-based, have strong democratic and participatory involvement, which makes them well-suited for economic development. The process of developing and sustaining a co-operative involves promoting the community spirit, identity and social organization as co-operatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development. (Ahmad Bello, 2005)

The International Cooperative Alliance (ICA) 1995 has defined co-operative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. (ICA, Guidance Note 2015).

The co-operative movement was introduced in Malaya by the colonial government in 1909. The co-operative movement take root in 1992 initiated by the colonial government in response to rural problems relating to credit indebtedness. Hence, the earliest co-operative societies to be formed were the rural credit co-operative societies for the peasants, farmers and fisherman. (Alip, 1990). In 2024, a total of 16,284 co-operatives were registered across the country, with membership exceeding 7.2 million individuals. The total assets of co-operatives amounted to RM173.35 billion, while turnover reached RM68.18 billion. These figures highlight the vast potential of co-operatives as key drivers of national economic development. (Malaysia Co-operative Societies Commission, 2024)

The main source of laws governing co-operative activities in Malaysia is the Co-operative Societies Act 1993, Co-operative Societies Regulations 2010, Guidelines, By-laws and Co-operative Rules. With over 16,000 registered co-operatives contributing to national growth, the need for robust governance and dispute resolution mechanisms has become increasingly important. Disputes particularly those involving debt recovery,

misconduct, and procedural irregularities threaten the integrity and sustainability of these institutions. Co-operative law serves as a vital instrument in ensuring the sustainability and effectiveness of the co-operative movement. Through effective enforcement, sound governance, and comprehensive policies, co-operatives serve as a catalyst in driving Malaysia's sustained economic development. (Abdul Manap, N., & Moslemzadeh Tehrani, P. 2014).

Co-operatives are also an entity that is not immune from facing various conflicts and disputes. This is because co-operatives are also free to carry out activities as stipulated in their by-laws and are governed by human elements. Conflict or dispute that occurs must be studied first to be resolved appropriately. In the aspect of disputes involving co-operatives, it is clearly stated in Section 82(1) of the Co-operative Societies Act 1993.

Under this section it states that ... If a dispute touching the constitution, by-laws, election of officers, conduct of general meetings, management or business of a co-operative society arises-

1. among members, past members and persons claiming through members, past members and deceased members;
2. between a member, past member, or person claiming through a member, past member or deceased member, and the co-operative society, its Board, or any officer of the co-operative society;
3. between the co-operative society or its Board and any officer of the co-operative society; or
4. between the co-operative society and any other co-operative society, such dispute shall be referred to the Commission for decision.

Under Section 82(2) of the Co-operative Societies Act 1993, Tribunal also may hear case regarding a claim by a co-operative society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member. This is part of the dispute touching the business of the co-operative society within the meaning of subsection (1) of Section 82.

Reference of dispute is stipulated under Regulation 33, Co-operative Societies Regulations 2010. The Regulation states that a dispute under subsection 82(1) of the Act may be referred to the Commission by any party to the dispute in the form specified in the Fifth Schedule. This means that if any party would like to refer on dispute, they need to fill up the form specified under the Fifth Schedule and submit it to the Commission.

Therefore, under Section 82(3), The Commission may, on receipt of a reference under subsection (1) -

- (a) decide the dispute by itself;
- (b) refer the dispute to an arbitrator or arbitrators for disposal;
- (ba) refer the dispute to the tribunal established under section 83; or
- (c) require the parties concerned to refer the dispute to a court

To address such conflicts, the Malaysian government established the Tribunal for Co-operative Societies, a quasi-judicial body tasked with resolving disputes efficiently and affordably. The proviso that touch on the power of Tribunal is set out under Section 83 of the Co-operative Societies Act 1993. Section 83 (2) states that a tribunal established under subsection (1) may hear and determine any dispute within the meaning of subsections 82(1) and (2) which is referred to it under this section.

However, despite its intended accessibility, many co-operatives encounter significant challenges in navigating tribunal procedures. These include delay in case management, inconsistent documentation practices, and ethical concerns related to panel impartiality. Such issues not only delay justice but also erode member trust and co-operative cohesion.

While existing literature has explored co-operative governance and legal frameworks, few studies have examined the lived experiences of stakeholders directly involved in dispute resolution. There is a notable gap in empirical

research that captures the procedural and legal complexities faced by co-operatives during tribunal proceedings.

This study aims to fill the gap by analyzing qualitative data from informants which who have experience with dispute resolution cases. The research identifies key procedural bottlenecks, legal ambiguities, and governance challenges that hinder effective resolution. By doing so, it seeks to policy reform, enhance tribunal transparency, and promote legal literacy among co-operative stakeholders.

## METHODOLOGY

This study adopts a qualitative case approach to explore the procedural and legal challenges faced by co-operatives in Malaysia during tribunal proceedings. Data were collected through semi-structured interviews with informants representing their respective co-operatives including co-operative Board, management officers and legal practitioner acting on behalf of the co-operative. The informants were selected using purposive sampling to ensure relevance and depth of insight. The cases examined through interviews consist of disputes decided by the Tribunal during the period from 2017 to 2024.

Each interview lasted between 45 and 90 minutes and was conducted in Bahasa Malaysia and English, depending on the informant's preference. Ethical approval was obtained, and all participants provided informed consent. Scope of disputes concerned with claims initiated by co-operatives against their officers in relation to matters of management and the business of a registered society. These disputes primarily revolved around issues of governance, accountability, and the responsibilities of officers in carrying out their statutory and fiduciary duties. Another aspect case involved claims lodged by co-operatives against their members concerning debt obligations. Such cases typically related to the failure of members to fulfil financial commitments to the co-operative, raising issues of repayment, enforcement, and the broader implications for the co-operative's financial stability.

The analysis draws upon the participants personal experiences in co-operative cases that were adjudicated by the tribunal focused on several issues and these themes emerged consistently across informants and were triangulated with tribunal case records and relevant legal documents.

## FINDINGS AND DISCUSSION

The findings revealed several common challenges in the functioning of the Malaysian Co-operative Tribunal. In certain instances, co-operatives found it necessary to engage legal counsel to adequately navigate the complexities of tribunal proceedings. This reliance on legal representation highlights the procedural challenges faced by parties who were initially intended to benefit from a simplified dispute resolution mechanism.

The absence of legally trained officers within the tribunal was also highlighted as a weakness, resulting in inefficiencies and difficulties for co-operatives in navigating the system. Furthermore, delays were a major concern, with dispute resolution processes taking an extended period, thereby requiring co-operatives to repeatedly update members on case status during annual general meetings. Several co-operatives also reported experiencing challenges with bulk cases, involving hundreds of claims filed simultaneously. In such cases, the competency of case administrators was questioned, as lacked expertise to manage complex co-operative disputes. The process was prolonged and documentation requirements were difficult to interpret.

A further concern was the lack of consistency and standardization in tribunal procedures. Different cases appeared to be handled according to different standards, with no uniformity standard operating procedures. Additionally, there were concerns about accountability, allegations of conflict of interest also surfaced, where panel members were acquainted with respondents yet continued to hear cases, raising questions about impartiality and fairness.

Nevertheless, concerns were also raised regarding the conduct of some tribunal panels, which were occasionally perceived as adopting an overly adversarial or confrontational stance during hearings. Such perceptions risk undermining the tribunal's role as an accessible and impartial forum for dispute resolution. Delays in case progression were another prominent issue, with some cases taking up to three months before any action was taken after filing. This reinforced the importance of timeliness in ensuring effective dispute resolution.

Another significant finding concerned the lack of clarity on enforcement after tribunal awards were issued. Co-operatives reported that even after a decision was made, they remained uncertain about the subsequent steps, particularly in recovering costs and implementing the tribunal's orders or award. In some instances, co-operatives failed to recover expenses incurred in pursuing cases. It was suggested that the tribunal should play a more proactive role in issuing warnings or enforcing ethical standards to prevent similar disputes and misconduct from recurring.

From the perspective of legal practitioners, it was further observed that the tribunal's processes were less stringent than court procedures. This lack of formal structure created uncertainty for parties involved. Additionally, tribunal procedures and timelines were unclear, with documentation required to be filed centrally in Kuala Lumpur rather than at regional offices, which created administrative burdens. Concerns were also raised regarding fairness, particularly in cases where adjournments were denied even when witnesses were absent, thus depriving respondents of a proper opportunity to defend themselves.

Overall, the findings highlight several recurring themes: the absence of standardized procedures, delays in case management, unclear documentation requirements, a shortage of legally competent officers, and concerns regarding impartiality and fairness within tribunal processes. These issues collectively suggest that while the co-operative tribunal plays an important role in providing an accessible platform for dispute resolution, significant reforms are needed to improve its efficiency, transparency, and credibility particularly for co-operative movement in Malaysia.

## CONCLUSION

A tribunal system has been recognized as part of the administration of justice in every democratic country including Malaysia. Co-operative tribunal are specialized bodies established to resolve disputes within the co-operative sector, aiming to provide accessible, efficient, and fair justice outside the traditional court system. Their existence since 1998 supports the broader co-operative movement, which plays a significant role in Malaysia's socio-economic development.

This study demonstrates that the tribunal, while established to provide an accessible and less formal avenue for dispute resolution, faces significant challenges. Findings contribute to the broader discourse on alternative dispute resolution in Malaysia, demonstrating that accessibility alone is insufficient if not accompanied by efficiency, fairness, and credibility. For the co-operative tribunal to fulfil its intended function, it must evolve into an institution that not only provides a venue for resolving disputes but also upholds the fundamental values of justice, accountability, democracy in the co-operative movement.

The principle of universal justice constitutes a shared aspiration of the global community. Within the framework of the United Nations' Sustainable Development Goals (SDGs), emphasis is placed on realizing the rule of law at both national and international levels, while provide access to justice for all. Importantly, the focus is not merely on exposing deficiencies, but on addressing structural and procedural challenges to reinforce and refine existing mechanisms. From a governance perspective, this necessitates institutional reforms that enhance transparency, accountability, and fairness, thereby strengthening public trust in dispute resolution systems. Through such measures, the SDG target on access to justice is expected to be more effectively realized by 2030.

These aspirations resonate strongly with the role of the co-operative tribunal, which serves as an alternative forum for dispute resolution among co-operative stakeholders. Addressing the challenges through comprehensive legal and reforms would not only strengthen the credibility of the tribunal but also contribute to Malaysia's broader commitment to the SDGs, particularly in promoting inclusive and equitable access to justice.

## REFERENCES

1. Abdul Manap, N., & Moslemzadeh Tehrani, P. (2014). The contribution of cooperative law to economic development in Malaysia. *Asian Social Science*, 10(15), 283–290.
2. Amin, Naemah (2013) Introduction to the establishment of tribunal in Malaysia. In: Seminar on Tribunal Proceedings: Current Issues and Challenges, 1-3 July 2013, ILKAP, Bangi.

3. Amin, N. (2007). Consumer redress mechanisms in Malaysia: Prospects and challenges. *IIUM Law Journal*, 15(2), 231–252.
4. By-laws of the Co-operative Societies, Malaysia Co-operative Societies Commission.
5. Chik W.M. (1990). *Bagaimana mengendalikan koperasi*. Marwilis Publisher & Distributors Sdn.Bhd
6. Co-operative Societies Act 1993 (Act 502) & Regulations. (2021). Selangor: International Law Book Services.
7. Dogarawa, A. B. (2005). The Role of Cooperative Societies in Economic Development. *The Nigerian Journal of Administrative Studies*, 3, 1-12
8. International Cooperative Alliance (2025) website at <https://ica.coop/en/cooperatives/what-is-a-cooperative>
9. International Cooperative Alliance. 1995. ICA Statement of Co-operative Identity, Adopted ICA Centennial Congress.Manchester, ICA, Geneva
10. International Cooperative Alliance. (2015). Guidance notes to the cooperative principles. ICA.
11. Low, C. 2006. A framework for governance of social enterprise. *International Journal of Social Economics* 33(5/6): 376-85.
12. Malaysia Co-operative Societies Commission Statistics (2024).
13. Norbiha Kasmuri (2022) *Penyelesaian pertikaian alternatif: Solusi luar mahkamah*. Dimensi Koop, 76. Institute Koperasi Malaysia.
14. Rosli, F., & Abdul Wahab, H. (2020). Implementation of tribunal system in Malaysia: Towards improvement. *Kanun: Journal of Malaysian Law*, 32(2), 223–242.
15. Salleh, H. Md, Arshad, A., Faizal Shaarani, A., & Kasmuri, N. (2008). *Gerakan Koperasi Di Malaysia*, Selangor: Co-operative College of Malaysia