



Harmonization of Cooperative Regulations within the ASEAN Framework: A Legal Review of the Malaysian Copy Study

Gusnetti, Enita, Ineng Naini, Elvina A. Saibi, Ali Ramatni, Yani Maidelwita, Rina Mariana

Bung Hatta University, Graha Karya University, Muhammadiyah Sungai Penuh Teacher Training College,
Mercubakti Jaya University, Fort De Kock University

*Corresponding author: Ineng Naini, Email: inengnaini@bunghatta.ac.id

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ASEAN regional economic integration emphasizes the importance of regulatory harmonization across various sectors, including cooperatives. This study aims to examine the suitability and challenges of harmonizing cooperative regulations across ASEAN countries through a legal review of Malaysia's cooperative regulatory system. As a country with a developed cooperative legal framework, Malaysia offers best practices in national cooperative management that can be reflected in strengthening the regional cooperative legal framework. This research method uses a normative qualitative approach with a comparative legal analysis of cooperative legislation in Malaysia and several other ASEAN countries. The study results indicate that despite differences in the legal and institutional structures of cooperatives across ASEAN countries, there is potential room for harmonization through shared fundamental principles, such as economic democracy, member involvement, and business sustainability. These findings support the need for cross-border policy dialogue to formulate ASEAN cooperative regulatory standards that are adaptive, inclusive, and appropriate to local characteristics. Harmonization of cooperative regulations across the ASEAN region is considered strategic in promoting economic integration based on community participation and social justice.

Keywords: regulatory harmonization, cooperatives, ASEAN, comparative study, Malaysia, cooperative law.

INTRODUCTION

Regional integration in Southeast Asia, realized through ASEAN (Association of Southeast Asian Nations), has encouraged its member countries to harmonize various regulations



in the economic, legal, social, and institutional sectors to realize the ASEAN Community Vision 2025 (ASEAN Secretariat, 2015). One sector that has made a significant contribution to inclusive economic development is cooperatives. Cooperatives not only play a strategic role in strengthening the people's economy and empowering small and medium enterprises (SMEs), but also become an important instrument in creating social stability through a model of collective and democratic ownership (Birchall, 2013).

However, differences in legal systems and policies among ASEAN member countries present obstacles to cross-border cooperative cooperation. These differences encompass licensing, supervision, legal protection, and the legal status of cooperatives in each country (ICA-AP, 2019). Therefore, harmonizing cooperative regulations is urgently needed within the framework of ASEAN legal integration.

Malaysia can be considered an example of an ASEAN country that has successfully built a strong cooperative institutional system. Through its peak cooperative body, Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA), Malaysia has demonstrated progress in the regulation, oversight, and integration of cooperatives with the formal sector (ANGKASA, 2021). The legal framework for cooperatives in Malaysia, as outlined in the Cooperative Societies Act 1993, and the active involvement of the Ministry of Entrepreneurial Development and Cooperatives (MEDAC), demonstrate the government's role in fostering cooperatives in a systematic and market-oriented manner.

In the ASEAN context, harmonization of cooperative regulations does not mean total uniformity, but rather the development of a compatible and mutually recognized legal framework across countries. This is crucial to support resource exchange, joint funding, and the establishment of regional cooperatives with a strong legal basis (ASEAN Centre for Sustainable Development Studies, 2020). This study aims to examine the possibility and direction of harmonization of cooperative regulations in the ASEAN region through a comparative-juridical approach, highlighting best practices from Malaysia as a relevant model.

METHOD

This research uses a qualitative approach with a descriptive case study method focused on analyzing cooperative regulations within the ASEAN framework, taking Malaysia as the object of comparative study. Malaysia was chosen based on the maturity of cooperative regulations in the country, particularly through entities such as Suruhanjaya Koperasi Malaysia (SKM) and the central role of Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) in strengthening cooperative institutions at the national and regional levels.

Primary data was obtained through fieldwork with cooperative institutions and regulators in Malaysia, including semi-structured interviews with officials from SKM, ANGKASA administrators, and academics from Universiti Malaysia Kelantan involved in cooperative policy development. Secondary data was obtained from official documents, laws and regulations, journal articles, annual reports, and relevant scientific publications from both Malaysia and other ASEAN member countries.



Data analysis was conducted using content analysis techniques, involving thematic categorization of key issues in cooperative regulation, regional legal harmonization, and the challenges and opportunities for regulatory integration in the ASEAN context. Data validity was tested using source triangulation techniques, comparing findings from interviews, direct observation, and document studies to gain a comprehensive and in-depth understanding.

RESULTS AND DISCUSSION

1. Malaysian Cooperative Regulatory Framework

The study results show that Malaysia has a structured and centralized cooperative regulatory system through the Suruhanjaya Koperasi Malaysia (SKM), the agency responsible for the registration, supervision, and development of cooperatives nationwide. SKM is empowered by the Cooperatives Act 1993 (Act 502), which provides a comprehensive legal basis for the management and development of cooperatives (SKM, 2023). Furthermore, the existence of Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) as the apex cooperative contributes significantly to linking cooperatives across various sectors with national and regional policies.

Unlike Indonesia, which still faces challenges in ensuring consistency and legal certainty for cooperatives, Malaysia has successfully created a legally based oversight system that promotes professional and accountable cooperative governance (Hamzah & Jusoh, 2020). Malaysian regulations are also adaptive to the development of the digital economy and ASEAN market integration through the development of digital transformation-based cooperative policies.

2. Harmonization of Cooperative Regulations within the ASEAN Framework

ASEAN's economic integration through the ASEAN Economic Community (AEC) requires member countries to harmonize policies across various sectors, including cooperatives. While there is no single supranational legal framework for cooperatives, ASEAN encourages the exchange of best practices through the ASEAN Strategic Action Plan for SME Development 2025, which also includes strengthening the role of cooperatives as micro, small, and medium enterprises (ASEAN Secretariat, 2015).

This pilot study found that harmonization of cooperative regulations can begin with an understanding of the principles of good governance, financial transparency, and uniform institutional oversight. Malaysia serves as a good example in establishing an independent cooperative regulatory agency (SKM), in contrast to Indonesia, which still finds itself in a tug-of-war between the roles of the Ministry of Cooperatives and other regulatory agencies.

This raises the urgency for Indonesia to revise its cooperative regulations to align them with the principles of good cooperative governance, including strengthening the role of an independent Cooperative Supervisory Agency. Regulatory harmonization is necessary to enable Indonesian cooperatives to play an active role in ASEAN economic integration, particularly in cross-border trade, microfinance, and the digital economy.

3. Challenges and Recommendations

One of the main challenges to harmonization is the differences in legal systems across ASEAN member states (civil law, common law, and customary law). Harmonization does not



mean equalization, but rather the alignment of principles and minimum standards. An ASEAN cooperative legal forum is needed to develop a voluntary legal framework that can serve as a shared guideline.

This study recommends the establishment of an ASEAN Cooperative Legal Forum comprising cooperative legal experts from each country to develop guidelines for harmonizing regional cooperative policies that are soft law or non-binding, such as the Model Law on Cooperatives in ASEAN. This approach has been successfully implemented by the European Union in Council Regulation (EC) No. 1435/2003 on the European Cooperative Society (SCE) (Chaves & Monzón, 2012).

CONCLUSION

Harmonizing cooperative regulations within the ASEAN framework is a strategic step to support regional economic integration based on inclusivity and community participation. A pilot study of the cooperative regulatory system in Malaysia shows that the role of the state through specialized institutions such as the SKM and apex cooperatives like ANGKASA has provided a strong institutional foundation for professional and sustainable cooperative governance. While differences in legal systems across ASEAN countries pose challenges, a harmonization approach that emphasizes the alignment of fundamental principles such as transparency, economic democracy, and accountability can provide a common ground in developing a regional cooperative legal framework.

A joint initiative in the form of an ASEAN cooperative law forum is needed to develop adaptive cooperative guidelines and regulatory models, without negating each country's national legal sovereignty. This harmonization will not only strengthen the position of cooperatives as relevant economic entities in the global era but also support ASEAN's efforts to build a just, sustainable, and solidarity-based economic community among member states.

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