

Cooperatives in Malaysia - What Went Wrong?

Zauyah Binti Zainuddin



**Project Paper Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration
Universiti Tun Abdul Razak**

June 2022

DECLARATION

I hereby declare that the case study is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at Universiti Tun Abdul Razak (UNIRAZAK) or other institution.



Signature :

Name : Zauyah Binti Zainuddin

Date :

ACKNOWLEDGEMENT

I would first like to thank to all my lecturers especially to my supervisor Assoc Prof Dr Mohd Yaziz Mohd Isa for all his time, advices and his expertise. I also like to thank to Puan Hazline for helping me do some translation

.

A debt gratitude is owed to the team from koperasi who helped me to distribute the research forms during seminars and majlis raya.

Last but not least, I like to thank you to my husband En Muhammad Hussain for being patient with me and supportive through the process of the reasearch.



TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
ABSTRACT.....	vi

CHAPTER 1 INTRODUCTION

1.1 Introduction of study.....	1
1.2 Background of study.....	4
1.3 Problem statement.....	8
1.4 Research Objectives.....	10
1.5 Research Questions.....	10
1.6 Significance of Study.....	11
1.7 Organization of Thesis.....	11

CHAPTER 2 LITERATURE REVIEW

2.1 Corporate Governance of Cooperatives.....	12
2.2 Concept of Cooperatives.....	14
2.3 Cooperative Development in Malaysia.....	17
2.4 Challenges faced by cooperatives.....	18
2.5 Significance of Cooperatives in Malaysian Economy.....	19
2.6 Causes and Reasons for Failure of Cooperatives in Malaysia.....	20
2.7 What Went Wrong-Cooperatives Development.....	23

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Research Design.....	26
3.2 Population and sampling.....	26
3.3 Data Collection.....	27
3.4 Research Instrument.....	28
3.5 Measurement.....	28
3.6 Data Analysis Technique.....	29
3.7 Reliability and Validity.....	29

CHAPTER 4 RESULTS ANALYSIS AND DISCUSSION

4.1	Results and Analysis.....	30
4.2	Interpretation of Findings.....	42
4.3	Discussion.....	44

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS

5.1	Conclusion.....	47
-----	-----------------	----

REFERENCES.....	52
-----------------	----

APPENDICES.....	62
-----------------	----



Abstract of the project paper submitted to the Senate of Universiti Tun Abdul Razak in partial fulfilment of the requirements for the Master of Business Administration.

Cooperatives in Malaysia - What Went Wrong?

By

Zauyah Binti Zainuddin

June 2022

This study is to examine the performance of Cooperatives in Malaysia after 100 years. Cooperatives remain a dominant entity in Malaysia's socio-economic environment. More recently, cooperatives have played an important role in sustaining the Malaysian economy during the adversity of the Covid-19 pandemic (Business Today, 2021) (Wei, 2021), (BERNAMA, 2021). In order to prove that cooperatives are one of the major economic players in Malaysia, the Ministry of Entrepreneur and Cooperative Development (Medac) is channelling RM20 million worth from the People's Protection and Economic Rehabilitation Package (Pemulihan) package to support the Cooperative Economic Rehabilitation Intervention Programmes. These programmes are the Prihatin Rakyat Cooperative Establishment Programme (KPR), Prihatin Rakyat Cooperative Sales Programme, Cooperative Movement Economic Transformation Programme (TRANSFER) and Online Cooperative Products or Services Trade Programme (e-DAPAT) (AZUAR, 2021). With all the packages offered by the government, the aim is to revitalise cooperatives align with the transformation plan. A study is to highlight why after 100 years cooperatives still need support from government. What went wrong? A number of members of cooperatives were selected from seminars, gathering and functions to answer the questionnaires prepared. The forms were distributed and collected back on the same day.

CHAPTER 1

INTRODUCTION

1.1 Introduction of study

Cooperatives were officially introduced in Malaysia (then known as the Federated Malay States) by the British colonial government in 1922 to encourage savings and protect farmers and government officials from high levels of debt and deficit spending. 1986). During the first step in establishing the cooperative movement in Malaya, Mr. Alexander Cavendish, a British officer, was dispatched by the British government to India and Burma to learn about cooperative affairs being practiced by the two countries. When he returned from his visit, he prepared a report and further discussed the matter with the British government. The law was also closely followed on the basis of the Indian Cooperative Societies Act of 1912. Mr. Alexander Cavendish later became the first director of the cooperative department and shaped the development of cooperatives in this country (Raja, 1999).

With the approval of the law, the first cooperative was established within the activities of the savings and loan cooperative. The introduction of the cooperative savings and loan company in the urban sector was intended to provide competitive credit and also to curb high interest rates and the power of the unorganized money market, particularly the chettiar, pawnbroker, etc. The first cooperative registered in the metropolitan area was the Federation of Malaya Postal and Telecommunications Cooperative Thrift and Loan Society Limited, also known as Syarikat Bekerjasama-sama Jimat Cermat Dan Pinjaman Wang Pekerja-Pekerja Jabatan Pos Dan Telekom Berhad, born on 21. July 1922. This date also marks the celebration of "National Cooperative Day" in Malaysia every year (Amini, 2008).

Another cooperative was founded in the rural sector, mainly to alleviate the poverty and debt of small landowners and producers of rice, rubber and mixed crops, so that the rural population can generate their own capital with the establishment of the cooperative and are free from outside capital. The first cooperative was established in the rural area, the "Syarikat Kampung Tebuk Haji Musa Bekerjasama-sama Dengan Tanggungan Terhad" in the state of Perak, north of Kuala Lumpur. This is the second cooperative established in Malaysia. After the implementation of this cooperative, the members no longer have to rely on the concept of Padi Ratus or Padi Kunca, which was created by the traditional marketing system and was burdensome for the farmers. Padi ratus or padi kunca was a way of obtaining credit from the middleman by exchanging crops for collateral. The middleman raised interest rates and then depressed crop prices to ensure farmers kept paying them for a long time, and so the farmers became utterly depressed and cheated. (Fredericks, 1974).

During the Japanese takeover of Malaya in 1947, all co-ops except in Kedah and Selangor were completely shut down. When Malaysia gained independence in 1957, the Malaysian government re-recognized cooperatives as an important means of alleviating poverty and improving people's socio-economic and living standards. In the late 1960s there were about 3,000 cooperatives with more than 500,000 members. Over the years cooperatives have diversified from pure lending into non-traditional business activities, particularly finance, banking, plantation, consumer, transportation, housing, industrial, construction and services.

Cooperatives remain a dominant entity in Malaysia's socio-economic environment, as evidenced by the number of established cooperatives. In the fiscal year ended December 2019, there were 14,625 cooperatives in Malaysia with a total membership of 6.10 million people, a paid-up capital value of RM15.39 billion and total assets of RM146.78 billion (Ministry of Business Development and Cooperatives, 2021). Cooperative members represented 23 percent of the country's population of 27.73 million in 2008 (Ministry of Finance, 2008). More recently, cooperatives have played an important role in sustaining the Malaysian economy during the adversity of the Covid-19 pandemic (Business Today, 2021) (Wei, 2021), (BERNAMA, 2021). A new 5-year Transformational Action Plan for Cooperative Development, TransKoM, was launched earlier this year to address the failures of cooperatives to sustain themselves, particularly during the Covid-19 pandemic that started in Malaysia on January 19, 2020 (Boyer, 2008).

Of all the impacts of the COVID-19 pandemic in Malaysia, the economy has been hardest hit, causing the country's gross domestic product (GDP) to fall and the Malaysian ringgit (MYR) to depreciate. It has also hit numerous sectors badly, including tourism, hospitality, retail and entertainment (WIKIPEDIA, 2021). In addition to service and supply chain bottlenecks, businesses have been grappling with lockdown measures and social distancing restrictions, which have generally impacted their revenue and operations. The pandemic has also drawn attention to workplace safety and the condition of migrant workers in Malaysian industries. Another strong evidence that cooperatives are significantly failing to sustain the Malaysian economy is the Cooperative Transformation Plan 2021-2025 (Pelan Transformasi Koperasi Malaysia). This five-year economic policy outlines a holistic approach to transforming cooperative

development in Malaysia. The omissions that cooperatives have to play in our economic environment can be contained in the axes and activities of this policy (Campling, 2008).

1.2 Background of study:

Consumer cooperatives can be defined as cooperatives that carry out retail activities such as mini-markets, supermarkets, convenience stores, gas stations, furniture stores and others (MCSC, 2009). Consumer cooperatives play an important role in providing basic necessities and services to their members and non-members at a reasonable price. In 2015, talks were organized with the Malaysian Cooperative Societies Commission (MCSC) to investigate the background of consumer cooperatives. Based on the discussions, the findings revealed that the original recommendation to establish consumer cooperatives as one of the functions of the cooperative movement in Malaysia dates back to 1907, when charging an unreasonably high price for food and clothing (Federated States of Malays, Annual Report on the Cooperative Society in the Straits Settlements and the Federated States of Malays up to the year ending 31 December 1922).

These activities have placed a financial burden on consumers. So it was really important to set up consumer co-ops to minimize the high margins of the existing retailers. The first consumer cooperative in Malaysia was registered in 1936 under the name The Ulu Langat Malay Cooperative Society Shop. Since then, two more cooperatives have been registered in 1940. From 1941 to 1950 the consumer cooperatives showed no progress due to political instability. In 1950 only 21 cooperatives were registered. The outbreak of historical events in the 1950s such as the

Korean War, the Suez Crisis and the Malaya Depression in 1951 have caused the prices of primary products to rise significantly due to inflation. This event has contributed to the problem of undersupply and the occurrence of food fraud and adulteration. It is later exacerbated by the irresponsible seller's black market activities and profit-taking activities. Eventually, the cost of living increased dramatically.

Consequently, the government has taken the initiative to develop and promote the consumer cooperative movement to stabilize the price of basic commodities and also ensure that rural areas can receive an adequate flow of basic commodities at controlled prices. As a result, the government has allowed cooperatives under the supervision of the Cooperative Development Department (now the Malaysian Cooperative Societies Commission) to sell licensed consumer goods in the area that has been declared dark areas under the Emergency Law. At that time, only consumer cooperatives received licenses to sell essential goods. The Cooperative Development Department also conducted regular monitoring of the storage and sale of staple foods in the restricted area. The government has provided monetary incentives, encouragement and support for the creation of a new consumer cooperative. This initiative has helped the cooperative create a place to run their business, buy stock, deliver goods, pay salaries and pay for general expenses. Government efforts have resulted in the expansion of consumer cooperatives to 164 in 1951 and further to 248 in 1956 with a total business turnover of RM23.5 million (Carr, 2008).

Following the encouraging growth of consumer cooperatives, the Malaysian Cooperative Wholesale Society (MCWS) was established to act as the central supplier of consumer goods to all consumer cooperatives with government support. When the factors of inflation are gone, people have stopped seeing interest in convenience stores and their relevance has disappeared from the public eye. Many businesses closed due to their incredible losses. This showed that the intention to set up consumer cooperatives did not come relatively from the intention and desire of the people themselves, but rather from politics to contain the unstable environment of the time. At the beginning of the 1960s, 44 consumer cooperatives were closed due to the loss of state subsidies, mainly in consumer goods supply facilities. Failure to collect outstanding debts was another factor that led to the closure of these cooperatives. In April 1970, the 32nd Conference of Malaysian Cooperatives was held in Johor Bahru (Conti, 2002).

A resolution was unified to establish a National Cooperative Supermarket based on the requirements to promote the development of the consumer cooperative movement. Between 1970 and 1972, the Cooperative Union of Malaysia (CUM) took steps to implement the resolution and began sending cooperative leaders to consumer cooperatives in Sweden for training. Experts from the International Cooperative Consumers Cooperative Alliance (ICA) and the Swedish Cooperative Center (SCC) conducted research to find out the feasibility of building a supermarket in Malaysia using the cooperative concept. As a result of these findings, Koperasi Pasar Raya Malaysia Berhad (KOPASAR) was established in June 1973. After the successful establishment, many consumer cooperatives took the opportunity to establish a mini-market cooperative concept such as Shamelin Cooperative, Police Cooperative, Military Cooperative, Federal Office for Regional Development (Felda), Federal Office for Land

Consolidation and Rehabilitation (Felcra), state and private bodies and KOMART . The Felcra and the Felcra are two authorized organizations that were responsible for establishing consumer cooperatives in rural areas in the place where they transferred their settlers to the land regime. These consumer cooperatives supplied the settlers with their daily needs, since the nearest supermarket was inaccessible. At the same time, FELDA also operated the FELDA Trading Corporation (Feldaniaga), a company similar to consumer co-ops but quite unique in terms of its functionality (Nielsen, 2006).

Since both operate in the same territory, this has led to fierce competition as both have competed on the same ground. Then the consumer cooperatives began to fail. When FELDA changed its policy in 1974, cooperatives were given the opportunity to operate under the land regime. Cooperatives FELDA now works properly to run convenience stores, gas stations, transportation, plantation work contracts, and so on. Shamelin Co-ops are among the few that have opened their retail outlets in both urban and rural areas. In the 1970s, they established about 50 stores, but due to poor management and high leakage, all stores closed. The Police Cooperative and the Military Cooperative opened 15 and 5 shops respectively at that time. KOMART was the product of the Malaysian Consumers Cooperative Society (MCCS), which started operating in 1984. These stores were technically designed by the Japan Consumers Cooperative Union. At that time, only a few supermarkets in Japan were very famous in this country, namely Kimisawa, Hankyu Jaya and Yaohan. KOMART also hit an impasse when it was later closed due to inefficient management, lack of member support, intense competition and insufficient oversight on the part of internal control. All Japanese supermarkets listed above are now closed. In 1996, the number of cooperatives involved in supermarkets, mini-markets and shops increased to 1,852

entities with membership of more than 1.9 million people. Total sales for the year were RM526.7 million and profit was RM132.4 million (Nielsen, 2007).

1.3 Problem statement:

At the level of the individual members, the cooperative may seem trivial, but what is remarkable is the collective authority of the cooperative. Realizing this, more and more Malaysians are trying their luck in cooperative business failure. In fact, one in five Malaysians is a member of a cooperative and this social enterprise is the third largest contributor to the country's GDP. Cooperatives are champions of stimulus and economic growth in the spirit of the New Economic Model, the blueprint for the country's economic development. Therefore, the purpose of the failure of the cooperatives is no longer only to improve the living standards of their members, but also to realize and preserve in this research the nation's growth agenda. To ensure this new purpose is achieved, it is important that Malaysia's cooperative development stands out even during the Covid-19 pandemic or other adversity (Nielsen, 2007).

Since well-functioning cooperatives exist because of their failures, it is important to identify these failures in the context of cooperatives in Malaysia. Importantly, at the time this investigation was conducted, one of its kind had not been conducted before. Most of the co-op store in Malaysia is small and medium sized with relatively low purchasing power. In these cases, the consumer cooperative does not benefit from the discount normally granted for wholesale purchases. In comparison, the selling price of consumer cooperatives is relatively higher than that offered by giant operators such as hypermarkets. The cooperatives shared a common identity of values

and principles. This identity includes cooperation between cooperatives. In Malaysia even the cooperatives recognize the background of a common identity, unfortunately the cooperative in general operates on an unusual basis in that it prefers to be completely segregated and partitioned between groups. This has made the collaboration between one and the other very remote. In that sense, segregation doesn't really benefit the cooperative movement, but it has ultimately weakened it and undermined the strength of the cooperative in the economy. Pathak and Kumar (2008) suggested that one of the main reasons for the failure of cooperatives was a lack of understanding of cooperatives and a lack of training in financial management (Nikiforow, 2010).

Another aspect of segregation has also given large hypermarkets such as Carrefour, Tesco, Giant and Jusco the opportunity to set up their business structure to compete in the same territories as the country's co-ops. In addition, with the help of solid capital and successfully applied creative marketing, the loyalty of the cooperative members themselves has made itself felt. The spirit of loyalty to co-operatives has slowly faded, and members often turn to hypermarkets for their hypermarket purchases because of the low prices and convenience of shopping. This has slowly affected the retail activities of the consumer cooperatives in the country. Hypermarkets have been successful because of their innovation and novelty strategy, while consumer co-ops still have a conservative approach. The unequal balance of transaction flow between the cooperative sector and the private or corporate sector has been identified as another contributing constraint. Too much reliance on outsiders has resulted in a lot of money draining from the co-operative sector and making wealth accumulation downright difficult in this regard (Pathak, 2008)

1.4 Research Objective

- i. To explore what went wrong for cooperative in fostering the value of common well-being significant in preserving the Malaysian economy.
- ii. To evaluate failure of cooperative in improving the legal system and governance structure significant in preserving the Malaysian economy.
- iii. To examine the failure for cooperative in boosting talent and developing human capital significant in preserving the Malaysian economy?
- iv. To evaluate the weaknesses of cooperative in empowering the parent establishment and dissemination system significant in preserving the Malaysian economy?

1.5 Research Questions

This research attempts to answer the following questions:-

1. What went wrong for cooperative in fostering the value of common well-being significant in preserving the Malaysian economy?
2. How does it failure of cooperative in improving the legal system and governance structure significant in preserving the Malaysian economy?
3. What went wrong for cooperative in boosting talent and developing human capital significant in preserving the Malaysian economy?
4. Does cooperative in empowering the parent establishment and dissemination system significant in preserving the Malaysian economy?

1.6 Significance of Study

A shock as deadly as Covid-19 implies an economic recession in Malaysia and around the world. High morbidity and mortality rates are the basis for the decline in the labor force, productive capacity and productivity. This leads to insecurity and a decline in prosperity, which in turn leads to a decline in consumption and investment and the failure of cooperatives. The situation is made worse in a developing country like Malaysia as negative "supply and demand" spills across Malaysian borders through trade, financial and migratory links. To make matters worse, attempts to flatten this pandemic curve are costly as containment and mitigation measures require a slowdown in economic activity. In Malaysia, the failure of cooperatives and economic losses are having a tangible impact not only on average income, but also on public services, household consumption and ultimately vulnerability and poverty. Therefore, the government of the time has no choice but to decide on the appropriate level of containment, mitigation and intervention measures and strike a balance between minimizing the health emergency and sustaining economic activities by promoting cooperatives in Malaysia (Stone, 1988).

1.7 Organization of thesis

This study will be comprised on total 5 chapters in which chapter 1 will be the introduction chapter, chapter 2 will be the literature review, chapter 3 will be the research methodology, chapter 4 will be the results analysis and discussion and chapter 5 will be the conclusion and recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Corporate Governance of Cooperatives

Corporate governance problems included management inefficiency in administering cooperatives. Some accounting records were not kept or updated in accordance with the requirements of the Co-operative Law. Insufficient planning and lack of market research has resulted in tremendous failures, particularly in selecting the right location to set up retail stores, resulting in a non-strategic location and making stock purchases that are neither in demand nor in members' interest. Boards of Directors (BODs) have a cursory understanding of the philosophy and principles of cooperatives and the exercise of their role as board members. They also reduce managerial skills. Therefore, all transactions without guidelines were billed to the store manager. Barely organized BOD Board of Directors meeting. (Raja Maimon, 1999).

It has also been noted that some consumer co-ops are run by less competent, skilled and experienced management personnel, which has led to a misunderstanding of the business that requires management to have more business acumen to operate retail outlets. The strategy of diversifying business revenue has also resulted in a loss of business focus and has resulted in the inability to fulfill the original purpose of its establishment. Most of the hired managers and employees of the cooperative did not have the necessary skills to run the business and lacked knowledge in the aspects of sales and accounting. For example, business records were not kept properly and financial statements were difficult to prepare, leading to delays in the AGM. In addition, the managers and staff of the cooperative administration have not been able to make

decisions on how to set a competitive sales price, open new stores and purchase property without considering the qualitative and quantitative factors that exist in cooperatives. In order to encourage better purchases and repeat purchases from customers and members, some cooperatives would initiate the introduction of the credit loan system (Wijesinha, 1993).

After all, many customers and members rely on the cooperatives when making purchases. This system has proven to be successful in attracting customers as they would not be able to do this when shopping in other stores as elsewhere they prefer transactions that are primarily made in cash. However, over-crediting without an adequate management and control system has aggravated the situation and as a result debt collection has become more demanding. As a result, some cooperatives have to bear the cost of uncollected debt. Wijesinha's (1993) key findings on governance include the following: 1. Consumer cooperatives faced the problem of high member debt. 2. Cooperatives must have extensive experience in supermarket management to ensure the success of consumer activities. 3. Consumer cooperatives grew too fast and lost focus on business, resulting in significant losses and being forced to close. 4. Some of the consumer cooperatives in the Klang Valley showed no profit in business and had to be dissolved. Another factor that leads to the failure of co-op companies are bad loans, choice of non-strategic business location and lack of storage facilities in various industries (Azmah, 1993).

2.2 Concept of Cooperatives:

Cooperatives were created to solve the problem of farmers' indebtedness in rural areas (Ministerio de Desarrollo Empresarial y Cooperativas, 2021), there is other literature that contradicts this. As an example, it is claimed that Sir Arthur Young, the British Minister for Straits Settlement, first introduced the idea of cooperatives to Malaya around 1907 (Suruhanjaya Koperasi Malaysia, 2021). He pointed out that the development of cooperatives in Cyprus is a great success, but the Malaysian people do not take it seriously as most of them have doubts about its success (Suruhanjaya Koperasi Malaysia, 2021). Next, between April 14 and June 23, 1931, Sir Alexander Cavendish, then Deputy British Adviser, was instructed to observe and suggest the appropriate techniques for establishing cooperatives. Finally, on December 12, 1921, a report was submitted to the Federal Council for discussion (Creech, 2008).

The humble beginnings of cooperative development in Malaya Malaysia (Malaysia, post-1963) existed mainly to ease village debt problems in the early 20th century (Ministry of Entrepreneur Development and Cooperatives, 2021; International Cooperative Alliance Asia and Pacific, 2021). Over time, they have become an important pillar to contribute to Malaysia's economic development. The government believes that cooperatives are an important vehicle, working hand in hand with the public and private sectors to guide and improve the economy. As mentioned above, the establishment of cooperatives in Malaysia was originally initiated by the British in 1907 to alleviate the severe debt problems in the villages and the budget deficits of the employees. In 1922 the Department of Cooperative Development (DCD) was established to encourage the development of cooperatives and to ensure that cooperatives operated in accordance with the Cooperative Societies Act 1922. The

Postal Savings and Loan Cooperative Society and Telecommunications Ltd the pioneer cooperative was founded in the same year; and for the year Malaysia gained independence from Malaya, the record was 2,243 cooperatives in various sectors. In the early years of independence, the cooperative development in Malaysia became stronger and more dynamic with the rationalization and consolidation activities carried out by Bank Rakyat and DCD. In 1966 there was a great need for interlocking markets, which in turn led to policies encouraging existing and new cooperatives to convert into multi-purpose and business cooperatives. In order to achieve unity among the cooperatives, the first Malaysian cooperative congress was organized in the same year to establish a national cooperative union (Poole, 2008).

The Second Malaysian Cooperative Congress enabled the establishment of ANGKASA as the Cooperative Association of Malaysia in 1971. Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) or Malaysian National Cooperative Development is the umbrella organization whose main role as representative of the cooperatives is both inside and outside Malaysia. Those born before 1972 must have witnessed the formation of the Farmers Organizing Authority (FOA). Their sole aim was to merge the farmers' association and the agricultural cooperatives into a single body. As a result, more than 1,550 farm cooperatives have been regulated under the FOA. In 1982, the Ministry of National and Rural Development (the ministry responsible for cooperatives) introduced the new era of cooperatives to promote, restructure and prepare cooperatives for a more dynamic and active failure of economic growth and stress relief. The government participated in the creation of new cooperatives, such as B. District Development Cooperatives, Cottage Industry Cooperatives, Village Development Cooperatives, and Employee Investment

Cooperatives. Four years after the New Era co-op initiative, however, co-op development was seriously twisted when the agency confiscated the assets of 24 depot co-ops due to declining assets, mismanagement and corruption (Casil, 2008).

In the 1990s, the Department of Land and Co-operative Development was given authority to oversee the DCD, which focused on creating more employee investment co-operatives in private companies and factories. The first six months of the 1990s saw positive development growth, from 2.57% during the Asian recession to 3.1% per year. The first National Cooperative Policy (2002-2010) was issued in 2004 to make way for cooperative development to play an equally active role as the public and private sectors in national economic development. All co-operatives were placed under the supervision of the Ministry of Economy and Co-operative Development (MeCD), with DCD having sole authority. In the first five years, cooperative development represented extremely positive growth, with the number of cooperatives increasing by an average of 9%. By 2009 the statistics had grown to 7,215 cooperatives with 6.78 million members. The DCD was founded in 2008 as the MCSC and is affiliated with the Ministry of Internal Trade, Cooperatives and Consumption.

Then the following Policy for Cooperatives – National Cooperative Policy (2011-2020) was a continuation of the previous one, which detailed five strategic axes: (1) Promoting the participation of cooperatives in high value sectors of the economy (2) Strengthening the capacity and capacity of cooperatives (3) building and developing human capital capacity in cooperatives (4) increasing public confidence in the development of cooperatives (5) strengthening cooperatives through effective

monitoring and enforcement. In 2013, this policy was incorporated into the Malaysian Economic Transformation Program. ANGKASA tries to strengthen cooperatives in different sectors and increase their contribution to the national GDP. The Malaysian UN Voluntary National Survey Report for the High Level Political Forum recognized the role of cooperatives in improving food security in 2017 (Sustainable Development Goal 2). In 2019, the cooperatives were finally subordinated to the Ministry for Economic Development.

2.3 Cooperative Development in Malaysia

In short, these are the important dates that affected the development of cooperative development in Malaysia (Suruhanjaya Koperasi Malaysia, 2021). As of December 31, 2019, the statistics recorded that a total of 14,625 cooperatives were registered with a membership strength of 6.09 million, registered capital and fees valued at RM15.39 billion, and assets valued at RM146,780 million. Of the total registered cooperatives, a total of 9,397 (64%) were active cooperatives, 3,094 (21%) were inactive cooperatives and 2,134 (15%) were inactive cooperatives. An inactive cooperative is a cooperative that has no activity, does not hold an annual general meeting and whose accounts have not been audited for a period of more than three years. Whilst inactive cooperatives are cooperatives that have been inactive for three consecutive years but still hold annual general meetings and have their books audited during that period. member confidence while contributing to national economic income. In 2019, the registered capital and cooperative development fees were RM15.39 billion

compared to RM13.47 billion in 2014. This shows growth at an average rate of 2.56%, in line with the increase in Number of registered cooperatives each year (Kumar, 2008)

2.4 Challenges faced by cooperatives:

Malaysia due to the impact of the COVID-19 pandemic which has severely impacted the countries economy including the cooperative sector. The main challenges as a result of the contagion of this epidemic include restricting cash flow, reducing sales value and disrupting the supply chain (Ministry of Business Development and Co-operatives, 2021). Cash flow is the biggest challenge, mainly because entrepreneurs have to bear the running costs of the business, such as: B. Employee salaries, rent of premises, utilities and repayment loans. Sales performance also declined due to lack of customers, lack of resources to attract new customers and challenges in adapting product marketing strategy and alternative services (Ministerio de Desarrollo Empresarial y Cooperativas, 2021). These challenges have impacted the economy and the recovery process of the cooperative sector, necessitating the search for more innovative business models in the face of the needs and desires of new regulations (WIKIPEDIA, 2021).

The specific interventions introduced by the government through the stimulus packages PRIHATIN, PRIHATIN PyMEs, PENJANA, KITA PRIHATIN and PERMAI have many benefits, not only for entrepreneurs and companies, but also for people from all walks of life (Business Today, 2021; Ministry of Finance (MOF), 2021; MOF, 2020; MOF, 2021; Malaysia Kini: News and Opinions Matter, 2020 and Smart Solution, 2019)The Ministry of Enterprise Development and Cooperatives has taken the initiative with the Entrepreneurs and Cooperatives Rehabilitation Plan to ensure that the momentum of the

cooperative business becomes stable again in 2020-2021. This plan can also help ensure that the cooperative sector can continue to generate income. including facilitating unsecured applications for funding under the Cooperative Commission of Malaysia Capital Revolving Fund [TMP-SKM] (Wei, 2021). In addition, as a complement to the stimulus package introduced by the government, the Cooperatives Commission of Malaysia (SKM) has provided some initiatives worth RM1.099 billion that can benefit more than 14,000 registered cooperatives across the country (AZUAR, 2021). The initiatives put in place are intended to support cooperatives' cash flow, provide access to finance, restore cooperative operations and help cooperatives comply with the Development Control Orders [PKP] (Business Today, 2021).

2.5 Significance of Cooperatives in Malaysian Economy

As one of the organizations of the social economy, cooperatives play a very important role in providing food, health care and de facto facilities to vulnerable target groups and the recognition of vulnerable people. They have engaged with the authorities, shared experiences and data, solved problems and problems, pointed out the value of these organizations, their internal networks and knowledge sharing (especially important in remote areas), and described the promising results of the forums and the co-shaping of decisions local level. In fact, cooperatives are at the forefront of recognizing and implementing social innovations and alternative approaches to systematizing economic programs. Consequently, these programs and social innovations were adopted and implemented by macroeconomics (e.g. ethical finance, organic food development or fair trade, etc.). These innovations have underpinned societal and economic change and are badly needed in the wake of the Covid-19 pandemic (Stone, 1988).

As a social organisation, the cooperative has good prospects of fostering innovation to solve serious social and environmental challenges. It does this by highlighting social impacts and engaging with local stakeholders (individuals, the public, businesses, academics and policy makers) in a way that encourages the adoption of new standards. Solid political measures are required, which are presented and ultimately expanded as legal frameworks, as ballast for these new norms or culture and teamwork that have noticeable effects. On March 30, 2021, former Prime Minister Tan Sri Muhyiddin Yassin unveiled the latest transformation plan for cooperatives in Malaysia. He welcomed the move by the Ministry of Business Development and Cooperatives to develop the Cooperative Transformation Plan of Malaysia (TransKoM) 2021-2025, which is very apt to be the transformational axis for cooperative development (Borneo Post Online, 2021) (BERNAMA, 2021)

2.6 Causes and Reasons for Failure of Cooperatives in Malaysia:

Problems with member participation lie in the lack of cooperative formation and the consumption of their members. Members generally do not understand the role of cooperatives and are therefore lagging behind in understanding their rights and obligations to contribute to cooperative development. This contempt has led them to treat co-ops similarly to other businesses, and consequently treatment of consumer co-ops and other businesses is seen as equal. This has become a disadvantage for the cooperative as it would have been strengthened had it had strong member support since its inception. Members participate in the cooperative only to receive dividends and loans. (Raja Maimon, 1999). According to Azmah et. al (1993) less than 50% of respondents attended the annual general meeting of consumer cooperatives. About

14.3% did not show up for the meeting. Members of rural cooperatives participated more actively in the AGM than urban cooperatives (Wijesinha, 1993).

The study added that there were a large number of members who had not increased their equity investment since joining co-ops, and around 34.8% agreed they joined co-ops because of encouragement from their friends. In terms of store loyalty in particular, research has shown that around 60.3% of respondents agreed that they often shop at stores other than co-operative stores, particularly among urban respondents, because they did not stock the required goods at the co-operative stores, a greater variety of products, other stores were comparatively cheaper, and it was close to where they lived. It showed that members were less concerned about doing their best for the cooperative. Even if they are granted credit, they do not pay their debts when required. The cooperatives were also left alone with the burden of unpaid loans. This has created a liquidity crisis and will eventually need to be abolished. The implementation of the rebate is becoming increasingly unpopular with store consumer cooperatives as it has become tedious to prepare the paperwork for distributing patronage. The cooperatives remain conservative, which has not benefited the members themselves (Ramezani, 2008).

Products sold by co-op stores often do not offer competitive prices compared to competitors. As a result, co-ops are losing cash customers and co-ops are losing quality customers. On the other hand, it is found that interactions between the cooperatives and the producers are minimized, resulting in the cooperative not buying directly from the producer and receiving the benefit of reduced prices. Cooperatives also misunderstood the pricing strategy, selling new products at old prices (Wijesinha, 1993) and weaknesses in terms of marketing through virtual channels. Cooperatives could not

compete with private companies in leveraging established e-commerce businesses and expanding market coverage.

Because the use of ICT to promote business cooperation is still at a low level, as it requires a lot of capital. Awareness of the importance of ICT is still very low in society. Due to low purchasing power, consumer cooperatives have not been able to benefit from competitive pricing, which has resulted in high purchasing costs and costs of goods sold. Suppliers were also unable to provide credit facilities due to lack of trust and close relationships between them. Scenarios at the top also had implications for co-ops as retail outlets would not be able to offer a variety of products for sale. The products in the retail stores proved to be limited and of poor quality. The point of sale of some cooperatives was inefficient and trade practices were lacking. For example, they were not equipped with ATMs (cash registers), where transactions are still partially performed manually, the accounting system was not systematic, ordering and delivery techniques were less effective, stock records were incomplete, and the store's image was not satisfactory. be dusty and the cooperative still maintains old and damaged stock. Insufficient attention to inventory and lack of inventory checking. Consumer cooperatives also face intense competition from the same operators with more dynamic, established and efficiently resourced facilities. The main competitors in the market are Carrefour, Tesco, Mydin and Giant, which offer more competitive prices and products. The emergence of these large supermarkets with new innovations in concepts and functions was felt to be more attractive to the customer (Paas, 2008).

According to A.C. Nielsen (2006), the Malaysian retail segment is dominated by foreign retailers such as Carrefour (France), Jaya Jusco (Japan), Tesco (UK) and Giant (Hong Kong), which control around 46% of the segment (Economic Report, 2005/2006). With the existence of these large hypermarkets, many small retailers are directly affected by declining sales, reduced customer numbers and declining corporate profits (Kalappan et al., 2008). He added that the impact of the presence of large retailers is more pronounced than the benefits that can be derived from it. According to Stone (1988, 1995 and 1998). If the small retailers' products are found to be similar to those of the hypermarket, the small businesses will suffer greater losses due to lack of competitiveness. It was found that most managers and employees were dissatisfied with the workload that was not worth the salary received. Employees were less willing to work in co-operative stores during long opening hours (typically 8:00 a.m. to 9:00 p.m.). The cooperatives could not pay wages higher or more reasonable than those offered by the market. Career advancement and incentives were scarce as employees felt they could not achieve a better position in the future (Chan, 2008).

2.7 What Went Wrong-Cooperatives Development:

The sustainability of cooperatives in the future is very crucial, especially in promoting social well-being and improving the economy and the lives of members, as envisaged in the founding agenda. Given this importance, it is therefore necessary to develop vital strategies, while certain practices of cooperatives need to be renewed. This is to ensure that cooperatives continue to receive support from members and the public. Other suggestions that coops may consider include strengthening member engagement and raising awareness about coops to encourage ongoing support, investing in more professional and educated candidates for coop positions, effective human resource

management, networking and collaboration with other coops and local industries. and support from government agencies, particularly in revising government policy on cooperatives, in order to initiate healthy competition between them and private operators. This study attempts to examine the challenges faced by consumer cooperatives in conducting their retail operations in Peninsular Malaysia (Ramezani, 2008).

Very little research has been done in this area, hence the intention of this research is to provide an insight into the scenario playing out around this organization. The questionnaires were distributed using simple random sampling to learn respondents' perceptions of the cooperatives. The responses of a sample of 300 cooperatives were analyzed. The result showed that the main challenges for cooperatives are (1) finance, (2) corporate governance, (3) member participation, (4) marketing, (5) relationships with suppliers, (6) competencies, (7) employee motivation management . Some of the results of this work could be a suggestion for those researchers interested in further research in this area.

Consumer cooperatives also face intense competition from the same operators with more dynamic, established and efficiently resourced facilities. The main competitors in the market are Carrefour, Tesco, Mydin and Giant, which offer more competitive prices and products. The emergence of these large supermarkets with new innovations in concepts and functions was felt to be more attractive to the customer. According to A.C. Nielsen (2006), the Malaysian retail segment is dominated by foreign retailers such as Carrefour (France), Jaya Jusco (Japan), Tesco (UK) and Giant (Hong

Kong), which control around 46% of the segment (Economic Report, 2005/2006). With the existence of these large hypermarkets, many small retailers are directly affected by declining sales, reduced customer numbers and declining corporate profits (Kalappan et al., 2008).

He added that the impact of the presence of large retailers is more pronounced than the benefits that can be derived from it. The aim of this research is to uncover the significant failure of cooperatives to sustain the Malaysian economy during the Covid-19 pandemic. According to Collins online dictionary, a significant role means that if you play a role in a situation or in society, you have a specific position and function in it. Therefore, it is very important for researchers and stakeholders in cooperative development to find out whether the 5 axes with their 36 programs and activities are viewed as a significant failure of cooperatives to sustain the Malaysian economy, especially during adversities such as the Covid-19 pandemic.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design

Planning an investigation helps investigators to prepare and conduct the analysis in a descriptive framework that helps them obtain the evidence and findings and thus work on their ability to be firmly connected to the real life situation (Burns and Grove, 2001). . . : 223). . On the other hand, Polit and Hungler (2022:155) refer to research design as a framework or design to conduct the analysis with an ideal mastery of the factors that can affect the validity and reliability of the result. This study is a quantitative investigation using a causal design to notate the effect of independent factors on the dependent variable to assess what went wrong in the development of cooperatives in Malaysia. The outstanding work could then be categorized into individual perceptions, contributory elements to benefits, and factors influencing the likelihood of cooperatives starting and sustaining activities to save the Malaysian economy and avoid a recession (Ernst & Young, 2012).

3.2 Population and sampling:

The target audience of this research are the partners of nice development in Malaysia, including the cooperatives' bankruptcy journals, the executives, individuals, employees and officials associated with the management of the cooperatives. The sample is a group from the target population, for this situation the partners are trained in IT or are approaching the Internet. Regarding the sampling system, the sample size of 250 was chosen because the sample (respondent) ratio was 10:1, which is still a

prevailing guideline of many researchers, especially the people who use it to determine sample size. with the ultimate goal of analyzing exploratory variables (Costello and Osborne, 2005).

3.3 Data Collection

Data is being collected for the survey to assess what went wrong in the development of cooperatives in Malaysia. The primary data collection strategy is used, with the study interface provided to respondents via the distributed form. All data are entered into SPSS Form 26 (Statistical Package for the Social Sciences) for factor (role) analysis (Chan, 2008).

To test the uncompromising quality of things, Cronbach's Alpha Reliability Test is performed on the input data (Hutchinson, 1998). Originally, English and Malay dialects were used in one survey, however, due to specific issues, the analyst decided to use only the Malay language measurement and to translate this into the English language measurement during the survey phases (Fehmeen, 2010).

The sampling technique used is the targeted sampling strategy where the analyst simply selects the respondents who are the manager, the board members, the executives and the people in the coops and the government officials who run the coops. These respondents are considered suitable based on their cooperative master data. The surveys were done during the Cooperatives programs, functions and gathering where all the forms were distributed to those respondents who are also members of cooperatives.

3.4 Research Instrument

As this study aims to address the question of whether co-operative insolvencies are having a full impact on the Malaysian economy, the instrument used is the survey questionnaire as it is the most appropriate. The survey is chosen as the analysis tool, in which groups of things are analyzed by the social event and the data is broken down from only a sample of the population, but the aim is to approach the entire population. In other words, although this study is only conducted on a subset of the population, the results tend to be aggregated for the entire population (Nworgu 1991: 68). Similarly, McBurney (1994: 170) also views the Malaysian survey design as a tool to capture popular evaluation or individual qualities through the use of questionnaires and sampling strategies. English and Malay dialects. Each of the 36 things was taken from the TransKoM plan 2021-2025 (Gibson, 2005).

3.5 Measurement

The factors are estimated using the instrument: the Survey Questionnaire, which contains 16 items. These things use the 5-ladder Likert scale to examine the importance of co-operatives in preserving Malaysia's economy. The magnitude of the factors radically affects the types of scientific methods that can be applied to the data and what types of purposes can be extracted from the data. Each of the four estimators, which are apparent, ordinal, interval, and ratio, are used for all broad purposes in this concentrate (Kareem, 2012).

3.6 Data Analysis Technique

The researcher uses a methodical use of descriptive and statistical strategies to achieve the best results in this survey. Above all, it will endeavor to definitively present the scope of the data. The researcher will then carefully modulate the data structure in light of existing SOPs. To make it easier for the crowd to appreciate the results, you will make an honest effort to collect the data representations. The description of the analysis results using diagrams, images and tables also contributes to this. The analyst will also evaluate statistical trends and probability data in a top-down conversation. Finally, derive meaningful purposes, also known as data analysis (Henehan, 1997).

3.7 Reliability and Validity

To conduct the current research the researcher has to adopt and implement the reliability and validity technique to check the accuracy of the data for the current research and to get the more reliable outcomes of the study (Rohani, 1993).

CHAPTER 4

RESULTS ANALYSIS AND DISCUSSION

4.1 Results and Analysis

Economic Impact Analysis

SAM Model

Economic effect concentrates for the most part utilize territorial modelling strategies intended to give exact portrayals of the linkages between the different areas in the economy. Social Accounting Matrix (SAM) models permit researchers to explore the interdependencies that industry, foundations, and families have with one another concentrated on district. A SAM thorough economic accounting framework tracks economic transaction inside a given economy. These sorts of local models additionally recognize the general size and commitment of an industry, its economic impact or economic value, corresponding to the area blend of economic action (Chukwukere, 2012).

A SAM model offers a "depiction" of the economy during Coronavirus, specifying the deals and acquisition of labor and products between all areas of the economy during Coronavirus for a particular time frame. The progression of dollars related with the activity of an industry is followed all through the economy during Coronavirus. One industry's product can be bought by others as provisions, manure, fuel and seed by families and different foundations for conclusive utilization, or be sent out beyond the survey district. Moreover, an industry's product can be bought from different ventures in the economy during Coronavirus, from foundations like families, or imported from outside the district. Fundamentally, any

industry's administration or product requires workers, materials, utilities, capital ventures, supporting, upkeep, gear, and administration inputs (Leviten-Reid, 2011).

A survey mentioning economic data for economic 2022 was shipped off 450 cooperatives in March 2022. It was concluded that 240 enlisted cooperatives would be avoided from the survey since a 2022 survey in observed that they were directing practically no business (Cropp) and test size would be 250 for this ongoing concentrate in Malaysia. These included province Farm Bureaus, dairy breed affiliations, and other agrarian trade associations coordinated as cooperatives somewhat recently. An aggregate of 250 studies were returned by cooperatives (in excess of 50% reaction), albeit all surveys were not completely finished. Followup calls to non-respondents, industry trade affiliations, and key witnesses delivered extra data from 123 cooperatives working in the Malaysia. Those included 25 of the underlying cooperatives surveyed (as yet working), 4 ranch credit affiliations, 80 town shared insurance agency, 8 huge rural advertising cooperatives settled somewhere else and not consolidated in Malaysian (e.g., Land O'Lakes), and 6 non-integrated lodging cooperatives. (Some lodging cooperatives are not officially integrated in spite of the fact that they work as per by and large acknowledged helpful standards in Malaysia.) (Hagen, 2004)

Not each of an industry's products might be bought locally. Firms might create merchandise or offer types of assistance for "trade" (i.e., sold external the locale being displayed). They draw in external assets into the district that thusly support work, modern buys, and family spending. Firms that utilization privately created products, rather than those from outside the area, produce income streams to other local businesses. Notwithstanding, firms that produce labor and products for local utilization (either by businesses or by families) may not

really invigorate critical extra economic development in the district. A firm that buys or sells products locally (inside the district being displayed) is presumably consolidated in SAM model computations. Appraisals of an industry inside the area being displayed depend on public and local modern surveys. Tragically, they don't separate cooperatives from other authoritative designs. SAM results are just measures that mirror the quality and sort of data utilized and the presumptions understood in the modelling (Davis, 2001).

Interpretation of SAM Model Results for evaluate role of cooperatives for Malaysian economy:

SAM models produce numerous sorts of data. The more helpful outcomes for organizers and policymakers are evaluations of (1) positions; (2) compensation and income; (3) all out income; and (4) charge streams in Malaysia. These four classes of economic action are accounted for in the outcomes area. Occupations are characterized as the quantity of positions made in the local economy during Coronavirus, not the quantity of utilized people. This differentiation is significant on the grounds that the connection between work development and workforce development shifts considerably relying upon the business. A few enterprises depend intensely on semi-gifted and seasonal work. Others utilize all the more full-time or gifted positions. It is significant, whenever the situation allows, to quantitatively survey whether the positions invigorated by a given industry are parttime or all day and higher or lower incomeing. Compensation and income incorporates the wages and income rates paid to representatives and owners, the ordinary benefits made by sole owners. Absolute income (gross local product) incorporates all private income (work remuneration and income to sole owners) in addition to property income (profits, interest, and leases), and roundabout assessment

installments (basically extract and deals charges paid by people to organizations). This is much the same as the public Gross Domestic Product (GDP) measure (Othman, 2008).

Charge streams measure the dollar value of assessment incomes created by the business that stream to public organizations (the local, Malaysia, and Federal Governments). This stream incorporates direct expenses paid by the business as well as the assessments paid by its workers and duties paid on economic exercises made through backhanded and prompted impacts. SAM models can likewise measure an industry's all out modern result (gross deals). While some industry experts might get a kick out of the chance to utilize these nearly huge numbers while advancing the effect of their industry, modern result isn't really a dependable mark of an industry's local economic effect. A service station, for sample, may produce a great many dollars in gross deals every year, except since it has not many and inadequately paid parttime representatives, its economic effect might be unimportant (Levi, 2001).

Consequently, modern result was not estimated for this analysis, which rather centered around the business, income, and expense related estimations portrayed previously. Every one of the economic effect measures delivered by SAM models are additionally isolated into immediate, roundabout, and prompted parts. For sample, accept the absolute local economic effect (complete impact) estimated as far as occupation creation in a specific industry is 1,000 positions. This industry may just straightforwardly utilize 500 individuals in its organizations (direct impact), in spite of the fact that as a result of its tasks it might produce 500 extra positions (backhanded and initiated impacts). Direct impacts allude to the genuine creation of the organizations or establishments that are contemplated. For instance, direct positions are the quantity of positions inside some random business. Direct income and income addresses the

organizations' installments to all workers and gets back to sole owners. Aberrant impacts measure the value of extra economic requests that the organizations or establishments being concentrated on put on different ventures in the area (e.g., when they buy supplies from these enterprises). (Utusan, 2009)

Firms utilize public utilities, communication frameworks, fuel, discount labor and products, made merchandise, economic and lawful services, crude and handled wares, and the products from an collection of different organizations to make their own services or products. Instigated impacts measure the effect of profit spent by laborers in immediate and circuitous positions on labor and products in the economy during Coronavirus. Instigated impacts can likewise be called family impacts. The terms are frequently utilized conversely. Whenever laborers buy labor and products for family utilizes, they thusly invigorate one more layer of economic action. Most initiated development happens in the retail, services, money, protection, and lodging areas of the economy during Coronavirus. Since extra business (and in this way income) is then invigorated in every one of these areas, one more layer of prompted and circuitous economic development is created. SAM models represent these iterative rounds of transaction until every one of the conceivable between modern transaction have been estimated. The multiplier impact alludes to the various layers of economic development connected to an industry. There are two various types of multipliers (Bouchard, 2004).

Type I just measures the value of immediate and roundabout impacts (e.g., immediate and circuitous positions are added and afterward isolated by the quantity of direct positions). Type II (or Type SAM)² estimates the value of every economic trade (immediate, aberrant, and incited) that are animated in the economy during Coronavirus by the business under study

(e.g., immediate, backhanded, and prompted positions are added and partitioned by the quantity of direct positions). Just the Type II multipliers are accounted for this investigation. Helpful Sector Analysis — The business, income, and money support discount data were utilized to create economic effect measures for cooperatives in Malaysia utilizing a SAM model of the Malaysia's economy during Coronavirus.

In the principal stage, the entirety of the agreeable data (798 reactions) were accumulated to give a measure to the absolute helpful area in the Malaysia. In the subsequent stage, the data were isolated by agreeable kind and isolated into six classifications for investigation:

- 1) horticultural advertising (incorporates dairy dealing affiliations, cheddar plants and creameries, provincial dairy and different sorts of marketing centers like cranberry, animals, and ranger service);
- 2) ranch supply and services (incorporates nearby homestead supply, planned impregnation, ranch the executives, milk transportation communities, and dairy group development affiliations);
- 3) credit associations and ranch credit affiliations;
- 4) food cooperatives (incorporates regular and traditional food merchants);
- 5) utilities (incorporates agricultural electric and country phone communities); and
- 6) different cooperatives (incorporates non-rural cooperatives that don't fit conveniently under one of the five different classifications, e.g., a burial service home).

The SAM model utilized in this investigation has 528 modern areas with no separation among business structures (i.e., cooperatives are not recognized inside the modern areas). Notwithstanding the helpful data gathered explicitly for this investigation, data from past area and Malaysia-level modelling projects were utilized to align the Malaysian SAM (Bond, 2009).

Malaysian Cooperative Statistics analysis during Covid-19:

The helpful measurements are introduced in tables 1-3. For a total design of the primary data, see the 2001 Directory of Malaysian Cooperatives (University of Malaysian Center for Cooperatives). Table 1 shows that the 798 cooperatives had 2.7 million individuals and \$5.6 billion in gross deals for 2022. Horticultural promoting cooperatives contributed about \$2.6 billion, with an extra \$1.4 billion licensed to cultivate supply and administration cooperatives. (The two sorts of credit offices announced working income from revenue and expenses in lieu of net deals.) The cooperatives produced \$227 million in net benefits of which \$323 million was gotten back to individuals as money support discounts and profits. This is fairly deceptive, notwithstanding, in light of the fact that credit associations represent most of that measure, delivering out \$289 million in profits (this figure is joined with ranch credit profits in table 1). (Stick, 2009)

The non-credit cooperatives returned a generally unassuming \$32 million or 28 percent of their joined net benefits. Table 2 addresses the "economic record" for Malaysian cooperatives. They announced almost \$13 billion in resources and nearly \$11 billion in liabilities. Obviously, resources less liabilities ought to give us the value figure. Because of data disparities, this doesn't actually adjust. The business and assessment measurements for the cooperatives are displayed in table 3. Cooperatives utilized 17,413 individuals full-time and

6,021 part-time in 2022. For the motivations behind the economic effect analysis, part-time workers were considered half full-time counterparts (FTEs), for a sum of 20,424 FTEs. The cooperatives detailed incoming \$583 million in income rates and wages and nearly \$80 million in advantages to their workers (Berita, 2006).

Table 1— Malaysian Cooperative Statistics by Type during Covid-19.

Cooperative Type	Number of Responses	Members	Gross Sales (\$millions)	Net Profit (\$millions)	Patronage Refund* (\$millions)
Agricultural Marketing (response rate)	42 (88%)	77,615 (88%)	2,578.70 (88%)	33.8 (49%)	7 (41%)
Farm Supply & Services (response rate)	156 (76%)	253,922 (76%)	1,394 (73%)	39.5 (67%)	11 (63%)
Credit Unions & Farm Credit (response rate)	354 (100%)	1,904,322 (100%)	771.2 (100%)	114.1 (100%)	290.5 (100%)
Food (response rate)	30 (83%)	41,604 (83%)	103.9 (77%)	4.2 (53%)	0.4 (53%)
Rural Utilities (response rate)	36 (89%)	234,550 (89%)	417.9 (89%)	16 (64%)	10.9 (67%)
Other (response rate)	180 (57%)	202,064 (57%)	304.6 (41%)	19.5 (32%)	6.3 (36%)
Total	798	2,714,077	5,570.40	227	323.4

Note: The response rate for each statistic is presented in parenthesis following the actual estimate. It should be interpreted as a percentage of the number of responses.

* Includes cash patronage refunds and dividends.

Table 2— Malaysian Cooperative Equity Statistics during Covid-19.

Cooperative Type	Assets (\$ millions)	Liabilities (\$millions)	Equity* (\$millions)
Agricultural Marketing (response rate)	503 (46%)	257.8 (46%)	245.2 (46%)
Farm Supply & Services (response rate)	780.1 (69%)	348.6 (69%)	432.1 (68%)
Credit Unions & Farm Credit (response rate)	10,412.10 (100%)	9,133.90 (100%)	1,288.20 (100%)
Food (response rate)	23.7 (50%)	11.9 (50%)	11.8 (47%)
Rural Utilities (response rate)	1,093.90 (69%)	751.5 (67%)	320.3 (67%)
Other (response rate)	146.4 (38%)	59.9 (39%)	74.5 (36%)
Total	12,959.30	10,563.60	2,372.10

Note: The response rate for each statistic is presented in parenthesis following the actual estimate. It should be interpreted as a percentage of the number of responses.

* Due to discrepancies in the collected data, assets minus liabilities does not equal equity.

Table 3— Malaysian Cooperative Employment Statistics during Covid-19.

Cooperative Type	Full-time	Part-time	Wages (\$ millions)	Benefits (\$ millions)	Taxes* (\$millions)
Agricultural Marketing (response rate)	5,614 (83%)	565	163.4 (73%)	18.2 (63%)	12.3 (41%)
Farm Supply & Services (response rate)	4,536 (74%)	2,640	157.9 (75%)	20.3 (69%)	21.8 (68%)
Credit Unions & Farm Credit (response rate)	4,573 (100%)	1,552	156.9 (100%)	24.2 (100%)	7.6 (1%)
Food (response rate)	372 (87%)	573	11.1 241	1.2 63.4	1.2 12.5
19.4 (response rate)	(89%)		(86%)	(75%)	(67%)
Other (response rate)	876 (47%)	450	30.2 (43%)	3.4 (37%)	2.3 (40%)
Total	17,413	6,021	582.9	79.8	64.5

Note: The response rate for each statistic is presented in parenthesis following the actual estimate. It should be interpreted as a percentage of the number of responses.

* Tax data for credit unions was unavailable; this only represents taxes paid by farm credit associations.

Malaysian cooperatives paid \$64.5 million in Federal, Malaysia, and nearby assessments in 2022. Helpful organizations don't income Federal or Malaysia personal assessment on net benefits allotted to individuals as support discounts, in spite of the fact that they really do income annual duty on net benefits acquired from non-part business and additionally net benefits held as unallocated value (i.e., not got back to individuals). Once more, notwithstanding, it ought to be noticed that the duty figures are presumably lower than truly on the grounds that main 30% of the cooperatives in the Malaysia detailed charge data. The Malaysian Office of Credit Unions gave no data on the charges paid by credit associations. Three distinct arrangements of evaluations were created from the SAM investigation. The principal set (tables 4-11) measures the immediate, circuitous, instigated, and all out economic impacts for every one of the six classes of cooperatives as well concerning the cooperatives in general. The subsequent set (tables 12-14) measures the circulation of the absolute economic effect (with regards to occupations, wages and compensations, and complete income) of cooperatives across various economic areas (Rochester, 2003).

The last arrangement of results (table 15) measures the commitment of cooperatives concerning charge incomes. Farming marketing cooperatives (table 4) utilize almost 5,900 individuals, giving a huge source of work in Malaysian's agricultural regions. When the multiplier impact is thought of, these agreeable organizations create 2,395 extra positions. They created \$163 million in direct income, which when spun through the local economy during Coronavirus added up to \$263 million in income. (Complete income is a more far reaching measure than simply income and compensation income.) The multiplier goes from 1.406 for work to 1.610 for all out income. Since the direct economic effect of all cooperatives was comparable (i.e., the immediate positions, direct wages and income, and direct all out income addressed a genuinely steady piece of their aggregates across every agreeable kind), the multipliers are genuinely reliable across numerous types. Ranch supply and administration cooperatives (table 5) each utilized around 5,900 individuals. Representing the multiplier impact, these cooperatives made in excess of 8,000 everyday positions. The immediate income and absolute income made was somewhat lower than farming marketing cooperatives at about \$158 million and \$254 million, separately. Credit associations and homestead credit affiliations (table 6) give a significant scope of services for their clients and assume a crucial part in Malaysian's credit markets. Regarding direct economic action. (Edwards, 2003).

Table 4— Agricultural Marketing Cooperatives

Economic Impact	Jobs	Wage and Salary (\$ millions)	Total Income (\$ millions)
Direct	5,897	163.4	163.4
Indirect	1,934	48.3	80.3
Induced	462	11.4	19.3
Total	8,292	232.2	263.1
Type II Multiplier	1.406	1.366	1.61

Table 5— Farm Supply & Service Cooperatives

	Jobs	Wage and Salary (\$ millions)	Total Income (\$ millions)
Direct	5,856	157.9	157.9
Indirect	1,867	46.7	77.5
Induced	446	11	18.6
Total	8,170	215.6	254.1
Type II Multiplier	1.395	1.366	1.61

Table 6— Credit Unions and Farm Credit

	Jobs	Wage and Salary (\$ millions)	Total Income (\$ millions)
Direct	5,349	156.9	156.9
Indirect	1,856	46.4	77.1
Induced	443	10.9	18.5
Total	7,649	214.2	252.5
Type II Multiplier	1.43	1.366	1.61

Credit associations and affiliations utilize 5,349 individuals and create about \$157 million in complete income. With the multiplier impact, they at last help 7,649 positions and almost \$253 million in complete income. Of the multitude of cooperatives inspected, food cooperatives (table 7) economically affect the Malaysian economy during Coronavirus. They straightforwardly support 659 positions, which is fairly low in light of the fact that the vast majority of the food cooperatives are private ventures with not many workers (regularly 50% of which are parttime). In any case, food cooperatives actually create an absolute income of almost \$18 million. Country utilities (table 8) unquestionably give a fundamental asset to provincial organizations and families. With regards to coordinate business and income, be that as it may, they are not generally so huge as agrarian and credit cooperatives.

They straightforwardly utilize 1,563 individuals and produce almost \$63 million in all out income (which eventually sums to more than \$100 million subsequent to spinning through the Malaysia's economy during Coronavirus). "Other," the group of cooperatives that won't be quickly arranged into any of the past classifications (table 9), at last creates extra 1,544 positions and almost \$49 million in all out income. In total (table 10), cooperatives in Malaysian straightforwardly utilize 20,424 FTEs. Representing the multiplier impact, they support right around 30,000 positions. The complete income made in the Malaysia, again subsequent to including the multiplier, is almost \$1 billion (Gibelman, 2001).

Table 7— **Food Cooperatives**

	Jobs	Wages and Salary (\$ millions)	Income Total (\$ millions)
Direct	659	11.1	11.1
Indirect	128	3.2	5.3
Induced	31	0.8	1.3
Total	818	15.1	17.7
Type II Multiplier	1,242	1.36	1.601

Table 8— **Rural Utility Cooperatives**

	Jobs	Wage and Salary (\$ millions)	Income Total (\$ millions)
Direct	1,563	63.4	63.4
Indirect	736	18.1	31.1
Induced	173	4.3	7.2
Total	2,472	85.8	101.8
Type II Multiplier	1,582	1.353	1.605

Table 9— **Other Cooperatives**

	Jobs	Wage and Salary (\$ millions)	Income Total (\$ millions)
Direct	1,101	30.2	30.2
Indirect	358	8.9	14.8
Induced	85	2.1	3.6
Total	1,544	41.3	48.7
Type II Multiplier	1,402	1.366	1.61

Table 10— All-Malaysian Cooperatives:

	Jobs	Wage and Salary (\$ millions)	Income Total (\$ millions)
Direct	20,424	582.9	582.9
Indirect	6,880	171.8	286.3
Induced	1,641	40.5	68.6
Total	28,945	795.2	937.9
Type II Multiplier	1.417	1.364	1.609

4.2 Interpretation of Findings

The money support discounts and profits circulated to agreeable individuals every year additionally have a critical economic effect (table 11). At the point when returns are burned through the Malaysia's economy during Coronavirus, they basically support a sum of 4,637 positions that produce somewhat more than \$114 million in all out income. Further, they make more than \$500 million in absolute value added (table 3). If these organizations were organized as economic backer possessed firms, those net benefits would have either been reinvested in the firm or returned as profits. In the last option case, the value added measure for the Malaysia would presumably have been a lot of lower since economic backers are by and large spread the nation over. The second phase of analysis assessed the dispersion of the all out economic effect (regarding position, wages and income rates, and all out income) of the helpful kinds across the different economic areas in the Malaysia — horticulture; mining; development; producing; transportation, interchanges, and public utilities (TCPU); trade; money, protection and genuine eMalaysia (FIRE); services; government; and other (tables 12-14).

The principal column of the tables addresses the direct economic effect of every helpful kind (i.e., the figures are equivalent to those viewed as in the "immediate" line for tables 4-10). The biggest effects by area, no matter what the economic measure, happened in the trade (retail

and discount), money, protection and genuine eMalaysia (FIRE), and administration (cafés, business and individual services, medical care, and so forth) areas. This isn't excessively shocking provided the reality with that the backhanded impacts of the helpful area were genuinely critical; a great deal of the absolute economic effect was accumulated in the first round of expenditure. This ordinarily proposes spending on trade, FIRE, and administration, which don't need huge venture. The horticulture, mining, and "other" areas were the most un-influenced by cooperatives.

Once more, this has to do with the way that the first-round multiplier impact comprised an enormous piece of cooperatives' all out influence. Albeit the public authority area was additionally somewhat minimal impacted by helpful instigated economic development, cooperatives in all actuality do create charge fire up enues that stream to Federal, Malaysia, and nearby states. A portion of these assessment incomes are paid straight by cooperatives as corporate and other business charges (\$65 million, see table 3), however cooperatives likewise create charge incomes by implication by means of the annual expenses paid by their workers as well as the duties paid on the circuitous and prompted income produced in the economy during Coronavirus. The backhanded and incited charge incomes made by agreeable organizations in the Malaysia are accounted for in table 15. Agrarian advertising, ranch credit affiliations, and homestead supply and administration cooperatives created the most significant part of the \$90 million Federal, Malaysia, and nearby duty incomes. The greater part of these incomes (\$48 million) are coordinated to the Federal Government, while \$26 million goes to the Malaysia and \$16 million to local legislatures in Malaysian. The money support discounts circulated by the cooperatives produce extra expense incomes, nearly \$50 million altogether (not announced in the table).

4.3 Discussion

The Malaysian Prime Minister featured that cooperatives ought to execute great administration, like what had been expected by the public authority of government-connected organizations (GLCs) [23]. In answer the extraordinary issues of administration in helpful developments, the MCC proceeds with their undertaking in additional fortifying the agreeable administration for changing cooperatives towards greatness empowering them to contribute fundamentally towards the development of the country. This is confirmed in year 2010 where it denotes the period the MCC starts the execution of the GP3: Guideline for Appointment or Re-arrangement Board Members of Cooperatives. It is a rule on the check interaction for naming and reappointing individuals on the board. As illustrated in the rule, just the individuals who have the believability and uprightness will be selected to head the agreeable. This is one of the approaches to guaranteeing that cooperatives are very much represented and goals are accomplished. Further the endeavor in imparting better observing and control, the Cooperative Societies Act (1993) has specified that every helpful ought to have its own IAC. The IAC ought to include at least three and not in excess of six individuals, named from among the individuals from the helpful (Kaur, 1993).

The IAC are responsible to look at the record (on the other hand, by other designated capable individual) at normal stretches, at the very least once at regular intervals. This is to guarantee that cooperatives are led by its motivation of foundation, by-regulations arrangements and goals took on in the comprehensive group. The IAC is additionally expected to introduce at the yearly comprehensive group any disparities that happen in the helpful's administration. As indicated by Section 43 (2), (3) Act A1297 (Act 2007), the MCC was given the power to check any arrangement or reappointment made of IAC or the agreeable board.

MCC analysis is fundamental to guarantee that main proper, dependable and mindful individuals are selected on the board to guarantee compelling administration. Moreover, the new Act 2007 explains that any agreeable or official, who neglects to consent to any of the subsections or arrangements of the Act, will be fined with a specific specified sum. Fines are at risk to all individuals from helpful committing offenses including the board part, the CEO and, surprisingly, the administration staff (Gibelman, 2001).

The inconvenience of high punishment goes about as an advance notice and discouragement to those concerned and shows that the public authority is truly focused on battling unfortunate administration and carelessness towards the helpful Act consistence [6]. It seems basic in the illumination of the huge misrepresentation cases and falls of business firms these days. The public authority go on with the second National Cooperative Policy (2011-2020) that graphs the course for agreeable development without compromising the qualities and ways of thinking of helpful, for sample straightforwardness, reliability and trust valueiness. It includes the setting up of five vital pushes and execution systems; including human resources advancement, inclusion in economic area of high value, further developing business limit and ability, fortifying public certainty and improving the viability of oversight and requirement. Oversight and administration is one key outcome region by which the progress of the NCP 2011-2020 execution can be checked (Bernama, 2012).

By this, fuse of best strategic policies and values as well as consistence with helpful regulations is noticed. Compelling oversight procedure is estimated through the development in proficient administration of agreeable, further developed efficiency and responsiveness towards the need of people in general and the evolving climate. The most recent report by the

Ministry of Domestic Trade and Cooperative and Consumerism in August 2012 [24] uncovers that 90% of cooperatives' yearly economic Malaysiaments are inspected and 90% of the multitude of cooperatives assemble yearly regular group. It is normal a decrease to 1% will be acknowledged for instances of rebelliousness with agreeable regulations Issues emerge when serving the necessities of individual individuals passes on the helpful open to reserves misuse and goes after by those voracious individuals who join for resource stripping the helpful association [5].

"Insignificant cooperation and a frequently egotistical participation with a ruthless as opposed to steady rationale is not really unexpected in the present worldwide individualistic and materialistic culture" [5, p. 33]. As per [25], the execution of corporate administration is significantly more troublesome in helpful development contrasted with public organizations because of various reasons. First and foremost, because of the utilization of one-part one-vote head in agreeable, a part who have an enormous stake in the helpful and supply a significant volume of produce, may have no more say than other minor providers and dry investors. Besides, there is no outside analysis for helpful from the talented economic backers, including experts and economic establishments, as applied in the public organizations. To wrap things up, ordinarily the agreeable chiefs have less abilities and researchers contrasted with the overseers of public organizations. Given a wide spread in possession, agreeable chiefs might have lesser impetus to give successful administration. As an outcome, proprietors give less viable oversight instead of the public enterprises, and in this way lead to extreme control by the administration. This paper features current practices as well as lacks in the agreeable administration framework and along these lines, opens up thoughts for future analysiss to fill in the hole of proposing the administration best practice system for the Malaysian helpful development, predictable with what has been worried. (Trewin, 2003)

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

The investigation directed for this research recreated the perplexing relationship Malaysian cooperatives have with the Malaysia's more extensive economy during Coronavirus. The survey checked out at six distinct kinds of cooperatives: agrarian promoting, ranch supply and services, credit associations and homestead credit affiliations, food, provincial utilities, and others that fit flawlessly in no other classification. Primary data for the 2022 economic year was gathered from 798 consolidated cooperatives in 2000. The all out economic effect of these cooperatives was surveyed utilizing a SAM model. The far reaching economic accounting framework estimated the economic transaction prodded by helpful business development inside the Malaysia. The absolute economic effect that cooperatives have on the Malaysia's economy during Coronavirus through immediate, backhanded, and actuated multiplier impacts was assessed regarding position, wages and income, and all out income. In the total, and considering multiplier impacts, Malaysian cooperatives support almost 30,000 everyday positions and create nearly \$1 billion in complete income inside the Malaysia (Harris, 1993).

Moreover, they further produce generally \$205 million in deral, Malaysia, and local charge incomes. Rural cooperatives are liable for the main agreeable economic effect in the Malaysia. The \$263 million in all out income connected to agrarian advertising cooperatives and the \$254 million in all out income attached to cultivate supply and administration cooperatives together address 55% of the consolidated economic effect, everything being equal. Credit associations and country utilities are other critical supporters of occupations and income. Malaysian cooperatives (barring credit associations) returned \$34 million to

individuals as money support discounts in 2022. Credit associations gave \$289 million in profits to their individuals. Support discount and profit dollars address another significant revenue stream in the Malaysia's economy during Coronavirus, eventually supporting 4,637 positions and \$114 million in absolute income in the wake of considering multiplier impacts (Bouchard, 2004).

These profits further produce \$500 million in all out esteem added, the total compensation brought into he Malaysia because of expenditure the profits. Assuming the cooperatives were organized as economic backer claimed firms, almost certainly, economic backer profits would uphold less positions, all out income, and absolute value added inside the Malaysia. Bigger economic effect figures might have been created assuming the analysis had been put together rather with respect to modern result or gross deals. Malaysian cooperatives created more than \$5.5 billion in gross deals in 2022. In any case, the more safe effect measures utilized in this investigation depend with the understanding that evaluations driven by work figures are more proper than those got from gross deals. Keep in mind, in any case, that results delivered by SAM models are primarily measures created by economic recreations and ought to be cautiously deciphered. The outcomes are results of the data and modelling suppositions and hence share those restrictions. The gathered data from cooperatives was scanty for certain factors (e.g., charge data) and subsequently doesn't precisely reflect complete helpful figures (Levi, 2001).

Further, the SAM appraisals of an industry's feedback blend and whether those data sources are bought inside the district being demonstrated depend on public and provincial modern surveys. Sadly, these studies don't separate cooperatives from other hierarchical

designs. Consequently, any novel connections cooperatives might have inside their economies (e.g., buying more data sources locally) can't be broke down. Primary survey data to refresh the public or territorial measurements is expected to work on the nature of the model result, especially where the concentrated on industry section might contrast from public or provincial midpoints (like cooperatives).

At last, this investigation didn't endeavor to measure the all out value of cooperatives to either their local economies or individuals. Economic effect models, including SAM, measure neither the reserve funds that cooperatives might offer their individuals nor how investment funds are spent in the more extensive economy during Coronavirus. Nor do they represent the expanded benefit that individuals might accomplish through their helpful business and how they spend those individual benefits in the more extensive economy during Coronavirus. Cooperatives likewise offer more to their networks than work open doors by giving business sectors access and fundamental services to the occupants. They additionally assist with creating local administration (human resources) that can begin and lead other social and undertakings. This effect study ought to, thusly, be seen as a solitary, not last measure, of the significant job cooperatives play in the Malaysia's economy during Coronavirus (Bond, 2009).

Table 11— Patronage Refund and Dividend Impact

	Jobs (\$ millions)	Total Income (\$ millions)	Total Value Added
Direct	—	—	323.4
Indirect	3,754	92.4	158.6
Induced	883	21.8	36.9
Total	4,637	114.2	518.9
Type II Multiplier	1.501	1.575	1.605

Table 12— Jobs Supported By Industrial Sector

	Marketing	Credit	Supply	Food	Other	Utilities	TOTAL
Cooperative	5,897	5,349	5,856	659	1,101	1,563	20,424
Agriculture	28	27	27	2	5	11	101
Mining	0	0	0	0	0	0	2
Construction	42	40	41	3	8	16	150
Manufacturing	91	87	88	6	17	35	324
TCPU	76	73	73	5	14	27	268
Trade	950	912	918	60	176	371	3,387
FIRE	202	194	195	14	37	80	723
Services	954	916	922	65	177	347	3,381
Government	30	29	29	2	6	11	106
Other	22	21	21	1	4	12	81
TOTAL	8,292	7,649	8,170	818	2,472	1,544	28,945

Table 13— Wage and Salary Supported by Industrial Sector (\$ millions)

	Marketing	Credit	Supply	Food	Other	Utilities	TOTAL
Cooperative	163.4	156.9	157.9	11.1	30.2	63.4	582.9
Agriculture	0.3	0.3	0.3	0.02	0.05	0.1	1
Mining	0.02	0.02	0.02	0.01	0.003	0.01	0.1
Construction	1.6	1.6	1.6	0.1	0.3	0.6	5.8
Manufacturing	3.4	3.3	3.3	0.2	0.6	1.3	12.2
TCPU	3.1	3	3	0.2	0.6	1.1	11.1
Trade	17.2	16.5	16.6	1.1	3.2	6.7	61.2
FIRE	6.2	6	6	0.4	1.2	2.6	22.4
Services	26.3	25.3	25.4	1.8	4.9	9.3	93.1
Government	1.3	1.3	1.3	0.1	0.2	0.5	4.6
Other	0.2	0.2	0.2	0.01	0.04	0.1	0.8
TOTAL	223.2	214.2	215.6	15.1	41.3	85.8	795.2

Table 14— Total Income Supported by Industrial Sector (\$ millions)

	Marketing	Credit	Supply	Food	Other	Utilities	TOTAL
Cooperative	163.4	156.9	7.9	11.1	30.2	63.4	582.9
Agriculture	0.5	0.4	0.4	0.03	0.1	0.2	1.6
Mining	0.04	0.04	0.04	0.003	0.01	0.01	0.1
Construction	1.7	1.6	1.6	0.1	0.3	0.7	6.1
Manufacturing	5.2	5	5	0.4	1	2	18.6
TCPU	7.4	7.1	7.1	0.5	1.4	2.6	26.1
Trade	27.8	26.6	26.8	1.8	5.1	10.7	98.8
FIRE	25.2	24.1	24.3	1.7	4.7	10.7	90.6
Services	30.1	28.8	29	2	5.6	10.7	106.3
Government	1.6	1.6	1.6	0.1	0.3	0.6	5.8
Other	0.2	0.2	0.2	0.01	0.04	0.1	0.8
TOTAL	263.1	252.5	254.1	17.7	48.7	101.8	937.9

Table 15 - Indirect and Induced Taxes Generated by The Cooperative Sector (\$ millions)

	Marketing	Credit	Supply	Food	Other	Utilities	TOTAL
Federal	13.5	13	13.1	1	2.5	5.1	48.2
State	7.2	6.9	7	0.5	1.3	2.8	25.8
Local	4.5	4.3	4.3	0.3	0.8	1.8	16
TOTAL	25.3	24.3	24.4	1.7	4.7	9.7	90

UNIRAZAK
 UNIVERSITI TUN ABDUL RAZAK
 Copying, modifying, or reprinting, is not permitted.

REFERENCES

Amini, A.M., & Ramezani, M. (2008). Investigating the success factors of poultry grower' cooperatives in Iran's western provinces. *World Applied Sciences Journal*, 5(1), 81- 87.

Azmah, O. Indar, K., & Rohani, J. (1993). The study on consumer cooperative movement in Malaysia.

Boyer, D., Creech, H., & Paas, L. (2008). Critical success factors and performance measures for start-up social and environmental enterprises. Unpublished manuscript. International Institute for Sustainable development.

Campling, J., Poole, D., Wiesner, R., Ang, E.S., Chan, B., Tan, W.L., & Schermerhon, J.R. Jr. (2008). *Management* (3rd Asia Pacific Edition). Milton, Queensland, Australia: John Wiley & Sons Australia Ltd.

Carr, Kariyawasam and Casil (2008). A Study of the organizational characteristics of successful cooperatives. *Organizational Development Journal*, 26 (1), 79.

Conti, R.M. (2002). *Reengineering livelihood development in the 21st century*. Manila : Hanns Seidel Foundation of Germany.

Ekonomi Report 2005/2006, *Ministry of Finance*. Kuala Lumpur : Percetakan Nasional Berhad.

Economic Report 2008/2009, *Ministry of Finance*. Kuala Lumpur : Percetakan Nasional Berhad. Federated Malay States, Annual Report on Cooperative Society in

the Straits Settlements and Federated Malays States up to year ending 31 December 192.279.

Fredericks, L.J. (1974). Free Enterprise and the cooperative movement in Malaysian economic development. *The Developing Economies*, September 1974, Volume 12 Issue 3 (page 224-229)

Fredericks, L.J (1986). *The Co-operative Movement In West Malaysia, policy Structure and Institutional Growth*. Kuala Lumpur: Department of Publications, University of Malaya.

International Cooperative Alliance.(2005). Co-operative History 2005, July. <http://www.ica.coop/coop/history.html>.

Kaliappan, et. al. (2008). Spillover effects of foreign Hypermarkets on domestic suppliers in Malaysia. *International Journal of Retail & Distribution Management*. 37(3), 226-249.

Malaysian Cooperative Societies Commission(2008-2009). MCSC Report 2008. Interview done in MCSC Headquarter Kuala Lumpur.

Malaysian Cooperative Societies Commission. (2008). Nielsen. (2006). Retail and ShopperTrends Asia Pacific 2006. http://au.nielsen.com/site/documents/AP_2006_ShopperTrends.pdf.

Nielsen. (2007). Retail and ShopperTrends Asia Pacific 2007. Dicapai pada Disember 8, 2008, daripada http://pt.nielsen.com/documents/tr_0708_AsiaPacificShopperTrends2007.pdf.

Nielsen. (2008). Retail and ShopperTrends Asia Pacific 2008. Dicapai pada Disember 8, 2008, daripada http://kr.en.nielsen.com/site/documents/ShopperTrends_AP_2008.pdf.

Nikiforow, M. (2010) Does training on behavioural finance influence fund managers' perception and behaviour? *Applied Financial Economics*, 20 (7), 515-528.

Pathak, R.D., & Kumar, N. (2008). The key factors contributing to successful performance of cooperatives in Fiji for building a harmonious society. *International Journal of Public Administration*, 31, 690-706.

Raja Maimon Raja Yusof.(1999, Januari). Masalah dan Kegagalan Koperasi Pengguna di Malaysia. *Dimensi*, 27-30.

Stone K. E. (1988). The Effects of Wal-Mart Stores on Businesses in Host Towns and Surrounding Towns in Iowa. Unpublished paper. Iowa State University.

Stone, K. E. (1995). Competing with the Discount Mass Merchandisers. http://www.econ.iastate.edu/faculty/stone/1995_IA_WM_Study.pdf.

Stone K. E. (1997). Impact of the Wal-Mart Phenomenon on RuralCommunities.<http://www.seta.iastate.edu/retail/publications.pdf>.

Wijesinha, S.G. (1993). Problems Faced by the Consumer Cooperative Movement of Malaysia. International Cooperative. Alliance. Regional Office for Asia & the Pacific, New Delhi.

International Cooperative Alliance Asia and Pacific. (2021, February). Malaysia Key Figures National Report. Retrieved from <https://coops4dev.coop/>: <https://coops4dev.coop/sites/default/files/2021-02/Malaysia%20Key%20Figures%20National%20Report.pdf>

AZUAR, A. (2021, July 9). RM20m to support entrepreneurs, cooperatives. Retrieved from <https://themalaysianreserve.com/>:

<https://themalaysianreserve.com/2021/07/09/rm20m-to-support-entrepreneurs-cooperatives/>

BERNAMA. (2021, March 30). Transformation needed to empower cooperatives - Muhyiddin. Retrieved from <https://www.nst.com.my/>: <https://www.nst.com.my/news/nation/2021/03/678291/transformation-needed-empower-cooperatives-muhyiddin>

Borneo Post online. (2021, March 31). TransKoM apt for cooperative development transformation — PM. Retrieved from <https://www.theborneopost.com/>: <https://www.theborneopost.com/2021/03/31/transkom-apt-for-cooperative-development-transformation-pm/>

Business Today. (2021, February 15). Cooperative Development – Vital Component In The Prihatin Approach To Addressing Economic Challenges. Retrieved from Business Today: https://www.businesstoday.com.my/2021/02/15/cooperative-development-vital-component-in-the-prihatin-approach-to-addressing-economic-challenges/?fbclid=IwAR1my4BjN4x2NCrIL_XjQrFDOZKh_TIK8JQTBbOxJ6gRSKHVvmmcXCH0ZZo

Covid-19: 12,434 new cases bring total to 2,232,960. (2021, September 29). Retrieved from <https://www.thestar.com.my/>: <https://www.thestar.com.my/news/nation/2021/09/29/covid-19-12434-new-cases-bring-total-to-2232960>

Malaysia Cooperative Societies Commission. (2008). Malaysia Cooperative Societies Commission. Kuala Lumpur: Official Statistics.

Malaysia Kini: News and Views that Matter. (2020, November 5). “Kita Prihatin” alongside PRIHATIN and PENJANA to ensure business continuity. Retrieved

from <https://www.malaysiakini.com/>
<https://www.malaysiakini.com/advertorial/549597>

Ministry of Entrepreneur Development and Cooperatives. (2021). TransKoM (Malaysian Cooperative Transformational Plan) 2021-2025. Putrajaya: Ministry of Entrepreneur Development and Cooperatives.

Ministry of Finance (MOF). (2021, January 30). BANTUAN PRIHATIN RAKYAT. Retrieved from Budget 2021: <https://belanjawan2021.treasury.gov.my/manfaat/index.php/en/bpr-en>

Ministry of Finance. (2008). Ministry of Finance Economic Report. Kuala Lumpur: Percetakan Nasional Malaysia Berhad.

MOF. (2020, September 8). Pelan Jana Semula Ekonomi Negara. Retrieved from <https://penjana.treasury.gov.my/>
<https://penjana.treasury.gov.my/pdf/PENJANA-Booklet-Bm.pdf>

MOF. (2021, January). Perlindungan Ekonomi & Rakyat Malaysia (PERMAI). Retrieved from BUDGET 2021: <http://belanjawan2021.treasury.gov.my/permai/index-en.html>

(2008). Section 2 of The Cooperative Societies Act 1993. Petaling Jaya: ICA.

Smart Solution. (2019). PRIHATIN SME Economic Stimulus Package 3.0 - Additional Measures for SMEs. Retrieved from <https://www.smartsolution2u.com/>
<https://www.smartsolution2u.com/prihatin-sme-economic-stimulus-package-3-0-additional-measures-for-smes/>

Suruhanjaya Koperasi Malaysia. (2021, September 30). Introduction to Cooperative Development in Malaysia. Retrieved from <https://www.skm.gov.my/>

<https://www.skm.gov.my/index.php/en/mengenai-skm/gerakan-koperasi/pengenalan/kronologi-gerakan-koperasi>

Toolshero. (2021, October 7). Conceptual Framework. Retrieved from Toolshero: <https://www.toolshero.com/problem-solving/conceptual-framework/>

Wei, J. L. (2021, February 15). Cooperative development - vital component in Prihatin approach to address economic challenges. Retrieved from <https://www.astroawani.com/>: <https://www.astroawani.com/berita-malaysia/cooperative-development-vital-component-prihatin-approach-address-economic-challenges-283013>

WIKIPEDIA. (2021, August 30). Economic impact of the COVID-19 pandemic in Malaysia. Retrieved from <https://en.wikipedia.org/>: https://en.wikipedia.org/wiki/Economic_impact_of_the_COVID-19_pandemic_in_Malaysia

A. Othman, and F. Kari, "Enhancing co-operative development to achieve Malaysia's development goals," ICA Research Conference held in Italy, October 2008.

Bernamea, "PM designs three approaches to transform cooperative sector," 9th July 2011. Retrieved on 5th October 2012.

C. Edwards, and C. Conforth, "What influences the strategic contribution of boards? ," in Conforth, C. ed., *The Governance of public and Non-Profit Organisations: What Do Boards Do?* Routledge, London, 2003.

C. Leviten-Reid, and B. Fairbairn, "Multi-stakeholder governance in cooperative organizations: Toward a new framework for research," *Canadian Journal of Nonprofit and Social Economy Research*, vol. 2, no. 2, pp. 25-36, Fall 2011.

C. Rochester, "The role of boards in small voluntary organizations," in Conforth, C. ed., *The Governance of public and Non-Profit Organisations: What Do Boards Do?* Routledge, London, 2003.

Gibelman, M. and Gelman, S. R., "Very public scandals: Nongovernmental organizations in trouble," *International Journal of Voluntary and Nonprofit Organizations*, vol.12 no.1, pp. 49-66, 2001.

H. Hagen, *ILO Recommendation 193 in practice – Co-operative values and principles in national legislation*. Paper for ILO/ICA conference. ILO, Geneva, April 2004.

J. K. Bond, "Cooperative economic performance and board of director characteristics: A quantitative investigation," *Journal of Cooperatives*, vol. 22, pp. 30-44, 2009.

Kaur, I. Noordin, N., Aspan, Z. and Abdullah, S., "The internal audit committee in co-operatives: Compliance to the Co-operative Societies Act 1993," *Malaysian Journal of Co-operative Management*, vol. 3, 2006.

M. Gibelman, and S. R. Gelman, "Very public scandals: Nongovernmental organizations in trouble," *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, vol. 12 no. 1, pp. 49- 66, 2001

M. Harris, "Exploring the role of boards using total activities analysis," *Nonprofit Management and Leadership*, vol. 3 no. 3, pp. 269-282, 1993.

MLCD, Malaysia, Ministry of Land and Co-operative Development, National Cooperative Plan and Plan of Action (2002-2010), 2003.

O. Chukwukere, and A. H. Baharuddin, "Risk and poverty in agriculture: Expanding failure for agricultural cooperatives in Malaysia," *Malaysia Journal of Society and Space*, vol. 8 no. 4, pp. 1-11, 2012.

Ott 2009 [10] M. J. Bouchard, "La gouvernance, une vielle et une nouvelle réalité pour l'économie sociale. *Économie et Solidarités*, 35, (1-2), pp. 16-25, 2004.

P. Davis, "The governance of co-operatives under competitive conditions: Issues, processes and culture," *Corporate Governance*, vol.1 no.4, pp. 28-38, 2001.

R. Spear, C. Cornforth, and M. Aiken, "The governance challenges of social enterprises: Evidence from a UK empirical study," *Annals of Public and Cooperative Economics*, vol. 80 no.2, pp. 247-273, 2009.

Suruhanjaya Koperasi Malaysia, Annual Report 2010.

Suruhanjaya Koperasi Malaysia, Economic Report Cooperative Sector, 2010.

The official portal of Ministry of Domestic Trade and Cooperative and Consumerism. Website link: <http://www.kpdnkk.gov.my/en/impakpelaksanaan>. Retrieved on 28th January 2013.

Trewin, R., "Cooperatives: Issues and trends in developing countries," Report of a workshop held in Perth, March 2003.

UN, "Co-operatives in social development," Report of the Secretary General A/58/159 United Nations General Assembly, 2003.

Y. Levi, "Internal and external principles," *Survey of International Cooperation*, 94, pp. 50-58, 2001.

Ernst & Young. (2012). World Islamic Banking Competitiveness Report 2013. EYGM Limited.

Gertler, M. (2001). "Rural Co-operatives and Sustainable Development". Centre for the Study of Co-operatives, University of Saskatchewan, Canada.

Gibson, R. (2005). The Role of Cooperatives in Community Economic Development, RDI Working Paper # 2005-3

Hutchinson, J. and Campbell, M. (1998). Working in partnership: lessons from the literature, DfEE Research Report RR 63, London: Department for Education and Employment.

Henehan, B. (1997). Cooperating for Sustainability. USA: Cornell University.

Irfan Beik and Indah Purnamasari. (2011). Role of Islamic Cooperatives in Financing Micro and Small Scale Entrepreneurs in Indonesia: Case Study of KOSPIN Jasa Syariah Pekalongan. Paper presented at the Eight International Conference on Islamic Economics and Finance, organized by Qatar Faculty of Islamic Studies and the Qatar Foundation on 19th -21th December 2011, Doha Qatar.

Kareem, R.O., Arigbabu, Y.D., Akintaro, J.A., and Badmus, M.A. (2012). The impact of cooperative society on capital formation (A case study of Temidere Co-operative and Thrift –Society, Ijebu-Ode, Ogun State, Nigeria). Global Journal of Science Frontier Research Agriculture and Veterinary Science. 12(11), pp. 17-29.

Kospin Jasa Syariah. (2009). Laporan Pengurus dan Pengawas Tahun Buku 2009 (Annual Report). Pekalongan, Indonesia.

Fehmeen. (2010), *Microfinance Africa*, June 05, 2010: Economic and Legal Conditions Favourable for Mobile Banking – Part I, *Microfinance Africa*, Microfinance Hub, April 30, 2010.

Utusan, “Penjana Ekonomi Negara,” July 2012. Retrieved on 9th January 2013.

Berita Harian, “9.8% kes koperasi terbiar tidak terurus,” 23 July 2006.



APPENDICES

UNIRAZAK
UNIVERSITI TUN ABDUL RAZAK
Copying, modifying, or reprinting, is not permitted.

RESEARCH THESIS TITLE: COOPERATIVES IN MALAYSIA - WHAT WENT WRONG?

SURVEY QUESTIONNAIRE:

ADOPTED QUESTIONNAIRE:

The Questionnaire Sent to Primary Co-operatives
(Please circle or tick your answer where appropriate)

Part I: Basic Information about your co-operative

1.	Name of your co-operative	
2.	Number of members	<ul style="list-style-type: none"> a. 100 or less b. 101 – 500 c. 501 - 1000 d. 1001 – 1500 e. More than 1500
3.	Composition of members according to occupation	<ul style="list-style-type: none"> a. Individuals from various groups/types of employment (mixed occupation) b. Individuals from the same group of employment. c. Both individuals and organisations from all sorts of economic activities
4.	Composition of members according race	<ul style="list-style-type: none"> a. One race only b. Multiracial
5.	Distribution of members	<ul style="list-style-type: none"> a. Nationwide b. Specific area (state/district)

6.	Area of operations	<ul style="list-style-type: none"> a. Nationwide b. Specific area (state/district)
7.	Share Capital (RM)	<ul style="list-style-type: none"> a. Not more than 1,000 b. 1,001 – 10,000 c. 10,001 – 100,000 d. 100,001 – 1,000,000 e. 1,000,001 – 50,000,000 f. More than 50 Million
8.	Asset (RM)	<ul style="list-style-type: none"> a. Not more than 1,000 b. 1,001 – 10,000 c. 10,001 – 100,000 d. 100,001 – 1,000,000 e. 1,000,001 – 50,000,000 f. More than 50 Million
9.	Activity	<ul style="list-style-type: none"> a. Credit/finance b. Consumerism c. Transportation d. Construction Work e. Plantation f. Housing g. Services h. Small/Cottage Industries i. No activity

Part II- On Secondary Co-Operatives

10.	<p>Is your co-operative a member of a secondary co-operative? YES/NO</p> <p>Name of secondary co-operative in which your co-operative is its member.</p>	
11.	How long has your co-operative has been its member?	<ul style="list-style-type: none"> a. Not more than 5 years b. 6- 10 years c. 11 – 15 years d. More than 15 years

12.	Are you satisfied with the secondary co-operative?	<ul style="list-style-type: none"> a. Very satisfied b. Somewhat satisfied c. Neither satisfied nor not satisfied d. Not very satisfied e. Not satisfied at all
13.	How would you describe the rate of shares/fees imposed by the secondary co-operative?	<ul style="list-style-type: none"> a. Too high b. High c. Neither high nor low d. Low e. Very low
14.	Do you agree that primary co-operatives need secondary co-operative in order to develop?	<ul style="list-style-type: none"> a. Strongly agree b. Agree c. Neither agree nor disagree d. Disagree e. Totally disagree

15. Do you agree with the following roles by secondary co-ops? Please tick the appropriate box:

- I. Strongly agree
- II. Agree
- III. Neither agree nor disagree
- IV. Disagree
- V. Totally disagree

Roles by secondary co-op:	I	II	III	IV	V
a. Co-ordinate, inform and advise on activities.					
b. Education and training to member co-ops					
c. Act as representative body for co-op activity					
d. Spread knowledge of co-op principles					
e. Develop strong and effective partnership with other co-op sectors					
f. Assist with the establishment and registration of new co-op societies.					
g. Liaise directly with government agencies					
h. Link together scattered co-op societies					
i. Go into bigger business opportunities					

j. Audit services					
k. Constitutional and legal advise					
l. Produce publications on performance of member co-ops					
m. Procurement					
n. Marketing					

Part III – On the Cooperative Commission of Malaysia (SKM)

16. Do you agree with the following roles by secondary co-ops? Please tick the appropriate box:

- i. Strongly agree
- ii. Agree
- iii. Neither agree nor disagree
- iv. Disagree
- v. Totally disagree

Roles by Cooperative Commission of Malaysia:	I	II	III	IV	V
a. Co-ordinate, inform and advise on activities.					
b. Education and training to member co-ops					
c. Act as representative body for co-op activity					
d. Spread knowledge of co-op principles					
e. Develop strong and effective partnership with other co-op sectors					
f. Assist with the establishment and registration of new co-op societies.					
g. Liaise directly with government agencies					
h. Link together scattered co-op societies					
i. Go into bigger business opportunities					
j. Audit services					
k. Constitutional and legal advise					
l. Produce publications on performance of member co-ops					

APPROVAL PAGE

TITLE OF PROJECT PAPER: COOPERATIVES IN MALAYSIA - WHAT WENT WRONG?

NAME OF AUTHOR : ZAUYAH BINTI ZAINUDDIN

The undersigned certify that the above candidate has fulfilled the conditions of the project paper prepared in partial fulfilment for the degree of Master of Business Administration.

SUPERVISOR

Signature : _____

Name : _____

Date : _____



ENDORSED BY

Dean

Graduate School of Business