

THE DEVELOPMENT AND MANAGEMENT OF COOPERATIVES IN MALAYSIA



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FOREWORD

Cooperatives play a key role in the Malaysian economy. Despite their important role in the national economy, the literature on cooperatives remained restraint. There are not many books written about them. The limited publication resulted from the lack of research emphasis on cooperatives. This book contributes not only to the existing literature on cooperatives but also reinforces the efforts of the Malaysia Co-operative Societies Commission in increasing the awareness of the importance of cooperatives in the country.

In Malaysia, cooperatives have received various support and assistance from the government since they were introduced in the country in the early 1920s. Today, the support and assistance have not only expanded but also the number of supporting agencies involved in their development and growth has increased as well.

Over the years, through various agencies, the government has developed and provided a variety of assistance to the cooperatives in the country. Among these include; funding, training and development, marketing, technical advice and consultancy. Undeniably, many cooperatives have benefited from these numerous assistance. Many of the cooperatives that received the assistance were able to grow as well as sustain their operations.

At the same time, however, it is also important to note that findings of previous studies on cooperatives have also indicated that these organizations faced various problems and challenges. The problems identified among the cooperatives include; adoption of low technology, inadequate human capital, inaccessibility to sources of financing, marketing constraints and lack of management talents, knowledge as well as skills.

This book explains not only the role and nature of cooperatives but also make aware of their important contributions to the economy

as well as the various issues and problems related to their management, development and growth. By providing this information, the book helps readers to know and better understand their significant functions in the Malaysian economy.

Without doubt, this book serves as a useful source of reference text for students studying cooperatives, management of cooperatives, policy makers as well as those involved in supporting the development and growth of cooperatives in Malaysia.

Fadzir bin Kamaruddin

Director

Malaysia Co-operative Societies Commission

Perlis Branch

PREFACE

Since cooperatives were introduced, they have gained tremendous growth and acceptance in both developed and developing countries. Given their uniqueness and successes, today, cooperatives have been recognized and emphasized as an important priority in many countries in the world.

The uniqueness and success stories of cooperatives as organizations have long attracted the attention and interest among academics, consultants, policy makers and politicians. The focus on cooperatives resulted from the realization that they play a key role in the social as well as the economic development of both developed and developing countries. As employers and investors, cooperatives are known for their social as well as economic contributions.

In this book, an attempt has been made to explain their nature, role and the contributions made by the cooperatives in the Malaysian economy. The book provides useful information concerning the cooperatives in the Malaysian context to help readers to better understand as well as to help manage them more efficiently.

This book contains eight chapters. The first chapter begins by examining how cooperatives are defined. More specifically, the chapter explains their definitions, registrations, types of cooperatives and their unique organizational characteristics.

In Chapter 2, the book presents the historical development of cooperatives in Malaysia. The chapter begins with the introduction of cooperatives in the 1920s and ends with their present development.

Chapter 3 of the book specifically focuses on the Malaysian government policy towards cooperatives. In particular, the chapter explains the first and the second National Cooperative Policy.

The strengths, weaknesses, opportunities and threats faced by the cooperatives are captured in Chapter 4. The information provided in this chapter helps readers to better understand the nature of cooperatives.

Chapter 5 proposes the need for cooperatives to adopt the strategic management approach to ensure their success. The chapter describes how cooperatives can manage their business in a more systematic and effective way through strategic management.

Chapter 6 provides a brief description of the various cooperative supporting agencies and the types of assistance as well as services they offered to the cooperatives.

Chapter 7 emphasizes on research in the area of cooperatives. Based on the review of the literature, the chapter identifies relevant research issues and proposes more empirical studies on cooperatives.

Finally, in Chapter 8, the book looks at the future of cooperatives in Malaysia. The chapter provides some insights into their future role in the country.

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