

AN INVESTIGATION ON SCHOOL CO-OPERATIVES  
PERFORMANCE

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## ABSTRACT

This study investigates the factors affecting school co-operatives performance. The factors that have been identified are ; member share financial support, quality of management, teacher commitment and diversification of activities. The population of the study are school co-operatives in Malaysia. A convenience sampling consisting of 130 secondary school co-operatives in the state of Johore was used. Its was found that members financial support in share capital and the quality of manager(teacher) have positive correlation with co-operatives' performance.

## Chapter 1

### INTRODUCTION

#### 1.0 Overview

The tradition of mutual aid in village and even in town life is very ancient, and much working together of an informal kind has always taken place, especially among farmers and fisherman. The modern co-operative movement, however has usually come into existence just when these mutual obligations of traditional societies were beginning to break down and a new, more formal organisation was needed to take their places (ILO).

Modern co-operative began in Europe over a hundred years ago. There are many countries in which every farmer is a member of a co-operative, and practically the whole output of farming is sold through co-operative organisations. Elsewhere, however the co-operative movement is still young and co-operative societies are rudimentary, inexperienced and struggling, sometimes uncertain of their aim and very often uncertain of the best means of attaining them.

Where the movement is in its infancy, those involved sometimes have difficulty in clearly defining a co-operative. As a result, the movement may proceed in a direction that will hinder its highest purpose.

#### Definition of a Co-operative

To avoid any confusion about what co-operatives are in their most essential nature, The International Labour Conference at its 50<sup>th</sup> Session in 1966, formulated and unanimously adopted the co-operatives Recommendation, 1966.

Article 21 of that recommendation sets this definition:

*"A co-operative is an association of persons who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organisation, making equitable contributions to the capital requirement and accepting a fair share of the risks and benefit of the undertaking in which the members actively participate".*

In Malaysian context, the definition of co-operative by Ungku Aziz, as an ideology where the followers are active in managing production, consumption, marketing or savings and loans, etc. with the aim of helping one another without the objective of searching personal gains (Chik, 1990).

The Co-operative Act, 1948 which becomes the pillar of the Malaysian Co-operative law defined "Co-operative is a organisation has aim to improve the economy of its members according to the principles of co-operative" (ANGKASA, 1994)

Conclusion by Syed Abdullah (1992) and Ungku Aziz (1993) on co-operatives was based on two important aspects i.e. social and economic. In general, Calvert (1982), Ray (1985), Kularajah (1989), Zaleha (1992), Casselman (1992) in (Rohayati,1996) and Ungku Aziz (1993) concluded co-operative as:

- a) Managing the economy in togetherness and working together voluntarily.
- b) A share business organisation, without self-interest.
- c) An economic system which has social considerations for members.



## **Co-operative Law**

The early co-operatives were mostly the result of spontaneous effort by people to help themselves. Before long, however, the value of the co-operative method and of the organisations its produced came to be noticed by governments and their advisers, and steps were taken to make co-operative organisation easier and to lay down some standard method of operation (ILO). The first step was the passing of co-operative law.

In the first place, the law lays down that a co-operative is a lawful organisation serving a desirable end and that it is, entitled to become a legal entity. In second place, the law lays down what kind of organisation a co-operative is, what its objectives are, who may be a member, how it is to be financed and controlled, how surpluses and losses are to be distributed. In the third place, the law will probably, though not necessarily in every case, lay down ways in which the government through some administrative department is prepared to help co-operative develop. In Malaysia, The Co-operative Development Department and ANGKASA was responsible to monitor and supervise for co-operatives development.

## **Co-operative Principles**

Co-operatives have considerable freedom to draw up their own by-laws, but there are certain principles and practices marking off a co-operative from a private business. The most important of the principles were formulated by the International Co-operative Alliance (ICA) and adopted at its 23rde Congress in Vienna in 1996.

1. Membership of a co-operative society should be voluntary and available without artificial restriction.