



COOPERATIVES IN MALAYSIA

International School Co-op Seminar co-organized by Angkasa & ICA-AP Committee on Cooperatives in Educational Institutions (ICEI) in 2018. Image credit: Angkasa

Contribution of cooperatives to Malaysia's economy

- 14,417 - number of cooperatives in Malaysia.
- 6,046,031 - members in cooperatives.
- 249- women's cooperatives with 18,981 members.
- US\$ 5.95 billion (RM 24.65 billion) - annual turnover of cooperatives.
- US\$ 34.70 billion (RM 143.7 billion) - held in assets by cooperatives.

(All figures as of June 2019)

Did you know?

- Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) or the Malaysian National Cooperative Movement is the apex organization, representing Malaysia's cooperatives nationally and internationally.
- The Malaysia Cooperative Societies Commission (MCSC) is a statutory body under the Ministry of Entrepreneur Development (MED) and acts as registrar and regulator of cooperatives.
- Royal Professor Ungku Aziz Ungku Abdul Hamid, the first President of ANGKASA, was awarded the Rochdale Pioneer Award in 2007.
- Malaysia is one of four countries in the Asia and Pacific region which publishes national ranking of its cooperatives based on qualitative measures such as financial management and sustainability, and quantitative ones such as member satisfaction and community confidence. The top cooperatives for 2019 are Bank Rakyat, Koperasi Tentera and National Land Finance Cooperative Society Ltd. (NLFCS).
- Koperasi Permodalan Felda Malaysia Berhad is ranked third in the Other Services category in terms of Turnover/GDP Per Capita ratio in the World Cooperative Monitor 2018.
- ICA has three members from Malaysia. The members with their years of affiliation are: ANGKASA (1972), National Land Finance Cooperative Society Ltd. (NLFCS, 1979) and Cooperative Institute of Malaysia (CIM, 2003).

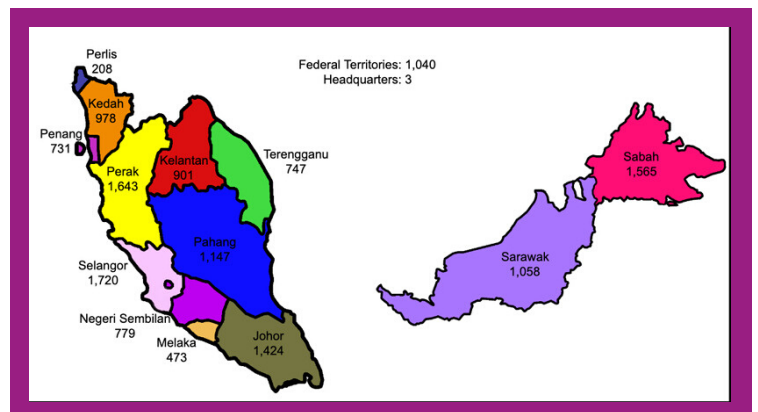
The cooperative movement in Malaysia had its roots in addressing the problem of indebtedness in rural areas in the early twentieth century. Over time, they have become an important pillar in advancing economic growth in Malaysia. The government sees cooperatives as a crucial vehicle, along with the public and private sector, to drive and boost economic development and growth.

Types of cooperatives in Malaysia

Cooperatives in Malaysia are present in the following sectors:

●	Consumer - 5429
●	Services - 3805
●	Agricultural - 3183
●	Credit - 578
●	Transportation - 490
●	Industrial - 362
●	Housing - 309
●	Construction - 259
●	Banking* - 2

Geographical presence of cooperatives in Malaysia



Evolution of the cooperative movement

→ 1900-1957

- Cooperatives in Malaysia were introduced by the British government in 1907 to combat the problem of chronic rural indebtedness and deficit spending among wage-earners in places of employment.
- In 1922, the Department of Co-operative Development (DCD) was established to promote the growth of cooperatives and ensure that cooperatives operate as per the Co-operatives Societies Act of 1922.
- The first cooperative- The Postal and Telecommunications Co-operative Thrift and Loan Society Ltd. was established in 1922; by 1957 there were 2,243 cooperatives in different sectors.

→ 1957-2000

- Post-independence in 1957, the cooperative movement in Malaysia became strong and active through the consolidation and rationalization programme undertaken by the DCD and the Bank Rakyat.
- By 1966, the need for interlinked markets prompted policies that encouraged existing and new cooperatives to develop into multi-purpose cooperatives.
- In 1966, the first Malaysian Co-operative Congress was convened with the aim to establish a national cooperative union to unite all cooperatives.
- In 1971, the second Malaysian Co-operative Congress approved the establishment of ANGKASA as the national cooperative union.
- In 1972, the Farmers Organisation Authority (FOA) was established to amalgamate agro-based cooperatives and the farmers' association into one organization. As a result, over 1,550 agro-based cooperatives were placed under the supervision of FOA.
- In 1982, the New Co-operative Era was initiated by the Ministry of National and Rural Development (Ministry in charge of cooperatives) to activate, streamline and prepare the cooperatives for more dynamic and effective roles in the economic development of the country and in poverty alleviation programmes. New cooperatives such as the district development cooperatives, the cottage industry cooperatives, the village development cooperatives, and the workers investment cooperatives were initiated by the government.
- In 1986, the cooperative movement suffered a dark period when the government froze the assets of 24 deposit-taking cooperatives due to plunge in their assets, mismanagement and corruption.
- In 1990s, the DCD was placed under the Ministry of Land and Co-operative Development which emphasized on creating more workers investment cooperatives in factories and private companies. The first half of 1990s witnessed a positive growth in the movement, from 2.57% during the Asian Financial crisis to 3.1% a year.

→ 2000-present

- In 2004, the first National Cooperative Policy (2002 – 2010) was launched to enable the cooperative movement to play an active role in national development along with public and private sectors. All cooperatives were placed under the Ministry of Entrepreneur and Co-operative Development (MeCD) with DCD as the sole authority.
- From 2005-2009, the cooperative movement registered a positive growth as the number of cooperatives increased at an average rate of 9%. By 2009, there were 7,215 cooperatives with 6.78 million members.
- In 2008, the DCD was incorporated as MCSC and was placed under the Ministry of Domestic Trade, Co-operatives and Consumerism.
- The second National Cooperative Policy (2011-2020) is a continuation of the previous policy with five strategic thrust areas: (1) stimulate participation of cooperatives in high value economic sectors (2) strengthen the capacity and capability of cooperatives (3) create and develop the capability of human capital in cooperatives (4) improve public confidence in the cooperative movement (5) strengthen cooperatives through effective supervision and enforcement.
- In 2013, the second National Cooperative policy was integrated with the Malaysian Economic Transformation Programme. ANGKASA is working to strengthen cooperatives across different sectors and to increase their contribution to the national Gross Domestic Product.
- In 2017, Malaysia's UN Voluntary National Review Report to the High-Level Political Forum recognized the role of cooperatives in enhancing food security (Sustainable Development Goal 2).
- In 2019, cooperatives were placed under the Ministry of Entrepreneur Development.

Law on Cooperatives

- 1922- The Co-operative Societies Enactment was passed as the first law on cooperatives.
- 1948- The Co-operative Societies Ordinance was passed replacing the previous Enactment.
- 1993- The Co-operative Societies Act was passed to create self-reliant and self-regulated cooperatives and to improve accountability and transparency in the management of cooperatives.
- 1995- The Co-operative Societies Act was amended to promote good management practices and to empower members. The Act allowed cooperatives to set up subsidiaries and mandated them to set aside a portion of their profits to fund community development projects. The Act stipulated explicit development role for the DCD. The Act was amended again in 1996 and 2001.
- 2007- The Co-operative Societies Act was last amended in 2007 to tighten regulations and oversight of cooperatives. The Amendment promotes the development of cooperatives in accordance with the cooperative values of honesty, trustworthiness and transparency in order to contribute towards achieving the socio-economic objectives of the nation.

Key highlights of the 2007 Amendment

- Reduces minimum number of persons required to register a cooperative, from 100 to 50.
- Permits cooperatives to use the Statutory Reserved Fund to pay for the shares or subscription and issue bonus shares to members based on the approval of MCSC.
- Allows cooperatives to utilize their net profits towards the welfare of members and community as against the previous law which allowed only ten percent to be used.
- Allows MCSC to verify the appointment or reappointment of Board of Directors and members of the internal audit committee.
- Imposes penalty on cooperatives in case of non-compliance with the law.

Cooperative landscape of Malaysia

In line with the second National Cooperative Policy and the strategic thrust areas of MCSC, ANGKASA is promoting cooperatives in eight major sectors: (1) agriculture and agro-based industries (2) telecommunication and technology (3) financial services (4) tourism and healthcare (5) wholesale and retail (6) community (7) property development and construction (8) plantation and commodities.

Promoting cooperative products in Malaysia's wholesale and retail sector

The involvement of Malaysian cooperatives in the wholesale and retail sector dates back to the 1930s. The promotion of cooperatives in wholesale and retail sector as one of the strategic economic objectives has boosted the contribution of consumer cooperatives to the cooperative sector by 39.5%. ANGKASA launched the '100 Product Champion' initiative in 2013 to promote products from cooperatives to consumers in Malaysia and the ASEAN. It has worked with the Standard and Industrial Research Institute of Malaysia (SIRIM) to ensure that the products are packaged and branded for quality and given a unique identity and recognition among consumers. Products from cooperatives can be found in AEON Big Hypermarket, GIANT Supermarket, and in markets in Brunei.



At the "100 product champion" exhibition booth at the 33rd ANGKASA's Annual General Meeting, Malaysia, 2018.
Image credit: ANGKASA

Facilitating professional development and education in cooperatives: Institut Koperasi Malaysia or Cooperative Institute of Malaysia

Established in 1956, the Cooperative Institute of Malaysia (CIM, earlier known as Cooperative College of Malaysia) conducts training to upgrade the quality of management and administration as well as to enhance the level of professionalism of board members, staff and members of cooperative societies and relevant government officers supervising cooperative societies. With the aim to enhance human capital development, CIM introduced a diploma course in cooperative management in 1991, later expanding its education portfolio to include courses in auditing and a long-distance certificate course in cooperative management. CIM offers more than seventy short and long-term training programs for national and international students. CIM is actively training cooperators from Africa and Asia-Pacific under the Malaysia Technical Cooperation Program. Its international collaborations include partnerships with IDACA (Japan), NETC (Vietnam) and VAMNICOM (India).



At the College Convocation ceremony.
Image credit: CIM

Instilling cooperative values and principles among youth through school cooperatives

School cooperatives were introduced in Malaysia to impart understanding and workings of the cooperatives to school children. Established as a pilot project in nine schools in 1968, the number of school cooperatives has grown to 2,433 in 2019. School cooperatives operate under three main sectors: consumer (2,409), services (19) and agriculture (5) and are involved in the following businesses: (1) supply and sale of school uniforms and other products (2) retail stores in schools to sell consumer products (3) organize tours designed and developed by students. ANGKASA plays an important role in promoting school cooperatives by conducting administrative and management courses to equip young board members and auditors with the knowledge and skills to manage their cooperatives effectively; celebrating annual School Cooperative Day to promote awareness and recognize outstanding students, teachers and school cooperatives; and supporting school cooperatives in organizing tours. It has developed an integrated accounting software program for school cooperatives.



The Koperasi MRSM Kepala Batas Berhad provides laundry facilities to its students.
Image credit: Koperasi MRSM Kepala Batas Berhad



- Malaysia has played an important role in strengthening the regional cooperative movement. ANGKASA was one of the founding members of the ASEAN Co-operative Organization (ACO), which was established in 1977 to create an integrated network amongst cooperatives in ASEAN. ANGKASA was elected as the Chair of ACO in 2014.
- The Malaysia Carnival of Cooperatives' Products and Services (MACCOPS) is organized by ANGKASA to connect cooperative businesses and promote inter-cooperative trade. MACCOPS provide a platform for cooperatives to exhibit their products and services, conduct business matching sessions, and learn from local and international speakers through seminars and business talks.

Engagement with ICA-AP

- The Malaysia Business Office (MBO) was established in 2013 to facilitate trade linkages among cooperatives in the region. The MBO hosts staff from China, Japan and Korea.
- Malaysia has played host to many ICA conferences and meetings. Among the notable ones are - the International Consultation Conference in 1958 which was convened to consult with regional cooperatives and governments the establishment of ICA's Regional Office in Asia and Pacific; regional seminar on the 'Role of Women in Co-operative Development' in 1975; Regional Assembly in 1996; regional consultation between cooperative leaders and government representatives on 'Co-operative Government Dialogue' in 2005; Eighth Cooperative Ministers' Conference in 2007; First Registrar's Conference in 2013; and ICA's Global Assembly in 2017.
- Cooperatives in Malaysia have benefited from the trainings organized by ICA-AP and the Ministry of Agriculture, Forestry and Fisheries, Government of Japan on 'Fostering Leaders to Reinforce Business Development of Agricultural Cooperatives' and 'Improving Capacity of Rural Women'.

What are cooperatives?

Cooperatives are people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations.

Cooperative values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative principles

The seven cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training, and Information
6. Cooperation among Cooperatives
7. Concern for Community

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About International Cooperative Alliance Asia and Pacific

ICA-AP is one of four regional offices of the ICA. Established in 1960 in New Delhi, India, it unites, promotes, and develops cooperatives in the region. ICA-AP's 107 members from 33 countries spans a variety of sectors, including agriculture, credit and banking, consumer, education, fisheries, forestry, housing, and insurance.

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