

**A COMPARATIVE ANALYSIS OF THE TOP 100 COOPERATIVES BETWEEN 2009 TO
2014 IN MALAYSIA**

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ABSTRACTS

From the comparative analysis of the top 100 cooperatives in SKM from 2009 to 2014, this study have revealed some fundamental challenges confronting the Malaysian cooperative movement. The open system in ranking of the top 100 cooperatives has revealed an uneven playing field for the thousands of cooperative entities. As such, it is not surprising to observe in the class analysis, the dominance of certain sectors over the others and under-representation of a majority of the sectors in the top 100 cooperatives. Except for the banking entities, all other sectors do not perform well in the ranking system while 1 sector failed to have any representation to the top 100 cooperatives. The need to comply with additional rules and regulations from Bank Negara Malaysia will always make the 2 banking cooperatives to be entrenched within the top 100 cooperatives as the management have to commit themselves to the rigid and rigorous supervision activities of the central bank. The trend over the six years of analysis for the four fundamental parameters for the cooperative movement revealed healthy trends and patterns. However the analysis on the annual changes in the trend of growth of all four parameters in the ranking system revealed some serious trend between each year of analysis which will have far reaching consequences on the cooperative movement in the short run as well over the medium term. The erratic pattern of transition between each year of analysis is a major cause of concern as it is a sign of underlying weaknesses and structural problems confronting the cooperative movement in general and the cooperative entities in particular. The erratic pattern in the growth of membership and the declining membership in numerous sectors are a major cause of concern for the cooperative movement as it is a reflection of fundamental problem confronting the cooperative entities. The erratic pattern is equally visible for the other 3 parameters, share-capital, revenue and total assets which will require further research initiatives.

The Key Words: banking, credit, agriculture, consumer, service, transportation, housing construction and industrial cooperatives.

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In the name of Allah, the most Gracious and Most Merciful. Praise to Allah S.W.T. The Creator and Guardian of the universe. Praise and peace be upon Prophet Muhammad S.A.W, the last messenger of Allah, his family and his companions, from whom we gain the enlightenment.

“Alhamdulillah!!”

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LIST OF ABBREVIATIONS

AS	Asset Share
BNM	Bank Negara Malaysia
BC	Banking Cooperative
BNM	Bank Negara Malaysia
CC	Credit Cooperative
CCB	Cooperative Central Bank
CCM	Cooperative Commission Malaysia
CSH	Capital Share
CI	Cooperative Industry
DFIA	Development Financial Institution Act
ICB	Islamic Cooperative Bank
KEA	Key Economic Area
MCSC	Malaysian Cooperative Society Commission
ROA	Return on Asset
RS	Revenue Share
SKM	Suruhanjaya Koperasi Malaysia

CHAPTER ONE

INTRODUCTION

1.1 Background of study

Since the 19th century, the cooperative movement has become an important endeavor towards improving the benefits and livelihood of millions of members across the globe. According to United Nation's Secretariat Department of Economic and Social Affairs Division for Social Policy and Development by 2014, the world witnessed the establishment of over 2.6 million cooperatives with over 1 billion in total membership.

Malaysia's experience in the cooperative movement started in 1922 with the first cooperative, a credit cooperative that was registered as the Postal and Telecommunications Cooperative Thrift And Loan Society Limited. A year later (1923), Syarikat Kampung Teluk Haji Musa Bekerjasama sama Dengan Tanggungan Berhad, Parit Buntar Krian, Perak was registered. From a single activity such as credit or rice milling, the cooperative movement had diversified into a range of business activities such as banking, industrial, construction, consumer, housing, transport, land development and agricultural production that benefited their members. Thus by the end of 2014, Malaysia has recorded a total of 11,871 cooperatives in 9 major sectors as noted by the Cooperative Commission of Malaysia (SKM).

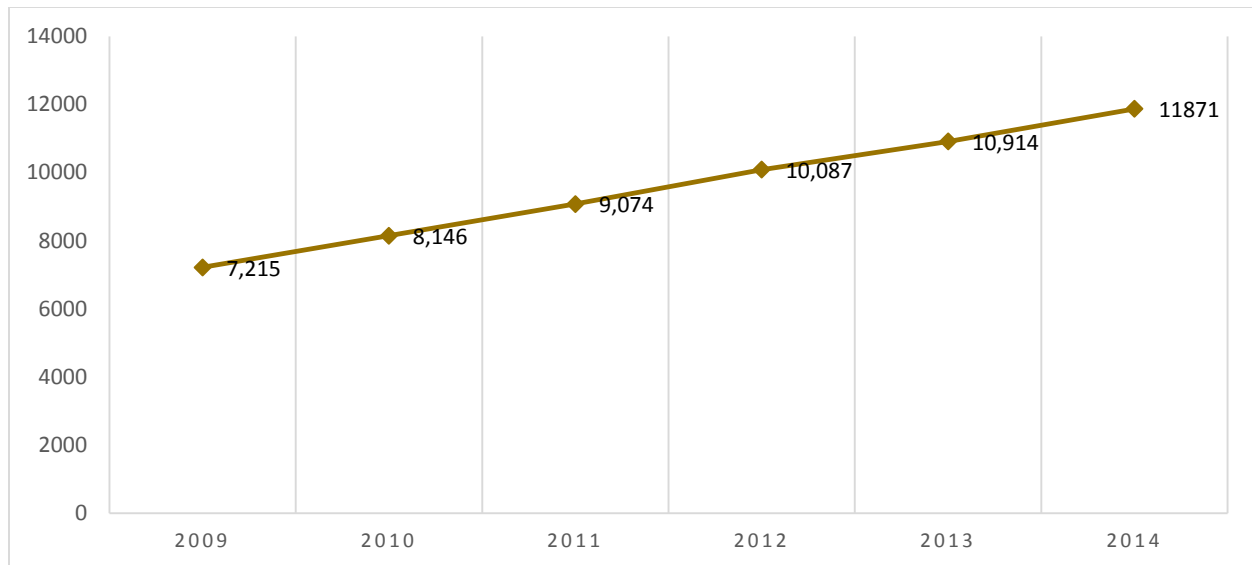


Figure 1.1
Distribution of cooperatives by sector 2009 - 2014

As noted by Table 1, from 7,215 cooperatives in 2009, the number of cooperatives has increased by almost 65% to 11,871 by 2014 with the consumer cooperatives dominating over the six-year period.

By 2009, the SKM introduced a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. Before 2009 the cooperative commission cannot compare the cooperative movement in Malaysia across the board as each cooperative is being judged on its own merits and performance. The cooperatives are evaluated individually based on their annual reports and the report by external auditors. As such it is not possible to compare thousands of cooperatives in the country. As a member nation of the International Cooperative Alliance (ICA), Malaysia adopted the ranking system, a process to evaluate all the cooperatives to determine the top one hundred cooperatives. For the first time in the history of the cooperative movement in Malaysia, all the cooperative institutions are evaluated and the top one

hundred cooperatives are proclaimed in 2009. The ranking system will facilitate an international comparison in line with the International Cooperative Alliance (ICA) standards.

1.1.1 The Parameters of the Malaysian Cooperative Ranking System

The Malaysian cooperative ranking system is consistent with ICA's ranking system that is basically focusing on the financial dimensions such as revenue, assets and share capital and the non-financial dimensions that include year of establishment and total membership. The Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission Malaysia have taken three major steps in their evaluation of the cooperatives namely determination of successful cooperatives, the average ratio of cooperatives and determination of the financial parameters.

1.2 Problem statement

The overall performance and position of the co-operatives should be evaluated based on a set of criteria that includes both financial and non-financial analysis. The year of establishment or period and the structure of membership represent the non-financial parameters while asset, revenue and share capital represent the parameters for the financial analysis. This is in-line the analytical framework of Bazzi Kilani (2013) as shown below:

1. Period
2. Number of members,
3. Share capital
4. Revenue
5. Total assets

The Malaysian cooperative movement has a long history going back to 1922. The ability of the cooperatives to survive over such a long period is a reflection of the management capability and the commitment of members to fulfill their cooperative spirit. As for membership in cooperative institutions, from a few hundred members in 1922, by 2014, the number has grown to be 7.5 million with 3 sectors (consumer 2.1 million, service 1.13 million and credit 1.3 million) crossing the 1 million-membership mark. Not only members have increase but also the amount of capital contributed by members in the form of shares and fees has also shown an average increase of 7% per annum.

From a few hundred Malaysian Ringgit in 1922, by 2009, the cooperative movement has accumulated over RM 8.96 billion worth of share capital that by 2014, it has reached an astonishing

amount of RM 13.47 billion with credit (RM 5.606 billion), service sector (RM 3.247 billion) and banking (RM 3.316 billion) dominating. Since the beginning of the cooperative movement in the 19th century with a reasonably small revenue base, by 2009, the cooperative movement have generated over RM 9 billion in revenue that by 2014, it has reached almost RM 35 billion. The value of assets is another fundamental dimension in determining the quality of the cooperative institutions. From a few thousand Ringgit in 1922/23, the cooperative movement had recorded an asset value of RM 65 billion in 2009 that, by 2014, it has crossed the RM 100 billion mark reaching RM134.681 billion by then.

1.3 Research Questions

By 2009, the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission has developed a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. In the process, the Malaysian cooperatives can be compared to their international counterparts. The Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission Malaysia conducted the ranking system annually to determine the top 100 cooperatives in the country.

Since the first exercise in ranking the cooperatives in 2009, The Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission had conducted 6 ranking exercises to determine the top 100 cooperatives across the nation (2009-2014). However, there has not been any research into comparing the performance of the top 100 cooperatives over the 6-year period. As such, this study

will attempt to take a comparative analysis of the top 100 cooperatives over the 6-year period. This comparative analysis is vital to understand the dynamics in managing cooperative institutions.

In taking a comparative analysis over the 6 years period, this study will provide an in depth look into the performance and dynamic of the top 100 cooperative overtime. This is crucial as there are almost 12,000 cooperatives with over 7 million members that had accumulated more than RM 13 billion in shares with revenue of more than RM 35 billion and an asset base worth more than RM 134 billion.

In taking a comparative analysis, this study will follow the standards as developed by cooperative commission act basically in compliance to the financial and non-financial parameters. By 2014, the cooperative movement is dominated by the consumer cooperatives that accounted for over 2/5 (4916) of the total of 11,871 cooperatives or 41.4%. Despite their dominance in the number of cooperatives, only 15 of them are able to get into the top 100 cooperatives. The consumer cooperatives contributed a dismal 0.3% of the top 100 cooperatives. At the other extreme end, none of the 117 industrial cooperatives are eligible into the top 100 cooperatives in the first year of the ranking system (2009) even though by 2014, the number industrial cooperatives has increased to 253, none of them are qualified for the top 100 cooperatives. As such, this study has taken the following research problems:

- 1 What is the pattern in the performance of the cooperative institutions in the Malaysian ranking system within the top 100 cooperatives?

- 2 What is the pattern in the evolution of the cooperative sectors of the top 100 cooperative between 2009 until 2014?

1.4 Research Objective

With almost 65% increase in the number of cooperatives, from 7,215 in 2009 to 11,871 in 2014, the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission has undertaken 6 ranking exercise to determine the top 100 cooperatives over the 9 cooperative sectors. Since the increase in the number of cooperatives are across the board, the chances of them getting into the top 100 cooperatives is equally challenging as the nature of activities of the respective cooperatives varies considerably.

Since the ranking system is basically an “open system” i.e. opened to all 11,871 of them in 2014 or 7215 of them in 2009, the chances of getting into the top 100 will be very competitive as some cooperatives have to comply with banking rules and regulations apart from the cooperatives rules and regulations. Consumer cooperatives and service cooperatives are comparatively simpler in activities compared to banking and credit cooperatives, as they have to fulfill the financial regulations of their institutions as well as comply with the central bank rules and procedures.

However, all the cooperatives have to report on their performance to the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission annually with a standard format that is comparable to all sectors and the data from those reporting system is being utilized to rank them into the top 100 cooperatives. As such, this study is designed to undertake a comparative analysis of the top 100 cooperatives from 2009 to 2014.

1. To analyze the pattern in the performance of the cooperative sectors in the Malaysian ranking system of the top 100 cooperatives.
2. To examine the pattern of the evolution of the top 100 cooperatives between 2009 and 2014.

1.5 Scope of the Study

At the beginning of the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission ranking system, it is the consumer cooperatives that dominate accounting for 4136 or 47% of the total 7215 cooperatives. However by 2014, the percentage of the consumer cooperatives has dropped to 41.4% or accounting for 4,916 cooperatives even though the number of consumer cooperatives has increased by 780 units. Despite their dominance in the cooperative movement, only 15 consumer cooperatives (0.3%) are represented in the top 100 cooperatives in 2009.

On the other extreme end, there are only 2 banking related cooperatives accounting for only 0.02 % of the total cooperatives but both are in the top 100 cooperatives over the 6-year period. But the banking cooperatives represent only 2% of the top 100 cooperatives in Malaysia.

However both or 100% are in the top 100 cooperatives. As such this study will analyze the pattern in the ranking system over the 6-year period. This study will focus on the comparison among top 100 cooperatives from 2009 until 2014. The data collected is based on one hundred (100) best cooperatives in Malaysia. The variables used in this study are five main parameters namely year of establishment, total membership, share capital, revenue and assets value.

1.6 Significance of the study

Cooperatives are important institution established by individuals who come together to collectively undertake an important activity to promote and protect their interests. Though they are not involved in profit maximization, cooperatives become important institution to offer their membership privileges and benefits in the face of fierce competition in their respective activity or endeavor. With such a large number of cooperatives amounting to 11,871 in 2014, an analysis of the top 100 cooperatives will offer the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission an opportunity to utilize the findings towards improving the performance of the balance (11, 781 cooperatives).

This study is a comparative analysis of the 9 sectors of the cooperative movement over a 6-year period (2009-2014). From the analysis, Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission will be able to note the probability of individual cooperative within each sector to be eligible to enter the top 100 cooperatives. As the pattern noted there is a serious miss-representation of the cooperatives in the top 100 cooperatives. Except for the banking cooperatives that are 100% in the top 100 cooperatives, the other sectors are not well represented. Only 35 credit cooperatives (5.9%) out of a total of 597 credit cooperatives are in the top 100 cooperatives. Out of 460 transport cooperatives, only 18 of them (3.9%) are in the top 100 cooperatives.

The other sectors are dismally weak as their sectorial percentage is very small. Only 0.9% of the housing cooperatives made it to the top 100 cooperatives followed by 0.3% of the service cooperatives are represented in the top 100 cooperatives with 0.7 % of the agriculture sector

making to the top 100. Only 0.5% of the construction sector made it to the top 100 cooperatives while the consumer and service sector accounting for only 0.3% each. It is sad to note that over the 6 years of ranking the cooperatives movement, the industrial sector cooperatives has never been in the top 100 cooperatives. Such a pattern will promote in-depth research efforts towards transforming the under representation of sectors within the top 100 cooperatives.

In analyzing the evolution of the pattern of the top 100 cooperatives over the 6-year period (2009-2014) using the “class analysis” this study allows for an understanding of the dynamics in the management of the cooperatives. Despite being in the top 100 cooperatives, a comparative analysis over the 6 year period into the individual parameter of membership, share, revenue and assets facilitate trend analysis that may be a threat in the medium term or in the long run. For example, a declining trend in membership in the banking sector may be due to some underlying challenges that the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission have to be wary off. The trend analysis for the 5 parameters and interplay of 5 parameters for each sector will allow interested parties to determine the dynamics of the cooperative institutions and in the process, allow for a more sensitive ranking to facilitate transformation of those cooperative institutions.

1.7 Organization of the study

This study is structured into five chapters. Chapter 1 provide an introduction to the topic to be studied, problem statement, research questions, research objectives as well as scope of the study and significance of the study.

Chapter 2 offers a review of previous research which is related to cooperative movement with an overview cooperative in terms of the concept, performances and research done previously related to cooperative in Malaysia as well as in the other counties. Besides, this chapter also elaborates variables used to analyses performance which is concern in this research such as share capital, revenue, total assets and return on assets.

Chapter 3 discuss on the Research Methodology that was applied in this study. It includes hypothesis development, research design, and data collection method. Furthermore, this chapter also presents the sampling design, data administrative and analysis technique.

Chapter 4 is devoted to the findings of the study. This chapter explains in detail the comparative analysis between 2009 until 2014. Not only that, this study also elaborate the significant different between those cooperatives performance based on the nine functions used in this study.

Chapter 5 summarizes the findings of the study followed by the discussion. This chapter also mentions about the policy implication and recommendation for future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The cooperative movement has become an importance mechanism to protect and promote the interest of the cooperative members in the face of hostile physical environment as reflected by the 19th century economic crisis in Germany caused by the snowstorm that affected whole country. As a consequence of the snowstorm, the farmers in Germany cannot operate their fields that resulted in half of population going hungry. The initial help offered was to provide loans to poor people with very high interest. The German government decided to provide credit without interest to the cooperatives to revive the economic conditions of small producers and consumers.

With such historical tradition, the spirit of cooperatives spread across regions. Nevertheless, cooperatives are not set up to make big profits for shareholders, but to create value for our Ummah, it can gives public interest with a unique cooperative character, and affect the values and principles of a cooperative model. In short, the cooperative farm, business or organization, which is owned and activated jointly by its participants who share in profit or benefits. The cooperative spirit is to meet common needs and ambition of members, sharing ownership and decision-making in a democratic manner. Even in the Islamic tradition, the cooperative spirit had become important dimension of life.

As suggested by Di Salvo and Roberto (2002), the cooperative is like a business entity formed by a group of people in providing services and products to its users. In a more general context, the

cooperative is a business owned and democratically controlled by a group of people who have the same goal, using services and benefits being equally distributed.

The existence of cooperatives is due to the reaction of social depression caused by the free market. On the other hand, as suggested by Fairbairn (1994), the fundamental elements of the cooperative movement such as democratic, innovative and community-based organizations play an important role in changing the nature of short-term economic self-interest in the free market system to sustainable socio-economic system that can meet the needs of the people as a whole.

However, the cooperatives have the potential to grow exponentially worldwide, as sustainability requires the cooperation of its members. The cooperative is a model that has proven to be a successful organization in meeting the needs of economic, social and environment. Although cooperatives emerged in the previous century, seen as a precursor Rockdale cooperative, the cooperatives have been transformed into a modern entity because it is where the cooperative principles have been developed (Gibson, 2005).

Furthermore, the cooperatives model as a community-based institution, rooted in democracy, flexibility with the involvement of participants, who have made it appropriate for economic transformation. Clarida, R., Galí, J., & Gertler, M, (2002) argues that the cooperative movement promotes the process of building and promoting a sense of public identity as cooperative plays important role in the world in reducing poverty, creating jobs economic growth and social developments as stated by Gibson (2005) as well.

Nevertheless, as states by Mohieldin, Iqbal, Rostom, and Fu (2011), the cooperation it's a fundamental of live, because when community apply the principles of sharing together and cooperation, it is good for the Ummah. Even non-Muslim countries realize the value of cooperation and they are more helpful to the commoners. The non-Muslim countries are promoting the cooperative model to overcome challenges of high interest rates. but Allah SWT already mentioned to cooperate each other in His Holy Book.

Islamic law also encourage the Muslim community or Ummah to cooperate with each other, which it is also mentioned by our Prophet Mohammad S.A.W many times to remind us of the value of cooperating because cooperative is public interest or Maslaha Ammah. Islamic law advice people to cooperate as stated in Surah Ma'idah Chapter 5, verse 2. Allah SWT said

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تُحِلُّوا شَعَائِرَ اللَّهِ وَلَا الشَّهْرَ الْحَرَامَ وَلَا
الْهَدْيَ وَلَا الْقَلَائِدَ وَلَا ءَامِينَ الْبَيْتِ الْحَرَامَ يَبْتَغُونَ فَضْلًا مِّن رَّبِّهِمْ
وَرِضْوَانًا وَإِذَا حَلَلْتُمْ فَاصْطَادُوا وَلَا يَجْرِمَنَّكُمْ شَنَاٰنُ قَوْمٍ أَن
صَدُّوكُمْ عَنِ الْمَسْجِدِ الْحَرَامِ أَن تَعْتَدُوا وَتَعَاوَنُوا عَلَى الْبِرِّ
وَالْتَّقَوٰى وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ
الْعِقَابِ ﴿٢﴾

O “You who have believed, do not violate the right of Allah, or the sanctity of the sacred month or neglect the marking of sacrificial animals and garlanding them or violate the safety of those coming to the sacred House seeking bounty from their lord and his approval. But when you come out of Ihram, then you can hunt. And do not let the hatred of people for having obstructed you from Al Majd Al haram lead to transgress and cooperative in righteousness and piety, not cooperative in sin and

aggression and fear Allah in indeed Allah. Allah is severe in penalty” (Al –Quran, 5:2)

إِنَّ اللَّهَ يُدْخِلُ الَّذِينَ ءَامَنُوا وَعَمِلُوا الصَّالِحَاتِ جَنَّاتٍ تَجْرِي مِنْ تَحْتِهَا
الْأَنْهَارُ وَالَّذِينَ كَفَرُوا يَتَمَنَّوْنَ وَيَأْكُلُونَ كَمَا تَأْكُلُ الْإِنْعَمُ وَالنَّارُ مَشْوًى
لَهُمْ

“Indeed, Allah will admit those who have believed and done righteous deeds to gardens beneath which rivers flow, but those who disbelieve enjoy themselves and eat as grazing livestock eat, and the Fire will be a residence for them”(Al –Quran, 47,12).

وَإِذْ قُلْنَا لَكَ إِنَّ رَبَّكَ أَحَاطَ بِالنَّاسِ وَمَا جَعَلْنَا الرُّءْيَا الَّتِي
أَرَيْنَاكَ إِلَّا فِتْنَةً لِلنَّاسِ وَالشَّجَرَةَ الْمَلْعُونَةَ فِي الْقُرْءَانِ وَنُخَوِّفُهُمْ فَمَا
يَزِيدُهُمْ إِلَّا طُغْيَانًا كَبِيرًا

“And [remember, O Muhammad], when we told you, "Indeed, your Lord has encompassed the people." And we did not make the sight which we showed you except as a trial for the people, as was the accursed tree [mentioned] in the Qur'an. And we threaten them, but it increases them not except in great transgression” (Al –Quran, 17:60).

On the other hand, Prophet Mohammad S.A.W also stated that from forty Hadith of Nawawi: The Hadith chapter 13.

الحديث الثالث عشر

[عن أبي حمزة أنس بن مالك رضي الله تعالى عنه خادم رسول الله صلى الله عليه وآله وسلم عن النبي صلى الله عليه وآله وسلم قال لا يؤمن أحدكم حتى يحب لأخيه ما يحب لنفسه] رواه البخاري ومسلم

Narrated Anas bn Malik (may Allah be pleased with him) the prophet (Peace be upon him) says: None of you should have complete faith until he loves for others what he loves for himself (Hadith Nawawi: No. 13). Incomplete source~

الحديث الثامن عشر

[عن أبي ذر جندب بن جنادة وأبي عبد الرحمن معاذ بن جبل رضي الله تعالى عنهما عن رسول الله صلى الله عليه وآله وسلم قال : إتق الله حيثما كنت وأتبع السيئة الحسنة تمحها وخالق الناس بخلق حسن] رواه الترمذي وقال : حديث حسن وفي بعض النسخ : حسن صحيح

HADITH No. 18, narrated Abuzarri said the prophet (peace be upon Him) says: fear Allah where ever you are. Follow good deeds over bad deeds, they (good deeds) will clean them (bad deeds). And relate with people with best behaviours.

الحديث السادس والثلاثون

[عن أبي هريرة رضي الله عنه عن النبي صلى الله عليه وآله وسلم قال من نفس عن مؤمن كربة من كرب الدنيا نفس الله عنه كربة من كرب يوم القيامة ومن يسر على معسر يسر الله عليه في الدنيا والآخرة ومن ستر مسلما ستره الله في الدنيا والآخرة والله في عون العبد ما كان العبد في عون أخيه] رواه مسلم بهذا اللفظ

HADITH 36

Whoever takes away a plight of the worldly plights from a Muslim; Allah will take away from him a plight from the plights of the hereafter. And whosoever relieves the one in difficulty, Allah will provide him relieves in this world and the hereafter. And whosoever conceals a Muslim Allah will also conceal him in this world and the hereafter. And Allah always supports the servant who helps his brother.

2.2 A Review of the Parameters

According to Chua Chong Keow (2000), in accounting and analysis of financial statements, every business institution as such cooperatives have to develop for its share capital base on their performance. However, the amount of share capital for an entity can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase. Share capital can be composed of both common and preferred shares. The amount of share capital of a company reports on its balance sheet only accounts for the initial amount for which the original shareholders purchased the shares from the issuing company. Any price differences arising from price appreciation/depreciation as a result of transactions in the secondary market are not included.

On the other hand, the role of the shareholders is equally crucial, according to Geoff (2009), for the equity finance can give the company less risk. It is for this reason that cooperatives offer a model of sharing that can protect this type of crises.

The amount of money that a business entity or company or cooperatives actually receives during a specific period, including discounts and deductions for returned merchandise is considered revenue. It is the gross income figure from which costs are subtracted to determine net income. Revenue is calculated by multiplying the price at which goods or services are sold by the number of units or amount sold.

As mentioned by Elliott Taylor (2009), the revenue ratio is one of the measures of a business entity or company's financial performance, especially relative to other companies in the same industry. Generally, a lower ratio means that the company is creating a good return on every currency invested. The inverse of this ratio is the return-on-investment ratio.

This is a measure of profitability that compares net income of a company to its revenue. This is a financial tool used to measure the profitability performance of a company. The revenue is a measurements ratio, which sales generated by one company. This is a measure of performance of company's income. It is an indicator of productivity of company's products. It also indicates how efficiently a company is utilizing its resources.

In practice, this ratio can help the management in controlling the expenses. It can give indications of rising expenses. If a decrease on revenue is observed, the management should know that the expenses are not being managed as efficiently as in the past. The management should find out why the expenses are rising and then take steps to reduce them. If the revenue indicated increases that the expenses of the company are being facilitated efficiently. These insights can help to see a clearer picture of the expenses and it can help to control expenses.

Generally, total asset amount of all gross investments, cash and equivalents, receivables, and other assets as they are presented on the balance sheet. As mentioned by Irfanullah (2011), assets are defined as anything that a business entity or cooperatives owns, has value and can be converted to

cash. Assets are broken down into two main categories. These two categories are current assets and noncurrent assets. Each of these categories is further broken down into sub-categories. Total assets are the sum of all current and non-current assets and must equal the sum of total liabilities and stockholder's equity combined.

However, it measures efficiency of the business entity in using its assets to generate net income. It is profitability. Additionally, the total asset is a financial statement ratio that measures how well a company uses its assets to generate revenue. This ratio is usually abbreviated as (TA), and it's a measure of profitability. The total asset is the ratio of annual net income to average total assets of a business during a financial year. It measures efficiency of the business in using its assets to generate net income. It is a profitability ratio.

In general, the Return on Assets (ROA) can be promoting the profitability on the assets of the business entity or firm or cooperatives after all the expenses and taxes will be deducted. It measures an earning receives by the business entity or firms after tax for each dollar invested in assets of the firm. A business entity or firm or bank is said to have good performance when the ROA ratio increases. The higher the ROA ratio, the higher the profit obtained by the firm or bank. On the other hand, the lower the ROA ratio, the lower the firm or bank capability and the worse the performance of the bank as stated by Naceur (2003) and Alkassim (2005), the ROA is most measure profit earned during analysis its profits.

Other studies by Akther, Raza, Orangzab and Akram (2011) also used Return on Assets as one of the ratio to measure the efficiency and performance of banks in Pakistan. Other than that, getting on top of the financial measures of the bank performance is an important part of running a growing business, especially in the current economic climate. In addition, ROA is the indicator of measuring managerial efficiency (Hassan, 1999; Samad, 1998). In ROA, the business entity or bank will know the efficiency and capability to convert the assets into net income. ROA is the ratio of operating profit to average total assets. In principle, ROA reflects the ability of a business entity's management to generate profits from the bank's assets though it may be biased due to off-balance sheet activities (Athanasoglou et al., 2005).

As stated by David L. Scott, (2003) the capital share is divided into two categories: income shares and capital shares. The income shares offer holders a portion of the fixed return on fund's portfolio and attract low risk investors.

Nevertheless, the capital shares do not offer a portion on the fixed return, but instead offer holders a portion of the return stocks or similar investments, attracting medium or high-risk investors. In objective of capital share typically attract investors that are looking more for capital growth than for income growth as profits are made only if the stocks increase in price.

According Jean-Claude Cosset (1998), in general the business entity has different form of practices such as revenue sharing or share capital. The revenue sharing refers to the distribution of profit

and losses between stakeholders who could be general partners and limited partners in limited partnership.

In practice, the sharing revenue is less risky because different participants can share revenue or losses. The revenue sharing involved only short term planning for instance 12 months or one year and sometimes less and it is a tool that measures returns per share.

The formula is based on dividing total revenue earned in a fiscal year by the weighted average of shares outstanding for that fiscal year. The sales-per-share ratio is used to evaluate a company's business activities in comparison to share price. The higher the ratio, the more active the company.

In generally, an asset share is defined as the estimated portion or amounts attributable to an individual unit of coverage. As mentioned by Roden (1987) indicated if the accumulated net funds of members are large.

According MC Jensen (1968) the net asset value formula is used to calculate a mutual fund's value per share. A mutual fund is a pool of investments that are divided into shares to be purchased by investors. Each share contains a weighted portion of each investment in the collective pool. The premise of grouping in this manner is to minimize risk by diversifying.

In Malaysia the cooperative sector is under the jurisdiction of the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission as the department is entrusted with overseeing development and governing functions under of the Cooperative Societies Act (1993), (Act 502) and the

Cooperatives Regulations, 1995. This is to make sure that the cooperative movement plays an effective role in the socio economic development of the country towards an equitable spreading of wealth.

2.3 Meaning of Cooperative

The International Cooperative Alliance Statement (ICAS) defined the cooperative or cooperative as an autonomous association of people who charitable cooperative for their mutual social, economic and cultural benefit as indicated by Prisoner, (2013). However, the cooperative tools include non-profit organization and business that are owned and managed by the people who use their services a consumer cooperative or by the people who work there a worker cooperative or by the people.

In objective, the cooperative as mentioned by Buckley, Casson and Contractor (1994) they elaborated the word of cooperative as a unity of people sharing together their common needs in order to fulfill their goals.

However, as noted by Buckley et al (1994) the cooperatives are not set up to make big profits for shareholders but to create value for their community this is what gives a unique cooperative character, and affect the values and principles of a cooperative model.

The matter of the financial performance evaluation is a well advanced within finance and management field as stated by Jha and Hui (2012) while Cheng Min Feng and Rong Tsu Wang

(2001) also indicates that the performance of evaluation procedure with the financial ratio taken into consideration. This chapter cover firstly, conceptual of cooperative according to the indicators and secondly performance overviews regarding financial analysis.

2.4 The role and importance of the Cooperative Industry

The importance of cooperative sectors, particularly certain implications in terms of financial stability has not received appropriate explanation in the technical literature. Literature review showed concentrations less towards cooperative banks compared to commercial banks. For example, only about 0.1 percent of all banking-related entries in Econlit, the main database of economic research, is associated with the cooperative sectors.

2.5 Previous literature on Concepts of Cooperative Industry Performance

Recently, the cooperative industry is credited as a valuable model which it may reduce financial crises. The cooperative industry are playing their economic role in positive way and also stated that, regarding the legislation want to preserve their small dimensions and their social characteristics, they have represented a strong competitor for the other bigger banks. However, the most important strength of this sector are:

- i) with the highest revenue income in Italy in term of cooperative sectors;
- ii) exciting to develop clients with retails and small business as well as professionals union;

- iii) able to compete with the other non-competitors due to good policy in their cooperative industry in Italy; and
- iv) Capable of providing training program in order to make customers more knowledgeable people.

The cooperative industry comes out as a low risk model as noted by Ayadi and Llewellyn (2010) pointed the cooperative banks lowering the issues to knowledge transfer and to overcome any kind of barrier.

In Malaysia, the cooperative entity was established in July 1922 while the sector is entrusted with the development and regulatory functions under of the Cooperative Societies Act, 1993 (Act502) and the cooperatives regulations of 1995. This is to ensure that the cooperative movements plays an effective role in socio economic development of the country towards an equitable distribution wealth.

In general, cooperatives have the potential to grow as the cooperative is a model that has proven to be successful entity in meeting the needs of economic, social and environmental. Being community-based, rooted in democracy, flexibility with active involvement of participants that have made it appropriate for economic development.

The establishment and development of the cooperative process involving the process of building and promoting a sense of community, identity and social organization as cooperatives play an

increasingly important role. The cooperative model can overcome poverty as the business entity is able to create jobs promote economic growth and as well as social development.

In general, there are common principles and values, which are resulting from the appreciation of action and a guide to the cooperative practice. There are seven cooperative principles adopted in the cooperative movement, namely:

- i) Voluntary and open membership
- ii) Democratic member control
- iii) Member economic participation
- iv) Autonomy and independence
- v) Education, training and as well as information
- vi) Cooperation among cooperative
- vii) Caring for the community cooperative

However, the cooperative seen as an important tool to improve the standard of living and working conditions for men and women. Since they use the services owned by them, cooperative decision-making can be balanced between the need for welfare benefits for members with their members and the public, who use their services.

As a cooperative that has economies of scale, they can increase their bargaining power among members who use their services, in addition to benefits such as higher incomes and social protection. Thus, the cooperative can provide protection to members and prevent them from poverty as indicated by Bello (2005).

The cooperative movement has contributed to sustainable human development and has important role in combating exclusion. Therefore, the promotion of cooperatives should be considered as one of the pillars of economic and social development at national and international level as noted by Couture and Faber (2002).

On the other hand, the young generation seems to be less interested in a community-based institution in term of work and prefer to employed or pursue individual oriented ventures as he indicates by Idirs and Abdulla (2011). This is another managerial challenge. Nevertheless, there is another study by Ismail and Mohd Sarif (2010) that noted a gap in the form of a knowledge gap with regard to global competition and suggested that cooperative managers must be prepared with global managerial skills to face international challenges successfully.

However, the Malaysian Cooperative Work force highlighted that 61% of cooperatives do not have executive staff. While 80% of these workers do not receive any cooperative training and lagged behind the employees of other organization in career planning and development. As indicated by Din (2006), in the analysis of efficiency of the fishermen's association in Malaysia by applying DEA, he concluded that cooperatives are beneficial as they provided both economic and social benefit's to their members. Othman, Kari, Jani, and Hamdan (2012), highlighted the factors that influence cooperative movement.

2.6 The Malaysian Cooperative Ranking System

By 2009, the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission introduced a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. Before 2009 the cooperative commission cannot compare the cooperative movement in Malaysia across the board as each cooperative is being judged on its own merits and performance. The cooperatives are evaluated individually based on their annual reports and the report by external auditors. As such it is not possible to compare thousands of cooperatives in the country. As a member nation of the International Cooperative Alliance (ICA), Malaysia adopted the ranking system, a process to evaluate all the cooperatives to determine the top one hundred cooperatives.

For the first time in the history of the cooperative movement in Malaysia, all the cooperative institutions are evaluated and the top one hundred cooperatives are proclaimed in 2009. The ranking system will facilitate an international comparison in line with the International Cooperative Alliance (ICA) standards.

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2.7 Chapter Summary

The patronage studies largely focus on the comparative analysis of the top 100 cooperatives between 2009 to 2014 in Malaysia. Nevertheless, this study obtained by 9 main functions including consumer, agriculture, credit, housing, industrial, transportation, constructions and banking sectors by choosing five main variables year of establishment, members, shares revenue and assets in order to fulfil this requirement of comparative studies. In conclusion, we found there is no past research regarding the comparative analysis of top 100 cooperative between 2009 to 2014. Thus, we envisioned to investigate the application of comparison and contrast of this survey. Next, the research methodology will be explained in Chapter 3.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design in the comparative analysis of the top 100 cooperatives in Malaysia. It also discuss about data collection methodology, sampling technique and data analysis technique. With almost 65% increase in the number of cooperatives, from 7,215 in 2009 to 11,871 in 2014, the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission has undertaken 6 ranking exercise to determine the top 100 cooperatives over the 9 cooperative sectors.

Since the increase in the number of cooperatives are across the board, the chances of them getting into the top 100 cooperatives is equally challenging as the nature of activities of the respective cooperatives varies considerably. Since the ranking system is basically an “open system” i.e. opened to all 11,871 of them in 2014 or 7215 of them in 2009, the chances of getting into the top 100 will be very competitive as some cooperatives have to comply with banking rules and regulations apart from the cooperatives rules and regulations. Consumer cooperatives and service cooperatives are comparatively simpler in activities compared to banking and credit cooperatives, as they have to fulfill the financial regulations of their institutions as well as comply with the central bank rules and procedures.

However, all the cooperatives have to report on their performance to the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission annually with a standard format that is comparable

to all sectors and the data from those reporting system is being utilized to rank them into the top 100 cooperatives. As such, this study is designed to undertake a comparative analysis of the top 100 cooperatives from 2009 to 2014.

However, the research design is also said to be a model to enable researchers to make implications regarding the variables studied. Sekaran and Bougie (2009) noted that the conduct of research should consist of several processes and components that need to be followed, namely (i) identification of the problem, (ii) the initial data collection, (iii) development study design, (iv) the collection and analysis of data and (vii) the cover.

3.2 Data Collection Method

All the data needed for this research are collected from secondary sources. In this study, we used a financial data analysis that is derived from the general statistic cooperative sector as well as top 100 best cooperative banks in Malaysia. Those data collected from the official website of Suruhanjaya Koperasi Malaysia (SKM), in general cooperative functions and top 100 cooperatives in Malaysia. In order to evaluate the performance of 100 cooperatives, this research managed to get 6 years of 100 best cooperatives in Malaysia report starting 2009 until 2014.

3.3 Sampling Design

The sampling technique employed in this study is purpose sampling. This kind of sampling had been used in this study since we found an accurate number of population that is derived from Suruhanjaya Koperasi Malaysia. This official website have highlighted the number of population in cooperative institutions in Malaysia for 2014 at 11,871 entities.

3.4 Population

The population of this study is total of number cooperatives in their respective sectors in Malaysia derived directly from the official portal of SKM from which the top 100 cooperatives are ranked appropriately.

3.5 Analysis Technique

The raw data gathered from the secondary sources are analyzed using some statistical tools. All of the data went through several processes such as editing, coding and categorizing using. By 2009, the Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission introduced a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia.

Before 2009 the cooperative commission cannot compare the cooperative movement in Malaysia across the board as each cooperative is being judged on its own merits and performance. The cooperatives are evaluated individually based on their annual reports and the report by external auditors. As such it is not possible to compare thousands of cooperatives in the country. As a

member nation of the International Cooperative Alliance (ICA), Malaysia adopted the ranking system, a process to evaluate all the cooperatives to determine the top one hundred cooperatives. For the first time in the history of the cooperative movement in Malaysia, all the cooperative institutions are evaluated and the top one hundred cooperatives are proclaimed in 2009. The ranking system will facilitate an international comparison in line with the International Cooperative Alliance (ICA) standards.

3.6 The Parameters of the Malaysian Cooperative Ranking System

The Malaysian cooperative ranking system is consistent with ICA's ranking system that is basically focusing on the financial dimensions such as revenue, assets and share capital and the non-financial dimensions that include year of establishment and total membership. The Suruhanjaya Koperasi Malaysia (SKM) or cooperative commission have taken three major steps in their evaluation of the cooperatives namely determination of successful cooperatives, the average ratio of cooperatives and determination of the financial parameters.

3.7 Creating the data-base for comparative analysis

As this is a comparative study of Malaysia's ranking system from 2009 to 2016, creating appropriate database in tracking the performance of the 9 cooperative sectors from 2009 to 2014 is the most important initial step in the research method. Using the data from SKM' official portal, this research study assembled the 9 cooperative sectors by year beginning 2009 to 2014 and incorporating the 5 parameters that are crucial in tracking the performance of each sector overtime

and the evolution of the top 100 cooperatives over the same period of analysis. Such endeavor resulted in the creation of the following sets of tables as noted in Table 3 .series as compared to Table 1 that signifies the trend in the number of cooperatives in existence over the same of time, i.e. 2009 to 2014.

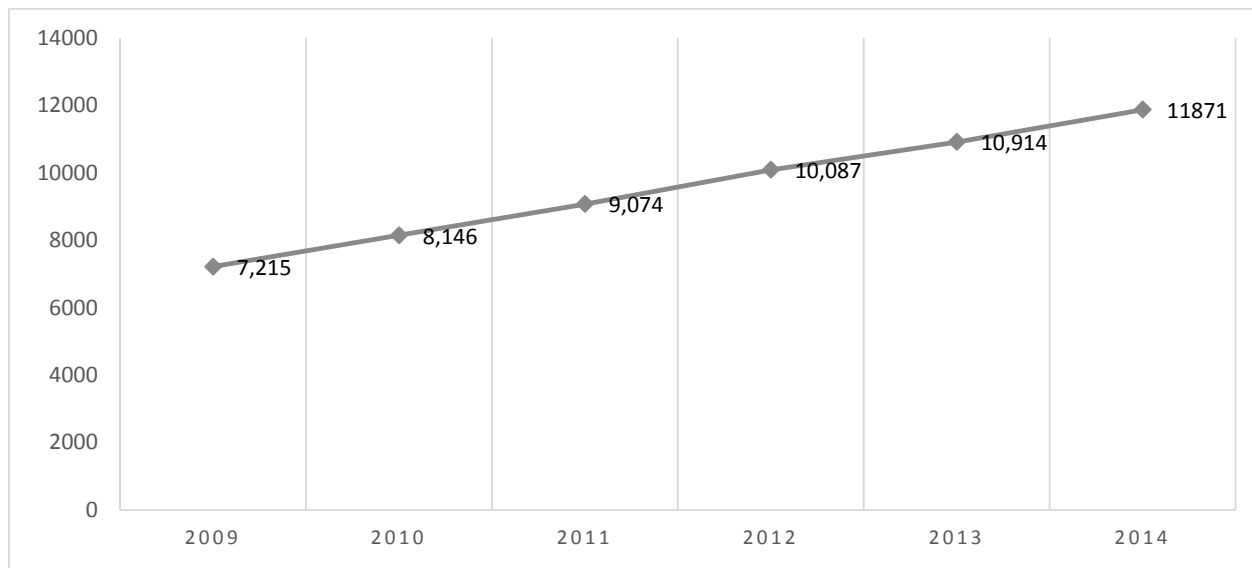


Figure 3.1
The Distribution of cooperatives by sector 2009 - 2014

Another important set of tables to meet the requirement of a comparative analysis of the transformation of the cooperative movement over the two period of study is depicted in Table 3 series that allow for trend analysis that will undertake in chapter 4. Table 3 series are designed to provide trend analysis for the 5 parameters in the comparative analysis namely year of establishment, total membership, share revenue and total assets as reflected in Table 3.1, 3.2, 3.3, 3.4 and 3.5 as shown below.

Table 3.1

Evolution of total membership in the distribution of the general cooperative sector from 2009 to 2014

Type of cooperatives	2014 No of cooperatives	%	No of Members	%	2013 No of cooperatives	%	No of Members	%	2012 No of cooperatives	%	No of members	%
Banking	2	0.01	993,593	13.4	2	0.01	1,009,647	13.26	2	0.01	1,008,631	14.35
Credit	597	5.02	1,338,057	18.05	589	5.39	1,653,139	21.72	588	5.82	1,736,078	24.69
Agriculture	2553	21.55	2324	21.28	2148	21.28	1,798	19.81	1,441	17.68	1,362	18.87
Housing	217	1.82	154,944	2.09	180	1.64	170,846	2.24	159	1.57	128,076	1.82
Industrial	253	2.13	18,155	0.24	225	2.06	18,399	0.24	201	1.99	17,044	0.24
Consumer	4916	41.4	4673	42.81	4416	43.77	4916	41.4	4673	42.81	4416	43.77
Constructions	196	1.65	130,614	1.76	173	1.58	506,314	6.65	163	1.61	123,960	1.76
Transportation	460	3.87	149,273	2.11	447	4.09	148,874	1.95	435	4.31	147,479	2.09
Service	2,677	22.6	1,131,888	15.27	2,301	21.08	790,536	10.38	1,975	19.57	720,615	10.25
Total	11,871	100	7,409,547	100	10,914	100	7,609,204	100	10,087	100	7,028,715	100

General statistics of cooperation by function between 2009 to 2014 in Malaysia

*including agriculture adults existing 2012 only

*Including consumer adults existing for wholly 6 year

Continue table 3.1

Evolution of total membership in the distribution of the general cooperative sector from 2009 to 2014

2011				2010				2009			
No Cooperative	%	No Members	%	No Cooperative	%	No Members	%	No Cooperative	%	No Members	%
2	0.02	986,273	14.00	2	0.02	813,554	12.32	2	0.02	838,932	12.36
589	6.49	1,913,384	27.17	613	7.52	1,786,508	27.06	575	7.97	1,963,054	28.93
1,798	19.81	416,200	5.91	1,441	17.68	429,559	6.50	1,362	18.87	289,484	4.26
134	1.47	147,633	2.09	118	1.44	145,823	2.20	107	1.48	89,182	1.31
162	1.78	13,349	0.18	137	1.68	14,467	0.21	117	1.62	17,634	0.25
4136	0.02	3866	47.44	3796	52.6	4136	0.02	3866	47.44	3796	52.6
4136	0.02	3866	47.44	3796	52.6	4136	0.02	3866	47.44	3796	52.6
151	1.66	112,088	1.59	134	1.64	38,007	0.57	117	1.62	62,171	0.91
418	4.6	137,899	1.95	429	5.26	145,193	2.19	346	4.79	148,196	2.18
1,684	18.55	686,411	9.74	1,406	17.26	638,215	9.66	793	10.99	598,084	8.81
9,074	100	7,040,309	100	8,146	100	6,600,041	100	7,215	100	6,783,775	100

General statistics of cooperation by function between 2009 to 2014 in Malaysia

*including agriculture adults existing 2012 only

*Including consumer adults existing for wholly 6 years

Table 3.2

Evolution in the distribution of share capital between 2009 and 2014

Types of Cooperative	2014		2013		2012		2011		2010		2009	
	Shares Capital (Million)	%	Shares Capital (Million)	%	Shares Capital (Million)	%	Shares Capital (Million)	%	Shares Capital (Million)	%	Shares Capital (Million)	%
Banking	3.28	24.62	3.46	26.14	3.90	26.16	2.72	24.79	2.04	24.74	2.93	25.54
Credit	5.844	41.637	5.694	41.70	5.745	43.13	4.131	45.42	4.712	47.21	4.940	46.51
Agriculture	604,53.05	4.49	516,94.05	4.03	493,45.05	4.21	426,65.05	4.06	388,615.05	4.07	244,317.05	2.73
Housing	218.42	1.62	206.46	1.61	183,913,359	1.57	175,076,985	1.67	162,412,315	1.70	133,356,559	1.49
Industrial	11.04	0.08	10.03	0.08	7,032,773	0.06	2,463,672	0.02	5,017,038	0.05	5,238,548	0.06
Consumer	312,15.05	2.31	288,08.05	2.25	250,205.05	2.14	239,642.05	2.29	212,530.05	2.23	279,481.05	3.12
Construction	59,61.05	0.44	43,92.05	0.34	38,008.05	0.32	25,081.05	0.24	12,659.05	0.13	14,365.05	0.16
Transportation	67,18.06	0.49	64,59.05	0.50	61,712.05	0.53	57,285.05	0.55	57,751.09	0.60	58,654.05	0.65
Service	3.96	2.11	2.23	23.16	2.720	21.70	2.174	20.77	1.092	19.06	1.727	19.56
Total	13,468,234,432	100	12,811,948,765	100	11,712,070,590	100	10,485,549,113	100	9,547,167,957	100	8,965,520,363	100

Source: General statistics of cooperation by function between 2009 to 2014 in Malaysia

*including agriculture adults existing 2012 only

*Including consumer adults existing for wholly 6 years

Table 3.3

Evolution in the distribution of Revenue between 2009 and 2014

Types of Cooperative	2014 Revenue(RM)		2013 Revenue (RM)		2012 Revenue (RM)		2011 Revenue (RM)		2010 Revenue (RM)		2009 Revenue (RM)	
	(Million)	%	(Million)	%	(Million)	%	(Million)	%	(Million)	%	(Million)	%
Banking	6.65	17.43	6.8	19	6.96	20.47	5.67	22.45	4.29	51.6	4.55	48.64
Credit	1.66	5.38	1.52	5.62	1.59	4.73	1.44	5.57	1.29	13.9	1.47	15.33
Agriculture	2.06	8.08	799.07	2.43	902.05	2.9	858,106.05	3.72	600,463.05	6.3	613,878.05	6.88
Housing	530.05	1.52	304.05	0.92	208.05	0.67	66,736.05	0.29	49,081.05	0.51	36,442.07	0.41
Industrial	3,597.05	0.1	40.05	0.12	31,347.06	0.1	28,876.05	0.13	32,643.02	0.34	33,127.08	0.37
Consumer	1.12	2.3	1.15	2.57	1.02	2.37	906,765.05	3.02	762,544.05	5.52	986,878.05	8.88
Construction	8,747.05	0.25	8,386.00	0.25	65,375.05	0.21	85,068.06	0.37	48,805.05	0.51	64,188.05	0.72
Transportation	700.05	2	6,616,9.00	2.01	659,726	2.12	557,856	2.42	562,355	5.9	512,207	5.74
Service	21.67	62.01	21.04	66.13	20.21	65.52	14.34	60.91	12.88	12.9	966,475.05	10.84
Total	34,950,981,435	100	32,972,431,234	100	31,095,702,299	100	23,088,256,324	100	9,533,101,420	100	8,919,009,563	100

Source: General statistics of cooperation by function between (2009 to 2014) in Malaysia

*including agriculture adults existing 2012 only

*Including consumer adults existing for wholly 6 years

Table 3.4

Evolution of the distribution of Total Assets Value between 2009 and 2014

Types of Cooperative	2014 Asset(RM)		2013 Asset (RM)		2012 Asset (RM)		2011 Asset (RM)		2010 Asset (RM)		2009 Asset(RM)	
	(Million)	%	(Million)	%	(Million)	%	(Million)	%	(Million)	%	(Million)	%
Banking	90.63	79.1	84,060.02	81.03	80.5	80.05	73.53	79.08	56.11	79.03	51.08	78.85
Credit	11.73	11.01	10.4	10.03	10.46	9.98	9.79	10.68	8.33	11.31	7.77	11.05
Agriculture	2,449.83	2	2,143.41	1.99	2.12	2.2	2,356,882.56	2.54	1,479,849.09	2.06	1,256,095.08	1.93
Housing	1,032.35	0.99	982.31	0.91	790,009.05	0.79	754,841,998	0.81	666,365,426	0.93	406,619,034	0.63
Industrial	78, 77.09	0.58	76,751.08	0.07	66,165.09	0.07	47,077.89	0.05	51,177.06	0.07	56,620.18	0.09
Consumer	1.65	1.9	1.53	1.17	1.22	0.97	1.18	1.03	1.19	1.03	1.22	0.27
Construction	414,231.05	0.9	360,124.05	0.33	288,883.05	0.29	138,797.06	0.15	55,201.05	0.08	56,784.05	0.09
Transportation	323,234.05	0.04	299,876.05	0.28	286,849.05	0.29	272,124.05	0.29	270,501.05	0.38	250,163.05	0.38
Service	8,257.06	7.09	7,624.58	7.07	5,155.99	5.13	4,742,499.78	5.11	3,466,698.98	4.83	3,236,209.99	4.98
Total	134.68.	100	107.87	100	100.46	100	92.79	100	72.56	100	64.95	100

Source: General statistics of cooperation by function between 2009 to 2014 in Malaysia

*including agriculture adults existing 2012 only

*Including consumer adults existing for wholly 6 years

3.8 Data-base for Class Analysis

Another important dimension in conducting a comparative analysis in the Malaysian cooperative ranking system between 2009 and 2014 is the need to evaluate the status of each sector over the 6-year period. This study has developed a format to determine the status of each sector over the 6 years of reference i.e. from 2009 to 2014. Since the ranking system is determined annually and since the ranking system is already undertaken for 6 years, it is important to record the trend in the evolution of the sectors in the ranking system over the 6 years. For this purpose, this study develops a “class” system with the following parameters:

- a. Class 1 will be those sectors that are in the top 100 category throughout the entire period of analysis. T means that they are in the top 100 cooperatives from 2009 to 2010 to 2011 to 2012 to 2013 and finally 2014. Only 1 sector recorded a Class 1 tradition namely the banking sector that is dominated by Bank Rakyat and (Koperasi Felda?). To be able to stay in the top 100 over the entire 6-year period denotes a certain degree of commitment, efficiency and professionalism as the ranking system is designed as a rigorous mechanism to determine the best or top 100 cooperatives from among 11,871 entities in 2014. A total of 33 cooperative entities are able to remain in the top 100 category over the 6-year period of reference.
- b. Class 2 represents sectors that are able to stay in the top 100 best category in 5 out of the 6 years of reference. A total of 13 cooperative entities are able to remain in the top 100 cooperatives by 2014.

- c. Class 3 refers to those cooperative that are able to stay in the top 100 in 4 out of the 6 years of reference. 22 cooperatives are able to remain in the top 100 in 4 out of the 6 years of reference.
- d. Class 4 are those cooperatives that are able to remain in the top 100 for only 3 out of 6 years of ranking. 15% of the cooperatives or 15 cooperatives is associated with class 3 years.
- e. Class 5 represent cooperatives that are in the top 100 for only 2 years in the last 6 years of reference. Only 9 cooperatives are represented in class 5.
- f. Finally in the 6-year of reference only 8 cooperatives are in the top 100 for only a year.

The class distribution of the top 100 cooperatives is recorded in Table 3.5.

Table 3.5

Distributions of top 100 Cooperatives by Class Analysis in the Malaysia Ranking System

Class 1	33	All 6 years	Top 100
Class 2	13	5 years	Top 100
Class 3	22	4 years	Top 100
Class 4	15	3 years	Top 100
Class 5	9	2 years	Top 100
Class 6	8	1 year	Top 100
Total	100		

Top 100 cooperative statistic between 2009 to 2014

An in-depth class-based analysis will be produced in the following chapter.

3.9 Data-base in meeting research objective 1: An Analysis of the pattern in the performance of the cooperative institutions in the Malaysian ranking system within the top 100 cooperatives

The final set of database is designed to fulfill the requirements into an analysis of the performance of each of the cooperative sector in the ranking system. With over 7000 entities in 2009 and almost reaching 12,000 cooperative entities by 2014, it is important to determine the dynamism of each sector in meeting the rigorous test of the ranking system. This form of analysis will provide in-depth understanding into the nature and status of each sector towards reaching the top 100 cooperatives in future.

3.10 Conclusion

In summary, this chapter come out all the stages starting from the data collection of the data until the types of tools used to analyze the data. The research methodology in this chapter showed the critical explanation specifically in developing the tools of measurements, research design, and database technique in meeting the research objectives. The research methodology in this chapter showed the critical explanation specifically in developing the tools of measurements, research design, and data analysis technique in more outstanding way. The next chapter (Chapter 4) would be the continuation of this chapter where the data gathered will analyze and discussed in further details.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings and analysis of the research problem. The method of analysis is based on a comparative analysis of the performance of the cooperative sectors from 2009 to 2014 within the Malaysian ranking system. The aim of the analysis is to determine the performance of 100 best cooperatives in Malaysia. Specially focusing in comparative study between 2009 until 2014. The data collected from one hundred best cooperatives in Malaysia were analyzed using variables including period, members, shares, revenue and assets.

By 2009, the SKM introduced a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. Before 2009 the cooperative commission cannot compare the cooperative movement in Malaysia across the board as each cooperative is being judged on its own merits and performance. The cooperatives are evaluated individually based on their annual reports and the report by external auditors. As such it is not possible to compare thousands of cooperatives in the country. As a member nation of the International Cooperative Alliance (ICA), Malaysia adopted the ranking system, a process to evaluate all the cooperatives to determine the top one hundred cooperatives. For the first time in the history of the cooperative movement in Malaysia, all the cooperative institutions are evaluated and the top one hundred cooperatives are proclaimed in 2009. The ranking system will facilitate an international comparison in line with the International Cooperative Alliance (ICA) standards.

The Malaysian cooperative ranking system is consistent with ICA's ranking system that is basically focusing on the financial dimensions such as revenue, assets and share capital and the non-financial dimensions that include year of establishment and total membership. SKM have taken three major steps in their evaluation of the cooperatives namely determination of successful cooperatives, the average ratio of cooperatives and determination of the financial parameters.

The overall performance and position of the co-operatives should be evaluated based on a set of criteria that includes both financial and non-financial analysis. The year of establishment or period and the structure of membership represent the non-financial parameters while asset, revenue and share capital represent the parameters for the financial analysis. Revenue

The Malaysian cooperative movement has a long history going back to 1922. The ability of the cooperatives to survive over such a long period is a reflection of the management capability and the commitment of members to fulfill their cooperative spirit.

i. The Growth of the Cooperative Entities from 2009 to 2014

As noted by Table 1, from 7,215 cooperatives in 2009, the number of cooperatives has increased by almost 65% to 11,871 by 2014 with the consumer cooperatives dominating over the six-year period.

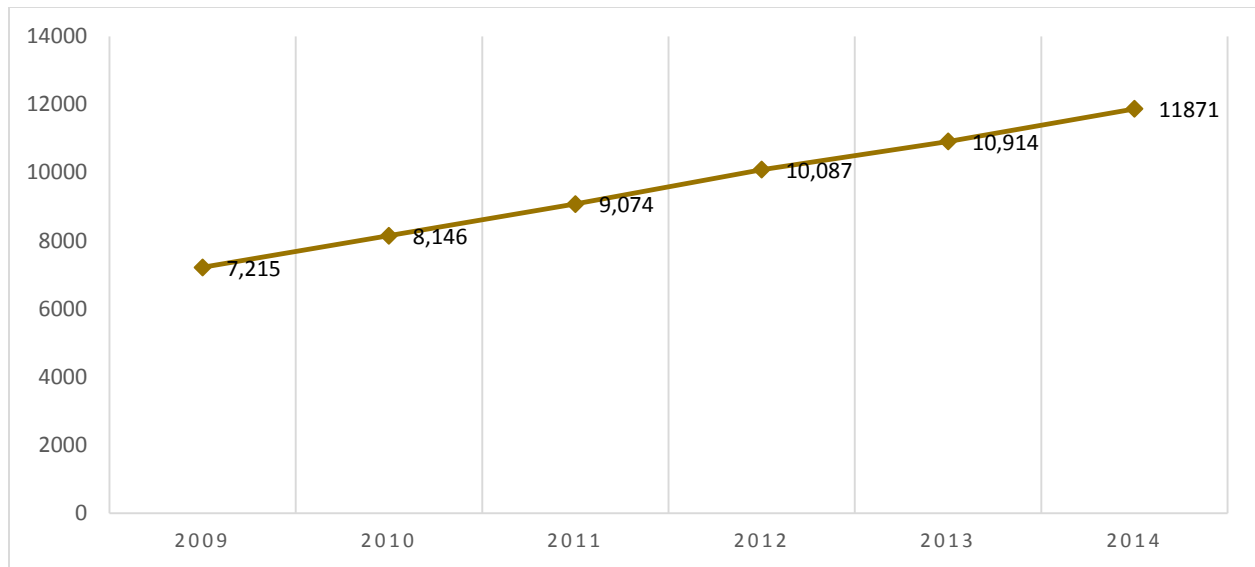


Figure 4.1.1
The Growth of the Cooperative Entities in 2009 - 2014

As noted by Table 1.1, the growth in the number of cooperatives is quite large averaging 776 cooperatives per annum with the biggest increase in the number of cooperatives in 2012 with 1013 new cooperatives joining the SKM movement. There seems to be a steady growth as reflected by over 900 new cooperatives being registered with the lowest in 2013.

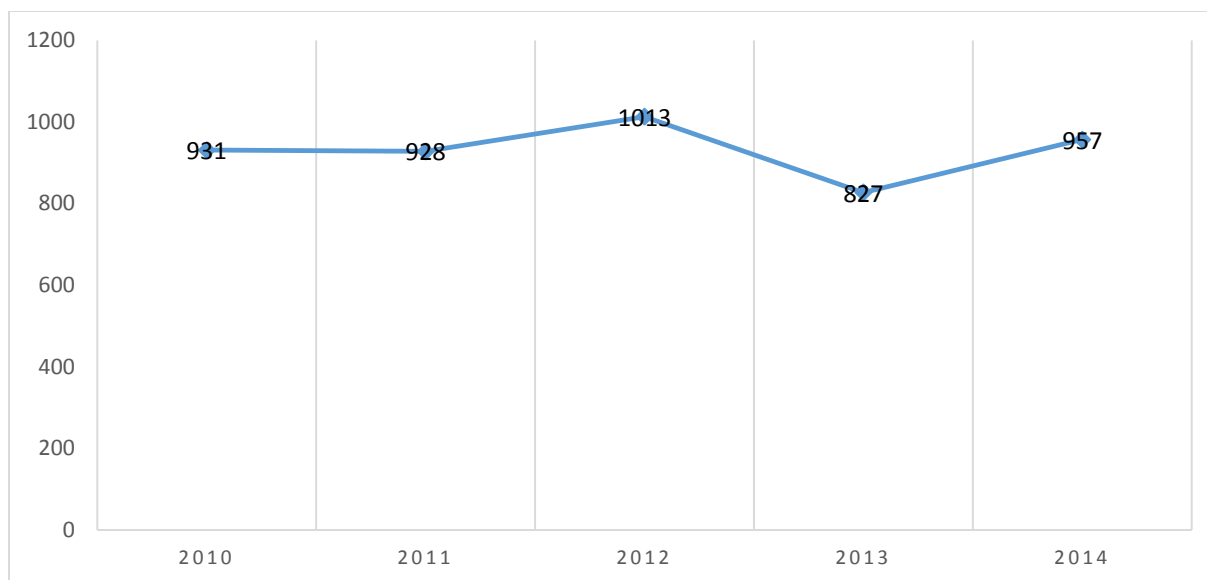


Figure 4.1.1.1

Annual Growth of total general cooperatives sectors (2009-2014)

ii. Evolution of Membership

As for membership in cooperative institutions, from a few hundred members in 1922, by 2014, the number has grown to be 7.5 million with 3 sectors (consumer 2.1 million, service 1.13

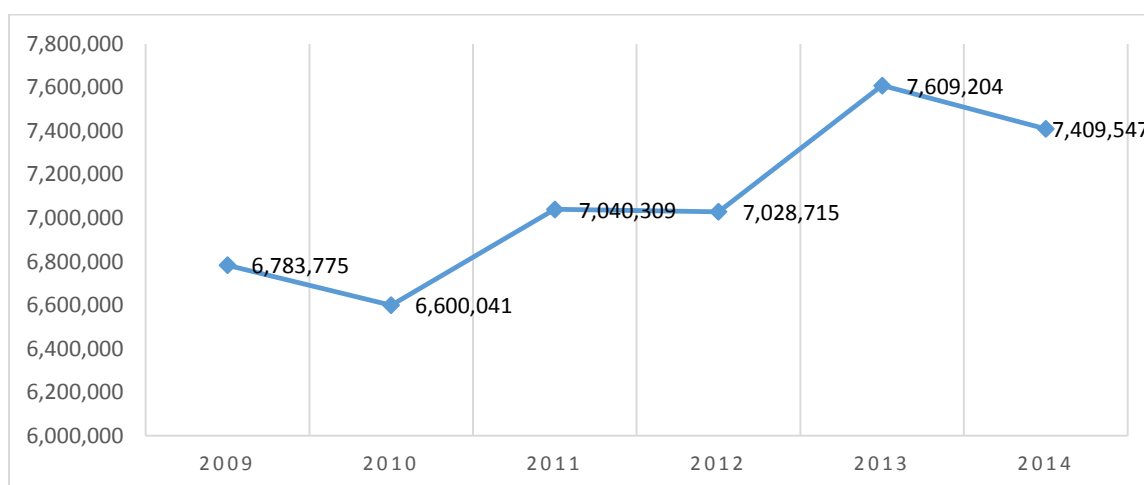


Figure 4.1.2

Evolution of total membership in 2009 - 2014

However, the percentage increase in membership of cooperatives was only 9.2% over the 6-year period of study i.e. from 6.78 million members in 2009 to 7.41 million by 2014 despite the 65% increase in the number of cooperatives from 7215 in 2009 to 11871 in 2014

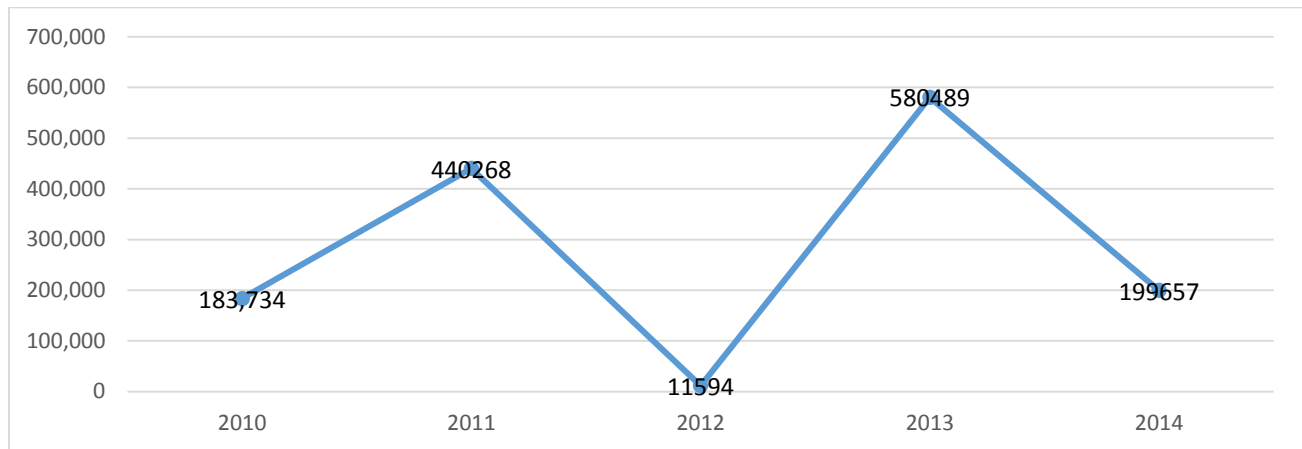


Figure 4.1.2.1

The annual changes in term of membership

Another disturbing trend in the growth of membership in the cooperative movement is the rather erratic pattern of the growth despite a steady growth in the number of cooperatives as noted in Table 1. It is noticeable drop of almost 184 thousand members between 2009 and 2010 while another 11,594 members dropped out between 2011 and 2012. But there is a drop of almost 200 thousand members between 2013 and 2014 even though there is an increase of 580,489 members from 2012 to 2013. Over the six years of reference, a total of 394,985 members are out of the cooperative movement with an average of 66 thousand members. Such a trend is worrying.

iii. Pattern of Growth in Shares

The increase in membership in the cooperative movement also affected the distribution of shares. From a few hundred Malaysian Ringgit in 1922, by 2009, the cooperative movement has

accumulated over RM 8.96 billion worth of share capital that by 2014, it has reached an astonishing amount of RM 13.47 billion with credit (RM 5.606 billion), service sector (RM 3.247 billion) and banking (RM 3.316 billion) dominating.

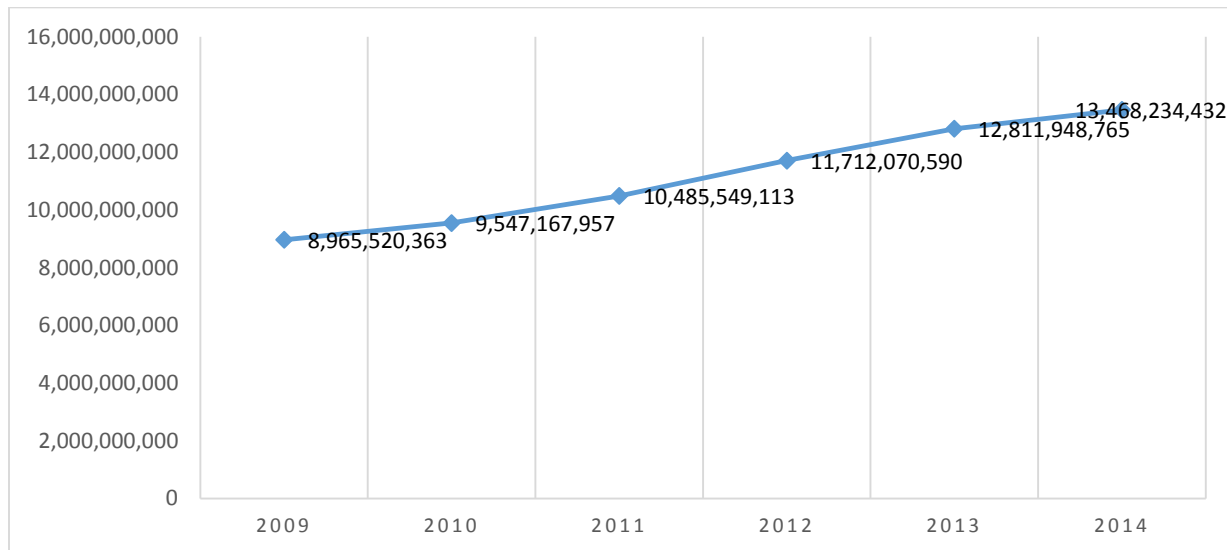


Figure 4.1.3
Evolution of Share Capital in 2009 - 2014

The evolution in the pattern of share-holding over the two period of study is reasonably good with an increase a 50% increase in the the total shares worth RM 4.502 billion i.e. from RM 8.97 billion in 2009 to RM 13.47 billion by 2014. However, the pattern of growth of shares in the cooperative movement is rather surprising as noted by the following table.

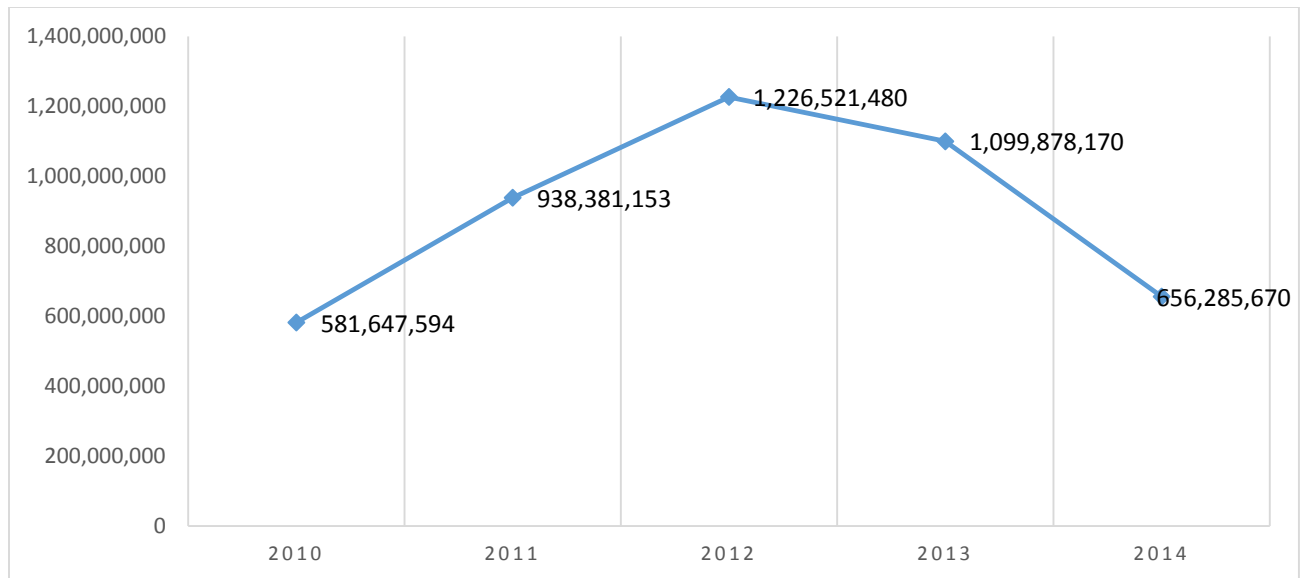


Figure 4.1.3.1

The annual changes in term of shares

A total of RM 3.4 billion worth of shares are added on to the overall cooperative movement over the 6 years of reference with an average of almost RM 570 million. However as noted by Table 4.2.1, a declining trend is being registered from 2012 when the highest increment is recorded (RM 1.2 billion) going down to RM 1.1 billion in 2013 and settling at the lowest level of RM 656 million in 2014.

iv. Evolution of Revenue

Since the beginning of the cooperative movement in the 19th century with a reasonably small revenue base, by 2009, the cooperative movement have generated over RM 9 billion in revenue that by 2014, it has reached almost RM 35 billion.

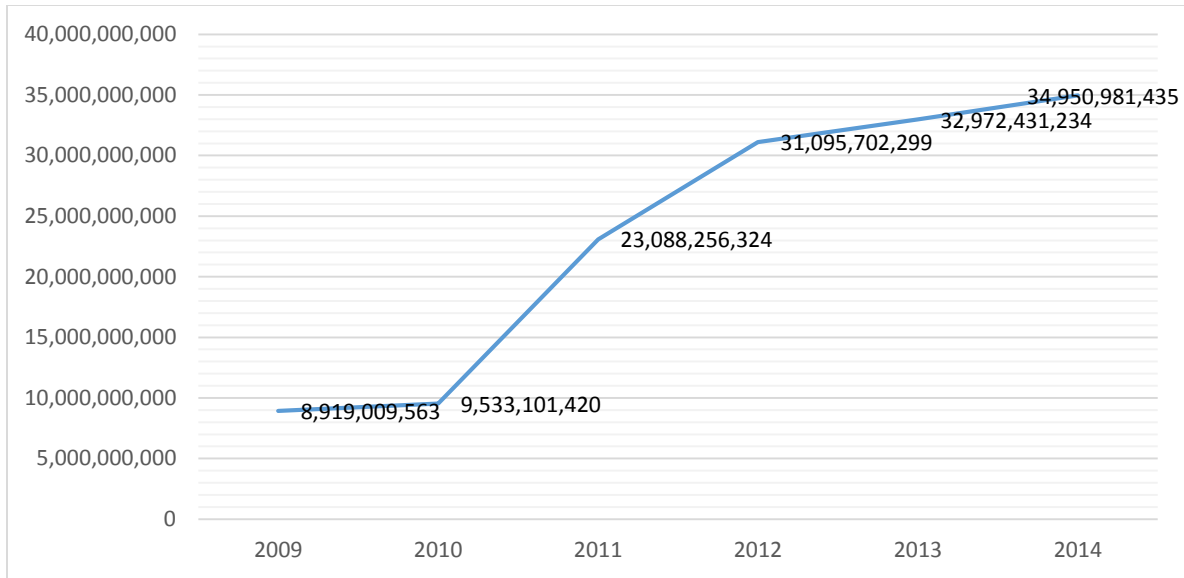


Figure 4.1.4.
Evolution of Revenue in 2009 -2014

There is a massive increase of RM 26.032 billion in the revenue generated from 2009 to 2014 representing an increase of nearly 300%. However in analysing the pattern overtime, it is a cause of concern as the following table depict.

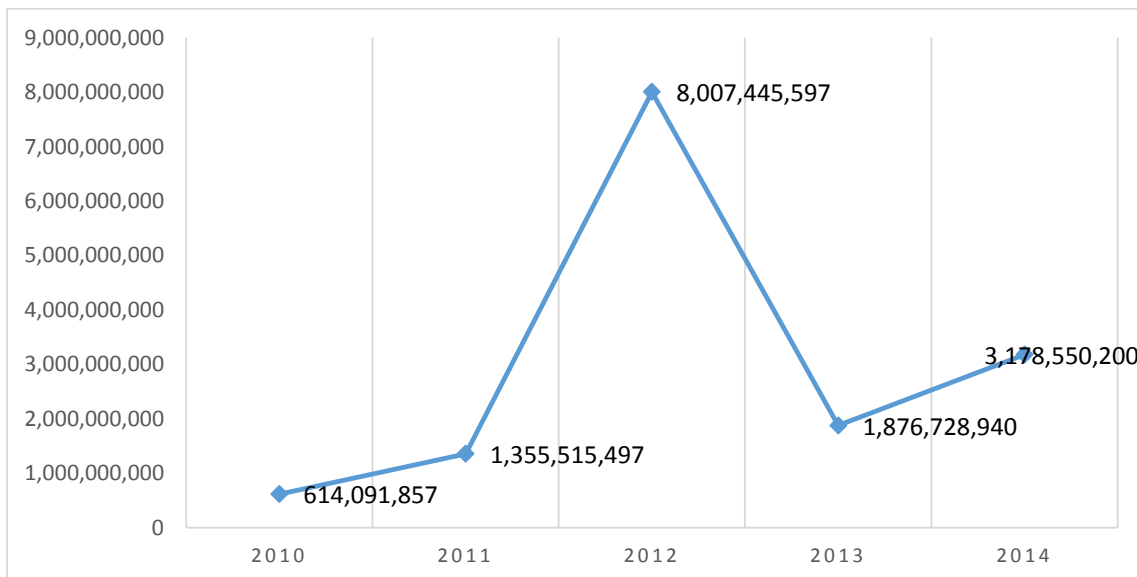


Figure 4.1.4.1
The annual changes in revenue parameter performances

Over the 6 years (2009-2014), RM 13.73 billion of revenue is generated with an average of RM 2.29 billion per annum. However, the actual growth is rather erratic with a big jump between 2011 and 2012 amounting RM 6.64 billion before recording a major drop in the generation of revenue by RM 6.14 billion between 2012 and 2013.

V. Evolution of assets in the cooperative movement in 2009 to 2014

The value of assets is another fundamental dimension in determining the quality of the cooperative institutions. From a few thousand Ringgit in 1922/23, the cooperative movement had recorded an asset value of RM 65 billion in 2009 that, by 2014, it has crossed the RM 100 billion mark reaching RM134.681 billion by then.

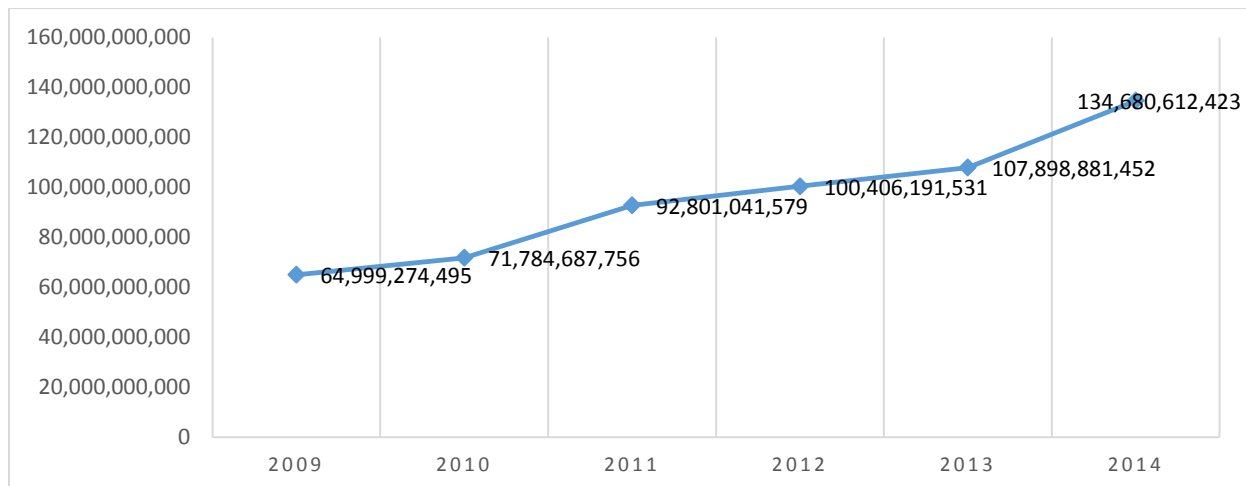


Figure 4.1.5
Evolution of Total Assets in 2009- 2014

This represented an increase of over 100%. However, the pattern of growth in the assets value is recorded in the following table.

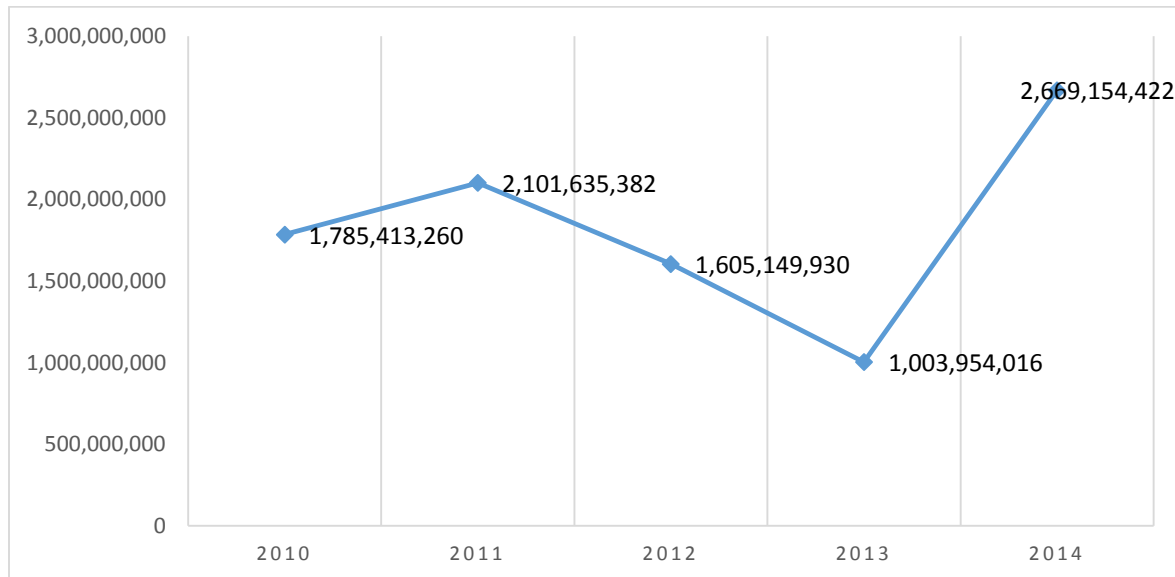


Figure 4.1.5.1
Annual changes evolution in term of total asset by year 2009 to 2014

As noted by Table 4.4.1, the growth of assets is large totalling RM 9.2 billion between 2009 and 2014 with an average growth of RM 1.53 billion annually. Unlike the pattern in the growth of shares and revenue that shows a declining pattern from 2012, the asset pattern shows a remarkable increase from 2013 recording the biggest jump of RM 2.67 billion between 2013 and 2014.

4.2 The Performance of the Cooperative Sectors in the Malaysia Ranking System

By 2009, the SKM has developed a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. In the process, the Malaysian cooperatives can be compared to their international counterparts. CCM conducted the ranking system annually to determine the top 100 cooperatives in the country.

Since the first exercise in ranking the cooperatives in 2009, SKM had conducted 6 ranking exercises to determine the top 100 cooperatives across the nation (2009-2014). However, there has not been any research into comparing the performance of the top 100 cooperatives over the 6-year period. As such, this study will attempt to take a comparative analysis of the top 100 cooperatives over the 6-year period. This comparative analysis is vital to understand the dynamics in managing cooperative institutions.

In taking a comparative analysis over the 6 years period, this study will provide an in depth look into the performance and dynamic of the top 100 cooperative overtime. This is crucial as there are almost 12,000 cooperatives with over 7 million members that had accumulated more than RM 13 billion in shares with revenue of more than RM 35 billion and an asset base worth more than RM 134 billion.

In taking a comparative analysis, this study will follow the standards as developed by cooperative commission act basically in compliance to the financial and non-financial parameters.

The process in the ranking system as developed by SKM is highly competitive and demanding as it involved various stages of determination of qualified cooperatives to enter into the ranking system and measuring them up towards determining the best 100 cooperatives from as low as 7215 base in 2009 to 11,871 base in 2014. As such, over the 6 years of reference, as expected some

cooperatives can fall back in the ranking system being replaced by cooperatives that are able to fulfill the stringent test in ranking. It is the quality of management and dedication of membership that facilitate cooperatives to remain strong and healthy to withstand the competition to become the best in each sector and to remain in the top 100 cooperatives for subsequent years. To denote the above phenomenon, this study introduced the concept of “**Class**” based on the principle of the ability of the cooperative and their corresponding sector to remain in the top 100 cooperatives over the entire period the years of the ranking system i.e. 2009 to 2014.

4.2.1 The Quality of Performance of the Cooperative Sectors: A Class Analysis

Another important dimension in conducting a comparative analysis in the Malaysian cooperative ranking system between 2009 and 2014 is the need to evaluate the status of each sector over the 6-year period. This study has developed a format to determine the status of each sector over the 6 years of reference i.e. from 2009 to 2014. Since the ranking system is determined annually and since the ranking system is already undertaken for 6 years, it is important to record the trend in the evolution of the sectors in the ranking system over the 6 years. For this purpose, this study develops a “class” system with the following parameters:

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ranking system is designed as a rigorous mechanism to determine the best or top 100 cooperatives from among 11,871 entities in 2014. A total of 33 cooperative entities are able to remain in the top 100 categories over the 6-year period of reference.

Class 2 represents sectors that are able to stay in the top 100 best categories in 5 out of the 6 years of reference. A total of 13 cooperative entities are able to remain in the top 100 cooperatives by 2014.

Class 3 refers to those cooperative that are able to stay in the top 100 in 4 out of the 6 years of reference. 22 cooperatives are able to remain in the top 100 in 4 out of the 6 years of reference.

Class 4 are those cooperatives that are able to remain in the top 100 for only 3 out of 6 years of ranking. 15% of the cooperatives or 15 cooperatives is associated with class 3 years.

Class 5 represent cooperatives that are in the top 100 for only 2 years in the last 6 years of reference. Only 9 cooperatives are represented in class 5.

Finally in the 6-year of reference only 8 cooperatives are in the top 100 for only a year.

The class distribution of the top 100 cooperatives is recorded in Table 4.2.

Table 4.1

Class Analysis of the top 100 Cooperatives by Sectors in SKM, 2014

No	By sectors	No of cooperative s	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Total
1	Banking	2	2	None	None	None	None	None	2
2	Credit	597	14	10	4	3	None	4	35
3	Agriculture	2553	4	None	5	3	5	1	18
4	Housing	217	1	1	None	None	None	None	2
5	Industrial	253	None	None	None	None	None	None	None
6	Consumer	4916	None	1	7	3	1	1	13
7	Construction	196	None	1	None	None	None	None	1
8	Transportation	460	7	None	4	4	2	1	18
9	Services	2,677	3	None	2	2	1	1	9
Total		11,871	33	13	22	15	9	8	100

Source: Top 100 cooperatives sectors in Malaysia in 2009 to 2014

As noted earlier, the ability to remain in the top 100 cooperatives over the 6 years requires tremendous amount of effort, commitment and hard-work as there are thousands of cooperatives in the SKM database for selection and evaluation. As noted by the above table, only a third of the cooperatives managed to secure their top standing over the period of analysis. These 33 cooperatives represented in class 1 with the banking sector being the most impressive performance all the banking cooperatives in the top 100. The second category that contribute 14 cooperatives to the top 100 cooperatives for all 6 years is from the credit cooperatives followed by transport that contributed 7, 4 from the agricultural cooperatives, and 3 from service and only 1 from the housing sector.

In looking at class 2 being in the top 100 cooperatives in 5 out of six years of reference, credit cooperatives dominated contributing 10 out of 13 cooperatives that top 100 cooperatives in 5 out of 6 years. Cooperatives that make it to the top 100 categories in 4 out of 6 years are more diversified. Out of a total of 22 cooperatives in class 3, the pattern is a bit more diversified with consumer cooperatives contributing 7 or 32% followed by agriculture cooperatives contributing 5 or 23% with credit and transport each contributing 4 or 18%. In the class 4 categories, the pattern is similar to class 3 while class 5 and 6 is equally similar.

From the above table, due to their superiority in the numbers, the credit cooperative sector has the biggest contribution accounting for 35 out of 100 top 100 cooperatives in the ranking system over the 6 year period with transportation and agriculture coming second contributing 18% each while consumer sectors contributed only 13 cooperatives in the top 100. Service sector, though being dominant in the number of cooperatives, only contributed 9% to the top 100% with banking and housing sharing 2% each and construction just make it to the top 100% by contributing only 1 or 1%.

4.3 A Sectorial Analysis of the Cooperative Movement

In taking a comparative analysis of the quality of the cooperative movement within the first six years of the Malaysian ranking system, a general overview of the transformation of the cooperatives has been undertaken in the earlier sections of this chapter. Within that conceptual framework, analysis is based on the performance of all the cooperative sectors as a whole in relations to the growth in the number of cooperatives, the growth in the number of shares, revenue and finally assets.

Subsequently a class analysis is introduced to denote the performance of the sectors within the 6 years of reference as thousands of cooperatives are vying for the top 100 spots from 2009 to 2014. In the last section of this chapter, a final analysis is being made to review the quality of each of the 9 sectors of the cooperative movement within the context of the growth in the number of cooperatives, the pattern of evolution in membership, the evolution in the growth of shares, the revenue structure overtime and the evolution in the growth of assets. The performance of each sector of the cooperative movement within the context of being in the top 100 cooperatives over the 6 years of reference will be the last aspect of this comparative analysis.

4.3.1.1 Growth evolution in term of number of cooperatives sector in banking functions between 2009 to 2014

a. Stagnation in the number of banking cooperatives

From 9215 cooperatives in 2009 to 11, 871 cooperatives in 2014, an increase by 65% in the number of cooperatives, the number of banking cooperative remained stagnant, stuck at only 2 cooperatives.

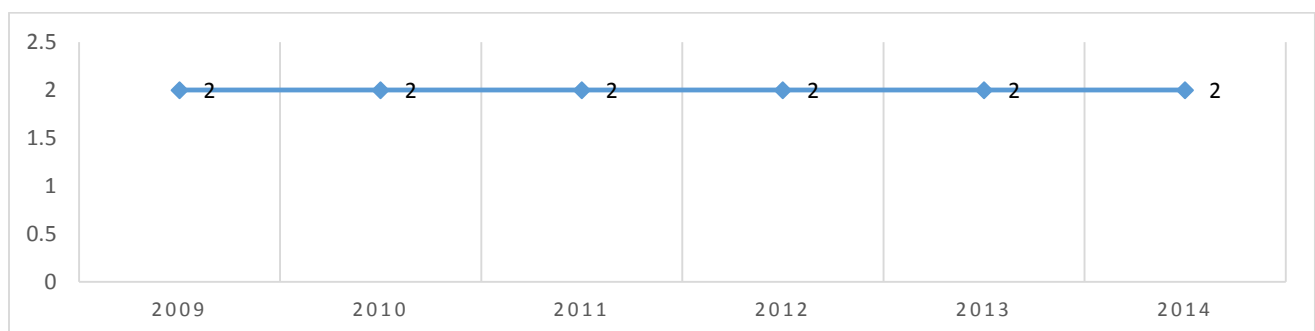


Figure 4.3.1.1
Evolution of number cooperatives in term of banking sectors within 6 years

Presumably because of the need to comply to directives of the Malaysia's central bank, Bank Negara Malaysia, and the policy of limiting the growth of small sector banks in the country as Bank Negara embarks on consolidation of existing banks into mergers to create megabanks, it is not surprising for the banking sector cooperatives to remain as it is during the period of reference. Some of the top credit cooperatives can be groomed into the banking sector should an open policy of the central bank be introduced.

4.3.1.1 The performance of the Banking Sector within the 6 years of ranking system: Fully Class 1 category

As noted by the following table, the banking sector cooperatives can be regarded as the flagship of the Malaysian cooperative movement as it is equally the best sector in the ranking system. It has maintained itself in the top 100 cooperatives over the six years of reference. On top of that both entities are in class 1 ranking system.

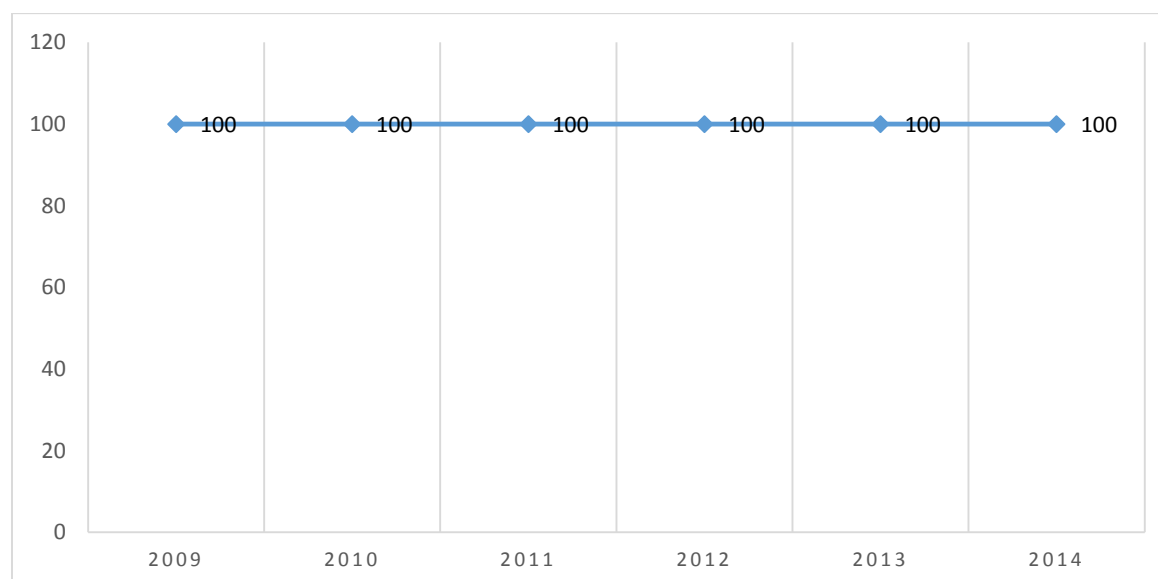


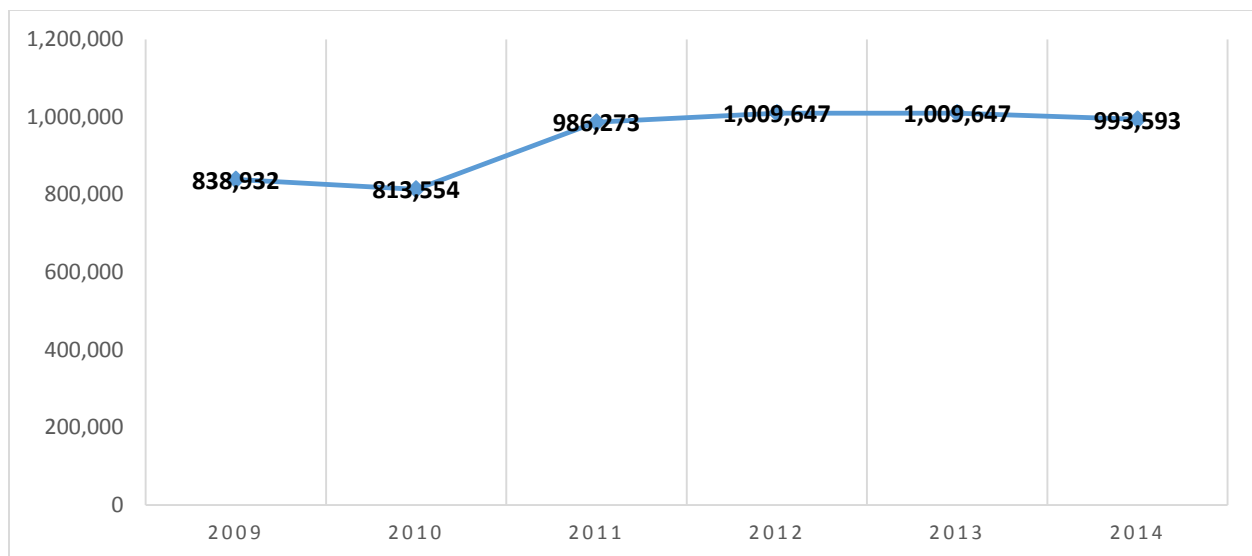
Figure 4.3.1.1.1

Annual changes the performance of top 100 cooperatives between (2009 -2014)

Since the two banking entities within the Malaysian cooperative movement are huge entities for all 4 parameters namely membership, shares, revenue and assets, the earlier analysis may be distorted or bias. As such, a sectorial analysis will provide a better indicator of the growth and performance of the remaining 8 sectors within the Malaysian cooperative movement. Despite the stagnation in the number of banking cooperatives, the banking cooperative sectors has shown a number of mixed signals on the quality of their parameters as will be reflected in the following sections.

4.3.1.2 The Growth of Membership within the banking sector

With just 2 cooperatives in the banking sector, it has managed to attract quite a large number of members as noted in the following table.



*Figure 4.3.1.
Growth of Membership in banking sectors within 6 years*

From just 838,932 members in 2009, a total of 25,378 members dropped out of the banking sector by 2010 but the sector managed to improve on their membership climbing to 986,273, an increase of 172,719 new members in 2011.

By 2012, the 2 banking entities recorded a total membership over 1 million climbing to 1,009,647 members even though the increment is only 23, 374 members by then. The same number is also recorded for 2013 but the million-membership drive could not be sustained as it dropped to 993,593 members at the end of the reference period.

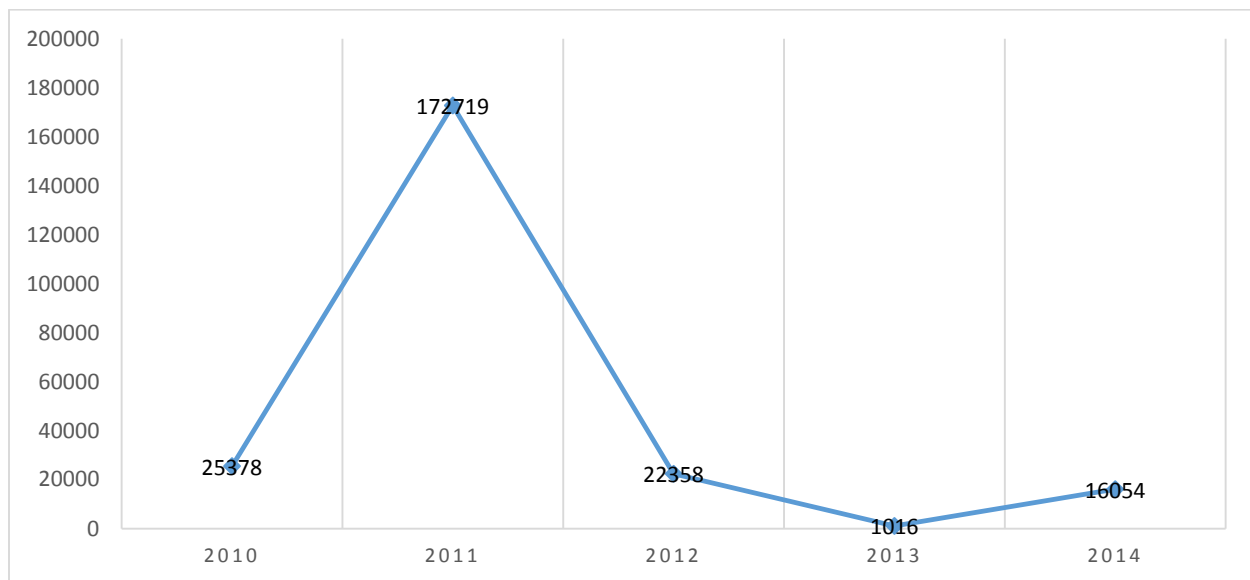


Figure 4.3.1.2.1
Annual changes in term of members in banking sectors

A decline of 16,054 members brought back the total membership to go below the 1 million mark by 2014. Such a precarious pattern of growth is a cause of concern for SKM.

4.3.1.3 The Pattern of Growth in Share Capital within the Banking Sector

The pattern of growth in the share capital within the banking sector is impressive as noted by the following set of tables. At the beginning of the ranking system, the banking sector recorded a share capital structure amounting to RM 2.29 billion (2009). The growth in membership in 2010 has increased the share capital by RM 72,941,111 to register a total of RM 2.362 billion worth of shares.

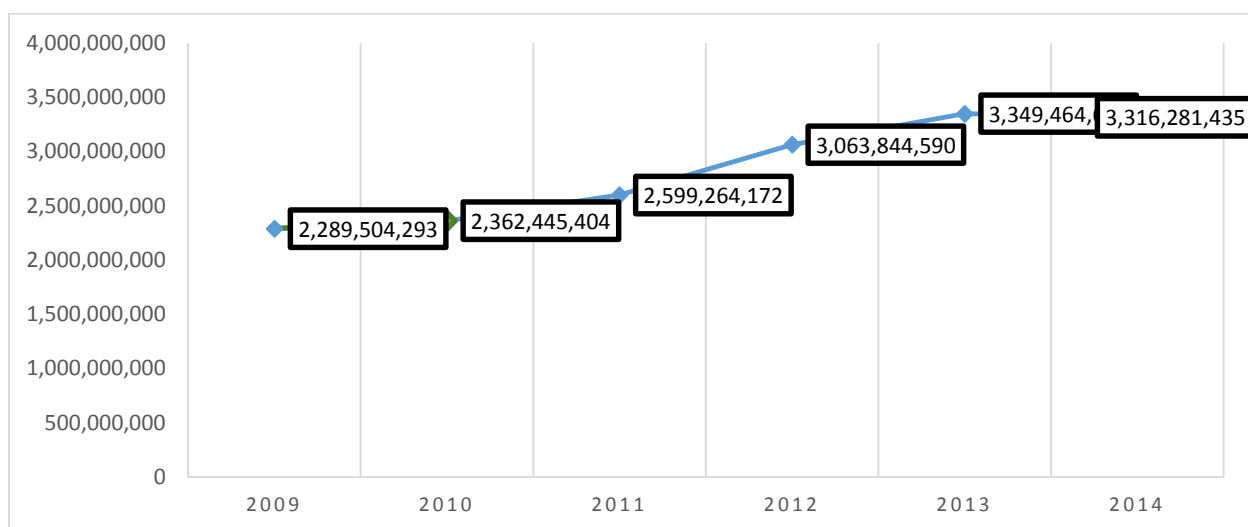


Figure 4.3.1.3

Growth of shares in term of banking sectors within 6 years

An increase of RM 236,818,768 worth of shares in 2011 pushed the total shares in the banking sector to RM 2.6 billion by the end of 2011. Almost half a billion worth of shares (RM 464.580 million) is recorded in 2012 bring the overall total shares to cross the RM 3 billion mark reaching to RM 3.064 billion. However, the growth in the share capital suffers a drop in 2013 as only RM 285.6 million increase in share capital was recorded and bringing the total share capital in 2013 to RM 3.349 billion as noted in the above table.

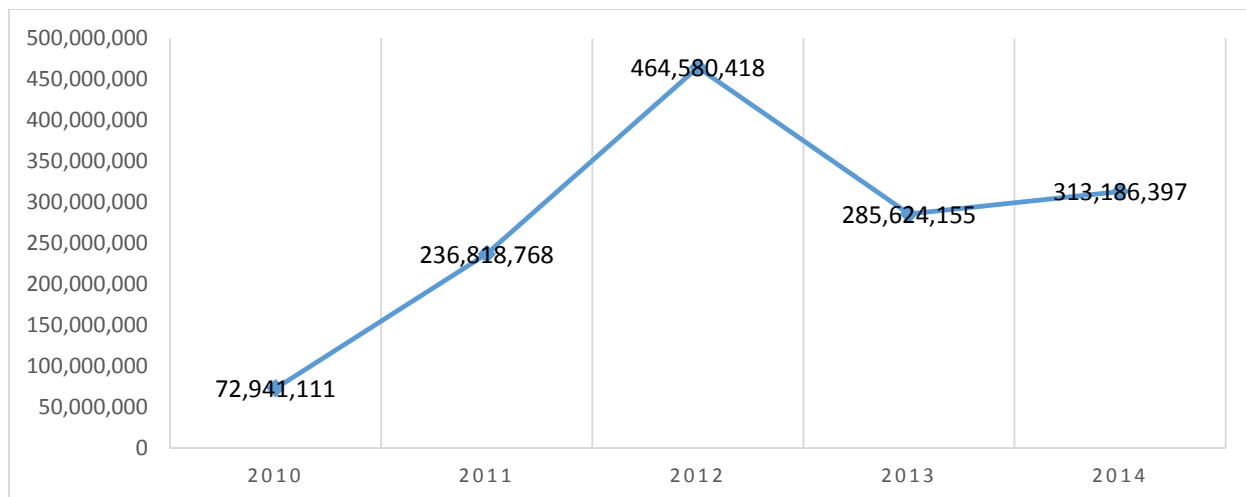


Figure 4.3.1.3.1

Annual changes in wholly years by the banking functions in term of shares

At the end of the reference point, 2014, the share capital began to increase from RM 286 million in 2013 to RM 313 million bringing a closing of RM 3.3 billion worth of shares in 2014. As noted by the above table, the pattern of increase is rather unsteady with a major drop reportedly in 2013. As a banking sector, such a pattern should welcome further enquiries in the pattern of growth.

4.3.1.4 The Pattern of Growth in Revenue

With a revenue of over half a billion Malaysian Ringgit (RM 854million) in 2009, the banking sector within the Malaysian cooperative movement generated almost RM 652 million by 2014. With such generation of revenue, the total operating revenue for the banking sector crossed the RM 4 billion mark registering an impressive amount of RM 4.338 billion in 2009. As noted by the following tables, the revenue in 2010 is recorded at RM 4.92 billion and crossing the RM 5 billion mark in 2011 touching RM 5.1 billion.

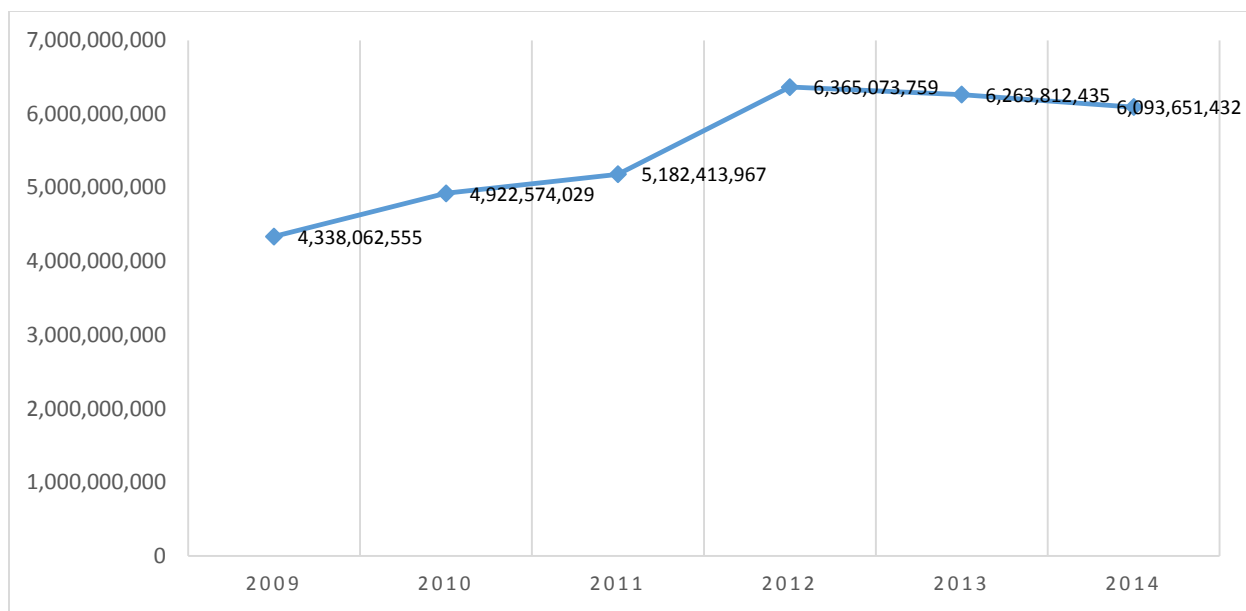
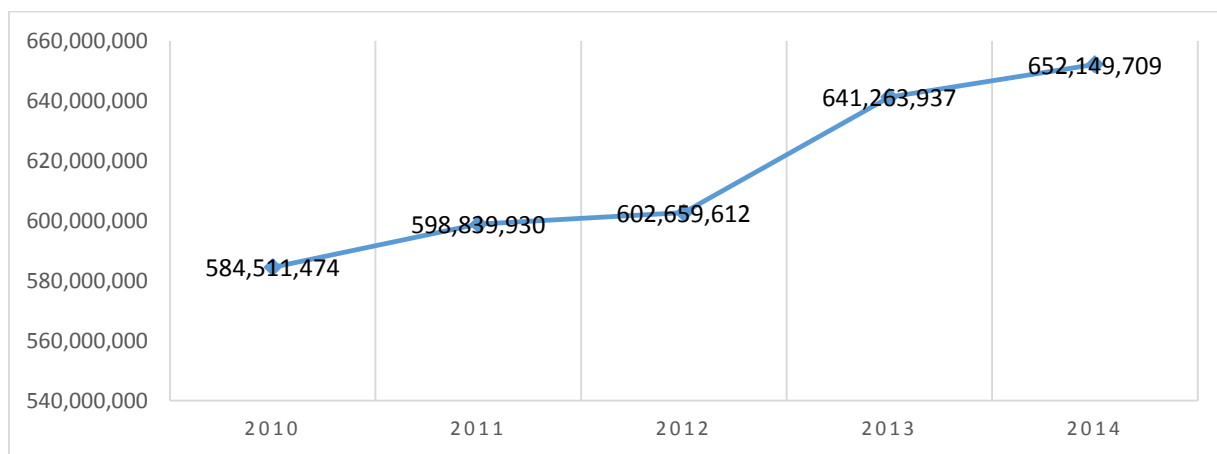


Figure 4.3.1.4
Evolution of revenue in term of banking sectors within 6 years



4.3.1.4.1
Annual changes in term of revenue in wholly years

Another RM 602 million is added to the 2011 accounts bringing the total operating revenue to RM 6.36 billion. As with the pattern in the share and membership, the revenue structure recorded a declining trend in 2013 to RM 6.26 billion even with the annual increase in revenue of RM 642 million. Despite an increase of RM 652 million in revenue for 2014, the pattern of overall decline cannot be arrested as it recorded a total operating revenue of RM 6.09 billion.

4.3.1.5 The pattern of Growth in Asset Value in the Banking Sector of the Cooperative movement

Ever-increasing asset-based coupled with a steady growth of shares and revenue and within the context of cooperative movement, ever-increasing membership base will provide the basis for a healthy cooperative entity. While the three parameters of membership, share and revenue denote a pattern of concern recording a declining trend from 2013 onwards, the annual growth of asset-base of the banking sector is equally impressive. At the beginning of the ranking period, 2009, the banking sector cooperatives recorded an asset-value of RM 51.25 billion as reflected in the following set of tables. An additional RM 5.482 billion is added on to give the total asset-base to RM 56.73 billion in 2010.

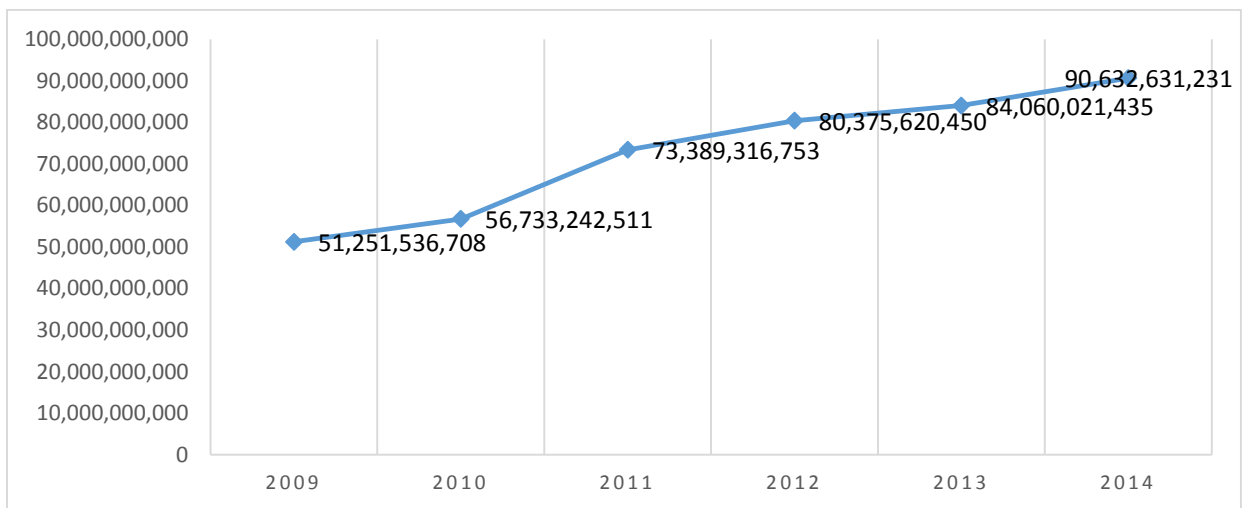


Figure 4.3.1.5
Evolution of total asset in term of banking sectors in 2009 - 2014

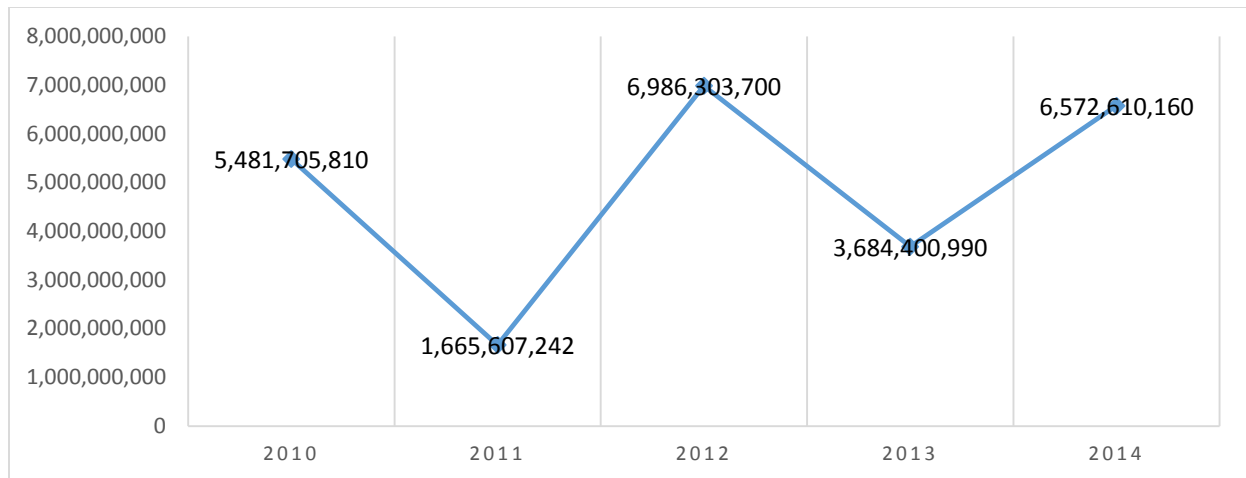


Figure 4.3.1.5.1

Annual changes in term of total assets

However, there seems to be a big infusion of asset-based valued at RM 16.656 billion in 2011 to bring the total asset value of the cooperative movement to reach RM 73.389 billion, almost three times that of the previous year. After the big infusion, only another RM 6.986 billion worth of assets is brought into the banking sector in 2012 to reach RM 80.060 billion. The annual increase dropped further to record only RM 3.685 billion to reach to RM 84.060 billion in 2013. However, the asset value recovered a bit in 2013 recording an increase of RM 6.572 billion to reach RM 90.633 billion in 2014.

4.3.2.1 The Performance of the Credit Cooperatives within the Malaysian Ranking System in term of number of cooperatives sectors in 2009-2014

By 2014, with a total of 597 entities, the credit cooperatives only contributed to 5.03% of the total number of cooperatives (11,871) in SKM. This represents a drop in the percentage 6 years earlier where the 575 credit co-operatives accounted for almost 8% of the total cooperatives that

numbered 7,215 in 2009. As noted by the table below, the evolution in the number of credit cooperatives reflects a declining trend 2010 onwards whereby from 613 in 2010, it declines to 589 in 2011 and declining further to 588 in 2012 before a minor recovery in 2013 reaching 589 and climbing to 597 cooperatives by 2014.

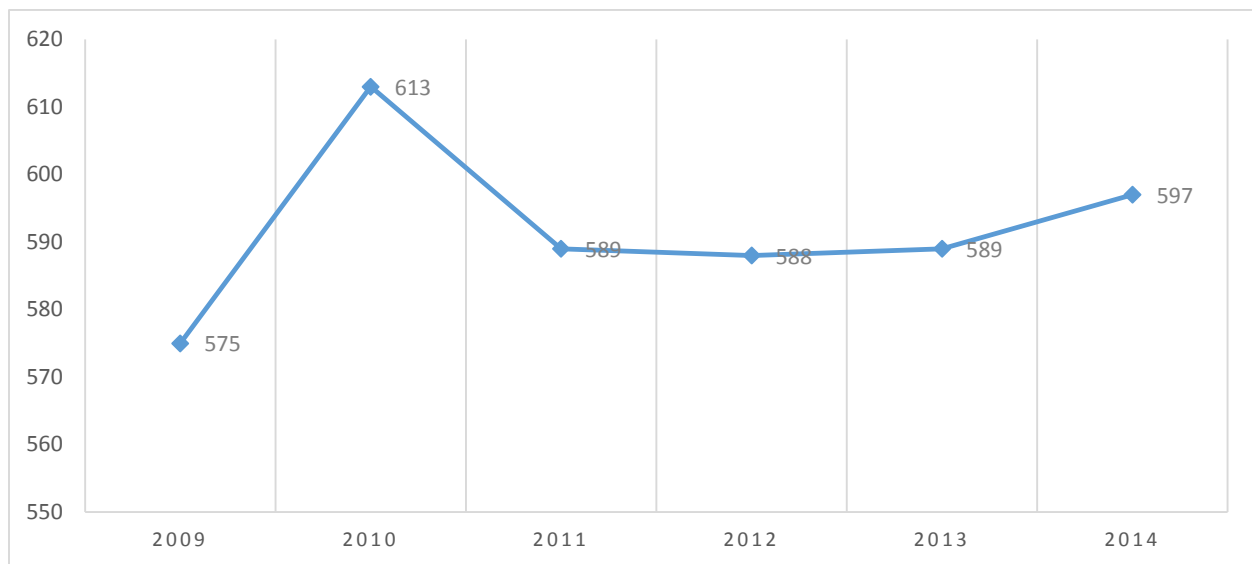


Figure 4.3.2.1

Evolution of number of cooperatives in term of credit sectors between 2009 -2014

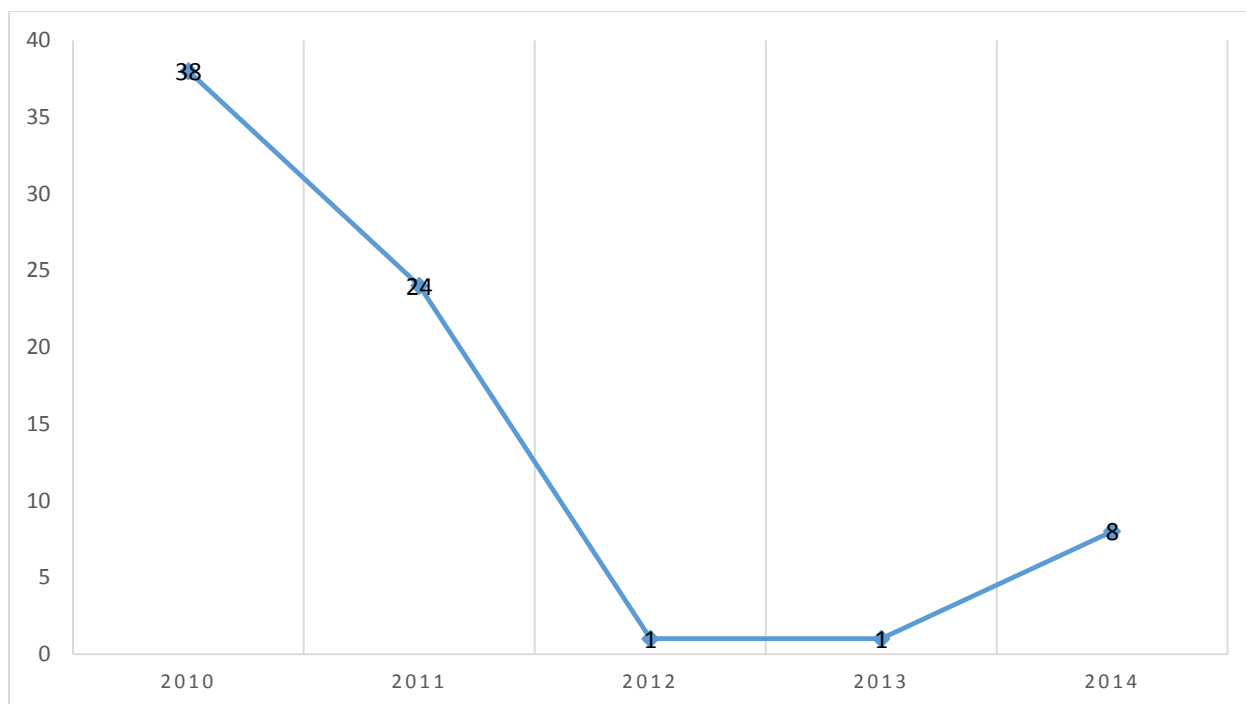


Figure 4.3.2.1.1

The annual trend in the evolution of the credit cooperatives

As reflected by the table below, a total of 38 credit cooperatives is added on in 2009 to reach the highest number of 613 in 2010. Apparently the credit cooperatives cannot sustain such a trend as 24 cooperatives dropped out in 2011 declining further to 588 in 2012 before stabilizing at 589 in 2013 and reaching the peak of 598 in 2014

4.3.2.2 Evolution of growth in term of membership in credit cooperatives between 2009 to 2014.

As noted by the table below, the credit cooperatives revealed a declining trend in the number of members with almost 2 million in 2009, it drops to 1.8 million in 2010 before registering a small increment to reach 1.9 million members by 2011.

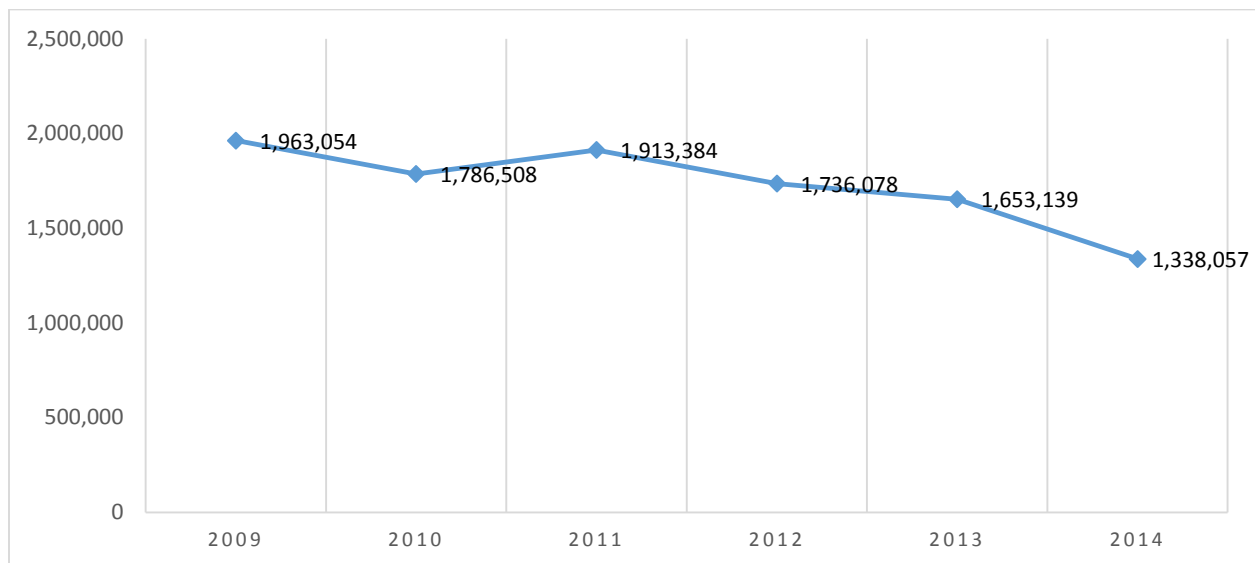


Figure 4.3.2.2
Evolution of members in term of credit sectors within 6 years period

Due the declining number of credit cooperatives as reflected in the earlier section, it is not surprising to observe a further decline in membership from 2011 to 2014. By 2012, the number of members decline to 1.736 million declining further to 1.653 million in 2013 and settling at 1.338 million in 2014

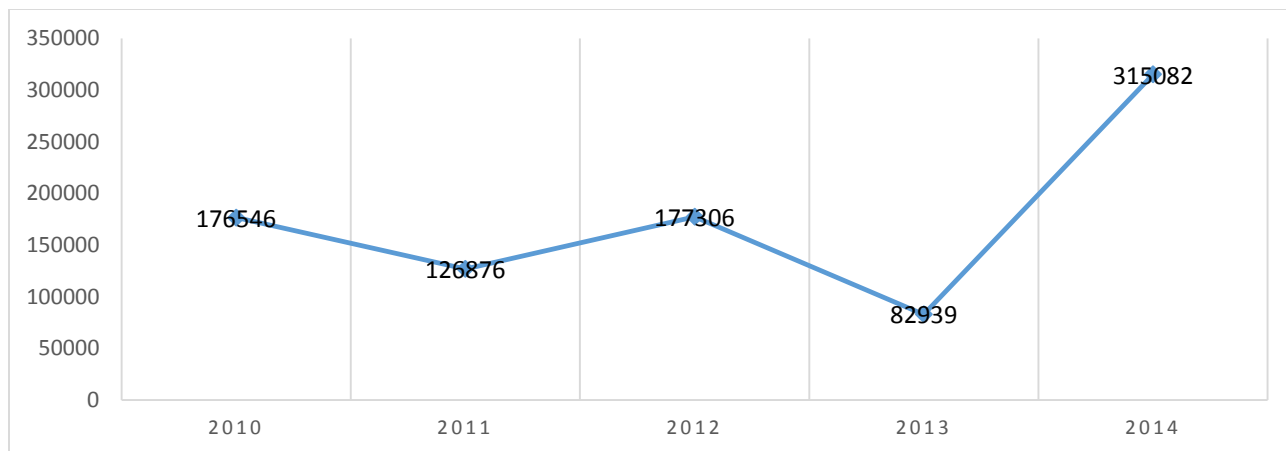


Figure 4.3.2.2.1

Annual changes in term of evolution of membership in wholly years

The declining trend in the membership structure is clearly reflected in the above table whereby 176,546 members are out of the cooperative movement in 2009 while another 126, 876 members followed suit in 2010. The declining number of members increased by 126,876 in 2011 before registering only 82,939 members opting out in 2012. The biggest decline in the number of members occurred in 2013 whereby 315,082 opted out as the total members in 2014 accounted for only 1,338,057.

4.3.2.3 The Pattern of Growth of Share Capital 2009-2014

Despite experiencing a declining pattern in their membership structure, as noted by the following table, the pattern of evolution in the share capital goes in the opposite direction.

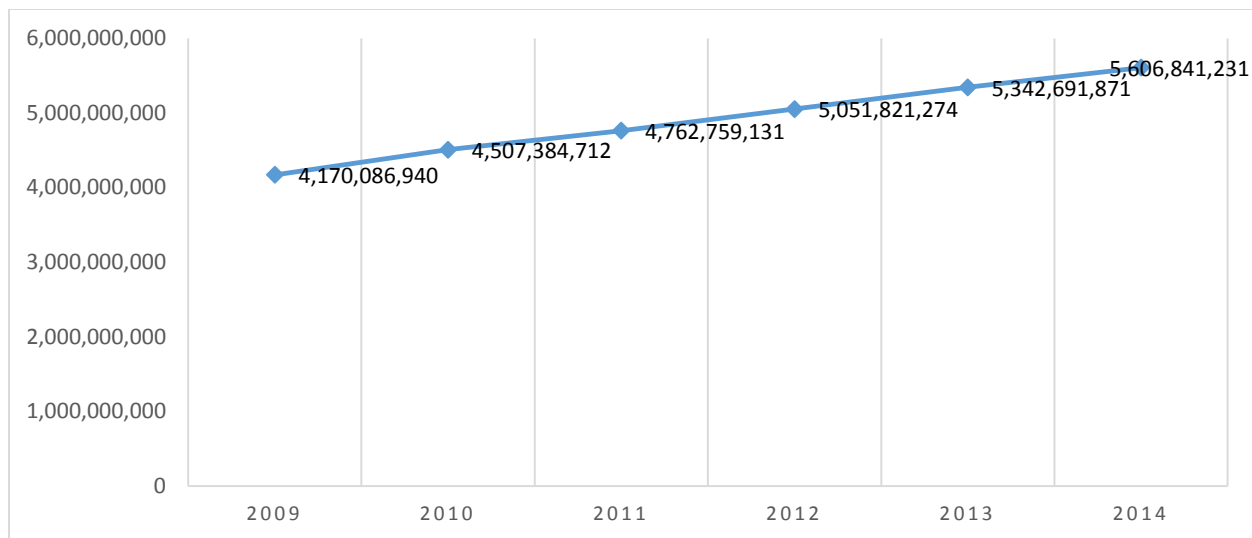


Figure 4.3.3.
Evolution of shares in term of credit sectors between 2009 – 2014

Even though between 2009 to 2014, there seems to be a healthy trend in the evolution of the growth of share capital as reflected above i.e. from RM 4.170 billion in 2009 to RM 4.507 billion in 2010 increasing to RM 4.762 billion by 2011. The total share capital crosses the RM 5 billion mark in 2012 touching RM 5.052 billion and recording a total of RM 5.343 billion by 2013 to settle at RM 5.606 billion at the end of 2014.

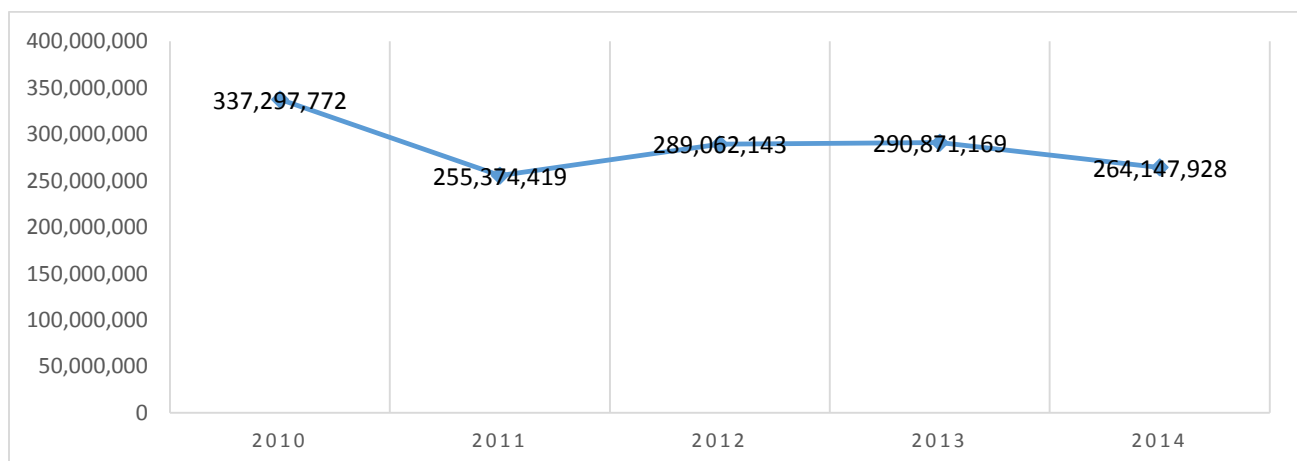


Figure 4.3.2.3.1
Annual changes in shares

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of membership. From recording a growth of RM 0.337 billion in 2009, the annual increment began to decline from 2010 with an increase of RM 0.255 billion in 2011 to a small recovery of RM 0.289 billion in 2012 increasing to RM 0.290 billion by 2013. The annual increase up to 2014 reflects a further decline as only RM 0.264 billion is recorded for 2014. Thus the trend in share capital for the credit sector of the cooperative movement is another major cause of concern.

4.3.2.4 Growth of Revenue in Credit Cooperatives 2009-2014

At the beginning of the ranking system, the credit cooperatives reported a RM 1.367 billion revenue and following the trend in the fall of the number of cooperatives, a declining trend is observed dropping by RM 40.8 million to RM 1.327 billion. The decline continues into 2011 dropping by another RM 41,732 million to settle at the lowest level in the ranking years.

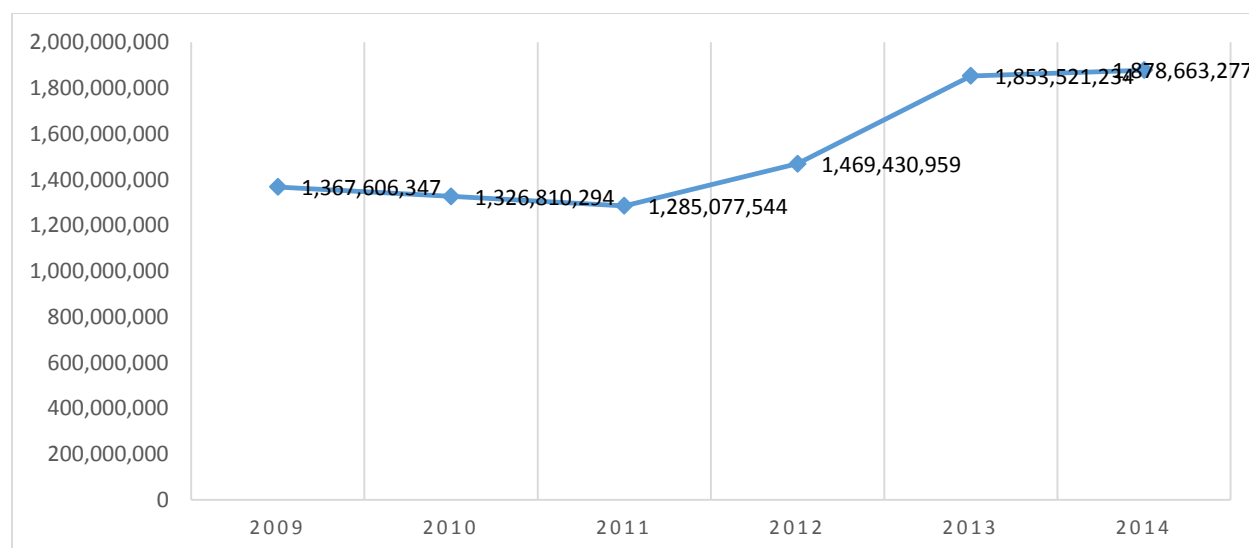


Figure 4.3.2.4
Evolution of revenue in term of credit between 2009-2014

From RM 1.285 billion in 2011, the revenue trend has improved increasing by RM 184,353 million in 2012 reaching RM 1.469 billion. A major increase of RM 384.1 million pushed the total revenue to RM 1.853 billion but a drop in the annual increase by RM 45.14 million stabilized the total revenue for 2014 to be at RM 1.866 billion at the end of the reference period, 2014.

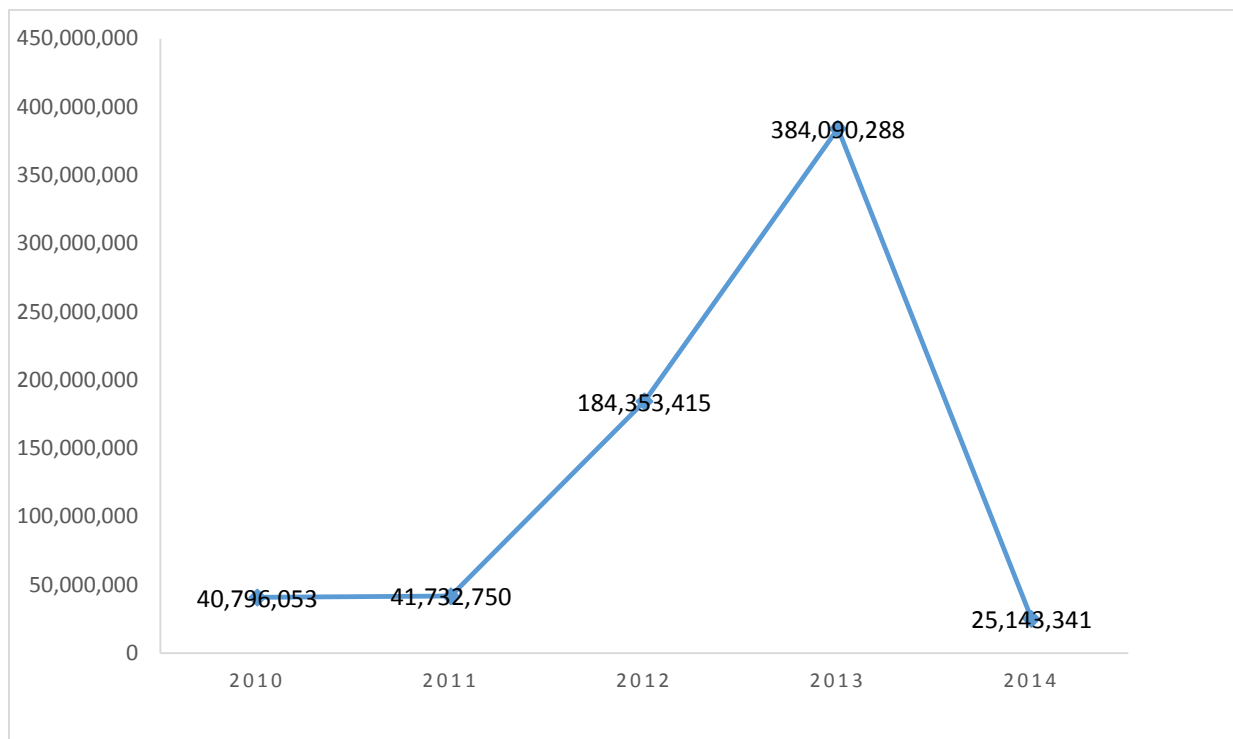


Figure 4.3.2.4.1

Annual changes of revenue in term of credit cooperatives sectors

From above figures the 2010 and 2011 shown sharply increase in term of annual changes .But, for 2012 and 2013 appear by great increase a at RM 184 million and RM 384 million. Unlikely, in 2014 suddenly shown biggest decline around RM 25 million.

4.3.2.5 Growth of Asset-based within Credit Cooperatives, 2009-2014

As a credit cooperative, the role of assets is crucial in determining the health of the industry. As noted by the tables below, the growth of assets is more stable than that of revenue or share capital.

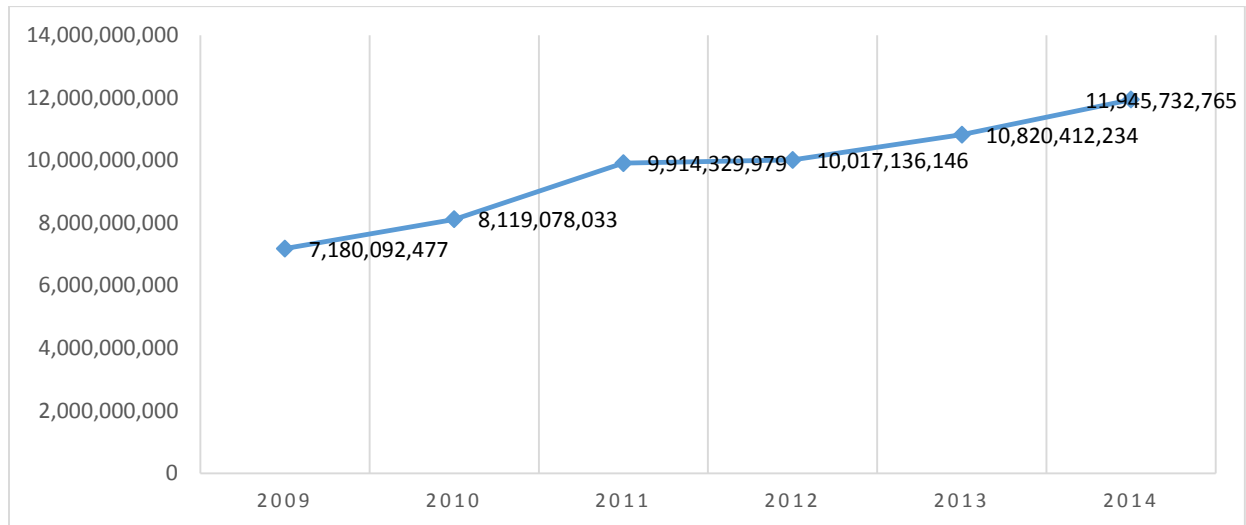


Figure 4.3.2.5

Evolution of total asset in term of credit sectors between 2009 -2014

At the beginning of the ranking system in 2009, the 575 credit cooperatives has a total assets base of over RM 7.181 billion that an increase of almost RM 1 billion in 200 took the total assets value to 8.119 billion a year later, 2010. However, with only an increase of RM 102.8 million in 2011, a decline in the total assets value is recorded in 2012 at RM 9.791 billion. Luckily, there is a major increase in assets base, valued at RM 0.803 billion in 2013 facilitating crossing the RM 10 billion mark for the first time in 2013 to settle at RM 10.820 billion. Another major infusion of RM 1.125 billion in 2013 pushes the total assets base of the cooperative movement to RM 1.125 billion at the end of the reference point, 2014.

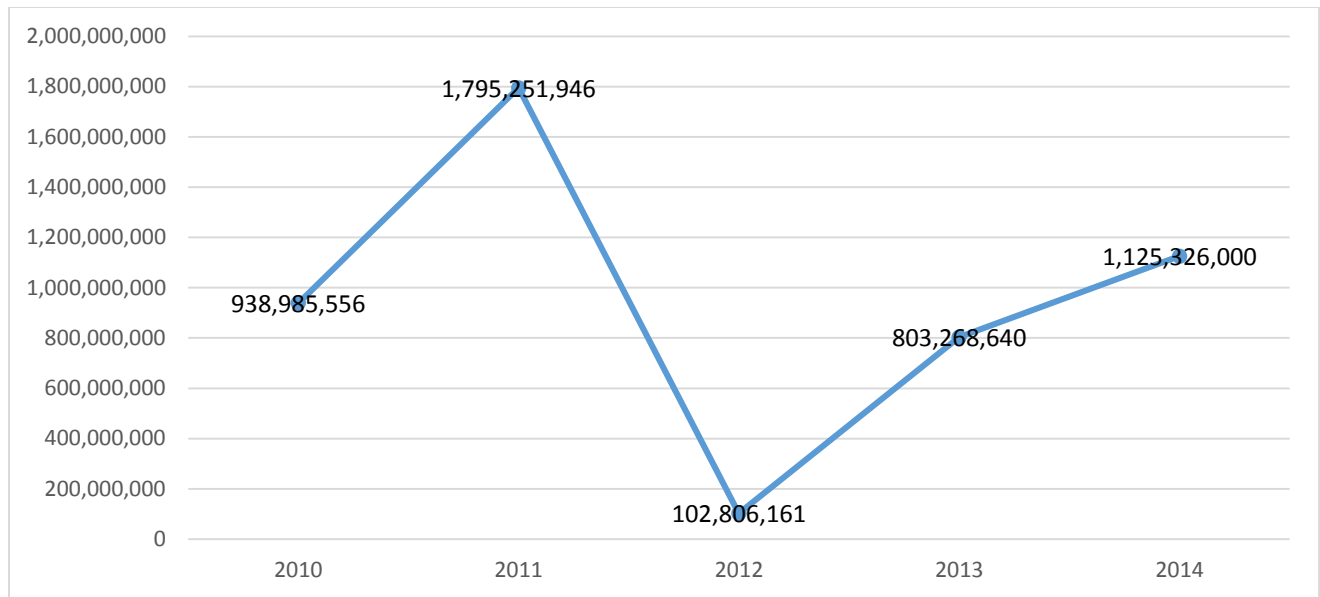


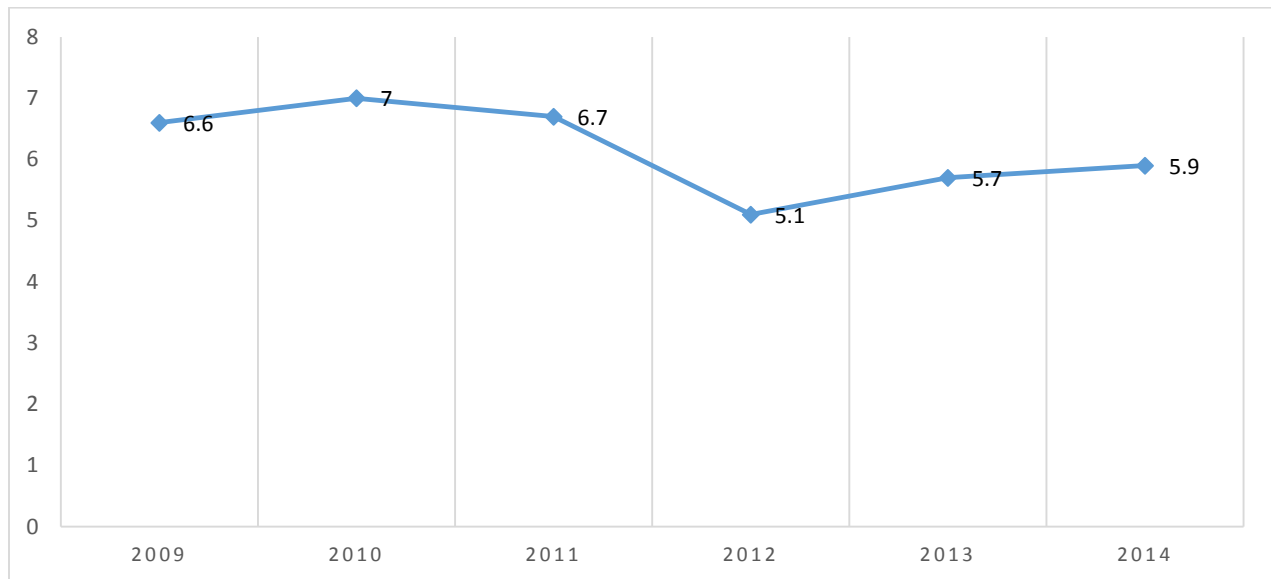
Figure 4.3.2.5.1
Annual changes in total assets in credit cooperatives sectors

The annual changes in total assets shown great somehow great increasing from 2010 to 2011 are come out by positive RM 938 million and RM 1 billion. But only 2012 indicates great decline up to RM 102 million .Nevertheless, in 2013 and 2014 shown great increase as well around RM 803 million and RM 1 billion. However, the annual changes in total asset seems like healthful model.

4.3.2.6 Contribution of Credit Cooperatives in the top 100 Cooperatives 2009-2014

As reflected by the table below, the performance of the credit cooperatives within the top 100 cooperatives during the referencing period is discouraging as reflected by the table below. Despite showing an improvement from 6.6% in 2009 to 7% in 2010, such a trend is not sustainable as the percentage drops to 6.7% in 2011 and falling to their lowest level of 5.1% in 2012 before registering an improvement of 0.6% to climb to 5.7 % in 2013. It is encouraging to note that at the

end of the period of analysis, the performance of the credit cooperatives continues to improve settling to 5.9% in 2014.



Due to the “open” nature of the ranking system, the pattern of the credit cooperatives among themselves cannot be seen and ranked. As such, a “closed ranking system” is seen as an alternative to promote the hundreds of credit cooperatives to compete for their top 100 credit cooperatives with the top cream being eligible for the open 100 cooperatives.

4.3.3.1 The Performance of the Agricultural Cooperatives in the Malaysian Ranking System

a. Evolution of Agricultural Cooperatives

At the beginning of the ranking system in 2009, the 1362 agricultural cooperatives accounted for almost one-fifth of the total cooperatives (19%) and the number increases to 2553 by 2014 accounting for 21.5% of the total cooperatives then.

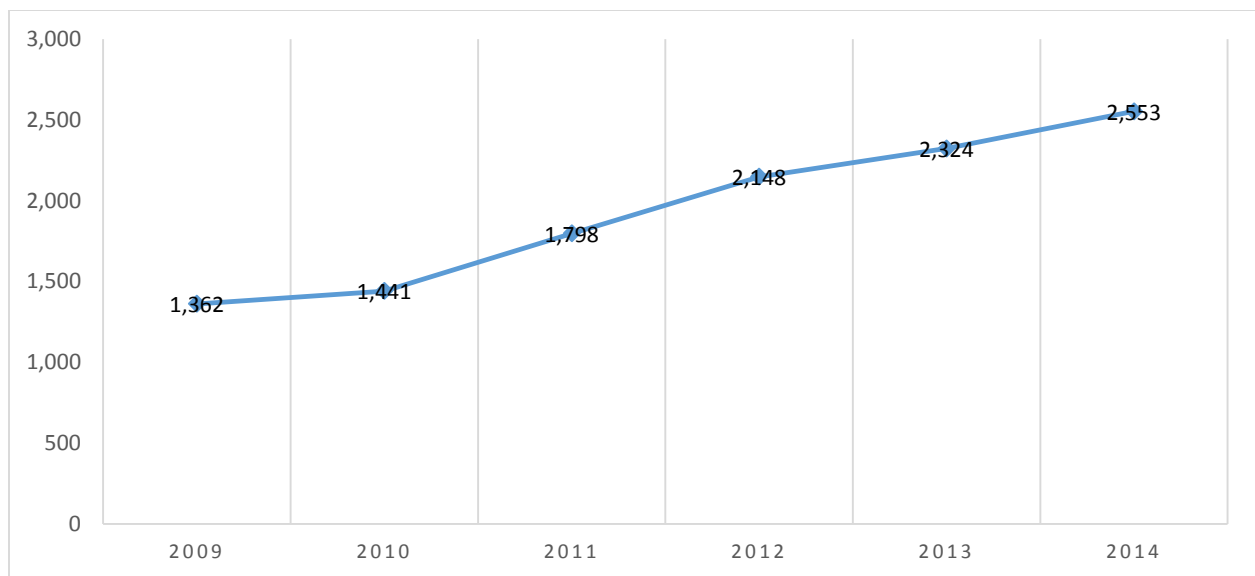


Figure 4.3.3.1
The Pattern of number cooperatives in term of agriculture sectors between 2009 - 2014

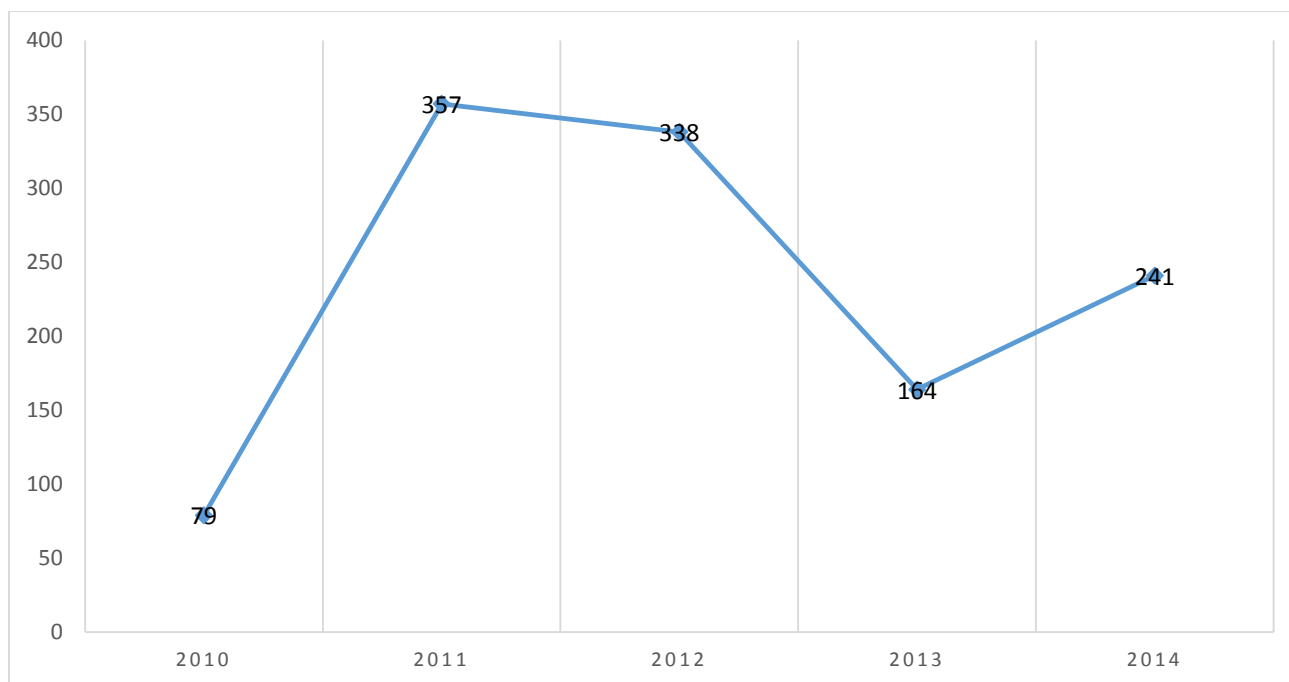


Figure 4.3.3.1.1

The annual changes of number of cooperatives sectors in agriculture

However, the annual growth in the number of cooperatives equally erratic as reflected by the following figures. The only 79 agricultural cooperative entities is brought in 2009 while by 2010, the biggest increase in the number is recorded numbering 357 bringing the total to 1798 in 2011. The subsequent increase in the number of agricultural cooperatives dropped to 338 bringing a total of 2148 in 2012. A further slow growth is recorded in 2012 as only 164 cooperatives are brought in to settle at 2324. However, the trend in the growth of agricultural cooperatives improves as 241 new cooperatives are registered bringing a total of 2553 agricultural cooperatives by 2014.

4.3.3.2 Quality of Membership of the Agricultural Cooperatives

During the 6 years of analysis, a total of 455, 379 individuals joined the agricultural cooperative movement bringing the membership in 2009 from 289,484 to 744,863 in 2014.

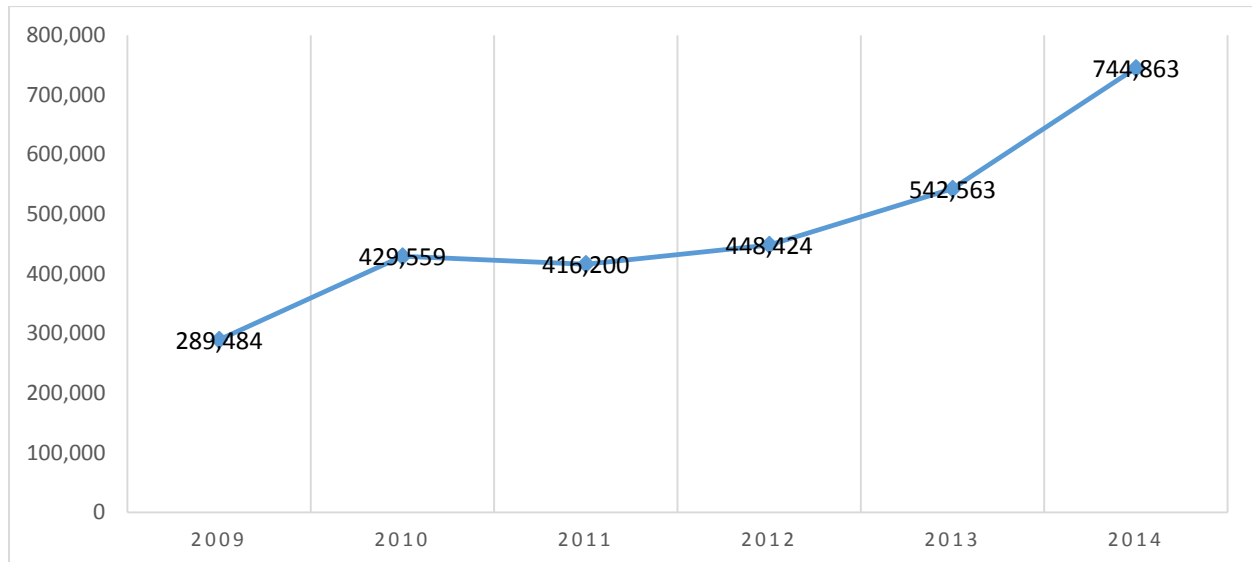


Figure 4.3.3.2

The evolution of membership in term of agriculture sectors between 2009 - 2014

However, the trend in the growth of membership, as reflected in the table below showed a pattern with a major drop before sustaining an increase from 2011 onwards. A major increase in membership occurred in 2009 with 140,075 new members joining the agricultural cooperatives facilitating the total to reach 429,559. A smaller increment of 13,359 is recorded in 2010 and 31,418 members are brought in in 2011 bringing a total of 448,424 in 2012.

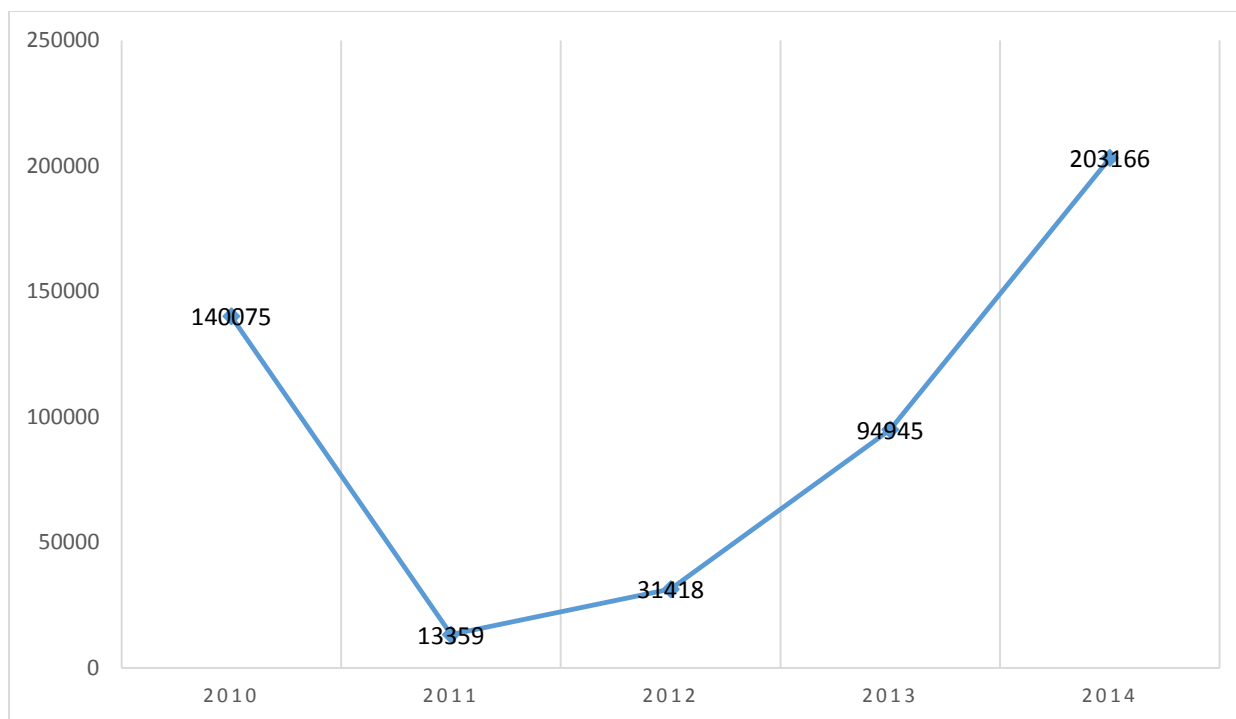


Figure 4.3.3.2.1
The annual changes regarding members of cooperatives in agriculture sectors

It is from 2013 that 94,945 new members are brought in that the agricultural cooperative sector that finally crosses the half million mark reaching 542,563 members. By 2014, an additional 203,166 members brought the total to almost three quarters of a million i.e. 744,863 members as noted in the table above.

4.3.3.3 Trend in Share Capital

Though as reflected by the table below, there is an increasing trend in the growth of share capital in the agricultural sector cooperatives, recording RM 244.3 million in 2009 to reach RM 604.3 million by 2014, the annual performance in the trend is rather discouraging.

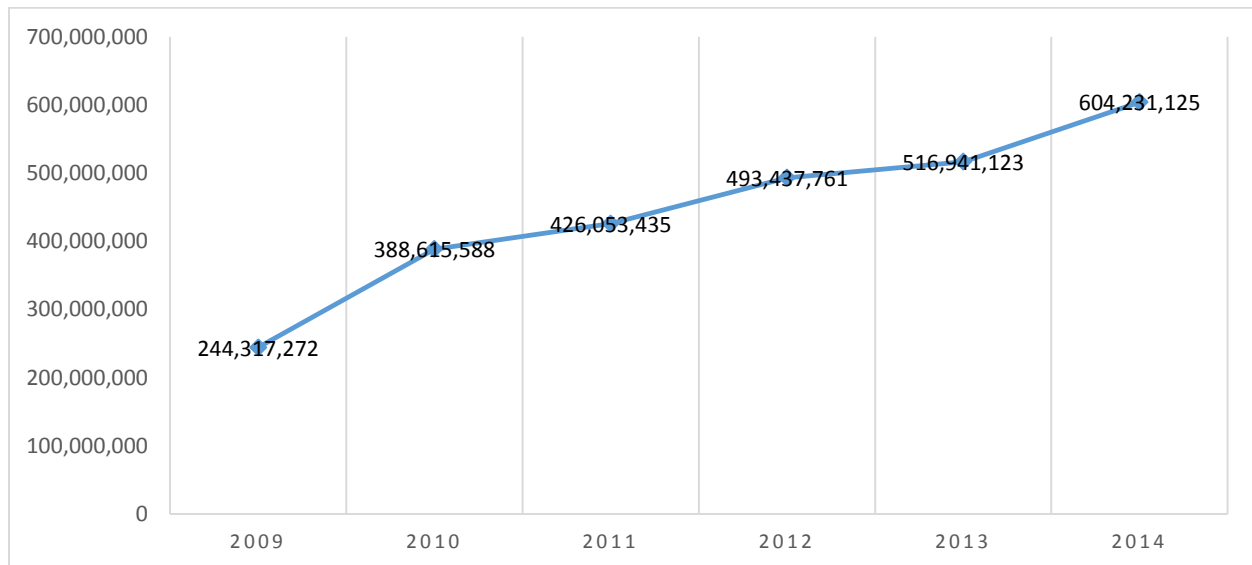
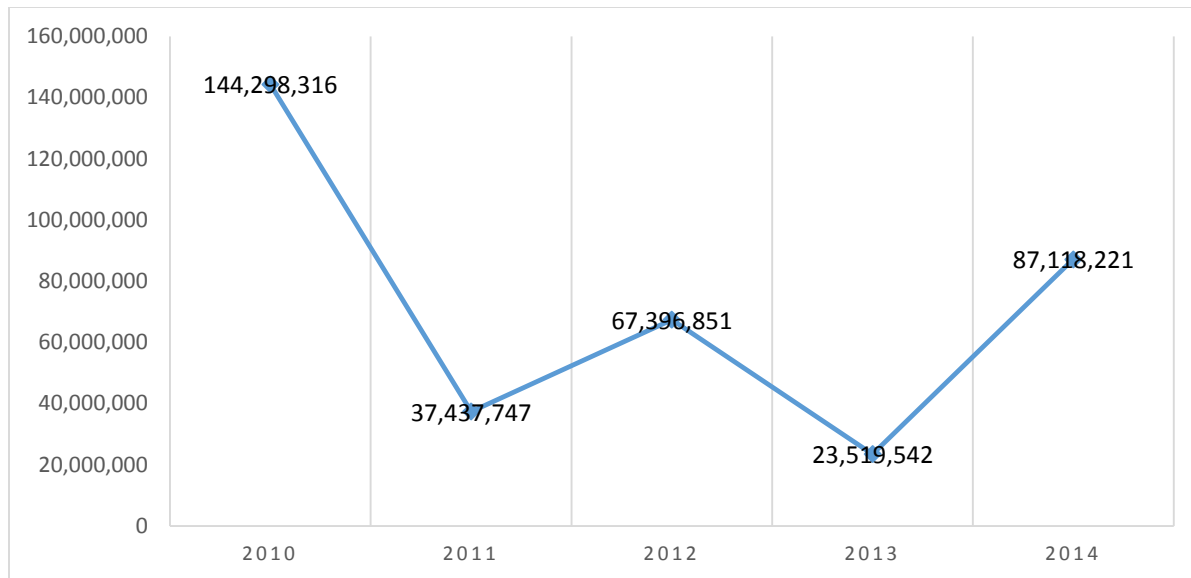


Figure 4.3.3.3

The elution of shares in term of agriculture sectors within 6 years period

As reflected from the following table, the trend seems to be declining, even though there is a major increase in share capital in 2009 whereby RM 144.2 million is recorded to reach RM 388,645,588 in 2010.



Figures 4.3.3.3.1

The annual changes of shares in agriculture sectors within 6 years period

The much lower increase in share capital can be seen from 2010 with only an increment of RM37.4 million to bring the total to RM 426 million. With a slight improvement in 2011 whereby RM 67.4 million shares are generated, another RM 23.5 million is generated in 2012 bringing in a total of RM 516.9 million. By 2013, another increase in share capital is recorded climbing up to RM 87.1 million to allow the agricultural cooperatives to register up to a total of RM 604.2 million.

4.3.3.4 Generation of Revenue

With an up and down trend in the growth of share capital, the pattern of revenue is rather cautious with an falling trend recorded in the earlier part of the review period, stabilizing in the middle part before recovering towards the end of the review as noted in the table below.

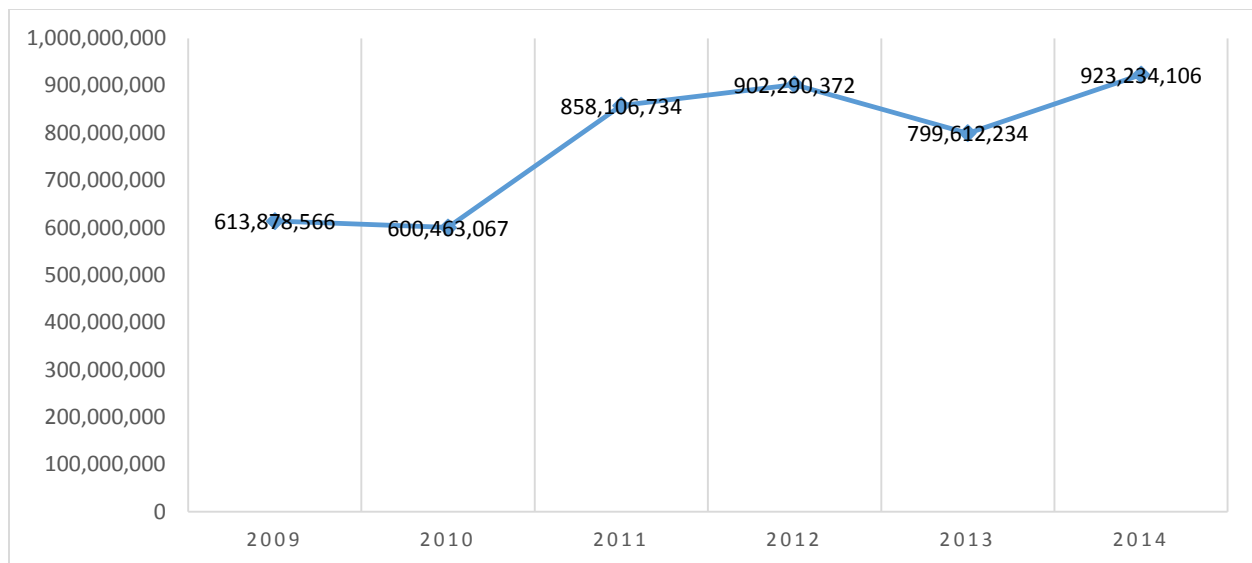
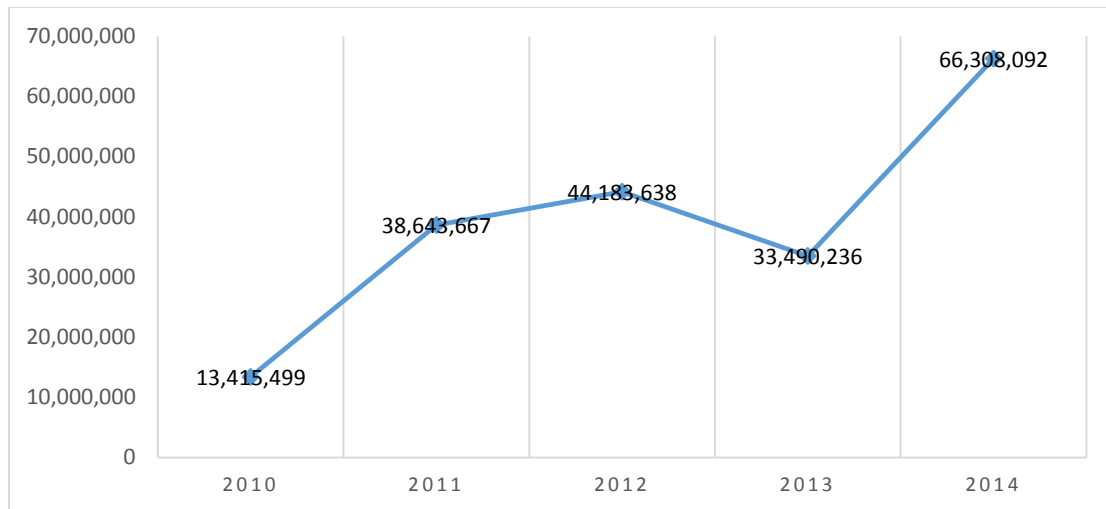


Figure 4.3.3.4

Evolution of revenue in term of agriculture's sectors within 6 years period

With just over half a billion, RM 613 million in revenue in 2009, declining to RM 600.4 million in 2010, the revenue of this cooperative sector improves in 2011 to reach RM 0.858 billion. The increase has not been able to sustain despite the revenue reaching RM 0.902 billion in 2012. There is a drop in revenue in 2013 that at RM 0.799 billion is much lower than the pattern of 2011. However, by 2014, the revenue of the agricultural cooperative sector reaches a new height of RM 0.923 billion.

However the annual increase as reflected in the following table is rather unsteady from a low annual increase of just RM 13.41 million in 2009 to as high as RM 257.6 in 2010 before registering a much lower trend for 2011 and 2012 with RM 44.18 and RM 58.9 million respectively. However by 2013, the annual increase improves to RM 123 million before settling at RM 124 million in 2014 bringing a total revenue of RM 932 million.



Figure

4.3.3.4.1

Annual changes in term of revenue in agricultures sectors between 2009 to 2014

The annual changes in revenue shown quite well in term of annul changes .as reflected the figures from 2010 ,2011 and 2013 indicates great increase from RM 13 million, RM 38 million and RM 44 million. However, this annual changes come out by better performance's except for 2013 which is indicates a decline.

4.3.3.5 Asset quality in Agricultural Cooperatives

Overall the nature of total assets growth for the agricultural sector of the cooperative movement is rather small as reflected by the table below recording in 2009 an asset base of RM 1.256 billion to end at RM 2.446 billion six years later (2014) with only an incremental increase of RM 1.19 billion over the two period of time.

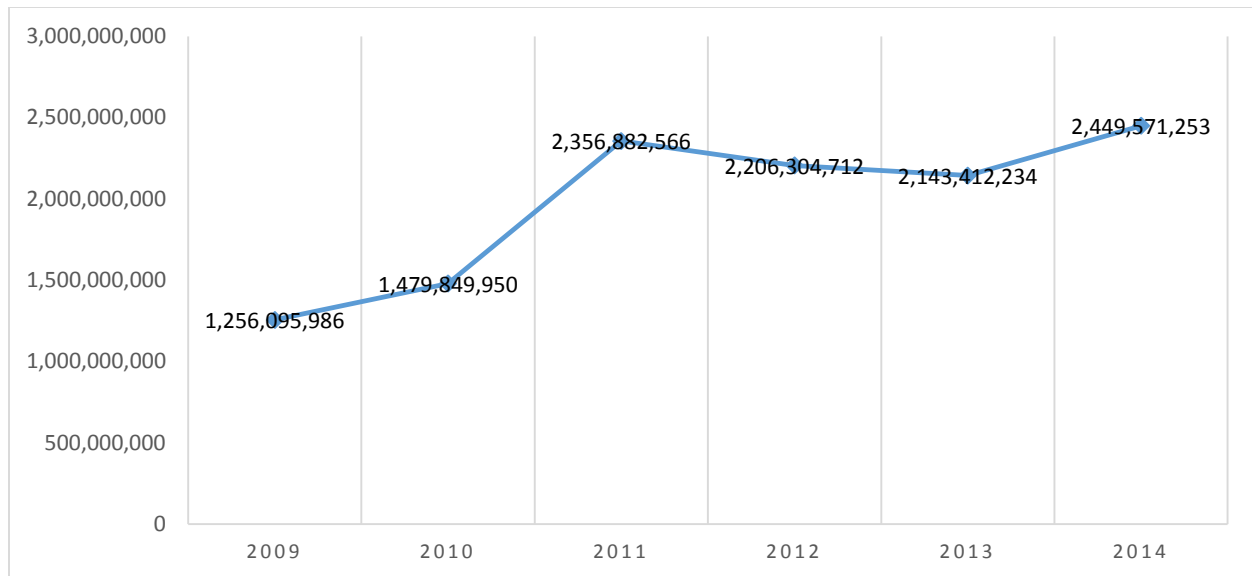


Figure 4.3.3.5

Evolution of total asset in term of agricultures between 2009 - 2014

The pattern of evolution of the asset value for the agricultural cooperatives annually is erratic climbing on a high value in 2010 to 2011 and registering a fall in 2012 and 2013 before recording an increase of RM 306,157,121 in 2014 to secure a total asset base of RM 2.44 billion at the end of 2014.

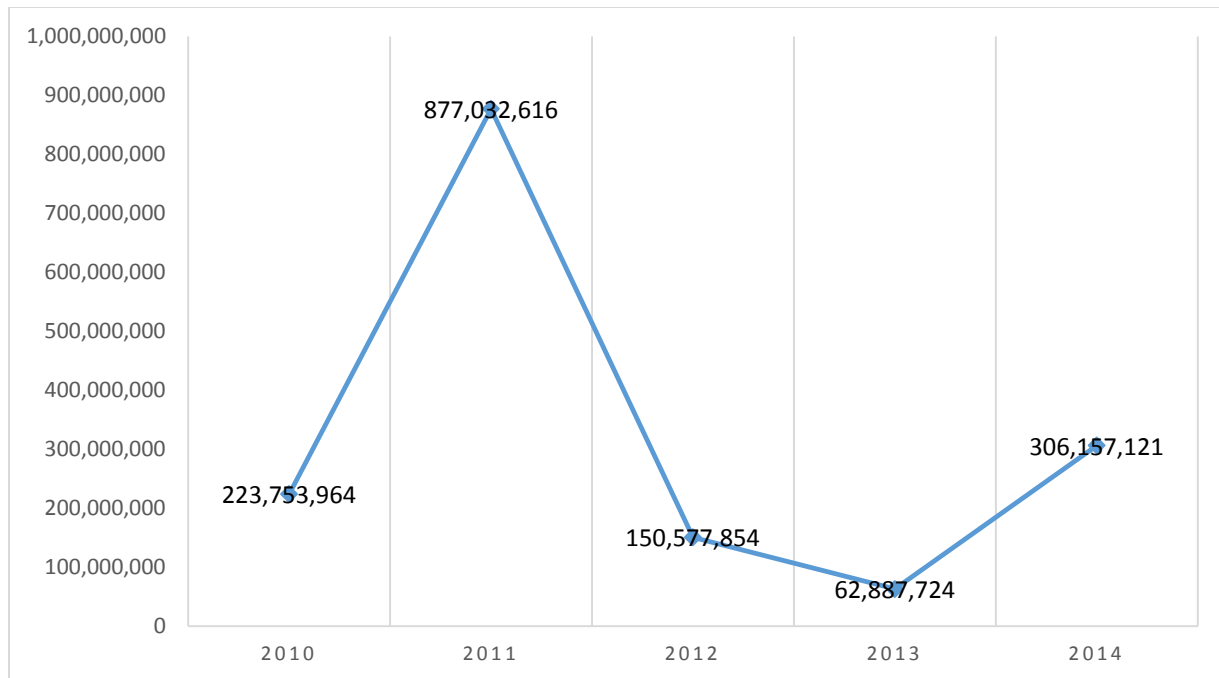
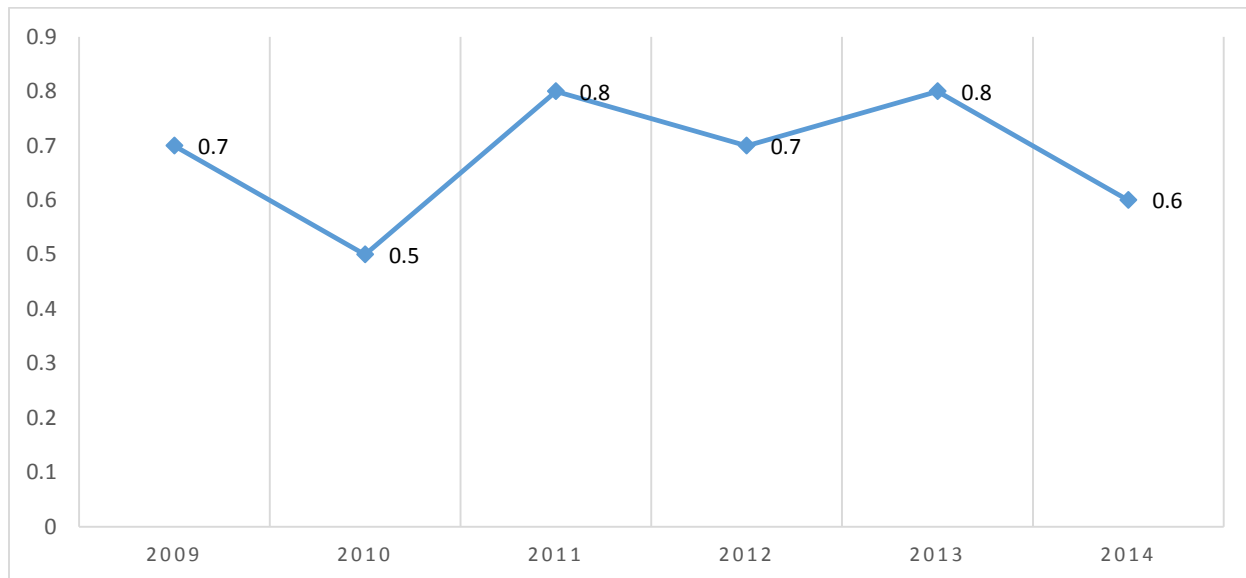


Figure 4.3.3.5.1
The annual changes of total assets in agriculture sectors

The annual changes also come out by great fluctuation because the annual changes indicates differences performances. Regarding 2010 until 2011 the annual changes shown strongest growth around RM 223 million to RM 877 million. But for the 2012 and 2013 shown negative growth almost at RM 150 and RM 62 million. And then suddenly in 2014 also increase quite well. The annual changes increase in 2014 around RM 306 million.

4.3.3.6 Agricultural Cooperatives within the top 100 Cooperatives 2009-2014

Despite the increase in both number and percentage, the contribution of the agricultural sector to the top 100 cooperatives over the reference phase has been dismal as noted by the following figures.



Only 0.7% of the agricultural cooperatives made it to the top 100 in 2009 declining to 0.5% in 2010 before registering the highest percentage in 2011 reaching 0.8%. However, the role of agricultural cooperatives in the top 100 decline further to 0.7% in 2012 recovering a bit in 2012 at 0.8% and going down to 0.6% at the end of the reference period, 2014. It is for this reason that a closed ranking system be developed so that the pattern among the hundreds over cooperatives can be judged before they can be referred to the open category.

4.3.4.1 Evolution of the Consumer Cooperative Movement within the Malaysian Ranking System

In 2009, every second cooperative in the Malaysian cooperative movement is likely to be a consumer cooperative as consumer cooperatives represented almost 53% of the total cooperatives, the dominance of the consumer movement dropped to only 41.4% six year later. As noted by the following tables, a total of 1120 new consumer cooperatives joined SKM over the six-year period. This represent a growth of 30% over the period of study.

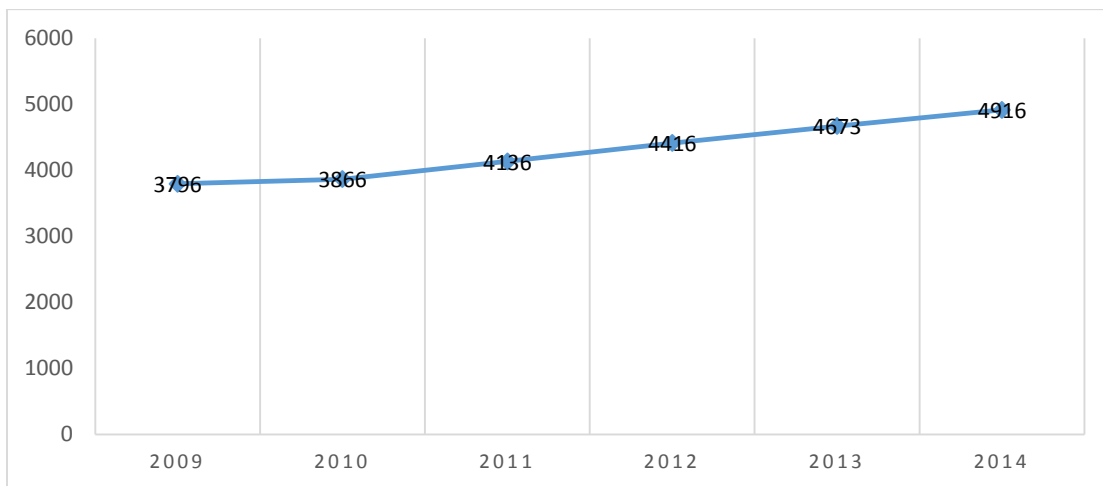


Figure 4.3.4.1

Growth of number of cooperative in term of consumer sectors in 2009 - 2014

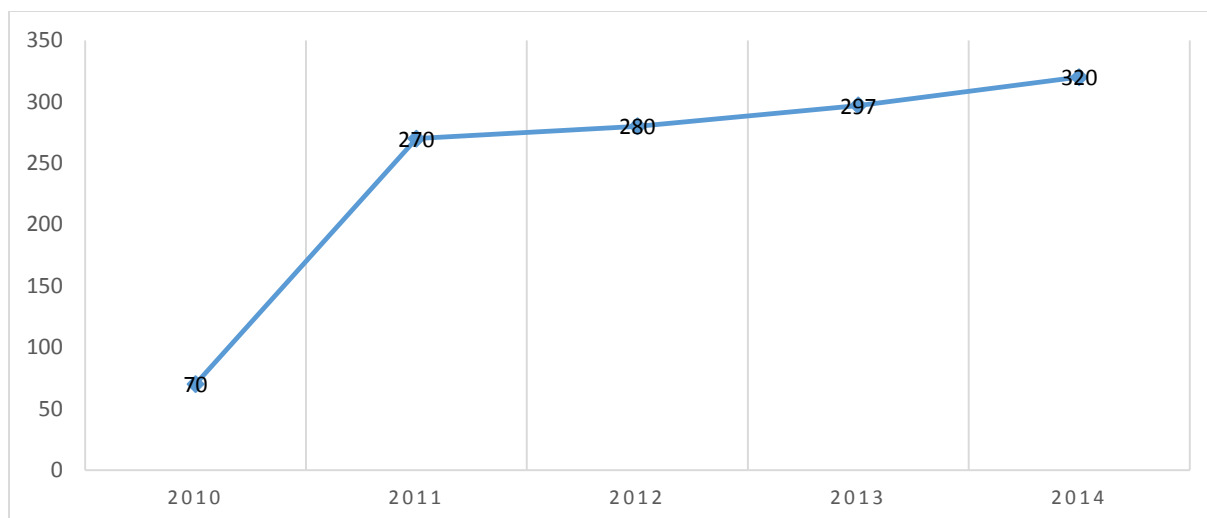


Figure 4.3.4.1.1

Annual change in number of cooperatives in term of consumer

From just adding 70 consumer entities in 2009, more than 200 new cooperatives join SKM as noted by the table below. Except for 2009, all the other years reflected a healthy trend in the growth of the number of cooperatives exceeding the annual average of 187.

4.3.4.2 The evolution of members in the consumer sector

Despite such a big number of consumer cooperatives, by 2009, the sector recorded a total of 4,362,221 members that by 2010, another 149, 964 members withdrew putting a declining membership trend into 2011 as reflected by the following figures.

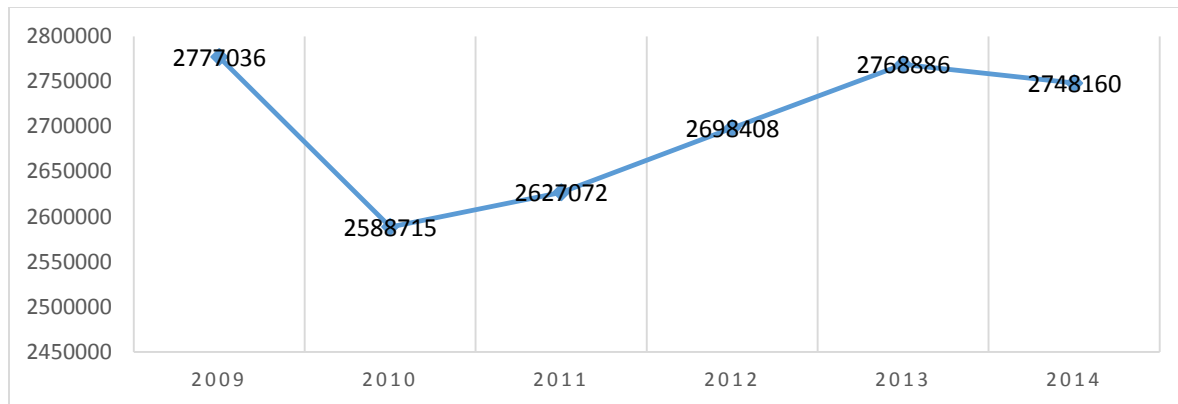


Figure 4.3.4.2
Evolution of membership in term of consumers in 2009 - 2014

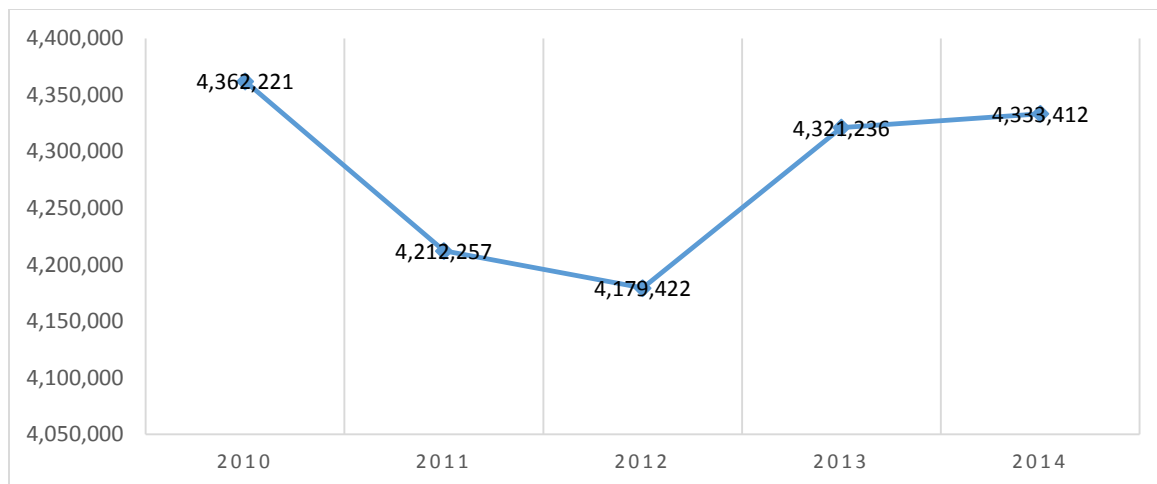


Figure 4.3.4.2.1
The annual changes in term of members in consumers sectors

The membership declines further by 32,835 to record a total of 4,179,964 members at the end of 2012. By 2013, a major increase in membership totaling 141, 814 arrests the declining trend to bring it to 4,324,236 in 2013. There is only a slight increase in membership for 2014 (12,176) bringing the total to almost a plateau at 4,333,412 members at the end of 2014.

4.3.4.3 Evolution in Share Capital for the consumer sectors

The 3796 consumer cooperatives generated a share capital of RM 279.5 million at the beginning of 2009 before registering a drop in share capital in 2010 to RM 212.6 million as noted by the following table. Overall increasing trend is recorded in table 4.10.3 below. By 2014, a total of RM 32.669 million share-capital have been added on to the 2009 total to record a total of RM 312,151,223.

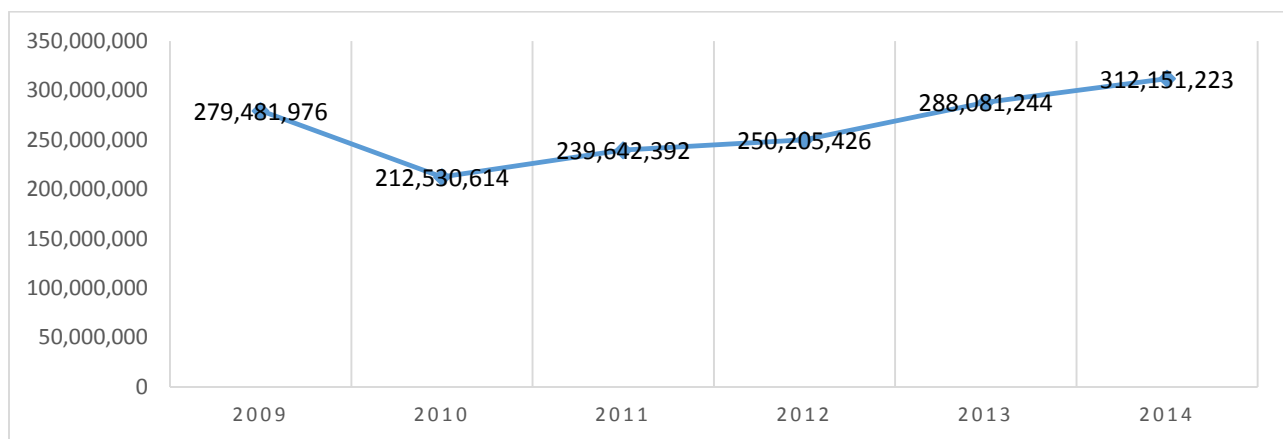


Figure 4.3.4.3

Growth of number shares in term of consumer sectors in 2009 - 2014

However, if analysis is based on the annual change in the trend of the growth of share capital, the pattern is recorded in the following table that represents an erratic trend of going up and down overtime.

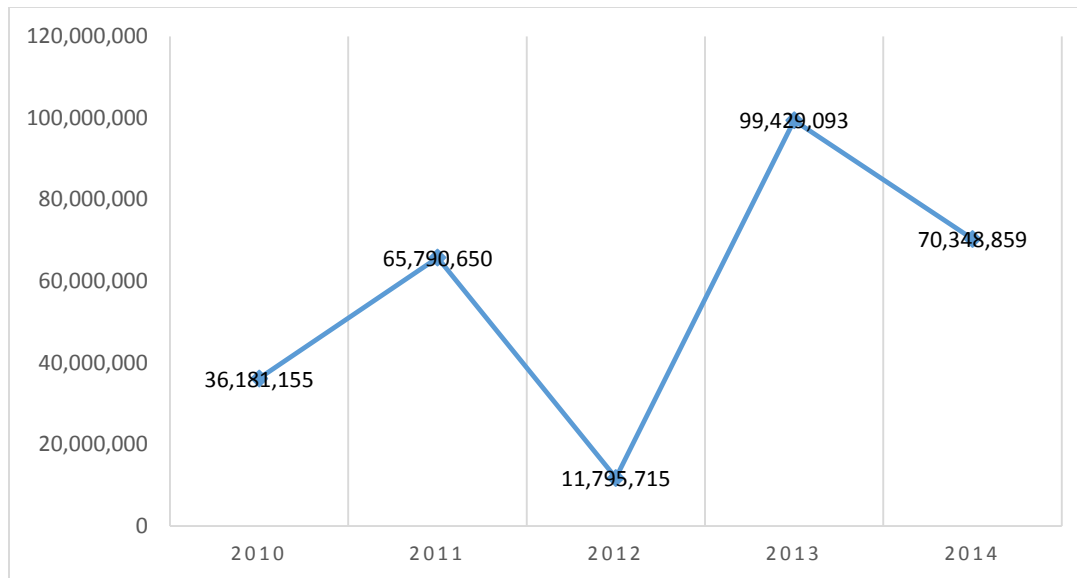


Figure 4.3.3.1

The Annual change in term of number of shares in consumer sectors

With only RM 36.1 million added on to 2010, there is a major boost of RM 65.8 million in 2011 before taking a major dip to RM 11.796 million. The following year saw a substantial increase in share-holding reaching RM 99.43 million before declining to RM 70.35 million in 2014.

4.3.4.4 Evolution of the Operating Revenue in the Consumer Movement, 2009-2014

Despite the large number of cooperatives and membership, the consumer movement has a modest operating revenue as noted by the following figures.

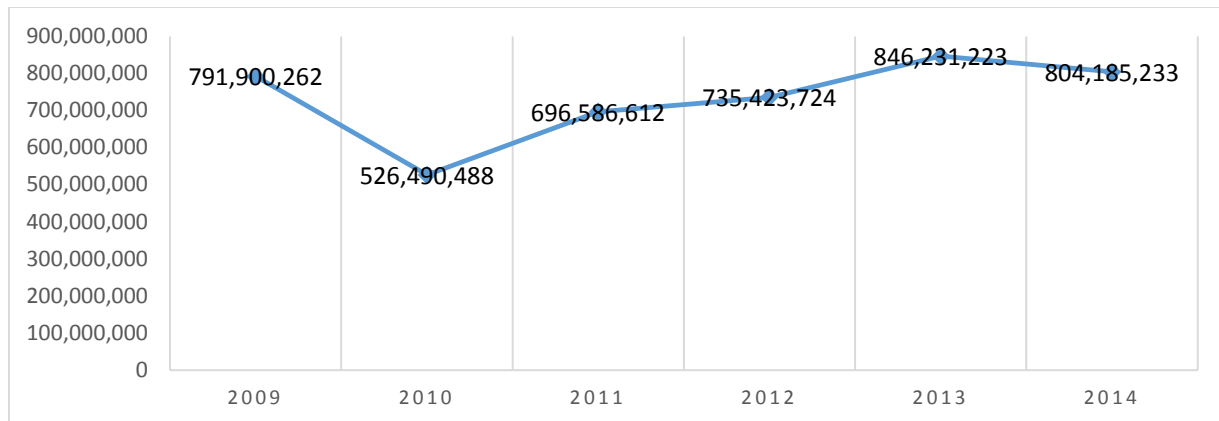


Figure 4.3.4.4
Growth of revenue in term of consumer sectors in 2009 -2014

From RM 792 million revenue generated in 2009, there is a considerable drop of the operating revenue by RM 526.49 million by 2010. However the half a billion drop in 2010 did not continue into 2011 as the revenue began to pick up by RM 170.1 million to secure an operational revenue of RM 696.586 million. The trend of 2011 did not continue into 2011 as there is a small increase in the operating revenue i.e. RM 38.84 million to reach RM 735.4 million in 2012.

However a major increase in operating revenue is recorded in the following year that reached RM 110.87 million to close at RM 846.23 million. By 2014, the operating revenue again takes a dip as only RM 42.045 million increase in revenue is recorded bring down the trend to a declining pattern.

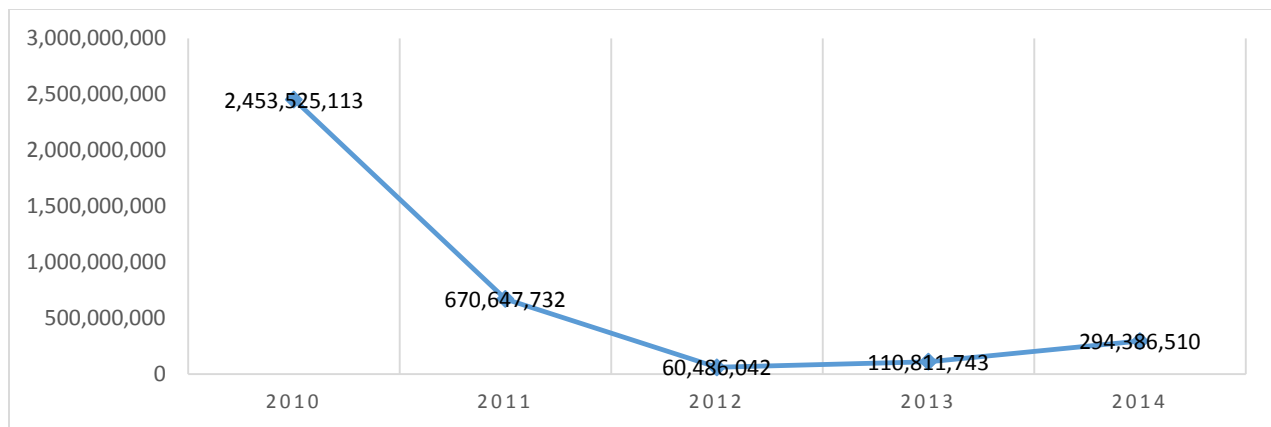


Figure 4.3.4.4.1

Growth number of revenue in term of consumer sectors in to the distribution of the general cooperative sector from 2009 to 2014.

From above figure the annual changes shown big fluctuations. From 2010, 2011 as well as 2012 indicates biggest declining, from RM 2 billion, RM 670 million and RM 60 million. Unlikely, in 2013 and 2014 the annual changes in term of revenue sharply increase by small portion around RM 110 million and RM 294 million.

4.3.4.5 Evolution of the Asset Parameter in the Consumer Movement 2009-2014

The steady growth of assets is a healthy sign for the cooperative movement as it reflects on the commitment and strength of the entity overtime. However as reflected in the tables below, the evolution of the assets base and value in the consumer movement is not that healthy that together with the quality of shares and the erratic trend for the revenue parameter, the quality of the consumer assets is weak. The year 2009 started off with an asset value of more than RM 1 billion or 1.127 billion to be exact only to depreciate to RM 742.4 million in 2010 with close to a quarter billion of assets being lost in a single year.

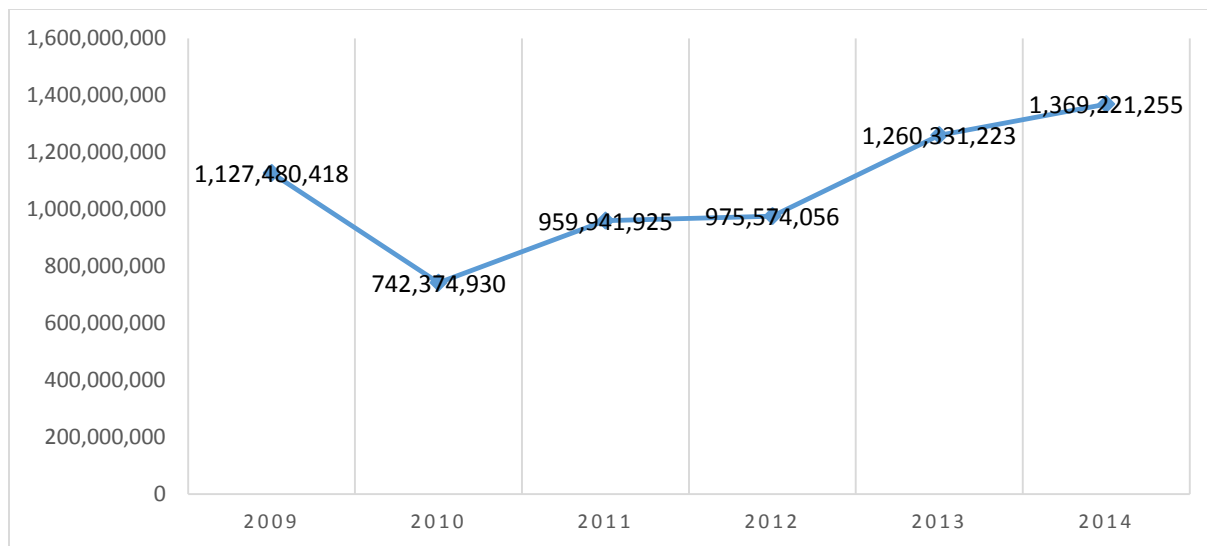


Figure 4.3.4.5

Growth of total asset in term of consumer sectors in 2009 - 2014

As reflected above, by 2011, RM 217.6 million of assets is registered within the consumer cooperatives bringing back the total assets base closer to the 2009 mark of going beyond RM 1 billion. By 2012, a slight increase in assets base valued at RM 15.6 million brings the 2012 asset base to RM 976,574,056 million. An increase by RM 284.76 million brought back the consumer asset base to cross the RM 1 billion mark once again in 2013. An increase in asset value of RM 108.9 million in 2013 strengthens the asset base of the consumer cooperatives to RM 1.369 billion in 2014.

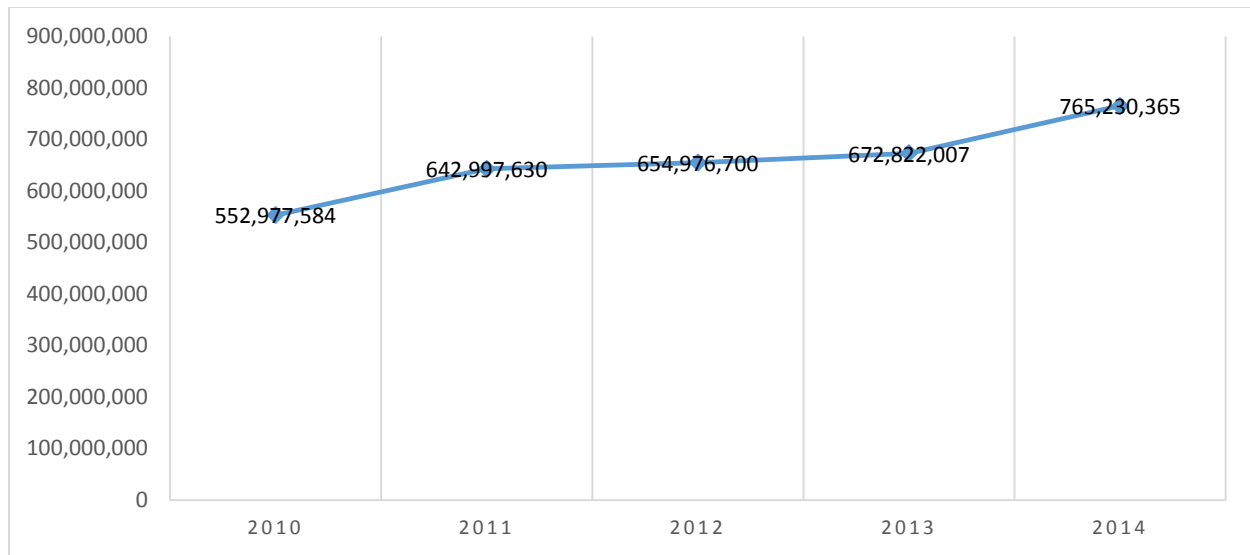


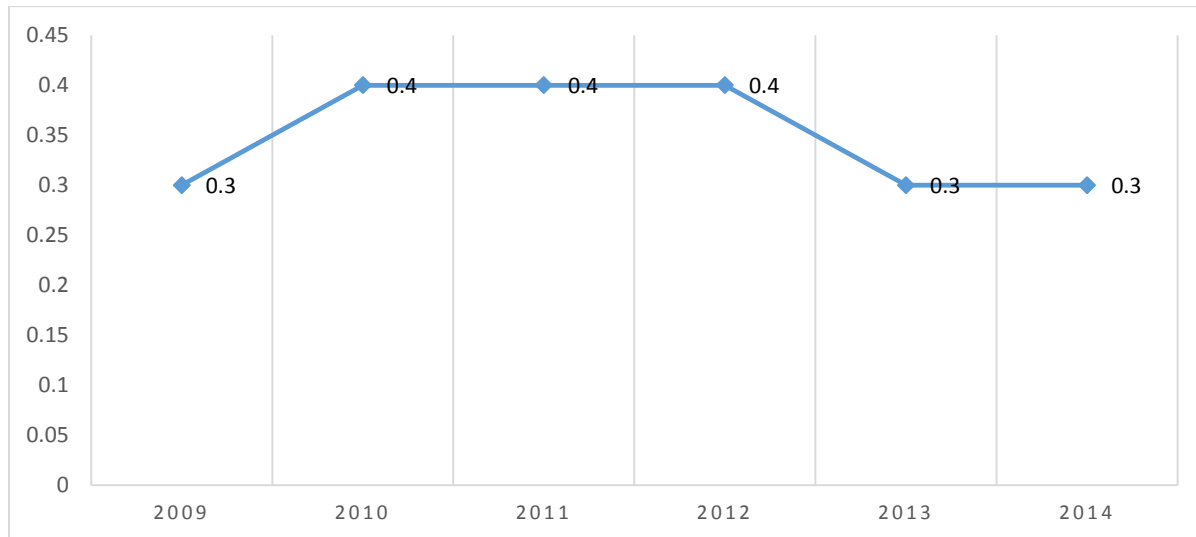
Figure 4.3.4.5.1

Annual change in number of total asset in term of consumer for wholly years

According the figure of annual changes in term of total asset shown great healthful because wholly years come out by great increasing. Its highlited in 2010 around RM 552 million until 2014 RM 765 millions.

4.3.4.6 The Performance of the Consumer Cooperatives within the top 100 cooperatives

Despite commanding between 50.2% and 41.4% of the total cooperatives in SKM, the performance of the consumer cooperatives within the top 100 cooperatives is very discouraging.



Only 0.3% of the consumer cooperatives are able to be in the top 100 cooperatives in 2009 while a small percentage increase of 0.1 to 0.4% is recorded for 2010 to 2012. The performance of the consumer cooperatives level off at 0.3% for the next two subsequent years i.e. 0.3% in 2013 and 0.3% in 2014. As with the other sectors, a closed ranking system should be able to show the performance of the entire consumer cooperatives with the very top becoming eligible to the open top 100 cooperatives of SKM.

In terms of number of consumer cooperatives reaching the top 100 cooperatives, it is discouragingly being noted that in 2009, only 15 consumer cooperatives made it to the top 100 increasing by 2 to secure 17 out of 100 in 2010 and increasing by another 1 in 2011 to reach 18 cooperatives making to top 100 in 2011. By 2012, 22 consumer cooperatives reached the open top 100 cooperatives before registering a drop to 17 in 2013 and settling at 15 cooperatives in 2014. It

shows a declining number of consumer cooperatives reaching the top 100 in the Malaysian ranking system. To alleviate the declining trend, a closed ranking system for consumer cooperatives should provide avenue into corrective strategy to strengthen the consumer movement.

4.3.5.1 Evolution of Housing Cooperatives in the Malaysian Ranking System, 2009-2014.

The housing sector represents among the lowest number and percentage in comparison to the total cooperatives in SKM. In 2009, the housing cooperatives numbered only 107 represents 1.48% of the total cooperative. However, the annual trend is a small but a gradual increase to 118 in 2010 climbing to 134 in 2011, increasing to 159 in 2012 and reaching 180 by 2013. By 2014, the number has increased to 217 housing cooperatives as noted by the table below.

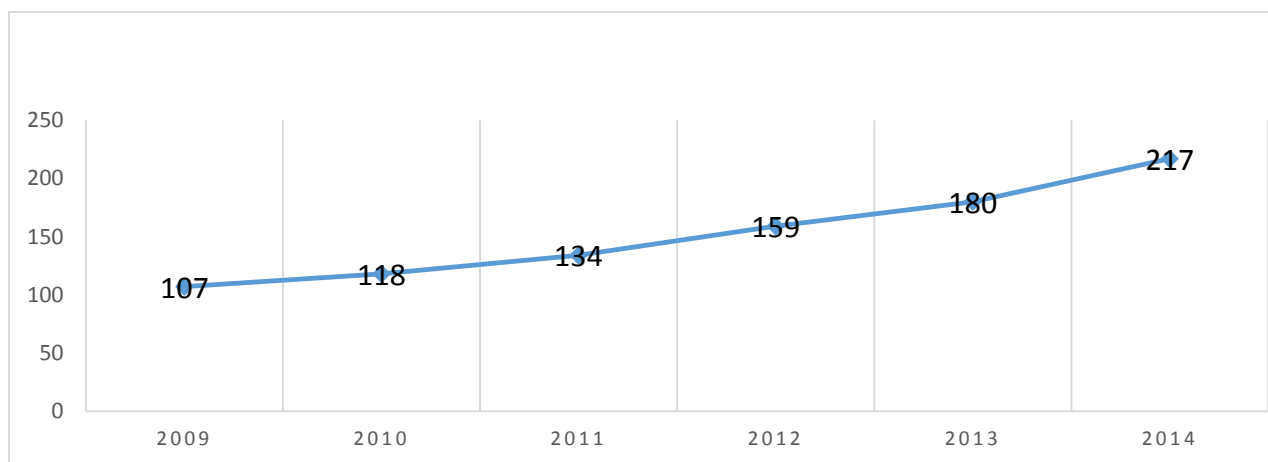


Figure 4.3.5.1
Evolution growth in term of number cooperatives in housing sectors between 2009 - 2014

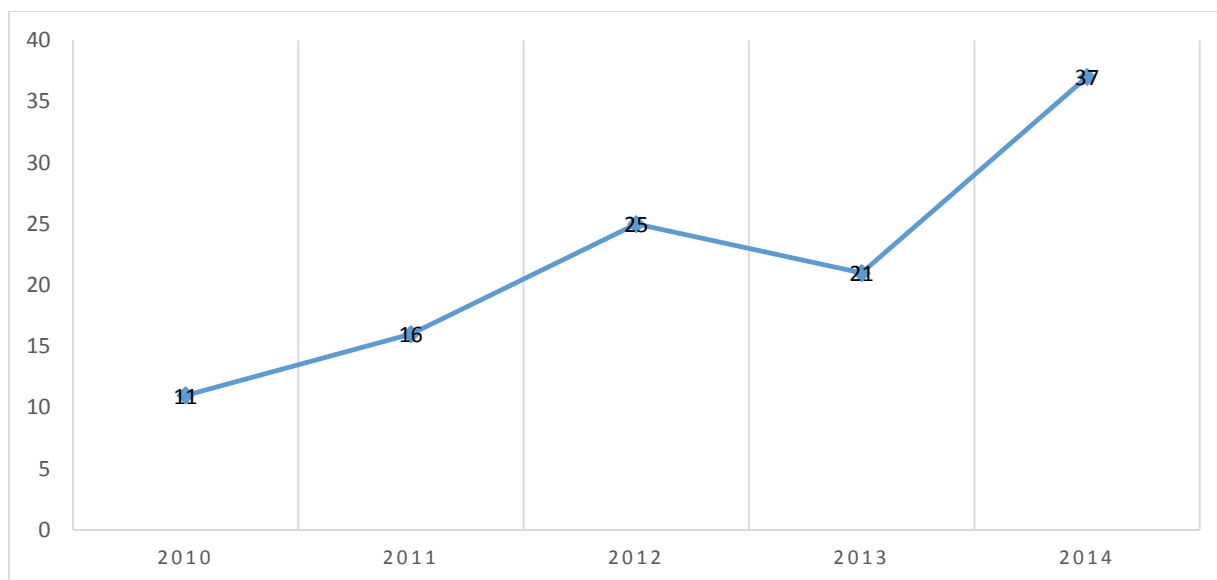


Figure 4.3.5.1.1

Annual changes in term of number of cooperatives in housing between

The annual trend however demonstrates a pattern of caution with a gradual increase of 11 housing cooperatives being added on in 2010 another 16 in 2012 and 25 more in 2012. By 2013 the growth has decline to 21 housing cooperatives being established before picking up again in 2014 with the largest increase of 37 bringing the overall total to 217 at the end of the review period of 2014.

4.3.5.2 The evolution of Membership in the Housing Cooperatives

As noted by the following tables, the membership trend is rather uneasy as the pattern is like a wave with climbing and descending as years go by. From 89,182 in 2009 the membership pattern takes a substantial jump of 56,641 members in 2010 to reach 145,823 members before leveling up to 147,633 in 2011. It then begins to decline to 128,076 members for 2012 before reaching the peak of 170,846. The above trend cannot be sustained as the membership decline to 154,944

members in 2014 as reflected in the above figure. This will influence share capital as noted in the following section.

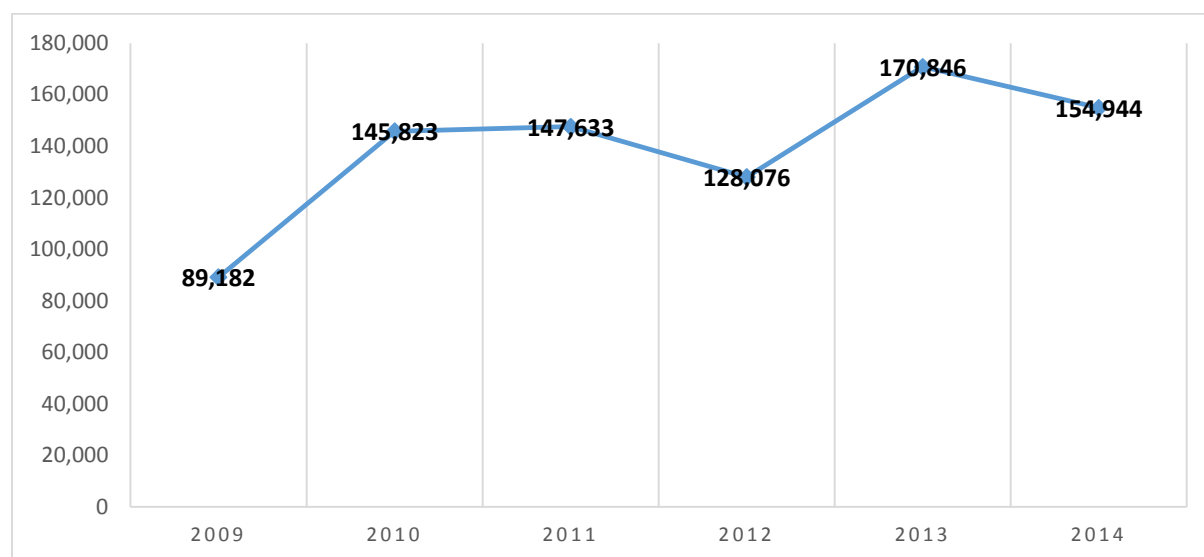


Figure 4.3.5.2

Evolution of membership in term of housing sectors between 2009 - 2014

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of number of housing cooperatives between 2009 and 2014 as noted by the following table.

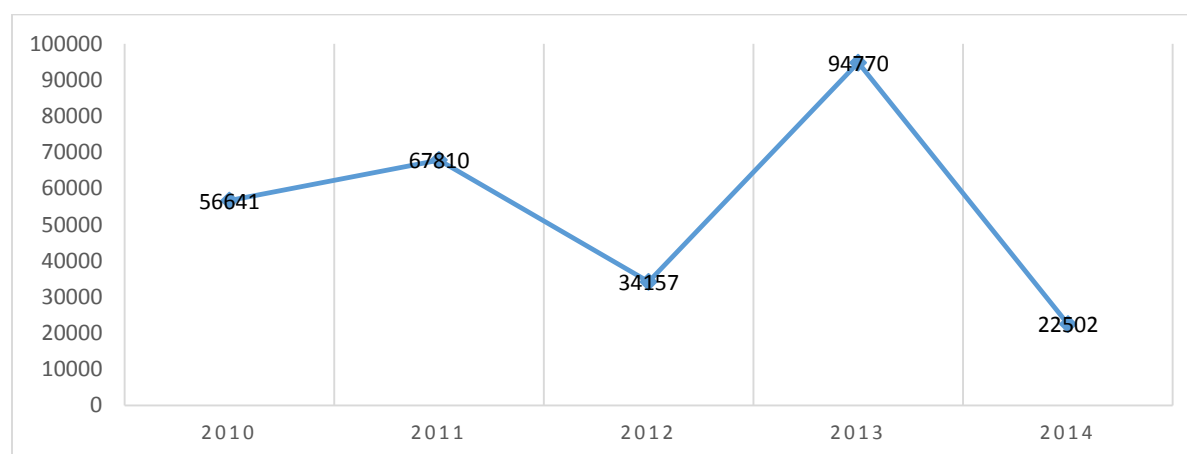


Figure 4.3.5.2.1

Annual changes in term of members

According to the above figures, the number of changes shows very great fluctuation.

4.3.5.3 The pattern of growth of share capital in the housing cooperatives from 2009 to 2014

Because of the modest number of cooperatives and a small membership base, the evolution of the share capital denotes a small capital base starting at RM 133,356,559 in 2009 and reaching out to RM 218,421,244 at the end of 2014, a 64% increase from 2009.

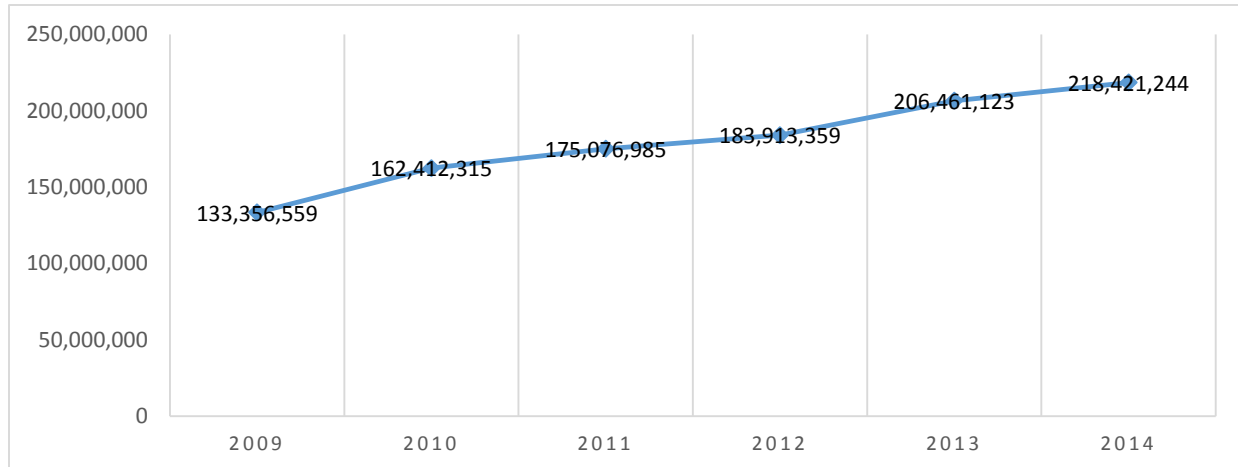


Figure 4.3.5.3
Evolution of shares in term housing sectors between 2009 - 2014

From above figures the evolution of share-capital has shown a healthful trend. Such a healthy trend is also seen in the annual change table below.

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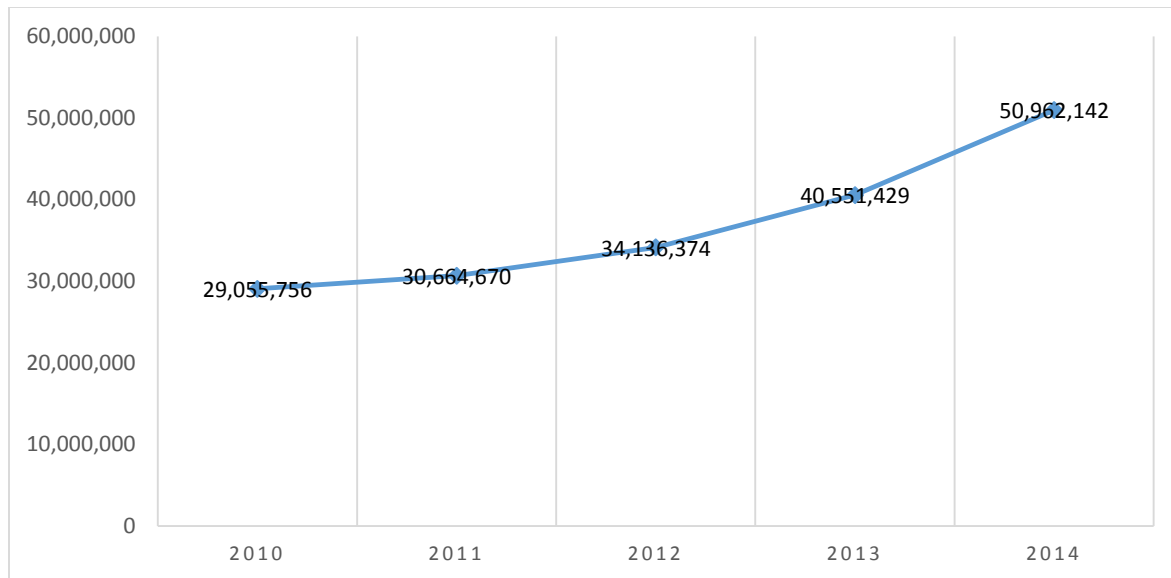


Figure 4.3.5.3.1

Annual changes in term shares in housing sectors within 6 years period

Annual changes in shares capital in term of housing sectors appear by better quality in term of performance .because the wholly years are keep on going forward.

4.3.5.4 The Evolution of Revenue in Housing Cooperative Movement (2009-2014)

Since the beginning of the cooperative movement in the 19th century with a reasonably small revenue base, by 2009, the cooperative movement have generated over RM 36 million in revenue that by 2009 while in 2014, it has reached RM 530.

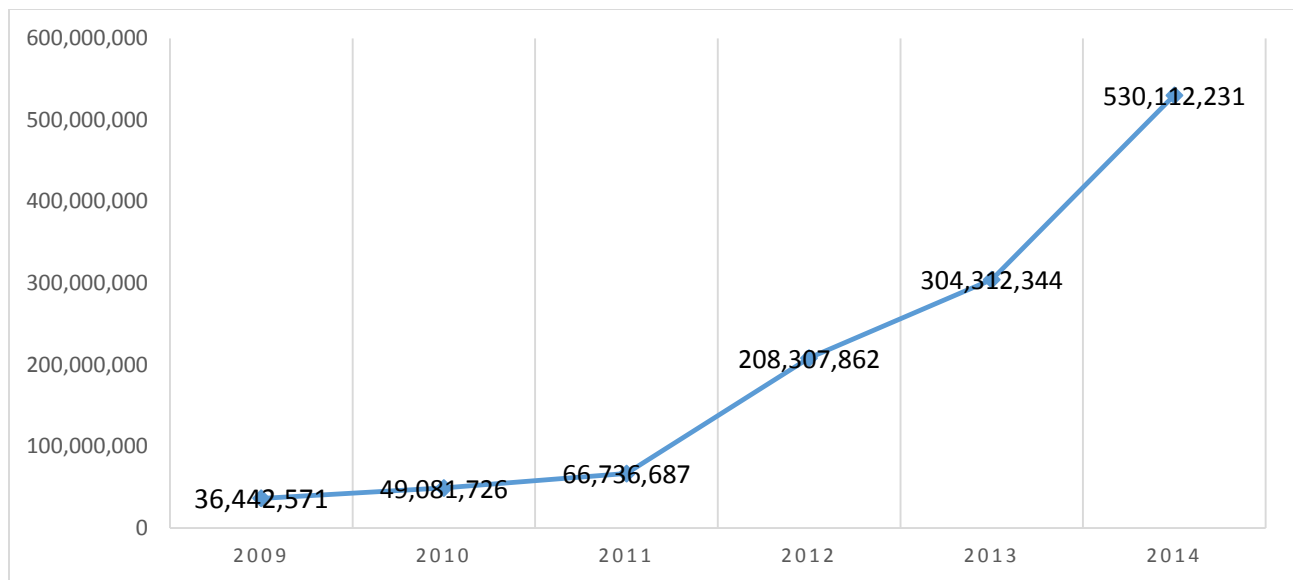
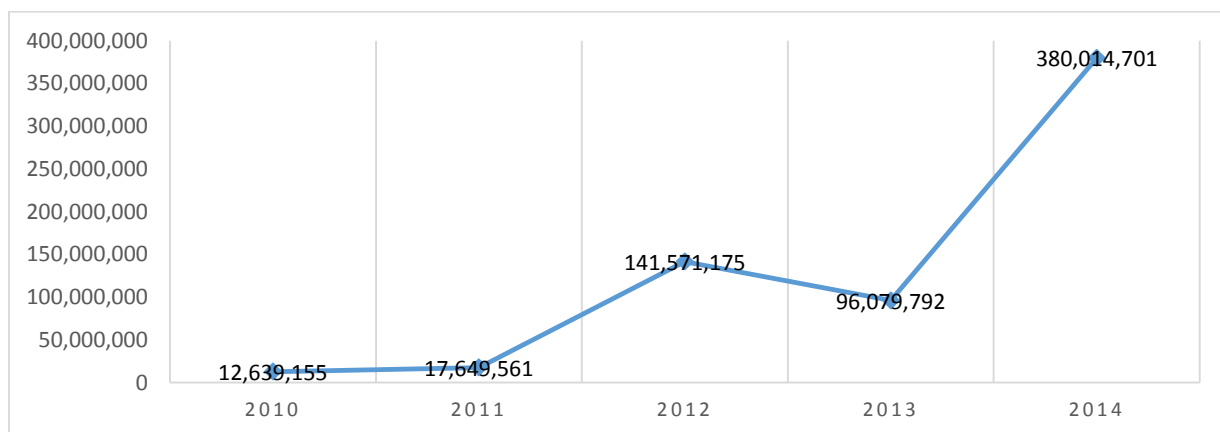


Figure 4.3.5.4
The Evolution of Revenue in housing cooperative movement 2009-2014

The evolution of growth in term of revenue shown very healthful performances. From 2009 the evolution of growth reached around RM 36 million to RM 49 million in 2010 and to RM 66 million in 2011. A further growth in revenue is recorded in 2012 that saw a RM 141.57 million to reach RM 208.3 million. Another RM 96 million is added on to 2013 bringing their operating revenue up to RM 304 million.

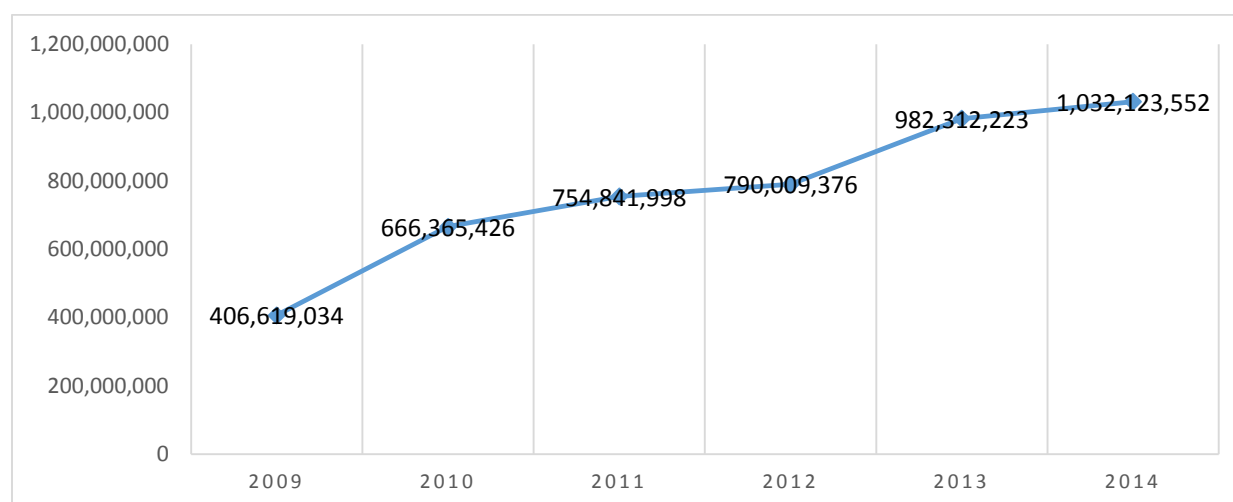


4.3.5.4.1
Annual changes of housing sector in term of revenue

2014 recorded the highest growth in that over RM 308 million is added on to reach a peak of RM 380 million to arrive at a revenue base of RM 530.1 million.

4.3.5.5 The pattern of growth of total assets from 2009 to 2014

As noted by the figures below, the housing cooperatives revealed a strongest increase in term of assets. Since 2009 the total assets shown at RM 406 million that 6 years later, the total assets crossed the RM 1 billion mark. The asset growth at 2014 is 55% more than the 2009 level as noted in the following table.



*Figure 4.3.5.5
Evolution of total assets in term of housing sectors in 2009 - 2014*

The growth in asset is quite healthy with positive increase for every year all the way to 2014. However the annual growth pattern is quite cautious that revealed a declining trend from 2010 to 2012 before making considerable improvement in 2013 and 2014 as noted below.

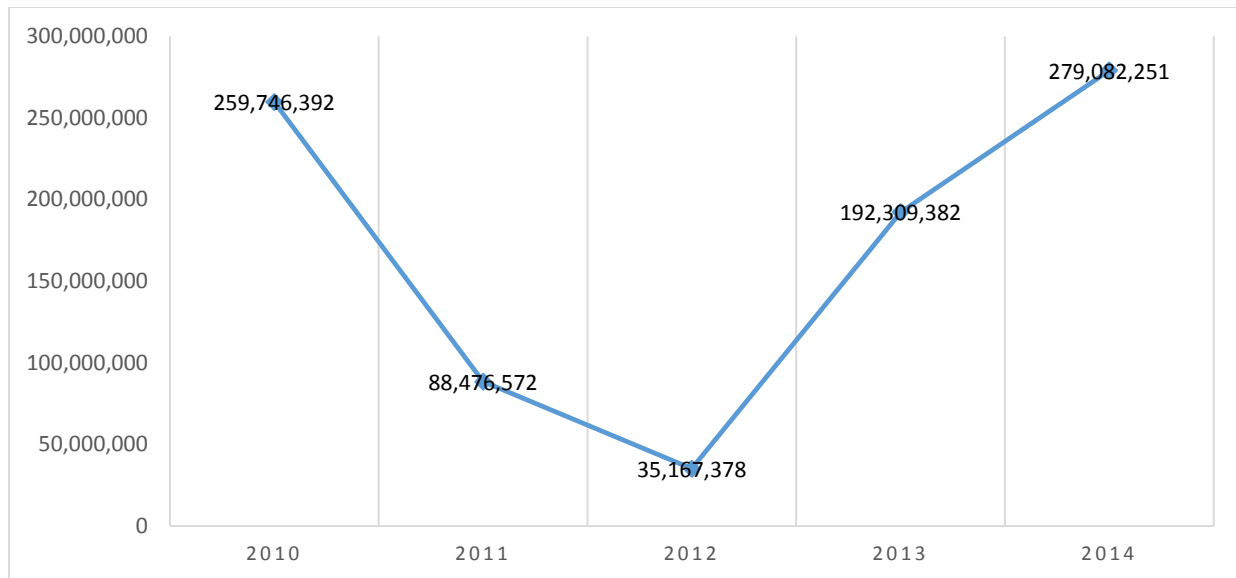


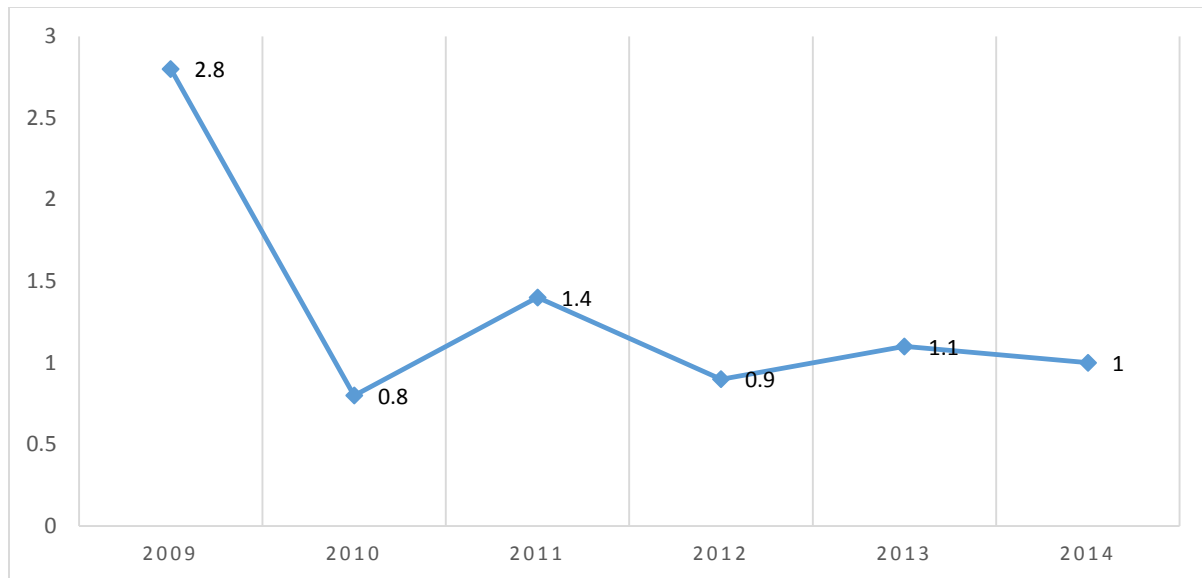
Figure 4.3.5.5.1

Annual changes in housing sector in term of total asset within 6 years period.

According annual changes in term of total asset shown big fluctuation. Because in 2010, 2011 and 2012 shown great declining. From RM 259 million, RM 88 million and RM 35 million. Then suddenly in 2013 and 2014 shown great increasing up to RM 279 million.

4.3.5.6 Housing Cooperatives within the top 100 Cooperatives 2009-2014

Despite the fluctuation in both number and percentage, the contribution of the housing sector to the top 100 cooperatives over the reference phase has been dismal as noted by the following figures.



Only 2.8% of the housing cooperatives made it to the top 100 in 2009 and suddenly, declining to 0.8 % in 2010 before climbing to 1.4% in 2011 and declining further to 0.9% in 2012 before climbing to 1.1% in 2013 and settling at 1% in 2014.

But, in term of the number of the housing cooperatives scaling up to the top 100 cooperatives, it is sad to note only 3 of the housing cooperatives make it to the top 100 in 2009 before only 1 in 2010. Only 2 housing cooperatives are represented in the top 100 from 2011 all the way to 2014.

It is for this reason that a closed ranking system be developed so that the pattern among the hundreds over cooperatives can be judged before they can be referred to the open category.

4.3.6.1 The Performance of the Service Cooperative Movement in the Malaysian Ranking System

Due to the importance of the servicing sector within the cooperative movement, it is not surprising to note that the number of service cooperatives jumped 238% from 793 in 2009 to 2677 by 2014. However service cooperatives represent more than one-fifth (22.5%) of the total cooperatives in 2014 doubling that percentage of 2009 that was recorded at only 11.1% as noted by the following tables.

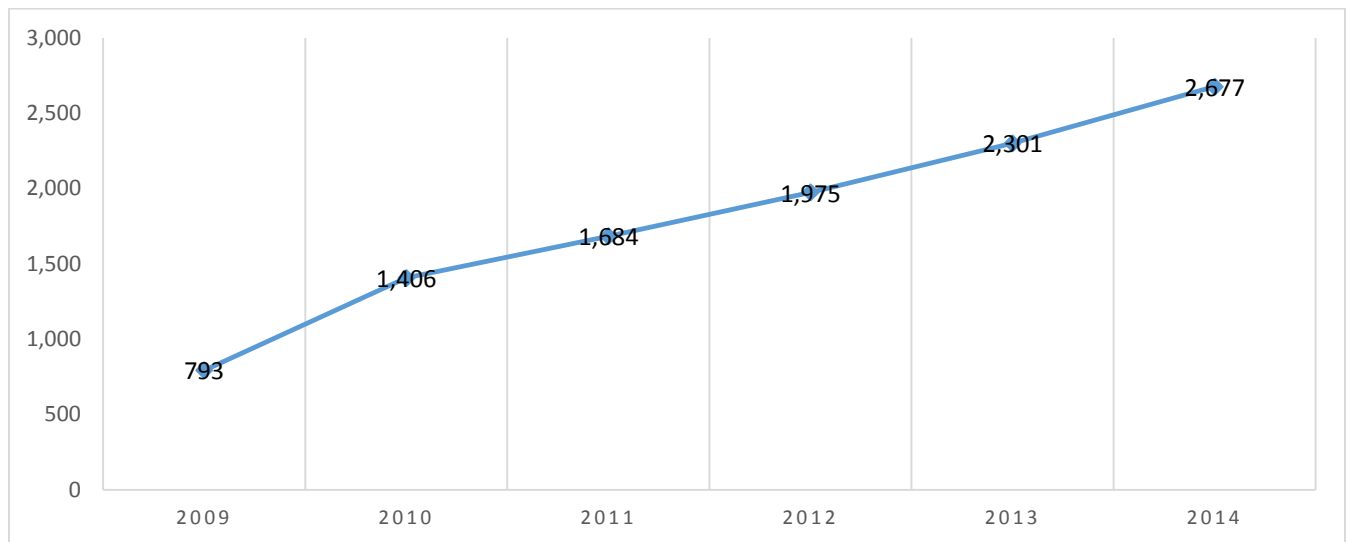


Figure 4.3.6.1

Evolution of number of cooperatives sectors in term of Service Cooperative Movement in the Malaysian Ranking System in 2009 - 2014

However, the annual trend is equally healthy as in 2009, 613 service cooperatives are brought into SKM to reach a total of 1406 but only 278 service cooperatives added on in 2010, another 291 in 2011 while 326 new cooperatives are added on to 2012 to reach 1975 service cooperatives. The increasing trend is further recorded in 2013 with an additional 326 service cooperatives joining SKM to settle at 2677 in 2014 as noted by the following table.

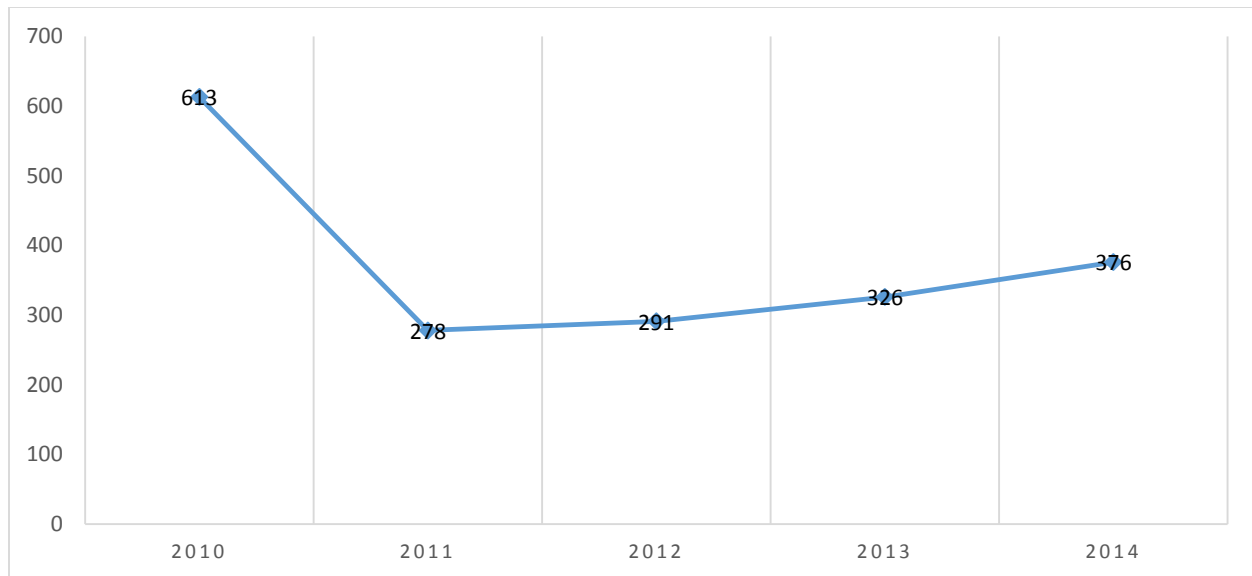


Figure 4.3.6.1

The annual changes in term of number of cooperatives in service between 2009 to 2014

From above the figures the annual changes shown quite better compare to another annual changes. Most of years are keep in to increase only 2011 are fall down around from 613 to 278 .Unlikely, the rest of the years are keep in to increase almost from 2012 , 2013 and 2014 reached at 291 ,326 and 376 cooperatives. However, in this section shown quite healthy.

4.3.6.2 Healthy Trend in the evolution of Membership within the Service Sector of the Cooperative Movement 2009-2014

As noted by the figures below, the service cooperatives revealed a strongest increase in term of evolution members.

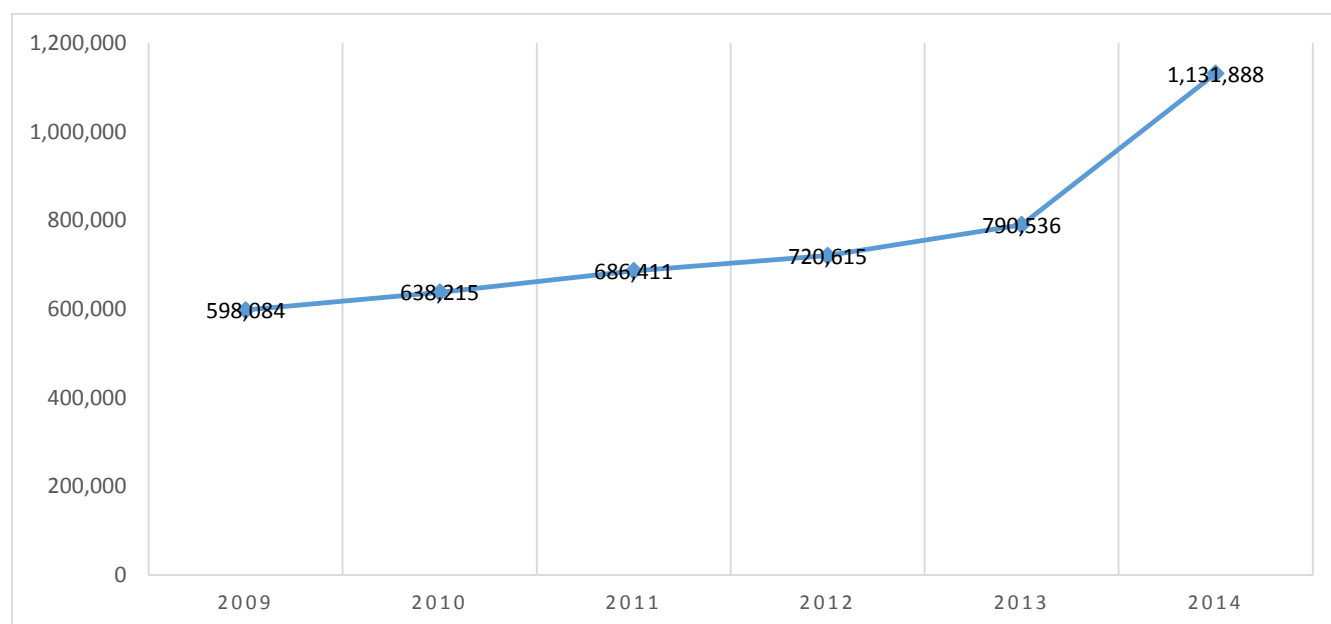


Figure 4.3.6.2

Evolution of membership in term of Service sector between 2009 - 2014

From just nearing 600,000 members in 2009, six years later the service cooperatives registered more than half a million new members to allow their membership to cross the 1 billion membership line, settling down at 1,131,888 members at the end of the study period. In fact the greatest increase occurred in 2013 when 341,352 members pushed the membership drive to cross the 1 billion mark as reflected by the following figures.

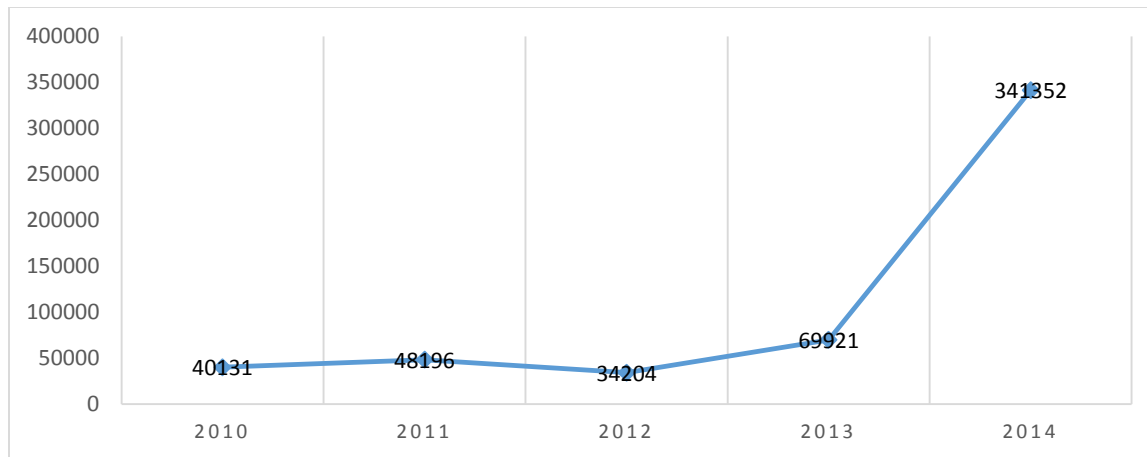


Figure 4.3.6.2.1
Annual changes in term of members in service sectors

An analysis on the annual trend in the evolution of membership in the service cooperatives is a bit uneasy as reflected by the above table. Apart from a slight increase in 2011, the number of members brought in 2012 denotes a drop to 34,204 before picking up again in 2013 to 69,921 members. There was a big jump in 2014 as 341,852 members are brought into the service sector to assist in reaching the 1 billion members drive.

4.3.6.3 The pattern of growth of shares capital from 2009 to 2014

The increase in membership drive affects the growth of share capital that reached out to RM 3.248 billion from just RM 1.753 billion six years earlier as noted by figures below.

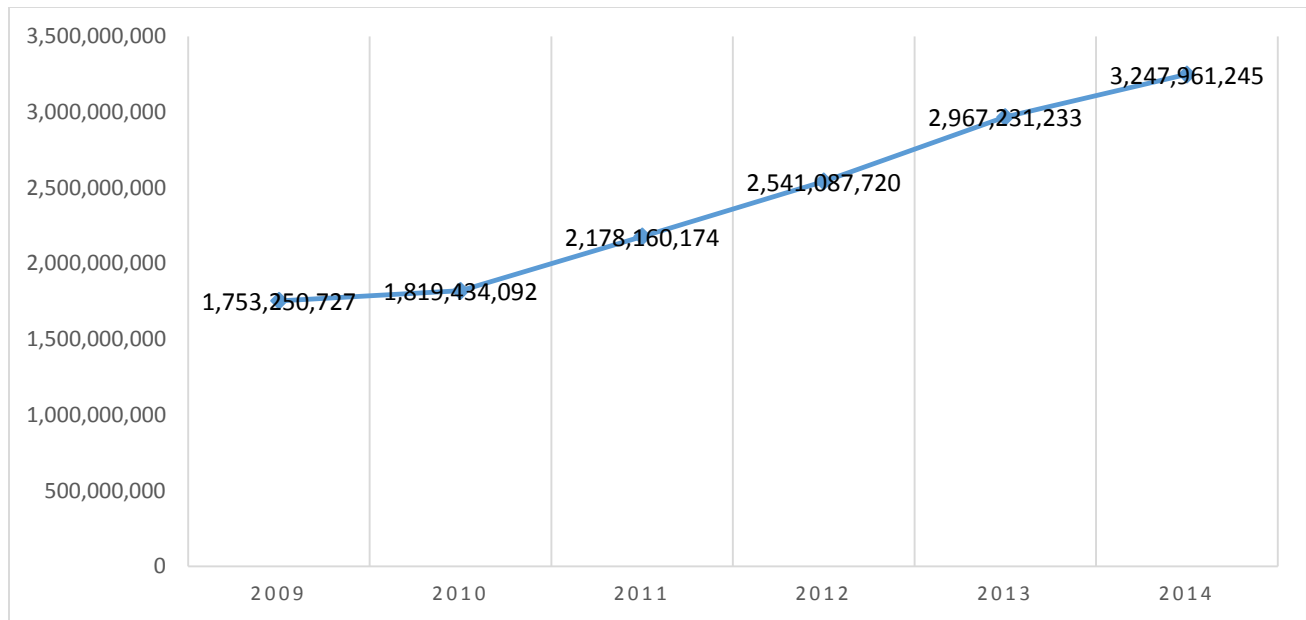


Figure 4.3.6.3
Growth of shares capital in term of service sectors in 2009 - 2014

On the annual change in trend analysis, apart from a small increment of RM 0.066 billion in 2010, the next three years witnessed a substantial increase in share-capital with impressive increase of RM 0.3587 billion in 2011 to RM 0.363 billion a year later. A substantial increase of RM 0.426 billion in 2013 pushed the share-capital into the RM 3 billion mark for the first time in history.

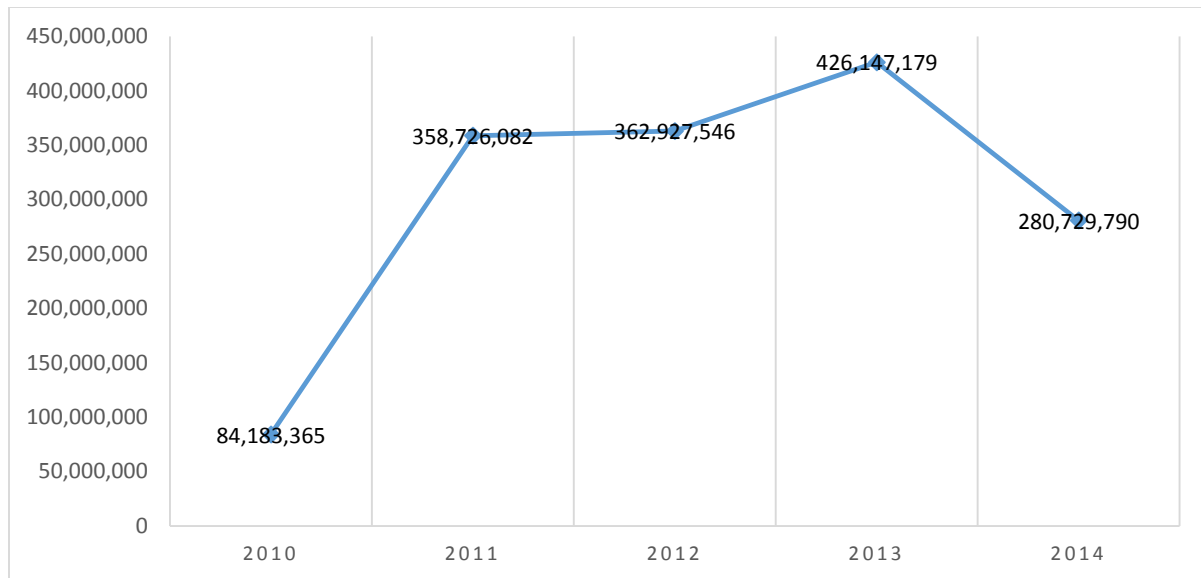


Figure 4.3.6.3.1

Annual changes in term of shares in services with 6 years period

According the annual changes in term of shares as reflected the from above figures it is appear by differences stages. According 2010 the annual changes shown RM 84 million. Unlikely, in 2011 the annual changes shown sharply increase around RM 358. But in 2012 slightly decrease around RM 362 million. Suddenly in 2013 the annual changes shown strongest increase up to RM 426 million. But in 2014 suddenly drop off around RM 280. Finally, the annual changes in term of shares shown unhealthy performances.

4.3.6.4 Evolution of Revenue in the Service Movement of SKM

The service sector of Malaysia's cooperative movement has shown a tremendous growth potential in the revenue parameter from RM 966 million in 2009, it crosses the RM 1 billion mark in 2010 climbing to RM 14.063 billion in 2011. A major increase in revenue is recorded in 2012 that resulted in the revenue crossing RM 20 billion mark in 2012 before leveling off to 21.674 billion compared to RM 21.806 billion a year earlier as noted in the following table.

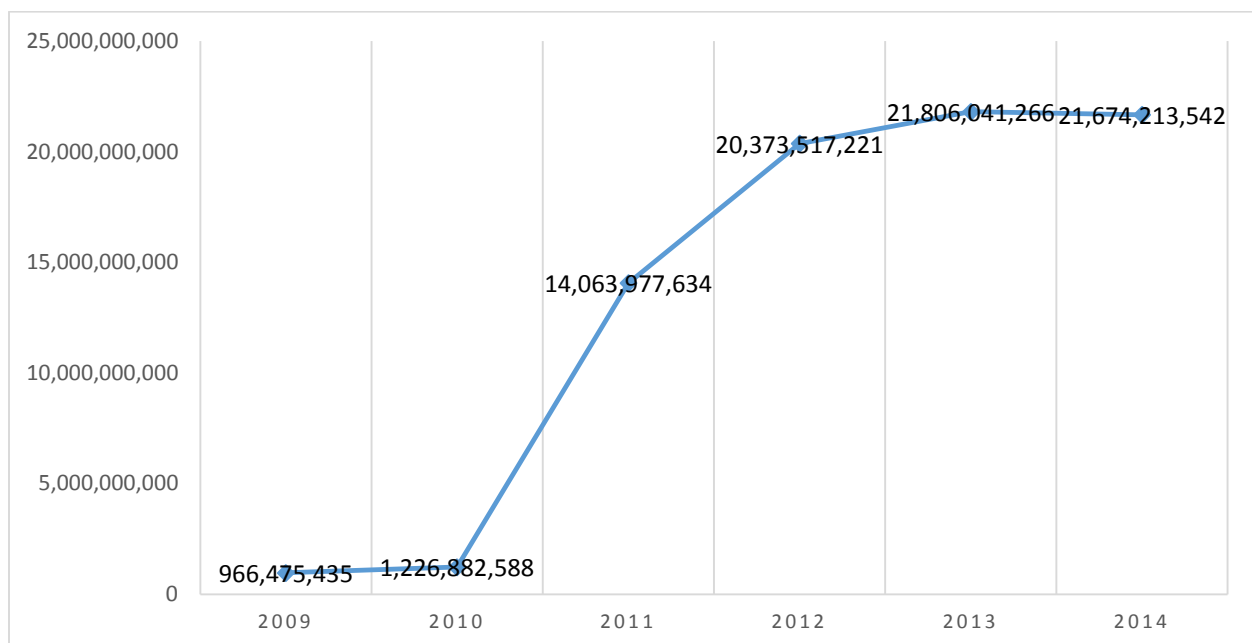


Figure 4.3.6.4

Evolution of revenue in term of Service Movement in 2009 - 2014

While the above pattern reflects on a healthy trend, the following table denotes the annual change in trend analysis that somehow reflects a declining trend after 2012.

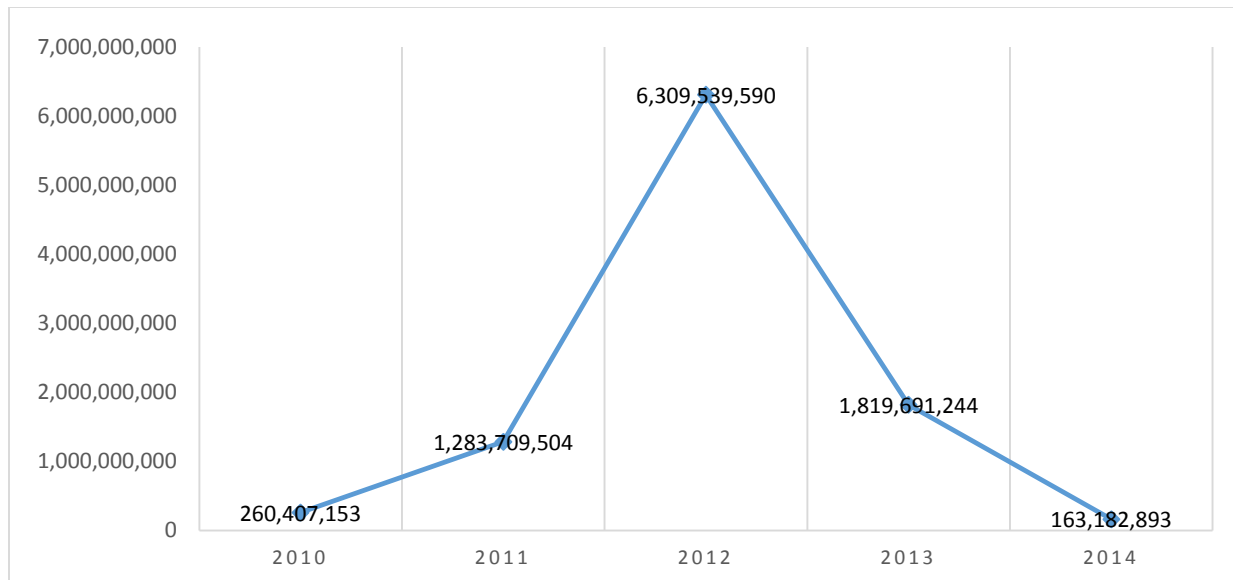


Figure 4.3.6.4
Annual changes in term of Revenue in service sectors by wholly years

Despite showing a dramatic increase of revenue shooting up by RM 6.39 billion, the trend tappers of to RM 1.819 billion in 2013 declining further by RM 161, 182,893 in 2014 to register a revenue base of RM 21.674 billion for 2014.

4.3.6.5 The Pattern of Evolution of Total Assets in the Service Sector of the Cooperative Movement (2009-2014)

The trend in the asset base is an important parameter of the strength and health of the cooperative movement. As noted by the figure below, the growth of assets is steady with increasing trend towards the middle of the period.

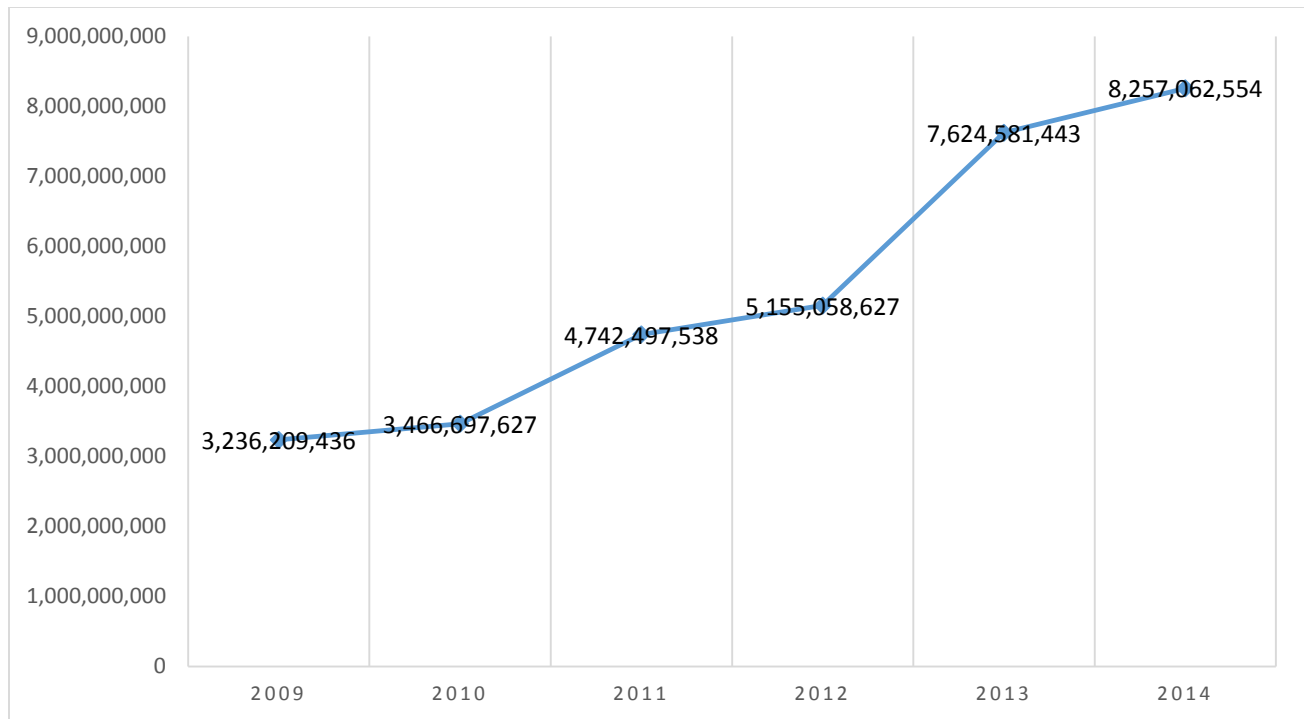


Figure 4.3.6.5
Evolution of total assets in term of Service sectors between 2009 - 2014

From a base of RM 3.236 billion, the asset base climbed steadily to RM 8.257 billion in six years recording a RM 5.02 billion increase, more than doubling the 2009 base or 155% increase.

However, in looking at the annual trend, it is interesting to note that though there is a steady growth of asset value, there is a major drop in the trend in 2 period of time. By 2012, the assets drop by RM 412.5 million and again in 2013 by RM 632 million as reflected in the following chart.

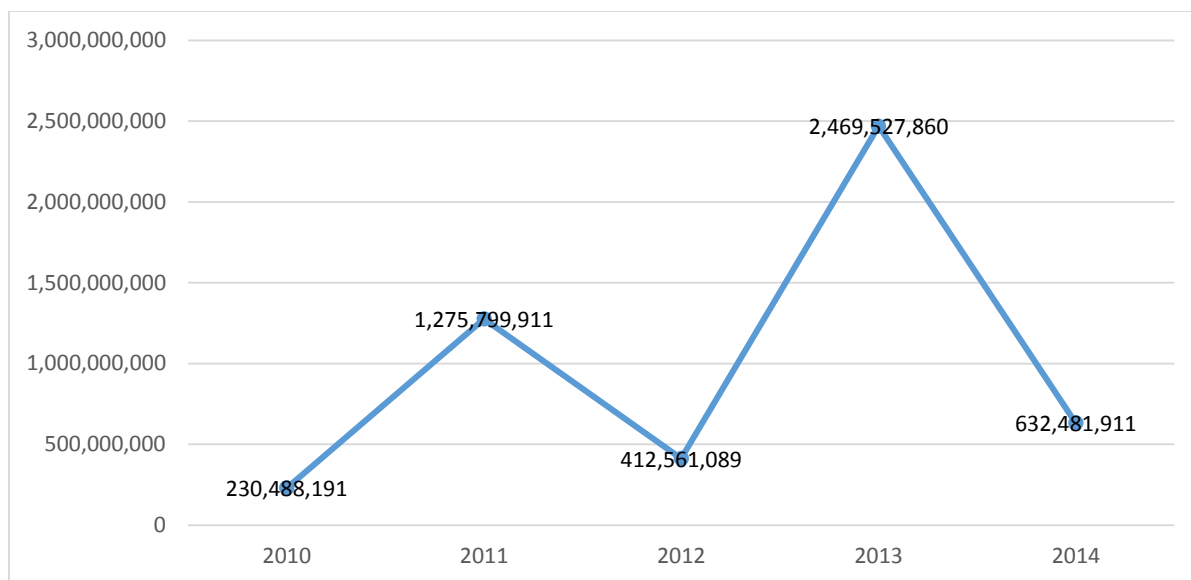


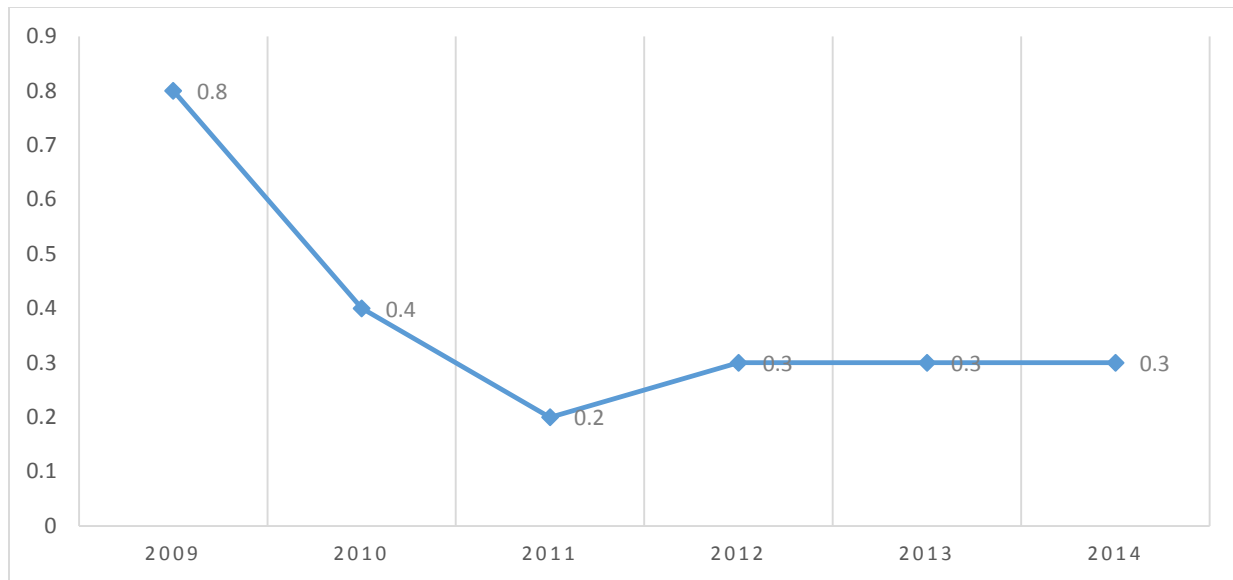
Figure 4.3.6.5.1

Annual changes of total asset in term of service sector

The above pattern requires careful study to ensure that the fundamental parameters of the service cooperative movement remain strong and resilient.

4.3.6.6 Contribution of service Cooperatives in the top 100 Cooperatives 2009-2014

The performance of the service cooperatives within the top 100 cooperatives during the referencing period is discouraging as reflected by the figures below. Despite showing an improvement from 0.8% in 2009, it drops to 0.4% in 2010 and declining further to 0.2% in 2011. However it remains a plateau from 2012 to 2014 at 0.3%.



As far as the number of service cooperatives in the top 100 is concerned, the pattern seems a bit better as it increases from 7 in top 100 in 2009 to 9 in the top 100 in 2014 even though it falls to 5 in 2011 and increase to 6 by 2012 within the open category in the ranking system. It is recommended that a “closed” ranking system be implemented, as it will signify the status of the thousands of cooperative entities within their sector. Currently, the ranking system is based on an uneven platform.

4.3.7.1 The Industrial Cooperatives in the Malaysian Ranking System 2009 -2014

a. Number of cooperatives 2009 -2014

In 2014, by a total of 253 entities, the industrial cooperatives contributed only 2.13 % of the total number of cooperatives (11,871) in SKM compared to 2009 where there were only 117 industrial cooperatives accounting for only 1.6% in 2009. As noted by the table below, the evolution in the number of industrial cooperatives reveals an increasing trend from 2009 until 2014 with an increase of 116% over the six years.

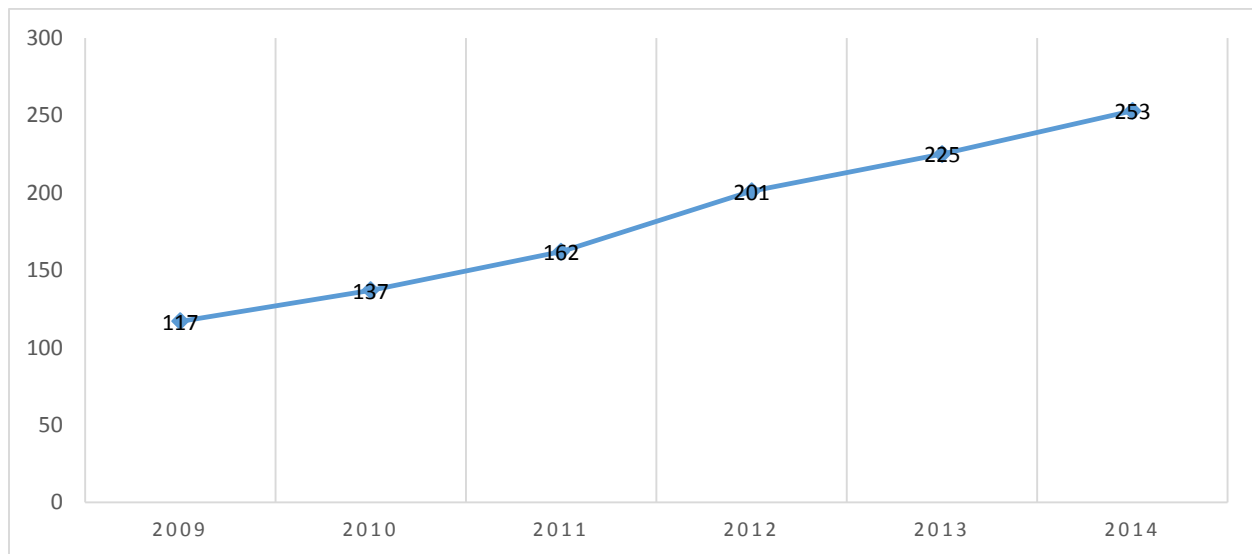


Figure 4.3.7.1

Evolution of number cooperatives in term of industrial sectors between 2009 to 2014

An analysis of the annual trend in the evolution of industrial cooperatives as reflected by the table below, a total of 20 industrial cooperatives is added on in 2010, another 25 in 2011.

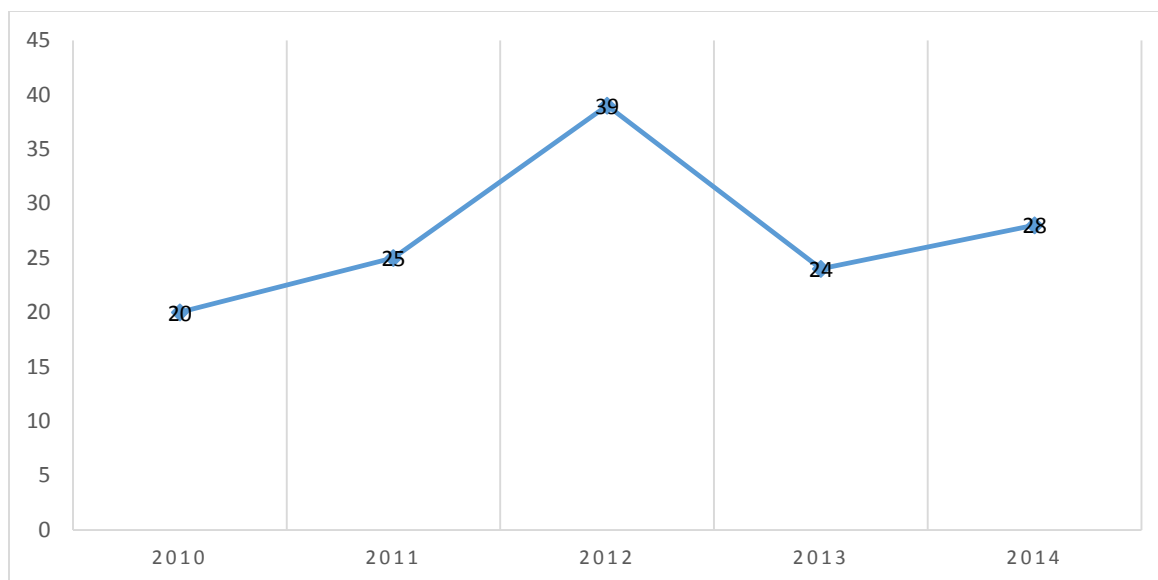


Figure 4.3.7.1.1
Annual changes in number of cooperatives in industrial

There is an increase of 39 more industrial cooperatives in 2012 before a declining trend takes over in 2013 with a slight recovery by 2014.

4.3.7.2 Evolution of Industrial Cooperatives Membership Structure

As indicated by the table below, the industrial cooperatives revealed a declining trend in the number of members that from 17 thousand in 2009, it drops to almost 14 thousand by 2010. The declining trend goes into 2011 recording a membership of 13,349. The pattern is reversed in the second 3 years of analysis increasing to 17,044 in 2012 to 18,399 in 2013 and settling down at 18,155 in 2014.

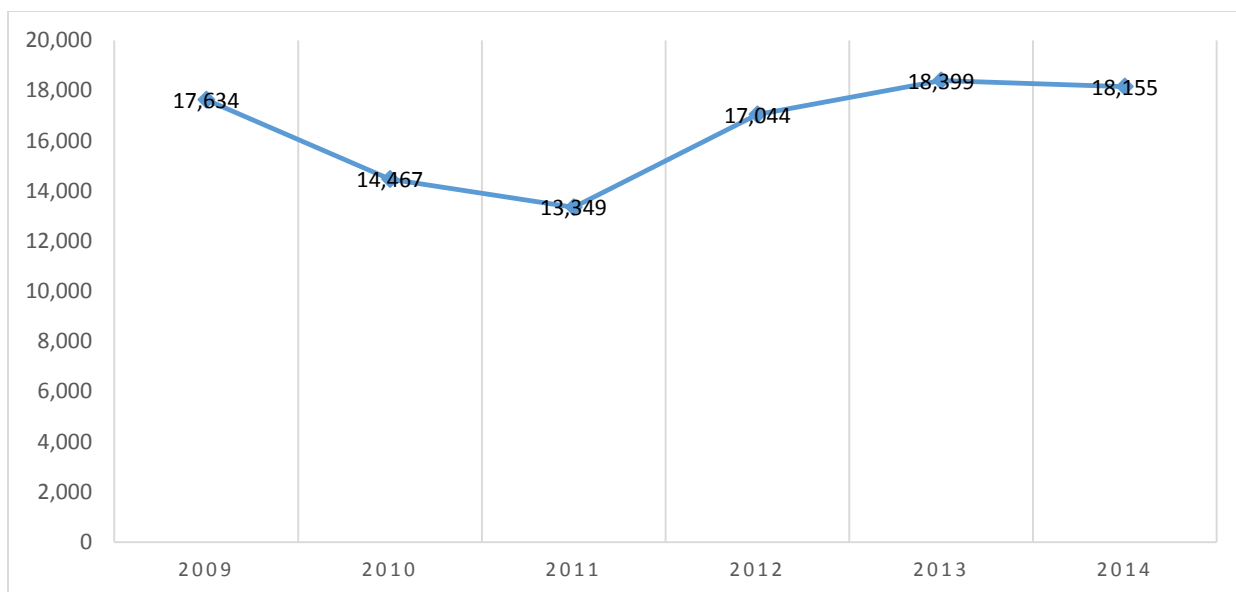
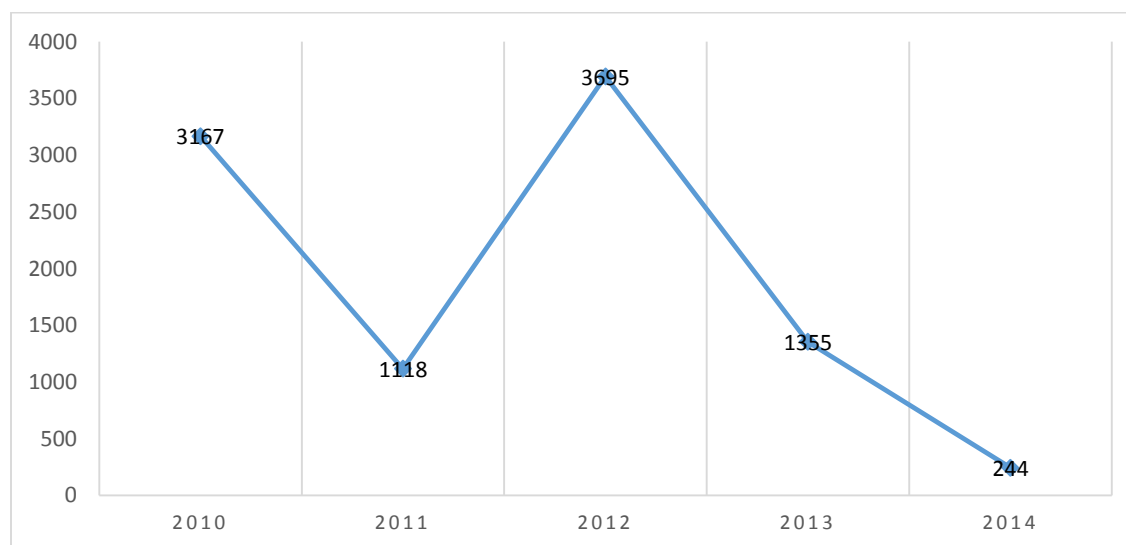


Figure 4.3.7.2
Evolution of membership in term of industrial sectors in 2009 - 2014

The declining pattern is also recorded in the annual analysis as reflected below.



Figures 4.3.7.2.1
Annual changes in industrial members

Except for an increase only in 2012, all the other years demonstrated a declining trend.

4.3.7.3 Evolution of the share-capital in Industrial Cooperatives 2009 to 2014

With the declining pattern in their membership structure, the pattern of evolution in the share capital goes in the same direction as noted by the following table,.

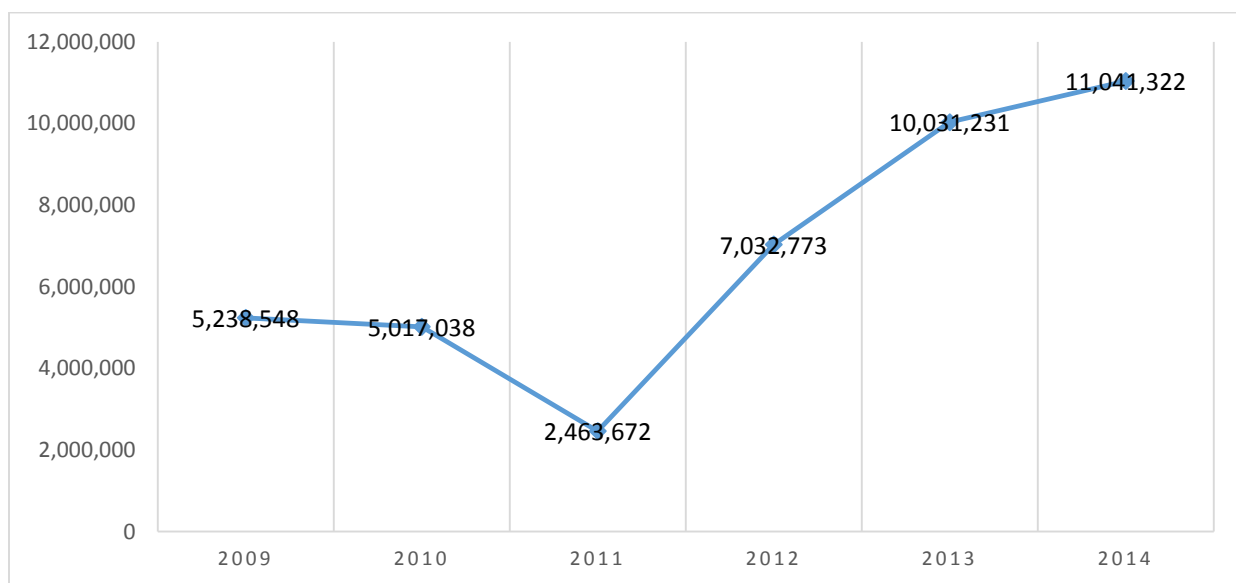


Figure 4.3.7.3

Evolution of shares in term of industrial sectors between 2009 - 2014

There seems to be a downward trend in the first two years of 2009 and 2010 just hovering around RM 5 million. However there is a big drop to RM 2.463 million in 2011 before a major increase in share-capital is recorded in 2012, 2013 and 2014 with RM 7.03 million to RM 10.031 million in 2013 and settling down at RM 11.041 million by 2014.

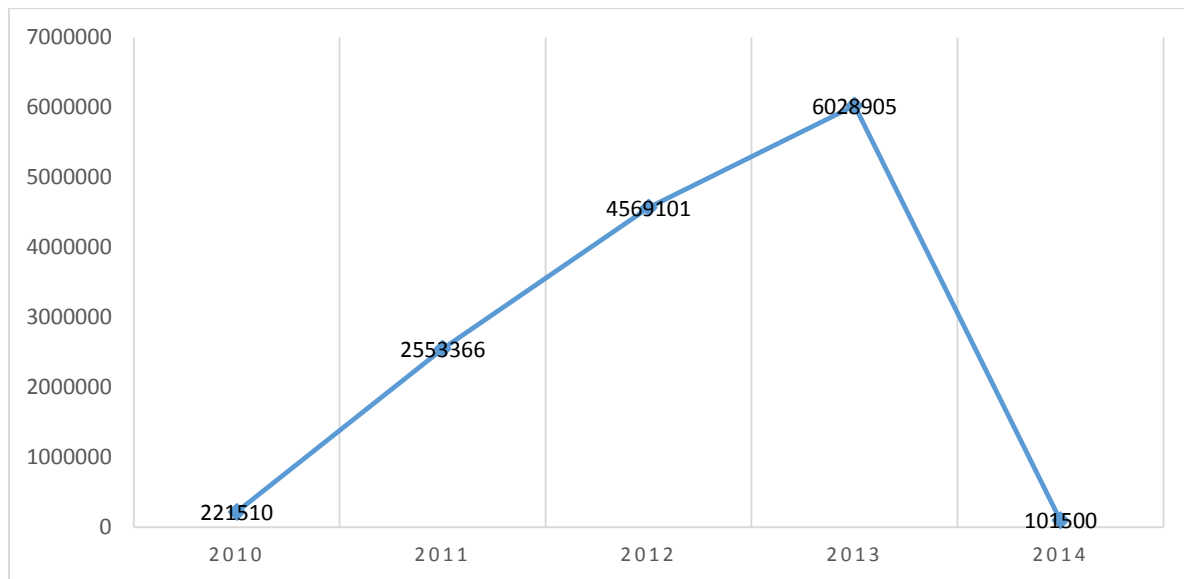


Figure 4.3.7.3.1
Annual changes in term of shares in industrial sectors

The annual trend however shows a pattern of concern whereby the trend tends to improve in the first 3 years from 2010 before a drastic drop to RM 101,500 in 2014 as reflected below.

4.3.7.4 The Evolution in Revenue Parameter in the Industrial Cooperatives 2009 to 2014

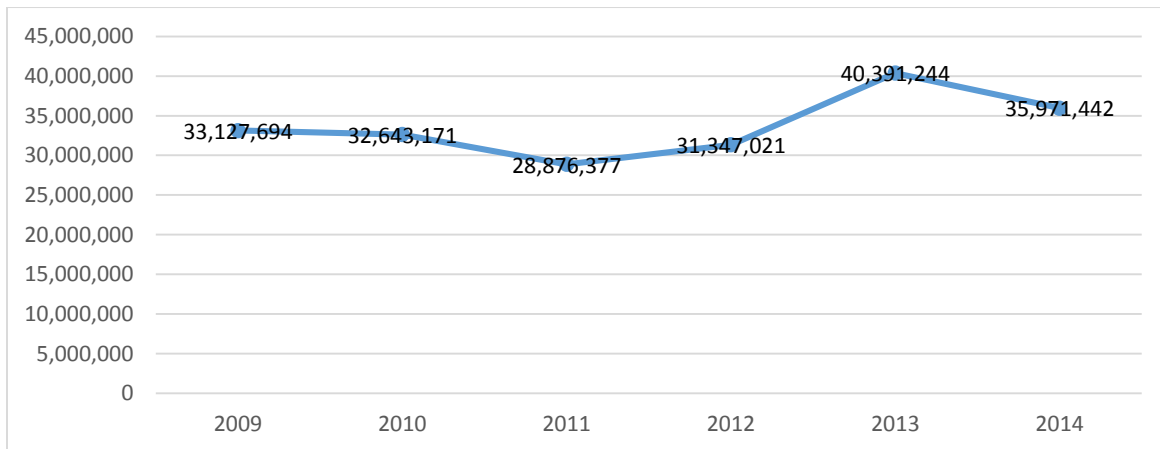


Figure 4.3.7.4
Evolution of revenue in term of in industrial sectors between 2009 - 2014

The industrial cooperative sector have a modest operating revenue of RM 33.12 million in 2009 that despite showing an increasing trend by 2013 recorded a low of RM 35.9 million in 2014. A declining pattern can be seen between 2010 to 2012 and 2014.

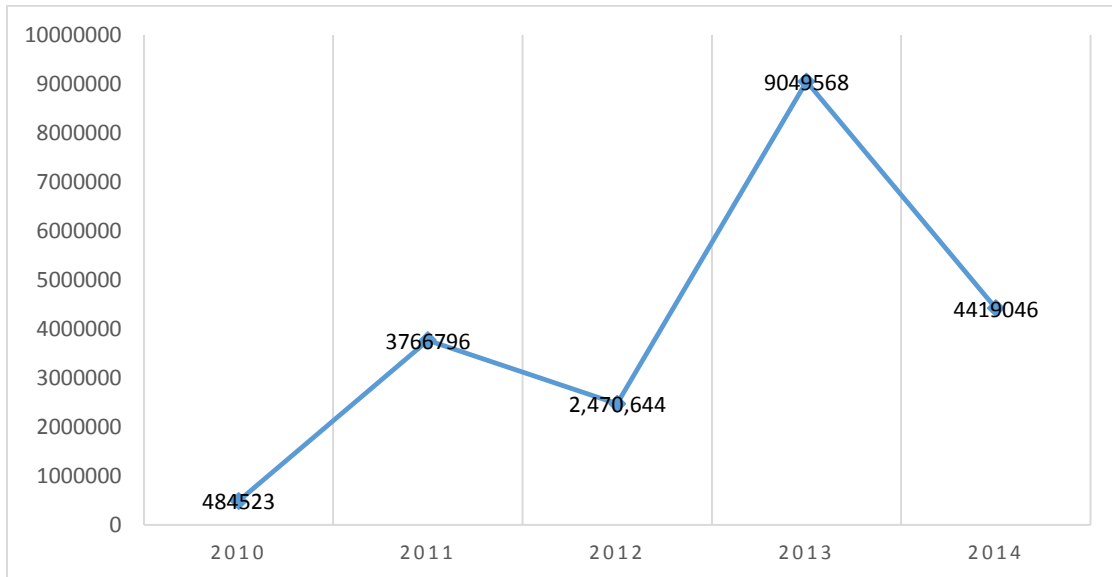


Figure 4.3.7.4.1
Annual changes in term of revenue in industrial sectors

The annual trend however demonstrates a pattern of concern as it has an erratic trend going up followed by a downward trend before going up again and falling back the next year as reflected in the chart below.

4.3.7.5 Evolution of the Asset within the Industrial Cooperatives 2009 to 2014

The industrial cooperatives displayed a dual pattern in their evolution. In the first three years, the asset base shows a declining trend from RM56.62 million in 2009 to RM 47.1 million, two years later i.e. 2011. The second pattern is from 2012 to 2014 whereby as noted by the chart, denotes an increasing trend. In 2012, it registers RM 66.16 million to ascend to RM 76.7 million in 2013 and tapering off to RM 78.77 million in 2014.

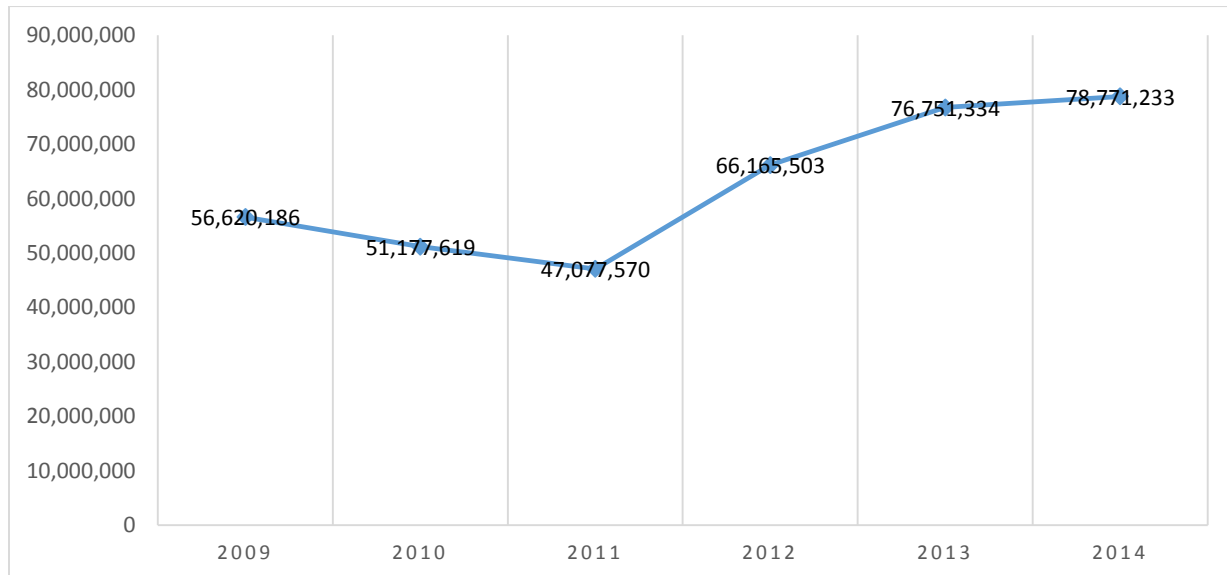


Figure 4.3.7.5

Evolution of total assets in term of industrial sectors within 6 years

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of membership, shares and revenue.

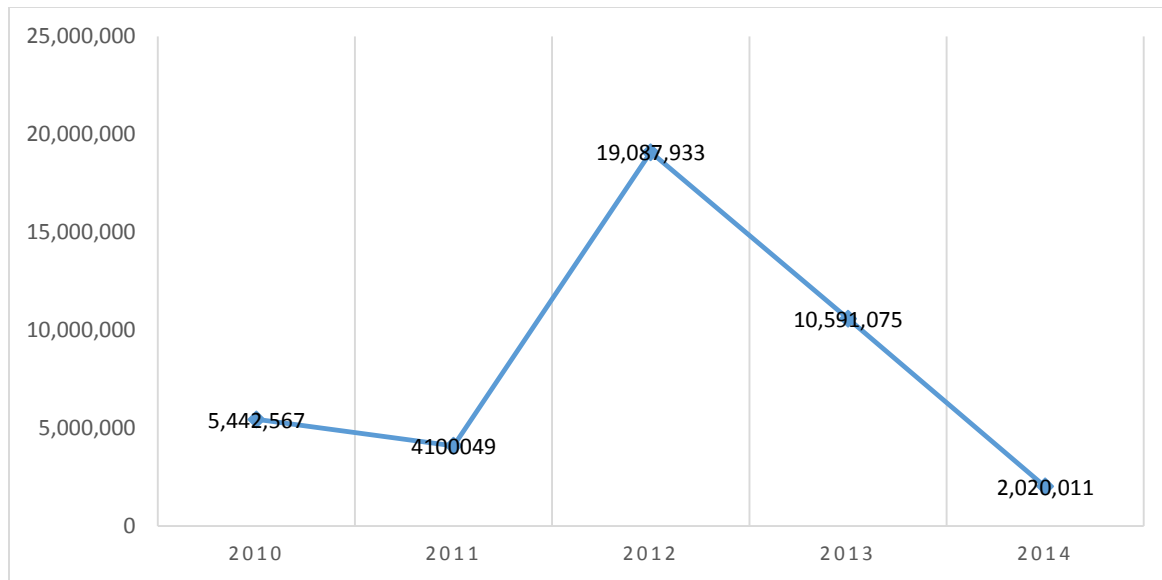


Figure 4.3.7.5.1

Annual changes in term of total asset in industrial sectors

Annual changes shown great fluctuation .However, the annual changes of total asset in industrial sectors its doing well. Because it can appear by differences stages. Sometimes increase and sometime fall down.

4.3.7.6 Contribution of Industrial Cooperatives to the top 100 Cooperatives

The industrial cooperatives failed to qualify into the top 100 cooperatives in the six years reference. However, should a “Closed” system be utilized, those entities can know their fate and work themselves up into the top 100 in the near future.

4.3.8.1 The growth of the cooperative in transportation entities from 2009 to 2014

As noted by figures from 2009 the total of cooperatives indicates around 346 sectors the number of cooperatives has increased 33% to 11871 by 2014 with the transportation cooperatives sectors.

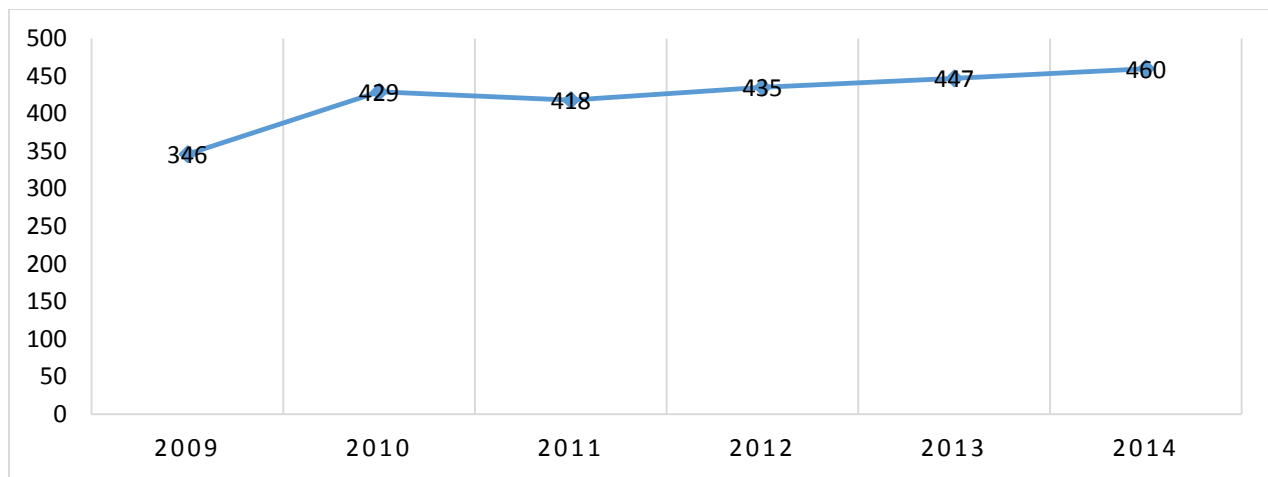


Figure 4.3.8.1

Evolution of number of cooperatives in term transportation sectors in 2009 - 2014

As noted by figures the growth in the number of cooperatives is quite large averaging from 2009 to 2010 highlighted sharply increase from 346 to 429 sectors. But in 2011 the evolution of growth indicated pattern of decline up to 418 sectors .Nevertheless, for 2012, 2013 and 2014 shown great increase from 435, 447 and 460 sectors. However, this evolution sectors looks like healthful growths.

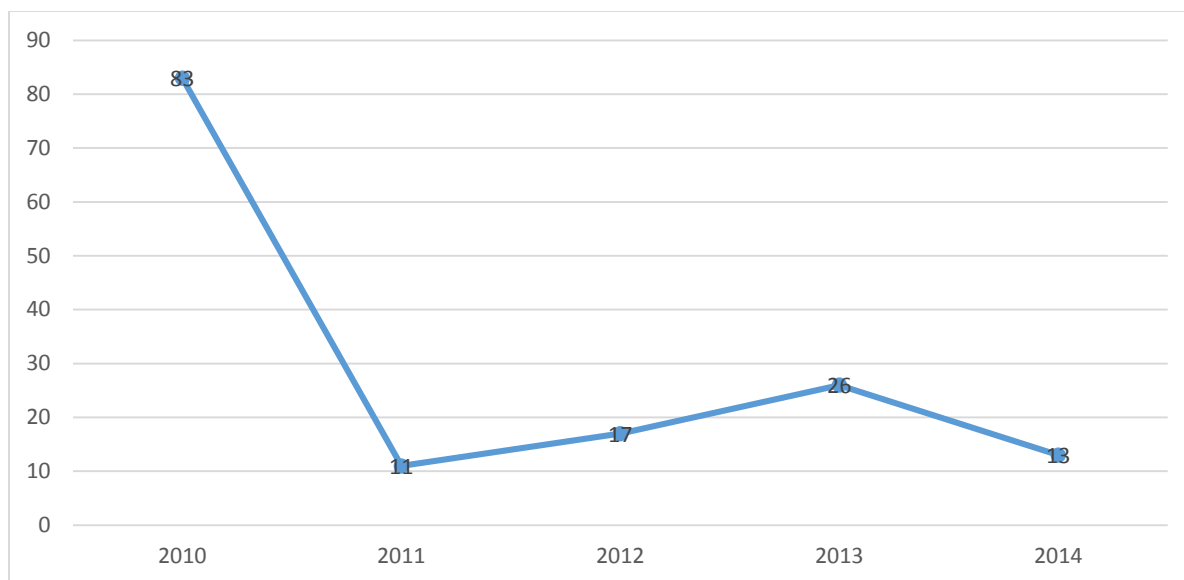


Figure 4.3.8.1.1
Annual changes in number of cooperatives in transportation

As reflected above figures the annual growth shown differences stages. From 2010 to 2011 annual growth appear by biggest negative decline it's highlighted almost from 83 sectors to 11 sectors it is shown great decline. Unfortunately, in 2012 and 2013 is quite increase around 17 and 26 sectors. But, for the 2014 also appear by declining up to 13 sectors.

4.3.8.2 The growth of Membership entities from 2009 to 2014.

2014. As noted by above figures the total of members in 2009 shown around 148196 to 149,273 sectors by 2014. however, the number of cooperatives has increased almost 7.2% to 149273 sectors by 2014.

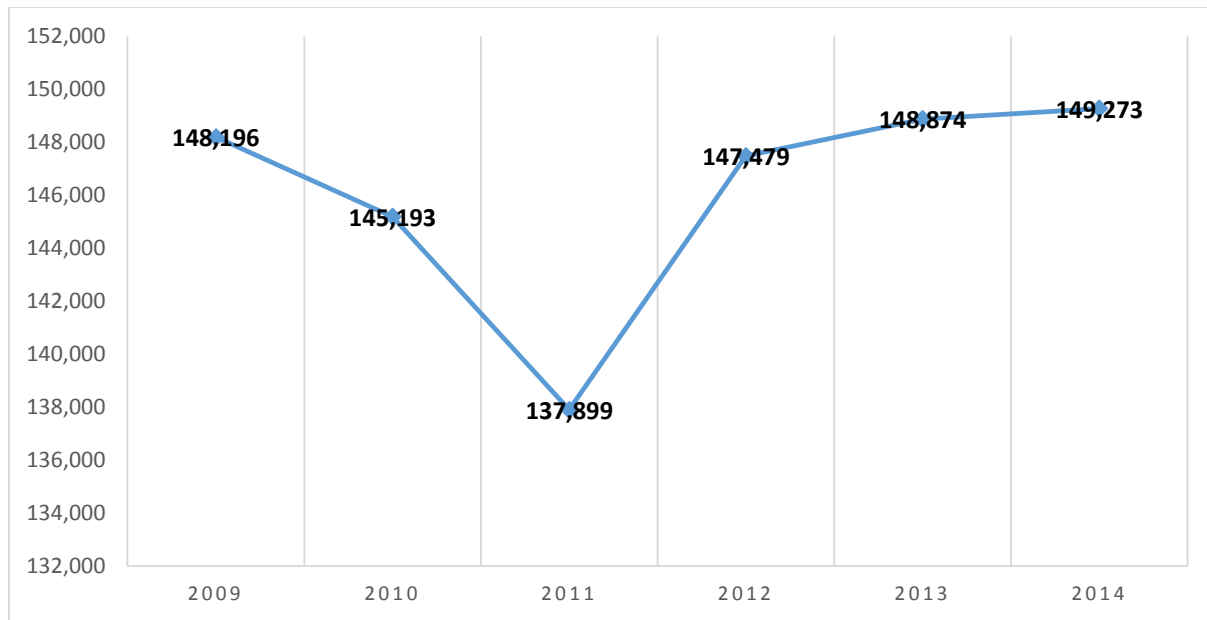


Figure 4.3.8.2

Evolution of membership in term of transportation sectors between 2009 - 2014

From just 148, members in 2009, a total of 145 members dropped out of the transportation sector by 2010 likewise, the sector managed to decline again on their membership in 2011 it is shown around 137 sectors. But, for the 2012, 2013 and 2014 shown great increase in term of members. From 2012 to 2013 the number of increasing reached almost 1395 sectors and also in 2014 climbing forward around 149 sectors.

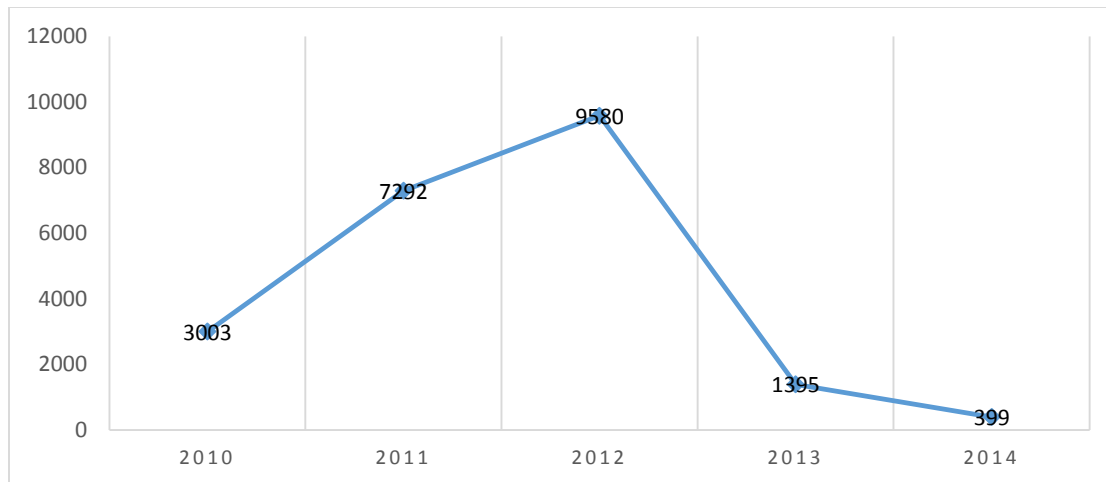


Figure 4.3.8.2.1

Annual changes in term of membership in transportation sectors

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of membership as number of cooperatives. From above figures the annual changes in term of cooperatives shown unhealthy evolution from 2009 to 2014. From 2010 to 2011 shown that, climbing positive forwards such is 3003 up to 7292 sectors. Similarly, 2012 highlighted great increase it reached around 9580 members. Suddenly 2013 and 2014 highlighted negative growth in term of members from 2013 to 2014 shown around 1395 members to 399 members. However, the annual evolution of members might can come out unhealthful performances by wholly years.

4.3.8.3 The growth evolution in term of shares within 6 years period

As noted above figures the total shares from 2009 is RM 58,654,263 to RM 67,181,233 by 2014 it has increased over the shares period around 14.5%.

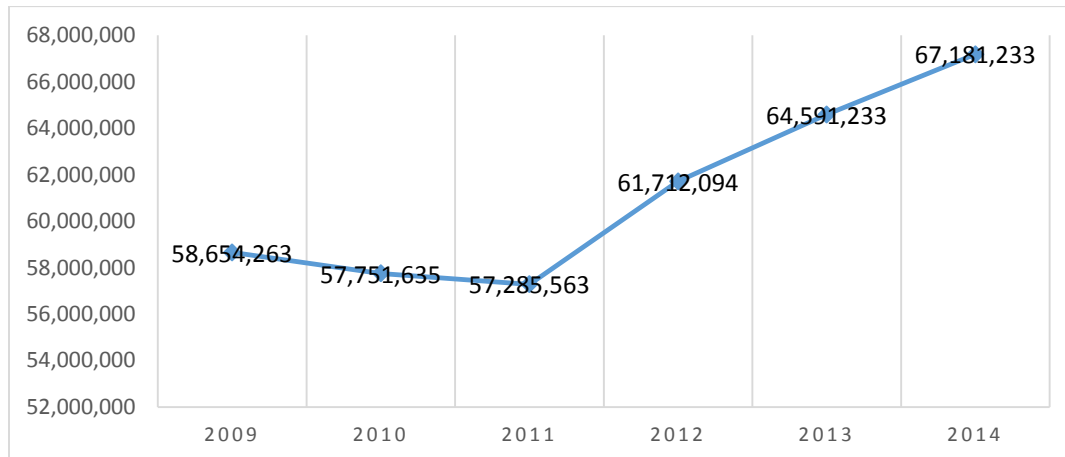


Figure 4.3.8.3

Evolution of shares in term of transportation sectors in 2009 - 2014

According to the above figures, from 2009 to 2010 shown slightly decline around RM 1 million, while 2011 also decline small portion not up 5 hundred. Unlikely, by 2012, 2013 and 2014 highlighted strongest increase in term of shares. From 2012 the portion of increase reached around RM 4 million. Similarly, in 2013 the number of increasing it is not up RM 3 million. Finally, for 2014 the portion of increased obtained around RM 4 million. However, this evolution quite health because the number of negatives it is strongest gap as the other functions.

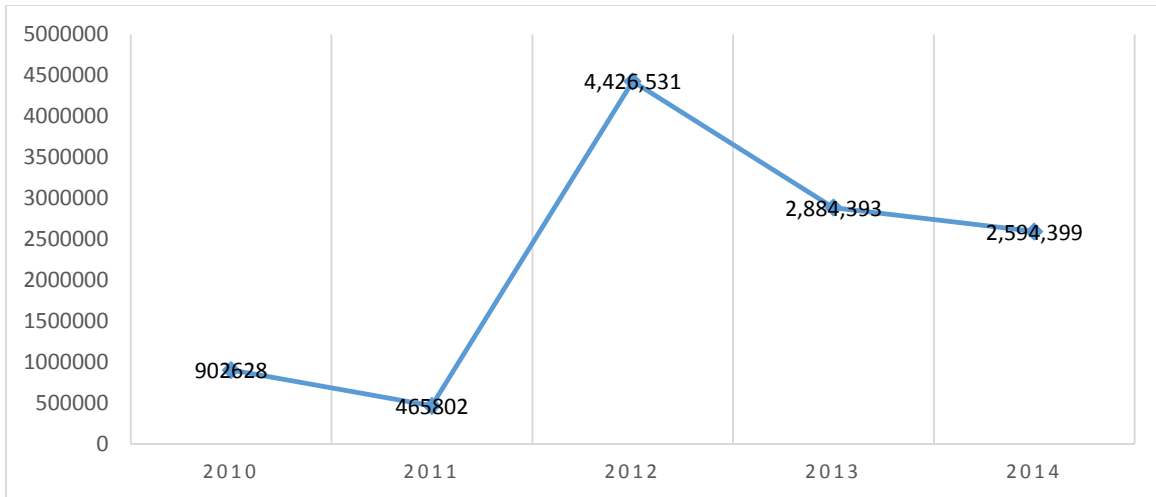
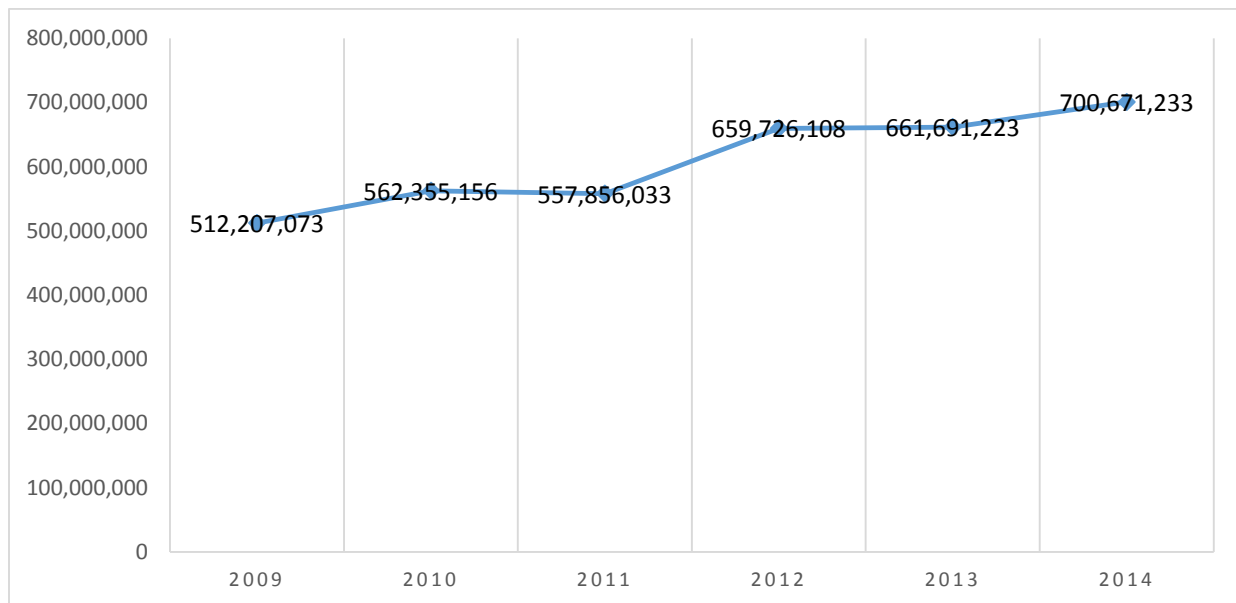


Figure 4.3.8.3.1
Annual changes in term of share capital

The annual changes growth highlighted great fluctuation same as like members and number of cooperatives. The much lower increase in share capital can be seen from 2010 with only an increment of RM 902 hundred thousands then it indicates decline by 2011 which is obtained around RM 465. Hundred thousand. With a slight improvement in 2012 whereby RM 4 million shares are generated. Unfortunately, for the 2013 it indicates decline around as well it dropped up to RM 2 million. For the 2014 also slightly decline around 3 hundred thousands. However, this annual changes appear by big fluctuation as reflected the above figures therefore, this annual changes are appear by unhealthy performances.

4.3.8.4 The growth of the revenue of transportation entities from 2009 to 2014

With an up and down trend in the growth of share capital, the pattern of revenue is rather cautious with an falling trend recorded in the earlier part of the review period, stabilizing in the middle part before recovering towards the end of the review as noted in the figure below.



*Figure 4.3.8.4
Evolution of revenue in term of transportation sectors between 2009-2014*

With just over, RM 512 million in revenue in 2009, climbing to RM 562 million in 2010, the revenue of this transportation sector decline in 2011 to reach RM 0.557 million. This decline has not been able to sustain despite the revenue reaching RM 659 million in 2012. There is a drop in revenue in 2013 that at RM 0.661 million is much greater than the pattern of 2011. However, by 2014, the revenue of the service cooperative sector reaches a new height of RM 0.077 million.

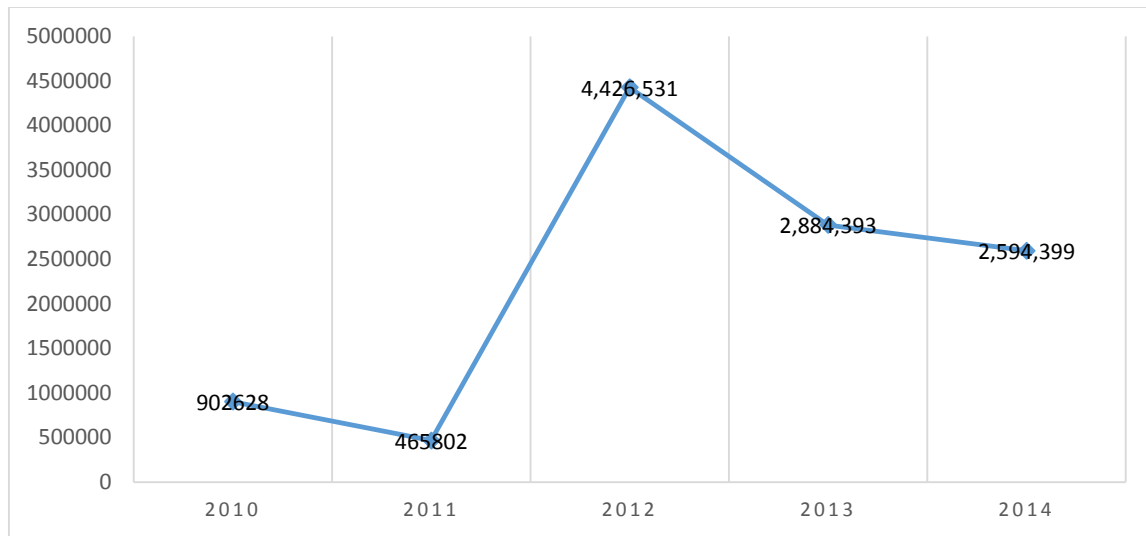


Figure 4.3.8.4.1
Annual changes in term of revenue in transportation

However the annual increase as reflected in the following figures is rather unsteady from a low annual increase of just RM 902 hundred thousand in 2010 to as low as RM 465 hundred thousand in 2011. However, in 2012 increase much higher with RM 4 million. Suddenly, in 2013 and 2014 come out by great decline. From 2013 the annual changes reached around RM 2 million. Then in 2014 the annual changes dropped out around 5 hundred thousand.

4.3.8.5 The growth of the asset of transportation entities from 2009 to 2014

Overall the nature of total assets growth for the transportations sector of the cooperative movement is rather small as reflected by the figures below recording in 2009 an asset base of RM 250 million to end at RM 323 million six years later (2014) with only an incremental increase of RM 29 percentages over the 6 years period.

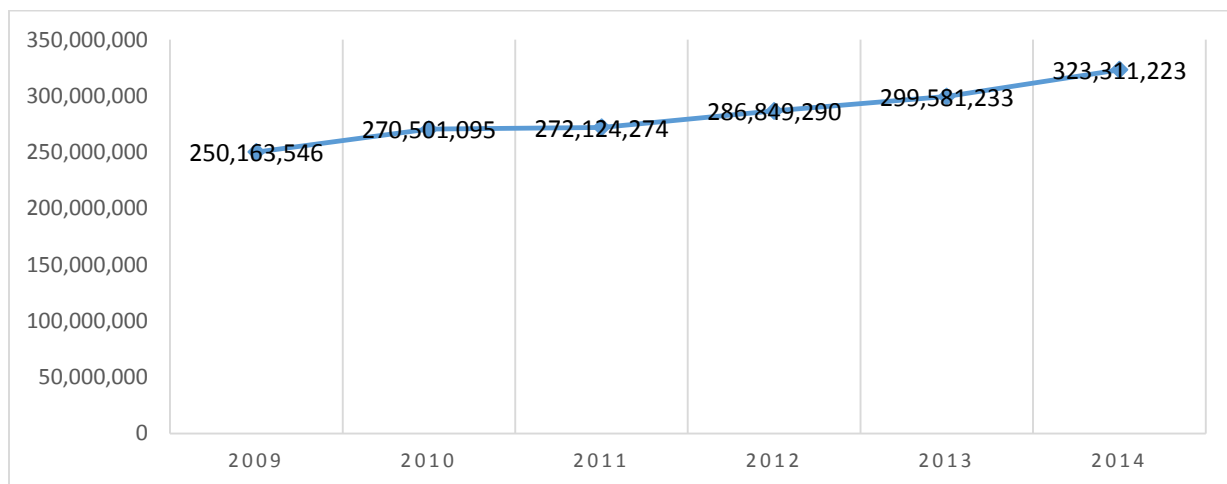


Figure 4.3.8.5

Evolution of total asset in term of transportation within 6 years period

The pattern of evolution of the asset value for the transportation from 2009 to 2010 indicates sharply increasing around RM 250 million to RM 270 million. However, the evolution of growth shown erratic climbing on a high value in 2010 but, 2011 fall in around RM 2million dropped out .But, for the 2012, 2013 and 2014 shown great increased from RM 286, 299 and as well as RM 323 million. However, this sections seems like healthful because of drop it is not much therefore, this asset value it can considered healthful sectors.

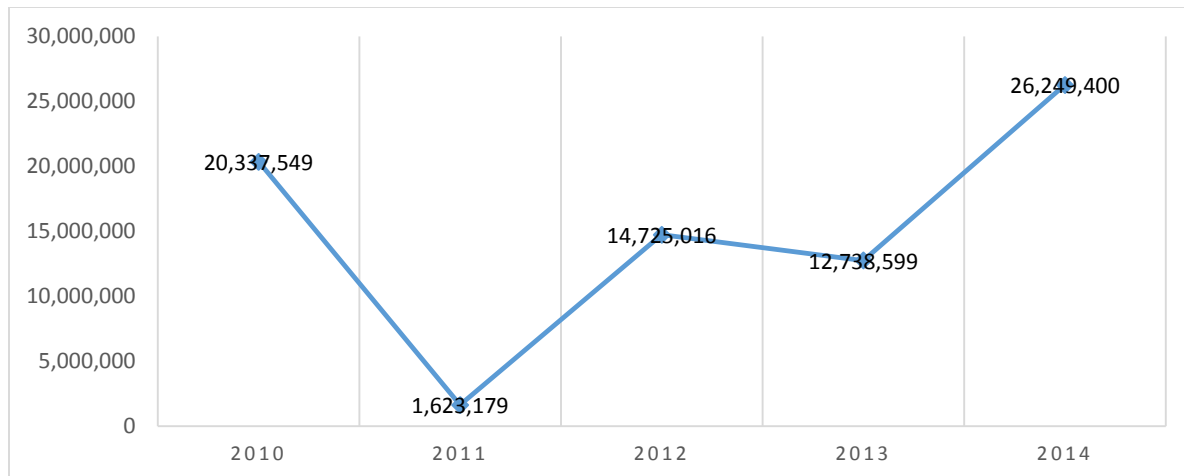
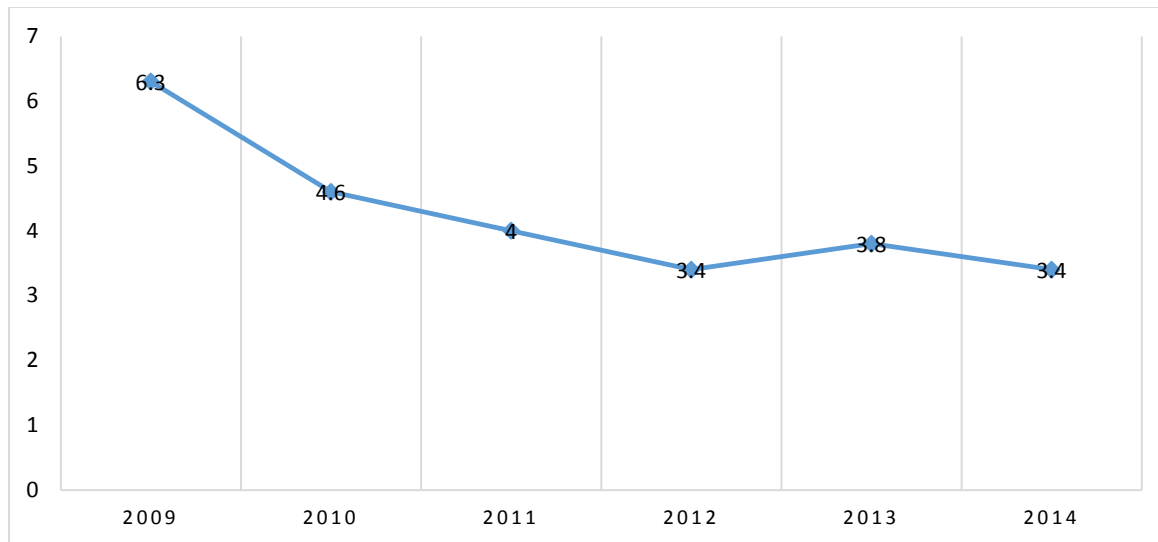


Figure 4.3.8.5.1
Annual changes in term of total asset changes

However the annual decrease as reflected from 2010 at RM 20 million in fall down in to RM 1 million above by 2011. But, from 2012 increased up RM 14 million and suddenly 2013 slightly decline it is dropped out RM 2 million. Unlikely, from 2014 shown great increase almost at RM 26 million. However, the annual evolution shown fluctuation by wholly years same as the rest of annuals in transportation sectors. Thus, annual asset indicates unhealthy in term of performances.

4.3.8.6 Transportation Cooperatives within the top 100 Cooperatives 2009-2014

Despite the fluctuation in both number and percentage, the contribution of the transportation sector to the top 100 cooperatives over the reference phase has been dismal as noted by the following figures.



Only 6.3% in term of transportation cooperatives made it to the top 100 in 2009 declining to 1.7% in 2010 before registering the lower percentage in 2011 reaching 4%. However, the role of transportation cooperatives in the top 100 decline further to 0.30% in 2013 recovering a bit in at 0.4% and going down to 0.4% at the end of the reference period, 2014. It is for this reason that a closed ranking system be developed so that the pattern among the hundreds over cooperatives can be judged before they can be referred to the open category.

4.3.9.1 The Performance of the Construction Cooperatives within the Malaysian Ranking System, 2009-2014

a. Number of Cooperatives 2009-2014

By 2014, with a total of 196 entities, the construction cooperatives only contributed to 1.65 % out of the total number of cooperatives (196) in SKM. This represents an increase in the percentage 6 years earlier where the 117 construction co-operatives accounted for almost 1.62% in 2009. As indicates by the table below, the evolution in the number of constructions cooperatives reflects a

small increasing trend from 2009 to 134 in 2010 to 151 in 2011 and settles at 163 in 2012. Another 10 construction cooperatives joined SKM in 2013 to reach 173 before settling at 196 at the end of the referencing period.

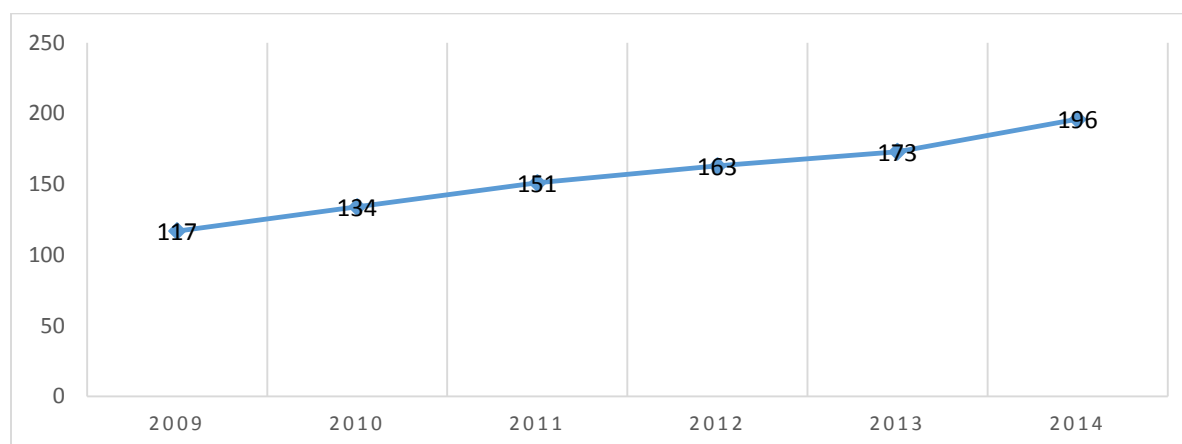


Figure 4.3.9.1

Evolution of number of cooperatives in term of constructions between 2009 -2014

For the annual trend of the construction cooperatives as reflected by the table below, in 2010 and 2011 the evolution of construction in term of cooperatives appears static at 17 before taking a dip by 12 and dropping further by 2 to 10 in 2013. However, the pattern takes an increase of 13 to register a total of 23 cooperatives for 2014 bringing the overall total to 196 in 2014.

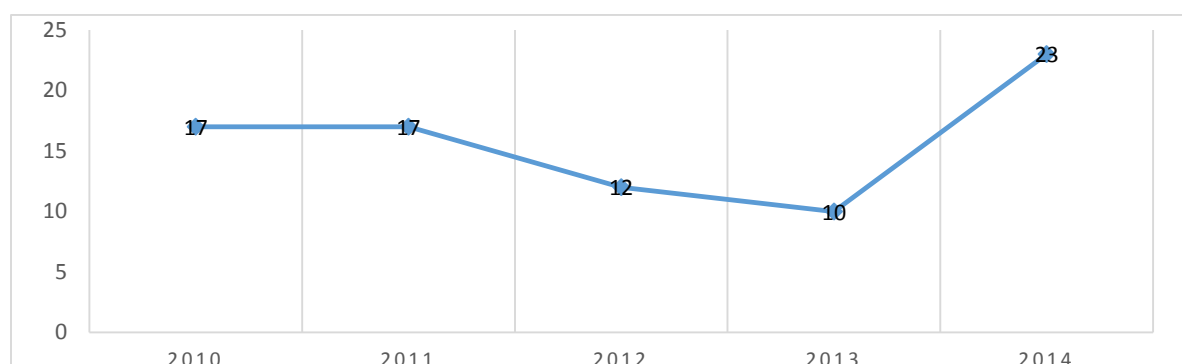


Figure 4.3.9.1.1

Annual changes in term of number of cooperatives in construction sectors

4.3. 9.2 Evolution growth in term of members in construction sectors within the Movement, 2009-2014

As noted by the table below, the constructions cooperatives revealed a declining trend in the number of members from 62,171 in 2009 to 38,607 in 2010 before registering an increase of members to 112, 088 members in 2011. A slight increment can be seen in 2012 before a major increase is recorded in 2013 with over 506,314 members being registered.

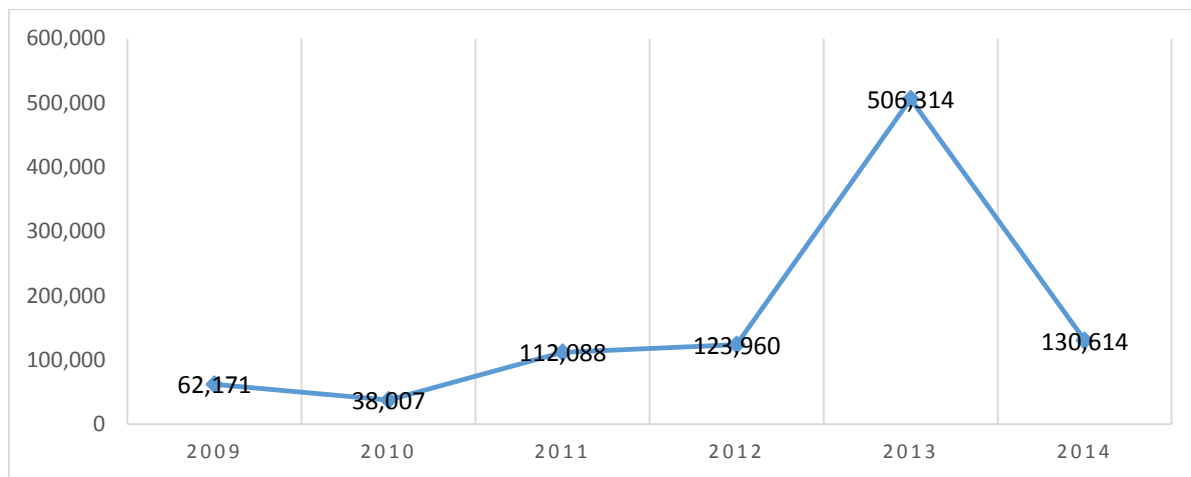


Figure 4.3.9.2
Evolution of membership in term of constructions sectors in 2009 - 2014

The pattern of decline is further recorded in the above figures that noted a total membership of only 130,614 members in 2014.

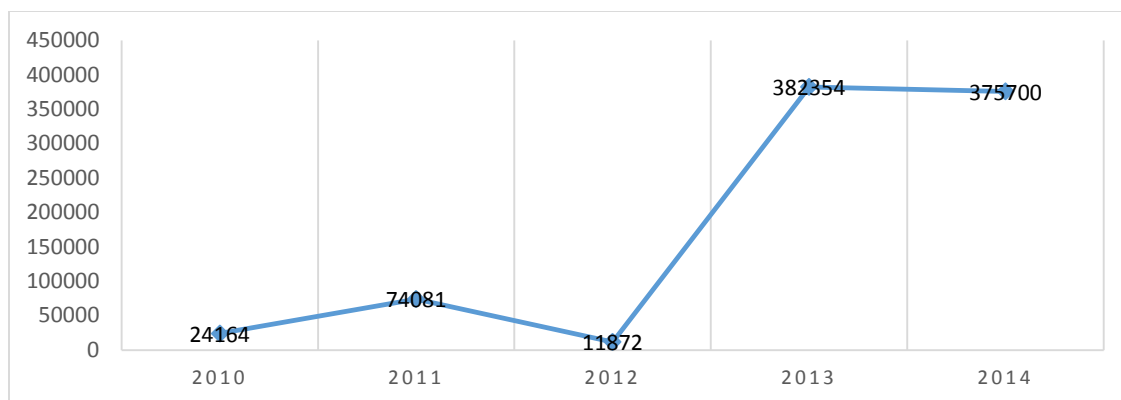


Figure 4.3.9.2.1
Annual changes in term of membership in constructions

As for the annual trend in the growth of membership in the construction cooperatives as reflected by the table below, a total of 24,164 members came in 2010 while another 74,081 is added on in 2011. However, by 2012, only an additional 11,872 members are recorded to arrive at 123,960 members. But a major jump is noted in 2013 whereby 382,354 new members have joined while the number of new members for 2014 dropped to 375,700 in 2014 to settle at 130,614.

4.3.9.3 The pattern of growth of shares capital from 2009 to 2014

Despite be subjected to a declining pattern in their membership structure, as noted by the following table, the pattern of evolution in the share capital goes in the opposite direction.

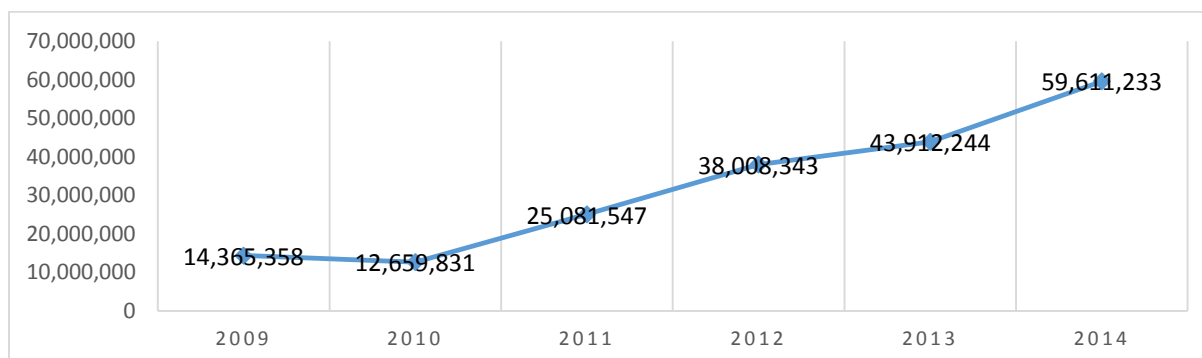


Figure 4.3.9.3
Evolution of shares in term of constructions sectors between 2011 and 2014.

Even though between 2009 to 2014, there seems to be a healthy trend in the evolution of the growth of share capital the pattern took a dip in 2010 with nearly RM 2 million while the rest for years are shown great increase, as reflected above i.e. from RM 14 million in 2009 to RM 25 million in 2011 increasing to RM 38 million by 2012. From RM 43 million in 2013, there is an increase to RM 59 million by 2014.

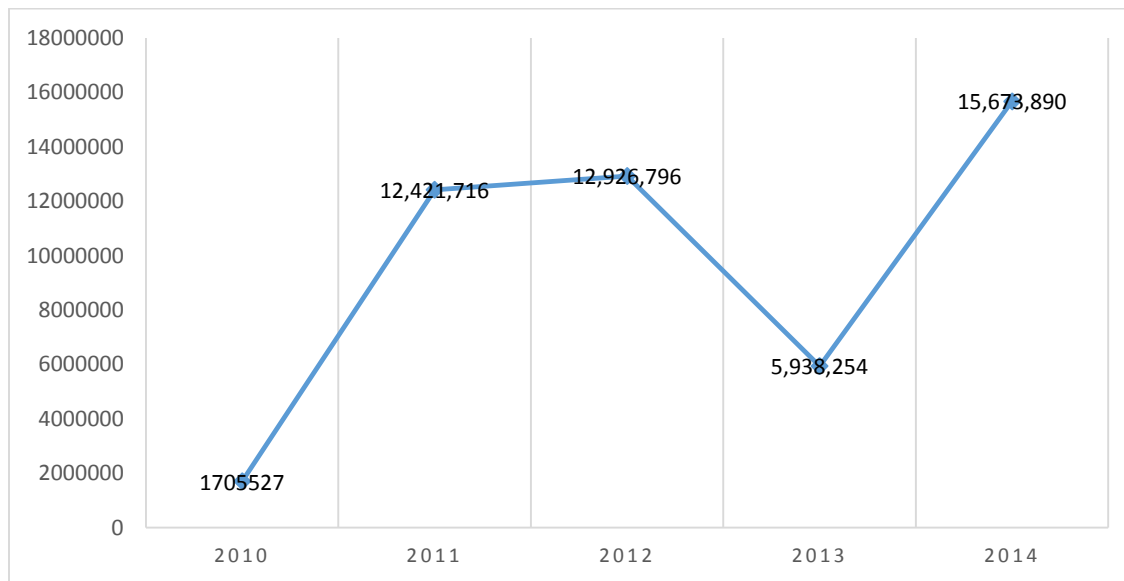


Figure 4.3.9.3.1
Annual changes in term of shares

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of membership. From recording a growth of more than RM 1 million in 2010 while in 2011, the annual increment increase to RM 12 million in 2011. However a small increase in detected in 2012 before the share capital taking a dip to RM 5.94 million in 2013. The share trend stabilizes to RM 15.674 million at the end of 2014.

4.3.9.4 Growth of revenue in constructions cooperatives 2009 to 2014

From the figure below, the trend in term of growth evolution in constructions shown unhealthy as revealed within 6 years period. In 2009 the trend shown RM 64 million but for 2010 the evolution indicates negative growth as of nearly RM 16 million.

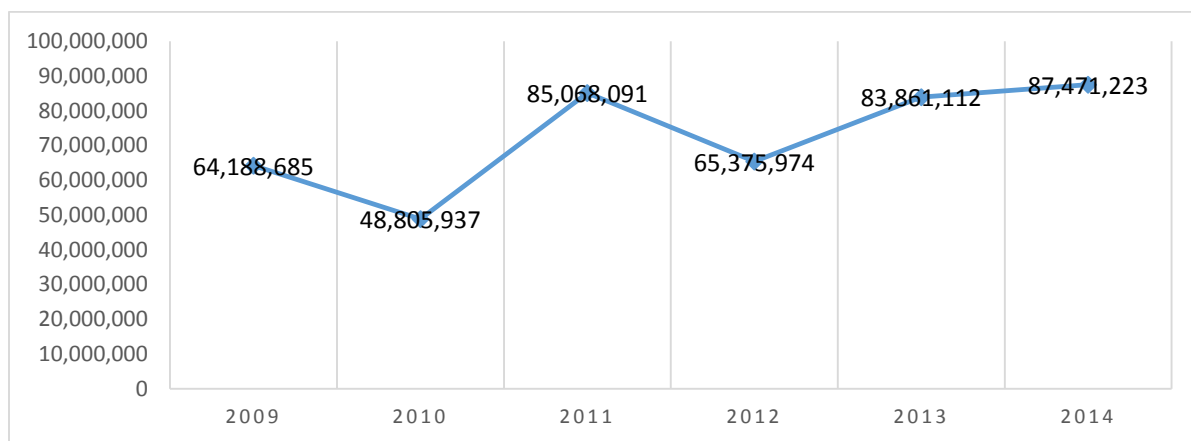


Figure 4.3.9.4

Evolution of revenue in term of constructions in 2009 - 2014

A year later 2011, the trend improves to RM 85 million before taking another dip to RM 65, 375,974. The next two subsequent years, 2013 and 2014 as noted by the chart above, shows some stability as the share capital stabilizes to RM 83.86 million and RM 87.47 million respectively.

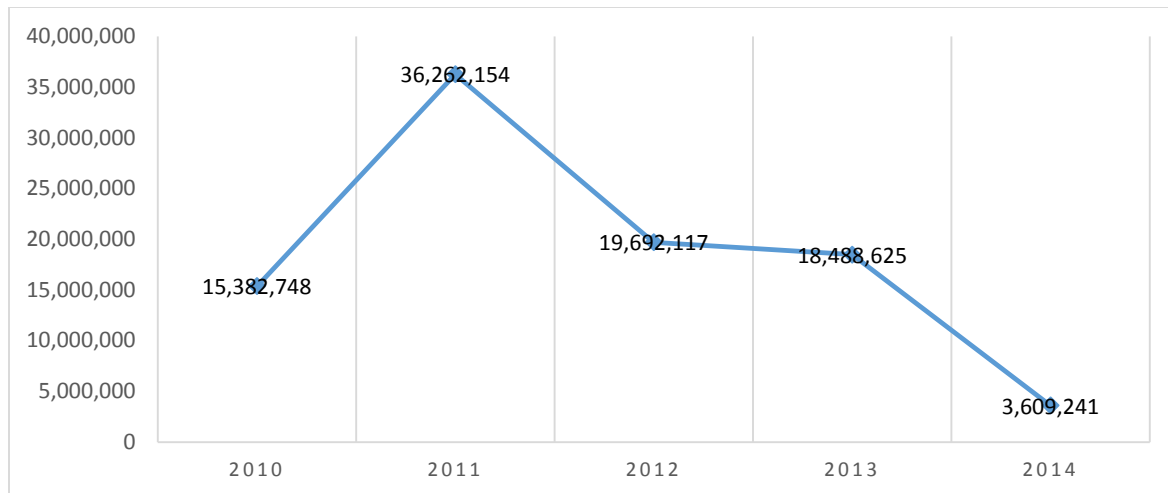


Figure 4.3.9.4.1

Annual changes in term of revenue in constructions within 6 years period

The annual trend however demonstrates a pattern of concern whereby the trend in the evolution follows that of the evolution of membership as well as shares. From above figures, the trend analysis shown great increase from 2010 to 2011. The major year of the annual increase is 2011 to RM 36 million. Then suddenly, 2012 denotes a huge decrease to RM 17 million declining further in 2013 and 2014 to RM 18.488 million and RM 3.609 million respectively.

4.3.9.5 Growth of Asset-based within constructions cooperatives between 2009 to 2014

As a constructions cooperatives, the role of assets is vital in causal by unhealthy in the industry. As noted by the figure below, the growth of assets is indicates stability growth does not same as of revenue or share capital.

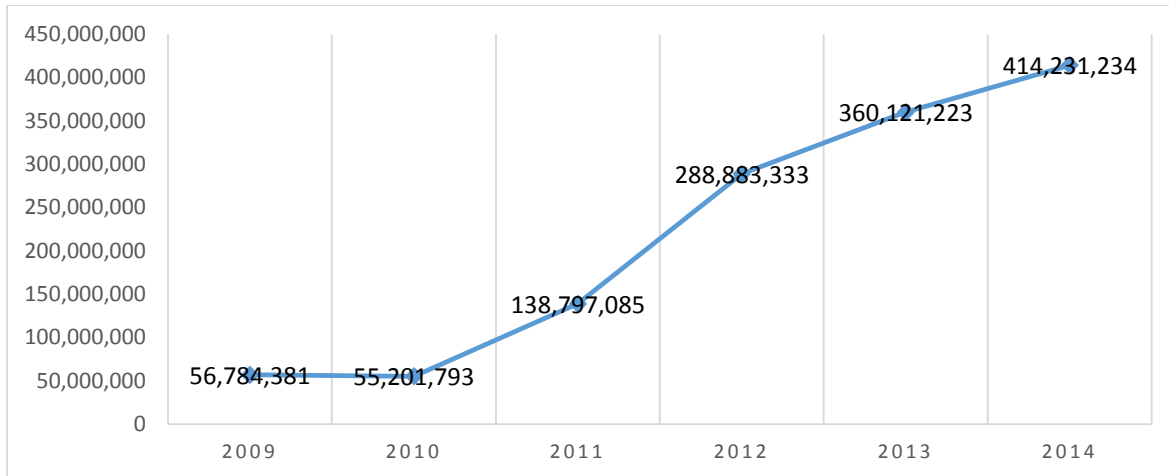


Figure 4.3.9.5

Evolution of total assets in term of constructions within 6 years period

As the above figures states the trend in the growth of total assets as reflected in the figures below shown healthful evolutions except 2010 which is indicates small decreased. However in 2010 growth of assets indicates dropped only RM 1 million while the rest of the years appear positive

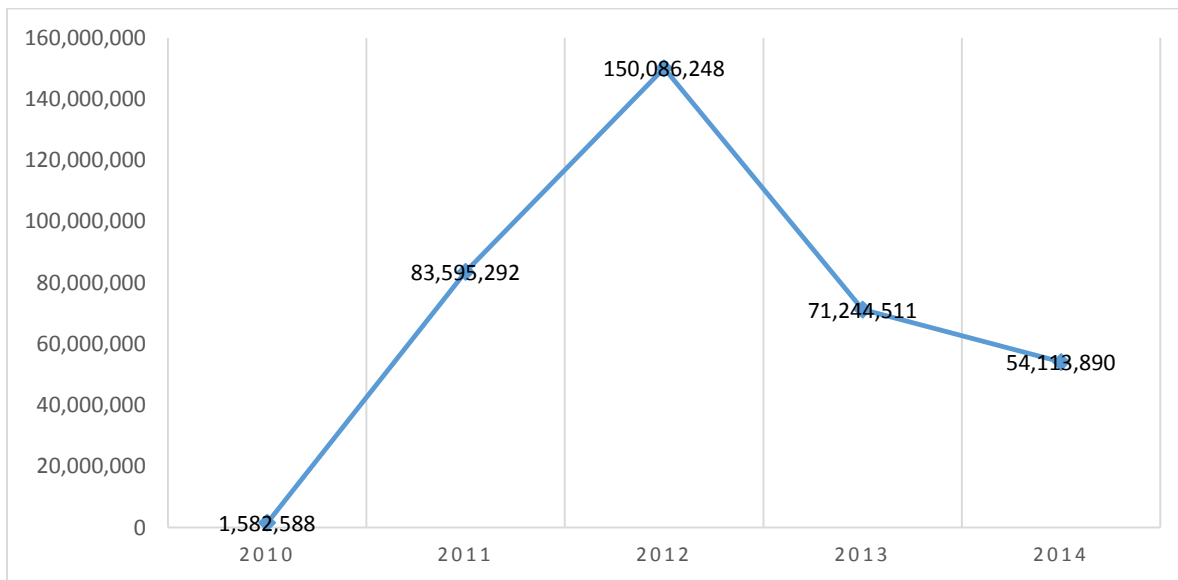


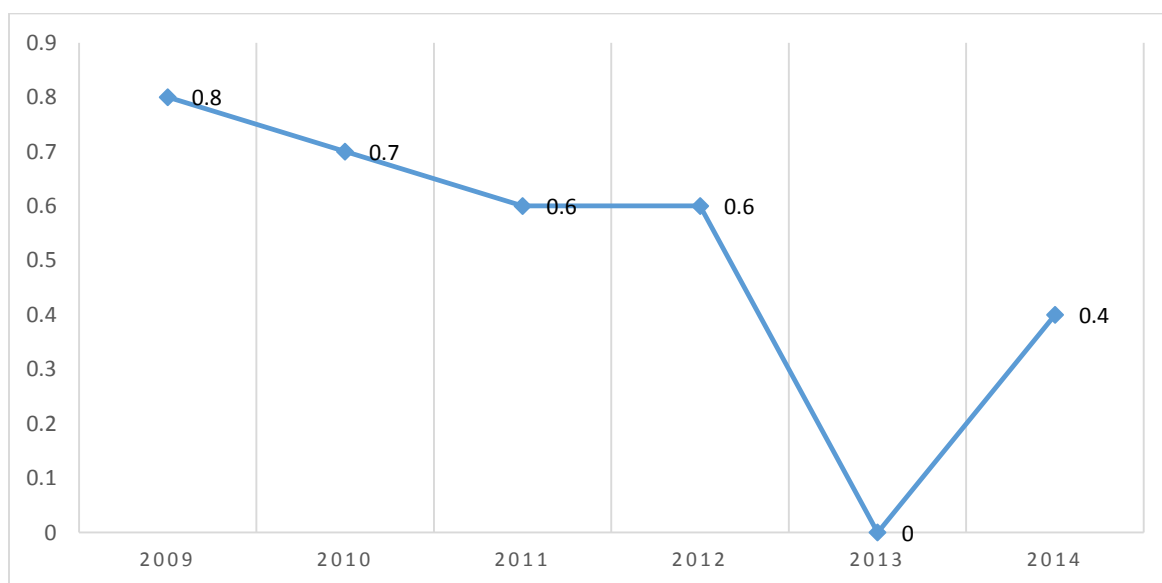
Figure 4.3.9.5.1

Annual changes in term of total asset in construction sectors

From above figures, the annual analysis shown the differences stages between 2009 to 2014. From 2010, 2011 and 2012 the analysis has shown respectable increase while 2013 and 2014 also appears to be declining.

4.3.9.6 Contribution of constructions Cooperatives in the top 100 Cooperatives 2009-2014

At the start of the ranking system, only 1 construction cooperative make it to the top 100. The constructions sector became the second lowest performance in top 100 cooperatives. As reflected by the figures below, the performance of the constructions cooperatives within the top 100 cooperatives during the referencing period is discouraging as reflected by the figures below. Despite showing an improvement from 0.8% in 2009 to 0.7% in 2010, such a trend is not sustainable as the percentage dropped to nil in 2013. By 2014, it declines further to 0.4%. Only 1 construction cooperative make it to the top 100 in 5 out of 6 years of the ranking system.



Due to the “open” nature of the ranking system, the pattern of the constructions cooperatives among themselves cannot be seen and ranked. As such, a “closed ranking system” is seen as an alternative to promote the hundreds of construction cooperatives to compete for their top 100 construction cooperatives with the top cream being eligible for the open 100 cooperatives.

4.4 Concluding Remarks

As a whole, the cooperative movement has shown tremendous increase over the six years of study. From only 7215 entities in 2009, the nine sectors of the cooperative movement have grown into 11,871 entities. This represents an increase of 64.5% as 4656 new entities joined SKM over the period as noted by the following table.

Table 4.2

Distribution of Total Number of Cooperatives by Sectors by Year, 2009-2014

Sector	2009	2010	2011	2012	2013	2014
1. Consumer	3,796	3,866	4,136	4,416	4,673	4,916
2. Agriculture	1,362	1,441	1,798	2,148	2,324	2,553
3. Service	793	1,406	1,684	1,975	2,301	2,677
4. Credit	575	613	589	588	589	596
5. Transport	346	429	418	435	447	460
6. Industrial	117	137	162	201	225	253
7. Construction	117	134	151	163	173	196
8. Housing	107	118	134	159	180	217
9. Banking	2	2	2	2	2	2
Total	7,215	8,146	9,074	10,087	10,914	11,871

However, the growth of cooperative entities among the 9 sectors of the movement is rather uneven. Only the banking sector remains constant over the period as only 2 such entities are permissible by SKM. Over the six years, it is the service sector that has demonstrated the highest growth rate among the 9 cooperative sectors within SKM. With a total of 1884 entities added to the 2009 total of 793 entities, by 2014, their total has grown by 238% to record a total of 2677 cooperative entities. However, the biggest sector in the cooperative movement is the consumer sector has shown a slower growth pattern with only a 29.5% increase over the period of study i.e. from 3796

in 2009 to 4916 in 2014. The credit sector too has not shown much growth as only 21 new entities are added on to the 2009 level to record a total of 596 entities in 2014 compared to 575 entities in 2009. Another 2 sectors namely consumer and transportation has shown a reasonably slower growth recording below 50%. The transport cooperatives increase by 33% with 114 entities from 346 in 2009 to 460 in 2014. The consumer sector on the other hand recorded an increase of 1120 entities by 2014 to record a total of 4916 entities in 2014 compared to only 3796 six years earlier. The industrial and housing sectors of the cooperative movement also has shown a pattern of high growth with 116% and 102% respectively. Despite impressive growth pattern among the sectors of the Malaysian cooperative movement, its impact on the ranking system is rather discouraging as noted below.

With the introduction of the Malaysian ranking system, SKM has instituted the top 100 cooperatives in line with the international cooperative movement. With the first ranking in 2009 to the last exercise in 2014, a total of 6 ranking exercise has been undertaken. The process in the ranking system as developed by SKM is highly competitive and demanding as it involved various stages of determination of qualified cooperatives to enter into the ranking system and measuring them up towards determining the best 100 cooperatives from as low as 7215 base in 2009 to 11,871 base in 2014. As such, over the 6 years of reference, as expected some cooperatives can fall back in the ranking system being replaced by cooperatives that are able to fulfill the stringent test in ranking. It is the quality of management and dedication of membership that facilitate cooperatives to remain strong and healthy to withstand the competition to become the best in each sector and to remain in the top 100 cooperatives for subsequent years. To denote the above phenomenon, this study introduced the concept of “**Class**” based on the principle of the ability of the cooperative

and their corresponding sector to remain in the top 100 cooperatives over the entire period the years of the ranking system i.e. 2009 to 2014.

As noted earlier, the ability to remain in the top 100 cooperatives over the 6 years requires tremendous amount of effort, commitment and hard-work as there are thousands of cooperatives in the SKM database for selection and evaluation. As noted by the above table, only a third of the cooperatives managed to secure their top standing over the period of analysis. These 33 cooperatives represented in class 1 with the banking sector being the most impressive performance all the banking cooperatives in the top 100. The second category that contribute 14 cooperatives to the top 100 cooperatives for all 6 years is from the credit cooperatives followed by transport that contributed 7, 4 from the agricultural cooperatives, 3 from service and only 1 from the housing sector.

In looking at class 2 being in the top 100 cooperatives in 5 out of six years of reference, credit cooperatives dominated contributing 10 out of 13 cooperatives that top 100 cooperatives in 5 out of 6 years. Cooperatives that make it to the top 100 categories in 4 out of 6 years are more diversified. Out of a total of 22 cooperatives in class 3, the pattern is a bit more diversified with consumer cooperatives contributing 7 or 32% followed by agriculture cooperatives contributing 5 or 23% with credit and transport each contributing 4 or 18%. In the class 4 categories, the pattern is similar to class 3 while class 5 and 6 is equally similar. From the above table, due to their superiority in the numbers, the credit cooperative sector has the biggest contribution accounting for 35 out of 100 top 100 cooperatives in the ranking system over the 6 year period with transportation and agriculture coming second contributing 18% each while consumer sectors

contributed only 13 cooperatives in the top 100. Service sector, though being dominant in the number of cooperatives, only contributed 9% to the top 100% with banking and housing sharing 2% each and construction just make it to the top 100% by contributing only 1 or 1%.

As noted by the following table, the ability of getting into the top 100 cooperatives is quite challenging as noted below.

Table 4.3
Percentage Distribution of the top 100 cooperatives by Sectors by Year of Ranking 2009-2014

Sector	2009	2010	2011	2012	2013	2014
1. Consumer	0.3	0.4	0.4	0.4	0.3	0.3
2. Agriculture	0.7	0.5	0.8	0.7	0.8	0.6
3. Service	0.8	0.4	0.2	0.3	0.3	0.3
4. Credit	6.6	7	6.6	5.1	5.7	5.9
5. Transport	6.3	4.6	4	3.4	3.8	3.4
6. Industrial	0	0	0	0	0	0
7. Construction	0.8	0.7	0.6	0.6	None	0.4
8. Housing	2.8	0.8	1.4	0.9	1.1	1
9. Banking	100	100	100	100	100	100

Apart from the two banking cooperatives that secured the top 100 cooperatives over the entire period of study, none of the other 8 sectors are fortunate enough to remain in the top 100 all the time. The credit cooperatives though coming second after the banking cooperatives struggled to maintain their second position as only 6.6% of them are in the top 100 in 2009, ascending to 7% a year later (2010) before returning to the 2009 position and dropping to 5.1% in 2012 and showing some minor improvement in 2013 to 5.7% and settling at 5.9% in 2014. Almost the same pattern is reported for the third best sector, transport that recorded a pattern of 6.3% in 2009 taking a major dip in 2010 to 4.6% falling further to 4% in 2012 to 3.4% in 2012 before climbing a bit to

3.8% and finally settling at 3.4% in 2014. As reflected by the above table, a very low percentage contribution by other sectors to the top 100 is clearly depressing partly due to the diversity in their cooperative activities and their operating procedures. But more importantly, the ranking system is not on a level ground.

Though the percentages table seems gloomy, the following table recalls the number of cooperative entities from each sector making it to the top 100.

Table 4.4
Distribution of the top 100 cooperatives by the Number of Cooperatives by Sectors by Year of Ranking 2009-2014

Sector	2009	2010	2011	2012	2013	2014
1. Consumer	15	17	18	22	17	15
2. Agriculture	10	8	15	17	20	18
3. Service	7	7	5	6	7	9
4. Credit	38	43	40	35	34	35
5. Transport	22	20	17	15	17	18
6. Industrial	0	0	0	0	0	0
7. Construction	1	1	1	1	0	1
8. Housing	3	1	2	2	2	2
9. Banking	2	2	2	2	2	2
Total	100	100	100	100	100	100

As noted above, except for the banking entities that both are in the top 100 for 6 whole years, the other 8 sectors do not contribute much. The credit cooperatives provide between 34 entities at the lowest point to as high as 43 but their base is over 575 and 596 respectively. A more worrying sign is the inability of between 117 and 255 industrial entities to contribute to the top 100 over the six years. Thus despite their numerical dominance, the consumer cooperatives only contributed between 15 to 22 entities into the top 100. A similar pattern is reflected in the service sector that

revealed that numerical dominance did not get reflected into the top 100. As such, a “closed ranking system” should provide a more level ranking ground for all the 9 sectors.

The sectorial analysis revealed a number of issues. While the trend over 6 years reflects upon a healthy increasing trend, the annual change charts revealed some of the critical challenges confronting the sectorial entities within the context of the four parameters of review. The erratic pattern and the ups and down phenomena as reflected by dozens of chart reflect an inherent need to arrive at a more appropriate ranking system that will also promote a proactive instinct to strengthen the cooperative entities overtime.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

By 2009, the SKM introduced a ranking system to compare and contrast the performance of thousands of cooperatives in existence in Malaysia. Before 2009 the cooperative commission cannot compare the cooperative movement in Malaysia across the board as each cooperative is being judged on its own merits and performance. The cooperatives are evaluated individually based on their annual reports and the report by external auditors. As such it is not possible to compare thousands of cooperatives in the country. As a member nation of the International Cooperative Alliance (ICA), Malaysia adopted the ranking system, a process to evaluate all the cooperatives to determine the top one hundred cooperatives. For the first time in the history of the cooperative movement in Malaysia, all the cooperative institutions are evaluated and the top one hundred cooperatives are proclaimed in 2009.

However, the ranking system will facilitate an international comparison in line with the International Cooperative Alliance (ICA) standards. The Malaysian cooperative ranking system is consistent with ICA's ranking system that is basically focusing on the financial dimensions such as revenue, assets and share capital and the non-financial dimensions that include year of establishment and total membership. SKM have taken three major steps in their evaluation of the cooperatives namely determination of successful cooperatives, the average ratio of cooperatives and determination of the financial parameters.

The overall performance and position of the co-operatives should be evaluated based on a set of criteria that includes both financial and non-financial analysis. The year of establishment or period and the structure of membership represent the non-financial parameters while asset, revenue and share capital represent the parameters for the financial analysis.

The Malaysian cooperative movement has a long history going back to 1922. The ability of the cooperatives to survive over such a long period is a reflection of the management capability and the commitment of members to fulfill their cooperative spirit. As for membership in cooperative institutions, from a few hundred members in 1922, by 2014, the number has grown to be 7.5 million with 3 sectors (consumer 2.1 million, service 1.13 million and credit 1.3 million) crossing the 1 million-membership mark. Not only members have increase but also the amount of capital contributed by members in the form of shares and fees has also shown an average increase of 7% per annum. From a few hundred Malaysian Ringgit in 1922, by 2009, the cooperative movement has accumulated over RM 8.96 billion worth of share capital that by 2014, it has reached an astonishing amount of RM 13.47 billion with credit (RM 5.606 billion), service sector (RM 3.247 billion) and banking (RM 3.316 billion) dominating.

Since the beginning of the cooperative movement in the 19th century with a reasonably small revenue base, by 2009, the cooperative movement have generated over RM 9 billion in revenue that by 2014, it has reached almost RM 35 billion. The value of assets is another fundamental dimension in determining the quality of the cooperative institutions. From a few thousand Ringgit

in 1922/23, the cooperative movement had recorded an asset value of RM 65 billion in 2009 that, by 2014, it has crossed the RM 100 billion mark reaching RM134.681 billion by then.

With almost 65% increase in the number of cooperatives, from 7,215 in 2009 to 11,871 in 2014, SKM has undertaken 6 ranking exercise to determine the top 100 cooperatives over the 9 cooperative sectors. Since the increase in the number of cooperatives are across the board, the chances of them getting into the top 100 cooperatives is equally challenging as the nature of activities of the respective cooperatives varies considerably.

Since the ranking system is basically an “open system” i.e. opened to all 11,871 of them in 2014 or 7215 of them in 2009, the chances of getting into the top 100 will be very competitive as some cooperatives have to comply with banking rules and regulations apart from the cooperatives rules and regulations. Consumer cooperatives and service cooperatives are comparatively simpler in activities compared to banking and credit cooperatives, as they have to fulfill the financial regulations of their institutions as well as comply with the central bank rules and procedures. However, all the cooperatives have to report on their performance to SKM annually with a standard format that is comparable to all sectors and the data from those reporting system is being utilized to rank them into the top 100 cooperatives.

5.2 Uneven Growth of Cooperative Entities in the Malaysian Cooperative Movement

The growth of cooperative entities among the 9 sectors of the movement is rather uneven. Only the banking sector remains constant over the period as only 2 such entities are permissible by

SKM. Over the six years, it is the service sector that has demonstrated the highest growth rate among the 9 cooperative sectors within SKM. With a total of 1884 entities added to the 2009 total of 793 entities, by 2014, their total has grown by 238% to record a total of 2677 cooperative entities.

However, the biggest sector in the cooperative movement is the consumer sector has shown a slower growth pattern with only a 29.5% increase over the period of study i.e. from 3796 in 2009 to 4916 in 2014. The credit sector too has not shown much growth as only 21 new entities are added on to the 2009 level to record a total of 596 entities in 2014 compared to 575 entities in 2009. Another 2 sectors namely consumer and transportation has shown a reasonably slower growth recording below 50%. The transport cooperatives increase by 33% with 114 entities from 346 in 2009 to 460 in 2014. The consumer sector on the other hand recorded an increase of 1120 entities by 2014 to record a total of 4916 entities in 2014 compared to only 3796 six years earlier. The industrial and housing sectors of the cooperative movement also has shown a pattern of high growth with 116% and 102% respectively.

Despite impressive growth pattern among the sectors of the Malaysian cooperative movement, its impact on the ranking system is rather discouraging. With the first ranking in 2009 to the last exercise in 2014, a total of 6 ranking exercise has been undertaken. The process in the ranking system as developed by SKM is highly competitive and demanding as it involved various stages of determination of qualified cooperatives to enter into the ranking system and measuring them up towards determining the best 100 cooperatives from as low as 7215 base in 2009 to 11,871 base

in 2014. As such, over the 6 years of reference, as expected some cooperatives can fall back in the ranking system being replaced by cooperatives that are able to fulfill the stringent test in ranking. It is the quality of management and dedication of membership that facilitate cooperatives to remain strong and healthy to withstand the competition to become the best in each sector and to remain in the top 100 cooperatives for subsequent years. The concept of “**Class**” based on the principle of the ability of the cooperative and their corresponding sector to remain in the top 100 cooperatives over the entire period the years of the ranking system i.e. 2009 to 2014 is a major contribution of this study to the Malaysian Cooperative movement.

As noted earlier, the ability to remain in the top 100 cooperatives over the 6 years requires tremendous amount of effort, commitment and hard-work as there are thousands of cooperatives in the SKM database for selection and evaluation. As noted by the above table, only a third of the cooperatives managed to secure their top standing over the period of analysis. These 33 cooperatives represented in class 1 with the banking sector being the most impressive performance all the banking cooperatives in the top 100. The second category that contribute 14 cooperatives to the top 100 cooperatives for all 6 years is from the credit cooperatives followed by transport that contributed 7, 4 from the agricultural cooperatives, 3 from service and only 1 from the housing sector.

In looking at class 2 being in the top 100 cooperatives in 5 out of six years of reference, credit cooperatives dominated contributing 10 out of 13 cooperatives that top 100 cooperatives in 5 out of 6 years. Cooperatives that make it to the top 100 categories in 4 out of 6 years are more diversified. Out of a total of 22 cooperatives in class 3, the pattern is a bit more diversified with

consumer cooperatives contributing 7 or 32% followed by agriculture cooperatives contributing 5 or 23% with credit and transport each contributing 4 or 18%. In the class 4 categories, the pattern is similar to class 3 while class 5 and 6 is equally similar. From the above table, due to their superiority in the numbers, the credit cooperative sector has the biggest contribution accounting for 35 out of 100 top 100 cooperatives in the ranking system over the 6 year period with transportation and agriculture coming second contributing 18% each while consumer sectors contributed only 13 cooperatives in the top 100. Service sector, though being dominant in the number of cooperatives, only contributed 9% to the top 100% with banking and housing sharing 2% each and construction just make it to the top 100% by contributing only 1 or 1%.

Apart from the two banking cooperatives that secured the top 100 cooperatives over the entire period of study, none of the other 8 sectors are fortunate enough to remain in the top 100 all the time. The credit cooperatives though coming second after the banking cooperatives struggled to maintain their second position as only 6.6% of them are in the top 100 in 2009, ascending to 7% a year later (2010) before returning to the 2009 position and dropping to 5.1% in 2012 and showing some minor improvement in 2013 to 5.7% and settling at 5.9% in 2014. Almost the same pattern is reported for the third best sector, transport that recorded a pattern of 6.3% in 2009 taking a major dip in 2010 to 4.6% falling further to 4% in 2012 to 3.4% in 2012 before climbing a bit to 3.8% and finally settling at 3.4% in 2014. As reflected by the above table, a very low percentage contribution by other sectors to the top 100 is clearly depressing partly due to the diversity in their cooperative activities and their operating procedures. But more importantly, the ranking system is not on a level ground.

As noted above, except for the banking entities that both are in the top 100 for 6 whole years, the other 8 sectors do not contribute much. The credit cooperatives provide between 34 entities at the lowest point to as high as 43 but their base is over 575 and 596 respectively. A more worrying sign is the inability of between 117 and 255 industrial entities to contribute to the top 100 over the six years. Thus despite their numerical dominance, the consumer cooperatives only contributed between 15 to 22 entities into the top 100. A similar pattern is reflected in the service sector that revealed that numerical dominance did not get reflected into the top 100. As such, a “closed ranking system” should provide a more level ranking ground for all the 9 sectors.

The sectorial analysis revealed a number of issues. While the trend over 6 years reflects upon a healthy increasing trend, the annual change charts revealed some of the critical challenges confronting the sectorial entities within the context of the four parameters of review. The erratic pattern and the ups and down phenomena as reflected by dozens of chart reflect an inherent need to arrive at a more appropriate ranking system that will also promote a proactive instinct to strengthen the cooperative entities overtime.

5.2.1 Evolution of Membership

As for membership in cooperative institutions, from a few hundred members in 1922, by 2014, the number has grown to be 7.5 million with 3 sectors (consumer 2.1 million, service 1.13

However, the percentage increase in membership of cooperatives was only 9.2% over the 6-year period of study i.e. from 6.78 million members in 2009 to 7.41 million by 2014 despite the 65% increase in the number of cooperatives from 7215 in 2009 to 11871 in 2014.

Another disturbing trend in the growth of membership in the cooperative movement is the rather erratic pattern of the growth despite a steady growth in the number of cooperatives as noted in Table 1. It is noticeable drop of almost 184 thousand members between 2009 and 2010 while another 11,594 members dropped out between 2011 and 2012. But there is a drop of almost 200 thousand members between 2013 and 2014 even though there is an increase of 580,489 members from 2012 to 2013. Over the six years of reference, a total of 394,985 members are out of the cooperative movement with an average of 66 thousand members. Such a trend is worrying.

5.2.2 Pattern of Growth in Shares

The increase in membership in the cooperative movement also affected the distribution of shares. From a few hundred Malaysian Ringgit in 1922, by 2009, the cooperative movement has accumulated over RM 8.96 billion worth of share capital that by 2014, it has reached an astonishing amount of RM 13.47 billion with credit (RM 5.606 billion), service sector (RM 3.247 billion) and banking (RM 3.316 billion) dominating.

The evolution in the pattern of share-holding over the two period of study is reasonably good with an increase a 50% increase in the the total shares worth RM 4.502 billion i.e. from RM 8.97 billion

in 2009 to RM 13.47 billion by 2014. However, the pattern of growth of shares in the cooperative movement is rather surprising.

A total of RM 3.4 billion worth of shares are added on to the overall cooperative movement over the 6 years of reference with an average of almost RM 570 million. However as noted by Table 4.2.1, a declining trend is being registered from 2012 when the highest increment is recorded (RM 1.2 billion) going down to RM 1.1 billion in 2013 and settling at the lowest level of RM 656 million in 2014.

5.2.3 Evolution of Revenue

Since the beginning of the cooperative movement in the 19th century with a reasonably small revenue base, by 2009, the cooperative movement have generated over RM 9 billion in revenue that by 2014, it has reached almost RM 35 billion.

There is a massive increase of RM 26.032 billion in the revenue generated from 2009 to 2014 representing an increase of nearly 300%. However in analysing the pattern overtime, it is a cause of concern.

Over the 6 years (2009-2014), RM 13.73 billion of revenue is generated with an average of RM 2.29 billion per annum. However, the actual growth is rather erratic with a big jump between 2011

and 2012 amounting RM 6.64 billion before recording a major drop in the generation of revenue by RM 6.14 billion between 2012 and 2013.

5.2.4 Evolution of assets in the cooperative movement

The value of assets is another fundamental dimension in determining the quality of the cooperative institutions. From a few thousand Ringgit in 1922/23, the cooperative movement had recorded an asset value of RM 65 billion in 2009 that, by 2014, it has crossed the RM 100 billion mark reaching RM134.681 billion by then. This represented an increase of over 100%. However, the pattern of growth in the assets value is recorded in the following table.

As noted by Table 4.4.1, the growth of assets is large totalling RM 9.2 billion between 2009 and 2014 with an average growth of RM 1.53 billion annually. Unlike the pattern in the growth of shares and revenue that shows a declining pattern from 2012, the asset pattern shows a remarkable increase from 2013 recording the biggest jump of RM 2.67 billion between 2013 and 2014.

5.3 Findings and Discussion

Cooperatives are important institution established by individuals who come together to collectively undertake an important activity to promote and protect their interests. Though they are not involved in profit maximization, cooperatives become important institution to offer their membership privileges and benefits in the face of fierce competition in their respective activity or endeavor.

With such a large number of cooperatives amounting to 11,871 in 2014, an analysis of the top 100 cooperatives will offer SKM an opportunity to utilize the findings towards improving the performance of the balance (11,781 cooperatives). This study is a comparative analysis of the 9 sectors of the cooperative movement over a 6-year period (2009-2014). From the analysis, SKM will be able to note the probability of individual cooperative within each sector to be eligible to enter the top 100 cooperatives. As the pattern noted there is a serious mis-representation of the cooperatives in the top 100 cooperatives. Except for the banking cooperatives that are 100% in the top 100 cooperatives, the other sectors are not well represented. Only 35 credit cooperatives (5.9%) out of a total of 597 credit cooperatives are in the top 100 cooperatives. Out of 460 transport cooperatives, only 18 of them (3.9%) are in the top 100 cooperatives.

However, the other sectors are dismally weak as their sectorial percentage is very small. Only 0.9% of the housing cooperatives made it to the top 100 cooperatives followed by 0.3% of the service cooperatives are represented in the top 100 cooperatives with 0.7 % of the agriculture sector making to the top 100. Only 0.5% of the construction sector made it to the top 100 cooperatives while the consumer and service sector accounting for only 0.3% each. It is sad to note that over the 6 years of ranking the cooperatives movement, the industrial sector cooperatives has never been in the top 100 cooperatives. Such a pattern will promote in-depth research efforts towards transforming the under representation of sectors within the top 100 cooperatives.

In analyzing the evolution of the pattern of the top 100 cooperatives over the 6-year period (2009-2014) using the “class analysis” this study allows for an understanding of the dynamics in the

management of the cooperatives. Despite being in the top 100 cooperatives, a comparative analysis over the 6 year period into the individual parameter of membership, share, revenue and assets facilitate trend analysis that may be a threat in the medium term or in the long run. For example, a declining trend in membership in the banking sector may be due to some underlying challenges that SKM have to be wary off. The trend analysis for the 5 parameters and interplay of 5 parameters for each sector will allow interested parties to determine the dynamics of the cooperative institutions and in the process, allow for a more sensitive ranking to facilitate transformation of those cooperative institutions.

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Presumably because of the need to comply to directives of the Malaysia's central bank, Bank Negara Malaysia, and the policy of limiting the growth of small sector banks in the country as Bank Negara embarks on consolidation of existing banks into mergers to create megabanks, it is not surprising for the banking sector cooperatives to remain as it is during the period of reference. Some of the top credit cooperatives can be groomed into the banking sector should an open policy of the central bank be introduced.

5.4 Recommendation of study

The most important recommendations arising out of the research on a comparative analysis of the top 100 cooperatives is the need to develop a second set of ranking system so as to facilitate a ranking system founded on a level playing field or a level ranking principle. The second set of ranking can be classified as “a closed ranking system” that is opened only to each sector of the cooperative movement. It is proposed that a closed ranking system be based on a dual set of ranks: top 100 cooperatives from each sector with more than 500 cooperative entities and top 20 for those cooperative entities that are less than 500 in number. This ranking system is founded on ranking on a level field with cooperative entities competing in a similar sector. A closed ranking system parallel to an open system will facilitate mutual respect among the SKM’s cooperative entities as each entity will know their standard in relation to their sectorial peers and overall population. Special rewards should be awarded to entities that comply with SKM’s directives towards increasing professionalism and commitment towards their cooperative spirit.

The second recommendation is associated with the quality of the 4 parameters being evaluated that can only be determined by carefully analyzing the annual change of each parameter and comparing it the previous sets of ranking. By tracking such pattern SKM can duly advised the respective entities on their mission towards improving all four parameters. This exercise must be undertaken on all cooperative entities not just those in the top 100 as this research has done.

The third recommendation centered on the challenge of “uneven representation” of the sectorial cooperatives entities as reflected in the class analysis and also in the sectorial analysis. It is sad to

note that over the first 6 years of the ranking system none of the industrial cooperatives make it to the top 100 while other sectors are under-represented as the percentage of the sectorial contribution is too small even though by percentage within top 100 cooperatives, those entities may sound encouraging. A special effort has to be mounted to ensure that the top 100 cooperatives are more open to all sectors rather than being dominated by a selected few. Having a closed ranking system will facilitate such transition.

The fourth recommendation is for SKM to develop an appropriate strategic priority in the ranking system. The dwindling number of members and the uneven trend in the growth of membership should be the top priority in the spirit of cooperative movement as the maximum number of participants must be the main trust of the movement while the other 3 parameters are more technical in nature.

5.5 Suggestion for Future Research

Developing a “closed ranking system” will require additional research effort in looking at each sectorial objectives and mission and developing appropriate parameters for each sector. Even though the 4 parameters can be standardized parameters in general, a specific and specialized parameter may trigger committed challenge by entities in each sector to show their degree of commitment and dedication to the cooperative spirit, governance and mission. Consumer cooperatives and service cooperatives may have many parameters in common but creating a blue ocean strategy for each will be an important contribution to the future of the cooperative movement.

Another important research avenue is in the area of transformation of the credit and agricultural cooperative entities into appropriate banking or financial institutions towards broadening the banking base of the cooperative movement. By creating smaller banks through cooperative spirit and endeavor will promote financial inclusion and democratize the banking sector to allow smaller banks to co-exist along mega-banks in future. Staying in the top 10 within the top 100 in their credit and agricultural cooperatives for a reasonable period of time should become incentives towards such transformation.

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APPENDIXES

APPENDIX: A

(GENERAL STATISTICS COOPERATION BY FUNCTION 2009)

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APPENDIX: F

(GENERAL STATISTICS COOPERATION BY FUNCTION 2014)

APPENDIX: A

(GENERAL STATISTICS COOPERATION BY FUNCTION 2009)

2009 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	838,932	2,289,504,293	51,251,536,708	4,338,062,555
2	Credit	575	1,963,054	4,170,086,940	7,180,092,477	1,367,606,347
3	Farming	1,362	289,484	244,317,272	1,256,095,986	613,878,566
4	Housing	107	89,182	133,356,559	406,619,034	36,442,571
5	Industrial	117	17,634	5,238,548	56,620,186	33,127,694
6	Consumer-adult	1,681	670,906	279,481,976	1,127,480,418	791,900,262
	Consumer-school	2,115	2,106,130	17,264,427	177,673,323	195,120,375
7	Construction	117	62,171	14,365,358	56,784,381	64,188,685
8	Transport	346	148,196	58,654,263	250,163,546	512,207,073
9	Service	793	598,084	1,753,250,727	3,236,209,436	966,475,435
	Total	7,215	6,783,775	8,965,520,363	64,999,274,495	8,919,009,563

APPENDIX: B

(GENERAL STATISTICS COOPERATION BY FUNCTION 2010)

2010 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	813,554	2,362,445,404	56,733,242,511	4,922,574,029
2	Credit	613	1,786,508	4,507,384,712	8,119,078,033	1,326,810,294
3	Agriculture	1,441	429,559	388,615,588	1,479,849,950	600,463,067
4	Housing	118	145,823	162,412,315	666,365,426	49,081,726
5	Industrial	137	14,467	5,017,038	51,177,619	32,643,171
6	Consumer-adult	1,731	501,765	212,530,614	742,374,930	526,490,488
	Consumer-school	2,135	2,086,950	18,916,728	200,198,773	236,994,964
7	Construction	134	38,007	12,659,831	55,201,793	48,805,937
8	Transportation	429	145,193	57,751,635	270,501,095	562,355,156
9	Service	1,406	638,215	1,819,434,092	3,466,697,627	1,226,882,588
	Total	8,146	6,600,041	9,547,167,957	71,784,687,756	9,533,101,420

APPENDIX: C

(GENERAL STATISTICS COOPERATION BY FUNCTION 2011)

2011 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	986,273	2,599,264,172	73,389,316,753	5,182,413,967
2	Credit	589	1,913,384	4,762,759,131	9,914,329,979	1,285,077,544
3	Agriculture	1,798	416,200	426,053,335	2,356,882,566	858,106,734
4	Housing	134	147,633	175,076,985	754,841,998	66,736,687
5	Industrial	162	13,349	2,463,672	47,077,570	28,876,377
6	Consumer-adult	1,920	539,818	239,642,392	959,941,925	696,586,612
	Consumer-school	2,216	2,087,254	19,762,144	225,231,892	263,556,644
7	Construction	151	112,088	25,081,547	138,797,085	85,068,091
8	Transportation	418	137,899	57,285,563	272,124,274	557,856,033
9	Service	1,684	686,411	2,178,160,174	4,742,497,538	14,063,977,634
	Total	9,074	7,040,309	10,485,549,113	92,801,041,579	23,088,256,324

APPENDIX: D

(GENERAL STATISTICS COOPERATION BY FUNCTION 2012)

2012 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	1,008,631	3,063,844,590	80,375,620,450	6,365,073,759
2	Credit	588	1,736,078	5,051,821,274	10,017,136,146	1,469,430,959
3	Agriculture - adults	2,142	448,021	493,437,761	2,206,304,712	902,290,372
	School-adults	6	403	12,425	13,577	3,725
4	Housing	159	128,076	183,913,359	790,009,376	208,307,862
5	Industrial	201	17,044	7,032,773	66,165,503	31,347,021
6	Consumer- adults	2,172	573,029	250,205,426	975,574,056	735,423,724
	adults school	2,244	2,125,379	20,994,825	244,576,461	285,205,574
7	Construction	163	123,960	38,008,343	288,883,333	65,375,974
8	Transportation	435	147,479	61,712,094	286,849,290	659,726,108
9	Service	1,975	720,615	2,541,087,720	5,155,058,627	20,373,517,221
	Total	10,087	7,028,715	11,712,070,590	100,406,191,531	31,095,702,299

APPENDIX: E

(GENERAL STATISTICS COOPERATION BY FUNCTION 2013)

2013 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	1,009,647	3,349.46	84,060.02	6,263.80
2	Credit	589	1,653,139	5,342.69	10,820.40	1,853.52
3	Agriculture - adults	2,318	542,130	516.94	2,143.41	799.61
	School-adults	6	433	0.02	0.05	0.02
4	Housing	180	170,846	206.46	982.31	304.3
5	Industrial	225	18,399	10.03	76.75	40.39
6	Consumer- adults	2,393	591,790	288.08	1,260.33	846.23
	School- adults	2,280	2,177,096	22.54	271.34	312.96
7	Construction	173	506,314	43.9	360.12	83.86
8	Transportation	447	148,874	64.59	299.58	661.69
9	Service	2,301	790,536	2,967.23	7,624.58	21,806.04
	Total	10,914	7,609,204	12,811.94	107,898.88	32,972.43

APPENDIX: F

(GENERAL STATISTICS COOPERATION BY FUNCTION 2014)

2014 Bill	Function	Number of cooperatives	Total Members(Persons)	Shares (RM)	Asset(RM)	Revenue(RM)
1	Banking	2	993,593	3,316.28	90,632.63	6,093.65
2	Credit	597	1,338,057	5,606.84	11,945.73	1,878.66
3	Agriculture -adults	2,547	744,406	604.85	2,449.57	2,823.06
	School-adults	6	457	0.01	0.08	0.07
4	Housing	217	154,944	218.42	1,032.35	530.45
5	Industrial	253	18,155	11.04	78.77	35.97
6	Consumer-adults	2,609	607,967	312.15	1,369.22	804.85
	School- adults	2,307	2,140,193	23.72	284.75	321.9
7	Construction	196	130,614	59.61	414.23	87.47
8	Transportation	460	149,273	67.18	323.3	700.67
9	Service	2,677	1,131,888	3,247.96	8,257.06	21,674.21
	Total	11,871	7,409,547	13,468.06	13,468.06	34,950.98