

**MODELING THE IMPACT OF STRATEGIC PLANNING, STRUCTURAL CAPITAL,
RELATIONAL CAPITAL, MEMBERS' PARTICIPATION, GOVERNANCE
PRACTICES AND HUMAN CAPITAL DEVELOPMENT ON COOPERATIVES'
PERFORMANCE**



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KELULUSAN SKIM GERAN PENYELIDIKAN EKSPLORATORI (ERGS) FASA 01/2011

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Ketua Projek : Pn Mahazril 'Aini Yaacob

Dengan hormatnya perkara di atas adalah dirujuk.

2. Sukacita dimaklumkan pihak Kementerian Pengajian Tinggi melalui surat JPT.S(BPKI)2000/09/01/018 (59) yang bertarikh 22 Jun 2011 telah meluluskan kertas cadangan penyelidikan Y. Brs Profesor/tuan/puan untuk di biyai di bawah Skim Geran Penyelidikan Eksploratori (ERGS) Fasa 01/2011.

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4. Peruntukan kewangan akan disalurkan melalui tiga (3) peringkat berdasarkan kepada laporan kemajuan serta kewangan yang mencapai perbelanjaan lebih kurang 50% dari peruntukan yang diterima.

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5. Untuk tujuan mengemaskini, pihak Y. Brs. Profesor/tuan/puan adalah diminta untuk menandatangani perjanjian ERGS, melengkapkan semua kertas cadangan penyelidikan, mengisi borang setuju terima projek penyelidikan dan menyusun perancangan semula bajet yang baru seperti yang diluluskan. Sila lihat lampiran bagi tatacara tambahan untuk pengurusan projek.

Sekian, harap maklum.

"SELAMAT MENJALANKAN PENYELIDIKAN DENGAN JAYANYA"

Yang benar

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5.2 Enhanced Executive Summary

The cooperative society plays a significant role towards the economic development in Malaysia. It was first established in 1922 to protect the welfare of rural people and has expanded its establishment since then. With the aims to help its members, it is said that cooperatives need to accelerate its performance. However, there are issues regarding its weaknesses, especially in management, financial, and members' participation. Therefore, this study aims to identify the factors influencing its performance through strategic planning, structural capital, relational capital, members' participation, governance practices, and human capital development. Questionnaires constructed are distributed among 72 cooperatives board members listed under the 100 best cooperatives in Malaysia for the year 2011. By using Pearson's correlation, Factor Analysis and Multiple Regression Analysis, this study found that the relational capital plays a vital role in exerting a positive influence on the cooperatives' performance. It is suggested that the cooperatives should always be involved in all the activities organized by the *Suruhanjaya Koperasi Malaysia* so that it can promote the product and services provided to the society as a whole. This would improve the networking of the cooperatives with the government, suppliers, and customers, which indirectly would give a positive influence on its performance. This findings will provide a guidance for the cooperative to improve its shortcomings performance towards realizing the National Cooperative Policy 2011-2020.

5.3 Introduction

The cooperative society was first established in 1922 in order to protect the welfare of rural people, and to keep them away from the exploitation. Since then, the cooperatives has expanded its establishment progressively. The establishment aims to improve the well being of its members and eradicate poverty, as well as act as a distribution tool of national wealth. In Malaysia, the cooperatives were first introduced to settle the problems of exploitations on rural farmers, and to overcome the financial problems among the government servants. With the aims to help its members, it is said that cooperative needs to accelerate its performance in order to transform the nation into a high income nation by the year 2020. Cooperatives in Malaysia are regulated under the Commission of Co-operatives Malaysia, or also known as Suruhanjaya Koperasi Malaysia, under the Ministry of Domestic Trade, Co-operatives and Consumerism. Generally, a cooperative is an entity owned and controlled by the same person using the services. Cooperatives can be defined as “a society registered under the Co-operative Societies Act 1993 with the objective to promote economic interest among its members, in accordance with cooperatives principles” (Suruhanjaya Koperasi Malaysia,2009). Cooperatives can be defined as an autonomous association of people united voluntarily to meet their common economic, social, cultural needs, and aspirations, through a jointly owned and democratically controlled enterprise. (Section 2, Cooperative Societies Act 1993). In line with the definition, members who join the cooperatives have the common aims to improve their standard of living. Aside from that, the cooperatives also play an important role in generating growth in our economy. It is reported that cooperatives are the third largest contributor to the Malaysian economy, besides the public and private sectors (Suruhanjaya Koperasi Malaysia, 2011). Their contribution to a nation's economy is significant in terms of business units, employment opportunities, as well as the amount of goods and services that they produced (Mahajar, A & Yunus, J, 2005).