AN EVALUATION OF FINANCIAL PERFORMANCE OF COOPERATIVES IN MALAYSIA. (A CASE STUDY OF TELUK INTAN AND UNIVERSITI TEKNOLOGI MALAYSIA).
UNIVERSITY OF WALES.
CARDIFF BUSINESS SCHOOL

MBA THESIS

ACADEMIC YEAR 1990 - 1991

K. ISMAIL

AN EVALUATION OF FINANCIAL PERFORMANCE OF COOPERATIVES IN MALAYSIA. (CASE STUDY OF TELUK INTAN AND UNIVERSITI TEKNOLOGI MALAYSIA COOPERATIVES)

OCTOBER 1991

THIS THESIS IS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION UNIVERSITY OF WALES.
<table>
<thead>
<tr>
<th>No. Perolehan</th>
<th>No. Panggilan</th>
<th>Tanggal</th>
<th>No. Mikrofilem</th>
</tr>
</thead>
<tbody>
<tr>
<td>AP 5929</td>
<td>HD 33826</td>
<td>14 DEC 1991</td>
<td>746612</td>
</tr>
</tbody>
</table>

CA/F16.92
DECLARATION.

The work submitted in this dissertation for the degree of Master in Business Administration is the result of my own investigation, unless otherwise stated.

Candidate: ....................

K. Ismail.

Date: ....................

Supervisor: ........................

Dr. Kamal Nasser.

Date: ....................
ABSTRACT

In this study, the history of cooperative movement in the world in general and in Malaysia in particular is considered. The study also looked at the involvement of the Malaysian government through the Cooperative Development Department, the Cooperative Apex Organization—ANGKASA, and the Cooperative College Malaysia.

In addition, in this study an analysis of the financial performance of two cooperative societies is presented through the calculations of different performance ratios.
<table>
<thead>
<tr>
<th>LIST OF CONTENTS</th>
<th>PAGE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION.</td>
<td>I</td>
</tr>
<tr>
<td>ABSTRACT.</td>
<td>II</td>
</tr>
<tr>
<td>DEDICATION.</td>
<td>III</td>
</tr>
<tr>
<td>ACKNOWLEDGMENT.</td>
<td>IV</td>
</tr>
<tr>
<td>LIST OF CONTENTS</td>
<td>V</td>
</tr>
<tr>
<td>LIST OF TABLES.</td>
<td>VIII</td>
</tr>
</tbody>
</table>

CHAPTER 1  INTRODUCTION

1.1. Introduction. 1
1.2. Purpose of the study. 2
1.3. The structure of the study. 3
1.4. limitation of the study. 4

CHAPTER 2  COOPERATIVE OVERVIEW.

2.1. What is cooperative? 5
2.2. Cooperative principles. 6
2.3. Cooperative and its relation with small firms 7

CHAPTER 3  COOPERATIVE MOVEMENT - A GLOBAL OVERVIEW

3.1. Introduction. 12
3.2. Cooperatives in Sri Lanka. 15
3.3. Cooperative movement in Britain. 17
   3.3.1. Worker Cooperative. 17
   3.3.2. Consumer Cooperative. 18
   3.3.3. Credit Union Society. 19

CHAPTER 4  COOPERATIVE MOVEMENT IN MALAYSIA.

4.1. Background of Malaysian economy. 20
4.2. The cooperative movement in Malaysia. 21
   4.2.1. Period between the world wars. 21
   4.2.2. The movement in post war period. 24
4.3. The classification of cooperative societies according to function. 30
4.4. The government’s role. 40
4.5. ANGKASA (National Cooperative Front of Malaysia). 45
4.6. Cooperative College of Malaysia. 51
4.7. Conclusion. 52

CHAPTER 5. ANALYSIS ON FINANCIAL PERFORMANCE.

5.1. Background of Universiti Teknologi Malaysia. 54
5.2. Background of Universiti Teknologi Malaysia Cooperative. 56
5.3. Activities. 57
5.4. Background of Teluk Intan Cooperative. 61
5.5. Operation method. 62
5.6. Issues in Measuring Cooperative Performance 62
5.7. Analysis of Financial Performance 63
5.8. Profit and performance of U.T.M. and Teluk Intan Cooperative. 72
5.9. Efficiency and effectiveness. 77
5.10. Liquidity and stability. 81
5.11. Financial structure and financial risk. 84
5.12. Dividend cover ratio. 86
5.13. Investments. 89
5.14. Growth. 90
5.15. Conclusion. 92

CHAPTER 6. SUMMARY AND CONCLUSION

6.1. Conclusion. 96
6.2. Suggestion and recommendation. 98
6.3. The Integrated Cooperative Plan. 100
6.4. Members’ participation. 101
6.5. Overall conclusion. 102

BIBLIOGRAPHY. 104
### LIST OF TABLES

<table>
<thead>
<tr>
<th>TABLES</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Manufacturing enterprise in Britain</td>
<td>8</td>
</tr>
<tr>
<td>4.1. Type and numbers of cooperative societies and membership, Federated Malay States 1925 - 1939.</td>
<td>25</td>
</tr>
<tr>
<td>4.2. Cooperative societies under Cooperative Development Department.</td>
<td>29</td>
</tr>
<tr>
<td>4.3. Agriculture based cooperative society 1990.</td>
<td>30</td>
</tr>
<tr>
<td>4.4. Classification of the cooperative activities in Peninsular Malaysia at 1987.</td>
<td>31</td>
</tr>
<tr>
<td>4.5. Total deposits at Cooperative Credit Malaysia.</td>
<td>33</td>
</tr>
<tr>
<td>4.6. Position of agriculture based cooperative.</td>
<td>39</td>
</tr>
<tr>
<td>4.7. Position of fishery based cooperative</td>
<td>39</td>
</tr>
<tr>
<td>5.1. Total number of membership, share capital and loans issued by Teluk Intan Cooperative: 1979 - 1989.</td>
<td>55</td>
</tr>
<tr>
<td>5.2. Total number of membership, share capital and loans issued by U.T.M. Cooperative: 1979-1989.</td>
<td>55</td>
</tr>
</tbody>
</table>
5.3. Universiti Teknologi Malaysia Cooperative consolidated balance sheet at 31. 12. 1989. 67


5.5. Fixed assets for U.T.M. and Teluk Intan Cooperatives. 70

5.6. Current assets for U.T.M. and Teluk Intan Cooperatives. 71

5.7. Profit for Universiti Teknologi Malaysia Cooperative. 73

5.8. Profit for Teluk Intan Cooperative. 73

5.9. Assets structure of Universiti Teknologi Malaysia Cooperative. 87

5.10. Assets structure of Teluk Intan Cooperative. 87


17. **Koperasi Pekerja-pekerja Kerajaan, Teluk Intan, Undang-undang Kecil. (Teluk Intan Cooperative, Bylaws of).**


21. **New Straits Times, Tuesday, 23 April 1991. (Malaysian national daily newspaper).**


24. **Paul Chaplin and Roger Cowe, (1977) A Survey of Contemporary British Worker Cooperatives.**


29. Universiti Teknologi Malaysia, Laporan Tahunan.(1990) (Annual report, University Technology Malaysia), UTM Publication Unit.