

ENTREPRENEURIAL ORIENTATION AND CO-OPERATIVE PRINCIPLES ON CO-OPERATIVE PERFORMANCE IN MALAYSIA: A CONCEPTUAL FRAMEWORK

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ABSTRACT

In the contemporary, entrepreneurial orientation (EO) and co-operative sector have become essential topics among business academics and practitioners. The aim of this study is to investigate the effect of entrepreneurial orientation (EO) and the practice of co-operative principles (CP) on co-operative performance. In this study, the components of EO are innovativeness, proactiveness and risk-taking. Despite the importance of EO, researches that link these concepts to co-operatives performance are very limited. In this view, through extensive literature view, this study has found a positive relationship that exists between EO and co-operatives performance and developed a conceptual model for empirical validations. This study serves not only to clarify the effect between EO and co-operatives performance; it also explains the effects of CP on co-operative performance which most studies have neglected. As a unique organisation, co-operatives have an advantage over other businesses, especially by applying the CP in co-operative activities will have a greater impact on co-operative performance.

Keywords: *Co-operative; Co-operative Performance, Co-operative Principles; Entrepreneurial Orientation*

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INTRODUCTION

Over the last 40 years, much research has examined entrepreneurial orientation (EO). EO has previously been studied together with a variety of variables and organisational issues, including marketing (Keh et al., 2007), family business (Keh et al., 2007), government institutional (Shu et al., 2019), customer relationship (Gupta et al., 2019), etc. According to Lumpkin and Dess (1996), EO is the trend, process and behaviour that drives a firm, whether it is new or existing products to enter a new market. Although most studies have been conducted on strategic management and entrepreneurship and have shown significant differences, they have found favourable results for EO on performance (Onwe, 2020). Furthermore, studies included within the review adopting a multidimensional understanding of EO has shown that acceptance of the notion that EO dimensions can make a unique contribution to strong outcomes (Wales et al., 2013). Another, in an investigating the entrepreneurial process, it is essential to recognise the contribution each sub-dimension of EO makes to organisational performance as this can help entrepreneurs to understand the desire to incorporate dimensions to improve organisational performance (Kreiser et al., 2002).

Recently, researchers have shown an increased interest in co-operatives and issue was picked up extensively within the research community. Studies in the context of co-operatives that have been conducted include studies regarding competitive strategies (Figueras & Garuz, 2019), the impact of brand equity (Grashuis, 2019), presidency of the governing board of director (Esteban-Salvador et al., 2019), etc. Co-operatives which unique compare other businesses defined as “people-centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations” (International Co-operative Alliance). A closer look at the review shows that since its introduction in 1844, the co-operative model has experienced significant growth, and today the sector is estimated to have about 1 billion members and employ directly or indirectly, 250 million people worldwide (ICA, 2017). Co-operatives are internationally recognised business organisations that are democratically owned by their members (Zeuli & Cropp, 2004; International Co-operative Alliance, 2005).

Various definitions have been given for the co-operative movement, but overall, they have the same meaning. In 1995 General Assembly of the International Co-operative Alliance (ICA) held in Manchester on the occasion of the Alliance’s Centenary, the ICA issued a statement of Co-operative Identity which listed the core values as well as a set of revised co-operative principles (ICA, 2017). The definition of co-operative declared at the time was as below: -

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise”.

Co-operative principles (CP) as defined by the International Co-operative Alliance, have served as the guiding, as well as defining, views of co-operative founding and functioning. The seven principles in CP: voluntary and open membership; control of democratic members; economic participation; autonomy and freedom; education, training and information; co-operation between co-operatives; and community concern (Dunn, 1988; International Co-operative Alliance, 2005) and this make co-operatives are unique because its operate on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity; and is based on the CP.

The co-operative principles encourage community involvement and participation in the organization's affairs, thereby making co-operatives businesses that are more resilient (Birchall & Ketilson, 2009; Birchall, 2013; Sabatini et al., 2014). According to Birchall (2005), application of the principles appears to vary between the various co-operative sectors, with frequent observations of adherence in producer co-operatives. In general, the principles tend to be more important and more often practiced in smaller local regional/community-based co-operatives rather than in larger national-based business-focused co-operatives.

Nowadays, in a challenging economic world, co-operatives without innovative, proactive and risk-taking characteristics will find it difficult to improve performance. Co-operatives need to have a strategy such as EO factor in their co-operative activities and business to be more performing and success (Chaddad & Cook, 2004). Also, co-operatives should not forget to practice the seven principles of CP into the social and economic activities of the co-operative. CP differentiate co-operatives from other business firms in conducting business and empowering co-operatives to contribute to higher performance, especially for co-operative in Malaysia.

Co-operative Contribution to Malaysia Economy

This study aims to contribute to this growing area of research by exploring the co-operative movement in Malaysia. It is essential of the co-operative movement in economic development, and there has been an increasing recognition that more attention needs to be paid to co-operative in Malaysia but still lack of studies on co-operatives in Malaysia (Azmah et al., 2012; Shakir et al., 2020). Moreover, co-operatives performances in Malaysia have been impressive and the co-operative movement is the third largest sector contribute to the economy (Hasbullah et al., 2014; Hammad Ahmad Khan et al., 2016; Abd Rahman & Zakaria, 2018) but still lagged in growth compared to the public and private businesses (Aris et al., 2018). Based on the statistics in Table 1, its show the significant contributors to Malaysia's co-operatives turnover ended December 2018 came from 281 large co-operatives at 94.64% compared to 11.832 micro co-operatives and 1,589 small co-operatives each contributing 0.73% and 1.63% of total revenue respectively. Total turnover for Malaysian co-operative for the year 2018 is RM40.318 Billion (Malaysia Co-operative Societies Commission, 2019). For comparison, the Small Medium Enterprises (SMEs) contributed RM521.7 billion, which was 37.4% of the country's GDP in the same year (BH Online). In addition, co-operatives in Malaysia classified into nine different functions based on the nature of business activities include banking, credit/finance, agriculture/plantation, housing, industry, consumers, construction/development, transport and services. Detail as shown in Table 1, Statistic Co-operative Movement in Malaysia (2014-2018) by Total Co-operative, Membership, Shares, Assets and Turnover.

Table 1: Statistic Co-operative Movement in Malaysia (2014 – 2018) by Total Co-operative, Membership, Shares, Assets and Turnover

Particular/Year		2018	2017	2016	2015	2014
Total Co-operative	Large	281	274	258	262	186
	Medium	545	586	571	557	507
	Small	1,589	1,520	1,407	1,317	289
	Micro	11,832	11,519	11,192	10,633	9,889
	Total	14,247	13,899	13,428	12,769	10,871
Membership	Large	2,883,411	2,947,495	2,986,286	3,210,047	2,918,955
	Medium	582,855	679,444	824,449	888,144	1,009,857
	Small	1,076,700	1,104,140	1,048,674	1,112,988	1,168,862
	Micro	1,517,766	1,822,518	2,206,813	2,280,012	2,311,873
	Total	6,060,732	6,553,597	7,066,222	7,491,191	7,409,547
Shares (Billion)	Large	13,004.33	12,420.36	12,181.89	11,916.23	10,762.32
	Medium	1,230.20	1,342.80	1,144.40	1,282.37	1,699.50
	Small	361.80	308.79	323.31	308.50	647.90
	Micro	304.69	276.20	342.24	304.41	358.33
	Total	14,901.02	14,348.15	13,991.84	13,811.51	13,468.05
Assets (Billion)	Large	137,097.33	134,248.27	125,341.71	116,495.43	109,924.49
	Medium	3,162.39	3,148.70	2,991.83	3,440.54	4,125.17
	Small	1,460.36	1,266.22	1,247.40	1,154.27	1,653.87
	Micro	1,138.80	1,012.98	1,159.74	2,186.55	1,084.16
	Total	142,858.88	139,676.17	130,740.68	123,276.79	116,787.69
Turnover (Billion)	Large	38,160.33	38,000.91	37,550.56	31,511.63	33,074.20
	Medium	1,205.75	1,315.94	1,260.36	1,224.92	1,068.21
	Small	657.32	627.97	570.32	539.98	530.27
	Micro	294.74	296.79	283.39	281.35	278.30
	Total	40,318.14	40,241.61	39,664.63	33,557.88	34,950.98

(Source: Malaysia Co-operative Societies Commission, 2019)

Co-operative Scale Based on Turnover

- Micro** : Turnover of less than RM200,000
- Small** : Turnover between RM200,000 and less than RM 1 million
- Medium** : Turnover between RM 1 million and less than RM 5 million
- Large** : Turnover of more than RM 5 million

LITERATURE REVIEW

Co-operative Performances

This paper first gave a brief overview and discussed the literature in the field for co-operative performance: a later section, an overview of entrepreneurial orientation (EO) and co-operative principles (CP). In general, co-operative performance is defined as a co-operative achievement with several criteria (Lenz, 1980) or as a process of perceiving actions to achieve the goals and

objectives of a firm (Neely et al., 1995). EO is considered a predictor of company performance, whereby adopting EO and becoming more entrepreneurial oriented (Rauch et al., 2009) and co-operatives will perform better.

Performance themes often draw attention to various divisions of management, including strategic management (Venkatraman & Ramanujam, 1986). This paper reviews the evidence for co-operative performance. According to Mayo (2011), co-operative refers to a business owned by the members, whereby its performance is understood through the benefits provided to its members over time. Several previous studies used financial ratios to determine the financial performance of a co-operative. Co-operative performance measured in two main categories where the first category comprises the profitability ratio and the second is the efficiency ratio that reflects the ability and efficiency of equity capital to generate co-operative returns (Shamsuddin et al., 2018). The first is a financial perspective that looks at efficiency indicators such as profitability ratio, return on asset, and sales ratio (Huang et al., 2015). The second perspective is operations that look at indicators of firm growth, market value and customer value (Auh & Menguc, 2005). Nevertheless, the performance of the co-operatives does not necessarily come from a financial standpoint. For non-financial performance, such as group size is statistically significant in influencing and determining the efficiency of the membership group (Othman et al., 2014).

In recent years, there has been renewed interest in co-operative performance. Unfortunately, recent studies on the performance of co-operatives in Malaysia have found that the contribution of co-operatives is still low (Hadzrami et al., 2017; Rasid, 2018; Shakir et al., 2020). The co-operative movement's sustainability and progress are dependent on the improvement of co-operatives' performance (Othman et al., 2014). However, the contribution of the co-operatives in the Malaysian economy is accepted and more crucial than ever before (Shamsuddin, 2015).

In Malaysia, the Malaysia Co-operative Societies Commission (MCSC) provides the INDEX 100 Best Co-operatives of Malaysia. A successful co-operative is on the list of 100 Best Co-operatives in Malaysia when the co-operative achieves satisfactory financial performance, business, management, and legal compliance according to the standards MCSC and is in line with the criteria used by the International Co-operative Alliance (ICA). Therefore, INDEX 100 used by the Malaysia Co-operative Societies Commission to provide recognition of the best co-operatives in Malaysia through the yearly quantitative and qualitative evaluation process is used as a method of performance measurement. However, a study on the performance of co-operative in Malaysia by Othman et al. (2014), only 19.6% of the groups achieved the highest efficiency scores of 56 co-operatives groups in the country based on data envelopment analysis (DEA) and these results thus revealed that the co-operative groups are not operating at their most productive scale or optimal scale. It needs to find ways of improvements to how co-operative sectors can spearhead their contributions to the economy (Hasbullah et al., 2014).

Based on the review of previous studies on the performance of the co-operatives discussed above, the performance of the co-operatives should be studied from two angles, namely financial and non-financial. Therefore, besides focusing on financial performance, Mayo (2011) emphasises the measurement of co-operative performance on social elements including innovators: services, welfare and activities for members and benefits to the community while adding value to the stakeholders. Co-operative should continuously strive to improve their performance to achieve market success in addition to meeting the objectives of the co-operative. Co-operative performance measures for this concept paper will, therefore, be studied from financial and non-financial

perspectives as many researchers recommend that performance dimensions should include non-financial and financial measurement tests (Brosens et al., 2007; Gronum et al., 2012; Hilman & Kaliappen, 2014). Therefore, the proposed EO conceptual framework is to look at the relevance of EO dimension and CP to co-operative performance in Malaysia.

Entrepreneurial Orientation (EO)

There is a large volume of published studies describing the role of EO such as the interplay between the individual and firm-level for embedding EO (Fellnhofer, 2019), EO and innovation performance in ventures (Seo, 2019), EO as a mediator between Cultural diversity and operational performance (Aljanabi et al., 2019), etc. After an initial overview of related work, this section discusses the literature in the field related to entrepreneurship orientation (EO). Miller (1983) defines the EO as follows: “an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch”. A popular method in the literature (Miller, 1983) used EO as a three-dimensional construct of innovation, risk-taking, and proactiveness. Recently, Anderson, Kreiser, Kuratko, Hornsby, and Eshima (2015) has introduced a new EO concept in line with Miller/Covin and Slevin, which involves only three dimensions of entrepreneurial behaviour (innovative and proactive) and the tendency of managers at strategic decision-making in favour of risk-taking (risk-taking).

Along with this growth in co-operative, however, there is increasing concern over co-operative performance. More recently, literature has emerged that offers contradictory findings of EO. It is generally agreed that a few studies of EO have done in Malaysia. However, this is a matter of ongoing discussion. Most of the EO studies in Malaysia focus other sectors such as SMEs (Bakar et al., 2015; Hughes et al., 2017; Zakaria et al., 2017) and government sector (D. Arshad et al., 2015; R. Musa et al., 2017). The issue has grown in importance in light of the recent study of EO in the context of co-operative, found that D. Musa et al. (2014) has examined five constructs of EO and business performance on co-operative but resin only the northern region of Malaysia.

Importantly, most of these researchers concentrate on the three dimensions of EO (i.e., innovativeness, proactiveness and risk-taking). Rezaei and Ortt, (2018) think that the separate dimensions of EO (innovativeness, proactiveness and risk-taking) may play different roles in these relationships. Therefore, the dimensions considered for this conceptual model are the three most popular three-dimensional construct of innovation, risk-taking, and proactiveness used in previous EO studies. Following subtopic discusses about the most popular dimension of EO.

Innovativeness

Firstly, according to Hurley and Hult (1998) “innovativeness is the notion of openness to new ideas as an aspect of a firm’s culture.” Hult et al., (2004) proposed that the firm’s innovativeness capability can impact firm performance. Innovativeness plays an important role and is considered an important factor in facilitating growth, offering new products with high-profit potential, product development, technical expertise, knowledge transfer for future development and increasing overall market value (Lin et al., 2008; Wiklund et al., 2009).

In EO studies in Malaysia conducted, innovativeness has been found to be negatively related to performance in the takaful industry (Nazri et al., 2015) but most the result showed that

innovativeness is positively related to performance (Ismail et al., 2013; Zainol, 2013; A. S. Arshad et al., 2014; D. Musa et al., 2014;). Therefore, engages innovativeness in the business environment of co-operatives in Malaysia such as new knowledge learning (Knight & Cavusgil, 2004), produce new co-operative products (Hult et al., 2004) and in keeping with the latest trends or providing services to the consumer especially members in a simple and fast manner, is expected to produce exceptional performance and economic growth (Matsuno et al., 2002; Lee & Lim, 2009; Kraus et al., 2012; Laukkanen et al., 2013; Frösén et al., 2016).

Proactiveness

Venkatraman (1989) defines proactive as a search opportunity related to existing business activities, the introduction of new products or brands before competitors, and the cessation of strategic operations in the face of market downturns. Proactiveness refers to the search for new opportunities to act in advance in the face of changes in demand (Guzmán et al., 2019). Proactiveness is considered an essential feature of the organisation, and the firm must focus on customer proactively needs to actively seek opportunities and solutions (G & Manalel, 2016). While, Lumpkin and Dess (1996) have argued that firms' proactiveness is associated with market opportunities in new entrants, providing initiative and acting opportunistically to shape the environment (Knight & Cavusgil, 2004; Beck et al., 2015).

Being proactive, a firm is looking for great and ideal opportunities and being ahead of their competitors and successfully anticipating future customer demands (Engelen et al., 2014). In one of EO study in Malaysia on SMEs involved in hospitality, there have been resulting in a negative relationship between proactiveness and performance (Kasim, 2016). However, most of the studies reviewed conducted in Malaysia on EO; proactiveness factors found positively related to performance (Ismail et al., 2013; Zainol, 2013; A. S. Arshad et al., 2014; D. Musa et al., 2014; Nazri et al., 2015). Therefore, in the context of co-operative, the board of director should be more proactive in carrying out co-operative administrative tasks such as handling cases involving members and handling Annual General Meeting more efficiently. Moreover, proactive in achieving co-operative goals such moving fast in more premium segment, co-operative could have their competitive advantage and leverage market opportunities for higher returns and performance (Cardoza & Fornes, 2011; Gaur et al., 2011; Chen et al., 2012; Brettel & Rottenberger, 2013).

Risk-taking

Miller and Friesen (1982) remark risk-taking often associated with the willingness to provide substantial resources to projects where the results are still unclear, and costs may be high. Risk-taking is a willingness to engaging in unknown activities, investing in firms' resources to venture into an uncertain project (Lumpkin & Dess, 1996; Chang & Chen, 1998; Rauch et al., 2009). Brockhaus (1980) defined entrepreneurs as keen to take considered business risks that non-entrepreneurs regarded as higher risk, and there is three-level of risk preferences that could affect an individual's decision to start a business venture.

Study shows that risk-taking and firm performance, there is a positive relationship (Rauch et al., 2009), however, should minimise the level of risk and take action to avoid projects that are too risky to achieve better performance (Kraus et al., 2012). Thus, to find new markets (Khalili et al., 2013), entrepreneurs should have a reasonable and balanced risk (Amin, 2015). In Malaysia, studies in the context of SMEs show a positive relationship between risk-taking and performance

(Zainol, 2013; Kasim, 2016). In this conceptual paper, co-operative should be emphasised the risk-taking element in the activities and business that is to be carried out or the business to be carried out. Co-operatives in Malaysia are more inclined to engage in low to moderate risk activities and businesses. Therefore, co-operatives should have the element of risk-taking and not avoiding risk in business or activities to be involved. For example, co-operative that owns a building should use the building to run high-impact businesses such as running a budget hotel instead of just renting the building. With the element of risk-taking running the budget hotel, it is more rewarding than renting the building, and this will increase co-operative performance.

As discussed above, the previous study revealed that there is a significant relationship between EO dimensions that is innovative, proactive and risk-taking to co-operative performance. The business goals and objectives of the business firm are to maintain and improve the performance as well as the co-operative performance. Nevertheless, what distinguishes co-operatives from other business firms is its guideline that is the CP. Thus, the adoption and adherence to CP as the in co-operative business activities will further enhance co-operative performance. Therefore, this conceptual paper looking into effect co-operative principle practice on co-operative performance. Next, reviews of the effects of CP on co-operative performance for this conceptual framework.

Co-operative Principles (CP)

The strategic purpose and direction of the establishment or existence of a business or non-business firm are expressed through its mission, vision, purpose and objectives. In the context of co-operatives, however, these three strategic goals are based on the principles and values of the co-operatives (Mellor, 2009; Atherton et al., 2012). On the subject, there appears to be that co-operative is a type of organisation owned and controlled by its members, be it users or employees, and formed to meet the common interests and supported by seven principles of co-operative (Dunn, 1988; International Co-operative Alliance, 2015). In Malaysia, under the Co-operative Societies Act 1993, the co-operative sector in Malaysia defined as an organisation registered which aims to promote economic interest among its members which is based on CP (Khan et al., 2016).

The CP has served as guidelines and definitions, co-operation principles and functioning as defined by the International Co-operative Alliance (Goel, 2013). In previous studies, not all the study of CP examining all seven existing CP. There are studies that study only part of the seven principles (Cabaleiro-Casal et al., 2019; Casal et al., 2019) but most of the study, viewed the seven principles in general as one CP (Nilsson, 1996; Novkovic, 2005; Passey, 2005; Somerville, 2007; Novkovic, 2008; Novkovic et al., 2012; Badiru et al., 2016; Guzmán et al., 2019; Kleanthous et al., 2019).

Empirical research on the ICA principles also tends to be confined to agricultural co-operatives, thus lacking a focus on diversity throughout the co-operative. Apparently very little empirical research on the ICA identity statement and the principles has been undertaken (Oczkowski et al., 2013). Also, it is importance for directors of co-operative understand and apply application of the co-operative principles in co-operative activities (Dunn et al., 2002). The Co-operative needs to inculcate a culture that recognizes the importance and benefits of being co-operative and following principles throughout the organisation. This recognition is consistent with the principles of education, training and information, through the need to educate management, employees and members on the “co-operative way” benefits (Oczkowski et al., 2013).

For nearly two centuries, co-operatives have been at the forefront of leading social performance through principles and values and have been regarded as instruments of social change (Kinyuira, 2019). The empirical evidence does reveal that some CP are markedly more deeply embedded in organisational practice in co-operative than others organisational (Passey, 2005). In the application and practice of the CP, co-operative can aspire to extend the co-operative movement as much as possible to society as a whole (Cabaleiro-Casal et al., 2019). The recent review, Guzmán, Santoz and Barrosa (2019) found that in the study on worker co-operatives in the Basque Country (Spain), by practising CP will positive influences business performance in terms of sales and employment growth, and entrepreneurship orientation.

According to Novkovic (2006), respondents in a co-operative study on managers and board members across Canada, and to a lesser extent in the US, found that 93% of respondents believed that CP was important to their co-operative function. Besides, Nilsson (1996) emphasises that the CP is a feature of a co-operative organisation aimed at reducing transaction costs within a co-operative and by reducing costs, co-operatives will indirectly improve co-operative performance. Unfortunately, there are empirical findings also identified problems faced by the participating co-operatives in the study that is difficulties to follow the CP and reduced understanding of co-operatives principles (Alves et al., 2019). Also, previous studies have shown that co-operatives neglect the CP and its importance in co-operative business activities and this causes the co-operative’s performance and not achieving co-operative goals (Novkovic, 2006; Baldacchino et al., 2017; Alves et al., 2019).

The CP are guidelines by which co-operatives put their values into practice (International Co-operative Alliance, 2015). The CP are explained in Table 2 below: -

Table 2: Co-operative Principles (International Co-operative Alliance, 2015)

No	Descriptions
1.	<p>Voluntary and Open Membership Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.</p>
2.	<p>Democratic Member Control Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised democratically.</p>

3.	<p>Member Economic Participation</p> <p>Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.</p>
4.	<p>Autonomy and Independence</p> <p>Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.</p>
5.	<p>Education, Training and Information</p> <p>Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.</p>
6.	<p>Co-operation Among Co-operatives</p> <p>Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.</p>
7.	<p>Concern for Community</p> <p>Co-operatives work for the sustainable development of their communities through policies approved by their members.</p>

From the above discussion with the results of the previous study, the co-operative should consider the practice of CP in co-operative activities and businesses. Co-operatives have advantages and uniqueness over other businesses. Therefore, by applying the principles of co-operatives in activities will give more impact to the performance of co-operatives. By ignoring the CP, the co-operative does not differ from other business organisations in the privileges of the co-operatives. The seven principles of the CP bring the co-operative community closer together and enhance co-operative performance.

CONCEPTUAL FRAMEWORK

Based on the reviewed literature, the following conceptual model developed to explain the relationship between the variables of the study.

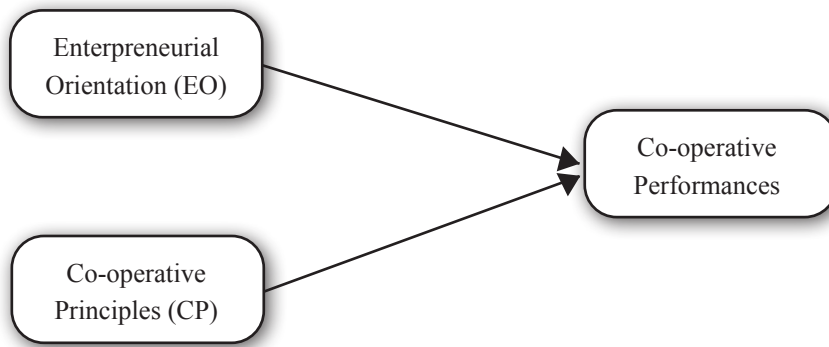


Figure 1: Relationship Entrepreneurial Orientation, Co-operative Principles, and Co-operative Performance

From the framework above, it is therefore likely that such a relationship exists between EO, CP and performance in the context of co-operative. According to Yun, Ina and Umi (2019), co-operative performance is influenced by strategy. It has been argued that the EO strategy has become an important strategy that helps organisations to improve their ability to meet the challenges of a dynamic, chaotic, and uncertain business environment (Covin & Slevin, 1991; Zahra & Covin, 1995; Lumpkin & Dess, 1996) In addition, the CP is also a factor that differentiates the co-operative business from other business firms. Therefore, the construction of EO and CP can further enhance co-operative performance. Based on the above arguments and literature reviewed, therefore the following hypothesis is formulated:

- H1: Entrepreneurial Orientation affects on Co-operative Performance.
- H2: Co-operative Principle (CP) effects on Co-operative Performance

CONCLUSION

The purpose of this conceptual paper is to outline a comprehensive model of EO and CP as conduct in co-operative in Malaysia. In this challenging economic environment, co-operatives are particularly affected by poor business performance. Therefore, co-operatives should develop strategies to improve performance. In the literature, authors made great efforts to explore EO's role in shaping business firm performance. In this case, an applied orientation approach is an entrepreneurial orientation consisting of innovative, proactive and risk-taking elements that can have a positive impact on performance in previous studies in other contexts (D. Arshad et al., 2015; Bakar et al., 2015; Hughes et al., 2017; R. Musa et al., 2017; Zakaria et al., 2017) and even co-operatives (D. Musa et al., 2014). Furthermore, it must adhere to the CP, which is the co-operative's essence and identity, in order to remain relevant and be able to compete and improve co-operative performance. Empirical studies further validate the conceptual framework. Especially it is worth examining how the EO and CP will change and improve Malaysia 's cooperative performance. Testing the CP as mediating role in future study may also be recommended. Thus, if the cooperative's economic and social activities don't ignore the CP, the cooperative 's efficiency in Malaysia may improve. Therefore, to further enhance co-operative efforts, to achieve any government co-operative development plan (Othman et al., 2014) and improve sustainability and increase the performance, co-operative have to make sure that to adhere and practice CP in activities.

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