

ENTREPRENEURSHIP LEVELS OF CO-OPERATIVES IN MALAYSIA

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ABSTRACT

The main purpose of this paper is to study the level of entrepreneurship among co-operatives in Malaysia. Sums of 465 co-operatives throughout the country were interviewed in this study. Respondents were randomly selected proportionally according to the functions namely credit/finance, farming, housing/construction, industrial, consumer, transportation and services. Based on the classification function, the co-operatives stratified by zone; North, South, East, Central, Sabah and Sarawak.

The scope of the study was determined based on the findings of related studies on entrepreneurship, and then modified using feedback from interview sessions held with a focus group, made up of mainly of co-operative board members who were experienced in co-operative matters. The information and data obtained from the co-operatives covered a three-year period (2006-2008) prior to the study year (2009).

Focus group interviews were conducted with senior management members of the co-operatives to obtain the initial input and issues related to co-operative entrepreneurship. Issues raised during the focus group interviews are important to develop a questionnaire that is used as the main instrument for data collection. The questionnaire was tested in two pilot studies. Respondents comprise a member of the co-operative board, secretary, treasurer, manager and assistant manager. The questionnaire was refined after getting feedback from the respondents as a result of the pilot study. Data were collected through face-to-face interview sessions with respondents at their offices. Field surveys were conducted beginning the middle of August 2009 and were completed by the middle of January 2010.

The study classifies the level of entrepreneurship in co-operatives into three levels, namely high, medium and low among the co-operatives in Malaysia. Nine variables were used; direction of organization, innovation, risk-taking, ability to identify and take advantages of opportunity, efficiency managing resources, recognition, internationalization, instilling entrepreneurial culture and management effectiveness. Based on the nine variables, 251 co-operatives (54%) are classified in the low-level entrepreneurship, 188 co-operatives (40.4%) are in the medium entrepreneurship level and 25 co-operatives (5.6%) in the high level entrepreneurship.

A High Level Co-operative Entrepreneurship Model (HLCCEM) has been developed to serve as a guide to all interested parties to build a co-operative that has a high level of entrepreneurship. The attributes of high level co-operative entrepreneurship are also described.

As a result, seven strategies are proposed to improve the level of entrepreneurship in co-operatives. The proposed strategies are based on an appropriate level of entrepreneurship in the co-operatives. These strategies include adopting characteristics of entrepreneurship in co-operatives, improving managerial and technical skills among board members, management and workers, making entrepreneurs among the members of the co-operatives, adding the role of co-operatives as corporate marketers, establishing support systems to improve the performance of co-operatives as organizations with entrepreneurial characteristics, establishing an R&D One Stop Centre for Co-operatives, and promoting internationalization.

keywords: Co-operatives, co-operative management strategies, entrepreneurship level, co-operative model.

INTRODUCTION

Co-operatives are deemed as an important instrument of a country's economic development. The active involvement of a co-operative in business provides much benefit to its members. It provides jobs to the local people, including families of members. For an example, Mondragon co-operative in Spain has been created for their members a good way of life and a high degree of job and social security.

Apart from contributing to GDP, co-operatives in other countries contribute significantly to specific sectors. In Canada, Maple Sugar Co-operative produces 35 per cent of the world's maple syrup output. In Denmark, Consumer Co-operative holds 36.4 per cent of the retail sector. In Finland, the Pallervo group of co-operatives produces 74 per cent of meat, 96 per cent of dairy milk, 50 per cent of eggs, 34 per cent of forest products, and it holds 34.2 per cent of the Finnish Bank's deposits.

In Malaysia, it is reported that there are 6,084 co-operatives (Directory of Registration of Co-operatives, as of December 2008). However, the contribution of the co-operative sector to the country's gross domestic product (GDP) in 2009, at around 1 per cent, was minute relative to the number of registered co-operatives. Co-operatives in Malaysia have not been contributing conspicuously to the other sectors of the economy. Therefore, there is an urgent need to examine the level of productivity and entrepreneurship of the co-operatives. A co-operative is responsible for adopting entrepreneurship in the organization. The adoption of entrepreneurship involves five main processes, viz. identifying opportunities, taking up opportunities, carrying out suitable activities, improving the management system, and reaping the outcome. When the level of entrepreneurship is high, the management system has to be continuously improved to accommodate the associated increase in productivity. This increase in productivity is the result of the co-operative fostering the virtue of entrepreneurship among its members and, in particular, board members. With the right approach and perseverance, the co-operative sector is expected to grow, spurred on by entrepreneurship-related initiatives.

As a first step towards achieving increased productivity, there is a need to carry out a study to determine the status quo of entrepreneurship among local co-operatives.

LITERATURE REVIEW

According to Histrich and Peter (1988), entrepreneurship is a dynamic process of wealth creation by an individual who takes up a high-risk equity, spends time, and is committed to produce goods and services of value. It is a process of creating something new by expending time, effort and financial risk, while giving consideration to the psychological and social aspects of his/her creation. Those who take risk in this entrepreneurship endeavor are invariably rewarded with pecuniary benefit, satisfaction and personal freedom. Kuratko dan Hodgetts (2004) defines entrepreneurship as a process of innovation and creation manifested in four dimensions, namely, individuals,

organizations, environment and processes, and facilitated through a network of government, education and institutions. In the context of Malaysia, Siti Maimon's (1998) study on a group of 58 women in Sabah found that these entrepreneurs learned from experience and were highly committed and confident, highly self-motivated, very hard-working, highly competitive, firm, full of energy, high achievers, risk takers and were capable of initiating actions.

A definition of co-operative, which had been accepted internationally and was approved in Manchester in 1995, stated thus: "Co-operative is an independent organization of people whose members do things voluntarily, but with shared aspirations to gain mutual benefit in the field of economy and socio-culture through an organization that is collectively owned and run based on democratic principles" (24 September 1995: Manchester, UK). Thus, a co-operative is a pioneer and a creator of ideas on how to improve the socio-economy of its members, and at the same time, serves as a model in the field of management, bearing the motto "one for all and all for one".

By and large the entrepreneurial activities of co-operatives are socially driven, although economic and profit motives are also important for the organisations. First in foremost, co-operatives seek to provide welfare for their members, and in doing so, provide products and services to members and the society in general efficiently and at reasonable cost. The role of co-operatives is to first identify and provide for the social needs of members in areas such as medicine, infrastructure and food, and subsequently develop the local economy by establishing new industry, thereby creating employment and generating revenue.

Although entrepreneurship is generally associated with wealth creation for the entrepreneurs themselves and those involved in the related economic activities, the society as a whole also benefits from their initiatives because they pay taxes to the government. The benefit to society from entrepreneurship is well acknowledged in the literature (Venkataraman, 1977). Moreover, entrepreneurship is a part of social welfare in which it enhances social economy by creating new market, industry, technology, institution and employment opportunities, and improves productivity (Haugh & Pardy, 1999). Thus, it is very important to understand the role of entrepreneurship in co-operatives today from the perspective of the socio-economic benefit to the organisations, where the stakeholders are looking at profitability. It is no wonder that co-operatives are associated with social entrepreneurship. Entrepreneurial activities do not only exist in individually-owned companies, but also in co-operative movement. In fact, a co-operative needs to have high entrepreneurship qualities in order to achieve the socio-economic targets if its formation. As co-operatives are closely associated

with social entrepreneurship, there is a need to develop a model on the development of co-operative movement.

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. A co-operative also can be considered as an entity of social entrepreneurship because co-operative is essentially a business entity with social underpinning, drawing capital internally and from outside sources to enable it to compete in the market place. The source of funding being what it is, a co-operatives investment portfolio spreads over a network of socially driven activities. The system of delivering products and services to members is unique, and is different from that used in a normal business. It is unique in that co-operatives are vertically integrated in structure, made up of primary co-operatives, intermediate co-operatives and apex co-operatives. Apart from having to produce social and economic output in quantities and quality, the performance of a co-operative is also measured in terms of its impact on the environment. Thus, social entrepreneurship in co-operatives seeks to narrow social and economic gaps. Ideally, a co-operative must be able to meet the need of its stakeholders, market demand and the well-being of society. The end-result of this would be a social change for members and an improvement in the livelihood of the population in general.

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local change makers - a role model proving that citizens who channel their passion into action can do almost anything.

There is a dearth of studies on entrepreneurship among co-operatives in Malaysia. The few studies on entrepreneurship that are available currently place emphasis on the demographic and entrepreneurship characteristics of would be entrepreneurs. Among other things, these studies look at the entrepreneurship potentials of students both at the secondary and tertiary levels. Other studies on local co-operatives emphasize on the

historical development of these organizations, its governance, financial performance, training of members, and co-operative regulation and by-laws. Nevertheless, there are studies on successful overseas co-operatives that could serve as models for local co-operatives.

One of the few studies on entrepreneurship of local co-operatives was carried out by a research team from Maktab Kerjasama Malaysia, comprising Raja Maimon Raja Yusof, Sushila Devi, Jamilah Din, Nurizah Noordin and Noraesyah Saari (2002). The study is about entrepreneurship qualities and management practices among managers of co-operatives. It made a comparison between successful and less successful co-operatives from socio-economic viewpoint. The study used a stratified random sample of 300 managers from various co-operatives, excluding school co-operatives. The sample size amounted to 12 percent of the 2,514 co-operatives nation-wide. The study analysed the perception of managers on 19 qualities that they must have in order to make a co-operative successful and perform excellently. Several qualities were perceived by the respondents to be highly important, each scoring 95 per cent or more. These are integrity, reliability, willingness to shoulder responsibility, success-inducing quality, ability to form action group, and inclination towards excellence. On the other hand, risk-taking, vision and ability to be independent are qualities of entrepreneurship that the respondents do not consider highly, with scores below 73 percent. Meanwhile, the other qualities associated with entrepreneurship were perceived to be somewhere in between in importance, with scores of 77-84 percent. These are desire for success, hardworking, ability to lead/teach, acumen about money, versatile and knowledgeable, ability to predict, reward seeking and optimistic. Nevertheless, the said study did not attempt to measure the level of entrepreneurship of the co-operatives per se. Moreover, the entrepreneurship qualities of the managers may not necessarily manifest in the level of entrepreneurship of the co-operatives they are representing. Consequently, there is an urgent need for a study on the actual level of entrepreneurship among co-operatives.

METHODOLOGY

The framework adopted for this exploratory study was structured based on the literature reviews and related researches. The framework defines the measures of characteristic of entrepreneurs, and outlines the main area that the study proposed to investigate.

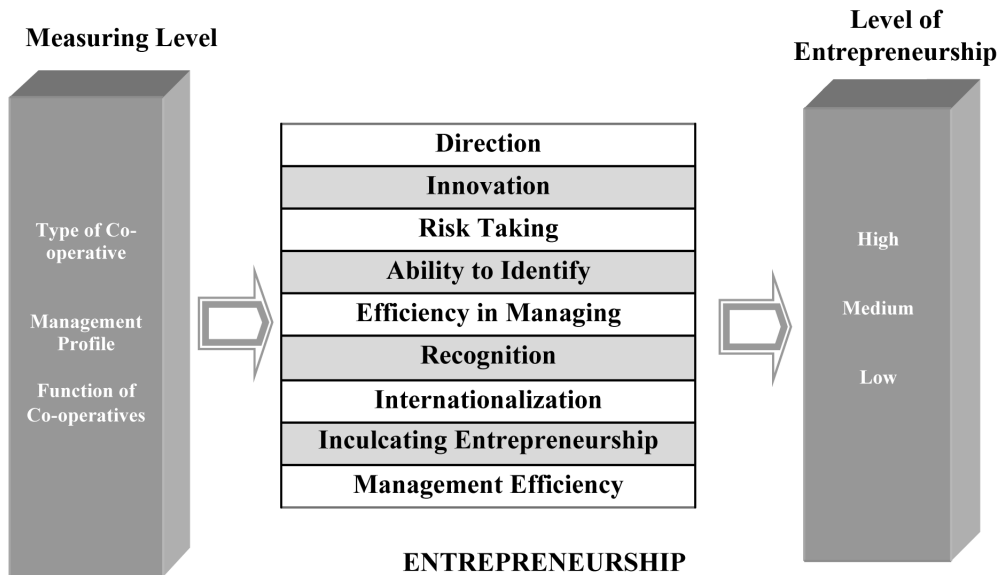


Figure 1: Research Framework

The research framework helps to explain concisely the overall process involved in the research. The study seeks to categorize co-operatives according to the prevailing level of entrepreneurship, viz. high, medium and low. The determination of level of entrepreneurship is based on nine variables, identified and analyzed in detail, using specific measurement for each sub-sample. These variables are direction, innovation, risk taking, ability to identify opportunities, efficiency in managing resources, recognition scheme, internationalization, adoption of entrepreneurship culture, and management effectiveness. The word ‘adoption’ here is interchangeably used in this study with ‘fostering’, ‘internalizing’, and, where appropriate, ‘encouraging’, without losing the real meaning for which it is intended.

Primary data for this study is collected in five stages:

- i. At the preliminary stage, interviews with focus group made up of senior management members of the co-operatives were carried out. There were 13 co-operative board members, three secretaries and one treasurer interviewed, representing co-operatives from the various sectors: credit/finance,

plantation, housing/construction, industrial/manufacturing, consumer goods, transportation and services.

- ii. A survey questionnaire was designed by taking into account of feedback on the various issues related to entrepreneurship obtained from the focus group. This questionnaire was then tested via two pilot surveys to ensure that the respondents would be able to provide the information needed to accomplish the objectives of the study
- iii. The two pilot surveys involved 28 co-operatives around Klang Valley, and were deemed sufficient for the purpose. The respondents were also encouraged to suggest recommendations on how to improve the questions to enhance the validity and reliability of the information provided by respondents during the field survey proper later.
- iv. Data collection was by way of face-to-face interview of respondents using a survey questionnaire booklet. The questionnaire is divided into two parts. Part A covers demographic profile of both the co-operatives and respondents representing them. Part B, covering information related to the objectives of the study proper, is divided into nine sections.
- v. A team of enumerators were employed to personally meet the respondents at their respective co-operatives. The questionnaire for the study was then distributed, briefed, checked for completion and collected on the same day.

Data analysis was carried out to obtain the descriptive statistics, relevant two-way tables and inference statistics to accomplish the objective of the study. In order to select the most appropriate statistical tools to use, a normality test was performed on the data set using the One-Sample Kolmogorov-Smirnov Test.

The level of entrepreneurship of the co-operatives under study was gauged based on nine variables (elements of entrepreneurship) which were weighted (0 to 1) according to its contribution (importance) towards entrepreneurship. Each sub-variable (element of a variable) was also given a value based on its importance to entrepreneurship, and the summation of these values would indicate whether a co-operative belongs to the low-level, medium-level or high-level entrepreneurship group.

FINDINGS AND DISCUSSION

PROFILE OF RESPONDENTS/CO-OPERATIVES

Table 1 below shows that slightly more than half (53%) of the co-operatives were 5-18 years old, being set up between 1981 and 2004. This is followed by those that were 19 – 24 years old (30.4%). These co-operatives were established between 1957 and 1980. In addition, there were 55 co-operatives that were established after independence, representing 12 per cent of the total sample. There were co-operatives that were less than 5 years old, but these accounted for the smallest proportion (24 or 5%).

Each state was represented in the sample. Three states recorded the most number of co-operatives in the sample. These are Sabah, Pahang and Johor, which collectively accounted for 34 per cent of the total sample (156 co-operatives). Meanwhile, three states, namely, Kelantan, Melaka and Perlis collectively contributed the fewest representatives to the sample, with a total of 43 co-operatives (about 9%). Other states had a combined representative co-operatives numbering somewhere between those of the above two groups of states. In general, the number of co-operatives in the sample is representative of the actual population of co-operatives in all the states in Malaysia. That is, a state with a large population of co-operatives had a proportionately large number of representatives in the sample, and vice versa.

More than half (59.4%) of the sample co-operatives had less than 500 members each. The next largest group or sub-sample had more than 1,000 members each. Those sample co-operatives having 500 – 1000 members accounted for only 4.2 per cent of the sample.

The number of board members varies between co-operatives, but the majority (384 co-operatives or 82%) have between 6 and 12 members. Those with more than 12 board members each amount to 52 (11.2%). Less than 2 per cent of the sample co-operatives have less than 6 board members. In terms of shares, the majority of the co-operatives (250 or 77%) have shares amounting to RM1 million each. This is followed by those with shares of RM1-10 million each. Thus, the majority of the co-operatives in the sample are small-sized co-operatives.

That the co-operatives are mostly small in size is also reflected in the minimum amount of share that must be held by each member. In this context, the majority of the

co-operatives (344 or 74%) set the minimum share to only RM100 and less; 21.9 per cent RM100 - RM500; and only 4.1 per cent set the minimum share at RM500 - RM1000 each.

A total of 337 co-operatives (72.5%) had asset less than RM1 million each; 96 co-operatives (20.6%) had asset of RM1-10 million; and 32 co-operatives (6.9%) had asset of more than RM10 million each.

The co-operatives used several accounting software: 19.9% UBS, 14.4% EXCEL, 0.5% SAP, and 0.5% D-Base. Moreover, almost half (48.3%) did not use any specific accounting software, while 14.4 percent of the sample co-operatives used other accounting software other than those listed above.

Item	Description	No. of Co-operatives	Percent of Sample
Year formed/ Age	Before independence/more than 42 years	55	11.9
	1957-1980/19 -42 yaers	141	30.4
	1981-2004/5-18 years	244	52.6
	After 2004/less than 5 years	24	5.2
	Total	464	100
State	Federal territory	29	6.2
	Selangor	33	7.1
	Perak	50	10.8
	Melaka	11	2.4
	Negeri Sembilan	41	8.8
	Johor	52	11.2
	Pahang	53	11.4
	Terengganu	25	5.4
	Kelantan	17	3.7
	Kedah	28	6.0
	Perlis	15	3.2
	Pulau Pinang	30	6.5
	Sabah	54	11.6
	Sarawak	27	5.8
Total	465	100	
Membership number	< 500	276	59.4
	501-1000	66	14.2
	>1,000	123	26.5
	Total	465	100

Board members	< 6	8	1.7
	6-12	384	82.4
	>12	52	11.2
	Total	443	100
Total shares	< RM 1 million	250	77.2
	RM1- RM10 million	56	17.3
	> 10 million	18	5.5
	Total	324	100
Minimum shares	≤ RM100	344	74
	RM101-RM500	102	21.9
	RM501 –RM1000	19	4.1
	Total	465	100
Total asset	< RM 1 million	337	72.5
	RM1million –RM10million	96	20.6
	>RM10 million	32	6.9
	Total	465	100
Accounting System	UBS	76	19.9
	SAP	2	0.5
	Excel	55	14.4
	D-Base	2	0.5
	Manual	184	48.3
	Other systems	55	14.4
	Total	374	100

LEVEL OF CO-OPERATIVES ENTREPRENEURSHIP IN MALAYSIA

On the whole of total 465 co-operatives, more than half of the co-operatives (251 or 54%) are categorized as low entrepreneurship co-operatives; 188 co-operatives (40.4%) as medium entrepreneurship; and only 25 co-operatives (5.6%) as high co-operatives entrepreneurship.

There are three levels of entrepreneurship, namely, low, medium and high. Co-operatives with evaluation score (weighted value) of less than 0.4 are grouped under low entrepreneurship category; those with a score of 0.4-0.6 are classified under medium entrepreneurship category; and those with a score of more than 0.6 are grouped under high entrepreneurship category. The mean score for the whole sample is 0.4.

Table 2: Level of entrepreneurship among co-operatives

Level of Entrepreneurship	Index (Score)	No of Co-operatives	% of Sample
Low Entrepreneurship	<0.4	251	54.0
Medium Entrepreneurship	0.4 – 0.6	188	40.4
High Entrepreneurship	>0.6	25	5.6
All levels		465	100.0

Generally, the level of entrepreneurship in local co-operatives is not that high, although about 40 per cent are under the medium level entrepreneurship group. Nevertheless, there is a good side in this finding in that those co-operatives in the medium-level entrepreneurship category have the potential to improve significantly, if they increase their entrepreneurial activities. The effort to improve the level of entrepreneurship has to be extended to the low entrepreneurship co-operatives as well. In the case of those already categorized as high entrepreneurship co-operatives, they need to strengthen their overall entrepreneurial activities by taking into consideration the strengths and weaknesses of each of the nine elements (variables) of entrepreneurship.

Level of Entrepreneurship in Co-operative

Table 3: Variable Score by Level of Entrepreneurship

Variable	Entrepreneurship Level		
	High (n=25)	Medium (n=188)	Low (n=251)
Innovation	***	**	*
Direction	**	**	*
Risk Taking	**	*	*
Ability to Identify Opportunities	***	**	*
Efficiency in Managing Resources	***	**	*
Recognition	**	*	*
Internationalisation	*	*	*
Adoption of Entrepreneurship Culture	***	**	*
Management Effectiveness	***	***	***

* low level ** medium level *** high level

Table 3 shows the level of entrepreneurship currently prevailing in the co-operatives by entrepreneurship variables (elements). It can be seen that among the low entrepreneurship co-operatives, the scores are low for all the variables, except for management effectiveness, where the score is high. In the case of co-operatives with medium level entrepreneurship, the scores are medium for innovation, direction, ability to identify opportunities, efficiency in managing resources, and adoption (internalisation) of entrepreneurship culture; low for risk taking, recognition and internationalisation; but is high for management effectiveness. In regards to the co-operatives with high entrepreneurship, the scores are high for innovation, ability to identify opportunities, efficiency in managing resources, adoption of entrepreneurship culture and management effectiveness; are medium for direction, risk taking and recognition; and is low for internationalisation. Thus, the score for the variable 'internationalisation' is low and that for management effectiveness is high regardless of whether a co-operative belongs to the low, medium or high entrepreneurship group.

Typology of Co-operatives' Entrepreneurship

i. Low Level Entrepreneurship

Based on the research finding, there are some characteristics of low level entrepreneurship as table 4:

Table 4: characteristic of low level entrepreneurship

Attribute	Characteristic
Innovation	<ul style="list-style-type: none"> • Never introduce new products or services • low in initiatives of R&D
Direction	<ul style="list-style-type: none"> • Mission and Vision are not clearly defined • Objectives for each activities are not clearly identify- no SMART objective
Risk taking	<ul style="list-style-type: none"> • Co-operative stick to the traditional activities (credit) • Excess income only deposited into fixed deposit
Identify and take advantage of opportunities	<ul style="list-style-type: none"> • Minimal involvement for changes in the surrounding environment generate business opportunities for co-operatives
Managing resources	<ul style="list-style-type: none"> • Unable to secure high return on asset, • Poor system in Human Resource Management
Recognition	<ul style="list-style-type: none"> • Not received any awards/ recognition from any party
Internationalisation	<ul style="list-style-type: none"> • Never did any business in overseas
Fostering entrepreneurship culture	<ul style="list-style-type: none"> • co-operative did not provide business opportunities to members • co-operative never involved with entrepreneurship programmes organized by the Ministry and other agencies
Management effectiveness	<ul style="list-style-type: none"> • Low in established effective internal communication system • did not developed flexible organizational structure • Each unit/department in the co-operative are not well-defined and clear-cut function and responsibility consistent with its formation

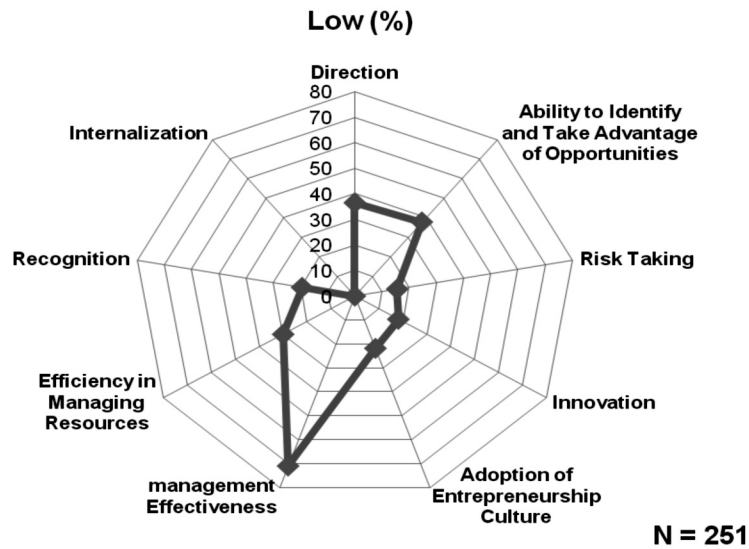


Figure 2: Low Level Entrepreneurship

Figure 2 presents the average scores of each variable for the co-operatives with low level of entrepreneurship. It can be seen that although these co-operatives generally have a low level of entrepreneurship, there are variables that score highly. Take the case of management effectiveness. It has a score of 70.8 percent. The result also shows that the average score for the variable internationalization is zero, meaning that none of the co-operatives in this group was involved in activities having to do with internationalization at all. For the other variables, the scores are fairly similar, ranging from 15 per cent to 38 percent.

ii. Medium Level Entrepreneurship

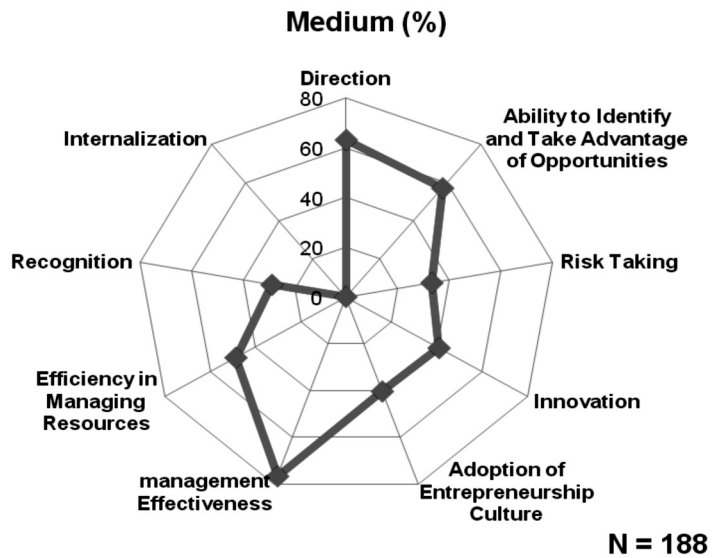


Figure 3: Medium Level Entrepreneurship

Figure 3 presents the average scores of each variable for co-operatives with medium level entrepreneurship. The highest average score in this category of co-operatives is for management effectiveness (76.4%), followed by that of direction (63.1%), while internationalisation has the lowest score, which is a minute 0.2 percent. The other variables have scores ranging from 33 percent to 57 percent.

iii. High Level Entrepreneurship

Table 5 shows the characteristic of high level entrepreneurship based on the research findings.

Table 5: Characteristic of High Level Entrepreneurship

Attribute	Characteristic
Innovation	<ul style="list-style-type: none"> • Innovative • have gone further beyond ideas to actual creation of products and services
Direction	<ul style="list-style-type: none"> • Clearly defined • challenging and put into writing
Risk taking	<ul style="list-style-type: none"> • Investing in risky ventures • using outside financing • having project evaluation system, investment portfolio
Identify and take advantage of opportunities	<ul style="list-style-type: none"> • Having a mechanism for identifying opportunities and making it happen, provide resources.
Managing resources	<ul style="list-style-type: none"> • Able to secure high return on asset • having a means to manage manpower effectively
Recognition	<ul style="list-style-type: none"> • recognition from own members • Have received recognition from certified local and international organisation
Internationalisation	<ul style="list-style-type: none"> • Have gone overseas in operation and business
Fostering entrepreneurship culture	<ul style="list-style-type: none"> • Providing business opportunities to members, financing, training and continuous improvement.
Management effectiveness	<ul style="list-style-type: none"> • Providing SOP • having access to the right manpower • using management information system to make decision • having established effective internal communication system • having developed flexible organisational structure

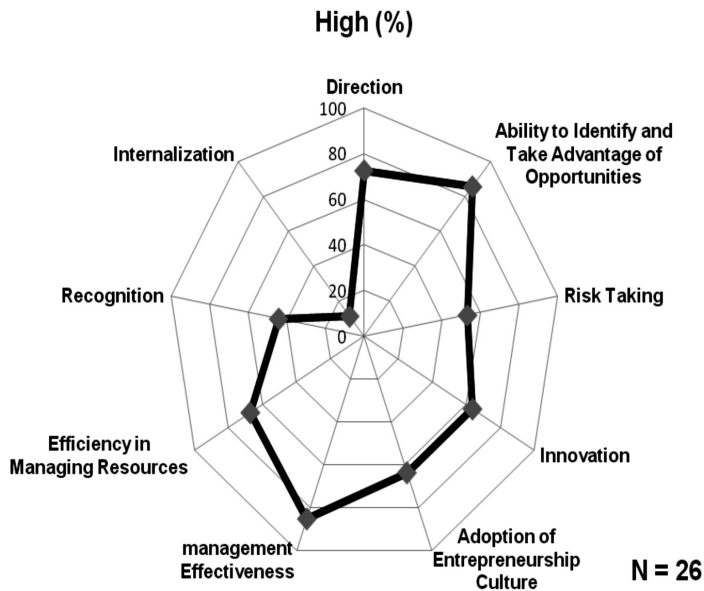


Figure 4: High Level Entrepreneurship

Figure 4 presents the average scores of each variable for co-operatives with high level entrepreneurship. It can be seen that, except for recognition and risk-taking, all the other variables have scores of at least 60 per cent. The variable with the highest score (85.5%) is ability to identify opportunities. This is followed by management effectiveness (85%), direction (72.5%), efficiency in managing resources (66.7%), and innovation and adoption of entrepreneurship culture (63.5% each). In the case of risk-taking and recognition, the former has a score of 53.2 percent, and the latter, 44 percent.

iv. Comparison of Variable Scores between Different Entrepreneurship Groups

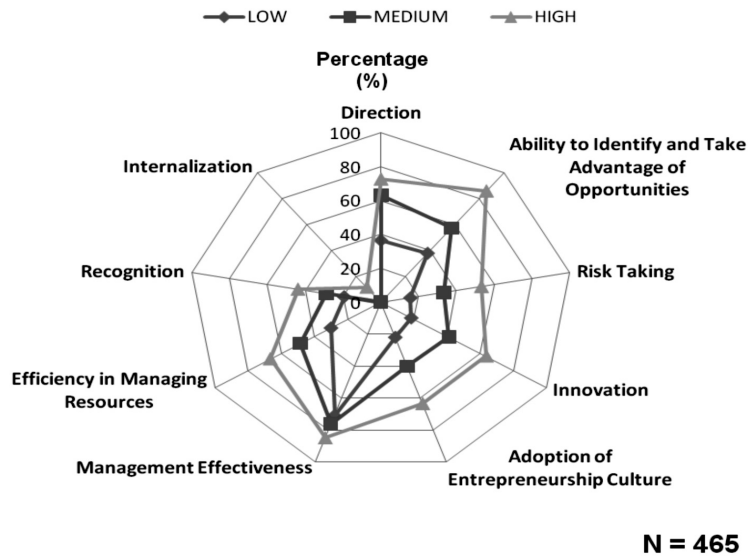


Figure 5: High Level Entrepreneurship

Figure 5 shows the average scores of all the variables for the three groups of co-operatives displayed on the same cobweb diagram. It is apparent that the relative importance of each variable, or the ranking of the nine variables with one another, within a group is almost the same across the groups. The only difference is that the percentage score of each variable increases with the level of entrepreneurship. That is, the scores of the nine variables for the high entrepreneurship co-operatives are higher than those of medium entrepreneurship co-operatives, while the scores of the nine variable for the medium entrepreneurship co-operatives are higher than those of the low entrepreneurship co-operatives.

For internationalisation, the average scores are the lowest in all the three groups, ranging from 0 per cent to 11.5 per cent. There is no significant difference in the average scores between the three groups as a whole, but there is some difference between medium and high entrepreneurship co-operatives.

HIGH LEVEL CO-OPERATIVE ENTREPRENEURSHIP MODEL (HLCEM)

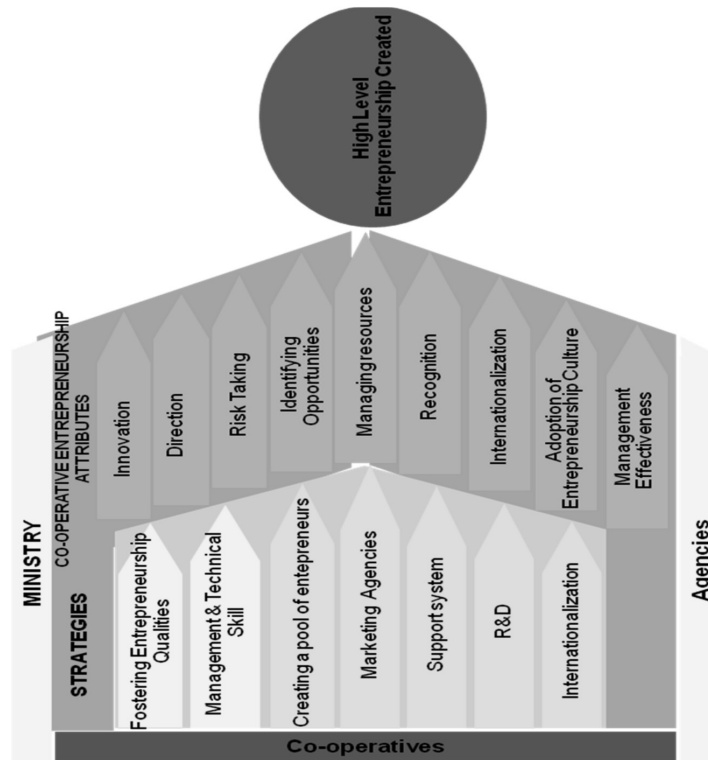


Figure 6: A High Level Co-operative Entrepreneurship Model (HLCEM)

Figure 6 illustrates a model developed by this study to raise the level of entrepreneurship of co-operatives. This model is created based on seven strategies that incorporate nine attributes of entrepreneurship. The two indicators represent two principle strategies, while the others represent complementing strategies, which collectively act to enhance the performance of the nine attributes of entrepreneurship. This model is called ‘High Level Entrepreneurship Co-operative Model’.

The scores of the nine variables (attributes) for all the three categories of co-operatives as well as the results of correlation analysis indicate that each attribute is important for the co-operatives to become dynamic and achieve high level of entrepreneurship. Strategies that have been consolidated are deemed capable of shifting the value of the nine attributes upward, thereby raising the level of entrepreneurship of the co-operatives.

This co-operative development model reflects the effort of the co-operative movement in seeking to achieve a high level of entrepreneurship by incorporating the nine entrepreneurial attributes in the seven strategies of development. As an analogy, this model depicts the path of an entrepreneur pursuing his/her objective. It also depicts a structure which draws its strength from the entrepreneurial attributes that it is endowed with. In order to successfully implement this model of co-operative development, it is imperative that the Ministry and supporting agencies play their roles accordingly.

In principle, a co-operative is a self-help organization that should not necessarily depend fully on supporting agencies to carry out its activities. To be independent, co-operatives need to move away from the present practice and tradition to a position where they continuously seek to improve their performance from time to time. For this to happen, the stakeholders and members must be fully committed in their roles. Each member or individual involved must carry out his/her responsibility according to the by-laws binding the co-operatives.

There are seven strategies designed to raise the current level of entrepreneurship of the co-operative movement in Malaysia. With the exception a few, most of these strategies are deemed to be suitable for the low, medium and high entrepreneurship co-operatives, and these are as follows:

- i. Fostering attributes of entrepreneurship in co-operatives
- ii. Improving management and technical skills of board members, administrative staff and workers
- iii. Creating a pool of entrepreneurs from among co-operative members
- iv. Establishing co-operatives as marketing agencies
- v. Establishing support system to enhance the performance of co-operatives based on entrepreneurship
- vi. Establishing one-stop R&D Centre for co-operatives
- vii. Encouraging co-operatives to go international with their activities

CONCLUSION

The study has successfully identified three levels of entrepreneurship in co-operatives, namely, low, medium and high. It is suggested that effort be expanded to raise the level of entrepreneurship from low and medium to high, using several specific strategies. However, there are activities in these strategies that are not suitable for

co-operatives with low entrepreneurship. Examples of these activities are those related to internationalization, creation of entrepreneurs from among members, transforming co-operatives into marketing agencies, and research and development. These activities are earmarked only for medium and high entrepreneurship co-operatives. Nevertheless, all the strategies that were designed to raise level of entrepreneurship from the status quo must be implemented with full commitment from board members and top management, and with support from other agencies involved in the development of co-operatives. Several future studies are suggested with the following emphases: level of entrepreneurship of the best 100 co-operatives, internationalization, risk taking and transformation of leadership. Also suggested is the incorporation of both quantitative and qualitative techniques in the research methodology.

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AUTHOR'S BACKGROUND

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