

MAPPING: KEY FIGURES NATIONAL REPORT: MALAYSIA

ICA-EU PARTNERSHIP



Table of Contents

I.	INTRODUCTION AND CONTEXT.....	3
I.	HISTORICAL BACKGROUND	3
II.	PUBLIC NATIONAL STATISTICS	5
III.	RESEARCH METHODOLOGY	5
II.	KEY FIGURES.....	6
I.	ICA MEMBER DATA	7
II.	GENERAL OVERVIEW	7
III.	SECTOR OVERVIEW	8
III.	GRAPHS	9
I.	PERCENTAGE OF COOPERATIVES PER SECTOR.....	9
IV.	ANNEXES.....	10

Malaysia- Key Figures National Report

I. Introduction and context

This report is part of a global mapping exercise launched by the International Cooperative Alliance (ICA) and its regional offices within a partnership signed with the European Commission for the period 2016-2020, which aims to strengthen the cooperative movement and its capacity to promote international development. Other research projects include a worldwide legal frameworks analysis, and several thematic researches on themes of significance for cooperatives.

Responding to challenges and existing knowledge gaps facing the cooperative movement, this research provides exhaustive information on cooperatives worldwide. This has been achieved by collecting the input of ICA members through an online questionnaire, and completing it with relevant national statistics, in order to obtain an accurate picture of the national situation. Mapping out cooperatives in each country provides a more precise picture of the cooperative context at national and regional levels, enhances the movement's visibility, networking, partnerships, opportunities, as well as advocacy, and empowers cooperators by providing them tools for positive change.

Within this framework, the present report showcases information about the cooperative landscape in Malaysia.

i. Historical background

The cooperative movement in Malaysia had its roots in addressing the problem of indebtedness in rural areas in the early twentieth century. Over time, they have become an important pillar in advancing economic growth in Malaysia. The government sees cooperatives as a crucial vehicle, along with the public and private sector, to drive and boost economic development and growth.

Cooperatives in Malaysia were introduced by the British government in 1907 to combat the problem of chronic rural indebtedness and deficit spending among wage-earners in places of employment. In 1922, the Department of Co-operative Development (DCD) was established to promote the growth of cooperatives and ensure that cooperatives operate as per the Co-operatives Societies Act of 1922. The first cooperative- The Postal and Telecommunications Co-operative Thrift and Loan Society Ltd. was established in 1922; by 1957 there were 2,243 cooperatives in different sectors.

Post-independence in 1957, the cooperative movement in Malaysia became strong and active through the consolidation and rationalisation programme undertaken by the DCD and the Bank Rakyat. By 1966, the need for interlinked markets prompted policies that encouraged existing and new cooperatives to develop into multi-purpose cooperatives. In 1966, the first

Malaysian Co-operative Congress was convened with the aim to establish a national cooperative union to unite all cooperatives. In 1971, the second Malaysian Co-operative Congress approved the establishment of ANGKASA as the national cooperative union. Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) or the Malaysian National Cooperative Movement is the apex organisation, representing Malaysia's cooperatives nationally and internationally. In 1972, the Farmers Organisation Authority (FOA) was established to amalgamate agro-based cooperatives and the farmers' association into one organisation. As a result, over 1,550 agro-based cooperatives were placed under the supervision of FOA.

In 1982, the New Co-operative Era was initiated by the Ministry of National and Rural Development (Ministry in charge of cooperatives) to activate, streamline and prepare the cooperatives for more dynamic and effective roles in the economic development of the country and in poverty alleviation programmes. New cooperatives such as the district development cooperatives, the cottage industry cooperatives, the village development cooperatives, and the workers investment cooperatives were initiated by the government. In 1986, the cooperative movement suffered a dark period when the government froze the assets of 24 deposit-taking cooperatives due to plunge in their assets, mismanagement and corruption.

In 1990s, the DCD was placed under the Ministry of Land and Co-operative Development which emphasized on creating more workers investment cooperatives in factories and private companies. The first half of 1990s witnessed a positive growth in the movement, from 2.57% during the Asian Financial crisis to 3.1% a year.

In 2004, the first National Cooperative Policy (2002-2010) was launched to enable the cooperative movement to play an active role in national development along with public and private sectors. All cooperatives were placed under the Ministry of Entrepreneur and Co-operative Development (MeCD) with DCD as the sole authority. From 2005-2009, the cooperative movement registered a positive growth as the number of cooperatives increased at an average rate of 9%. By 2009, there were 7,215 cooperatives with 6.78 million members. In 2008, the DCD was incorporated as MCSC and was placed under the Ministry of Domestic Trade, Co-operatives and Consumerism.

The second National Cooperative Policy (2011-2020) is a continuation of the previous policy with five strategic thrust areas: (1) stimulate participation of cooperatives in high value economic sectors (2) strengthen the capacity and capability of cooperatives (3) create and develop the capability of human capital in cooperatives (4) improve public confidence in the cooperative movement (5) strengthen cooperatives through effective supervision and enforcement. In 2013, the second National Cooperative policy was integrated with the Malaysian Economic Transformation Programme. ANGKASA is working to strengthen cooperatives across different sectors and to increase their contribution to the national Gross Domestic Product.

In 2017, Malaysia's UN Voluntary National Review Report to the High-Level Political Forum recognised the role of cooperatives in enhancing food security (Sustainable Development Goal 2). In 2019, cooperatives were placed under the Ministry of Entrepreneur Development.

ii. Public national statistics

Public national statistics on cooperatives in Malaysia have been taken from the Malaysia Co-operative Statistics report published by the Malaysia Co-operative Societies Commission for the year 2019.

NUMBER OF COOPERATIVES

In 2019, there were 14,417 cooperatives.

NUMBER OF MEMBERS

In 2019, there were 6,046,031 members in 14,417 cooperatives.

PRODUCTION VALUE

In 2019, the annual turnover of cooperatives was approximately EUR 5.38 billion¹ (MYR 24.65 billion).

iii. Research methodology

The aim of the mapping research is to collect and make publicly available reliable and up-to-date data to understand what the cooperative movement represents in the targeted country. With this view, the data detailed in the present report has been collected using the methodology detailed below.

The methodological tools include a questionnaire used to collect the data, which was distributed online to the members, as well as a methodological note provided for further guidance. They were built jointly with all ICA regional offices with the support of external experts from the European Research Institute on Cooperative and Social Enterprises (Euricse) and are applied in a harmonised way in all the target countries.

The classifications used in the research are consistent with the internal system used within the ICA movement (e.g. on membership status and types of cooperative organisations) and with standards increasingly adopted in recent studies and by international organisations like the ILO – e.g. using international classifications of economic activities such as the International Standard Industrial Classification (ISIC) rev. 4, which ensures the comparability of statistics both nationally and internationally, as well as with statistics on other forms of enterprises.

Regarding the target organisations, considering that a worldwide survey has very challenging goals, and while the value of directly collecting data from non-member cooperatives must be recognised, the present Mapping exercise targets cooperative organisations members of the ICA.

¹ This amount was calculated based on the annual average rate (as per 1st April 2019) between the two currencies, using the currency converter InforEuro:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro

Furthermore, in order to complete the ICA members' data, the decision was taken to also look at external sources, to provide additional and more exhaustive cooperative statistics for the country. As a result, the data is collected following two strategies contemporaneously: 1) collecting statistics already available in the country; 2) carrying out a survey targeting ICA cooperative members.

The Mapping report for Malaysia was prepared using information available in the Malaysia Co-operative Statistics report published by the Malaysia Co-operative Societies Commission, Country Snapshot on Cooperatives in Malaysia developed by ICA Asia and Pacific in 2019 and information on members through their websites, country presentations and reports available with ICA Asia and Pacific.

II. Key figures

Malaysia has three ICA member organisations:

1. Angkatan Koperasi Kebangsaan Malaysia Berhad (ANGKASA) or the Malaysian National Cooperative Movement

Established in 1971, ANGKASA is the apex organisation representing Malaysia's cooperatives nationally and internationally. As the apex organisation for cooperatives, ANGKASA plays an important role in guiding the cooperative movement in Malaysia, with the following objectives: unify Malaysian cooperatives and champion the aspirations and rights of the movement; represent the cooperative movement at national and international level; propagate cooperative concepts and principles amongst cooperators and Malaysians in general through educational programmes; and assist the development of member cooperatives. It is a member of the ASEAN Cooperative Organization (ACO) and became a member of the ICA in 1972.

2. National Land Finance Cooperative Society Ltd.

Established in 1960, National Land Finance Cooperative Society (NLFCS) is a multipurpose cooperative and owns rubber, oil, coconut plantations in Malaysia. The members of NLFCS comprise of estate workers, students and professionals. NLFCS has implemented numerous benefit schemes for its members with the objectives to improve the education level of its members' children; increase ownership of house for members; promote small scale entrepreneurs; and provide financial aid to members. Realising that it cannot solely depend on plantation sector (owning and operating plantations) which is subject to fluctuating commodity prices, NLFCS has moved on to strengthen its base by diversifying into: property development; manufacturing; trading and retail business for both domestic and export markets; and health and medical services. As a result of its investment in risk-averse ventures, NLFCS has been able to build a large asset base while at the same time, ensuring that its members gained from its investment schemes. It became a member of the ICA in 1979.

3. Cooperative Institute of Malaysia

Established in 1956, the Cooperative Institute of Malaysia (CIM, earlier known as Cooperative College of Malaysia) conducts training to upgrade the quality of management and administration as well as to enhance the level of professionalism of board members, staff and members of cooperative societies and relevant government officers supervising cooperative societies. With the aim to enhance human capital development, CIM introduced a diploma course in cooperative management in 1991, later expanding its education portfolio to include courses in auditing and a long-distance certificate course in cooperative management. CIM offers more than seventy short and long-term training programs for national and international students. CIM is actively training cooperators from Africa and Asia-Pacific under the Malaysia Technical Cooperation Program. Its international collaborations include partnerships with IDACA (Japan), NETC (Vietnam) and VAMNICOM (India). It became a member of the ICA in 2003.

i. ICA member data

The data on ICA membership in this section was collected from the Country Snapshot on Cooperatives in Malaysia, members' website and information on members in country presentations and reports available with ICA Asia and Pacific.

ii. General overview

The present section provides an overview of data from two ICA members in Malaysia. With regards to the share capital, turnover and assets, the amount is provided both in Malaysian Ringgit (MYR) and in the equivalent amount in EUR.

Category	ANGKASA	NLFCS
Year	2019	2020
Number of cooperative memberships	14,417	-
Number of individual memberships	6,046,031	49,682
Share capital	-	EUR 22.8 million ² (MYR 109 million)

Table 1: Cooperative statistics representing ICA membership in Malaysia

In 2019, there were 249 women's cooperatives with 18,981 members.

² This amount was calculated based on the annual average rate (as per 1st April 2020) between the two currencies, using the currency converter InforEuro:
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro

The annual turnover of 14,417 cooperatives was EUR 5.38 billion³ (MYR 24.65 billion) and EUR 31.37 billion⁴ (MYR 143.7 billion) was held in assets by cooperatives.

iii. Sector overview

The sectors used below correspond to the categories used in the ISIC rev. 4. to classify the economic activities carried out by the organisations concerned.

Cooperatives in Malaysia are present in diverse sectors including consumer, services, agricultural, credit, transportation, industrial, housing, construction and banking.

Sectors	Number of cooperatives (2019)
Consumer	5,429
Services	3,805
Agricultural	3,183
Credit	578
Transportation	490
Industrial	362
Housing	309
Construction	259
Banking	2
Total	14,417

Table 2: Cooperatives per sector in Malaysia (2019)

³ This amount was calculated based on the annual average rate (as per 1st April 2019) between the two currencies, using the currency converter InforEuro.

⁴ This amount was calculated based on the annual average rate (as per 1st April 2019) between the two currencies, using the currency converter InforEuro.

III. Graphs

i. Percentage of cooperatives per sector

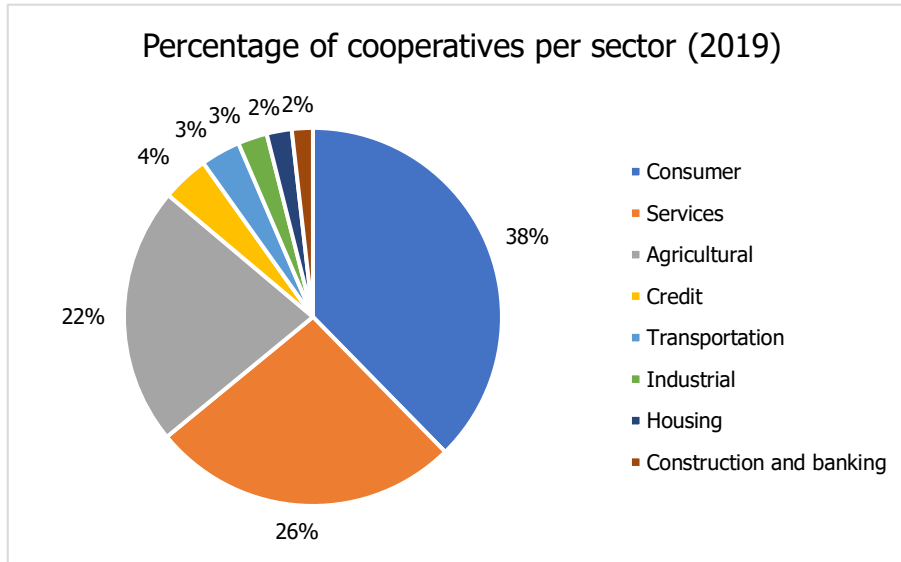


Figure 1: Percentage of cooperatives per sector in Malaysia (2019)

IV. Annexes

Sources and contacts are listed below.

Sources

1. ICA-AP (2019). [Malaysia country snapshot](#).
2. Malaysia Co-operative Societies Commission (2019). Malaysia Co-operative Statistics.
3. ICA members' website, reports and country presentations.

Contacts

Further details on the Mapping research and other country reports are available on www.coops4dev.coop

The production of this report was overseen by staff from ICA-AP Office. For any further information or clarification, please contact mappingresearch@ica.coop

Updated: February 2021