

Factors Influencing Cooperative Membership and Share Increment: An Application of the Logistic Regression Analysis in the Malaysian Cooperatives

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This study investigates factors that influence cooperative membership and their share capital increment using the binary logistic regression analysis. Data from a survey conducted in late 2008 with 380 respondents (members and non-members) from cooperatives in Selangor and Kuala Lumpur were used to investigate the factors. The study showed that age, occupation, AGM attendance and membership duration are important predictors in the model. It was found that people in the older age group (45 years thru highest) are 19 times more likely to become members. Those in the private sector are 0.517 less likely to become members as compared to government servant. Those that diligently attended cooperative AGM were found to be 4 times more likely to increase their cooperative share holding.

Field of Research: Cooperative, Development economics

1. Introduction

Cooperative is defined in the Malaysia Cooperative Societies Act 1993 (Act 502), as an organization formed and owned by a group of individuals for the purpose of improving their participation in economic and social activities of its members based on the cooperative principles. All cooperatives in Malaysia are managed based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Following the Statement of Cooperative Identity 1995 by the International Cooperative alliance (ICA), Malaysian cooperatives also observed the seven universally accepted principles.

Co-operatives are regarded by government as a tool for the country economic development especially in helping to eliminate rural poverty, enhance rural and urban development, solves the unequal income distribution and thus bridging the income disparity between rural and urban. The movement has been considered as the third engine of growth besides public and private sector. Commitment and confidence placed by the government are reflected by the financial and non-financial support indicated in various development plans (Azmah Othman and Fatimah Kari 2008).

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