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Abstract

Cooperative entrepreneurship plays a significant role in the effort of developing future entrepreneurs. This type of entrepreneurship increases the economic and social interests of its members and brings substantial advantages to the community and society. Due to capital sharing and low risks in starting a business, cooperative entrepreneurship is a prominent way to generate job opportunities and reduce unemployment without depending on wage employment, especially among young people. In cultivating the entrepreneurial spirit, the Malaysian Ministry of Education (MOE) has introduced the school cooperatives since 1968, which aims to nurture entrepreneurial experiences and orientations among students. Hence, the primary purpose of this paper is to highlight the current practices of cooperative entrepreneurship in Malaysian secondary schools by reviewing the impact of the school cooperatives’ activities in instilling entrepreneurial knowledge and motivation among the youth. This conceptual paper also aims to foster awareness into the importance of school cooperatives in the Malaysian entrepreneurship education.

Keywords: Cooperative entrepreneurship; School cooperatives; Entrepreneurial intention; Entrepreneurial knowledge; Entrepreneurial motivation.

1. Introduction

Among the various types of entrepreneurship, the cooperative is an organisation formed with the dual function; to increase the economic and social interest by doing business (Wanyama, 2014). According to Cooperative Societies Act (1993), cooperative is an establishment, comprised of individuals with the purpose to increase the economic and social benefits, especially among its members in accordance with the cooperative’s principles. The International Cooperative Alliance (ICA) outlines these seven (7) principles of cooperatives, namely; (1) voluntary and open membership, (2) democratic member control, (3) member economic participation, (4) autonomy and independence, (5) education, training and information, (6) cooperation among cooperatives, and (7) concern for community (International Co-operative Alliance, 2012). Hence, these principles become as solid foundation for cooperative entrepreneurs to remain in facing business challenges.

Based on these principles practiced by the cooperative, this type of entrepreneurship is seen as unique and attractive to serve as a potential means in developing future entrepreneurs, through the early encouragement into entrepreneurial activities and ultimately triggering the youth into choosing it as a career (Terrasi, 2018). Patil (2015) stated that cooperative entrepreneurship generates employment, especially among its members by giving the opportunities of either direct or indirect involvement in the business. The impact of reducing market intermediaries by involving more members in economic activities has also contributed to generation of employment opportunities (Wanyama, 2014). Furthermore, cooperative entrepreneurship creates more job opportunities and enhances the living standard for members of the society, especially among the poor (Hafizah et al., 2015; Norwatim et al., 2011). Thus, based on the principle of togetherness in achieving respective economic interests, cooperative entrepreneurship generates income through the associates’ involvement, either as an ordinary member, committee member or a cooperative board member (Chavez, 2012).

Cooperative entrepreneurship has attracted people in signing up as member, especially start-up entrepreneurs (Terrasi, 2018), due to the financial security which is attributed from the capital sharing and low start-up costs (Puuasa et al., 2016). As a result, cooperative enterprises would provide cheaper products and services to its members, parallel to the purpose of protecting the members’ social interest (Chavez, 2012). Subsequently, the engagement in cooperative entrepreneurship would motivate its members to join the business field, due to the principles of education, training, and information available in entrepreneurial activities in cooperatives.

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Across the world, many participating agencies and authoritative bodies of cooperatives have been providing courses and workshops to educate the board members and other associates in the cooperative with knowledge of entrepreneurship, management and business. International Cooperative Alliance becomes the significant association in centralizing the worldly cooperative movement (International Co-operative Alliance, 2012). In Malaysia, examples of such agencies are; the Cooperative College Malaysia (CCM), Malaysian Cooperative Societies Commission (MCSC), and ANGKASA (Malaysian Cooperative Societies Commission, 2017). These authorities continuously guide the cooperative movement on how to manage cooperative stores and the like under the Cooperative Act. Hence, this research believes that cooperative entrepreneurship can strengthen the Malaysian entrepreneurial agenda.

Historically, the first cooperatives established in Malaysia were the Federated Malay States Posts and Telegraphs Co-operative Thrift, and Loan Society Limited in 1922 (Asan, 1998). Due to the robust advantages of cooperative entrepreneurship towards economic advancement, today, the number of cooperatives in Malaysia is 13,648 establishments, after almost a century of the first formation. Importantl, the cooperative sector in Malaysia has been recognised as the third largest sector after the government and private sector (Zainol et al., 2015). For instance, Bank Rakyat is one of the successful cooperatives established in Malaysia since 1954 and is operating until today. The advancement of this bank is parallel with other banks in providing various banking products and services. Other examples of successful cooperatives in Malaysia include Bank Persatuan, Koperasi Telekom, and Koperasi Angkatan Tentera Malaysia Berhad (Kularajah, 1969).

Since the establishment of the first cooperative in Malaysia in the year 1922, previous researches affirmed that cooperative entrepreneurship is a suitable platform to promote entrepreneurship as a career (Patil, 2015; Puusa et al., 2016). Thus, in the Malaysian educational system, secondary school students are exposed to cooperative entrepreneurship through their involvement in the school cooperative stores. The formation of school cooperatives had begun since 1968, when nine pioneer schools in the Malaysian states of Pahang, Terengganu, Kelantan, Perak, Johor, and Melaka establish school cooperative stores, realising the idea of Professor Diraja Ungku Aziz (Juliana, 2016). After half a century, Malaysian school cooperatives continue to increasingly grow, with 2,388 school cooperatives established by the end of 2017 (Malaysian Cooperative Societies Commission, 2017). Table 1 below lists the pioneers of Malaysian school cooperatives.

<table>
<thead>
<tr>
<th>Pioneer Cooperatives</th>
<th>State</th>
<th>Registration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Koperasi Sekolah Menengah Dr Burhanuddin, Taiping</td>
<td>Perak</td>
<td>04 Nov 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Sultan Sulaiman Kuala Terengganu</td>
<td>Terengganu</td>
<td>24 Nov 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Abdul Rahman Talib, Kuantan</td>
<td>Pahang</td>
<td>24 Nov 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Abu Bakar, Kuantan</td>
<td>Pahang</td>
<td>24 Nov 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Tengku Menteri, Changkat Jering, Taiping</td>
<td>Perak</td>
<td>18 Dis 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Padang Midin, Kuala Terengganu</td>
<td>Terengganu</td>
<td>20 Dis 1969</td>
</tr>
<tr>
<td>Koperasi Sekolah Menengah Zainab, Kota Bharu</td>
<td>Kelantan</td>
<td>20 Dis 1969</td>
</tr>
<tr>
<td>Koperasi Kerjasama Jimat Cermat Penuntut-penuntut Sekolah Menengah Iskandar Shah, Jasim, Melaka</td>
<td>Melaka</td>
<td>20 Dis 1969</td>
</tr>
<tr>
<td>Syarikat Kerjasama Jimat Cermat Murid-murid Sekolah Dato’ Jaafar, Johor Bharu</td>
<td>Johor</td>
<td>20 Dis 1969</td>
</tr>
</tbody>
</table>

Source: Malaysian Cooperative Societies Commission

As shown by the Table 1, almost five decades of the school cooperative establishment in Malaysia (Ahmad, 2004); yet the movement of school cooperatives has not receive extensive discussions. Unfortunately, the previous researches on cooperative entrepreneurship mostly focus on the school cooperatives’ performance, rather than the impact on the students’ development. In fact, the most crucial elements of entrepreneurship education is the human capital generated as an entrepreneur (Noraisah, 2013). Thus, this paper attempts to explore the current practices of cooperative entrepreneurship in Malaysian secondary schools and discuss the impacts of students’ involvement in shaping their entrepreneurial intention. In that case, most prominent scholars in this area have certified that entrepreneurial intention as the best predictor of entrepreneurial behaviour (Krueger et al., 2000; Liñán and Chen, 2006; Zaidatol and Hisyamuddin, 2010). Later on, this research emphasises on entrepreneurial intention as the key performance indicator (KPI) of entrepreneurship education, including the school cooperative store program.

2. The Current Practice of School Cooperative in Malaysian Secondary Schools

According to the Cooperative Societies Act (1993), students aged twelve (12) and above are eligible to become a member of a cooperative; hence, registered school cooperatives are commonly found in secondary schools. Customarily, students would become members as early as in form one (thirteen years of age) and contribute to the cooperative share. Teachers or the school management would appoint students either as an ordinary member, committee member or cooperative board member (Cooperative Societies Act, 1993). Figure 1 below shows the organisation chart of a school cooperative, which exhibits the involvement of students as a committee member and cooperative board member in the school cooperative. The chart illustrates that students are given the responsibility to
assist teachers in planning, managing, and organising the school cooperative’s activities (Ahmad, 2004). Furthermore, the school cooperatives typically engage students who are cooperative board members in book-keeping, handling stocks, and marketing the products and services (Juliana, 2016).

Figure 1. The Organisation Chart of a Malaysian School Cooperative

![ Organisation Chart of a Malaysian School Cooperative ]

Source: (Ahmad, 2004)

Apart from running book-keeping works, the teachers would also appoint several students as a co-operator in daily sales activities at the school cooperative store and become the capital holders (Juliana, 2016). The regular members’ main responsibility is to participate in the activities of the cooperatives and provide their utmost support in its development. Moreover, these students will also experience participating in the General Meeting, which is conducted on a yearly basis (Ahmad, 2004). The students’ engagement in the school cooperative activities, whether as regular members, committee members or cooperative board members would provide them with ample exposure in entrepreneurial know-how and hands-on training for entrepreneurial skills (Chavez, 2012). Therefore, the support and trust of principles and teachers are vital in developing entrepreneurial skills and passion among the students and in supervising the students’ participation in the school cooperative management (Nor, 2018).

Consequently, the inclusion of students in school cooperative activities is regarded as a form of entrepreneurship education in secondary school (Noraishah, 2013), which is highly beneficial in nurturing the students’ interest, intentions and determination of entrepreneurship as they are directly exposed in actual entrepreneurship activities (Zaidatol et al., 2013). Previous researchers such as Munawaroh (2017) found that real experiences would expose the students to problem-solving skills, critical thinking abilities, and even influence the student’s entrepreneurial spirit. Hence, entrepreneurship development program trains future entrepreneurs, by enhancing student’s entrepreneurial knowledge (Thomas and Agarwal, 2017). Other than that, initiating entrepreneurship education through the stimulation of entrepreneurship activities will trigger entrepreneurial motivation (Mahendra et al., 2017; Solesvik, 2013). Eventually, this research also claims that students’ involvement in the school cooperative is a means of encouraging entrepreneurial intention among students.

3. The Impact of School Cooperatives

In analysing the impact of school cooperatives, this research highlights the entrepreneurial intention among secondary school students as the key performance indicator (KPI) to measure the success of the entrepreneurship development programs, notably through school cooperatives. Previous studies claim that the involvement construct significantly affects entrepreneurial intention. Xu et al. (2016), have verified that the influence of involvement in entrepreneurial learning on entrepreneurial intention enhances the students’ confidence level. Furthermore, students who are already involved in their family’s business would have a higher likelihood to participate in entrepreneurship than those who are not. These students could potentially become future entrepreneurs due to their high level of entrepreneurial intention at an early age (Cieslik and van Stel, 2017). Thus, this paper posits that the school coop involvement has significant direct effect in influencing entrepreneurial intention.

Hence, in measuring students’ entrepreneurial intention, studies found entrepreneurial knowledge and entrepreneurial motivation as the significant factors in determining entrepreneurial intention. Entrepreneurial knowledge refers to the knowledge of entrepreneurship and start-ups, such as to recognise business opportunities, management, marketing and obtain financial knowledge (Liñán et al., 2011). Most researchers have agreed that entrepreneurial knowledge enhances entrepreneurial intention. This statement is exemplified through students who obtain education on entrepreneurship; they would be determined to have an entrepreneurial career (Nabi et al., 2018), and the knowledge would also affect their entrepreneurial intention (Fayolle and Gailly, 2015). According to (Roy et al., 2017), entrepreneurial knowledge also increases the entrepreneurial intention by affecting the students’ attitude towards entrepreneurial behaviour. In line with the principles of education, training and information in cooperative (International Co-operative Alliance, 2012), this research stresses the importance of knowledge in determining entrepreneurial intention. This research also posits that entrepreneurial knowledge has a positive and significant direct effect on entrepreneurial intention.
Additionally, most researches also agree that knowledge also influences the involvement in related activities. Tshikovhi and Shambare (2015), verified that a person’s knowledge of business opportunities and ways to identify market shapes the person’s involvement in Small Medium Enterprise (SME). In a study by Mohd et al. (2016) on international business knowledge among entrepreneurs in Narathiwat, the authors stated that knowledge about international business increases one’s tendency to embrace internalisation among entrepreneurs. Meanwhile, in a cooperative, the knowledge of its members enhance the involvement in cooperative’s activities include economic and social activities (Rozi, 2014). In the educational institution, students will influenced to involve in institutional activities by gaining some knowledge on the related activities (Astin, 1984). In this situation, we argue that students interested to involve in school cooperative programme by obtaining some entrepreneurial knowledge. Hence, due to the dual role of the mediator construct, which explains the direct and indirect effects of independent variable towards dependent variable (Afthanorhan et al., 2017; Aimran et al., 2017; MacKinnon, 2012); this research hypothesises that students who gain entrepreneurial knowledge in the classroom would be highly likelier to partake in the school cooperative.

On another note, studies have identified entrepreneurial motivation as a factor in predicting entrepreneurial intention. Entrepreneurial motivation is an internal process, which affects the particular direction and intensity to realise entrepreneurial goals (Shane et al., 2003). This construct has been identified to affect entrepreneurial intention by influencing these three aspects; a student’s attitude, social norm and perceived behavioural control (Ajzen, 1991). These three factors would either shape entrepreneurial intention among students immediately or in the long run (Kim-Soon et al., 2011). Other research findings affirmed that entrepreneurial motivation evokes entrepreneurial intention through engagements in entrepreneurship development programs (Solesvik, 2013). For instance, Tanveer et al. (2013) verified that motivational factors such as job security and strong entrepreneurial role model increase entrepreneurial intention among students. This statement is further supported by Misoska et al. (2016) in a study to predict entrepreneurial intention by analysing motivational factors in Theory Planned Behavior (TPB); namely attitude, social norm, and perceived behaviour control.

On a similar note, the motivational factors also affect the involvement construct. This statement is agreed by many studies on the motivational factors and its effect towards involvement in business. A study by Barba-Sánchez and Atienza-Sahuquillo (2012) found that entrepreneurial motivation enhances entrepreneurs’ involvement in new business. This opinion supported by Chakmabrorty and Barman (2014), by submitting some motivational factors which influence the involvement in entrepreneurship, specifically need for independence, and desire to make money. Marinić et al. (2015), had also laid down significant findings on the effects of motivational construct on involvement in their paper when they affirmed that motivation inspires an individual to participate as a new entrepreneur. Meanwhile, Norliana et al. (2018), found that entrepreneurial motivation influences by spiritual factors such as pity and patience in triggering entrepreneurial involvement. These findings prove the legitimacy of direct and indirect impacts of the entrepreneurial motivation construct towards entrepreneurial intention, mediated by involvement.

4. The Conceptual Framework

Ultimately, this research proposes the school coop involvement as a mediator construct in evoking entrepreneurial intention among students. The researchers of this study also suggest a framework which illustrates the impact of school cooperative involvement in mediating the relationship between entrepreneurial knowledge and entrepreneurial intention; apart from the relationship between entrepreneurial motivation and entrepreneurial intention. This paper also views that students’ involvement in school cooperative would increase entrepreneurial knowledge and entrepreneurial motivation; henceforth escalate their entrepreneurial intention. Theoretically, engagement in the school coop would impact students’ entrepreneurial knowledge and subsequently increase entrepreneurial intention. The students’ involvement in the school coop will also influence their entrepreneurial motivations towards entrepreneurial intention.

Figure 1. The mediating role of school coop involvement
Finally, this research advocates the following seven (7) hypotheses:

(H1) Entrepreneurial knowledge has a positive and significant effect on entrepreneurial intention;
(H2) Entrepreneurial motivation has a positive and significant effect on entrepreneurial intention;
(H3) Students’ involvement in the school coop has a positive and significant effect on their entrepreneurial intention;
(H4) Entrepreneurial knowledge has a positive and significant effect on the students’ involvement in the school coop;
(H5) Entrepreneurial motivation has a positive and significant effect on the students’ involvement in the school coop;
(H6) Students’ involvement in the school coop mediates the relationship between entrepreneurial knowledge and entrepreneurial intention;
(H7) Students’ involvement in the school coop mediates the relationship between entrepreneurial motivation and entrepreneurial intention.

5. Conclusion

The current practice of school cooperatives in Malaysian secondary schools demonstrates the opportunities for students to participate in gaining entrepreneurial knowledge, skills, motivation and subsequently evoke their intention to partake in entrepreneurship in the future (Ahmad, 2004; Rahim and Daud, 2013; Zainol et al., 2019). The affirmative impact of students’ involvement in school cooperatives is exemplified by the positive boosts of entrepreneurial knowledge and entrepreneurial motivation through the experience (Noraishah, 2013; Zaidatol and Hisyamuddin, 2010). Exceptional students who are appointed as cooperative board members should, therefore, take the opportunity to experience hands-on tasks in the school cooperative management responsibilities and activities. The researchers of this paper recommend students to obtain exposure in school cooperative management activities by taking on responsibilities as managers and preparing business strategies and planning, connecting and consulting with suppliers, and learning to prepare and present cooperative financial reports. Finally, this research recommends future studies to affirm on the proposed model, widen the entrepreneurial intention model and actively contribute new findings on cooperative entrepreneurship to the corpus of knowledge.

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