

## CHAPTER III

### MEMBERSHIP AND MANAGEMENT

#### Membership of the Cooperative Society

Although the Sekinchan Long Heng Cooperative Rice Mill Society Limited is mainly a Hainanese cooperative society other dialect and racial groups are also represented.<sup>6</sup>

Potential members have to submit applications to the committee of management in order to be considered.<sup>7</sup> Certain requirements must be met before the membership in the society is approved. The person must be of good character, at least eighteen years old possessing not less than three acres of land planted with padi.<sup>8</sup>

Farmers join the cooperative society mainly to obtain patronage dividends, interest on capital and because of the influence of neighbours. Some reasons why farmers do not join the society are their dislikes for attending meetings and the high share capital requirement.

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<sup>6</sup> Malay membership was allowed from 1956 to help them market their produce.

<sup>7</sup> Some applications may be rejected, but appeal is possible. See by-law 13, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited.

<sup>8</sup> However, a minor may become a member of the cooperative society and operate through a guardian who must be a member of the cooperative society. See by-law 11, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited. The three acres requirement ensures the farmer has something to sell to the cooperative society.

Formerly, the padi farmers were allowed to subscribe to various cooperative societies. But at the committee meeting it was made known that the Registrar of Cooperative had ruled that one farmer could only join one cooperative society. See, Minutes of the Committee meeting, Sekinchan Long Heng Cooperative Rice Mill Society Limited, 28th May, 1963.

Open membership does not mean the membership cannot be terminated. Termination of membership is by the sale or the non-cultivation of holdings, expulsion, bankruptcy death, insanity and working elsewhere than the confines of the area of operations of the cooperative society.

### Trends in Membership

Fluctuations in membership occur every year. Table 1 below shows the growth of membership of the Sekinchan Long Heng Cooperative Rice Mill Society Limited for the period under study.

**TABLE I**

**GROWTH OF MEMBERSHIP, SEKINCHAN LONG HENG COOPERATIVE RICE MILL SOCIETY LIMITED, 1960-1964.**

Year	1960	1961	1962	1963	1964
Total membership at beginning of the year	75	91	100	110	108
Total membership at end of the year	91	100	110	103	111

**Source:**

**Audit Reports, Sekinchan Long Heng Cooperative Rice Mill Society Limited 1960-1964.**

From the table, it is clear that gains in membership was greatest in 1960. The growth was steady until 1963 when there was a slight decline in the number of members to 108. Hence, the growth of membership in the cooperative society was not phenomenal. Besides that, the total membership is small. It remains quite stagnant with a range of twenty.

In order to see the yearly variations in membership, it is best to look at Table 2, in page (11).

TABLE 2

**VARIATIONS IN MEMBERSHIP, SEKINCHAN LONG HENG  
COOPERATIVE RICE MILL SOCIETY LIMITED,  
1960 - 1964**

Year	1960	1961	1962	1963	1964
Total membership at 1st January.	75	91	100	110	108
Entry during year	17	10	10	2	3
Exit during year	1	1	-	4	-
Total membership at 31st December	91	100	110	108	111
Variations in total membership	16	9	10	-2	3

Source:

Audit Reports, Sekinchan Long Heng Cooperative Rice  
Mill Society Limited, 1960-1964.

It can be seen that the yearly variations are not great. In fact, it varies only from minus two to sixteen members for the five-year period under study.

Members left the cooperative society for different reasons, for example, resignation, death and transfer to another area.

#### Annual General Meetings.

Annual General Meetings are held once a year in December. Seven days notice must be given to all the members before Annual General meetings can be held. The quorum for holding such meetings is at least ten per cent of the total membership or twenty members, whichever is less.<sup>9</sup> But meetings can be adjourned even though there is quorum. This is dependant upon the agreement by the members present to adjourn such meetings.<sup>10</sup>

<sup>9</sup>By-law 35, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited.

<sup>10</sup>The Annual General meeting of 1963 was adjourned even though there was a quorum (22 members present). It was felt by the Committee of Management that there were insufficient members to discuss the business of the society.

During Annual General meetings, certain internal items are discussed. The year's accounts for the business done by the society are presented. Items such as the amendments to existing by-laws and the declaring of dividends and rebates are also included in the agenda. Some general items are also discussed, for example, asking members to enrol as voters in General elections of the country and the amount to be contributed to certain charitable institutions.

The election of office-bearers for the following year constitutes an important item of the agenda at Annual General meetings. Voting in Annual General meetings is on a one man, one vote basis by secret ballot. This is to ensure democracy in the cooperative society. The Chairman does not possess the power to have a casting vote.<sup>11</sup> No proxy voting is allowed.<sup>12</sup> It is because proxy voting can be used unwisely.<sup>13</sup>

It is important to examine the interest of members in meetings. This is by the degree of participation in general meetings. Table 3 on Page (13) indicates this.

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<sup>11</sup>See by-law 37, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited.

<sup>12</sup>Proxy voting was allowed according to the old by-law. Female as well as absent members may appoint members to act as their proxies. But these by-laws have been amended. Proxy voting is no more allowed since 1964. See Minutes, Annual General meeting, Sekinchan Long Heng Cooperative Rice Mill Society, Limited, 22nd December, 1964.

<sup>13</sup>It is most unfortunate that the files containing the business reports of the society have been misplaced by the Division of Cooperative Development, Ministry of Agriculture and Cooperatives, Kuala Lumpur. Otherwise, more light could have been thrown on this matter.

TABLE 3

**MEMBERSHIP PARTICIPATION IN ANNUAL GENERAL MEETINGS,  
SEKINCHAN LONG HENG COOPERATIVE RICE MILL SOCIETY  
LIMITED, 1960 - 1964**

Year	1960	1961	1962	1963	1964
Number of meetings conducted	1	1	1	1	1
Number of members present	40	41	50	52	56
Total membership	91	100	110	108	111
% of total membership present at Annual General meeting.	44.0	41	45.5	48.2	50.5
Number of postponements	-	-	-	1	-

Source:

Minutes, Annual General Meetings, Sekinchan Long Heng  
Cooperative Rice Mill Society Limited,  
1960 - 1964.

From the table, it can be said that the members' participation in Annual General meetings has shown some slight improvement over the years. The average percentage of members present at each meeting is about 45.8 per cent which is relatively low.

### Committee of Management

The Committee members of the cooperative society are elected by the members during the Annual General meetings. The committee of management consists of at least five members over twenty one years old.<sup>14</sup>

<sup>14</sup>There is no by-law provision for the maximum number to serve in the committee of management.

The members shall be elected for one year and are eligible for re-election. In the case of decease, withdrawal, illness, resignation, inability to fulfill duties or transfer of any committee members, committee members have the power to appoint a new member to fill the vacancy until the next

The services provided by the committee of management are honorary. However, there are certain advantages of becoming committee members. The committee of management enjoys the disciplinary powers to fine, suspend or expel a member. They also enjoy the positions of respect and prestige in the ability to represent other farmers.

As this cooperative society is in a Chinese area, it is expected that the majority of members and committee members are Chinese. The lists of committee members show that there are two posts filled by non-Chinese to represent the Malays in the area every year.<sup>15</sup>

In the cooperative society, the committee of management ranges from eleven to fifteen members. The following Table 4 (on Page 15) shows the variations in the number of committee members and the percentage of re-elected members to serve in the committee of management for the period studied.

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general meeting. See by-law 41, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited.

However, membership in the committee of management can be terminated if:-

- i. He sells his holding or fail to cultivate his holdings.
- ii. He is made or applies to be made a bankrupt.
- iii. He becomes of unsound mind.
- iv. He is convicted of any offence involving dishonesty or is imprisoned for three months.
- v. He fails to attend three consecutive meetings of the committee without furnishing satisfactory reasons. This, however, shall not apply to Presidents or Vice-Presidents.
- vi. He ceases to be a member of the society. See by-law 18, By-laws of Sekinchan Long Heng Cooperative Rice Mill Society Limited.

<sup>15</sup> Thus, in 1960 - 1964, for instance, all the members in the committee of management with the exception of two Malay Members were Chinese members. See Appendix 3.

TABLE 4

**PERCENTAGE OF RE-ELECTED MEMBERS TO THE COMMITTEE  
OF MANAGEMENT, SEKINCHAN LONG HENG COOPERATIVE RICE  
MILL SOCIETY LIMITED, 1960-64.**

Year	1960	1961	1962	1963	1964
Total number in committee	11	13	15	13	13
Total number of re-elected members	7	6	11	7	11
Percentage of re-elected members	63.6%	46.2%	73.3%	53.9%	84.6%

Source:

Lists of office-bearers, Sekinchan Long Heng Cooperative Rice Mill Society Ltd., 1960-1964.

It can be observed that the percentage of members re-elected to the committee of management is high. Moreover, nearly the same persons dominate the committee of management yearly or in alternate years. The following table will show the actual analysis of re-elected members to the committee of management.

TABLE 5

**ANALYSIS OF RE-ELECTED COMMITTEE MEMBERS, SEKINCHAN  
LONG HENG COOPERATIVE RICE MILL SOCIETY LTD. 1960-1964**

Number of terms in committee of management	Number of persons
1 year only .....	8
2 years only .....	11
3 years only, .....	2
4 years only .....	3
5 years only .....	3
Total	<u>27</u>

Source:

Lists of office-bearers, Sekinchan Long Heng Co-operative Rice Mill Society Ltd. 1960-1964.

It can be seen from table 5 that most committee members serve for two years or more with the exception of eight members who serve for only one year. Moreover, only twenty seven members dominate the committee of management for the five year period.

The educational status of the committee members is generally low. Nearly all these members have not completed even their primary education either in the Chinese or Malay schools.<sup>16</sup> Most of the committee members are either large scale padi farmers or businessmen.

Committee members attend courses at the Cooperative College in Petaling Jaya occasionally. The courses include courses on how cooperative societies work, the ways and means to improve the cooperative society, how to conduct meetings and how to record the accounts. The duration of the courses is from four to six days depending on what the courses are.

#### Committee Meetings.

Regular meetings help to improve the cooperative society and make it more efficient. The quorum for holding meetings is five. These meetings must be conducted at least once a month.<sup>17</sup> But from the records, it can be observed that these are not followed strictly.<sup>18</sup>

The main items discussed during committee meetings include the earliest and latest dates for the purchase of padi, the extent of patronage dividends, number of employees in the milling and marketing sections of the cooperative society and so on.

The degree of participation in committee meetings given in Table 6 shows the interest and responsibility of committee members.

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<sup>16</sup> Only one member in the committee of management for the five-year period completed his Cambridge School Certificate.

<sup>17</sup> See by-law 43, By-laws of Sekinchan Long Heng Co-operative Rice Mill Society Limited.

<sup>18</sup> This is discussed in greater detail on Page (17).



TABLE 6

**PARTICIPATION OF COMMITTEE MEMBERS IN COMMITTEE MEETINGS,  
SEKINCHAN LONG HENG COOPERATIVE RICE MILL SOCIETY LTD,  
1960-1964.**

Year	1960	1961	1962	1963	1964
Number of meetings held	5	8	8	7	8
Number of cancelled meetings*	1	0	3	0	0
Total number of committee members	11	13	15	13	13
Average % of committee members present per meeting**	74.6%	74.0%	68.3%	73.6%	80.8%

\* Cancelled meetings are excluded in the count for number of meetings held.

\*\*Average percentage of committee members present per meeting is obtained by adding up the percentage of members present in all the meetings of the year and then dividing the resulting figure by the number of meetings held in that particular year. See Appendix 4 on committee and general meetings, 1960-1964.

Source: Minutes, Committee meetings, Sekinchan Long Heng Cooperative Rice Mill Society Limited, 1960-1964.

It is obvious that the committee of management holds less than the required number of meetings per year. The number of cancelled meetings from so few meetings conducted especially in 1962, is an indication of poor participation in the running of the cooperative society.

The average percentage of committee members present per meeting is fair. This is especially so in 1964 where the percentage is 80.8 per cent.<sup>18a</sup>

<sup>18a</sup>But that is made up of poor and good attendance for all the years. See Appendix 4 for attendance of individual meetings.