

# CHAPTER I

## INTRODUCTION

### Purpose of Study

This study aims firstly at an analysis of the workings of the Loong Aik Co-operative Rice Mill Society, in Sekinchan, Selangor. It attempts to appraise the mechanism of the whole organization, its limitations and the problems faced. It will then assess its operations in the framework of the cooperative ordinance,<sup>1</sup> the by-laws of the Society and the Co-operative principles.

Secondly this study will attempt at evaluating the role of the Co-operative Society in the community.

### Methodology

The method used for this study is the case study method. In using this method, every aspect of the Co-operative Society is taken up separately for analysis and evaluation. The Co-operative Society is also viewed in the light of other specific aspects like the application of co-operative principles, co-operative education and its role in the community.

The data on which this study is based was collected mainly from primary sources, the most important source being the records of the Co-operative Society itself. Information was gathered from the various books of accounts, financial statements and management records of the Society.

Data was supplemented by personal interviews (carried out in the Sekinchan area) with local farmers, some members of the Committee of Management of the Co-operative Society, the Society's staff, employees and other prominent individuals of the Sekinchan community.

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<sup>1</sup> The Federation of Malaya Co-operative Societies Ordinance, No. 33 of 1948.

A number of visits were also made to the Division of Co-operative Development, Ministry of Agriculture and Co-operatives, in Kuala Lumpur to gather additional material from the Co-operative officers who are directly responsible for the inspection and supervision of the Chinese Co-operative Societies in Sekinchan.

These sources of information were not however without their limitations. Some of the information supplied by certain parties were not wholly reliable. The farmers were either unco-operative or too ignorant of the general situation. Members of the Committee of Management were too anxious to present an over-simplified picture of the Society. The method of collecting data by going through records, reports and statistics too is not free from limitations. The records kept at both the Society and the Division of Co-operative Development for example were incomplete. Further, some of the reports on the Society made by the Division of Co-operative Development are not sufficiently comprehensive. For example, aspects of Co-operative education, member participation and involvement receive only the barest consideration. Besides, the fact that the Society's Management records are written in Chinese, is a limitation in itself.

### Scope of study

This case study of the Loong Aik Co-operative Rice Mill Society is confined to the five years from 1960 to 1964.

It is however not the intention of the writer that this study should be restricted only to the workings of the Loong Aik Co-operative Rice Mill Society. This would be too unrealistic and would serve only a limited purpose. Hence the scope of this study is broadened to include an assessment of the Society in the context of its environment and its contribution actual and potential to the community.

The chapter summaries are as follows. Chapter two deals with the aims and objectives of the Loong Aik Co-operative Rice Mill Society, a brief history of its growth, and its position in the co-operative organization in Kuala Selangor. In addition, it outlines briefly the Society's relationship with the Division of Co-operative Development and the other co-operative societies in the Sekinchan area.

Chapter three investigates the Society's organization, management and powers. This broad subject looks into the structure of the organization, the

Society's area of operations and membership, the Committee of Management and employees of the Society.

Chapter four deals with the Societys' operations. Here, the activities of the Society in padi marketing and rice milling is examined.

The financial position of the Society will be looked into in Chapter five. This chapter attempt at considering the extent to which the business side of the co-operative association has been sucessful. Matters that will be dealt with are the Society's capital position, its reserves, liabilities and assets. In addition the Society's padi and milling accounts are examined. Attention is also drawn to loans and credit linkage, and the payments of rebates, dividends, bonuses and honoraria.

Chapter six is the conclusion to this study and is divided into three parts. The first part contains a critical analysis of the Loong Aik Co-operative Rice Mill Society. Here the Society is studied in its entirety and evaluated in the light of co-operative principles and philosophy. The second part presents a summary of all the problems and the various aspects that have been discussed earlier. The last part attempts to provide some answers and recommendations to the problems faced by the Co-operative Society.