

## CHAPTER III

### ORGANIZATION, MANAGEMENT AND POWERS

#### Structure

Generally all co-operative societies attempt to follow the principle of democratic management. The Loong Aik Co-operative Rice Mill Society is no exception. The ultimate authority in the Co-operative Society rests with the general membership. However, while the general body of members may take any decisions for governing the affairs of the Society, a Committee of Management elected by the members governs the day-to-day business of the Society.

Part of the authority vested in the Committee of Management is delegated to two working sub-committees - the Rice Milling Sub-Committee and Padi Marketing Sub-Committee. The members forming the sub-committees are nominated by the Committee of Management from the Committee of Management itself. Hence those committee members who are not elected into the official posts of the Committee of Management, have a chance to serve under the various sub-committees. The sub-committees are responsible for the milling and marketing operations of the society, both in supervision and the formulation of the exact details of operations.

The Committee of Management also employs some workers on fixed monthly salaries. The employees of the Society can be categorised into three groups:

- i) Those responsible for undertaking the physical side of milling operations.
- ii) Those responsible for executing the marketing function of the Society, and
- iii) One clerk for the Society as a whole.

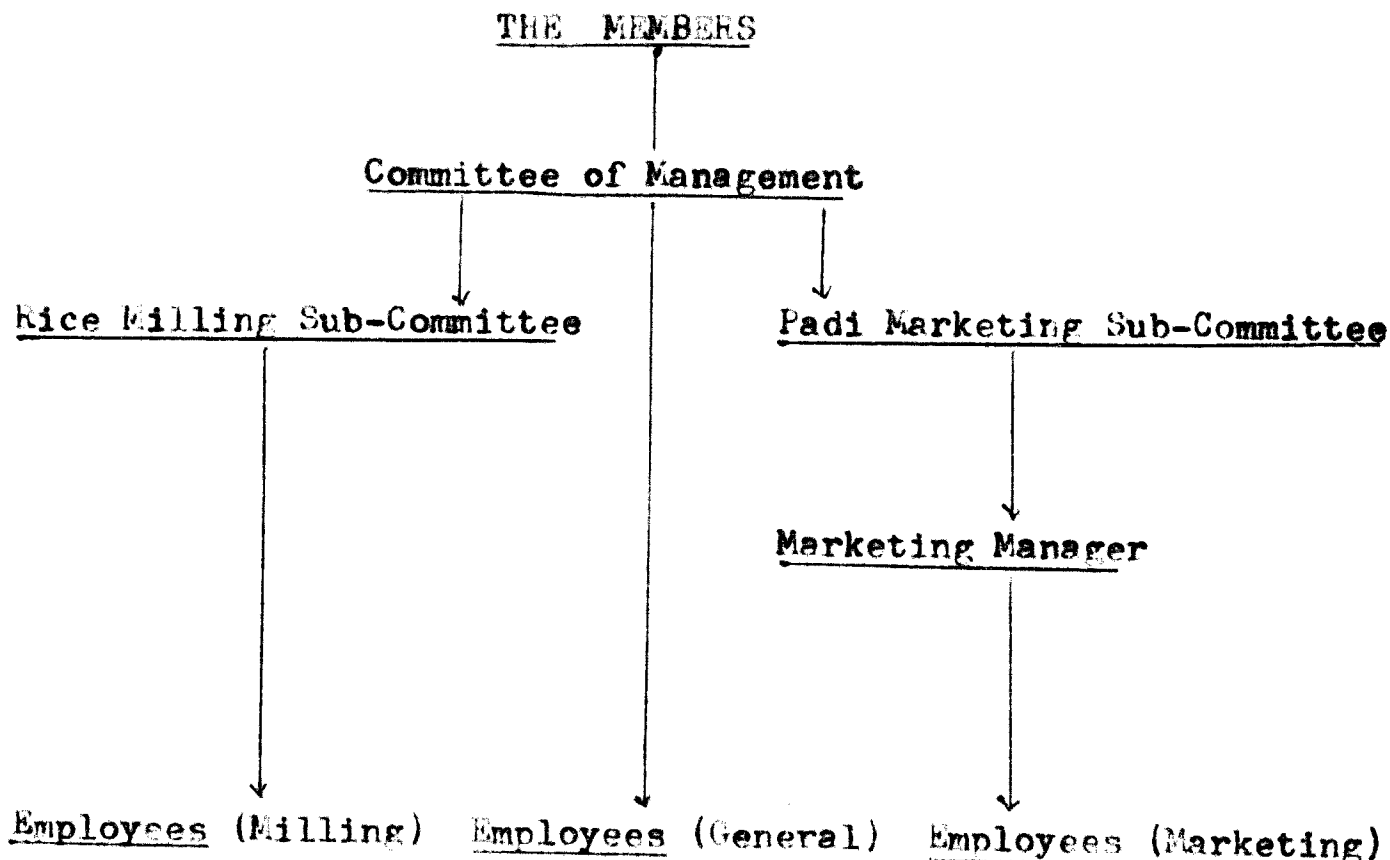
In padi marketing, the employees are placed under the charge of a Marketing Manager who is appointed by the Committee of Management (on a fixed salary) and responsible directly to the Padi Marketing Sub-Committee. Decisions reached by this sub-committee on all matters of padi marketing are passed to the Marketing Manager for implementation.

In rice milling the employees are placed directly under the milling sub-committee. No separate manager is appointed to head the milling operations. However in practice a member of the milling sub-committee assumes all managerial functions in the milling operation. He is responsible for seeing that decisions on policy matters reached by the sub-committee are implemented by the employees. He is also the channel through which information and appropriation of funds for milling operation flows.

The organization of the Loong Aik Co-operative Rice Mill Society is illustrated below.

DIAGRAM 3

ORGANIZATIONAL STRUCTURE OF THE  
LOONG AIK CO-OPERATIVE RICE MILL SOCIETY



Area of Operations and Membership

When the Loong Aik Co-operative Rice Mill Society

was formed its area of operations was defined in its by-laws as the entire Sekinchan area.<sup>1</sup> In the context of its by-laws the Sekinchan area refers to the area under the jurisdiction of the Sekinchan Local Council and the sixteen blocks of padi land adjacent to it.<sup>2</sup>

However it must be noted that three other Co-operative Societies in the area, namely the Loong Heng, Loong Iip and the Kian Sit Co-operative Rice Mill Societies have the same area of operation. Though this creates some problems like the rivalry between the co-operative societies such a situation was to some extent inevitable. Some of the reasons accounting for the existence of the same area of operation for the three Co-operative Societies are as follows.

Historically, with the exception of Kian Sit, these co-operative societies were once private rice mills. As private enterprises, there was thus no limitations placed on the area and scope of their activities. As such when the idea of co-operation was induced for acceptance in 1953, these private enterprises became co-operative societies with the same area of operation.

Further the relationship prevalent among the Chinese communities based on class and dialect similarities has created the tendency of members of one dialect joining the Society which is predominantly in the hands of that dialect.

Hence while such a situation may remove the necessity of dividing the Sekinchan area into areas of operation, it would in itself also make it impossible for any division (whether on the basis of cultivated land area or on the basis of housing settlement) to take place. As a result the members of the Loong Aik Co-operative Rice Mill Society are not restricted and identifiable to any village site on padi blocks. However an examination of the Society's membership records shows that most of the members of the Loong Aik Co-operative Society reside in the housing site nearest to the Society - that is

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Article 8 of the By-Laws of the Loong Aik Co-operative Rice Mill Society states that membership is open to "Any resident of Sekinchan ....." See also Appendix I.

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See diagram 2.

in Site C;<sup>3</sup> and most of these farmers operate or own lands in Blocks 1, 2, 5, and 6.

There are several conditions on the eligibility of membership. One is that every person desirous of becoming a member must be a resident of Sekinchan.<sup>4</sup> However, this condition which is provided in the by-laws has not been strictly followed. For example some of the Malay members of the Society are not residents of Sekinchan at all (in the context of the by-laws) but reside in its surrounding area. Even though this is obviously in contradiction of its by-laws it was clearly an attempt at a flexible policy and a more open membership.

The Society also allows any person irrespective of his race to apply for membership in the Society.<sup>5</sup> This is actually an amendment of the original provision which states "The Society shall be composed of persons of the Chinese race, resident in Sekinchan ....."<sup>6</sup> This amendment came about as a result of two factors:

- a) the presence of Malay farmers within the Society's membership and
- b) the fact that although Sekinchan is essentially a Chinese settlement area, there are also present Malay padi farmers residing in the area.

However though the qualification on race has been amended, the provision on residential area was left as it was. Such a limitation on membership was retained in order to prevent any major influx of Malay farmers, from outside the Society's area of operations, into joining the Society. Thus as a result of this provision

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3  
See diagram 1 and 2

4  
See article 8 of the By-Laws of the Loong Aik Co-operative Rice Mill Society, Appendix I.

5  
Ibid.

6  
Extracted from the records of the Society kept by the Division of Co-operative Development, Kuala Lumpur.

at the end of 1965, the Society's membership register shows that out of a total of 259 members, 27 are Malays.

The By-Laws of the Loong Aik Co-operative Rice Mill Society also provides that an owner, owner operator, or tenant operator of lands cultivated with padi may become a member of the Society provided that both the owner and the tenant cannot be members in respect of the same holding.<sup>7</sup> The need for the inclusion of this provision in the by-laws is provided for by the widespread existence of tenancy situations in the area. Thus while such a provision attempts at ensuring that tenant operators have a chance at becoming members, it also implies that the basis for membership is land.

However an examination of the Society's by-laws reveals a point of contradiction. While article 8 allows the inclusion of owners, and tenant operators in the Society's membership (provided that it is not in respect of the same holding), article 10 of the Society's By-Laws states that "Every member of the Society must be .....ii) the registered owner of not less than three acres of land fully planted with padi within Sekinchan." This reflects thus that when article 8 was amended (in November 1958) no thought was given by the Committee of Management and the Division of Co-operative Development to its effects on the other provisions in the by-laws.

Two other qualifications on membership are provided for in the by-laws and these are:

- a) every member of the society must be over 18 years of age and
- b) in cases of a minor, if he is qualified to become a member, he must operate through a guardian who is also a member of the Society.<sup>8</sup>

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Article 8 of the By-laws of the Loong Aik Co-operative Rice Mill Society - See Appendix I.

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Article 10 of the By-laws of the Loong Aik Co-operative Rice Mill Society states "Every member of the Society must be (i) ..... of not less than 18 years of age" while in Article 11, of the same, "A minor may, if otherwise qualified under 10, become a member of the Society and operate through a guardian recognised by the Committee, who shall also become a member of the Society." See Appendix I.

Hence, essentially, anyone who satisfies the requirements for membership can become a member of the Society. However there is no Co-operative legislation in the country which legally forces co-operatives to accept any and all membership submitted to them. Membership being a privilege rather than a right has to be applied for, documented and approved - implying thus selective membership. However this selection is not carried out on the basis of wealth or acreage of holding but solely on the basis of character. This basis is provided for in the by-laws as follows. Article 10 states that "Every member of the Society must be (i) of good character ....." Thus "Every individual desirous of becoming a member shall apply on the form in Schedule B.9 to the Committee of Management, who may elect him as a member or refuse his application without stating any reason for their decisions ....."<sup>10</sup> However any individual whose application for membership has been rejected by the Committee of Management shall have a right of appeal to a general meeting of the Society. The decision of the Committee shall stand unless more than 50% of the members of the Society vote for the individuals admission.

Every person, upon acceptance as a member of the Society is required to pay an entrance fee. This fee which amounts to one dollar is in respect of all the lots (cultivated with padi) under his name or tenancy in the Sekinchan area. Every member of the Society is also required to contribute to the Society's Share Capital, that is, each must purchase at least one share from the Society. The par-value of a share in the Society is \$10. There is however a limit placed in the number of shares allowed to a person. This is provided for in Article 28 of the By-laws of the Society which states that "no individual may hold more than one-fifth of the Share Capital of the Society.

However when a person ceases to be a member of the Society, he may, by giving three months notice in writing withdraw the shares held by him in the Society. He will then be entitled to receive as the value of his share not more than what he paid for them, nor more than what

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See Appendix III.

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Article 12, By-laws of the Loong Aik Co-operative Rice Mill Society. See Appendix I.

they are worth as disclosed by the balance sheet at the time his withdrawal takes effect.<sup>11</sup>

Hence from this one can expect that the amount of share capital would vary from year to year as shown in Table I.

From Table I one interesting fact emerges. While the number of members in the Society increased from 234 in 1960 to 259 in 1964, the amount of share capital contribution by the members has actually fallen - from \$17,700/- in 1960 to \$16,820.00 in 1964. This decline in the share capital together with the increasing number of members has resulted in the constant decline of the average paid-up share capital per member, from an average of \$75.94 per member at the end of 1960 to \$64.94 in 1964.

A person upon becoming a member of a co-operative society assumes certain functions rights and liabilities. A co-operative organization is essentially an association of individuals for the promotion of their own economic interests. As such the ultimate authority in a co-operative society must rest with its general body of members. In examining the By-laws of the Loong Aik Co-operative Rice Mill Society, some of these rights and duties of members can be deduced from article 36 which refers to the matters dealt with by general meetings.<sup>12</sup> Accordingly, the more important ones can be summarised

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This is however subject to a number of provisions and according to article 19 of the Society's By-laws these are "(i) not more than 1/10 of the aggregate paid up share capital as in stands at the end of each working year shall be withdrawable during the subsequent year provided that such withdrawals does not reduce the proportion of the share capital to outside liability to less than half. ii) The Committee of Management may at any time by resolution suspend the right of withdrawal for the period mentioned therein, but such resolution shall be subject to confirmation at the next general meeting. iii) No dividend shall be paid on shares withdrawan before the formal declaration of dividends at the end of the year."

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See Article 36, By-laws of the Loong Aik Co-operative Rice Mill Society - Appendix I.

TABLE I

MEMBERSHIP AND SHARE CAPITAL CONTRIBUTION  
 LOONG AIK CO-OPERATIVE RICE MILL SOCIETY 1960-1964

Year ending	Total Membership	Share Capital	Average Share Capital per member
31 December 1960	234	\$17,770/-	\$75.94
31 December 1961	258	\$16,970/-	\$65.77
31 December 1962	256	\$16,770/-	\$65.50
31 December 1963	257	\$16,830/-	\$65.49
31 December 1964	259	\$16,820/-	\$64.94

Source: Financial Statements, Audit Reports,  
 and Membership Register - Loong Aik  
 Co-operative Rice Mill Society 1960-1964.



TABLE 2

ATTENDANCE AT ANNUAL GENERAL MEETINGS  
 LOONG AIK CO-OPERATIVE RICE MILL SOCIETY 1960-1964

Date and year	Number of members attending	Total Membership	Attendance as Percentage of total membership
8th. October 1960	62	230	27%
14th. December 1961	87	256	34%
16th. October 1962	77	257	30%
27th. December 1963	123	257	48%
21st. December 1964	n.a.	n.a.	n.a.

Source: i) Minute Book, Loong Aik Co-operative Rice Mill Society.

ii) Reports by Co-operative Officers attending the above meetings, Division of Co-operative Development.



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follows:

- i) The election, suspension and removal of members of the Committee of Management.
- ii) To consider the annual statement of accounts and auditor's report.
- iii) The variation and disposal of profits and ~~surpluses~~ <sup>surpluses</sup> ~~expenses~~ of the Society.
- iv) To put forward any complaints which an individual may prefer against the Committee of Management.
- v) The amendment or repeal of any existing by-law or the enactment of any new by-law.

The main way in which the members can exercise their rights is through the Annual General Meetings of the Society. The quorum necessary for the disposal of any business in this general meeting is the presence of at least 10 per cent of the total membership or 20 members, whichever be the ~~low~~ <sup>low</sup>. The attendance in these annual general meetings is shown in Table 2.

From Table 2, the average attendance in the Annual General Meetings of the Society comes to about 35 per cent of total membership. To be noted is the high attendance in 1963 (48 per cent of total membership). However rather than a reflection of a general interest on the part of the members, this Annual General Meeting was more of an exceptional case. Elections to the Committee of Management in that year was a contest between members of the two local political parties, the United Democratic Party and the Malayan Chinese Association.

The manner in which these meetings were held indicates as to the degree of conscientiousness with which the members are undertaking their duties. According to the reports made by the Division of Co-operative Development (on these Annual General Meetings) these meetings were almost solely pre-occupied with the election. Other matters to be dealt with by the General Meetings were either left to the Committee of Management or passed without any deliberations. Thus, for example, the scheme of profit distribution, the financial statements, and appropriation of money for various purposes were passed without comment or any discussions being raised by the members. In fact, the members' role was merely one of passive and formalised approval - with the initiative coming wholly from the Committee.

The attitude of the members thus can generally be said to be one of indifference, such an indifference is indicated in the table below - which shows that most of the members interviewed did not join the Society

TABLE 3

REASONS GIVEN BY MEMBERS FOR JOINING THE LOONG  
AIK CO-OPERATIVE RICE MILL SOCIETY\*

<u>Reasons for Joining</u>	<u>Number of Members giving such reasons</u>
Out of conviction in the Co-operative philosophy and form of organisation ...	1
Better prices given by the Society ...	1
Payment of dividends and rebates and to members .....	15
Persuaded .....	2
Convenience .....	2
Better treatment accorded to members ..	5
Others .....	1
Total number of members interviewed ...	27

\*Based on the survey carried out in Sekinchan from the 9th. to the 28th. of April 1966.

because they believe in the co-operative form of organization, but because they were attracted by the payment of dividends and rebates.

### The Management Committee

The Committee of Management must comprise of at least five elected members, who are of twenty-one years of age and above.<sup>13</sup> These elected members of the Committee are to hold office for only a year. However, they may resume office upon being re-elected. In the event of a death, or resignation on the part of one of the Committee members, the Committee of Management may appoint a new member to replace him until the next general election (that is, till the next Annual General Meeting). A member of the Committee of Management may also be forced to resign for several reasons, as provided for by article 42 of the Society's by-laws.<sup>14</sup>

<sup>15</sup> The Loong Aik Co-operative Rice Mill Society has ~~has~~ members in its Committee of Management, which is an elected body comprised of the members of the Society. The election of members into the Committee of Management is carried out in the Annual General Meeting of the Society. The method of election is as follows.

Membership in the Society is not homogeneous. Though the majority of the members are Chinese about 95 percent of the members are Malays.<sup>15</sup> Undoubtedly this percentage is very small. However even though this may

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See Article 41, By-laws of the Loong Aik Co-operative Rice Mill Society. Appendix I.

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These are as follows:- A member of the Committee shall cease to hold office if he:

- 1) sells his holding or fails to cultivate his holdings.
- 2) is made or applies to be made a bankrupt
- 3) becomes of unsound mind
- 4) is convicted of any offence involving dishonesty or is imprisoned for three months;
- 5) fails to attend three consecutive meetings of the Committee, without furnishing satisfactory reasons.
- 6) ceases to be a member of the Society.

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The Society's membership records as at 31 December 1964.

be so, it is in the interest of the Malay members in particular and all the members in general that they should be represented in the Committee. This would then be in line with the Principle of Democratic Representation. However, though this need may be realised among some, the election of its Committee members during the annual general meetings may not ensure the needed representation of Malays in the Committee. This is a possibility considering the fact that Malay member-voters form a very small minority. Hence the election of the 15 Committee members is carried out in two stages - 13 in the first stage and 2 in the second stage.

The first stage, that is, the election of the first 13 Committee members is carried out in the annual general meeting proper. The election of the remaining 2 Committee members is carried out separately and is restricted to only among the Malay members of the Society. Hence 2 seats in the Committee are always set aside for Malays - in this way ensuring Malay representation in the Committee.<sup>16</sup>

The election of the Committee is by means of a secret ballot, and this election is supervised by a Co-operative Officer from the Division of Co-operative Development. In fact a Co-operative Officer is always present in all the general meetings and most of the Committee meetings of the Society.

It has been stated before that the nature of the elections into the Committee of Management often tended to become politically orientated. This is so especially towards the latter and more recent years (1963 and 1964). As a result of this the elections became unnecessarily tense and explosive.<sup>17</sup> Candidates anxious of securing seats

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It must be noted however that By-Laws of the Society does not have any provisions regarding this, and neither has the Division of Co-operative Development made any comments on the acceptability of such a practice.

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A fairly descriptive picture of the nature in which the elections are held is given by the following passages extracted from the reports made by the Co-operative Officer on the Annual General Meeting held in 1963.

"It was first rumoured that a few 'kachay' members belonging to the local United Democratic Party had planned to attend the meeting with the sole aim of creating trouble... meeting started off in a rather tense atmosphere... However, though the 'Kachay' few turned up they did not appear really hostile or troublesome (perhaps they were quite confident that their candidates would be elected as members of the new Committee, as it did)"

in the Committee of Management brought their own party supporters. The situation which prevailed were such that the police were often called in the preserve order.

However, while the election for part of the Committee of Management during the Annual General Meetings has often been tense and explosive, election of the two Malay Committee members carried out among the Malay members of the Society has not been so. In fact the position of the Committee member can be seen to be passed on from member to member every year. The policy is not one based on competition (arising out of personality conflicts ~~or~~ political party conflicts, for example) but essentially on an annual rotation basis.

Upon being elected, the Committee of Management will elect its office bearers. Here again the basis for election is politics. The political party having the majority in the Committee will attempt to ensure its domination in the official posts of the Management Committee. The office bearers comprised of the following - a Chairman, Secretary, Treasurer and two Internal Auditors. Besides this, two working sub-committees are nominated from the Committee of Management. These are:

- i) the Rice Milling sub-committee and
- ii) the Padi Marketing sub-committee which are responsible to the Committee of Management for affairs pertaining to rice milling and padi marketing.

One interesting fact however emerges when we consider the Committee of Management over the period of five years under study. This is with regards to the members who constitute the Committee itself. While information on the Management Committee is incomplete for the years 1960 and 1961 the available data points out to the fact that the annual elections of the Committee seemed to have developed into more or less a cut-and-dried affair resulting in the election of the same men year after year.<sup>18</sup> Except for the element of politics involved this would certainly be so. Political support has been the determining factor as to who should be in the Committee. Hence the small yearly changes in the composition of the Committee of Management is actually a reflection of the fluctuating political influence of each party.

Another distinguishing feature of this Committee of Management is that the people holding the top offices

in the Committee indicates the political party which is 'in power' in the Society. This can be shown by comparing the members who hold official posts in the 1963 and 1964 Committees. In 1963, the Malayan Chinese Association (M.C.A.) was in control of the Committee of Management. Hence except for the position of Secretary and one of the Auditors, the rest (of the official posts) are filled by M.C.A. party members. In 1964 however, the United Democratic party gained control and thus, except for the post of Treasurer the rest are filled by the United Democratic Party members.

Most of the members who constitute the Management Committee of the Society are identifiable as belonging to a group of individuals which holds a relatively high status position in the community. This is especially true with regards to those who hold the top official posts in the Committee (the Chairman, Secretary, Treasurer and Internal Auditors). In the first place all these people are educated - in the sense that all have received school education. The lowest standard of education reached among them is six years in the Chinese School. Most had reached between 8 to 12 years of education in Chinese schools. Occupation - wise all of the 1964 office bearers in the Committee are businessmen. Besides this, they are also landlords - owning lots in the 16 padi blocks in Bekinchan.

The position of the Committee of Management does not carry with it any salary. Essentially, the services of the Management Committee is voluntary and the office of Chairman, Secretary, Treasurer etcetra are all honorary. However, though this is so, a small token sum of money is paid to the members of the Management Committee almost every year as Honoraria. The amount receivable by a committee member as Honoraria is not substantial - ranging from \$15.00 to about \$50.00 a year, depending on the net profits of the Society. This matter of Honoraria however will be expanded further in Chapter 5. However at this juncture it must be noted that the payment of Honoraria to committee members is not provided for in the by-laws of the Society.

Aside from this, some allowance is also given to some of the committee members serving in the two sub-committees (milling and padi marketing sub-committees). Every member serving under the marketing sub-committee receives an allowance of \$30.00 a month. But this allowance is only paid to the members during the padi purchasing season - which only lasts about three or four months. During the padi purchasing season, the Treasurer is also paid with an allowance of \$30.00 a month. In the case of the milling sub-committee, the position is slightly different. While all the members of the milling sub-

committee are answerable to the Committee of Management only one member is really responsible for supervising the milling operations. This member acts as a **Manager** in the Milling Section and is thus given a similar allowance of \$30.00 a month. Here again the payment of allowances to committee members is not provided for in the by-laws. Such a situation has been prevailing throughout the five years under study and can be viewed as one of the accepted practices of the Society. The situation in practice is thus in actuality a compromise between voluntary and paid services.

Turning now to the powers of the Committee of Management, the by-laws provides that the Committee may fine or retrench any member of the Society if such a member:

- i) acts in contravention to the provisions in the by-laws
- ii) is declared a bankrupt or applies to be made a bankrupt
- iii) does not settle his debts <sup>or</sup> liabilities with the society and
- iv) behaves in a manner which is conflicting with the aims of the society or detrimental to the progress of the Society.<sup>19</sup>

In practice, throughout the whole five year period, such powers has not been exercised by the committee, despite the obvious prevalence of malpractices, abuses and breaches of the Society's by-laws. Though the by-laws of the Society bestow some powers onto the committee it does not however provide any provisions for the way in which such powers should be exercised, nor the scope and limits to such powers. This, the writer feels is necessary considering that iv of the above provision can prove to be limitless in its interpretations. Abuse of such powers can easily result if there is no proviso defining such powers.

As the body in command of an association certain obligations rest upon the Committee of Management. These obligations are outlined in detail in the by-laws of the Society.<sup>20</sup> Broadly speaking the more important

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See Article 21, By-laws of the Loong Aik Co-operative Rice Mill Society. Appendix I.

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See Articles 44, 45, 46, 47, 48, 49, and 50. By-laws of the Loong Aik Co-operative Rice Mill Society. Appendix I.



functions of the Committee can be summarised to the following:

- i) To formulate operating policies, ensure its implementation and appraise its results.
- ii) To attend all meetings and keep accurate records of the same.
- iii) To prepare and keep the financial accounts and records of the Society; provide for its inspection and auditing by the various bodies concerned (Division of Co-operative Development, External Auditors and members).
- iv) To appoint working sub-committees and retain competent managerial officers who are to execute the Committee's policies.
- v) To undertake all the activities necessary in connection with the operations of the Society.
- vi) To keep in touch with the membership as a liaison officer between the Society and the membership.

The Committee of Management determines only the broad policies of the Society's marketing and milling operations. The exact and precise details of operations are left to each respective sub-committee concerned. In considering the process by which the execution of a given policy is put into operations and supervised (that is the management process) it is best that each of the Society's operations be discussed separately in turn.

Firstly padi marketing. In this, the function of the Management Committee is to underline broadly the policy the Society should take in the purchasing and selling of padi. The Management Committee for example will determine the Society's padi marketing scheme, its pricing policy, the matter of loans from the government for financing the operation and its sales ~~or~~ marketing channels. These are decided upon in the Committee meetings. The details, regarding purchasing of padi from the farmers, (for example concerning quality assessment, deductions based on moisture content and quality) handling methods, disbursement for purchases are entrusted to the Padi Marketing sub-committee - whose members also belong to the Management Committee. The method of reaching decisions on these matters is largely informal. There has not been any meetings concerned by the members of the marketing sub-committee for this purpose, and neither does the by-laws of the Society make any stand with regards to it. Decisions arrived at by the committee are passed to the manager in charge of padi marketing for implementation. It must be noted here that upon the formulation of policies at the sub-committee level, the manager advises and confers with the marketing sub-committee; but as an employee he is bound and guided by the policies declared by the marketing sub-committee. The decisions arrived at are implemented

and carried out by the manager and employees of the Society, with close supervision by the marketing sub-committees.

In milling, the nature of the operation demands a less complex administrative and management structure. Policy needs no constant reviewing and reevaluations. The milling sub-committee thus makes all the decisions in the normal course of the business. If there arise any exceptional major issues, the matter would of course be brought forward to the management committee for consideration otherwise the business of milling is regulated by this sub-committee, with one of its members acting as a manager for supervising the milling operations and reporting to the sub-committee on problems and matters which need attention.

At this juncture one important fact must be noted. In the process of management and decision making covering both the milling and marketing operations of the Society, the general body has been excluded. Not only is this so in practice, the by-laws of the Society itself is silent on the position of the general body in this matter. The members have no say in determining the policies governing the society's operation. The Annual General Meeting as noted earlier came only to be associated with the general <sup>elections</sup> decisions. Other matters dropped to secondary importance. For example, the Audit Reports, Financial Statements and Scheme of Profit Distribution are accepted and approved without any deliberation or scrutiny. Similarly the resolutions made by the management committee regarding the application for loans in connection with padi marketing and investments of the Society's funds.

In accordance with the by-laws, the management committee is to hold meetings at least once a month, the quorum being the attendance of at least 5 members in the committee.<sup>21</sup> This would mean that in any one year the number of committee meetings held would amount to at least 12. This has been the general practice in the Society. The number of meetings held in the 5 year period and the average attendance (yearly average) for these meetings are illustrated in the Table below.

It can be deduced from this table (Table IV) that the management committee has been quite active in the affairs of the Society throughout the five-year period. However at a moments reflection, the attendance

TABLE 4

COMMITTEE MEETINGS AND AVERAGE ATTENDANCE  
 LOONG AIK CO-OPERATIVE RICE MILL SOCIETY - 1960-1964

Year	Committee Meetings		Emergency Committee Meetings	
	The number held	Average Attendance for each year (%)	Number	Attendance (%)
1960	11	80	-	-
1961	16	73.3	-	-
1962	14	73.3	-	-
1963	12	73.3	1	80
1964	15	86.6	-	-

Source: i) Division of Co-operative Development  
 - Reports 1960-1964.

ii) Minute Book - Loong Aik Co-Operative  
 Rice Mill Society.

in these meetings is not at all encouraging. Indeed, a full attendance in the Committee meetings is quite seldom. Generally full attendance occurred only during the following occasions.

- i) Election of Office bearers in the Committee
- ii) Nomination of working sub-committees
- iii) Preparation of the scheme of profit distribution.

At other times, the number of committee attending often totalled to only 8 or 9 (out of 15).

Some of the matters taken up by the Management Committee during these meetings has already been discussed above. Besides these, the Management Committee is also responsible for the general administration of the Society. This includes among others, considering new applications for membership, to appoint, retain or dismiss employees of the Society, and to be responsible for the safety of the Society's cash and other properties.<sup>22</sup>

However in the execution of its duties and functions, the management committee is beset by numerous problems. Politics is one of them. Though this has been mentioned above, it needs further elaboration. It has been stated that election of members into the management committee is based on political support. As such the situation is analogous to a parliamentary system where the majority forms the ruling party and the minority - the opposition. While this has its advantages in that it keeps the committee alert in its duties, this has not been effective enough. The committee often found itself badly split in the formulation and execution of management policies. Unnecessary conflicts arising out of politics often tended to distract the committee members from conscientiously (and with a singleness in purpose) working towards the Society's aims and objectives.

As shopkeepers (of retail provision shop) some of the Committee members handle a substantial amount of padi during every marketing season (which they received from farmers as repayment for credit extended). In padi trading hence, there is a conflicting interest on their part as shopkeepers and as members of the Society's Committee of Management. This is especially so in connection with the price competition between the Co-operative Society and the private padi traders. This same factor has also resulted in the committment of abuses by the committee

members with respect to padi trading. Some of the committee members (who are also shonkeepers) take advantage of their positions in the Society to enter into practices which conflicts with the very interest of the Society and in respect of their position and obligations as members of the Society.<sup>23</sup> This will be elaborated further in the next chapter.

### The Employees

The position of the employees has not been well defined by the Society's by-laws. While article 49 of the Society's by-laws states that the Committee has the power in appointing any persons as employees of the Society, dismissing them and fixing their wages, there is nothing said on the position of the employees with regards to membership, functions and powers within the Society. Though there is no provision with regards to their membership, in practice the employees of the Society are not allowed to be members of the Society. Its functions (and terms of employment) is regulated by the Committee of Management without reference to any authority and depending solely on the goodwill and just sense of the Committee. Their powers within the Society, while seemingly negligible, is very vague and is defined by the conditions of employment.