Seminar on Enhancing Sustainable Agricultural Supply Chains through Partnership among Cooperative in Asia and the Pacific

International Cooperative Alliance
Asia and Pacific

Date
7 November 2023
(TUESDAY)

Time
11.00 am - 12.30 pm
(PHT)

Venue
Emerald B, 4th Floor
Crowne Plaza Manila
Galleria

OUR GUEST SPEAKERS

Mr. Balu Iyer
Regional Director
of ICA-AP

MODERATOR

Food and Agriculture Organization (FAO)

Dr. Lionel Dabbadie

Cooperative Development Authority (CDA)

Mr. Ray R Elevazo

Cooperative Institute of Malaysia (CIM)

Mr. Zulkiflee Aspan

MR. ZULKIFLEE ASPAN

He has been working at Cooperative Institute of Malaysia for the past 22 years. Hold a Master of Business Administration and Bachelor of Accounting. He was stationed at the Accounting and Finance Center, Northern Zone Cooperative Institute of Malaysia and also in the Agriculture, Plantation and Agro-based Industry Sector. Now, he is stationed at the Central Zone Cooperative Institute of Malaysia.

A STUDY OF VALUE CHAIN AND FINANCIAL ACHIEVEMENTS AMONG AGRO-FOOD COOPERATIVES IN MALAYSIA

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Rosmalina Che Yakzam

SCOPE OF PRESENTATION

1. INTRODUCTION
2. PROBLEM STATEMENT
3. RESEARCH OBJECTIVE
4. LITERATURE REVIEW
5. RESEARCH FRAMEWORK
6. FINDINGS
7. RECOMMENDATIONS AND CONCLUSIONS

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RESEARCH MEMBERS

01

ZULKIFLEE BIN ASPAN

RESEARCHER

02

MOHD NUSI ABDUL RAHMAN

RESEARCHER

03

SALWANA BINTI ALI

RESEARCHER

04

NORUL HAYATIE BINTI HASHIM

RESEARCHER

05

ROSMALINA BINTI CHE YAKZAM

RESEARCH OFFICER

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BACKGROUND OF THE STUDY

- The goal of the agrofood sector that applies economic, social and environmental elements is the main target to be achieved by 2030.

- The intention of the National Agrofood Policy 2.0 is to increase the contribution of the national economy which will be measured through parameters such as compound annual growth rate (CAGR) and food trade balance CAGR

- The contribution of the agrofood sector to the added value of the agricultural sector increased from 41.78% in 2010 to 48.02% in 2020, this shows that the potential of the agrofood sector contribute more to GDP.

- The GDP contribution of the agricultural sector in the national economy has decreased in 2020 compared to 2010 and this shows that there is a reduction of dependence on this sector.

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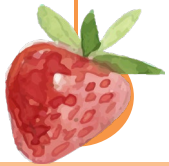
PROBLEM STATEMENT

Low of productivity

Malaysia imports a total of RM54 billion in food supplies



Replacing the middleman role as suppliers of agricultural inputs

Lack of technology used

Small scale agriculture

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ACHIEVEMENTS OF COOPERATIVES IN AGRICULTURAL 2016-2019

Year	2016	2017	2018	2019	2020	2021
Turnover	RM39.7 bilion	RM40.2 bilion	RM 40.3 bilion	RM45.8 bilion	RM 41.4 bilion	RM 37.9 bilion
No. of Coop	13,428	13,899	14,247	14,625	14, 629	14,834
No. of Coop Agriculture	2,886	3,021	3,125	3,236	3237	3329
Turnover of Agriculture	RM1.2 bilion	RM1.2 bilion	RM 1.3 bilion	RM 1.2 bilion	RM 1.1 Bilion	RM1.3 Billion
Percentage Contribution	3.0 %	3.0 %	3.2 %	2.6 %	2.6 %	3.4 %

(Source: Cooperative Commission of Malaysia , 2021)

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IMPORTANCE OF STUDY

Providing an overview of the profile, prospects and potential of the agrofood sector on cooperative movements in Malaysia.

Assist policy maker in formulating the direction and strategic planning of agrofood cooperative in Malaysia.

Identify the contribution gap towards financial achievement for cooperatives movement in Malaysia.

Provide an appropriate action plan to empowering the agrofood Sector in Malaysia through cooperatives movement.

Findings of this study can be used as a reference or guidance to further studies

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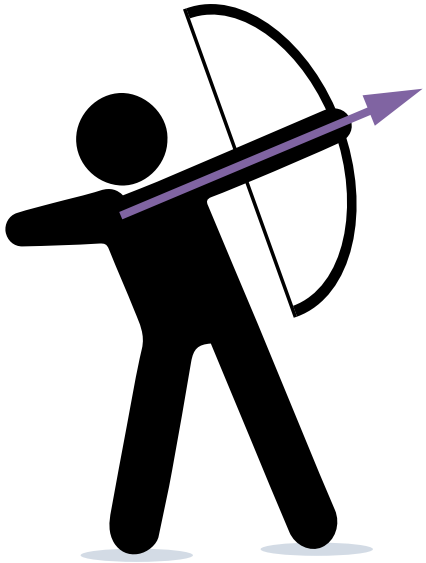
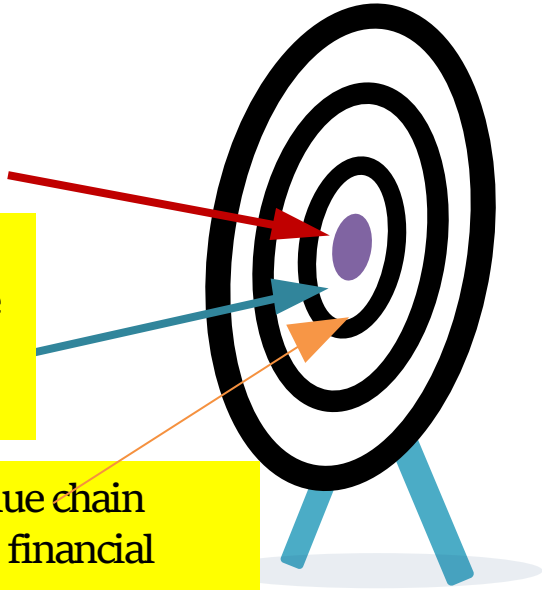
RESEARCH OBJECTIVE



01 To identify the profile of cooperatives involvement towards agrofood industry in Malaysia

02 To identify the involvement of cooperatives in agro-food value chain activities in Malaysia

03 To determined agro-food value chain aspect between cooperatives financial achievements in Malaysia



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LITERATURE REVIEW

Value chain is the activity carried out by a company in a specific industry to add value to products or services in the market **(Porter, 1985)**

Advanced technology enables organizations to monitor activities in terms of operations, the machinery used, materials, labor, and cost-effective solutions, allowing us to monitor avtivities, operatios, machine processes, materials, data collection, analysis, and immediate decision-making.
(Nagy et al., 2018)

Companies can enhance the competitiveness of their products and achieve their desired market position through the appropriate implementation of value chain integration
(Siddh et al., 2017 & Zhao et al. 2021)

Performance measurement and management refer to goals, strategy development, key performance indicators, human resource management, and organizational learning feedback processes **(Otley, 1999)**.

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VALUE CHAIN CONCEPTUAL FRAMEWORK

Value Chain Components

Inputs → Production → Processing → Marketing → Financial Achievement

Process Components

- Governance
- Technology
- Logistic
- Supplier
- Quality
- Marketing

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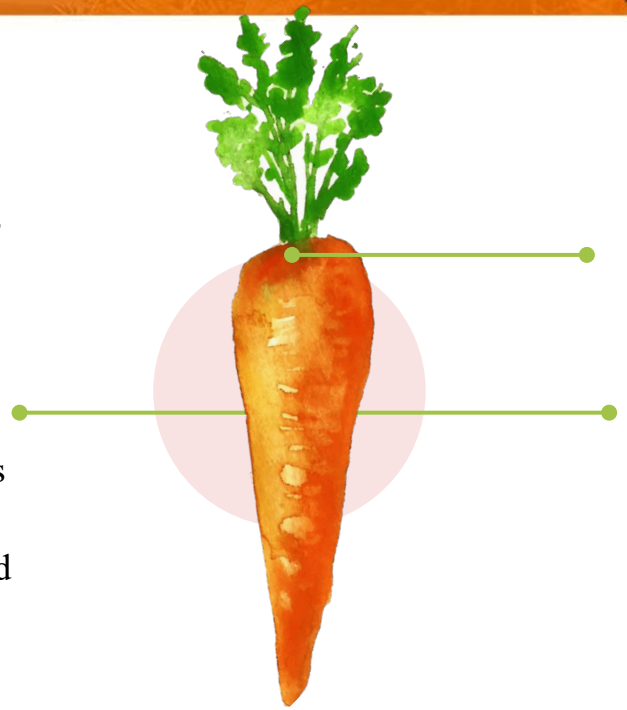
SCOPE OF STUDY

A cooperative involvement in agro-food activities

- **3,236 cooperatives (2019)**
- Only 84 cooperatives were engaged in agro-food activities as of 2019.
- These cooperatives were involved in activities related to vegetables, rice, livestock, and aquaculture.



(Board or Manager) represents each cooperative

6 main zones which are North, East, Central, South, and Sarawak / Sabah Zone

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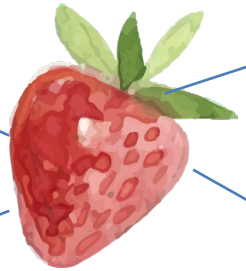
LIMITATIONS OF THE STUDY

Difficult to contact respondents

The cooperative is no longer involved in agro-food activities



Limited time period is since this study was conducted face-to-face

Certain of the respondents not attached completed documents to analysis.

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METHODOLOGY

RESEARCH DESIGN

- Quantitative
- Questionnaire
- Face-to-face and field interviews

POPULATION & SAMPLE

- Population: an active agricultural cooperative
- The sample of this study : 54 cooperative respondents

STUDY INSTRUMENTS

- Part A: Background and demographics
- Part B,C,D,E : Vegetables and fruits, livestock, Aquaculture, Paddy)
- Part F: Aspects of the agrofood value chain
- Part G: Technology and financial achievements

Data analysis

- Descriptive Analysis
- Inferential analysis using SPSS

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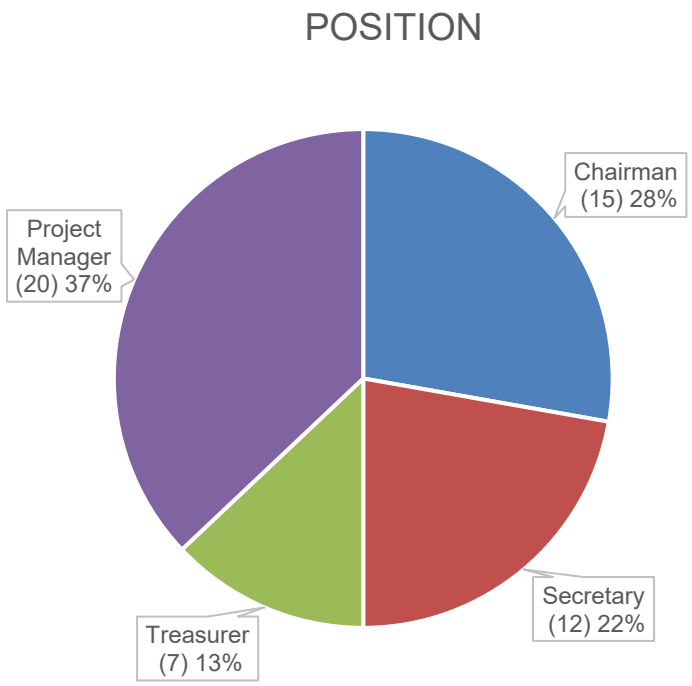
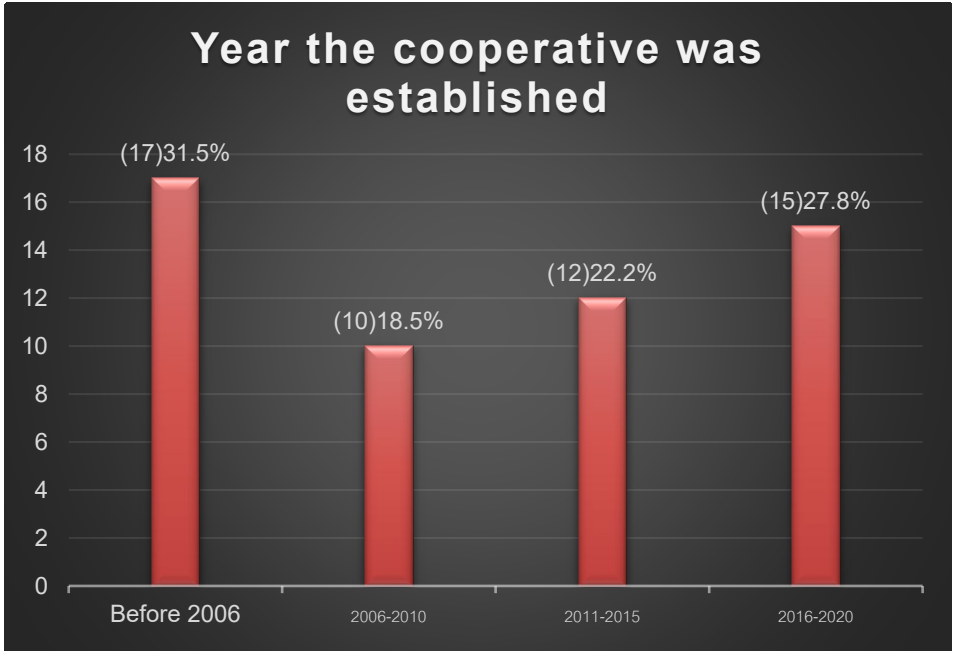
OBJECTIVE 1

TO IDENTIFY THE PROFILE OF COOPERATIVES INVOLVEMENT TOWARDS AGROFOOD INDUSTRY IN MALAYSIA

OBJECTIVE 1 : To identify the profile of cooperatives involvement towards agrofood industry in Malaysia





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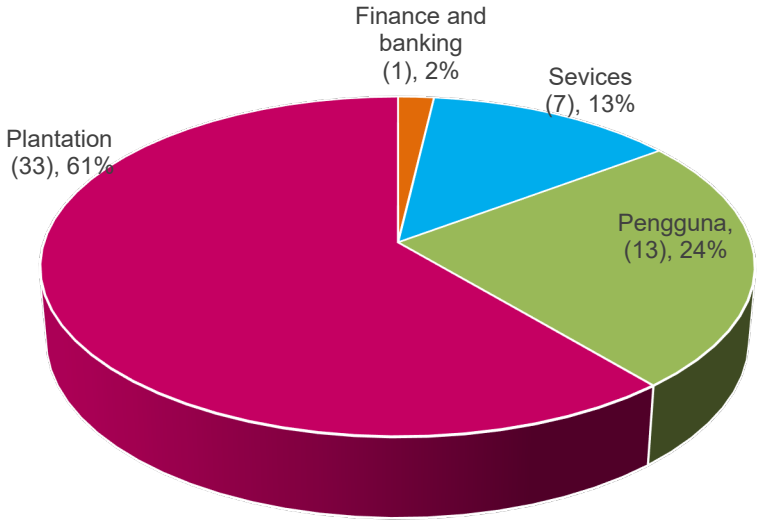
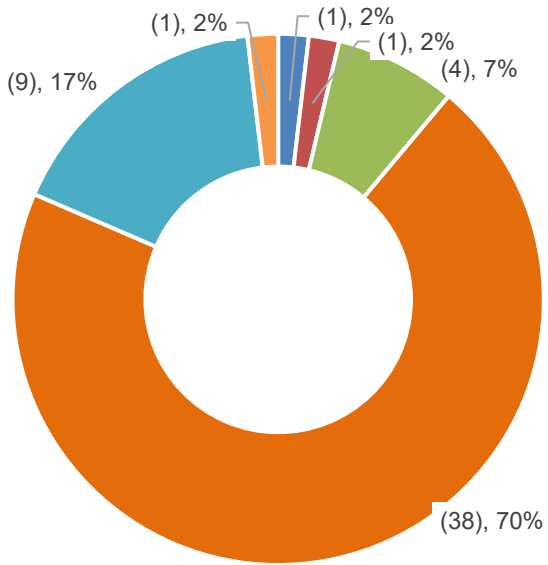
Cooperative Function



Certification



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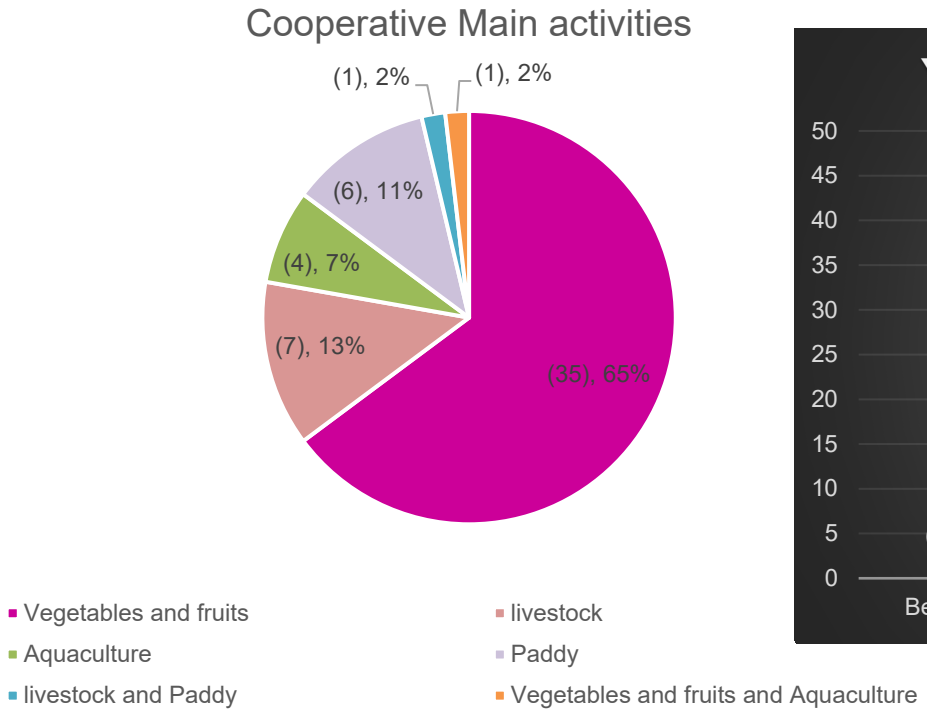

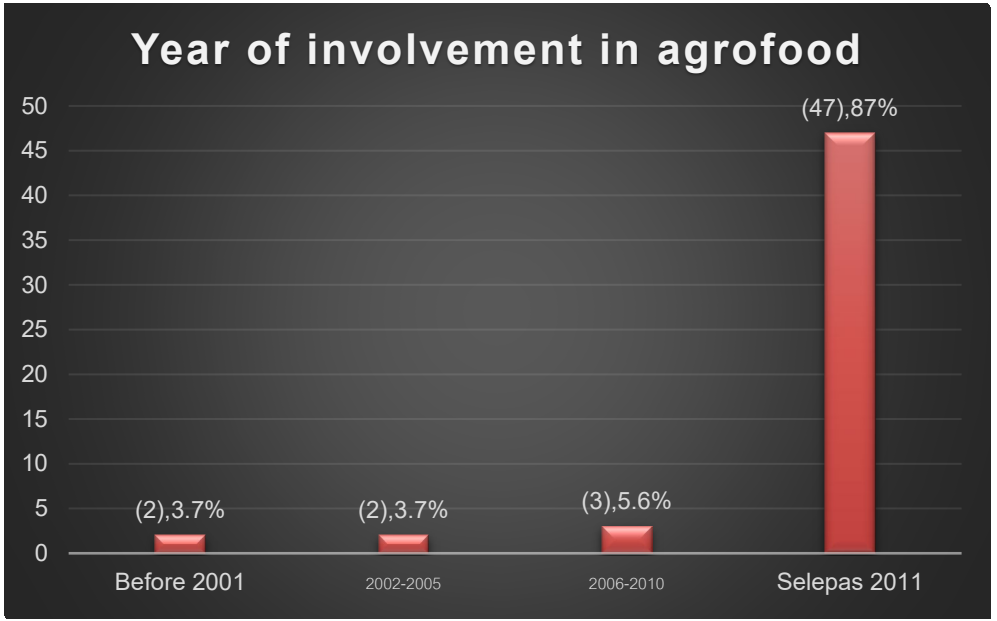

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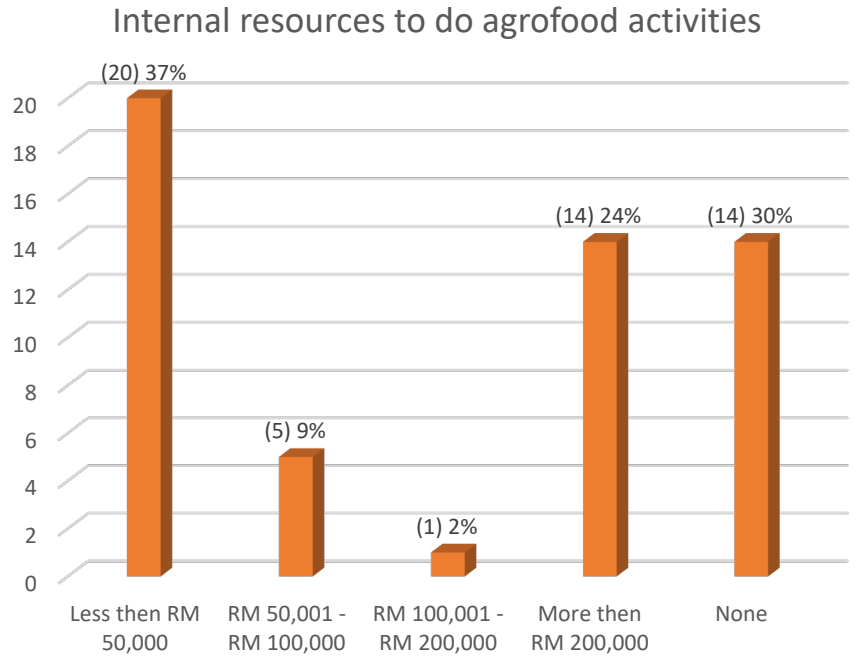

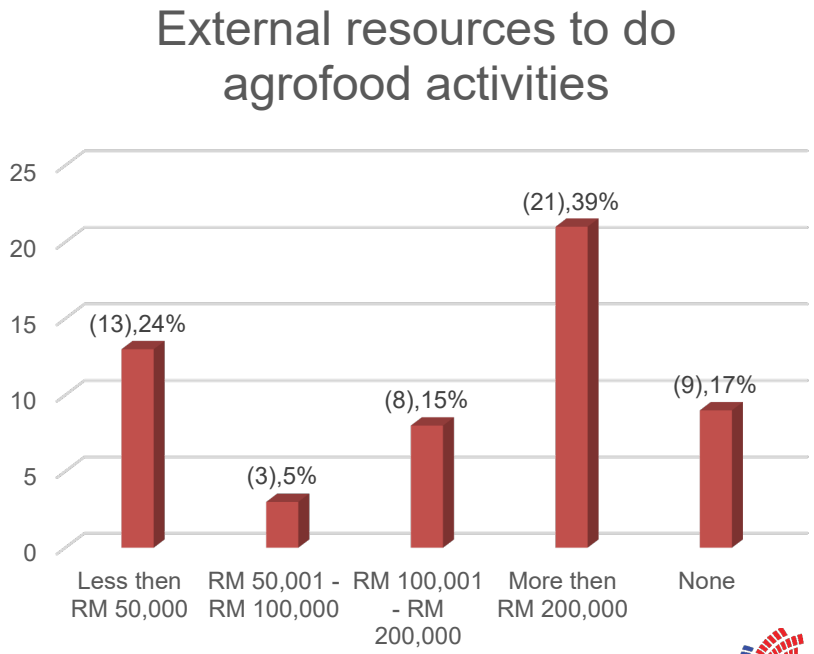

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CROSS TAB : INTERNAL & EXTERNAL SOURCES

		Internal resources				Total
		Less RM 50,000	RM 50,001 - RM 100,000	RM 100,001 - RM 200,000	More RM 200,000	
Enternal resources	Less RM 50,000	6	0	5	3	14
	RM 50,001 - RM 100,000	0	3	0	1	4
	RM 100,001 - RM 200,000	1	0	0	0	1
	Lebih RM 200,000	2	0	3	8	13
Total		9	3	8	12	32

OBJECTIVE 2

To identify the involvement of cooperatives in agro-food value chain activities in Malaysia

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	Types of Agro-food		Input supply	Process	Collection	Marketing	Slaughter	Logistic	Harwasting	Manufacturing
1	Vegetables and fruits 36	K	10	14	19	25		16		
		A	1	4	1	3		3		
		L	25	3	2	4		3		
		T	-	15	14	4		14		
2	Livestock 8	K	2	2		6	1	4		
		A	-	-	-	-	-	-		
		L	6	1		1	3	1		
		T	-	5		1	4	3		
3	Aquaculture 5	K	-	1	5	4		5		
		A	1	-	-	1		-		
		L	4	-	-	-		-		
		T	-	4	-	-		-		
4	Paddy 7	K	5	-		1		4	4	5
		A	-	-		1		1	1	1
		L	2	1		-		1	1	-
		T	-	6		5		1	1	1

Factors that influence the value chain

Variables	Item	Cronbach's Alpha	Mean
Suppliers	7	0.601	3.88
Governance	8	0.789	4.02
Marketing	8	0.728	3.37
Technology	5	0.949	3.69
Quality	6	0.867	4.29
Logistic	6	0.905	2.90

FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variables	Questions	Mean
Supplier	PM1	3.76
	PM2	3.81
	PM3	3.63
	PM4	4.13 (2)
	PM5	4.30 (1)
	PM6	3.67
	PM7	3.87 (3)

Supplier

1. PM5 : The delivered input supply meets the specified quality
2. PM4: Cooperation exists between suppliers and cooperatives
3. PM7: Cooperatives get supplies directly with major suppliers

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variables	Questions	Mean
Governance	TU1	3.74
	TU2	3.76
	TU3	4.26 (2)
	TU4	4.09
	TU5	4.20 (3)
	TU6	3.87
	TU7	3.91
	TU8	4.35 (1)

Governance

1. TU8 : Effective communication exists between employees and management
2. TU3: Performance reports related to agro-food activiries are discussed in ALK meetings
3. TU5: The employees involved have skills based on the their task

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variable	Questions	Mean
Marketing	P1	4.24 (2)
	P2	4.26 (1)
	P3	3.78 (3)
	P4	3.43
	P5	2.52
	P6	3.20
	P7	2.74
	P8	2.81

Marketing

1. P2 : Cooperatives have a pricing strategy
2. P1 : The products/services sold are provided according to the customers' demands
3. P3 : Cooperatives actively make promotional activities

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variables	Questions	Mean
Technology	T1	3.57
	T2	3.50
	T3	3.70 (3)
	T4	3.91 (1)
	T5	3.74 (2)

Technology

1. T4 : Technology can help cooperatives increase production
2. T5 : Technology can help cooperatives overcome market competition
3. T3 : Technology reduces cooperative operating costs

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variable	Questions	Mean
Quality	K1	4.46 (2)
	K2	4.37 (3)
	K3	4.48 (1)
	K4	4.30
	K5	3.80
	K6	4.33

Quality

1. K3 : Cooperative products are well received by customers
2. K2 : Products meet the set standards
3. K1 : Marketed products meet the needs of customers

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variable	Questions	Mean
Logistic	L1	3.31 (1)
	L2	2.83
	L3	2.76
	L4	2.94 (3)
	L5	2.48
	L6	3.04 (2)

Logistik

1. L6 : Cooperative using third party logistic
2. L1 : Cooperative have logistic facility
3. L4 : Cooperative doing logistic maintenance periodically

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FACTORS THAT INFLUENCE ACCORDING TO THE CONSTRUCT

Variable	Questions	Mean
Financial Achievement	FP1	4.07 (3)
	FP2	3.65
	FP3	3.91
	FP4	4.13 (2)
	FP5	3.50
	FP6	3.61
	FP7	4.22 (1)

Financial Achievement

1. FP7 : Supply chain management (suppliers, quality, technology, marketing, governance, logistics) can help cooperatives generate income
2. FP4 : Agrofood activities successfully contribute to the increase in cooperative income
3. FP1 : Agrofood activities successfully contribute to the increase in cooperative income

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OBJECTIVE 3

To determined agro-food value chain aspect between cooperatives financial achievements in Malaysia

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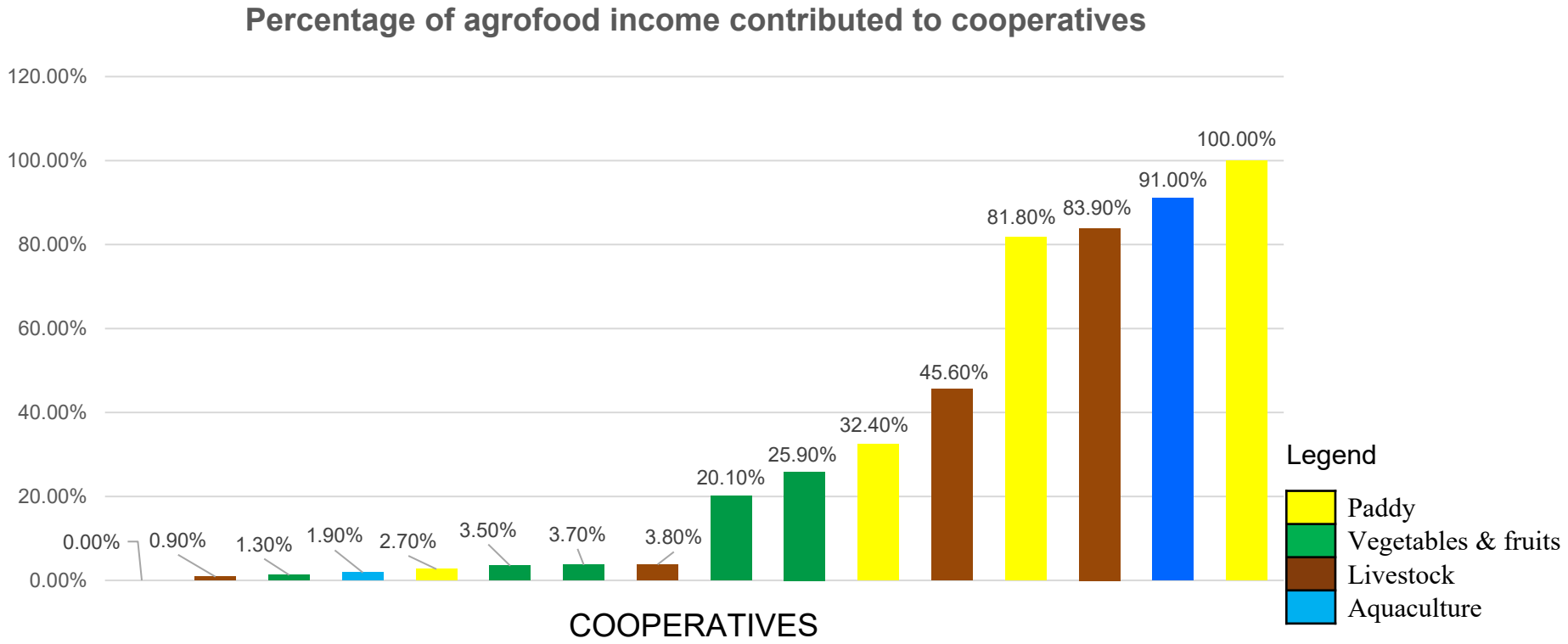

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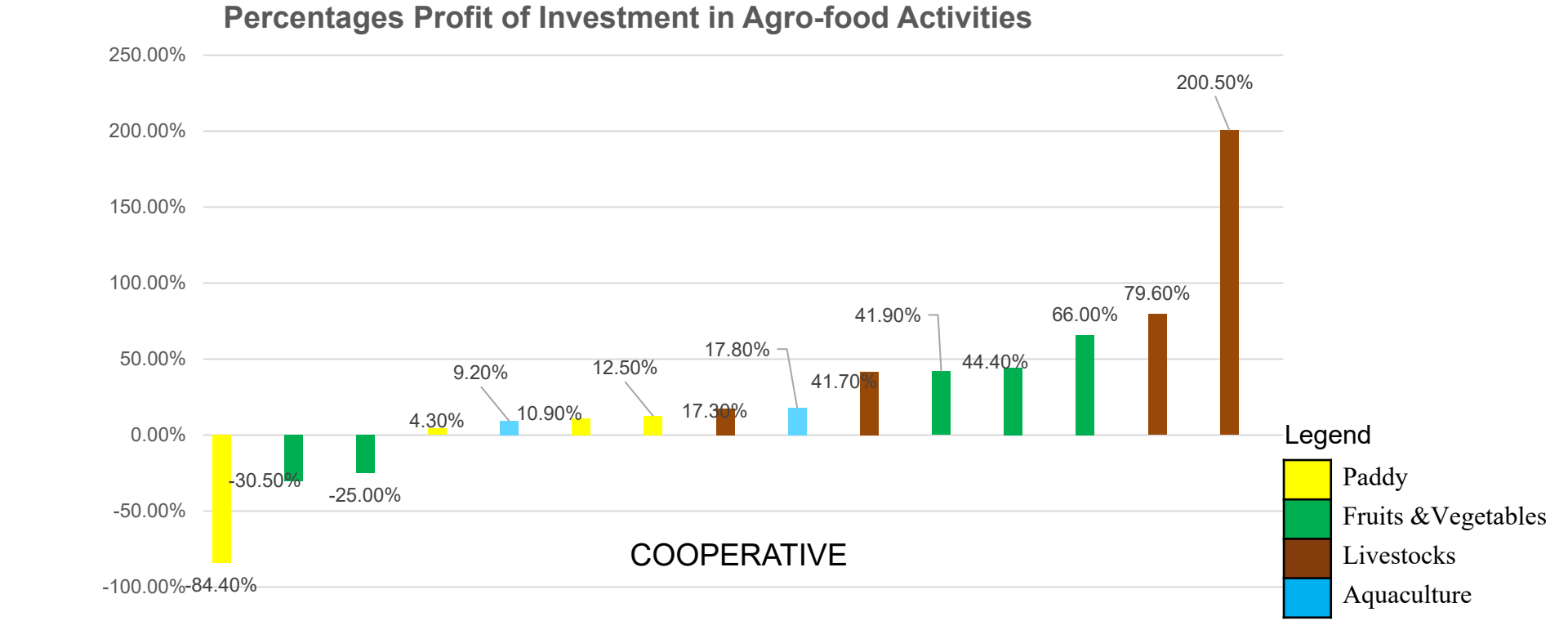

OBJECTIVE 3 : To determined agro-food value chain aspect between cooperatives financial achievements in Malaysia

No	TOTAL VALUE CHAIN ACTIVITIES	1	2	3	4
1.	AVERAGE TOTAL INCOME RATIO	0.4%	6.5%	12.6%	7.7%
2.	AVERAGE AGRICULTURAL INCOME RATIO	0.1%	2.4%	0.2%	4.9%
3.	AVERAGE OVERALL INCOME	RM916 ,000	RM10 mil	RM5 mil	RM914,000
4.	AVERAGE AGRICULTURAL INCOME	RM 33,000	RM 458 ,000	RM 107,000	RM 590,000
5.	AVERAGE SHARE CAPITAL	RM3.5 mil	RM2.6 mil	RM445,000	RM117 ,000
	TOTAL OF COOPERATIVES	3	6	2	2

RECOMMENDATIONS AND CONCLUSIONS

RECOMMENDATIONS

- Empowering guidance and training for cooperatives
- Collaboration with industry experts in agro-food
- Empowering modernization and smart agriculture
- Improve commercial production results
- Improving Good agro-food Management Practice Models should be practiced (eg: from Japan)
- Capital injection especially grants for cooperatives

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CONCLUSIONS

- The involvement of cooperatives that run agro-food activities in Malaysia is still low and active in agro-food activities after 2011 and does not have any certificates such as MyGAP, MYOrganic, Halal & MeSTi Certificates

- The majority of cooperatives are engaged in value chain activities in marketing

- The key factors influencing the value chain in agro-food are quality, management, and suppliers

- Return and profit percentages from agro-food activities are favorable

Q&A / Thank You