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Mahathir-cooperatives

PM CALLS FOR CHANGES IN COOPERATIVES

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PETALING JAYA, Nov 20 (Bernama) -- Prime Minister <sup>93</sup> Datuk Seri Dr Mahathir Mohamad today called for several changes to the cooperative movement in anticipation of future needs.

He said the existing system might be suitable for the running of small cooperatives but not those with a large membership and which engaged in business and industries involving millions of ringgit.

For one, the cooperatives must enhance their capability as employers to attract professionals and skilled people as employees, like the corporate organisations, he said when opening the 13th annual delegates meeting of the Koperasi Usaha Bersatu (KUB) in Subang Jaya near here.

He also said that the management and administrative structure of cooperatives must be of a character that was flexible to the surroundings.

The system of delegation and professional management was also necessary to ensure that decisions and actions could be implemented speedily, he added. -- more

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Dr Mahathir said the time had almost passed when a cooperative was run as a thrift and loan society on a part-time basis by several members.

"One of the challenges for investors in cooperatives in the country is to seek ways for the cooperative system to be adapted to run large cooperatives effectively and efficiently," he said.

If the company concept could be used to operate a small one-man company and large multinational conglomerates, there is no reason why the cooperative concept could not work likewise, he said.

"Those concerned must figure out how the cooperative concept can assimilate flexibility to enable cooperatives of various forms and sizes and engaging in various economic activities to compete with other business organisations," he said.

Dr Mahathir said that as the country pursued economic growth, the cooperative sector was a potential area that should not be neglected but one that should be developed through redoubling of efforts. -- more

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This was because a cooperative had a niche of its own in modern economic development, he said.

However, he said, like in the corporate and government sectors, cooperatives should also be led and administered properly based on sound management principles.

Unfortunately, he said, the experience of cooperatives in the country was not encouraging because they had often been plagued with internal problems which erupted owing to lack of trust, abuse of power, inefficient management and negative attitude of members.

"Business is not difficult. With the implementation of healthy practices, success can be achieved. However, when mixed with other matters or there is no due diligence, any business will fail," he said.

Dr Mahathir said the malpractices in cooperatives were not confined to the level of cooperatives alone. -- more

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This was because the members or depositors of problem cooperatives would appeal to the government to resolve the problem, he said.

"The resolution will be in the form of injection of government funds, in other words, the use of taxpayers' money to help members of failed cooperatives," he said.

The prime minister said it was not the intention of the government to use public money as subsidy for such a purpose.

Therefore, he said, it was important that all members and depositors of cooperatives monitor their cooperatives because they could no longer depend on others to bail out their failed cooperatives.

The government, on its part, would not tolerate any malpractice and would continue to monitor cooperatives firmly under the Cooperatives Act 1992, he said. -- more

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attn editors

Correction: in third para, plse read "net profit of RM50 million" (rpt) "RM50 million" and not as sent.

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Dr Mahathir told reporters later that he was satisfied with the turnaround achieved by KUB after the new management started running it from the middle of 1991.

"I am confident that next year KUB will be fully revived and would be able to pay off its debts and start to make profits," he said.

Earlier, KUB chairman Encik Hassan Harun, in his briefing to the prime minister and the delegates, said KUB was expected to make a net profit of RM50 million next year through a turnover of RM248 million.

He said that when the new management took over the administration of KUB in May 1991, the cooperative had accumulated losses amounting to RM121 million and debts of RM97 million.

However, by following the advice of Dr Mahathir, the cooperative implemented several recovery strategies which had evidently been successful, he said. -- Bernama

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