

Factors Influencing Cooperatives' Performance – A Case of Malaysian School Cooperative Movement

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Abstract

This study investigates the key internal factors influencing the performance of school cooperatives in Malaysia, particularly within the Federal Territory. The research, rooted in the Stakeholder Theory, examines how governance, leadership, and members' participation influence both the operational outcomes of school cooperatives and their engagement with external stakeholders. It has been well understood that school cooperatives, while capable of nurturing entrepreneurial skills and democratic values among students, many still struggle with performance due to internal inefficiencies and weak stakeholder collaboration. A quantitative approach was employed, collecting data through structured online surveys targeting teachers and student board members of school cooperatives affiliated with a national cooperative federation in Malaysia. The results were analysed using descriptive statistics and multiple regression analysis. The findings confirmed that good governance, effective leadership, and active levels of member participation are found to enhance cooperative performance. Furthermore, the study finds that the involvement of external stakeholders (government bodies, parents, and cooperative associations) is not only an outcome of strong internal practices but also a contributing factor to performance itself. This research contributes new insights to the underexplored domain of school-based cooperatives in Malaysia. The results are of practical value for policymakers, cooperative leaders, and educators aiming to improve policies or governance models, leadership development, and stakeholder relationships within the cooperative ecosystem. By strengthening both internal mechanisms and external collaborations, school cooperatives can become resilient and impactful institutions supporting Malaysia's broader educational and cooperative movements.

Keywords: School Cooperatives, Governance, Leadership, Members' Participation, Stakeholders' Engagement, Cooperative Performance

Introduction and Background of the Study

School cooperatives play a vital role in Malaysia's education system by promoting entrepreneurial values, financial literacy, and democratic practices among students. Initiated by Royal Professor Ungku Aziz, the movement has grown significantly, with 2,490 registered school cooperatives and over 2 million members contributing RM430.4 million to national turnover (SKM, 2024). Despite this growth, their contribution to Malaysia's GDP remains modest at only 3%, compared to up to 13% in other ASEAN countries (AVV, 2024; Bernama, 2024). This disparity raises concerns about the effectiveness and sustainability of school cooperatives.

Previous studies have identified weaknesses in governance, lack of leadership training, and low member participation as major factors limiting cooperative performance (Hussain, 2022; Kusmiati et al., 2023). These challenges are compounded by insufficient engagement with external stakeholders such as government agencies, cooperative federations, and parents. Addressing these issues is critical to enhancing the operational and educational impact of school cooperatives.

The objective of this study is to examine how governance, leadership, and members' participation influence school cooperatives' performance, and to assess the role of external stakeholder engagement in strengthening cooperative management and outcomes. This study is theoretically anchored in Stakeholder Theory, which posits that organisational success depends on recognising and balancing the interests of diverse stakeholder groups (Freeman, 1984). Within the context of school cooperatives, stakeholders include internal actors such as student members, teacher advisors, and cooperative boards as well as external entities like parents, government agencies, and cooperative federations. The theory provides a lens for understanding how governance, leadership, and member participation interact to influence cooperative performance and stakeholder engagement. By applying this perspective, the study conceptualises performance as an outcome of both internal mechanisms and external collaborations, forming the basis for the proposed framework that links governance, leadership, and participation to cooperative success.

Materials and Methods

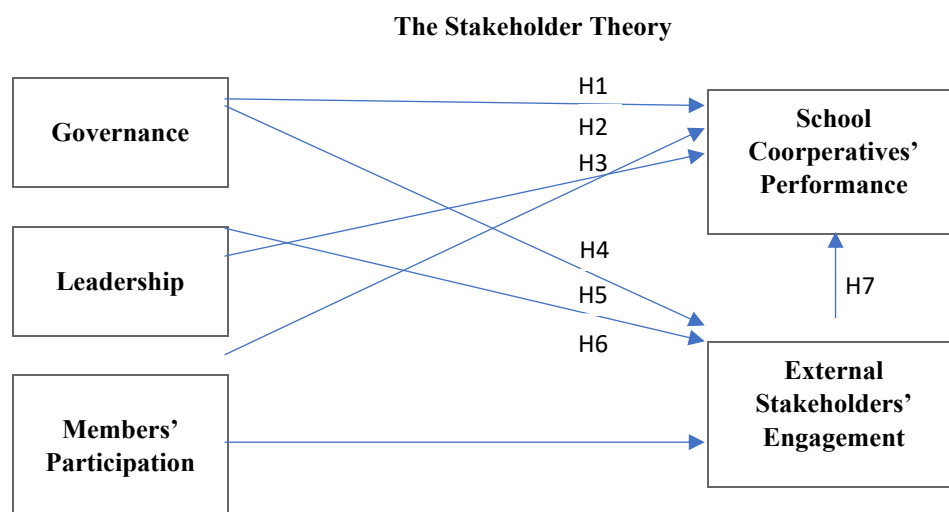


Figure 1: Conceptual Framework of the Proposed Study

The rationale for this study derives from the Stakeholder Theory put forth by Freeman (1984), highlighting that when relevant stakeholders' interests are taken into account, the organisational performance is enhanced. The stakeholders of school cooperatives are students, teachers, parents, government agencies and organisations in charge of the development of cooperatives. Freudenreich et al. (2019) claimed that there is a positive influence of stakeholder engagement on trust, transparency and cooperation. Through the application of the theory, a solid basis for analysing how internal and external engagement relates to cooperative performance is provided. A representation of the Conceptual Framework of the study is depicted in Figure 1 above.

Literature Review and Hypothesis Development

This study is underpinned by literature focusing on the global role of governance, leadership, and members' participation in the performance of school cooperatives (using Stakeholder Theory). It is important to note that cooperative sustainability depends on a good governance process based on transparency, accountability, and strategic decision-making processes. Consistently, studies have shown that organisations characterised by ethics supporting governance and participative decision-making gain more performance outcomes and stakeholders' trust, compared to those operating without these governance structures (Zhao & Wang, 2020; Chawviang et al., 2023). At the same time, governance practices such as open communication and financial transparency will enhance internal management and external stakeholder engagement (Budiyah & Suyono 2020; Prasad 2022). However, school cooperatives are characterised by an absence of a structured governance framework that causes operational inefficiencies and limited stakeholder partnerships (Kusmiati et al., 2023). Another determinant of performance is leadership, while transformational and innovative practices in leadership are found to give rise to higher motivation, inclusion of stakeholders and sustainability in outcomes. Competent leaders with foresight and communication skills are better suited to synchronise school cooperative goals with external supportive mechanisms (Simkhada & Bhattarai, 2023; Vicari et al., 2019). Adaptation to new educational and economic landscapes is also enabled via the forward-thinking leadership, which helps in

resilience and long-term sustainability (Jerab, 2023; Ishak et al., 2022). Members' participation is another equally important factor because they reinforce trust, collective decision-making, and accountability. Students and teachers' active involvement enhances operational efficiency and creates educational success and financial success (Liu et al., 2024; Ewang et al., 2020). However, according to Kinikli & Yercan (2023), there are still barriers in school cooperatives, for example, limited awareness and lack of participation strategies, and therefore, structured participation frameworks are needed. Generally, the literature supports hypotheses that the governance, leadership and members' participation positively influence both performance and stakeholder engagement, though external and internal stakeholder engagement are more strongly correlated with performance and influence each other more strongly in certain dimensions of engagement.

This study's hypotheses are built upon the foundational constructs explored in prior research and grounded in Stakeholder Theory, which emphasises the importance of both internal and external stakeholders in organisational success.

H1: Governance has a significant positive influence on school cooperatives' performance.

Effective governance ensures transparency, accountability, and inclusive decision-making. Jamaludin et al. (2023) found that strong governance mechanisms in school cooperatives lead to enhanced financial oversight, trust, and strategic planning, which are essential for improved performance. When governance frameworks are clearly defined and followed, cooperatives are more likely to meet both educational and operational goals.

H2: Leadership has a significant positive influence on school cooperatives' performance.

Leadership in school cooperatives drives vision, motivates participation, and fosters innovation. According to Yukl (2013) and Jayashree et al. (2022), transformational leadership creates a sense of purpose and commitment among members, leading to better goal alignment and operational efficiency. In school cooperatives, proactive leaders directly influence how well the cooperative is managed and sustained.

H3: Members' participation has a significant positive influence on school cooperatives' performance.

Member involvement is a core cooperative principle. Kinikli and Yercan (2023) argue that when members actively participate in planning and decision-making, cooperatives become more dynamic and inclusive. In educational settings, participatory engagement from students and teachers correlates with better management practices and improved cooperative outcomes.

H4: Governance has a significant positive influence on external stakeholders' engagement.

Strong internal governance fosters external credibility. Chaoyuan and Giovanna (2022) observed that cooperatives with well-structured governance are more likely to gain the trust of parents, government officials, and community organisations. In the school context, governance transparency invites collaboration and support from external stakeholders.

H5: Leadership has a significant positive influence on external stakeholders' engagement.

Leaders play a crucial role in shaping external perceptions. Pascual (2023) and Vicari et al. (2019) found that when cooperative leaders actively engage with the wider community and

communicate clearly, stakeholders are more willing to collaborate. School cooperative leaders who participate in community events or liaise with local businesses often attract sustained external support.

H6: Members' participation has a significant positive influence on external stakeholders' engagement.

Visible, active membership encourages external collaboration. Pedro et al. (2020) emphasise that when students and teachers are involved in cooperative initiatives, external stakeholders are more likely to perceive the organisation as legitimate and impactful. This, in turn, increases opportunities for partnerships and sponsorships.

H7: External stakeholders' engagement has a significant positive influence on school cooperatives' performance.

Stakeholder engagement contributes resources, knowledge, and legitimacy. Allen et al. (2023) argue that engaged stakeholders, such as parents and government agencies, enhance cooperative sustainability through strategic input and financial or institutional support. Wider et al. (2025) found that work engagement mediates the relationships between network ties and improve innovative performance. In the school cooperative setting, these relationships

Pilot Study

The structured survey instrument was designed and used to distribute the constructed survey through online platforms targeting the intended respondents. The questionnaire was divided into three key areas: (i) demographic information, (ii) independent variables, governance practices, leadership factors and members' participation and (iii) factors for dependent variables, school cooperatives' performance and the stakeholders' involvement. Respondents' perception was captured through the instrument designed on a 5-point reversed Likert scale spanning "Strongly Agree" to "Strongly Disagree". Adapted and refined from previous validated studies, the constructs were ensured to be content-relevant and clear. In order to determine the reliability of the instrument, a pilot test was conducted on 50 respondents. Table 1 shows the interpretation of Cronbach's alpha values to determine the reliability of the survey instruments.

Table 1

Interpretation of Cronbach's Alpha Values for Assessing Internal Consistency

Cronbach's Alpha	Internal Consistency
0.9 and above	Excellent
0.8 - 0.9	Good
0.7 - 0.8	Acceptable
0.6 - 0.7	Questionable
0.5 - 0.6	Poor
Below 0.5	Unacceptable

The Cronbach's alpha values based on pilot study results, as shown in Table 2 below, were above 0.70 for all variables, which suggested that the internal consistency of all variables was acceptable.

Table 2

Summary of Reliability Analysis Results of the Roles of Governance, Leadership and Members Participation (IVs), School Cooperatives' Performance and External Stakeholders' Engagement (DVs) Factors for Pilot Study

Construct	No. of Items	Construct Reliability
Governance	5	0.931
Leadership	5	0.970
Members' Participation	5	0.963
School Cooperatives' Performance	5	0.926
External Stakeholders' Engagement	5	0.962

Research Design and Data Analysis

This study employed a quantitative design using structured surveys distributed online to school cooperative advisors and student board members. The instrument included five sections covering demographics, governance, leadership, members' participation, and performance. Responses were measured using a reversed 5-point Likert scale. A total of 176 valid responses were analysed.

Cronbach's Alpha values confirmed internal consistency (all > 0.90). Descriptive statistics summarised demographic profiles. Pearson correlation and multiple regression were used to evaluate variable relationships. Q-Q plots tested normality assumptions.

Results and Discussion

Reliability and Descriptive Analysis

Based on Table 3, the result shows the reliability statistics for the pilot study based on Cronbach's Alpha for all the variables range between 0.903 to 0.961. As a general rule, when the Cronbach's Alpha value exceeds 0.7, it indicates that the data is sufficiently reliable, and full data collection can proceed before conducting further analysis (Refer to Table 1). Since the esteem here is above 0.9, it is more prominent than 0.9 and below 1. Therefore, it is enough to represent that the information is solid and the model is reliable for further analysis.

Table 3

Summary of Cronbach's Alpha Results for All the Variables

Construct	No. of Items	Construct Reliability
Governance	5	0.931
Leadership	5	0.970
Members' Participation	5	0.963
School Cooperatives' Performance	5	0.926
External Stakeholders Engagement	5	0.962

Measures of Central Tendency

The measures of central tendency were done for the factors of Governance (IV1), Leadership (IV2), Members Participation (IV3), School Cooperatives' Performance (DV1) and External Stakeholders' Engagement (DV2). Table 2 shows the mean and standard deviation of the variables in the study. It was found that the standard deviation for all the variables indicated above 0.70, and this means that all the respondents agreed with the statements stated for each variable (Malakar, 2023).

Table 2

Mean Score and Standard Deviation Results for Governance (IV1), Leadership (IV2), Members' Participation (IV3), School Cooperatives' Performance (DV1) and External Stakeholders' Engagement (DV2)

Construct	Mean	Standard Deviation
Governance	2.0080	0.86
Leadership	1.8068	0.947
Members' participation	1.9182	0.89
School Cooperatives' Performance	1.9239	0.91
External Stakeholders' Engagement	2.0795	0.91

The interpretation of Pearson correlation coefficients (r) is presented in Table 3 to guide understanding of the strength and direction of the relationship between two variables. The strength is given by the absolute value of r and the direction by sign (positive or negative), as per Attallah (2024). If the value is close to 0, this suggests no association, while values close to ± 1 signify stronger relationships. The interpretation framework offered by this article enables researchers to appropriately gauge the amount of linear association in their data, which facilitates making more accurate quantitative study conclusions.

In case of Likert scales, researchers generally want to explain average scores or the total sum of responses on items (Hussain, 2022). In this research, in particular, however, because the reverse Likert scale was used, lower mean values thus reflect a general positive agreement with the statements.

Table 3

Interpretation of Pearson correlation

Absolute Value of r	Strength of Relationship
$r < -0.20$	Weak negative correlation
$-0.30 < r < -0.50$	Moderate negative correlation
$-0.60 < r < -0.80$	Strong negative correlation
$-0.90 < r < -1.00$	Very strong negative correlation
0	No association
$r < 0.2$	Weak positive correlation
$0.30 < r < 0.50$	Moderate positive correlation
$0.60 < r < 0.80$	Strong positive correlation
$0.90 < r < 1.00$	Very strong positive correlation

Normality Test

To assess the normality assumption of the data, Quantile-Quantile (Q-Q) plots were utilised, offering a visual method to evaluate how closely the data align with a normal distribution. When data points cluster along a straight line in these plots, it implies normality, while notable deviations indicate otherwise (Jarantow et al., 2023). Q-Q plots, though requiring user experience to interpret, are effective when used alongside statistical tests like Shapiro-Wilk or Kolmogorov-Smirnov (Konopatov et al., 2024). In this study, Q-Q plots were used to analyse the independent variables—Governance (IV1), Leadership (IV2), and Members Participation (IV3)—and the dependent variables—School Cooperatives' Performance (DV1) and External Stakeholders' Engagement (DV2). As illustrated in Appendix III, most data points followed the norm line, suggesting normal distribution, a finding corroborated by histograms and

skewness/kurtosis ratios. Khatun (2021) noted the usefulness of Q-Q plots in complementing bulky statistical tests, while Kinney et al. (2022) emphasised the limitations of relying solely on formal tests, especially in large samples. Given the visual confirmation of normality, parametric tests like Pearson's Product-Moment Correlation Coefficient were deemed appropriate for analysing variable associations, consistent with Avram and Mărușterî's (2022) assertion that maintaining normality is key to the reliability of parametric statistical claims.

Correlation Analysis

Values for mean (M) and standard deviation (SD) provide useful information regarding respondent subgroup biases toward each construct on the Likert scale. External Stakeholders' Engagement has the highest mean (M = 2.08) while leadership has the lowest mean (M = 1.81). Leadership had the greatest amount of variability (SD = 0.947), and governance responses were more consistently given (SD = 0.86). Table 4 summarises all variables from the study that displayed strong positive correlations at the significance level of 0.01 (2-tailed).

Table 4

Correlation Analysis

Correlation Table

Variable Names	M	SD	1.	2.	3.	4.	5.
1. Governance	2.01	0.86	-				
2. Leadership	1.81	0.947	.798**	-			
3. Members' Participation	1.92	0.89	.806**	.908**	-		
4. School Cooperatives' Performance	1.92	0.91	.765**	.843**	.859**	-	
5. External Stakeholders' Engagement	2.08	0.91	.772**	.832**	.869**	.822**	-

Note: $n = 176$ for all correlations. ** indicates $p < .001$. All variables are significantly and positively correlated at the 0.001 level (2-tailed). M = Mean, SD= Standard Deviation

The correlation analysis from Table 4 reveals strong positive relationships among all the key variables, with coefficients ranging from 0.765 to 0.908. All correlations were significant at the 0.01 level (2-tailed), suggesting reliable associations. Notably, Leadership demonstrated the strongest correlation with Members' Participation

($r = 0.908$), indicating that effective leadership significantly promotes active member involvement. Additionally, Members' Participation was strongly correlated with School Cooperatives' Performance ($r = 0.859$) and External Stakeholders' Engagement ($r = 0.869$), reinforcing the critical role members play in boosting cooperative outcomes. Leadership also correlated positively with School Cooperatives' Performance ($r = 0.843$) and External Stakeholders' Engagement ($r = 0.832$), emphasising its broad influence.

Although Governance showed a slightly lower but still strong correlation with School Cooperatives' Performance ($r = 0.765$), the findings overall suggest a reinforcing pattern where strong leadership, effective governance, and high member participation are key drivers of cooperative success and stakeholder involvement. These results align with prior applications of Pearson correlation, supporting the validity of its use in examining linear relationships between variables in practical and social contexts (Attallah, 2024). The findings also highlight the need for more advanced statistical modelling and hypothesis testing to

explore these relationships further. Collectively, enhancing leadership, governance, and participation can lead to significant improvements in both school cooperatives' performance and stakeholder engagement. These results reflect strong, statistically significant relationships consistent with Vicari et al. (2019) and Jamaludin et al. (2023).

Regression Analysis

Table 5

Regression Analysis Predicting School Cooperatives' Performance

Model 1: Predicting School Cooperative Performance

<i>Regression Analysis</i>			
Predictor	Standard Coefficient	t	Significance
(Constant)	-	1.993	.048
Governance	0.150	2.329	.021
Leadership	0.303	3.337	.001
Members Participation	0.463	5.009	< .001

$R = .876$, $R^2 = .768$, Adjusted $R^2 = .764$, $F(3, 172) = 189.561$, $p < .001$

The regression analysis results in Table 5 revealed that governance, leadership, and members' participation significantly influenced school cooperatives' performance. The model showed a high level of predictive accuracy with $F(3, 172) = 189.561$, $p < .001$, and an R^2 value of .768, indicating that the three predictors could explain 76.8 percent of the variance in performance. Members' participation emerged as the strongest predictor ($\beta = .472$, $p < .001$), followed by leadership ($\beta = .291$, $p = .001$) and governance ($\beta = .158$, $p = .021$). The R value of 0.876 demonstrated a very strong collective influence of these variables on school cooperatives' performance. These findings validated hypotheses H1, H2, and H3, establishing the critical roles of members' involvement, leadership quality, and governance standards in enhancing cooperative outcomes. The data highlighted that encouraging active participation, backed by strategic leadership and transparent governance, could significantly uplift the cooperatives' financial and social achievements.

The study also emphasised the practical implications of involving both student and teacher representatives in decision-making processes, such as regular meetings with board members and involvement in budget planning and community initiatives. This engagement enhances organisational ownership and motivation, thereby improving overall cooperative performance. The findings were consistent with earlier literature, including Jamaludin et al. (2023) and Galay (2023), who identified active member participation as the most vital element for cooperative success. Leadership's positive influence supported research by Vicari et al. (2019) and Ismail et al. (2024), which stressed the role of strategic and collaborative leadership. Although governance had a comparatively smaller effect, its significance aligned with Budiyah and Suyono (2020) and Prasad (2022), who underscored the importance of accountability and transparency. Overall, the study demonstrated the relevance of Stakeholder Theory (Freeman, 1984), showing that cooperative success stems from balancing the interests of members, leaders, and school staff.

Table 6

*Regression Analysis Predicting Stakeholders' Engagement**Model 2: Predicting Stakeholders' Engagement*

<i>Regression Analysis</i>			
Predictor	Standard Coefficient	t	Significance
(Constant)	-	3.455	<0.001
Governance	0.171	2.700	0.008
Leadership	0.179	2.007	0.046
Members Participation	0.569	6.260	<0.001

$R = .881$, $R^2 = .776$, Adjusted $R^2 = .772$, $F(3, 172) = 198.182$, $p < .001$

The regression analysis in Table 6 assessed the effects of governance, leadership, and members' participation on external stakeholders' engagement in school cooperatives. The model was statistically significant with $F(3, 172) = 198.182$, $p < .001$, and an R^2 of 0.772, indicating that 77.2 percent of the variance in stakeholder engagement could be explained by the three predictors. Members' participation stood out as the most influential factor ($\beta = .580$, $p < .001$), followed by governance ($\beta = .180$, $p = .008$) and leadership ($\beta = .172$, $p = .046$), both of which also contributed significantly. The high R value of 0.881 indicated a very strong overall relationship between the predictors and external stakeholders' engagement. These findings confirmed hypotheses H1, H2, and H3, suggesting that all three variables had a significant and positive impact, with members' participation being the dominant force driving stakeholder involvement.

The results demonstrated the importance of inclusive cooperative practices and transparent communication strategies. Frequent interaction between school cooperative leaders and external stakeholders, such as parents, local businesses, and education authorities, combined with clearly communicated goals, fostered stronger trust and engagement. The study emphasised that maximising members' interaction, supported by effective leadership and structured governance, significantly improves stakeholder participation. These findings were consistent with prior studies. Vicari et al. (2019) and Buang and Samah (2021) highlighted that member engagement fosters openness and collaboration, thereby strengthening trust with external parties. Governance's role is aligned with Prasad (2022) and Bokoumbo et al. (2023), who emphasised its importance in boosting credibility and accountability. Leadership, though less impactful than participation, was still significant, as shown by Setiawati (2023), who confirmed that visionary leadership is vital for forming strategic partnerships. Together, these results reaffirm the importance of participatory management in achieving stakeholder-centred cooperative growth.

Analysis of Hypotheses

The findings from the hypothesis testing, as per based in Table 4, confirmed that all the proposed relationships were statistically significant at $p < 0.01$. The study highlights the importance of governance, leadership, and members' participation in enhancing both internal performance and external stakeholders' engagement within Malaysian school cooperatives. Each hypothesis is summarised below:

H1: There is a significant positive influence of Governance towards School Cooperatives' Performance

Governance was found to have a significant positive influence on school cooperatives' performance, with a correlation value of $r = 0.765$, $p < 0.01$. Transparent governance practices, accountable leadership, and participative decision-making structures were shown to enhance operational efficiency and trust among cooperative members. The findings support that well-established governance frameworks are critical drivers for improved performance outcomes in school cooperatives.

H2: There is a significant positive influence of Leadership towards School Cooperatives' Performance

Leadership demonstrated a strong positive relationship with school cooperatives' performance, with a correlation of $r = 0.843$, $p < 0.01$. Leaders who demonstrated transformational capabilities—encouraging innovation, teamwork, and vision-building—were vital in sustaining organisational growth. Effective leadership provided the cooperative with resilience against challenges, aligning internal activities with cooperative goals and performance improvement.

H3: There is a significant positive influence of Members' Participation towards School Cooperatives' Performance

The analysis revealed that members' participation significantly influences school cooperatives' performance, recording the highest correlation among the internal factors at $r = 0.859$, $p < 0.01$. Active member involvement in cooperative management and decision-making processes contributed to stronger ownership, improved accountability, and enhanced operational success. High levels of participation were essential for ensuring the cooperatives' financial and social sustainability.

H4: There is a significant positive influence of Governance and External Stakeholders' Engagement

The findings also showed that governance significantly impacts external stakeholders' engagement, with a correlation of $r = 0.772$, $p < 0.01$. Strong governance practices such as transparency and ethical leadership were key to building trust with external stakeholders, including parents, government agencies, and cooperative federations. Good governance thus not only improved internal performance but also created opportunities for broader community support.

H5: There is a significant positive influence of Leadership and External Stakeholders' Engagement

Leadership was found to significantly influence external stakeholders' engagement, indicated by a correlation of $r = 0.832$, $p < 0.01$. Leaders who prioritised external communication and relationship-building were more successful in forging partnerships, attracting resources, and sustaining stakeholder commitment. Effective leadership enhanced the cooperative's visibility and credibility in the wider community.

H6: There is a significant influence of Members' Participation and External Stakeholders' Engagement

Members' participation exhibited a strong positive influence on external stakeholders' engagement, with a correlation of $r = 0.869$, $p < 0.01$. A cooperative with high internal participation created a positive reputation that encouraged stakeholder trust and

collaboration. The active involvement of members projected a strong cooperative identity, motivating external parties to engage and contribute to cooperative initiatives.

H7: There is a significant influence of External Stakeholders' Engagement towards School Cooperatives' Performance

Finally, external stakeholders' engagement was shown to have a significant positive influence on school cooperatives' performance, with a correlation value of $r = 0.822$, $p < 0.01$. Collaboration with external stakeholders provided access to resources, technical support, and legitimacy, all of which directly contributed to enhancing the operational success and sustainability of school cooperatives.

Table 7 Below Provides the summary findings for the hypotheses of the study

Table 7

Summary findings for Hypotheses

Hypotheses	Hypotheses of the Study	Results
H1	There is a significant positive influence of Governance towards School Cooperatives' Performance.	Significant
H2	There is a significant positive influence of Leadership towards School Cooperatives' Performance.	Significant
H3	There is a significant positive influence of Members' Participation towards School Cooperatives' Performance.	Significant
H4	There is a significant positive influence of Governance and External Stakeholders' Engagement.	Significant
H5	There is a significant positive influence of Leadership and External Stakeholders' Engagement.	Significant
H6	There is a significant positive influence of Members' Participation and External Stakeholders' Engagement.	Significant
H7	There is a significant positive influence of External Stakeholders' Engagement towards School Cooperatives' Performance.	Significant

Discussion

The research analysed how governance elements, together with leadership roles and member activism, affect school cooperative performance while engaging external stakeholders in Malaysian education. The research implemented Stakeholder Theory (Freeman, 1984) as its conceptual framework to show that school cooperatives succeed through internal practices as well as their relationships with external stakeholders. The research showed that cooperative performance and stakeholder involvement benefit greatly from active member participation, together with proper governance and leadership structures. The study identified member participation as the factor that has the strongest impact on both performance results and engagement level outcomes.

The research strengthens scholars' comprehension that school cooperatives perform as main locations for developing democratic practices together with leadership competencies, while promoting community partnerships, which makes them vital in educational settings. Stakeholder Theory finds more robust application in school cooperatives because researchers extended its analysis beyond its conventional business environment. The study shows that

stakeholders' trust and organisational legitimacy develop from within, along with external network activities, thus increasing the practical value of Stakeholder Theory.

Governance: Ensuring Transparency and Accountability

School cooperative performance shows significant influence from governance systems, which also increases stakeholder involvement according to the analysis findings. Nevertheless, governance stands as an essential factor that sustains organisational integrity despite having a weaker direct influence than leadership and member participation do. The essential elements of effective governance involve structured systems combined with defined roles and transparent decision making, and rule compliance to maintain organization sustainability. Budiyah and Suyono (2020) indicate that these elements create the basis for both internal cooperative operations and external organisational legitimacy.

Many Malaysian school cooperatives face governance issues because their reporting practices differ from each other, and their meetings are not held regularly. Organisations which lack standard operational procedures together with planned activities become unable to gain internal and external stakeholder trust. Undermining consistency weakens the organisational credibility, which leads to a decrease in stakeholder trust in the cooperative. Adequately strong governance practices implemented with established reporting timelines and defined roles help organisations earn trust from their internal teams and external community members.

Better cooperative performance stems from effective governance due to its ability to uphold transparent and accountable decision-making processes, which ensure fairness. Various organisational practices support the foundation of Stakeholder Theory by demonstrating which stakeholders can achieve legitimate status through fulfilling their expectations as stated by Freeman et al. (1984). School cooperatives obtain long-term success through governance practices that match stakeholder expectations because this creates trusted relationships with stakeholders.

The qualitative findings revealed that a subset of school cooperatives faces governance system weaknesses. When organisations fail to report consistently while avoiding regular meetings, it creates doubt among stakeholders that later affects their involvement with external partners. Many cooperatives fail to maintain proper documentation systems because of which stakeholders experiencing difficulties in tracking organisational decisions or monitoring leader accountability. Weak organisational governance structures, according to Freeman (1984) and other experts, result in decreased stakeholder trust, which leads to worse organisational results. School cooperatives need to develop transparent governance systems which require regular progress updates, together with defined roles and proper record-keeping.

Leadership: Uniting Members and External Stakeholders

This research demonstrates that leadership acts as an essential factor affecting how well schools operate as cooperatives, together with their engagement with stakeholders. Cooperative leadership determines its direction and ensures member unification and the development of strong associations with external partners. Experimental data showed that lead figures achieve the best results by producing operational alignment between cooperative

objectives and member interests and partner objectives. Transformational leadership proves essential for resource-limited cooperative environments, according to Vicari et al. (2019) and this research.

This research establishes that leadership creates a direct path for member involvement as its main academic discovery. Leaders who are effective at empowering members first provide tasks to their members and then allow members to actively participate while sharing decision responsibilities. The implementation of an engagement-driven culture by leaders helps members to commit to cooperative targets, allowing for enhanced cohesion among stakeholders. The research backs Freudenreich et al. (2019), who maintained that organisations reach better alignment and resilience through stakeholder dialogue promotion. Leadership plays a critical role in school cooperatives to establish dialogues that produce better cooperation between organisational members internally and contacts externally.

Research findings indicated positive effects, but the study demonstrated that school cooperative leadership frequently faces critical obstacles. Student leaders lack proper education, while teacher-advisors must sustain two separate responsibilities, resulting in operational challenges. Insufficient leadership training contributes to strategic issues within cooperatives, as leaders may lack the necessary competencies to engage stakeholders effectively and sustain cooperative functions. Sekar et al. (2021) suggest that when employees are provided with training and development opportunities, their subsequent performance appraisals are likely to be more favourable. This problem can be addressed through comprehensive leadership development programmes supported by relevant national cooperative agencies. Such programmes should equip leaders with the skills needed to manage internal business operations and develop effective connections with external stakeholders.

Leadership education programs must educate managers about cooperative fundamentals and teach them to make ethical choices and work with stakeholders as well as use democratic systems. The programs create avenues for leaders to build highly inclusive settings in their cooperative, which allow full participation by every member. All leadership training initiatives need to demonstrate how educational goals and sustainability principles should be aligned with cooperative objectives. School cooperatives that build their leadership capabilities through investment will achieve better performance and develop stronger stakeholder relations, which leads to sustained success.

Final Reflection: From Participation to Transformation

The investigation identifies crucial functions of governance leadership and member participation which propel the achievement of school cooperatives. The study emphasises the necessity of developing a robust internal structure, including solid governance frameworks and leader development programs, so cooperatives can successfully involve their members along with external stakeholders.

Educational programs and participatory platforms should become a necessary part of the school curriculum to improve member participation, according to the research. School cooperatives establish a democratic inclusion which allows all stakeholders to participate in decision-making processes.

This research produces important practical solutions to promote school cooperative development in Malaysia. School cooperatives, along with cooperative organisations, need to invest their funds into leadership training programs and governance structures and members' participation initiatives that assist the development of sustainable cooperative models. The integration of these methods will transform school cooperatives into exemplary examples of community-directed administration, which prepares students to be energetic citizens in society's future.

Implications of the Findings

This study produces findings that create significant implications both for theory and for practical uses and policy matters. Through examining governance, leadership, and members' participation, the research creates a complete perspective for future academic work and cooperative action management while directing national educational policy.

Theoretical Implications

The study validates Stakeholder Theory by applying it to school cooperatives, which proves its usefulness in educational institutions. Stakeholder Theory, which originated from business organisations, demonstrates its applicability for school-based cooperatives through its fundamental premise to evaluate the needs of all stakeholder groups. The study proves that school cooperative performance will be enhanced if governance systems and leader roles combine with member participation through stakeholder engagement initiatives, thus establishing a compelling need for stakeholder-focused operational models in schools.

A dual-outcome framework in this study extends stakeholder-based studies by establishing connections between organisational internal components which influence both cooperative performance results and external stakeholder relationships. The research connects the internal aspects of educational cooperatives with their external collaborative relationships while emphasising their shared network structure. The proposed framework functions as a research theory model that researchers can use to investigate cooperative education and social enterprise programs, along with community-based organisations requiring participatory management combined with stakeholder trust.

Practical Implications

According to practical findings, this study demonstrates that school cooperatives require active membership to achieve success. The strongest factor for achieving superior cooperative outcomes and meaningful stakeholder involvement involves schools building membership structures which actively involve their members, notably students, along with teachers. Member success happens when schools let members guide governance and grant decision-making power while honouring their work through formal member participation systems. The educational system should add cooperative education programs to its syllabus to develop ongoing dedication.

Research outcomes show that how cooperative governance functions and leads directly determines how effectively these organisations perform. To enhance the ethics of governance, along with democratic leadership and stakeholder communication, schools should provide basic training programs for their student leaders and board members. Educational institutions should implement formal mentorship programs together with

capacity-building sessions for leadership development, along with performance evaluation systems to improve governance quality. Schools with strong core practices throughout their organisation will create more effective relationships with external partners while establishing enduring cooperative systems.

This research offers originality by extending Stakeholder Theory to the underexplored domain of school-based cooperatives in Malaysia, demonstrating its applicability beyond traditional business contexts. The study contributes to social science by providing empirical evidence on how internal governance structures and external stakeholder relationships jointly shape organisational performance in educational cooperatives. These insights enrich cooperative management literature and inform policy development for sustainable educational enterprises.

Policy Implications

Policymakers should develop a standardised cooperative management system to be deployed uniformly across all educational institutions. The relevant educational authorities and national cooperative bodies should establish clear guidelines that promote transparent governance practices with inclusive leadership and structured member participation. These policies guarantee standardisation together with quality throughout all school cooperatives without consideration of their locations or dimensions, and create universal performance assessment criteria.

The research confirms that educational institutions should enter strategic business deals with outside partners, including community organisations and business owners, along with parents and cooperative federations. School cooperatives require policies that organise networking between institutions and promote resource exchange with stakeholder guidance mechanisms. A national performance tracking system measuring cooperative achievements together with stakeholder involvement will establish excellent cooperative management standards while linking the educational cooperative sector to national socio-economic progress.

Limitations of the Study

The research delivers valuable evidence about school co-operative performance and stakeholder engagement, except for certain restrictions applied to Malaysia's Federal Territory data collection.

Differences in Cooperative Maturity

School cooperative organisations showed different levels of maturity during their operation and task performance. The co-operative structures varied between highly organised protocols and older, ineffectual, or new institutions. This unstandardised maturity level of cooperatives appears to have created inconsistent response quality and unstable data accuracy. The newer cooperatives experience difficulties with essential document keeping, but mature cooperatives do not face this challenge. Support systems must include mentoring and staged development because current data indicates these programs will best serve cooperative development. The cooperative principle supports positive development through mutual assistance among cooperatives.

Time and Resource Constraints

The research timeframe, limited by academic calendars, led to the investigation of only the Federal Territory during the study period. The chosen study region reduced the amount of possible data while constraining its application across other states. Beyond the selected geographical area, the program was unable to reach wider audiences due to time restraints. Additionally, stakeholder engagement was limited. The findings would have benefited from additional time, which could have produced enriched results through interviews or workshops and enabled regional comparisons.

Researcher Knowledge Gaps

Due to their limited background with cooperative governance and sophisticated research techniques, the researchers faced several capabilities constraints. Fundamental statistical methods were performed while a manual assessment was conducted on qualitative information. Further research methods should be deployed because they would reveal additional patterns and critical stakeholder perspectives. Professionals in cooperative management, together with technical data experts, should collaborate on future research to obtain better and more precise survey results.

This important study needs to be extended through a broader geographic research scope while investing in stakeholder relationships and joining forces with refined research techniques to boost the validity of its findings in the future.

Conclusion

Research analysed the effects that governance structure and leadership direction, together with member stakeholder participation, have on Malaysian school cooperative performance levels. Member participation proved to be the primary significant element alongside governance and leadership roles in Malaysian school cooperatives. Interaction between students and teachers creates feelings of ownership and supports collaborative study practices that improve performance while sustaining operations. The success of these institutions is closely associated with stakeholder engagement, particularly when it involves national cooperative bodies, relevant government agencies, and parents as external parties. Stakeholder Theory provides foundational support for research results, which show that internal community work needs external support to develop mutual value. The student-run activities in schools serve as both educational platforms for financial understanding and leadership program development and community involvement opportunities. A combination of structure in governance and inclusive leadership with meaningful member participation will turn schools into resilient institutions that provide lifelong cooperative knowledge and educational achievements.

Data Availability

The data supporting the findings of this study are available from the corresponding author upon reasonable request. Due to the nature of the research and institutional policies of the participating cooperative agencies, the data are not publicly available in order to protect participant confidentiality.

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this paper.

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Supplementary Materials

No supplementary materials were provided for this study.

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