

Agricultural Cooperatives Movement in Cambodia: A Case Study of Tasey Samaki Agricultural Cooperative, Battambang Province

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Abstract

The concept and practice of agricultural cooperative (AC) is a tool for agricultural development and poverty reduction in Cambodia. ACs has a long, varied and unfortunate history in Cambodia. This article aimed to study (1) the movement and structure of ACs in Cambodia by gathering secondary data, (2) the movement, structure, and performance of Tasey Samaki Agricultural Cooperative (TSAC) by using SWOT and PESTEL analyses. The research results were found as follows;

ACs in Cambodia started forming in 1956. During Khmer Rouge regime, all people were forced to form a cooperative that were different from cooperative concepts and principles. In 2003, the government announced the establishment and registration of agricultural cooperatives to pursue the royal decree. In 2014, the Department of Agricultural Cooperatives Promotion was established in the Ministry of Agriculture, Forestry and Fisheries of Cambodia as a specialized department in charge of agricultural cooperative development.

TSAC has two strong points such as performance and market. However, there are some points to improve including capital, human resources, business activities management and lack of participation. Additionally, to develop ACs in Cambodia, the government should support the ACs by providing training of business activities management, encouraging farmers to join cooperatives, helping farmers to access the loan at low rate.

Keywords: the movement; Tasey Samaki; agricultural cooperative; Cambodia

Introduction

Agriculture is one of the leading sectors, one that has contributed to Cambodia's economic development, poverty reduction, and growth in gross domestic product and income through agricultural exports. It also provides jobs and revenues to many rural households that make a living through agriculture (Royal Government of Cambodia, 2022). In 2022, agriculture accounts for 22 percent of Cambodia's GDP and employs 2.6 million people (Food and Agriculture Organization, 2023).

However, agriculture growth has slowed in recent years due to several factors, including agricultural productivity, the impact of natural disasters, farming structure, value addition to agriculture, transport, logistics, limited access to quality inputs at affordable prices, and low investment in agro-processing (Royal Government of Cambodia, 2022). Due to the significance of agriculture in Cambodia, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) has initiated programs to promote the agricultural cooperative movement in the country (Hun et al., 2018).

To improve agricultural sector in Cambodia, government has promoted ACs in Cambodia (Hun et al., 2018). This study illustrates ACs movement and structure in Cambodia and analyses a case study of Tasey Samaki Agricultural Cooperative. The lesson learnt from movement and structure of Cambodian ACs and the case study will use as suggestions for improving ACs in Cambodia.

Research Objectives

1. To illustrate the movement and structure of agricultural cooperatives in Cambodia.
2. To analyze one case study of Tasey Samaki Agricultural Cooperative, Battambang province, Cambodia.

Literature Review

A PESTEL analysis is a tool that allows organizations to discover and evaluate the factors that may affect the business in the present and in the future. PESTEL is an acronym for political, economic, social, technological, environmental and legal (Villegas, 2023).

SWOT originated in the early 1950s at Harvard Business School to analyze case studies by Harvard professors George Albert Smith Jr. and C Roland Christensen (Benzaghta et al., 2021). SWOT analysis is a framework that evaluates a business' strengths, weaknesses, opportunities,

and threats. A SWOT analysis evaluates a business or project based on four key factors that can be divided into two categories: internal and external (Lindley, 2023).

There has been many studies on agricultural cooperatives in Cambodia. Hun (2018), did a research on impacts of agricultural cooperatives on farmers' revenues in Cambodia: a case study of Tram Kak district, Takeo province. The study found that farmers who has contacts by government agency and non-government agency are more likely to join the cooperatives while farmers who have high off farm income are less likely to become members of cooperatives. Moreover, agricultural cooperatives have no impact on paddy yield and paddy revenue due to agricultural cooperatives do not provide enough training to their member and some members did not join training provided and cooperatives have failed to provide better price for their paddy. Furthermore, there are positive impact on farm revenue when agricultural cooperatives provide live stock and other crop training to member. However, there is no impact on non-members if they join the cooperatives as they have higher off-farm income, less paddy land size and fewer laborers that are not favorable to taking on other farming activities.

Chhinh (2022), conducted a research on local engagement in the agricultural cooperatives operation in Cambodia. The study found that local engagement in agricultural cooperatives is limited, critical to motivating local involvement, do not receive agricultural inputs for their engagement, poor management, lack of capital, unavailable loan lack of skills, high illiteracy levels, small share values, a lack of access to credit facilities, access to the competitive market and a lack of support from extension services. However, local engagement in agricultural cooperatives operation is positively associated with access water resources, benefits from agricultural cooperatives, participation in agricultural cooperatives activities, risk control and agricultural cooperatives management.

Moreover Sanguanwongse (2023) conducted on the comparative of cooperatives: the case study of Mondragon Cooperative Corporation and the national federation of agricultural cooperative associations of Japan. The study used Content, PESTEL and SWOT analyses to analyze both cooperatives. The study found that both cooperatives have domestic and international business operating structures that connect both vertical and horizontal businesses, high profit, high ability to adapt to changing situations, various business operations that support each other in a supply chain, dedicate to research, nationwide and international manufacturing network, and distribution channels and focus on equality and participative management.

The purpose of this review is to view the definition of SWOT and PESTEL analyses which are the method of this study and the previous studies on ACs. There are many studies have been conducted on ACs. However, very limited studies has been conducted regarding movement and structure of ACs in Cambodia. This study will illustrate the movement and structure of ACs in Cambodia and analyses a case study of Tasey Samaki Agricultural Cooperative, Cambodia.

Conceptual Framework

This research study is qualitative research. There is a research concept as shown in Figure 1 with the process as follows: 1). illustrating the movement and structure of ACs in Cambodia. 2). Using PESTEL and SWOT analyses to analyze the case study of Tasey Samaki Agricultural Cooperative. The result of the study will use as suggestion to develop ACs movement in Cambodia.

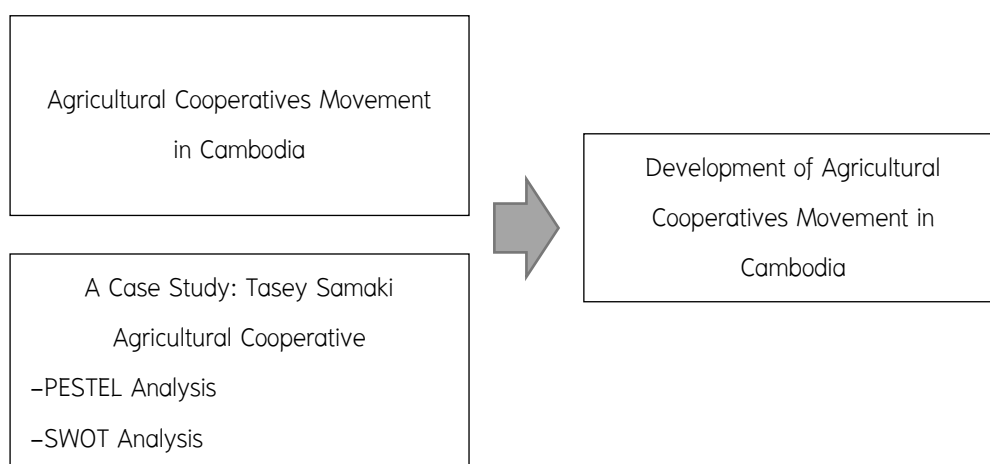


Figure 1 Conceptual Framework

Research Methodology

Data Collection

For primary data, this research selected Tasey Samaki Agricultural Cooperative (TSAC) as a case study. We collected from the annual report of TSAC from 2018 to 2021. Qualitative interviews were also conducted with directors of TSAC in order to understand more about the situations and problems they have faced. For secondary data were collected from various sources such as Ministry of Agriculture, Forestry and Fisheries (MAFF) report in Cambodia, Agricultural Cooperatives Act of Cambodia, and research papers.

Data Analysis

For first objective, the descriptive method was used to illustrate movement of and structure of ACs in Cambodia. For second objective, descriptive method was used to illustrate movement and structure of TSAC and SWOT and PESTEL analyses were used to analyze movement, structure, and business performance of the agricultural cooperative.

Research Results

1. The agricultural cooperative movement in Cambodia.

1.1 Agricultural Cooperatives Movement in Cambodia

Agricultural cooperatives (ACs) in Cambodia started forming in 1956. To initiate and develop agricultural cooperatives, the Ministry of Agriculture has established Office Royal of Cooperatives (OROC) in the same year (Prakash, 2015). At that time, there were 512 agricultural cooperatives under the control of OROC (Hun et al., 2018).

During Khmer rouge regime, all people were forced to form a cooperative that was different from cooperative concepts and principles. People were forced to collect all their property hand to cooperative, forced to work in group and live together but not provided enough food (Prakash, 2015).

After Khmer Rouge regime, rural people were formed as solidary groups. There were 12 to 15 families in one group. In 1987, Cambodia had 124,377 solidarity groups. Solidarity groups are considered useful groups in the sense that they serve as production groups that provide employment and security for people. These groups also provide food for domestic use and distribute agricultural materials such as seeds, fertilizers (Oversea Technical Cooperation Agency, 1965).

In 2001, royal decree of establishment and functioning of agricultural cooperatives is announced to use for support the establishment of agricultural cooperatives legally. In 2003, the government announced about establishment and registration of agricultural cooperatives to pursue the royal decree. After that in 2013, law on agricultural cooperatives passed as a succession of royal Decree. In 2014, department of agricultural cooperatives promotion was established in the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Cambodia as a specialized department in charge of agricultural cooperatives development (Prakash, 2015).

1.2 Structure of Agricultural Cooperatives in Cambodia

The real power of the agricultural cooperative is within the community from which the members formally join the cooperative. The formal members, who, after paying admission fee and after purchasing at least one share, represent the needs of the community. The members form a General Meeting. The General Meeting elects a Board of Directors consisting of a President, Vice-President, and other members. The Board of Directors is the principal management body of the agricultural cooperative. The Board, based on the policies laid down by the General Meeting, implements the decisions through the professional management staff. The Supervisory Committee, also elected by the General Meeting, monitors the decisions and activities of the Board. The agricultural cooperative, therefore, has four principal bodies e.g. the General Meeting, the Board of Directors, the Supervisory Committee and the management staff (Matsuda & Prakash, 2016).

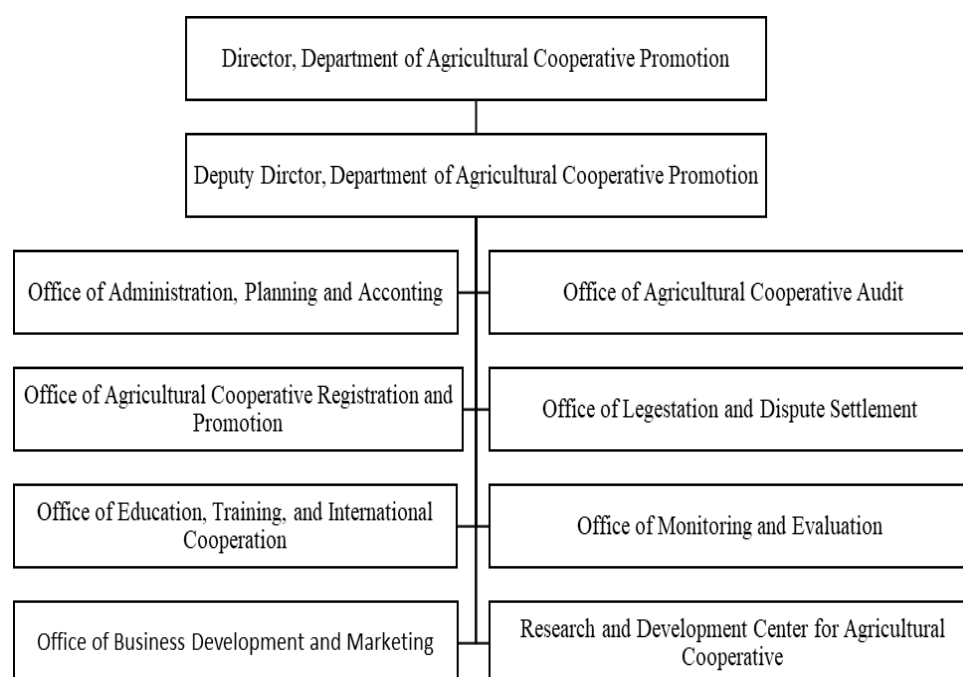


Figure 2 Structure of Department of Agricultural Cooperatives Promotion in Cambodia

Source: Ministry of Agriculture, Forestry and Fisheries (2023)

2. Analyze one case study of Tasey Samaki Agricultural Cooperative, Battambang province, Cambodia.

2.1 Background of Tasey Samaki Agricultural Cooperative

Tasey Samaki Agricultural Cooperative was established on December 18, 1998, called the Chrey Savings Group and had 15 members in Hai San Village, Chrey Commune, Thmor Kol

District, Battambang Province. In 2017, Chrey Savings Group became agricultural cooperative on 21 August 2017, named Tasey Samaki Agricultural Cooperative, with the support and certification of Department of Agriculture, Forestry and Fisheries of Battambang (Tasey Samaki Agricultural Cooperative, 2022).

Table 1 Development of Tasey Samaki Agricultural Cooperative

	2018	2019	2020	2021
Member (person)	75 (15.38)	92 (22.66)	103 (11.96)	127 (23.30)
Member stock (us dollar)	2,406 (21.95)	9,757 (305.53)	10,803 (10.72)	14,942 (38.31)
Capitals (us dollar)	16,704 (746.63)	27,945 (67.29)	46,941 (67.98)	94,816 (101.99)

Source: Tasey Samaki Agricultural Cooperative Annual Report (2018–2021)

Note: Numbers in brackets represent percentage change

Table 1 shows the development of TSAC from 2018 to 2021 through number of member, member of stock and capital of the cooperative.

TSAC run three business such as credit, organic vegetable marketing and agricultural services. Table 2 shows the business value of TSAC from 2018 to 2021.

Table 2 Tasey Samaki Agricultural Cooperative Business Activities

Unit: US dollar

Business Activities	2018	2019	2020	2021
Credit	881	722	1,853	1,905
Marketing: sell/buy organic vegetables	2,331	6,978	16,891	4,415
Services	–	–	–	1,925
Total	3,212	7,699	18,743	8,245
Increase/Decrease	3,212	4,487	11,044	–10,498
	–	(139.69)	(143.45)	(–56.01)

Source: Tasey Samki Agricultural Cooperative Annual Report (2018–2021)

Note: Numbers in bracket represent percentage change

Remark* Tasey Samaki Agricultural Cooperative was established in 2017.

2.2 Challenges of Tasey Samaki Agricultural Cooperative

According to Tasey Samaki Agricultural Cooperative annual report, the cooperative has faced many challenges. Tasey Samaki Agricultural Cooperative has direction to conduct seven business activities however currently there are only three business activities that activated due to lack of capital resources for business expansion. The cooperative still has problem of lacking human resource for leading the cooperative and the leader still lack experience of business activities management. Board lacks marketing skills, lack of experience in creation and management activities, busy with personal work. At the same time, boards and committees resigned from the cooperative. Moreover, some members lack participation and awareness of cooperative benefits. The knowledge of member about cooperative still limited. Furthermore, COVID-19 situation for two years in row also causes the cooperative and member lose income.

2.3 PESTEL and SWOT Analyses of Tasey Samaki Agricultural Cooperative

2.3.1 PESTEL Analysis

PESTEL is used to analyses the external factor that concern Tasey Samaki Agricultural Cooperative in this part.

Table 3 PESTEL Analysis of Tasey Samaki Agricultural Cooperative

Political Factor: The Royal Government has set a strategy of no tax or zero tax rate on the import of agricultural equipment in order to create competition in the market of local production, which allows farmers to buy quality and cheap agricultural equipment.	Economic Factor: COVID-19 situation for two years in row causes the cooperative and members to lose income
Social Factor: Some members lack participation and awareness of cooperative benefits	Technological Factor: Lack of technology
Environment Factor: Climate change impacts becoming increasingly severe (incidence of flood and drought rising, disasters increasing)	Legal Factor: Slow progress with administrative, legal, and decentralization reforms

2.3.2 SWOT Analysis

SWOT is used to examine internal and external factors of Tasey Samaki Agricultural Cooperative in this part.

Table 4 SWOT Analysis of Tasey Samaki Agricultural Cooperative

Strengths	Weakness
Performance –Increasing of Agricultural Cooperative member from 75 members in 2018 to 127 members in 2021 –Increasing of Agricultural Cooperative member stock from 2,406\$ in 2018 to 14,942 in 2021 – Increasing of Agricultural Cooperative capital from 16,704\$ in 2018 to 94,816\$ in 2021	Capital – Lack of capital resources for business expansion – Lack of vehicles to transport vegetables to the market Human Resource Lack of human resource for leading the cooperative – Lack of experience in cooperative business activities management – Some members lack participation and awareness of cooperative benefits – Some boards and supervisory board are busy with personal work – Some boards and committees resign from the cooperative – Some board lacks marketing skills, lack of experience in creation and management activities Business Activities: There are only three business activities that activated
Opportunities	Threats
Tasey Samaki Agricultural Cooperative has contract to supply organic vegetables with shops and markets.	COVID-19 situation for two years in row causes the cooperative and members to lose income

Discussions

It can be seen from the above analysis and results that the ACs movement in Cambodia started from 1956 unfortunately the result of Khmer rouge regime cause bad image on ACs in Cambodia. And the royal decree of establishment and functioning of ACs was published again in 2001. As a result we can see ACs in Cambodia still in the early stage. Furthermore, according the result of case study of TSAC we can conclude that TSAC has two strong points are performance and market which has contract with shop or markets however there are some weakness such as lack of human resources, lack of management skill and lack of participation. Moreover TSAC also has many challenges including lack of technology, tax on benefit, lack of capital and climate change.

Knowledge from Research

ACs in Cambodia is still in the early stage. There are many points to improve ACs in Cambodia. First, government should exempt the tax from ACs so it will help ACs to reduce their cost and it will encourage farmers to join ACs and to increasing numbers of ACs in Cambodia. Second, government should establish bank for ACs and agriculture so it will help ACs to access loan at low interest rate and has enough capital to expand their business. Third, agricultural sector in Cambodia should be improved to use agriculture technology instead of the traditional one so it will help farmers to increase their productivity. Fourth, government should develop product processing in agriculture sector in Cambodia so it will help ACs to increase their performance and to develop agricultural sector in Cambodia.

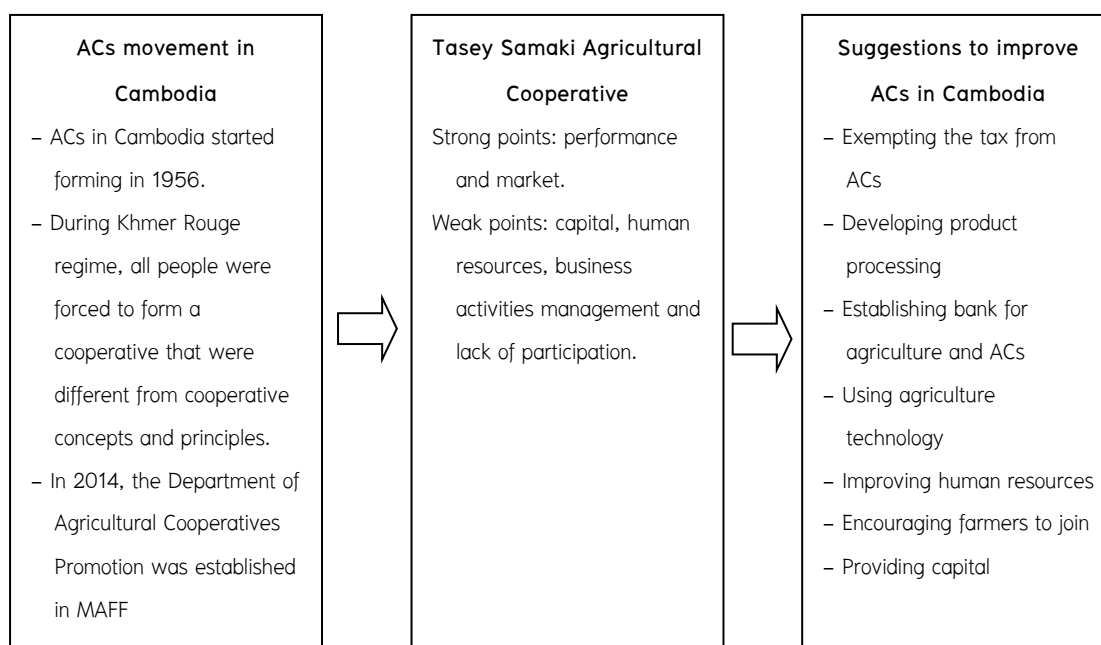


Figure 3 Knowledge from research

Conclusion

This study aimed to illustrate movement and structure of agricultural cooperative in Cambodia and to analyze a case study of Tasey Samaki Agricultural Cooperative, Battambang province, Cambodia. The study conclude that ACs in Cambodia started forming in 1956. At that time, there were 512 agricultural cooperatives under the control of royal office of cooperatives. During Khmer rouge regime, all people were forced to form a cooperative that were different from cooperative concepts and principles. After Khmer rouge regime, rural people were formed as

solidary groups. In 2003, the government announced about establishment and registration of agricultural cooperatives to pursue the royal decree. After that in 2013, law on agricultural cooperative passed as a succession of royal decree. In 2014, department of agricultural cooperatives promotion was established in the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Cambodia as a specialized department in charge of agricultural cooperative development. Furthermore, this study analyzed movement, structure and performance of TSAC by using SWOT and PESTEL analyses. The result illustrated that TSAC has two strong points are performance and market which the agricultural cooperative has contract to supply their vegetables with shops and market. However, there are some points to improve including capital, human resources, business activities management and lack participation.

Suggestions

According to the results summarized above, there are some recommendations for agricultural cooperative in Cambodia. Firstly, government should provide trainings of business activities management. Secondly, government should encourage farmers to join cooperative to increase their revenue and gain the good technical support for their farming. Thirdly, government should help farmer to access the loan at low rate and provide budgetary for agricultural cooperatives.

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