

An Overview of Management Practices in the Cooperative Sector: Basis for a Business Model

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Abstract

Cooperatives have become a source of income power and a tool for improving not only the financial capability of the members but more importantly, have become a common ground of power for production of either goods or services. They are formed to provide goods and services needed by its members where the profits derived from the operation will go to the members themselves in the form of patronage refund. Despite the positive developments in the situation, there are also negative sides.

With this, the study sought to analyze the management practices in the cooperative sector. The study focused on the profile, management practices, compliance to cooperatives operational requirements and the manifestations of the common problems in the management of the cooperatives. The output of the study is a proposed business model for the management practices of cooperatives.

Empirical in nature, the study utilized the descriptive method of research since it centered on evaluating the management practices in the cooperative sector. Data were gathered from two groups of respondents, the officers and members from the top millionaire cooperatives in the CALABARZON area. Descriptive statistics such as frequency count, percentage and weighted mean were statistical tools used to treat data.

As found out, like any other business organization, a cooperative has a vision and mission where cooperative principles are clearly manifested as service-oriented business organization which is owned, patronized, managed and controlled by its members and whose main objective is to serve the needs of the members within the framework of the universally-accepted principles of cooperative.

Selected cooperatives are located in CALABARZON area with Batangas having the most number of areas of operations. Finding revealed almost half of the cooperatives from different provinces had been in operation for 31 to 35 years. Majority of the cooperatives were stable in all aspects of their business and had members ranging from 5,001 to 6,000. Most of the members in selected cooperatives were women. Loan services to members surfaced as the leading function performed by the cooperatives. The different cooperatives complied with administrative and legal requirements and those requirements mandated by the DOLE, BIR, and LGU. Cooperatives may be described in terms of its vision/mission, area of operation and type of cooperative, number of years of operation and size of membership, membership composition, nature of business/service rendered; and compliance with administrative and legal requirements.

The management practices in cooperative sector in terms of related operational detail was rated highest by cooperative entities. The ratings of the research participants on the management of the cooperatives relative to the COOP indicators were the same indicating no significant difference existed among the ratings of the respondents based on different indicators.

As to problems commonly encountered in the management practices in cooperative sectors, results revealed that rarely were there problems in the management of cooperatives. This was because the cooperatives were included among the Top Millionaire Cooperatives. Generally, however, that the BOD and members did not experience problems with what the management had given to them, administration provided the mandated needs of each employee as well as its members. As contribution of the researcher to management of cooperatives, the researcher's proposed business model is comprehensive enough to provide the cooperative stakeholders a guide that can serve as basis for their future courses of action.

This study recommended that member-owners be given freedom and responsibility in the formation, organization and operation of the cooperative. Also the Cooperative Development Authority (CDA) should closely monitor and

evaluate the performance of cooperatives based on the annual report submitted through a monitoring evaluation system to keep track of the progress and operation of cooperatives.

Further research and case studies about cooperative is encouraged. The researcher, as an academician also suggests the integration cooperative in the curricula of social sciences in the secondary and tertiary levels.

Finally, the proposed business model may be tried out to strengthen the cooperative movement in the region.

Keywords: cooperative, management, capital share, loan management, business model

Introduction

Due to the Covid-19 pandemic, we are currently experiencing a number of issues. Although the super pandemic, which is a thousand times worse than the corona virus, has brought about not just a global hunger, extreme poverty, ecological degradation, and fatalities, but also the demise of democracy, there is an even greater crisis. And this is the so called-neoliberal capitalism.

The present situation in the global economic environment has turned more challenging for the people. As a result, there are interrelated shocks in the operating economic environment of other countries which become more alarming bringing fears of financial collapse globally.

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It may take off people's fear to stand up for their rights and make them pursue happiness as a member of free and just society. One of the major pillars of the people empowerment movement is cooperativism.

Cooperativism is a concept that is recognized and practiced worldwide. It is a service-oriented business organization which is owned, patronized, managed and controlled by its members and whose main objective is to serve the needs of the members within the framework of the universally-accepted cooperative principles

Realizing the role of cooperative in solving the problems of the economy, it is important to guide the cooperative organization. There should be a business model to help the owner-patrons increase their capacity to manage continuous change and constantly adapt to rapidly changing business environments by injecting new ideas.

The cooperative business model that has successfully helped build the economies of the developed world can be applied to an even greater extent today to help developing country entrepreneurs climb out of poverty and find their niche in the global economy

It is in this light that the researcher made an overview of the management practices of cooperative sectors which has been the basis for business model. She believes that this is a practical approach and a solution to so many socio-economic problems of individuals, families, communities and even for national economic recovery.

Through the inputs of the respondents, the significance of cooperativism will be realized and efforts may be undertaken to strengthen cooperative movement.

Statement of the Problem

The study attempts to assess the management system of selected cooperatives in CALABARZON as basis for a creation of business model. Specifically, the study sought answers to the following questions:

1. How may the selected cooperatives be described in terms of :
 - 1.1. vision;
 - 1.2. areas of operation and size of membership;

- 1.3. number of years of operation and type of cooperative;
 - 1.4. membership composition;
 - 1.5. nature of business/service rendered; and
 - 1.6. administrative requirements?
2. What are the existing management practices with reference to the following concerns :
- 2.1. capital share management system;
 - 2.2. loan management system;
 - 2.3. human resource management system;
 - 2.4. customer relations management system;
 - 2.5. physical resource management; and
 - 2.6. related operation details?
3. How do the research participants rate the compliance to cooperatives operational requirements relative to the following indicators
- 3.1. legal requirements;
 - 3.2. organization and membership;
 - 3.3. operation;
 - 3.4. plans and programs; and
 - 3.5. performance?
4. How do the ratings of the participants on the different indicators compare?
5. How manifest are problems commonly encountered in the management of selected cooperatives in CALABARZON?
6. What business model may be proposed to strengthen cooperative movement in CALABARZON area?

REVIEW OF LITERATURE

Concepcion (2007) revealed in his study that the successful cooperatives possessed the following major factors of success namely trust and confidence of members on management and its staff; appointment of qualified professional manager; frequent or continuous attendance to seminars and trainings of officers, management staff and members and educational level of BOD and management staff. Rate of membership patronage of coop products and services; periodic/regular monitoring and evaluation of operations and performance of cooperative; records management; efficient planning and budgeting, performance rate of employees; and rate of adherence/compliance to policies and standard operating procedures were also success factors. Membership participation to capital build-up and savings mobilization program of cooperatives and; big size of membership contributed to success of cooperatives.

Moreover, the minor factors that best described successful cooperatives were loan repayment of members; participation of members to general assembly members; conduct of Board meeting; network and linkages with other private and government institutions and; change of leadership.

In the study of Salvosa (2007), it was expressed that the governance performance of cooperatives was similarly predisposed by a number of factors from its internal structure and processes. These factors which were found integral to the structure and processes of cooperative were the constitution and by-laws, vision, mission and goals and policies and procedures. Financial management, operation management, marketing management, human resource development, feedback mechanism or communication and information system, range and relevance of products and services and programs services provided to the members and public also were factors.

He further stressed that good cooperative governance needs systems platform. This is because meaningful changes take time to take place and these require not only internal reforms in system improvement but also reinforcement value of reforms that take place within the cooperative's environment and individuals working in the sector. For Salvosa, good cooperative governance should be built around a system, where good leadership was not incidental, but is a product of a nurtured development and selection process.

Javier (2008) stressed in her study that after identifying the needs of the people and the potentials they have, there is a need to make them aware of what they are capable of doing and what is in store for them in the future. To achieve this lofty goal, the following have to be undertaken by the advocates of the cooperative movement in CALABARZON; holding of community assemblies to introduce the cooperative movement among the people; conduct of seminar-workshops on micro-enterprises that are feasible to establish in the countryside given the available resources at their disposal; intensive training on the mechanics of establishing, operating and managing a cooperatively-owned micro-enterprise; and spearheading the establishment of and extending technical and financial assistance to community people in their effort at setting up cooperatively-owned micro-enterprises in the community.

Sam (2002) in his study identified five organizational features that should be examined to determine the effects on the performance of a particular cooperative. These features of organization relevant in a study of cooperative includes leadership which is the group of persons actively engaged in the formulation of the doctrine and program of the institution, and that directs its operations and relationships with the environment; doctrine which is the specification of values, objectives, and operational methods of the underlying social action; program which is actions related to performance; resources which are financial, physical, human, technological, and informational inputs of the institution; internal structure which is the structure and process established for operations and maintenance of the institution. The implementation of projects and activities is commonly used as a gauge to determine the effectiveness of an active and functional cooperative.

Theoretical Framework

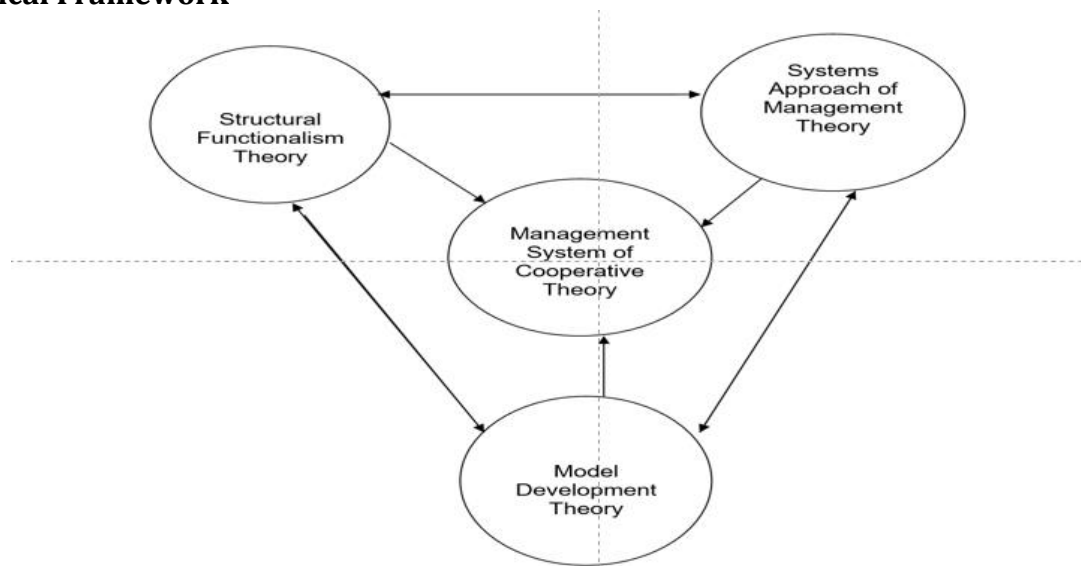


Figure 1. Theoretical Framework of Management Practices of Cooperatives

The study was anchored on the theories of systems management, structural functionalism, stakeholders, and model development. The two merging ideas of structure and function make up the definition of structural functionalism which is included in the theoretical framework of this study.

The proper management system of cooperatives provides positive influence and impact not only on its member-owners but also to the whole member has a function to contribute. In the context of cooperativism, the term “structure” is defined as the proper positioning of cooperative members so that each member can perform a function contributory to the successful operation and existence of the cooperative.

On the other hand, the term “function” refers to the participation of one or more members in achieving desired goals of the cooperative. Function in a multi-purpose cooperative can be observed in the workings of the different members wherein their pro-active and continuous interactions give rise to an increase in the balance of its structure which guarantees its continued operation and existence. Function operates in a multi-purpose cooperative where the latter is likened to an organism, comparable to a human body organism where all its parts have functions contributory to the functioning of the whole body. It can be said that the proper operation of a multi-purpose cooperative is a by-product of the functioning of all its members.

On the other hand, the systems theory approach to management explains the importance of interrelating units in the organization. This system which study adopted was based on the assumptions and ideas of a biologist named Ludwig von Bertalanfy. He approached the field of science from the perspective that each discipline studies forms of systems that are composed of interrelated subsystems. The best example is the human body. In management theory, the system is the organization composed of subsystems such as departments or divisions.

The survival or failure of the system is dependent on the interrelation of the subsystems and their contribution to the overall purpose of the system. The implication is that no department is fully independent of another; it cannot act independently or make decisions without considering their effect on other departments. The Systems theory enables the management to describe organization’s internal and external behavior. People inside organizations perform their individual and group tasks while the assessment of organization’s transactions with other organizations and institutions is done externally.

All organizations acquire resources from the larger environment of which they are and , in turn , provide the goods and services demanded by the larger environment. Managers must deal simultaneously with the internal and external aspects of organizational behavior. Systems theory has a major influence on the study and practice of management. Viewing an organization as a system of interdependent subsystems enables managers to comprehend more fully the implications of their actions.

The Model Development Theory proposed by Fourt and Woodlock was also adopted in the study. A model as used in business research and other fields of business to represent phenomena through the use of analogy. It allows researchers and managers to characterize present or future conditions. Its purpose is to increase our understanding, prediction, and control of the complexities of the environment. Descriptive, predictive, and normative models are found in

business research. Descriptive models are used frequently for more complex systems. Predictive models forecast future events. Normative models are used chiefly for control, informing about what actions should be taken.

The interrelationship between the theories and model can become the foundation to enhance the management system of cooperatives. The arrows connecting and pointing to the center indicate that the board of directors, officers and members of the cooperative can greatly contribute much in sustaining and making the cooperative more productive and progressive community. Assessing on how the cooperatives are being managed is important for their sustainability both as economic and social entity. The presence of a framework in measuring the performance of its management system provides a way towards cooperative success. This is manifested by productivity measured in terms of profitability, types of services, and distribution of net surplus, and sustainability whose measures include size of membership, size of financial and material assets, and interaction of members. The latter is measured in terms of attendance in meetings and assemblies, and payment of dues and obligations.

Conceptual Framework

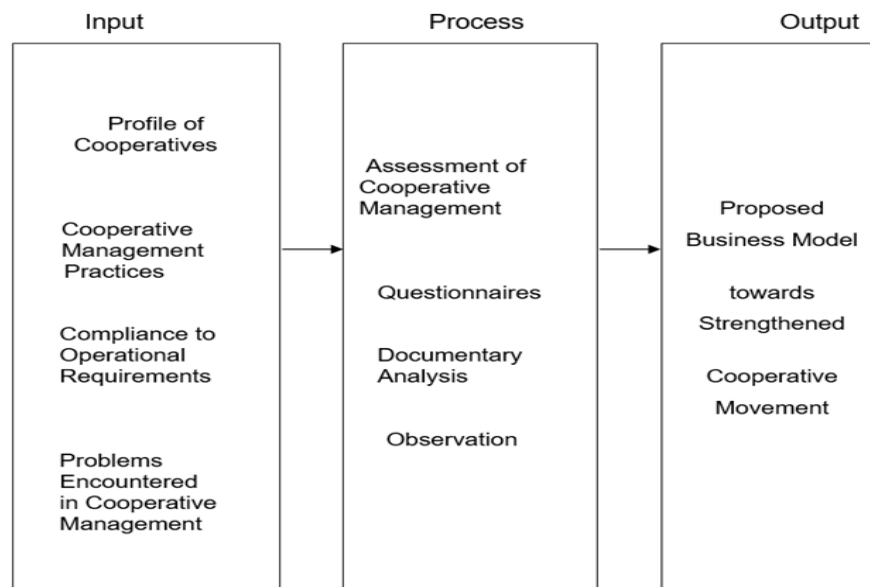


Figure 2 – Conceptual Framework
Research Paradigm of Management of Selected Cooperatives in
Calabarzon Area : Basis for Business Model

This study was primarily concerned with analysis of the management practices in the cooperative sector. The study focused on the profile, management practices, compliance to cooperatives operational requirements and the problems encountered in the management of the cooperatives. The output of the study is a proposed business model towards a strengthened cooperative movement.

The general concept of aspiration for the proper management of cooperative is interpreted in detail in the conceptual paradigm of the study, using the Input-Process- Output (IPO) model by Tyler. The direction of the study is best illustrated in Figure 2 which shows the direction of the variables of the study. Illustrated in the input box are the variables such as profile of cooperatives,

cooperative management practices, compliance to operational requirements and problems encountered in cooperative management.

As shown, this study intended to come up with the proper management practices as manifested in vision, area of operation and type of cooperative, number of years of operation and size of membership composition, nature of business/service rendered; and compliance legal requirements. Moreover, the study also deals with assessment of the existing management practices with reference to the following concerns namely: capital share management system, loan management system, human resource management system, customer relations management system, physical (material) resource management, and some related operation details. These were assessed based on the basic functions of management which are planning, organizing, directing and controlling. Finally, the study also assessed the problems encountered in the management of selected cooperatives.

Moreover, the process box includes the assessment of the variables indicated in the input box. This assessment was facilitated through the use of survey questionnaire, documentary analysis, and observation

Finally, the third box of the paradigm illustrates the output of this research, the Proposed Business Model towards strengthened cooperative movement. This conceptual paradigm provides the blueprint of the study.

Hypothesis

The null hypothesis was tested in the study which cited that the ratings of the Board of Directors and members do not differ in their responses regarding compliance to cooperative operation requirements.

METHODOLOGY

The descriptive method of research was used in this study since this research centered on evaluating the management practices of selected cooperatives in CALABARZON with the end goal of creating business model. The study covered the CALABARZON region which consists of five provincial governments. Two groups of respondents were involved in this study which include the officers and members. Officers comprise the board of directors, the managers and the evaluators. The members are those who are active and continuously doing business to the cooperative. These respondents came from the five millionaire cooperatives in the CALABARZON region. Purposive Sampling was the one used by the researcher based on his subjective judgment. Those who meet the purpose of the study are those which are deliberately in the sample. The aforementioned sampling technique was applied in selecting the officers' respondents in this study.

Table 1
Distribution of the Respondents by Category

Category	Frequency	Percent
Cooperative Officers	52	18.44

Cooperative Members	230	81.56	The random sampling
Total	282	100	

using Slovin's formula was applied in the selection of cooperative members. Table 1 shows that out of 282 respondents, 52 officers or 18.44 percent came from the ranks of cooperative officers, while 230 people or 81.56 percent were basically cooperative members which manifests that more than half of the respondents were cooperative members.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Profile of the Selected Cooperatives in the CALABARZON Region

The profile of the selected cooperatives was considered in terms of six variables, namely: vision; area of operation and type of cooperative; number of years of operation and size of membership; membership composition and nature of business/service rendered.

1.1 Vision. The vision of the cooperatives was derived from the documents offered by the officers of these cooperatives which was found out to follow cooperative principles.

The statements manifest that all cooperatives show that they are service-oriented business organizations which are owned, patronized, managed and controlled by their members and whose main objective is to serve the needs of the members within the framework of the universally-accepted principles of cooperative.

1.2 Area of operation and type of cooperative. The CALABARZON region is known for its national significance. It is a conglomeration of five provinces with Batangas regarded as a five-star province in the region.

Batangas has the most number of areas of operations when it comes to cooperatives with 92 members or 32.62

Table 2
Area of Operation of Selected Cooperatives

Area of Operation	Frequency	Percentage	Rank
Cavite	59	20.92	3
Laguna	29	10.28	5
Batangas	92	32.62	1
Rizal	41	14.62	4
Quezon	61	21.63	2
Total	282	100	

Quezon province ranked second with 61 members or 21.63 percent. Ranked third was Cavite with 21.63 members or 20.92 percentage. Although the province has been regarded as the Cooperative Capital of the Philippines, the cooperatives in the area are still limited in their services to the members. Rizal province ranked fourth in terms of operation with 41 members or 14.62 percent. The least in the rank was Laguna with only 29 members or 10.28 percentage. The cooperative may have been established within an organization composed of its employees for the purpose of building up savings and capital among themselves.

Type of cooperatives. The cooperatives can be described in terms of its type of operation which may fall in any of these types namely: credit, producers', consumer, marketing, service or a multi-purpose cooperative. Through the service offered to the members, there is trust generated among their cooperative members to increase their stakeholdings.

Table 3 exhibits the type of cooperatives of the five selected cooperatives in the CALABARZON region

Table 3

Distribution of Selected Cooperatives according to Type

Type of Cooperative	Frequency	Percentage
Credit Cooperative	41	14.54
Multi-purpose Cooperative	241	85.46
Total	282	100

As found out, majority of the cooperatives were multi-purpose cooperatives and with 241 or 85.46 percent out of the total population of 282.. Although there are some issues to settle in this multiple service operations which include the issues of focus and specialization and the required multiple expertise, still the Board of Directors together with its management were able to encourage membership.

Forty one or or 14.54 percent affirmed of the credit cooperative. This manifests that the cooperatives concentrated not only on one type of activity but also combined two or more types of activities in order to serve their members more.

1.3. Number of years of operation and size of membership. Stability in the business despite the present situation in the economy is one of the biggest challenges among the business sector. The number of years an organization stays in the business speaks how it survives the many problems. It is also a deciding factor to some members whether they will put their money or not in the cooperative.

Table 4 presents the number of years of operation of selected cooperatives of different provinces in Region IV. Almost half of the cooperatives from different provinces were not new in the business since they have been operating for 31 to 35 years as shown by 151 or 53.55 percent and ranked ranked first.

Table 4

Number of Years of Operation of Selected Cooperatives

Number of Years	Frequency	Percentage	Rank
6 - 10 years	29	10.28	4
11 - 20 years	0	0	5
21 - 25 years	41	14.54	3
31 - 35 years	151	53.55	1
41 - 50 years	61	21.63	2
Total	282	100	

Last in rank were cooperatives operating within 6-10 years. Results emphasize that only few of the cooperatives were new in the field since the item obtained the lowest percentage of 10.28. Mendoza (1996) emphasized that in managing the cooperatives, like other business organization should take into consideration the factors behind its principles which include the resources to manage; the management functions; and the management tools. This means that the cooperatives should empower and develop their capacities more that open the doors of opportunities and advancement for all.

Size of Membership in selected cooperatives. Membership in the cooperative constitutes its ownership. The money contributed by each member is the capital used in the operation of the cooperative. Thus, there is a need to encourage membership so that there will be more capital. Share capital is the money paid or required to be paid for to conduct business operations of cooperatives.

Table 5 shows the distribution of the size of membership of different cooperatives. Based from the results, most of the cooperatives had members ranging from 5,001 to 6,000 and ranked first with 32.62 percent. Mendoza (1997) stressed that cooperative principles should be followed particularly the principle of open and voluntary membership. This means that most cooperatives adhere to this principle meaning membership in the cooperatives is available to all individuals regardless of their social, plitical, racial, or religious background or beliefs

Table 5

Size of Membership of Selected Cooperatives

Size of Membership	Frequency	Percentage	Rank
1,000 and below	70	24.82	2
1,001 - 2,000	0	0	0
2,001 - 3,000	59	20.92	4
5,001 - 6,000	92	32.62	1
6,001 - 8,000	61	21.63	3
Total	282	100	

Cooperatives with 2,001 to 3,000 members got the lowest rank with a percentage of 20.92. The variation of the size of membership indicates that even though most of the cooperatives established for almost more than 30 years, these cooperatives still continue to grow up by inviting more members.

1.4 Membership composition. Cooperatives should take into consideration the membership composition. Mendoza, 1997 mentioned that cooperatives should operate within the universally accepted principles particularly on voluntary and open membership. This means that cooperatives are open to all persons who can use their services provided they are willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Table 6 presents the composition of members in a cooperative. It shows that most of the members in selected cooperatives were housekeepers ranked first with a percentage of 98.23. This great percentage manifests gender equality. This could be because these are members who have the time to participate and attend to the activities and meetings conducted by the selected cooperatives. Nowadays, it is observed that more women are involved in community development.

Table 6
Membership Composition of Selected Cooperatives

Membership Composition	Frequency	Percentage	Rank
Farmers	236	83.69	2
Fisher folks	114	40.43	4
Housekeeper	277	98.23	1
Rebel Returnees	102	36.17	5.5
Indigenous Community	102	36.17	5.5
Employees	165	58.51	3

Rebel returnees and indigenous community as cooperative members obtained the lowest rank both with the same percentage of 36.17. Peace has brought the CALABARZON region the expectation of a better life. These people have come down from the mountains to rejoin the mainstream of the society. As what the universally accepted principles of cooperatives reveal, cooperatives adopt open and voluntary membership.

Nature of business/service rendered. The service being rendered by the cooperative is an important consideration to attain sustainable development. It is through the products and the services wherein the members can patronize the cooperatives and therefore earn patronage refund.

Table 7 exhibits the services rendered by selected cooperatives. The table reveals that most of the cooperatives' major services focus on

Table 7
Services Rendered by Selected Cooperative

Services Rendered	Frequency	Percentage	Rank
Loans	272	96.45	1
Groceries	85	65.60	3
Hog-raising	134	47.52	6
Cattle fattening	29	10.28	7
	292		

Gasoline dealer	136	48.23	5
Meat Processing	143	50.71	4
Feeds	239	84.75	2

giving loans which obtained the highest percentage of 96.45. Loan services to members surfaced as the leading function performed by the cooperatives in the locale of this study. People, whether rich or poor are always in need of money.

Among all the items, cattle fattening products was least ranked with 10.28 percentage, ranked seventh. This result revealed that few members afford the high price of feeds in the market. This kind of business entails long period of time before they realized the return on investment. Moreover, this had been caused by the inflation rate experienced by the Philippine economy.

1.6 Compliance with administrative requirements. Management should comply with administrative requirements in order to be stable,.

Table 8 presents the compliance of the different cooperatives with administrative requirements. The table shows that majority of the cooperatives complied with the requirements mandated by the DOLE which was shown in the percentage of 97.87. This implies that management of cooperatives are aware that any form of organizations is composed of people which is the most important resource of management. They are also aware of the rights of their employees and other workers in terms of compensation and other benefits and therefore observe DOLE requirements.

Table 8

Compliance with Administrative Requirements

Administrative Requirements	Frequency	Percentage	Rank
Compliance with DOLE Requirements	276	97.87	
Compliance with CDA Requirements	269	95.39	
Compliance with BIR Requirements	272	96.45	
Compliance with LGU Requirements	235	83.33	

Among the compliance rendered, compliance to LGU requirement obtained the low of 83.33 indicating not all cooperatives were able to submit necessary requirements to different local government units such as annual reports, general information sheet, operation and others to monitor and evaluate their operation.

2. Existing Management Practices of Selected Cooperatives.

An evaluation of the management practices should be stressed among cooperatives in order to come up with proper skills and adequate management know how. Cooperative management requires efficient and effective utilization of the resources of a cooperative as a business organization to serve the needs of its members within the context of the universally-accepted cooperative principles.

2.1 Capital share management system. Management of members' capital share is an important concern in cooperative management. Sound financial position must be maintained that will be acceptable to creditors, suppliers and buyers of cooperative products. Table 9 indicates that the over-all rating of the capital share management system of selected cooperatives was 3.37 indicating an agreement on concepts on share management.

The table reveals cooperative members patronized the cooperative's products. This had highest weighted mean of 3.69 affirming that they strongly agreed on members' patronage. As what the principle of limited interest in capital implies, patronizing the products increases the amount available for patronage refund. Dividends declared which can be acquired either through interest on capital share or through patronage refund are not all withdrawn by the members so that it will gain a larger amount of interest. This dividend will form part of the capital share.

Table 9

Capital Share Management System of Selected Cooperatives

Items	WM	VI	Rank
1. The cooperative issues share capital certificates /passbooks to members.	3.30	A	6
2. The cooperative has a manual of policies and procedures on membership.	3.52	SA	5
3. The cooperative allows withdrawal of capital shares.	2.80	A	8
4. The cooperative members patronize the cooperative's products.	3.69	SA	1
5. The cooperative members retain their dividends in the cooperative based on the policies.	2.91	A	7
6. There is growth in membership of the cooperative.	3.67	SA	2
7. The cooperative conducts regular pre-membership education seminars for new members.	3.55	SA	3.5
8. The cooperative conducts regular meeting for members.	3.55	S A	3.5
Composite Mean	3.37	A	

Legend: WM = Weighted Mean
SA = Strongly Agree

VI = Verbal Interpretation
A = Agree

This implies that the more the members patronize the products, the more they will earn patronage refund. Thus, increase in capital on the part of the cooperative.

Ranked eighth was that the cooperative allowed withdrawal of capital share which gained the weighted mean value of 2.80 and agreed on by respondents.. The result means that the management of cooperatives are strict in the implementation of capital share withdrawal since investment in the cooperative is different from investment in banking institution where the money can be withdrawn anytime. Withdrawal of capital share in the cooperative means termination of membership and can be done following cooperative policies.

2.2. Loan management system. With members experiencing financial difficulties, cooperatives offer credit services where members can borrow money from them with a promise to return on a specific date. Cooperatives accept deposits from their members and lend money to their members at a very reasonable interest rate. The money borrowed came from the capital shares contributed by the members..

Table 10 exhibits the loan management system of selected cooperatives. Among the items, fines/penalties that were charged to borrowers with past due accounts ranked first with a weighted mean value of 3.74. This manifests that the respondents are aware or have probably experienced being charged with penalty. A fine simply means a

Table 10
Loan Management System of Selected Cooperatives

Items	WM	VI	RANK
1.The cooperative has a Manual of Policies and procedures on loaning system.		3.59	SA
2.Majority of loan accounts are in current status		3.16	A
3.The loan application is being evaluated by the Credit and Collection Committee.		3.70	SA
4.The loans are secured by collaterals.		3.50	SA
5.here are fines/penalties that are charged to borrowers with past due accounts.		3.74	SA
6.Borrower-members are of good credit standing in the cooperative.		3.45	A
7.The cooperative's credit policy is implemented and administered appropriately.		3.72	S
Composite Mean	3.55	SA	

Legend = WM = Weighted Mean VI = Verbal Interpretation
 SA = Strongly Agree A = Agree

pecuniary punishment or penalty for the unpaid balance of loans (Aralar, 2003). This shows that penalty is implemented to discipline delinquent members of the cooperatives. Ranked fourth was presence of Manual of Policies and procedures on loaning system. This obtained a weighted mean value of 3.59 and was strongly agreed on by respondents. As cited by the member-borrowers, they were informed on how to avail loans and are guided by the manual of policies. This also implies that the success of the cooperatives depends on the quality of loan portfolio and the proper management of its loan accounts.

2.3 Human resource management system. The most important resource to manage in an organization are people. The success of all phases of the business depends on competent personnel working together smoothly and efficiently..

Table 11 presents the management system of selected cooperatives in terms of human resource management. Over-all rating of the respondents with regard to the human resource management system implemented by the selected cooperatives was 3.59 indicating strong agreement of respondents to the management system.

The respondents strongly agreed of a presence of full-time and qualified manager in the cooperatives. This obtained the highest weighted mean value of 3.72. This is an assurance that the cooperatives are managed or handled by a competent manager. In many businesses

Table 11

Human Resource Management System of Selected Cooperatives

Items	WM	VI	Rank
1. The cooperatives ensure that the employees enjoy their work .	3.59	SA	6
2. The cooperative administers a regular employees' performance appraisal.	3.45	A	11
3. The cooperative provides training and development opportunities for its employees.	3.55	SA	
4. The cooperative has sufficient back-up in key positions.	3.47	A	9
5. Cooperative managers resolve conflicts among employees and between employees and members.	3.46	A	10
6. The cooperative complies with the legal minimum wage and 13 th month pay.	3.66	SA	4

7. The cooperative ensures that the mandatory insurance premium is remitted.	3.71	SA	2.5
8. The cooperative observes the provisions on hiring, promotion and firing of employees.	3.62	SA	5
9. The cooperative ensures that the employees received some compensation and benefits.	3.71	SA	2.5
10. There is a full-time and qualified manager in cooperative.	3.72	SA	1
11. The cooperative employees observe the organizational chart outlining chain of command	3.56	SA	7
Composite Mean	3.59	SA	

Legend : WM = Weighted Mean

VI = Verbal Interpretation.

SA = Strongly Agree

A = Agree

ncluding the cooperative, success or failure hinges on management competence.

Results also indicated agreement among respondents that regular employee performance appraisals were done. This obtained the lowest value of 3.45. This infers that cooperatives have not come up with a standard performance appraisal system which is needed for further evaluation of cooperative employees.

Table 12
Human Resource Management System of Board of Directors in Selected Cooperatives

Items	Weighted Mean	Verbal Interpretation
1. The Board receives quality information on a timely basis so it can make informed decisions .	3.60	Strongly Agree
2. The cooperative managers make good, timely decisions.	3.59	Strongly Agree
Composite Mean	3.60	Strongly Agree

ie item got the highest weighted mean of 3.60 and likewise strongly agreed that decisions were made by the cooperative managers as revealed in 3.59. This mean of Directors as the governing body of the cooperatives was performing their function in the best interests of the members whom they represent rather than their own individual interests. This also affirms that the responsibilities of board of directors to hire the best-trained and most efficient manager and to create the best possible working conditions compatible with the interest of the members and the success of the cooperative are well accomplished. The obtained

composite mean was 3.60 indicating the respondents strongly agreed on the human management system of cooperative.

2.4 Customer relation management system. Cooperative members are the legal owners of their business. It is the members who usually plan and form cooperative and it is the members who receive the benefits from the cooperative. It is only through them, by their actions and authority, that the cooperative will come profitable and sound business enterprises. Table 13 shows the management system of cooperatives in terms of customer relation management. The table reveals that the over-all rating of the respondents on customer relation management system was 3.54 and verbally interpreted as strongly agree.

The item good working relationship of the manager with concerned government agencies ranked first with a weighted mean of 3.59. This accounts that public relation in cooperatives consider working together to reduce costs in terms of time and funds.

Table 13
Customer Relation Management System of Selected Cooperatives

Items	Weighted Mean	Verbal Interpretation	Ran
1. The manager projects a positive image to the community.	3.55	Strongly Agree	3
2. The manager effectively communicates to members about cooperative activities.	3.53	Strongly Agree	4
3. The manager responds promptly and effectively to resolving complaints.	3.52	Strongly Agree	5
4. The manager and staff strive towards prompt and courteous service to patrons .	3.52	Strongly Agree	5.5
5.. The manager has good working relationship with concerned government agencies.	3.59	Strongly Agree	1
6. The manager participates in community affairs in an effort to promote the cooperative.	3.56	Strongly Agree	
Composite Mean	3.54	Strongly Agree	

Moreover, public relations seeks to influence favorable opinion of the public on t
As found out, most members of different cooperatives were satisfied with the servic
well as the management relationship to their members and clients. However

favorable assessments, the prompt and effective response of the manager to resolve complaints and the effort of the manager and staff toward prompt and courteous service to patrons obtained the lowest value and were ranked the least. Based on observations, the cooperatives are aware of their responsibility to their owner-patrons in terms of resolving conflict, but they were not able to put actions on it.

2.5 Physical resource management system. Buildings, equipment and other facilities represent a large proportion of a cooperative's assets. These are considered significant factors of production since they contribute greatly to profitability. Without these physical resource, cooperatives especially those engaged in feed milling may not be able to provide the much needed services to their members. Therefore, important management considerations which include scheduled maintenance, rearrangement, remodeling, and replacement to improve operating efficiency, daily operating cost records and other preventive maintenance programs need to be addressed.

Table 14 presents how the selected cooperatives handle physical resource management.

Table 14

Physical Resource Management System of Selected Cooperatives

Items	Weighted Mean	Verbal Interpretation	Rank
1. The cooperative ensures that there is an adequate facilities and equipment.	3.64	Strongly Agree	
2. The physical plants of the cooperative are well-maintained.	3.38	Agree	2.5
3. The cooperative facilities and equipment appear clean and attractive.	3.38	Agree	2.5
Composite Mean	3.47	Agree	

The table shows that the respondents strongly agreed that there was the as cooperative of adequate facility and equipment. The item obtained the highest weighted mean of 3.64 inferring that management is aware that damage in a certain equipment will hinder proper operation of cooperative and will entail cost to the organization.

Results also showed that respondents agreed that physical plants of the cooperative were clean, attractive, and well-maintained as affirmed in weighted mean of 3.38. This implies that the physical resources of selected cooperatives need improvement in order to produce more outputs thus increase in sales. A properly organized office building is a reflection of people occupying in the office and that of cooperative management.

2.6 Related operation details. Cooperatives, like other businesses, rely on management competence for their success.. The manager has many challenges which include solving technical business problems like physical resource, human resource and customer relation among others.

Moreover, he has to attend to different related operation details like the planning process, budget, accounting, audit, and other client-owner related problems.

Table 15 presents the management of cooperatives on different related operation details.

Table 15

Related Operation Details of Selected Cooperatives

Items	Weighted Mean	Verbal Interpretation	Rank
1.The manager provides visions to all members.	3.59	Strongly Agree	4.5
2.The manager includes the Board and the staff in the planning process.	3.64	Strongly Agree	3
3.The cooperative plans are discussed in the General Assembly.	3.58	Strongly Agree	
4.The cooperative budget are accurate and adequate .	3.55	Strongly Agree	7
5.The cooperative has accurate and timely monthly financial statements.	3.59	Strongly Agree	4.5
6.There is regular internal audit on cooperative operation.	3.58	Strongly Agree	6.5
7.The cooperative ensures that financial statements are properly audited.	3.65	Strongly Agree	2
8.The cooperative ensures that the interest on share and patronage refund are well-distributed.	3.71	Strongly Agree	
Composite Mean	3.61	Strongly Agree	

As indicated from the results, all items were rated strongly agree and with a composite mean of 3.61. This indicates that the processes performed by selected cooperatives were clearly stated and were implemented smoothly.

The assurance that the interest on share and patronage refund was well-distributed got the highest weighted mean of 3.7 and was strongly agreed on by respondents. This shows that the respondents are aware of the legal aspect of distribution of net surplus. The least in rank was the

accuracy and adequacy of cooperative budget which got a rating of 3.55 . This infers that not all cooperatives were able to follow the annual budget set aside by them during the General Assembly. One of the reasons is the unexpected operational expenses and other contingency activities which were not delineated during the planning of cooperative.

Table 16 summarizes the management practices of selected cooperatives. The table shows that among the management practices, those on related operation details obtained the highest weighted mean value of 3.61. This means that selected cooperatives put into practice what the business function and procedures are such as General Assembly, vision, budget, patronage refund and audit. The management of cooperatives proves that management is both the science and art of combining ideas, facilities, processes, materials and people to produce and market a worthy product or render service profitably.

Table 16

Summary Table of Management Practices of Selected Cooperatives

Management Practices	Composite Mean	Verbal Interpretation	Rank
Capital Share Management System	3.37		6
Loan Management System	3.55	Strongly Agree	4
Human Resource Management System (Employees)	3.59	Strongly Agree	3
Human Resource Management System (BOD)	3.60		2
Customer Relation management System	3.54	Strongly Agree	5
Physical Resource Management System	3.47	Agree	6
Related Operation Details	3.61	Strongly Agree	1
Average Composite Mean	3.53	Strongly Agree	

Among the management practices, those on physical resource and capital share management have low weighted mean values of 3.47 and 3.37, respectively. This implies that need improvement in terms of resources particularly capital resource and physical resources. Members should consider the significance of capital share contributed by the members since it is one of the major resources

needed in the financial operation. Physical resource should be given the same attention since most organizations store thousands of items and inventory which are part of their assets.

3.0 Management of Selected Cooperatives relative to Cooperative Indicators

Proper management of cooperatives is manifested on how they comply to cooperative operational requirements relative to legal requirements, operation, plans and programs and performance.

3.1 Legal requirements. Cooperatives should comply to the different legal requirements set by the different government agencies such as DOLE, CDA, and BIR. These agencies monitor the performance of the cooperative to serve as protection for the interest of the members and the operational mechanisms of the cooperatives.

Table 17 presents the responses of the Board of Directors and members on their assessment based on the compliance of cooperatives to legal requirements of the Cooperative Development Authority (CDA). Both groups of respondents strongly agreed on compliance requirements

Table 17
Ratings of Research Participants on the Compliance of Selected Cooperatives to Legal Requirements of Cooperative Development Authority

Items	BOD & Manager / Evaluator				Members			
	WM	Sd	VI	Rank	WM	Sd	VI	Rank
1.The Bonds of Accountable Officers are current		3.82	0.39	SA	2	3.56	0.63	SA
2.The Articles of Cooperation and By-laws are updated and amended	3.59	0.5	SA	3	3.60	0.63	SA	2
3.The share capital certificates /passbooks issued to members are regularly updated	3.44	0.63	A	4	3.34	0.74	A	4
4.The CDA require reports are being accomplished in prescribed format and submitted within the prescribed Period	3.88	0.33	SA	1	3.65	0.55	SA	1
Composite Mean	3.68	0.46	SA		3.54	0.63	SA	

Legend : WM = Weighted Mean VI =Verbal Interpretation
Sd = Standard Deviation SA = Strongly Agree
A = Agree

The accomplishment of CDA required reports in prescribed format and the submission within the prescribed period ranked first for both the Board of Directors and members of selected

cooperatives. This implies that cooperatives are following the mandate of Cooperative Development Authority.

The two groups differed in their assessments on updated Bonds of Accountable Officers and the amendment on updating of the Articles of Cooperation and By-laws as manifested in the different mean values with the members giving lower rating. Perhaps, members are not so aware on this. The regular updating of the share capital certificates/passbooks being issued to members obtained the lowest rank as revealed in weighted mean value of 3.44 for the Board of Directors and 3.34 for the members. This may be because issuance of share capital certificates as well as passbooks is not necessarily required by laws. However, for efficient management and well-informed members share capital certificates and passbooks should be given. Proper recording is one success factor in cooperativism.

3.1.1 Bureau of Internal Revenue. Table 18 shows the responses of the Board of Directors and members on the compliance of selected cooperatives with regard to BIR requirements. All items were strongly agreed on by the Board of Directors with compliance to proper withholding and remittance of taxes obtaining the highest weighted mean

Table 18

**Ratings on the Compliance of Selected Cooperatives
with BIR Requirements**

Items	BOD & Manager / Evaluator				Members			
	WM	Sd	VI	Rank	WM	Sd	VI	Rank
1.The cooperative submits submits annual registration requirements.	3.94	.24	SA	2	3.67	0.56	SA	1
2.Taxes are properly withheld and remitted.	3.96	0.2	SA	1	3.61	0.71	SA	2
3.The cooperative is knowledgeable about its tax exemption privileges tax obligations.	3.88	0.38	SA	3	3.45	0.77	A	4
4.The cooperative books accounts are registered.	3.80	0.53	SA	4	3.58	0.73	SA	3
Composite Mean	3.90	0.34	SA	3.58	0.69	SA		

Legend : WM = Weighted Mean VI = Verbal Interpretation A = Agree
Sd = Standard Deviation SA = Strongly Agree

of 3.96, followed by submission of annual registration of cooperatives with 3.94.

This indicates that the Board of Directors complies with the BIR requirements. As to the members' assessment majority of the items were strongly agreed on with compliance to annual registration requirements of the cooperatives obtaining the highest weighted mean of 3.67. This infers that cooperatives follow the mandate that from the time the cooperative had been formed or organized, it already acquired a juridical personality, thus registration shall be made annually. The knowledge of the cooperatives about their tax exemption privileges and tax obligations ranked the least with weighted mean of 3.45. It can be inferred that not all members are knowledgeable on their tax obligations and exemptions. It infers that cooperatives need more information on these as these are legal mandates.

3.1.2 Department of Labor and Employment. It can be gleaned from Table 18 that the Board of Directors' assessment on their

Table 19

Compliance with DOLE Requirements of Selected Cooperatives

Items	BOD & Manager				Members			
	WM	SD	VI	Rank	WM	SD	VI	Rank
1. The cooperative complies with legal minimum wage and 13th month pay to all employees.	3.98	0.15	SA	1	3.57	0.78	SA	1
2. The cooperative has a mandatory insurance premiums and remits to SSS, Philhealth and Pag-IBIG.	3.96	0.20	SA	2	3.50	0.76	SA	3
3. The cooperative provides additional retirement plans other than those provided by law.	3.47	0.90	A	5	3.42	0.80	A	5
4. The cooperative pays the employees upon retirement.	3.77	0.73	SA	3	3.47	0.76	A	4
5. The cooperative has a local business permit/ license .	3.7	0.44	A	4	3.53	0.64	SA	2
Composite Mean	3.79	0.48	A	3.50	0.70	SA		

Legend : WM = Weighted Mean VI = Verbal Interpretation
 Sd = Standard Deviation SA = Strongly Agree
 A = Agree

compliance with the DOLE requirements was 3.79 indicating that that strongly agreed which was the same response of the members as shown in a composite mean value of 3.50.

In terms of the Board of Directors assessment, the compliance of the cooperative with legal minimum wage and 13th month pay to all employees ranked first with 3.98 indicating strong agreement, followed by the compliance to mandatory insurance premiums and remittance to SSS, Philhealth and Pag-IBIG and payment of the cooperative to its employees upon retirement. This means that the cooperatives are aware of rights of employees and workers as specified in the Labor Code of the Philippines. The cooperative is just like any form of organization which should observe the rights and benefits to be enjoyed by its employees.

The compliance on provision of additional retirement plans other than those provided by law obtained the lowest value of 3.47 which was agreed on by the responses. It infers that possibly not all cooperatives provide retirement benefits among its employees.

On the other hand, as to the members' assessment, they strongly agreed that cooperatives complied to legal minimum wage and 13th month pay to all employees; local business permit/license; and payment of mandatory insurance premiums and remittance to SSS, Philhealth and Pag-IBIG as reflected in highest weighted mean values of 3.57, 3.53 and 3.50. These show that members know their benefits and that the cooperatives give these to them. The results also speak well of the human resource management of cooperatives as they provide the employees of the necessary fringe benefits. This infers that cooperatives follow the advocacies on cooperativism.

The two items which were rated agreed on were on compliance to the payment of employees upon retirement; and compliance to local business permit / license. As observed, provision on retirement benefits are only limited in some organizations and since cooperatives are investor-owner firms, members are quite aware that the financial standing will be greatly affected since provision of retirement benefits will entail large expense to the cooperative.

3.2 Organization and membership of selected cooperatives. Over-all responses of the Board of Directors on the organization of their cooperatives were good since they strongly agreed on all items. Composite mean was 3.56. The members only agreed as reflected in composite mean value of 3.34.

The Board of Directors gave highest assessments on compliance to quorum requirement every General Assembly meeting as indicated in

Table 20

Ratings on the Organization and Membership in Selected Cooperatives

Items	BOD & Manager/ Evaluator				Members		
	WM	SD	VI	RANK	WM	SD	VI
1 The cooperative quorum			305				

requirement indicated in the cooperative's by-laws is achieved in every General Assembly meeting.	3.92	0.27	SA	1	3.00	0.61	SA	1
2 The cooperative's authorized capital are fully subscribed.	3.37	0.87	A	9	3.28	0.69	A	7
3 The cooperative has a capital build-up program if in case the authorized capital of the cooperative is not fully subscribed.	3.45	0.54	A	8	3.23	0.64	A	9
4 Majority of the cooperative members (70%) have savings deposits in the cooperative.	3.47	0.81	A	7	3.37	0.83	A	5
5 The cooperative has an annual program and development /strategic plan that is approved during the general assembly.	3.49	0.76	A	6	3.42	0.79	A	3
6 The cooperative has regular pre- membership education seminars for new members.	3.63	0.68	SA	5	3.44	0.78	A	2
7 The current members of the cooperative have regular cooperative education seminars.	3.12	0.68	A	10	3.33	0.81	A	6
8.The cooperative is involved in community service.	3.71	0.61	SA	3	3.39	0.69	A	4
9.The cooperative has a business alliance with chosen Federations.	3.73	0.57	SA	2	3.27	0.69	A	8
10 The cooperative has business alliance with other cooperatives.	3.69	0.58	SA	4	3.16	0.72	A	10
Composite Mean	3.56	0.64	SA		3.34	0.72	A	

Legend : WM = Weighted Mean
Sd = Standard Deviation

VI = Verbal Interpretation
SA = Strongly Agree
A = Agree

its by laws; having business alliance with chosen federations; and involvement in community service as reflected in mean values of 3.92, 3.73 and 3.71, respectively. This implies that as to their perceptions the business performed well and there was a good relationship within the association. The achievement of quorum requirement during the General Assembly (GA) means that members actively participate in the cooperative. This is because it is during the GA that they are informed of the status of the cooperative particularly the financial performance during a certain period as well as the cooperative's plans and programs.

The result on the presence of business alliance with chosen federations may be interpreted as compliance to the mandate stated in the Cooperative Code of the Philippines which states that registered cooperatives and federations at the appropriate levels may organize or join cooperative unions to represent the interest and welfare of all types of cooperatives at the provincial, city, regional, and national levels. As organizations were established not only for profit but also service, Board of Directors makes way to provide community service and assistance in order to help other members of the community.

The items which obtained the lowest rank were the existence of capital build-up program if in case the authorized capital of the cooperative is not fully subscribed; the full subscription of the cooperative's authorized capitals; and the regular conduct of cooperative education seminars among the current members of the cooperative. These items were agreed on only which infers that management together with the heads must have well-planned activities as conduct of seminars so that they gain the trust of members in investing their money to the cooperative.

The least weighted means were obtained by variables namely : the presence of business alliance with chosen federations; the existence of capital build-up program if in case the authorized capital of the cooperative is not fully subscribed.; and the business alliance of the cooperatives with other cooperatives with weighted mean values of 3.27, 3.23 and 3.16 respectively. It can be inferred that members were not satisfied and were not aware of the functions their cooperative has established. As derived from Board of Directors' assessment, one of the difficult objectives of cooperative is to encourage or to maintain the capital build-up program of the organization.

3.3 Operation of selected cooperatives. Operations are categorized as to presence of written manual policies, financial management and human resource development. As to written manual policies, all items were strongly agreed on by the Board Of Directors while members agreed on the same items.

Table 21

Ratings on Operation of Selected Cooperatives

Items	BOD & Managers/Evaluators				Members			
	WM	Sd	VI	Rank	WM	Sd	VI	Rai
1. Presence of written manual on policies and procedures with specific provisions on membership	3.78	0.42	SA	1.5	3.19	0.80	A	
2. Presence of written manual on policies and procedures with								

specific provisions on loaning	3.78	0.42	SA	1.5	3.48	0.72	A	1
3. Presence of written manual on policies and procedures with specific provisions on savings deposit	3.75	0.56	SA	3	3.14	0.78	A	3
4. Presence of written manual on policies and procedures with specific provisions on time deposit	3.57	0.78	SA	4	3.09	0.81	A	4
Composite Mean	3.72	0.54	SA		3.22	0.78	A	
Financial Management								
1. Asset & Liability Management	3.5	0.70	SA	2	3.27	0.60	A	2
2. Internal Control & Audit	3.67	0.48	SA	1	3.29	0.68	A	1
Composite Mean	3.61	0.59	SA		3.28	0.68	S	
Human Resource Development								
1. Hiring, promotion and Firing	3.58	0.67	SA	1	3.36	0.71	A	2.5
2. Staff Development	3.54	0.70	SA	2	3.44	0.70	A	1
3. Compensation/benefits	3.52	0.75	SA	3.5	3.30	0.71	A	4
4. Performance Appraisals	3.48	0.78	A	5	3.36	0.70	A	2.5
5. Job Description	3.52	0.70	SA	3.5	3.28	0.73	A	5
Composite Mean	3.53	0.72	SA		3.35	0.71	A	

Both groups agreed there were written manual policies and procedures with specific provisions on membership as well as in loaning. This had same rank with a weighted mean of 3.78 for both groups indicating agree on the presence of existing policies on membership and loaning to cooperatives.

Human resource management was rated very good by the BOD as shown in computed composite mean of 3.53 strongly agreed on by BOD while members rated human resource development as good only which was observed from the computed composite mean of 3.35. This implies only that members were not satisfied with the performance rendered by the human resource management. The heads and the management should look into this evaluation so that the needs of the members will be given priority. Employees of cooperatives should be made aware that cooperative should

statements. It could be because these statements are posted in conspicuous places and are also explained during education and trainings.

There was agreement also on the approved annual budget and the development or strategic plan which ranked second and third. This indicates that members know the vision of the cooperative plans and programs for them. This is because during the General Assembly, the BOD announces the plans and programs for them. However, such awareness is not that strong. As observed, some members are just concerned with the performance of the cooperative for the year in order to know how much dividend they will receive. The effort of the BOD to discuss with them the plans are taken for granted.

Plans are indeed very important for the organization since they set the direction the cooperative will take in order to maintain and enhance excellence. The result may also mean that members are not involved in setting plans which is very important. It should be realized that initiatives presented in the plan have tremendous potential to strengthen the concept of cooperativism. Moreover, plans ensure that the cooperative is operating at the highest level of efficiency.

3.5 Performance of cooperatives. As regard to performance, the assessments of the two groups were in agreement as based on the obtained composite means of 3.39 and 3.34.

Both groups agreed that there was follow-up on the collection of accounts by the BOD/Managers which ranked first both for the BOD and members as shown in 3.49 and 3.40 weighted means. This means that

Table 23

Performance of Selected Cooperatives

Items	BOD & Manager / Evaluator				Members			
	WM	SD	VI	RANK	WM	SD	VI	RANK
.The BOD and manager assess in the implementation of its goals and objectives.	3.37	0.69	A	4	3.32	0.65	A	4
!.The BOD and Manager follow-up the collection of loan accounts.	3.49	0.64	A	1	3.40	0.56	A	1
}.The BOD and Manager make inventory of goods.	3.41	0.67	A	3	3.37	0.58	A	5
l.The BOD and Manager conducts physical count of cash.	3.39	0.57	A	3	3.37	0.58	A	2.5
}.The BOD and Manager								

evaluates performance appraisal of manpower. 3.39 0.67 A 5 3.37 0.62 A 2.5

Composite Mean 3.39 0.65 A 3.34 0.6 A

Legend : WM = Weighted Mean VI = Verbal Interpretation
 Sd = Standard Deviation SA = Strongly Agree
 A = Agree

although this was done they were not that satisfied with the performance of their cooperative as a whole. It is because at times members fail in their payments loan portfolio should be properly monitored in order to identify past due accounts which is subject for collection. The two groups differed in their assessment with regard to the item ranked the least.

BOD ranked the performance appraisal of manpower as the least among the rank while members ranked conduct of inventory of goods by the BOD / Managers as the least since both items obtained the lowest weighted means of 3.29 and 3.23.

Performance Appraisal which is one basis of promotion among employees should be observed among cooperatives. Management of cooperatives like any other organization should have performance appraisal among the employees for proper evaluation of its employees. This should be done fairly so that they will be motivated in working, thus encouraging productivity among them.

The conduct of inventory is necessary because this is one asset of an organization. Proper recording of the building and equipments as well as the goods and materials are necessary. Loss of any material will have an effect in the financial condition. Physical count of all items for inventory should be done in order to reconcile it with the records. Asset management is an important aspect because it involves everything the cooperative owned. If not given attention, the cooperative may loose assets. Proper recording or bookkeeping of all items is one among the tripod of cooperative success. As based on results, these were not so much addressed considering the loan assessment given to them.

4. Comparison of the Ratings of Participants on Compliance with Cooperatives Operational Requirements

The ratings of Board of Directors and members/evaluators and members were compared as to the compliance of cooperatives operational requirements. The two-tailed (t-test) was used to determine the differences of their ratings.

Table 24 shows the comparison of the ratings of the two groups of respondents. As reflected in the table, the two groups of respondents differed in their ratings regarding the compliance of cooperatives with BIR. requirements. It obtained a computed t-value of 3.20 which is greater than the critical t-value of 1.96 at .05 level of significance and 280 degree of freedom. This leads to the rejection of the null hypothesis. It appears that the BOD, managers and evaluators and the members of the cooperatives have different responses regarding their knowledge of the cooperative tax exemption, privileges and tax obligations. This shows that there is a need for the BOD to disseminate these to the members since it is the right of every member to know every detail of the cooperative because they are stakeholders and part of the business.

Table 24

**Comparison of the Ratings of BOD/Evaluators and Members
Regarding the Management of Selected Cooperatives**

Items	BOD & Manager / Evaluator		Members				
	CM	Sd	CM	Sd	tc	Decision Ho	Interpretatic
	1. Compliance to CD Requirements	3.68	0.46	3.54	0.63	1.56	Accept
2. Compliance to BIR Requirements	3.90	0.34	3.58	0.69	3.2	Reject	Significant
3. Compliance to DOLE Requirements	3.79	0.43	3.50	0.69	2.843	Reject	Significant
4. Organization	3.56	0.64	3.34	0.72	2.018	Reject	Significant
5. Operation							
Written Manual Policies	3.72	0.54	3.22	0.78	4.31	Reject	Significant
Financial Management	3.61	0.59	3.25	0.68	3.495	Reject	Significant
Human Resource Management	3.53	0.62	3.28	.72	2.294	Reject	Significant
6. Plans and Programs	3.80	0.48	3.43	0.78	3.217	Reject	Significant
7. Performance	3.39	0.65	3.34	0.60	0.532	Accept	Not Significant

Df = 280

L = .05

Tt = 1.96

The BOD, managers and evaluators and the members of cooperatives had different ratings about the compliance with DOLE requirements. The obtained t-value is 2.843 which is greater than the critical t-value of 1.96 at .05 level of significance. The null hypothesis is then rejected. Undoubtedly, the two groups of respondents differ on their ratings regarding the retirement pay given by the cooperative to the employees. Probably, not all members are aware of such benefit which is part of complying with the DOLE requirements.

As to the operation of the organization, the two groups of respondents differed on their ratings. It registered a computed t-value of 2.018 which is greater than the critical t-value of 1.96. This leads to the rejection of the null hypothesis. Evidently the BOD, managers and evaluators and the

members have different ratings on regular pre-membership education seminars for new members, its involvement in community service, its business alliance with chosen federations, and all other cooperatives.

The two groups of respondents also differed in their ratings regarding written manual policies as shown in computed t-value of 4.31. This is greater than the critical value of 1.96 at 280 degree of freedom at .05 level of significance. This rejected the null hypothesis. They differ on all the identified items in with the BOD, managers and evaluators giving higher ratings compared to that of the members. They differ in ratings regarding the presence of written manual policies and procedures with specific provisions on membership.

With regard to the ratings of the two groups of respondents about financial management, the obtained t-value is 3.495 which is greater than the critical t-value of 1.96. This leads to the rejection of the null hypothesis showing significant differences in their ratings. The BOD/managers/evaluators strongly agreed of the asset/liability management and internal control and audit while the members only agreed about it.

The BOD/managers/evaluators and members of the cooperative also differed in their responses about human resource development. It obtained a computed t-value of 2.294 which is greater than the critical t-value of 1.96 at .05 level of significance. This leads to the rejection of the null hypothesis. They differ on their ratings regarding hiring, promotion, and firing, staff development, comprehensive benefits and job description. The members could have given lower ratings because not all of them are aware of the functions of Human Resource Management in different cooperatives in CALABARZON.

The BOD/managers/evaluators and members of cooperatives differed on their ratings on plans and programs. The registered computed t-value of 3.217 is greater than the critical t-value of 1.96. This leads to the rejection of the null hypothesis. The two groups have different ratings about the presence of development of strategic plan and annual plan or budget. This was a clear indicator that the members are not fully aware of the different plans designed by the BOD and manager of the cooperatives.

However, the two groups of respondents had the same ratings regarding compliance to CDA requirements and performance. It obtained a computed t-value of 1.56 and 0.532, respectively. They are lower than the critical t-value of 1.96 which accepted the null hypothesis. This can be an indicator that they have similar assessment on requirements on reports being accomplished, the cooperative quorum requirement during the General Assembly meeting, and inventory of goods.

5. Manifestations of the Problems Commonly Encountered In the Management of Selected Cooperatives

There are problems commonly encountered by the selected cooperatives. Staying long in the business and being on top in term of assets mean that the management will be over-confident on its status. The respondents of the selected cooperative also experienced common problems and evaluated how manifest they were in the management of cooperatives.

Table 25 presents the problems encountered by the respondents as to the management of selected cooperatives. The over-all rating was 1.79 interpreted as rarely manifested. Being included in Top Millionaire Cooperatives and considering the number of years of operation they have, both respondents seldom see problems.

All items were rated rarely manifested except for the first two items which are on experience of overextension of credits and unsound collection practices which gained weighted mean values of 2.49 and 2.19 respectively. The results indicate that the respondents manifest what cooperatives

consider as problems : credit collection and credit payments. This affirms the concepts of credit risk and credit loss where they arise whenever a lender is exposed to loss from a borrower.

Table 25

Problems Encountered in the Management of Selected Cooperatives

Items	WM	VI	Rank
1. The cooperative experiences overextension of credits.		2.49	MM 1
2. The cooperative encounters unsound collection .		2.19	MM 2
3. The cooperative has poor operation technique.		1.79	RM 8
4.. Cooperative employees exhibits inadequate attention to keeping products in good condition.		1.85	RM 3
5. The cooperative encounters overexpansion of facilities.		1.81	RM 7
6. The cooperative experiences under financing in the operation..		1.67	RM 1
7. The cooperative organization experience dominance of officers .		1.84	RM 4
8. The cooperative exhibits poor monitoring of the Board.		1.82	RM 6
9. There is lack of proper understanding on the concept of cooperative.	1.74	RM	9.5
10. The cooperative does not follow the loan procedure.		1.59	RM 1
11. The cooperative has inadequate supervision of government agencies .	1.72	RM	11
12. The government lacks sufficient working capital.		1.57	RM 15
13. The government lacks annual budget/project proposal.		1.64	RM 1
14. The cooperative experiences too much government intervention.		1.84	RM
15. There is politics in the operation and management of cooperative.		1.74	RM
16. There is no proper redistribution of wealth and income with the cooperative members.		1.55	RM 17

17. Cooperative employees are not well-versed with the job.	1.56	RM 16
Composite Mean	1.79	RM

Legend: WM = Weighted Mean MM = Moderately Manifest
 VI = Verbal Interpretation RM = Rarely Manifest

The items which obtained the lowest value of weighted mean and also verbally assessed as rarely manifested were the lack of sufficient working capital; not being well-versed with the job of cooperative employees and the improper redistribution of wealth and income with the cooperative members. These items obtained weighted means of 1.57, 1.56, and 1.55, respectively. It can only be inferred that the respondents (BOD and members) rarely experienced problems with what the management has given to them. It can be said that the administration provides the mandated needs of each employees as well as its members.

This principle establishes a system of more equitable distribution of the results of operation but also to support the attainment of the service-at-cost- objectives of cooperatives. It was explained that surplus of savings arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others. As this was lowest among the problems it means that improper distribution of income is not so much a problem in cooperative.

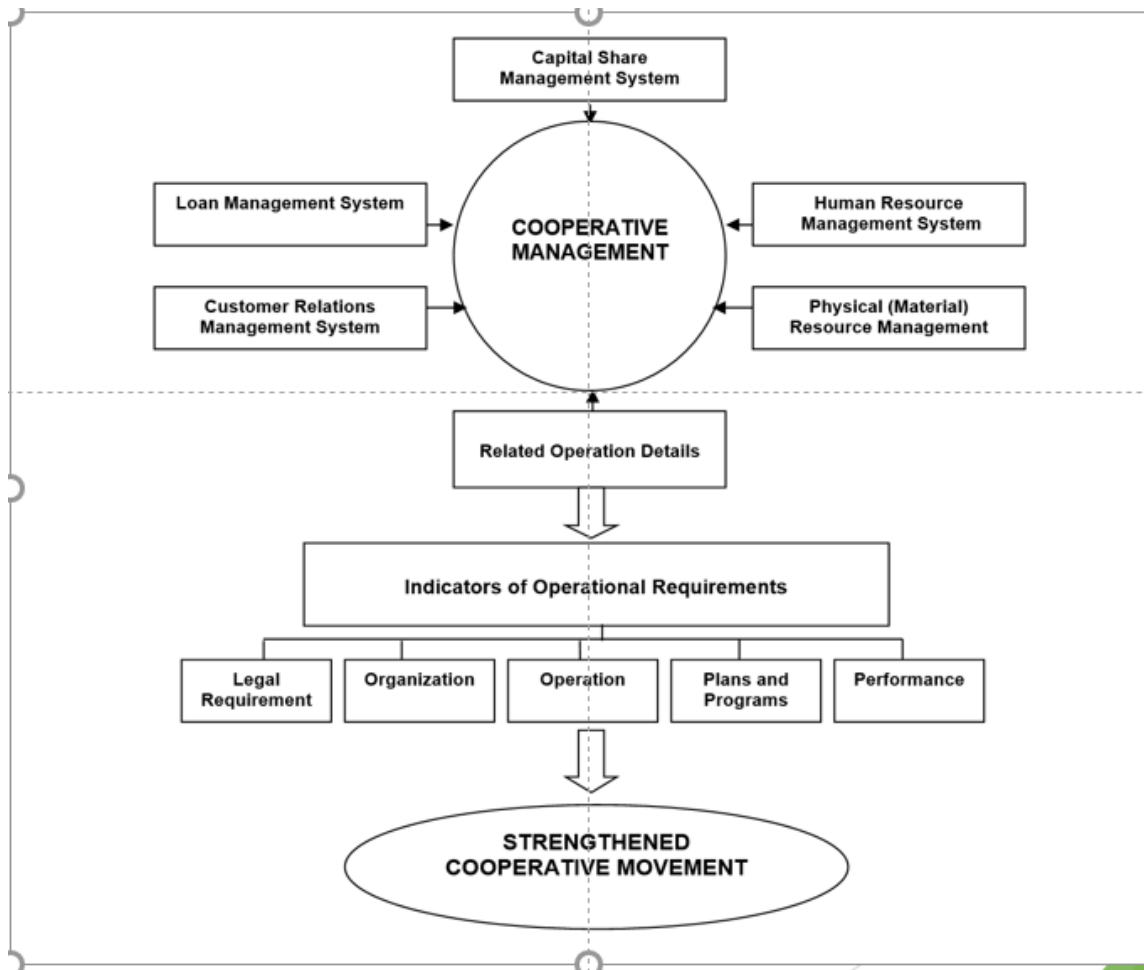
6. Proposed Business Model towards Strengthened Cooperative Management

A business model for the cooperative is needed to help the owner-patrons increase their capacity to manage continuous change and constantly adapt to rapidly changing business environments.

Along this concern, a business model to strengthen cooperative management system was proposed. The model is meant to serve as a guide for the cooperatives to guard its management systems and at the same time guide them to comply religiously on the various operational requirements indicators of the cooperative.

The proposed business model for cooperatives is deemed important to the following:

Cooperative management. Managing a cooperative is challenging and difficult as it entails managing of resources and business operations. The business model emphasizes the importance of a sound management of cooperative by utilizing the cooperative management practices such as capital share management system, loan management system, human resource management system, customer relations management system, physical (material) resource management and related operation details. The different practices utilized by cooperatives are key factors to achieve the strengthened cooperative movement in the region. The BOD and managers must be very vigilant in monitoring the flow and operation of each cooperative aspect because if one of these aspects fails the entire cooperative will also be affected. The success of the management of cooperatives is in the proper way of running the different functions of cooperative management.



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