

## **BIBLIOGRAPHY**

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## **ABSTRACT**

The case study was conducted to determine the characteristics of Primary cooperatives in Tabuk City, Kalinga.

Thirty four cooperatives were the respondents and were classified into credit and service, producer, multi-purpose agriculture and multi-purpose non-agriculture. Majority of cooperatives were operating in the city and existed for one to ten years. Majority of the cooperatives were offering credit to their members and in terms of social services majority were offering mortuary services. Delinquent borrowers were the most prevailing problems of the cooperatives. Agricultural cooperative has the highest number of members. In terms of financial and allocation to net surplus, non-agricultural cooperatives have the highest average rate increase.

From the results, it was recommended that cooperative should have a strict policy in lending in order to get rid of bankruptcy. Furthermore, it is also recommended that these cooperatives should promptly submit requirements on time and they should conduct frequent seminars that would be useful to educate their members not only the officers itself. In addition, the Cooperative development Authority should strictly monitor the performances of the different cooperatives.



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## INTRODUCTION

### Rationale

A cooperative consist of persons who pool their resources under the principle of equality and common understanding for their mutual benefit. It exists not to make profit as an entity but if there should be profits, the same shall be divided equitably among the members. It is based on the saying well known in the human circle that “in union there is strength,” (Nolledo, 1996).

Tabuk is one of the municipalities of Kalinga and became the Cordillera’s second City on June 23, 2007. Tabuk is nestled on an elevation of 3,000 to 5,000 feet above sea level with a north-south assemblage of mountain ranges within the central Cordillera. The city has a total land area of 77,447.25 hectares (774 sq. kms.) and is politically subdivided into 42 barangays.

Tabuk is now a fifth class city with an annual income of approximately 110 million. It is prominently considered as the rice granary of the Cordillera due mainly of agriculture getting the largest area from the pie of which the bulk of production is on rice where it even supplies other places. The city has also produced outstanding farmers at the national level for the last two decades.

The road networks connecting Tabuk to Cagayan Valley and to Baguio City via Bontoc, Mountain Province brought in more settlers and investments which fast tracked the economic development of the city. The economy is purely agro-based and is undoubtedly hastened by the completion of the Chico River Irrigation System. The establishment of banks gave credit opportunities and business started to bloom. Cooperatives were organized, schools were put up, and bus terminals were established



As of today, the number of registered business firms operating in the city is 1,074 distributed in the four major business sectors such as trading, services, agriculture, and manufacturing in different line of business and classifications. The coffee and fruit wine industry is now becoming a major processing business in the city aside from furniture, wood craft, and loom weaving. The city is also the site of the proposed Regional Agro-Industrial Center which aims to further develop the city and make it the agro-industrial center of the region.

In project programming and prioritizing, data base is needed. Government and non-government organizations providing support and assistance (whether financial or technical support) to a certain community consider the unity of presence of an organization or cooperative in the area. However the existence of a cooperative is not only the major considerations but records such as profiles and benchmark data are required. Banks providing financial assistance also consider financial and social status of a cooperative. The cooperative and its assets are often used or considered as a guarantee or security for agencies providing assistance.

In proposal preparation, benchmark data is required to support the significance of any proposed project specific to the proposed area. Thus, this research activity would establish baseline information of the different cooperatives as basis or reference for any project proposal activity in the different barangays of Tabuk City in Kalinga.

### Importance of the Study

This study was conducted to provide necessary data that would lead to the improvement of cooperatives in Tabuk City, Kalinga. Furthermore, the result of the study





would serve as a basis for the Cooperative Development Authority (CDA) to address and give solutions to the problems of various cooperatives.

### Statement of the Problem

This study intended to answer the following questions:

1. What are the types and characteristics of cooperatives as to:
  - a. date of registration
  - b. services offered
  - c. number of members per cooperative
  - d. assets and liabilities
  - e. paid-up share capital
2. What are the performances of the cooperative in the following areas?
  - a. membership
  - b. operations
3. What are the issues encountered by the cooperative?

### Objectives of the Study

The study aimed to:

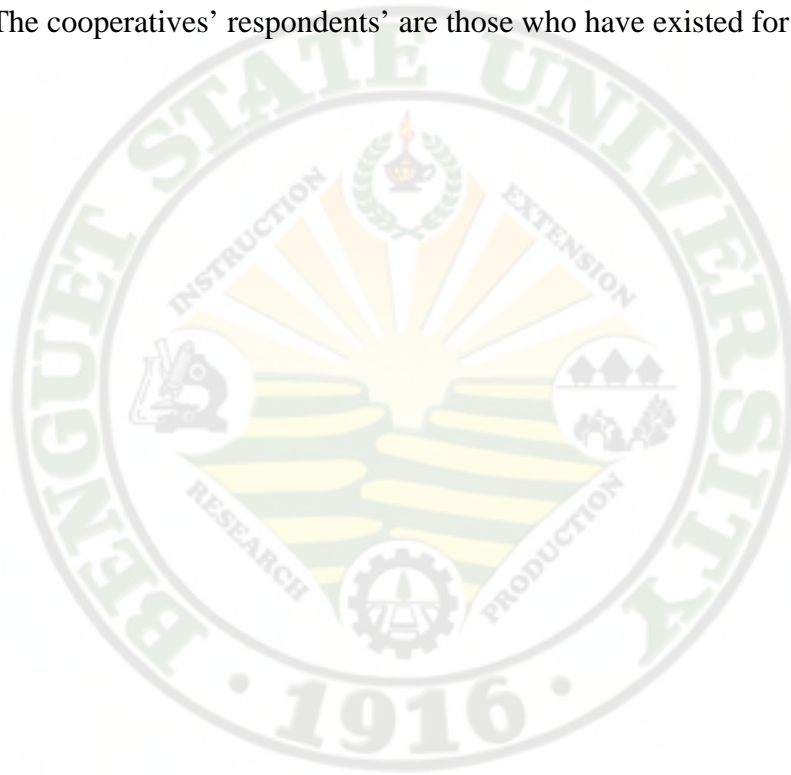
1. Describe the types and characteristics of cooperatives in the city as to:
  - a. date of registration
  - b. services offered
  - c. number of member per cooperative
  - d. assets and liabilities
  - f. paid-up share capital



2. Document the performances of the cooperative in the following areas:
  - a. membership
  - b. Operations
3. Identify the issues encountered by the cooperative.

#### Scope and Delimitation of the Study

The study coverage were the primary cooperatives operating in Tabuk City, Kalinga. The cooperatives' respondents' are those who have existed for 10 years or more.





## **REVIEW OF LITERATURE**

### Benchmarking

Benchmarking is the process of comparing the business processes and performance metrics including cost, cycle time, productivity, or quality to another that is widely considered to be an industry standard benchmark or best practice. Essentially benchmarking provides a snapshot of the performance of your business and helps you understand where you are in relation to a particular standard. The result is often a business case and “Burning Platform” for making changes in order to make improvements. It is a point of reference for measurement, or standard (Rouselle, 2004).

### Purpose of Benchmarking

The overriding purpose in benchmarking is of course to improve the competitive position of the company. However, unlike other quality and management tools, benchmarking achieves this objective through. Benchmarking provides an opportunity for a company to take stock and gain a better understanding of the efficiency and effectiveness of its business processes. An analysis and understanding of its strengths and weaknesses will also have been made. The company will, therefore, be in a better position to exploit its advantages and to improve upon its weaknesses (Boxwell, 1994).

The benchmarking process can be applied to all facets of a company's business, be it in products, services or business processes. However, the focus of most benchmarking projects is on business processes because the effective management of these processes, including quality, speed, and service, is of vital importance to achieve superior performance and be more competitive (Boxwell, 1994).



### Importance of Benchmarking

Successful benchmarking can improve a company's return on investment (ROI) ratio, facilitate cost reductions, identify new business opportunities, and help develop market competitiveness. However, there is limited evidence to understand factors that contribute to successful outcomes during benchmarking. We focus on cooperative benchmarking projects where the expected outcome is identifying best practices with a partner organization. We characterize the benchmarking project in terms of its context, process, and outcomes.

The data suggests that satisfaction with the benchmarking process and findings (outcome variables) is strongly related to the following: internal context variables such as training and experience of team members, clarity of project objectives and support from top management, and the process owner; external context variables, such as appropriateness of the benchmarking partners, and anticipation of constraints in data collection during the project; project process effectiveness including commitment of the team members and the synergy between the process owner, the team members, and the partner organization. Project managers of cooperative benchmarking projects must simultaneously pay attention to the needs of benchmarking team members, top management, the owner of the process being benchmarked, as well as the partner organization (Bogan, 2005).

### Benchmark/Baseline Data

Benchmark data are information collected from industry resources to determine how other firms (especially the best in class ones) achieve their high levels of performance (Shahalizadeh, 2009).



Baseline data are initial collection of data which serves as a basis for comparison with the subsequently acquired data. It is often used as a basis in decision making (Richard, 2006).

### The Benchmarking Process

Benchmarking involves looking outward (outside a particular business, organization, industry, region or country) to examine how others achieve their performance levels and to understand the processes they use. In this way benchmarking helps explain the processes behind excellent performance. When the lessons learnt from a benchmarking exercise are applied appropriately, they facilitate improved performance in critical functions within an organization or in key areas of the business environment (Boxwell, 1994).

### Typical Benchmarking Methodology

Boxwell (1994) stated that there is a need to identify the problem areas because benchmarking can be applied to any business process or function, a range of research techniques may be required. They include: informal conversations with customers, employees, or suppliers; exploratory research techniques such as focus groups; or in-depth marketing research, quantitative research, surveys, questionnaires, re-engineering analysis, process mapping, quality control variance reports, or financial ratio analysis. Before embarking on comparison with other organizations it is essential that you know your own organization's function, processes; base lining performance provides a point against which improvement effort can be measured.



After the problem has been identified, you may now identify other industries that have similar processes like for instance if one were interested in improving hand offs in addiction treatment he/she would try to identify other fields that also have hand off challenges. These could include air traffic control, cell phone switching between towers, transfer of patients from surgery to recovery rooms. Then, identify organizations that are leaders in these areas that you have to look for the very best in any industry and in any country. An example of these are the consulting of customers, suppliers, financial analysts, trade associations, and magazines to determine which companies are worthy of study. You may also do survey, to survey companies for measures and practices. Companies target specific business processes using detailed surveys of measures and practices used to identify business process alternatives and leading companies. Surveys are typically masked to protect confidential data by neutral associations and consultants. Afterwards, you will visit the "best practice" companies to identify leading edge practices that companies typically agree to mutually exchange information beneficial to all parties in a benchmarking group and share the results within the group. Lastly, is to implement new and improved business practices. Take the leading edge practices and develop implementation plans which include identification of specific opportunities, funding the project and selling the ideas to the organization for the purpose of gaining demonstrated value from the process.

### Issues with Benchmarking

The whole notion of what benchmarking is has been lost on the online community and many flame wars have started based on incorrect perception of what benchmarking really is.



Benchmarks cannot be used as an accurate basis of comparison between Macs and PCs. Benchmarks test only how fast a program runs on a specific machine and nothing more. Many people think that because Platform A runs Benchmark A faster than Platform B, then Platform A is in fact faster. The only answer that a benchmark gives you is that Platform A runs faster than Platform B on this current program. A benchmark can easily be changed to show one platform in a better light than another platform. Therefore a benchmark optimized for whatever platform he was developing would give a better picture as to how fast his programs would run comparatively on the different platforms.

In an attempt to alleviate this problem, companies have come up with real world benchmarks as opposed to synthetic benchmarks. These benchmarks run tests based on real world code, code that has been optimized to run as fast as possible on a wide array of different machines. However, the tendency is to run one benchmark and come up with a statement such as, "Since this program is floating point intensive and runs faster on Platform A, Platform A has a better floating point unit." However, due to the scenario presented before, optimizations may have favoured one platform over another and perhaps another program may run floating point calculations faster on the other platform (Tomas, 1992).

### Importance of Data Bank

Databank provides information resource management solutions that help you manage information and streamline processes. It provides customer-specific solutions that help you improve productivity, efficiency, serve our customers better, and generate more revenues and profits. It also provides an extensive range of solutions in the form of





products, equipment, and services focused on the management of information as a valuable organizational resource (Yang, 1998).

### General Statistics of Cooperative by Type

Cooperatives posted a total business volume worth P78.5-billion. Composed of some 3.7-million members, the cooperatives garnered total assets of P79.9-billion and P4.76-billion in net surplus. Moreover, it generated some 1.6-million in jobs. That is according to CDA. In terms of assets, cooperatives are a little behind their not-too-distant cousins—the rural banks, whose assets of P150.9-billion in 2007 are almost 53% of the total assets of cooperatives (Anonymous, 2010).

### Statistical Data of Cooperatives in All Provinces of CAR

Based on the data of Cooperative Development Authority Car, there were 663 Cooperatives registered with a total of 208519 members. The cooperatives were characterized as to type and it was subdivided into nine categories in terms of their services offered. 315 Multi-purpose are cooperative agri, 242 Multi-purpose are cooperative Non-agri, 69 for credit. 4 producers cooperatives, 2 are marketing cooperatives, 9 are service cooperatives, 12 consumers cooperatives, 4 of which are cooperative federation, and 6 cooperative unions (Cooperative Development Authority)

### Definition of Cooperative

Cooperative is the dynamic form of business enterprise that embodies the philosophy of Cooperation. It signifies the voluntary assent of people to form themselves into a group for the promotions of their common needs by mutual action, democratic



control and sharing of economic benefits on the basis of patronage by members (Fajardo and Abella, 1993).

### Success Factors in Cooperatives

Wadsworth (2001) emphasized that cooperative are more likely to be successful when their members fully understand their responsibilities to cooperative principles and the practices they involve. Odds success for a cooperative also improve when the public knows how cooperatives work and can see benefits to members and to communities, and when young people learn what cooperatives are and how they operate so that their interest takes hold.

The foremost factor perceived by the members that contributed to the success of the cooperative is the frequent audit of book and good record keeping and continuous education (Tabdi, 1997).

Alcala *et al* (1994), an important factor in the success of a cooperative organization. The success cooperative ultimately hinges on the people. The kind of attitude and value that members possess are essential determinants of the future of our cooperative movement. Regressive values and institutions should be changed with better ones in order to create an environment which is favourable to the growth of cooperatives in our country. Perhaps it may not be possible to attain a real successful cooperative program throughout the country in the next few years. Changing values and institutions usually takes a longer time. But what is important is that we have started with good program.

Fajardo and Abella (1993) mentioned that an important factor in the success of cooperative is the presence of capable and dedicated leaders in the community.





These are the people who are expected to provide guidance and support to the cooperative.

Perhaps, the greatest factor of any cooperative is its management. The members, directors and managers of cooperative constitute management. The members of the board and other important committees deliberate on proposed and existing policies of the cooperative. The directors formulate the broad policies to be implemented by the manager. However, for efficient operation of the organizations, the members and the directors should not interface in the day-to-day management of the cooperative. The manager is responsible for the detailed execution of the policies. He should be given authority to perform such responsibility (Fajardo and Abella, 1993).

#### Failure Factors in Cooperative

Fajardo and Abella (1993) stated that it has been a common knowledge and most cooperative in the past failed because the officials mismanage the funds of the organization. Not few treasurers and president of the associations absconded with the contribution of the members.

The concept of a cooperative is a form of change in people. When a person becomes a member of a cooperative, he undergoes a continuous process of change in attitudes and values. He begins to think of and work for group in interest. He has to form his uneconomical habits. Moreover, he learns to involve himself in the problem of the community and join others in achieving the goals and objectives of the cooperative (Fajardo and Abella, 1993).

Lack of dynamic leadership is one of the causes of failure factors in cooperative. In the past, many cooperative had been organized but they remained in their instance



stage and soon died in natural death. For a cooperative to be dynamic, its leadership must be spread out to as many individuals as possible. The quality of leadership can be improved through continues training and education. More members of the cooperative should acquire leadership skills and values. It has been the policy of successful cooperatives to rotate management positions to the officers and interested members in order to equip them with the necessary expertise in the different management positions. The process builds potent leaders and managers in the cooperative (Fajardo and Abella, 1993).

#### Definition of Terms

Operational Cooperative-these are cooperatives who have been complying with the requirements imposed by the CDA.

Non-operational Cooperative- these are cooperatives who had stop their operation due to bankruptcy and dissolution.

Regular members- members who have paid their minimum share capital required by the cooperative and so they have voting rights.

Associate members - are the depositors and do not have voting rights.



## **METHODOLOGY**

### Locale and Time of the Study

The study was conducted in Tabuk City, Kalinga. It covered all the existing primary cooperatives.

This study was conducted from October 2011 to January 2012.

### Respondents of the Study

The respondents of the study were the managers of the different cooperatives. In cases where the manager was not around during the scheduled survey, the staff member or present officer familiar with the business operation of the cooperative served as the respondent.

### Data Gathering Procedure

A prepared survey questionnaire provided with data sheet was used in collecting the data. Back-up and additional data were gathered from the Cooperative Development Authority serving as secondary data.

Annual reports and financial reports of the cooperative were also used as sources of data gathering such as the financial status of the cooperatives, the growth in membership, and allocation to net surplus.

### Data Analysis

The data collected were tabulated, analyzed, and interpreted based on the objectives of the study.



## RESULTS AND DISCUSSION

### Status of Operation of Primary Cooperatives in Tabuk City, Kalinga

Based on the list of cooperatives registered at the office of the Cooperative Development Authority as of December 2010 there were 40 registered cooperatives. There were 38 primary cooperatives the other two were the Cooperative Union and Federation which were excluded and that are operating in Tabuk City, Kalinga. However, during the conduct of this study it was found out that some cooperatives were no longer operating because some of them could not be located because they closed several years ago. According to some former members interviewed of these non-operating cooperatives, some of them closed because they do not have enough capital to sustain their operation, and some after getting the funds from the government they suddenly disappears, while other cooperatives have closed because they do not have a bookkeeper to record transactions and failed to submit reports to the CDA.

Table 1 presents the status of operation of the 38 primary cooperatives in Tabuk City, Kalinga. Out of the 38 primary cooperatives, only 34 primary cooperatives are still operating.

The result shows that there were 6(15.8%) credit cooperatives, 1(2.6%) service cooperative, 1(2.6%) producer cooperative, 16(42.1%) Multipurpose Agri, and 10(26.3%) Multipurpose Non-agriare still operating. On the other hand, there were (2.63%) Credit, (2.63%) MultipurposeAgri, 1(2.63%) Multipurpose (2.63%) Non-agri and 1 (2.63%)Consumers cooperative were no longer operating.

The results revealed that 34 (89.5%) of the total cooperatives are still operating while there are 4(10.53%) cooperatives are already non operational.



Table 1. Status of operation of cooperatives in Tabuk City, Kalinga

Operational	NUMBER	PERCENTAGE
Credit	6	15.8
Service	1	2.6
Producer	1	2.6
MPC Agri	16	42.1
MPC Non-agri	10	26.3
Consumer	0	0.0
TOTAL	34	89.5
Non-operational	NUMBER	PERCENTAGE
Credit	1	2.63
Service		0.00
Producer		0.00
MPC Agri	1	2.63
MPC Non-agri	1	2.63
Consumer	1	2.63
TOTAL	4	10.53

#### Type of cooperatives in Tabuk City, Kalinga

Table 2 presents the different types of cooperatives established in Tabuk City, Kalinga. The different cooperatives in Tabuk City are credit, service, multi-purpose agriculture and multi-purpose non-agriculture. As shown in Table 2, six cooperatives (18%) were credit, 1 (3%) were service, 1 (3%) were producer, 17 (50%) were multi-purpose



agriculture, and 9 (26%) were multi-purpose non-agriculture. The results point out that majority of cooperatives which are operating were multi-purpose agriculture and multi-purpose non-agriculture.

Table 2. Type of cooperatives in Tabuk City, Kalinga

TYPE OF COOPERATIVE	NUMBER	PERCENTAGE
Credit	6	18
Service	1	3
Producer	1	3
MPC Agri	17	50
MPC Non-agri	9	26
TOTAL	34	100

Table 3. Date of registration of cooperatives in Tabuk City, Kalinga

DATE REGISTERED	NUMBER	PERCENTAGE
1995 and earlier	12	35
1996 to 2000	5	15
2001 to 2005	3	9
2006 to present	14	41
TOTAL	34	100





### Date of registration

Table 3 presents the date of when the cooperatives were registered as of December 2010. This only included the primary cooperatives that are still operating since there was no available information on the non operating cooperatives. The results show that two cooperatives were registered in 1971 and 1972 which are the Tabuk MPC and St. Joseph MPC, 12 (39%) were registered in 1995 and earlier, 5 (15%) were registered between the year 1996 to 2000, 3 (9%) were registered between the year 2001 to 2005 and 14 (41%) were registered between 2006 to present.

The results show that most of the cooperatives were registered in between 2006 and 2010 while the remaining numbers were registered in the years 1996 to 2000. The finding also shows that in the year 1993, 1994, 1995, 1998, 2001, and 2003, there were no cooperatives which applied for registration. It shows that during the years 2006 to 2010, members of the cooperative especially the small ones began to make their own cooperative but it was just a residential and due to limited resources they did not put up their small office so they preferred to organize a cooperative with just a minimum of 15 members and more.





Table 4. Years of existence of cooperatives in Tabuk City, Kalinga

YEARS IN OPERATION	NUMBER	PERCENTAGE
10 and below	17	50
11 to 20	13	38
21 to 30	2	6
31 to 40	1	3
41 and above	1	3
TOTAL	34	100

#### Years in Operation

Table 4 presents the number of years in operation of the different primary cooperatives. The two oldest cooperative existed for more than 40 years were the St. Joseph Multipurpose cooperative and Tabuk Multipurpose cooperative both of which are agricultural cooperative while the newest cooperative existed for 1 year were Tabuk OFW Credit Coop, Tabuk Feed Producers Coop, Chico Igorot Credit Coop, Bulo RIC Kalipi Credit Coop. The results indicate that the oldest cooperative existed were agricultural cooperatives while the newest cooperative existed were almost credit and one producer cooperative.

#### Number of members

Table 5 shows the number of members of the cooperatives studied. There were 62 male and 197 female (1.01%) for the credit cooperatives, 78 male and 11 female(0.35%) for the service cooperative, 9 male 15 female(0.09%) for the producer



cooperative, 10248 male and 1319 female (91.04) for multipurpose agricultural, 804 male and 1132 female (7.52%) for multipurpose non-agricultural.

The results show that Multipurpose agricultural got the highest number of members with 91.04% (23,438) of the total members followed by multipurpose non-agricultural with 7.52% (1,936) of the total members while Producers cooperative got the least number of members 0.09% (24).

Table 5. Number of members of the primary cooperatives

TYPE OF COOPERATIVE	NUMBER OF MEMBERS			
	MALE	FEMALE	(F)	(%)
Credit	62	197	259	1.01
Service	78	11	89	0.35
Producer	9	15	24	0.09
MPC Agri	10248	13190	23438	91.04
MPC Non-agri	804	1132	1936	7.52
TOTAL	11201	14545	25746	100



### Services Offered

Table 6 shows the business operation of the cooperatives, 29 cooperatives are offering lending or credit services wherein members borrow money from the cooperative and promise to pay with a corresponding interest; 16 cooperatives offers savings which includes savings and time deposits; 1 cooperative offers production and 1 for transportation. Other services which include food terminal which is a small store or carinderia; agricultural investment; PI water refilling station, funeral care service, inn and restaurant and training center and ATM banking for the cooperative which has a multiple service like the Tabuk Multi-purpose Cooperative; 5% marketing services which includes the buy and selling of rice; 4% for processing services which includes the rice and coffee processing; and 3% for service which is transportation and consumer services which includes consumer store and carinderia.

The finding shows that majority of the primary cooperatives in Tabuk City offered credit services wherein cooperatives usually get their income and the ultimate need of the members. Since Tabuk City is the granary rice of the Cordillera some cooperatives were engaged in rice milling and the other one is the coffee processing which is the main product of Kalinga.

### Social services

Table 7 shows that 29% of the cooperatives are offering mortuary services, this service will cover Funeral related expense of member, 26% for education that would be given to their members which like pre-membership Education Seminar, 3% Community Agri-based like passing on the gift that they received from “HPI- draft animal project Carabao” to their co- member; 3% Enrolment of indigent to Philhealth the



cooperatives are responsible to take charge of the their members especially those who are needy ; services which include business/SME which members are the employees itself. They also have consultancy services wherein members ask for some advice on how to make their business prosper, and technical services (CFS/PP) preparation usually in making financial reports, and other related trainings; 3% Love Gift to Retiree usually given to their retired members; 3% Accident Assistance the cooperative will be responsible for the expenses of the members, 3% Trainings and Information given to the members who want to have a free training related to business. 9 % for Dental Services includes consultation and the 12% are for medical services wherein members received an amount for hospitalization bills.

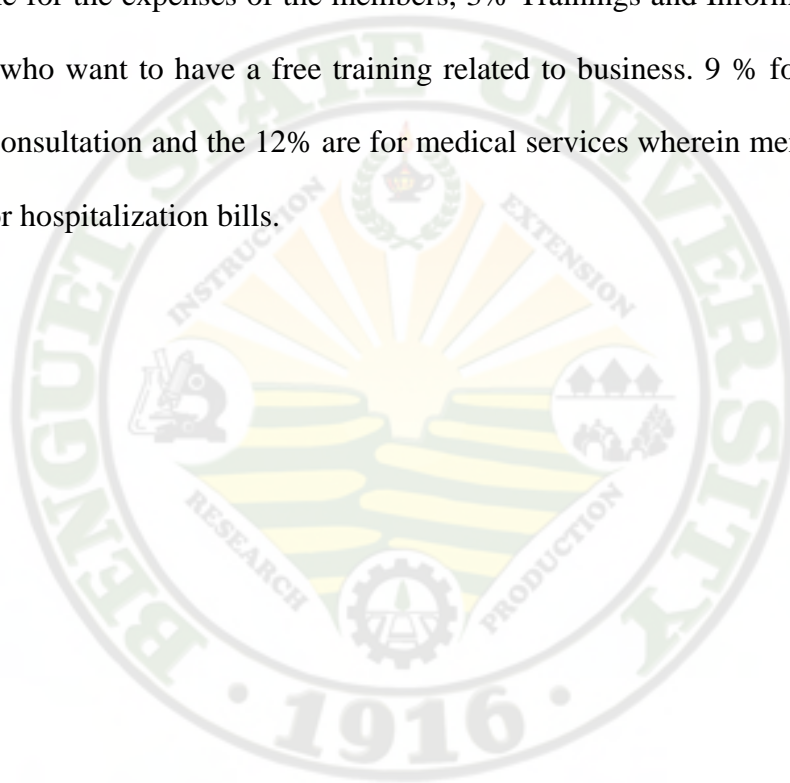


Table 6. Services offered by the cooperatives

SERVICES OFFERED	COOPERATIVE					TOTAL	PERCENTAGE
	CREDIT	SERVICE	PRODUCER	MPC AGRI	MPC NON-AGRI		
Lending	5	1		15	8	29	85
Savings				10	6	16	47
Marketing				5		5	15
Production			1			1	3
Transportation		1				1	3

\*multiple responses

Table 7. Social services offered by the cooperatives

SOCIAL SERVICES	COOPERATIVE					TOTAL	PERCENTAGE
	CREDIT	SERVICE	PRODUCER	MPC AGRI	MPC NON-AGRI		
Mortuary				10		10	29
Mortuary assistance						0	0
Medical	1			2	1	4	12



Table 7 continued...

SOCIAL SERVICES	COOPERATIVE					TOTAL	PERCENTAGE
	CREDIT	SERVICE	PRODUCER	MPC AGRI	MPC NON- AGRI		
Medical Assistance					1	1	3
Dental	1			1	1	3	9
Dental Assistance						0	0
Education	3			4	2	9	26
Trainings and Information			1			1	3
Love Gift to Retiree				1		1	3
Enrolment of indigent to Philhealth					1	1	3
Community Agri-based				1		1	3
Consultancy service					1	1	3
Technical services and Information					1	1	3
Accident Assistance		1					0

\*Multiple responses





### Problems Encountered by the Cooperatives

Table 8 presents that 62% of the cooperatives had problems on delinquent borrowers wherein members failed to pay, 35% had a problem on limited resources wherein cooperatives could not even expand their business and they were not affiliated to some federation and union where they can ask assistance or help. Cooperatives had a problem on lack of capital to sustain their operation consists 35%, due to small amount of capital some cooperatives are hard up to sustain their operation; They also had a problem on the lack of cooperative education and training for leaders and members with 39%, some cooperatives could not conduct the said training because they have no place to conduct a meeting, some cooperatives are only a residential and no enough capital to conduct such trainings; 18% had problems on efficient leaders wherein the operation of the cooperatives are slow because leaders do not have the capability to manage the cooperative because they lack trainings especially on the leadership ;12% on the updating of records wherein the cooperatives fail to record some important transactions and some bookkeepers do not safe keep the records of the cooperative for future purposes; and 14.7% on the members who do not patronage the cooperative wherein members failed to patronize the cooperative and some members do not care at all. Other issues were also mentioned during the survey and it was found out that the operation of the cooperative are not performing well due to some problems on the difficulty in collection wherein members refuse to payback and as well as the delinquent borrowers, refusal of members to attend general assemblies and emergency meetings, and lack of management wherein there is no strong leadership in the cooperative. One cooperative said that they had a problem in the unavailability of other feeds materials like micro elements because they





have limited resources and lack capital as well.

The most perceived problems by the credit cooperatives are the delinquent borrowers, in the case of service cooperative that engage in transportation, they also had a problem on the lack of cooperative education and training for leaders and members, lack of capital to sustain the operation, limited resources and the members do not patronize the cooperative. On the other hand, producers cooperative seems have a problem on the lack of education for leaders and members, lack of capital to sustain the operation and limited resources and unavailability of other feed materials like micro elements. As shown in table 8, the cooperative do not have a problem on the delinquent borrowers.

The prevailing problems in the case of Multipurpose cooperative were the lack of cooperative education and training for leaders and members, lack of capital to sustain the operation, delinquent borrowers, limited resources, inefficient leaders, records are not updated, Members do not patronize the cooperative, difficulty in collection, refusal of members to attend general assemblies and emergency meetings, and lack of management

The most seeming problems for the multipurpose non agricultural were the same with the problems perceived by the Multipurpose agricultural, except that they do not have much problem on the updating of records and the patronization of members to their respective cooperative which they are member. The results show that the most perceived problems by the cooperatives were the delinquent borrowers.



Table 8. Problems encountered by the cooperatives

PROBLEMS	COOPERATIVE											
	CREDIT		SERVICE		PRODUCER		MPC AGRI		MPC NON-AGRI		TOTAL	
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)
Lack of cooperative education and training for leaders and members	2	33	1	100	1	100	4	24	7	78	13	38
Lack of capital to sustain the operation	3	50	1	100	1	100	8	47	2	22	12	35
Delinquent borrowers	5	83		100			14	82	7	78	21	62
Limited resources	5	83	1	100	1	100	7	41	3	33	12	35
Inefficient leaders	1	17		100			4	24	2	22	6	18
Records are not updated	2	33		100			4	24			4	12
Members do not patronize the cooperative			1	100			4	24			5	15
Difficulty in collection							1	6			1	3
Refusal of members to attend general assemblies and emergency meetings							1	6			1	3
Lack of management							1	6			1	3
Unavailability of other feed materials like micro elements					1						1	3

\*multiple responses



### Growth in Membership

Table 9 presents the number of cooperatives in the different cooperatives starting from 2001 to 2010. Generally, all the cooperatives had an increase in their members. Agricultural cooperatives posted the highest rate of growth among the three cooperatives with 14,211.80 % per annum.

Table shows the percentage changes from year to year. Credit cooperative had an increase of 11.9 in 2006, 40.8 in 2007, and the succeeding years the rate of growth became negative with 7 to 22 percent. It indicates that the numbers of members are declining.

As shown in the table, service cooperative and producer cooperative reflected that there were no rates of increase in their members since they are just newly registered cooperatives.

Agricultural cooperatives had an increase of (152.92%) regular and (91.51%) associate in 2002, (-59.25%) regular and (26.60%) associate in 2003, (26.57%) regular and (-37.74%) associate in 2004, (5.31%) regular and (315.63%) associate in 2005, (2.98%) regular and (-69.47%) associate in 2006, (2.97%) regular and (48.77%) associate in 2007, (5.02%) regular and (1,413.25%) associate in 2008, (3.35%) regular (9.78%) associate in 2009, (0.86%) regular and (5.92%) associate in 2010.

Non agricultural cooperatives had an increase in regular members in 2002 with (9.65%), (13.91%) in 2003, and none in 2003 and further increased in 2004 with 314.37% and had a decrease rate of growth (-74.23%) in 2005, and increased again in 2006 with 39.36% and continue to decrease in rate in the succeeding years with 15.66% to 24.82%.



The finding signifies that regular member rate of growth show an upward trend in all types of cooperatives while the associate rate of growth show a downward trend as shown in Figure 1 and 2.

Table 9. Growth in membership of cooperatives

YEAR	REGULAR MEMBER				
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI	PRODUCER
2001			9,592	518	
%			152.92	9.65	
2002			24,260	568	
%			- 59.25	13.91	
2003			9,887	647	
%			26.57	-	
2004			12,514	647	
%			5.31	314.37	
2005	151		13,178	2,681	
%	11.92		2.98	- 74.23	
2006	169		13,571	691	
%	40.83		2.97	39.36	
2007	238		13,974	963	
%	-7.56		5.02	24.82	
2008	220	43	14,676	1,202	
%	-22.27	-	3.35	22.71	
2009	171	43	15,168	1,475	
%	-6.43	-	0.86	15.66	
2010	160	43	15,298	1,706	19



Table 9 continued...

YEAR	ASSOCIATE MEMBER				
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI	PRODUCER
2001			212		
%			91.51		
2002			406		
%			26.60		
2003			514		
%			-37.74		
2004			320		
%			315.63		
2005	19		1,330	2	
%	-15.79		-69.47	-100.00	
2006	16		406		
%	50.00		48.77		
2007	24		604	89	
%	-4.17		1,413.25	9,140	
2008	23	46	9,140	112	
%	60.87	-	9.78	9,140	
2009	37	46	10,034	184	
%	8.11	-	5.92	9,140	
2010	40	46	10,628	347	5



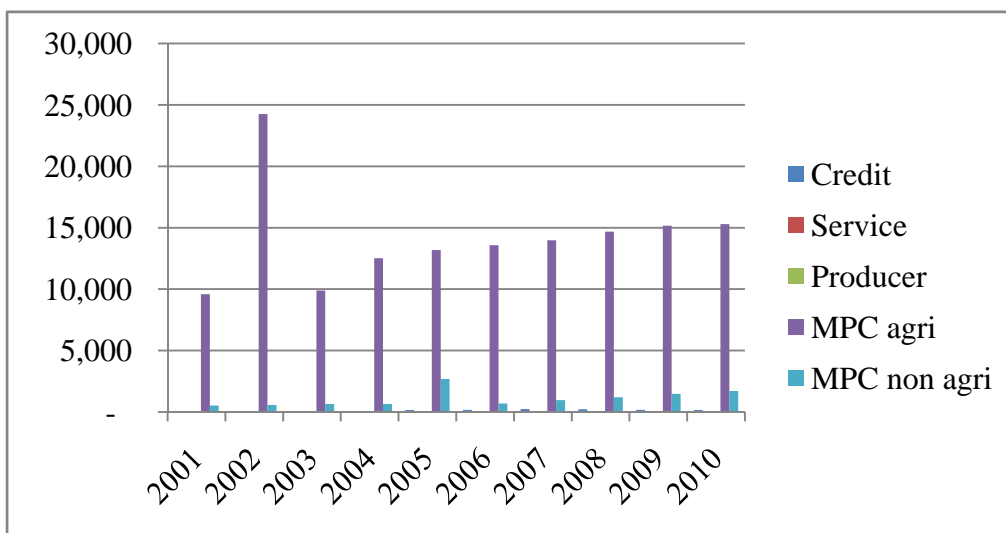


Figure 1. Growth in Regular member of Primary Cooperatives

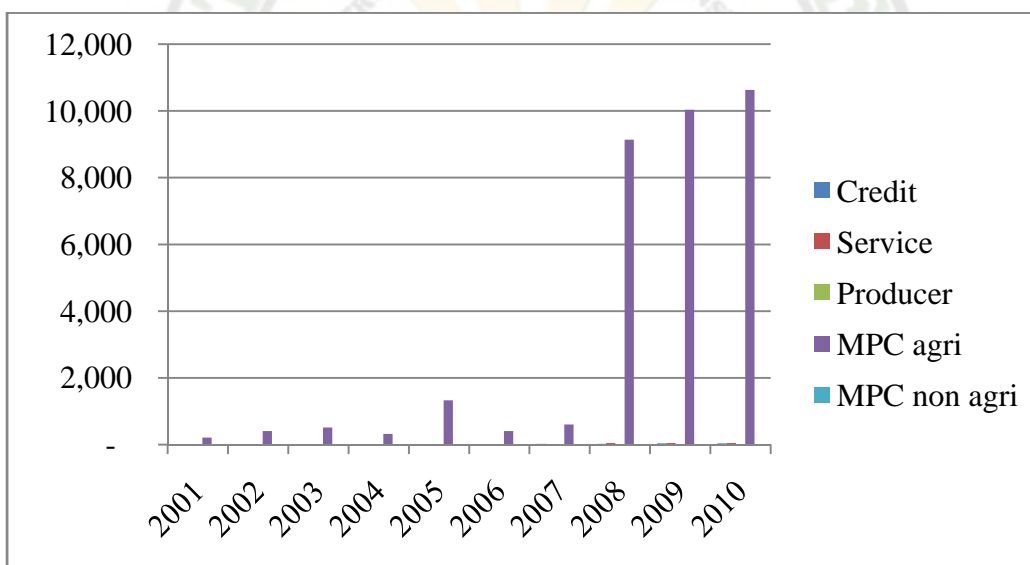


Figure 2. Growth in Associate member of Primary Cooperatives

Financial growth trend of cooperatives. This section presents the total assets, total liabilities, and paid up share capital of the cooperatives.

Total assets. Table 10 shows that credit cooperatives posted its highest peak of rate in 2007 with 2016.5% but sad to say they decreased in 2008 that resulted to negative



which indicates a decrease in the rate of growth of assets and increased again in 2009 with 35.6% and further decrease in 2010 with 32.7%. This indicates that there was a decrease in the number of members in 2008. Service cooperative had an increase of 32.70% in 2010 this implies that members do not patronize the cooperative as was indicated as one problem of the service cooperative that engage in transportation.

Agricultural cooperative had a decrease in the asset in 2002 which resulted to negative (-76.04%) and further increased in the succeeding years. The highest posted rate of growth in terms of assets was in 2004 with 402.02%

Non-agricultural cooperatives had a negative rate of growth in 2002, 2005 and 2007. The highest rate of growth reached is 21,720.54% in 2002. This indicates that every other year their assets tend to decrease but further increased in 2008 up to present.

Total Liabilities. Table 11 shows that credit cooperatives had a decrease rate of growth in their liabilities. This indicates that over the past years, they do not incur many expenses and members pay their loan in time.

Agricultural cooperatives had a decrease rate of growth in 2002 with (-66.41%) and further increase in 2003 with 366.20% and it was shown in the table that it was the year that they reached their highest rate of liabilities and further decreased in 2003 to 2010.

Non agricultural cooperatives had a negative one hundred percent (-100%) rate of growth in 2002 and there was none in 2003 and further increased in 2004 with (120.18%) and decreased again in 2005 with negative rate of (-86.90%) and it was in 2006 that they had their highest liabilities with 1106.31 and further decrease from 2007 up to present. It implies that every after year they had paid up their liabilities and it was





shown in the table that in 2006 they had reached their highest rate of growth that further explains that the cooperatives have many receivables.

As shown in figure 4, agricultural cooperatives and non agricultural cooperatives had an upward trend in 2005 to 2007.

Paid-up share capital. Table 12 shows that credit cooperatives had a decreased rate of growth in the paid up share capital from 149% to 28.22%. Service cooperative had an increase of 133.33% in 2010 and this indicates that members are doing their part well. In the case of agricultural cooperatives, the highest posted rate of growth is 639.84% in 2003 and 515.98% in 2005 but they had a negative rate of growth in the years 2002, 2004 and 2006. It implies that there is a little percentage increase in the past ten years.

As shown in figure 5 that there is a wavelike trend sometimes it's upward and sometimes downward. It implies that there is no consistency in the rate of growth in terms of paid-up share capital.

In the case of agricultural cooperatives they had a decreased rate of growth of paid up share capital in 2002 and 2005 same holds through with the non-agricultural cooperatives. Unlike in the agricultural cooperatives, the non agricultural cooperatives had its highest peak of growth in 2002 with 13564.00% that already in thousands percent followed by the year 2004 with 189.61% rate of growth. It implies that members of the cooperatives had paid their share capital and the number of members also increased in that particular year.



Table 10. Total assets of cooperatives

YEAR	TOTAL ASSETS			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			285,602,564.04	15,736,821.00
%			-76.04	-99.75
2002			68,419,982.54	40,000.00
%			17.72	21,720.54
2003			80,542,505.56	8,728,217.79
%			402.02	204.13
2004			404,336,777.38	26,544,833.43
%			0.72	- 40.15
2005	791,593.24		407,266,670.98	15,887,056.14
%	248.13		3.25	85.19
2006	2,755,756.80		420,506,433.48	29,421,843.62
%	2,016.51		3.91	-0.60
2007	58,325,787.94		436,966,458.28	29,244,254.24
%	-79.87		10.22	25.94
2008	11,742,953.76		481,610,507.41	36,829,654.64
%	35.57		27.35	22.93
2009	15,919,695.44	80,793.06	613,318,791.88	45,274,681.40
%	32.70	274.71	8.49	23.21
2010	21,125,284.27	302,735.96	665,416,179.22	55,782,280.05



Table 11. Total liabilities of cooperatives

YEAR	TOTAL LIABILITIES			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			93,008,238.28	4,175,923.00
%			-66.41	-100.00
2002			31,241,175.42	
%			366.20	
2003			145,646,843.06	2,570,531.53
%			17.14	120.18
2004			170,605,209.73	5,659,839.24
%			1.82	-86.90
2005	175,934.04		173,704,282.61	741,299.32
%	568.02		11.37	1,106.31
2006	1,175,282.34		193,457,463.63	8,942,388.72
%	88.40		4.89	2.31
2007	2,214,202.44		203,398,913.17	9,148,942.33
%	160.14		18.71	32.02
2008	5,760,065.89		241,452,003.43	12,078,771.34
%	44.09		41.04	18.23
2009	8,299,466.23	14,195.24	340,537,653.57	14,280,646.00
%	35.81	25.34	14.22	10.92
2010	11,271,530.49	17,792.36	388,966,249.54	15,840,393.60



Table 12. Paid-up share capital of cooperatives

YEAR	PAID-UP SHARE CAPITAL			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			166,489,842.65	10,083,175.00
	%		-83.16	-99.60
2002			28,038,391.49	40,000.00
	%		639.84	13,564.00
2003			207,438,905.51	5,465,600.03
	%		-84.13	189.61
2004			32,917,976.93	15,828,854.24
	%		515.98	-39.20
2005	604,560.27		202,768,031.03	9,624,458.92
	%	149.08	- 0.04	15.39
2006	1,505,816.07		202,689,015.90	11,105,940.36
	%	128.69	2.92	56.72
2007	3,443,666.76		208,606,188.11	17,405,784.83
	%	64.24	3.80	24.95
2008	5,655,710.10		216,531,328.55	21,748,369.81
	%	33.44	16.03	23.43
2009	7,547,180.19	112,500.00	251,244,625.43	26,843,092.70
	%	28.22	133.33	8.67
2010	9,677,179.85	262,500.00	273,039,010.28	32,620,775.46



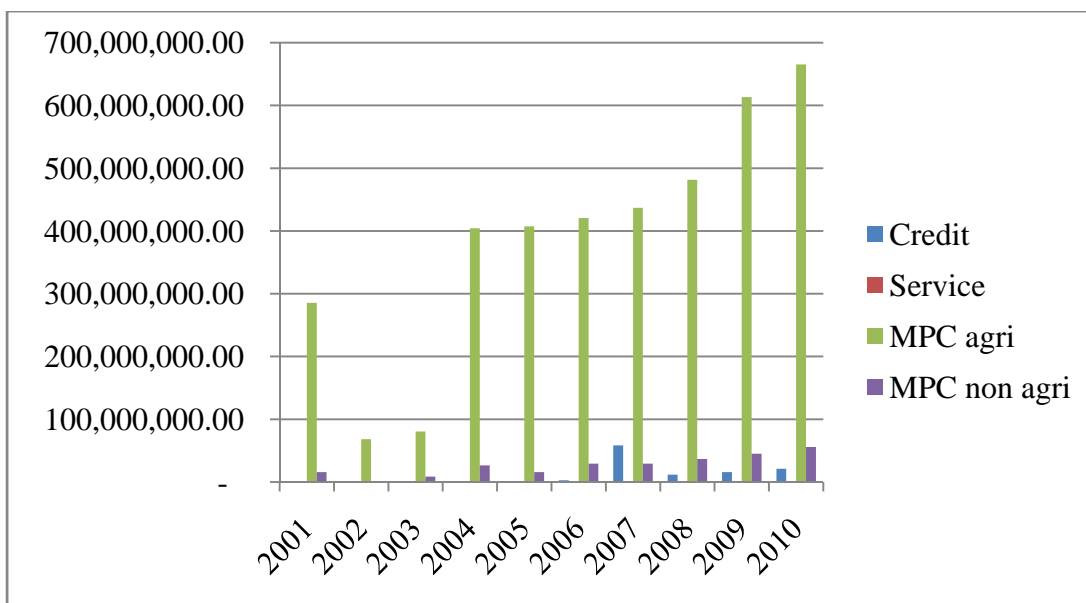


Figure 3. Total assets of cooperatives in Tabuk City, Kalinga

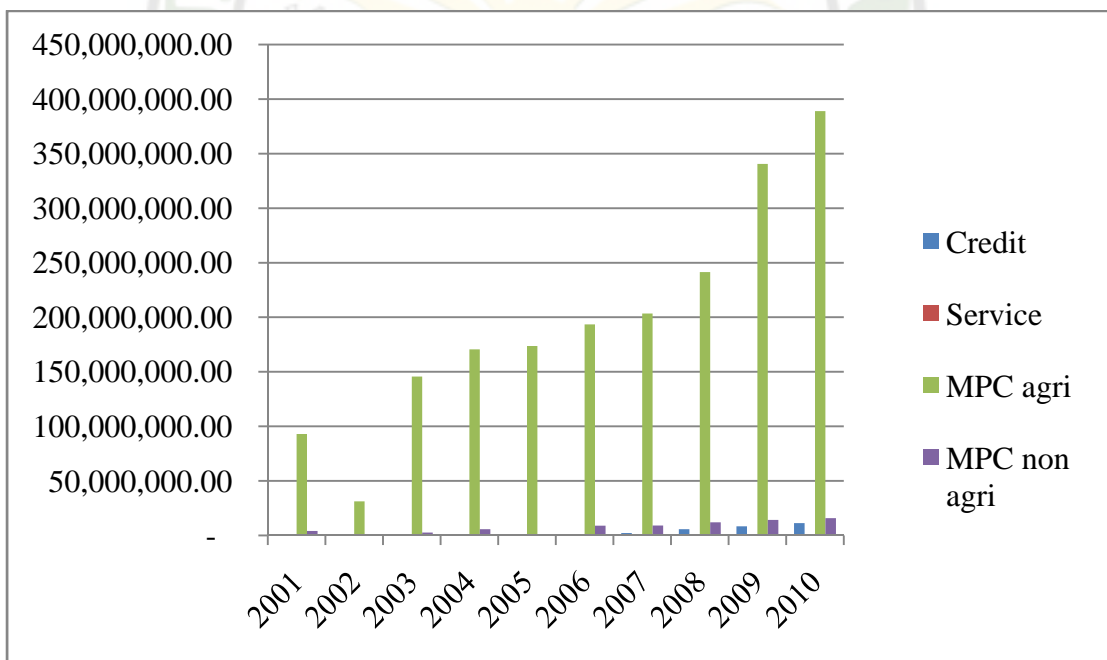


Figure 4. Total liabilities of cooperatives in Tabuk City, Kalinga



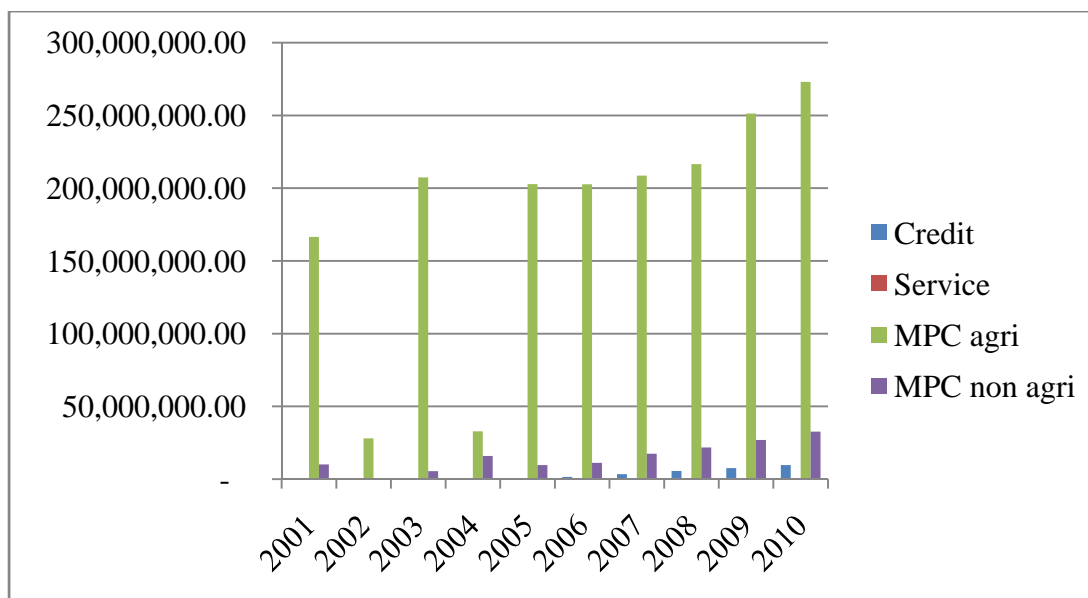


Figure 5. Paid-up share capital of Cooperatives in Tabuk City Kalinga

#### Allocation to Net Surplus

This section presents the allocation of Net surplus of Agricultural cooperatives and Non agricultural cooperatives that was distributed as follows: Gross Revenues, Due to CETF Local, General Reserve Fund, Interest on Share Capital and Patronage Refund.

Gross Revenues. Table 13 shows the amount allocated to gross revenues. Gross revenues are the money gained from the sales and the cost of goods sold, before taking indirect costs into account. Credit cooperatives had increased 261.83% in 2006 and further decreased in 2007 with 126.99% and continue to decrease the succeeding years. Service cooperative had increase in 2010 with 0.68% since it only started its operation in 2009. Agricultural cooperatives had a positive rate of growth in the past ten years and reach its highest peak in 2009 with 12.46%. It was only in 2004 where it decreases to (-10.88%).





Non Agricultural cooperatives had a rate of growth in 2002 with 1818.41% which was the highest peak reached and the succeeding years it shows a negative rate and it was only in 2006 and 2010 that they had a positive rate of growth which means an increase in the gross revenues.

Table 13. Cooperatives Gross revenues

YEAR	GROSS REVENUES			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			46,174,941.69	118,000.00
%			2.55	1,818.41
2002			47,351,049.89	2,263,720.37
%			5.61	-8.05
2003			50,009,404.40	2,081,453.79
%			-10.88	-21.37
2004			44,569,704.75	1,636,668.57
%			6.88	-27.79
2005	111,952.57		47,637,296.64	1,181,866.70
%	261.83		7.17	448.23
2006	405,082.90		51,055,137.02	6,479,345.44
%	126.99		5.49	-7.86
2007	919,502.57		53,859,492.80	5,970,300.78
%	66.80		9.85	-14.97



Table 13 continued...

YEAR	GROSS REVENUES			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2008	1,533,691.32		59,165,772.48	5,076,703.50
%	35.02		12.46	- 78.92
2009	2,070,753.41	665,300.00	66,536,927.48	1,070,351.70
%	17.57	0.68	10.03	73.02
2010	2,434,548.86	669,800.00	73,213,803.37	1,851,928.94

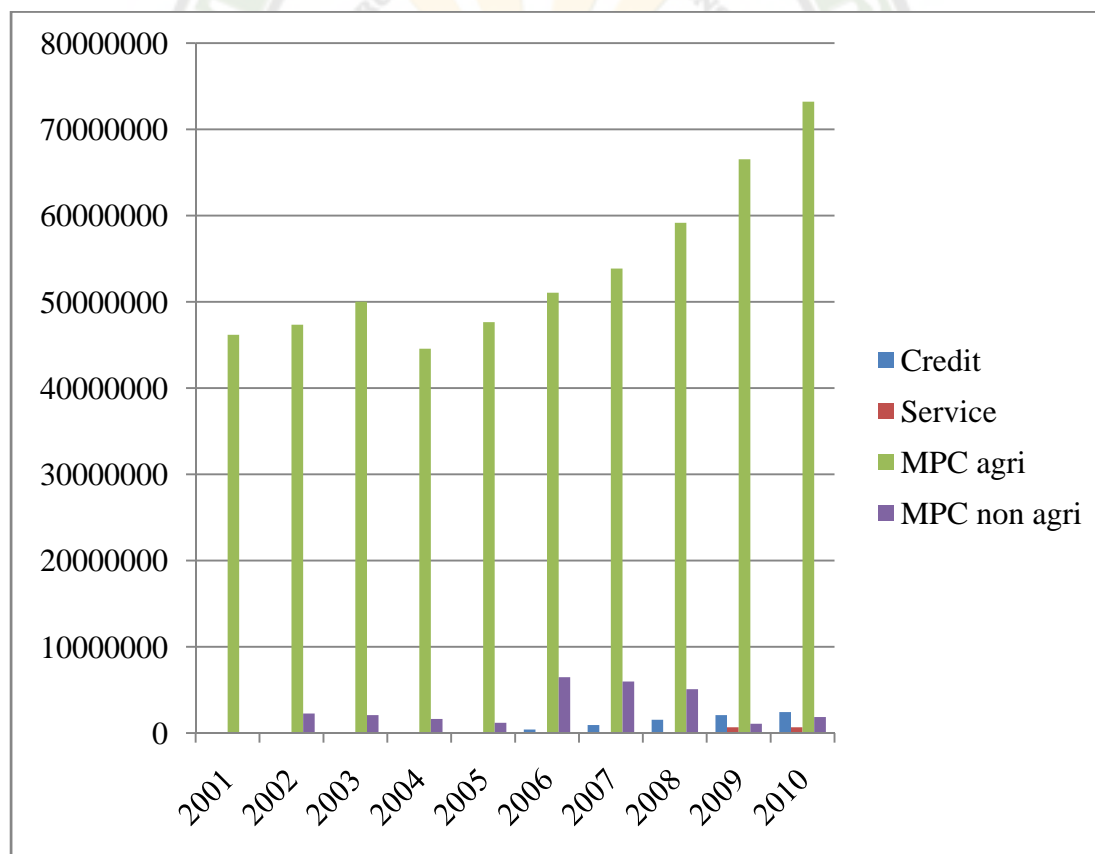


Figure 6. Cooperatives Gross revenues



Net surplus. Table 14 shows the amount allocated to net surplus. Net surplus is the excess of payments made by the members for the loans borrowed, or the goods and services availed by them from the cooperative or the difference of the rightful amount due to the members for their products sold or services rendered to the cooperative including other inflows of assets resulting from other operating activities. Credit cooperatives had a rate of growth in 2006 where it also reaches the highest peak of about 271.82% but sad to say it further decreased from 2007 to 2010. Service cooperatives had a negative rate of growth in 2010 with (-51.43%) which means a decreased in the net surplus.

Agricultural cooperatives had posted its highest rate of growth in 2007 with 35.18% but in the years 2004 and 2006 it had a decreased to -20.68 and 24.97 respectively. On the other hand, non-agricultural cooperatives posted its highest peak in 2006 with 147.62%. It was only in 2005 where it decreased to (-50.57%).

The results shows that the three of cooperatives experienced a negative rate of growth in net surplus except for the credit cooperatives with a positive decreasing rate of growth in net surplus.



Table 14. Cooperative net surplus

YEAR	NET SURPLUS			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			25,383,678.43	1,263,985.75
	%		7.69	10.37
2002			27,336,673.01	1,395,007.55
	%		4.25	7.16
2003			28,497,241.18	1,494,897.54
	%		- 20.68	56.09
2004			22,603,532.78	2,333,335.41
	%		1.01	- 50.57
2005	44,395.70		22,831,199.04	1,153,408.87
	%		- 24.97	147.62
2006	165,074.19		17,130,011.77	2,856,087.87
	%		35.18	14.52
2007	394,865.71		23,156,610.91	3,270,733.32
	%		3.50	9.44
2008	670,646.54		23,967,221.40	3,579,361.18
	%		14.82	13.33
2009	948,594.62	148,129.82	27,519,762.64	4,056,340.02
	%	- 51.43	13.08	34.57
2010	1,020,066.23	71,942.12	31,119,011.06	5,458,497.53



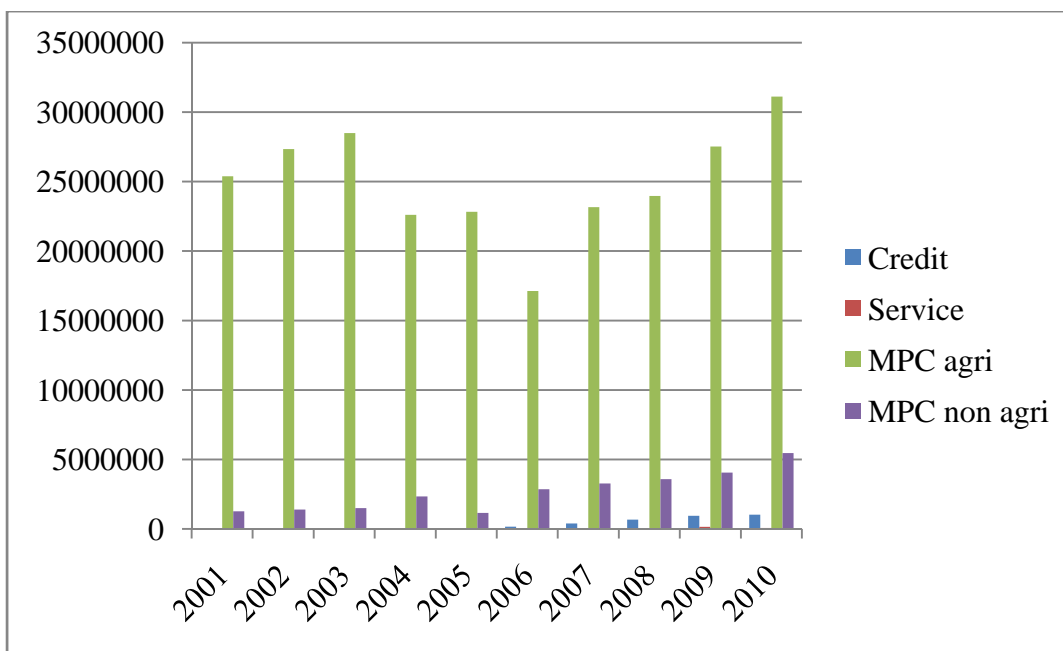


Figure 7. Cooperatives net surplus

#### General Reserve fund

Table 15 shows the amount allocated for the General Reserve Fund. General Reserve fund refers to the accumulated amount of money annually deducted from the net surplus. It is used for the stability of the cooperative.

Credit cooperatives had its highest rate of growth in 2006 with 271.82% but further decreased to 263.41 to 49.23 in the succeeding years. It implies that the rate of growth in the general reserve fund has been affected by the net surplus and gross income. On the other hand, service cooperative posted a negative rate of growth in the general reserve fund in 2010(-51.43%) same holds through with the credit cooperatives that it has been affected by the decreased in the net surplus and gross income.

Agricultural cooperatives posted its highest rate of growth in 2003 with 15.58% only which is lesser than what is expected. It had its negative rate of growth in the years



2004, 2006, 2007, 2009 and 2010. It implies that over the past ten years, it resulted to a decreased in the allocation of general reserve fund. In the case of the non Agricultural cooperatives, it was only in 2005 that they had decreased in the allocation of general reserve fund and posted its highest rate of growth in 2006 with the maximum rate of 50493.35% and it was quietly surprising.

The results show that among the four types of cooperatives. It was only the non agricultural cooperatives who had been experiencing a positive rate of growth in the general reserve fund. It implies that they were performing well and have tried to increase their sales.

Table 15. Cooperatives general reserve fund

YEAR	GENERAL RESERVE FUND			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			3,319,339.79	120,398.48
%			2.57	6.73
2002			3,404,701.46	128,500.75
%			15.58	5.44
2003			3,935,254.16	135,489.75
%			-18.65	85.62
2004			3,201,457.03	251,502.24
%			-	- 99.27
2005	4,439.57		3,201,457.03	1,838.37
%	271.82		- 6.72	50,493.55





Table 15 continued...

YEAR	GENERAL RESERVE FUND			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2006	16,507.41		2,986,260.95	930,096.71
%	263.41		- 47.35	21.29
2007	59,989.49		1,572,318.34	1,128,078.92
%	129.55		0.84	18.24
2008	137,703.98		1,585,559.58	1,333,796.37
%	78.75		- 95.79	16.88
2009	246,151.88	14,812.92	66,674.43	1,558,911.18
%	49.23	- 51.43	- 4,182.40	1.31
2010	367,344.02	7,194.23	- 2,721,918.57	1,579,381.14



Figure 8. Cooperatives general reserve fund



Due to CETF Local. Table 16 shows the allocation to CETF Local. Cooperative Education training fund is used to provide for the training, development and similar other cooperative activities geared towards the growth of the cooperative movement.

Credit cooperatives had an increase rate of growth of about 271.85% in 2006 at the same time it was in this year when it reached its highest peak but further decreased to 139.21 to 7.80 in 2007 to 2010 respectively. On the other hand, service cooperative had a negative rate of growth of (-9.88). It implies that as year goes by, they tend to have a decreased in the allocation of education and training fund for the members.

Agricultural cooperatives as shown in table 16, which they tend to decrease in 2003, 2004 and 2006 which resulted in a negative rate of growth. The rest years it shows a positive rate of growth wherein that particular year they had increased in the allocation of the education and training fund. On the other hand, non agricultural cooperatives had also a negative rate of growth in the allocation of Education and training fund in the years 2005, 2008 and 2009 but posted its highest rate in 2006 with 3,612.66%.

Table 16. Cooperatives Due to CETF local

YEAR	DUE TO CETF LOCAL			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			1,432,288.93	60,199.00
	%			
2002			1,539,460.67	64,256.38
	%			
2003			921,717.22	67,744.88
	%		-1.37	57.26



Table 16 continued...

YEAR	DUE TO CETF LOCAL			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2004			909,090.33	106,537.17
%			5.60	- 95.29
2005	2,219.79		959,987.63	5,017.79
%	271.82		- 1.60	3,612.66
2006	8,253.70		944,609.93	186,293.30
%	139.21		23.68	58.26
2007	19,743.30		1,168,324.11	294,837.04
%	100.15		2.67	- 20.80
2008	39,515.65		1,199,564.57	233,498.44
%	14.56		6.53	- 48.61
2009	45,268.83	14,195.24	1,277,912.63	120,006.04
%	7.80	- 9.88	8.45	76.90
2010	48,800.81	12,792.36	1,385,958.84	212,293.96



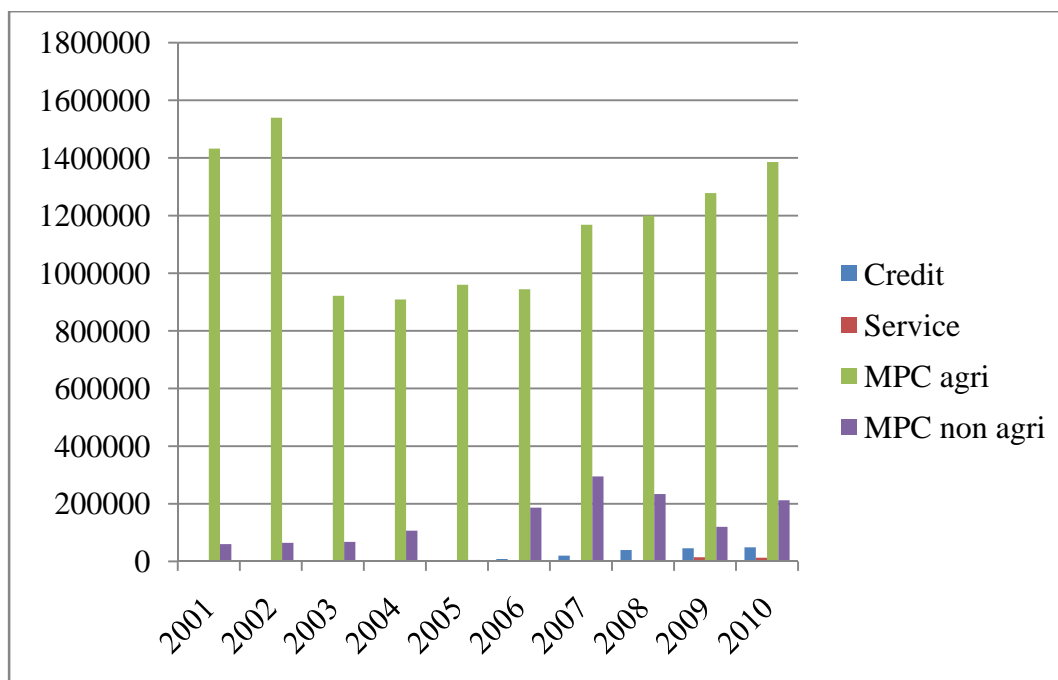


Figure 9. Cooperative Due to CETF local

Interest on share capital. Table 17 shows the allocation in the Interest on share Capital refers to the interest earned by the member's paid-up to the capitalization of the cooperative. Credit cooperatives posted its highest rate of growth in 2006 with 313.14% but further decrease in the succeeding years with (139.20%) in 2007,(70.97%) in 2008,(37.88%) in 2009,and ( 6.73%) in 2010 the lowest rate of growth attained. On the other hand, service cooperative posted its highest rate of growth in 2002 with 13,978.21%. In 2003 and 2005 it resulted a negative rate of growth with (-88.57) and (-68.52%) respectively. In the case of non agricultural cooperatives, they posted the highest rate of growth in 2002 with 971.42% and the lowest rate of growth reached was in 2005 with (-62.38%). The results show that service, multipurpose, and non agricultural cooperatives had a decreased rate of growth in terms of interest on share capital.



Table 17. Cooperatives interest on share capital

YEAR	INTEREST ON SHARE CAPITAL			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			1,071,215.07	50,372.83
%			13,978.21	971.42
2002			150,807,946.29	539,703.18
%			- 88.57	5.45
2003			17,236,625.48	569,103.18
%			13.48	108.23
2004			19,559,311.17	1,185,037.62
%			- 68.52	- 62.38
2005	19,578.51		6,157,122.22	445,798.53
%	313.14		46.99	83.01
2006	80,886.37		9,050,542.57	815,857.48
%	139.20		36.75	66.26
2007	193,484.20		12,376,229.27	1,356,421.94
%	70.97		6.83	14.30
2008	330,794.58		13,221,000.22	1,550,428.31
%	37.88		6.98	11.92
2009	456,111.94	103,690.45	14,144,434.27	1,735,282.58
%	6.73	- 51.43	16.86	50.52
2010	486,817.42	50,359.64	16,528,699.42	2,611,914.00



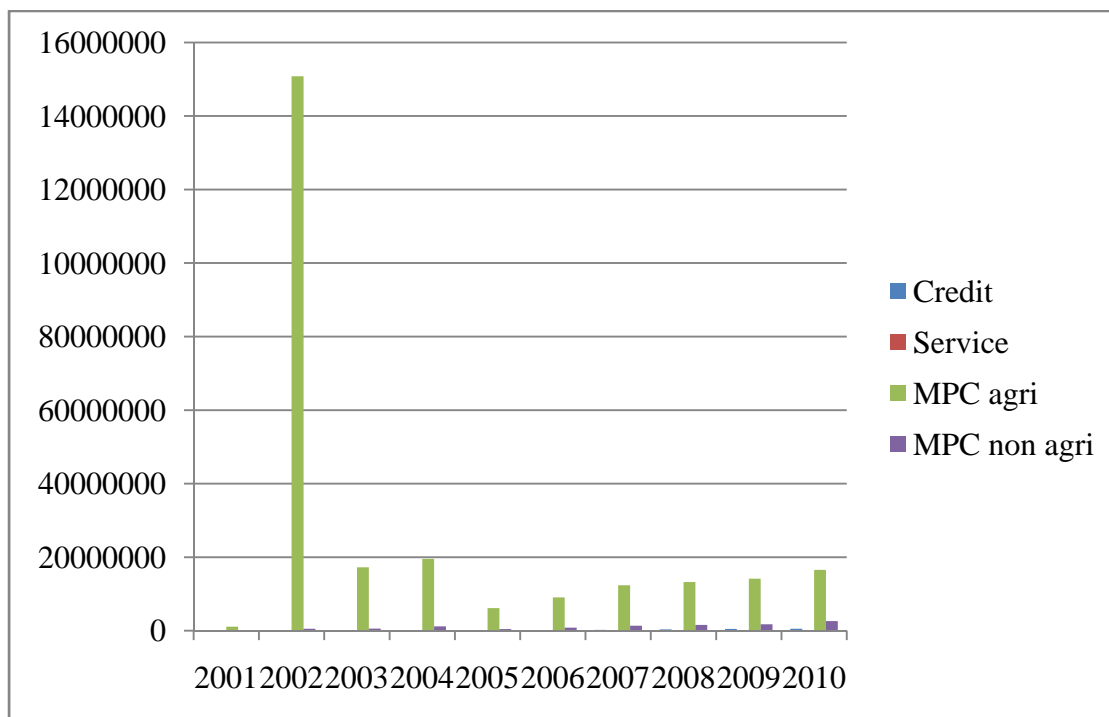


Figure 10. Cooperatives interest on share capital

Patronage refund. Table 18 presents the allocation in patronage refund. Patronage Refund refers to refund or return to the members of net savings generated from the operations of the cooperative. The table shows that there were no patronage refund made by the credit cooperatives for the past 6 years, unlike for the service cooperatives wherein they allocated an amount of 50,359.64 in 2010.

Agricultural cooperatives posted its highest rate of growth in 2002 with 556.29% and further decreased in 2002 to 2010. As shown in table 18, it had a negative rate of growth in the years 2006 and 2008. Non agricultural cooperatives on the other hand posted its highest rate of growth in 2002 with 971.42% and further decreased in the succeeding years. It was only in 2005 that they had a negative rate of growth in the allocation of patronage refund.





The results indicate that agricultural and non agricultural cooperatives were the ones who allocated their remaining percentage of net surplus in the patronage refund. On the other hand, service and credit cooperatives did not allocate an amount to their patronage refund.

Table 18. Cooperatives patronage refund

YEAR	PATRONAGE REFUND			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2001			642,874.87	33,581.88
%			556.29	971.42
2002			4,219,100.50	359,802.12
%			8.21	5.45
2003			4,565,544.25	379,402.12
%			26.12	108.23
2004			5,758,168.36	790,025.09
%			98.71	- 62.38
2005			11,442,225.78	297,199.02
%			- 48.59	12.15
2006			5,882,544.99	333,298.14
%			8.65	118.84
2007			6,391,180.96	729,391.36
%			-.97	11.97
2008			6,201,346.68	816,698.54
%			7.68	23.98



Table 18 continued...

YEAR	PATRONAGE REFUND			
	CREDIT	SERVICE	MPC AGRI	MPC NON-AGRI
2009			6,677,855.12	1,012,510.16
%			14.88	21.79
2010		50,359.64	7,671,220.91	1,233,136.84

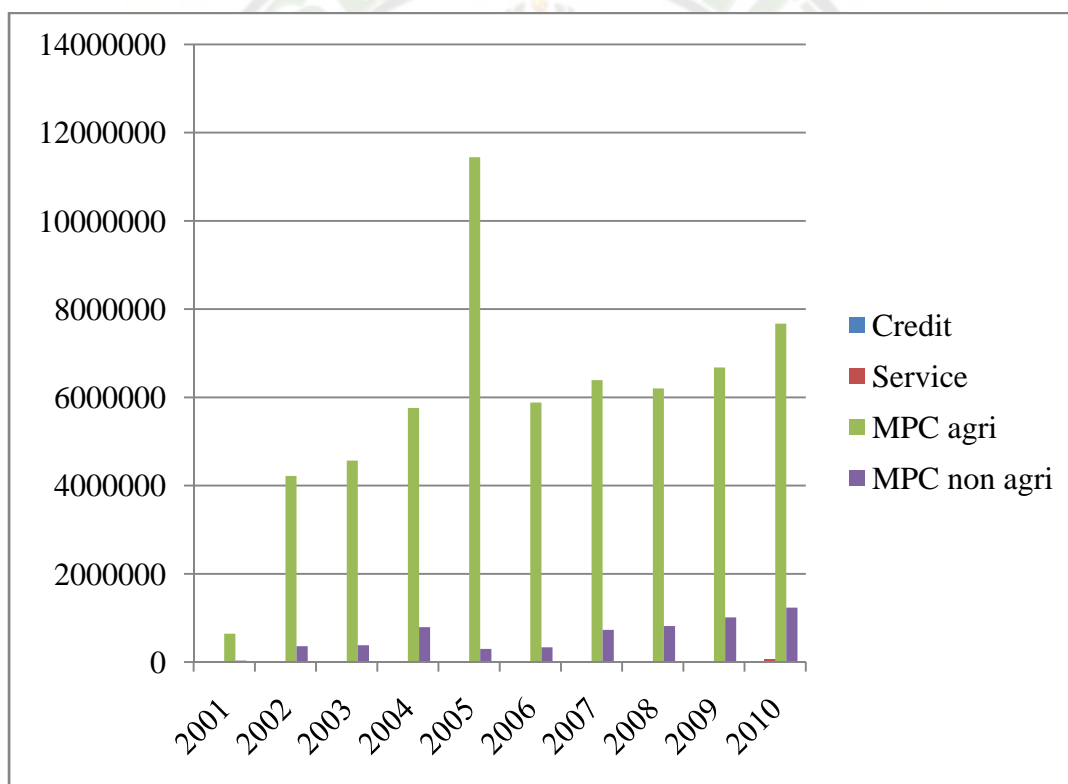


Figure 11. Cooperatives Patronage refund



## **SUMMARY, CONCLUSION AND RECOMMENDATION**

### Summary

The study was conducted to determine the types and characteristics of cooperatives as to: date of registration, services offered, number of members per cooperative, assets and liabilities, paid-up share capital, to document the performances of the cooperative in the following areas in terms of membership and operations and to find out there problems in managing a cooperative.

There were 40 cooperatives organized within the City of Tabuk. However, during the conduct of the study, only 34 primary cooperatives were still active while the other 4 were no longer operating because of lack of capital to sustain their operation.

The oldest cooperative existed in the place were operating for 50 years while the newest cooperatives were operating for 1 year. There were more cooperatives registered during the years 2006 to present and it was found out that during the year 1993, 1994, 1995, 1998, 2001 and 2003 there were no cooperatives applied for registration.

There were two kinds of members in the cooperative, categorized as regular and associate members. As to gender, there were more female members than male members. It was found out that female members were more active compared to male members.

The findings show that most of the cooperatives were offering credit services to their members. There were some cooperatives engaged in rice milling and coffee processing and funeral care services which were not all common to cooperatives.

In terms of social services offered, majority of the cooperative were offering mortuary services. Some cooperatives offered assistance to their members in terms of training and consultancy services.

The findings shows that majority of the cooperatives have a problem on the delinquency of members in their loan repayment. Most of the cooperatives' records were not updated due to absence of bookkeepers and they have lack of capital to sustain their operation, they also mentioned about the limited resources. Other issues and problems capability were the refusal of members to attend general meetings, lack of management wherein there is no strong leadership among the members and officers.

In terms of growth in membership the rate of regular members show an uptrend growth while the associate members show a downtrend growth. In actual number, Agricultural cooperatives topped the highest number of members while the producer cooperative got the lowest number of member with 24 members only since it was a newly registered cooperative.

In terms of financial growth trend, the rate of increase shows that non agricultural cooperative has a higher percentage rate increase but in actual number agricultural cooperatives topped the highest total assets.

In terms of allocation of net surplus, non agricultural cooperatives got the highest average rate increase in gross revenues. Credit cooperatives got the highest average rate increase and agricultural cooperatives got the lowest average rate increase but have the highest amount in actual number. In terms of the allocation to general reserve fund, non agricultural cooperatives got the highest average rate increase followed by the credit cooperatives. On the other hand, agricultural cooperatives and service cooperatives had a negative average rate of increase.

In terms in the allocation of due to CETF local, non agricultural cooperatives got the highest average rate of increase followed by the credit cooperatives and service

cooperatives got the lowest average rate increase with a negative percentage increase followed by the agricultural cooperatives.

In terms of the allocation of interest on share capital, agricultural cooperative got the highest average rate of increase followed by non agricultural cooperatives.

In terms of the allocation to patronage refund, non agricultural cooperatives posted the highest average rate increase followed by agricultural cooperatives. The findings revealed that credit and service cooperative did not allocate the remaining of their net surplus on the patronage refund.

### Conclusion

Based on the findings of this study, the followings conclusions were drawn:

1. Majority of the cooperatives are registered as multipurpose cooperative and at the same time offered savings deposits.
2. Majority of the cooperatives were residential and is not in close proximity to the members which discourage them to attend assembly especially emergency meetings.
3. One of the prevailing problems of the cooperatives is the delinquent borrowers. This, according to the results was due mainly to lack of proper management and recording.
4. Most of the cooperatives, especially the small ones, hardly submit their annual reports to the CDA. This was associated to lack of management capability and absence of efficient record keeping.
5. In terms of the financial performance and growth in membership, agricultural cooperatives had the highest rate of increase over the past ten years; it is because most of the agricultural cooperatives were the first cooperatives organized in Tabuk City, Kalinga.

### Recommendations

1. The cooperatives should avail training and seminars to enable them to improve the operation and management of the cooperative. Cooperatives should seek the assistance of the union or federation for training assistance. To make the trainings more helpful for the cooperative, both members and officials should be sent to training to gain needed knowledge and motivation to keep the cooperative going.
2. Cooperatives should have a strict policy on lending to avoid bankruptcy and in order to minimize delinquent borrowers.
3. The Cooperative Development Authority to monitor the performance of the cooperatives and strictly implement standard requirements from cooperatives.
4. The officers of the different cooperatives should always be responsible enough to make the annual report of the cooperative that will be submitted to the CDA to avoid penalties.
5. Cooperatives should enhance or improve their products or services so that more members will join and at the same time, they will enjoy the benefits from the cooperative.

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Letter to the Respondents

Republic of the Philippines  
Benguet State University  
DEPARTMENT OF AGRICULTURAL ECONOMICS  
AND AGRIBUSINESS MANAGEMENT  
College of Agriculture

November 2011

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sir/Madam:

Warm Greetings!

I am a graduating student of Benguet State University taking up Bachelor of Science in Agribusiness, major in Cooperative Management. One of the requirements of the course is a research work. I am currently conducting a research entitled “Characterization of Cooperatives in Tabuk City, Kalinga”.

In this connection, may I therefore ask for your cooperation in providing the necessary information about your cooperative.

Thank you very much for your support. God bless you all.

Very respectfully yours,

ALONA RIZALINA G. GOYAGOY  
Student Researcher

Noted:

DAVID JOSEPH BOGNADON  
Thesis Adviser

APPENDIX B

## Letter to the Barangay Officials

Republic of the Philippines  
Benguet State University  
DEPARTMENT OF AGRICULTURAL ECONOMICS  
AND AGRIBUSINESS MANAGEMENT  
College of Agriculture

November 2011

Brgy. Captain

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Sir/Madam:

Warm Greetings!

I am a graduating student of Benguet State University taking up Bachelor of Science in Agribusiness, major in Cooperative Management. One of the requirements of the course is a research work. I am currently conducting a research entitled “Characterization of Cooperatives in Tabuk City, Kalinga”.

In line with this, I would like to request your good office to allow me to conduct interview with the different cooperatives existing in your barangay through a survey questionnaire to give light on my objectives.

Thank you so much, sir. Your help will go a long way.

Truly yours,

ALONA RIZALINA GOYAGOY  
Student Researcher

Noted:

DAVID JOSEPH BOGNADON  
Thesis Adviser

APPENDIX C

Letter to the Mayor

Republic of the Philippines  
Benguet State University  
DEPARTMENT OF AGRICULTURAL ECONOMICS  
AND AGRIBUSINESS MANAGEMENT  
College of Agriculture

November 2011

HON. FERDINAND B. TUBBAN  
City Mayor  
City Hall, Dagupan, Tabuk City, Kalinga

Sir:

Warm Greetings!

I am a graduating student of Benguet State University taking up Bachelor of Science in Agribusiness, major in Cooperative Management. One of the requirements of the course is a research work. I am currently conducting a research entitled "Characterization of Cooperatives in Tabuk City, Kalinga".

In line with this, I would like to request your good office to allow me to conduct interview with the different cooperatives in Tabuk City through a survey questionnaire to give light on my objectives.

Thank you so much, sir. Your help will go a long way.

Noted:

Truly yours,

DAVID JOSEPH BOGNADON  
Thesis Adviser

ALONA RIZALINAGOYAGOY  
Student Researcher

APPENDIX D

## Survey Questionnaire

Direction: Please fill-up the blanks with the needed information and/or check the parenthesis, which fits your answers.

### I. General Information

1. Name of the Cooperative: \_\_\_\_\_

2. Address: \_\_\_\_\_

3. Date Organized/Start of Operation: \_\_\_\_\_

4. Date Registered: \_\_\_\_\_

5. Number of years in operation: \_\_\_\_\_

6. Number of members in the cooperative (current) \_\_\_\_\_

Capital Build up \_\_\_\_\_

Increase/Decrease (Growth) \_\_\_\_\_

### II. ORGANIZATION AND MANAGEMENT

1. Initial membership:	Regular	Associate
Male	_____	_____
Female	_____	_____

### III. BUSINESS OPERATIONS

1. Services Offered:

- |  |                                    |
|--|------------------------------------|
| <input type="checkbox"/> Lending                       | <input type="checkbox"/> Trading   |
| <input type="checkbox"/> Manufacturing                 | <input type="checkbox"/> Contract  |
| <input type="checkbox"/> Transportation                | <input type="checkbox"/> Electric  |
| <input type="checkbox"/> Savings                       | <input type="checkbox"/> Insurance |
| <input type="checkbox"/> Marketing                     |                                    |
| <input type="checkbox"/> Others (please specify) _____ |                                    |

2. Social Services:

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| <input type="checkbox"/> Medical | <input type="checkbox"/> Mortuary |
|----------------------------------|-----------------------------------|

Dental

Education

Others (please specify) \_\_\_\_\_

IV. What are the problems or issues encountered by the cooperative?

- Lack of cooperative education and training for leaders and members
- Lack of capital to sustain the operation
- Delinquent borrowers
- Limited resources
- Inefficient leaders
- Records are not updated
- Members do not patronize the cooperative
- Others (please specify) \_\_\_\_\_

