

BIBLIOGRAPHY

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ABSTRACT

The study was conducted to look into the causes of the failure of the Ud-udan Mothers cooperative in Itogon, Benguet. Unless the causes are not identified then they could not be solved and the cooperative would remain a failure.

The data were gathered from officers and members through personal interviews with the aid of a survey questionnaire. The collected data were tabulated and analyzed using frequency counts and percentage.

The cooperative started as an association named Ud-udan Camote Bayating Mining Calhore. The association started as a sari-sari store selling basic goods to members and non-members in the community.

Majority of the respondents joined the cooperative to avail of the services such as provision of credit facilities and provide goods on credit to the members.

Results of the study showed that the causes of the failure of the Ud-udan Mothers Cooperative are the non-payment of credit by members that led to lack of cash for operation; lack of cooperative education and training for leaders and members; not

updated records; inefficient leaders and lack of capital to sustain the operation. All these factors were contributory to the failure of the cooperative resulting to its closure.

On the plan of the members to revive the cooperative it is recommended that the cooperative has to educate the members first about the principles and practices of cooperative rights, privileges as well as their responsibilities so that they could participate in meetings and patronize the cooperative. Likewise the officers and members should also be educated on the same aspects including the management principles of a cooperative.



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INTRODUCTION

Rationale

Cooperatives are usually organized and owned by low-income people. Cooperatives can readily provide the credit needs of poor and middle class at a minimal interest. Cooperative also encourages savings. By patronizing the cooperative, a member can save because goods sold in the cooperative are cheaper compared to sari-sari stores in the same location. Furthermore, the members can get back a part of what they spent in the cooperative in the form of patronage refund. The members owned the cooperative and they are also its customers. The more members patronizing the cooperative services, the more it would grow and the higher the benefits it could give to the members.

The success or failure of a cooperative depends on the strength of the tripod that holds the cooperative: the members, the leaders, and the management staff. The members can contribute to the success of the cooperative by patronizing its services, and paying their credit regularly. They should also participate in decision making by electing responsible officers and leaders. The leaders must be dedicated and truly committed to the business of the cooperative. The management staff must possess the necessary skills that is needed by the business must be honest and committed to their work.

The Ud-udan Mothers Cooperative was organized by 20 members who were all women, first as an association. Their aim is to sell consumer goods to the members at reasonable prices. They started as an association in May 1991 and in November of the same year they converted it into a cooperative with 50 members. At its initial operation, it was successful but after a short time it failed. At this time the cooperative is no longer operating because it has no more capital.



This study was therefore conducted to look into the causes of the failure of the cooperative. Unless the causes are not identified then they could not be solved and the cooperative would remain a failure.

Statement of the Problem

The study sought to answer the following questions:

1. How was the cooperative organized?
2. What were the services offered by the cooperative?
3. What were the perceptions and knowledge of members regarding:
 - a. Cooperative operation, cooperative purpose and goal.
 - b. Benefits derived from the cooperative
 - c. Services of the cooperative
 - d. Factors contributory to the failure of the cooperative
4. What the reasons of the failure of the Ud-udan Mothers Cooperative?
5. What are the lessons learned by the members and officers from the failure?

Objectives of the Study

The study aimed to:

1. determine the evolution of the cooperative,
2. identify the services offered by the cooperative,
3. determine the perception and knowledge of members of Ud-udan Mothers

Cooperative on the following:

- a. cooperative, its operation, purpose and goal;
- b. benefits from their cooperative



- c. services of their cooperative
 - d. factors contributory to the failure of the cooperative
4. to determine the reasons of failure of the cooperative;
 5. Identify lessons learned from the 4 years of operation.

Importance of the Study

This study was conducted to know what caused the failure of the Ud-udan Mothers Cooperative and to know the perceptions of the members about the operation of the cooperative. The result of this study may serve as a guide to the members and the leaders of the cooperative regarding their decision to revive it. It would also provide information to other cooperative leaders specially the causes of the failure of the cooperative in order to avoid the same mistakes in their own cooperatives.

Scope and Delimitation of the Study

This study focused on the documentation of the evolution of the cooperative, the perception and knowledge of members on the operation, purpose, and goal of the cooperative, and their perception as to what have caused the failure of the cooperative.



REVIEW OF LITERATURE

Perception

Perception is defined as the process of gathering information through our senses organizing and making sense of it, through their previous experience and learning attitudes and interest, needs, feelings and current situation. Perception differs from individual due to variety of personal, socio-economic and cultural differences. Age, gender and past experiences are example of personal perception filters (Kovalik and King, 2008).

Cooperative and Cooperativism

The word cooperative is derived from the French word “COOPERARI”. The word “CO” means “with” combined with “OPERARI” (to work syos, operas, work), cooperatives delineates the concept of working together (Ansay and Baiguen, 1996).

Furthermore, cooperative is defined cooperative as private business organization that is owned and controlled by the people who use its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objects of members, and are structured to adapt to member’s changing needs (Rural Cooperative Center, 2001). Cooperatives are formed by individuals who coordinate among themselves (horizontal coordination) to achieve integration in their business activities.

Although people have been working together with their mutual benefit throughout human history, the cooperative form of business organization began during the Industrial Revolution in England. Cooperatives were useful for promoting the interest of the less



powerful members of society. Farmers, producers, workers and consumers found that they could accomplish more as a group than they could individually (Rural Cooperative Center, 2001).

Wheihe (2004) said, cooperatives are special purpose organizations that have unique attributes compared to the other forms of enterprise. They are independent, member-owned and democratically governed business, created with equity financed by members who invest in order to benefit through their patronage. Cooperatives are built on a “collective identity and shared identity. This network characteristic is faced with the national and/or regional conflict and hostile monopolistic alien enterprises and /or with middlemen/usurers.

Cooperatives work well in traditional societies where “mutuality” and informal cooperative activities are embedded in the form of common property, shared water and grazing rights and informal financial sharing among vendors in market. Cooperative may be a natural evolution in common property systems. Cooperative function effectively well beyond “clan” and extended families because they offer economic benefits through collective action. Through focusing on where market links are weak, economic returns can be considerable when properly organized.

Objectives of a Cooperative

Republic Act 6938, Article 7 states that the primary objective of every cooperative is to provide goods and services to its members and thus enable them to attain increased income and savings, investments, productivity and purchasing power and promote the equitable distribution of net surplus through maximum utilization of



economic scale, cost sharing, without conducting the affairs of the cooperative for eleemosynary or charitable purposes.

A cooperative shall provide maximum economic benefits to its members, teach the efficient ways of doing things in a cooperative manner, and propagate cooperative practices and new ideas in the business and management and allow the lower income group to increase ownership in the wealth of this nation (Molitas, 2004)

Cooperative and Stable Societies

Cooperatives bring special values to stabilization and democratization. The “devolving of power in stable and just ways” is the issue where cooperatives appear to have a particular advantage to other type of organization. Cooperatives networks and integrated systems have a greater potential for broad scale recovery; and they engage more people as effective actors to help influence and democratize senior decision makers. Cooperative leaders have frequently been tapped for leadership roles in recovering states because they are seen as less partisan and effective at working with large groups in democratic practices (Hirschman, 1984).

Cooperative Development

Cooperative development includes both successes and failures. The documents attempts to show that cooperatives are more likely to succeed when cohesive groups have similar needs and where governments, donors or development agencies do not impose on cooperatives. Cooperatives galvanized basic commercial interest, and access markets with sufficient strength to permit at least modest margins for members. In many conflict prone societies, informal cooperation exists at the tribal and clan level, within the market



place and in dealing with common property systems. Cooperatives can be built on these imbedded cultural norms. But to support development goals, they must be organized on business principles, first and foremost, which may require integrated efforts beyond a single homogenous group.

Cooperative Principles

In social sciences, the cooperative principle describes how people interact with one another. Make your contribution such as it is required, at the stage at which it occurs, by the accepted purpose or direction of the talk exchange in which you are engaged. The phrase as a prescriptive command, the principle is intended as a prescription of how people normally behave in conversation.”

The cooperative principle goes both ways: speakers observed the cooperative principle and listeners which are meanings that are not spicily conveyed on what it is said, but that can nonetheless be inferred. All cooperatives around the world are guided by the same 7 principles:

- a. voluntary and open membership
- b. democratic member control
- c. member economic participation
- d. education, training and information
- e. cooperation among cooperatives
- f. concern for community



Nature and Character of a Cooperative

Cooperatives as association of people and as business enterprise are distinguished from other organizations by their nature and character. To disregard or fail to appreciate their true nature and character is to deviate from the cooperative principles and ideals and to lose sight the ultimate objective of the cooperative movement (Fajardo, 1999).

1. Cooperatives are service oriented. Cooperatives are organized to serve their members by providing them the goods and services they need at cost. Members contribute to the capital of the cooperative in the sense that they cannot invest their money in capitalist enterprise in which primary objective is to get the maximum profit from their investment (members join cooperatives because they need their services).

2. Cooperatives are community oriented. Cooperative work for the welfare of their members but at the same time integrates themselves into the life of community in particular and that in the nation in general.

3. Cooperatives are people oriented. Cooperatives are not merely economic instruments concerned with dividends and related, economic and financial returns.

4. Cooperatives are owned, managed and patronized by their members. Ownership is very important factor in the success of any cooperative. It is necessary in order that the members have authority to manage and control their cooperative. If a cooperative is started and operated solely from borrowed capital, it violates the principle of self help and loses much of its autonomous character.

5. Cooperative and business enterprise. Cooperative business is real business. Cooperative, if they are to play a meaningful economic role in community life, must



serve and reform as the other financial and business institutions operating in the country today. Cooperatives developed best through self-help and mutual help.

Cooperative Attributes in Facing Crisis

The following are cooperative attributes in facing crisis according to Parnell (2001):

1. Diversity in membership. Cooperatives are group businesses that provide tangible returns to individual members who define their own needs and have a personal stake in the success of a business. They create economic cooperation in fractured societies with participation open to all including women, ethnic minorities and those practicing different religions. Cooperatives have been effective at building economic social ties across religious and ethnic barriers mainstreaming poor and discriminated group into conventional economies.

2. Emphasis on markets. Successful cooperatives worldwide emphasize markets, financial systems controlled by members and communities, and participation in economic activities in which cooperative members-even if very little and share in the risks and returns of a group business. They relay on programs without hand outs and insist on user fees/in-kind contributions.

3. Economies of scale. Cooperatives aggregate production and increase quality from many small producers so that they are able to compete for market, purchase inputs and attract professional management. By establishing remunerative markets cooperatives encourage and support farmers investment in modern technology, such as exporting coffees, natural foods, cheese and other non-traditional products.



4. Savings, loans, and insurance. Credit unions help and maintain secure savings that in turn provide sustainable micro-credit to small producers and their businesses. They provide life and property protection to low income and underserved populations and lower their risks from unexpected events, including natural and manmade disaster.

5. Coop-to-coop market linkages. The United States, Japan, European cooperative development programs and sponsored cooperative development programs and member-to-members technical assistance for developing country cooperatives, especially in specialty coffee, organic cocoa, vegetable, herbs, etc. Expensive consumer cooperative networks in Japan and Europe have been in the forefront of these efforts and to a lesser extent, US natural food.

Democratic Management and Leadership Trust

The following are the democratic management and leadership trust according to Varshney (2001):

1. Cooperatives are organized around a common need, and belief in the value of the collective action. Strong cooperatives have devised management mechanisms that allow all members to feel like the organization serves their needs:

- a. Members demand responsiveness from leadership
- b. Members feel confident in the oversight of management
- c. Management is based on fairly meeting the needs of all members

People who lead management have bought into democratic principles of management-successful leaders how to lead effectively with responsiveness, transparency and fairness.



2. Access to resource. Cooperatives are organized to build better lives for members around improved access to resources-either better incomes (e.g. business associations, agricultural coops) or improved living conditions (e.g. housing coops). They have the potential to be an effective path in opening up economic opportunity for those without it. Cooperatives can improve socio-economic status within communities, and reduce conflict and competition over the control and sharing of scarce resources (e.g. water user cooperative).

3. Effective in conflict-prone society. Cooperatives represent an exceptionally organized, motivated group of individuals. When effective and well managed, they have the potential to form critical masses of political and economic power. When structured in effective apex organizations, they have proved able to play a significant role in national policies, the selection of national leaders and lobbying in behalf of their based membership.

Reasons Why a Cooperative Fails

a. Errors in financial policy, such as over-extension of credit, too little capital, poor accounting records, lack of financially sound systematic program for reimbursement of equity.

b. Errors in educational and social work. This begins by failing to teach cooperative function, neglecting general educational programs, failure to develop member loyalty or countering the development of factions within the association.

c. Management errors, such as inadequate inventory, poor location, improper equipment, neglected appearance of physical facilities, employee dishonesty, ineffective management, incompetent directors, nepotism, poorly conducted meetings, admittance of



disloyal and dissatisfied members (National Cooperative Business Association, 1996-2008).

Saldo, (2005) stated that many cooperatives failed because of mismanagement. Cooperative managers were not only incompetent but also corrupt. They were poorly trained and had not developed proper attitudes and values such as honesty, integrity and deep sense of social responsibility.

Furthermore, Saldo, (2005) stated that several factors, internal and external to the organization influenced the management performance of the cooperative. The internal factors include educational attainment, member's involvement in decision making. The external factors include members' professional development and cooperative linkages. Despite the importance and progress brought by the cooperatives, there are problems and constraints within the cooperative itself, which may determine its success or failure for providing sustained cooperative education and training leading to lack of qualified managers and a system to help recruit and train individual members and lack of government financial assistance.



METHODOLOGY

Locale and Time of the Study

The study was conducted in Itogon, Benguet with Ud-udan Mothers Cooperative. The study was conducted from December, 2008 to March, 2009.

Respondents of the Study

Data gathered from key informants (officers of the coop) and members of Ud-udan Mothers Cooperative, a total of forty members and ten officers served as respondents of this study.

Data Collection

Data were gathered through personal interview with the aid of survey questionnaires.

Data Gathered

Data gathered included the history of the cooperative, reasons of members in joining the cooperative, their perceptions about the cooperative, services availed by the members and benefits received from the cooperative, reasons why the cooperative failed and the lessons learned by the members from the cooperative operation.

Data Analysis

The data and information was tabulated, analyzed using simple statistical tools such as frequency counts, percentage and other appropriate tools.



RESULTS AND DISCUSSION

Evolution of the Cooperative

According to the key informants interviewed Ud-udan Mothers Cooperative started first as an association with the name Ud-udan Camote Bayating Mining Calhore Association. This was organized in May, 1991 by twenty women. These women saw the need for a sari-sari store in the community where the households could buy their needs. They were encouraged and assisted by the nuns of Virac, Itogon to organize the association. The starting capital of P10,000 was loaned by an NGO (Priests and nuns of Virac, Itogon, Benguet). The association started as a small sari-sari store that sells basic goods to the households of Ud-udan. Many people were buying from the store and the volume of goods increased. However, in October of the same year the store was destroyed by a strong typhoon and the merchandise were spoiled including the records. The calamity did not discourage the members. They continued the operation starting from what was left after the damage. They transferred the location of the store to another location and they converted it into a cooperative. They invited other women to join so they started the cooperative with 50 members. Each member gave one hundred pesos (P100) as share capital. Members so they transferred the location the members wanted to accept more members into the organization so they converted it into a cooperative in November 1991. The cooperative started with 50 members and since they were all women they named it as Ud-udan Mothers Cooperative. They collected P100 from each member as share capital. They included rice and liquor in the commodities that they sell. The rice and liquor were salable but these were again the items usually bought on credit by the members. Credit sales increased and accumulated until their operating capital was

tied up with the receivables. Because the officers and the members were relatives, the officers were ashamed to force the members to pay their credit. Because of this situation the cooperative closed.

General Information about the Respondents

The respondents were all women and majority of them were laborers (87%) while the rest (13%) were sidewalk vendors. As to their ages, 17% each belonged to the 20-25 and 26-30 age brackets. Six or 20% were 31-35 years old, 13% were 36-40 years old, 10% were 41-45 years old, another 17% were 46-50 years old, and 6% were 51-55 years old. This shows that most of the respondents were still young. Their educational attainment ranges from no formal education to college graduate. There were 3 or 10% who did not go to school. Majority (53%) was either elementary graduate or reached elementary. Twenty percent were either high school graduate or had reached high school level while 17% reached the college level with only one college graduate. This finding shows that majority of the members of the cooperative had gone to school but few reached college level.

Table 1. General information of the respondents

PARTICULARS	FREQUENCY	PERCENTAGE
Occupation		
Laborer	26	87.0
Sidewalk vendor	4	13.0
TOTAL	30	100



Table 1. Continued.

PARTICULARS	FREQUENCY	PERCENTAGE
Age		
20-25	5	17.0
26-30	5	17.0
31-35	6	20.0
36-40	4	13.0
41-45	3	10.0
46-50	5	17.0
51-55	2	6.00
TOTAL	30	100
Educational Attainment		
No formal education	3	10.0
Elementary level	16	53.0
High school	6	20.0
College	5	17.0
TOTAL	30	100

Reasons of Members in Joining the Cooperative

Table 2 shows the reasons of members in joining the cooperative. There were two reasons mentioned by majority (97%) of the respondents. The first reason was they joined the cooperative because they believed that the cooperative could provide their needs, specially the consumer goods. The second reason for joining the cooperative was because they wanted to learn some skills regarding the cooperative.



Sources of Funds

Table 3 presents the sources of funds of the cooperative, as perceived by the officers who served as respondents of this study. Eighty percent of the ten officers interviewed mentioned share capital. Seven or 70% said part of their funds was from fees paid by members and 2 or 20% mentioned borrowings. This finding shows that some officers were not aware of the other sources of their funds specially borrowings that only very few knew it.

Perception/Understanding About a Cooperative

Table 4 presents the perception or understanding of respondents about a cooperative in relation to operation and cooperative purpose and goal.

Operation. The finding revealed that almost all the respondents said that the cooperative operates to provide credit facilities to the members and also to provide goods

Table 2. Reasons of members in joining the cooperative

REASON OF JOINING	FREQUENCY	PERCENTAGE
Provide their consumer needs	29	97
Learn some skill regarding cooperative	29	97

* Multiple response

Table 3. Source of funds of the cooperative

PARTICULAR	FREQUENCY (N=10)	PERCENTAGE
Share capital	8	80
Fees paid by members	7	70
Borrowings	2	20

* Multiple responses



on credit basis. This implies that the members were not aware on the principles and practices of cooperatives. One of the practices of a cooperative is cash trading. This contradicts to what the respondents know about the operation of a cooperative.

Cooperative purpose and goal. The result shows that almost all (97%) the respondents perceived that the cooperative promotes cooperation among members. Twenty 8 of the respondents or 93% said that the purpose of a cooperative is to help the members in time of emergency thru the provision of credits (cash or goods). In this aspect, the members viewed the cooperative as a provider not as a business. They saw the cooperative as having a social responsibility to the members. Twenty seven or 90% mentioned that the goal and purpose of a cooperative is to promote knowledge of cooperative principles and practices among the members, 83% said the cooperative coordinates and facilitates activities of members and 76% said it sponsors studies/trainings in economic, legal, financial and social phase of cooperation.

Table 4. Perception/understanding of the respondents about a cooperative

PERCEPTION/UNDERSTANDING	FREQUENCY	PERCENTAGE
Operation		
Provide credit facilities	29	97
Provide goods on credit	29	97
Cooperative purpose and goal		
To promote cooperation among members	29	97
Help members in time of emergency	28	93
Promote knowledge of coop principles and practices	27	90
Coordinate and facilitate activities of members	25	83
Sponsor studies/trainings in economic, legal, financial and social phase of cooperation	23	76

*Multiple responses



Benefits Received from the Cooperative

Table 5 presents the benefits received by the respondents from the cooperative. Majority (90%) of the respondents said that they received benefits from their cooperative. They said that the cooperative had provided them with goods they need. Only 50% mentioned that the cooperative had provided them their capital and other needs in cases of emergency. This shows that only half of the respondents availed of credit from the cooperative for their business capital.

This implies that the cooperative, though it lasted for only a short time, had helped its members in the past. In fact, the respondents are willing to revive the cooperative because they realized the help of the cooperative. They always run to the cooperative in times of emergency needs.

Economic and Social Benefits Derived from the Cooperative

Table 6 presented the economic/financial and social benefits derived by the respondents from the cooperative. In financial/economic benefits, a great majority (97%) derived patronage refund, 80% pointed credit of low interest rate, and some respondents mentioned higher earnings from their investment (share capital) in the form of interest or dividend and financial aid. As for social benefits, 70% pointed out they improved

Table 5. Benefits received by the respondents from the cooperative

BENEFITS RECEIVED	FREQUENCY	PERCENTAGE
Provided the capital and other emergency needs	15	50
Provided goods needed	27	90

* Multiple responses



their social dealing (overcame shyness), and the respondents also acquired skill regarding cooperative management and their leadership qualities was improved. Some developed their leadership abilities when they became leaders in the cooperative.

The result implies that members had benefited from the four years operation of the cooperative. It shows in the study that almost all the respondents derived patronage refund from the cooperative and majority also were able to overcome their shyness when the members were involved in the cooperative. The leadership potentials of some officers were developed.

Table 6. Economic/financial and social benefits derived by the respondents

BENEFITS DERIVED	FREQUENCY	PERCENTAGE
Financial/Economic Benefits		
Higher earnings from investment (share capital)	14	47
Patronage refund	29	97
Credit at low interest rate	24	80
Financial aid	19	63
Social Benefits		
Improved social dealing (overcame shyness)	21	70
Acquired skills regarding cooperative Management	12	40
Improved leadership qualities	14	47

* Multiple responses



Services Availed from the Cooperative

Table 7 shows the services availed of the respondents from the cooperative, 83.33% availed credit on consumer goods and 20% mentioned hospitalization credit.

The result implies that most of the respondents availed credit and some borrowed cash from the cooperative when they needed especially for hospitalization expenses. The cooperative only offered consumer service but it also lend cash to members who badly need money for hospital expenses.

Factors Contributory to the Failure of the Cooperative

Table 8 presents the factors contributory to the failure of Ud-udan Mother Cooperative as perceived by the respondents. Almost all the respondents (93%) pointed to delinquency of members in paying credit, 90% each for lack of cooperative education of leaders, lack of cooperative education and training of members, and records are not updated. Twenty three or 77% pointed to lack of capital to sustain the operation. The lack of capital was due to nonpayment of credit by the members. The cooperative was cash strap and had nothing to purchase goods therefore they had nothing to sell. Another factor mentioned by 23% was inefficient leaders. They observed that the officers managing the cooperative do not have the appropriate skills due to lack of education.

Table 7. Services availed by the respondents from the cooperative

BENEFITS DERIVED	FREQUENCY	PERCENTAGE
Credit on consumer goods	25	83
Hospitalization credit	6	20

* Multiple responses



Table 8. Factors contributory to the failure of Ud-udan Mothers Cooperative

BENEFITS DERIVED	FREQUENCY	PERCENTAGE
Lack of Cooperative education of leaders	27	90
Lack of coop education and training of members	27	90
Inefficient leaders	7	23
Delinquency of members in paying credit	28	93
Records not updated	27	90
Lack of capital to sustain the operation	23	77

* Multiple responses

Reasons of Failure of the Cooperative

Despite the importance and progress brought by the cooperatives, there are problems and constraints within the cooperative itself that may determine its success or failure.

As shown in Table 9, the common reasons of failure of the cooperative encountered were: lack of training/education of members and officers, lack of capital and poor location as pointed by 90% each. Aside from the low level of formal education of many members they were not trained or educated on the management of a cooperative. Lack of capital was due to the high credit of members thus the cooperative has no more money to buy goods for sale and poor location was also pointed because the location of the store was far from the residence of the members. Eighty percent mentioned non-participation of members and poorly conducted meetings. They mentioned these because many members do not attend meetings so most of the time scheduled meetings did not push thru. Improper improvement and poor accounting records are some reasons of failure of the cooperative as pointed by 50% of the respondents. According to the



respondents, who are officers of the cooperative, they have poor knowledge about bookkeeping thus their records were incomplete. The standard way of recording was not followed. They only recorded their credit sales.

In relation to management, some respondents mentioned the following reasons: Ineffective/poor management, inefficient collection of credit, credit delinquency of borrowers, employee dishonesty and errors in financial policy. The officers who handled the management of the cooperative were high school and many of them had not attended any training on cooperative management. Aside from lack of accounting records, there were no specific management policies to be followed in the operation of the cooperative. It just operated like a “sarisari” store and the storekeeper was the one who decided what to do because of lack of policy.

The result implies that the most problem encountered of the cooperative were lack of training/education of officers and leaders, non-participation of members and poorly conducted meetings. The members of the cooperative were considered the highest policy making body in the cooperative so they should always be consulted for major decisions in the cooperative operations.

The cooperative as a business fails if there is insufficient working capital as stated by Lister (2006). Furthermore, he stated that insufficient working capital is crucial for business.

Lessons Learned from the Four Years of Operation

Table 10 shows the lessons learned of respondents from the four years of operation. Respondents pointed that the rights and responsibility as members, their leadership qualities was developed or improved and they gained some skills regarding



cooperatives. Some respondents said that they learned that proper handling of business is the best way to success.

From the four years of operation, the respondents learned a lot and one of these is they learned that as a member they should settle their obligations because it is important for the success of a business. This implies that members only came to realize these things after their cooperative have failed. Thus, given a second chance to operate maybe they would do better.

Table 9. Reasons of failure of the cooperative according to the officers

REASONS OF FAILURE	FREQUENCY	PERCENTAGE
Education		
Lack of training/education of members & officers	9	90
Management		
Non-participation of members	8	80
Inefficient/poor management	5	50
Inefficient collection of credit	4	40
Credit delinquency of borrowers	5	50
Employee dishonesty	4	40
Errors in financial policy	5	50
Improper improvement	7	70
Poorly conducted meetings	8	80
Poor accounting records	9	90
Financial		
Lack of capital	9	90
Poor location	9	90



Table 10. Lessons learned from the four years of operation

LESSONS LEARNED	FREQUENCY	PERCENTAGE
Leadership qualities was developed or improved	25	83
Gained some skills regarding cooperatives	23	77
Learned the rights and responsibility as a member	27	90
Proper handling of business	17	57

* Multiple responses



SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The study was undertaken to document the evolution of Ud-udan Mothers Cooperative and to determine the perception and members' knowledge on cooperative and its operation regarding on cooperative operation, cooperative purpose and goal, benefits derived from the cooperative, its services and factors contributory to the failure of the cooperative, and to find out the reasons of the failure of Ud-udan Mothers Cooperative and to identify the lessons learned by the members and officers of the cooperative. However to minimize from the same mistake/failure, the study could help to determine the cause/factors in the failure of the cooperative.

The data were gathered from officers and members through personal interviews with the aid of survey questionnaires, and questions that were not understood by the respondents explained by the researcher. Each of the officers and members were given questionnaire. The collected data were tabulated and analyzed using frequency tables and percentage.

Non-government organization motivated the community of Ud-udan to join cooperative, and because of their encouragement, the mothers of Ud-udan converted the association into a cooperative. Since the officers and members of the former cooperative were all married women, they named their cooperative as Ud-udan Mothers Cooperative (UMC). The cooperative leaders decided to sell rice since they know that rice is a major basic food needs.

The finding showed that one reason of members in joining the cooperative was to learn some skill regarding cooperative management. Another reason given was that the

cooperative could provide their consumer needs. They could buy consumer goods from the cooperative and avail of patronage refund.

The respondents were women with a mean age ranging from 20-30 years old, and they are all residents of Ud-udan. Moreover, the study showed that the share capital contribution of members were the main source of funds of UMC.

On perception and members knowledge on cooperative and its operation regarding on cooperative, almost all of the respondents perceived the cooperative as providing credit services in terms of cash and consumer goods. In relation to cooperative purpose and goal, majority pointed out that the purpose and goal of a cooperative is to promote cooperation among members. However, 93% said that cooperative should help members especially in time of emergency, 83% pointed coordinate and facilitate activities of members and advice appropriate authorities related to cooperatives. In addition, 76% mentioned that cooperative should sponsor their studies or trainings regarding economic, legal, financial and social phase operation of cooperative for them to know how a cooperative runs as a business.

The respondents derived benefits from the cooperative in terms of financial/economic benefits and social benefits. Majority derived patronage refund, some respondents pointed out that they benefited from credit at low interest rate and other had received interest on their share capital. Some also derived financial aid, like hospitalization. In the form of social benefits, majority improved their social dealing, some has gained skill regarding cooperative management, and their leadership qualities was improved.



Ud-udan Mothers Cooperative had stopped their operation due to non-payment of credit by members that led to lack of cash for operation. Likewise, lack of cooperative education and training for leaders and members and not updated records, inefficient leaders and lack of capital to sustain the operation were the factors contributory to the failure of the cooperative.

The problems encountered by the cooperative were lack of training/education of members and officers, non-participation of members and poor accounting records. Moreover, inefficient/poor management, inefficient collection of credit, credit delinquency of borrowers, employee dishonesty, and errors in financial policy were the other problems encountered.

The lessons learned by the respondents from the four years operation of the cooperative knew the rights and responsibilities of a member are important to the success of a cooperative. The respondents also gained some skill on how to operate a business that they can use if they would revive Ud-udan Mothers Cooperative.

Conclusion

The following conclusions were drawn from the result of the study:

1. At first, Ud-udan Mothers Cooperative was an association. Because of the encouragement of non-government organization, the women of Ud-udan decided to convert the association into a cooperative.
2. The reasons of members in joining the cooperative were for their own self-interest like to learn some skills regarding cooperative management and for the cooperative to provide their consumer needs.



3. The concept of the respondents about a cooperative was very limited. What they know was that a cooperative provides credit services to members. They just look at the cooperative as a source of credit and not as a business that needs cash in order to operate and give more services to them.

4. Although the cooperative failed in its business operation, it provided some benefits to the members like patronage refund, credit to members when they were in dire need of cash or consumer goods, and their social dealing was improved.

5. The cooperative encountered problems like poor record keeping, lack of policies on the operation of the cooperative, poor conduct of meetings, mismanagement, and delinquency of members in paying their credit. All of these were a result of lack of education on the part of the members and the officers.

6. The factors that caused the failure of the cooperative was the lack of education of members and officers, lack of policies, and poor records but the major factor that led to the closure of the operation was the delinquency of members in paying their credit.

7. The members and officers learned that knowing the rights and responsibilities of members is very important in the successful operation of a cooperative.

Recommendations

Since the founder and the members intend to revive the operation of the cooperative, the following recommendations are given:

1. The cooperative has to educate the members first about the principles and practices of cooperative, their rights, privileges as well as their responsibilities so that they could participate in meetings and patronize the cooperative.



2. Formulate complete and specific policies to guide them in the operation of the cooperative business. They could ask the help of CDA or other successful cooperative who maybe interested to assist them on policy formulation and even on the education of members.

3. The cooperative should also train a bookkeeper and a manager to handle the business operation of the cooperative so that complete records would be installed.

4. The cooperative should have effective strategies in collecting loans and accounts receivable of members in order to attain continuous operation. Credit policies should be strictly implemented to all the members.

5. Notice of meetings should be posted or issued at least week before the meeting. Meetings are important because it serves as the means of sharing information and venue for participative decision making.



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APPENDIX A

Letter to the Respondents

DEPARTMENT OF AGRICULTURAL ECONOMICS AND
AGRIBUSINESS MANAGEMENT
Benguet State University
La Trinidad, Benguet

Sir/Madam,

I am Didith S. Tanacio, a fourth year BS Agribusiness student major in Cooperative Management of Benguet State University. I am presently conducting a research titled “Failure Factors of a Cooperative: The Case of Ud-udan Mothers Cooperative in Itogon, Benguet” as a partial requirement for my course.

In this connection, may I request a portion of your precious time to answer the attached questionnaire and please give your honest answers. Rest assured that all information you will provide will be treated with utmost confidentiality.

Thank you very much for sharing me a part of your most precious time. God Bless!

Sincerely yours,

DIDITH S. TANACIO

APPENDIX B

Survey Questionnaire for Officers of the Cooperative

Name of respondent _____

Position in the cooperative _____

General information about the cooperative

Name of Cooperative _____

Type of cooperative _____

Address _____

Date organized/start of operation _____

Area of operation _____

Municipality _____

Barangay _____

Sitio of barangay _____

Sources of funds

_____ Share Capital

_____ Deposits of members

_____ Fees, specify _____

_____ Revolving capital

_____ Borrowings

Composition of members:

_____ Miners _____ Men _____ others, specify

_____ Indigenous community _____ Women _____



Reasons of Failure of the Cooperative

- _____ Non-participation of members
- _____ Inefficient/poor management
- _____ Lack of training/education of officers and members
- _____ Lack of capital
- _____ Inefficient collection of loans/credit
- _____ Credit delinquency of borrowers
- _____ Management staff/officers not committed
 - _____ not regular inventory of sales
 - _____ employee dishonesty
 - _____ incompetent directors
 - _____ poorly conducted meetings
 - _____ inefficient leaders
 - _____ records are not updated
- _____ Poor location
- _____ Others (please specify) _____



Survey Questionnaire for the Members

Profile of the Respondents

Name _____

Address _____

1. Reasons of joining the cooperative:

- _____ Provide basic food needs for my family
- _____ To learn some skills regarding cooperatives
- _____ Others (please specify) _____

2. What benefits did you receive from the cooperative?

- _____ Provide capital
- _____ Provide goods that I need
- _____ Others (please specify) _____

3. What are the problems you encountered in the cooperative?

- _____ Cooperative store is always close
- _____ Cannot provide the amount/quantity I need
- _____ Does not inform me about the meeting
- _____ Price is too high
- _____ Others (please specify) _____

4. Who motivated you to join the cooperative?

- _____ Relative _____ Friends
- _____ Officemate _____ Others (please specify) _____

5. Have you attended the pre membership Education (PMES)?

- _____ Yes _____ No



If yes, who conducted? _____ Our cooperative
 _____ Other cooperative, please specify _____

6. What are the contents of PMES they discuss?

_____ Principles and philosophy of cooperative
 _____ Situational analysis (socio-economic status of members)
 _____ Rights and responsibility as members
 _____ Benefits accruing members: patronage refund, interest on capital and stock of dividends
 _____ Program of orientation with focus on the program/services of the cooperative
 _____ Others (please specify) _____

7. Have you attended education and training activities?

_____ Yes _____ No

If yes, what are these trainings?

_____ Policy formulation
 _____ Journalizing and posting
 _____ Characteristics of leaders
 _____ Function of leaders
 _____ Financial and policies formulation
 _____ Auditing procedures and techniques
 _____ Business management
 _____ Training implementation and evaluation
 _____ Causes of delinquency



_____ Credit collection policies

_____ Others (please specify) _____

8. What are the benefits you derived from the cooperative?

A. Financial/Economic benefits

_____ Higher interest for my savings

_____ Higher earnings for my investments (share capital) in the form of interest or dividend

_____ Patronage refund

_____ Credit of low interest rate

_____ Financial aid

_____ Others (please specify) _____

B. Social benefits

_____ Improvement in any social dealing (overcome shyness)

_____ Acquired skills regarding cooperatives

_____ My leadership qualities was developed or improved

_____ Others (please specify) _____

9. What are the services of the cooperative that you availed?

_____ Credit

_____ Savings and time deposit

_____ Hospitalization

_____ Others (please specify) _____

