

BIBLIOGRAPHY

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ABSTRACT

The study aimed to identify the source of resources, determined the basic allocation decision and contingency mechanism in the allocation of their resources, and to identify the factors that would affect decisions in allocating resources.

On order of distribution of net surplus, the cooperative followed the provisions in Art.86 of RA 9520 where at least 10 % shall be distributed to general reserved fund and optional fund but 3 % of the 10 % would be allocated for the community development fund. The remaining net surplus is distributed for patronage refund (30 %) and for interest on share capital (70 %). The cooperative distributed the patronage refund to the member's on cash basis, added to the member's share capital and member's savings.

For the use of statutory funds, the cooperative use the General Reserve Fund for the stability of the cooperative and to meet net losses in its operation. Cooperative Education and Training Fund were also used for the conduct of trainings and seminars. Their optional funds were utilized for the construction of their building and for acquisition of land and for projects that could benefit the community where the cooperative operates.

It is therefore recommended that the cooperative must follow the provision in Article 86 that the distribution of resources shall be decided on and shall be determined in accordance to their by-laws supported by Article 85 and the cooperative must come out with specific guidelines that serves as the guide of the officers in allocating their resources. Furthermore, the cooperative should use their CETF for their training, development and other cooperative activities geared towards the growth of the cooperative movement.



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INTRODUCTION

Rationale

The Baguio Market Vendors Multi-purpose Cooperative was conceived from the earnest desire of the small market vendors to develop, own and manage a business in the public market. It was formed in January 1998 by businessmen in the city market for the bonafide vendors and peddlers with the end view of uplifting their economic well-being. The cooperative was started by five core incorporators namely: Leopoldo Dino, Dr. Leonardo Ritos, Angelita Gayados, Peter Sagayo and Pablo Agulto. The cooperative was registered with the Cooperative Development Authority (CDA) on April 28, 1998 with subscribed share capital of PhP62,500.00. There are 946 members and a paid up share capital of PhP15,628,497.00 as of December 31, 2003. The savings deposit by 1,630 associate and 610 regular members amounted to PhP8,193.00, and PhP305.00 respectively. The total asset of the cooperative is now amounting to PhP43,546,749.00. The services offered are: savings, lending, time deposit placement, mutual services (mutual aid plan and “damayan” aid) plan, hospitalization aid plan, and medical clinic. The cooperative is an affiliate of three regional federations namely: NORWESLU, CUBC and NORLU CEDEC. It is also an affiliate of the national market confederation of cooperatives (NAMVESCU). The cooperative was lucky to be picked-up as one pilot cooperative of the NATCCO Social Economic Development for Cooperatives in the Philippines (SEDCOP) Financial Intermediation Project for Northern Luzon. The said project is a joint venture of NATTCO and CIDA of Canada which aims to strengthen the organization and financial capabilities of primary cooperatives by providing technical assistance and needed training for the officers and management staff of each primary



cooperative. After the project had been terminated, the cooperative is now following the Cooperative Development Authority set financial performance standards for all savings and credit cooperative in the Philippines.

Resources are the materials, energies, labor and information used to run and to enhance society. They have a habit of running out, degrading or becoming polluted by being used. By managing our resources, we hope to distribute them more equitably, prolong their use, and conserve them for future generations. This deals with the rules and considerations applicable to managing any type of resources, renewable or nonrenewable (Johnson, 2004).

Resource Management lays the very basis of conservation. The properties of substance, quantities and reserves, resilience, historic depletion: resource collapse. Resources come in many varieties such as renewable and nonrenewable. But there is more to it than meets the eye. A shared resource which is open to access by all has tragic results, originating from our inability to act individually for the common good (Smith, 2007).

Resource allocation decisions are a fundamental class of problems common throughout a business and therefore are found throughout business school curricula. Entrepreneurs must allocate capital, financiers must allocate cash, and production managers must create the best mix of multiple use resources (Smith, 2007).

Importance of the Study

Results of the study would serve as basis of the cooperative in improving resource allocation and management strategies in order to increase assets and reduce liabilities.



Furthermore, the study would serve as a reference to other researchers with the same line of interest.

Statement of the Problem

Many management science problems can be viewed as resource allocation problems. That is, there is a fixed amount of resources available to allocate among several activities or projects. The objective is to allocate the limited resources to the activities in order to optimize an overall measure of effectiveness. In this view, the study aimed to answer the following questions:

1. What are the sources of cooperative resources?
2. What are their basic allocation decision and contingency mechanisms in the allocation of their resources?
3. What are the factors that would affect decisions in allocating resources?

Objectives of the Study

1. To identify the source of cooperative resources.
2. To determine the basic allocation decision and contingency mechanism in the allocation of their resources.
3. To identify the factors that would affect decisions in allocating resources.

Scope and Delimitation of the Study

The study focused on the identification of sources of resources, allocation and distribution of resources (net surplus) and identification of factors that affects decisions in allocating resources of the Baguio Market Vendors Multi-purpose Cooperative in Baguio City.



REVIEW OF LITERATURE

Resource allocation is used to assign the available resources in an economic way. It concerns how both financial and real resources are deployed. It revealed that resources initially enter in the form of money, which is then transferred into real resources. In strategic planning, resource allocation is a plan for using available resources, for example human and financial resources, especially in the near term to achieve goals for the future. It is a process of allocating resources among the various projects or business units. Financial resources come in the form of grants, voluntary donations, from fund raising and charging fees for education services or, in a more minor way. From the sale of non-education services such as renting premises (Coleman and Anderson, 2000).

Planning is the process of deciding on the allocation of resources to the various activities of the organization to attain its objectives. The strength, weaknesses, opportunities and threats (SWOT) analysis is the useful approach. The budgetary process is the forerunner of strategic planning. A budget is a resource allocation plan that helps managers coordinate operations and facilitates managerial control performance. Budget simply set standards against which action can be measured. They also provide a basis for negotiating short term resource requirement to implement strategy at the operating level. Most firms imply at least three budgets as a part of their planning and control activities (David, 2000).

Human Resource Management is the science of allocating human resources among various projects or business units, maximizing the utilization of available resources to achieve business goals; and performing the activities that are necessary in the maintenance of the workforce through identification of staffing requirements,



planning and oversight of payroll and benefits, education and professional development, and administering their work-life needs. The efficient and effective deployment of an organization's personnel resources where and when they are needed, and in the possession of the tools, training and skills required by the work (McLean, 2001).

Resource management is the efficient and effective deployment for an organization's resources when they are needed. Such resources may include financial resources, inventory, human skills, production resources or information technology. In the realm of projects management, processes techniques and philosophies as to the best approach for allocating resources have been developed. Resource management is the key element to activity resource estimating and projects human resource management. As is the case with the larger discipline of project management, there are resource management software tools are available that automate and assist the process of resource allocation to projects and portfolio resource visibility including supply and demand of resources (Daniel, 2000).

Strategic management is the conduct of drafting, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objectives. It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies, plans, projects and programs. A balanced score card is often used to evaluate the overall performance of the business and its progress towards objectives. These are the level of managerial activity under setting goals and over tactics. Strategic management provides over all direction to the enterprise and is closely related to the field



of organization studies. In the field of business administration it is useful to talk about “strategic alignment” between the organization and its environment or “strategic consistency”. There is strategic consistency when the action of an organization are consistent with the expectations of management, and these in turn with the market and the context (Rifkin, 2000).

Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeed or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial or political environment (Abbell, 2000).

Strategic management techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit proposals to their managers who, in turn, funnel the best ideas further up the organization. This is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. Cost under estimation and benefit overestimation are major sources of error. The proposals that are approved form the substance of a new strategy, all of which is done without a grand strategic design or a strategic architect. The top-down approach is the most common by far. In it, the CEO, possibly with the assistance of a strategic planning team, decides on the overall direction the company should take some organizations are starting to experiment with collaborative



strategic planning techniques that recognize the emergent nature of strategic decisions (Hamel, 2000).



METHODOLOGY

Locale and Time of the Study

Baguio City is one of the major trading centers in the Cordillera Administrative Region. Because of this, the market vendors had organized themselves into a cooperative for their own benefits and in order to provide a better trading service to customers.

The study was conducted in Baguio Market Vendors Multi-Purpose Cooperative office in Baguio City. The study was conducted from November to December 2009.

Respondents of the Study

The respondents of the study were the ten officers and staff and 50 members. The perception and knowledge of the members on how resources are allocated were solicited. A total enumeration was employed in the selection of officers and management staff respondent, while a simple random sampling was used in the selection of member respondents.

Data Collection

Data were gathered through personal interview with the use of a questionnaire.

Data Analysis

The data gathered were tabulated and analyze using simple statistical tools such as frequency counts, percentages and descriptive analysis.



RESULTS AND DISCUSSION

Profile of the Respondents

Table 1 shows the profile of the respondents in terms of age, sex, civil status, number of years involved/member in the cooperative and position in the cooperative.

Age. Out of the 60 respondents, 36 (60%) were at the age of 20 to 35 years old, 18 (30%) were at the age of 36 – 40 years old and 4 (7%) were at the age of 51 – 60 years old.

Sex. One half of the respondents were male and 50% were female.

Civil status. Sixty two percent of the respondents were married while 35% were single. Two of the respondents did not mention their civil status.

Number of years involved/member in the cooperative. Forty eight percent of the respondents were already involved in the cooperative for 1 to 5 years, 47% were involved for 6 to 10 years, 3 % were involved for 16 to 20 years and one respondent was involved for 11 to 15 years. According to the respondents, an officer should have been a member of the cooperative for at least 6 or more years to be elected as officer.

Sources of Cooperative Resources

Table 2 shows that the cooperative get their resources from the share capital as mentioned by all of the respondents. Fifty eight percent mentioned savings and time deposits as the other source of resources. These are the two main sources of capital of the cooperative. The cooperative have not asked and were not asking assistance from non-government organizations. The other source of funds as stated in the by-laws are the revolving capital, retains, capital reserves, loan capital, subsidies, grants, and donations;



and other sources of funds as may be authorized by law. However, there were other sources of resources by the cooperative that were not known by the members.

Table 1. Profile of the respondents

PARTICULARS	FREQUENCY	PERCENTAGE
Age (year)		
20 – 35	36	60
26 – 50	18	30
51 – 60	4	7
Sex		
Male	30	50
Female	30	50
TOTAL	60	100
Civil status		
Single	21	35
Married	37	62
Number of years involved in the cooperative		
1 – 5	29	48
6 – 10	28	47
11 – 15	1	2
16 – 20	2	3
TOTAL	60	100
Position in the cooperative		
Officer	10	17
Member	50	83
TOTAL	60	100



Table 2. Source of cooperative resources

SOURCE	FREQUENCY	PERCENTAGE
Share capital	60	100
Savings / time deposits	35	58

* Multiple responses

Allocation Between Patronage Refund and Dividend

Table 3 shows that 30% was distributed for patronage refund and 70% for the interest on share capital. The result implies that the remaining net surplus shall be made available to the members in the form of interest on share capital not to exceed the normal rate return of investment and patronage refund. Provided that any amount remaining after the allowable interest and the patronage refund have been deducted shall be credited to the reserve fund. The sum allocated for patronage refund shall be made available at the same rate of the total of all patrons of the cooperative in proportion to their individual patronage.

Ways in Deciding the Order of Distribution and Allocation of Net Surplus

Table 4 shows that majority (67%) of the respondents answered that the cooperative decides on the allocation and distribution of resources in accordance with its by-laws at the same time they asked their board of directors/ officers to decide for it, this is according to the officer respondents themselves and also the member. The result implies that at least 50% of the respondents (members) were aware on the practices on how the cooperative decides the order of distribution and allocation of their resources.



Table 3. Rate of distribution for patronage refund and interest on share capital

DISTRIBUTION RATE	FREQUENCY	PERCENTAGE
30% for patronage refund	60	100
70% for interest on share capital	60	100
TOTAL	60	100

Fund Allocation Decided by the General Assembly and BOD

Table 5 shows that majority (97%) of the respondents answered that the fund to be decided by the general assembly is the General Reserve Fund (GRF). The CETF and the Optional Fund is to be decided by the BOD. According to the officer respondents, the manager should not be deciding on funds, especially on the distribution of funds. Very few members are not aware of the allocation as shown in Table 6. The result implies that the cooperative is in consistent with the laws (RA 9520). However there were very few (3%) members who are not aware of the fund allocation decision.

Table 4. Cooperative's way in deciding the order of distribution and allocation of resources

PARTICULARS	FREQUENCY	PERCENTAGE
Presided by BOD and officers	30	50
Based on By-Laws	40	67

*Multiple responses



Table 5. Funds decided by the general assembly and BOD

FUND	GENERAL ASSEMBLY (GA)		BOARD OF DIRECTORS (BOD)	
	F	%	F	%
GRF	58	97	-	-
CETF	2	3	59	98
OPTIONAL FUND	-	-	59	98

*Multiple responses

Basis for Allocation and Distribution of Resources

Table 6 shows that the basis for allocation and distribution of resources of the cooperative is the RA 9520 (97%) and at the same time, it is based on the cooperative By-Laws (50%). The result implies that the 50% members were not aware on the basis of allocation and distribution of resources where in the cooperative base it from the RA 9520 and from that, they were going to formulate their by-laws.

Distribution of CETF to the Federation/Union the Cooperative is Affiliated

Table 7 shows that the rate of remittance to the federation and union where the cooperative is affiliated was not equal based on the answer of the respondents. NORWESLU received the lowest percentage which is 1.15% as mentioned by 67% of the respondents while the other federations and union received the same rate, but according to the board resolution.



Table 6. Basis for allocation and distribution of resources

PARTICULARS	FREQUENCY	PERCENTAGE
RA 9520	58	97
Cooperative By-Laws	30	50

* Multiple responses

Table 7. Rate of remittance to the federations where the cooperative is affiliated

FEDERATION	1 – 15 %		16 – 25 %	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
NORWESLU	40	67	20	33
CUBC	30	50	30	50
NORLU CEDEC	30	50	30	50
NAMVESCO	30	50	30	50

Based on the board resolution of the BODs, each federation/union whom the cooperative is affiliated will have an equal share of the CETF (due to APEX) of the cooperation. Since there are three federations and one union, each organization should receive 25% of the total CETF fund due to Apex organization, the members differ in their opinion. Except for NORWESLU, half of the respondents opened that each federation/union would get at most 15%. The other half thinks that each secondary organization would get at most 25% of the CETF due to APEX.

This finding implies that some members are not aware of the said board resolution.



Responsible in Decisions on the Use of GRF

Based on the interview with the manager and the officers of the cooperative, the use of the GRF is to be approved by the general assembly. The manager and the BOD make the proposal for the allocation of the fund then present it to the general assembly for approval. However, the result in Table 8 presents that 50% of the respondents think that the manager is the person responsible in making the decisions, 100% agreed that the BOD make the decision and 67% said the general assembly makes the decision. This finding implies again that some members were not knowledgeable in the fund allocation policies of the cooperative.

Ways of Distributing the Patronage Refund to Members

Table 9 shows that the cooperative distributed the patronage refund to their members either on cash basis, or added to the member's share capital and member's savings. The finding was that in case of a member who fully paid his/her subscribed capital contribution, the proportionate amount of patronage refund shall be paid to him/her, unless the cooperative and member agrees to credit the amount to his account as additional share capital contribution or add to the member's savings deposits. The result shows that all the respondents have the same opinion on the manner of distributing patronage refund.



Table 8. Persons responsible in decision on the use of GRF

PARTICULARS	FREQUENCY	PERCENTAGE
Manager	30	50
Board of Directors	60	100
General Assembly	40	67

*Multiple responses

Table 9. Ways of distributing the patronage refund to members

PARTICULARS	FREQUENCY	PERCENTAGE
On cash basis	60	100
Added to the member's share capital	60	100
Added to the member's savings	60	100

*Multiple responses

Uses of GRF, CETF and Optional Fund of the Cooperative

Table 10 shows the uses of statutory funds.

Use of the general reserve fund. The cooperative uses its GRF for the stability of the cooperative and to meet net losses in its operation. It is just deposited in the banks while it is not needed. The reserve fund shall not be utilized for investment as provided in RA 9520. Such sum of the reserve fund in excess of the share capital maybe used at anytime for any project that would expand the operation of the cooperative followed by the provisions in the RA 9520 under Article 86 which states that reserve fund shall not be utilized for investment. The findings in Table 10 shows that all the respondents are aware on the use of the general reserve fund.



Use of cooperative education and training fund. The cooperative utilized their local education and training fund for conducting trainings and seminars in the cooperative as pointed out by 100% of the respondents. Some respondents mentioned that they use it for representation and advertisement and for procurement of reading materials on cooperative. This findings shows that some members are not aware of these uses of CETF.

Use of optional fund. The cooperative used their optional fund for constructing building for the cooperative (98%) and for acquisition of land (92%). It was observed that the cooperative is only renting the space or building they are occupying, thus, they planned to construct their own building. The result shows that majority of the members know the uses of the GRF, CETF and the optional fund.

Table 10. Uses of GRF, CETF, OF of the cooperative

PARTICULARS	FREQUENCY	PERCENTAGE
A. General Reserve Fund		
Used to meet operational losses	60	100
B. Cooperative Education and Training Fund		
Conducting training/seminar in the coop	60	100
For representation and advertisement	6	10
Procurement of reading materials on coop	6	10
For sending officers to attend training outside	60	100
C. Optional Fund		
For construction of building for the cooperative	59	98
For acquisition of land for the cooperative	55	92

*Multiple responses



Order of Distribution of Net Surplus

Table 11 shows the allocation of net surplus. According to the Cooperative Code of 2008, the net surplus of every cooperative shall be distributed as follows:

1. An amount for the General Reserve Fund (GRF) shall be at least 10% of the net surplus, provided that in the first five years of operation after registration, this amount shall not be less than fifty percent of the net surplus.

2. An amount for the Cooperative Education and Training Fund (CETF) which shall be not more than ten percent (10%) of net surplus. The by-laws may provide that certain fees or fines or a portion thereof be credited to such fund. The fund shall provide for training, development and such other cooperative activities geared toward the growth of the cooperative movement.

3. An amount for the community development fund (Optional Fund) shall not be less than 3% of the net surplus. The community development fund shall be used for projects or activities that will benefit the community where the cooperative operates and an optional fund of which shall not exceed 7%.

The amount allocated for such fund in the year 2008 is PhP 132,312.58 which is higher as compared in the year 2007 which is PhP 131,695.40.

This means that the cooperative followed the provisions of RA 9520 that at least 10% shall be distributed to GRF, not more than 10% shall be allocated for the CETF and 7% for the optional fund and the 3% is for community development fund.



Table 11. Allocation of net surplus

PARTICULARS	AMOUNT (PESOS)	
	2008	2007
Net Surplus	1,323,125.83	1,316,954.02
GRF (10%)	132,312.58	131,695.40
CETF (10%)		
CETF – local (5%)	66,156.29	65,847.70
CETF – Apex (5%)	66,156.29	65,847.70
Optional fund (10%)		
Land and building fund	132,312.58	131,695.40
Interest on share capital	648,321.66	645,307.47
Patronage refund	277,856.43	276,560.34
TOTAL ALLOCATION	1,323,125.83	1,316,954.02

Factors to Consider in Deciding
How to Allocate Resources

Table 12 shows the factors to consider in deciding how to allocate resources. All the respondents mentioned that cooperative allocate resources based on the needs, priority area (67%) and consider the funds available (67%). The result implies that the main factor considered in the allocation of cooperative resources were based on needs of members and the cooperative itself, to be followed by the priority area and consider also the budget or funds available.



Table 12. Factors to consider in deciding how to allocate resources

PARTICULARS	FREQUENCY	PERCENTAGE
Based on needs	60	100
Priority area	40	67
Funds available	40	67

* Multiple responses

Statement of Financial Operation and Allocation of Net Surplus

Table 13 presents the determination of net surplus for 2007 and 2008. The table further shows the allocation of net surplus for GRF, CETF, optional fund. The table shows that for 2007 the net surplus was 1,316,954.02 and for 2008 it was 1,323,125.83. The allocation of net surplus for 2008 was as follows: 10% GRF, Php312.58, 5% CETF local, Php 66,256.29, 5% CETF –Apex, Php 66,156.29, 10% land and building fund, Php 132,312.58, 40% interest on share capital, Php 648,331.66 and 20% patronage refund Php 277,856.43.



Table 13. Statement of financial operation for the year ended December 31, 2008

PARTICULARS	AMOUNT (PESOS)	
	2008	2007
Revenues		
Interest income from loans	2,661,944.47	2,645,138.65
Service fee	646,337.97	625,007.41
Filling fee	641,650.96	612,357.41
Fines, penalties, surcharges	88,272.24	373,134.18
TOTAL REVENUES	4,038,205.64	4,255,637.65
Operating expenses	3,298,061.22	
Income from operations	740,144.42	
Add: other income		
Membership fees	7,950.00	9,150.00
Income from investments	338,523.27	262,684.65
Miscellaneous income	67,458.74	56,100.17
Optional fund subsidy	169,049.40	169,049.40
Total other income	582,981.41	496,984.24
NET SURPLUS FROM OPERATIONS	1,323,125.83	1,316,954.02
Allocation of net surplus		
Reserve Fund (10%)	132,312.58	131,695.40
Education and training Fund (10%)		
CETF – local (5%)	66,156.29	65,847.70
CETF – Apex (5%)	66,156.29	65,847.70
Optional Fund (10%)		
Land and building fund	132,312.58	131,605.40
Interest on share capital (40%)	648,331.66	645,307.47
Patronage refund (30%)	277,856.43	276,560.34
TOTAL AS ALLOCATED	1,323,125.83	1,316,954.02



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The study was conducted to identify the source of cooperative resources; to determine the basic allocation decision and contingency mechanisms in the allocation of resources; to identify problems encountered and actions undertaken to solve problems. However, it was found out that the cooperative and the members did not encounter any problem regarding the distribution and allocation of resources (net surplus). The study was conducted in the city market of Baguio City where the cooperative was located. The study was conducted on December 2009 to January 2010. The respondents of the study were the officers and members of the cooperative.

The Baguio Market Vendors Multi-Purpose Cooperative was registered in 1998 in order to provide a better trading service to customers. The cooperative was registered as multipurpose, but it has a single operation (credit).

It was found out that the cooperative allocated at least 10% of the resources (net surplus) for the general reserve fund, not more than 1% for the cooperative education and training fund and 7% for the optional fund. Before the whole 10% was allocated for the optional fund but now it was stated in Article 86 that 7% for the optional fund and the remaining 3% should be allocated for the community development which shall be used for projects or activities that will benefit the community where the cooperative operates. This means that the provision in Article 86 of RA 9520 on the allocation and distribution of net surplus was complied by the cooperative. The remaining amount was allocated to the patronage refund and interest on share capital of the members. In addition, it was revealed that the cooperative distributed 30% for patronage refund and 70% for the



interest on share capital. The sum allocated for patronage refunds shall be made available at the same rate to all patrons of the cooperative in proportion to their individual patronage.

The cooperative decided on the order of allocation and distribution of resources (net surplus) during general assembly and they distributed the patronage refund to the members on cash basis, added to the member's share capital and member's saving. This means that in case of a member patron with paid-up share capital contribution, his proportionate amount of patronage refund shall be paid to him unless they agree to credit the amount to his account as additional share capital contribution or to add to the member's savings deposit. The cooperative based the distribution and allocation of resources to the by-laws and to the Cooperative Code of 2008 (RA 9520).

As to the funds, the General Assembly is responsible in deciding the General Reserve Fund and the Board of Directors for the Cooperative Education and Training Fund and Optional Fund. It is also the BOD and the manager of the cooperative who is responsible for making, deciding and approving the proposal for the allocation of budget if in case the cooperative planned to use the GRF. The factors they are considering in the allocation of resources of resources were based on the needs of the members, the priority area and consider also the funds that are available.

For the use of statutory funds, the cooperative use the General Reserve Fund for the stability of the cooperative and to meet net losses in its operation and because they complied with the provision in the Article 86 of RA 9520, they deposited it in the bank while it is not yet needed. The cooperative used their CETF for the conduct of trainings and seminar. For the optional fund, the cooperative utilized it for the construction of



their building and for acquisition of land. Hence, it was observed that the cooperative is only renting the building they are occupying, thus, they planned to construct their own building.

Conclusions

Based on the findings of the study, the following conclusions were made:

1. The cooperative complied with the Article 86 of RA 9520 wherein at least 10% of the net surplus will be allocated for the General Reserve Fund, not more than 10% for the Cooperative Education and Training Fund and 10% for the optional fund, but the 3% of that 10% would be allocated for the community and development fund.
2. The 30 – 70% sharing of the patronage refund and interest of capital respectively was adopted by the cooperative.
3. The cooperative decided the order of allocation and distribution of their resources through the BOD and officers and the by-laws.
4. The cooperative followed the Article 86 of RA 9520 wherein the CETF must be utilized for the purpose of educating their officers, staff and members on cooperativism which is in consonant with Art. 86 of RA 9520..
5. The cooperative complied with what is stated in their by-laws with regard to the allocation and distribution of resources (net surplus) and at the same time they based it to the RA 9520.
6. The cooperative remit their CETF to the Apex organization religiously.



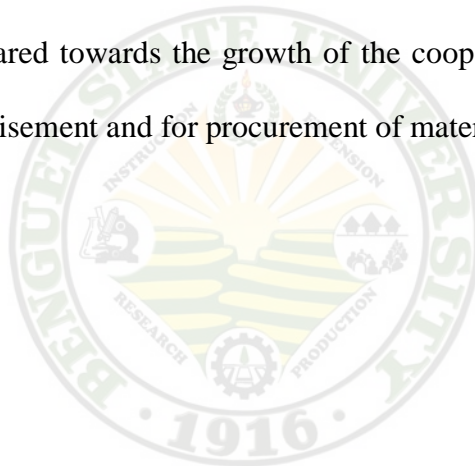
Recommendations

The following recommendations were made based on the conclusion of the study:

1. The cooperative must follow the provision in Article 86 that the distribution of resources (net surplus) shall be decided on and shall be determined in their by-laws supported by Article 85.

2. The cooperative must come out with specific guidelines that serve as the guide of the officers in allocating and distributing their resources (net surplus). Disseminate policies and board resolutions regarding the allocation/use of funds to the members.

3. The cooperative should use their CETF for the training, development and other cooperative activities geared towards the growth of the cooperative movement and not for representation, advertisement and for procurement of materials on cooperative.



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APPENDIX A

Survey Questionnaire

General Information (Cooperative)

Name of Cooperative: _____

Address: _____

Date Registered: _____

Type of Cooperative (Please check the appropriate category)

 Credit Multi-purpose Consumer Producer

Area of Operation (Please check the appropriate category)

 Barangay Provincial Municipality City

Name of Respondent/member: _____

Age: _____ Sex _____ Civil status _____

No. of years involve in the cooperative: _____

Highest Educational Attainment (Please check the appropriate category)

___ Elementary Level ___ College Level

___ Secondary Level

Position in the cooperative _____

1. What are sources of coop. resources?

___ from capital share

___ assistance from funding non-government organization, specify _____

___ Others, specify _____

2. Do you distribute your resources to the following statutory funds (please indicate percentage?)

PARTICULARS

PERCENTAGE

___ General Reserve Fund (GRF) _____

___ Cooperative Education and Training Fund (CETF) _____

Optional Fund

___ Land Fund _____

___ Building Fund _____

___ Equipment/materials fund _____

___ Others, specify _____



- General Reserve Fund
 Cooperative Education and Training Fund
 Optional Fund
 Others, please specify _____

9. How do you distribute the patronage refund of your members?

- on cash basis
 added to their share capital
 deposited in the cooperative as their savings
 others, please specify _____

10. How do you use General Reserve Fund (GRF)?

- For expansion of operation
 Just deposited in the bank/cooperative
 For investment to fixed assets
 Others, please specify _____

11. How do you use your local CETF?

- conducting trainings and seminars in the cooperative
 for representation and advertisement
 for procurement of reading materials on cooperative
 for sending officers to attend trainings outside
 Others, please specify _____

12. How do you use your optional fund?

- for constructing building for the cooperative
 for acquisition of land for the cooperative
 for community projects
 for acquiring transport vehicle
 to purchase equipment/materials
 others, specify _____

13. Do you have written policies on where to use your statutory funds?

- Yes No

14. What are the factors to consider in deciding how to allocate resources?

- funds available
 Others, specify _____

15. Problems encountered in the allocation and distribution of resources?

- Misallocation of the net surplus



- Unexpected usage of net surplus
 Net surplus are not properly secured/kept
 The cooperative has no written policies on the allocation and distribution of resources.
 Lack of knowledge on how to compute
 Others, specify _____

16. Possible solutions to the problems

- the resources must be used only for the purposes stated in the by-laws of the cooperative.
 The resources must be saved in the bank or other cooperative to avoid mis spending
 The cooperative must provide written policies on the allocation and distribution of the resources.
 Others, please specify _____

THANK YOU!

