

## **BIBLIOGRAPHY**

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## **ABSTRACT**

The study was conducted to determine the Potentials of organizing a cooperative in the Labayug, Sison, Pangasinan and aimed to determine the perception of the community people about a cooperative, the need to the area addressed by a cooperative, the level of awareness on the benefit derive from, their degree of willingness to join a cooperative, the type of a cooperative to organize and the possible constraints to organize a cooperative in the area.

The respondents of the study were of 150 individuals who are categorized according to their sources of income, whether on agricultural base, employees, skilled works (laborers), small entrepreneurs such as sari-sari store owner and vendors and OFW dependents. A survey questionnaire was distributed to the respondents to gather information complimented with either personal interview or focus group discussion and data were analyzed through frequency counts, percentage and mean.

Many of the respondents were housewives, female and married thus the result indicated that most have a family to support. All of the respondents had undergone formal education wherein many only finished high school. Most of the respondents were engaging in agricultural activities wherein most are vegetable gardeners and majority earns Php.100, 000.00 and below a year.



Based on the results most of the respondents have a little knowledge about what cooperative is all about wherein opinions were based on the cooperatives which have organized in the community before, and on the cooperative NCC corporation employees organized.

Respondents' level of awareness was limited with cooperative services such as loans and savings and provider of low cost of goods and services that affects the choices on what type of cooperative respondents to join with.

Most of the respondents were willing to join a cooperative for a reason that the organization will be great help for the community in terms of financial assistance. The results revealed that credit cooperative was the first choice of community people to organize. Majority were willing to invest Php. 1,500.00 initially though many want for a bigger investment such as Php. 3, 000.00 and a capital build-up of Php. 500.00 every year ends.

Only few volunteered for having a position of officers for reason of helping in the success of the cooperative. Some reason out that officers are to be voted, and not just because of volunteerism.

Majority from the respondents agreed putting up a cooperative in the area has a potential though the plan have to undergo some rough situations because respondents believed that community people are not that cooperative and some thought a little knowledge about a cooperative is not enough reason to join.

Based on the findings, majority from the respondents were willing to join a cooperative, thus information dissemination shall be conducted to the community discussing the identified need and how cooperative would address it. And it is recommended for the community to organize a credit cooperative since it is the majority's choice.

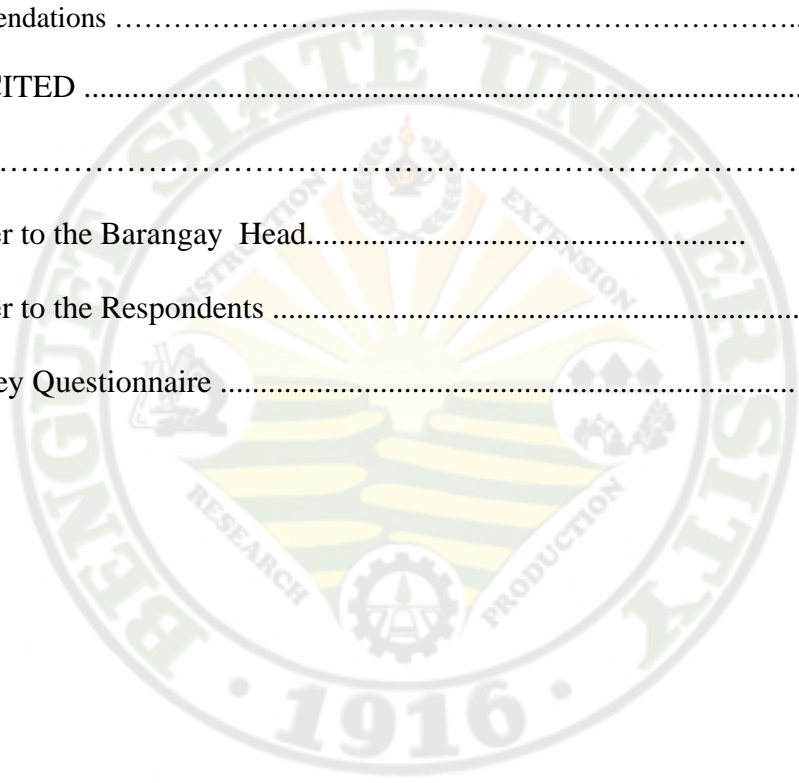


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## INTRODUCTION

### Rationale

A cooperative is a special case of enterprising. At the risk of oversimplifying, it is useful to review the general structure of enterprising according to today's economic theory. Here in our country, despite its positive prospects in economic development, is seriously confronted with the continuing problems of poverty and income inequality. People empowerment is indeed the correct approach in solving these twin problems of poverty and income inequity. Cooperatives and other labor enterprises are among the major pillars of the people empowerment movement. This empowerment movement, which is now known as the civil society movement, aspires for a strong pro-people mixed economic society where the state, private and civil society sectors are cooperatively harnessed in the development efforts of the society. As a business, a cooperative is subject to the needs and demands of any business, cooperatives require sufficient financing and comprehensive planning, and well-trained and competent personnel. Cooperatives are vulnerable to the same kinds of market and economic forces that are faced by all businesses. But in many ways, cooperative are also unique and different (Pascian, 2010).

Barangay Labayug is the 8<sup>th</sup> largest barangay with an area of 3.30 square kilometer and has the 3<sup>rd</sup> largest population people among the 28 barangay of Sison, Pangasinan. It is actually located before the Northern Cement Corporation Compound where some of the community people are working for their living. Another source of income in the area is farming, there are little who depend their living on a sari-sari store, and other small businesses.



The people in the community belong to different cultures. The original settlers are Ilocano's and others came from different areas here in the Philippines, mostly from the south. They resided in the said area because of Northern Cement Corporation where in they work for living.

Labayug has a household of 638. The people especially the officials were working for the better economy of the community. There is no cooperative in the area, which will be a help to the community to their economic progress, and thus a good study for someone to conduct if there is really a potential of organizing such organization, because there are some community members who have a little background on it, yet they cannot pursue the organizing since they are not sure if their co-members will support it, another problem is, what type of cooperative would be organized.

### Importance of the Study

This study was conducted with the hope that it will bring benefit to the researcher, and the community.

The researcher gain essential knowledge about research and about organizing cooperatives. The study also provides information to the community members that organizing a cooperative if viable or feasible and if will rush through will have a great help to the economic upliftment of the whole community. The results can also be used as a reference for researchers who would be conducting research of the same line of interest.

### Statement of the Problem

This study seeked to answer the following questions:

1. What is the perception of community people about a cooperative?



2. Are community people aware of the benefit a cooperative can give?
3. Are community people willing to join if a cooperative will be organized?
4. What type of cooperative do community people want to organize?
5. What are the possible constraints in the organization of a cooperative in

Labayug, Sison, Pangasinan.

### Objectives of the Study

This research study aimed to:

1. Determine the perception of community people about a cooperative.
2. Determine the awareness of community people on the benefits a cooperative can provide.
3. Identify the people who are willing to join if there will be cooperative to organize.
4. Identify the preferred type of cooperative the community wants to organize.
5. Determine the possible hindrances or constraints to organize a cooperative in

Labayug, Sison, Pangasinan.

### Scope and Delimitation of the Study

The study focused on the perception on cooperative by the community members, the needs, their interest in organizing a cooperative in their community and the possible constraints that may affect the possibility of organizing a cooperative in the community. These variables were used in the analysis on the potential of organizing a cooperative in the area.





## **REVIEW OF LITERATURE**

### Cooperative Defined

It is a business owned and controlled by the people who use its services. They finance and operate the business or service for their mutual benefit. By working together, they can reach an objective that would be unattainable if acting alone (Rapp and Ely, 1996). It is an association of persons with common interests not capital. It begins with the people who wish to provide themselves with goods and services they need (Fajardo and Abella, 1999).

### Cooperative Objectives

According to De Leon (1998), 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, investment, productivity and purchasing power and promote among them equitable distribution of net surplus through maximum utilization of economies of scale, cost-sharing and risk-sharing without, however, conducting the affairs of the cooperative for eleemosynary or charitable purposes. A cooperative shall also provide maximum economic benefits to its members teach them efficient ways doing things in a cooperative manner and propagate cooperative practices and new ideas in business and management and allow the lower income groups to increase their ownership on the wealth of the nation.

### Significance of Cooperatives

Anonymous (2009), cooperatives as economic enterprises and as self-help organizations, play meaningful role in uplifting the socio-economic conditions of their



members and their local communities. Over the years, cooperative enterprises have successfully operated locally owned people centered businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a mode of economic enterprise that places high regard for democratic and human values and respect for their environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries, also presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDG's) by 2015.

The cooperative enterprise is also relevant in addressing the problem of food security. The cooperative enterprise also presents an important model as many of the world's poorest and disadvantaged face social exclusion, lack of access to opportunities and growing economic inequality. As the uneven effects of globalization have led to a rise in the unregulated informal economy, workers in the informal sector have formed shared service cooperatives and associations to assist in their self-employment.

Cooperatives may not be the solution to the world's problems, but they are certainly part of the solution. An International Year of Cooperatives can firm up the international will to strengthen cooperatives and in so doing help achieve MDG's and alleviate world crises (Marcelino, 2010).



### The Role of Cooperatives in Community Development

Community development is a way for the people in the community to work together in order to build a better community and thereby improve the welfare of all. It is a both product and a process. As a product, it involves specific projects and activities in the community. And as a process, it is concerned with the method the people in the community used to attack community problems and make the community a better place to live in and raise children. Moreover, community development is primarily a self-help process. Outside resources are only availed of by thee people if these are not available in the community. The ultimate social objective of a cooperative is community building, the same with community development. Both use the principle of self-help and involvement in their methods of solving community problems. Moreover, both depend on cooperation and teamwork in attaining their goals. Cooperatives are primarily concerned with the development of human resources. The same is true with community development. Both consider man as the most important resource and factor of development.

Through cooperatives, the rural people can secure credit at very low interest rate. They can use their cooperative loans for putting up their micro-business, such as backyard piggery, poultry, garden, and other income producing projects. This way, they are no longer the customers of usurers. In addition, their production inputs, like fertilizer, seedling, chemicals, etc., can be purchased on a wholesale basis by their cooperative. This reduces their production expenses. Likewise, their products can be sold direct to the buyers. This means higher prices for their goods than those offered by traders or middlemen (Fajardo and Abella, 1999).



## The Role of Cooperatives in Economic Development

As cited by Dogarawa (2005) from various authors; cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide owned them, cooperatives make decisions that balance the need for probability with the welfare of their members and community, which they serve. As cooperatives foster economics of scope and scale, they increase the bargaining power of their members providing them, among other benefits, higher income and social protection. Hence cooperatives accord members opportunity, protection and empowerment- essential elements in uplifting them from degradation and poverty. Cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation. Many cooperatives provide jobs and pay local taxes because they operate in specifically geographical regions (Somavia, 2002). As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient (Henehan, 1997). In number of ways, cooperative play an important role in global and national economic and social development. With regard to economic and social government, cooperatives promote the “fullest participation of all people” and facilitate more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion. Thus the promotion of cooperatives should be



considered as one of the pillars of national and international economic and social development (Levin, 2002).

### Opportunities Offered by Cooperatives

As further stated by Fajardo and Abella (1999), cooperative provide all the economic advantages and opportunities for the poor people to improve their conditions. The government, through its agencies, extends financial and technical support to cooperatives.

Form the book of Onaganet *al* (1973), they enumerated 3 major opportunities in involving a cooperative. These are;

1. Opportunities for service. A cooperative, more than any other form of enterprise, offers a wide range of opportunities. Showing members in a farmer's cooperative marketing association, for instance, the wisdom of holding their produce in the cooperative warehouse until such a time when the price is at its highest, is a genuine service that may be measured not only in terms of money but also in terms of welfare and happiness for the members. Saving members in a credit union from the clutches of usurers and freeing them from the fear of want and poverty cannot be measured in any value. Leading consumers to economic sufficiency by providing the service at the same time providing savings, thus increasing their purchasing power, is itself an unrequited service. Organizing retailers into a cooperative in this country and freeing them from the domination of foreign retailers is not a mere service. Cooperation among them would allow them to control the channels from which their merchandise is procured and through which they are distributed. This promotes the attainment of the aspiration of our people for nationalism.



2. Opportunities to earn a satisfactory income. A cooperator is an enterpriser who is placed on competitive level that would enable him to produce with a surplus income. His production is aided by his cooperative, which assists him in his financial, production, and marketing problems. His effort is adjusted where it is best productive. Wastes are eliminated. His initiative is given full sway, and his income may be measured progressively in accordance with the effort and attention he puts in his enterprise.

3. Opportunities for employment. The business of cooperatives is expanding steadily. More trained personnel's are needed. A farmer's cooperative needs a good manager, two or three assistants, a marketing expert, a warehouse man, an assistant warehouse man, credit man, merchandise manager, accountant and bookkeepers, effective secretary and good public relations Officer and others. There is a need for thousands of trained cooperators on different levels of agricultural and non- agricultural cooperatives. For government bureaus and institutions charged with the promotion, supervision and financing of existing cooperatives, such as Bureau of Commerce, the cooperative Administration, Office, the Agricultural Office, the Agricultural Credit Administration Office, the Agricultural Productivity Commission and others.

### Types of Cooperatives

From Article 23 of the Cooperative Code 2008, these are the types and categories of cooperatives:

1. Credit cooperative. One that promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance and other related financial services to its members for productive and provident purposes;



2. Consumers cooperative.The primary of which is to procure and distribute commodities to members and non-members;

3. Producers cooperative.Undertake joints production whether agricultural and industrial. It is formed and operated by its members to undertake the production and processing of raw materials or goods produced by its members into finished or processed products for sale by the cooperative to its members and non-members. Any end product or its derivative arising from the raw materials produced by its members, sold in the name and for the account of the cooperative, shall be deemed a product of the cooperative and its members;

4. Marketing cooperative.Engages in the supply of production inputs to members and markets their products.

5. Service cooperative.Engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication professional and other services;

6. Multipurpose cooperative.Combined 2 or more of the business activities of these different types of cooperatives;

7. Advocacy cooperative. Promotes and advocates cooperativism among its members and the public through socially-oriented projects, education and training, research and communication, and other similar activities to reach its intended beneficiaries;

8. Agrarian reform cooperative.Organized by marginal farmers majority of which are agrarian reform beneficiaries for the purpose of developing an appropriate



system of land tenure, land development, land consolidation or land management in areas covered by agrarian reform;

9. Cooperative bank. Organized for the primary purpose of providing a wide range of financial services to cooperatives and their members;

10. Dairy cooperative. Members are engaged in the production of fresh milk which maybe processed and/or marketed as dairy products;

11. Education cooperative. Organize for the primary purpose of owning and operating licensed educational institutions, notwithstanding with the provisions of Republic Act. No.9155,otherwise known as the Governance of Basic Education Act of 2001;

12. Electric cooperative. Organized for the purpose of undertaking power generation, utilizing renewable energy sources, including hybrid systems, acquisition and operation of sub transmission or distribution to its household members;

13. Financial service cooperative. One organized for the primary purpose of engaging in savings and credit services and other financial services;

14. Fishermen cooperative. One organized by marginalized fishermen in localities whose products are marketed either as fresh or processed products;

15. Health services cooperative. One organized for the primary purpose of providing medical, dental, and other health services;

16. Housing cooperative. One organized to assist or provide access to housing for the benefit of its regular members who actively participate in the savings program for housing. It is co-owned and controlled by its members;





17. Insurance cooperative. One engaged in the business of insuring life and property of cooperatives and their members;

18. Transport cooperative. One which includes land and sea transportation, limited to small vessels, as defined or classified under the Philippine maritime laws, organized under the provisions of the cooperative code;

19. Water service cooperative. Organize to own, operate and manage water systems from the provision and distribution of potable water for its members and their households;

20. Workers cooperative. One organized by workers, including the self-employed, who are at the same time the members and owners of the enterprise. Its principal purpose is to provide employment and business opportunities to its members and manage it in accordance with cooperative principles; and

21. Other types of cooperatives as may be determined by the Authority.

### Why Organize a Cooperative?

Anonymous (2008), Cooperative is organized to improve community member's income or economic position or to provide a needed service. This may achieve through one or more of the following:

#### 1. Marketing activities

a. Improve bargaining power. Combining the volume of several members leverages their position when dealing with other businesses;

b. Reduce costs. Volume purchasing reduces the purchase price of needed supplies;



c. Earnings of the cooperative returned to individual members lower their costs;

d. Obtain market access or broaden market opportunities. Value is added to products by processing or offering larger quantities of an assured type and quality to attract more buyers;

e. Improve product or service quality. Member satisfaction is built by adding value to products; the cooperative provides and improves facilities, equipment and services.

## 2. Purchasing Supplies/Services

a. Obtain products or services otherwise unavailable. Often provide services or products that would not attract other private businesses;

b. Reduce Cost/Increase Income. Reducing the cooperative's operating costs increases the amount of earnings available for distribution to members to boost their income.

## Cooperative Purposes

According to Garcia and Guanzon (2004), as cited by Garcia (2009), a cooperative may be organized with at least only one purpose, depends on the type of cooperative organized. Aside from the specific purpose for which a cooperative has been set-up, it shall provide maximum economic benefits to its members, teach them efficient ways of doing things in a cooperative manner, propagate cooperative practices and new ideas in business and management, and allow the lower income groups to increase their ownership in the wealth of this nation.



Cooperatives provide greater benefits to the members such as increasing individual income or enhancing a member's way of living by providing important needed services. For instance, it may be the vehicle to obtaining improved markets or providing services of supplies or other services otherwise unavailable if members acted alone (Rapp and Ely,1996).

From Pimentel (1996), there are 11 purposes of cooperative existence, these are the following;

1. Thrift and savings. To encourage thrift and savings among members
2. Funds and credit. To generate funds and extend credit to their members for productive and provident purposes.
3. Production and marketing. To encourage systematic production and marketing among members.
4. Goods and services. To provide goods and services and other needs to their members.
5. Expertise and skills. To develop expertise and skills among their members
6. Land and housing benefits. To acquire lands and housing benefits among members.
7. Insurance. To insure against loses of their members.
8. Advance status. To promote and advance the economic, social and educational status of their members.
9. Economic enterprises. To establish, own, lease or operate cooperative banks, wholesale and retail complexes, insurances, agricultural or industrial processing enterprises, and public markets.



10. Coordination. To coordinate and facilitate the activities of cooperatives.

11. Effective implementation. To undertake activities for the effective and efficient implementation of the provisions of the code.

### How to Organize a Cooperative?

According to Fajardo and Abella (1999). Organizers have to determine first the feasibility of establishing a cooperative in the community or institution. The following essential requirements should be surveyed:

1. Felt need. There must be a reason for organizing a cooperative. Usually, a need for a cooperative arises if existing business organizations in the community are inefficient and abusive. Conditions, such as high interest rates, poor quality of goods and services, high prices, financial, production, and marketing problems encourage the organization of cooperatives. People like to buy better goods and services at reasonable prices. On the other hand, producers want fair price for their products.

2. Volume of businesses. Sufficient volume of businesses is needed to pay the fixed and variable costs of operations, such as rentals and salaries of employees. The business men who have been exploiting the buyers would soon disappear in the market. Thus, the presence of cooperatives checks the activities of loan sharks and profiteers.

3. Availability of qualified officers. Management constitutes the most important factor in the success of a cooperative. Men of integrity and honesty are the proper individuals who should manage cooperatives. In many instances, there are qualified persons but they are not willing to serve in the cooperative. They would rather work in commercial and industrial firms where salaries and fringe benefits are much higher. At



any rate, the cooperative Authority has a management program for improving the competence of cooperative officers through trainings and education.

4. Adequacy of facilities. When starting up a cooperative, it is not advisable to begin with a plush office and expensive facilities. Not a few business officers are prone to display their power and prestige. Such manifestation of ostentation should not take place in a cooperative organization. As long as the available facilities are adequate to ensure the efficiency of the business operations of the cooperative, then it will be good enough to start a cooperative.

5. Opportunities for growth. A cooperative has to be dynamic in order to be able to meet effectively changing needs and problems of its members and the community. It has to expand and diversify its business operations. Organizers must have good feasible plans for business expansion. A business organization which can easily serve the needs of people for a brief and limited period is not desirable. It has to survive and be successful for a long time.

#### Requirements for Organizing a Cooperative

1. Financial requirement. Financing is the backbone of production. The lack of it places the enterpriser at a great disadvantage. He cannot get his materials at the right quality and price he desires. He cannot employ labor. His product or service, in the absence of research, may not be in accordance with consumer requirement. To promote the sale of his product or service needs financing. Originally, financial requirement in organizing a cooperative was Php. 25,000.00 and membership was 250. The value of one share of stock was Php. 100.00. However, in view of the great difficulties of organizing cooperatives, the defunct Bureau of Cooperatives Development has reduced it to at least



Php. 5,000.00 and membership of 25. At present, only 15 members and Php. 2,000.00 are required to organize a cooperative (Fajardo and Abella, 1999).

2. Social requirement. Before joining, prospective members must have first a clear understanding on the part of the members of what a cooperative is, how it operates, and why is it organized. Then, they must be willing and able to participate intelligently, support the organization with their resources and assume the responsibilities of being members or officers. Also, a number of them must have at least some knowledge or experience in running the business and in making sound managerial decisions. All of these clearly point out that the prospective members must have certain skills and attitudes and must be capable of sustained cooperative behavior, before they can be organized into a cooperative.

3. Other requirements. Some of them are: an outstanding and lasting demand for the services or goods which the cooperative may offer; substantial capital to begin and maintain the business operations of the cooperative; and a large number of residents who are willing to patronize the cooperative. The solution lies in preparing them for membership in a cooperative by first organizing them into semi-cooperative groups and organizations at the barrio-level. Given enough time, this measure is expected to fulfill the social requirements of the organization of barrio residents into a cooperative. Later, these groups and organizations can be brought into full-pledged cooperative at the multi-barrio or municipal level. This measure in turn ensures that the economic requirements for the successful operation of a cooperative are adequately met.



### Who Sparks a Cooperative?

Anonymous (2010), a compelling need and a few community leaders can spark the idea of forming a cooperative. Usually these leaders have an economic need or desire a service they believe a cooperative can provide. They also know others who have similar interests.

As with any business, starting a cooperative will involve thorough and careful planning. The responsibility for starting a cooperative and seeing it mostly relies to a group. That group will serve as the “spark” to keep the new cooperative and help it through the start-up phase. Careful planning, thorough work out, and patience will result to a stronger foundation and increase the likelihood of cooperative success (Pascian,2010).

Also, any individual can spark the idea of a cooperative and test the community's possible participation level by getting the word out, maybe because he/she wants to develop spirit of cooperation in a certain area, or to have that specific service needed in that area.

### Importance of Cooperatives

Cooperative societies are important in order to help organize mutual benefits. Within a cooperative structured society in its original tribal form, jobs are allocated and resources are exchanged among each other and trading is only done with external communities. Now cooperative societies are extremely important in the savings market and for mortgage and professional credit banks. Cooperative societies are business that re set up by a number of individuals with the intention of gaining mutual benefits from



them. These societies are important to ensure that everyone who has put an investment into them gets a fair and equal return (Anonymous, 2010).

Throughout the twentieth century, co-operatives have played an integral role in the social and economic development of the country. Initial forms of co-operation have evolved into an extensive network of co-operatives involved in a wide range of activities: agriculture and resources, community development, recreation, child care and education, wholesale and retail, financial, community service, and other types of co-operation. The impact of co-operatives on communities is substantial, especially in the smaller centre's, where they ensure competitive prices and supply a wide range of services(Ketilson, 2001).

#### Membership on a Cooperative

According to De Leon (1998), any natural person, who is a Filipino citizen, a cooperative or non-profit organization with juridical personality, shall be eligible to become a member of a cooperative, if the applicant meets the qualifications prescribed in the by- laws.

In cases of Primary cooperatives, only natural persons may be admitted as members and they are residing or working in the area where the cooperative will operate, and must be in legal age, unless for laboratory cooperative which may be organized by minors (Pimentel, 1996).

#### Organizing Steps

As further stated by Rapp and Ely (1996), starting a cooperative is a complex project. A small group of prospective members discuss a common need and develop an





idea how to fulfill it. Depending on the situation generating the idea, a new cooperative maybe welcomed with enthusiasm or maybe met with vigorous competitive opposition. If opposed leaders must be prepared to react to various strategies of competitions such as price changes to retain potential cooperative member's business; better contract terms or cancelled contracts; attempts to influence lenders against providing credit; and even publicity, misstatements, and rumors attacking the co-op business concept. Regardless of the business climate for the proposed cooperative, leaders must demonstrate a combination of expertise, enthusiasm, practicality and determination to see that the project is completed.

From Dogarawa(2005), like other business cooperatives start with the recognition of a need or an opportunity. In fact, the economic motivation for starting a cooperative is very much the same as for starting other business. Starting a new cooperative takes energy and resources. By following a planned step-by step procedure, the process can be completed in an efficient and timely manner. Because cooperatives are people-driven organizations, the first key to their success is to identify individuals with like needs who want to explore the feasibility of forming a cooperative business. The original group of individuals is usually potential users of the cooperative. They often have leadership and organizational skills. They organize informational meetings for other potential users and discuss topics such as: how the proposed cooperative could meet identified needs, cooperative operational practices, advantages and disadvantages of the cooperative business structure, member investment and financial requirements, and members commitment needed.



He stated in his book that starting a cooperative involves the following steps, these are:

1. Hold an organizing meeting; establish steering committee. A core group of interested individuals should hold an informational meeting of potential cooperative members and others in the community. The primary purpose of the meeting is to explain the identified need and how a cooperative would address it. It is important that the group come to general agreement on the nature and importance of the problem and the potential for a cooperative to address it. Such an agreement will become the group's shared vision, so it is worth spending as much time as necessary to achieve it.

2. Survey on potential members. Under the guidance of the steering committee and resource persons, potential cooperative members are surveyed. Topics include: need for services, volumes to be purchased or marketed, willingness to join, finance, and use of and familiarity with cooperatives.

3. Feasibility study of the business; then report on the results. The steering committee can either conduct a feasibility study (using the guidelines provided), or hire a consultant to carry out the study. The purpose of feasibility study is to examine critical opportunities and obstacles that might make or break the proposed cooperative business. The feasibility study should give the group a good idea of whether the cooperative is likely to be successful as a business. The critical issues that a feasibility study analyzes include the number and interest level of potential members; market issues (can the cooperative get better prices, better quality or better services than potential members currently get through other means?); operating costs; start-up costs; and availability of financing.



4. Develop a business plan. If the feasibility study results are favorable, the steering committee carries out or hires a consultant firm to develop a detailed business plan. The business plan serves two primary purposes: to provide a blueprint for the development and initial operation of the cooperative and to provide supporting documentation for potential members, financial institutions and other investors.

5. Develop legal documents. Under the guidance of professional advisors, the steering committee should draft legal documents for approval by prospective members. These documents are: articles of incorporation; bylaws and other legal documents.

6. Secure financing for the cooperative. Cooperative businesses vary greatly in the amount of capital they need to get up and running. The business plan should include the amount and type of financing needed by the cooperative and a strategy for obtaining it. The steering committee and its advisors are responsible for implementing this strategy.

7. Recruit members for the cooperative. During their organizational phase, many cooperatives hold meetings for potential members, conduct surveys and mail organizing updates to them, and collect initial down payments on membership fees. All of these activities provide a good indication of the level of interest in, and commitment to, the cooperative.

8. Hold cooperative's first membership meeting; Hire management and staff. After financing has been secured and sufficient members have signed up, the first general membership meeting is convened.

9. Start cooperatives. The directors must acquire the necessary facilities for business operations. Actual operations may begin after all facility transactions are completed and the manager has hired the needed complement of employees.



### Developing Realistic Objectives

Anonymous (2010), the rural population of the developing world is often not aware of the potentials and possibilities that cooperative offer. Thus information from external sources could be the key to getting things moving. This kind of information can be of great importance in the choice and evaluation of objectives and targets the first step in establishing a cooperative project. The process has three integrated components, which are to:

1. Develop a technical description of possible targets;
2. Inform potential participants about the possible benefits to an input required from those taking part;
3. Conduct a search for local leaders.

### Definition of Terms

Potentials. Indicating the possibility of putting up a cooperative in an area

Perception. Thoughts or ideas of individuals in the community about a cooperative

Awareness. Familiarity of community members of what a cooperative is and how it operates

Diagnostic. A study wherein the researcher analyze the area out of the situation, is there really a potential of organizing a cooperative, and what to put up



## **METHODOLOGY**

### Locale and Time of the Study

The study was conducted in Labayug, Sison, Pangasinan, and conducted on January- February 2012.

### Respondents of the Study

The respondents were the community people who are at legal age and have his/her own source of living to be considered as potential member. They were classified or categorized according to source of income. They may be agricultural dependents that can be from farming or animal raising, dependents of OFW, small entrepreneurs, laborers from NCC and employees either from government or private entities. 150 individuals which represent one member per household were randomly chosen as respondents in this study.

### Data Gathering Procedure

A request letter was sent to the barangay head. A survey questionnaire and a data sheet were distributed to the respondents to gather information complemented with either personal interview or focus group discussion for validation.

### Data to be Gathered

The data gathered were the perception of the community people about a cooperative, the need to the area addressed by a cooperative, the level of awareness on the benefit derive from, their degree of willingness to join the cooperative, the type of a cooperative to organize, and the possible constraints to organize a cooperative in the area.



### Data Analysis

The data gathered was analyzed using descriptive method like percentage, frequency counts and mean.



## RESULTS AND DISCUSSION

### Location Map

Figure I shows the map of the community where the study was implemented. Labayug consist of 3.30 km<sup>2</sup>and contains for about more than 600 households. Houses were grouped on the center of the community wherein the community people called Barrio. Most of the houses were built along the road side, althoughsome chose to build their houses on the farm. Community people on the part near the bridge were those depends their living on non-agricultural works such as skilled works and others are those who works from NCC Corporation while those who lived in the barangay central mostly depend their living on Agriculture. National highway is about 2- 3 kilometers from the area. Anyone can arrive at the place through a jeepney or tricycle within 12-15 minutes from the National Highway.Products were sold in the nearby town Pozorrubio where basic necessities were bought.

The community is just in the vicinity of NCC Corporation compound. The company has a multi- purpose cooperative organized by the employees. The credit cooperative office is located on the company compound while the Consumers grocery store is located in the nearby barangay the reason why employees living in the area did not join the organization.

### Profile of the Respondents






Table 1 presents the profile of the respondents. The profile includes the age, gender, marital status, household size, position in the family and educational background of the respondents.





Figure 1. Location Map

Legend:

-  - House
-  - Church
-  - Cemetery
-  - Rice field
-  - Public Market





Age. Many (38%) of the respondents aged between 31-45 years old followed by the age bracket 20-30 years old with 31.33%. The age bracket of 46-60 was next with 29.33% while the 61 years old and above age were the least in number with 1.33%. The results show that many were of middle aged individuals.

Gender. Majority of the respondents were female with 58% but not that far with male respondents with 42%.

Civil status. Majority of the respondents (74.67%) were married followed by singles with 18.67% with least (1.33%) were separated. Therefore this indicates that most of them support their families.

Household size. The results shows that majority of the respondents (59.33%) have a household size of 1-5 person living with the family, many (37.33%) have 6-10 heads and there were few (3.33%) whose household size of 11 persons and over. The results indicated that the household size in the area was large.

Position in the family. Many (47.33%) of the respondents were housewives who were busy in keeping the household, some (36.67%) are family heads wherein mostly are the fathers who works for family, though some are mothers who are widowed who headed the family. Few (16%) who let the child answered the questions in the answer sheet and in the interview.

Educational attainment. The finding shows that all of the respondents had undergone formal education. Many finished secondary level of education with 42%, followed by those who reach college level with 16.67%, high school level and college graduates were of the same percentage with 11.33%, vocational graduates with 8.67%,



elementary graduate 4%, elementary level with 3.33% and lastly, those who try vocational courses with 2.67%.

Table 1. Profile of the respondents

PARTICULAR	FREQUENCY	PERCENTAGE
<b>Age</b>		
20-30	47	31.33
31-45	57	38.00
46-60	44	29.33
61 and above	2	1.33
<b>TOTAL</b>	<b>150</b>	<b>100.00</b>
<b>Gender</b>		
Male	63	42.00
Female	87	58.00
<b>TOTAL</b>	<b>150</b>	<b>100.00</b>
<b>Civil Status</b>		
Single	28	18.67
Married	112	74.67
Widow/er	8	5.33
<b>Household size</b>		
1-5	89	59.33
6-10	56	37.33
<b>TOTAL</b>	<b>150</b>	<b>100.00</b>



Table 1.continued....

POSITION IN THE FAMILY	FREQUENCY	PERCENTAGE
Family Head	55	36.67
Mother	71	47.33
Child	24	16.00
<b>TOTAL</b>	<b>150</b>	<b>100.00</b>
<b>Educational Attainment</b>		
Elementary Undergraduate	5	3.33
Elementary Graduate	6	4.00
High School Undergraduate	17	11.33
High School Graduate	63	42.00
Vocational Undergraduate	4	2.67
Vocational graduate	13	8.67
College Undergraduate	25	16.67
College Graduate	17	11.33
<b>TOTAL</b>	<b>150</b>	<b>100.00</b>

### Organization Affiliation

Among the respondents, 58.67% are affiliated with an organization, wherein most (90.91%) are members of an association and only few belongs to a cooperative. Many (47.73%) were involved in the organization for a period of 1-5 years, while others (40.91%) are already affiliated for 11 years and above and only few for 6-10 years. Only (41.33%) from the respondents are not affiliated with any organization neither from a



cooperative or an association. The result shows that majority of the respondents had already knowledge and experience about organizations.

Table 2. Organization affiliation

PARTICULAR	FREQUENCY	PERCENTAGE
Organization Affiliation		
Affiliated	88	58.67
Not Affiliated	62	41.33
TOTAL	150	100.00
Organizational type		
Cooperative	8	9.09
Association	80	90.91
TOTAL	88	100.00
Type of Involvement		
Member	80	90.91
Officer	8	9.09
Years of involvement		
1-5 years	42	47.73
6-10 years	10	11.36
11 years and above	36	40.91
TOTAL	88	100.00



### Sources of Income

Household sources of income. Majority (57.33%) of the respondents are engaged in Agricultural activities as one of their source of income. Of the 57, most were engaging in farming to includes rice, vegetables production and some get income from fruits .Only 8% engages in animal raising which includes wine raising, poultry and some tried caprine raising.

Many (26%) among the respondents are employed from different agencies. Out of this, only few work from government agencies like in teaching in public schools, while others are employed in private organization, wherein many work in NCC Corporation and only few works from other agencies. Those employed in NCC were laborer/helper, driver/operator, welder and mechanic.

Table 3. Sources of income

SOURCES OF INCOME	FREQUENCY	PERCENTAGE
Farming	74	49.33
Animal raising	12	8.00
Employment	49	30.67
Skilled workers	38	25.33
Other sources	37	24.67
Sari-sari store	19	12.67
Small entrepreneurs	16	10.67
Middle men	2	1.33
OFW	19	12.67

\*Multipleresponse



Many (25.33%) from the respondents were engaged in skilled works such as carpentry, wherein one of the family member is into construction and driving. There are some who are Overseas Filipino Worker independents, and some have other sources (24.67%) of income such as sari-sari store owners, and vendors. There are few who constitutes the traders, engaged in buy and sell of animals.

The finding implies that majority of the respondents were engaged in agricultural activities as one of the source of income in the family.

#### Household Income per Annum

Majority (64.67%) of the respondents had an annual income of Php. 100,000.00 and below. These are the families engaging in farming where fields planted were rented or shared with the landowners. Families whose members employed in Northern Cement Corporation and those engaged in skilled works also claimed to have low income. Only few (35.33%) had an income between Php. 101, 000- 200,000 a year. These include the families who owned the land cultivated, and those with permanent job. Not all of the OFW dependents claimed to have this amount of annual income. The finding reveals that majority of the respondents earned Php. 100,000 and below every year.

Table 4. Household income per annum

PARTICULARS	FREQUENCY	PERCENTAGE
Household Income per annum (Php.)		
100, 000.00 and below	97	64.67
101,000.00-200,000.00	53	35.33
TOTAL	150	100.00



### Perception of Community People towards Cooperatives

According to Rapp and Ely (1996), cooperatives are businesses owned and controlled by the people who use its services; they finance and operate the business or service for their mutual benefit and reach objectives unattainable for only one through cooperation. Fajardo and Abella (1999) stated that such organizations are associations of persons with common interest not on capital and begins with the people who wish to provide themselves with good and services they need.

Some of the perceptions on cooperatives (Table 5) by the respondents were identified like organized by people with common needs, organization that deals mainly with its members, association of people that engages business activities, organization that provides goods and services to members, organization that offers loans and savings, sources of income, sources of capital and low prices of goods.

Generally, the respondents have little knowledge about the cooperative, since there is an existing one is established by NCC employees. As presented in Table 5, the community people know cooperatives as business enterprise, which procures goods and services and offers loans and savings like banks, some says cooperatives deals mainly with its members as based on the cooperative organized by NCC Corporation that deals only with its members. There are also few who said that cooperatives service low prices of commodities basing from the cooperatives from the places they came from.

Based from the results, most of the respondents have little knowledge about what cooperative is all about. Most knew it other than as a business enterprise that offers loans and savings and provides goods and services.



Table 5. Perception on cooperatives

PERCEPTION	FREQUENCY					MEAN	SIGNIFICANCE
	5	4	3	2	1		
Organized by people with common needs	3	19	28	38	62	2.09	Little knowledge
An organization that deals mainly with its members	1	23	37	53	36	2.33	Little knowledge
An association of people that engages in business activities	9	39	51	43	8	2.99	Fair knowledge
An organization that develops expertise and skills among its members	2	15	24	31	78	1.88	Little knowledge
An organization that provides goods and services to members	8	37	45	38	22	2.81	Fair knowledge
An organization that offers loans and savings	6	34	50	37	23	2.75	Fair knowledge
Sources of income	0	14	22	30	84	1.77	Little knowledge
Sources of capital	1	15	21	26	87	1.78	Little knowledge
Lower price of goods	3	3	0	58	86	1.53	Little knowledge

Range: 1.5 and below = no knowledge  
 1.51 – 2.5 = little knowledge  
 2.51 – 3.5 = fair knowledge  
 3.51 – 4.5 = good knowledge  
 4.51 – 5.0 = excellent





### Awareness about Cooperatives

Based from Table 6, result shows that most (80.67%) of the respondents were aware on what is a cooperative. Majority (68.60%) learned about from relatives/friends who are affiliated though 17.36% already. Few (6.61%) are currently members and some (4.96%) learned the idea from school and to those whose parents are affiliated. Only few (19.33%) have no idea about a cooperative. This implies that most respondents were already oriented about a cooperative and introducing one for the community will not be that difficult.

Table 6. Awareness about cooperatives and sources of knowledge

PARTICULAR	FREQUENCY	PERCENTAGE
Awareness of a cooperative		
Aware	121	80.67
Unaware	29	19.33
TOTAL	150	100.00
Where did you learn about cooperatives		
School	6	4.96
Joined organizations before	21	17.36
Learned from relatives/friends who are members	83	68.60
Current members	8	6.61
Parents are members	3	2.48



### Awareness about what Cooperative can Offer

Cooperative provides economic advantages and opportunities to poor people to improve their economic conditions.

Opportunities for Service. A cooperative, more than any other form of enterprise, offers a wide range of opportunities. Showing members in a farmer's cooperative marketing association, for instance, the wisdom of holding their produce in the cooperative warehouse until such a time when the price is at its highest, is a genuine service that may be measured not only in terms of money but also in terms of welfare and happiness for the members. Saving members in a credit union from the clutches of usurers and freeing them from the fear of want and poverty cannot be measured in any value. Leading consumers to economic sufficiency by providing the service at the same time providing savings, thus increasing their purchasing power, is itself an unrequited service. Organizing retailers into a cooperative in this country and freeing them from the domination of foreign retailers is not a mere service. Cooperation among them would allow them to control the channels from which their merchandise is procured and through which they are distributed. This promotes the attainment of the aspiration of our people for nationalism (Onaganet *al.* 1973).

Opportunities to earn a satisfactory income. A cooperator is an enterprise who is placed on competitive level that would enable him to produce with a surplus income. His production is aided by his cooperative, which assists him in his financial, production, and marketing problems. His effort is adjusted where it is best productive. Wastes are eliminated. His initiative is given full sway, and his income may be measured progressively in accordance with the effort and attention he puts in his enterprise.



Table 7. Awareness of cooperative services

PARTICULAR	FREQUENCY					MEAN	SIGNIFICANCE
	5	4	3	2	1		
Procures goods and services	10	33	30	54	23	3.05	Moderately aware
Loans and savings	3	9	40	57	41	2.69	Moderately aware
Sales of production input and market products	0	4	4	24	118	1.61	Slightly aware
Undertake production and processing of raw materials into finished products marketed by coop to members and non-members	0	3	5	17	125	1.54	Slightly aware
Range:	1.5 and below = not aware 1.51-2.5 = slightly aware 2.51-3.5 = moderately aware 3.51-4.5 = very aware 4.51-5 = very much aware						

As presented form Table 7, the respondents are slightly aware from the services of cooperatives such as selling of production inputs and marketing outputs and the undertakings of production and processing of raw materials which marketed to the members in return. Most are aware from the services of cooperatives that include loans and savings and procuring goods and services.

#### Perceived Cooperative Services

According to Fajardo and Abella(1999), there must be a reason for organizing a cooperative. Usually, a need for a cooperative arises if existing business organizations in the community are inefficient and abusive. Conditions, such as high interest rates, poor



quality of goods and services, high prices, financial, production, and marketing problems encourage the organization of cooperatives. People like to buy better goods and services at reasonable prices. On the other hand, producers want fair price for their products.

Some of the needs addressed by a cooperative were identified, which includes loans and savings, discounts on commodities, charity, additional income, work and insurance. As presented in Table 8, the result shows that respondents need a cooperative which service loans and savings and gives discounts, charity, additional income, and work but mostly needs the first two from the enumerated. There are few requested a cooperative which service insurance but base on the result, it is not viable.

Table 8. Perceived cooperative services

PARTICULAR	FREQUENCY					MEAN	SIGNIFICANCE
	5	4	3	2	1		
For loans and savings	7	39	76	23	5	2.89	moderately needed
For discounts	2	24	64	46	14	2.69	moderately needed
Provides charity	2	5	14	48	81	1.66	slightly needed
For additional income	5	14	46	60	25	2.43	slightly needed
Provides work	2	11	24	39	74	1.85	slightly needed
Insurance	3	0	0	0	147	1.08	not needed

Range: 1.5 and below = not needed  
 1.6- 2.5 = slightly needed  
 2.6-3.5 = moderately needed  
 3.6-4.5 =strongly needed  
 4.6-5 =very strongly needed



### Willingness to Join a Cooperative

Majority (74%) of the respondents was willing to join in case there will be a cooperative to organize although many(18.67%)were not willing. There are few(7.33%)who are uncertain whether to join or not. From those signifying their interest in joining,most (77%) wants to avail services with expectation to receive patronage refunds and dividends every year end. Many (43%) wants to avail loans and services some(32%) wants to have additional knowledge about a cooperative and few (13%) wants to take part and learn about how cooperative is operating, others wants to develop their expertise and skills that interests those individuals in joining. Many (35.71%) from those who are not willing lack knowledge about cooperatives, however few claimed thatsuch organization may only exist for short period of time while those uncertain (36.36%) depend their decision ifthe policy of the cooperativewill be acceptable.Some answered cooperatives will be first established before joining.

Table 9. Willingness to join a cooperative

WILLINGNESS	FREQUENCY	PERCENTAGE
Willing	111	74.00
Not willing	28	18.67
Uncertain	11	7.33
TOTAL	150	100.00



Table 10. Reasons for being willing and not willing to join a cooperative

REASONS FOR BEING WILLING	FREQUENCY	PERCENTAGE
To have additional knowledge about a cooperative	36	32.00
To take part and learn in the cooperative activities	14	13.00
To avail services and benefits of the cooperative such as patronage refunds and dividends every year end	85	77.00
For loan and saving purposes	48	43.00
To develop leadership skills and social skills	17	15.00
<b>Reasons not willing to join</b>		
Don't know about cooperatives	10	35.71
Don't like to join	9	32.14
Cooperatives are just another organization that won't last	5	17.86

\*Multiple response

### Involvement in Cooperative Services

As shown in Table 11, some services of a cooperative were identified. Some particular services were enumerated for the respondents' choice on where to affiliate. Choices includes market outlet of agricultural produce with reasonable prices, source of financial services with low interest, source of consumer goods, source of potable water for the community and as conduit of external support programs from



government and NGO's. The result shows that financial services, selling of commodities and water

Table 11. Involvement in cooperative services

PARTICULARS	FREQUENCY					MEAN	SIGNIFICANCE
	5	4	3	2	1		
As market outlet of agricultural products with fair prices	11	20	24	25	42	2.46	Slightly willing
As source of financial services with low interest	13	23	60	18	8	3.12	Moderately willing
As source of consumer goods	11	27	52	14	18	2.99	Moderately willing
As source of potable water for the community	6	24	38	27	27	2.63	Moderately willing
As conduit of external support programs from government and NGO's	8	11	42	34	27	2.50	Slightly willing
Range: 1.5 and below = not willing							
1.51-2.5 =slightly willing							
2.51-3.5 = moderately willing							
3.51-4.5 = very willing							
4.51-5 =very much willing							

services are the first three choices of the respondents. Some wants to have a market outlet on the community, but limited only to those who are engaged in agricultural activities who want and can avail of the service.

#### Choice of Cooperative Type

Some types of cooperatives from were identified based on the Cooperative Code of 2008 on what cooperative respondents want to organize in the community. One is Credit cooperative which promotes and undertakes savings and lending services among its



members and generates a common pool of funds in order to provide financial assistance and other related financial services to its members for productive and provident purposes. Majority (53.33%) of respondents preferred credit cooperatives with the expectation that the financial services could lessen their financial needs. It is also helpful to people who want to start small businesses and lack resources to for finance. Some of the farmers also want to join this type of cooperative to support their farming activities.

Another type of cooperative is consumers cooperativewhich primary service of it is to procure and distribute commodities to members and non-members. There are already lots of businesses in the community engaging in selling of goods, but still some (37.33%) among to those who are willing to join chose consumers cooperative because of notion that cooperatives lowers prices of goods compared to the stores privately owned.

Table 12.Choice in cooperative type

COOPERATIVES	FREQUENCY	PERCENTAGE
Credit	80	53.33
Consumer	56	37.33
Producers	23	15.33
Marketing	36	24.00
Housing	2	1.33
Water service	30	20.00

Producers' cooperatives undertake joints production whether agricultural and industrial and it is formed and operated by the members who undertake the production and processing of raw materials or goods into finished or processed products, for sale by





the cooperative to them and also to non-members. There are 15.33% among the respondents who are willing to join who wants to organize this type of cooperative. These groups are among the housewives who want additional income aside from the monthly wages of the spouses. Some also from the OFW dependents wants to join this type of cooperative for a resourceful pastime.

Many (24%) from those who engages agricultural activities want to organize Marketing cooperative especially the rice farmers for the reason that they want market outlet of agricultural produce with reasonable prices. Some (20%) want a water service cooperative for the distribution of potable water to the community. As to present, it is not that much safe for the community to drink water from springs, because of pollution that affects the cleanliness of the springs.

### Investment

One of the requirements in organizing a cooperative is financial for it is the backbone of production. Originally, organizing a cooperative requires P25,000 and members of 250 with P100.00 cost per share but due to difficulties in reaching those amounts to start its operation, it has reduced to P5,000 and members of 25 and eventually P2,000 and 15 members. According to the new cooperative code, for a cooperative to be registered, 25% of the authorized share capital shall be subscribed and at least 25% of the total subscription has been paid, not unless for the cases that the paid up share capital is less than P15,000.

Table 13 presents that 40.67% are willing to invest P1,500 followed by P3,000 with 20.67%. Others want to invest P5,000 for believing that the higher the investment, the higher the benefit. Others want to try P1,000 for starting and make up for the capital-



Table 13.Amount of investment

INVESTMENT (Php)	FREQUENCY	PERCENTAGE
1,000.00	6	4.00
1,500.00	61	40.67
3,000.00	31	20.67
5,000.00	7	4.67
<b>Capital build-up(Php)</b>		
200.00/yr	9	9.18
500.00/yr	64	65.31
1,000.00/yr	18	18.37

build-up. One responded to invest P10,000 for the reason of helping in the capitalization of the cooperative

Most (65.31%) of the respondents chooses P500 for capital-build up every year and 18.37% went for P1000, others (9.18%) chose P200 and few chose P300. Others said it depends if in case, with the availability of money they'll have. There are some who were uncertain and some said the topic will be discussed on an assembly and that's the time for decision making.

#### Willingness to be an Officer

Availability of qualified officers. Management constitutes the most important factor in the success of a cooperative. Men of integrity and honesty are the proper



individuals who should manage cooperatives. In many instances, there are qualified persons but they are not willing to serve in the cooperative. They would rather work in commercial and industrial firms where salaries and fringe benefits are much higher. At any rate, the cooperative Authority has a management program for improving the competence of cooperative officers through trainings and education.

Table 14 shows that among the 74% who are willing to join the cooperative, 26.13% signified interest to become an officer, 16.22% wants to join the committee group and 3.60% wants to become the chairman for wanting to share knowledge in leading. Some wants to join the Board of Directors group and some volunteered themselves to be secretary and treasurer for a reason of having experience on such positions.

The results revealed that respondents wanting for a position have each reason for taking the position but most wanted to help for the success of the organization.

Table 14. Willingness to be an officer

PARTICULAR	FREQUENCY	PERCENTAGE
Willingness to be an officer		
Willing	29	26.13
Not willing	80	72.07
Uncertain	2	1.80
Position want to take		
Chairman	4	13.79
Committee	18	62.07
Treasurer	3	10.34
Reasons taking the position		
To help in the success of the cooperative	15	51.72
To share my knowledge in leading	8	27.59



### Potentials and Hindrances in Organizing a Cooperative

Majority (86%) of the respondents agreed that there is a potential of organizing a cooperative in the community. Although, some (9.33%) do not agree with the idea due to believing that cooperatives are not financially strong and will not succeed. Many (21.43%) among those who are not willing do not trust cooperatives because on their experiences in affiliating cooperatives before.

Through cooperatives, the rural people can secure credit at very low interest rate. They can use their cooperative loans for putting up their micro-businesses, such as backyard piggery, poultry, garden, and other producing activities. In addition, their production inputs, like fertilizer, seedling, chemicals, etc., can be purchased on a wholesale basis by the cooperative. This reduces production expenses. Likewise, products can be sold direct to the buyers. This means higher prices for their goods than those offered by traders or middlemen (Fajardo and Abella, 1999).

Majority (63.57%) from the respondents who agreed in the potential in organizing a cooperative in the area said that the organization will be a great help for the community financially. Some (27.13%) said the cooperative will enhance people's living through its programs and few (16.28%) agreed it will reduce marketing cost through transportation and other marketing strategies.

Many (38%) of the respondents mentioned that people in the community does not cooperate that much and it can hinder the organizing of cooperative. Some are busy to attend meetings, others busy making a living and others cannot volunteer for an activity which can be helpful to the organization. Some (16%) said, political issues can be a cause for a cooperative not to be succeeding. There are few (12.67%) who value the peace and



order to be one of the hindrances for the organization to establish. The barangay cannot still control the cases of stealing in the community although it's minimal. Few (10%) are already dismayed with their previous experiences before. There are also some who said there will be no one who will manage the cooperative and it will hinder the organizing of the said organization because no one will lead in the first place. Some also said that there is no potential due to lack of knowledge about the true management of a cooperative.

Despite the negative thoughts of majority of the respondents, 6% said there's no hindrance in organizing a cooperative in the area, as long as there is unity and there is an organizer who will guide what to do.

Table 15. Potentials and hindrances of organizing a cooperative

POTENTIALS	FREQUENCY	PERCENTAGE
Yes	129	86.00
Reasons		
The organization will be a great help in terms of financial assistance	82	63.57
As meeting place for consultation for improvement of production and marketing system	13	10.08
The organization will enhance community people's living through its programs	35	27.13



Table 15. Continued.....

PARTICULARS	FREQUENCY	PERCENTAGE
No	21	14.00
Reasons why not agree		
No trust on a cooperative	3	21.43
Cooperatives are not financially Strong	5	35.71
It will not succeed anyway	6	42.86
Hindrances		
Issues on peace and order	19	12.67
Political issues	24	16.00
There's no cooperation among community people(walangpaki-alaman system)	57	38.00
Phobia on failure of the organizations people affiliated before	15	10.00
No sufficient knowledge about such organizations	5	3.33
Financial problems	2	1.33
Nobody will manage	5	3.33
Competition	5	3.33
No hindrance	9	6.00

\*Multiple response



## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### Summary

The study was conducted to analyze diagnostically the potentials of organizing a cooperative in Labayug, Sison, Pangasinan.

The respondents of this study were the community people, who were at legal age and have his/her own source of living to be considered as potential member. A total of 150 persons served as respondents through survey and personal interview.

Majority of the respondents were married, females and middle aged and undergone formal education. Majority of them finished high school and there are few who only stepped elementary though some graduated college. Agriculture is the major source of income in the area. They engaged in farming, mostly of vegetables and few took care of animals. Some works at NCC Corporation, and other private agencies. Majority also have an annual income of P100,000 and below. Fewer are not affiliated with any of the organizations and majority of those affiliated are involved in an association.

Majority of the respondents are slightly knowledgeable about what cooperative is all about. They only knew cooperative as business enterprise which procures goods and services and offers loans and savings. There are only few who were not aware about cooperatives. Most of them learned about it from their relatives and friends who are involved with such kind of organization wherein the cooperative services they're aware of are loans and savings and selling of commodities. Most said that they need a cooperative that offers loans and savings to help them in their financial problem, they



also said that they need additional income such as livelihood. Also they need discounts for commodities because as of present prices are already high.

Majority were also willing to join if in case there will be a cooperative to organize due to believing that it will be a great help for them in terms of financial and the organization will enhance their way of living through the programs. Majority also want to avail services and benefits such as patronage refunds and dividends every year end and for loans and saving purposes. Those who are not willing reason out that they don't know about cooperatives, according to them they'll be joining if the organization will already be established.

Credit cooperative ranks first in the community people's choice of what type of cooperative they want to organize followed by consumers' cooperative and majority chosen P1,500 to be their initial investment and P500 for capital build-up. Few only volunteered their selves to be one of the officers. Majority of them wants to be with the committee group for the reason they wanted to share their knowledge in leading and some wants to share their knowledge in leading.

Majority agree that there is a potential for a cooperative to be organized in the community except for those who already dismayed from their previous experiences and for those who are not aware of the benefits and services of such organizations.

### Conclusions

Based from the result the following conclusions were drawn:

1. Majority of the respondents were affiliated with an organizations, thus they'll have a little knowledge about how cooperative works.





2. The community people are slightly and moderately aware of a cooperative and its services and benefits from being involved, that affects their perception about such organizations.

3. The community had already a cooperative before where majority of the respondents learned about it.

4. NCC Corporation has a cooperative at present where few of the respondents were member, yet the membership was exclusive only for the regular employees.

5. Majority were willing to involve in the organizing of a cooperative for financial services and source of low cost of commodities.

6. Majority who wants to join the cooperative wants to avail services such as loans and savings and benefits such as patronage refunds and dividends every year end.

7. Majority from those who are willing to join the cooperative invests P1,500 initially and agrees for P500 per year for the capital build-up.

8. Majority from those who want to become officers chosen the committee group for the position for the reason that they want to help in the success of the cooperative.

9. Most of the respondents agree that there is a potential of organizing a cooperative in the area for the reason that it will be a great help for them financially and it will enhance their way of living through its programs.

10. Majority from the respondents said that cooperation among the community people will be a problem in organizing a cooperative in the community aside from the issues on politics though few said that it has no hindrance in the organization of the organization.



### Recommendations

Based on the findings, these are the following recommendations;

Since majority of the respondents were willing to join a cooperative, information dissemination about the cooperative shall be conducted to the community (Pre-membership Education Seminar), discussing essentially the principles and practices, objectives and purposes of cooperatives, the importance of cooperative in the community development, policies and identified need and how cooperative would address it.

Most of the respondents preferred a cooperative with loan and saving purposes thus a Credit Cooperative is suitable to organize in the area for starting, and then convert to a Multi-purpose Cooperative the time the cooperative will be well established to address the other needs of the community such as low prices of goods for consumers cooperative or contributor for the community peoples' additional income (Producers Cooperative).

To complement the information dissemination, steps on organizing a cooperative will be continued since potential members were already surveyed. Develop a feasibility to study deeper on the opportunities and obstacles that might make or break the proposed cooperative, develop business plan for support documentation for potential members, financial institutions and other investors then develop legal documents, seminar/workshops on the organization, registration, and management of a cooperative shall be launched by the concerned organizations/agency. It will be attended by willing community people to be a member.



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APPENDIX A

Letter to the Barangay Head

Department of Agricultural Economics and  
Agribusiness Management (DEAEM)  
Benguet State University  
La Trinidad Benguet

December 2011

Hon. Richard Denver Deli  
Barangay Chairman  
Barangay Labayug, Sison, Pangasinan

Sir:

Warm greetings!

I am a student of Benguet State University taking up Bachelor of Science in Agribusiness major in Cooperative Management. I am presently conducting a research titled “Diagnostic Analysis on the Potentials to Organize a cooperative in Labayug, Sison, Pangasinan” as a requirement for the degree.

In connection, may I request permission to conduct my study and float questionnaire to the community members. Rest assured that the data to be obtained from you will keep confidential.

Thank you for your kind consideration.

Respectfully yours,

ANNALISA T. CAMODA  
Researcher

Noted:

LEOPOLDO N. TAGARINO  
Adviser



APPENDIX B

Letter to the Respondents

Department of Agricultural Economics and  
Agribusiness Management (DEAEM)  
Benguet State University  
La Trinidad Benguet

December 2011

Sir/Madam:

Warm greetings!

I am a student of Benguet State University taking up Bachelor of Science in Agribusiness major in Cooperative Management. I am presently conducting a research titled “Diagnostic Study on the Potentials to Organize a cooperative in Labayug, Sison, Pangasinan” as a requirement for the degree.

In connection, may I request your cooperation in answering the attached questionnaire. Rest assured that the data to be obtained from you will keep confidential.

Thank you for your kind consideration.

Respectfully yours,

ANNALISA T. CAMODA  
Researcher

Noted:

LEOPOLDO N. TAGARINO  
Adviser



APPENDIXC

Survey Questionnaire

Respondent No: \_\_\_\_\_

Date: \_\_\_\_\_

Category of Respondents: \_\_\_\_\_

A. Profile of Respondents

1. Name of Respondent: \_\_\_\_\_

Age: \_\_\_\_\_ Gender:  M  F Civil Status:  S  M  W  Separated

No. of Members living in the household: \_\_\_\_\_

Position in the Family:  Family head  Mother  Child  
 Breadwinner  In-laws  Grandchild/ parents

Occupation: \_\_\_\_\_

2. Educational Background: (please Check)

No Formal Education

Elementary Graduate  Elementary Undergraduate

High School Graduate  High School Undergraduate

Vocational Graduate  Vocational Undergraduate

College Graduate  College Undergraduate

3. Organization Affiliation

a. Are you a member of any organization?

Yes  No

b. If yes, what type of organization?

Cooperative (what type of cooperative) \_\_\_\_\_



\_\_\_ Association (Name of association) \_\_\_\_\_

c. What position are you holding?

\_\_\_ Member, how many years have you been a member? \_\_\_

\_\_\_ Officer, what position and how many years have you been in that position? \_\_\_

4. What are the sources of income of your family?

Farming: \_\_\_rice \_\_\_vegetables \_\_\_Fruits

Animal Raising: \_\_\_piggery \_\_\_poultry \_\_\_cattle raising \_\_\_goat raising

Employment: \_\_\_teaching \_\_\_office works \_\_\_others, specify; \_\_\_\_\_

Skilled Works: \_\_\_carpentry \_\_\_driving \_\_\_others, specify; \_\_\_\_\_

Other sources: \_\_\_ buy and sell (animals, vegetables, junks and others)

\_\_\_ franchise dealer (ex. Avon, Natasha and others)

\_\_\_ sari-sari store/bakery

\_\_\_ rentals (Boarding house)

\_\_\_ Selling (of Halo-halo, fishballs, balut and others)

\_\_\_ others, specify; \_\_\_\_\_

5. Household income per annum (Php):

\_\_\_ below 100,000

\_\_\_ 100,001 – 200,000

\_\_\_ 200,001 – 300,000

\_\_\_ 300,001 and up...

B. Perceptions about Cooperatives

What is your perception about a cooperative?					
Particulars	5	4	3	2	1





a. Organized of people with common needs					
b. An organization that deals mainly with its members					
c. An association of people that engages business activities					
d. An organization that develops expertise and skills among its members					
e. An organization that provides goods and services to members					
f. An organization that offers loans and savings					
g. Sources of income					
h. Sources of capital					
i. Others, specify;					

Legend: 5- excellent      4- good knowledge      3- fair knowledge  
 2- little Knowledge      1- no knowledge

C. Awareness on what cooperatives can provide.

1. Are you aware about cooperatives?

Yes       No

2. If yes, where did you learn about cooperatives?

In school

I have joined with such organizations before

I learned it from relatives/friends who are members of such organizations

others, specify; \_\_\_\_\_



3. What services of a cooperative are you aware of?					
Particulars	5	4	3	2	1
Procures good and services					
Loans and savings					
Sales of production inputs and markets the products					
Undertake production and processing of raw materials into finished products marketed by the coop to members and non-members					
Others, specify;					

Legend: 5-very strongly aware      4-strongly aware      3-moderately aware  
 2-slightly aware      1-not aware

4. What do you think a cooperative can offer to you?					
Particulars	5	4	3	2	1
For Savings and Loans					
For discounts					
Provides Charity					
For additional income					
Provides work					
Others; Specify:					

Legend: 5- very strongly needed      4- strongly needed      3- fairly needed



2 – slightly needed    1- not needed

D. Willingness to join a cooperative and the type of cooperative want to organize.

1. If there will be a cooperative to be organize here in your community, are you willing to join?

Yes     No

2. What services are you willing to involve in the cooperative.

Particulars	5	4	3	2	1
As market outlet of agricultural products with fair prices					
As source of financial services with low interest					
As source of consumer goods					
As source of potable water for the community					
As conduit of external support programs from government and NGOs					
Others, Specify:					

Legend: 5- very much willing    4- Very willing    3- moderately willing  
2- slightly willing    1- not willing

3. What type of cooperative do you want to organize? (please choose at least two)

Credit Cooperative \_\_\_\_\_

Consumers Cooperative \_\_\_\_\_

Producers' Cooperative \_\_\_\_\_

Marketing Cooperative \_\_\_\_\_

Water Service Cooperative \_\_\_\_\_

others, specify: \_\_\_\_\_



4. If yes, in what purpose? (Please choose at least two)

To have additional knowledge about a cooperative

To take part and learn in the cooperative Activities

To avail services and benefits of the Cooperative such as patronage refunds and dividends every year end

For loan and saving purposes

To develop leadership skills and social skills

Others, Specify: \_\_\_\_\_

5. If no, why?

I don't know about cooperatives

I just don't like to join

Cooperatives are just another organization that won't last

Others (pls. specify) \_\_\_\_\_

6. If yes, how much are you willing to invest, initially?(Please Check)

Php. 1,500.00

Php. 3,000.00

Php. 5,000.00

Others; Specify: \_\_\_\_\_

7. How about for capital build-up?

Php. 500.00/year

Php. 1,000.00/year

Others, Specify; \_\_\_\_\_



8. In case there will be a cooperative to organize, would you want to be an officer?

Yes       No

9. If yes, what position would that be?

Chairman

Committee

Treasurer

Secretary

Others, specify; \_\_\_\_\_

10. In what reason you want to take that position?

to help in the success of the cooperative

to share my knowledge in leading

to know more the concept about cooperative

others, please specify \_\_\_\_\_

E. What do you think of the possible hindrances on organizing a cooperative on your community?

Issues on peace and order

Political issues

There's no cooperation among community people (walangpaki-alaman system)

Phobia on failure of the organizations people affiliated before

Others, specify; \_\_\_\_\_

F. Potential of the organizing of Cooperative in the area.

1. Do you think establishing a cooperative is possible in your community?

Yes       No



2. If yes, how do you say so?

the organization will be a great help in terms of financial assistance

it will reduce marketing cost through transportation and other marketing

Strategies

as meeting place for consultation for improvement of production and

Marketing system

the organization will enhance community people's living through its programs

Others, specify; \_\_\_\_\_

3. If no, why?

No trust in the cooperative

Cooperatives are not financially strong

It will not succeed anyway

