

Performance of Multipurpose Cooperatives in Batangas: Basis for Business Sustainability Framework

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Abstract - *This study identified the performance of multipurpose cooperatives in Batangas. More specifically, it determined its profile, performance, extent of implementation of sustainability practices, and internal and external challenges. This further tested if there is significant differences on performance and sustainability when grouped according to business profile; significant relationship between performance and sustainability; significant relationship between performance, sustainability and internal and external challenges; and finally, proposed business sustainability framework. The researcher used descriptive method using survey questionnaire in gathering data. Twenty-five cooperatives were considered in the study with total of three hundred fifteen respondents selected using stratified sampling.*

Results show that majority of multipurpose cooperatives have more than 1,000 members, 31-50 years in operation, have more than Php 15,000,000.00 capital, engaged in five businesses, and are located in rural areas. Employees and officers strongly agreed that multipurpose cooperatives in Batangas are in very good performance; highly implementing sustainability practices and experienced less serious internal and external challenges. Furthermore, there is significant differences on performance and sustainability when grouped according to business profile; there is positive significant relationship between the business performance and business sustainability of the cooperatives; there is significant negative relationship between the business profile and internal challenges faced by the cooperative and its members. Finally, the researcher proposed business sustainability framework for multipurpose cooperatives in Batangas.

Keywords –performance, sustainability, challenges

INTRODUCTION

Cooperative has been a policy instrument of government in promoting social justice and economic development. It is a social and business organization engaged in human development given their roles as instruments of social justice and economic developments [1]. The Philippine government has enacted different cooperative related laws and policies that enjoined government agencies (GAs) and non-government organizations (NGOs). It also created a legal body in 1990 known as Cooperative Development Authority (CDA), specifically to monitor the activities of the cooperatives [2].

Based on the country's gross domestic product, the cooperatives have contributed as much as 4.87 % in 2012 which is important to the country's economic development. In the figures from CDA in 2018, this sector contributed up to Php 3.9 billion via indirect taxes and has provided 580,800 direct and 1.9 million indirect employees [3]. Cooperatives can contribute

more, but they need full support from the government to make the existing viable and encourage other areas to form their own cooperatives. From 24,652 registered cooperatives in 2014 to 28,784 registered cooperatives as of December, 2018, this shows 17% increase [4], [5]. Major programs facilitated by the CDA promote viability and sustainability of the cooperatives such as regulatory services including increase in the number of the cooperatives, increase in membership and efficiency rate on cooperative inspection, supervision and monitoring, and developmental services like efficiency rate in the provision of technical assistance / training to members.

Region IV, based on the figure presented by the CDA, majority of them were engaged in credit and consumer cooperative. Batangas City, presently has more than 50 registered cooperatives, in which 35 of these are multi-purpose cooperatives. Success stories of the cooperatives highlight the largest cooperative in the province: Soro-soro Ibaba Development Cooperative.

This is currently operating businesses in different localities nationwide and has engaged in manufacturing and providing various products and services to its members and customers. Municipalities in District IV of Batangas have also shown number of cooperatives established in different barangays. Records show that there is a decreased on its number while the remaining cooperatives are presently operating and continuously finding ways for its improvement.

To track the performance of the cooperatives, the Cooperative Performance Index (CPI) was used in the study. This assessment method is designed to capture cooperatives' actual performance on the basis of observable indicators and to pave way for better governance, planning, transparency, production and market integration. The five key dimensions used were legal, cooperative planning and strategy; management structure and accounting system; production and quality of inputs; market linkages and relationships; and membership and member retention strategy. Moreover, to measure the sustainability of the cooperatives, triple bottom line method was utilized. This includes environment, economic and social sustainability of the multipurpose cooperatives. Internal and external challenges faced by the cooperatives were also determined.

OBJECTIVES OF THE STUDY

The general purpose of the study was to identify the sustainability and performance of the multipurpose cooperatives in Batangas. More specifically, it aims to determine the profile of the cooperatives in terms of number of members, years of operation, amount of capital, number of multi-purpose engagement and location; assess its performance in terms of legal status and planning and strategy, management structure and accounting system, production and quality of outputs, market linkages and business relations, and recruitment and member retention; determine the extent of implementation of its business sustainability in terms of environment, economic and social practices; determine the internal and external challenges faced by multipurpose cooperatives; test the significant differences on business performance and sustainability of the multipurpose cooperatives when grouped according to business profile; test the significant relationship between the factors that influence business performance and business sustainability; test the significant relationship between the business performance, sustainability of the multi-purpose cooperative and the internal and external challenges;

and prepare a Business Sustainability Framework for Multipurpose Cooperatives.

METHODS

The study used descriptive method which used to determine the factors that influence business performance and sustainability of multipurpose cooperative. The subjects of the study were officers and employees of the cooperatives in Batangas City and the first class municipalities of District IV which include Rosario, San Jose and San Juan with a total of three hundred fifteen respondents. These comprised of ten cooperatives in Batangas City and fifteen cooperatives in each first class municipalities of District IV, five from each municipality with a total of twenty-five cooperatives. They were identified on the basis of the cooperatives' number of members and net worth. Three hundred fifteen respondents participated using stratified sampling. It was based on data provided by the Provincial Cooperative, Livelihood and Enterprise Development Office and Cooperative Development Authority. The study used modified questionnaire and considered Cooperative Performance Index of Nkuranga and Wilcox [6] to determine the factors affecting its business performance; Raderbauer [7] in determining the level of implementation of business sustainability and Anania, Gikuri and Hall [8] was considered in terms of the internal and external challenges faced by the cooperatives. Questionnaire was validated by the research adviser and external experts and dry run was conducted in selected cooperatives in Ibaan and Padre Garcia, Batangas. The result of the reliability test was 0.83

Frequency and percentage were used in the study in determining the fraction distribution of the cooperatives based on its profile. Weighted mean was used to describe its performance and extent of implementation of its business sustainability. Meanwhile, Mann Whitney U test was used to test the significant difference between rural and urban location and Kruskal Wallis test was used to test the differences on the variables with greater than 2 categories. Spearman rho was used to test the significant relationship between business performance, sustainability and challenges encountered.

Ethical considerations were practiced by the researcher in the conduct of the study to ensure that every information that will be gathered will be used for research purposes only to maintain the quality and integrity of the research.

RESULTS AND DISCUSSION

Table 1 presents the frequency distribution of cooperatives according to its profile. It illustrates the number of members, years in operation, amount of capital, number of multi-purpose engagement, and location.

Based on the table presented, majority of the cooperatives have <350 and below members, have been in operation for 16-30 years, have more than Php >2M<=15M amount of capital, engaged in three types of businesses, and are located in rural areas.

Table 1. Cooperative's Profile

Number of Members	Frequency	Percentage
<350	9	36
.350-<650	7	28
>650-1000	5	20
>1000	4	16
Years of Operation		
1-15	10	40
16-30	13	52
31-50	2	8
Amount of Capital		
<=2M	7	28
>2M<=15	10	40
>15M	8	32
Number of Multipurpose Engagement		
1	5	20
2	10	40
3	2	8
4	1	4
5	1	4
6		
Location		
Rural	16	64
Urban	9	36

Table 2 presents the performance of the cooperatives in terms of legal and planning and strategy got a composite mean of 3.76 which is verbally interpreted as very good. Respondents strongly agreed that the cooperative complies with the rules and regulations of the government with the highest weighted mean of 3.88.

It was followed by cooperatives have complied with the requirements of the municipality and Cooperative Development Authority on time with a weighted mean of 3.87 and has up-to-date compilation of required documents such as Articles of Cooperation, copy of by-laws, statute and regularly scheduled meetings with a weighted mean of 3.81. Meanwhile, the respondents

strongly agreed that cooperative has a detailed short term action plan as basis of its day-to-day operations in response to the goals and objectives set by the board got the lowest weighted mean of 3.63.

This means that the cooperatives in Batangas complied the necessary requirements and is considering business planning for its continuous business operation. Municipal Cooperative Development Office assists the Cooperative Development Council in strengthening the tripartite partnership (CDA, LGU and Cooperative) in cooperative development. CDA is the lead government agency authorized to foster the sustainability and development of Philippine cooperatives under Republic Act No. 9520 [9].

Table 2. Performance of the Cooperatives in terms of Legal Status and Planning and Strategy

Indicators	VM	VI	R
1. Complies with the requirements of CDA on time	3.87	SA	2
2. Has up-to-date compilation of required documents such as Articles of Cooperation, copy of by-laws, statute and regularly scheduled meetings.	3.83	SA	3
3. Regularly prepares and submits financial reports on time.	3.78	SA	4
4. Leadership and financial trainings are provided in improving director and board effectiveness.	3.70	SA	7
5. Annual budget is prepared by the cooperative as basis for its outlay	3.76	SA	6
6. Has a detailed short term action plan as basis on its day-to-day operations in response to the goals and objectives set by the board.	3.63	SA	10
7. Prepares detailed strategic plan based on available and factual information and assumptions regarding the future.	3.68	SA	8
8. Board members/management committee participate actively in meetings on a regular basis.	3.78	SA	4
9. Cooperative complies with the rules and regulations of the government.	3.88	SA	1
10. Cooperative administrative and operational manuals are followed evidently.	3.67	SA	9
Composite Mean	3.76	SA	

In terms of management structure and accounting system in Table 3, the respondents strongly agreed that

the cooperative has very good performance with a composite mean of 3.76. It can be gleaned that status of operation of the cooperative is part of the agenda during the annual general assembly with highest weighted mean of 3.79, verbally interpreted as strongly agree. It is followed by the consideration of duly approved by laws in electing officers of the cooperative and published financial reports are distributed to members during general assembly with weighted means of 3.75 and 3.71. Meanwhile, cooperative has functional computerized accounting system to ensure the accuracy of reports got the lowest weighted mean of 3.40, verbally interpreted as agree.

Table 3. Performance of the Cooperatives in terms of Management Structure and Accounting System

Indicators	VM	VI	R
1. Cooperative has an effective organizational structure.	3.62	SA	7
2. Duties and responsibilities of the employees is clearly stated on their contract.	3.58	SA	8
3. The grievance resolution procedure is observed whenever conflict arises.	3.56	SA	9
4. Management training is provided to manager, secretary and treasurer to perform their tasks accordingly.	3.64	SA	5.5
5. The cooperative has functional computerized accounting system to ensure the accuracy of reports.	3.40	A	10
6. Internal and external audits are done regularly.	3.66	SA	4
7. During monthly Board of Directors' meetings, interpretation and analysis of financial statements are discussed	3.64	SA	5.5
8. Published financial reports are distributed to members during general assembly.	3.71	SA	3
9. Duly approved by laws is considered in electing officers of the cooperative.	3.75	SA	2
10. Status of operation of the cooperatives is part of the agenda during the annual general assembly.	3.79	SA	1
Composite Mean	3.76	SA	

It means that the cooperatives were able to manage its human and financial resources effectively. It showed that the cooperatives in Batangas have effective organizational structure that manifests its hierarchy of people in-charge of its improvement. In terms of financial resources, it is evident that the cooperatives have the ability to effectively manage its financial resources.

Findings have shown that the computerized accounting system has more positive effect on banks' reported profitability than the manual accounting system [10]. It was validated by Nyang'au, Okibo and Nyanga'u [11] that coffee societies in Nyeri county Kenya, the most significant constraints affecting the adoption of computerized accounting systems are not fully adopted computerized accounting systems due to cost, human resource skills and the availability of related infrastructure; and the perception of computerized accounting systems by users is insignificant with regard to the adoption of computerized accounting systems.

Table 4. Performance of Cooperatives in terms of Production and Quality of Outputs

Indicators	VM	VI	R
1. Cooperative employees have been properly trained on efficient production and delivery of services.	3.57	SA	4
2. The cooperative always provide training and technical support to improve production methods and delivery of services among its employees	3.50	SA	7
3. The cooperative has the capacity to distribute goods and services based on customer's expectation	3.55	SA	5
4. The cooperative develop and apply up-to-date technology to make the production of goods/delivery of services more efficient	3.48	A	9
5. Additional goods and services are offered to expand its business operations and meet the needs of its members	3.61	SA	1
6. There is growth in cooperative's production due to an increase in market demand.	3.60	SA	2
7. Inventory of goods is maintained to ensure that the needs of the members are met.	3.45	A	10
8. The appearance of the physical facilities of the cooperatives is well maintained	3.48	A	8
9. The cooperative has documented procedures on the production process and/or service delivery.	3.51	SA	6
10. The cooperative provides prompt service to its members/customers.	3.59	SA	3
Composite Mean	3.54	SA	

Table 4 presents the performance of the cooperatives in terms of production and quality of outputs. This got a composite mean of 3.54 which was verbally interpreted as very good. The respondents agreed that additional goods and services are offered to expand its business operations with the highest

weighted mean of 3.61. It was followed by growth in cooperative's production was due to an increase in market demand and provide prompt service to its members/customers with weighted means of 3.60 and 3.59. It means that the cooperatives were primarily considering customer service as an important tool in retaining customers. It also showed how valuable customers are in making the business more profitable. On the other hand, inventory of goods is maintained to ensure that the needs of the members are met got the lowest weighted mean of 3.45, verbally interpreted as agree. It means that the cooperatives are continuously identifying the unsought needs of their members as the basis for its product improvement and expansion. To increase the production of the cooperatives, use of optimal technology is encouraged to reduce costs and increase quality. The business also created value through innovation [12]. In addition, according to Ogbo, et al., [13], the management of inventory control was a significant approach in attaining organizational efficiency.

Table 5. Performance of the Cooperatives in terms of Market Linkages and Business Relations

Indicators	VM	VI	R
1. The cooperative regularly conduct a market study to meet client expectations.	3.35	A	8.5
2. The cooperative has developed marketing materials like business cards, name plaque for exhibitions, office signposts, tarpaulins, and leaflets.	3.35	A	8.5
3. The cooperative has a marketing plan.	3.40	A	7
4. The cooperative has a marketing committee and provides market information to members	3.28	A	10
5. The cooperative establish a good working relationship with suppliers.	3.63	SA	1
6. The cooperative works together with other cooperatives to serve their members most effectively and strengthen the cooperative movement.	3.60	SA	3
7. The cooperative reaches out to the community through corporate social responsibility programs	3.60	SA	2
8. The cooperative has written criteria in choosing the suppliers of the goods and services it offers.	3.44	A	6
9. The cooperative has contracted with suppliers to ensure timely delivery of goods and services.	3.52	SA	5
10. The cooperative considers feedbacks of customers/members to ensure the quality of goods and services rendered.	3.54	SA	4
Composite Mean	3.47	SA	

Table 5 illustrates the performance of the cooperatives in terms of market linkages and business relations. Based on the result of the survey, the respondents agreed that the cooperatives have a good performance in this dimension with a composite mean of 3.47. It can be gleaned that cooperative established good working relationship with its suppliers with the highest weighted mean of 3.63 which was verbally interpreted as strongly agree. It means that cooperatives value the role of the suppliers to deliver superior value to its members at the least cost. It was also an area of concern in gaining cooperatives competitive advantage as it was stated in economics that supply creates its own demand. It was followed by cooperatives reach out to the community through corporate social responsibility programs and work together with other cooperatives to help its members best with a weighted mean of 3.60 which was verbally interpreted as strongly agree. On the other hand, cooperative has a marketing committee and provides market information to members got the lowest weighted mean of 3.28 which was verbally interpreted as agree.

This means that having collaboration with other cooperatives would allow them to improve its operations. It was stated by the respondents that the employees of the cooperative conducted an annual Lakbay Aral to benchmark the best practices of successful cooperatives. It was supported by Stanley and Wisner as cited by Lai, et al., [14] that strengthening the partnership between the consumer and the manufacturer increases the capacity of a company to provide consumer goods with value. They suggested managers evaluate relationships between buyers and suppliers and take measures to improve communication if necessary, solve problems and raise general awareness of the relationship between internal and external resources and the quality of products. It was also validated by Vachon and Klassen as cited by Amini and Bienstock [15] analyzed sustainability efforts across supply chains and was found to outweigh the benefits of joint sustainability initiatives between producers and upstream suppliers.

Table 6. Performance of the Cooperatives in terms of Recruitment and Member Retention

Indicators	VM	VI	R
1. The cooperative has clearly defined membership criteria	3.61	SA	2
2. The cooperative has a functional strategy for member recruitment	3.50	SA	9

3. The needs of the members have been integrated into the planning process	3.43	A	10
4. The cooperative provides awards to top performing members (e.g. top purchaser, top saver)	2.55	SA	7
5. The cooperative provides incentives to active members	3.58	SA	4
6. The cooperative has an accurate record of member activities	3.52	SA	8
7. The referral is used in increasing the number of members.	3.56	SA	5.5
8. The cooperative has a system for monitoring the performance of each member as the basis for granting dividends, rebates and other forms of incentives	3.59	SA	3
9. The cooperative has regular contact and communication with members	3.56	SA	5.5
10. The pre-membership seminar is provided to all interested individuals who want to become a member.	3.68	SA	1
Composite Mean	3.56	SA	

Table 6 presented the performance of the cooperatives in terms of recruitment and member retention. This dimension got a composite mean of 3.56 which was verbally interpreted as strongly agree. It can be gleaned the cooperative provided pre-membership seminar to all interested individuals who want to become a member with the highest weighted mean of 3.68, verbally interpreted as strongly agree. It was followed by the cooperative has clearly defined membership criteria with a weighted mean of 3.61, also verbally interpreted as strongly agree. The respondents strongly agreed that the cooperative has a system for monitoring the performance of each member as the basis for granting dividends, rebates and other forms of incentives with a weighted mean of 3.59. The needs of the members have been integrated into the planning process got the lowest weighted mean of 3.43, verbally interpreted as agree.

It means cooperatives informed their would-be members of their duties and responsibilities, privileges as member as well as the nature of business of the cooperatives. They are also highly concerned with the qualification of their members and practice equity among its members.

As cited by Liang, Huang, Lu and Wang [16], cooperative involves two-way communication between the management and its members. Members should be informed of the policies, practices, and financial requirements; and highlighting their roles bringing the cooperative to success. It is also validated by Aini,

Hafizah and Zuraini [17] who noted that cooperatives need to communicate with them on a regular basis as regards to new data, undertakings and increase their participation in the decision-making of cooperatives, so that this third economic provider will support efforts of the government to become a large earning nation. It also showed the importance of having sufficient preparation for the cooperatives and promoting the involvement of their representatives in their administration.

Table 7. Business Sustainability in terms of Environment

Indicators	VM	VI	R
1. Take measures to support environmental care and protection (e.g. avoid usage of plastic materials for packaging)	3.61	SA	1
2. Implement recycling and composting programs in all departments	3.49	A	3.5
3. Introduced water and energy saving measures in all departments	3.52	SA	2
4. Purchase environmentally friendly products (e.g. ecological detergents, unbleached fabrics, reusable items, etc.)	3.46	A	5
5. Encourage eco-friendly behavior by members through awareness raising and information dissemination (e.g. public transport, water, and energy saving advice, etc.)	3.49	A	3.5
Composite Mean	3.51	SA	

As presented on table 7, the business sustainability of cooperatives in terms of environment got a composite mean of 3.51 which was verbally interpreted as strongly agree. The result showed that the cooperatives take measures to support environmental care and protection with the highest weighted mean of 3.61, verbally interpreted as strongly agree. The cooperatives introduced water and energy saving measures in all departments and foster environmentally friendly behavior by members through informing and raising awareness and recycling and composting systems are introduced in all departments with a weighted mean of 3.52 and 3.49 which are verbally interpreted as strongly agree. Lastly, respondents agreed that cooperatives buy environmentally friendly products got the lowest weighted mean of 3.46, verbally interpreted as agree.

It means that the cooperatives are concerned with the reduction risks and wastes while increasing the energy and material performance and innovation of

new products which are environmentally friendly. It means that cooperatives avoid using plastic materials for packaging the goods that they are selling. It is necessary for the reduction of wastes generated business operations. Also, as observed during the conduct of the survey, the cooperatives are implementing the waste management segregation.

According to the document provided by the U.S. Department of Agriculture as stated by Aini, Hafizah and Zuraini[17], active member engagement will assist the management in performing their obligations as the involvement of the members will sustain the cooperatives' path to improve the performance of the cooperatives.

Table 8. Business Sustainability in terms of Economic

Indicators	VM	VI	R
1. Develop business plans to ensure long-term profitability and financial viability of the business	3.62	SA	1
2. Focus on buying local products	3.55	SA	3
3. Strive for business growth through product innovation and quality	3.57	SA	2
4. Monitor regulatory changes and understand its impact on business operation	3.51	SA	5
5. Value staff through pay levels, employment benefits, and rewards over the legal minimum requirements.	3.53	SA	4
Composite Mean	3.55	SA	

Table 8 shows business sustainability of the cooperative in terms of economic aspect with a composite mean of 3.55, verbally interpreted as strongly agree. It can be gleaned that the cooperatives have developed business plans to ensure long-term profitability and financial viability of the business with the highest weighted mean of 3.62 which is verbally interpreted as strongly agree. They also strongly agreed that cooperatives strive for business growth through product innovation and quality with a weighted mean of 3.57. Cooperatives also focus on buying local products with a weighted mean of 3.55, verbally interpreted as strongly agree. Lastly, cooperatives value staff through pay levels, employment benefits, and rewards over the legal minimum requirements got a weighted mean of 3.53, verbally interpreted as strongly agree.

This signifies that cooperatives value the importance of plans in ensuring its continuous success. Plans also minimize risks that they may face and serve as their guiding path in their day-to-day operation. It signifies that the cooperatives seek to provide just and

equitable compensation package among its employees. Thus, their ability to provide competitive compensation will still be dependent on the financial stability of the cooperatives.

Ekonomi [18] considered making of business plan as strength-opportunity strategy in enhancing the performance of the cooperatives in Minahasa Selatan District. Amit and Zott [19] stated that advancement of business models as the top priority compared to product or process improvements often providing only short-term competitive benefits. He goes even further and distinguished creativity from product and process innovation entirely from business model.

Table 9. Business Sustainability in terms of Social

Indicators	VM	VI	R
1. Sponsors and/or supports community action or group	3.63	SA	5
2. Develop strong and effective relations with the customer	3.66	SA	2.5
3. Practice gender-neutral opportunity policies	3.66	SA	2.5
4. Improve public relations to protect its good reputation	3.68	SA	1
5. Get along with other people through shared values	3.64	SA	4
Composite Mean	3.55	SA	

Table 9 shows the performance of the cooperatives in terms of social aspect got a composite mean of 3.65 which is verbally interpreted as strongly agree. It revealed that the cooperatives improve public relations to protect its good reputation with the highest weighted mean of 3.68, verbally interpreted as strongly agree. Respondents also strongly agreed that cooperatives develop strong and effective relations with the customer and practice gender-neutral opportunity policies and get along with other people through shared values weighted means of got a weighted mean of 3.66 and 3.64. Lastly, the respondents strongly agreed that cooperative sponsors and/or supports community action or group got the lowest weighted mean of 3.63.

It means that cooperatives were also concerned with the welfare of its members as well as the community. Cooperatives should maintain positive working relationship among its stakeholders. To strengthen the foundation of cooperative, they are communicating with their stakeholders which they believe beneficial in strengthening their foundation. It signified that the cooperatives in Batangas also extend their service with its community such as participation on Oplan Balik Eskwela" campaign of the public schools in their

barangays, outreach programs, participation on local government unit programs.

It was supported by Flores and Teruel [20], the cooperatives were helping its members through meeting their basic needs, providing access to small and successful businesses, obtaining college and vocational training, and buying commodities at fair costs.

Table 10. Internal Challenges Faced by the Cooperatives

Indicators	VM	VI	R
1. Inadequate capital to sustain operations	2.10	LS	1
2. Lack of management experience and knowledge of key employees	1.74	LS	6
3. Poor accounting system and record keeping of members accounts	1.64	LS	12
4. A large amount of loan issued to members but the rate of recovery is very low	1.97	LS	2
5. Weak asset/liability management	1.70	LS	8
6. High Employee turnover	1.85	LS	3
7. Lack of Leadership skills	1.69	LS	9
8. Lack of commitment from officers to find out the problems of cooperative and to fill the identified gap	1.64	LS	11
9. Poor management and planning	1.67	LS	10
10. Lack of effective means of communications to reach members and customers	1.73	LS	7
11. Insufficient funds for the acquisition of facilities and equipment	1.81	LS	4
12. No portion of savings is kept for future investments	1.54	LS	15
13. Constitution and by-laws are not followed	1.59	LS	13
14. Dishonesty and Corruption of officials	1.55	LS	14
15. Small budget allocation for employee development program	1.76	LS	5
Composite Mean	1.73	LS	

Table 10 shows the internal challenges faced by the cooperative members with a composite mean of 1.80 which is verbally interpreted as less serious. It revealed that inadequate capital to sustain operations is considered as a less serious challenge faced by the cooperatives with the highest weighted mean of 2.10. It was followed by a large amount of loan issued to members, but the rate of recovery was very low with a weighted mean of 1.97, verbally interpreted as less serious. High employee turnover is considered as a less serious challenge with a weighted mean of 1.85. Lastly,

no portion of savings is kept for future investments got the lowest weighted mean of 1.54 which is verbally interpreted as less serious.

It means that the cooperatives have the capacity to handle internal challenges they encountered. It is evident that some of the debtors of cooperatives was not able to pay their liabilities on time. Very low recovery of loan has a great impact on the cash flow of the cooperatives since it limits their offerings. Some cooperatives were not able to compensate its employees within minimum wage. It means that the cooperatives complied with their approved constitution and by-laws.

It was validated by Khan, Abdullah and Ah [21] that active participation of members in the cooperatives influences its successful performance.

Table 11. External Challenges Faced by the Cooperatives

Indicators	VM	VI	R
1. Fluctuation of Prices	2.23	LS	1
2. Lack of government support and supervision	1.88	LS	4
3. Presence of competitor cooperatives in the municipality	2.15	LS	2
4. Lack of financial assistance provided by the government	1.91	LS	3
5. Irregular external auditing of cooperative's book of accounts	1.61	LS	9
6. Dependent on the donations were given by non- government organizations.	1.57	LS	10
7. Lack of support from private sector	1.78	LS	6
8. The inability of the suppliers to deliver orders on time	1.86	LS	5
9. Inaccessibility of the location	1.65	LS	8
10. Lack of community involvement	1.66	LS	7
Composite Mean	1.83	LS	

Table 11 shows the external challenges faced by the cooperative. This got a composite mean of 1.83 which is verbally interpreted as less serious. It can be inferred that fluctuation of prices is considered as a less serious problem faced by the cooperatives with the highest weighted mean of 2.23. It was followed by the presence of competitor cooperatives in the municipality ranked second among the external challenges faced by the cooperatives with a weighted mean of 2.15, verbally interpreted as less serious. Lack of financial assistance provided by the government, third on its rank got a weighted mean of 1.91 which is verbally interpreted as less serious. Dependent on the donations were given by non-government organizations got the lowest weighted mean of 1.57, verbally interpreted as less serious.

It means that changes on prices of goods and services offered also affects how they charge patrons in availing its offerings. Presence of other cooperatives in the municipality might be considered as a threat since residents may consider investing and purchasing goods and services of the latter. Though there are some individuals who tend to be a member of multiple cooperatives. According to the respondents, there are limited number of NGOs that provides assistance to cooperative while others does not receive any amount from the latter.

It was supported by Julia-Igual, et al., [22] that the volatility of prices in the sector and the increase in the cost of agricultural production, due, among other factors, to the increase in the cost of materials, were elements that must be taken into account, leading to a reduction in agricultural income and an unsustainable financial situation for many farmers.

Table 12. Significant Differences on Business Performance and Sustainability of the Multipurpose Cooperatives when Grouped According to Number of Members

Performance of cooperatives	Chi-square	p-value	I
Legal Status and Planning	100.855*	.000	S
Management and Accounting System	55.401*	.000	S
Production and Quality of Outputs	84.748*	.000	S
Market Linkages and Business Relations	138.350*	.000	S
Recruitment and Member retention	97.521*	.000	S
Business Sustainability			S
Environment	50.558*	.000	S
Economic	68.962*	.000	S
Social Practices	66.991*	.000	S

a Kruskal Wallis Test; Significant at p-value <0.01

Table 12 presents the significant difference on business performance and implementation of sustainability of the multipurpose cooperatives when the respondents are grouped according to number of members and as indicated by the computed p-values of less than 0.01 alpha level.

Result showed that those respondents from cooperatives with more than 1,000 members have significantly higher assessment on the business performance and sustainability of their respective cooperatives compared to those with less than 350 members.

Verhofstadt and Maertens [23] proved that impact of membership on performance is positive. It was

found out that participation in the cooperative improve market orientation, leading into growth on the farm sold products. Moreover, membership leads in an increase on agricultural intensification. In addition, according to Ito, et al., [24], cooperative membership has a strong positive impact on revenues. It is also proven by Verhofstadt and Maertens [23] that cooperative membership results to higher prices and higher income. Moreover, Abebaw and Haile [25] and Nwankwo, et al., [26] respectively showed that cooperative participation increases the adoption of enhanced agricultural technologies, in particular mineral fertilizers, and the marketing rate.

There is significant difference on business performance and implementation of sustainability of the multipurpose cooperatives when the respondents are grouped according to number of years in operation as shown in Table 7 and as indicated by the computed p-values of less than 0.01 alpha level.

Table 13. Significant Differences on Business Performance and Sustainability of the Multipurpose Cooperatives when Grouped According to Number of Years in Operation

Performance of cooperatives	Chi-square	p-value	I
Legal Status and Planning	59.576	.000	S
Management and Accounting System	39.685	.000	S
Production and Quality of Outputs	58.903	.000	S
Market Linkages and Business Relations	119.803	.000	S
Recruitment and Member retention	71.232	.000	S
Business Sustainability			S
Environment	40.122	.000	S
Economic	46.773	.000	S
Social Practices	40.963	.000	S

a Kruskal Wallis Test; Significant at p-value <0.01

Result showed that those respondents from cooperatives with 31-50 years in operation have significantly higher assessment on the business performance and sustainability of their respective cooperatives compared to those with less than 15 years in operation.

It was validated by Nwankwo, et al., [27] that age has significant relationship on cooperative financial performance. It was also according to Gas-ib-Carbonel [28] that the assets were also growing as the age of the cooperatives rises which means that age contributes on the economic growth of the cooperatives.

Table 14. Significant Difference on Business Performance and Sustainability on the Multipurpose Cooperatives when Grouped According to Amount of Capital

Performance of cooperatives	Chi-square	p-value	I
Legal Status and Planning	71.781	.000	S
Management and Accounting System	40.285	.000	S
Production and Quality of Outputs	49.465	.000	S
Market Linkages and Business Relations	105.145	.000	S
Recruitment and Member retention	79.938	.000	S
Business Sustainability			S
Environment	36.097	.000	S
Economic	39.721	.000	S
Social Practices	34.102	.000	S

a Kruskal Wallis Test; Significant at p-value <0.01

There is significant difference on business performance and implementation of sustainability of the multipurpose cooperatives when the respondents are grouped according to amount of capital as shown in Table 14 and as indicated by the computed p-values of less than 0.01 alpha level. Result showed that those respondents from cooperatives with greater than 15 Million amounts of capital have significantly higher assessment on the business performance and sustainability of their respective cooperatives compared to those with less than 2 Million.

The figure shows that cooperatives generated higher capital to sustain the operation of the cooperatives. With an increasing amount of capital, the cooperative may have the ability to improve its operations to meet the needs of its members/customers. Higher capital will also allow them to use modernized technology that will make their operations more efficient. It was supported by Wambugu [29] that working capital management practices have a significant effect on profitability of a business

Table 15. Significant Differences on Business Performance and Sustainability of the Multipurpose Cooperatives when Grouped According to Number of Multipurpose Business Engagement

Performance of cooperatives	Chi-square	p-value	I
Legal Status and Planning	71.781	.000	S
Management and Accounting System	40.285	.000	S
Production and Quality of Outputs	49.465	.000	S
Market Linkages and	105.145	.000	S

Business Relations			
Recruitment and Member retention	79.938	.000	S
Business Sustainability			S
Environment	48.139	.000	S
Economic	54.464	.000	S
Social Practices	52.612	.000	S

a Kruskal Wallis Test; Significant at p-value <0.01

As shown on Table 15, there is significant difference on business performance and implementation of sustainability of the multipurpose cooperatives when the respondents are grouped according to Type of Multi-Purpose Business Engagement and as indicated by the computed p-values of less than 0.01 alpha level. Result showed that those respondents from cooperatives engaged in five businesses have significantly higher assessment on the business performance alpha level.

Result showed that those respondents from cooperatives engaged in five businesses have significantly higher assessment on the business performance and sustainability of their respective cooperatives compared to those engaged in one business only. and sustainability of their respective cooperatives compared to those engaged in one business only. It means that cooperatives with higher level of performance in the context of legal status and planning and strategy, management and accounting, production and quality of outputs, market linkages and business relations and recruitment and member retention have the greater possibility of engaging into different business. It was validated by Nwankwo, et al., [27] that cooperative types have significant relationship on cooperative financial performance.

Table 16. Significant Difference on Business Performance and Sustainability of the Multipurpose Cooperatives when Grouped According to Location

Performance of cooperatives	Chi-square	p-value	I
Legal Status and Planning	-4.868	.000	S
Management and Accounting System	-4.368	.000	S
Production and Quality of Outputs	-6.711	.000	S
Market Linkages and Business Relations	-7.058	.000	S
Recruitment and Member retention	-8.230	.000	S
Business Sustainability			S
Environment	-7.245	.000	S
Economic	-7.518	.000	S
Social Practices	-3.750	.000	S

There is significant difference on business performance and implementation of sustainability of the multipurpose cooperatives when the respondents are grouped according to location as shown in Table 16 and as indicated by the computed p-values of less than 0.01 alpha level. Result showed that those respondents from cooperatives from rural areas have significantly higher assessment on the business performance and sustainability of their respective cooperatives compared to those from urban.

Loyalty of members and consumers of cooperatives located in rural areas may have higher than those in urban areas. This might be due to accessibility of the

cooperatives and lesser competition. It is according to Dube and Mhembwe [30] that cooperatives were established as a strategy to sustain livelihoods of rural communities. In addition, it was stated that cooperative in rural areas are established to generate employment, boost production and promote social cohesion and integration to improve the livelihood of the members. Moreover, Verhofstadt and Maertens [23] stated that enhancing cooperatives' efficiency increase rural income and lessen poverty which demands for advancement of input and marketing cooperatives in rural areas.

Table 17. Significant Relationship Between the Business Performance, Business Sustainability and Challenges Encountered by the Cooperatives

Business Performance		Business sustainability			Challenges	
		Environment	Economic	Social Practices	Internal	External
Legal Status and Planning and Strategy	rs-value	.493(**)	.528(**)	.472(**)	-.248(**)	-.003
Management and Accounting System	p-value	.000	.000	.000	.000	.964
Production and Quality of Outputs	rs-value	.643(**)	.624(**)	.487(**)	-.185(**)	-.037
Market Linkages and Business Relations	p-value	.000	.000	.000	.001	.512
Recruitment and Member Retention	rs-value	.653(**)	.700(**)	.478(**)	-.208(**)	-.020
Legal Status and Planning and Strategy	p-value	.000	.000	.000	.000	.724
Management and Accounting System	rs-value	.652(**)	.702(**)	.571(**)	-.172(**)	.067
Production and Quality of Outputs	p-value	.000	.000	.000	.002	.239
Market Linkages and Business Relations	Rs-value	.585(**)	.662(**)	.597(**)	-.285(**)	-.073
	p-value	.000	.000	.000	.000	.199

** Correlation is significant at the 0.01 level (2-tailed).

There is significant positive relationship between the Business Performance and Business Sustainability of the cooperatives as denoted by the computed p-values of less than 0.01 alpha level. This signifies that those respondents who have higher assessment on the business performance of their respective cooperatives are also those respondents with higher assessment on business sustainability. Research suggested that employees in member-controlled co-operatives have a higher level of organizational commitment, performance-related reward systems, greater job satisfaction, intention to exhibit organizationally desirable behavior, belief in co-op values, and so on compared to co-operatives controlled by external agencies (like the government). Similarly, member-controlled cooperatives demonstrate active leadership, and they are also more sympathetic to the cause of members than when the co-operatives are externally controlled. Most co-operatives suffer from weakness related to lack of technical, behavioral, and managerial competencies. Hence, it is essential for the employees to compensate for their weakness by acquiring the required skills so that they can be more efficient and

perform at expected levels. The complexity of the co-op was attributable to their pursuing both economic and social goals. Hence, it is a challenge to sensitize and orient the employees towards both and help the business to sustain and grow [31].

Table 17 also shows the significant relationship between the factors that influence business performance and challenges encountered by the cooperatives. Based on the result, there is significant negative relationship between the Business Performance and internal challenges encountered by the cooperatives as denoted by the computed p-values of less than 0.01 alpha level. This signified that those respondents who have higher assessment on the business performance of their respective cooperatives were also those respondents with lower perspectives on internal challenges. Meanwhile, there is no significant difference between external challenges of the cooperatives and the business performance.

According to Rizal and Suhadak [32] their study on effect of internal environmental factors on business performance indicated a significant positive impact of internal environmental factors on business

performance. It showed that MSMEs Food and Beverage have a good internal climate to support business success in Batu City. Therefore, the more the business owners / managers carry out the management power, the marketing of the brand and the use of technology to improve internal environmental factors. The characteristics of the entrepreneur, management ability, marketing skills and technical capability are the internal environment variables that are considered to have a direct impact on business efficiency.

Table 18. Significant Relationship between the Challenges Encountered by the Cooperatives and Members and the Business Sustainability

Challenges Encountered		Environment	Economic	Social Practices
Cooperatives: Internal	rs-value	-.035	-	-.233(**)
	p-value	.535	.162(**)	.000
Cooperatives: External	rs-value	.069	.061	-.036
	p-value	.222	.277	.522
Members: Internal	rs-value	-.042	-	-.140(*)
	p-value	.457	.004	.013
Members: External	rs-value	.048	.007	.018
	p-value	.392	.896	.748

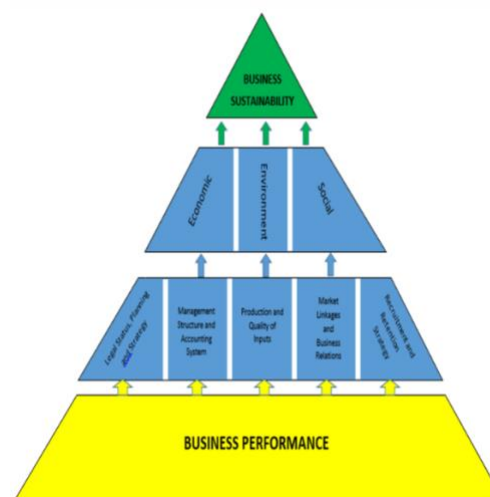
** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 18 shows the significant relationship between the factors that influence business performance and challenges encountered by the cooperative members. There is significant negative relationship between internal challenges encountered by the cooperatives and the members and the business sustainability in terms of economic and social practices. This signified that those respondents who answered with less internal challenges encountered are also those who have higher level of assessment on economic and social practices.

It was supported by Battaglia, Bianchi, Frey and Passettithat [33] lesser challenges faced by coopetives lead to its higher performance. It also stated the importance of member participation on cooperative operation. It is according to Daemane [34] that in order to boost the economic growth of small-scale farmers in agricultural cooperatives, management difficulties should be recognized and systematically dealt. Moreover, according to Mkwanazi and Mbohwa [35], majority of the cooperatives perceived that they were successful since they are still in service and from time

to time obtain contracts. Operations and green practices in sewing cooperatives made significant influence in educating them on dealing with efficiency.



**Figure 1
Business Sustainability Framework for
Multipurpose Cooperatives**

Based on the figure 1 presented, performance of the cooperatives using five cited indicators has a positive relationship with sustainability. It means that the higher the performance level of the cooperative in terms of legal status, planning and strategy; management and accounting system, production and quality of inputs, market linkages and business relations, and recruitment and member retention, the higher the extent of implementation of its business sustainability in terms of environment, economic and social practices.

CONCLUSION AND RECOMMENDATION

Majority of the cooperatives have more than 1,000 members, 31-50 years in operation, have more than Php 15,000,000.00 capital, engaged in five businesses, and are located in rural areas. The officers and members of the cooperatives strongly agreed that the cooperatives are in very good performance. They also strongly agreed that the cooperative is highly implementing businesses sustainable practices to ensure its viability. Based on the result of the study, cooperatives experience less serious internal and external challenges. It was also found out that there are significant differences on business performance and sustainability of multipurpose cooperatives when grouped according to business profile. In addition, there is positive significant relationship between the business performance and business sustainability of the

cooperatives. Moreover, there is significant negative relationship between the business profile and internal challenges faced by the cooperative and its members. Lastly, a Business Sustainability Framework was proposed for Multipurpose Cooperatives.

To improve the performance of the cooperatives, the researcher recommended that they may consider detailed short term plan to ensure that their objectives will be met accordingly. The management may also consider on investing to functional accounting system to ensure the accuracy of the reports submitted. They also need to monitor the inventories to ensure that the needs of the market, particularly of the members are sufficed and consider the election or appointment of the marketing committee that would strengthen and widen its market. In addition, members' needs may be considered during the planning process since they are the primary reason of the existence of the cooperative. Purchase of environmentally products may be considered to reduce the wastes generated by the cooperative. Lastly, continuous improvement of goods and services of the cooperatives should be one of the primary concern of the cooperatives to surpass competition and remain in business.

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