

Examining the Effectiveness of Selected Credit Cooperatives in the Province of Pangasinan: Perspective from the Management and Members

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Abstract - Cooperatives are instrumental in poverty reduction and improvement of financial status of people living in developing countries. One of the major issues confronting the majority of the poor and non-poor people in developing countries is the high degree of financial exclusion and high barriers to access to finance. Credit cooperatives are the most viable option to address this issue due to the minimal requirements to secure a financial loan. This study sought to evaluate the effectiveness of selected credit cooperatives in the Province of Pangasinan in fulfilling its purpose vis-à-vis the perception of its members on the credit cooperatives' level of implementation of Republic Act 9520. Employing a descriptive research design, the study sampled two hundred seventy (270) members of four credit cooperatives in the Province of Pangasinan. Findings from the study show that the implementation of the provisions of RA 9520 varies across different areas, organizational provisions were perceived to be less implemented by the credit cooperatives compared to objectives, by-laws and administration. The economic benefits derived from credit cooperatives immensely surpass that of its social advantages. The most common problems identified by members can somehow be distilled into two major aspects: member empowerment and organizational coordination. Members have no access to trainings/education particularly relevant to the improvement of their financial acumen. Moreso, issues with communication prevents cohesion between members and management in terms of objectives, policies, and participation. The researchers recommend that credit cooperatives must formulate and implement a learning development program for their members, streamline their communication channels, and make procedural adjustments on the conduct of board meetings. Future researchers can expand the study by widening the geographic coverage and encouraging a larger group of credit cooperatives to participate in the study.

Keywords – credit cooperative, cooperative, Republic Act 9520, Philippine cooperatives

INTRODUCTION

The impact of cooperatives to change the economic landscape of the country and Filipinos' lives is undeniable. Around the world and in local communities, several milestones have been achieved by these cooperatives in reducing poverty and in increasing financial ability, especially for people living in rural areas. [1]

Cooperatives are becoming increasingly popular throughout the world. This is owed to the observation that the cooperative business model

has demonstrated relatively strong resilience during recent financial and economic crises. [2] This has been demonstrated recently during the CoVID-19 pandemic. [3] In recent upheavals, cooperatives were seen as beacons by clients and the general public. Recent studies attribute their relatively good performance to their specific features which have been overlooked in the past due to the ubiquity of the shareholder value model. [4] The interest in cooperatives has also been encouraged by the United Nations (UN). The UN has declared 2012 as the International Year of Cooperatives in recognition of the global

importance of cooperatives in economic and social development. [5]

Despite the various laws passed and government interventions being implemented, early cooperatives in the Philippines were generally a failure. [6]Filipino economists and students of cooperatives in this country have often attributed the failure of cooperative societies in this country to various causes. [7]Eventually, Filipino cooperatives have overcome these challenges and has increasingly seen successes due to regulatory support and oversight. In 1990, the Cooperative Code of the Philippines was established through the enactment of Republic Act 6938 to ensure the establishment and expansion of cooperatives. [8]Subsequently, the Cooperative Development Authority was created through Republic Act 6939 to foster the feasibility and expansion of cooperatives as drivers of socioeconomic development. [9] Further amendments were made into law in 2008 as Republic Act 9520, also known as the Philippine Cooperative Code of 2008” which updated the existing cooperative code. [10]These actions are instrumental in ensuring that cooperatives can flourish and continue to improve the lives of Filipinos.

According to the Cooperative Development Authority (CDA), cooperatives are “voluntary organizations of people who have agreed to pool their resources together in order to undertake an economic enterprise for the purpose of meeting their common needs, and which they themselves democratically manage and control, and share the economic benefits on the basis of participation and patronage.” [9] Cooperatives, as trusted entities, have not just played an important part in the general social development of their members and their community but became the support mechanism to meet the

economic needs. [11] They are considered social enterprises that advances the interests of the people before that of stockholders establishing them as effective systems of delivering positive impacts and economic development. [12]

One of the major issues confronting the majority of the poor and non-poor people in developing countries is the high degree of financial exclusion and high barriers to access to finance. [13]Cooperative, particularly credit cooperative, is a more viable choice to address the concern of these people due to the absence or minimal standards required in making a loan. Thus, becoming a member of a credit cooperative is more advantageous in contrast to traditional lending institutions. [14] A study demonstrated that in developing countries, organized credit cooperatives have been proven effective and cost-efficient for the borrowers.[15] Locally, this has also been proven to benefit women organic farmers who rely on cooperatives for financing. [16]

Credit cooperatives as defined in RA 9520, is a specific type of cooperative that promotes and undertakes savings and lending services among its members. It raises a common pool of funds for the purpose of proving financial assistance to its members for productive and provident purposes. [10] It is a grassroots and community-centric financial institutions which works in both urban and rural areas, giving those communities various offerings of financial services not readily available from the conventional lending institutions. A credit cooperative interrelates with borrowers, their fellow credit cooperatives and non-financial cooperatives, increases deposits, offers loans, and engages in a formal financial system. [17]According to a document released by the Cooperative Development Authority, there are several advantages members

can get from credit cooperatives. Members can attain economic benefits by obtaining a share of the net surplus from the credit cooperative when subscribed to its services. Annually during its general assembly, members are provided a patronage refund, a determined percentage of surplus. [18] On the other hand, despite the advantages unlike other financial institutions credit cooperatives are not yet included under the formal supervision of Bangko Sentral ng Pilipinas (BSP). Also, credit cooperatives cause liabilities to its members who affirmed the use of the deposits and shared capital to bankroll their activities. [19]

While the benefits of credit cooperatives have already been established in some literature, this study limits the focus on the evaluation of the effectiveness of credit cooperatives and establish whether the benefits and issues encountered extend to the credit cooperatives in the Province of Pangasinan. This shall be instrumental in establishing their effectiveness as an institution that people can access for their livelihood and financial improvement.

OBJECTIVES OF THE STUDY

This study sought to evaluate the effectiveness of selected credit cooperatives in the Province of Pangasinan in fulfilling its purpose vis-à-vis the perception of its members on the credit cooperatives' level of implementation of Republic Act 9520. Specifically, it seeks to provide answers to the following research questions:

1. What is the demographic profile of its members?
2. What is the profile of the credit cooperatives?

3. What is the level of implementation of selected provisions under RA 9520 among the credit cooperatives?
4. What are the socio-economic benefits derived by the members from their credit cooperative?
5. What are the problems being encountered by the members of the credit cooperative?

METHODOLOGY

This study employed a descriptive research design. [20]The cooperatives that were selected to undertake in the study were the ones who explicitly agreed to participate in the research. There were four (4) cooperatives who took part in the survey. In consideration of the safety and privacy of its members, the researchers did not identify the cooperatives in this study. There are two sets of respondents who took part in this study namely the board of directors and the members of the selected cooperatives. Using purposive sampling, a total of thirty-eight (38) members of the board of directors and two-hundred seventy (270) members participated. The study made use of survey questionnaire as data gathering instrument. [21], [22]The questionnaire is divided into four (4) parts. The first part asked for the respondents' profile which includes their age, gender, type of membership, and share capital. The second part asked the respondents on their perceived level of implementation of the provisions of RA 9520. The items in this part of the instrument were derived from documentary review and the implementing rules and regulations of RA 9520. The third part of the questionnaire focused on the benefits derived by the respondents from their membership. The last part contains the problems encountered by the members of the cooperative. The benefits and problems encountered were derived from literature review conducted by the

researchers. The second and third part of the questionnaire used Likert-scale ratings to collect the responses of the respondents. The questionnaires were distributed to the offices of the cooperatives and were distributed to the members and board of directors upon approval of the manager. Upon hitting the required number of respondents, the accomplished questionnaires were collected and tabulated on Microsoft Excel. Frequency, percentages, and average weighted means (AWM) with descriptive equivalent were employed for statistical analysis.

RESULTS AND DISCUSSION

This section presents and discusses the results of the analysis conducted on the data collected from

the respondents. Table 1 shows the profile of the respondents, composed of cooperative's members and board of directors. The respondents were profiled according to their age, sex, type of membership and share of capital. Most of the members fell under the 51 and above category with one hundred three (103) or 33.44%. This is closely followed by the 41-50 age bracket with ninety-eight or 31.82%. A sizable majority of the respondents are Female with one-hundred eighty-one or 58.77%, the rest are male members. All three hundred eight (308) or 100% of the respondents identified themselves to be regular members of the cooperatives. Most of them have contributed a capital worth between 30,001-40,000 with ninety-one (91) or 29.55%.

Table 1. Profile of the Respondents (n=308)

Variable	Category	Frequency	%
Age	Less than 30	47	15.26%
	31-40	60	19.48%
	41-50	98	31.82%
	51+	103	33.44%
Sex	Male	127	41.23%
	Female	181	58.77%
Type of Membership	Regular	308	100.00%
Share Capital	<10,000	26	8.44%
	10,001-20,000	31	10.06%
	20,001-30,000	40	12.99%
	30,001-40,000	91	29.55%
	40,001-50,000	78	25.32%
	>50,000	42	13.64%

Table 2 presents the profile of the cooperatives who participated in the study. Based on the data gathered from the credit cooperatives, three of them have a capital of above 40 million. All of the members of the cooperatives are regular members. A regular member of a cooperative is

one who has complied with all the membership requirements and entitled to all the rights and privileges of membership. The size of the cooperative varied with the smallest having only 10-100 members while the largest having 500-600 members. All credit cooperatives offer the

same type of loan to its members except in the case of Cooperative A where Share Capital loan is not offered. The loans common between the cooperatives are Provident, Special, Emergency, Healthcare, and Balik Eskwela. According to Mavenga (2010), micro-loans and community development loans made available by credit cooperatives helps in fostering entrepreneurial ethos in communities especially in far-flung areas. [23] Thus, the credit cooperatives make sure that they provide a wide variety of loans to

its members to fit their need. The credit cooperatives can already be considered institutions having been in existence for at least 16 years, two of them has been operating for more than 21 years. All of the cooperatives conduct their general assembly at least 1-2 times annually which makes the cooperatives compliant with Article 34 of the RA 9520 which states that “a regular meeting shall be held annually by the general assembly on a date fixed in the by-laws”. [10]

Table 2. Profile of the Credit Cooperatives (n=4)

Cooperative	Capital	Type of Membership	Number of Members	Types of Loans Offered	Years in Existence	Frequency of General Assembly
Cooperative A	20-30 M	Regular	10-100	P, S, E, H, BE	16-20	1-2
Cooperative B	>40 M	Regular	401-500	SC, P, S, E, H, BE	21-25	1-2
Cooperative C	>40 M	Regular	101-200	SC, P, S, E, H, BE	21-25	1-2
Cooperative D	>40 M	Regular	501-600	SC, P, S, E, H, BE	16-20	1-2

LEGEND: SC – Shared Capital; P – Provident; S – Special; E – Emergency; H – Healthcare; BE – Balik Eskwela

Table 3a shows the level of implementation of RA 9520 on the provisions on organization of cooperatives. Overall average weighted mean for this area is 3.45 which can be interpreted as Partially Implemented. Only two items in this area incurred AWMs deemed to be Fully Implemented while the rest incurred Partially Implemented. The item “Recommend thrift and savings mobilization among members” incurred the highest AWM in this area with 4.20 which indicates Fully Implemented. On the other hand, the item “Invest in developing the expertise and skills of its members” incurred the lowest AWM of 3.00 which indicates Partially Implemented. Despite having been in existence for over 16 years, members perceived that the cooperatives have only partially implemented the provisions

on organization mandated by RA 9520. [10] Hence, the selected credit cooperatives are experiencing organizational issues from the perspective of its members. This can be indicative of mismanagement among its board of directors. Members generally affirm the attitude of credit cooperatives towards promotion of thrift and savings mobilization among its members. On the other hand, other aspects of management and organization of credit cooperatives were perceived to be not up to par with ideal organizational standards. Credit cooperatives are not concerned with providing education and training among its members despite fulfilling its purpose of extending credit to them. If implemented properly, credit cooperatives can extend their provided value

beyond financial mobilization, they can enhance their potential in reducing poverty in

communities and member empowerment as mentioned in Quillooy (2015). [24]

Table 3a. Implementation of RA 9520 on the Provisions on Organization of Cooperatives (n=308)

Item	AWM	Descriptive Equivalent	Rank
Recommend thrift and savings mobilization among members	4.20	FI	1
Generate funds and extend credit to the members for productive and provident savings	4.10	FI	2
Recommend systematic marketing and production to members	3.10	PI	8.5
Offer goods and services and other requirements to members	3.50	PI	3.5
Invest in developing the expertise and skills of its members	3.00	PI	10
Own lands and offer housing benefits for the members	3.20	PI	7
Hedge against losses of the members	3.10	PI	8.5
Champion the economic, social and educational status of the members	3.50	PI	3.5
Build, lease, own or run cooperative banks, wholesale and retail complexes, insurance and agricultural or industrial processing businesses and public markets	3.40	PI	6
Facilitate and coordinate the cooperatives' activities	3.44	PI	5
Organization AWM	3.45	PI	

LEGEND: 3.68-5.00 – Fully Implemented (FI); 2.34-3.67 – Partially Implemented (PI); 1.00-2.33 – Poorly Implemented (PoI)

Table 3b shows the level of implementation of RA 9520 on the provisions on objectives of cooperatives. Overall average weighted mean for this area is 4.03 which can be interpreted as Fully Implemented. All of the items also incurred AWMs that fall under Fully Implemented. The item “Offer goods and services” incurred the highest AWM in this area with 4.12 which indicates Fully Implemented. On the other hand, the item “Support utilization of economies of scale” incurred the lowest AWM of 3.98 which also indicates Fully Implemented. This implies that members perceive the cooperatives to be successful in implementing its plan related to its organizational objectives as mandated in RA 9520. The longevity of the cooperatives is evidence of its effectiveness in realizing its objectives from the perspective of its members.

[7]Members have benefited from the cooperatives throughout their existence as an entity and were able to secure loans that have helped them. While all of the items indicate a positive perception from the members in achieving the cooperatives' objectives, particular attention must be given to improving on means to achieve scale and encouraging greater financial independence among its members through value-added trainings and workshops. While not yet an identified issue, the failure to utilize economies of scale should be given particular concern as the members' perception of the issue might just be due to an overall better perception among members in the area of implementation of cooperative's objectives. This issue as warned by Ladisla (2015), if it gets worse in the long run, can lead

to lack of membership preventing the buildup of capital structure resulting in stagnation. [25]

Table 3b. Implementation of RA 9520 on the Provisions on Objectives of Cooperatives (n=308)

Item	AWM	Descriptive Equivalent	Rank
Offer goods and services	4.12	FI	1
Achieve greater income and savings	4.02	FI	6
Improved investments and productivity	4.08	FI	3
Improved purchasing power	3.99	FI	10
Advance fair distribution of net surplus	4.03	FI	5
Support utilization of economies of scale	3.98	FI	11
Foster cost-sharing and risk- sharing	4.00	FI	8.5
Gain knowledge on efficient means of doing things in a cooperative fashion	4.01	FI	7
Amplify cooperative practices	4.10	FI	2
Propagate practices and novel ideas in management and business	4.04	FI	4
Permit the lower income tier to grow their ownership of the wealth	4.00	FI	8.5
Objectives AWM	4.03	FI	

LEGEND: 3.68-5.00 – Fully Implemented (FI); 2.34-3.67 – Partially Implemented (PI); 1.00-2.33 – Poorly Implemented (PoI)

Table 3c shows the level of implementation of RA 9520 on the provisions on by-laws of cooperatives. Overall average weighted mean for this area is 3.74 which can be interpreted as Fully Implemented. Nine (9) items out of thirteen (13) under this provision incurred AWMs that can be interpreted as Fully Implemented, the rest of the incurred AWMs which indicates Partially Implemented. The item “Rights and liabilities of membership” incurred the highest AWM in this area with 4.01 which indicates Fully Implemented. This is in alignment with Mendoza and Castillo (2006), membership and strong membership support, from both theoretical and practical perspectives, is the biggest single factor responsible for the success of credit cooperatives. [26]Based on this assertion, the affirmation from members guarantees the continued success of the credit cooperatives. On the other hand, the item

“Circumstances under which the handover of a share or interest of the members shall be allowed” incurred the lowest AWM of 3.32 which indicates Partially Implemented. This indicates that not all mandated provisions to be adopted in the By-Laws of the cooperatives are equally implemented. Some provisions are not as immediately clear and understandable by members. Members of the credit cooperatives are aware of the rights and liabilities that come along with their membership. However, policies and procedures related to the termination of membership and the conditions for transfer of share are not clear to members. There is some perceived opaqueness in the conduct of affairs of the cooperatives as well as the process through which capital is raised. Whether this inconsistency in communicating provisions of the cooperatives’ By-Laws is deliberate as a strategy is indeterminate.

Table 3c. Implementation of RA 9520 on the Provisions on By-Laws of Cooperatives (n=308)

Item	AWM	Descriptive Equivalent	Rank
Requirements for acceptance to membership and the amount to be paid or interest to be gained as a condition for the exercise of the formal membership	3.75	FI	8
Rights and liabilities of membership	4.01	FI	1
Conditions under which membership is acquired, maintained and lost	3.80	FI	6.5
Process to be observed in cases of termination of membership	3.35	PI	12
Circumstances under which the handover of a share or interest of the members shall be allowed	3.32	PI	13
Policies and processes on the agenda, time, place and manner of calling, convening, conducting meetings, quorum requirements, voting systems, and other matters relating to the business conducts of the general assembly, board of directors, and committees	3.7	FI	9
General order of the affairs of the cooperative	3.56	PI	10
Means in which the capital may be raised and the purposes for which it can be utilized	3.48	PI	11
Form of custody and of investment of net surplus	3.80	FI	6.5
Systems used for accounting and auditing	3.90	FI	5
Means of loaning and borrowing, including their limitations	3.96	FI	4
Mode of distribution of net surplus	4.00	FI	2
Intervention and reconciliation mechanism for the courteous resolution of disputes among members, directors, officers, and committee members of the cooperatives;	3.98	FI	3
By-Laws AWM	3.74	FI	

LEGEND: 3.68-5.00 – Fully Implemented (FI); 2.34-3.67 – Partially Implemented (PI); 1.00-2.33 – Poorly Implemented (PoI)

Table 3d shows the level of implementation of RA 9520 on the provisions on administration of cooperatives. Overall average weighted mean for this area is 3.71 which can be interpreted as Fully Implemented. Nine (9) out of ten (10) items under this provision incurred AWMs that can be interpreted as Fully Implemented, one (1) incurred AWM which indicates Partially Implemented. The item “A voting system is implemented in the election of officers” incurred the highest AWM in this area with 4.25 which indicates Fully Implemented. On the other hand,

the item “The board of directors convene and meet habitually” incurred the lowest AWM of 3.16 which indicates Partially Implemented. Results indicate that the credit cooperatives observe a democratic and fair voting system among its members. While the perception among members generally indicate that the cooperatives meet their expectations for a properly administered organization, there is one particular area which the management must certainly improve on particularly on the meeting of the members of the board of directors.

[17][26] The board of directors of the cooperatives is the body entrusted with the management of the affairs of the cooperative under its articles of cooperation and by-laws. Certain policies must be changed to avoid the

perception that the board does not regularly conduct its meeting. This also reflects poorer perception among members in terms of organization.

Table 3d. Implementation of RA 9520 on the Provisions on Administration of Cooperatives (n=308)

Item	AWM	Descriptive Equivalent	Rank
General Assembly is planned and meets religiously to:			
<i>identify and permit amendments to the articles of cooperation and by-laws</i>	3.98	FI	4
<i>elect or appoint the members of the board of directors and to eliminate them from cause</i>	3.91	FI	5
<i>grant the cooperatives developmental plans</i>	3.88	FI	7
Conduct of regular meetings annually	4.03	FI	3
Calling for emergency meetings when the need arises	3.89	FI	6
Quorum in meetings is composed of at least 25% of all members	3.75	FI	8
A voting system is implemented in the election of officers	4.25	FI	1
The board of directors is present which coordinates and observes the business and properties of the cooperative	4.21	FI	2
The board of directors convene and meet habitually	3.16	PI	9
Administration AWM	3.71	FI	

LEGEND: 3.68-5.00 – Fully Implemented (FI); 2.34-3.67 – Partially Implemented (PI); 1.00-2.33 – Poorly Implemented (PoI)

Table 4a presents the perception of the members on the economic benefits of their credit cooperatives. Economic benefits incurred an AWM of 4.31 which indicates Always. Three (3) items incurred AWM which indicates Always while the remainder incurred an AWM which indicates Often. Members perceived the item “The cooperative provides financial assistance” as the most frequently derived benefit from membership in credit cooperatives with an AWM of 4.51 indicating Always. On the other hand, the item “The cooperative provides additional source of income” incurred an AWM of 4.01 which indicates Often. Credit cooperatives are sought by members for their role in providing financial assistance and relief. Hence, it is not surprising that it was perceived

as the most frequently derived economic advantage. The latter benefit implies that most of the financial assistance derived from credit cooperatives does not necessarily translate into additional income for its members. Surplus earned by members might be perceived to be insufficient to be acknowledged as helpful in augmenting their income. Moreso, loans that are availed from credit cooperatives are generally used to pay off a debt or rarely used as seed investment for a potential business venture. Despite this, the credit cooperatives should be encouraged from findings in Melania and Justin (2015) that saving money has a positive impact on improving livelihood since it becomes easier for the members to accumulate more income. [27]Members should be encouraged to save in

financial institutions as they play an important role in the sustainable growth and development of an economy

Table 4a. Economic Benefits Derived by Members (n=308)

Item	AWM	Descriptive Equivalent	Rank
The cooperative provides additional source of income	4.01	Often	4
The cooperative provides livelihood intervention	4.22	Always	3
The cooperative provides financial assistance	4.51	Always	1
The membership of the cooperative has access to credit facilities	4.49	Always	2
Economic Benefits AWM	4.31	Always	

LEGEND: 4.21-5.00 - Always; 3.41-4.20 - Often; 2.61-3.40 - Sometimes; 1.81-2.60 - Seldom; 1.00-1.80 - Rarely

Table 4b presents the perception of the members on the social benefits of their credit cooperatives. Social benefits incurred an AWM of 4.07 which indicates Often. All items incurred AWMs which indicate Often. This means that economic benefits derived from membership in credit cooperatives outweigh its social benefit. Members perceived the item “The cooperative promotes community belongingness” as the most frequently derived social benefit from membership in credit cooperatives with an AWM of 4.15 indicating Often. On the other hand, the item “The cooperative provides a sense of improving work values to its members” incurred an AWM of 3.98 which indicates Often. The social benefits are not as pronounced as the economic benefits of membership in credit

cooperatives affirming Mavenga (2010). [23]Most members see the financial importance and the social relevance as merely an afterthought. Thus, this also shifts the focus of credit cooperatives from realizing their potential to improve the social aspect of their members. It is also difficult to quantify the value derived from such social benefits. Moreso, these aspects might not come off as immediately important to the members and only realize the social benefit if questioned. Despite these circumstances, members still find the cooperatives to be effective in providing social benefits such as promotion of community belongingness, access to government institutions, participation in cultural activities and improvement of work values.

Table 4b. Social Benefits Derived by Members (n=308)

Item	AWM	Descriptive Equivalent	Rank
The cooperative promotes community belongingness	4.15	Often	1
The cooperative provides an avenue to be nearer with the governmental institutions	4.12	Often	2
The cooperative provides an avenue/terrain in participation of community cultural activities	4.01	Often	3
The cooperative provides a sense of improving work values to its members	3.98	Often	4
Social Benefits AWM	4.07	Often	

LEGEND: 4.21-5.00 - Always; 3.41-4.20 - Often; 2.61-3.40 - Sometimes; 1.81-2.60 - Seldom; 1.00-1.80 - Rarely

Table 5 presents the most commonly encountered problems by members of credit cooperatives. Based on the results, four (4) items were selected by majority of the members as the problems that they commonly encounter. These are “Lack of understanding of the organization’s objectives and principles” selected by 189 or 61.36%, followed by “Absence and inadequacy of trainings and education to employees/members.” Selected by 181 or 58.77%, then the item, “Policies and procedures are not strictly implemented” selected by 162 or 52.60% and finally “Lack of communication and participation between management and members.” Selected by 156 or 50.65% of members. Most of these problems have also emerged from the analysis of the perceived implementation of RA 9520. Members are not as familiar with certain provisions of their cooperatives’ by-laws and have varying understanding of the policies implemented. Also, the lack of training and education also emerged from prior analysis reflected in the lack of implementation of policies that seek to develop the expertise of members. [14]The credit cooperatives can take note from Tomaquin

(2014) study which emphasized that skills training in business acumen of credit cooperatives in coastal towns of Surigao del Sur, Philippines have made a positive impact on poverty reduction.[28] Poor perception of the cooperatives’ ongoing organization emanates from the identified problems in coordination between the board and its members. Meetings must be more frequent, and minutes must be disseminated to all members.

On the other hand, the problems “Money borrowed from the bank not properly used” selected by 49 or 15.91%, “Poor management” identified by 21 or 6.82% and “Lack of funds for administrative operation” chosen by 18 or 5.84% were not as commonly encountered by members. Most of these items at the bottom of the list are related to the financial well-being of the cooperatives. This implies that the cooperatives are financially sound and sufficiently funded. While poor management is not deemed to be a systemic issue, there were particular areas of management which certainly needs to be improved and developed.

Table 5. Problems Encountered by Members (n=308)

Item	Frequency	%	Rank
Lack of understanding of the organization's objectives and principles	189	61.36%	1
Absence and inadequacy of trainings and education to employees/members.	181	58.77%	2
Policies and procedures are not strictly implemented.	162	52.60%	3
Lack of communication and participation between management and members.	156	50.65%	4
Inadequate supervision of members among management and staff.	113	36.69%	5
Weak and inadequate promotions of management to cooperative employees	112	36.36%	6
Political intervention	108	35.06%	7
Lack of investment return	113	36.69%	8
Cooperative has poor collection policy and strategies.	110	35.71%	9
Lack of adequate character and moral responsibility of management.	100	32.47%	10
Ineffective leadership of management team and board of directors.	98	31.82%	11
Tardiness and AWOL of employees.	95	30.84%	12
Failure to properly reward good management by the board members.	89	28.90%	13
Cooperative's excess fund is overinvested.	82	26.62%	14
Lack of accounting/record keeping	73	23.70%	15
BOD members are frequent absent during the Board Meeting	72	23.38%	16
Lack of capital build-up	61	19.81%	17
Lack of working capital	50	16.23%	18
Money borrowed from the bank not properly used	49	15.91%	19
Poor management	21	6.82%	20
Lack of funds for administrative operation	18	5.84%	21

CONCLUSION AND RECOMMENDATION

The findings from the study leads to the conclusion that members of cooperatives are typically middle-aged adults aged 40 and above, female, with regular membership and an average shared capital of 30,001-40,000. This demographic suggests that members are a head

of a family in need of a means to support their financial needs. This can be a means to plan for expansion of membership pool by targeting demographic groups that are related to the cooperatives' member base.

Credit cooperatives have been operating for more than 16 years, likely to have a working capital of 40 million and above, with regular

members, and membership that ranges from 10 to 600. They also provide a wide array of loan offerings that fit the need of their members. The credit cooperatives are proven to be an institution and are less likely to fail owing to their financial soundness and years of operation. Credit cooperatives should focus on improving their governance practices and extend their strong financial outlook to their members.

The implementation of the provisions of RA 9520 varies across different areas, organizational provisions were perceived to be less implemented by the credit cooperatives compared to objectives, by-laws and administration. Overall, this perception can be an indication of sound management and guarantee of continued operations. However, some specific issues emerged in the details isolated from the overall perception. This includes the lack of education and training among members, asymmetry in communication and understanding of some key clauses in the by-laws and the poor conduct of general board meeting. In order to influence member perception, significant proposals to address these issues must be made and communicated across the whole organization.

The economic benefits provided by credit cooperatives immensely surpass that of its social advantages particularly its potential to provide financial assistance. This provides a significant proof of its positive impact to members in improving livelihood and financial status and accumulate sources of income. Credit cooperatives should shift their focus and enhance their social impact and increase their potential to deliver positive impacts beyond economic advantages.

The most common problems identified by members can somehow be distilled into two major aspects: member empowerment and organizational coordination. Members have no access to trainings/education particularly relevant to the improvement of their financial acumen. Moreso, issues with communication prevents cohesion between members and management in terms of objectives, policies, and participation. The credit cooperatives must formulate and implement a learning development program for their members, streamline their communication channels, and make procedural adjustments on the conduct of board meetings. Future researchers can expand the study by widening the geographic coverage and encouraging a larger group of credit cooperatives to participate in the study.

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