

# Batangas Heavy Fabrication Yard Multi-Purpose Cooperative: Basis for Business Operation

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**Abstract** - *This research aimed to determine the proposed business initiatives to enhance the operation of Batangas Heavy Fabrication Yard Multi-Purpose Cooperative for the long survival and growth. More specifically, it shall answer the following objectives to describe the profile of the respondents in terms of their age, gender, type of membership and shared capital; to assess the business operation of the cooperative in the aspects of its management, marketing, finances, facilities and technology and their delivery of services; to identify the problems encountered by the cooperative in its business operation; to determine the significant relationship between the profile of the respondents and their assessment to its business operation; and to propose an action plan and to assess the business operation of BHFY Multi-Purpose Cooperative.*

*The researcher used the descriptive correlation design in the study to obtain information concerning the current status of the BHFY-MPC cooperative; to describe what exists with respect to the variables or conditions in a situation.*

*Based on the result, majority of the members are aged 51 to 55 years old, holding the regular type of membership and have a shared capital ranging from 51,001 to 100,000. The finding of the study states that the BHFY Multi-purpose cooperative performs well in terms of its management, marketing, finances, facilities and technology and delivery of services. Also, there are problems seldom encountered in the operation of the cooperative but the cooperative never encountered problems like overinvestment, ineffective leadership of management team and board of directors, inadequate source of fund, income of cooperative affected by negative issues and mismanagement of funds by the officers. Also, the type of membership influences the members' assessment on the type of delivery of services; moreover, age contributes to the assessment of the business operation in terms of management and delivery of services. Furthermore, a proposed measure was formulated to enhance the business operation of the cooperative.*

**Keywords:** *Heavy Fabrication Yard, Multi-purpose Cooperative, Business Operation*

## **I. INTRODUCTION**

Multi-Purpose cooperatives perform more than one function. It combines two or more business activities of different types of cooperative. With the implementation of R.A. 6938 or the Cooperative Code of the Philippines, almost all cooperatives are now registered as multi-purpose cooperatives in order to simultaneously undertake four functions i.e., credit, marketing, purchasing and joint utilization of resources. Multi-purpose cooperatives are presently utilized by the government as the more effective tools for economic development. It also has advantages over other types of cooperative. Multi-purpose cooperative improves the

living standards of the members, minimum cost but maximizes profits, risk-sharing of members; it also creates unity among people, create security of human and material resources, create awareness and build education to its members.

The Cooperative Development Authority (CDA), the government agency in charge of development and monitoring cooperatives in the country gives this definition - a voluntary organization 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.

Cooperatives, as economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the 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 (MDGs) by 2015 (Birchall, 2003).

Batangas Heavy Fabrication Yard Multi-Purpose Cooperative is a non-sock-nonprofit business. BHFY Multi-Purpose Cooperative as a consumer cooperative which primarily engaged in the procurement and distribution of commodities to members and non-members. BHFY-MPC business operation includes canteen and/or catering services, janitorial and general services, consumer store and office supplies, bakeshop, facilities and maintenance, termite and pest control, construction, and lending business for both members and employees.

BHFY-MPC objectives and purposes are to encourage thrift and savings mobilization among these members for capital formation; to undertake bakery, food catering and pantry services for members and employees; to provide consumer goods, office supplies, medical laboratory and testing services and in sourcing of manpower (janitorial, transport, facilities maintenance and other related services) required by AG&P; to create funds in order to grant loans for productive and providential purpose of its members; to promote cooperative as a way of life for improving and the social and economic well-being of the people; to do any related activity for the members' self government, improve social and/or economic well-being under a truly just democratic society; to work with the cooperative movement, non-government and government/organization entities in the promotion and development of cooperative and in crying out government policies; and to undertake other activities for the effectiveness and efficient implementation of the provisions of the Cooperative Code.

The researcher deemed to find out whether this cooperative has the capacity to survive and progress as years to come by serving only one industry, the AG&P. By examining these variables and considering the problems encountered by the cooperatives, the results can determine whether the cooperative, particularly BHFY- MPC, can survive and continue growing.

This research study is important to the manager and members of cooperative to identify significant factors contributing success to cooperatives by providing them significant information on the different strength and weaknesses of their cooperative as well as recommend them some policies and procedure promoting to a healthy and viable cooperative. Also, it is considered advantageous to the researcher and future researches for them to have basis on their future researches. They can use this study as a reference, and this guide and lead them to come up with better results. This study enhances the knowledge and ability in conducting a research study. It also serves as a foundation for them to have a better point of view in understanding the nature and operation of cooperatives, organizing and managing cooperative.

## II. OBJECTIVES OF THE STUDY

The study aimed to determine the proposed business initiatives to enhance the operation of Batangas Heavy Fabrication Yard Multi-Purpose Cooperative for the long survival and growth. More specifically, it shall answer the following objectives to describe the profile of the respondents in terms of their age, gender, type of membership and shared capital; to assess the business operation of the cooperative in the aspects of its management, marketing, finances, facilities and technology and their delivery of services; to identify the problems encountered by the cooperative in its business operation; to determine the significant relationship between the profile of the respondents and their assessment to its business operation; and to propose an action plan and to assess the business operation of BHFY Multi-Purpose Cooperative.

**Ho:** There is no significant relationship between the profile of the respondents and their assessment on the business operation of BHFY- Multipurpose Cooperative.

## III. METHOD

### Research Design

The researcher used the descriptive correlational design in the study to obtain information concerning the current status of the BHFY-MPC cooperative; to

describe what exists with respect to the variables or conditions in a situation. In order to obtain this goal the researcher employed the descriptive method of research since it involved collecting data in the motive to answer the objectives concerning the subject of the study.

### **Participants**

The study involved the Batangas Heavy Fabrication Yard Multi-Purpose Cooperative and the respondents of the study were management and members of the cooperatives. Members are composed of regular and associate members of the cooperative composing of regular employees and consultants of AG&P. and the management team was composed of manager and supervisors that had authority or in-charge with the governance of the whole operation in the cooperative. In view of that, all 47 subjects in these groups were used as a sample through convenience sampling for the convenience of the researcher. But unfortunately, only 42 members or 90% of the sample answered the survey questionnaire because some of the members were currently working outside the country. To check the reliability of the questionnaire, the researcher used 10 office and canteen staff from catering department BHFY multi-purpose cooperative as respondents for pilot testing.

### **Instrument**

The main instrument used in the study was the self-made inquiry forms or questionnaires. To answer the concepts relevant in the study, the researcher sought questionnaires from on-line sources and modified the versions of instrument used by other studies and collected these to have an instrument appropriate for study.

These were used to gather data needed for the study about the cooperative operation. First part of the questionnaire covered the details on the profile of the member's respondents in terms of their name, age, gender, type of membership and shared capital. The second part is the assessment of viability of business operation of cooperatives with respect to its management, finances, marketing, facilities and technology and delivery of services. The last part of the questionnaire is composed of several problems encountered by the cooperative during its operation.

The researcher validated the questionnaire by gathering necessary information and data by assistance of faculty of the school and some person inside the organization that can help the researcher in validating her questionnaire. To test the reliability of the

instrument, the draft of the questionnaire was submitted for validation to the expert in research and to expert in the field of the study to fully determine the reliability and appropriateness of the questionnaire. The questionnaire had also undergone pilot testing to check the reliability and the correlation of the items of the questionnaire. The result shown that the obtained Cronbach's alpha value is .94 which indicates excellent internal consistency which means that the questionnaire is highly reliable.

### **Procedure**

The following steps were undertaken in gathering the data to answer the questions on the study. First, the researcher asked permission to the management and board of directors if she could use as subject for her study the BHFY Multi-Purpose Cooperative. Then, a letter of request to conduct the study, together with the constructed survey questionnaire, was sent to the management team and members in order to obtain necessary data.

In collecting the data for the study, the researcher personally distributed the questionnaire to the members and other questionnaire was distributed through email. The retrieval was done three weeks after the distribution of the questionnaire. Other details, out of 47 members, the researcher only retrieved 42 survey forms or 90% of sample because some of the members are working outside the country.

Additionally, other information utilized in this study was congregated through the use of secondary data. The researcher visited the school main library to look on some records and writing, journals, books, dictionaries, theses and dissertations, which will support her paper. Moreover, the researcher likewise surfed to the internet for further information concerning cooperatives and current issues that were also used as reference.

### **Data Analysis**

Data collected were treated statistically using various tools. Statistical treatments were necessary to verify the natural tendencies of responses. The researcher utilized the following statistical tools: Relative Frequency was applied to determine the demographic profiles of BHFY- Multi-Purpose Cooperative members; Weighted Mean was employed to assess the business operation of the BHFY cooperative in terms of management, finances, sales, delivery of services, facilities and technologies and problems encountered as perceived by the respondents.

To interpret the result in the business operation of cooperative, the given scale was: 3.50 – 4.00 = Strongly Agree; 2.50 – 3.49 = Agree; 1.50 – 2.49 = Disagree; 1.00 – 1.49 = Strongly Disagree. To interpret the result of the problems encountered by the Cooperative in Its Business Operation, the given scale was used: 3.50 – 4.00 = Always; 2.50 – 3.49 = Often; 1.50 – 2.49 = Seldom; 1.00 – 1.49 = Never

$\text{Eta}^2$  was utilized to determine the significant relationship of the demographic profile of cooperative to the assessment of business operation as perceived by the respondents.

#### IV. RESULTS AND DISCUSSION

Table 1 presents the distribution of the profile of the respondents in terms of age, gender, type of membership and shared capital.

Table 1. Profile Distribution of Respondents (n=42)

Profile Variables	f	%
<b>Age</b>		
31 – 35 years old	2	4.80
36 – 40 years old	6	14.30
41 – 45 years old	3	7.10
51 – 55 years old	12	28.60
56 – 50 years old	10	23.80
56 – 60 years old	9	21.40
<b>Gender</b>		
Male	29	69.00
Female	13	31.00
<b>Type of Membership</b>		
Regular	37	88.10
Associate	5	11.90
<b>Shared capital</b>		
10,000 – 50,000	1	2.40
51,001 – 100,000	32	76.20

100,001 and above 9      21.40

In terms of age, most of them fall on the age bracket 51 to 55 years old which comprised of 28.60 percent of the respondents, followed by the age bracket 56 to 60 years old with 23.80 per cent. The least among the age group was the age bracket of 31-35 years old with only have 4.80 percent frequency distribution. These only show that the respondents tend to invest or share more of their income or share more capital in the cooperative as they grow older.

With regards to gender, majority are males which obtained a frequency of 69 percent while female consist of only 31 percent. As to type of membership, regular membership obtained the highest value of which 88.10 percent while associate membership comprises only 11.90 percent. This means that regardless of sex, employees want to be part of the BHFY cooperative. As respondents of this paper, the researcher was able to get mostly regular members for they are in the position to assess the operation and problems of the cooperative.

According to the members shared capital, most of the respondents fall on the bracket of 51,001 to 100,000 shared capitals which consist of 76.20 percent of the respondents. It was followed by the shared capital bracket of 100,001 and above obtained 21.40 percent of the respondents and the least obtained only 2.40 percent in the bracket of 10,000 to 50,000 shared capitals. These data only show that there is a good starting capital from members that can contribute for the good of the cooperative and to provide the capital of the cooperative to use in its day to day operation.

Table 2 describes the assessment of BHFY-MPC business operation in terms of management. It shows that from the data that the over-all assessment of the respondents was 3.22 and interpreted agree.

Table 2. Assessment of BHFY-MPC Business Operation in terms of Management

Management	WM	VI	Rank
1. The management provides training and development opportunities to their employees.	3.14	Agree	5
2. The cooperative management gives quality information to the board on a timely basis.	3.36	Agree	1
3. The cooperative management is capable of delegating tasks to staffs.	3.33	Agree	2
4. The cooperative management has set a suitable organizational structure that fits to their business operations.	3.24	Agree	4
5. There is participation and good relationship between the cooperative management and its members.	3.26	Agree	3
6. The management needs the full support of the members in handling day-to-day operations of the cooperative.	2.98	Agree	6
<b>Composite Mean</b>	<b>3.22</b>	<b>Agree</b>	

Among the items enumerated, the BHFY cooperative management gives quality information to the board on a timely basis got the highest weighted mean of 3.36 and interpreted agrees. It was followed by the cooperative management is capable of delegating tasks to staffs and there is participation and good relationship between the cooperative management and its members which obtained a weighted mean of 3.33 and 3.26, respectively and both rated agree.

The management of the BHFY-MPC cooperative is composed of the Board of Directors, members and the management team. The role of the management is to provide needed services by the members and owners of the cooperative. They are the decision makers, they also formulate and execute policies and implement plans to successfully meet the cooperative objectives. The management also gives quality information of the board on a monthly basis. But the management of the cooperative most likely offers and provides training and education to its members rather than to its employees. BHFY board of directors and members do not interfere in a daily operation of the cooperative but they always support the team whenever they need big decision for the business and of course, there are always good relationship between our cooperative and its members. So, for the good of the cooperative, it is necessary that a healthy, friendly and democratic relationship should exist between management and members. BHFY management encourages its members to take active participation in the affairs of their own cooperative. On the other hand, the members give their respect and confidence to management. They should not meddle in the day-to-day operations of the cooperative because they know that this is the job of management.

The least among the assessment of BHFY-MPC business operation in terms of management was the management provides training and development opportunities to their employees and the management needs the full support of the members in handling day-to-day operations of the cooperative which obtained a

weighted mean value of 3.14 and 2.98 respectively, both rated agree.

The management of the BHFY-MPC is considered as one of the main factors of the success of a cooperative organization. Perhaps, the greatest factor for the success of any organization is its management. The members, directors and the manager of cooperatives constitute management. However, for efficient operations of the organization, the members and the director should not interfere in the day-to-day management of the cooperative. The manager is responsible for the detailed execution of the policies. He should be given authority to perform such responsibility.

Besides, the BHFY management for the development of its human resource department needs to be considered at the level of full-time paid staff, the board of directors and ordinary members. All are important, and all need to be effectively developed and managed. The staff helps cooperative effectively and efficiently to carry out operations, plan and execute activities, and provide professional and rational inputs to the decision-making processes.

In relation to the study, Taimni (2001) cited that in cooperative principle, it underscores the cooperative movements long-standing and distinguished commitment to education. Education here transcends the usual concept of transmittal of knowledge; it means engaging the minds of members, elected leaders, managers and employees to comprehend fully the complexity and richness of cooperative thought and action. Training means making sure that all those who are associated with cooperatives have the skills they acquire in order to carry out their responsibilities effectively. Also, it is widely accepted that to be effective and successful a cooperative must invest in the development of its human resource, particularly its membership. Continuing and purposeful education and training of members, leaders and staff and managers of cooperatives holds the key to the ultimate success of the cooperative.

**Table 3. Assessment of BHFY-MPC Business Operation in terms of Marketing**

<b>Marketing</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. The products and services satisfy the needs and expectations of the customers.	3.29	Agree	1
2. The cooperative uses different marketing techniques in offering its products and services for consumer awareness.	3.10	Agree	6
3. The products/services package is attractive to members and customers.	3.26	Agree	2
4. The business location is accessible to members and clients.	3.21	Agree	3.5
5. The prices of the products and services offered to its customers are reasonable.	3.21	Agree	3.5
6. There is an efficient system of distribution of products and services to members and clients.	3.19	Agree	5
<b>Composite Mean</b>	<b>3.21</b>	<b>Agree</b>	

Table 3 shows the assessment of BHFY-MPC business operation in terms of marketing. The overall assessment of the respondents, the composite mean as seen on the table was 3.21 and interpreted agree.

Among the items mentioned, the products and services satisfy the needs and expectations of the customers got the highest weighted mean of 3.29 which interpreted as agree. It was followed by the products/services package is attractive to members and customers which obtained the weighted mean value of 3.26, rated agree.

BHFY multi-purpose cooperative serves the AG&P people at the best practice to satisfy the wants of the customers, members and patrons. The management makes sure that the entire service package that they offer will attract the customer. In view of that, cooperatives offer goods and services at prevailing market prices. BHFY cooperative team offers the AG&P clients some discount and other freebies to convince to be their suppliers. This promotes stability for the success of the businesses of the cooperative. Better advertisements can help us cope with operational expenses and cover up the negative effects of shrinkage, depreciation and losses. It also helps maintain the prices of goods.

As seen from the table, the least among the assessment of business operation of BHFY-MPC in terms of marketing was an efficient system of distribution of products and services to members and clients and the cooperative uses different marketing techniques in offering its products and services for

consumer awareness which obtained the values from 3.19 to 3.10 respectively and both rated agree.

BHFY cooperative has lack of different techniques and marketing activities that provide to AG&P clients and members but the management team make sure that they offer the cooperative products and services more attractive to the extent of their clients and member's expectations. BHFY cooperative team also gives full information about their product and services to AG&P clients and employees.

According to Brown (2006), marketing is the process of continuously and profitably satisfying customer's needs wants and expectations superior to competition. Marketing is fundamental to any business growth. The marketing teams have the task to create the consumer awareness of the products or service through marketing techniques; unless it pays due attention to products or services and customer's demographics and desires, a business will not usually prosper long-term.

For Mendoza and Castillo (2006), marketing of all products is through the discretion of the management. With such a substantial leverage in terms of adequate volume, the management is in a position to map out a well laid-out marketing program, more specifically, a systematic schedule of unloading of products, including the development of new market outlets.

Table 4 describes the assessment of BHFY-MPC business operation in terms of finances that can see the over-all assessment of the respondents has the composite mean of 2.89 and interpreted agree.

Table 4. Assessment of BHFY-MPC Business Operation in terms of Finances

<b>Finances</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. The cooperative needs low initial capital.	2.00	Disagree	7
2. There are sufficient working capital and adequate source of funds from members.	3.19	Agree	3
3. The cooperative needs very minimal operating cost.	2.64	Agree	6
4. The type of cooperative used is not financially risky.	2.69	Agree	5
5. There is efficient and effective use and cost allocation and control of financial asset and other resources of cooperative.	3.07	Agree	4
6. The cooperative uses different financial plan strategies to strengthen its business operation.	3.21	Agree	2
7. The management makes sure that members' capital support is always maintained.	3.40	Agree	1
<b>Composite Mean</b>	<b>2.89</b>	<b>Agree</b>	

It shows that in terms of the finances of the cooperative, among the items enumerated the management makes sure that members' capital support is always maintained ranked first, followed by the cooperative uses different financial plan strategies to strengthen its business operation and next was there are

sufficient working capital and adequate source of funds from members, which obtained the weighted mean values ranging from 3.19 to 3.40, which verbally interpreted agree as assessed by the respondents. By focusing on the result, only the cooperative needs low

initial capital got the lowest weighted mean of 2.00 and verbally interpreted disagree.

According to the result, the BHFY-MPC member respondents disagree that the cooperative needs low initial capital and they slightly agree that the cooperatives needs very minimal operating cost, because even if the cooperative serve only one company, the AG&P, still they need large amount of capital needed in its daily operation. In fact, the cooperative has 150,000 petty cash fund every day to support the operation of the businesses of the cooperative.

In its 5 years of operation, the BHFY cooperative has a positive return to the members and in return, the members are always supporting the management and the cooperative by giving them adequate funds o perform the business operation of the cooperative.

In addition, the BHFY cooperative compare to other traditional businesses, the members must have the capacity to finance the start-up costs for the organization's development and other business plans. Money will be needed to cover the costs of the initial planning and development, incorporation, start-up, and ongoing operation of a cooperative. BHFY cooperatives also need money to start operations, to expand and diversify, and to modernize facilities. When the amount of money needed for the project has been determined, the cooperative must identify the best sources of capital and the desired amount from each source.

In relation to the study of Fajardo and Abella (2006), a cooperative must have adequate funds, and these must be managed efficiently for the maximum

benefits of its members and the community. Also, much of the success of the cooperative depends on how its financial resources are used and allocated. Although capital or money is not the beginning of cooperative, it is the very lifeblood of its successful operations.

In view of that, financial strategies can strengthen a cooperative's economic and social roles when they encourage members to patronize the cooperative and become involved in democratic decision making in its business operations.

According to Merett and Walzer (2004), their study, in contrast to the result, cooperatives do need capital – investment capital as well as working capital. The greater the amount of capital held by the cooperative, the greater its ability to purchase more efficient technology, invest in staff training and education and make other improvements to the running of the business.

Other details, the amount of capital needed by a cooperative depends, among others, upon the nature and character of its business, the type of products and services handled, the sized of membership and sales volume. Another crucial step is the proper selection of the type of cooperative to be organized because it can mean the success or failure of a cooperative. In this regard, it is very important that prospective members determine the type of cooperative they want, will use, and have the capability to support.

Table 5 presents the assessment of the BHFY-MPC business operation in terms of facilities and technology which has the composite mean of 3.24 and verbally interpreted agree as assessed by the respondents.

**Table 5. Assessment of BHFY-MPC Business Operation in terms of Facilities and Technology**

<b>Facilities and Technology</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. There is an adequacy of facilities and equipment in operation services.	3.05	Agree	7
2. There is adequacy of utilities of cooperative in their service operation.	3.12	Agree	6
3. The facilities and equipments are properly working.	3.19	Agree	5
4. There is a practice of public safety in using the cooperative facilities.	3.36	Agree	1.5
5. The cooperative is observing maintenance program on its facilities and equipments.	3.31	Agree	3
6. The facilities and equipment appear clean and attractive to customers.	3.36	Agree	1.5
7. There is always an available technology that can make the operation fast and make employees' tasks more convenient.	3.29	Agree	4
<b>Composite Mean</b>	<b>3.24</b>	<b>Agree</b>	

As can be seen, there is a practice of public safety in using the cooperative facilities and the facilities and equipment appear clean and attractive to customers, both obtained a result of weighted mean 3.36 and interpreted agree. Other items were rated agree but the lowest two were adequacy of utilities of cooperative in their service operation and adequacy of facilities and

equipment in operation services which obtained the weighted mean values ranging from 3.12 to 3.05 and both rated agree.

Businesses cannot purchase more efficient technology because it is too expensive are likely to face increased competition from those with the funds to purchase it. Those that are able to purchase improved

technology but unable to manage it so that it produces increased returns to the cooperative, are also unlikely to be competitive. Similarly, the cooperative needs to ensure that it will have sufficient demand for increased or improved production to justify the costs of the new equipment.

BHFY cooperative practices safety in using their facilities. The management team observes cleanliness and maintenance on all the facilities and equipment. These practices apply every now and then to lessen the purchase, repairs and other miscellaneous expenses with regards to maintenance of the facilities and equipment.

For Taimni (2001), the availability of facilities that have the ability to offer appropriate training and development opportunities to the managers and staff of the cooperatives in areas such as projects appraisal, on the one hand, and setting up of joint ventures and raising capital in an open market, on the other.

Table 6 shows the assessment of business operation of BHFY-MPC in terms of its delivery of services. The over-all assessment of the respondents has the composite mean of 3.31 and verbally interpreted as agree.

**Table 6. Assessment of BHFY-MPC Business Operation in terms of Delivery of Services**

<b>Delivery of Services</b>	<b>WM</b>	<b>VI</b>	<b>Rank</b>
1. The management provides its members more efficient and economic services.	3.36	Agree	2.5
2. There is promptness of services to members and customers.	3.36	Agree	2.5
3. The delivery of all services to customers and members is on time.	3.26	Agree	6.5
4. The cooperative management is attentive to members and customers' needs and concerns.	3.33	Agree	4
5. The management and employees service makes customer feel that they are important.	3.38	Agree	1
6. The cooperative has the capacity to supply the demand of its market.	3.26	Agree	6.5
7. The goods and services can speak well of its business.	3.29	Agree	5
8. The cooperative's process of providing services is not complicated.	3.21	Agree	7
<b>Composite Mean</b>		<b>3.31</b>	<b>Agree</b>

As seen from the table, the respondents agree that the management and employees service makes customer feel that they are important which obtained the highest weighted mean value of 3.38. It was followed by the management provides its members more efficient and economic services and there is promptness of services to members and customers, both obtained the weighted mean value of 3.36 and rated agree.

On the other hand, the item ranked last was obtained the value of 3.21 weighted mean which is the cooperative's process of providing services is not complicated and still verbally interpreted agree.

BHFY cooperative as the service provider to AG&P thus needs to identify expectation of target customers concerning service quality. Well-managed service companies satisfy employees as well as customers. For this, the BHFY cooperative make sure that the products and services we delivered to clients and members meet their expectations.

In addition to that, the BHFY cooperative should, as much as possible, handle only high-quality products. In order to establish itself firmly, it should strive to place

uniform, high-grade, well packed products to offer their best to AG&P. It is often said that "good products sell themselves, but poor products can't be given away." Quality products get the premium prices, poor ones do not. In fact, the BHFY cooperative must price their products reasonably and competitively. The BHFY cooperative should render better service to AG&P and more benefits to members since they both entitled to patronage refund.

According to Go (2005), a service is non-material equivalent of a good. A service provision is an economic activity that does not result in ownership, and this is what differentiates it from providing physical goods. It is claimed to be a process that creates benefits by facilitating a change in customers, a change in their physical possessions or a change in their intangible asset.

Besides, a cooperative should conduct its business in a manner which the members have been accustomed to. This does not mean operating at a high cost, which is unethical or providing poor services-all of which the association wishes to avoid. It does not also mean preventing delays in payment, providing facilities of the



kind with which members are acquainted, or dealing with market agencies in a manner to gain their confidence. Cooperative service succeeds best when it proceeds in an evolutionary process rather than a revolutionary one.

Table 7 on the next page shows the different problems encountered by the cooperative in its business operation.

Table 7. Problems Encountered by the Cooperative in Its Business Operation

Problems Encountered	WM	VI	Rank
1. Tardiness and AWOL of employees.	2.38	Seldom	1
2. Lack of communication and participation between management and members.	1.81	Seldom	11.5
3. Weak and inadequate promotions of management to cooperative employees.	2.14	Seldom	2
4. Failure to properly reward good management by the board members.	2.07	Seldom	3
5. Policies and procedures are not strictly implemented.	1.88	Seldom	6.5
6. Lack of understanding of the organization's objectives and principles.	1.79	Seldom	14
7. Lack of adequate character and moral responsibility of management.	1.50	Seldom	18
8. Ineffective leadership of management team and board of directors.	1.38	Never	20
9. Inadequate supervision of members among management and staff.	1.52	Seldom	17
10. Absence and inadequacy of trainings and education to employees.	2.02	Seldom	4
11. Cooperative has poor collection policy and strategies.	1.79	Seldom	14
12. Cooperative's excess fund is overinvested.	1.45	Never	19
13. Cooperative has inadequate source of fund.	1.36	Never	21
14. Income of cooperative is affected by negative issues.	1.33	Never	22
15. Officers mismanage the funds of the organization.	1.19	Never	23
16. Marketing plans are not efficiently executed.	1.81	Seldom	11.5
17. Poor marketing techniques so that activities have ineffective results.	1.83	Seldom	9.5
18. Communication system does not operate well.	1.90	Seldom	5
19. Poor maintenance and cleanliness in area and facilities.	1.83	Seldom	9.5
20. Malfunctioned and out-dated equipments.	1.86	Seldom	8
21. Security and safety difficulty on facilities and equipment.	1.67	Seldom	16
22. Delay of delivery of services to members and clients.	1.79	Seldom	14
23. Slow development of product and services.	1.88	Seldom	6.5
<b>Composite Mean</b>	<b>1.75</b>	<b>Seldom</b>	

The over-all assessment of the respondents, as seen from the table obtained a composite mean of 1.75 and verbally interpreted seldom. This result means that the cooperative seldom encountered problems on its business operations. Among the items mentioned, tardiness and AWOL of employees, weak and inadequate promotions of management to cooperative employees, failure to properly reward good management by the board members, absence and inadequacy of trainings and education to employees and communication system does not operate well got the highest weighted mean values ranging from 1.90 to 2.38 and verbally interpreted seldom.

Other items enumerated resulted that they seldom encountered problems but by focusing on the results, it shows that they never encountered a problem on items like cooperative's excess fund is overinvested, ineffective leadership of management team and board of

directors, cooperative has inadequate source of fund, income of cooperative is affected by negative issues and officers mismanage the funds of the organization which all items obtained a weighted mean values ranging from 1.19 to 1.45.

BHFY cooperative seldom encountered these problems like tardiness and AWOL of employees. Maybe the reason behind this area is BHFY only offer part-time hours work to other employees. Other problems like weak and inadequate promotions cooperative employees because the management seeks advice first from the board members before promoting or transferring employees. Unfortunately, other board members have no idea on the performance of all the employees of the cooperative. Sadly, the BHFY cooperative management has lack of training and educational programs and activities to its employees.

On the other hand, BHFY-MPC never encountered problem such as cooperative's excess fund is overinvested, ineffective leadership of management team and board of directors, cooperative has inadequate source of fund, income of cooperative is affected by negative issues and officers mismanage the funds of the organization because the cooperative have enough and adequate funds as invested by its members, accurate and up-to-date record keeping, proper allocation of funds and adequate accounting system to keep the operation on going.

The early cooperative movement failed because of various causes. There were several internal shortcomings of the individuals in societies such as inefficient business management and the presence of dishonest officials. Moreover, meetings between management and members were neglected. Management was left entirely too few individuals (Fajardo & Abella, 2006).

Many cooperatives failed because of inept operating management and poor monitoring by the board. Specific examples included overextension of credit and unsound collection practices, poor technique in grain marketing, inadequate attention to keeping products in condition, overexpansion of facilities, under financing, over advances to growers in pooling operations, dominance of the hired manager, and board interference in management of operations.

Further details, cooperative failed in the past because there are inefficient management due to lack of basic understanding of the basic principles of cooperation, lack of adequate character and moral responsibility of management, defective securities, lack of democratic procedure in the election of officers, particularly treasurer, inadequate supervision and more.

Though cooperatives exist to overcome some of the trading difficulties faced by small business, they can still face of number of problems in their operation such as cooperatives may find difficulties to raise finances since banks are not so willing to lend them money because their main aim is to make profit. Some difficulties in idealistic and ethical aims may not be agreeable with all members, so creating unrest and disharmony.

In the contrary of the Study of Taimni (2001), it has been a common knowledge that most cooperatives in the past failed the officers mismanaged the funds of the organizations. It has been observed that the main problem is organization and management. Also, the lack of socially-oriented community leaders contributes to the slow movement of our cooperative program.

### **Relationship Between the Profile Variables of the Respondents and their Assessment of Business Operation**

It presents that age vs. management and delivery of services shows significant relationship. This only means that majority of the members are at their middle- aged and it explain that as they come more older they has more concern on the management of the cooperative as well as the delivery of services of the cooperative to all of the members. This also means that they are more mature to contribute their selves for the success of the cooperative and to know all the principles and practices of the cooperative more particularly on its management.

Other result presents that the gender vs. finances and facilities and technology also shows significant relationship. This means that the more masculine, the more they want to invest and share their money and capital for the better operation of the cooperative and for the better facilities and technology that the cooperative must maintained.

Regular type of members are more particular in the delivery of services of the cooperative to all the members as well as the facilities and technology. Most of the regular members of the cooperative are also the major client of the cooperative. Regular members are those members who are entitled to vote. They must participate in the deliberation during membership meetings and vote on all matters and can avail him or her of the services of the cooperative without any discrimination. They can also seek any elective position as a member. They have their duties to participate on the capital build-up of the cooperative and its parliamentary officers. They should patronize regularly its business and promote the welfare of its members and the cooperative movement as a whole. On the other hand, associate members have their duties to participate in the deliberation of any issues during general membership meetings. They must avail themselves of the services of the cooperative.

Only age vs. management, gender vs. finances and facilities and technology; and age vs. delivery and type of membership vs. delivery show significant relationship because the obtained eta values indicates moderate positive correlation and the resulted p-value were less than 0.05 level of significance, thus the hypothesis of no significant relationship between the profile variables and their assessment to business operation is rejected. This means that their profile contributes to their positive assessment to their business. Other variables do not show significant

relationship on the assessment of the business operation of the cooperative.

## V. CONCLUSION AND RECOMMENDATION

Majority of the members are aged 51 to 55 years old, holding the regular type of membership and have a shared capital ranging from 51,001 to 100,000. BHFY-MPC performs well in terms of its management, marketing, finances, facilities and technology and delivery of services. There are problems seldom encountered in the operation of the cooperative but the cooperative never encountered overinvestment, ineffective leadership of management team and board of directors, inadequate source of fund, income of cooperative affected by negative issues and mismanagement of funds by the officers. The type of membership influences the members' assessment on the type of delivery of services; moreover, age contributes to the assessment of the business operation in terms of management and delivery of services. A proposed measure was formulated to enhance the business operation of the cooperative.

The management of the cooperative may have full understanding to the problems and implications of the different growth processes on its daily operation. The cooperatives members may strengthen the cooperative movement by working together and looking forward to serve other industries.

Marketing activities must also be well planned and executed so that members of the cooperative and all clients can gain adequate information about the products of the cooperative as well as the delivery of services of the cooperative which will satisfy their needs and wants.

The cooperative must be careful in managing and investing to other business operation their financial resources appropriately. They must execute different

financial plan strategy to strengthen the business operation of the cooperative. Additionally, the cooperative must maintain adequate facilities and technology in a good working condition at all times to provide better delivery of services to members and client to satisfy their needs and wants.

The cooperative may venture in employing more competent employees, additional emphasis on research, better control of quality and standardization of products or services, more efficient scheduling of production and delivery of services and improved business practices.

The proposed measures may be tabled for the discussion for possible implementation. To the future researchers, they may cite and conduct a study on other industry to assess its business operation.

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