

ABSTRACT

Title : **A COOPERATIVE STUDY OF GOVERNANCE AND POVERTY ALLEVIATION: THE PANGASINAN EXPERIENCE**

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Cooperative governance has not been a well illuminated topic in the evolving public discussions on good governance in the Philippines and developing nations. The emergent framework of governance now provides a new understanding of the current structures and dynamics in the cooperative sector. While admittedly, there have been exemplary cases of cooperatives - the great majority is struggling and the performance and viability hang in the balance. Those who have excelled may also step into pitfalls of leadership changes, which is a volatile feature of the cooperative system.

Overall, a cooperative is an instrument for poverty reduction but it must first all be ascribed to the tenets of good governance as a mechanism, practice, and medium in which cooperatives help their members better themselves. The

integration of good governance into cooperatives intends to improve its service delivery methods.

The study covered a) organizational profile of cooperatives in terms of : date registered, articles of cooperation and by-laws, number of employees; membership, assets; deposits; trainings conducted; services rendered; Linkages; and presence of a core management team; b) governance model strengthens confidence in cooperatives as an instrument to reducing poverty: traditional; corporate; democratic; and eclectic; c) the level of governance being practiced along :accountability, transparency, predictability; and participation; d) services provided by cooperatives in alleviating poverty of the members in terms of: provision of credit, employment, educational assistance, mutual aid fund, e. health benefits, Member's benefit; and community involvement; e) problems in cooperative governance along the following:accountability, transparency, predictability; and participation. The following research hypotheses were tested at the .05 level of significance. 1. There is a significant relationship between governance activities practiced and governance models applied by cooperatives; 2. There is a significant relationship of the level of governance practiced and the level of Governance Mode predominantly applied by cooperatives; 3) There is a significant difference in the governance activities across their organizational profile variables.

The study used the descriptive-correlational-evaluative method of research. The data and information were generated using questionnaire, group

discussions, interviews, on site visits and observations, official documents, and other secondary sources. The respondents were officers and members of the 15 cooperatives of the four cities of Pangasinan. The study contributes to the epistemology of public administration by providing researched-based evidences that financial viability objectives are attainable within the context of social equity-laden and government-driven poverty alleviation and rural development interventions through good governance.

Organizational Profile of Cooperatives

Date Registered. Seven out of fifteen cooperative respondents account for (46.67%), and were registered between 1991-2000, four (26.67%) cooperatives were registered between 1981-1990 and another four (26.67%) were registered between 2001 and onward.

Articles of Cooperation and Bylaws. Thirteen of the cooperatives (86.67%) have re-registered under the framework of the RA 9520 or the Philippine Code of 2008 and the two (13.33%) acquired their legal personality under RA 6938 otherwise known as the Cooperative Code of the Philippines of 1990.

Number of employees. Seven cooperative (46.67%) have 5 or less employees, Six cooperatives (40%) has 6-10 employees and two (13.33%) has more than 10 employees.

Membership. Eleven cooperatives (73.33 %) has membership of less 500, four cooperatives (26.67%) have membership more than 1000.

Assets. Seven cooperative (46.67%) have an assets of P 6,000,000.00 and below, three cooperatives (20%) has P 6,000,000,001 and below and five cooperatives (33.33%) has more than P 12,000,000.00 assets.

Trainings Conducted. Ten cooperatives (66.67%) have conducted officers hip training, three cooperative (20 %) and two cooperatives (13.33%) have not conducted any training at all. For the membership training, nine cooperatives (60%) have conducted 1-2 training while six cooperatives (40%) have conducted 3 and more trainings. Relative to the staff training, nine cooperatives (60%) have conducted 1-2 training while six cooperatives (40%) have conducted 3 and more trainings.

Services Rendered. Eight cooperatives (53.33%) have single line services while nine cooperatives (46.57%) are engaged in multipurpose services.

Linkages. Twelve cooperatives (80%) have established 1-2 linkages either local and national levels and three cooperatives (20%) have established linkages 3 and more both at the local and national levels.

Core Management Team (CMT). Ten cooperatives (66.66%) have employed 3-5, three cooperatives (20%) have 1-3 and two cooperatives (13.33%) have 5 and more respectively. The total number of core management team is 104 which comprise the following positions: General Manager/CEO (14), Bookkeeper (15), Secretary(13), Treasurer (12), Account Officer (4), Teller (4), Loan Officer (9), Collectors (12), posting clerk (6), store

helper (2), cashier (2), computer (3), liaison officer (1), service helper, (3) managing directors, (2) internal auditor (1), sales representative (1),

Governance Model Practiced by Cooperatives

a. **Corporate Model.** The average weighted means is 3.59 with a descriptive rating of "much".

b. **Democratic Model.** Data shows that all the democratic model practices are rated "much" with an average weighted mean of 4.07.

c. **Eclectic model.** Data shows that this type of model is a combination of some corporate model practices and democratic model practices rated as "much" (3.79).

Level of Governance Practiced by the Cooperative Officers

The level of governance of the cooperative officer was assessed along the following governance indicators: accountability, transparency, predictability and participation.

The cooperatives have a rating of "much" for accountability indicators as shown by the weighted mean of 4.29. On transparency, the rating is "much" with a weighted mean of 4.28. Moreover, on predictability indicators the over-all weighted mean has a rating of "much" with a mean of 4.03 and participation indicators have a rating of "much" with a weighted mean of 3.75. .

Services Provided by Cooperatives in Alleviating Poverty

The services provided by cooperatives in alleviating poverty are: provision of credit, employment, educational assistance, mutual aid fund, health benefits, members' benefit and community involvement.

Provision of credit. Data shows the total of volume of loan transaction is P 296,014,502.30 in which San Carlos cooperative has the biggest volume of transaction of P 203,281,150.40 while the lowest volume of business transacted belongs to Urdaneta with P 16,985,043. The total members benefited from the cooperative services are 11,592. The type of loans given is classified into: productive and providential loans. Under productive loan, the cooperative offers: agricultural, cattle dispersal, livelihood, regular, secured loan while under providential the following are offered: medical, personal, education, petty cash, salary, rice, and emergency. Interest rate is between 12-36%. The common interest rate is 24%. The highest interest rate collected is 36% and the lowest is 12%.

Employment generation. The cooperative has assisted 3,723 self employed members, and funded 310 members to work abroad. For the hired staff of the cooperative, a total of 104 were employed by the cooperatives in various capacities. Dagupan City has the highest number of hired employees of 42 while Urdaneta has the least number of employees of nine.

Educational assistance. Three cooperatives has a regular scholarship program, one coop in Urdaneta has a program on Study Now Pay later Program.

Total beneficiaries of the scholarship program totaled to 36. Amount spent for the scholarship program has a total of P 277,500.

Mutual aid. This assistance comprises of death aid and damayan. A total amount of P734,763.50 was given to 77 families.

Members benefit. The total gross revenue is P61,885.670, net surplus amounting to P6,519,408, interest on share capital totals P4,253,779, patronage refund totals P1,531,487

Community involvement. The cooperatives have variety of programs to include include environmental concerns, orientation on sanitation, mangrove planting, tree planting, vegetable, compost, fertilizer subsidy, donation to church, training sponsored, fingerlings distribution, piglet distribution, donation to flood and typhoon victims, feeding, donation of medicine, donation of toilet bowl and sport sponsorship. All in all a total of 28 funded projects on community projects with a budget of P320,527.00 broken down as follows: Alaminos P 50,000.00, Dagupan City P 34,000.00, San Carlos City P 114,527.00, and Urdaneta City P 122,000.00.

Problems in Cooperative Governance

The .problems was categorized according to the elements of governance namely: accountability, predictability, transparency, and participation.

The accountability problems. The over – all rating is “somewhat” with a weighted mean of 1.99. transparency problems have over- all rating is “somewhat” with a mean of 1.62, the predictability problems has over-all

weighted mean is 1.76 with a descriptive rating of "somewhat" and lastly, the problems on participation have a over-all rating for weighted mean is 1.61 with a descriptive rating of "somewhat".

Relationship of Level of Governance and Governance Model

a. There is a significant relationship between governance activities and governance models practiced by cooperatives

b. On the relationship in the level of governance across their organizational profile variables. There is no significant relationships were observed at all at .05% level of significance.

Based on the findings of the study, the following conclusions are arrived at:

1. Majority of the millionaire cooperatives of the four cities in Pangasinan are older and have re registered under the Philippine Cooperative Code of 2008 or Republic Act 9520. They have regular training program for officers, staff and membership, large membership base and owning and managing small to large cooperatives in terms of assets.
3. Democratic model is most predominantly practiced by cooperatives.
4. The elements of governance namely: accountability, transparency, predictability, transparency is "much practiced" and its integration of good governance in cooperative management intends to improve its service delivery methods

5. Cooperatives have contributed significantly to poverty reduction through their provision of services, and direct investments on community projects and programs.
6. There exist problems in cooperative governance particularly on members' participation which show low rating on majority of the cooperatives in the four cities.

On the basis of the foregoing findings and conclusions, the following recommendations are forwarded:

1. All officers should undergo training on good governance before they assume their positions.
2. The governance reforms along: accountability, transparency, predictability and participation need to be assessed in terms of the contributions to their goals, sorting out what's critical and what's less to save scarce energy, resources, and capital of the cooperative.
3. A second generation of reforms focuses on management, organizational behavior, culture, mission and leadership. Members should elect officers with strong leadership as cooperative success largely depends on good leadership of its officers
4. Good governance must be intervening in all the aspects of cooperatives in order to achieve confidence and trust. Cooperatives must ascribe to the tenets of good governance as a mechanism, practice, and media in which they help improve their cooperative's performance and stability.

5. The adoption and application of the cooperative governance by all cooperatives is indeed an effective means for poverty alleviation.

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