

The Sustainability and Resiliency of Cooperatives amid Economic Challenges

Irish Fae E. Bartolome¹, Maricris R. Barlinan², Princess R. De Guzman³, Giemelle C. Gavina⁴, Marie Sol D. Hizon⁵, Marilou P. Pascual⁶

¹Internal Audit Head, Kilusang Lima (5) Para Sa Lahat Multipurpose Cooperative

²Senior Accountant, Shantahl Direct Sales, Inc.

³Office Staff, College for Research and Technology Inc

⁴Accounting Associate, D&V Philippines

⁵Field Loan Processor, AFPFC Multi-Purpose Cooperative

⁶Dean, Nueva Ecija University of Science and Technology

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Abstract— *This research looked at how cooperatives maintain their sustainability and resiliency in the face of economic challenges. The questionnaire checklist was used as the data collection instrument in a descriptive research design. Respondents in this study were officers from selected cooperatives in Talavera, Nueva Ecija. The majority of them are multipurpose cooperatives that conduct credit operations. Five cooperatives have been in operation for more than ten years, with the majority of them being small businesses (asset sizes are between three million and fifteen million pesos). Despite the pandemic, they all earned in 2021, according to the respondents. According to the survey results, business diversification is very effective in maintaining cooperative standing in the face of economic challenges. The survey also revealed that cooperatives are self-sustaining, as almost all respondents did not face the severe problems that most businesses face, such as closure and employee reductions. The majority of them have adapted to the new normal work setup. It is recommended that cooperatives expand and improve their services in order to provide immediate and timely information and assistance to members in order for them to operate and survive any economic challenges that may arise. Cooperatives should also develop a Business Continuity Plan and diversify their businesses rather than concentrating on a single one.*

Keywords— *Business continuity plan, cooperatives, diversification, resilient, sustainable.*

I. INTRODUCTION

A cooperative is a voluntary association of people who contribute shares in order to meet their economic, cultural, and social needs through the ownership and operation of a business. The cooperative is characterized by a cooperative spirit and collaboration. It is a lawfully registered organization of individuals with a common bond of interest who have voluntarily joined together to achieve a lawful common social or economic goal, making an equitable contribution to the required capital and accepting a fair share of the risks and benefits of the undertaking in

accordance with universally accepted cooperative principles.

The Philippine economy suffered a severe recession as a result of the COVID-19 Pandemic. The Philippine GDP shrank by 4.2% in the first quarter of 2021, extending the recession to three straight quarters as the pandemic dragged on, making it the longest recession since the Marcos era. The business industry was severely impacted as a result of these figures. Even some of the largest corporations have seen a drop in revenue as a result of the pandemic. It impacted not only the entrepreneurs but also the overall employment rate in the country.

According to the Open Knowledge Repository, “9% of businesses closed in response to government regulations. There are also others who have closed voluntarily and account for 21% of the total of all businesses in our country. 7% have closed permanently. Also, the sales of the companies continue to decline due to fears and restrictions as well as the protocols implemented by the government. There are many entrepreneurs who until now hope that our country's economy will rise up again and that their businesses will return to normal but on the other hand, some entrepreneurs expect that the situation of their businesses will worsen as the economy of our country continues to collapse”.

Despite the challenges faced by most private sectors, cooperatives remain resilient, continue to resist the threat of the pandemic, and strengthen cooperation in the belief that the cooperative sector can be the answer or help to protect our society's financial condition. According to a study conducted by the Cooperative Development Authority, nearly 92% of cooperatives from various sectors were affected by the pandemic. Cooperatives were impacted, but they avoided major issues such as layoffs, decreased production due to work-from-home arrangements, and, most importantly, business closure. Surprisingly, cooperative economic standing is not suffering as much as other types of business in the Philippines.

Based on these, this study looked specifically into the demographic characteristics of respondent cooperatives in terms of their type, a number of branches, years of

existence, asset size, and financial status at the end of 2020 and 2021. Furthermore, this research identified the changes in the cooperatives during the pandemic in terms of their managerial, marketing and financial aspects. Lastly, this study described the strategies that cooperatives have taken to maintain the stability of their businesses.

II. MATERIALS AND METHODS

The descriptive research design was used in this study. "Descriptive research is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation," according to Dr Y.P. Aggarwal (2008), as cited by Salaria (2012) and Garcia and Subia (2019). This type of research design entails more than just gathering and tabulating data; it also includes proper analyses, interpretation, comparisons, and the identification of trends and relationships." Eight selected officers of cooperatives from Talavera, Nueva Ecija, Philippines were chosen on purpose for this study (Subia, 2018) because of their knowledge of the study being conducted. The information was gathered using a questionnaire checklist and analyzed and interpreted using appropriate statistical tools such as frequency and percentage. The researchers made certain that all participants received all relevant information about the study, as well as the risks and benefits of participating. Because everyone has the right to privacy, the researchers safeguarded their personal information.

III. RESULTS AND DISCUSSION

1. Profile of the Cooperatives

Table 1.1. Types of Cooperatives in Talavera

	<i>f</i>	%
Types of Cooperative		
Multipurpose Cooperative	6	75%
Credit Cooperative	1	12.5%
Producers' Cooperative		0%
Employees' Cooperative		0%
Cooperative Bank		0%
Others	1	12.5%
Total	8	100%

As to types of cooperatives, the table shows that six (6) cooperatives are multipurpose. One (1) credit cooperative, and one (1) agriculture cooperative. Multipurpose refers to cooperatives with a combination of two or more business/economic activities. On the other hand, a credit

cooperative is one that promotes and undertakes savings and lending services among its members, while an agriculture cooperative is a cooperative in which farmers combine their resources in certain areas of activity.

Table 1.2. Number of Branches of Cooperative

Number of Branches	f	%
1	7	87.5%
2 to 4		0%
5 to 7	1	12.5%
Total	8	100%

As to the number of branches, only one (1) cooperative has more than one branch nationwide and seven (7) have only one branch.

Table 1.3. Years of Existence of Cooperative

Years of Existence	f	%
1 to 5	1	12.5%
6 to 10	2	25.0%
10 years above	5	62.5%
Total	8	100%

As to years of existence, five (5) cooperatives are operating for more than 10 years already, two (2) cooperatives are in business for 6 to 10 years of existence and one (1) cooperative is operating for 1-5 years.

Table 1.4. Asset Size of Cooperative

Asset Size of Cooperative	f	%
Micro Enterprise (up to 3 million)	1	12.5%
Small Enterprises (above 3 million to 15 million)	4	50.0%
Medium Enterprise (above 15 million to 100 million)	0	0.0%
Large Enterprise (above 100 million)	3	37.5%
Total	8	100.0%

As to the cooperative's asset size, three (3) cooperatives are under large enterprises. They have more than one hundred million asset sizes. Four (4) cooperatives have more than three million but not more than 15 million asset sizes or are under small enterprises. One (1) cooperative is under the microenterprise or the asset size is up to three million.

Table 1.5. Financial Status at the End of 2020

Financial Status at the End of 2020	f	%
At Profit	4	50%
Break Even	2	25.0%
Loss	2	25.0%
Total	8	100%

At the end of 2020, the year that the lockdown happened, there were four (4) cooperatives that were still at profit, two (2) were at break even and two (2) were at loss.

Table 1.5. Financial Status at the End of 2021

Financial Status at the End of 2021	f	%
At Profit	8	100%
Break Even	0	0.0%
Loss	0	0.0%
Total	8	100%

At the end of 2021, eight (8) cooperatives or 100% of the respondents were at profit. It shows that cooperatives were still thriving in the midst of the pandemic.

2. Changes in cooperatives during the pandemic

Table 2.1 Changes in cooperatives during the pandemic in terms of Management

		<i>f</i>	%
Management	Adapting to the new normal (the mandatory wearing of facemasks and face shields)	8	100%
	Skeletal working arrangement	3	38%
	Reduction of working hours	4	50%
	Work-from-home arrangement	2	25%
	Decrease in production (Agri, manufacture, etc.)	2	25%
	Reduction of employees	1	12.5%
	Closing of business	0	0%

All cooperative respondents notably did not encounter business closure. Rather, skeletal working arrangement, reduction of working hours, work-from-home arrangement,

decrease in production (Agri, manufacture, etc.), reduction of employees and adapting to the new normal moderately affected the business operations of cooperatives.

Table 2.2 Changes in cooperatives during the pandemic in terms of Marketing

		<i>f</i>	%
Marketing	Maximization of social media platforms	4	50%
	Continuously communicating with members through phone calls and texts	7	88%
	Use of a referral system from current members to minimize random exposure to random people	5	63%

Having encountered several problems in the cooperative operations during the Covid-19 pandemic like limited face-to-face transactions, the areas of concern in marketing have taken some measures to ensure the continuous operations and delivery of services to members. Among these

marketing strategies are continuously communicating with members through phone calls and texts, the use of referral systems from current members to minimize random exposure to random people and the maximization of social media platforms (Facebook, YouTube, etc.).

Table 2.3 Changes in cooperatives during the pandemic in terms of Financial

		<i>f</i>	%
Financial	Minimizing cash transaction	4	50%
	Maximization of online bank transfer or online wallet transfer as a mode of loan payment or deposit	5	63%
	Savings withdrawal of members during the pandemic	3	38%
	Loan penalties were voided	6	75%

To help the members adjust to the economic impact of the pandemic, loan penalties for past-due accounts were voided. Some cooperatives provided a moratorium on the loan payments of the members. Cooperatives minimize the use

of cash transactions but instead, maximize online bank transfers or online wallet transfers as a mode of loan proceeds, loan payments and deposits.

3. Strategies that cooperatives have taken to maintain the stability of their business

Table 3. Strategies that cooperatives have taken

	F	%
Cooperatives with only one business/economic activity	4	50%
Cooperatives with more than one business/economic activity	4	50%

Among the eight cooperative respondents, four (4) of them have diversified into different business/economic activities since they were multipurpose cooperatives. The businesses that these cooperatives operated were Agri productions, ice-making plants, piggeries, trading, aggregates, rentals of acquired assets, etc. Four (4) cooperatives have only one business/economic activity to support their members and it is credit services.

4. Business Continuity Plan of Cooperatives

Table 4. Adoption of business continuity plan of cooperatives

	f	%
Yes	2	25%
No	2	25%
No BCP	4	50%

A business continuity plan is a written document explaining how a business will operate during an emergency. Only 25% of the respondents claimed to have been able to use their BCP, 25% of respondents also claimed not to have implemented their BCP, and 50% of respondents claimed not to have a BCP at all.

IV. CONCLUSIONS AND RECOMMENDATIONS

Based on the findings, the following items were concluded:

1. Although cooperatives are also affected by the crisis caused by the pandemic that is currently being faced all over the world, it is noticeable that cooperatives remain resilient and continue resisting it;
2. Nearly all of the respondents claimed to have already adapted to what is being called the "new normal";
3. Additionally, it is evident that, unlike other companies, no cooperative announced its plan to close or, at the very least, scale its operations;
4. The majority of respondent cooperatives are still

profitable despite the global financial crisis, despite the fact that the industry is in a difficult condition;

5. This research also shows us the businesses involved in these cooperatives helped them big time. The majority of them operate multiple businesses. This is due to cooperatives' adaptability and the cooperatives' principle, which places an emphasis on the welfare of all members;

6. Cooperatives are self-sufficient and can regain their business capacities by diversification, staying committed to the cooperative principles.

7. Cooperatives are already playing an important role in helping to recover from the long-lasting effects of the COVID-19 pandemic.

Based on the conclusions, the researchers suggested the following:

1. Cooperatives should expand and enhance their services like financing programs, information digitization such as Facebook posts, text blasts announcement of promos and new updates to members, and pieces of training to provide immediate and fast information and assistance to members to operate and survive under the new normal.

2. Cooperatives should promote and educate members and non-members on existing promos such as referral promo incentives to existing members that will benefit them without deducting the same from the referred member's loan proceeds.

3. Cooperatives should diversify their revenue streams rather than only concentrating on one in order to grow their operations; finding ways to increase work opportunities and funding would be beneficial. Also, innovation can and will certainly become increasingly crucial for successful new cooperative entry and ongoing cooperative survival.

4. Likewise, cooperatives should devise a business continuity plan. Having a business continuity plan is essential to any business organization; it helps the cooperatives' operation adjust with regard to unplanned and unexpected challenges.

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