



THE SUNRISE MULTI-PURPOSE COOPERATIVE: ITS ORGANIZATION AND ENTERPRISE CAPABILITY

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Abstract: *This research was conducted to determine the organization and enterprise capability of Sunrise Multi-Purpose Cooperative. The respondents are members and non-members of the cooperative at the Sunrise Agrarian Reform Communities. The descriptive-qualitative research design was used in the study accompanied with personal interviews and focal group discussions. The data for this research were obtained from the respondents and the audited financial statements and annual reports of the cooperative. The study revealed that Sunrise Multi-Purpose Cooperative is guided with their mission, vision and goals in the performance of their roles and responsibilities in the cooperative. The cooperative members are committed and active having a good record on attendance to meetings. The officers recruit new members by campaigning from one barangay to another barangay for possible membership expansion. On financial resources, the cooperative has a total assets of P3,006,376.69 and total liabilities of P1,227,563.69. The cooperative is liquid, stable and profitable. Record shows that the cooperative has a current ratio of 4.23:1 which is higher than 2:1 (rule of thumb). This revealed that the cooperative does not depend much on credit for its operations rather more finances come from the members. The cooperative's enterprise activities involved production, provision of pre-harvest facility, provision of credit for production and food processing. The study revealed that the cooperative is very much capable in managing its enterprise activities.*

Keywords: *cooperative, organization, enterprise, capability, credit, net surplus*

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INTRODUCTION

The Cooperative as an economic growth evolved out of the need of people to protect them from various economic exploitations and to provide themselves with the basic necessities in life. Thus, for each of the various economic exploitations as in the fields of credit, consumer needs or marketing, a special type of cooperative may be organized. A cooperative is an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations, making equitable contributions to the capital required, patronizing their products and services, and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.(R.A. 9520, 2008). It is a group of people who work together voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled enterprise. Over 100 million jobs have been generated by cooperatives around the world. As agriculture remains the major source of income and employment in rural areas and the majority of the cooperatives are found in the agricultural sector, cooperatives are significant in providing jobs to rural communities (ILO, 2007). Cooperatives provides real economic benefits to farm families through increasing the stability of the farming sector, improving market access for their products and strengthening the farmers' position in the agri-food chain. Improving farmers' living condition support rural development and preserves the viability of rural communities.

In the province of Cagayan, Municipality of Gattaran, the farmers under the Sunrise Agrarian Reform communities had been experiencing problems of being dictated by the landowners on what they wanted to happen as indicated on their owner-tenancy agreement (DAR-DF Report, 2013). The farmers depend on their minimal share of the land they were tilling. During wet season, perennial farmers' experience dilemmas due to insufficiency of pre and post- harvest facilities. Pre and post -harvest facilities were limited to those who can afford to buy and construct/put up one. While crop yields are considered satisfactory, the absence of post- harvest facilities during wet season considerably downgrades the quality of grains, subsequently sold to traders at very low prices. Recurring problems has turned the farmers into easy prey by few capitalist and private rice traders. These traders dictate the prices of grain commodities on a day-to-day basis offering instant



cash and temporary relief to the farmers financial burden. Thus, with the farmers experiences and with their desire to improve their working conditions and quality of life, the Sunrise Multi-Purpose Cooperative was organized to lessen if not end up such problems of the farmers in the area. The cooperative has its primary objective to help improve the quality of life of the members by providing credit, goods and services to members and the community, attain increase income, savings, investments, productivity and purchasing power. (RA 9520). The major objectives of the research are to:

1. Determine the organization and enterprise capability of Sunrise Multi-Purpose Cooperative at Capissayan, Gattaran, Cagayan.
2. Profile the Sunrise Multi-Purpose Cooperative in terms of :
 - a. Date of Registration
 - b. Registering Agency
 - c. Location
 - d. Years of Existence
 - e. Membership and Share Capital
 - f. Assets, liabilities and total Equity
3. Determine the status of Sunrise Multi-Purpose Cooperative in terms of its organizational capabilities along:
 - a. Presence of Mission, Vision and Goals
 - b. Organizational Structure
 - c. Written VGMO & Structure
 - d. Human Resources & Status of Position
 - e. Human Resources (Gender and Development)
 - f. Participation of Officers to Trainings
 - g. Fiscal Resources
 - h. Community Network
4. Determine the status of Sunrise Multi-Purpose Cooperative in terms of its enterprise capabilities along :
 - a. Services Offered
 - b. Business Linkages



LITERATURE REVIEW

Poverty being a rural phenomenon where the majority of the people live in developing countries, the mechanisms to be used should target the recipients. One of these methods which are used widely today is to organize people into cooperatives or associations (Adebayo et al., 2010). Agricultural cooperatives can help farmers get a better deal at various stages of production and distribution. Through membership in a cooperative, farmers are collectively able to negotiate better prices for inputs, transport and storage facilities. Cooperatives can also help expand access to markets and capture more of the value chain, such as getting involved in processing activities (DFID, 2010).

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality and solidarity. Cooperatives are dedicated to the values of openness, social responsibility and caring for others. Such legal entities have a range of social characteristics. Membership is open, meaning anyone who satisfies certain non-discriminatory conditions may join. Economic benefits are distributed proportionally to each member's level of participation in the cooperative, for instance, by a dividend on sales or purchases, rather than according to capital invested. (Andrew, 2006). Cooperative-societies are organizations voluntarily owned and self-controlled (non-governmental) aimed at solving the felt need of its members.

Cooperatives are a development tool that promote both social and economic goals, offers a way for a group to pool their limited resources to achieve self-development. The role of cooperatives involves increasing number of quality jobs so that the individual incomes expand. Cooperatives offer more to their communities than employment opportunities. They provide market access and essential service to the farmers and other community residents. It helps to develop local leadership that can start and lead other business ventures. Formation of a cooperative society enable its members to enjoy all the benefits conferred to it by the registering agency and recognized as a business entity capable of transacting business in its own name. (Basheer,2007).

Cooperatives have been described as membership based entrepreneurial organizations characterized by democratic and inclusive governance (Birchall, 2010; Borzaga and Tortia, 2010). Cooperatives are user-driven businesses that have contributed greatly to the development of one of the world's most productive and scientific-based agricultural



systems. They have played an important role in strengthening market access and competitive returns for independent farm operators during the 20th century (USDA, 2002).

METHODOLOGY

The descriptive-qualitative research design was used in the study with 44 agrarian reform beneficiaries and 15 non agrarian reform beneficiaries at Sunrise ARC as respondents. More specifically the organizational maturity tools, personal interviews and focal group discussions were used.

The study was conducted at Capissayan Sur, Gattaran, Cagayan where the Sunrise Multi-Purpose Cooperative is located. The purposive sampling was used by the researcher in obtaining the respondents in the study.

The research instrument utilized in the study made use of a structured questionnaire which was complemented by personal interviews and focal group discussions.

Data were obtained from primary and secondary sources. The primary sources of data were gathered through the use of the structured questionnaires personally distributed and administered by the researcher. A Focus Group Discussion was also conducted where all the officers and members were given the chance to freely air their ideas and to answer questions asked in the guide questionnaire. The researcher utilized a communication medium understood by all the respondents i.e. in the dialect spoken by the respondents. The secondary data were extracted from the financial and annual reports of the Sunrise Multi-Purpose Cooperative.

The data gathered were then tabulated, analyzed and interpreted using frequency counts and percentage.

RESULTS

The cooperative is registered with the Cooperative Development Authority under registry no. 9520-0200783. At present, it is now 10 years in its existence or operations.

The cooperative has written mission, vision and goals that guide them in their operations which are known to all members.

The Sunrise Multi-Purpose Cooperative has complete set of officers responsible in governing the operations of the cooperative as well as their by-laws.

The cooperative has active and committed members who participate in making major decisions.



The cooperative recruit new members with the officers campaigning from one barangay to another for possible membership expansion.

The cooperative officers have attended 28 basic trainings and 13 advanced trainings.

The cooperative has a total assets of P3,006,376.69 and a total liabilities of P1,227,563.69.

The cooperative has a good record on its financial performance and financial operation.

The cooperative has established linkages with several organizations and offices like Naguillian MPC, Land Bank of the Philippines, San Miguel Corporation, Department of Agrarian Reform and Department of Agriculture.

The current services provided by the cooperative are credit, production and provision of pre-harvest facilities.

DISCUSSIONS

Table 1 presents the data on the organizational maturity of Sunrise Multi-Purpose Cooperative. It was initially registered in June 4, 2003 however, it was reorganized in 2008 which brought about the increase in membership and total share capital. As of to date, it is now ten years in operation. Sunrise Multi-Purpose cooperative is located at Capissayan Sur, Gattaran, Cagayan. With its decade of existence, it implies that the cooperative is capable of continuing its operations to meet its objectives.

Table 1. Profile of Sunrise Multi-Purpose Cooperative as to Location, Date of Registration, Registry Number, Registering Agency and Year of Existence

Legal Personality	
1. Name of Cooperative	Sunrise Multi-Purpose Cooperative
2. Location	Capisayan Sur, Gattaran, Cagayan
3. Date of Registration	6/4/03 – Reorganized 2008
4. Registry Number	9520-0200783
5. Registering Agency	Cooperative Development Authority
6. Years of Existence	10 years

The table shows that in its initial operation, the cooperative started with 37 members and a total share capital of P6,161. Prior to its reorganization in 2008, there was an increase of 27 members with also an increase in membership in the amount of P36,530. In 2008, its total abrupt increase in membership and total share capital.



Table 2. Distribution as to number of Members and Share Capital

Year	2003	Prior to 2008	2008 - Present
Members	37	64	275
Share Capital	P6,161	P42,691	P843,899.95

Table 3 shows the assets, liabilities and capital of the Sunrise Multi-Purpose Cooperative as of December 31, 2012, on its latest audited statement of financial position

Table 3. Profile of the Cooperative as to Assets, liabilities and Capital

Year	Assets	Liabilities	Equity
2012	P3,006,376.69	P1,227,653.69	1,778,723.00

In terms of human resources, the cooperative has seven (7) Board of Directors, eighteen committee members all on a part-time basis. Their being part-timers do not hamper the operations of the cooperative because their services are occasional. The cooperative has three (3) management staff of which two (2) are on a full time basis particularly the manager and treasurer while the other management staff is on a part-time basis. The manager and the treasurer are on a full time status because of their exigency in the operation of a cooperative. More members are being served because of their daily presence in their office. Based on interview, as to the educational attainment of the Board of Directors, two (2) are college graduate, college level, two (2) high school graduate and one (1) have reached high school level. Although on their constitution and by-laws, no educational attainment is specified however, it indicates that they consider educational attainment of the individuals chosen to occupy certain positions in their cooperative.

Table 4. Data on Human Resources & Status of Position

Human Resource	Number	Part-Time	Full-Time
1. Board of Directors	7	✓	
2. Committee Members	18	✓	
3. Management Staff	3		
Manager			✓
Treasurer			✓
Other Management Staff		✓	

The data shows that there are 275 members in the organization. All members whether female or male are all active in the organization. This indicates that the members are committed and dedicated thus their organization is performing well as evidence in their



statements of financial operations and conditions. It shows that there is an equal representation of both sex as far as officers in the organization is concerned.

As to recruitment of new members in the cooperative, the officers campaign from one barangay to another barangay for possible membership expansion.

Table 5. Human Resources (Gender and Development)

Data	Male	Female	Total
Membership in organization	83	192	275
Officers in Organization	14	14	28
Active members in Organization	83	192	275

The table provides information on the number of trainings attended by the officers of the Cooperative. It shows that there were 25 basic trainings attended by the officers and 10 advance trainings. There were 3 basic and advance trainings attended by the management staff. To name some of the trainings attended by the officers and management staff, these include Cooperative Enterprise Development, Cooperative Good Governance, Enterprise Development, Entrepreneurial Leadership Competitiveness, Updates on Cooperatives, Understanding Financial Reports, and Emerging Trends in Business. With all the trainings provided by the officers and management staff, they are equipped with knowledge & skills or the betterment of managing their business.

Table 6 Participation of Officers and Management Staff to Trainings

	Basic Training	Advance Training
Officer	25	10
Management Staff	3	3

The table shows that the cooperative generates its capital from different sources like capital build-up, savings mobilization and borrowings particularly from financial institution like Land Bank of the Philippines. Being a recipient of loan from the banks indicate that it have passed the tests or battery of requirements for a good credit record. Based on interviews, it was found out that a certain percentage of their loan is added as part of their capital build-up and also a portion of their patronage refunds.



Table 7. Cooperative sources of Capital

Sources of Capital	Presence
Capital build-Up	✓
Savings Deposit of Members	✓
Borrowings	✓

The table shows that there were 188 clients who were served by production. Such production were in terms of coco jam, banana chips and bugnay wine. There were 188 clients who availed of credit or loans from the cooperative while 21 clients availed of the pre-harvest facility (hand tractor) which was given by the Department of Agriculture.

As to linkages established by the cooperative, it is a member of the Provincial Cagayan Cooperative Union.

There are projects undertaken by the cooperative such as furniture making, bugnay wine processing, coco jam making, banana chips making, basketry and the production of black rice. These projects are undertaken by the members, however, the cooperative extend its assistance through marketing the products of their members.

Table 8. Services provided to members and other Clients

Services	Number
Credit	188
Production	149
Pre-Harvest Facility	21

The table shows the information on the different companies where the Sunrise Multi-Purpose Cooperative has business linkages to supply some of their products like black rice and cassava.

Table 9. Data on the Business Linkages of the Sunrise Multi-Purpose Cooperative

Name of Company	Transactions
San Miguel Corporation	Provision of cassava
Naguillian Multi-Purpose Cooperative	Provision of Black Rice (organic rice)

Presented on the table is the financial performance and financial status of the cooperative. As to profitability of the cooperative using the profit margin as basis, Sunrise MPC has a net profit margin of 20.38% which means that for every peso of sales/revenue, the cooperative earns 20.38 centavos. With the other profitability measures used such as the rate of return



on Assets, it is clearly seen that the cooperative is performing well. The rate of return on assets actually measures the overall efficiency of the firm in managing assets and generating profits.

In terms of the solvency or liquidity of the cooperative, it can be seen that they are very much capable of paying their short-term debts as they fall due. Having a current ratio of 4.23 means that for every peso of short-term debt it is back up by P4.23 of current assets. The rule of thumb states that for a company to be liquid, it should have a current ratio of 2:1. The percentage of working capital employed in their operation is 58.53%.

On long-term financial position or stability of the cooperative, it shows that Sunrise MPC has a debt ratio of 40.83%. This is indicative of the proportion of finances from outsiders or creditors. The debt ratio tell us that for every peso of the cooperative's assets 40.83% is provided by creditors and 59.17 is provided by the owners.

Table 10. Data on the Financial Performance & Financial Condition

Indicators	Financial Ratios
Net Profit Margin	20.38%
Rate of Return on Assets	29.73%
Rate of Return on Ave. Current Assets	36.30%
Current Ratio	4.23
Working Capital to Total Assets	58.63
Debt ratio	40.83%
Equity Ratio	59.17%

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CONCLUSION

The Sunrise Multi-purpose Cooperative possesses the organization enterprise capabilities as evidence by their performances in their present business activities.

RECOMMENDATIONS

1. The cooperative should sustain its organization and enterprise capability.
2. The cooperative is very much capable of expanding their enterprise activities as evidence by their financial performance.

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