

Multi-Purpose Cooperatives' Business Practices and Performance in Samarica, Occidental Mindoro

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ABSTRACT

This study generally aims to determine the significant difference in the business practices and performance of multi-purpose cooperatives when grouped according to their profile. Also, it aims to determine the relationship between the business practices and performance of the MPCs. The result revealed that only the marketing Practices of MPCs from San Jose and Calintaan has significant differences; while, only the facilities management of San Jose and Magsaysay has shown significant difference. The findings also show that only the credit performance of the MPC from San Jose and Magsaysay; and, Production performance of Magsaysay and Calintaan have significant differences. The study has found that there is strong significant relationship between the business practices and performance of multi-purpose cooperatives in SAMARICA, Occidental Mindoro. The findings of the study are expected to contribute to both theory and practice.

INTRODUCTION

Cooperatives has significant economic and social contribution in developing rural communities that has been proven by the diverse business activities which have expanded in nearby countries (Sarsale, 2020). This shows the relevant contribution of cooperatives through different opportunities given to the community. Its contribution on economic growth was shown through the livelihood programs and employment given to the community where it belongs and also, through product offerings which are given less expensive especially to its members. cooperatives have contributed to the economy through indirect taxes of about 3.9 billion in 2018 leading to its recognition as an active partner of the government towards the country's development (NATCCO, 2023). With the growing number of cooperatives in the country, government has enacted and established Cooperative Development Authority which has the responsibility to monitor and compiling statistics on cooperatives, where information on cooperatives in the country is centralized (COPAC, 2013). With the continual growth of cooperative registration in the Philippines, its economic impact was felt.

The point that the cooperatives can contribute to the betterment of people's lives and it relies on the quality of practices in the organization it portrayed. And for this reason, leads to the imperative conduct of this research to determine the extent of business practices of Multi-Purpose Cooperatives which is a type of cooperative that shall refer to a cooperative, which combines two (2) or more business/economic activities (CDA, 2015); determining its performance; and the impact of business practices to its performance. Several studies on this aspect shows contradicting results if applied to different industry. While, Bloom, Genakos, Sadun, and Reenen (2012) empirically agreed to the impact of practices to an organization's performance but some studies negate on the result of the study mentioned (Chavez, Fynes, Gimenez, & Wiengarten, 2012; Sirén & Kohtamäki, 2016). This leads to the importance of conducting this study to determine the extent of the practices and performance of cooperatives to further commit themselves in helping community.

THEORETICAL REVIEW

Business Model Concept

This framework has been developing since 1990s in order for the business identify ways on how to generate revenues. Business model is comprised of organizational activities that are necessary in organizing its actions towards good business performance. The BM concept emphasizes the revenue-generation process including several activities as main actors in becoming profitable. This theory aligns with the concept of this research as it aimed on determining the business practices and how it affects the performance of multi-purpose cooperatives.

H1: There is no significant difference in the business practices and performance of multi-purpose cooperatives when grouped according to location.

H2: There is no significant relationship between the business practices and business performance of multi-purpose cooperatives.

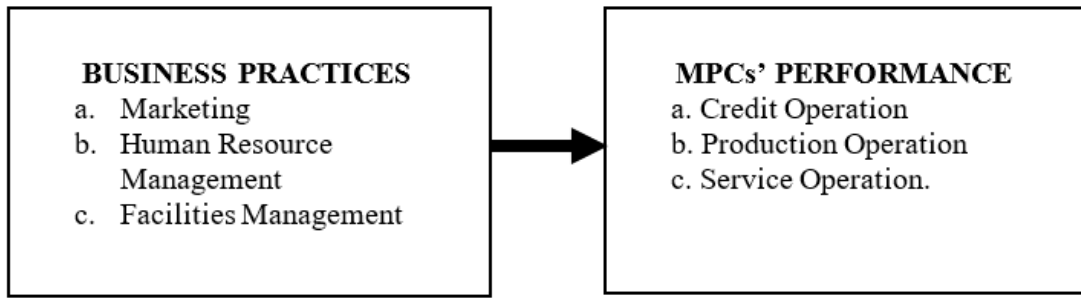


Figure 1. Conceptual Framework (The image has to be in good quality)

METHODOLOGY

The respondents of the study were the Chairman of all Multi-Purpose Cooperatives in San Jose, Magsaysay, Rizal, and Calintaan, Occidental Mindoro. Stratified random sampling was used in the selection of respondents in this study. There are one hundred eight (108) registered Multi-Purpose Cooperatives in SAMARICA, Occidental Mindoro based on the list provided by the Cooperative Development Authority of Occidental Mindoro. However, eighty five (85) multi-purpose cooperatives were included based on the sample size using Raosoft calculator. Fifty four (54) respondents were taken from San Jose, ten (10) from Magsaysay, fourteen (14) from Rizal, and seven (7) from Calintaan, Occidental Mindoro.

The study used a descriptive, comparative, and correlational methods of research. The descriptive part of the research pertains to the extent of business practices and performance of Multi-Purpose Cooperatives. While, inferential analysis pertains to the comparison of the business practices and performances of MPCs when grouped according to their municipality and assessment of the relationship between the business practices and performance. The source of data collection consists of primary data sources that have been taken from the questionnaires based on the related literatures using Likert type instrument. The instrument is composed of 3 parts. First part pertains to the location or municipality where the multi-purpose cooperatives are registered. Second part is about the Business Practices of MPCs and the last part is the Performance of MPCs. Data collected from the respondents were analyzed using statistical techniques such as means and standard deviation for descriptive problems, ANOVA for comparative analysis, and Pearson r for correlation analysis.

RESULTS

Descriptive Analysis

For the purpose of descriptive analysis, mean and standard deviation were computed. As shown in table 1, it can be observed that the mean scores of Marketing indicated a very high level of agreement with 3.49 mean (SD = .319). The respondents have a very high agreement that the multi-purpose cooperatives have created long term growth through marketing and been able to easily captured the market opportunity. For the human resource management, the mean was 3.48 (SD = .356) which indicated a very high level of agreement. This implies that the MPCs are responsive to the organizations' recruitment and compensation process. Furthermore, facilities management and total quality management indicated a very high level of agreement with means 3.46 (SD = .356) and 3.48 (SD = .374) respectively.

Table 2 summarizes the means and standard deviations of each indicator of Multi-Purpose Cooperatives' Performance. It was presented below that the mean score of the credit performance directed a very high level of agreement with a mean of 3.44 (SD = .349). This result goes with the high agreement of the respondents that the multi-purpose cooperatives provided low interest rates and have fast evaluation and approval of loans. Lastly, the production and service performance of MPCs indicated a very high level of agreement from the respondents which were seen in its mean scores, 3.51 (SD = .326) and 3.46 (SD = .328).

Table 1. Means and Standard deviations for Multi-Purpose Cooperatives' Business Practices

Variables	M	SD
Marketing	3.49	0.319
human resource management	3.48	0.356
facilities management	3.46	0.356
total quality management	3.48	0.374
Overall	3.48	

Table 2. Means and Standard Deviations for Multi-Purpose Cooperatives' Performance

Variables	M	SD
Credit	3.44	0.349
production	3.51	0.326
Service	3.46	0.328
Overall	3.47	

The Significant Difference Between the Multi-Purpose Cooperatives' Business Practices when Grouped According to their Municipality

In order to measure the significant difference between the two variables, ANOVA test was used. Table 3 shows the result of the ANOVA test in getting the significant difference of the MPCs' business practices in consideration of each municipality. The analysis done helps determine the answer to the third objective of the study. The analysis shows that there is no significant difference in the marketing practices of San Jose's multi-purpose cooperatives as compared with Magsaysay ($p = .328$), and Rizal ($p = .901$), while having significant difference when compared with Calintaan ($p = <.01$). Moreover, multi-purpose cooperatives from Magsaysay was found no significant difference with Rizal ($p = .203$), and Calintaan ($p = .654$). This result is eventually the same when Rizal was compared with Calintaan's Marketing practices which indicated a p-value of .374 (Bateman et al, 2006).

The multi-purpose cooperatives' human resource management from San Jose has found no significant difference with the practices of Magsaysay ($p = .217$), Rizal ($p = .664$), and Calintaan ($p = .518$). The human resource management practices of Magsaysay have no significant difference also when compared with Rizal ($p = .611$), and Calintaan ($p = .298$). The result rejected the significant difference between the HRM practices of Rizal and Calintaan as revealed in its p-value of .518 (Martini et al, 2017). The facilities management practices of multi-purpose cooperatives from San Jose as compared with the practices of Rizal ($p = .911$), and Calintaan ($p = .234$); Magsaysay as compared with Rizal ($p = .646$), and Calintaan ($p = .110$); and, Rizal as compared with the facilities management practices of Calintaan ($p = .473$) were found no significant difference. However, the MPCs' facilities management practices of San Jose have found significant difference with the practices of MPCs from Magsaysay as evidently shown with its p-value of .007.

Lastly, the multi-purpose cooperatives' total quality management practices of San Jose has significant difference with the practices among MPCs from Magsaysay as indicated in its p-value of .029. However, the MPCs' practices in terms of this indicator from San Jose has found no significant difference with Rizal ($p = .892$), and Calintaan ($p = .119$). This result is the same in case of the comparison of the MPCs total quality management practices of Magsaysay with Rizal ($p = .143$), and Calintaan ($p = .056$). Also, the total quality management practices Rizal has found no significant difference with Calintaan ($p = .434$).

ANOVA Test

ANOVA was used in order to test the groups if there are significant differences between them (Statistics How To, 2021). In this study, the concerned is to identify if there are significant differences to each indicators of main variables in the study when grouped according to each municipality. According to Minitab Express (2019), the acceptable significant value in getting the difference in a variable when it is grouped is .05 which indicates a 5% (percent) risk of concluding that a difference exists when there is no actual difference. In table 3, a summary of the result of ANOVA testing was presented.

Table 3. ANOVA Test of the MPCs' Business Practices' Significant Difference when Grouped According to Municipality.

Variables		Sig.	Interpretation
Marketing Practices			
San Jose	Magsaysay	0.328	Not Significant
	Rizal	0.901	Not Significant
	Calintaan	<.01	Significant
Magsaysay	Rizal	0.203	Not Significant
	Calintaan	0.654	Not Significant
Rizal	Calintaan	0.374	Not Significant
Human Resource Management Practices			
San Jose	Magsaysay	0.217	Not Significant
	Rizal	0.664	Not Significant
	Calintaan	0.518	Not Significant
Magsaysay	Rizal	0.611	Not Significant
	Calintaan	0.298	Not Significant
Rizal	Calintaan	0.518	Not Significant
Facilities Management Practices			
San Jose	Magsaysay	0.007	Significant
	Rizal	0.911	Not Significant
	Calintaan	0.234	Not Significant
Magsaysay	Rizal	0.646	Not Significant
	Calintaan	0.110	Not Significant
Rizal	Calintaan	0.473	Not Significant
Total Quality Management Practices			
San Jose	Magsaysay	0.029	Significant
	Rizal	0.892	Not Significant
	Calintaan	0.119	Not Significant
Magsaysay	Rizal	0.143	Not Significant
	Calintaan	0.056	Not Significant
Rizal	Calintaan	0.434	Not Significant

The Significant Difference Between the Multi-Purpose Cooperatives' Performance when Grouped According to Their Municipality

Identifying the performance as an ongoing process is a necessary action should be done by a business or any organization in order to improve those that could later come up as issues, and to give a business a better opportunity on how to become responsive to different activities concerning the business. Moreover, comparing the business performance with its competitors or other businesses could help the business make informed decisions for the business continuous development and improvement (Firat & Garingo, 2012). The credit performance of multi-purpose cooperatives of San Jose seemed to have significant difference with the performance of MPCs from Magsaysay as to the result of analysis, $p = .018$. However, in comparing the credit performance of MPCs from San Jose with Rizal ($p = .598$), and Calintaan ($p = .11$), it was found no significant difference. The credit performance of MPCs from Magsaysay, has found no significant difference with the performance of those MPCs from the municipality of Rizal ($p = .598$), and Calintaan ($p = .11$). The credit performance of MPCs from Rizal has shown no significant difference with Calintaan as shown to its p-value of .473.

As shown in the summary of the result, the significant difference in the production performance of multi-purpose cooperatives were not accepted as being compared, MPCs of San Jose with Magsaysay ($p = .223$), Rizal ($p = .901$), and Calintaan ($p = .708$); Magsaysay with Rizal ($p = .238$); and, Rizal with Calintaan's MPCs production performance ($p = .473$). But, only the production performance of multi-purpose cooperatives of Magsaysay has resulted with a significant level of difference with Calintaan which is indicated by its p value of $<.01$. Furthermore, the multi-purpose cooperatives of San Jose, Magsaysay, Rizal and Calintaan were shown no significant difference in terms of service performance as reflected from its p-values, .146, .997, .838, .729, .147, and .874, respectively.

Table 4. ANOVA Test of the MPCs' Performance Significant Difference when Grouped According to Municipality

Variables		sig.	Interpretation
Credit Performance			
San Jose	Magsaysay	0.018	Significant
	Rizal	0.857	Not Significant
	Calintaan	0.804	Not Significant
Magsaysay	Rizal	0.598	Not Significant
	Calintaan	0.110	Not Significant
Rizal	Calintaan	0.473	Not Significant
Production Performance			
San Jose	Magsaysay	0.223	Not Significant
	Rizal	0.901	Not Significant
	Calintaan	0.708	Not Significant
Magsaysay	Rizal	0.238	Not Significant

	Calintaan	<.01	Significant
Rizal	Calintaan	0.473	Not Significant
Service Performance			
San Jose	Magsaysay	0.146	Not Significant
	Rizal	0.997	Not Significant
	Calintaan	0.838	Not Significant
Magsaysay	Rizal	0.729	Not Significant
	Calintaan	0.147	Not Significant
Rizal	Calintaan	0.874	Not Significant

The Significant Relationship Between the Multi-Purpose Cooperatives Practices and Performance

For the study to investigate the relationship between the MPCs' business practices and performance, Pearson correlation was utilized. Table 5 shows the result of the correlation test between the two variables. It is found in the table that Marketing has strong positive correlation with credit performance ($r = .889$, $p = <.01$), production performance ($r = .870$, <0.01), and service performance ($r = .889$, $p = <.01$). The human resource management practices of multi-purpose cooperatives have seemingly shows a strong positive relationship with the credit performance ($r = .936$, $p = <.01$), production performance ($r = .837$, $p = <.01$), and service performance ($r = .907$, $p = <.01$), respectively. Consequently, the facilities management also shows strong positive relationship with credit performance ($r = .953$, $p = <.01$), production performance ($r = .847$, $p = <.01$), and service performance ($r = .910$, $p = <.01$). The total quality management of the MPCs has a strong positive relationship with its credit performance ($r = .961$, $p = <.01$), production performance ($r = .851$, $p = <.01$), and service performance ($r = .922$, $p = <.01$). In the nutshell, multi-purpose cooperatives' business practices have strong significant relationship with its performance as evidently shown to its correlation coefficient of .974 and p value = <0.01 (Kyazze *et al.*, 2020).

Correlation analysis is statistical method which is used to determine if there is a relationship between two variables (FlexMR, 2021). The statistical result of the study showed the significant relationship between the indicators of the two variables. Pearson r with significant values (p -value) was utilized in order to measure the correlation between the variables. Where, Lund Research, Ltd (2018) explained the guidelines on the degree of correlation between two variables as correlation is significant at the 0.01 level (2 tailed). Moreover, the summary of the correlation result was presented in table 5 below where the strength of the relationship of the factors to the dependent variable was based on Cohen's guideline of correlation strength.

Table 5. Correlation Result between Business Practices and MPCs' Performance

Independent Variable	Dependent Variable	Correlation Coefficient	p-value	Interpretation
Business practices	Performance			
Marketing	Credit	0.889	<.01	Significant
	Production	0.870	<.01	Significant
	Service	0.889	<.01	Significant
HRM	Credit	0.936	<.01	Significant
	Production	0.837	<.01	Significant
	Service	0.907	<.01	Significant
Facilities	Credit	0.973	<.01	Significant
	Production	0.847	<.01	Significant
	Service	0.910	<.01	Significant
TQM	Credit	0.961	<.01	Significant
	Production	0.851	<.01	Significant
	Service	0.922	<.01	Significant
Overall		0.974	<.01	Significant

DISCUSSION

The descriptive results about the business practices, adhere to the commitment of the MPCs to provide enough space for the operation of the organization and regularly monitors the workforce especially now during covid-19 to best serve its clients and human resources. Also, the respondents have a very high agreement on the matter that the workforce are working hand in hand with the management to ensure the total quality in the business. This is in support with the findings of Ugwu and Hubs (2020), where collaboration with strong communication has positively contributed to the quality of service that a business offers. While, the result on the business performance, a very high agreement on the production performance of MPCs is merely due to the point that the organization provides the basic needs of its clients. More so, the MPCs help their clients to improve their business by providing them the services they need. The overall mean (3.47) has shown a very high agreement from the respondents on the different practices done by the multi-purpose cooperatives as supported by the result of the study of Nahayo et al. (2013).

With the result, it is evident that business practices of multi-purpose cooperatives in many aspects differ accordingly. This condition has been influenced by the needs and unique circumstances that the cooperatives are facing in each locale. Since, MPCs located in urban areas focus on a more diverse range of services and other products catering the diverse needs and preferences of the market. Moreover, cooperatives situated in rural areas may focus majorly in agricultural products and services, involving themselves in community development activities to address particular rural needs.

As significant relationship of the two variables was recognized and realized, it implies that business practices is a vital factor for the stability and sustained success of the multi-purpose cooperatives. Implementing practices based on this result may help cooperatives remain agile to changing environments, improve level of competitiveness, and contribute positively to the organizational performance. Moreover, according to Vorontsova et al. (2022), the integration of a sustainable practices in an organization contributes to increased operational efficiency, reduced costs, improved innovation, and better risk management, all of which can contribute to improved overall performance. This has a reference to the result of this study, where the increase in business practices lead to the increase of cooperative performance.

CONCLUSIONS AND RECOMMENDATIONS

It discussed theories and literatures related to the business practices and business performance. The study has found a high extent of agreement from the respondents in all of the statements provided in each indicator of business practices and performance. Overall, there is no significant difference on the MPCs business practices as to their Municipality even though San Jose and Calintaan has but still the study revealed no significant difference. The study established a strong positive relationship among indicators of multi-purpose cooperatives business practices and indicators of multi-purpose cooperatives' performance. It means that the MPCs' business practices have strong positive relationship with its performance.

The following are the recommendations, which the researchers believed if applied will go a long way in improving the practices and performances of the cooperative organizations: a.) managers of cooperatives should take effective methods to address issues such as funding, poor planning, and internal control measures, as well as resource management; b.) for effective services toward members' transformation, a cooperative organization's financial foundation should be sufficiently enlarged and broadened; c.) cooperative organization management should ensure that people, material, and financial resources are available and properly deployed for membership growth; d.) effective financial management as a tool for managing cooperative organizations should be ensured by providing enough programs in their areas of operation on a regular and up-to-date basis; and e.) a proposed business practices and performance model might be utilized by the multi-purpose cooperatives in monitoring the daily activities that could relatively affect their performance.

FURTHER STUDY

Due to the limited scope of the study, it is therefore suggested that the research may be expound in the aspect of its variables and to other types of cooperatives to determine further the significant differences in business practices and performance of the cooperatives.

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