

A Correlational Study on Internal Control System Efficiency and Operational Sustainability of Selected Savings and Credit Cooperatives in The Camanava Area Of Metropolitan Manila

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Abstract:

The research delved on determining the relationship between internal control system efficiency and operational sustainability of selected savings and credit cooperatives in CAMANAVA Area, Metropolitan Manila, Philippines. The descriptive research method was utilized employing both quantitative and qualitative approaches. Survey questionnaires, in-depth personal interview, and focused group discussions (FGDs) were used to gather relevant data from selected employees/staff, committee members and executive officers of the subject savings and credit cooperatives. Quantitative data were statistically processed using Analysis of Variance (ANOVA) and Pearson Correlation Coefficient (Pearson's r). Qualitative data were coded, patterns and relationships analyzed, and findings summarized into themes. The result of the study revealed that the internal control system of savings and credit cooperatives specifically in terms of the control environment, risk assessment, information and communication, control activities, and monitoring have a strong relationship with the cooperatives' operational sustainability, particularly in political, economic, social, technological, and legal aspects. The study further revealed that the cooperatives face certain problems in the areas of employee recruitment and selection, innovation, credit investigation, and complaints handling.

Keywords: Savings and Credit Cooperative, Internal Control System, Operational Sustainability.

1. Introduction

Sharma (2010) asserted that the aspiration of saving and credit cooperative (SCC) has always been to marshal savings from middle and low -income groups and cater credit to its members. Saving and Credit Cooperatives have even developed to be colossal than some rural and thrift banks and have contributed small borrowers with decisive substitute to informal moneylenders in disparate society.

According to the Philippine's Cooperative Development Authority, there are approximately 70,000 registered cooperatives by December 2005 with much defined data as regards to the condition of operations and financial performance of these cooperatives.

Based on the capitulation of cooperative's annual report, however, CDA claimed that only about 50 percent of the more than 70,000 registered cooperatives in 2005 are operating. These alarming figure serves as one of the pressing reasons for the conduct of this study.

2. Review of Related Literature

2.1 Saving and Credit Cooperative

Savings and Credit Co-operatives are community membership based financial institutions that are formed and owned by their members in promotion of their economic interests (Nuwagaba, 2012). They are promoted not only for money; they contribute to the promotion of total human development of their

members, they uplift the lives of their members by promoting self-advancement and providing leadership. Savings and credit cooperatives are user owned financial intermediaries. They have many names including credit unions, Savcos, Saccos, etc. Members typically share a “common bond” based on a geographic area, employer, community, or other affiliation (Betru, 2010). Savings and Credit Cooperatives offer services such as money transfers, bills payment etc. As financial institutions, they can raise their funds internally (self-financing) and externally (outside financing). However, Savings and Credit Cooperatives are basically advised to finance themselves internally from members’ savings, share mobilization and retained earnings, to avoid interference of decision on the cooperatives issue by fund owners, to be self-secured and sustainable in the future.

Oluymbo (2010) expounded that cooperative societies are privately organized association of individuals of like minds who come together to operate a savings and loan program among themselves. Members joined together and pool their resources so that they can benefit savings and loan to themselves. They also contribute to building social capital and providing opportunities for effective collective action. By mobilizing local savings through mutual trust, local knowledge, inexpensive human resources, and social networks within communities, cooperatives use the assets of the poor that otherwise remain unutilized. The non-profit orientation of savings and credit cooperatives are important because they aim at providing affordable financial services such as savings accounts and or loans and it is service and not profit that drives them.

2.2 Benefits from Savings and Credit Cooperatives.

Through the help of savings and credit institutions, those individuals and families in the lower and middle sector have their way of improving their lives by investing their income to gain more or to seek help by availing affordable credit services of cooperative such as savings and credit cooperative. According to Mwakajumilo (2011), credit unions currently serve an estimated 120 million members in 87 countries around the world, helping members increase their incomes, build wealth and security and provide homes for their families. In other words, if savings and credit cooperatives are not beneficial it will not be patronized by millions of individual around the globe. It also helps to improve the life of

its members through their effective and efficient programs and coordination by members and management.

Wameyo (2011) emphasized that savings and credit cooperatives help people to save. As a member you are usually required to contribute a certain amount of money towards your savings. You all know how it is hard to save especially if you do not have a specific goal in mind. But with it you can continuously keep on saving until the day that you will come up with an idea for something. It could be a business, buying land, a house etc. It is also much easier to secure a loan from a saving and credit cooperative as opposed to other financial institutions. As a member, you are usually entitled to getting a loan that is usually worth a certain number of times the value of your deposits. In addition to the ease of acquiring a loan, the interest charged on the loans is usually much cheaper than financial banks.

2.3 Challenges Faced by Savings and Credit Cooperatives

Members’ participation is the determinant factor for the sustainable growth of cooperatives. If no active member participation, there will be no successful savings and credit cooperatives; it is on the management and staff responsibilities to take charge and have sense of volunteerism for them to succeed because if not they may face profit loss or bankruptcy. According to (Mahmud 2008), 78.7% of the members became a member in cooperatives forcefully by cooperative promoters. As a result, the members were not aware of the benefits, duties, and rights they have in the cooperative societies. Largely the participation of members was weak, because there is no proper orientation for the new members. Poor participation due to lack of capacity and incentives was identified as a barrier in cooperatives functional performances. A lack of savings is a major bottleneck to growth for some savings and credit Cooperatives. (Allahdadi & Aref, 2011)

In his research, Tesfamariam (2011) also stated certain factors affecting sustainability of savings and credit cooperatives such as lack of awareness and poor saving culture, weak governance, policy and regulatory environment, weak institutional capacity, low capital base, and inappropriate loan security requirements.

With regard to Internal Control System, staff or employees face poor members’ participation and the severe shortage of capital misuse by selected

committees, misappropriation by leaders, poor administrative skills, and irresponsible lending to members, and limited access to banking services too long periods between audits (UN, 2011).

Webb (2010) suggested that creating cooperative capital funds offers one capital alternative for cooperative sustainability. Capital funding is weak as the fund relies on contributions from other cooperatives. These cooperative funds do serve a purpose, but do not offer national stabilization or sustainability to credit unions or cooperatives (Zuckerman 2012).

Deeb (2016), underscored the bad management has caused organizations to permanently close their doors. Poor leadership results to high turnover of employees; the cost of recruitment and training becomes prohibitive, which can impact a business's ability to continue operations. Bad management may also affect the coffers directly, if company funds are mismanaged or the budget is overextended in comparison with revenues earned. Without sufficient business reserves, you may not be able to absorb consistent losses, and your organization can fail. In other words, cooperatives should have programs to train staffs and employees for the effective production and operation of an organization. However, the human resource should pay close attention when it comes to hiring employees. For an organization to be successful it should have competitive employees and staff.

3. Methodology

The research utilized a combination of quantitative and qualitative methodologies. Pearson Correlation Coefficient was used in determining the relationship between the efficiency of internal control system and the operational sustainability of the savings and credit cooperatives. Significant differences in respondents' perception were determined through the use of the Analysis of Variance (ANOVA). Weighted Mean was used to determine the central tendencies of the respondents' perception on the efficiency of the Internal Control System in the areas of control environment, risk assessment, information & communication, control activities and monitoring. Respondents were also asked to assess the cooperatives' political, economic, social, technological and legal sustainability.

Focus Group Discussion (FGD) and in-depth personal interview were utilized in determining the challenges and problems faced by the cooperatives

with respect to internal control system efficiency and operational sustainability. Executive officers, committee members, and employees/staff of the five savings and credit cooperatives from the cities of Manila, Caloocan, Malabon, and Valenzuela in the Greater Metropolitan Manila Area were included as respondents of the study.

4. Results and Discussion

4.1 Savings and Credit Cooperatives' Internal Control System Efficiency

Internal Control System refers to the process by which organizations maintain environments that encourage incorruptibility and deter fraudulent activities by management and employees (James, 2015). Adesalu (2016) meanwhile, emphasized that internal control has different definitions, but the most widely accepted is that it is a statement of accounting standard. He further referred to it as not only internal check and internal audit, but also a whole system of control. These include financial and all those initiatives that were established by the management to orderly carry on with the cooperative's operations. Jones (2012) suggested that, in order to improve the internal control system there is a need to determine the problems correlated to it so that restorative conducts can be captured. Moreover, he asserted that a weak internal control system is caused by the following: (1) intimidation and interference; (2) inadequate audit staff; (3) inadequate logistics; (4) disregard to accounting standards; and (5) indifferent attitude.

While all the variables under the internal control system were assessed as efficient, an emphasis on the control environment, which registered the highest mean of 3.47 could be very well noted. This could be construed that the subject cooperatives have been efficient in the implementation of their internal control system, which includes Control Environment, Risk Assessment, Information and Communication, Control Activities and Monitoring. Dickens (2011) asserted that control environment is the groundwork for all other elements of internal control that administer self-restraint and formation, which sets the mood of an organization by manipulating the control sensibility of its administration.

The results also suggest that in terms of Control Environment, the cooperatives were able to ensure that the ethical standards, core values and cooperative principles and by-laws were fully

observed and complied by their executives, staff and committee members. The result further reveals that the cooperatives surveyed were efficient in identifying the various risks and hazards that the cooperatives have been exposed with and, they were able to establish safeguards that would reduce if not totally prevent those risks from taking place.

The cooperatives were also efficient in ensuring that communication accurately runs through the organization in a timely fashion, making every member well knowledgeable of existing organizational situation and clearly guided in their decisions and actions.

Table 1: Efficiency of the Cooperatives' Internal Control System

Internal Control System	Executive Officers		Members of Committee		Employees/Staff		Average	
	Mean	Int.	Mean	Int.	Mean	Int.	Mean	Int.
Control Environment	3.32	E	3.50	E	3.54	E	3.47	E
Risk Assessment	3.06	E	3.50	E	3.46	E	3.33	E
Information and Communication	3.18	E	3.50	E	3.46	E	3.37	E
Control Activities	3.24	E	3.50	E	3.48	E	3.40	E
Monitoring	3.06	E	3.50	E	3.39	E	3.30	E
Over-all Mean	3.17	E	3.50	E	3.47	E	3.37	E

3.51-4.00 Extremely Efficient; 2.51-3.50 Efficient; 1.51-2.50 Fairly Efficient; 1.00-1.50 Not Efficient

Ratcliffe and Landes (2009) underscored that the control environment is the foundation for all other components of internal control. It provides discipline and structure as it sets the tone of an organization by influencing the control consciousness of its people.

While it is still considered efficient, the area of monitoring emerged to have the lowest mean value

for both groups of respondents. This means that there is still more room to improve in the monitoring aspect particularly in the way of providing internal and external feedback, regularly conducting performance review and the evaluation of the various processes of the cooperatives

4.2 Savings and Credit Cooperatives' Operational Sustainability

Table 2: Cooperatives' Operational Sustainability

Operational Sustainability	Executive Officers		Members of Committee		Employees/Staff	
	Mean	Int.	Mean	Int.	Mean	Int.
Political	3.70	VH	3.50	H	3.77	VH
Economic	3.12	H	3.50	H	3.33	H
Social	3.04	H	3.50	H	3.26	H
Technological	3.02	H	3.50	H	3.26	H
Legal	3.44	H	3.50	H	3.54	VH
Composite Mean	3.26	H	3.50	H	3.43	H

3.51-4.00 –Very High (VH); 2.51-3.50-High (H); 1.51-2.50-Moderate (M); 1.00-1.50-Low (L)

Table 2 shows that the cooperatives surveyed have very high political sustainability as deemed by its executive officers and employees based on the registered mean of 3.70 and 3.77 respectively. Political sustainability in this context is seen as the capability of the cooperatives to comply with government regulations in terms of tax policy, labor law, trade restrictions, etc.

The best manifestation of the cooperatives' political sustainability were their ability to comply with all the rules and regulations prescribed by the Cooperative Development Authority (CDA). As a business entity, cooperatives ensure that all the rules and regulations set by the Cooperative Development Authority are strictly followed since it is their juridical obligation. Non-compliance can result to legal fees and sanctions by the government. It will also result to the negative publicity for the cooperatives. Bush (2016) emphasized that legal factors are also external factors relating to the laws, regulations, directives and the likes that actually affect how business operates and how customers/clients behave.

Hill (2013) opined that management maybe tempted to cut corners in pursuit of profit, such as not fully complying with certain governmental regulations. The penalties for being caught can be

severe, including legal fees and fines or sanctions by governmental agencies. The resulting negative publicity can cause long-range damage to the company's reputation that is even more costly than the legal fees or fines. Simiyu (2017) on the other hand, remarked that if companies comply with all the legal requirements, they avoid legal battles in court and will save business time and money. He further added that legal compliance saves organizations from the negative publicity that comes with legal battles due to non-compliance.

The results also revealed that among the different areas, it is in technical sustainability that the cooperatives registered the lowest mean value of 3.19. This can be construed that though cooperatives have the capability to do technological upgrading, it might be too expensive for them to be closely adapting the technological trends considering that their business transactions were not complicated enough to warrant such adaptation. Most if not all cooperatives surveyed were observed to have the basic office equipment and devices with some help from computer soft wares that are being used for data management and transaction processing.

Interestingly, the results also point out that cooperatives were highly sustainable economically, this simply means that the cooperatives can easily collect accounts and loans in an effective and efficient manner and have shown a steady growth in their earnings. Consequently, this will bring confidence to the members, as they will comfortably feel that their savings will gain a good return. This will further result into increased availment of the loan portfolios and provide encouragement to other people to join the cooperatives. This finds support with Hill (2013) stating that having a loyal customer base is one of the keys to long-range business success because serving an existing customer does not involve marketing cost, compared with acquiring a new one.

4.3 Analysis of Variance on Respondents' Perception of Cooperatives' Internal Control System Efficiency

Table 3 illustrates the analysis of variance on respondents' assessment of the Internal Control System when they are classified based on their position. The result of the F-test showed no statistical significance among the areas of control environment, risk assessment, information and communication, control activities and monitoring. This simply means that regardless of the

respondents' position, they were unified at claiming that the cooperatives maintained an efficient internal control system. The fact that the cooperatives were registering good financial position, and continuously growing in revenues are good manifestation supporting these results.

Table 3: F-Test Result on Respondents' Perception of the Cooperatives' Internal Control System Efficiency

Internal Control System	Position	Mean	SD	Computed F-value	Significance	Interpretation
Control Environment	Executives	3.32	0.58	0.75	0.48	Not Significant
	Committee	3.50	0.70			
	Employees	3.54	0.37			
Risk Assessment	Executives	3.06	0.51	2.61	0.09	Not Significant
	Committee	3.50	0.71			
	Employees	3.46	0.40			
Information & Communication	Executives	3.18	0.55	1.19	0.32	Not Significant
	Committee	3.50	0.71			
	Employees	3.46	0.40			
Control Activities	Executives	3.24	0.62	0.76	0.48	Not Significant
	Committee	3.50	0.71			
	Employees	3.48	0.41			
Monitoring	Executives	3.06	0.68	1.11	0.35	Not Significant
	Committee	3.50	0.71			
	Employees	3.39	0.35			
Overall	Executives	3.17	0.55	2.07	0.15	Not Significant
	Committee	3.50	0.71			
	Employees	3.47	0.37			

Although all factors under the variable “Monitoring” were considered efficient, the appropriateness of information reported to management versus the actual results of operations in every unit and department are most considered in monitoring the activities of the cooperatives with the 3.50 weighted mean value. Middle and lower management ensure that all the information they send to upper management is in accordance with the actual result of cooperatives’ performance, because it helps the management in monitoring the attainment or achievement of strategic goals and organizational objectives. Those also give them hints on the actions that need to be taken with regard to the day-to-day operations.

4.4 Analysis of Variance on Respondents Perception of the Cooperatives’ Operational Sustainability

Table 4: Result of F-Test on Respondents’ Perception of the Cooperatives’ Operational Sustainability

Sustainability	Position	Mean	SD	Computed F-value	Sig	Interpretation
Political	Executives	3.70	0.61	0.31	0.74	Not Significant
	Committee	3.50	0.71			
	Employees	3.77	0.36			
Economic	Executives	3.12	0.69	0.59	0.56	Not Significant
	Committee	3.50	0.71			
	Employees	3.33	0.51			
Social	Executives	3.04	0.72	0.68	0.52	Not Significant
	Committee	3.50	0.71			
	Employees	3.26	0.53			
Technological	Executives	3.02	0.63	1.04	0.37	Not Significant
	Committee	3.50	0.71			
	Employees	3.26	0.43			
Legal	Executives	3.44	0.69	0.11	0.90	Not Significant
	Committee	3.50	0.71			
	Employees	3.54	0.46			
Over-all	Executives	3.26	0.61	0.52	0.60	Not Significant
	Committee	3.50	0.71			
	Employees	3.43	0.32			

Table 4 exhibits the computed F-test for the cooperatives sustainability with respect to political, economic, social, technological and, legal factors. When grouped according to position, no significant difference was found. This means that as perceived by the respondents, the sustainability outlook of the cooperatives is generally high and the assessment

was consistent across the cooperatives surveyed. Gleaning from this result the prospect of cooperatives will be bright as long as the executives and employees of the cooperatives will perform the requisites indicated in the different aspects of sustainability covered by this study.

4.5 Relationship Between Internal Control System Efficiency and Operational Sustainability of Savings and Credit Cooperatives

Results show that there is a strong positive relationship between the efficiency of Internal Control System and Operational Sustainability of the surveyed cooperatives. This implies that as the efficiency of internal control system increases, the sustainability of the Savings and Credit Cooperatives also increase. Therefore, the sustainability of the cooperatives can be achieved if there is strong efficiency in the internal control system specifically in terms of control environment, risk assessment, control activities, information and communication, and monitoring.

Table 6: Correlation Between Internal Control System Efficiency and Operational Sustainability of Savings and Credit Cooperatives

ICS Efficiency	Sustainability	r	Sig	Interpretation
Control Environment	Political	0.52	0.00	Significant
Risk Assessment	Not Significant	0.28	0.00	Significant
	Economic	0.68	0.00	Significant
	Social	0.66	0.00	Significant
Information & Communication	Not Significant	0.68	0.00	Significant
	Technological	0.72	0.00	Significant
	Legal	0.50	0.01	Significant

Communication	Economic	0.64	0.00	Significant
	Social	0.64	0.00	Significant
	Technological	0.73	0.00	Significant
	Legal	0.71	0.00	Significant
Control Activities	Political	0.45	0.01	Significant
	Economic	0.56	0.00	Significant
	Social	0.72	0.00	Significant
	Technological	0.74	0.00	Significant
	Legal	0.69	0.00	Significant
Monitoring	Political	0.29	0.12	Not Significant
	Economic	0.35	0.06	Not Significant
	Social	0.31	0.10	Not Significant
	Technological	0.32	0.09	Not Significant
	Legal	0.12	0.54	Not Significant
Over-all	Political	0.63	0.00	Significant
	Economic	0.86	0.00	Significant
	Social	0.84	0.00	Significant
	Technological	0.76	0.00	Significant
	Legal	0.59	0.00	Significant

To ensure efficiency in internal control system, Unisys (2017), suggested the following; first, ensuring the reliability of financial reports, second, compliance with laws and regulations on business activities, and, third, preservation of company assets. Opiyo (2017) also suggested that effective, credible and sustainable internal control system plays an important role in any private business entity. Besides ensuring achievement of core objectives, effective and credible internal controls adherence, reinforces and, improves the confidence of both current and prospective internal and external customers. In other words, if there is an efficient internal control system,

it will result to an excellent flow of activity within the cooperatives and will retain loyal members and that what makes them sustainable for a long-range.

Going further into the results, no significant relationship was noted in terms of “Monitoring” and its relations with the Political, Economic, Social, Technological and Legal aspect of sustainability. This result is contrary to the common notion that a closer monitoring of the different external factors affecting the organization will help it appropriately react to the prevailing conditions. The matter was however clarified by the key informants stating that the Monitoring System employed by the cooperatives are more geared toward the internal processes of its operations rather than their external dealings and initiatives.

4.6 Issues and Concerns Affecting the Internal Control System Efficiency and Operational Sustainability of the Savings and Credit Cooperatives

Table 7 presents the resulting themes extracted from the responses of selected informants in this study.

Table 7: Themes on Issues and Concerns Affecting the Cooperatives Internal Control Efficiency and Operational Sustainability

Themes	Defining Element	Key Informant
Deviation from employee recruitment policies	Conclusive Policy for Human Resources	Key Informant 1
	Insufficient Job Descriptions	Key Informant 6
	Conflict of Interest	Key Informant 9
Low Innovation Drive & Capability	Neglect development on operation	Key Informant 2
	Inefficient use of resources	Key Informant 4
	Utilizing alternative means in doing things	

		Key Informant 5
Ineffective credit investigation procedure	Member suffers the risk of being co-maker. Financial difficulty of members. Other credit of member to other financial institution.	Key Informant 3 Key Informant 7 Key Informant 8
Weak complaints handling capability	Failure to handle complaints.	Key Informant 10

After analyzing patterns and relationships of the qualitative responses, four major themes emerged as the factors that affected the cooperatives' internal control system efficiency and operational sustainability, to wit; Deviation from employee recruitment policies, Low innovation drive and capability, Ineffective credit investigation procedures and Weak complaints handling capability.

Theme 1: Deviation from Employee Recruitment Policies

The following are the perceptions of the managers, committee and staff with regard to hiring of employees in their company.

Key Informant 1: “Siguro hindi talaga malinaw ang mga guidelines at policies ng HR kasi wala naman silang specific na criteria sa pagpili ng mga applicant. Kaya lahat puwede ma-hire kahit hindi naman talaga qualified. Kahit hindi pasok yung natapos, tanggap basta kakilala. Kaya yung outcome hindi maganda.”(I think there were no clear policies and guidelines defined by HR management in terms of recruitment. That’s why everybody has a chance to be hired even though one is not qualified; if they are related to the management, they will surely hire. That’s why the result is not that good”)

Key Informant 6: “Sa palagay ko, dapat meron talagang job description. Tapos yung aplikante dapat may alam talaga at experience para masigurado na qualified yung aplikante para sa posisyon o trabaho.” (I think there should be a job description and the applicant should really possess skills necessary for the job and experience to make sure that hired applicant is really qualified.)

Key Informant 9: “Marami kasing isyu na kumakalat katulad ng paghahire ng mga employees. Minsan kasi nagkakataon na pinipili ng HR yung kanilang kamag-anak kaysa mas may experience na applicant”.(There are some issues circulating, especially on hiring of employees. Sometimes, there are instances that HR selects their relatives rather than a job applicant who has an experience.)

Theme 2: Low Innovation Drive and Capability

A couple of the key informants emphasized that there is very low concept of innovation and continuous improvement in the saving and credit cooperative surveyed. They have pointed out the observable neglect in creating various ways and means to improve the cooperatives' operation, there was also evidence of resources being inefficiently used and, the lack of drive to utilize alternative ways of doing things.

Key Informant 2: “Ang pinakaproblema kasi na na-observe ko ay wala talagang platform ang management para sa ikakaganda pa ng coop namin. Eh alam naman natin na maraming bago ngayon.” (Based on my observation, there is no sufficient platform for the development of our cooperative. We all know that there are numerous trends as of now.)

Key Informant 4: “Ang concern ko lang sa kooperatiba naming, kailangan talaga maging all-around lalo na ngayon madaming demand siyempre ang mga member” (My only concern to our cooperative is that the management need to be flexible most especially there are lots of demands from the member)

Key Informant 5: “Ang nakikita kong problema ng coop namin yung wala kaming bagong services di tulad ng kapag nagtatanong ako sa mga ibang coop kaya sila lalong nalaki at na asenso kasi lagi silang may bago” (The problem with our cooperative is that we don’t have new methods or services unlike when I ask other cooperatives, they have always new services that’s why they are progressive and successful.)

Theme 3: Ineffective Credit Investigation Procedure

Cooperatives survive based on the effectiveness and efficiency of its collection system. It is essential for the cooperative to receive its loans and other receivables in time for the productivity and operation of cooperatives. According to Insight (2013), collections are an important service that helps to maintain clients at the same time free up money for lending again. It is a strategic process that is key to generating good habits and a payment culture among clients. It can also be seen as a business activity whose primary objective is to generate returns for the institution, converting losses into income.

Key Informant 3: *“Kalimitan sa mga kapwa ko member na nag aavail ng service ng kooperatiba ay mga walang permanenteng trabaho. Kaya minsan delay kami magbayad yung iba pa hindi na talaga nag babayad ng utang kaya minsan kawawa kami dahil kaminng mga co maker ang nagbabayad.”*(Majority of my co member who availed services from cooperative doesn't have permanent jobs. That's why our payment is delayed or sometimes they didn't even pay their debts that's why it's hard for us because we as co maker who pay their debts.)

Key Informant 7: *“Madami sa amin utang lang ng utang pero walang savings kaya pinipilit din talaga kami ng coop namin na mag save. Kaso wala talaga eh.”*(Most of us are just taking loans but we don't have enough savings that's why cooperatives are pushing us to save but there's really nothing to save.)

Key Informant 8: *“Sa tingin ko kaya late magbayad ang ibang member dahil wala 'to sa priority nila. Ang isa pang mahalagang dahilan ay maaaring ang ibang member ay may iba pang mga loan sa ibang firm na may mas mahigpit na rule sa loan. Kaya inuuna muna silang bayaran. Siguro dapat maging mahigpit ang coop sa simula pa lamang upang maiwasan ito”*.(Basically cooperative may not be ranked at the top of our customer's payment priority list. Another important reason may be is that customer has other loan from other firm that has more stringent credit criteria. So, the customer pays for it first. Maybe the cooperative should be rigid from the very beginning to avoid this scenario).

Theme 4: Weak Complaints Handling Capability

Top performing companies understand an important role that customers' feedback plays in business. Customer feedback and complaints as information provided by clients about whether they are satisfied or dissatisfied with a product or service and about general experience they had with a company. Their opinion is a resource for improving customer experience and adjusting actions to their needs. Moreover, these are the perceptions of the staffs, manager, and committee with regards to customer's feedback and complaints.

Key Informant 10: *“Sa totoo lang, madami talaga kami reklamo kasi parang wala naman kaming sistema eh, hindi din nila alam pano handle yung mga concerns naming mga members. (To be honest, we have numerous complaints and we do not have a defined system in place for handling complaints and concerns.)*

5. Conclusion

Based on the result of the study, it is concluded that a significant relationship exists between the cooperatives' internal control system efficiency and its sustainability. Savings and Credit Cooperatives could therefore become politically, economically, socially, technologically and legally sustainable if they become efficient in performing their control mechanisms, risk management, information and communication within their operations.

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