

# Issues and Challenges among Cooperatives in Zamboanga del Norte in Pursuit of Survival and Sustainability during the CoViD-19 Pandemic

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## Abstract

Cooperatives and other businesses around the world are being affected by the CoViD-19 pandemic and responding in a variety of ways. Different types of cooperatives exist and different sorts of help are available. The objectives of the study were to investigate the issues and challenges encountered by the cooperatives in Zamboanga del Norte and how they deal with them in order to survive. A qualitative research method was used and the researcher developed the interview guide questions. Results revealed that cooperatives encountered several challenges during the pandemic. The cooperatives mitigated those challenges through assistance to members and community, flexible working arrangement, improved health and sanitation, internal operation management, kumustahan, penalties and interest condone, and product and services innovation and adaptation.

More importantly, these discoveries provide valuable insights to BODs and management on maintaining and/or improving good member-patron relations. Moreover, keeping members informed about the updated policies and products offered, operating procedures, and development programs is also important for ensuring the cooperative's survival and sustainability.

**Keywords:** *COOP Mechanischeme Model, Cooperative, Stakeholder Theory, Strategic Management, Sustainability*

## Introduction

Cooperation is regarded as one of the most effective alternative types of business organizations for ensuring economic and social stability. It is still recognized as a way of life and a tradition for addressing socioeconomic issues as well as a vital tool for enhancing people's living and working conditions.

Cooperatives aspire to enhance people's lives and relieve poverty as one of the actors in a stronger economy. It not only allows people to be creative and productive but it also organizes enterprises that are tailored to the requirements of the community and unlocks people's hidden talents through participation in cooperative business operations. However, entangled with economic turbulence, political instability, and even worse, the lockdown due to Covid-19 have left the cooperatives struggling for survival and sustainability. According to Parnell (2001), many of the crises encountered today are the result of entrenched disadvantageous social and economic structures.

The current CoViD-19 crisis is unlike any other natural disaster in the past for a number of reasons: the global scale of its impact, which also includes significant health, economic and social implications; its significant timescale, as the disease is still continuing to spread and evolve into more contagious mutations; and the inability for any single agency, neither international organization nor national governments, to address it effectively and efficiently (Dongre and Paranjothi, 2020). Results showed that cooperatives within the Asia

Pacific Region were mainly focusing on relief measures, and some were also considering longer-term solutions. Johnson et al. (2016) state that there is still a debate on cooperatives' ability to be regarded as resilient organizations, and more emphasis on resilience research should be given to cooperatives in developing countries.

Triggered by the issues mentioned above, the researcher was motivated to investigate the difficulties faced by the cooperatives in Zamboanga del Norte and how they overcame them to survive and continue to operate during the CoViD-19 pandemic. As a result, the researcher was able to propose some recommendations to cooperatives and developed a framework to strengthen their operations towards sustainability.

#### *Research Questions:*

1. What problems and challenges have been experienced by the cooperatives in their operation before and during the pandemic?
2. What strategies have been employed by the cooperatives to deal with the problems and challenges?
3. What opportunities are identified if any by the cooperative to mitigate the effects of the pandemic situation?

The study was anchored around Stakeholder Theory developed by R. Edward Freeman (1984) that entails matching the firm's operations to the expectations of its key stakeholders. Stakeholders of an organization refer to as any group or individual without whose support the organization would not exist. An individual or group considered as a stakeholder if it influences or is influenced by the organization's objectives (Freeman, 1984) and, as a result, has a legitimate interest in the operations of the organization (Donaldson & Preston, 1995). Stakeholder theory contends that each stakeholder, whether an individual or a group, should be able to influence decision-makers in the business (Jones, 1995). Effective management requires attention to be given to all relevant stakeholders and the failure to obtain buy-in from all key stakeholders may result in the failure of the organization (Donaldson & Preston, 1995; Sautter & Leisen, 1999).

In cooperatives there is a more natural disposition towards managing stakeholders (Gijssels, 2009) as ownership rights and control are usually assigned to a single stakeholder category. The concept of the cooperative recognizes the need for a change in the structure of the traditionally capitalist economic model as well as potential political mobilization (Lele, 1981). It aims to strike a balance between sociopolitical and economic power in order help individuals who are frequently left out by traditional models. The necessity of managing relationships between an organization and its numerous stakeholders has long been recognized by the stakeholder perspective in organizational research (Freeman, Harrison, & Wicks, 2007).

#### **Strategic Management Role in the Cooperative**

Strategic management refers to the collection of management choices and actions that influence a cooperative's long-term performance. These encompasses all aspects of environmental assessment, plan formulation, strategy implementation, evaluation, and control.

Consequently, strategic management focuses on and analyses possibilities as well as international threats while also taking into account an organization's strengths and weaknesses. It is the identification of factors that, in an external environment, either threaten or offer possibilities for a business. It is concerned with identifying an organization's internal weak and strong spots, creating long-term objectives, considering numerous tactics, and picking specific strategies to continue the activity. There is a correlation and interaction between the organizations in the environment in which they are situated. Whatever changes occur in the environment, the business must accept the consequences. As a result, strategic management will pursue the environment from a close distance.

Internal factors such as financial ability, intellectual capital, organizational structure, employee morale, and profitability, as well as external factors such as political, legal, economic, social, and cultural factors, technological factors, and competition, are assessed in the administration of an organization in accordance with strategic management. The cooperative's advancement from the perspective of managers' performance and financial growth will be achievable with the application of strategic financial management. The

implementation of strategies implies that the cooperative evaluates its annual goals, establishes policies, motivates members and staff, and allocates resources in such a way that the developed plans are carried out.

However, it could not deny that micro and small-sized cooperatives were unreasonably affected by this market change in comparison to medium and large-sized cooperatives because they typically lack sufficient financial and managerial resources and were ill-prepared for disruptions that were likely to last longer than expected (Jumawan, 2022).

Accordingly, the effectiveness of tactics should be evaluated as today's success does not ensure tomorrow's success. These strategies are linked to the other approaches and the cooperative's success is dependent on the performance of these strategies. Demonstrating performance measurements that are aligned with the firm's goals is considered as a critical component of success (Mulgan, 2010).

## **Materials and Methods**

A qualitative descriptive research approach was used in this study. The goal of this qualitative study was to look at the problems and challenges those cooperatives faced in their operations before and during the pandemic.

The interviewer at the same time was flexible, acted as moderator, and free of biases and prejudices and had all of the questions prepared. According to Moser and Korstjens, (2017a), researchers who employ a qualitative research methodology look for new patterns and themes in experiences, perceptions, behavior, and processes, as well as the meanings linked to them. Moreover, in-depth interviews are a qualitative research methodology that allows researchers to gain a personal understanding of a condition, experience, or event (Hammarberg, Kirkman, and De Lacey, 2016).

Further, limitations are the weaknesses of the research that are beyond the control of the researcher (Yin, 2018). There were several limitations to this study. The primary limitation of this study was the respondents who were involved in cooperative operations. Second, this study was limited to cooperatives registered in CDA situated in the two cities in the province of Zamboanga del Norte who were open to interviews. As of May 13, 2021 referring to the cooperative statistics for Region IX being registered and verified by the Cooperative Development Authority (CDA) Office, an overall total of one thousand fifty-five (1,055) cooperatives located in the region. Zamboanga del Norte is only part of Region IX comprising of twenty-five (25) municipalities and two (2) cities.

The researcher developed the interview guide questions. Stated in the interview protocol guide were the purpose of the study, the participant's affirmation and rights, confidentiality agreement, interview questions, conclusion of interview, and the participant's signature. Further, the researcher admitted that her personal and professional experiences may have influenced her interpretation of the data. On the actual conduct, the researcher introduced herself first to the participant and reaffirmed the participants' rights to privacy and confidentiality.

According to Moser and Korstjens (2018a), participants' observation, face-to-face, in-depth interviews, and focus group discussions were the most commonly employed data gathering methods in qualitative research. According to Saunders, et al. (2016), semi-structured interviews will allow researchers to interview individuals and collect data. Qualitative researchers should create an interview protocol to keep the interview questions, study topic, and research strategy in focus (Yin, 2018). In addition, the researcher should employ an interview procedure to guarantee that the interview questions correspond with the research question as well as the researcher's ability to collect rich, focused, meaningful data that captures participants' experiences (Castillo-Montoya, 2016). Semi-structured interviews will give the researcher a framework to employ while conducting concentrated face-to-face interviews to investigate the research phenomena. Burwell (2017) described further as the most reliable strategy for gathering data in a qualitative study.

The researcher reiterated and summarized the material asking participants on the veracity of the information during each interview to minimize any personal bias on the results of this study. The researcher invited each

participant to verify the content of his or her transcript for accuracy after the recorded interviews were transcribed. In addition, the researcher sought advice from faculty advisors throughout the research process. The researcher was guided by the academic advisors to focus on relevant details provided by participants, which led to the development of themes from the data. Finally, the researcher incorporated numerous and pertinent quotes from participants to support the study's conclusions (Maxwell, 2005).

For this study, most of the interviews were conducted one-on-one to obtain answers to the questions. The remaining interviews were conducted over the phone for participant's convenience. The scheduled one-on-one and phone interviews were efficient means to connect and conduct the interviews allowing individuals with busy schedules to take part in the study. There was an audio/video recording and proper data record keeping made by the researcher as well. After that, the researcher tallied the results for analysis and interpretation.

## Results and Discussion

A total of fifty-two (52) cooperatives were surveyed. It has always been significant that successful management of a cooperative is mainly based on intelligent and active cooperation among members. The cooperative officers are made up of a board of directors which serves as the policymaking body comprising five (5) members in micro cooperatives and seven (7) or more members in other cooperative structures.

Moreover, it has been revealed that micro cooperatives represent a huge population which constituted 55.77 percent of the total population for the reason that organizing a cooperative sets a minimum membership and capital requirements. Supported under CDA Memorandum Circular No. 2007-07 "Revised Categorization of Cooperatives as Amended" micro cooperative assets are up to P3 million; small cooperative assets from P3,000,001 up to P15 million; medium cooperative assets from P5,000,001 up to P100 million; and large cooperative assets above P100,000,001.

Table 1: *Profile of the Cooperatives by Size*

SIZE	Dapitan City		Dipolog City		TOTAL	
	F	P	F	P	F	P
Micro	15	68.18	14	46.67	29	55.77
Small	2	9.09	6	20.00	8	15.38
Medium	3	13.64	2	6.67	5	9.62
Large	2	9.09	8	26.67	10	19.23
<b>TOTAL</b>	<b>22</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>52</b>	<b>100</b>

Legend: (F) – Frequency; (P) – Percentage

It has been found that there were some cooperatives that were in the process of dissolution, the address could not be located, and the management refused to respond, for the reason that the researcher was only able to cover fifty-two (52) cooperatives.

Table 2: *Profile of the Cooperatives by Type*

SIZE	Dapitan City		Dipolog City		TOTAL	
	F	P	F	P	F	P
Agriculture	1	4.55	1	3.33	2	3.85
Consumers	2	9.09	1	3.33	3	5.77
Cooperative Bank	0	0.00	1	3.33	1	1.92
Credit	1	4.55	5	16.67	6	11.54
Federation	1	4.55	0	0.00	1	1.92
Health Services	0	0.00	1	3.33	1	1.92
Insurance Service	0	0.00	1	3.33	1	1.92
Multi-Purpose	15	68.18	18	60.00	33	63.46
Producers	1	4.55	1	3.33	2	3.85

Water Service	1	4.55	1	3.33	2	3.85
<b>TOTAL</b>	<b>22</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>52</b>	<b>100</b>

Legend: (F) – Frequency; (P) – Percentage

Based on the study, multi-purpose cooperative was the most preferred type which constituted 63.46 percent of the total population in view of the fact that multi-purpose cooperative engages in a variety of activities to meet the needs of its members. The cooperative area of operations is broad with the majority of its activities focused on loans, consumers, and production. However, multi-purpose cooperatives face considerable problems and their sustainability is dependent on active membership.

### **Problems Experienced by the Cooperatives Before the Pandemic**

There were seven (7) problem classifications found with the following instances of issues:

**(1) Competition.** One of the significant issues includes “fewer customers” because of the existence of “Pantawid Pamilyang Pilipino Program (4P’s) Cooperative” which is not at the same time registered to CDA. A livelihood assistant grant amounting to Php15,000.00 was given to 4P’s members to finance their own business which happened when they were able to create and offer coop-like products and services. These 4P’s members were at the same time also members of the micro cooperative which makes their business a competitor to the cooperative. From the findings of the study conducted by Arun and Marwa (2018), “competition from informal and pyramid schemes” exists because members are easily persuaded to invest in get-rich-quick schemes.

**(2) Loan Delinquency.** Loan delinquency is one of the very common problems encountered by most credit and multi-purpose cooperatives when payment of a loan was being delayed or the loan remains unpaid after its due date. In general, there are two reasons why a borrower does not make a repayment: “do not have the money to make repayment” and “have the money but fail to make the repayment”. Kay Associates Limited (2005) cited by Aballey (2009) emphasized that bad loans can be restricted by ensuring that only borrowers who have a good chance of being able to repay the loan and who are unlikely to become insolvent are given credit. Thus, loan repayments should be monitored and whenever a borrower fails, something needs to be done.

**(3) Low Margins.** Involve on problems and issues such as availability of funds, low volume of transaction because of limited manpower, and generating net income. Evidence suggests that during a crisis and its aftermath, failures increase (Dopico and Wilcox, 2019). Historically, cooperatives have been subject to high cost to income levels and a low return on assets. Therefore, the ability of cooperatives to adapt to various changes that may be brought about by political, technological, and/or economic factors is crucial to their overall success. Cooperatives might expand their product offerings, attract additional members who are from different locations, or form joint ventures and strategic alliances (Zeuli, 2004).

**(4) Member Participation and Commitment.** Members are the foundation of the cooperative business and are the very reason for the existence of the cooperative. It has found out that cooperative problems are associated with membership retention, attracting new members, lack of participation, non-loyalty of members, loss of members, smaller membership, and poor membership support. According to Osterberg & Nilsson (2009), involvement is a crucial metric in cooperative success. Attendance at meetings, engagement on committees, recruiting additional members, and patronage are all examples of member participation in a cooperative. However, according to Borgen (2001), a member is perceived as being more loyal to decisions in which he or she actively engaged rather than those that were imposed upon them. Moreover, members will participate if they are involved and motivated through efficient communication skills especially during the pandemic.

**(5) Inadequate Managerial and Business Skills.** A wide variety of problems associated with the internal operations of a cooperative. Included are such items as business survival and profitability, no proper recording, standard requirement on investment loan portfolio, and documentation as to collection and membership. There was evidence that some cooperative officers and staff within Dapitan City and Dipolog City have limited



abilities to develop or, indeed, implement business strategies which would bring maximum benefit to the cooperatives. The designated officers and staff lacked the economic, technical, and professional expertise necessary to analyze market trends and complete accurate transaction documentation. These cooperatives' lack of proficiency was a major factor in their downfall (Keeling, et. al., 2004). This situation is worsened by the fact that these cooperatives work in isolation, without any linkage to other cooperatives.

**(6) Governance.** Included are such items as mismanagement of previous officers, lack of constant monitoring of the cooperative operation, and not conducive working office for some cooperatives. Leaderships play an important role in influencing the direction of the cooperatives. Leaders are meant to initiate and promote and defend the policies (Fulton, 2001) as well as involves good interpersonal relationships and aims to motivate a group of people, to act towards achieving a common goal (Banaszak & Beckmann, 2006; Buzzanell et al., 1997; Yukl & Yulk, 2002). Internal leadership is therefore essential in the implementation of policies and activities that continuously improve the cooperative's operations. Moreover, it must engage in an efficient communication process to ensure members may express their views.

**(7) Technology.** Included are such items as speed of changing technologies and meeting the demands of newer technologies to service the customers. Because the nature of technology used by a society influences what the society is and becomes, individuals who do not become technologically literate will be left behind. However, the majority of micro and small cooperative officers have struggled with this in their transactions since they still need to make technological adjustments. Baby boomers' respondents experienced difficulties but still tried to continue to trail behind Gen Xers and Millennials in terms of technology adoption. Connection between technology and baby boomers is drastically different from that of other generations (Keenan, 2009). According to cooperative managers who participated in the interview, the membership, operational undertaking, and governance were the most commonly stated issues in the past, regardless of their product and services offered, size of cooperative, type, and location.

### **Challenges Experienced by the Cooperatives During the Pandemic**

The CoViD-19 pandemic had a significant impact on countries around the world, including the Philippines. With its spread, the world has been thrust into a period of unprecedented uncertainty with devastating economic and social consequences. It's a time when things that were before unthinkable have become possible. The following challenges were identified:

**(1) Business Apprehensions.** Based on surveys, most cooperatives negotiate with their employees and members to have limited cooperative transactions for the purpose of protecting their physical and mental health due to the pandemic. With this, there will be delayed transactions and processing of documents, not able to renew/re-construct the borrowers' loans on time due to limited time of banking transactions, decrease in loan collection, understaffed where some employees resigned for fear of the virus, decrease in sales/income, and were challenged in keeping its employees healthy but still can perform its duties and responsibilities.

**(2) Cooperative Diversity.** It has been discovered that cooperatives come in a number of types and sizes responding to a variety of needs present in society. This diversity implies that the cooperative difference and cooperative ideals in practice can be operationalized in a variety of ways.

**(3) Decline in Productivity.** There were responses that a number of micro consumers' cooperatives located beside the school incurred no income given that there were no face-to-face classes, there were cooperatives too that even though they were consistent in production activity but still acquired big losses in sales due to the pandemic. Moreover, the purchaser currently had difficulty buying consumer goods due to expensive transportation cost during pandemic, and there was low volume of products that lead to lesser sales.

**(4) Liquidity.** Prior to this CoViD-19 pandemic, most credit cooperatives were already facing liquidity problems due to the failure of members to repay their debt. The pandemic made it worse but there were also individuals who looked outside the box to mitigate the effects.

**(5) Loan Payment Collection.** On March 25, President RRD signed into law the “Bayanihan to Heal as One Act (RA11469)” which was valid for three months unless extended by Congress. This law was effective immediately during the ECQ period from March 17 – April 12, 2020 as cited in Proclamation No.929 dated 16 March 2020. This was mandatory to all lenders in which borrowers whose loan with principal and/or interest falling due within the ECQ period shall be entitled to avail of the grace period without incurring interest, penalties, fees, and other charges. Thus, the cooperatives were obliged to implement the national guidelines and therefore revealed that the “Bayanihan Act” causes the cooperative to lessen its collection on capital and interest for at least three months, happened to have no monthly paid-in and collection of remittances, creates opportunity loss, and Heal as One Act I and II may provide a “bond-aid” solution for a short period due to its moratorium but in the end harmed the cooperative operation as members could hardly pay the loan amount based on its maturity date.

**(6) Market Change** that refers to transitioning to digitalization. A shift to engage in paperless transactions that allow members and borrowers to deposit and pay from the comfort of their own homes. However, they were still adjusting to the new normal while also taking into account the poor internet connectivity in most places.

**(7) Personnel Worries.** As the spread of CoViD-19 has been rapidly escalating plus the existence of another virus variant, thus, individuals involved in the cooperative operation worried about their health, security and safety, risk of exposure to work and travel, and reduction of manpower due to slow down in cooperative operation.

**(8) Quorum.** Pursuant to Proclamation No.922 “Public health emergency throughout the Philippines due to CoViD-19 outbreak” by President RRD on March 8, 2020 and pursuant to CDA Memorandum Circular 2020-03 in view of Proclamation No.922 effective March 12, 2020, the Cooperative Development Authority (CDA) Pagadian Extension Office, advises all cooperatives within the Region that the Authority allows the postponement of the General Assembly and Election of Officers for a period of three (3) months from the effectivity of the Memorandum Circular issued by the Authority or until such time that the State of Public Health Emergency is lifted, whichever comes first. With this, there was a wide suspension especially on public events and gatherings as well as difficulty to enter the borders, thus, incumbent officers shall be on hold-over capacity until such time that a general assembly meeting and election of officers are conducted. Later on, teleconferencing, video conferencing, and other electronic forms of communication were used to conduct virtual meetings. However, the majority of respondents from micro, small, and medium cooperatives found it difficult to adjust to the changes, particularly because most of them were non-tech savvy and certain places had limited internet access. As a result, it was discovered that some cooperative officers had no regular monthly meetings, no general assembly for two years, and the officers’ positions were status quo.

**(9) Quota Options.** Evidence on the CoViD-19 crisis indicates severe disruptions and concerns especially to large cooperatives. It was revealed that the branch target was greatly affected, a lot of borrowers became delayed in payment, have high past due of their loan obligations which affected most of their monthly transactions, and less on new clients and new members to be part of the cooperative.

Further, it has been revealed during the conduct of the study that micro cooperatives have no plan to borrow funds from any financial institutions because of high interest rates. Furthermore, there were operations being suspended due to lockdown and hoping to continue again when lockdown is over.

### **Strategies Employed by the Cooperatives in Dealing with the Problems and Challenges**

Despite the challenges, cooperatives continue to demonstrate their ability to restructure and reinvent themselves. Having encountered several problems in the cooperative operations, the cooperative management has taken steps to ensure that services were delivered to their members and customers on a consistent basis. Among the actions taken were the following:

**(1) Assistance to Members and Community.** During this pandemic, the cooperatives extended help to their respective members and communities. They had undertaken different actions such as relief operation and

financial assistance to members and non-members, grant rice incentives to members and front liners, visited some identified families to give some foods for their needs, released of Community Development Fund (CDF) for medical front liners, donated Personal Protective Equipment (PPE), vitamins, gloves, and food assistance to front liners.

**(2) Flexible Work Arrangements.** In order to ensure minimal contact among employees, members, customers, suppliers, and other stakeholders, flexible work arrangements were able to be considered. Large cooperatives had their skeletal duties of employees in order to save payroll and lessen the expenses. They even had implemented no work - no pay scheme for the employees.

**(3) Improved Health and Sanitation.** During this challenging time, the safety of the employees and members is of utmost importance. Instead to discontinue the cooperative operations, the management enforced stringent precautionary measures like follow health and safety protocols for its operation, encouraged always wearing of face mask and regular sanitation during their business dealings, practiced social distancing, required the proper use of Personal Protective Equipment (PPE) in dealing and taking care of patients for health services cooperatives, and adhere to the health and safety protocols set by local authorities.

**(4) Internal Operation Management.** Herewith, the credit and multi-purpose cooperatives were still open for loan transactions even with limited time, re-consideration of members' loan, constant update the members even to pay any amount so that the cooperative will still continue its operation, provided consultation services and low interest loans to members who are affected by CoViD-19, implemented fast-track credit approval procedures for urgent cases, increased the volume on purchase of basic needs products to sell to sustain the needs of the customers, market the products through radio advertisement, giving amnesty of all borrowers, minimize loan releases to prevent the risk of losing income, limit expenses, engaged in online trainings, employed blended general assembly - a mixture of virtual and physical attendance, adjust loan repayments based on members circumstance, and always apply the professional ethical principles.

**(5) Kumustahan.** It is a form of greeting each other. This is a very powerful form of communication which provides psychosocial support among stakeholders in the cooperative in the midst of CoViD-19 pandemic. It is of utmost importance that the cooperative management continues to update their staff on any and all changes that take place via limited face-to-face assembly and tele-communication to the members in knowing their status and being updated of their well-being. Information is wealth at a time like this.

**(6) Penalties and Interest Condone.** The optimum goal of the cooperative is to be of meaningful service to the members and thus credit and multi-purpose cooperatives gave consideration into lowering its interest rate, giving discount of penalties and interests, waiving the penalties, and collecting only the interests.

**(7) Product and Services Innovation and Adaptation.** The cooperatives have added and/or shifted off products offered to its members and customers. One of the micro cooperatives planned to supply other products like beans in Luzon, dream to become the "sweet chocolate" supplier in town, more product exposure to city malls, and exportation of the products. On the other hand, credit and multi-purpose cooperatives opened new loan schemes relevant to the current needs, invested on other income like rental, engaged in online business and marketing of products, and even got involved in flea markets.

### **Proposed Framework for Cooperative Growth**

It is impossible to avoid change. It can be beneficial, such as leading to business growth, or it can be painful, such as leading to job loss or bankruptcy. Nonetheless, it cannot be denied that the most difficult changes to identify and adjust to are those that are unanticipated and out of one's control, such as a global pandemic or a big disaster, but these events may frequently make a person better or worse depending on their reaction and attitude.

The reality of how businesses are dealing with the crisis and planning for recovery tells a completely different picture, one of pivoting to business models that promote short-term survival while also fostering long-term resilience and growth. Accordingly, adapting a business model may actually necessitate doing something the



cooperative had never previously considered, namely, by broadening the scope of the services or products to offer. In contrast, the pandemic had a good effect in that it made cooperative leaders realize the significance of awareness and planning. The ideas of what the researcher collected during the course of the study is presented on a framework.

**COOP Mechanischeme.** A business model developed by the researcher (April Jumawan) that refers to the strategies the cooperatives may use to help bounce back from adversities while reducing health concerns and giving them a competitive advantage over their competitors. It pinpoints mechanisms that respond to various conditions to ensure that a cooperative can quickly recover from any crisis.

### **Significant Terminologies**

**COOP.** The acronym illustrates two definitions: (1) a recognized business formed when a group of people come together voluntarily to fulfil the needs of the members and the community in which they live.; and (2) stands for “Continuity of Operations”- refers to a program that assures that cooperatives may continue to provide efficient products and services to their members and the community despite the challenges that come across the way.

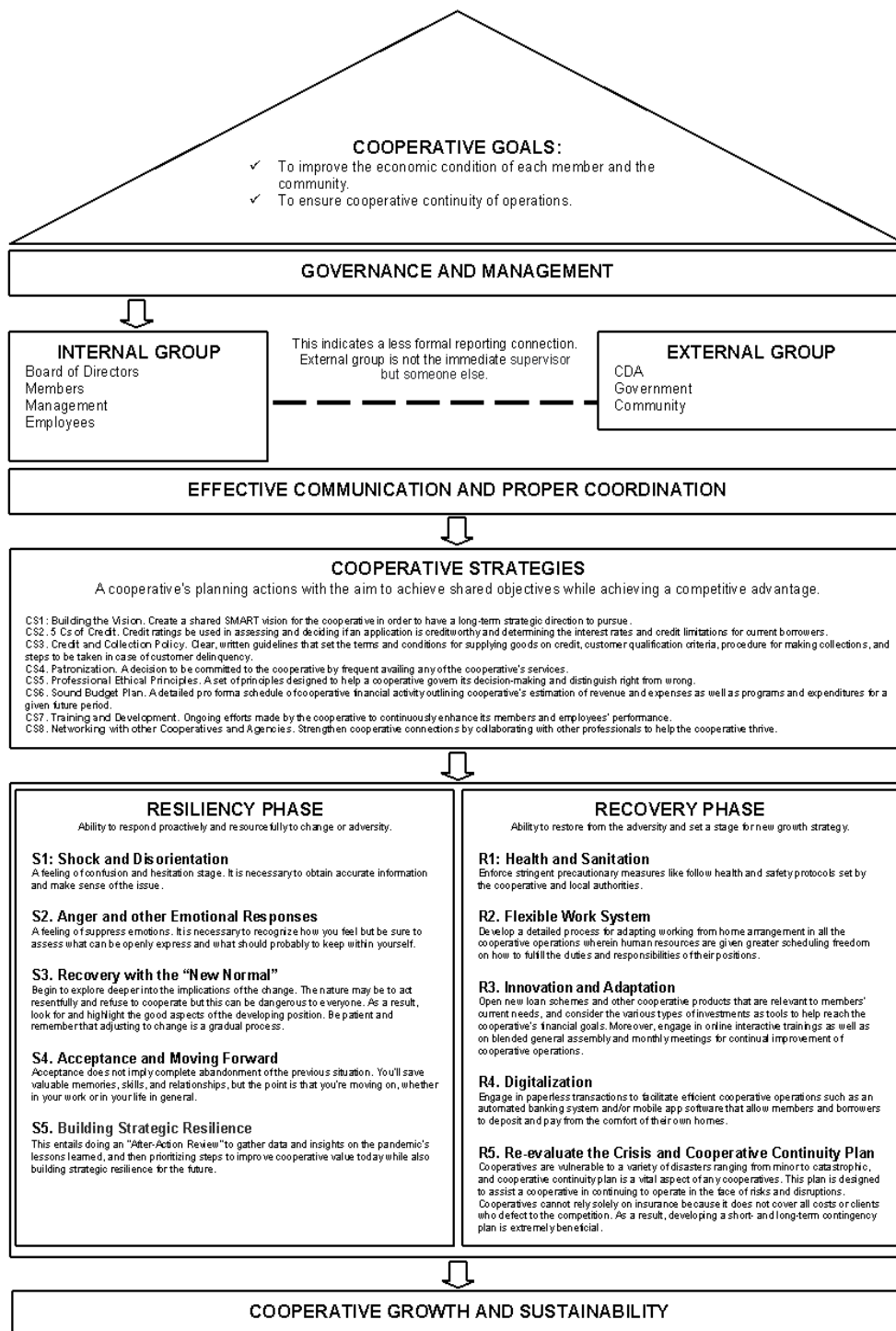
**Mechanischeme.** A word that was created by combining the meanings of two important words in relation to management: (1) *mechanism* – refers to a tool or instrument that is used to achieve a goal and resolve problems; and (2) *scheme* – refers to a detailed strategy for carrying out an action that will benefit the cooperative.

**Resiliency Phase.** A stage that gives people the psychological strength needed to deal with stress and adversity to still continue the cooperative operations in spite of the crisis. This emphasizes the level of coping mechanism which includes: (1) *shock and disorientation*- a feeling of confusion and hesitation stage. It is necessary to obtain accurate information and make sense of the issue; (2) *anger and other emotional responses*- a feeling of suppressing emotions. It is necessary to recognize how you feel but be sure to assess what can be openly expressed and what should probably be kept within yourself; (3) *recovery with the “new normal”*- begin to explore deeper into the implications of the change. The nature may be to act resentfully and refuse to cooperate but this can be dangerous to everyone. As a result, look for and highlight the good aspects of the developing position. Be patient and remember that adjusting to change is a gradual process; (4) *acceptance and moving forward*- acceptance does not imply complete abandonment of the previous situation. You’ll save valuable memories, skills, and relationships, but the point is that you’re moving on, whether in your work or in your life in general; and (5) *building strategic resilience*- this entails doing an “after-action review” to gather data and insights on the pandemic’s lessons learned, and then prioritizing steps to improve cooperative value today while also building strategic resilience for the future.

In organization theory, resilience is described as the characteristic or capacity of organizations to maintain operational continuity despite the presence of adversity, whether it is internal or external, or the ability to recover from unprecedented events (Sutcliffe and Vogus, 2007). When it comes to organizational resilience, it is important to explore how organizations respond to a threat or shock, rather than characteristics that may distinguish them from non-resilient organizations.

**Recovery Phase.** A stage that consists of those efforts that continue after the disaster has ended in order to restore and resume the cooperative operations and begin to manage stabilization. This emphasizes the importance of: (1) *health and sanitation*- to enforce stringent precautionary measures like follow health and safety protocols set by the cooperative and local authorities; (2) *flexible work system*- to develop a detailed process for adapting working from home arrangement in all the cooperative operations wherein human resources are given greater scheduling freedom on how to fulfil the duties and responsibilities of their positions; (3) *innovation and adaptation*- to open new loan schemes and other cooperative products that are relevant to members’ current needs, and consider the various types of investments as tools to help reach the cooperative’s financial goals. Moreover, engage in online interactive trainings as well as on blended general assembly and monthly meetings for continual improvement of cooperative operations; (4) *digitalization*- to engage in paperless transactions such as an automated banking system and/or mobile app software that allow

members and borrowers to deposit and pay from the comfort of their own homes; and (5) *re-evaluate the crisis and cooperative continuity plan*- a plan designed to assist a cooperative in continuing to operate in the face of risks and disruptions. Cooperatives cannot rely solely on insurance because it does not cover all costs or clients who defect to the competition. As a result, developing a short-term and long-term contingency plan is extremely beneficial.



**Figure 1: Proposed "COOP Mechanischeme" Model**

## Conclusion

The CoViD-19 pandemic had far-reaching implications that were felt all across the world. This led to the discovery that cooperatives located far from cities coped substantially worse in terms of accessing markets and updated information than those located close to cities. Second, the majority of cooperative officers' lack of managerial abilities and work commitment to their jobs had affected the cooperatives' poor performance. Additionally, several cooperatives had officers who lacked the necessary qualifications and job-specific training. As a result, they will be less able to create or, more accurately, difficulty in implementing business strategies during the pandemic.

Consequently, it is crucial for the longevity of micro cooperatives that members are strongly motivated to increase their investments in the organizations. Low membership as a result of poor investments led to cooperatives doing poorly. The fact that these cooperatives operate without any strong linkages to other cooperatives, which puts operations in a vicious cycle of poor performance, inadequate returns, and poor investment, made the issue worse.

Therefore, just like any other sort of business organization, a cooperative can only succeed if it continues to remain relevant to its stakeholders across all facets and shades of the economic journey. Continuous research and reform of the cooperative's processes, products and services will lead to a successful journey.

Moreover, it is the resilience of the cooperatives to overcome the most unexpected economic shocks that determines how successful they are. The success is also a result of various factors working in harmony with the external and influencing factors. The business entity has to constantly endeavor to meet the efficiency in maintaining the cooperative's financial stability, continuous research of the needs, innovation, re-engineering of internal processes, and reforming itself to be contemporary at all times.

### Recommendations

1. The utilization of the proposed framework for cooperative growth to ensure that the cooperative may quickly recover from any crisis.
2. The board of directors shall serve as role models for capital growth, savings, transparency, and representing the cooperative's common interest and genuine welfare.
3. The cooperative members who have served in the cooperative shall encourage youth to join by emphasizing the cooperative's many benefits to offer.
4. Cooperative Development Authority (CDA) shall mandate that every cooperative must require health and sanitation training and awareness for their employees and members as well as adherence to workplace medical and health safety regulations.
5. A replicate research study shall be made among other cooperatives to explore the issues and challenges in different contexts and regions.

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### Internet sources

[www.cda.gov.ph](http://www.cda.gov.ph)

### Interview Protocol

Please take your time in deciding if you would like to participate. Please feel free to ask questions at any time.

### Participant Affirmations

If the participant agrees to participate, the Interviewer will conduct the interview. The interviewer will introduce herself to the participant and reaffirm the participants' rights to privacy and confidentiality.

1. Observe proper safety protocols in conducting the interview.
2. The participant will be presented with the interview guide.

3. Inform the participant that an audio/video recorder will be turned on during the duration of the interview and the researcher will also be using pen and notepad to take notes.
4. The participant will be identified by a pseudonym for the study and the information will be protected before, during, and after the research study.
5. During the interview process, the participant may skip any questions that he/she does not wish to answer. The participation will last for the amount of time that the interview takes.
6. Inform the participant that all data and information will be safely stored and coded.
7. Inform the participant that after the conclusion of the interview and all additional interviews, data will be analyzed and transcribed.

### **Benefits**

There are no personal advantages to participation. The findings of this study are expected to help cooperative boards of directors, management, members and employees, and the community in terms of strengthening operations, particularly for micro, small, medium, and large-sized cooperatives, in order to ensure sustainability.

### **Costs and Compensation**

There will be no costs related to participating in this study other than the time spent voluntarily by the participant during the interview.

### **Participant Rights**

Participation in this study is entirely voluntary, and participants may initially decline to participate or withdraw from it at any moment. If a participant decides not to engage in the study or leaves early, there will be no penalty or negative impact on their connection with the researcher.

### **Confidentiality**

Records identifying participants will be kept confidential to the extent permitted by applicable laws and regulations and will not be made publicly available.

**Interview Questions:** The interview questions below will be posed during the interview session.

#### **Part I.** Interview questions to confirm survey results:

1. What particular strategies have you used to sustain the cooperative?
2. What management strategies would you recommend to other cooperatives to improve their performance?

#### **Part II.** Interview questions of cooperative challenges:

1. How well-established are your connections with banks and other financial intermediaries for obtaining working capital and finance for significant cooperative projects?
2. What do you think about the cooperative's potential expansion?

#### **Part III.** Interview questions before and during pandemic:

1. What are the challenges experienced by the cooperative throughout pandemic times?
2. What were your initial steps for the cooperative when the outbreak started?
3. Whose resources have you found out helpful for the cooperative operation during pandemic times?
4. What opportunities are identified if any by the cooperative to mitigate the effects of the pandemic situation?

### **Conclusion of Interview:**

1. Interviewer will finalize each interview by sharing a brief summary of the data collected with the interviewee to ensure accuracy and honesty of the data collected.
2. Interviewer will thank the participant for their contribution, time, and support of the study
3. Shut down the digital audio/video recorder and keep it together with a notepad in a secured place.
4. The interviewer will inform the interviewee that the information gathered shall be treated with utmost confidentiality and shall be for the purpose of this research only.



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**Participant's Signature**

Your signature below shows that you willingly agree to participate in this study, that you have been informed about the study, that you have been given adequate time to read this paper, and that your questions have been adequately answered. Prior to participating in the study, you will obtain a copy of the written informed consent.

Participant's name (printed): \_\_\_\_\_

Participant's e-mail address: \_\_\_\_\_

Participant's signature: \_\_\_\_\_

Date: \_\_\_\_\_