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CONSUMER COOPERATIVES IN THE REPUBLIC OF THE PHILIPPINES

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INTERNATIONAL COOPERATIVE ALLIANCE

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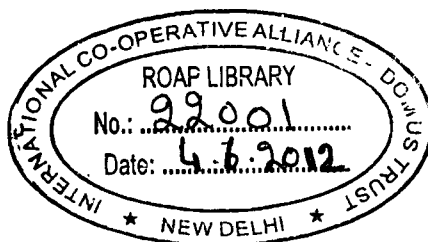
February 5, 1971

CONSUMER COOPERATIVE MOVEMENT IN THE PHILIPPINES

by

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Chapter I

PHILIPPINES AND ITS ENVIRONS

1.01 Area and Population

The Philippines is situated between 21°20' and 44°30' N. lat. and between 110°55' and 126°36' E. long. It consists of 7,107 islands and islets, 2,870 of which are named. Approximate land area is 115,600 sq.miles (299,400 sq.km.). The 12 most important islands with their areas (in sq.miles) are: Luzon, 41,845; Mindanao, 36,381; Samar, 5,184; Negros, 5,278; Palwan, 5,751; Panay, 4,749; Mindoro, 3,995; Leyte, 3,090; Cebu, 1,964; Bohol, 1,589; Masabate, 1,562; Catanduanes, 583.

1.02 Climate

On the whole, the country's climate is tropical. The bold relief of the Philippine Island gives rise to a variety of conditions affecting climate in the different places of the archipelago. Since temperature differences in the archipelago are really very slight and rainfall differences are decidedly at variance due to the combined influence of topography and air stream direction, the classification of Philippine climate has been based on the type of rainfall. Average temperature is 27°C. (80°F.), average rainfall 100 inch per year and humidity : 80 per cent.

1.03 Population

The total population at the census of 15 February 1960 was 27,087,685 and in 1968 was 35,883,000 (estimate) or 236 persons per sq.mile of land area.

The population of the main cities are as follows:

Angeles	1 VII 1968	102,400
Bacolod	"	156,900
Basilan	"	209,100
Batangas	1 VII 1966	102,100
Butuan	1 VII 1968	110,100
Cadiz	"	118,200

Calbayog	1 VII 1968	103,100
Caloocan	"	194,600
Cebu	"	332,100
Davao	"	337,000
General Santos	"	114,000
Iloilo	"	201,000
Iriga	"	101,000
Manila	"	1,499,000
Pasay	"	175,100
QUEZON CITY (CAPITAL)"		545,500
San Carlos	"	165,200
Tarlac	1 VII 1966	121,400
Zamboanga	1 VII 1968	176,800

1.03.02 During the census year 1960, it was revealed that the majority of the reported population belonged to the age bracket under 10 years of age, accounting for about a third of the total population resulting in a computed median age for the country of 16, indicating a relatively young population. In terms of the aggregate, the census likewise showed that the male population outnumbered the female group by a margin of more than 200 thousand.

1.03.03 In 1968, 55% of population comes from the persons under 15 years old. The percentage of age group of 20 to 44, which we may say the working population comes to 12.5. It indicates, comparatively that the Philippines is a country of young population.

The annual average increase in population in percentage is approximately 3.5% (1963-69).

1.04 History

The Philippines was discovered by Magellan in 1521 and conquered by Spain in 1565. Following the Spanish-American War, the Islands were ceded to the U.S.A. on 10 December 1898, after the Filipinos had tried in vain to establish an independent Republic in 1896.

1.04.02 Japanese Occupation

Since 1898 to 1941, Philippines was under U.S.A. In 1941 Japanese attacked Philippines and captured it in 1942. Till February 1945 it was under Japanese.

1.04.03 Republic of Philippines

The Republic of the Philippines came into existence on 4th July 1946, by agreement with the US Government embodied in an Act of Congress signed by the President Roosevelt on 24th March 1934, accepted by the Philippine Legislature on 1 May, 1934 and ratified at a plebiscite on 14 May, 1935. This Act established a 10-year transitional period, designated as that of the Philippine Commonwealth, at the end of which complete independence was automatically effective.

1.05. Religion

In 1967 there were 24,176,989 Roman Catholics, in 1960, 1,414,431 Aglipayans, 1,317,475 Muslims, 785,399 Protestants, 270,104 members of the Iglesia ni Kristo, 39,631 Buddhists, and 574,549 others.

1.05.02 The Roman Catholics are organised in 10 archbishoprics, 43 bishoprics, 12 prelatures nullius, 4 apostolic vicariates, 4 apostolic prefectures and 1,633 parishes. The Philippine Independent Church, founded in 1902, and comprising about 5% of the population, denies the spiritual authority of the Roman Pontiff. It is divided into two groups, one of which has accepted ordinations by the Episcopalian Church.

1.06 Language

48.7 per cent Tagalog (In fact Tagalog is understood by the whole population other than those speaking native dialects); 41.5 per cent people speak English, 2.3 per cent Spanish and 7.5 per cent Native dialects.

1.07 Education

Literacy 72 per cent.

1.08 Constitution and Government

The Philippines is an independent State since 4 July, 1946. It is a presidential republic with two chambers of Parliament.

1.08.02 The President of the Philippines occupies a powerful position. He appoints all Government officials and initiates legislation. The President is assisted by 11 Departmental Secretaries in charge of their respective Departments.

1. The Executive

The President is elected by universal suffrage every four years.

2. The Legislative

House of Representatives	-	104 Congressmen (elected for four years)
Senate	-	24 members (elected for six years)

3. The Judiciary

Supreme Court, Court of Appeals, Lower Court.

1.08.03 Local Government

The country is administratively divided into 65 provinces, 50 chartered cities and 1,448 municipalities and municipal districts. Each province elects its executive, consisting of a governor, vice governor and 3 members of the provincial board. The municipalities are public corporation, each composed of a number of barrios, the elected municipal mayor is the executive officer. The mayors of the chartered cities are elected.

1.09. Economic Indications

a) National Currency: The Peso (₱) divided into 100 Centavos (¢), US \$1 = ₱3.90, 1 ₱ = 26 US Cents (as of July, 1969)

b) Gross National Product (GNP) (Current prices 1967)
₱25.45 billion (US \$6.5 billion)

c) Annual Growth Rate 5.5 per cent.

<u>Per Capita Income (N.I.)</u>			<u>Index</u>
	1958	US \$193	100
	1963	US \$218	113
	1965	US \$218	113
	1966	US \$226	117
	1967	US \$232	120
	1968	US \$250	130

e) Consumer Price Index (Manila)

	(1955 = 100)
1956	102.7
1960	111.5
1965	140.4
1967	165.2

f) Wholesale Price Index (Manila)

	(1955 = 100)
1956	103.1
1960	117.4
1965	151.9
1967	165.8

1.10 AGRICULTURE

11,210,050 hectares cultivated land.

1.10.02 About 98.4% of the total cultivated area is owned by Filipinos, the average size of the farm is 3.21 hectares. The principal products are unhusked rice (palay), Manila hemp (abaca), copra, sugar-cane, maize and tobacco. In October 1966, 6.29 m. persons were employed in agriculture (57.5% of the working population).

1.10.03 In the crop year ended 30 June 1966 the production of coarse rice was 92.56m sacks (of 44 kg.) from 3,109,180 hectares, corn (shelled), 24.21m. sacks (of 57 kg.). Production in the year ended 30 June 1965, copra, 1,470,900 metric tons, sugar (muscovado), 55,490 metric tons from 26,570 hectares, abaca, 134,000 metric tons from 199,300 hectares, virginia and native tobacco, 55,360 metric tons from 85,450 hectares, sweet potatoes 798,060 metric tons from 160,770 hectares.

1.10.04 Minor crops are fruits, nuts, root crops, vegetables, onions, beans, coffee, cacao, peanuts, rubber, maguay and kapot.

1.10.05 Agriculture represents 33 per cent of national income, 85 per cent of exports, and employes 60 per cent of the labour force.

1.11 INDUSTRY

Manufacturing is largely carried on in homes (chiefly embroidery, buntal hats, woven cloths, mats and pottery), but the number of factories has been fast increasing. In 1963 there were 17 coconut-oil mills, 102 cigar and cigarette factories, 8,215 rice mills, 928 shoe factories, 25 sugar centrals, 6 cement plants and 17 hydro-electric plants. The non-agricultural labour force in October 1966 was 4,646,000 out of a total of 10,936,000 employed.

1.11.02 Following are the main industries in the country :

1. Lumber, 2. Copra Products, and 3. Rice and corn milling.

1.11.03 In 1968 the manufacturing industries contributed 17.3 per cent of the Gross National Product (GNP).

1.12 ECONOMY

President Marcos, during the years 1966-69, directed implementation of the nation's economic development without any integrated programme approved by Congress. He "played it by ear" in tackling the country's main economic problems. Thus, he concentrated largely on making the country self-sufficient in foodstuffs - particularly rice - and on the building of more roads and bridges. Other areas likely to be given greater emphasis this decade are such extractive industries as mining and oil exploration and agro-industrial expansion based mainly on utilisation of indigenous raw materials.

1.12.02 But, as in past years, lack of planning economic development in Philippine was evident in the overcrowding of new industrial plants where an area proved profitable. There was a rush to put up new cement plants - and more recently, sugar mills because of the country's inability to fill its increased quota on the US Market. This brought fears that, like the textile, electronics and appliance industries which had become depressed since decontrol, cement and even sugar might join the ranks of distressed industries in the next few years.

1.12.03 Because of the lack of adequate and careful planning and efficient management of resources, the Philippines' most

pressing problems last year included tight credit for the private sector and a weakening Peso, a result of the growing trade imbalance and a perennial payments deficit. The authorities had to tighten credit for the private sector while exempting the public sector; to enable the administration's infrastructure programme to proceed smoothly and to service the financial requirements of those putting up new sugar centrals, cement plants and other impact industries requiring huge foreign exchange as well as peso cover.

1.12.04 Impatience over the hit-and-miss manner of planning and implementing development projects was reflected in the passage by Congress of "Joint Resolution No. 2", making it a policy to pursue a more co-ordinated and integrated economic programme through the creation of a stronger national development authority or similar agency with powers to reshape and replan economic programming and implementation.

1.12.05 Impressive gains in agriculture, manufacturing and especially in mining resulted in an increase of 6.4% (in real terms) in the gross national product in 1968, exceeding the national target of 6.2% reached in 1967. Real national income rose by 5.7% compared with a growth rate of 5.1% in 1967, or a total of Pesos 14,800 million in 1968. The GNP in real terms reached Pesos 17,600 million compared to Pesos 16,600 million in 1967.

1.12.06 Domestic consumption

Because of higher government consumption expenditure, gross domestic capital formation grew by only 5.6% in 1968 compared with 12.4% in 1967. Thus, while the share of government consumption expenditure in the GNP rose to 9.3% in 1968 from 9.1% in 1967, that of gross domestic consumption was down to 17.9% in 1968 from 18.1% in 1967.

1.12.07 Finance

Before adjourning last year, congress approved national budget carrying a total appropriation of Peso 3,300 million for the 1969-70 fiscal year, the biggest ever, although considerably

smaller than the outlays recommended by President Marcos. This compared with Peso 2,900 million in 1968-69. The current budget includes Pesos 2,900 million for the general fund and Pesos 400 million for the special fund.

1.12.08 Planning and Economic Development

The future targets for Economic Development during financial years 1971-74 are : (Annual Growth Rate).

Gross National Product	5.5%
Net Domestic Product	5.6%
Agriculture, Forestry and Fishing	6.1%
Mining	17.9%
Manufacturing	6.2%
Per Capita Real GNP	2.2%
Others (Construction, Trade, Transport and Communication Services).	4.4%

1.13 RETAILING

Retailing and wholesaling is a small-scale business enterprise, mainly handled by single family units.

Super-markets and departmental stores although still insignificant, are coming up in big cities especially in Manila and Quezon City.

There are no chains of big wholesale stores.

1.14 MANILA CITY

1.14.02 Area: 14.78 sq. miles.

1.14.03 Population: 1,499,000 (I-VII-1968).

1.14.04 Manila has long been known as the crossroads of the Orient. Its magnificent harbor has made it, for centuries past, one of the great ports of the world.

1.14.05 The Pasig (pa' sig) River winds westward through the sprawling city to empty into Manila Bay. Six bridges connect the northern and southern banks of the river. On the south bank are government buildings, mansions, embassies of foreign nations fashionable restaurants, and deluxe hotels. This modern district of Manila stands with its back to the crumbling ruins of the old walled city of Intramuros, symbol of three centuries of Spanish rule. Most of Intramuros was destroyed during World War II.

1.14.06 In other districts of the city, narrow streets and alleys teem with the noise and confusion of thousands of shops. Native markets selling meat, fish, fruits, vegetables, hats, slippers, cloth, baskets, and pottery give an Oriental flavour to these settlements.

1.14.07 Like the houses and shops in Manila, transportation is a hotch-potch: ancient and modern, slow and fast, good and bad.

1.14.08 Manila is an attractive city in a magnificent setting. The city was planned by an American architect who tried to take advantage of the natural beauty. His plan called for large parks and quiet places where people could enjoy the splendor of the day. Unfortunately, much of the beauty has been lost as the city has grown more crowded. To be sure, there are many lovely houses and buildings in Manila, but some districts of the city, such as the waterfront, are cluttered with squatters' shacks and ramshackle buildings.

1.14.09 Generally speaking, housing in Manila tends to run to extremes. Either the houses are very fine, or they are very poor. During World War II many houses were destroyed. After the war every empty lot became a shanty town. Shacks of tin can, corrugated iron, and packing crates mushroomed overnight. Some of these have been cleared away, and more and more middle-class neighbourhoods have developed. Rows of little wooden houses stretch for many blocks. The average middle-income Manilan lives in such a house. Grocery stores, movie theaters, schools barber shops, and churches are within a few blocks of his work place and residence but most of the time his own legs are his major form of transportation.

1.14.10 For rich and poor alike, the favorite place of amusement in Manila is the Luneta, a park at the edge of the bay. On weekends the Luneta is filled with families, from babies to grandparents. There are outdoor concerts, religious and political gatherings, bicycle races, kite-flying contests, and all sorts of parades. The park is a popular gathering place at sun-set. People love to watch the wonderful colors of the sunset reflected in the waters of the bay.

1.15. quezon City

From the time of its founding in 1571 until 1948, Manila was the capital of the Philippines. But, in 1948 Quezon (ka' son) City, a suburb of Manila, became the capital of the new republic. The new capital was named in honor of Manuel Quezon, first President of the Philippine Commonwealth. Since only a few of the new government buildings have been completed, much of the government business is still handled in Manila. The University of the Philippines has also been transferred to Quezon City.

Chapter II

HISTORY

In the Philippines Consumer Cooperative Movement did not start in earnest until the enactment of Commonwealth Act No. 565 in 1940. Even prior to this, there were scattered attempts to start consumer cooperatives. The first known is the College Cooperative Society, within the campus of the College of Agriculture of the University of the Philippines in Los Banos, Laguna in 1916. This was started under the leadership of University professors, who had gathered the idea of cooperatives during their stay in the USA for higher studies. However, during the first 35 years of this society's operation, the society had not adopted all the cooperative principles. Also the Dumaguete Consumer Cooperative Society was a pioneering society started among the faculty members of Silliman University. Before the out-break of Second World War there were approximately 20 consumer cooperative societies in operation in the country.

2.02 The Cooperative League of the Philippines (CLOP)

The Cooperative League of the Philippines (CLOP) was founded in 1937 under the leadership of a government officer assisted by enlightened citizens. The objectives of the CLOP were to act as a federation and supply goods to the consumer cooperative societies through wholesaling. The CLOP, however, lacked the "know-how" and experience. They also started wholesaling before there were enough primary cooperative societies, resulting in utter failure in less than two years of operation.

2.03 The National Trading Corporation Wholesale Scheme (NTC)

Before the Second World War, a scheme was put through by the department of cooperatives of the National Trading

Corporation (NTC) under which traders-motivated by profit could start "cooperatives" as wholesale supply centres for achieving their ends. These cooperatives had the advantage of obtaining goods at wholesale prices and import of goods free of import duty. Some consumer cooperative societies in operation were also favoured by this scheme during its two years of operation.

2.04 The ECA Rationing Commodity Scheme

The consumer cooperatives had an excellent opportunity to prosper as a movement immediately after the liberation (1946) due to scarcity of goods and high prices as also the inadequate development of retail distribution channels. A high ranking government officer also a genuine cooperative leader, in his desire to build a sound consumer cooperative movement directed the ECA (an agency of the U.S. army) to distribute scarcity goods through consumer cooperative stores.

2.04.02 The public were encouraged to start consumer cooperative societies to take advantage of the facilities offered and more than 1,500 consumer cooperative stores were founded "over night". Cooperative leaders started cooperative stores, without proper investigation and proper indoctrination (member education) resulting in consumer cooperatives lacking the necessary support from the consumer members. Of the 1,500 consumer cooperative stores started many were fictitious and started by family cooperatives or unscrupulous individuals who used the name of cooperatives to enrich themselves, by buying these scarce goods at favourable rates from the ECA and selling them at unfavourable prices to the consuming public. After a year or so of the operation of this scheme many out of the 1,500 consumer cooperative societies started, had gone out of existence. Those existed were poorly managed.

2.04.03 Mostly as a result of this scheme there are at present approx. 1,500 dormant consumer cooperative societies registered with the C.A.O. The Cooperative Administration Office (CAO) is now investigating the possibilities of dissolving these dormant societies.

2.05 NCSBC Wholesale Scheme

With the passing of Commonwealth Act No. 713 in 1945 the consumer cooperative movement was given a new impetus from the government, as ₱5 million was kept at the disposal of the National Cooperation and Small-scale Business Corporation (NCSBC) in a kind of a Revolving Fund for setting up cooperative wholesale business to procure goods for the consumer cooperative stores. A politician without business experience was appointed to implement this scheme, which remained a Department within the NCSBC. Due to lack of know-how and mismanagement, the scheme failed and the government withheld a part of the money granted leading to the abandoning of the scheme altogether.

2.06 PRESENT SCHEME - (CAO)

In 1950 the NCSBC was converted into the present Cooperative Administration Office (CAO) with a limited staff of only 38 employees. From 1950 to 1952 the CAO undertook the job of promoting, organising and supervising all types of cooperatives. In 1952, however, with the passage of Act No. 821 otherwise known as the Agricultural Financing Law, the organisation and supervision of agricultural cooperatives was transferred from CAO to the Agricultural Cooperative Financing Administration (ACFCA). In 1957, Republic Act No. 2023 which was originally intended to codify all existing cooperative laws was enacted, but its scope was limited to non-agricultural cooperatives only. The passage of this law, with the corresponding privileges granted, further bolstered the organisation of non-agricultural cooperatives. The new law R.A. 2023 to be administered by the CAO came into force in 1957 covering all cooperatives except agricultural cooperatives.

2.07 The failure of the previous scheme has created a poor image of the consumer cooperatives in the eyes of the customers. Consequently the CAO officials as well as cooperative leaders are reluctant to start cooperatives with government support.

They have adopted a policy that the public should realise the need of "self-help" and when such a need is felt the public themselves should join hands and form a consumer cooperative society. The church and other similar institutions are also in favour of propagating and assisting the public in their self help efforts in starting cooperative stores. The public are now alive to the need of consumer cooperatives particularly at the present time when prices in the market have increased due to introduction of a floating dollar rate (devaluation of the peso). However from the past bad experience one is desirous to start the movement from the bottom and to involve the public by stimulating them through member education for meeting a felt need and expand the business gradually. The CAO is also framing policies to liquidate societies which have been dormant for more than a year. The only government support extended to the consumer cooperatives at present is the services offered by the CAO with regard to education, auditing as well as income tax exemption subject to the condition that the total assets of the cooperative stores do not exceed ₱500,000. Duty free import of some particular items has also been granted to the Filipino Cooperative Wholesale Society (FCWS).

Chapter IIICOOPERATIVE ADMINISTRATION OFFICE

The Cooperative Administration Office (CAO) is an agency under the Department of Commerce and Industry and was established on November 10, 1950 under the provisions of Executive Order No. 364. The CAO was created when the National Cooperatives and Small Business Corporation, was abolished due to its poor performance, to handle the cooperative programme of the government. From 1950 to 1952 the CAO administered the organisation, promotion and supervision of all types of cooperatives under Commonwealth Act No. 565 as subsequently amended by Commonwealth Act No. 713. However, with the passage of R.A. No. 821 in 1952, agricultural cooperatives were transferred from CAO to the Agricultural Credit and Cooperative Financing Administration (ACCFA). The CAO now administers the non-agricultural cooperatives in conformity with the Republic Act No. 2023 which is enacted to regulate the working of non-agricultural cooperatives in the Philippines.

3.02 Goals and functions of the CAO

The goals set by the CAO are:

- a) Assisting the people in developing their enterprises on a cooperative basis;
- b) Assisting them in the establishment of a system of cooperative banks all over the country to provide banking facilities and reasonable credit for non-agricultural cooperatives; and
- c) Encouraging them in the distribution of consumer requirements through cooperatives by the establishment of a system of cooperative wholesale societies all over the country.

3.03 To achieve the above goals, the functions of the CAO consist of giving assistance to factory workers and employees of government and employees in commerce and industry in rural and urban areas, artisans, craftsmen and skilled workers in organising non-agricultural cooperatives such as :

- a) Credit unions which develop the habit of thrift among their members and stimulate capital formation for production and provision of loans necessary on easy instalment payment at very reasonable rates of interest;

- b) Consumer cooperatives in which the members could pool their small earnings to secure quality goods at low costs for themselves and to serve as an outlet for industrial products;
- c) Industrial cooperatives formed by the organisation of skilled workers for increased production through improved methods and scientific processes and to provide jobs for the unemployed.
- d) Service cooperatives organised to meet the particular needs of the people and foster among the members and non-members an appreciation of human services such as school, hospital, electric supply, transportation, etc., and

3.04 Organisational set-up

In 1968 the Cooperatives Administration Office had the following personnel: a Director, an Assistant Director and 175 officials and employees distributed as follows :

	<u>No. of Employees</u>
Office of the Director	3
Office of the Assistant Director	1
Accounting Unit	3
- Divisions -	
Budget and Fiscal Division	5
Administrative Division	18
Consumer Coop. Division	3
Credit Union Division	4
Industrial Cooperative Division	3
Education and Training Division	5
Cooperative Audit Division	37
Programme, Research and Statistics Division	4
Field Service Division	89
Total	175

3.05 Finance

An amount of ₱1,431,360.00^{\$} was allocated by Government for the operations of the CAO for the financial year 1967-68

^{\$}Approx. ₱6.00 = US \$1.00 as per floating rate.

which was authorised by the Act R.A. 5170. The amount was utilised as follows :

Personnel Services	₱763,729.00
Fixed Expenditure	49,360.00
Maintenance and other operating expenses	162,911.00
Equipment	5,000.00
Amount allocated but not released	450,360.00
Total	<u>₱1,431,360.00</u>

3.06 Activities of the CAO

The activities of the CAO include imparting of cooperative education and training, conducting research and surveys, technical assistance consultative and advisory services, library services, imparting education through audio-visual aids like the films and the radio, etc. During the financial year 1967-68, the CAO undertook the following activities:

3.06.02 Training and Promotion

In the field of Cooperative Education, the CAO's Education and Training Division has conducted the following training programmes:

- 10 In-service training courses,
- 15 Conferences
- 2 Member Education Programmes,
- 37 Lectures by representatives of the CAO.

The CAO awards certificates to persons who participate in their training courses and seminars/conferences. The CAO receives also cooperative leaders from other countries for study tours in the Philippines.

3.06.03 The CAO runs a library service and lends books and other literature on cooperation and cooperatives. It also arranges radio interviews, prepares advertising material for the use of cooperatives, and generally gives information about cooperatives and their working. It instructs and educates the public in the principles and practices of Cooperation by using mass media like the radio and films. The CAO's training division has also a mobile unit for film shows.

3.06.04 The CAO's field service division together with other specialised divisions such as Consumer Cooperatives Division, conducted 240 Economic Surveys, gave orientation in cooperative principles and practices to members of 240 cooperatives and answered queries regarding the organisation of cooperatives to 141 cooperatives.

3.06.05 During the financial year 1967-68, the CAO registered 242 cooperatives - consisting of 29 Consumer Cooperatives, 199 Cooperative Credit Unions, 7 Industrial Cooperatives, 5 Service Cooperatives and 2 Housing Cooperatives.

3.06.06 The CAO has prepared model bye-laws and a Manual for use by the Consumer Cooperatives, Credit Cooperatives and Industrial Cooperatives.

3.06.07 Auditing and Supervision

The CAO performs supervisory functions which include examination and scrutiny of papers and documentation for registration of cooperatives, examination of bye-laws, amendments to bye-laws, examination of minutes of Board Meetings and General Assembly Meetings of Cooperatives, review of annual reports of cooperatives, conducting inspection and analysis of financial statements. Under its supervisory authority, the CAO can attend Board Meetings of cooperatives. As per cooperative Act R.A. 2023 the Directors of the CAO can also get the Board in a society superseded.

3.06.08 The CAO undertakes auditing of accounts of cooperatives, preparation of annual reports and audit reports, conducting investigations of irregularities and misappropriation cases in cooperatives, issue special orders, order liquidation and dissolution of cooperatives in suitable cases and restore cooperatives which are dormant. During the fiscal year 1967-68, the CAO's Audit and Field Service Division undertook:

- a) Examination of 3,375 minutes of Board Meetings.
- b) Received the examination reports of 107 societies.
- c) Conducted 714 inspections.

- d) Audited 127 societies and acted on 69 Audit Reports.
- e) Conducted 47 investigations.
- f) Issued letters on the liquidation of 6 cooperatives, etc.

3.06.09 The administrative work of the CAO consists of : collection of statistical information and data on cooperatives of all types through its divisional offices getting reports from its local offices about the working of cooperatives in their areas; classification and maintenance of records of all types of cooperatives registered by the CAO in the country; compilation of a list of all types of non-agricultural cooperatives in the country; preparation and revision of annual reports of cooperatives of all types for distribution to all cooperatives; preparation of forms for supply of statistical information by the field workers of the CAO; preparation of maps and charts showing the number and types of cooperatives in the country; presentation of progress reports of cooperatives to government for budget proposals; taking action for disposition of dormant and non-existent cooperatives giving loans and recovery of loans.

3.07 Research

In the field of Research, the CAO functions as follows :

- i) Analysing the financial conditions and results of business operations of cooperatives;
- ii) Preparation of a register of cooperatives;
- iii) Undertaking research studies on different aspects of operations of all types of cooperatives for development purposes, as well as for preparation of manuals.

3.08 Results of operation of non-agricultural cooperatives administered by the CAO

The types of non-agricultural cooperatives functioning in the Philippines may be divided as follows

- i) Cooperative Credit Unions;
- ii) Consumers Cooperatives;
- iii) Industrial Cooperatives; and
- iv) Service and other types of Cooperatives.

3.08.02 Cooperative Credit Unions

As on December 31, 1967, of a total of 1,302 Cooperative Credit Unions functioning in the country, only 748 Unions had sent in their reports of business operations which revealed the following financial position :

		(In thousands)
a. Membership	164,004	
b. Fixed Deposits		... ₹ 29,830
c. Saving Deposits		... 39,210
d. Statutory Reserves		... 2,246
e. Loans granted to members of 748 Unions		... 58,666
f. Income earned by Unions on Loans		... 4,791

3.08.03 Consumer Cooperatives

There are in all 253 consumer cooperatives working as on December 1967. Of this, 139 cooperatives have reported on the results of their operations to the CAO. The reports indicate the following financial position :

		(In thousands)
a. Total membership	32,520	
b. Total Paid-up capital		... ₹ 3,229
c. Total assets		... 9,176
d. Total liabilities		... 3,860
e. Statutory Reserve Fund		... 836

The overall operations resulted in the following :

a. Total Sales		... 27,848
b. Total Purchases		... 23,442
c. Total operating expenses		... 4,407
d. Net savings		... 1,033

3.08.04 Industrial Cooperatives

As on December 31, 1967, 13 Industrial Cooperatives of the 30 societies in operation reported on the results of their business operations. The position is :

		(In thousand)
a. Membership	1,166	
b. Paid-up capital		... ₹ 816
c. Total assets		... 1,943
d. Total Sales		... 9,078

e. Net savings	...	₱ 53
f. Statutory Reserves	...	114

3.08.05 Service and other types of Cooperatives

During the period under review, a total of 8 service and other types of cooperatives out of 10 operating cooperatives submitted their reports. The over-all results of their operations, based on these reports show the following :

		(In thousands)
a. Total membership	305	
b. Paid-up capital		... ₱ 459
c. Total Assets		... 616
d. Total liabilities		... 193
e. Total Sales		... 301
f. Cost of sales		... 229
g. Gross savings		... 78
h. Net savings		... 29

3.09 The CAO has set up three national level organisations under the provisions of R.A. 2023 viz.,

- a. The Philippine National Cooperative Bank (PNCB)
- b. The Filipino Cooperative Wholesale Society (FCWS)
- c. The Philippine Cooperative Credit Union League, Inc. (PHILCUL)

3.09.02 The Philippine National Cooperative Bank (PNCB)

The PNCB was established by the CAO in February 1960 with the following principal, aims and objectives.

- i. To afford banking and credit facilities to affiliated cooperatives;
- ii. To mobilize savings from urban areas for the benefit of the cooperative movement;
- iii. To act as a balancing medium for the surplus funds of cooperatives and federations of cooperatives; and
- iv. To provide for the training of its employees and of affiliated cooperatives and others.

3.09.03 The PNCB has (as in December 1968) a paid-up share capital of ₱6.6 million of which ₱3.4 million has been subscribed by government, ₱1.7 million by cooperatives, and ₱1.4 million by individual members. The membership of PNCB which stood at 492 in 1960 has increased considerably in December 1967; consisting of 638 cooperatives, 5,027 individuals and the government as its members. The following was the financial position of the PNCB as on December, 1967.

No. of depositors	31,826
327 Cooperatives	
31,434 Individuals	
40 Government offices.	
Total deposits	₱16.7 million
Total loans outstanding as on December 31, 1967	₱18.0 million

3.09.04 FILIPINO Cooperative Wholesale Society (FCWS)

The Federation of consumers, industrial and service cooperatives organised by the CAO under the provisions of R.A.2023 in April 1963 has made considerable progress in its operations. Starting with only 71 coop. societies and with an initial working capital of ₱21,900, its total assets in June 1968 amounted to ₱320,879.87 with a paid up share capital of ₱121,615.15. The net savings were ₱16,584.35 which were distributed to the members as patronage refund and interest on share capital. The progress made is remarkable because it has not received any financial support from the government apart from the import concession of basic food stuffs such as milk, etc.

3.09.05 The Philippine Cooperative Credit Union League, Inc.
(PHILCUL)

This apex level organisation was started in December 1960 under Act R.A.2023. It is owned and controlled by its member credit unions. It has a Board of Directors elected by representatives of member credit unions at the Annual Assembly of the League. Its affairs are managed by a Managing Director who is responsible to the Board of Directors and the League General Assembly.

The League is also a member of the Credit Union National Association, CUNA International, Inc., with headquarters at Madison, Wisconsin, U.S.A.

3.09.06 The League offers the following services :

- i) Defend and improve Credit Union Laws;
- ii) Establish and encourage organisation of more credit unions;
- iii) Conduct conferences and educational programmes for credit union officers;
- iv) Provide advisory and consultative services;
- v) Act as information centre for credit unions in the area; and
- vi) Obtain services of the CUNA and act as Chief Liaison with the service organisations.

3.10 Relations with Government and Private Agencies

The CAO is an office in the Department of Commerce and Industry and it has been assisting the Government and other agencies in cooperative development and cooperative education programmes. It has offered training courses, seminars and workshops for personnel working in non-agricultural cooperatives as well. The CAO also helped the ACCI with lectures on Executive Development to personnel of cooperatives, etc. Other institutions such as the Institute of Social Order, the Federation of Free Farmers of the Philippines and the National Federation of Women's Club have drawn upon the services offered by the CAO in the field of Cooperative Movement.

3.10.02 Problems faced by the CAO

The problems faced by the CAO in the effective working are three fold :

- i) Inadequacy of funds or resources granted by government;
- ii) Inadequacy of personnel to handle planned programme of work; and
- iii) Centralisation of powers for implementation of programmes in the office of the Secretary of Commerce and Industry, Government of the Philippines, leading to delay in implementing plans and programmes.

3.10.03 Inadequacy of Funds

Funds allocated by Government for work of the CAO are not sufficient and even funds allocated are not fully released for completing the work undertaken. As such the CAO has not been able to service the 3,571 Cooperatives looking to it for support and guidance. With the funds made available by Government, the CAO has been able to reach only about 1000 or roughly 28% of the cooperatives it is supposed to serve, has audited only 127, inspected only 714 societies and has trained only 1000 cooperative leaders.

Another related problem is the large number of dormant non-existent cooperatives. It is estimated that there are as many as 2092 dormant cooperatives and the task of investigating and ordering their liquidation needs funds and adequate manpower to complete this task.

3.10.04 Inadequacy of Personnel

The CAO has not got the required number of field workers on its staff to undertake and finish the work programme of the CAO in the field of Promotion and Supervision, Education and Training, Audit and Enforcement. With many positions unfilled in the CAO, the existing staff has not been able to cope with the magnitude of work. For example, the ratio is 30 fieldmen against 1,489 societies to be audited. This means that nearly 50 societies must be audited yearly by one auditor and many societies have not been audited for several years.

3.10.05 Centralisation of Powers

At present all plans and programmes of work of the CAO have to be approved by the Office of the Secretary in the Commerce and Industry Ministry before they are implemented. Thus, there is considerable delay in the actual implementation of the work programme. The need for delegating these powers in the CAO is urgent. A new Coop. Act has been proposed which will provide for better integration and coordination among the organisations and agencies mostly on the National level.

Chapter IV

THE CENTRAL COOPERATIVE EDUCATIONAL BOARD

The Central Cooperative Educational Board (CCEB) was established under the Republic Act No. 2023 in 1960 to serve as an educational and promotion body for the non-agricultural cooperatives in the Philippines.

4.1.02 Organisation

The CCEB is managed by a 7-man Board of Directors appointed by the Director of the Cooperatives Administration Office. The Director of the CAO acts as the ex-officio Chairman of the Board of Directors of the CCEB. The other six are appointed from the boards of directors of cooperatives with equitable representation from various representative groups, e.g. credit, consumers, producers cooperatives and the labour movement. The Board of Directors of the CCEB formulates the policy on promotion, education and other activities and these policies are executed by an administrative staff headed by an executive officer. There are 10 employees including a field education officer.

4.1.03 Objectives

The aims and objectives of the CCEB are to propagate the cooperative idea and develop the Cooperative Movement on sound cooperative lines. The CCEB is expected to be the nucleus of the national cooperative union.

4.1.04 Finance

Under the Philippines Cooperative Act, all cooperatives registered under the Act have to set aside 10 per cent of their annual net surplus towards cooperative education, of which 5 per cent will be retained and utilised by the cooperatives themselves for educational purposes while the other 5 per cent will go to a Fund known as the "Central Cooperative Education Fund" created

for the purpose. The activities of the CCEB are financed from out of this Fund.

In addition to the Educational Fund, the CCEB is likewise entrusted by law to administer the Central Cooperative Audit Fund. CCAF represents the amount paid by cooperatives for the audit of their books. The sum of ₦2,50 per man hour or 2% of the gross savings, whichever is less, is paid by a cooperative for the audit of their books. Cooperatives that are newly registered and those that will incur a net loss if they pay the audit fee, are exempted. Expenses for audit are drawn from this Fund. The money contributed to this Fund for the last two years are as follows:

<u>1967</u>	<u>1968</u>
₦167,436	₦167,646

4.1.05 Activities

The activities of the CCEB are very much similar to the activities of the CAO's Education and Training Division and most of the education and training activities undertaken by the CAO's Education and Training Division are financed by the CCEB and organised as a joint venture. The CCEB holds cooperative seminars all over the country in collaboration with the CAO and other cooperative organisations, issues pamphlets, brochures, handbooks, and publishes fortnightly journal "The Coop" and other cooperative literature, outdoor bill-boards, posters and other promotional devices. It also publishes model by-laws for different types of cooperatives which have been worked out by the CAO.

4.1.06 The CCEB is also planning to establish a Cooperative College for non-agricultural cooperatives and as per the present plans such a college will be started within a couple of years or so.

4.1.07 Once the resources of the CCEB are strengthened, there are plans to transfer the activities of the CAO's Education and Training Division to the CCEB and also to strengthen and expand the CCEB's promotional activities. With this planned change-over, the CCEB will assume complete responsibility for education and training of leaders and personnel in the non-agricultural cooperatives sector, and supervision through periodic audits.

Chapter VTHE AGRICULTURAL CREDIT & COOPERATIVES INSTITUTE (ACCI)

5.1 The Agricultural Credit and Cooperatives Institute (ACCI) was founded in April 1960 as a result of a Resolution passed at the First Far East Agricultural Credit Workshop held in the Philippines in June 1956. In the initial stages of its working, the activities of ACCI were sponsored by the USAID and the activities were confined only to agricultural cooperatives. Later on ACCI was given financial assistance by the CAO and still gets funds for its activities from Government. As a result of financial support from government and from cooperative and other organisations, ACCI has expanded its activities and aims to cover cooperative training requirements of non-agricultural cooperatives also.

5.2 Organisational Pattern

ACCI enjoys a semi-autonomous status but is placed under the academic supervision of the University of the Philippines. It is situated in Los Banos. ACCI works under the over-all guidance and supervision of an Advisory Council composed of representatives from the CCEB, the CAO and various other cooperative business federations, organisations and institutions. This Advisory body helps in the planning of the activities of ACCI.

5.3 Organisational set-up

The ACCI is headed by a Director who is assisted by a Professor, and an Expert on Cooperatives made available by the ILO/UN. There are six divisions viz.,

- i) Non-agricultural cooperatives division,
- ii) Member education division,
- iii) Agricultural credit division,
- iv) Agricultural cooperatives division,
- v) Cooperative accounts and auditing division, and
- vi) Administrative Services Division,

Each division is headed by a Senior officer.

5.4 Activities

During the year 1968-69, ACCI conducted 35 training courses mostly for employees. Of this approx. 20 were relating to non-agricultural cooperatives. In these 20 courses approximately 430 participants from non-agricultural cooperatives were given training. Again, out of those 20 courses for non-agricultural cooperatives, 3 courses in which about 50 trainees participated were pertaining to Consumer Cooperatives, while 3 other courses on Cooperative Education were conducted for participants coming from non-agricultural cooperative sector.

5.5 The trainees who attend courses at ACCI in Los Baños are provided with free board and lodging by the ACCI while the cost of travelling of the trainee will be met by the sponsoring cooperative from out of its Education Fund. On account of communication difficulties, ACCI is nowadays also conducting courses in the provinces in collaboration with the local representatives of Government, CAO and cooperative business organisations. As ACCI has been recognised as the Asian Training Centre one course each year is specially conducted for trainees from other Asian countries.

5.6 During the year 1969, the following courses on Consumer Cooperatives were organised by ACCI :

5.6.01 Title of the Course : Seminar for Directors of Consumer Cooperatives

Duration : Five days

Subjects discussed :

1. The State of Consumers Coop, their role in Philippine's Economic Development.
2. Coop History and Development.
3. Essentials for Coop Success.
4. The Consumers Coop as a Business Organisation.
5. Management Structure of Coops, The Duties of the Board in Retrospect.
6. The Board as a Legal Entity.
7. Coops Laws and Regulations.

8. Reports of the Board to the General Assembly and the CAO.
9. Understanding Coop Financial Statements.
10. Policy Formulation.
11. Financial Policy and Management.
12. Controls in Retail Organisations.
13. Budgeting.
14. Buying and selling policies.
15. Coop. Education Policies.
16. The CCEB and Its Services.
17. Other Pertinent Laws (SSS, Labour Laws)
18. Public Relations.
19. The Philippines National Cooperative Bank.
20. Field Study.
21. Problem Solving.

5.6.02 Title of the Course : Seminar for Managers of Consumers' Cooperatives.

Duration : Twelve days

- Subjects discussed :
1. The Consumers' Coop as an Organisation
 2. Essentials for Coops Success
 3. Problems of Consumers' Coops.
 4. Status and Role of Philippine Consumers Coops.
 5. Management Structure and Relationships in Consumers Coops.
 6. Role of the Manager
 7. Management
 8. Legal Framework of Coops
 9. Member Education
 10. Management of Accounts
 - a. The CCI Accounting Cycle
 - b. Organizing of the CCI Accounting System for Efficiency
 - c. Understanding Financial Statements
 11. The Philippine Federation of Consumers Cooperatives

5.6.03 Title of the Course : Discussion Group Leaders' Training Course

Duration : Five days

- Subjects taught :
1. Cooperative Development in the Philippines: The Role of Cooperative Education
 2. Structure of the Non-Agricultural Cooperative Movement
 3. Administrative Structure of Cooperatives
 4. The DGL: Discussion Techniques

5. Legal Aspects of Non-Agricultural Cooperatives
6. Discussion Techniques - Leadership
7. What Members should know about Financial Statement
8. Discussion Techniques - Participation
9. The Cebu Council on Coop - Volunteer Organizers
10. Planning DG Programmes; Integration.

The ACCI conducted one General Course for all types of cooperatives.

5.6.04 Title of the Course : Seminar for Members of Education Committees

Duration : Five days

- Subjects discussed :
1. The Cooperative Movement in the Philippines and the role of Cooperative Education.
 2. Institutional Characteristics of Cooperatives
 3. Historical development of Coops.
 4. Types of Coops and their Operations
 5. Structure of the Philippine Cooperative Movement.
 6. Understanding Coop Financial Statements
 7. Basic Organisational Structure of Cooperatives.
 8. Functions of the Education Committee
 9. Financing Cooperatives
 10. What Members Should know about cooperative laws, regulations and Bye-laws.
 11. The CCEB and its services
 12. The PFCC and its services
 13. Inter-personal Relations in Groups
 14. The Learning Process
 15. The Communications Process
 16. Pointers on the Use of A-V Aids
 17. Newsletters and News Reporting
 18. Approaches to and Methods of Member Education
 19. Planning Coop Education Programs
 20. The PNCCB
 21. The CAO - Co-op Relationship
 22. Movies
 23. Field Study

Chapter VITHE FILIPINO COOPERATIVE WHOLESALE SOCIETY (FCWS)

The FILIPINO Cooperative Wholesale Society (FCWS) is the federation of the Consumer Cooperatives as well as the Small-scale Cooperatives and was founded in April 1963 to meet a long felt need of the consumers societies mostly to overcome the problems relating to procurement of essential commodities, equipment, and raw material and with vital services in management and technical expertise. The CAO initiated a meeting of representatives of cooperative societies from different parts of the country and the delegates organized the FCWS and framed its by-laws and articles of incorporation which the CAO registered on August 17, 1963.

6.2 With a paid up capital of twenty thousand pesos (₱20,000) out of the eighty thousand pesos that were subscribed, the Board of Directors (11) and a skeleton office started collecting necessary data and information as well as handling of a limited line of merchandize. With limited resources the FCWS moved cautiously and phased its activities as cautiously as prudence would allow. With loyal support and cooperation from the affiliates and a pioneering spirit, the FCWS were able to expand its activities.

6.3 At the end of 1969 there were 141 Consumer Cooperative Societies 29 industrial societies and 5 service societies affiliated to the FCWS.

6.4 Activities

At present the FCWS are dealing mostly in import of consumer goods such as tinned milk, meat and fish, raw material for the industrial societies, staple goods such as sugar and rice and also in marketing of goods from the industrial societies through consumer cooperatives.

6.5 The FCWS is also seriously considering the launching of food processing, packaging and expansion of its lines of merchandize both locally produced and imported as well as bringing the prices of these items to a more reasonable level. It is also planning to increase the trading with cooperative societies in other countries.

6.6 The FCWS is also trying to stimulate the consumer cooperative societies to federate into regional federations so as to facilitate a better cooperation and flow of goods between FCWS and its member societies. At present there is often one consumer cooperative society in each area which acts as coordinator for the societies in the region with regard to purchases of goods from FCWS in order to extend the services of the FCWS to other consumer cooperative societies both affiliated and non-affiliated, as well as to reduce the often heavy transport costs.

6.7 Some statistics

	1968	1969
1. No. of members	167	175
2. Out of which Consumer Coops.	NA	141
3. Sales turnover 1000 ₪	1169	1350
4. Out of which sales to consumer cooperatives 1000 ₪	546	736
5. Average sales per year and Member Society ₪1000	71	83
6. Average sales per year to Consumer Cooperative Society.	-	-
7. FCWS sales to consumer society in percent of Cons. Societies total sales	-	-
8. FCWS percentage gross profit to meet its expenses.	10%	11%
9. Net Profit ₪1000	42	69
10. Assets total ₪1000	227	349
11. Funds and Capital including profit ₪1000.	202	282

6.8 Problems

- i. Need for additional working capital resulting in limitation of the activities.
- ii. Inadequate warehousing and office facilities.
- iii. Inadequate distribution facilities to handle local products. (The sale of locally manufactured goods is now often offered to consumer societies/stores on credit by the manufacturers and/or their agents at prices equal to the prices offered by the manufacturers to the FCWS.)
- iv. Limited patronage from member societies. (At present 110 societies out of the 174 affiliated to the FCWS are buying from the wholesale society to a limited extent.)
- v. Transport problems because of so many islands in the Philippines.

CHAPTER VIICONSUMER COOPERATIVE RETAIL SOCIETIESType of Societies

7.01 The consumer cooperative societies in the Philippines are mostly of the institutional type i.e. societies run by employees working in industry or a University etc. As such, these consumer societies cater to a very small group of people and the business area of such a cooperative society is mostly restricted to the employees' place of work. These institutional societies as well as the community type of societies are selling to non-members also but some of the benefits enjoyed by members of these societies, such as patronage dividend, etc. are not available to non-members.

The Ten Biggest Societies

7.02 By their very nature, the consumer cooperative societies are very small in size and the annual size and the annual sales of the top ten societies for the year 1967, 1968 and 1969 are give below :

(Figures given are in "000")

Name of Cooperative	Gross Sales		
	1967	1968	1969
	₱	₱	₱
1. FEU Consumers Coop Inc. FEU Compound, Manila	2,528	2,238	2,468
2. UST Cooperative Inc. UST Compound, Manila	2,261	2,796	2,915
3. Lianga Bay Employees' Cons. Coop. Inc. Surigao del Sur	1,491	1,588	1,781
4. Sta. Clara Employees Cons. Coop Inc. Naga Zamboanga del sur	1,170	1,290	1,220
5. UP Consumers Coop Assn. UP Diliman Q.C.	1,049	--	--
6. Agapco Employees Cons. Coop Inc. Sta.Ana, Manila	831	781	677

(Figures given are in "000")

Name of Cooperative	Gross Sales		
	1967	1968	1969
7. Canlubang Producers Coop. Assn. Inc., Canlubang, Laguna	735	--	765
8. Bureau of Prisons Coop. Assn., Inc. Muntinlupa	693	695	715
9. NAMAWU Coop. Assn. Larap, Cam. Norte	604	580	-
10. Lepanto Consumers Coop. Ass'n. Inc. Lepanto Mt. Province	595	826	-

7.03 The Cooperative Societies are spread all over the Philippines. However, it is worth mentioning that as many as 56 out of the total 253 cooperative societies functioning in the country are located in Manila.

7.04 Of the 253 consumer cooperative societies operating in 1967, 141 consumer cooperative societies were members of the Filipino Cooperative Wholesale Society. As Philippines consists of some 7,000^{odd} islands, communication and transport difficulties increase the cost of goods. To overcome these difficulties, the Filipino Cooperative Wholesale Society (FCWS) is trying to build up regional collaboration among the consumer cooperative societies so as to make joint buying etc. from the Wholesale Society (FCWS) and from other suppliers to reduce cost. So far, this type of regional collaboration has been only of an informal nature. Largely, one of the successful societies in an area has taken the initiative to contact other cooperative societies within the same area with a view to^{proposing} joint purchase of their supplies. These societies have often offered to make purchases on behalf of all the other societies in the area in order to have the economies of bulk buying. However, difficulties are experienced in this regard in view of the fact

that many societies are making purchases on credit and joint purchasing will often have to be on cash basis.

7.05 The consumer cooperative societies buy only a very small part of their supplies from the Filipino Cooperative Wholesale Society (FCWS) and get a very limited support from the FCWS at present.

7.06 Some statistical information about consumer cooperatives for the year 1963-1967 is given below :-

Statistical Information on Consumers Cooperatives

Particulars	As of December 31				
	1963	1964	1965	1966	1967
1. No. of reporting societies	N.A.	N.A.	N.A.	N.A.	139
2. No. of Members	35,463	45,222	53,794	33,002	32,520
3. No. of employees	803	1,169	1,095	631	723
4. Cash on Hand and in Bank.	₱	₱	₱	₱	₱
	(Figures given are in "000")				
	-	-	-	-	924
5. Accounts Receivable Trade	-	-	-	-	2,083
6. Merchandise Inventory - Beginning	2,127	1,882	2,703	1,380	2,847
7. Merchandise Inventory - Ending	1,621	1,330	2,858	1,473	2,799
8. Investments	135	206	243	110	339
9. Fixed Assets (Net)	-	-	-	-	2,117
10. Other Assets	-	-	-	-	915
11. Total Assets	6,390	7,727	8,923	5,468	9,176
12. Liabilities - Non-members	-	-	-	-	2,883
13. Liabilities - Members	-	-	-	-	977
14. Total Liabilities	3,657	4,711	4,320	3,359	3,860
15. Paid-up Capital	2,654	3,327	5,278	2,108	3,229
16. Accumulated Reserve Funds	-	-	-	-	539

Statistical Information on Consumer Cooperatives

Particulars	As of December 31				
	1963	1964	1965	1966	1967
	(Figures given are in "000")				
17. Accumulated Educational Fund	-	-	-	-	105
18. Accumulated other Funds	-	-	-	-	193
19. Total Liabilities, Reserves & Capital	-	-	-	-	7,924
20. Reserve for Patronage Refunds	-	-	-	-	256
21. Sales-Members	15,732	15,288	23,013	16,308	24,996
22. Sales - Non-members	4,048	6,315	5,983	-	2,852
23. Total Sales	19,780	21,603	28,996	18,308	27,848
24. Purchases - Local	-	-	-	-	23,050
25. Purchases - Federation	-	-	-	-	391
26. Total Purchases	15,607	16,695	25,724	16,338	23,442
27. Freight In.	-	-	-	2,063	4,347
28. Gross savings	2,312	-	-	2,063	4,347
29. Selling & Administrative Expenses	-	3,100	3,490	-	306
(a) Compensation-Elective	-	-	-	973	1,214
(b) Compensation-Appointive	-	-	1,605	-	1,961
30. Other Selling & Administrative Expenses	-	-	-	-	27
31. Operating expenses	1,145	1,365	1,895	1,555	--
32. Other Income (Interest, Entrance Fees, etc.)	-	-	-	-	190
33. Other expenses (Interest expense)	-	-	-	-	20
34. General Assembly & Coop. Education Expense	-	-	-	-	17
35. Other non-operating Expense	-	-	-	-	31

Statistical Information on Consumers Cooperatives (Contd.)

Particulars	As of December 31				
	1963	1964	1965	1966	1967
(Figures given are in "000" B.)					
36. Net Savings	731	901	1,537	744	1,033
a) Reserve Fund 20%	228	194	615	133	520
b) Educational Fund 10%	76	87	112	75	88
c) Optional Fund 10%	25	68	48	28	90
d) Interest on Capital	68	523	286	210	188
e) Patronage Refunds to Members	334	665	533	297	211
f) Patronage Refunds to Non-members	-	-	-	-	36
<u>RATIOS</u>					
37. Sales per Society	-	-	-	-	200
38. Sales per member	0.600	0.500	0.500	0.600	0.900
39. Sales per employees	25	19	20	20	39
40. Stock turnover - Number of times	10	13	10	13	10
41. Share capital per member	0.075	0.075	0.098	0.064	0.098
42. Working capital per Store.	N.A.	N.A.	N.A.	N.A.	N.A.
43. Net savings per store	N.A.	N.A.	N.A.	N.A.	7
44. Patronage refund per member	0.010	0.015	0.010	0.009	0.007
45. Patronage refund in percentage of sales	1.7%	3.1%	1.8%	1.7%	0.8%
46. No. of employees per society	N.A.	N.A.	N.A.	N.A.	5
47. No. of members per society	N.A.	N.A.	N.A.	N.A.	230

STATISTICS INDICATING THE SALES OF PROVINCIAL CONSUMER COOPERATIVES AS ON 31st DECEMBER, 1967

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Provinces	No. of Operating Consumers	No. of Reporting Consumers	Percentage of Reporting	No. of Members	Amount of paid-up Capital	Total Sales	Statutory Reserves	Total Assets
1. Abra	2	1	50.0	230	₱ 8	₱ 43	₱ 3	₱ 34
2. Albay	3	1	33.3	141	6	57	6	18
3. Bataan	2	1	50.0	420	5	358	12	85
4. Batangas	7	7	100.00	1,202	121	378	12	180
5. Bohol	3	1	33.3	2,155	33	6	-	27
6. Bulacan	4	1	25.0	100	5	38	-	31
7. Camarines Norte	4	1	25.0	1,440	74	604	15	267
8. Camarines Sur	6	2	33.0	368	41	946	6	86
9. Cavite	2	2	100.0	141	12	79	1	18
10. Cebu	10	6	60.0	2,035	133	846	58	280
11. Davao	7	4	57.1	609	41	255	9	76
12. Ilocos Norte	2	2	100.0	826	59	62	-	73
13. Iloilo	7	6	85.7	695	51	291	1	126
14. Isabela	2	2	100.0	221	12	171	14	65
15. Laguna	6	3	50.0	3,602	88	1,144	48	408
16. Lanao del Norte	2	2	50.0	80	7	65	4	14
17. Leyte	3	3	100.0	157	16	104	1	42
18. Manila	56	33	58.9	5,661	1,333	12,756	388	3,631
19. Misamis Oriental	2	1	50.0	126	10	157	-	31
20. Mountain Province	10	7	70.0	1,240	117	1,203	-	209
21. Negros Occidental	12	8	66.6	2,659	142	1,158	58	689
22. Nueva Ecija	9	1	11.1	102	11	43	10	39
23. Palawan	2	2	100.0	248	15	128	-	56
24. Pampanga	3	3	100.0	502	41	468	26	104
25. Pangasinan	2	2	100.0	369	11	131	5	25
26. Quezon	4	2	50.0	384	21	-	-	32
27. Quezon city	26	15	57.6	2,310	222	801	64	527
28. Rizal	38	11	28.9	1,438	247	1,800	69	660
29. Samar	3	2	66.6	239	14	191	28	135
30. Sulu	1	1	100.0	189	59	327	-	73
31. Surigao del Sur	3	3	100.0	1,561	173	2,014	-	810
32. Tarlac	2	1	50.0	210	66	334	-	138
33. Zamboanga del Sur	6	2	33.3	860	33	1,342	49	188
Total	253	139	54.9	32,520	₱ 3,229	₱ 27,848	₱ 836	₱ 9,176

Comments on Statistics

7.07 The following comments are only so far as the reporting societies are concerned and are not for consumer cooperative movement as a whole. The statistics cover 55% of the operating societies in 1967.

7.08 One can also assume that the best and most developed societies have been reporting to the CAC. Therefore the ratios given in the statistics and the comments that follow, are probably more favourable than the real position.

7.09 The average sales per society per year amounted to ₱ 200,000 for the year 1967. The information indicates that the consumer cooperatives in the Philippines are rather small scale business entities.

7.10 The average sales per member calculated as per total sales of the stores varied from ₱ 480 in 1964 to ₱ 850 in 1969 and the trend is favourable particularly for the last reporting year when the sales to non-members had declined.

7.11 The sales per employee in a year (the year 1963 being excluded) has been increasing from ₱18,500 in 1964 to ₱38,500 in 1967. The average sales per employee and working day amounted to ₱62 in 1964 and ₱128 in 1967. This indicates that the sales efficiency per employee could be improved keeping in view that many of the cooperative stores are self-service stores.

7.12 The stock-turnover per store (purchasing value) varies from 10 to 13 times and keeping in view the assortment in the store and the transport difficulties, it is probably satisfactory but ought still to be improved.

7.13 The average share capital per member has increased from ₱ 75 in 1963 to ₱ 98 in 1967 and the development has a favourable trend with the exception of the year 1966 when the share capital per member came down to ₱ 64.

- 7.14 The working capital for the stores has to be considerably increased in order to make it possible to extend the business of the cooperative stores so as to meet with the customers/members increased demand.
- 7.15 The average net savings per store amounted to ₦ 7,400 in the year 1967.
- 7.16 The average patronage refund distributed to the members amounted to minimum of ₦ 6.50 in 1967 and a maximum of ₦ 14.50 in 1964 and the trend in distributing patronage refund to members has been declining mostly due to that the surplus have been ploughed back in the stores.
- 7.17 The average patronage bonus in percentage of total sales distributed to the members have been declining from 3.1% in 1964 to 0.8% in 1967 mostly due to ploughing back of the surplus in the stores' operations, as has been indicated above.

CHAPTER VIIIGENERAL PLANNING

8.01 No overall planning, long-term or short-term has been in vogue in the consumers cooperative movement in the Philippines nor some thought has been given in this connection with regard to the future either. The cooperative societies are at present springing up and establishing themselves in an unplanned and unsystematic way depending upon the interest among the pioneers and managements in the various societies and geographical areas concerned. In order to make consumers cooperative movement in Philippines a powerful force, there is however a need for an overall long-term and short-term planning. This is specially necessary to co-ordinate and integrate the operation and resources available among the consumers cooperatives, to make use of the accumulated know-how in the Movement as well as to learn from the experiences gained in the various societies.

8.02 At the society level, barring very few, systematic planning is conspicuous by its absence mostly due to inadequate business of the store. The management of the stores do now realise the importance of coordinating the activities, firstly with regard to purchases of goods but also with regard to staff training, member education, etc. and therefore the need for planning at the store level is very important.

8.03 At the store level, feasibility studies before setting up a store or expanding the business are mostly sketchy. In preparing these feasibility studies, the CAO's Field Officers some times do assist the stores. When the business of the stores increases and when the planned projects with regard to starting new societies, etc. need additional investments, the need for systematic and detailed feasibility studies and a careful planning assumes importance.

8.04 At present the CAO's office and their Statistical Department are trying to furnish statistical data, etc. to the cooperative societies. However, the data available with the CAO are not sufficient to extend scope to the stores to have an inter-firm comparison nor do they provide basic data for developing their operation. There is a great need for improving the present "Control Room Functions" with regard to statistics and business information to be supplied to the cooperative stores.

CHAPTER IXLEADERSHIPPioneering Groups

9.01 As pioneers for starting and promoting consumer cooperatives, the Church has in some areas of the country taken a very active part assisted by voluntary cooperative leaders. With a proper assistance and support from similar big and powerful pioneering groups the consumer cooperatives will have a bright future.

9.02 By and large, the leadership of the consumer cooperative stores is in the hands of elected members/cooperators and very little interference from politicians or the government takes place in the operation of the stores.

Elected Leadership

9.03 Before electing the office bearers, an Election Committee consisting of three members, shall be appointed by the Presiding Officer from among the members who are not candidates. The members of the Committee shall choose their chairman and shall be sworn in for faithful performance of their duties. They shall supervise the conduct of all elections, perform their duties in accordance with established election practices to ensure clean and orderly elections, canvass and certify the returns in writing to the CAO Director.

9.03.01 Cumulative voting shall be disregarded and a vote for a director or committee member shall be counted as one vote.

9.04 As per bylaws the Cooperative shall be managed by a Board consisting of 5-15 directors, all of whom shall be elected by the members entitled to vote at the annual or special General Assembly called for the purpose. They shall serve for a term of two years, and shall hold office until their successors are elected and have qualified, or until removed. Provided, however, that during the first election after its registration one-half plus one of the total number of directors receiving the highest number of votes shall serve for two years and the remaining directors for one year. Thereafter, all will hold office for two years. Provided, further that the directors shall only serve until the first election provided for herein.

9.05 Any member of the Cooperative who has acquired the right to vote and who does not possess any of the disqualifications provided in the regulations or these bylaws shall be eligible to the position of director or committee member provided he possesses the following qualifications :

- a) That he must have been a member of the Cooperative for at least one year prior to the election, except during the first election after registration;
- b) That he must have been regularly patronizing the business of the cooperative;
- c) That he must have paid in full the minimum number of shares required for membership;
- d) That he must not be delinquent in the payment of his accounts; and
- e) That he must have sufficient time and the willingness to perform his duties.

9.06 No paid employee shall serve as Board or Committee member. Any director, officer or Committee member who is found delinquent, after proper hearing, in the payment of his accounts with the cooperative automatically forfeits his office and the Board shall have the right to delcare his

position vacant and fill the vacancy.

9.07 A meeting of the newly elected Board shall be held within 10 days after the annual General Assembly to elect from among them a President, a Vice President, a Secretary and a Treasurer. Thereafter, the directors shall meet at least once a month, provided that special meetings of the Board may be called by the President, or at least a majority of the directors who may sign the call for the special meeting. Notice of regular and special meetings of the Board shall be served by the Secretary in writing to each member at least five days before such meetings.

9.08 One-half plus one of the members of the Board shall constitute a quorum for the transaction of the corporate business of the cooperative, and every resolution of the majority of the quorum duly assembled in a meeting shall be valid as a corporate act.

9.09 When a vacancy in the Board occurs other than by expiration of term, the remaining members, by a majority vote, shall fill the vacancy.

9.10 The duties and responsibilities of the Directors and the Office bearers including the Manager is in detail stated in the bylaws and Articles of Incorporation.

9.11 The Directors and Committee members should not receive any regular compensation for their services to the cooperative societies but given per diem allowance for the time they are in actual attendance. They may also be allowed such other necessary and reasonable expenses actually incurred by them in attending meetings, etc. on behalf of the Store.

9.12 Two special committees shall be appointed to assist the Board and the Manager in the management of the Store. The committees are as follows :

- a) Education Committee, and
- b) Business Management Committee.

The duties and functions of the Committees are listed in the Byelaws.

CHAPTER XMEMBER EDUCATION/ACTIVITIES

10.01 The present CAO's policy (April 1970) with regard to establishing new consumers cooperative societies is that the cooperatives should be started among the people themselves based on their own initiative and on a felt need and, therefore, member education activities are of extreme importance. The CAO's office and its Training Division in collaboration with the CCEB and local cooperative leaders/volunteers and other pioneering group and the Education Committees of the Stores are organising various member education activities so as to make public clearly aware of the possibilities of solving their problems through cooperative system. Study groups, seminars, film shows, radio programmes and pamphlets, etc. are used in the process. However, the present resources in conducting member education are not sufficient and additional resources should be made available to the cooperative leaders and pioneering groups in order to propagate the possibilities for cooperatives to assist the public in solving their problems. It is worth mentioning that at present the public are very much aware of the need for an organisation to help them in solving their consumer problems, as the prices in the market are rapidly increasing and everyone including the President of the Philippines is in favour of enlarged consumer cooperative scheme as a means to solving the consumers' problems. However lessons learnt of the failures from the previous consumer cooperative scheme, the cooperative leaders are now convinced that the consumers cooperative movement should be started from the bottom i.e. from the people themselves.

10.02 The ACCI is also organising seminars for members of education committees in order to make them fully equipped to conduct member education activities at the store level.

10.03 In each society there is an Education Committee which consists of at least three members with the Vice President of the Society as ex-officio Chairman. The duties of the Education Committee are :

- a) to spread the knowledge of cooperative principles and methods among the members and outsiders and help deepen their understanding of the aims, purposes and philosophy of the cooperative movement;
- b) to help the cooperative acquire new members;
- c) to develop and maintain among the members loyalty to their cooperative, the loyalty being expressed in its affairs;
- d) to perform such other duties as may from time to time be required by the Board or the General Assembly.

10.03.01 As indicated previously the Education Committee at the store level is supported in various ways by the national organisation in their work tasks.

10.04 The educational activities at the store level are financed through the educational fund and as per byelaws, 10% of the net surplus shall be allotted for an educational fund out of which half shall be invested in training activities at the store level and the other half contributed towards national educational fund from which the CCEB and the CAO's training activities are financed.

10.05 The member education activities at the store level are not sufficient in order to get the public understand their problems as consumers and realise the importance of the consumer cooperative societies. Special efforts are needed to stimulate them to get adequately interested in the consumer movement and to actively participate in the management of the cooperative store.

CHAPTER XISALES MANAGEMENT

11.01 The biggest cooperative retail outlet in the Philippines has an yearly sale of approximately ₱ 1.8 million (US \$ 300,000) per year. The size of the shops is very much distributed downwards in the sales scales to the smaller shops which have a yearly sale of approximately ₱ 60,000 (US \$ 10,000). The bigger and medium sized shops are, of course, self-service shops like most of the private shops. Even some of the smaller shops are also self-service shops. The impression one gets is that most of the cooperative shops are self-service shops. Attached to these shops are often cooperative cafeterias serving tea, coffee, soft drinks and snacks.

Business Management Sub-Committee

11.02 As provided in the byelaws, the Board of Directors is usually split up into various sub-committees and additional people can also be appointed or co-opted to work on these sub-committees. Under the model byelaws for consumer cooperatives, a Business Management Sub-Committee shall be appointed in each cooperative society and in actual practice such business management sub-committees are functioning. The business management sub-committee consists of three members appointed by the Board of Directors and this Committee is assisting the Manager in carrying out the policies of the Board with regard to merchandizing, financing, recruitment of personnel, credit extension, business expansion, mark-ups, pricing, purchasing, etc. It is this Sub-committee which formulates the policies and at times, it so happens that the General Manager is made responsible to this committee instead of the entire Board. In some cases it also happened that the Chairman of the business management sub-committee also acted as Managing Director of the Store under whom a General Manager is to work.

Assortment

11.03 The assortment of goods in the various cooperative shops depend on the size of the shop. The bigger cooperative shops are more or less small Super Markets offering foodstuffs i.e. groceries, fruits and vegetables, meat and some times also fish, etc. In these bigger shops or small Super Markets, the basic non-food items such as toilet goods, plastic goods, ready-made garments of a few varieties and footwares and some other stationeries etc. are also sold. In the smaller shops, it is mostly the daily needs of food such as rice, fruits and vegetables, meat, fish, dairy products, groceries, various types of canned foods, such as tinned milk, sardines, corn-beef etc. that are in great demand. Toilet articles and bread and biscuits are also offered for sale in the smaller shops.

Prices

11.04 Information available from various sources show that the prices in the cooperative shops are competitive when compared to private shops, but the prices are not very much lower. The reasons why prices are not much lower than the prices in the private shops is that the cooperative shops have to depend largely on private wholesalers for their supplies or purchases. Many of the cooperative shops are rather smaller in size and new and have adopted a policy of not going in for a price war with the private shops, but they are keen in stabilizing their economy, and are therefore planning to adopt active Price Policy once they stabilize their economy and become strong enough to compete with the private trade. Of course, in some of the bigger stores or cooperative societies, such as the Society of the University of St. Thomas and the University of the Philippines in Manila, just to mention a few, which have been established for quite some time, are able to adopt a more active price policy and the prices in

these societies/shops are highly competitive to the prices in the private shops.

Quality

11.05 The quality of goods in the cooperative shops is similar to the quality of goods in the private shops as procurement of goods both by the cooperative shops as well as by the private shops is made from mostly the same source, and both the cooperative as well as the private shops are selling branded goods. Due to these two factors, the quality of goods as pointed out earlier, is identical and generally the quality of goods sold are of a good standard.

Location

11.06 Cooperative shops are mostly located in the same area in which members of cooperative society are working, as most of the societies are of the institutional type. The societies which are catering to the needs of a community within a particular area independent of the members' occupations are also located mostly in a central place within the business or commercial centre or area and are mostly catering to customer-members staying within that particular area. The impression one gets of the societies and their stores location is that they are usually well located and the customer-members do not have to walk long distance to reach the shop or the store.

Layout and Display

11.07 Most of the cooperative shops have rather attractive shop front with sign-boards indicating the name of the cooperative society and the name of the branch if it is a branch. Goods are also fairly attractively displayed in the show windows. The space in front of the store is kept neat and clean. Goods are displayed commodity-wise and magnet commodities such as meat, sugar and such other types of magnet goods are utilized in the display to induce and attract customers

to enter the cooperative store shop and visit the various parts of the selling area. Attractive and pleasing colours on packaging material is also utilized in making the stores more attractive. So, one can by and large say that the layout and display of goods in cooperative stores are fairly good and the cooperative shops are not lagging behind the private shops in this respect.

11.07.01 Most of the goods in the cooperative shops except meat, fish, rice and in some cases fruits and vegetables are pre-packed and each item on the shelf where it is displayed, carries a price-tag. In fact there is a legal obligation for retail shops to price-mark all the goods kept for sale and this is probably the reason why price information is freely given in the shops. Pre-packing of goods is generally made by manufacturers of goods and it is only in a few items or cases such as sugar, salt, rice and a few other items that pre-packing is done by the cooperative stores themselves.

Furniture, fixtures and lighting

11.08 Furniture, fixtures are not at all standardized in cooperative shops. Furniture is manufactured to suit a particular shop and generally the furniture is of simple design. Only in very large sized cooperative shops furniture and fixtures of latest fashion and design are seen. Weighing scales, cash registers and other types of fixtures and equipment are used in all types of cooperative stores, even in many of the small ones. Also cold storage desks for selling meat, vegetables and dairy products are used in all the bigger cooperative stores as well as in medium sized stores and one can see this in some of the small stores too.

11.09 The lighting and illumination arrangements in the bigger cooperative stores are fairly satisfactory. However, there is still room to make improvements in these arrangements. But in the medium sized and small cooperative shops lighting

and illumination arrangements are far from satisfactory. Only the barest minimum lighting arrangements are made in these shops.

Salesmanship

11.10 Salesmanship in the cooperative shops is probably as effective as it is in private shops. The reason probably is that the entire social atmosphere in the Philippines is friendly and informal at all levels. Another reason why salesmanship is good is that most of the sales employees are females and in fact in most of the stores even the Managers are females. The employees in cooperatives are also rather well educated and well informed having received high school education. The impression about the employee is that they are generally well-informed about the objectives and goals and the activities of the stores and are partly involved in the decision-making functions of the store. The reason why they are involved to such an extent in the operations of the store is as indicated earlier, the existence of a very informal atmosphere among the employees at all levels.

Hygiene

11.11 Hygiene is fairly good in the cooperative stores because most of the goods are pre-packed and also stored in refrigerators or kept in cold storage desks and the employees are also taking care about the cleanliness of the store. Personal hygiene among the employees is also good and in many stores, uniforms have been provided to the employees.

Sales Budgeting

11.12 Sales budgets are prepared in bigger cooperative societies. But these budgets are not prepared by the Manager with the help of employees, but rather these are yearly budgets prepared by the Board of Directors and the employees are

expected to achieve the targets set in the budgets. Thus the employees are not much involved in the fixing of sales targets. And ^{as} targets are fixed without their involvement they may not be enthusiastic to achieve them. As the term of the budgets are very long it is rather difficult for the employees to try to achieve the sales targets. In the smaller as well as bigger societies, employees are well aware of the past year's performances and in the small societies, the employees can predict reasonably accurately what the sales target for the current year would be. However, in smaller societies yearly sales budgets are seldom prepared. One can on the whole say that budgets are not very much used as a tool in the management of cooperative stores. This can be said about all cooperative stores in general with a few exceptions.

Sales Planning

11.13 Sales planning is also not systematized. In the University Stores, of course, the management has planned the business operations in great details so as to be able to meet the increased demand at the start of the semester and the increased work-load during the semesters. However, sales planning with a view to increasing sales, (that is to say, to try to find out some particular items, campaign goods to be sold during a particular period) is not in vogue even in the bigger societies barring a few. One can, by and large, say that the stores do not do much to push up sales above the normal level. The cooperative stores are displaying goods which are available in plenty in the market with a hope that the customers should be attracted to come to cooperative shops to make their purchases.

Sales Promotion Activities

11.14 As stated earlier, sales promotion activities are not very often planned and implemented in the cooperative shops. The external sales promotion activities such as advertisements

in the press, distribution of leaflets and so on, are very seldom carried out by the stores themselves. The reason given is that the cooperative societies are mostly of institutional types functioning within a small market or area of operation also that the community type of societies which are open to all categories of people are operating within a small area and therefore the managements of these two types of cooperative societies feel that there is no need for such external sales promotion activities. The private manufacturers and big companies are however often launching big "American" type of advertising campaigns for their products and goods over television, radio and through the Press and the cooperatives stores which sell these extensively advertised goods feel no need for any further sales promotion programme to push up the sales of these goods.

11.15 As mentioned before, window dressing and the environment and decor in the cooperative shops was by and large good. But not much has been done by the cooperative stores themselves by way of sales promotion activities in trying to push up the sales of particular items of merchandize during a particular period so as to make the stores more interesting and attractive. On the contrary, in big private shops these activities are carried on. It appeared that the cooperative shops were content with the sales promotion activities carried on by the private manufacturers whose products and goods they sold, and the manufacturers of course obliged the cooperative stores as they do for private shops. Some of the big manufacturers send their own sales representatives to the bigger cooperative stores as well as private stores to assist and help the stores in displaying their products. In order to boost up sales of their products and goods, the manufacturers are also supplying posters, price placards and various advertisement gimmicks for displaying their goods. This type of sales promotion activities mainly supported by the manufacturers is very much in

vogue in private as well as in cooperative shops. No doubt these sales promotion activities by the manufacturers add to the environment of the shop and create a feeling that the stores have a sales-oriented approach and are trying to display goods in a way so as to attract more customers in the best possible way and to reach optimum sales. But still greater efforts have to be put in with regard to sales management aspects in the cooperative stores. Improvements and innovations can be effected in the display of goods, in the designing of furniture and fixtures, lighting and illumination arrangements, in sales budgeting, sales planning and sales promotion activities so as to make cooperative stores more competitive to private traders and more interesting for customers.

Cash and Credit Sales

11.16 As laid down in the bye-laws, all business transactions of cooperative societies are required to be on cash basis, as far as possible, and only limited credit may be given to members. But transactions with non-members should be strictly on cash basis. In many societies, credit sales are in vogue and as many of the societies are of the institutional type, there is often an agreement between the society and the employer of the members of the society that the member of the society can make his purchases from the cooperative society on credit up to a fixed percentage of the employee's monthly/weekly salary. The amount due on these credit sales should be recovered by the society from the employer of the member. However, there are many societies which have adopted a rigid rule of doing business strictly on cash basis from their very inception.

Sales to Non-members

11.17 The cooperative societies act and the bye-laws of the cooperative societies permit sales by cooperative societies

to non-members also but the Act and the bye-laws of societies do not allow non-members to take part in the sharing of the surplus of the society. As stated earlier, the non-members are allowed to make their purchases in the cooperative shops and are given the choice of becoming members of the society and enjoy the benefits and privileges of membership in the following way. A non-member who makes his purchases from a cooperative shop or store is advised to preserve all the cash memos of his purchases in a cooperative store upto a maximum of two years and at the end of the two-year period he/she is advised to present these cash memos to the management of the cooperative store with an application for membership of the society. All the dividend and patronage refund due on these purchases will be treated as the first instalment of the share value of the non-member applying for membership of the society. This way of increasing membership of societies has become very popular and has met with great success. The non-members who subsequently become members in this manner do not feel the burden of contributing to the share capital of the society. However, the minimum age prescribed under the constitution for eligibility to become members of cooperative societies is 21. This age qualification has proved to be a hindrance in the development of cooperative stores and societies for University students, as most of the students cannot fulfil the age condition for membership of a society and consequently cannot take active part in the business operations of the University cooperative store, nor be entitled to all the benefits such as dividend, purchase rebate, etc. that go with the membership of a society.

Dividend and Patronage Refund

11.18 Under the bye-laws, patronage refund or dividend are determined on the basis of the members' purchases during the fiscal year and distributed to members accordingly. The rules with regard to interest on share capital and patronage

refund are as follows :

Interest on share capital shall not exceed eight per cent of the fully paid-up shares and such interest shall be non-cumulative. The remaining net savings after deducting the aforesaid reserves and educational fund shall be divided into equal halves : one-half shall be available for declaration of interest on capital, and the other half for patronage refunds. Amounts in excess of the statutory limitations on interests on capital may be declared for patronage refund or credited to an interest equalization fund.

Chapter XIIINVENTORY MANAGEMENT

12.1 As indicated under the heading "Sales Management" the Assortment in the cooperative stores is mainly of daily needs such as rice, sugar, fish and tinned meat, milk and toilet articles, etc. and the assortment mostly consist of branded goods. As self-service system is working in many of the stores, there is sufficient space for storing goods and a major portion of the goods are stored in the selling area itself and there is not much need for additional store room or godowns for storing the goods. Also partly because of the self-service system nearly all the items sold in the stores are pre-packed and price-marked and this made the task of inventory management easy. The average stock turnover during the years 1964-67 in the 141 stores which had reported to the CAO was 10-13 times which, considering the difficulties and problems of transportation seems fairly good.

12.02 With regard to purchase of goods, as indicated earlier, they are made partly from private wholesalers and manufacturers and partly from the Filipino Cooperative Wholesale Federation. However, the services offered by the FCWF fall short of the requirements of cooperative stores. Moreover the prices offered by the private wholesalers and manufacturers to cooperative stores are often the same as offered by the FCWF with the result that cooperative stores do not at present enjoy much benefits from buying their supplies from the FCWF. It is only in some marginal cases, mostly in imported goods where the FCWF makes bulk purchases and passes on the advantages to cooperative stores. Efforts have been made by cooperative stores to make joint purchases either from the FCWF or from the private wholesalers. These efforts have met with some difficulty due to lack of sufficient capital to make bulk purchases. With regard to leakages and shortages, certain limits have been fixed at the time of fixing prices and leakage does not pose a serious problem at present in the Philippines except in a very few cases.

12.03 The gross margin in groceries is 10 per cent and the canteens it is between 30 and 40 per cent.

12.04 Stock-taking is conducted regularly at least once in every quarter.

12.05 By and large one can say that problems of inventory management in the stores are under control. However, there is still room for improvements in this field. The margin in the retail level is fairly high and it should be possible to reduce the prices in the retail trade through a more efficient operation of the stores. The wholesale margin could also be reduced. But with a view to stabilizing and consolidating the business, it might be wise at present, not to reduce the margin too much but to try to accumulate funds to stabilise the Movement.

12.06 The purchases are often done by the Board or the Business Management Committee, particularly in the smaller stores.

Chapter XIIIPERSONNEL MANAGEMENT13.01 Organisational set-up

The organisational set-up of Cooperative Stores in the Philippines is a simple one in view of the small size of the cooperative stores. There is a Manager who is in over-all charge of the cooperative store and he/she is assisted by a small number of employees in the day to day operations of the store. As the stores are small in size, the Manager also takes part in some of the selling activities and all the other functions such as purchasing, storage and inventory, etc. are distributed among the various employees working in the store. Due to the small size of the societies there is also an atmosphere of informality in the relationship and dealings between the employees. The duties of employees are also not well defined. In fact there is no need for specialization and compartmentalisation of duties and functions of employees again as the stores are very small and the employees have the realisation that they themselves have to solve the various problems that cropped up. There is also no need for a separate section or department to deal with personnel as the number of employees is very small and as some of the functions of personnel management are performed by the Business Management Sub-Committee.

13.02 Personnel Planning

The cooperative stores in the Philippines have started in a small way i.e. they started with a very small shop employing one or two persons and when the business grew the number of employees was increased according to the need and therefore the need for elaborate personnel planning was never felt by the cooperatives. But in bigger stores and particularly in the University stores where the workload is often uneven during the day and during the week, personnel planning has been carefully done. In these stores the managements have also employed part-time employees to a very great extent to cope with uneven distribution of workload. For the employees in bigger stores particularly, duties and functions are defined.

In the smaller stores, duties and functions are defined for groups of employees and it is expected of the individual employees to perform their duties under the leadership of the Manager.

13.03 Personnel Budgeting is not very systematically drawn up. Of course in the Annual Budget which is prepared an amount is allocated for salaries, but this amount is more or less based on the past year's actual spending. For training purposes money is allocated in the budget which is normally ten per cent of the net surplus. By and large money is allocated for matters related to personnel management. However, how this money should be spent i.e. how much on recruitment, how much on employee welfare measures is not indicated and the reason probably is again the smallness of the size of cooperative stores.

13.04 Matters relating to career development, promotions of employees, job rotation, etc. are not considered in most of the stores though these matters are given some consideration and importance in a few bigger stores. It is of course essential that the cooperatives should introduce schemes and programmes for development of a managerial cadre to take care of the management of stores but this aspect is at present not looked into. It is time that the cooperative stores took steps for developing managerial cadre and preparing a roster of managers so that the stores could have a source from which to recruit for their managerial positions.

13.05 However, since the stores at present are very small in size they cannot offer many promotional facilities to their employees and whatever promotions are available, will be offered to their own employees. As most of the employees are at present females there is not much demand by them for promotional facilities and for being selected to a national roster of managerial personnel, for many of these female employees are married and many of them with children would not naturally like to move from their present place of residence, as promotion might dislodge them from their fixed abode.

13.06 Matters concerning job description, work organisation, creation of posts or positions, job evaluation, performance appraisal and merit rating are not looked into at present as the need is not felt for developing and improving these aspects of personnel management due to the size of stores being small and the number of employees limited.

13.07 Productivity and morale

Productivity and incentives have also not been given much importance and in a few stores where these have been introduced and implemented, the results are not yet known. In a few big stores however these devices have been tried and found useful and this could probably prove to be the basis for introducing these in other cooperative stores too.

The morale among the employees of cooperative stores is good. As most of the employees in these stores were females, employees expectations are not very high with regard to promotions, service conditions and other benefits and welfare measures, for employees are reluctant to leave their present jobs and take up job elsewhere if the service conditions are not up to their expectations. Particularly for female employees it was difficult to find a job. The expectations the employees have are job security, reasonable salary and good working conditions which the cooperative stores offered to their employees. Moreover the compensation and other benefits are comparable to those offered by the private traders. The morale of the employees is therefore good and again this state of affairs could be traced to the smallness of the size of cooperative societies, the informal environment, employment of female employees and general unemployment situation in the country.

13.08 Recruitment

As indicated above, consumer cooperatives in the Philippines are rather small in size with the result that the need for organised recruitment of personnel is not so very great. On the other hand, there is an acute problem of unemployment as it is in any other developing country with a high level of literacy

and education among females there is considerable educated unemployment among the females in the Philippines. As a result of this high percentage of literacy and education among females, one finds mostly female employees in the cooperative stores and women occupy not only salesmen's positions but many women are found to be in managerial positions as well. Recruitment takes place mostly from the open market and the procedures and practices with regard to recruitment such as interviews advertisements of vacancies are more or less similar to those obtaining in other countries. In some of the bigger stores, particularly the University Stores which are in operation, students are employed in the stores on part-time basis, and recruitment is generally confined to student community. In one or two University Stores they have developed some sort of a test to judge the suitability of students for different jobs in the retail store.

13.09 As the atmosphere in the cooperative societies in the Philippines is very informal and as the societies are very small in size employing on an average 5 employees, the induction process is very much informal too. There are arrangements made for the new recruit to understudy some of the senior employees at work and all the information and knowledge about the store and the work in the store is given. In some of the bigger stores they are having a regular induction programme for the new employees. A probation period of three to six months is generally fixed during which period the new employee is briefed and oriented about the store and its business operations.

13.10 Training

As indicated in the earlier paragraphs, all institutional training is being taken care of by the CAO in collaboration with Central Cooperative Educational Board (CCEB) and the Filipino Cooperative Wholesale Federation (FCWF) on the one hand and ACCI on the other. However training given in ACCI is mostly for Management of Cooperative Stores and keeping in view the small number of cooperative stores in operation (approximately 250), one may say

that the managerial training facilities are adequate to meet the requirements of cooperative stores and subjects covered in the syllabus of courses in ACCI for training of managers and managerial personnel are appropriate and meet the need. However, a greater emphasis on practical techniques with regard to sales management, inventory management, etc. and special one or two weeks courses could be arranged in the various field of management. Many of the stores are often running with profits and are in a position to set aside a part of their surplus for training their employees, some funds have been made available whether they are sufficient or not - for training of cooperative employees.

13.11 With regard to training of non-managerial personnel, only on-the-job training is at present provided and there are no facilities for institutional training for this category of employees, except in the case of accountants for whom some training courses have been organised by the ACCI. Again, as the stores are very small and as employees are mostly sales employees there is actually no great need for institutional training and it is sufficient and adequate if these employees are given on-the-job training. Some short courses could be organised for personnel working in different fields in the cooperative stores. It is obvious that the training needs of non supervisory personnel have not been adequately met and this need could be met only by on-the-job training, short courses and through publications and teaching material by some secondary organisations.

13.12 What is urgently needed today for meeting this training need is production of manuals for the employees on various aspects of business operations in the cooperative store to help them solve the problems they face in the day to day operations which also could act as a sort of a guide and lecture material. This work could be undertaken by the CCEB in collaboration with the ACCI and the CAO. Supply of such a manual to cooperative stores would greatly help the stores to have their own in-service training programmes in a systematic way. With the help of such manuals staff meetings could also be arranged to discuss the various aspects of business operations in the store.

13.13 Compensation

In the Philippines, there is a Minimum Wages Act in operation which provides a minimum wage of ₱6 per day to a skilled employee which is equivalent to a US \$1.00. The effect of this Minimum Wages Act has been that the skilled hands in the urban areas are paid ₱6.00 per day with the result that the Minimum Wages Act has been turned into a "Maximum Wages Act". The Cooperative Stores are also paying wages according to this Minimum Wages Act. A few of the cooperative stores have also been trying to pay a little more than what the law prescribes.

13.14 In some stores, incentive pay is also added to the monthly salaries of employees. Incentive pay is in some stores based on the total sales and in some other stores it is given as a kind of an allowance to the employees, who are handling cash or for shouldering added and increased responsibility or a responsibility which has been considered as high. In some other cases, incentive pay is linked with the net profits of the store as well as sales. However, incentive pay is by and large still unknown in many of the stores and employees are receiving only their fixed monthly salaries. No other allowances of any kind were given to employees.

13.15 So far as welfare activities, gratuity, Provident Fund and so on for the employees are concerned, they are not visible in any of the stores. Of course some of the stores are providing free canteen facilities offering hot beverages such as tea and coffee and some snacks to their employees and some times free food. In some stores free Uniforms were also supplied to some of the employees. As regards working hours, leave and other working conditions these were governed by different laws in force in the country.

13.16 Securities and recoveries

If cash deficits are exceptionally high, they are partly recovered from the responsible employees from their salaries. With regard to stock deficits, a certain percentage for leakage has been fixed as allowable and over and above this limit shortages are recovered from the sales employee concerned. But by and large the approach of the management in the stores is that normally stock leakage or deficits should not be recovered from employees and the only reason why some of the stores try to recover such shortages is to impress the employees on the importance of not having abnormal deficits. In some cases securities are demanded from the employees particularly employees handling cash.

13.17 Communication

Again, on account of the smallness of the stores, the atmosphere among the employees is very informal. This made for easy and smooth flow of communication among the employees and there are no difficulties and impediments in the flow of communication both from top to bottom and from bottom upwards. Lack of communication is felt only between the Board of Directors and the employees. Decision-making functions are mostly in the hands of the Board of Directors and the employees are not fully involved in the decision-making process and therefore the employees do not fully associate themselves with the decisions of the management taken at the meetings of Board of Directors. However as most of the employees considered themselves as mere sales employees and do not wish or want to be involved in the decision-making functions they are quite content with the decision making function resting with the top level management.

13.18 Regular staff meetings are not held as the employees are few and they meet each other often in the day during the working time and discussed mutual problems and difficulties during the slack hours. But in bigger stores staff meetings are held

in order to brief the employees about the various problems faced by the store as also to inform and instruct the employees. Suggestion schemes are not systematically introduced. However, the Managements are receptive to new suggestions which could improve the business of the stores.

Staff clubs and similar other activities are not in vogue in the stores due again to the small size of the stores.

13.19 Management - Trade Union Relationship

As the cooperative stores operated in conformity with the various laws and enactments in the country and observed the provisions with regard to working conditions and compensation, the employees more or less felt satisfied with their working conditions and their jobs. Moreover in view of the unemployment conditions in the country employees are rather afraid to pressing their claims against managements. The employees are therefore not keen in forming trade unions of their own or joining any trade unions to channel their complaints and grievances thus saving the managements from difficulties and problems connected with maintenance of cordial and harmonious relationship with trade unions of employees.

13.20 Employees' grievances and employee discipline

These aspects did not present many problems or difficulties to the cooperative stores in the Philippines. These stores, small as they are in size, tried to settle the disputes and grievances of employees as and when they arose. The grievances of employees which could not be easily removed by the Manager himself/herself are redressed by the Business Management Sub-Committee of the Board. Disciplinary matters if any of a serious nature are also dealt with by this Sub-Committee.

13.21 The turnover of employees is not very high because of the acute unemployment situation and people had to be satisfied with the jobs they held.

Chapter XIVFINANCIAL MANAGEMENT AND CONTROL14.01 Sources of funds

Funds for the cooperative societies are derived from the following sources :

- i) Membership Entrance Fee
- ii) Transfer Fee
- iii) Share capital
- iv) Subsidies and donations
- v) Funds derived from other sources as may be authorised by law or rules.

The cooperative societies may also through their Board borrow money from commercial banks preferably from the Philippine National Cooperative Bank (PNCB).

14.02 Share Capital

Under the Cooperative Act of the Philippines, the maximum value of shares in a cooperative society an individual or a member can hold except any cooperative society or the Government of Philippines or any of its sub-divisions, shall not exceed ₱5,000. On this share capital a maximum of 8 per cent interest will be paid per year. However, there are only a few members who have a share capital amounting to ₱5,000 invested in cooperative societies and the average share capital per member in the reporting societies amounted to ₱65 - ₱100. Most of the cooperative stores are financed through their own share capital and loans and in some cases, particularly with regard to institutional type of stores, some contributions are received from the employers or the commercial houses and companies where the stores were located.

14.03 Consumer Cooperatives had been offered government financial support in the past in order to help them to expand their business activities faster, but due to failure, financial assistance from government had been stopped. The cooperatives are also now not willing to accept such financial support from government.

14.04 The profits are to be distributed as per bye-laws at the end of the fiscal year as follows :

- i) 20 per cent towards Reserve Fund,
- ii) 10 per cent Educational Fund,
- iii) 10 per cent towards Land and Building Fund,
- iv) 30 per cent for Interest on Capital,
- v) $\frac{30}{100}$ per cent for Patronage Refund

It is also worthwhile mentioning that the cooperative stores in the Philippines are exempted from payment of Income Tax if their total assets do not exceed ₱500,000.

14.05 Accounting

Minimum standards have been laid down by the CAO in the Cooperative Act and the bye-laws of societies with regard to maintenance of accounts. In addition to these minimum requirements, the societies are allowed to maintain supplementary accounts necessary and appropriate as ordinarily maintained in commercial and corporate accounting systems. Obviously some of the terms used in cooperative accounting systems are different from the terms used in commercial and corporate accounting systems where the nature of transactions are essentially different from cooperative enterprises. The President of the cooperative society is made responsible for the maintenance of upto-date and proper accounts and other records in conformity with the existing laws and rules and in accordance with the existing business practices so far as they may be applicable under the circumstances. An annual report shall be prepared covering the financial conditions and results of its operations as on 31st December of each year which shall be submitted to the Director or his duly authorised representative in the CAO before 1st February each year or within such time as has been extended by the Director of the CAO and in such form or manner as has been provided for the purpose.

14.06 The Manager of the Cooperative Store shall submit a monthly report to the Board of Directors concerning the societies business activities and the report shall contain the various business operations such as sales, purchases, surplus, costs, cash on hand, etc. and the current month's figures shall be compared with the figures of the corresponding month in the previous year. The practice of submitting the monthly statements to the Board of Directors by the Manager is followed only in a few big societies. In most other societies, the Manager or the Chief Executive prepares a quarterly statement for the Board of Directors. There are also many societies where these monthly or quarterly statement are not regularly prepared and submitted to the Board of Directors.

14.07 Stock Control

The Cooperative Act requires that stock control (stock-taking) shall take place at least twice a year. However it is common practice to have stock-taking every quarter.

The percentage of leakage in the cooperatives are often less than one per cent and except in a few cases such leakage is claimed back (recovered) from employees responsible for the leakage. In most of the stores Value Control System of stock is in operation and only in a few stores, for example, in some of the University Canteens where the number of items in the assortment are limited, they have the "Item Control" system linked to cash control system.

14.08 Cash Control

As most of the cooperative stores have cash registers, cash control is rather easy to manage and in stores where cash registers are maintained cash is mostly tallied every day.

14.09 Audit

The Cooperative Societies Act and the bye-laws of Cooperative Societies in the Philippines enjoin that a Committee called the "Audit and Inventory Committee" shall be elected annually

by the General Assembly of the Cooperative Society and such Audit and Inventory Committee shall consist of three members of whom one will be the Chairman. This Committee shall examine and audit the financial statements, books of accounts, vouchers, cash and accounts periodically. It shall have access to, at all times, the books, vouchers and other financial records of the cooperative society. It shall submit an annual report to the General Assembly. It shall also advise the Board on the maintenance of an adequate and effective accounting system suitable to the requirements of the business and serve as the financial adviser to the Board and make recommendations as it may deem proper. The Committee shall, with the assistance of the Manager, take an inventory of all property, stock-in-trade, securities of the cooperative society twice a year and at such other times as the Board may require. The results of such inventory shall be contained in a report properly itemized and sworn to as accurate and true by the Committee members and concurred by the Manager or the officer accountable therefor. The original report shall be promptly submitted to the Secretary to form part of the permanent records of the society. It shall be made available to any party engaged in auditing the books and accounts of the cooperative society.

14.10 In addition to the Internal Audit which is taken care of by the Audit and Inventory Committee, the books of the society shall be audited as provided by the Cooperative Act R.A. 2023 by the Director of the Cooperatives Administration Office who is charged under the said Act with the responsibility of seeing that the books of consumer cooperative societies are properly kept and audited once in a year. The items and schedule of auditing has been clearly spelt out in the Cooperative Act. At present, the CAO's Audit Division has not enough personnel and financial resources to audit all the cooperative societies registered with the CAO, and with the present insufficient resources the Audit Division of the CAO could audit only 150 or so of cooperative societies each year. However, the societies can also

be allowed to be audited by private Chartered Accountants which has been recommended or approved by the CAO. In addition to the societies which are audited by the CAO, there are some societies which are audited by private chartered Accountants. In spite of this there are many societies which have not been audited at all for quite a few years in some cases even upto ten years. The Cooperative Act prescribes a fee for auditing the books of accounts of cooperative societies which has been fixed at ₹2.50 per hour but up to a maximum of 2 per cent of the gross surplus of the society audited. So in the case of stores whose books have not been kept in proper order, the audit fees to be paid goes upto to 2 per cent of their gross surplus and when the gross margin of cooperative stores are approximately 10 per cent or so, 2 per cent of this gross margin to be paid as audit fee is a very big amount.

14.11 Balance sheets and profit and loss accounts for the years audited give a good picture of the stores financial position. It is incumbent on the cooperative societies that they submit the audit reports and financial statements to the CAO office for comments and necessary action, if any, within a specified period of time after the closing of the fiscal year.

Chapter XVCONCLUSION

In the past the Consumer Cooperative Movement has often been used by the government as a distribution agency for scarcity goods, etc. resulting in that the movement got a "Mushroom growth". As a result of such an artificial growth there was not much need felt for consumer cooperatives by the public. Also due to several factors including lack of know-how many of the consumer cooperative societies failed after a short span of time. In December, 1967 there were 1,884 registered consumer cooperative societies in the Philippines, out of which only 283 were in operation leaving 1,601 consumer cooperative societies dormant.

15.02 The operating consumer societies are comparatively of small-scale business, as the average sale per society in societies reporting to CAO in December, 1967 amounted to ₱200,000. The biggest consumer cooperative society had a sale of approx. ₱2.5 million the same year.

15.03 The ten biggest societies representing 7% of the number of reporting societies had a sale corresponding to 43% of the total sales of the reporting societies making the average sales of the ten biggest societies for the year 1967 amounting to ₱1.2 million. The remaining 129 of the reporting societies representing 93% of the number of reporting societies had a sale corresponding to 57% of the total sales of the reporting societies making the average sales of these 129 societies to approximately ₱125,000 for the year 1967.

15.04 The Consumer Cooperative Societies are spread all over the country but in Manila area a concentration of consumer cooperative societies are taking place. 56 consumer cooperative societies representing 20 per cent of the number of operating

societies are located within Manila. Discussions between these societies concerning closer collaboration and a future common development plan and amalgamation will be conducive to rapid growth and should be initiated.

15.05 The FCWS sales to the consumer cooperatives for the year 1969 amounted to ₱736,000 which means that its business also is rather small in volume although the business has expanded rapidly. The consumer societies are only to a very limited extent making their purchases from the FCWS. Other kinds of services required, such as management consultancy, are only to a very limited extent made available to the consumer societies by the concerned National Organisation. The extension of these services will stimulate not only greater sales on the part of primary societies but also involve greater purchases from FCWS.

15.06 The total consumption of food per year in the Philippines would amount to approximately ₱10000millions if one suppose that 30% of the income per capita is spent on food. If one further suppose that in 1968 the reporting consumer societies (55% of total number) had a sale which corresponded to say 75% of total consumers' cooperative retail sale, the total cooperative retail sale in the Philippines would amount to approximately ₱50 millions per year. Thus the consumer cooperatives in the Philippines would distribute goods corresponding to lesser than 1% of the food consumption.

15.07 The consumer cooperative movement in the Philippines is thus at present playing a nominal role at the national level and will probably remain to do so for quite some time in the future as it will be difficult to obtain a rapid growth of the consumer cooperatives due to lack of resources, stiff competition, etc. However, on the local/community level the operating consumer cooperative societies are fulfilling an important role as a balancing power with the private retailers.

15.08 At present one is very much alive to the need for consumer cooperative societies to combat the rising prices but from the experiences of the past one does not now want to have consumer cooperatives growing in an artificial way. The general opinion is in form of consumer cooperatives growing as a result of a felt need by the public.

15.09 In the years to come, one can in the Philippines as well as in many other countries expect a development on the following lines.

1. Heavy increase in population particularly in the urban areas due to large scale urbanisation.
2. A majority of the population will be in younger age groups say below 30 years of age.
3. The income per capita will increase.
4. The prices of consumer goods will increase.

15.10 The above development is likely to affect the retail trade in the following ways :

- A. Heavy increase in retail sales, particularly in non-food,
- B. Changes in buying habits,
- C. Changes in living habits,
- D. Greater movability by the consumers,
- E. Bigger retail outlets with a wider assortment which can offer a better service to the customers.

15.11 In order to cope with the above development and even in order to keep the present nominal share of the retail trade the consumer cooperatives must formulate their own long-term goals and objectives as well as a plan of action for achieving them within a reasonable time.

15.11.02 It is important that the cooperators, seriously discuss these matters without any loss of time, as in the meanwhile the private sector might grow still stronger. If effective action

is not taken immediately, the consumer cooperatives may not be able to even maintain their present level of achievement much less to improve it.

15.12. Senior cooperators should form themselves into an action group and prepare a plan of action for the consumer cooperatives taking into consideration the following :

1. Formulating the consumer movements' long-term goals and objectives.
2. Working out plans for properly selling the cooperative ideas (indoctrinating the public) so that the expansion of the movement would come on the initiative of the public and to a large extent financially supported by them.
3. Plans for strengthening the present National Organisations.
 - i) Know-how should be pooled to the FCWS and its regional offices and again ploughed back to the societies through management consultancy services which should be an integrated part of the FCWS activities.
 - ii) The wholesale function of the FCWS should be enlarged and also operated on a regional basis through branch offices/distribution centres.
 - iii) The FCWS should develop a "Control Room Function" and project the developments of the societies and the consumer movement as a whole.
 - iv) Production of consumer goods should be taken up by the FCWS.
 - v) Amalgamation of societies should be initiated to facilitate large scale operation and management by full-time skilled managers.
 - vi) Large-scale super market operations should be undertaken in big cities.
 - vii) The training and development of personnel should be geared to meet the future requirements.

viii) Emphasis should be on a close coordination between cooperative retailing - wholesaling and production with a well integrated policy to achieve the ends in view.

15.13 When the above aspects have been properly planned and implemented in the consumer cooperative movement, it will be powerful enough to play an important role in the socio economic development of the Philippines.

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A/10/2/71

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