

## **A CONFERENCE REPORT**

### **Putting a Human Face to Globalization: The Cooperative Model**

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#### **Introduction**

In July 2006, the Center for Labor and Grassroots Initiatives of the School of Labor and Industrial Relations took center stage by hosting for the first time an Asia-Pacific Conference of Cooperatives on a theme that is most timely and relevant—Putting a Human Face to Globalization: the Cooperative Model.

When people talk of globalization, what comes to mind is almost always such ideas as economic integration, movement of capital, unbridled competition, open markets, and so on. From this perspective it becomes obvious that the rich countries stand a better chance of winning the game because of the material, intellectual and technological powers at their disposal. The poor and struggling countries, on the other hand, are left with no choice but to make do with their meager devices and follow the rules of the game even to their own detriment.

But globalization may also mean something more to people with deeper insights and larger visions. Somewhere in the vast complexity of globalization, there must be a way to implore the human side of globalization, give it heart and soul, and make it work in a manner that would equalize the playing field in order to bring out the vast potentials that lie dormant within all of us.

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This is what the conference hoped to achieve. We did yield some positive results as 27 advocates and leaders in the Cooperative and Trade Union movement responded to the call for papers. This paper is an attempt to integrate the thoughts and ideas that came out of the conference with hopes that it will generate more discussions and perhaps tangible actions in the near future.

Cooperatives are found all over the world, in both capitalist and socialist societies, from welfare states to city states, from monarchical to theocratic regimes. They can be organized by nearly everybody and by all kinds of sector, by small or large groups, anywhere and everywhere. A cooperative has an inherent capacity to adapt and weather all kinds of economic conditions and exigencies, be it harsh or favorable, and is proven to have the flexibility to morph or mould itself in the manner deemed most productive and optimal to its goal of getting the most out of the least situations. The conference has shown how cooperatives can be utilized for a variety of purposes.

True cooperative spirit and identity are deeply embedded in history. The pioneering founders of the cooperative movement had laid down the tracks for the rest of the cooperative world to follow. Coming from the ranks of the ordinary working class, the early "cooperators" found in a cooperative a way to balance the excesses of early capitalism. Eventually, they have developed a set of principles, values, and ethics unique to cooperatives.

Cooperatives are currently breaking new grounds even though its structures are already well in place. At present, cooperatives are being summoned to respond in more novel and innovative ways and are widely considered as panacea in a gloomy global scenario.

The conference yielded some papers that showed cooperatives treading into new and untested waters. The negative impact of globalization has made it imperative for cooperatives to flex its muscles out of rigid conventions and has compelled cooperative leaders and advocates to fashion few new ways of doing and looking at things while keeping their anchor not far away from cooperative philosophy and practices at the same time.

However, not all looks rosy and promising, especially for those venturing into uncharted territories. The road is paved with thorns and the challenges are often formidable. Many have failed to make the grade and a lot more are still struggling to remain afloat.

The cooperative philosophy is beautiful to behold in theory but hard to put into practice.

This paper is an attempt to document the good and bad news, the failures and successes, the convergence and divergence, as well as the evolutionary and revolutionary impulses that make the cooperative adventure worth riding.

Here are some of the ways cooperatives have been put to use from the papers that were presented in the conference.

- as an agenda for agrarian reform or "land to the tillers"
- as a safety net for unionized workers
- as an employee benefit mechanism
- as a model of the State in socialist transformation
- as a poverty alleviation and employment generation scheme
- as an organization for lifelong learning
- as a prototype for the emerging model of workers' cooperatives

### **The Coop as an Agenda for Agrarian Reform**

The Philippines is foremost among countries in Asia-Pacific to use cooperatives as an agrarian reform agenda to end the age-old problem of feudalism and the concentration of land ownership to the few. From the time of Marcos to Aquino, enormous government funds have been funneled thru state-sponsored cooperatives to assist farmers in managing and developing their awarded land. However, these government schemes had yielded little results despite well-meaning intentions.

Two papers presented in the conference showed the agrarian reform agenda not from the government's perspective, but from the perspective of its beneficiaries. Roy Mahinay's paper chronicles the struggle of farmers to defend their ownership of land awarded to them under the Comprehensive Agrarian Reform Program (CARP). The land was formerly part of the vast Roxas sugar estate in Batangas which they formerly tilled as sugar cane workers. At present, the farmers own and administer the land collectively under a cooperative setup.

But the story does not end here. After securing their land ownership certificates, the farmers waged tiresome legal battles

against the Roxas family who wanted to regain possession of the land. Roxas Co. Inc. has filed ten legal cases pending with the lower and higher courts claiming the awarded lands were exempt from CARP by virtue of a presidential decree penned during the time of Marcos reclassifying the disputed land as tourist site.

The farmers have embraced the cooperative as a "strategy to defend the workers' right to the land and enhance their capacity to improve their standard of living...." The cooperative has become their rallying point in sustaining and dramatizing their legal actions against the Roxas clan. They may have won the initial phase of the struggle but they still have to face the even greater hurdles of sustaining the cooperative endeavor given their lack of capital, rising prices of implements and supplies, the lure of loan sharks, and lack of technical and managerial skills to effectively run the cooperative, to name a few. Even their plan to start an integrated farming system program remains for now a vision that needs concerted effort to realize.

The paper by Jurgette Honculada, on the other hand, relates the saga of agrarian reform in the rubber estates of western Mindanao from the late 80s to the present. The paper recounts the birth and turbulent growth of three cooperatives, jointly owned and administered by agrarian reform beneficiaries, amidst Basilan's war-torn landscape.

The beneficiaries were formerly employed by companies running rubber plantations. When CARP was initiated, the companies were forced to sell their land to government. Thereafter, workers were issued land ownership certificates they can pay through amortization. But to remain viable, the workers gave up their individual ownership of lands and placed them under the cooperative scheme to avail of government support and subsidies.

The challenge, according to Honculada, was how to turn lowly plantation workers who lack equipment and capital and had little or no idea about running a cooperative into instant owners and managers. No doubt the workers had ample experience running labor unions and struggling for their rights through collective bargaining, but this was barely enough "to turn their unions and organizations into self-managed cooperatives with the savvy, competence and logistics of capital to contend in the global market." She added that workers schooled in the adversarial class struggle would find it extremely difficult to transpose the

cooperative model into the hierarchical structure of corporate business.

And indeed, such problems reared its ugly head in succeeding years when leadership wrangling, questions of incompetence, inefficiency, politicking, and misuse of funds began to surface and interrupted the operations of the cooperatives. At one point, some disgruntled coop officials looted and burned the warehouse to get their message across. Still, Honculada is confident that the beneficiaries would endeavor in their new found role and learn the art of self-discipline, hard work, self-sacrifice, and collective decision making.

### **The Coop as a Safety Net for Unionized Workers**

#### *The Coop as a Welfare Arm of the San Miguel Workers' Unions*

Historically, San Miguel Corporation (SMC) has been the battleground of militant trade unionism. The union members of SMC have been polishing their leadership skills in the arena of company strikes, collective bargaining, and out-in-the-street mass actions on burning political issues. Political awareness and consciousness run through the vein of many SMC union leaders up to this day.

According to Ramon Martinez, in 1951 the tide started shifting in favor of economism when the SMC labor union set up a credit cooperative through a P60,000 seed capital loaned by management. Under the leadership of Antonio "Totong" Santos, the credit cooperative enjoyed a boom period of growth with membership composed of daily wage workers from various SMC plants in Metro Manila rising to 6,000 in 1978. Many workers acquired lots and home amenities through salary-deductible loans.

But with growth comes decline. The cooperative was said to have floundered after Santos' death in 1978. By 1983, the coop membership dwindled to 729, cash was depleted, its building was sold, and the coop operation stood still. The labor union eventually took stock of the situation, and with great efforts started to rebuild the coop from scratch. A new leadership was formed which rectified past errors by fully recognizing organizational shortcomings and limitations, adopting the attitude of "learning by doing," and relying fully on the support of members. The union

was able to tap management and other experts to help them develop their management and business skills and learn the ropes of cooperative operation.

The San Miguel Cooperative has its share of ups and downs but it has become a useful tool for enhancing the welfare and well being of its members; developing the leadership, business and managerial capability of its leaders; and improving the level of labor-management cooperation beyond the scope of collective bargaining. SMC Management has been like a mother to a child, helping the cooperative stand on its two legs by equipping the leaders with the skills to run the cooperative professionally. The cooperative has become some kind of laboratory in its effort to transform workers to owners. But as Martinez is wont to emphasize, the cooperative should *not* make capitalists out of workers, but should strengthen their "class consciousness" and "strengthen the sense of ourselves, as workers."

### *The Coop as an Employee Benefit Mechanism*

The goal of human resource management is to maintain harmonious workplace relationship and increase employee enthusiasm, participation and satisfaction. This goal, according to Jorge Sibal, can be best achieved by setting up cooperatives as a form of employee benefit.

In his paper, Sibal says that cooperatives organized by or with the help of management serve as supplemental or non-wage compensation in addition to direct wages. Aside from augmenting income, cooperatives also reinforce management-employee partnership, inculcate a sense of loyalty to the company, and serve to develop the talent and capabilities of employees for present and future needs of the organization. Likewise, cooperatives give the employees a sense of pride and satisfaction in socio-civic work.

He cites many examples of exemplary cooperatives, like the various coops organized by the Armed Forces of the Philippines for its military personnel, and the Credit and Consumer Cooperatives organized for the community of workers, faculty and staff of the University of the Philippines. Sibal highlights the role of the San Miguel Corporation in setting up cooperatives that would eventually make a difference in the lives of employees. SMC has been

spinning out or outsourcing some of its non-core functions to the cooperatives in various plants all over the country. This effort not only boosted people's income but maintained goodwill among employees.

Specifically, Sibal cited the case of the Progressive Skills Service Cooperative organized by retirees in 1993 which contracted SMC's warehousing, engineering, fabrication, mold repair, brokerage and manpower services. SMC shouldered most of the cooperative's development cost until the retirees were able to operate on their own. Proskill helped 300 families and has a net worth of P45M by 1996.

### *Cooperatives with a Social Mission - The Singapore and Japanese Experience*

Singapore and Japan are the most advanced economies in Asia and may as well be the most advanced in terms of cooperative practice. In both countries, cooperatives have the size, capital and mettle that could rival big industries. The reasons behind these are many. Cooperatives were mainly conceived by trade unions whose consolidated membership cut across industries. There is a symbiotic relationship between coops and unions; the unions providing the funds as well as captive market for the cooperatives, which, in turn, provide every conceivable goods and services that the unionized workers need.

In Singapore, says Zulkifli Mohammed, the nine cooperatives organized by the Singapore National Trade Union Congress (SNTUC) "serve their members in the areas of thrift and loan, insurance, supermarket, healthcare, eldercare, childcare, broadcasting, travel services, housing, security, training, job employment opportunities, campus services, home for the destitute etc. Many of these major cooperatives have become household names today."

Hiroaki Iida, Yumi Sogo and Tetsuya Kawano report that in Japan, two cooperatives formed mainly by workers have done outstanding jobs in providing much needed services. One is Zenrosai, established in 1976 which takes care of members' life and non-life insurance needs. Zenrosai acts as buffer in times of calamities and ensures life pensions for ageing, sickly and retired Japanese.

The other one is a network of Cooperative Banks, known as Zenrokin, a federation of 14 labor bank workers' unions, established in 1957, which has at present a total of 70,000 members, with 683 branches all over Japan, and has investments amounting to 80 billion yen. The purpose of labor banks is "to ensure the smooth functioning of cooperative welfare activities of trade unions, consumer livelihood cooperatives and similar organizations, thereby ensuring their sound growth as well as elevating the economic status of workers."

According to Mohammed, social conscience is the hallmark of the cooperative movement in Singapore. They are in the business of creating a better life and caring for the less fortunate. To ensure this, SNTUC cooperatives are required to submit two annual report cards, one on profit-and-loss, and the other on how they have fulfilled their social obligations. But to fulfill their social missions, the cooperatives have to be viable financially. The key says Mohammed, is to continually reinvent themselves and benchmark their practices with the world's best.

The same social purpose holds true for cooperatives in Japan which were initially established to stem food shortages during WWII and later served to cover living expenses during union strikes.

#### *Establishing a Supportive Legal Environment for Aborigines Labor Cooperatives – the Taiwanese Experience*

The aboriginal people of Taiwan are at the bottom rung of the labor force because of their low education and lack of skills training. Since Taiwan opened its doors to foreign workers, and as more industries are now switching to the service sector, the employment of aborigines is getting scarcer.

This is why, according to Chey-Nan Hsieh, the Taiwanese government has to step in to give the aboriginal labor cooperatives the much needed support and assistance to survive and sustain their operations. Assistance implies the incorporation of new cooperatives and giving training on the nitty-gritty of financial and administrative management. Financial subsidies, management consultations and tax exemptions, are generously granted to aboriginal cooperatives since the Taiwanese government considers it affirmative action to help aboriginal cooperatives as a way of preserving their vanishing culture from the encroachment of modernization.



## **The Coop as a Model of Socialist Transformation--The Vietnamese Model**

Vietnam stands apart from other countries in Asia because it has fought a protracted yet victorious revolutionary war against French colonialism and later against the United States' war of aggression and intervention. As a socialist country in the making, Vietnam's cooperative model is like no other because it is wholly propagated, subsidized and organized by the various state apparatus as a model of economic development.

It is therefore within the socialist perspective that the Vietnamese model of cooperatives must be appreciated and analyzed. According to the Vietnam country report delivered in the conference, cooperatives were established as an advanced economic model immediately after the victory over the French colonialists in 1955 "to create strength and a new face for the country's economy that just got rid of the backwardness and poverty of the semi-feudal and semi-colonial regime."

In 1996, the Vietnamese Cooperative Alliance (VCA) was formed following the adoption of the Cooperative Law by the 9<sup>th</sup> National Assembly of the Socialist Republic of Vietnam. VCA was the organizational expression of the cooperative movement in Vietnam, the vanguard so to speak, representing all cooperatives and cooperative unions in all fields and industries across the country from the national, provincial, city, down to the local community levels.

With VCA at the helm, cooperative formation and organization has seeped into and pervaded much of the industries and services across the country. New cooperatives are being formed in such areas as electricity, market management, environmental sanitation, clean water, processed food and vegetables, along with those in traditional transport, construction, stevedoring, credit, agriculture, and other established industries.

At present, there are nearly 18,000 cooperatives, 320 sub-cooperatives and over 10 million members in the cooperative sector. Cooperatives are strong in the retail sector. The chain of COOPMART supermarkets for instance, accounts for 30% of retail in Ho Chi Minh City and South Vietnam. Urban transport coops are serving tens of thousands of commuters a day. There is also an upward trend in the partnership between cooperatives and scientific research institutions in many locales.

However, Vietnam is not spared from the globalization process and with its recent accession into the World Trade Organization comes greater opportunities and unprecedented challenges. There is fear that Vietnam may not cope with the playing field dominated by companies with "tremendous capital, highly professional managing and trading technology" and given such internal threats as rapid urbanization, lack of management skills among cooperatives, and low product competitiveness. Nevertheless, the future is rosy and promising for a country which had faced greater adversaries in their struggle to liberate themselves from foreign domination.

### **The Coop as a Poverty Alleviation and Employment Generation Scheme**

In countries like the Philippines where poverty is a grim reality, cooperatives are summoned to undertake a tall order, that is, to alleviate poverty and create employment. Against this backdrop, one cooperative has responded to the call. The ParagonCredit Cooperative, as reported by Jefferson Tugawin, has made great advances in the span of 12 years. Started in 1994 with 20 utility workers pooling together P4,000 from their measly wages, ParagonCredit has become a strong non-bank financial cooperative with an aggregate loan of P160 million. The key to this success, according to Tugawin is hard work and plain perseverance.

What made ParagonCredit different from most cooperatives is its commitment in building micro and small enterprises by providing loans from a low of P1,000 to as high as P15 million. In the process, it creates not just employment for the poor but also infrastructures to sustain budding and growing communities, thus, propelling economic activities.

ParagonCredit helps finance small enterprises such as private schools, resorts, construction firms, printing houses, job agencies, NGOs, small and electric cooperatives, marketing firms and engineering firms. Some of these small enterprises, says Tugawin are auxiliaries that subcontract part of the projects of medium to large enterprises (P16 million to P101 million and above) that undertake huge government infrastructure projects.

Tugawin believes in developing manifold strategies to attack poverty and unemployment. He says "no single style, no single form of organization and delivery of loan, no single model can

address the problem. Varied approaches and different strategies work together, like various musical moods, tempo and keys, to create a grand symphony to address the issue of poverty."

Poverty eradication also figures highly in two other papers. The paper by Mario Cuezon narrates the various lessons and setbacks experienced by some ten cooperatives in Misamis Occidental in their uphill drive to become millionaire coops and make a difference in their communities. He narrates how these cooperatives have made use of the power of borrowing money from various sources; took the risk of branching out and expanding from rural areas to towns; and how it made use of the Grameen method, a micro-financing concept designed to mobilize rural women to engage in small business. Misamis coops have adopted the attitude of "learning from the world, learning from themselves" to make a dent in their communities.

The paper by Bella Villanueva recounts the struggle of her fledgling cooperative, the Kalumpang Multi-purpose Cooperative, to gain a foothold in the community. She laments the low level of community spirit in what used to be a boom town for shoe making. She says that developing confidence in the cooperative is a daunting task that requires concerted efforts by the cooperative, the barangay officials and politicians, who must keep themselves from taking advantage of the cooperative for their own selfish ends. Her cooperative was formed to cater to the needy residents, help them engage in entrepreneurial activities, and wean them away from loan sharks who charge exorbitant interest rates.

### *Formalizing the Informal Sector*

From a legal point of view, Jonathan Sale posits the idea of cooperatives becoming venues for "formalizing the informal sector." He cites the UN Secretary General's 2005 Report on "Cooperative in social development," which noted that cooperatives contribute directly to the eradication of poverty through the economic and social progress of their members and employees. Sale says that many cooperatives start out as informal groups which grow to become viable organizations then eventually register as legal business entities and join the ranks of the formal economy.

Drawing from statistics and studies by various experts, Sale reiterates the view that cooperatives like labor laws share a

common valued outcome: social justice or the humanization of laws and the equalization of social and economic forces by the State.

He cites the early work of Hernando de Soto which summons the State to change the regulatory and business environment for the poor; that is, to simplify systems, processes, and rules at the micro level. Public policy, he asserts, should be adjusted to make it easier to organize and operate cooperatives. For a start, he recommends the removal of the requirement for an economic survey on the feasibility of cooperatives prior to registration.

### **The Cooperative as a Prototype for an Emerging Model – the Workers Cooperative**

Driven by the need to become extremely efficient, innovative and cost-efficient, companies are now resorting to 3<sup>rd</sup> party service providers, subcontractors or outsourcing partners to provide them with contingent, casual or temporary workers. Companies have adopted such measures to escape from the costly affair of hiring regular workers with the attendant burden of reckoning with all kinds of benefits and remuneration and the headache of dealing with collective bargaining and trade unions.

Formal, regular, and unionized workers are now a vanishing breed and are rapidly descending to the informal sector. They are haplessly tossed about by the shifting current of the supply and demand for labor.

As a solution to this seemingly insoluble problem, Leo Parma has articulated a new model which he envisioned and put into practice by founding Asiapro, a prototype for what he termed as a "self-employed workers cooperative." Asiapro has been in existence for over six years with over 18,000 members serving about 120 clients. It is a multi-purpose cooperative exclusively for self-employed, non-regular workers, and professionals.

The concept of a workers cooperative is not entirely new but there is little documentation or formulation as to the viability or potential of this model. Asiapro, according to Parma, "transforms workers from employees to entrepreneurs or co-opreneurs. Work becomes business/product and no longer an employment activity....Every member is a worker-owner and the companies for which it provide services are considered business partners,

with no employer-employee relation existing among the parties concerned."

But being an innovation, there are legal impediments and contentious issues that have to be resolved before worker cooperatives can become an acceptable practice. In the paper written by Hans Cacadac and Rebecca Chato, they cite several legal cases that served to nullify the worker-owner concept. For instance, in the case of *San Miguel Corporation v. Aballa* (GR No. 149011, 28 June 2005), the Supreme Court declared a service cooperative as engaged in labor only contracting and therefore only an agent of the principal. In other words, there is a trilateral relationship existing in which the cooperative acted as mere agent or contractor of the principal owner. The Supreme Court asserted that the cooperative has insubstantial capital to declare itself as a separate entity and that it did not carry on an independent business or undertaken performance of its service contract according to its own manner and method, free from the control and supervision of the principal.

In another case, the *San Jose Electric Service Cooperative v. Ministry of Labor* (GR No. 77231, 31 May 1989), the Supreme Court ruled that members of a cooperative are themselves co-owners and therefore have no right to form or join labor organizations for purposes of collective bargaining. In this case, the Court fused the legal personality of the cooperative members and the cooperative itself.

Workers cooperatives are still a work in progress and they still have a lot to do in terms of defining their nature and character, scope of jurisdiction and legal personality, in order to find acceptance from labor, government, industries, communities, and from the cooperative movement itself.

### **The Cooperative as an Organization for Life Long Learning (LLL)**

Lifelong Learning (LLL) is an idea that is very much in keeping with the information age, with its exponentially increasing amounts of knowledge, complexity, and challenges. It is grounded on the belief that learning does not stop with formal schooling, but is a lifetime process of equipping the individual with the skills, competencies, knowledge, and abilities to adopt, master, and apply learning in a wide variety of settings and context.

Lifelong learning means everybody has something to teach everybody. To become a truly satisfying and deeply felt experience, learning must occur in a social, communal setting, where the learners are having fun and there is dynamic interaction of body, mind, heart and soul, among the community of learners.

Mauricia Herrera propounds the idea that cooperatives are a good venue to jumpstart lifelong learning because it has built-in mechanisms such as a central location, a network of familiar people, and the presence of a physical base for the learning process to take place. She provides a vision of a cooperative-based Lifelong Learning Center that will provide access to the community's resources for all sorts of personal development.

Herrera cites, for instance, the presence of many retired or active doctors, nurses, engineers or artists residing in the community, and how their experience and expertise can be tapped by the Lifelong Center to teach interested parties. Their services can be given for free or can be negotiated to make it affordable to everybody.

Herrera lays down three simple tools essential to a Cooperative Lifelong Center: database, location, and democratic group process. The database can be computer-based, stored on paper or kept in one or more persons' memory. The location should be convenient, accessible and within walking distance to everyone. The process should be wholly democratic, with everyone involved in a mutually satisfying interactive atmosphere.

Lifelong learning is about investing in human capital. It is about building human infrastructure. A community that is vibrant with people learning with, and from each other, is already a rich experience no money can buy.

## **Challenges and Opportunities Facing Cooperatives**

### *Taking Stock of Strengths and Weaknesses*

We have seen from the above discussions how cooperatives have been used for varied reasons and purposes. However, there are apprehensions among experts and analysts about the contemporary role of cooperatives, and whether or not the cooperative movement is moving in the right direction and serving the purpose of its existence. Cooperatives are bound by its history and

philosophy to conform to a set of principles, values and ethics. The question that persists, however, is not whether cooperatives follow the norms they are required to play but more importantly how to make cooperatives more effective to respond to the economic challenges and opportunities presented by globalization.

Some expert views have been cited in the paper by Marie Aganon and Rosa Mercado. The authors quoted Sven Ake Book (1992) who was writing in behalf of the International Cooperative Alliance or (ICA), an acknowledged vanguard of the Cooperative Movement. Book deplored the tendency of the cooperative movement to move away from principled and value-centered approaches. Book enumerated a number of reasons such as: 1) the tendency of expanding cooperatives to lapse into passivity and allow hired employees or managers to develop practices that are inimical to the cooperative way 2) the tendency of cooperatives to fall into the orbit of the free enterprise system and adapt to its management styles, operational procedures, and mechanisms 3) the tendency to become "market oriented" and put greater priority to economic efficiency while relegating democracy to the background.

Book made clear his stand in his book *Cooperative Values in a Changing World* saying, "The cooperative as a movement is above all built on, based on, people's expectations of a better society. The Cooperative Movement is an organization for social change "by, for and through the people.... A viable cooperative movement is especially characterized by a continuous reproduction of its aims in terms of the contemporary society and of applications of structures for participation and for the associated persons to meet. If the organizations neglect to reproduce these, they sooner or later will disappear and transform into bureaucratic hierarchies or business oriented companies."

Aganon-Mercado mention the findings of another international expert on cooperatives, Peter Davis (1999) who said that contemporary cooperatives are weighed down by the following weaknesses: underdeveloped management; insufficient economies within the organization; low value added link in their supply chain; absence of a substantial degree of entrepreneurial spirit; uncertain purpose and bureaucratic style; slowness in adopting technology and developing in the manufacturing or capital intensive sector; and failure to merge and consolidate fast enough to match their competitive environment.

On a positive note, Davis enumerated the competitive advantage of coops: they have a clearly defined cooperative identity, values and purpose; the market perceive coops as honest and transparent; there is a mutual ownership structure; they continue to have social and economic relevance in the free market; and many of its staff, employees and members are imbued with a sense of idealism and goodwill.

Aganon and Mercado embarked on a research to discover patterns and trends in cooperative practices, and to find out the level of performance based on general cooperative principles and human resource management. They conducted a survey among 96 respondents from well established cooperatives in the country. The survey revealed that most of the cooperatives studied conformed with the seven universally acknowledged principles. However, in terms of operations they are plagued with loan delinquency problems, lack of financial resources, and members' lack of interest on non-economic concerns. Networking with other cooperatives and concern for the community are not high on the list of the cooperatives but they are predominantly self-reliant in their operations and are able to flourish with or without government support and intervention.

### *Strengthening Human Resource through Excellent Customer Service*

Human Resource Management is an area not given much emphasis by cooperatives. Virgel Bingham's paper serves to emphasize this point by focusing on the excellent customer as the key to becoming highly competitive in the market. He speaks of two kinds of customers: the external customers who are indispensable to the coop's success; and the internal customers, the coops own workers and personnel who must be treated well so that they will perform optimally and provide exceptional service to external customers. Bingham says "External service is a reflection of internal service.....it is the employees knowledge and skills that differentiate your organization from the pack. How these service providers do their jobs, how fast and accurately they process paper works, how successfully they pursue accounts and how effective they are in taking extra step to develop customer loyalty will determine an organization's success."



### *Organizational Transformation through System Enhancement and System Transformation (BEST)*

One provincial cooperative has embarked on a process of organizational diagnosis and transformation to meet the strategic and financial challenges brought about by globalization. Abner Bondoc relates the enormous tasks necessary to rebuild ASCCOM multi-purpose cooperative and bring its practice at par with international standards. After a careful evaluation and deeper analysis of his coop's internal condition (strengths and weaknesses) and external situation (opportunities and strengths), the corporate strategy of "business enhancement and systems transformation" (BEST) was formulated and implemented.

According to Bondoc, BEST is made up of two interrelated tasks: the strategic task, which is about sustaining and improving the long term market position, superior customer service and expanded growth opportunities; and the financial task, which has to do with stabilizing cash position, fine tuning loan policies, seeking new efficiencies and injecting entrepreneurial qualities.

### **Conclusion and Recommendations: Where do we go from here?**

#### *Strengthening Agricultural Cooperatives but How?*

We have seen from earlier discussions that agricultural cooperatives formed through the Agrarian Reform Program have been beset with extreme difficulties due to a convergence of factors which include: lack of systems and managerial abilities by peasants turned cooperative owners; infighting among contenders to leading coop positions; lack of advanced productive tools to run agro-business plantations; lack of financial support and know how; depression of prices in the local and world market; and contentious land issues, among others.

Given this state of affairs, it is easy to conclude that government has failed dismally in its agrarian reform program. A better solution to the problem, however, is not forthcoming either. Even in other countries in Asia-Pacific, agricultural cooperatives are always subject to both man-made and natural hazards. Virginia Teodosio outlines in her report some of the common problems of farmers in the region such as: highly imperfect market, perishable nature of many agricultural products, lack of sufficient storage and

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