

CREDIT COOPERATIVES AND THE SOCIO-ECONOMIC DEVELOPMENT OF THE COMMUNITY

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ABSTRACT

Credit cooperatives have greatly contributed to the socio-economic development of the community as shown by the different income-generating projects implemented by members. They also had large influence on the socio-economic face-lifting of the community through the active participation of members in civic work and in the implementation of livelihood projects catering to the needs of the whole community.

KEY WORDS: Credit cooperatives. Income-generating projects.
Community.

INTRODUCTION

The concrete contribution of credit cooperatives to the socio-economic development of the community cannot be measured in terms of financial benefits alone but also in terms of intangible things like the satisfaction of needs of members, positive behavioral changes, solidarity and cooperation of members and improvement of the livelihood condition (Legaspi, 1990). On the other hand, the influence of credit cooperatives on the development of a community can be determined in terms of the livelihood projects they have implemented and projects/civic works they have supported in the community (Colis, 1989). It should be noted that credit cooperative is both an economic tool and a social movement which is composed of persons having a common interest to generate income from among themselves and in the process, develop responsibility.

The study was conducted to determine the role of credit cooperatives on the socio-economic development of the community.

Conceptual Framework

The influence of credit cooperatives on the members in terms of need satisfaction, behavioral change, group solidarity and cooperation, and on socio-economic livelihood improvement varies in many ways. It is, however, believed that credit cooperatives have influenced the socio-economic upliftment of the members and their length of membership in the organization (Figure 1).

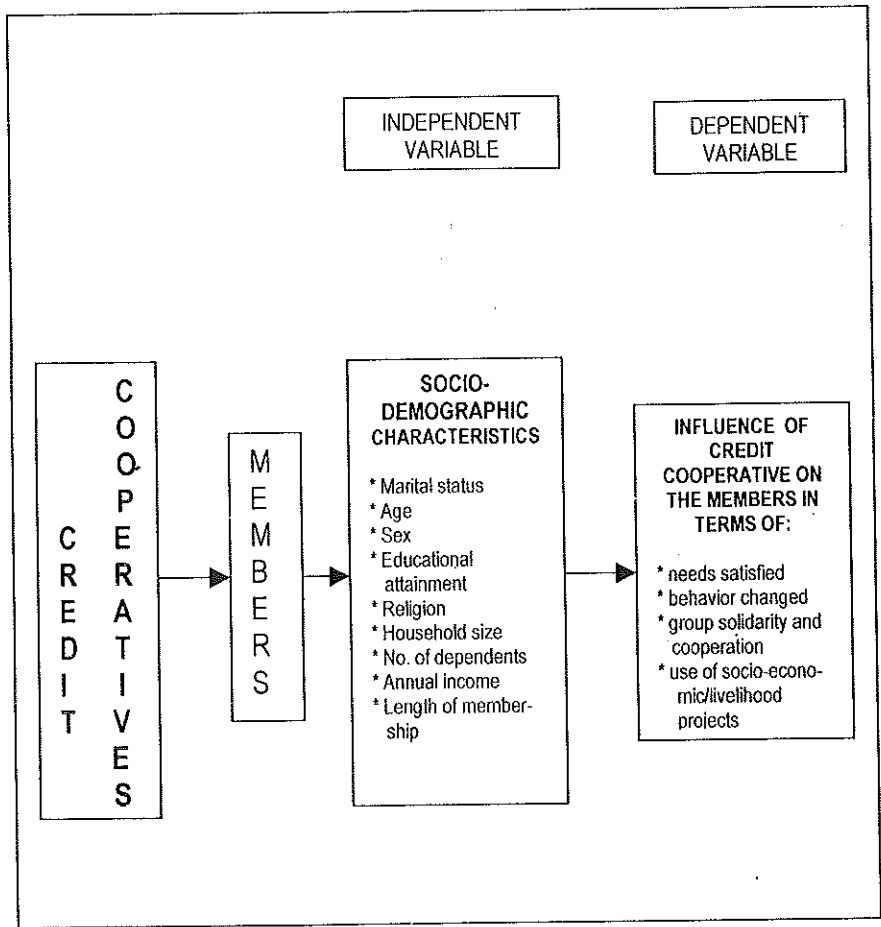


Figure 1. Schematic diagram showing the relationship among variables.

METHODOLOGY

Selection of Study Samples

Samples were randomly selected from among members of organizations operating solely as credit cooperatives in Baybay, Leyte namely: a) Baybay Primary Credit Cooperative, b) Baybay South Central Credit Cooperative, c) Baybay North District Primary Credit Cooperative, d) Western Leyte Provincial Hospital Credit Cooperative, and e) KAMBAWAD (Kapunungan ng Mamamayan ng Baybay Water District) Primary Credit Cooperative. Respondents were chosen following the formula for determining the sample size from the total number of members per credit cooperative (Ferguson, 1989) as follows:

$$n = N/1 + N (e)^2$$

where:

- n = total sample size
- N = population
- (e)² = alpha desired (error)
- 1 = constant

Samples were chosen at random. The final sample size is presented in Table 1.

Table 1. Distribution of respondents according to their credit cooperative affiliation.

CREDIT COOPERATIVE	Final Sample size	Percent (%)
Baybay Primary Credit Cooperative	14	17.10
Baybay South Central Credit Cooperative	11	13.41
Baybay North District Primary Credit Cooperative	17	20.73
Western Leyte Provincial Hospital Credit Cooperative	29	35.36
KAMBAWAD Primary Credit Cooperative	11	13.41
Total	82	100.00

Data Collection

An interview schedule was used to gather information on the socio-demographic characteristics to include the impact of credit cooperative on its members in terms of needs satisfied, behavior changed, group solidarity and cooperation, the use of socio-economic projects, and the member's loan repayment performance.

Personal interviews with the top management officers (president and treasurer) of each credit cooperative were conducted to gather information on the livelihood projects and civic work/activities each credit cooperative had implemented and supported in the community. Information on the profile of loan repayment performance of credit cooperative members was also obtained.

Statistical Analysis

Statistical analyses were carried out with the aid of SPSS version (1990). Descriptive analysis using totals, means, ranges, percentages and standard deviations was made. Frequency counts were used for categorical data such as gender, religion, marital status, members' responses to the influence of credit cooperatives and others.

The chi-square test was used to analyze the relationship between socio-demographic characteristics of members and the influence of credit cooperatives on the socio-economic life of members using the following formula (Ferguson, 1989):

$$X^2 = \sum (O-E)^2 / E$$

Where:

- X² = chi-square value
- O = observed value
- E = expected frequency

RESULTS AND DISCUSSION

Credit Cooperatives and Members' Needs

More than two-thirds (57 or 69.5%) of the credit cooperative member-respondents were members of the credit cooperative for 3 years and about a third (30.5%) were members for 1 to 2 years (Table 1). This implies that the operation of credit cooperatives under study has just started.

Table 1. Distribution of respondents according to length of membership.

Length of Membership (years)	Frequency (n=82)	Percentage (%)
1-2	25	30.5
3	57	69.5
Total	82	100.0

Majority of the respondents joined their credit cooperative because of the benefits they could obtain from being members (Table 2) This finding implies that members believe that credit cooperative is an organization of service. Rola (1987) also cited that credit cooperative is an organization which can effectively help the people help themselves.

Table 2. Reasons for joining the credit cooperative.

Reason	Frequency*	Percentage	Rank
Benefits of being a member	52	63.4	1
Help others in need	29	35.4	2
Financial needs	23	28.0	3
Influenced by friends	7	8.5	4

* multiple response

Most of the member-respondents (47.6%) satisfied their financial needs by joining the credit cooperative; 29.3% were satisfied in terms of their need for business know-how; 26.8% of them satisfied their need for social/group acceptance, and 20.7% satisfied their need for emotional support from co-members.

Specifically, all the reasons why the member-respondents joined their credit cooperative revolved around their needs, mostly financial and personal. This observation coincides with the study of Montemayor (1983) citing a credit cooperative's success in providing credit to small farmers not just for their farm inputs but also for providential purpose. Table 3 presents the satisfaction derived by member-respondents in joining the credit cooperative.

Table 3. Satisfaction derived in joining the credit cooperative.

Variable	Frequency	Percentage	Rank
Financial	39	47.6	1
Business know-how	24	29.3	2
Social/group acceptance	22	26.8	3
Emotional/support from co-member	17	20.7	4
Improvement of one's personality	9	10.9	5
Prestige of the credit cooperative	1	1.2	6

*multiple response

Credit Cooperatives and Members' Behavior

After the members have joined the credit cooperative, a great majority (93.9%) developed the habit of saving money (Table 4). Only 12 (6.1%) revealed that the credit cooperative did not influence them in saving for future use. This finding is further explained by Mabben (1973) that a member's attitude towards the need for saving money, responsible borrowing and group cooperation will be positively changed through the process of educating them in terms of the vision, mission, and entire operation of the credit cooperatives.

Table 4. Respondents' idea of saving money.

Response	Frequency (n=82)	Percentage (%)
Yes, I like saving money	77	93.9
No, I don't like to save money	5	5.1
Total	82	100.0

After having joined the credit cooperative, majority (80.5%) of the members learned to like lending others their money. Of the total number of respondents, 19.5% still did not like to lend their money to others. Money lending is one way of helping others in need.

Table 5. Respondents' idea of borrowing money.

Response	Frequency (n=82)	Percentage (%)
Yes, I like borrowing money	70	85.4
No, I do not like borrowing money	12	14.6
Total	82	100.0

Credit Cooperatives and Community

Only one credit cooperative ventured into a grocery store catering to the needs of the members including the people in the community (Table 5). Three credit cooperatives claimed that they only extended support to the community programs and events like fiesta, educational activities, civic/charitable work of parish church, while one cooperatives claimed to have sponsored a training program for the benefit of out-of-school youths.

Table 5. Livelihood projects and civic work/activities supported by credit cooperatives.

Activity	Frequency*	Percentage (%)
Civic work/activities	3	60.0
Livelihood projects	1	20.0
Educational-training	1	20.0
None	1	20.0

* *multiple response*

CONCLUSION AND RECOMMENDATION

Educated members of credit cooperatives can work well with the group because they can adjust more easily to the different personalities of co-workers. The influence of credit cooperatives on the socio-economic upliftment of the community is also evident because members had actively participated in the implementation of civic activities and livelihood projects for the improvement of the community.

It is suggested that the influence of credit cooperatives on the socio-economic life of members should be recognized as a crucial contributing factor to the success of the organization. Furthermore, it is recommended that credit cooperatives should implement more livelihood projects to make a visible contribution to the development of the whole community.

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ABOUT THE AUTHOR



The senior author finished her BS in Food Technology degree at the then Visayas State College of Agriculture (ViSCA), now the Leyte State University (LSU), in 1991. However, her work experiences at the DSWD Regional Office No. VII, Central Mindanao University (CMU) and CMU-DOST joint outreach program had made her decide to shift career and focus on

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