

Research article

LOOKING BEYOND THE POINT OF RISK: THE CONFLUENCE OF MANAGEMENT SYSTEMS AND PROCEDURES ON DELINQUENCY CONTROL OF MULTI-PURPOSE COOPERATIVE

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ABSTRACT

Cooperatives help boost the economy by continuous cash flows among the members, yet delinquency on payment scheme seemed problematic. Hence, a study was conducted to determine the confluence of management systems and procedures and other factors on delinquency control of MSU-IIT Multipurpose Cooperative. Specifically, it dealt on the management systems and procedures in handling loan delinquency and other related matters to enhance the effective management and implementation of the credit policy of MSU-IIT Multi-purpose Cooperative. Survey questionnaires were used in this study along with data gathered from secondary sources. Results showed that delinquent borrowers of MSU-IIT MPC were mostly small-scale entrepreneurs who were significantly exposed to business insolvency and other economic and environmental factors that unable them to settle their loan amortizations to the cooperative regularly. The existing loans from other lending institutions and cooperatives significantly contribute borrowers to be delinquent in meeting their financial obligation to the MSU-IIT MPC. To this, innovative payment and collection system through the use of cash cards and/or debit cards were introduced to reduce such delinquent payment behaviors. Rebates and discounts for early payments of loan and reduction of interest rates for borrowers affected by natural calamities such as typhoon and flood were adopted and implemented. Thus, intensive orientation and credit education should be conducted to delinquent borrowers so that credit terms and conditions as well as proper utilization of money would be thoroughly discussed by financial and credit exports. A thorough and intensive background check and investigation on character, credibility and credit behavior of the borrowers should be done as well. Furthermore, rigid loan policy such as stringent collateral requirements and co-makers for loan borrowers should strictly be imposed and implemented. Leniency in granting credit to borrowers should be minimized. **Copyright © IJABM, all rights reserved.**

Keywords: confluence of delinquency control, MSU-IIT MPC, lending policies.

INTRODUCTION

Cooperatives operate in a highly competitive market of lending. Obviously, cooperatives are generally hard up in setting their lending operations at first but as soon as they are able to perfect their services and have installed sound operating system then they could be in a better position to face the market squarely. The signing of the Cooperative Code of the Philippines (RA 6938) and the creation of the Cooperative Development Authority (RA 6939) in 1990 under the Aquino Administration provided firm grounds for the development of cooperatives. Incentives, such as tax exemption, paved the way for the sprouting of cooperatives elsewhere in the country. However, the growth of cooperatives in the country is hindered by many factors such as the lack of proper understanding and internalizing the cooperative principles and philosophies by the members and persons managing the cooperatives and lack of the adequate knowledge and skills in cooperative management. Most cooperatives do not even installed adequate system as a safeguard against unscrupulous officers and staff who take advantage of their position to grant loans illegally to themselves, relatives, and to acquaintances. It has been noted that cooperatives with credit service are primarily faced with the problem on loan delinquency which if not properly managed and accounted for would result to tremendous financial loss of the cooperative that would lessen the members' trust and confidence in it. This means that loan delinquency is a problem in a cooperative that needs an immediate attention and solution if the cooperative aims to exist longer to serve its members. The occurrence of loan delinquency is a circumstance that any cooperative could not avoid; however, it should be controlled or minimized so that it will not hamper the cooperative's operation that would probably lead to its bankruptcy.

A large number of outstanding receivables or bad debts will have an inconsiderable impact on the business organization performance. It is the nature of the organization that when a product or services sold to the consumer on account, the unsatisfactory experiences on collecting the accounts receivable occurs. Credit helps in the production, distribution, selling, consumption and expansion of the business organization. It also helps smooth the rough curve of seasonality of a seasonal business. It increases the immediate buying power of a consumer. But where there is good there may also be bad and ugly. Credit could mean a collapse due to overbuying, overexpansion or overselling. The single most important factor in the maintenance of proper cash flow in operating a successful business organization is by having a good collection management of the account receivables.

Cooperatives extending credit facilities to the member has a common and major problem encountered in collecting the accounts. However, the collection deficiency rate picks up from 6.06% in 2009 to 8.67% in 2010 and 12.03% in 2011. These imply that collection deficiency is one of the concerns of the MSU-IIT Multipurpose Cooperative. At present, the cooperative did not avail of any financing facility since there is only minimal provision of the loan loss allowances and the allocation of maturing obligations on special saving products but no withdrawals yet. The special saving products, like retirement plan, will double the amount after five (5) years, with an interest ranging from 18% to 20% per annum. The management does only in recognizing the interest expense on a yearly basis, which is contradictory to the Generally Accepted Accounting Principles set by the Philippine Accounting Standards. This however, entails substantial amount of interest and this will contribute to lower the revenues of MSU-IIT Multipurpose Cooperative. It is a ground that a study should be made in order to determine the factors that affect the collection deficiency of MSU-IIT Multipurpose Cooperative, which would serve as guide to the management in improving its collection of loan monthly receivables that will eventually increase the collection efficiency and improve the operations of MSU-IIT Multipurpose in order to provide reliable and efficient product and services to its member-borrowers. Primarily, cooperatives operating in the country today are not spared from the problems on loan delinquency. Therefore, this study is conducted mainly to determine the factors that contribute to the collection delinquency of the MSU-IIT Multipurpose Cooperative and come up with recommendation to enhance effective implementation of the credit policy of the cooperative.

MATERIALS AND METHODS

Research Design

In this study, the researcher adopted both qualitative and quantitative research design. It is qualitative in nature since it described the practices of the cooperative on the variables considered in the study. It is also quantitative since other data being used in the study fell under quantitative type of data. This study used a structured survey

questionnaire and used the secondary data accessible in the files available from the existing computer systems of MSU-IIT Multipurpose Cooperative in terms of its implementation on the collection policy as well as the collection techniques utilized by the cooperative. The primary data were obtained from the respondents particularly on numerical data involved arising from financial records.

The Research Locale

The study was conducted in Iligan City and other areas with branches of the MSU-IIT Multi-purpose Cooperative. Specifically, the locale of the investigation was the MSU-IIT Multi Purpose Cooperative. The cooperative has fourteen (14) branches, one (1) school, and one (1) life assurance center which are located in the cities of Iligan and Cagayan de Oro, nearby municipalities of Manticao, Misamis Oriental; and Maranding, Lanao del Norte.

The Respondents of the Study

The respondents of the study were the delinquent member-borrowers of the MSU-IIT Multipurpose Cooperative who were not able to pay their regular amortization or financial obligation to the cooperative on due date. In addition, the respondents also include the management and staff of MSU-IIT Multipurpose Cooperative who objectively assessed and evaluated the credit and collection practices and procedures adopted by the cooperative to facilitate collections from delinquent member-borrowers.

Sampling Procedures

The sample size of the respondents was determined by using the Slovin's Formula: $n = \frac{N}{1 + Ne^2}$, where: n = sampling size N = total population e = margin of error ($5\% = 0.05$). To equally determine the sample size and ensure that delinquent member-borrowers of each of the MSU-IIT MPC branches have equal chance to be taken as respondents of the study, the researcher computed the sample proportion by dividing the sample size from the delinquent borrowers of each branch. $\% = \frac{n}{N}$, where: $\%$ = sampling proportion n = sample size N = total population

Scoring Procedure

The responses were based on the five-point scale from Likert (2007) and range of each scale was adopted from Garrett (1987) with the following range, qualifying descriptions, and interpretation:

Scale	Range	Qualifying Description	Interpretation
5	4.21 – 5.00	Always	Very Effective
4	3.41 – 4.20	Frequently	Effective
3	2.61 – 3.40	Occasionally	Moderately Effective
2	1.81 – 2.60	Seldom	Less Effective
1	1.00 – 1.80	Never	Ineffective

RESULTS AND DISCUSSION

Extent of management systems and procedures: problem of collectors in following up loan payments

MSU-IIT MPC is moderately effective in making a follow up of loan payments from delinquent members as evidenced by the overall weighted mean value of 3.05. This finding indicates that there were factors that adversely

affect the collectors' effectiveness in making a follow up of payments from the delinquent borrowers. The specific problem encountered by the collectors in making a follow up of payments from the delinquent member-borrowers was the borrowers' "transfer of residence". The item has obtained the highest weighted mean value of 4.12 which indicates that borrowers did not inform or give notice of transfer of residence to the management of cooperative. This, however, increases the number of delinquent borrowers of the cooperative. In addition, instances where the borrower terminates employment and natural calamities, sickness or even death of the members of the family of the borrowers, bankruptcy, as well as marital problems are causes of loan repayments delinquency (Table 1).

Table 1. Extent of management system and procedures in handling loan delinquency in terms of problems of collectors in following up loan payments.

Indicators	AWM	Qualifying Description
1. Error in the statement of Account	2.36	Less Effective
2. Notice of collection not received By member-borrower	3.42	Effective
3. Death or sickness of the member-Borrower or of the dependents	3.12	Moderately Effective
4. Bankruptcy/closure of the Business due to mismanagement	2.63	Moderately Effective
5. Transfer of residence	4.12	Effective
6. Marital and/or family problems	2.12	Less Effective
7. Natural calamities (typhoons, floods, & the like)	3.40	Moderately Effective
8. Lifestyles and vices	3.24	Moderately Effective
9. Unemployment and/or termination From the job	3.46	Effective
10. Economic crises	2.68	Moderately Effective
AWM	3.05	Moderately Effective

AWM = Average Weighted Mean

Scale	Range	Descriptive Rating	Interpretation
5	4.21 – 5.00	Always	Very Effective
4	3.41 – 4.20	Frequently	Effective
3	2.61 – 3.40	Occasionally	Moderately Effective
2	1.81 – 2.60	Seldom	Less Effective
1	1.00 – 1.80	Never	Ineffective

However, the table also espouses that the cooperative was less effective in handling loan delinquency in terms of problems of the collectors in following up loan payments due to error in the statement of accounts as substantiated by the computed weighted mean value of 2.36. It can be deduced based on the findings that errors in the statements of accounts of loan borrowers were insignificantly occurred because the cooperative has updated its computerized accounting system to facilitate and accelerate financial transactions. These findings were supported by Acosta, et al (2010) who espoused that factors such as insolvency of business, death of the dependents of member-borrowers or termination of employment contract and transfer of residence of borrowers were problems encountered by collectors in multipurpose credit cooperatives and other non-bank financial institutions in the country. Chua (2011) emphasized that collecting officers of credit cooperatives and lending institutions would have problems on following up loan payments from borrowers specially those who were affected by natural calamities such as typhoons, floods, pestilence, drought, unstable peace and order condition, and other man-made and natural catastrophes. In a similar investigation, Magadan (2011) stresses that creditors who were affected or victims of natural catastrophes are unable to pay their monthly loan amortization because they lose their properties, businesses and livelihood, members of the family, and more badly their sense of balance in their personal and socio-economic activities.

Extent of management systems and procedures: handling loan delinquency in terms of policies and practices of lending

The credit or loan policy regulations of a cooperative explicitly outlines the guidelines that set the terms and conditions for the credit facilities, the member-borrower's qualification criteria, the procedure for making collections, and the steps to be taken in case of loan delinquency. The application of credit policy affects several areas of the cooperative; all departments must understand the cooperative's credit guidelines and apply them evenly. Credit decisions should be made as quickly as it is consistent with the sound judgment logically based on the existing policies of the cooperative. The extent of management systems and procedures in handling loan delinquency of MSU-IIT MPC in terms of policies and practices in lending stated that the cooperative has implemented an "interest rates that are reasonable and justifiable" obtained the highest weighted mean value of 4.81 in which the researcher can infer that the MSU-IIT MPC has adopted and implemented a policy on interest rates of loaned amount which are more favourable to the member-borrowers (Table 2).

Table 2. Extent of management systems and procedures in handling loan delinquency in terms of policies and practices of lending.

INDICATORS	AWM	INTERPRETATION
1. Personal interview is conducted By the credit officers to member- Borrower	4.69	Very Effective
2. Collaterals and co-makers are Required before loan approval	4.12	Effective
3. Amount of loan granted depends On the borrower's capacity to pay	4.38	Very Effective
4. Credit terms and conditions are Properly explained to member- Borrower	4.46	Very Effective
5. Interest rates are reasonable and Justifiable	4.81	Very Effective
6. Seizure of collaterals and/or Collections from co-makers for Delinquent loan borrowers are Practiced	3.27	Moderately Effective
7. Policies on penalty for delayed Loan payments and surcharges Are strictly imposed to borrower	4.0	Effective
8. Miscellaneous and other fees for Loan processing are minimal	4.54	Very Effective
9. Payments of loan amortization Are accessible to member-borrower Through collecting officer	3.62	Effective
10. Methods of collecting delinquent Loan payments are done through Letters and home collection by Collecting officer	2.6	Less Effective
AWM	4.05	Effective

AWM = Average Weighted Mean

Scale	Range	Descriptive Rating	Interpretation
5	4.21 – 5.00	Always	Very Effective
4	3.41 – 4.20	Frequently	Effective
3	2.61 – 3.40	Occasionally	Moderately Effective
2	1.81 – 2.60	Seldom	Less Effective
1	1.00 – 1.80	Never	Ineffective

In addition, the miscellaneous fees and other fees for processing were reasonably minimal and credit terms and conditions were properly explained to the borrowers which include surcharges or penalties for delayed payments as substantiated by the computed weighted means of 4.54 and 4.46, respectively. Further, it was also revealed on the table that credit officers of MSU-IIT MPC branches and satellite offices were very effective in conducting personal interview to member-borrowers and were effective in requiring co-makers as well as collaterals for long-term loans before approval as evidenced by the weighted means of 4.69 and 4.12, respectively. However, item number 10 which states that the cooperative has adopted a “method of collecting loan delinquent through letters and home collection” obtained the lowest weighted mean of 2.6 in which the researcher can infer that the cooperative did not adopt a system that helps facilitate the collection of payments from the delinquent borrowers of the MSU-IIT Multipurpose Cooperative. This means that the cooperative was less effective in collection process which uses demand and collection letters to the delinquent borrowers and the collectors were less effective in strategizing collection through home visitation and collection. It can be deduced based on findings that strategies to expedite and facilitate collections to handle loan delinquency more effectively should be initiated, adopted, and implemented by the management of MSU-IIT MPC branches to minimize loan delinquency within their area. This means that the management of MSU-IIT MPC should adopt more stringent and rigorous lending policies and practices especially on granting long-term loans through thorough examination and evaluation of the character, credibility, and capacity of the borrowers to pay. The findings were supported by Magadan (2011) who espouses that sound credit policies and lending practices carved out loan delinquency problems of credit cooperatives and lending institutions. It was emphasized that, as part of the cooperatives’ policy, member-borrowers should be subjected to rigid evaluation of their personal capacity to pay through personal interview, collateral, and loan co-maker requirements before the approval of their applied loan amount. In addition, Chua (2011) emphasizes that credit policy of any credit and multipurpose cooperatives and lending institutions set forth credit terms and conditions which include the borrowers’ collateral and co-maker requirements, interest rates, surcharges for delayed payments, collection from co-makers for delinquent borrowers, and loan repayment terms.

Extent of management systems and procedures: measures to reduce loan payment delinquency

When the borrowers failed to meet payments of loan on due time, credit or multipurpose cooperatives or lending institutions experience loan delinquency problems. Loan delinquency has been one of the concerns of most cooperatives. The failure to recognize this problem and institute the necessary remedies could demoralize both members and officers that would ultimately lead to the failure of the cooperative. As can be gleaned from Table 3, MSU-IIT MPC is moderately effective in handling loan delinquency in terms of instituting a measure to reduce loan payments as evidenced by the overall weighted mean of 3.15 in which the researcher can infer that there were approaches as well as strategies that reduce loan payment delinquency which were not fully implemented. The table also show that item number 7 which states that the cooperative “employs payroll deductions for borrowers who are regularly employed” obtained the highest weighted mean value of 4.69 in which the researcher can infer that payroll deduction of loan amortization of the borrowers prevent problem on loan payment delinquency among member-borrowers of MSU-IIT Multipurpose Cooperative.

Table 3. Extent of management systems and procedures in handling loan delinquency in terms of measures to reduce loan payment delinquency Indicators.

Indicators	AWM	Qualifying Description
1. Borrowers are encouraged to Avail of short-term loan	2.12	Less Effective
2. Regular payments of loan Amortization	4.5	Very Effective
3. Reduction of loan interest	2.21	Less Effective
4. Loan payment should be made Accessible to the borrower through ATMs and Cash or Credit cards	1.0	Ineffective
5. Thorough evaluation of character, Credibility, and capacity of the Borrower to meet loan payments	4.38	Very Effective
6. Decrease credit limit to delinquent Borrower	3.58	Effective
7. Payroll deductions for employed Member-borrower	4.69	Very Effective
8. Strictly implement the credit Rating scales to member-Borrower	4.48	Very Effective
9. Seizure of collateral for delinquent Member-borrower	1.98	Less Effective
10. Collection from the co-maker/ Co-borrower	2.61	Less Effective
AWM	3.15	Moderately Effective

AWM = Average Weighted Mean

Scale	Range	Descriptive Rating	Interpretation
5	4.21 – 5.00	Always	Very Effective
4	3.41 – 4.20	Frequently	Effective
3	2.61 – 3.40	Occasionally	Moderately Effective
2	1.81 – 2.60	Seldom	Less Effective
1	1.00 – 1.80	Never	Ineffective

However, it should always be noted that borrowers whose payments were made through payroll deductions were very few compared to self-paying borrowers. Thus, it can be argued logically that the probability that member-borrowers who will not pay their regular loan amortization for one reason or another is significantly higher. This means that, though, payroll deduction is one of the most effective measures to reduce loan payment delinquency but the fact that only 150 out of 324 delinquent borrowers were employed and paid their loan amortization through payroll deductions, indicates that majority the delinquent borrowers, that is 174 or 54% were self-paying, the loan payment delinquency issue will still remain. However, item number 5 which states that the cooperative should make the “loan payment accessible to the borrowers through the use of automated teller machines or ATMs and cash or credit cards” obtained the lowest weighted mean value of 1.00. This finding indicates that payments of loans to MSU-IIT Multipurpose Cooperative were done on three conventional modes such as through the collecting agent or collectors, over the counter payment, and payroll deductions for organizations with memorandum of agreement (MOA) with the management of MSU-IIT MPC branches.

However, for convenience, the cooperative should introduce and employ a more convenient payment system to the member-borrowers such as the use of debit or cash cards as well as credit cards for more easy and convenient payments of loans. Further, it was found out that the cooperative was less effective in reducing loan payment

delinquency through reduction of loan interest, seizures of collaterals, and collection from co-makers or co-borrowers for long overdue accounts as substantiated by the computed weighted means of 2.21, 1.98, and 2.61, respectively. The findings of the study was supported by Acosta, et al (2010) who reported that making loan payments accessible and convenient to the borrowers will facilitate collection and minimize problems on loan delinquency. Consequently, Magadan (2011) espouse that loan repayment scheme should be accessible to member-borrowers to promote and facilitate easy collection. It was further exemplified that daily collections minimized the burden of paying the loan amortizations in a monthly basis. Effective measures to reduce loan payment delinquency from the borrowers for the cooperatives to maintain its credit operations and maintain liquidity. As Miranda (2009) puts it, loan delinquency affect credit operations of the cooperative such as no liquidity – lack of available cash; decreasing net profit; slow growth of institutional capital; lessens ability to provide services to members; results in rationing credit; diminishes ability to provide for operational cost including competitive salaries to its staff and employees.

Extent of management systems and procedures: handling loan delinquency collection procedures

The extent of management systems and procedures in handling loan delinquency of MSU-IIT MPC in terms of collection procedures for delinquent member-borrowers is expressed in Table 4. It was shown in the table that item number 1 which states that “letter of reminders of loan delinquency is served through mails or collection officer” obtained the highest weighted mean value of 4.64 in which the researcher can infer that the cooperative introduced measures which expedite collection from the delinquent member-borrowers. Mails remind borrowers of their long overdue accounts with the cooperatives. In cases where the borrowers failed to settle their long overdue accounts, second and third demand letters or notice are served by the cooperative. It can be deduced based on findings that the cooperative has to exhaust all its measures possible to collect from the delinquent borrowers before all other legal actions are undertaken against the borrowers.

However, item number 10 which states that the cooperative “written off the loans as bad debts” obtained the lowest mean value of 1.00 in which the researcher can infer that the cooperative will as much as possible introduce measures to handle the collection of delinquent payments of loans and provide anticipatory strategies such as negotiations for the reduction of interest rates and the scheme of payments or the negotiations for seizures of collaterals as well as collection from loan co-makers. The findings were supported by the study of Stice, et al (2004) who emphasized that improved collection procedures is important because it provides the basis for measurement and accounting for liquidity to all credit cooperatives. In addition, it was espoused that cooperatives must maintain an adequate liquidity position so that they would have sufficient amount of cash on hand to pay obligations as they come due and to grant loan to borrowers and if they are to remain viable operating entities. Consequently, Reider, et al (2009) pointed out that cooperative’s viability rest on the collection procedures and debt management system for delinquent member-borrowers. They have emphasized that member-borrowers should always be reminded of their loan payments and obligations and be followed up for the settlements of their long overdue monthly loan amortization. In a similar investigation, Abasolo, et al (2009) purported that provision on the reduction of interest rates and reconstructed payments scheme should be made to enhance collection for delinquent member-borrowers. Chua (2011) reported that cooperatives’ liquidity is determined on its effective collection strategies. It was emphasized that cooperatives collect from co-makers and/or seize loan collaterals from delinquent member-borrowers.

Table 4. Extent of management systems and procedures in handling loan delinquency in terms of collection procedures for delinquent member-borrowers indicators.

Indicators	AWM	Qualifying Description
1. Letter of reminder of loan Delinquency is served through Mails or collection officer	4.64	Very Effective
2. First collection letter is served Through mail or collection Officer	4.46	Very Effective
3. Second collection letter is served Through mail or collection Officer	4.45	Very Effective
4. Third and last notice of collection Is served through mail or Collection officer	4.41	Very Effective
5. Follow up letter of collection is Served to the member-borrower	4.32	Very Effective
6. Negotiation for the reduction of Interest rates and scheme of Payments between the coop and Member-borrower	4.24	Very Effective
7. Negotiation for the seizures of Loan collaterals between the Cooperative and member-borrower	4.20	Effective
8. Actual seizure of loan collaterals From member-borrower	3.51	Effective
9. Collection from the co-makers	3.50	Effective
10. Written off the loans as bad Debts.	1.00	Ineffective
AWM	3.87	Effective

AWM = Average Weighted Mean

Scale	Range	Descriptive Rating	Interpretation
5	4.21 – 5.00	Always	Very Effective
4	3.41 – 4.20	Frequently	Effective
3	2.61 – 3.40	Occasionally	Moderately Effective
2	1.81 – 2.60	Seldom	Less Effective
1	1.00 – 1.80	Never	Ineffective

CONCLUSION AND RECOMMENDATIONS

In the light of the findings of the study, the following conclusions are drawn: Delinquent borrowers of the MSU-IIT MPC were mostly married and small-scale entrepreneurs who were significantly exposed to business insolvency and other economic and environmental factors that unable them to settle their loan amortizations to the cooperative regularly. The number of dependent family members, monthly income, monthly expenditures, and existing loans from other lending institutions and cooperatives significantly contribute borrowers to be delinquent in meeting their financial obligation to the MSU-IIT MPC. Despite of the thoroughly implemented measures to reduce loan payment delinquency among member-borrowers of MSU-IIT Multipurpose Cooperative, loan payments and regular amortizations were considered an issue and major concerns of the cooperatives. In addition, there were other factors that contribute to the inability of the management to effectively handle loan delinquency issues in all branches of MSU-IIT MPC. An improvement plan or an action plan was drawn with the hope of enhancing the implementation

of credit policies of the multipurpose cooperative and eventually minimize if total elimination of loan delinquency and payment is impossible.

The following recommendations are set:

1. To solve problem on ineffective payment and collection system of the cooperative, innovative payment and collection system through the use of cash cards and/or debit cards should be implemented by MSU-IIT MPC. This will facilitate collection and payments of loan amortizations by the member-borrowers.
2. Provide incentives such as rebates and discounts for early payments of loan amortization to entice and encourage borrowers to meet payments on or before the deadline.
3. Reduction of interest rates and revised payment schedules for borrowers affected by natural calamities such as typhoon and flood should be adopted and implemented.
4. Rigid and intensive orientation and credit education should be conducted to member-borrowers so that credit terms and conditions as well as proper utilization of money shall be thoroughly discussed by financial and credit exports.
5. A more thorough and intensive background check and investigation on character, credibility, and credit behavior of the borrowers should be done before availments of medium-term loans.
6. Rigid loan policy such as stringent collateral requirements and co-makers for loan borrowers should strictly be imposed and implemented.
7. Leniency in granting credit to borrowers should be minimized especially on the requirements of desired deposits for shares of stocks to the cooperative and forced savings of the member-borrowers.

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