

## NIA REGION 3 MULTI-PURPOSE COOPERATIVE

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### **Executive Summary**

*Established on January 29, 1988, the NIA Region 3 Multi-Purpose Cooperative (NIA R3 MPC), formerly known as AMRIS-KBPL, is a multi-purpose cooperative engaged in savings and credit, general merchandise, as well as canteen operation for its members. Majority of the members have been employees of the National Irrigation Administration Region 3.*

*Based on the external analysis using Porter's Five Forces, the financing industry's competition for NIA Region 3 government employees is moderate. NIA R3 Multi-Purpose Cooperative is attractive to the market, with EFE total score of 3.1 which means that the firm has a strong ability to grow and respond to external factors. Based on the Internal Analysis, NIA R3 MPC has a total IFE of 3.00 which means that the firm has a strong internal position. However, there are still strategic issues facing the firm such as strategies in terms of recruiting new members, advertising, and promoting its products and services.*

*Using the SWOT Matrix, the researcher identified different strategic options to resolve the issue and propose the five strategies such as adding of representatives to education committee for each IMO; posting videos on facebook account;*

information dissemination using brochures/leaflets and among others during events; data-base strategy; and conducting related financial literacy seminars.

*NIA R3 MPC can increase the total number of members and increase the rate of interest on share capital. The interest is distributed to the members as dividends every 14<sup>th</sup> of February by successful implementation of the proposed strategies, as shown in the financial projections.*

## Introduction

National Irrigation Administration Region 3 Multi-Purpose Cooperative (NIA R3 MPC) started in 1988 with the original name “AMRIS-Kilusang Bayan sa Pananalapi. ”Its office is located in Tambubong, San Rafael, Bulacan. The cooperative is private and not connected with the government except that the majority of the members are employees of the NIA R3. As of December 31, 2017, the total members reached 340 (all types of members included). Under the NIA R3 MPC by-laws, every member must invest at least 1% of his monthly income as continuous capital build-up. However, no member shall own or hold more than 10% of the total subscribed share capital of the Cooperative.

All members can apply for a loan regardless of status of employment but subject to the policies of the cooperative, type of membership, and amount of share capital. Other loan programs offered are educational loan, appliance loan, hospitalization loan, emergency loan, memorial plan, vehicle loan, instant cash loan, calamity loan, and others. The cooperative also gives benefits and incentives to members like dividend (interest on share capital), patronage refund, raffle prizes and groceries, to name a few. For a regular loan, the maximum loanable amount is share capital multiplied by 3 but should not exceed ₱300,000 (NIA R3 MPC By-Laws, Board of Directors Resolutions, and Operations Manual).

## Industry Analysis Using the Five Forces Model

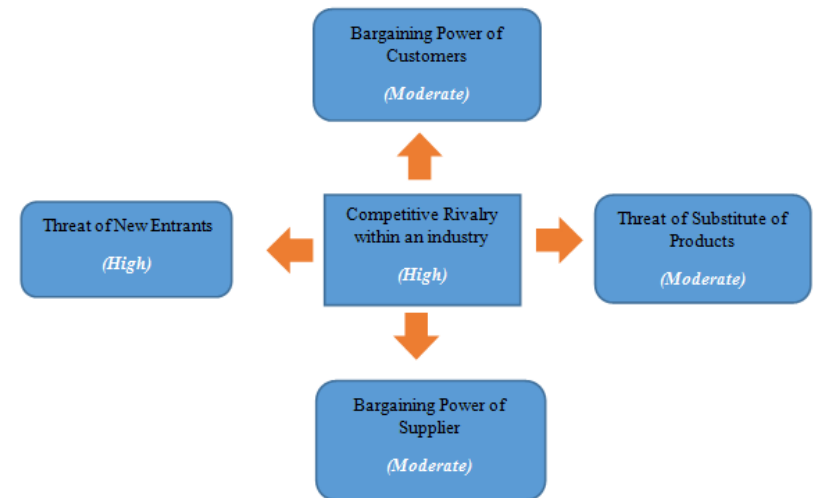


Figure 1. NIA R3 MPC Five Forces Model.

**Bargaining power of customers (moderate).** The customers of the NIA R3 MPC are mostly the NIA 3 employees. These customers can also apply for personal loan to other government and financing institutions but may opt to avail of loans from the Cooperative because as members, they are patronizing the loan programs of the cooperative. Therefore, the bargaining power of customers is moderate.

**Bargaining power of suppliers (moderate).** The NIA R3 MPC share capital comes mostly from the monthly capital build-up share of the members. On this basis, the members are also the suppliers of the cooperative. Under the MPC by-laws, members must invest at least 1% of their monthly income as continuous capital build-up. This means that the monthly capital build-up is dependent on the monthly salary of the members; the higher the

salary, the higher the capital build-up. This does not mean, however, that those who have low salaries cannot increase their capital. Under the NIA-3 MPC by-laws, a member can own or hold up to, but not more than, 10% of the total subscribed share capital of the cooperative. Therefore, the bargaining power of suppliers is moderate.

**Threat of substitute of products (moderate).** Respondents take loans for food, school fees/education, and emergency, medical expenses; start or expand a business; buy assets; have recreation, wait for retirement benefits, and others. If they need financial assistance immediately, they may look for other options like informal lenders that offer loans like “5-6” because this does not require collaterals or forms to fill up. However, these have higher interest compared to the major players. For government employees, the four major players are available to them, so they may opt to apply for these players for a lower interest and salary loan deduction. Therefore, the threat of substitute of products is moderate.

**Threat of new entrants (high).** Even if there is an increase in the salaries for government employees, consumer price increases as well, resulting in growth of banks, rural banks, micro finance, and other financing institutions. These institutions offer loan programs with faster access and approval. Therefore, the threat of new entrants is high.

**Competitive rivalry within an industry (moderate).** Employees apply for other loans even if they already have loans in the Cooperative, Government Service Insurance System (GSIS), Pag-ibig Fund, and Land Bank of the Philippines. These major players have improved the processing of their loans and loan offers in order to attract customers. GSIS, Pag-ibig Fund, and LBP have websites to inform their customers/clients about their loan programs and other services. Therefore, the competitive rivalry within the industry is high.

**Government Service Insurance System.** GSIS is a government-owned and controlled corporation (GOCC). It was created by Commonwealth Act No. 186 and Republic Act No. 8291 (GSIS Act of 1997), and is a social insurance institution that provides a defined benefit scheme under the law.

GSIS offers loan products, namely, enhanced consolidated salary loan (ConsoLoan) plus, policy loan, and emergency loan. GSIS members and pensioners may apply for these in all GSIS branches using their GSIS eCard through the GWAPS kiosks located at selected government agencies and malls. The type of loan comparable to regular loan of NIA R3 MPC is the consolidated loan program with 12% interest per annum.

**Pag-ibig Fund.** Home Development Mutual Fund (HDMF), more popularly known as the Pag-ibig Fund, is an answer to the need for a national savings program and an affordable shelter financing for the Filipino worker. It is a government-owned and controlled corporation under the Housing and Urban Development Coordinating Council.

Except for the housing loan program, Pag-ibig Fund or HDMF also offers a multi-purpose loan (MPL) with 10.75% interest per annum. The loanable amount is based on the total accumulated value (TAV) of the members. The TAV consists of the member's personal savings, employer counterpart (if any), and all dividend earnings.

**Landbank of the Philippines.** Land Bank of the Philippines (LBP) is a government financial institution that strikes a balance in fulfilling its social mandate of promoting countryside development while remaining financially viable. This dual function makes Landbank unique. The profits derived from its commercial banking operations are used to finance the bank's developmental programs and initiatives.

Over the years, Landbank has successfully managed this tough balancing act as evidenced by the continued expansion of its loan portfolio in favor of its priority sectors: the small farmers and fishers, a good part of which are agrarian reform beneficiaries; micro and SMEs; agri- and aqua-projects of local government units and government-owned and controlled corporations; communications, transportation, housing, education, health care, environment-related projects, tourism, and utilities. Landbank is by far the largest formal credit institution in the rural areas. The LBP offers salary loan program with 12% interest rate per annum.

Overall, after identifying and analyzing the five forces, the financing industry's competition for NIA Region 3 government employees is moderate. Therefore, NIA R3 MPC is attractive to the market.

## **Opportunities and Threats**

### **Opportunities**

***Opportunity 1. Increase members through the proposed NIA 3 organizational strengthening.*** Hiring of additional employees for NIA 3 means additional potential members for the cooperative.

***Opportunity 2. Increase monthly share contributions due to Salary Standardization Law 4.*** The government is now on its third year of implementation of the Salary Standardization Law 4 (SSL4), the third and fourth section of which should be implemented in 2019.

Under the NIA R3 MPC by-laws, members can increase their share as an investment or increase it to apply for higher loan amount because they can pay it or because the consumer price also

increases; thus, employees still need financial assistance.

***Opportunity 3. Increase members through non-member regular and job-order employees.*** Currently, the Cooperative has a total of 340 members (all members include retirees/resigned/terminated etc.) versus the 464 regular employees of NIA (Based on the NIA 3 Rationalized Staffing as of December 31, 2017). This means that there are still potential members of the cooperative.

### **Threats**

***Threat 1. Limit loans because of the implementation of P5,000 take-home pay.*** NIA 3 shall implement P5,000.00 net take-home pay as per General Appropriation Act 10964, s. 2018. New deductions are not allowed if the loan would reduce the monthly net take-home pay of borrowing employees to an amount lower than P5,000. This is a threat to the Cooperative and other major players because it would limit borrowings.

Before the implementation of this memorandum, some members would still apply for loans even if their take-home pay is below P5,000. This policy might not be good to the borrowers who really need financial assistance. In this case, the major players and the borrowers have no choice but to follow.

***Threat 2. Relocation of NIA 3 Multi-Purpose Cooperative Office.*** If the cooperative moves outside the premises of NIA Region 3, the cooperative may be affected. The transactions and loan processing would be affected as well.

***Threat 3. The employees may apply for loans from other financial institutions.*** Aside from government loans and cooperatives, there are numerous banks, lending and microfinance

institutions that offer loan programs which do not require many documents to fill up. Hence, some employees may try these new financing and lending institutions for financial assistance.

### **External Factor Evaluation (EFE) Matrix**

For the EFE, weight is based on the significance of the opportunities and threats in the industry. Ratings 1 to 4 are based on the ability of the company to take advantage of the opportunity and overcome the threat. The lowest rating is 1, while 4 is the highest.

### **The EFE Weight and Rate Explanation**

Opportunity 3 registered the highest weight of .30 because many potential members are existing employees. If these become members, then the share capital, contributions, and borrowers will also increase. Opportunity 3 is followed by Opportunity 2 with a weight of .20. Higher salaries would mean added capabilities of the members to add shares or contributions or to pay for higher loan amounts.

Opportunity 2 is followed by Opportunity 1 with a weight of .10. Opportunities 2 and 3 have a rating of 4 each because the NIA R3 MPC has the ability to grab these opportunities. Opportunity 1 has a rating of 2 because the cooperative might need a bigger budget and manpower.

Threat 1 has .20 weight compared to Threats 2 and 3 where both have a weight of .10 each. Threat 1 has a higher weight because the limited amount that can be borrowed would also limit the members. In Threat 2, the rating of 2 was given because NIA R3 MPC does not own the office space or lot where the office stood, and there is a possibility that NIA R3 or BANE IMO will use that space.

In case this happens, the cooperative will just move to the Motor pool, 500 meters away from NIA 3 office and BANE IMO Building. Threat 3 was given a rating of 3 because the major players are among the common agencies where the members applied for a loan. For NIA R3 MPC, there is an average dividend (Interest on Share Capital) of 6.9% which would still attract the members.

### **COMPANY ANALYSIS**

This section focuses on the internal environment of NIA R3 MPC which includes the nature of the business, financial analysis, strengths and weaknesses, and the strategic issues facing the firm. Majority of the information gathered in this company analysis is based on the NIA R3 MPC *By-Laws and Operations Manual*, the interview with the assistant manager/bookkeeper, Ms. Elenita G. Santos, the loan officer, Ms. Marife Miranda, as well as Education Committee Chairman Mr. Virgilio G. Marasigan.

### **Nature of the Business**

The NIA R3 Cooperative is a multipurpose cooperative engaged in savings and credit, general merchandise, and canteen operations for members. It is guided and mandated by the By-Laws and Cooperative Development Authority (CDA). Majority of the members are the employees of the NIA Region 3. The NIA R3 MPC is located at the Ground Floor of NIA R3 and BANE IMO Building in Tambubong, San Rafael, Bulacan. NIA R3 MPC does not own the space nor the lot. This means that NIA Regional 3 and BANE IMO can use the space any time they need it.

### **History of NIA Region 3 Multi-Purpose Cooperative**

On January 29, 1988, 34 NIA-3 employees conducted a meeting to establish a Cooperative. They elected officers and formed committees like committee on ethics, committee on audit, committee

on mediation and conciliation, and committee on election. The cooperative was named Angat-Maasim River Irrigation System – Kilusang Bayan ng Pananalapi, Ink. (AMRIS-KBPI). The objective is to help members improve their lives through financial assistance.

The initial fund of the cooperative was P50,000, from which P26,456.32 was from the AMRIS Viability Incentive Grant and the remaining amount is from the share of members. Each member contributed not less than 5 shares with a share amount of P50.00 per share or P250.00. On August 1, 1988, the first cooperative service offered the personal loan with a policy that members can only apply for a maximum amount of P5,000 on a first-come-first-served basis.

On November 15, 1991, the cooperative was registered with the Cooperative Development Authority (CDA), with registration and confirmation No. MLA-1938. The cooperative initially offered regular and emergency loans.

On June 7, 2012, the cooperative amended its by-laws, changing its name from “Angat-Maasim River Irrigation System (AMRIS) – Kilusang Bayan sa Pananalapi” to “NIA Region 3 Multi-Purpose Cooperative” (NIA R3 MPC). The general assembly and voting of officers are conducted every 14<sup>th</sup> day of February.

### **NIA R3 MPC Savings and Credit-and-Share Capital Contribution**

All members are encouraged to save at least 1% of his/her monthly income to the cooperative. The members can withdraw it any time they want as long as the cash is available on the day requested and their savings have a maintaining balance of P1,000. For the continuous share capital build up, every member must have invested in any or all of the following: (a) at least 1% of his/her monthly income, (b) at least 1% of his/her annual interest on capital and patronage refund, and (c) at least 1.5% of each loan granted.

NIA R3 MPC offers different loan programs for its members. According to the assistant manager, the loan programs are considered as major products and services offered by NIA R3 MPC to its members. Other products and services are groceries, photocopying, small gas stations, and other products that can be acquired in the form of a loan.

### **NIA R3 MPC in General Merchandise**

The NIA R3 MPC has a small general merchandise store located inside its office. Some of the available products are office supplies like ball pens, printer inks, bond paper, powder, soap and other retail products and grocery items. The cooperative also has services like photocopying and a small gas station located at the Equipment Management Section Office/Motor Pool of NIA Region 3, Sabang, Baliwag, Bulacan. NIA R3 MPC also allows loans for appliances, eyeglasses, and other products approved by the board of directors.

### **NIA R3 MPC in Canteen Operation**

Canteen operations have not started even if it was included in the by-laws because there is no final decision yet regarding this matter. For now, it only maintains a small grocery store that includes some biscuits, candies, and snacks.

### **NIA R3 MPC Activities and Social Responsibilities**

The NIA Region 3 MPC sponsors and joins different activities like blood donation, physical fitness program, relief

operation on typhoon victims, women's month, tree planting, and gift-giving, among others.

### **NIA R3 MPC as Closed-Type Membership Multi-Purpose Cooperative**

Members of the cooperative are the employees of NIA Region 3. However, there are times when membership is open to the relatives of the members/employees as long as they have a regular job. But with the new board of directors, it was decided to include only NIA Region 3 employees who have worked or are working at NIA. The employees who transferred to other NIA offices remained regular members as well as those relatives of the members who were in the cooperative before the changes were made. Some of the retirees did not also withdraw their shares and remained as members of the cooperative.

**Membership.** The membership is voluntary and does not require employees to join the cooperative. For those who want to be a member, a membership fee of ₱500 and the minimum share capital requirement of five shares must be paid. One share has an equivalent monetary amount of P1,000. The members cannot apply for any loan until they complete the share capital requirement. However, no member shall own or hold more than 10% of the total subscribed share capital of the cooperative.

Other details of the membership are as follows: For members to qualify, they must be Filipino citizens presently working at NIA Region 3 and at least 18 to 60 years old at the time of application of membership. He/she has also undergone the Pre-Membership Education Seminar (PMES) conducted by the Education Committee. As a member of the cooperative, s/he has the right to attend every meeting or activity; to vote for the new guidelines, policies, and programs of the cooperative; to be an officer or be nominated to any position; and to review all the records, reports, and other related matters.

### **Financial Analysis**

**Allocation and distribution of net surplus.** NIA R3 MPC net surplus at the end of the Fiscal Year is distributed as follows:

At least 70% of the net income or undivided income is allocated for the interest on share capital (ISC) and patronage refund (PR), while the other 30% is for the statutory funds.

Furthermore, the allocated 70% is divided into 60% interest on share capital and 40% patronage refund, while the composition of the 30% statutory fund is as follows:

Based on the by-laws, the reserve fund, with 10% allocation, shall be used in case of operations, net losses, and shall not be used for investment. The 5% optional fund can be used to acquire land and building and other necessary funds. The 5% community service fund shall be used for the projects and activities that will benefit the community where the cooperative operates. The 10% educational fund will be used for training and education purposes of the members and officers of the cooperative. However, half of the total allocation for the educational fund is remitted to the union or federation chosen by the cooperative.

Every 14<sup>th</sup> of February, individual members receive dividends from the cooperative. NIA R3 MPC computes the dividends using the following formula:

### ***Interest on Share Capital***

$$\text{Rate} = \frac{40\% (\text{Undivided Income} - \text{Allocation Fund})}{\text{Total Interest for the whole year}}$$

$$\text{Interest on Share Capital} = \text{Average Share of Member} \times \text{Rate of ISC}$$

### ***Patronage Refund***

$$\text{Rate} = \frac{60\% (\text{Undivided Income} - \text{Allocation Fund})}{\text{Total Average Share}}$$

$$\text{Patronage Refund} = \text{Member's Total Interest on loan} \times \text{Rate of PR}$$

$$\text{Total Member Dividend} = \text{Interest on Share Capital} + \text{Patronage Refund}$$

### **Financial Analysis Conclusion**

Overall, the analysis shows that NIA Region 3 MPC is in good financial condition because of the stability of its members for three consecutive years.

### **Strengths and Weaknesses**

#### **Strengths**

***Strength 1. Strategic location of the cooperative facilitates loan application.*** The location is one of the competitive advantages of the Cooperative. It is within the premises of NIA Regional Office

and BANE IMO. This means that the members can easily inquire and apply for loans because they do not need to travel.

***Strength 2. The Board of Directors, being NIA Region 3 employees, can immediately offer loans to members during the peak season.*** Majority of the members of the cooperative are NIA Region 3 employees who are themselves elected as Board of Directors and members of Committees. This gives them an advantage among other major players in offering special loan programs or Employee Benefits Loan. Members can apply for Employee Benefits Loan which they can pay immediately once they receive their bonuses and other receivables.

***Strength 3. The cooperative offers other benefits like Christmas groceries worth not lower than ₱500 and others which attract employees to join.*** The NIA Region 3 MPC is giving away groceries every year worth ₱500 every Christmas. It also conducts raffle draws with cash and in kind prizes during the general assembly and even sponsors some events. This is the edge of the cooperative among the other major players because it attracts employees to join and be excited to become a member, which could be considered a form of marketing.

#### **Weaknesses**

***Weakness 1. Challenging to recruit members from PamBat IMO and TarZam IMO.*** It is challenging for NIA R3 MPC to recruit members from PamBat IMO and TarZam IMO because the members of the Education Committee who happen to be responsible for invitation and recruitment are all from the Regional Office and BANE IMO. As government employees, they cannot prioritize travelling to these offices to invite and convince employees to become members.



***Weakness 2. Lack of advertisements and promotional activities for the products and services.*** NIA R3 MPC does not have information materials like brochures or leaflets that promote their products and services. It published one newsletter and one annual report in 2016 but it was not sustained. This is the reason why there are still 225 potential members of the cooperative from the active employees of NIA Region 3. Compared to major players, NIA R3 MPC has no website, posters, or brochures that can inform the employees about its status.

### **The IFE Weight and Rate Explanation**

Strength 1 has a weight of .30 because it is a big factor in the cooperative success. The location of the cooperative being in the premises of NIA Regional Office and BANE IMO allows for hassle-free application of loans for members working in this area. It has a rating of 4 because this is considered as one of the major strengths of the cooperative.

Strength 2 has a weight of .10 and a rating of 4 because even if it is applied only to the employee benefits loan, this can also be considered as strength of the cooperative as it helps members in case of financial needs. Strength 3 has a weight of .20 and a rating of 4 because it gives extra benefits to members aside from the dividends.

Weakness 1 has a weight of .20, because there are still many employees who are non-members of the cooperative. It is considered as a major weakness with a rating of 1 because the cooperative has only one office making it inaccessible for the Education Committee to recruit members as well as for non-members to inquire. Weakness 2 has also a weight of .20 because even if there are some promotions and invitations, these are not enough to inform all employees about the existence of the cooperative including its products and services.

### **Conclusion**

Overall, NIA Region 3 MPC, with a total IFE of 3, means that the firm has a strong internal position.

### **Strategic Issues to Improve the Firm**

After the analysis of the opportunities and threats, the strengths and weaknesses, as well as the nature of the business, capabilities, and competencies of NIA R3 MPC, strategic issues of the NIA Region 3 MPC have been identified in order to give the necessary solutions or improvements:

#### **a. What are the strategies to recruit new members of the cooperative?**

There are still 225 potential members of the cooperative from different offices of NIA Region 3. As stated by the Education Committee, they never had a chance to convince or invite non-members from other offices because most of the Board of Directors and Committees are from NIA Regional Office No. 3 or from BANE IMO. The invitations they gave so far were for the employees of Regional Office and BANE IMO but confessed that they could not sustain it. This means that the cooperative must strategize on how to invite non-members to join the cooperative.

#### **b. What other strategies can be done to advertise and promote the products and services of the cooperative to the old members?**

NIA R3 MPC does not have informative materials to inform members except for one newsletter in 2016. The members need to go to NIA R3 MPC to inquire about the details of getting a loan, while those from other offices need to inquire via phone call. The new members may need to get updated on

the products and services for them to apply for a loan and be informed of the patronage refund that they will receive. Non-members can also be encouraged to join if they are informed of the products and services of the cooperative.

## STRATEGY FORMULATION

### Strategic Options

Below are some strategic options considering the opportunities, threats, strengths, and weaknesses:

Table 1  
*SWOT Matrix*

Strengths		Weaknesses	
<b>S1</b>	The location of the cooperative is within the premises of NIA Regional Office and BANE IMO.	<b>W1</b>	Challenge to recruit members from PamBat IMO and TarZam IMO
<b>S2</b>	The Board of Directors, being NIA Region 3 employees, can easily predict the upcoming bonuses or benefits; thus, they can immediately grant loans to the members.	<b>W2</b>	Lack of advertisement and promotions of its products and services to the employees of NIA Region 3
<b>S3</b>	The cooperative offers other benefits like Christmas Groceries not less than P500 which attracts the employees to join.		

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## CONTINUATION

	Opportunities	SO	WO
O1	Increase members through the new proposed NIA Region 3 organizational strengthening	Conduct a seminar on financial literacy, benefits, etc. (S1, O1, O2, O3).	Additional representative of the Education Committee for each Irrigation Management Office (BANE, PAM-BAT, and TARZAM) W1, W2, O1, O3
O2	Increase monthly share contribution because of the Salary Standardization Law	Conduct an orientation about the NIA R3 MPC (S1, S3, O1, O2, O3).	Promotion of activities, membership, and benefits of the cooperative in the lobby of NIA Region 3 Offices and use of existing Facebook account using informative video (W1, W2, O1, and O3)
O3	Increase members through the non-member regular employees and job-order employees	Give a gift certificate for a member who was able to invite a new member (S1, S3, O1, O3)	Provision of an updated copy of the loan programs and other products and services through brochures or leaflets (W1, W2, O1, O3) Use of database strategy; have an access to the free downloadable Business Analytic Software (W1, W2, O3)

*CONTINUED*

CONTINUATION

Threats	ST	WT
T1 Limit borrowings because of the implementation of 5,000 take-home pay. Relocate NIA Region	Announce during the flag ceremony the borrowing limit and explain it to the employees (S2, T1).	1. Provide the members with a manual where they can sign at the back for a simple pledge that they understand the terms, conditions, and policies of NIA R3 MPC (W3, T1).
T2 3 Multi-Purpose Cooperative.	Offer a higher loanable amount for sure benefits of the employees like mid-year bonus, Christmas bonus, etc. (S2, T1, and T3).	2. Provide ready copies of forms for the application of a loan (W1, T1, T3).
T3 Have an option to apply for a loan from other financial institutions like banks and lending/microfinance institutions.		3. Provide ready copies of application forms for loan purposes to employees (W1, T1, T3).  4. Consider the use of technology like online application of loans (W1, W2, T2, T3).

**To take advantage of the opportunities using the strengths, the suggested strategies for SO are:**

1. Conduct a seminar on financial literacy, benefits, etc. (S1, O1, O2, O3).
2. Conduct an orientation about the NIA R3 MPC (S1, S3, O1, O2, O3).

3. Give a gift certificate for a member who was able to invite a new member (S1, S3, O1, O3).

**To take advantage of the strengths to prevent threats, the suggested strategies for ST are:**

1. Announce during the flag ceremony the borrowing limit and explain it to the employees (S2, T1).
2. Offer a higher loanable amount for sure benefits of the employees like mid-year bonus, Christmas bonus, among others. (S2, T1 and T3)

**To overcome weaknesses by taking advantage of the opportunities, the suggested strategies for WO are:**

1. Add a representative of Education Committee for each Irrigation Management Office (BANE, PAMBAT and TARZAM) W1, W2, O1, O3
2. Advertise the activities, explain how to become a member, and emphasize the benefits given by the cooperative in the lobby of NIA Region 3 Offices and thru existing Facebook account using an informative video (W1, W2, O1 and O3)
3. Provide an update of the loan programs and other products and services through brochures or leaflets. (W1, W2, O1 and O3).
4. Use a database strategy; have an access to the free downloadable Business Analytic Software (W1, W2, O3).

**To minimize the weaknesses and avoid the threats, the suggested strategies for WT are the following:**

1. Provide the members with a manual where they can sign after reading the terms, conditions and policies of NIA R3 MPC (W3, T1).
2. Provide ready copies of forms for the application of a loan (W1, T1, T3).
3. Consider the use of technology like an online application of a loan (W1, W2, T2, T3).

### **Proposed Strategies**

To achieve the objectives for the next five years, the following are the proposed strategies chosen from the strategic options in the SWOT Matrix:

**A. Add a representative of the Education Committee for each Irrigation Management Office (BANE, PAMBAT, and TARZAM).** This helps in reaching out to those who are non-members from other offices especially those from PamBat IMO and TarZam IMO. This means that from the existing number of Education Committees, there should be an additional two committees. The chairman of the committee must monitor these three representatives, while the secretary must be responsible for the consolidation and preparation of information materials of the three representatives. The three representatives are responsible in identifying newly hired employees, inviting them to be members, and disseminating to them the proper information about the cooperative.

The presence of a representative in each office can establish connections and trust from the non-members and members from the seven provinces of the cooperative.

**B. Promote the activities, membership, and benefits of the cooperative in the lobby of NIA Region 3 Offices and use existing Facebook account thru informative video (W1, W2, O1 and O3).** Activities and membership requirements and benefits must be advertised using a 2 to 3-minute infographic video. This can be done through outsourcing work of the infographic video.

**C. Provide an update of loan programs and other products and services through brochures or leaflets.** For members of the cooperative, they should have updated copies of the brochures or leaflets so they can easily look for the loans that suit their needs. Updated information regarding the loan programs and other services of the cooperative is one of the marketing strategies that the cooperative might adopt to inform both old and new members, as well as non-members, about the requirements, benefits, and terms of the loan.

**D. Use database strategy; have an access to the free downloadable Business Analytic Software (W1, W2, O3).** Employees' information like their office, e-mail address, and contact number must be gathered during an event or seminar sponsored by the cooperative. This information will be recorded and updated. The business analytic software can show which offices need more focus and a follow up for those who attended the seminar but are not yet members.

**E. Conduct related financial literacy seminars.** Aside from the orientation, the cooperative can conduct a seminar on financial literacy, among others. This would inform the employees about the importance of saving money, financial management, investing, and choosing the right loan for their needs.

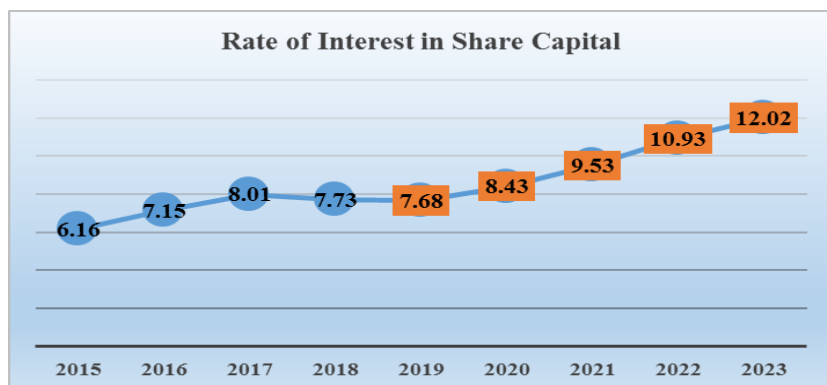


Figure 2. The rate of interest in share capital from 2015 to 2023.

Figure 15 shows that the rate of interest in share capital slightly is on decreasing trend in 2018 and 2019. It will start to increase in 2020 up to 2023 with more than 1% increase each year.

## Summary

The proposed strategies are expected to increase the members of the cooperative. As the result of successful implementation, the rate of interest on share capital will start to increase in 2020 to 2023 by more than 1%. This is inevitable due to the unexpected increase in the number of members from 340 to more than 460. These members are all expected to continue to add share capital and patronize the loans and products of the cooperative.

## Attainment of Objectives

Year 2017 and 2018 were used as a baseline for the financial projections of the next five years. The researcher asked the assistance of the bookkeeper of the cooperative for the financial projection assumptions that is close to the recorded data on the computerized system that the cooperative is currently using. The

bookkeeper projected that the cooperative can recruit four members for 2018. Additional 25 members each year from 2019 to 2023 can be attained by successful implementation of the proposed strategies. The increase in the members will result in the increase on rate of interest on share capital beginning 2021 up to 2023 by more than 1%.

## Financial Projection Assumptions

- A. Total Income will increase because of the increase in interest income from loans.
- B. Total operating expense will increase because of the honorarium of the additional Education Committee representatives.
- C. Seminars will be charged to the Educational Fund Training while the additional honorarium and cost of advertisements and promotions will be charged to operating expenses as marketing cost.
- D. Year 2018 was used as baseline data. There is a slight decrease in net income in 2018 as some of the members are expected to pay their loans based on the Ekoopbanker.
- E. Rate of patronage refund is also expected to increase from 2020 to 2023.
- F. Increase in the rate of interest is expected on share capital by at least 1% each year from 2020 to 2023.

## Conclusion

Through the implementation of the proposed strategies like adding representatives of Education Committee for each IMO, posting videos on Facebook account during NIA Region 3 events, information disseminations using brochures, leaflets, etc., database strategy and conducting related financial literacy seminar, NIA Region 3 Multi-Purpose Cooperative can increase the total number

of members and the rate of interest on share capital which is distributed to the members every 14<sup>th</sup> of February.

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