

PROPOSED LPU-LAGUNA EMPLOYEES CREDIT COOPERATIVE

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ABSTRACT

The purpose of this study is to determine the feasibility of the proposed LPU-Laguna Employees Credit Cooperative. A credit cooperative is one that promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance and other related financial services to its members for productive and provident purposes (The Philippine Cooperative Code of 2008 Republic Act 9520). The cooperative would be a way to help the faculty, staff, and management personnel assist their financial and economic needs. It also aims to promote savings and lending services. Target market is clearly identified whom includes the faculty, staff, and management personnel of Lyceum of the Philippines-Laguna. Based on the actual number of respondents, the results showed that majority of the respondents are willing to join if the proposed credit cooperative will be established because it will help members to manage their finances properly and serve as an additional monetary support most particularly in case of emergency cases. The number of estimated members for the first year of operation is 60 members with 25 percent estimated increase of members every year. The minimum share capital requirement is 12 shares in which at least nine shares shall be subscribed and pay the value of at least three shares upon approval of his/her membership. The procedures and processes of putting up a cooperative were properly narrated. The officers and members of the proposed cooperative were classified based on the organizational structure of a primary cooperative under Republic Act 9520 together with its developmental organizational chart. Also, financial analysis is made through observational research, surveys, assumptions and results of the analysis are concluded.

Keywords: *credit cooperative, funds, savings, target market, financial analysis*

PROJECT SUMMARY

Name of Enterprise

LPU-Laguna Employees Credit Cooperative (LPULECC) is the proposed name of the project. The term credit came from the Latin word *credere* which means *to believe* and to allow one party to provide resources to another by returning or repaying those resources at a later date. While cooperative is an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles. On the other hand, credit cooperative is a financial organization owned and operated by its members (Republic Act 9520).

Location

The location of the proposed cooperative will be located at Km. 54, National Highway, Makiling, Calamba City, Laguna inside the school premises of Lyceum of the Philippines-Laguna (LPU-Laguna), specifically in the Control Panel Room of Pacencia H. Laurel Building.

The control panel room was chosen as a temporary office since it provides enough space for the day-to-day transactions of the cooperative.

Project's Long-Range Objectives

LPU-Laguna Credit Cooperative has five long-term objectives:

1. To convert the credit cooperative into a multi-purpose cooperative;
2. To increase the savings of the members;

3. To increase the number of members of the cooperative every year by 25 percent;
4. To increase the amount of revenue by 25 percent per year;
5. To be able to participate in various activities to help in the growth of the cooperative; and
6. To continually support the economic and financial needs of members.

RESEARCH METHODOLOGY

Data Gathering

The proponents both used the primary and secondary data as the source of their information needed for study.

Kotler and Armstrong (2012) stated that primary data are information collected for the specific purpose at hand. This is gathered directly and personally. Secondary data, on the other hand, pertains to those that already exist somewhere, having been collected for another purpose.

In gathering primary data, survey research is applied. It is done by directly asking people questions about their knowledge, attitudes, preferences and buying behavior. For the secondary data, research was done over the internet, books, reviews and journals (Kotler and Armstrong, 2012).

As a preliminary assessment for the study, formulated research questions along with sampling techniques were followed by measurement that includes surveys, scaling, and interviews.

Sample and Sampling Technique

As mentioned in the preceding discussions, the data gathering technique utilized questionnaire. The technique was intended for specific information about the problem of the study.

In order to elicit the information needed; the proponents utilized a self-constructed questionnaire guided with the frequently ask questions when putting up a cooperative.

The proponents distributed the questionnaires to 177 respondents using stratified random sampling. It was used to determine the respondents in a finite population. In order to identify the 177 respondents from the 316 total numbers of faculty, staff, and management personnel, the proponents used the Taro Yamane formula.

$$\text{Yamane's Formula: } n = \frac{N}{1 + Ne^2}$$

Where:

n= sample size

N= population size

e= margin of error

Based on the information from the Human Resource Department, Table 1, shows the total number of top management, middle management, faculty and staff of Lyceum of the Philippines-Laguna (LPU-Laguna).

Table 1. Sample size

Position (Stratum)	Population	Percentage	No. of Respondents per Position (Stratum)
Top Management	13	4%	7
Middle Management	19	6%	11
Faculty (HS, Full Time, Part Time)	156	49%	87
Staff (Direct hired & Outsourced)	95	30%	53
Maintenance	19	6%	11
Security	14	5%	8
TOTAL	316	100%	177

Highlights of the Project

After a series of thoughts and suggestions, the proponents came up with the idea to create the *LPU-Laguna Employees Credit Cooperative* from which the exclusive members are the faculty, staff, and management personnel of Lyceum of the Philippines-Laguna. The proposed cooperative aims to help the faculty, staff and management personnel assist on their financial and economic needs.

SUMMARY, FINDINGS AND CONCLUSION

Market Feasibility

Based on the market study of the cooperative, the target market which is the faculty, staff, and management personnel is the main factor to be considered in market feasibility. Based on the conducted research of the

proponents, there is a high demand of employees that are willing to join the cooperative, which meant that it is good to build a credit cooperative. The survey results showed that 90 percent or 123 respondents are willing to join. The computed percentage of target market was just enough for the cooperative to legalize the organization in the Cooperative Development Authority.

Aside from the factors mentioned above, the proponents also discovered that they could offer different types of loans to satisfy the needs of their members compared to the other financial institutions.

Technical Feasibility

The technical study is primarily about how a cooperative would be started and its operation. The proponents properly narrated the procedures of the registration of cooperative, application of membership, the termination of the membership and manner of involuntary termination, the manner of voting, the application for loan, the loan policy, and the division of net surplus.

Under this study, the proponents also considered the supplies, equipment, and furniture and fixtures together with their suppliers, order frequencies and prices. The proponents also identified the location of the office, designed a layout to suit the day-to-day transactions of cooperative. Moreover, it is technically feasible based from mechanisms and policies that have been perceived by the proponents.

Financial Feasibility

The financial study included the preparation and analysis of projected financial statements such as Statement of Financial Position, Income Statement, Statement of Cash Flows and Statement of Changes in Equity for the next five years. In addition, Financial Analysis were also included.

The cash available for operation of ₱375,211.50 will cover the pre-operating expenses of the cooperative. The cooperative expects to gain continuous net surplus in five to 10 years. Moreover, based on the payback period and financial ratio analysis, it is financially feasible to operate.

Management Feasibility

The business ownership of the proposed cooperative is deemed to be Cooperative. The cooperative will be managed by the members of the Board of Directors, members of the different committees created by the General Assembly, General Manager or Chief Executive Officer, Secretary, Treasurer and members holding other positions as may be provided for in the by-laws. The following shall serve according to the functions and responsibilities of their respective offices. All of which would be according to Republic Act 9520 and that of the Cooperative Development Authority policies and procedures.

In view of the job qualifications, the management will hire the needed officers according to the job specifications required by the bylaws as enumerated in the RA9520. The job specification are set to make sure that that all officers are knowledgeable and will do their best to perform the job assigned to them.

Project Time Table

It allows determining if the proposed cooperative is expected to occur after three months upon formulation of the study. Understanding the components that go into the timetable allows the proposed cooperative to develop accurately for fewer adjustments once the project begins. Table 2 would show the project time table wherein it would start on January 2015.

Table 2. Project time table

Year Activities	2014						2015	
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Formulating the study								
Organizing the Business								
Securing a fund								
Legalization of the business								
Acquisition of equipment, furniture and fixture, other related concerns								
Hiring and training employees								
Normal Operation								

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