



MANUAL FOR TRAINING COOPERATIVE MANAGEMENT STAFF

COOPERATIVE MANUALIZATION REVOLVING FUND 1994



MANUAL FOR TRAINING COOPERATIVE MANAGEMENT STAFF

by:
Milagros J. Macaranas
Post-Project Manager, ILO-CERD

International Labour Organization
Cooperative Entrepreneurship for Rural Development
Quezon City, Philippines
March 1994

Philippine Copyright, 1994
LANDBANK Countryside Development
Foundation, Inc. (LCDFI)

ISBN - 971-9044-12-8

Designed and Printed by:

ABBI PrintHauz

#100 K-6th Street, Kamias, Quezon City

Cell Phone Nos: 0912 - 3120577 / 0973 - 780989

table of contents

Preface	i
Acknowledgement	iii
Chapter 1 Manual for Training Cooperative Management Staff	1
1.1 <i>Why Cooperatives?</i>	1
1.2 <i>Types of Cooperatives</i>	2
1.3 <i>Update on Cooperative Development in the Philippines*</i>	3
1.4 <i>Overview of Cooperative Operations</i>	5
Chapter 2 Organizational Structure of Cooperatives	9
2.1 <i>Organizational Structure of a Multi-Purpose Cooperative</i>	9
2.2 <i>Job Specifications</i>	9
2.3 <i>Staffing the Cooperative</i>	26
2.4 <i>Job Descriptions</i>	26
Chapter 3 Personnel Policies Affecting Staff	33
3.1 <i>Recruitment</i>	33
3.2 <i>Selection</i>	34
3.3 <i>Selection Procedure</i>	35
3.4 <i>Remuneration and Benefits</i>	35
3.5 <i>Staff Development</i>	40
3.6 <i>Performance Assessment</i>	42
3.7 <i>Disciplinary Action</i>	43
3.8 <i>Exit Interview</i>	44
Chapter 4 Staff Management and Team Work	47
4.1 <i>Cooperative Values and Team Building</i>	47
4.2 <i>Need for Efficient Management Staff</i>	48
4.3 <i>Teamwork</i>	51
4.4 <i>Work Flow Per Major Business Functions</i>	52
Chapter 5 Public Relations	65
5.1 <i>Effective Communications</i>	65
5.2 <i>Relationship With</i>	65
Chapter 6 Cooperative Reports	71
6.1 <i>Importance and Need for Reports</i>	71
6.2 <i>Understanding the Accounting System</i>	72
6.3 <i>Overview of Planning and Budgeting</i>	75
6.4 <i>Important Cooperative Reports</i>	77
Conclusion	79
References	81

[The page contains extremely faint and illegible text, likely bleed-through from the reverse side of the document. No specific content can be transcribed.]

preface

The Manual for Training Cooperative Management Staff was developed in answer to a long felt need for a resource material for practical training of cooperative staff.

This manual has three objectives. These are to:

- a. train the management staff of cooperatives;
- b. develop the capability of the whole management staff in order for them to efficiently service the cooperative members; and
- c. assist the manager in training cooperative staff with the end view of enhancing the staff performance .

The manual is divided into six chapters.

Chapter I expounds on the nature and philosophy of cooperatives and the various types of cooperatives. It gives an update of cooperative development in the Philippines and an overview of Philippine co-op operations.

Chapter II discusses the organizational structure of cooperatives including standard staffing pattern and job specifications for each position.

Chapter III presents personnel policies which includes recruitment and selection, remuneration and benefits, staff development, performance assessment, disciplinary action and exit interview.

Chapter IV deals with staff management and teamwork covering cooperative values and team building, the need for efficient management staff, the importance of teamwork, and work flow of each major business function.

Chapter V gives the importance of public relations and how this affects the overall image of the cooperative.

Chapter VI tackles the various cooperative reports required from the management staff. The chapter includes topics on importance of reports, the accounting system, overview of planning and budgeting, and how often the cooperative reports are needed.

The manual annexes are included to better understand.

It is hoped that the manual meets the requirements of starting a small or medium-sized cooperative. This manual will be of assistance to the following users:

- a. The cooperative board of directors, managers and staff who are directly involved in the management of cooperatives;
- b. Trainers from the cooperative sector, government and non-government extension workers involved in promotion, development and supervision of cooperatives; and
- c. College professors teaching subjects on cooperatives and their students of the cooperative movement.

MILAGROS J. MACARANAS

acknowledgement

This work is a product of the author's thirty long years of experience in cooperative development and supervision, and of being a member of the national consultancy team of the ILO/CERD project for the past three years.

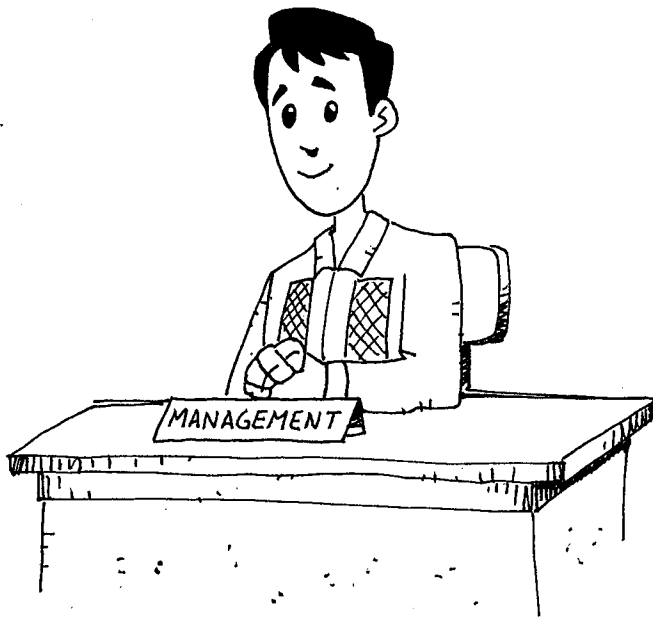
The author expresses her most profound gratitude to ILO-DANIDA, especially Mr. Ejvind E. Mogensen, Regional Adviser of ILO Bangkok and Mrs. Marjolein de Ruyter van Steveninck, Assex Training Materials Development of CERD, who provided the support and encouragement for this undertaking.

To her colleagues at ILO/CERD, especially Atty. Florencio S. Corral for his invaluable suggestions and Julie Yap, Cherry Jane Ortiona, Virginia Mendoza, Prima Lectura and Reynaldo Reglos, for their support, cooperation and patience during the preparation of the manual.

To the multi-agency team, led by Mr. Antonio B. Domingo, Jr. of LANDBANK, that validated her work in a two-day workshop at the PUP Jasmin Hostel on August 30-31, 1994. The team is composed of the following:

Mariel L. Pingol	-	CDA-MEO
Aurelia P. Fernandez	-	CDA-LRD
Fe D. Caingles	-	CDA-CO
Marieta O. Panaglima	-	CDA-CEO
Beverly E. Yan	-	CDA-CEO
Leonida M. Castillo	-	CDA-PEO
Maria R. Culala	-	CDA-PEO
Leticia Z. Gorospe	-	CDA-MEO
MARina C. Mamangun	-	Paltok Credit Co-op
Arlene C. Quilon	-	Club Filipino Employees Cooperatives
Ma. Lourdes A. Teodoro	-	CWMMCI
Rosalinda B. Alonsozano	-	Prime Movers Consumers Cooperative
Antonio B. Domingo, Jr.	-	LANDBANK
Lamberto F. A. Ramirez	-	LANDBANK Foundation
Percival V. Lacanaria, II	-	LANDBANK Foundation
Milagros J. Macaranas	-	Author, formerly of CERD

To the most important persons in her life, Atty. Abundio J. Macaranas and her two children -- Abraham and Mildred, who provided their moral support, understanding and inspiration in making this manual possible, she gives her most sincere and endless thanks and dedication.



CHAPTER I

Manual for Training Cooperative Management Staff



chapter 1

Manual for Training Cooperative Management Staff

1.1 Why Cooperatives?

Cooperatives are business organizations, usually incorporated, owned and controlled by members as patrons. The basic purpose of cooperatives is to give their members the opportunity to serve their own needs and solve their own problems as a group more effectively than when acting individually. Cooperative business is similar to other corporate business organizations. It operates on sound business practices. It resembles other corporations. The members who are the owners elect the Board of Directors. The Board formulates policies and hires a manager. The manager runs the day-to-day business activities for the cooperative to survive and benefit its members.

A cooperative is a group of people organized on a common need. The group decide that the best or only way to meet the need is by organizing a business. They do this by organizing themselves to pool their capital investments in order to own, control and patronize the services of the cooperative.

Cooperatives are capable of :

- a. mobilizing local savings and human resources;
- b. providing goods and services at lower cost and better quality;
- c. providing services which the government fail to provide;
- d. rationalizing production and marketing activities;
- e. addressing market imperfections often created by local monopolies;
- f. providing people access to financial institutions;
- g. making modern technology available to cooperative members; and
- h. increasing income.

Cooperatives are not merely economic institutions. They also have strong philosophical base and social purpose. As stated in the Report of the Commission on Cooperative Principles:

“The common element at all times has been that cooperation at its best aims at something beyond promotion of the interest of the individual members who comprise a cooperative at anytime. Its objective is rather to promote the progress and welfare of humanity. It is this aim that makes a cooperative society something different from an ordinary economic enterprise and justifies its being tested, not simply from the standpoint of its business efficiency, but also from the standpoint of its contribution to the moral and social values which elevate human life above the merely material and animal.”

Hence, the government and the cooperative movement should support each other in achieving their common objectives to improve the socio-economic conditions of the people and attaining national development. These common objectives can be achieved on the bases of mutual trust, confidence, respect and social justice. As one authority on cooperative observed, “Cooperatives are an alternative to violent change”.

1.2 *Types of Cooperatives — Cooperatives are Classified into the Following Types According to Republic Act. No. 6938*

- a. Credit cooperative — promotes thrift among its members and creates funds in order to grant loans for productive and provident purposes;
- b. Consumers cooperative — procures and distributes commodities to members and non-members;
- c. Producers cooperative — undertakes joint production whether agricultural or industrial;
- d. Marketing cooperative — engages in the supply of production inputs to members, and markets their products;

- e. Service cooperative — engages in medical and dental care, hospitalization, transportation, insurance, housing, labor, electric light and power, communication, and other services; and
- f. Multipurpose cooperative — combines two or more of the business activities of these different types of cooperatives.

In addition to the above types of cooperatives, the other categories in terms of membership are:

- a. Primary — the members of which are natural persons of legal age;
- b. Secondary — the members of which are primary cooperatives; and
- c. Tertiary — the members of which are secondary cooperatives or federations of secondary cooperation thereof. Cooperatives whose members are cooperatives are called federations or unions.

1.3 *Update on Cooperative Development in the Philippines**

After the New Constitution of the Philippines was approved in 1987, a group of leaders and key government officials involved in cooperative promotions and development drafted the bills governing cooperatives. Senators Agapito "Butz" Aquino and Aquilino Pimentel, Jr. later sponsored Republic Act 6938 known as Cooperative Code of the Philippines and Republic Act 6939 establishing the Cooperative Development Authority (CDA). These were signed into law on March 10, 1990 by President Corazon C. Aquino. Constitutionally mandated and as a matter of national policy of President Ramos and the previous administration, cooperatives are considered instruments of social justice.

Today, there are 27,000 cooperatives registered by CDA: (a) primary cooperatives: credit, 1,792; consumers, 499; producers, 358; marketing, 374; service, 466; multipurpose agriculture, 18,875; multipurpose non-agriculture, 4,551; and laboratory, 2; (b) secondary cooperatives: area marketing co-ops, 16; cooperative banks, 38; and federations, 285; (c) Tertiary cooperatives: unions 54. Others include 38 sugar cooperatives, 128 electric cooperatives and 270 transportation cooperatives which includes one air service co-op. There are also two cooperative hospitals and more than 30 drug stores.

Of the above registered cooperatives, 4,506 were originally registered under Presidential Decree 175 and confirmed under RA 6938. The remaining 22,804 are cooperatives registered under the new law.

CDA has a mandate to promote the viability and growth of cooperatives as instruments of equity, social justice and economic development. In addition, it has developmental regulatory and quasi-judicial functions.

*As of March, 1994

Specific functions of CDA include the:

- a. implementation of integrated and comprehensive plans and programs on cooperative development;
- b. formulation of necessary guidelines to govern the organization and economic activities of the different types of cooperatives;
- c. establishment of appropriate mechanism and schemes for providing assistance and support to cooperatives; and
- d. administration of grants and donations for the establishment of data bank for the cooperative sector.

Policy options are also initiated by CDA to foster unity within the cooperative movement and sustainable development. This is done through the:

- a. linkage of government agencies and non-government organizations in the cooperative sector. This is to enhance self-reliance and improvement of cooperatives;
- b. advocacy for the active involvement of women and youth in cooperative development;
- c. creation of cooperatives with special concern for public service, insurance, agrarian reform, fishery, electric, transport, housing, communications and cooperative banks;
- d. conservation and utilization of natural resources and use of appropriate technology by cooperatives;
- e. institution of cooperative training by integrating cooperatives into the school curricula; and
- f. linkage with international cooperative development agencies for exchange of information, sharing of experiences and mutual cooperation.

CDA with its 14 regional extension offices also pursue the following activities nationwide:

- a. cooperative registration and quasi-judicial functions;
- b. promotion and development of cooperatives;
- c. developing cooperatives by research; and
- d. technical and lending assistance to cooperatives.

Five out of the 10-point priority programs of CDA to be addressed for the fiscal year 1994-1995 are:

1. Sama-sama sa Kooperatiba — This program consists mainly of campaigning for the merger, consolidation or amalgamation of cooperatives with overlapping areas of operation and business functions.
2. Cooperative Banking Program — This program aims to operationalize a strong national network of cooperative banks, by establishing 41 new cooperative banks and strengthening existing ones; assisting in the consolidation/merger efforts of eleven cooperative banks in Mindanao and laying the groundwork for the establishment and operationalization of an apex co-op bank.
3. Koop Edukasyon Program — The integration of cooperativism in the educational system aims to integrate values and concepts of cooperativism in the different levels of education.
4. Koop Pamilihan — The program aims to make available a ready market for farmers' produce with high quality at reasonable prices.
5. Mag-impok sa Koop Program — Savings mobilization and capital buildup impress the flagship program of CDA. It aims to boost savings and capital build-up of cooperatives through incentives, special deposit campaigns, one (1) peso per day savings program, five (5) percent of loan proceeds for additional share capital, among other schemes.

The Cooperative Code of the Philippines focuses on private initiative and resources, self-help, democratic control and autonomy, subject only to such regulations as are deemed indispensable, to exceptions as in specific types of cooperatives, and to the principle of subsidiarity which allows government assistance when necessary. The Code also makes it a point to underscore that "every cooperative shall conduct its affairs in accordance with Filipino culture and the universally accepted principles of cooperation" (RA 6938, Art. 4).

1.4 Overview of Cooperative Operations

Cooperatives operate with the same generally accepted business practices. However, contrast will be noted in their functions, as cooperatives are more democratic business enterprises. They are in business to serve their members rather than to make profits, i.e. to effect savings for them through group action which otherwise would not be possible if they act individually. There is not much difference between a cooperative and a commercial business corporation in relation to management, except for the role played by cooperative member-patrons.

The character and ability of management determine to a large extent the success or failure of a cooperative. The management of a cooperative is generally accepted to be more difficult and more complex than in a private business.

More individuals are concerned with management than in an ordinary private enterprise of similar size and line of business. From a broad point of view, management is concerned with membership relations, financing, purchasing, credit extension, budgeting, control and safeguard of assets, adequate and effective accounting system, financial, legal, and other records suitable to the business and other phases of operations.

Some common problems encountered by management staff which largely affect co-op operations include the following:

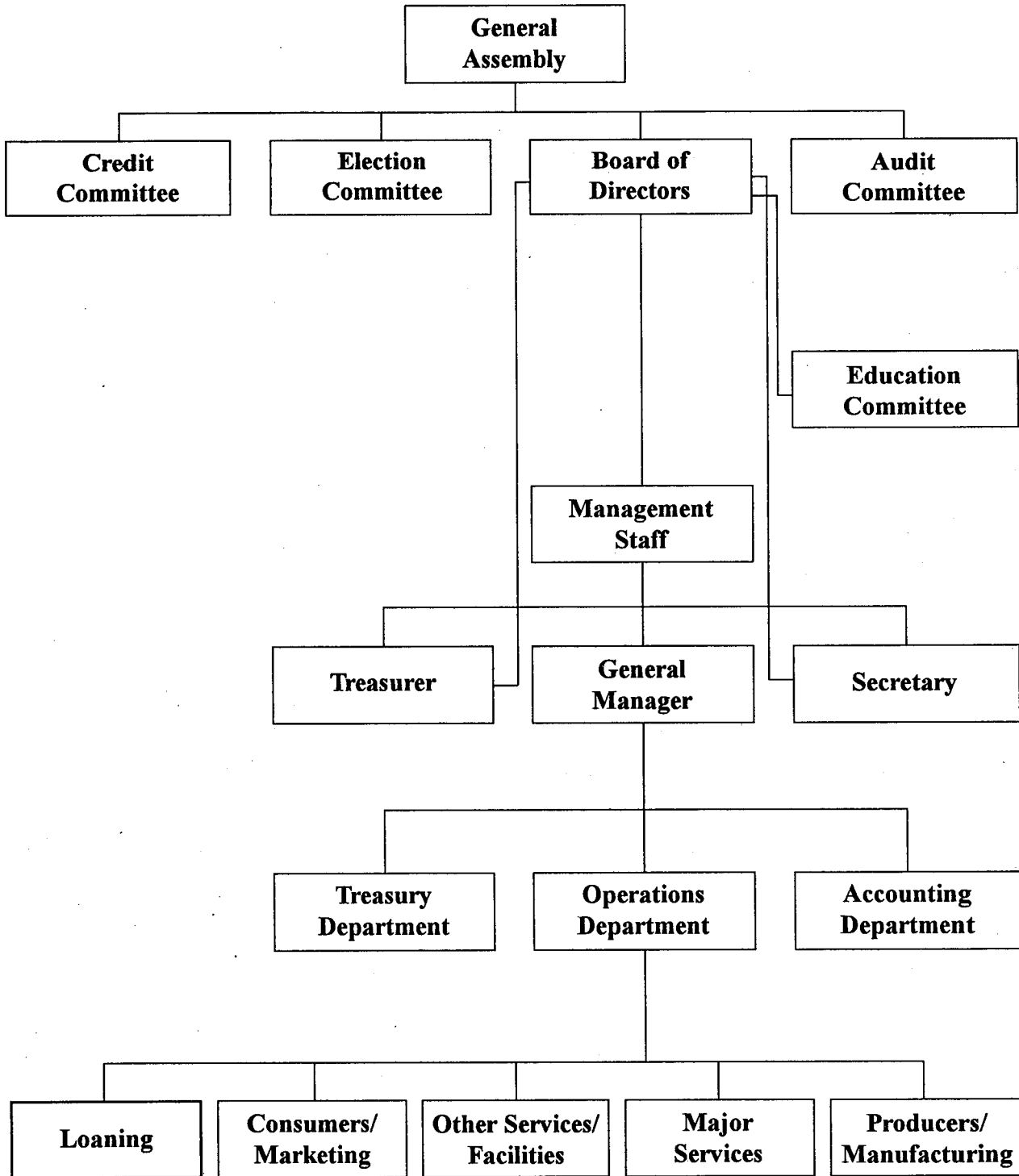
- a. Misconception of management function. This perception limits the management role to the manager and his/her staff.

Management is lodged in the Board of Directors and officers and the appointed manager and subordinate staff. One distinct feature of co-op management is that members have a direct voice in the conduct of the affairs of a cooperative and the management of its business. But as in any corporate organization, successful management results from the proper coordination of responsibilities and duties of the members, the Board of Directors, the manager and the employees.

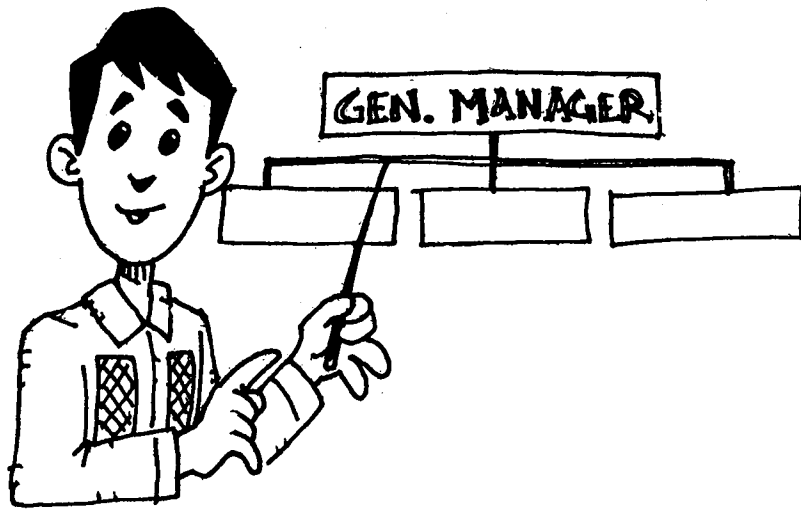
- b. Inefficient and incompetent management. This often results from a number of factors.
 - poor staffing needs analysis and recruitment procedures
 - absence of manual of operations which clearly defines and delineates tasks among management staff
 - absence of staff development and incentives schemes

The succeeding chapters of this manual provides adequate information to address these gaps.

Organizational Structure of Cooperatives

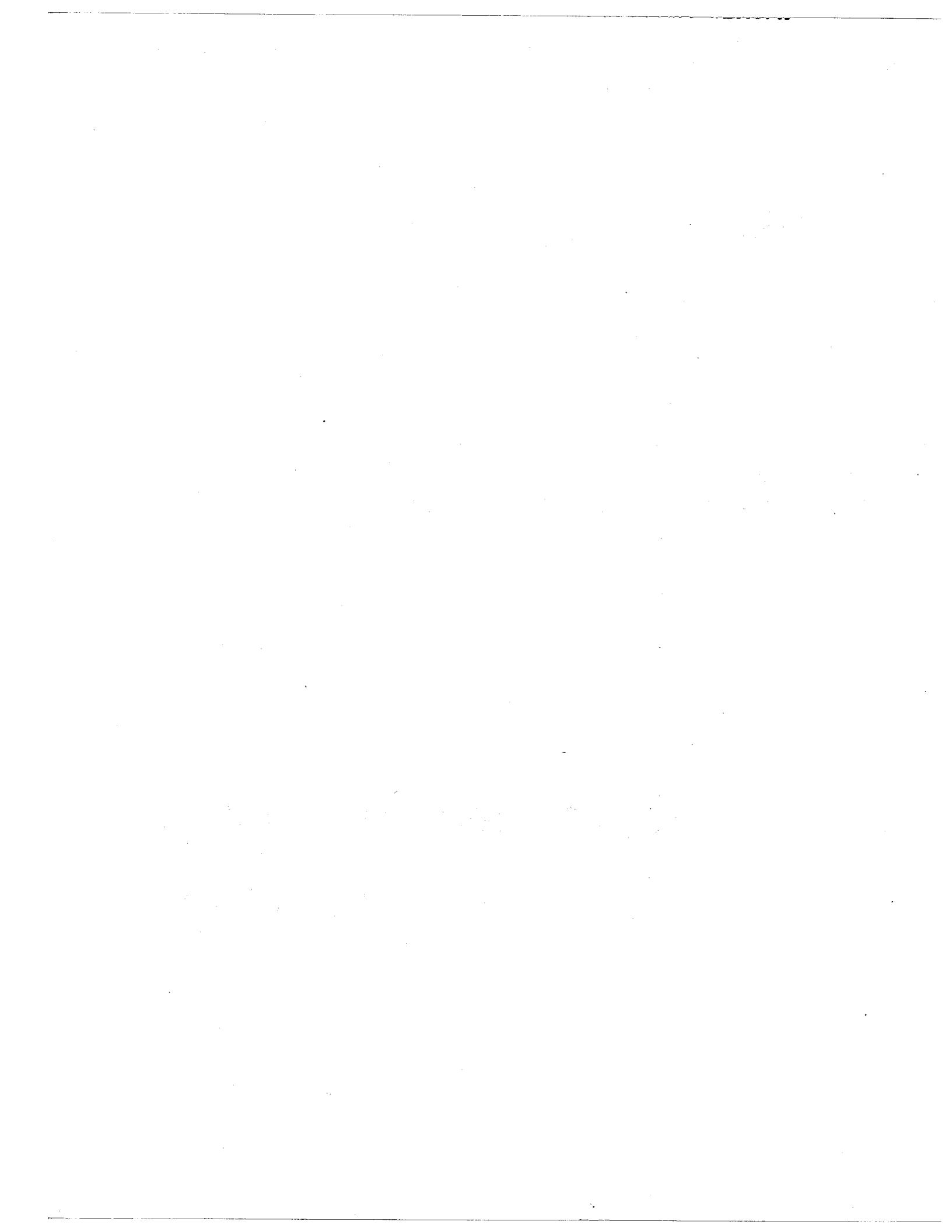






CHAPTER 2

Organizational Structure of Cooperatives



chapter 2

Organizational Structure of Cooperatives

2.1 Organizational Structure of a Multi-Purpose Cooperative

The chart presents the basic organizational structure of a multipurpose cooperative. For purposes of this manual, the discussion is focused on the management staff. There are three departments under the General Manager namely: (a) Treasury; (b) Accounting; and (c) Operations Departments. All cooperatives have the same minimum departments except the divisions under "Operations Department". The divisions depend on the major business activities of a cooperative based on the needs and priorities of its members.

2.2 Job Specifications

Job specification is a listing of every aspect of work to be done.

It is not enough that a cooperative is registered with the Cooperative Development Authority (CDA); that the Board of Directors and committees are elected, and capital and funds are available in the cooperative. What is critical and more important is to know the jobs to be done and who is going to do them?

For a new cooperative, it is the responsibility of the Board of Directors to make a list of all activities which the cooperative intends to undertake initially (at least for the first year) considering the primary purpose/objectives of the cooperative. For the expansion of business activities of an existing cooperative, the manager shall initiate the preparation of the list of activities with the assistance of other committee members. These are recommended to the Board of Directors for approval.

The following points should be considered in preparing the job specifications for the cooperative. However:

- a. the list serves only as a guide, activities vary from one cooperative to another; and
- b. the list does not constitute a job description for the manager only but rather, one for the entire cooperative. Certain jobs are for the manager and his/her staff and others for the Board of Directors and committee members. Through discussion with everyone involved, you can determine who will do what. As a guide to all endeavor, however, job specifications should be written accordingly.

2.2.1 Activities in a Cooperative

The various activities in a cooperative are classified into major groupings as follows:

- I. Plans and program
 1. Planning co-op activities
 2. Policy formulation
 3. Risk management
 4. Fund sourcing
- II. Financial management
 1. Bookkeeping and accounting
 2. Cashiering
 3. Budgeting
 4. Cost Control
- III. Administrative
 1. Personnel management
 2. Supply management
 3. Management of PPE
 4. Records keeping
 5. General services
 6. Organization of office work

IV. Operations

1. Savings and credit
2. Production/manufacturing
3. Marketing/trading
4. Supply services/consumer goods
 - a. Purchasing of commodities
 - b. Collecting and receiving members' produce
 - c. Storage

V. Education and training

VI. Meetings

1. Board
2. General
3. Committee

For better understanding, specific activities are grouped below and listed under each major activity. The position of the staff or committee members responsible are identified. If the activities are not yet implemented, the staff identified should not be recruited. The staff already hired may be assigned other activities on a temporary basis without sacrificing effective internal control.

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
<p>I. Plans and Program</p> <p>1. Planning</p>	<p>1. Formulates long & short-term objectives for the cooperative</p>	<p>Board of Director (BOD) and General Assembly (GA)</p>
	<p>2. Decides on general policies for the operational activities</p>	<p>BOD and GA</p>
	<p>1. Plans the normal operations and provides staff and facilities for these operations</p>	<p>BOD and Manager</p>
	<p>2. Prepares plans for projects other than the routine (normal) operations of the cooperative and assesses their feasibility</p>	<p>BOD, Manager and Committee</p>
	<p>3. Decides on the implementation of new projects</p>	<p>BOD and Manager</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
2. Policy Formulation	<ol style="list-style-type: none"> 1. Reviews programs of the cooperative 2. Formulates general policies to guide the management of each program 3. Prepares implementation guidelines for each specific co-op program on the general policies 4. Approves implementing guidelines for each specific co-op program 5. Reviews, assesses, and/or adjusts policies and implementing guidelines 	<p>BOD</p> <p>BOD</p> <p>Manager/ Mgt. Staff</p> <p>BOD</p> <p>BOD/Manager</p>
<p>3. Risk Management</p> <p style="padding-left: 40px;">Reducing risks</p> <p style="padding-left: 40px;">Advising members on risk reduction</p>	<ol style="list-style-type: none"> 1. Identifies possible risk/ losses that the cooperative may encounter 2. Determines appropriate insurance coverage for the cooperative or any alternative thereof. 3. In case of loss of cooperative property, makes the claim and obtain appropriate settlement 1. Identifies which insurance companies insure against delinquency of loans or non-payment of loans due to death of a member 2. Encourages members to obtain a group life insurance or an insurance covering loan delinquency due to death 	<p>BOD & Manager</p> <p>BOD & Manager</p> <p>BOD & Manager</p> <p>Manager</p> <p>Manager and Education Committee</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
Decision on matters concerning Risk Mgt.	Approves/disapproves risk management plan	GA
4. Fund Sourcing	<ol style="list-style-type: none"> 1. Determines the need for working capital 2. Identifies internal and external sources of funds 	<p>Authorized Custodian</p> <p>Manager and BOD</p>
II. Financial Management		
1. Bookkeeping and Accounting	<ol style="list-style-type: none"> 1. Maintains books of accounts daily. e.g. CRB, CDB, GL, GG, SJ, PJ 2. Prepares vouchers 3. Prepares trial balances as required 4. Prepares schedules and reconcile accounts periodically 5. Prepares financial statements (statement of condition/ statement of operations) monthly or at least quarterly 6. Prepares bank reconciliation statements monthly 7. Maintains orderly files and keep cooperative books in safe custody 8. Makes all books of accounts and other supporting records available to auditors/members/ concerned agencies 	<p>Bookkeeper</p> <p>Bookkeeper</p> <p>Bookkeeper</p> <p>Bookkeeper Accounting Clerk</p> <p>Accountant or Bookkeeper</p> <p>Accountant</p> <p>Bookkeeper</p> <p>Accountant</p>
2. Cashiering	<ol style="list-style-type: none"> 1. Receives payment and issue corresponding ORs 2. Releases payment in accordance with duly approved vouchers 	<p>Treasurer/ Cashier</p> <p>Treasurer/ Cashier</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
3. Budgeting	3. Deposits cash or check regularly in official co-op. depository bank	Treasurer/ Cashier
	4. Prepares daily cash and position report regularly	Treasurer/ Cashier
	1. Prepares annual budgets	Manager and Accountant
	2. Approves budgets	BOD and GA
4. Cost control	3. Follows up results; compare budgeted and actual results monthly	Accountant
	4. Takes remedial action and revise budgets as necessary	Manager and Accountant
III. ADMINISTRATIVE	1. Designs and adopts a system of cost accounting for selected operations and products	Accountant
	2. Identifies excessive costs and take any necessary action for cost reduction	Accountant and Manager
1. Personnel Management		
Recruitment and appointment	1. Decides on the staff requirements and their qualifications to carry-out the services offered by the cooperative	Manager and BOD
	2. Prepares job description for each position	Manager
	3. Determines the salary/wage for each position	Manager and BOD
	4. Recruits, appoints and dismisses staff according to policies	Manager

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
Supervision and training	1. Arranges orientation programs and on-the-job training for new staff	Manager and Education Committee
	2. Recommends to BOD staff members suitable to be sent to training courses	Manager
	3. Guides and encourages staff members in their work	Section Heads
	4. Develops a system of internal staff assessment giving due recognition and taking corrective action as needed	Manager and Section Heads
	5. Keeps staff informed about the cooperative performance, progress and problems	Manager and Education Committee
Administration	1. Keeps staff records regarding wages and benefits, leaves of absences, vacation, and others	Mgt. Staff
	2. Evaluates and recommends promotion of staff when necessary	Manager
	3. Pays wages/salaries.	Treasurer/Cashier
2. Supply Management	1. Makes inventory of all office supplies requirement of co-op	Designated staff
	2. Identifies items to be purchased	Designated staff
	3. Prepares canvasses for items to be purchased	Designated staff
	4. Purchases office supplies requiremen.	Designated staff
	5. Regulates distribution and releases to concerned co-op committees, officers and staff	Designated staff

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
3. Management of property, plant and equipment	<ol style="list-style-type: none"> 1. Estimates requirement for different fixed capital according to volume and structure of business 2. Acquires the fixed assets needed 3. Utilizes the fixed assets for the maximum benefit of the cooperative 4. Maintains and repairs the fixed assets as needed 5. Plans and implements replacement of fixed assets 6. Keeps a register of fixed assets 	<p>Manager</p> <p>BOD and Manager</p> <p>Department Head</p> <p>Department Head</p> <p>Manager and Department Heads</p> <p>Accountant</p>
Selecting a system for transport	<ol style="list-style-type: none"> 1. Calculates the costs of owning and operating any type of transport. Compares the cost with hired transport 2. Determines the type of transport most appropriate for the needs of the cooperative 	<p>Manager</p> <p>BOD & Manager</p>
Purchasing, owning and replacing vehicles	<ol style="list-style-type: none"> 1. Obtains the approval of the Board for the purchase of a new vehicle 2. Compares the costs of the different terms for financing the purchase 3. Calculates the costs and compares the merits of various types of vehicles, choosing the best model 4. Calculates the life span of the vehicle and expected time for replacement 	<p>Manager</p> <p>Manager</p> <p>Manager</p> <p>Manager</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
Allocating, scheduling and controlling transport	5. Complies with regulations concerning insurance and registration of vehicles upon acquisition 1. Designs and practises an effective system of scheduling and controlling transport services 2. Prepares daily and weekly transport schedules	Manager Manager and Division Heads Manager and Division Heads
Maintaining vehicles	1. Identifies the necessary vehicle maintenance facilities for the cooperative 2. Makes a schedule of regular inspection and servicing of the vehicles	Driver Driver
4. Records keeping	1. Maintains required record of the cooperative such as by-laws/articles of cooperation, registration certificate, shares of stocks, bonds and other important and legal documents 2. Keeps and maintains complete list of members 3. Sets-up a suitable filing system 4. Maintains updated filing system	Mgt. Staff Secretary Secretary Clerk or any designated staff
5. Organization of Office Work	1. Plans the work to be done, identifies which are to be delegated to office staff and supervises their implementation 2. Plans the requisition of office equipment needed such as typewriters/calculators, and others	Manager Manager

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
<p>IV. OPERATIONS</p> <p>1. Savings and Credit</p> <p> Shares/savings</p> <p> Loans</p>	3. Provides maintenance of office equipment	Manager or his/her designated Mgt. Staff member
	4. Keeps the office and its surroundings clean and conducive to working	Utility Man
	1. Receives share contributions and issue share certificates	Treasurer and Secretary
	2. Receives savings	Treasurer
	3. Maintains individual subsidiary ledger for savings and loans	Accounting Clerk
	1. Receives loan applications from members	Loan Officer
	2. Processes loan applications	Loan Officer
	3. Approves or reject loan applications	Credit Committee
	4. Informs members about approved or rejected loans	Loan Officer
	5. Prepares voucher	Bookkeeper
6. Issues corresponding checks	Treasurer	
7. Receives loan payments from members	Cashier/Collector	
8. Posts to individual subsidiary ledgers loan released to and loan repayments from members	Bookkeeper/ Accounting Clerk	

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
2. Production	<ol style="list-style-type: none"> 1. Identifies feasible production projects 2. Prepares feasibility study 3. Approves production projects 4. Plans project implementation 5. Ensures adequate financial and other resources for project implementation 6. Provides storage facilities for the produce 7. Monitors and evaluates project implementation 	<p>Manager/ Mgt. Staff</p> <p>Manager/ Mgt. Staff</p> <p>BOD</p> <p>Manager/ Mgt. Staff</p> <p>BOD/Manager</p> <p>Manager/ Mgt. Staff</p> <p>BOD/Manager/ Mgt. Staff</p>
<p>3. Marketing</p> <p>Identifying market- ing opportunities</p> <p>Negotiating</p> <p>Delivering and collecting payment</p>	<ol style="list-style-type: none"> 1. Formulates marketing policies 2. Identifies potential market 3. Decides on a marketing strategy selecting the most stable buyer(s) and time for selling <ol style="list-style-type: none"> 1. Prepares an offer including price, time for delivery, transport arrangements and terms of payment 2. Presents the offer to potential buyers and negotiate 3. Finalizes contract <ol style="list-style-type: none"> 1. Delivers commodities as agreed upon. Sends invoice indicating terms of payment 	<p>BOD & Manager</p> <p>Manager and Head Marketing Division</p> <p>Manager and Marketing Division Head</p> <p>Manager</p> <p>Manager</p> <p>Manager</p> <p>Head, Marketing Division</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
	2. Ensures receipt of payment before unloading the stocks if cash on delivery (COD), or delivery receipt signed by customer	Authorized staff
4. Supply Services/Consumers Goods		
A. Purchase of Commodities		
Purchase of farm supplies/consumers goods	<ol style="list-style-type: none"> 1. Determines the best farm inputs to be stocked by the cooperative 2. Canvasses the supplier who can offer the best terms, (price, mode of payment and delivery) 3. Designs an adaptable system for ordering economic quantities, receiving and inspecting goods and paying the supplier 4. Sets up adequate storage facilities for commodities 5. Establishes appropriate systems for stock control and accounting 6. Purchases the commodities 	<p>Manager and Head Marketing Division</p> <p>Manager and Head Marketing Division</p> <p>Manager and Head Marketing Division</p> <p>Manager and Warehouseman/Storekeeper</p> <p>Accountant and warehouseman</p> <p>Manager/Purchaser</p>
B. Collecting and Receiving Members' Produce		
Planning for payment of produce	<ol style="list-style-type: none"> 1. Estimates costs of handling & transporting the produce to the cooperative, probable shrinkage and leakage, storage and other overhead costs 2. Decides on the price to be paid to members upon delivery of produce 3. Ensures that cash is available when produce is delivered 	<p>Manager and Head Marketing Division</p> <p>Manager and BOD</p> <p>Treasurer/Cashier</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
Preparing for collection of produce	<ol style="list-style-type: none"> 1. Identifies location of collection points, modifying the system if necessary 2. Plans and provide enough containers (sacks if palay/ grains) for the produce 3. Prepares the facilities at the collection centers such as weighing scale and moisture tester, sacks or container and others 4. Plans transport arrangements and ensure that required vehicles are ready for the peak season 5. Makes available sufficient vouchers and other accounting forms to support the transactions 6. Identifies/deploys the staff who will collect the produce by giving them adequate instructions 7. Hires and trains additional personnel as needed 	<p>Manager and BOD</p> <p>Manager and Head Marketing Division</p> <p>Head, Marketing Division</p> <p>Manager and Head Marketing Division</p> <p>Bookkeeper/ Warehouseman</p> <p>Head, Marketing Division</p> <p>Head, Marketing Division</p>
Receiving the produce	<ol style="list-style-type: none"> 1. Checks the quality and grade of the produce (determine moisture content) accordingly 2. Weighs the produce 3. Records relevant details systematically 	<p>Head/Marketing Assistant (with Classifier/or Weigher)</p> <p>Head/Marketing Assistant</p> <p>Marketing Head & Warehouseman</p>
Paying for the produce	<ol style="list-style-type: none"> 1. Computes the amount due, per member's delivery 2. Pays the total cost of the produce received or applies part of it for loan repayment and/or capital build-up 	<p>Bookkeeper</p> <p>Cashier</p>

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
	3. Records all payments and loan repayments in subsidiary ledgers	Bookkeeper and Accounting Clerk
C. Storage		
Determining the need for storage	1. Selects the most suitable type of storage 2. Determines the quantity to be stored and assess the total storage space required 3. Ensures that the needed storage capacity is available	Manager with the Board Manager, Board & Warehouseman Manager, Board & Warehouseman
Preparing the storehouse/warehouse	1. Cleans storehouse and makes sure it is properly ventilated and the temperature is right for the produce 2. Protects warehouse from insects and rodents (rats) 3. Separates the storage for farm supplies from the farm produce	Warehouseman Warehouseman Warehouseman
Maintaining stock control	1. Provides adequate and safe storage for the produce, inspecting regularly 2. Keeps an updated record of the stocks using a stock card where stocks received, issued and the balance of stocks on hand are recorded 3. Checks temperature and moisture content regularly 4. Maintains ideal moisture content of the produce	Warehouseman Accounting Clerk & Warehouseman Warehouseman Warehouseman and Helpers (Casuals)

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
	5. Improves ventilation (thru proper piling and installation of mechanical devices) and protects from insects and rodents when necessary 6. Conducts physical inventory regularly and compare quantity of stocks per stock card with actual count	Warehouseman Audit Committee
V. Member Education and Training		
Information on the cooperative	1. Plans a cooperative education program and activities for the coming year 2. Prepares information materials for members on basic information about the cooperative and new policies, if any 3. Implements the education program, and continuing education seminars 4. Keeps members informed about the performance of the cooperative 5. Recruits new members and campaign for additional capital and savings in the cooperative	Education Committee Education Committee Education pre-membership Committee Education Committee Education Committee
Information on agricultural techniques or other skills for members	1. Notifies members about new farm inputs or other technology that can improve 2. Advises them on planting period, techniques and soil preparation 3. Advises them on the use of fertilizer, handling and use of pesticides and insecticides	Manager and Education Committee production. Manager or Education Committee Manager or Education Committee

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
	4. Advises them on harvesting, post-harvest, storage and protection of produce	Manager or Education Committee
	5. Coordinates education programs and collaborates with agri-extension workers, taps other government agencies who can teach members, their wives and children on skills for livelihood projects	Manager or Education Committee
VI. Meetings		
1. Board meeting	1. Prepares the agenda for the meeting	Board Chairman
	2. Notifies Board members as to time and place of meeting	Secretary
	3. Prepares operations reports for the Board (members/directors)	Accountant and Manager
	4. Conducts the meeting	Chairman
	5. Takes minutes of meeting and furnish the directors and others as required	Secretary
	6. Reports implementation of decisions previously approved	Manager
	7. Follows up decisions and actions taken	Chairman and Manager
2. General meeting	1. Confirms the date and place of meeting	BOD
	2. Prepares the agenda	BOD w/ Manager
	3. Prepares the reports to be discussed during the meeting including awards/prizes, and others	Manager, Units/ Departments concerned, Mgt. Staff
	4. Notifies the members of the time and place of meeting	Secretary

AREA OF CONCERN	SPECIFIC ACTIVITIES	PERSON/UNIT RESPONSIBLE
	5. Prepares the meeting place	Secretary
	6. Conducts the meeting	Chairman
	7. Takes note of minutes of meeting and submits to the Board within 10 days	Secretary
	8. Reports implementation of decisions previously approved	Manager
	9. Follows up dissemination and/or implementation of decisions and action taken	Chairman
3. Committee Meeting	1. Sets regular meeting (weekly, monthly, etc.)	Committee Head
	2. Confirms date and venue	Designated person
	3. Prepares the agenda with members	Committee Head
	4. Prepares papers and regular reports	Committee Head with members
	5. Notifies members of time and venue of meeting	Designated person
	6. Conducts meeting	Committee Head
	7. Takes notes during meeting and submits minutes within three (3) days	Designated person
	8. Sets next meeting	Committee Head
	9. Monitors progress of (plan) implementation of decision made during meeting	Committee Head

2.3 *Staffing the Cooperative*

The Board of Directors determines the number and positions of the management staff to be hired based on the present business activities of the cooperative. All cooperatives must have a general manager, a secretary and a treasurer appointed by the Board of Directors. With the assistance of the manager, the Board must decide what departments or divisions to be created first. A minimum staff under each department or division are provided until the volume of business warrants the hiring of additional personnel.

This manual focuses on the management staff headed by the general manager. The basic departments/divisions and staff of a medium-sized cooperative are:

- I. Treasury (Cash) Department
 - a. Treasurer
 - b. Cashier
 - c. Collector

- II. Accounting Department
 - a. Accountant
 - b. Bookkeeper
 - c. Accounting Clerk

- III. Operations Department
 - a. Loaning Division
 - Loan Officer
 - Loan Clerk
 - b. Consumers/Marketing Division
 - Sales Clerk
 - Storekeeper/Warehouseman
 - Purchaser
 - Canvasser
 - c. Other Services/Facilities Division
 - Operator
 - Mill-in-Charge/Operator

2.4 *Job Descriptions*

A job description is a working tool which includes specifications as to title of position, accountability, objectives, duties and responsibilities. It serves as a basis for recruitment, selection, training and development of personnel. It saves time in briefing newly appointed personnel and facilitates the proper assignment of functions to positions.

The duties and responsibilities of the general manager, secretary and treasurer are lifted from the model by-laws.

2.4.1 General Manager. The general manager is responsible for the supervision of the cooperative's operation. He/she shall:

- a. post an adequate bond to ensure the faithful performance of his/her duties,
- b. take charge of all phases of business operations of the cooperative under the policies set by the General Assembly and the Board of Directors. Upon appointment of his/her successor, he/she shall turnover to him/her all monies and properties belonging to the cooperative which he/she has in his/her possession or he/she has control,
- c. maintain his/her records and accounts in such manner that the true and correct financial condition of the cooperative and its business operations may be ascertained at anytime, and
- d. subject to the policies of the Board of Directors, employ, supervise and dismiss any employee in the management force. Refer to Annexes 3, 4 and 5 for the Qualifications of a Manager, Causes of Breakdown of Sound Relationship Between Manager and Board and Causes of Co-op Failures).

2.4.2 Secretary. The secretary shall have the following duties:

- a. keep a complete list of all members and maintain a correct record of all meetings of the Board of Directors and the general assembly,
- b. give notice and take minutes of all meetings called,
- c. keep and maintain the stock and transfer book and serve as the custodian of the corporate seal of the cooperative,
- d. assist the general manager in performing administrative matters,
- e. turnover to his/her successor all books and other properties belonging to the cooperative in his/her possession, and
- f. perform the duties of the treasurer in case of the latter's absence or inability to perform his/her duties.

The job description of each management staff is determined by the department/division concerned:

2.4.3 Treasury (Cash) Department

2.4.3.1 Treasurer. The treasurer shall:

- a. post an adequate bond to assume the faithful performance of his/her duties,
- b. take custody of all monies, securities and papers of the cooperative;
- c. keep complete records of its cash transactions for the establishment of its cash position any time,
- d. deposit or cause the deposit of all cash in the bank designated by the Board,
- e. pay all money transactions upon the recommendation of the manager or as authorized by the Board of Directors and certify the correctness

of the cash position of the cooperative in all financial statements and reports submitted to the Board of Directors, general assembly and CDA,

- f. turnover all monies, securities, papers, books and other properties belonging to the cooperative that he/she may have in his/her possession upon election of his/her successor,
- e. perform the duties of the secretary in the latter's absence or inability to perform his/her duties, and
- g. perform other jobs that are listed for the treasurer under the job specification list upon instructions by the Board or manager.

2.4.3.2 *Cashier*. If the appointed treasurer is not full-time or if the operations of the cooperative consist of more than two divisions, the position of a cashier is necessary. He/she shall:

- a. post a bond either fidelity, cash bond or real estate bond as an accountable officer. This is to ensure honest and diligent performance of his/her job,
- b. receive cash from all sources (members, customers, and others) arising from cooperative operations and issue the corresponding official receipt,
- c. deposit all cash received the previous day in a depository bank designated by the Board of Directors in accordance with the treasurer's instructions,
- d. assist the treasurer in the payment of obligations by issuing the checks based on approved vouchers. No payments shall be made out of collections,
- e. prepare a daily summary cash position report indicating the amount of cash received, the sources and the inclusive official receipts issued, deposits and disbursements (payments) made during the day including the payees, voucher numbers and check numbers.

2.4.3.3 *Collector/Messenger*. The position of collector is necessary when there are cash transactions outside the premises of the cooperative. Usually, these involve collections from members borrowers, or customers who have accounts with the cooperative. The collector shall:

- a. post a bond equivalent to the average cash he/she collects at one time,
- b. issue provisional receipts for all cash received by him from any source,
- c. prepare a report of his/her daily collection indicating the name of the member or payee, the purpose of payment and supported by the corresponding duplicate provisional receipts issued,
- d. turnover all cash collected to the cashier on a daily basis for which an official receipt is issued by the cashier or treasurer, and
- e. make follow-up collections of delinquent accounts to the cooperative.

2.4.4 Accounting Department

2.4.4.1 *Accountant.* The accountant shall:

- a. install an adequate and effective accounting system in the cooperative;
- b. render monthly reports to the Board of Directors on the financial condition and operations of the cooperative and annual financial reports to the general assembly or as may be required;
- c. coordinate with the manager and the Audit Committee and assist the Board in the preparation of the annual report and budget;
- d. assist the chairman in the preservation of the books of accounts, documents, voucher, contracts and records of whatever kind pertaining to the business of the cooperative which may come to his/her possession;
- e. be directly responsible to the Board of Directors in the performance of his/her duties, but under the manager for administrative supervision; and
- f. perform other jobs to be done under the "job specification" list upon the instructions of BOD and manager.

2.4.4.2 *Bookkeeper.* In the absence of a full time accountant, the bookkeeper is responsible in implementing the accounting system installed in the cooperative. Specifically, the bookkeeper shall:

- a. see to it that cash received by the treasurer, cashier, and/or collector are properly receipted and accounted for;
- b. record in the books of accounts all transactions in all departments/divisions of the cooperative and see to it that they are properly supported by the prescribed accounting forms;
- c. check the daily summary reports required if these are submitted to him with the attached supporting documents from time to time;
- d. reconcile his/her records with the treasurer's/cashier's records on the cash position at least on a weekly basis;
- e. prepare a monthly bank reconciliation of all cash in bank accounts. (One per bank account);
- f. prepare the trial balance and financial statements monthly or whenever required and make these available to the manager and directors during board meetings; and
- g. perform the duties enumerated for accounting clerk if no one is available.

2.4.4.3 *Accounting Clerk.* If and when the transactions of the cooperative warrant an additional staff in the Accounting Department, an accounting clerk may be hired. The accounting clerk shall:

- a. assist the bookkeeper record the day-to-day transactions in the corresponding books of accounts;
- b. maintain subsidiary ledgers for accounts receivables, loans receivable, accounts payable and members' subscriptions and paid-up capital;
- c. prepare schedules of various accounts based on the subsidiary ledgers and reconcile the totals of each account with the controlling accounts

- in the balance sheet;
- d. prepare an aging of the accounts receivable and loans receivable at least quarterly; and
- e. perform other duties which the accountant/bookkeeper may direct from time to time.

2.4.5 Operations Department

Minimum staff are provided under each of the various divisions of the cooperative.

2.4.5.1 Loaning Division

1. *Loan Officer* — assists the credit committee in the lending operations of a cooperative. Specifically, the loan officer shall:
 - a. receive applications for loans duly accomplished by the member/borrowers.
 - b. record the loan applications chronologically in the loan register book indicating the principal borrower, co-op-makers, collaterals offered, purpose of loan and amount of loan applied for.
If there is a loan clerk who does this, he/she just reviews.
 - c. properly accomplish the verification sheet and process the loan applications in accordance with the lending policies.
 - d. forward all loan applications together with verification sheets to the credit committee or to the Board of Directors, as the case may be, with his/her recommendations.
 - e. indicate in the loan register book the date of approval and the amount approved if the loan application of a member is approved by the credit committee/board, . If not approved, he/she informs applicant-member of disapproval; and
 - f. forward approved loan application to Accounting Department for the cash voucher preparation and payment by the treasurer/cashier.
2. *Loan Clerk* — assists the loan officer in the lending operations of the cooperative. Specifically, the loan clerk shall:
 - a. stamp "received" and number chronologically all loan applications received from members;
 - b. record the loan applications in the loan register book indicating the principal borrower, co-makers, collaterals offered, purpose of loan and amount of loan applied for;
 - c. accomplish the loan verification sheet and forward the same to loan officer for review and processing; and
 - d. perform other duties which the loan officer or credit committee direct from time to time.

2.4.5.2 Consumers/Marketing Division:

1. *Sales Clerk*— is responsible for the sale of goods and other commodities in the consumers store. Specifically, the sales clerk shall:
 - a. take charge of the proper display of goods in the counter or store;
 - b. sell goods over the counter for cash or on account based on co-op policies for which the corresponding invoices are issued;
 - c. prepare daily sales summary report (DSSR) at the end of each day. Submit the same to the treasurer/cashier together with the cash to be returned; and
 - d. assist the Audit Committee during inventory taking.
2. *Storekeeper/Warehouseman* — is responsible for the proper storage of goods/ commodities that are bought by the cooperative for resale. For the consumers division, the position title is storekeeper. In the marketing division, where bigger volume of inputs or produce are stored in a warehouse, the position title is warehouseman.

Specifically, the storekeeper/warehouseman shall:

- a. store the goods/commodities properly and in separate piles;
 - b. see to it that heavy boxes are placed at the bottom and detergents stored far from food items to avoid spoilage;
 - c. receive all incoming stocks (purchases) and issue requisitioned stocks;
 - d. record all stocks received and issued in corresponding bin cards;
 - e. report to manager when stocks are low and needs reorder and for which purchase requisition is submitted;
 - f. assist the Audit Committee in inventory taking; and
 - g. perform other duties which the manager directs from time to time.
3. *Purchaser* — is responsible for the actual purchase of stocks requisitioned by the storekeeper/warehouseman. The purchaser shall:
 - a. submit approved purchase order (P.O.) to the selected supplier who gives the best price and terms;
 - b. make sure that the quality of goods and price shown in the canvass sheet are the same quality and price of the goods delivered;
 - c. if paid on cash basis, see to it that the quantities and cost in the supplier's invoice tally with the purchase order; and
 - d. insure that purchases made on account must be authorized by the Board/manager.
 4. *Canvasser* — is responsible in identifying the supplier who can offer the most reasonable price and terms for specific goods/commodities needed by the cooperative. Specifically, the canvasser shall:
 - a. identify the goods or stocks requisitioned by storekeeper/warehouseman based on the purchase requisition;

- b. prepare three canvass sheets;
- c. secure from each supplier price quotations and determine quality of goods; and
- d. give recommendations to the manager, who approves the purchase order.

2.4.5.3 Other Services/Facilities Division

1. *Operator* — is responsible for operating the equipment (thresher or tractor) and their proper maintenance. Specifically, he/she shall:
 - a. prepare a schedule of members who are availing the services of the equipment;
 - b. operate the equipment in accordance with the policies of the cooperative; and
 - c. exercise diligence in operating the equipment and its proper maintenance and security.
2. *Mill-in-Charge/Operator* — is responsible for the operation of the rice mill. Specifically, the mill-in-charge shall:
 - a. see to it that rice mill operation is maximized;
 - b. record palay stocks received for milling and the rice recovered. Determine milling recovery rate;
 - c. maintain the rice mill equipment properly and the cleanliness of the premises;
 - d. keep record of all palay milled, clean rice recovered, rice brans, sale in the rice mill, and/or transfers to the warehouse or consumers division; and
 - e. prepare and submit a daily milling report to the manager.



CHAPTER 3

Personnel Policies Affecting Staff



chapter 3

Personnel Policies Affecting Staff

3.1 Recruitment

The cooperative shall have a clearly defined system of recruitment. A set of policies regarding personnel recruitment and selection are formulated by the Board of Directors. Based on these policies the manager prepares a planned program of recruitment. There should be a staffing chart and job description of each staff needed by the cooperative. All personnel actions including recruitment must be centralized so that equal attention/treatment is given to all applicants.

In a cooperative there are two possible sources of humanpower, the internal and the external sources. The internal source is from within the cooperative such as qualified members and/or sons and daughters of members. Exceptions are those related to the board within the third civil degree of affinity or sanguinity (Art. 43, R.A. 6938). The recruitment should not violate the policies set by the Board of Directors. There are advantages and disadvantages of hiring relatives of officers and management staff in the cooperative. In the interest of good employee morale, most cooperatives have a policy prohibiting the manager from hiring his/her close relatives, or those of board members. To avoid such problems, personnel policies should be formulated at the start of operations.

From the external sources, recruitment may consider recommendees of present employees, applications from outsiders, and employment agencies through advertisement in newspapers/magazines, college/university placement programmes and through other organizations/cooperatives.

3.2 Selection

The selection process requires the right decision to select the best among the applicants for a particular position. The following are tools which the cooperative may use in making personnel selection.

- a. The application letter together with biodata;
- b. Reference letter;
- c. Test or written examination; and
- d. Personal interviews.

Based on the application letter and biodata, the test and personal interview can be used to countercheck what was written by the applicant. The reference letter may come from a previous employer or somebody who can vouch for an applicant's honesty, integrity and performance.

There are other selection factors to consider. Some of them are:

- a. Information factors (knowledge, skill, mental ability and personal interest)
- b. Motivational factors
- c. Emotional factors
- d. Attitudinal factors
- e. Behavioral factors and
- f. Physical factors

These factors may be considered depending on the position to be filled up. It is possible that the last factor may be given more weight than the others. For example, in selecting a driver-utility man, more weight is given to physical, emotional, and behavioral factors than to the information and motivational factors. But in selecting a bookkeeper, more weight should be given to information than to physical factors.

There are other desirable factors to consider in selection. The application form may not show other relevant factors but these can be gathered through personal interview of the applicant/s. Some of these are:

- a. Ability to perform
- b. Technical competency
- c. Education/skills
- d. Expectations of the applicant
- e. Interest in the cooperative or the job
- f. Working relations in previous employment
- g. Ability to organize and plan
- h. Ability to meet the demands of the position
- i. Potential interest in professional improvement and future growth

As a guide to the manager, refer to Annexes 3A and 3B for the Principles of Interviewing and Qualities of a Successful Interview.

3.3 Selection Procedure

Having considered the above factors, the manager can prepare a short list of qualified applicants. A copy of this short list shall be furnished to each member of the personnel committee created by the Board of Directors. The personnel committee shall conduct these activities in the selection of employees:

- a. Schedule a written examination (include date, time and venue).
- b. Schedule the selection interview and decide whether it is "one-on-one" or by panel of interviewers.
- c. Conduct a background check or character investigation of applicants in the short list.
- d. Communicate with the references and/or previous employers.
- e. Require qualified applicants to undergo physical/medical examination and submit a medical certificate.
- f. Require also a police and NBI clearance before the qualified applicant reports to work.

It is equally important to remember that every step in the selection process constitutes a "point of decision". The effectiveness of the selection program is not measured by the number of applicants rejected but by the number of qualified applicants hired who may become successful employees of the cooperative.

Before a qualified candidate is finally accepted for the job, the personnel committee through the manager shall inform him/her of the:

- a. Objectives and nature of business of the cooperative.
- b. Conditions of employment such as:
 - o requirements of the job
 - o fringe benefits-salary, bonus, vacation/sick leaves, and others
 - o what are expected of the applicant of hired and others.

It is expected that placing the right person to the right job will ultimately redound to the benefit of the cooperative.

3.4 Remuneration and Benefits

3.4.1 Compliance with Social and Labor Legislation

The cooperative as an employer shall comply with existing labor laws. The particular provisions of The Labor Code of the Philippines and the Omnibus Rules Implementing the Labor Code affecting cooperative personnel shall be observed:

1. *Hours of Work* (Sec. 3, Rule I of Conditions of Employment, Book III). The following shall be considered as compensable hours worked:
 - a. All time during which an employee is required to be on duty or to be

at the employer's premises or to be at a prescribed workplace; and
b. All time during which an employee is permitted to work.

2. *Overtime Pay* (Sec. 8, Rule I, Book III). Any employee covered by this Rule who is permitted or required to work beyond eight hours on ordinary working days shall be paid an additional compensation for the overtime work in an amount equivalent to his/her regular wage plus at least twenty-five percent (25%) thereof.
3. *Weekly Rest Periods* (Sec. 3, Rule III, Book III). Every employer shall give his/her employees a rest period of not less than 24 consecutive hours after every six consecutive normal work days.
4. *Holidays with Pay* (Sec. 3, Rule IV, Book III). Every employer shall pay his/her employees their regular daily wage for any unworked regular holidays.

As used in the Rule, the term "holiday" shall exclusively refer to: 1. New Year's Day, 2. Maundy Thursday, 3. Good Friday, 4. The ninth of April (Araw ng Kagitingan), 5. The first of May (Labor Day), 6. The twelfth of June (Independence Day), 7. Last Sunday of August (National Heroes Day), 8. The thirtieth of November (Bonifacio Day), 9. The twenty-fifth of December (Christmas Day) and 10. Thirtieth of December (Rizal Day) and the days designated by law for a general election or national referendum or plebiscite.

5. *Wages* (Sec. I, Rule VII, Book III). The minimum wage rates for agricultural and non-agricultural employees shall be revised by a duly issued wage order or other authoritative issuance by a competent authority.

Section 3d—Workers in any duly registered cooperative when so recommended by the Bureau of Cooperative Development (BACOD) now Cooperative Development Authority (CDA) and upon approval of the Secretary of Labor; Provided, however, That such recommendation shall be given only for the purpose of making the cooperative viable and upon finding and certification of said Bureau, supported by adequate proof, that the cooperative cannot resort to other remedial measures without serious loss or prejudice to its operation except through its exemption from the requirements of this Rule. The exemption shall be subject to such terms and conditions and for such period of time as the Secretary of Labor may prescribe.

6. *Payment of Wages* (Sec. 1, Rule VIII, Book III).

6.1 Manner of wage payment.

As a general rule, wages shall be paid in legal tender and the use of tokens, promissory notes, vouchers, coupons, or any other form alleged to represent legal tender is absolutely prohibited even when expressly requested by the employee.

6.2 Time of Payment (Sec. 3, Rule VIII, Book III).

- a. Wages shall be paid not less than once every two weeks or twice a month at intervals not exceeding 16 days, unless payment cannot be made with such regularity due to force majeure or circumstances beyond the employer's control, in which case the employer shall pay the wages immediately after such force majeure or circumstances have ceased.
- b. In case of payment of wages by results involving work which cannot be finished in two weeks, payment shall be made at intervals not exceeding 16 days in proportion to the amount of work completed. Final settlement shall be made immediately upon completion of the work.

7. *Employment of Women and Minors* (Sec. 2, Rule XII, Book III). Children below 15 years of age may be allowed to work under the direct responsibility of their parents or guardians in any non-hazardous undertaking where the work will not in any way interfere with their schooling. In such cases, the children shall not be considered as employees of the employer or their parents or guardians.

8. *Eligibility of Employment* (Sec. 3, Rule XII, Book III) Any person of either sex, between 15 and 18 years of age, may be employed in any non-hazardous work. No employer shall discriminate against such person with regard to terms and conditions of employment on account of his/her age.

For purposes of this rule, a non-hazardous work or undertaking shall mean any work or activity in which the employee is not exposed to any risk which constitutes an imminent danger to his/her safety and health. The Secretary of Labor shall from time to time publish a list of hazardous work and activities in which persons 18 years of age and below cannot be employed.

9. *Maternity Leave Benefits* (Sec. 7, Sec. 8 & 9 of Rule XII, Book III).

Maternity Leave — Every employer shall grant to any of his/her pregnant women employees who has rendered an aggregate service of at least six months for the last 12 months immediately preceding the expected date of delivery, or to complete abortion or miscarriage, maternity leave of at least two weeks before and four weeks after the delivery, miscarriage or abortion, with full pay based on her regular or average weekly wages.

Accretion of Leave Credits. (Sec. 8, Rule XII, Book III). Where the pregnant woman employee fails to avail of the two-week pre-delivery leave, or any part thereof, the same shall be added to her post-delivery leave with pay.

Payment of Extended Maternity Leave. (Sec. 9, Rule XII, Book III). When so requested by the woman employee, the extension of her maternity leave beyond the four-week post-delivery leave shall be paid by the employer from her unused vacation and/or sick leave credits, if any, or allowed without pay in the absence of such leave credits, where the extended leave is due to illness medically certified to arise out of her pregnancy, delivery, complete abortion or miscarriage which renders her unfit for work.

10. *Prohibited Acts* (Sec. 13 of Rule XII, Book III). It shall be unlawful for any employer to:
- a. discharge any woman employed by him/her for the purpose of preventing such woman from enjoying the maternity leave, facilities and other benefits provided under the Code;
 - b. discharge such woman on account of her pregnancy, or while on leave or in confinement due to her pregnancy;
 - c. discharge or refuse the admission of such woman upon returning to her work for fear that she may again be pregnant;
 - d. discharge any woman or any other employee for having filed a complaint or having testified or being about to testify under the Code; and
 - e. require as a condition for or continuation of employment that a woman employee shall not get married or to stipulate expressly or tacitly that upon getting married a woman employee shall be deemed resigned or separated, or to actually dismiss, discharge, discriminate or otherwise prejudice a woman employee merely by reason of her marriage.
11. *Medicines and Facilities* (Sec. 3 of Rule 1, Book IV, Health, Safety and Welfare Benefits). Every employer shall keep in or about his/her workplace the first aid medicines, equipment and facilities that shall be prescribed by the Department of Labor within five days from the issuance of these regulations. The list of medicine, equipment and facilities may be revised from time to time by the Bureau of Labor Standards, subject to the approval of the Secretary of Labor.

3.4.2 Incentive Awards/Loyalty Awards

There are different forms of awards that are given to employees. This may be in cash or in kind. In a way, these awards are motivations to the management staff for efficient and effective performance.

In giving incentive awards, make sure that the interest of the staff is not in conflict with the interest of the cooperative and the members. The Board of Directors and the manager can devise methods of measuring the performance of employees and develop monetary rewards for exceptional work resulting in better service to members and a stronger cooperative.

One possibility is for the reduction in operating expenses as a percentage of volume of business. If the manager or head of the marketing division can reduce the actual expense against the approved budget but maintaining what was budgeted for the income of his/her division or even more, he/she is entitled to a cash/monetary incentive award. Another example of incentive award is a share of net earnings/savings at the end of each month over and above an average net savings. Usually this is given to managers in addition to their basic salaries. To drivers, an incentive award is given at the end of the year if no accidents are met or breakdown/major repairs are made during the year.

To be effective, a financial incentive award (a) must be reasonable, simple and understandable; (b) employees must be informed in advance, and (c) a standard of performance is set above average but attainable.

Loyalty awards are usually given to employees who have rendered ten (10) and above years of continuous and efficient service to the cooperative. The Board of Directors may set the criteria and kind of award. This could be in the form of plaque, gold watch pin and others. The awarding of the loyalty and/or incentive awards may be done during the general assembly or anniversary of the cooperative which could be witnessed by other employees and members.

3.4.3 Career Program

A career program for the staff is very important in a cooperative. The manager should encourage the employees to enroll for higher education. If there are no colleges or universities nearby, the cooperative must allow its employees to attend seminars related to their jobs or courses to enhance their skills.

A career program in the cooperative will develop loyalty and commitment among its personnel. If the career of an individual is developed and sustained, the possibility of a high turnover of personnel is minimized.

The development of an employee starts from the time he/she is selected for a particular position. The employee is trained on-the-job by the manager and his/her immediate supervisor. Considerations are based on an analysis of his/her job description which includes the following:

- a. brief statement of the objectives and purposes of the job;
- b. title of the job;
- c. duties to be performed;
- d. responsibilities involved; and
- e. characteristics or abilities needed.

An understanding of his/her job description is also important as a basis for:

- a. communicating with or explaining to an employee his/her responsibilities;
- b. training and developing employees; and
- c. judging the development or performance of an employee.

3.4.4 Security of Tenure and Retirement

As provided for in Section 1, Rule XIV of Book V: Labor Relations "No worker shall be dismissed except for a just or authorized cause provided by law and after due process".

Section 2 Rule 1 of Book VI: Post-employment, also provides that "the employer shall not terminate the services of an employee except for a just cause as provided in the Labor Code or when authorized by existing laws".

It is important that all staff understand the personnel policies of the cooperative and the provisions of the Labor Code to avoid violations thereof.

Retirement — Sec. 13 of Rule 1 of Book VI: Post-Employment provides "In the absence of any collective bargaining agreement, or other applicable agreement concerning terms and conditions of employment which provides for retirement at an older age, an employee may be retired upon reaching the age of sixty (60) years".

Retirement benefits — Section 14 of Rule 1 Book VI provides:

- a. An employee who is retired pursuant to a bona-fide retirement plan or in accordance with the applicable individual or collective agreement or established employer policy shall be entitled to all the retirement benefits provided therein or to termination pay equivalent at least to one-half month salary for every year of service, whichever is higher, a fraction of at least six months being considered as one whole year.
- b. Where both the employer and the employee contribute to the retirement plan, agreement or policy, the employer's total contribution is less than the total termination pay to which would have been entitled had there been no such retirement fund. In case the employer's contribution is less than the termination pay the employee is entitled to receive, the employer shall pay the deficiency upon the retirement of the employee.
- c. This Section shall apply where the employee retires at the age of sixty (60) years or older.

3.5 *Staff Development*

Staff development is one particular task the cooperative management and leadership must always consider. This is a means of ensuring a highly-motivated and committed staff - one major contributory factor to the effective operations of a co-op organization.

3.5.1 **Motivation and Work Attitudes**

The better part of motivation is inspiration. It is altering a person's attitude so that he/she is self-motivated. Some people consider money as the best motivation to most employees. This perception may not always be true. The environment, in this case the "cooperative" is rather the better motivation. This environment includes everybody in the organization — the members, officers, Board of Directors, committee members and management staff headed by the manager. On top of these is a good and credible image of the cooperative. Establishing and maintaining high morale among employees at all levels are important. High morale contributes to loyalty and favorable attitude toward the cooperative.

The cooperative can adopt a performance appraisal system to be systematic about motivation. This is by evaluating regularly the performance of each employee in his/her assigned tasks. A good performance appraisal system develops the potentials of an employee, improves his/her performance on his/her job, and harmonizes his/her concerns with the supervisor and the entire cooperative. This provides an opportunity to strengthen and improve the employee's performance by identifying his/her strengths and weaknesses.

Based on the performance appraisal, the manager can identify more objectively the people in the management staff who are most qualified for promotion, re-assignment, further training and development, those entitled to incentives and rewards, or those requiring disciplinary action. Annex 8 provides you with some positive ways to motivate people.

3.5.2 Work Ethics/Values

All employees must be treated equally. As human beings, they are important components of the cooperative, regardless of their line of authority (higher or lower) having a job to perform and problems to encounter.

There are work ethics and values which an employee of a cooperative must always adhere to. The employee is primarily responsible and obliged to support management policies and procedures in the cooperative. Above all things he/she must be honest, diligent, sincere and committed to his/her job/s. He/she is expected to increase the efficiency of the cooperative by using his/her initiative, ability and desire to implement new policies and procedures. He/she must apply reason and common sense to curb emotion when problems are encountered in implementing policies. He/she must be alert for necessary improvements in methods of operation and efficiency. Rules of courtesy should apply to fellow employees as well as members, customers or any other individual. As to accomplishment, when given a special assignment by his/her supervisor/manager, the employee should work out the details. He/she should set examples of accomplishment rather than make excuses for his inability to do the job.

The employees should be motivated — and not be discouraged. He/she should never waste time setting traps for fellow employees. They can make suggestions to improve their morale or recommendations but never dictate. Complaints, should be discussed with the supervisor but never with fellow employees, members or director. He/she should never carry any grudge against anybody in the cooperative. The employee should know that nobody is indispensable. Special privilege and favors that are not granted to other employees must not be expected by him/her.

3.6 Performance Assessment

3.6.1 Time Record/Log Book

Pursuant to the provisions of Section 7 of Rule X Administration and Enforcement of Book III Conditions of Employment, "Every employer shall keep an individual time record of all his/her employees bearing the signature or thumbmark of the employee concerned for each daily entry by means of any of the following methods:

- a. through the use of Bundy clock where each one punches his/her card the time of arrival and departure from work;
- b. through the employment of a timekeeper whose duty is to time in and out each and every employee in a record book; and
- c. by furnishing them individually with a daily time record form wherein they can note the time of their respective arrivals for and departure from work".

Section 10, Rule X, Book III provides that where the employees are paid on piece, *pakiao*, *takay*, task, commission or other non-time basis, the employer shall keep and maintain their production records showing their daily output, gross earning and the actual number of working hours spent by the employees on the job bearing the signature or thumbmark of the employee concerned. However, the minimum output rates of non-time workers have been fixed by the Department of Labor or through certified collective agreements, or are in compliance with the standards prescribed in Section 8, Rule VII of this Book, the employer may dispense with keeping of time records, except the daily production records showing their output or the work accomplished and gross earnings.

3.6.2 Performance Rating

The performance of the management staff is measured by an appraisal system usually every six months. The manager or supervisor can informally evaluate the performance of his/her staff — any time. The purpose of evaluating the staff is to determine how well the staff performs the various aspects of his/her job based on his/her job description. It is also a basis of determining training needs to develop his/her skills and abilities. And finally, placing the right man in the right job.

3.6.3 Promotions

Based on the performance rating, the manager can identify the staff who deserves to be promoted. A well defined promotion policy is important to the employees. If they are aware of opportunities in the cooperative, the staff will work harder and demonstrate more initiative. However, if the opportunities for promotion are not discussed and clear, potential supervisors or managers leave the cooperative for better pay in the other sectors.

3.7 *Disciplinary Action*

Disciplinary action is imposed when necessary to boost the morale of the whole staff. This could be through suspension or dismissal. The level of offenses must be spelled out in the personnel policies of the cooperative for guidance.

For minor offenses such as tardiness and poor performance (within one semester) a 30-day suspension is imposed as a warning. Continuous tardiness or absences without leave (AWOL) which constitutes abandonment of work can be a ground for dismissal. Other major offenses are dishonesty as a result of misuse of cooperative funds and stealing goods/equipment/supplies, willful disobedience of cooperative rules or insubordination, prolonged illness incapacity, and unsatisfactory performance. These offenses affect the entire operation of the cooperative, hence are grounds for dismissal.

Without prejudice to filing cases against an employee in court, the following provisions of the Labor Code of the Philippines shall apply:

3.7.1 **Suspension**

As provided in Section 3 Preventive Suspension (Rule XIV — Termination of Employment, Book IV). "The employer may place the worker concerned under preventive suspension if his/her continued employment poses a serious and imminent threat to the life or property of the employer or of his/her co-workers".

Section 4 also provides the period of suspension. "No preventive suspension shall last longer than 30 days. The employer shall thereafter reinstate the worker in his/her former or in a substantially equivalent position or the employer may extend the period of suspension, provided that during the period of extension, he/she pays the wages and other benefits due to the worker. In such case, the worker shall not be bound to reimburse the amount paid to him/her during the extension if the employer decide, after completion of the hearing, to dismiss the worker.

3.7.2 **Dismissal**

- a. Any employer who seeks to dismiss a worker shall furnish him/her a written notice stating the particular acts or omission constituting the grounds for his/her dismissal. In cases of abandonment of work, the notice shall be served at the workers last known address
- b. The employer shall immediately notify a worker in writing off a decision to dismiss him/her stating clearly the reasons therefore. (Sec. 2 Notice of Dismissal — and Sec. 6 Decision to Dismiss of Rule XIV Book V).
- c. The worker may answer the allegations stated against him/her in the notice of dismissal within a reasonable period from receipt of such notice. The employer shall afford the worker ample opportunity to be heard

and to defend himself with the assistance of his/her representative, if he/she so desires. (Sec. 5 Answer and Hearing Rule XIV Book V).

- d. Termination of employment by employer. The just causes for terminating the services of an employee shall be those provided in Article 282 of the Code. The separation from work of an employee for a just cause does not entitle him/her to the termination pay provided in the Code, without prejudice, however, to whatever right, benefits and privileges he/she may have under the applicable individual or collective bargaining agreement with the employer or voluntary employer policy or practice. (Sec. 7, Rule 1 Book VI).

3.7.3 Termination Pay — An employee is entitled to termination pay of:

- a. At least one month's salary for every year of service, a fraction of at least six months being considered as one whole year, in case termination of his/her employment due to installation of labor saving devices or redundancy.
- b. At least one-half month's pay for every year of service, a fraction of at least six months being considered as one whole year when the termination of employment is due to retrenchment to prevent losses and in case of closure or cessation of operations of establishment or undertaking not due to serious business losses or financial reserves or where employee suffers from a disease and his/her continued employment is prohibited by law or is prejudicial to his/her health or to the health of his/her co-employees.
- c. The termination pay provided in this section shall in no case be less than the employee's one month pay. Basis for computation of termination pay is his/her latest salary rate. (Sec. 9, Rule 1, Book VI).

3.8 *Exit Interview*

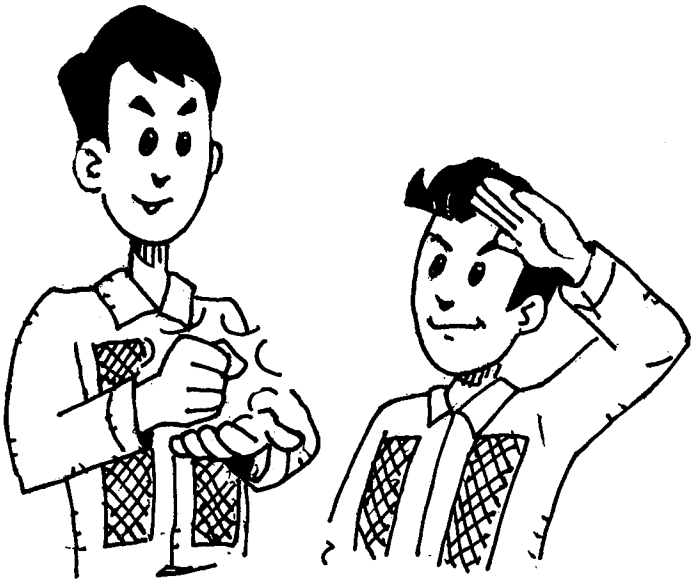
Upon resignation, an employee from the cooperative or his/her services terminated, an exit interview is necessary. From such interview the manager may gather some information regarding deficiencies of the cooperative's personnel policies and/or unhealthy internal relationships among the staff, key officials and/or members. The exit interview is important to the Board of Directors and manager as a guide for revising existing personnel policies and/or formulating new policies in the cooperative.

PRINCIPLES OF INTERVIEWING

1. The objective of the interview must be clearly established.
2. Every interview must have a general plan.
3. Every interview is a learning experience. The interview should be pleasant, stimulating and helpful.
4. The interview must establish and maintain rapport, that is, a harmonious atmosphere. It must establish mutual confidence.
5. The interviewer must respect the interests and individuality of the interviewee.
6. The interviewer must help the interviewee feel at ease.
7. The interviewer must treat each interviewee justly.
8. The interviewer must respect the confidential nature of the interview.
9. The interviewer must maintain good communications.
10. The interviewer must treat what is being said in its proper context.
11. Each person likes or dislikes, and interests have meaning only as related to his total experience.

QUALITIES OF A SUCCESSFUL INTERVIEWER

1. A good listener.
2. A good conversationalist.
3. Good mind.
4. Keen sense of humor.
5. Pleasing appearance.
6. Interest in and curiosity about people.
7. A sense of sympathy.
8. Ability to judge people accurately.
9. Poise.
10. Optimism.
11. Adaptability to a variety of social situations.
12. Objectivity.
13. Creativity.



CHAPTER 4

Staff Management and Team Work



chapter 4

Staff Management and Team Work

4.1 Cooperative Values and Team Building

One vital factor in a successful cooperative operation is teamwork anchored on values and principles of cooperation. Teamwork or cooperation ensures efficient use of work force, financial and other resources of a cooperative and brings about the desired output of work.

One factor for a cooperative to succeed is to ensure that cooperative values are incorporated into staff training. Such values as service, commitment, honesty, industry, sincerity, loyalty and courtesy must be emphasized. Cooperation with the manager and other staff working as a team constitute an efficient management.

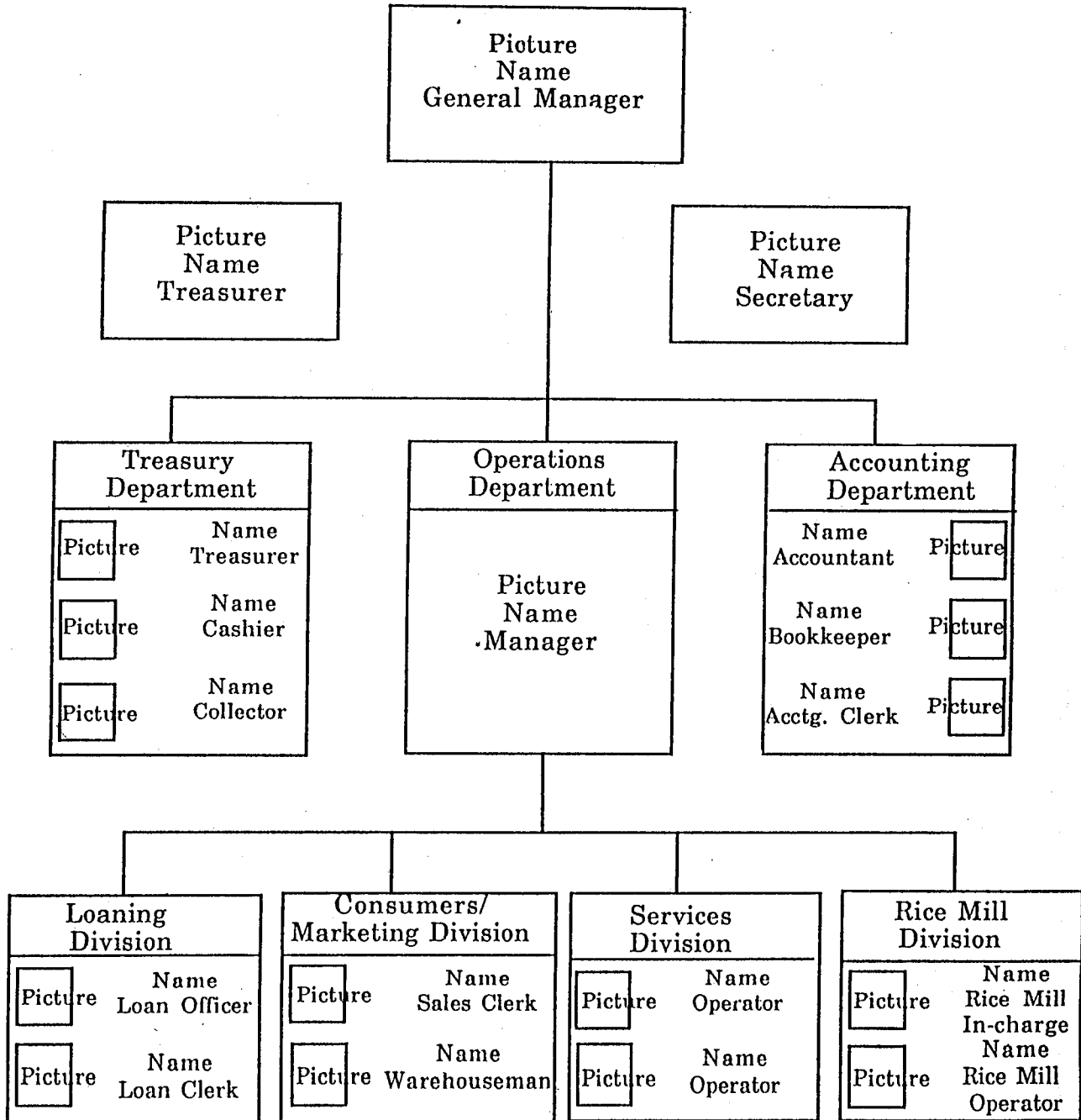
The image of the cooperative can be seen through its personnel or staff. It is not only the uniform of the staff that speaks of the cooperative but how the staff deals with the members and the public that counts. It is important for the manager to know the goals and objectives of the cooperative and its operations but equally important for him/her to deliver to the members the right goods and services at the right time and at the right place through the management staff.

4.2 *Need for Efficient Management Staff*

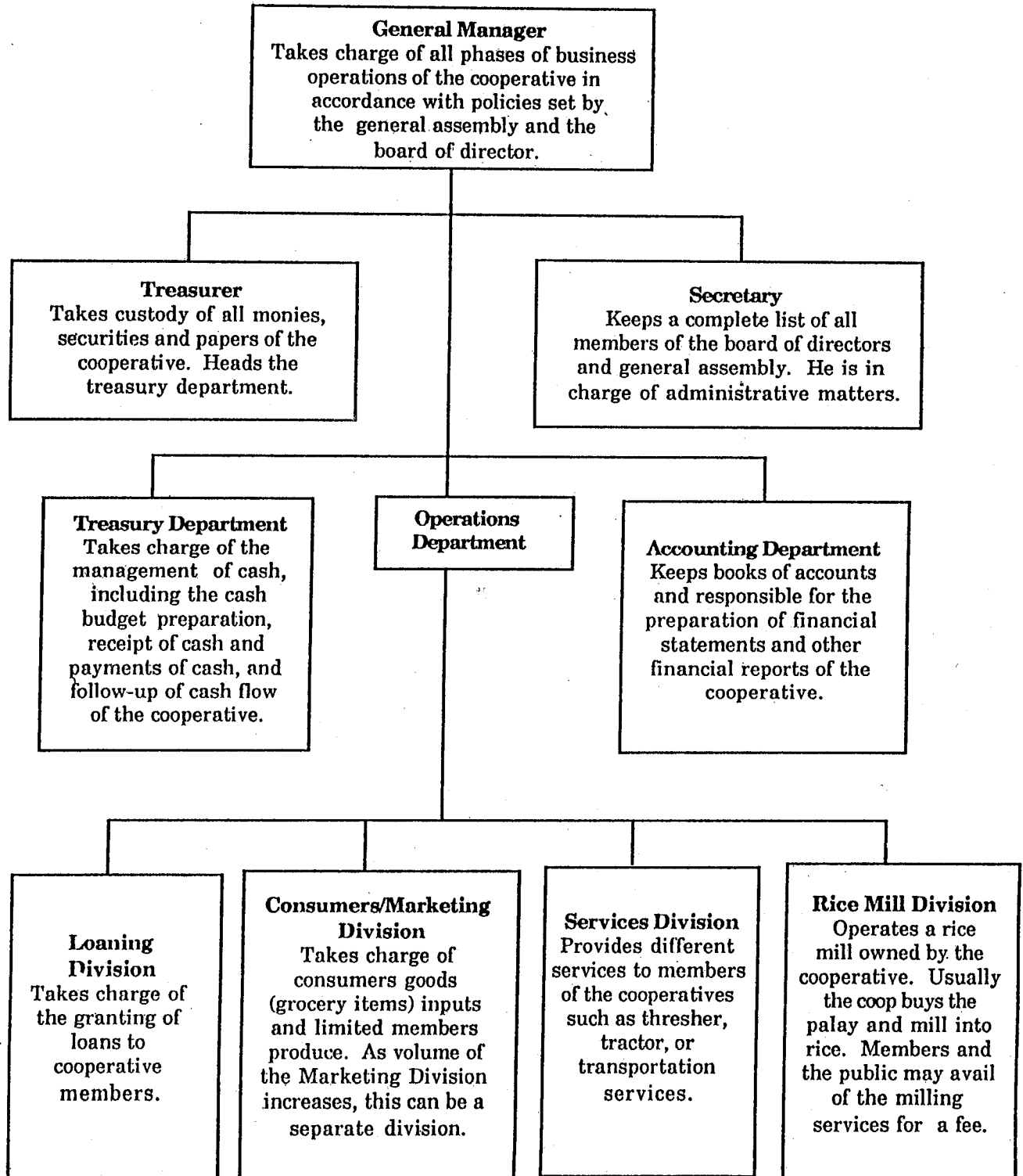
As a guide to the manager, the Board of Directors, committees and members, there should be a personnel chart (Illustration 1) and a functional chart (Illustration 2) posted at the bulletin board of the cooperative. The personnel chart contains under each department/division/section the position title, name and picture of the employee. The functional chart contains the functions of each department/division/section and how these interrelate with each other. All personnel should understand how important their roles are in the cooperative. We consider the team an efficient management staff, if each one does his/her job as required.

Name of Cooperative

PERSONNEL CHART



FUNCTIONAL CHART



4.3 Teamwork

There should be teamwork in the cooperative to attain an efficient management staff. It is not enough that each personnel does his/her tasks. It is important that the management staff give their full support and cooperation to the manager, other department heads and co-employees of the same rank. Teamwork will benefit management, and the entire membership as well. The business operations of the cooperative could run smoothly when there is teamwork. This will eventually enhance the development and expansion of its business activities. The success of the team is measured by the services provided and the financial success of the business.

Here are instances that could promote teamwork in the cooperative.

During short absences (due to official travel or sickness) of key cooperative officials and staff, there should be a designated person (usually the one next in line) to ensure continuity of the day to day operations.

A list of backup (alternates) persons must be prepared and recommended by the manager to the Board of Directors. For instance, in the absence of the treasurer, who will be the backup person? In the absence of the manager, will it be the chairman or the treasurer who will act as the backup person? This is subject to the approval of the Board of Directors delegating authority and responsibility.

In any case, there should be a special order designating the assigned backup person to perform the duties and responsibilities of the regular cooperative staff or official. It is the responsibility of the regular staff to orient the designated backup person on the specific tasks to be accomplished during his/her absence, things that are to be followed-up and other items that need immediate attention or action. Upon the return of the regular staff, it is the duty of the backup or designated staff to brief him/her on his/her accomplishments, those that were followed-up and problems encountered.

All members must know the overall goal of the cooperative for the team to reach success. Employees should understand their roles in the game plan and how they can achieve their goals.

The members, directors, management and employees are winners when the cooperative become a successful organization.

MEMBERS win — for they are served well and receive returns on their investments in the cooperative.

DIRECTORS win — for they made wise policy decisions and successfully represented the members in directing the cooperative.

MANAGEMENT wins — for they have properly carried out the policies of the board and the employees team has been effective under management's direction.

EMPLOYEES win — for they are satisfied with jobs well done and have assured themselves of continued employment.

4.4 Work Flow Per Major Business Functions

The major business functions should be identified for the information of all concerned. Once identified, it is easier to train the management staff.

The following major business functions are common to most multipurpose cooperative in full operation:

- a. Receipt and collection of cash;
- b. Disbursement of cash;
- c. Lending operations;
- d. Purchasing;
- e. Sales/trading;
- f. Warehousing;
- g. Rice-milling;
- h. Other services — thresher, hand tractors, and others;
- i. Administrative matters; and
- j. Accounting and recording.

Under each major business function, is the work flow showing a detailed breakdown of the activities (transactions/procedures), the documents (accounting forms) used, and the staff responsible in each case. It is suggested that a group of staff involved in each major business function or related functions will participate in a training organized on the job. Hands-on training will be more effective.

The work flow for each major business function follows:

Transactions/Accounting Procedures	Staff Forms Used	Responsible
A. RECEIPT AND COLLECTION OF CASH		
1. Collection of membership fees, shares, capital and others	Official receipts (OR)	Treasurer/Collector/ Cashier
2. Collection of receivables (loans or accounts) if outside cooperative premises	Official receipts (OR) Provisional receipts (PR)	Treasurer/Collector/ Cashier
3. Savings deposits of members (if outside cooperative premises)	Official receipt (OR) Provisional receipt (PR)	Treasurer/Collector/ Cashier
4. Loan from the bank, organization	Official receipt (OR)	Duly authorized persons
5. Turnover of cash sales supported by duplicate sales invoice	Official receipt (OR)	Treasurer/ Cashier
6. Prepare daily collection report	Supported by duplicate PR	Collector
7. Turnover of collections to cashier	Daily collection report Official receipt (OR)	Collector/ Cashier
8. Deposits to depository bank	Deposit slip in duplicate Cashier	Treasurer/
9. Prepare daily cash position report	Supported by duplicate O/Rs and deposit slip	Cashier/ Treasurer
10. Submit daily cash position report together with daily sales collection report to accounting department	Supported by duplicate ORs and deposit slips	Treasurer

Transactions/Accounting Procedures	Staff Forms Used	Responsible
B. DISBURSEMENTS OF CASH		
<u>B.1 — Payment By Checks</u>		
1. Prepare cash voucher and attach corresponding statement of account, suppliers, charge invoices, delivery receipts and debit memos, if any	Cash voucher plus supporting papers	Accounting Clerk
2. Verify amount shown in cash voucher if it tallies with supporting invoices and terms	Cash voucher/delivery receipts, invoices/memos and subsidiary ledger	Bookkeeper/ Accountant
3. Approve cash voucher	Cash voucher/delivery receipts, invoices/memos and subsidiary ledger	Chairman of the Board of Directors/ Manager
4. Prepare check corresponding to amount per voucher	Cash voucher with check	Treasurer/Cashier
5. Approve and sign check	Cash voucher with check	Check Signatories
6. Countersign check	Cash voucher with check	Treasurer/Cashier
7. Ask payee/creditor to sign voucher and issue corresponding official receipt before check is given	Cash voucher with creditor's official receipt	Treasurer/Cashier
8. Submit all papers (voucher plus supporting papers) to Accounting Department	Cash voucher with creditor's official receipt	Treasurer/Cashier
<u>B.2 — Payment in Cash</u> If cooperative has no current account in the bank, and pays cash to the payee/creditor, the foregoing procedures are to be followed except Nos. 4, 5 and 6.		

Transactions/Accounting Procedures	Staff Forms Used	Responsible
C. LENDING OPERATIONS		
1. Receive loan application duly accomplished by member/borrower.	Application for loan	Loan Officer
2. Process application for loan.	Individual member's share capital, deposits, and loan ledger	Loan Clerk/ Loan Officer
3. Approve or reject loan application.	Application for loan member's account verification sheet with recommendation of loan officer register book	Credit Committee or BOD if applicant is member of Credit Committee
4. If approved, forward loan application to Accounting Department.	Cash voucher and supporting loan application and loan note signed by borrower and co-maker	Loan Officer
5. Prepare cash voucher for payment (in case the co-op has no account with a bank)	Cash voucher supporting loan application, and loan note signed by borrower and co-maker	Accounting Clerk
6. Approve cash voucher.	Cash voucher and supporting loan application, and loan note signed by borrower and co-maker	Chairman of Board/ Manager
7. Prepare corresponding check and forward to check signatories.	Cash voucher supporting loan application, and loan note signed by borrower and co-maker	Treasurer/Cashier
8. Sign check.	Cash voucher together with check and supporting loan application and loan note signed by borrower and co-maker	Check Signatories Treasurer/Cashier

Transactions/Accounting Procedures	Staff Forms Used	Responsible
9. Receive cash voucher together with signed check.	Cash voucher with check and supporting loan application and loan note signed by borrower and co-maker	Treasurer/Cashier
10. Pay check to payee /borrower, sign voucher and stamp PAID.	Cash voucher, supporting loan application, and loan note signed by borrower and co-maker.	Treasurer/Cashier
11. Forward cash voucher and other supporting papers to Accounting Department for recording.	Cash voucher, supporting loan application, and loan note signed by borrower and co-maker	Treasurer/Cashier
D. PURCHASE OF COMMODITIES FOR SALE		
1. Prepare purchase requisition when stocks are low/need to re-order.	Purchase Requisition (Pu/R-CDA Form No. 34)	Warehouseman/Storekeeper
2. Approve purchase requisition.	Purchase requisition	Manager
3. Prepare canvass sheet and forward to manager.	Canvass sheet (CS-CDA Form No. 30)	Canvasser
4. Evaluate duly accomplished canvass sheet, identify best supplier (prices, quality, available goods and terms).	Approved canvass sheet	Manager
5. Receive approved canvass sheet and prepare purchase order.	Approved canvass sheet and purchase order (PO-CDA Form No. 31)	Purchaser
6. Approve purchase order after reviewing it against canvass sheets without discrepancy.	Canvass sheet plus purchase order	Manager
7. Purchase commodities from identified supplier based on approved PO.	Approved purchase order with canvass sheet.	Purchaser

Transactions/Accounting Procedures	Staff Forms Used	Responsible
8. Deliver goods to cooperative.	Supplier sales invoice (SSI) and suppliers delivery receipt (SDR)	Supplier
9. Receive good (stock) from supplier.	SSI, and SDR Receiving report: (RR-CDA Form No. 16)	Warehouseman/ Storekeeper
10. Forward to the Accounting Department all accomplished and approved forms related to the purchasing of commodities.	Purchase requirement canvass sheet, PO, suppliers sales invoice, suppliers delivery receipt, receiving report, credit memo or report, credit memo for returned items to supplier	Warehouseman/ Storekeeper
11. Record purchases in the purchase journal and subsidiary accounts payable and general journal for returned goods and stock cards.	Purchase requirement canvass sheet PO, suppliers sales invoice, suppliers delivery receipt, receiving report, credit memo for returned items to supplier	Bookkeeper/ Accounting Clerk
12. Record stocks received in corresponding bin card.	Receiving report/bin card	Warehouseman/ Storekeeper
Notes:		
1. Refer to Accounting Manual for Multi-Purpose Cooperative for complete accounting system and samples of accounting forms.		
2. Refer to Purchasing Agri Products for palay or corn bought by cooperative.		
E. SALES/TRADING		
1. Sell goods over the counter on cash or on account based on cooperative policies.	Cash sales invoices (CSI) Charge sales invoice (ChSI)	Sales Clerk
2. Prepare daily sales summary report (DSSR) and submit to treasurer/cashier together with cash sales.	DSSR, duplicate CSI and original ChSI)	Sales Clerk

Transactions/Accounting Procedures	Staff Forms Used	Responsible
3. Receive cash sales turnover by sales clerk based on DSSR and issue corresponding official receipt.	DSSR, duplicate CSI and original ChSI, official receipt	Treasurer/ Cashier
4. Forward all accounting forms supporting the sales/trading for the previous day to the Accounting Department for recording.	DSSR, duplicate CSI and original CSI official receipt	Treasurer/ Cashier
5. Record in the sales journal all cash and charge sales. All charge sales invoices are posted to individual Accts. Receivable subsidiary Ledgers (ARSL).	DSSR, duplicate CSI and original ChSI official receipt	Bookkeeper/ Accounting Clerk
6. Prepare schedule of Accounts Receivable and reconcile with control accounts every month.	Individual accounts receivable subsidiary ledgers	Accounting Clerk
F. WAREHOUSING		
1. Receive goods delivered by supplier and prepares receiving report (RR).	Receiving report (RR)	Warehouseman/ Storekeeper
2. If goods delivered are agricultural products from members, determine moisture content weight, variety and quality. Prepare and sign RR. <u>Note:</u> Separate storage pile for agricultural products (palay or corn) from other commodities.	Receiving report (RR-CDA Form No. 16)	Warehouseman/ Storekeeper
3. Submit receiving report to revolving fund custodian or cashier for payment.	Receiving Report (RR)	Member/Farmer

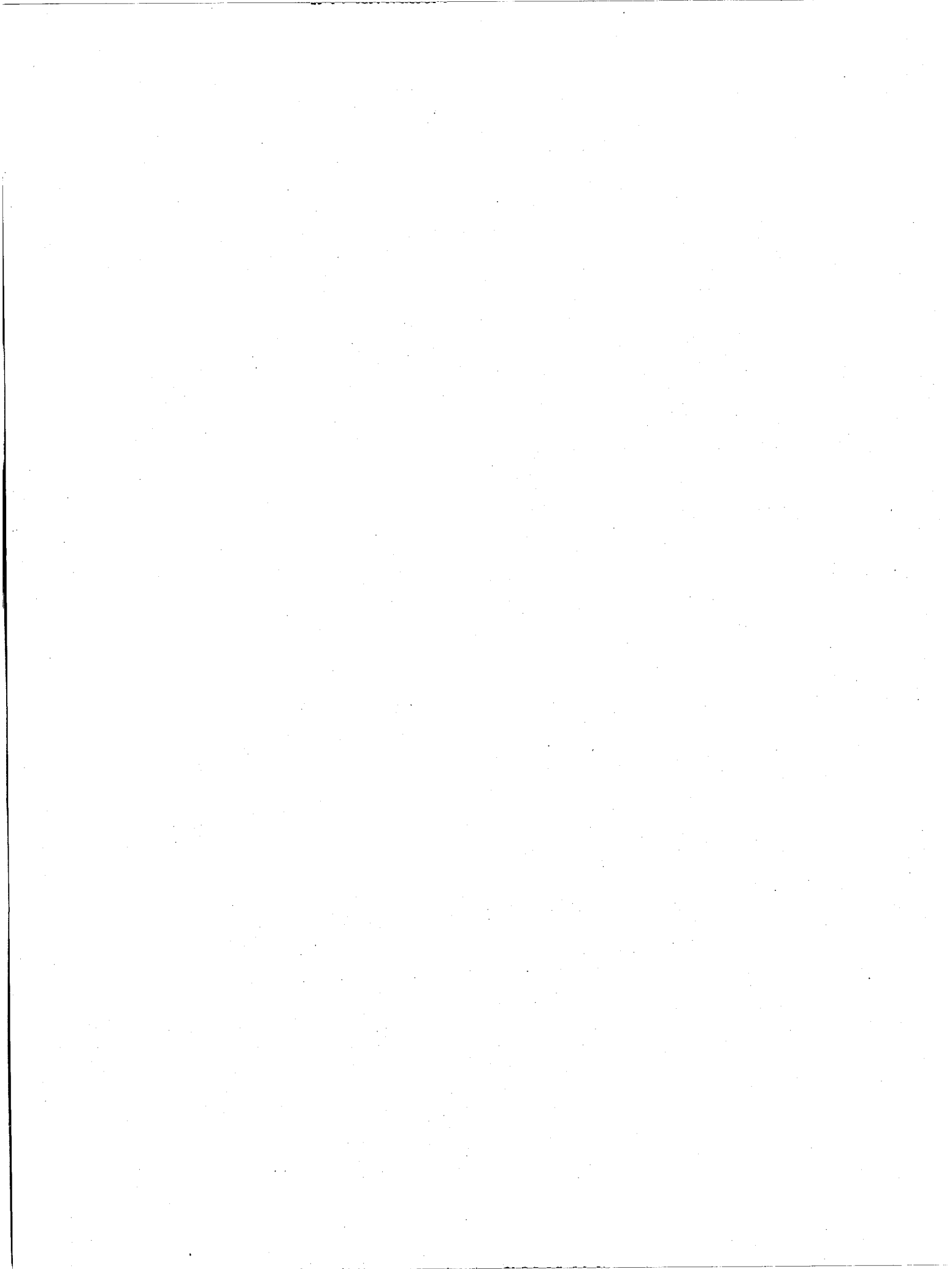
Transactions/Accounting Procedures	Staff Forms Used	Responsible
4. Record quantity/other information in individual bin cards based on receiving report.	Bin card (Bc-CDA Form No. 16)	Warehouseman/ Storekeeper
5. Issue goods withdrawn by sales clerk from warehouse based on requisition and issue slip (RIS) approved by manager.	Requisition and issue slip (RIS-CDA Form No. 31)	Manager/ Warehouseman/ Sales Clerk
6. Prepare daily stock report (DSR) based on receiving report and requisition and issue slip.	Daily stock report, RR and RIS	Warehouseman/ Storekeeper
7. Record to corresponding slip cards quantity and price of goods received, based on RR and withdrawal of goods from the RIS.	Receiving report requisition and issue slip	Accounting Clerk
8. Record in the bin card, quantity and cost goods withdrawn based on RIS.	RIS	Warehouseman
FOR PALAY DEPOSITS IN WAREHOUSE		
1. Request to deposit palay in cooperative warehouse.	Request for deposit form (RDF-CDA Form No. 54)	Member/ Depositor
2. Approve/disapprove the request.	Request for deposit form (RDF-CDA Form No. 54)	Manager
3. Bring agri-products (palay) for deposit in warehouse with approved RDF.	Approved RDF	Manager/ Depositor
4. Accept palay with approved RDF and determine moisture content, weight, variety, and quality of palay.	Approved RDF	Warehouseman

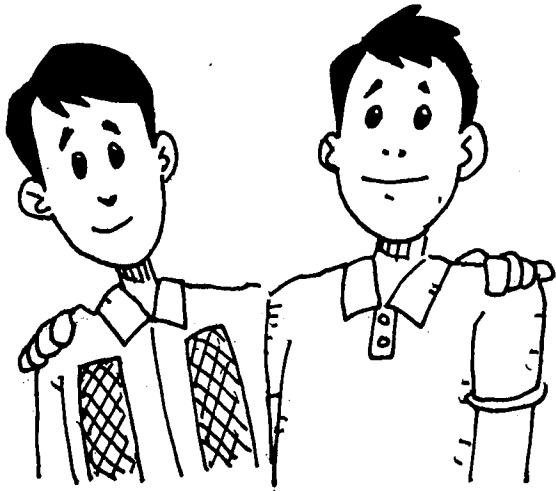
Transactions/Accounting Procedures	Staff Forms Used	Responsible
5. Prepare and sign warehouse receipt (3 copies) and issue original to depositor.	Warehouse receipt (WR-CDA Form No. 53)	Warehouseman
6. Record all information in the WR to the bin card; file 3rd copy.	WR and bin card (individual record per depositor)	Warehouseman
7. Prepare daily stock report indicating total quantity of palay deposited during the day .	Daily stock report (DSR-CDA Form No. 42)	Warehouseman/ Manager
8. Forward daily stock report to Accounting Department with duplicate copy of warehouse receipt together with approved RDF for recording.	Daily stock reports supported by approved request for deposit form and duplicate WR.	Warehouseman/
9. Store palay in separate pile from cooperative owned palay and attach tag.		Warehouseman assisted by Utility Man
G. RICE MILLING		
1. Receive palay for milling from warehouseman/member.	Milling acknowledgment Report (MAR-CDA Form No. 49)	Mill-in-Charge Operator
	Milling order (MO-CDA Form No. 46)	Warehouseman
	Transfer slip (TS-CDA Form No.. 47)	
2. Mill and classify palay received.	Milling acknowledgment Report (MAR-CDA Form No. 49)	Mill-in-Charge Operator
	Milling order (MO-CDA Form No. 46)	Warehouseman
	Transfer slip (TS-CDA Form No. 47)	

Transactions/Accounting Procedures	Staff Forms Used	Responsible
3. Complete information on Milling Acknowledgment report such as milling recoveries, milling fees, total sacks received, number of sacks used for milled products.	MAR (1, 2 and 3)	Mill-in-Charge Operator
4. Prepare daily milling report (4 copies) and attach MAR 1, and 2 (original and duplicate) and duplicate transfer slip.	Daily milling report (DMR-CDA Form No. 50) MAR 1 and 2 Transfer slip 2	Mill-in-Charge Operator
5. Forward to Accounting Department two copies of Daily Milling Report together with supporting and one copy of DMR to manager.	Daily milling report (DMR-CDA Form No. 50) MAR 1 and 2 Transfer slip 2	Mill-in-Charge Operator/ Bookkeeper/ Accounting Clerk/ Manager
6. Store by classification milled rice until order from manager is made.		Mill-in-Charge Operator
H. OTHER SERVICES — THRESHER, HANDTRACTORS, AND OTHERS		
1. Based on approved facility service request (FSR) prepare schedule of facility service and post in the bulletin board.	Facility service request (FSR-CDA Form No. 56)	Manager/ Operator
2. Render facility (thresher or tractor) service as scheduled.	Approved facility service request	Operator
3. Receive payment in cash for service fees, issue original service invoice to member.	Service invoice (Sr I)	Operator
4. Receive payment in kind for service fees.	Service invoice (Sr I) (all copies signed by member)	Operator

Transactions/Accounting Procedures	Staff Forms Used	Responsible
5. Prepare daily service summary report (DSrSR).	Daily service summary report (DSrSR-CDA Form No. 7) plus service invoices and approved facility service request	Operator
6. Turnover all cash received to treasurer/cashier.	DSr SR with duplicate SrI2 OR Cashier	Operator/ Treasurer/
7. Turnover all palay received to warehouseman.	DSrSR with SrI Receiving report (RR)	Operator/ Warehouseman
8. Forward daily service summary report to Accounting Department.	DSrSR with SrI — 1 and 2 for service or account Approved FSR2	Operator/ Bookkeeper
I. ADMINISTRATIVE MATTERS		
1. Requisition of office supplies and equipment.	Requisition form Designated Person	Department Heads/ Manager/
2. Issue stock certificates to individual members upon orders of chairman.	Stock certificate Stock and transfer book	Designated Person
3. Secure required Mayor's permit and other licenses.	Required documents	Designated Person
4. Record minutes of meeting/ resolutions — board and general assembly.	Minutes of meeting resolutions	Designated Person
5. Compile all resolutions and policies approved by the Board and general assembly.	Minutes of BOD/ General Assembly	Designated Person
6. Files all minutes of meetings and important documents such as (Registration Certificate Articles of Incorporation and by laws) contracts, licenses, and others.	All important documents Minutes of meetings regular and special	Designated Person

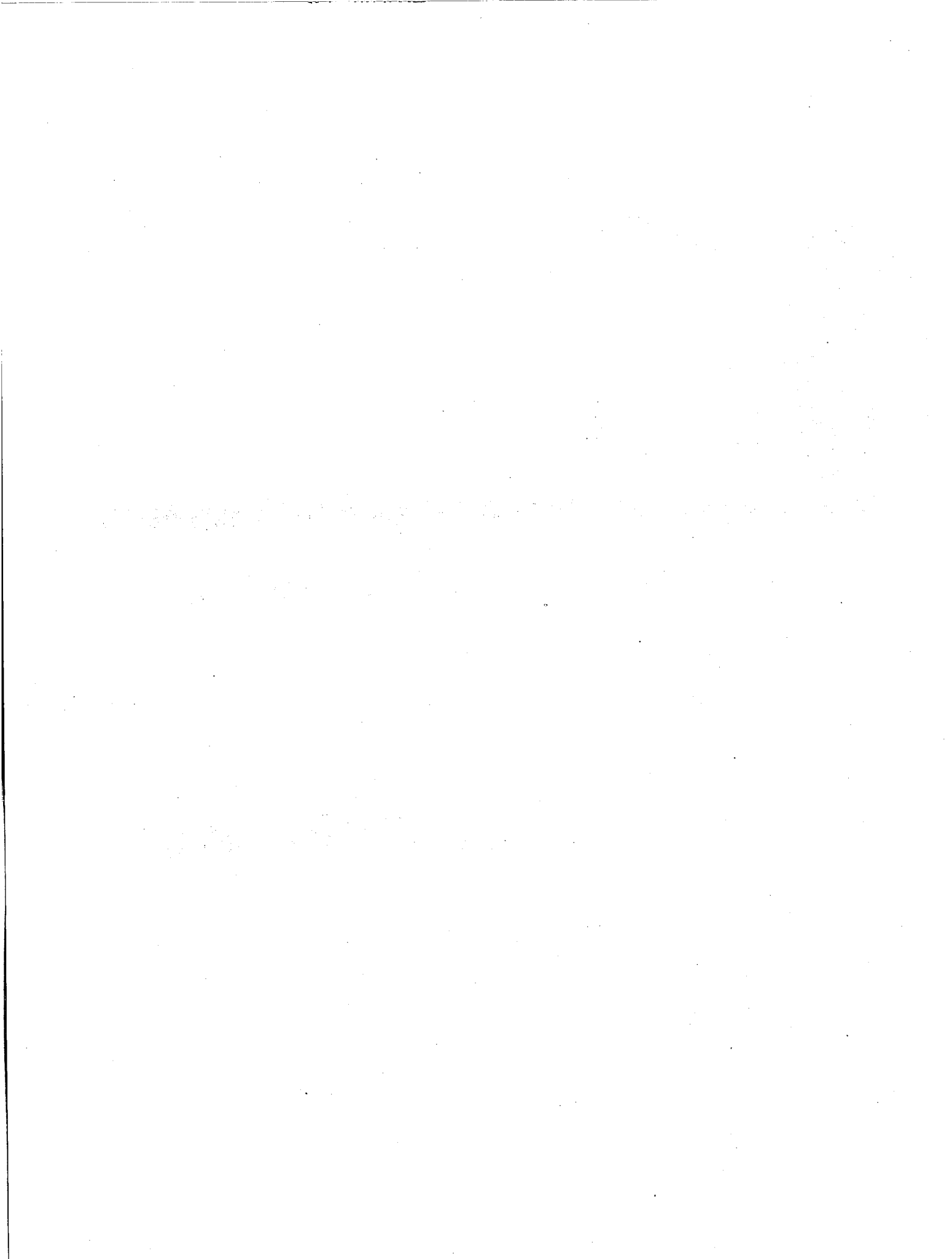
Transactions/Accounting Procedures	Staff Forms Used	Responsible
J. ACCOUNTING AND RECORDING		
1. Receive all daily reports from treasury department and divisions under Operations Department.	Daily cash position report Daily collection report Daily sales summary report Daily service summary report Daily stock report Daily milling report	Bookkeeper/ Accounting Clerk
2. Record transactions in the corresponding books of accounts: cash receipts and cash disbursements books, general journal, purchase and sales books, general ledger.	Daily cash position report Daily collection report Daily sales summary report Daily service summary report Daily stock report Daily milling report	Bookkeeper
3. Record in subsidiary records — individual members loan ledger, share capital, accounts receivable deposits.	OR, CSI, SrI cash vouchers	Accounting Clerk
4. Record in stock cards all goods, palay, and others purchased, transferred to ferred to rice mill.	Receiving report Milling acknowledgment report , warehouse receipts transfer slip	Accounting Clerk
5. Prepare financial reports.	Trial balance Statement of financial condition Statement of Operations	Bookkeeper/ Accountant
6. Prepare schedule of various accounts: accounts receivable, accounts payable, loans receivable, fixed assets, members share capital, members deposits, and others	Subsidiary ledgers	Accounting Clerk
7. Reconcile accounts with variousschedules	Trial Balance and schedule	Accountant
8. Prepare monthly bank reconciliation	Acctg. Form, Paycheck Bankbook, Bank memos Credit and Debit Memos	Accounting clerk





CHAPTER 5

Public Relations



chapter 5

Public Relations

5.1 Effective Communications

The success of a cooperative is influenced by the adequacy and quality of its communications. The quality of communication is usually a reflection of the quality of thinking. If the thinking of the Board of Directors or manager is aimless, lacking in clarity, vague about objectives, this will be communicated throughout the network and become the cooperative's pattern of thought. The same is true for a manager whose thinking is negative and pessimistic. No amount of communication will transform this into confident, positive action by the rank and file staff.

Effective communication has several objectives. One is to achieve better operating performances at all levels through informed staff working as coordinated teams. Another is to achieve greater job satisfaction by increasing the self confidence of staff in their ability to perform their work satisfactorily based on predetermined standards without much supervision.

5.2 Relationship with

5.2.1 Members of Cooperative

The manager should inform the cooperative management staff from the time they received the orientation training that the owners of the cooperative are the

members. The members joined the cooperative and invested capital; expecting better services than from other existing business establishments in the locality. As such, the management staff should not fail such expectations.

Better and efficient services must be provided by the management staff. In a cooperative, efficient services mean treating the members not just as customers or patrons. The policies of the Board should be implemented uniformly regardless of whether the customer is an officer, director, committee member or an ordinary member of the cooperative. Members should be treated fairly. In short *do not play favorites*.

On the other hand, members should discuss with the manager any complaints against an employee or staff of the cooperative. Members should be encouraged to give their suggestions to management either verbally or through the suggestion box. This is the best way to get feedback from members. The manager should recognize the importance of member and public relations and make every effort to improve this relationship. If there are persistent complaints about too high prices, discrimination in extending credit, discourtesy from the employees, and others, a thorough investigation must be conducted. The cooperative is more than a simple business institution. It is also a social institution. Therefore, the Board must assist the manager in maintaining the necessary support from the membership and the community which are necessary for the success of the cooperative.

Member relation is important to the success of the cooperative. It must not only be once a year. It involves a day-to-day communication between employees and customers to the more formal programs of report-to-owner meetings, annual meetings, member newsletters, and others.

Members of the cooperative must be kept informed about their cooperative business — its current status, services, offered, products and future plans. Every member should understand what membership in the cooperative means — why farmers join, what benefits they get and their respective responsibilities.

The manager and the officers should always examine and promote good member relations. Employees should assist in developing the total member relations program for the year. The program must include the participation not only of the members but their families as well.

5.2.2 Board of Directors

Often times, friction in a cooperative results when there is misunderstanding about the line of authority between the Board of Directors and the manager. It is important for all concerned to understand that the functions of the directors, and that of management are entirely separate and must always be kept that way (Annex 9 and 10).

The Board of Directors and the manager should agree on a set of policies to be adopted by the cooperative. This should be printed and reviewed at least once a year for possible additions and deletions. The Board of Directors and the

manager should always keep a copy each. New board members should acquaint themselves with these cooperative policies and their functions. The Board of Directors should be aware of the basic policy and its accountabilities to the members as provided in the articles and by-laws. The directors act as trustees for the shareholders. It is their duty to protect the investments of the members and assets of the cooperative.

The Board delegates the management and operations of the cooperative to the manager. It is their responsibility to employ a capable manager, one who can manage the business of the cooperative for the best interest of all members. It is important that a clear understanding of this basic policy exists between the Board of Directors and the manager. The board represents the members, sets policies and guidelines, and sees to it that these are carried out or implemented.

The management of the business is the manager's responsibility. He/she must be given authority and flexibility to manage the cooperative within the framework of the Board policies and guidelines.

If there are departmental managers, the cooperative should have a general manager who has the full authority over the entire operation. Without a general manager, proper teamwork and coordination is not possible. Very likely, friction may develop within the organization.

The Board of Directors, as individuals, should refrain from discussing problems with the personnel of the cooperative. The problem should be referred to the manager. The manager may deem it necessary for the Board to confer with the personnel at regular or special meetings of the Board.

Legally, directors have no authority except at properly convened board meetings. Therefore, all policies should be approved by the Board of Directors, acting collectively as a board.

5.2.3 Manager

In a cooperative, the manager- being the person concerned in the day-to-day operations of the co-op - is a very important figure of the organization. His/her management decisions are taken by members particularly by the management staff as their guide in implementing co-op plans/activities. To be able to provide supervision, management or technical guidance/assistance to various co-op units, the manager uses different forms of communications, such as memos, notes, reports, to put his message through. It is therefore the unwritten function of the manager to see to it that all communications from his/her end are brief and clear, direct but polite.

The manager does not communicate by work alone. What the manager says is important. How he/she says it can be more important. What he/she really means is even more important. And his/her past record for enforcement is paramount. Communication is more dependent on the management personality

of the manager than is frequently recognized. The autocratic manager will tend to get less feedback than the participative one. Indecision at the top has a cumulative effect throughout the network. Time is wasted by every subordinate awaiting the decision — frustration, loss of enthusiasm are equally cumulative. Adequate feedback is important for effective communication. Foremost in developing this is the quality and quantity of listening done by the management.

The general manager should meet the department heads directly responsible to him/her individually at least once a week and collectively at least once a month. In a new and small cooperative, the manager should make his/her rounds weekly if not daily. All departments should be furnished with the board policies for proper implementation.

5.2.4 Other Staff

In the early centric stage, relationships are spontaneous and intuitive. A manager operating in this mode is usually concerned with his/her own interest and needs. He/she seldom listens to advice offered by his/her staff. This kind of manager may deteriorate his/her relationship with the management staff if he/she relies heavily on it too long. Day-to-day friction develops and people who need a more balanced relationship become frustrated. The resulting inefficiency slows progress in achieving important objectives.

Developing relationships is the work of a manager to establish the condition necessary for mutually cooperative efforts of people. The most productive relationships are those that are rationally developed and carefully maintained. In cooperatives where the activities are becoming complex, one person can no longer be an expert in everything he/she needs to carry out. There should be a continuing relationship between the manager and the management staff.

The identification of relationship as either line or staff depends on the reaction of individuals. When an individual is acting in a line relationship, he/she:

- a. has final decisions in the accomplishment of overall objectives;
- b. makes final decision affecting the objectives; and
- c. has the option of refusing advice and service (i.e. staff assistance) with respect to the objectives.

When an individual is acting in a staff relationship, he/she:

- a. provides advice and service;
- b. is accountable for the quality of advice and service provided; and
- c. has the right to understand and accept what is done with his/her advice and service.

In case of conflict between management staff with line relationship, and those with staff relationship, the manager must take the final decision. If one is held accountable for results, he/she must be allowed to make the decisions that affect those results. Every group has many objectives or goals to achieve. Each individual in a group is accountable for his/her duties and responsibilities in achieving the objectives.

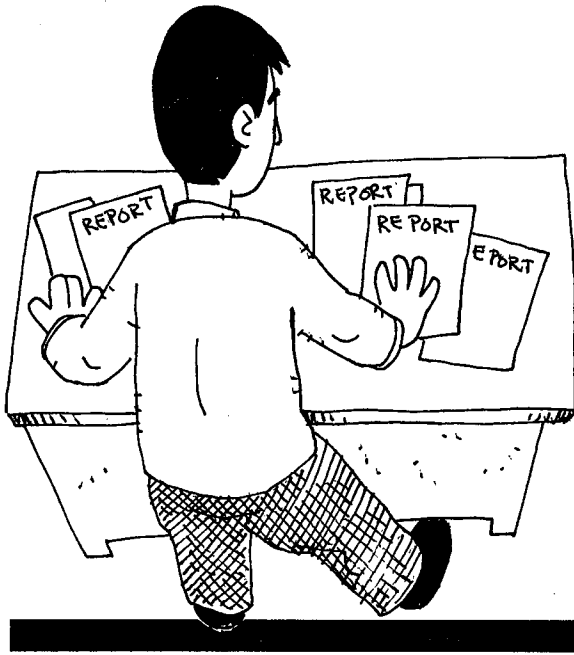
5.2.5 Other Cooperatives

Primary cooperatives affiliate with other secondary or tertiary cooperatives to promote their interest. These are the federations and unions. Usually, the federation helps the primary cooperative in marketing its produce and other business ventures. The union provides education and information on cooperative programs, e.g., materials, ideas, and concepts. It is important for cooperatives to link with other cooperatives to establish business connections and exchange of ideas and expertise. It is one way of creating public knowledge about cooperatives.

5.2.6 Public in General

The cooperative is a landmark in the rural areas. Its existence is visible when membership is all over the place. Take for instance a community credit cooperative in Bulacan, where the pedicab (three wheels vehicle) drivers are members. The cooperative has assisted its members not only by extending small loans but also encouraged them to save and mobilize small savings from their meager income.

Far north of the islands in Ilocos Norte is a cooperative rural bank (CRB) which mobilize savings deposits from school children. While this means savings generation to the CRB, it also inculcates the value of thriftiness to these school children. The CRB is not just a bank. It is a bank with social responsibility, concerned with their welfare and future.



CHAPTER 6

Cooperative Reports

Vertical line on the left side of the page.

chapter 6

Cooperative Reports

6.1 Importance and Need for Reports

The control function serves as a check on the other three functions: (a) planning; (b) organization; and (c) motivation. It determines whether planning was sound, the organization effective and the employees faithful in carrying out their responsibilities.

As a basis for the control function of the manager, there must be up-to-date reports on the condition of the business through the: (a) balance sheet or statement of condition and (b) income statement or statement of operations.

From these two financial statements, the manager can determine if resources are sufficient to cover the liabilities or obligations of the cooperative. The manager upon analyzing these two reports can also answer the following questions:

- a. Is the capital sufficient to carry on the operation?
- b. Can the cooperative meet its obligations on schedule?
- c. Is the gross income sufficient to cover the operating expenses with enough margin?
- d. Was the gross margin realized consistent with the operating plan?
- e. Is the business operating efficiently (or how does total expense compare to volume of business transacted during the period?)

If the answer to any of the above questions is unsatisfactory, there is a need for a new plan.

It is also important that these reports are submitted promptly, preferably monthly for decision-making purposes. If the reports are long delayed, the opportunity for corrective action may be lost.

In addition to the above reports, the manager may ask for other periodic reports as part of the control procedure. Depending on the type of cooperative, or cooperative activities these reports may include the following:

- a. Schedule of accounts receivable or loans receivable properly aged — showing overdue accounts (credit operation);
- b. Shrinkage report — difference between quantity bought and quantity sold (palay marketing); and
- c. Reconciliation of the bank accounts, and others.

The above reports are also required by the Board of Directors in measuring the effectiveness of the manager in conducting the affairs of the cooperative. By comparing these statements (balance sheet and operating statement) against reports of previous accounting periods, the budget, and the standards of performance which have been set, the Board can determine whether the manager is operating the business properly.

The Board may also require a narrative report from the manager regarding the current operations, problems and plans for the future to supplement the statistical reports. A cooperative business is usually successful only if it is growing in volume of business, service to members, capital, and membership. It is through the cooperative reports from which we can determine whether the cooperative is growing or retrogressing.

6.2 *Understanding the Accounting System*

There must be an adequate accounting system installed in the cooperative before financial reports can be prepared. An accounting system keeps track of all financial transactions of the cooperative whether it involves cash flowing into or out of the cooperative; credit transactions involving sales on account or purchases on account; or whether it involves income or expense of the cooperative. An accounting system is not merely recording these transactions, but also includes the necessary accounting forms, the books of accounts and the reports that summarize these business transactions. It is the primary responsibility of the accountant and his/her staff to do the recording of the financial transactions in the books of accounts, summarizing them into financial reports, and interpreting them into financial ratios. It is also the responsibility of the manager and other management staff to understand and appreciate the use of accounting forms for every business transaction. Accurate records keeping depends on the basic accounting records. It is important for the directors and other officers of the cooperative to know how

to read the financial reports and understand their implications to the business of the cooperative when making intelligent decisions.

6.2.1 Management of Assets

In the previous sections, the responsibilities of the Board of Directors and managers were discussed. The Board is accountable to the members, while the manager to the Board for efficient management. Among the concerns of the manager is the management of assets. The manager is expected not only to safeguard the assets of the cooperative but also to manage them effectively and efficiently. This is possible with the cooperation of the management staff and the support of the Board of Directors.

First the manager should identify WHAT assets are to be safeguarded and which ones are to be managed efficiently and effectively. WHO will do it and HOW will it be done?

Based on the financial statements (statement of condition or balance sheet) the manager reviews the various assets of the cooperative with his/her staff. As each group of assets — current assets, fixed assets, investments, and other assets are reviewed, the particular management staff or personnel responsible is identified.

The last question of "HOW" the assets are to be managed is the concern of the key management staff or heads of departments. It is here where the accounting system involved in each asset and the corresponding internal control are to be reviewed. If policies and procedures are weak, these need to be reformulated or revised.

Management should focus more attention on the following:

- a. Cash on hand;
- b. Cash in bank;
- c. Accounts receivable;
- d. Loans receivable; and
- e. Inventory of goods or stocks.

As a guide to the manager the following questions are to be looked into:

1. Are all cash received supported by official receipts and turned over to the treasurer or cashier daily?
2. Are all cash received the previous day deposited intact in the bank the following day? If not why?
3. Are all disbursements/obligations paid by check? If yes, who signs the checks? Remember there must be two signatories. If not, why?
4. Is the cash in bank reconciled with the bank statement every month? How many bank accounts do you maintain? If there are idle funds in your current or savings accounts, transfer them to time deposits.
5. For accounts receivables, what is the cooperative's policy on sales on account? Are nonmembers allowed to buy on account? Is it collected

weekly or monthly? How much is the outstanding accounts receivable compared to sales? Nonmembers can be served by the cooperative on cash basis only but not on account.

6. If the cooperative is extending loans, is there a policy on the maximum loan granted to one member and on what basis? What is the delinquency rate? If it exceeds 10%, intensify collection or review your policies.
7. How often does the Audit Committee take physical inventory of stocks? Are there spoiled goods? What percent of the inventory are spoiled? Do you segregate slow-moving goods? What have you done about them? Stock only saleable goods. Slow-moving goods can be sold at cost or mix with other goods and offered for SALE.

Fixed Assets

In addition to the current assets are the fixed assets of the cooperative. The manager must see to it that these are properly maintained. The office equipment (typewriters, adding machines, and others) must be cleaned before and after use everyday. The warehouseman is responsible in cleaning the warehouse to prevent rodents and insects. It is necessary that these are insured against fire. For transportation vehicles and service equipment (threshers, and others) the drivers/operators are responsible for their maintenance. Regular check-up prevent major break downs or repairs which are expensive.

For investments and other assets, the Board of Directors should make a thorough study before deciding to invest idle or excess funds of the cooperative. Will the investment benefit the members? Will there be additional income to the cooperative by making such investment?

6.2.2 Management of Liabilities

Liabilities of the cooperative consist of current or short-term and fixed or long-term liabilities. When the cooperative lack working capital, goods for resale are bought on credit for 30 to 60 days. This is known as accounts payable which is classified as current liabilities. If this is the practice, the manager must see to it that the obligations are met on time to maintain good credit with suppliers. The goods bought on account should be sold on cash basis and not on credit longer than the term with suppliers.

For long-term liabilities, these are usually matched with the life of the fixed assets acquired. To enable the cooperative to pay the amortization, the manager should maximize the use of the fixed asset. As much as possible, the liability should be paid out of the income from the asset. An example is the thresher. If the expected life of the thresher is five (5) years, it is ideal to pay the loan within three years out of its income.

6.2.3 Internal Control System

In the cooperative, the internal control system is built-in the accounting system and the organizational structure. In the previous discussions, a particular transaction is not handled by only one personnel or staff. Take for instance the lending or loaning activity. The application for loan is submitted to the loan officer for initial processing. But the approval is done by the Credit Committee, or Board of Directors (if borrower is member of Credit Committee), and the release of the loan is made by the treasurer. To safeguard the assets and minimize errors there must be check and balance among the management staff. Those handling cash or goods are different from the staff who handle the record keeping. The manager and the audit committee should see to it that the existing internal control is effective.

6.3 Overview of Planning and Budgeting

Planning is one important function of management. Any business undertaking starts with a plan. Planning is drawing from the past to decide at present what to do in the future; what to do later, when, how and who will do it.

Planning may be classified into two categories: (a) long-range planning; and (b) short-term planning. Long-range planning usually involves top management and special planning staff. It deals particularly with objective setting and policy decisions. Short-term planning on the other hand usually covers a period of one year or less and prepared by middle/lower level staff. The details or strategies on how to carry out the long-range plan are covered by this plan.

6.3.1 Planning Approaches

Planning has three basic approaches. These are: (a) top-down planning; (b) bottom-up planning; and (c) goals-down, plans-up planning.

In top-down planning, top management sets goals and plans for all the lower level management.

The bottom-up system, prepares the goals and plans based on what the staff think they can do, and send them to upper management for approval.

The third approach is commonly used by most companies known as the goals down, plans-up planning. This approach can be adopted by cooperatives. Top management (Board of Directors and general manager) take a broad look at the opportunities and requirements of the cooperative and set the its goals. All units/divisions of the organization are responsible for developing plans designed to help the cooperative achieve these goals. When approved by top management, these plans become the official plan.

Planning is the determination of objectives and the activities needed to achieve them. To accomplish such objectives, there is a need to prepare the budgets showing the required inputs to reach the desired objectives.

6.3.2 What is a Budget?

A budget is a plan of action expressed in numerical terms. It is an operating and financial program for a future based on results attained in prior periods and on data obtained by research.

An operating budget is based on the year's work plan and centralized costs. The cost of the expected income are itemized in the operating budget.

6.3.3 Basic Purpose of Budgeting

Budgeting is a management tool. It helps insure more optimum use of resources, facilities, and people. It serves as a guide for operation during the period. The budget becomes a control device once approved. It establishes standards against which actual performance can be measured.

6.3.4 Importance of Budgeting

- a. The exercise of preparing a budget forces the managers to think each activity in detail and commit their thoughts in paper.
- b. Budgets give managers essential information on the projected expenses and income associated with planned activities. Whether all planned activities are financially feasible and more income needs to be raised or costs need to be reduced are known beforehand.
- c. Budgets help managers ensure that the organizational resources are spent only on planned activities.
- d. Budgets force the planners to differentiate between essential and non-essential activities and give essential activities a higher priority.
- e. Budgets help the cooperative prepare a list of possible sources of needed funds to meet the expenses.
- f. Budgets allow managers to evaluate the actual costs of activities and consider alternative if the planned activities are too costly.
- g. Having a realistic, updated budget and comparing it with actual expenses, managers can be forewarned of potential shortfalls in resources that are available for specific activities.

6.3.5 Who is Responsible and When is the Budget Prepared?

- a. The manager and the accountant are responsible for the preparation of the budget. However, the basic plans and estimates comprising the budget should be provided by the various units/divisions of key management staff, officers, and committees.
- b. Budget preparation should start about three months before the start of the period year being considered.

6.4 Important Cooperative Reports

Various cooperative reports are submitted to the Board of Directors, committees, and the manager as basis for intelligent decisions. Most of these reports are prepared monthly, weekly, and others daily.

6.4.1 Minutes of Meeting

It is the responsibility of the secretary to prepare the minutes of meeting immediately after the Board or general assembly meetings. This is to ensure that the important issues/policies and resolutions are written and included in the minutes to avoid omissions and errors. It is also important that policies approved during these meetings are disseminated to the staff concerned for implementation and information of the members.

6.4.2 Cash Report

The manager should know how much cash there is in the cooperative at any time since this asset is the most volatile. This is important to the manager for his/her information and as a basis for decision making. It is the responsibility of the treasurer to prepare the cash report on a daily basis to be submitted to the manager. It is necessary as an internal control measure.

6.4.3 Sales Report

Sales is one major source of income of the cooperative. It should be monitored daily by the manager. For his/her information and as a basis for monitoring the flow of goods, the sales report is prepared by the sales clerk daily and noted by the department head. Based on the sales report, the manager can determine the turnover of goods.

6.4.4 Inventory Report

Most cooperatives take the physical count at least quarterly. The inventory report prepared by the storekeeper/warehouseman, is reconciled with the stock cards and verified by the Audit Committee. For a better internal control, the inventory report must be prepared monthly. Whatever amount shown in the financial statements is accurate and reliable.

6.4.5 Financial Statements

One of the agenda in the Board of Directors meeting is the financial statements (statements of condition and operations). The financial statements show the performance of management in the operation of the cooperative business activities. It is the responsibility of the accountant to prepare these financial statements. To facilitate an understanding of the financial statements, the ratios should be computed. As a basis for decision-making, the financial statements (the statement of operations in particular) should be compared with budgeted figures.

6.4.6 Aging of Accounts Receivable

The statement of condition most often shows high value in its accounts receivable. The manager often times does not consider this as a problem until the sales decrease or a cash flow problem arises. It is the responsibility of the accounting clerk or the bookkeeper to prepare the schedule of accounts receivable monthly including the aging such as 30 to 60 days, 61 to 90 days, 91 to 120 days, over six months to one year, over one year, and others. First, the schedule facilitates the reconciliation of the accounts receivable control account shown in the statement of condition and the total amount of individual members accounts receivable. Second, the manager can determine which accounts are not collected for a long time. The schedule can be a basis for new policies and/or strategies to intensify collection.

6.4.7 Aging of Loans Receivable

Similar to the aging of accounts receivable, there must be a separate schedule for loans receivable. This report should be prepared monthly by the accounting clerk and reconciled with the loans receivable account in the statement of condition. Based on this report, the credit committee can suggest to the Board of Directors possible changes in policies and/or strategies to intensify collection of loans.

6.4.8 PPE (Fixed Asset)

This schedule is important to the manager in the management of assets. The preparation may be semi-annual. Based on this schedule the manager can determine the location of these fixed assets and those responsible for their maintenance. Insurance coverage should be included in the schedule.

6.4.9 Schedule of Accounts Payable/Other Obligations

It is important that this schedule is prepared monthly by the bookkeeper to facilitate the management of liabilities. Based on this schedule the manager can easily monitor if payment of accounts payable and other obligations is up-to-date. There is no need to borrow additional working capital with interest if good credit is maintained with suppliers. For loans with banks, succeeding loans may be increased.

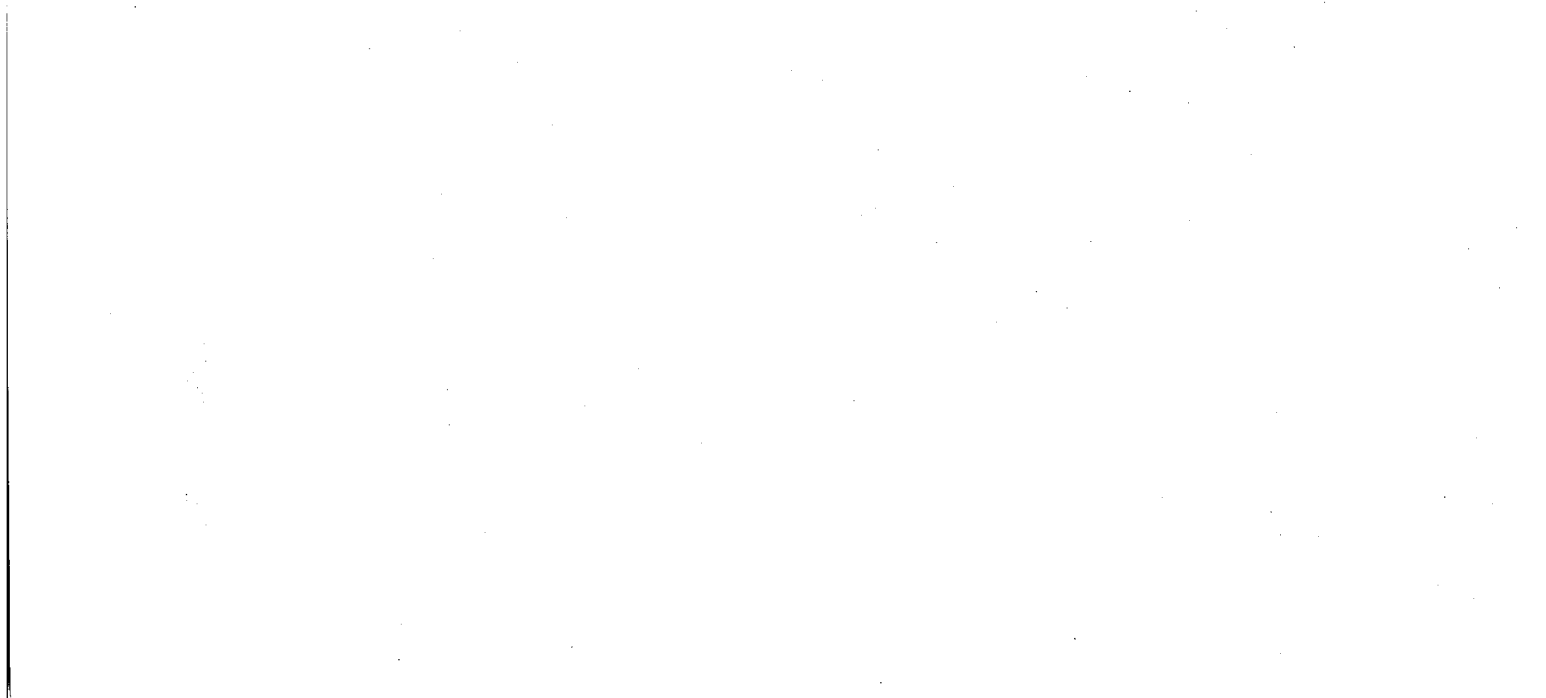
6.4.10 Schedule of Subscribed, Subscription Receivable and Paid-up Capital

In support to the accounts under net worth or equity in the statement of condition, it is necessary to prepare a schedule of subscribed, subscription receivable and paid-up capital of members to facilitate reconciling these accounts with the members' individual records. It is also important to the Board of Directors and the manager to know who of the members are not regularly paying their subscriptions in the cooperative. Based on the schedule, they can decide on new policies and/or strategies for effective capital build-up schemes.

Conclusion

As a business enterprise, the cooperative must be managed by qualified personnel. If qualified people are not available in the area where the cooperative operates, basic management training must be given to its staff. Remember that the management staff of any type of a cooperative is a component of the organizational structure. The cooperative employees are the key link between management and membership. If the staff are not knowledgeable of the business operations of the cooperative, the members cannot expect efficient services no matter how good the policies of the Board are or how good and qualified the manager is.

The success of any cooperative depends upon the performance of its employees and the teamwork exhibited by them in the performance of their duties. All employees can grow and develop with their cooperative. Only when the total capability of the whole management staff is developed and efficient services are provided to the cooperative members that the ultimate goal of this manual is fully achieved. **Training does not cost money; what costs money is paying for the mistakes of untrained staff.**



References

A. Books, Handbooks and Manuals

- How to Supervise People.* McGraw-Hill Book Co., Inc. New York, Toronto, London. Printed in the USA.
- Understanding Your Cooperatives.* Cooperative Management Division, Economics, Statistics and Cooperatives-Service, Cooperative Program. U.S. Department of Agriculture.
- Financial Management for Credit Union Managers and Directors.* Jim Lerving and adapted by PFCCI.
- Cooperative Enterprise, The Little People's Chance in a World of Bigness.* The Interstate Printers and Publishers, Inc. Danville, Illinois. Jerry Voorhis, former U.S. Congressman and former Executive Director of the Cooperative League.
- Guidelines for Cooperatives in Developing Economics. A Book of Readings.* Edited by Mary Jean McGrath, International Cooperative Training Center, University Extension. The University of Wisconsin, Madison, Wisconsin, USA.
- Handbook on Non-Agricultural Cooperatives.* Cooperatives Administration Office and Central Educational Board.
- Philippine Civil Service Employee Handbook.* Civil Service Commission, Batasang Pambansa Complex, Constitution Hills, Quezon City, September 1989.
- The Labor Code of the Philippines and Its Implementing Rules and Regulations.* Compiled, edited and published by Vicente B. Foz, Manila, Philippines.
- Cooperatives: Development, Principles and Management.* Ewell Paul Roy, Ph.D. Interstate Printers and Publishers, Inc. Danville, Illinois, USA.
- Manual on Cooperative Management.* Edited by John Jacques, P.J. B.A. (com.) Cooperative Union, Ltd. Holyoake Hoise, Hanover St., Manchester, Great Britain, April 1969.

B. Other Study Materials

- Personnel Policies.* Coop., Inc. Ida Grove, Iowa, USA.
- Board and Management Policies.* Coop., Inc. Ida Grove, Iowa, USA.
- Staffing and Personnel Development.* Alton C. Johnson.
- A Paper on the Impact of Legislation on Cooperative Development.* Hon. Pablo P. Garcia, Congressman, 3rd District, Cebu.
- Notes for the Field Trainer.* ILO, Geneva, MATCOM.
- Cooperatives in Export: Exhibit Highlights National Coop Day* by Candelario Verzosa, Executive Director, CDA. Manila Standard Supplement, March 10, 1994.

