MENDEZ CONSUMERS COOPERATIVE (MECOCO): A CASE STUDY

THESIS

JENETH R. BACOS

Department of Agricultural Economics
and Agri - Business

DON SEVERINO AGRICULTURAL COLLEGE
Indang, Cavite
April, 1989

MENDEZ CONSUMERS COOPERATIVE (MECOCO): A CASE STUDY

Undergraduate Thesis

Presented to the Faculty of the

Don Severino Agricultural College

Indang, Cavite

In Partial Fulfillment

of the Requirements for the Degree of

Bachelor of Science in Agriculture

(Major in Agricultural Economics)



JENETH ROZUL BACOS
April, 1989

ABSTRACT

BACOS, JENETH ROZUL. "MENDEZ CONSUMERS COOPE= RATIVE (MECOCO): A CASE STUDY." B.S. Thesis, Agricultural Economics, Don Severino Agricultural College, March 1989, Adviser: Miss Lorna V. Alcones.

This study was conducted to evaluate the cooperative's (MECOCO'S) total standing. Specifically its objectives were to: (1) ascertain the financial status of MECOCO for the last five years; (2) to determine the management and operation of cooperative venture; (3) identify and give suggestions for the solution to the problems besetting MECOCO.

Mendez Consumers Cooperative in Mendez, Cavite was selected as the subject of study. Financial aspects and cooperative management procedures were considered as the primary data.

Supply of commodities in the store was sparse because stocks were limited. This was due to inability to purchase in big volume from several sources, the reason for which was traced to the lack of capital.

Lack of capital in turn was due to the lack of patronizing behavior of the members.

It is therefore imperative that the cooperative maximize its capital by utilizing all possible sources

of funds through expansion of membership and additional shares of present members. These could be achieved by a campaign for the purpose.

On the other hand, in order to ensure the patronage of members, the following are recommended:

- a) maintain selling prices which are lower than that of stores within the area;
- b) provide incentives to regular patrons in the form of discounts or recognitions during meetings; and
- c) emphasize the importance of members patronage of the stores products during regular meetings and/or trainings.

TABLE OF CONTENTS

									Page
BIOGRAPHICAL DATA	•	•	•	•	•	•	•	•	iii
ACKNOWLEDGMENT	•	•	•	•	•	•	•	•	iv
ABSTRACT	•	•	•	•	•	•	•	•	vi
LIST OF EXHIBITS	•	•	•	•	•	•	•	•	X
LIST OF APPENDICES	•	• •	•	•	•	•	•	•	хi
INTRODUCTION	•	• •	•	•	•	•	•	•	1
Importance of the Study	•	• •	•	•	•	•	•	•	3
Objectives of the Study	•		•	•	•	•	•	•	4
Sources of Information	•		•	•	•	•	•	•	5
Methods of Analysis	•		•	•	•	•	•	•	5
CASE PROPER	•	• •	•	•	•	•	•	•	8
History and Background	•		•	•	•	•	•	•	9
Organization and Managem	en-	ե .	•	•	•	•	•	•	11
Personnel	•		•	•	•	•	•	•	11
Committees	•	• •	•	•	•	•		•	11
Membership	•		•	•	•	•	•	•	13
Capitalization	•		•	•	•	•	•	•	13
Salaries of Employees			•	•	•	•		•	13
Cooperative Policies	•		•	•	•	•	•	•	14
Operation	•		•	•	•	•	•		17
Description of the Store			•	•	•	•	-	•	19
Financial Aspects								_	19
	-	. •	-	-	-	•	•	_	4 7

Pa	age
Sensitivity Analysis	<u>?</u> O
PROBLEM IDENTIFICATION	21
Identified Problem	21
Problem Analysis	21
ALTERNATIVE FORMULATION AND EVALUATION 2	23
REOMMENDATION	26
BTBT.TOGRAPHY	7

LIST OF EXHIBITS

Exhibit		Page
1 S	tore Site	28
2 S	tore Layout	29
3 0	rganizational Structure	30
4 B	Soard of Directors	30
5 B	Susiness and Management Committee	30
6 E	ducational and Membership Committee .	30
7 I	inventory and Audit Committee	3 <u>\$</u> 7.
8 E	Clection Committee	31
9 V	olume and Value of First Ten Most Saleable	<u>3</u> 2
10 C	Comparative Balance Sheet	33
11 0	Comparative Income Statement	36
12 S	Status and Operation Report	38
13 I	The Yearly Increase in Capital by Thousand Pesos of MECOCO	39
1 4 T	The Yearly Increase in Total Sales	40

LIST OF APPENDICES

Appendix		Page
Α.	Industry Profile	42
	Sources of Commodities	42
	Supply and Demand Situation of First Five Most Saleable Com-	
	modities	43
	Institution in the Industry	46
	Problems of Consumers Cooperative	48
	Solution to Problems of Consumers Cooperative	49
	Prospect of Consumers Cooperative	50
	Number of Existing Consumers Cooperative in the Philippines	53
В.	Recommendation for Further Development of the Consumers Cooperative	
	Movement	54

LIST OF TABLES

Table		Page
1	Rice: Supply and Use Estimates, Philippines	56
2	Sugar: Supply and Use Estimates, Philippines	57
3	Eggs: Supply and Use Estimated, Philippines	59
4	Irish Potato: Supply and Use Estimates	60
5	Calamansi: Supply and Use Estimates, Philippines	61
6	Average Financial Accounts of Consumers Cooperative as of December 1985 and 1986	62
7	Number of Existing Consumers Cooperative in the Philippines as of Auguat 31, 1988	63
8	Profitability Ratios of Consumers Cooperative for the Years ending 1985 and 1986	64

MENDEZ CONSUMERS COOPERATIVE (MECOCO): A CASE STUDY¹

bу

JENETH R. BACOS

lan Undergraduate thesis presented to the faculty of the Department of Agricultural Economics and Agribusiness, Don Severino Agricultural College, Indang, Cavite in partial fulfillment of the requirements for the degree of Bachelor of Science in Agriculture (BSA), major in Agricultural Economics. Contribution No. 89047-004. Prepared in the Department of Agricultural Economics and Agribusiness under the direct supervision and guidance of Miss Lorna V. Alcones.

INTRODUCTION

A cooperative is an association and/or business enterprise organized by a group of people to fill their common needs along procurement, production, marketing, credit service, etc. It is organized for the mutual benefit of its members, who own, control and patronize it. The profit motive is only secondary; service and common benefit to the members are its chief concerns. Various type of cooperative organizations that are responsive to immediate needs of the members concerned include marketing cooperatives, consumers cooperatives, industrial cooperatives, credit cooperatives, and service