

Organizational Commitment and Viability of Agri-Based Cooperatives in Palawan

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ABSTRACT

One hundred twenty-nine (129) respondents from ten (10) agri-based cooperatives in Palawan were interviewed to assess the background and viability characteristics of these cooperatives and to determine the variables that predict organizational commitment and viability.

Results revealed high viability ratings of the cooperatives attributed to their fast growth as shown by increased number of members, number of linkages, and capitalization. Twelve variables were identified to predict organizational viability based on path analysis. The revised path model identified that organizational viability is directly predicted by organizational commitment which in turn is directly predicted by satisfaction. Satisfaction through organizational commitment indirectly predicts organizational viability and is in turn directly predicted by centralization, distributive justice and feeling of importance. This finding rejects the proposition that personal factors are either direct or indirect predictors of organizational commitment.

Results of this study support Systems Theory which sees human organizations like biological organisms that live, grow, develop and made up of constituent parts that perform specific but interrelated function towards the attainment of organizational goals and partly supports the Exchange and Side Bet Theories which explain the emergence, the rise and decline of commitment of members in their organization, and reinforce the earlier observations that personal factors are not key exchange and side bet variables.

Keywords: cooperatives, agri-based, Palawan, organizational commitment

INTRODUCTION

A cooperative is a dynamic form of people's organization that embodies the philosophy of cooperation. It signifies the voluntary assent of people to form themselves into an organization for the promotion of their common needs by mutual action, democratic control and sharing of economic benefits on the basis of patronage by the members. Members get together to do certain act, knowing that

by their collective action they can effectively realize their objectives. Cooperative movement is by far the most practical, sustainable and accessible weapon for wiping out mass poverty. It is believed that through the cooperative movement, the economic miseries of the poor will be alleviated.

In Palawan, a total of 612 cooperatives had been registered at the Cooperative Development Authority up to the time of this study. Two hundred eighty-seven (46.90%) had been declared as operating and 325 (53.00%) as non-operating. Cooperatives are declared as non-operating due to lack of social and economic activity. This supports the claim of Hussi *et al.* (1993) that cooperatives and other farmer groups have often failed to develop into viable self-managed organizations capable of extending efficient services to their members. The lack or absence of commitment among the members that constitute them burdens this failure (Kanter, 1968; Aragones, 1977; Pablico, 1982; Alicante, 1991; Im, 1991; Batoon, 1984). This indicates that commitment and viability are desirable organizational outcomes (Angle and Perry, 1981). The big and real issue then is not organizing itself but the staying power of organizations (Hague, *et al.*, 1977) whose fundamental ingredients are membership commitment and viability. Therefore, the two major concerns of institutional development or organizing remain to be on how to secure and maintain commitment among the members over time (Siy, 1982), and sustain organizational viability (Hussi, *et al.*, 1993).

A few studies dealt on the performance of rural people's organizations and very few of these touched on organizational commitment and viability and their predictors. Mottaz (1988) in his review of studies conducted on the antecedents of organizational commitment observed that the results are inconsistent and confusing, hence, it is not possible to draw any definite conclusion. The dilemma lies on the following factors: 1) a good deal of the research in this area has not been guided by a well specified model of commitment from which predictor variables can be derived consequently 2) different studies vary greatly in terms of the variables included, and 3) most studies have bivariate rather than multivariate analytical technique. As a result, a wide variety of variables have been found to have a significant relationship with organizational commitment. The use of bivariate procedures does not allow one to accurately assess the relative importance of the various potential determinants of commitment when effects of other important variables are constant. Thus one cannot be sure that the reported relationship is not spurious.

This study was conducted to: (1) assess the background and viability characteristics of agri-based cooperatives in Palawan; and (2) determine the predictors of organizational commitment and viability in these cooperatives.

METHODOLOGY

Research Design

The study is descriptive and analytical in nature. The descriptive part describes the background characteristics and viability of the sample cooperatives, and the personal characteristics of the member-respondents. The analytical part deals with the fitting of the hypothetical model using the data obtained from the cooperatives as a collective unit and from the members. The causal structure of the interrelated variables was determined by coming up with a revised model that would be useful in predicting the organizational commitment and viability in agri-based cooperatives.

Sampling Procedure

The sample cooperatives were homogenized by including only cooperatives that are at least five years old. Likewise, only the cooperatives that have been in continuous operation from the time they were registered with the CDA up to the time of the study were selected. As a result, ten cooperatives in Palawan were considered composed of: San Juan Rural Improvement Club Multi-Purpose Cooperative at San Juan, Aborlan; OISCA Model Community Multi-Purpose Cooperative at Cabigaan, Aborlan; Bono-bono Gintong Butil Multi-Purpose Cooperative at Bono-bono, Bataraza; Princess Urduja Small Coconut Farmers Association Multi-Purpose Cooperative Inc. at Princess Urduja, Narra; Elvita Multi-Purpose Cooperative Incorporated at Elvita, Narra; Lapu-lapu Multi-Purpose Cooperative Incorporated at Poblacion, Narra; Antipuluan Small Coconut Farmers Producers Cooperative at Antipuluan, Narra; Sicud Multi-Purpose Cooperative Incorporated at Candawaga, Jose Rizal; Caramay Coffee Planters Multi-Purpose Cooperative Incorporated at Caramay, Roxas; and Piatnga Farmers Multi-Purpose Cooperative at Kamuning, Puerto Princesa City.

After determining the sample cooperatives, the list of members of identified cooperatives was obtained from the records of the Provincial Cooperative Development Office, Puerto Princesa City. Only the regular members with ages 18 years old and above and those who are physically accessible to their hometown or cooperative's address during the time of the study were included in the random sampling for the member-respondents. Twenty percent (20%) of the qualified members from the selected cooperatives were chosen through random sampling of member-respondents.

Data Collection

Two sets of questionnaires were used in the study. One was the eight-item organizational background and viability questionnaire which was administered to key officers of the sample cooperatives. The other set was the 52-item personal background and organizational commitment questionnaire administered to the individual member-respondents.

Primary data were collected through personal interview with the Board of Directors and other officers and the cooperative-member respondents. The researcher and one hired enumerator conducted the interview. The interviews were done in Filipino since most Palaweños know how to speak Filipino.

Data Analysis

The data gathered were analyzed using appropriate statistical software. Means, ranges, and percentages were used in summarizing the descriptive data. Path analysis, a linear regression analytical technique, was used in evaluating the direct and indirect causal connections between the dependent and independent variables hypothesized in the study. These causal connections are expressed in quantities known as path coefficients or *beta* coefficients (Wright, 1960). A path coefficient measures the concrete contribution that an antecedent variable or set of interconnected determinant variables is supposed to make a given dependent variable. The significance of the computed correlation and path coefficients was tested using the t-test. The F-test was used to test the significance of the path model.

The final path model was determined by first considering all variables in the hypothesized path model. All nonsignificant variable connections or paths were eliminated resulting to a new, simpler path model. Finally, path coefficients were recomputed and used in the in the modified model.

RESULTS AND DISCUSSION

Cooperative-Related Experiences of Members

Formalization in terms of the communication system is evident most of the time (3.51) as perceived by the members. The respondents moderately agree (6.29) that there was centralization in decision and policy making and the cohesion of members was moderately high (6.03). The respondents perceived slightly high (5.19) the feeling of added prestige derived from membership. The respondents felt moderately important (5.98) and rated the dependability of their cooperative as high (3.57). Distributive justice was perceived as moderately fair (5.89) and emphasized that their roles to and in the cooperative were moderately clear (6.33).

The member-respondents expressed their feeling of satisfaction in all cooperative-related factors. This only shows that they find it more favorable, satisfactory and gratifying to be included as members of such organizations.

Organizational Commitment of Members

The level of organizational commitment of the respondents was higher than average. Measured on the scale of seven, respondent-members of cooperatives had a rating of 5.91 with an adjectival rating of moderately committed.

Characteristics of the Cooperatives

Since their establishment, agri-based cooperatives have existed for an average of 10 years and 3 months. Through these years, the membership had increased from 30 to 77. The mean capitalization likewise increased from P540,067.42 to P5,583,687.63.

It can be noted that the cooperatives are composed of members from different ethnic groups. The data suggest that Palawan is indeed a "melting pot" of diverse ethnic groups from various parts of the country.

The cooperatives engaged in economic (production of rice and other crops, operating a sari-sari store, rice trading, operating of drying and storage facilities, farm machineries rental, credit, rice milling, and coffee production and milling) and non-economic activities. The non-economic services rendered by the cooperatives to their members included education and training and provision of any of the following: hospitalization, death benefits, and group insurance coverage.

Viability Status of the Cooperatives

Cooperative viability is defined here as the composite rating score obtained by the sample cooperatives in the five-item scale viability measure designed in this study. This was indicated by the increase in the number of membership, amount of capital, number of business operations, number of services rendered to the members, and the number of linkages either government, non-government and people's organizations over a period of time. Overall, the viability rating for the cooperatives was described at a high level with a computed mean viability rating of 3.82.

Among the five viability indicators used, the cooperatives scored or performed the lowest on the number of services rendered to the members (3.0) and the number of business operations (3.1). The level of these viability indicators had an adjectival rating of "medium". Viability scores were highest on capital build-up of cooperatives (4.8) followed by linkage (4.2) and size of membership (4.0).

These viability data suggest that out of five indicators or measures of viability, only three indicators, namely capital build-up, membership size and number of linkages were assessed to be "high" and thus have contributed to high over-all viability rating. The two other indicators, the number of services rendered and the number of business operations were assessed to be on the medium level of viability.

These five indicators revealed the weakness of the cooperatives in terms of number of business operations and number of services rendered to members. However, in the cooperatives studied, the weakness was partially offset by high ratings in the other three indicators giving an over-all adjectival rating of "high" for the viability of the cooperatives.

To further increase their viability, the cooperatives studied should increase or expand their business operations that may eventually lead to offering of increased services to their members. This shows that the key indicators of viability are equally important and are interrelated. Attempts at increasing viability of a cooperative should carefully consider all these indicators.

These results conform to the system theory proposed by Lilienfield (1973) which sees human organizations like biological organisms that live, grow, and develop. They are made up of constituent parts that perform specific but interrelated functions towards the attainment of organizational goals.

Predictors of Organizational Commitment and Viability

The results of path analysis based on the hypothetical model shed light on which antecedent variable exerts direct or indirect effect on certain dependent variables.

Certain variables were eliminated after the first round of the analysis. The result was a simplified and working path model for organizational commitment and viability. The elimination of certain variables in the original path model did not greatly reduce the coefficient of determination (R^2) for organizational viability. This shows that the retained variables really predict variability and that the contribution of the variables that were eliminated could be ignored.

The revised path model (Figure 1) contained 13 variables with organizational viability in the farthest end. The 12 antecedent variables contribute 75.24 percent of the variability in organizational viability of agri-based cooperatives. Nevertheless, the computed R^2 ($=0.7524$) is large enough to declare that the 12 variables sufficiently predict organizational viability.

Theoretically, a large difference in the values of the path coefficients computed from the hypothesized and revised models indicates a large contribution due to spurious relations (Valera, 1979). The elimination of the insignificant paths actually has removed these spurious effects.

The recomputation of the path coefficients in the second round of the analysis showed a significant direct effect of organizational commitment on viability with a path coefficient of 0.541. The value indicates the amount of change in organizational viability that would be expected whenever organizational commitment is changed by one unit.

Satisfaction leads directly to organizational commitment. The computed path coefficient was 0.548, considered to be significant. Even though there is no direct linkage between satisfaction and organizational viability in the revised path model, an indirect effect exists and the path coefficient of 0.297 is found to be significant. The value indicates the amount of change that could be expected on organizational viability indirectly through organizational commitment when satisfaction changes by one unit.

RECOMMENDATIONS

The researchers recommend the following measures to improve organizational commitment and viability of the cooperatives:

1. Encourage closer coordination and concerted efforts of all government and non-government organizations, that are involved or concerned with the cooperatives. This would create favorable outcomes on the cooperatives rather than singular, isolated, and piecemeal activities by each of the concerned organizations. The mandate of the Municipal Cooperative Development Councils (MCDCs) should be carried out properly.
2. Provision of technical assistance geared towards the build-up of internal capability of the cooperatives by the concerned organizations. Training programs on more effective management of the organization and on resource generation should be conducted to officers of the cooperatives.
3. Provision of financial assistance to cooperatives to enable them to expand their business operations and services to the members. With additional or expanded business operations and services, the viability score for the cooperatives would increase, ensuring their continued existence and continued offering of services to their members.
4. Periodic monitoring and evaluation of the status of cooperatives should be done by concerned organizations to readily provide remedies and solutions to problems that beset them. Many cooperatives were established, stayed active for a while out then became inactive and ceased to operate. Before this situation happens, technical or even financial assistance could be provided to sustain the cooperative.
5. Work to increase the levels of satisfaction and commitment of members by providing them favorable experiences. Operations of the cooperatives should be improved by soliciting financial and technical assistance from concerned organizations leading to better services and more benefits offered to members. Through the path model, an increase in commitment, and hence, increased viability would be attained.
6. Encourage more active participation of members in terms of increased contributions to capital shares. When pooled together, funds are generated that could be used to finance new projects. The members may also be assigned roles other than being plain members so they could feel being treated with equal importance for the operations and existence of the cooperative. The members should also be encouraged to patronize or avail of the services being offered by their cooperatives to ensure growth of business-related services of the cooperatives.

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