



Cooperative Business Failures in Batangas Province, Philippines: A Postmortem Analysis

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Abstract

Cooperatives all over the world are said to be imbued with inherent weaknesses and challenges, and therefore, steering these entities towards sustainability is seen as an uphill climb. This paper delves into the reasons why some cooperatives in the Philippines dissolve or stop operating. Specifically, the study aimed to review the literature on factors affecting cooperative business sustainability and failures, to present and analyze two cases of failed multipurpose cooperatives and offer recommendations on operating cooperatives for their continued sustainability. Data was gathered through key informant interviews and secondary sources, and analyzed using the case approach and descriptive analysis. Extant literature primarily pinpointed issues such as poor management, lack of capital, property rights, and portfolio problems as the culprits behind cooperative conversions, failures and restructurings. What made the two multipurpose cooperatives unsustainable were the insufficiency of funds needed to meet Cooperatives Development Authority (CDA) requirements, delinquency of members and their inactive participation in cooperative affairs, mismanagement of resources, absence of a viable marketing system and the lack of a capable financial manager. Cultivating managerial and leadership skills, improving governance, establishing private sector and government linkages and support, encouraging participatory membership, utilizing an effective marketing system, proper resource management and expanding financial knowhow are suggested to achieve cooperative sustainability.