

Assessment of the Capability of Hog Raisers' Cooperatives as Conduits of Agricultural Loans in Laguna, Philippines

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Abstract

In view of the importance of credit to agriculture and rural development, it is the objective of this paper to provide an assessment of the capability of hog raisers' cooperatives as conduits of agricultural loans in Laguna. To attain this objective, the analytical methods namely, (1) Standard Performance Rating Approach, and (2) Pearson and Spearman correlation were employed. The primary data was generated from nine hog raisers' cooperatives from Laguna. Data from secondary sources was also obtained to further assess the capability of the subject cooperatives from the Cooperative Development Authority Regional Office and hog raisers' cooperatives. The results of the analyses showed that one out nine cooperatives had a rating of Very Satisfactory, while three and four of them had attained Satisfactory and Fair performance rating, respectively. Only one cooperative had an adjectival rating of Needs Improvement. It is established that the capability of the cooperative as conduit of credit is dependent on its member-borrowers. The result of the correlation analysis revealed that the cooperative's financial capability indicators namely, assets, profitability, operational strength, solvency, and net institutional capital were correlated with the capability of its member-borrowers to make timely payments. Only net institutional capital had negative association with the member-borrowers' capability in making timely payments. Thus, the cooperatives are still viable conduits of credit as long as the capability of the member-borrowers is enhanced. This, in effect, led to higher profitability and financial sustainability among hog raisers' cooperative in Laguna. With this, the study recommended that government should devise and implement a sound credit and technical assistance program that will benefit the hog raisers' cooperatives. If possible, they should provide training and assistance to enhance cooperatives' loan absorptive capacity as conduit of credit.