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The Balanced Scorecard Approach to Measuring Cooperative Performance: Implications for Multipurpose Cooperatives in Isabela Province, Philippines

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A B S T R A C T

The Balanced Scorecard (BSC) has been studied a lot as a tool for measuring performance in corporate organizations around the world, but it hasn't been studied much in cooperatives. The goal of this research was to ascertain how multipurpose cooperatives perform using the BSC. A total of eighteen cooperatives were purposively chosen as samples for this research, where members, employees, and managers served as the respondents. The study utilized a descriptive research design whereby the researcher collected and analyzed financial statements for three years, made use of surveys to elicit responses from respondents, and conducted document analysis to further enhance the result. Results showed that the cooperatives' financial performance obtained a "fair performance" rating using the Cooperative Development Authority's (CDA) performance standards. On average, cooperatives exhibit a moderate level of financial performance, and neglecting certain aspects of their financial operations may result in circumstances that pose a risk to their sustainability. A significant likelihood of failure exists, although it has not yet been proven. Members/customers aspect received very satisfactory performance, while internal business processes and learning and growth received excellent results. This investigation revealed that despite financial performance issues, cooperatives met member expectations, provided outstanding business processes, and provided staff learning and development, contradicting Kaplan and Norton's assertion that optimal performance in all three areas leads to financial success. Weak areas were also identified along with the four BSC perspectives that need intervention, and strategies were devised to enhance and improve performance utilizing the BSC framework. It is recommended that cooperatives adopt strategies in terms of improving their performance, particularly in the identified weak areas, and meeting their objectives and goals as set by CDA. Future researchers may consider discovering cooperatives' performance in other social aspects.

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RESUMO

O Balanced Scorecard (BSC) tem sido muito estudado como ferramenta para medir o desempenho de organizações corporativas em todo o mundo, mas ainda não foi muito estudado em cooperativas. O objetivo desta pesquisa foi verificar o desempenho das cooperativas polivalentes usando o BSC. Um total de dezoito cooperativas foram escolhidas propositadamente como amostras para esta pesquisa, em que os associados, funcionários e gerentes foram os entrevistados. O estudo utilizou um projeto de pesquisa descritiva em que o pesquisador coletou e analisou demonstrações financeiras de três anos, fez uso de pesquisas para obter respostas dos entrevistados e conduziu uma análise de documentos para aprimorar ainda mais os resultados. Os resultados mostraram que o desempenho financeiro das cooperativas obteve uma classificação de "desempenho razoável" usando os padrões de desempenho da Cooperative Development Authority (CDA). Em média, as cooperativas apresentam um nível moderado de desempenho financeiro, e a negligência de certos aspectos de suas operações financeiras pode resultar em circunstâncias que representam um risco para sua sustentabilidade. Existe uma probabilidade significativa de fracasso, embora isso ainda não tenha sido comprovado. O aspecto membros/clientes recebeu um desempenho muito satisfatório, enquanto os processos internos de negócios e o aprendizado e crescimento receberam resultados excelentes. Essa investigação revelou que, apesar dos problemas de desempenho financeiro, as cooperativas atenderam às expectativas dos associados, ofereceram excelentes processos de negócios e proporcionaram aprendizado e desenvolvimento da equipe, contradizendo a afirmação de Kaplan e Norton de que o desempenho ideal em todas as três áreas leva ao sucesso financeiro. Também foram identificadas áreas fracas, juntamente com as quatro perspectivas do BSC, que precisam de intervenção, e foram elaboradas estratégias para aprimorar e melhorar o desempenho utilizando a estrutura do BSC. Recomenda-se que as cooperativas adotem estratégias para melhorar seu desempenho, principalmente nas áreas fracas identificadas, e atinjam seus objetivos e metas definidos pela CDA. Futuros pesquisadores podem considerar a descoberta do desempenho das cooperativas em outros aspectos sociais.

Keywords:
avaliação de desempenho, PISO, sistema de gestão de desempenho

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Introduction

The Balanced Scorecard (BSC) is a strategic performance management system used by numerous multinational corporations worldwide to integrate both financial and non-financial metrics. Gupta & Chopra (2016) highlight that conventional financial performance measurements are outdated and may not accurately reflect current skills and competencies. The BSC is a comprehensive, flexible assessment and management system driven by strategic orientation and external competitive environment, ensuring a balance between financial and non-financial measures.

The BSC, developed by Kaplan and Norton, enables organizations to view performance from four main perspectives: finance, customer, internal processes, and employees' learning and growth. This comprehensive model aligns with the organization's strategy, allowing employees to contribute to the success of the organization. The BSC is a multidimensional performance management tool that considers both financial and non-financial aspects, assisting executives in making holistic long-term strategic decisions. Gomes & Romão (2014) highlight the importance of BSC in addressing modern business practices.

The BSC, a widely adopted performance management tool, has been shown to be popular among organizations (Rigby & Bilodeau, 2018). According to the 2018 Bain and Company survey, it was one of the 25 most commonly used tools. However, few research have explored its applicability in cooperatives (Estiasih, 202; Subarkah, 2021; Muda et al., 2018). Zachow et al. (2019) conducted a literature review, finding that studies on BSC in cooperatives were limited, indicating its potential and usefulness.

This investigation focuses on cooperatives. The International Cooperative Alliance (ICA) defines cooperatives as voluntary associations of individuals united voluntarily to meet common economic, social, and cultural needs. According to the 2020 World Cooperative Monitor report, at least 12 percent of the global population is a member of at least three million cooperatives. Through self-help, empowerment, community reinvestment, and the well-being of individuals around the world, cooperatives promote economic stability, social progress, and sustainability as they create employment and generate a revenue of $2,146 billion (ICA, 2018).

In 2018, the Philippines has 18,065 cooperatives in operation, employing 580.8 thousand individuals and bringing together 10 million members. There was a total of 1,426 registered cooperatives in Region II. These cooperatives employed 7,987 individuals and have 540, 766 regular members (Cooperative Development Authority Annual Report, 2019). In the province of Isabela, the Provincial Cooperative Development Office (PCDO) reported a total of 225 compliant cooperatives in 2019 with 202,743 regular members. These business organizations contribute greatly to social integration, job growth, and poverty reduction due to their political structure and economic orientation. Cooperatives thus help to stabilize regional economic cycles and create jobs in the region (ICA, 2018).

Numerous evaluations of cooperative performance have focused mainly on the financial aspect of business operations. Pokharel et al. (2018) analyzed the effect of size and specialization on agricultural cooperatives in the United States, whereas Shamsuddin et al. (2018) uncovered financial ratios and non-financial indicators that contribute to cooperative financial performance. Masuku et al. (2016) evaluated multipurpose cooperatives in the Shiselweni Region, whereas Simkhada (2017) examined financial cooperative indicators in Nepal. Nevertheless, the majority of studies primarily focus on financial aspects, ignoring non-financial components of cooperative operations.

Cooperatives, like every other entity, must plan and control operations to achieve their goals. Because of their distinct characteristics, cooperatives concentrate not only on achieving a good financial status but also on providing social support to their members and the community where they operate. As they are also considered a catalyst for economic development, evaluating the performance of cooperatives using the BSC framework which considers both the financial and non-financial aspects are only appropriate and necessary to establish how well they operate.

This study aims to fill the knowledge gap on the application of the BSC to assess cooperative performance in the Philippines, focusing on agricultural and multipurpose cooperatives. The purpose of this study is to investigate cooperative performance using the BSC framework. The findings of this study were used to establish strategies to resolve the bottlenecks related to their performance; these strategies will serve as the foundation for the development of a cooperative performance management system within the context of the BSC. This study was conducted with the specific purpose of addressing the following research questions:

1. What is the performance of cooperatives along with the following BSC's four perspectives namely, finance, members/customers, internal business processes and employees learning and growth.
2. What are the areas that need to be strengthened based on the performance of the cooperatives using the BSC framework?
3. Based on the study's findings, what strategies can be proposed to address weak areas of cooperative performance?

Using CDA-mandated reports realigned to the BSC framework, the cooperative's performance has been evaluated. The financial audit reports were utilized to analyze the cooperative's financial performance using the PISO standard for 2017-2019. Governance and management audit reports facilitated the researcher in assessing internal business processes. Social audit reports centered on customer and learning & growth perspectives.

The results of the study allowed the author to identify areas that need to be strengthened and devised strategies to improve and enhance performance within the framework of BSC.

Research methodology

The study utilized a descriptive research design methodology. This approach was employed since the research followed the processes of describing, explaining, and reporting an actual situation, item, or event during the period of the study. Statistical analysis like mean and standard deviations were utilized, and document scanning was also applied to gather important data and provide a sense of direction in obtaining detailed information about the issues affecting cooperatives' performance. Primary data were obtained through the use of a questionnaire patterned on the mandated reports by the CDA. Reports, such as the governance and management report and the social audit report submitted by the cooperatives to the authority, were utilized for document scanning. The researcher has redesigned the questionnaire using the Balanced Scorecard (BSC) framework, which is centered around the three non-financial perspectives. These instruments were employed to elicit responses from the three distinct groups of respondents which include the manager/CEO & officers, staff, and members of the cooperatives, permitting a more comprehensive investigation of the issue under study.

Purposive sampling technique was employed in choosing sample cooperatives where researchers' judgment determines the units evaluated ("*Purposive-sampling* Section | Laerd Dissertation", 2012). The CDA's Regional Office in Region 2 has provided data indicating the registration of 1,426 cooperatives in the area. In 2019, a mere 591 cooperatives submitted their Cooperative Annual Progress Report (CAPR), and these were the only cooperatives that had complied with all the requirements mandated by the authority. Presently, 225 cooperatives in Isabela are operational, which comprise 38%, while 62% are based in other provinces. The researcher used purposive sampling in the selection process, selecting eighteen cooperatives that adequately represented each district of the province, with a particular focus on multipurpose operations.

The sample size was determined using the Cochran formula, with managers, staff, and cooperative members serving as primary data sources. Cooperative information systems and CDA performance reports constituted secondary data.

The data gathering process started with a request letter addressed to the manager or CEO of the cooperatives, which was delivered personally. After the approval of the request to conduct the research, the researcher requested a schedule for obtaining the relevant reports and documents where the cooperatives' management willingly provided financial and non-financial reports via their information system. Additionally, the primary method of disseminating questionnaires was the online survey using Google Forms, chosen for its low cost and ease of implementation. Due to the insufficiency of online data retrieval, the researcher personally administered the floating questionnaire to the respondents and retrieved

73.6% (276/375) from members, 72.27% (86/119) from employees, and 100% (18/18) from the CEO or manager.

The CDA financial performance standards were utilized to measure the cooperatives' financial performance. A set of performance indicators along the three non-financial perspectives of the BSC has been adopted from various authors to measure the performance of cooperatives [Khan et. Al (2011); Ozturk & Coskun (2014); Rabo (2014); Gupta & Sharma (2017); Shamsuddin et al. (2018); Kruger, et.al (2018); Suwendra et. al (2019); Dhamayantie (2018); and Benos et.al (2018)]. Table 1 shows the key performance indicators for cooperatives based on the BSC that were used to assess the performance of the cooperatives.

Table 1.

Key performance indicators for cooperatives

BSC Perspective	*Performance indicators*
Financial perspective	Profitability performance Institutional Strength Structure of Assets Operational Strength
Customer/Members perspective	Member satisfaction Service Efficiency Administrative efficiency Growth in the number of members Revenue Growth
Internal business process perspective	Service speed and quality Process of becoming a member Improvement of facilities and infrastructure Fixed asset turnover Systems and Mechanism Internal Control
Learning and growth perspective	Employee satisfaction Employee retention Employee productivity Quality development programs for employee welfare and development Number of training hours completed

Means and standard deviations were used to determine the performance of cooperatives with the measures of the Balanced Scorecard along the four perspectives. A Likert's table is also established to determine the level of satisfaction of employees and members/customers and employees. The CDA Standards utilized in this study as the premise for evaluating the cooperative's financial performance are detailed in the CDA Philippines' memorandum circular No. 2013- 2015, series of 2013. This details the standard points and equivalent rating earned by the cooperatives for each indicator listed along with Profitability Performance, Institutional Strength, Structure of Assets, and Operational Strength.

Formulas for each performance indicator were detailed in the memorandum circular, which was used to analyze the financial performance of the cooperatives. After conducting ratio analysis for each measure of financial performance, the researcher interpreted the results using the adjectival ratings specified in the CDA standard. Guillermo (2021) also utilized this strategy to evaluate the cooperative's financial performance. Additionally, the 4-point Likert scale has been scaled up to five-point to assess performance on the non-financial aspects of the BSC to align with the adjectival rating used in the financial perspective and to ensure that data are interpreted consistently. This scale transformation is based on the linear Likert scale transformation of IBM support for the SPSS system. Granjean (2017) stated that recoding increases the range, while maintaining equal distances between the 5 categories.

After performing the data collection, the researcher tabulated the responses from the three groups of respondents and computed the financial-related variables that were needed to process the data. The data was processed using IBM SPSS Statistics software to generate statistical findings from the data collected.

Results and Discussion

This part examines the cooperatives' performance using the BSC framework. The first section discusses the performance of cooperatives from the four BSC perspectives: finance, members/customers, learning and growth, and internal business processes. The second section highlights the areas that require improvement based on the cooperatives' performance and the last section outlines the cooperatives' recommended strategies to improve and enhance performance.

Cooperatives' Performance

Financial Perspective

Profitability Performance

Profitability measures the ability of cooperatives to make a profit. The five profitability indicators employed were profitability ratio, earnings per share, profitability growth rate, asset efficiency ratio, and interest rate on share capital.

The profitability ratio measures the overall profitability of a business entity which is computed by dividing the net surplus by the gross revenue. Table 2 shows that cooperatives were able to generate earnings averaging to 23 percent a year, indicating good performance. However, according to the CDA's assessment score and rating, the score of three (3) indicates performance that needs to be improved. Consistently low or deteriorating profitability indicates that cooperatives are having difficulty managing their operations, notably in terms of income generation and costs reduction.

The earnings per share of Cooperatives amounts to an average of Php 77.88, which is considered substantial by CDA criteria. This calculation is derived by dividing the net surplus by the paid-up capital of the cooperative. This indicates that cooperatives have achieved an average profit of Php77.78 per share, representing an outstanding performance. This suggests that the cooperatives could distribute a substantial dividend to their members or reinvest the funds into the business to facilitate further expansion. On the other hand, a low earnings per share means that cooperatives were not able to efficiently run their businesses, which led to a low net surplus, which in turn led to a low EPS.

The profitability growth rate results show that profitability increased at a rate of 35 percent, earning a score of 2, indicating a performance that needs improvement. This is calculated by dividing the difference between ending and beginning earnings per share by the beginning earnings per share. This finding coincides with the profitability ratio result, which indicates that cooperatives earn an average of 23 percent annually and obtained a "needs improvement" performance rating. Guillermo (2021) and Paul & Selvakumar (2020) observed similar results, with their respective sample cooperatives receiving either a poor rating or a performance rating that required improvement.

The Asset Efficiency Ratio or Return on Assets (ROA) is another measure of profitability that indicates the cooperative's profitability in relation to its total assets where research results indicate a performance that needs improvement. This means that cooperatives earned only 3.06 percent on the use of their total assets. This advises management of the cooperative's efficiency in utilizing its assets to generate earnings. A low or declining ROA suggests that cooperatives may have over-invested in assets that have failed to generate revenue growth, indicating that they may be in financial difficulty.

The Rate of Interest on Share Capital shows that 5 percent is being returned to members' paid-up capital. This is computed by dividing the amount allocated for interest on share capital by the average paid-up share capital of members. This rate of five percent is more than the inflation rate of 3.40 percent for the three-year period (2017-2019), indicating that the cooperative is operating well according to CDA standards and that members are receiving a favorable return on their capital contributions.

The overall profitability performance scores a total of 16 out of 25 points, or 64 percent, which needs improvement. This demonstrates that cooperatives are able to generate only a sufficient revenue beyond their expenses and other costs associated with revenue generation, resulting in a net profit. However, profitability ratio, profitability growth rate and asset efficiency ratio must be addressed by cooperative management in order to boost performance by concentrating on ways to improve profit. Table 2 displays the profitability performance of cooperatives.

Table 2.

Performance of Cooperatives in Terms of Profitability

Profitability Indicators	*Mean*	*Standard Ratio*	*Performance Qualifier*	*Performance Rating*	*Adjectival Rating*
Profitability Ratio	.2331	≥30%	3	60%	Needs Improvement
Earnings per share	₱77.88	≥₱2.50	5	100%	Excellent
Profitability Growth Ratio	.3506	≥100%	2	40%	Needs Improvement
Asset Efficiency Ratio	.0306	≥20%	1	20%	Needs Improvement
Rate of Interest on Share Capital	.0500	Higher than the inflation rate	5	100%	Excellent
Total points			**16**	**64%**	**Fair**

LEGEND: ≤ 60% Needs Improvement; 61%-70% Fair; 71%-80% Satisfactory; 81%-90% Very Satisfactory; 91%-100% Excellent

Institutional Strength

Institutional capital, which includes all legal reserves and surplus generated through net income accumulation or capital donations, serves as the second line of defense against unanticipated losses. Institutional capital can expand a cooperative's product and service offerings. Additionally, it can cover the high expenditures associated with technology improvement and building construction ("A Technical Guide to PEARLS"|WOCCU, 2015).

Table 3 presents the Institutional Strength performance of cooperatives. This indicator looks into the Net Institutional Capital and Adequacy of Provisioning for more than one (1) year and 31 days to one (1) year.

The net institutional capital measures the level of institutional capital after the deduction of allowance for losses. Likewise, Adequacy of Provisioning indicates how much allowance has been allocated for probable loan losses. Based on the results of the analysis, it can be deduced that cooperatives were not able to handle their receivables efficiently.

To reduce the portfolio of delinquent accounts, strict implementation of the necessary credit procedures for credit access is considered essential, according to Guadalupe et al. (2023). This could be accomplished through meticulous analysis and regular monitoring of the granted credits and by making timely collections. Similarly, the liquidity analysis conducted by Essa and Surur (2021) revealed that the primary sources of current assets for cooperatives during the study period were accounts receivable and inventories, as opposed to cash on hand. This resulted in above-average current and quick ratios. This could potentially be attributed to inadequate management of receivables and inventories. Cooperatives should devise strategies to minimize past dues, prevent receivables from reaching the point of litigation, and limit receivables from being restructured to increase the amount of net institutional capital since a large number of problem receivables affected the result of the net institutional capital ratio.

In the result of the adequacy of provisioning, it can be concluded that this may be due to the expectations of cooperatives that problem receivables will still be recovered even if receivables surpass the typical credit collection period.

The overall outcome of institutional strength performance needs improvement, with 9 out of 20 points or 45 percent. Table 3 presents the Institutional Strength performance of cooperatives.

Table 3.

Performance of Cooperatives in Terms of Institutional Strength

Institutional Strength Indicators	*Mean*	*Standard Ratio*	*Performance Qualifier*	*Performance Rating*	*Adjectival Rating*
Net Institutional Capital	.0331	≥10%	2	33%	Needs Improvement
Adequacy of Provisioning (more than one year)	.8650	≥100%	5	71%	Satisfactory
Adequacy of Provisioning (31 days to 1 year)	.1319	≥35%	2	29%	Needs Improvement
Total points			**9**	**45%**	**Needs Improvement**

LEGEND: ≤ 60% Needs Improvement; 61%-70% Fair; 71%-80% Satisfactory; 81%-90% Very Satisfactory; 91%-100% Excellent

Structure of Assets

The most important factor affecting growth, profitability, and efficiency is the financial structure/asset structure ("A Technical Guide to PEARLS"|WOCCU, 2015). The *Structure of Assets* of a cooperative is essential as it measures its ability to survive and competes with other firms. It also guides management in decision-making regarding the way finance is raised. A cooperative that does not have a strong asset structure may not be able to request external financing. The structure of assets, more often termed capital structure, refers to the decision between the debt, debt equivalent source of finance, and equity financing of the cooperative activities. Table 4 reflects the cooperatives' performance in terms of the structure of assets.

For non-earning assets to total assets ratio, cooperatives have a mean of 0.2194 or 21.94 percent where it scored 3 points with a performance rating of 60 percent (needs improvement) which indicates that 21.94 percent of the total cooperatives' assets are non-earning assets. One probable explanation for the high proportion of non-earning assets is that cooperatives frequently invest in fixed assets such as an automated system for its operations, a well-equipped building to better serve the needs of members and customers, and the like. By investing in nonearnings assets such as fixed assets, they can better serve their members, fostering loyalty and encouraging new members to join the cooperative as a result of the improved facilities and services. However, the standard requires a percentage of 10% or less, which demonstrates a sound structure.

The Members' Equity to Total Asset ratio specifically measures the amount of equity (Paid-up Share Capital and Deposits for share subscription) the cooperative has when compared to the total assets owned by the cooperative. The ratio of 0.3875 means that 38.75 percent is the portion of members equity in relation to total assets which shows how much of the total cooperative assets are funded by members investment rather than external borrowing. The higher the equity-to-asset ratio, the less leveraged the cooperative is, meaning that a larger percentage of its assets are owned by the cooperative's members. It can be concluded that cooperatives had not yet attained the CDA-mandated level of equity for a portion of their assets. This holds true to other type of business organization where entities resort to debt financing when equity financing is not possible. However, the risk associated in debt financing is greater than equity financing, which is why the CDA, suggests an optimum equity-to-total-assets ratio of 40 to 50 percent. This means that CDA does not encourage the use of riskier external sources of financing (debt) nor excessive equity financing. A balance between the two is preferable.

Additionally, the ratio of deposit liabilities to total assets of 0.2756 (27.56 percent) indicates a satisfactory performance with a score of four. This implies that cooperatives were able to maintain an average that was neither too high nor too low. As per CDA standards, deposit liabilities should not be excessively high (>70 percent), as this will result in increased interest expenses for the cooperative, nor should they be excessively low (<5 percent), as this will result in the cooperative running out of cash and being forced to increase interest rates to encourage deposits, which will eventually result in increased interest expenses. Acceptable range is between 30 to 40 percent to gain excellent performance according to CDA. Similarly, according to WOCCU (2015), organizations that support their assets mainly with deposits from members are not influenced by the fluctuating cost of external funds.

External borrowings ratio, also known as debt-to-total-assets is a leverage ratio that indicates a cooperative's total debt in relation to its total assets. Cooperatives' average external borrowings ratio of 0.2188 means that 21.88 percent of the total assets comprised of external debt. This measure can be used to compare a cooperative's leverage to that of other cooperatives in the same type of operations. This information also reflects the cooperative's financial viability. According to Brewer (2019), a high debt-to-asset ratio indicates a riskier source to finance assets but one that will yield a greater return provided that rate of return on total assets exceeds the rate of return the company pays its creditors (positive financial leverage). Thus, management must decide which course of action is best for the cooperative and the level of risk they are willing to accept.

However, CDA standards encourages no external borrowings to achieve maximum points of five (5) which equates to excellent performance. In this current study, cooperatives gain three out of five points, signifying a performance that needs improvement. It can be deduced that cooperatives, notwithstanding the CDA's norm, require external borrowing to fund their operations. The current study's result agrees with the result of the financial performance analysis of Chungyas (2021), where liquidity and leverage positions of multi-purpose cooperatives are unsatisfactory, and they are all exposed to significant financial risk, as the majority of their capital comes from external sources.

Table 4.

Performance of Cooperatives in Terms of the Structure of Assets.

Structure of Assets Indicators	*Mean*	*Standard Ratio*	*Performance qualifier*	*Performance Rating*	*Adjectival Rating*
Percentage of non-earning assets to total assets	.2194	≤10%	3	60%	Needs Improvement
Member's equity to total assets	.3875	40% to below 50%	3	60%	Needs Improvement
Deposit liabilities to total assets	.2756	30%-40%	4	80%	Satisfactory
External Borrowing	.2188	No external borrowings	3	60%	Needs Improvement
Receivables to Total Assets	.5781	60%-70%	4	80%	Satisfactory
Total			**17**	**68%**	**Fair**

LEGEND: ≤ 60% Needs Improvement; 61%-70% Fair; 71%-80% Satisfactory; 81%-90% Very Satisfactory; 91%-100% Excellent

Cooperative loans and receivables refer to financial assets with fixed or determinable payments that are not quoted on an active market (PFRFC Chapter 10, Section 4.1., par. 5). Another indicator of structure of assets is the receivables-to-total-assets ratio which reflects the proportion of receivables to total assets. Credit unions that invest the majority of their assets (70–80 percent) in loan portfolios have the greatest opportunity to maximize returns on these productive assets while continuing to provide credit services to their member-clients ("A Technical Guide to PEARLS"|WOCCU, 2015). As illustrated in Table 4, the ratio of 0.5781 shows that receivables account for 57.81 percent of their total assets. This equates to a satisfactory rating (4/5 or 80 percent).

According to the CDA standards, a ratio ranging from 60 to 70 percent obtains the maximum points of 5 indicating excellent performance. Given that cooperatives' primary operations and source of revenue are loan and deposit transactions, it is reasonable to assume that the majority of their assets comprise of receivables/loan portfolios. Members deposit money at the cooperative for which they receive a relatively small amount of interest and the cooperative then lends funds out at a much higher rate, benefitting from the difference in interest rates.

A total score of 17 out of 25 points or 68 percent of cooperatives' overall performance in terms of asset structure is deemed fair. This indicates that cooperatives were able to finance their assets adequately. However, asset structure requires regular evaluation and careful management, most especially in cases of rapid growth. According to WOCCU (2015), an institution's financial structure is adequate when its assets, which are financed by savings deposits, generate sufficient income to pay market rates on savings, cover operating expenses, and maintain capital adequacy.

Operational Strength

Operational Strength performance indicators assess the cooperative’s staying power. Indicators include assessing the cooperative’s ability to repay its liabilities using its liquid assets, how many times the receivables turn into cash during a year, the assessment of assets utilization for the operations and its expenditures, solvency, and asset turnover. Table 5 depicts operational strength performance of cooperatives.

The business volume to total assets ratio or asset turnover ratio measures cooperatives' revenue generation efficiency. The cooperatives generated 95 centavos for every peso invested in assets. Higher asset turnover ratios suggest more efficient asset use.

Moreover, the solvency ratio is a key metric for assessing an organization's capacity to meet its long-term financial obligations. A solvency ratio of 2.4075 (241 percent) signifies an exceptional performance, signifying that the cash flow of the cooperative is adequate to meet its long-term obligations; thus, this ratio suggests strong financial health.

The liquidity ratio is used to determine the cooperative’s ability to pay its total members’ deposits. Cooperatives’ liquidity ratio of 3.0644 indicates that cooperatives can pay back approximately three times their deposit liabilities. This means poor management of liquid assets where the liquid assets used were not maximized. Cost per volume of business is a metric used to assess the efficiency of cooperatives' activities in managing their expenditures to create revenues. Approximately 16 centavos were spent on operating expenses. This result implies that cooperatives were prudent in managing their operating costs relative to the total revenues. An administrative efficiency ratio of 0.0988 earns five points, indicating excellent performance and suggests that cooperatives were able to create earnings with a modest proportion of costs to total assets.

Table 5.
Performance of Cooperatives in Terms of Operational Strength

Indicators	*Mean*	*Standard Ratio*	*Performance Qualifier*	*Performance Rating*	*Adjectival Rating*
Vol. Of Business to total assets	.9469	≥100%	4	80%	Satisfactory
Solvency	2.4075	≥110%	5	100%	Excellent
Liquidity	3.0644	15%-30%	1	20%	Needs Improvement
Cost per Vol. Of Business	.1594	≤25¢	5	100%	Excellent
Administrative Efficiency	.0988	≤10%	5	100%	Excellent
Receivable Turnover ratio	1.4425	≥4x	1	20%	Needs Improvement
Total			**21**	**70%**	**Fair**

LEGEND: ≤ 60% Needs Improvement; 61%-70% Fair; 71%-80% Satisfactory; 81%-90% Very Satisfactory; 91%-100% Excellent

The accounts receivable turnover ratio quantifies how well cooperatives manage the credit that they extend to their members/customers. A receivable turnover Ratio of 1.4 times, as reflected in Table 5, indicates poor performance. This suggests that receivables are collected at a rate of only 1.4 times per year, implying that receivables were collected for a more extended period due to long credit terms. Overall, the performance of cooperatives under operational strength is fair, with a score of 21 out of 30 points (70 percent).

Members/Customers Perspective

Members' Satisfaction

This indicator, as suggested by various authors [Valmohammadi & Servati (2010), Gupta & Sharma (2017), Khan et.al (2011), & Dhamayantie (2018)] refers to the overall contentment a member experiences when dealing with the products and services of a cooperative. As evidenced by the results of the survey conducted, cooperative members were very satisfied with their respective cooperative's programs, products, and services having a mean of 3.5, which equates to excellent performance. As reflected in Table 6, the result indicates that members were delighted with the products and services provided by their cooperative and this result implies that cooperatives must continually exceed members' expectations to maintain a high level of satisfaction. This result agrees with the findings of the study by Memah and Potolau (2019). The perceived contentment of members reflects their actual satisfaction with the operation of the cooperatives (Alajid & Base 2021). Table 6 displays the result of member satisfaction.

Table 6.
Member satisfaction on cooperative's performance

erformance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
What is the level of your overall satisfaction with the programs, products, and services provided by the cooperative?	3.5	.52	Very Satisfied	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Service efficiency

Cooperatives demonstrate their efficiency of service by providing their members with services that improve their lives, by providing information through various facilities, by allowing members to participate in general assemblies, meetings, and other events, by providing members with benefits, continuing education, gender equality, and disaster risk reduction programs. In general, members believed and observed that cooperatives exhibited a very satisfactory performance in terms of service efficiency based on the CDA-adopted questionnaire, as evidenced by the majority of the responses with a mean score of 3.22. The result is depicted in Table 7 which highlights the cooperatives' service efficiency.

Table 7.
Efficiency of Service

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Service Efficiency	*3.22*	*0.430*	*Agree*	*Very Satisfactory*

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Administrative Efficiency

This ratio indicates the portion of administrative expenses to total assets. The lower the ratio, the more efficient the cooperative is in providing its services with lesser expenses. The result reveals that the mean ratio for administrative efficiency is 0.0988 with a standard deviation of 0.041, indicating that cooperatives provide excellent services at a cost of approximately 10% of their total assets. This good performance means cooperatives can handle administrative duties competently with minimal costs, allowing them to devote funds to other essential cooperative activities. Table 8 illustrates the cooperatives' administrative efficiency.

Table 8.
Administrative Efficiency Performance

Performance Indicator	*Mean*	*SD*	*CDA Rating*	*Adjectival Rating*
Administrative Efficiency Ratio	.0988	.041	5	Excellent

LEGEND: 1 Needs Improvement; 2 Fair; 3 Satisfactory; 4 Very Satisfactory; 5 Excellent

Growth in the number of members

Maintaining members and procuring new ones through effective member engagement strategies, optimizing consumer experiences, and offering customized products and services is essential for cooperative survival (Rivani & Muhyyim, 2015). Results demonstrate an average member growth rate of 0.0864 or almost 9 percent. Using the measurement standard adopted from Suwendra, et al.'s (2018) study, a nine percent growth is considered a satisfactory performance while a growth rate of 15 percent or more signifies excellent performance. Members' growth rate is presented in Table 9.

Table 9.
Growth in the number of members

Performance Indicator	*Mean*	*SD*	*Adjectival Rating*
Members Growth Rate	.0864	.061	Satisfactory

For the PEARLS monitoring guide ("A Technical Guide to PEARLS"|WOCCU, 2015), a growth of 12 percent is considered excellent. The cooperatives' growth rate suggests that the strategies that the cooperatives are using to increase their membership are working satisfactorily.

Revenue growth

Revenue growth is also a measure of customer satisfaction according to Rabo (2019). Revenue growth suggests that more customers and members are satisfied with the cooperative's products and services, which results in increased revenue. Table 10 presents revenue growth performance of the cooperatives. Cooperatives' revenue growth rate was 0.3506 or 35.06 percent each year which is deemed more than reasonable. Cooperatives' revenue growth in the United Kingdom from 2018-to 2020 averages nine percent (Bedford, 2022). For large-capital corporations, sales growth of 5-10% is acceptable. In contrast, greater than 10% sales growth is more feasible for medium-capital and small-capital organizations ("*Sales Growth*|Stockopedia," 2020).

Table 10.

Revenue Growth Performance

Performance Indicator	*Mean*	*SD*	*Adjectival Rating*
Revenue Growth Rate	.3506	.858	Excellent

Internal Business Process Perspective

Service Speed and Quality

Service speed and quality are crucial for a cooperative's performance, as members compare expectations and meet needs while remaining economically competitive. The members expressed high levels of satisfaction regarding the with the cooperatives' delivery of products and services, service speed and the quality of the products and services they offered. Table 11 displays a mean score of 3.51, which signifies an outstanding performance.

Table 11.
Service Speed and Quality Performance

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Service Speed and Quality	3.51	.51	Very Satisfied	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

The research conducted by Dhamayantie (2018) utilized these three metrics to assess service quality and speed. The study's framework was identified and developed through a review of the relevant literature and interviews with managers of cooperatives in Indonesia. This outstanding performance generates new and loyal members.

Process of Becoming a member

Becoming a member is the systematic series of actions or requirements before a specific individual gains membership in the cooperative. Members were surveyed regarding their satisfaction with the process of joining the cooperative. Members were highly satisfied, as demonstrated by a mean rating of 3.53 indicating that the processes undergone to become a member do not only meet their expectations but also exceed when they join the cooperative. Table 12 shows the result.

Table 12.

Cooperatives Performance in Terms of the Process of becoming a member.

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Employees satisfaction in terms of the process of becoming a member of the cooperative	3.53	.51	Very Satisfied	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Improvement of Facilities and Infrastructure

Improvement of facilities and infrastructure is the initiative made by the cooperatives to invest in fixed assets to provide better products and services to its members. This indicator is also adopted from the study of Dhamayantie (2018). In Table 13, the satisfaction survey shows that members were satisfied with improving facilities and infrastructure used by the cooperatives to provide their products and services, with a mean of 3.48. This indicates that members' expectations exceeded the facilities and infrastructure used by the cooperatives to render their services and provide their products. This implies that cooperatives offer their services by continuously improving their performance through investing in fixed assets that could better serve their members or customers.

Table 13.
Improvement of facilities and infrastructure

Performance Indicator	*Mean*	*SD*	*Qualitative Description*	*Adjectival Rating*
Members satisfaction on the improvement of facilities and other infrastructure	3.48	.54	Very Satisfied	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Fixed asset turnover

Asset turnover measures how efficiently a company utilizes its assets to generate revenues (Brigham & Houston, 2019). In Table 14, the average fixed asset turnover ratio is 5.27 times, which indicates that revenues exceeded fixed asset utilization by 5.27 times. It can be concluded that cooperatives could generate revenues 5.27 times higher than their average fixed assets and this is often considered favorable, implying efficient asset utilization. However, the effectiveness of a company's revenue-generating investments cannot be determined by specific figures or ranges. The cooperative's management and investors must compare recent ratios to historical and industry averages, as no industry average was found.

Table 14.
Performance of cooperatives in terms of fixed asset turnover

Performance Indicator	*Mean*	*SD*	*Adjectival Rating*
Fixed Asset Turnover	5.27	13.53	High

Systems and Mechanism

The term "systems and mechanisms" refers to the cooperative's collection of policies and procedures that govern its operations to accomplish its stated purpose, such as maintaining books of accounts, having an operation manual, conducting business, adhering to government regulations, funding statutory funds and retirement funds, providing for system innovation and continuous improvement, and adopting a risk management plan. The results indicate that the manager-respondents strongly agree on all of the items except for the presence of the audit manual. This confirms that the cooperatives met most of the CDA's statutory requirements for their systems and mechanisms. Overall, the mean score for systems and mechanisms is 3.73, indicating an excellent performance in terms of CDA standards compliance. The result is shown in Table 15.

Table 15.
Performance of cooperatives in terms of systems and mechanism

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Systems and Mechanism	3.73	.312	Strongly Agree	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Adequacy of internal control

The COSO defines internal control systems as a process designed, implemented and maintained by people charged with governance, management and other staff that can be expected to provide only reasonable assurance to the entity's management and board to the achievement of business objectives regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations (IFAC, 2012). Internal control is the cooperatives' mechanisms, rules, and procedures to ensure financial and accounting information integrity, promote accountability, and prevent fraud. In summary, the grand mean for internal control adequacy is 3.49, suggesting an excellent performance in terms of CDA compliance.

Table 16.
Performance of cooperatives in terms of adequacy of internal control

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Adequacy of Internal Control	3.49	.444	Strongly Agree	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Learning and Growth Perspective

Employee satisfaction

Employee satisfaction is a metric that indicates how content or pleased employees are with their employment and working conditions. When it came to overall job satisfaction, employees were satisfied (mean=3.43), indicating that their expectations were met. The conclusion is that cooperatives were unable to satisfy the expectations of their employees in full. Suwendra et al. (2018) support this claim. They determined that the majority of respondents were merely contented with their employment at their respective cooperatives. Table 17 displays the result of the study.

Table 17.

Performance of Cooperatives in terms of employee satisfaction

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
Job satisfaction	3.34	.521	Satisfied	Very Satisfactory

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Employee retention

As shown in Table 18, the employee retention rate of cooperatives quantifies their capacity to prevent significant turnover and voluntary resignations. The result implies how well cooperatives retain their employees. The result demonstrates that cooperative employees continue to increase over time. A retention rate of 90 percent or higher is a good indication that employees are satisfied with their job (Wells, 2021). According to Philippine Statistics Authority (PSA), the average employee turnover for 2019 is 1.1 percent. For every 1000 workers employed, 11 employees were added to the total workforce (PSA, 2020). In 2019, PSA reported a 1.9 percent worker turnover rate in financial and insurance services. Compared to this industry average, cooperative labor turnover (14 percent) is much greater, indicating that cooperatives generated more employees than the industry average. Employees were satisfied with their job since they opted to stay in the cooperative.

Table 18.
Performance of Cooperatives in terms of employee retention rate

Performance Indicator	*Mean*	*SD*
Employees Retention Rate	1.14	.321

Employee productivity

Employee productivity measures output and revenue earned over a period, with higher numbers indicating greater productivity in revenue and profit generation. Revenue per employee and profit per employee averaged Php797,030.92 and Php210,733.19, respectively as shown in Table 19. Compared to the CDA's 2019 statistics report industry average, this figure is significantly greater than the average profit per employee of Php63,888, implying an excellent performance (CDA, 2021). The result suggests that cooperative employees in Isabela outperform the industry average in terms of productivity.

Table 19.
Performance of Cooperatives in terms of employee productivity.

Performance Indicators	*Mean*	*SD*
Revenue per Employee	797,030.92	513,774.10
Profit per Employee	210,733.19	211,154.80

Quality development programs for employee welfare and development

Cooperatives provide high-quality employee welfare and development programs, such as compensation, bonuses, and training. The study by Theuri and Mugambi (2014) demonstrates that employee performance is substantially influenced by incentives, rewards, growth and learning, and internal business process orientation. The overall mean rating of 3.41 on the performance of cooperatives for employees' welfare and development indicates an excellent performance. Cooperatives performance on the provision of quality development programs for employees is presented in Table 20.

Table 20.
Cooperative's Performance in terms of Quality Development Programs for Employees

Performance Indicator	*Mean*	*SD*	*Descriptive Rating*	*Adjectival Rating*
The cooperative provides quality development programs for employees' welfare and development	3.41	.586	Strongly Agree	Excellent

LEGEND: 1.00-1.59 Needs Improvement; 1.60-2.19 Fair; 2.20-2.79 Satisfactory; 2.80-3.39 Very Satisfactory 3.40-4.0 Excellent

Employees' Number of Training Hours Completed

Employees are the backbone of an organization, and their performance is essential to its success (Mwema & Gachunga, 2014). Training and development aid in achieving goals such as increased morale, security, engagement, and job competencies (Walters and Rodriguez, 2017). Leaders of an organization must recognize the significance of training and development in order to maintain a competitive edge. According to Kumar et al. (2022), establishing an initiative that focuses more on enhancing future accountability skills in employees through training and development programs is a departmental endeavor to promote training among its personnel. Employees may be motivated and engrossed in technical development initiatives, which may improve productivity.

Depicted in Table 21 is the result on provision of trainings by the cooperatives among its employees.

Table 21.
Performance of Cooperatives in terms of Employees number of trainings

Number of training hours completed in a year	*Frequency*	*Percent*
none	15	17.4
8 hours or less	20	23.3
9-16 hours	17	19.8
more than 16 hours	33	38.4
Total	85	98.8

Cooperatives implement initiatives such as providing training and allowing employees to attend seminars. The CDA does not mandate a minimum number of seminars or training hours for cooperatives' employees. Still, it does provide mandatory financing for an education and training fund to be used by employees, officers, board of directors, managers, and members to enable them to improve cooperative operations continuously (CDA MC 2015-06). Around 81 percent of total respondents were sent to training and seminars for employee growth and development for less than eight to more than sixteen hours per year, indicating that cooperatives support these activities for employees' learning and development.

Areas that need to be strengthened based on the performance of the cooperatives using the BSC framework

This section summarizes the cooperatives' performance, indicating the areas that need to be addressed and improved. While some have gained satisfactory to excellent performance ratings, areas underlying these indicators have been noted as weak and require interventions.

Financial Perspective

Regarding profitability performance, the profitability ratio, profitability growth ratio, and asset efficiency ratio require consideration under the BSC's financial perspective. While profitability and its growth ratio appear adequate, they require intervention to attain excellent performance based on the CDA standard. The same applies to the asset efficiency ratio. Meanwhile, areas needing improvement were net institutional capital and adequacy of provisioning and institutional strength indicators, whereas liquidity and receivables turnover ratios for operational strength.

Liquidity also poses an area needing improvement. The receivables turnover ratio is also associated with the timely collection of receivables. Since this ratio indicates a low collection rate, receivables were not collected regularly. Additionally, the percentage of non-earning assets, members' equity, and external borrowing percentage to total assets gained satisfactory performance and structure. Although these areas may seem adequate, strategies to attain optimum performance are encouraged.

Members Perspective

Cooperatives' service efficiency compliance with CDA requirements as determined by member responses did not obtain the best score. While the overall performance earned a satisfactory rating, some areas of concern were found. Provision of upliftment on the lives of members through an increase in livelihood, modes of information dissemination through the use of flyers, brochures, and websites, participation of members in the approval of cooperatives development plan and budget, forums and social activities, provision of educational assistance or scholarship programs, training or seminars on citizenship and leadership, programs for women empowerment, and disaster risk reduction for its members were rated lowest by the respondents. Members' growth rate also poses an area of concern.

Internal Business Process Perspective

This study revealed weak areas (obtained the lowest rating) in cooperatives' business operations relevant to compliance with the CDA criteria under the adequacy of internal control, which must also be addressed. These include the absence of an audit manual, job rotation, and joint custody was not practiced, periodic internal audits, the failure to act on audit findings promptly, the inability to respond to feedback due to the absence of feedback systems, and the lack of a risk assessment system. According to Iheanacho (2019), a sound internal control system is necessary for savings and credit cooperatives to perform efficiently. This means that the system must be adequate and effective in removing opportunities for fraud and embezzlement. In addition, effective internal control systems are believed to have the ability to increase the profitability of cooperatives, which will directly help to promote the stability and growth of the cooperative (Shabri, Saad & Abu Bakar, 2016).

Learning and Growth Perspective

The employee respondents ranked their satisfaction with their jobs as "satisfied." This indicates that employee satisfaction was not at an all-time high. With this, problem areas that were rated low by the majority of the respondents were the following: (1) provision of non-monetary incentives, (2) burial assistance, (3) socio-cultural and sports activities, (4) gender equality and women empowerment programs, and (5) programs for disaster risk reduction and management.

Proposed Strategies to Improve Weak Areas of Cooperatives' Performance

The proposed strategies serve as a guide for cooperatives in order to operate at their highest levels and to provide the greatest possible service to their stakeholders. In order to achieve the optimum potential result, special attention was given to the weak areas that have been identified throughout this study and efforts should be made to improve these weak areas.

The strategies or initiatives were adopted from a variety of sources: Cabrera and Cabrera (2020), Sinha and Gondaliya (2020); Brigham & Houston (2019); Memah and Potolau (2019); Yalavatti (2019); Walters and Rodriguez (2017); Shabri et al. (2016); Al-Momani and Mefleh (2015); Theuri and Mugambi (2014); Garcia et al., (2013), Mutua et al. (2013); and Padmakusumah (2012). The proposed initiatives are general statements that cooperatives may use to design their own strategies to meet the requirements of their business operations.

Financial Perspectives

To improve profitability performance, cooperatives may increase sales/service revenues and decrease operating, financing and administrative cost by strengthening marketing and sales efforts & reassess pricing strategies, implementing kaizen costing model and prioritizing members & broadening their market. Institutional Strength may be improved by reducing the incurrence of problem receivables, past dues, receivables under litigation and restructured receivable by evaluating members/customers financial and credit history, setting and implementing clear credit terms and sending timely billing statements, offering multiple payment methods, outsourcing management of receivables and preparing a periodic report on the age of receivables. Under Structure of Assets, this area may be enhanced through minimization of investment on non-earning assets and/or convert them to earning assets. Likwise, cooperatives may promote innovation, member loyalty, skilled workforce, market expansion, advertising and price reductions. They may consider increasing or reducing interest rates on deposits depending on the fund status of the cooperatives and cooperatives may resort to equity financing and minimize debt by boosting net surplus and use excess cash to repay existing debt, boost sales/loan releases (on credit) and offer new loan windows. Operational Strength may be improved through optimum cash and receivables management, establishing a cost-cutting goal, reevaluate suppliers, maximize employees' task efficiency & eliminate waste, and lowering costs associated with the cooperative's general administration and management.

Members Perspective

Cooperatives must strictly adhere to CDA requirements in order to enhance performance in terms of the efficiency of services provided to members and customers. For members' growth rate, cooperatives must promote new services/products offered, ask for referrals, use social media to advertise or create own websites.

Internal Business Process Perspective

In order to improve performance on Systems and Mechanism and Adequacy of Internal Control, cooperatives must maintain high compliance with CDA requirements pertaining to developing audit manual, implementing job rotation and joint custody, conducting frequent internal audits and promptly acting on audit findings and responding quickly to feedback and establishing a risk assessment system.

Learning and Growth Perspective

In order to increase job satisfaction among employees, consistently provide employees with the necessities needed to demonstrate a high level of job satisfaction by treating them with respect, offering above industry-average benefits and compensation and providing employee perks and company activities, and positive management. Cooperatives must encourage learning opportunities, provide employees with technologies needed to perform their job and emphasize company culture. Likewise, consider open communication between employees and managers and be able to identify and align goals with performance. Moreover, Maintain high compliance with the CDA standards on the provision of development programs for employees like provision of non-monetary incentives, burial assistance, socio-cultural and sports activities, gender equality and women empowerment programs, and programs for disaster risk reduction and management.

Final Considerations

Conclusions

Overall, the financial performance of a cooperative rated "Fair" shows that cooperatives have a long way to go in improving their performance and satisfying their objectives and goals set by regulating authorities like the Cooperative Development Authority. This means cooperatives' management must continue to improve financial performance and meet the

CDA's acceptable standards.

The cooperatives' performance from the members/customers' perspective along the BSC framework reflects two indicators, administrative efficiency, and member satisfaction, achieving excellent performance. One indicator the service efficiency, attaining very satisfactory performance. It also demonstrates that members' growth rate is positive and surpasses the average growth rate. Additionally, revenue growth is higher than the industry average. The cooperatives' performance does not reveal any weakness from the members' perspective. As a result, it can be concluded that performance in this area is very satisfactory. Internal business processes are concerned with all the activities and vital processes necessary for the business to excel at providing the value expected by customers efficiently and productively. Internal processes identified for cooperative operations and their corresponding performance ratings include service speed and quality (excellent), the membership process (excellent), facility and infrastructure improvement (excellent), fixed asset turnover (high), and systems, mechanisms, and adequacy of internal control (excellent). From the perspective of internal business processes, cooperatives' performance is excellent. Cooperatives' performance regarding employees' satisfaction with their jobs revealed a "satisfied" response, showing an excellent performance by cooperatives. Another excellent performance was in terms of providing quality development programs for employees. Employee retention and productivity were both higher than the industry average. Additionally, cooperatives provided training and seminars to employees, with an average of 81 percent of respondents receiving training each year. It can be deduced that performance under this perspective is deemed excellent.

Cooperatives, on average, do exceptionally well in terms of members/customers, internal business processes, and learning and growth perspectives. Financial performance, on the other hand, is poor. This result is attributed to a low profitability and growth ratio, a low asset efficiency ratio, a low level of net institutional capital, the inadequacy of provisioning (31 days to one year), a high proportion of non-earning assets to total assets, a low member's equity to total assets ratio, a high external borrowing ratio, a high liquidity ratio, and a low receivable turnover ratio.

In this study, cooperatives were able to meet member expectations, provide the finest business processes, and provide opportunities for staff learning and growth regardless of their financial performance. This demonstrates that cooperatives were organized not solely for profit but to fulfill the needs of their members and the community. This opposes Kaplan and Norton's (1992) assertion that if organizations perform optimally in terms of customers, internal business processes, and learning and growth, financial success will follow.

Based on the cooperatives' performance and the identified weaknesses and concerns, strategies were devised on the identified issues and serve as a reference for improving and attaining optimal performance based on the BSC framework.

Recommendations

In order to improve figures under financial perspective in terms of profitability performance, cost reduction and revenue-raising initiatives are two options for addressing this area. Likewise, institutional strength may be improved by managing receivables efficiently. Proper cash and receivables management may pave the way for decreasing problem receivables and calculate the adequacy of provisioning. Enhance liquidity ratio by timely receivable collection which in turn reduces receivable balances and investing excess cash. Minimizing the acquisition of non-earning assets will improve the ratio in this area. On members' equity to total assets ratio, management must encourage new members to join their cooperative or increase members' share capital by encouraging existing members to patronize their services. Cooperatives should avoid external borrowing whenever possible to keep the debt-to-asset ratio to a minimum. Nevertheless, cooperatives must conform to the CDA's performance measurement standards to achieve optimal financial performance.

In terms of members/customers, internal business process, and learning and growth perspectives, the strategies outlined in this study may be adopted. Moreover, the CDA should strictly enforce its performance requirements to compel cooperatives to comply because the identified weak areas were included in the cooperative performance reports regularly submitted to the authority. Because the CDA's existing provisions do not penalize cooperatives for poor performance, cooperatives may choose to neglect or prepare reports solely to comply with the law rather than improve their performance. The management, including those charged with governance, should concentrate on resolving the issues before they escalate. They may use the strategies outlined in this study as a guide for designing their distinctive strategies for achieving their specific objectives.

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