

Membership Handbook

For Primary Cooperatives

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ACKNOWLEDGMENT

The National Confederation of Cooperatives (NATCCO), through its Consultancy Unit, is pleased to publish this "Membership Handbook for Primary Cooperatives." NATCCO's Marketing and Sales Advisors who had worked with cooperatives by coaching, mentoring, and training them were able to look at the different membership classifications and definitions through reviews of the cooperatives' bylaws and membership policies. With the reviews they had done, the Advisors were inspired to create this Handbook to help guide primary cooperatives in having a deeper understanding and clearer definition of "membership," particularly in the light of the tremendous growth of membership in the past years, the increasing reportorial requirements on membership, and the increasing issues related to membership that co-ops must address.

We extend our unfathomable gratitude to the cooperatives that are currently under advisory with the NATCCO Consultancy for being our valuable reference and inspiration in doing this Handbook, and being their partner in implementing interventions aimed at making their organizations operate even better, leading to their members' growth and sustainable lives.

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INTRODUCTION

Becoming members of a cooperative is the first step that people should take so as to avail of the organization's products and services. Being co-op members creates opportunities for both the individual members and the cooperative. It is essential that prospective member-customers undergo a co-op's "Pre-Membership Education Seminar (PMES)" and comply with the organization's initial or full requirements for membership. Enlightening prospective member-customers with the values and principles of the cooperative advocacy is the key to having them fully appreciate the benefits of being a supporter of the sector.

The first principle of the "Seven Cooperative Principles" is "Open and Voluntary Membership." As cooperatives are voluntary organizations, they are open to everyone who are willing to undertake the responsibilities of membership without discrimination to one's gender and preferences, social and economic status, ethnicity, political views, and religious beliefs. No compulsory membership and no discrimination against any person has been, in fact, one of the best practices of cooperatives in the Philippines.

To pursue a rewarding, positive, and harmonious relationship between the cooperative and the individual member, appropriate membership classification must also be a priority of the co-op's Education Committee, the Board of Directors as policy-makers, and the top management as implementers.

The current Republic Act No. 9520, also known as the "Philippine Cooperative Code of 2008," duly discusses "Membership Classification." Primary cooperatives can modify their own description of membership, but they must note that they can only customize their bylaws and policies within the definitions and classifications mandated by the law.

This "Membership Handbook for Primary Cooperatives" explains to primary co-ops the fundamentals of proper membership classification. With the exponential growth of members in primary cooperatives for the past decade, the need to clarify the standard membership classification is evident. This Handbook intends to assist primary cooperatives in complying with membership reports required by

the Cooperative Development Authority (CDA). The Handbook also contains discussions on significant issues related to membership in primary cooperatives.

Furthermore, this Handbook may also assist primary cooperatives in identifying activities for membership growth and development, efficient, and effective member-borrower programs, and opportunities for market segmentation.

The envisioned users of the Handbook are the co-op doers (Marketing and Membership Officers); implementers (Chief Executive Officers and General Managers); and policy-makers (Board of Directors and Education Committee Members) who are responsible for ensuring the membership recruitment, growth, and development of the cooperative.

With the hope that this Handbook fulfills its purpose, may the intended users learn from this publication and properly use their insights gained for the advancement of the cooperative advocacy, the organization, and the members.

I. MEMBERSHIP IN PRIMARY COOPERATIVES BASED ON REPUBLIC ACT NO. 9520

Membership is key in primary cooperatives. Having more co-op members mean more households catered to in the community, more sustainable families with food on their table every day, and more individuals who have personal savings and emergency funds. With all the programs facilitated by cooperatives from youth development to gender awareness, livelihood activities, financial literacy programs, and leadership training activities, the primary concern of the co-ops focuses on the socio-economic sustainability of members. The co-op sector adheres to the “Seven Cooperative Principles” and “Cooperative Values” in the hope that genuine cooperativism will assist in uplifting people from poverty and in promoting financial inclusion.

As member-based organizations, cooperatives have always been eager to communicate and emphasize the benefits of becoming a member. Many Filipinos are unaware of the economic vulnerabilities of businesses, especially businesses that offer financial products and services. In the co-op setting, it has been observed that most members tend to ignore the main purpose of becoming a member of a cooperative.

Co-ops have the dual socio-economic purpose. Thus it is not only on the social impact that cooperatives see themselves as being effective and efficient, as these organizations are also capable of improving the lives of the members through the various financial products and services for the members to patronize, earn from (because of patronage refunds and discounts), and gain dividends from (because of their share capital contribution).

The fact that cooperatives need more capitalization to improve and expand the business operations emphasizes the need for members to add to their share capital. Having more capitalization also enables the co-ops to mobilize even more funds to be used in promoting social equality and equity—still to benefit the members.

Given all this, the need to increase awareness of how cooperatives work not only for the internal organization but also for the whole community is a shared effort of the Board of Directors and the management as leaders; the operations and support staff as doers; and the whole membership as beneficiaries of this excellent, time-tested, and strong collaboration.

Increasing membership also means further opportunities to boost sales volume; consequently, more members will patronize co-op products and services. Having more members also means having a constant source of internal fund generation, with the share capital as one primary source of funds. But rising membership also means transactions that are more complicated, with more demands to meet. With such, cooperatives may be prone to a number of significant vulnerabilities, such as database mess, inconsistent and unintelligible updating and safekeeping of membership records, and incomplete membership statistical reports, among other challenges.