

Governance Compliance, Management Practices, and Operational Challenges of CHED-Affiliated School-Based Cooperatives in Malaybalay City, Philippines

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DOI: <https://doi.org/10.51584/IJRIAS.2026.11050081>

Received: 04 May 2026; Accepted: 10 May 2026; Published: 01 June 2026

ABSTRACT

This study examined governance compliance, management practices, and operational challenges of Commission on Higher Education (CHED)-affiliated school-based cooperatives in Malaybalay City, Philippines. Using a qualitative multiple-case study design anchored in grounded theory, data were collected through focus group discussions, in-depth interviews, Delphi validation, and document analysis.

Findings revealed a high level of compliance with Republic Act No. 9520 and institutional by-laws, particularly in the functioning of the General Assembly and Board of Directors. Management practices were generally effective; however, gaps were observed in committee performance, leadership capacity, operational policy implementation, and strategic planning. Operational challenges were identified across planning, organizing, leading, and controlling functions.

The study further revealed that governance compliance contributes to organizational accountability, member participation, and financial sustainability. However, limitations in staffing, leadership training, and operational systems affect overall cooperative performance and member satisfaction. Findings also suggest that the integration of digital management systems and leadership development programs may enhance operational efficiency and governance effectiveness.

The study concludes that governance compliance provides a strong foundation for cooperative management, but long-term effectiveness depends on organizational capacity-building, financial sustainability, leadership competence, and system strengthening. Future studies may adopt mixed-methods approaches and include cooperatives from other regions in the Philippines to improve the generalizability and comparative value of the findings.

Keywords: Governance compliance; cooperative management; school-based cooperatives; operational challenges; management practices; financial sustainability; *Philippines*

INTRODUCTION

Cooperatives play a crucial role in promoting inclusive economic development, democratic participation, and community empowerment. Globally, cooperatives contribute significantly to employment generation, poverty reduction, and financial inclusion. In the Philippines, cooperatives are governed by Republic Act No. 9520, which institutionalizes democratic participation, accountability, transparency, and sustainability within cooperative organizations.

Within higher education institutions, school-based cooperatives operate under dual governance systems involving both cooperative laws and academic regulations under the Commission on Higher Education (CHED). This institutional arrangement creates opportunities for organizational support and member participation while simultaneously presenting governance and management challenges.

Despite the growing significance of school-based cooperatives, limited empirical studies focus on their governance compliance, management practices, operational effectiveness, and sustainability, particularly in local contexts such as Malaybalay City. Existing studies primarily examine agricultural or community-based cooperatives, leaving gaps in the literature concerning school-based cooperative systems.

This study addresses these gaps by examining governance compliance, management practices, and operational challenges among CHED-affiliated school-based cooperatives in Malaybalay City. Specifically, it explores how governance structures influence management effectiveness, organizational sustainability, member satisfaction, and operational performance.

The study may further be strengthened by expanding future research to include school-based cooperatives from other cities and regions in the Philippines. Such expansion would improve the comparative and generalizable value of the findings across different institutional and socio-economic contexts.

REVIEW OF RELATED LITERATURE

Governance compliance ensures transparency, accountability, and sustainability in cooperative organizations (Cornforth, 2004). Strong adherence to cooperative principles enhances organizational legitimacy, member trust, and financial performance (Birchall, 2011). Cooperative governance involves coordination among the General Assembly, Board of Directors, committees, and management staff to ensure efficient operations and democratic participation.

Recent literature emphasizes the importance of transformational leadership, institutional management, and participatory governance in strengthening cooperative effectiveness. Transformational leadership promotes organizational commitment, innovation, and strategic direction, while institutional management frameworks explain how organizations adapt to regulatory and environmental pressures.

Management practices in cooperatives involve planning, organizing, leading, and controlling organizational activities. Effective leadership and professional management improve operational efficiency, financial sustainability, and member satisfaction (Chaddad & Iliopoulos, 2013). Studies also indicate that leadership development and governance training are essential in improving cooperative performance and reducing operational inefficiencies.

Operational challenges are commonly analyzed using the classical management functions of planning, organizing, leading, and controlling (Fayol, 1949). Weaknesses in these functions often result in organizational inefficiencies, unclear responsibilities, weak coordination systems, and reduced member engagement (Zeuli & Cropp, 2004).

Contemporary studies likewise highlight the growing importance of digital management systems in cooperative operations. The adoption of digital accounting systems, electronic record management, and online communication platforms enhances operational efficiency, transparency, and governance accountability.

However, studies on CHED-affiliated school-based cooperatives remain limited, underscoring the need for context-specific, institution-based research.

THEORETICAL FRAMEWORK

This study is anchored on Neoclassical Organization Theory and Cooperative Game Theory. Neoclassical Organization Theory emphasizes the importance of human relations, communication, teamwork, and participation in achieving organizational effectiveness. Cooperative Game Theory explains how organizational actors collaborate to achieve common goals and sustain collective benefits.

The framework is further strengthened by integrating Transformational Leadership Theory and Institutional Theory. Transformational Leadership Theory highlights the role of visionary leadership, motivation,

innovation, and organizational commitment in enhancing cooperative performance. Institutional Theory explains how organizations adapt to regulatory standards, governance requirements, and external pressures to maintain legitimacy and sustainability.

These theoretical perspectives collectively explain how governance compliance, leadership practices, organizational structures, and institutional systems influence management effectiveness and operational performance in school-based cooperatives.

METHODOLOGY

Research Design

This study employed a qualitative multiple-case study design anchored in grounded theory (Glaser & Strauss, 1967). The design enabled an in-depth exploration of governance compliance, management practices, and operational challenges in school-based cooperatives.

To further strengthen future investigations, mixed-methods approaches may also be employed. Combining qualitative methods with quantitative techniques such as surveys, governance ratings, member satisfaction measures, and financial performance indicators would provide a more comprehensive assessment of cooperative effectiveness and operational sustainability.

Research Locale

The study was conducted in Malaybalay City, Bukidnon, Philippines.

Participants

A total of 28 participants were selected using purposive sampling:

Board of Directors

Officers and committee members

Managers and staff

Cooperative members

Participants were selected based on their direct involvement in cooperative governance and operations.

Data Collection

Data were gathered using:

Focus Group Discussions (FGDs)

Semi-structured interviews

Delphi technique

Document analysis

Organizational records, financial reports, bylaws, and operational manuals were also reviewed to validate governance compliance and management practices.

Data Analysis

Thematic analysis was conducted using grounded theory procedures:

Open Coding

Initial concepts, statements, and recurring ideas related to governance compliance and operational management were identified from interview transcripts and organizational documents.

Axial Coding

Related categories were grouped to determine relationships among governance structures, management practices, and operational challenges.

Selective Coding

Major themes were integrated to explain the interaction between governance compliance, management effectiveness, organizational sustainability, and operational performance.

The study ensured methodological rigor through:

Data triangulation

Member checking

Peer validation

Delphi expert validation

Document verification

These procedures enhanced the credibility, dependability, confirmability, and transparency of the study.

RESULTS AND DISCUSSION

Findings revealed strong governance compliance, particularly in adherence to Republic Act No. 9520 and institutional by-laws. Democratic participation, structured governance systems, and active General Assembly participation strengthened accountability and organizational legitimacy.

Management practices were generally effective; however, limitations in leadership training, committee functionality, staffing, and role clarity affected operational performance. These findings support previous studies emphasizing the importance of governance competence and leadership capability in cooperative effectiveness.

The study further revealed that financial sustainability is closely associated with governance quality and operational efficiency. Cooperatives with stronger governance systems demonstrated improved financial management, better loan recovery systems, stronger member participation, and increased organizational stability.

Member satisfaction was also influenced by transparency, communication, leadership responsiveness, and organizational participation. Cooperatives that maintained regular consultations, transparent reporting systems, and active member engagement demonstrated higher organizational trust and satisfaction.

Operational challenges persisted across planning, organizing, leading, and controlling functions. Strategic planning inconsistencies, leadership transitions, limited staffing, and weak monitoring systems affected organizational continuity and operational effectiveness.

Another emerging issue identified was the limited use of digital management systems. Most cooperatives still rely heavily on manual processes in financial reporting, communication, and records management. The adoption of digital technologies may improve transparency, efficiency, operational monitoring, and governance accountability.

The findings confirm that governance compliance influences management practices, which in turn affect operational outcomes, financial sustainability, and organizational performance.

CONCLUSION

CHED-affiliated school-based cooperatives demonstrate strong governance compliance and generally effective management practices. However, organizational effectiveness depends on leadership capability, financial sustainability, operational systems, and continuous organizational improvement.

The study highlights the importance of integrating governance compliance, leadership development, financial management, and institutional capacity-building to address operational challenges and sustain cooperative performance.

Future research may expand the scope of analysis to include cooperatives from other cities and regions in the Philippines to improve comparative analysis and generalizability. Further studies may also examine the impact of digital management systems, leadership development programs, policy interventions, member satisfaction, and organizational performance indicators on cooperative sustainability and effectiveness.

RECOMMENDATIONS

- Strengthen governance systems through regular policy review and compliance monitoring
- Provide mandatory governance and leadership training for cooperative officers
- Integrate digital management systems for financial reporting and records management
- Align strategic planning with organizational vision and sustainability goals
- Improve staffing structures and role clarity
- Enhance internal audit and feedback systems
- Conduct regular member satisfaction assessments
- Promote leadership development and institutional capacity-building programs
- Encourage future mixed-methods and comparative regional studies on school-based cooperatives

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