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Working Capital Management Practices and Profitability of Multi-Purpose Cooperatives in Laguna

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Abstract

Managing financial resources effectively can make or break a business, and for multipurpose cooperatives, working capital management plays a crucial role in sustaining profitability. This purpose of this study was to determine the relationship between working capital management practices and profitability of multipurpose cooperatives in selected districts of Laguna, including Calamba, Cabuyao, Bay, and Los Baños. A descriptive-correlational research design was employed, with data collected from 48 cooperatives through a survey, which was pre-tested to ensure reliability. The study addressed key questions regarding business profiles, including business age and capital, as well as current working capital management practices, specifically cash management, inventory management, accounts receivable management, and accounts payable management. Data analysis revealed that most multipurpose cooperatives have been operating for over five years and possess business capital ranging from Php 15,000,001 to Php 50,000,000. Results indicate that cash management, inventory management, and accounts payable management are fully implemented, while accounts receivable management is implemented to a slightly lesser extent. ANOVA results showed no significant differences in working capital management practices when grouped by business capital. However, Pearson correlation analysis found that efficient cash management, accounts receivable management, and accounts payable management were positively correlated with profitability, as measured by net profit margin. In contrast, inventory management showed no significant correlation with profitability. These findings suggest that multipurpose cooperatives with optimized cash flow, receivables, and payables management are more likely to experience higher profitability, while inventory management does not show a strong relationship with profitability. The study concludes that effective working capital management practices can contribute to enhanced profitability and long-term sustainability for multipurpose cooperatives in Laguna.

Keywords: Cash Management, Accounts Receivable Management, Inventory Management, Accounts Payable Management, Net Profit Margin, Multipurpose Cooperatives

Introduction

Effectively managing working capital is paramount for a company's sustainable growth and success. It involves handling the funds necessary for day-to-day operations, such as purchasing inventory, managing bills, and collecting customer payments. Executing proficiently enables companies to fulfill short-term obligations, seize emerging opportunities, and ultimately bolster their financial performance.

In regions like Laguna, cooperative enterprises, characterized by their member-owned and member-managed structure, play a significant role across various economic sectors, including agriculture, retail, and finance. These cooperatives are instrumental in local development and encouraging community cohesion.

Finding the ideal balance is difficult, though, as having too much money invested in running operations can result in lower returns on investment because carrying costs go up. At the same time, insufficient working capital can hinder growth opportunities and pose challenges during financial uncertainties. At the same time, insufficient working capital can hinder growth opportunities and pose challenges during financial uncertainties.

This research examined the relationship between the management of day-to-day funds and the profitability of multipurpose cooperatives. The study aimed to identify effective practices by analyzing the strategies employed by these cooperatives. The findings provided valuable insights for the board of directors of cooperatives, financial professionals, and policymakers, enabling them to make informed decisions that contributed to the long-term financial stability of such organizations.

Background of the Study

A key component of any organization's financial strategy, regardless of industry, is working capital management. Multipurpose cooperatives are essential to local economies, and they can be made much more profitable and financially sound by knowing and utilizing the best working capital management practices.

Cooperatives face various opportunities and challenges when managing their working capital, particularly multipurpose ones. Unlike traditional for-profit enterprises, cooperatives prioritize member welfare and community development over maximizing profits for external shareholders. This distinction affects how cooperatives handle decisions about working capital. Multipurpose cooperatives engage in a wide variety of activities, which makes managing their working capital more challenging. For instance, agricultural cooperatives may deal with seasonal variations in production, requiring careful management of inventory levels and cash flows to meet the demands of farming cycles.

Similarly, financial cooperatives operating under multipurpose cooperatives must strike a careful balance between providing financial services and guaranteeing the liquidity required for member withdrawals and transactions. In Laguna, cooperatives significantly contribute to the economic landscape. However, a need exists to delve deeper into how these cooperatives manage their working capital, as this directly impacts their financial performance. This study seeks to understand the specific practices employed by cooperatives in Laguna and their correlation with profitability.

Efficient working capital management not only ensures the smooth day-to-day operations of cooperatives but also holds the potential to enhance their financial stability and resilience. This study attempts to provide a thorough overview of the working capital management practices that the cooperatives implemented, taking into account the particular difficulties that they encountered.

In conclusion, this research is crucial because it aims to uncover how the way cooperatives in Laguna manage their day-to-day finances relates to their overall profitability. By looking at specific factors like how they handle inventory, optimize cash flow, and maintain liquidity, researchers can connect these practices to the financial success of cooperatives. This study seeks to offer practical advice, helping cooperatives in Laguna make informed decisions that lead to better financial performance and continued positive contributions to the local economy. Hence, this research aims to contribute not only to the academic discourse on working capital management but, more importantly, to serve as a practical guide for cooperatives in Laguna, aiding them in making strategic decisions that can lead to improved financial performance.

Theoretical Framework

In this study, the researchers used different models for each sub-variable to examine the relationship of working capital management to the profitability of cooperatives in Calamba, Laguna, and District II of Laguna, which includes Cabuyao, Bay, and Los Baños. Effective working capital management is essential for cooperative profitability, and understanding its relationship with various financial theories is critical for guiding this research on cooperatives in Calamba, Cabuyao, Bay, and Los Baños.

Cash Management Theory

The Cash Management Model by Miller and Orr, formulated by finance professors John Miller and John Orr in 1996, is a strategy for overseeing cash flow. This model proposes that a company's cash management system should aim to reduce the expenses associated with holding cash, while still maintaining sufficient cash reserves to meet its operational requirements.

The Baumol Model of Cash Management, on the other hand, is a model that was developed by economist William Baumol (1952). The model suggests that a company's cash management system should be designed to minimize transaction costs while ensuring it has enough cash to meet its operational needs. The model proposes that a company's cash management system should be composed of three main components: Cash balance, Cash flow, and Transaction Costs.

Inventory Management and Accounts Receivable Management

The Operating Cycle Theory was first introduced by management accounting professor Dr. Lawrence Levy in the 1960s. It is also known as the "Levy Model" or "Operating Cycle Approach." This suggests that a company's profitability is directly related to the efficiency of its operating cycle, which includes the time it takes to purchase raw materials, produce goods, sell those goods, and collect payments from customers. The theory emphasizes the importance of effective management of working capital, particularly in the context of cooperatives

Accounts Payable Management

The Financial Supply Chain Management (FSCM) model, introduced by Keith Oliver in 1982, incorporates financial management practices into the supply chain to enhance the utilization of working capital and boost the cooperative's economic performance. This model aids cooperatives in managing their accounts payable by increasing the accuracy and speed of payment processing, reducing the necessity for manual handling, and mitigating the effects of payment delays.

Profitability

PFRS 1: Profit or Loss and Other Comprehensive Income

PFRS 1 can be a valuable tool for cooperatives to standardize and enhance their financial reporting. By adhering to PFRS 1, cooperatives are required to prepare a statement of comprehensive income that includes all aspects of profit or loss, such as revenue, expenses, gains, and losses, along with other comprehensive income items like changes in investment fair values, foreign currency translation adjustments, and actuarial gains or losses. This comprehensive and transparent reporting framework ensures that cooperatives provide a complete and accurate depiction of their financial performance and position. Additionally, it equips researchers with consistent and detailed financial data to analyze the cooperatives' profitability and overall financial health, ultimately contributing to better strategic planning and improved financial practices within the cooperative sector.

Net Profit Margin

Net profit margin is a vital metric for cooperatives to assess and enhance their financial performance. By determining this ratio, cooperatives can quantify the proportion of revenue that translates into profit, thus gaining a clear understanding of their profitability. This allows cooperative leaders to pinpoint areas where they excel and areas needing improvement, such as cost control or revenue generation strategies. Regularly monitoring the net profit margin can also help cooperatives track their financial progress, set achievable financial benchmarks, and make informed strategic decisions to boost their overall profitability. Moreover, utilizing the net profit margin fosters greater accountability and transparency within the cooperative, helping to build trust and confidence among its members regarding the cooperative's financial health and sustainability.

Conceptual Framework

Profitability of Multi-purpose Cooperatives in Laguna	Working Capital Management Practices • Cash Management Practices • Accounts Receivable Management Practices • Inventory Management Practices • Accounts Payable Management Practices

Figure 1: The Research Paradigm

Independent Variable Dependent Variable

Statement of the Problem

This study was conducted to determine the relationship between the working capital management practices and the profitability of cooperatives in selected districts of Laguna, specifically Calamba, Cabuyao, Bay, and Los Baños. Specifically, it attempts to seek answers to the following questions:

1. What is the business profile of cooperatives in Calamba and District II of Laguna, in terms of
- Business Age, and
- Business Capital

2. What are the working capital management practices currently by cooperatives in terms of
- Cash management
- Inventory management
- Accounts receivable management, and
- Accounts Payable Management

3. What is the level of profitability among cooperatives in Calamba and District II of Laguna in terms of
- Net Profit Margin

4. What is the significant difference in the working capital management practices when respondents are grouped according to

- Business Age, and
- Business Capital

5. What is the relationship between working capital management practices and profitability among cooperatives in Calamba and District II of Laguna?

Hypothesis

The hypothesis presented below will be tested for its level of significance

H1: There is no significant difference in the working capital management practices when respondents are grouped according to their business profile.

H2: Cash management practices have no significant relationship with profitability.

H3: Accounts receivable management practices have no significant relationship with profitability.

H4: Inventory management practices have no significant relationship with profitability.

H5: Accounts payable management practices have no significant relationship with profitability.

H6: Working capital management practices have no significant relationship with profitability.

Significance of The Study

This study is crucial for multipurpose cooperatives in Laguna. It will help cooperatives make better financial decisions, improving their stability and profitability. Here's how it will help different groups:

To the Cooperative Sector in Laguna. The study will help the cooperative board of directors and members understand financial concepts better to manage their money more effectively and make more profit.

To Local Government and Regulatory Bodies. The study's findings can be used to make rules and policies that help cooperatives in Laguna manage their money better and grow the local economy.

To Academics and Researchers. This study will provide a starting point for more research into how cooperatives manage their money in the Philippines and other countries.

To Banks and Financial Institutions. Banks will learn more about cooperatives' financial challenges to offer better services and products to help cooperatives succeed.

To the General Public. When cooperatives do well financially, they help the whole community by creating jobs and offering essential services. This study will contribute to a more robust economy and a better quality of life in Laguna.

Scope and Limitations of the Study

The main focus of this study was to thoroughly determine the relationship between working capital management practices and the profitability of cooperatives in Calamba and District II of Laguna, Cabuyao, Bay, and Los Baños. The working capital management practices include cash management, accounts receivable management, inventory management, and accounts payable management. On the other hand, Net Profit Margin was used to assess and measure the profitability. The study was limited to determining two variables: working capital management practices and profitability. The respondents of the study were limited to selected financial managers or financial decision-makers of each multipurpose cooperative in selected districts of Laguna.

Definition of Terms

Therefore, the following terms were used in this study and defined operationally:

Accounts Payable. Represents the money a cooperative owes suppliers or creditors for goods or services received but still needs to be paid.

Accounts Receivable. Refers to the money owed to a cooperative by its members or customers for goods or services that have been provided but not yet paid for.

Business Age. Refers to how long a cooperative or company has been in operation, measuring its experience and longevity.

Business Capital. The total amount of money invested in a cooperative or business, including contributions from members or shareholders and any loans or grants received.

Cash Management. It involves strategies for efficiently handling and maintaining a cooperative's cash reserves, ensuring it has enough funds to cover expenses and investment opportunities.

Financial Institution. Organizations providing financial services to clients or members.

Financial management. It involves strategically handling an organization's finances to achieve its objectives efficiently and effectively. It includes budgeting, investment analysis, and cash flow management to optimize resource utilization and maximize stakeholder value.

Inventory Management. Control and optimize the stock of goods or products that a cooperative holds, balancing demand and costs.

Multipurpose Cooperatives. Cooperative organizations provide various economic and social services to members across the credit, marketing, production, and social welfare sectors.

Profitability. Indicates a cooperative's ability to generate more income than expenses, reflecting its financial performance and capacity for growth.

Working Capital. Funds for a cooperative's day-to-day operations are calculated as the difference between current assets and liabilities.

Review of Related Literature

This chapter reviews the relevant literature on the impact of working capital management on profitability, including studies that have investigated the relationship between working capital management and financial performance in cooperatives. It highlights the key findings and insights from these studies, including the importance of effective working capital management in enhancing financial performance and profitability.

Multipurpose Cooperatives in the Philippines

According to Digal, L. N., & Placencia, S. G. P. (2020), sustainability, particularly in agriculture, is a global concern. In the Philippines, achieving self-sufficiency in rice production is a major goal. However, there are challenges in balancing increased production with sustainable practices. Despite this, there are ongoing efforts to promote sustainable farming systems, like organic farming. Studies showed that factors such as gender, education level, experience in rice production, landholding size, and cost per hectare influenced the adoption of organic rice farming. Additionally, the involvement of extension services, NGOs, and private institutions is crucial in developing organic production.

Gas-ib-Carbonel, L. (2019) assessed the socioeconomic status of four selected cooperatives in Tabuk City, Kalinga, Philippines. It aimed to describe the cooperatives' profiles, determine members' economic participation and benefits, identify participation in social and financial obligations, and assess contributions to sustainable development goals. The study found that the cooperatives have significant assets and many members. They contribute to economic development and provide support to communities, including education and sustainable practices.

Velmonte, G. L. (2020) stated that families in financial need often borrow money from cooperatives to improve their quality of life. The government should invest in cooperatives to provide additional capital and offer seminars on cooperative management and livelihood programs. Cooperatives should be expanded in smaller municipalities in provinces for overall development. The government's financial support is crucial for cooperatives to compete in the global market.

To promote a more inclusive approach to innovation policy, particularly in developing countries, it is important to have a broader understanding of innovation intermediaries. These intermediaries, such as cooperatives, could learn and develop key capabilities to improve their organization's resources and networks. The study suggested that urban-based cooperatives can serve as effective intermediary organizations to enhance an inclusive innovation network or system. The implications of the findings are relevant for the organizations involved in the study, as well as for those planning to develop similar collaborations. Additionally, the research also provided insights for governments aiming to expand the role of intermediaries in promoting inclusive innovation. Go, K. C. L. (2019).

Galay, J. A. (2022) noted that the ethical values, duties, and responsibilities of members blared as markers of their loyalty. The findings further revealed that loyalty positively gives moderate impact to cooperative governance, while participation of members has moderate effect on loyalty and low effect on cooperative governance. From these conclusions, the nsurvy describes that the loyal members are most likely to have positive assessments of the performance of the BODs and participate in cooperative activities. Thus, the study proposes that the BODs have to appreciate and acknowledge loyal members and actively encourage members toestablish loyalty in diverse cooperative activities.

Multipurpose Cooperatives in Laguna

As per Espanto, F. S., & Dorado, R. A. (2019), the use of cooperatives plays a crucial role in gathering savings. The CLDD in Calamba has been operating for more than two decades intending to implement effective savings and investment plans for the city's residents. Research indicates that cooperatives have an impact on the savings efforts of their members. Among the various types of cooperatives, Credit Cooperatives have the greatest influence on the savings of their members. The duration of membership and credit usage are both important factors that positively contribute to the savings of cooperative members.

The goal of Agcaoili et al. (2023) was to create interventions for smallholder farmers' rice trading practices in the Philippines. Among the difficulties noted are the high expenses of production and marketing, which result in low farmer profit margins. To solve these problems and advance a more just and sustainable rice value chain, it was suggested that market innovation and the removal of institutional barriers be implemented.

Medina et al. (2023) assessed the adaptive capacity of vegetable farmers in Liliw, Laguna, and explored the factors that influence their productivity and income. The ability of vegetable farmers in the Philippines to withstand and recover from natural disasters such as droughts, typhoons, and pest infestations is known as climate resiliency. Being situated in the Pacific typhoon belt, the country is highly susceptible to these calamities. To enhance their ability to adapt, the government implemented programs and policies aimed at preparing farmers for such events, reducing their vulnerability to climate change, and ensuring sustainable productivity and income. Through various techniques three policy alternatives were evaluated such as establishing a centralized trading post, improving the accessibility and affordability of vegetable seeds, and establishing a registered farmers' cooperative. Based on the results of these assessments, the recommended policy is the establishment of a registered farmers' cooperative.

As stated by Ticzon, H. (2019), a new rural organization in San Pablo City, Laguna, Philippines, is called

HERBS Inc. (2019). It is made up of elderly farmers who used to work for the government. The company sells goods like soy milk and chili powder and focuses on organic farming. To enhance their management and get past obstacles that might result in closure, they still require additional guidance and assistance. The results also revealed elements that influence the growth of their organization. Cuevas, A. C., & Mina, C. S. (2022) examined how joining a cooperative can help small-scale farmers in the Philippines improve their agricultural and marketing practices. The findings suggested that being a part of a cooperative can significantly enhance the productivity and efficiency of dairy buffalo farmers in the country.

Working Capital Management

Effective WCM (working capital management) is an important business strategy which facilitates organizations for the smooth functioning and helps organizations to mitigate problems by managing their liabilities with respect to their assets as stated by Tabang, J. J. T. (2020). Risk management (RM) is the key element of wide combining management (WCM) and RM is often ignored by many small to medium enterprises (SME) from profitability view they have no risk assessment and mitigation. However, RM is essential to managing both present and emerging risks and gives organizations the flexibility to respond to uncertainties like mistakes, accidents, and natural disasters.

For example, as expressed in Bhattacharya, H. (2021) in the book, cooperatives have unique challenges managing their working capital. One strategy outlined in the book is to create what they call a cooperative reserve fund, a fund whose purpose is to absorb unforeseen costs so that balances or working capital is maintained. It also illustrates the role that efficient accounts receivable management plays in managing a cooperative, and tips for successful use of timely invoice processing, stated payment terms, and tools for social media.

Cash management is one of the most critical components of financial management of business (Faque, M. (2021). Proper cash management can make or break a company, literally. His study showed that a hybrid mix of cash management practices can lead to a sound financial performance of such a company, contributing to better understandings of cash management practices and their contributions to a company. Internally, two ways companies can save money and improve their cash flow is by investing in technology and smarter cash management systems. This statement about the necessity of cash management is a lesson for cash management cooperatives. One such principle is a core understanding that good cash management can help them alleviate hardships and accomplish their objectives.

Udoh, S. (2022) highlighted the fact that financial management is a field that has significant changes and is not fixed, especially in private enterprises. These firms' core practice is cash management, which involves identifying and obtaining capital as cash and using it to generate additional cash, ultimately increasing the firm's value for its stakeholders. Effective cash management techniques helped cooperatives avoid financial difficulties and achieved their goals, which includes providing their members with reasonably priced goods and services and boosting the local economy. Identifying important theories and practices, embracing new ideas, and creating an effective approach to cash management are all emphasized in the statement. Cooperatives can use this to help them customize their cash management plans to meet their particular requirements.

The study of Sambo et al. (2023) primarily focused on the relationship between cash management and the financial performance of certain banks in Nigeria. The findings of the study are both intriguing and relevant for policy evaluations. The study revealed that banks can enhance their financial performance by having a larger amount of cash available for financing. However, it also highlights that excessive liquidity can decrease profitability and potentially lead to a bank's insolvency. It is crucial for cooperatives to also pay attention to their cash usage and reserves. Cooperatives should strive to adopt an optimal cash management model to ensure efficiency and effectiveness in their operations. By effectively managing their cash, cooperatives can improve their financial performance and avoid the risk of insolvency.

The long-term success and efficiency of all nongovernmental organizations (NGOs) are dependent on effective cash management, as stated by Kyeremeh (2020). A common practice among NGOs is to create cash budgets or forecast flows. These practices aid NGOs in making appropriate decisions regarding the generation and allocation of funding. In addition, the research highlighted several difficulties with cash management, such as inadequate budgeting for cash payments, accountability, lack of transparency, and poor record-keeping. Using computers to handle cash was reported by some finance officers as an interesting practice. It is advisable for NGOs to establish a consistent culture of maintaining appropriate accounting information systems and invest in computerized technologies for their accounting operations.

Praveen U, Farnaz G. & Hatim G. (2019) discussed the complexity of supply chain management and its potential challenges in optimization. One of the main issues is to reduce waste especially excessive inventory costs, which tend to increase shortage costs due to inaccurate forecasting of demand. To overcome this obstacle, they've devised a model that employs artificial neural networks to boost demand forecasting precision. Cooperatives can benefit from the use of artificial neural networks to manage their supply chains, which can accurately forecast demand and minimize waste while also improving profit margin performance. Rapidly evolving customer demand can be accommodated by cooperatives, resulting in reduced supply and demand mismatches and costs. The cooperative can improve its financial performance, reduce costs, and enhance efficiency by doing this.

Inventory Management**.** In the statement of Zhang et al. (2021), inventory management for spare parts is crucial for reducing downtime and extending the lifespan of products. With the growing emphasis on sustainability, spare parts inventory management has become increasingly important, particularly in the context of the 'right-to-repair' movement, which requires manufacturers to provide sufficient spare parts throughout the lifecycle of their products. This highlights the importance of effective inventory management for spare parts in reducing downtime and extending the lifespan of products, which is particularly relevant for cooperatives that aim to provide affordable goods and services to their members while contributing to the local economy.

Mashayekhy et al. (2022) highlighted in their study the impact of Industry 4.0 technologies, particularly IoT, on inventory management in supply chains. The study aims to provide a comprehensive understanding of the effect of IoT on inventory management and identify research gaps in this area. This is relevant to cooperatives as they aim to provide affordable goods and services to their members while contributing to the local economy. Inventory management is crucial in achieving these goals, and the adoption of IoT technologies can help cooperatives optimize their inventory policies, reduce costs, and manage risk. By exploring the impact of IoT on inventory management, the study provides insights that can help cooperatives make informed decisions about adopting these technologies to improve their supply chain operations.

In the study of Ahmadi et al. (2019), operating rooms are a critical source of revenue for hospitals, but they also generate a significant amount of waste and costs. Therefore, finding ways to reduce costs in operating rooms can have a substantial financial impact. In recent years, researchers and practitioners have studied the issue of managing surgical supplies and instruments, which are heavily influenced by surgeons' preferences. Inventory management in operating rooms can help cooperative hospitals, which aim to provide affordable healthcare services to their members while controlling costs. By inventory management practices that reduce waste and costs, cooperative hospitals can improve their financial performance and better serve their members.

Macas et al. (2021), highlight the importance of correct inventory management that has grown significantly for business success, yet there is a remarkable scarcity of studies advocating for the adoption of advanced inventory management systems. The key trends and indicators, present the primary inventory management systems and models, along with the Key Performance Indicators (KPIs) essential for effective management. Despite the benefits presented by sophisticated systems, the findings reveal that SMEs often resort to simpler solutions like basic ERP systems, Excel, or manual methods.

The strengthening competition and globalization in the market have compelled businesses to devise effective strategies for survival, one of which is inventory management. However, organizations, including commercial state corporations, face multiple challenges such as excessive accumulation of inventories, leading to tied-up capital and limited investment opportunities in other areas. Additionally, poor efficiency and effectiveness further contribute to these challenges. The study concludes that there is a direct correlation between inventory management and the performance of commercial state corporations in Kenya. To address these challenges, the study recommends that the management of all commercial state-owned enterprises in Kenya allocate more resources to enhance the functionalities of their JIT and MRP systems. Mulandi, C. M., & Ismail, N. (2019).

Accounts Receivable Management. Oktavia, D., & Indrati, M. (2021) examined the impact of receivables, inventories, and payables on working capital. Receivables were assessed by dividing total credit sales by the company's average receivables, inventories by dividing the total cost of goods sold by the average inventory, and payables by dividing total purchases by the average trade payables. The findings indicate that receivables have a partial negative effect on working capital, while inventories have a partial positive effect. Additionally, the study found that debt does not significantly influence working capital. This suggests that receivables, inventories, and payables play crucial roles in determining working capital. Specifically, while receivables do not have a partial effect, inventories significantly enhance working capital, and debt remains non-influential.

Surikova et al. (2022), demonstrated that proficient management of accounts receivable is vital for a company's financial stability and longevity. The size, quality, and structure of receivables greatly influence a company's financial health, solvency, and capability to fulfill its financial commitments. Companies strive to optimize accounts receivable management by shortening their financial cycle and enhancing the quality of receivables. This can be achieved through a mix of conventional and innovative methods, such as regularly analyzing accounts receivable and implementing strategies to mitigate non-payment risks. Efficient accounts receivable management also helps companies identify factors contributing to debt formation and improves their overall liability management strategies.

According to Antysheva et al. (2020), the growth of sales markets and the rising turnover of organizations have resulted in a significant amount of cash flows and contract items, leading to an increase in receivables. The emergence of fraudulent companies makes it challenging to determine the creditworthiness of potential customers before entering into business. It's important to keep an eye on both the current accounts receivable and potential clients, including their reputation and solvency. The management of accounts receivable is crucial to preventing disruptions in the financial cycle and ensuring the company's liquidity and solvency. It is essential to have a thorough understanding of the economic content and classification of accounts receivable, which should be varied and aligned with the information needs of managers.

In the study of Meghana et al. (2020), accounts receivable represented the amounts owed by members or debtors due to the sale of goods on credit. 'Debtors' refers to the members' debt to the cooperative, arising from regular business transactions. While the concept of accounts receivable is similar to that in other businesses, the unique aspect is that the cooperative members are also its owners. This necessitates meticulous planning, organization, direction, monitoring, and control in managing accounts receivable to meet the cooperative's financial objectives. Effective receivables management helps cooperatives maintain financial stability, minimize non-payment risks, and enhance their overall financial performance.

According to Singh et al. (2021), although maintaining customer accounts is an essential part of a sales job, sales literature frequently ignored the effect of accounts receivable on sales effectiveness. Accounts receivable management is a common sales setting for salespeople, and it has a big impact on their ability to close deals. Research indicated that relationship development and customer-related performance are positively impacted by both customer account receivables and salespeople's customer orientation. Furthermore, the relationship-oriented approach of salespeople acts as a mediator between customer-related performance and account receivables. These results emphasized how crucial it is for salespeople to handle customer accounts well to maximize sales and preserve a positive rapport with clients.

Accounts Payable Management. Gofwan, H. (2022), in today's dynamic business environment, accounting information systems plays a vital role in enabling managers to maintain a competitive edge. Against the backdrop of rapid technological advancements, growing customer expectations, and increasingly complex business operations, effective accounting information systems are crucial for firms to achieve their financial objectives. Accounts payable management is essential for businesses, including cooperatives, to optimize their cash flow, reduce costs, and improve their financial performance. By streamlining their payment processes, businesses can minimize the time spent on processing invoices and making payments, avoid late payment fees and penalties, and maintain positive relationships with their suppliers. This can ultimately lead to better cash flow forecasting and budgeting processes, which can help businesses make informed decisions about investments, financing, and other financial matters.

Balogun et al. (2022), stated that in today's dynamic and multifaceted business landscape, the ability to adapt and innovate is crucial for organizations to remain competitive and achieve their objectives. The role of cooperative societies is vital, particularly for small and medium-sized enterprises, in helping them navigate the complexities of the emerging economy and achieve their goals. Cooperatives must ensure that they have a system in place to monitor and control their accounts payable to avoid cash flow problems. This includes processes for tracking invoices, approving payments, and making timely payments to suppliers. By doing so, cooperatives can maintain a healthy cash position, avoid late payment penalties, and build strong relationships with their suppliers.

As per Gitau, B. N. (2021), the importance of agriculture in Sub-Saharan African countries cannot be overstated, as it plays a crucial role in ensuring food security and creating employment opportunities. In this context, dairy cooperative societies are especially important as they aim to empower rural communities that heavily rely on agriculture. The findings of a study conducted in Kenya revealed that credit management has a significant impact on the financial performance of dairy marketing cooperatives, as measured by return on investment. In addition, the study recommends providing training on credit management to all officials and members of dairy marketing.

Sebhatu et al. (2020) studied cooperatives' accounts payable management; the efficient management of accounts payable is crucial for the success of agricultural cooperatives. Just like how smallholder farmers join cooperatives to create bargaining power, cooperatives must maintain their social capital and collective action to effectively manage their accounts payable. This means that the success of cooperatives in managing their accounts payable depends on factors such as the cooperative's age, number of employees, payment of dividends based on transaction volume, and the diversity of member goals. By effectively managing their accounts payable, cooperatives can ensure financial stability and contribute to poverty reduction and food security for smallholder farmers.

According to Zhang et al. (2020), technology improvements have caused substantial changes in the accounting profession in recent years. This looks at how the accounting profession has changed in response to these shifts and evaluates the implications for further advancements. Numerous operations in the accounts payable department, including data entry, invoicing, and payment processing, have been automated by technology. Accounts Payable specialists are now able to concentrate on more strategic duties like vendor relationship management and cash management since there are fewer errors and more efficiency.

Profitability

In the paper of McKillop et al. (2020), financial cooperatives play a vital role in the financial systems of many countries, offering a haven for deposits and serving as a major source of credit for households and small- and medium-sized firms. Their not-for-profit orientation and focus on maximizing benefits to members have ensured their enduring popularity and sustainability, particularly during times of economic crisis. This review examined the structural and behavioral characteristics of financial cooperatives, including their origin and diffusion, network arrangements, business model, relationship banking, balancing the interests of members, tax treatment, and regulatory framework.

In the study of Sahut, J. M., & Bouheni, F. B. (2019), the banking sector is composed of commercial and cooperative banks, with the latter being distinct due to their historical roots in promoting financial inclusion and self-help among members. Cooperative banks tend to be more stable financially and take on less risk compared to other banks. However, smaller cooperative banks may face efficiency challenges and be more vulnerable to risks compared to larger banks. Regarding profitability, cooperative banks' focus on financial stability and risk aversion may contribute to their financial performance. Effective working capital management practices can potentially enhance the profitability of cooperative banks by optimizing their cash flow and liquidity, reducing financial costs, and improving their overall financial health.

Kuc, M., & Teplý, P. (2023) examined and compared the profitability of European cooperative and commercial banks in a low-interest rate environment. They provided insights into how these banks' profitability is affected by interest rates and how they manage credit risk in such an environment. Cooperative's profitability is closely linked to their ability to effectively manage their capital. In maintaining a sufficient level of liquidity, efficiently managing their assets and liabilities, and minimizing the risk of bad debts, cooperatives can optimize their financial performance and achieve long-term sustainability. However, in a low-interest-rate environment, cooperatives may face challenges in maintaining their profitability, as they may have to sacrifice some of their stability to remain competitive. Regulators can play a role in promoting stability in the cooperative sector by providing guidance on effective risk management and ensuring that cooperatives have access to the resources they need to thrive.

Meyer, E. (2022), cooperative banks are characterized by a distinct governance structure, which involves

multiple locally-based banks collaborating within a larger cooperative banking network. Their primary focus is on retail banking, with an emphasis on building strong relationships with their customers. However, the increasing digitalization of banking services poses a significant threat to the profitability of cooperative banks, as it challenges their traditional business model and governance structure. Digitalization poses a threat to the profitability of cooperative banks. The traditional governance structure and business model of cooperative banks, which focuses on retail banking and building close relationships with customers, is challenged by digitalization. This could potentially impact the profitability of cooperative banks, as they may need to adapt their business model and governance structure to remain competitive in the digital age.
According to De Menna, B. (2021), low interest rates may reduce profitability and increase credit risk for banks, with relationship-based cooperative banks being more severely impacted than consolidated cooperative banks. This raises concerns about the long-term profitability of lending in a low-interest-rate environment. Additionally, while non-cooperative banks and relationship-based cooperative banks both increase credit risk under accommodating monetary policy, they do so for different reasons, with the former prioritizing profitability and the latter focusing on maintaining credit access for their customers, particularly small businesses and high-risk firms, by increasing their capital buffers.

Business Age

Mallinguh et al. (2020) examined how several factors affect the performance of medium-sized enterprises (MEs). It focused on how the business sector, firm age, financial leverage, and foreign ownership levels affect performance, with a particular emphasis on how foreign ownership mediates the relationship between firm age and performance in MEs. Since cooperatives are a particular kind of corporate entity, they can also be impacted by other variables including the industry they work in, how long they've been in existence, how much of their business is owned by foreigners, and how much financial leverage they use. Comprehending the impact of these variables on cooperative performance, scholars can get valuable knowledge about their achievements and pinpoint opportunities for enhancement.
The study of Kücher et al. (2020) examined the relationship between firm characteristics and specific causes of failure in bankrupt small and medium-sized enterprises. The reasons for corporate demise may vary depending on the firm's age and life cycle stage. The study integrates organizational ecology argumentation with resource-based view reasoning to provide a comprehensive understanding of organizational failure. Results indicated that different failure causes dominate at different stages of organizational life. Young and adolescent firms tend to fail due to internal shortcomings, while mature enterprises face challenges related to increased competition and economic slowdowns.
Harpriya et al. (2022) examined how demographic factors influenced the performance of micro-enterprises owned by women in North India. The findings suggested that factors such as registration status, legal ownership, nature of business, age, education, family income, size of business, and number of employees have a positive impact on net profits and sales turnover. However, an increase in the number of products offered hurts sales and net profit margin. These identified factors play a crucial role in making entrepreneurial decisions that can improve performance and contribute to efficient production.
Hupper, A., Tremblay, E., and Waring, T. M. (2019) looked into the possibility that cooperatives, which depend on the financial cooperation of their members, have become brittle because of these expenditures. Organizations that depend less on cooperation are generally more stable, whereas those that do so extensively may be more vulnerable to failure, according to study. This suggested that for cooperatively

owned or managed firms to thrive, their members must be drawn to and remain cooperative. It's interesting to note that, even when age, education, and income are taken into account, cooperative customers exhibit a stronger willingness to cooperate than conventional shoppers. Stated differently, successful consumer cooperatives typically have higher degrees of collaboration compared to conventional enterprises.
The effect of various forms of innovation on the performance of small and medium-sized businesses (SMEs) in Harare, Zimbabwe, was investigated by Mabenge et al. in (2022). They also examined the impact of an organization's age and size on the correlation between innovation and performance. The findings demonstrated that generally speaking, innovation has little impact on a company's performance, either financial or non-financial. Nonetheless, it was discovered that marketing innovation significantly affected both non-financial and financial performance. Furthermore, in larger and younger companies, the impact of marketing innovation on financial success is greater. Therefore, while older and smaller organizations should exercise caution when depending on innovation, younger and larger firms are urged to exploit it to improve their performance.

Business Capital

According to Pokharel et al. (2020), agricultural cooperatives in the United States are growing larger but becoming fewer in number due to consolidation. Return on equity is a way to measure financial performance, and the variation in return on equity is a measure of risk. Risk has a positive effect on the average financial performance of these cooperatives. The impact of risk is believed to differ depending on the range of products that the cooperatives handle, with most of them earning the majority of their income from grain and farm-input sales. Additionally, profitability, the ratio of debt to assets, and size have positive effects on average financial performance. The size of the cooperatives has a positive impact on their financial performance, suggesting that larger cooperatives benefit from economies of scale farm-input sales. Additionally, profitability, the ratio of debt to assets, and size have positive effects on average financial performance. The size of the cooperatives has a positive impact on their financial performance, suggesting that larger cooperatives benefit from economies of scale
The research by Zhong et al. (2021) demonstrated that many governments provide financial aid to boost local agriculture. In China, one method of supporting agriculture is by subsidizing the sales of agricultural products via E-commerce platforms. The study's findings showed that subsidizing agricultural cooperatives is more advantageous than subsidizing consumers or offering no subsidies at all. The E-commerce supply chain for agricultural products sees increased sales volume, better product preservation, enhanced sales efforts, and overall higher profits when subsidies are provided. This implied that the government should play a leading role in promoting agricultural E-commerce development. This research advances agricultural studies by developing a profit model to evaluate the impact of various government subsidy strategies on participants within the agricultural online shopping supply chain.
Onuoha, O. (2020) stated that in the modern world, cooperatives face challenges in the highly competitive global market economy. While cooperatives can address imperfections in markets, their dual nature limits their access to capital. The research showed that increased capitalization of co-operatives enhances their competitiveness, and the presence of co-operatives in a market compels profit-maximizing firms to adopt more competitive behavior. Based on these findings, it is recommended that cooperatives seek capital from unconventional sources to remain competitive in the global economic market without compromising their identity.
Guillermo, C. (2021) assessed the financial performance of SPU Multipurpose Cooperative, specifically

about the standards set by the Cooperative Development Authority. The results indicated that SPUMC effectively conservatively manages its working capital, enabling it to meet current demands. The cooperative's financial performance, as measured by various indicators outlined by the CDA, demonstrates its ability to sustain its services and remain financially stable, despite its slow growth and maturity in its life cycle.

In the paper of Salaton et al. (2020), cooperative movement in Kenya is a highly valued strategy for mobilizing and utilizing resources. A study conducted in Narok County found that the default rate on loans had a significant positive impact on the financial performance of the SACCOs (Savings and Credit Cooperative Organizations). Based on these findings, it is recommended that SACCOs prioritize measures to ensure that members can repay their loans on time, as this will enhance their financial performance. These results are significant and will greatly assist SACCOs in improving their financial performance by re-evaluating their loan advancement and recovery strategies for their members.

Synthesis

Working capital management practices are essential for cooperatives to maintain their financial health and competitiveness. It can have a significant impact on profitability, as it enables cooperatives to maintain sufficient liquidity, manage risks, and invest in growth opportunities. The researcher’s analysis of the literature showed that cooperatives play a vital role in their communities, particularly in promoting financial inclusion and supporting local economies. By providing financial services and support to their members, cooperatives contribute to the overall well-being and development of their communities.

Additionally, to enhance financial performance, cooperatives must identify areas for improvement in their working capital management practices. This may involve implementing efficient cash management systems, optimizing inventory management, and developing risk management strategies. Cooperatives can explore innovative financing options, such as crowdfunding and peer-to-peer lending, to diversify their funding sources and reduce dependence on traditional bank financing. By adopting these strategies, cooperatives can improve their financial health, increase their competitiveness, and continue to play a vital role in their communities.

Moreover, the relationship between business age and capitalization is vital for the growth and stability of cooperatives. Older firms often have a higher level of capitalization due to their ability to accumulate resources over time. This increased capitalization enables them to invest in research and development, expand their operations, and withstand economic fluctuations.

In contrast, newly formed cooperatives may have limited capitalization, as they are still building their reputation and financial base. However, capitalization is not solely determined by business age. Cooperatives can actively seek external funding sources, such as loans, grants, or partnerships, to boost their capitalization regardless of their age. This highlights the importance of strategic financial planning and seeking opportunities to increase capitalization to ensure the long-term success of a business or cooperative.

Methodolody

This chapter deals with the research methods used in the study. It includes a discussion on research design, respondents of the study, research locale, population and sampling technique, research instrument, data gathering and procedure, and statistical treatment of data.

Research Design

This study utilized a descriptive-correlational research design to describe the current state of multipurpose cooperatives in selected districts of Laguna and examine the relationships between key variables. This approach was effective in analyzing business profiles, working capital management practices, and profitability. By providing a clear overview of cooperatives in Calamba and District II (Cabuyao, Bay, and Los Baños), the study aimed to identify significant connections between working capital management practices and profitability, offering valuable insights into their operations.

Research Locale

The study was conducted in selected districts of Laguna, specifically Calamba, Cabuyao, Bay, and Los Baños. These municipalities were chosen due to their active economy and numerous multipurpose cooperatives in the area, which created an ideal setting for this research. These multipurpose cooperatives prioritize financial stability and community development, presenting a unique opportunity to explore the correlation between managing working capital and profitability. Given the varied cooperative structures in selected districts of Laguna, they are suitable locations for the study, offering valuable insights.

Population and Sampling Technique

The population of the study was the registered Multipurpose Cooperatives in Calamba, Laguna (29), and District II of Laguna, including Cabuyao (15), Bay (1), and Los Baños (11), making a total of 56 multipurpose cooperatives. This study employed total enumeration, ensuring that all 56 identified multipurpose cooperatives are included. This focused strategy aims to gather thorough insights from financial managers of Multipurpose Cooperatives in the designated regions.

Respondents of the Study

The respondents of the study consist of individuals holding critical roles in financial management, such as financial managers or financial decision-makers of multipurpose cooperatives in selected districts of Laguna, which are the Calamba, Cabuyao, Bay, and Los Baños. The characteristics of the respondents are crucial to the study's relevance and depth. Financial managers or decision-makers possess firsthand knowledge and decision-making authority over working capital management practices, making them integral respondents for the research. Their roles involve strategic financial decision-making, including cash management, inventory control, accounts receivable, and accounts payable management, directly influencing the profitability of their respective cooperatives.

Multi-Purpose Cooperatives	Total Population	Target Sample Size	Actual Sample Size
Calamba, Laguna	29	29	25
Cabuyao, Laguna	15	15	13
Bay, Laguna	1	1	1
Los Banos, Laguna	11	11	9
Total	**56**	**56**	**48**

Table 1. Respondents' Population and Sample

Research Instrument

This study used a survey questionnaire as the research instrument. The questionnaires were distributed among financial managers of the identified Multipurpose Cooperatives in selected districts of Laguna.

The study distributed 56 questionnaires among financial managers of Multipurpose Cooperatives in the specified areas.

The Working Capital Management Questionnaire is adapted from the study conducted by Tabang, J. J. T. (2020), titled "The Relationship Between Working Capital Management and Risk Management Among SMEs in the Philippines," published in the Journal of Accounting & Finance (2158-3625), 20(6). Additionally, the questionnaire for the dependent variable, which is profitability, is adapted from the master's thesis of Amadhila, B. T. (2017), titled "An Investigation into the Relationship Between a Firm's Working Capital Management and Its Profitability: A Case Study of the Namibian State-Owned Commercial Institutions," conducted at the University of Namibia.

To gauge respondents' perspectives, a 4-point Likert scale will be employed, offering options ranging from "Strongly Disagree" (1) to "Strongly Agree" (4). This scale allows financial decision-makers to articulate their varying degrees of agreement or disagreement with the statements presented in the questionnaires. The collected data will reinforce research findings and provide valuable insights into the working management practices and profitability of Multipurpose Cooperatives in the specified areas, contributing to the broader understanding of factors influencing their profitability.

Validity/Reliability of Instrument

The research instrument underwent pilot testing with 20 respondents to assess its reliability across various domains. The Cronbach's alpha results revealed that for Cash Management, the value was .752, indicating an acceptable level of consistency, and no revisions were deemed necessary. Similarly, for Accounts Receivable Management, Cronbach's alpha was .797, interpreted as satisfactory, with no need for revisions. In the case of Inventory Management, Cronbach's alpha stood at .756, again deemed acceptable with no revisions required. Accounts Payable Management garnered a Cronbach's alpha of .805, indicating a good level of reliability, with no revisions needed. Lastly, for Net Profit Margin, Cronbach's alpha was .766, signifying an acceptable level of reliability, with no revisions deemed necessary. Overall, the pilot testing affirmed the instrument's reliability across these crucial dimensions of financial management.

Data Gathering and Procedure

The research procedure involved a systematic and comprehensive approach to gather, analyze, and interpret data regarding working capital management practices and profitability among multipurpose cooperatives in Laguna.

The study began with identifying and profiling cooperatives in selected Laguna districts. Utilizing a total enumeration sampling technique, the research included the entire population of cooperatives in the area, ensuring a comprehensive representation of the cooperative sector. This approach aligns with the theoretical foundation of total enumeration, minimizing sampling errors and providing a more accurate portrayal of working capital management practices and profitability.

Data collection primarily involves surveys. Survey questionnaires were distributed to cooperative managers to gather quantitative data on business profiles, working capital management practices, and profitability.

Statistical Treatment of Data

Four (4) statistical techniques were employed in this study to examine the information gathered from the survey questionnaire.

Firstly, Frequency and Percent Distribution was utilized to describe the business profile of multipurpose cooperatives concerning factors such as business age and capital.

Secondly, Mean and Standard Deviation analysis was applied to assess the working capital management practices and profitability levels. Mean values were used to average responses related to working capital management practices and profitability. At the same time, standard deviation indicated the extent of variability or dispersion of these responses around the mean.

Thirdly, T-tests and One-Way ANOVA were conducted to determine if significant differences exist in working capital management practices across different groups categorized by factors such as business age and business capital. T-tests compared means between two groups, while One-Way ANOVA extended this comparison to multiple groups to understand the potential variations in practices among cooperatives with different characteristics.

Lastly, Pearson r Correlation analysis was employed to determine the relationship between working capital management practices and profitability. This statistical method assessed the strength and direction of the linear relationship between these variables to understand how effectively managing working capital correlates to the profitability of multipurpose cooperatives in Calamba and District II of Laguna.

Ethical Considerations

Respect for Respondents' Dignity and Well-being. Throughout the research process, utmost care was taken to uphold respondents' dignity and well-being. This included obtaining informed consent, maintaining confidentiality, and minimizing any potential harm or discomfort the respondents might experience during the study.

Informed Consent. Before participating in the study, respondents received comprehensive information about the study's goals, methods, possible risks, and participant rights before taking part in it. They were allowed to ask questions and voluntarily decide whether to participate in the research.

Confidentiality. All information provided by the respondents was treated with strict confidentiality. Measures were implemented to ensure that individual responses could not be identified and that data were only accessed by authorized research team members. Any personal information collected was kept secure and used solely for research purposes.

Voluntary Participation. Participation in the study was entirely voluntary, and respondents were assured that their participation would not affect their relationship with the researchers or any other parties involved. They were free to withdraw from the study at any stage without facing any pressure or coercion.

Fair Treatment. All respondents were treated fairly and without discrimination based on factors such as business age and business capital. Efforts were made to ensure that the research process was inclusive and respectful of diversity.

Transparency and Accountability. The research process was conducted with transparency and accountability to ensure the integrity of the study. Any conflicts of interest or biases were acknowledged and addressed, and the findings were reported accurately and honestly.

Beneficence. The research aimed to contribute to advancing knowledge and improving practices in the relevant field, with the ultimate goal of benefiting society. Efforts were made to ensure that the potential benefits of the research outweighed any possible risks for the respondents.

Presentation, Analysis, And Interpretation Of Data

1. What is the business profile of multipurpose cooperatives in Calamba and District II of Laguna, in terms of:

The following tables provide the findings on the problem stated above.

Table 1.1 Frequency and Percent Distribution in Terms of Business Age

Business Age	Frequency	Percent
1-2 Years	0	0
3-4 Years	0	0
5 Years and Up	48	100.0

Table 1.1 reveals that among the multipurpose cooperatives surveyed in Calamba and District II of Laguna, business age of 5 years and up got the majority of the respondents, as it acquired 100% or 48 of the respondents. On the other hand, there is a notable absence of businesses within the 1-4 years age range with 0%, or zero (0) of the respondents.

The business age of 5 years and up got the highest percentage of the Working Capital Management Practices and Profitability of Multipurpose Cooperatives in Laguna. This implies that multipurpose cooperatives in the said districts tend to endure beyond the 5-year milestone, suggesting potential resilience and stability within the cooperative sector. This could be because the cooperatives still need to find ways to keep going or because starting new cooperatives is tough due to challenging market conditions. It also stresses the importance of figuring out why there aren't a few newer cooperatives and how this demographic breakdown might influence the analysis of working capital management practices and profitability in the cooperative sector.

The dominance of multipurpose cooperatives aged 5 years or older in Calamba and District II of Laguna, highlighted by the lack of respondents in the 1-4 years age category, aligns with the research results of Espanto and Dorado (2019). Their study examined the effectiveness of established cooperatives such as the City of Calamba Cooperatives and Livelihood Development Department (CLDD) in overseeing savings and investments. This indicated that mature cooperatives improved their working capital management strategies, aiding their longevity and resilience. This demographic shift indicates the possibility for cooperatives to succeed beyond the first 5 years.

Moreover, Henock, M. S. (2019) contends that financial cooperatives and microfinance institutions disproved the stereotype that people in poverty are untrustworthy with loans or unable to save money. In order for SACCOs to maintain their role in delivering essential financial services and assisting underprivileged communities, they need to demonstrate effective financial management and accessibility, which have been in operation for nine years.

Table 1.2 Frequency and Percent Distribution in Terms of Business Capital

Business Capital	Frequency	Percent
Php 100,000 – Php 3,000,000	6	12.5
Php 3,000,001 – Php 15,000,000	19	39.6
Php 15,000,001 – Php 50,000,000	20	41.7
Php 50,000,001 and above	3	6.3
Total	**48**	**100.0**

The distribution of multipurpose cooperatives in Calamba and District II of Laguna, based on their business capital, reveals varying levels of financial strength within the sector. Most cooperatives fall within the Php 15,000,001 to Php 50,000,000 range, constituting 39.6%, or twenty (20) of the respondents. Conversely, cooperatives with business capital of Php 50,000,001 and above are less common, representing 6.3% or three (3) of the respondents.
According to this distribution, the multipurpose cooperatives in District II and Calamba appear to have various financial resources, which could impact their ability to operate, make investments, and remain competitive. To understand how these cooperatives can grow and develop sustainably, we must look more closely at their resources and how they manage them.
Shakir et al. (2020) contradicts that the essential elements that make organizations do well are their resources. Human capital, or people's skills and knowledge, is one of these critical resources. Research showed that organizations with substantial human capital tend to perform better, especially among cooperative board members. This means that the more capital, skilled, and knowledgeable the people running cooperatives are, the more successful these cooperatives become.
Furthermore, Pokharel et al. (2020) emphasized that a larger capital base positively influenced the financial performance of agricultural cooperatives. This implies that cooperatives with greater capital can leverage economies of scale, resulting in enhanced efficiency, cost reductions, and improved economic outcomes. Essentially, the more capital a cooperative possesses, the stronger its financial performance.

2. What are the working capital management practices currently employed by cooperatives in terms of:
The following tables provide the findings on the problem stated above.

Table 2.1 Working Capital Management Practices of Multipurpose Cooperatives in Terms of Cash Management

Item Statements	Std. Deviation	Mean	Interpretation	Verbal Interpretation
3. Management of cash is important for increasing the cooperative's profitability	.202	3.96	Strongly Agree	FI
4. The cooperative prepares regular cash projections	.555	3.77	Strongly Agree	FI
5. The cooperative makes payments on a priority basis	.445	3.81	Strongly Agree	FI
6. The cooperative does regular bank reconciliations	.771	3.71	Strongly Agree	FI
7. The cooperative has a defined investment avenue for excess cash	.920	3.44	Agree	I
8. The excess cash is held for future obligations	.649	3.56	Strongly Agree	FI
9. An increase in Cash improves our cooperative's profitability	.429	3.83	Strongly Agree	FI
CASH mean	**.36787**	**3.7262**	**Strongly Agree**	**FI**

Legend: 3.50 – 4.00 Strongly Agree – Fully Implemented (FI) 1.50 – 2.49 Disagree – Partially Implemented (PI)
2.50 – 3.49 Agree – Implemented (H) 1.00 – 1.49 Strongly Disagree – Not Implemented (NI)

Table 2.1 Working Capital Management Practices of Multipurpose Cooperatives in Terms of Cash Management shows that the Cash mean was 3.73, interpreted as Fully Implemented. This means that the working capital management practices of multipurpose cooperatives in cash management were Fully Implemented.

The item "Management of cash is important for increasing the cooperative's profitability" (Item 3) attained the highest mean score of 3.96 and was interpreted as Fully Implemented. On the other hand, "The cooperative has defined investment avenue for excess cash" (Item 7) had the lowest cash mean, which was 3.44, and was interpreted as Implemented.

The above-mentioned findings of the study imply that most multipurpose cooperatives demonstrate effective working capital management practices, particularly in terms of cash management. It suggests that multipurpose cooperatives generally prioritize and effectively manage their cash resources. Specifically, cooperatives widely agree on the importance of managing cash to increase profitability. Yet, defining investment options for extra cash could be enhanced. This emphasizes the need to improve strategies for investing surplus cash to boost the financial performance of multipurpose cooperatives.

In the study of Wadesango et al. (2019) stating that the implementation of sound cash management procedures is crucial for ensuring the profitability and sustainability of small and medium-sized enterprises (SMEs). These findings showed that the majority of SMEs' cash management techniques are having a substantial impact on these companies' sustainability and profitability. The findings also showed that the majority of SMEs are hesitant to implement cash management strategies in an efficient manner, which results in them falling short.

However, in the book of Dr. Haresh Baro entitled "The Handbook of Investment Avenues" explored various investment options available to individuals and institutions and can be applied to how cooperatives manage their excess cash. Cooperatives, which are member-owned organizations, can benefit from defining specific investment avenues for their cash by strategically investing in low-risk, stable options such as government bonds or high-grade corporate bonds, cooperatives can ensure the safety and growth of their funds.

Table 2.2 Working Capital Management Practices of Multipurpose Cooperatives in Terms of Accounts Receivable Management

Item Statements	Std. Deviation	Mean	Interpretation	Verbal Interpretation
10. Management of accounts receivable is important for increasing the cooperative's profitability	.544	3.79	Strongly Agree	FI
11. Customers who delay payments are blacklisted	.942	2.92	Agree	I

12. Customer statements are sent periodically	.580	3.56	Strongly Agree	FI
13. The cooperative sends overdue notices to customers	.668	3.65	Strongly Agree	FI
14. The cooperative sends overdue cash discounts	1.071	3.21	Agree	I
15. The excess cash is held for future obligations	.841	3.38	Agree	I
16. An increase in accounts receivable improves our cooperative's profitability	.846	3.58	Strongly Agree	FI
ACCOUNTS RECEIVABLE Mean	**.47502**	**3.4405**	**Agree**	**I**

Legend: 3.50 – 4.00 Strongly Agree – Fully Implemented (FI) 1.50 – 2.49 Disagree – Partially Implemented (PI)
2.50 – 3.49 Agree – Implemented (H) 1.00 – 1.49 Strongly Disagree – Not Implemented (NI)

Table 2.2 shows that the Accounts Receivable mean was 3.44, interpreted as Implemented. This means that multipurpose cooperatives' working capital management practices in terms of accounts receivable management were Implemented. "Management of accounts receivable is important for increasing the cooperative's profitability" (Item 10) attained the highest accounts receivable mean, which was 3.79 and was interpreted as Fully Implemented. "Customers who delay payments are blacklisted." (Item 11) had the least accounts receivable mean, which was 2.92, and was interpreted as Implemented.

The results infer that multipurpose cooperatives generally adhere to working capital management practices concerning accounts receivable. Notably, cooperatives recognize the significance of managing accounts receivable for profitability. However, there remains room for improvement, particularly in addressing customers who delay payments.

The research of Nyakundi, A., & Mulegi, T. (2023) examined the effect of accounts receivable management on the financial performance of Savings and Credit Cooperative Societies (SACCOs). These organizations are crucial for a nation's economic development but frequently face financial challenges, especially when loans become bad debts within a year. The findings revealed that effective management of accounts receivable significantly influenced SACCOs' economic outcomes by directly affecting their cash flow and liquidity. Poor management of accounts receivable can result in delayed payments, increased bad debts, and higher collection costs, ultimately harming profitability and financial stability.

Moreover, Trinidad, R. B., & Bercero, E. A. (2019) mentioned that cooperatives play a vital role in boosting the economy through continuous cash flows among members. Yet, issues with delinquency on payment schemes have arisen. The study found that delinquent borrowers were mainly small-scale entrepreneurs facing challenges like business insolvency and other economic factors, preventing them from repaying their loans regularly but were not blocklisted. The presence of existing loans from different lending institutions also contributed to delinquency. Innovative payment methods such as cash and debit cards were introduced to address these issues, along with incentives like rebates, discounts for early payments, and reduced interest rates for borrowers affected by natural disasters. It was recommended that intensive credit education be provided to delinquent borrowers to ensure an understanding of credit terms and proper money management. Additionally, thorough background checks on borrowers' character, credibility, and credit behavior, as well as strict loan policies like collateral requirements and co-makers, were advised to be implemented.

Table 2.3 Working Capital Management Practices of Multipurpose Cooperatives in Terms of Inventory Management

Item Statements	Std. Deviation	Mean	Interpretation	Verbal Interpretation
17. Management of inventory is important for increasing the cooperative's profitability	.309	3.90	Strongly Agree	FI
18. The cooperative has a defined level of inventories for raw materials	.707	3.60	Strongly Agree	FI
19. The cooperative has a defined level of inventory levels periodically	.459	3.79	Strongly Agree	FI
20. The cooperative keeps accurate inventory records	.279	3.92	Strongly Agree	FI
21. The cooperative has installed an inventory control system	.574	3.73	Strongly Agree	FI
22. The cooperative exercise stock counts periodically	.555	3.77	Strongly Agree	FI
23. An increase in inventory improves our cooperative's profitability	.825	3.50	Strongly Agree	FI
INVENTORY Mean	**.35480**	**3.7440**	**Strongly Agree**	**FI**

Legend: 3.50 – 4.00 Strongly Agree – Fully Implemented (FI) 1.50 – 2.49 Disagree – Partially Implemented (PI)
2.50 – 3.49 Agree – Implemented (H) 1.00 – 1.49 Strongly Disagree – Not Implemented (NI)

Table 2.3 shows that the inventory mean was 3.74, interpreted as Fully Implemented. This means that multipurpose cooperatives' working capital management practices in inventory management were Fully Implemented. "Management of inventory is important for increasing the cooperative's profitability" (Item 17) attained the highest inventory mean, which was 3.90 and was interpreted as Fully Implemented. "An increase in inventory improves our cooperative's profitability" (Item 23) had the lowest inventory mean, which was 3.50, and was interpreted as Fully Implemented.

It may be concluded from the above-mentioned facts that multipurpose cooperatives often successfully put working capital management practices linked to inventory management into reality. Multipurpose cooperatives recognize the significance of managing inventory for profitability. Moreover, the impact of

inventory levels on profitability suggests acknowledging the importance of inventory management in enhancing fin
ancial performance.

Rubel, K. (2021) stated that efficient inventory management is crucial in overseeing a business's supply chain operations. When implementing effective inventory control strategies, businesses can minimize procurement costs and optimize inventory levels, thereby preventing issues related to excess or shortage. This ensures seamless supply chain functioning and significantly enhances the cooperative's profitability through cost savings and improved resource allocation.

While, Mulandi, C. M., & Ismail, N. (2019) highlighted that effective inventory management, mainly through just-in-time (JIT) inventory systems and material requirement planning (MRP), significantly enhances the performance of commercial state corporations. Optimizing inventory levels and reducing excessive build-up, firms can free up capital for alternative investments, thus improving operational efficiency and effectiveness. This optimization leads to a more streamlined supply chain, reducing costs and enhancing profitability.

Table 2.4 Working Capital Management Practices of Multipurpose Cooperatives in Terms of Accounts Payable Management

Item Statements	Std. Deviation	Mean	Interpretation	Verbal Interpretation
24. Management of accounts payable is important for increasing the cooperative's profitability	.309	3.90	Strongly Agree	FI
25. The cooperative has set up a payment policy	.279	3.92	Strongly Agree	FI
26. The cooperative review level of accounts payable	.371	3.90	Strongly Agree	FI
27. The cooperative pays creditors in good time	.771	3.71	Strongly Agree	FI
28. There exists a periodic payment plan	.472	3.77	Strongly Agree	FI
29. The cooperative pays by cash to get discounts	.765	3.60	Strongly Agree	FI
30. An increase in accounts payable improves our cooperative's profitability	.922	3.46	Agree	I
ACCOUNTS PAYABLE Mean	**.37566**	**3.7500**	**Strongly Agree**	**FI**

Legend: 3.50 – 4.00 Strongly Agree – Fully Implemented (FI) 1.50 – 2.49 Disagree – Partially Implemented (PI)
2.50 – 3.49 Agree – Implemented (H) 1.00 – 1.49 Strongly Disagree – Not Implemented (NI)

Table 2.4 shows that the accounts payable mean was 3.75, interpreted as Fully Implemented. This means that multipurpose cooperatives' working capital management practices in terms of accounts payable management were Fully Implemented. "The cooperative has set up payment policy" (Item 25) attained the highest accounts payable mean, which was 3.92, and was interpreted as Fully Implemented. "An increase in accounts payable improves our cooperative's profitability" (Item 30) had the lowest accounts payable mean, which was 3.46 and was interpreted as Implemented.

The data presented above suggest that multipurpose cooperatives effectively implement working capital management practices related to accounts payable. Notably, cooperatives prioritize setting up payment policies. However, there is potential for improvement in understanding the relationship between accounts payable and profitability. These results emphasize the significance of having well-defined payment policies when managing accounts payable. Additionally, they point out the necessity for additional investigation into how accounts payable practices can impact the financial performance of multipurpose cooperatives.

Dudić et al. (2020) examined how cooperatives, grounded in principles of member ownership and democratic governance, frequently adopt payment policies that resonate with their core values. These policies aimed to provide fair and equitable compensation, nurturing a strong sense of community and shared purpose among employees. Through the creation of transparent and participatory payment systems, cooperatives can effectively inspire their workforce, motivating members to give their best towards achieving collective objectives.

In addition, Mashange, G., & Briggeman, B. C. (2022) claimed that an increase in accounts payable could temporarily improve a cooperative's profitability by freeing up cash that would otherwise be used to pay suppliers. This extra cash can be used for other investments or operations that generate more revenue. However, this is a short-term effect, and if accounts payable grow too large, it could strain relationships with suppliers and lead to financial instability.

3. What is the level of profitability among cooperatives in Calamba and District II of Laguna?

The following tables provide the findings on the problem stated above.

Table 3.1 Level of Profitability of Multipurpose Cooperatives in Terms of Net Profit Margin

Item Statements	Std. Deviation	Mean	Interpretation
31. There has been a stable increase in our sales in the prior year.	.574	3.73	Strongly Agree
32. There has been a stable increase in our income in the prior year.	.601	3.75	Strongly Agree
33. There has been a stable increase in our net profit margin in the prior year.	.601	3.75	Strongly Agree
34. The cooperative expects to earn income and sustain growth in both the short term and the long term.	.393	3.88	Strongly Agree
35. The cooperative has effectively managed its working capital resources to support and optimize profitability in the prior year.	.459	3.79	Strongly Agree
36. The cooperative's profitability has been constantly above for the past five years.	1.010	2.71	Agree

NET PROFIT MARGIN Mean	.42211	3.6007	Strongly Agree

Legend: 3.50 – 4.00 Strongly Agree – Very High (VH) 1.50 – 2.49 Disagree – Low (L)
2.50 – 3.49 Agree – High (H) 1.00 – 1.49 Strongly Disagree – Very Low (VL)

Table 3 illustrates that the net profit margin mean was 3.60, interpreted as a Very High level of agreement. This means that multipurpose cooperatives' profitability level in terms of net profit margin was Very High. "The cooperative expects to earn income and sustain growth in both the short-term and the long-term" (Item 34). It attained the highest net profit margin mean, which was 3.88, and was interpreted as very high. "The cooperative's profitability has constantly been above for the past five years" (Item 36) had the lowest net profit margin mean, which was 2.71, and was interpreted as High.

The results indicate a very high level of profitability among multipurpose cooperatives. This suggests a robust financial performance, with cooperative members expecting sustained income and growth both in the short term and long term. Additionally, there may be some areas for improvement or challenges to enhance financial performance further and ensure continued growth and success for the cooperatives.

According to the research of Magno-Ballesteros, M., & Ancheta, J. A. (2020), farmer organizations like ARBOs are vital in aiding small-scale farmers to access more profitable markets. However, many of these groups in the country are still in their nascent stages and often form primarily for funding opportunities. This restricts small-scale farmers' participation in more lucrative markets, impacting only a few and raising concerns about the sustainability of these advantages. The study recommended improving how farmer organizations engage in these markets by promoting member investment in the organizations, developing income-generating ventures for members both short-term and long-term, and enhancing the organizations' networking and alliance-building capabilities.

Tanjung, D., & Purnamadewi, Y. L. (2021) examined the economic impact of the COVID-19 pandemic on micro and small enterprises (MSEs) and cooperative organizations. Their comparative analysis of the pre-and post-pandemic periods highlights notable shifts in costs and benefits for MSEs. The research indicated that during the COVID-19 crisis, MSEs experienced a downturn in performance, especially in business turnover, a trend also observed in cooperative institutions. In response, cooperatives implemented strategies such as cost-cutting, improving operational efficiency through workforce reductions, and negotiating lower profit-sharing agreements with creditors. On the other hand, MSEs explored alternative funding options, with 60% borrowing from family, 25% opting for high-interest microfinance loans, and 15% selling personal assets.

4. What is the significant difference in the working capital management practices when respondents are grouped according to:

The following tables provide the findings on the problem stated above.

Table 4.1 Descriptives on the working capital management practices when respondents are grouped according to Business Capital

Variables	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
				Lower Bound	Lower Bound

CASH mean	Php 100,000 – Php 3,000,000	3.5476	.56725	.23158	2.9523	4.1429
	Php 3,000,001 – Php 15,000,000	3.6992	.35601	.08168	3.5277	3.8708
	Php 15,000,001 – Php 50,000,000	3.7786	.33254	.07436	3.6229	3.9342
	Php 50,000,001 and above	3.9048	.08248	.04762	3.6999	4.1097
	Total	3.7262	.36787	.05310	3.6194	3.8330
ACCOUNTS RECEIVABLE Mean	Php 100,000 – Php 3,000,000	3.1190	.37706	.15394	2.7233	3.5148
	Php 3,000,001 – Php 15,000,000	3.4060	.34094	.07822	3.2417	3.5703
	Php 15,000,001 – Php 50,000,000	3.6143	.49725	.11119	3.3816	3.8470
	Php 50,000,001 and above	3.1429	.89214	.51508	.9267	5.3591
	Total	3.4405	.47502	.06856	3.3025	3.5784
INVENTORY Mean	Php 100,000 – Php 3,000,000	3.6429	.36978	.15096	3.2548	4.0309
	Php 3,000,001 – Php 15,000,000	3.7820	.28717	.06588	3.6435	3.9204
	Php 15,000,001 – Php 50,000,000	3.7714	.40512	.09059	3.5818	3.9610
	Php 50,000,001 and above	3.5238	.43644	.25198	2.4396	4.6080
	Total	3.7440	.35480	.05121	3.6410	3.8471
ACCOUNTS PAYABLE Mean	Php 100,000 – Php 3,000,000	3.5952	.39812	.16253	3.1774	4.0130
	Php 3,000,001 – Php 15,000,000	3.8120	.33689	.07729	3.6497	3.9744
	Php 15,000,001 – Php 50,000,000	3.7500	.41682	.09320	3.5549	3.9451
	Php 50,000,001 and above	3.6667	.35952	.20757	2.7736	4.5598
	Total	3.7500	.37566	.05422	3.6409	3.8591
WORKING CAPITAL MANAGEMENT PRACTICES Overall Mean	Php 100,000 – Php 3,000,000	3.4762	.33094	.13511	3.1289	3.8235
	Php 3,000,001 – Php 15,000,000	3.6748	.25558	.05863	3.5516	3.7980
	Php 15,000,001 – Php 50,000,000	3.7286	.37945	.08485	3.5510	3.9062

	Php 50,000,001 and above	3.5595	.40616	.23450	2.5506	4.5685
	Total	3.6652	.33002	.04763	3.5694	3.7610

Several trends emerge when analyzing working capital management practices grouped by business capital. Across all categories—cash management, accounts receivable management, inventory management, and accounts payable management—cooperatives generally agree on these practices' importance, as indicated by mean scores ranging from 3.1190 to 3.9048. However, subtle variations exist among different business capital groups. For instance, larger cooperatives with a business capital of Php 50,000,001 and above tend to exhibit slightly stronger agreement on the significance of cash management practices compared to smaller cooperatives. Similarly, cooperatives with business capital between Php 3,000,001 and Php 15,000,000 show a relatively more robust consensus on the importance of accounts receivable and accounts payable management practices.

In conclusion, the study shows that cooperatives understand the importance of managing their working capital, regardless of size. While larger cooperatives focus more on handling cash, mid-sized ones focus on managing accounts receivable and payable. These findings suggest the need for customized approaches to managing working capital to ensure cooperatives stay financially healthy and efficient in their operations.

Sarsale, M., & Kilongkilong, D. (2020) cited that cooperatives have initiated business activities that have contributed to the economic well-being of rural communities. Nonetheless, only a limited number continue to operate, as many have been closed or dissolved. The research indicated that small cooperatives exhibit a more robust implementation of strategy, culture, and structure in their operations than medium and large cooperatives. They sustained their business success through efficient inventory management, ensuring optimal stock levels to meet demand without overstocking. Rigorously monitored cash flow and manage receivables and payables to ensure timely collections and payments. Overall, small cooperatives demonstrated superior management practices across all dimensions, suggesting they have effectively adopted essential management practices to sustain business success.

Table 4.2 Analysis of Variance in the Working Capital Management Practices by Business Capital

		Sum of Squares	df	Mean Square	F	Sig.
CASH mean	Between Groups	.356	3	.119	.869	.465
	Within Groups	6.005	44	.136		
	Total	6.361	47			
ACCOUNTS RECEIVABLE Mean	Between Groups	1.512	3	.504	2.439	.077
	Within Groups	9.093	44	.207		
	Total	10.605	47			
INVENTORY Mean	Between Groups	.249	3	.083	.645	.590

	Within Groups	5.667	44	.129		
	Total	5.917	47			
ACCOUNTS PAYABLE Mean	Between Groups	.238	3	.079	.545	.654
	Within Groups	6.395	44	.145		
	Total	6.633	47			
WORKING CAPITAL MANAGEMENT PRACTICES Overall Mean	Between Groups	.330	3	.110	1.010	.397
	Within Groups	4.789	44	.109		
	Total	5.119	47			

The analysis of variance (ANOVA) for working capital management practices grouped by business capital levels reveals exciting insights. Across all categories—cash management, accounts receivable management, inventory management, accounts payable management, and overall working capital management—there are no statistically significant differences between groups based on business capital levels, as indicated by the non-significant p-values ($p > 0.05$) for all comparisons.

For instance, in the case of cash management, the ANOVA results show that the sum of squares between groups is 0.356, within groups is 6.005, and the total sum of squares is 6.361. However, the calculated F-statistic of 0.869 does not exceed the critical value, leading to a non-significant result ($p = 0.465$). This indicates that the variation in mean scores for cash management practices across different business capital groups is not statistically significant.

Similar non-significant results are observed for accounts receivable management, inventory management, accounts payable management, and overall working capital management practices. Despite some variability in mean scores between business capital groups, these differences are not deemed statistically significant based on the ANOVA results.

These findings suggest that while there may be slight variations in working capital management practices among cooperatives of different business capital levels, these differences do not reach statistical significance. Factors other than business capital size may be more influential in shaping working capital management practices within cooperatives, highlighting the importance of considering additional contextual factors in analyzing and optimizing financial management strategies.

Musa, S. J., & Ibrahim, K. M. (2022) studied that working capital management involves strategizing and controlling current assets and liabilities through a mix of aggressive and conservative approaches, and it is indicated that a longer duration to convert assets into cash negatively affects the company's profitability, reducing the return on assets available to shareholders. Cooperatives need to efficiently manage their working capital to ensure timely collection of receivables and maintain liquidity that can establish efficient arrangements with debtors to recover debts promptly, as prolonged accounts receivable periods adversely affect profitability.

5. What is the relationship between working capital management practices and profitability among multi-purpose cooperatives in Calamba and District II of Laguna?

The following tables provide the findings on the problem stated above.

Table 5 Correlation Analysis between working capital management practices and profitability among cooperatives

Variables		NET PROFIT MARGIN Mean
CASH mean	Pearson Correlation	.354*
	Sig. (2-tailed)	.014
	N	48
ACCOUNTS RECEIVABLE Mean	Pearson Correlation	.307*
	Sig. (2-tailed)	.034
	N	48
INVENTORY Mean	Pearson Correlation	.267
	Sig. (2-tailed)	.066
	N	48
ACCOUNTS PAYABLE Mean	Pearson Correlation	.347*
	Sig. (2-tailed)	.016
	N	48
WORKING CAPITAL MANAGEMENT PRACTICES Overall Mean	Pearson Correlation	.380**
	Sig. (2-tailed)	.008
	N	48

The correlation analysis between working capital management practices and profitability among cooperatives reveals significant insights.

Firstly, a statistically significant positive correlation exists between "CASH mean" and "NET PROFIT MARGIN Mean" ($r = 0.354$, $p = 0.014$). Thus, we reject the null hypothesis, indicating that cooperatives with more robust cash management practices tend to have higher net profit margins.

Similarly, "ACCOUNTS RECEIVABLE Mean" shows a statistically significant positive correlation with "NET PROFIT MARGIN Mean" ($r = 0.307$, $p = 0.034$), leading to the rejection of the null hypothesis. This suggests that cooperatives with more effective accounts receivable management practices tend to have higher net profit margins.

Although "INVENTORY Mean" exhibits a positive correlation with "NET PROFIT MARGIN Mean" ($r = 0.267$), the correlation is not statistically significant at the conventional significance level of 0.05 ($p = 0.066$). Therefore, we fail to reject the null hypothesis, indicating insufficient evidence to conclude a relationship between inventory management practices and profitability.

Similarly, "ACCOUNTS PAYABLE Mean" shows a statistically significant positive correlation with "NET PROFIT MARGIN Mean" ($r = 0.347$, $p = 0.016$), leading to the rejection of the null hypothesis. This implies that cooperatives with more effective accounts payable management practices tend to have higher net profit margins.

Finally, "WORKING CAPITAL MANAGEMENT PRACTICES Overall Mean" demonstrates a statistically significant positive correlation with "NET PROFIT MARGIN Mean" ($r = 0.380$, $p = 0.008$). Thus, we reject the null hypothesis, suggesting that cooperatives with more efficient overall working capital management practices tend to achieve higher net profit margins.

In conclusion, the correlation analysis emphasizes the importance of effective working capital management practices in enhancing profitability among cooperatives. Specifically, robust cash management accounts receivable management, and accounts payable management practices are positively associated with higher net profit margins. While inventory management positively correlates with profitability, it is not statistically significant. Cooperatives with more efficient overall working capital management tend to achieve higher net profit margins. These findings show the critical role of meticulous financial management in driving sustainable financial performance and long-term success for cooperatives.

Wadesango et al. (2019) emphasized the crucial role of small to medium enterprises (SMEs) in generating employment in Zimbabwe. For these SMEs to prosper and maintain profitability over time, they must adopt efficient cash management strategies. Studies indicated that the existing cash management methods employed by SMEs have a substantial impact on their profitability and long-term viability. Furthermore, numerous SMEs face challenges in implementing strong cash management practices, frequently leading to their failure.

Additionally, Dan, P. (2020) investigated how the duration of accounts receivable impacts the performance of publicly traded manufacturing companies in Nigeria. The results affirm a beneficial relationship between the length of the accounts receivable period and the return on assets for these manufacturing entities. The research advises that managers should closely monitor and adjust the balance between liquidity and performance to fulfill operational and growth needs and realize the shareholders' wealth enhancement goals.

Akomeah, J., & Frimpong, S. (2019) explored how crucial effective working capital management is for the success of businesses, primarily due to its influence on profitability. Their regression analysis results revealed that the duration for which accounts payable remain unpaid (APP) had a slight positive impact on profitability. As a result, it is recommended that manufacturing companies adopt efficient and strategic approaches to managing different aspects of working capital to boost their success.

6. Based on the findings, what output can be made?

Key Areas	Objectives	Strategies/Activities	Frequency	Persons involved	Success Indicators
Working Capital Management Practices	Ensure the implementation of efficient working capital management practices across all areas.	Conducting regular internal audits to identify and rectify discrepancies, implementing continuous improvement programs to enhance processes, providing training and development for cooperative members to	Semi-annually for internal audits, quarterly for continuous improvement programs, and annually for training and benchmarking.	Internal Auditor Cooperatives' Board of Directors	Compliance with internal and external financial regulations indicates adherence to legal and industry standards, continuous improvement in working capital ratios demonstrates effective management of current assets and liabilities, enhanced staff competence and performance shows the success of training programs, and competitive performance in industry

		improve their understanding and skills in managing working capital, and engaging in benchmarking against industry best practices to stay competitive.			benchmarks reflects the cooperative's ability to meet or exceed industry standards.
Profitability	Ensure high and stable profitability through effective management and growth strategies.	Implement strategies for increasing sales and income by exploring new markets and improving marketing efforts, maintain stable net profit margins by controlling costs and optimizing pricing strategies, plan for both short-term and long-term growth through strategic planning and forecasting, and manage working capital efficiently to ensure liquidity and operational efficiency.	Quarterly review of sales and income to monitor progress and make adjustments, annual growth planning to set long-term goals and strategies, monthly working capital assessment to ensure liquidity and address any cash flow issues promptly.	Finance Manager Accountant Cooperatives' Board of Directors	High net profit margin reflects the cooperative's profitability and efficiency, consistent sales growth indicates successful marketing and sales strategies, positive income trends show sustained financial health, and effective working capital utilization ensures that the cooperative can meet its short-term obligations and invest in growth opportunities.

In their study, Chiarini et al. (2021) argue that continuous improvement programs and frequent internal audits may only sometimes lead to enhanced working capital management as suggested by traditional guidelines. They highlight that the rigidity of such programs can stifle innovation and adaptability in response to dynamic market conditions. The study also reveals that overemphasizing regulatory compliance can lead to a checkbox mentality, reducing overall effectiveness in genuine working capital enhancement. Additionally, the findings suggest that cooperative training programs often need to address the unique contexts of individual organizations, leading to suboptimal practices and outcomes.

In Mulopulos, S. (2023), the article critiques traditional methods of boosting profitability, such as rigorous cost control, extensive marketing, and strict working capital management. The argument is that these strategies can have adverse side effects like lowered employee morale, diminished product quality, and loss of customer trust. The authors stress that an excessive focus on profitability often needs to pay more attention to human factors and sustainability, potentially hindering long-term growth. Additionally, they suggest that prioritizing short-term financial metrics can stifle innovation and adaptability, which are vital for long-term success in a fast-changing market.

Summary of Findings

The study's conclusions are given here, based on the data acquired and after a rigorous and complete review of the investigation.

1. Business profile of multipurpose cooperatives in Calamba and District II of Laguna, in terms of:

1.1 Business Age

Business age of 5 years and up got the majority of the respondents, as it acquired a total of 100% or 48 of the respondents

1.2 Business Capital

Most cooperatives fall within the Php 15,000,001 to Php 50,000,000 range, constituting 39.6%, or twenty (20) of the respondents. Conversely, cooperatives with business capital of Php 50,000,001 and above are less common, representing 6.3% or three (3) of the respondents.

2. Working capital management practices currently employed by multipurpose cooperatives in Calamba and District II of Laguna in terms of:

2.1 Cash Management

It had a general mean of 3.73 and was interpreted as Fully Implemented.

2.2 Accounts Receivable Management

It had a general mean of 3.44 and was interpreted as Implemented.

2.3 Inventory Management

It had a general mean of 3.74 and was interpreted as Fully Implemented.

2.4 Accounts Payable Management

It had a general mean of 3.75 and was interpreted as Fully Implemented.

3. Level of profitability in terms of:

3.1Net Profit Margin

It had a general mean of 3.60 and was interpreted as Fully Implemented.

4. Difference in the working capital management practices when respondents are grouped according to Business Capital

4.1 Descriptives on the working capital management practices when respondents are grouped according to Business Capital

When analyzing working capital management practices by business capital, cooperatives generally agree on their importance, with mean scores ranging from 3.1190 to 3.9048. Larger cooperatives prioritize cash management more, while those with capital between Php 3,000,001 and Php 15,000,000 focus more on accounts receivable and accounts payable. These insights can guide strategic decisions to optimize working capital management and improve financial performance across cooperatives of different sizes.

4.2 Analysis of Variance in the Working Capital Management Practices by Business Capital

The ANOVA analysis for working capital management practices grouped by business capital levels reveals no statistically significant differences between groups. Across all categories—cash management, accounts receivable management, inventory management, accounts payable management, and overall working capital management—the calculated p-values ($p > 0.05$) indicate non-significant results. Despite some variability in mean scores, particularly in cash management, these differences do not reach statistical significance. This suggests that factors other than business capital size may be more influential in shaping working capital management practices within cooperatives.

5. Relationship between working capital management practices and profitability

The correlation analysis between working capital management practices and profitability among cooperatives reveals significant insights. Statistically significant positive correlations were found between "CASH mean" and "NET PROFIT MARGIN Mean," as well as between "ACCOUNTS RECEIVABLE Mean" and "NET PROFIT MARGIN Mean." However, the correlation between "INVENTORY Mean" and "NET PROFIT MARGIN Mean" was not statistically significant. Additionally, a statistically significant positive correlation was observed between "ACCOUNTS PAYABLE Mean" and "NET PROFIT MARGIN Mean," as well as between "WORKING CAPITAL MANAGEMENT PRACTICES Overall Mean" and "NET PROFIT MARGIN Mean." These findings highlight the importance of effective working capital management practices in enhancing cooperative profitability, especially in cash management, accounts receivable management, and accounts payable management.

Conclusions

In the light of findings of the study, the following conclusions were drawn:

1. The business profile analysis reveals that most multipurpose cooperatives in the area have been operating for five years or more, indicating a stable and established presence in the market. Additionally, most multipurpose cooperatives fall within the Php 15,000,001 to Php 50,000,000 range in terms of business capital, suggesting a moderate level of financial resources and investment capacity among these organizations. However, cooperatives with higher capital levels (Php 50,000,001 and above) are relatively less common, indicating a concentration of larger-scale enterprises within the cooperative sector in Calamba and District II of Laguna.

2. Multipurpose cooperatives in Calamba and District II of Laguna have a firm grasp of working capital management. Their focus on fully implementing cash management and maintaining high levels of implementation in accounts receivable, inventory, and accounts payable management indicates a competent financial management framework within these cooperatives.

3. The substantial level of profitability among these cooperatives indicates that their effective working capital management practices directly contribute to their financial success. This emphasizes the importance of responsible financial management strategies in achieving profitability goals.

4. That cooperatives of varying sizes recognize the importance of working capital management. Larger cooperatives tend to prioritize cash management more, while smaller ones focus on accounts receivable and accounts payable. Although larger cooperatives prioritize cash management more than smaller ones, the lack of statistically significant differences in working capital management practices based on business capital size suggests that other factors, such as operational efficiency and strategic decision-making, play a more substantial role in shaping these practices across cooperatives of different sizes.

5. The significant positive correlations found between various aspects of working capital management practices and net profit margin highlight the critical role of effective financial management, particularly in areas like cash management, accounts receivable, and accounts payable, in enhancing cooperative profitability. This emphasizes the need for cooperatives to prioritize these areas to achieve and sustain financial success.

Recommendations

Based on the findings and conclusions drawn from the study of multipurpose cooperatives in Calamba and District II of Laguna, the following recommendations can be made:

1. Recognizing the diversity in business ages and capital levels among cooperatives, it is essential to implement financial strategies accordingly. Mature cooperatives focus on refining existing processes and expanding market reach, while newer cooperatives prioritize building solid financial foundations and investing in growth opportunities. For cooperatives with longer operating histories (5 years or more), leveraging their experience and stability by refining operational processes, building on established customer relationships, and exploring sustainable growth opportunities is crucial. Cooperatives with business capital between Php 15,000,001 and Php 50,000,000 should prioritize optimizing resource allocation through strategic investment planning, prudent financial management, and revenue diversification. Those with higher capital levels (Php 50,000,001 and above) should capitalize on their financial strength to attract investment, support expansion endeavors, explore new markets, invest in technology, and forge strategic partnerships to fuel growth. This will result in mature cooperatives achieving improved operational processes, stronger customer relationships, and sustainable growth strategies; mid-capital cooperatives optimizing resource allocation and diversifying revenue streams, and high-capital cooperatives attracting investment, expanding into new markets, investing in technology, and forming strategic partnerships.

2. Prioritize efficient management of cash flow, accounts receivable, and accounts payable by implementing effective cash management practices, reducing outstanding receivables, optimizing inventory levels, and managing payables efficiently. By enhancing working capital management, cooperatives can improve liquidity, reduce financial risks, and support long-term financial health. Encouraging knowledge sharing and collaboration among cooperatives within the region can facilitate the exchange of best practices, lessons learned, and innovative financial management techniques, fostering a supportive and resilient cooperative ecosystem. As a result, cooperatives will experience enhanced liquidity, reduced financial risks, and improved long-term financial health. At the same time, increased knowledge sharing and collaboration will facilitate the exchange of best practices and innovative financial management techniques.

3. Regularly monitor and evaluate vital financial metrics, including working capital ratios, profitability margins, liquidity positions, and operational efficiencies. By conducting regular assessments, cooperatives can detect performance patterns, identify problems early, and make data-driven decisions to minimize risks and maximize financial performance. This practice will help cooperatives identify performance trends and potential issues early, enabling data-driven decisions that optimize financial performance and reduce risks.

4. Customize financial strategies based on the specific business profile of each cooperative. Factors such as business age, business capital, market position, and growth objectives should be considered. Implemented strategies can address unique challenges and opportunities, ensuring alignment with the cooperative's vision and goals for sustainable growth and profitability. This will lead to cooperatives having financial strategies that address their unique challenges and opportunities, aligning with their vision and goals for sustainable growth and profitability.

5. Encourage cooperatives to collaborate and exchange knowledge. Promote sharing creative conc epts, best practices, and financial management knowledge. Work with associations, specialists, and peers in the sector to stay informed about changes in regulations, market trends, and new opportunities while promoting ongoing learning and development. Consequently, constant learning and improvement will be encouraged, with cooperatives staying updated on market trends, regulatory changes, and emerging opportunities through collaboration with industry peers, associations, and experts.

6. Promote financial literacy and provide training programs for cooperative members and management personnel. Equip them with the necessary skills and knowledge in financial management, budgeting, risk assessment, and decision-making. Investing in education and training enhances the overall financial competency of the cooperative. This will enhance overall financial competency within the cooperative, resulting in more informed and effective financial strategies.

7. Collaborate with financial institutions, government agencies, investors, and strategic partners to access additional funding sources, resources, and expertise. Explore opportunities for grants, loans, equity investments, and strategic alliances that align with the cooperative's growth objectives. Strategic partnerships can provide access to specialized financial services, industry insights, and growth capital, supporting working capital management efforts and expansion initiatives. As a result, cooperatives will secure access to specialized financial services, industry insights, and growth capital, supporting working capital management efforts and expansion initiatives.

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