SOCIAL AUDIT PERFORMANCE OF COOPERATIVES IN NORTHEASTERN CAGAYAN, PHILIPPINES: A STUDY ON COMPLIANCE WITH RA 9520

Charisma S. Vivit 1
Wendy Joy Morales-Garma 2

ABSTRACT

Objective: This research aimed to evaluate the social audit performance of cooperatives in Northeastern Cagayan, Philippines, focusing on their compliance with RA 9520, the Philippine Cooperative Code of 2008. The study assessed cooperatives' fulfillment of social responsibility and governance obligations.

Theoretical framework: The study was based on the principles of social responsibility and cooperative governance. It aimed to explore how cooperatives in the region integrate these principles into their operations and assess their compliance with the legal requirements outlined in RA 9520.

Method: The study employed a descriptive research design, utilizing survey questionnaires and interviews with cooperative officers to collect data from cooperatives in Northeastern Cagayan. This approach provided a comprehensive assessment of the cooperatives' social audit performance.

Results and conclusion: The study found that most of the cooperatives in Northeastern Cagayan were micro cooperatives with a focus on clean and green initiatives, health and sanitation, and providing goods to the indigent. However, only 80% had allocated a budget for social audit requirements, and lack of sincerity and budget constraints were identified as main challenges in implementing social responsibility programs.

Implications of the research: The study's practical implications for cooperatives include code compliance and social responsibility programs. Adequate budget allocation and sincere implementation promote sustainable development. Cooperatives play a vital role in this endeavor.

Originality and Value: This study adds to literature by examining social audit performance of cooperatives in Northeastern Cagayan, focusing on compliance with RA 9520 and effectiveness of social responsibility programs. Findings guide future research in this area.

Keywords: Social Audit, Performance, Cooperatives, Compliance, RA 9520, North Eastern Cagayan.

DESEMPENHO DA AUDITORIA SOCIAL DAS COOPERATIVAS NO NORDESTE DE CAGAYAN, FILIPINAS: UM ESTUDO SOBRE A CONFORMIDADE COM A RA 9520

RESUMO

Objetivo: Esta pesquisa teve como objetivo avaliar o desempenho da auditoria social das cooperativas no nordeste de Cagayan, Filipinas, enfocando sua conformidade com a RA 9520, o Código Cooperativo Filipino de 2008. O estudo avaliou o cumprimento da responsabilidade social e das obrigações de governança pelas cooperativas.

Estrutura teórica: O estudo foi baseado nos princípios de responsabilidade social e governança cooperativa. Seu objetivo foi explorar como as cooperativas da região integram esses princípios em suas operações e avaliar sua conformidade com os requisitos legais descritos na RA 9520.

1 College of Business Entrepreneurship and Accountancy, Campus Coordinator, Cagayan State University, Gonzaga, Cagayan Valley, Philippines. E-mail: charismavivit16@gmail.com
Orcid: https://orcid.org/0009-0001-0642-9276
2 College of Teacher Education, Cagayan State University, Tuguegarao City, Cagayan Valley, Philippines. E-mail: voyjdnew@yahoo.com Orcid: https://orcid.org/0000-0003-1736-1059
Método: O estudo empregou um projeto de pesquisa descritiva, utilizando questionários de pesquisa e entrevistas com dirigentes de cooperativas para coletar dados de cooperativas no nordeste de Cagayan. Essa abordagem proporcionou uma avaliação abrangente do desempenho da auditoria social das cooperativas.

Resultados e conclusões: O estudo constatou que a maioria das cooperativas do nordeste de Cagayan eram microcooperativas com foco em iniciativas limpas e ecológicas, saúde e saneamento e fornecimento de bens aos indígenas. Entretanto, apenas 80% alocaram um orçamento para as exigências da auditoria social, e a falta de sinceridade e as restrições orçamentárias foram identificadas como os principais desafios na implementação dos programas de responsabilidade social.

Implicações da pesquisa: As implicações práticas do estudo para as cooperativas incluem a conformidade com o código e os programas de responsabilidade social. A alocação orçamentária adequada e a implementação sincera promovem o desenvolvimento sustentável. As cooperativas desempenham um papel vital nessa empreitada.

Originalidade e valor: Este estudo contribui para a literatura ao examinar o desempenho da auditoria social das cooperativas no nordeste de Cagayan, enfocando a conformidade com a RA 9520 e a eficácia dos programas de responsabilidade social. Os resultados orientam pesquisas futuras nessa área.

Palavras-chave: Auditoria Social, Desempenho, Cooperativas, Conformidade, RA 9520, Nordeste de Cagayan.

1 INTRODUCTION

Social responsibility has become a significant concern for organizations worldwide. It is not only essential to focus on economic growth, but it is also imperative to consider social welfare and community development. One of the organizations that are committed to social responsibility is cooperatives. Cooperatives are organizations that aim to provide members with goods and services, promote sustainable development, and work towards improving the community's quality of life. Social Audit validates the support of the cooperative to the 7th cooperative principles, i.e. the "Concern for Community," which emphasizes the importance of cooperatives' role in the community's sustainable development through policies approved by their members.

According to Bhatti and Quinton (2016), social responsibility can be defined as an organization's obligation to act for the benefit of society and the environment. It involves the integration of social, economic, and environmental concerns in the decision-making process. In the case of cooperatives, their social responsibility is not limited to their members but extends to the community as a whole. The cooperative's performance as a value-based organization, usually participative, user and community-oriented, and non-profit but service organization, is assessed to determine how well it fulfills its social responsibilities for its members and the community.

The University, as an institution that promotes community development, is looking for organizations to link with to implement its extension program. This research aims to provide a basis for the University to establish a linkage with legitimate agencies such as cooperatives. Cooperatives can be an excellent linkage for the University to reach stakeholders through conducting community development activities partnering with cooperative members as beneficiaries. This way, both agencies and organizations shall fulfill their social responsibilities by sharing knowledge, skills, and resources to come up with sustainable output that will help communities become sustainable and resilient.
One research gap is the lack of discussion on the specific social audit requirements stipulated in RA 9520 and how the cooperatives are complying with them. Another gap is the absence of information on the challenges encountered by the cooperatives in complying with the social audit requirements. Additionally, the study did not provide information on the impact of social audit on the performance of the cooperatives and their contribution to the sustainable development of the community. According to a study by Wong et al. (2019); Kusmawaty Matara et al., (2022), one of the major challenges faced by cooperatives in complying with social audit requirements is the lack of understanding and awareness of the concept of social audit. Another study by Khan and Sharmin (2020) emphasized the importance of incorporating the social audit concept in the training programs of cooperatives to improve their compliance and performance.

Moreover, the impact of social audit on the performance of cooperatives and their contribution to community development has been explored in several studies. For example, a study by Ali et al. (2018) found that social audit improves the financial performance of cooperatives, while a study by Rahman and Hossain (2019); Masganti (2022); Salim et al., (2023) highlighted the positive impact of social audit on community development. The identified research gaps provide avenues for further research in the area of social audit in cooperatives, particularly in the context of compliance, challenges, and impact on performance and community development.

The cooperative sector plays a crucial role in promoting economic growth and social development, particularly in rural areas. In the Philippines, cooperatives have been recognized as a key player in poverty reduction and community development. The Philippine Cooperative Code of 2008, also known as RA 9520, provides the framework for the formation and operation of cooperatives in the country. Compliance with the social audit requirements of RA 9520 is essential to ensure the transparency, accountability, and good governance of cooperatives. However, there is limited research on the social audit performance of cooperatives in the country, particularly in North Eastern Cagayan.

This study aims to fill the gap in the literature by assessing the social audit performance of cooperatives in North Eastern Cagayan in complying with RA 9520. The study focuses on the types, capital, and classifications of cooperatives found in the area, as well as the social responsibility activities and programs initiated by these cooperatives. The study also investigates the strategies implemented by the cooperatives to facilitate compliance with social audit requirements. This research is significant because it provides insights into the social audit performance of cooperatives in North Eastern Cagayan, which can inform policy and decision-making to enhance the effectiveness of cooperative operations and promote their contribution to economic and social development. The findings of this study can also serve as a basis for further research on the social audit performance of cooperatives in other regions of the country.

In this study, it examined the importance of social responsibility for cooperatives and their role in community development. Moreover, we will explore the potential benefits of establishing a partnership between the University and cooperatives to promote community development. This research will contribute to the existing literature on social responsibility and community development, providing insights into the role of cooperatives as agents of change in society.

The main objective of this study is to assess the social audit performance of Cooperatives in North Eastern Cagayan in compliance with RA 9520 or the Philippine Cooperative Code of 2008. Specifically, the study aims to achieve the following objectives:

1. To determine the profile of cooperatives in terms of their place of operation, types of cooperative, amount of capital, classification, number of employees, and years of operation.
2. To identify the prevalent social responsibility activities and programs for nation building among cooperatives in North Eastern Cagayan.
3. To evaluate the level of social audit performance of cooperatives in compliance with RA 9520.
4. To examine the significant relationship between the level of social audit performance of cooperatives and their profile variables.
5. To identify the difficulties that cooperatives face in complying with the social audit requirements in RA 9520.
6. To explore the strategies implemented by cooperatives to facilitate their compliance with the social audit performance.
7. To determine the policies formulated to ensure compliance with the social audit performance of cooperatives.

2 METHODOLOGY

2.1 Research Design

The descriptive survey method was utilized in this study to assess the social audit performance of cooperatives in North Eastern Cagayan in compliance with the social audit requirements of Republic Act 9520, which is mandated by the Cooperative Development Authority. This research design is commonly used to gather data and describe the characteristics of a particular group or population, which is appropriate for this study's objective of describing the social audit performance of cooperatives. According to Creswell (2014), descriptive research aims to provide a comprehensive summary of the characteristics of a particular phenomenon or group.

The study employed total enumeration as a sampling technique, which means that all the cooperatives found in Gonzaga, Sta. Ana, and Sta. Teresita, Cagayan were included as respondents. This technique is appropriate for this study as it allows the researcher to include all relevant units in the population, ensuring that the results accurately represent the entire population of cooperatives in the area. According to Neuman (2014); Mesiono (2022); Polii et al., (2023), total enumeration is a sampling technique that is best used when the population is small, as in the case of this study. The descriptive survey method and total enumeration sampling technique were utilized in this study to provide a comprehensive summary of the social audit performance of cooperatives in North Eastern Cagayan. These methods are appropriate for achieving the research objectives and ensuring that the results accurately represent the population of interest.

2.2 Sample and Sampling Technique

In this study, the sampling technique used was total enumeration, wherein all cooperatives found in the municipalities of Gonzaga, Sta. Ana, and Sta. Teresita in Cagayan, Philippines were included in the sample. A total of 21 cooperatives were listed in the said areas, and all of them were approached for participation in the study. Out of the 21 cooperatives, six cooperatives responded to the survey and interview, representing a response rate of 29%. On the other hand, five cooperatives did not respond, four were inactive, and six could not be located, with response rates of 24%, 19%, and 28%, respectively. Despite the low response rate, the researchers were able to gather valuable insights from the participating cooperatives in terms of their profile, social responsibility activities, social audit performance, difficulties encountered in complying with social audit requirements, and strategies employed to facilitate compliance. The findings of this study can be used as a basis for improving the social audit performance of cooperatives in the said area, and can serve as a reference for future research in the field of cooperative management and development.
Table 1. Locale of the Cooperatives

<table>
<thead>
<tr>
<th>Location</th>
<th>No. of listed Coops</th>
<th>No. of Coops responded to survey and interview</th>
<th>Did not respond</th>
<th>Inactive</th>
<th>Cannot be located</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sta. Teresita</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Gonzaga</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sta. Ana</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>29%</td>
<td>24%</td>
<td>19%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

Figure 1. Locale of the Cooperatives
Source: Prepared by the authors (2023)

2.3 Research Instrument

A structured questionnaire was utilized as the primary data collection tool for this study. The questionnaire was designed based on the objectives of the study, and it was pre-tested among a group of cooperative members to ensure its validity and reliability.

2.4 Procedure for Data Collection

Direct administration was the method used in collecting data. The researchers distributed the questionnaire to the respondents and retrieved it immediately after the respondents gave their responses. The researchers also conducted interviews with some of the respondents to verify their responses in the questionnaire and to obtain additional information that could be helpful in achieving the objectives of the study. The research instrument, procedure for data collection, and data analysis technique used in this study were carefully selected to ensure the validity and reliability of the results. These methods are widely accepted in social science research and have been utilized in numerous studies on cooperatives and social auditing.
2.5 Data Analysis Technique

Frequency and percentage distribution were utilized to analyze the profile of cooperatives in terms of their location, types, amount of capital, classification, number of employees, and years of operation. The t-test was used to determine if there is a significant relationship between the level of social audit performance of cooperatives and their profile variables. The t-test is a statistical tool that tests the difference between two means and is commonly used to determine if there is a significant relationship between two variables.

3 RESULTS AND DISCUSSION

3.1 Profile of Cooperatives in Terms of their Place of Operation, Types of Cooperative, Amount of Capital, Classification, Number of Employees, and Years of Operation

This study aimed to assess the social audit performance of cooperatives in North Eastern Cagayan in compliance with the social audit requirements of the Republic Act 9520 required by the Cooperative Development Authority. The profile of the cooperatives was first determined, as shown in Table 2. The profile of the cooperatives indicates that they are still in the early stages of development and may require assistance in terms of financial management and social audit compliance.

<table>
<thead>
<tr>
<th>Profile</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place of Operation</td>
<td>Gonzaga (33%), Sta. Ana (43%), Sta. Teresita (24%)</td>
</tr>
<tr>
<td>Types of Cooperative</td>
<td>Multipurpose (50%), Financing (16%), Transport (16%), Marketing (16%)</td>
</tr>
<tr>
<td>Amount of Capital</td>
<td>Below 10M (83%), Above 10M (17%)</td>
</tr>
<tr>
<td>Classification of Cooperatives</td>
<td>Micro (67%), Medium (33%)</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Less than 10 (83%), More than 10 (17%)</td>
</tr>
<tr>
<td>Years of Operation</td>
<td>4-9 years (87%), More than 10 years (17%)</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

In terms of the place of operation, the majority of the cooperatives are located in Sta. Ana, followed by Gonzaga and Sta. Teresita. This is consistent with the study conducted by Dr. Beatriz B. Onate (2019), which reported that most of the cooperatives in Region 02 are located in Isabela, followed by Cagayan and Nueva Vizcaya. Regarding the types of cooperative, multipurpose cooperatives are the most prevalent in the area, followed by financing, transport, and marketing cooperatives. This is also in line with Dr. Onate's (2019) findings that multipurpose cooperatives are the most common type in Region 02.

In terms of capital, the majority of the cooperatives have existing below 10 million pesos capital, which is similar to the study of Dr. Onate (2019), where most of the cooperatives have assets ranging from P10,000 to P50,000. This indicates that the cooperatives in the area are still in the early stages of development and may require assistance in terms of financial management. Moreover, most of the cooperatives are classified as micro, while a few are classified as medium. This result is also consistent with Dr. Onate's (2019) study that most of the cooperatives in the region are micro, while only a few are classified as large. In terms of the number of employees, most of the cooperatives have less than 10 employees, with Gonzaga Credit Cooperative having the largest number of employees. Additionally, male employees dominate the cooperatives, which is due to the need for collectors, while females do clerical work. Lastly, the majority of the cooperatives have been operating for less than 10 years, indicating that they are still relatively new. This is consistent with Dr. Onate's (2019) study that most of the cooperatives in the region have been operating for less than 10 years.
3.2 Social Responsibility Activities and Programs for Nation Building Conducted by Cooperatives in North Eastern Cagayan

Eighty-three percent (83%) of the respondents answered that the main social responsibility activities and programs initiated by their coop is clean and green, health and sanitation and distribution of food packs and school supplies to the indigent individuals. The remaining 17% do social responsibilities in terms of promoting culture, tradition and history, and environmental sustainability disaster risk and reduction programs. The study highlights the importance of social responsibility activities and programs initiated by cooperatives in North Eastern Cagayan. The findings suggest that cooperatives are actively engaging in programs that promote community development, environmental sustainability, and health and sanitation. Furthermore, the study highlights the importance of aligning the cooperative's social responsibility programs with the priorities of the local community and promoting collaboration with local government units.

The study found that the main social responsibility activities and programs initiated by cooperatives in North Eastern Cagayan include clean and green, health and sanitation, and distribution of food packs and school supplies to the indigent individuals. This result is consistent with the findings of previous studies, which highlight the importance of community development and social responsibility programs initiated by cooperatives (Cabies & Caparas, 2019; Musaharit & Yunus, 2018; Hasanuddin et al., 2022). Cooperatives are often seen as community-based organizations that aim to provide services that address the needs of their members and the wider community, including those in vulnerable situations.

In terms of the specific programs, the study found that cleaning and greening activities, such as tree planting and beautification, are common among cooperatives in the area. This is consistent with previous studies that highlight the importance of environmental sustainability programs initiated by cooperatives (Hussein & Fadzil, 2016; Olayemi & Akinbode, 2017). These programs are often viewed as a way to promote environmental awareness and responsibility among the members and the wider community.

Additionally, health programs in the form of feeding programs in selected barangays are also commonly initiated by cooperatives in North Eastern Cagayan. This finding is consistent with the importance of health and sanitation programs initiated by cooperatives in promoting the well-being of the community (Artemieva & Polivina, 2020; Nugroho & Salam, 2019). These programs are often viewed as a way to provide access to basic health services, especially to those who are in need. It is also noteworthy that some of the cooperatives’ social responsibility projects are linked with the programs of the barangays, such as cleaning and greening projects, and the promotion of culture and tradition that are linked with the town fiesta or barangay celebration. This indicates the cooperative's efforts to align their programs with the priorities of the local community and promote collaboration with the local government.

3.3 Level of Social Audit Performance of Cooperatives

All the cooperatives have satisfactory rating based on their social audit performance mean score. The study found that all the cooperatives surveyed had a satisfactory rating based on their social audit performance mean score. The study found that all the cooperatives surveyed had a satisfactory rating based on their social audit performance mean score. This result indicates that the cooperatives are meeting the standards of social responsibility in their respective communities. Social audit is a process that evaluates the social, environmental, and economic performance of an organization against its stakeholders' expectations (Cseh et al., 2020; Azelin Aziz et al., 2022). In the case of cooperatives, social audit is crucial in ensuring
that they operate according to their principles of cooperation, which include social responsibility and concern for the community.

The study's finding that all the surveyed cooperatives had a satisfactory rating based on their social audit performance mean score indicates that the cooperatives are fulfilling their social responsibility and meeting the expectations of their stakeholders. It also highlights the importance of social audit in ensuring that cooperatives operate according to their principles of cooperation, which include social responsibility and concern for the community.

The satisfactory rating of the cooperatives' social audit performance could be attributed to the cooperatives' commitment to fulfilling their social responsibility. As mentioned earlier, the cooperatives engage in various social responsibility activities, such as clean and green programs, health and sanitation initiatives, and distribution of food and school supplies to indigent individuals. These activities demonstrate the cooperatives' commitment to improving the well-being of their communities. Moreover, the satisfactory rating of the cooperatives' social audit performance could also be attributed to the regulations and monitoring mechanisms in place. The Cooperative Development Authority (CDA) is the government agency responsible for promoting the viability and growth of cooperatives in the Philippines. The CDA sets the standards and guidelines for the establishment and operation of cooperatives and monitors their compliance with these standards (Republic Act No. 9520, 2008).

3.4 Significant Relationship in the Level of Social Audit Performance of Cooperatives and their Profile Variables

The results of the correlation analysis showed that there is a significant direct relationship between the level of social audit performance of cooperatives and their capital ($r=0.960$, $p=0.002$) and years of operation ($r=0.978$, $p<0.001$). This suggests that cooperatives with higher capital and longer years of operation have better social audit performance. On the other hand, there was no significant relationship between the level of social audit performance and the classification, type, number of employees, and location of the cooperatives. It is possible that these variables do not have a direct impact on the social audit performance of the cooperatives, or that the sample size is not large enough to detect any significant relationship. The results suggest that cooperatives with higher capital and longer years of operation are more likely to have better social audit performance. Therefore, it is important for cooperatives to prioritize their financial stability and longevity in order to improve their social responsibility performance.

These findings are consistent with previous studies on the factors affecting the social responsibility and performance of cooperatives. For instance, a study by Krambia-Kapardis and Zopiatis (2020) found that the size and age of the cooperatives are positively associated with their social responsibility performance. Similarly, a study by Amini et al. (2018) found that financial resources and organizational culture are important factors influencing the social responsibility of cooperatives.

### Table 3. Relation of Score to the profile of the cooperatives

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-value</th>
<th>Probability</th>
<th>Statistical Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>.960</td>
<td>.002</td>
<td>Significant, direct relationship</td>
</tr>
<tr>
<td>Classification</td>
<td>.499</td>
<td>.313</td>
<td></td>
</tr>
<tr>
<td>Type</td>
<td>-.35</td>
<td>.948</td>
<td></td>
</tr>
<tr>
<td>No. of employees</td>
<td>.106</td>
<td>.841</td>
<td></td>
</tr>
<tr>
<td>No. of services</td>
<td>.728</td>
<td>.101</td>
<td></td>
</tr>
<tr>
<td>Years of operation</td>
<td>.978</td>
<td>Less than .001</td>
<td>Significant, direct relationship</td>
</tr>
<tr>
<td>Location</td>
<td>-.350</td>
<td>.496</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Prepared by the authors (2023)
3.5 V. Difficulties Faced by Cooperatives in Complying the Social Audit Requirements in RA9520

The most commonly reported difficulty faced by cooperatives in complying with the social audit requirements in RA 9520 is the lack of sincerity of members, with 83% of the respondents indicating this as a challenge. This finding is consistent with previous studies that highlight the importance of member participation and commitment to the success of cooperatives (Holland & Henriksen, 2013; Odhiambo & Ngugi, 2016). While cooperatives in North Eastern Cagayan demonstrate a strong commitment to social responsibility activities and programs, they also face several challenges in complying with the social audit requirements in RA 9520. Addressing these challenges requires a concerted effort from cooperatives, partner agencies, and policymakers to create an enabling environment that supports cooperative development and social responsibility.

Another challenge reported by cooperatives is the lack of budget, which was cited by 33% of the respondents. This finding is in line with the literature that identifies financial constraints as a significant barrier to social responsibility activities and programs in cooperatives (Altenburg & Schmitz, 2016; Decker & Broring, 2018; Fahmi Rizal et al., 2022).

Other difficulties mentioned by the respondents include the lack of partner agencies, activities that lack relevance, poor information dissemination, and a lack of information about social audit. These challenges highlight the need for better collaboration and communication between cooperatives and partner agencies, as well as a need for greater awareness and education on social audit requirements and procedures.

Table 4. Difficulties Faced by Cooperatives in Complying the Social Audit Requirements in RA9520

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of sincerity of members</td>
<td>83%</td>
</tr>
<tr>
<td>Lack of budget</td>
<td>33%</td>
</tr>
<tr>
<td>No partner agency</td>
<td>17%</td>
</tr>
<tr>
<td>Activities lack relevance</td>
<td>17%</td>
</tr>
<tr>
<td>Lack of information about social audit</td>
<td>17%</td>
</tr>
<tr>
<td>Not properly documented, planned and monitored</td>
<td>17%</td>
</tr>
<tr>
<td>Poor information dissemination</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors (2023)

3.6 Strategies of Cooperatives to Facilitate their Compliance with the Social Audit Performance

The results indicate that all of the cooperatives surveyed regularly conduct board meetings and have codes of governance and conduct in place, which can be considered as a positive step towards facilitating compliance with social audit performance requirements. Moreover, 83% of the cooperatives have allotted a budget for the implementation of social audit requirements, although it is noted that micro-cooperatives tend to have limited budgets for these activities.

Proper management of resources is crucial in ensuring the successful implementation of social audit requirements. According to a study by Dasgupta and Barua (2019); Khalilullah Amin Ahmad et al., (2022), the effectiveness of social audit in cooperative societies largely depends on the ability of cooperative members and management to understand the concept and benefits of social audit. Moreover, the study emphasized the importance of creating awareness among members and management about the relevance and benefits of social audit, which can help to improve their level of compliance. In addition, the study also highlighted the need for proper allocation and management of resources to facilitate the successful implementation of
social audit. This includes the provision of adequate funds, trained personnel, and necessary equipment to conduct social audit activities. The authors recommended that cooperative societies should prioritize the development of a comprehensive social audit plan that outlines the activities, timelines, and resources needed for successful implementation. The results suggest that while some cooperatives may face challenges in complying with social audit requirements, the implementation of proper management strategies, such as creating awareness among members and allocating adequate resources, can facilitate compliance and improve the effectiveness of social audit in cooperative societies.

3.7 Policies Formulated to Ensure Compliance to the Social Audit Performance of Cooperatives

The study found that policies formulated to ensure compliance with social audit performance are primarily discussed and agreed upon during general assemblies and placed in their by-laws for implementation. This highlights the importance of community involvement and participation in policy-making processes. A study by Fong and Cheng (2019); Habibu Hayatu Babajo, Zakiyah Jamaluddin (2022) also emphasized the need for community participation in cooperative governance, as it promotes transparency, accountability, and sustainability. By involving members in policy-making, cooperatives can better align their goals with the needs of their communities, and ensure that their social responsibility activities and programs are relevant and impactful. Furthermore, the study highlights the importance of having clear policies and guidelines in place to ensure compliance with social audit requirements. This is consistent with the findings of a study by Bhati and Singh (2017); Khusniyati Masykuroh (2022); Yoto Yoto (2022), which emphasized the need for clear guidelines and standards in social audit processes to promote transparency and accountability. Cooperatives must have well-defined policies and guidelines in place to ensure that social audit requirements are met and that their social responsibility activities and programs are properly documented, planned, and monitored. The study's findings suggest that cooperatives must prioritize community involvement in policy-making processes, have clear policies and guidelines in place, and allocate sufficient budget and resources to comply with social audit requirements and ensure effective social responsibility performance.

4 CONCLUSION

In conclusion, the study shows that cooperatives in the three municipalities are actively operating, with micro-cooperatives being the dominant type. The cooperatives have a satisfactory rating in their social audit performance, and the capital and number of years of operation showed a significant and direct relationship to the mean score. The social responsibility of the cooperatives focuses on environment, health and sanitation, and distribution of goods to indigent. However, there are very few efforts towards promoting culture, tradition, history, environmental sustainability, and disaster risk reduction programs. The main problems encountered by the cooperatives in the implementation of social responsibility projects are lack of sincerity and budget constraints among the officers. Strategies employed to facilitate compliance include fund allotment, needs assessment, planning, monitoring and evaluation, and proper information dissemination. The findings of this study highlight the importance of continuous monitoring and evaluation of cooperatives' social responsibility projects to ensure their effectiveness in meeting the needs of stakeholders. Moreover, the study suggests that cooperatives should prioritize initiatives towards promoting environmental sustainability, culture, tradition, and history, and disaster risk reduction programs in addition to their current social responsibility efforts. The findings also provide valuable
insights for policymakers and cooperative leaders in formulating policies that will encourage cooperatives to fulfill their social responsibility effectively. The study underscores the crucial role of cooperatives in promoting economic growth and social development in rural areas. The study's limitations include the small sample size and the focus on only three municipalities. Future studies may expand the scope and sample size to gain a more comprehensive understanding of cooperatives' social responsibility in rural areas.

Based on the findings, it is recommended that Cagayan State University partner with local cooperatives to provide expertise and support to improve their operations and sustain their organizations, which are essential for the development of local communities. To achieve this goal, we propose that the university's various colleges, such as the College of Business and Entrepreneur Administration (CBEA), the College of Teacher Education (CTE), the College of Agriculture (CA), Technical and Vocational Education Training (TVET), the College of Information and Computing Science (CICS), and the College of Criminal Justice Administration (CCJE), collaborate to provide literacy and skills development opportunities, managerial, record-keeping, clerical skills, and awareness on environmental protection and relevant laws for cooperatives.

Practically, this research recommendation will enable the university to contribute to the local community's economic growth and development by offering essential support to local cooperatives. Moreover, it will allow the university to develop and sustain long-term partnerships with the cooperatives and provide the necessary resources and expertise required for their success. The theoretical implications of this recommendation center around the concept of university-community engagement. This engagement involves the university taking an active role in addressing community issues, challenges, and needs. By partnering with local cooperatives, the university can help bridge the gap between academia and the local community. Furthermore, this recommendation aligns with the social learning theory, which emphasizes that individuals learn through observation and interaction with others. By offering literacy and skills development opportunities, the university can create a platform for cooperative members to learn from one another and develop new skills to enhance their operations. This research recommendation presents a unique opportunity for Cagayan State University to partner with local cooperatives to offer essential support for their growth and development. The recommendation aligns with the university's mission of community engagement and has practical implications for the local community's economic growth and development. The theoretical implications of this recommendation center around the social learning theory and the concept of university-community engagement.

REFERENCES


Social Audit Performance of Cooperatives in Northeastern Cagayan, Philippines: A Study on Compliance with RA 9520


