

Organizational Transformation of Caritas et Labora Human Resource Service Cooperative for sustainability growth

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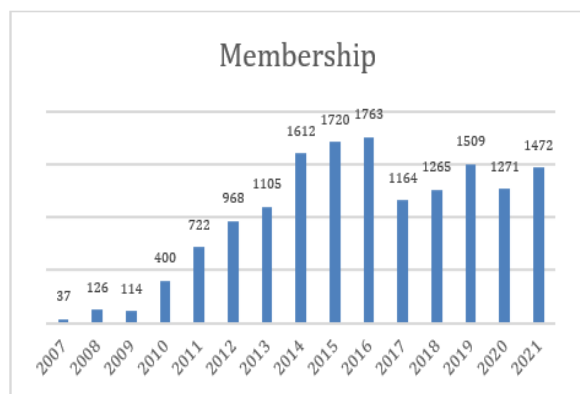
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Abstract: Caritas et Labora is a Spanish word for “Love and Labor,” a Service Cooperative founded on July 7, 2007, under the leadership of Archbishop Emeritus of Manila, his Eminence Gaudencio B. Cardinal, to help our Filipino compatriots who are on the fringes of the unemployed; the cooperative came from the womb of Caritas Manila Inc., a non-profit organization that serves as the Catholic Church's principal social care and development ministry in the Philippines. Total human development, poverty relief, and the formation of a Christian community with a strong social conscience are all organization's goals. To address the harsh reality of having poor job opportunities where many potential workers are experiencing unemployment problems, Fr. Antonio Cecilio T. Pascual is the cooperative's brainchild and the executive director of Caritas Manila. He set up a program aimed at raising the living standards of the Filipinos.

Key Words: —Human Resource, Love and Labor, Living standard.

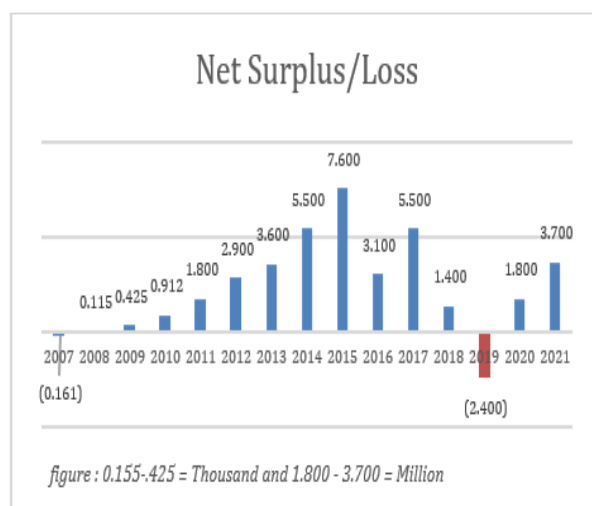
I. INTRODUCTION

In 2007 Caritas et Labora Human Resource Service Cooperative started 37 founding members resulting from an ending balance of its total assets last December 31, amounting to Php. 428,218.86.



The cooperative has given opportunities for fourteen years, resulting in an annual increase of 16% every year in its membership and the expansion of the business serving its clients.

Increasing the number of members shows the organization is growing, but it does not imply a higher profit; instead, managing their expenses well will give them a healthy business operation.



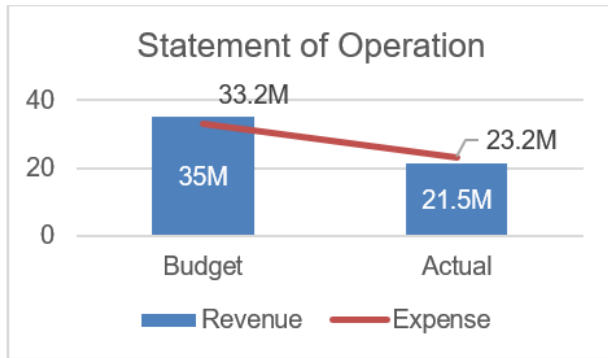
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The accompanying graphs demonstrate that the cooperative's net surplus/loss began to ride a roller-coaster after the operation's 2015 results. It appears to have sustained an unanticipated net loss in 2019.

II. STATEMENT OF THE PROBLEM



The cooperative incurred a net loss in 2019 due to the following reasons:

- The budgeted target number of new members was not achieved;
- The budgeted target number of new business partners was not met;
- High operating costs (such as but not limited to the overhead expense and Rental Expenses)

The 2019 audited financial statement shows that overhead accounted for 48% of total expenses, followed by combined Amortization and Depreciation at 23.67% and 5.02% from office rental, all of which have a more significant impact on the company's operations.

III. CAUSE OF THE PROBLEM

Based on B. Beers, there are two (2) Factors that affect profit margins:

3.1 Quantitative Factors

Net profits, sales earnings, and goods costs are the most prominent, easily identified, and broad numbers that determine your profit margin. Look at net revenues and the cost of goods sold on your income statement for a comprehensive overview of these critical factors.

When you delve a little deeper, sales prices become critical. Increase your net profit margin by effectively **managing the expenses** of your goods while simultaneously increasing your sales pricing.

Inventory counts are also significant. Even though inventory is recognized as an asset on the balance sheet, sales revenues

are not recorded until the transaction has occurred. Profit margins can be harmed by devalued inventory, and getting rid of inventory through increased prices can be costly.

3.2 Qualitative Factor

There are far too many qualitative factors, but consider all of the factors that could influence the sale of any given product/service, such as market share, effective advertising, seasonal changes, consumer preferences, **company leadership**, sales incentive programs, **employee training programs**, and the **strength of the competition**.

IV. COURSES OF ACTION

- The cooperative resolved to retrench office, administrative, and management personnel to prevent imminent loss.
- The downsizing of the management and office personnel is necessary since the company cannot sustain the current office/administrative/management employees based on its current number of business partners and members deployed.
- Eventually, there will be the introduction of some labor-saving devices to make the transactions such as payroll, bookkeeping, and reporting more accessible and more efficient.

The reduction of office workers in 2020 was beneficial to the cooperative. Commencing the covid pandemic 19 in March 2020 saved the business, resulting in a net surplus of 1.8 million, or a 1.75% rise over the previous year. Even if we state that our country is in the post-pandemic or new normal, the excellent business operation has continued in 2021. Cooperative stays up with the fast-changing market and strategizes our business to adapt to the environment.

V. CONCLUSION

The cooperative has not realized the financial forecasting which generated several business partners or deployed members in recent years, instead of seeing a fall; as a result, the cooperative is unable to maintain the high number of office and administrative workers employed in recent years during this business crisis.

Development of target financial forecasting tools, mathematical models, and software for firms and organizations in industries such as commerce, services, public

transportation, communications, and others to help them overcome financial issues.

In what ways might the cooperative continue to thrive?

Recommendation:

Research and Development Proposal:

Human Service is the leading cooperative Product and as part of increasing its clients and other service expansion, maximizing its possible business potential from single purpose to multipurpose.

The research and development plan's goal is to ensure more excellent leadership and long-term business success by establishing well-defined policies and simple transactions. The management team is in operation and has been given authority. They are highly driven and do their best when they are assigned duties and responsibilities appropriate for their expertise and professional qualifications, as well as the proper rewards and incentives. However, the ultimate purpose of the research and development plan is to establish a five-year strategic plan for Caritas et Labora to retain the direction and make long-term decisions about where we want to be now that we've changed our suitable type to a Multi-Purpose Cooperative. With numerous options, an inventive range is available.

Role of the Management:

With the anticipated rise in the level of business, the function of the HR department has become more critical. The organization needs to re-engineer to respond to the changing business environment based on its existing organizational structure.

As part of the research and development plan, the following managerial actions will be capitalized on for the next five years:

- To define **job descriptions/scopes of services for deployed members/services** on the job so that the business partner's current service cost can be re-evaluated and might result in a favorable increase and benefit both its members and the cooperative's mission and vision.
- **Education Program, training and seminar of management staff** and officers to enhance their capabilities;
 - a. Scholarship
 - b. Leadership Training

- c. Financial Literacy and Analysis
- d. Cooperative Services specialization and expertise.

- Review and document existing rules and processes, then **institutionalize** them by developing a **policy and procedure manual**.
 - a. Treasury Management and Accounting Manual
 - b. Standard Operating Procedures on Investments
 - c. Loan and Collection Policies and procedures
 - d. Audit Manual
 - e. Internal control
 - f. Human Resource Manual
 - g. Operations Manual for the Multi-purpose Cooperative
- **Multi-purpose cooperative computer software** development- A system that can adapt to Payroll, bookkeeping, employee and member productivity, and reporting are all made more accessible and more effective with this labor-saving technology.

Strategic Planning (5 years):

How can we plan strategically for the proposed new product and commercial opportunities? Is hiring a business development officer a possibility? As well as its purpose and objective.

- Proposed Business;
 - Extend Loans to the Business partner's employees thru a salary deduction scheme with MOA.
 - Additional Loan Products
 - Consumer store
 - Increase and develop additional cleaning services for establishments and condominiums.

To accomplish the goals of the Cooperative and operation, there must be a formulation of strategies and a clear definition of the implementation to generate more significant money per business activity.

When the Cooperative uses strategic planning in all aspects and business operations, it will quickly achieve its aim of being a sustainable Cooperative that pays more dividends and patronage to its members.

Projected Timeline and Cost Impact:

Areas of Development	Timeline	Projected Cost
1 Job descriptions/scopes of services for deployed members/services	31-Jul-22	60,000.00
2 Education Program, training and seminar of management staff	2024	530,000.00
3 Institutionalized policy and procedure manual	Dec-22	150,000.00
4 Multi-purpose cooperative computer software	Dec-22	300,000.00
5 Strategic Planning (5 years)	Jul-22	50,000.00
Total Estimated Expenses incurred on this will be capitalized and amortized to 5 years		1,090,000.00
Yearly Cost		218,000.00
Monthly Cost		18,166.67

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