

cCONSEQUENCE OF MEMBERS' PARTICIPATION ON COOPERATIVE PERFORMANCE IN MULTIPURPOSE AGRICULTURAL COOPERATIVE SOCIETIES AFFILIATED TO AMBO FARMERS' COOPERATIVE UNION, WEST SHEWA ZONE, OROMIA REGION, ETHIOPIA

MICHAEL SENBETA FEYISA - PhD Candidate

Ambo University: College of Business and Economics,
Department of Cooperative studies

<https://doi.org/10.37602/IJSSMR.2022.5520>

ABSTRACT

A multi-purpose cooperative is a business that is a mixture of two or more different types of cooperatives. The objective of the study was to examine the effect of Members' Participation on cooperative Performance in Multipurpose Agricultural Cooperatives in Ambo Farmers' Cooperative Union West Shewa Zone, Oromia Region, Ethiopia of West Shewa Zone, Oromia Region, Ethiopia. A descriptive research design was used where quantitative and qualitative methods were employed to collect and analyze data. The target population for this particular research was 1060 members from 11 primary farmers' cooperative societies. These cooperatives were organized under four districts. (Ambo, Dandi, Ejere lafo and Toke kutaye). In the area of the study, the nature of primary farmers' cooperative is too homogeneous. All primary cooperatives under study has been working similar activities and the same type of cooperative society. A sample (n=290) was drawn using a two-stage stratified random sampling procedure and it comprised of 11 cooperative members who were purposely selected. Face to face personal interviews were used to collect the data. Data were analyzed using the Statistical Package for Social Sciences (SPSS version 24). The study found that the performance of multi-purpose cooperatives was influenced highly by educational level, members' income, amount of shareholding, credit access, farm size, duration of membership, professional employees leading cooperative, position of members in their cooperative. The study further found that the problem of accessibility of market for their product, contribution of members' in financial activities was found to be low. The above finding revealed to medium level members' participation which leads medium level of cooperative performance. It is recommended that cooperatives should increase member' participation. There is need to encourage young farmers to join multi-purpose cooperative since most of the farmers were old. The frequency of training provided to members need to be improved. The study also recommends that other studies be carried out to cover the whole of Ethiopia in order to generalize the findings.

Keywords: Cooperatives, members, participation, Performance

1.0 INTRODUCTION

A cooperative is an autonomous association of persons united voluntarily to meet their common economic needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperative Alliance, 2006). The distinguishing features of cooperatives are encapsulated in the seven cooperative principles, which include (i) voluntary and open membership, (ii) democratic member control, (iii) member economic participation, (iv) autonomy and independence, (v) education, training and information, (vi) cooperation among cooperatives and (vii) concern for community. Cooperatives function on the basis of the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Cooperative Principles, for example, emphasize the centrality of cooperative education, training and information so that they contribute effectively to the development of their cooperatives (Chambo, 2009) hence cooperatives should provide education and training for their members as well as elected representatives and employees (Mdluli, 2003). A multi-purpose cooperative is a business that is a mixture of two or more different types of cooperatives and member based organizations for agricultural farmers in rural communities (ICA, 2006).

Members' participation is very crucial to the effective performance of cooperative society which is also pertinent to their goal attainment. In the view of Rajesh, Raju, Reddy, Scrthvasan and Sninani (2002) they believed that members' participation in cooperative activities both in terms of quantity and quality can enhance the perception and control members exert on the cooperative performance. They further stated that, the investment of members through their share capital, patronage, dues and fines, governance and other social activities could be at various levels, which are expected that each of these will have differing effects on cooperative performance; on cooperatives control; on the culture of cooperative as well as cooperative system. Such as, effect on control is expected to directly drive the perception of members on the performance of cooperative and indirectly enhance cooperative performance through greater usages of the cooperative by the members. Enhanced cooperative performance in turn would satisfy members and the cooperative will hopeful be completed as such satisfied members would place more stakes with the cooperatives (Rajesh et al as 2002)

1.1 Problem of statement

It is evident fact that the attainment of cooperative goals depend greatly on the active participation of its members. For the meantime, it is not the case in Ambo Farmers' Cooperative Union, as different studies shown that participation in cooperative is being driven by individualistic, selfishness, mindset of using cooperative as a platform to get government loan and fund without repayment. As a result of this much has a lot been done in order to enhance members' participation in MPA cooperative societies affiliated to Ambo Farmers' Cooperative Union West Shewa Zone, Oromia Region, Ethiopia. Thus, this study became very necessary so as to examine what really influence members' participation in cooperative societies and how their participation affects the performance of the multipurpose agricultural cooperative society (MACS).

1.2 Objective of the study

The objective of this study was to assess the effect of members' participation on performance of multipurpose agricultural cooperative society's affiliated Ambo farmers' cooperative union, West Shewa Zone, Oromia Region, Ethiopia.

1.3 Hypotheses

- There is significant relationship between cooperative performance and members' participation with different cooperative activities.
- There is no significant relationship between cooperative performance and members' participation with different cooperative activities.

2.0 METHODOLOGY

For the purpose of this study survey research design was adopted which was involved collecting and analyzing of data from the respondents in the study area. The study population comprise of 11 selected registered and functional multipurpose agricultural cooperative societies (MACS) with 1060 membership strength. Therefore, with the help of Yamane formula of sample determination (1967) purposively 290 respondents were selected. Thus, the sample is 290, but it was only 275 questionnaires that were properly filled and returned. The data collected through the structured questionnaires were analyzed with both descriptive and inferential statistics, the descriptive statistics used include frequency table, simple percentage, mean (\bar{x}) and five point likert scale with threshold of 3.0 that means if the grand mean is > 3.0 is high level, equal to 3.0 is medium level and < 3.0 is low level). Also, the inferential statistics was used to test the entire three formulated hypothesis, these include ANOVA, Pearson correlation and multiple regression.

3.0 DATA PRESENTATION AND ANALYSIS

Demographic profiles of the multipurpose cooperative society (MACS) members.

Table 1: Distribution of the responses on the respondents' demographic characteristics

variables	Categories	frequency	percent	Chi-square Test	phi coefficient (effect size)	Sing 2sided
Age of respondents	18-30	102	43.6	9.695	-0.304	0.042**
	31-50	120	37.1			
	above 50	53	19.3			
Total		275	100%			
sex of respondents	Female	55	20	5.906	0.2 42	0.602
	Male	220	80			
Total		275	100%			
Education level of respondents	Illiterate	23	8.4	13.342	0.342	0.000***
	basic education	77	28			
	Elementary edu.	153	55.6			
	high school	22	8			
Total		275	100%			

Source; Survey 2021

3.1 Members level of participation in the cooperative activities.

S/No	Cooperative Activities	Mean (\bar{x})	Decision
Members' participation in Management activities			
1.	Regular attendance at cooperative meetings	3.00	medium
2.	governance and control of the society	3.39	High
3.	Participation in election and voting process	3.00	medium
4.	Rendering ideas and opinions	4.24	High
5.	Participation in social activities	3.39	High
6.	Cooperative members account for their actions	3.6	High
7.	Cooperative members face sense of ownership	3.00	medium
8.	Members delegation of their power	3.11	High
9.	Relationship between members and boards	1.62	low
10.	Proper response from both members and boards	2.45	low
11.	consistent and timely information for members	2.18	low
Members' participation in financial activities			
12.	Members patronization	2.6	low
13.	Members Prompt payment of fees and dues ,deposit	3.00	medium
14.	Members Regular savings and contributions	3.00	medium
15.	Members Capital and equity contributions	1.62	low
16.	Members timely loans payment	3.00	medium
17.	Proper differed payment for their produce	3.00	medium
18.	commitment to invest their cooperatives	4.6	High
19.	Additional shares buying for cooperative	2.13	low
Members' participation in business activities			
20.	Members provision of Farm input at right time	2.23	low
21.	Farm input for members with right type	3.00	medium
22.	Farm input for members at right place	3.39	High
23.	Price reasonability for farm input supply	3.6	High
24.	Correctness for weight measures for produce	3.00	medium
25.	Provision of better price for members produce.	4.11	High
26.	proper place for purchasing output	2.23	low
27.	Market information for cooperative members.	3.24	High
28.	Members sell their produce to their cooperatives	2.39	low
GrandMean (\bar{x})		3.00	Medium

Table 2: Showing the level of members’ participation in the listed activities of the multipurpose cooperative society.

From the result of the above table showed that from 5 points Likert scale with a threshold of 3.0 (i.e. > 3.0 is high, equal to 3.00 is medium, and < 3.0 is low). As such, there is a strong indication that the level of members’ participation in cooperative activities is medium with a grand mean of 3.00. Some of these activities include regular attendance to the society’s meetings (3.00); patronizing society’s business (2.60); participation in the election and voting process (3.00); prompt payment of fines and dues (3.00); regular savings and contributions (3.00); capital and equity contribution (1.62) as well as timely loan repayment (3.00).

3.2 Regression analysis table showing the influence of independent variables on members’ participation in cooperative activities

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.827	0.684	0.669	11681.35543	1.929

A value of 0.827 indicates the quality of the model 82.7% was a good level of prediction. The "R Square" column represents the R2 value (also called the coefficient of determination), which is the proportion of variance in the dependent variable that can be explained by the independent variables (technically, it is the proportion of variation accounted for by the regression model above). This showed that from the value of 0.684 that the independent variables explain 68.4% of the variability of the dependent variable, cooperative performance.

3.3 ANOVA table

The F-ratio in the ANOVA table (see table-- below) tests whether the overall regression model is a good fit for the data. The table showed that the independent variables statistically significantly predict the dependent variable, $F(7, 146) = 45.100$, $p < .0005$ (i.e., the regression model is a good fit of the data

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	430.100	7	6154.157	45.100	.000 ^b
	Residual	1992	146	1364.592		
	Total	6306	153			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error				Beta	Lower Bound	Upper Bound	Tolerance
1	(Constant)	9467.69	4917.191		1.925	0.05	250.377	19185.760	-	-
2	AGE	-2528.7	2564.164	-.047	-.986	.020	7596.37	2538.973	.890	1.041
3	SEX	0.2431	0.1333	.063	1.295	.197	-.227	1.088	.719	1.088
4	EDLEVL	28.932	278.616	.005	.104	.002	521.709	579.574	.850	1.167
5	FSIZE	324.555	378.100	.042	.858	.002	422.701	1071.812	.894	1.218
6	INCOME	2104.95	2197.294	.050	.958	.000	2237.65	6247.567	.806	1.241
7	SHCAP	-164.242	392.803	-.020	-.418	.676	-940.556	612.072	.751	1.052
8	ACCDI	0.431	0.333	.063	1.295	.000	-.227	1.088	.819	1.088
9	DURME	17782.8	1179.208	.779	15.08	.000	15452.2	20113.325	.811	1.233
10	MACCE	28.932	278.616	.005	.104	.917	521.709	579.574	.750	1.177
11	CRACCE	324.555	378.100	.042	.658	.392	422.701	1071.812	.894	1.118
12	NUPROE	2104.95	2197.294	.0150	.958	.001	2237.65	6447.567	.806	1.124
13	POCOOP	28.932	278.616	.005	.104	.000	521.709	579.574	.850	1.177
14	DISCOOP	28.932	278.616	.0105	.104	.917	521.709	579.574	.650	1.017
15	MPESER	324.555	378.100	.042	.858	.002	422.701	1071.812	.694	1.118

3.4 Dependent Variable: CBP

Predictors(constant):AGE,SEX,EDLEVL,Fsize,INCOME,SHCAP,ACCDI,DURME,MACCE,CRACCE,NUPROE,POCOOP,DISCOOP,MPESER

Unstandardized coefficients (B) indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. Consider the effect of members' age on cooperative performance. The unstandardized coefficient, B1, for age is equal to -2528.7 (see the above Coefficients table). This means that for each one-year increase in member's age, there is a decrease in cooperative performance 2528.7units.

Unstandardized coefficients (B) indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. Consider the effect of members' age on cooperative performance. The unstandardized coefficient, B1, for

age is equal to -2528.7 (see the above Coefficients table). This means that for each one-year increase in member's age, there is a decrease in cooperative performance 2528.7units.

The general form of the equation to predict **CBP** from **AGE** , **GENDER**, **EDLEVL**, **Fsize**, **INCOME**, **SHCAP**, **ACCDI**, **DURME**, **MACCE**, **CRACCE** ,**NUPROE**, **POCOOP** ,**DISCOOP**,**MPESER**

The green portion (T&sig.) value indicates the statistical significance of each of the independent variables. This tests whether the unstandardized (or standardized) coefficients are equal to 0 (zero) in the population. If $p < .05$, you can conclude that the coefficients are statistically significantly different from 0 (zero). The t-value and corresponding p-value are located in the "t" and "Sig." columns, respectively, as highlighted above:

The opinion of the members on the performance of their cooperative society

S/No	Performance indicators	Mean (\bar{x})	Decision
1.	Satisfactory rate of cooperative profit	3.00	medium
2.	Sales turnover	2.74	low
3.	Members welfare satisfaction	3.00	medium
4.	Democratic control and governance	3.00	medium
5.	Satisfactory return on investment and assets	3.00	medium
6.	Service delivery (e.g. credit delivery)	3.35	high
7.	Growth in membership strength	3.00	medium
8.	Growth in market share covered	2.89	low
9.	expansion of cooperative investment	3.00	medium
10.	satisfaction of members on goods and services	4.06	high
11.	Increased output production	2.74	low
12.	Well organized capacity building program	3.00	medium
13.	High level of members' involvement	3.00	Medium
GrandMean (\bar{x})		3.00	Medium

Source: Field Survey, September 2011

The above result explained the responses of the cooperative members on how they perceived the performance of their cooperative society. Meanwhile, five-point Likert scales was used to measure their response with 3.0 thresholds (i.e. > 3.00 is high, $= 3.00$ and < 3.0 is low). Therefore, the grand mean (3.00) indicated that the respondents (cooperative members) agreed that their cooperative society has performed in various areas which include a satisfactory rate of surplus (3.00). Members' welfare satisfaction (3.00); democratic governance and control (3.00); return on investment and assets (3.00); service delivery

(3.35); growth in membership strength (3.00) and growth and expansion of cooperative investment (3.00).

Test of Hypothesis One (H01)

H0: There is no significant relationship between cooperative performance and members' participation in cooperative activities.

H1: There is a significant relationship between cooperative performance and members' participation in cooperative activities

To test this hypothesis, the grand mean of (the level of members' participation) and (responses of members on the cooperative performance) were obtained and subjected to Pearson correlation analysis.

3.5 Result Pearson Correlation Analysis

Model	Cooperative Performance	Members' Participation
Pearson correlation	1	0.974**
Performance Sig. (2 tailed)		0.000
N	112	112
Pearson correlation	0.974**	1
Performance Sig. (2 tailed)	0.000	
N	112	

** Correlation is significant at the 0.01 level of significance (2 – tailed).

4.0 DECISION

The result above showed that the two variables are significant at 0.01 level of significance and significant relationships exist between the two variables. As such, the null hypothesis was rejected while the alternate hypothesis was accepted, that is there is a significant relationship between cooperative performance and members' participation. The implication of this is that the result shows that members who actively participate in cooperative activities are those who acknowledge that the cooperative has performed satisfactorily.

5.0 CONCLUSION

Members' participation has been a great driving force for the positive and favorable performance of the cooperative society. It consists of several kinds, namely participation in business activities like buying and selling/loan and saving), participation in the capital of fertilization (consciousness members in meeting their obligation, that is paying the major deposits, mandatory deposits, As the study showed that the members of the cooperative have shown a commitment towards active participation in the activities of their society and their participation level was measured at medium level. The Findings from the study revealed that

members' socioeconomic characteristics have a significant power on their participation in cooperative activities. The study also showed that the cooperative performance level was medium. Members are satisfied with this performance of their society as there is a significant relationship between cooperative performance and members' participation.

6.0 RECOMMENDATIONS

Therefore, in order to build up members' participation to improve cooperative performance the following recommendation is made necessary:

- ❖ Participation has a positive relationship with performance, cooperative members are encouraged to show more commitment and participate in the activities of their cooperative society. This will strengthen the performance of the cooperative, and as such; it will facilitate the attainment of group objectives as well as individual goals.
- ❖ The cooperative should give a sense of belonging to its members carrying them along and getting them involved in the decision-making process. This will not only improve members' participation but as well enhance the generation of ideas and business innovations that will increase cooperative performance.
- ❖ Society should do as much as it could to diversify its investment. This will encourage the members to participate, invest and commit more resources because they will be motivated by the returns or benefits that be increased to them from their commitment and investment.

REFERENCES

- Aini, Y. M., Hafizah, H. A. K., and Zuraini, Y. (2012), 'Factors Affecting Cooperatives' Performance in Relation to Strategic Planning and Members' Participation,' *Procedia-Social and Behavioral Sciences*, 65, 100-105
- Birchall J. (1999). What makes people participate in Cooperatives? Towards a Theoretical Model, Brunel University, UK. *Journal of Rural Cooperations*, Vol. 27(1), 1999:3 – 15 ISSN 0377 – 7480.
- Birchall J. and Simmon R (2004). What motivates Members to Participate in the Governance of Consumer Cooperatives? A Study of the Cooperative Group. Research Report No. 2 University of Stirling UK. Retrieved from
- Delacruz, J.M. (2007). Participation among the Members' of Parista Barangay Defence System Multipurpose Cooperative in Biotechnology Project Department of Social Science, College of Arts & Sciences, Central Luzon State University, Science City of Munoz Nueva Ecija Philippines
- Harun, M. Z. M. B., and Mahmood, R. B. (2012), 'The Relationship between Group Cohesiveness and Performance: An Empirical Study of Cooperatives Movement in Malaysia,' *International Journal of Cooperative Studies*, 1(1), 15-20.
- International Co-operative Alliance (ICA) (2013), Official website of the International Co-operative Alliance. (n.d.). ICA: International Co-operative Alliance.

Onyima J.K and Okoro, C. (2009). Cooperatives Elements, Practice, and Principles. AwkaMaxiprints Nig. Ltd.

Rajesh, A., Raju K.V, Prathap, R.; Srinivasan, R; Sriram M.S., (2002). Members-Funds and Cooperative Performance among Multipurpose Cooperative in Andhra Pradesh India. Retrieved from Wikipedia.[http://www. google.com](http://www.google.com)2013

Taiwo, A.O. (2013). Effect of Member Participation on Cooperative Performance. Unpublished M.Sc Seminar Presented in Department of Cooperative Economics and Management Nnamdi Azikiwe University AwkaAnambra State Nigeria.

ACKNOWLEDGEMENTS

The process of writing this article has been one of the most humbling and self-reflecting experiences for me. The desire for this work has originally come from my long-time appetite for writing something on cooperative-related topics. As the world is driving towards advancement, it is equally important to cherish our past. I have a strong belief that history creates the present and this write-up is a purpose to prove this. Also, this lengthy work was impossible with teamwork. Their amount of hard work is truly commendable.

I would like to express my gratitude to a number of people who supported me. I am deeply indebted to DR.A.MARUTHI. VARAPRASHAD (ASSOCIATE PROFESSOR) for his patience with me and many versions of this paper. His valuable advice, academic guidance, and encouragement kept me going through the most critical stages of writing. I am very grateful to the CO-SUPERVISOR (Prof. S.NAKKIRAN) of Ph.D. program coordinator who strengthens me in the cooperative idea and assured me time and again that this research will find its application down the road.