

Mekelle University

College Of Business and Economics

Department Of Management



**Assessment of Members Perceptions towards Factors Influencing the Success
of Cooperatives**

(A survey of Agricultural Marketing Cooperatives in Becho Woreda)

BY:

Ephrem Dejene

**A Thesis Submitted in Partial Fulfillment of the Requirements for the Award of
Master of Business Administration Degree
(Marketing Specialization)**

Principal Advisor: Tewelde Mezgobo (Assistant Professor)

Co-advisor: Desta Kidanu (Lecturer)

June 2014

Mekelle, Ethiopia

MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MBA program



Assessment of Members' Perceptions towards Factors Influencing the Success of
Cooperatives

(A survey of Agricultural Marketing Cooperatives in Becho woreda)

By:

Ephrem Dejene

A Thesis Submitted in Partial Fulfillment of the Requirements for the Award of

Master of Business Administration Degree

(Marketing Specialization)

Principal Advisor: Tewelde Mezgobo (Asst. Professor)

Co-Advisor: Desta Kidanu (Lecturer)

June 2014

Mekelle, Ethiopia

DECLARATION

I, **Ephrem Dejene**, hereby declare that the thesis entitled “**Assessment of Members’ Perceptions towards Factors Influencing the Success of Cooperatives: A survey of Agricultural Marketing Cooperatives in Becho woreda**”, submitted by me for the award of the Degree of **Master of Business Administration in Marketing** of Mekelle University at Mekelle, is my original work and it hasn’t been presented for the award of any other Degree, Diploma, Fellowship or other similar titles of any other university or institution. Finally, I confirm that source references used in thesis are dully recognized.

Ephrem Dejene

Signature.....

Mekelle University

College of Business and Economics

Date

Department of Management

Tigrai- Ethiopia

CERTIFICATION

This is to certify that this thesis entitled “**Assessment of Members’ Perceptions towards Factors Influencing the Success of Cooperatives: A survey of Agricultural Marketing Cooperatives in Becho woreda**” submitted in partial fulfillment of the requirements for the award of the degree of **Master of Business Administration in Marketing** to the College of Business and Economics, Mekelle University, through the Department of Management, done by Mr. **Ephrem Dejene**, ID No.**CBE/PR:045/05** is an authentic work carried out by him under our guidance.

Advisors

Principal Advisor:

Tewelde Mezgobo (Asst Professor)

Signature.....

Mekelle, Ethiopia

Date: 23/06/2014

Co-advisor:

Desta Kidanu(Lecturer)

Signature

Mekelle, Ethiopia

Date: 23/06/2014

Approval Board of Examiners

External Examiner

Name: _____

Date: 23/06/2014

Signature:

Internal Examiner

Name: _____

Date: 23/06/2014

Signature:

Abstract

This survey study aimed at assessing and identifying the factors influencing the success of agricultural marketing cooperatives in Becho Woreda. The targets for this research were members of AMCs. For the sake of achieving the objectives of this study, responses were elicited from two hundred twenty (220) respondents who were drawn from the target population using two-stage random sampling procedure. Face-to-face interviews were conducted with 10 officers' and cooperative leaders of AMCs. Data were analyzed using descriptive and inferential analyses. Besides, the qualitative data collected were analyzed using descriptive narrations through concurrent triangulation strategy. To facilitate the data processing and analysis activity SPSS version 20 was used. The empirical study identified six major factors for the success of AMCs which include: member participation factor, member commitment factor, structural factor, communication factor, managerial factor, external factor. The results showed that, "participation in cooperative governance, "mutual trust"; "membership homogeneity"; "communication medium"; "interpersonal skills" and "market access" are the highly influential factors for the success of AMCs. The findings further indicate that, there exists positive significant ranging from low to strong relationship was found between independent variables and dependent variable. Moreover, the selected independent variables significantly explain the variations in the dependent variable. Finally, the study has suggested cooperative promoter, government, and prospective members should prioritize those factors that have greater impact on their success than do others i.e., commitment of members and their participation.

Key Words: AMCs, success, member participation factor, member commitment factor, structural factor, communication factor, managerial factor, external factor.

Acknowledgement

This thesis is a product of the energy, efforts and thoughts of many different people that I had the pleasure to work with during the past six months. My greatest appreciation goes to my principal advisor Mr. Tewelde Mezgobo (Asst Professor) and co-advisor Mr. Desta Kidanu(Lecturer) for their continual font of ideas, stimulating suggestions, constructive and very supportive comments, and encouragement helped me in all the time of research.

I am very thankful to all of my families who were in my side since my childhood. My greatest appreciation is to my mother, for her moral and material support throughout my study. Dejene Tadesse, Samira Dejene and Frehiwot Dejene you deserve special gratitude, I don't have anything precious like you. I am very thankful to Fanosu Bonsa, Wendu Ayelew, Tesfaye Tadesse, Kasahun Ayelew and Kasahun Feleke for their imperative moral support.

Thanks to the lecturers in my courses that helped me in my studies and generously gave me idea to carry on in this project. I am also very grateful to Becho Woreda Office of Agriculture and Rural Development, Cooperative Promotion Office workers, cooperative experts, cooperative leaders and affiliated primary cooperative members in the study areas without their help and cooperation this study would have not been materialized.

I am indebted to extend my heartfelt praise and gratitude to all of my friends; and to many people which I cannot mention their names here but contributed a lot to successful completion of this research.

Finally, I am indebted to the works and authors that I used in this research and to several anonymous referees whose works added value to this thesis in one way or another.

I thank Almighty God for your blessings

Lists Abbreviations and Acronyms

ACDI	Agricultural Cooperative Development International
AMCs	Agricultural marketing cooperatives
Coops	Cooperatives
CPR	Cooperative Promotion and Registration
DFID	Department for International Development
ICA	International Co-operative Alliance
ILO	International Labor Organization
IOF	Investor-Owned Firm
Ltd	Limited
MOFED	Ministry of Finance and Economic Development
NGCs	New Generation Cooperatives
SPSS	Statistical Package for Social Science
UN	United Nations
USA	United State of America
USAID	United States Aid for International Development
USDA	United State Department of Agriculture
USOCD	United States Overseas Cooperative Development Council
VOCA	Volunteer Organization for Co-operative Assistance

Contents

Title	page
DECLARATION	I
CERTIFICATION	II
Abstract.....	III
Acknowledgement	IV
Lists Abbreviations and Acronyms.....	V
List of Figure.....	IX
List of Tables	X
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.2. Statement of the problem	3
1.3. Research question	5
1.4. Objectives of the study.....	5
1.5. Research hypothesis.....	6
1.6. Scope and Limitation of the study	6
1.7. Significance of the study.....	7
1.8. Organization of the paper.....	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1. Cooperatives Definition and concepts	9
2.2. Basic principles of cooperatives	10
2.3 Global agricultural cooperatives	11
2.4 Agricultural marketing cooperatives in developing countries	12
2.5 Agricultural marketing cooperatives in Ethiopia	14
2.6. Empirical studies on cooperatives.....	16
2.6.1. Definition and measurement of success in cooperatives	16
2.6.2. Factors influencing the success of cooperatives.....	17
2.6.2.1 Internal factors	17
2.6.2.2 External factors.....	21
2.7 Conceptual framework.....	23
CHAPTER THREE: RESEARCH METHODOLOGY.....	25
3.1 Research Strategy and Design.....	25

3.2 Data types and sources.....	26
3.3 Target Population and Sample size.....	26
3.4 Sampling Techniques.....	27
3.5 Data collection instrument and fieldwork.....	27
Questionnaire Design	28
Data Collection Procedures	28
3.6 Instrument Development.....	28
3.7.1 Design of the Instruments.....	29
3.7.2 Instrument Validity and Reliability	29
3.7.Data Processing and Analysis.....	30
Descriptive Analysis.....	30
Inferential Analysis.....	31
3.8 Ethical considerations	33
CHAPTER FOUR: RESULTS AND DISCUSSION	35
4.1 Introductions	35
4.2. Demographic characteristics of respondents.....	35
4.2 Degree of agricultural marketing cooperative success.....	38
4.4. Identifying the key success factors for agricultural marketing cooperatives	39
4.4.1 Results of Measures of Central Tendency and Dispersion of Factors.....	39
4.4.1.1. Commitment Factors	39
4.4.1.2. Participation Factors	41
4.4.1.3. Structural Factors.....	43
4.4.1.4. Communication Factors.....	45
4.4.1.5. Managerial Factors	47
4.4.1.6. External Factors	49
4.4.2. Comparison of Factors.....	51
4.4.3 Results of Inferential Statistics	53
4.4.3.1 Pearson’s Product Moment Correlation Coefficient	53
4.4.3.2 Regressions Analysis.....	55
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS	59
5.1 Conclusions.....	59
5.2 Recommendations.....	61

5.3 Potential areas for future research.....	63
References.....	64
Appendix 1: Questionnaire for members.....	77
Appendix 2: Interview Questions	87
Appendix 3: Correlation Matrix.....	88
Appendix 4: Regression outputs and tests	90

List of Figure

Title	page
Figure 2.1: Conceptual framework of the study.....	24

List of Tables

Title	page
Table 4.1: General background information of respondents-----	37
Table 4.2: Evaluating the degree of Agricultural Marketing Cooperatives Success-----	38
Table 4.3: Commitment factors for the success of agricultural marketing cooperatives-----	40
Table 4.4: Participation factors for the success of agricultural marketing cooperatives-----	42
Table 4.5: Structural factors for the success of agricultural marketing cooperatives-----	44
Table 4.6: Communication factors for the success of agricultural marketing cooperatives-----	46
Table 4.7: Managerial factors for the success of agricultural marketing cooperatives-----	48
Table 4.8: External factors for the success of agricultural marketing cooperatives-----	50
Table 4.9: Comparison of the major factors-----	52
Table 4.10: The relationship between independent variables and success-----	54
Table 4.11: Coefficients table of multiple regression analysis-----	57

CHAPTER ONE: INTRODUCTION

This part of the paper presents the background of the study, statement of the problem, research questions and objectives of the study, significance of the study, scope of the study, limitation of the study and organization of the paper.

1.1 Background of the study

Human beings greatest socio-economic achievements have merely become possible through community participation and group collaborative work. Cooperatives account as one the different legal forms of mobilizing communities' and directly involved into activities supporting to the development of economy of any country. The international representative body for co-operatives, the International Co-operative Alliance, defines a co-operative as: An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise (ICA, 1995). According to Digby (2003) agricultural marketing cooperative is a system in which a group of farmers join together in order to carry out part or all of the processes involved in bringing the produce from the producer to the consumer or users.

Agricultural marketing cooperatives are member-owned business enterprises that have a long history of successes in the developed and the developing country. Indeed in different parts of the industrialized countries the formation of agricultural marketing cooperatives has played a major role in the development of agriculture. According to Aref (2011) agricultural marketing cooperatives are a significant form of business enterprise; can play an important role in the development of agriculture of even in industrialized countries and in rural population, where they are considered as an integral part of the social fabric.

Even though, it is generally believed that successfully managed agricultural cooperatives have great potential in rural development in general and agricultural development in particular; a mixture of definitions has been used, in order to determine the success of cooperatives enterprise. For instance, Bruynis et al. (2007) define success in terms of longevity, business growth,

profitability, and members' satisfaction. Sexton and Iskow. (2005) measure success based on self-evaluation. Ziegenhorn. (2003). understands success of networks in terms of their survival.

With respect to the factors involved in the success of cooperatives, the findings in John et al (2006) indicate that members' knowledge of cooperative principles and commitment to these principles are the most effective parameters in a cooperative's success. Amodio. (2007) also maintains that members' enhanced knowledge of cooperative values and principles is one of the influential factors in a cooperative's success. Amini and Ramezani.(2006) found members' participation in cooperative administration to be a major contribution to cooperatives' success. US Department of Agriculture also emphasizes the importance of member participation in cooperatives' success, assuming participation to arise from members' knowledge of and commitment to cooperative principles (USDA, 2002). Australian Agricultural Council stresses the direct relationship between members' participation and the cooperative's success, again taking member participation to rely on their knowledge and commitment to cooperative principles (AAC, 2001).

In addition to, considering the members' understanding of cooperative principles and their beliefs about participation, they have also considered the interpersonal and management factors in co-operatives, and have classified those as factors effective in the success of co-operatives (Russoa et al., 2005). Bhuyan (2007) has also indicated that disloyalty in following the cooperative principles, and unavailability of powerful managers among members as the most important obstacle affecting the success of co-operatives. There is a significant correlation between the management factors and degree of success.

Chambo et al. (2007) state that cooperative in many African countries are comprised of resource poor farmers, which make external assistance necessary for the group to achieve various economic gains from their successful cooperatives. Furthermore, Hill et al. (2007) considered assistance that act as motivation for farmers in cooperative, government policies, regulatory frameworks and market factors as essential external factors in the success of cooperative. These factors can influence the success of cooperatives, especially in developing countries, where cooperatives are still underdeveloped.

In Ethiopia, a period which modern cooperatives were started, agricultural cooperatives were setup in the form of cooperative production or agricultural collectives to jointly produce commercial and industrial crops i.e., coffee, tea and spices (Abate et al., 2013). They were not in a position to operate successfully due to unenforceability of efforts, inequitable incentives, higher agency costs, and slow and centralized decision-making, which are inherent problems of collective production (Deininger, 2005).

However, currently with varying degrees of success, agricultural cooperatives are longstanding and widespread throughout the country (Bernard et al., 2010; Bernard & Spielman, 2009, & Tiegist, 2008). The recently established Agricultural Transformation Agency (ATA) has also been embarking on a major policy drive for successful development farmers' marketing cooperatives as a way to increase the commercialization of smallholder agriculture and the improvement of rural livelihoods; as agricultural cooperatives, which are typically organized as supply and/or successful marketing cooperatives contribute to the development of rural areas.

Having the above issues in mind and important role cooperatives can play in the development of the country's agricultural sector. The data from the Becho Woreda cooperative promotion and Registration office shows that agricultural marketing cooperatives are relatively well organized and developed. Accordingly, until 2013, 14 agricultural marketing cooperatives, 4 savings and credit cooperatives and 5 mining cooperatives were organized (CPRO, 2013).

1.2. Statement of the problem

Starting and operating marketing cooperatives includes a possibility of success as well as failure. Because of their low financial base, a simple management mistake is likely to lead to failure of a society hence there is little opportunity to learn from its past mistakes. David. G (2005) argues that there is no such thing as a perfect co-operative - as there is no such thing as a perfect economy. The factors of success exist in different cooperatives and what matters is how co-operatives recognize this on an ongoing basis. Therefore; identifying the factors of success, it is indispensable to be clear about what is failed in unsuccessful cooperatives.

A number of studies have examined various key issues contributing to success of agricultural cooperatives. For instance, Hakelius (2009) notes that fundamental factors for any cooperative society include its members and active member's participation and commitment to the cooperative are integral for its success. Unal et al. (2009) results among fishery cooperatives in Turkey revealed that financial, structural, educational and legislative problems are almost fundamental reasons for failure of all fishery cooperatives. On other hand, good interest from the membership was found as essential in cooperative's success. Furthermore, the Study in Northwest China on two cooperatives showed that high level efficient internal management, transparency, democracy and excellent communication between members and management were important factors for the success and development of cooperatives (Sun, 2011).

Factors contributing to the success and failure of cooperatives are not limited to those mentioned above; other factors have also been offered. The success of marketing cooperative business depends not only internal and external condition; but also on the capability and quality of society. In a qualitative study of the success and failure determinants of cooperatives in Kenya (Nyoro, 2007) noted that economic factors, organizational factors, and individual attributes such as high quality products, proper skills, and training education of management committee and staff members contribute to the success of cooperatives.

Although a number of studies have examined various key issues contributing to success of agricultural cooperatives, recent studies has pointed out that there is heterogeneity in the literature with regard to cooperative success factors (Bravo-Ureta & Lee, 2006; Meyer, R., & Larson, D., 2007; Jensen, 2007; Wadsworth, 2002; Lind & Åkesson, 2005; & Zeuli, 2005). Furthermore with diversity in method as well as subject matter, understandably from country to country (Azadi & Karami, 2010), a growing body of literature seeks further studies on factors that contributed to the success of cooperatives. Therefore, this highlights the need for further research in this area.

Moreover the analysis of success factors is essential, as Torgerson (2006) has pointed out; learning about the success of cooperatives needs ongoing studies. Additionally, he stated that continuous assessment of the link between factors influencing the success of the agricultural cooperative is expected to reveal information that is crucial to improving the situation of

unsuccessful cooperative and reduce the failure rate of cooperatives. Also, significant progress has been made in attempt to study on the area of agricultural cooperative performance (Daniel. B, 2006 & Ahmedin.S, 2008), role in input output marketing (Jemal.M, 2008) has been done in Ethiopia, and no/ little is done on factors for success of agricultural marketing cooperatives.

To address above problems, this study therefore aims to provide a holistic view of various factors in the success of AMCs through a comprehensive review of literature and empirical study available on the area. This resulted in the development of a theoretical framework for the initiation of policies and programmes for cooperatives development. From the practical point of view, it serves not only to provide a self check to current cooperatives, but also to decrease the failure rate of future cooperatives through a better understanding of the determinants of the success of cooperative. Such an understanding of the pre-requisites for Becho Woreda AMCs to perform well in their businesses is of critical importance especially in today's competitive environment.

1.3. Research question

In view of the problems, the central question of this study is: what are the factors that mostly influencing the success of agricultural marketing cooperatives in Becho Woreda? Specifically, the following sub-questions are raised:

- What were factors influencing the success of agricultural marketing cooperatives?
- What were the relationships between success and different factors influencing the success of agricultural marketing cooperatives?
- To what extent was different factors impact success of agricultural marketing cooperatives?

1.4. Objectives of the study

1.4.1. General Objectives

The overall objective of the study is to assess and identify factors influencing the success of agricultural marketing cooperatives in Becho woreda.

1.3.1. Specific objectives

In an attempt to achieve the general objective of the research, it also addressed the following specific objective. The research were

- ❖ Identify members' perception towards the success level of agricultural marketing cooperatives.
- ❖ Identify and analyze factors influencing the success of agricultural marketing cooperatives.
- ❖ Investigate the major predictors for the success of agricultural marketing cooperatives.

1.5. Research hypothesis

With the help of sufficient and appropriate empirical data on the factors influencing the success of agricultural cooperatives and moreover, considering the objectives and conceptual framework, the following hypotheses are formulated. As a general working hypothesis or proposition, the success of agricultural marketing cooperatives are influenced by:

1. The significant contribution of member participation factor to success of AMCs
2. The significant contribution of member commitment factor to success of AMCs
3. The significant contribution of structural factor to success of AMCs
4. The significant contribution of communication factor to success of AMCs
5. The significant contribution of managerial factor to success of AMCs
6. The significant contribution of external factor to success of AMCs

1.6. Scope and Limitation of the study

1.6.1. Scope of the study

The study is delimited in terms of geographical, conceptual and methodological aspects to achieve the objective of the study within the time and budget framework. The research is delimited in Becho woreda only in terms of geographical delimitation. Conceptually it is restricted only on success factors pertaining to the member participation, member commitment, structural, communication, managerial and external factors. Methodologically, the research was focused on the members of agricultural marketing cooperatives more than three years of establishment and it did not include non- members.

1.6.2. Limitations of the study

In spite of many efforts to reduce bad sides of researches every research suffer from some limitations. This study is also subject to the following limitations results from its scope of study.

The study undertaken was cross-sectional survey, which various segments of a population are sampled and data are collected at a single moment in time. However, the study observes that those successes factors in cooperatives are better understood if we collect data at different time. Moreover, the research is restricted on the samples that were drawn only from members of agricultural marketing cooperatives Becho woreda; this will limit the research's ability to conclude about businesses of other scales.

As a result of different constraints the study considered only 243 samples, which is believed to be representative of the population, but the researcher believes that considering much more number of respondents could give much better result. So other studies are advised to consider more samples than used in this research. And finally, lack of the specific research conducted on agricultural marketing cooperatives will creates the difficulty to compare the results with other researches done in other areas of the country.

1.7. Significance of the study

The finding generated by this study will be useful to different stakeholders. Firstly, it would be useful for the management bodies of the primary marketing cooperatives under consideration as well as other cooperatives operating under similar conditions in capitalizing their success factors through appropriate and relevant measures. The information would also provide a good lesson for new cooperatives to consider those success factors at the very beginning. Secondly, the findings of the research have policy implications. It indicated important success factors which should be considered for successful development of agricultural cooperatives and thereby reduce failure rate of those cooperatives. Thus, the findings can be used as input for the federal cooperative agency and other interested institutions on cooperatives while devising a policy on increasing cooperative success. Finally, this study could be a good stepping-ground for other studies on agricultural marketing cooperatives business. In brief, this research would be useful to cooperatives societies, researchers, and governmental and nongovernmental organizations for

their policy formulation, planning and successful development of agricultural marketing cooperatives in the country.

1.8. Organization of the paper

The study was organized into five chapters. Chapter one introduced the study by giving the background information, the research problem, objectives, and significance of the study, delimitation and limitation of the study. Chapter two presents theoretical background on agricultural marketing cooperative from world perspective to Ethiopian case followed by a review of previous studies particularly empirical literatures related to the measurements of cooperative success, several internal and external factors influencing the success of cooperatives and the conceptual framework.

Chapter three discussed the research methodology adopted for the study and relevant justifications. It outlines the methodology for carrying out the secondary and primary data collections. The results with descriptive and inferential statistics are presented and discussed in the fourth chapter. Lastly, chapter five presents the conclusions that were draw from the research findings and recommendations with regard to the success factors of agricultural marketing cooperatives.

CHAPTER TWO: LITERATURE REVIEW

This section reviews different cooperative concept and definition, activities of agricultural marketing cooperatives from world perspective, developing countries to Ethiopia. Moreover this section provides various empirical literatures. The empirical literatures focus on measurements of cooperative success, several internal and external factors influencing the success of cooperatives and the conceptual framework.

2.1. Cooperatives Definition and concepts

The definitions of cooperatives are numerous and varied. However, the International Cooperatives Alliance (1995) defines a cooperative as “An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise”. This suggests that cooperatives are, first and foremost, voluntary business associations formed by people of limited means through contribution of share capital that forms the basis of sharing out the profits that accrue from the business. In addition, the income generated from the enterprise can as well be used to meet other social and cultural needs and aspirations as determined by the members (Wanyama et al, 2009).

In its own definition, the ILO also points out that members accept a fair share of the risks and benefits of their cooperative undertakings (ICA, 1995). A cooperative has been defined by the Central Council for Agricultural and Horticultural Cooperation as an “association of producers/consumers who together can achieve some commercial objective more successfully than they can as individuals” (Barker, 2001).

Countries tend to define a cooperative, usually in their relevant proclamation, in ways that reflect the national contribution they see the cooperative model of organization making. Likewise, the Ethiopian (cooperative societies Proclamation No. 147/1998) defined cooperative society as “a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage the same”.

2.2. Basic principles of cooperatives

Cooperatives in general have their own guiding principles and value concepts, such as self help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility, and caring for others. The guiding principles of cooperatives have been developed since 1937, i.e., the first Rockdale cooperative principles (Veerakumaran, 2003). Unlike the private, public, or voluntary sectors, almost all cooperatives around the world are guided by the same seven principles: - voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community (Henry, 2005).

Accordingly, International Cooperative Alliance (1995) stated these seven principles as follows:

1. **Voluntary and Open Membership:** Co-operatives are voluntary organizations; open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, and social, racial, political or religious discrimination.

2. **Democratic Member Control:** Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. **Autonomy and Independence:** Cooperatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including

governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

6. Cooperation among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community: Cooperatives work for the sustainable development of their communities through policies approved by their members.

2.3 Global agricultural cooperatives

Agricultural cooperatives are an important form of business enterprise. An agricultural cooperative, also known as farmer's cooperatives is a cooperative where farmers pool their resources in certain areas of activity. Historically, agricultural cooperatives have played an important role all over the world in providing market access, credit and information to producers.

The modern cooperative originated in Europe and spread to other industrializing countries during the late 19th century as a self-help method to counter extreme conditions of poverty (Hoyt, 2001). However, one development that probably had the greatest singular impact on determining agricultural cooperatives' unique operating principles was the formation in 1844 of the Rochdale Society of Equitable Pioneers, Ltd The cooperative's objectives were to address members' needs for better housing, employment, food, education and other social requirements. Another important development regarding cooperatives serving as credit or banking institutions was the establishment of the first savings and credit cooperative in 1864 by Friedrich Wilhelm Raiffeisen in Germany. The objective of the Raiffeisen Bank was to provide savings and credit services in urban and rural areas based on the idea of "self-help". Raiffeisen is generally given credit for developing the rules that govern present-day credit unions (Chambo et al., 2007)).

In particular, agricultural cooperatives in the United States and Western Europe have played an important economic role in providing competitive returns for independent farmers (Chaddad et al., 2005). Moreover they report that Agricultural cooperatives in those countries were established as service providers and were primarily aimed at countervailing the market power of producers' trading partners, preservation of market options and reduction of risk through pooling. They have also been accorded with a range of public policy supports that has encouraged their market coordination role in agri-business.

The development of cooperatives over time has been shaped by many factors and influences. Hansmann, H. (2006) group these into three main types (all interrelated): (1) economic conditions (caused by war, depression, technology, government economic policy, etc.); (2) farmer organizations (including quality of their leadership, their motivation and enthusiasm to promote cooperatives, power to influence public policy, etc.); and (3) public policy (as determined by government interest, legislative initiative, and judicial interpretation). Since about 1988 two phenomena have been occurring in the organization of agricultural cooperatives in the US: (1) the restructuring and consolidation of conventional cooperatives and (2) the emergence of new generation cooperatives (Cook, 2005). NGCs retain many of the characteristics of conventional cooperatives, but they focus on value-added activities. Member capital contributions are linked to product delivery (marketing) rights which attain value and can be transferred, and membership is closed or restricted. These developments suggest that cooperative strategies are becoming more offensive in nature. Cropp (2002) contends that cooperatives in the US have matured to become a significant force in agriculture, and play an increasing role in influencing national agricultural policies.

2.4 Agricultural marketing cooperatives in developing countries

Agricultural marketing cooperatives are set up in order to market and sell the marketable surpluses produced by its members such as cereals, vegetables, oilseeds, coffee, livestock, and fish produces when prices are better for their maximum benefit. So marketing co-operative is a beneficial system in which a group of farmers join together in order to carry out part or all of the process involved in bringing the produce from producers to consumers (Woldu, 2007).

In developing countries attempts to organize farmers into cooperatives have often failed, although cooperatives have the potential to supply farm inputs and market farm products that are

both important for agricultural development (Hoyt, 1999). DFID (2008) provides a brief overview of cooperative development in African countries. Akwabi-Ameyaw (1999) suggests that in Africa farmer cooperatives have often failed because of problems in holding management accountable to the members (i.e., moral hazard), leading to inappropriate political activities or financial irregularities in management. Van Niekerk (2000) reports that cooperative failures in the former (less-developed) homelands of South Africa were due mainly to lack of management experience and knowledge, lack of capital resources, and disloyalty of members due to ignorance. Some successes include food processing cooperatives in Argentina and Brazil, and cooperatives processing and marketing milk, sugar, and oil seeds in India (Meyer, R., & Larson, D., 2007). ACIDI/VOCA (2005) lists a number of successful cooperative ventures that they helped to establish in developing countries. Government policies regarding cooperatives are critical because they can constrain or enhance independent cooperative development (Janet, 2005).

In developing countries, the percentages of the population living in rural areas are typically the majority; the villages are almost farmers and are distinguished by subsistence economy. Their production unit is based on the family labor which produces the food for its own consumption, and for payment of debt, taxes, and other expenses (Galor, 2009). Another characteristic of the agricultural marketing in rural areas lies in the fact that poor farmers in developing countries sell their produce at the harvest time as 'distress sale' because the poor have no holding power, till prices rise by the better farmers, because of pressure of several type of objectives, as to pay taxes and meet household needs children's education, clothing and other basic necessities which need urgent fulfillment (Woldu, 2007:24).

In Africa the first, since the start of agricultural co-operatives during the colonial days, they were linked to the co-operative marketing of agricultural exports (Carlsson, 2002) In Tanzania, Kenya, Uganda, Ghana and Nigeria; co-operatives were established to market coffee, cotton, cashew nuts and cocoa. The development of food marketing co-operatives was associated with post colonial governments, when they realized the organizational importance of the co-operative enterprise for the development of the whole country.

As far as market development is concerned, it has been evident that agricultural marketing cooperatives have been responsible for introducing the exchange economy in remote rural areas

in Africa. By doing so, co-operatives have been responsible for developing modern markets in rural areas, where. The co-operatives provide a ready market for farmers' crops but also absorb transaction costs (Holloway et al., 2000), which would otherwise hinder small farmers from market and production integration.

2.5 Agricultural marketing cooperatives in Ethiopia

In Ethiopia, however, the tradition of modern agricultural cooperatives was completely different from the western type of agricultural cooperatives from the initial days of imperial regime to the socialist regime. During the imperial regime (1960s-1974), a period during which modern cooperatives were started, agricultural cooperatives were setup in the form of cooperative production or agricultural collectives to jointly produce commercial and cash crops (i.e., coffee, tea and spices). They were not in a position to operate efficiently and effectively due to unenforceability of efforts, discriminatory incentives, higher agency costs, and slow and centralized decision-making, which are inherent problems of collective production (Deininger, 2005).

During the socialist regime (1974-1990) as well agricultural cooperatives continued to be extended arms of the state and were used primarily as instruments of the government in order to control the agricultural sector and prevent the rise of capitalistic forms of organization in the country (Rahmato, 1990). There were two types of agricultural cooperatives during this period: production cooperatives engaged in collective production and service cooperatives handling modern inputs, credit, milling services, selling of consumer goods, and purchasing of farmers produce. Production cooperatives were expected to operate over 50 per cent of the nation's cultivable land in the same fashion of joint production and were believed to be more cost-effective (Rahmato, 1994). However, ill-conceived policies coupled with shirking by coerced farmers resulted in lower output and underutilization of scale and deployed labors by cooperatives as compared to individual farmers. Besides, forced formation and routine intervention from the state agents are critical factors, which contributed to the poor record of agricultural cooperatives during this regime (Rahmato, 1993).

Subsequently, when the new mixed economic system was introduced in 1991 farmers were given the choice to work on commonly or individually owned land; the past negative experience led most of the farmers to reallocate common lands to individual holdings, which

eventually led to the collapse of most production cooperatives (Abegaz, 1999). During the transition period, despite the efforts made to create an enabling environment for agricultural cooperatives through the issuing of new regulations, most of them continued to be burgled by individuals and others downsized due to competition from the private traders following trade liberalization (Kollock, 2007 & Rahmato, 1994). In general, prior to 1990 agricultural cooperatives in Ethiopia were ‘pseudo’ cooperatives both in their undertakings and membership.

During the late 1990s, the government of Ethiopia revived its interest in cooperatives and they become part and parcel of the country’s agriculture and rural development strategy (Getnet & Tsegaye., 2012); MoFED, 2006). In particular, the government strongly promoted agricultural marketing cooperatives to encourage smallholders’ participation in the market (Bernard et al., 2008). As proclaimed in the new legal framework, this new wave of cooperative organizations was thought to be different from previous cooperative movements. Although externally induced formation is still prevalent, in relative terms the new policy allows cooperatives to be diverse and independent participants in the free market economy.

As part of the government support for cooperative promotion, cooperative governance was also reinforced through the establishment of the Federal Cooperative Commission in 2002, a public body to promote cooperatives at the national level (Bernard et al., 2010; Francesconi and Heerink, 2010; Kodama, 2007). The commission was established with a plan of providing cooperative services to two-thirds of the rural populations and to increase the share of agricultural cooperatives in input and output marketing through the establishment of at least one primary cooperative in each kebele. While there is evidence that suggests a consequent growth in the cooperative movement in Ethiopia, its coverage remains 35 per cent of kebeles, and only 17 per cent of the households living in those kebeles are members (Bernard et al., 2008).

2.6. Empirical studies on cooperatives

2.6.1. Definition and measurement of success in cooperatives

Cooperatives success is essential, but it's not the only measure of success. The membership participation and governance in Low- and Middle-Income Countries are clear indicators of a cooperative's long-term business success, as well as how it meets social objectives (John W, 2009). Moreover, he report that growth in membership indicates that the word is spreading that the cooperative provides desirable service on a competitive basis, it is a business success. Cooperatives are first and foremost business operations that attract members based on the essential products and services they provide at competitive and affordable cost (USOCD, 2009).

There have been a lot of efforts to provide concise and understandable definitions to success in cooperatives, but not one was capable to come with a definition that can address all the factors which are considered as the basics for the success of cooperatives. Hence, there is no a single definition which is accepted by all researchers and practitioners of the field. However, various mixtures of definitions have been used, in order to determine and measure the success of cooperatives enterprise. For instance, Bruynis et al. (2007) define success in terms of longevity, business growth, profitability, and members' satisfaction. Sexton and Iskow (2005) measure success based on self-evaluation. Ziegenhorn (2003) understands success of networks in terms of their survival. Additionally, Rankin and Russell (2005) defined a cooperative success as one which is "economically successful and hence able to compete with other cooperatives and private sector". According to John (2004), the success of a collective action, such as a cooperative, has been viewed in different perspectives: one being institution- building (sociologists) and the second being economic productive behaviors (i.e. efficiency for economists).

Furthermore, Banaszak(2008), conducted an empirical survey study with 62 polish farmers cooperative enterprise, whose main aim was to organize joint sales of output produced individually by their members. And he proposed measuring the success of producer cooperative in terms of being able to coordinate the exchange between farmers and purchasers and additionally to operate at per unit costs, which do not exceed per the unit costs of organizing the transaction through alternative ways. Indicators, such as sound finance, increased income,

marketing capability and business planning and management could all be used to measure the economic and business outcomes of the success of farmer cooperatives (Bruynis et al. 2007; Fulton, 2004; & UN 2005),

2.6.2. Factors influencing the success of cooperatives

With diversity in method as well as subject matter, a growing body of literature seeks for factors influencing the success of cooperatives. In fact, there is no organized framework to comprehensively assess factors influencing the success of cooperatives. Here, the study reviewed the literature aiming at developing a conceptual framework.

Sexton and Iskow (2005) identified three significant critical factors essential for the success of agricultural marketing cooperatives, such as structural, financial and operational. The authors, after surveying 61 USA agricultural cooperatives, also identified different factors, like voluntary and open membership, accepting non- member business and employing permanent management, correlated with self-understood success. Banaszak(2008), identified four key factors that contributed to cooperatives success, such as leadership strength; group size; business relationship amongst members and a member selection process during the group's formation.

Abdelrahman and Smith (2007) stated that some agricultural cooperatives in Sudan have not been successful. They attributed this unsuccessful or failure to the lack of members' motivation in collective action. Ozdemir (2005) compared different three types of agricultural cooperatives in Turkey and argued that members' perception of democratic administration, awareness cooperative principles and frequency of visits to cooperatives by managing directors are the key determinants of success among those growing agricultural cooperatives. Overall, the successes of cooperatives have been broadly classified as external and internal to the cooperatives.

2.6.2.1 Internal factors

The internal factors that would have an effect on a cooperative's success are the ones that arise internally and these include members' commitment, members' participation, structural and communication and managerial factors.

Several studies have considered the 'demographic' characteristics of the directing board members and members of cooperatives, members' active participation, commitment to the cooperatives, and trust to each other (Hakelius, 2009; Azadi & Karami, 2010). There are several factors that contribute to members' commitment, such as the benefits that members receive from the cooperative (Osterberg & Nilsson, 2009); participation in the governance of cooperatives; and the cooperative's ability to translate members' needs into decisions (M. Fulton & Giannakas, 2007).

In a study of farmer-owned agricultural cooperative organizations, Wadsworth (2001) concluded that the demographic characteristics of the managing directors are critical for the cooperatives' success. Oosterhof et al. (2009) consider individual members' differences for understanding the cooperatives' behavior and Kirkman et al. (2004) describe the results of an investigation on how demographic heterogeneity in team working influences team empowerment and team effectiveness. Kleindorfer et al. (1999) point out that homogeneous members with similarities in their potential power and interests are more likely to achieve a higher cooperation rate. Dakurah et al. (2005) also noted that the attitude of the managing directors towards their cooperatives is a major predictor of their patronization behavior. Bhuyan (2007) considered the individual factor in cooperatives and argued that without having an active board of directors; cooperatives cannot survive in long-run. Furthermore, his study indicated that a good understanding of the managing directors' attitude and the members' behavior is necessary because the success of cooperatives may depend on it.

In line with cooperative principles, Gunn (2006) revealed that the impact of competition among agricultural cooperatives may be mitigated by the attachment that members have to cooperative principles and cooperation among cooperatives. The performance of a business is often related to the commitment of its employees to collective values, which itself is a precondition for the cooperatives' success (Tremblay et al., 2002). Costa (2003) found that trust between members in team working is positively related to the cooperatives' success and negatively to monitoring colleagues, indicating that the trust can work as an alternative for such a monitoring task. Managers also need to hold team members accountable for their behaviors (e.g. participative, cooperative, communicative, and forgiving) that encourage a high level exchange relationship (Cole et al., 2002). Teams that develop cooperative works appear to be in a good arrangement to reflect successfully on their performance (Tjosvold et al., 2004). Such actions reflect the degree

of cooperative interactions between members. Past researches have documented that cooperative actions enhance association outcomes (Lui & Ngo, 2005). Overall, understanding the cooperation concept in cooperative relations, fostering or maintenance of social interactions should be considered as a purpose (du Plessis, 2008) and an instrument for the survival of a cooperative in long run operation (Brislin et al., 2006).

Furthermore, the cooperative principles have also been challenged by the heterogeneity of cooperatives' members in their farm size, cultural background, and farm technology and practices. This heterogeneous membership, according to Hovelaque et al. (2009), affects the relationship between agricultural cooperatives and among their members, which in turn, influences members' satisfaction toward cooperative administration. Karantininis & Zago (2001) suggest that if managing directors do not develop new approaches to handle with the members' heterogeneity and disengagement, they will only attract dissatisfied and unproductive farmer producers. As a result, the low level of satisfaction among the members may discourage them in collective actions and thus reasons cooperatives to fail. This is the case in Abdelrahman & Smith's (2007) study which found some of agricultural cooperatives in Sudan have not been successful because of the lack of the members' motivation in their cooperative actions.

Esman & Uphoff (2008) have generally argued that local membership organizations are frequently ignored for the contributions they have and can make toward rural development. According to them, the success should be assessed based on different "human" contributions of agricultural cooperatives to rural development interventions. The contributions have already received much attention from researchers who have tried to find out how human attributes manipulate the 'success'. Zhu & Leonard (2008) declared the inadequate management, individualistic attitude and ignorance of cooperative principles on the part of members as the barriers against cooperative success. In addition to members' knowledge of cooperative principles and their commitment to them, Russoa et al. (2000) regard the human and managerial factor effective in cooperatives' success. The main reason for such a common focus, according to Arthur & Cook (2009), is that the managing directors of cooperatives are under an ever-increasing pressure to show a relationship between human resource factors and the financial performance of their firm.

Han et al. (2006) in China in the Zhejiang, Shandong and Hebei provinces reported that management of cooperatives is one key success factor. However, this study further focused on the importance of members' understanding, communication and support for their management. The cooperatives studied identified that management and governance work were done on a voluntary basis (no pay) in the early stages of development. Furthermore, competent leadership would ensure a well-organized transfer of information from the cooperative organization to its members and from its members to their cooperative organization. Incompatible and ineffective communication provides opportunity for a separate between member-owners and the cooperative. (Haigh, 2000), argued that members become far-away and inactive within the cooperative when they do not entertain the information to fully understand the cooperative value. Moreover he stressed that, this uncertainty created from the lack of communication, can influence member perception because they make "financial, emotional and intellectual investments in their organizations. An efficient communication process would also enhance leadership accountability, which is an important factor in the establishment of strong and independent cooperatives (Poulton, Kydd, & Dorward, 2006).

Factors contributing to the success and failure of cooperatives are not limited to those mentioned above; other explanations have also been offered. In a qualitative analysis of the success and failure determinants of agricultural cooperatives in Central Kenya, Nyoro (2007) noted that economic, organizational, and individual attributes such as high-quality products, appropriate skills, and education of management committee and staff members contribute to the success of cooperatives. In addition, debt burden, wrangles, hostilities, and vulnerability to competition are associated closely with unsuccessful cooperatives. The findings of a study conducted by Unal et al. (2009) among fishery cooperatives in Turkey introduce a few financial, organizational, educational, and legislative problems as the reasons for failure of almost all the fishery cooperatives. They concluded that such a multi-functional complex organization as 'cooperative' should be assessed by using a more comprehensive framework. According to Prichard et al. (2007), a cooperative, as a harmonized organization, needs a holistic framework and therefore, a set of attributes to be analyzed. In the next section we have tried to develop such an inclusive framework.

2.6.2.2 External factors

The external factors, considered essential in the success of cooperative, include assistance that act as motivation for farmers in a cooperative, external assistance, government policies, regulatory frameworks and market factors. These factors can affect the competitiveness of cooperatives, especially in developing countries, where cooperatives are still underdeveloped.

Cooperative in developing countries are comprised of resource poor farmers, which make external assistance necessary, especially in the formation process, for the group to achieve any economic gains. Hill et al (2007), in a study on the impact of external support, identified that support had significantly improved the rural livelihood of the community and it had facilitated cooperatives' access to markets for their produce. As for the factors that influence the success of farmer cooperative in china, Wei and Zhang (1998) identified several influential success external factors, including the local communities' economic development level, the degree of marketing, cultural background and the level of infrastructural development

However, external interference in the organization's administration can have significant impact on the sustainability of cooperative. Chamboo(2007) argued that cooperative policy and legislation, in Africa, is not participative, since the state is generally the promoter of cooperatives. This situation consequence in a small amount of ownership, with minimal share involvement from members and it is seen as being state controlled. The author further argued that such type of agricultural cooperatives finds it difficult to be competitive and attract qualified management

On another hand, external assistance also can create a dependency syndrome which can then affect the success and sustainability of the cooperative. Government or donor funding may comprise control, by the imposition of agendas and by politicization and this may lower commitment on the part of members (COPAC, 1995). M. Rankin and I. Russell,(2005) argued that cooperatives are being pushed into different directions by interested stakeholder, including members, governments, business interests and various agencies. The author further argued that this may result in the interest of smallholders' members being lost in competitive rush-induced market activity. Studies have warned of cooperatives engaging in too many, or over- ambitious activities (Stringfellow,et al., 2000), which encourage them to scale-up too quickly, in addition to

interface that interact with them as development agents, rather than as private enterprise (EW Chirwa, A Dorward, et al., 2005).

In addition, external assistance from various stakeholders may also contribute to free-rider and adverse selection problems as this may attract members that are after the benefit and not committed to cooperative success. Zulu (2007, as cited in Chibanda, et al., 2009) observed that some farmers were forming cooperatives as a way of accessing governments' grants other than forming a business organization.

Furthermore, in attempting to address consumer needs, governments may come up with policies that may harm cooperatives. A government's policy and intervention may affect the pricing of products, depress producer prices and which would have an adverse effect on food production (Krueger, Schiff, & Valdes, 2008; Meyer & Larson, 2007). Additionally; they argued Such policies include price ceilings, pan-territorial or uniform pricing, pricing, pan- seasonal pricing, marketing margin controls, high import and export taxes and parastatal marketing monopolies.

The implementation of pricing policy, especially in developing countries, has been undertaken with a variety of contradictory motives aimed at protecting consumers (as well as producers) from price instabilities (Dorward, et al., 2008). The critics of government intervention in pricing argue that this may lead to a failure to realize the benefit of competition, by rewarding inefficient operations (Timmer, 2009). White (2005) claimed that uniform pricing for all economic regions would increase regional income differentials, by disadvantaging those areas with less favorable natural and infrastructural conditions and rewarding better endowed areas. Another point of criticism is that government failure to set efficient prices, due to lack of adequate information, may negatively affect producers (Dorward, et al., 2008). Those who argue for the innervations are most interested in the effects of food security, nutrition and economic growth (Myers, 2006), which may be biased towards consumers, rather than producers.

The existence of Weak a legal and regulatory framework, which rarely enforce contracts or punish those who breach contracts, affects the farmers' cooperatives (Nyoro, 2007). This opens up to corrupt and manipulative behavior. And weak regulatory environment also makes cooperatives vulnerable to exploitation by deceitful businessmen. Fafchamps(2001) identified that, due to weak formal contract enforcement mechanisms, there is a great deal of mistrust

amongst the players. This increase the transaction costs, since business firms are tempted to screen every single firm or individual with whom they deal. (Fafchamps, 2001). Gabre-Madhin(2006) argued that information asymmetry and opportunistic behavior, which act as determinants of transaction costs related to contract enforcements, lead to enforcement related costs. Fafchamps and Gabre-Madhin(2001), in an extensive survey of trades in Malawi and Benin, found high incidences of contract non- performance, by up to 41% in Malawi. Coulter & Onumah(2002)in addition, they also identified that the lack of a supportive regulatory framework and disabling policies are amongst the issues that affect the development of market institutions, such as cooperatives.

In the supply chain from farmers to consumers, access to market is very crucial (Ortman & King, 2007) as such accessibility let both farmers and consumers meet and deal with each other. Due to Pinto (2009), access to market is one of the main six areas of intervention that needs to be addressed by different stakeholders in the development of agri-rural cooperatives. Evidence from the literature indicates that market failure contributed to the success of most agricultural cooperatives (Cook, 2005; Hansmann, 2006; Torgerson, 2006). Cooperatives that operate under less competition are, therefore, more likely to succeed. A market which is not transparent- and without any price discovery mechanisms- may be more complicated for a primary cooperative to pick up(Dorward, et al., 2008).

Gabre-Madhin(2006) emphasized that ‘getting the market right’ requires a plan, in which incentives, institutions and infrastructures, are aligned. Sexton & Iskow (2005) identified several forces that shape agricultural markets with financial crisis as the most significant. The other factors included price and income volatility, due to reduced government involvement, an increase in competition and fewer and larger marketing firm sectors. As a result of these external forces, cooperatives would have to evolve with changing times and environment as argued by (Cook& Burrell, 2009).

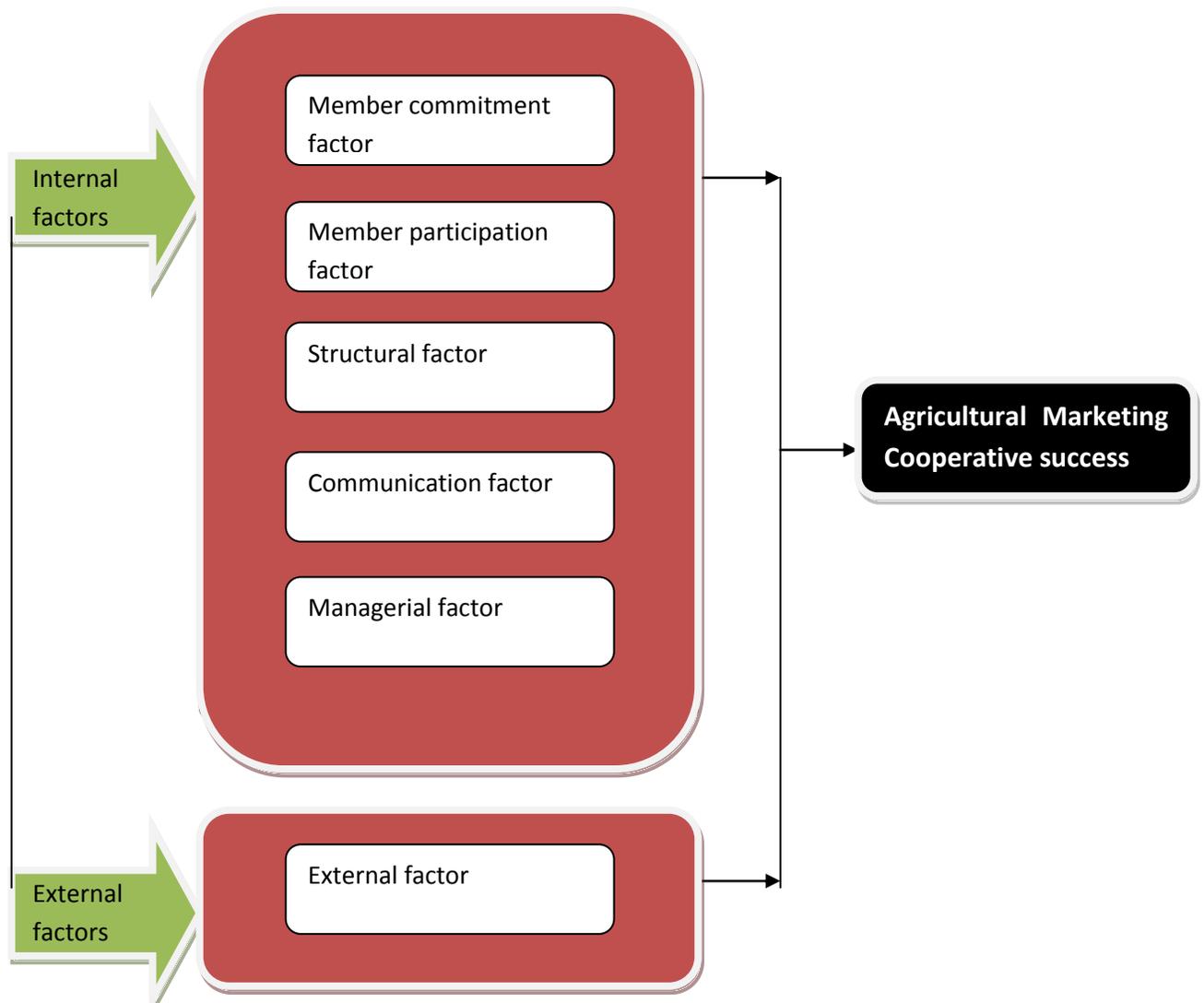
2.7 Conceptual framework

For the purpose of this study, “success”, as the main dependent variable, is defined as the function of maximizing different developmental goals; i.e. “Service offerings”, and “members’ satisfaction” that could potentially be gained by the cooperatives. This definition of cooperative success was partially adopted, from (Bruynis et al., 2007; John W, 2009 and Esman & Uphoff,

2008). And it evaluates the degree of Agricultural Marketing Cooperatives success in terms of service offerings to members, in order to enhance members' satisfaction.

From the review of a broad range of literature, the researcher proposes the factors for agricultural marketing cooperatives success would in six factors: it can be argued that the success of agricultural marketing cooperatives depends on membership commitment factors, membership participation factors, structural factors, and communication factors, managerial and external factor. Moreover the following figure illustrates how these attributes would be as factors for the success of agricultural marketing cooperatives.

Figure 2.1: Conceptual framework of the study



Sources: Researcher own design based on literature

CHAPTER THREE: RESEARCH METHODOLOGY

This section provides an overview of the study's research approach which lays within the mixed methods strategies and methodology used to conduct the study. Thus; research strategy and design, data type and sources, sampling techniques, data collection instrument and procedures and data processing and analysis parts are presented below. Besides, the section deals with a discussion on the instrument development and ethical issues.

3.1 Research Strategy and Design

Research design is the blueprint for fulfilling research objectives and answering research questions (John A.H. et al., 2007:20-84). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. The types of research employed under this study were descriptive and explanatory research. The major purpose of descriptive research is description of the state of affairs as it exists at present. Then this study describes and critically assesses the member attitude towards success factors of AMCs in the study areas. Second, the study employs explanatory in that the relationship between variables is correlated with an aim of estimating the integrated influence of the factors on success.

Moreover, the vastnesses of the population rationalize the need to take samples to conclude about the population under consideration. The study utilized cross-sectional in the sense that all relevant data was collected at a single point in time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches (Janet M. Ruane, 2006:94).

According to Mark et al. (2009:101) mixing qualitative and quantitative approaches gives the potential to cover each method's weaknesses with strengths from the other method. Many researchers who use both methods gain the best of both quantitative and qualitative research approaches (Kothari, 2004). In this study, a combination of qualitative and quantitative approaches of doing research was employed, which has been practiced, as recommended by Creswell (2009:203-216).

3.2 Data types and sources

According to Catherine (2007), data may be collected as either primary or secondary sources. Thus, in order to address the objectives of the research, the study were employed both data sources from primary and secondary sources. The primary data were gathered from members of affiliated primary marketing cooperative and woreda CPR officers and cooperative leaders. Besides, the study used secondary sources to introduce the theoretical literature and empirical study of the subject. Specifically, secondary data from primary society files, published and/or unpublished documents from woreda and Ethiopian Federal Cooperative agency, previous studies in different countries which have been conducted on relatively same area, articles, and the Internet sites were reviewed to make the study fruitful.

3.3. Target Population and Sample size

It is important to have a target population for selecting a sample. The population can be described as the specific group that has been relevant to the research study. So, the target population of the study consists of members of agricultural marketing cooperatives of Becho woreda. In this study to select sample size, a list of the population formally registered cooperatives by the Becho Woreda Cooperative Promotion and Registration Office were obtained. However, it is typically not practical to include every member of the population of interest (Marczyk & et al., 2005). It is therefore; better to study a representative subset - a sample-of the population of interest. Moreover, to derive a representative sample, and as Crowley et al. (2005) argued that the success cannot immediately be evaluated after establishing a cooperative, the sample of this study includes those cooperatives which were established, at least, three years ago.

Accordingly, for data collection through questionnaire, the total population for this study is 617 (CPRO, 2013). The sample size is determined based on the following simplified formula proposed by Yamane (1967) (as cited in Israel 2003).

$$n = \frac{N}{1+N(e)^2}$$

Where, n is sample size, N is the population size and e is the level of precision. A 95% confidence level and $e = 0.05$, are assumed for the purpose of determining sample size for this

study. Accordingly, the sample size for the study is calculated as follows.

$$n = \frac{617}{1+617(0.05)^2} \quad \underline{\underline{n=243}}$$

Accordingly, 243 respondents were selected from the total of 617 of members. These 243 respondents were selected from five affiliated primary agricultural marketing cooperative on proportional basis. Therefore, $[(114/617) \times 243] = 45$, $[(111/617) \times 243] = 44$, $[(141/617) \times 243] = 55$, $[(111/617) \times 243] = 44$ and $[(140/617) \times 243] = 55$ from Kattaa Caffee, Babale, sadeeq, Boruu and Abaxee of respondents were selected respectively. In addition, a group of 10 interviewee from cooperative leaders and officers of woreda cooperative promotion and registration office were selected for conducting semi-structured interview. This is in order to collect the opinion of officials regarding the success factors related agricultural cooperative marketing and ascertain their suggestions.

3.4 Sampling Techniques

For the purpose of assessing the influential success factors of agricultural marketing cooperatives, Becho Woreda is purposefully selected for several reasons. Among the several areas in the region where cooperative movement is high, Primary agricultural marketing cooperatives are relatively well organized and developed. In Becho woreda, there are fourteen affiliated primary agricultural marketing cooperatives. All fourteen primary agricultural marketing cooperatives in the woreda were purposively considered. However, to meet the objectives of the study, a two-stage random sampling procedure were adopted for the selection of the sample members from the cooperatives. In the first stage, considering the number fourteen primary agricultural marketing cooperatives five were selected randomly. In the second stage, the respondents were selected randomly by using the list of the cooperatives' member files.

3.5 Data collection instrument and fieldwork

In order to realize the target, the study used well-designed questionnaire as best instrument. This was completed by the members who can read and write and by enumerators in interview form for illiterate members. Besides, face-to-face interviews were conducted with officers of Woreda Cooperative promotion and Registration office and cooperative leaders. The interview method of data collection is preferred due to its high response rate. That is it gives

the two people concerned an opportunity to interact and get details on the questions and answers. Through interviews, clarification of issues is easily achievable leading to accuracy of data from the respondents.

Questionnaire Design

The layout of the questionnaire was kept very simple to encourage meaningful participation by the respondents. The questions were kept as concise as possible with care taken to the actual wording and phrasing of the questions. The reason for the appearance and layout of the questionnaire are of great importance in any survey where the questionnaire is to be completed by the respondent (John A. et al., 2007). The literature in the study was used as a guideline for the development of the questions in the questionnaire. Besides, some structural and external factors questions in the questionnaire were partially adopted from other sources (Azadi H. et al., 2010). The questions that were used in the questionnaire are multiple-choice questions and five-scale type questions. The type of scales used to measure the items on the instrument is continuous scales.

Data Collection Procedures

To collect the data three enumerators were employed and the researcher himself involved in the collection process as supervisor and advisor to enumerators when needed. Enumerators were given one day training both theoretically and practically on how they should approach respondents, treat them and how to interview the selected members and fill up the questionnaire. For those who can read and write, respondents were first briefed about the technique of filling and how they can indicate their choice. So as to avoid repetition of responses they also told not to fill again if they mistakenly asked again.

3.6 Instrument Development

Basically, the instruments were developed based on the objectives of the study and research questions. The principles of questionnaires such as, use simple and clear languages, statements should not be too long and use of appropriate punctuations is also considered when developing the instrument. In addition, interviews can be taken as an instrument to strength the investigation.

3.7.1 Design of the Instruments

The instruments were designed in such ways that can strength the viability of the study. The questionnaires were designed in English and translated to Afan Oromo language by using the Standard English to Afan Oromo dictionary. The purpose of translating from English to Afan Oromo language to is to utilize those who cannot clearly understand English language so that respond easily. The interview questions were designed in English language only, because the discussion was in Afan Oromo language while making interviews with respondents.

3.7.2 Instrument Validity and Reliability

Validity is the degree to which a test measures what it purports to measure (Creswell, 2009:190-92). Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. The validity of the questionnaire was approved through face validity. As indicators of good participation, commitment, management, communication, structure and external factors seem to be a reasonable measure of cooperative success. Finally, the improved version of the questionnaires were printed, duplicated and dispatched. The relevant data was collected on the success factors of the AMCs that can better indicate the relationship between factors and the success of AMCs. Moreover, to have valid conclusion, inferential statistical model was used to test the relationship between the variables.

The reliability of instruments measures the consistency of instruments. Creswell (2009:190-92) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. The reliability of the indices used was tested both in the pilot study and after the completion of the study. To assess reliability and internal consistency of the variables, Cronbach's „alpha“ was calculated. A benchmark alpha of .70 was set as an acceptable measure of reliability (Cronbach, 1951). Based on this an internal consistency reliability the Cronbach's alpha coefficient for the instrument was found as 0.857 which is highly reliable. Generally speaking, the questions designed for members enjoyed a high level of validity and reliability and showed the required adequacy in constructing the concepts required.

3.7. Data Processing and Analysis

3.6.1 Data Processing

The method of data processing in this study was manual and computerized system. In the data processing procedure editing, coding, classification and tabulation of the collected data were used. Data processing has two phases namely: data clean-up and data reduction. During data clean-up the collected raw data was edited to detect anomalies, errors and omissions in responses and checking that the questions are answered accurately and uniformly. After this, the processes of classification or arranging large volume of raw data into classes or groups on the basis of common characteristics were applied. Data having the common characteristics was placed together and in this way the entered data were divided into a number of groups. Finally, tabulation were used to summarize the raw data and displayed in the form of tabulation for further analysis.

3.6.2 Data Analysis

After the data processing have been done the next tasks was analyzing the processed data. This is the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. The Statistical Package for Social Science (SPSS) version 20 was used to analyze the data obtained from primary sources. Specifically, for descriptive statistics (mean and standard deviation) and for inferential statistics (correlation and regression) were taken from this Statistical tool. Generally, after data has been presented and analyzed, the findings were used to draw necessary conclusion and recommendations

Descriptive Analysis

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (mean and standard deviation). The reason for using descriptive statistics was to compare the different factors. Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy. More to the point, both quantitative and qualitative data were collected concurrently and then compares the results of two methods to determine if there is convergence,

differences, or some combinations. This is used to balance the weaknesses inherent within one method with the strength of the other.

Inferential Analysis

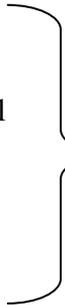
According to Sekaran (2000), inferential statistics allows to infer from the data through analysis the association between two or more variables and how several independent variables might explain the variance in a dependent variable. The following inferential statistical techniques were used in this study.

The Pearson Product Moment Correlation Coefficient

According to Phyllis and his associates (2007), inferences have been very essential in management research. This is so because conclusions are normally established on the bases of results. Such generalizations were therefore, be made for the population from the samples. They speculate that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between members commitment, members participation, structural, communication, managerial and external factors with cooperative success, the Product Moment Correlation Coefficient was used.

According to Duncan and Dennis (2004), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

Correlation coefficient	Interpretation
(-1.00 to -0.8]	Strong
(-0.8 to -0.6]	Substantial
(-0.6 to -0.4]	Medium
(-0.4 to -0.2]	Low
(-0.2 to 0.2)	Very Low
[0.2 to 0.4)	Low
[0.4 to 0.6)	Medium
[0.6 to 0.8)	Substantial
[0.8 to 1.00)	Strong



Negative



Positive

Linear Regression Analysis

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction (Geoffrey M. et al., 2005:224-225). In this study multiple regressions was employed. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores (John Adams, et al., 2007). They added multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables will explain the variance in dependent variable.

Regression Functions

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (cooperative success) and independent variables (members' commitment, members' participation, structural, communication, managerial and external factors). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

Regress Success on Selected Variables

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$$

Where:

Y is the response or dependent variable- success

X₁= members' commitment factors, X₂= members' participation factors, X₃= structural factors, X₄= communication factors, X₅= managerial factors and, X₆= external factors are the explanatory variables.

β_0 is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.8 Ethical considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire and asking interview questions. Before starting interviewing, the researcher was introduced himself and explains the purpose of the study to the person who was interviewed. Although all interview sessions has tried to tape-record, it was impossible as the respondents were not voluntary. Therefore, the researcher were took notes on all important points and then organized it for analysis. Regarding the right to privacy of the

respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names are kept confidential thus collective names like 'respondents' were used.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introductions

To facilitate ease in conducting the empirical analysis, the empirical data on hand were analyzed in detail in this chapter; the results of descriptive analyses are presented first, followed by the inferential analysis. The purpose of this study is to critically assess the Success Factors Influencing Agricultural Marketing Cooperatives in Becho Wereda, South West Shoa. How far, the members and different official are aware on the success factors agricultural marketing cooperatives. Data were collected from members and different cooperative leaders and official found in Becho woreda cooperative promotion and registration office.

Two hundred forty three questionnaires were distributed across the five affiliated primary marketing cooperatives in woreda, out of which 220 were completed and retrieved successfully, representing 91% response rate. Additionally, semi-structured interview with cooperative leader, some officers of woreda cooperative promotion office and NGO representative were conducted to supplement data that have been collected via questionnaires.

Generally, this section is organized in the following manner: first, the general background information of respondents were presented and analyzed. Second, data collected through questionnaires and interviews on key success factors for agricultural marketing cooperatives were analyzed concurrently. Finally, the results of Pearson's product moment correlation coefficient and regressions were analyzed.

4.2. Demographic characteristics of respondents

The Table 4.1 represents the basic socio-demographic characteristics of respondents from sample primary agricultural marketing cooperatives in Becho Wereda, South West Shoa. When we see the first demographic variable that is sex division of the respondents, majority of the respondents were males, i.e. 86.4% representing a bigger part of the sample group. The low representation female does mean that they are less exposed to cooperative but it was not as such easy to find females around cooperative where data was collected and most of meeting was attended by male member when data was collected.

With regards age of the respondent, out of the sampled member majority of them were found in the second interval that is respondents of age 33-48 account 40.5% of the total respondents and followed by the third interval of age 49-63, those account for 34.1%, and the first category of age 18- 33 accounts for 15.9% and 65 and above age category were the least participating category of members with accounts for only 9.5.

When we see the distribution of the third demographic variable which is the level of education most of the respondents were illiterate or had not received any type of education, which accounts 36.4% of the total sample, and 25.5% got basic education or knew read and write only. The rest of the sample respondents had attended elementary education (16.8%), high school education (13.2%) and the rest 8.2% belongs to others category which includes diploma and technique schools.

As shown in the table 4.1 from the total respondent 152 (69.1%) were married member and 30(13.6%) were single whereas, divorced and widowed members account for 28(12.7%) and 10(4.5%) respectively. Generally, it can be said that marital status of the majority of the respondent was married.

Table 4.1: General background information of respondents

S.No	Item		Frequency	Percentage
1.	Sex	Female	190	86.4
		Male	30	13.6
		Total	220	100.0
2.	Age	18-33	35	15.9
		33-48	89	40.5
		49-63	75	34.1
		64 and above	21	9.5
		Total	220	100.0
3.	Highest level of education	Illiterate	80	36.4
		Basic Education	56	25.5
		Elementary Education	37	16.8
		High school Education	29	13.2
		Others	18	8.2
		Total	220	100.0
4.	Marital Status	Married	152	69.1
		Unmarried	30	13.6
		Divorced	28	12.7
		Widowed	10	4.5
		Total	220	100.0

Source: Field survey, 2014

4.2 Degree of agricultural marketing cooperative success

In this section, first the dependent variable (degree of success in co-operative) is explained. Next, the results obtained from the situation of independent variables was described and reviewed.

In this study, “success”, as the main dependent variable, is defined as the function of maximizing different developmental goals; i.e. “Service offerings”, and “members’ satisfaction” that could potentially be gained by the cooperatives services (John W, 2009; Bruynis et al., 2007 and Esman & Uphoff, 2010). In Low- and Middle-Income Countries those factors are clear indicators of a cooperative’s long-term business success, where cooperatives are still underdeveloped (USOCD, 2009).

In other word, a successful cooperative should be able to: increase the “service offerings” of the members and then enhance the “satisfaction” among the members. In view of this, for this study, the members were asked to evaluate the degree of their society success against mentioned developmental goals “service offerings”, and “their satisfaction”. The results obtained are presented in the table 4.2 hereunder:

Table 4.2: Evaluating the degree of Agricultural Marketing Cooperatives Success

Responses	Level of success	Frequency	Percentage
	Very low	20	9.1
	Low	41	18.6
	Medium	85	38.6
	High	50	22.7
	Very high	24	10.9
	Total	220	100.0
Mean		3.88	
Standard Deviation		1.101	

Source: Field survey, 2014

Based on the data from Table 4.2, just about 73% of the members have assessed the success of the co-operatives in reaching the three developmental goals as being moderate, high and very high. Therefore all together, members of agricultural marketing cooperatives in the study area

perceived their cooperatives have fairly much success in increasing the service to members in several activities and enhance members' satisfaction. Then, the factors affecting the dependent variable was examined and assessed. The results obtained from the independent variables i.e. commitment, participation, structural, communication managerial and external factors as the influential success factors of agricultural marketing cooperatives are presented in the following discussion.

4.4. Identifying the key success factors for agricultural marketing cooperatives

Respondents were asked different questions regarding the success factors influencing agricultural marketing cooperatives Becho Wereda, South West Shoa. Their responses are organized in the following manner.

4.4.1 Results of Measures of Central Tendency and Dispersion of Factors

There are a number of factors for the success of agricultural marketing cooperatives which associated with different factors. This part explains the descriptive statistics calculated on the basis of the factors that influencing success of agricultural marketing cooperatives. The results for measures of central tendency and dispersion were obtained from the sample of respondents members of five primary agricultural marketing cooperatives are shown in the following tables.

4.4.1.1. Commitment Factors

Commitment is considered important for the success of any cooperatives. According to Fulton and Giannakas (2007), member commitment is “of vital importance to the organization and to the well being of the members – as membership commitment wanes, the financial and organizational health of the organization and with it its ability to provide goods and services to the members becomes difficult.” Accordingly, for this study, respondent members were asked to indicate the degree of influence of the mentioned success factors concerning commitment factor in their cooperative success and their response is presented hereunder:

Table 4.3: Commitment factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
Commitment factors		
Good individual motivation and drive	3.89	1.030
Mutual trust among cooperative members	4.09	.850
Commitment to shared goals	3.73	1.177
Cooperative education of members	3.14	1.179
Willingness of members to provide equity capital	4.05	.880
Willingness to exchange private information with the cooperative firm	3.33	1.160
Willingness to serve in a different cooperative committee	3.24	1.178

Source: Field survey, 2014

As shown in Table 4.3 the mean and standard deviation for the different commitment factors were computed. The table shows that mutual trust among cooperative members and willingness of members to provide equity capital has rated as highest influence on cooperative success with a mean score of 4.09 and 4.05 standard deviation of .850 and .880 respectively. This is followed by good individual motivation and drive, commitment to shared goals and willingness to exchange private information with the cooperative firm with the mean score of 3.89, 3.73 and 3.33 and standard deviation of 1.030, 1.177 and 1.160 respectively.

Lastly, the table indicates that the willingness of members to serve in a different cooperative committee and their education is moderately important to the success of agricultural marketing cooperatives with the mean score of 3.24 and 3.14 and standard deviation of 1.178 and 1.179 respectively. It is evident from the analysis that most of the sample members have given highest importance to the factors like members mutual trust, willingness of members to provide equity capital and good individual motivation and drive. Therefore, we can consider those factors as main success factors for agricultural marketing cooperatives.

According to the interview result, majority of the interviewee pointed that success of cooperatives is highly depend on the members willingness to provide capital, in doing so they

must have mutual trust among themselves and cooperative management and other commitment factors comes later.

This finding is supported by several studies. Hansen et al. (2002) found that trust among members and trust between members and the management of the agricultural cooperative are important predictors of group cohesion, which is a result in the success of those cooperative. Costa (2003) also outlined how trust between members in team working is positively related to the cooperatives success. With regard to members' willingness to provide equity capital, little commitment of members results in low willingness of members to provide equity capital, which is particularly challenging problem when the cooperative needs additional funding for further success (Cook, 2005). Finally, even though as compared to other factors, cooperative education influence on member commitment in cooperatives is rated relatively low in this study. Other authors found it as most important influence on the success of cooperative. For instance, Trechter et al. (2002) found that a member, who received cooperative education, tends to be more committed to the success of cooperative

4.4.1.2. Participation Factors

The activities that include member participation in a cooperative society include attending meetings; serving on committees; involving in recruiting others; and patronage (Osterberg & Nilsson, 2009). The United States Ministry of Agriculture has emphasized the importance of members' participation and its effect on the success of the agricultural co-operative companies (USDA, 2002). In view of that, respondent members were asked to indicate the degree of influence of the mentioned success factors concerning member participation factor in their cooperative success. And the data collected from the respondents is presented hereunder:

Table 4.4: Participation factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
Participation factors		
Participation in technical training	3.94	.947
Participation in cooperative governance	4.10	.840
Participation to vote in general meeting and election	3.02	1.143
Influencing the decisions in the society	4.05	.826
Attend every meeting of the society	3.12	1.253

Source: Field survey, 2014

As the mean scores and standard deviations of participation factor is clearly seen from the above table 4.4, participation in cooperative governance, influencing the decisions in the society and participation of members in technical training are almost rated as highly influential factor in the society success with mean score of 4.10, 4.05 and 3.94 and standard deviation of .840, .826 and .947 respectively.

On the other hand, the mean and standard deviation for attend every meeting of the society and participation to vote in general meeting and election, the above table clearly depicts that the respondents' agreement scale is more than moderately influential, but less than highly influential. That is the mean score of 3.12 for attend every meeting of the society and 3.02 for participation to vote in general meeting and election. So, for the success of cooperatives members' attendance of every meeting is vital then attending only to vote in general meeting and election. Generally, the study showed that although there are many participation factors which have substantial contribution with the success of the cooperatives, important determinants of the success are the members participation in cooperative governance, influencing the decisions in the society and participation of members in technical training.

When the above responses compared with the interview conducted with operators of cooperatives, they confirmed that participation in cooperative governance and influencing the decision have multi dimension effect in increasing sense of ownership which will be the foundation for success of cooperative in a way that they can invest more capital on their cooperative business create loyal members to sell their products to their society only. Also the

interviewees are pointed out that, if some members are not participating in the governance of cooperative and fail to influence the decisions they do not want to contribute any capital to the society and they show little commitment or stop to sell their products to the society this can negatively affect cooperative future success. This furthermore indicated by one key informant who reminds what one farmer from failed cooperative told him while he asked him the reasons for failure of cooperatives.

“Different government officers with union representatives would come to us when they have already made the decision on what to do, they do not ask the members first, so it is difficult for the farmers to say anything because we know that they have already made a decision and we know only to sell our produces by stopping to sell our product to the society ”.

This result is supported by the findings of several studies. Osterberg & Nilsson (2009) stated that participation of members in cooperative governance is certainly an important part of the success of cooperatives. And lesson learned from case studies in Thailand clearly revealed that appropriate participation of members in cooperative administration and governance with the capacity of influencing the decision is a key factor, which leads to the success of a marketing cooperative (Suksawang, 2005). Moreover the research conducted by Amini & Ramezani (2006), have considered the members’ active participation in co-operative governance as the most important factor in success of cooperatives.

4.4.1.3. Structural Factors

Structural factors are the features of a cooperative which often define form and the member composition of a cooperative. In other words, they show how different cooperative society is operate alone or configured. Accordingly, the respondent members were asked to indicate the degree of influence these mentioned success factors concerning structural factor have in their society success. And the response is presented in table 4.4 hereunder:

Table 4.5: Structural factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
Structural factors		
Member homogeneity	4.15	1.004
Members cooperation	4.04	.983
Large number of workers	2.77	.934
Availability of well structured facilities	3.54	1.128
Practice of sharing experiences of other successful cooperatives	3.98	1.079
Good relationship with other cooperatives	3.57	.883

Source: Field survey, 2014

As shown in above table, from those six structural factors, member homogeneity, members' cooperation and practice sharing experiences of other successful cooperatives are the main success factors in regard to the structure of cooperatives. It shows a mean score of 4.15, 4.04 and 3.98 with a standard deviation of 1.004, .983 and 1.079 respectively. And good relationship with other cooperatives (mean = 3.57) and availability of well structured facilities (mean = 3.54) are structural factors that have rated moderately high to the success of marketing cooperatives.

On the other hand, large number of workers (mean = 2.77) were rated by the respondents to have relatively less influence on the success of marketing cooperatives. Therefore, we can conclude that the most influential of all factors in cooperative structure are the homogeneity of members and their cooperation to the society and practice of sharing the experiences in other successful cooperatives.

In the view of majority interviewee, they confirmed the result of questionnaire survey that members' homogeneity and extending the best experience of successful cooperatives to other cooperative with the sense of cooperation among members and cooperative have great impact on the success of cooperatives. The 'issues' of the member's homogeneity was stressed by one respondent from woreda cooperative promotion and registration office who said that:

“When we were promoting and organizing cooperative on the boarder of different rural kebeles almost all prospective members are doubt on the success of their business and shows less interest to provide any capital to those kinds of cooperatives”.

Different studies are in line with this result by considering that, with increasing the heterogeneity of the membership, the contribution of members to the success of their cooperative seems to be declining. Hansmann (2006) argues that member homogeneity of any kind implies that members will have more common interest and is an essential factor for successful cooperation. In this regard, Didi (2004) in his research as “low communication of fishing cooperatives on the management of coastal resource” concluded that the homogeneity of members and stability of small groups had a substantial impact on the success of cooperatives. As well as research on the Wuping cooperative in Zhejiang province, an economically developed area in china, found that weak awareness of the cooperation amongst most of the members were the main problems for the failure of cooperatives (Sun, 2009)

4.4.1.4. Communication Factors

In much of the literature on developing and maintaining a successful cooperative business, incorporating effective member-owner communications is considered as one of the key success factors in order “to help develop the capacity of the management and members to listen well and respond appropriately to the genuine concerns of the workers and the community” (Baseman, 2012). Burt (2004), through an online survey found that inadequate communications among members, the board of directors, management and community as the primary reason for cooperative failure.

Accordingly, for this study, members were asked to indicate the degree of influence of the mentioned success factors concerning communication factor in their society success. And the table below presented their response:

Table 4.6: Communication factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
Communication factors		
Members access to timely and worthwhile information	4.08	.790
Communicate member-owner responsibilities and benefits	2.45	1.450
Communication of related industry news and market trends	4.05	.895
Accuracy of messages cooperatives communicate to member	3.86	.984
Provide regular feedback to members to allow them to share in collective successes	3.72	1.044
Good communication medium	4.33	.760

Source: Field survey, 2014

And as above table shows members rated good communication medium, members access to timely and worthwhile information and communication of related industry news and market trends as highly important in terms of its influence on the success of society's with mean score of 4.33, 4.08 and 4.05 and standard deviation of .760, .790 and .895 respectively. And followed by accuracy of messages cooperatives communicate to member-owner and provide regular feedback to members to allow them to share in collective successes with mean score of 3.86 and 3.72 and standard deviation of .984 and 1.044.

Finally, as it is clearly seen from the table 4.5, communication of member-owner responsibilities and benefits (mean = 2.45) has a relatively less influence on the success of agricultural marketing cooperatives than other communication related success factors. Therefore, the study can concluded that although there are many communication factors which have substantial contribution to the success of the Agricultural Marketing Cooperatives, the most important factors of the success are the communication medium, members access to timely and worthwhile information, communication of related industry news and market trends and accuracy of messages cooperatives communicate to member.

Besides, the result of interview shows that majority of interviewees confirmed that excellent medium of transferring timely and valuable information is the base for the strength of any cooperative society. And many of the respondents believed that appropriate (reaching

diversified audiences) communication medium had the most influence on the level of success of the co-operatives. Moreover one of the interviewee pointed out that:

“As most of agricultural cooperatives members are illiterate face-to-face communication has great impact on their success which is related to good communication medium”.

As pointed out by Keeling-Bond and Bhuyan (2011), in support of this finding, controlling messages can be managed efficiently through robust communications medium but argues the process demands time and constant attention. Burt (2004) also found that communication between management and members through appropriate communication medium is an essential factor in running a successful cooperative. As well as members-owners become distant and inactive within the organization, which influence the success of their business, when they do not receive the accurate information to fully understand the cooperative value package (Haigh, 2000).

4.4.1.5. Managerial Factors

Several managerial factors are certainly an important part of the success of cooperatives. Sarsakhti Eraghi (2005) regards the human and managerial factor as the one with an undisputed effect on cooperatives' success. In view of that, for this study, members were asked to rate the managerial success factors, which contain 7 items in terms of their influence on the success of society's. And their response is clearly revealed in table 4.7 hereunder:

Table 4.7: Managerial factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
Managerial factors		
Good interpersonal skills of managers	4.11	.935
Good understanding the concept of cooperative	4.08	.940
Good interest of management to work in cooperatives	3.83	.954
Good experience of managers in cooperative	4.00	.755
General business and managerial skills	3.92	1.078
Efficient conflict solving abilities	3.95	.961
Good educational level	4.02	.970

Source: Field survey, 2014

The research results exhibited in the above table vividly indicates that, the most influential managerial factors that have considerably contributed to the success of agricultural marketing cooperatives are good interpersonal skills of managers(mean = 4.11), good understanding the concept of cooperative(mean = 4.08), good educational level(mean = 4.02), and good experience of management in cooperative(mean = 4.00) were rated to have considerable influence on society's success.

By the same token, member respondents were rated efficient conflict solving abilities, general business and managerial skills and interest of management to work in cooperatives as moderately high contribution to the success of the society. This is justified by the mean scores 3.95, 3.92, 3.86, 3.84 and 3.83 with a deviation of .961, 1.078, 1.083, .833, and .954 respectively. To conclude, even if all these managerial factors have considerably contributed to the success of the marketing cooperatives, interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and good experience of management in cooperative are considered to be relatively more influential than other factors.

Similarly, in the view of the interviewed key informants, majority of them have replicate almost the same result obtained as in the questionnaire survey as they reflect that good interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and experience of management in cooperative have significant role in the success of the cooperative.

However, in contrast to survey questionnaire results, there is very slight difference on the influence education in relation experience of management to work with cooperatives. They give priority to the experience of managers to work in cooperatives than educational level of managers. This furthermore; an inexperienced manager is a challenge for the success of cooperatives as one key informant said:

“If we see Becho Waliso union the former manager was masters’ holder with only one year of experience in cooperative business however during that time the union was almost approaching to fail, conversely, the current manager had many year of experience in cooperatives and that is why the union is selected as the best union at regional level”.

Several studies support this finding. Amini and M. Ramezani (2008) argued that interpersonal skills of the managers have the greatest effect on the success of cooperatives. And also Roy(2013) stated that although there are many factors which have substantial contribution with the success of the PMCSs, the directors understanding the concept of cooperative and their interpersonal relationship are the most important determinants of the success of marketing cooperative. Purvis (2007) considers that a cooperative manager needs a lot of expertise and understanding of the collective work. On the other hand this finding rejects the results of the study by Azadi et al. (2010), who found that the education level and experience in cooperative have no significant associations with the success of the cooperative. But, Scribner (2007) discusses that the experienced managing directors and directing board members can better realize the key points of the agricultural cooperative success.

4.4.1.6. External Factors

External factors are defined in this study as those traits which can be found not inside but outside of a cooperative and influence the success of cooperative. Such external factors can influence the cooperative functions in different direct and indirect ways. Thus, for this paper, respondents were asked to indicate the degree of influence of these mentioned external factors in their cooperative success and their response is presented hereunder:

Table 4.8: External factors for the success of agricultural marketing cooperatives

Item	Grand	
	Mean	Std. Deviation
External factors		
Good market access	4.25	.739
High number of cooperatives in the area	2.73	1.231
Good infrastructural development level of the area	4.16	.804
Government support	3.95	.900
Non-government organization support	3.92	.838

Source: Field survey, 2014

The above table 4.8 clearly illustrates the results of the mean comparison between different external factors. And the detailed analysis of the mean values of the 5 external factors, the majority of respondents perceived that good market access (mean = 4.25) and good infrastructural development level of the area (mean = 4.16) has contributed most significantly to the success of the society's as compared to the other external factors. In addition, the respondents believed that support offered by government and non-government organization have moderately high contributor for the success of the society with mean score of 3.95 and 3.92 respectively. This is not surprising result, as most government policies in the developing economies have great influence on the development of farmer's cooperatives..

To the contrary, high number of cooperatives in the area (mean = 2.73) were rated by the respondents to have relatively little influence to the success of their cooperative businesses. Therefore, from this it could be concluded that from mentioned external factors good market access, good infrastructural development level of the area and government support are more critical contributor in the success of agricultural marketing cooperatives.

According to the interview with the key informant, almost all interviewee agreed on access to market is the key factor to success of agricultural marketing cooperatives. This furthermore one key informant answered almost the same result obtained as in the questionnaire survey.

“Before union access its marketing effort to member farmers produces and who are member of those primary cooperatives a trader knows that there are these members who have quality produces and they want to sell to high price, but the traders also knows that they are some other farmers who have market problem and need money are willing to sell at minimum price, so the trader get the produces at low price which will affect the success of the society from different direction”.

This finding is supported by Prakash (2003) who found that agricultural cooperatives, to be more effective, it need high levels of market accessibility. Ollila & Nilsson (2007) also argue that no matter whatever type and nationality a cooperative holds, the success of agricultural cooperatives is highly dependent upon their ability to access to market and adapt to the market signals. In regard to infrastructural development, another case study research of farmers cooperative development, in the economically less developed area of Taihu (Anhui province), found that agricultural infrastructure was most important factors which influence successful cooperative development (Renmingwang, 2010).

4.4.2. Comparison of Factors

Even though, all the commitment, participation, structural, communication managerial and external factors influence the success of any agricultural marketing cooperatives, this does not necessarily mean that all factors have equal influence on the success. In view of that, finally like other sub factors, the respondent members were asked to indicate the degree of influence of the mentioned success factors in their cooperative success. And the following table 4.9 clearly compares the overall influence of all key factors discussed in detail above.

Table 4.9: Comparison of the major factors

No.	Factors	Grand Mean	Grand Std. Deviation	Rank of Severity
1	Commitment Factor	3.88	1.033	2 nd
2	Participation Factor	3.94	.909	1 st
3	Structural Factor	3.48	.963	5 th
4	Communication Factor	3.54	.986	4 th
5	Managerial Factor	3.86	.906	3 rd
6	External Factor	3.25	1.088	6 th

Source: Field survey, 2014

As shown in table 4.9 above, participation (mean = 3.94), commitment (mean = 3.88) and managerial (mean = 3.86) factors has the biggest potential to influence the success of agricultural marketing cooperative followed by communication (mean = 3.54), structural (mean = 3.48) and external (mean = 3.25) factors. In another words, the result shows that participation, commitment and managerial factors are perceived as the top three most significant factors that influence the success of AMCs as compared to other factors in the selected area.

This result is supported by Osterberg and Nilsson's study (2009) who found that the success of a cooperative is highly depends on the degree of participation of its members, as is shown in study carried out with over 2000 Swedish farmers. Furthermore, Sun (2009) furthermore stressed that members' lack of commitment and their low participation were also factors that influenced the successful cooperative development in China. Zhu and Leonard (2008) confirmed the inadequate management as the barriers against cooperative success. It can, therefore, be concluded that participation and commitment of members, and managerial factors do largely influence the success of AMCs.

4.4.3 Results of Inferential Statistics

In this final part of analysis, the results of inferential statistics are presented. Accordingly, for the purpose of assessing the objectives of the study, Pearson's Product Moment Correlation Coefficient and regression analyses were performed. Finally, with the aid of these inferential statistical techniques, conclusions are drawn with consider to the sample and decisions are made with respect to the research hypothesis.

4.4.3.1 Pearson's Product Moment Correlation Coefficient

In this study Pearson's Product Moment Correlation Coefficient was used in order to examine whether there is significant relationship between commitment, participation, structural, communication managerial and external with success. The following results exhibited in Table 4.10, presents the results of Pearson's Product Moment Correlation on the relationship between independent variables(those six factors) and dependent variable (cooperative success). The table below indicates that the correlation coefficients for the relationships between cooperative success and its independent variables are linear and positive ranging from low to strong correlation coefficients.

Table 4.10: The relationship between independent variables and success

Independent variables		Cooperative Success
Member commitment Factor	Pearson Correlation	.839 ^{**}
	P- value	.000
	N	220
Member participation Factor	Pearson Correlation	.809 ^{**}
	P- value	.000
	N	220
Structural Factor	Pearson Correlation	.661 ^{**}
	P- value	.000
	N	220
Communication Factors	Pearson Correlation	.721 ^{**}
	P- value	.000
	N	220
Managerial Factor	Pearson Correlation	.785 ^{**}
	P- value	.000
	N	220
External Factor	Pearson Correlation	.380 ^{**}
	P- value	.000
	N	220

^{**}. Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey, 2014

As it is clearly indicated in the above table 4.10, a strong positive relationship was found between commitment and success ($r = .839$, $p < .01$) and participation and success ($r = .809$, $p < 0.01$), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the commitment and participation plays a significant role in influencing the success of AMCs in the selected area.

Furthermore, the table presents the association between the selected variables and success of AMCs for a sample of member respondents in Becho Wereda, South West Shoa. There

is substantial, however statistically significant relationship between managerial factor and communication and cooperative success with ($r = .785, p < .01$ and $r = .721, p < .01$) respectively. This would imply that, good communication and managerial skills have significant influence on the success of AMCs. Additionally, the result on table above further indicates that, there is a substantial positive correlation between structural factors and cooperative success ($r = .661, p < 0.01$). Whereas, external factor ($r = .380, p < 0.01$), found low positive correlation with success of AMCs which are statistically significant at 99% confidence level.

4.4.3.2 Regressions Analysis

In addition to statistical tools used in the above parts multiple regression is used for the purposes of determining the extent to which the explanatory variables explain the variance in the explained variable. Six independent variables are used to determine to what extent they are predictors of the dependent variable. The dependent variable is cooperative success and independent variables are commitment factor, participation factor Structural Factor, communication factor, managerial factor and external factor.

The values of all six independent variables were calculated while we compared the mean score of all factors discussed in detail above. And the dependent variable i.e., cooperatives success were computed by taking the mean response score of respondents on the questions that asked the members degree of their society success against three developmental goals “service offerings”, “participation”, and “their satisfaction”.

The basic assumptions of multiple regressions were checked before going to analysis and all assumptions were met successfully. MultiCollinearity was tested using Correlations Matrix and confirmed that there is no strong correlation exists between two or more predictors in regression model (see annex 3). And Collinearity tested using VIF and tolerance values which confirmed the guidelines given by (Myers, 1990; Bowerman & O’Connell, 1990 and Menard, 1995). Furthermore, for our current model VIF values are all well below 10 and tolerance statistics all well above .2 (see annex 4). Therefore, we can safely conclude that there is no Collinearity within our data.

As shown in the model summary table the model is significant at 99% confidence level. And the correlation between the observed value of success and the optimal linear combination of

the independent variables (member participation factor, member commitment factor, structural factor, communication factor, managerial factor, external factor) is 0.924, as indicated by multiple R. Besides, given the R Square value of .855 and adjusted R square value of .851, it may be realized that 85.5% of the variation in success can be explained by the explanatory (independent) variables. The remaining 14.5 % of the variance is explained by other variables not included in this study. Hence, the model can predict much of the variation in the success of agricultural marketing cooperatives.

Moreover the Table 4.11 evidently displays the estimates of the multiple regression of success against its independent variables for the sample of 220 members. Accordingly, the results of table confirmed the main hypothesis of this study. Thus, the successes of agricultural marketing cooperatives are the result of significant contribution of member participation factor, member commitment factor, structural factor, communication factor, managerial factor, external factor to success of AMCs.

Table 4.11: Coefficients table of multiple regression analysis

Model summary	R	R square	Adjusted R square	Std. Error of the Estimate		Sig.
		.924 ^a	.855	.851	.426	
Coefficients	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Variables	B	Std. Error	Beta		
	Constant	.166	.092		1.806	.072
	Member commitment Factor	.308	.044	.333	7.077	.000**
	Member participation Factor	.207	.039	.236	5.270	.000**
	Structural Factor	.110	.039	.100	2.811	.005**
	Communication Factor	.124	.040	.126	3.075	.002**
	Managerial Factor	.235	.041	.247	5.697	.000**
	External Factor	.088	.030	.086	2.958	.003**

a. Dependent Variable: cooperative success

Source: Field survey, 2014

** Significant at $p < 0.01$

As coefficients table 4.11 of the regression presents, all of six independent variables (member commitment factor, member participation factor structural factor, communication factor, managerial factor and external factor) found significant predictors of the dependent variable (cooperative success). Furthermore as the standardized beta value shows member commitment factor and member participation factor found as the strongest predictor of cooperative success with the β value of .333 and 236 respectively. This result is consistent with the findings of (Amini & Ramezani, 2006; Trechter et al., 1997 and Osterberg & Nilsson, 2009) Therefore; we need to work more on improve the members' participation and commitment in order to make the cooperative society more successful. In other word, decline in member commitment and participation are factors behind the cooperative failure.

The other variables which are tested using regression were communication and managerial factors. As depicted in the above table both variables are found significant predictors in the success of cooperative business. This finding is also in line with results of (Shabanali, Fami et. Al., 2006; Poulton, Kydd, & Dorward, 2006 & Noordin et al., 2011). Therefore, specific factors related to managerial and communication factors should be met satisfactorily in order to have a successful cooperative. Furthermore, factors such as interpersonal skills of managers, management understanding the concept of cooperative, good educational level and experience of management in cooperative of managerial factors and communication medium, members access to timely and worthwhile information and communication of related industry news and market trends of communication factors are important success factors which need emphasis in order to reduce the failure of cooperative business.

Finally, those success factors which are significant for the success of cooperative are structural with the beta value of .100 and external factors with the beta value of .086. This result is supported by the findings of (Mutunga, 2008; Bijman & Verhees, 2011; Didi, 2004 & Renmingwang, 2010). Therefore, organizational structure should be established in terms of member homogeneity, members' cooperation and good system of sharing experiences of other successful cooperatives and Specific factors related to external factors such as good market access and good infrastructural development level of the area are the significant predictor of cooperative success. In light of these findings, it is interesting to note that, if these factors are arranged well we can substantially reduce the failure rate of cooperative business and achieve higher success rate of cooperative.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to cooperative member, government bodies, and cooperative promoters and to other stakeholders in cooperative and suggestion for other researchers.

5.1 Conclusions

The study was conducted using six major groups of variables, namely member commitment, members' participation, communication, managerial factor, structural and external factors. The main accompanying research question posed in the study was to investigate the most influential success factor of agricultural marketing cooperative arrangements. The question was investigated using empirical data collected from member of primary marketing cooperatives functioning in Becho Wereda, South West Shoa. Moreover, the major conclusions about these success factors are presented hereunder:

In comparing the mean score of the factors relating to participation and commitment of members in cooperatives, the study found that mutual trust among member, willingness of members to provide equity capital and good individual motivation and drive of member commitment factors and members participation in cooperative governance, influencing the decisions in the society and participation of members in technical training are the most influential factors for the success of AMCs. More precisely, to be successful, the study argues that members should pay attention for their mutual trust and active participation in cooperative governance.

With regard of communication and managerial factors, the study identified that although there are many communication and managerial factors which have substantial contribution to the success of the agricultural marketing cooperatives; the communication medium, members access to timely and worthwhile information, communication of related industry news and market trends, accuracy of messages cooperatives communicate to member, , interpersonal skills of managers, good understanding the concept of cooperative, good educational level, and good experience of management in cooperative have identified as considerably contribution to the success.

Structural and external environment related factors were also identified as critical success factors for AMCs. The study concluded that homogeneity of membership and their cooperation to the society and practice of sharing the experiences of other successful cooperatives of structural factors and good market access, good infrastructural development level of the area and government support of external factors are as the most influential items that have significantly contributed to the success of cooperatives. Moreover the study argues that with increasing the heterogeneity of the membership and weak cooperation of members to their cooperative, success of cooperative seem to be declining. When looking at the influence of external factors, the study was identified 'market access' and 'infrastructural development level of the area' which are quite solid in achieving the success in any business including cooperative. This factor might be seen more significantly when considering agricultural marketing cooperatives. In fact and as other studies showed, having an easy access to market and good infrastructure development can potentially raise the chance of the members to keep their authority in defining the price and bargaining power.

Finally, it is important to consider the results of inferential statistics, the correlation coefficients for the relationships between cooperative success and its independent variables are linear and positive ranging from low to strong correlation coefficients. Besides, the result of multiple regression analysis clearly illustrates that, even if all of six independent variables i.e., member commitment, member participation, communication, managerial, structural and external factor found significant predictors of the cooperative success; members commitment, members participation and managerial factors are the most significant and strongest predictor of cooperatives success as compared to other factors in the research area.

5.2 Recommendations

In this sub section based on the empirical results of this study the researcher provides the following recommendations with regard to the success of the success factors of agricultural marketing cooperatives. The researcher believes that giving due attention and an in-depth analysis of the following recommendations can even reduce the failure rate of cooperatives.

Since it is confirmed that the members' participation is really important contributor to cooperative success, the cooperative leaders, promoters and other stakeholders (organizations or individuals which in one way or another can affect the growth of cooperative) should attract and encourage the members' participation in decision-making in regard to cooperative affairs will definitely benefit these cooperatives. Promoting member participation requires its own appropriate procedures. Basically, in order to increase the level of members' participation in cooperatives, it is evident that creating awareness among the members through suitable techniques such as; formal, informal or group training must considered as important activity, in order to increase the members believe in the philosophy and power (strength) of cooperation.

Cooperatives need to find ways of re-introducing member commitment to their organizations, as commitment of members to cooperatives is found another factor for the success of cooperative. First, cooperatives can create member commitment when it finds a set of distinctiveness those appeals to the members but not to the non-members. Secondly, Fulton (2004) found that strong feedback increase member commitment. Therefore, cooperatives must become increasingly aware of these feedback effects and manage them accordingly. Finally, Trechter et al. (2005) found that members received cooperative education, shows more commitment to the success of cooperative. Therefore, government should intensively provide cooperative education to the members to increase their commitment. Moreover, cooperative education and training should carry on as a continuing process even after the members move into the cooperative.

It is important that cooperative boards and management should maintain a two-way channel of communications with members. Survey respondents indicated that majority of members are illiterate and medium of communication is rated as influential. Therefore, reaching multiple audiences in cooperative is necessary and communication methods should be refined for each of those audiences. Necessarily, the study recommend face to face as most preferable as far as dealing with cooperatives in rural areas.

Despite the fact that, directors have the authority to make many decisions on behalf of the members who elected them, they should not act autonomously. Before making major decisions, directors should solicit input from members. This will ensure that consensus or vision on how the cooperative is to be run. Furthermore, this can contribute to the education and general awareness of all members as to how the cooperative is operated successfully.

According to the result of the study, government NGOs supports are also external factor found as major contribution to the success AMCs. However; the researcher believes that these supports must realize the limits of their support and stress that decisions should come from the members. Moreover, the support should be delimited by time for concern of their long-term sustainability. This will ensure to avoid overdependence on these supports.

Finally, all cooperative concerned organization or individuals should work with members in increasing members' faith to cooperative philosophy in order to boost up the spirit cooperation and understanding involvement, mutual trust and good will by conducting different training courses and sharing best experiences and enlightening the success stories as concrete example. As overall recommendation, the study has suggested present and future cooperative promoter, government, prospective members and other stakeholders to take those identified influential success factors into consideration while they organize cooperative, making policies and strategies for cooperatives. In addition, since cooperative firms have very limited resources to solve their problems, it is critical to prioritize those items that have greater impact on their success than do others. This is expected to give cooperatives a competitive, successful and sustainable advantage of understanding and doing business in the competitive business environment.

5.3 Potential areas for future research

This study has yielded considerable results and produced substantial contributions to the existing body of knowledge; however, there are also significant limitations which require further research that rigorously tests its validity and applicability in other populations to be conducted.

The limitations of the study are primarily related to the methodology, the study undertaken was cross-sectional, which various segments of a population are sampled and data are collected at a single moment in time. However, the study observes that those successes factors in cooperatives are better understood if we collect data at different time. Therefore, the future study needs to provide longitudinal data to examine continuity of response and to observe success that occur over time.

Further studies need to be undertaken in broader area, moving from regional level up to country level. Studies should not only include successful growing agricultural marketing cooperatives, but also involve other unsuccessful cooperatives to provide further confirmation of the factors involved in success, innovation and support required.

Further research could also be undertaken on cooperative which are involved in animal husbandry, mining cooperatives, service, consumer and rural electrification cooperatives, handcraft and other cooperatives.

Since the government plays a essential role in farmer cooperative development in Ethiopia, especially at their formation and early stage of cooperative development, further studies need to be undertaken to identify the most appropriate approaches that government could take to foster the successful development of farmers cooperative- but without over intervention.

References

- Abate, G. T., Francesconi, G. N., & Getnet, K. (2013). Impact of agricultural cooperatives on smallholders' technical efficiency: evidence from Ethiopia. *Euricse Working Paper*, 50(13), 1-23.
- Abdelrahman, A.H., & C. Smith. (2007). Cooperatives and agricultural development: A case study of groundnut farmers in western Sudan. *Community Development journal*, 31(1): 13-19.
- Agricultural Cooperative Development International & Volunteers in Overseas Cooperative Assistance. (2005). *Restructuring agricultural cooperatives in Ethiopia*. USAID, Ethiopia.
- Ahmedin, S. (2008). Performance of Coffee Farmers Cooperatives Marketing in Yiragcheffe and' Wonago Woredas, M.Sc. Thesis, cooperative marketing, Mekelle University, Ethiopia.
- Akwabi-Ameyaw K. (1999). Producer co-operative resettlement projects in Zimbabwe: Lessons from a failed agricultural development strategy. *World Development Review* 25(3): 437-456.
- Amini, A.M., & Ramezani, M. (2006). Study of effective factors on success of poultry-farm cooperatives in Gholestan & Mazandaran Province. *Journal of Agriculture Science and Natural Resources*, 13(2): 123-33.
- Amodeo, N.P. (2007). Be more cooperative to be more competitive. *J. Agricultural Cooperation*, 29(2): 115-124.
- Amodeo, N.P., (2007). "Be more cooperative to be more competitive". *Journal of Agriculture Cooperation*. 29(2): 115-124.
- Aref, A. (2011). Rural Cooperatives for Poverty Alleviation in Iran. *Life Science Journal*, 8 (2), 38-42.

- Arthur, M. M. & Cook, A. (2009). Shareholder returns for a catalyst award. *Group & Organization Management*, 34 (4), 432–448
- Australian Agricultural Council. (2001). *Working party on Agricultural Cooperative*. Agricultural Cooperative in Australia. SCA Technical Report Series, Canberra.
- Azadi, H. & Karami, E. (2010). Comparison of mechanization unit of rural cooperatives, production cooperatives and mechanization companies in Fars province, Iran. *Journal of Science and Technology of Agriculture and National Resources*, 5 (3), 33–48.
- Barker, J. (2001). *Agricultural Marketing*, Oxford University Press. New York.
- Banaszak, I. (2008). Determinants of successful cooperation in agricultural markets: evidence from producer groups in Poland. *Strategy and Governance of Networks*, Heidelberg: physical-verlag.
- Benoit-Moreau, F., Larceneux, F., & Parguel, B. (2010). The communication societal: entre opportunities at rising opportunism. *Decisions Marketing journal*, 59, 75-78.
- Bernard, T. D., Spielman, A.S., Taffesse & E, Gabre-Madhin. (2010). Cooperatives for Staple Crop Marketing: Evidence from Ethiopia, Washington, DC: *International Food Policy Research Institute (IFPRI) Research Report* 166.
- Bernard, T., & Spielman, D. (2009). Reaching the rural poor through rural producer organizations: A study of agricultural marketing cooperatives in Ethiopia. *Food Policy*, 34, 60–69.
- Bhuyan, S. (2007). The “people” factor in cooperatives. An analysis of members’ attitudes and behavior. *Canadian Journal of Agricultural Economics/Revue*, 55(3), 275-298.
- Birchall, J., & Richard, A. Simmons. (2004). What motivates members to participate in cooperative and mutual businesses? A theoretical model and some findings. *Annals of Public & Cooperative Economics*, 75(3), 465-495.
- Borgen, S. (2001). Identification as a trust- generating mechanism in cooperatives. *Annals of public and cooperative economics*, 72(2), 209-228.

- Bravo-Ureta, B., & T.C Lee. (2006). Socio-economic and technical characteristics of New England dairy Cooperative members and nonmembers. *Journal of Agricultural Cooperatives*. (3), 12-28.
- Brislin, R., Worthley, R. & Macnab, B. (2006). Cultural intelligence: Understanding behaviors that serve people's goals. *Group & Organization Management*, 31 (1), 40–55.
- Bruynis, C.L., P.D. Goldsmith, D.E. Hahn, and W.J. Taylor. (2007). Key Success Factors for Emerging Agricultural Marketing Cooperatives. *Journal of Cooperatives*, 16, 19-24.
- C, R.Kothari. (2004). *Research Methodology: Methods and Techniques, 2nd edition*. New Delhi: New Age International (p) limited.
- Catherine, Dawson. (2007). *A practical Guide to Research Methods: A user friendly manual for mastering research techniques and projects, 3rd edition*. United Kingdom.
- Center, T. (2001). The Role of Cooperatives in Agriculture: Historic Remnant or Viable Membership Organization? *Journal of Agricultural Cooperation*, 13, 450-479.
- Chambo, S. Mwangi, Mary, & Oloo, O. (2007). *An Analysis of the Socio-economic Impact of Cooperatives in Africa and Their Institutional Context*. Nairobi: ICA Regional Office for Africa.
- Chibanda, M., Ortmann, G., & Lyne, M (2009). Institutional and governance factors influencing the performance of selected smallholder agricultural cooperatives in KwaZulu- Natal. *Agerkon*, 48(3), 293-315.
- Chirwa, E., Dorward, A., Kachule, R., Kumwenda, I., Kydd, J., Poole, N. (2005). *Farmers Organizations for Market Access: Principles for Policy and practice*. Department of Agricultural Sciences, Imperial College, London.
- Cole, M. S., Schaninger, W. S. & Harris, S. G. (2002). The workplace social exchange network: A multilevel, conceptual examination. *Group & Organization Management*, 27 (1), 142–167.

- Colquitt, Jason A., Brent A. Scott & Jeffrey A. Le Pine. (2007). Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology* 92(4): 909-927.
- Cook, M. (2005). The Future of US agricultural cooperatives: A neo-institutional approach. *American Journal of Agricultural Economics*, 34, 1153-1159.
- COPAC. (1999). Capital Formation in Agricultural Cooperatives. (Report of COPAC International Technical Meeting, Rome).
- Costa, A. C. (2003). Work team trust and effectiveness. *Personnel Review*, 32, 605–623.
- Coulter, J., & Onumah, G. (2002). The role of warehouse receipt systems in enhanced commodity marketing and rural livelihoods in Africa. *Food Policy*, 27(4), 319- 337.
- Cropanzano, Russell and Marie S. Mitchell. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874-900.
- Dakurah, H. A., Goddard, E. & Osuteye, N. (2005, July). Attitudes towards and Satisfaction with Cooperatives in Alberta. *Paper prepared for presentation at the American Agricultural Economics Association Annual Meeting*, Providence, Rhode Island..
- Daniel, B. (2006). *Performance of Primary Agricultural Cooperatives and Determinants of Members' Decision to Use as Marketing Agent in Adaa Liben and Lume Districts*, M.Sc. Thesis, Agricultural Economics, Alemaya University, Ethiopia.
- Deininger, K. (2005). *Technical Change, Human Capital, and Spillovers in United States Agriculture 1949-1985*. New York, NY: Garland Publishing.
- Desalegn Rahmato (1994). "After the Derg: An assessment of Rural Land Tenure issues in Ethiopia." Institute of Development Research. Addis Ababa University.
- DFID. (2008). *How to Leverage the Co-operative Movement for Poverty Reduction: Growth and Investment Group*,

- Digby, M.S. (2003) "Cooperative Marketing In India" *Review of International Cooperation* Vol. 69 No. 2. p.52
- Dorward, A., Kydd, J., & Poulton, C. (2008). Traditional Domestic Markets and Marketing Systems for Agricultural Products. Background Paper for the WDR.
- Du Plessis, C. G. A. (2008). Ethical failure under the agency logic: Grounding governance reform in logic of value. *Group & Organization Management*, 33 (6), 781–804.
- Erdem, Ferda., & Janset, Ozen. (2003). Cognitive and affective dimensions of trust in developing team performance. *Team Performance Management*, 9(5/6), 131-135.
- Esman, M. J. & Uphoff, N. T. (2008). *Local Organizations. Intermediaries in Rural Development*. Cornell University Press.
- Fafchamps, M. (2001). The enforcement of commercial contracts in Ghana. *World Development*, 24(3), 427-448.
- Fafchamps, M., & Gabre- Madhin, E. (2001). *Agricultural Markets in Benin and Malawi: The operation and performance of traders*. World Bank
- Federal Negarit Gazeta of The Federal Democratic Republic of Ethiopia (1998). Cooperative Societies. Proclamation No.147/1998.
- Ferrin, Donald L., & Kurt T. Dirks. (2003). The use of rewards to increase and decrease trust: mediating processes and differential effects. *Journal of Organization Science*, 14(1): 18-31.
- Francesconi, G.N. and N. Heerink (2010) 'Ethiopian agricultural cooperatives in an era of global commodity exchange: Does organizational form matter?' *Journal of African Economies*, 20: 1–25.
- Fulton, J. (2004). *Understanding Cooperative Behavior: The Prisoners' Dilemma Approach. Cooperatives and Local Development*. New York: Harper Perennial.

- Fulton, J.R., & W, L Adamowicz, (2000). Factors that influence the commitment of members to their Cooperative organizations. *Journal of Agricultural Cooperatives* (8), 39-53.
- Fulton, M. (1999). Cooperatives and member commitment. *LTA*, 4(99), 418-437.
- Fulton, M. (2001). Leadership in democratic and participatory organizations. *Canadian Journal of Agricultural Economics/Revue Canadian of agro economies*, 49(4), 381-394.
- Fulton, M., & Giannakas, K. (2007). Organizational commitment in mixed oligopoly: Agricultural cooperatives and investor-owned firms. *American Journal of Agricultural Economics*, 83(5), 1258- 1265.
- Gabre- Madhin, E. (2006). Building Institutions for Markets: The challenge in the Age of Globalization. *Agricultural Development in Sub-Saharan Africa*.
- Galor, Z. (2009). *Demutualization of Cooperatives: Rural Cooperation in the 21 century: lessons from the past pathway to the future*. www.coopgalor.com (Accessed on 22/12/2013).
- Getnet, K. and A. Tsegaye (2012) 'Agricultural cooperatives and rural livelihoods: Evidence from Ethiopia', *Annals of Public and Cooperative Economics*,83: 181–198.
- Gouldner, Alvin W. (2002). The norm of reciprocity. *American Sociological Review* 25(2), 161-178.
- Gray, T., Kraenzle, C., & USDA, R. (2001). Member participation in agricultural cooperatives: a regression and scale analysis.
- Gunn, C. (2006). Cooperatives and market failure: Workers' cooperatives and system mismatch. *Review of Radical Political Economics*, 38, 345–354.
- Hakelius, K. (2009). *Cooperative Values-farmers' Cooperatives in the Minds of Farmers*. (Dissertation, Uppsala: Swedish University of Agricultural sciences,2007).
- Halloways, G, C., Niccholson, C.,Niccholson, C. Delgado, S. Staal & S. Ehui. (2000). Agro industrialization through the institutional innovation transaction costs,

- cooperatives and milk market development in East African highlands. *Journal of Agricultural Economic*, 23, 279-288.
- Han, J., Z. Qin, Y. Zhang & D. Luo. (2006). The current development and problems of Chinese cooperative development. *Zhongguo Jingji shibao*
- Hansen, Mark H., & J.L. Morrow Jr. (2003). Trust and the decision to outsource: Affective responses and cognitive processes. *International Food and Agribusiness Management Review*, 6(3), 1-30.
- Hansen, Mark H., J.L. Morrow Jr., & Juan C. Batista. (2002). The impact of trust on cooperative membership retention, performance, and satisfaction: an exploratory study. *International Food and Agribusiness Management Review*, 5(1), 41-59.
- Hansmann, H. (2006). Cooperatives firms in theory and practice. *LTA*, 48(4), 404-417.
- Henry, M. (2005). "Cooperative life cycle and goals." *Journal of Agricultural Economics*, v. 50, iss. 3, pp. 536-48
- Hill, T., Nel, E., & Illgner, P. (2007). Partnership for success community- based economic development: a case of Ngolowindo cooperative. Malawi. *Environment and planning C: government and policy*, 25, 573-590.
- Hovelaque, V., Duvaleix-Treguer, S. & Cordier, J. (2009). Effects of constrained supply and price contracts on agricultural cooperatives. *European Journal of Operational Research*, 199, 769–780.
- International Cooperative Alliance. (1995). International Co-operatives Research Conference, Statement on the Cooperative Identity. Geneva.
- James, k. N & Isaac K. (2005). An Analysis of Success, Failure and Demand Factors of Agricultural Cooperatives in Kenya. Strategies and Analysis for Growth and Access.
- Janet M. Ruane .(2005). *Essentials of Research Methods: a guide to social science research*, Blackwell publishing Ltd.

- Jemal, M. (2008). *Analysis of the Role of Cooperatives in Agricultural Input/output Marketing in Eastern Tigray Zone, Tigray Region*, M.Sc. Thesis, cooperative marketing, Mekelle University, Ethiopia.
- Jensen, R. (2007). "Factor That Influence the Commitment of Members to Their Cooperative Organization". *Journal of Agricultural Co-operatives*
- John, L., J. Adrian & T. Wade Green, (2006). Agricultural cooperative managers and the business environment. *J. Agribusiness Agricultural Economics. Georgia*, 19(1): 17-33.
- Kirchmeyer, C. (1995). Demographic similarity to the work group: A longitudinal study of managers at the early career stage. *Journal of Organizational Behavior*, 16, 67–83.
- Kirkman, B. L., Tesluk, P. E. & Rosen, B. (2004). The impact of demographic heterogeneity and team leader-team member demographic fit on team empowerment and effectiveness. *Group & Organization Management*, 29 (3), 334–368.
- Kodama, Y. (2007) 'New role of cooperatives in Ethiopia: The case of Ethiopian coffee farmers' cooperatives', *African Study Monographs*, 35 (3), 87–108.
- Kollock, Peter. (2009). *The emergence of exchange structures: An experimental study of uncertainty, commitment and trust*. In *Organizational trust*. R.M. Kramer, dir. London: Oxford University Press, 170-206.
- Krueger, A., Schiff, M., & Valdes, A. (2008). Agricultural incentives in developing countries: Measuring the effect of sectoral and economy wide policies. *The World Bank Economic Review*, 2(3), 255.
- Lui, S. S. & Ngo, H.-Y. (2005). The influence of structural and process factors on partnership satisfaction in inter firm cooperation. *Group & Organization Management*, 30 (4), 378–397.
- Mark Saunders, Philip Lewis & Adrian Thornhill. (2009). *Research Methods for Business Students*. Fifth edition, FT Prentice Hall

- Meyer, R., & Larson, D. (2007). Issues in providing agricultural services in developing countries. In Luther G. Tweeteny Donald McClelland (Eds.), *Promoting Third-World Development and Food Security* (pp.119-151). Westport: Praeger Publishers.
- Ministry of Finance and Economic Development (MoFED), Ethiopia (2006) ‘Ethiopia: building on progress - A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005/06-2009/10)’, Volume I (Main Text), Addis Ababa, Ethiopia.
- Morrow Jr., J.L., Mark H. Hansen., & Allison, W. Pearson. (2004). The cognitive and affective antecedents of general trust within cooperative organizations. *Journal of Managerial Issues*, 16(1), 48-64.
- Mutunga J. K. (2008) Why and what should enhancement of the role of farmers organization target, African Agriculture and the World development Report. Retrieved February 5, 2014, from <http://www.nai.uu.se/events/conferences/archives/>
- Myers, R. (2006). On the costs of food price fluctuations in low- income countries. *Food Policy*, 31(4), 288-301.
- Nyoro, J. K. (2007). A Qualitative Analysis of Success and Failure Factors of Agricultural Cooperatives in Central Kenya. Willingford, UK: CAB International.
- Ollila, P. & Nilsson, J. (2007). The position of agricultural cooperatives in the changing food industry of Europe. In J. Nilsson, & G. van Dijk (Eds.), *Strategies and Structures in the Agro-Food Industries* chapter 8. (pp. 130–150). Van Gorcum & Comp. Assen: The Netherlands.
- Oosterhof, A., van der Vegt, G. S., van de Vliert, E. & Sanders, K. (2009). Valuing skill differences: Perceived skill complementarity and dyadic helping behavior in teams. *Group & Organization Management*, 34 (5), 536–562.
- Osterberg, P., & Nilsson, J. (2009). Members’ perception of their participation in the governance of cooperatives: the key to trust and commitment in agricultural cooperatives. *Journal of Agribusiness*, 25(2), 181- 197.

- Ozdemir, G. (2005). Cooperative-shareholder relations in agricultural cooperatives in Turkey. *Journal of Asian Economics*, 16, 315-325.
- Parguel, B. (2010). Communication societal vs communication responsible, in Lavorata L, 50 fiches sur le marketing durable, Edition Bréal.
- Poulton, C., Kydd, J., & Dorward, A. (2006). Overcoming market constraints on pro poor agricultural growth in sub-Saharan Africa. *Development Policy Review*, 24(3), 243-277.
- Prakash, D. (2003). Capacity Building of Agricultural Cooperatives to Meet the Market and Human Resources Development Demands. A Step-by-step Approach. *Participatory Management Development Advisory Network*. New Delhi: India.
- Prichard, C., Korczynski, M. & Elmes, M. (2007). Music at work: An introduction. *Group & Organization Management*, 31 (2), 4–21.
- Purvis, R. (2007). Fraser-Fort George Biofuels Working Group. *In Seeds of Renewal - A New Wave of Co-op Development in Canadian Agriculture* (pp. 5– 6). Agricultural Co-operative Development Initiative (Ag-CDI), Canadian Co-operative Association.
- Ramezani, M., & A.M. Amini. (2007). Study of Effective Factors on Success of Poultry-Farm Co-operatives in Isfahan Province. Cooperative and innovation influencing the social economy. Saskatoon, Canada.
- Rankin, M. K., & Russell, I. (2005). Building *Sustainable Farmer Cooperatives in the Mekong Delta*. Is Social Capital the Key? Vietnam
- Reynaud, E., Depoers F. & Gauthier C. (2011). Le développement durable au cœur de l'entreprise, Dunod, Paris
- Ring, Peter S., & Andrew H. Van de Ven. (2002). Structuring Cooperative Relationships between Organizations. *Strategic Management Journal*, 13(7), 483-498.
- Robert K. Yin (2003), *Case study Research-Design and methods*, 3rd edition. Applied Social Research Methods Series, vol., 5, Sage publications Ltd., Thousand Oaks, California.

- Rousseau, Denise M., Sim B. Sitkin, Ronald S., & Colin Camerer. (2005). Not so different after all: a cross-discipline view of trust. *Academy of Management Review*, 23(3), 393-404.
- Russoa, C. D. Weatherspoonb, C. Petersonb, & M. Sabbatinia. (2000). Effects of managers' power on capital structure: a study of Italian agricultural cooperatives. *International Food and Agribusiness Management Review* 3: 27–39.
- Russoa, C., D. Weatherspoonb, C. Petersonb & M. Sabbatinia. (2005). Effects of managers' power on capital structure: a study of Italian agricultural cooperatives. *Intl. Food and Agribusiness Manage. Rev.*, 3: 27-39.
- Sar, S. E. (2005). Social factors affecting the operation of fishing cooperatives in Boushehr Province. Unpublished Manuscript, Faculty of Social Science, Allameh Tabatabaie University.
- Schaubroeck, John, Simon S.K. Lam., & Ann Chunyan Peng. (2011). Cognition-based and affect based trust as mediators of leader behavior influences on team performance. *Journal of Applied Psychology*, Online Feb7.
- Scribner, O. (2007). Cypress Biofuels Cooperative Ltd. *In Seeds of Renewal - A New Wave of Co-op Development in Canadian Agriculture* (p. 12). Agricultural Co-operative Development Initiative (Ag-CDI), Canadian Co-operative Association.
- Sexton, R., & Iskow, J. (2005). Factors critical to success or failure of emerging agricultural cooperatives. *Giannini Foundation Information series*, 88(3).
- Shabanali Fami, H. Choobchian, Sh. RahimZadeh., & Rasooli, F. (2006). Identification and Analysis of success structures of women cooperative Societies in Iran. *Women Studies Seasonal Journal*. 4th Year, Vol. 2, summer and fall.
- Shore, Lynn. M., Jacqueline .A.M Coyle-Shapiro, Xia.Ping Chen., &Lois E. Tetrick. (2009). Social exchange in work settings: Content, mixed and process models. *Management and Organization Review* 5(3): 289-302.

- Stringfellow, R., Coulter, J., Lucey, T., McKone, C., & Hussain, A. (2000). Improving the access of smallholders to agricultural services in sub-Saharan Africa: Farmer cooperation and the role of the donor community. *Natural Resource Perspectives*, 20.
- Suksawang, O. (2005). *Dynamics of cooperative development*. Retrieved March 5, 2014, from www.systemdynamics.org/conferences/1990/proceed/pdfs/suska1102.pdf.
- Theuvsen, Ludwig., Annabell Franz. (2007). The Role and Success Factors of Livestock Trading Cooperatives: Lessons from German Pork Production. *International Food and Agribusiness Management Review*, 10(3), 90-112.
- Tiegist, L. (2008). Growth without structures: the cooperative movement in Ethiopia. In P. Develtere, I. Pollet and F. Wanyama (Eds.) *cooperating out of poverty: The Renaissance of the African Cooperative Movement* (pp. 128–152), International Labor Office and World Bank Institute.
- Timmer, C. (2009). Food price policy: The rationale for government intervention. *Food Policy*, 14(1), 17-27.
- Torgerson, R. (2006). Farmer cooperatives. *The ANNALS of the American Academy of Political and Social Science*, 429(1), 91.
- Trechter, D. D., King, R. P. & Walsh, L. (2005). Using Communications to Influence Member Commitment in Cooperatives. *Journal of Cooperatives*, 17, 14-32.
- Tremblay, M., Sire, B. & Balkin, D. B. (2000). The role of organizational justice in pay and employee benefit satisfaction, and its effects on work attitudes. *Group & Organization Management*, 25 (3), 269–290.
- Tremblay, M., Sire, B. & Balkin, D. B. (2002). The role of organizational justice in pay and employee benefit satisfaction, and its effects on work attitudes. *Group & Organization Management*, 25 (3), 269–290.
- UN. (2005). Cooperatives in social development (No. 05-43448 (E)): United Nations.

- Unal, V.U., H. Guclusoy & R. Franquesa. (2009). A comparative study of success and failure of fishery cooperatives in the Aegean, Turkey. *Journal of Applied Ichthyology*, 25, 349-400.
- United State Department of Agriculture. (2002). *Cooperative management*, United State Department of Agriculture, Cooperative Information, Report. 1, Section. 8.
- Wadsworth, J. (2001). Keep the co-op candle burning. *J Rural Cooperatives*, 68 (2), 19–20
- Wanyama, F.O., P. Develtere., & I. Pollet. (2009) Reinventing the wheel? African cooperatives in a liberalized economic environment. *Annals of Public and Cooperative Economics*, 80 (3): 361–392.
- White, C.(2005). Agricultural Planning, Pricing policy and cooperatives in Vietnam. *World Development*, 13(1), 97-114.
- Woldu G/selassie. (2007). *Opportunities, Challenges and Contributions of Cooperatives for Agricultural Benefits*. (Unpublished M.A thesis, Addis Ababa University, 2007).
- Yamane (1967), *Statistics, an introductory analysis*, 2nd Ed., New York: Harper and Row. Cited in Israel (2003), *Determining sample size*, University of Florida.
- Zeuli, K. (2003). Achieving Cooperative Success. In P. Jakes (Eds.), *Forestry Cooperatives: What Today's Resource Professionals Need to Know* (pp. 39–51). U.S. Dept. of Agriculture, Forest Service, North Central Forest Experiment Station.
- Zhu, S.H., & P. Leonard. (2008). Apedaile Co- operative organization in rural Canada and the agricultural Co-operative movement in China. Centre for the study of co-operatives university of Saskatchewan, Saskatoon, SK.
- Ziegenhorn, R. (2003).Networking the Farm. *The Social Structure of Cooperation and Competition in Iowa Agriculture*. Aldershot, Vermont: Asgate.

APPENDICES

Appendix 1: Questionnaire for members

**MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**

SECTION 1: INTRODUCTION

Dear respondent,

I am a graduate student in the department of management, Mekelle University. Currently, I am undertaking a research entitled ‘Assessment of Influential Success Factors of Agricultural Marketing Cooperatives in Becho Woreda, South West Shoa, Oromia Region’; In partial fulfillment of the awards of master’s degree in business administration. You are one of the respondents selected to participate on this study. You are kindly requested to provide the correct and complete information to present a representative finding on the above title as it has a great role for the attainment of the objectives of the study.

Finally, I confirm you that all information given by the respondent will be strictly confidential and protected in any way and information will be used for academic purposes only. The estimated time for answering all the questions will be around 30 minutes.

Thank you in advance for your kind cooperation and dedicating your time!!

Yours sincerely,
Ephrem Dejene

Instructions:

- Please do not enter your name or contact details on the questionnaire. It remains anonymous.
- Please indicate your answers with a check mark (√) in the appropriate block for Likert scale type statements and multiple choice questions.

Section 2: General Background of Respondents

1. Sex

Male Female

2. Age

18-33 33-48 49-63 64 & over

3. Your highest educational qualification?

Illiterate

Basic education (Read and Write)

Elementary education

High school Education

Other (specify) -----

4. Marital status:

Married Single Divorced Widowed

Section 3: Evaluation of agricultural marketing cooperative success

In this section, you evaluate your cooperatives' in achievement of “service offerings”, and “satisfaction” among the members. And evaluate them in relation to your society and then put a tick mark (✓) under the choices below. Where, 5 = Very high, 4 = Very high, 3 = Medium, 2 = Low and 1= Very low.

5. How do you evaluate your society success in terms of increase the “service offerings” to the members and enhance the “satisfaction” among the members.

S.No	Level of success	5	4	3	2	1
1	Very low					
2	Low					
3	Medium					
4	High					
5	Very high					

Section 4: Success Factors Influencing Agricultural Marketing Cooperatives

The major Influential Success Factors of Agricultural Marketing Cooperatives are listed below. Please indicate the degree of influence to which these factors are contributed the success of your society. After you read each of the factors, evaluate them in relation to your society and then put a tick mark (√) under the choices below. Where, 5 = influence critically, 4 = influence highly, 3 = influence moderately, 2 = influence slightly and 1= least influential.

6. Please indicate the degree of influence of each of the mentioned factors below concerning commitment factor in your society.

S.No	Commitment Factors	5	4	3	2	1
1	Good individual motivation and drive					
2	Mutual trust among cooperative members					
3	Commitment to shared goals					
4	Cooperative education of members					
5	Willingness of members to provide equity capital					
6	Willingness to exchange private information with the cooperative firm					
7	Willingness to serve in a different cooperative committee					

7. Please indicate the degree of influence of each of the mentioned factors below concerning participation factor in your society.

S.No	Participation Factors	5	4	3	2	1
1	Participation in technical training					
2	Participation in cooperative governance					
3	Participation to vote in general meeting and election					
4	Influencing the decisions in the society					
5	Attend every meeting of the society					

8. Please indicate the degree of influence of each of the mentioned factors below concerning structural factor in your society.

S.No	Structural Factors	5	4	3	2	1
1	Member homogeneity					
2	Members cooperation					
3	Large number of workers					
4	Availability of well structured facilities					
5	Practice of sharing experiences of other successful cooperatives					
6	Good relationship with other cooperatives					

9. Please indicate the degree of influence of each of the mentioned factors below concerning communication factor in your society.

S.No	Communication Factors	5	4	3	2	1
1	Members access to timely and worthwhile information					
2	Communicate member-owner responsibilities and benefits					
3	Communication of related industry news and market trends					
4	Accuracy of messages cooperatives communicate to member					
5	Provide regular feedback to members to allow them to share in collective successes					
6	Good communication medium					

10. Please indicate the degree of influence of each of the mentioned factors below concerning managerial factor in your society.

S.No	Managerial Factors	5	4	3	2	1
1	Good interpersonal skills of managers					
2	Good understanding the concept of cooperative					
3	Good interest of management to work in cooperatives					
4	Good experience of managers in cooperative					
5	General business and managerial skills					
6	Efficient conflict solving abilities					
7	Good educational level					

11. Please indicate the degree of influence of each of the mentioned factors below concerning external factor in your society.

S.No	External Factors	5	4	3	2	1
1	Good market access					
2	High number of cooperatives in the area					
3	Good infrastructural development level of the area					
4	Government support					
5	Non-government organization support					

12. Please indicate the degree of influence to which you agree with the following factor that have direct influence the success of your society.

S.No	General Factors	5	4	3	2	1
1	Commitment factor					
2	Participation factor					
3	Structural factor					
4	Communication factor					
5	Managerial factor					
6	External factor					

Gaafannoo Miseensotaaf

Yunversiti Maqalee

Kollejii Bizinesi fi Ikonomiksii

Mummee Manajimentii, Sagantaa ‘MBA’

Kutaa 1: Seensa

Kabajamaa(tuu)deebkennaa(tuu),

Gaafannoon kun kan qophaa’e barataa Yunversiti Maqalee kan ta’ee barataa Efreem Dajanee tiini. Dhimmii isaas qorannoo digrii lammaffa ittin argachuuf mata duree “Gamaggama Sababa Milkaa’ina Dhaaba Gamtaa Tajjajila Gabaa Aanaa Bachoo keessatti argamanii” kan jedhu irratti hojjechuufi. Kanaaf mata duree armaan olitti ibsameef gaaffillee kanaan gadittii argamanif deebii keessan isa sirrii ta’ee yoo naa kennitaan kaayyoo qorannichaa galmaan ga’uuf akka naa fayyadu beektanii akka na gargaartaan kabajaan isin gaafadha. Deebiin keessan dhimma qorannoo kanaaf qofa akka itti fayyadamuufi qaama sadaffaa kamittu dabarfamee akka hin kennamne qoratichii waadaa isinif ni gala

Yeerroo fi gargaarsa keessaniif durseen isin galateeffadha

Nagaa wajjiin,

Efreem Dajanee

Hubachiisa:

Adaraa maqaa keessaan fi odeeffannoo dhunfaa gaafannoo irraatti hin barreessinaa.

Adaraa gabate keessatti tuqaa sadarkeessuu irratti walii galtan mallattoo(√) irra kaa’aa.

Kutaa 2 Gaaffilee Dhuunfaa

1. Saala:

dhiira dhalaa

2. Umurii

18-33 33-48 49-63 64 fi isaa ol

3. Sadarkaa barnootaa

Barumsaa homaa hin qabuu

Barumsaa ijoo (kaatabuu fi duubisuu)

Barumsaa sadarkaa elemantarrii

Barumsaa sadarkaa lammaffa

Kan birraa (barreessaa) -----

4. Haala ga'ila:

ga'ila kan qabu qeenxee kan hiike/te abban mana kan du'ee

Kutaa 3: Gamaggama Milkaa'ina Dhaaba Gamtaa Tajjajila Gabaa

Kutaa kan jalaatti mikaa'ina dhaabaa keessaan gamma kennaa tajjajila gahaa, qubsaa fi fedhii miseensota agamuu saa gamaggamtuu. Itti ansuun milkaa'ina dhaabaa keessaan sadarkeessuun shan armaanii gadiitti qopha'anii fayyadamudhan gabate keessatti tuqaa sadarkeessuu irratti walii galtan mallattoo(√) irra kaa'aa.

4 = Baay'ee olaanaa, 4 = Olaanaa, 3 = Giddugaleessa, 2 = Gadannaa fi 1= Baay'ee gadannaa.

5. Milkaa'ina dhaabni gamtaa keessaan gamma kennaa tajjajila qubsa fi fedhii miseensota haala aggenii keennuu saa akkamtii gamaggamtu

S.No	Sadarkaa Milkaa'ina	5	4	3	2	1
1	Baay'ee gadannaa.					
2	Gadannaa					
3	Giddugaleessa					
4	Olaanaa					
5	Baay'ee olaanaa					

Kutaa 4: Gaafilee sababa milkaa'ina dhaaba gamtaa tajjajila gabaa

Sababonni milkaa'ina dhaaba gamtaa tajjajila gabaa guguddoon gabatee keessatti argamaniif sadarkeessuun shan qopha'anii jiru. Sababoota Eddaa sirriitti dubbistanii booda , milkaa'ina dhaaba gamtaa keessaan irratti dhibbaa ammammii akka qaban adaraa gabate keessatti tuqaa sadarkeessuu irratti walii galtan mallattoo(√) irra kaa'aa.

1= Dhibbaa baay'ee xiqqoo qaba, 2= Dhibbaa xiqqoo qaba, 3= Dhibbaa giddugaleessa qaba, 4= Dhibbaa gudda qaba, 5= Dhibbaa baay'ee jabaa qaba

6. Sababoota qophaa'innii mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Qophaa'ina Ilaalan	5	4	3	2	1
1	Miseensotni Kaka'umsa gaarii qabaachu					
2	Miseensotni amantaa waliinii qabaachuu					
3	Kutannoo mul'ata waliinii qabachuu					
4	Barumsaa dhaaba gamtaa lalchisee keenamuu					
5	Busii busuudhaf kutannoo qabaachuu miseensota					
6	Kutannoo odeefannoo dhunfaa dhaabbata waliin wal jijjiiruu					
7	Koree adda addaa kessaatti tajjajiluuf qopha'ina qabachuu					

7. Sababoota Hirmaanaan mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Hirmaanaa Ilaalaan	5	4	3	2	1
1	Lenjii ogummaa qonnaa irraattii hirmaachuu					
2	Bulchiinsaa dhaabbaticha keessatti hirmaachuu					
3	Sagalee kennuudhaf walga'ii walii gala irratti hirmaachuu					
4	Murteelee adda addaaraatti dhiibbaa qabachuu miseensota					
5	Walga'ii adda addaa irraatti argamuu					

8. Sababoota caasaan mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Caasaa Ilaalaan	5	4	3	2	1
1	Miseensotni halaa adda addattin wal fakkachuu					
2	Wal qarqaarsa miseensoota gidduu jiruu					
3	Dhaabbatni hojjetoota baay'ee qabachuu					
4	Haala gaariin argamuu meeshalee bu'uura					
5	Milkaa'ina gaarii dhaaba gamtaa birraa irraa qodachuu					
6	Walitti dhufeenya gaarii dhaaba gamtaa birraa waliin qabachuu					

9. Sababoota wal qunnamtiin mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Wal Qunnamtii Ilaalaan	5	4	3	2	1
1	Argamsaa odeefannoo dansaa yeeroodhan					
2	Ittii gaafatamummaa fi fayyidaa argamuu miseensaf ibsuu					
3	Haala gabaa fi oduu dhaaba gamtaa birra irratti odeefannoo keenamu					
4	Dhaabbatichi ergaa sirrina qabuu miseensotaf kennuu					
5	Milkaa'ina waliif dhaabbatichi idieedhan deebii miseensota kennuu					
6	Karaa wal qunnamtiin ittin gaggefamuu					

10. Sababoota qophaa'innii mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Bulchiinsa Ilaalaan	5	4	3	2	1
1	Bulchaan dandeettii wal qunnanti gaarii miseensota waliinii qabachuu					
2	Beekumsaa dansaa dhaaba gamtaa irratti qabachuu					
3	Hojii gaggeesitootni dhaabbaticha fedhii gaarii qabachuu					
4	Bulchaan muuxannoo hojii gaarii dhaaba gamtaa irratti qabachu					
5	Dandeetti bulchinsaa fi hojii daldalaa walii gala					
6	Dandeetti waldhabuu furmaata ga'aa kennuu					
7	Sadarkaa barumsaa gaarii qabachuu					

11. Sababoota qophaa'innii mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Dhaabbata Alaa Jiraan	5	4	3	2	1
1	Haala salphaan gabaa argachuu					
2	Dhaaba gamtaa hedduminnan argamuu					
3	Argamuu guddinni misooma bu'uura gaarii					
4	Gargaarsa mootummaa					
5	Gargaarsa dhaabbatoota mitti mootummaa					

12. Sababoota walii galan mika'inaa dhaaba gamtaa keessaaniif qabuu

S.No	Sababoota Walii Gala	5	4	3	2	1
1	Sababoota Qophaa'inan wal qabatan					
2	Sababoota Hirmaanaan wal qabatan					
3	Sababoota caasaan wal qabatan					
4	Sababoota wal qunnamtiin wal qabatan					
5	Sababoota Bulchiinsaan wal qabatan					
6	Sababoota dhaabbata alaa jiraan					

Appendix 2: Interview Questions

Interview questions with cooperatives leaders and officers

- ✚ What actors are the most important for cooperative success?
- ✚ What are the most common links that cooperatives have with external actors?
- ✚ What links are missing for success of cooperative?
- ✚ What you consider as major internal factors contributing the success of agricultural marketing cooperatives in relation to:
 - Members' commitment factors
 - Members participation factors
 - Communication factors
 - Structural factors
 - Managerial factors
- ✚ What you consider as major external factors contributing the success of agricultural marketing cooperatives in relation to:
 - Market access
 - Government support
 - Non-government support
 - Number of cooperatives in the area
 - Infrastructural development level of the area
- ✚ According to your experience, what are the most important success factor that influencing agricultural marketing cooperatives?
- ✚ What are your overall suggestions for the successful development of agricultural marketing cooperatives?

Appendix 3: Correlation Matrix

Correlations matrix								
		Success	Commitment Factors	Participation Factors	Structural Factor	Communication Factors	Managerial Factors	External Factor
Success	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	220						
Commitment Factors	Pearson Correlation	.839**	1					
	Sig. (2-tailed)	.000						
	N	220	220					
Participation Factors	Pearson Correlation	.809**	.760**	1				
	Sig. (2-tailed)	.000	.000					
	N	220	220	220				
Structural Factors	Pearson Correlation	.661**	.637**	.622**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	220	220	220	220			
Communication Factors	Pearson Correlation	.721**	.615**	.551**	.488**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	220	220	220	220	220		
Managerial Factors	Pearson Correlation	.785**	.676**	.629**	.475**	.737**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	220	220	220	220	220	220	
External Factors	Pearson Correlation	.380**	.207**	.373**	.260**	.334**	.276**	1
	Sig. (2-tailed)	.000	.002	.000	.000	.000	.000	
	N	220	220	220	220	220	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

Note that: As we are producing multiple correlations and regression model we need to be aware of certain features of the multicollinearity. That means, when two or more independent predictors are highly correlated with each other this is known as multicollinearity. As a general rule of thumb, predictor variables can be correlated with each other as much as 0.8 before there is cause for concern about multicollinearity (Perry R. et al., 2004: 323). But, here a

pair wise correlation is below 80%, which indicates the absence of series problem of multicollinearity in the regression equation as indicated in the above correlation matrix.

Appendix 4: Regression outputs and tests

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.924 ^a	.855	.851	.426

a. Predictors: (Constant), External Factors, Commitment Factors, Communication Factors, Structural Factors, Managerial Factors, Participation Factors

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	227.073	6	37.845	208.763	.000 ^b
	Residual	38.614	213	.181		
	Total	265.686	219			

a. Dependent Variable: cooperative success

b. Predictors: (Constant), External Factors, Commitment Factors, Communication Factors, Structural Factors, Managerial Factors, Participation Factors

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.166	.092		1.806	.072
	Commitment Factors	.308	.044	.333	7.077	.000**
	Participation Factors	.207	.039	.236	5.270	.000**
	Structural Factors	.110	.039	.100	2.811	.005**
	Communication Factors	.124	.040	.126	3.075	.002**
	Managerial Factors	.235	.041	.247	5.697	.000**
	External Factors	.088	.030	.086	2.958	.003**

a. Dependent Variable: cooperative success

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	99.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.166	.092		1.806	.072	-.073	.404		
Commitment Factors	.308	.044	.333	7.077	.000**	.195	.421	.307	3.254
Participation Factors	.207	.039	.236	5.270	.000**	.105	.309	.340	2.943
Structural Factors	.110	.039	.100	2.811	.005**	.008	.212	.537	1.861
Communication Factors	.124	.040	.126	3.075	.002**	.019	.228	.408	2.451
Managerial Factors	.235	.041	.247	5.697	.000**	.128	.342	.363	2.757
External Factors	.088	.030	.086	2.958	.003**	.011	.165	.800	1.250

a. Dependent Variable: cooperative success