

## **COMMUNITY DEVELOPMENT THROUGH COMMUNITY ORGANIZATIONS!! HOW FAR IT WORKS?**

**Dr.R.Dayanandan\***

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### **ABSTRACT**

Community organizations (Cooperatives) are effective tools for community development because they can, and often do, make community interest a priority over short-term financial gain. Operating as place-based businesses, they do so by choosing to locate their business functions in particular places for social rather than (purely) financial reasons. However, how the cooperatives in the study area are fulfilling their objectives is unknown due to dearths of studies. Therefore, this paper aims at assessing the contribution of cooperatives and the factors determining their contribution towards community development as well as the forward and backward linkages between cooperatives and community in the study area. To address the objectives, both primary and secondary sources of data were used. Primary data was collected from both members and non-members of cooperatives. Out of 12 types of cooperatives established before 2012, one cooperative from each type were selected purposively. From the total 2056 registered members, 324 sample was arrived through Cochran (1977) formula and the members were identified using proportionate random sampling technique. In addition five non-members from the vicinity of each sample cooperative were also included in the sample. The collected data was analyzed using SPSS software (version 21) and descriptive statistics such as frequency, percentage, mean, standard deviation and inferential statistics such as Chi-square test and ordered logistic regression were used. The findings indicate that, cooperatives contribute to members in terms of income increment, asset building, direct employment opportunity, accessing marketing information, connecting the members with others as well as engaging them in planting trees. Also cooperatives have created forward linkages with members in terms of provision of

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\* **Associate Professor, Hawassa University**

training as well as dividend payments and backward linkages through saving, mutual trust and commitment of members. The key informants also revealed that they got basic commodities, fresh fish, fresh milk, and services such as quality school education, furniture, floor mill as well as boat entertainment at their surrounding with reasonable prices/fees. Hence they confirmed that the sampled cooperatives play an essential role in community development. The ordered regression analysis results show that seven predictor variables such as duly election of directors, trained manager, regular audit, adequate working capital, cooperatives relationship with other cooperatives, women participations in governance and adequate government support were found to be highly significant which determine the contribution of cooperatives in community development. However, it found that the inclusion of disadvantage groups, payment of necessary capital, provision of consultancy services, public relation work and participation of women in cooperatives affairs are still inadequate. It is recommended that cooperative members, government and NGOs have to work in tandem to address those problems thereby enhancing the capacity of cooperatives for better community development.

**Keywords:** Cooperatives, Community Development, Forward and Backward Linkage

## **1. Background and Rationale**

Community development is when people join together to develop programs for improving the quality of life at the community level. It operates in indigenous initiatives or formal agencies, with diverse racial, ethnic, religious, or other groups, and in rural and urban communities in industrial and developing areas. Varieties of community development abound, and its activities are almost limitless. (Checkoway, 2011). It can be thought of as a process by which community members can obtain power to change social, economic or cultural situations. This process involves local people striving towards priorities or goals established by themselves, for themselves usually based on common geography, common experiences or common values (Cabaj, 2004; Brown, 1997).

Cooperatives are community-based organizations, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). They help to create more equitable growth by making markets work better for poor

people, by generating economies of scale, increasing access to information, and improving bargaining power. Cooperatives expand poor people's access to financial services, including credit savings and in some cases insurance and remittances. These services can support startup and expansion of enterprises; enable the risk taking that can lead to increased profitability; and reduce vulnerability by allowing the poor to accrue savings, build assets and smooth out consumption (Gicheru, 2012).

Cooperative businesses stabilize communities because they are community-based business anchors; and distribute, recycle, and multiply local expertise and capital within a community. They pool limited resources to achieve a critical mass. They enable their owners to generate income, and jobs, and accumulate assets; provide affordable, quality goods and services; and develop human and social capital, as well as economic independence (Gordon Nembhard, 2014). Cooperatives are viewed as important vehicles for community development because they mobilize local resources into a critical mass and their structure allows them to be more community-oriented (Fairbairn et al. 1991; Wilkinson and Quarter 1996).

The credulity of believing that communities will look to cooperatives to achieve local development objectives other than jobs and income was reflected by Fairbairn (2004): Community development scholars and practitioners, on the other hand, are now advocating that communities do just that. Although for the most part they never mention cooperatives per se, they promote locally owned and controlled businesses. The fact that cooperatives, or any actual legal business structures, are largely ignored in both community development theory and practice may reflect either a lack of detailed knowledge about business structures or an erroneous assumption that their differences (beyond local ownership and control) are trivial in a community development context. In fact, both scholars (Sen 2000; Birchall 2003; 2004; 2006; Stiglitz 2004; Simmons and Birchall, 2008) and international institutions (e.g. ILO, 2002) have pointed out that, once genuinely in operation, co-operatives represent an important means for enhancing well-being of members and their families and for community development.

Despite a number of cooperatives in different types have been established as an alternative mechanism by the government and NGOs, how far they are contributing towards the community

development is not well known in the study area due to dearth of studies. Therefore, the focus of this paper is generating information on the role of cooperatives in community development in Hawassa .

## **2. Objectives of the paper**

The general objective of this paper is to examine the role of cooperatives in community development at Hawassa. The specific objectives are:

- To assess the contribution of cooperatives in community development in the study area.
- To examine the forward and backward linkages between cooperatives and community
- To identify the factors determining the contribution of cooperatives in community development in the study area

## **3. Methodology Followed**

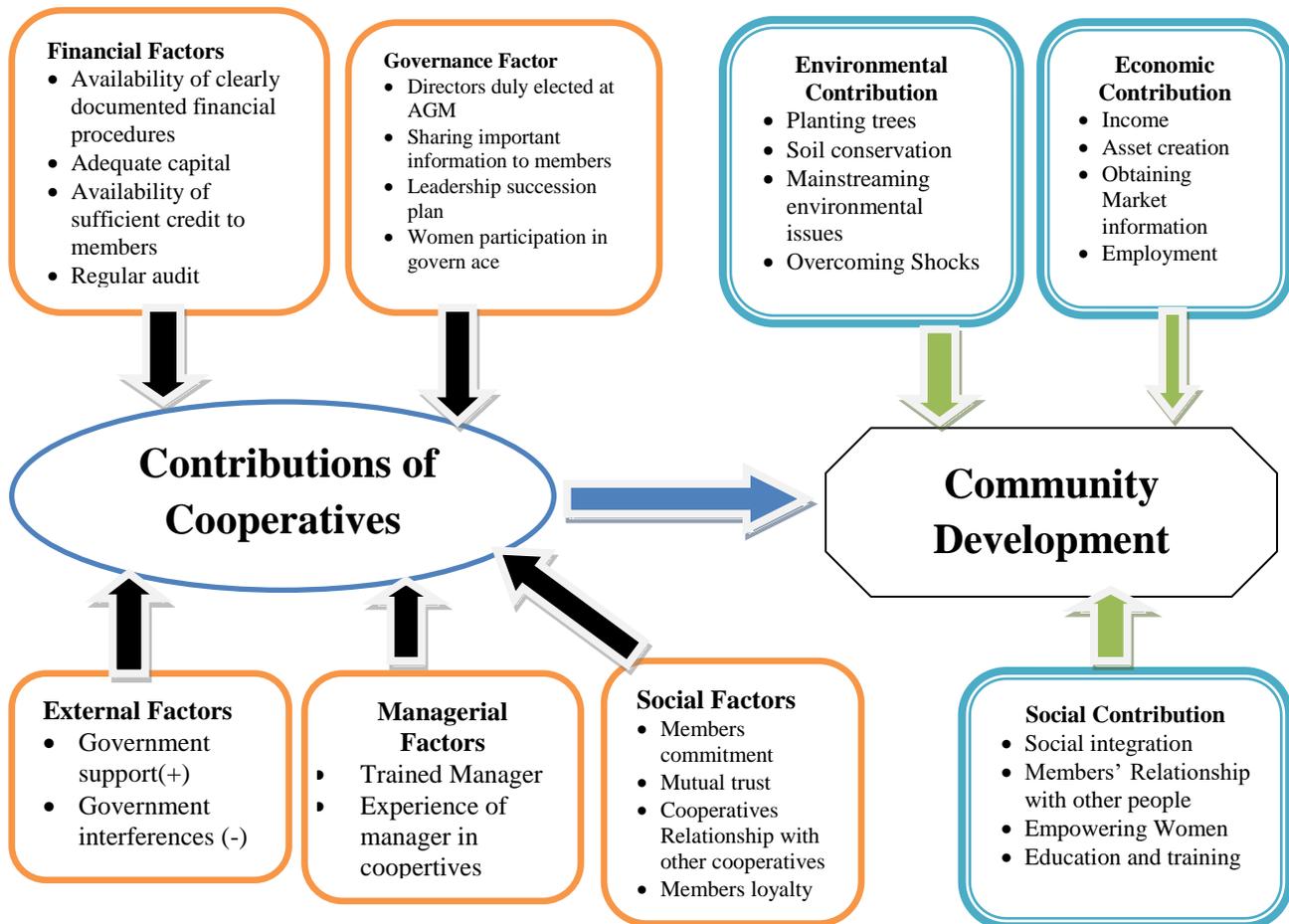
To attain the objectives, mixed type of study design encompassing both qualitative and quantitative information. The qualitative method involves subjective assessment of attitudes, opinions and behavior whereas the quantitative method is concerned with the generation of data in numeral form (Kothari, 2012). The qualitative data are helpful to triangulate the findings from the quantitative data. It is believed that the weakness of one method is supplemented by the strength of the other (Creswell, 2009). Both primary and secondary data were used to address the objectives. Primary data was collected from cooperative members and non-members. Multi-stage sampling procedure was used to select the cooperatives and the respondents. At first, one sample cooperative from different (12) types of cooperatives functioning in the study area was selected purposively by considering the highest number of members. In the second stage, out of 2056 members registered in 12 cooperatives, 324 sample members were taken using Cochran (1977) formula. Finally, individual respondents from each selected cooperatives were identified using systematic random sampling technique. In addition, in order to assess the benefit accrued from cooperatives, five non-members from the vicinity of selected cooperatives also selected purposively. They are representatives from women, youth leagues, elderly people and Community Based Organizations (CBOs). Thus the total sample population included in the study was 364. The collected data was analysed by computer software using SPSS (version 21).

Descriptive analysis through Frequencies, Percentages, Mean and Standard Deviation and inferential statistics like Chi-square test and ordered logistic regression analysis were carried out.

#### 4. Conceptual Frame Work

The study emphasizes the contribution of cooperatives in community development economically, socially and environmentally. The conceptual framework was developed based on literature review to emphasize mainly on the relationship of the explanatory variables with the dependent variable (Figure 1).

**Figure 1: Conceptual Framework**



#### 5. Results and Discussion

##### 5.1 Contribution of Cooperatives in Community Development

“Cooperative enterprises provide the organizational means whereby a significant proportion of humanity is able to take into its own hands the tasks of creating productive employment,

overcoming poverty and achieving social integration”. In addition cooperatives “continued to be an important means, often the only one available, whereby the poor, as well as those better off but at perpetual risk of becoming poor, have been able to achieve economic security and an acceptable standard of living and quality of life” (Imoisili 2001:6).The main focus of this research is to see how the sample cooperatives are engaged in different dimensions of community development such as economic, social and environment.

**5.1.1 Economic Contribution:** Cooperative enterprises are supposed to facilitate the tasks of improving income, creating productive employment, building assets and accessing market information for the members and others.

**Income Generation:** Income is the amount of money received during a period of time in exchange for labor or services, from the sale of goods or property, or as a profit from financial investments. Income, therefore, is the consumption and savings opportunity gained by an entity within a specified time frame, which is generally expressed in monetary terms. After participation in the cooperatives there is a tendency to move to a higher level of income. Table 1 shows that, the average income of the respondents before joining the cooperative was between 7501 and 27500 Birr per year for 61.7% respondents. However, after membership and engaging themselves in different business activities (shop, petty trade, Bajaj etc), the level of their income increased in between Birr 27501 and 47,500 per year for 55.6% of the sample members. Similarly there were no respondents under the annual income category between Birr 67501 and 87500 before joining to the cooperative. However 6.5% of them reached to that level of income after joining the cooperatives. This indicates that, cooperatives have a great role in improving their level of income to ensure their self-reliance. The t-test ( $t= 30.9.4$ ,  $p<0.05$ ) result also proved that cooperatives contributed for their members in annual income increment.

**Assets Creation :**Anything tangible or intangible that is capable of being owned or controlled to produce value and is held to have positive economic value is considered as an asset. As presented in Table 2, 78.4% of the respondents agreed that the cooperative membership helped them to accumulate asset. With regard to the main type of asset they possessed, from those who accumulate the asset, 58.5% of respondents acknowledges that cooperatives supported them to purchase a plot of land, 27.2% renovated or expand their house,19.7% of reported they

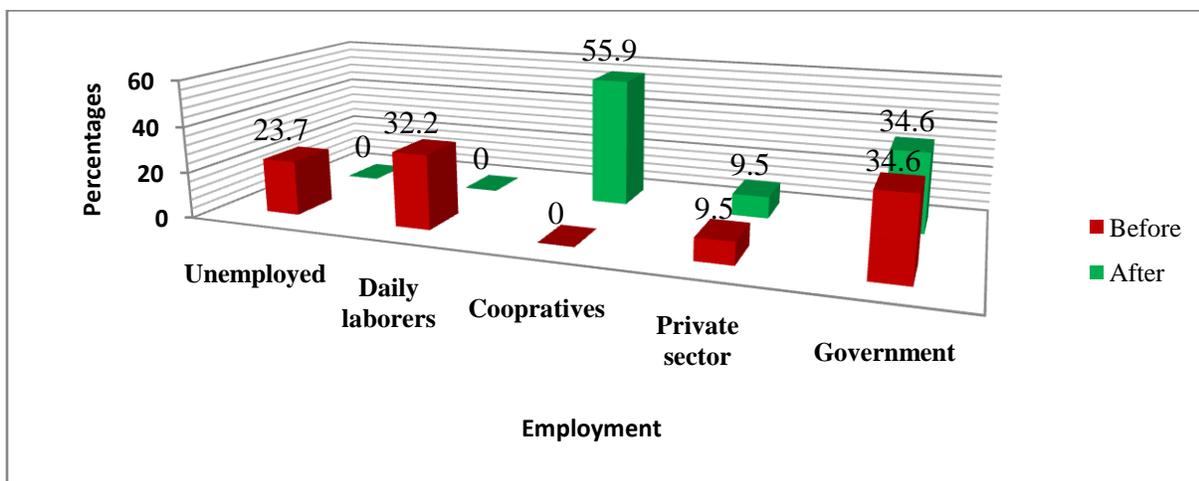
purchased Bajaj tricycle and the rest 8.7 % possessed machinery after becoming cooperative member.

**Table 1: Annual Income of Sample Members Before and After Joining the Cooperatives**

Income in Birr	No. of Respondents		T –test
	Before joining Cooperatives	After joining Cooperatives	
7501-27500	200 (61.7)	47 (14.5)	
27501-47500	95 (29.3)	180 (55.6)	<b>30.9***</b>
47501-67500	29 (9)	76 (23.5)	
67501-87500	-	21 (6.5)	
<b>Total</b>	<b>324 (100)</b>	<b>324 (100)</b>	
<b>Mean</b>	<b>26944</b>	<b>41883</b>	
<b>SD</b>	<b>13108</b>	<b>15397</b>	

**Note:** \*\*\*Significant at 0.1% level; Figures within parenthesis indicate percentages.

**Employment opportunity:** Due to the membership in cooperatives, members have got opportunity of employment either in the cooperatives or other sources. The survey result indicates that 32.2% and 23.7% of the respondents were unemployed and daily laborer respectively before joining cooperatives whereas after joining cooperatives 55.9% of them engaged in different positions in cooperatives. This implies that their involvement in cooperatives bring change in status of their occupation.



**Figure 2: Employment Before and After Joining Cooperatives**

Highest employment opportunities was created by fishery cooperatives (270), followed by food processing cooperative (90) and irrigation and horticulture cooperatives (71).

**Table 2: Number of jobs provided by Sample Cooperatives**

<b>Sample Cooperatives</b>	<b>No. of Members Employed</b>
SACCO	05
Consumer cooperatives	15
Environmental Protection Cooperative	50
Irrigation and Horticulture Cooperatives	71
Fishery Cooperatives	270
Handicraft Cooperatives	16
Diary Cooperatives	45
Multipurpose Cooperatives	20
Education and training cooperatives	30
Boat entertainment	29
Metal and wood work Cooperative	11
Local Food Processing Cooperative	90
<b>Total</b>	<b>652</b>

**Source:** Sample cooperatives

**Credit services availed by the sample members:** Credit is essential when there are insufficient accumulated savings to finance a business and when the return on borrowed funds exceeds the interest rate charged on the loan. It makes sense to borrow rather than postpone the business activity until sufficient savings can be accumulated assuming the capacity to serve the debt exists. Out of the sample members, only 34.6% has received the credit service and 65.4% did not access any credit from their cooperatives. Out of the total sample availed the loan, about 52.9% received loan amount in between Birr 15001 and 30000, 17.9% received Birr between 30001 and 60000, 13.4% received Birr between 7501 and 15000, 8.9% received Birr between 2000 and 7500 and 8% received 61001 and 100,000. This indicates

that majority (52.9%) of them received the loan amount range between 15001-30000 ETB.

**Utilization of Credit:** Credit utilization is the process of allocating the credit amount as per the plan. If they use the credit for intended purpose, they can earn income from the activities and benefit out of them. From those respondents who accessed credit, 58.9% reported that they purchased fixed assets of land, 63.4% of the respondents utilized the loan for renovating/expanding their house and 19.6% utilized it for developing new business through purchasing Bajaj Tricycle. It is inferred that most of them used the credit for fixed assets.

**Table 3: Credit Availed by the Sample Members**

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentages (%)</b>
<b>Credit availed</b>		
Yes	112	34.6
No	212	65.4
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Credit amount (ETB)</b>		
2000-7500	10	8.9
7501-15000	15	13.4
15,001-30000	59	52.7
31001-60,000	20	17.9
61001-100000	8	7.1
<b>Total</b>	<b>112</b>	<b>100</b>
<b>Usage of Credit</b>		
Purchasing fixed asset (land)	66	58.9
Renovating/expanding a house	30	26.8
Develop new business (Bajaj)	22	19.6

**Marketing Information:** It is the process of gathering and disseminating information about price, product, market place etc. to cooperative members. One of the functions of cooperatives is providing necessary and timely information. It is seen from survey results that 65.4% sample members received market information and the rest (34.6%) did not receive such sort of service.

Concerning the type of information they received, 100% got information about the output price, 73.1% about buyers and 30.6% obtained information about market place. Regarding the relevance of information, about all of them thought they got valuable information.

**5.1.2 Social Contribution:** Social contributions refer to improving social inclusion, improving relationship with members and communities ,women participation in the affairs of cooperatives and and the provision of education and training.

**Social inclusion/integration:** Social integration can be seen as a dynamic and structured process in which all members participate in dialogue to achieve and maintain peaceful social relations. Majority (63.3%) of sample members did not believe that their cooperatives encourage the inclusion of disadvantaged groups whereas 36.7% of them thought their cooperatives encourage the inclusion of disadvantaged groups (destitute women, people living with disability, elderly people). This implies that the cooperatives have shortcomings when it comes to the inclusion/integration of vulnerable groups.

**Interaction with other members or community:** Community interaction refers to the level of participation within a community, either with other members or with the site itself. Out of the sample, about 77.8% believed thatthe interactions with other members of group and community has increased after their affiliation with their cooperatives, where as 16% of them is indifferent about the statement and 6.2% of them disagreed with the statement.

**Women participation** refers to active involvement of women in the affairs of cooperatives. As the findings show that, except for attendance in meetings, less than 50% of the sample members participated in the affairs of their cooperatives. However, women's participation in trainings (13.8%), be elected (3.1%), profit allocation decision (33.7%), decision in business expansion and asset control (37.3) was very low. Furthe, only 24.7% of them are able to regularly vote without interference from other members, candidate or family members. This implies that women members lack regular participation in the major affairs of their cooperatives.

**Table 4: Women Participation in the Affairs of Cooperatives**

Variables	Always	Sometimes	Never	Total
No. of Women Respondents				
Elect Board of Directors	47 (49.3)	31(32.5)	17 (18.2)	96 (100)
Be elected	03 (3.1)	15 (15.6)	78 (81.3)	96 (100)
Meeting attendance	66 (69.1)	18 (18.5)	12 (12.4)	96 (100)
Profit allocation decision	32 (33.7)	42 43.8)	22 (22.5)	96 (100)
Business expansion decision	33 34.2)	42 43.5)	21 (22.3)	96 (100)
Asset control decision	36 (37.3)	49 (51.3)	11 (11.4)	96 (100)
Voting according to own decision	24 (24.7)	60 (62.6)	12 (12.7)	96 (100)
Participating in any trainings	13 (13.8)	56 (58)	27 (28.2)	96 (100)

**Note:** Figures within parenthesis indicate percentages.

### Education and Training

Education and training is one of the seven ICA principles of cooperatives and the development of sustainable member-owned cooperatives mainly depends on the members having a basic understanding about the activities of their cooperatives. This can also be put into practice through education and training. The absence of education and training in a cooperative is one of the obstacles constraining its performance. According to survey results (Table 4) about 67.6% of the sample has got education or training provided by their cooperatives. However, the rest (32.4%) denied the same. From those who got training, all of them (100%) reported that the training was focusing on cooperative nature and benefits, 15.4% reported that the focus was on how to generate income from different sources and 13% reported on business development.

**Table 5: Education and Training provided by Cooperatives**

Variables	No. of Respondents	Percentages (%)
<b>Provided education and/or training</b>		
Yes	219	67.6
No	105	32.4
<b>Total</b>	<b>324</b>	<b>100</b>

**Focus of the training**

Cooperative nature and benefits	219	100
How to generate income from different sources	50	15.4
Business Development	42	13

**5.1.3 Environmental Services:** This is a burning issue in these days and hence it needs worth analyzing. Sample members were asked whether their respective cooperatives encourage them to participate in environmental protection or not. Concerning this idea, more than half (53.4%) of them participated in environmental protection while 46.6% of them did not participate in this activity. Out of sample who participated, 86.7% was mobilized for planting trees, 64.7% reported that they were mainstreamed environment, 43.3% of them answered that their cooperatives promoted bio-intensive gardening and 25.5% believed that their cooperative contributes through promoting fuel saving stove. This implies that the contribution of the sample cooperatives towards environmental protection is less and hence needs attention.

**Table 6: Cooperatives in Environmental Protection**

Variables	No. of Respondents	Percentages (%)
<b>Ways of encouraging</b>		
Mobilizing members for planting trees	150	86.7
Mainstreaming environment	112	64.7
Promoting bio -intensive gardening	75	43.3
Promoting fuel saving stoves	39	22.5

**5.1.4 Participation in Community Affairs**

Participation in community affairs refers to cooperatives as well as members participation to change the lives of the community. The findings from the research indicate that, 60% of the sample members agreed on community development undertakings in one or another way while the rest (39.2%) denied. Regarding the type of community works undertaken, 71.6% opined that in awareness creation on harmful traditional practices, HIV/AIDS and HTP, 45.2% reported that supporting orphan and vulnerable children, 33% of them agreed on through floor mill services

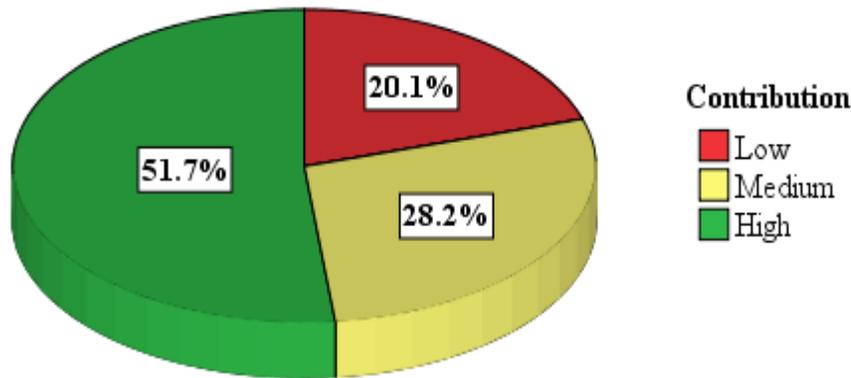
and 33% opined that stabilizing the market price in terms of availing basic commodities (sugar, edible oil, soap, teff etc) in reasonable price and 14.7% stated on building school and hiring teachers.

**Table 7: Participation of the Cooperatives in the Affairs of the Community**

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentages (%)</b>
<b>Undertaken community development work</b>		
Yes	197	60.8
No	127	39.2
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Type of community development work mainly undertaken</b>		
Awareness creation on HIV/AIDS and HTP	141	71.6
Building school	29	14.7
Establishing flourmill	65	33.0
Supporting Orphan and Vulnerable Children	89	45.2
Availing basic goods to the community	65	33.0

### **5.1.5 Overall contribution of Cooperatives in Community Development**

Opinion of the sample members was also collected regarding the overall contribution of cooperatives in community development. Accordingly, Figure 3 indicates that 51.7% of the respondents opined the overall contribution of cooperatives towards community development is high and 28.2% of them reported to be medium. However, 20.1% of them perceived that the overall contribution of cooperatives towards community development is low. From this we can deduce that more than half of the respondents (51.7%) agreed that cooperatives play their role in community development in the study area.



**Figure 3: The overall contribution of the cooperatives towards community development**

### 5.1.6 Opinion of Non-members regarding the contribution of Cooperatives

Community development is a wider issue and hence cannot be explained by members of the cooperatives only. It is also essential to encompass the opinion of the non-members in terms of the contribution.

Out of the total, 60% have said that they get relatively lower price benefit compared to the price charged by private traders, 41.7%, 26.7% and 25% reported that quality goods, good approach of sales person of the cooperatives and correct measurement respectively. From the above discussion, it can be inferred that the contribution of the cooperatives is significant in providing indirect benefits through its effect on local prices for consumer goods and other services by introducing competition into the marketing system by providing products/goods at low cost to the members and non-members. This leads to pricing adjustment by other local private traders; thus the real benefit may be their day-to-day impact on market prices. Had it not been the case, local traders would have increased the price of goods to maximize their profit margin. Cooperatives play great role in stabilizing the market as well.

The key informants are happy and reported that they get fresh fish from fishery cooperatives with a reasonable price. Besides, they get boat entertainment in Hawassa lake from Boat entertaining cooperatives. They also get fresh milk at their surrounding with a reasonable price from milk cooperatives. Also they have floor mill at their surrounding as a result they do not need to go far away to get teff and other cereals crushed to powder. Tesfa Education and training

cooperative availing them quality education service with reasonable price for their children from grade 1-10.

## **5.2 Forward and Backward Linkages between Cooperatives and Community**

**5.2.1 Forward linkage:** This can be using variables such as payment of dividend, creating market access for the members' produce, working space, public relations, provision of loans, offering training and provision of consultancy services.

**Dividend payment to members:** As per the cooperative proclamation of Ethiopia 147/1998 article 33, from the surplus 30% should be transferred to reserve fund and remaining 70% distributed as per the wishes of the General Assembly. As per the by-laws, members get benefits in the form of dividend. In addition, members get some bonus on the basis of participation and share. As presented in Table 8, 29.3% of the sample members received dividend from their cooperatives.

**Creating market access** refers to searching market by the cooperatives for the produce of members. 5.6% of them replied that their cooperatives created marketing access for their product; however, 28.7% of them denied this. Thus it shows that cooperatives have little role in playing forward linkage with the community regarding marketing access for the members' product.

**Provision of working space** refers to facilitating working space for the members for the purpose of manufacturing goods. According to the results, 19.8% of sample availed working space for them while 34.3% of them denied. This indicates that the cooperatives played little role as far as provision of working space is concerned.

**Public relation service** is the spread of information between members or cooperatives and the public. One of the activities of cooperatives is public relation service to showcase the works of the members using different media outlets such as printed material, radio and Television. Regarding public relation, only 17.3 % of them thought that their cooperative carried out public relation

work while 20.4% of them felt that it was not significant. This indicates that there is inadequate public relation service carried out by the sample cooperatives.

**Provision of loan** refers to the lending/act of giving money from cooperatives to members for future repayment with small interest. Out of the total sample members, 45.1% answered that the provision of loan service was low, while 34.6% of them perceived that the loan service was high.

**Provision of training** refers to the action of teaching offered by cooperatives to members to transfer skill and bring attitudinal change. Type of trainings offered to the members were cooperatives nature and benefits, how to obtain additional income, and business development.

**Table 8: Forward Linkages between Cooperatives and Community**

Variables	No. of Respondens	Percentage
<b>Payment of dividend</b>		
Low	73	22.5
Medium	156	48.1
High	95	29.3
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Creating Marketing Access</b>		
Low	93	28.7
Medium	213	65.7
High	18	5.6
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Working space</b>		
Low	111	34.3
Medium	149	46.0
High	64	19.8
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Public relations</b>		
Low	66	20.4
Medium	202	62.3

High	56	17.3
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Provision of loan service</b>		
Low	146	45.1
Medium	64	19.8
High	155	47.8
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Provision of Training</b>		
Low	105	32.4
Medium	64	19.8
High	155	47.8
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Consultancy services</b>		
Low	175	54.0
Medium	64	19.8
High	85	26.2
<b>Total</b>	<b>324</b>	<b>100</b>

About 47.8% of the respondents replied that provision of training to members was high whereas, 32.4% of them responded that their cooperatives' provision of training was low.

**Provision of consultancy service:** This means provision of expert advice to the members in business etc and only 26.2% of the respondents stated that the cooperatives provide consultancy services to their members, while 54% of them opined that the consultancy service was low. This indicates that cooperatives efforts to create linkage through consultancy services were low.

### 5.2.2 Backward linkages

**Backward linkages** mean what members and the community contributes to the cooperatives. It is essential to include from part of society and its contribution for well functioning of cooperatives.

**Table 9: Backward Linkages between Cooperatives and Community**

<b>Variables</b>	<b>No. of Respondents</b>	<b>Percentages</b>
<b>Savings</b>		
Low	27	8.3
Medium	49	15.1
High	248	76.5
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Provision of necessary capital</b>		
Low	142	43.8
Medium	110	34.0
High	72	22.2
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Sharing Costs of Operation</b>		
Low	74	22.8
Medium	113	34.9
High	137	42.3
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Loyal to the Co-op</b>		
Low	9	2.8
Medium	76	23.5
High	239	73.8
<b>Total</b>	<b>324</b>	<b>100</b>
<b>Membership commitment</b>		
Low	28	8.6
Medium	481	4.8
High	248	76.5
<b>Total</b>	<b>324</b>	<b>100</b>

**Saving** means the income kept in the cooperatives differed for future consumption/investment. As can be seen from Table 9, majority (76.5%) of sample members engaged in saving while the others (8.3%) of them did not saving.

**Provision of necessary capital:** The payment of additional capital to the cooperatives to expand its activities indicates that 22.2% of them provided the necessary capital to their respective cooperatives while 43.8% of them contributed low.

**Sharing the cost of operation** refers to the contribution made by members to facilitate the operations of the cooperatives. Out of the total sample, 42.3% of them paid the cost of operation to their cooperatives whereas 22.8 % of them did not. This shows that substantial number of members contributed the cost of operation so as to support day to day activities thereby ensuring backward linkage with their cooperatives.

**Loyal to cooperatives** refers to the faithful adherence of members to the causes of cooperatives despite challenges. The result (Table 9) shows that 73.8% of the them believed that they were loyal to their cooperatives during difficult time while 2.8 of them turned out to be disloyal.

**Members' commitment** is defined as the willingness of members to continue to serve and get service from the cooperative even when outside alternatives are more attractive. Available results reveal, majority (76.5%) of them sample members believed that they were committed to their cooperatives where as 8.6% of them believed that they lacked commitment to the efforts made by the cooperatives. Thus the sampled members played a backward linkage role towards their cooperatives.

### **5.3 Factors determining the Contribution of Cooperatives**

**5.3.1 Bivariate Analysis:** To identify the major factors determining the contribution of cooperatives, first, the relationship between independent variables and dependent variable was analyzed one by one using Chi-square test. For this purpose eighteen independent variables were identified through review of literature (Table 10). Among them, fifteen were found to be significant and checks for their cumulative effect by ordered logistic regression. They are:

directors duly elected at annual general meeting, sharing important information with membership, availability of succession plan, women participate in decision making, adequate government supports, government interference, cooperative has trained manager, experience of manager in cooperative, availability of clearly documented financial procedures, availability of regular audits of accounts, sufficient credit available to members, adequate capital, cooperative relation with other cooperatives, mutual trust among cooperative members and members' commitments to shared goals.

**Table 10: The relationship between Independent Variables and the Overall Contribution (Chi-square Test Results)**

Variables	$\chi^2_{Cal}$	p-value
Directors duly elected at annual general meeting	260	0.000***
Sharing important information with membership	315	0.000***
Availability of succession plan/tenure service	178	0.000***
Women participate in decision making	206	0.000***
Adequate government supports	288	0.000***
Government interference	174	0.000***
Cooperative has trained manager	213	0.000***
Experience of manager in cooperative	162	0.000***
Availability of clearly documented financial procedures	236	0.000***
Regular audits of accounts	198	0.000***
Sufficient credit available to members	235	0.000***
There is adequate capital	282	0.000***
Cooperative relation with other cooperatives	274	0.000***
Mutual trust among cooperative members	232	0.000***
Members' commitments to shared goals	211	0.000***
Availability of working premise	9.34	0.053
Availability of appropriate machinery and equipment	7.58	0.108
Availability of updated market research to meet client expectations	7.67	0.104

**Note:** \*\*\*Significant at 0.1% level

### 5.3.2 Multivariate Analysis

In order to examine the relative importance or net effects of each independent variables which are significant in the bi-variate analysis, by controlling all the confounding factors, multivariate analysis in the form of ordered logistic regression was carried out. Ordered logistic regression can be used when there is ordinal dependent variable. Before using the model, multicollinearity problem among the independent variables was tested using contingency coefficient and it was found that there was no such problem among the variables. According to ordered logistic regression output, out of fifteen variables which were included in the model, seven predictors have found to bring significant effect on the contribution of cooperatives in community development in the study area. They are (i) directors elected duly at annual meeting (B= 1.324,  $p<0.001$ ), (ii) adequate government supports (B= 1.059,  $p<0.01$ ), (iii) availability of trained manager in cooperatives (B= 1.117,  $p<0.001$ ), (iv) regular audits of accounts (B= 1.361,  $p<0.001$ ), (v) adequate working capital (B= 0.687,  $p<0.05$ ), (vi) cooperative relation with other cooperatives (B=1.145,  $p<0.001$ ) , and (vii) participation of women in governance (B= 0.782,  $p<0.05$ ). The results obtained through binary logistic regression analysis are presented in table 11.

**Table 11: Effect of Independent Variables and the Overall Contribution(OLA Results)**

Variables	B	S.E	Wald	Odds Ratio	P-Value
Directors duly elected at annual general meeting	1.324***	0.301	19.355	3.758	0.000
Sharing important information with membership	0.522	0.354	2.182	1.685	0.140
Availability of succession plan/tenure service	0.063	0.343	0.033	1.065	0.855
Women participation in governance	0.782*	0.331	5.576	2.186	0.018
Adequate government supports	1.059**	0.350	9.146	2.288	0.002
Government interference	0.386	0.292	1.739	1.471	0.187
Cooperative has trained manager	1.117***	0.259	18.552	3.056	0.000
There is adequate capital	0.687*	0.339	4.111	1.988	0.043
Availability of clearly documented financial procedures	0.168	0.321	0.272	1.183	0.602
Regular audits of accounts	1.361***	0.317	18.401	3.900	0.000
Sufficient credit available to members	0.050	0.323	0.024	1.051	0.876

Experience of manager in cooperative	0.396	0.357	1.231	1.486	0.267
Cooperative relation with other cooperatives	1.145**	0.340	11.352	3.142	0.001
Mutual trust among cooperative members	0.436	0.361	1.460	1.547	0.227
Members' commitments to shared goals	0.020	0.336	0.003	1.020	0.953

**Note:** B= Ordered logit coefficient (Estimate), SE=Standard Error

\*, \*\* & \*\*\* :Significant at 5%, 1% level and 0.1% level respectively.

## 6. Conclusion & Recommendations

Cooperatives can play central role in changing the lives of local communities. According to the findings the sampled cooperatives have played their role towards community development in changing the lives of members economically and socially and hence bring a spillover effect to the community at large. They are also benefiting the community through community projects such as building school, establishing flour mill, stabilizing the market by selling basic commodities such as sugar soap, edible, oil etc. They have also been contributing to the environment despite a lot has to be done in this field. Thus it can be deduced that cooperatives play their role in community development in the study area and 51.7% of the respondents of the survey confirmed this. However, though the sample cooperatives have been striving to render services to achieve their objectives, many shortcomings were also found during the research which can be overcome through the following recommendations:

- Emphasis should be given to promote participation of women in the affairs of cooperatives through awareness creation programmes.
- Cooperatives have to appoint managers with relevant educational level and good experience of management in cooperatives if they want to bring efficiency.
- Despite the fact that cooperative principle propagate open membership, the finding reveals the sampled cooperatives are not that much encouraging social integration of disadvantaged groups such as destitute women, people living with disability and elders. Thus cooperatives have to play an important role in combating social exclusion.
- Cooperative needs to promote good governance through duly electing their directors as this action ensures transparency and create confidence among members as well as the elected ones as the fairly elected will get the full mandate.

- Cooperatives need to design strategies to enhance their capital so as to expand or diversify its services to members as well as the community at large.
- Cooperatives need to design gender mainstreaming policy through which they base during their engagement with women members or staff.
- Cooperative education and training should carry on as a continuing process in different subject that help bring change in skill and attitude of members.
- Cooperatives need to strengthen their relationship with other cooperatives more as this creates synergy to pool resources and to stand on common interest thereby enhancing more community development undertakings .
- Cooperatives need to strengthen consultancy services to their members with regard to their businesses and challenges they come across with.
- Cooperatives need to design strategies to publicize the change observed on members so it has to do public relation work to showcase their work as well as their members.

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