

Factors Influencing Evaluation on the Performance of Primary Agricultural Cooperative Societies With Reference to Abuna Gindeberet Woreda, Oromia Regional State, Ethiopia

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Abstract:- In Cooperatives, evaluation of cooperatives performance is a tool for enhancing the performance of the societies and improving overall efficiency of the cooperatives and its management. This study was conducted with the objective of assessing the factors influencing evaluation on the performance of primary agricultural Cooperative societies with reference to study area. To conduct the study, from the total forty five primary agricultural cooperative societies, four primary agricultural cooperative societies were selected by purposive sampling technique. Population size consists of 985 individual members. The sample involves 169 of the cooperatives members which forms the target population of the study. Both primary and secondary data was used. The data collected by the use of questionnaires, focus group discussion and key informant interview and then descriptive analysis and inferential analysis was used for quantitative data. The result of this study reveals that, evaluation of the cooperatives performance was influenced by; educational level, skill of management committee, knowledge of management committee, training, experience, income, dividend, capital, share capital, interest and reserve fund. The binary logistic model results indicated that educational level, skill of management committee, knowledge of management committee, experience, dividend, share capital and interest were significantly influence evaluation on the performance of selected primary agricultural cooperatives societies. Finally the study suggested that more emphasis should be given to evaluation on the performance of cooperatives societies to ensure sustainability, continuity and better structures within the evaluation units as well as the overall structure of the cooperative society to enhance the development of cooperatives.

Keywords:- Agricultural Cooperative, Binary Logistic, Evaluation, Performance Of Cooperatives, Primary Cooperatives, Study Area.

I. INTRODUCTION

The cooperative movement plays an important role in wealth creation, food security and employment generation and hence participates in poverty alleviation (Legese, 2013). A cooperative is 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. The interdependence and the mutual help among human beings have been the basis of social life. It is the lesson of universal social history that man cannot live by himself and for himself alone. The spirit of association is essential to human progress (Legese, 2013). (Kelemu et al., 2016) Cooperatives are indispensable institutions for addressing structural problems facing Ethiopia, and are believed to play a prominent role in achieving goals of the broad development policy and strategy of the country.

Agricultural cooperatives

Agricultural cooperatives are farmers' organizations that are established based on their interest to solve their common problems and are managed by elected committee members (Yenesew, 2019). It is used to be considered as the classical form of co-ordination of different and independent farmers. Co-ops were founded in order to protect members against the large commercial and/or industrial companies which are often in a monopolistic or oligopolistic position (Szabó & Szabó, 2005). Moreover, agricultural cooperatives are member-based organizations, i.e. they are owned and controlled by their members. Ideally, member ownership is defined both in economic terms (members are stockholders) and in psychological terms (members feel ownership of the organization). Member control is defined by members holding the decision rights on both the activities and investments of the agricultural cooperatives, both ownership and controls are collective in nature.

In recent years there has been an expansion of monitoring and evaluation activities within community-based organizations. Monitoring and Evaluation is a management tool that can be used to help improve the performance level of projects and programs by reducing the cycle times. Successful monitoring and evaluation process is

dependent on effectual planning. The success of any program or project is associated with the initial planning process (Njoroge, 2018).

Evaluation according to Organization for Economic Co-operation and Development is a systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, efficiency, effectiveness, impact and sustainability (Maina, 2016). evaluation is used as a tool to help planners initiate new projects; to determine whether existing interventions should be strengthened or discarded; to facilitate continuous improvement in the project and to assess the overall effectiveness and efficiency of social interventions in terms of their outputs, outcomes, costs and impacts; and where necessary, to determine the catalytic effects and sustainability of such projects (Kioko, 2017).

Evaluation strategies are the actions plans to guide the evaluation work throughout the production process. Considering that large amounts of time and resources were dedicated to selecting and designing of dairy primary cooperative societies, it was of paramount importance to adequately monitor and evaluate their activities if they were to achieve their performance objectives (Nduta, 2018).

Cooperation exists within the wide variety of institutional and organizational landscapes, such as public and civil society organizations, private companies and industries, and traditional and party-based governance institutions, etc. Parallel to the modern way of cooperation, traditional collective action associations have also been playing a vital role in rural and urban communities. Collective action groups, in particular, modern cooperatives, have gained due attention in development discourse and programs designed for poverty reduction in Ethiopia (Mojo & Degefa, 2017).

The immediate impact of liberalization of Cooperatives in the 90's was collapse of cooperatives partly due to the inability to manage the new found independence from the state. Cooperatives were left without a regulatory system to play the role that the government previously played. The newly found freedom was dangerously abused by elected leaders to the detriment of many cooperative societies(Maina, 2016).

Though cooperatives are considered as an appropriate tool of rural development, in minimizing transaction costs, improving market access and bargaining power of farmers, they are restrained by different factors not to play their intended role on the ground to the rural people. As evidence indicate the resource of the Woreda cooperatives societies

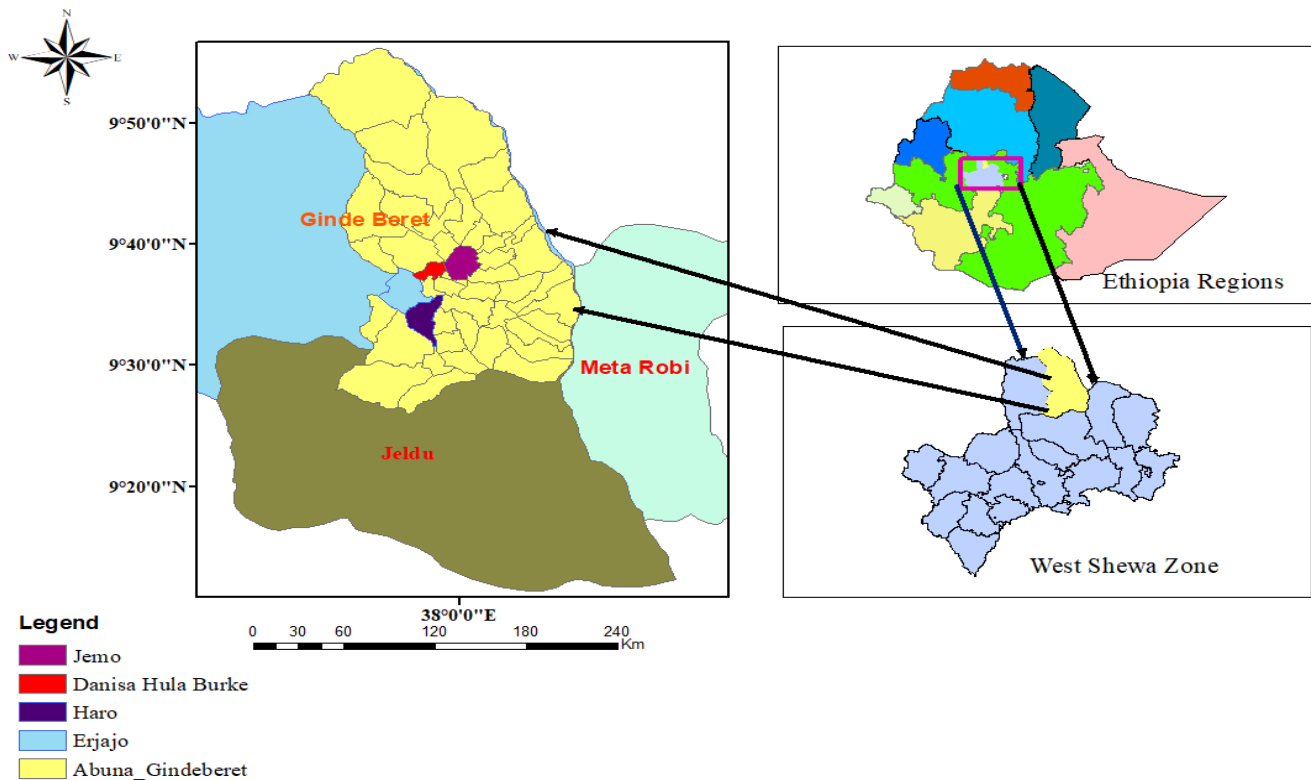
mostly extravagance by some group. Among different management activities undertaken by cooperatives, evaluation is one because it is a very important factor in the development of measuring the final outcome (performance) of cooperatives. However, the lack of a well-functioning evaluation system severely hinders the development of cooperatives in the study area in particular and in the country in general. Previous studies on factors influence evaluation found that evaluation practices influence the performance of micro-finance institution schemes. It established that preventive evaluation practices are not fully utilized by microfinance organizations and in addition that information technology practices need to be incorporated when conducting monitoring and evaluation,

However, despite available of literature on the influence of evaluation on the performance of cooperatives societies in other countries, the relevance of these factors on the performance of cooperatives has not assessed in Abuna Gindeberet Woreda. Therefore, although there are many kinds of literature on the influence of evaluation on the performance of cooperatives societies in other countries; still now, no studies were undertaken on the influence of evaluation in Ethiopia in general and the study area in particular. So, previous studies found only factors like; quality, relational, organizational, external factors, membership size, education level, training of cooperative leaders and reliable income on factors influencing evaluation on the performance of Cooperative Societies whereas the researcher needs to study other factors like internal factors, economic factors, managerial factors, and other factors in the study area which are considered as a research gap for this study. Generally, many studies have been conducted on factors influencing evaluation on the performance of primary agricultural cooperative societies. However, limited review was focused on cooperatives societies especially in our country. The researcher was found a depth in the literature on the factors influencing evaluation on the performance of primary agricultural cooperative societies in the study area. Hence, it is identified as a research gap and the research was undertaken.

II. METHODOLOGY OF THE STUDY

2.1. Description of the study area

The study was conducted in Abuna Gindeberet district, located West Shoa Zone, Oromia National Regional state in the Western part of Ethiopia. It is located at 176 Km West of the capital city of the country, Addis Ababa. It is bordered by Meta Robi district in East, Gindeberet district in West, Jeldu district in South and Amhara Regional State in North. The district has 41 rural kebele administrations and 3 urban kebeles.



Map of study Area
Source: - Own sketch (2020/21)

In Abuna Gindeberet Woreda, there are about five different types of primary cooperatives are organized under the cooperative proclamation number 402/2004 and Amendment 985/2016. Accordingly; forty five Primary Agricultural cooperative societies, thirty eight saving and credit cooperative societies, two consumer cooperative societies, five Trading crop cooperative societies and seven Traditional Irrigation cooperative societies.

For the aim of investigating the factors of evaluation on the performance of primary agricultural cooperative societies was selected purposively by using purposive sampling technique. The main reasons are; Large number of primary agricultural cooperatives in the Woreda, experienced primary agricultural cooperatives in the Woreda, Member involvement in decision making , and availability of required data.

Design of the Study

The empirical study was based on both qualitative and quantitative data generated from members of selected primary agricultural cooperative and other key actors in the Focus Group Discussion to respective selected management committee of primary agricultural cooperative and Woreda and zonal cooperative promotion agency. The quantitative data was obtained from 169 members of selected primary agricultural cooperative using a structured questionnaire survey. The qualitative data was obtained through focus group discussions and key informant interviews from selected management committee of primary agricultural

cooperative, Woreda and zonal cooperative promotion agency.

Sampling Procedure, Technique and Sample Frame

To conduct the study from the total forty five (45) primary agricultural cooperative societies, four (4) primary agricultural cooperative societies were selected by purposive sampling technique based up on; The year of establishment (longevity of the societies), the coverage of wider operational areas, availability of required data, the nature of service they rendering and member involvement in decision making

The sample frame for this study was four primary agricultural cooperative societies in the study area. Those societies consists nine hundred eighty five (985) individual members.

Sample Size Determination

From the nine hundred eighty five members of primary agricultural cooperative societies, the respondents were selected in a representative way to increase its reliability and validity of the samples. Accordingly, the sample size of the study or the number of members’ respondents would be determined by using Yamane (1967) sampling design formula:

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

Where: - n= Denotes sample size;

N= Denotes total number of members in the selected cooperatives (985), and

e=Denotes the desired level of precision (taking 7%)

$$n = \frac{985}{1 + 985(0.07^2)} = 169$$

It is common to use 95% confidence interval (precision level of 0.05) to determine sample size; however, this study had taken 93% confidence interval (0.07 precision level) considering the cost and availability of time without compromising the probability of generating reasonable sample which can represent the entire population of the study.

The total sample size retained for analysis would be 169 members and the number of respondents from each cooperative would be determined based on proportion to the total population size. Based on proportion to size; from Jamo primary agricultural cooperative society 44, Nano Haro 62, Danisa Ula Burki 11 and Nano Gorgisi 52 respondents were selected from each society respectively.

Methods of data collection & Tools and Methods of Data Collection

In order to conduct the study, data was collected from, Primary and secondary source of data. Primary data was collected through distributing self-administrative questionnaires that were close ended and open ended forms of questionnaire.

The structured interview schedule was administered to solicit or ask for the required information from sampled cooperative members; the checklist was prepared for focus group discussion and key informants. The major tools for data collection include the following: Questionnaires, Focus Group Discussion and Key Informant Interview.

Method of Data Analysis

The descriptive and econometric models were used to analyze the data. Descriptive statistics such as percentages, frequencies, the results of the study had been presented using tables; bar graph and pie chart were applied. The result from these descriptive statistics served for developing the econometric model. Hence, to deal with the factors of evaluation on the performance of primary agricultural cooperatives societies in the Abuna Gindeberet district, a binary logistic regression Model was used.

Some of the studies conducted on modeling the factors of evaluation on the performance of cooperatives have used dichotomous discrete choice models (logit and probit) where, the dependent variable is a dummy that takes a value of zero or one, depending on whether or not each cooperatives societies regularly evaluated. Therefore, the dependent variable in this study is dummy variable (binary), which takes the value zero or one based up on whether or not the cooperatives performance are well evaluating or not. However, the independent variables are can be either continuous or binary.

Model Specification

Pi=F

(Zi).....1

.....1

$$Z_i = \beta_0 + \sum_{j=1}^m \beta_j \times x_{ji}$$

$$= \log \left(\frac{p}{1-p} \right) i \times i + \dots + \beta_i$$

× n2

Where, Pi is the probability that the evaluation take place, the binary variable, Pi=1 for members participate in the evaluation of cooperatives performance and Pi=0, for not participate in the evaluation of cooperatives performance.

Zi is estimated variable for the ith observation; F is the functional relationship between Pi and Zi. i= 1, 2, 3...m are observation on variables of evaluation of cooperatives performance, m being the sample size 169. xji -is the jth independent variable for ith observation = 1, 2...n. Bj is a parameter, j=0, 1,...n where n is the total number of independent variable.

Conceptual Framework of the Study

Conceptual framework is defined as a network or a plane of interlinked concepts that together provide a comprehensive understanding of a phenomenon. In other words, it is a visual that explains either graphically or in a narrative form, the main things to be studied key factors, concepts, variables and the presumed relationships among them. Based on the different review of literature made above, influence of evaluation on the performance of Cooperative societies is assumed to be affected by a wide range of factors.

From the general reviews, the various factors can be grouped as: Demographic factor, Managerial factors and economic factors.

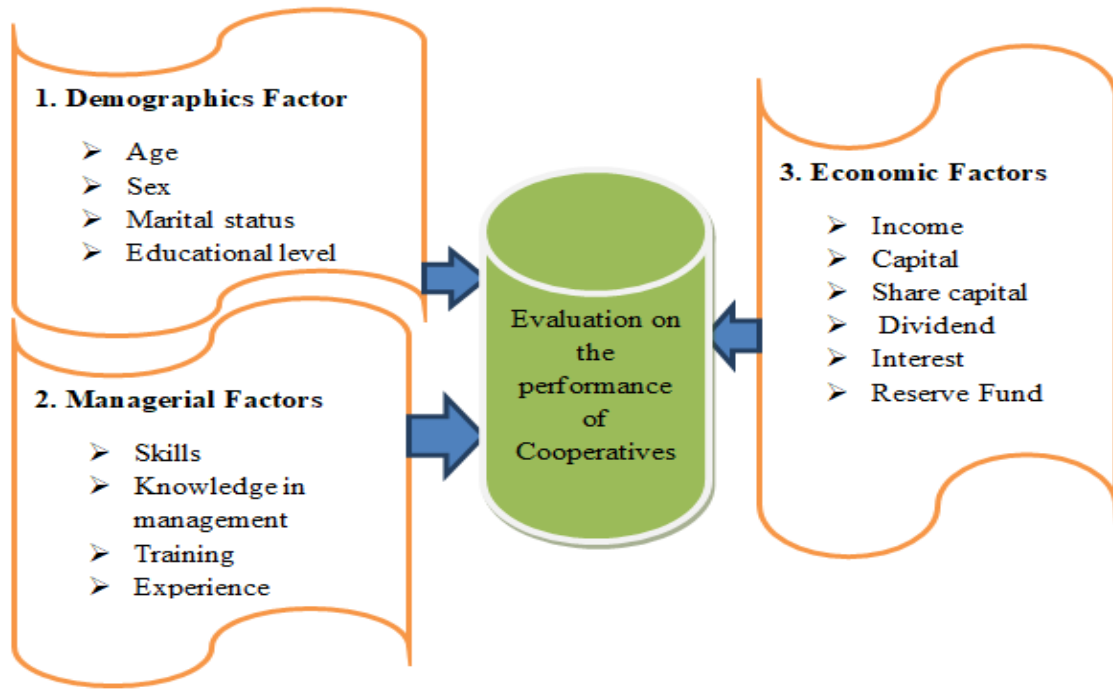


Figure 1: Conceptual framework
Source: Author, 2020/21

III. RESULTS AND DISCUSSION

Response rates of Respondents

Out of a total of 169 targeted study respondents, all respondents were reached and positively responded by participating in the study, giving a 100% response rate.

Demographic Characteristics of the Respondents

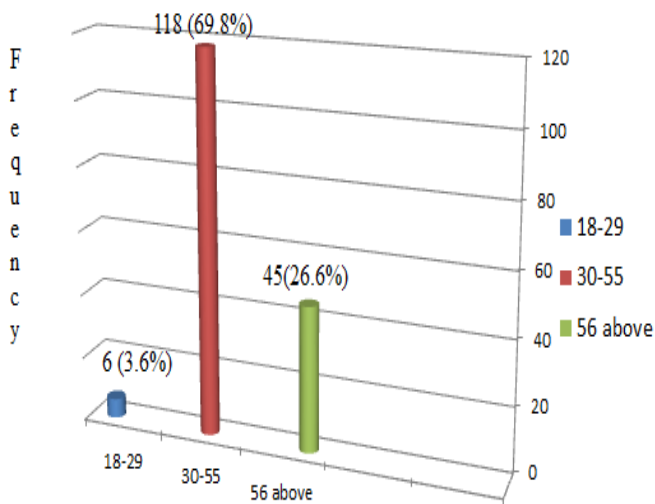


Figure 2: Distribution of Respondents by their Age
Source: From survey data (2020/21)

Gender of respondents

Sex of members

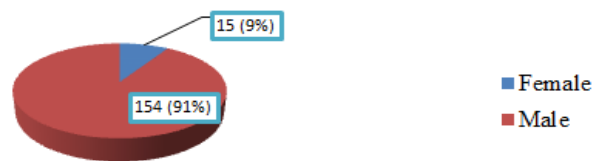


Figure 3: Distribution of Respondents by their Gender
Source: From survey data (2020/21)

Marital status of Respondents

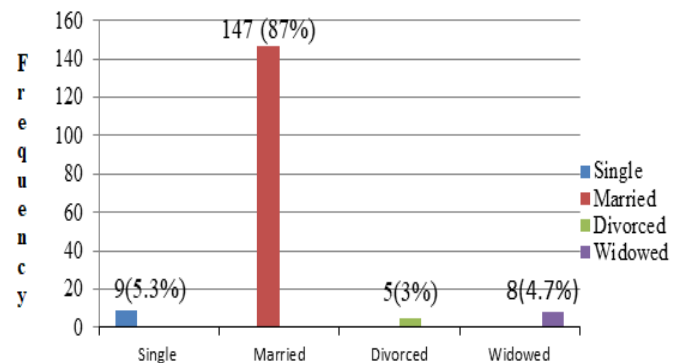


Figure 4: Distribution of Respondents by their marital status
Source: From survey data (2020/21)

Influence of evaluation on the performance of cooperatives The classification table shown below indicated that the model correctly classified 92.76% of the respondents in to their corresponding Influence of evaluation on the performance of cooperatives.

Table 1: Classification Table a, b

Step	Observed		Predicted		Percentage Correct
			Influence of evaluation on the performance of cooperatives		
			Yes	No	
1	Influence of evaluation on the performance of cooperatives	Yes	37	3	92.5
		No	9	120	93.02
Overall Percentage					92.76

a. Constant is included in the model.

b. The cut value is .500

Source: Computed from Survey data (2020/21)

Tests of the goodness fit of the model

The omnibus test of model coefficient indicated that the explanatory variables are statistically significant because

its chi-square p-value (0.00) less than 0.05 in improving the model. That is the addition of each explanatory variables in to the model improves the model.

Table 2: Omnibus tests of model coefficients

		Chi-square	df	Sig.
Step 1	Step	85.162	1	.000
	Block	85.162	1	.000
	Model	85.162	1	.000

Source: Computed from Survey data (2020/21)

The model summary showed that the addition of statistically significant explanatory variables in the model explained the dependent variables between 65-87%. Thus, the Nagelkerke R-square showed that 87% of variations in the dependent variables evaluation on the performance of

cooperatives were due to the variations in the statistically significant explanatory variables. The Nagelkerke R-square showed that there was a positive strong relationship between the dependent and independent variables.

Table 3: Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	122.324 ^a	.523	.764
2	109.572 ^a	.651	.871

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Source: Computed from Survey data (2020/21)

Statistical result for binary logistic model

The econometric analysis was done to identify influence of evaluation on the performance of cooperatives in primary agricultural cooperatives societies. The logit model was analyzed.

Table 4: Parameter estimates for binary logit (variables in the equations)

Independent Variables	B	S.E.	Wald	df	Sig.	Exp(B)
Age	5	5.4	3.432	1	.530	13.96
Sex	0.376	5.256	0.02	1	.421	4.396
Marstats	5.1	3.016	11.448	1	.910	14.32
Educllevel	7.444	5.636	.010	1	.057**	25.732
Skill	8.752	4.3	16.564	1	.002**	35.688
Knowledgimgt	0.92	0.508	13.008	1	.030**	5.032
Training	1.424	1.76	2.616	1	.416	5.712
Exprnce	11.296	6.148	13.5	1	.000***	67.376
Income	4.748	9.348	1.032	1	.351	13.108
Dividend	9.952	6.072	10.74	1	.061*	14.332
Capital	1.316	3.172	0.688	1	.110	5.56
Shcapitl	10.708	5.432	15.54	1	.000***	58.164
Interest	6.04	3.784	10.192	1	.072*	18.116
Refund	2.126	1.828	1.83	1	.130	4.23
Constant	5.532	10.68	1.072	1	0.000	30.268

Variables entered on step 1: Age, Sex, Marstats, Educlevel, Skill, Knowledge, Training, Experience, Income, Dividend, Capital, Share capital, Interest and Refund

*** Significant at 1% probability level

** Significant at 5% probability level

* Significant at 10% probability level

From fourteen independent variables, only seven of the variables were found to be significantly influencing the evaluation of cooperatives performance in the study area. In terms of significance, two variables found to have significant influence on the evaluation of cooperatives performance with less than 0.01 probability levels. These variables were experience and share capital. Two independent variables were significant at less than 0.05 probability levels. These variables were skill and knowledge in management. In addition, the rest three independent variables were significant to affect the evaluation on the performance of cooperatives less than 10% probability level. These variables were educational level, dividend and interest.

The other seven explanatory variables such as Age, sex, marital status, income, training, capital and refund have some partial effect on the evaluation on the performance of cooperatives, but they were not statistically significant. As a result their effect will not be dealt.

IV. CONCLUSIONS AND RECOMMENDATIONS

4.1. Conclusions

Success and sustainability of cooperatives undertaken depends so much on regular evaluation. Cooperatives societies have enabled increased access to service for many members thus improving their livelihood. Even though evaluation on the performance of cooperatives has received little attention in terms of research and policy; locally it has proved through this study to be an important part of cooperatives evaluation in Ethiopia. This has been indicated by the findings that on average more members of the cooperatives in the sample need to take part in evaluation of the cooperatives.

The aim of this study was to determine factors influencing evaluation on the performance of cooperatives. The sample involves 169 of the cooperatives members which forms the target population of the study. Sampling design which was used in the study was purposive sampling. The data collected by the use of questionnaires, Focus Group Discuss and Key Informant Interview and then descriptive analysis and inferential analysis was used for quantitative data. Data were presented by the use of tables, percentages, frequencies and pie charts by statistical package.

Of the factors of evaluation of cooperatives performance, Educlevel, Skill, Knowledge, Experience, Dividend, Share capital and Interest were the factors influencing on the evaluation of cooperatives performance. However in addition to these, two variables like experience and share capital were the only significant in evaluation of

cooperatives performance. Implying that, experience was concluded as a core factor in the evaluation of cooperatives performance. Respondents or committees with good skill and knowledge always take part in the evaluation of cooperatives performance.

The binary logistic regression outcome shows that the factors found to significantly influence evaluation of cooperatives performance were experience and share capital. Both variables were positively influenced decision to evaluation of cooperatives performance. Meaning that experience of committee and share capital among members were very necessary in initiating in the evaluation of cooperatives performance and that it is very important to make it transparent to members of cooperatives. Among the factors included in the logit model analysis of factors influencing evaluation of cooperatives performance, the finding has depicted that respondents in the study area made their evaluation of cooperatives performance for their cooperatives depend up on Education level, Skill, Knowledge in management, Experience, Dividend, Share capital and Interest.

4.2. Recommendations

From the results of this finding the following recommendations were proposed;

- The Woreda cooperatives promotion office, Zonal cooperatives promotion office and the government should enhance on improving evaluation of cooperatives performance for the sustainability of cooperatives.
- Training to office bearers and education to the members pertaining to their specific needs. the concerned bodies have to provide the training to office bearers and education to the members
- The government and the other necessary body should facilitate on giving education, keep right person for right place, developing the habit of cooperatives principles in each societies, skilled and knowledgeable person should be advisable to enhance the continuity of the cooperatives.
- As much as possible, inviting cooperative professionals to lead the societies. In this regard, professionals who lead the societies should be those who know the special features of cooperative business.

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