

**S.T MERRY UNIVERSITY**

**FACULTY OF BUSINESS AND  
ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**THE ROLE OF COOPEATIVE IN  
POVERTY REDUCTION:**

**A CASE STUDY OF FARMERS  
MULTIPURPOSE COOPERATIVE IN  
DESSIE ZURIA WOREDA**

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**FEBRUARY 2006 E.C**

The Research Titled `The Role Of Cooperative In Poverty Reduction A case Study Of Farmers Multi Purpose Cooperative In Dessie Zuria Woreda is Approved For Bachelor Degree Of Management.

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## **ACKNOWLEDGEMENT**

First and most all praise are due to St.Merry's University College who gave me the opportunity to complete this paper successfully. Hence, I forward genuine appreciation and thanks to St.Mary's teachers for your dedicated advice and suggestion that you rendered in achieving the successful completion of this study right away from the beginning to the end.

Words cannot express my heartily and profoundly indebted to my dear advisor who brought me up with the best character and supported me with his constructive comments and suggestion from the first to the remarkable stage.

In addition to this, I offer my heartfelt and deep appreciation to my wife and my Son who provided me support during the Process of achieving my objective.

I also wish to express my deep appreciation and heartfelt thanks to my brother Wendwosen Alebachew who also gave me encouragement constructive comments towards my future Life.

My deepest heartfelt thanks also goes to Dessie Zuria Woreda Cooperative Promotion Bureau for their encouragement and technical support.

Last but not certainly the least special thanks goes to great full and excellent secretarial services Esrael Abebe who typed this paper neatly and correctly.

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## **Abstract**

*The purpose of the present study is to assess the role of cooperative in poverty alleviating. It is delimited to see only the major indicators of Poverty such as income, employment, and social acceptance found in Dessie Zuriea Woreda. Farmers multi-purpose cooperatives. Both primary and secondary data sources are used and analyzed by using descriptive statistics like percentage. The paper organized under five chapters. The first chapter presents the background. The second chapter deals with related review literature about the subject matter under the study. Chapter four presents the analysis and interpretation of the data. The last chapter of the study deals with conclusion and recommendation.*



# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Cooperation has been the very basis of human civilization. The interdependence and the mutual help among human being 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. Since the beginning of human society individual have found advantage in working together and help one another, first in foraging then in hunting, later in agriculture and still in manufacture. Cooperation has been the essence of social life and human progress, however, the innumerable formers of cooperative action in socio-economic life are the result of cooperative instinct and corporate felling among human being the spontaneous cooperation that flows from social feelings coupled with economic rational of synergetic effect of collective action has led to the genesis of formal cooperation (Brachall, 2003: 12; ILO, 2003:7). Similarly, Destahun(2007:35) underlined that the use of cooperatives in fostering community development and local economic development has received great attention and emphasis with much work focused on the use of different types of cooperatives as a means for local economic development.

The basis for starting a cooperative organization is the necessity of satisfying common economic needs by mutual help and mutual effort, every cooperative has certain specific economic aims as an economic entity. A cooperative is primary responsible for giving solution to the common economic problem of its member, by satisfaction of their common economic need by the cooperative method. The members are themselves able to improve their economic need by

the cooperative method, the member, themselves able to improve their economic condition and raise themselves from weakness to strength. Thus, the cooperative association is a means for the economic well-being of the members. It is an economic and legal instrumentally which or by means of which member units carry out their purpose to conduct a jointly integrated activity. The specific contribute one of the cooperative can make for social progress and the ultimate aims of cooperation is to create a better society.

Currently, the Government of Ethiopia's various poverty reduction strategy papers reflect the support for cooperatives. The strategy documents recognize cooperatives as means for agricultural development (Bernard et al, 2010:16). Hence, it is indicated in *Sustainable Development & Poverty Reduction Program* (SDPR) of the federal Democratic Republic of Ethiopia that the government has recognized the developmental role of cooperatives and given a special emphasis for their establishment ( Alemu 2011).

Today there is a growing evidence of cooperatives success across the nation, particularly in the area of agricultural marketing. Taking this growth of cooperatives as a very important vernacular to reduce rural poverty, the researcher wanted to examine whether cooperatives played a significant role on poverty reduction along with their successive development.

## **1.2 Statement of the Problem**

It is well known that small holder farmers who comprise the majority of the rural poor people need effective production support and marketing services to facilitate production and sales of their produce. Production sales comprise the major source of income for the rural people. It is therefore constitutes a major means of poverty reduction for the majority of the rural poor people (Alemu, 2011: 4)

Many scholars have indicated that cooperative play a significant role in mobilizing and improving the benefit of economic of scale to weaker section if they operate in accordance to the universally accepted cooperative organizing principles and core values. According to Hailu(2007:34) cooperatives are important for several reasons such as developing high social capital, reduce labor mobility, and in utilization of indigenous resources. Besides, Brichall(2003:4) stated that cooperatives have a lot of opportunities in lifting the poor out of poverty and all other forms of deficit. However empirical evidence is necessary to show how cooperatives contribute to growth and development in smallholder-based agriculture in order to help realize their potentials. Accordingly, various cooperative organizations are being established in different parts of the country. Agricultural marketing cooperatives are among these organizations which operate with the intention to ensure food security and reduce rural poverty (Bernand et al, 2010:17).

Nevertheless, the debate on the effectiveness of cooperatives in poverty alleviation in Africa tends to be based on expectations rather than empirical evidences. Cooperatives have also viewed as state instrumentalities, and as being less concerned about the genuine interest of their members (Alemu, 2011: 6). Therefore, based on these realities one can ask to what extent

cooperatives in Ethiopia and more specifically in Dessie Zuria Woreda, Amhara regional state have contributed in poverty reduction in rural areas? The purpose of the present research is therefore to examine the potential contribution of agricultural cooperatives in the reduction of rural poverty by taking one agricultural cooperative union in Dessie zuria Woreda, Amhara National Regional State.

### **1.3 Basic research Questions**

1. What are the first pre-conduction to organize new cooperative in rural area?
2. What are the socio-economic aspects of cooperatives in the society?
3. What kinds of strategies does the organization follow to manage the co-operative members?
4. What mechanism should be set to distribute dividend to the members?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objectives**

The general objective of the present study is to assess the role of cooperatives in poverty alleviation.

#### **1.4.2. Specific Objectives**

The specific objectives of the study include:

1. To investigate and examine the main draw backs that faced co-operative in socio-economic development.
2. To evaluate the impact of co-operative in enhancing the living standard of member.
3. To assess the constraint that makes the community to organize themselves in co-operative.

4.To forward possible recommendation.

### **1.5 Scope of the study**

The present study is conducted in Dssie Zuria Woreda, South Wollo Zone, Amhara National Regional State. The study considers only one agricultural union in the stated Woreda. The study focused on investigating the role of selected cooperatives in reducing rural poverty. Not all cooperatives in the area were covered. Besides, the study is confined to rural agricultural cooperatives which are engaged in agricultural input and output marketing.

### **1.6 Significance of the Study**

As we know co-operation is instrumental for sustainable increasing efficiency of agriculture and improving the quality of service for the society particularly in rural area. Hence, the study would try to provide information which might be useful in getting solution to the problem mentioned in the project site and help the government bodies who are responsible to promote cooperatives in the study area. The researcher also hopes that the study provides new insight other researchers and development practitioners.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Cooperatives Definition and Concepts**

The definitions of cooperatives are numerous and varied. According to The International Cooperatives Alliance (ICA) cited in Alemu(2011:34) defines cooperatives 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. Similarly, Lambert( 2009:21) defines cooperative is an enterprise formed and directed by an association of users applying with in itself the rules of democracy and directly intended to serve both its owner members and the community as a whole. This suggest that cooperatives are voluntary business associations formed by people of limited means through contribution of share capital that forms the basis of sharing out the profits that mount up from the business(Wanyama et al,2008:3)

According to Destahun(2007:35) cooperation is a form of organization where in person voluntarily associates together as human being, on the basis of equality for the promotion of economic interest of themselves. This definition is fairly comprehensive and reflects the importance of cooperative principles.

Generally, the overall definitions reflect cooperative is a democratic organization that gives members the opportunity to determine how the proceeds of the enterprise can be utilized. Besides, the association is open and voluntary: a member is free to join and also cease to be a member at his/her discretion.

### **2.1.2 Nature of Cooperation**

Cooperative societies may, according to their nature, be established at different levels from primary up to the federal level (Ethiopian Federal Negarit Gazeta Cooperative Societies Proclamation No, 147/1998). Cooperatives at primary level are with individual persons as members, while cooperative unions are formed at the secondary level with cooperative societies as members. Thus in the later cases , cooperative societies in the same sector within aa specific geographical region could join together to form a cooperative union for purpose of mobilizing capital to invest in a bigger business venture that is beyond the reach of a single cooperative society. The same logic is used by cooperative unions to form cooperative federations and ultimately an apex organization at the national level to represent all cooperatives in the country ( Manyama, et al, 2008;3).

### **2.2 Cooperative Values and Principles**

The cooperative values encompass-common values on which all cooperatives are based; but they may be interpreted by different traditions of cooperatives according to their operating conditions and specific environments. Cooperatives are private sector enterprises set up to meet their members' needs. In principle they are based on values of self-help, self responsibility, democracy, equality, equity and solidarity. They cover a wide range of activities including: agriculture, financial services, manufacturing, transport, utilities and health care.

The cooperative principles are guide lines by which cooperatives put their values in to practice. Cooperative societies have certain distinguished principles, which set them apart from other forms of business organizations. According to literatures, there are seven principles generally agreed upon by

theoreticians in the area. International Cooperative Alliance (ICA,1995) stated the principles as follows;

### **1. Voluntary and Open Member ship**

Cooperative are voluntary organization, open to all persons able to use their services and willing to accept the responsibilities of member ship, without gender, social, racial, political or religious discrimination.

### **2. Democratic Member Control**

Cooperative are democratic organization control by their members who activity participate in the suiting their policy and making decisions. Men and women serving as eluted representative are accountable to the member ship. In primary cooperative members has equal voting right (one member. One vote) and cooperative at other level are also organized in a democratic manner.

### **3. Members Economic Participation**

Members contribute equitable to: and democratically control the capital of the cooperative at least part of the capital is usually the common property of the cooperative. Members usually receive limited compensation. If any, one capital subscribed as a condition of membership. Members allocate surpluses for any or all at the following pot poses develop their cooperative, possible by setting up resource, part of which at least would be indivisible, benefiting members in proportion to their transaction with the cooperative, and supporting other activities approved by the membership.



#### **4. Autonomy and Independence**

Cooperatives are autonomous, self-help organization controlled by their member. If they enter in to agreement with other organization, including governments or raid capital from external sources, they do so on terms that consumer democratic control by their members and maintain their cooperative autonomy.

#### **5. Education Training and Information**

Cooperative provide education and training for their member elected representative, manager, and employees so they can contribute effectively to the development of their cooperative they in form the general public particularly young people and opinion leader about the nature benefit of cooperation.

#### **6. Co-operation among Co-operative**

Cooperative serve their members most effectively and strengthen the cooperative movement by working together by working through local, national, regional and international structures.

#### **7. Concern for Community**

Cooperatives play a significant role for sustainable development of their communities through policies approved by their members. Because of this strong association with members often closely tied to their communities. (Macpherson, 2004:15).

### **2.3 The Objectives of Cooperative**

#### **2.3.1 Economic Objective**

The basis starting a cooperative organization is the necessity of satisfying a common. Economic need by mutual help and mutual effect ever cooperative

has certain specific economic aim as an economic entity a cooperative is primarily responsible for sucking solution to the common economic problem of its member “By the satisfaction of their common economic need by the cooperative able to improve their economic condition and raise themselves from bleakness to strength thus, the cooperative association is means for the economic well being of the member through their operation, they also contribute to the development of the society at large thus cooperative organization provides opportunity for every individual to develop the high lest digit and at the same time contribute to the development of the society.

### **2.3.2 Social Objective**

The ultimate aim of cooperation is to create a better society. Many of its most ardent a posts looks up on it as sort of social reform. Cooperation has other aims then economic ones. The earnest cooperator sets to apply co-operative method to all purpose of social life and does so because believe that in working for the common good mans highest qualities are an lightened and develop and in the employment and development of these qualities the man himself become a better man and the quirt of human case is improved.

### **2.3.3 Political Objective**

Cooperative do have political objective yet they have not succeeded in evaluating an universally acceptable political objective though pioneers considered political and religious neutrality as one of the principle of cooperation, its relevance to the present day cooperative is questionable today it is not possible to imagine mono political objective of cooperative movement in any advance society.

## **2.4 Meaning of Poverty and its Nature**

Poverty is a complex concept which doesn't fit into a neat definition. Poverty has various manifestation including lack of income and productive resources

sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion (Walton, 2001:3).

Poverty can be defined objectively and applied consistently only in terms of the concept of relative deprivation. Individual families and groups in the population can be said to be in poverty when they lack the resource to obtain their basic survival needs their resources are so much below those required by the average individual or family that they are in effect, excluded from the long patterns customs and activities of the society they live in (Wanyama et al, 2008:2).

In rural area people are highly affected by poverty. This is mainly due to the fact livelihood is dependent on agriculture and live stock. Both of which in turn depend on land resource. Since the scale of poverty weights too heavily on rural areas, any type of development approach which neglects the rural people cannot be successful. Among the various development strategies, the development of agricultural cooperatives holds a relatively significant promise to the improvement of small scale peasant agriculture (Walton, 2001:5).

### **2.4.1 Measurement of Poverty**

The measurement of poverty can be split into two distinct operations. The first is identification of the poor and the second is aggregation of their poverty characteristics in to an overall measure. According to literatures, poverty can be measures as absolute, relative and subjective poverty.

### **2.4.2 Absolute Poverty**

An absolute poverty level is one which is fixed in terms of the living standard indicator being used and fixed over the entire domain of the poverty

comparison. The most usual practice in defining an absolute poverty values estimation of the cost of a bundle of goods (both food and non-food) deemed to assure the basic needs are mention the specific domain of the poverty comparison as Mohamud (1995) stated, absolute poverty is measured in terms of a minimum vocal of calorie intake required for survival (2100 calories in take per day product) is the most common indicator of poverty and person who consume a calorie of us than 2100 is categorized under absolute poverty.

### **2.4.3 Relative Poverty**

Relative poverty is measured in terms of standard of living which is considered to be below a national or international average the concept of relative poverty as much is preliminary concerned with distribution of income and in equality in living conditions among a population. It may vary with the level of average income. As the World Bank report (2000), people existing in activation of absolute poverty need immediate relief in order to serve while those existing in relative poverty can be hope fully benefit from development assistance should aim at making this possible. (WBR, 2000: 6).

### **2.4.4 Subjective Poverty**

The third variable used to define poverty is based on survey respondent give responses to an altitudinal question, such as the following what income levels do you personally considered being absolutely minimal, this is to say that you could not make needs meet (Chambers and Conway, 1992). The poverty level set on the basis of such approach is called subjective poverty, this approach explicitly recognize that poverty since are inherently subjected judgment, people make about what constitute a society adoptable minimum standards of living in their own societies.

## **2.5 Causes and Effect of Poverty**

### **2.5.1 Causes of Poverty**

Poverty has a variety of causes. Some of the major causes of poverty are lack of well-paying jobs, lack the educational or skills needed for such jobs, lack of modern agricultural practice and people are too old or sick to work. Besides, economic forces and changes in labor requirement also forces or causes of poverty.

### **2.5.2 Effects of Poverty**

Poverty stricken people suffer from the lack of many things they need. For example poor people are little to receive adequate medical care or to eat the foods they need to stay healthy. The poor have more diseases, becomes more seriously ill sick, and die at younger age than other people do. Poor often live in sub standard housing in socially isolated areas where as most of their neighbors are poor many low income families live in crowded, run-down building with in adequate heat and plumbing, the jobs most readily available to the poor provide low wages and little opportunity for advancement many of these jobs also involve dangerous or un healthful working condition. Financial, medical, and emotional problems often strain family ties among the poverty-stricken. The poor have less economic and political influence than other people have (OPHI, 2010:1).

## **2.6 Poverty Reduction Strategy**

The present time can be marked especially by the success people achieved in significantly minimizing if not achieving the power of poverty and backwardness that had over showed our history for a long time. It took time for people all over the world to realize the need to diffuse the gains in living standards on a

universal basis. The push started in the western academic and research institution during 50<sup>th</sup> and 60<sup>th</sup> concerning with the urgency for faster development felt by newly independent countries in Africa and few other places. Theories of economic development flourished and completed for implementation in countries of Africa, Latin America, and South-east Asia. Developed countries also showed interest to participant in the development process directly and through international organization. However, they denoted their interest primarily with precondition and policy prescription that lad to be meticulously needed by aid receiving countries. (Ethiopian Herald, 1995).

In order to promote opportunities for employment and security, and to fight the most evil of human kind, government and NGOS have devised a lot of strategies that are helpful to the extent of the welfare of the society in whole world (the third world countries). World Bank (2001) and international money fund (IMF) emphasized that promoting opportunity, employment and security is the strategy for attacking poverty. Promoting opportunities entail expending economic growth and by building their assets and increasing the return and social services. Employment, on the other way round, means the participation of civil society in the policy making state institutions more accountable and responsible to poor people in political process and local decision making. (World Bank, 2007).

## **2.7. Benefits of Cooperative System**

The cooperative system is expected to render the following benefit to the economy and the society.

- ❖ Greater Purchasing power to consumer by slower the price of goods
- ❖ Greater accumulation of funds for funding future investment
- ❖ Standardization of methods of operation and promotion of efficiency.

- ❖ Reduction in number of brands in the economy and reduction in the marketing cost.
- ❖ Simplification of distribution process and elimination of middle man profit
- ❖ Simplification of economic progress and achieving economic equilibrium between supply and demand since production is undertaken for meeting exact demand.
- ❖ Ascending of social over economic order by giving premium on moral and human (coop concept and theory FE2000P.)

## **2.8. Limitation of Cooperative System**

The first major limitation to the possibilities of universal application of the cooperative principle is that area of economic activities which do not lead themselves to small scale operation. Secondly, the restrictive feature inherent in cooperative principle is another limitation. The principle of cooperation according to ICA( 2010:5) describes the properties of particular type of human association which at the same time is also on economic enterprise. They do not attempt to describe the economic system as a whole. In other word, the principle of cooperative is relevant to micro approach and not to macro-approach. The third limitation of cooperative system is the basis of relationship among cooperative enterprise in cooperative system will be based on profit or service what will be the relationship between cooperative enterprise and other form of enterprise fatal rhea exist. The theoretical implication of the cooperative system has not been worked out in greater detail through leading cooperate forms at various time and in various countries (Develter,Pollet and Wanyama, 2008: 597).

## **UNIT THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Design of the Study**

This study adopted descriptive survey design.

#### **3.2. Population**

The target population of this study was farmers in Dessie Zuria woreda. In sum, the population consisted of 140 ( 20 females 120 males) farmers.

#### **3.3 .Sample and Sampling Techniques**

To drive the requirement sample from the target population were used simple random sampling techniques for ever sample size this method was the most important sampling techniques to give equal chance for each respondent to be selected. There are a number of co-operatives in Dessie zuria woreda in which the researcher have selected one of them with the total of 140 members (20 female and 120 male). For this study the researcher selected 70 members (60 male and 10 female) randomly from the total of the co-operative members only not including non members of cooperative.

#### **3.4. Data Collection Instrument**

In this study both primary and secondary data were used to collect important information. For primary data were collected from the study area through questionnaires to respective member of the co-operative where as secondary data were collected from both published and unpublished data were used from



various publication kebele and Dessie zuria woreda co-operative promotion bureau as well as various documentation room.

### **3.5. Data Collection Procedure**

The study was conducted in one main phase. The researcher briefed the participants about the purpose of the study and gave them the questionnaire to fill and explained how to respond to it. The researcher collected the responses from the respondents and asked them if they had problems in interpreting the items. Finally, the obtained data were organized and the results were analyzed

### **3.6 Data Analysis Techniques**

To analyze and interpret the collected data were used descriptive method to meet the objective of the study. The descriptive methods of analysis such as table, percentage to assess the sample house hold for the purpose of examining and describing agricultural performance and market condition

## UNIT FOUR

### DATA ANALYSIS AND INTERPRETATION

This chapter involves displaying the result to obtain the study discussing them and interpret the proper interpretation. The result found from the research in Dessie Zuria Woreda multi-purpose co-operative is discussed in this chapter.

#### 4.1 Age Structure of Respondents

Age is another demographic factor that it helps to know whether the members are the productive age or not most of the time age structure of the respondent is to develop the productive capacity of their members and to improve the social-economic status of the member through active participation in the cooperative than this unproductive group.

**Table1: Age of respondent**

Age	No of respondent	Percentage
14-28	20	28.6
29-43	35	50
44-56	15	21.4
Total	70	100

Source: Survey December 2006 E.C

As the above table out of the total number of the respondent have an age rang14-28 (28.6) which is the young age group 35 (50) respondent are in the age group of 29 to 43 years and 15(21.4) of them are in the age group between three fore, the majority of age group implemented very successful activities for

the development process due to this age group easily to understand the important of cooperative to the society

## 4.2 Educational Level of Respondents

Education in the member to use and develop their talent and make them fit for directing the affairs of their Political, democracy and improving the socio-economic status of the member in cooperative organization and other related institution the most important aspect of education is to develop the right attitude in his mind the education spirit should be develop Honesty, sociability, sense of mutual Help and unselfish this could be achieve through introduction of spiritual and moral educational aspect in the experience and knowledge acquired by ordinary person by their participation in the affairs and management of their cooperative and also to provide good opportunities to the member to understand their need of forming their organization.

**Table2: Educational level of respondent**

Educational level	No of respondent	Percentage
Illiterate	12	17.1
1-4	15	21.4
5-8	23	32.9
9-10	20	28.6
Total	70	100

Source: survey December 2006 E.C

Form the above table increased that the highest number of respondent 2.3 which is covered by 32.9% of them have 5-8 level of educational 20 constituting 28.6 of them have 9-10 level of educational20 constituting 28.6 of them have 9-10 level of education and 15 (21.4% and 12/17.1%) of them have 1-4 level of

education and illiterate people respectively. Therefore, the highest proportion of respondents educational level was covered by between 5-8 (32.9%) and the lowest proportion of respondent education level covered by illiterate people.

### 4.3 Democratic Participation of Respondents

An individual in cooperative organization participate in multi-dimensional process of development apart from satisfying the common economic need of member move through the process of relative independence to develop a capacity for self-self and self-determination about future and his time perspective being to change by means of appropriate communication and co-ordination the interaction between the member and environment to begin to improve through. Cooperative organization members are not full participation in cooperative organization through democratic manner.

**Table 3: Democratic Participation of respondent**

Democratic Participation of member in cooperative	No of respondent	Percentage
High	27	38.6
Medium	36	51.4
Low	7	10
Total	70	100

Source: Survey December 2006 E.C

The table Attempted to rate the democratic Participation member in comparative organization in this participation the highest number of respondent democratic participation. Therefore in such the society Affected by the absence of full information about the day to day activities of their organization and does not taking correct decision making process. Income source of the respondent and source of corporative can be gain through

different activities of cooperative organization such as trade, agriculture, daily labor, pastoralist and trade.

**Table 4 Source of income of respondent**

source	No of respondent	Percentage
What mechanism to meet your source of income		
Agriculture	50	71.4
Trade	6	8.6
Daily labor	4	5.7
Both pastoralist and trade	10	14.3
Total	70	100

Source:-Survey December 2006 E.C

From the Above table indicated that the majority of the people engaged in Agriculture Activates that is 50 (71.4%) and 10 (14.3%) respond source of income Are originated from both pastoralist and trade there maiming 6 (8.6%) and 4 (5.7%) respondent source of income originated form trade and daily labor respectively. Therefore, comparative business organization range from a few growers working to improve the marketability of their commodity to large Agriculture business haw ever Agricultural is the most important means of source income of the members .

#### **4.4 Economic Aspect Dividend in Cooperative**

Dividend is one motive for the society to become member of Cooperative most of the time dividend distribution can be either in the farm of percentage or per share of warship. The benefit of cooperative typically are lied to the Amount of use not the Amount invested because to benefit the customer who purchase

more the save of the cooperative from the start study the house hold that have only one there and Cycle of divided distribution (40 of the respondent birr 68.1) the respondent that have only one snare but they relive dividend of two times Account.

**Table 5 Patronage Distribution**

Patronage Distribution	No of respondent	Share
1-6	27	34.3
6-14	18	25.7
15-27	12	17.5
24-32	10	14.5
33-41	4	5.7
1-41	2	2.9
Total	70	100

Source:- Survey December 2006 E.C

From the above table indicated the total respondent get the patronage distribution 34.3% birr get them the amount range from 1-6 the second range is covered by 25.7% of the respondent is 6-14 and 17.5% of the respondent is 15-27 the other 14.5%, 5.7% 2.9% which is covered by 24-32, 33-41 and 1-41 respectively to get the target group of participant in the patronage distribution,

Therefore, in the patronage distribution the lowest amount of birr ranges from 1-41 constitutes by 2.9% of the target respondent. This shows that the participant of the member to contribute their shares from cooperative and social interaction between with their cooperative member.

#### **4.5 Social Aspect**

Cooperative are member owned and manage enterprise cooperative are mostly controlled by democratically on the member one vote one member basis as they

are organized on the free will of the member. According to the study, 100% of respondents reported that the BOD/leader is elected by members democratically.

#### 4.6 Women Role in Poverty Alleviation

Women's role in poverty alleviation in cooperative organization is very important in the development process and improves their socio-economic status. However, women's participation in this development process is very low when compared to men.

**Table 6 Women Role in Poverty Alleviation**

Sex	No of respondent	Percentage
Male	61	87.1
Female	9	12.9
Total	70	100

Sources:-survey December 2006 E.C

The table shows that 61 (87.1%) of respondents were male and 9 (12.9%) were female. This shows that women's participation in poverty alleviation is low. However, one objective of the organization is to help women build their decision-making power and participate in poverty alleviation programs. Farmers' multi-purpose cooperative interviewed have indicated an increase in the number of women. Therefore, in such cases, women are also in favor of the organization and making a difference in their lives.

#### 4.7 Election of Co-operative Leaders

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 cooperative members have equal voting right and cooperative at other level lacer also organized in democratic manner

**Tble 7: Election of Leaders**

Do you elect your Cooperative leader		
Item	No of respondent	Percentage
Yes	60	85.7
No	--	--
No information about vote	10	14.3
Total	70	100

Source: Survey December 2006 E.C

The above table shows the election of leader in the cooperative most of the respondent 60 (85.7) of them are answered the cooperative leader elected by the member democratically by following one member one vote and the remaining 10 (14.3) of the respondent replied that have no an information about Who elect the leader of cooperative by this it observed that some of the member are not active in the activities of the cooperative.

#### **4.8 Training & Education of Respondents**

It is a way of up grading or improve skill and capacity of member so as to increase their Productivity and increase their per capital income. training and education is also enable to the member to avoid bad attitude about cooperative and it also enable them to exert their total potential to words cooperative moment and drive certain benefits the benefit and limitation of training and education given experience concerning promotion office member can drive certain experience Concerning cooperative and its movement as well as its contribution on the economy as whole member can improve their working capacity and utilization of resource efficiently and effectively in general training



and education are very important for the member to know the day to day activities of their organization.

**Table 8: Training education of respondent**

Response	No of respondent	Percentage
Yes	30	42.9
No	40	57.1
Total	70	100

Source: survey December 2006 E.C

The table denotes that out of 100% only 42.9% of the people get training and education from the promotion bureau and some time to get from the leader of primary cooperative But, the remaining 57.1% were not getting training and education this shows that the one factor that will lead the People not to use the money for the purpose development way.

#### **4.9 Market Condition of Respondents**

To know the market condition of the respective community is very important that is how to sale their product from their competitor how the price of the product today than tomorrow and other related information is important. The following tables explain Knowledge of the market of respondent.

**Table 9: Market Condition of Respondent**

Response	No of respondent	Percentage
Yes	25	35.7
No	45	64.3
Total	70	100

Source survey:- December 2006 E.C

The table is also supporting the respondent are severally challenged by lack of business Knowledge which makes up 64.3% of the respondent to know noting aware the market condition, therefore the member must to know the important concept of business “Market Profit” low to make a better Profit low to reduce the cost and low to find out the better business to the society in poverty alleviation.

#### **4.10 Housing Structure of Respondent**

**Table 10: Distribution of Housing Unit by Type of Material Used in Construction**

<b>Type of wall</b>	<b>No of respondent</b>	<b>Percentage</b>
Wood and mud	26	37.1
Wood mud and cement	20	28.6
Block head cement	8	11.4
Stone and mud	16	22.9
Total	70	100

Source survey:- December 2006 E.C

From the above table housing structure of the respondent out of 100% house hold were assessed 37.1% of them are constructed with wood mud and cement constitute 28.6% block and cement is lower in number constituting 11.4% thus the majority of the sample house are constructed by with wood and mud (37.1) and the lowest number of house are constructed by block and cement this is shows that most of the society like under poverty line due to does not actively participate in cooperative themselves.

#### **4.11 Membership of Cooperative**

Any Person whose age is 14 and above can be a member of cooperative organization hence they are organized by voluntary member of the society. Even

if cooperative are open to all members. When a person becomes member of the cooperative have to be issued to him a certificate representing his member ship in the cooperative.

**Table 11: Membership**

item	No of respondent	Percentage
Do you participate in cooperative member ship		
Yes	55	78.6
No	15	21.4
Total	70	100

Source survey:- December 2006 E.C

From the table we can understand that factor affecting membership of people in farmers' multi-purpose cooperative 55(78.6%) members. Member ship is a common factor in their Woreda and the lowest number of respondent is 15(21.4%) not member ship of cooperative organization.

#### 4.12 Skilled Manpower

Availability of skilled Man power is very essentially for the development a process especially cooperative organization.

**Table: 12 skilled man power**

Response	No of respondent	Percentage
Yes	10	14.3
No	60	85.7
Total	70	100

Source survey:- December 2006 E.C

The table shovels that more than last of the institution are not satisfied with number of stilled man power. They have no sufficient business knowledge so it

is difficult to give investment and searching out investment employment opportunities such cause affect most cooperative Organization

#### 4.13 Dividend Distribution of Cooperative

In joint stock company or public enterprise apart of the profit May be retained as reserve fund and the balance is distributed as dividend to their holder or government. But, in cooperative Will be paid to the member used and some part allocated to common good fund. When the member of cooperative participate more in buying the product from the cooperative they can obtain more dividend and also when members share more they will get dividend according to their share.

**Table 13: Dividend Distribution**

item	No of respondent	Percentage
Do you get dividend		
Yes	50	71.4
No	20	28.6
Total	70	100

Source survey:- December 2006 E.C

At the table express that most of the respondent 50(71.4%) did get dividend and 20(28.6% the respondent did not get dividend. However, these respondent they did not purchase product from the cooperative shops only far from cooperative location in these case the activities conducted by the co-operative are not sufficient to option good profit.

#### 4.14 Awareness about Cooperative

Awareness of the society about cooperative is very important to group of individual due to cooperative is a group of people who working together for a

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common purpose and society to established to improve the society life standard by rendering different service.

**Table 14: Awareness of cooperative**

Response	No of respondent	Percentage
Yes	25	35.7
No	45	64.3
Total	70	100

Source survey:- December 2006 E.C

As the data shows the highest number of respondent do not know the advantage of cooperative organization around their area which result the lowest number of respondent to know the benefit or advantage of cooperative organization in such case highly affect the poorest farmers in the area.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Conclusion**

The main objective of this paper to examine the role of cooperative in poverty alleviation for the effective competition and good Performance to achieve the objective of cooperative organization the researcher involves the paper four chapter the first chapter involves the introduction part of research proposal which help comment the study, it consists of background of the study, significant of the study and scope of the study the second chapter involves review of related literature and the third chapter involves data analysis and interpretation the last chapter involves conclusion and recommendation.

The sampling method of the total population of the cooperative on random basis the data are collected from Primary source from both published an Dessie zuria woreda cooperative promotion bureaus were as various documentation room the major problem of member of cooperative society are in adequate source of income, unemployment, low awareness about the role of women in poverty alleviation are among the cooperative society and abidance availability of education and training facilities the cooperative getting success But, low awareness about cooperative principle and it advantage low, facilities the member ship of cooperative lack of democratic participation of member that influence socio-economic aspect of cooperative, lack of Knowledge of business potential, managerial abilities and market condition such a low to make a better profit, low to reduce the cost and low to find out the better business to society are the major problem of the study.

## 5.2 Recommendations

Based on the finding of the study the following recommendations are for ward that can help to minimize the existing Poverty in the study area.

- ❖ Adequate and comprehensive planning should be decided by government or non government organization to enhance the income of cooperative society in the study area to improve socio-economic well being.

- ❖ There should be better employment opportunities for the disadvantage group especially for women to improve their living condition and to change the mentality of the society about the equality of women with men in the development process.

- ❖ Promote education and training in cooperative principle and practices as well as provide other forms of assistance to improve the level of Productivity and competitiveness of cooperative and the equality of goods and services they Produce in the wider society.

- ❖ Facilitate the membership of cooperative in cooperative structure responding to the needs of cooperative member and encourage the development of cooperative as autonomous and self managed enterprise particularly in the area where cooperative have an important role to provide service to the member.

- ❖ Participate in committee and working group at local, national and difference democratic decision making process that consider economic and social issues having an impact on cooperative.

- ❖ To develop and promote knowledge of business potential managerial Abilities general economic and social skill of members and improve their access to information and communication technologies as well as facilitate access of cooperative market.

- ❖ Promote and strengthening of the identity of cooperative should be encouraged on the basis of cooperative value of self-help, mutual help, each for

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all, all for each and assist and participate in program at improving their productivity for safety and health of individual in the work place.



## Appendices

### St Marry University Faculty of Business & Economics Department of Management

#### Questionnaire filled by cooperative Member

**Dear member:**

The objective of this questionnaire is to compile data for research. The research examines the role of cooperative organization in poverty alleviation. It is going to examine the role of cooperative organization and suggest solution. The success of the research entirely depends on your cooperation. Please answer the question carefully and respond it.

**Direction:-** when you answer the question

1. Put a tick mark for your answer in the box provided

2. Give short answer on the space provided

1. Sex: male  female

2. Age:-

3. Marital status married  single

4. Religious back ground  
Christianity  Muslim  other

5. Ethnic back ground  
Amhara  Oromo  Tigray  her

6. What is your occupation

crop production

• animal has bandary

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- Mixed farming
- Peety trade
- Daily labour
- Other

- 7 educational Background —illiterate
- Primary school
- Secondary school
- Above secondary school

- 8.What is your source of income:- -Agriculture
- Trade
- Daily labour

9. Does your organization pay attention to increase the Participation of women in Poverty alleviation?

Yes  No

If your answers is yes -----

-----

-----

10 .Do you have enough knowledge about the market conduction in which you are undertaking your business?

Yes we have  No we don't have

11. Do you elect their cooperative leader?

Yes  No

12 Do you Participate membership in cooperative?

Yes  No

13 What type pf material is used is for the construction of your house

Block and cement  Wood mud and cement

Stone and mud  Brick

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Wood and mud

14 Do you have health Problem in your locality?

Yes  No

15. If your answer in the above question is yes did you get treatment?

Yes  No

16. if your answer in the above question in "NO" what your reason not get treatment For

From health cente

Busy at work

Could not afford medical expense

17. Do you get training and education from cooperative organization?

Yes  No

If you answer is yes -----  
-----  
-----

If your answer is no -----  
-----  
-----

18. Do you have enough educated man Power to achieve your goal?

Yes  No

19. Do you participate in democratic decision making yes  no

20. Did you get dividend yes  no

21. What are the major Problem Poverty alleviation -----  
-----

22. What are the possible solutions to affecting Poverty -----  
-----  
-----?

23. is there any that have been Practices in the area to reduce poverty Problem  
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-----  
24. What kinds of strategies does the organization follow to alleviating poverty-----  
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25. Do they know the rules principle and benefits of cooperative? Yes   
No

If you say **Yes** or **No**. State -----  
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