

Factors Affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping: in Jimma Zone, South west Ethiopia.

***A Thesis Submitted to the School of Graduate Studies of Jimma University
in Partial Fulfillment of the Requirement for the Award of the degree of
Masters of Business Administration (MBA).***

BY:

ABDU MOHAMMED



**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT**

**MAY, 2016
JIMMA, ETHIOPIA**

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Under the Guidance of
Dr. Zerihun Ayenew, (PhD)

And

Ato Kedir Abraham, (MBA)



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CERTIFICATE

This is to certify that this thesis entitled “*Factors Affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping in Jimma Zone, south west Ethiopia*”, Submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried out Mr. Abdu Mohammed under our guidance and supervision.

Therefore, we hereby declare that no part of the thesis has been submitted to any other university or institution for the award of any Degree or Diploma.

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DECLARATION

I hereby declared that this thesis entitled "*Factors Affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping in Jimma Zone, south west Ethiopia*", has been carried out by me under the guidance and supervision of Dr. Zerihun Ayenew, (PhD) and Ato Kedir Abraham, (MBA)

This thesis is my original and has not been submitted for the award of any degree or diploma to any university or institution.

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Associations Engaged in Coffee Plumping: in Jimma Zone,
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Abstract

Multipurpose cooperatives engaged in coffee plumping (MPCEICP) are cooperatives that provide services like: coffee (cherry) collecting, processing and selling in the international markets and then paying dividends to the members. Their growth is not uniform and not as expected: some grew very fast, some became stagnant, some are bankrupt and even few were dissolved. The general objective of this study was to identify factors affecting the growth of multipurpose cooperative associations engaged in coffee plumping in Jimma zone; where eleven (11) woredas are known to produce coffee and have cooperative associations. An exploratory research design was used and three woredas with high burden of cooperatives were selected conveniently. Data were collected by; random sampling method from 247 respondents of 11 MPCEICP using questionnaire, from 10 key informant interview and document review. Descriptive statistics like percentage, mean and standard deviation and statistical tools such as; Chi-square test, correlation and regression analysis and Mann Whitney U test were used for data analysis. The findings of the study showed that: marketing factors, financial factors, accounting trend factors, management factors, cherry collection factors and members' participation factors have the biggest potential to affect/contribute to the growth of cooperative associations engaged in coffee plumping followed by politico-legal factors. Furthermore analysis showed that, lack of appropriate machinery and equipment, lack of getting sales document, illegal payment due to pressure from government bodies, level of awareness of the members on their collective agreement, amount of credit purchase of cherry made from the members, the existence of manager in the cooperative, level of knowledge on financial forecast, amount of shares of common stock sold to the members, amount of money paid as an interest to banks and the cooperative union, were determinant items. Therefore, the identified 9 determinant items are the factors that are most affecting growth of the cooperatives. It is recommended that cooperative agency should solve the marketing problems and politico-legal factors; the cooperative union should work on the problems linked with appropriate machineries, equipments and sales documents; the multipurpose cooperative associations should try to curb problems linked with financial factors, accounting trend factors, management factors, cherry collection factors and members' participation factors. Detailed study on the identified factors, factors not included in this study and similar studies in other parts of the country could be future area of investigation.

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HONOR TO THE ALMIGHTY ALLAH!

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ACRONYMS AND ABBREVIATIONS

| | |
|---------|---|
| ACA | Agricultural Cooperative Agency |
| ACE | Agricultural Cooperatives in Ethiopia |
| DFID | Department for International Development |
| ECEX | Ethiopian Commodity Exchange |
| FCA | Federal Cooperative Agency |
| FCC | Federal Cooperative Commission. |
| ICA | International Cooperative Alliance |
| ILO | International Labor Organization |
| MPC | Multipurpose Cooperative |
| MPCEICP | Multipurpose Cooperative Engaged in Coffee Plumping |
| SD | Standard Deviation |
| SPSS | Statistical Package for Social Sciences |
| TVET | Technical and Vocational Educational Training |
| USDA | United States Department of Agriculture |

CHAPTER ONE

1. INTRODUCTION

This chapter deals with background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study and structure of the thesis.

1.1. Background of the Study

Cooperation has been the very basis of human civilization. The inter-dependent 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 (Alema, 2008). Since the beginning of human society, individuals have found advantage in working together and helping one another in all over the world. The concept of human cooperation is not new. It was existed even before the formation of modern cooperative; “the Rochdale society of Equitable pioneers Ltd in 1844 as the first successful consumer cooperative business” (Alema, 2008). Cooperative is a worldwide movement and it prevails both in developed and developing nations, and in all branches of economic activity (Krisiinaswami and Kulandaiswamy, 2000). Modern cooperative movement started 160 years ago in the world, about 60 and 50 years correspondingly in Africa and Ethiopia (Nuredin, 2015).

In Ethiopia, the formation of modern cooperative societies was started soon after the Italian Invasion; the first consumer co-operative was established in Addis Ababa in 1945 (ILO, 1975). However, it was only in 1960s that a cooperative was legally enacted. Cooperative Ethiopian Air Line Workers’ saving and Credit Cooperative was established in 1956 (Bezabih, 2012).

During the regime of Haileselassie, the cooperative legislation No 241/1966 was proclaimed and about 154 different types of cooperatives were organized. During the Derg regime, cooperatives that were organized earlier were considered as unnecessary and discarded and the newly organized cooperatives under the regime have purposefully

made instruments of political power. Their organizational procedures were not based on internationally accepted cooperative principles and values. New era in cooperative development was then started in 1998 when new cooperative legislation No 147/1998 was enacted. Since then, cooperatives have been playing significant role in the rural Ethiopia, especially in the areas of input supply (*i.e.* fertilizers, agrochemicals, high yield varieties, etc), saving and credit, coffee and grain marketing (FCC, 2004, FCA, 2007). According to Federal Cooperative Agency of Ethiopia, until 2011, 43,255 different types of primary cooperatives were established with a membership of male 5,153,271 and female 1,413,423 totally 6,566,694. These member households with their family's account about 32,833,470, i.e. almost 37% of the total population of a country is directly lean on cooperatives. Moreover 278 cooperative unions and 4 regional cooperative farmers' federations were established (ACA, 2007)

In Jimma zone, where the study has been conducted, there were about 1,317 primary cooperatives and 5 Cooperative Unions, which were established as of June 2015. These cooperatives have a membership of male 246,702 (82.7%) and female 51,551 (17.3%) totally 298,253 (Jimma zone cooperative agency basic data, 2015).

Farmers that are based their life on coffee production in most cases cannot reach international market alone; since it needs large amount of product and huge amount of money (capital). But when they cooperate, as it can be seen from multipurpose cooperatives engaged in coffee plumping, they entered international market and started exporting. Hence, there were 57 Multipurpose Cooperative Associations Engaged in Coffee Plumping having 46,451 members within in the zone (Jimma zone cooperative agency basic data, 2015).

Multipurpose cooperatives engaged in coffee plumping are cooperative associations which provide services like distributing production materials based on the members' request, providing training, information and new technologies regarding quality of the coffee, collecting products (red coffee), plumping and exporting (selling in international market) and finally paying dividends based on their collective agreement (Oromia cooperative Agency training manual, 2015) .

In the area where coffee is produced, before the cooperatives started collecting, plumping and exporting the coffee, the price of coffee per Kilogram was less than one fifth of the current price. Beginning from the time the cooperatives started to collect, plump and export the coffee, the price of coffee started to rise, eventually the life standard of the coffee producers is showing incremental change and the cooperative started to have their own capital asset (Oromiya cooperative union annual report 2014). Even today when the cooperative face some problem and stopped collecting the cherry for one day, the price of cherry automatically falls by one to two Birr per Kg. Hence their existence is very important not only for the members but also for the whole society in their geographical location. Although these cooperatives have an ambitious chance to show faster growth, they couldn't flourish as expected (Oromia cooperative agency annual report, 2014).

In Jimma zone, south west of Ethiopia, the majority of the Multipurpose Cooperative Associations Engaged in Coffee Plumping (almost greater than ninety percent (90%) has planted the plumping machine starting from 2008 which is less than ten year time (Jimma zone cooperative agency, 2015). Although cooperatives in general, starting from their establishment they have contributed a lot to the growth of member's income level and living standard (especially by increasing the coffee price per Kg), majority of them couldn't have showed growth as expected: some are growing very fast up to the level of owning two to three (2-3) plumping machine, some are became stagnant (staying with no change). Some are bankrupted (unable to pay their debt) and even few are dissolved (Oromia Coop. agency annual report, 2015).

Few researchers put some factors that affect the growth of cooperatives as follows : lack of training and preparedness by cooperatives, poor sequencing of the reform policy, loss of Government protection, political interference, inadequate legal reforms, slow decision ,making process, Government policy and international prices, infrastructure ,weather conditions, competitions from other players such as hawkers and private processors, (Barasa 2014); poor rural infrastructure, lack of adequate agricultural credit, lack of awareness on the benefits of cooperative, and weak institutional capacity (Semeneh, 2010) Which focused on identifying the determinants of growth the overall cooperatives and the multipurpose cooperatives which somewhat broaden area than the topic under

study. Divine,(2004), concluded that factors such as age of household head, household size, distance to cooperative washing station, access to credit influences membership in coffee cooperatives; which is aimed at identifying determinants of a single factor.

In this study area, as per the researcher's investigation, there were no specific studies carried out in cooperatives engaged in coffee plumping within the same topic before. Hence, this study is unique and it paves a way for those who need to proceed and study in detail.

1.2 Statement of the Problem

Multipurpose cooperatives engaged in coffee plumping having an ambitious chance to show faster growth, they couldn't flourish as expected: some are growing very fast up to the level of owning two to three (2-3) plumping machine, some became stagnant (staying with no change), Some are bankrupt (unable to pay their debt) and even few are dissolved (Oromia cooperative agency annual report, 2015). According to Jimma zone cooperative agency basic data, (2015), among the fifty seven multipurpose cooperative associations engaged in coffee plumping: one have had three (3) plumping machines, the three have had two (2) plumping machines and three (3) had been dissolved within five years of its establishment.

Several factors are identified by different researchers which affect the growth of multipurpose cooperatives. Some can be seen as follows: according to Barasa (2014) factors that influence performance of cooperatives include; lack of training and preparedness by cooperatives, poor sequencing of the reform policy, loss of government protection, political interference, inadequate legal reforms, slow decision making process, Government policy and international prices, infrastructure, weather conditions, competitions from other players such as hawkers and private processors. And according to Bezabi (2009), the functionality of cooperatives is constrained by shortages in skilled human resources, shortage of capital and limited access to credit. Semeneh (2010) cited some of the problems that hinder the growth and development of cooperatives as poor rural infrastructure, lack of adequate agricultural credit, lack of awareness on the benefits of cooperative, and weak institutional capacity. A study by Divine (2004), concluded that

factors such as age of household head, household size, distance to cooperative washing station, access to credit influences membership in coffee cooperatives. But due to the specific nature of the topic under study, the geographic deference of the study area and several other reasons, the factors stated above can be strong factors that affect the multipurpose cooperative associations engaged in coffee plumping. But was not stated in such a manner that they affects the growth of multipurpose cooperative associations engaged in coffee plumping.

Previous studies did not show factors that affected the growth of multipurpose cooperatives engaged in coffee plumping in the study area. Thus, there is a dearth of study on identifying the factors that affect the growth of multipurpose cooperatives engaged in coffee plumping in the study area. As per preliminary investigation made by the researcher, cooperatives in Jimma zone encounter lack of transparency in marketing information and also fail to have accurate financial management. Hence, this study will be unique and it makes an attempt to asses and identifies the factors that affect the growth of the multipurpose cooperatives engaged in coffee plumping, identifies the determinant factors among the identified factors, evaluates how they hinder the cooperatives growth and tries to forward possible solutions.

1.3 Basic Research Question

The main research question for the study is, what are the factors that hinders the growth of multipurpose cooperatives engaged in coffee plumping found in Jimma zone: south west Ethiopia.

Specific questions are:

1. What are the potential factors that affect the growth of multipurpose cooperatives engaged in coffee plumping in Jimma zone?
2. What is the relationship between the independent variable and the growth of cooperatives under study?
3. What are the determinant items for the growth of MPCEICP?
4. What are the impacts of the determinant items on the growth of the cooperatives under study?

1.4 Objectives of the Study

The general objective of the study was to identify factors affecting the growth of multipurpose cooperative associations engaged in coffee plumping in Jimma zone, south west Ethiopia.

Specific objectives of the study are:

1. To outline the potential factors affecting the growth of multipurpose cooperatives engaged in coffee plumping in Jimma zone.
2. To identify/measure the relationship between the independent variable and the growth of cooperatives under study.
3. To find out determinant items for the growth of MPCEICP in the study area.
4. To measure and evaluate the impacts of the determinant items on the growth of the cooperatives under study.

1.5 Significance of the Study

The output of this study would help the cooperative association agency such that the agency will be able to assist the multipurpose cooperative associations engaged in coffee plumping by letting them know how their growth is being affected by those factors and helping them take corrective action to minimize the effect of those factors on the growth of their organization and to strengthen good performance and high growth. On the other hand, as no previous research has been conducted regarding this topic before in the study area, the result of the present study could be used as an input for policy makers in designing policies related to cooperatives at the country level. Finally it paves a way for further study by which the result of this research will be used by other researchers and enable them to perform better and deep study on a wider scale regarding to the factors identified by this study.

1.6 Scope of the Study

The scope of the study was identification and evaluation of the factors affecting the growth of MPCEICP in eleven woredas of Jimma zone. The growth of the MPCEICP considered here is only the financial growth. The study did not include identification and evaluation of other services, other than coffee plumping, given by the MPCEICP; and it is one time research.

1.7 Operational Definitions of Terms

The followings are some of the variables which could affect the growth of multipurpose cooperatives engaged in coffee plumping in the study area and defined in the context of this study.

1.7.1 Contextual Factors

Contextual factors are factors that are assumed to have an impact on the growth of MPCEICP, but are not under control of the cooperatives. The following are some of the expected external factors affecting the growth of multipurpose cooperatives engaged in coffee plumping in the study area.

1.7.1.1 Technological Factors

Technological factors are factors that cooperatives use regarding computerized system, Peachtree accounting, new information and high performance plumping machines.

1.7.1.2 Marketing Factors

Marketing factors are those factors containing market information, price of coffee, sales processes, sales documents and about transparency between cooperative union and the cooperatives under study.

1.7.1.3 Politico-Legal Factors

Politico-legal factors are about political and legal influences that do have an impact on the growth of cooperatives under study.

1.7.2 Internal Factors

Internal or Institutional factors are factors that are assumed to have an effect/impact on the growth of multipurpose cooperatives engaged in coffee plumping in Jimma zone. Some of these factors are as follows.

1.7.2.1 Members Participation

Members participation factors refers to level of members awareness, level of participation in day to day activities, supply of input and loyalty to their cooperative.

1.7.2.2 Management Related Factors

Management related factors are those factors such as: planning capacity, knowledge level of management, way of communication and assigning clear duties and responsibilities.

1.7.2.3 Cherry Collection Process

Cherry collection process is assumed to be one of the determinant factors affecting growth of the cooperative under study. Some of these factors can be seen as: amount of money to buy, machine capacity to plump, collectors and members loyalty in the coffee collection process.

1.7.2.4 Accounting Trend

Accounting trend is all about financial system within the cooperatives that helps the cooperatives to know their profit and loss timely. Some of these factors are financial records, financial forecast and preparation of financial statements.

1.7.2.5 Financial Factors

Financial factors are all about income and expenditure of the cooperatives about their sources and cost minimization strategy.

1.8 Structure of the Thesis

This research paper have the following organization: The introductory chapter dealt with the background, statement of the problem, research questions, objectives of the study, definition of terms and significance of the study. Chapter two discussed the review of related (theoretical) literatures on basic concept of cooperation, definitions of cooperatives, cooperative movement in Ethiopia, cooperatives movement in Jimma zone and the gaps identified related to the factors affecting growth of multipurpose cooperatives engaged in coffee plumping. Chapter three described research design and methodology, sample and sampling methods; tools, procedures and sources of data collection. Chapter four covered the findings of the study, interpretation and discussion of the findings. Chapter five summarized the findings, drawn conclusions and also presented the limitations and recommendations from the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

The relevant literature pertaining to the concept and definition of cooperatives, cooperative movement in Ethiopia and in Jimma zone, the gap identified related to the factors affecting growth of multipurpose cooperatives engaged in coffee plumping, conceptual framework and definition of terms are presented in this chapter.

2.1.1 Concept of Cooperation

Since the beginning of human society, individuals have found advantage in working together and helping one another in all over the world .In Ethiopia too, it is common for people to be inter-dependent in mutual help and self-help activities in their day-to-day socio-economic conditions. The traditional cooperatives like "Edir" (voluntarily pooling financial resources), "Jigie" or "Wonfel" (labor resource mobilization to overcome seasonal labor peaks) and "equb" or "insurance" (reciprocal insurance mechanism whereby members contribute membership fees in kind or in cash to meet social needs including wedding and funeral ceremonies); are traditional form of associations, which should be basis to modern form of cooperatives in Ethiopia (Bezabih, 2012).

2.1.2 Definition of Cooperatives

The cooperative model has been adapted to numerous and varied businesses in 1942. Ivan Milanoff, (Kimberly and Robert, 2004) a cooperative scholar, remarked that" Diversity of cooperatives is Kaleidoscopic and their variability is likely infinite. As a consequence of this diversity, no universally accepted definition of a cooperative exists. Two definitions, however, are commonly used.

According to the International Cooperative Alliance (ICA, 1995); "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.” Cooperative leaders around the world recognize the ICA, a non-governmental organization as a leading authority on cooperative definition and values. The ICA definition recognizes the essential elements of cooperatives; membership is voluntarily, coercion (force) is the antithesis (contrast) of co-operation. Persons compelled to act contrary to their wishes are not truly cooperating. True cooperation with others arises from a belief in mutual help; it can't be dictated in authentic cooperatives, persons join voluntarily and have the freedom to quit the cooperative at any time.

Gloria, (2007) defined cooperative as a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles; the primary purpose of every cooperative is to provide goods and services to its members and thus enable them to attain increased income and savings, investment, productivity, purchasing power and promote among them equitable distribution of net surplus; a cooperative shall provide maximum economic benefit to its members, teach them the efficient ways of doing things and new ideas in the business and management and allow the lower income groups to increase their ownership in the wealth of the nation (ICA,1995).

Another widely accepted cooperative definition is the one adopted by the United States Department of Agriculture (USDA, 1987). “A cooperative is a user-owned, user-controlled business that distributes benefits on the basis of use.” This definition captures what are generally considered the three primary cooperative principles such as user ownership, user control and proportional distribution of benefits.

As to our case, in Ethiopia, Cooperative Association is defined as a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage same (Negarit gazeta, 1998). This definition comprises the beliefs and core values of cooperative associations discussed in detail under the above two internationally accepted definition of the cooperative associations.

Cooperative benefits may include better prices for goods and services, improved services, and repayment of dividends. Most cooperatives also realize annual net profits, all or part of which are returned to members in aptly called patronage refunds (Alema, 2008). Multipurpose cooperatives engaged in coffee plumping are cooperative associations which provide services like distributing production materials based on the members' request, providing information and new technologies regarding quality of the coffee, collecting products (red coffee), plumping and exporting (selling in international market) and finally paying dividends based on their collective agreement. These Multipurpose cooperatives engaged in coffee plumping are guided by international principles and Values of cooperative association.

2.1.3 Cooperative Establishment in Ethiopia

Ethiopia has introduced modern types of co-operatives in various areas of endeavor later than the majority of African countries where their co-operatives were established by the Western powers during their colonization period (Alema, 2008). In fact, the first consumer co-operative was established in Addis Ababa in 1945 (ILO, 1975). However, it was after decree No. 44 of 1960 that modern or 'imported' co-operatives were officially introduced (Haileselassie, 2003). It was during the imperial government of Ethiopia that the first decree No. 44/1960 was declared in order to form the modern "Farm Workers Co-operatives". This co-operative legislation was enacted three years later than the creation of the Ministry of National Community Development in January 1957 in order to achieve the objectives of the following Departments: Community Department, Co-operative, Social Welfare and Labor (Alemayehu, cited in Redie and Hinrichsen, 2002). The decree No 44/1960 was replaced by "Co-operative Society Proclamation No. 241 of 1966". The main objective of this proclamation was improving the standard of living of the farmers, better business performance and improving methods of production. In reality, this proclamation benefited the wealthy commercial farmers who resided in the most potential areas.

In 1974, the Ethiopian Revolution erupted and the military regime (known as the Derg) came into power. After a while, the Derg enacted Proclamation No. 71 of 1975 to nationalize all land, which was provided for the formation of Peasant Association,

Agricultural Producer Co-operatives and Agricultural Service Co-operatives (Alema, 2008).

In 1978, “Co-operative Societies Proclamation No. 138/1978 replaced the proclamation of 1966. The crisis of co-operative identity began at the time when the Derg abolished all co-operatives except the housing and saving and credit co-operatives which were organized under Proclamation 241/1966 (Negarit Gazeta (1978)). The co-operatives were not autonomous organizations, but had purely political character. This was clearly reflected in the proclamation of 137/1978 Article 3.5 i.e. “Co-operative shall be organized to conduct political agitation”. Besides, Article 3.6 says: “Co-operative is organized to participate in the building of the socialist economy.” ILO (1997 as Cited by Haileselassie, 2003) clearly states that many co-operatives in Africa were not until recently “genuine”, because they served the state, a political party or individuals instead of their members. When the state ‘incorporates’ co-operatives, they can become instruments of oppression instead of participation. An example (though now dissolved) is the peasants' associations of Ethiopia, which forced farmers into collective production against their will. Therefore, the proclamation was enacted on the basis of socialist ideology. They were considered as the extension of state institutions, and almost all lost their co-operative identity. In general, co-operatives in the Derg were characterized by corruption and mismanagement, and served as a vehicle for the government mass collectivization policy as well as a forced recruiting ground for fighting for Mengistu’s escalating internal conflicts (McCarthy, 2001). Forced by the internal instability and economic crisis along with the world economic situation, the Derg declared the “mixed economy policy” in 1990. This gave an opportunity to the cooperative members to decide on their future. As they were organized without their will and interest, the majority of co-operatives collapsed. Due to unnecessary government interference and compulsion on membership and leadership, people, throughout the country, have developed a negative view about the co-operative movement and reduced their age-old self-help tradition (Alema, 2008). At this time, the institutional suspicion mentality is widely reflected in the existing co-operative members.

In 1991, the old military regime was defeated in the civil war. The new government embarked on major political and economic reforms. The new constitution provided for decentralization in which substantial political, economic, and social policy power has been devolved to the nine regions and two city council administrations (Alema, 2008). By abolishing the more centralized economic policy and planning, the new market liberalization policy, which is democratic and decentralized policy, launched the formation of new “Agricultural Co-operative Societies Proclamation No. 85/ 1994”. This proclamation restricts the government from negative interference in the internal affairs of co-operatives and initiates the organization of free, autonomous and independent cooperatives .

For establishment of different types of co-operatives in the country, “Co-operative Societies Proclamation No. 147/1998” replaced the proclamation No. 85 / 1994. This proclamation shall in particular include the following: Agricultural, Consumer, Housing, Industrial and Artisan Producers’, saving and Credit, Fishing and Mining Co-operative Societies (Negarit Gazeta, 1998). Under this proclamation, co-operatives are organized to solve problems collectively, to achieve a better result by coordinating their knowledge, wealth and labor to promote self-reliance, to improve the living standard of members and so on.

The Ethiopian government is trying to promote co-operatives with the objectives of developing them into autonomous self-help institutions. This was the main reason for setting up the Cooperative Promotion Department in Prime Minister’s office, Co-operative Promotion Bureaus in regions and in line administrative units (zones and woredas) and later Co-operative Commission at federal level (Negarit gazeta, 1998). In the proclamation No. 147 of 1998, the autonomy of co-operatives is clearly stated. The role of the government is limited and only focused on offering guidance and supervision, registration, cancellation and capacity building.

In accordance to the new proclamation, new co-operatives have been established and cooperatives in the past equally get an opportunity to reorganize them. In the Ethiopian cooperative movement, it is observed that co-operatives disappeared with the change of

the government. They had exactly the life of the government. They existed as long as the government was in power. However, in the new government, this problem has come into an end which is demonstrated by the fact that some co-operatives from the Derg era are able to exist at present (Alema, 2008). The favorable condition created by proclamation No. 147/1998 has helped the co-operatives to organize and reorganize themselves voluntarily. Furthermore, the new proclamation has helped the co-operatives to organize themselves into unions by pooling their resources together.

2.1.4 Cooperative Establishment in Jimma Zone

Like other parts of Ethiopia, Jimma zone has various age-old traditional self-help organizations, which can provide social and economic benefits to their voluntary members. The commonly practiced self-help institutions in the region are: “Debo”, Jigge, “Wonfel”, “Edir”, “Eqube”, “Senbete” etc. These all are self/ mutual-aid groups which still have a contribution in socializing and getting people together, developing self-reliance and the capacity to solve local problems by local people (Bezabih, 2012).

In Jimma zone, modern co-operative societies were introduced after the formation of the first national cooperative Proclamation No.241/1966. It is uninvestigated whether there were cooperatives before the legislation was enacted. Besides the proclamation No 85/1966 during the regime of emperor Hilesillassie, additional proclamation No 138/1978 in 1978 was enacted By the Derg. As the result of these proclamation so many cooperative association were established across the zone. These co-operatives were providing services such as hiring of means of production (tractor), marketing of collective production, flour milling services and few cooperatives had started collecting cherry, plumping and selling in international market. But during the fall of Derg, most of the cooperatives become dissolved and their assets became destroyed. The co-operative movement was paralyzed until the new government’s first “Agricultural Co-operative Societies Proclamation No.85/1994” was enacted. Under this proclamation, in the years 1994-1996, few multi-purpose co-operatives were restructured and other new co-operatives started to be established (FCA,2011).

Following the Proclamation of 147/ 1998, for the first time, an independent Co-operative Promotion Office was created in the zone in order to promote the co-operative way of working together for mutual benefits. Currently, there is a responsible office in the zone and at Woreda level for promoting cooperatives in training, supervision, and registration.

In Jimma zone, where the study is to be conducted, there were about 1,317 primary cooperatives and 5 Cooperative Unions are established (Jimma zone cooperative society's office, 2007). These cooperatives have a membership of male 246,702 (82.7%) and female 51,551 (17.3%) totally 298,253 (Jimma zone coop. agency, 2015) and there were 57 Multipurpose Cooperative Associations Engaged in Coffee Plumping having 46,451 members, within in the zone. Among these the majority almost greater than ninety percent (90%) has planted the plumping machine starting from 2008 which is less than eight year time. But, as per the preliminary study by the researcher, the performance of each co-operative varies from place to place. Even in one Woreda: co-operatives are found at good, medium and weak levels of performance.

2.2 The Gap Identified Related to the Factors Affecting Growth of Multipurpose Cooperatives Engaged in Coffee Plumping.

Cooperatives also contribute to the creation of a global enabling environment for sustainable development by closing the trade gap between developed and developing world; stabilizing the opportunity to share their experiences on financial systems during crises; and providing the base for financial deepening around the world (ICA, 2015).

Though farmers' cooperatives have the potential to make maximum contribution to agricultural development, there is need to organize for them training and re-training program through work-shops, seminars and conferences so as to enhance capacity building and acquisition of necessary managerial skills (Yamusa, 2014). The problems facing cooperatives were discussed as: low institutional capacity, inadequate qualified personnel, low entrepreneurship skill, lack of financial resources, lack of market information, poor members' participation in the different activities such as financing the cooperative, patronizing the business activities of the cooperatives, and control and supports it (Dawit, 2005).

A study made on problems and prospects of cooperatives in Amhara region had been found out that, the major problems that affect the cooperatives were physical constraints like scarcity of land, and shortage of modern agricultural inputs such as fertilizer and improved seed, social problems like low level of education, members' lack of awareness about cooperative definition, principles and values, and members low level of participation in the day to day affairs of their cooperatives; there were also institutional problems observed in governmental bureaus which include failure to give regular training to farmers, and lack of awareness creation activities; organizational weakness of the cooperatives themselves like weak culture of working together by mobilizing their resources, lack of commitment of members on their cooperatives and leadership problems were also affect their future success. (Esubalew, 2011).

The performance of cooperatives can be related with the growth of cooperatives and several factors influencing the performance of co-operatives are identified by many researchers: the capacity of co-operative members who often have low levels of literacy and little knowledge of their rights and responsibilities affect cooperative performance (Prakash, 2003). In line with the membership USAID (2009) stress that the lack of an active membership can cause a co-operative to lose not only inclusiveness and democratization, but also member input into efficient operation. As a result, many co-operatives suffer from weak management, governance, and business skills, including financial management practices (DFID, 2010). The above stated factors also may have an impact on the growth of cooperative associations engaged in coffee plumping; they are not directly saying the factors that affect the growth of multipurpose cooperative associations engaged in coffee plumping. When we see the nature of the multipurpose cooperatives engaged in coffee plumping, they need huge capital, efficient marketing and transportation strategy; their focus is on seasonal works which make them differ from the general multipurpose cooperatives (Personal investigation).

Several factors are identified by different researchers which affects the growth of multipurpose cooperatives. Some can be seen as follows: according to Barasa (2014) factors that influence performance of cooperatives include; lack of training and preparedness by cooperatives, poor sequencing of the reform policy, loss of Government protection, political interference, in adequate legal reforms, slow decision making

process, Government policy and international prices, infrastructure, weather conditions, competitions from other players such as hawkers and private processors. And according to Bezabi, (2009), the functionality of cooperatives is constrained by shortages in skilled human resources, shortage of capital and limited access to credit. Semeneh, (2010) cited some of the problems that hinder the growth and development of cooperatives as poor rural infrastructure, lack of adequate agricultural credit, lack of awareness on the benefits of cooperative, and weak institutional capacity. A study by Divine, (2004), concluded that factors such as age of household head, household size, distance to cooperative washing station, access to credit influences membership in coffee cooperatives. But due to the specific nature of the topic under study, the geographic deference of the study area and several other reasons, the factors may or may not work and not stated were not stated as the factors affecting the growth of MPCEICP.

2.3 Conceptual framework

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business growth is assumed to be affected by both internal and contextual factors, operators need to understand what affects businesses to show high growth. The contextual factors that are assumed to affect the growth of multipurpose cooperatives engaged in coffee plumping in the study area include technological, marketing, and politico-legal, factors. The internal factors that influence the firm's growth can be financial, management related, member's participation, cherry collection, accounting trend factors. To align the conceptual frame work with the research objectives, growth of MPCEICP is the dependent variable whereas technological, marketing, politico-legal, financial, management related, member's participation, cherry collection, accounting trend factors are all independent variables. The relationship can be expressed as follows.

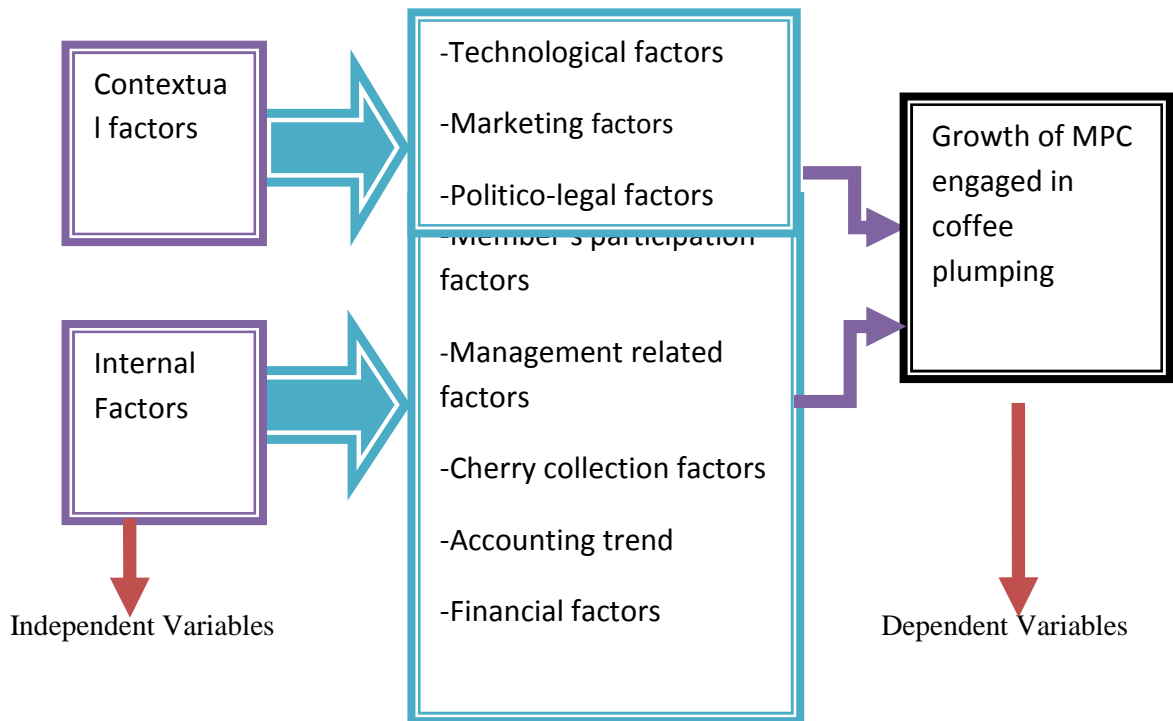


Figure 2.1: Conceptual frame work (Own model, 2016)

CHAPTER THREE

3. RESEARCH DESIGN METHODOLOGY

This chapter deals with description of the study area, research design, sources and type of data, population of the study, sampling, instrument of data collection, procedure of data collection, study variables, data processing, analysis and interpretation .

3.1. Description of the Study Area

This study was conducted in Jimma zone, found in south west part of Ethiopia in Oromia Region. The zone has a total of seventeen (17) woredas under it. Among them, eleven (11) woredas are known to produce coffee of which: two of them have twelve (12) multipurpose cooperative engaged in coffee plumping and four (4) of them have only one (1) multipurpose cooperative engaged in coffee plumping because of low level of production.

3.2 Research Design

Exploratory research design involving both qualitative and quantitative methods was employed to answer the research questions. Since the main aim of the research was to identify factors affecting the growth of multipurpose cooperative associations engaged in coffee plumping, the research emphasized on discovery of ideas and insights. The quantitative data helped to identify the factors that affect the growth of the cooperatives under study and qualitative data were useful in order to understand how the factors affected the growth of the multipurpose cooperative associations engaged in coffee plumping in Jimma zone.

3.3. Sources and Types of Data

The study employed both primary and secondary sources of data. The primary data which was both qualitative and quantitative were gathered through questionnaires and interviews of sample members of cooperative associations. The secondary data was

quantitative and the sources of data were published and unpublished documents (such as monthly reports, basic data, audit report, etc).

3.4 Population of the Study

The target population of the study was all members of multipurpose cooperatives associations engaged in coffee plumping in Jimma zone. According to Jimma zone cooperative agency record (2015), there were 46,451 members of multipurpose cooperatives associations engaged in coffee plumping in Jimma zone.

3.5 Sampling

3.5.1 Sampling Type

Probability and non-probability sampling were employed. For the probability sampling simple random sampling type was used since it enables all the members get equal chance of being nominated for the study. It helped to obtain proper sampling units from the target population. It also reduces biases arising out of probability sampling. For the non-probability sampling, convenience sampling was used. Convenience sampling helped to get key informant interviews in order to make in-depth interview with those people who know what was going in the area.

3.5.2 Sampling Unit

Quantitative data were gathered from cooperative members, cooperative committees and recruited staffs. Qualitative data were gathered from sample cooperatives members, board members, recruited staffs, cooperative agency experts and cooperative union experts.

3.5.3 Sample Size

Since target population was forty six thousand and four hundred fifty one (46,451) members of cooperative associations engaged in coffee plumping in the zone. And the correct sample size depends on population of the study (Dawson, 2009), by taking ninety five percent (95%) level of confidence, the sample size is determined using scientific formula by Krejcie and Morgan (1970) as follows:

$$n = \frac{(z)^2 \cdot p \cdot q \cdot N}{(e)^2(N-1) + (Z)^2 \cdot P \cdot q} = \frac{(1.96)^2 \times 0.5 \times 0.5 \times 46,451}{(0.06)^2(46,450) + (1.96)^2 \times 0.5 \times 0.5} = 255$$

Where: - n is sample size, N is target population, Z= confidence level p = Population proportion in which case the sample size is maximum and q=1-p with an error not greater than e. Hence, the sample size became two hundred fifty five (255) sampling units.

3.5.4 Sampling Technique

A three-stage random sampling procedure was adopted for the selection of the sample respondents from the cooperatives in three Woredas (figure 3.1). In the first stage, three woredas (Limukosa, Goma and Limuseka) were purposely selected, due to high number of cooperatives they have, out of the eleven (11) woredas that have cooperative associations engaged in coffee plumping found in Jimma zone.

In the second stage, considering the total number of thirty one (31) multipurpose cooperatives engaged in coffee plumping in these woredas (twelve in Limukosa, twelve in Goma and seven in Limuseka) a total of eleven (11) multipurpose cooperatives (four in Limukosa, four in Gomma and three in Limuseka) were randomly selected by lottery method.

In the third stage, since each cooperative members have a unique code within their cooperative association, and by feeding the code into the computer a total of two hundred fifty five (255) respondents involving cooperative members, cooperative committees and recruited staffs (one hundred and six (106) respondents from Limukosa, one hundred and one (101) respondents from Goma and forty eight (48) respondents from Limuseka) were selected randomly using probability proportional to sample size (PPS) as shown in the figure bellow.

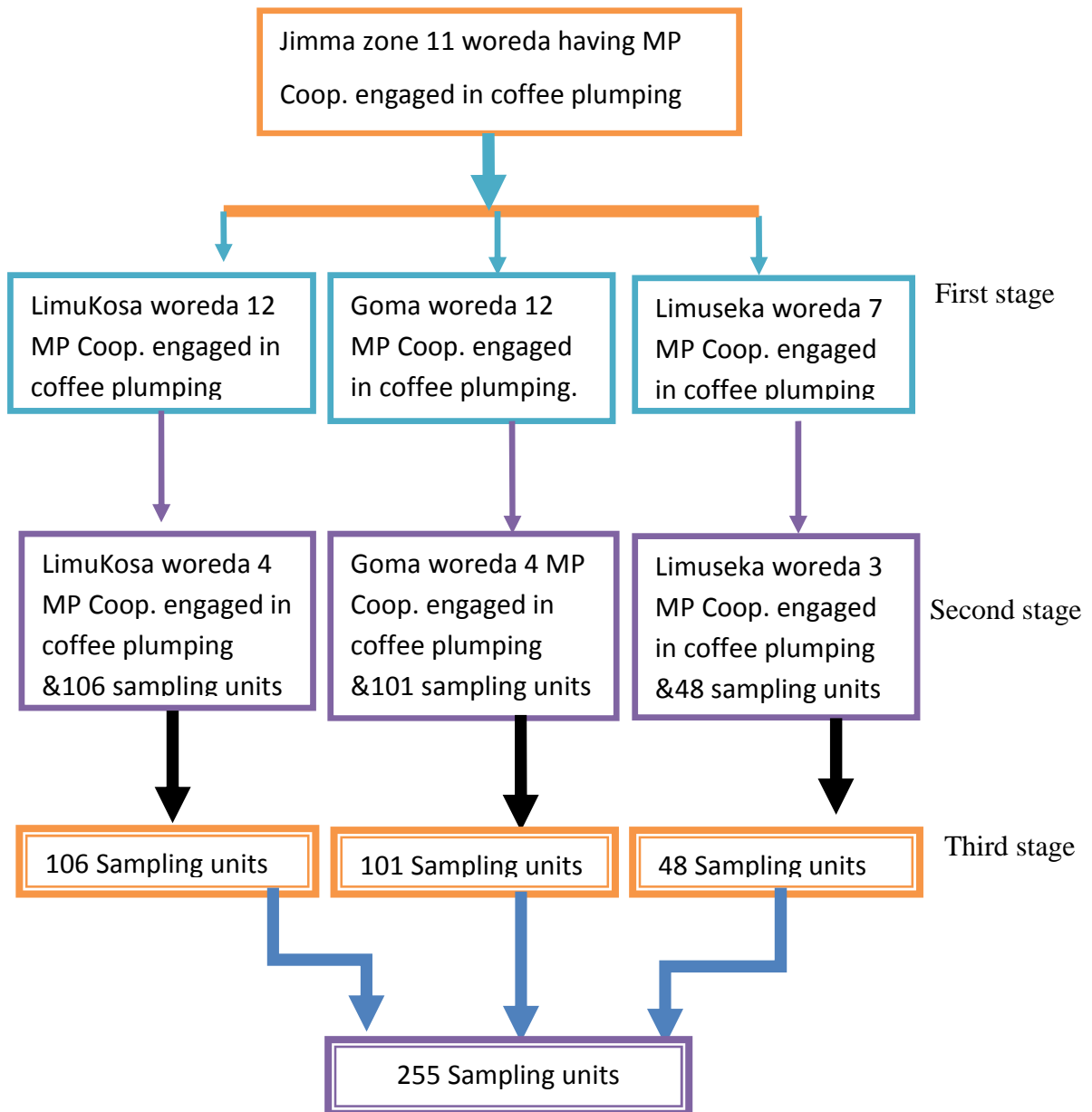


Figure 3.1 The hierarchy by which the cooperative are selected.

Table 3.1: Sample size of the study cooperative societies and number of respondents in selected woredas

| Name of Woreda | Name of cooperatives | No. of total member of the cooperatives | Total No. of sampled Members | Total No. of Recruited staff | Total No. of sampled Recruited staff | Total No. Sampling units |
|----------------|----------------------|---|------------------------------|------------------------------|--------------------------------------|--------------------------|
| Limu-Kosa | Babu | 1750 | 42 | 7 | 2 | 44 |
| | Tencho | 651 | 16 | 3 | 1 | 17 |
| | H/Jimate | 740 | 17 | 3 | 1 | 18 |
| | Debello | 1057 | 26 | 5 | 1 | 27 |
| | Sub total | 4,198 | 101 | 16 | 5 | 106 |
| Goma | Duromina | 282 | 8 | 4 | - | 8 |
| | CoceGuda | 655 | 18 | 3 | 1 | 19 |
| | Limusadecha | 1421 | 39 | 3 | 1 | 41 |
| | KasoDabu | 1122 | 32 | 4 | 1 | 33 |
| | Sub total | 3,480 | 98 | 14 | 3 | 101 |
| Limu-Seka | Bufata Gibe | 363 | 12 | 3 | 1 | 13 |
| | JatoSeka | 385 | 13 | 3 | 1 | 14 |
| | Koma | 623 | 20 | 3 | 1 | 21 |
| | Sub total | 1,370 | 48 | 9 | 3 | 48 |
| Grand Total | | 9,049 | 244 | 39 | 11 | 255 |

3.6 Data Collection Instrument

3.6.1 Primary data Collection Instrument

For primary data collection, semi-structured questionnaires and interview schedule were employed in such a manner that they will bring out maximum information about factors that affect the growth of multipurpose cooperatives engaged in coffee plumping.

These data for the questionnaire were collected mostly from members of the cooperatives, then committee members and recruited staffs; found in eleven cooperative associations engaged in coffee plumping in the three woredas: Ten key informants from different backgrounds and personalities were also identified for the study.

3.6.1.1 Questionnaires

Questionnaires were used to collect primary data from the sampled unit which comprises of two hundred forty four (244) cooperative members and eleven (11) recruited staffs. The questionnaire contained a combination of close ended and open ended questions. The open ended questions encouraged respondents to provide detailed answer to the questions and at the same time helped the researcher to get more information regarding factors affecting the growth of the MPCEICP. Five enumerators were employed to collect data and each of them was able to complete eight questionnaires a day.

3.6.1.2 Key Informant Interview (KIIs)

The Key informant interview was selected in order to collect qualitative data: by using individuals who know the issue very well as the key informant interviewee. This Key informant interview schedule was done by using guiding questions which enabled to get qualitative information. Ten key informants were identified for the study: two from cooperative union, one from cooperative bank, three from woreda cooperative agencies (one from each woreda), three from kebele cooperative extension workers and one from Jimma zone cooperative agency auditor in order to gather their ideas about the factors affecting the growth of MPCEICP in Jimma zone and the way in which those factors affect the cooperatives and their opinion about the possible remedies.

3.6.2 Secondary Data Collection Instrument

Pre-determined formats were prepared for the collection of secondary data. Secondary data was collected through data mining from secondary data sources such as: financial records, minutes, transaction records, sales documents, memorandum of understanding, collective agreement, annual reports, audit reports, and other cooperative records using a pre-defined format.

3.7 Data Collection Procedures

The semi-structured questionnaire for the interview schedule and the pre-defined format were first prepared in English and then translated into local language for practical field work. The interview schedule was pre-tested before actual administration with one cooperative association. Five data collectors were trained on the data collection tool for one day and the researcher fully participated in the interview and close supervision of the data collectors during the entire period of data collection.

3.8 Study Variable

In this study two main variables were explored: the dependent (regressed) and independent (exploratory) variables. The regressed variable is growth of multipurpose cooperatives engaged in coffee plumping (continuous variable); and that of regressors/independent variables are factors affecting the growth, which are thought to have significant role in determining the growth of multipurpose cooperatives engaged in coffee plumping in Jimma zone. It was expected that a number of independent variables affect the growth of multipurpose cooperatives engaged in coffee plumping in Jimma zone. However, few variables which were believed to play dominant role were included in the study.

Some of the assumed independent variables which could affect the growth of multipurpose cooperatives engaged in coffee plumping in the study area were the following. These were assumed to be both contextual factors and internal factors. The contextual factors are: technological, marketing and politico-legal factors; and the internal factors are: members' participation, management, cherry collection, accounting trend and financial factors. For all these factors questionnaires were developed and key

informant interview schedule was prepared and data were collected, analyzed and interpreted.

3.9 Data Processing, Analysis and Presentation

Statistical package for social sciences (SPSS) version 20.0 programs was used for quantitative data entry and analysis respectively. All the data collected was checked for accuracy and completeness and then cleaned and coded prior to entry in to the data base. After the data entry, the data base information was cross-checked with the data collection forms before commencement of analysis. Descriptive statistics like frequency, percentage, mean, etc and statistical tools like cross tabulation and non parametric test like Mann Whitney U test were run to explore the data. Regression analysis like multiple regression and logistic regression were also run to explore the data. The quantitative data are presented in the form of figures like pie charts and in the form of tables containing frequency, mean, standard deviations and p-values. Group comparison was made using chi Square test. Correlation and regression analysis were done to determine if there was relationship between dependent and independent variables and to test the significance. Data from key informant interview were transcribed and coded into specific themes, then interpreted in order to get information on how the identified factors affect the cooperatives growth under study.

3.10 Validity and Reliability

Prior to practical implementation of data collection process the questionnaire was given to cooperative experts and commented; here two items were corrected: one from politico-legal and the other from members participation factors; then tested on one randomly selected cooperative association. And by taking different samples from different woredas which means using more than one source of data, the validity was achieved. Additionally primary and secondary sources of data for each factors identified were checked and by using Cronbach's test whether the result is greater than 0.7 or not and the result was > 0.76 for all.

3.11 Ethical Considerations:

Prior to launching the survey, woreda Cooperative agencies and the respective cooperative associations were informed about the study (after giving them letter of authorization). During data collection, interviewers or enumerators were telling the respondent the objective, purpose, and expected outcome of the study. The respondents were told that any respondent not interested in participating in the survey could decline. During the interview, it was free that if the respondent does not want to answer specific questions or discontinue the interview they could. All data was anonymous; no individual or office or association will be identified in any reports or any publication based on this study.

CHAPTER FOUR

4 RESULTS AND DISCUSSIONS

A total of 255 questionnaires administered to participants in the three woredas, out of which 247 were completed by the respondents representing 96.8 % response rate. Out of 247 completed questionnaires, 216, 20 and 11 questionnaires were filled by cooperative members, cooperative committees and recruited staffs, respectively.

4.1 Characteristics of Respondents

The category of respondents' in-terms of sex, age, educational status and responsibility were identified. The level of awareness of the respondents and their level of participation in cooperatives' day to day activities were also included. The other information regarding the status of their cooperative growth, the number of times they get dividends within the last five years and whether the dividend paid was based on the audit report or without any tangible evidence were collected and analyzed and presented as follows.

4.1.1 Socio-demographic Profile of the Respondents

The results of descriptive statistics of study participants were shown in the table 4.1 below. The majority (84.6%) of the respondents were males and larger proportions (58.3%) were 40 years or above. Regarding educational status, out of the 247 respondents:- 20.2% had basic education, 32% attended grades 1-4 and 30.8% were between grades 5-8. The information gathered regarding responsibilities of the respondents indicated that the majority of the respondents (87.4%) were the cooperative members followed by committees (8.1%) and recruited staffs (4.5%).

Table 4.1: Characteristics of participants

| Demographic variables | Categories | Frequency | % |
|--------------------------------------|-----------------------|-----------|------|
| Sex | male | 209 | 84.6 |
| | Female | 38 | 15.4 |
| Age range | 18-25 | 6 | 2.4 |
| | 26-33 | 33 | 13.4 |
| | 34-39 | 64 | 25.9 |
| | 40 | 144 | 58.3 |
| Responsibilities in the cooperatives | Cooperative Committee | 20 | 8.1 |
| | Cooperatives member | 216 | 87.4 |
| | Recruited staff | 11 | 4.5 |
| Educational Status | Illiterate | 13 | 5.3 |
| | Basic education | 50 | 20.2 |
| | Grades 1-4 | 79 | 32.0 |
| | Grades 5-8 | 76 | 30.8 |
| | Grades 9-12 | 25 | 10.1 |
| Awareness about cooperatives' values | TVET, diploma | 4 | 1.6 |
| | High | 11 | 4.5 |
| | Medium | 198 | 80.2 |
| Level of participation | Low | 38 | 15.4 |
| | High | 9 | 3.6 |
| | Medium | 167 | 67.6 |
| | Low | 71 | 28.7 |

Source: field survey, 2016

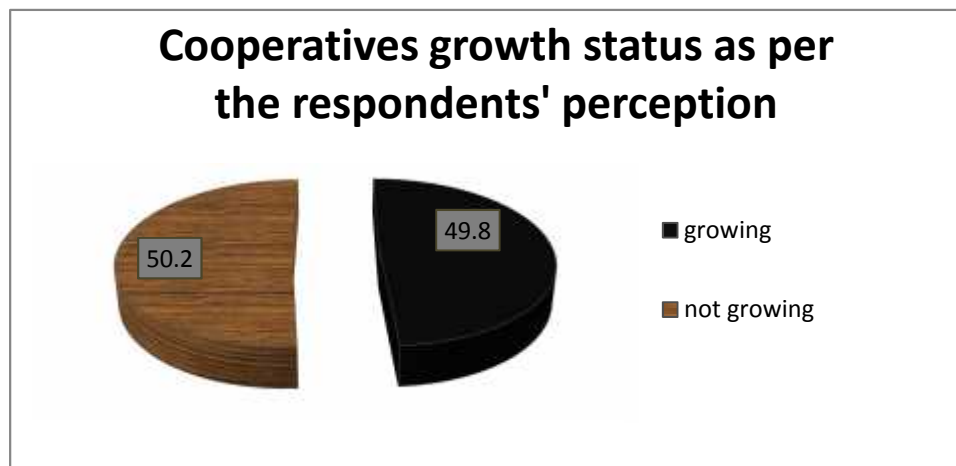
The respondents' level of awareness on cooperatives' values, definition and principles; and level of participation on day to day activities has also been summarized in the table. Accordingly, majority (80.2%) of the respondents replied that they have medium level of awareness about the cooperative values, definitions and principles; the rest 4.5% and 15.4% have high and low level of awareness, respectively. Group comparison showed that there was no significant difference in the level of awareness between committees, members and recruited staffs ($p > 0.05$). On the other hand, the levels of participation in the cooperatives were mostly medium followed by low (67.6% and 28.7% respectively). The level of participation was different among the three groups ($p = 0.038$) and

committees were found to have high level of participation than members or recruited staffs.

The above information indicates that the larger proportion the members of the multipurpose cooperatives engaged in coffee plumping are: illiterate; more than 55% seems to be less than grade 4; and committees were found to have high level of participation in day to day activities of the MPCEICP than members or recruited staffs.

4.1.2 Status f the MPCEICP Growth

The status of growth of the cooperatives in the study area was shown in figure 4.1 below. Approximately, half of the study participants (49.8%) stated that their cooperative association is growing.



Source: field survey, 2016

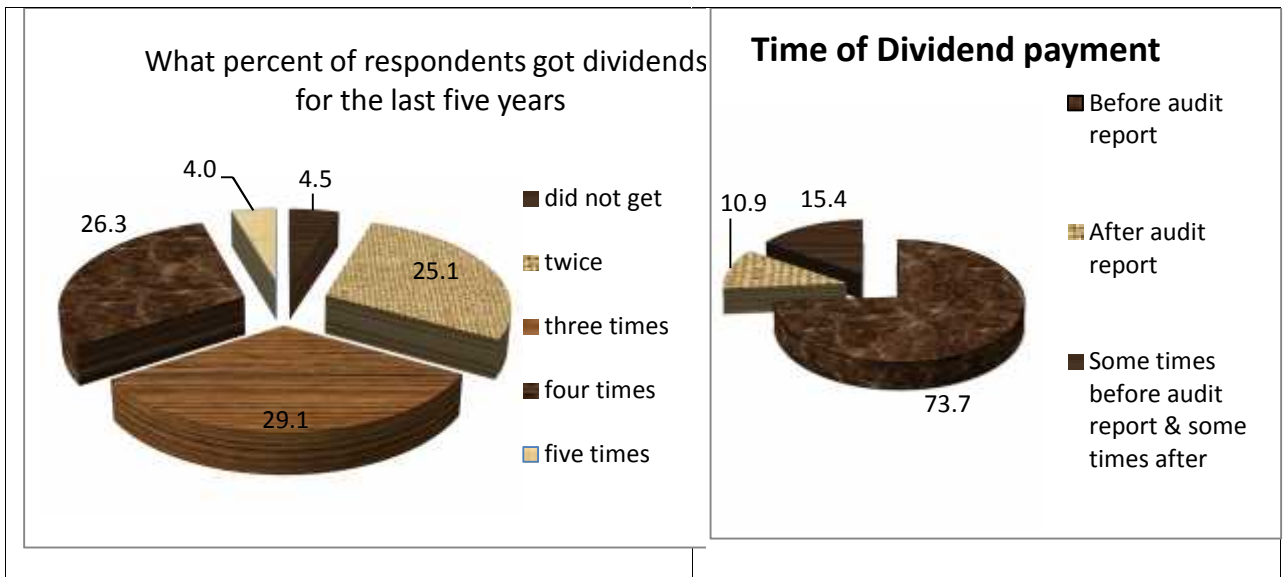
Figure 4.1 Status of cooperatives growth

However, based on audit report of the cooperatives, which was done by auditors of Jimma zone cooperative agency, it was found that, out of eleven cooperatives engaged in coffee plumping taken as a sample, only three multipurpose cooperatives showed increment both in current profit and capital within the two years: taking prior audit report as a starting point. Four multipurpose cooperatives encountered loss of birr 1,372,296.50, 506, 770.00, 375, 983.50 and 450,342.00; all the four's capital decreased by the same amount to their loss. The rest four cooperative from the sample encountered a decrease either in their capital or in their profit (Jimma zone coop. agency audit report, 2007).

Hence, the information from the audit report and from the respondents to the questionnaires indicates that multipurpose cooperatives engaged in coffee plumping in the study area are not appropriately growing.

4.1.3 Trend of Payment of Dividends in MPCEICP

Figure 4.2 below shows payment of dividends and time of payment of dividend. According to the respondents, 5% of them did not get any form of dividends in the last five years. The remaining participants received dividends either twice (28.2%), thrice (32.7%), four times (29.5%), or five times (4.5%). It can also be seen from the figure that most of the time (73.7%), dividends were distributed to participants before audit report.



Source: field survey, 2016

Figure 4.2 trend of dividend payment

The interviewees, regarding trend of dividend payment, said that “*The payment of dividends were based only on participation (on the amount of cherry they brought to the cooperative), not on the number of common-stock they had within their cooperatives. This payment was paid neither based on the audit report nor supported by any financial statements prepared by the accountants of the cooperatives.*”

From the above data, we can say that: the multipurpose cooperatives engaged in coffee plumping were not paying reasonable dividends to their members.

4.2 Relationship between Independent Variables and Cooperative Growth

Pearson's product moment correlation coefficient was used to determine whether there is significant relationship between the cooperatives growth and marketing factors, politico-legal factors, members' participation factors, management factors, cherry collection factors accounting trend factors and financial factors; which were identified during the preliminary study. The following section presents the results of Pearson's product moment correlation coefficient on the dependent variable and independent variable.

Table 4.2 Relationship between independent variables and cooperative growth

| | | Cooperative growth | % of respondents agreed with the factor to affect the growth of MPCEICP |
|---|---------------------|--------------------|---|
| 1 Technological factors | Pearson correlation | .038 | |
| | P-value | .422 | |
| | N | 247 | 78.1 |
| 2 Marketing factors | Pearson correlation | .316 | |
| | P-value | .000 | |
| | N | 247 | 92.5 |
| 3 Politico-legal factors | Pearson correlation | .382 | |
| | P-value | .000 | |
| | N | 247 | 68 |
| 4 Members Participation | Pearson correlation | .286 | |
| | P-value | .000 | |
| | N | 247 | 81 |
| 5 Management Factors | Pearson correlation | .223 | |
| | P-value | .013 | |
| | N | 247 | 86 |
| 6 Cherry Collection (Supply factors) | Pearson correlation | .347 | |
| | P-value | .000 | |
| | N | 247 | 84 |
| 7 Accounting Trend | Pearson correlation | .450 | |
| | P-value | .000 | |
| | N | 247 | 91 |
| 8 Financial factors | Pearson correlation | .340 | |
| | P-value | .000 | |
| | N | 247 | 84 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

As it is clearly indicated in table 4.2 above, a moderate relationship between marketing factors and cooperative growth ($r = .316$, $p < .05$), Politico-legal factors and cooperative

growth ($r=.382$, $p < 0.05$), members participation and cooperative growth ($r= 0.286$, $p < .05$), Management Factors and cooperative growth ($r=.223$, $p < 0.05$) and Cherry Collection (Supply factors) and cooperative growth ($r=.347$, $p < 0.05$); accounting trend and cooperative growth ($r= .450$, $p < .05$) and financial factors and cooperative growth ($r= .340$, $p < .05$) which are statistically significant at 95% level of confidence.

This implies that, 92.5%, 68%, 81%, 86%, 84%, 91% and 84% of respondents agreed that Marketing factors, Politico-legal factors, Members Participation factors, Management Factors, Cherry Collection (Supply factors), accounting trend factors and financial factors respectively affect the status of cooperative growth and hence play significant role in determining the growth of multipurpose cooperatives engaged in coffee plumping in the study area.

4.3 Factors Affecting the Growth of MPCEICP and Items under the Identified Factors that Affect the Growth of MPCEICP

There are number of challenges that affect the growth of multipurpose cooperative associations engaged in coffee plumping associated with deferent factors. The results for measures of central tendency, dispersion and significance were obtained from the sample respondents that contain mostly cooperative members and few cooperative committees and recruited staffs, are shown in the following tables. Also the percentage of the respondents that replied as ‘agree’ and ‘strongly agree’ for the item to affect the growth of the cooperatives under study is included in the table.

The information gained from the interview made with one manager and one board member of cooperative union, cooperative experts from woreda cooperative agency of Goma, Limu kosa and Limu seka woreda and one kebele cooperative extension workers of the respective woredas respectively, which was grouped in to different themes, were also reported under this section.

4.3.1 Technological Factors

Table 4.3 Technological factors

| S/ N | Item | N | Mean score | SD | p- value | % of respondents agreed that the item affects the growth of MPCEICP |
|---------|--|-----|---------------|-------|-------------|--|
| 1 | Lack of low cost accessible training facilities | 247 | 4.22 | .881 | .355 | 81 |
| 2 | Lack of appropriate machinery and equipment | 247 | 3.94 | .924 | .033 | 82.5 |
| 3 | Lack of skilled man power to handle new technology | 247 | 4.25 | 1.024 | .260 | 77.7 |
| 4 | Lack of appropriate and quick transportation service | 247 | 4.22 | 1.010 | .788 | 77.6 |
| 5 | Lack of IT to join directly with the coffee buyers | 247 | 4.58 | .796 | .991 | 91 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean score ≥ 4.10 strongly affects the cooperative growth, Items with mean score 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean scores 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean score ≤ 2.99 does not affects the cooperative growth, according to these data.

As indicated in the table 4.3 above, lack of low cost accessible training facilities, Lack of skilled man power to handle new technology, lack of appropriate and quick transportation service, and lack of IT to join directly with the coffee buyers were not associated with cooperative growth (P-Values $> .05$). Therefore, it can be easily seen that these factors are out of the study margin. The item Lack of appropriate machinery and equipment was taken as a technological factor (p-value of 0.033) that affects the growth of MPCEICP.

The mean and standard deviation of the factor for lack of appropriate machinery and equipment was 4.11 and 0.836 respectively; and 82.5% of the respondents agreed that this item affects the growth of the MPCEICP. This shows that according to responses to

the questionnaires; lack of appropriate machinery and equipment was the major factor that affects the growth of multipurpose cooperative associations engaged in coffee plumping. Also lack of appropriate equipment and machineries linked with wetness tester material and pulper machine was discussed by the key informant interviewees.

The key informants discussed the issue of the performance of wetness tester equipment as phrased below. *“Due to absence of wetness tester material, the cooperatives encounter the following problems. Washed coffee is dried by the sun and collected by estimation, being not tested by wetness tester. When the cooperatives transport the coffee to the international market the wetness of the coffee has to be 12.0; but most of the time it becomes either below 10.0 or above 14.0 which is serious problem. When the wetness is greater than 12.0 the cooperatives are forced to dry by incurring additional cost until the wetness becomes less or equal to 12.0 and it takes: six days to reach for the wetness from 13.0 to 12.0, ten days to make the wetness from 14.0 to 12.0 and eighteen days from 15.0 to 12.0. When the wetness is less than 10.0 the cooperatives are affected in two ways: the net weight of the coffee becomes less and the rank (grade) of the coffee becomes less than or equal to thee which in turn affects the price of the coffee. The absence of the wetness tester is decreasing the revenue of the cooperatives.”*

In addition, the key informants discussed the issue of the performance of pulper machine as phrased below. *“Now a day there is latest pulper machines that serve to pulp and dry the washed coffee. But, our cooperatives are using sun light to dry the washed coffee which most of the time takes 8-10 days. The machine that currently most of the multipurpose cooperatives engaged in coffee plumping are using has a capacity of plumping 1,500 Kg per hour which is much below the supply capacity; the obsolete technology. But, on the market there are many alternatives of pulper machine with capacity of plumping 2,500 Kg per hour, plumping 5,000 Kg per hour, plumping 10,000 Kg per hour and plumping 20,000 Kg per hour together with drying services”.*

From the questionnaire and the interview made, it can be seen that lack of appropriate equipments and machineries linked with wetness tester material and modern coffee pulper machine, which are not available in national market and the cooperatives did not

get the chance to buy them, was one of the serious problems the cooperatives were facing. On the other hand the logistic regression showed that, for every one unit change in appropriate machinery and equipment there is likely 0.451 times change on the cooperative growth: and lack of appropriate equipments and machineries (with $\beta = -.451$) negatively affects the cooperative growth. Hence, it can be inferred that the existence of these materials in the cooperatives (modern coffee plumping machine and wetness tester) is crucial.

4.3.2 Marketing Factors

Table 4.4 Marketing factors

| S/ N | Item | N | Mean score | SD | <i>p</i> - <i>value</i> | % of Respondents agreed that the item affects the growth of MPCEICP |
|---------|---|-----|---------------|-------|----------------------------|--|
| 1 | Lack of market information | 247 | 4.27 | .960 | .023 | 83.4 |
| 2 | Fluctuating prices of coffee | 247 | 4.49 | .855 | .011 | 85.4 |
| 3 | Lack of getting sales document | 247 | 4.74 | .541 | .048 | 95.2 |
| 4 | Long process of selling coffee | 247 | 4.36 | .972 | .017 | 78.5 |
| 5 | Red tape within the coop.union | 247 | 4.10 | 1.027 | .040 | 68.4 |
| 6 | Not receiving legal receipt while giving the washed coffee to the cooperative union | 247 | 4.07 | 1.239 | .199 | 72 |
| 7 | Lack of transparency between the cooperatives and the coop. union | 247 | 4.30 | 1.133 | .256 | 78.1 |
| 8 | Agreement of cooperatives on commission (10% of gross sale) | 225 | 3.66 | 1.218 | .228 | 51 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49

somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

As shown on the table 4.4: lack of market information, fluctuating prices of coffee, lack of getting sales document, long process of selling the coffee and red tape within the cooperative union with p-values $< .05$ were considered in the analysis of marketing factors that affect the growth of MPCEICP.

The mean and standard deviations for: lack of market information were 4.27 and 0.960 respectively, fluctuating prices of coffee were 4.49 and 0.855 respectively, lack of getting sales document were 4.74 and 0.541 respectively, long process of selling the coffee were 4.36 and 0.972 respectively and red tape within the cooperative union were 4.10 and 1.027 respectively indicates that these factors affect the growth of MPCEICP in the study area.

Evaluating the respondents opinion: 95.2% of the respondents were in favor of the idea that lack of getting sales document affected their cooperative growth, 83.4% were in favor of the idea that lack of market information affected their cooperative growth, 85.4% were in favor of the idea that their cooperatives growth is affected due to fluctuating prices of coffee, 78.5% were believing that a long process of selling the coffee affects their cooperative growth and 68.42% were in favor of the idea that the red-tape within the cooperative union affected their cooperative growth.

The key informants discussed the issue of marketing factors and phrased as follows: *“The cooperatives borrows huge amount of money from the bank, buys and processes the coffee and bring the washed coffee to the cooperative union. The sales process sometimes takes more than two years that sometimes makes the cooperatives to pay interests to the bank that exceeds their annual profit. They do not get the sales document and they do not know: whether all the coffee they brought to the union was sold or not and the price of the coffee per kg. The problem may probably lays either on delay of sales or delay in cooperative union’s report regarding the sales of the washed coffee. Even when they ask to get information about the sales of the coffee, no body provides them and they get responses like: ‘the document was written in English and you cannot understand*

the sales were by \$USD not by Ethiopian birr and it is difficult for you to understand and the like'. The cooperatives agreed to start credit purchase of cherry from their members; but they are not sure about the time when to make the payment.”

From the above information, it can be seen that there are problems related to marketing factors linked with: getting market information, getting sales document, fluctuating prices of coffee, the process through which sells of washed coffee passes and the red tape within the cooperative union; especially between the cooperative associations and the cooperative union.

The above information and data indicates that marketing factors were among the key constraints to the multipurpose cooperative associations engaged in coffee pumping in the field survey, it is recognized that majority of the respondents classified it as major constraints to the cooperatives. Furthermore, logistic regression showed that among all the stated marketing factors, lack of getting sales document has the largest impact ($\beta = -.558$); i.e. for every one unit change regarding sales document, the cooperative growth is expected to be changed by .558 unit. Hence, these factors were considered as determinant item in the analysis of marketing factors that affect the growth MPCEICP.

4.3.3 Politico-legal Factors

Table 4.5 Politico-legal factors

| S/N | Item | N | Mean Score | SD | P-value | % of Respondents agreed that the item affects the growth of MPCEICP |
|-----|--|-----|------------|-------|---------|---|
| 1 | Tax paid is not reasonable | 247 | 3.08 | 1.173 | .724 | 36 |
| 2 | Lack of government support | 247 | 4.57 | .670 | .025 | 90.7 |
| 3 | Political intervention | 247 | 3.43 | 1.426 | .021 | 50.2 |
| 4 | Illegal payment due to pressure from government bodies | 247 | 4.38 | 1.093 | .015 | 96.4 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49

somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

From the table 4.5 it can be seen that: lack of government support, illegal payment due to pressure from government bodies (To political parties, for ceremonies, football club & individuals) and political intervention with P-values $<.05$ were in the margin of the study for politico-legal factors that affect the growth of MPCEICP.

As shown in the table 4.3 above, lack of government support with mean of 4.57 and standard deviation 0.670 and illegal payment due to pressure from government bodies with mean of 4.38 and standard deviation 1.093 were the major factors of politico-legal factors affecting the growth of multipurpose cooperative associations engaged in coffee pumping. Political intervention with mean of 3.43 and standard deviation 1.426 was the factor that moderately affects the growth of MPCEICP

. 96.4% of the respondents agreed on the issue that illegal payment due to pressure from government bodies affects the growth their cooperatives under study; and by applying logistic regression, illegal payment due to pressure from government bodies (with $\beta = -.260$) was taken as determinant factor: i.e. for every one unit change in the illegal payment there is likely 0.260 times change in growth of the cooperatives under study.

The key informants pointed out the problems related with politico-legal factors as phrased below. *“There are problems with awareness creation starting from the formation of the cooperatives: not giving training to the committees and members who made majority of the members not know the function of the cooperatives as well as their own duties and responsibilities within the cooperatives. Intervention in the election of committee members: due to some pressure from government bodies, money cooperative committees are serving as a committee for more than seven continuous years which is not possible for more than six years according to their collective agreement. Money cooperative associations engaged in coffee plumping were frequently asked financial support even when they are in a condition they are unable to pay their debt and they do; due to fear of the consequences; such as delay in cherry purchase permission. This*

financial support without owners (cooperative members) permission is used as an umbrella for the cooperative committees to abuse the cooperatives resources.”

Therefore, from the questionnaire and the interview conducted, it can be taken that: lack of government support, illegal payment due to pressure from government bodies and political intervention are politico-legal factors that affect the growth of multipurpose cooperatives engaged in coffee plumping. Moreover, illegal payment due to pressure from government bodies (with $\beta = -.26$) can be taken as determinant item among the politico-legal factors to affect the growth of the cooperative under study.

4.3.4 Members Participation Factors

Table 4.6 Members Participation factors

| S/N | Item | N | Mean score | SD | P-value | % of Respondents agreed that the item affects the growth of MPCEICP |
|-----|--|-----|------------|-------|---------|---|
| 1 | Less level of members' awareness of the cooperatives' collective agreement. | 247 | 4.34 | .769 | .024 | 85 |
| 2 | Low members' active participation in day to day activities of the cooperative. | 247 | 4.34 | .769 | .039 | 88.5 |
| 3 | Fewer amounts of cherry members brought to the cooperative. | 247 | 4.14 | .936 | .046 | 76.5 |
| 4 | Less amount Credit purchase from cooperative members. | 247 | 4.52 | .821 | .040 | 91 |
| 5 | The amount of cherry sold out of cooperative by members. | 247 | 4.37 | .878 | .041 | 87.1 |
| 6 | The way the members signed cherry collection contract with their cooperative | 247 | 4.19 | 1.131 | .338 | 77.7 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

From the table 4.6 it can be seen that: less level of members' awareness of the cooperatives' collective agreement, low members' active participation in day to day activities of the cooperative, fewer amounts of cherry members brought to the cooperative, less amount Credit purchase of the cherry from cooperative members and the amount of cherry sold out of cooperative by members with P-values $< .5$ were in the margin of the study.

The mean and standard deviation for members' participation factors were calculated and presented as follows. Less amount Credit purchase from cooperative members with mean of 4.52 and standard deviation 0.821, the amount of cherry sold out of cooperative by members with mean of 4.37 and standard deviation 0.878, less level of members' awareness of the cooperatives' collective agreement with mean of 4.34 and standard deviation 0.769, low members' active participation in day to day activities of the cooperative with mean of 4.34 and standard deviation 0.769 were members' participation factors that strongly affect the growth of multipurpose cooperative associations engaged in coffee pumping. Fewer amounts of cherry members brought to the cooperative, with mean of 4.14 and standard deviation 0.936 was members' participation factor that moderately affects the growth of MPCEICP.

Among the above items: level of members' awareness of the cooperatives' collective agreement (with $\beta = 0.49$) and amount Credit purchase from cooperative members (with $\beta = .55$), being supported by 85% and 91% of the respondents respectively, were identified as determinant items of the members participation factors by applying logistic regression.

The key informants discussed the problems related to members' participation factors as phrased below. *“Majority of the members does not know let alone what is written in their collective agreement, but also the existence of the collective agreement; because, the collective agreement was once prepared by the help of cooperative agencies expert, used*

to be registered and get license; finally put on the shelf and not using as direction in day to day activities. This made members feel almost no sense of ownership. Since most of the members of the cooperative do not feel sense of ownership they do not participate in day to day activities of the cooperatives; and has less control over the committees. The main objective of the cooperative engaged in coffee plumping was to collect products (cherry) from the members, processes (plump) it, then sells in international market and pays to the members the cherry prices. But majority of the cooperatives were not doing such; they simply borrows money from the bank (the last option of cooperatives' source of income) and buy the cherry. The other thing is that including the cooperative committees few members become agents of the competitors ((individuals engaged in coffee plumping) and the other members sells their cherry to those agents other than their cooperatives.”

Hence, it can be inferred from the above information that problems related to members' participation linked with: members' awareness of the cooperatives' collective agreement, members' participation in day to day activities of the cooperative, the amount of cherry sold out of cooperative by members, the amount of credit purchase from cooperative members and amounts of cherry members sold out of their cooperative is a major factor that affected the growth of MPCEICP.

Additionally, level of members' awareness of the cooperatives' collective agreement and amount Credit purchase from cooperative members were identified as determinant item among members' participation factors that affect the growth of the cooperatives under study.

4.3.5 Management Factors

Table 4.7 Management Factors

| S/N | Item | N | Mean score | SD | P-value | % of Respondents agreed that the item affects the growth of MPCEICP |
|-----|---|-----|------------|-------|---------|---|
| 1 | Lack of strategic Business Plan | 247 | 4.10 | 1.001 | .048 | 73.1 |
| 2 | Lack of well trained and experienced employees | 247 | 3.89 | .954 | .452 | 67.6 |
| 3 | Lack of low cost accessible training facilities | 247 | 4.19 | .859 | .540 | 73.7 |
| 4 | Poor organization and ineffective communication | 247 | 4.07 | .958 | .046 | 89.5 |
| 5 | Lack of clear division of duties and responsibilities among employees | 247 | 4.46 | .914 | .843 | 74.1 |
| 6 | wrong perception of committee of recruiting Manager | 227 | 4.18 | 1.041 | .003 | 82 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

From the table 4.7 above it is clearly seen that, three items: lack of strategic business plan, poor organization and ineffective communication and wrong perception of committee of recruiting manager with p-values $< .05$ were in the margin of the study of management factors that affect the growth of MPCEICP

The mean and standard deviation for management factors were calculated and shows: wrong perception of committee of recruiting Manager with mean of 4.18 and standard deviation 1.041 followed by lack of strategic Business Plan with mean of 4.10 and standard deviation 1.001 were management factors that strongly affect the growth of multipurpose cooperative associations engaged in coffee pumping. And poor organization and ineffective communication with mean of 4.07 and standard deviation 0.958 was management factor that moderately affect the growth of MPCEICP

The key informants with whom the interview was conducted pointed out the following problems with respect to management factors as phrased below. *“The cooperative committees according to their collective agreement are elected to serve for three consecutive years; they are expected to plan what they do within the three years and approves with the general assembly, but they failed to do this and simply jot down annual plan which is not derived from strategic business plan. The organization within the cooperative committees was simply termed as executive, control and loan committees. But the control and loan committees are not functional; even from the executives the functional one is a group that is responsible to sign on the check. These may be emanated from the group’s (chair person, the secretary and the cashier) need to cover and control all over the duties and responsibilities. Regarding recruiting manager most of the time the general assembly decides so that the committees could hire a manager. But, the failure to recruit the manager arises from the executive committees personal interests; which may arise from the fear of losing the power to control manage and utilize the business and the resources.”*

According to the cooperative societies (amendment) proclamation No 402 of 2004, article 23, that executive committees’ term of office should be three years at one election and any member of the committees shall not be elected for more than two consecutive terms (Subramani, 2008). But the information gained from the interviewee shows that, this proclamation has been violated.

Therefore, it can be seen that items: lack of strategic business plan, poor organization and ineffective communication within the cooperatives and wrong perception of

committee on recruiting manager are management factors that affect the growth of MPCEICP in the study area. But by applying logistic regression, the item ‘wrong perception of committee of recruiting Manager’ which was supported by 82% of the respondents can be taken as a determinant item in management factor (with $\beta= 0.35$).

4.3.6 Cherry Collection Factors

Table 4.8 Cherry Collection factors

| S/ N | Item | N | Mean Score | SD | P- value | % of Respondents agreed that the item affects the growth of |
|---------|--|-----|---------------|-------|-------------|---|
| 1 | Shortage of money to buy | 247 | 3.88 | 1.310 | .380 | 74.1 |
| 2 | Limited capacity of the plumping machine | 247 | 4.01 | 1.238 | .148 | 71.3 |
| 3 | Lack of collectors loyalty to the cooperative | 247 | 4.14 | .698 | .035 | 91.1 |
| 4 | Low level of member’s confidence on their cooperative. | 247 | 4.55 | .794 | .417 | 91.9 |
| 5 | Low members’ understanding of on collective agreement | 247 | 4.64 | .696 | .049 | 94.3 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

From the table 4.8 it was clearly seen that: Lack of cherry collectors’ loyalty to the cooperatives and Low understanding of members understanding on their collective agreement with P-values 0.035 and 0.049 respectively were in the margin of the study and are Cherry Collection factors that affect the growth of MPCEICP

The mean and standard deviation for cherry collection factors were calculated. The table shows: low understanding of members understanding on their collective agreement with

mean of 4.64 and standard deviation 0.696 followed by Lack of cherry collectors loyalty to the cooperative with mean of 4.14 and standard deviation 0.698 was cherry collection factors that strongly affect the growth of MPCEICP.

The key informants discussed the problems connected with the issue of cherry collection as phrased below. *“The cherry collectors get coffee collection permission through the cooperatives and buy the coffee both for the cooperatives and individuals having plumping machine. The cherry collectors do not give receipts to non members and the receipt is written by their name or by their colleagues who is a member of the cooperative in order to get dividends for their own. Additionally they collect the cherry on the day time and the weight increases at the evening when they give to the cooperatives; they put in their own pocket the prices of the differences of the cherry. The collective agreement of the cooperative states that if one member of the cooperatives is seen giving his products to other parties other than his cooperatives, he will be automatically dismissed from the cooperative member. Although so many members of the cooperatives engaged in coffee plumping sells their products (cherry) out of the cooperatives, no such measures have ever been applied on them. Even majority of the members do not know this principle. The important thing being missed by the cooperatives is that cherry (red-coffee) collectors have to be selected annually by members in the catchment area and then approved by the general assembly.”*

From the above information gained through questionnaires and interview, it can be inferred that lack of cherry collectors' loyalty to the cooperative and low understanding of members understanding on their collective agreement, which were supported by 91.1% and 94.3% of the respondents respectively, are among the main cherry collection factors that affected the growth of MPCEICP.

4.3.7 Accounting Trend Factors

Table 4.9 Accounting trend factors

| S/ N | Item | N | Mean score | SD | P- value | % of Respondents agreed that the item affects the growth of MPCEICP |
|---------|---|-----|---------------|-------|-------------|---|
| 1 | Lack of cash management skill | 247 | 4.31 | .934 | .285 | 86.2 |
| 2 | Lack of knowledge on financial forecast | 247 | 3.99 | .935 | .043 | 74.5 |
| 3 | Lack of knowledge to prep-are financial statements (profit- loss, Debt - equity) | 247 | 4.26 | .982 | .038 | 79.8 |
| 4 | Inability to apply cost minimization strategy. | 247 | 4.58 | .812 | .039 | 90.3 |
| 5 | Not Receiving and using copy of signed agreements with the financial institutions | 247 | 3.58 | 1.197 | .420 | 54.3 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

Table 4.9 above shows that: Lack of knowledge on financial forecast, Lack of knowledge to prepare financial statements (profit & loss, Debt & equity) and Inability to apply cost minimization strategy with P-values $< .05$ were items of the accounting trend factors that affect the growth of MPCEICP.

As shown in the table 4.9 above, the mean and standard deviation for accounting trend factors were calculated. The table shows: Inability to apply cost minimization strategy with mean of 4.58 and standard deviation 0.812 followed by Lack of knowledge to

prepare financial statements(profit & loss, Debt & equity) with mean of 4.26 and standard deviation 0.982 was accounting trend factor that strongly affects the growth of multipurpose cooperative associations engaged in coffee pumping. And lack of knowledge on financial forecast with mean of 3.99 and standard deviation 0.935 was also accounting trend factor that moderately affects the growth of MPCEICP.

In the view of majority of the key informants interviewed, it was confirmed that there are problems related to accounting trend factors on: cost minimization strategy, knowledge to prepare financial statements and knowledge on financial forecast. The interviewees pointed out the problems related to accounting trend and how they affect the cooperative growth as phrased below.

“Less effort was made by the committees to cover some duties by the members in order to minimize cost and make the members have sense of ownership; and they are covering all the cooperatives work by making payments. Regarding preparation of financial statements, majority of the accountants of the cooperatives do not know how to prepare financial statements. Unless and otherwise audited, the cooperatives do not know whether they get profit or become in loss. But, they make payments including dividends and financial supports to different parties throughout the year without being aware of their balance. The cooperatives are not considering this condition as a problem; and are not planning to train their employees in order to fill this gap. The financial forecasting was not based on basic data collected from members of the cooperatives. Most of the time they buy (collect) less than 75% of the cherry from their annual plan; out of the total they borrowed from the bank, the money not used for the cherry purchase stays in the bank. Here due to poor financial forecasting, the cooperatives pay an interest to the money they have not utilized.”

From the above data and information, it can be seen that inability to apply cost minimization strategy and lack of knowledge to prepare financial statements followed by lack of knowledge on financial forecast were accounting trend factors that affect the growth of MPCEICP But, being supported by 74.5% of the respondents to affect the

growth of MPCEICP, knowledge on financial forecast was taken as a determinant item in the accounting trend factor (with $\beta = 0.32$).

4.3.8 Financial Factors.

Table 4.10 Financial factors

| S/N | Item | N | Mean score | SD | P-value | % of Respondents agreed that the item affects the growth of MPCEICP |
|-----|---|-----|------------|-------|---------|---|
| 1 | Lack of cash management skill | 247 | 3.83 | .989 | .669 | 63.5 |
| 2 | Less shares of common stock sold to members | 247 | 4.45 | .858 | .001 | 90.0 |
| 3 | Inability to save retained earnings | 247 | 4.39 | .930 | .033 | 90.6 |
| 4 | Fewer amount of money saved by members | 247 | 4.50 | .770 | .045 | 85.8 |
| 5 | Inability to see for alternative sources of income. | 247 | 4.69 | .713 | .048 | 93.5 |
| 6 | Large amount of money paid as an interest to banks & the coop. union | 247 | 4.63 | .810 | .049 | 91.0 |
| 7 | Large amount of money paid as a commission to the coop. union | 227 | 4.15 | .992 | .560 | 68.0 |
| 8 | Large amount of money paid as a commission to coffee collectors & the coop. union | 227 | 3.86 | 1.055 | .322 | 58.7 |
| 9 | Large amount of money paid as a per diem for committees | 247 | 3.98 | .924 | .324 | 72.5 |
| 10 | Money borrowed from bank for coffee purchase is covering annual expenditure. | 247 | 4.48 | 1.019 | .019 | 86.7 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

As it can be seen from the table 4.10 above, items: Less shares of common stock sold to members, Inability to save retained earnings, Fewer amount of money saved by members, Inability to see for alternative sources of income, large amount of money paid as an interest to banks & the coop. union and Money borrowed from bank for coffee purchase is covering annual expenditure of the cooperatives with P-values $<.05$ were Financial factors that affect the growth of MPCEICP.

As indicated in the table 4.10 above, the mean and standard deviation for financial factors were calculated. The table shows that the following six factors: Inability to see for alternative sources of income with mean of 4.69 and standard deviation 0.713, money borrowed from bank for coffee purchase is covering annual expenditure of the cooperative with mean of 4.63 and standard deviation 0.810, fewer amount of money saved by members with mean of 4.50 and standard deviation 0.770, large amount of money paid as an interest to banks & the cooperative union with mean of 4.48 and standard deviation 0.1.109, less shares of common stock sold to members with mean of 4.45 and standard deviation 0.858 and inability to save retained earnings with mean of 4.39 and standard deviation 0.930 were financial factors that strongly affect the growth of MPCEICP.

From the interview made with the (ten) key informant interviewee, information regarding the six financial factors were collected, grouped in to themes and phrased as follows:

“The financial source of the cooperatives is said to be shares of common stock; but the cooperatives do not know how many shares they planned to sale and how much of it was sold, they are not paying dividends for shares of common stock: they are paying based on participation only that is why lees shares of common stock sold to the members and few amount of money were collected from its sale. The cooperatives are expected to save retained earnings up to 30% and allocate for the reserve fund; but the committees are

using this retained earnings for extra ordinary expenditures. Cooperatives can make their members to save the money they had in the cooperative associations by getting interests up to 2.5% greater than the nearby bank pays. But currently, the members of the cooperatives save their money in the bank, other than their cooperative associations, and the cooperatives associations engaged in coffee plumping are borrowing this money from the bank with annual interest of 13.5 compounded daily.

The other two points the key informants discussed were inability to see for alternative sources of income and Money borrowed from bank for coffee purchase is covering annual expenditure of the cooperatives and are phrased as follows. *“The cherry collection, processing and exporting process take around four to six months. The cooperatives has at least more than four permanent employees, the committees especially the chair person, the secretary and the cashier are paid per diem of not less than 300 days annually. But there are no alternative sources of income that they were using even-though they have an ample chance to create it. The only thing they are relying on is the money they borrowed from the bank for the cherry purchase. They borrows huge amount of money from the bank for the cherry purchase and recurrent expenditures, repayment of this money takes at least more than one year; in some cases up to two years. This made the cooperative pay large amount of money to be paid to the bank as an interest. Those cooperatives that export their washed coffee though the cooperative unions are charged a total of ten percent (10%) from gross sale out of which 5% is the union’s commission and 5% is the union’s expenditure for the export purposes.”*

From the above information it can be seen that, less number of shares of common stock sold to members, inability to save retained earnings, fewer amount of money saved by members, inability to see for alternative sources of income, large amount of money paid as an interest to banks & the coop. union and money borrowed from bank for coffee purchase is covering annual expenditure of the cooperative are among the main items of the financial factors that affect the growth of multipurpose cooperative associations engaged in coffee pumping in the study area. Moreover, the number of shares of common stock sold to members with $\beta = 0.426$ and amount of money paid as an interest to banks & the cooperative union with $\beta = -0.398$, being supported by 90% and 91% of the

respondents respectively, are supposed to be the determinant items of the financial factors that affect the growth of MPCEICP in the study area.

4.4 Comparison of the Factors

Even though all the marketing factors, politico-legal factors, members participation factors, management factors, cherry collection factors accounting trend factors and financial factors affect the growth of multipurpose cooperatives engaged in coffee plumping, this does not necessarily mean that all factors have equal impact. The following table clearly compares the overall impact of the identified key factors discussed in detail.

Table 4.11 Comparison of the major factors.

| S/N | Factors | Mean score | SD | Rank of severity | Significance |
|-----|------------------------------------|------------|------|------------------|--------------|
| 1 | Technological factors | 3.98 | .741 | - | .422 |
| 2 | Marketing factors | 4.60 | .724 | 1 st | .000 |
| 3 | Politico-legal factors | 3.94 | .797 | 7 th | .000 |
| 4 | Members Participation | 4.27 | .988 | 3 th | .000 |
| 5 | Management Factors | 4.27 | .921 | 4 th | .013 |
| 6 | Cherry Collection (Supply factors) | 4.26 | .850 | 5 th | .000 |
| 7 | Accounting Trend | 4.31 | .683 | 2 rd | .000 |
| 8 | Financial factors | 4.17 | .762 | 6 nd | .000 |

Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

Items with mean ≥ 4.10 strongly affects the cooperative growth, Items with mean 3.50 up to 4.09 moderately affects the cooperative growth, Items with mean 3.00 up to 3.49 somewhat affects the cooperative growth, Items with mean ≤ 2.99 does not affects the cooperative growth, according to these data.

From the table 4.11 above it can be seen that; among the identified factors: marketing factors, accounting trend factors, members participation factors, management factors,

cherry collection factors and financial factors has the biggest potential to contribute to the growth of MPCEICP followed by politico-legal factors.

4.5 Impact of the Independent Variables on the MPCEICP'S Growth.

From the purpose of determining the extent to which the explanatory variables explain the variance in the explained variable, regression analysis was employed the result of the analysis are narrated as follows.

Table 4.12 Regress cooperative growth (as dependent variable) on the selected variables (as an independent variables) using multiple regressions

| Model Summary | Multiple R | R square | Adjusted R square | SE of the estimate | Sig. |
|---------------|------------|-------------------|-------------------|--------------------|------|
| | | .886 ^a | .785 | .615 | .215 |

| Coefficients | Standardized Coefficients | | Df | F | Sig. |
|------------------------------------|---------------------------|---|------|--------|--------|
| | Beta | Bootstrap (1000) Estimate of Std. Error | | | |
| | Marketing factors | .196 | .056 | 2 | 12.140 |
| Politico-legal factors | .162 | .064 | 1 | 6.428 | .012 |
| Members Participation | .192 | .068 | 1 | 8.010 | .005 |
| Management Factors | .148 | .043 | 2 | 11.848 | .000 |
| Cherry Collection (Supply factors) | .147 | .072 | 1 | 4.240 | .041 |
| Accounting Trend | .229 | .059 | 2 | 15.234 | .000 |
| Financial factors | .227 | .072 | 2 | 9.888 | .000 |

a. Correlation is significant at 0.05 levels (2-tailed)

Source: Own computation

b. Predictors: (constant), Marketing factors, Politico-legal factors, Members Participation, Management Factors, Cherry Collection (Supply factors), Accounting Trend factors and Financial factors

Table 4.12 revealed that, the regression between the observed value of factors affecting growth and optimal linear combination of the independent variables (Marketing factors, Politico-legal factors, Members Participation, Management

Factors, Cherry Collection (Supply factors), Accounting Trend factors and Financial factors) is .886 as indicated by multiple R. besides given the R square value of .785 and adjusted R square of value .615, it may be realized that 78.5% of the factors affecting the growth can be explained by the independent variables identified. The other 21.5% of the factors affecting the growth is explained by other variables; not included in this study.

The beta coefficient column shows the contribution that an individual variable makes to the model; that is the average amount of the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant). Hence by comparing them, the largest influence on the growth of the cooperatives engaged in coffee plumping is from accounting trend factors (.229), financial factors (.227), marketing factors (.196) and members' participation factors (.192); when it is compared with the other variables under study.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, summary of the main findings, conclusion and recommendations are discussed. The conclusions are based on the research objectives of the study. Recommendations are made based on the findings of the study to the respective stake holders such as: government bodies; especially to cooperative agency, cooperative unions, and the cooperative associations. Moreover, suggestions are given on future research direction.

5.1 Summary of Major Findings

- The observed value of factors affecting growth and optimal linear combination of the independent variables is 0.886.
- It was found that 78.5% of the factors affecting the growth can be explained by the independent variables identified.
- The most important contextual factors, that affected the cooperatives growth identified, were marketing factors and politico-legal factors.
 - The marketing factors include: lack of getting market information, fluctuating prices of coffee, lack of getting sales document from the cooperative union, long process of selling the coffee and red tape within the cooperative union.
 - Politico-legal factors include: lack of government support, political intervention and illegal payment made due to pressure from government bodies; which was not in the plan of the cooperatives and not supported by their collective agreement.
 - The technological factors in general were not supported by the study to have relation with the cooperatives' growth except for the lack of appropriate machinery and equipment (especially, pulper machine and moisture tester) which is identified to affect the growth of MPCEICP.

- The main internal factors identified to affect growth of the cooperatives were: members' participation factors, management factors, cherry collection (Supply factors), accounting trend factors and financial factors.
 - Members' Participation factors include: less level of members' awareness on the cooperatives' collective agreement, low members' active participation in day to day activities of the cooperative, fewer amounts of cherry members brought to the cooperative, less amount credit purchase from cooperative members and the amount of cherry sold out of cooperative by members.
 - Management Factors include: lack of strategic business Plan, poor organization, ineffective communication and wrong perception of committee on the importance of recruiting or hiring a manager.
 - Cherry Collection (Supply) factors include: lack of cherry collectors loyalty to the cooperative and low level of members understanding on their collective agreement.
 - Accounting trend factors include: lack of knowledge on financial forecast, inability to apply cost minimization strategy and lack of knowledge to prepare financial statements (profit & loss, Debt & equity).
 - Financial factors include: the number of shares of common stock sold to members, inability to save retained earnings and using it for an extraordinary expenditure, the amount of money saved by members in the cooperatives, inability to see for alternative sources of income, the amount of money paid as an interest to banks and the cooperative union and using money borrowed from bank for coffee purchase to cover annual expenditure of the cooperative.
- Comparison of the identified factors using their mean score showed that, among the contextual factors marketing factors and politico-legal factors; and among the internal factors members' participation, accounting trend and financial factors are the ones that strongly affect the cooperatives' growth compared to other factors.
- The most determinant items under the major factor categories that affect growth of the cooperatives were identified using logistic regression. These items are:

- Lack of appropriate machinery and equipment
 - Lack of getting sales document from the cooperative union
 - Illegal payment due to pressure from government bodies which was not approved by the general assembly
 - Low level of awareness of the members on their collective agreement
 - Less amount of credit purchase of cherry made from the members
 - Wrong perception of the committees, especially the executive committees, on recruiting a manager.
 - Low level of knowledge on financial forecasting
 - Low amount of shares of common stock sold to the members and
 - Large amount of money paid as an interest to banks and the cooperative union
- Out of the identified factors the largest impact on the MPCEICP's growth is from the accounting trend factors, financial factors, marketing factors and members' participation factors respectively.

5.2 Conclusions

- External factors such as marketing factors and politico-legal factors on which the cooperatives have less control are found to be among factors affecting growth of MPCEIP.
- Growth of the cooperatives under the study was also found to be affected by internal factors such as: marketing factors, politico-legal factors, members' participation factors, management factors, cherry collection (Supply factors), accounting trend factors and financial factors on which they could have greater control over.
- Marketing factors and politico-legal factors are the contextual factors that highly affect growth of cooperatives.
- Members' participation, accounting trend and financial factors are internal factors that have high effects on the growth of MPCEICP.

- The most determinant items under the major factors that are affecting growth of cooperatives are: lack of appropriate machinery and equipment, lack of getting sales document, illegal payment due to pressure from government bodies, level of awareness of the members on their collective agreement, amount of credit purchase of cherry made from the members, the existence of manager in the cooperative, knowledge on financial forecast, amount of shares of common stock sold to the members and amount of money paid as an interest to banks and the cooperative union.

5.3 Recommendations

- It is recommended for the:
 - Cooperative union to avail the cooperatives with: machineries and equipments (especially modern pulper machine and moisture tester), market information and sales document; also it will be better if they eliminate the red tape and try to shorten the sales process, so that they could maintain longer relationship.
 - Cooperative agency strengthens its monitoring and evaluation system so that, it will be possible to lessen the marketing problems which were mainly caused by the cooperative unions.
 - Government also should care and take corrective measure to minimize the problems of politico-legal factors; especially political intervention and the illegal payments which the members of the cooperatives were not positive about.
- The MPEICP should plan on intervention strategy to curb the problems posed by the internal factors and accordingly implement and monitor till it ensures that the problems are alleviated.
- The cooperatives in general should try to aware their members in order to make them feel a sense of ownership.
- The respective parties should give priorities to these factors that greatly affect the growth of the cooperatives like: marketing factors, politico-legal factors, members' participation factors, accounting trend factors and financial factors; as

well as the nine identified determinant items in order to make these cooperative competent enough.

- To make MPCEICP grow fast, it is recommended that efforts should be made to increase the capacity and skills of the committees and recruited staffs as well as cooperative extension workers through continuous trainings, experience sharing from successful cooperatives and provision of advice and consultancy.

5.3 Future Research Direction

The focus of this study was on identifying the factors affecting the growth of multipurpose cooperatives engaged in coffee plumping. It is the researcher's view that:

- Future research could investigate the other factors that affect the growth of multipurpose cooperatives engaged in coffee plumping that are not included in this study.
- Detail study could be made on the identified factors and
- The same study can be conducted on other geographical locations of the country that are known to produce coffee and have MPCEICP.

Limitations of the study

The growth of the MPCEICP considered in the study is only the financial growth. The study did not include identification and evaluation of other services, other than coffee plumping, given by the MPCEICP.

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Appendix A: Interview Schedule



Jimma University
College of Business and Economics
Department of Management
MBA Program

Interview schedule developed for the study of "Factors Affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping: Case of Jimma Zone; Oromia, Ethiopia."

General Instructions to Enumerators

- a) Make brief introduction to the respondent before starting the interview, get introduced to the cooperative respondents (greet them in the local way) get his/her name, tell your name, and make clear the purpose and objective of the study that you are undertaking.
- b) Please ask the question clearly and patiently until the respondents understand (gets your point)
- c) Please fill up the interview schedule according to the respondents reply(do not put your own opinion)
- d) Please do not try to use technical terms while discussing with cooperative committees and members and do not forget to record the local unit
- e) During the process put the answers of each respondent both on the space provided and encircle the choice or tick mark as required if possible record what they say.

Date of interview _____ Identification number (Code) _____

Name of enumerator _____

Zone _____ Woreda _____ P.A _____ Coop. _____

Interview questions (Interview guiding questions) with sampled Interview units.

1. How do you perceive the status of the growth of MPCEICP in your catchment area?
2. What problems did you encounter in the process of making the multipurpose cooperative engaged in coffee plumping to have the expected growth?

A. Contextual factors

1. Technology factors

- What kind of technologies the MPCEICP expected to use?
- What type of the technology are they using now?
- What is the impact of not using the latest technology on cooperatives growth?
- What would be the possible solution?

2. Marketing factors (relationship with suppliers, customers and others)

- What external factors affect the cooperatives marketing process?
- What is the impact of these factors on the cooperatives growth?
- What would be the possible solution?

3. Politico-legal factors

- What kind of political and legal pressures are there on cooperatives?
- How do these pressures affect the cooperatives growth?
- What do you think would be the possible solution?

- What other external factors are there?

B. Internal factors:

1. Members' participation factors.

- How do you see the expected members participation in the cooperatives?
- What is the reality?
- What is the impact of these on the MPCEICP growth?
- What would be the possible solution?

2. Management and related factors

- What is the function of management in cooperatives (regarding: planning, recruitment, assigning duties and responsibilities)
- Are the cooperatives functioning in this way?
- Why did they fail to do this way?
- How could these affect the cooperatives growth?
- What kind of remedies is needed?

3. Cherry collection factors.

- Do the cooperative collect all the cherry produced by their members?
- If not, what is the reason?
- What impact does it has on the cooperatives growth?
- What would be the possible solution?

4. Accounting trend factors

- How do you see the MPCEICP accounting system?
- What kind of problems do they encounter?
- What is the impact of these on the cooperative's growth?
- What would be the possible solution?

5. Financial factors (source of income, expenditures etc)

- From what sources can the cooperatives get their income?
-Are these sources working now?
- What are known sources/items of cooperatives' expenditure?
-Are the cooperatives restricted to only these items for the expenditures?
- Why they do such things?
- What is the impact of these actions on the cooperatives growth?
- What would be the possible solution?

4. What are other problem(s) did you observed regarding the overall activities of MPCEICP?

- How these factors affect the growth of the cooperatives?
- What would be the possible solution to the problems due to the stated factors?

Appendix B: Questionnaires



Jimma University College of Business and Economics Department of Management MBA Program

Dear respondent,

I am a graduate student in the department of management, Jimma University. Currently, I am undertaking a research entitled 'Factors Affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping: Case of Jimma Zone, south west Ethiopia'. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the factors affecting Growth of Multipurpose Cooperative Associations Engaged in Coffee Plumping: Case of Jimma Zone. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone.

All information will be used for academic purposes only. Thank you in advance for your kind cooperation and dedicating your time.

Sincerely,

Abdu Mohammed

Instructions

- No need of writing your name
- For Liker scale type statements and multiple choice questions indicate your answers with a check mark () in the appropriate block.

SECTION ONE:- GENERAL INFORMATION ON THE COOPERATIVE SOCIETIES

Under this section the general profile of the respondents will be gathered will be gathered.

1. Gender; (i) Male [] (ii) Female []

2. Age in years; (i) 18-25 [] (ii) 26-33 [] (iii) 34-39 [] (iv) Over 40 []

3. Educational status: (i) Illiterate (ii) Can read and write (Basic) (iii) Elementary (1–4)

(iv) Junior (5– 8) (v) Secondary school (9 -12) (vi) TVET, College (vii) Degree and above

4. Type of your Responsibility in the cooperative?

1. Committee member. 2. Simply as member 3. Recruited staff

5. What are the major reasons to involve in the cooperative?

1. Needed income 2. To get job 3. Hobby

6. What is your level of awareness about cooperative definition, values & principles?

1. High 2. Medium 3. Low

7. What is the level of your participation in da to day activities of the cooperative?

1. High 2. Medium 3. Low

Status of the cooperative

8. How do you perceive Your Cooperatives economic growth with respect to your expectation?

(i) Very fast [] (ii) Fast [] (iii) Steady [] (iv) Poor [] (v) No growth []

What do you think is the reason? _____

Payment of Dividends to members

9. How many times did you get dividends for the last five years? _____

i) twice ii) three times iii) four times iv) five times

10. When the cooperatives did pay dividend to their members?

- i) Before audit
- ii) after audit
- iii) some times before & sometimes after audit.

SECTION TWO:- FACTORS AFFECTING THE GROWTH OF MULTIPURPOSE COOPERATIVE ASSOCIATIONS ENGAGED IN COFFEE PLUMPING

The factors that are assumed to affect the growth of multipurpose cooperative associations engaged in coffee pumping are listed below. Please indicate the degree to which these factors are affecting the growth of your cooperative. After you read each of the factors, evaluate them in relation to your cooperative and then put a tick mark () under the choices below. Where, 5 = strong ly agree, 4 = agree, 3 = undecided, 2 = disagree and 1= strongly disagree.

1. Contextual factors

| S/N | 1.1 Technological factors | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | Lack of low cost accessible training facilities | | | | | |
| 2 | Lack of appropriate machinery and equipment | | | | | |
| 3 | Lack of skilled man power to handle new technology | | | | | |
| 4 | Lack of appropriate and quick transportation service | | | | | |
| 5 | Lack of IT to join directly with the coffee buyers | | | | | |

How technological factors affect your cooperatives growth?-----

What would be the possible solution?-----

| S/N | 1.2 marketing factors | 5 | 4 | 3 | 2 | 1 |
|-----|---|---|---|---|---|---|
| 1 | Lack of market information | | | | | |
| 2 | Fluctuating prices of coffee | | | | | |
| 3 | Lack of getting sales document | | | | | |
| 4 | Long process of selling the coffee | | | | | |
| 5 | Not receiving legal receipt while giving the washed coffee to the cooperative union for the export purpose. | | | | | |
| 6 | Red tape within the cooperative union | | | | | |
| 7 | Lack of transparency between the cooperatives and the coop. union | | | | | |
| 8 | Agreement of cooperatives on commission (10% of gross sale) | | | | | |

In what way the above marketing factors affect your cooperatives growth?-----

What would be the possible solution-----

| S/N | 1.3 Politico-legal factors | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | Tax paid is not reasonable | | | | | |
| 2 | Lack of government support | | | | | |
| 3 | Political intervention | | | | | |
| 4 | Illegal payment due to pressure from government bodies (To political parties, for ceremonies, football club & individuals) | | | | | |

In what way the above politico-legal factors affect your cooperatives growth?-----

What would be the possible solution-----

2. Internal factors

| S/N | 2.1. Members Participation | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | Less level of members' awareness of the cooperatives' collective agreement. | | | | | |
| 2 | Low members' active participation in day to day activities of the cooperative. | | | | | |
| 3 | Fewer amounts of cherry members brought to the cooperative. | | | | | |
| 4 | Less amount Credit purchase from cooperative members. | | | | | |
| 5 | The amount of cherry sold out of cooperative by members. | | | | | |
| 6 | The way the members signed cherry collection contract with their cooperative | | | | | |

In what way the above members' participation factors affect your cooperatives growth?--

What would be the possible solution-----

| S/N | 2.2. Management Factors | 5 | 4 | 3 | 2 | 1 |
|-----|---|---|---|---|---|---|
| 1 | Lack of strategic Business Plan | | | | | |
| 2 | Lack of well trained and experienced employees | | | | | |
| 3 | Lack of low cost accessible training facilities | | | | | |
| 4 | Poor organization and ineffective communication | | | | | |
| 5 | Lack of clear division of duties and responsibilities among employees | | | | | |
| 6 | wrong perception of committee of recruiting Manager | | | | | |

In what way the above Management factors affect your cooperatives growth?-----

What would be the possible solution-----

| S/N | 2.3 Cherry Collection; | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | Shortage of money to buy | | | | | |
| 2 | Limited capacity of the plumping machine | | | | | |
| 3 | Lack of collectors loyalty to the cooperative | | | | | |
| 4 | Low level of member's confidence on their cooperative. | | | | | |
| 5 | Low understanding of members understanding on their collective agreement | | | | | |
| 6 | | | | | | |

In what way the above Cherry collection factors affect your cooperatives growth?-----

What would be the possible solution-----

| S/N | 2.4 Accounting trend factors | 5 | 4 | 3 | 2 | 1 |
|-----|---|---|---|---|---|---|
| 1 | Lack of cash management skill | | | | | |
| 2 | Lack of knowledge on financial forecast | | | | | |
| 3 | Lack of knowledge to prepare financial statements(profit & loss, Debt & equity) | | | | | |
| 4 | Inability to apply cost minimization strategy. | | | | | |
| 5 | Not Receiving and using copy of signed agreements with the financial institutions | | | | | |

In what way the above accounting trend factors affect your cooperatives growth?-----

What would be the possible solution-----

| S/N | 2.5 Financial factors | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | Lack of cash management skill | | | | | |
| 2 | Less shares of common stock sold to members | | | | | |
| 3 | Inability to save retained earning | | | | | |
| 4 | Fewer amount of money save by members | | | | | |
| 5 | Inability to see for alternative sources of income. | | | | | |
| 6 | Large amount of money paid as an interest to banks & the coop. union | | | | | |
| 7 | Large amount of money paid as a commission to the coop. union | | | | | |
| 8 | Large amount of money paid as a commission to coffee collectors & the coop. union | | | | | |
| 9 | Large amount of money paid as a perdium for committees | | | | | |
| 10 | Money borrowed from bank for coffee purchase is covering annual expenditure of the cooperative | | | | | |

In what way the above financial factors affect your cooperatives growth?-----

What would be the possible solution-----

SECTION THREE; GENERALIZATION OF THE ABOVE FACTORS

Indicate the degree to which you agree the following factors have direct influence on the growth of cooperative associations engaged in coffee plumping

| S/N | Statements | 5 | 4 | 3 | 2 | 1 |
|-----|------------------------------------|---|---|---|---|---|
| 1 | Technological factors | | | | | |
| 2 | Marketing factors | | | | | |
| 3 | Politico-legal factors | | | | | |
| 4 | Members Participation | | | | | |
| 5 | Management Factors | | | | | |
| 6 | Cherry Collection (Supply factors) | | | | | |
| 7 | Accounting Trend | | | | | |
| 8 | Financial factors | | | | | |
| | Other if any | | | | | |

Additional Information if any _____

