

The Socio-Economic Role of Saving and Credit Cooperatives in Promoting Gender Equality: The Case of Estie Woreda, Ethiopia

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Abstract

The purpose of this research was to identify the socio-economic roles of saving and credit cooperatives (SACCOs) in promoting gender equality in Estie district, Ethiopia. Both qualitative and quantitative research methods were employed. A sample of 140 (70 males and 70 females) members was drawn from the total population (N=216) using stratified random sampling techniques. One focus group (n=12, 6 males & 6 females) and key informant interviews (n=6, 3 males & 3 females) was included. Data were collected through interviews. Data sources were both primary and secondary. Three SACCOs were identified using purposive sampling. The findings showed that SACCOs promote gender equality in saving account creation, credit access, patronage dividends, and saving terms. However, they did not achieve gender equality in purchasing additional shares, in savings, credit and credit terms. In terms of the social aspect, SACCOs did not achieve gender equality in coop education, training, coop relations, and in community service. The data suggest that SACCOs are not properly executing all of their principles. Special attention should be provided to creating gender-sensitive policies and establishing gender committees responsible for ensuring gender equality.

Keywords: Gender equality, SACCOs

Cooperation is the very basis of human civilization; the interdependence of mutual help among human beings has been an essential aspect of social life. The history of modern cooperatives can be traced to the impact of the industrial revolution that brought immense wealth to the capitalist and poverty reduction to unorganized labor (Nakkiran, 2001). In Ethiopia, the history of modern cooperatives was started in 1960 (Federal Cooperatives Agency [FCA], 2012). Despite this early start, Saving and Credit Cooperatives (SACCOs) in Ethiopia have recent origins. The first SACCOs in Ethiopia were established in 1968 by employees of Ethiopian Airlines. SACCOs have been growing fast since 1979, however; the rate of growth is slower than other types of cooperatives in Ethiopia. According to FCA (2012) there are 9,228 SACCOs and more than 40,000 agricultural cooperatives (FCA, 2012). In 1991 the number of SACCOs in Ethiopia was 3,491 (FCA, 2003). SACCOs is a voluntary and autonomous association of people with a common goal to save and lend money to one another at a low interest rate for productive purposes (FCA, 2003).

Women are disadvantaged compared to men in terms of socio-economic status. In most cultures and economies the “pervasive ideology of male superiority” is prevalent (Young, 1993) and hinders the participation of women in the public arena. The power relations between women and men within the family, community, and in the society are generally hierarchical and women are usually found in a subordinate position in relation to men (Rives & Yousefi, 1997).

Ethiopia is recognized as one of the most impoverished countries in the world and is characterized by a persistent level of poverty and inequality (Moser, 1993). Women in Ethiopia, as anywhere else in developing countries, occupy the lowest status in the society (Prime Minister, Office of Women Affairs Sub Sector, 2004).

Ethiopian women have not been able to equally benefit from the national wealth because their labor and participation in the economy have not been fully valued (Transitional Government of Ethiopia [TGE], 1993). Ethiopia remains a highly traditional and religious society in which women are kept in a subordinate position (Gemechu, 2007).

Cooperatives are considered as a tested model to bring a balanced socio-economic environment among their members. The issue of gender is common in every organization, however; in cooperatives it is an especially sensitive issue because cooperatives aim to provide equal opportunity to all members regardless of gender. The objectives of this research were to provide information to policy makers, SACCOs promoters, SACCOs organizers, and extension workers; to share the experiences of SACCOs; and to identify and address their different needs to further develop their strengths and potentials. Research on gender inequality in SACCOs has been limited. On the basis of the above issues, this study focused on the socio-economic role of saving and credit cooperatives in promoting gender equality in Estie Woreda, South Gonder Zone, Amhara Regional State, Ethiopia.

Literature Review

Definition of Cooperatives

Nippired (n.d) defined cooperatives in the following manner:

Cooperatives are autonomous associations of people who join together to meet their common economic, social and/or cultural needs and aspirations through jointly-owned and democratically controlled enterprises. Cooperatives are able to promote economic and social development because they are commercial organizations that follow a broader set of values than those associated purely with profit. (p. 1)

One of those broader values of SACCOS is promoting equality between women and men within society (Opecity, 2005). In most societies including advanced societies; we can find economic inequality among men and women. Such inequality is wider in developing countries like Ethiopia due to various socio-economic factors such as lack of education, lack of employment opportunities, and lack of recognition.

The government of Ethiopia is trying to improve women's participation in the socio-economic activities of the society. However, the proportion of women members in cooperative societies is small compared to men. According to the Federal Cooperatives Agency of Ethiopia (2001), women's participation is small (12.7%) compared to (87.3%) men nationally. Particularly, the participation of rural women in management and control committee is very low. In SACCOS of Wolega Zone, the Control and Social Affair Committee of cooperatives has only one women member (Bikila, 2003). According to the Agricultural and Rural Management Training Institute of Ethiopia (2006), less than 20 percent of women members had access to the various training opportunities in cooperatives.

In the developing world, cultural and religious factors often hinder women's participation. Issues such as women's inside role, discretion, fearing to speak in public, the tradition of men negotiating and handling financial matters, illiteracy, and social pressures make it difficult for women to play an active and visible public role in cooperatives. (Roger & Nall, 2003, p. 44)

The stance of this research was that SACCOS can promote gender equality in terms of social and economic aspects if their principles and ethical values are properly implemented. SACCOS are a tested model for bringing socio-economic equality to its members (Harper & Roy, 2000). SACCOS are playing a significant role in social and economic development (International Labor Office [ILO], & International Cooperative Alliance [ICA], 2003). SACCOS are free from the intervention of government because they are members- controlled and members-owned organizations (Hajela, 2000). The following research questions were designed to meet the objectives of the study:

1. In terms of economic roles, do SACCOS promote gender equality in saving account creation, patronage dividend, purchasing of additional share, and in loan provision?
2. In terms of social roles, do SACCOS promote gender equality in cooperative education, cooperative training, community service and in cooperative relation?

Methods

Research Design

This research employed both qualitative and quantitative methods. Qualitative methods followed by content analysis (code by content) were used to elicit detailed descriptions of sampled members in the social roles of SACCOS. Quantitative methods were used to produce statistical figure in relation to economic roles.

Sampling techniques

Purposive sampling was employed to select SACCOS which had male and female members to ensure the proportionality of gender. From eight SACCOS in the district, three were purposively selected since they have been established for at least ten years. From the total population of 216 members in the three selected SACCOS, members were divided into two strata of males and females. A stratified random sampling technique was employed to identify 140 respondents, 70 males and 70 females to make it representative. Kothari (1990) proposes that from the total population of 210 at 95% confidence level, 140 samples should be drawn to make it representatives.

Data Collection Procedures

As a method of triangulation, primary data was collected using three strategies: face-to-face interviews, Focus Group Discussion (FGD), and Key Informants interview (KI). There was one FGD which consists of 12 members, 6 males and 6 females. The FGD members were selected within the SACCOS which is serving as a paid employee. The FGD asked question like what is the socio-economic position of males and females members in the SACCOS? In addition, one KI group was established which consists of 6 members 3 males and 3 females. KI was the chair person and members of the management, credit, and control committee of the SACCOS. They

are asked question like Does the SACCOs properly execute coop principles and values to ensure gender equality? Variables were operationally defined in the context of the SACCOs and the research objectives. The secondary data was collected from the financial reports of the selected SACCOs. The interview questionnaire included both structured and semi-structured items. All the respondents were interviewed by the enumerators. The enumerators were diploma holder and works in different organization as a part time. The content of interview questions included items on profile, social and economic participation of sampled male and female members in SACCOs. In order to maximize the validity and reliability of data, the interview questionnaires were translated to the local language (Amharic) and training was offered to the enumerators. Finally, a pre-test was conducted for three consecutive days using a checklist as a result each enumerators get a clear ideas on the nature of questionnaire and data collection process.

Ethical issues

Before the data collection, enumerators were given training on the procedure of data collection. The training ensured that the enumerators had a clear understanding about the process and purpose of data collection. Respondents were informed that their responses would be kept confidential and used only for the objective of the study.

Results

Description of Research Participants

As the table showed the men were more likely than the women to be older, to be married, and to be literate in saving and credit cooperatives societies.

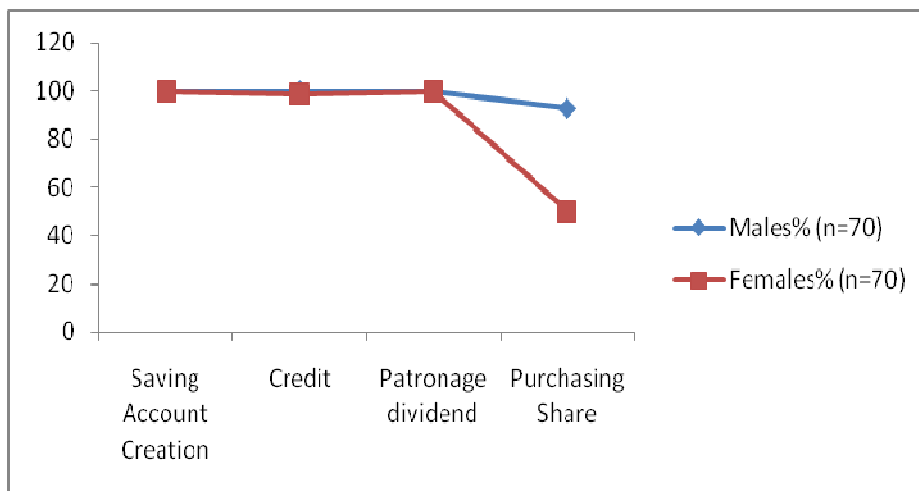
Table 2. Profile of the Respondents

Age	Measurement	Male(n=70)	Female(n=70)
	19-35	17.1%	34.3%
	36-45	40.0%	41.4%
	>=46	42.9%	24.3%
Marital status	Never married	2.9%	8.6%
	Currently married	74.3%	44.3%
	Widowed	2.9%	27.1%
	Divorced	10.0%	17.1%
	Separated	10.0%	2.9%
Education	Illiterate	18.6%	30.0%
	Can read and write	34.3%	42.9%
	Literate	47.1%	27.1%

Source: field survey, 2009

Graph1. Economic role of SACCOS in promoting gender equality

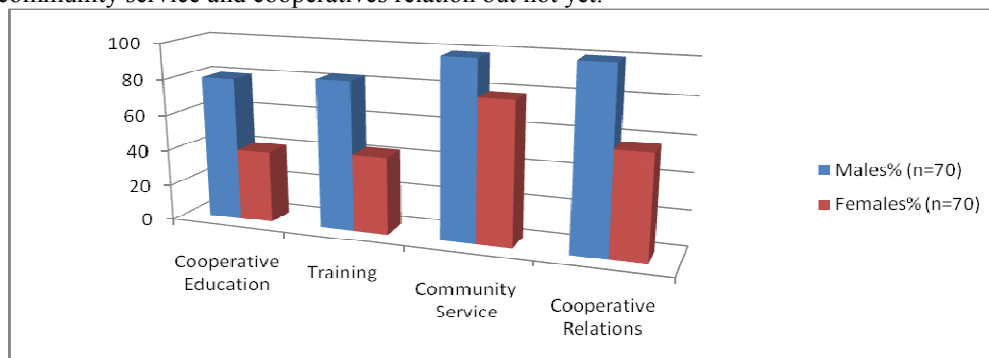
The graph depicts that, in saving account creation, credit access, and patronage dividend SACCOs ensuring gender equality. On the other side in purchasing of additional share SACCOs did not yet ensure gender equality.



Source: field Survey, 2009

Graph 2. Social role of SACCOS in promoting gender equality

The graph showed that, SACCOS is trying to ensure gender equality in the area of cooperatives education, training, community service and cooperatives relation but not yet.



Source: field Survey, 2009

Discussion

Economic role of SACCOS in promoting Gender equality

Gender Participation in Saving Account Creation

A coop is organized and controlled by the members themselves. The source of funds for a cooperative is categorized as either “owned” or “borrowed”. The owned fund was contributed by the members alone. The borrowed fund may be issued or accessed from external sources. The primary activities of SACCOS are providing financial services to the members. In saving account creation, the members participate on the basis of gender equality. Out of the total sampled members, all males and females had participated in saving account creation within the coop. This implies that members in the coop participated actively to get services provided by SACCOS. There was no difference between male and female participation in savings account creation. According to the key informants, SACCOS were promoting gender equality in saving account creation in such a way that:

1. They provide equal opportunity for male and female members within the society by offering lower (minimum) savings amount in monthly term up to 0.29 \$.
2. They have an effective organizational structure on gender issues that supports gender participation in savings account creation. The structure helps the members and accountant to know the saving order and to monitor female members in monthly saving term.
3. They have a monthly management information report system that captures key performance indicators on gender equality. Based on their organizational structure, the monthly reporting system monitored savings and key performance indicators (i.e., regularity of saving, and amount of saving by making comparison with male).
4. Established their own gender mainstreaming system in three selected SACCOS.

Gender Participation in Credit (loans issued)

Through SACCOS, members can get micro and macro credit to create/start small businesses. A member in SACCOS has access to credit as a primary service. SACCOS members have equal opportunity to get access to credit within the cooperatives. Almost all of males and female members within the SACCOS had access to credit. Thus, the participation of males and females in getting access to loans within the SACCOS was high. The SACCOS also provide loans to all members without gender discrimination.

SACCOS members had equal access to services since they are a self-organized group. Due to the lower interest rate, members prefer their SACCOS rather than other micro finance options. The interest was rewarding as a patronage dividend. In this case both males and females members are participated without any difference. Previous research also reveals a similar result. Daniel (2006) reported that 94.7 % of the members were getting access to credit from their SACCOS. According to the Focus Group Discussion, Key Informants interview and individual respondents, the SACCOS were promoting gender equality in such a way that:

1. The SACCOS have horizontal and vertical integration with micro finance and the Commercial Bank of Ethiopia, respectively, to minimize shortages of funds and to provide members equal access to credit.
2. Affirmative action was carried out. Female members were prioritized to get loans from the SACCOS if and only if males and females requested credit simultaneously.
3. There was a specific gender mainstreaming practice to provide access to credit on an equitable basis.

SACCOs provide credit for their members in limited amounts. Fifteen point seven percent of the sampled male members were credited 500-1000 birr, 54.3% were credited 1001-1500 birr, and the remaining 30% were credited above 1500 birr. The majority of male members were credited 1001-1500 birr and a small number of male members were credited 500-1000 birr. The average amount of credit in the sampled male members was 1,407.23birr (SD=445.61). The amount of credit for female members was generally less than male members: 61.4% of female sampled members were credited 500-1000 birr, 37.1% were credited 1001-1500 birr, and 1.4% were credited above 1501 birr. The average amount of credit for female members was 498.49 birr (SD=308.06). The majority of sampled female members were credited with the amount of 500-1000 birr and one woman was credited above 1501. On average, males member received three times the amount of credit as female members.

According to a key informant, the majority of female members did not repay their loans by the due date, but men tended to repay by the due date. Because of this, the societies decided to provide a smaller amount of money for women. Women who repaid their loan by the due date can get credit on the basis of their request. The gender gap was 46%, 17% and 28.6% for loans of 500-1000, 1001-1500, and above 1500 birr, respectively. The reason for the gender gap was the inability of women to return the loans issued. Therefore, SACCOs did not achieve gender equality in credit amount. The credit term and amount was also related in such a way that short term credit corresponds to 500-1000 amount of birr, medium term credit corresponds to 1001-1500 of birr, and long term credit corresponds to 1501 birr or more.

Gender Participation in Patronage Dividend

Patronage dividend is a second payment for the members after the SACCOs earn a profit. SACCOs provide patronage dividends for the members based on their level of participation and transaction. The source of patronage for SACCOs was from bank interest, interest from credit, and surplus from the distribution of goods and services for consumption. A coop member was encouraged if their surplus appropriation was in the form of patronage dividends. Previous research reported that one birr for their transaction increased a sense of belongingness, saving and transaction on a regular basis (Daniel, 2006). SACCOs patronage dividend was done on the basis of gender equality, i.e., every member had equal access to patronage dividends. All of the sampled males and females participated in patronage dividends. This reflects that the SACCOs were a member-controlled and member-owned organization. Each member participated in receiving dividends without regards to gender. In patronage dividend SACCOs promoted gender equality since dividends were extended to all members and gender mainstreaming was properly planned and implemented.

Gender Participation in Purchasing Additional Shares

Share capital is one of the primary sources of funds for SACCOs. Share capital is categorized under "owned-funded." Share capital of the society is sold during the establishment period and at the time of capital deficit. Out of the total male respondents, 92.9% participated in purchasing additional shares compared to 50% of female respondents. Females tend to use their income for daily consumption, feeding of their children, paying educational fees, and for house commodities. As a result, females cannot purchase additional shares like men. And the SACCOs were not creating a favorable environment for females to purchase additional shares. The purchasing system is cash payment and females cannot generally afford it. Therefore, SACCOs have not achieved gender equality through purchasing additional shares.

Social roles of SACCOs in Promoting Gender Equality

Gender Participation in Cooperative Education

SACCOs are expected to provide education and training for their members on an equal basis. Coop education includes distributing information to members, elected leaders, managers, committee members, and employees. Education was undertaken twice a year to equip members with the skills, knowledge and confidence to enable them to use, participate, and influence the coop more effectively and to develop a sense of belongingness. Out of the totaled sampled members, 80% of males participated in coop education for the last three years. On the contrary, 40% of female members participated in coop education.

This finding is inconsistent with previous research in which only a small proportion (18.5%) of sampled households got education and training through coop (Gasheh, 2008). The gender difference in coop education was 40%. The reason is that, the average family size of men and women was 3.1 and 5 respectively. As a result, the bigger the family size, the lower the participation in coop education. The bigger family size of women exposed them to heavy work loads such as fetching water, bearing their child, cooking food, and participating in agricultural activity.

Gender Participation in Training

Training is making sure that all those who are associated with the coop have the skills they require in

order to carry out their responsibilities. SACCOS provide training for employees, managers and for committees, i.e., control, credit, and management. Out of the total sampled members 82.9% of male members participated in training compared to 42.9% of female members. This violates the ethical value of SACCOS. The gender difference in coop training is 40%. The difference shows the domination of men in coop trainings because married females often do not get permission from their husbands, they are busy in child care and feeding, the Board of Directors (BOD) did not select females to participate in training, and the majority of females are illiterate and therefore considered inappropriate to attend training, Therefore, SACCOS have not promoted gender equality in coop training.

Gender Participation in Community Service

A coop is an organization that generally exists for the benefit of their members and the community as a whole. The SACCOS have a responsibility to ensure that the development of their community economically, socially, and culturally is sustained. They have to work steadily for the environmental protection of the community. The International Cooperative Alliance (1995) promotes the principle of "Concern for community". Out of the total sampled members, 98.6% of male members participated in community service activities (60% in forestation, 20% in bridge construction, and 18.6% in infrastructure of the community). A majority of female members (78.6%) participated in community service as well (46% in forestation, 15% in bridge construction, and 17.6% in infrastructure of the community). The gender difference was 20%. This difference was due to the distance they travel for community service. The average distance of women and men from their coop was 6.14 km and 4.1km, respectively. The longer the distance in kilometers from their house, the lower the participation in community service. Therefore, SACCOS did not achieve gender equality in this aspect.

Gender Participation in Coop in relation to other Model Coops

Coops should recognize and develop the necessity of strengthening their network's organization. It is crucially important for various coops to join together when speaking to government or promoting the coop approach to the public. In order to build an integrated coop system, coops should cooperate with other coops on the basis of gender equality. All of the male members fully participated in the coop in the area of loan applications (23%), loan repayment (30%), loan disbursement (36%), and the benefits of coop (11%). On the other hand, 57.1% of female members participated in the area of loan application (15%), loan repayment (21%), loan disbursement (14%) and in the benefit of coop relations (7.1%). Thus, males were the primary participants in coop relations. Therefore, the SAACOs have not achieved gender equality in the area of coop relations.

Conclusion

An equal level of participation in coops based on gender is valuable to make the development of cooperatives fruitful. Cooperatives can be developed and achieve better results if women are more fully integrated into cooperative activities.

Cooperatives have the potential to promote gender equality in both social and economic aspects. As to the economic aspect, they seem to be promoting gender equality in saving account creation, patronage dividends, credit access and in saving term, however; they have not yet achieved gender equality in purchasing additional shares, amount of credit, savings amounts, and credit terms. The findings are consistent with previous research by Gemechu (2007) who reported that SACCOS can improve the saving and credit habits of members through gender equality.

As to the social roles of SACCOS in the study area, they did not achieve gender equality which is inconsistent with the motto of cooperatives. I highly recommend further research on the empowerment of women through saving and credit coop. One limitation of the current study was the lack of secondary data on the issue of gender equality to measure economic growth before and after joining the SACCOS. Also, the research was limited to SACCOS in one district, there was a relatively small sample, and the researcher was unable to measure the social and economic impact of SACCOS for each respondent. Areas needing further research are barriers to females repaying credit on the due date and the barriers to female participation in cooperative relations with other model SACCOS.

Implications and Recommendations

The research implies that the values and principles of cooperatives are not properly implemented. As a result the issue of equality is not fully ensured. SACCOS achieved gender equality in the economic aspect more than the social aspect. In order to sustain equality in each socio-economic activity, the following recommendations are forwarded to the policy makers and stakeholders of SACCOS:

SACCOS need to arrange and organize scheduled programs in awareness creation, training and education which are sensitive to gender needs in such a way SACCOS can help to strengthen women's capacities and

capabilities in collaboration with other stakeholders' organization.

SACCOs should review their policies and plan periodically to ensure that they are gender sensitive in the area of socio-economic development.

Gender mainstreaming strategies should be applied and properly implemented in the socio-economic and decision-making areas.

SACCOs should establish "gender committees" or units whose tasks are to identify gender-related problems and gender gaps.

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