

# Effect of Managers' Professional Efficiency on the Net Sale of Cooperative Union in Oromia Regional State, Ethiopia

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## Abstract

Wambua (2011) concludes that employee involvement affected the financial performance of the cooperatives. Develtere and Pollet (2004), conclude that in successful cooperatives, professional issues play a crucial role in harnessing the different associative and business forces at play in a cooperative. It is often inferred that agency problems are more prevalent, disturbing and acute in cooperatives than in other (non-investor owned) businesses. Therefore this study aims to assess the effect of professionalism on the net sale performance of cooperative unions. Research sample were 228 respondents of sampled from nine cooperative unions in oromia regional state, Ethiopia. Both primary and secondary data were collected and analysed using multiple regression model through SPSS. The result of the research concluded that there are significant influences of managers' professional efficiency variables on the net sale and there are also differences in the influence among the managers' professional related independent variables on the net sale of the selected cooperative union.

**Keywords:** Cooperatives, Net sale, Professionalism, Efficiency and Performance

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## I. Introduction

According to Homayara L.et.al., (2008) given the very large volume of business that agribusiness cooperatives in India handle and given the tough competition that they now face in the wake of large scale entry of domestic and foreign companies in the agribusiness sector in the country after the launching of New Economic Policy, it is essential for the survival and growth of agribusiness cooperatives that they are professionally managed. Mobilizing funds for diversification and modernizing of operations, management of funds, procurement of produce of members in small quantities from remote rural areas, processing the produce using the latest technologies available, exploring and tapping new markets for inputs and outputs, marketing of products at competitive prices in a free market regime, ensuring high quality of products, keeping production and other operating costs under control, attracting and retaining good staff, securing and using right information at right time for making decisions activities require professional managers to handle them efficiently. In the twenty-first century, it will be the manager's knowledge, foresights, insights, management skills, and ability to access and use the right information at the right time for making various decisions that will determine the prospects of survival and growth of business enterprises. Therefore, agribusiness cooperatives will have to professionalise their management and sooner they do so, the better it is for them. In the absence of professional management, money, manpower and material resources of agribusiness cooperatives worth thousands of resources are wasted annually. Liu et al, (2015) showed positive effect between professionalism and performance and performance difference between professional and unprofessional people. This motivated the researcher to conduct a research on the effect of managers' professional efficiency on net sale of cooperative union in Oromia region, Ethiopia.

## II. Statement of Problem of the Study

According to MOCMD (2008), there exist opportunities for mismanagement namely: Insufficient commitment by stakeholders, insufficient clarity of roles and responsibilities by stakeholders, inadequate professionalism and discipline, inadequate internal management and operational system, elections are not free and fair and inadequate management committee education. Successful cooperatives are results oriented and creative with marketable products. They invest in quality management, and their pricing as well as interest rate policies are inspired by the prevailing market conditions (Develtere et al, 2008: 20). Research related to auditor professionals with the auditor's performance has been studied by many researchers before, but research has been more directed to the professionalism influence on the performance of auditors (Nasrabadia and Arbabian, 2015; ) But not much to examine whether there are differences in the effect on the performance of the auditor's professionalism among men and women auditors. To fill this gap the researcher conducted this research on this area.

### 1.2 Objective of the study

-To study the effect of managers' professional efficiency on the net sale of cooperative union in Oromia region, Ethiopia.

### Hypothesis

**Ho:** Managers’ professional efficiency in the cooperative has no significant effect on net sale of cooperatives union in Oromia regional state, Ethiopia.

**H1:** Managers’ professional efficiency in the cooperative has significant effect on net sale of cooperatives union in the Oromia regional state, Ethiopia.

### III. Research Methods

#### 3.1.1 Research design

Co-relational design will enable the researcher to map out the effect of professionals efficiency and governance of cooperative on business performance of cooperatives.

#### 3.1.1 Samples

The research sample is determined by purposive sampling counted 228 respondents sample from cooperative union employees. Data were collected from both primary and secondary sources. Analysed using multiple regression model through SPSS.

### Research Results And Discussion

**Table 4.15: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					df1	df2	Sig. F Change
1	.89 <sup>a</sup>	.7921	.001	390343367	8	219	.003

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1242056177604829440	8	155257022200603584	1.019	.003 <sup>b</sup>
	Residual	33368579839201735000	219	152367944471240704		
	Total	34610636016806564000	227			

a. Dependent Variable: NETSALES

b. Predictors: (Constant), Technical skill, Teaming skill, Motivational skill, Communication skill, Leading skill, Decision making Skill, Conflict Resolution skill, Staff Maintenance Skill

**Source : Computed from Survey Data(2020)**

**Table 4.16 : Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	1118994629.497	235789095.452		4.746	.000	
1	Technical skill	14179471	31397886.637	.038	.452	.050
	Teaming skill	16492546	34496280.450	.049	.478	.033
	Motivational skill	14351755	34264954.566	.047	.419	.007
	Communication skill	-94304569	41354440.178	-.218	-2.280	.024
	Leading skill	22255606.977	29890352.724	.068	.745	.0057
	Decision making Skill	3824154.636	30829401.114	.009	.124	.002
	Conflict Resolution skill	50487001.491	43118166.607	.086	1.171	.043
	Staff Maintenance Skill	17863851.219	62364142.783	.021	.286	.000

a. Dependent Variable: Net sale

**Source : Computed from Survey Data(2020)**

The result indicated table 4. 16 Above, all the variables which were included in the model have found significant effect on cooperative business performance (net sale) at 0.05.

**Technical Skill:** the findings from Table 4.16 above, indicated that managers’ technical skills has positive statistically significant effect on the business performance measured in net sale of the cooperative union( $\beta = 14179471$ ; t-value = 0.452 and p-value 0.050=0.05). From this result one can conclude that, one unit increase in managers’ technical skill increases the business performance measured in net sale of the cooperative union by 14,179,471 units.

**Teaming Skill:** the findings from Table 4.16 above, indicated that managers’ teaming skills has positive statistically significant effect on the business performance (net sale) of the cooperative union  $\beta = 16492546$ ; t-value = 0.478 and p-value 0.033<0.05). This result implies that, one unit increase in managers’ teaming skill increases the business performance (net sale) of the cooperative union by 16492546 units.

**Motivational Skill:** the result from Table 4.16 above, indicated that managers’ motivational skills has positive

statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = 14351755$ ; t-value = 0.419 and p-value  $0.007 < 0.05$ ). From this result one can conclude that, one unit increase in managers' motivational skill increases the business performance of the cooperative union by 14351755 units.

**Communication Skill:** the output from Table 4.16 above, indicated that managers' communication skill has negative statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = -94304569$ ; t-value = -2.280 and  $p < 0.024 < 0.05$ ). From this result one can conclude that, one unit change in managers' communication skill with boards, members and other stakeholders of the unions changes the business performance (net sale) of the cooperative union by -94304569 units.

**Leading Skill:** as evident from the output from Table 4.16 above, indicated that managers' leading skills has positively statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = 22255606$ ; t-value = 0.745 and  $p < 0.0057 < 0.05$ ). From this result one can conclude that, one unit raise in managers' leading skill of the business activities raises the business performance (net sale) of the cooperative union by 22255606 units.

**Decision Making Skill :** Table 4.16 above, indicated that managers' decision making skill has positively statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = 3824154$ ; t-value = 0.009 and  $p < 0.002 < 0.05$ ). The result indicates that, one unit increase in managers' decision making skill in the unions increases the business performance (net sale) of the cooperative union by -3824154 units.

**Conflict resolution Skill:** the indicated result in Table 4.16 above, indicated that managers' Conflict resolution Skill has positively statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = 50487001$ ; t-value = 1.171 and  $p < 0.043 < 0.05$ ). From this result one can conclude that, one unit move up in managers' conflict resolution skill concerning the leadership and business issues of the unions' moves up the business performance (net sale) of the cooperative union by 50487001 units.

**Staff Maintenance Skill:** as the result shown in Table 4.16 above, indicated that managers' staff maintenance skill has positively statistically significant effect on the business performance (net sale) of the cooperative union ( $\beta = 17863851$ ; t-value = -0.286 and  $p < 0.000 < 0.001$ ). From this result one can conclude that, one unit change in managers' staff maintenance skill with boards, members and other stakeholders of the unions changes the business performance (net sale) of the cooperative union by -17863851 units.

## Conclusion

From the findings of the research one can concluded that there are significant effect of managers' professional efficiency variables on the net sale and there are also differences in the influence among the managers' professional related independent variables on the net sale of the selected cooperative union in the study area.

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