

A Study on the Trends of Cooperative Movement in South Wollo Zone, Ethiopia

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Abstract

The purpose of this study was to describe the growth of Cooperatives in south Wollo zone, Ethiopia for the period 1997 EC -2007 EC in which the role of cooperatives has been given recognition in the country. Cooperatives registration data for that period from cooperative registration office were used and a trend analysis was employed to analyze these collected data. The study determined that the overall growth of cooperatives in the study area is impressive both in size and type. Cooperatives has grown 6.6 times it has been ten years ago. The breakthrough new types of cooperatives like transport cooperatives, natural resource cooperatives and etc are being emerged recently. Multipurpose agricultural cooperatives were the dominant cooperatives but latter since 2000 EC SACCOs have taken over the domination. SACCOs took 53% of the total growth of cooperatives. Likewise, in group non-agricultural cooperatives become now dominant in the country. In the trends of cooperative movement consumer cooperatives are the slowly growing cooperatives. The objective of Housing cooperatives establishment lacks cooperative sprits. Furthermore, irrigation cooperatives are becoming known to high level of dormancy level. In proportion, 39% of such cooperatives are dormant. Emerging cooperatives are more likely to be dormant than other cooperatives.

Keywords: Dominant cooperatives, dormancy level, growth rate, emerging cooperatives

1. Introduction

Cooperatives are the world's best hope of achieving peace, prosperity, and social equity in this new century, and it is there that the eyes of the world need to turn (Curl, 2010). In view of the fact that, the introduction of a free market economy posed many challenges, particularly for smallholder farmers and youth entrepreneurs that have limited bargaining power, skills and capacity collective efforts through cooperative organization have been chosen by many disadvantaged groups as a means for accessing the benefits associated with a liberalized market system. As a result, different types of cooperatives have been formed to meet different objectives over the years (Wanyama et al, 2009). In fact, Cooperative can be defined as an association of persons who have voluntarily joined together to a common end through the formation of a democratically controlled organization, making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertaking, in which the members actively participate (FCA, 2007).

The evolution of Co-operative in the world is an old, beginning from the day individual first joined hands for the advancement of common pursuits in life. Modern Co-operative Movement is generally dated from the foundation of the Rochdale Equitable pioneers at the end of 1844. The structure and rules of the Rochdale Cooperative Society of weavers formed the model for countless successors not only in England but also in other countries and continents (Samantaray, 2004). Now cooperative institutions exist all over the world providing essential services which would otherwise be unattainable. In many Third World countries, cooperatives such as credit unions and agricultural organizations have been very successful in helping people to provide for themselves where private and other corporate capitals do not see high profitability.

Globally, cooperatives have been able to elevate its position as a powerful economic model. In some countries they are a sizeable force within the national economy (Palai and Das, 2006). In total, about one billion people are involved in cooperatives in some way, either as members/ customers, as employees/participants, or both. Cooperatives employ at least 100 million people worldwide. It has been estimated that the livelihoods of nearly half the world's population are secured by cooperative enterprises. The world's 300 largest cooperative enterprises have collective revenues of USD 1.6 trillion, which are comparable to the GDP of the world's ninth largest economy (ICA, 2011).

Approximately seven per cent of the African population reportedly belongs to a cooperative, though some countries like Egypt, Senegal, Ghana, Kenya and Rwanda report a higher penetration rate of over ten per cent. In some countries, the number and membership of cooperatives have significantly increased since the early 1990s, following the revitalization of the previously underperforming cooperatives and the emergence of new ones (Develtere, Pollet, & Wanyama, 2008).

Cooperation has been there in Ethiopia centuries ago in the form of iqub and idir. However, as Bezabih Emanu (2009) describe, the history of formal cooperatives in Ethiopia dates back to 1960, when the first directive of cooperatives was enacted. Since then, Ethiopia has enacted four new proclamations and an amendment act: Directive No.44/1960, Proclamation No.241/1966; Proclamation No.138/1978, Proclamation No. 85/1995, Proclamation No. 147/1998, and Amendment act No. 402/2004. This demonstrates that the federal and

regional governments have realized the contribution of cooperatives to economic and social development, food security and poverty reduction in Ethiopia.

Chalchissa (2000) found that in 1974 there were approximately 149 cooperatives. The number of cooperatives significantly increased during the Derg regime (1974-1991), with approximately 10,524 primary cooperatives having 4,529,259 members recorded. Cooperative organization was highly political during this time and many cooperatives were dismantled following the downfall of the Derg regime in 1991. According to the FCA and estimates made by Lemma (2009), the number of cooperatives in Ethiopia declined from 10,524 during the Derg regime to 7,366 cooperatives in 1991. Policy support for cooperatives provided by the current government has seen the number of cooperatives start to increase again. Data obtained from FCA indicates that up to 2004 there were 8,009 primary cooperatives with 4.06 million members and a turnover of ETB 327.12 million (USD 32.81 million). From among cooperative in Ethiopia currently Amhara region consists of 15% of Ethiopian cooperatives (Teigist, 2007).

Cooperative societies in both rural and urban areas of Ethiopia have pioneered the provision of important services of finance, marketing, and other sectors for their members, and also for the communities in which they operate. Participating members tap the energies of group effort and economies of scale to engage in economic activities that they would not have otherwise been able to carry out on their own, thereby enhancing their chances of improving their living conditions. It is for this reason that cooperatives continue to be promoted in developing world as some of the preferred instruments for poverty alleviation (Wanyama et al, 2009). Currently cooperatives are recognized as an important instrument for socioeconomic improvement of the community (Bezabih Emana, 2009; curl, 2010).

Studies described that, Despite past failures, the role of cooperatives has been reevaluated due to the retreat of governments from programs of rural development under economic liberalization policies (Braverman et al., 1991; Dorsey & Tesfaye, 2005; Kherallas et al., 2002; Yuka Kodama, 2007). Since the late 1990s, cooperative activities have been encouraged again, despite bitter experiences during the socialist regime. Consistent with the new economic environment new policies and legislations is introduced ostensibly to liberalize the cooperative sector as well (Yuka Kodama, 2007). The main content of the resultant framework was to facilitate the creation of commercially autonomous and member-based cooperative organizations that would be democratically and professionally managed, self-controlled and self-reliant. Considering this circumstance, however, cooperative development seems not have been adequately researched though public should be aware of the size, the scope, and the benefits of the co-operative sector, and its promotion (Sonja Novkovic, 2011).

Whereas cooperative development in Africa during the first era (before liberalization) is well documented in the existing literature, the second era (after liberalization) of cooperative development has not been adequately researched. It is about a decade since the introduction of liberalization measures, yet very little is known about their impact on the development of cooperatives on the continent. It is surprising that very little literature on African cooperatives has been generated since the early 1990s despite the continuing debate in favour of cooperatives as the most suitable form of organization for alleviating poverty on the continent (Birchall, 2003 cited in Fredrick et al, 2009; Develtere Pollet & Wanyama, 2008).

Likewise, there are only a few studies in Ethiopia that focus on disparate sectors of the cooperative movement like in agricultural cooperatives and SACCO rather than providing comprehensive accounts that inform the current status and functioning of the cooperatives since the liberalization of the sector (Tigist lemma, 2007; Yuka kodama, 2007; Wanyama, 2007; Bezabih Emana, 2009). Hence, the actual extent of the cooperative movement is unknown (Bezabih Emana, 2009). In this condition, a number of pertinent questions have remained unanswered like, have cooperatives really significantly progressed in most type of cooperatives? Are cooperatives serving most of the populations? Is the dormancy rate of already established cooperatives insignificant and others?

Moreover, promoting the co-operative sector in general is critical in the effort to diversify the economy for the benefit of all stakeholders (Stiglitz, 2009). Hence, the current government of Ethiopia has recognized the economic and social importance of cooperatives for increasing employment as well as reducing poverty. Increased involvement of the Government is based on the premise that the cooperative movement can mobilize human and financial resources to enhance economic and social development through production, marketing, processing and distribution of commodities. It is in this regard that the Government attempts to use cooperatives as an instrument to achieve its poverty reduction strategy (Tigist, 2007; Yuka, 2007; Wanyama, 2007) as well as, currently, inflation stability strategy. However, the extent to which the cooperatives in Ethiopia have been able to attain these goals has not been adequately analyzed. The actual extent of the cooperative movement is unknown (Bezabih, 2009). This paper, therefore, attempted to analyze the growth of cooperative movement in Amhara region particularly south Wollo zone, Ethiopia.

So, in general, although cooperative businesses have been responsible for many market innovations and corrections of market imperfections, and also the government gives recognition for their contribution to poverty reduction and economic development, in Ethiopia as well as in Amhara region little is known about their growth

empirically as an economic sector. Until this project, no comprehensive set of statistics had been compiled about the progress of Amhara region cooperative businesses both in type and size, their employment accommodation progress as well as zonal cooperative movement differences after the enactment of 'Cooperative Societies Proclamation No. 147/1998.' Moreover, this was the period we shift from the specific agricultural cooperative societies emphasis to overall cooperatives societies. Therefore, the current study analyzed the growth of cooperative movement in Amhara region particularly in south Wollo zone since 1997 Ec.

2. Objective of the Study

- To describe the growth of cooperatives for the last decade in south Wollo zone
- To compare the trends of the different typologies of cooperatives
- To determine the proportion of dormant cooperatives in south Wollo zone
- To analyze the trends of cooperative societies liquidation rate in south Wollo zone

3. Significance of the Study

Beyond recognizing Cooperatives as best tool for solving the socio- economic problem of the people as well as for market imperfection, understanding their current status on reaching the people both in type and number, and employment is unquestionable. Hence, as a pioneer study of cooperative movement in Amhara region, the current study will have importance on providing information about the trend as well as the current status of cooperatives in study area which will be an input for varies decisions of the concerned. Particularly, it is significant for policy makers, cooperative promotion offices as well as a bench mark for potential researchers and students

4. The Scope of the Study

Though, the cooperative movement in one country has to be looked from different angle like cooperative training in the study country, legal frameworks, government and other sponsoring organizations support, and others, the current study focused only about the trend of cooperatives in south Wollo zone. Moreover, the study covered the cooperative movement since 1997 for one decade.

5. RESEARCH METHODOLOGY

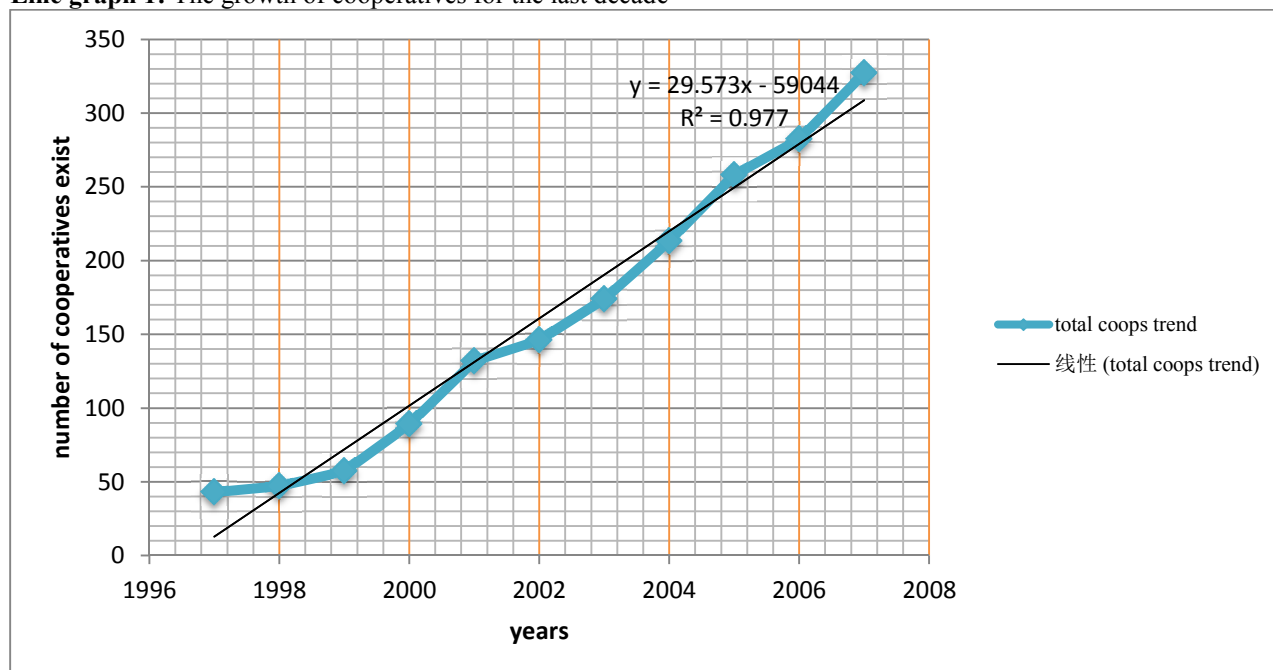
A trend analysis were conducted using a ten year cooperatives registration data from years 1998-2007EC that were collected from Dessie zuria wereda, Were-ilure wereda, Tenta wereda, Legehida wereda, and Kelala wereda cooperatives promotion offices to describe the growth of cooperative movements. These weredas (Small District) are the only weredas which have a full record of cooperative established in their weredas for those years.

6. DATA ANALYSIS AND DISCUSSION

6.1. Cooperatives Recent Trend

Cooperatives are the best business models in current capitalist economy to prevent the poor's from exploitations particularly in developing countries by creating employment, rural financing and other economical and social roles. This is understood by our government, and due to, the government established an administrative structure for cooperative movement at agency level that promotes expansion of cooperatives and other supports in the country through its departmental setup up to wereda (small district) level. This study finding noticed the effort of the government for the development of cooperatives in the country. It is revealed that over the last decade new types of cooperatives as well existing type in different areas are being established at rapid rate. New types of cooperatives are also being created in Ethiopia. The sample data taken for this study indicated that cooperatives have grown 6.6 times than they were decade before. As it indicated in table 1, cooperatives have been growing averagely by 23.36 % in each year. Cooperatives are still growing in the country. Such growth of cooperatives in the country in general and in the zone in particular is due to the emphasis given by the government to promote cooperatives in a way that create economic opportunities of the society as well as to enable them to solve their common problem using their various resource.

Line graph 1: The growth of cooperatives for the last decade



The above linear equation $Y = 29.57x - 59044$ of the trend line indicated that when we move forward from one year to the next year, averagely 30 cooperative societies are established. I.e. averagely 30 cooperatives have been established each year.

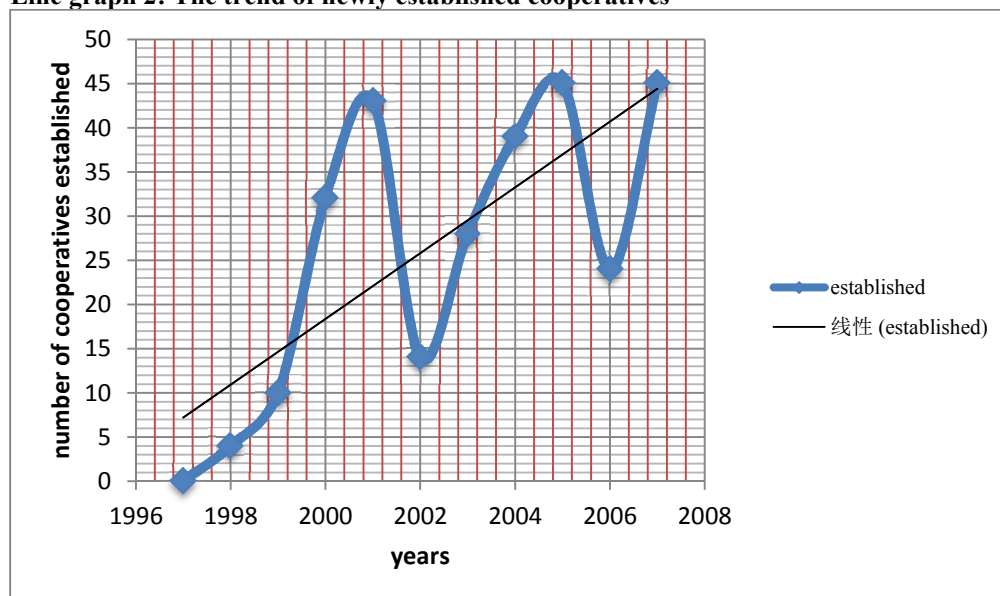
The other scenario on the movement of cooperatives beyond the growth of cooperatives in number, it is observed that cooperative movement is expanded in type too. The data indicated that the new types of cooperatives are emerging which have no more than three years old in the cooperative history though cooperative movement in Ethiopia formally commenced around 60 years ago. Such new cooperative for instances are natural resource cooperatives, transport cooperatives, fattening cooperatives, and other types of cooperatives.

Table 1: Trends of cooperatives over the last decade

| year | number of cooperatives exists | Number of newly established coops | % change from base year | Average percentage growth in each year |
|------|-------------------------------|-----------------------------------|-------------------------|--|
| 1998 | 47 | 4 | 9.3023 | 9.30 |
| 1999 | 57 | 10 | 32.56 | 21.28 |
| 2000 | 89 | 32 | 106.98 | 56.14 |
| 2001 | 132 | 43 | 206.98 | 48.31 |
| 2002 | 146 | 14 | 239.53 | 10.61 |
| 2003 | 174 | 28 | 304.65 | 19.18 |
| 2004 | 213 | 39 | 395.35 | 22.41 |
| 2005 | 258 | 45 | 500 | 21.13 |
| 2006 | 282 | 24 | 555.81 | 9.30 |
| 2007 | 327 | 45 | 660.47 | 15.96 |
| | | Total average growth each year | | 23.36 |

The empirical result in the table above shows as growth of cooperative movement for the last decade is highly impressive.

Line graph 2: The trend of newly established cooperatives



The above line graph informs that overall there is an increasing trend of the newly established cooperatives. It starts to boom highly since the year 2000EC. The start of this Ethiopian millennium inflames the cooperative movement that is may be because cooperatives are one tool to achieve the millennium development goal in respect with poverty and employment creation. Cooperatives are also indicated in Ethiopian GTP II as a mechanism to transform agriculture into manufacturing. They do also have significant role in achieving GTP II by providing rural finance as well as for SMEs. The other justification for the rapid growth of cooperatives in this decade is the significant role of cooperatives in stabilizing the market as well as preventing the poor from exploitation in the capitalist system because our country economy (consumption goods price) has been highly inflating since 2000 EC. The government has been using these institutions as an instrument in protecting consumers.

6.2. Trends of the different typologies of cooperatives

The proportions of few types of cooperatives significantly capture the growth proportion of cooperatives. SACCOs are the dominant cooperatives followed by multipurpose agricultural cooperatives. It has shown a rapid growth. The graph below indicated that early before this decade multipurpose agricultural cooperatives were dominant. However, due to the remarkable growth rate of SACCOs since the beginning of this decade the leading proportion of multipurpose agricultural cooperative is taken over. The proportion variation of these two types of cooperatives is increasing over a years by SACCOs' domination because the growth rate of SACCOs is higher than the growth rate of multipurpose agricultural cooperatives. Seeing the trends of multipurpose agricultural cooperatives particularly, since in the middle of the decade multipurpose agricultural cooperative growth has been almost stagnant. In fact, very recently continuous reduction in growth rate is also observed on SACCOs as well. Official reported on the issue that they are working more in emphasis in strengthening existing multipurpose agricultural cooperatives than creating new such types of cooperatives thinking that they are enough. This is also their future direction. This indicates that now we are just moving to another new dimension of the cooperative movement that is working on strengthening the existing cooperatives in full effort and attention. So the coming decade direction of the cooperative movement effort will be on improvement of cooperatives performance.

Very recently the proportion of housing cooperative is increasing significantly. They are growing drastically. However, such significant growth of this type cooperative is observed because this is the only means for peoples to obtain a land from a municipality to build residential house. Unless people organized into cooperative, they will not have any means to obtain a land. Due to this many groups of peoples established many housing cooperatives to obtain a land. That is the cause for the abrupt increment of housing cooperatives in the country. It is not really with the interest of the members such cooperatives have been established. However in the other African country like Egypt the main incentive to join a housing cooperative is the low interest rate and the long duration of construction loans, exemption from various taxes and duties, and have preferential access to land which all we cannot found in Ethiopia.

This accomplishment (this policy of the government to give a land through only forming housing cooperatives) really confused the perception of the people about cooperatives.

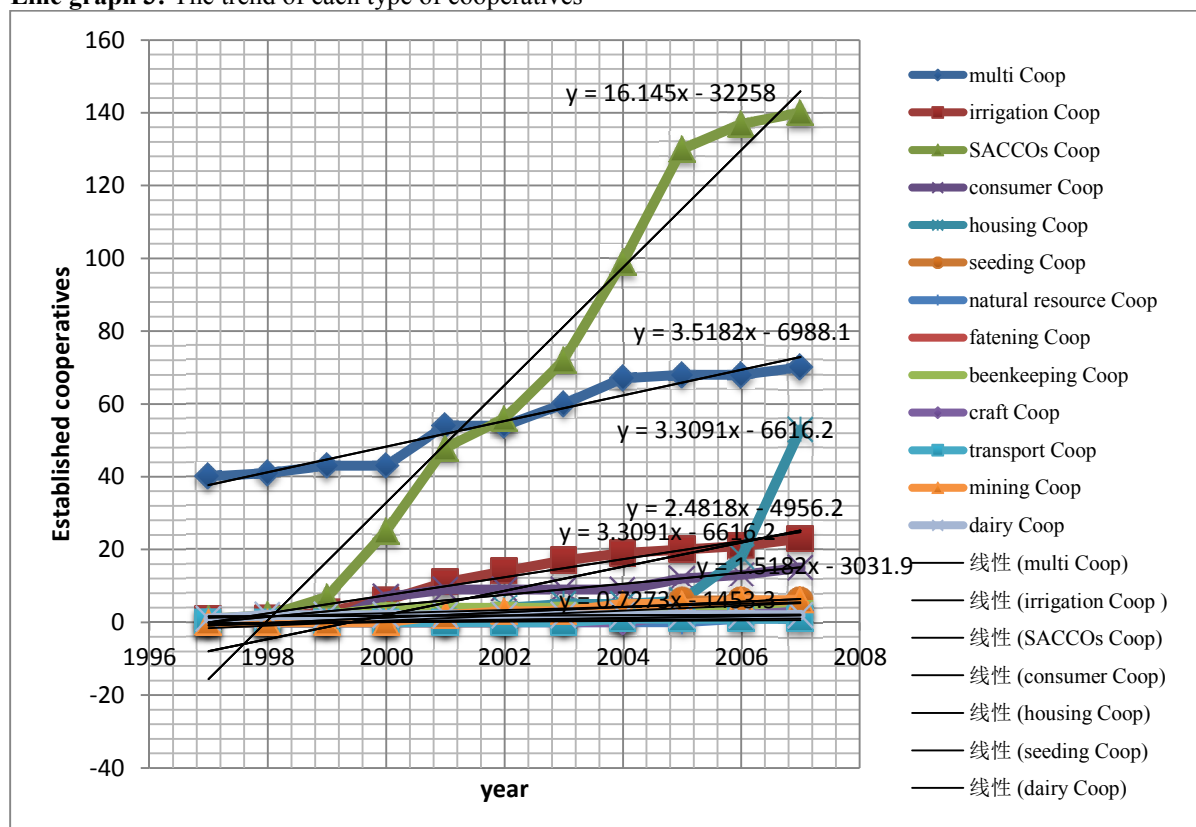
The other type of growing cooperatives in the country is particularly in the study zone, though its

proportion relative to other cooperative is low, is irrigation cooperatives. Among agricultural cooperatives this is one of the cooperative types which have given an emphasis. The line graph below indicated that they have been growing since beginning of this decade.

Currently, consumer cooperatives are the other growing cooperatives next to irrigation cooperatives in the study area. They do have also good proportion from the total cooperatives in relative to other cooperatives just next to irrigation cooperatives. In respect with the role of the consumer cooperatives they can play in preventing the poor from the capitalist, the growth of consumer cooperatives is not impressive.

In fact, it is evidenced further that the growth of cooperatives is not only in number but it is also in diversification. There are a number of new types of cooperatives established that are the breakthrough for cooperatives history.

Line graph 3: The trend of each type of cooperatives



Form the total growth of cooperatives in the study zone the proportion of SACCOS' growth takes the majority share. The above linear equation $Y = 16.14x - 32258$ of the SACCOS trend line indicated that averagely 16 saving and credit cooperatives were being established in each year which is higher than other cooperatives established whereas in each of other types of cooperatives like multipurpose agricultural cooperatives averagely less than three cooperatives were being established in each year. Furthermore, while we interpret the general growth of cooperative movement linear equation with SACCOS linear equation or if we said in each year averagely 30 cooperatives were established in general and 16 SACCOS were established each year in particular, we can conclude that from the total growth of cooperatives 53.33% ($16/30$) of cooperatives growth is SACCOS alone growth which is more than half percentage from the total.

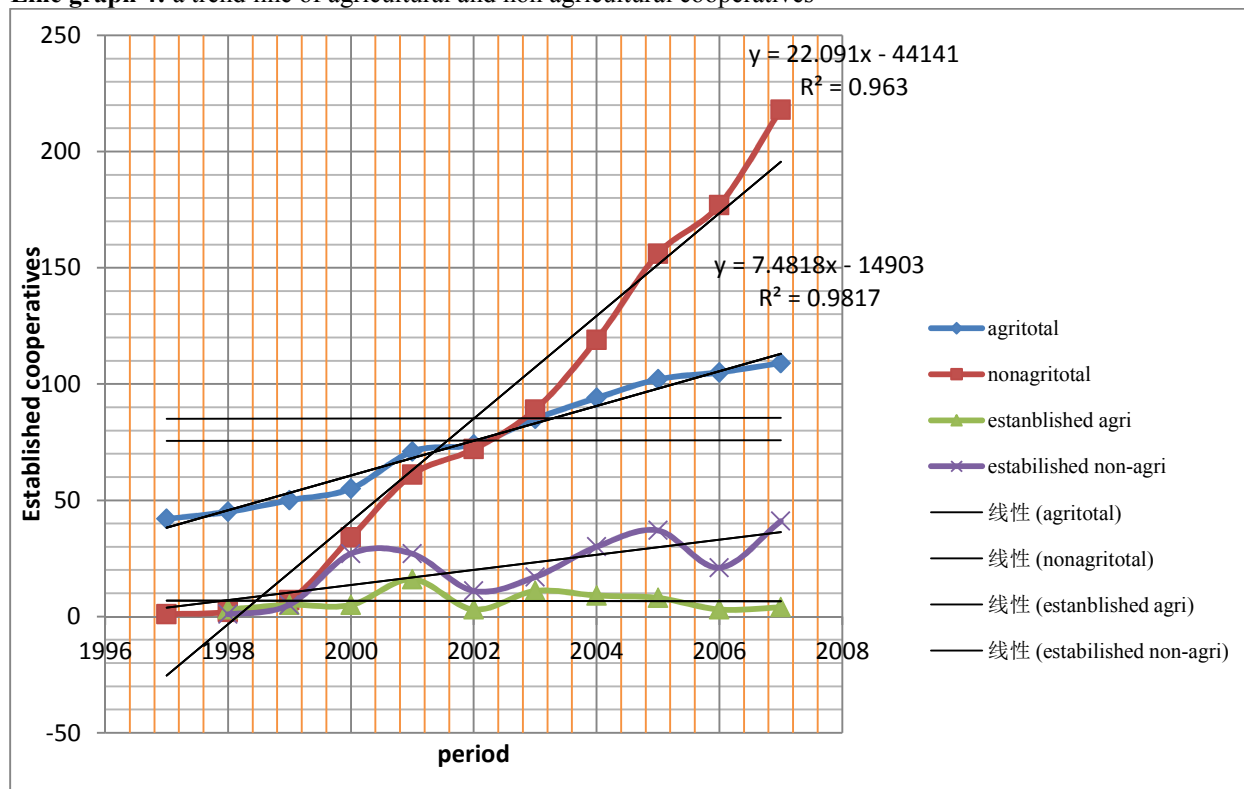
The line graph above further indicated that all types of cooperatives started growing remarkably since the beginning of the decade. This is also the decade in which the establishment of new types of cooperative is started.

6.3. Comparison of Agricultural and Non-Agricultural Cooperatives Trends

The trend of both agricultural and non agricultural cooperative in the last decade in the study area is astonishingly in increasing both in size and type. However, the growth rate of agricultural cooperatives and non-agricultural cooperatives is not relatively in equal proportion. Non agricultural cooperatives are growing remarkably in this zone than agricultural cooperatives. Due to this rapid growth of non-agricultural cooperatives, in reverse of a decade before, the proportion of such cooperatives from the total cooperatives has become high since the beginning of this decade. Furthermore the linear equation slope of both non-agricultural ($y = 22.09x -$

44141) and agricultural ($y = 7.481x - 14903$) cooperatives indicated that when 22 non-agricultural cooperatives were averagely established in each year only 8 agricultural cooperatives were established averagely in each year. Further we can have a derivation that 73.33% (22/30) of the cooperatives growth is non-agricultural cooperatives' growth where as the remaining 26.67 cooperatives' growth is through agricultural cooperatives. Data indicated that this difference is caused by the high number of SACCOs and housing cooperatives established in the decade, which is grouped in non-agricultural cooperatives, establishment in the country.

Line graph 4: a trend line of agricultural and non agricultural cooperatives



The graph above depicts the proportion of agricultural and non-agricultural cooperatives trend as well as the magnitude of the establishment of both types of cooperatives. Accordingly the proportion graph clearly indicated that before the beginning of this decade agricultural cooperatives were more prevalent in our country than non agricultural cooperatives. Agricultural cooperatives were known more and were more widespread in the country than non-agricultural cooperatives. However, after that period the proportion trend of the groups of cooperatives reversed. The proportion trend of non-agricultural cooperatives has been over agricultural cooperatives and their proportional gap is escalating. As it is indicated in the cooperative establishment line graph above the escalating disproportion of these groups of cooperative is because the growth rate of nonagricultural cooperative is increasing over a period (see the linear function of non-agricultural coops) where as the growth rate of agricultural cooperative is averagely constant over the periods(see the linear function of agricultural coops). In fact, this doesn't mean that agricultural cooperatives are being ignored but rather it mean that it is well worked in this decade newly start the movement of non-agricultural cooperatives which were not given an emphasis in the prior regime. Again in fact, the current economic situation and other factors like need to promote saving culture, rural as well as SME financing, inflation urges the need to work with non agricultural cooperative in the country. This is manifested by the momentous establishment of SACCOs, Housing cooperatives and Consumer cooperatives.

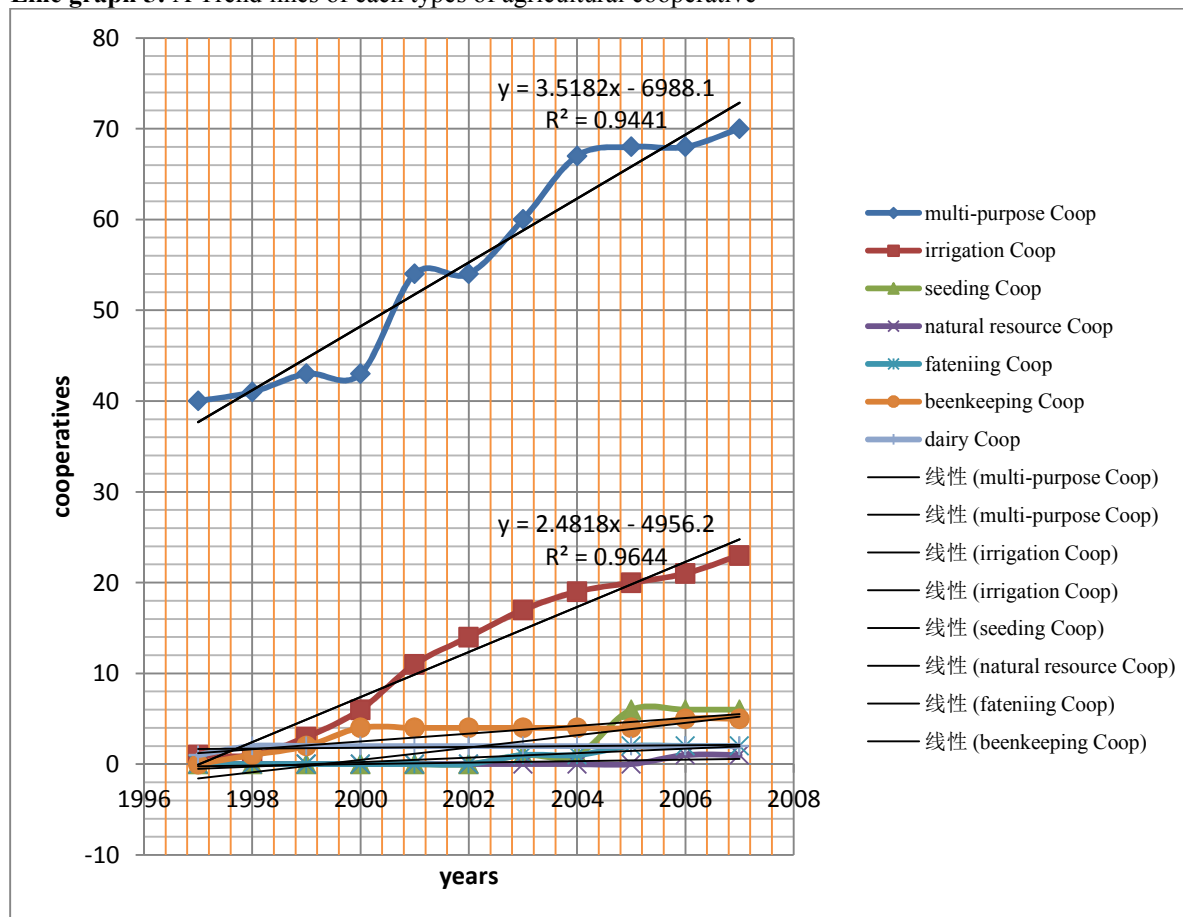
6.4. Trends of each Types of Agricultural Cooperatives and their Composition

Agricultural cooperatives in Ethiopian history are known by multipurpose agricultural cooperatives in the mind of the people. The data in the line graph 4.5 below proves this. The proportion of multipurpose agricultural cooperatives is paramount since cooperative inception from the total agricultural cooperatives. It has been also continuously growing. The other type of agricultural cooperative which has higher proportion as well as higher growth rate in respect with other types of agricultural cooperatives is irrigation cooperative which follows multipurpose agricultural cooperatives. The establishment of such cooperative becomes remarkable because coverage of irrigation is raising in our country for the last decade and

Though there composition and growth rate is not as such significant the role a newly created types of

agricultural cooperative played for the general cooperative movement is significant particularly for the emergence of new types of cooperatives in Ethiopian cooperative movement because this is a decade history of the country. Such new cooperatives are been keeping cooperatives, natural resource cooperatives, fattening cooperatives and others.

Line graph 5: A Trend lines of each types of agricultural cooperative



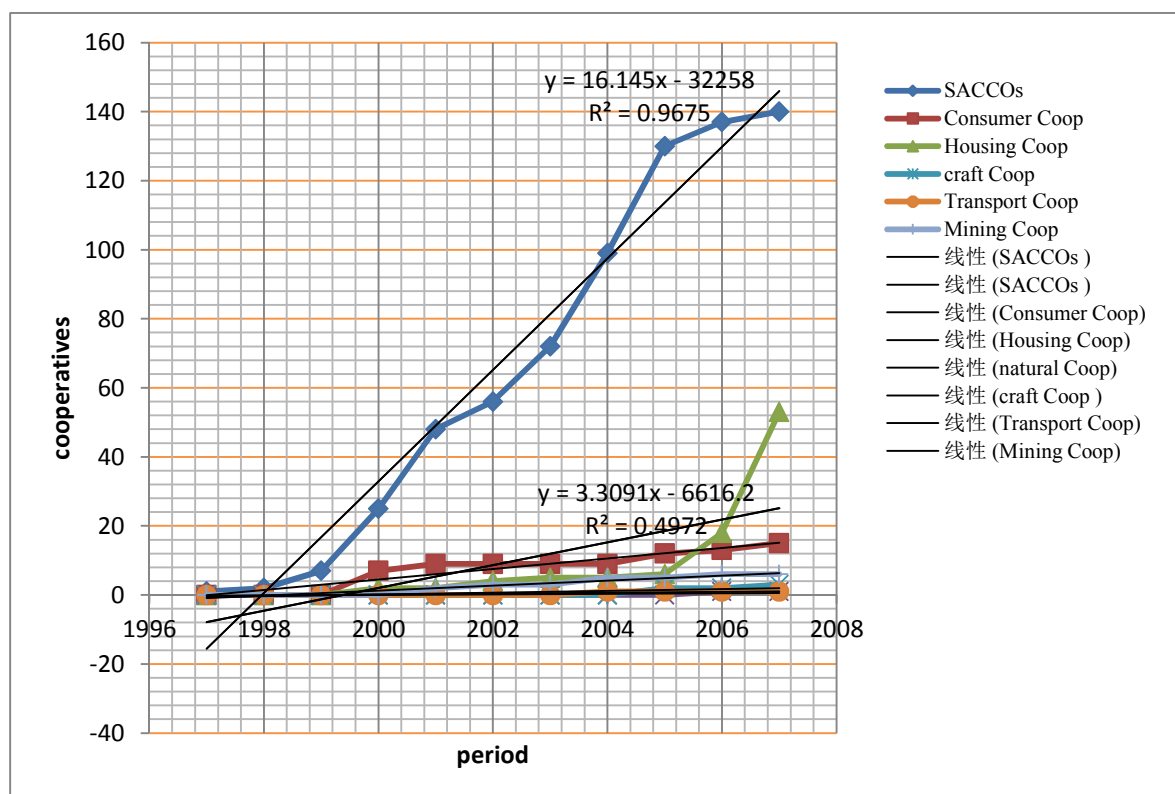
6.5. Trends of each Types of Non-Agricultural Cooperatives and their Composition

Among non-agricultural cooperatives the proportion of SACCOs from the total non-agricultural cooperatives has been predominant, and its growth rate in the last decade is very impressive. In the beginning of the decade the proportion of SACCOs and consumer cooperatives were almost the same and they were very few. But starting in the beginning of the decade SACCOs has grown drastically differently of consumer cooperatives. Significant numbers of cooperatives has been established. It is also likely for such cooperative to grow with this speedy growth rate in the coming years because it is indicated in the federal cooperative agency plan that saving mobilization and developing saving culture in cooperative societies will be one of the major focus areas in the coming five years, Ethiopian GTP II. Based on that, organizing saving and credit cooperatives in rural and urban area to increase saving culture of the community, as well as to encouraging investment of individual members to contribute for the economic development will be key activities for cooperative sector.

Consumer cooperatives were the second known types of cooperative among non-agricultural cooperatives though they have been taken over by housing cooperatives recently. They play a significant role in stabilizing the market as well as in preventing exploitation of the poor in the current fluctuating and capitalist economy. However, the line graph below showed that the growth of such type of cooperatives isn't impressive over the last decade.

Unusual types of non-agricultural cooperatives are also being created in the growth of non-agricultural cooperatives movement in the country. Such cooperatives are transport cooperatives, mining cooperatives etc.

Line graph 6: A Trend lines of each types of non-agricultural cooperative



6.6. Dormancy Level of Cooperatives

After cooperatives are established they are expected to be functional. Accordingly some may be active and some other may be dormant cooperatives. Exactly determining the proportion of active and dormant cooperative is difficult because (1) the respective cooperative promotion office don't maintain in that order (2) some cooperative promotion offices may understate dormant cooperatives in their report. Nevertheless, some crude indicators were used for this study to illustrate the level of dormancy in the study area. If the reports in the below table are correct, it can be estimated that only about 6.7 percent of the cooperatives could be dormant which is very low from other countries like Kenya which has 30% dormancy level.

Seeing individual types of cooperatives dormancy level the below table depicted that irrigation cooperatives are more dormant than other types of cooperatives in the zone. 39% of the total irrigation cooperatives in the study area are dormant cooperatives. From the total dormant cooperatives 40% are irrigation cooperatives.

There are few types of dairy cooperatives established in the study area. Deplorably, all of them are dormant cooperatives. They are not active cooperatives.

Furthermore, the below table depicted that the new forms of cooperatives established in the zone like transport cooperative and electric cooperative are found to be dormant cooperative

Table 2: proportion of dormant cooperatives from the total registered cooperatives

| | multipurpose | Irrigation | SACCOS | consumer | housing | seeding | Natural resource | fattening | beekeeping | craft | transport | mining | dairy | electric | Total |
|--|--------------|------------|--------|----------|---------|---------|------------------|-----------|------------|-------|-----------|--------|-------|----------|-------|
| Registered cooperatives | 70 | 23 | 140 | 15 | 53 | 6 | 1 | 2 | 5 | 3 | 1 | 6 | 2 | 1 | 327 |
| Proportion from the total coop (%) | 21.41 | 7.03 | 42.81 | 4.59 | 16.21 | 1.83 | 0.31 | 0.61 | 1.53 | 0.92 | 0.31 | 1.83 | 0.61 | 0.31 | 100 |
| Dormant cooperatives | 0 | 9 | 4 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 1 | 1 | 2 | 1 | 22 |
| % of dormancy | 0 | 39.13 | 2.86 | 0 | 0 | 0 | 0 | 50 | 40 | 33.33 | 100 | 16.67 | 100 | 100 | 6.73 |
| Proportion from the total dormancy level | 0 | 40.91 | 18.18 | 0 | 0 | 0 | 0 | 4.55 | 9.09 | 4.55 | 4.55 | 4.55 | 9.09 | 4.55 | 100 |

6.7. Cooperative Societies Liquidation Rate

All participant cooperative promotion offices for this study reported that for the last decade there is no a single cooperative that is liquidated over that period.

7. CONCLUSION AND RECOMMENDATION

7.1. Conclusion

Cooperatives are significant in resolving some of the major challenges the country is facing namely employment creation, poverty reduction, the extension of social protection and the representation of the interests of the silent majority of poor people. Such organizations can play these roles only when they reach most of the community members in respect with their common demand and resource. This study has described the growth of cooperatives taking evidence from some woredas of south Wollo zone. Accordingly, this study review carried out indicated an upward tendency in terms of numbers of cooperatives as well as in type. Cooperatives have shown a remarkable growth for the last decade. Averagely 30 cooperative societies were being established each year for the last decade. And new types of cooperatives, like electricity cooperative, transport cooperatives and others, which are a breakthrough in the cooperative history of the country has been also established. So taking into account these demographic growth of cooperative both in number and kind, it can be concluded that these days more people are becoming involved in different types of cooperatives than a decade ago.

While we see the trends of cooperatives based upon their typology it is evidenced that though before a decade agricultural cooperatives were prevalent in the study area than non-agricultural cooperative, now reversely since 2000 EC non agricultural cooperative become dominant in the country. Even in terms of growth rate from the total growth of cooperative in this decade non- agricultural cooperatives took 73.33 % and agricultural cooperative contribute only remaining 36.67 % for the growth of cooperatives. In both groups of cooperatives there are dominate types of cooperatives in their respective category. Among non-agricultural cooperatives, SACCOs presence and growth rate is significantly dominant. Likewise, agricultural cooperatives are known to multipurpose agricultural cooperatives.

Coming to particular types of cooperatives prevailing in the country, SACCOs currently become the widespread types of cooperatives. They become the best optional financial institutions for those who lack access to finance. In the current growth of cooperative movement in general SACCOs consists of 53.33% which is more than half percentage. Such cooperatives growth for the last one decade is relatively significant than other types of cooperative. The second largest cooperative i.e multipurpose agricultural cooperatives contribute 11.66%. In fact, the prevalence of such cooperatives was predominant before it has taken over by SACCOs since 2000 EC. Very recently housing cooperatives showed a special increment in size because the government makes it as a way for people to possess a land. It is the only way for the people to own a land. So individuals establish cooperative for the sake of owning a land, not just with a cooperatives sprit. This brings a misperception about the awareness of the people about cooperative.

On the other hand, consumer cooperatives and dairy cooperatives are known to be the slowly growing cooperative particularly in respective with their role they can play in the stability of the economy.

Based up on the available data for this study the dormancy level of cooperatives which is almost 6.7% is lower than most African countries that is 30%. However, while we compare the dormancy level of each types of cooperatives irrigation cooperatives are mostly dormant than other types of cooperatives. Likewise, the new types of cooperatives which are the breakthrough for the cooperative movement are more likely to be dormant.

7.2. Recommendation

- Consumer cooperatives play a significant role in stabilizing market and protecting the consumer from exploitation. Particularly in the current highly inflating economy they have a great role. However, the growth of consumer cooperative to reach most of the community is not impressive. Therefore, cooperative promotion offices have to give emphasis for such cooperatives as just SACCOs.
- Three-four years back housing cooperatives were known to be dormant. Reversely, very recently since two years ago they are cooperatives which grow very fast. However, their accomplishment is not managed in the cooperative motions and sprits. They are established with a different objective. People are being organized in the form of housing cooperatives just to possess a land. This situation of such cooperatives is damaging the cooperatives perception of the community. So the government has to readjust the veiled objectives they are being established.
- Irrigation cooperatives have significant role in our country agriculture which is rain dependent. Hence understanding this role, numerous number of irrigation cooperatives has been established. However, the finding of this study indicated that such cooperatives are more dormant than other types of cooperatives in the zone. From the total established irrigation cooperatives several such cooperatives are dormant. Hence, beyond establishing cooperatives, a cooperative promotion office has to solve the problems of such dormant cooperatives to actively function for their established objective.

- The study found out that though the growth of cooperative movement is impressive in terms of type as well, such cooperatives are relatively dormant than other already existing types of cooperatives. Hence, cooperative promotion offices have to strengthen their support for such cooperative beyond simply establishing.

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