

# Small Scale Cooperative to Improve Farmers Livelihood (In Case of Kindo Koysha Woreda, Wolaita Zone S.N.N.P.R)

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## Abstract

Small scale cooperatives in most developing countries like Ethiopia are very import so as to alleviate problems associated with low production of agricultural output through rendering service particularly to the rural households. This study was carried out in Kindo Kosha Woreda to examine understand the various economics role of cooperatives. The general objectives of the study were to analysis the overall role of small scale cooperatives to improve farm household in Kindo Kosha Woreda. For this study primary and secondary sources were used. To achieve the objectives of the study, combination of suitable qualitative and quantitative data were collected. The data were organized, summarized and analyzed using SPSS statistical package (SPPS version 16.0). The result shows different types of cooperatives need facilities like cows on the other consumer cooperatives contained age growth of this is due to satisfies their consumption with little capital. The result also shows increase income. Cooperatives in rural hose hold both primary and secondary data were used. This data were collected from shows that most rural house hold participates in cooperatives. The government adopt the policies that appropriately encourage the cooperatives development like economy policy (macro and micro) that initiate cooperatives idea. Mobilizing all sticks holders on the development of cooperatives and all stock holders have work on compliment bases.

**Keywords:** Kindo Koysha, Cooperative, role, Credit Small scale

## 1. INTRODUCTION

### 1.1. Background of the Study

Cooperatives have been established from their origin to achieve the common objectives of the rural household and solve problems of their community. They improve the role of rural household by producing different sources of input for their production creating market access for their output and by linking different groups who helped each other to mutual benefit. (ICA, 2005) Throughout the 12<sup>th</sup> C, Cooperatives have played and integral role in the social and economic development (Saskachan, 2004). The breakthrough to economic growth took place from the middle of the eighteenth century. According to van Dooren, (2000), cooperatives in western Europe together with the rest of the western world experienced a fundamental change in its economic relationship in the direction of continuous economic growth. It is additionally marked by the ways in which differs from other form of enterprise. Since cooperative provides equal benefit in household level, it helps to avoid in priority and superiority to create peace full society in the nation and other benefits can be gained (Kimberly &Acelling, 2004).Farms seek to promote staineable development contributing improved long term ecological and economical sustainability. Contribution can be making, department for international development London 1998. It also plays many roles in community development, Social organization in poverty reduction (International cooperative day's special elements 17 October 2001).

### 1.2. Statement of the problem

Although Kindo Koysha Woreda has natural positional to organize different small scale cooperatives to facilitate the rural development, this woreda is under poverty like other woredas Elsewhere in Ethiopia.

Un continuity of the world market, the country economic system increase in forming cereals cooperatives, transportation cost increase in purchasing power of foreign currency and decrease the purchasing power of the country, money rise in prince of farming input like fertilizer, seeds, herbicide. Increasing of the merchant and stopping of government supporting farmers are becomes the main obstacle to the population as whole become more serious in house hold level. Since the above motioned problem found in every part of Ethiopia.

The federal government of Ethiopia (FDRE) has designed different development polices and strategies. From these polices and strategies small scale cooperatives are the major one which we focus and that used to cope up with and to overcome the created by above problem in Kindo Koysha Woreda.

### 1.3. Objective of the Study

#### 1.3.1. General Objective

The general objective of the research was to analysis the overall socio economic role of small scale cooperatives improve farm rural house hold in Kindo Koysha Woreda.

### 1.3.2. The Specific Objective

- To assess the socio economic contribution of small scale cooperatives to improve the livelihood of rural farmer's household in Kindo Koyssha Woreda?
- To assess the factors that affect the functioning of selected small scale cooperatives farm to improve livelihood of rural farmers household.

## 2. Research methodology

### 2.1. Descriptions of the study area

The study would be conducted in Kindo Koyssha Woreda of Wolaita special Zone surrounding Sodo Wolaita regional state. Kindo Koyssha Woreda is located at about 37 km South West of Addis Ababa, the capital city of Ethiopia. Wolaita Special Zone surrounding Sodo Kindo Koyssha is bordered on the south west by South West Wolaita. It is one of the administrative unit (equivalent to district) found in Wolaita special zone surrounding Sodo. The topography of the study area ranges from gentle slopy to hilly lands with ridges and valleys in between. The altitude of Kindo Koyssha Woreda ranges from 119 km to 383 km above sea levels. The house hold of the Woreda depends on agriculture. Besides farming the population is also engaged in livestock rearing and beef cattle and dairy production.

In addition to these activities farmers and society to improve their living condition to raise their income level of the escape from subsistence life they participate dairy cooperatives. Since the farming activities are suitable in the study are favorable conditions.

### 2.2. Sample size and sample procedure

The study area commonly has been sub divided into economically heterogeneous group and the communities are based bread on village. There are 36 rural and 7 urban kebeles in the woreda. The total agricultural house hold of the woreda are 132,294 of Women 68,133 were men and 64,161 were female headed respectively (IMPS, 2007). The total area of woreda is 875.32 km<sup>2</sup> and the total population of the woreda was reported to be 316,662 of which 51% are males and 49% are females (IPM, 2007). There are 36 rural kebele and 7 urban kebele total 47 kebeles in Kindo Koyssha. Three kebele will randomly selected for the research by considering the time I will to undertake the fieldwork. Generally the researcher has taken also sample size 100 house hold from those collections. The sample sizes include sex, age, occupation and professional study.

Although these are number of cooperatives in the district the I selected only different types of cooperatives, from these study cooperatives we randomly selected 40, respondents from the different types of cooperatives.

For this research the data were collected from both primary and secondary source. Primary data was collected with personal interview schedules through contact with respondents from cooperative members and cooperative employees. Secondary data was collected from published and unpublished materials.

In this study the primary data was collected from different types of cooperatives members using questioners and personal interviews question. The survey questionnaire has close ended and open ended questions. For the open ended questions respondents was allowed to give their own judgment and for close ended question they were asked to select their own choice. The secondary data was collected by referring and reading the written materials from different sources.

### 2.3. Method of data analysis

After the necessary data is collected it was grouped and analyzed based on the economic role of small scale cooperatives improves farms house hold and has been analyzed its affection sex, age and income distribution.

The annual income of the rural house hold will analyze and the other role of house hold farm is analyzed. These and other has been analyzed using descriptive analysis such as frequency and percentage.

## 4. Result and Discussion

This chapter deals with the finding on the bases of questioner returned from members of dairy cooperatives and consumer cooperative in Kindo Koyssha Woreda Documents such as annual reports of the woreda promotion bureaus and other related documents are analyzed and discussed using descriptive statistics.

### 4.1. General characteristics of the rural livelihoods

The demographic back grounds of the respondents such as sex, age, education status have their own relation directly and in directly with respondents attitudes on their cooperatives in economic aspects. These are presented in table 1 as age, sex, educational level of the respondents in small scale different types of cooperatives.

**Table 1** Shows the sex, and education status from the total number of respondents. In the dairy cooperatives there are 67% male and 37% female whereas in the consumer cooperative there are 79% male 21% female. This shows that both cooperatives have more male members than female. The age distribution of the respondents shows are in the between 18-30 years are 47% between 31-45 years are 33% in between 46-65 are 20% and between 0%

greater than 66 years in the dairy cooperatives and 50% in between 21-30 years, 25% in between 31-45 years 15% in between 46-65 years and 10% is greater than 66 years in consumers cooperatives. This age distribution shows that most of the members in both cooperatives are in productive age. This is because most dairy workings are needs force. The educational level of the fairy cooperatives member are 0% illiterate, 20% are less than grade ten, 50% are diploma and 30% are degree level and in consumer cooperatives, 0% are illiterate, 45% are less than grade ten, 40% are Diploma and 15% are Degree level. This shows that all of the both dairy and consumer cooperative members are literate and most of the members are degree and diploma that is student graduated from the college and university.

No	Dairy cooperative			Consumer Cooperatives	
	Response	frequency	Percent	Frequency	Percent
1	Sex				
	Male	15	67%	16	79%
	Female	5	37%	4	21%
	Total	20	100%	20	100%
2	Age				
	18-30	9	47%	10	50%
	31-45	7	33%	5	25%
	46-65	5	20%	3	15%
	>66	0	0%	2	10%
	Total	20	100%	20	100%
3	Educational level				
	Illiterate	0	0%	0	0%
	< grade 10	4	20%	9	45%
	Diploma	10	50%	8	40%
	Degree	6	30%	3	15%

Source: own field survey, 2016

**Table 2** shows the main occupation of the members and the reasons to join the cooperatives and their responsibility in cooperatives. From the table dairy cooperative 65% of the members are technical workers, 15% laborer, and 20% farmers. This may be due to the farmer use the livestock's as living bank, so the want to get financial profit from livestock's and to strength social bond. From consumer cooperatives 50% of the members are merchants, 25% are laborer and 15% are technical workers and 10% are farmers. The causes for consumer cooperatives to involve merchants, laborer, and technical workers are the expensiveness of the living condition because of low income and lack of good and service. The member's reason to join dairy cooperatives is, 20% due to low income, 50% are to get financial profit and 30% to strength social bonds and the reason to join consumer cooperatives is 55% due to low income, 25% are to get financial profit and 20% are to strength social bonds. These shows that most of the dairy cooperatives are cooperated due to get financial profit from the dairy livestock's primarily from their milk and from sale of dairy cows as second opportunities to improve their livelihood and other members cooperate to strength social bond with other people. In other hand, most of consumer cooperatives are cooperated to improve their low income and to get financial profit to improve their livelihood.

From respondents in different cooperatives, 40 members are in different cooperatives were described as the following table.

Table 2. Occupation of the household

No	Dairy cooperative			Consumer Cooperatives	
	Response	frequency	Percent	Frequency	Percent
1	Farmers	4	20%	2	10%
	Laborer	3	15%	5	25%
	Technical worker	13	65%	3	15%
	Merchants	0	0%	10	50%
	Total	20	100%	20	
2	Reason to join				
	Cooperatives				
	Low income	4	20%	11	55%
	To get financial profit	10	50%	5	25%
	To strength social bond	6	30%	4	20%
	Total	20	100%	20	100%

Source: Own field survey 2016

#### 4.2. Cooperatives and Their Economic Impacts

The economic impacts of cooperatives towards their rural livelihood can be understood by different economic indicators such as change in income relative to the past, addition income compared to the non-members of cooperatives, good and better life condition (welfare), different benefits obtain from cooperatives so as to alleviate the immediate and long term problems are good indicators of economic impact. Economic benefits of the respondents such as income level, productivity and facility of market, expectation of respondent about cooperatives before joining them into the cooperatives. Cooperatives and their economic impact on rural livelihood in the Kindo Koysa Woreda is shown by table 3.

Table 3 show the occupation of house hold in their income as table 3, of response depicts that in dairy cooperatives 85% respond that their income is changed from previous income and 15% responds that their income doesn't change. In consumer cooperatives 90% respond that their income is changed from previous and 10% responds the same with the previous. This shows that the income of both cooperative members is increase after join cooperatives. Because of their change in income level their livelihood is also changed to better than the previous livelihood in both cooperatives and their income is improved through cooperatives. As responds from survey the income of cooperative members is better than when relative to non member of cooperatives in both cooperatives.

The economic expectation of respondents from dairy cooperatives is 75% high and 10% medium and 15% is low expectation. 85% High expectation and 15% are medium expectation and 10% are low expectation in consumer cooperatives. The high expectation of the respondents shows that relatively they have balanced information which means a good awareness and information about economic advantages (contribution)cooperatives to improve their livelihood and income. The low expectation is due to the past experience which bad (weak) side lack of good attitude toward cooperatives and its advantages.

The saving habit of the both cooperative member improved than the non members of cooperatives. This is because of the change in income and livelihood of the members in both cooperatives. The actual economic benefit of the member from cooperatives is the same with their expectation before join cooperatives and gets higher benefit than they expected before

No	Dairy cooperative			Consumer Cooperatives	
	Response	frequency	Percent	Frequency	Percent
1	Change to higher income from previous				
	Yes	17	85%	18	90%
	The same	2	15%	2	10%
	Total	20	100%	20	100%
2	Income relative to non member				
	Better	15	75%	17	85%
	Less	1	5%	0	0%
	The same	4	20%	3	15%
	Total	20	100%	20	100%
3	Expectation before joining cooperative in economic aspect				
	High	15	75%	17	85%
	Low	3	15%	2	10%
	Medium	2	10%	1	5%
	Total	20	100%	20	100%
4	Improving saving habit than non member				
	Yes	17	85%	15	75%
	The same	3	15%	5	25%
	Total	20	100%	20	100%
5	Actual economic benefit after joining cooperative				
	Higher than expectation	8	40%	6	30%
	The same with expectation	10	50%	14	70%
	Lower than expectation	2	10%	0	0%
	Total	20	100%	20	100%

#### 4.3. Average income of Livelihood

Income means a money or revenue earned by rural livelihoods through different organization and supplying their input to their organization for the purpose of increase their working capacity and equity base. The income of rural livelihood purely depends on their transaction and this aspect bas show with the following table (4).

According to information in table 4 cooperatives 60% respondents asserted that income was high while the 35% respondents asserted that average income of livelihood were moderate in dairy cooperatives and 60% was high, 35% was moderate and the rest respondents asserted that the average income of livelihood were low. This data also supported by the secondary data sources from the woreda promotion bureau. The dairy cooperatives get most of their income in kind and some amount in cash.

**Table 4 Average income of livelihood**

No	What is the standard of income level	Dairy cooperatives		Consumer cooperatives	
		Frequency	Percent	Frequency	Percent
1	High	13	65%	12	60%
	Moderate	7	35%	7	35%
	Low	0	0%	1	5%
	Total	20	100%	20	100%

#### 4.4. Social Contribution of Cooperatives

According to the respondent being the members of the cooperatives give social benefits such as asking patient, resolving conflict between two cooperatives members and out sides in the community, help each other when there is happiness and sadness, consulting each other, respecting the member and the community, they gain respect form community, they jump from one self actualization to another self actualization, family members become stable that lack stability because of low income, the lead their life in plane and the mental physical and behavioral stress decrease. They also take contribution in conservation of natural resource such as water, soil and their environment.

#### 4.5. Assistance Given by Government or Non Government Organization to Cooperatives

The assistance given to cooperatives may be in kind or in the other form. The aid may include material assistance, financial, training, technical support and credit to cooperatives. This is showed with the followed table.

**Table, 5,** the assistance given by Gos/NGOs and which cooperative was took which type of assistance from which body. From the table in both types of small scale cooperatives (dairy and consumer) all the respondents respond as they were assisted with Gos/NGOs. Thus is because of they were in developing stage and don't become stand only by their owns. Also based on the table the dairy cooperatives financial assistance was 55%, technical assistance 20% and information assistance was 25% and 60% took financial, 10% technical and 30 information in the consumer cooperatives. This table shows that most member of both dairy and consumer cooperative are lack of financial income before joining the cooperatives than technical working and information about the advantage of the cooperatives to their livelihood.

Table 5, Assistance Given by Government or Non Government Organization to Cooperatives

Number	Dairy Cooperatives			Consumer Cooperatives	
	Items	number	Percent	number	Percent
1	is there any assistance given by any body				
	Yes	17	85%	15	90%
	No	3	15%	5	10%
	Total	20	100%	20	100%
2	From which body you get				
	Government	9	45%	12	60%
	NGOs	11	55%	8	40%
	Total	20	100%	20	100%
3	Which type of assistance you get				
	Financial	11	55%	12	60%
	Technical	4	20%	2	10%
	Information	5	25%	6	30%
	Total	20	100%	20	100%
4	When you get assistance				
	Before formation	15	75%	16	80%
	After formation	5	25%	4	20%
	Total	20	100%	20	100%

Source: Owns field survey 2016

#### 4.6. Trend of Rural Livelihood Participation in Cooperatives

People are organized in association to get service from the organization due to different economic crises a rise with in the individual case form the society at the whole. These organizations particularly are cooperatives.

Therefore people enter to it and get several services. As they know the advantages from cooperatives the participation of rural livelihood increase. The research has selected different types of cooperatives to analyses trend rural participation in cooperatives. The different types of cooperatives established in 1998-2005 January respectively. Therefore the study analyses the trend with the data hand obtained from different types of cooperatives the rural house hold participation with different consumer cooperatives. Rural house hold participation has increase from time to time both sex and in both cooperatives. For instance the association has 30 male and 17 female members in dairy and 44 male and 22 females in consumer cooperatives when they were established 1998 and up to 2008 respectively. But the number increase with increase rate. Thus was through creation of awareness to the people with the government. Since government gave more emphasis to cooperatives the numbers of participants had been increased from time to time.

But the participation of cooperatives in 1998-2008 show dramatically increases due to economic shock of the Kindo Koysa Woreda. The domestic currency become low to by foreign currency, because of this there were a great lack of good and service. There are money factors that affect their cooperatives such as rule and regulation of government like economic policy and land policy rule and regulation of their cooperatives itself that means all members does not understood clearly the rule and regulation cooperatives, the increasing trend of dollar price and transportation and lack of skill man person and capital their community does not full trust on cooperatives, lack of update informants, lack of transportation access.

## **5. CONCLUSION AND RECOMMENDATION**

### **5.1. CONCLUSION**

This research tried to identified various impacts of cooperatives on rural household and general characteristics of the respondents. Income, occupation of the rural house hold saving habits satisfaction level of rural house hold on their cooperatives, expectation of rural house hold to ward cooperatives to rural house hold before they join, productivity level and total economic service of cooperatives to rural house hold are analyze in the economic impact section of the study. Also this study in general the studies tries to analyze to what extent cooperatives are using their potential to satisfy the economic need of their rural house hold and level of satisfaction of the rural house hold through various economic services rendered their cooperatives. We conclude from this study the following points.

Lack of professional in the cooperatives field who can organize and provide information to the rural livelihood since cooperatives education in recent phenomena in the country, there is shortage of education person in the field. From the members up to 80% are male and have lower education status. Absents of update information given to cooperatives about the cooperatives situation is absent of cooperatives promotion NGOs or GOs bureau in the study area. There are challenges of rural and regulation of governments and cooperatives itself. There is high expectation and low out come and expectation and high out come.

### **5.2. RECOMMENDATION**

The government adopts the policies that appropriately encourage the cooperatives development like economy policy (macro and micro) that initiate cooperatives idea.

Mobilizing all sticks holders on the development of cooperatives and all stock holders have work on compliment base. Are make the agriculture and rural development education bureau work together and provides opportunities to employees upgraded in university and college in order to improve the knowledge of trainer about cooperatives.

The cooperatives bureau should opening training centers in study area wishes help the rural livelihood to get technical and theoretical knowledge which enables them to better understand what is expected from them and to help the cooperatives in order to achieve their cooperatives goals.

All stock holders should be given efficient and clear information to the community about cooperatives to enable they community aware that cooperatives is an economic institution and controlled that by its rural livelihoods which in terms help to change the community participation that cooperatives play a great role in reduction of poverty.

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