

# Assessment of the Role of Agricultural Cooperatives in Input Output Market in Boke, Anchar and Darolebu Districts of West Hararghe Zone, Oromia Region, Ethiopia

\*Birhanu Angasu Tadesse Melka Gosa Alemu Jima Degaga

Oromia Agricultural Research Institute, Mechara Agricultural Research Center, P.O.BOX 19, Mechara, Ethiopia

## Abstract

The study was conducted in three districts where agricultural cooperatives have been well promoted in West Hararghe zone to identify role of primary agricultural Cooperatives and factors affecting its role in the study area. Structured interview schedule were used to collect data from 180 cooperative members and non-members selected randomly from six agricultural cooperatives and its surrounding. Focus group discussions were also conducted to collect qualitative data from respondents. In this study, the statistical tools like descriptive statistics such as mean, frequency distribution and percentage, SWOT analysis and an index score was used to rank major constraints. Out of interviewed respondents, 66.7% were member of cooperative while 33.3% were non-members of the cooperatives. Most primary cooperative mainly focuses on the activities like provision of fertilizer (DAP, UREA and NPS), consumable food items (sugar and cooking oil) and rarely involved in improved seed distributions. Lack market interest, climate change, lack of market information, insufficient capital and low price of the marketable commodity were major constraints found in agricultural commodities in study area. Strengthening training, improve their capital, services and transparency, increasing members participation, sharing dividend to the members and annual auditing their status were major recommendation delivered for responsible bodies by the study.

**Keywords:** agricultural cooperative, role, inputs, outputs

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## INTRODUCTION

The cooperative movement began in Europe in the nineteenth century, primarily in England and France. The industrial revolution and the increasing mechanization of the economy transformed society and threatened the livelihoods of many workers (SOEMCO, 2016). According to ILO (2007), over 100 million jobs have been generated by cooperative societies around the world.

Today the co-operative principles are successfully applied throughout the world to a vast array of co-operative enterprises, farming co-operatives, fishing co-operatives, credit unions, retail co-operatives, manufacturing co-operatives, even co-operatives providing internet access services (SOEMCO, 2016). In developing countries like Ethiopia, cooperatives have been devoted an important role as tool of economic and social transformation. (Kanagaraj and Mosisa, 2015).

Traditional forms of cooperation involved community members voluntarily pooling financial resources through *iqub*, *idir* and *Jigie -Wonfel* are among others (Bezabih, 2009). *Debo*, *Jigge*, *Wonfel*, *Edir*, *Ekube*, *Senbete* etc. are some of the cultural Cooperatives which were the bases of Ethiopian modern types of Cooperatives (Bedru, 2017). However, the formation of modern cooperative societies was started soon after the Italian invasion in 1960s that a cooperative legally enacted. During the reign of Haile Selassie, the cooperative legislation No241/1966 has proclaimed and about 154 different types of cooperatives were organized. During the Derg regime, cooperatives that organized earlier deliberated unnecessary and discarded. The newly organized cooperatives under the regime have purposefully made instruments of political power. Their organizational procedures not based on internationally accepted cooperative principles. New era in cooperative development was then started in 1998 when new co-operative legislation No 147/1998 was enacted (FCA, 2009).

## Establishment and current status of primary cooperative Purpose at establishment and its achievement

According to Ethiopian Proclamation NO 147/1998, cooperative society to be established in objectives of to improve the living standards of members by reducing production and service costs by providing input or service at a minimum cost or by finding a better price to their products or services. But, the study result on figure 3 revealed that currently most of primary cooperative mainly focuses on activities like providing fertilizers (DAP, UREA and NPS) and consumable food items (sugar and cooking oil). Some of the primary cooperatives were supplying improved seed of maize, *teff*, haricot bean and hot pepper crops in rare case and non-continuous way. As Ngwamba (2016), membership participation, availability of inputs such as capital, land and skilled labor and less stiffened state policy and regulative frameworks can contribute to the success or failures in cooperative operations. Again as Mahazril *et. al* (2012) participation from members' are importance for the cooperative movement.

According to 2<sup>nd</sup> Growth and Transformation Plan (GTP-II), cooperatives are playing their role in economic growth by supplying and providing input, credit and services to its members, by accessing market for its products as well as supplying consumable commodities to stabilize the current unfair market. Moreover, it creates job opportunities for those jobless citizens through value addition.

Figure 3. Services delivered by primary agricultural cooperative from 2004 to 2008 E.C in the study area.

According to Cooperative Societies Proclamation No. 147/1998 of Ethiopia, establishing cooperative societies which are formed by individuals on voluntary basis and who have similar needs for creating savings and mutual assistance among themselves by pooling their resources, knowledge and property to actively participate in the free market economic system. According to FCA (2015) annual report indicates, there are 56,355 primary and secondary cooperatives, both agricultural and non-agricultural sector, of which, 56,044 are primary and 311 secondary cooperatives. Throughout the country, the total member of primary cooperative reached to 9,393,201 of which, 7,177,525 are male and 2,215,678 are female members and holding a total capital of 11.3 billion birr.

A large number of cooperatives in Ethiopia participate in the marketing of agricultural inputs and produce (Bernard et.al, 2007 cited in Bantyergeru, 2015). About 90,000 people in the agricultural sector of Ethiopia are estimated to generate their livelihood from their cooperatives (Adeyemo and Bamire, 2005). The existence of cooperatives in the agricultural sector is induced by a number of biologically related conditions that imply greater uncertainty. Driven by this economic force for survival, by joining together farmers tend to achieve a greater bargaining strength (Chloupková, 2002). Therefore, to regulate the inflation and price fluctuation market problems, establishment of cooperative is an indispensable tool (Kanagaraj and Mosisa, 2015).

As a result, several agricultural cooperatives promotion office/bureaus have been established across the country as an integral part of farming communities not only to benefit members, but also benefit rural communities. Furthermore, in Oromia regional state, there are 18,431 primary and 120 secondary cooperatives found (FCA, 2014). And in the study area, Daro Lebu, Boke and Ancar districts which is found in west Hararghe zone of Oromia region, there are 113 cooperatives and out of these, 84 are multipurpose agricultural cooperatives, 22 are saving and credit cooperatives and 7 are consumers cooperatives (WHZCPO, 2015).

West Hararghe zone has a number of agricultural cooperatives that hoped to benefit their community in respect of fair prices, high quality products and in reliable services. Besides these, in West Hararghe zone agricultural cooperatives were used as a place of agricultural products marketing for farmers. This study was conducted with the objectives of assessing the role of cooperatives in agricultural input-output marketing, analyzing members' participation and identifying the constraints of cooperatives.

## METHODOLOGY

### Description of Study Area

This study was carried out for one year in Daro Lebu, Boke and Ancar districts of west Hararghe zone of Oromia national regional state.

Daro Lebu is one of the districts found under West Hararghe Zone in which cooperatives are well established and serve functionally the farmers. The capital town of the district Mechara is found at about 434 km South East of Addis Ababa. The district is situated between 7°52'10" and 8°42'30" N and 4°02'57" and 41°9'14" E at 08°35'589" North and 40°19'114" East (Abduselam, 2011). The district is characterized mostly by flat and undulating land features with altitude ranging from 1350 to 2450 m.a.s.l. Ambient temperature of the district ranges from 14 to 26°C, with average of 16°C and average annual rainfall of 963 mm/year. The pattern of rain fall is bimodal and its distribution is mostly uneven. Generally, there are two rainy seasons: the short rainy season 'Belg' lasts from mid February to April whereas the long rainy season 'kiremt' is from June to September. The rainfall is erratic; onset is unpredictable, its distribution and amount are also quite irregular (Asfaw et al., 2016). Consequently, most kebeles frequently face shortage of rain; hence moisture stress is one of major production constraints in the district (DLWADO, 2016).

Boke district is another district in which cooperatives well established than other districts in West Hararghe zone of Oromia National Regional State. It is found at a distance of 70 KM to the South West direction of the zone town. It is bordered by district of Oda Bultum in North East, Daro Lebu in South West, Habro in North and Burka Dimtu in South having an area of 123,188.06 hectares. Boke Tiko town is its administrative seat. The district has a total population of 134,687 of whom 66,671 were males and 68,016 were females among 23,914 are households whereas 18,134 are males and 5,780 are females' households. The topography of the district is mainly midland (80%) while the rest is lowland (20%) zones. The district receives annual rain fall minimum of 600mm and maximum of 800mm per year having bimodal rainfall in Summer during mid of June to mid of September and in Belg February up to April. Its altitude stretches between 1100 and 1980 m.a.s.l. The major economic activity of the district depends on agricultural activity among production of Maize, Sorghum and *Teff* for food; Coffee and Chat for cash crops. There were 21 multipurpose Cooperatives which targeted on marketing of exportable crops specially coffee through buying from farmers and supply for Chercher Oda Bultum Union to increase farmers productivity and profitability (BANRDO, 2016).

Anchar district is one major district in West Hararghe zone, in which cooperatives are well established and serve functionally the farmers. It found at distance of 131KM, to west direction from Chiro, zone capital town. It bordered by district of Habro & Guba koricha in East, Mieso in North East, Daro Lebu in South east, Fentale in west, Aseko & Guba Gololcha in South and Afar region in North having total population of 113,763 of whom 58,881 were males and 54,882 were females. Celelaqa town is its administrative seat. The topography of the district is mainly lowland (63%) while the rest is highland (13%) and midland (24%). The district receives annual rainfall minimum of 700mm and maximum of 1200mm per year having bimodal rainfall in Belg during January to March and Summer during June to August. Its altitude stretches between 900 and 3065 metres above sea level and is situated between 8°44'1.221" N latitude and 40°12'8.204" E longitude. The major economic activity of the district depends on mixed farming (Agriculture & trade) activity among the crops produced haricot bean, sorghum & maize are major. There were 24 multipurpose Cooperatives which targeted on marketing of exportable crops specially haricot bean through buying from farmers and supply for Chercher Oda Bultum Union to increase farmers productivity and profitability (AANRDO, 2016).

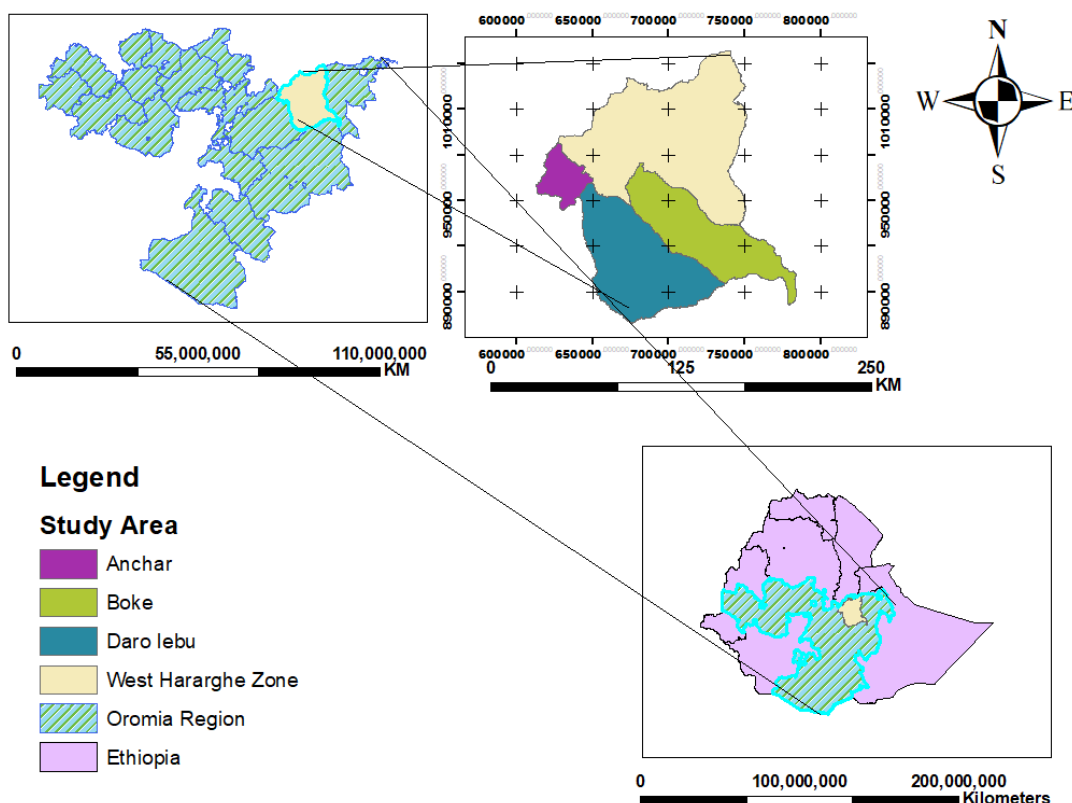


Figure 2: Political map of the study area.  
 Source: Own computation from GIS data, 2018

### Sampling Technique

The study employed multistage sampling techniques in selecting representative households. In first stage, districts were selected purposively in collaboration with zonal Cooperative office based on the availability of large number of cooperatives, long year of establishment and model in cooperative. Accordingly, Daro Lebu, Boke and Anchar districts were selected out of 15 districts of West Hararghe Zone. In second stage, two kebeles from each district (Miceta and Kurfa Wachu from Daro Lebu district; Meyu and Mildab kebeles from Boke district; Xixiya Daro and Lefto Goba kebeles from Anchar district) were selected randomly. From those six (6) kebeles, 6 primary agricultural cooperatives were selected based on their long (age) year of establishment, having large number of members and model cooperative in the respective districts. Finally, a total of 180 sample households were selected using simple random sampling method by considering probability proportional to population size. The simplified formula provided by Yamane, (1967) was employed to determine the required sample size with degree of variability = 0.5 and level of precision (e) = 8%.

$$n = \frac{N}{1 + N(e^2)} \dots\dots\dots (1)$$

Where  $n$  is the sample size,  $N$  is the population size and  $e$  is the level of precision.

Table 1. Cooperatives sampled and sample size taken.

District	Kebeles	Name cooperatives	Sample size kebeles	Sample size per district
Daro Lebu	Miceta	Mara Gudis	34	65
	Kurfa Wacu	Birbirsa	31	
Boke	Meyu	Jirenya umata	30	60
	Mildab	Hunde Gudina	30	
Anchar	Xixiya Daro	Daro Gora	31	55
	Lefto Goba	Milkessa lafto	24	
<b>Total</b>				<b>180</b>

### Types of data and Method of data collection

In this study, both primary and secondary data were used. Primary data was collected from the selected sample representative households of members and non-members of cooperatives through direct interview schedule by using semi-structured questionnaire. Besides, focus group discussions were conducted to collect qualitative data at each kebeles. The secondary data also collected from published and unpublished documents of zonal and district cooperatives promotion offices to support the primary data. A total of five enumerators were involved to conduct the survey. These enumerators were trained regarding the objectives of the study and particularly on the detailed contents of the questionnaire.

### Method of Data Analysis

In this study SPSS software was employed to manage data and analyze primary collected data, respectively. Descriptive statistics such as mean, frequency distribution and percentage were used to describe the basic features of households. An index score is a way of compiling score of major constraints from sampled cooperative and provide summaries responses for multiple rank-ordered on a certain belief, attitude, or experience. So, it was calculated and used to provide overall ranking of major constraints of multipurpose cooperative in input output marketing in the study area. In addition, the SWOT analysis was conducted to identify major strengths, weakness, opportunities and threat found in multipurpose cooperatives in the study area.

## RESULTS AND DISCUSSIONS

### Socio-Economic Characteristics of Households

*The socio-demographic characteristics entail the fundamental background of households.*

Education is a good opportunity for the cooperatives to inculcate and train the members to produce better leaders for betterment of its marketing role (Tewodros, 2017). From the sample households, 45 (25%) of the respondents were illiterate, 25 (13.9%) of them could read and write, 110 (61.1%) attended formal education (Table 1). This indicates the majority of the respondent could attain formal education. This is also important as household members' education may contribute in different ways on the decision to enter other income generating activities. The study also indicates that respondents were categorized on the basis of marital status into four categories namely, single, married, divorced and widowed. From the sample respondents, 92.8 % of them were married; While 1.1, 5.6 and 0.6% were single, divorced and widowed respectively (table 1). This indicates that majority of the respondents were married and they could be more stable.

Table 2 .Descriptive analysis of the respondents

Characteristics	Variable	N	%
Sex of the respondent	Female	21	11.7
	Male	159	88.3
	Total	180	100
Educational level of respondent	Illiterate	45	25
	Read and write	25	13.9
	Formal education	110	61.1
	Total	180	100
Marital status of the respondent	Single	2	1.1
	Married	167	92.8
	Divorced	1	0.6
	Widowed	10	5.6
	Total	180	100

Source: Survey result

The majority of the respondents were male 159 (88.3%), while 21 (11.7%) were female. This may be due to male and female membership number disparity in cooperatives. Numbers of male are greater than number of

female in all selected agricultural cooperatives (Tewodros, 2017). The gender disparity is caused by the active participation of female in collective action than men as a result of social protection (Mubirigi, 2016).

### Resource Endowment

The age distribution of the sampled respondents ranges from 20 to 87 with the average of 38.48 years. It indicates that the majority of respondents were in the range of economically productive age (Jima *et. al*, 2016).

Survey result showed total family size of the respondents was 6.68. The average land owned in hectares of the respondents during the study was 1.09 hectares (Table 3). With standard deviation of 0.82 and with the minimum and maximum values of 0.13ha and 6 ha, respectively; while average cultivated land in hectares is 1.17. Of this cultivated land, they allocated 0.24 hectares for Khat production on average. Table 3. Family size and land holding

Characteristics	N	Minimum	Maximum	Mean	Std. Deviation
Age	180	20	87	38.48	10.50
Total family size	180	1	16	6.68	2.94
Total land owned in hectares	170	0.13	6	1.09	0.82
Total cultivated land in hectares	177	0.06	10	1.17	0.99
Land allocated for Khat in hectares	100	0.03	1	0.24	0.19

Source: Survey result Participation in different income activities

Table 4. Participants of off/nonfarm activities of respondents

Participants and nonparticipant of off/nonfarm activities	N	%	
Participants of off/nonfarm activities	Petty trade	37	20.6
	Daily laborer	3	1.7
	Hand craft	7	3.9
	Others	17	9.5
Non participants of off/nonfarm activities	116	64.4	

Source: Survey result

The major livelihood income sources of sample respondents are the farm activity (crop production) and off/non-farm activities. Accordingly, about 64.4% of sample respondents were not participate in off/nonfarm activities; while 35.6% engaged in off/nonfarm activities. Out of participants' in the off/non-farm activities, 20.6% in petty trading, 3.9% in hand craft, 1.7% daily laborers and other the rest for additional income generation (Table 4.).

Table 5.Distance of respondents from market places

Characteristics	N	Minimum	Maximum	Mean	Std. Deviation
Time taken to cooperative from Home (Hour)	175	0.02	2	0.33	0.29
Time taken to village market from home (Hours)	149	0.02	2	0.46	0.42
Time taken to district market from home taken in hours	175	0.02	8	1.48	1.67

Source: Survey result

Distance from the cooperative and age of the cooperative were among factors that determine the trust and commitment to the cooperative (Getaw, 2015).

### Agricultural Cooperative Membership

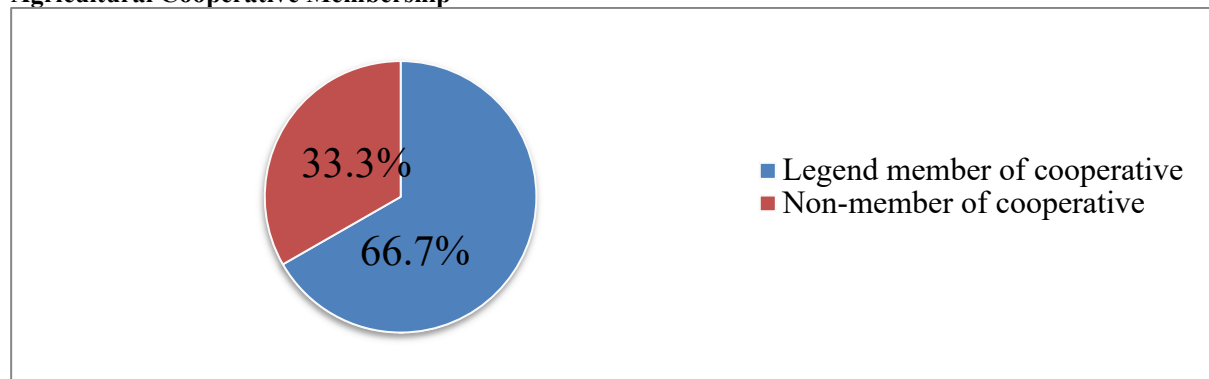


Figure 3.Membership of respondents for cooperative

Among respondents interviewed, 66.7% were members of cooperative while 33.3% were non-member in the



study area. The membership of the respondents ranges from one year to eleven years with an in average of 4.07 years. According to the International Cooperative Alliance (2009), membership for cooperative is open and voluntary where openness of cooperative for membership makes increment of cooperative members.

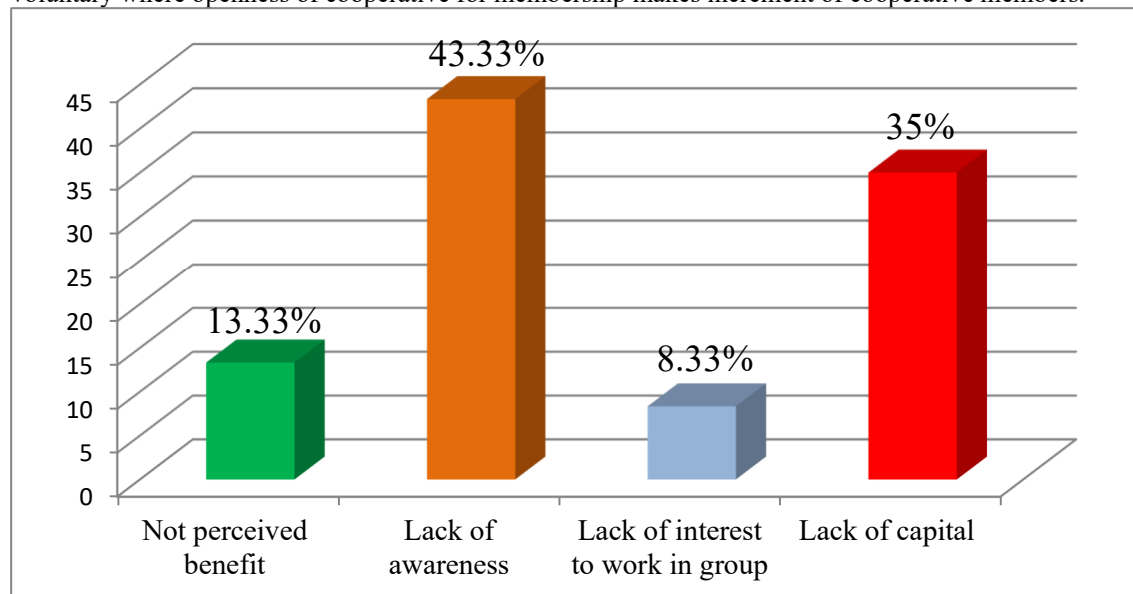


Figure 4. Reason for non-membership for cooperative

The reasons behind for non-membership of cooperatives were lack of enough information on importance of cooperative (43.33%), lack of capital to buy initial share (35%) and believed as cooperative not perceived benefit and lack of interest to join a cooperative (13.33%). According to Banishree and Kumar (2006) and Mahazril *et al.* (2012) that people are not well informed about the objectives of the movement to join the cooperatives.

Table 6. Current status of cooperative in the study area

Name cooperatives	Establishment year (E.C)	Initial capital (birr)	Current capital in 2008E.C year (birr)	Initial Members			Current members		
				M	F	T	M	F	T
Mara Gudis	1997	5,700	407,675	54	3	57	108	19	127
Birbirs	2006	110,000	1,345,000	32	1	33	58	28	86
Jirenya umata	2005	92,000	180,000	32	4	37	163	13	176
Hunde Gudina	1997	7,000	163,000	40	4	44	268	8	276
Daro Gora	1997	1,200	1,509,479.89	12	0	12	116	57	173
Milkessa lafto	2006	21,000	42,905	66	7	73	119	16	135

The field data indicates that the number of members in Milkessa Lafto primary cooperative has increased from 73 to 135 within 3 years; Jiregna Umeta from 36 to 176 within 4 years; Birbirs from 33 to 86 from within 3 years; Mara Gudis from 57 to 127 within 11 years; Hunde Gudina from 44 to 276 within 11 years and Daro Gora from 12 to 173 in 11 years (Figure 1). As Ethiopian Cooperative Societies Proclamation No. 147/1998, any individual may become a member of a society where he has attained the age of 14, able to pay the share capital and willing to implement his obligation and observe the objectives and by-laws of the society. Willingness and openness of cooperative membership can ensure that every decision taken by the cooperative in relation to the operations communicated efficiently yielding awareness in all cooperative members (DTI, 2012).

The study confirms that the capital of all cooperatives has been increasing since their establishment. From the survey result, Daro Gora primary cooperative was established by 1200 birr currently reach 1,509,479.89 birr within 11 years; Hunde Gudina cooperative increased their capital from 7,000 birr to 163,000 birr within 3 years. Similarly, Mara Gudis cooperative also improve their capital from 5,700 birr to 407,675 birr within 3 years; Birbirs cooperative improve their capital from 110,000 birr to 1,345,000 birr within 11 years. And also, Jiregna Umeta cooperative increases their capital from 92,000 birr to 180,000 birr within 3 years and Milkessa Lafto cooperative improve their capital from 21,000 birr to 42,905 birr within 3 years in line with study of Mahazril *et al.* (2012), cooperatives' strategic planning and participation from their members are the identified factors that contribute to their overall achievement and performance of cooperatives. According to Wanyama *et al.* (2008), cooperatives have advantages of identifying economic opportunities for the poor, empowering the disadvantaged to defend their interests and providing security to the poor by allowing them to convert individual risks into collective risks.

### Output marketing

Table 7. Commodity purchased by cooperative

	Variable	N	%age
Selling status to the cooperatives	Sold	98	54.4
	Not- sold	82	45.6
Types of product sold	Coffee	61	62.25
	Haricot bean	35	35.71
	Other crops	1	1.02
	Oxen	1	1.02
Other destination of their product	Village traders	38	79.17
	Consumers	2	4.17
	District market	8	16.66

Selling outputs to cooperative offers better price than other market participant agents (Getaw, 2015). In the area, the majority of respondents were sold their products to cooperatives due to cooperatives are relative higher price, due to proximity, no price cheating and as a favor to strengthening cooperatives (Figure 4).

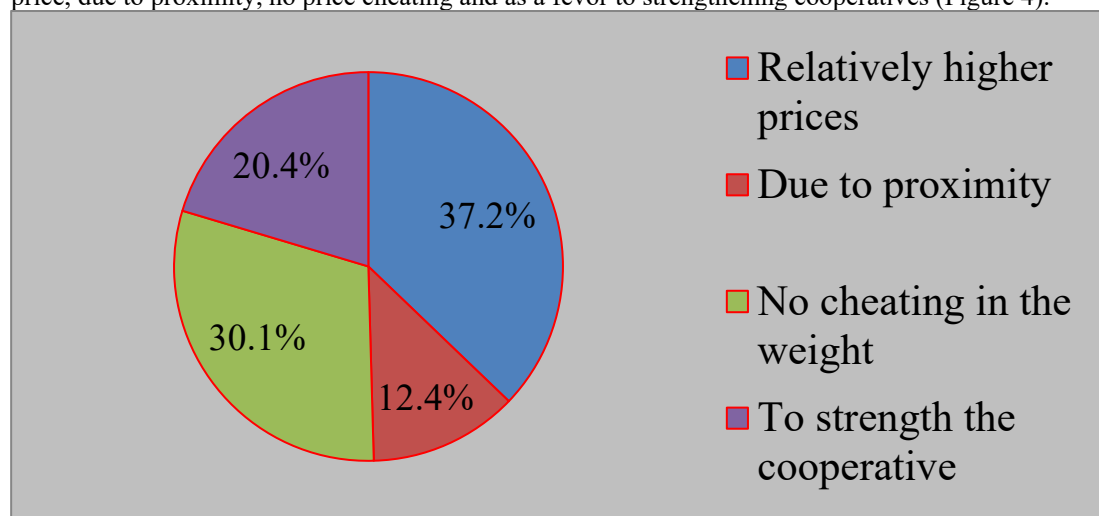


Figure 4. Reason of households sold their products to cooperative in the area.

The remaining respondents were not sold to cooperative but selling to other body like village traders, consumers and district market. These are due to the following reason as indicated figure below (Figure 5).

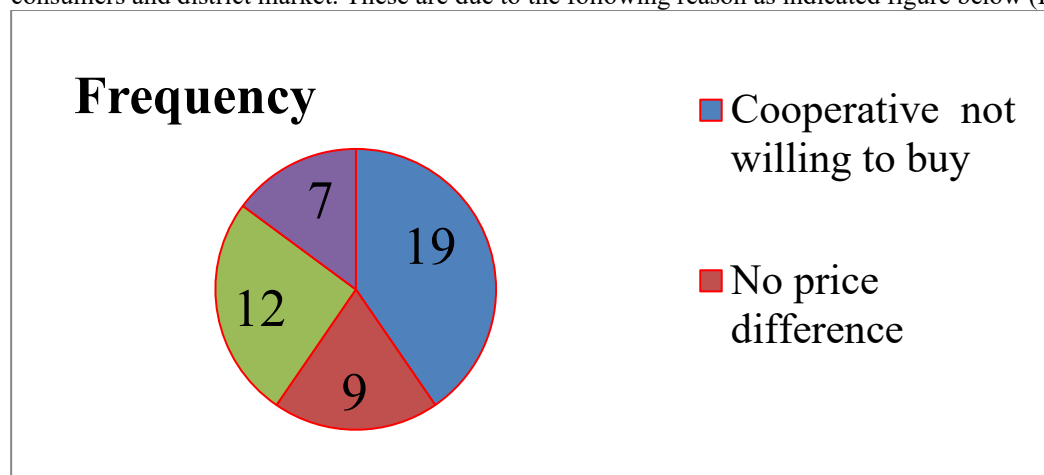


Figure 5. Reasons of Households those sold to other market agents rather than cooperatives.

### Institutional services of the cooperatives

In the study area, training was mainly given by the district cooperative promotion office on uses of cooperative, cooperatives management and etc. However, only 32.40% had received training among the sampled respondents. In contrast, 67.60% had not received training due to training provider mostly focused cooperatives committees and some members. In addition, cooperative management committee, Haramaya University and NGOs were also providing training to some extent for the farmers on the uses and management of cooperative and quality of product

especially on quality of coffee production. However, training was not sufficient for the member to increase their confidence on their cooperative and to increase the number of members. Other study indicated that educating members and public about the use of cooperatives were insufficiently articulated (Mesganaw, 2015).

Table 8. Training given on the uses of cooperative

	Variable	N	%
Access to training	Trained	58	32.40
	Non- trained	121	67.60
Training providers	Cooperative management committee	25	43.10
	District cooperative office	29	50.00
	NGOs	1	1.72
	Haramaya university and others	2	3.45
Issues of training	Uses of cooperative	52	91.23
	Cooperative management	1	1.75
	Coffee quality	4	7.02

Source: Survey result **Credit services**

The majority (75%) of the interviewed households were access to credit services whereas only 25% of the respondents were access credit. The amount of credit in the form of cash ranges from 100 to 10,000 birr whereas other access to credit in the form of fertilizer, maize, wheat and seed from local traders and relatives.

Table 9. Access to credit service

	Variable	N	%
Access to credit service	Yes	45	25
	No	135	75
Forms of credit	In cash	19	42
	In kind	26	58
Sources of credit service	WALQO	21	46.7
	Local traders and relatives	24	53.3

Source: Survey result **SWOT Analysis**

The government cooperative promotion structure had crucial role in success of primary cooperatives through technical supports and regulates the activities of those cooperatives (auditing, inspection and giving legal service). During the FGD, the key-informants were identified the strengths, weakness, opportunity and threats of the cooperatives in their area.

Table 10. SWOT analysis of primary multipurpose cooperative in the study area.

<b>Strength</b>	<b>Weakness</b>
Existence of strong linkage with union	Lack of sharing of dividend for the members
Payments of higher fair price	Poor awareness creation
Supplying of basic utility such as food oil and sugar	Lack of auditing all primary cooperative annually
Commitment of the members	Poor commitments of some committees
Increment of members participation	poor discussion with members of the cooperatives
Strong unity among the farmers	Poor access to market information
Ownership of better conflict resolution mechanisms	Poor gender inequality in the cooperatives
Existence of monitoring and evaluation practices	Only focusing on specific crop i.e. maize/coffee/haricot bean
<b>Opportunity</b>	<b>Inability to repay loan</b>
Attention of the government is good on the cooperatives	Lack of market access and educated man power
Increment of number of member and community participation in cooperative(by selling output)	<b>Threat</b>
Increment of the communities positive attitude toward importance of cooperative(Opportunity to increase members)	Climate change
Linkage being created between primary cooperative with business owners	Frequent fluctuation of market price
Road accessibility	Traders interference through lowering commodity prices (maize)
Promise of the government to employ cooperative expert for each cooperative	Increment of some commodity price like haricot bean
	Unsustainable supply of commodity (food oil)

Source: Survey result



### Major constraints of cooperatives in agricultural input output

In the study area, the constraints in agricultural input output were identified and prioritized by farmers in order of their importance. The survey result revealed that lack of market access is the major constraint of cooperatives followed by climate change on agriculture, lack of market information and insufficiency of budget/capital with an index value of 0.1240, 0.1055, and 0.1029, respectively (Table 11).

Table 11. Rank of major constraints of cooperatives in agricultural input output marketing in the study area.

No	Constraints	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Rank 8	Rank 9	Rank 10	Rank 11	Index score	Rank
1	Lack of market access	33.33	16.67	16.67	*	*	*	16.67	16.67	*	*	*	0.1319	1
2	Climate change	16.67	*	16.67	33.33	16.67	*	*	16.67	*	*	*	0.1240	2
3	Lack of market information	16.67	*	*	*	16.67	50	*	16.67	*	*	*	0.1055	3
4	Insufficiency of budget/capital	*	16.67	16.67	*	16.67	16.67	16.67	*	*	16.67	*	0.1029	4
5	Low price of commodity	*	*	33.33	16.67	*	*	16.67	16.67	16.67	*	*	0.1003	5
6	Lack of transport	*	33.33	*	*	16.67	*	*	16.67	16.67	*	*	0.0897	6
7	Lack of storage	*	16.67	16.67	16.67	*	*	16.67	*	*	*	*	0.0844	7
8	Lack of educated member	16.67	16.67	*	*	*	16.67	16.67	*	*	*	*	0.0844	7
9	Packing problem	*	*	*	*	33.33	16.67	16.67	*	*	33.33	*	0.0765	9
10	Lack of office	16.67	*	*	16.67	*	*	*	*	16.67	*	16.67	0.0607	10
11	Lack of transparency and accountability	*	*	*	16.67	*	*	*	16.67	16.67	*	*	0.0396	11

Source: survey result

Notice:  $Index\ score\ for\ particular\ constraints = \frac{sum\ of\ [1\ for\ Rank1 + 10\ for\ Rank2 + 9\ for\ Rank3 + 8\ for\ Rank4 + 7\ for\ Rank5 + 6\ for\ Rank6 + 5\ for\ Rank7 + 4\ for\ Rank8 + 3\ for\ Rank9 + 2\ for\ Rank10 + 1\ for\ Rank11]}{sum\ of\ [1\ for\ Rank1 + 10\ for\ Rank2 + 9\ for\ Rank3 + 8\ for\ Rank4 + 7\ for\ Rank5 + 6\ for\ Rank6 + 5\ for\ Rank7 + 4\ for\ Rank8 + 3\ for\ Rank9 + 2\ for\ Rank10 + 1\ for\ Rank11]}$  for all for all constraints.

However, low price of commodity, lack of transport, lack of storage, lack of educated member, packing problem, lack of office and lack of transparency and accountability are among listed constraints of agricultural cooperative in the study area.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

This study was conducted with the objectives of analyzing the functions of cooperatives in agricultural input output marketing through evaluating their performances, analyzing members' participation and identifying the constraints of cooperatives in west Hararghe zone, Oromia, Ethiopia. The study used primary and secondary data generated through scheduled interview and focus group discussion. The study provided a clear framework about the operations of agricultural cooperatives with the study area. Agricultural cooperatives participants are involved in farming businesses due to access to affordable and quality supplies such as food items and fertilizers.

However, currently most primary of the cooperatives were mainly focused on provision of fertilizer, sugar and cooking oil. However, they lag behind to collect members' products during harvesting season with fair price. However, lack of market access, climate change, and lack of market information and insufficiency of budget/capital were the major factors affecting the performance of the cooperatives.

### Recommendations

Depending on the results of the finding, the following recommendation has been given to improve multipurpose agricultural cooperative and thereby performance of cooperative in the study area.

- Strengthening the skill of managements and members of the cooperatives through training and employment of skilled man-power. Training should be given for the cooperative member to improve members' participation and decision-making abilities on cooperative issues, its management, and their responsibility.
- Most of primary cooperatives face shortage of capital to become competent with local traders in markets.
- Majority of primary cooperatives were lack of transparency between members and committees. Cooperative committees should enhance transparency with the members through reporting from time to time for the members. In addition, auditing on time should be carrying out to identify the progress direction of the cooperative and dividend should share for the members to enhance transparency and increase members' participation.
- Mostly services of cooperatives were limited to only the supplying of some commodities (fertilizers, food oil and sugar). Cooperatives should go further than this through distributing improved seeds, buying farmers' crops products (outputs) from farmers, creating job opportunities for youth and delivering credit services for the farmers in the area.

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**Farmer’s perception**

Table I. Respondents’ perception on cooperative

Variables	% ratings decision views		
	Strongly Agree	Not Sure	Disagree
Price Stabilization	81.7	9.4	8.9
Disseminating market information	43.3	22.8	33.3
Credit provision	43.3	32.2	24.4
Solving members’ marketing problems	63.3	15.0	21.7
Demand oriented service provision	68.3	12.2	19.4

Source: survey result,

Table II. Perception on evaluation of the performance role of cooperatives

Description	% ratings decision views	
	Yes	No
Price differences	75.6	24.4
Demand oriented	66.7	32.8
Proximity to the village	77.2	22.8
Timing of input supply	76.1	23.9

Source: survey result, 2016