

A Case Study in the Western-Azerbaijan Province, Iran

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Abstract

The main purpose of this study was to identify members' characteristics that influence co-operatives growth, in the Western-Azerbaijan Province, Iran. The methodological approach of this study employed an analytical method (relational study). Through a multi stage stratified randomization sampling technique, 190 members were selected from 51 co-operatives for the study. The results of the study showed that among the averages of the variables of contribution in educational courses, rate of participation in co-operative establishment and co-operatives growth, significant differences are exposed. In addition, the results of the study showed that the relationship between the variables of use of mass media and studying rate were significantly correlative linked with co-operatives growth. The results obtained from the factor analysis reveal that the eight following factors, socio-cultural, educational, participation, economical, personal, motivational, skill and family characteristics explain 65.9 of the variation of the co-operatives growth.

Keywords: *Co-operative Participation, Co-operatives Growth, Relationship, Western-Azerbaijan, Iran.*

INTRODUCTION

Co-operatives are one of the economic institutions, which face many challenges in the changing national and world economy. In the Macquarie Dictionary, the definition of a co-operative is a 'business owned and controlled by members, and formed to provide them with work or goods at advantageous prices'. (BAE, 1983; 1985). Co-operation can be defined as working or acting together for a common purpose or benefit (Webster's College Dictionary; 1991, p. 300). In essence, co-operation represents the process of interaction between: (i) co-operatively committed members employees and leaders and their expectations for the future, (ii) co-operative values inherited from the past and expressed in principles, programs, statutes, books, education material, etc, (iii) practical co-operative applications, structures, methods of activity, education, etc. also inherited from the past, and (iv) the environment of co-operatives, e.g. the government, the institutional structures of the society at large, the economic system, the values in the community, etc. (ICA; 1998) According to the International Co-operative Alliance (ICA), a co-operative can be defined as a group of people who join together in a common undertaking in accord with the six principles that are as follows:

- i) Membership is open and voluntary.
- ii) There is democratic control, usually on the basis of one man, one vote.
- iii) Interest on share capital is limited.
- iv) Distribution of surplus proportionally, according to the level of transactions
- v) Co-operatives devote some part of their surpluses to education.
- vi) Co-operatives co-operate among themselves.
- vi) Co-operatives work for the sustainable development of their communities through policies approved by their members.

Co-operatives have been in existence for at least 160 years. Today, co-operatives are important competitors in numerous industries such as agribusiness, generation and distribution of electrical power, financial services and insurance industries throughout North America, as well as the European Union (Hendrikse, 1998). They are equitable businesses with a social purpose, voluntary organizations, open to all persons who are able to use their services, are willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination, democratically owned and controlled by their members who actively participate in setting their policies and making decisions. Hence, co-operatives as an economic and social institution struggle to survive. There

are nearly three-quarters of a million co-operatives worldwide, providing jobs for over 100 million people – more than are employed by all the multinational corporations in the world.(ICA,1998)

Co-operatives are member-based organizations. Membership confers constitutional rights, in particular voting rights and preferential or exclusive access to services or facilities.

Co-operatives need to be clear about why co-operatives need members and what members want from their co-operative. The members are those persons or who are eligible to be members according to the rules of the co-operative. Members have obligations to their co-operatives. These obligations vary from co-operative to co-operative but they are based on active membership and include participation in co-operative meetings, using the co-operatives services, providing capital and exercising their voting rights. If members do not continue to be active users of the co-operative, then, they will lose their membership. Gunnar Myrdal has aptly said “Development does not start with goods: it starts with people, with education, organization and discipline, without these three, all resources remain latent and untapped potential”. (Cited in Kumar and Singh, 1992, P.1) Co-operatives help the people to grow and mature with moral and social idealism, improve their living and strengthen their freedom and independence. This upholds the spirit of co-operation (Weeraman, 1960). The strength of a co-operative therefore lies in its ability to enhance member participation and to retain members’ trust and loyalty to co-operative endeavors. Participation of members should be pursued at all time, by providing opportunities continuously at the base level. This helps the members to influence the direction, scope and content of operation and activities of their society reflecting in the personality development, self-reliance, income, social status and other values they would cherish (Samuel, 1989; Fulton, 1999; Zeuli, 2005).

The local conditions and people are the effective factors on function of the co-operatives. Knowledge of culture, occupation, literacy level of the people, the extent of their support and their participation, depth of their felt need, geographic condition and other variables are the main factors that affective on co-operative – member relationship.

Until 2006, in the Western-Azerbaijan Province, under the supervision of General Office of Co-operatives, have been established over 2041 different active co-operatives in different fields and areas (urban/rural) including Agriculture, Construction, Consumer, Credit, technical and engineering services, Housing, transportation, Multi-purpose, Hand-woven, Industry, Supplying the Production Entities Requirements, Distribution, Mining and Service

that they have 483374 members. Although co-operatives in Western- Azerbaijan have a long distance to achieve, the development goals but they greatly try to get them.

Khezerloo (2006) estimated participation indicator or influence coefficient in the co-operatives, it would be 1 from 9 people. It means that from 9 people (urban/rural) in the Western-Azerbaijan Province, 1 person is member of co-operatives. Therefore, participation indicator of the Western-Azerbaijan is lower than country mean (1 from 7).

The main purpose of this study was to determine the relationship between co-operatives members' characteristics and their member and capital growth, in the Western-Azerbaijan Province, Iran. The specific objectives of the study were to:

- 1- Describe members of co-operatives by personal, economical and social characteristics.
- 2- Determine relationship between independent variables and co-operatives growth.

MATERIALS AND METHODS

Analytical method was used in this study. Members of co-operatives in the Western-Azerbaijan Province were the target population that have been selected from 51 (Agricultural:6, Industry:5, Mining:1, Services:3, Housing:4, Hand-woven:1, Producer:1, Consumer:9, Credit:4, Transportation:1, Multi-purpose:1 and Distribution:15) co-operatives by using multi stage stratified randomization method (n=190).

From review of literature, a questionnaire was developed to collect data. Several member characteristics were measured using Likert scales-tools to determine degrees of belief in specific thoughts, ideas, and/or attitudes (Rubin and Babbie, 1995).

Content and face validity of questionnaire were discussed in the panel discussion that experts from Ministry of Co-operation and academic staff from Department of Agriculture and Extension Education, Islamic Azad University of Iran participated. A pilot study was conducted with 25 members.

Reliability of questionnaire was estimated by calculating Cronbach's Alpha. Reliability for the overall instrument was estimated at 0.84. Independent variables of this study were: personal characteristics (age, education level, and participation in training courses), social characteristics (use of mass media, working with co-operative, rate of participation in co-operative establishment and social status) and economical characteristics (amount income and economical status). The dependent variables of the study were growth of co-operatives members' number and growth of co-operative capital amount in establishment period until now. The dependent variable was analyzed by ANOVA

est; Kendall's Tau test, Pearson test and Factor Analysis that used for investigate relationship between dependent and selected independent variables.

RESULTS AND DISCUSSION

Objective One: Describe members of co-operatives by personal, economical and social characteristics.

Result of data analysis showed that the mean age of co-operatives members in the province was 40.4 years. More than 90.8% of the respondents were married. The annual average income of respondents was 20002555 Rials (1 U.S Dollar = 9000 Rials, approximately). Members informed that 6% of co-operative members were illiterate; 7.6% had an elementary education; 11.4% had secondary education; 24.4% had high school diploma and 50.6% had university degree. More than 49 of respondents participated in training courses less than 2 times. Almost 45% of co-operatives members had immigrated to urban areas in last 5 years. Thus 84.7% of respondents were city inhabitants. Also 54.9% of co-operatives members had cash participation and others had cash and kind in co-operatives establishment. 50.8 of them had membership in NGOs. More than 59% of respondents reported that they were reading less than one book or leaflet per month. The use of mass media ranged from 2 to 10(M=5.84; S=2.60).

Objective two: Determine relationship between independent variables and co-operatives growth.

Results of table 1 show that the relationship between the variables of use of mass media of co-operatives members was significantly correlative and linked with their co-operatives growth.

Table 1

Determine relationship between independent variables and co-operatives growth

Variables	n	r	p
Economical status	190	-0.018	0.730
Annual income	190	0.086	0.288
Use of mass media	190	-0.200**	0.001

* p<0.01

For testing difference among respondent's groups ANOVA test was employed. Among the averages of the variables of participation in training courses rate of participation in co-operative establishment and co-operatives

growth, significant differences are exposed (Table 2). Also, the result of this test showed that there is no significant difference among the age, education level, social status of members and their co-operatives growth at 5% level.

Table 2
Differences among co-operatives growth and members' Characteristics

Variables	F _c	p
Age	1.46	0.067
Education level	0.698	0.637
Social status	0.521	0.668
Rate of participation in co-operative establishment	4.83**	0.0004
Contribution in educational courses	5.03**	0.0002

*P<0.01

By using Bartlett's test and KMO test determine whether research variables are appropriate for factor analysis (KMO=0.546; Bartlett=732.966, sig=0.000). The number of factors was determined using Eigenvalue and percent of variance (Kalantari, 2003). An examination of the reduce subjectivity, items with factor loading equal to or greater than 0.4 were considered most important when factors were labeled.

The eight factors were labeled (1) socio-cultural characteristics (2) educational characteristics, (3) participation characteristics, (4) economical characteristics, (5) personal characteristics, (6) motivational characteristics, (7) skill characteristics and (8) family characteristics. The results obtained from the factors analysis reveal that the eight following factors; socio-cultural, educational, participation, economical, personal, motivational, skill and family characteristics explain 65.9 of the variation of the co-operatives growth. (Table 4)

Table 4

Percent of variance explained by factors underlying co-operatives growth

Factors	Percentage	Cumulative Percentage
Educational characteristics	17.9	17.9
Family characteristics	11.4	29.3
Socio-cultural characteristics	9.1	38.4
Skill characteristics	7.1	45.6
Economical characteristics	6.1	51.7
Personal characteristics	5.2	56.9
Participation characteristics	4.9	61.8
Motivational characteristics	4.1	65.9

RECOMMENDATION

According to findings, it seems most of those cultural and social factors and variables about co-operatives members and their co-operatives growth that should be taken in to consideration. It is recommended that, for the active participation of members to co-operatives services or during the communication with them, expert and managers should consider socio-cultural, educational and other characteristics of them. If they would like that co-operatives are succeed in their services and members be active, they have to consider and promote awareness level and cultural criteria of members.

Member meetings may be arranged more frequently in order to discuss member relation issues. Involvement of members in planning and implementation of the activities is vital to enhance their sense of responsibility, identification and stimulate their active involvement. This kind of motivating environment should be created in primary co-operatives where team spirit characterizes organization culture and members are encouraged to contribute ideas and efforts.

Besides, the real socio-cultural obstacles that co-operatives members face must be understood, and managers, where possible, should seek out ways of channeling resources into activities which directly members. An understanding of these obstacles is very essential to devise need based and situation specific programs.

Many co-operatives claim that paucity of financial resources is the main factor for the poor member relation efforts. Hence, the co-operatives should make a provision in the budget for the member relation activities. They should create the Fund for the purpose and appropriate a certain percentage of profit to the same, before the amount is allocated to the reserve fund.

Co-operatives need to discover new markets, new methods with the objective of turning the potential customers into satisfied and active members.

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