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# Factors affecting the success of cooperatives in poverty reduction of members in case of Aman Zuriya multipurpose cooperatives society

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#### **ABSTRACT**

Poverty is the main condition in which a person of communities is deprived the basic needs and necessities for minimum living standard. Cooperatives can be critical elements of effective strategy in poverty reduction in developing countries. The main objective of this study is to assess the factors that affecting success of cooperatives in poverty reduction of members. The study was combination of both qualitative and quantitative research approach. To achieve the objectives primary and secondary data collected from different sources primary data interview with cooperatives expert, cooperatives promotion offices. To selects sample representatives judgmental sample techniques employed as result of these 143 respondents selected for questionnaire. The date collected was analyzed by using statistical tool like frequency, % age, table, mean and standard deviation with the help of Statistical Package for Social Science (SPSS) version 20. The study revealed that multipurpose cooperatives have significant role in reducing poverty through creating employment opportunities, financial support for poor people, and value addition for agricultural products, providing agricultural inputs. The study suggested that cooperatives promoter, government and member of cooperatives should prioritize on cooperatives to reduce poverty within member as well as community.

Keywords: Poverty reduction, Success of cooperatives

#### INTRODUCTION

About half of the world's countries now have poverty proportions under 3%, but the report finds that the world as all is not on track to achieve the target of less than 3% of the world living in extreme poverty by 2030. In the 25 years since 1990 to 2015, the extreme poverty rate dropped a normal of a% age per year from nearly 36% to 10%. However, the degree dropped only one% age in the two years from 2013 to 2015. The slowing down in global numbers branches mainly from an increasing attention of extreme poverty in states where poverty reduction has lagged. A case in point is Sub-Saharan Africa, wherever, under all but the most optimistic scenarios, poverty wills remain in double digits by 2030, absent significant shifts in policy. Slowing declines in poverty also reflect due to

falling commodity prices, conflict, and other economic challenges for developing countries. The World Bank's preliminary forecast is that extreme poverty has declined to 8.6% in 2018 (World Bank, 2018).

In Ethiopia Poverty was expected to continue its constant decline on the back of sustained strong growth. Good rains in 2018 in most parts of the country boosted the small Belg harvest and are expected to result in a better than average main Meher harvest, benefiting rural producers and facilitation urban food inflation. Based on past firmness's, poverty measured by the international poverty line was expected to decrease to 22% 2020.

However, poverty is still a challenge in Ethiopia as over 22 million people are living below the national poverty line in Ethiopia. Poverty is primarily rural phenomenon in Ethiopia. While urban headcount poverty declined from 36.9% in 2000 to 14.80% in 2016 rural poverty only declined from 45.4% to 25.60% in the same period.

Cooperative in Ethiopia are mostly economic objects carrying out economic functions contributing a lot to economic developments in the country and will continue to greatly contribute in the future Federal cooperative agency annual magazine (2014). The role of multipurpose cooperatives considered as to safeguard through voicing of common goals via cooperative unions, enhanced participation in value chains and defense of producers from unfair pricing and poverty reduction. However, the success and development of multipurpose cooperatives and their support institutions is constrained by frequent reform, shortage of skilled human resources and limited awareness of cooperative approaches to development cooperatives is a link of people having the common objectives of mobilizing resources, especially finance, and deal out it to members on rotating basis. Currently, cooperatives recognized as an important instrument for socioeconomic improvement of the community and members. The existence of government eliminated the command economy and political liberalization including the step to promote development of democracy governed market oriented and member owned cooperatives and professionalism in the management of cooperative promote as part of Ethiopia rural and agricultural development strategies with in the national microeconomic policy frame work of agricultural development industrialization.

#### Statement of the Problem

Multipurpose cooperatives engage in different agricultural, artisans, and consumer enterprises with least considerate of their works, and with limited marketable surplus.

Thus, the marketing and distribution system characterized with a short chain with few intermediaries. The participation of the People in multipurpose cooperative organization is very low because of different reasons social and economic influences that affecting their function in Ethiopia. There for study was focused on the role of multipurpose cooperatives in poverty reduction through making many development activities by providing credit services to the members and non-members who get services from cooperatives. Multi-purpose cooperatives are regarded as key institutions for promoting rural development and poverty alleviation. Multi-purpose cooperatives play a vital role in providing small holders farmers with access to input (fertilizer, improved seed, pesticide input loan, chemicals) social services, financial services, training and cooperative education, output marketing, input marketing and value addition. This role necessarily link cooperatives to agricultural extension services provide at Kebele level to regional level federation however there is some challenges Low members' participation was due to incompetently

addressing of their needs and problems by their organization.

Quality and quantity of service provided by many cooperatives fall short of the need and expectation of their members and other farmer due to lack of required capacity to become well-functioning, lack of sustainable financing , poor marketing structure, infrastructural development in which cooperative operate. Cooperative undertake many activities like input marketing, output marketing, credit services, improve the bargaining power of people, procure products at lower price but still the living standard of the member of cooperatives member are live in low living standards. Members in Aman Zuriya agricultural multi-purpose cooperative society and the people are the same for this reason by conducting unstudied variables to address the gap through condition this study issues. The purpose of this thesis is there for to fill that gap by investigating the actual and potential contribution and impacts of Mult-purpose cooperatives in poverty reduction of cooperatives member in selected five primary multipurpose cooperatives in Aman Zuriya agricultural multi-purpose cooperative society in SNNPR. This indicated that researcher conduct research on the factors affecting the multipurpose cooperatives poverty reduction.

#### **Research Question**

- What are the social factors affecting the success of cooperatives in poverty reduction
- What are the economic factors affecting the success of multipurpose cooperatives in poverty reduction of members
- What are the internal factors affecting the success of multipurpose cooperatives in poverty reduction

# **Objectives of the Study**

# **General objectives**

The general objectives of study are to assess the factors affecting the success of in poverty reduction in Aman multipurpose agricultural cooperatives in Bench Sheko zone South West Ethiopia.

# Specific objectives of the study

- To identity the social factors affecting the success of multipurpose cooperatives in poverty reduction
- To investigate the economic factors affecting the of multipurpose cooperatives in poverty reduction
- To identity the internal factors affecting the success of multipurpose cooperatives in poverty reduction

## Significance of the Study

The study was focused on the factors affecting the success of multipurpose agricultural cooperatives in cases Aman zuriya farmer's agricultural cooperatives the first, it helps the cooperatives societies to identify the major factors that may affect the success of agricultural cooperatives. Second, it give valuable information to policy makers, development agents, researchers, Promotion office and other stakeholders about the current condition, cooperative success and factors affecting cooperative success in poverty in the study area. Third, Cooperative promotion office may use the findings of this study for policy formulations and develop strategies to realize the various reforms regarding agricultural cooperative societies to determine the factors affecting the success of cooperatives in member's poverty reduction. Finally, the study provide empirical findings on factors that affecting multipurpose cooperative poverty and fill prevailing gap in the literature for further research by other scholars in this title.

#### LITERATURE REVIEW

#### The Concept of Poverty

The term poverty is multi-dimensional situation that is hardly any country in the world that can boost of having become free of it on the claim of having the totally eradicating it in all dimension. To the same poverty is simple situation of total lack of access to basic necessity ranging food to shelter cloth and good drinking water it goes beyond that include the persons who lack access to basic information and knowledge of useful avenue of income generating earing and income generating.

# The Socio-Economic Benefits of Cooperatives

Cooperatives are predictable to assist smallholders in aggregating their surplus output, realizing scale economies in marketing and bargaining for improved relations of trade in the marketplace. They are also expected to serve as a means of classifying the rural poor, to securing grassroots partners for state and non-state development programs, and on behalf of the voice of the rural poor in local governance systems. In short, cooperatives are viewed as a key institutional mechanism to improve rural livelihoods and benefit for poor. Furthermore, several scholars and researchers analyzed and discussed the benefit of cooperatives in different ways. Though the benefit cooperatives can play differ from country to country from one system of government to another system of government and one type of cooperative to another type, described the most common benefit of them which characterize most cooperatives in a summary following manner:

 Cooperatives can be significant economic players that contribute to constant growth processes; Cooperatives can make a significant contribution to GDP.

- Cooperatives help create more equitable growth Cooperatives can help make markets work better for poor people, by generating economies of scale, increasing access to information, and improving bargaining power.
- Cooperatives help tackle rural poverty Cooperatives increase the productivity and incomes of small scale farmers by helping them collectively negotiate better prices for seeds, fertilizer, transport and storage.
- Cooperatives expand poor people's access to financial services these include credit savings and in some cases insurance and remittances. This is most likely due to cooperative banks' ability to use customer surplus as a cushion in weaker periods.
- Cooperatives provide a variety of services such as health care, housing, and utilities such as water and electricity. Co-operatives have been successful in expanding access to water and electricity for poor people and reducing wastage from illegal diversion of utilities, with start up support from DFID and USAID.
- Cooperatives can provide an opportunity for selfdetermination and empowerment of poor people. They foster a culture of good citizenship and enable their members to have a voice and participate in a democratic process, thus having empowering development effects beyond their economic benefits.

Cooperatives can help with conflict resolution, peace-building and social cohesion. Where co-operatives bring together people of different religious, ethnic and political groups they can build trust and solidarity leading to greater social stability. Cooperatives was to contribute to recovery from conflict by fostering positive relations between ethnic groups previously in conflict in Bosnia, East Timor, Lebanon, Macedonia, Mozambique, Nepal and Rwanda.

# Role of Multipurpose Cooperatives in Socio-Economic Developments

According to experts cooperatives provide the market services of the cooperatives empower many countries with their economic status for change. Some factors contributing to economic status beyond the allocation mechanism of the market policy, cultural, knowledge based and social justice dimensions among the Markets service in the local, regional, national and international are never perfect. Multipurpose Cooperative play an importance role based on economic empowerment. The private and public company operating dynamically within a system continually attempting to match supply and demand elements which is the most important and effective means enabling individual to have access to the socio-economic development they need for the country. Cooperatives can effectively create and maintain employment doth direct and salaried employments and self- employment in both urban and rural areas in the world. They can provide self- employment through millions of worker-owned and production and services delivery activity that means producer cooperatives, by promoting

resource mobilization and saving for productive investment like financial cooperatives, provision of affordable goods and services by consumer cooperatives. Raise nutrition and improve the diets of food, people Help improve the availability of safe water for the affected population Promote availability and accessibility of foodstuffs for the affected population Contribute toward the balanced economic and social development of affected peoples in both rural and urban settings.

#### **Factors Affect the Success of Cooperatives**

According to experts, the factors that affects the success of cooperatives are demographic factors like family size, age of member, farm size, religion and household income; social factors like traditional practices, lack of awareness, and member participation. Economic factors like availability of capital, access to credit, utilization of resources, working capital management; human factors like skilled manpower, management competency and inadequate planning.

# **Empirical Study on Multipurpose Cooperatives**

Some studies undertaken on the multipurpose cooperatives and poverty reduction are reviewed as following team of expert multipurpose cooperatives was constrained inadequate shortage facilities, inadequate capital and inadequate member commitment, too much government intervention and poor management. Team of expert the study concluded that MPCS constrained that week in communication linkage between committee and member and accountability, had poor capital base and member user failed to perform their duties. Team of expert contribution of cooperatives success in poverty reduction and food security through employment creation, benefiting village, charity cases involvement and financial performances.

Team of expert Agricultural multipurpose cooperatives do have prominent roles in the agricultural sector of the national economy and are supposed to improve the grain system thereby promoting agricultural development in the rural area. They are also organized to render economic benefits such as economies of scale, market power, risk pooling, coordination of demand and supply, and guaranteed access to input and output markets to the member patrons, Team of expert the study has founded that, women prior to participating in the cooperative experienced various stress and shocks. Among the shocks which women suffered from are; collapse of market, loss of harvest, sickness, death of family members and valued animals, and epidemic of crop pests are the outstanding ones. Unpredictable rainfall, declining farm size, population trend, indebtedness, and declining common property resources are stress which women went through which make their livelihood vulnerable to range of risks.

Team of expert the result in the study indicated that the MPCs cooperatives not appropriately run according to their laws. The socio-economic environment in the region, the cooperatives national proclamation and legal framework supports cooperative development. But in the

study area the cooperatives where not utilize properly these opportunity. Agricultural input supplies are major service delivered by the cooperatives in the study area. The study confirms that the activity carried out properly helps the farmers improving the productivity and income level, which in turn had improved the livelihood of farmers and contribute in some extent to reduce poverty at some time. However, the infrastructure problem Team of expert, He came up with limited trained man power or professionals were important problem to determine MPCs performance in input and output marketing. Poor storage and transport analyzed marketing performance of Damot Multipurpose Farmer Cooperative Union and concluded that lack of capital, poor marketing management, lack of storage, lack of reliable marketing information and transportation facilities were the major constraints that hamper maize marketing performances of the cooperative in the study area.

Team of expert cooperatives are an appropriate business enterprise and institution for advancing members socio-economic objectives, impact to the poverty reduction effect through level hood development, poverty reduction role of cooperatives predicted on the assumption that propoor institution that potentially embrace the poor member and provide better services to them

# **Conceptual Frame Work of the Study**

From the litrature the following conceptual frame work is developed to indicate independent and dependent variables in the study (Figure 1).

#### Independent variables

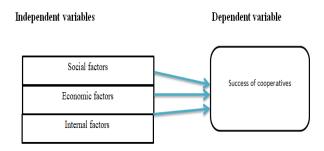


Figure 1: Independent variables and dependent variables.

#### **RESEARCH METHODOLOGY**

#### Research Design

Qualitative and quantitative research method was used for the study to answer research question.

# **Types and Source of Data**

In this study, both primary and secondary data was used. Primary data was collected from interview and questionnaire. Secondary data collected from union's annual report, government organization, journals, different book, and articles.

### **Tool and Techniques of Data Collection**

In the study qualitative approach was used interview whereas, quantitative approach used household survey.

#### Sampling Procedure and Sample Size

By using judgmental sampling researcher selected 143 respondents to fill the questionnaire.

# **Method of Data Analysis**

The data collected from the field was processed, checked and edited to ensure completeness, accuracy and uniformity. Descriptive statistics such as frequencies, percentage, mean and standard deviations were applies. It is preferred because it facilitates the organization of data, early detection of error, ease of comparison of findings and statistical simplification of data computation. The inferential analysis of the survey data and variables for the study were applied in collaboration with some important tests validity of data. The correlation and regression analyses between variables were carried.

The reason is that correlation analysis helps to show association or relationship between variables on the study while regression analysis is used to measure the effect of independent variables on the dependent variable see conceptual framework. Moreover, the inferential analysis deals with the results of the linear regression and data analysis that constitutes the main findings of this study. The model of the study was used multiple regressions Multiple Regression Analysis refers to a set of techniques for studying the straight-line relationships among two or more variables analysis because it involves more than two independent variables. The respondents was asked to rate their opinion according to five point Likert ranking scale, with rating five being "Strongly Agree" and one being "Strongly Disagree". Because, the Likert scale is a measurement tool commonly used in many studies on cognitive behavior applied theory of planned behaviour. It is considered symmetric since there are equal amounts of positive and negative positions. The collected data was used regressed and analyzed with the help of a tool, which is called Statistical Package for Social Science (SPSS) version 20-computer software. SPSS were considered appropriate since it allows the researcher clear set quantitative data analysis procedures that lead to enhance data validity and reliability and demonstrates the relationship between the research variables. SPSS also assisted in producing frequency tables for descriptive analysis. Inferential were applied through correlation analysis and the use of multiple regression analysis. The correlation analyses were used to establish statistical significance, the nature of the existing relationship between the dependent variable and the independent variables. The regression analysis were used to determine with statistical significance, the influence or effect that the independent variables on dependent variable. The multiple regression models involve the following that includes both independent and dependent variables in the model:

 $Y=b_0+b_1x_1+b_2x_2+b_3x_3+e$ .

Where y=dependent variable (success of multipurpose cooperatives in poverty reduction) which is influenced by independent variables  $(x_1, x_2 \text{ and } x_3)$  as in the conceptual framework in the study.

bo=is the intercept term. The intercept is defined as the average value of dependent variable (Y) when the effect of independent variables (X) is eliminated.

e=error

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub> are coefficients of independent variables.

x1, x2, x3, independent variables of the study. They include the following variables:

x<sub>1</sub>=social factor

x2=economic factor

x5=cooperative factor (internal factors)

#### **RESULTS AND DISCUSSION**

# Demographic background of respondents

**Table 1:** Demographic background of respondents.

<u></u>				
Item	Respondents			
	No	Percentage		
Sex				
Male	125	0.8741		
Female	18	0.1259		
Total	143	1		
Educational				
background				
Less 12 grade	87	0.6083		
12 Complete	33	0.2307		
Diploma	23	0.1608		
Degree and above	0	0		
Total	143	1		
Source: field survey, 2021				

As the data shows on the above Table 1 the greater number of the respondents are composed (87.41%) of the respondents male and (12.59%) of the respondents female respondents and this indicates male domination in agricultural primary cooperatives in the study area.

From the total number of employees out of 143 respondents 87 (60.83%) below 12, 33 (23.07%) 12 complete, 14 (35%) diploma and 0 (0%) diploma. According to the data, greater numbers of the responders have 12 less than.

# Factors That Affecting the Success of Multipurpose Cooperatives in Poverty Reduction

Expert identified four key factors that contributed to cooperatives success, such as leadership strength, group size, business relationship amongst members and a member selection process during the group's formation. The internal factors that would have an effect on a cooperative's success are the ones that arise internally and these include members' commitment, member's communication participation. structural and managerial factors. The external factors, considered essential in the success of cooperative, include assistance that act as motivation for members in a cooperative, external assistance, government policies, regulatory frameworks and market factors. These factors can affect the competitiveness of cooperatives, especially in developing countries, where cooperatives are still underdeveloped.

Team of expert, identified that the factors and problems that affecting the success of cooperatives in both establishment and development include farmers low level of awareness, low technical skill, lack of capital, low capacity of internal management and lack of marketing information. Based on the result; the factors that affect the well- functioning of cooperatives in study area in reduction of poverty are measured in likert scale, the respondents respond that majority of respondents agreed in the factors that affecting the success of multipurpose cooperatives are:

#### **Descriptive statistics**

**Table 2:** Respondent's perception on the Social Factors to the success of multipurpose cooperatives.

Social factors	N	Mean	Std. Deviation
lack of infrastructure	143	4.85	0.41
lack of members participation	143	4.56	0.819
Unemployment	143	3.95	1.493
Source: own survey, 2021			

As it can be seen in Table 2 in the union lack of infrastructure scored the mean 4.85, standard deviation 0.410, lack of active member's participation scored mean of 4.56 and unemployment scored the mean 3.95 with standard deviation 1.493. However the unions would focus on the most decisive variables to be success.

Descriptive Statistics
Table 3: Economic factors that determining the success of multipurpose cooperatives

		Mea	Std.	
	N	n	Deviation	
lack of credit	143	4.65	0.724	
availability of finance				
to operation	143	4.68	0.552	
lack of market access	143	2.69	1.809	
lack of resource	143	4.71	0.579	
Source: own survey, 2021				

Table 3 illustrates that the perception of the respondents towards success of multipurpose cooperatives. Accordingly, lack of resource scored mean 4.71 with

standard deviation 1.809, availability of fund to operation a scored mean of 4.68 with standard deviation 0.552 lack of credit has scored mean of 4.65 with standard deviation of 0.724 and lack of market access scored 2.69. However the union should give focus to the most decisive variables to the success of cooperatives.

#### **Descriptive Statistics**

**Table 4:** Cooperatives factors determine the success of multipurpose cooperatives.

Cooperatives factors	N	Mea n	Std. Deviation
Dishonesty amongst			
member and			
management	143	2.51	1.119
Members and			
leadership not			
understanding functions			
of cooperate-ves	143	3.98	0.755
Lack of understanding of			
the cooperatives			
principles	143	2.99	1.281
lack of training	143	4.61	0.76
Source: own survey, 2021			

As it is clearly pointed in the in the Table 4 cooperatives such as lack of cooperatives training scored mean 4.61, members and leadership not understanding scored 3.98 with standard deviation 0.755, lack of understanding cooperatives principle scored mean 2.99 with standard deviation 1.281 dis honest of members and management scored mean 2.51 with standard deviation 1.119 . However the union should give focus to the most decisive variables to the success of cooperatives (Table 5).

# **Descriptive Statistics**

**Table 5:** The success of cooperatives.

Success of cooperatives on	N	Mea n	Std. Deviation
capital accumulation	4.40	0.00	0.700
and asset building	143	2.08	0.792
providing agricultural in			
puts	143	2.61	0.732
financial support	143	2.2	0.844
employment			
opportunities	143	2.01	1.1
providing market			
information	143	2.77	0.636
Source: own survey, 202	1		

# **Correlation Analysis**

Correlation analysis was used to test the existence of relationships between variables which was studied. To do so, Pearson correlation coefficient was applied, by the support of Package for Social Science SPSS (version 20). Pearson's r (the Pearson product moment correlation coefficient) is a statistic that measures the direction and strength of the linear relation between two variables that have been measured on an interval or ratio scale. Pearson's r can range from values of +1.00 to −1.00, with the plus or minus indicating a positive or negative correlation, respectively Michael, (2014).

Team of expert the absolute values of Pearson's of .10 to .29 reflect a small association, .30 to .49 reflects a medium-sized association, and .50 to 1.00 represent a large association. Therefore the following Pearson Correlation allows us to estimate the strength of connection between determining factors (independent variables) and success factors (dependent variable). As cited by Tewodros, (2016) (Table 6).

**Table 6:** Table correlation between determining variables and success of cooperatives.

Factors	Success of cooperatives			
determining	Pearson correlation	Sig. (2- tailed)		
Economic factors	.459*	.000*		
Social factors	.410*	.000*		
Cooperatives factors	.190**	.000*		

<sup>\*\*</sup>Correlation is significant at level 0.01 level (2-tailed)

Source: own survey, 2021

Since all variables are interval, the relationship between the independent variables i.e. economic factors, social factors and cooperatives factors based the dependent variable, i.e. success of multipurpose investigated using Pearson product moment correlation coefficient. The of correlation analysis results shows that all the independent variables was positively and significantly correlated with the dependent variable success of multipurpose cooperatives at 99 percent confidence level (P<0.01). The highest correlation is signified by economic factors (r= 0.459), followed by social factors (r=0.410) and cooperatives factors (r=0.190). Based on Pearson test the success of multipurpose cooperatives economic factors with the success of cooperatives has highest correlation this means the multipurpose cooperatives improve the economic factors, the cooperatives function become successful achieved. Therefore, the economic factors have power to determine the success the cooperatives society.

Multiple linear regression econometric models were employed to assess the factors affecting that success of multipurpose cooperatives in poverty reduction. This study identified many factors that affecting the success of cooperatives in three independent variables. Under three independent variables 20 factors positively and negatively affecting the success of multipurpose cooperatives in poverty reduction of the member and community as well (Table 7).

Table 7: Result of collinearity test.

MODEL	Collinearity Statistics	
	Tolerance	VIF
Social Factors	0.964	1.037
Economic Factors	0.901	1.11
Cooperative Factors (internal factors)	0.974	1.027
Source: own survey, 2021	_	•

Tolerance and VIF test was used to see the degree of multi collinearity among independent variables it may not possible to tell the difference of one independent variable free from other independent variables which with it is correlated. According to expert as cited in Bantergu (2013) multi collinearity can be detected by using VIF and tolerance test. If VIF and multi collinearity test result is greater than 10 and less than 0.1 respectively it shows problem of multi collinearity. Based on the above table 4.23. The result shows the variable had no problem in multi collinearity.

Regression analysis of the factors that affecting the success of multipurpose cooperatives in poverty reduction. In this study multiple linear regression analysis employed to facilitate the evaluation of the level of factors affecting that multiple independent variables cause on dependent variables (Table 8).

**Table 8:** The Result of Regression Analysis Model Summary.

Mod el	R	R Squar e	Adjusted R Square	Std. Error of the Estimate
1	.893 <sup>a</sup>	0.797	0.789	0.08122

a. Predictors: (Constant), cooperative factors, human factors, economic factors, social factors, institutional factors

Source: own survey, 2021

The result shows the model tested is significant (p<0.01).

According to model summery of multiple regression analysis, the R value of the model and was 0.893 which shows the highest degree of relationship between independent and dependent variables and The adjusted R² value of the regression model was 0.789 indicates that 78.9% of variance in affecting the success of cooperatives in poverty reduction was accounted by Economic factors (availability of fund to finance operations lack of credit, lack of access to market) and within cooperatives factors (members are not understanding the function of cooperatives, lack of understanding cooperatives principle, lack of trust among member and lack of training) (Table 9).

**Table 9:** The coefficients table of multiple regression analysis.

Model		Unstandardize d Coefficients		Standardize d Coefficients	t	Si	
		_	Std.			g.	
		В	Error	Beta			
					81.	.0	
	(Constan				72	00	
	t)	4.975	0.061		9	**	
					-	.0	
	social				12.	00	
	factors	-0.139	0.012	-0.473	07	**	
					-	.0	
	Economi				8.8	00	
	c factors	-0.115	0.013	-0.359	59	**	
	cooperati				-	.0	
	ves				6.6	00	
	factors	-0.102	0.015	-0.26	62	**	
a. Dependent Variable: success of cooperatives in							
poverty reduction							
Source: own survey, 20121							

The above Table 9 indicates that the multiple linear regression models revealed that 78.9% of independent variable in the dependent variability on the study affects the success of cooperatives in poverty reduction. The pvalue is equal to 0.000<0.05. This indicates the dependent variable used in the linear regression is affecting the success of multipurpose cooperatives in poverty reduction. All independent variables were statistically significant. However the variables those affecting the success of multipurpose cooperatives in well-functioning are in either positive or negative effect on cooperatives. Five independent variables were used to regression and under five independent variables 20 sub factors are selected evaluate the factors that affecting the success of multipurpose cooperatives. Social Factors (lack of members active participation, lack of infrastructures and unemployment) Economic Factors (availability of fund to finance operations lack of credit, lack of access to market) and Within Cooperatives Factors (members are not understanding the function of cooperatives, lack of understanding cooperatives principle, lack of trust among

member and lack of training). Therefore, positive  $+\beta$  value indicates the factors are have positive influence in the success of cooperatives and negative  $-\beta$  value indicates the factors are negatively affecting the success of cooperatives in poverty reduction [7].

#### CONCLUSION

Toward this end, the study identified the many factors that affecting the success of multipurpose cooperatives in poverty reduction. The result of multiple regression analysis clearly shows that even all of three independent variables i.e. Social Factors (lack of member's active participation, lack of infrastructures and unemployment) Economic Factors (availability of fund to finance operations lack of credit, lack of access to market) and Within Cooperatives Factors (members are not understanding the function of cooperatives, lack of understanding cooperatives principle, lack of trust among member and lack of training.

### **RECOMMENDATIONS**

- Factors that determining the success of cooperatives are mentioned in the conclusion of the study, it is essential to primary cooperative to practice democracy, follow financial management, cooperatives principle exactly to provide real benefit to the member community at large and become success of the cooperatives in finding the solution for poverty.
- Create awareness among the members and officials of cooperatives about to participation in cooperatives and the function of cooperatives in poverty reduction by wellfunctioning of cooperatives activity.

The researcher recommends that that cooperatives promoter, government and member of cooperatives should prioritize on cooperatives to reduce poverty within member as well as community.

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