e-ISSN: 3007-5297
2024: Vol 1, pp 1-13. https://doi.org/10.38140/ijms-2024.vol1.12
Interdisciplinary Journal of Management Sciences

Challenges of Multipurpose Cooperatives in the Marketing of Agricultural Products in the Southwest Part of Ethiopia

Rusha Begna Wakweya[1*]

AFFILIATIONS

[1]Department of Rural Development and Agricultural Extension, Ethiopian Forestry Development, Jimma Centre, Ethiopia.

CORRESPONDENCE

Email: rushabegna@gmail.com*

EDITORIAL INFORMATION
Received: 03 May 2024
Revised: 27 July 2024
Accepted: 28 July 2024
Published: 09 August 2024

DOI: 10.38140/ijms-2024.vol1.12

Abstract: Agricultural cooperatives, particularly multipurpose cooperatives, are considered a valuable means of improving the livelihoods of small-scale farmers in developing countries. By collaborating with farmers, they can increase their collective bargaining power, negotiate better prices for their crops, and boost their incomes. However, despite their significant contributions, multipurpose cooperatives face challenges that can hinder their ability to play a significant role in agricultural product marketing. This study aimed to analyse the challenges of multipurpose cooperatives in the marketing of agricultural products in the southwest part of Ethiopia. A two-stage sampling technique was used to select a sample size of 196 members from four multipurpose cooperatives. A mixed research design, which combines both qualitative and quantitative data collection methods, was used. Quantitative data was collected through a structured questionnaire from primary sources, while qualitative data was collected through focus groups and key informant interviews. Descriptive statistics such as mean, chi-square, standard deviation, frequency, and percentage were used to analyse the data. The study revealed that the multipurpose cooperatives in the study area faced several internal and external constraints. The key internal challenges were a lack of capital, an unskilled workforce, and low commitment from committee members. On the other hand, the major external bottlenecks included inadequate and inconsistent technical assistance, deficiency in knowledge and skills, and inadequate documentation and information in the marketing of the multipurpose cooperatives. The study suggests that the government and other non-governmental organisations should provide financial and technical support to encourage cooperatives.

Keywords: Challenges, Marketing, Multipurpose cooperative, agricultural product, Ethiopia.

1. Introduction

Ethiopia is one of the Sub-Saharan African countries where agriculture is the backbone of the economy. With agriculture representing 40.2% of the country's GDP, providing employment for 80% of the workforce, and contributing 70% of export earnings, it holds a central position in Ethiopia's economic landscape (MDG, 2015). Agriculture contributes about 53% of the GDP to the Ethiopian Economy and accounts for more than 90% of all exports (MDG, 2015; Stellmacher & Kelboro, 2019). As the Ethiopian economy depends on agriculture, the cooperative sub-sector provides vital support services and plays a crucial role in the transformation of the agriculture sector (Tesfamariam, 2015).

Establishing agricultural cooperatives in rural areas aims to increase the efficiency of the marketing system, with the cooperatives playing a significant role in improving farmers' productivity. By providing farm inputs, particularly improved seeds and fertiliser, agricultural cooperatives help maximise agricultural output. Maximising agricultural output is crucial for enhancing farmers' earnings and standard of living. If agricultural cooperatives could capture members' markets by offering fair prices, access to alternative market opportunities would not be such a crucial issue for corporations (Alemu & Gebreyohannes, 2016). However, smallholder farmers incur significant production and transaction costs due to inadequate infrastructure, including all-season roads, market and transportation facilities, and restricted access to productive resources (Tefera et al., 2016).

How to cite this article:
Wakweya, R. B. (2024). Challenges of multipurpose cooperatives in the marketing of agricultural products in the southwest part of Ethiopia. *Interdisciplinary Journal of Management Sciences, 1*, 1-13. https://doi.org/10.38140/ijms-2024.vol1.12

The Ethiopian government is focusing on the development of cooperatives to revolutionise the agriculture industry. The cooperatives will help organise smallholder sector coordination and facilitate farmer access to inputs, credit, and output markets. Agricultural cooperatives played a vital role in the Growth and Transformation Plan I (GTP I) from 2011 to 2015 and are expected to enhance the commercialisation of smallholder agriculture in the second Growth and Transformation Plan II (GTP II) (Tefera et al., 2017).

Over the last decade, there has been a significant increase in the number of cooperatives and members. In Ethiopia, both unions and primary cooperatives have experienced remarkable growth in numbers. For example, between 2008 and 2013, the number of unions increased by 44% (Royer et al., 2017). In response to the favourable environment, the number and diversity of cooperatives have expanded rapidly (World Bank, 2008). In Ethiopia, there are a total of 311 cooperative unions, which are made up of 8,909 primary cooperatives with a capital amount of 2.3 billion birr. The majority of these cooperatives (47%) are multipurpose cooperatives, followed by saving and credit cooperatives (28.3%) and consumer cooperatives (7%). The multipurpose cooperatives are currently the most common type of cooperative in the country in terms of number, membership, and capital (Tesfamariam, 2015).

Collective marketing is a beneficial practice for smallholder farmers in output markets. It allows them to share fixed marketing costs, which improves their ability to negotiate better prices and enhances their market power. By engaging in collective marketing, small farmers can also form contractual arrangements with large buyers, which would otherwise be very costly for buyers to negotiate, monitor, and enforce due to the geographic dispersion of individual farmers. In cases where there is an imbalance of information between buyers and producers, producer organisations can leverage their local knowledge to screen members and ensure compliance with agreed-upon contractual terms through peer pressure (Shiferaw et al., 2011).

Several examples of ineffective collective action for agricultural marketing exist in Africa and other regions, but they are not well recorded (Markelova et al., 2009). The history of farmer cooperatives in Africa has been discredited due to their inability to thrive in unregulated markets once the government withdrew direct and indirect subsidies. However, the success of collective action and farmer organisations in output markets is also contingent on the product in question (Poulton et al., 2006). There has been some debate about the effectiveness of cooperative organisations, leading to the exploration of alternative forms of collective action that do not require the establishment of formal producer organisations. While there are concerns about fairness and benefit distribution in some cases, the private sector often supports producer organisations to ensure access to consistent and high-quality produce in sufficient quantities (Shiferaw et al., 2011). Some scholars, including Leza & Kuma (2015) and Mersha and Ayenew (2018) stated that it is challenging to conclude that the majority of Ethiopian cooperatives have fulfilled their intended purpose due to their inefficiency in providing services, especially in the areas of input and output marketing, as well as adopting quality technology extension services. Other scholars argued that market mechanisms alone won't be sufficient to bring about the necessary change, particularly in rural areas with sparse marketplaces (Doner et al., 2005; Dorward et al., 2004; Narrod et al., 2009). The purpose of this paper is to explore the transformation of agricultural cooperatives in Ethiopia, particularly in light of the need to strengthen market access for smallholder farmers.

As a result of this, MPC member farmers face difficulties in participating in even local markets due to subsistence production and the inability to penetrate other factors that influence the search for markets (Dalango et al., 2018). Moreover, the roles of the MPPCs examined in the world have adapted to the dynamic change. The world of global market forces and dynamic economic, environmental, and political change is creating new challenges and opportunities for their organisations. According to Esther and Ukamaka (2022), these new challenges are associated with emerging consumer

demands, global standardisation processes, market requirements, and price instability, requiring different roles and capacities from agricultural cooperatives operating in agro-food value chains worldwide. Agricultural cooperatives are now challenged to take on a more proactive role in marketing, updating their organisational structure, and engaging in value chain integration. Furthermore, multipurpose cooperatives were considered a cure to relieve the bottlenecks of Ethiopian farmer producers. The government and NGOs have facilitated direct technical and financial assistance to help cooperatives become farmer-owned, controlled, and profitable, and governed in a democratic manner. Therefore, this paper intends to examine the challenges of multipurpose cooperative members' participation in agricultural output marketing in Kersa District, Jimma Zone, Oromia region, Ethiopia.

2. Materials and Methods

2.1 Description of the study area

Kersa district is part of the Jimma Zone, located in the Oromia Region of Southwest Ethiopia. It is situated approximately 324 km away from Addis Ababa, the capital city, towards the southwest. Kersa is also 22 km away from the capital city of Jimma, towards the east. The district shares borders with four other districts of the zone - Tiro Afeta to the east, Manna to the west, Limmu Kossa to the north, and Dedo to the south. According to KDCPA (2019), the district comprises 32 Kebeles, out of which 30 are rural-based administrative units known as peasants associations. These associations hold the largest share of the district's administration. The remaining 2 Kebeles come under town administration.

2.2 Socioeconomic characteristics of the district

According to the 2007 national census, the district's total population was 165,391, with 83,579 men and 81,812 women. Only 5,426 people (or 3.28%) lived in urban areas. Agriculture is the primary source of income for households in this area. The district is well-known for its abundant vegetation, making it suitable for coffee, crop, livestock, and bee production. Major cash crops grown in the area include maise, sorghum, barley, wheat, soya bean, field pea, coffee, chat (Cath edulus), fruits, and vegetables. The soil in the study area is characterised by black to red soils. There are 14 grain mills in the district's industry. The district has three main types of primary cooperatives: multipurpose, saving and credit, and other service cooperatives. These cooperatives have a total of 34,823 members, with 4,184 being women. Each rural kebele has one multipurpose agricultural cooperative, resulting in a total of 30 cooperatives in the district (KDCPA, 2019).

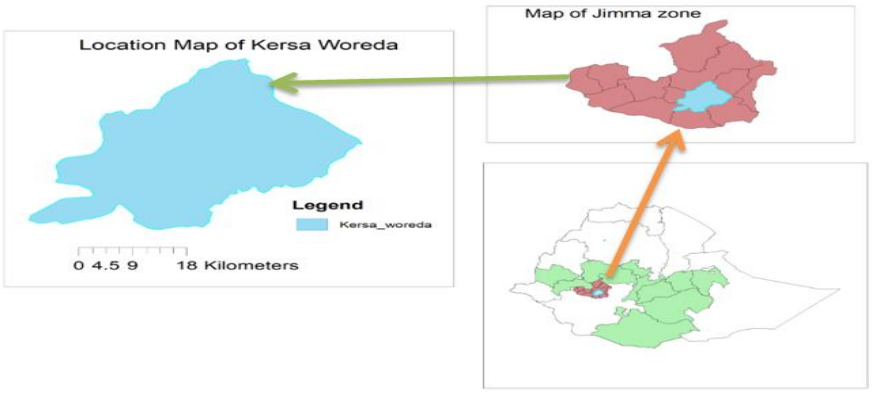

Figure 1 : *Map of the study area*

2.3 Research design

For this study, a mixed research design was used, which combines elements of cross-sectional survey and descriptive research, as well as qualitative and quantitative viewpoints, data collection, analyses, and inference techniques. This approach was chosen because it has the potential to overcome the weaknesses of each method by utilising the strengths of the other method.

2.4 Sampling procedure and technique

The Cooperative Promotion Office report of 2010 states that there are 30 Multipurpose Cooperatives (MPCs) in the district. A two-stage sampling technique was used for this study. Firstly, four MPCs were purposively selected based on their agricultural input and output marketing potential. In the second stage, the simplified formula for proportions suggested by Umar and Wachiko (2021) was used to determine the 196 sampled respondents.

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

$$n = \frac{5111}{1 + 5111(0.07^2)}$$

$$n = 196$$

Where n is the sample size, N is the population size (Multipurpose Cooperative members), and e is the level of precision where e = 1 - precision and assumed as e = 7%. A total of 196 respondents would be selected randomly from four Multipurpose Cooperatives based on probability proportional to the size of the cooperatives.

Table 1: *Sampling procedure*

MPCOs	**Total members of MPCs**			**Sampling size**
	Male	**Female**	**Total**	
Toli karsu	1111	128	1239	48
Away Sabu	1280	218	1498	57
Siba	995	88	1083	42
Kitimbile	1097	194	1291	49
Total	**448**		**5111**	**196**

Source: Survey, 2019

2.5 Methods of data collection and sources of data

The study collected both qualitative and quantitative data from primary and secondary sources. Qualitative data was gathered through 12 key informant interviews with District cooperative promotion experts, development agents, community leaders, and cooperative leaders. In addition, 8 focused group discussions (FGD) were conducted with multipurpose cooperative committees (4 with a committee and 4 with members in each study kebele). The study also involved 196 sample respondents who completed structured interviews and questionnaires to provide quantitative data on relevant variables. Secondary data was collected from various sources, including published and unpublished documents, journals, development plans (annual plans), annual reports of the Kersa District and the selected multipurpose cooperatives and promotional offices, as well as baseline data from the schemes.

2.6 Data analysis method

The survey data from household members was analysed with utmost precision, using appropriate statistical techniques that included both descriptive and inferential statistics. The qualitative data obtained through Focused Group Discussions (FGD) and Key Informant Interviews (KII) were analysed using content analysis. The quantitative data was analysed using descriptive statistics such as mean, standard deviation, and percentages, providing a comprehensive overview.

3. Result and Discussion

3.1 Socioeconomic contribution of multipurpose cooperatives

It has been observed that cooperatives in the study area have been generating significant socioeconomic advantages for their members by distributing agricultural inputs, promoting the use of improved technologies, and encouraging farmers to cultivate high-value crops. This is similar to the findings of (FCA, 2014a), which stated that Multipurpose cooperatives had imported and marketed 70% of the total fertilisers between 2005-2008. Cooperatives are also involved in output marketing, creating market opportunities and serving as a market channel. Coffee and grains are the main agricultural products that they have successfully marketed. For example, seven coffee cooperative unions exported about 6,967 tons of coffee and generated revenue of about 24 million USD in the year 2007. This increased to 11,532 tons of coffee (generating about 76 million USD) in 2013 (FCA, 2014a). According to FCA data, cooperatives have been supplying an average of 2.5 million tons of grain, 11.7 million litres of milk, 124,404 live animals, 17,356 quintals of fish, and 21,141 quintals of honey per year to the market between 2009-2013. This has led to an improvement in members' income. Additionally, the cooperatives have been paying higher prices to members and maintaining the floor price for the commodities they market. The presence of cooperatives has created competitive markets, protected the producers, and even benefited non-member farmers (Emana & Nigussie, 2011). Cooperatives create direct and indirect employment opportunities, providing significant social and economic benefits. According to (FCA, 2013), around 12,902 cooperatives provided employment to more than 623,950 members and 181,133 non-members. Cooperatives have created over 805,053 job opportunities across the country. Some cooperative unions have also been involved in processing and adding value to products, which has resulted in economic benefits for their members (FCA, 2014).

3.2 Agricultural produces marketing role multipurpose cooperatives

According to the findings of the FGD, Multipurpose Cooperatives in the study area engage in the marketing of different types of agricultural commodities.

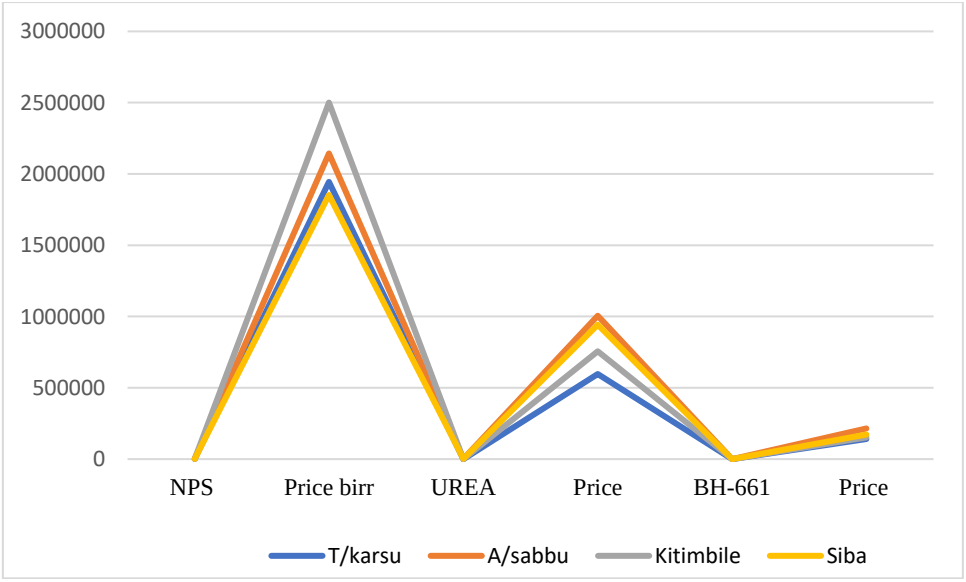

Figure 2: *Agricultural inputs marketing of Cooperatives*

The major products marketed by MPC in the study area are maise and coffee. They have reported that there is an agreement with their union, the Jimma Multipurpose Cooperative Union, and WFP. According to this agreement, MPC purchases agricultural products from both members and non-

members at a competitive market price, paying in cash based on prevailing market prices. Subsequently, the Union purchases from MPC and pays them a commission. Multipurpose Cooperatives in the study area serve as the main source of agricultural inputs such as NPS, UREA, and improved maise BH-661 for 98.97%, 96.94%, and 100% of sample farmer members, respectively. However, 1.03% and 3.06% of members did not obtain NPS and UREA from the multipurpose cooperative, as they prefer to use compost for their produce. According to data obtained from the District Cooperative Promotion Agency (as shown in Figure 3), the four samples of MPC distributed a total of 6540.5 quintals of fertilisers (NPS) and 21617 quintals of UREA, with a transaction cost of over Birr 8,441,764.8 and Birr 330,0962.88, respectively, in 2019 under study.

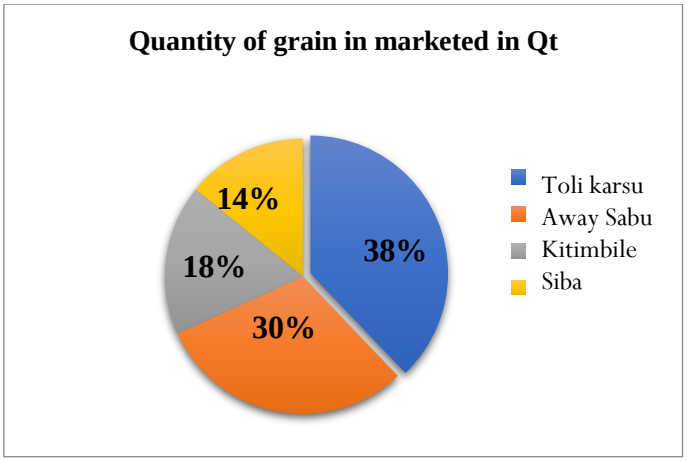

Figure 3: *Total amount of output marketed in 2019*

The graph shows that Toli Karsu (38%), Away Sabbu (30%), Kitimbile (18%), and Siba (14%) are the top four multipurpose cooperatives in the study area that specialise in grain marketing activities. Based on the key informant interviews, Toli Karsu and Away Sabu MPCs are the best-performing cooperatives because of their superior warehouses, proximity to the district, and easy road access compared to other MPCs. It was found that multipurpose cooperatives in the district do not regularly purchase and sell farmers' grain. The cooperatives typically follow a marketing strategy of purchasing grain during harvest time (October and November) and storing a significant portion of it until the lean periods (June, July, and August) in anticipation of better prices, as they lack adequate market outlets during harvest time. This has resulted in high fluctuations in their grain marketing activity.

3.4 Factors affecting the agricultural product marketing of multipurpose cooperatives

After conducting an independent sample t-test, it was found that the mean distance between participants and non-participants who are household heads is significantly different, with a probability level of 1% (Table 2).

Age: The total mean age of MPC members was about 44.99 years, while the corresponding figure for the participant and non-participant farmers was about 46.89 and 41.26 years, respectively. According to Table 7, an independent sample t-test was conducted to compare the difference in mean age between participant and non-participant sample respondents. The results showed that the difference in mean age between the two groups was statistically significant at a 1% probability level of significance (t = 3.48).

Education: The mean educational level of the sampled households was 5.22. The average schooling for participant and non-participant sample farmers was 6.25 and 3.21 years, respectively. According to the independent sample t-test, there was a statistically significant difference in the mean

educational level between participant and non-participant cooperative members, with a t-value of 10.66, at a 1% probability level.

***Table 2**: The descriptive statistics of sampled respondents*

Explanatory Variables	Participant N=130		Non-participant N=66		Total N=196		t-value	P-value
	Mean	SD	Mean	SD	Mean	SD		
Age of HH	46.89	11.042	41.26	10.022	44.99	11.01	3.48	.001***
Education	6.25	2.61	3.21	1.37	5.22	2.68	10.666	.000***
Family Size	4.32	2.01	3.83	2.06	4.16	2.04	1.596	.112
Land hold	1.54	0.68	1.09	0.56	1.39	.67	4.874	.000***
Livestock hold	3.70	2.15	4.36	2.17	3.92	2.17	-2.033	.043**
Share hold	2.32	1.16	2.09	1.13	2.26	1.16	1.284	.201
Non-farm income	701.92	1254.51	599.32	1153.00	667.40	1219.27	0.555	.578
Expenditure of HH	3054.38	2395.95	2791.21	2272.17	2967.45	2352.34	0.725	.469
Distance of HH from MPCs office	3.20	1.66	4.70	1.35	3.71	1.72	-6.804	.000***

* Significant at less than 10% level of significance

** Significant at less than 5% level of significance

*** Significant at less than 1% level of significance

Land Ownership: The mean land ownership of the sampled MPC members was 1.39 hectares. Moreover, the corresponding figures for the participant and non-participant sample respondents' were 1.54 and 1.09 hectares, respectively. According to the independent sample t-test conducted in this study, the difference in mean land ownership between the participant and non-participant household heads is found to be significant at a 1 percent probability level (t= 4.874). Therefore, we can conclude that the majority of the sampled farmers own more than one hectare of land.

Livestock holding: The average livestock holding for the sample households as a whole is 3.92 TLU (Table). The average livestock holding of participants is relatively lower (3.70) than that of non-participants (4.36). An independent sample t-test was conducted to compare the mean difference in TLU owned between participants and non-participants of the agricultural input and output marketing by cooperatives. The result shows that there is a statistically significant difference between the participant and non-participant households at the 5 percent probability level (t=-2.033).

More importantly, the average shareholding of the whole sample of farmers, both participant and non-participant farmer members, amounts to 2.26, 2.32, and 2.09, respectively. An independent sample t-test was conducted to compare the mean difference in shareholdings between participant and non-participant households in agricultural input and output marketing by cooperatives. The result shows no statistically significant difference (t = 1.284, P). This indicates that there is no significant difference between participants and non-participants in financing their cooperative societies through investment in the form of additional share capital.

3.5 The Chi-square result

A Chi-square test was conducted to observe the difference between the two categories, and a statistically significant difference was observed between participants and non-participants in agricultural input and output marketing (Table 9). This means that there is a statistically significant relationship between participants and non-participants in agricultural input and output marketing of MPCs in the study area.

Accordingly, the Chi-square test result shows that out of the 5 categorical explanatory variables (output price perception, change in standard of living due to joining cooperatives, membership in cooperatives other than MPC, fertiliser price perception, and seed price perception), 4 of them (change in standard of living due to joining cooperatives, membership in cooperatives other than MPC, fertiliser price perception, and seed price perception) have a significant relationship between participants and non-participants of MPC members in agricultural input and output marketing.

***Table 3**: The Chi-square value of dummy variables*

Explanatory Variables	Categories	Participant	Non-participant	Total	%	P-value	x^2
Output price perception	High	74	31	105	53.57	0.266	0.744
	Low	56	35	91	46.43		
Change in income	Yes	118	15	133	67.85	0.000***	92.91
	No	112	51	63	32.15		
Membership	Yes	113	29	142	72.44	0.000***	40.52
	No	17	37	54	27.56		
Fertiliser Price perception	High	78	63	141	71.94	0.000***	27.25
	Low	52	3	55	28.06		
Seed price Perception.	High	83	60	143	72.96	0.000***	16.25
	Low	47	6	53	27.04		

***Significant at less than 1% level of significance.

Source: Survey, 2019

Perception on the output price (OUTPUTP): The chi-square result found that the perception on the price of output has no statistically significant difference with the participation of members in agricultural input and output marketing by cooperatives between the two groups (= 7.44).

Change in standard of living due to joining MPCs: Based on the perception of the sample respondents, the average change in living standards due to joining the multipurpose cooperatives was 86.92 percent for the participants and 13.08 percent for the non-participants. The chi-square test showed that there was a statistically significant relationship in the mean change in the standard of living due to joining a cooperative between the participants and non-participants in agricultural input and output marketing, at a probability level of less than 1 percent (= 92.91) (Table 3).

Membership in other cooperatives: This was coded as a dummy variable, which took the value of one if the farmer was a member of a cooperative and zero otherwise. This variable was expected to positively affect the participation of MPC members in agricultural input and output marketing. This is because members of MPCs are likely to receive benefits and information, which could lead to their participation. The study results showed that the mean percentage of experienced respondents on

membership in other cooperatives for the participants and non-participants was 72.44 percent and 27.56 percent, respectively. The chi-square analysis revealed a statistically significant difference in the percentage between being a member in other cooperatives or not in the probability of participation in agricultural input and output marketing. The results showed statistical significance at a probability level of less than 1% (χ 2=40.52) (Table 3).

Fertiliser and Improved Seed Price Perception: With regard to the respondents' perception of fertiliser and seed prices on participation in agricultural input and output marketing, the perceived mean for high fertiliser prices was 55.32 for participants and 44.68 for non-participants. For high prices of improved seeds, the perceived mean was 58.04% for participants and 41.96% for non-participants. The chi-square analysis on the perception of the household head regarding fertiliser and seed prices, and their participation in agricultural input and output marketing by multipurpose cooperatives was statistically significant at less than 1 percent (χ^2 = 27.25). The perception of the household head regarding the price of improved seeds and their participation in agricultural input and output marketing by multipurpose cooperatives was also statistically significant (χ^2 = 16.25) (Table 3).

3.6 Challenges of MPCs in agricultural input and output marketing

Multipurpose cooperatives in the study area have played a crucial role in providing agricultural inputs such as fertilisers, improved seeds, and pesticides to smallholders. In fact, they have distributed 95% of all fertilisers used in the area. However, their involvement in output marketing is still low due to several limitations. These limitations include a lack of capital, an unskilled workforce, low commitment from committee members, and distrust among members and management committees. Unfortunately, these factors have led to inadequate and unreliable grain marketing activity within the sampled multipurpose cooperatives in the district. According to respondents, the marketing activity provided by the entire sample MPC was not remarkable. These constraints stem from issues like the lack of qualified and committed leadership, limited financial capital, and the absence of well-infrastructure facilities such as standardised warehouses and vehicles.

This study has identified the two basic challenges that hinder cooperatives: internal and external challenges. Internal challenges emanated from cooperatives (primary up to federation level) members, managers, management, and board members, while external challenges belonged to government structures that were established to support the cooperative sector. However, these markets are plagued with serious limitations, such as the lack of qualified and committed leadership, limited financial capital, and insufficient infrastructural facilities.

The opinions of key informants gathered through both questionnaire surveys and personal interviews have provided us with valuable insights into the challenges that impact the marketing success of multipurpose cooperatives in the grain industry. According to their responses, sufficient initial capital, top-notch infrastructural services (including transportation and standardised storage facilities), skilled managers capable of building strong relationships with clients, a thorough understanding of cooperative marketing principles, a high level of education, and extensive business acumen and experience in cooperative marketing are all pivotal factors in the success of these cooperatives.

It is evident that experience is a crucial factor in managing cooperatives. According to the survey questionnaire results, the respondents prioritise the experience of managers in working with cooperatives rather than their educational level. This is further emphasised by one of the key informants who stated that *''an inexperienced manager poses a significant challenge to the success of cooperative marketing. As an example, the Toli Karsu Multipurpose Cooperative almost failed under the management of a manager with only one year of experience and a twelve-grade education. However, the cooperative's situation improved significantly under the management of someone with many years of*

cooperative experience''. Therefore, it is clear that experience in cooperative management is vital to the success of cooperative marketing activities, and educational qualifications should not be prioritised over experience. This is similar with the report of Alemu and Gebreyohannes (2016), which stated that although cooperatives are considered as an appropriate tool of rural development, they are facing critical problems, which retain them from their positive role.

3.7 Internal challenges

During the focus group discussions held with different committee members of four cooperatives, it was found that several internal factors were hindering the agricultural input and output marketing role of the MPC. Lack of funds, an inexperienced workforce, lack of trust, lack of commitment from committee members, inadequate transportation and storage/warehouse infrastructure, reluctance to serve on the committee, fear of marketing risk, inadequate participation of members, frequent committee changes brought by misbehaviour, and reliance on the union were some of the reasons for these problems. In addition to other challenges, the lack of financial knowledge and participation of multiple stakeholders, including political figures, and agricultural and cooperative office executives, disrupted the overall operations of the cooperative. During the meetings, the topic of risk was also discussed. Risk is an unavoidable aspect of business, but it can be mitigated through careful preparation and adaptable marketing strategies that help a company stay competitive. However, cooperative members lack the necessary expertise, dedication, flexibility, and commercial acumen to perform as expected in the market.

Inadequate capital/Lack of Capital: One of the basic needs for a successful cooperative business operation is adequate capital. Equity and debt capital are the two types of capital from an ownership perspective. Members, who are the company's proprietors, contribute equity capital. The term "net worth" appears on the balance sheet. After deducting all obligations from all assets, the owners' remaining equity in the company is what remains. The ideal source of funding for a cooperative's operations should come from its members. Each member should contribute capital in direct proportion to how much they use the cooperative's services, as this is why the cooperative exists: to serve its members. During a focused group discussion to identify the lack of capital among multipurpose cooperatives in the study area, it was revealed that they do not have sufficient funds to engage in agricultural input and output marketing and have to rely on their union for support. Lack of trust and transparency among members was cited as a possible reason for this situation, according to one of the key informant interviews. Additionally, the cooperative has paid back share since its establishment.

Lack of professional skilled manpower: Committees lacking a cooperative background oversee the societies in the study area. On the other hand, cooperatives, in theory, possess special characteristics that necessitate experts with a background in cooperatives to effectively manage the technical aspects of the society. Another challenge that arises from a lack of qualified leadership is the failure to report on time and the unwillingness to hold general body meetings.

Lack of trust: When it comes to cooperatives, the trust that members and staff have in the management committees is crucial. If members have faith in these aspects, they are more likely to participate in the cooperative business operations. However, a recent study showed that most participants lack trust in the members and committees. Some even lacked faith in the management team and staff, who were supposed to provide them with benefits. Members view their cooperatives as profit-making entities, and this can affect their trust in the product delivery and loan repayment systems. There have also been instances where management organisations lacked confidence in their members.

Table 4: *Constraints of MPCs in agricultural input and output marketing*

No-	List of Constraints	Frequency	%	Rank

1	Lack of Capital	65	33.16	1st
2	Unskilled working force	42	21.43	3nd
3	Low commitment from committee members	47	23.98	2rd
4	Lack of trust	14	7.14	4th
5	Fear of marketing risk	7	3.57	6th
6	low infrastructure(transport and storage)	4	2.04	8th
7	Unwillingness to serve as committee	5	2.55	7th
8	Poor members participation	12	6.13	5th
	Total	196	100	

Source: Household survey, 2019

3.8 External challenges

According to the sampled respondents, the following external challenges were identified: inadequate and inconsistent technical assistance, deficiency in knowledge and skills, inadequate documentation and information, weak horizontal and vertical relationships, and poor governance, leadership, and supervision. An unstable structure can lead to a high staff turnover rate, a lack of consistent oversight, a corrupt mindset and practice, as well as a reluctance to confront corruption in court. Moreover, an unfair distribution of resources, particularly in terms of funds and manpower, would be detrimental to the cooperative promotion sector, especially at the district level. Weak public relations efforts and occasional outside intervention would also pose major obstacles. This was further indicated by one key informant who recalled what one farmer from a failed cooperative told him when he asked about the reasons for the failure of cooperatives. *"Different government officers with the government political organisation representatives would come to us to provide financial support for their political organisation and they have already made the decision on what to do, they do not ask the members first, so it is difficult for the Committees to say anything because we know that they have already made a decision and we know only to do what they ordered us to do".*

4. Conclusion

Cooperatives, especially agricultural ones, are often seen as useful tools for rural development. However, they face significant challenges that prevent them from fulfilling their potential. In particular, agricultural cooperatives, such as multipurpose cooperatives, need to take a more active role in marketing, updating their organisational structure, and integrating themselves into the value chain. A recent study revealed that multipurpose cooperatives in the area studied were not doing enough to market farmers' products effectively or protect them from low prices. They were also not providing enough multifaceted services or enhancing farmers' negotiation power. However, they were successfully providing farm inputs at the right time, which saved farmers from having to travel to the district market. They also acted as an alternative market outlet for input marketing. These multifaceted problems make it very difficult for the overall activities of multipurpose cooperatives in general, as well as agricultural input and output agricultural marketing cooperatives in particular. As a result, members were often price takers because they had poor marketing skills and limited bargaining power. The T-test showed significant differences in the age, educational level of members, total livestock holdings, land holdings, and distance of HH members from the MPCs office. The Chi-square test also revealed that certain discrete variables, such as change in the standard of living due to joining the cooperative, membership in some cooperatives other than MPCs, fertiliser price perception, and seed price perception, influenced farmer members' participation decisions in agricultural input and output marketing activities at different levels of significance. To address these issues, stakeholders will need to work together to ensure that output markets operate at their maximum potential. This will require collaborative efforts from all parties involved.

5. Declarations

Funding: This research did not receive any external funding.

Acknowledgements: No acknowledgement to make.

Conflicts of Interest: The author declares no conflict of interest.

Data availability: The data for the study can be found in the body of the work. However, more information is available from the corresponding author upon reasonable request.

References

Alemu, G. T., & Gebreyohannes, T. K. (2016). Agricultural cooperatives sector development in Ethiopia. *Journal of Radix International Educational and Research Consortium*, *5*(1), 1-12.

Dalango, D., Mulugeta, W., & Melaku, T. (2018). Determinants of smallholder teff farmers' market participation: A case study in Gena-Bossa District, Dawro Zone, Ethiopia. *Preprints 2018*, 2018110224. https://doi.org/10.20944/preprints201811.0224.v1

Doner, R. F., Ritchie, B. K., & Slater, D. (2005). Systemic vulnerability and the origins of developmental states: Northeast and Southeast Asia in comparative perspective. *International organisation, 59*(2), 327-361.

Dorward, A., Fan, S., Kydd, J., Lofgren, H., Morrison, J., Poulton, C., Rao, N., Smith, L., Tchale, H., & Thorat, S. (2004). Institutions and policies for pro-poor agricultural growth. *Development policy review*, *22*(6), 611-622.

Emana, B., & Nigussie, M. (2011). Strategising cooperative development in Ethiopia. *An Unpublished Report Submitted to Agricultural Transformation Agency (ATA)). Addis Ababa, Ethiopia*.

Esther, E. N., & Ukamaka, T. (2022). Influence of micro business on the economic empowerment of women cooperative societies in Anambra state, Nigeria. *Journal of Management and Science*, *12*(3), 116-125.

FCA. (2013). Federal Cooperative Agency. *Unpublished data, Addis Ababa, Ethiopia*.

FCA. (2014). Federal Cooperative Agency. *Cooperatives. Annual publication 1(11), Addis Ababa: FCA.*

KDCPA. (2019). Kersa District Cooperative Promotion Agency. *Unpublished Report*.

Leza, T., & Kuma, B. (2016). Analysis of Cooperative Member Participation in Agricultural Input and Output Marketing: The Case of Damote Gale District of Wolaita Zone in Ethiopia. *Asian Journal of Agricultural Extension, Economics & Sociology*, *9*(1), 1-13.https://doi.org/10.9734/AJAEES/2016/22080

Markelova, H., Meinzen-Dick, R., Hellin, J., & Dohrn, S. (2009). Collective action for smallholder market access. *Food policy*, *34*(1), 1-7.

MDG. (2015). *The Millennium Development Goals Report*. https://doi.org/10.18356/6cd11401-en

Mersha, D., & Ayenew, Z. (2018). Financing challenges of smallholder farmers: A study on members of agricultural cooperatives in Southwest Oromia Region, Ethiopia. *African Journal of Business Management*, *12*, 285-293.

Narrod, C., Roy, D., Okello, J., Avendaño, B., Rich, K., & Thorat, A. (2009). Public-private partnerships and collective action in high-value fruit and vegetable supply chains. *Food policy*, *34(1*), 8-15.

Poulton, C., Kydd, J., & Dorward, A. (2006). Overcoming Market Constraints on Pro-Poor Agricultural Growth in Sub-Saharan Africa. *Development policy review*, *24*, 243-277. https://doi.org/10.1111/j.1467-7679.2006.00324.x

Royer, A., Bijman, J., & Abebe, G. K. (2017). Cooperatives, partnerships and the challenges of quality upgrading: A case study from Ethiopia. *Journal of Cooperative Organization and Management*, *5*(1), 48-55.

Shiferaw, B., Hellin, J., & Muricho, G. (2011). Improving market access and agricultural productivity growth in Africa: what role for producer organisations and collective action institutions? *Food security*, *3*, 475-489.

Stellmacher, T., & Kelboro, G. (2019). Family farms, agricultural productivity, and the terrain of food (In) security in Ethiopia. *Sustainability*, *11*(18), 4981.

Tefera, D. A., Bijman, J., & Slingerland, M. A. (2017). Agricultural cooperatives in Ethiopia: evolution, functions and impact. *Journal of International Development*, *29*(4), 431-453.https://doi.org/10.1002/jid.3240

Tefera, D. A., Bijman, J., & Slingerland, M. A. (2017). Agricultural cooperatives in Ethiopia: evolution, functions and impact. *Journal of International Development, 29(4),* 431-453.

Tesfamariam, K. (2015). Cooperative movement in Ethiopia: development, challenges and proposed intervention. *Journal of Economics and Sustainable Development*, *6*(5), 38-45.

World Bank. (2008). *World Development Report 2008*. Agriculture for Development World Bank. https://openknowledge.worldbank.org/entities/publication/ba969388-b5eb-5155-b8f2-6d323a6e5a52

Umar, A. M., & Wachiko, B. (2021). Tara Yamane (1967), Taro Yamane Method For Sample Size Calculation. The Survey Causes of Mathematics Anxiety Among Secondary School Students In Minna Metropolis. *Mathematical Association of Nigeria*, *46*(1), 188-207.