Applied Studies in Agribusiness and Commerce – APSTRACT
University of Debrecen, Faculty of Economics and Business, Debrecen
SCIENTIFIC PAPERS
DOI: 10.19041/APSTRACT/2024/1/9

DO MULTIPURPOSE COOPERATIVES HAVE ADDRESSED THEIR MEMBER S AGRICULTURAL OUTPUT MARKETING CHALLENGES OF SMALL HOLDER FARMERS IN ETHIOPIA?

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Abstract: *Multipurpose cooperatives offer a powerful tool for enhancing the livelihoods of small-scale farmers, particularly in developing economies. By joining forces, these farmers gain greater collective bargaining power, allowing them to negotiate better prices for their crops and increase their incomes. In developed countries as well, farmer cooperatives play a central role in streamlining production and marketing activities for family farms. They act as a crucial bridge between farmers and markets, ensuring smoother exchange and coordination within the agricultural sector. However, despite their significant contributions, multipurpose cooperatives also face challenges that influence them to play their significant role of agricultural product marketing. The aim of this study was to examine the benefits and difficulties associated with members of a multipurpose cooperative participating in the selling of agricultural products in the Kersa district of Jimma Zone, Oromia Regional State, Ethiopia. For this study, four multipurpose cooperatives were chosen using a two-stage sampling technique, resulting in a sample size of 196 cooperative members. 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 analyze the data. The result showed that 66.36% of cooperative members were participants, whereas 33.64% were non-participants. Multipurpose cooperatives are serving as the primary source of agricultural inputs. However, the output marketing activity of the sampled multipurpose co-operatives in the district is not as remarkable. The study suggests that local cooperative agencies should encourage more members to participate in selling their crops through the cooperatives.*

Keywords: *Output Marketing, Multipurpose cooperatives, Challenges, Smallholder farmers, Ethiopia*
(JEL code: Q13)

INTRODUCTION

Ethiopia stands out as one of the nations in its region where agriculture significantly shapes 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 is the cornerstone of the Ethiopian economy contributing about 53% of the GDP 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 has the aim of increasing the efficiency of the marketing system, with the cooperatives playing a significant role in improving the productivity of farmers. By providing farm inputs, particularly improved seed and fertilizer, agricultural cooperatives help to maximize agricultural output. Maximizing agricultural output is a crucial decision to enhance farmers' earnings and standard of living. If agricultural cooperatives were capable of capturing 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 (D. A. Tefera, Bijman, & Slingerland, 2016). The Ethiopian government is focusing on the development of cooperatives to revolutionize the agriculture industry. The cooperatives will help organize 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 commercialization of smallholder agriculture in the second Growth and Transformation Plan II (GTP II) (Delelegne A Tefera, Bijman, & Slingerland, 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 has increased by 44% (Royer, Bijman, & Abebe, 2017). In response to the favorable 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 multi-purpose cooperatives, followed by saving and credit cooperatives (28.3%), and consumer cooperatives (7%). The multi-purpose 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 for 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 organizations can leverage their local knowledge to screen members and ensure compliance with agreed-upon contractual terms through peer-pressure (Shiferaw, Hellin, & Muricho, 2011).

Several examples of ineffective collective action for agricultural marketing exist in Africa and other regions, but they are not well recorded (Markelova, Meinzen-Dick, Hellin, & Dohrn, 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 organizations in output markets is also contingent on the product in question (Poulton, Kydd, & Dorward, 2006). There has been some debate about the effectiveness of cooperative organizations, leading to exploration of alternative forms of collective action that do not require the establishment of formal producer organizations. While there are concerns about fairness and benefit distribution in some cases, the private sector often supports producer organizations to ensure access to consistent and high-quality produce in sufficient quantities (Shiferaw et al., 2011). Some scholars including (Leza & Kuma, 2015); 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 {Narrod, 2009 #16}(Doner, Ritchie, & Slater, 2005; Dorward et al., 2004; Narrod et al., 2009).

As 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, Mulugeta, & Melaku, 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 organizations. Therefore, this paper intends to examine challenges of multipurpose co-operatives members' participation in agricultural output marketing in Kersa District, Jimma Zone, Oromia region, Ethiopia.

MATERIALS AND METHODS

Description of the Study Area

Kersa district is one of the districts in the Jimma Zone of the Oromia Region of Southwest Ethiopia. It is located at about 324 km away from the capital city, Addis Ababa in the southwest and 22 km away from the capital city of the zone, Jimma in the east direction. Four districts of the zone border Kersa district in four directions. These districts are Tiro Afeta from the East, Manna from the west, Limmu kossa from north and Dedo from the South geographical directions, respectively. According to KARDO (2019), the district has about 32 Keble's, of these 30 of them are rural based administrative (peasants associations) which is the largest share of the administrative of the district and 2 of them are under the town administration.

Socioeconomic Characteristics of the District

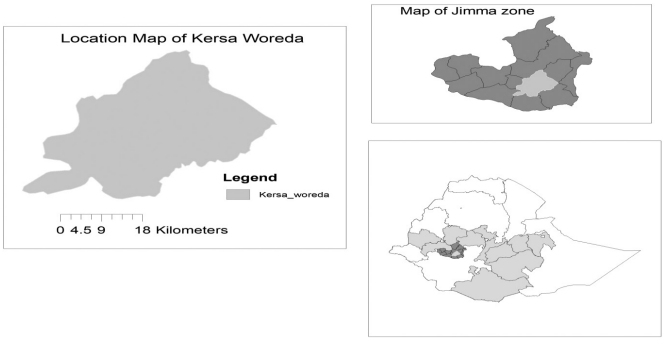
The 2007 national census reported a total population for this District of 165,391, of whom 83,579 were men and 81,812 were women; 5,426 or 3.28% of its population were urban dwellers. Agriculture is the most important source of household income in the study area. The area is mostly known for its vegetation coverage, suitability for coffee, crop, livestock and bee production. The major cash crops which grown were:-Maize, Sorghum, Barley, sample i.e. 10%) Wheat, soya bean, field pea, Coffee, Chat (Cath edulus), fruits and vegetables. The soil type of the study area is characterized with black to red soils. Industry in the Woreda includes 14 grain mills.

There are three major types of primary Cooperatives were found in the District. They are Multipurpose, saving and credit and other service cooperatives with 34,823 members in which 4,184 of them are women members. The multipurpose agricultural cooperatives in the District were 30 which mean all rural kebeles do have one multipurpose cooperative. Kersa has 14 kilometers of dry-weather and "a few" kilometers of all-weather road, for a minimum average road density of 14.3 kilometers per 1000 square kilometers, which is less than the Zonal average of 70 per 1000 square kilometers. About 55% of the urban and 11.35% of the rural population has access to drinking water.

The farming calendar of the districts is from June to August and like most part of the country rain fed agriculture is practiced. According to the same source, the living styles of

the people in the area are characterized by mixed-farming and petty trades. The farmers' rear different livestock such as cattle, sheep, and goats horse and horse basically to generate additional income to supplement the income generated from agricultural produce (Figure 1).

Figure 1. Map of the study area



Topographic Condition of the District

The district is located in the Gilgel Gibe catchments of southwest Ethiopia (Figure 1). It is characterized as hot humid tropical with bimodal heavy rainfall which is uniform in amount and distribution, ranging from 1200 to 2800 mm per year, with where; short and main seasons occurring from mid-February to May and June to September, respectively. In normal when population greater than 10, 000 years, the rainy season extends from mid-February to early October. The mean annual temperature of the area is less than 19.5°C. The district has three basic agro-climatic conditions; namely, high land (Dega), Middle land (Woyina-Dega) and Kolla (low land) agro-ecological zone. The districts altitude ranges from 1740 to 2660 meters above sea level; mountains include Sume, Gora, Kero, Folla and Jiren. Perennial rivers include the Gilgil gibe, Kersa, Bulbul, Melekta and the Birbirsa (KARDO, 2019).

A survey of the land in this District shows that 58.6% is arable or cultivable (37.5% was under annual crops), 17.3% pasture, 6.0% forest, and the remaining 18.9% is considered swampy, degraded or otherwise unusable. The climate of the Gilgel Gibe catchment is characterized as hot humid tropical with bimodal heavy rainfall which is uniform in amount and distribution, ranging from 1200 to 2800 mm per year, with where; short and main seasons occurring from mid-February to May and June to September, respectively. In normal when population greater than 10, 000 years, the rainy season extends from mid-February to early October. The mean annual temperature of the area is less than 19.5°C. (KARDO, 2019).

Research Design

According to Ker linger (1986), "a research design" is a plan, structure and strategy of investigation so conceived as to obtain answers to research questions or problems. Normally, a research design will determine the type of analysis you should carry out to get the desired results. For this study, mixed research design which combines both cross sectional survey and descriptive research, elements of qualitative and quantitative viewpoints, data collection, analyses, and inference technique was used. This is due to the fact that it gives the potential to cover each method's weaknesses with strengths from the other method.

Sampling Procedure and Technique

According to Cooperative promotion office report of 2010 shows there are 30 MPCs found in the District. For this study a two-stage sampling technique was used to the study area. First, out of 30 Multipurpose Cooperatives in the District, four of them were selected purposively based on their potential in agricultural input and output marketing.

In the 2nd stage, by using simplified formula for proportions suggested by Yamane (1967) was used to determine196 sampled respondents as:

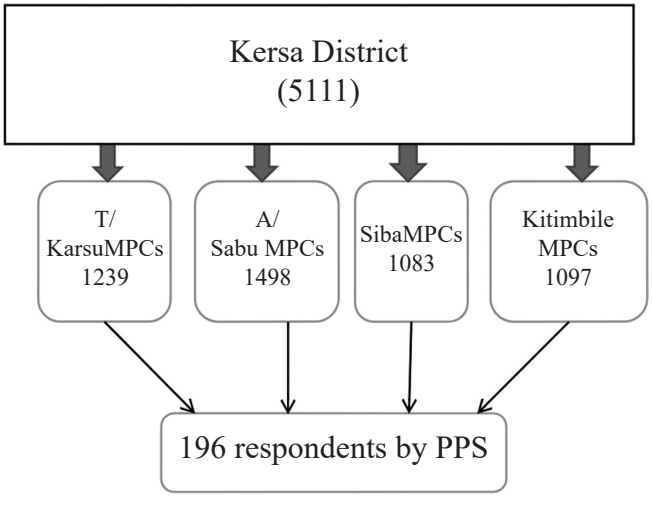
$$n=\frac{N}{1+N(e)^2}$$

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

$$n=196$$

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%. Totally 196 respondents would be selected randomly from four multipurpose cooperatives based on probability proportional to size of cooperatives (Table 1).

Figure 2. Sampling procedure



Source: KDCPA, 2019

$$¿\frac{196}{5111}x100=3.83$$

$$¿\frac{1239\,x\,3.83}{100}=47.45 \quad 48$$

$$=\frac{1498\,x\,3.83}{100}=57.37 \quad 57$$

$$¿\frac{1083\,x\,3.83}{100}=41.47 \quad 42$$

$$¿\frac{1291\,x\,3.83}{100}=49.44 \quad 49$$

Table 1. Sampling Procedure

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

Source: KDCPA, 2019

Methods of Data Collection and Sources of Data

For the purpose of the study, both qualitative and quantitative data were collected from primary and secondary data sources. For qualitative data, 8 Focused Group Discussion (FGD) with Multipurpose Cooperatives committees (4 with committee and 4 with members in each study kebele), 12 Key informant interviews with Woreda cooperative promotion expert, development agent, community leaders and cooperative leaders were conducted. For the quantitative data, structured interviews and questionnaires on relevant variables were used to collect data from 196 sample respondents selected for the study.

As far as secondary data was concerned different sources such as baseline information of the schemes, development plans (annual plans), and annual reports of the kersa Woreda and the selected Multipurpose cooperatives and promotional offices, journals, published and un published documents were used as a source of information.

Method of Data Analysis

The study was undertaken using two broad categories of data analysis, namely descriptive statistics and binary logistic regression model were used. To address the first and third objectives (roles and challenges of MPCs in agricultural input and output marketing) of the study, descriptive statistics were used while the second Objective (factors affecting the participation decision of MPCs in agricultural input and output marketing) was analyzed by binary logistic regression model. The members house hold survey data were analyzed, presented and interpreted by using appropriate statistical techniques both descriptive and inferential statistics. Qualitative data from FGD and KII were analyzed using content analysis while quantitative data were analyzed using econometric model. To summarize the collected data descriptive statistics such as mean, SD, tables and percent were used. Moreover, Statistical Package for Social Sciences (SPSS) software version 20 was used to process and analyze the collected data.

RESULT AND DISCUSSION

The Role of MPCs in agricultural input and output marketing activities

Output/Product/ Marketing

The type of output being marketed by the multipurpose cooperatives generally varies from grains, vegetables, and milk to mineral products. Output markets were serious problems in the study area. These limitations were mainly caused due to problem of qualified and committed leadership, limited financial capital and lack of well infrastructural facilities.

Grain marketing activity

In the View of FGD, Multipurpose Cooperatives in the study area undertake different types of agricultural outputs/ grain. The major types of grain marketed by MPC in the study area were maize and coffee. They reported that there is an agreement made with Union. Based on an agreement made with their union (Jimma Multipurpose Cooperative Union) and WFP they purchase their agricultural products at competitive market price both from the members and non-members on cash basis at prevailing market price. Then the Union purchase from them paying them commission.

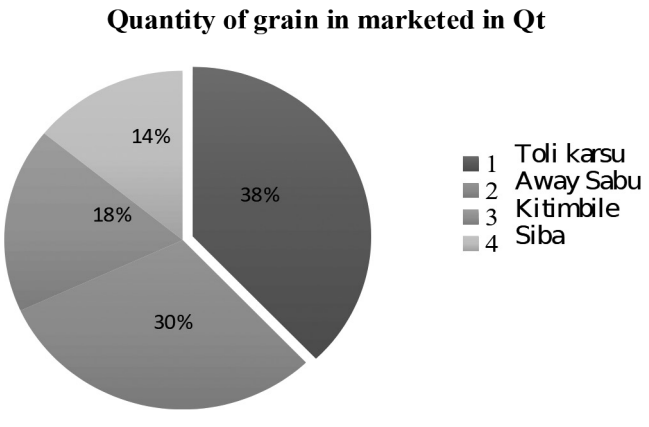
According to the interviewed key informants, the same result was obtained as in the questionnaire survey as they reflect that enough basic initial capital, good infrastructural services (road, transportation, and standardized ware house or storage) ,good interpersonal skills of managers, good understanding the concept of cooperative marketing, good educational level, good business skill and experience of management in cooperative have significant role in the grain marketing of the multipurpose cooperatives. However, in contrast to survey questionnaire results, there is very slight difference on the influence education in relation experience of management to work with cooperatives. They give priority to the experience of managers to work in cooperatives than educational level of managers. This furthermore; an inexperienced manager is a challenge for the success of cooperative marketing as one key informant said:

"If we see Toli Karsu Multipurpose Cooperative the former manager was twelve Grades complete with only one year of experience in cooperative business however during that time the Multipurpose Cooperative was almost approaching to fail, conversely, the current manager had many year of experience in cooperatives and that is why the Cooperative became better than before in agricultural output marketing activity".

On the Other hand, lack of Capital, unskilled working force, low commitment from committee members and distrust among members and management committees are among ma-

jor constraints affecting the marketing activities of Multipurpose Cooperatives. Besides, the data obtained from household survey shows that, although grain marketing activity is provided by the entire sample MPC, the present grain marketing activity of the sampled multipurpose co-operatives in the district is not as such remarkable. The respondents stated that the grain marketing activity was inadequate and unreliable. These limitations were mainly caused due to problem of qualified and committed leadership, limited financial capital and lack of well infrastructural facilities like enough and standardized ware house and transportation vehicles.

Figure 3. Total amount of output marketed in 2011



Source: KDCPA, 2019

According to the graph Toli karsu, Away sabbu, Kitimbile and Siba are the first, second, third and fourth multipurpose co-operatives undertaking grain marketing activity 38 % , 30 % , 18 % and 14 % in the study area respectively. Furthermore the result from of Key informant interviewee justified that Toli karsu and Away sabu MPCs have more activity performance compared to other MPCs as they have more better warehouse and proximity to the District and road accessibility than other MPCs.

On the other hand multipurpose cooperatives in the district do not make regular purchase and sale of farmers' grain. It is realized from the study that the normal marketing strategy of the co-operatives is to buy the grain in October and November (i.e. immediately after harvest time), and recollect a good portion of it until the lean periods (June, July and August) in expectation of better price, as they do not have adequate market outlet during harvest time. This has resulted in high fluctuation of their grain marketing activity.

According to the independent sample t- test conducted in this study, the mean difference in distance between the participant and non-participant household heads is found to be significant at 1 percent probability level (t= -6.804) (Table 2).

Non-farm Income:

The mean annual non-farm income of participants was 701.92 birr and that of non-participants was 1153 birr. The independent t- test shows that there is no significance difference between participants and non-participants members on the probability of participation in agricultural input and output marketing. (t=2.85).

House hold Members Expenditure:

The total annual expenditure per household on mean spent Birr. 2,967.45 with standard deviation of 2,352.34 Birr and the mean house hold members' expenditure of the participants and non-participant were 3054.38 Birr and 2,791.21 Birr respectively. According to the independent sample t- test conducted in this study, the difference in mean of House hold expenditure of MPCs farmer members between the participants and non- participant was found statically non-significant at (t=0.725) (Table 2).

Table 2. The socioeconomic characterstics 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*

Table 3. The Chi-square value of dummy Variables

Explanatory Variables	Categories	Participant	Non-participant	Total	%	P-value	x^2
Output price perc	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		
Fert.price perc	High	78	63	141	71.94	0.000***	27.25
	Low	52	3	55	28.06		
Seed price perc.	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: Own survey 2019*

Shareholding of MPC members:

The total mean in shareholding of the sample respondents was 2.26 and the mean difference between participants and non-participant was 2.32 and 2.09 respectively. An independent sample t test was analyzed to compare the mean difference between the participant and non-participant households in the agricultural input and output marketing by MPCs and the result shows statistically non-significant at (t = 1.284) (Table 2).

The Chi-square Result

To observe the difference between the two categories, Chi-square test was conducted and statistically significant difference was observed between participants and non-participants agricultural input and output marketing (Table 3). This means there is statistically significant relationship between participants and non-participants of agricultural input and output marketing of MPCs in the study area.

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

Perception on the output price (OUTPUTP): The chi-square result found that Perception on the price of output has no statistically significant difference with the participation of members in the 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 sample respondents, the average changed living standard due to joining of the multipurpose cooperatives was 86.92 and 13.08 percent for the participants and non-participants respectively. The chi-square test showed that, there was statistically significant relationship in the mean of change on standard of living due to joining a cooperative between the participants and non- participant to the agricultural input and output marketing at less than 1 percent probability level (= 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 cooperative and zero otherwise. This variable was expected to affect the MPC member participation in agricultural input and output marketing positively. This is because; members of MPCs are likely to get benefits and information and thus could participate. The study result showed that the mean experienced respondents on membership in other cooperatives for the participants and non-participant was 72.44 percent and 27.56 percent respectively. The chi-square analysis revealed the existence of statistically significant difference in percentage between being a membership in other cooperatives or not in the probability of participation in agricultural input and output marketing result shows statistically significance at less than1% probability level (χ 2=40.52) (Table 3).

Fertilizer and Improved Seed Price perception: With regard to the respondents' perception of fertilizer and seed price on participation of agricultural input and output marketing perceived mean in fertilizer high price was 55.32 and 44.68 for the participants and non-participant respectively. 58.04% and 41.96 % for the participant and non-participant respondents was perceived high price of the improved seed respectively. The chi-square analysis on the perception of the household head on the fertilizer price and seed price with participation of farmer members on 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 on the improved seed price with farmer members in agricultural input and output marketing by multipurpose cooperatives was statistically significant at (χ 2 = 16.25) (Table 3).

Challenges of MPCs in agricultural input and output marketing

Although cooperatives are considered as an appropriate tool of rural development, they are facing critical problems, which retain them from their positive role (Alemu & Gebreyohannes, 2016). Some of the constraints of cooperatives are: low institutional capacity, inadequate qualified personnel, low entrepreneurship skill, lack of financial resources, lack of market information, poor members' participation in the different activities such as financing the cooperative, patronizing the business activities of the cooperatives, control and supports it. Moreover, the prices of agricultural inputs are increasing from year to year and farmers are complaining on it. These multifaceted problems make very difficult the overall activities of the cooperatives in general and the agricultural inputs and outputs marketing in particular. The aforementioned problems place the farmers as usually price takers due to the fact that they have poor marketing skill and limited bargaining power. There have been attempts made by the government to improve the marketing skill and bargaining power of farmers through establishment of cooperatives and promoting other group action approaches (Dawit, 2005).

There are a number of problems, which impede MPC from playing their agricultural input and output marketing role. Among these the major challenges identified in the study area were internal and external challenges. Internal challenges were those emanated from the cooperatives (primary up to federation level) members, managers, managements and Board members while external challenges belongs to government structures, which was established to support cooperative sector. In line to this study (Nuredin, and Byeong, 2015), have identified the two basic challenges that hinder cooperatives were internal and external challenges).

Internal challenges

Based on focus group discussion held with different committee members of the four cooperatives indicate that the major internal factors that hindered agricultural input and output marketing role of MPC were:- lack of capital, unskilled working force, lack of commitment from committee members, lack of trust, low infrastructural facilities (transport and storage or ware house),unwillingness to serve committee, fear of marketing risk, poor members participation, frequent committee changes due to mischief and dependency on the union. Besides, involvement of different stakeholders in the decision making of different Woreda political leaders, agricultural and cooperative office leaders, and lack of business skill created major interference on the cooperative overall activities. The other point that was raised by the committee members during decision was risk. Risk and business are two inspirable things which cannot be avoided but require proper planning and responsive marketing decisions to be competitive in the business and minimize the risk. Hence, cooperative members in this regard lack the knowledge, commitment, and flexible decision making power and business skill which tied-up the cooperatives role expected to be played by in the market.

Inadequate capital/Lack of Capital:

Adequate capital is one of the fundamental requisites for the sound cooperatives business operation. From the stand point of ownership, there are two kinds of capital equity and debt capital. Equity capital is provided by the members'; owners of the business. In the balance sheet it is referred to as the net worth. It is the equity that the owners have in the business which left when the total liabilities are subtracted from the total assets. Ideally the members of cooperatives should provide the capital to finances its operations. Since the cooperative exists to deliver benefits to its members, each member should contribute to capital in direct proportion to usage of services the cooperative provides. However, according to some of Focused Group Discursion to identify lack of capital they told that their multipurpose cooperatives in the study area have no adequate capital to undertake agricultural input and output marketing and still now dependent on their union. In the view of one of the key informant interview this could be due to lack of members trust and transparency. Moreover he said that from their establishment our cooperative has paid back share.

Lack of professional skilled manpower:

In the study area, the societies are managed by committees having no cooperative background. Whereas, in principle, cooperatives have unique features for which professionals having cooperative background are needed to handle technical aspects of the society. Failure to report timely and reluctant to conduct general body meeting is another worst scenario emanated from lack of qualified leader

Lack of trust:

Trust is the member's confidence or faith towards the cooperatives, management committee, and employees. It was assumed as if members have confidence/ faith towards the above; they will participate in business practices of the cooperatives. The survey result indicates that the majority of the respondents have no trust towards the board of directors and

Table 4. Sampling Procedure

No-	List of Constrains	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	Un willingness to serve as committee	5	2.55	7th
8	Poor members participation	12	6.13	5th
	Total	**196**	**100**	

Source: House hold survey, 2019

the employees. There were members who have no trust towards the management body, and employees. They expect the exaggerated benefit from their products. Members see their cooperatives as profit making organizations. There were also management bodies that have no trust towards the members in terms of product provision and loan repayment.

External Challenges

The external challenges identified by sampled respondents were: absence of continues and relevant training, poor governance, weak leadership and supervision; weak and irregular technical assistance; expertise lack knowledge and skill, weak documentation and information; weak horizontal and vertical relation, and coordination. Moreover unstable structure would result in high staff turnover; lack of regular follow up, attitude and practice of corruption, as the same time reluctant to fight corruption in court; unfair resource allocation to cooperative promotion sector particularly at district level which was reflected in shortage of human resources, budget, and logistics; weak public relation activities, and in some case interference also a big challenges.

Weak performance of agricultural markets (both input and output markets) in Ethiopia has been described in various studies as a major barrier in boosting agricultural sector and the overall economy (D. Alemu, 2005). With an inefficient marketing system, the surplus resulting from increased production benefits neither the farmers nor the country. The agricultural markets in the country are highly influenced by the production system itself. That is, most of the agricultural production is undertaken by small scale producers who are scattered all over the country, engaged in different agricultural enterprises without specialization, and with limited marketable surplus (Ibid).

There are a lot of bottlenecks in implementing input and output marketing by cooperatives in the study area. With tremendous growth in size and operations and complexity of agricultural marketing, cooperatives are facing challenges which emerged from their members, management, and their competitors. It is found that agricultural cooperatives have had limitations in terms of meeting the needs of their members' efficiency.

Besides, cooperatives have failed to meet members' demand or ceased to participate in their members economic activities (buying and selling of input and output marketing, using available loan and etc,) or to make democratic decisions (attending annual meeting, approving the law and audit report, etc). Thus, the major challenges faced by agricultural cooperatives are on how to operate and meet the needs of members efficiently keeping in mind the basic principles of cooperatives. Cooperatives are considered as an appropriate tool for rural development even though they are facing critical problems, which constraint them from their positive role. These multifaceted problems make very difficult for the overall activities of multipurpose cooperatives in general and agricultural input and output agricultural marketing cooperatives in particular. Hence, members were usually price takers due to the fact that they have poor marketing skill and limited bargaining power.

CONCLUSION

From the different types of cooperatives operating in the rural part of the country, MPCs have a significant role in agricultural input and output marketing. They are organized to render multifaceted service in the rural area to its members and nearby rural community in cost effective manner than investor-owned firms. Moreover, they improve farmers' access to market and negotiation power, ensure timely supply of farm inputs, marketing of farmers' output, spread risk, create competitive marketing system and attain economies of scale which is impossible at individual farmer level. This study attempted to analyze the roles of MPCs in agricultural input and output marketing. The descriptive statistics and econometric model were also used for analyzing the data. T-test was used to compare the mean values of the continuous explanatory variables and examine the existence of statistically significant differences between participants and non-participants of MPCs in agricultural input and output marketing.

The T-test showed significant difference in the age, educational level of members, total live stocks hold, land hold and distance of HH members from MPCs office. Discrete variables were also compared using Chi-square test to see if there is statistically significant difference between the two groups. The Chi-square test also revealed that the discrete variables: Change in standard of living due to joining cooperative, membership in other cooperative Other than MPCs, fertilizer price perception and seed price perception were found to influence farmer member's participation decision in agricultural input and output marketing activity at the different levels of significance.

The result of the study shows that, the agricultural input marketing activity by MPC is very encouraging. The study found that the role of MPFCs in agricultural inputs was relatively better as compared to marketing of output. As the survey shows, multipurpose cooperatives served as a source of farm inputs for about 98.97%, farmer members in the study area. Moreover, they are supplying agricultural inputs such as fertilizers and improved seeds at proximate centers and sufficient quantity while the grain marketing activity by MPC is highly unstable and variable.

Generally, MPCs in the study area are playing insignificant role in marketing farmers output and protecting farmers from low price payment, in providing multifaceted service, in enhancing the farmer's negotiation power, while playing significant role in availing farm inputs at the right time, saving the effort and time incurred to reach the district market and in acting as alternative market outlet in the input marketing.

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