



An investigation into effective content factors in development of cooperatives across south Khorasan province

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ABSTRACT

With regard to significance of cooperative sector in economy of country, the present research has examined effective content factors in development of cooperatives across south Khorasan province. The statistical population consists of managers and members of cooperative firms across south Khorasan province at three distributive, producing and service sectors that the sample group (384) was selected using stratified sampling via Cochran's formula. The researcher-made questionnaire has been used as the data collection instrument which the content validity was used to determine validity of questionnaire, thus the questionnaire was given to the experts to determine the validity and the necessary modifications were made. Cronbach's alpha was used to determine reliability of questionnaire which was obtained equal to 0.86, indicating general reliability of questionnaire. At the next stage, information was analyzed via statistical methods at two descriptive and inferential sections via software SPSS. Findings of research indicate that the highest mean of ranks for the content factors in prevention from development of cooperatives across South Khorasan Province include high rate of bank loans for formation of cooperatives, cooperatives' lack of liquidity, lack of government support from cooperatives, lack of exemptions and tax insurance breaks of cooperatives, parallelism and lack of cohesion in cooperatives.

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1. Introduction

Currently, cooperatives have been considered as successful socioeconomic patterns throughout the world, assumed as the major entities which enable to be at the service of sustainable development and set justice. With retrospect to some indices of resistive economy and policies issued by the supreme leader, we will perceive that features of cooperative sector can have a suitable overlapping to achieve aims of resistive economy, so that emphasis on manpower inside the country has been mentioned as the important sector of resistive economy. Active public sector in economy of country has been regarded as the guidance of the resistive economy; cooperative sector comes to realize with an emphasis on capacity of experts in form of firms and cooperative associations, affecting increase of production and development of economy with necessary supports. Cooperative economy refers to an economy based on competent manpower, which reliance on public sector of economy can insure the country in case of crisis and global sanctions and reduce effects of them

to a large extent. Hence, for more recognition and understanding of significance of cooperative and better familiarity with cooperatives, investigation and detection of them and their problems and barriers are required, thus the present research proposes the approaches to improve the position of cooperative sector in short-term and long-term decision makings through investigating effective content factors in development of distributive, producing and service sectors so as to achieve the aims of cooperative sector in development of social justice programs.

2. Problem statement

The main emphasis of Cooperative movement has been put on meeting socioeconomic needs which have public aspect and individuals cannot meet them. For instance, infrastructural services, supply of employment, meeting consumption needs and supply of materials and facilities of small businesses and agriculture require for public mobilization. Position of cooperative firms and their role in economic dynamism and development of job opportunities are clear for everyone, which this

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approach has been fortunately emphasized in Islamic Republic of Iran and has been emphasized in the constitution as one of the patterns of economic ownership as a means to create job and reduce poverty and inequality, targeted in increasing cooperatives' contribution in economy of country at the end of fifth development program from 5% to 25%. Despite these emphases, cooperative sector has not achieved its real positive and failed to achieve the predicted aims; as evidences show, it can refer to the share of cooperative sector in economy of country as well as South Khorasan Province. With regard to horizon of Iran 1404 vision, share of cooperative sector in economy of country must reach to 25% by the end of fifth development program, which statistics indicate that this share does not reach to 10% and this share is 3% of gross domestic production in South Khorasan Province. Hence, the barriers and problems must be detected to develop the cooperative sector and the pathology must be fulfilled at this sector, thus the researcher intends to take an effective step to develop and expand cooperatives of South Khorasan Province and assist the planners of this sector at the province through investigating content factors in development of cooperative sector in South Khorasan Province and give a response to research questions:

1-What are the inhibiting content barriers and factors in development of cooperative sector of South Khorasan Province?

2-What are the researcher's proposed strategies to resolve content barriers to development in cooperative sector?

3. Aim of research

-An investigation into effective content factors in development of cooperatives in South Khorasan Province

Research question

-What are content barriers in development of cooperatives in South Khorasan Province?

4. Theoretical background and literature review

Cooperative refers to a way for life and also a philosophy for life mentioned with a series of processes and methods of treatment as well as a series of guidance principles in man's social and personal life. Further, cooperative has been regarded as an integration of self-assistance and mutual assistance intended to develop the man's global values (Talib, 1998). Cooperative has been used with the meaning of cooperation in Latin language which has been developed from two elements: the first "Co" which means more or together in Latin language and the second "operation" which has composed of the root "Operari" meant as working and acting.

Definition of cooperative firms: cooperative firm is a self-authorized and independent firm composed of the individuals who have gathered around voluntarily so as to meet their socioeconomic needs through collective activities and control over

democracy. Cooperative firms make an attempt to meet needs of their members in an effective way through cooperation with local, regional, national and international cooperatives and federations, unions and other collective activities.

Development of cooperative sector (operating definition): increasing share of cooperative sector in gross domestic production of province

Conceptual definition of content factors: content factors refer to intra-organizational environmental factors and conditions that have enclosed the organization environment and have influenced the organization and also undergone the organization, found out of control of organization.

Content factors (operating definition): political, social and economic environment affecting cooperatives has been mentioned as a content factor which will be examined through the components pertaining to the research-made questionnaire.

4.1. Significance and role of cooperatives

Significance and role of cooperatives in socioeconomic activities to facilitate establishment of modern governmental management and realization of general policies of principle 44 of the constitution can be characterized as follow:

1-Cooperatives improve democracy: cooperatives have discarded unrelated economy to market through assisting for expansion of democracy, because their members have perceived the values of economy relied on market through increasing their business skills. Non-governmental and public organizations are considered as the means for democracy and enhancer of civil society; indeed, they have been called organizations of civil society that can work out in line with government and find the ways for communication and participation and provide suitable educational infrastructure to improve sense of collectivism and defense from human rights.

Cooperatives create open markets: if the governments intend for further privatization of their production and trade institutions, there will be this risk that these institutes are monopolized by big capitalists, but the cooperatives avoid falling in such a trap by attending in these institutes and supplying secure services to previous consumers. Accordingly, the cooperatives expand economic power, persuade competition and provide the means for influence of small manufacturers in market. Cooperatives have the ability to continue the business activities even under risk through returning the profit to the original business, and thus they could break the unfair prices and create a competitive framework for price of goods and services.

Cooperatives are the systems for development: dependence of sustainable development on cooperatives is clear, especially when it is discussed on development of manpower; cooperatives can play a more effective role in framework of public institutions (Namegh, 1998). However, cooperatives might have focused their effort on meeting members'

needs; they assist for sustainable development of their communities. Cooperatives engage in this action through execution of national policies and respect to the values of society.

Social reasonability of cooperatives: social responsibility is called to a series of activities which owners of capital and economic entities engage in them as an efficient member voluntarily. Inattention to social responsibility causes increasing the government intervention and as a result decreasing efficiency. If the firm engages in some of its social and moral responsibilities, it can achieve the considered profit (Rahman, 2004). cooperatives have been developed based on the values such as self-assistance, equality, responsibility and equality; their activities are transparent and fair, so that they do not neglect social responsibility in their operations. Accountability structure is largely certain and direct and leaders are responsible against members in non-governmental organizations such as cooperatives which intend to meet benefits for their members. Cooperatives are collective firms: significance of cooperatives has lied on this fact that economic interests are maintained within them so that these interests are not acquired by means of foreign profit seeking, because members of cooperatives are owners of their interests. Cooperatives have been developed to meet common needs of their members which cannot be met by other business institutions.

4.2. Difference of cooperatives with other economic entities

Aim of cooperatives despite rest of business institutions is not to achieve wealth and interest, but social aims such as justice, responsibility, group collaboration in addition to improving life status and meeting need of members are followed in cooperatives. The fundamental difference between cooperatives and other corporations lies on membership against investor-based business. Cooperatives focus on giving more benefits to members, yet other corporations put an emphasis on generating revenues and profits for their investors. Due to this differentiation, functional philosophies between cooperatives and corporations can be different. A majority of cooperatives are developed to modify market (supply fundamental local services) no to generate profit. The mechanisms used in cooperatives are well suited with social aims of cooperative. Freedom, democracy, honesty and collective participation refer to those principles and values which are used in Department of Cooperative Affairs.

4.3. Current position of cooperative economy in national economy

Cooperative sector has been considered in the article (44) of constitutions as one of the three sectors of national economy of country besides government and private sector, such that the entire planning will be in a way that 80% share of

government in economy must be reduced and 25% share of cooperative sector must be increased in appointment of this act especially in paragraph b of policies. Despite emphases of article (44) of the constitution, there are not still suitable conditions for development of cooperatives, extent of their real share in economy and performance of bodies in threshold of execution of the fifth development plan, which this is clear in expressing concerns of the activists at this area. Some big events should have been occurred in cooperatives to pave the way for development conditions and areas in this sector, e.g. it can refer to development of cooperative development bank, development of Public Stock Cooperative Firms, establishment of cooperative investment guarantee fund, stock cooperative, justice stock cooperatives, yet some of these cases have occurred but they will have no effectiveness without bodies' collaboration. Iran's economy has relied on oil single-product export and major problems which have increased fragility of economy in exposure with events throughout the world. Dependence of technology has been the second problem of Iran's economy and large government size has been the third problem of Iran's economy; these problems have also occurred in cooperatives including low rate of economic growth and productivity, substantial growth of manpower, high growth of government expenditures, problems of monetary policies, structural problems and so forth which have put a direct effect on cooperative sector of country. Exclusion from corporate governance has been mentioned as a solution that a majority of economists have considered for development of cooperative sector. Cooperative refers to a democratic entity that must be excluded from state supervision. Yet, exclusion from state must be purposive, that is, if the economic model which is considered to develop cooperatives be based on aims of government downsizing and privatization policies, it can resolve some of the existing legal problems.

4.4. Literature review

Shojaei et al. (2011) in a research entitled "cooperatives and pathology of barriers and problems" have examined problems of cooperatives in inter-organizational and intra-organizational dimensions, that intra-organizational problems include high rate of bank loans for formation of cooperatives, cooperatives' lack of liquidity, lack of government support from cooperatives, Lack of exemptions and tax insurance breaks of cooperatives, parallelism and lack of cohesion in cooperatives

Pahlavani and Ghorbani (2008) in a research entitled "an overview on problems and capabilities in cooperative sector in Sistan and Baluchestan Province" have known the most important problems in distributive, producing and service cooperatives as high interest rate and loan repayments, lack of access to advanced technologies such as e-commerce

by means of heavy costs, insufficient state support from innovation and entrepreneurship, lack of spirit of cooperation and partnership activities in cooperatives. Reynolds (1999), in an investigation into success factors in America's Consumer Cooperatives, concluded that service oriented approach, managers' and staffs' skill and experience, quality of products, participatory management, organizational structure, creative and suitable financial management cause success of these cooperatives.

Crop (2008) has known effective factors in success of British consumer cooperative as organizational commitment, liquidity, major capital and communications.

Benturaki (2000) has known government intervention policies, violation of cooperative principles, no advanced cooperative rules, independence and autonomy, lack of democracy, lack of competency of members and lack of an efficient organizational structure as the reasons for lack of success of Tanzania cooperatives.

5. Research method

The present research is an applied research in sake of aim and a field research in sake of degree and extent of control and also a descriptive research in sake of how to collect data. In the present research, the statistical population consists of all the cooperative firms at three distributive, producing and service sectors across South Khorasan Province, which 1254 cooperatives with 724692 members are working throughout this province regarding the

statistics taken from Minister of Cooperative Labor and Social Welfare. The sample group consists of cooperative managers, cooperative members and 20 experts at cooperative sector which the sample size (384) has been selected based on Cochran well suited with the statistical population of research. The necessary information to give response to the questions have been collected via questionnaire, designed in form of the factors proposed in theoretical framework based on research question and aim. Content validity was used to determine validity of questionnaire. Cronbach's alpha (0.86) was used to determine reliability of questionnaire, indicating high reliability of questionnaire. In this research, all the information were transferred to the computer and all the collected information were analyzed via software SPSS after collecting questionnaires and extracting the considered data. Then, the obtained results were studied at two descriptive and inferential statistical areas.

5.1. Descriptive findings of research

A majority of individuals in the sample group were male; the highest (154 individuals) and lowest frequency (40 individuals) have been at the age group 31-40 and more than 50 years old. A majority of individuals in the sample group had bachelor degree and work experience for 5 years. Among the individuals in sample group, the highest (154 individuals) and lowest frequency (40 individuals) pertain to cooperative members and experts, respectively (Table 1).

Table 1: Point of view of the individuals in the sample group concerning role of content barriers in development of cooperatives in South Khorasan Province

Component	Very low frequency (%)	Low frequency (%)	Average frequency (%)	High frequency (%)	Very high frequency (%)	Chi-square test		
						X ²	df.	p
Content	(0.7)3	(9.4)38	(30.2)122	(41.8)169	(17.8)72	215.83	4	<0.001

As shown in Table 1, the highest percent of individuals have announced role of content barriers in development of cooperatives across South Khorasan Province high which just 3 individuals (0.7%) believed in low role of content barriers in development of cooperatives in South Khorasan Province.

5.2. Inferential findings

What are content barriers in development of cooperatives in South Khorasan Province?

With regard to Table 2, from point of view of individuals in the sample group, the highest mean of ranks for the content components in avoiding development of cooperatives across South Khorasan Province has pertained to high lending rate for firm's activity, shortage of liquidity of cooperatives, lack of government support from cooperatives, lack of exemptions and tax insurance breaks of cooperatives, parallelism and lack of cohesion in

cooperatives. Further, with regard to point of view of individuals, the lowest mean of ranks has pertained to inattention to intra-organizational customers' preferences, government intervention in department of cooperatives, weakness of relationship with other firms and organizations, weakness of cooperative room to develop cooperative sector.

Comparison of mean of score of the individuals in sample group concerning role of content barriers in development of cooperatives across South Khorasan Province with theoretical score (3) was shown in Table 3.

Result of univariate t-test indicated that mean of score of individuals' point of view concerning role of content barriers in development of cooperatives across South Khorasan Province has been more than theoretical score(3) which this difference has been significant statistically (p<0.001). In other words, from point of view of individuals in sample group, content factors have a positive role in avoiding

development of cooperatives across South Khorasan Province.

Table 2: Comparison of mean of rank of individuals' point of view on content barriers in development of cooperatives across South Khorasan Province

Variable	Mean of rank
high lending rate for firm's activity	8.50
shortage of liquidity of cooperatives	8.42
lack of government support from cooperatives	7.88
Lack of exemptions and tax insurance breaks of cooperatives	7.83
parallelism and lack of cohesion in cooperatives	7.28
less familiarity of managers with new production and productivity methods	7.14
lack of certain policies at macro industry, mining and agriculture level	6.99
indiscriminate of quality systems and lack of an indigenous quality system well suited with industry conditions	6.81
insufficient training of the members of cooperatives	6.63
Weakness of cooperative room to develop cooperative sector	6.40
Weakness of relationship with other firms and organizations	6.24
Government intervention in department of cooperatives	5.91
inattention to intra-organizational customers' preferences	4.98

Table 3: Comparison of mean of score of the individuals in sample group concerning role of content barriers in development of cooperatives across South Khorasan Province with theoretical score (3)

Empirical mean	Standard deviation	Theoretical mean	Difference of mean	t	Freedom degree	Sig
3.51	0.69	3	0.51	15.09	403	< 0.001

6. Conclusion

With regard to the findings of research, the calculated mean for content factors equals to 3.52 with standard deviation (0.69). Findings of research indicate that there is a significant difference on mean of score of individuals' point of view on content barriers ($p=0.02$) in terms of age at confidence level (95%). Thereby, it seems that content factors are at average and higher than average level from point of view of respondents.

With regard to results of one-way variance analysis test and Tukey's test, it was observed that there is a significant difference on mean of score of individuals' point of view on content barriers in development of cooperatives across South Khorasan Province in terms of education level and work experience ($p=0.02$); further mean of score of point of view of individuals with 6-10 years' work experience than individuals with 5 years' work experience, mean of score of point of view of individuals with bachelor degree than individuals with diploma and under diploma and mean of score of point of view of individuals at age group 31-40 years old than individuals at age group 30 years old have been more to a large extent ($p<0.05$). further, there has been a significant difference on mean of score of individuals' point of view on content barriers in terms of position ($p<0.05$) and mean of score of managers' point of view on content barriers has been greater than point of view of members of cooperative ($p<0.05$). All of these results put an emphasis on serious effect of content factors in avoiding development of cooperatives across South Khorasan. The interesting points lie on this fact that there is a significant difference on mean of

individuals' point of view on content barriers in terms of age, work experience and position of individuals. Among infrastructures of content factors, it can refer to high lending rate for firm's activity, shortage of liquidity of cooperatives, lack of government support from cooperatives, lack of exemptions and tax insurance breaks of cooperatives, parallelism and lack of cohesion in cooperatives. Capital of cooperatives (working capital) which is considered their liquidity plays a major role in ability of these firms to supply the required goods of members and customers of firm and increase their satisfaction. The more cooperative firm enjoys lower financial ability; it will work out successfully in acquisition of customers and vice versa (Tabarestani, 1999). Without doubt, economic and financial ability of any cooperative unit might be as an effective factor in creation of more risk power, increase of flexibility and ability for more competition in market and supply of services to members (Amini and Esmaeili, 2008). With regard to the report by Hazrati et al. (2010), quantitative increase of number of cooperatives regardless of number of members and their qualitative status and inability of some cooperatives in credit repayment have been mentioned as the most important weaknesses of cooperative firms. Further, weakness of government support from cooperative activities, high amount of bank charges in received facilities, confiscation of property of the company by bank, limited operating radius of ministry of cooperatives in providing facilities to cooperatives due to lack of timely payment of installments have been regarded as the most important threats for which required implications must be considered in the regional cooperatives. According to the investigation into factors affecting development of entrepreneurship in

producing and agricultural cooperatives across Zanzan province, from point of view of managers of cooperatives, the most effective factors include exercising financial and tax support, reforming banking regulations and adjusting them with conditions of entrepreneurs (Donyaei et al. 2010). Necessity of financial planning and liquidity for success and ultimately job creation of cooperatives has been mentioned as a barrier in different studies by Yaghoubi and Hosseini (2007) and Morad Nejadi et al. (2007) which the results in examination of success and lack of success of consumer cooperative firms confirm the present research.

7. Applied suggestions to resolve content barriers in development of cooperatives

Since the major problems of the cooperatives under study include the content barriers including shortage of liquidity, high bank lending rate and lack of government support from cooperative sector as well as lack of cohesion among cooperatives, thus the factors below are suggested:

- in upstream and developmental document of country including the sixth development plan, the credit and financial means in cooperative sector are well suited with the predicted share of this sector to achieve 25% share of economy of country.

- operationalize support rules of cooperatives and raise synergy of executive bodies, organizations, governmental firms, banks, municipalities and other public entities by cooperation of ministry of cooperative, labor and social welfare to develop and enhance cooperative sector

- provide suitable infrastructures to develop credit units by members which can acquire cash flows

- provide sufficient budget for settlement of debts of cooperative firms which have suspended debt to the banks

- maintain internal cohesion of cooperative firms of province to create value added: cooperatives should have expanded their activities to a large scale in doing value added process. Further, they must consider more products in their industrial production process and use the technologies for creation of value added and also provide necessary areas for integration of inputs, marketing improvement programs and value added of products. They should make a direct relationship with research and development centers, universities and other similar centers so as to select and transfer suitable technologies from these centers.

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