# Determinants of Co-operative Leadership for Social Innovation: An Assessment of Selected MPCSs in Oromia Region of Ethiopia

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#### **ABSTRACT**

For country striving to escape from poverty the contribution of multipurpose cooperative societies (MPCSs) have dramatic implication in changing the living standards of small farmers by way of social innovation strategies. In order to survive and serve their members, cooperatives must have a strong dedicated and vibrant leadership with social innovation. The study is undertaken with a main objective to assess the determinants that affect cooperative leadership. In this study multi-stage sampling technique was employed. In the first stage, multipurpose cooperative society was selected using purposive sampling technique from all the types of cooperatives. In the second stage, from the total 18 multi-purpose cooperative societies found in the district, the researcher adopted convenience-sampling technique to identify 9 primary multipurpose cooperative societies as the sampled unit. In the third stage, the researcher adopted census survey method for all members of management committee (63), all members of the control committees (27) and all members of the credit committees (27), amounted to 117. Focus group discussion was conducted among 9 full groups. In addition one individual from audit department and two experts from cooperative promotion department of the district promotion office were selected for key informant interview guided by checklist. The required data were collected and analyzed to assess determinant of cooperative leadership to design social innovation strategies. Bivariate and multivariate analysis of selected variables show that from the fourteen variables entered in to the model four of them show statistically high probability of influence on the dependent variable. These are education, linkage or relationship between committees, incentive and leadership skills. Therefore social innovation strategies designed to enhance the capacity of cooperative leadership should be based on this grounds. From pair wise comparison of high quality and low quality score societies against the determinants of leadership show that keeping all other factors constant age, social participation, media exposure, contact with change agents, training, government intervention, relation among leaders and members and among the committees and leadership skill would make a difference to the quality level of leadership in cooperative societies which lead to social innovation strategies that specific cooperative society needs for specific social innovation strategy.

Keywords: Cooperatives, leadership, social innovation, determinants

#### BACKGROUND AND REVIEW OF LITERATURE

The need for leadership development was precipitated by the following developments (Kotter, 1998). The first one is due to the growing demand for leadership at all levels of the management hierarchy. The need for leadership is not stop at the top executive but also lower level managerial professionals and technical employees sometimes need to play in their area of jurisdiction thus demanding leadership skill.

The second is due to the growth of competitive intensity from private firms and multinational companies. Success in today's highly competitive environment depends on the commitments, dedication and creativity of the leaders of the organization. Therefore leadership is always an important factor in organizational successful performance. Its need in management job and the difficulty of providing effective leadership is growing since recently than ever before. According to Pandey (2002), the importance of leadership arises from the functions performed by a leader such as guides and inspires employees, secure cooperation of members, creates confidence, develops and maintains an environment conducive to maximum work effort, acts as an intermediary and counselor, helps in motivation; and cordial relations.

# Leadership in Cooperatives

In cooperative context, leader can be defined "as a person who is able to formulate the goals to be realized through group activity and who can organize and direct men and materials so as to achieve the desired goals" (Puri, 1979).

In the definition he identified three types of cooperative leaders. These are elected office bearers, paid managerial employees, and senior government officials of cooperative promotion offices. But as stated earlier, in the study leaders are referred to only elected members' representatives. The following reasons justify the contribution of elected office bearers to the proper functioning and success of cooperative societies. First "They are instruments for articulating the aspiration and views of the general assembly". Thus the principles of democratic control and management can be attained through cooperative leadership. Secondly, "It is cooperative leaders who protect cooperatives from degenerating in to purely bureaucratic institutions purely controlled by their employees" (Puri, 1979).

Cooperative leadership is an institutional phenomenon which refers to a set of roles whose influences are conditioned by characteristics of group members or its followers (Thimmaiah, 1998). He also argued that leader may automatically arise from within and imposition of leader to an organization either from within or outside leads to the collapse of an organization.

## **Empirical Studies on Leadership**

Fowler, Ng'ethe and Owiti (2002) in the paper presented on the 5th conference of the international society for 3<sup>rd</sup> sector research, conduct a research on what factors can determine the success of once leadership in NGDOs in Kenya. In their research by developing and tasting a dedicated survey and case study method they identified five variables, namely, Politics of NGDOs space, conditions of the organizations, Donor behavior, Follower claims and Expectations and the individual leader himself.

Arvey, Rotundo and McGue attempt to identify the determinants of leadership from the point of view of genetic, personality and cognitive factors. They took a sample of 646 male twins (331 monozygotic or identical, 315 dizygotic or fraternal twins) completed a survey indicating their leadership role occupancy in work settings. As predicted, two personality variables (Social Potency and Achievement) and a cognitive variable (a vocabulary test) were significantly correlated with the leadership variable. Subsequently, univariate and multivariate genetic analyses showed that a substantial portion of this leadership variance was accounted for by genetic factors (39 percent) while non-shared (or non-common) environmental factors accounted for the remaining variance in this leadership variable. Genetic influences were shown for the personality and cognitive factors as well. Finally, results indicated that the genetic influences for the leadership factor were substantially associated with or common with the genetic factors influencing the personality factors but not with the cognitive variable (Richard, D Arvey, 2002).

The Australian graduate school of management produced paper on "Computer Technology Providing Leadership and its Effects on Teams and Subordinates in Call Centers" to present on Call Centers and Beyond: the Human Resource Management Implications. They emphasized the important role that computer technology plays in supporting the effectiveness of leadership. In this paper leadership concept need revision due to the advancement of the computer technology. They argue that leadership can be sourced from the characteristic of the individual, the work and the organization and the technology itself. Based on the "data from 45 call centers, 45 managers, 93 team leaders and 553 agents they investigates the degree to which computer technology could provide leadership and its relationship to team performance, subordinate satisfaction, commitment, performance and intention to turnover," (Australian Graduate School of Management, 2001).

## **Empirical Studies on Cooperative Leadership**

#### 1. Qualities of Cooperative Leaders

People will follow the leaders only when they identify their needs and strive towards satisfying it. How long followers follow their leaders depends on the quality of the leaders (Gopalakrishnan, 1980). Cooperative leaders, in spite of the situation in which they operate and the type of leadership they follow, they have to posses certain moral and mental qualities. The essential qualities of cooperative leaders in their order of priority were identified as courage, judgment, sympathy, imagination derive/capacity to lead and knowledge (Chandra, 1991).

Gopalakrishnan (1980), suggested qualities of good cooperative leaders as, patience, endurance and greatness of mind, complete acceptance by followers, domination, inscrutability, derive courage, flexibility and membership character. According to Karthikeyan. M (2008), good cooperative leader consists of the following qualities; character, intelligence, temperament, dedication, courage, broader vision clear understanding, knowledge sympathy, commonsense and inscrutability. These essential qualities help them to shoulder the responsibilities of large number of followers and also to work effectively with his fellow being.

## 2. Attributes of Cooperative Leader

A cooperative leadership posses its own distinct attributes and character because of peculiar characteristic feature of cooperative having blending values, philosophy and economy of operations that makes it unique from other types of organizations (Sharma, 1994).

In view of this, he classified the attributes of cooperative leadership in to four in such a way that a true cooperative leader should: 1) Be visionary, honest and courageous person; 2) Have faith and commitment to cooperatives; 3) Have the capability of translating his organizational vision and members aspirations in to concrete shape; and 4) Have commitment to unify followers towards the achievement of the organizational goals.

Subburaj (2001) furthered the attributes of cooperative leaders are described as personal relationship, economic level, caste and religion, educational status, proven leadership qualities, conduct and character, political party affiliation, popularity and special character.

## 3. Functions of Cooperative Leader

Cooperative leadership has diverse functions. It includes mobilizing people and resources for joint action, shape the attitudes of members, harmonize the group members, and impart the cooperative values and principles, make decisions, and developing strategies to put the decision in to practice. The major functions of cooperative leaders are initiating, encouraging, suggesting, and implementing (Karthikeyan M, 2008).

In his empirical investigation on "emergence of leadership in cooperative" carried out among 70 leaders of rural and urban cooperatives in India, Kulandaiswamy (1989) suggested that dominant cast has strong influence over rural cooperatives, political involvement is low among leaders of rural cooperatives but cooperative orientation was equally significant for both rural and urban cooperative leaders

Dwaraki and Subburaj (1990) in their analysis of the factors promoting the selection of cooperative leaders in Tamil Nadu (India), identified factors viz, size of land holding, social participation, understanding about cooperatives, exposure to mass media, participation to cooperative organizations and preferred leadership attributes. They came up with the conclusion that, high level of social participation, fairly appreciable level of understanding about cooperatives, and high level of media exposure. Regarding leadership attribute they found that the most positively projected attribute is economic level and the most negatively projected attribute is personal relations.

## PROBLEM STATEMENT

Ethiopia is one of the less developed countries which are characterized by poverty. The country's agricultural production is based on poor land management, backward production methods, and poor utilization of modern agricultural technologies needed to boost the productivity (MoARD, 2005). The logic behind putting agriculture first is due to the fact that it is the backbone of the economy of the country accounting for 54 percent of the domestic product (GDP), employs about 80 percent of the population and covers about 90 percent of the exports (CSA, 2006).

In Ethiopia, the significance of cooperative as a means of development intervention is given due attention today than ever before as a result of its imperative importance for the social, economic and cultural development of the country. At its early stage of governance, the present government attempted to use cooperative as a means to achieve the goal of food self-sufficiency through increased agricultural production and this was manifested by the enactment of Proclamation number 85 in 1994. Under this Proclamation, many cooperative societies, which were formed during the revolutionary period, were restructured and re-registered until it was later replaced by new Proclamation called "Cooperative Proclamation number 147/1998". Draft cooperative policy was also made to support the successful implementation of the proclamation.

The new Proclamation paves the way for emergence of significant number of cooperatives both in rural and urban area to meet the needs and aspirations of their members and the society (FDRE, 1995). In order to support the movement further, government established cooperative agency at the federal level and promotion bureaus at regional, zonal and "Woreda" levels. But cooperative movement could not achieve the goal of social, economic and cultural development as expected.

In spite of these opportunities both at the international and local context (Todaro 2005, FDRE, 2005), today's cooperative leaders are facing many competing forces which emanates from the stakeholders interest, democratic nature of the organization and competitive environment. In order to reconcile these competing forces, cooperative leaders should recognize that cooperative leadership should incorporates a cooperative practice with its own professional people- centered ethic as a core part and with cooperative principles and values as fundamental to its practice. Cooperative managers/leaders must recognize their leadership role as one of "servant-leader", whose source of power comes not from their superior professional qualification and skill but from the cooperative purpose for which their leadership is exercised (Davis 2004).

Operating in such environment of uncertainty; caused by intense competition, demands leadership skill that most managers did not need in a stable environment of 1950s, 1960s, and 1970s (Kotter, 1988). In one way or other, these problems are the manifestations of poor leadership which might be eliminated or at least minimized if there are dedicated leaders to bear their responsibilities properly and conduct activities based on the ethics, values and principle of cooperative. Leadership is therefore an integral aspect that determines the success of cooperative institution.

But in Ethiopia, as in the past regime, cooperatives continued to experience top dawn management, government intervention in internal affairs of cooperatives in the form of giving directives etc especially at the grass root level, corruption by the leadership and weak and submissive management (GRSO, 1999). Chogo and FCA also attributed weak performance of cooperative to the ineffectiveness of their leadership (Chogo 2008, Karthikeyan. M, 2006, and Karthikeyan. M, 2008). The word of Canadian cooperators stated as "In every flourishing cooperative, giving good services over the longer period of years; there is always loyal band of devoted men and women giving leadership," reveal the contribution of leaders to the success of cooperative organization (Puri, 1979).

On the other hand, it was argued that in countries where cooperative movement is weak and ineffective, the absence of dynamic leadership is one of the major causes (ICA, 1963). These signify that there is a strong and direct relationship between the cooperative leadership and successful organizational performance. Because members mobilization, internal harmony and better external relation with the government institutions, key suppliers or customers and promoters and generally overall smooth internal and external relationship depends on the leadership cooperative organizations possess.

Different scholars of the field have justified the cause for the poor performance of cooperatives in Ethiopia from different perspectives. The causes are undesirable interventions at local level, rampant embezzlement by the leadership, weak and passive management, lack of access to credit, illegal and unethical competition from private traders and bureaucratic court procedures in the effort to settle cases that arise from misuse of funds (GRSO, 1999). It was also noted that poor member participation, poor leadership, poor accounting and record keeping system, poor bargaining power, etc are common problems that sluggish Ethiopian cooperative movement.

All writers mentioned leadership problem inter-alia contributing to low performance and inefficiency of Ethiopian cooperatives. Cooperative leaders in the country were identified as weak, passive and in effective. Since leadership plays a significant role in voluntary member driven organizations like cooperatives, it is crucial to answer the question why cooperative leaders are inefficient, week and passive by identifying different variables associated with cooperative leadership.

The factors affecting cooperative leadership emanated from several sources. They are grouped in to leaders' personality, the members, organizational and external sources (Franklin, 2006). The extent of the effect of each of these factors on the leadership may vary. Thus the study attempted to analyze those factors that are potentially affecting cooperative leadership so that cooperative leaders, policy makers, generally all stakeholders involved in cooperative movement can prioritize accordingly in order to make appropriate intervention.

#### **OBJECTIVES OF THE STUDY**

# **General Objective**

To investigate the determinants of cooperative leadership for social innovation in selected cooperatives in Ghimbi "Woreda".

## **Specific Objectives**

- To analyze the qualities of cooperative leadership.
- To study cooperative leadership practice in sampled cooperative.
- To assess the determinants that affect cooperative leadership for social innovation.

#### **CONCEPTUAL FRAMEWORK**

The conceptual framework for this research is based on the integrated leadership model.

## An Integrated Leadership Model

For many years researchers made many attempts to understand what makes a leader effective. The outcome of the research yields some controversial and debatable concept. The early studies were reflected that effective leaders are the gift of nature in that leaders are born with leadership qualities. While other researchers came up with the conclusion that situation dictate the effectiveness of leaders. But recently still many scholars in this area generate a view that leadership quality is not solely due to innate personal characteristics or situational favorableness but also due to integration of factors that emanates from the leader, led, the organization and external factors (Franklin, 2006).

The preceding theories developed out of several researches conducted by many management scholars. According to the integrated model approach "it is apparent to see that leadership is an outcome of many forces that can act and interact simultaneously" (Franklin, 2006). Every effective manager should make some sort of integration among these different forces acting on leadership so as to perform the organizational tasks effectively and efficiently.

According to the integrated concept, leadership is an outcome of forces due to the leader himself/herself (due to the personal trait of the leader), the followers, the organizational factors and the social, economic and political environment within which an organization is in.

It is better to use the determinants of effectiveness according to three major approaches identified by (Pandey, 2002).

- 1. According to Trait approach: "Leadership effectiveness is the function of the personal traits or qualities of the leader." But these basic qualities of the leaders are necessary though not the sufficient condition for effectiveness of once leadership because possession of trait qualities per se is not guarantee the effectiveness leaders.
- 2. According to Behavioral approach: To behavioral theorists the effectiveness of leaders is not depend on "what the leaders are to be" but rather depend on "what they do and how they behave." Effective leaders have maximum concern for production/work and also high concern for people satisfaction.
- 3. According to situational or contingency approach: leader's effectiveness is not only a matter of leaders' traits or behaviors but also a matter of the context in which the task is in.
- 4. According to integrated approach: According to the concept of integrated leadership model developed by Terry and Franklin effectiveness of leaders depends on the interaction of four factors, the leader factor, follower related factors, organizational related factors and the external factors associated with the organization.

The above justifications signify that relaying on a single theory is misleading to study cooperative leadership. Therefore the study based on the integrated leadership model with the premise that leadership is affected by multiple forces coming from the personality of the leader, the followers, the organizational situation and the external environment in which the leader operates. Thus the study focused on the investigation of the determinants of leadership from the perspectives mentioned above.

Franklin categorized all factors affecting leadership in to four broad types, i.e, leader related factor, follower related, organization related and external related factors.

The leader related factors are those factors emanated from the leaders personal characteristics. These are the leader education experience and leadership style, etc (Franklin, 2006).

Follower related factors are those factors that emerge out of followers that mean members in this situation. Members' relationship with their leaders can determine the effectiveness of leadership in a cooperative organization.

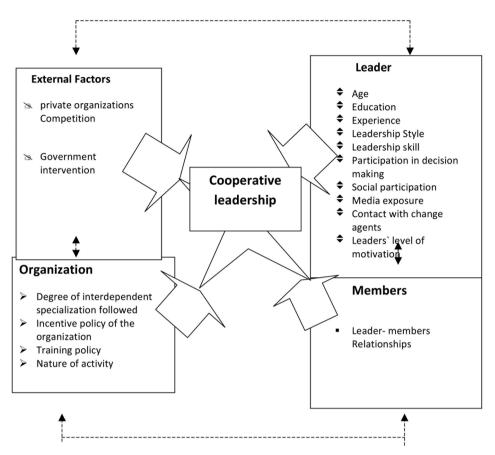


Figure: Conceptual Framework

Source: Modified from (Franklin 2006:347) Principles of Management.

Other factor that affects the effectiveness of an organization is pertinent to organizational aspect. Under this, the nature of the task performed, linkage among committee members and incentive policy of the society are the major ones. Every organization has its own internal policies and capabilities up on which the payment and benefit depends. The nature of the task performed in an organization also determines the type of technology needed to perform the task. The degree of the functional interdependence among the different departments of cooperative organization, enhance the extent of exchange of ideas and experiences enhances the effectiveness and quality of the task performed and thereby contribute to the quality of the leadership.

The final one is the external or environmental factors like government interference and extent of competition from the private organization can also determine the quality of leadership in cooperative organization so that they are included in the study.

#### METHODOLOGY

This part of the study includes description of the study area, sampling procedures, types and sources of data, method of data analysis and definition of variables.

# **Description of The Study Area**

The study area, Ghimbi "Woreda\*", is one of the 19 "Woredas" found in west Wollega Administrative Zone of Oromia Regional State. The "Woreda" is bordered by Binishangul Gumuz Regional State, Haru "Woreda", Lalo Asabi "Woreda", Homa "Woreda" and East Wollega Administrative Zone in north, South, west, south west and east respectively. The head office of the "Woreda" is located in the Gimbi town which is found at a distance of 440 km away from Addis Ababa, the capital city of the Regional State of Oromia and the country as well. The total area of the "Woreda" is 100,470.945 hectare with the total population of 87,057 of which 42,839 are females and 44,218 are males<sup>1</sup>.

All the three climatic zones "Dega", "Woyina Dega", and "Kolla" are found in the "Woreda" comprising 10%, 70% and 20% respectively. The annual rainfall ranging from 600mm to 1200mm and temperature ranging from 10°c to 30°c and the altitude of 1300 to 2222 above sea level. Since the farmers practice the mixed farming system, such diversity in climatic zones provides a good opportunity for different type of crops and animals husbandry<sup>2</sup>.

From the data obtained from the Woreda cooperative promotion office, it is understood that there are five types of cooperative societies; namely multipurpose, saving and credit, Mining, consumers and Artisans cooperative societies.

In the study area, there are 18 multipurpose primary cooperative societies registered from 1997 EC up to 2000 EC under cooperative proclamation 147/1998 with 2,283 total numbers of members. From the total members 106 are female which only 4.64 percent is and the remaining 95.36 percentage are males. But in the selected nine primary cooperatives the total number of members is 1413, where 94 of them are female members and the remaining 1319 are male counterparts. In terms of percentage, women account for 6.65 percent and male account 93.35 percent.

<sup>&</sup>quot;Woreda" (Woreda means District) Administration Office

# **Sampling Procedure**

## 1. Selection of the study area:

Ghimbi Woreda is one among the areas where cooperative movement is relatively challenged by corruption, poor member support and participation and poor leadership. All these problems together with other social, economic, cultural, political and environmental factors affecting cooperative sector to remain the poorest sector with no meaningful contribution to the economy of the affiliated members in particular and country in general. Having its novel ethics, values and principles how cooperative organization compete at least with a single business owner in the area is that needs an answer. Therefore the researcher adopts purposive sampling technique in order to select the Woreda as the study area with an assumption that identifying and analyzing the factors that determine cooperative leadership and strengthening the leadership would be the core aspect to bring about self controlled transformation and progress in cooperative.

## 2. Sampling design:

In this study multi-stage sampling technique was employed. In the first stage, multipurpose cooperative society was selected using purposive sampling technique from all the types of cooperatives as it is the oldest type of cooperative in the "Woreda". In the second stage, from the total 18 multi-purpose cooperative societies found in the Woreda, the researcher adopted convenience sampling technique to identify 9 primary multipurpose cooperative societies as the sampled societies. All societies established before and during 1998 (Ethiopian Calendar) were selected putting the availability of the required data in to consideration. In the third stage, the researcher adopted census survey method for all members of management committee (7x9=63), all members of the control committees (3x9=27) and all members of the credit committees (3x9=27) in order to arrive at 117 numbers of respondents. Census survey was employed with the reason that it is manageable to the researcher and also to avoid the limitations of sampling and sampling techniques.

Focus group discussions were conducted among 9 full groups one full group each from 9 societies. In addition one individual from audit department and two experts from cooperative promotion department of the "Woreda" promotion office were selected for key informant interview guided by checklist. The selection of the "Woreda" level key informant was based on seniority and exposure to those societies under investigation.

## 3. Types and Sources of the data:

To meet the objective of the study, the researcher employed a mixed research approach in which both qualitative and quantitative data were obtained. To identify the determinants of leadership, qualitative data like opinion of members and promoters about leaders were obtained to know the feeling of members about their leaders. To apply Probit model and to quantitatively determine the significance level of each variable quantitative data were used. The data required for the study were obtained from both primary and secondary sources. The primary data were obtained from "Woreda" cooperative promotion bureau, management committees, control committees, credit committees and members of those selected primary cooperatives. Secondary data were collected form documents in the "Woreda".

#### 4. Method of data collection:

Semi structured interview schedule was administered to solicit the required information from the leaders; board members, control committee members and credit committee members of those selected cooperatives. The interview questions were pretested on other societies in the same area to manage the clarity of the interview questions to those leaders for whom the actual schedule was designed. Focus group discussions were held with the aid of guiding questions among those FGD members selected from each society. The discussions were conducted in 9 groups each consisting of 15 members (full group) in which one group was selected from each society. Checklist was used to obtain information from three people selected from "Woreda" level cooperative promotion offices. The researcher employed 9 enumerators from which four were cooperative promoters and five were agricultural development agents all with the diploma qualification and working in the field where sampled societies are located. Each enumerator collected data from one society. Three supervisors were also employed and were assigned in each three societies to facilitate the data collection process. Those field level cooperative promoters and development agents were used to gain the mutual trust and confidence built out of their close relationship with the communities and this helped them to openly communicate and conduct the interview schedule effectively. Moreover enumerators were trained on how to approach respondents, collect data and manage the schedule to effectively obtain the required information without jeopardizing the ethical consideration. In addition to overall supervision of the interview schedule, FGD and key informant interview were conducted by the researcher.

## 5. Method of data analysis:

Data collected from selected respondents were organized in such a way that quantitative data were interpreted using descriptive statistics through the use of the statistical software called SPSS. Average, percentages and standard deviations were employed to present the distribution of responses to various scale of measurement used in the analysis. F- test and t test were used to see whether there exist significant differences between the mean of sampled cooperatives based on their area of applications. Scheffe test were also used to determine the categories where the significant difference existed. In order to determine the significant factors affecting cooperative leadership the researcher employed an econometric model called probit model. For estimation of the model Limdep software version 7.0 was used. Qualitative interpretations were also employed as deemed necessary. Before determining the significant factor affecting leadership, the variables were tested for multicollinearity problem with the help of contingency ratios.

### MAJOR FINDINGS

The leadership qualities assessment overall result showed that those sampled cooperative leaders possess moderate degree of leadership quality. From mean value high score was observed for honesty and patience and low score was observed for inscrutability and domination while the rest took the rank of average. F statistics has shown the existence of overall statistical difference between selected cooperatives in relation to all qualities. Overall mean for qualities of leadership showed that Tokuma Garjo Bikilal took the highest score, Gaba Sambata and Lalisa Chuta Gochi had the lowest score while all the rest societies had moderate score.

Regarding the perception of leaders on the attributes of cooperative leadership, results of the study showed that there was a perceptual difference among the respondents. In most cases majority of the respondents were in the desired direction and there is a clear unanimity among respondents regarding democracy as success factor and team spirit.

For generalizing problem of a particular member for decision making, political affiliation of cooperative leaders and too much commitment to team sprit majority of the respondents had different view away from cooperative ideology. F result also showed that there is an overall significant difference between mean of those selected societies relating to attributes of cooperative leadership. In selecting leaders of cooperative societies personal attributes were essential criteria. The relative importance of those attributes may vary from organization to organization or even within cooperative organization itself. In the study Educational status, personal relationship and proven leadership qualities, conduct and character, ability to encourage followers, economic status, popularity, political and religion affiliation and complex to the order from the most important to the least important attributes.

Regarding cooperative *leadership function* frequency table indicated that majority of the respondents were perceived positively about the initiating, encouraging, suggesting and implementing functions of cooperative leaders. This in turn an indication for leaders' awareness about functions cooperative leaders perform. In their order of importance initiating, encouraging, suggesting and implementing functions took the ranks from first to fourth respectively. From mean value of functions, majority of the response lies in the agree range for policy formulation, planning role and role of working towards the growth and expansion of cooperatives and the rest took score from neutral to agreed level. In order of importance, planning, development of cooperative policy, training facilitation and attendance, promotion of research, settling dispute are the first five essential roles of cooperative leaders and working towards the growth and expansion of cooperative and replacement of the official leaders were the last two essential roles of cooperative leaders.

As for the *role of cooperative leaders*, majority of the respondents were fall in agree range scale above neutral value which was three for the first 13 items. For the last item majority of the respondents fall in to disagree range of category. The mean value for each leadership role showed above 3 for the first thirteen items and below 3 for the last items. The table also showed setting organizational goals and objectives had the largest mean value (4.03) showing most of the respondents agree to it and the lowest mean value (2.21) is delegation of power and authority which most people disagreed to it. In addition on average cooperative leaders of selected cooperatives perceive positively for all leadership role included in the study except delegation of power.

## **Specification of Probit Model**

Leadership comes from a complex relationship between the leader, the follower, the organization and the social economic and political conditions in which the leader operates (Franklin 2006). Thus the main concern of this study was to find out the relationship between cooperative leadership and other various types of personal, organizational and external explanatory variables originated from personal organizational and other external sources. Some of these variables include age, educational, social participation, exposure to mass media, and other variables detailed in the subsequent section.

For dependent variables with such characteristics, the use of linear regression and other models are misleading (Green, 2002). But in this case, as the dependant variable i.e., leadership is measured on a categorical scale having an ordinal characteristics the econometric model appropriate for such type of predicted variable is the ordered Probit model or Logit (Green, 2002). But for convenience since the categories of the dependent variable was reduced to dichotomous. Therefore in such case the choice is between binary Probit or Logit as the use of both approach is appropriate. Gujarati (2004), Pindyck and Rubinfeld (1981) illustrated that the logistic and Probit formulations are quite comparable, the main difference being the former has slightly fatter tails; that is the normal curve approaches the axes more quickly than the logistic curve.

According to Maddala (1983, 2001) Probit model is specified as:

$$\mathbf{I}_{i}^{*} = \alpha + \delta \mathbf{X}i + \varepsilon \mathbf{1}i$$

Where: I = 1 if  $Ii^* > 1$ , indicating Good leadership

I = 0 if  $I*i \le 0$ , otherwise.

 $\alpha$  is the intercept term;

 $\delta$  is vector of parameters to be estimated;

ε1i are the disturbance term

**Xi-** are those explanatory variables where *i ranging from 1 to 14* 

# **Variables and Their Operational Definitions**

In the course of analyzing factors influencing leadership, the main task is to analyze which factor or factors influence more? Therefore, statistically significant variables, which are supposed to influence leadership, need to be explained. Thus major variables expected to have influence on leadership are explained as follows: There are two categories of variables in the study; the first one is dependent variable and the second variable is the independent variables.

# 1. Dependent Variable

In this study the dependent variable is cooperative leadership. Since leadership is a latent variable, it can be measured using sixteen cooperative leadership qualities. The measurement of the qualities of leadership based on the leader self assessment and assessment of members as well as selected people from "Woreda" cooperative promotion office along five point graphic rating scale which is a popular subjective measure (George, 2006). Hogan and Hogan

suggested that "Personality is studied using self reports of actors, which are inherently self-enhancing and hard to verify". Though self reports of actors has feared for actors subjective bias like responding without carefully understanding the contents and selecting the average or middle point response scale, it is a widely used and efficient method of collecting data on attitudes and perceptions (Johnson, 2004). Therefore, it was believed that information from members and "Woreda" level cooperative promoters used to control the personal bias of self assessment.

Depending on the index result of leadership qualities for each respondent, the respondents were categorized into two groups. The respondents who scored above 3 values were considered as good leadership and represented as 1, while the others who scored 3 and below were grouped as poor in terms of leadership and represented as 0.

#### 2. Independent Variables

The quality of cooperative leaders in delivering leadership services to their organization hypothesized to be influenced by a combined effect of various factors such as personality characteristics of the leader, organizational and external environment in which the leader is operating. "Different kinds of tasks, different kinds of subordinates and different leader's characteristics all affect what a leader behavior will be effective," (Cohen, 1992). Based on the review of related literature a total of 17 variables were hypothesized to explain the dependent variable in this study.

#### **Results of Econometrics Model (Probit Model)**

Probit model was estimated using Limdep program (version7) in order to analyze various determinants of cooperative leadership in the study area. Before running the model, those hypothesized explanatory variables were checked for the existence of multi-Collinearity.

Multi-colliniarity problems among the discrete explanatory variables were checked using the contingency coefficients. The contingency coefficient was computed as:

$$C = \sqrt{\frac{\chi^2}{N + \chi^2}}$$

Where, C= Coefficient of contingency  $X^2$  = Chi-square random variable and N = total sample size.

# 1. Determinants of Cooperative Leadership

With reference to the influence of the determinants as explanatory variables on cooperative leadership as explained variable, the result of the model analysis showed that 6 variables were found to be statistically significant. The estimates of parameters of the variables expected to influence cooperatives leadership are discussed below.

Age of the leader (AGE): This variable has a significant negative influence on cooperative leadership at 10%. As age increase by one year, the probability of giving good leadership to the society will decline by .23. This is because the older the age of the committee members, the less they are active in managing the affairs of cooperative. Even though the elder leaders had ample life experience that is beneficial for the societal decisions, the success modern cooperative management inclined towards leaders who are active in shouldering responsibility and tasks of the organization. It was confirmed that historical background of cooperatives movement in the past regimes that was based on compulsion and coercion also created a "bad image" in the minds of the senior parts of the society (Zemen, 2005).

Leaders' educational level (Lededu): It was negatively associated with the cooperative leadership. This result depicts that an increase in the level of education of leaders by one level, would lead to a decrease in the probability of success in cooperative leadership by .155. This finding contradicts with the existing findings of ICA (1963) stated as there is a direct relationship between the effectiveness of cooperative organizations in any country and its level of education, thus it is an important factor for the higher standards of cooperative leadership. It seems that though education is a powerful tool that a leader of an organization would acquire to manage organization and its human resources at grass root cooperative level, highest level of educational qualification may not be required.

Leadership Skill (Leadskil): It has a statistically significant positive impact on cooperative leadership at 1% level of significance. Therefore an increase in the leadership skill by one degree, would lead to increase in the probability of delivering good leadership by .34. This finding is also in line with the statement of Karthikeyan. M, (2008) the current globalized environment demand leadership skill of cooperative directors so as to cope up with the changing situations.

Leaders Participation in Social Activities (SOCPART): It influenced cooperative leadership negatively. It means that the highest the degree of participation in social activities lead to a decline in the probability of rendering good leadership to cooperative societies by .155. Because cooperative leadership is a planned task requiring a defined period apart from low payment, leaders need to render their time for collective interest. Thus investing their time in other social activities would have an implication on the time they allocate for cooperative affairs and in turn affect cooperative leadership negatively.

Exposure to mass media (MEDEXPOR): It has a significant positive influence on leadership at 5%. As the frequency of exposure to mass media increase by one degree, the probability of rendering good cooperative leadership marginally increased by .437. That means the more the leader has exposure to mass media, the more the leader have information to make conscious decisions. "Mass media can help community decision making by feeding a discussion" (FCA, 2007). Because mass media create awareness among the leaders about the market price for their products, business opportunities in the environment and other aspects regarding the direction of the government and other aspects that are important to uplift their decision making capacities.

Contact with Change agents (Agtcont): Cooperative leaders maintain cordial relationships with both officials and non-officials in their effort to establish bedrock for their society to serve the interest of their members at expected level. The result from probit model revealed that this variable has also a positive influence on cooperative leadership. That is an increase in the frequency of contact with those change agents will increase the probability of success in cooperative leadership by .183. This finding is congruent to the findings stated as "The more the cordial relations the greater the chances for the leaders to serve better the societies" (Reddy, 1994). Leaders of primary multipurpose cooperative societies in the study area had low level of education or cooperative education. Thus, a close support from change agents has a significant implication on the effectiveness of those leaders.

Experience (EXPRCYEA): The number of years leaders worked as cooperative leaders has a positive implication on cooperative leadership at 5%. The output of the probit model shows that an increase in year of leadership experience will increase the probability of success in cooperative leadership by .299. Terry and Franklin (2006) argue in line with this finding. Experience hand over guides for decision making through helping decision makers to discriminate and generalize past situations in their process of decision-making. In cooperative organizations, the duration limited to be 3-6 years in the Proclamation (FDRE, 1998) would hamper the probabilities of using genuine leaders. But FGD and KIS result revealed that in some societies the duration of election is not respected as per the proclamation and thus it was found that there were leaders holding positions in the societies for more than one term of office without the consent of their members.

Relationship with Members (LEDMERSH) Leader-member relationship has a significant negative influence on cooperative leadership at 5%. That means an increase in the level of relationship among leaders and members by on degree would lead increasing in the probability of success in cooperative leadership by .467. This finding contradicts with the expected sign. Because, the more the leaders have a close relationship with their followers, the more the chance to relay on existing good relationship rather than on their leadership qualities. Therefore, as to the findings of this study only moderate level of relationship is required so as to effectively deliver leadership in cooperative organizations.

Relationship among Committees (COMRELN): The output of the Probit model revealed that this variable has a positive influence on cooperative leadership. This implies that an increase in the degree of relationship between committees would increase the probability of success of their leadership by .128. Because good relationship between different committees is an important requisite to have better communication and experience sharing and mutually helping each other during the challenge or peak periods. This in turn benefits the organization to optimize the use of existing manpower so as to generate efficiency.

**Incentive (INCENTIV):** Cooperatives are managed specially at primary level by group of dedicated leaders who are willing to serve their members at free of cost. In relation to this finding, the Probit model shows that the variable influence cooperative leadership negatively. Thus getting incentives would decrease the probability of success in cooperative leadership by .12. This was due to the fact that cooperative leaders were honorary leaders who are committed to work for the sake of mutual benefit. Therefore paying incentive would lead to converge their effort towards money rather than none monitory satisfaction. Therefore heavily relying on incentive affects the marginal benefit of the societies and finally cooperative organizations lose their identity as cooperative organization.

Government Interventions (GOVINTER): This variable has a positive influence on cooperative leadership at 10%. That is increasing the degree of government genuine participation would increase the probability of success in cooperative leadership marginally by .197. Genuine participation of government is important to cooperative especially in the areas of training, financial and administrative assistances. This finding was against the conventional thought of undesirable consequences of the involvement of government.

Table 1: Maximum Likelihood Estimate of determinants of cooperative Leadership

Variable	Coefficient	Standard Error	T- Ratios	P vale	Marginal Effect	
ONE	-3.73	2.99	-1.25	0.21	132	
LEDAGE	-0.07**	0.03	2.29	0.02	23	
LEADEDN	-0.44	0.57	-0.76	0.44	155	
SOCPART	-0.04	0.29	-0.15	0.88	15	
MEDEXPR	1.24**	0.57	2.18	0.02	.437	
AGTCONT	0.52	0.37	1.39	0.16	.183	
EXPRYEAR	0.85**	0.36	2.35	0.02	.299	
LEDMERSH	-1.32**	0.61	-2.15	0.03	467	
COMLINKA	0.36	0.37	0.97	0.33	.128	
INCENTIV	-0.03	0.62	2.424	0.95	126	
GOVINTER	0.56 ***	0.31	-0.06	0.072	.197	
LEAD_SKI	0.96*	0.33	2.89	0.004	.34	

<sup>\*.</sup> Are significant at <1% \*\*. Significant at <5% and \*\*\* significant at < 10% Log likelihood Function -16.65535

Source: Own Computation from survey Data

With reference to determinants of cooperative leadership F- test shown that there was an overall statistical difference between societies in all determinants except for education, leadership style, nature of organization and competition. The result of the Probit model also indicated that out of eleven explanatory variables entered in to the model age, education, social participation, leader- member relationship and incentive were found to have negative influence on cooperative leadership while all the remaining variables had positive influence on leadership. In addition six variables viz age, media exposure, leadership experience, leader members relationship, government intervention and leadership skill were found to be the variables significantly influencing cooperative leadership at 5%, 5%, 5%, 5%, 10% and 1% respectively.

#### CONCLUSION AND RECOMMENDATIONS

#### Conclusion

The study was undertaken to explore the determinants of cooperative leadership by taking nine multipurpose cooperative societies in Gimbi woreda. It entails to address the specific objectives of investigating the qualities of cooperative leadership, perception of leaders about cooperative leadership practice and analysis and identification of the potential factors affecting leadership in cooperative organization. Primary data was collected from 117 elected leaders of those selected cooperative societies with the application of census survey method. This was supplemented by information from focal group discussion with members of each selected cooperatives and key informants with Gimbi woreda cooperative promotion office. Quantitative and qualitative methods were deployed to analyze the collected data.

The historical feature of cooperative leadership which was based on the slogan "Find Raiffesen" echoed the same sentiments or "identify and install approach" to cooperative leadership would no more work to ensure the sustainability of cooperative with its marvelous identities. Because the essence of leadership is not only originate from inborn qualities of a person but also emanate from education and training and experience as well. Thus it should be noted that there are good leaders who can lead cooperative towards success if they get access to training and development and opportunities to take leadership position.

In contrast to other business organizations, cooperatives institutions have multiple objectives and concerns. These are democratic management, social responsibilities, economic efficiency, members' satisfaction, service orientation. It is the action and interaction of these multiple concerns that interwoven the task of cooperative leaders. Being under these complex forces; in addition to low level of education, poor compensation and experiences it would be a day dram to expect cooperative leaders to bring expected change only in their own effort.

From the result of the study it is possible to conclude that there was a wide disparity between cooperative societies. The outcome of this finding revealed that cooperative leaders vary in terms of their leadership quality, personality trait or attributes, perception regarding functions, roles and order of importance of same. Therefore, though it is apparently possible that a uniform strategy for cooperative leadership development might lead to success, differences between societies necessitated the development of appropriate strategy suited to the unique situation and differences of cooperative societies.

The existing trends of "changing leaders as a solution for inefficiency" would leads to instability and more likely to lose experienced leaders. Thus displacement and replacement should be taken as the final choices after intensively utilizing other possible alternatives. As it is said to be "caution is more than curing" it would be good to take special care in identifying candidates who are active morally and moderately matured age wise, moderate level of education, moderate level of participation in social activities, better exposure to mass media, better contact with change agent, better experienced, actively participating in decision making, better access to training, high degree of motivation to shoulder responsibilities to effectively serve members interests, better interpersonal relationship with members, committees and general public, believe in team spirit and had better leadership skill. Cooperative societies are democratic, member driven organizations in which all members were equally treated in spite of their sex and other differences. Research suggested that there is no difference between men and women managers in their effectiveness as well as in their propensity to perform different leadership behaviors (George, 2006). But the profile of all sampled cooperative societies revealed that women were totally marginalized from leadership positions.

#### Recommendations

- > For sustainability of the society, it would be better to develop leaders and through cooperative leadership education or training for cooperative leaders and also to members from which second line leaders likely to emerge.
- To realize the development of cooperative organizations the united efforts of government, non government organization and voluntary persons are necessary.
- The classical or conventional training which characterized as banking concept, trainer centered, fragmented and theory based should be substituted with need based, continuous, practical based type of training
- In view of the present status of cooperative leaders in the woreda, it would be advisable and easy to run single purpose cooperative than multipurpose cooperatives which need complicated structure and different functional units.
- Cooperative leaders should aware of the importance of functional interdependence among the different committees in sharing experience and mutually supporting sharing the risks of challenging tasks and thus strengthen the lateral linkages between them.
- ≥ Cooperatives leaders should aware of the supreme power of members and respect their voices and interests while delivering leadership functions.

- Mark If women are not represented or are under-represented when decisions are being taken, their needs and interests cannot be adequately addressed, nor can they be expected to accept the legitimacy of the decisions taken on their behalf. Therefore Cooperative leaders, members and "Woreda" cooperative promoters should include women in elections or other committee representations.
- Noticy makers, cooperative promoters and cooperative leaders should be aware that age, media exposure, experience, leader-members relationship, government intervention and leadership skill significantly influencing cooperative leadership for social innovation. Therefore any strategy designed to enhance leadership effectiveness should be based on this ground.

At the outset, social innovation—meaning, new strategies, concepts, ideas, and organizations that meet social needs—and cooperative leadership as social entrepreneurship —a drive for social missions that combine business principles and motivations—are emerging as promising approaches to community development. Cooperative leaders as social entrepreneurs can provide the innovative social innovation approaches needed to develop their cooperatives and the community. The emerging models of capacity development for social innovation and cooperative leadership need to be scaled up and mainstreamed. Leaders with social skills can improve the social impact of cooperative business enterprises. Considering the crucial need for social entrepreneurs at policy, program, and business levels, skills related to social innovation and cooperative leadership should be mainstreamed into education programs. New approaches to developing cooperative leadership include young people as second line leaders and development partners as well. Recognizing the ability of young cooperators to see old problems in new ways, these approaches target youth as potential social innovators and social leaders. Their energy and idealism, propelled by their connectedness through information technologies, can be effective in addressing challenges of their communities. New ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and planet. A true social innovation is systems-changing – it permanently alters the perceptions, behaviours and structures that previously gave rise to these challenges. Social innovation involves not just new ideas, but the remaking and reuse of existing ideas: the reapplication of an old idea. Social innovations can take the form of a new service, initiative or organization, or, alternatively, a radically new approach to the organization and delivery of service.

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Appendix 1 - Distribution of determinants by type of cooperative

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Type of coo	perative	Mean	Std. Deviation	Std. Error Mean	t. value	Sig.
Age	T. Garjo. Bikilal	35.15	7.988	2.215	-3.361	.003*
	L. Ch. Gochi	45.23	7.282	2.020		
Education level	T. Garjo. Bikilal	2.46	.660	.183	-2.307	1.00
Level of	L. Ch. Gochi	2.46 2.15	.660	.183	4.190	.03**
Participation in social activities	T. Garjo. Bikilal	2.13	1.144	.317	4.190	.03***
	L. Ch. Gochi	3.23	1.235	.343	,	
exposure to mass media	T. Garjo. Bikilal	3.62	.506	.140		*000
	L. Ch. Gochi	2.54	.776	.215	4.108	
frequency of contact with change agent	T. Garjo. Bikilal	3.54	.519	.144		.000*
	L. Ch. Gochi	2.38	.870	.241	6.110	
experience	T. Garjo. Bikilal	4.38	.650	.180		*000
	L. Ch. Gochi	2.23	1.092	.303	2.302	
Committee members Participation in meeting	T. Garjo. Bikilal	4.23	.832	.231		.030**
C	L. Ch. Gochi	3.31	1.182	.328	3.742	
Training given to committee members	T. Garjo. Bikilal	.54	.519	.144		.001*
	L. Ch. Gochi	.00	.000	.000	.980	
Level of motivation	T. Garjo. Bikilal	3.23	1.589	.441		.337
	L. Ch. Gochi	2.69	1.182	.328	.433	
Leadership Style	T. Garjo. Bikilal	2.08	.641	.178		.669
	L. Ch. Gochi	2.00	.000	.000	6.299	
Leader member relationship	T. Garjo. Bikilal	3.69	.480	.133		.000*
	L. Ch. Gochi	2.31	.630	.175	-1.543	
Nature of activities	T. Garjo. Bikilal	2.38	1.557	.432		.136
	L. Ch. Gochi	3.15	.899	.249	5.563	
Linkage b/ committees	T. Garjo. Bikilal	3.85	.376	.104		*000
	L. Ch. Gochi	2.38	.870	.241	1.633	
Incentive	T. Garjo. Bikilal	.54	.519	.144		.116
	L. Ch. Gochi	.23	.439	.122	1.028	
Competition	T. Garjo. Bikilal	3.38	1.325	.368		.314
	L. Ch. Gochi	2.85	1.345	.373	4.454	
Govt intervention	T. Garjo. Bikilal	4.00	.577	.160		*000
	L. Ch. Gochi	2.62	.961	.266		
Leadership skill	T. Garjo. Bikilal	3.54	.519	.144	11.320	*000
	L. Ch. Gochi	1.15	.555	.154		

<sup>\*.</sup> Significant at 1% \*\* significant at 5%

Appendix 2 - Multicoliniarity Diagnosis

										.414
								-	.203	.300
-	·					·		.127	.264	.565
-						1	.518	.320	.290	.469
					1	.578	889.	.26	395	889.
					.585	.458	.621	.299	.284	.463
				508	909	581	487	962	379	.463
			296	214	245	176	230	034	067	224
		.291	390	584	592	405	521	188	249	.557
	3 1									
	07	.18	13	08	04	20	24	04	07	149
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#### **AUTHORS' BACKGROUND**

**Dr. M. Karthikeyan** (1969) is an Associate Professor, Department of Cooperatives, Institute of Cooperatives & Development Studies, Ambo University, Ethiopia. He has been in the field of teaching and research for more than 16 years in India and Abroad. He has published 27 books and more than 35 papers at the regional, national and international journals. He has participated and presented papers in the conferences, seminars and workshops at state, regional, national and international levels. Dr. M. Karthikeyan has associated in many major and minor research projects funded by national and international agencies such as England Africa Partnership Project, ILO-Coop Africa Health Cooperative Feasibility Project (Core Committee member), and Kenya Training Needs Assessment Peer-Partnered Project (Ethiopia-Kenya) initiated by Lorna Young Foundation, UK. He has made many collaborative ventures in academics & research with universities and research institutes abroad. He initiated and succeeded in entering into MoU between Department of Cooperatives, Institute of Cooperatives & Development Studies, Ambo University and Euricse, Trento, Italy. His main areas of interest are management, extension approaches, cooperative organization & management, cooperative governance, cooperatives & social enterprises, cooperative social responsibility & social audit, cooperative accounting & audit, human resources management, marketing, leadership and entrepreneurship, accounting information systems, MIS.