

## ***Determinants of Business Cooperatives' Success in North Gondar Zone, Ethiopia***

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### **Abstract**

*Cooperatives have been promoted in many developing countries including Ethiopia to address issues such as; unemployment, rural development, and as a means of creating income-generating activities, especially to the poor community. Although many studies have examined various key issues contributing to the success of cooperatives, lower consideration is given to the determinants of cooperative's success and the researcher has directed his concerns towards the study of determinants for the cooperative's success in North Gondar of Ethiopia in this particular study. To undertake the research, 272 business cooperatives operating in North Gondar Zone have been included in the sample and questioner, interview, and focus group discussions were used as a tool for data collection. The collected data were analyzed through multiple linear regression model and the result shows that cooperative success measured by cooperative's profitability has a statistically significant positive relation with group savings, rate of loan repayment, membership fees, financial stability, and business volume. In contrast, cooperative's success has a statistically significant negative relation with the size of the membership in business cooperatives operating in North Gondar Zone. Finally, it was recommended that cooperative managers need to focus on the factors which are significantly affecting cooperatives success.*

***Keywords: Cooperatives; Business Cooperatives; Cooperatives Success; Cooperatives Profitability; North Gondar Zone***

## **1. BACKGROUND OF THE STUDY**

Cooperative societies are an autonomous association of persons united voluntarily to meet their common economic and social needs through jointly owned and democratically controlled enterprises, which are organized and operated under the principles of cooperatives (ICA, 2005). Generally, cooperatives are community institutions voluntarily and autonomously established and managed by the communities, and also give services for the local communities. Cooperatives are voluntary organizations; they will succeed only if they provide benefits to their members over what is available elsewhere.

Nowadays, international experience shows that countries that have achieved economic development also have a vibrant and dynamic cooperative sector, contributing substantially to the growth of their economies. For example, In New Zealand, 22% of the country's GDP is generated by co-operative enterprises. Also, cooperatives are responsible for 95% of the dairy market and 95% of the export dairy market. They hold 70% of the meat market, 50% of the farm supply market, 70% of the fertilizer market, 75% of the wholesale pharmaceuticals, and 62% of the grocery market. In Spain, the cooperatives movement produces more than p70 billion in turnover and majority of these cooperatives are worker cooperatives (DTI, 2012).

Like other parts of the world, in Africa, cooperative movement has evolved over the years and they had been established and promoted as part of promoting different sectors. The categories of cooperatives are based on various activities they perform like; supply of inputs, joint production, and marketing. For most African countries, cooperatives also play vital role in contributing to the growth of their economies. For example, based on the study made by Kyazze (2010), in Uganda, they generated employment, increased income of the members, and provided social protection through educating members. In Tanzania, according to the investigation made by Wanyama (2009), cooperatives play a major role in socio-economic development including; transforming rural areas and national economies. In Kenya, cooperatives contribute 45% of the Gross Domestic Product (GDP) and 31% of the total national savings and deposits. Cooperatives control 70% of the coffee market, 76% of the dairy market, and 95% of the cotton market (Nyoro, 2007).

In Ethiopia, traditional forms of cooperation were in existence since ancient times. The beginning of the 1950s, however, was the period of the first cooperative organized in Ethiopian, and modern cooperative formation was started during the Emperor Haileselese regime in 1961. According to Alamayehu (1993), most of the cooperatives in Ethiopia, in general, were mainly multipurpose cooperatives, which undertake diversified business activities. The report of BoARD (2006) stated that cooperatives provide a wide variety of services in Ethiopia, including input supply management, grain marketing; and the supply of consumer goods to members at prices that compete with local traders. As a result of the fertile ground for cooperative business, cooperatives today are playing an important role in value creation by paving the way for products of small-scale producers to the terminal market. Cooperative unions are now dealing with export trade in coffee, cereal, oilseeds, fruits and vegetables, and others.

Currently, our government has given more stress to the sector with the concerned bodies, mainly to the cooperative societies and small scale enterprises (Fitsum, 2003; Tadesse, 2002; MoFED, 2011). These sectors are considered as the major and valuable contributor for the growth and development of the country. As a result, they have a critical portion of place in the national strategic documents such as Growth and Transformation Plan (2011-2015), Sustainable Development and Poverty Reduction Program (2000-2005), and A Plan for Accelerated and Sustained Development to End Poverty (2006-2010) (MoFED, 2011). Our government, consequently, encourages different individuals and groups technically and financially to create cooperative societies. According to Tadesse (2002), the reason that it is inexpensive and easy to provide organized groups with modern business and operational technologies have been explained. Based on the study made by Fitsum (2003), organized societies have mutual concerns rather than distinct concerns so that they can manage and execute the massive projects by combining resources and efforts.

## **2. STATEMENT OF THE PROBLEM**

Starting and operating cooperatives includes a possibility of success as well as failure. Because of their low financial base, simple management mistake is likely to lead to failure of society and hence, there is little opportunity to learn from its past mistakes. The investigation made by Hakelius (2016) notes that fundamental factors for any cooperative society include its members and active members participation and commitment to the cooperative are integral for its success. Besides, based on the study results made by Unal (2009) among fishery cooperatives in Turkey revealed that financial, structural, educational, and legislative problems are almost fundamental reasons for the failure of all fishery cooperatives. On the other hand, good interest from the membership was found as essential in cooperative success. Furthermore, the study made by Sun (2011) in Northwest China on two cooperatives showed that high level efficient internal management, transparency, democracy, and excellent communication between members and management were important factors for the success and development of cooperatives. According to the investigation made by Vargas (2008) in Uganda shows that household head characteristics (age, education, gender, and dependency ratio), farmland and livestock ownership, holding local government position, and community variables (distance to the nearest town, the size of the community, the average wealth of the community) are explanatory variables that have statistically significant effect to success of the newly established cooperative groups. Moreover, based on the study made by Torgerson (2001) the analysis of success factors is essential since learning about the success of cooperatives needs ongoing studies. Additionally, he stated that continuous assessment of the link between factors influencing the success of cooperatives is expected to reveal information that is crucial to improving the situation of unsuccessful cooperative and reduce the failure rate of cooperatives. Similarly, based on the study made by Muthyalu (2015) and Ahmedin (2008) significant progress has been made in an attempt to study the area of cooperative performances. Besides, the study also has been done by Jemal (2008) on the role in input-output marketing in Ethiopia, and no/ little is done on factors for the success of cooperatives in Ethiopia.

Thus, to address the above problems, this study, therefore, aims to provide holistic view of various factors in the success of cooperatives through comprehensive review of literature and empirical study available on the area. This resulted in the development of a theoretical framework for the initiation of policies and programs for cooperatives development. From the practical point of view, it serves not only to provide a self-check to current cooperatives but also to decrease the failure rate of future cooperatives through better understanding of the determinants for the success of cooperatives. Such an understanding of the pre-requisites for North Gondar Zone cooperatives to perform well in their businesses is of critical importance, especially in today's competitive environment. Concerning this, the researcher attempted to examine the determinants for the success of cooperatives in the North Gondar Zone of Ethiopia. Specifically, the research considers the following determinants for the success of cooperatives: group savings, rates of loan repayment, membership fees, size of membership, financial stability, and business volume.

### **3. RESEARCH OBJECTIVES**

The general objective of the study is to examine the determinants of business cooperative success in North Gondar Zone of Ethiopia. Beyond the general objective of the study, some specific objectives are helpful to achieve it. Those specific objectives are;

1. To examine the effect of group savings on cooperative success
2. To examine the effect of rates of loan repayment on cooperative success
3. To examine the effect of membership fees on cooperative success
4. To examine the effect of size of the membership on cooperative success
5. To examine the effect of financial stability on cooperative success
6. To examine the effect of business volume on cooperative success

### **4. LITERATURE REVIEW**

Cooperatives are community institutions voluntarily and autonomously established and managed by the communities, and also give services for the local communities. Cooperatives are voluntary organizations; they will succeed only if they provide benefits to their members over what is available elsewhere. Many studies have examined various key issues contributing to the success of cooperatives. The report made by USDA (2001) shows that the success and development of cooperatives depend on government attitudes and policies, effective management, and cultural norms. The report also shows that traditional societies have structures and practices, including procedures and behavioral norms, which can have both positive and negative impacts on self-help and cooperative enterprises. For instance, the study made by Hakelius (2016) notes that fundamental factors for any cooperative society include its members and active members' participation and commitment to the cooperative are integral for its success. Moreover, the study results made by Unal (2009) among fishery cooperatives in Turkey revealed that financial, structural, educational, and legislative problems are almost fundamental reasons for the failure of all fishery cooperatives. On the other hand, good interest from the membership was found as essential in cooperative success. Furthermore, the study made by Sun (2011) in Northwest China on two cooperatives showed that high level efficient internal management,

transparency, democracy, and excellent communication between members and management were important factors for the success and development of cooperatives.

Likewise, according to the qualitative study of Nyoro (2007) on the success determinants of cooperatives in Kenya, the result noted that economic factors, organizational factors, and individual attributes such as high-quality products, proper skills, and education of management committee and staff members contribute to the success of cooperatives. Moreover, a study which was made by Zheng (2011) in China indicates that risk in price and production, future expansion of farmland, cost of selling products, growing cash crop and growing subsistence crops are the main explanatory variables that have a statistically significant influence on the success of cooperative societies. Besides, according to the study made by Vargas (2008) in Uganda shows that household head characteristics (age, education, gender, and dependency ratio), farmland and livestock ownership, holding a local government position, and community variables (distance to the nearest town, the size of the cooperative members, the average wealth of the community) are explanatory variables that have a statistically significant effect to success of the newly established cooperative groups.

However, several studies have examined various key issues contributing to the success of cooperatives. Recent studies made by Bravo-Ureta (1988), Meyer (2007), Jensen (1990), Wadsworth (2001), Lind (2005) & Zeuli (2005) have pointed out that there is heterogeneity in the literature concerning cooperative success factors. Furthermore, according to the recommendations made by Azadi (2010) with diversity in the method as well as subject matter, understandably from country to country, a growing body of literature seeks further studies on factors that contributed to the success of cooperatives. Therefore, this reveals the need for further research in this area.

Moreover, based on the study made by Torgerson (2001) the analysis of success factors is essential since learning about the success of cooperatives needs ongoing studies. Additionally, he stated that continuous assessment of the link between factors influencing the success of cooperatives is expected to reveal information that is crucial to improving the situation of unsuccessful cooperative and reduce the failure rate of cooperatives. Besides, the study undertaken by Clark (1991) recognized the elements essential for the success of cooperatives such as; small homogenous group, supplementary income generation activities, institutional credit, group promoters, training to group members, group savings, ready access to extension service, participatory monitoring and evaluation and group self-reliance. Correspondingly, based on the study made by Muthyalu (2015) and Ahmedin (2008) significant progress has been made in an attempt to study the area of cooperative performances. Besides, the study also has been done by Jemal (2008) on the role in input-output marketing in Ethiopia, and no or little is done on factors for the success of cooperatives in Ethiopia. Thus, to address the stated problem, this study, therefore, aims to provide a holistic view of different factors in the success of cooperatives through a widespread review of the literature and empirical study existing in the area.

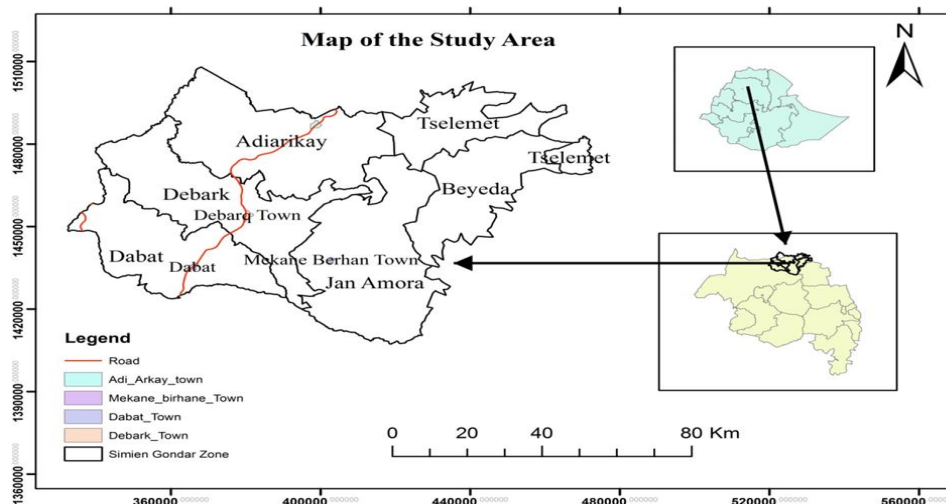
According to the report of BoARD (2006), the features of cooperative forms of business in Ethiopia stated as they are voluntary association of persons desirous of pursuing a common objective, the capital is procured from its members, the activities of cooperative societies are



regulated by the cooperative societies acts in Ethiopia, and cooperative societies are required to submit their annual report and accounts to the office of promotion and registrar of cooperatives, and the profits, if any, is distributed among the members in the proportion of business they have done within the cooperative society. Cooperatives provide a wide variety of services in Ethiopia, including input supply management, grain marketing; and the supply of consumer goods to members at prices that compete with local traders. As a result of the fertile ground for cooperative business, cooperatives today are playing an important role in value creation by paving the way for products of small-scale producers to the terminal market. Cooperative unions are now dealing with export trade in coffee, cereal, oilseeds, fruits and vegetables, and others.

## 5. RESEARCH DESIGN AND METHODOLOGY

The research was aimed at finding out determinants factors affecting cooperatives success in North Gondar of Ethiopia. To achieve these important objectives and test hypotheses, it is good to use a mixed method. This is because quantitative methods are essential for analyzing the relationship between variables systematically and help to test hypotheses; in addition to these quantitative methods also helpful for statistical techniques aided by computational algorithms and software packages for analysis. On the other hand, qualitative methods will help study documents and different transcripts, case histories, and carry out interviews. These reasons make mixed-method better than others to achieve the objective of the paper. The study was attempted to contribute to the knowledge base by exploring and find out determinants factors affecting different cooperative success in North Gondar of Ethiopia. To reach this purpose, it is better to use mainly explanatory/casual type and in some cases descriptive type. The study area is North Gonder Zone which is located in Amhara Region in Ethiopia.



*Source: North Gondar Zone Administration Office, 2020*

**Figure 1: Map of the Study Area (North Gondar Zone)**

The population for the study was cooperatives involved in all business activities in the North Gondar Zone of Ethiopia. Now a day's North Gondar has many cooperatives involved in different types of businesses such as service giving, merchandising, manufacturing, construction, and urban agriculture in different parts. In this study to select the sample size, a list of all cooperatives formally registered by the North Gondar Zone Cooperative Promotion and Registration Office (CPRO) was obtained which is 2,332. To derive a representative sample, and as Crowley (2005) argued that the success cannot immediately be evaluated after establishing a cooperative, the sample of this study includes those business cooperatives which were established, at least, three years ago. Accordingly, the total population (number of cooperatives) for this study is 852 cooperatives in the selected types of business activities (CPRO, 2017).

In this study, the researcher used a formula provided by Yamane (1967) to determine the sample size of the survey and the population of the study only encompass cooperatives operating in North Gondar Zone and the sample of the study was derived from it. The researcher has included about 272 cooperatives involved in different types of businesses such as service giving, merchandising, manufacturing, construction, and urban agriculture from the finite population. Since the population is homogeneous i.e. business cooperatives, the following formula is used to determine the sample size for the finite population of the study by taking the acceptable magnitude of error ( $e$ ) of 5%, and confidence level ( $Z$ ) of 95%.

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

Where;  $n$  = Sample size

$N$  = Population size

$Z$  = confidence level

$e$  = the level of precision.

$$= \frac{852}{1 + 852(0.05)^2} = 272$$

For the determined samples, purposive sample selection technique was used in the selection of cooperatives. As the establishment and the availability of required data in cooperatives for the study is a prerequisite for respondent selection, cooperatives which were established, at least three years ago were included in the sample. The proportional number of respondents was taken into consideration from the purposively selected cooperatives. As a result, to examine the effect of independent variables on business cooperatives success which is measured by their profitability, the following multiple linear regression model is formulated for the study.

$$\text{COSU} = \beta_0 + \beta_1 \text{GSVG} + \beta_2 \text{RLRP} + \beta_3 \text{MBPF} + \beta_4 \text{SZMP} + \beta_5 \text{FIST} + \beta_6 \text{BSVL} + \varepsilon$$

Where, COSU denotes cooperatives success which is measured by the cooperatives profitability, (GSVG) is group savings, (RLRP) is the rate of loan repayment, (MBPF) is membership fees, (SZMP) is the size of the membership, (FIST) is financial stability, (BSVL) is business volume, and  $\epsilon$  denotes the random error.

## 6. RESULT AND DISCUSSION

In this portion of the study, the descriptive statistics and the regression analysis of the study was made to know the determinant factors affecting cooperatives success. The study included about 272 samples from the total 852 business cooperatives in North Gondar Zone which were established, at least, three years ago. So many tastes have been made to make the data well enough for analysis of the investigation and to obtain a reliable result from the study and the entire tests were targeted to test the OLS assumptions while making a regression of the study. The descriptive statistics, the test statistics, and the results are presented as follows:

**Table 1: Summary of Descriptive Statistics**

Variable	Obs.	Mean	Std. Dev.	Min.	Max.
COSU	272	38558.82	6924.756	23000	50000
GSVG	272	17658.09	5515.895	3000	30000
RLRP	272	4.577206	.6206135	3	5
MBPF	272	62.92279	6.165425	50	75
SZMP	272	6.036765	1.276573	3	10
FIST	272	.3123897	.0635815	.18	.43
BSVL	272	78610.29	6107.491	66000	88000

**Table 2: Shapiro-Wilk W Test for Normal Data and Cronbach’s Alpha Test of Reliability**

Variable	Obs	W	V	z	Prob>z		
r	272	0.99040	1.876	1.469	0.07087	Average interitem covariance:	3526562
						Number of items in the scale:	7
						Scale reliability coefficient:	0.6551

Based on the Shapiro-Wilk W test for normal data (table 2 above), the p-value (0.07) was greater than 0.05 and the Kernel density estimate graph is bell-shaped which means the data is normal. Also, to test the variable reliability, the researcher made a reliability test of Cronbach’s alpha and it shows (see table 2) that p-value of 0.65 which is greater than 0.05 and it implies all variables are reliable.



**Table 3: Multicollinearity Test and Test of Autocorrelation**

Variable	VIF	1/VIF	Durbin-Watson Test	Breusch-Pagan / Cook-Weisberg Test
RLRP	2.25	0.445403	Durbin-Watson d-statistic (7, 272) = 2.00071	chi2(1) = 0.24 Prob > chi2 = 0.6241
FIST	1.82	0.550687		
GSVG	1.76	0.567288		
MBPF	1.71	0.585404		
BSVL	1.67	0.600224		
SZMP	1.28	0.783626		
<b>Mean VIF</b>	<b>1.75</b>			

From table 3 above, the mean value of VIF (1.75) is less than 10, which means there is no significant and strong collinearity between the independent variables. Besides, the Durbin-Watson test of autocorrelation (2.00071) is close to 2 which indicate that there is no autocorrelation problem. Furthermore, the Breusch-Pagan test of heteroscedasticity (0.6241) is greater than 0.05 which indicates that there is no heteroscedasticity problem.

**Table 4: Correlation Matrix of Coefficients**

	GSVG	RLRP	MBPF	SZMP	FIST	BSVL
GSVG	1.0000					
RLRP	0.5738	1.0000				
MBPF	0.4738	0.5814	1.0000			
SZMP	-0.3352	-0.4193	-0.2153	1.0000		
FIST	0.5047	0.6065	0.5168	-0.3052	1.0000	
BSVL	0.5298	0.5091	0.4615	-0.3588	0.4926	1.0000

Table 4 shows that the correlation matrix of coefficients in the model and it states that the correlation among predictors was not high (less than 0.80); it indicates there is no multicollinearity problem among variables.

**Table 5: Regression Result of Cooperatives Success**

Source	SS	df	MS	Number of obs	=	272
Model	1.1337e+10	6	1.8895e+09	F( 6, 265)	=	301.94
Residual	1.6583e+09	265	6257795.97	Prob > F	=	0.0000
Total	1.2995e+10	271	47952246.6	R-squared	=	0.8724
				Adj R-squared	=	0.8695
				Root MSE	=	2501.6
COSU	Coef.	Std. Err.	T	p > t	[95% Conf. Interval]	
GSVG	.3266197	.036577	8.93	0.000	.2546011	.3986382
RLRP	4242.756	363.6886	11.67	0.000	3526.669	4958.843
MBPF	192.9506	32.21329	5.99	0.000	129.5241	256.3772
SZMP	- 329.9711	134.4702	- 2.45	0.015	- 594.7369	- 65.20516
FIST	19126.23	3220.644	5.94	0.000	12784.92	25467.54
BSVL	.1538882	.0321149	4.79	0.000	.0906554	.2171211
_cons	-14865.29	2760.188	-5.39	0.000	-20299.98	-9430.603

The regression analysis made with related to the determinants of business cooperatives success (see table 5 above) indicates that the overall impact of group saving, rate of loan repayment, membership fee, size of membership, financial stability, and business volume is about 87.24% ( $R^2 = 0.8724$ ) of the variation in the business cooperatives success.

The regression output (see table 5) indicates that the group saving (GSVG) which is measured by the amount of group savings held by business cooperatives has a statistically significant positive correlation with business cooperatives success (Coef. = 0.3266 and p-value 0.000 at a 5% significance level). This indicates that a unit or birr increase in business cooperatives group saving, ceteris paribus, has a significant increment of 32.66 cents on business cooperatives success which is measured by their profitability. This result is similar to a study made by Clark (1991), according to the study result; one of the elements essential for the success of business cooperatives is group savings.

Furthermore, the study output (see table 5) indicates that rate of loan repayment (RLRP) which is measured by the status and timing of cooperatives in paying their debt has a statistically significant positive correlation with business cooperatives success (Coef. = 4242.75 and p-value 0.000 at a 5% significance level). Based on this result we can declare that cooperatives paying their debt on time have a greater possibility of increasing their profit and they can reach their success. Repayment performance thus serves as a positive signal for increasing the volume of credit availability to cooperatives and it in a return helps them to get their success.

Likewise, the result of the study shows that membership fee (MBPF) which is measured by the amount of money paid by members to be a member of cooperatives has a statistically significant positive effect on cooperatives success (Coef. = 192.95 and p-value  $\leq 0.000$  at a 5% significance level (see table 5)). The result demonstrates that a birr increase in membership fees, ceteris paribus, has a significant increment of 192 birr and 95 cents on business cooperative's success which is measured by their profitability. This result is similar to the study result Unal (2009), the study was made on fishery cooperatives in Turkey and the result revealed that member's contribution of fees on the financial aspects of the cooperatives is almost fundamental reasons for the success of all fishery cooperatives.

Besides, the result of the regression (see table 5) revealed that financial stability (FIST) which is measured by the debt to total asset ratio has a statistically significant positive correlation with business cooperative's success (Coef. = 19126.23 and p-value  $\leq 0.000$  at a 5% significance level). The result exhibits that a birr increase in the financial stability of cooperatives measured by debit to total asset ratio, ceteris paribus, has a significant increment of 19,126.23 birr and 23 cents on cooperatives success which is measured by their profitability. This result is also similar to the study conducted by Unal (2009). The result clearly indicates that it vital to have the capacity to finance activities and cooperatives can achieve their success by having adequate finance through different loans such as bank loans.

Moreover, the result of the study in table 5 indicates that business volume (BSVL) which is measured by the volume of sales of cooperatives has a statistically significant positive correlation with business cooperative's success (Coef. = 0.1538 and p-value  $\leq 0.000$  at a 5% significance level). The result reveals that a unit or birr increase in the business volume of cooperatives, ceteris paribus, has a significant increment of 15.38 cents on business cooperative's success. This result is also similar to the study made by (Alamayehu, 1993). Based on the study most of the cooperatives in Ethiopia in, general, were mainly multipurpose cooperatives, which undertake diversified business activities and this increases the volume of the cooperative's productivity and it will increase their profitability.

However, the result of this study reveals that size of membership (SZMP) which is measured by the number of members within cooperatives has a statistically significant negative correlation with business cooperatives success (Coef. = - 329.97 and p-value  $\leq 0.015$  at a 5% significance level (see table 5)). The result reveals that a unit increase in the number of members within cooperatives, ceteris paribus, has a significant decrement of 329 birr and 97 cents on business cooperatives success. The result confirms the opinions of the key informants and focus-group discussion participants in the study. They agreed that as the number of members in the cooperatives increases, coordination within the cooperatives becomes faded and it will in a return pushes the cooperatives to their failure. This result is contrasted with the study made by Vargas (2008) in Uganda, the study shows that household head characteristics, farmland and livestock ownership, holding a local government position, cooperative variables (size of cooperative members) are explanatory variables that have a statistically significant effect to success of cooperative groups. However, the sign of the effect is contradicted since the sign of the effect of the variable in the study made by Vargas (2008) was positive.

Overall, depending on the multiple regression analysis results of the study (see table 5) group savings, rate of loan repayment, membership fees, financial stability, and business volume has a statistically significant positive correlation with business cooperative's success which is measured by the profitability of cooperatives. However, the size of membership has a statistically negative correlation with the cooperative's success which is measured by the profitability of cooperatives.

## **7. CONCLUSION AND RECOMMENDATION**

In the preceding portions of the study, the overall objective of this study was to examine the determinants of business cooperative success in North Gondar Zone of Ethiopia. The study was more of a quantitative approach and cross-sectional data type was analyzed through multiple linear regression models. To undertake the investigation 272 cooperatives which were established at least three years ago were included as a sample. This investigation has made an emphatic analysis by taking one dependent variable which is cooperatives success and six explanatory variables which are group savings, rate of loan repayment, membership fee, financial stability, size of membership, and business volume. As the study outcome declares group savings, rate of loan repayment, membership fee, financial stability, and business volume has a statistically significant positive correlation with business cooperative's success which is measured by the profitability of cooperatives. From this, we can conclude that cooperatives need to focus on the factors which are positively and significantly affecting their success. In conclusion, based on the findings of the investigation the recommendations were made hereafter:

As regular group saving has a positive significant impact and it led to investment in group business and in calculating an attitude of self-reliance. Thus, cooperatives shall encourage individual members to save with them since it is one way of access to capital when it is needed. Besides, the rate of loan repayment has a significant and positive impact on cooperative success since the repayment of borrowed funds has been one of the numerous challenges of cooperative developments in the developing world. High repayment rates allow the institutions to lower the interest rates and processing costs and consequently increase patronage of loans. Repayment performance thus serves as a positive signal for increasing the volume of credit available to various cooperatives. Thus, cooperatives shall increase their rate of loan repayment to reach their success. Moreover, the membership fee has a significant positive impact on various business cooperatives. Thus, this all dimensional business activities have further increased the membership fee of their cooperatives and this increment leads to having access to capital and this increment in the capital would have a positive and significant impact on business cooperative's success.

The outcome of the investigation also reveals that financial stability has a positive and significant impact on the cooperative's success and it is vital to have the capacity to finance activities from various sources of income. The owned assets by cooperatives have also enabled them to get different loans such as bank loans and cooperatives should have the financial stability to succeed. Careful financial and working capital management plays a huge role in the success of the cooperatives. Additionally, the business volume has a statistically positive impact on cooperative success, thus the leaders help members to get information and training on better

techniques, quality control, market integration, and facilitating the supply of affordable inputs to increase productivity and sales by the cooperatives. Thus, higher sales volume leads to higher profitability and that makes the business cooperatives reach their success.

Based on the study outcome size of membership has a significant negative impact on a business cooperative's success. Even if this result contradicted some literature, it is better to make further investigations by future researchers in this regard.

Finally, by considering the outcome of this study business cooperatives specifically and other researchers, in general, are recommended to give attention to those statistically significant variables in this study. Besides, there is so much diversity in the method as well as subject matter and understandably of literature from country to country, thus it is better and recommended to make further studies on factors that contributed to the success of business cooperatives.

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***Operational Definition of Business Cooperatives by the Author:***

*Business Cooperatives are group businesses owned and controlled by their members who are engaged in doing business in different types of activities such as service, merchandising, manufacturing, construction, and urban agriculture for a profit.*