

Economic Values of Cooperatives towards Member Asset Creation

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Abstract

The research explore the economic values of community based saving and credit cooperatives towards member asset creation in Addis Ababa. Mizan cooperatives in Akakie-Kality sub city was selected purposely due to its seniority and availability of data. Using quantitative research methods 52 respondents were selected through simple random sampling techniques. The data were collected through interviewer administered structured questionnaire. The method of data analysis was descriptive statistics and multiple binary logistic regressions. As the finding showed coop have various economic values towards members like credit disbursement in short, medium and long term basis without any collateral request, provide access of weekly and monthly saving, generate monthly income and employment opportunity, access of patronage dividend, health insurances and BBS training. Besides this, members acquired asset after membership like Sofa, Refrigerators, TV, DVD, Chair and table, Electric stove, Oven, and Small kitchen house. Patronage dividend has significant factors for member's asset creation ($P=0.002$). Monthly saving has insignificant influence on asset creation but has a positive relation for asset creation. Monthly income, credit, BBS training and Health insurance have insignificant and negative relation for asset creation. Community based coop are a means for members economic values and asset creation and they need the attention of federal cooperatives agency. The agency should support them for further enhancement and maximization of member's perceived benefit through audit and training.

Keywords: Community based Coop, Asset

Association in work as well as play is natural to man and that at a very early stage, mutual aid had extended beyond the family group and taken on an organization and fairly permanent form. Rotating savings and credit associations (ROSCAs) are found all over the world and have existed for at least the last two centuries (Buijs, 1998). They are the very basis of human civilization and mutual interdependence among human beings. The sprites of association are essential to human progress since man cannot successfully live by himself and for himself alone. In the beginning of human society, men have cooperated first in foraging and then in hunting later in agriculture and still in manufacturing (Buijs and Atherfold, 1995)

Globally the history of modern cooperative is traced back to the impact of industrial revolution (18 Century) that brought immense wealth to the capitalist and poverty reduction to the unrecognized labor. In Ethiopia, the formation of traditional cooperatives (Eddir, Debbo, Ekub) was dated many years ago. Those traditional cooperative are established to provide help or assistance in regard to scarce resources. Nonetheless, modern cooperative is traced back to 1960 with different nature and objectives even though there was a disparity in their growth and development (FCA, 2001). The sector has got notoriety by government and community based initiatives as a toolkit for socio-economic and livelihood improvement of the poor (FCA, 2001). Cooperatives are a form of communal, joint and democratic ownership of a business whose equity is asset that can contribute to an individual member's wealth portfolio (Nippierd, n.d).

Research done by Tesfamariam (2012) in Ofla Woreda of Mekele revealed that member in Saving and Credit Cooperatives made additional assets in the form of new house construction, livestock purchase (Sheep, goat, cow, oxen, donkey, chicken) and electronic and/or house equipment i.e., tape recorders, radio, television, and chairs after being members. Coops are major channel for member's cash savings (Frank, Ngozi, & Nkem, 2013). It enhance saving habit, democratic decision through General assembly on surplus to be allocated and retained with the aim of asset building. Scanlon and Adams (2001) found that savings, credit, and income have positive effects on economic security and asset accumulations of members in cooperatives. Coops facilitate people in pooling their labor, along with small amounts of cash to create larger enterprise, to obtain benefit and return for assets creation more than what they could do on their own (Logue & Yates, 2005). Assets are those fixed material and equipment that cost more than 200 Birr (MOFED, 2007).

Economic theory explained that, reliable source of income is fundamental for individual's or family's ability to build assets over time (Tackie et al., 2013). Individual with no/little income have little/no extra money to save because they usually have limited financial in-flows. When consumption is near subsistence, it is more costly and almost impossible to finance saving by reducing consumption. Therefore, low income is a persistent obstacle to have saving and asset accumulation. On the other side higher income households have more assets than lower income households. Economic resources (saving, credit, patronage dividend, and income) are the most important

variables for asset creation (Beverly et al., 2008). Asset is an outcome from coops ownership, job creation, patronage dividend, education and training, income, credit, saving, and economic stability (Bradford, 2003; Williamson, Imbrocio, & Alperovitz, 2004).

Asset inequality in Ethiopia is increasing and it becomes more challenging. Ethiopia is one of the developing countries in the world characterized by poverty, low income and productivity, unsustainable growth process, chronic poverty, unemployment, widespread pressing socio-economic problems (World Bank, 2012). According to Food and Agricultural Organization (2014) report, poverty is a serious issue in developing countries. In sub-Saharan countries the death rate of peoples in poverty is higher than the cumulative death rate of tuberculosis, malaria and HIV/AIDS. In Ethiopia, every year 6 million people suffer through poverty and 38.7% were lived in extreme poverty in 2004-2005 (World Bank, 2012). Five years later, this number was lowered by 9.1% and reached to 29.6% (World Bank, 2012). In urban and rural areas of Ethiopia poverty accounts 27.9% and 34.7% respectively (MOFED, 2012). The prevalence of such problem is due to little and/or no access of economic resources which is the pre-requisite for asset creation.

Research empirical revealed that lack of financial opportunity, income, unemployment (17.5%), economic disparity, poor household dietary (37.12%), stigma and isolation, infrastructure problem, domestic violence, and poor housing conditions are the most common challenges in Ethiopia to build asset (World Bank, UNDP, 2012). Piana (2003) has stated that a tri-lateral relationship among savings, consumption, and income is the key determinant on asset creation. On the other side, institutional and market failure, low productivity, economic in security, difficulties to establish new venture are the most recurrent problems in Ethiopia (Belay, 2003).

The problems could get even worse because the population is growing rapidly in limited means of production (land, labor, capital) and economy. Research in Ethiopia is not addressing cooperatives in different dimensions to explore its economic and asset creation role for members. As a result, there is a research gap in the area of community based cooperatives towards asset creation. Moreover the field of coops economics has neither well studied nor well understood as a mechanism of asset creation. The area is not researched as a strategy for asset creation perspectives. The association of coop economic values viz-a-viz with asset creation is the most ignored section. Due to the prevalence and high magnitude of asset creation problems, research gap, seriousness and relevance of the issues, this research was conducted to know coop economic values towards member asset creation in Akakie- Kality Sub city of Addis Ababa Mizan primary cooperatives society.

Literature Review

Cooperatives are autonomous associations of person united voluntarily to meet common economic, social and/or cultural needs and aspirations through jointly-owned and democratically controlled enterprises (International Cooperative Alliance [ICA], 1995). It reveals that coop is a member driven organizations established to solve the most pressing common socio-economic problems of members. They are member driven democratic institutions that promote group learning, economic interdependence, resources puling, and development of assets, protection of peoples, and environment. Collective ownership helps to provide community control over economic resources, activities and productive capacities, to increase income and asset holding. They provide opportunities for low-resourced people and play prominent role to create job by providing productive self-employment for millions of members and worker.

Cooperative ownership enables low-income residents, immigrants, and others (who often are without any avenue to gain income or assets) to provide affordable quality goods and services, generate jobs, stabilize their communities, and accumulate assets (Olando, Mbewa, & Jagongo, 2012). Cooperatives owned enterprises often provide not only economic stability, but also develop many types of human and social capital. This provides an alternative model of development through the recognition of both individual and community capacities. This creates mechanisms to distribute, recycle and multiply local expertise and capital within a community. Cooperatives in particular are often able to provide meaningful and good work atmosphere for their members and/or employees. Levine, Laura, and Tyson (1990) found that cooperatives provide superior working conditions through participation and asset ownership.

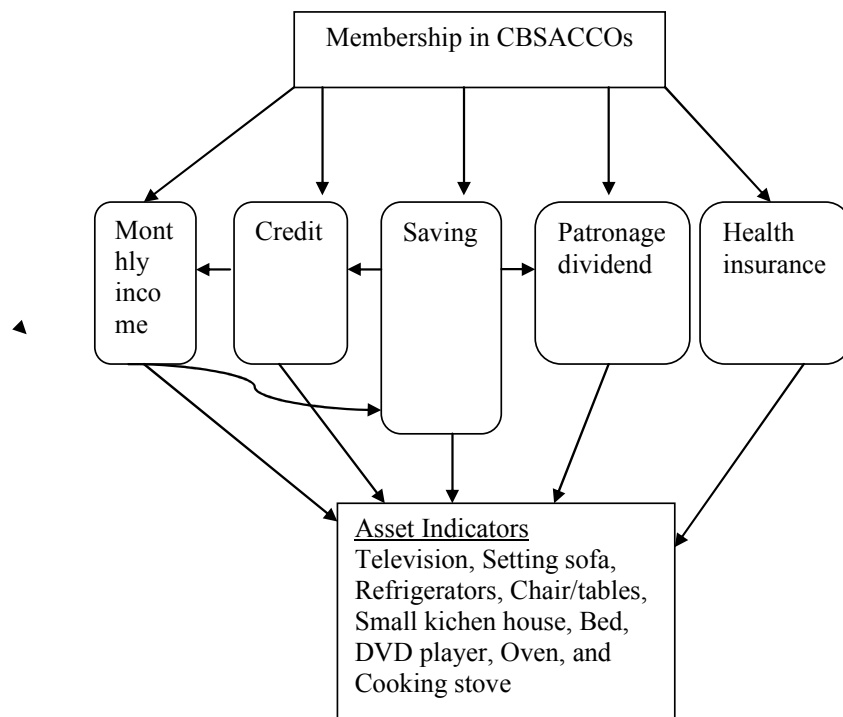
Research on Afro-American cooperatives revealed that cooperative business ownership provides affordable housing and financial services during the great depression and various forms of racial economic discrimination in the past economic challenges (Nembhard, 2002). Collective ownership is an important strategy to provide business and home ownership opportunities to those with low-incomes and few financial assets (Teshamariam, 2012). The net worth of cooperative business is shared to individual member account in the form of stock ownership and patronage dividend. The collective wealth of cooperatives is a store of value. Member-owner of a cooperative enterprise provides opportunities of savings, income generation (that can lead to asset ownership), partner with the corporation on value added activities, and leverage corporate equity for individual and group gains (Frank, Ngozi, & Nkemp, 2013).

Cooperatives have capacity to influence their community than do most businesses. Their directors are typically community leaders, their memberships represent community networks, and they are committed to education and improvement of livelihood asset (physical, financial, economical, natural and social). In the economic sphere

they administer pools of capital under democratic control that can be used according to local priorities, and they accumulate economic surpluses that are reinvested or redistributed back into the communities from which they came.

Studies have shown that economic factors such as income and family background are important determinants for the lack of assets among low-income populations (Tackie et al., 2012). However, the basis of starting cooperatives organization is to meet such common economic need through self and mutual help to generate the acquisition of asset ownership. As an economic entity, cooperative is primarily responsible for seeking solutions to the most common economic problems of its members (Krishnaswami, 1978). He further explained that, by satisfying their common economic need member themselves are able to improve their economic conditions and raise them to a better economic position to acquire asset and/or wealth. The economic objectives of cooperatives can be seen from member and society point of view. They improve life of member in the provision of better economic services and also create better society through weaker section enhancement. A research done by ILO (1998) indicates that the economic objectives of cooperatives from member point of view include income generation, patronage dividend, saving and credit access, lower input prices, creation of off farm activities, better utilization of resources, and lower prices of consumer goods. The same paper revealed that cooperative societies positively contribute towards the achievement of development goals of the state through the increment of national income, export revenues, provision of employment opportunity, better utilization of resources and promotion of thrift and credit among citizens.

Conceptual framework



The conceptual framework constructed through path model represents the relationships of the dependent and independent variables to be included in the research. As it showed being a cooperatives membership have an enormous role towards member asset creation. Members in cooperatives get credit facilities, saving, monthly income, BBS training, health insurance and surplus or patronage dividend as economic values of coop. Therefore membership in cooperatives influences the probability of having economic values and this values influence member's probability of asset creation. The monthly income of a member influence the saving amount of a member in coop, the higher the income the better would be the saving amount. Saving influence credit since credit is disbursed with the assumption of their saving. Credit also influence income because the more credit access the better would be the expansion of business and this can increase the monthly income amount. And income influences the amount of saving. Saving influence patronage dividend of members because patronage dividend of members is allocated in consideration with saving amount. The higher the saving amount the better patronage dividends. Health insurance and BBS training cannot be influenced by other variables because members have equal opportunity to access both services since membership. The outcome variable was asset and it is measured through the indicators stated above. Therefore, asset creation is influenced by the predicting variables and the research diagnosis the influence of each variables and magnitude on the dependent variable

(asset creation).

Objective of the study

The general objective of the study is to describe the economic values of cooperatives and its contribution for member's asset creation. The specific the objectives were to:

1. Describe the overall economic values of CBSACCOs towards members
2. Identify the influences of selected economic factors for members asset creation in CBSACCOs

Research question

- What are the economic values of CBSACCOs for members?
- Does monthly income, saving, patronage dividend, health insurance, BBS training, and credit access has influence for member asset creation?

Significance of the research

The research provides knowledge in the economic and asset creation values of coop for promoter and organizer towards the diffusion, model replication and/or expansion of CBSACCOs movement in Akaki-Kalitie Sub city. The research serves as an empirical evidence for the role of CBSACCOs to inspire non-members there by to become members. Moreover, the research participants (members), management bodies of coops and non members were the primary beneficiary since it identify and reveals the economic values and most important variables that influence asset creation. It helps the management bodies to have a special concern during strategic and operational plan development.

Methods

The research deploys quantitative methods to quantify the objective realities of cooperatives towards member in statistics. The research design was descriptive case study to describe the characteristics of existing phenomenon and to solicit data on the economic values of coop towards member asset creation in their context. The design allowed to analyze the variables of interest in quantitative methods so as to make causal-inference for selected cooperative members on the dependent and independent variables. It also helps to provide useful and accurate data to answer the questions of the research in statistics and to describe context based objective reality of CBSACCOs in a quantitative method from the sample population. Individual members were the unity of analysis.

Sampling Techniques

Cooperatives were selected purposely since it was my area of knowledge building, anticipated dissertations and future scholarship. Mizan Coop in Akakie- Kality was selected due to its seniority, organizational structure, and large number of members in comparison with others. Members of selected CBSACCOs located in Akakie-Kality Sub city were the focus and participants of the research. The selected coops were established by the initiative of Women in self employment (WISE) local NGOs. The NGOs organized poor women in cooperatives to have opportunity of economic resources for asset building. The coop has 198 total populations, of which 52 respondents (26.26%) are taken as a sample to collect primary data. The sample is representative to make inference for the rest members of the coop alone. The sample members were selected based on simple random sampling techniques since the list of members was finite, homogeneous and to give equal chance of being selected for all members. To identify members as eligible both inclusion and exclusion criterion were deployed. The inclusion criteria were being a member for the last four years. The exclusion criterions were severely ill, members who have no interest to be a participant, and members withdraw or far away from the location for further job. In order to arrive at a single respondent lottery method with replacement were employed.

Methods of Data Collection

Two data gathering instrument were employed to dig out the relevant evidence from members and coop. The first one was structured interview and the second is documents review. Structured interviews were employed to obtain primary data from sample respondents attuned to income, saving pattern, patronage dividend, health insurance service, available members asset, and the financial service or credit disbursed by the cooperatives towards members. The questionnaires were constructed based on literatures and had four section 37 questions which is similar for all respondents. Pre-test were made with members before the data collection and it helps to incorporate share capital and basic business training as a service provided by coop to maximize the economic benefit of members for the asset creation. Moreover, it helps to determine the reliability of the instrument. The reliability coefficient of items to measure economic value of cooperatives, the available asset and asset determining variables was 0.528, 0.503 and 0.715 respectively. The data were collected by the researcher due to financial shortage to recruit enumerators and literacy problems of the respondents to use respondent administered questionnaire. The data collection was held in the operational area of sample members through self introductions, explanation on its purpose, and types of data to be required to build common understanding. The data collections were conducted in between May 5 to 15/ 2014. The response rate was 100% (the entire sample respond all the questions). Document review was the other data collection tolls deployed to obtain data on the corporate asset of members from the finance unit. Asset of the cooperative created by the active involvement of members were identified from the establishment of cooperatives to present (February, 2014).

Definition of Dependent Variables

The dependent variable for this research was asset creation up on which the other independent variables were regressed to see their effect on the dependent variables. Dependent variable was measured in dichotomous methods and coded as 1 if the participant has asset and 0 otherwise.

Definition of Independent Variables

Monthly Income of members in Birr (MINC): - refers to income generated by members through the support of coop after they register as a member in cooperatives through on farm/off farm livelihood strategies. It is assumed that monthly income of member has a positive influence on member asset creation and therefore it influences the dependent variables positively. It is dichotomous variable and coded as 1 if the monthly income has influence on the dependent variable and 0 otherwise.

Patronage dividend (PATRON): refers to the amount of birr member received in monthly basis from the surplus of coop in proportion to members' participation, amount of saving, and share capital (Black & Knutson, 1985). It is assumed that member can create asset for themselves if the coop provides patronage dividend as per the rules and regulation of the coop. It is a dichotomous variable and coded as 1 if the access of patronage dividend has influence on the dependent variable and 0 otherwise.

Monthly Saving (MSAV): refers to monthly saving amount of members in the coop to increase the amount of deposit, to obtain credit, and to earn interest as a patronage dividend. It is assumed that monthly saving has a positive influence on asset creation of members in the coop. The higher amount of saving the better probability of getting large amount of loan and this accelerate asset creation. It is a dichotomous variable and coded as 1 if monthly saving has influence on the dependent variable and 0 otherwise.

Credit (Crdt): it refers to the amount of credit disbursed for members as per the amount of saving and by-laws of the cooperatives. Credit access helps members to start or have their own small or micro business for the purpose of earning income. Therefore, it is expected that access of credit disbursement has a positive influence on asset creation of members in cooperatives. It is a dichotomous variable and coded as 1 if the credit access has influence on the dependent variable and 0 otherwise.

Health insurance (Heltinsu): is refers to the health insurance service provided by cooperatives for chronic health problem of members to be better off. The variable is expected to influence the dependent variable positively because cooperatives cover the medication cost of members and this helps them to increase the probability of acquiring asset. It is a dichotomous variable and coded as 1 if the health insurance has influence on dependent variable and 0 otherwise.

Methods of data Analysis

Descriptive statistics methods like percentage, mean, standard deviation and mode were employed to describe economic values of coop (monthly income, monthly saving, patronage dividend, available asset, health insurance, and credit access of members after being members in the cooperatives). Moreover, binary logistic regression mathematical models were employed to know the level of each predictor variables influence on the dependent variable since dependent variable has two outcomes. The methods of data presentation were graph, charts, and tables.

Result

In this section the results obtained through the entire data gathering instrument have been presented. The selected cooperative (Mizan) was established in 2007 with a total population of 198 illiterate women's. Members joined cooperatives by purchasing share as per their capacity and one share value were equivalent to 5 birr. Majority of members purchased one share to become a member and 11.5% of members purchased more than four shares.

Economic values of coop towards member asset creation were the major concern of the research. Majority of the respondents (82.7%) in the coop were owned new fixed asset after membership like Television 25.0%, Setting Sofa 42.3%, Refrigerators 30.8%, Chair/tables 69.2%, Small Kichen house 63.5%, Bed 42.3%, DVD player 48.1%, Oven 44.2%, and Cooking stove 57.7%. Of which asset 13.5% worth 200-1000 birr, 42.4% worth 1001-2000 birr and 26.9 % worth > 2001 birr. In addition to the individual asset members has corporate asset equivalent to 820,182.99 birr.

Economic Values of Cooperatives

This section revealed the economic values of CBSACCOs towards member's asset creation. The discussion focused to give response on the entire question stated in the research. The stated questions were described according to the findings with the support of available literatures, theory, and research findings.

According to the international cooperatives alliance (1995) economic benefits of coops are measured through the amount of monthly income before and after membership, monthly saving, credit (in long, medium and short term), the available asset after membership, patronage dividend, access of health insurance, employment opportunity, reduction of cost for household commodities, and provisions of basic business skill training. However, amount of saving, credit, patronage dividend, health insurance, asset creation, and provision of basic business skill training are taken to describe economic value of coop for the sake of this research. Due to the

nature of cooperatives other variables were omitted.

Credit Disbursement

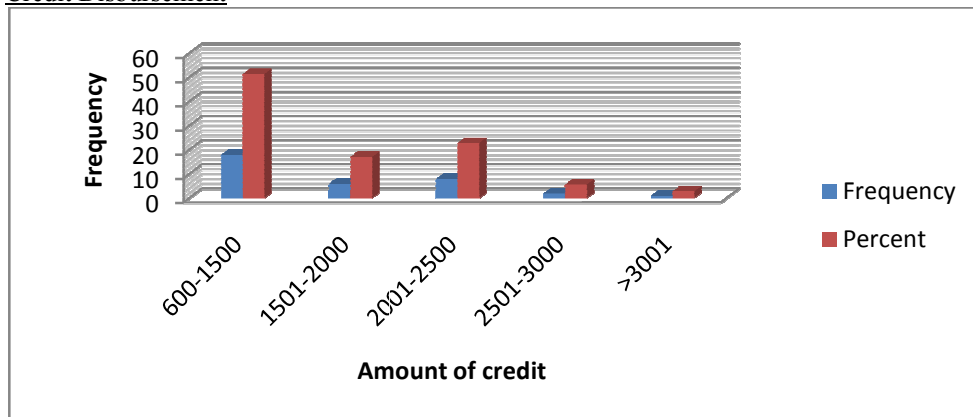


Figure 1: Credit amount of respondents in coop

As the graph showed majority of the respondents have access of getting credit from cooperatives. Members meet their financial requirement who had no/little access of credit from other financial institutions. The mean and mode values of disbursed credit amount for member were 1,728 and 1,500 birr respectively. The minimum and maximum amount of loan was 600 and 10,000 birr respectively. Coop was a reliable source of credit for majority of members and credit was disbursed without any collateral request. The purposes of member's loan were to start and/or expand small business and to generate income. According to Frank, Ngozi and Nkem (2013), cooperatives provide financial credit for those who have little/no access of credit by other financial institution.

Income Generation

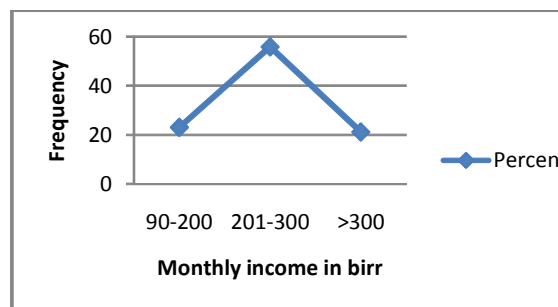


Figure 2: Monthly income after membership

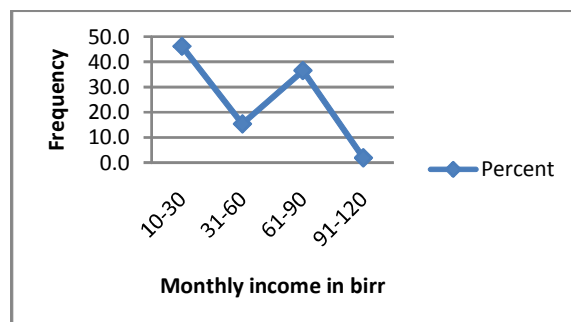


Figure 3: Monthly income before membership

Both graph revealed the pre and post income categories of members in coop. In both cases members generate income with amount disparity. Majority of members have less income as compared to after memberships and they shifted from previous income categories. The mean or average and mode values of member's monthly income after membership were 199.25 and 156 birr respectively. The minimum and maximum amount of income after membership was 95 and 356 respectively. On the other hand the minimum and maximum amount of monthly income before membership was 0 and 100 birr. The mean value was 34.17 birr. These indicate the income generation roles of coop for their members. The research conducted by Tesfamariam in Ofla Woreda of Mekele-Ethiopia (2012) revealed that coop is a source of income for those poor members and they are considered as the tested model for income generation. The provision of credit facility helps member to start small business after membership. Such scenario of coops was the driving forces for members to create consistent income. Nippiered (n.d.) states that coop are a formal nonprofit organization established by voluntary individuals to solve common economic problems through income generation.

Monthly Saving

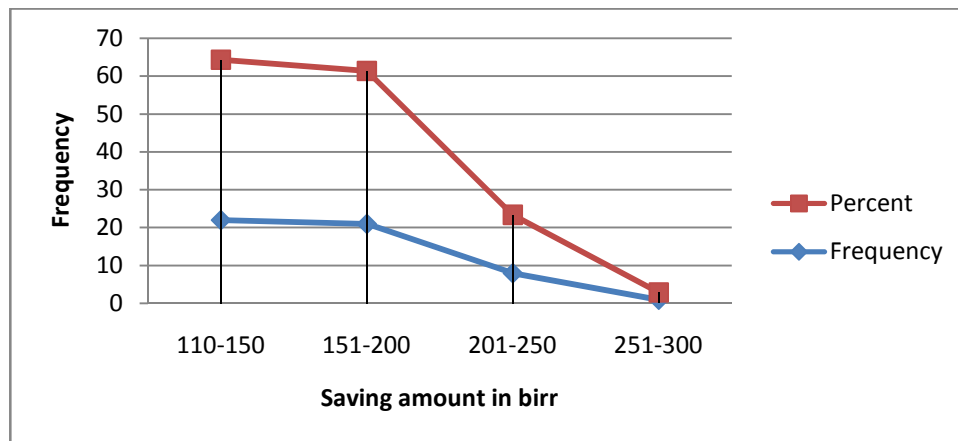


Figure 4: Monthly saving amount of respondents after membership

As the finding did show saving was started by 5 birr and there is an increment on amount. Before joining coop, members couldn't deposit their income due to lack of feasible financial institution as per their financial status. However, after membership majority 42.3% save 110-150 birr, 40.4% save 151-200 birr, 15.4% save 201-250 birr and 1.9% save 251-300 Birr. The mean and mode values of members saving amount was 157 and 150 birr respectively. The minimum amount of saving is determined by the general assembly and the maximum is as per member's preference. According to Nuwagaba (2012) SACCOs are instrument to motivate poor peoples to develop saving culture and to improve their ways of life through credit access. As the data indicates almost all members had no culture of saving before membership due to small amount of income they obtained and lack of self-income. However, after membership they start to save their income since coop entertain any amount of saving. Research done by Frank et al., (2013) in Nigeria show that coops membership impacted positively on the savings behavior of members.

Provision of Patronage Dividend

As the data revealed all the respondents have access of getting patronage dividend in the cooperatives once/twice in a month. Patronage was allocated for each member but, the amount differs from one to the other according to member's number of share and level of participation. Majority 48.1% of members obtained 61-119 birr, 5.7% obtained 10-60 Birr and the remaining 46.2% obtained 120 birr in each month. The mean and mode values of members patronage dividend was 57 and 56 Birr respectively. The source of patronage dividend was surplus from bank interest, donation and net profit of coop. According to ICA (1995) cooperatives provide patronage dividend for members as per their level of participation in their coop and this helps member to increase their usual income.

Basic Business Skill Training (BBS) and health insurance

Members have access of getting basic business skill training to have business skill, to utilize loan for intended purpose, to develop saving culture and thereby to create their own fixed asset. The training was provided to them at the beginning of their membership. According to Bujis (1998) membership of a SACCOs have a support mechanism in their search for income-earning activities, and a means of maximizing their resources. In addition, membership of such schemes provided a supportive environment in which member could enjoy, socializing at the weekly meetings, and also make important contacts which assisted them in their business and childcare activity. Members who exposed for chronic health problem have access of health insurance as a social responsibility of cooperatives. Coop cover health related cost up to three hundred birr. This minimizes the expense of members towards medications.

Table 4: Regression results

Independent Variables		B	S.E.	Wald	DF	Sig.	Odd ratio (B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	Monthly income(1)	-.606	1.101	.302	1	.582	.546	.063	4.725
	credit(1)	-.024	1.193	.000	1	.984	.976	.094	10.108
	saving(1)	2.314	1.502	2.373	1	.123	10.115	.532	192.126
	Patronage dividend(1)	-3.488	1.354	6.633	1	.010	.031	.002	.435
	insurance(1)	-.588	1.136	.268	1	.605	.555	.060	5.147
	Constant	-1.265	1.135	1.244	1	.265	.282		
	Monthly income(1)	-.607	1.100	.304	1	.581	.545	.063	4.705
Step 2 ^a	saving(1)	2.306	1.447	2.541	1	.111	10.034	.589	170.923
	Patronage dividend(1)	-3.497	1.273	7.551	1	.006	.030	.002	.367
	insurance(1)	-.591	1.126	.275	1	.600	.554	.061	5.034
	Constant	-1.268	1.130	1.259	1	.262	.282		
Step 3 ^a	Monthly income(1)	-.633	1.085	.341	1	.559	.531	.063	4.451
	Saving(1)	2.153	1.381	2.432	1	.119	8.613	.575	128.987
	Patronage dividend(1)	-3.754	1.192	9.909	1	.002	.023	.002	.243
	Constant	-1.338	1.122	1.422	1	.233	.262		
Step 4 ^a	Saving(1)	1.863	1.265	2.169	1	.141	6.443	.540	76.861
	Patronage dividend(1)	-3.800	1.189	10.215	1	.001	.022	.002	.230
	Constant	-1.440	1.109	1.687	1	.194	.237		
Step 5 ^a	Patronage dividend(1)	-3.450	1.138	9.187	1	.002**	2.00	.003	.296
	Constant	-.134	.518	.067	1	.796	.875		

**significant at $P < 0.05$

Discussion

The binary regression analysis is applied to analyze those factors that influence asset creation in CBSACCOs members and the Pearson test was used to determine correlations of variables such as income, saving, credit, BBS training, health insurance service, and patronage dividend.

As it showed patronage dividend was the significant factors that influence asset creation in cooperatives. This variable influence asset creation since member uses the amount of money for asset purchasing. The odds of asset creation in those members who have got patronage dividend are two times higher than to those members who have no patronage dividend ($P = 0.002$ and CI 0.003-0.296). According to Tackie (2013) patronage dividend is considered as the basic services of cooperatives and it helps members to have asset since the payment was the net profit of the cooperatives. As a result members directly invest the amount of patronage dividend for asset creation. Saving has a positive relation for asset creation but insignificant contribution for asset creation. However, credit, income, and health insurance services have all insignificant influence for asset creation and have negative relation. The credit provided for members was returned as per the contractual agreement and the purpose of credit was to diversify or expand their business rather than investing on asset. Saving was the assurance of membership in cooperatives to take the service. Members cannot easily withdraw the deposited money unless they withdraw from coop. Due to this the variable influence asset creation insignificantly but there is a positive relation for asset creation since the patronage dividend is determined by saving amount also. A research done by Gilbert and Florence (2012) in Kenya states that saving economy accumulates assets faster than a low saving economy. The finding contradicts with this research since members are functional under cooperatives. If members withdraw from coop the deposited money helps them to accumulate asset faster than low deposited members. Income has insignificant and negative relation for asset creation within cooperatives. This finding also contradicts with others research of the area since the income obtained from petty trade is distributed to loan payment, house consumption and other related social issues.

Summary

The research identified several economic values of cooperatives towards member's asset creation. It has been indicating that income generation, saving, credit, patronage dividend, health insurance and basic business skill training to start their own small business were the economic values of cooperatives towards members. The provision of such service helps members to have their own asset. The major asset that have been owned by members after membership was Sitting Sofa, Refrigerators, DVD, Bed, Chair and Tables, Small Kichen house, Oven and Stove as a house commodity. Economic values of cooperatives play crucial role for asset creation even though their level of influence has variation. Patronage dividend was found as significant variables for asset creation. Members who have got patronage dividend have two times better in asset creation than those who didn't have patronage dividend. To sum up it, community based saving and credit cooperatives create economic values and asset for members. The limited number of sample due to financial shortage was taken as the limitation of the research to make inference for similar types of coop in Addis Ababa. Members who terminate their membership and individuals who is a member of other coops was not included to avoid the combined effect of members benefit originated from other source on asset creation. Only CBSACCOs and its economic values for members asset creation was the concern of the research.

Implication and Recommendations

The nascent field of community based cooperatives should be seen as one thematic area for community economic development and asset creation. Asset creation/formation is the challenges for most developing countries since it requires coordination and system to access means of production. The organization was the means for poor peoples who have no/little access of resources for asset creation. Therefore CBSACCOs requires the attention of government and community based organization to replicate the model as a means of economic development and asset creation for poor. Federal cooperatives agency and Sub-city coop promotion office at Addis Ababa should provide necessary financial and non financial support to strengthen their role in asset creation. The agency should nest CBSACCO's as a program like other type of coop, issues supportive training for employed expert and members on balance sheet preparation to keep their asset from fraud and misuse. The possible recommendations are stated as follows:

The supporting organization (WISE) should enhance the amount of loan issued for individual members though proper evaluation and rational of loan requisition. The office should arrange training for feasibility and business plan development process to plan their intended task.

Develop a system that follows the utilization of loan. Frequent supervision and guidance procedures should be started by the available experts to avoid business risk and uncertainty. Diffuse the advantages of CBSACCO's in the community through coop extension workers to increase the number of members and to expand the services of coop.

Forging vertical and horizontal cooperation with financial institution to obtain financial support through grants or loan to maximize the working capital potentials of the coop so as to address various interests of members.

Establish a system to motivate all members to increase their saving amount in the cooperatives so as to increase the amount of patronage dividend for further asset accumulation.

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