

Innovations

Consumer Cooperatives in Addis Ababa: Practices, Challenges and Policy Implications

Selamawit Weldeclassie^{1*} & Selam Teweldebirhan²

Abstract: *The study aimed at assessing the practices and challenges of consumer cooperatives in Addis Ababa, Ethiopia. The study employed concurrent mixed research approach and data were gathered from 601 consumer cooperative users using questionnaires and from 12 primary coops managers, 3 coop union managers and two cooperative commission officials using key informant interviews, and from cooperative employees through two focus group discussions. Quantitative data were analysed using descriptive statistics (mean and standard deviation) and inferential statistics (Spearman's rho correlation analysis and Mann-Whitney U test). Qualitative data were analysed thematically. The findings revealed that consumer cooperatives in Addis Ababa are crucial in providing essential commodities at competitive prices, contributing to market stabilization, and offering subsidized commodities like sugar, oil, and flour. However, most cooperative principles are not well respected and the coops' effectiveness is undermined by poor quality service, limited innovation, and inadequate market responsiveness. Leadership within these cooperatives is perceived as corrupt and lacking competence and ethical standards. Additionally, local government interference compromises the cooperatives' autonomy impacting autonomous decision-making. There is also a lack of effective communication, member engagement/sense of ownership, and comprehensive capacity building, which diminishes trust and consumer satisfaction. Limited cooperation between primary cooperatives and unions as well as other entities restricts opportunities for resource sharing and collective growth. Addressing these challenges through strategic improvements in autonomy, capacity building, marketing strategies, communication, democratic and trustworthy leadership practices are essential for the sustainable growth and enhanced contribution of consumer cooperatives in Addis Ababa.*

Keywords: consumers, cooperatives, commodities, consumer cooperatives, cooperative unions

Acknowledgements

¹Assistant Professor at Ethiopian Civil Service University, Department of Policy Studies

*corresponding author

² Researcher at Addis Ababa Leadership Academy

This research was carried out with financial support from Addis Ababa Leadership Academy. We are grateful to the anonymous reviewers and the participants in the questionnaires, interviews, focus-group discussions and validation workshops for providing information, comments and insightful suggestions.

Introduction

Background of the study

The International Cooperative's Alliance (ICA) defined a cooperative as: "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise."³

Cooperatives are established with the expected values of self-help, self-responsibility, democracy, equality, equity and solidarity to support mainly its members and the society in general. Cooperatives are generally known for the '*one member, one vote*' rule that members share one and equal voting rights regardless of the amount of share they placed in the co-op.⁴

The United Nations has recognized the indispensable role of cooperatives in enhancing the economic and social realms of countries. Moreover, the role of cooperatives in nurturing peace building among societies is noticeable. The UN in its World Summit for Social Development held in Copenhagen in 1995, acknowledged the importance of cooperatives in the people-centered approach to development and reached in to an agreement to: "utilize and develop fully the potential and contribution of cooperatives for the attainment of social development goals, in particular the eradication of poverty, the generation of full and productive employment, and the enhancement of social integration."⁵

Cooperatives are of different types such as Agriculture, banking, Fisheries, health, housing, Insurance, Social, tourism, Utilities, workers and consumer cooperatives.⁶ Consumer cooperatives mainly aim at providing goods and services at reasonable price for their members through organizing consumers into an enterprise of consumer cooperative, managing the operation of the enterprise to improve profitability and sustainability and linking consumers with producers for common benefits (Gicheru, 2015). The absence of consumer cooperative in a country causes the exploitation of consumers by monopolies with higher prices of commodities (Harrison, 2013).

³ICA retrieved from ica.coop

⁴ICA retrieved from ica.coop

⁵ UN retrieved from www.un.org (accessed on Dec 15/2023)

⁶ ica.coop

The significant role of consumer cooperatives nowadays is becoming visible in creating market linkages, consumer protection from monopolized market and distribution of commodities at lesser price as the inflation rate for prices commodities is sky rocketing, due to the abnormal marketing systems that creates artificial prices of goods and services (Eshetie and Sisay, 2019). Moreover, the involvement of middlemen in the market, few importers and producers monopolizing markets through setting prices of commodities has cause to escalate prices of commodities from time to time (Knagaraj, 2012).

Owing to the market complexities in Ethiopia more than any other time, the demand for commodities distribution with fair prices by consumer cooperatives is timely. The Ethiopian government in its cooperatives organizational directive (2022) has recognized Consumer cooperatives as one type of cooperatives functioning legally; which can be of two types Institution based organized Consumer cooperatives⁷ and Community based organized consumer cooperatives⁸.

The government of Ethiopia has given considerable focus to establishing consumer cooperatives mainly to stabilize price fluctuation in the market as well as to provide commodities at lesser price, create marketing linkage, protect consumers from the spill over effects of monopoly. However, Studies show consumer cooperatives in Ethiopia are not effective due to many challenges and obstacles (Balo, 2021; Knagaraj, 2012; Fituma, 2023). Moreover, a study by Tamiru (2017) shows that Goh consumer cooperative has contributed a lot in stabilizing commodities price by selling goods at a lower price than the market. Additionally, the study has revealed the cooperative is facing some challenges such as unbearable competition of the private sectors traders and limitations of commodities supply.

Mathewos and Deyganto (2024) in their study on the role of consumer cooperatives in improving livelihood of the members in Hawassazuriawereda have found out that consumer cooperatives have significant and positive role in improving the livelihoods of members despite of the fact that they face challenges such as limited access to capital, inadequate business management skills, and market competition.

Abebaw and Dejen (2019) identified that cooperatives in Ethiopia particularly in Gondar zone are given considerable focus in solving the economic and social calamities of the society. But, they are facing many challenges such as lack of sense of ownership and commitment, lack of awareness, lack of trust and participation of members and poor leadership in serving the members' interest and limited knowledge about cooperative laws and regulations.

A study by Getahun (2017) has identified the main challenges of wereda 01 Kirkossubcity/ Addis Ababa consumer cooperatives. According to the study the cooperatives have limited autonomy in their operations as well as local/wereda level administrators 'interference.

⁷ When members established consumer cooperatives based on their workplace (institution)

⁸ When members established consumer cooperatives based on where they live (local areas)

Additionally poor governance and management practices of the cooperatives were identified as challenges that affected the effectiveness of consumer cooperatives.

Shume(2020) has found out that the major constraints of consumer cooperatives in Akakikaliti sub-city of Addis Ababa are corruption and lack of good governance, lack of transparency and accountability of members, Lack of leadership capacity, Insufficient financial resources, lack of institutional autonomy, intervention of administrations and Lack of skilled in cooperatives.

Many of the studies undertaken on consumer cooperatives are limited in scope (a single consumer cooperative); some focus on the economic and social contribution of cooperatives to their members only. Studies focused on representative consumer cooperative practices, which can be used as sources for evidence based policy making are scanty. Thus, this study aims to answer the following research questions.

1. What are the practices of consumer cooperatives with respect to the principles of cooperatives in Addis Ababa
2. What are challenges of consumer cooperatives in Addis Ababa

Research Methodology

Research Design and approach

The study employed descriptive and analytical research design. Descriptive research design was used to describe the practices and challenges of the consumer cooperatives as they exist. Analytical research design was used to analyse the relationship between variables and to understand why and how of variables.

A mixed research approach, a combination of qualitative and quantitative data collection and analysis techniques was employed in this study which was very imperative approach to triangulate the results of one from the other. Concurrent triangulation research was employed to combine the results of the qualitative and quantitative data which are simultaneously collected.

Study Population

According to the data from the Addis Ababa Cooperatives commission the total number of consumer cooperatives in the city across all the 11 sub-cities is 164 and the total number of members of the consumer cooperatives in all sub-cities is 457,149. The sample for the quantitative data was taken from users (members of non-members) in the city. The rationale for taking the public users as the population for this study were firstly, due to the fact that in Addis Ababa consumer cooperatives provide their services and goods to members as well as non-members and secondly, one of the aims of the study is to assess the practices of consumer cooperatives that is highly linked with the services provided to the users.

Sampling Methods and Techniques

To make the sample a true representative, both probability and non-probability sampling methods were employed. More specifically, purposive and simple random sampling techniques were applied, mixing those methods believed to reduce bias through triangulation. Simple random sampling was used to identify respondents from the users of the consumer cooperatives, which is considered as the public. To determine the sample size for the quantitative data i.e the public being served by the cooperatives, the formula Cochran (1963) was used. The formula used to calculate the sample size at 96% level of significance and margin of error of 4%. The sample size is determined to be 601. The sample size was proportionally distributed among the six sub cities purposively selected based on their number of members in the consumer cooperatives and as a result six sub cities (Gulele, Addis Ketema, Akakikaliti, Kirkos, Bole and Yeka) with the largest number of members registered (greater than 36, 000) were selected.

A non- probability (purposive) sampling was used to purposively select well experienced and knowledgeable officials who can provide valuable information on the operation and practices of consumer cooperatives from Addis Ababa Cooperatives commission and leaders of primary consumer cooperatives in the selected consumer cooperatives. The first two consumer cooperatives with the highest number of members are selected from each sub city and one leader from each cooperative is selected for key informant interview. Therefore total of 12 cooperative leaders were interviewed. Moreover, 2 officials from cooperative bureau, and three managers of consumer cooperative unions (Gulele, kirkos and Addis katema) were selected purposively. Furthermore, two Focus Group Discussions (FGD) were conducted with the workers of consumer cooperatives. Each FGD involved 12 participants from all of the selected sub-cities.

Data Sources, Data Type and data collection techniques

The research used both primary and secondary data sources. Moreover, both qualitative and quantitative data were collected from the sample respondents. Hence, the primary data for this research are gathered from government officials, consumer cooperative officials, users. Similarly, secondary data source such as policy documents, institutional frameworks, organizational plans, official reports and other related documents are reviewed. The research employed five likert scale Questionnaires, key informant interviews and Focus group discussion to collect data.

Data validity and reliability

To minimize potential biases or influences on informants' responses during data collection, several strategies were implemented. Trained data collectors and meticulously designed collection instruments were employed to ensure accuracy and consistency. Furthermore, data collectors were briefed to foster a welcoming environment that encouraged open

communication. To test the effectiveness and reliability of the data collection process, a pilot study was conducted prior to the full-scale data collection. This pilot study allowed for the identification and rectification of any issues in the instruments or procedures, thereby enhancing the validity of the final data collected.

Data reliability for this study is evaluated by examining the internal consistency of the statements used to measure a specific construct. Cronbach's alpha, a statistic ranging from 0 to 1, is typically utilized for this purpose. Higher Cronbach's alpha values signify greater reliability, with values above 0.7 generally regarded as acceptable, while those below 0.7 are considered insufficient. The Cronbach's Alpha of the items used in this study to measure variables is .964, which is considered to be very excellent. This result indicates that the items have a very high level of internal consistency or reliability in measuring the issue under consideration.

Methods of Data Analysis

As presented earlier this research was conducted by mixing qualitative and quantitative researches, that concurrent mixed method with triangulation was employed. After quantitative and qualitative data are collected simultaneously using the selected data collection tools, the collected data was carefully edited, coded, organized and prepared for analysis. Thus, by the help of SPSS version 25.0, descriptive statistical analysis (mean, Standard deviation through numerical, tabular and graphical representations) are used to reveal the existing situation and inferential statistical analysis (Spearman's rho correlation analysis and Mann-Whitney U test) were used to test the relationship between variables and to compare means. Additionally, the qualitative analysis results were supplemented through explanations and descriptions through thematic analysis.

Results and Discussions

Practices of consumer cooperatives in Addis Ababa

Economic participation

Consumer cooperatives have significant economic contribution for the public through creating market linkages, protecting consumers from monopolized market, distributing commodities at lesser price minimizing the impact of inflation and limiting the involvement of middlemen in the market (Eshetie and Sisay, 2019; Knagaraj, 2012).

To assess the economic participation of consumer cooperatives, questions were posed to users and the result shows that more than average of the respondents *believed* that consumer cooperatives in Addis Ababa:

- provide important goods for consumers;
- sell goods at a lesser price than the market;
- provide goods through nearby stores;
- offer job opportunities to the society;

- provide quality food and non-food commodities and provide goods that are demanded at the time

Moreover, in the open ended questions the respondents indicated that the consumer coops are contributing economically in providing important commodities timely at relatively lesser prices than the market specially subsidized commodities (sugar, oil, flour).

On the other hand more than average of the respondents **don't believe** that consumer cooperatives in Addis Ababa

- have concern for customer satisfaction;
- provide high quality service to consumers;
- provide goods timely;
- use specially designed marketing methods to be profitable;
- innovate new ideas to win the market;
- proactively act to identify challenges and
- provide important goods continuously for long time

Additionally, users' open-ended responses suggest that, apart from subsidized items like sugar, flour, and oil, other commodities fail to meet consumer satisfaction. This is because their services do not attract customers due to a lack of demand-based provision in terms of quality and quantity. Furthermore, the prices of these commodities are not significantly lower than market prices, disregarding the purchasing power of the majority. Similarly, FGDs results show that the contribution of consumer cooperatives in stabilizing the market is very limited as they are not providing quality goods at the lesser price except government subsidized products. The data collected from users also shows that most users buy sugar, oil, flour as shown in the following Table.

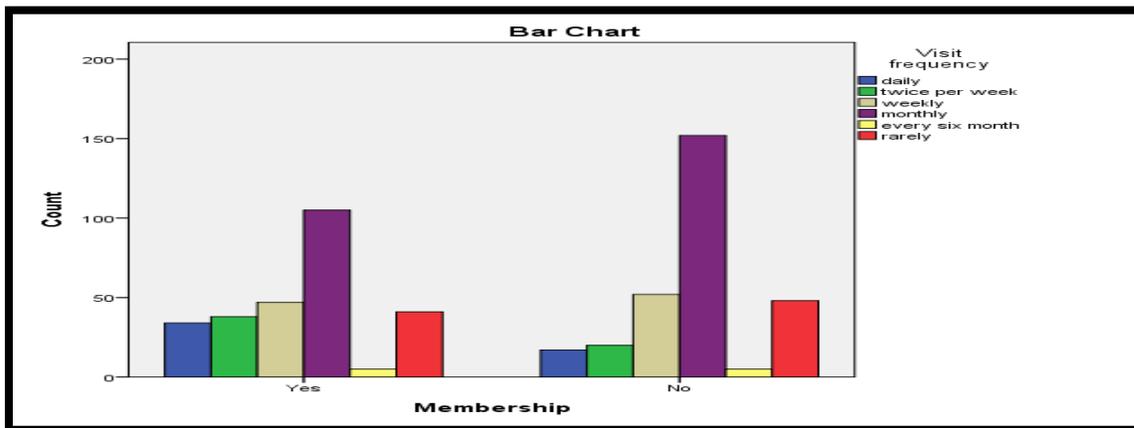
Rank	Type of Product	Number (percentage)
1 st	Sugar	153(25.5%)
2 nd	Sugar and Oil	69(11.5%)
3 rd	Commodities	68(11.3%)
4 th	Oil	20(3.3%)
5 th	Detergent	15(2.5%)
6 th	Sugar, Oil and Flour	14 (2.3%)
7 th	Anything available	11 (1.8%)
8 th	Sugar and Flour	10(1.7%)

To test if there is strong relationship between being member of consumer cooperatives and perception on economic participation, a Spearman's rho correlation analysis was used.

The result of the spearman's correlation coefficient of 0.007 indicates a very weak positive correlation between being a member of a consumer cooperative and perception on economic participation. The significance value (p-value) of 0.860 is much greater than 0.05, indicating that this correlation is not statistically significant. This means there is no meaningful monotonic relationship between membership in a consumer cooperative and perception in economic participation.

Similarly, results from key informant interviews indicated that the consumer cooperatives don't have specially provided services to members only. Members and non-members received similar services from that makes their only difference a small amount of dividend shared among members. FGD participants have also indicated members don't have sense of ownership and active participation on the affairs of the cooperatives because they don't received special benefits except dividend and participation during general assembly meetings. This practice is against the provisions stipulated in the cooperative societies proclamation. (e.g. Article 21/2/ D and E stipulate that cooperatives shall provide services (e.g warehouse) to members; design projects intended to solve members problems, etc) that cooperatives are primarily responsible to serve their members than the non-members.

Moreover, as depicted in the bar chart below, data collected from users of cooperatives indicated that most members like non-members don't visit cooperatives stores frequently that indicate their economic participation is weak, with no significant difference with the non-members.



It can be inferred from the findings that the economic participation principle of consumer cooperative particularly for members is at risk unless measures are taken for its improvement.

Voluntary and Open Membership

Concerning the voluntary and open membership practices the results indicate that majority of the respondents *believed* that

- Cooperative membership is based on freewill;
- any interested person can be member and
- They are symbols of association rights.

Contrary to this majority of the respondents *don't believe* that consumer cooperatives in Addis Ababa are

- Inclusive of persons with disabilities, women and special needs people;
- Enhance communities' culture to live and work together in addition to their economic contributions.

FGD participants have also confirmed that membership is based on voluntary interest of citizens who are above 18years old and satisfy the requirements stated. Key informants have also indicated that though membership is open for all and cooperatives aspire to have at least 30% of the leaders to be women, the participation of women and PWDs is minimal. Moreover, the findings from FGDs show that the loose participation of members and the public in the affairs of the cooperatives has limited the potential of consumer cooperatives in enhancing social and cultural values of communities in Addis Ababa.

Regarding the inclusivity of the cooperatives, the Addis Ababa cooperatives` commission document reviewed (Table 1), shows that though women contribute higher than their male counter parts regarding membership, their participation as management committee members (Board) and Managers is very limited compared with their male counterparts.

Table 1: Participation in Membership, Board, Managers and Professional Worker by Sex

Mem bers			Boar d			Mana gers			Work ers		
Male (%)	Femal e (%)	Total	Male (%)	Femal e (%)	Tota l	Male (%)	Femal e (%)	Tota l	Male (%)	Femal e (%)	Tota l
160,498 (35.1%)	296,651 (64.9%)	457,149	876 (72.9%)	325 (27.1%)	1,201	98 (86.7%)	15 (13.3%)	113	1,880 (40.9%)	2,721 (59.1%)	4,601

Source: Addis Ababa Cooperatives Commission report, 2024

To test if there are perception differences on the voluntary membership features of consumer cooperatives based on membership an independent samples Mann-Whitney U test was used. The result shows that since the p-value (0.428) is greater than the significance level of 0.05, the null hypothesis is retained. There is no statistically significant difference in the perception distribution of voluntary membership between the categories of consumer cooperative membership. In other words, whether or not someone is a

member of a consumer cooperative does not significantly affect their perception on voluntary membership practices of consumer cooperative.

Democratic Member Control

Democratic members control is internationally accepted principle cooperatives should adhere to and to check the practices of democratic control some questions were posed to users of consumer cooperatives. The results indicate that majority of the respondents *believed* that

- Consumer cooperative leaders are elected by members;
- leaders are victims of corruption and unethical works;
- members participate in approving the bylaw of the coop

On the other hand, majority of the respondents *don't believe* that

- Leaders work in a trustful way;
- leaders are elected based on their capacity and trustworthiness;
- the leadership follows democratic ways of governance;
- leaders are capable;
- allow members to participate in important decisions;
- they communicate important issues clearly to consumers and
- They have trust on the leaders.

Moreover, participants of FGDs indicated that though leaders (management committee and control committee) are elected by the members general assembly every three years, the whole process is pre-planned and highly corrupted as:

Election of the leadership committee should be a free election by members, but in practice, when it comes to the leadership election, a person who is wanted beforehand by a group of people is chosen, and a person who does not have knowledge and is not able to give his time to work is harming the unions. There are problems in communicating with the workers, there is no leadership that leads the Coops to development and change, and as a result consumer coops are not able to provide quality products to the society at a low price. (PA01)

It is also indicated that though cooperative managers are recruited, not elected, the way they are recruited is not skill, experience and ethics based.

Consumer cooperative employees who have participated in the FGD indicated that there is poor leadership and marketing capacity among the leaders of the coops. For instance one employee has expressed his view as:

In our consumer coop, there is a price assessment committee. The committee sets prices 5 birr lower than the local business stores. Another big problem we bought products at a high price, so the community does not buy products, we are facing losses. In general, consumer coop committees do not have market knowledge so they do not come up with an offer based on the needs of

the community. As a result, both the association and the consumer community are not benefiting. (PE05)

Moreover, FGD participants have indicated coops leaders are not well-educated and experienced people, despite of the fact that there are improvements in recent years after reform. A participant has summarized this idea as:

Previously, any member of the cooperative can be elected as a leader, but in the recent reform, the law stipulates a member to be elected as a leader must have at least first degree, and there is good progress, although there are still problems. However, the educated manpower is not willing to serve consumer cooperatives. (PL02)

This issue raise the concern why? This can be good indication that consumer cooperatives are not attractive enough to the educated and young citizens.

Moreover, Participants indicated that there is limited capacity among cooperative leaders in setting prices. A participant has summarized the idea as:

There is no uniform rate on price setting; it differs from cooperative to cooperative. Some coops have high prices; the problem is they do not make marketing analysis. There are times when the prices of private shops are lower than the prices of consumers, because they set prices based on the market; there is a problem with pricing because consumer associations do not have a sense of ownership for their work. (PC03)

Regarding to the participation of members on important decisions the key informant participants have indicated that cooperatives try to call up on general assembly at least two times annually (sometimes more) to hear and approve annual plan as well as to hear annual reports and make other important decisions. Moreover, the key informants indicated that they post announcements ahead of time for all members to participate.

Contrary to this, consumer cooperative employees who participated in the FGDs indicated that members participation in important decisions is very poor because most members don't participate and attend general assembly's actively, those who use to attend are very old and illiterate people who can't challenge leaders and initiate new ideas for the successful operation of Coops.

Autonomy and Independence

Autonomy and independence as one of the major principles of cooperatives is very imperative for the healthy and vibrant growth of cooperatives. "What is the success of the cooperatives? The explanation is very simple. In order to be able to hover high in the sky, they are forced to free themselves of what is considered a heavy bond" (Frau, 2010 as cited in Arcidiacono, 2018).

Questions were posed to assess the independence and autonomy of consumer coops in Addis Ababa. The results indicate that majority of the respondents believed that

- Consumer cooperatives have the capacity to lead themselves;

- Government policies and directives are not challenges to them;
- The policies are clear but have defects.

Contrary to this, majority of the respondents *don't believe* that

- The consumer cooperatives have the culture of making decisions independently without the interventions of government and
- There is no unnecessary government (subcity or wereda) intervention.

Cooperative society's proclamation 985/2016 gives emphasis on the independent feature of cooperatives and defines cooperative societies as: "an autonomous association having legal personality and democratically controlled by persons united voluntarily to meet their common economic, social and cultural needs and other aspirations, which couldn't be addressed individually, through an enterprise jointly owned and operated on the basis of cooperative principles." (P3)

Contrary to what the proclamation stipulates, FGD participant employees of consumer cooperatives have indicated the primary cooperatives are limited in practicing autonomy and independence. Participants indicated that consumer cooperatives experience unnecessary government interventions even in setting prices of commodities. These interventions can impact the autonomy of cooperatives, hindering their ability to make independent decisions and operate effectively.

Similarly, other participant has indicated that primary consumer cooperatives are sometimes forced to sell commodities at a loss to comply with union directives as:

The price of sugar and subsidized products set by the cooperative commission and unions at sub city level. The cooperative commission and unions do not take into account the costs of transportation and unloading the commodities. Even if there is a profit of 5 Birr on one item, when the item remains unsold for a long time, the price is not adjusted, and as a result, consumer cooperatives are facing losses. (PA01)

Focus Group Discussions (FGDs) participants have highlighted significant supply chain issues faced by consumer cooperatives that are threatening their autonomy and independence because consumer cooperatives are compelled to procure commodities from the consumer cooperatives union regardless of the local demand and quality of these commodities.

This centralization can lead to inefficiencies and dissatisfaction among cooperative members and consumers. The commodities provided by the union often do not align with the specific needs and preferences of the local community. This mismatch can result in surplus stock of unwanted items and a shortage of needed goods. The quality of commodities supplied by the union is often inconsistent, leading to dissatisfaction among consumers. Poor quality goods can harm the reputation of the cooperatives and reduce

consumer trust and loyalty. Concerning the supply chain concern of the participants is summarized as:

The government body wanted the consumer cooperatives to be associated with the union; the type of products that come from the union is very limited. Therefore, primary cooperatives do not get enough products. For example, regarding Teff products full of chips, unions force consumer cooperatives to take products that they do not want and because consumers do not want them, they are stored for a long time, and because the prices of products do not differ from other stores, the public does not buy them, as a result cooperatives are getting losses. (PI09)

on the other side, key informants from cooperative unions indicated that they firstly collect demand (specification and Quantity) from each primary cooperative and then they procure based on that but there may be problems regarding quality and quantity because they can't make procurements from where they believe is profitable accessible unless the commission allows them to do so.

Furthermore, the key informant interview with the managers of consumer cooperatives revealed that almost all of the union consumer cooperatives don't have their own offices but received premises from wereda temporarily, contributing to a perceived dependence on government structures. This physical proximity may lead to increased oversight and control by government officials, further compromising the cooperatives' independence. Moreover, participants have indicate that repeatedly wereda(district) is taking land owned by cooperative to be used for other purposes that shows the limited support in creating conducive work environment for consumer cooperative.

Additionally, Participants in the Focus Group Discussions (FGDs) highlighted that Wereda authorities are appropriating land that belongs to consumer cooperatives, which undermines the cooperatives' ability to operate effectively and independently as well as their ability to plan long-term investment in cooperative infrastructure. Moreover, participants indicated that the actions of the Wereda authorities reflect a broader lack of support for consumer cooperatives. Instead of fostering a supportive environment, these actions create instability and uncertainty, hindering the cooperatives' development. Their concern is summarized in the idea of one participant as :

Instead of creating a comfortable work environment by giving space to the unions, districts take large areas of cooperatives for other purposes, now the Coop's place is very narrow and not suitable for work. The union has no owner and is unable to enforce its rights; it is inappropriate for the district administration to do this when it is supposed to support the society as the coop is serving the society. (PB02)

According to FDRE 985/2016 no.21/3 "Cooperative societies unions shall, mainly engage in activities that are beyond the capacities of member primary cooperative societies and solve common economic and social problems"

Based on the results of this study, it is easy to conclude that this principle of cooperatives is at risk.

Information Sharing

Items	D(%)	UN(%)	A (%)	Mean	SD	Decision (WA=2.87)
They provide necessary information about the coop for users	299(49.7)	102(17.0)	193(32.1)	2.70	1.238	Low
Employees know how cooperatives should work	230(38.8)	120(20)	240(39.9)	2.93	1.24	High
They provide information about their profit, savings, loss and dividend	213(35.4)	137(22.8)	241(40.1)	2.95	1.241	High
They provide information about market, procurement and recruitment	254(42.3)	128(21.3)	210(35)	2.83	1.232	Low
They provide information about market, price and quality of goods	229(38.1)	113(18.8)	251(41.7)	2.95	1.252	High

Note: N= 601, D = Strongly Disagree+ Disagree; UN= Undecided; A= Agree +Strongly Agree. Decision: Weighted average = 2.87

The mean scores suggest a high level of agreement that employees know how cooperatives should work; cooperatives provide information about their financial performance and that cooperatives provide information about the market, price, and quality of goods.

However, the mean scores indicate a low agreement that cooperatives provide necessary information for users; cooperatives provide information about market, procurement, and recruitment.

Moreover, Focus Group Discussions (FGDs) with employees of consumer cooperatives reveal several limitations in the cooperatives' information dissemination practices. Employees highlighted that:

- There is lack of comprehensive information on how the societies should operate. This suggests that there is a gap in the internal communication and training regarding the cooperative's operational guidelines and procedures.

- There is a deficiency in providing adequate training for employees on the cooperative's rules and regulations. This lack of training can lead to inconsistencies in the application of policies and a general misunderstanding of the cooperative's framework.
- The cooperatives should struggle to effectively communicate necessary information to their consumers. This includes details about products, services, market conditions, and financial performance. The gap in communication can impact consumer trust and satisfaction.
- There is also a limitation in how well cooperatives inform the general public about their activities, benefits, and contributions to the community. This can affect public perception and support for cooperatives.

One participant of the FGD has summarized the concern as: “We have the law and guidelines, although we don't know them deeply, there are limitations in clearly notifying the employees about works that has not been done or creating awareness on laws or regulations. The leaders know in detail, but we don't know it. We are given awareness training only once a year” (PG07)

Moreover, an official from Cooperatives commission has indicated that consumer cooperatives are limited on information dissemination for their members as well as employees and are not adequately advertising their presence, services, and benefits to the general public. This lack of visibility hinders their ability to attract new members and grow their customer base.

Cooperation with other cooperatives

Items	D(%)	UN(%)	A(%)	Mean	SD	Decision (WA= 2.79)
They work in cooperation with saving cooperatives	205(34.1)	244(40.6)	141(23.5)	2.78	1.089	Low
They have the tendency to work in collaboration with other cooperatives	210(34.9)	216(35.9)	159(26.5)	2.80	1.095	High
They create cooperation with low price commodity providers	255(42.5)	129(21.5)	202(33.6)	2.77	1.272	Low

Note: N= 601, D = Strongly Disagree+ Disagree; UN= Undecided; A= Agree + Strongly Agree. Decision: Weighted average = 2.79

The results indicate that majority of the respondents *believed* that

- Consumer cooperatives have the tendency to work in collaboration with other cooperatives and

Contrary to this, majority of the respondents *don't believe* that they work in cooperation with saving cooperatives and create cooperation with low price commodity providers

Focus Group Discussions (FGDs) participants indicated that primary consumer cooperatives don't have direct cooperation practices with other cooperatives or producers other than consumer cooperatives union. This limited interaction restricts opportunities for resource sharing, joint ventures, and collective bargaining.

Moreover, participants indicated that under normal conditions primary consumer cooperatives are not allowed to procure commodities directly from producers. Instead, they must rely on the consumer cooperatives' union for their supplies, which can lead to inefficiencies and lack of alignment with local demand and quality standards. Ideas of participants are summarized as:

Consumer cooperatives don't have collaborative relationships with other cooperatives but have ties to their cooperative union at sub city level. The union procures from agents or produces then the union distributes commodities to primary cooperatives. The chain is long. Primary consumer cooperatives are not allowed to buy directly from agents or to have ties with other traders or producers without the involvement of the union or cooperatives commission. (PB02)

On the other side, Key informants from cooperative unions indicated that since unions are established by member primary consumer cooperatives, the union is obliged to serve them. They indicated that they collect demands from primary consumers and procure accordingly. But, they emphasized that there may be some quality and quantity as well as timely delivery problems because most producers nowadays are not willing to sell goods to cooperatives because cooperatives demand contractual agreements (that has to be approved by the cooperatives commission). They have indicated this long process of procurement is hindering the quick supply of commodities.

From the data collected, it can be inferred that there are no healthy and collaborative relationships between primary consumer cooperatives and consumer cooperative unions in each sub-city, such harsh relationships are affecting the effectiveness and sustainability of consumer cooperatives in the city.

In addition to this, there are no significant collaborations of consumer cooperatives with other cooperatives, NGOs and international organizations.

Concern for their community

The declaration of positive peace through cooperatives (2019)⁹ indicates that cooperatives are instrumental in advancing positive peace by meeting human needs and aspirations, developing sustainable and inclusive economies, and nurturing a culture of democracy, equality, solidarity, and community concern.

⁹ca.coop/sites/default/files/2021-11/ICA_PEACE_DECLARATION_APPROVED_OCTOBER_2019_EN_final.pdfcooperatives

Regarding concern of consumer cooperatives in for their community the Survey results indicate that majority of the respondents *believed* that

- Consumer cooperatives are serving the community around them and
- Support vulnerable groups in their area

Contrary to this, majority of the respondents *don't believe* they

- Work in collaboration with their community;
- Play big role in peace keeping in their areas.

FGDs participants have also indicated that consumer cooperatives are concerned to community support through initiatives like assisting vulnerable households during holidays or calamities like COVID 19, and some cooperatives are offering school provisions at reduced fees basically based on the request of the wereda (district) officials. However, reduced profitability is threatening some cooperatives, impacting their ability to sustain and expand these supportive activities (social responsibilities).

Challenges of Consumer Cooperatives

Regarding the challenges faced by consumer cooperatives in Addis Ababa, the majority of respondents identified several key concerns.

- Difficulty in fostering collaboration among various cooperatives, which can lead to fragmentation and inefficiencies.
- Limited member participation and sense of ownership is a major concern, as active involvement is crucial for the success and sustainability of cooperatives.
- Lack of democratic governance within these organizations. This often results in decisions being made by a few individuals rather than through a collective process, undermining the cooperative principles.
- Lack of accountability, where actions and decisions are not transparently communicated or justified to the members.
- The dissemination of information is also inadequate, which hinders members and the public from staying informed about cooperative activities and developments. This lack of information flow contributes to a disconnect between the cooperative management and its members as well as in attracting new members.
- There is a persistent shortage of goods provision for sale, which affects the cooperatives' ability to meet member needs and maintain operational stability.
- The quality of commodities offered by the cooperatives is often low, and goods are frequently priced higher than those available in other markets.
- Absence of innovative new initiatives that could drive growth and adaptation in a changing market environment.

On the other side, FGD results show that loose continuous support, poor monitoring and evaluation by the concerned governmental body on the practices of cooperatives is

becoming a challenge. Additionally, Key informants from consumer cooperative unions have identified the following challenges:

- Limitations in financial capital. Revolving fund has contributed a lot but we are restricted to procure seven types of products (Teff, Wheat, wheat flour, pasta, macaroni, Corn flour and Rice) by using this fund.
- Lack of autonomy and unnecessary interventions: unions are not autonomous in making procurement from producers or manufacturers that they believe will make them profitable without the approval of the commission and has to be based on contractual agreements. Owing to this we are facing challenges in getting goods at the desired quality, price and quantity.
- Lack offices or warehouses owned by the unions- most unions are residing in offices which don't belong to them.

Conclusion and Policy implications

Conclusion

The findings underscored that while consumer cooperatives in Addis Ababa play a crucial role in providing essential goods at competitive prices; their overall effectiveness is hampered by multifaceted challenges. Many of the cooperatives' principles are not well respected. Consumer cooperatives in Addis Ababa are valued for their role in market stabilization and the provision of subsidized commodities like sugar, oil, and flour. However, issues such as poor service provision, lack of quality commodities, limited innovation, lack of democratic and trust worthy leadership and inadequate responsiveness to market demands undermine their ability to satisfy consumers. Additionally, restrictive profit policies and regulatory hurdles hinder the cooperatives' capacity to modernize and engage directly with producers resulting in poor operational efficiency and consumer satisfaction.

Moreover, leadership within these consumer cooperatives are perceived as corrupt, with corrupted process of election and leaders as lacking leadership competencies and ethical standards. Local government interference further compromises the cooperatives' autonomy, affecting their decision-making. The lack of effective communication, member engagement, and limited capacity are affecting negatively the trust and satisfaction of users. Furthermore, the limited cooperation between primary cooperatives and the Union at sub-city level and other entities restricts opportunities for resource sharing and collective growth. Addressing these different kinds of challenges is essential for the sustainable growth and contribution of consumer cooperatives in Addis Ababa.

Policy Implications

Based on the results of this study, the following policy implications are forwarded:

1. For Local Government

- Many of the principles of cooperatives are found to be at risk, which implies the need for immediate intervention in letting the consumer cooperatives operate as per the international principles of cooperatives.
- Adopt regulations that protect cooperatives' independence and autonomy and allow them to self-govern
- Apply monitoring and evaluation practices including regular financial audits and quality assurance programs for goods supplied by the cooperatives and penalize for non-compliances

2. For Primary Consumer Cooperatives and Unions of Cooperatives

- Create partnerships with non-governmental organizations, private sector entities, and international cooperative networks as a sources of resources and support that are independent of government control
- Provide capacity enhancement programs for cooperative leaders and employees on governance and management practices that emphasize independence, self-reliance and make decisions in the best interest of their members.
- Create transparent decision-making processes and elections within cooperatives to build trust among members and the general public.
- Enhance members' sense of ownership through engaging members in the change activities of the cooperatives and provide services that are exclusively availed for members only.
- Apply effective communication strategies that target both consumers and the general public to raise awareness about the role and benefits of consumer cooperatives. This could include regular updates, newsletters, social media, mainstream medias, etc
- Provide attractive and clean stores that can attract consumers specially the educated and the youth
- Conduct regular market analysis to understand local demand trends and ensure that the goods provided align with consumer needs as well as to the desired quality level.
- Expanding revenue streams that align with cooperative values and community needs (e.g. restaurants, huge supermarkets, value adding to products etc)
- Create positive sum cooperation between primary cooperative and consumer cooperative unions.
- Enhance collaborations with other cooperatives (such as savings cooperatives, producer cooperatives); financial institutions; and international organizations working on Cooperatives.

References

1. *Abebaw Yenesew and DejenDebeb (2019) Challenges and Prospects of Cooperatives in Ethiopia with Reference Sough Gondar Zone- Ethiopia European Journal of Business and Management www.iiste.org Vol.11, No.34, 2019*
2. *Akira Kurimoto (2020) Consumer cooperatives' model in Japan in Morris Altman et al Eds. (2020) Waking the Asian Pacific Co-Operative Potential (pp.235-244)*
3. *Balo, M.G. (2021), Factors Affecting the Success of Consumer Cooperative: The Case of KolfeKeraniyo Sub-City.M.Sc.Thesis*
4. *BezabihEmana (2009) Cooperatives: a path to economic and social empowerment in Ethiopia Coop International Labor Organization AFRICA Working Paper No. 9*
5. *Birchall, J., & Simmons, R.(2010). The role of cooperative principles and values in the governance of cooperatives: A cross-country study. Annals of Public and Cooperative Economics, 81(2), 167-192*
6. *Brett Fairbairn (1994) the meaning of Rochdale: the Rochdale pioneers and the cooperative principles centre for the study of co-operatives university of saskatchewa*
7. *Cedric long ed. (1922) Consumers' Co-operative societies by charlesgide copyright, 1922, alfred a. knopf, ino. published, october, 1922 retrived from ia802609.us.archive.org*
8. *DawitAlemu ,Tsegaye Anulo, Baweke Tesfaye, Ayalew Hagos and Ashenafi Feyissa (2011)Cooperative Movement in Ethiopia: Cooperatives and Supporting Organizations Performance, Constraints, and Intervention Options, ISBN: 978-99944-53-62-7 Ethiopian Institute of Agricultural Research*
9. *Delelegne a. Tefera, Jos bijman and Maja a. slingerland (2016) agricultural co-operatives in ethiopia: evolution, functions and impact journal of international development j. int. dev. (2016) published online in wiley online library (wileyonlinelibrary.com)*
10. *Develtere, P., Pollet, I., &Wanyama, F. O. (2015). The role of cooperatives in sustaining livelihoods in the face of HIV/AIDS: Evidence from Tanzania. Journal of Co-operative Organization and Management, 3(2), 62-69.*
11. *EshetieBerhan and SisayGeremew(2019) The Role of Cooperatives on the Socio-economic Development of Ethiopia Journal of Management Research ISSN 1941-899X 2019, Vol. 11, No.1*
12. *Ethiopian Cooperative Commission (2022) .Cooperatives Organizational Directive No. 896/2022 Addis Ababa*
13. *Ethiopian Cooperative Commission (ECC) (2022) Cooperatives Organizational Directive no 896/2022 Addis Ababa*
14. *European Research Institute on Cooperatives and Social Enterprises (Euricse)Identifying Processes and Policies Conducive to Cooperative Development in Africa Ethiopia Country Report*

15. *FDRE (1998) Proclamation no 147/1998, a proclamation to provide for the establishment of cooperative societies 1998 Addis Ababa*
16. *Fituma Tolera (2023) Assessment of Factors Enhancing Success of Primary Consumer Cooperatives: The Case of Burayu Town, Oromia Regional State, Ethiopia. International Journal of Latest Research in Humanities and Social Science (IJLRHSS) Volume 06 - Issue 01, 2023*
17. *Gago, M. (2016) Basque Country: Consumer Cooperatives in Spain." Retrieved from: www.ica.coop*
18. *Getahun Begna (2016) An Assessment of the Effectiveness of Consumer Cooperatives: The Case of Woreda 1 Consumer Cooperative at Kirkos Sub-City in Addis Ababa M.Sc Thesis*
19. *Harrison, R., & Ethical Consumer Research Association. (2013). People over capital: The Co-operative alternative to capitalism. Cambridge. MT Academia.*
20. *Hema Yadav (2021) Co-operative Perspective Journal of cooperative management (July - September 2021) Vol. 56 Issue No. 2 ISSN 0302-776 India*
21. *ICA (2019) Declaration on Positive Peace through Cooperatives October 2019, Kigali (Rwanda) retrieved from ica.coop*
22. *ILO (2002) R193 - Promotion of Cooperatives Recommendation, 2002 (No. 193) retrieved from www.ilo.org accessed on Dec 01/2023*
23. *International Cooperatives Alliance (ICA) what is a cooperative? Accessed on February 01/2024 Retrieved from ica.coop*
24. *Knagaraj, K. (2012). A Study on Challenges and Opportunities of Consumer Cooperative Societies in Hawassa City, SNNPR, Ethiopia -An Analytical Approach, CLEAR IJRCM ,2(3),1-25.*
25. *Laville, Jean-Louis, and Cattani, Antonio (2009) the Social Economy: Diverse Approaches and Practices in Europe and Canada*
26. *Leulseged Beyene and Workneh Abebe (2013) The Role of Members' Participation in Enhancing Sustainability of Ambo Town Saving and Credit Cooperative Society (SACCOS), Oromia Regional State, Ethiopia Journal of Science and Sustainable Development (JSSD), 2013, 1(2), 41-55*
27. *Mancur Olson (1965). The Logic of Collective Action: Public Goods and the Theory of Groups. Harvard university press*
28. *Mathewos Yure & Kanbiro Orkaido Deyganto (2024) Assessing the Role of Consumer Cooperatives in Improving Livelihood of the Members of Hawassa Zuria Woreda, Sidama Regional State, Ethiopia .Qeios, CC-BY 4.0 · Qeios ID: 84D4ZH Article, January 15, 2024*
29. *Moges Shume (2020) Assessment of the effectiveness of consumer Cooperatives in Addis Ababa; case study of Akakikaliti sub city A MA Thesis ..Jimma University 2020*
30. *Morrison, A. (2014). Learning from leadership development in the co-operative sector Management in Education, 28(1), 30-35*

31. Nilsson, J., & Gustafsson, M. (2019). *Exploring the cooperative advantage: A case study of the Swedish retail cooperative sector. International Journal of Retail & Distribution Management, 47(8), 875-889.*
32. Nripendra N. Sarma (2003) *Consumer Cooperatives and Rural Marketing: An analytical study of Assam. Mittal Publications, India*
33. Piero Ammirato (2018) *The Growth of Italian Cooperatives: Innovation, Resilience and Social Responsibility Publisher: Routledge*
34. Ram Komal Prasad (2022) *Principles of Cooperative Business: Sustainability through good governance, Fellow of National Institute of Industrial Engineering (NITIE), Mumbai*