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Members' Perceptions on Co-operative Performance: Evidence from the Primary Agricultural Marketing Co-operative Societies in Rombo District, Tanzania

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Introduction

- Co-operatives have been one of the institutions that have spread all over the world playing a major role of alleviating poverty (Ezekiel, 2014; Popker, 2016; Sumelius, Tenaw, Bee and Chambo, 2015)
- They are unique features which differentiate them with other firms
 - They play both economic and social roles (dual nature)
 - Also, members have both ownership role and transactional relationship with their co-operative which is contrary to other firms (Marwa, 2014)

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Introduction.....

- Any decision has an impact on the overall members' interests that requires members' ability to evaluate performance considering the dual nature
- Novkovic (2012) –the strength of co-operative business, is in achieving social aims with economic means and balancing the same
- In measuring performance of these institutions their uniqueness must be considered
- Various studies on co-operative performance have been focusing only on the available financial accounting measures that are commonly used to evaluate investor-owned firms

- They don't consider the members views as the owners and users of the co-operative services and also the non-financial aspect
- In order to capture all these dimensions, an inclusive approach such as BSC is needed
- The study address the methodological and theoretical gap regarding the performance measurement in primary AMCOS

5 | Guiding theory

- **Dual motive theory or Meta-economics approach** (personal gain and social gain are persuaded jointly)-they are inseparable
- Why adopted? = economic and social-they are inseparable
- **Balanced scorecard model-** insists on balancing the financial and the non-financial measures when evaluating performance
 - learning, internal business process, customers(members), financial

6 | Objectives and Hypotheses development

- **Objective:**

To assess the performance of the primary AMCOS

Hypotheses

H01: There is no difference in performance between financial and non-financial performance

H02 Non-financial performance does not affect the financial performance of the primary AMCOS

Methodology

- The study area: Rombo District in Kilimanjaro, Tanzania –*proportionally, more active AMCOS, doing business by their own*
- Sample size: 334 co-operative members(owners and decision makers)
- Systematic random sampling- using the K^{th} formula
- Closed ended questionnaire administered by the researcher was used

- 8 point Likert scale was used to assess members' perceptions
- Descriptive statistics analysis was involved-mean scores
- T-test: mean difference between the performance aspects
- Multiple Regression analysis: the influence of non-financial on financial aspect (using mean scores)

Performance Aspects and their performance metrics

Social aspect	Learning aspect	Internal business	Member aspect	Financial
concern for community	fund for training	obtain credit	fetch new market	price increase
control their purpose	training for members	research and development	members satisfied	Satisfactory Profit
use skills	skilled staff	new product development	inform the general public	profit compared to capital
promotion	training for managers	member receive education	respond to members needs	profit compared to sales
strong solidarity	training for board	actively participating in policies	satisfied with services offered	profit compared to assets
equality	capacity growth	obtain professional requirement	fetch new market	Sales growth is achieved
collective interest	employee satisfied	Professional mgt	members satisfied	high marketability due to quality produce
independent	Employee turnover	sell all the produces	inform the general public	liquidity is satisfactory
equity	democratically control capital	buy all members' produces		use money efficiently
treated fairly	Economic participation absenteeism			

10 Performance Rank using Descriptive statistics

Performance aspect	Mean	Rank	N	Std. Deviation	Std. Error Mean	Cronbach alpha
Non-financial performance (NFP)	3.7883	N/A	334	0.7112	0.0389	0.951
Social performance (SP)	4.0018	1	334	0.7340	0.0406	0.875
Learning performance (LP)	3.7210	3	334	0.8126	0.0445	0.903
Internal business process (IBP)	3.7040	4	334	0.7662	0.0419	0.830
Member performance (MP)	3.7263	2	334	0.9156	0.0501	0.833
Financial performance (FP)	3.3037	5	334	0.8640	0.0473	0.872

Mean Difference between Performance Aspects in AMCOS

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	Paired Samples Test							
	Paired Differences							
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
			Lower	Upper				
SP---- LP	0.2808	0.7116	0.0390	0.2042	0.3574	7.211	333	0.000
SP---IBP	0.2979	0.6094	0.0333	0.2323	0.3635	8.933	333	0.000
SP----MP	0.2754	0.7582	0.0415	0.1938	0.3571	6.640	333	0.000
SP-----FP	0.6980	0.8757	0.0479	0.6038	0.7923	14.568	333	0.000
LP---IBP	0.0171	0.5344	0.0292	-0.0404	0.0746	0.584	333	0.559
LP----MP	-0.0053	0.5449	0.0298	-0.0640	0.0533	-0.179	333	0.858
LP-----FP	0.4173	0.6520	0.0357	0.34711	0.4875	11.698	333	0.000
IBP--MP	-0.0224	0.6076	0.0332	-0.0878	0.0429	-0.674	333	0.501
IBP---FP	0.4002	0.6886	0.0377	0.3261	0.4743	10.621	333	0.000
MP---FP	0.4226	0.7241	0.0396	0.3447	0.5005	10.667	333	0.000
FP--NFP	-0.4845	0.6303	0.0345	-0.5524	-0.4167	-14.049	333	0.000

SP-Social performance; LP-Learning performance; IBP-Internal business process; MP-Member performance

Contribution of non-financial performance aspects on financial performance

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	0.484	0.189		2.567	0.011
Social performance	-0.157	0.060	-0.133	-2.604	0.010
internal business process	0.295	0.076	0.262	3.890	0.000
learning performance	0.391	0.074	0.368	5.275	0.000
member performance	0.241	0.064	0.256	3.763	0.000

a. Dependent Variable: financial performance

Findings

- Members perceive the primary AMCOS to have low performance (average) in financial aspect than in non- financial aspect (above average) and the difference was statistically significant
- Social aspect is the leading aspect which members perceive to be performing than other aspects
- Non-financial performance has a large contribution to the financial performance
- Learning and growth was much contributing to the financial performance than other aspects

Findings.....

- *“Not only we are benefiting from the price of our coffee, but sometimes we are getting new ideas when we meet in groups...sometimes we are called for training in various areas and therefore you find some new knowledge and learning on how to face new challenges which are in our areas. Some of our members were even afraid to participate in meetings, or in elections but currently they have been empowered through our co-operative and others now they think of even to extend their leadership to the community.”* Interview 20, June 2018.

15 CONCLUSION AND RECOMMENDATIONS

- primary AMCOS are perceived to perform better in non-financial aspect than in the financial aspect
 - Indicating that members have much to benefit apart from the financial benefits.
 - Recommendation: primary AMCOS put more by using the strength they have in the non-financial aspects to influence the financial aspect
- This should be done without impairing the non-financial aspect, so as to balance the situation and hence to comply with the duality nature of the co-operative of socio-economic

- 16 This can be done through using the knowledge they have in ensuring they get good price for their products
- utilising the assets they have properly to generate income
 - increase production so as to increase the sales volume.
- The findings also show that there is a positive relationship among the non-financial performance aspects

CONCLUSION AND RECOMMENDATIONS.....

- This also insist that there is no trade-off between the non-financial aspects meaning that financial and non-financial aspect should be considered concurrently
- Social performance aspect has reported the negative contribution to the financial aspect
- the study recommends that both economic and social performance should not be separated in decision making as emphasised by the Dual Motive theory.
- The study also is recommending the Modified Balanced Scorecard to be used in assessing the primary AMCOS performance

- THANK YOU FOR LISTENING
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