

Research Paper

The Determinants of Rural Production Cooperatives' Performance in South of Kerman Province

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ABSTRACT

This study aimed to find out the performance of Rural Production Cooperatives (RPCs) towards agricultural development and to determine factors that are most likely key determinants of the performance of RPCs in the south of Kerman Province. A survey method was conducted with a sample of RPC members in the area. Based on the critical random sampling, out of 13 active and successful cooperatives, one was chosen. Fifty members of the selected cooperative were randomly selected. The data were collected by questionnaire. A panel of experts confirmed the face validity of the questionnaire and its reliability was tested by using a sample of 15 farmers in an RPC outside the study area. The Cronbach α coefficient (more than 0.70 for all dimensions) were confirmed the questionnaire. Findings revealed the desirable performance of PRCs. Furthermore, 6 components of the performance (pre-cultivation, cultivation, husbandry, harvest, post-harvest stages, and extension services) were placed in a medium position. The results of hierarchical regression indicated that the models were able to explain a high percentages of variability in performance of RPC. Among the variables postulated in the model, "free agricultural machines", "how to deal with the villagers", "the level of education of members and the director", "giving credits and loans to cooperative" and "job satisfaction of the director" had a significant influence on the performance of RPC regarding agricultural development.

Key words:

Rural Production Cooperative (RPC), Agricultural development, Cooperative performance, Cooperative success, Kerman

Extended Abstract**1. Introduction**

Agricultural development is one of the main goals that all developing countries such as Iran try to achieve to engage farmers' cooperation. Accordingly, Rural Production Cooperative (RPC) approach could play an important role in rural development through development of agriculture. Therefore, RPCs are considered to be the

most important organizations that pay attention and try to support the rural development in general and the agricultural development in particular through performing activities and services solely for the farmers. Therefore, evaluating the performance of the cooperatives and the influencing factors would be very useful and effective. Accordingly, the aims of this paper were twofold. First, to find out the performance of RPCs towards agricultural development; second, to determine factors that are most likely key determinants of the performance of the RPCs in south of Kerman Province, Iran.

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2. Methodology

In this study, a survey method was conducted with a sample of RPC members in the south of Kerman Province. The study area covers an area of 40000 km² with 7 counties, including Jiroft, Kahnooj, Anbarabad, Manoujan, Roodbarm, Ghale-Ganj and Faryab. This is a leading region in terms of agricultural production. Nineteen rural production cooperatives have been registered in south of Kerman Province. Thus, the study population comprised 19 rural production cooperatives with 3629 members. According to experts' opinions, about 13 cooperatives were highly active and successful and 6 other cooperatives were not so active or being unsuccessful. Based on the critical random sampling, out of 13 active and successful cooperatives, one cooperative was chosen. Fifty members out of 360 members of the selected cooperative were randomly selected and studied.

The relevant data were collected by questionnaire with face to face interviews. A panel of experts confirmed the face and content validity of the questionnaire, improved by the pilot study results. The reliability of questionnaire was tested by a sample of 15 farmers in an RPC outside the study area. To determine the questionnaire reliability, internal contingency by Cronbach α value was implemented that confirmed the questionnaire by reporting values more than 0.70 for all dimensions. All statistical analyses were performed using SPSS 19.5 that consisted of reliability measures, t test, and hierarchical regression. Significance level was set at 0.05.

Using a model to focus on the RPC performance will help policy makers and experts use the facilitating factors properly that improve these NGOs. In this regard, RPC performance was empirically tested using a "total performance index" (TPI) to measure the RPC performance:

$$TPI = (\sum_{i=1}^6 (PERFORM_i) / 6)$$

, PERFORM1 through PERFORM6 are the RPC performance in satisfying farmers' needs in precultivation, cultivation, husbandry, harvest, post-harvest stages, extension and education services.

3. Results

Findings revealed the desirable performance of PRCs. The mean total performance was 3.40 on a scale of 1 to 5 (SD=0.74). Furthermore, 6 components of the performance (pre-cultivation, cultivation, husbandry, harvest, post-harvest stages, and extension services) were placed in a medium position. The result of comparing farmers'

needs and the RPC activities showed that the RPC activities matched highly with the needs of farmers.

The theoretical model was assessed by Hierarchical regression analysis. In each stage of the analysis, a set of predictors (from the "determinants of RPC performance" model) entered into the regression equation. It was hypothesized that a variety of factors, including social factors, trust, village and its environment, government's support, and cooperative structure contribute to the formation of RPC performance. The dependent variable of the analysis was performance of RPC. The results of hierarchical regression indicated that the models were able to explain a high percentages of variability in RPC performance. Findings indicated that among the variables postulated in the model to explain performance of the RPC, "free agricultural machines," "how to deal with the villagers," "the level of education of members and the director," "giving credits and loans to cooperative" and "job satisfaction of the director" had a significant influence on the performance of RPC regarding agricultural development.

4. Discussion

The research results supported the important role of RPCs in developing agriculture in the south areas of Kerman Province. Our findings indicate the moderate but significant performance of RPCs. Surprisingly, RPCs lowest performance lies in the sector of providing educational and advisory services, while agricultural education is the key to agricultural development. Therefore, agricultural extension and education of RPCs should be more considered. One of the weaknesses of Iran's agricultural development is the lack of post-harvest services to farmers. If these services are not provided properly, many farmers will lose their products and suffer the consequences. Thus, providing these services along with the establishing and expansion of refrigerators and storehouses are necessary.

5. Conclusion

Given low access to financial resources causes great impact on the performance of cooperatives, more financial and non-financial support from organizations related to agriculture, especially Jihad-e-Keshavarzi Organization, Organization of Rural Cooperatives and Agricultural Bank is recommended. Also, agricultural cooperatives should contribute actively in inspiring, motivating and supporting their members as well as improving their welfare status.

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Conflict of Interest

The authors declared no conflicts of interest.