



**THE ROLE OF LEADERSHIP ON AGRICULTURAL COOPERATIVES
PERFORMANCE: A CASE STUDY OF SELECTED COFFEE FARMERS
COOPERATIVES IN ETHIOPIA.**

BY

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Declaration

This work has not been previously submitted for a degree or diploma in any university. By submitting this dissertation, I declare that the entirety of the work contained therein is my own, original work, and that all sources have been accurately reported and acknowledged.



Ashenafi Kebede Gutema

Date:

May 20, 2015

APPROVAL

This is to certify that this dissertation entitled: The Role of leadership on Agricultural Cooperatives Performances in West, East and South Ethiopia has been prepared under my supervision and is ready for submission.

Supervisor: **Professor A. A. Okharedia**

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Date :

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ABSTRACT

The relationship between the role of leadership and agricultural cooperatives performance were examined in East, West and South Ethiopia. The hypotheses were tested in a survey of N=162 leaders, managers and directors of primary coffee farmers cooperatives. The results of the test confirmed the overall positive relationship between the role of leadership and agricultural cooperatives performances. This study highlights and gives general view into how the role of leadership can significantly contribute to cooperatives business performances.

The results and findings of the analysis indicated that leaders who are most effective at business performances are those who utilize leadership behavior and the skills and trainings required in the cooperatives business organizations. The study encourages further and comprehensive research into the interconnection between the role of leadership, education and skills of leaders, financial management knowledge and decision making competency.

The study followed cross-sectional survey design, and employed evaluative quantitative analysis method. The analysis was based on primary data generated through a structured questionnaire distributed to the respondents. Responses to research statements were scaled and converted to analyze the quantitative data of dependent and independent variables based on the role of leadership and associated performance variables. The findings from correlation and multiple regressions in testing the hypotheses showed that there are significant and positive relationship between each of the five independent variables and a dependent variable of business performances.

The study concluded that leadership role was very important in cooperatives business performance and, therefore, recommended that leaders of coffee farmers' cooperatives organizations that wanted to improve the efficiency and effectiveness of their businesses performances need to implement the suggestions stated in the recommendation part of this study about the leadership roles.

Key Words: Leadership, Performance, Basic cooperatives principles, Leaders Responsibility, Financial Knowledge, Skills and training, Behavior of leadership, Multiple Regression, Descriptive Statistics, Conceptual Model.

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LIST OF ABBREVIATIONS

ADLI	Agricultural Development-led Industrialization
BCP	Basic Cooperatives Principles
BMFCFCU	Benchi Maji Forest Coffee Farmers Cooperatives Union
BoARD	Bureau of Agriculture and Rural Development
BoCP	Bureau of Cooperatives Promotion
BP	Business Performances
Coop	Cooperatives
ETB	Ethiopian Birr
FCAE	Federal Cooperatives Agency of Ethiopia
FSS	Food Security Strategy
FKD	Financial Knowledge and Decision Making
ICA	International Cooperatives Alliance
ILO	International Labor Organization
KFCFCU	Kefa Forest Coffee Farmers Cooperatives Union
LB	Leadership Behavior
LST	Leadership Skills and Training
MDGs	Millennium Development Goals
OCFCU	Oromia Coffee Farmers Cooperative Union
PASDEP	Plan of Accelerated and Sustainable Development to End Poverty
PCs	Producers Cooperatives
PR	Primary Responsibilities
SDPRP	Sustainable Development and Poverty Reduction Program
SCFCU	Sidama Coffee Farmers Cooperatives Union
SNNPR	South Nation, Nationalities and People Region

SCs	Service Cooperatives
SD	Standard Deviation
SE	Standard Error
SLT	Situational Leadership Theory
SPSS	Statistical Package for Social Sciences
TCFCU	Tepi Coffee Farmers Cooperatives Union
UN	United Nations
USA	United States of America
USDA	United States Department of Agriculture
YCFCU	Yirgacheffe Coffee Farmers Cooperatives Union

CHAPTER 1: INTRODUCTION

1.1. BACKGROUND OF THE STUDY

The history of cooperatives was started in England during industrial revolution and this paved the way for the expansion of cooperatives societies in the world. Rochdale, England, is known by millions for one reason: a handful of laborers established a co-operative there in 1844 known as the Rochdale Society of Equitable Pioneers. That co-operative was adopted as the inspiration and model for a movement that now includes nearly 700 million people around the world. The problems of 1844 in some ways resemble those in developing countries and less developed communities today. The solutions in Rochdale look something like the modern idea of socially sustainable development: in the most general terms, Rochdale stands for development in the long-term interests of people and communities—development controlled by the people it affects. Rochdale is a vision of participation in social change (Fairbairn, No date: 1).

International Cooperatives Alliance (2005) defines 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”. The seven internationally recognized cooperative principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; provision of education, training and information; cooperation among cooperatives; and concern for the community. In 1987 the United States Department of Agriculture (USDA) adopted just the three principles of user ownership, user control and user benefit

(roughly the first three ICA principles) following arguments that cooperatives operating in global markets, particularly agricultural marketing and supply cooperatives, cannot afford to internalize the ICA values and principles but must focus on fewer, more self-centered principles just to survive (Birchall, 2005).

A cooperative can be defined as a business that is owned and controlled by the people who use its services and whose benefits are shared by the users on the basis of use (USDA, 2002). In rural areas, cooperatives enable local people to organize and improve their conditions collectively compared to private enterprise and government. Cooperatives encourage and sustain entrepreneurial development, generating productive employment, increasing income levels and helping to reduce poverty while enhancing social inclusion, social protection and community-building. Thus, even though cooperatives directly benefit their members, they also provide positive externalities for the rest of society and have a transformational impact on the economy (United Nations, 2009).

All agricultural cooperatives are formed around a common “commodity” or “group of similar commodities” e.g. thrift cooperatives around saving and credit (Asia & Africa), dairy cooperatives around milk (India), oil seed cooperatives around oil seed (India), coffee growers cooperatives around coffee (Ethiopia) etc. (Nimble, 2005:1).

The cooperative sector in Ethiopia presents itself as an important element that contribute to the realization of the Millennium Development Goals (MDGs). They are economic associations and provide the opportunity for the poor to raise their income.

The Traditional cooperatives associations existed among the Ethiopian society in the form of Iqub (Ethiopian traditional saving association) and Idir (Ethiopian traditional Insurance association) (ILO: 2008); but modern form of cooperatives started in Ethiopia during the reign of Emperor Haile Selassie I (Veerakumaran, 2007). As Couture *et al.*, (2002) quoted in Kodama (2007) the first cooperative organizations were established in Ethiopia in the 1950s and Cooperative societies were active during the *Derg* regime from 1974 to 1991 (Dorsey and Tesfaye, 2005). The activities of cooperatives during the *Derg* regime were completely different from those of Western-type cooperatives because they were based on Marxist principles.

After the downfall of the Derg regime, there was a gap between 1991- 1995 in the cooperative movement of Ethiopia. This gap was created due to the fact that the government's attention was mainly drawn towards stabilizing, bringing peace and creating administration organs (Veerakumaran, 2007). Later on due to cooperative experts' dedication and devotion and the government's commitment towards cooperative development, it became necessary to enact new cooperative proclamation which suits to the current economic system.

The growth of cooperatives in transitional and developing countries like Ethiopia at first could face many challenges. In the transitional countries, cooperatives have been viewed as state enterprises; with the collapse of communism, these cooperatives collapsed as well. In Ethiopia, cooperatives in the 1950s and 1960s operated under the sponsorship of national government. The government saw cooperatives as instruments, taking them over and using them as parasatals within the controlled economy and as mass organizations through which the ruling party could reach the rural population.

The reform of the basic rules by which cooperatives are registered, regulated and held accountable to their members and the wider public has been critical in the growth of strong cooperatives.

Since the introduction of modern cooperative societies, five cooperatives' proclamations have been enacted between 1961 and 2007 in Ethiopia: Proclamation No.44/61, Proclamation No.241/1966; Proclamation No.138/1978, Proclamation No.85/1994 and Proclamation No.147/2004. This latest proclamation is more comprehensive and is fully consistent with the Universal Cooperatives Principles and the ILO Recommendation 193..The core issues are about the importance of cooperatives in job creation, mobilizing of resources, generating investment , social development of all people, support services for marketing, supply of inputs, access to technology and productivity.

Ethiopia's economic growth strategy, formally set forth in 1995 as the Agricultural Development-led Industrialization (ADLI) strategy gives significant emphasis on agriculture and rural development as an engine of pro-poor growth. This strategy is part and parcel of Ethiopian poverty reduction strategies, including the Sustainable Development and poverty reduction Program (SDPRP) approved in 2002, the 2004 Food Security Strategy(FSS),The 2006 Plan of Accelerated and Sustainable Development to End Poverty(PASDEP) and 2010 "Growth and Transformation Plan". In relation to implementing these strategies cooperatives are one of the key actors. The government has assigned cooperatives with the responsibilities of improving small holder productivity and promoting smallholders commercialization (Federal Cooperatives Agency of Ethiopia, 2010).

Agricultural Cooperative Societies Proclamation No.85/1994 states the following objectives of the society in Ethiopia:

- to improve the living condition of members by increasing production and productivity;
- to promote self-reliance among members;
- to solve problems collectively which a peasant cannot personally achieve;
- to make members obtain modern technologies products which are capable to increase agricultural production and materials necessary for their livelihood easily and at fair price;
- to satisfy the needs of a community and increase the income of a peasant by processing agricultural product to industrial products; and to promote the culture of the members by teaching and training.

Recent publication of Cooperatives Agency of Ethiopia (2008) states that the number of primary cooperatives increased from 22275 in 2007 to 38,454 in 2011, while the total number of members of the primary cooperatives increased from 4067995 in 2007 to 6,781,223 in 2011 with about 19.5% female members. Beside this fact, the primary cooperatives have the total capital of Birr 3,121,292,588.00 and the total number of cooperatives union was 245 with the total capital of Birr 763,006,823 in 2011.

Table 1.1 The past five years (2007-2011) statistical abstract about the status of cooperatives development in Ethiopia follows:

No	Particulars	2007	2008	2009	2010	2011
1	Primary Coops					
	Number	22,275	24,935	26,672	36,037	38,454
	Member(total)	4,067,995	5,426,271	5,899,761	5,877,757	6,781,223
	Male	3,257,654	4,206,004	4,928,355	4,820,904	5,458,924
	Female	501,261	718,114	971,406	1,056,853	1,322,299
	Capital	892,125,478	972,125,484	1,003,470,660	1,688,431,793	3,121,292,58
2	Coops Union					
	Number	145	162	171	212	245
	Member	2,955	3,455	3,706	5,957	6,792
	Capital	161,239,152	156,017,631	185,472,337	647,242,668	763,006,823

Source: Ethiopian Cooperatives Agency, June, 2011.

The report of the Cooperatives Agency of Ethiopia (2011) estimated that about 39% of the total rural and urban population is directly benefited from the activities and/or services of the cooperatives

In addition to their service to members and the society, they have been able to create over 50 thousand job opportunities for the nation (FCA, 2008). Because cooperatives have developed along several lines it is important to list them according to the logic of each type. According to The Federal Cooperatives Agency of Ethiopia (2011), currently there are 245 cooperatives unions containing 6,792 primary cooperatives in Ethiopia. The tabular illustration indicating the type and number of each type as follows:

Table 1-2Types, Number and Capital of Cooperative Unions established in

Ethiopia

Roll No.	Type of Coop union	Number	Number of primary Coops	Capital(Birr)
1	Multipurpose Farmers' coop	110	3,552	546235,,265.00
2	Dairy cooperatives	7	84	4384,900.00
3	Bee produce coop	2	15	324,230.00
4	Saving and Credit	63	1713	42,656,802.00
5	Food processing	1	26	1,337,596.00
6	Crops marketing	18	405	38,375,953.00
7	Coffee Farmers' coop	9(4 in Oromia &5in SNNPRG)	240	102,691,892.00
8	Forestry	2	13	373,928.00
9	Livestock marketing	3	26	1,378,972.00
10	Sugar cane Production	1	8	2,863,446.00
11	Mining	7	387	4,776,288.00
12	Fruits and Vegetable	7	174	9,381,334.00
13	Consumers' coops	13	119	8,071,217.00
14	Fisheries	1	9	50,000.00
15	Cobblestones	1	21	105,000.00
	Total	245	6,792	763,006,823.00

Source: Federal Coops Agency, June, 2011.

To verify the above statistical information, collected data from case study from 9 cooperatives confirms the ability of cooperatives in employment generation to others is shown on the table below:

Table 1-3Numbers of employees in selected cooperatives

No.	Name of Coops	No. of permanent employees	No. of casual employees	Total
1	LomeAdama	33	250	283
2	Merkeb	24	200	224
3	Leacha Hadiya	25	250	275
4	Sidama Coffee	30	1500	1530
5	Yirgacheffe	17	--	17
6	Oromiya Coffee	30	1500	1530
7	Ambo	12	150	162
8	Erere	17	220	237
9	Oromiya Coop. Bank	439	---	439
	Total	627	4070	4697

Source; Federal Cooperative Agency, 2011

As shown in the above table, nine selected unions gave an employment to 627 persons permanently employed and 4070 casual employees.

In addition to the above large number of primary producers cooperatives like construction, irrigation and service giving, food manufacturing, fishery etc, are giving self-employment.

Table 1-4 Self-employed cooperatives in Ethiopia

No.	Types of Cooperative	No. of Coop	No. of members self-employee
1	Gum producer	15	1459
2	Fishery	31	2401
3	Sugar cane production	9	1764
4	Irrigation	530	33049
5	Vegetable production	60	1740
6	Artisan	1514	31408
7	Mining	396	26379
8	Construction	239	19431
	Total	2751	115079

Source; Federal Cooperative Agency, 2011.

During the same period as shown in table among others, only selected 2,751 primary producing cooperatives provided employment to 115,079 self-employed. There are also several producers marketing and service rendering cooperatives that directly engaged their members in the business. Therefore, this sector of business has been playing control in the economic and social life of nation and is a corner stone for transformation of the agrarian economy to market oriented economy.

Cooperatives, in addition, do contribute to the community development. Some cooperative societies in Ethiopia have contributed towards the provisions of social

services, including: house construction, rural electrification, rural telecommunication, potable water, kindergarten school, both human and animal health service, wastage disposal, rural road constructions are delivered to the community as a whole. Example of cooperative contribution investment for social development is, Oromia coffee farmers union alone provided over 7 million Eth Birr for different kind of social services to the nearby community since 2004.

There are some hand crafts, saving and credit and cultural food manufacturing coops fully women members. But there are few women in leadership positions in any kinds of coops. Another important contribution of cooperative society is health education on HIV/AIDS. In this respect cooperatives are working to halt the disaster of the evils, through incorporating HIV practical protection training in its plan.

The Cooperative involvement in agricultural marketing helps in developing legal situation by minimizing market ill behavior. According to compiled report from cooperative agency amounts of commodity sold by cooperatives speedily increasing time to time. As an example by disseminating market information to the members and strengthening market linkage cooperatives made an effort to sale 204,381.2 tone grains and 6,429,719 liters of milk in year 2007/2008. Moreover coffee export has been increased manifold beginning 2002, paved the way by Oromia Coffee Farmers Union. In Ethiopia inspected coffee by authority for export purpose has been increased from 60,155 to 236,712 tons from year 1992 to 2007 continuously (FCA, 2007). Besides agricultural marketing, cooperatives are also began expansion of their businesses to agro-processing industries.

All coffee cooperatives pulp their members cherry in their own factories. These entitles, in addition to their contribution in value adding to agriculture produce, they also involved in job creation activities for large members of unemployment in the country.

The establishment of saving and credit cooperatives by the rural and urban dwellers create a formal institutions through which credit is (could be) easily available and information about credit schemes to the poor, in order to enable them purchase of inputs and improved technology for the improvement of their products. At the end of 2007, there are 4463 primary coops ,23 unions and 1 coop bank mobilizing over 1 billion birr to serve millions people. Since 2005-2008 about 4,018,782,235 eth birr loan advanced for through the cooperative system and this credit went to the small scale farmers, who are the back bone of Ethiopian agriculture. Also 1.7 billion eth birr loans were advanced to gold marketing and coffee marketing cooperatives members in the year 2007.

The above evidence shows that cooperatives enable members to achieve economies of scale, bargaining power and capacity to invest in more advanced stages of the value chain including storage, processing, marketing and distribution.

1.1.1 Coffee Farmers Cooperatives Societies of Ethiopia

Coffee production is important to the Ethiopian economy with about 15 million people directly or indirectly deriving their livelihoods from coffee. Coffee is also a major Ethiopian export commodity generating about 25% of Ethiopia's total export earnings. Ethiopia is the largest producer of coffee in Sub-Saharan Africa and is the fifth largest coffee producer in the world next to Brazil, Vietnam, Colombia, and Indonesia, contributing about 7 to 10% of total world coffee production.

Ethiopia is the birthplace of Arabica coffee and produces mostly Arabica coffee. Coffee has economical, environmental as well as social significance to the country (USDA, 2013). Coffee alone accounts for 60 percent of export earnings and between 40-45 percent is cultivated for domestic consumption. The International Coffee Organization (2004) argues approximately 15 million households-25 percent of the Ethiopian population –are either directly or indirectly involved in coffee production, distribution and marketing. Based upon the benefit and interest of the producers, the need for the decree of cooperatives proclamation became national issue. It was taken into account that cooperatives activities can play an effective role in supporting coffee farmers by supplying the price information, capital, and transportation that small-scale farmers often lack.

According to Kodama (2007) six coffee farmers' cooperative unions were established following the issue of Proclamation No. 147/1998. The unions are:

- Oromiya coffee farmers cooperatives union(OCFCU), Oromia Region, Ethiopia;
- Sidama Coffee Farmers Cooperative Union (SCFCU) Sidama Zone, SNNPR, Ethiopia; Yirgacheffe Coffee Farmers Cooperative Union (YCFCU) Gedeo Zone, SNNPR;
- Kafa Forest Coffee Farmers Cooperative Union (KFCFCU) Kafa Zone, SNNPR, Ethiopia;
- Tepi Coffee Farmers Cooperative Union (TCFCU) Tepi Zone, SNNPR;
- Bench Maji Forest Coffee Producers Farmers' Cooperative Union (BMFCFCU), Benchi-Maji Zone, SNNPR.

As it has been reported in April 2011, the Oromia coffee farmers cooperative unions have experienced astonishing growth, shooting from 34 farmers

cooperatives representing 22,503 families in 1999 to the current membership of over 240 primary farmer cooperatives representing 268 thousand members.

Table 1 5 Volume of Output Sold by the Oromia coffee Farmers Union

Year	Unit of Measurement	Sales Volume	Sales Value(Birr)	Net Surplus(Birr)
2001	Ton	126	2,271,157	289,184.86
2002	Ton	375	7,679,344	2,181,624.92
2003	Ton	962.2	18,796,130	5,819,096.00
2004	Ton	2,431.5	45,309,011	7,020,447.00
2005	Ton	2,690.5	67,207,845	5,468,002.66
2006	Ton	3,182.3	86,644,278	6,865,844.00
2007	Ton	3,248.2	102,725,628	13,933,097.29
2008	Ton	3,598.8	136,392,056	23,423,228.08
2009	Ton	5,329.3	270,496,542	44,758,339.00
2010	Ton	4,889.0	295,733,293	61,168,915.00

Source: Oromia coffee farmers Union, 2011.

Table 1-6 Primary Coffee Farmers Coop membership of the Oromla Union in Years

Year	Member Cooperative	Farmer Members		
		Male	Female	Total
1999/00	34	21,342	1,161	22,503
2000/01	34	21,589	1,232	22,821
2001/02	34	21,793	1,250	23,043
2002/03	34	22,336	1,257	23,593
2003/04	34	22,336	1,257	23,593
2004/05	74	45,237	2,675	47,912
2005/06	101	70,816	3,909	74,795
2006/07	115	97,639	5,311	102,950
2007/08	129	122,641	5,720	128,361
2008/09	143	127,345	6,063	133,408
2009/10	171	173,000	7,080	180,080
2010/11	197	173,649	21,825	195,478
2011/12	217	180,095	22,302	202,397
2012/13	240	189,069	22,148	211,217
2013/14	270	223,590	30,462	254,052

Source: Oromia Coffee Farmers Cooperatives Union, 2014

Table 1-7 Projects undertaken by the fund from fair trade premium

No	Sectors	Name of Project	Number of project Accomplished	Number of beneficiaries
1	Education	Primary school	26	15,660
		Additional Class room	35	6,140
		Up Grading(1-8) to (1-10)	3	800
		High school	6	5,660
		Kinder garden	3	884
		Library & laboratory	3	586
		Teachers' residence	2	22
		Staff office	3	47
2	Health	Health Post	10	72,000
		Occupied Medical Equipment	3	21,000
		Dry latrine	7	4250
3	Water Development	Spring Development	86	18432
		Bore hole	3	22680

4	Transportation	road	5	27,000
		Bridge	9	21,000
5	Office Construction	Office	7	23
		Coffee processing mills	34	2580
6	Agro-industry	Flour mills	5	5,000
7	Warehouse	Store	39	1480
8	museum	Coffee museum	1	
Total			291	225,244

Source: Oromia Coffee Farmers Cooperatives Union, 2014

Table 1-8 Financial Position of Oromia Coffee Farmers Union in 12 Years

Year	Current Asset (Birr)	Fixed Asset (Birr)	Total Asset (Birr)	Liability (Birr)	Capital (Birr)
2001	1,333,427	60,865	1,39,291	536,932	857,360
2002	5,065,825	100,224	5,166,049	3,534,403	1,631,646
2003	12,003,191	876,643	12,879,834	9,389,476	3,490,358
2004	20,648,207	1,747,430	22,395,637	13,089,189	9,306,448
2005	26,749,244	2,442,578	29,191,822	17,379,240	11,812,582

2006	35,225,069	2,633,218	37,858,287	21,341,619	14,514,832
2007	52,248,929	3,711,333	55,960,262	34,034,296	22,929,366
2008	107,623,711	6,796,246	114,419,957	69,707,353	44,712,604
2009	107,010,413	25,733,848	132,744,261	43,276,181	89,468,080
2010	162,374,079	62,304,438	224,478,517	125,683,873	98,994,644
2011	133416487	89,803,865	223,220,352	167,841,642	161,575,474
2012	429,225.070	126,014,840	555,239,910	348,692,454	206,547,456
2013	337,711,465.4 4	170,041,746.23	507,753.211.67	221,058,771.66	286,694,440.01

Source: Oromia Coffee Farmers Cooperatives Union, 2014

As the annual report of Oromia Coffee Farmers Union (2014) indicates, the problems encountered were:

1. Low production & productivity of coffee
2. Lack of sound credit facility
3. Lack of adequate training at primary Co-ops level
4. Lack of professional management at primary co-ops level
5. Low price of coffee
6. Loan arrears of co-ops societies

Table 1-9 Annual Net Income of Oromia Coffee Farmers Union

Year	Net Surplus (Birr)
2001	289,184.86
2002	2,181,624.92
2003	5,819,096.00
2004	7,020,447.00
2005	5,468,002.66
2006	6,865,844.00
2007	13,933,097.29
2008	23,423,228.08
2009	44,758,339.00
2010	61,168,915.00
2011	112,858,544.00
2012	87,877,083.00
2013	82,057,683.8
Total	453,721,089.61

Source: Oromia Coffee Farmers Cooperatives Union, 2014

Above all, members' bargaining position has been strengthened in the international market paying back a higher rate of market price to producers and allowing farmers to achieve growth of scale thereby enabling them take control of their economic future. The cooperative members' annual production and export sale increased in many-folds. Equally impressive is the fact that the cooperatives are returning substantial dividends over the initial market prices to farmers (OCFCU, 2011).

Sidama Coffee Farmers Cooperative Union (SCFCU) was founded in 2001 to represent coffee producing cooperatives located throughout the Sidama Zone of southern Ethiopia. Originally, the Union consisted of 39 cooperatives which represented over 70,000 farmers. Today, SCFCU has grown to represent 47 cooperatives and over 80,000 farmers (small holders) making SCFCU the second largest coffee producing cooperative union in Ethiopia (sidamacoffee.com).

In the same way Kodama (2007) states that the Yirgacheffe Coffee Farmers Cooperatives Union consists of 22 primary cooperatives with a membership of 43794 coffee producers in the Gedeo Zone, SNNPR. The rest three cooperatives also have a large number of members. These cooperatives produce a worldwide known coffee variety, Arabica. Arabica coffee has its origin in Ethiopia, which remains Africa's largest producer of Arabica beans. National production level are estimated to vary between 140000-180000 tones and exports account for more than 60% of Ethiopia's foreign exchange earnings (Petty, Seaman & Majid, 2004).

Table 1-10 Volume and Value of Output Sold, employment opportunity and Market coverage by the Union of Yirgacheffe coffee Farmers Union in Years:

Roll No.	Year	Working Capital	Production (10 year in ton)	Employment opportunity			Marketing coverage
				M	F	Total	
1	2002	-	-	2	-	2	-
2	2003	-	437	2	1	3	North. America & Europe -
3	2004	-	834	3	2	5	N.A & Europe
4	2005	-	992.4	4	2	6	N.A, Europe & Asia
5	2006	2,093,105.18	774	10	3	13	N.A & Europe
6	2007	1,648,289.00	754	11	6	17	America & Europe
7	2008	2,885,840.00	1183.18	11	6	17	N.A Europe Austria Asia
8	2009	5,845,991.76	667.2	9	8	17	America, Europe,
9	2010	8,780,415.85	1244.15	9	10	19	America, Asia, Europe & Australia
10	2011	22,861,752.04	1364.53	11	6	17	N.A, Europe, Asia Australia

Source: Yirgacheffe Coffee Farmer's union, 2011.

Koopman (2004) underlines that effective board of directors teamed up with qualified professional management are essential for success of the cooperative. The management and board of directors should have - within their mandate – sufficient freedom to operate the enterprise in the best interests of the members.

Bernard and Spielman (2008) conducted a case study on coffee farmers' cooperatives in Sidama Coffee Farmers Cooperatives Southern Ethiopia and coined about leadership problems encountered cooperatives business. According to them there has been much concern among members over the accountability of its leadership. Members recognize that leadership is also a means of gaining personal benefit—employment for relatives, access to the cooperatives resources, and social recognition and stature. Thus, the BoARD (Bureau of Agriculture and Rural Development) and BoCP (Bureau of Cooperatives Promotion) have intervened on several occasions to audit the cooperative and change the leadership. But there is still little capacity among members to hold the leadership directly accountable by investigating suspected wrongdoing, enforcing rules and regulations, or even discussing these issues in open forums. These problems have been compounded by occasional shocks such as the fall in international coffee prices during the early 1990s, and a fraudulent check worth ETB 117,000 (about US\$ 13,340) received by the cooperative for its coffee—a transaction that nearly rendered the cooperative insolvent. Given the growing global demand for coffee and the high prices that the Sidama region's coffee fetches in export markets, it is likely that members of the Cooperative will do well in the coming years. Even among the larger cooperatives engaged in lucrative markets for high-value crops, governance and management issues can be a persistent threat to their success.

In Ethiopia, cooperatives and in particular agricultural cooperatives do play a vital role in production, primary processing and marketing of agricultural and livestock commodities. But the major challenges to these businesses are leadership and management. In line with these problems Emana(2012) states that there are three broad challenges/constraints cooperatives in Ethiopia encounter: These are lack of comprehensive Cooperative Policy and Strategy; low Capacity of Cooperative Leadership and Management; Lack of Finance by Cooperatives. From these three major challenges he gives more emphasis for LowCapacity of Cooperative Leadership and Management ,Inadequate capacity building support by agencies, literacy gap from the coop leaders, Low interest of the management committee due to low incentives, a strong degree of reliance on government support has implications for the independence of the organizations.

According to Emana (2012) the leadership problems agricultural cooperatives facing in Ethiopia can be summarized into the following important areas of concern: understanding the use of financial statements, leadership training, strategic planning, board/manager relations, legal responsibilities, and performance assessment.

1.2. STATEMENT OF THE PROBLEM

The Coffee Farmers Cooperatives Societies of Southern Ethiopia have problems with shortage of the leadership roles and skills necessary for successful cooperative performances. This is particularly true in tradition-bound rural areas with low rates of formal education and generally poor knowledge and education systems. These factors can determine managerial success or failure, and even cooperatives with a basically sound business may fail.

According to (Dessaegn, 1994a: Fantu, 1990) quoted in Kodama (2007) there are two types of cooperatives in rural areas of Ethiopia: producers' cooperatives (PCs) and service cooperatives (SCs). The membership rate of PCs was low, hovering around 20%, that of SCs was high, 80%. PAs were the lowest administrative structure, and membership was obligatory for farmers (Dessaegn, 1994a: 248–249). Although PCs benefited members by providing preferential treatment, which had been largely unavailable to smallholders, the productivity of PCs was one-third lower than that of private farmers (Dessaegn, 1994b: 289). SCs are marketing and purchasing cooperatives that handled modern inputs, credit, milling services, selling of consumer goods, and purchasing of peasants' produce. Whereas peasants welcomed the services provided by SCs, most of these organizations suffered from budgetary deficits and poor financial management

The most important reasons for cooperative failure in Ethiopia according to Emanu (2012) include; the shortage of trained and skilled managers, lack of understanding of the principle and approaches of cooperatives , inability of cooperative member to cope with the modern methods and tools of production, inadequate financing, excessive government control and lack of trust among members.

Leadership of a cooperative is challenging and difficult. It involves not only managing resources and business operations, as in other businesses, but also dealing with problems stemming from the cooperative's distinctive characteristics. Because the cooperative's members are both owners and patrons, special relationships and problems arise concerning member and board of director roles and responsibilities. Overall the leadership role embodies four functions-planning, organizing, motivating, and controlling.

Planning is used to determine a policy and the procedures for putting it into effect. It must be consistent with cooperative principles and the cooperatives objectives. Organizing is a bridge connecting the planned objectives to specific projects for accomplishing these objectives. Motivating concerns the people side of the organization.

A number of leadership proficiencies problems from the above background discussion were perceived encompassing the following: understanding role and responsibilities, potential liabilities of directors, member relations, evaluating strategic plans, evaluating marketing strategies, evaluating financial issues, knowing the principles of cooperatives, as well as a thorough understanding of the mission and objectives of the cooperative.

The purpose of this study was to provide a better understanding of leadership role on agricultural Cooperative performances. An assessment of leaders' attitudes and perceptions of the business environment contributes to this goal. Special attention was given to a manager's perspective and knowledge of cooperative principles, responsibilities of the manager and directors, use and knowledge of financial

statements and relationships, business decision making, management philosophy, and education of members and employees. The most important concern and basis for this study are 312 primary coffee farmers cooperatives under the three coffee farmers cooperatives unions; Oromiya, Sidama, and Yirgacheffe in Southern Ethiopia.

1.3 BASIC RESEARCH QUESTIONS

1. To what extent does leadership perceive the importance of basic cooperatives principles as a key factor for success of Agricultural cooperatives performances?
2. How division of responsibility between leaders/managers and board of directors have impact on performances?
3. What are the levels of the coffee farmers' cooperatives managers' knowledge and decision making competency in understanding financial statements to make decision on cooperatives business performances?
4. What are the extent of the cooperatives managers training and skills oncooperatives business performances?
5. To what extent do the leadership behaviors of managers have impact on business performances?

1.4 OBJECTIVES OF THE STUDY

1.4.1 Major Objective

The major objective of the study is to examine the role of leadership on agricultural cooperatives business performance in Southern Ethiopia Coffee Farmers primary Cooperatives.

1.4.2 Specific Objectives

1. To understand the leadership perception about the importance of basic cooperatives principles as a key factor for success of Agricultural cooperatives performances.
2. To explore the leadership behaviors of managers/leaders on cooperatives business performance.
3. To evaluate financial knowledge and decision making competency of managers in understanding financial statements to make decision on cooperatives business performances.
4. To know the level of training and skills of business managers for the cooperatives businesses performances.
5. To understand the division of responsibility between leaders/managers and board of directors on cooperatives business performances.
6. To Provide Recommendations based upon the findings of the study.

1.5 RESEARCH HYPOTHESES

Hypothesis 1

Basic cooperatives principles are positively related with cooperatives business performances.

Hypothesis 2

The division of primary responsibilities between leaders of primary cooperatives and leaders of unions has a positive relationship with cooperatives business performances.

Hypothesis 3

Cooperatives leaders' knowledge in financial decision making is positively related with cooperatives business performances.

Hypothesis 4

The managers' level of training and skills of leadership have a positive relationship with cooperatives business performances.

Hypothesis 5

The leadership behavior of managers has a positive relationship with cooperatives business performances.

1.6 IMPORTANCE OF THE STUDY

Cooperatives are business entities to create direct marketing between producer and consumer .They help to maximize the benefits of their members and customers. Cooperatives are vehicles for economic development and growth. Developing countries like Ethiopia need to create fertile ground for the expansion of cooperatives to create employment opportunities, to improve the living standard of members, to minimize exploitation of private traders, and to reduce poverty.

As it has been stated in ILO working paper No.9 (2009), the involvement of cooperative unions in economic activities is prominent in the following areas:

- Importation and distribution of agricultural inputs, such as fertilizers and chemicals;
- Export of agricultural commodities, such as coffee, oilseeds, and pulse crops such as haricot bean, among others;
- Marketing of agricultural produce for their members, to the Government and private institutions.

The current problem in the cooperatives business is the problem of leadership. Cooperatives face such problems in light of low or no return for the members upon their investment, and problems of know-how and know-why of leadership. The causes for these problems are lack of understanding and implementation of cooperatives principles; shortage of knowledge in analyzing and decision making of financial statements; lack of know-how in discharging responsibility, and external factors. Beyond this truth, members' participation and transparency is low.

Among different kinds of cooperative, this study focuses on coffee cooperative primary societies. Coffee is the major export commodity of Ethiopia. The coffee business performances depend upon the role of leadership. Therefore, this study is helpful in bridging the knowledge gap (as literature are scarce) about the role of leadership on coffee farmers cooperatives performances and contributes as input to policy formulators and solve leadership problems of coffee farmers cooperatives in Ethiopia. The outcome of this study is to pave the way for maximizing cooperatives' stakeholders' benefit which in turn has a significant contribution for Ethiopian economic development and growth.

1.7 RATIONALE OF THE STUDY

Many texts were written over the years that dealt with leadership and the different styles

used in the worlds of business and education. This was borne out by the vast number of journal articles based on research performed since the start of the 20th century. Most authors studied organizational performances, goal accomplishment and productivity within large corporations. However, little or no work was published on coffee farmers' cooperatives business performances and the role of leadership necessary for survival and growth of primary coffee farmers' cooperatives in Ethiopia. Coffee commodity accounts for more than 55% export of agricultural output and it is the backbone of Ethiopian economy.

1.8 DELIMITATION OF THE STUDY

As to the scope of the study, this study focused on leaders of primary coffee farmers' cooperatives from the three coffee producers' cooperatives unions in Southern Ethiopia: Oromiya, Sidama, and Yirgacheffe which have 240 , 47 and 25 primary coffee farmers cooperatives respectively.

1.9 ORGANIZATION OF THE STUDY

The study have the following chapters: Chapter One discusses introduction/detailed background of the study area, statement of the problem, basic questions, objectives, and hypothesis of the study; Chapter Two elaborates the theories, review of related literature, critical review of researches conducted by earlier researchers and conceptual model of the study.

Chapter Three focuses on data collection methodology. This section elaborates about the study design and approach, population, samples, sample size and techniques of sampling, data collection instruments and measurements (operationalization).

Chapter four discusses about presentation and analysis of data collected, discussions, as well as interpretations based on results from descriptive and multiple regression statistical analysis.

The last chapter dealt with research findings, summary, recommendations and conclusion.

CHAPTER 2: REVIEW OF LITERATURE

2.1 THEORETICAL FRAMEWORK

2.1.1 Leadership Theories

The meaning of leadership is described by Harris (2003) as taking responsibility and performing or guiding the action necessary to plan for and achieve desired results. Rensis Likert quoted in Rao and Narayana (1987) states that leader is a representative of a subordinate. Leading as a function of management, it may be the twin with management. This has been argued by Rao and Narayana (1987) that every instance of managerial behavior has a leadership component in it and how much of this represents leadership is difficult to determine. The implication is that leadership is beyond management.

Stodgily says that leadership has been studied and researched for a number of years, resulting in numerous theories and models. Kazmi (2002) states no universal accepted theoretical framework has yet been developed. King points out that the future development of leadership theory may be based on an integrated approach.

In a comprehensive review of leadership theories Stogdill (1974) as presented by Horner (1997) highlights several different categories were identified that capture the essence of the study of leadership in the twentieth century. The first trend dealt with the internal qualities with which a person was born Bernard(1926). And the key to success was simply in identifying those people who were born to be great leaders. One flaw of this line of thought was in ignoring the situational and environmental factors that play a role in a leader's level of effectiveness (Horner, 1997).

Fiedler's own work, which looks at the relationship between leader behavior and the situation, is called the contingency theory of leadership. In this theory leader operates under three constraining factors: the first is leader-member relationship, the second is task structure, and the third is position power (Walker, 2005). Walker stresses that the worst situation for the leader is one in which his or her Position Power is weak, Task structure is low and Leader –Member relations are poor.

Kriel (2008) viewed trait leadership theories as the oldest leadership theory dating back to the 1930's, is called the 'great man theory' but to fully understand the origin of this theory, one needs to understand drivers of social, political and military leadership with nations going back before 1930, as this concept of leadership was carried over in the world of business then and still has remnant in business today (Kautsky, 1997).

2.1.2 Significance of Leadership:

Leadership is the main factor in enhancing human performance and is the all-important key to unlocking that latent potential of individuals (Carling: 2000).

To Carling (2000), there are two types of leaders:

Transactional Leaders – who get things done?

Transformational Leaders – visionaries who can turn visions into reality through inspiring and empowering people to achieve more than they ever dreamt possible, and to enjoy doing it.

Carling contemplates that truly successful leader is a mixture of both, one who inspires people into action, who converts followers into future leaders, and develops transactional leaders into transformational ones

Successful leaders have the ability to develop the bridge that takes their teams from the present to their shared vision of the future. The best leaders are optimists and realists. They focus on succeeding instead of trying not to fail.

In the view of Carling (2000), insincerity, favoritism, lack of motivation, lack of recognition, poor or no response, lack of time – all of these prevent leaders being more visibly effective. He goes on to suggest the following strategies to improve the effectiveness of the leaders:

- Thinking how the team will benefit from the actions of the leaders.
- Planning the actions by the leaders.
- Setting aside specific time in leaders' day to talk with team members.
- Showing them that leaders want rather than have to spend time with them.
- Being a good example – behaving as the leader expects them to behave.
- Involving the team as a whole whenever possible.
- Helping the team to celebrate its successes.
- Having faith – believing that 'the leader' is better than what he himself thinks.

And finally,

- Not passing leader's personal doubts and fears on to the team.

Leadership has been a major topic in management and business literature over last few years.

The rapid changes in business, technology, political and social factors have required the development of effective leadership skills. As a result leadership development programs have become an increasing priority for business and government organizations (Cacioppe, 1998).

2.1.3 Trait Leadership Theories

The trait theory attempts to isolate the attributes of successful and unsuccessful leaders and, using this list of traits predict the success or failure of potential leaders (Narayana, 1987: 512).

Odbert and Allport (1936) as introduced by Narayana (1997), there have been as many as 17,953 individual traits identified. Ranchman, *et al.*, (1990) advocate that despite the study of various personality traits, social skill and physical characteristic, researchers were unable to find conclusive evidence linking specific traits to leadership ability. They conceded that whether a particular person will be successful leader appears to depend primarily on the situation.

Roy, Wilkinson & *et al.*, (1994) argue that so-called trait theories are now less popular, because successful leaders are found to be very different from one another. Later theories concentrate on the ways in which different leaders behave. Despite with the trait approach and stimulated by research such as the Ohio state studies, researchers next switched their emphasis from the individual leader's traits to the group being led (Luthans, 2005). Luthans decries, 'when the trait approach was applied to organizational leadership, the result was even cloudier'.

Trait theories of leadership focused and evolved around a central idea that tried to study and isolate the personal qualities and characteristics that differentiate leaders from non leaders. They are based on the underlying assumption that leadership is born, which means that one is either born as a leader or as a follower. But Stogdill decries in reviewed 124 studies grounded upon the trait theory and concluded the trait theory studies were weak and inconclusive. He augmented that leaders exceeded others in several traits, such as: intelligence, scholarship, dependability, social participation, and social and economic status (As-Sadeq and Khoury, 2006). Stodgily postulates that effective leadership is dependent upon the situation as well as the leader's personal characteristics.

As Bailey (1978) quoted in Kriet(2009) due to the absence of scientific proof that leadership is solely genetically predisposition of shift in focus from trait theories to behavioral theories occurred in the 1950's.

2.1.4 Behavioral Leadership Theories

According to As-Sadeq and Khoury (2006) behavioral theories argue that leadership can be taught, and leaders can be made rather than born.

Behavioral theory leadership emphasizes that strong leadership is the result of effective role behavior. Leadership is shown by a person's acts more than by his traits (Prasad, 2001:638). On the same way Narayana and Rao (1987) state that in contrast with trait theory, behavioral theory attempts to describe leadership in terms of what leaders do, while trait theory seeks to explain leadership on the basis of what leaders are.

As-Sadaq and Khoury (2008) say that leaders can be taught, and leaders can be made rather than born.

Their argument was based on the fact that in contrast to personality, behavior can be learned and altered through practice which in turn, resulted in an interest in training leaders, and in some part of the research, in an investigation as to whether one kind of behavior was more efficient than others (Stogdill, 1974; Bryman, 1986; Bass, 1990).

Sadaq and Khoury (2006) conclude that rather than concentrating on what leaders are, as the trait theory urged, the behavioral approach forced looking at what leaders do. The general question underlining this approach was: what is being done by leaders that differentiate them from non-leaders.

2.1.5 Contingency or Situational Leadership Theories

Fiedler (1964) as presented in Kriegl (2008) there is no single best way in which to lead under all circumstances. Rachman, Mescon, Bovee & Thrill (1990) highlight adapting management principles to the actual needs of one's own business, called situational management or contingency leadership, is more effective than sticking to any one leadership style. As Hersey and Blanchard's introduced in (Koopmans and Deanne, 2001), Situational Leadership Theory (SLT) has been a popular basic for leadership training for many years. Gordon says one popular theory is called 'situational leadership'.

No one style of leadership is appropriate for every occasion or situation. Fiedler argues that there is no single best way in which to lead under all circumstances.

He says that different situation call for different leadership style (Kriel, 2008).

Harsey and Blanchard refers that life cycle theory of leadership, was based on applying the right leadership style to a given situation within an organization at a given time. They argue, the effectiveness of the leader was dependent on the leader, the employee, and the situational element (Nave, 2006:22).

The main proposition in contingency approaches is that the effectiveness of a given leadership style is contingent on the situation, implying that certain leader behavior will be effective in some situations but not in others (Deanne and Koop man, 2001).

Fielder's contingency model consists three elements : leadership styles, situational variables and their interrelationship, whereas Harsey- Blanchard's situational leadership present that the leader has to match his leadership style according to the needs of maturity of subordinates which moves in stage and has a cycle and considers leadership style and maturity of subordinates . Path-goal model of leadership developed by Robert House and others is basically a combination of situational leadership and Vroom's expectancy theory of motivation and attempts to predict leadership effectiveness in different situation (Prasad, 2001:650). Contingency (or situation) theories point out that most efficient leadership style often depends on the situation, and so it may be appropriate to change one's style to suit the context (Wilkinson, *et al*, 1994:261).

Bryman (1992) criticizes several general problems with path-goal theory. Many of these problems are shared with Ohio tradition of investigating leadership style

(e.g., problems associated with using group average methods of describing leaders, no attention for informal leadership, problems with causality and potential measurement problems. However, according to Even the theory has not adequately been tested (Deanne and Koop man, 2001:8).

As Kast and Resenzweig (1973) and pierce and Newstrom (1995) cited in As-Sadeq and Khoury, (2006) the contingency approach, which is sometimes referred to as a situational approach, appreciate the beginnings of the 1960s as a consequence of the lacking ability of earlier approaches to explain the main different aspects of leader behavior.

The leadership theorists describe leadership as a process, but most theories and research on leadership look at a person to gain understanding, and leadership is typically defined by the traits, qualities and behavior of a leader in business as school of thought was laid by Bernard, Blake, Shepard Mouton, Drath, Palus, Fidler, House and Michel (Horner, 1997).

In a comprehensive review of leadership theories, several different categories were identified: Stogdil says ,‘the first trend dealt with the attribute of great leaders’ ,Bernard presents that leadership was explained by the internal qualities with which a person is born; the second approach by Holpin and Winer,Hemphil and Coons studies show leaders in the context of organizations ,identifying the behavior of leaders exhibit that increase the effectiveness of the company ; The third approach pioneered by Saal and Knight, and Fiedler deals with the interaction between the leader’s traits ,the leader’s behavior, and the situation in which the leader exists.

Organizations are collection of individual human beings who have united to accomplish certain goals and objectives. Therefore the most basic foundation of an organization are individuals and groups (or teams) behavior in studying leadership and human personality.

Personality is an organized whole without which an individual would have no meaning; Allport and Odbert have found that there are three thousand to five thousand words that describe personal qualities; Allport found more than fifty different definitions of personality (Rao and Naryana,1987:262). Luthan (2005) believes that there has not been universal agreement on the exact meaning of personality. He stresses the existence of 18000 words to describe personality

Based on these overall insights from the literature, it can be concluded that leaders should develop an understanding of human personality as a result of difference and individual's unique characteristics in their manner of responding to organizational environments.

The contingency theories make the assumption that the effects of one variable on leadership are contingent on the other variable. The leadership study was extended further more in Vroom-Yetton theory drawing attention with what leaders should do given certain circumstances with regard to the level of involvement of followers in making decision. This theory explains the nature of the relationship between leaders and followers and how this relationship can impact the leadership process (Horner, 1997:270-272).

2.1.6 Transformational leadership Theories

According to Mitch (2008) , transformational leader offers guidance to followers, participates in the group as a follower and request inputs from members; as result followers are more engaged in the process, better motivated and creative. James Mc Gregor says transformational leadership was adopted for business; Lewin's study on leadership theories shows that transformational leadership is the most practical; Shamir, House and Arthur discuss the development of follower and the different ways in which transformational leaders strive to refocus followers' intrinsic motivation; Archbishop Desmond Tutu declared that the leader is the servant. Servant leadership has some of the same basic elements of transformational leadership, except its primary focus is on the followers; as was Jesus with his disciples.

Power and Eastman(1997) presented in Beugre and Braun (2006) that transformational leaders create a dynamic organizational vision that often necessitates a metamorphosis in cultural values to reflect greeter innovation; Bass, Pawar and Eastman say transformational leadership also seeks a bonding between individual and collective interests allowing subordinates to work for transcendental goals ; Klein and House state, charisma is a fire, a fire that ignites followers energy and commitment producing results about and beyond the call of duty (Beugre ,Acar and Brawn,2006:54).

Kuhn says transformational change is the key to realizing innovation in an organization; large-scale, transformational change significantly affect how

organizations are managed, how they function, and their ability to remain competitive (.Gilley, Dixon and Gilley, 2008:153-155).

Transformational leadership refers to the leader moving the follower beyond immediate self-interest through idealized influence(charisma),inspiration, intellectual simulation, or individualized consideration(Erkutulu,2008). On the same way zopitis and Constanti (2009) present the dynamic of transformational leadership involve strong personal identification with the leader, joining a shared vision of the future, or going beyond the self-interest exchange of reward for compliance.

Ortega (2010) describes thatthe co-operatives characterize a style of management and specific organizational practices to achieve their goals. For this reason, the features of this type of organization constitute a key factor in the distinction between social economy companies and conventional capitalist companies. In this model, management is exerted directly by the members through general assembly, and these members participate in decision making and in the establishment of their policy of action. As Spear (2004) quoted in Ortega (2010), co-operatives serve their members and, in addition, they grant them the democratic rights for their government; hence, we can affirm that, as societies of people, they are the only ones whose members participate in a democratic way in the decision making process., That is to say, the power of decision resides in the member, regardless the contributed capital, which only accredits him/her as a member. In this type of corporation the human factor is stressed, following the premise of “one member, one vote”, whereas the capital stands as a supporting factor.

SURESH and RAJINI (2013) underline that there are four factors to transformational leadership, (also known as the “four I’s”): idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Transformational leadership is a vital role for effective managers because leader effectiveness determines the success level of the organization and the transactional leadership is based on exchange between leaders and followers. Leaders explain what needs to be done and what followers will get on achieving the goal.

2.2 REVIEW OF EMPIRICAL STUDIES

The cooperative sector is experiencing a renaissance despite many difficulties. A study of 11 countries in Africa estimates that around seven percent of Africans are co-op members and that even in countries where apex cooperatives have collapsed, such as Uganda and Rwanda, the numbers have continued to grow to 19; there were only 554 cooperatives registered in Uganda in 1995, but nearly 7500 now. Savings and credit cooperatives are growing, including non-traditional sectors such as housing, consumer, cottage industries and distilleries. They are demand driven, market oriented, and bypassing the old cooperative unions in favor of new networks. Farmer cooperatives are meeting a growing demand from supermarkets for fresh fruit and vegetables. Coffee marketing cooperatives are gaining high prices through fair trade. Electricity cooperatives show that the cooperative model can work in rural areas where the private sector does not want to go. Small dairy cooperatives are growing rapidly in Eastern Europe, Latin America, and Africa to provide raw milk to private dairies. There has been a major resurgence of marketing cooperatives in Ethiopia, Zambia and Honduras (UN, No Date, www.un.org/esa/socdev/social/cooperatives/documents/survey).

A recent study of 450 cooperatives in Tanzania and Sri Lanka reports that cooperatives lack access to loan finance to help them expand their business. Other constraints include lack of technical knowledge and access to new technology, and training in business and leadership skills; lack of access to markets beyond their locality; and lack of knowledge about opportunities for fair trade.

These cooperatives are still held back by issues like over-regulation from governments and poor internal governance which can lead to lack of trust in their own elected officials. Farmer cooperatives need assistance to improve the quality of produce for export in a global economy that puts the responsibility on producers to meet quality standards. Credit cooperatives need strengthened capacity to do banking and manage risk.

On the discussion about causes of different performances in Ugandan cooperatives, Sara Persson (2010) underlines that African cooperatives have left their state controlled development in favor to function as independent businesses; the leadership is likely to be of vital importance for their performance. A study by Keeling (2004) of California Rice Growers Association shows that cooperatives are in need of highly skilled management with the capacity to make informed business decisions just like a private enterprise. Wanyama, et al. point to current data from Africa which indicates that a “committed leadership and a clear vision of finding solutions to the daily problems of their members” are of key importance to cooperative success.

The importance of leadership is also raised in older literature on cooperative performance (Hatti and Rundquist, 1994; Onwuchekwa, 1985). The leadership capacity in a rural cooperative is directly related to the level of literacy among its members as leaders usually are elected from the member base. In developing countries where the education level is low this can be a major constraint for cooperative development (Chriwa, et al., 2005).

This was shown by African cooperatives failure in the past where corrupt, illiterate and opportunistic leaders drove the cooperatives into financial mismanagement and nepotism (Wanyama, et al. 2009). The causal analysis shows that a link between members and the leadership such as a membership council enhances membership involvement and participation in cooperative affairs. Furthermore, the analysis shows that leadership skills in marketing, networking and mobilizing members provide a ground for a cooperative's ability to implement its main activities.

There are differences between cooperatives in developed and developing countries. Forexample in agricultural cooperatives, differences can be observed in changing farm demographics, consumer preference, effectiveness of the Board and organizational management. This argument is supported by Sharma (1991) as agricultural cooperatives in Asia do face many problems relating to organizational structure, management, indifference of members, inter-cooperative relationship, business operations and finances. The scenario that can be observed from Bangladesh, Pakistan and Philippines is that if agricultural cooperatives want to serve total needs of farmers and extending benefits of advanced technology, competent management is required.

Birchall (2004) argues that globalization really impacts on peoples' lives in the communities where they live and work: he calls for local empowerment, investment in participative and democratic institutions, the development of local economies and more attention to indigenous peoples and minorities. He states cooperatives as a significant instrument in the growth of civil society and community organization.

The researcher found it very important to take summaries of different case studies conducted in different countries coined by Birchall about the potentials of cooperatives in relation to the first Millennium Development Goals (MDGs), poverty reduction.

According to Birchall (2004):

Bangladesh is a country of small farmers, who are mostly living on or below the poverty line, and who are subject to the risk of flooding by the rivers and delta that punctuate the country's low-lying but fertile flood plains. There are high levels of deprivation, but things are improving: income poverty has declined from 58% of the population in 1983 to just under 50% in 2000. One reason for this increase in incomes is the success of dairy cooperatives. The income from milk production is managed by women, and so has a direct impact on food security and nutrition. Savings generated from the milk sales help to cushion households against flooding, and 2200 employment opportunities have been created in the urban areas from milk distribution. In addition, urban consumers benefit from safe, pasteurized milk products.

In community cooperatives of Orissa (India), members do not identify with the cooperatives, because often officials do not organize elections and top managers are appointed by government. The result is a cooperative sector that is economically weak. For, instance, in Gujarat out of 276 Large Multi-purpose cooperative societies (LMPCS) 12 were reported to be dormant, and 161 were making losses.

Cooperatives owned utilities are common in many parts of the world. In the United States they operate more than half of the electricity lines, providing power to more than 25 million people in 46 states. In Argentina about 500 cooperatives distribute 19% of the electricity, while 130 cooperatives provide telephone services. Electricity cooperatives are also important in Bolivia, Brazil, and Chile. Water cooperatives are important in Argentina, Chile, and Colombia as well as in Bolivia.

The findings of a study conducted by Zarafshani ,*et al.*, (2010) in Iran about agricultural production cooperatives, listed problems due to few inappropriate conditions: Weak coordination among farmers, little support from government, high price of inputs, low financial power of farmers, land gradation and inappropriate technology.

Nyoro and Komo (2005) conducted a study on the challenges to Kenyan Cooperatives and underline more specifically, the extension of anti-corruption activities in procurement and investment affairs of cooperatives, declaration of wealth by management committee and staff, the communication of appropriate and timely information to members, are all important in enhancing smoothing running and success of the cooperatives and consequently enhancing farmer's participation and efficiency in input, output and services markets.

Members are the main decision makers in the business of coops. They have to be given the chance of getting adequate information and training to develop awareness.

As the study indicates the challenges for the Kenyan Coops were credit burden and debtors, conflicts, external forces, investment on non-income generating activities, un-skilled board members, poor or lack of communication, between board members and farmers, competition ,dishonesty by staff and representatives and deceitful businessmen.

Fine (1999, 2003), Woolcock (1998), Harniss (1997), and Portes and Landholt (1996) argue about extensive synthesis of other debates and weakness of the social capital concept in cooperatives. They underline the three shortcomings of the social capital paradigm - participation, power and politics – that lend insight into earlier shortcomings of cooperatives and potential challenges in their revival. They said that corruption, mismanagement and elite capture have been as intrinsic barriers to the success and efficiency of cooperatives.

Birchal (2006) underlines that, the agricultural cooperative sector has grown to be a major economic force. According to him the USA has the largest sector that in 1994 there were 4174 farmer-owned businesses with a membership of nearly four million and a turnover of \$89 billion. In Asia, the Japanese agricultural cooperatives rival those of the USA with an output of \$90 billion. In Japan 91 percent of farmers are in membership, and they provide an integrated system of marketing, supply, credit and insurance for the whole rural economy.

The empirical analysis about the performance of primary cooperatives in India conducted by Misra (2006) suggests that government should allow the cooperatives to evolve in a natural manner rather than through initial official encouragement and

subsequent intervention. He underlines the government contribution to share capital of cooperatives should be stopped and there should be appropriate member size for a base level cooperative so that cooperative principles are internalized among members.

A study by Prakash (2000) in Japan states that some of the problems faced by agricultural cooperatives have been, among others, poor management, lack of capital resources, inadequate training, extension and education programs, lack of communication and participation among members, feudalistic characteristics of society, unclear and inadequate government policies on the development of agricultural cooperatives, high fragmentation of land holdings, and weak linkages among the activities of the cooperatives e.g., production, credit, marketing etc.

Performance is difficult to measure and interpret in the case of cooperatives, which generally aim to pay their members the best price for the products received, or to charge the lowest possible price for the inputs and services supplied (Dess and Robinson, 1984; Kiriakopoulos *et al.*, 2004). Several authors (Gassenheimer, *et al.*, 1989; Yavas, *et al.*, 1989; Read and Miller, 1990; Clarke, 1991; Harrington, *et al.*, 1991) define performance as improved product quality, productivity, technical efficiency, service capabilities of a firm, and logistical performance (which include an organization's ability to meet promised delivery dates), and leading to sustainable profits. According to Dess and Robinson (1984), two popular measures of economic performance are return on assets and growth in sales.

In this study, cooperative performance is defined in terms of key performance indicators (KPIs) such as generating a net surplus; access to equity and debt capital; reduced reliance on government funding; investment in growth assets such as poultry pens and vegetable tunnels; skills training of cooperative members; and good marketing arrangements (Chibanda, Ortmann & Agrekon, 2009).

2.3 The concept of leadership

There are many definitions of leadership in different literatures. Leadership can be defined as the people who coordinate and balance the interests of all who have a stake in the organization, including the executive teams, all other managers and those in team leadership positions or with a subject leadership role.

Drouillard and Kleiner (1996) express leadership to be the influence of others by means of reason and inclusion, to achieve organizational goals that are in the long term best interest of all involved, with wellbeing of society in mind (McCarthy, 2005).

Medhin (2006) states that 'getting the market right' requires a plan in which incentives, institutions and infrastructure are aligned. As Sexton (1986) quoted in Nkhoma (2011) identified several forces that shape agricultural markets, with financial crises as the most significant. The marketing environment context under which the cooperatives are operating would have an impact on its performance and survival. The factors under this group include government business policies, regulations, marketing system and poverty issues. The market environment must be conducive for all players to participate and be competitive.

Leadership plays an important role in influencing the direction of an organization. Yukl (1989) identified two predictors of leadership effectiveness, as being managerial motivation and skills. Most leadership roles would require a person to have the technical, conceptual and interpersonal skills. It is, therefore, necessary for the leadership to have skills and knowledge of business enterprise, because the management of cooperatives relies heavily on their expertise. Studies have showed that a lack of adequate skills in management has contributed to cooperatives' failure.

In cooperatives, leadership involves a process of reaching consensus and then following through with the group's decision. Internal leadership is, therefore, crucial in the implementation of policies and activities, which continually enhance the operations of the cooperatives.

Leadership and management, as being important in the effectiveness of cooperatives, should be considered. The board should be able to resolve or choose between the interests of members and to set the overall policies of the organization. Correct decisions and strategies will help to lower the costs associated with these activities, such as the cost of production, decision making and other activities.

Weak legal and regulatory frameworks, which rarely enforce contracts or punish those who breach contracts, affect the farmers' cooperatives. This open up to corrupt and manipulate behavior, and a weak regulatory environment also makes cooperatives vulnerable to exploitation by deceitful businessmen.

In developing countries, most of the population is poor. In attempting to address consumer needs, government may come up with policies that may harm cooperatives. A government's policies and intervention may affect the pricing of products, depress producer prices and which would have an adverse effect on food production.

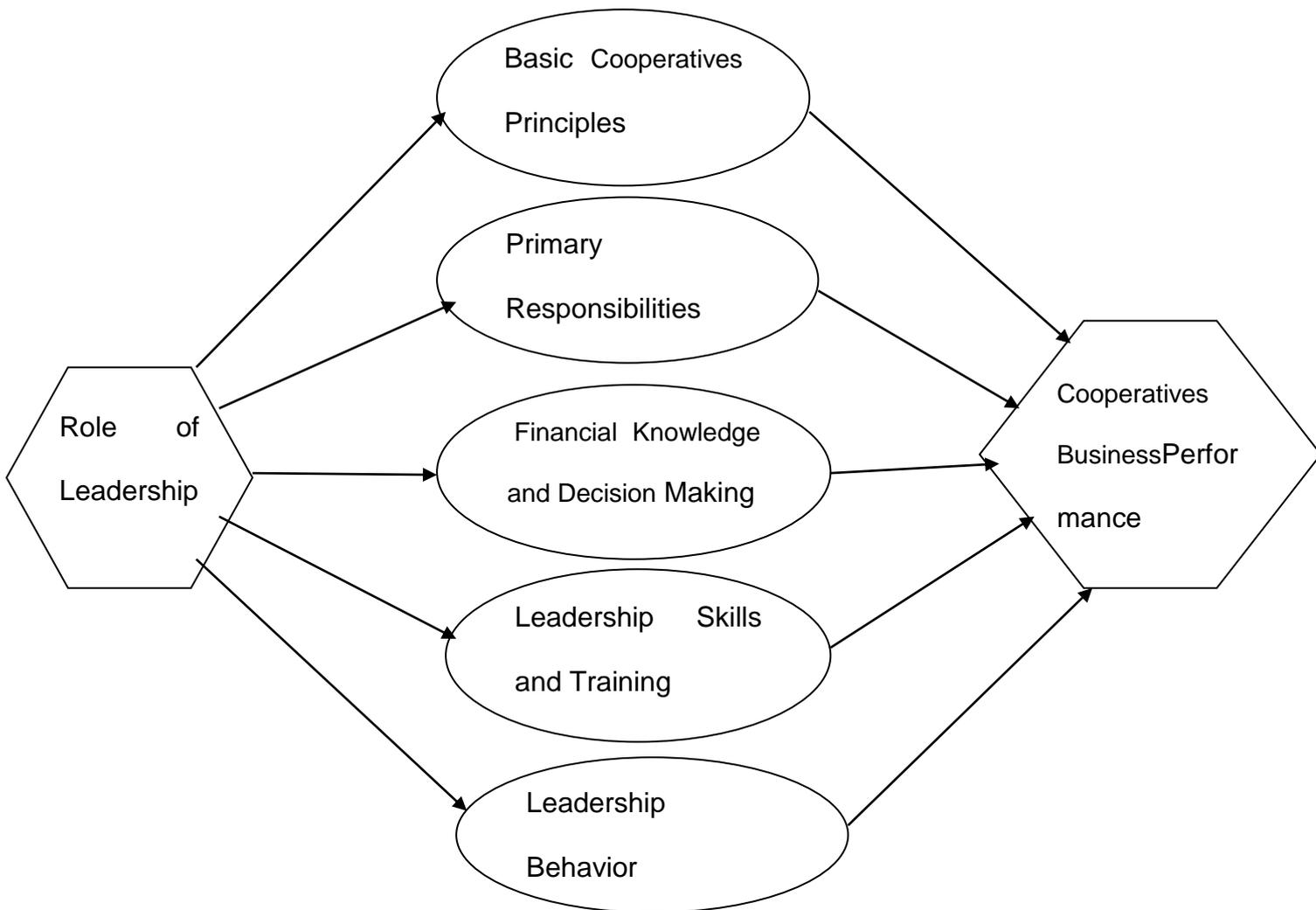
Svensson and Wood (2005) state that the role of Leadership and organizational performance in business are usually evaluated by using parameters such as balance sheets, bottom lines, market shares, revenues and shareholder values. Sexton and Iskow (1988) identified three critical key factors necessary for the success of agricultural cooperatives, as organizational, financial and operational. Cook and Burrell (2009) identified in terms of finance performance, such as net margins, member commodity prices, return on equity and sales growth.

According to Rauch and Behling (1984) leadership is the process of influencing the activities of an organized group toward goal achievement. He defined leadership as influence processes affecting the interpretation of followers, the choice of objectives for the group or organizations, the organization of work activities to accomplish the objectives, the motivation of followers to achieve the objectives, the maintenance of cooperative relationships and teamwork.

The Major goal of all leadership development programs is to increase the role of leadership in guiding organizations through periods of uncertainty and change. Erkutlu (2008) argues that the most commonly measure of leader effectiveness is the extent to which the leader's group or organization performs its task successfully

and attains its goal. He explains the objective measure of performance or goal attainment are available in the organization; such as profit growth, profit margin, sales increase, market share, return on investment, productivity, cost per unit of output, etc.

Figure 2.1 Conceptual Model of Role of Leadership



Source: Own model from Review of Literature

This model indicates the relationship between the IV and DV. Cooperatives business performance (DV) is the function of the five IVs measuring the latent variable (i.e., Role of Leadership).

CHAPTER 3: RESEARCH METHODOLOGY

3.0 INTRODUCTION

Research methods may be understood as all those methods /techniques that are used for conduction of research. Research method or techniques, thus, refer to the methods the researchers use in performing research operations (Kothari, 2004: 7). In this study different methods were employed to collect relevant quantitative data for analysis to get answers for the questions and to test the hypothesis systematically.

3.1 RESEARCH DESIGN

A research design is the strategy for the study and the plan by which the strategy is carried out (Coldwell and Herbst, 2004). Kothari (2004) states that research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure .He further underlined that the design includes an outline of what the researcher will do from writing the hypothesis and its operational implication to the final analysis of data. It implies that it will specify methods and procedures for the collection, measurement and analysis of data. **This study employed Cross-sectional Survey research design with a quantitative approach.** The instruments were constructed to measure the research variables such as leadership behavior, basic principles of cooperatives, managers' financial knowledge and decision making competencies, leadership skills and training , division of responsibilities and cooperatives business performances.

The quantitative data were collected from 162 samples of the primary coffee farmers' cooperatives managers, chairpersons and directors. The results of descriptive and multiple regression analysis were used to test hypotheses and get answers for the research questions.

3.2 POPULATION AND SAMPLING METHOD

The **target population** for this study were 312 primary coffee farmers' cooperatives managers/leaders. These cooperatives were organized in three cooperatives unions (i.e., Oromia, Sidama and Yirgacheffe coffee Farmers Unions).

The population of the study were only primary coffee farmers' cooperatives managers, chairpersons and directors in West, East and Southern Ethiopia. Time, cost and problems of geographical location in accessing target sample respondents were barriers for the possibility of selecting primary cooperatives managers (respondents) on random basis from all cooperatives in Ethiopia. This problem was tackled by selecting data enumerators from the offices of cooperatives promotion agency of each zone. The stratified random sampling technique was used to select the samples for data collection.

In the area of the study, the population density of primary coffee farmers' cooperatives varies greatly within the region. The stratification was on the basis of number of primary coffee farmers in each union and the regions (union) they are situated. Cooperatives with large numbers in a region were given the highest sample size. In general the size of the sample in each stratum (region or union) is based on population size of the stratum.

All coffee farmers' cooperatives in East, West and Southern Ethiopia were managed under same governance principles and proclamation, but they differ in region, total number of cooperatives organization, number of stake holders (members) and geographical location. These are the major factors for stratification.

3.3 Samples of the study

Krejice and Morgan (1970) developed a model about the determination of sample size for research activities. They state that for the population size (N) = 300, the sample size (s) =165, and for $N=320$, $s = 175$. In this study, the population size (N) of primary coffee farmers' cooperatives were 312 managers, chairpersons and directors. Hence, the 312 primary coffee farmers cooperatives leaders were the population out of which 175 samples size (s) were selected by using stratified random sampling method.

The sample size (s) of 175 from the population size (N) of 312 were selected from the primary cooperatives leaders organized under the three coffee farmers cooperatives unions in three geographically different regions in West, East and South Ethiopia. The name and numbers of cooperatives union in these different regions are: Oromia, Sidama, and Yirgacheffe regions with 240, 47 and 25 primary coffee farmers' cooperatives respectively.

The proportional allocation of the three strata for each region is based on per cent (%). Proportional allocation is considered most efficient and an optimal design when the cost of selecting an item is equal for each stratum, there is no difference in within-stratum variances, and the purpose of sampling happens to be to estimate

the population value of some characteristic (Kothari, 2004).

The percentage of sample allocation was based on intracooperatives and intercooperatives unions. The intracooperatives allocation shows the sample size of cooperatives from the same union or region. In this case the sample size from the total 240 Oromia primary cooperatives was (137) 57.1 percent. The sample size for Sidama primary cooperatives was 23 from total 47 and Yirgacheffe 15 samples from total 25 primary cooperatives with 48.94 and 60 percent respectively. The proportional intercooperatives allocation for the total sample (175) from the total population (312) was 78, 13, and 9 percent for Oromia, Sidama and Yirgacheffe respectively (see Table 3-1).

The sample for the cooperatives is depicted in table below:

Table 3- 1 Strata of Primary Coffee Farmers cooperatives by region (union) and number of primary coffee farmers registered

Unions		Member primary coop				
Stratum	Coffee Farmers Union	N	s	% ^(*)	% ^(**)	% ^(s) ^(***)
1	Oromia	240	137	57.10	43.91	78.29
2	Sidama	47	23	48.94	7.37	13.14
3	Yirgacheffe	25	15	60.0	4.81	8.57
Total		312	175		56.09	100%

Source: Oromia, Sidama and Yirgacheffe Coffee Farmers Unions 2014

Note N: Population; s: Samples; (*) Percent of samples from each union ;(**) percent of samples from total population ;(***) percent of samples from total samples

3.4 .Sample selection

Stratified sampling technique was used in dividing the population into groups, or strata, and then samples were taken using a simple random sample from each stratum (Dowdy, 2004). The sample of this study was divided proportionally into different stratum based on each population which has homogeneous characteristics. Subsequently a random number of observations from each stratum were drawn. This applies to sampling without replacement i.e., once an item is selected for the sample, it cannot appear in the sample again. All population of each stratum was labeled and coded (Appendix B).

The samples were given equal probability of being picked up and each item in the entire population to have an equal chance of being included in the sample (Kothari, 2004). The population of each stratum was placed in its respective container to draw the sample on random basis. The lottery system was also used to pick out each sample from the container of stratum based on probability. Every sample was given equal chance of selection from the stratum of population. Then 175 samples out of 312 populations were selected for data collection.

3.5 Data Collection Method

To get relevant, accurate and sufficient data for the research questions and hypothesis a survey was conducted in selected coffee farmers' cooperatives in East, West and South Ethiopian in different regions and geographical location. Structured closed ended questionnaires were employed for data collection. The 175 questionnaires were given to nine (9) enumerators to contact the respondents at their offices. All the enumerators were given orientation about distribution and collection of the completed questionnaires.

Kothari (2004) describes that enumerators should be trained to perform their job well and the nature and scope of the investigation should be explained to them thoroughly so that they may well understand the implications of different questions put in the schedule. Enumerators should be intelligent and must possess the capacity of cross examination in order to find out the truth. Above all, they should be honest, sincere, hard working and should have patience and perseverance.

In this study, the enumerators were selected and trained to make them aware on how to collect data. They are all working in each bureau of cooperatives promotion agency. Their academic and work experiences were found relevant and rich.

According to Kothari (2004), this method of data collection is very useful in extensive enquiries and can lead to fairly reliable results. It is, however, very expensive and is usually adopted in investigations conducted by governmental agencies or by some big organizations. This study focused in rural area coffee producing farmers' cooperatives. Even though it was time taking and expensive to collect data from the regions and woredas of rural areas, the government officials deliberately assigned enumerators who were paid to collect data. As the enumerators are experienced and offered orientation about data collection, the respondents were not in a problem to understand each item of the questionnaires. The duration of data collection was from May to July 2014 and took three months.

The survey questionnaires consists 5 parts. Part one consists of questions related to the basic cooperatives principles dimension, part two apprehend basic

responsibilities of leadership dimension, part three includes financial knowledge and decision making competency dimensions, part four consists managers skills and training dimensions part five covers dimensions of leadership behaviour and part six is about cooperatives business performances.

In developing the first section of the questionnaire, the basic cooperatives principles were used as guidelines to evaluate managers' perceptions of traditional cooperative principles; because it is a key factor in achieving the objectives and the success of cooperatively organized business performance. If a manager is unfamiliar with these principles, they will not implement the operation of the business. Consequently, the cooperatives' business performance could be adversely affected. The cooperative principles were presented to managers in questions format for their evaluation and ranking relative to the importance the principles, with response choices ranging from 1 to 5 (where 1 = not important, 5 = extremely important).

The second section of the questionnaire considers managers' perceptions of the division of primary responsibilities between the managers of primary cooperatives and managers of the union. This helps in understanding the proper division of responsibility between unions and primary cooperatives. The lack of understanding may lead to conflicts between the manager of primary cooperatives and unions regarding control issues and decision-making authority within the cooperative. These alternatives were presented in matrix format, where managers were instructed to choose on a 1 to 5 scale (where 1 = union manager most responsible, 2 = union manager more responsible, 3 = union manager and primary coop

manager equally responsible, 4 = primary coop manager more responsible, and 5 = primary coop manager most responsible).

The third section of the survey deals with financial knowledge and decision making competency. Questions related to the cooperatives leaders financial knowledge and decision making competency were developed. Managers were asked to rate their perception in each of the defined areas based on a 1 to 5 scale ranging from 1 = strongly disagree to 5 = strongly agree

The fourth section of the questionnaire consists of primary cooperatives managers training and skills level. A series of questions were contained in the questionnaire about their technical training and skills level based on a 1 to 5 scale ranging from 1= strongly disagree to 5= strongly agree. .

The fifth section of the questionnaire includes leaders' satisfaction on their leadership behavior. Managers were asked to rate their leadership behavior in each of the defined areas based on a 1 to 5 scale ranging from 1 = strongly disagree to 5 = strongly agree.

The sixth part of the questionnaire is about the cooperatives business performances. This variable allowed leaders of primary coffee farmers' cooperatives to give their responses about the performances in each of the items based on the scale of measurements ranging from 1=strongly disagree to 5= strongly agree.

3.6 Nature of Data Collected

The level of measurement scales that was used for this study was Likert response scales. The scales are used to capture data on dimensions of basic cooperatives principles, division of primary responsibility, financial knowledge and decision making competency, managers training and skills ,leadership behaviour and cooperatives business performances. As the nature of data for dependent and independent variables were the perceptions of leaders, the Likert Scale was used to collect data for this study.

As Wall et al., (2004) quoted in Zulkiffli and Perera (2011), managers are often encouraged to evaluate business performance through general subjective measures that can reflect more-specific objective measures. The objective data were not adequately available from each cooperatives and it was believed that the subjective data were reflecting the performances of each cooperatives regardless of their business size. When subjective measures are employed, managers can use the relative performance of their industry as a benchmark when providing a response, and objective performance measures, in contrast, can vary based on industry and can obscure the relationship between independent variables and business performance (as a dependent variable). Moreover, the objective data available to the researcher may not be compatible with the intended level of analysis. In this study all the data collected were subjective perception of the respondents.

3.7 Operationalization

Although marketers often talk about variables, they also use the word item, which usually refers to a survey question put to a respondent. Another important term that is frequently used in market research is construct, which refers to a variable that is not directly observable (Mooi and Sarsedit, 2011).

In this study the construct 'the Role of Leadership' has five variables. These variables are measured by multiple items or questions developed and included in the data collection instruments. According to Mooi and Sarsedt (2011) this aspect of combining several items are called scale development, operationalization, or, in special cases, index construction.

The items used in questionnaire that help to measure each variable (IV and DV) are presented in the tables as follows:

3.8 Measures of Basic Cooperative Principles

The scale items employed in this study to measure the variable of basic principles of cooperatives are described in the following table.

Table 3-2

Basic Cooperative Principles

1. Voting is by members on democrat (one member, one vote) basis
2. Membership is open
3. Equality is provided by patrons /owners
4. Net income is allocated to patrons as patronage refund
5. Exchange of goods and services is at market prices
6. Have a duty to educate and train members
7. Maintain political and religious neutrality
8. Have equality of the sexes in membership
9. Focus on sustainable development for their community through polices approved by their members
10. Members democratically control the capital of the cooperative
11. Cooperatives are autonomous self-help organizations controlled by their members
12. Cooperation among cooperatives
13. Cooperative societies are autonomous self-help organizations controlled by their members
14. Cooperative inform the public particularly the youth about the nature and benefits of cooperatives societies
15. No government interference in cooperatives businesses
16. Management appointment is free of ethnic partiality

Source: Adapted from Adria. and Wade (2001)

3.9 Measures for Division of Primary Responsibilities between top level union managers and primary cooperatives managers.

The scale items for measurement are presented in table below:

Table 3- 3

Items for Division of Responsibility variable

1. Setting the direction of the business for the welfare of the cooperative members
2. Managing the day-to-day operations of the cooperative
3. Maintaining accuracy of the minutes of the board of directors' meetings
4. Acting in good faith with reasonable care in handling the affairs of the cooperative
5. Ensuring employees understand cooperative philosophy
6. Approving purchase of major capital assets
7. Developing programs for implementation of cooperative policies
8. Establishment and evaluation of programs
9. Furnishing information needed for long-range planning
10. Educating the general public about the cooperative and its activities
11. Keeping current on legislation concerning cooperatives
12. Encouraging membership and active patronage
13. Informing members of developments within the cooperative
14. Hiring, training, and setting compensation for employee

Source: Adapted from Adrian and Wade (2001)

3.10 Measures of Financial Knowledge in Decision Making

The scale items to be used for the measurement of financial knowledge and decision making are presented in the following table:

Table3-4

Items for financial knowledge and decision making variable

1. Analyze cost/profit relationships and other financial data to guide business decision making
 2. Manage the cash flow of the business (i.e. cost of operation, control sales/production)
 3. Identify and assess business risks, select risk-management strategies, and develop and evaluate a risk-management plan.
 4. Forecast future budgetary needs and prepare a budget to include short-and – long expenditures
 5. Analyze the components of financial plan
 6. Members are encouraged to give suggestion before decisions are made
 7. For many decisions, the rules and regulations are developed as I go along
 8. I keep everyone informed about decisions, events and developments that affect their work
 9. I delegate responsibility and authority to others and allow them discretion in financial decision- making
 10. I am keenly aware of my own strengths and weaknesses in financial decision making.
 11. Financial statements are disclosed to members
-

Source: Literature Review

3.11 Measures of Leadership Behaviour

The scale items to be employed that measure leader's behaviour of primary coffee farmers cooperatives managers are depicted on the following table.

Table 3-5

Items for the variable Leadership behaviour

1. Create an atmosphere of mutual trust
2. Demonstrate honest, ethical behavior in all transactions
3. Lead by example as in "doing what I ask others to do."
4. Demonstrate decisiveness in all transactions.
5. Communicate a clear vision with recognizable goals for the cooperative and its members
6. State expectations clearly and confirm understanding.
7. Expect people to be accountable and offer support.
8. Translate cooperative goals practically and meaningfully for members' benefits.
9. Make and communicate decisions promptly.
10. Resolve conflict with the goal for all to succeed.
11. Communicate with charisma and effectiveness to cooperative members.
12. Take responsibility for decisions without finger pointing.
13. Involve others in planning actions.
14. Praise people for work well done.
15. Delegate in a way that encourages others to have full ownership
16. Appropriately provide authority to others to make decisions
17. Believe in and provide training that teaches leadership, teamwork and technical skills

18. Implement innovation as a method to improve performance.
19. Create forums to celebrate cooperatives successes
20. Manage forthcoming change, real or rumored, efficiently.
21. Use time constructively and efficiently
22. Help cooperative members by listening without pre-judging.
23. Have excellent relationships with cooperative members and work associates regardless of gender and ethnic differences.
24. Am accessible to communication.
25. Encourage people to communicate their differing opinions

Source: Literature Review

3.12 Measures of Leadership Skills and Training

The scale items to measure leadership skills and training are presented in the table

Table 3-6

.Items for the Variable Leadership Skills and Training of leaders

1. Acquired knowledge of leadership/management
2. Work capably with large amount of information
3. Know how to motivate colleagues for effective performance
4. Knowledgeable about the members needs and performance of the cooperatives
.business
5. Trained in Business planning
6. Develop and maintain good, cooperative working relationship with others
7. Know Financial and Resources management
8. Skilled in Managing diversity of ethnics and gender
9. Committed to appreciation /application of social responsibility, sustainably,
humanity and ethical considerations
10. Skilled in Customer care and customer service management-external and
internal
11. Get good input before making decision
12. Trained in Human Resource management
13. Skilled in Quality awareness and managing according to quality standards
and procedures
14. Skilled in Quality awareness and managing according to quality standards
and procedures
15. Trained in Customer service management

16. Skilled in Planning and running meetings and effective follow-up
 17. Skilled in Business writing, e.g. Letters, reports, plans
 18. Trained in Change management
 19. Skilled in Financial and commercial understanding (e.g. Budget, profits & loss, cash flow etc.)
 20. Trained in Decision making
 21. Skilled in Training and developing members, coaching and mentoring
 22. Trained in Production management
 23. Trained in Business communication
 24. Skilled in motivating of team and individuals team members for better performance
 25. Analyze financial information quickly
 26. Produce high quality work
-

Source: Literature Review

3.13 Measures of Cooperatives Business Performances

Table3-7 Measuring items for the cooperatives business performances variable

1. Management finds the coop's financial statements (balance sheet and income statement) are very important to show performances
2. Dividend paid for members had been satisfactory in each year
3. The business had been profitable for each year
4. Return on investment (ROI) had been very good compared with other cooperatives
5. The coop provides training and technical support on improved production method to members
6. The coop members production satisfies the market needs
7. The coop production increases each year due to market demand
8. The supply of coffee has high share in the market compared with other coops
9. There was regular survey of members needs
10. The coop provide bonus to active patron members
11. There was coop evaluation and incentives based on performances
12. Debt from bank paid on-time to the borrowers(bank)
13. Net worth(total liability-total assets) increases each year
14. The solvency of the business was high to meet long term obligations
15. The gross margin (sales revenue – cost of produce sold) has been high to meet operating costs and to realize savings for members
16. Coop has been conducted meeting of all members once per quarter(or as by-laws) to discuss leaders action, plans, benefits, etc

17. Coop protects the quality of coffee production
18. Solvency and liquidity of the coop's business has been high compared with other coops
19. Coffee farmers satisfaction has been high with the coop performances
20. The coop has been financially strong
21. Revenue per member increased each year
22. Surplus per member increase each year
23. Asset per member increased each year
24. Number of members increased each year
25. The coop increased its market share of export market

Source: Literature Review

3.14 DATA ANALYSIS AND TEST OF HYPOTHESIS

The descriptive statistics and multiple regression analysis were employed to analyse data. The descriptive statistics were used to identify missing data, normality and outliers, correlation of variables and frequency of observations in data set. It helped in preparing data for next further statistical analysis.

Multiple regression analysis involves combining several predictor variables in a single regression equation. With multiple regression analysis, we can assess the effects of multiple predictor variables (rather than a single predictor variable) on the dependent measure (Jackson, 2009). The multiple regression analysis models used to test the relationship between independent variable and dependent variables.

The mathematical function of the model is formulated as follows:

$$BP = \beta_0 + \beta_1 (BCP) + \beta_2 (PR) + \beta_3 (FKD) + \beta_4 (LST) + \beta_5 (LB) + E$$

β_0 represent the constant;

$\beta_1 \dots \beta_5$ denote coefficients of the predictor variable

BCP Basic cooperatives Principles variable

PR Primary Responsibilities of Leadership variable

FKD Financial Knowledge and Decision Making variable

LST Leadership Skills and Training variable

LB Leadership Behaviour variable

E Error (Residuals) and

BP represents the response variable (Business performance of cooperatives).

The general model: Performance = f (Leadership) + E

The information obtained from questionnaires was manipulated with the help of SPSS (Statistical Package for the Social Sciences) version 20 computer program. Analogue models like frequencies and percentages were calculated and the results were represented by histograms.

To test the relationship between predictor variables and response variables the following hypotheses were formulated:

Hypothesis 1

Basic cooperatives principles are positively related with cooperatives business performance.

Hypothesis 2

The division of primary responsibilities between leaders of primary cooperatives and cooperatives unions has a positive relationship with cooperatives business performance.

Hypothesis 3

Cooperatives leaders' knowledge in financial decision making is positively related with cooperatives business performances.

Hypothesis 4

The leaders' training and skill of leadership are positively related with cooperatives business performances.

Hypothesis 5

The leadership behaviors of managers are positively related with cooperatives business performance.

3.15 METHODOLOGICAL NORMS

3.15.1 VALIDITY AND RELIABILITY OF INSTRUMENTS

3.15.1.1 Reliability

Reliability test of the questionnaire was measured by using a pilot test carried out. Reliability refers to random error in measurement. Reliability is the degree to which what we measure is free from random error (Mooi and Sarstedt, 2011).

Reliability was established using a **pilot test** by collecting data from 10 subjects, and these were not included in the sample. Data collected from pilot test were analyzed using SPSS (Statistical Package for Social Sciences) version 20. The results are shown in the Table below:

Table 3-8 Reliability Statistics

Variable No	Variable	No of Items	Cronbach's Alpha(α)
1	BCP	16	.659
2	BR	14	.867
3	FKD	11	.648
4	LST	25	.947
5	LB	21	.958
6	BP	25	.755
Total Items		112	

Note BCP: Basic cooperatives Principles; BP: Primary Responsibilities of Leadership; FKD: Financial Knowledge and Decision making Competency; LST: Leadership Skills and Training; LB: Leadership Behavior; BP: Performance of Cooperatives Business.

Table 3-8 shows the **reliability coefficient (alpha)** used to measure the content of items in each questionnaire of the variables. The variable with 11 items (FKD) has the lowest alpha value compared with the others. The highest value ($\alpha=0.958$) is for the variable LB with 25 items. According to Field (2009), when the number of items on the scale increases, α will increase.

The Cronbach's Alpha coefficient varies from 0 to 1, whereas a generally agreed lower limit for the coefficient is 0.70. However, in exploratory studies, a value of 0.60 is acceptable, while in the more advanced stages of research, values of 0.80 or higher are regarded as satisfactory (Mooi and Sarstedt, 2011). In this case, the values for the four variables (PR, LST, LB and BP) indicate that the consistency of questionnaires was accepted for internal consistency. The variables BCP and FKD have values approximately nearest to 0.7 and greater than 0.6.

3.15.1.2 VALIDITY

The researcher believed that the quality of the instrument was capable of measuring what it is supposed to measure. Validity refers to whether we are measuring what we want to measure (Mooi and Sarstedt, 2011). In order to measure the content validity of the measuring instrument, a panel of experts in the study area was used to identify a content area.

Validity was established using a panel of experts from the field of business management in Dilla University. .Panel of 4 experts in Dilla University, Faculty of Business and Economics reviewed the validity of the questionnaires. Based on the comments of the panelists the items which were 33 for the dependent variable (BP) were reduced to 25, the 5 items of FKD were cancelled, items of LST were reduced from 31 to 25, items of LB reduced from 25 to 21 and the rest two variables were accepted without canceling their items. Based on comments of some technical terms, each questionnaire was changed to simplest one, so that respondents could understand the questions easily.

The construct validity was also investigated. As Key J (nd) defines, the construct validity approach concerns the degree to which the test measures the construct it was designed to measure. In evaluating the construct validity, the theory underlining the construct to be measured must be considered. The theories and practices of leadership related to the construct were reviewed and conceptual model was developed. Based on exhausted review of literature about variables of the construct, measuring items were extracted.

3.15.2 Ethical Considerations

The following ethical considerations were given attention by the researcher and enumerators while conducting the research or collecting the data:

Voluntary participation (no participants were forced to take part in the research and participants were free to withdraw from the research at any moment).

No harm to participants (the researcher ensured that no physical or psychological harm be done to the participants as a result of the study).

Anonymity and confidentiality (all information gathered during the study was handled confidentially and permission from the participants was obtained for all information to be shared publicly).

Not deceiving the subjects (participants were informed about the aim, the purpose and the procedures of the study and were not deceived in any way).

Privacy of participants (the privacy of the participants was respected).

CHAPTER 4: PRESENTATION AND ANALYSIS OF DATA

4.1 INTRODUCTION

This chapter deals with the presentation and analysis of the collected data. The approach of the research is quantitative, and the first step is analyzing the data collected using descriptive statistics. This helps to examine the fundamental characteristics of the responses from the study subject to confirm and prepare data for the next phase of statistical analysis to test the hypothesis. Once all the participants have completed the study measures and all of the data has been collected, the next step is to prepare the data for analysis.

According to Jackson (2009) there are three types of descriptive methods. First, the observational method—simply observing human or animals' behavior. The second descriptive is the case study method and focuses on an in-depth study of one or more individuals. The third study that relies on description is the survey method—questioning individuals on a topic or topics and then describing their responses. This study employed the third type; survey descriptive method. Nine experienced enumerators were selected, trained and deployed on the field study to collect the data.

The first part includes respondents' demographic data, sex, age, educational level and their position in cooperatives business organizations. Next, data cleaning, assessment of normality and findings of descriptive statistics were discussed.

4.2 DESCRIPTIVE STATISTICAL ANALYSIS OF DATA

The population of this study was 312 leaders/managers in Southern, Western and Eastern Ethiopia. All of them are leaders of Coffee Farmers Primary Cooperatives societies. These primary cooperatives are organized under the three Coffee Farmers Cooperatives Unions; Namely Oromia, Sidama and Yirgacheffe. The researcher focused on leaders/managers of the primary coffee farmers' cooperatives businesses. The rationale was that primary cooperatives leaders are supposed to play the role of leadership in implementing the basic cooperatives principles, discharging primary responsibilities within the span of their control and financial decision making. Their skills and training level and leadership behavior was expected to have a contribution to the role of leadership. They are supposed to conduct routine and exception cooperatives business activities and have been assumed to have an understanding of business performance practices of the cooperatives organizations

The sample respondents selected were 175, and effective and completed questionnaires received were 162. The effective survey responses rate was 92.57%. Therefore the responses are adequate for further analysis. Upon the rate of the responses, demographic characteristics are presented in Table 4-1. As the table shows all respondents are male 162(100%). The respondents age are 65(40.12%) between the age of 36-45 years, 58(35.8%) between 26-35 years, 24(14.81%) between 46-55 years, 11(6.79%) between 18-25 years, and 4(2.48%) above 56 years.

Table 4-1 Demographic Variables of Respondents

R. No	Item	Freq	Percent	
1	Sex	M	162	100.00%
		F	-	-
		Total	162	100.00%
2	Age(years)	18-25	11	6.79%
		26-35	58	35.80
		36-45	65	40.12
		46-55	24	14.81
		Above 56	4	2.48
		Total	162	100.00%
3	Marital status	Single	11	6.79%
		Married	150	92.59
		Divorced	1	0.62
		Total	162	100.00%
4	Education status	Grade 6-8	42	25.93%
		Grade 9-12	60	37.04
		Certificate	6	3.70
		Diploma	41	25.31
		BA/BSc	13	8.02
		Total	162	100.00%
5	Position in cooperatives	Manager	40	24.69%
		Chairman	117	72.22
		Director	5	3.09
		Total	162	100.00%
6	Number of members of primary cooperatives	250-500	77	47.53%
		501-1000	38	23.46
		1001-2000	27	16.67
		2001-4000	20	13.34
		Total	162	100.00%

Source: Questionnaire

The majority of the respondents were chairmen and managers with 117(72.22%) and 40(24.69%) respectively. The rest 5 (3.09%) were directors.

4.2.1 Data Screening

Data screening deals with detecting and removing errors and inconsistencies from data in order to improve the quality of data. Data quality problems are present in single data collections, such as files and databases, e.g., due to misspellings, during data entry, missing information or other invalid data (Do and Rahm, 2013). The need for data cleaning is centered on improving the quality of data to make them “fit for use” by users through reducing errors in the data and improving their documentation and presentation (Chapman, 2005).

Despite the importance of data collection and analysis, data quality remains a pervasive and thorny problem in almost every large organization. The presence of incorrect or inconsistent data can significantly distort the results of analyses, often negating the potential benefits of information-driven approaches (Hellerstein, 2008). Hence to screen and detect the missing data, outliers and the nature of distribution, exploratory data analysis was conducted.

4.2.2 Missing Data

Missing data are a frequently occurring issue that market researchers have to deal with. There are two levels at which missing data occur, namely at the survey level (entire surveys are missing) and at the item level (respondents have not answered some item). The first issue is called survey non-response and the second item non-response (Mooi and Sarstedt, 2011). Traditional approaches working with missing data includes listwise deletion, pairwise deletion, mean substitution, and inclusion of an indicator variable. The other method of dealing with missing data is to use imputation.

Imputation means substituting a missing observation for a likely value (Mooi and Sarstedt, 2011). In this study two cases were deleted and median substitution was employed for some items values missed from variables. The total cases planned to enter SPSS software -version 20 were 164. Upon scrutiny of missed data two questionnaire were found incomplete (survey non response), the total cases equipped for further analysis were 162.

4.2.3 Checking Normality, linearity, independence of Residuals and outliers

These all refer to various aspects of the distribution of scores and the nature of the underlying relationship between the variables. These assumptions can be checked from the residuals scatterplots which are generated as part of the multiple regression procedure. Residuals are the differences between the obtained and the predicted dependent variable (DV) scores. The residuals scatter plots allow to check:

- Normality: the residuals should be normally distributed about the predicted DV scores
- Linearity: the residuals should have a straight-line relationship with predicted DV scores
- Homoscedasticity: the variance of the residuals about predicted DV scores should be the same for all predicted scores (Pallant, 2011).

Pallant (2011) posits that one of the ways that these assumptions can be checked is by inspecting the Normal Probability Plot (P-P) of the Regression Standardized Residual and the Scatter plot that were requested as part of the analysis. In the Normal P-P Plot, you are hoping that your points will lie in a reasonably straight diagonal line from bottom left to top right.

This would suggest no major deviations from normality. In the Scatter plot of the standardized residuals you are hoping that the residuals will be roughly rectangularly distributed, with most of the scores concentrated in the center (along the 0 point). What you don't want to see is a clear or systematic pattern to your residuals (e.g. curvilinear, or higher on one side than the other). Deviations from a centralized rectangle suggest some violation of the assumptions.

4.2.4 Outliers Screening

Multiple regressions are very sensitive to outliers (very high or very low scores). Checking for extreme scores should be part of the initial data screening process. This should be done for all the variables, both dependent and independent, that will be used in regression analysis. Outliers can either be deleted from the data set or, alternatively, given a score for that variable that is high but not too different from the remaining cluster of scores. Additional procedures for detecting outliers are also included in the multiple regression programs. Outliers on dependent variable can be identified from the standardized residual plot that can be requested. Tabachnick and Fidell (2007) as quoted in (Pallant, 2011), define outliers as those with standardized residual values above about 3.3 (or less than -3.3). With large samples, it is not uncommon to find a number of outlying residuals. If you find only a few, it may not be necessary to take any action.

To ensure outliers, the difference between the mean and the 5% trimmed mean of each variable was calculated. By convention, the large difference (>0.20) between the mean and the 5% trimmed mean indicates that the outliers may cause a problem to the data set (Pallant, 2007). In this study, the differences are small compared to 0.20, ranging from 0.01 to 0.09 (Table 4-3 through 4-8). This result

Indicated that the detected outliers did not cause any problem to the data set. All the 162 cases were prepared for further analysis.

Normality of variables is assessed either by statistical or graphical methods. Two important components of normality are skewness and kurtosis. Positive values of skewness indicate a pile-up of scores on the left of the distribution, whereas negative values indicate a pile-up on the right. Positive values of kurtosis indicate a pointy and heavy-tailed distribution whereas negative values indicate a flat and light-tailed distribution. The farther the value is from zero, the data are not more likely normally distributed. Theoretically, when a distribution is perfect, the value of skewness and kurtosis are zero. For a distribution to be considered normal, both skewness and kurtosis of a distribution should fall between -2.00 to +2.00.

The result of normal distribution tests indicate that the absolute values of skewness and kurtosis fall within the recommended ranges of -2.00 to +2.00 (Table 4-3 to Table 4-8) depicts the result of kurtosis and skewness. These results indicate that the distributions are normal. Therefore the results supported the assumptions.

4.2.5 Standard deviation and Standard Errors of Mean

The standard deviation was used as a measure of how representative the mean was of the observed data. Small standard deviations represent a scenario in which most data points are closer to the mean, a large standard deviation represents a situation in which data points are widely spread from the mean. The standard deviation between sample means would give a measure of how much variability

there is between the means of different samples. The standard deviation of sample means is known as the standard error of the mean (SE). Therefore, the standard error could be calculated by taking the difference between each sample mean and the overall mean, squaring these differences, adding them up, and then dividing by the number of samples. Finally, the square root of this value would need to be taken to get the standard deviation of sample means, the standard error (Field, 2009). Field argues that the standard error is the standard deviation of sample means. As such, it is a measure of how representative a sample is likely to be of the population. A large standard error (relative to the sample mean) means that there is a lot of variability between the means of different samples, so the sample we have might not be representative of the population. A small standard error indicates that most sample means are similar to the population mean, so our sample is likely to be an accurate reflection of the population.

Table 4-3 through Table 4-8 show the values of SD (ranging from 0.58129 to 1.22221; 0.77891 to 1.34080; 0.65438 to .81527; 0.67923 to 0.1.26862; 0.56619 to 1.06791; and 0.56412 to 0.93532 for the variables BCP,PR,FKD,LST,LB, and BP respectively), and SE values (ranging from 0.04567 to 0.09603; 0.06120 to 0.10534; 0.05141 to 0.06405; 0.05337 to 0.09967; 0.04448 to 0.08398; and 0.04432 to 0.07349 for the variables BCP,PR,FKD,LST,LB, and BP respectively) of all variables in this study were relatively small when compared to the means. Therefore it can be reasonably concluded that the mean value can be as a representative score for each variable in the data set. Beside this, the small values of the SE indicate that the sample used was sufficiently representative of the population.

4.2.6 Results and Findings of Descriptive Analysis

This part of the study deals with evaluating and interpreting the mean, SD, SE, kurtosis and skewness values of all variables calculated from the entire sample, 162. The interpretations of such values were used with the reference to the 5-points scale Likert format for all variables. The values of the scale are ; five(5) and (1) representing the highest and lowest score respectively for the five constructs measuring the latent variable(i.e., The Role of Leadership) and the response variable(i.e., Cooperatives Business Performances).The five constructs are basic cooperatives principles(BCP), basic responsibilities of cooperatives leadership(BR), financial knowledge and decision making(FKD), Leadership skills and training(LST) ,Leadership behavior(LB) and the response variable, business performance of cooperatives (BP).

Table 4-3 illustrates that the respondents perceived the basic cooperatives principles (BCP) as the important concern in the role of leadership for the successful performance of the cooperatives business. Leaders could achieve the goal of cooperatives in implementing the basic cooperatives principles. The high mean score indicates that the basic principles of cooperatives are very important for the sustainable development of their community and to the control of their capital democratically (\bar{X} =4.2716 and 4.2901). With this role of leadership, they could able to provide their equity and net income to patrons as patronage refund (\bar{X} = 4.3765 and 4.0123), and educate and train the members of the cooperatives in different activities (\bar{X} = 4.1605).Coffee farmers cooperatives leaders inform the public particularly the youth about the nature and benefits of cooperatives in economic development and poverty reduction as the mean value shows (the mean value is also high: \bar{X} =4.1790).

The remaining mean values of ten variables, except exchange of goods and services at market prices ($\bar{X}= 3.8333$) and no government interference in cooperatives business ($\bar{X}=3.8519$), have high mean values about the basic principles of cooperatives.

Table 4-4 depicts the perception of primary coffee farmers' cooperatives leaders to the division of basic primary responsibilities (PR) between primary coffee farmers' cooperatives leaders and the top managing body of the cooperatives unions. The scale indicates the perception of primary coffee farmers' cooperatives leaders to the most and more basic responsibilities.

The higher mean ($\bar{X}=4.2593$) indicates that the primary coffee farmers cooperatives leaders are more responsible to manage the day to day operations of the cooperatives than the cooperatives union leaders. The high mean values (variable items PR3, PR4, PR6, PR8, PR10, PR12 and PR13) indicates that primary cooperatives leaders are more responsible than union leaders for primary coffee farmers' business activities. The mean of the rest six items of the variable (PR1, PR5, PR7, PR9, PR11 and PR14) shows that both union and primary cooperatives managers are equally responsible for the primary coffee farmers' cooperatives businesses.

Table 4-5 shows that, with leaders' financial knowledge and decision making competency variable (FKD). Respondents perceived to display in encouraging members of the cooperatives to give suggestion before decision are made more than others. This indicates participatory leadership role to decision making in financial affairs of the cooperatives business.

The highest means (for variables FKD1, FKD2, FKD4, FKD6, FKD7, FKD8 and FKD9 with \bar{X} = 4.2160, \bar{X} = 4.27840, \bar{X} = 4.2160, \bar{X} = 4.3148, \bar{X} = 4.2099, \bar{X} = 4.2593 and \bar{X} = 4.2852 respectively) indicates that the leaders agreed in their financial knowledge and decision making competency to run the cooperatives business. The rest response rate means also are >4.1111 and <4.2000 .

Table 4-6 shows the means score from all participants about their perception to the variables of Leadership skills and training of cooperatives leaders (LST). The extent of agreement to the items of the variable ranges from the highest mean value of \bar{X} = 4.2284 to the moderate \bar{X} = 3.5926. The higher mean values indicates that leader's agreement on the skills and training they acquired to lead the cooperatives but the moderate values tend to inform their less agreement to the variables. The highest eight mean values are between the ranges of \bar{X} = 4.0247 to \bar{X} = 4.2284, and the moderate nineteen mean values are between the ranges of \bar{X} = 3.6605 to \bar{X} = 3.9877. The level of leadership skills and training was generally perceived to be moderate.

Table 4-7 shows the means of nineteen variables for the construct of the leadership behavior (LB) of cooperatives leaders. The eighteen highest mean scores for the perception of the respondents ranged from \bar{X} = 4.0000 to \bar{X} = 4.4259 while the moderate mean is only \bar{X} = 3.9074. Overall, leadership behavior of leaders in Southern, Western and Eastern Ethiopia selected Coffee Farmers Cooperatives tend to display strong satisfaction in leadership behavior.

The final Table 4-8 indicates the mean scores of the variable of business performance of cooperatives (BP). This construct is about how the leaders perceive the performances of cooperatives business. The items of the variable more focus

on financial, production and marketing performances of the cooperatives businesses. The mean perception values of the respondents to the business performances practices in cooperatives organizations found to be moderately ranging from \bar{X} = 3.7840 to \bar{X} = 3.9938 for fifteen mean values. The rest nine mean scores describe high mean values ranging from \bar{X} = 4.0000 to \bar{X} = 4.2099. Therefore, the overall leaders' perception to financial, market and production performance were moderately strong.

4.2.7 Summary

The aim of the descriptive data analysis was to provide an understanding of the data collected from the questionnaire survey of Coffee Farmers cooperatives leaders/managers in Southern, Western and Eastern Ethiopia. Firstly, examining the profile of the 162 respondents revealed that the opinions given by these respondent provided reliable and unbiased information according to their leadership role. The data set was screened and found to have an acceptable normal distribution, without extreme outliers. A further assessment about standard deviation (SD) and standard error (SE) of the mean indicate that a mean value could be used as a representative score for each variables, and that the sample used in the study sufficiently represented the populations.

The interpretation of the variables mean value provided preliminary findings that indicate the overall characteristics of basic cooperatives principles, basic responsibilities of leaders, financial knowledge and decision making, leadership training and skills, leadership behavior and cooperatives business performance practices as perceived by respondents.

In general, it appeared that basic cooperatives principles (BCP) are very important, and highly implemented by cooperatives leaders. The majority of respondents perceived that basic responsibilities (PR) are exercised more by the leaders of primary cooperatives organizations than the top level union managers. Almost all leaders have basic financial knowledge (FKD) which could help them in decision making. Leadership skills and training (LST) of leaders of the cooperatives revealed to be high in terms of acquired experiences and knowledge. The organizational leadership behavior (LB) of leaders in motivating and coordinating to achieve the objectives of the organization was found to be high. The leadership role in cooperatives business performance (BP) dimension was moderate and the response of leaders tend to agree in good performances.

The average responses from the frequency tables (Appendix C) summarized on Table as follows:

Table 4-2 Summarized Average frequency of responses

Variable No	Variable	N	Number of items	Response Rate (%)	Scale
1	BCP	162	16	85	Likert(1-5)
2	PR	162	14	82	Likert(1-5)
3	FKD	162	10	87	Likert(1-5)
4	LST	162	25	77	Likert(1-5)
5	LB	162	19	85	Likert(1-5)
6	BP	162	24	79	Likert(1-5)

Source: Questionnaire

Table 4.2, shows the average responses summarized from frequency tables (Appendix C). The table represents that the majority (138 or 85.0%) of the respondents' perceived that basic cooperatives principles are very important for cooperatives successful

performances. The responses rate (133 or 82%) about the division of primary responsibility between the leaders of primary cooperatives and union leaders indicated that the primary cooperatives leaders are more responsible than union leaders on the business performances of primary cooperatives .The majority of respondents (141 or 87%) were in agreement that they have knowledge of finance management and decision making. Leaders of the coffee farmers cooperatives responded that they agreed (125 or 77%) that they have leadership skills and training offered to them for effective organizational performances. The leadership behavior scores revealed that leaders are satisfied (138 or 85%) with their behavior towards the cooperatives organization. Result in Table 4.2 indicates that the majority (128 or 79%) of the respondents' opinions were in agreement that the cooperatives business performances are effective in accomplishing its objectives.

Table 4-3 Descriptive statistics of Basic Cooperatives Principles

Descriptions of Variables	N	Mean		Std. D	Skewness		Kurtosis	
	Stat	Statis	Std.E	Statisti	Stat	Std.E	Stati	S. Er
BCP1 Voting is by members on democrat (one member, one vote) basis	162	4.4753	.04567	.58129	-.767	.191	.702	.379
BCP2 Membership is open	162	4.3580	.06230	.79296	-1.339	.191	1.664	.379
BCP3 Equity is provided by patrons /owners	162	4.3765	.06554	.83417	-1.389	.191	1.757	.379
BCP4 Net income is allocated to patrons as patronage refund	162	4.0123	.09308	1.18473	-1.227	.191	.680	.379
BCP5 Exchange of goods and services is at market prices	162	3.8333	.09603	1.22221	-1.226	.191	.628	.379
BCP6 Have a duty to educate and train members	162	4.1605	.06946	.88404	-.867	.191	.274	.379
BCP7 Maintain political and religious neutrality	162	4.2346	.07089	.90233	-1.253	.191	1.432	.379
BCP8 Have equality of the sexes in membership	162	4.2160	.07259	.92393	-1.210	.191	.953	.379
BCP9 Focus on sustainable development for their community through polices approved by their members	162	4.2716	.05941	.75613	-1.022	.191	1.099	.379
BCP10 Members democratically control the capital of the cooperative	162	4.2901	.05654	.71958	-.903	.191	.883	.379
BCP11 Cooperatives are autonomous self-help organizations controlled by their members	162	4.3642	.04935	.62808	-.767	.191	1.071	.379
BCP12 Cooperation among cooperatives	162	4.3457	.06087	.77476	-1.013	.191	.450	.379
BCP13 Cooperative societies are autonomous self-help organizations controlled by their members	162	4.2716	.05677	.72253	-1.063	.191	1.654	.379
BCP14 Cooperative inform the public particularly the youth about the nature and benefits of cooperatives societies	162	4.1790	.05669	.72149	-.685	.191	.513	.379
BCP15 No government interference in cooperatives businesses	162	3.8519	.08767	1.11579	-.898	.191	.287	.379
BCP16 Management appointment is free of ethnic partiality	162	4.1543	.07198	.91618	-1.195	.191	1.279	.379
Valid N (listwise)	162							

Source: Questionnaire

Table 4-4 Descriptive Statistics of Primary responsibilities variables

Descriptions of Variables	N	Mean		Std. D	Varia	Skewness		Kurtosis	
		Stati	Statist			Statisti	Statis	Statis	SE
PR1 Setting the direction of the business for the welfare of the cooperative members	162	3.8704	.09638	1.22672	1.505	-.996	.191	.180	.379
PR2 Managing the day-to-day operations of the cooperative	162	4.2593	.07250	.92283	.852	-1.356	.191	1.563	.379
PR3 Maintaining accuracy of the minutes of the board of directors' meetings	162	4.1173	.07241	.92169	.850	-1.103	.191	1.233	.379
PR4 Acting in good faith with reasonable care in handling the affairs of the cooperative	162	4.0802	.08843	1.12553	1.267	-1.165	.191	.583	.379
PR5 Ensuring employees understand cooperative philosophy	162	3.7840	.10534	1.34080	1.798	-.850	.191	-.507	.379
PR6 Approving purchase of major capital assets	162	4.2099	.08046	1.02413	1.049	-1.310	.191	1.274	.379
PR7 Developing programs for implementation of cooperative policies	162	3.7407	.09694	1.23387	1.522	-.778	.191	-.355	.379
PR8 Establishment and evaluation of programs	162	4.0000	.08757	1.11456	1.242	-1.199	.191	.887	.379
PR9 Furnishing information needed for long-range planning	162	3.7716	.09604	1.22233	1.494	-.876	.191	-.108	.379
PR10 Educating the general public about the cooperative and its activities	162	4.0185	.07506	.95535	.913	-.686	.191	.083	.379
PR11 Keeping current on legislation concerning cooperatives	162	3.8580	.09262	1.17884	1.390	-.849	.191	-.125	.379
PR12 Encouraging membership and active patronage	162	4.1049	.06984	.88891	.790	-.745	.191	.284	.379
PR13 Informing members of developments within the cooperative	162	4.1975	.06120	.77891	.607	-.441	.191	-.971	.379
PR14 Hiring, training, and setting compensation for employee	162	3.7901	.09408	1.19747	1.434	-.795	.191	-.403	.379
Valid N (listwise)	162								

Source: Questionnaire

Table 4-5 Descriptive Statistics of 'Leaders Financial knowledge and Decision Making' variables

Descriptions of Variables	N	Mean		Std. Devi	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Err	Statistic	Std. Error
FKD1 Analyze cost/profit relationships and other financial data to guide business decision making	162	4.2160	.05588	.71122	-.759	.191	1.362	.379
FKD2 Manage the cash flow of the business (i.e. cost of operation, control sales/production)	162	4.2840	.05141	.65436	-.504	.191	-.065	.379
FKD3 Identify and assess business risks, select risk-management strategies, and develop and evaluate a risk-management plan	162	4.1358	.06405	.81527	-1.091	.191	1.572	.379
FKD4 Forecast future budgetary needs and prepare a budget to include short-and long-term expenditures	162	4.2160	.06112	.77795	-1.119	.191	1.903	.379
FKD5 Analyze the components of financial plan	162	4.1914	.05909	.75209	-.775	.191	.508	.379
FKD6 Members are encouraged to give suggestion before decisions are made	162	4.3148	.06221	.79182	-1.234	.191	1.437	.379
FKD7 For many decisions, the rules and regulations are developed as I go along	162	4.2099	.06280	.79932	-.767	.191	.019	.379
FKD8 I keep everyone informed about decisions, events and developments that affect their work	162	4.2593	.05507	.70098	-.627	.191	.067	.379
FKD9 I delegate responsibility and authority to others and allow them discretion in financial decision-making	162	4.1852	.06081	.77397	-1.066	.191	1.834	.379
FKD10 I am keenly aware of my own strengths and weaknesses in financial decision making	162	4.1111	.06067	.77219	-1.014	.191	1.800	.379
Valid N (listwise)	162							

Source: Questionnaire

Table 4-6 Descriptive Statistics of 'Leadership Skills and Training' variables

Descriptions of Variables	N	Mean		Std. D	Skewness		Kurtosis	
	Stat	Statistic	Std. Err	Statisti	Statisti	Std.E rr	Stat	Std. Error
LST1 Acquired knowledge of leadership/management	162	3.9753	.06723	.85575	-.976	.191	1.271	.379
LST2 Work capably with large amount of information	162	4.0617	.05984	.76159	-.873	.191	1.524	.379
LST3 Know how to motivate colleagues for effective performance	162	4.2037	.05337	.67923	-.397	.191	-.321	.379
LST4 Knowledgeable about the members needs and performance of the cooperatives business	162	4.1914	.06467	.82307	-.978	.191	1.006	.379
LST5 Trained in Business planning	162	3.8519	.08036	1.02286	-.826	.191	.020	.379
LST6 Develop and maintain good, cooperative working relationship with others	162	4.2284	.05346	.68047	-.439	.191	-.310	.379
LST7 Know Financial and Resources management	162	4.1975	.05731	.72950	-.908	.191	1.222	.379
LST8 Skilled in Managing diversity of ethnics and gender	162	4.0802	.08306	1.05723	-1.311	.191	1.470	.379
LST9 Trained in Domestic marketing	162	3.8210	.08395	1.06849	-1.121	.191	.969	.379
LST10 Skilled in Customer care and customer service management-external and internal	162	4.0247	.08351	1.06293	-1.212	.191	1.066	.379
LST11 Get good input before making decision	162	4.1543	.06040	.76873	-1.019	.191	1.351	.379
LST12 Trained in Human Resource management	162	3.6605	.09519	1.21156	-.785	.191	-.208	.379
LST13 Skilled in Quality awareness and managing according to quality standards and procedures	162	3.8210	.08796	1.11958	-1.173	.191	.852	.379
LST14 Trained in Customer service management	162	3.7531	.09434	1.20073	-1.016	.191	.182	.379
LST15 Skilled in Planning and running meetings and effective follow-up	162	3.8642	.08602	1.09491	-1.107	.191	.716	.379
LST16 Skilled in Business writing, e.g. Letters, reports, plans	162	3.9444	.08811	1.12150	-1.147	.191	.603	.379
LST17 Trained in Change management	162	3.5926	.09967	1.26862	-.636	.191	-.669	.379

LST18	Skilled in financial and commercial understanding (e.g. Budget, profits & loss, cash flow etc.)	162	3.8395	.09139	1.16317	-1.121	.191	.522	.379
LST19	Trained in Decision making	162	3.9321	.07488	.95310	-1.301	.191	1.899	.379
LST20	Skilled in Training and developing members, coaching and mentoring	162	3.9877	.07929	1.00920	-1.187	.191	1.109	.379
LST21	Trained in Production management	162	3.6852	.08993	1.14465	-1.068	.191	.531	.379
LST22	Trained in Business communication	162	3.8086	.08514	1.08367	-1.094	.191	.795	.379
LST22	Skilled in motivating of team and individuals team members for better performance	162	3.9321	.08936	1.13732	-1.122	.191	.642	.379
LST23	Trained in Performance evaluation	162	3.7716	.08274	1.05309	-1.146	.191	1.013	.379
LST24	Skilled in Planning, Prioritizing and organizing tasks and activities	162	3.8765	.09090	1.15702	-1.071	.191	.382	.379
LST25	Analyze financial information quickly	162	3.9506	.07472	.95099	-1.129	.191	1.242	.379
LST26	Produce high quality work	162	3.9691	.07950	1.01187	-.994	.191	.558	.379
	Valid N (listwise)	162							

Source: Questionnaire

Table 4-7 Descriptive Statistics of 'Leadership Behavior' variables

Descriptions of Variables	N	Mean		Std. D	Skewness		Kurtosis	
		Statistic	Std. Er	Statistic	Stat	S. Er	Stat	S. E
LB1 Demonstrate honest, ethical behavior in all transactions	162	4.4259	.04448	.56619	-.744	.191	1.966	.379
LB2 Lead by example as in "doing what I ask others to do."	162	4.3148	.05431	.69131	-.851	.191	.838	.379
LB3 Demonstrate decisiveness in all transactions.	162	4.1481	.06388	.81311	-.911	.191	.985	.379
LB4 Expect people to be accountable and offer support.	162	4.2840	.05215	.66378	-.519	.191	-.133	.379
LB5 Translate cooperative goals practically and meaningfully for members benefits	162	4.1111	.06895	.87760	-1.112	.191	1.399	.379
LB6 Make and communicate decisions promptly	162	4.1543	.06289	.80040	-.949	.191	.838	.379
LB7 Resolve conflict with the goal for all to succeed	162	4.3148	.05707	.72636	-1.153	.191	1.793	.379
LB8 Take responsibility for decisions without finger pointing	162	4.2160	.06990	.88969	-1.243	.191	1.299	.379
LB9 Involve others in planning actions	162	4.2284	.06855	.87245	-1.145	.191	1.068	.379
LB10 Praise people for work well done	162	4.1852	.06267	.79768	-1.015	.191	1.393	.379
LB11 Delegate in a way that encourages others to have full ownership	162	4.2716	.05609	.71388	-1.073	.191	1.815	.379
LB12 Appropriately provide authority to others to make decisions	162	4.2346	.05844	.74386	-.776	.191	.391	.379
LB13 Believe in and provide training that teaches leadership, teamwork and technical skills	162	4.1481	.07072	.90012	-1.177	.191	1.359	.379
LB14 Implement innovation as a method to improve performance	162	4.0000	.08353	1.06322	-1.036	.191	.223	.379
LB15 Create forums to celebrate cooperatives successes	162	3.9074	.08390	1.06791	-.774	.191	-.380	.379
LB16 Help cooperative members by listening without pre-judging.	162	4.1914	.06980	.88839	-1.194	.191	1.443	.379
LB17 Have excellent relationships with cooperative members and work associates regardless of gender and ethnic differences	162	4.1111	.07274	.92582	-1.222	.191	1.526	.379
LB18 Am accessible to communication.	162	4.2222	.07168	.91230	1.202	.191	1.214	.379
LB19 Encourage people to communicate their differing opinions	162	4.1543	.06927	.88163	-1.189	.191	1.542	.379
Valid N (listwise)	162							

Source: Questionnaire

Table 4-8 Descriptive Statistics of ' Business Performance' variables

Descriptions of Variables	N	Mean		Std. D	Skewness		Kurtosis	
	Stat	Stat	Std. Err		Sta	Std.Err	Stat	Std. Er
BP1 Dividend paid for members had been satisfactory in each year	162	3.8642	.07195	.91574	1.250	.191	1.822	.379
BP2 The business had been profitable for each year	162	3.8580	.06998	.9072	-.731	.191	.229	.379
BP3 Return on Investment (ROI) had been very good compared with other cooperatives	162	3.9074	.06303	.80221	-.708	.191	.775	.379
BP4 The coop provides training and technical support on improved production method to members	162	4.2099	.05967	.75947	-.890	.191	.803	.379
BP5 The coop members production satisfies the market needs	162	3.7840	.07206	.91719	-.730	.191	.034	.379
BP6 The coop production increases each year due to market demand	162	4.0000	.07168	.91230	-.994	.191	.871	.379
BP7 The supply of coffee has high share in the market compared with other coops	162	4.1111	.06726	.85611	-.817	.191	.154	.379
BP8 There was regular survey of members needs	162	3.8951	.07039	.89587	-.788	.191	.312	.379
BP9 The coop provided bonus to active patron members	162	3.9012	.07125	.90691	-.764	.191	.436	.379
BP10 There was coop evaluation and incentives based on performance	162	3.8210	.07000	.89098	-.920	.191	.976	.379
BP11 Debt from bank paid on time to the borrowers	162	3.9691	.07349		-1.091	.191	1.110	.379
BP12 Net worth (total liability-total assets) increases each year	162	3.9938	.06098	.93532	-.796	.191	1.198	.379
				.77617				

BP13	The solvency of the business was high to meet long term obligations	162	3.9444	.05692	.72446	-.809	.191	1.731	.379
BP14	The gross margin (sales revenue-cost of product sold) has been high to meet operating costs	162	3.9383	.06296	.80133	-.914	.191	1.621	.379
BP15	Coop has been conducted meeting of all members once per quarter (or as by-laws) to discuss leaders actions, plans, benefits, etc	162	4.2284	.05626	.71605	-.779	.191	.727	.379
BP16	Coop protects the high quality of coffee production	162	4.1790	.06547	.83334	-.999	.191	1.023	.379
BP17	Solvency and liquidity of the coop's business has been high with the coop performances	162	3.8951	.06168	.78502	-.671	.191	.827	.379
BP18	Coffee farmers satisfaction has been high with the coop performances	162	3.9938	.06345	.80755	-.920	.191	1.235	.379
BP19	The coop had been financially strong	162	3.9074	.06715	.85470	-.848	.191	.685	.379
BP20	Revenue per member increased each year	162	4.0247	.05936		-1.003	.191	1.978	.379
BP21	Surplus per member increase each year	162	3.9506	.06241	.75552	-.965	.191	1.432	.379
BP22	Asset per member increased each year	162	4.1235	.07209	.79441	-1.030	.191	.837	.379
BP23	Number of members increased each year	162	4.3580	.04432	.91750	-.156	.191	-.744	.379
BP24	The coop increased its market share of export market	162	4.1914	.06642	.56412	1.189	.191	1.827	.379
Valid N (listwise)		162			.84540				

Source: Questionnaire

Table 4-9 Descriptive Statistics of the variables (Average of the Means)

Variables	N	Mini	Max	Mean		Std. Dev	Skewness		Kurtosis		Cronbach Alpha
	Stat	Stat	Stat	Stati	Std. Err	Statisti	Statisti	Std. Er	Statist	Std. Er	
Role Leadership of											
BCP(16 items)	162	2.56	5.00	4.22	0.03478	.44272	-.797	.191	.761	.379	.659
PR (14 items)	162	1.71	5.00	3.98	0.05969	.75969	-.868	.191	.051	.379	.867
FKD (10 items)	162	2.60	5.00	4.21	0.03751	.47741	-.758	.191	.377	.379	.648
LST (27 items)	162	1.59	5.00	3.93	0.05813	.73983	-.873	.191	.380	.379	.947
LB (19 items)	162	2.11	5.00	4.19	0.04621	.58813	-1.122	.191	1.790	.379	.958
Business Performance											
BP (24 items)	162	2.54	5.00	4.00	0.03785	.48172	-.376	.191	-.234	.379	.755
Valid N (listwise)	162										

Source: Questionnaire

4.3 EXPLORING RELATIONSHIP BETWEEN VARIABLES

This section of the study presents the process of testing the proposed hypothesis to answer research questions concerning the relationship between the variables of basic cooperatives principles (BCP), basic responsibilities of leaders (PR), financial knowledge and decision making (FKD), leadership skills and training (LST), leadership behavior (LB) and business performances of cooperatives (BP). Correlation and multiple regression analysis were conducted to identify the relationships. The purpose was to show the association of the constructs with each other.

4.3.1 Correlation Analysis

Pallant (2011) states that Pearson correlation is used when you want to explore the strength of the relationship between two continuous variables. This gives an indication of both the direction (positive or negative) and the strength of the relationship. Correlation coefficients (Pearson product-moment correlation) provide a numerical summary of the direction and the strength of the linear relationship between two variables. Pearson correlation coefficients can range from -1 to $+1$. The signs in front indicate whether there is a positive correlation (as one variable increases, so does the other) or a negative correlation (as one variable increases, the other decreases). The size of the absolute value (ignoring the sign) provides information on the strength of the relationship. A perfect correlation of 1 or -1 indicates that the value of one variable can be determined exactly by knowing the value on the other variable. On the other hand, a correlation of 0 indicates no relationship between the two variables. According to Mooi and Sarstedt (2011) absolute correlation coefficients below 0.30 indicates a weak effect, coefficients between 0.30 and 0.49 indicate a moderate effect, and values of 0.50 and higher indicate a strong effect. Jaccard and Becker (1997) argue that in social sciences research, where the study is complex, significant correlation of 0.200 to 0.300 (and -0.200 to -0.300), are often considered important.

Table 4-10 Correlations Matrix of Variables

Variables	BP	BCP	PR	FKD	LST	LB	
Pearson Correlation	BP	1.000	.174	.373	.394	.539	.540
	BCP	.174	1.000	.235	.442	.440	.367
	PR	.373	.235	1.000	.314	.417	.386
	FKD	.394	.442	.314	1.000	.623	.668
	LST	.539	.440	.417	.623	1.000	.671
	LB	.540	.367	.386	.668	.671	1.000
Sig. (1-tailed)	BP	.	.013	.000	.000	.000	.000
	BCP	.013	.	.001	.000	.000	.000
	PR	.000	.001	.	.000	.000	.000
	FKD	.000	.000	.000	.	.000	.000
	LST	.000	.000	.000	.000	.	.000
	LB	.000	.000	.000	.000	.000	.
N	BP	162	162	162	162	162	162
	BCP	162	162	162	162	162	162
	PR	162	162	162	162	162	162
	FKD	162	162	162	162	162	162
	LST	162	162	162	162	162	162
	LB	162	162	162	162	162	162

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Note BCP: Basic cooperatives Principles; BP: Primary Responsibilities of Leadership; FKD: Financial Knowledge and Decision making Competency; LST: Leadership Skills and Training; LB: Leadership Behavior; BP: Performance of Cooperatives

Table 4-10 shows the relationship between response and predictor variables, and the correlation between each of the independent variables. Based upon these results the following hypotheses were tested.

4.3.2 TESTING HYPOTHESES

This study has five hypotheses formulated in Chapter 1 of the introduction part. In order to determine the relationships between independent and dependent variables, further statistical analysis was calculated.

Hypothesis 1

Basic cooperatives principles are positively related with cooperatives business performances.

Hypothesis 2

The division of primary responsibilities between management members of primary cooperatives and cooperatives unions has a positive relationship with cooperatives business performances.

Hypothesis 3

The Managers/leaders financial statements analysis knowledge and decision making competency are positively related with cooperatives business performances.

Hypothesis 4

The leaders' level of training and skills of leadership has positive relationships with cooperatives business performances.

Hypothesis 5

The leadership behaviors of managers have positive relationships with cooperatives business performances

As it can be seen from Table 4-10 business performance, r was positively correlated with basic cooperatives principles, ($r=.174$, $\rho <.05$), primary leadership responsibilities ($r=.373$, $\rho <.01$), financial knowledge and decision making ($r= .394$, $\rho <.01$), leadership skills and training($r=.539$, $\rho <.01$), and leadership behavior ($r=.540$, $\rho <.01$).

In this case the variables leadership behavior (LB) and leaders skills and training (LST) correlate substantially with business performance (BP) ($r=.540$ and $r=.539$ respectively). The correlation of financial knowledge and decision making (FKD), and basic primary responsibilities (PR) with business performance (BP) ($r=.398$ and $r=.373$ respectively) were moderate and the correlation between basic cooperatives principles (BCP) and business performance (BCP) ($r=.174$) has small effect.

The correlation between each of the independent variable was analyzed. As the result on Table 4-9 shows, the relationship between FKD and LB was $.668$ which indicates strong effect, and the correlation between BCP and PR was $.235$. The overall r values between each of the independent variable range between $.235$ to $.660$. Based on the argument of Jaccard and Becker (1997), all correlations between each of the independent variables were significant and important.

4.3.3 MULTIPLE REGRESSIONS

Multiple regressions are more sophisticated extension of correlation and they are used to explore the predictive ability of a set of independent variables on one continuous dependent measure. Different types of multiple regressions help to compare the predictive ability of particular independent variables and to find the best set of variables to predict a dependent variable (Pallant, 2011). Green (1991) quoted in Mooi and Saresedt (2011) proposes a rule of thumb for sample sizes in regression analysis. Specifically, he proposes that if you want to test the overall relationships between the independent and dependent variable, the number of observations is at least $50 + 8 \cdot K$ (where k are the number of independent variables) (Mooi and Sarstedt, 2011). In this study there are five independent variables (K) and one dependent variable as referents to the constructs 'The Role of Leadership' and 'Cooperatives Business Performances' respectively. Each independent variable has more than fifteen items except one independent variable which has ten items. According to Mooi and Saresedt, the total observations should be 90 (i.e., $50+8 \cdot 5=90$), but this study included 162 observations for each variable which is more than the model output.

4.3.4 Multiple Regression Analysis

The researcher has adopted multiple regression analysis for one dependent variable which is presumed to be a function of five independent variables. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all the concerned independent variables (Kothari, 2004).

Kothari describes that in multiple regression analysis, the regression coefficients become less reliable as the degree of correlation between the independent variables increases. If there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity.

In standard multiple regression Pallant (2011) says that all the independent (or predictor) variables are entered into the equation simultaneously. Each independent variable is evaluated in terms of its predictive power, over and above that offered by all the other independent variables. This is the most commonly used multiple regression analysis. Hence, the standard multiple regression was used to analyze the data of this study.

The interpretations of multiple regression analysis include multiple correlation indices such as R , R^2 and adjusted R^2 . Pallant (2011) states that Pearson correlation coefficients (r) can only take on values from -1 to $+1$. The sign out the front indicates whether there is a positive correlation (as one variable increases, so does the other) or a negative correlation (as one variable increases, the other decreases). The size of the absolute value (ignoring the sign) provides an indication of the strength of the relationship. A perfect correlation of 1 or -1 indicates that the value of one variable can be determined exactly by knowing the value on the other variable. A scatterplot of this relationship would show a straight line. On the other hand, a correlation of 0 indicates no relationship between the two variables. Knowing the value on one of the variables provides no assistance in predicting the value on the second variable. A scatterplot would show a circle of points, with no pattern evident.

As Mooi and Sarstedt (2011) posit β (pronounced as beta) indicates the (regression) coefficient of the independent variable. This coefficient represents the gradient of the line and is also referred to as the slope. A positive β coefficient indicates an upward sloping regression line while a negative β indicates a downward sloping line. Technically the β s indicate how a change in an independent variable influences the dependent variable if all other independent variables are held constant.

To compare the different variables, it is important to look at the standardized coefficients β , not the unstandardized ones. 'Standardized' means the value for each different variables has been converted to the same scale so that you can compare them. If believed to construct to a regression equation, it is important to use the unstandardized coefficient values listed as **B** (Pallant, 2011).

According to the aforementioned authors view, and based on the values of the β coefficient, the predicting power of predictors within a multiple regression model could be compared; i.e., the larger the β coefficient value was, then the larger effect the predictor had in predicting. In this study β was used to determine the most powerful variable.

Table 4-11 Normality Statistics test

Variable	N	Minimum	Maximum	Mean		Std. Deviate	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
BCP	162	2.56	5.00	4.2207	.03478	.44272	.196	-.797	.191	.761	.379
PR	162	1.71	5.00	3.9859	.05969	.75969	.577	-.868	.191	.051	.379
FKD	162	2.60	5.00	4.2123	.03751	.47741	.228	-.758	.191	.377	.379
LST	162	1.59	5.00	3.9326	.05813	.73983	.547	-.873	.191	.380	.379
LB	162	2.11	5.00	4.1907	.04621	.58813	.346	-1.122	.191	1.790	.379
BP	162	2.54	5.00	4.0021	.03785	.48172	.232	-.376	.191	-.234	.379
Valid N (listwise)	162										

Note BCP: Basic cooperatives Principles; BP: Primary Responsibilities of Leadership; FKD Financial Knowledge and Decision making Competency; LST: Leadership Skills and Training; LB: Leadership Behavior; BP: Performance of Cooperatives business

4.3.4.1 Normality

The normality of the population distribution forms the basis for making statistical inferences about the sample drawn from the population (Kothari, 2004). Normality can be assessed to some extent by obtaining skewness and kurtosis values (Pallant, 2011). The skewness and kurtosis values of the variables are presented in Table 4-11. The results show that the data set are normally distributed and the values of skewness and kurtosis are within the ranges of -1.122 to -0.376 and -0.234 to 1.790 respectively.

4.3.4.2 Linearity

The relationship between the two variables should be linear. This means that when you look at a scatterplot of scores you should see a straight line (roughly), not a curve (Pallant, 2011).

Figure 4-1 shows the plot of standardized residual against standardized predicted values. The points are randomly and evenly dispersed throughout the plots. This pattern indicated a situation in which the assumptions of linearity and homoscedasticity have been met.

4.3.4.3. Residuals

According to Andy (2009) for any two observations the residual terms should be uncorrelated (or independent). This eventuality is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin–Watson test, which tests for serial correlations between errors. Specifically, it tests whether adjacent residuals are correlated. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated. A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation. The size of the Durbin–Watson statistic depends upon the number of predictors in the model and the number of observations. As a very conservative rule of thumb, values less than 1 or greater than 3 are definitely cause for concern; however, values closer to 2 may still be problematic depending on your sample and model. Table 4-14 shows the Durbin-Watson value of 1.809, showing that the value is less than 2 and greater than 1. Thus, the independence of residuals assumption does not violate.’ The scatterplots on Figure 4-1 help to detect the presence of outliers.

As Pallant (2011) argues the presence of outliers can be revealed with standardized values of more than 3.3 or less than -3.3. The scatterplots indicated that most of the values are within the domain of -3 and 2. But one of the case (case number 46 of BP) on case diagnosis (Table 4-18) indicates that the standardized residual value of -3.345. To check the influence of this case on the result of the model as a whole, the value of Cook's distance on Table 4-19 was used. The maximum value for the Cook's distance .201, suggested that no major problem with the model.

4.3.4.4 Multicollinearity

This refers to the relationship among the independent variables. Multicollinearity exists when the independent variables are highly correlated ($r=.9$ and above). Singularity occurs when one independent variable is actually a combination of other independent variables (e.g. when both subscale scores and the total score of a scale are included). Multiple regressions do not like multicollinearity or singularity and these certainly do not contribute to a good regression model (Pallant, 2011). Fortunately, collinearity is relatively easy to detect by calculating the tolerance or VIF (Variance Inflation Factor). A tolerance of below 0.10 indicates that (multi)collinearity is a problem. The VIF is just the reciprocal value of the tolerance. Thus, VIF values above ten indicate collinearity issues (Mooi and Sarstedt, 2011).

Table 4-16 indicates the coefficients of variables as part of the multiple regression analysis. These values of coefficients help to understand the problem of multicollinearity that may not be evident in the correlation matrix.

The two values, Tolerance and VIF, were used to indicate multiple correlations among variables. Pallant (2011) underlines commonly used cut-off points for determining the presence of multicollinearity (tolerance value of less than .10 or VIF value of above 10). The tolerance and VIF values for the five independent variables ranged between .439 to .759, and 1.244 to 2.278 respectively. These values are below the cut-off points. Therefore, the assumptions of multicollinearity were not violated.

4.3.4.5 Evaluating the Model

In the model summary (Table 4-14), R^2 indicates how much of the variance in the dependent variable (BP) is explained by the model (which included the variables of BCP, PR, FKD, LST and LB). In this case the value is $R^2 = .375$ and this means that the model explains 37.5% of the variance in dependent variable (BP).

Several residual statistics can be used to assess the influence of a particular case. If a case does not exert a large influence over the model, the adjusted predicted value is very similar to the predicted value when the case is included (Field 2009). Table 4-19 shows that the predicted value (4.5188) is similar to the adjusted predicted value (4.5138). In this case, we can conclude that the model is stable whether or not that case was used to calculate the model. Also the Cook's distance .204 (<1.0) indicates that there was no problem with the model.

T-test and their significance are produced for each regression coefficient: a t-test is used to see whether each b (i.e., coefficient) differs from zero (Field 2007). As it can be seen from Table 4-16 the values are significantly different from zero for three variables (PR, LST and LB with $p < .05$, $p < .01$ and $p < .01$ respectively).

These predictor variables contribute significantly to the model. But the two variables (BCP and FKD) are not significant in predicting the response variable. In addition to this the ANOVA (Table 4-15) was used for judging the significance of multiple regression coefficients. The table indicated that the model as a whole is significant ($F(5,156) = 18.779$, $p < .01$).

4.3.4.6 Evaluating each of the independent variable

The next step is to evaluate which of the variables included in the model contributed to the prediction of the dependent variable. Table 4-15 demonstrates information about the coefficients of each variable. Pallant (2011) explains that in comparing different variables, it is important to look at the standardized coefficients (β), not the unstandardized coefficients (B) ones. In this case, beta value (β) was used to compare the contribution of each independent variable. The largest beta coefficient $\beta = .324$, which is for leadership skills and training (LST). This means that this variable makes the strongest unique contribution for explaining the dependent variable, and the variances are explained by all other variables in the model are controlled for. The beta value for leadership behavior (LB) was also $\beta = .319$, indicating that it made a unique contribution which is comparable degree of importance with LST.

The statistical significant contribution of each variable to the equation was analyzed. This is very dependent on which variables are included in the equation and how much overlap there is among the independent variables (Pallant, 2011).

According to Pallant, if the significant value is less than .05 (.01, .0001, etc), the variable is making a significant contribution to the prediction of the dependent variable. The significant values for LB ($t(156) = 3.340, p < .01$), LST ($t(156) = 3.445, p < .01$) and PR ($t(156) = 2.078, p < .05$) show that LB, LST and PR made a unique and statistically significant contribution to the prediction of business performance (BP) scores (Table 4-16). The rest two variables (BCP and FKD) have no significant values of t-test to indicate the prediction of DV.

The significance tests are sensitive only to the unique variance an IV adds to R^2 . A very important IV that shares variance with another IV in the analysis may be no significant, although the two IVs in combination are responsible in large part for the size of R^2 .

An IV (Independent Variable) that is highly correlated with the DV (Dependent Variable), but has a no significant regression coefficient, may have suffered just such a fate. For this reason, it is important to report and interpret r_{iy} in addition to F_i for each IV (Tabachnick and Fidell, 2012). The r values of BCP and FKD are listed on Table 4-20 to understand the extent of their contribution to each of the independent variable (IV). The table shows that the variables correlate significantly with each of IV.

The variable BCP with PR, ($r=.235, \rho <.01$); BCP with LST($r=.440, \rho <.01$); BCP with LB($r=.367, \rho <.01$); BCP with FKD($r=.442, \rho <.01$). On the same way FKD correlates with PR($r=.314, \rho <.01$); FKD with LST($r=.623, \rho <.01$); FKD with LB($r=.668, \rho <.01$). These relationships show that the variables have an indirect significant effect in predicting the response variables (BP). Therefore it can be generalized that all the predictor variables have a significant effect in predicting.

4.3.4.7 Summary of Multiple Regression Analysis

In multiple regression analysis a set of assumptions were tested, and the influence of outliers, normality, residuals, multicollinearity and singularity, correlation, model test, ANOVAs, coefficients and scatterplot were checked. It was found that they were robust for testing the hypothesis and to answer the basic research questions. The multiple regression analysis suggests that cooperatives business performances (BP) are statistically significant and have positive association with the basic cooperatives principles (BCP) ($r=.174, \rho <.05$), BP with division of primary responsibilities(PR) ($r=.373, \rho <.01$), BP with financial knowledge and decision making(FKD) ($r=.394, \rho <.01$), BP with leadership skills and training (LST)($r=.539, \rho <.01$), and BP with leadership behavior(LB)($r=.540, \rho <.01$). The results show that LST and LB have a strong association and PR and FKD a moderate association with BP. But BCP has a small association with BP. Hence, we can conclude that hypothesis H1 is supported by small values of r , even though the $p (<.05)$ value is significant. Hypotheses H2, H3, H4, and

H5 supported, confirming that BP is related statistically positively and significantly with PR, FKD, LST, and LB. It can be generalized that the variables BCP, PR, FKD, LST and LB are significant predictors of cooperatives business performances (BP). In addition, the result of regression analysis on table 4-14, shows that these five constructs explain more than 37% of the variance of the dependent variable (BP). These findings imply that the role of leadership directly contributes to support cooperatives business performances. The detail discussion about the findings of this study follows in the next part.

REGRESSION

/DESCRIPTIVES MEAN STDDEV CORR SIG N

/MISSING PAIRWISE

/STATISTICS COEFF OUTS CI (95) R ANOVA COLLIN TOL ZPP

/CRITERIA=PIN (.05) POUT (.10)

/NOORIGIN

/DEPENDENT BP

/METHOD=ENTER BCP PR FKD LST LB

/SCATTERPLOT= (*ZRESID ,*ZPRED)

/RESIDUALS DURBIN NORMPROB (ZRESID)

/CASEWISE PLOT (ZRESID) OUTLIERS (3)

/SAVE MAHAL COOK.

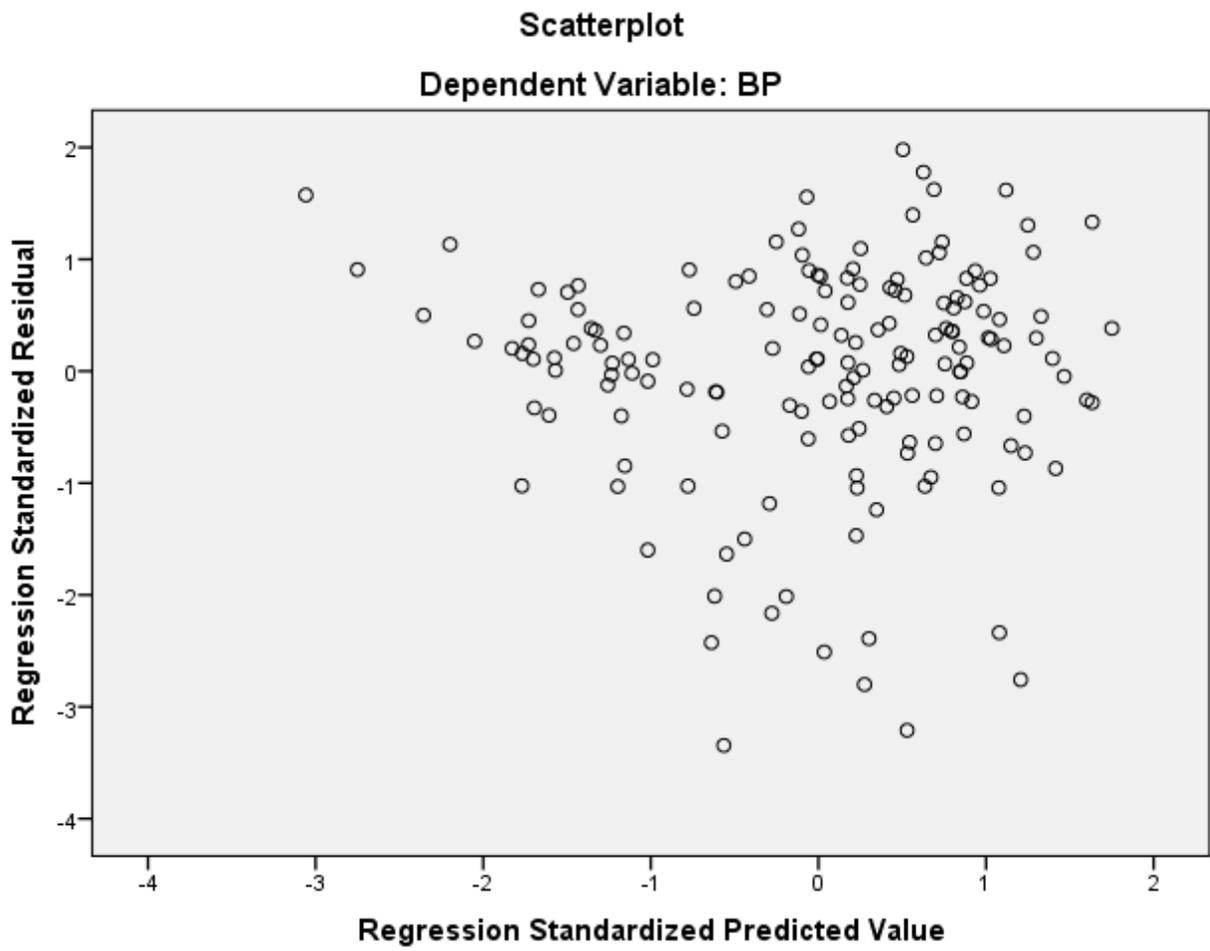


Figure 4-1; Scatterplot

Table 4-12 Descriptive Statistics of Variables

Variables	Mean	Std. Deviation	N
BP	4.0021	.48172	162
BCP	4.2207	.44272.	162
PR	3.9859	.75969	162
FKD	4.2123	.47741	162
LST	3.9326	.73983	162
LB	4.1907	.58813	162

Table 4-13 Correlations between the Variables

Variables		BP	BCP	PR	FKD	LST	LB
Pearson Correlation	BP	1.000	.174	.373	.394	.539	.540
	BCP	.174	1.000	.235	.442	.440	.367
	PR	.373	.235	1.000	.314	.417	.386
	FKD	.394	.442	.314	1.000	.623	.668
	LST	.539	.440	.417	.623	1.000	.671
	LB	.540	.367	.386	.668	.671	1.000
Sig. (1-tailed)	BP	.	.013	.000	.000	.000	.000
	BCP	.013	.	.001	.000	.000	.000
	PR	.000	.001	.	.000	.000	.000
	FKD	.000	.000	.000	.	.000	.000
	LST	.000	.000	.000	.000	.	.000
	LB	.000	.000	.000	.000	.000	.
N	BP	162	162	162	162	162	162
	BCP	162	162	162	162	162	162
	PR	162	162	162	162	162	162
	FKD	162	162	162	162	162	162
	LST	162	162	162	162	162	162
	LB	162	162	162	162	162	162

Table 4-14 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.613 ^a	.375	.355	.38679	.375	18.744	5	156	.000	1.809

a. Predictors: (Constant), LB, BCP, PR, FKD, LST

b. Dependent Variable: BP

Table 4-15 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	14.021	5	2.804	18.744	.000 ^b
Residual	23.339	156	.150		
Total	37.360	161			

a. Dependent Variable: BP

b. Predictors: (Constant), LB, BCP, PR, FKD, LST

Table 4-16 Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error				Low Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2.297	.348		6.603	.000	1.610	2.984					
BCP	-.123	.079	-.113	-1.551	.123	-.279	.034	.174	-.123	-.098	.759	1.318
PR	.093	.045	.147	2.078	.039	.005	.181	.373	.164	.131	.804	1.244
FKD	-.017	.093	-.017	-.184	.854	-.200	.166	.394	-.015	-.012	.475	2.107
LST	.211	.061	.324	3.445	.001	.090	.332	.539	.266	.218	.453	2.208
LB	.261	.078	.319	3.340	.001	.107	.416	.540	.258	.211	.439	2.278

a. Dependent Variable: BP

Table 4-17 Coefficient Correlations^a

Model		LB	BCP	PR	FKD	LST	
1	Correlations	LB	1.000	.002	-.138	-.417	-.385
		BCP	.002	1.000	-.046	-.215	-.196
		PR	-.138	-.046	1.000	.002	-.205
		FKD	-.417	-.215	.002	1.000	-.253
		LST	-.385	-.196	-.205	-.253	1.000
	Covariances	LB	.006	.000	.000	-.003	-.002
		BCP	.000	.006	.000	-.002	-.001
		PR	.000	.000	.002	.000	-.001
		FKD	-.003	-.002	.000	.009	-.001
		LST	-.002	-.001	-.001	-.001	.004

a. Dependent Variable: BP

Table 4-18 Casewise Diagnostics^a

Case Number	Std. Residual	BP	Predicted Value	Residual
46	-3.345	2.54	3.8356	-1.29389

a. Dependent Variable: BP

Table 4-19 Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.0995	4.5188	4.0021	.29511	162
Std. Predicted Value	-3.058	1.751	.000	1.000	162
Standard Error of Predicted Value	.034	.163	.070	.026	162
Adjusted Predicted Value	3.0093	4.5138	4.0024	.30029	162
Residual	-1.29389	.76579	.00000	.38074	162
Std. Residual	-3.345	1.980	.000	.984	162
Stud. Residual	-3.508	1.991	.000	1.007	162
Deleted Residual	-1.42288	.77427	-.00032	.39886	162
Stud. Deleted Residual	-3.643	2.010	-.004	1.019	162
Mahal. Distance	.263	27.672	4.969	4.826	162
Cook's Distance	.000	.204	.008	.026	162
Centered Leverage Value	.002	.172	.031	.030	162

a. Dependent Variable: BP

Table 4-20 Correlation between BCP and IVs, FKD and IVs (to check significance in addition to results of t -test)

Variables		BCP	PR	FKD	LST	LB
Pearson Correlation	BCP	1.000	.235	.442	.440	.367
	FKD	.442	.314	1.000	.623	.668
Sig. (1-tailed)	BCP	.	.001	.000	.000	.000
	FKD	.000	.000	.	.000	.000
N	BCP	162	162	162	162	162
	FKD	162	162	162	162	162

CHAPTER 5: FINDINGS, SUMMARY AND RECOMMENDATIONS

5.0 INTRODUCTION

The purpose of this study was to provide data to enrich the body of knowledge about the relationship between the role of leadership through the five constructs and the cooperatives business performances contained in 109 items of the questionnaires.

This part of the study presents discussion, recommendations and conclusion drawn from the data regarding each research question and hypothesis. The results and findings of descriptive statistics and multiple regression analysis are presented below.

5.1 RESEARCH QUESTIONS AND HYPOTHESIS

The discussion about research questions and hypothesis formulated in chapter 1 are presented before generalizing the major findings of the study.

5.1.1 Basic Research Questions

- 1 To what extent does leadership perceive the importance of basic cooperatives principles for Agricultural cooperatives business performances?
- 2 What are the extent of divisions of primary responsibilities between primary cooperatives leaders/managers and cooperatives union management in cooperatives business performance?

3 What are the extent of perception of cooperatives managers about their knowledge and decision making competency in understanding financial statements to make decision on cooperatives business performances?

4 What are the extents of the cooperatives managers training and skills required for cooperatives business performance?

5 To what extent do the leadership behaviors of managers have impact on cooperatives business performance?

5.1.2 Hypotheses

Hypothesis 1

Basic cooperatives principles are positively related with cooperatives business performances.

Hypothesis 2

The leadership behavior of managers has a positive relationship with cooperatives business performances.

Hypothesis 3

The Managers/leaders financial statements analysis knowledge and decision making competency have a positive relationship with cooperatives business performances.

Hypothesis 4

The managers' level of training and skill of leadership have a positive relation with cooperatives business performances.

Hypothesis 5

The division of responsibilities between management members of primary cooperatives and unions has a positive impact on cooperatives business performances.

5.2 RESULTS OF DESCRIPTIVE STATISTICS

The descriptive data on Table 4-3 through Table 4-9 show that the data were normally distributed. The values of means, SD, SE, kurtosis and skewness indicate that the samples used in the study sufficiently represented the population.

The interpretation of the variables with descriptive statistics provided preliminary findings that suggested the overall characteristics of the constructs (BCP, PR, FKD, LST, LB and BP), as perceived by the respondents.

5.2.1 Research Question 1

The perception among leaders, managers and directors of coffee farmers' cooperatives business organizations in Ethiopia about the role of leadership on cooperative business performances are described in this section.

To conduct the result of the study, each construct and item of individual scores were calculated to obtain the average. The scores of the average were compared with one another to establish their relevant statistics in the data set. The mean scores and dispersion of data for each construct was discussed based upon basic research questions formulated.

Table4-8 of the descriptive statistics of the constructs shows how scores of these different variables relate to one another. As it was described in data analysis, 162 respondents participated and replied to the questions. The scores of means (\bar{X}), standard deviations and Cronbach alpha tests are shown on the table.

In Chapter 1, basic cooperatives principles defined as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspiration through a jointly owned and democratically controlled enterprises. The seven internationally recognized principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; provision of education; training and information; cooperation among cooperatives; and concern for community (ICA, 2005). These all principles were included in the questionnaire to understand the perception and responses of leaders.

The results on Table4-8 revealed that the response scores of 162 respondents towards the variable BCP were; mean (\bar{X} = 4.2207), standard deviation (SD= .44272), average response rate of 85% and Cronbach alpha test (.659). These results indicated that leaders perceived basic cooperatives principles as a very important variable for the performance of cooperatives business. The standard deviation was very low compared to the scores of other constructs. The Cronbach alpha test indicated that the instrument is reliable and acceptable since it nearest to the cut-off point of .7 for exploratory research.

Generally it can be concluded that coffee farmers' cooperatives leaders prefer basic cooperatives principles more than other variables in contributing for performance of cooperatives business. The values of the mean and low standard deviation in the descriptive data set show the most homogenous distribution to basic cooperatives principles.

In addressing the basic research question 1 of the study, the perception of cooperatives leaders to the variable was 'very important' with the higher value of the mean compared with the other variables mean score in the data set.

5.2.2 Research Question 2

As it was discussed in Chapter 1, there are broad challenges /constraints cooperatives in Ethiopia encounter. One of the major problems, among others is low capacity of cooperatives leadership and management (Emana, 2012). The items related with the primary responsibilities of cooperatives leaders are included in the questionnaire.

The responses of the 162 respondents indicated the mean value (\bar{X} =3.9859), standard deviation (SD=.75969) and Cronbach alpha test of .867. These values indicated that the mean value is moderate and the most heterogeneous distribution to division of primary responsibilities between primary cooperatives and cooperatives union leaders. It can be concluded that primary cooperatives leaders tend to have moderately more responsibilities than cooperative union leaders.

5.2.3 Research Question 3

In chapter 2 of the review of literature, it has been stated that the African cooperatives failure in the past was corrupt, illiterate and opportunistic leaders drove the cooperatives into financial mismanagement and nepotism (Wanyama, et al., 2009). Leaders' financial knowledge in decision making can be taken as the factor of leadership role that involves the effectiveness of business performances. To address this factor of leadership a set of 10 questions were included in the questionnaire. The responses of leaders perception revealed that a high mean value (\bar{X} =4.2123, standard deviation (SD=.47741), and Cronbach alpha value .648. The high value of mean showed that leaders agree to have knowledge of finance in decision making.

5.2.4 Research Question 4

The leaders capacity in rural cooperatives is directly related to the level of literacy among its members as leaders usually are elected from the member base (Hatti and Rundquist, 1994; Onwuchekwa, 1985). The role of leadership is related with training skills level of leaders.

Table4-8 shows the mean score (\bar{X} =3.9326), standard deviation (SD= .73983) and Cronbach alpha value (.947), indicated that leaders moderately agree that they have acquired training and skills required to lead the cooperatives business.

5.2.5 Research Question 5

Leadership is the process of influencing the activities of an organized group towards goal achievement (Rauch and Behling, 1984). Organizational goal can be achieved through providing employees with effective leader. Leadership behavior is part of leadership role that involves the motivation, inspiration and other factors included in the items of the questionnaire. The high mean score (\bar{X} =4.1907), low score of standard deviation (SD=.58813) and high score of Cronbach alpha (.958) indicated that leaders are satisfied with leadership behavior they are practicing in cooperatives business organizations.

5.3 Dependent Variable; Cooperatives Business Performance

As discussed in chapter 2 Sexton and Iskow (1988) identified three critical key factors necessary for the success of agricultural cooperatives, as organizational, financial and operational. Cook and Burress (2009) identified in terms of financial performance, such as net margin, members' commodity prices, return on equity and sales growth. In the same way Severson and Wood (,2005) underlines that the role of leadership and organizational performances in business are usually evaluated by using parameters such as balance sheet, bottom lines, market shares, revenue and shareholders values. The questions developed in this study are based upon these literatures and have 24 items measuring the dependent variable of cooperatives business performance. The average score for of BP of all respondents, 162 samples, participated in this study (\bar{X} = 4.0021) indicated that leaders perception to performances of cooperatives business was high.

The standard deviation (SD=.48172) with low score compared with other variables in data set and Cronbach alpha result (.755) are a good indicators of the importance of this dimension.

5.4 Regression Analysis

Table 4-13 shows the result of standard multiple regressions for variables predicting the cooperatives business performances. A multiple R=.613 explained 38% of the variance in business performance scores.

Table 4-15-indicates that basic primary responsibilities (PR) ($\beta=.147$, $p<.05$); leadership skills and training (LST) ($\beta=.324$, $p <.01$); and leadership behavior (LB) ($\beta=.319$, $p <.01$) predicted the cooperatives business performances significantly. However, basic cooperatives principles (BCP) ($\beta= -.113$, $p >.05$) and financial knowledge and decision making (FKD) ($\beta=-.017$. $p >.05$) were not significant in predicting cooperatives business performances.

The ANOVA Table 4-15 shows that F values ($F (5,156) =18.779$, $p <.01$) indicated that the model as a whole is significant.

In this study the relationship between the role of leadership and cooperatives performance were found significant. The variables BCP, PR, FKD, LST, and LB are positively related to the cooperatives business.

5.5 Findings from Tests of Hypothesis

Generally when the hypotheses are tested the following findings were attained:

H1: The Pearson r for the relationship between basic cooperatives principles and cooperatives business performances was .174. The p value for this Pearson r finding was .013, indicating that the finding was statistically significant.

H2: The Pearson r for the relationship between the division of primary responsibilities between and cooperatives business performances was .373. The p value for this Pearson r finding was .000, indicating that the finding was statistically significant.

H3: The Pearson r for the relationship between leaders' financial knowledge and decision making with cooperatives business performances was .394. The p value for this Pearson finding was .000, indicating that the finding was statistically significant.

H4: The Pearson r for the relationship between leadership skills and decision making with cooperatives business performances was .539. The p value for this Pearson r finding was .000, indicating that the finding was statistically significant.

H5: The Pearson r for the relationship between leadership behavior and cooperatives performances was .540. The p value for this Pearson r finding was .000, indicating that the finding was statistically significant.

5.6 SUMMARY

From the findings of this study the following are summarized:

As it is shown on Table 4-9 (Average of the Means) of the descriptive statistics of the constructs, it was found that the cooperatives leaders perception to: basic cooperatives principles (BCP) (\bar{X} = 4.2207, SD=.44272, SE= .03478 and Cronbach α = .659) ;division of primary responsibilities(PR) (\bar{X} =3.9859, SD=.75969, SE=.05969 and Cronbach α =.867); financial knowledge and decision making(FKD)(\bar{X} = 4.2123, SD=.47741, SE=.03751 and Cronbach α =.648); leadership skills and training(LST)(\bar{X} =3.9326, SD=.73983 SE=.05813 and Cronbach α =.947); leadership behavior(LB)(\bar{X} =4.1907, SD=.58813, SE=.04621 and Cronbach α =.958); and business performances(BP)(\bar{X} =4.0021, SD=.48172, SE=.03785 and Cronbach α =.755).

These values indicated that leaders perceived that BCP is very important to cooperatives business performance with high value compared with other variables in the data set. In the dimension of PR, primary cooperatives leaders perceived that there are equal responsibilities between unions and primary cooperatives leaders with moderate value of the mean. This indicates that lack of autonomy for the leaders of primary cooperatives.

The leaders of primary cooperatives agree to the variable FKD with the high value of the mean. This means that they have understanding about financial management and decision making in the cooperatives organizational setting. This included cost/profit analysis, identifying business risks, budget preparation and decision making.

The agreement responses of leaders about LST were moderate and revealing that they are in need of skills development and training to be offered. These can help them in building capacity for management/leadership function, motivating colleagues, develop plan, and understand commercial activities and members' needs, marketing and better performances. The high value for LB shows that leaders satisfied with what they are doing in their cooperatives. The extent of leaders' agreement to BP was also high.

The variables BCP, PR, FKD, LST and LB which are predictors of cooperatives business performances (BP) have supported that the role of leadership in cooperatives organization is important for understanding cooperatives business performances in Ethiopia. The findings from correlation and multiple regressions in testing the hypotheses showed that there are significant and positive relationship between each of the five independent variables and business performances. But the analysis results of each IV on Table 4-16 of regression coefficient shows that the contribution of two variables (BCP and FKD) was insignificant. The indirect contribution of these variables was proved in the table of Person correlation with significant values of r . Therefore these variables have the indirect positive effect on the model.

A multiple $R=.613$ explained 38% of the variance in business performance scores. The ANOVA Table 4-15 shows that F values ($F(5,156) = 18.779, p < .01$) indicated that the model as a whole is significant.

5.7 RECOMMENDATIONS

The results and findings of this research contribute to add knowledge for the existing theory on leadership roles and its impact on the performances of cooperatives businesses.

The findings indicated that leadership roles are related with cooperatives performances in Southern, Eastern and Western Ethiopia. Those coffee farmers' cooperatives organizations that wanted to improve the efficiency and effectiveness of their businesses performances need to implement leadership roles practices.

Based upon the findings, it is highly recommended for leaders, managers and directors in cooperatives business organizations in Ethiopia to engage in the following highly performing leadership roles practices.

To improve the effectiveness of Leadership roles, leaders of cooperatives need to focus on basic cooperatives principles, the division of primary responsibilities between primary cooperatives and cooperatives unions' leaders, leaders' financial management knowledge for effective decision making, leadership skills and training, and leadership behavior. These actions will ensure the survival, productivity, improved living standard of the cooperatives members, competitiveness, and prosperity of cooperatives businesses.

This research provides several directions for the future research on cooperatives leadership and business performances in Ethiopia. The study provided an analysis of the relationship between the role of leadership and business performances within the coffee farmers' cooperatives organizations. The findings would benefit for confirmation in other cooperatives such as saving and credit cooperatives, producers and service cooperatives, small and medium enterprises, micro and small businesses and multipurpose cooperatives.

The cooperatives, especially coffee farmers' cooperatives leaders are advised to use the measurement instruments developed and verified in this study to measure their performances.

Finally the data collected for this study were the perception of coffee farmers' cooperatives. The data related with dependent variable (business performances) were subjective response of the sample. For the future research the researcher recommend that quantitative data (as secondary sources of data) indicating financial, production and marketing need to be collected, if it can be adequately available and accessible in rural agricultural cooperatives in Ethiopia.

5.8 CONTRIBUTION TO EXISTING BODY OF KNOWLEDGE

This study highlights and gives general view into how the role of leadership can significantly contribute to cooperatives business performances. The results and findings of the analysis indicated that leaders who are most effective at business performances

are those who utilize leadership behavior, responsibilities and the skills and trainings required in the organizations.

The findings of this study indicate that the role of leadership is directly and positively related with cooperatives business performances.

The determining factors for effective cooperatives business performances are leadership skills and training, the division of basic leadership responsibilities between the leaders of primary cooperatives and leaders of cooperatives unions for clear demarcated accountability and leadership behavior of leaders.

It is found that the basic principles of cooperatives are very important to achieve the objectives of cooperatives as distinctive qualities which differentiate cooperatives business from the other forms of business organizations.

The major problems of cooperatives business are managing finance and making effective decisions. The findings indicated that leaders have basic knowledge in financial decision making. This variable has a significant contribution to effective business performances.

5.9 SUGGESTION FOR FUTURE RESEARCH

This study encourages further and comprehensive research into the interconnection between the role of leadership, education and skills of leaders, financial management knowledge and decision making capability. These variables have a significant contribution for effective leadership of coffee farmers' cooperatives business performances.

5.10 CONCLUSION

This study was designed to answer the five research questions and to test five hypotheses. By collecting data from 162 leaders of primary coffee farmers' cooperatives using questionnaires, statistical answers were provided to the research questions.

In testing the hypothesis, the findings supported the acceptance of the null hypothesis.

In general it can be concluded that the roles played by leaders of the cooperatives have paramount importance for the performance the cooperatives businesses.

The leadership implications of the proposed model constructed in this study are that leaders, directors and chairpersons in cooperatives business organizations are able to implement for high performing leadership role practices to enhance business performance excellence.

5.11 LIMITATIONS OF THE STUDY

The study has constraints regarding resources and time. Furthermore, there were possibilities of problems in accessing respondents, since most of the research subjects (cooperatives managers and directors) are from less-educated background and far from highways. Making them understand the expectations of the research study, and eliciting required information posed greater challenge for this study. The problem of accessing respondents' managers and directors was managed in selecting enumerators working in each zone of the regions where the samples are existing and accessed.

This research was limited to coffee farmers' cooperatives and leaders of the cooperatives. There are six Coffee Farmers Cooperatives unions in Ethiopia, which are situated in different regions of Ethiopia. Due to difficulty of the geographical locations three of them are selected for this study. The samples are scattered in different part of Southern, Western and Eastern regions in Ethiopia.

It was difficult to access the sample respondents in urban towns and rural farmers associations. The samples were taken from three unions, Oromia (240 Primary Cooperatives), Sidama (47 Primary Cooperatives) and Yirgacheffe (25 Primary Cooperatives), in nine zones, and data were collected from all of them by employing, training and deploying experienced enumerators.

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APPENDIX A: LEADERSHIP ROLE SURVEY QUESTIONNAIRES

Date: _____

Ashenafi Kebede Gutema

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Re: Request for Research Study Participation

Dear (Coffee Farmers Cooperative Manager):

I am a student at the University of South Africa working toward my doctorate in the Doctor of Business Leadership program. I am conducting a research study entitled The Role of Leadership on Agricultural Cooperatives Performance in selected coffee farmers' cooperatives in Southern Ethiopia. I request your participation in this study. The information or your responses will be collected through enumerators by answering five sections of Multiple-choice leadership roles questions.

Your participation in this study is voluntary. The results of the research study may be published, but neither your name, nor the name of your organization, will be used. The results will also be maintained in confidence and complete anonymity is guaranteed. There are no direct or indirect risks to you or your organization.

If you have any questions, feel free to contact me.

Thank you for your participation.

Sincerely,

Ashenafi K. Gutema

1 Cooperatives Managers' Ranking of Importance of selected Basic Cooperatives

Principles to the performance and success of coffee farmers cooperatives:

The response rankings are defined as follows: 1 = not important, 2 = slightly important, 3 = somewhat important, 4 = very important and 5 = extremely important.

ItemNO	Items	Response Ranking				
		1	2	3	4	5
1	Voting is by members on democrat (one member, one vote) basis					
2	Membership is open					
3	Equity is provided by patrons /owners					
4	Net income is allocated to patrons as patronage refund					
5	Exchange of goods and services is at market prices					
6	Have a duty to educate and train members					
7	Maintain political and religious neutrality					
8	Have equality of the sexes in membership					
9	Focus on sustainable development for their community through polices approved by their members					
10	Members democratically control the capital of the cooperative					
11	Cooperatives are autonomous self-help organizations controlled by their members					
12	Cooperation among cooperatives					
13	Cooperative societies are autonomous self-help organizations controlled by their members					
14	Cooperative inform the public particularly the youth about the nature and benefits of cooperatives societies					
15	No government interference in cooperatives businesses					
16	Management appointment is free of ethnic partiality					

Source: Adapted from Adrian, Green (2001)

2 Response of Cooperatives Managers for Division of Primary Responsibilities between top level union managers and primary cooperatives managers.

The response rankings are defined as follows: 1 = union manager most responsible, 2 = union manager more responsible, 3 = union manager and primary coop manager equally responsible, 4 = primary coop manager more responsible and 5 = primary coop manager most responsible.

Item No.	Items	Responses				
		1	2	3	4	5
1	Setting the direction of the business for the welfare of the cooperative members					
2	Managing the day-to-day operations of the cooperative					
3	Maintaining accuracy of the minutes of the board of directors' meetings					
4	Acting in good faith with reasonable care in handling the affairs of the cooperative					
5	Ensuring employees understand cooperative philosophy					
6	Approving purchase of major capital assets					
7	Developing programs for implementation of cooperative policies					
8	Establishment and evaluation of programs					
9	Furnishing information needed for long-range planning					
10	Educating the general public about the cooperative and its activities					
11	Keeping current on legislation concerning cooperatives					
12	Encouraging membership and active patronage					
13	Informing members of developments within the cooperative					
14	Hiring, training, and setting compensation for employee					

Source: Adapted from Adrian and Green (2001)

3 Response of cooperatives Managers to Financial Knowledge and Decision Making competency.

The Responses ranking is defined as follows: 1 = strongly disagree 2= disagree 3= undecided 4= agree and 5 = strongly agree

Item NO.	Items	Responses				
		1	2	3	4	5
1	Analyze cost/profit relationships and other financial data to guide business decision making					
2	Manage the cash flow of the business (i.e. cost of operation, control sales/production					
3	Identify and assess business risks, select risk-management strategies, and develop and evaluate a risk-management plan					
4	Forecast future budgetary needs and prepare a budget to include short-and –long expenditures					
5	Analyze the components of financial plan					
6	Members are encouraged to give suggestion before decisions are made					
7	For many decisions, the rules and regulations are developed as I go along					
8	I keep everyone informed about decisions, events and developments that affect their work					
9	I delegate responsibility and authority to others and allow them discretion in financial decision- making					
10	I am keenly aware of my own strengths and weaknesses in financial decision making					
11	Financial statements are disclosed to members					

Source: Review of Literature

4 Response of cooperatives Managers to Leadership Skills and Training

The Responses ranking is defined as follows: 1 = strongly disagree 2= disagree 3= undecided 4= agree and 5 = strongly agree

Item NO.	Items	Responses				
		1	2	3	4	5
1	Acquired knowledge of leadership/management					
2	Work capably with large amount of information					
3	Know how to motivate colleagues for effective performance					
4	Knowledgeable about the members needs and performance of the cooperatives business					
5	Trained in Business planning					
6	Develop and maintain good, cooperative working relationship with others					
7	Know Financial and Resources management					
8	Skilled in Managing diversity of ethnics and gender					
9	Committed to appreciation /application of social responsibility, sustainably, humanity and ethical considerations					
10	Skilled in Customer care and customer service management-external and internal					
11	Get good input before making decision					
12	Trained in Human Resource Management					
13	Skilled in Quality awareness and managing according to quality standards and procedures					
14	Trained in Customer service management					
15	Skilled in Planning and running meetings and effective follow-up					
16	Skilled in Business writing, e.g. Letters, reports, plans					
17	Trained in Change management					
18	Skilled in Financial and commercial understanding (e.g. Budget, profits & loss, cash flow etc.)					
19	Trained in Decision making					
20	Skilled in Training and developing members, coaching and mentoring					
21	Trained in Production management					
22	Trained in Business communication					
23	Skilled in motivating of team and individuals team members for better performance					
24	Analyze financial information quickly					
25	Produce high quality work					

Source: Review of Literature

5. Responses of the Cooperative Managers to Leadership Behaviour

The Response ranking is defined as follows: 1 = strongly dissatisfied 2= dissatisfied 3= undecided 4= Satisfied and 5 = strongly Satisfied

Item no	Items	Responses				
		1	2	3	4	5
1	Demonstrate honest, ethical behavior in all transactions					
2	Lead by example as in "doing what I ask others to do."					
3	Demonstrate decisiveness in all transactions.					
4	Communicate a clear vision with recognizable goals for the cooperatives and members					
5	Expect people to be accountable and offer support.					
6	Translate cooperative goals practically and meaningfully for members' benefits.					
7	Make and communicate decisions promptly					
8	Resolve conflict with the goal for all to succeed.					
9	Communicate with charisma and effectiveness to cooperative members					
10	Take responsibility for decisions without finger pointing.					
11	Involve others in planning actions.					
12	Praise people for work well done.					
13	Delegate in a way that encourages others to have full ownership					
14	Appropriately provide authority to others to make decisions					
15	Believe in and provide training that teaches leadership, teamwork and technical skills					
16	Implement innovation as a method to improve performance.					
17	Create forums to celebrate cooperatives successes					
18	Help cooperative members by listening without pre-judging.					
19	Have excellent relationships with cooperative members and work associates regardless of gender and ethnic differences.					
20	Am accessible to communication.					
21	Encourage people to communicate their differing opinions					

Source: Review of Literature

6. Cooperatives Managers' ranking for the business performances of coffee farmers cooperatives:

The Responses ranking is defined as follows: 1 = strongly disagree 2= disagree 3= undecided 4= agree and 5 = strongly agree

Roll No	Items	Responses				
		1	2	3	4	5
1	Management finds the coop's financial statements (balance sheet and income statement)are very important to show performances					
2	Dividend paid for members had been satisfactory in each year					
3	The business had been profitable for each year					
4	Return on investment (ROI) had been very good compared with other cooperatives					
5	The coop provides training and technical support on improved production method to members					
6	The coop members production satisfies the market needs					
7	The coop production increases each year due to market demand					
8	The supply of coffee has high share in the market compared with other coops					
9	There was regular survey of members needs					
10	The coop provide bonus to active patron members					
11	There was coop evaluation and incentives based on performances					
12	Debt from bank paid on-time to the borrowers(bank)					
13	Net worth(total liability-total assets) increases each year					
14	The solvency of the business was high to meet long term obligations					
15	The gross margin (sales revenue - cost of produce sold) has been high to meet operating costs and to realize savings for members					
16	Coop has been conducted meeting of all members once per quarter(or as by-laws) to discuss leaders action, plans, benefits, etc					
17	Coop protects the quality of coffee production					
18	Solvency and liquidity of the coop's business has been high compared with other coops					
19	Coffee farmers satisfaction has been high with the coop performances					
20	The coop has been financially strong					
21	Revenue per member increased each year					
22	Surplus per member increase each year					
23	Asset per member increased each year					
24	Number of members increased each year					
25	The coop increased its market share of export market					

Source: Review of Literature

PILOT TEST EVALUATION SHEET
QUESTIONNAIRE EVALUATION

1. Please write your comments about the items in the questionnaire.
2. Were the questions clear and easily understandable?
3. Did you get problems with technical words? Please write them under each set of questionnaire on the space provided.
4. How long it take you to complete the questionnaire? Write your comment on the space given.

APPENDIX B: LIST OF COFFEE FARMERS COOPERATIVES

OROMIA COFFEE FARMERS COOPERATIVES UNION			
No	NAME OF PRIMARY COFFEE COOPERATIVE	zone	District
OR1	ILILLI DARARTU	E/HARARGE	BADANO
OR 2	BAATI GOBANA	E/HARARGE	BADANNO
OR 3	BAKALCHA BARIISAA	E/HARARGE	BADANNO
OR 4	HUNDEE BIYYA	E/HARARGE	BADANNO
OR 5	MALKA BUNA	E/HARARGE	BADANNO
OR 6	BELA BAS	E/HARARGE	BADANO
OR 7	D/GARA MULATA	E/HARARGE	BADANO
OR 8	DHERA DABBAL	E/HARARGE	BADANO
OR 9	GORO MOTI	E/HARARGE	BADANO
OR 10	HUNDEE GUDINA	E/HARARGE	BADANO
OR 11	MADDA RAMIS	E/HARARGE	BADANO
OR 12	URJI REMIS	E/HARARGE	BADANO
OR 13	GAMACHISI	E/HARARGE	BADANO
OR 14	BAHA BIFTU	E/HARARGE	DADARI
OR 15	CHAFE JANATA	E/HARARGE	DADARI
OR 16	HUNDE BADHADHA	E/HARARGE	DADARI
OR 17	BIIFTU MAYIRA JALA	B/HARAGEE	DADER

OR 18	KURA NAGENYA	E/HARARGE	DADER
OR 19	MADA WALTAHA	E/HARARGE	DADER
OR 20	MARAA MULISA	E/HARARGE	DADER
OR 21	URJI BEKALCHA YATU	E/HARARGE	DADER
OR 22	UTUBA JIREENYA	E/HARARGE	GALO ODA
OR 23	MARQE MARRA	E/HARARGE	GIRAWWA
OR 24	YAYA AMAJII	E/HARARGE	GIRAWWA
OR 25	MOJJO SADDII	E/HARARGE	GIRAWWA
OR 26	YU.ARFAN KALLO	E/HARARGE	HARAMAYYA
OR 27	BURKA LAGAHAMA	E/HARARGE	KONBOLCHA
OR 28	CHERCHAR ODABULTUMUNION	W/HARAGEE	KUNI
OR 29	RAKKO BASI	E/HARARGE	M/BALLO
OR 30	REGA DAMU	E/HARARGE	M/BALLO
OR 31	TUTTA KANISAA	E/HARARGE	M/BALLO
OR 32	URJI WARAYISAA	E/HARARGE	M/BALLO
OR 33	WAJJIN QABEENYA	E/HARARGE	M/BALLO
OR 34	GUDINA MISOOMA	E/HARARGE	M/BALLO
OR 35	YUNIYEENI OBORA	E/HARARGE	M/BALLO
OR 36	DHUGOMSA HAQAA	E/HARARGE	M/BALLO
OR 37	MALKA JALALA	E/HARARGE	M/BALLO
OR 38	BIFTU GANAMA	E/HARARGE	MA/ BALLO
OR 39	YUN.MALKAA BALLO	B/HARAGEE	MA/ BALLO

OR 40	HUNDDEN LALSAA	E/HARARGE	MEETTAA
OR 41	ODA DARARA	E/HARARGE	MEETTAA
OR 42	BURQAA GABBINA	E/HARARGE	MEETTAA
OR 43	DADO	E/HARARGE	MEETTAA
OR 44	ODA GUDDINA	E/HARARGE	META
OR 45	SENA CHALAECO	E/HARARGE	META
OR 46	IFFA GUDINA	E/HARARGE	METTA
OR 47	WALIGALTE SABILO	E/HARARGE	METTA
OR 48	BURKA GALLE	W/HARAGEE	TULLO
OR 49	BIFTU KANKICHA	BALE	D/Manaa
OR 50	CARI HARAWA	BALE	Dalomana
OR 51	WALTAI GUDDINA	BALE	Dalomana
OR 52	IRBA WALDA	BALE	Dalomana
OR 53	HABUBBII	BALE	D/MANA
OR 54	WABERO HADA KUBI	BALE	Dalomana
OR 55	YHG BURQAA YAADOT	BALE	Dalomana
OR 56	BUNA HARANA	BALE	HA/BULUQI
OR 57	HARA BULIQ	BALE	BULUQI
OR 58	MADDA BUNA	BALE	BARBARE
OR 59	METI KONDALA	BALE	BARBAREE
OR 60	NEGELLE GORBITU	BORANA	ABAYA
OR 61	HOMA	BORANA	ABAYA
OR 62	KEALTU HASE GOLA	BORANA	ABAYA
OR 63	GUWANGUWA	BORANA	ABAYA

OR 64	GELO MIO	BORANA	ABAYA
OR 65	ODA BADHADHA	BORANA	ABAYA
OR 66	BADDITU	BORANA	ABAYA
OR 67	BUKISSA	BORANA	ABAYA
OR 68	KILLENZO MOKKONISA	BORANA	BULE HORA
OR 69	KILLENZO RASA	BORANA	BULE HORA
OR 70	DOGO BULCHANI	BORANA	BULE HORA
OR 71	GUMI NEGESE	BORANA	BULE HORA
OR 72	BURKA GUDINA	BORANA	BULE HORA
OR 73	BUDA MAGADA	BORANA	BULE HORA
OR 74	ETUMA	BORENAA	BULE HORA
OR 75	YABITU KOBAR	BORANA	BULE HORA
OR 76	KALLACHA GUDDINA	BORANA	BULEHORA
OR 77	DIBISA OGO	BORANA	BULE HORA
OR 78	CHEKETA	BORANA	GALANA
OR 79	JIME WACHU	BORANA	GALANA
OR 80	BADASSA FUNAA GOWWA	GUJI	KERCHA
OR 81	DARSA SAKA	GUJI	Keracha
OR 82	GAESSA LAYYUU KUNI	GUJI	Keracha
OR 83	BANKO MICHICHA	GUJI	KERCHA
OR 84	ELAFARDA	GUJI	KERCHA
OR 85	KERCHA INSHE	GUJI	KERCHA
OR 86	BILIDA BUQISA	GUJI	KERCHA
OR 87	QIRCOO BUNA	GUJI	KERCHA

OR 88	TEEDHO TOORA	GUJI	KERCHA
OR 89	EEGU ABAYI	GUJI	KERCHA
OR 90	SARREE SABBA	GUJI	KERCHA
OR 91	BIRIBIRSA KOJOA	GUJI	Kercha
OR 92	HEBO MALCHA	GUJI	KERCHA
OR 93	GURACHA JALDO	GUJI	KERCHA
OR 94	GADISA BUNA	GUJI	KERCHA
OR 95	BILIDA KOJAWO	GUJI	KERCHAA
OR 96	GALESAA SOKE	GUJI	KERCHAA
OR 97	LEYO TERAGA	GUJI	URAGA
OR 98	HARO KORSA	GUJI	WAMANA
OR 99	HUNDE GUDDINA	GUJI	WAMSNA
OR 100	ANFERARA	GUJI	ADOLA
OR 101	M/BUNA ANFARARAA	GUJI	ADOOLAA
OR 102	HARO KORISAA	Gujii	H.wamana
OR 103	DAMA DAMU	GUJI	H/ wamana
OR 104	BANTII NEKA	GUJI	HUNBALA
OR 105	DARRIO KIDAMEE	GUJI	HUNBALA
OR 106	DHAKA BORRI BANTI	GUJI	HUNBALA
OR 107	GALESSA DIBISSA	GUJI	HUNBALA
OR 108	HARO DIKITU	GUJI	HUNBALA
OR 109	SOLE MALTOLE	ARSI	GOLOLCHA
OR 110	LALISA	ARSI	GOLLOLICHA
OR 111	BATI	ARSI	GOLLOLICHA
OR 112	BIFTU MULATA	ARSI	GOLLOLICHA

OR 113	BAKALCHA	ARSI	GOLLOLICHA
OR 114	MINNI TULLU	ARSI	GOLLOLICHA
OR 115	MINNI GORA	ARSI	GOLLOLICHA
OR 116	CHELO	ARSI	GOLLOLICHA
OR 117	BATI MULATA	ARSI	GOLLOLICHA
OR 118	ADAMI	I/A/BORA	DARIMU
OR 119	ARAMI	I/A/BORA	DARIMU
OR 120	DIKA GABE	I/A/BORA	ALEDIDA
OR 121	KUNDI FI GAGI	I/A/BORA	ALEDIDA
OR 122	BEDELE UNION (11)	I/A/BORA	BEDELE
OR 123	ARAGAMA	I/A/BORA	BOORACHA
OR 124	YAANFA	I/A/BORA	BOORACHA
OR 125	ALELU ADESU	I/A/BORA	CHORA
OR 126	UNGUDISHANGALA	I/A/BORA	CHORA
OR 127	YHG SADDETAN COORA	I/A/BORA	CORRAA
OR 128	SINESO	I/A/BORA	DHIDHESSA
OR 129	YAMBARO	I/A/BORA	DHIDHESSA
OR 130	ASANDABO	I/A/BORA	GACHI
OR 131	BIDOO	I/A/BORA	GACHI
OR 132	DAMBI	I/A/BORA	GACHI
OR 133	GOLE	I/A/BORA	GACHI
OR 134	KAMPI	I/A/BORA	GACHI
OR 135	SEKO	I/A/BORA	GACHI
OR 136	BIQILA	I/A/B	Huramu
OR 137	BILO KARO	I/A/BORA	MATU

OR 138	DIZI	I/A/BORA	MATU
OR 139	SOGABA UNION	I/A/BORA	MATU
OR 140	TULUBE	I/A/BORA	MATU
OR 141	ALLEBUYA	I/A/BORA	MATU
OR 142	LALISA HALO	I/A/BORA	SHABE
OR 143	LOOKOO SAAYYAA	I/A/BORA	Y/HUMURU
OR 144	GEERII	I/A/BORA	Y/HUMURU
OR 145	ACIIBO	I/A/BORA	YAAYU
OR 146	YAAYU ZURIYA	I/A/BORA	YAAYU
OR 147	WIXATE	I/A/BORA	YAYU
OR 148	GEECII	I/A/BORA	YAYU
OR 149	NANNO GERAA	I/A/BORA	YAYU
OR 150	YUKIRO	JIMMA	GERA
OR 151	CHALA	JIMMA	GERA
OR 152	HARO	JIMMA	MANA
OR 153	AFATA WANJA	JIMMA	MANA
OR 154	DAWA	JIMMA	MANA
OR 155	KENTERI	JIMMA	MANA
OR 156	G/MAZORIYA	JIMMA	MANA
OR 157	KORE	JIMMA	MANA
OR 158	ANESO LAMI	JIMMA	MANA
OR 159	KOKOLLA	JIMMA	MANA
OR 160	DOYO	JIMMA	MANA
OR 161	BABU	JIMMA	L/KOSA
OR 162	AMBUYE	JIMMA	L/KOSA

OR 163	CHADARO SUSE	JIMMA	GOMA
OR 164	KASO DABU	JIMMA	GOMA
OR 165	CHOCHE GUDA	JIMMA	GOMA
OR 166	DALACHO	JIMMA	GOMA
OR 167	ILBU	JIMMA	GOMA
OR 168	ADO DRU	JIMMA	GOMA
OR 169	GOGA	JIMMA	GOMA
OR 170	LIMU SADACHA	JIMMA	GOMA
OR 171	LIMU SAPA	JIMMA	GOMA
OR 172	BULADO CHOCHE	JIMMA	GOMA
OR 173	OMO BAKO	JIMMA	GOMA
OR 174	KOTA	JIMMA	GOMA
OR 175	BIQLITU ANJA	JIMMA	S/COQORSA
OR 176	ARGA UNION	JIMMA	S/COQORSA
OR 177	BASANOO BIRBIR	W/WALLAGA	GANJI
OR 178	ARGA UNION	W/WALLAGA	GANJI
OR 179	BIKILTU ANKORRI	W/WALLAGA	GANJII
OR 180	MUKALAMI	W/WALLAGA	BOJII
OR 181	BOJI MUKILAMI	W/WALLAGA	BOJI
OR 182	SIBU EBICHA	W/WALLAGA	BOJI
OR 183	FIGA KOBARA	W/WALLAGA	BOJI
OR 184	MARGA KOBARA	W/WALLAGA	A/GALISO
OR 185	LALISA GULLISO	W/WALLAGA	GULISO
OR 186	LALISA BUKO	W/WALLAGA	GULISO
OR 187	BURKA GUDINA	W/WALLAGA	A/GALISO

OR 188	LALISA JARSO	W/WALLAGA	GULISO
OR 189	GUDINA BORI	W/WALLAGA	A/GALISO
OR 190	HOMA SIBA	W/WALLAGA	HOMA
OR 191	J/BIRIBIRI UNION	W/WALLAGA	GIMBI
OR 192	LALISA LALO	W/WALLAGA	L/ASABI
OR 193	MAGRA INAGO	W/WALLAGA	L/ASABII
OR 194	MARSA INANGO	W/WALLAGA	L/ASABI
OR 195	MULETA DALETI	W/WALLAGA	L/ASABII
OR 196	BIFTU GENJII	W/WALLAGA	GIMBI
OR 197	HOMI TABALA	W/WALLAGA	GIMBI
OR 198	BULE CHALA	W/WALLAGA	HARU
OR 199	SEBAKA	W/WALLAGA	HARU
OR 200	IFA WARKISA	W/WALLAGA	HARU
OR 201	HAROGODINAYO	W/WALLAGA	N/Kaabba
OR 202	HARO TUMSA	E/WALLAGA	N/KABBA
OR 203	IALISTU GUTE	W/WALLAGA	N/KABBA
OR 204	HARO CORROAQA	W/WALLAGA	N/KABBA
OR 205	NYAA'A DOGI	W/WALLAGA	N/KABBA
OR 206	ULAA BABBU	W/WALLAGA	NOL.KABBA
OR 207	DILLA ALAALTU	W/WALLAGA	NAJJOO
OR 208	KILTU TOBE	W/WALLAGA	NOOLEE
OR 209	KABARA	W/WALLAGA	NOOLEE
OR 210	KUNI BOSANA	W/WALLAGA	G/DALLEE
OR 211	BIFTU KOLBA AMBO	W/WALLAGA	SIBUU NOOLE
OR 212	BURKA HANKURI	W/WALLAGA	GANSI

OR 213	BURKA HORO	W/WALLAGA	GANSI
OR 214	IGGU KOMIS	W/WALLAGA	QILXU QARA
OR 215	TSIGE	E/WALLAGA	SASIGA
OR 216	FAYINE JIMMATA	E/WALLAGA	SASIGA
OR 217	GABAA DILBATA	E/WALLAGA	SASIGA
OR 218	SABATA DUREE	E/WALLAGA	SASIGA
OR 219	YU.MALKA GUDINA	E/WALLAGA	SASGA
OR 220	DABASSO	K/WALLAGA	S/NOOLEE
OR 221	GABA JIMMATA	K/WALLAGA	NOOLEE
OR 222	GAMATA GUDINA KEBE	K/ Wallagga	SAYYYoo
OR 223	GAMITA GUDINA	K/WALLAGA	GAW/KABEE
OR 224	KOLI FILIFIL	K/WALLAGA	ANFILO
OR 225	DOLLA YELLI WALALA	K/WALLAGA	ANFILO
OR 226	LALISA HARA	K/WALLAGA	ANFILO
OR 227	TORBAN AFILLOO	K/WALLAGA	ANFILO
OR 228	ASHI SUDI DULLI	K/WALLAGA	ANFILO
OR 229	YETI KONKI DOLLA	K/WALLAGA	ANFILO
OR 230	ABDI GUDDIN DELI	K/WALLAGA	ANFILO
OR 231	YAARER	K/WALLAGA	ANFILO
OR 232	LALISAA BUKO	K/WALLAGA	LALO ASABI
OR 233	DARATU	K/WALLAGA	Hawa Galan
OR 234	GAAWO DALE UNION	K/WALLAGGA	D/ WAABARA
OR 235	GUDINA WALALUNINO	KEL/ ALLAGA	D/ WAABARA
OR 236	KARA MORA	KEL/ ALLAG	D/ WAABARA
OR 237	Y/GuddattuGidamii	K/WALLAGA	GIDAME
OR 238	WARKA	W/ARSI	NANSABO
OR 239	BELO DOKCHA	W/ARSI	NANSABO
OR 240	KORAMA	W/ARSI	NANSABO

SIDAMA COFFEE FARMERS COOP UNION	
CODE	PRIMARY COOP NAME
SD01	ABELA GALUCO
SD 02	BARGONA
SD 03	BOABEDEGELO
SD 04	BOKASSO
SD 05	BONA
SD 06	BUNABUKA
SD 07	CHIRI
SD 08	CHUKOLEMELA
SD 09	DOBENAWICHO
SD 10	DONGORAKEBAO
SD 11	FERO
SD 12	FURA
SD 13	GANE
SD 14	GERBICHOLELA
SD 15	GIDBONASCHA
SD 16	GORBE
SD 17	GOYDA
SD 18	GURE
SD 19	GERBICHO KILA
SD 20	HACHE

SD 21	HALONAGELMA
SD 22	HANTATE
SD 23	HOMACHOWAENO
SD 24	HONDOBANABORBORO
SD 25	HOWOLSO
SD 26	HUNKUTE
SD 27	KEGE
SD 28	KORKENAGUNDE
SD 29	KOSORICHA
SD 30	LELAHONCHO
SD 31	MEGERA
SD 32	MOKONISSA
SD 33	NURAKORATE
SD 34	SALAKEBADO
SD 35	SETAMO
SD 36	SHANTAGOLBA
SD 37	SHILCHO
SD 38	SHOYE
SD 39	TARAMESSA
SD 40	TELAMO
SD 41	TITIRA
SD 42	WATADERA

SD 43	WAYICHO
SD 44	WELLE
SD 45	WEYNINATA
SD 46	WICHO
SD 47	WOTONABULTUMA

YIRGACHEFFE COFFEE FARMERS COOPERATIVES UNION		
CODE	NAME OF PRIMARY COOPERATIVES	
Y1	RESA	
Y2	DOMARSO	
Y3	TUMTICHA	
Y4	CHICHU	
Y5	ADADO	
Y6	DAMA	
Y7	ADDIS KETEMA	
Y 8	FINCHEWA	
Y9	WORKA	
Y10	SIGIGA	
Y11	.HAMA	
Y12	HASE HARO	
Y13	. EDIDO	
Y14	ADAME GARBOTA	
Y15	HAFURSA	
Y16	BILOYA	
Y17	ARAMO	
Y18	KOKE	

Y19	BANKO DHADHATO
Y20	BALE KARA
Y21	MICHILE
Y22	KONGA
Y23	HARU
Y24	GANDA
Y25	WOCHAMA

APPENDIX C: FREQUENCY TABLES OF RESPONSES

Frequency of Responses for BCP variable

	N	Frequency	Percent	Total %
Voting is by members on democrat (one member, one vote) basis				
Very Important	162	74	45.7	96.9
Extremely Important		83	51.2	
Membership is open				
Very Important	162	64	39.5	90.1
Extremely Important		82	50.6	
Equity is provided by patrons /owners				
Very Important		50	30.9	86.5
Extremely Important		90	55.6	
Net income is allocated to patrons as patronage refund				
Very Important		51	31.5	75.9
Extremely Important		72	44.4	
Exchange of goods and services is at market prices				
Very Important	162	74	45.7	77.2
Extremely Important		51	31.5	
Have a duty to educate and train members				
Very Important	162	58	35.8	78.4
Extremely Important		69	42.6	
Maintain political and religious neutrality				
Very Important	162	59	36.4	83.3
Extremely Important		76	46.9	
Have equality of the sexes in membership				
Very Important		61	37.7	84.0
Extremely Important		75	46.3	
Focus on sustainable development for their community through policies approved by their members				
Very Important	162	76	46.9	88.9
Extremely Important		68	42.0	
Members democratically control the capital of the Cooperative				
Very Important	162	77	47.5	89.5
Extremely Important		68	42.0	
Cooperatives are autonomous self-help organizations controlled by their members				
Very Important	162	83	51.2	94.4
Extremely Important		70	43.2	
Cooperation among cooperative				
Very Important		58	35.8	86.4
Extremely Important		82	50.6	
Cooperative societies are autonomous self-help organizations controlled by their members				
Very Important	162	84	51.9	91.4
Extremely Important		64	39.5	
Cooperative inform the public particularly the youth about the nature and benefits of cooperatives societies				
Very Important	162	85	52.5	86.5
Extremely Important		55	34.0	
No government interference in cooperatives businesses				
Very Important		54	33.3	67.3
Extremely Important		55	34.0	
Management appointment is free of ethnic partiality				
Very Important		69	42.6	83.3
Extremely Important		66	40.7	

χ²=85%

Frequency of Responses for PR

	N	Frequency	Percent	Total %
Setting the direction of the business for the welfare of the cooperative members				
Primary coop manager more responsible		44	27.2	67.3
Primary manager coop most responsible		65	40.1	
Managing the day-to-day operations of the cooperative				
Primary coop manager more responsible		57	35.2	84.6
Primary coop manager most responsible		80	49.4	
Maintaining accuracy of the minutes of the board of directors' meetings				
Primary coop manager more responsible		65	40.1	79.6
Primary manager coop most responsible		64	39.5	
Acting in good faith with reasonable care in handling the affairs of the cooperative				
Primary coop manager more responsible		43	26.5	74.6
Primary manager coop most responsible		78	48.1	
Ensuring employees understand cooperative philosophy				
Primary coop manager more responsible		41	25.3	66.7
Primary manager coop most responsible		67	41.4	
Approving purchase of major capital assets				
Primary coop manager more responsible		41	25.3	77.8
Primary manager coop most responsible		85	52.5	
Developing programs for implementation of cooperative policies				
Primary coop manager more responsible		50	30.9	64.9
Primary manager coop most responsible		55	34.0	
Establishment and evaluation of programs				
Primary coop manager more responsible		58	35.8	75.9
Primary manager coop most responsible		65	40.1	
Furnishing information needed for long-range planning				
Primary coop manager more responsible		53	32.7	66.7
Primary manager coop most responsible		55	34.0	
Educating the general public about the cooperative and its activities				
Primary coop manager more responsible		48	29.6	68.5
Primary manager coop most responsible		63	38.9	
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Keeping current on legislation concerning cooperatives

Primary coop manager more responsible		46	28.4	66.7
Primary manager coop most responsible		62	38.3	
Encouraging membership and active patronage				
Primary coop manager more responsible		55	34.0	74.1
Primary manager coop most responsible		65	40.1	
Informing members of developments within the cooperative				
Primary coop manager more responsible	162	61	37.7	79.1
Primary manager coop most responsible		67	41.4	
Hiring, training, and setting compensation for employee				
Primary coop manager more responsible		57	35.2	69.2
Primary manager coop most responsible		55	34.0	
$\bar{x}=82\%$				

Frequency of Responses For FKD

	N	Frequency	Percent	Total %
Analyze cost/profit relationships and other financial data to guide business decision making				
Agree		81	50.0	86.4
Strongly agree		59	36.4	
Manage the cash flow of the business (i.e. cost of operation, control sales/production)				
Agree	162	83	51.2	90.1
Strongly agree		63	38.9	
Identify and assess business risks, select risk-management strategies, and develop and evaluate a risk-management plan				
Agree		84	51.9	85.9
Strongly agree		55	34.0	
Forecast future budgetary needs and prepare a budget to include short-and long-term expenditures				
Agree		80	49.4	87.7
Strongly agree		62	38.3	
Analyze the components of financial plan				
Agree		80	49.4	85.8
Strongly agree		59	36.4	
Members are encouraged to give suggestion before decisions are made				
Agree	162	69	42.6	89.5
Strongly agree		76	46.9	
For many decisions, the rules and regulations are developed as I go along				
Agree	162	67	41.4	82.8
Strongly agree		67	41.4	
I keep everyone informed about decisions, events and developments that affect their work				
Agree		78	48.1	87.6
Strongly agree		64	39.5	
I delegate responsibility and authority to others and allow them discretion in financial decision-making				
Agree		83	51.2	87
Strongly agree		58	35.8	
I am keenly aware of my own strengths and weaknesses in financial decision making				
Agree		90	55.6	85.8
Strongly agree		49	30.2	
$\bar{x}=87\%$				

Frequency Responses for LST			
N = 162	Frequency	Percent	Total %
Acquired knowledge of leadership/management			
Agree	87	53.7	79.6
Strongly agree	42	25.9	
Work capably with large amount of information			
Agree	91	56.2	83.4
Strongly agree	44	27.2	
Know how to motivate colleagues for effective performance			
Agree	84	51.9	86.5
Strongly agree	56	34.6	
Knowledgeable about the members needs and performance of the cooperatives business			
Agree	70	43.2	83.3
Strongly agree	65	40.1	
Trained in Business planning			
Agree	74	45.7	73.5
Strongly agree	45	27.8	
Develop and maintain good, cooperative working relationship with others			
Agree	82	50.6	87.0
Strongly agree	59	36.4	
Know Financial and Resources management			
Agree	88	54.3	88.9
Strongly agree	56	34.6	
Skilled in Managing diversity of ethnics and gender			
Agree	57	35.2	77.8
Strongly agree	69	42.6	
Skilled in Customer care and customer service management-external and internal			
Agree	63	38.9	78.8
Strongly agree	63	38.9	
Trained in Human Resource management			
Agree	58	35.8	63.6
Strongly agree	45	27.8	
Skilled in Quality awareness and managing according to quality standards and procedures			
Agree	78	48.1	75.3
Strongly agree	44	27.2	
Trained in Customer service management			
Agree	71	43.8	72.2
Strongly agree	46	28.4	
Skilled in Planning and running meetings and effective follow-up			
Agree	74	45.7	65.3
Strongly agree	48	29.6	
Skilled in Business writing, e.g. Letters, reports, plans			
Agree	68	42.0	77.8
Strongly agree	58	35.8	
Trained in Change management			
Agree	54	33.3	61.7
Strongly agree	46	28.4	

Skilled in Financial and commercial understanding (e.g. Budget, profits & loss, cash flow etc.)

Agree	72	44.4	75.3
Strongly agree	50	30.9	
Trained in Decision making			
Agree	90	55.6	80.9
Strongly agree	41	25.3	
Skilled in Training and developing members, coaching and mentoring			
Agree	77	47.5	80.2
Strongly agree	53	32.7	
Trained in Production management			
Agree	79	48.8	70.4
Strongly agree	35	21.6	
Skilled in motivating of team and individuals team members for better performance			
Agree	60	37.0	74.0
Strongly agree	60	37.0	
Trained in Performance evaluation			
Agree	85	52.5	74.1
Strongly agree	35	21.6	
Skilled in Planning, Prioritizing and organizing tasks and activities			
Agree	66	40.7	74.7
Strongly agree	55	34.0	
Analyze financial information quickly			
Agree	84	51.9	79.7
Strongly agree	45	27.8	
Produce high quality work			
Agree	68	42.0	76.0
Strongly agree	55	34.0	
$\bar{x}=77\%$			

Frequency responses of LB

N= 162	Frequency	Percent	Total %
Demonstrate honest, ethical behavior in all transactions			
Satisfied	87	53.7	98.8
Strongly satisfied	73	45.1	
Lead by example as in "doing what I ask others to do."			
Satisfied	78	48.1	90.7
Strongly satisfied	69	42.6	
Demonstrate decisiveness in all transactions			
Satisfied	75	46.3	82.7
Strongly satisfied	59	36.4	
Expect people to be accountable and offer support.			
Satisfied	81	50.0	89.5
Strongly satisfied	64	39.5	
Translate cooperative goals practically and meaningfully for members benefits			
Satisfied	76	46.9	82.7
Strongly satisfied	58	35.8	
Make and communicate decisions promptly			
Satisfied	82	50.6	85.8
Strongly satisfied	57	35.2	
Resolve conflict with the goal for all to succeed			
Satisfied	79	48.8	92.0
Strongly satisfied	70	43.2	
Take responsibility for decisions without finger pointing			
Satisfied	68	42.0	85.8
Strongly satisfied	71	43.8	
Involve others in planning actions			
Satisfied	63	38.9	94
Strongly satisfied	73	45.1	
Praise people for work well done			
Satisfied	77	47.5	85.2
Strongly satisfied	61	37.7	
Delegate in a way that encourages others to have full ownership			
Satisfied	86	53.1	92.0
Strongly satisfied	63	38.9	
Appropriately provide authority to others to make decisions			
Satisfied	76	46.9	86.4
Strongly satisfied	64	39.5	
Believe in and provide training that teaches leadership, teamwork and technical skills			
Satisfied	71	43.8	83.4
Strongly satisfied	64	39.5	
Implement innovation as a method to improve performance			
Satisfied	67	41.4	79.1
Strongly satisfied	61	37.7	
Create forums to celebrate cooperatives successes			
Satisfied	62	38.3	62.9
Strongly satisfied	56	34.6	
Help cooperative members by listening without pre-judging.			
Satisfied	66	40.7	83.3
Strongly satisfied	69	42.6	
200			

Have excellent relationships with cooperative members and work associates regardless of gender and ethnic differences

Satisfied	73	45.1	82.8
Strongly satisfied	61	37.7	
Am accessible to communication			
Satisfied	57	35.2	82.1
Strongly satisfied	76	46.9	
Encourage people to communicate their differing opinions			
Satisfied	73	45.1	84.0
Strongly satisfied	63	38.9	
T=85%			

Frequency Responses of BP

N = 162	Frequency	Percent	Total %
Dividend paid for members had been satisfactory in each year			
Agree	97	59.9	79.7
Strongly agree	32	19.8	
The business had been profitable for each year			
Agree	84	51.9	74.1
Strongly agree	36	22.2	
Return on Investment (ROI) had been very good compared with other cooperatives			
Agree	89	54.9	75.9
Strongly agree	34	21.0	
The coop provides training and technical support on improved production method to members			
Agree	80	49.4	87.1
Strongly agree	61	37.7	
The coop members production satisfies the market needs			
Agree	87	53.7	72.8
Strongly agree	31	19.1	
The coop production increases each year due to market demand			
Agree	80	49.4	79.6
Strongly agree	49	30.2	
The supply of coffee has high share in the market compared with other coops			
Agree	72	44.4	80.8
Strongly agree	59	36.4	
There was regular survey of members needs			
Agree	84	51.9	65
Strongly agree	39	24.1	
The coop provided bonus to active patron members			
Agree	77	47.5	73.4
Strongly agree	42	25.9	
There was coop evaluation and incentives based on performance			
Agree	89	54.9	74
Strongly agree	31	19.1	
Debt from bank paid on time to the borrowers (banks)			
Agree	84	51.9	80.3
Strongly agree	46	28.4	
Net worth (total liability- total assets) increases each year			
Agree	91	56.2	70.3
Strongly agree	39	24.1	
The solvency of the business was high to meet long term obligations			
Agree	100	61.7	80.2
Strongly agree	30	18.5	
The gross margin (sales revenue-cost of product sold) has been high to meet operating costs and to realize savings for members			
Agree	92	56.8	78.4
Strongly agree	35	21.6	
Coop has been conducted meeting of all members once per quarter (or as by-laws) to discuss leaders actions, plans, benefits, etc			
Agree	83	51.2	87.2
Strongly agree	60	37.0	
Coop protects the high quality of coffee production			
Agree	71	43.8	83.3
Strongly agree	64	39.5	

Solvency and liquidity of the coop's business has been high with the coop performances			
Agree	90	55.6	75.4
Strongly agree	32	19.8	
Coffee farmers satisfaction has been high with the coop performances			
Agree	92	56.8	81.5
Strongly agree	40	24.7	
The coop had been financially strong			
Agree	90	55.6	77.8
Strongly agree	36	22.2	
Revenue per member increased each year			
Agree	99	61.1	74.6
Strongly agree	38	23.5	
Surplus per member increase each year			
Agree	98	60.5	81.5
Strongly agree	34	21.0	
Asset per member increased each year			
Agree	64	39.5	79.6
Strongly agree	65	40.1	
Number of members increased each year			
Agree	90	55.6	95.7
Strongly agree	65	40.1	
The coop increased its market share of export market			
Agree	72	44.4	84.5
Strongly agree	65	40.1	
T=79%			

APPENDIX D: MAP OF COFFEE PRODUCING COOPs REGIONS IN ETHIOPIA

Coffee producing areas of Ethiopia. The **green color** in the map of Ethiopia indicates the study area(Coffee farmers cooperatives).



Source: <http://oromiacoffeeunion.org/ourCoffees.php>

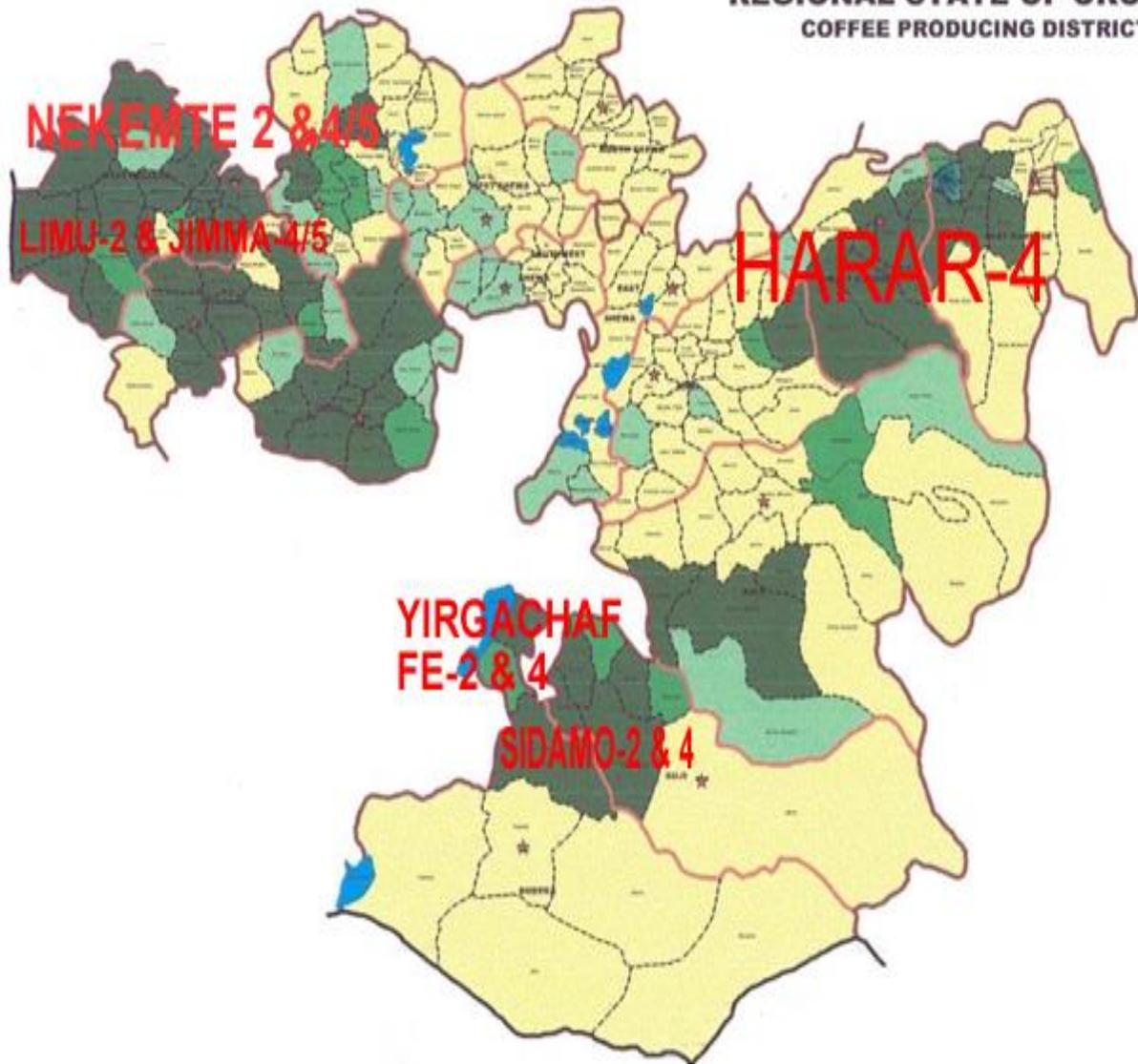
SCFUC Fair Trade Coffee Producers



Sidama Coffee Farmers cooperatives union: Location of primary coffee Farmers cooperatives

Source: <http://sidamacoffee.com/CoffeeMaps.html>

**REGIONAL STATE OF OROMIYA
COFFEE PRODUCING DISTRICTS**



Source: <http://oromiacoffeeunion.org/ourCoffees.php>



Source: <http://oromiacoffeeunion.org/ourCoffees.php>



Source: <http://oromiacoffeeunion.org/ourCoffees.php>



Ethiopian cultural coffee ceremony (Adorned girl at Rural South Ethiopia)

Source: <http://sidamacoffee.com/>