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## Identifying and Prioritizing of Effecting Factors on People Employment in Cooperatives

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### Abstract

In Iran, thousands of students graduate from university annually and they join to the large number of unemployed which available right now. Today economic planners found that governmental organizations and large companies are not enough to attract all the graduated students. Hence one of the main concerns of the government in the Fourth development Economic, Social and Cultural Plan Act is creating jobs opportunity and reducing unemployment. This Plan, and especially constitutional law, has considered high attention to the cooperatives and the role of them in job creation, because according to the policy of the Government in economy, cooperatives sector can create an effective role in achieving government objectives in the field job creation. By lack of criteria and indicators of the reasons in people employment in cooperatives, this study identifies the factors in this regard. Thus by interviewing of several experts in the field of Agriculture in Semnan and Zanzan provinces, these criteria identified and according to these criteria, a questionnaire designed and the comments of people employed in agricultural cooperatives collected and finally by using Analytical Hierarchy Process (AHP) we ranked them. The results show that two factors of having experienced managers and government support of cooperatives have the most important role in employment in the cooperatives sector

**Keywords:** Cooperative, Employment, Agricultural Cooperative, Factors Evaluating, Analytical Hierarchy Process (AHP)

## Introduction

Iran's economy due to different economic, political and ideological reasons has a large inflated public sector which includes one third of the employees in some years. Public sector in Iran has been developed especially after the Islamic revolution, but in the past decade some efforts have been done to reduce the size of the government and public employment (Hoseinpour, 2001). The human resources problems have been remarkably improved, Because of the importance of economic and non-economic issues in the second five-year grand plan. In this regard it can acknowledge that for those who are involved in planning in Iran, the most important concern is creating an employment opportunities for applicants (Keshavarz, 2005). In the present situation, Iran has encountered big challenge because of population increasing in, rising expectations, growing young population and as a result demanding for job opportunity. So considering these issues and finding a set of homogeneous and systematic policies for Investment growth in the economy, is essential and extensive research this field could be useful (Piraste and Karimi, 2001). This nature that cooperatives seek value provides many competitive advantages for them.

Since the increasing dividend of the members in cooperatives is not the main goal, they can create job opportunity in various subsectors of economic or geographic areas which are not profitable for those private companies which their business planned just on capital. Cooperative sector is an important part of the country's economic which has high potential to attract unemployed people, especially college graduates and financial and spiritual supports and aids of the government in this regard would be very constructive and useful, because on one side the cooperatives problems will decrease and on the other side some unemployment find job and as a result it leads to increasing local production and economic prosperity (Sadeghian and Emami, 2002). Recent conducted researches indicate that only way those cooperatives can be an effective tool in rural development is that we consider them as an essential part of rural development policies and national programs. Fundamental goals of cooperative in line with development of overall objectives are increasing production and improving rural participation in decision making related to social-economic aspects of production (Karami and Rezaie, 2005). In the Copenhagen Declaration and Action Plan, the facilities and collaboration of cooperative for creating productive employment has been accepted formally.

According to the recent report of International Labour Organization (ILO), cooperatives play an important role in job creation, poverty alleviation, self-employment and services to members. Although cooperatives are not a tool for creating job, but they are remarkably effective on job creation in urban and rural areas in different parts of the world and also they create income for members and their employees with various forms including surplus shares, rights or benefits depend of type of the cooperatives.

Cooperatives provide self-employment through the manufacturing and services activities for millions of people.

Financial cooperatives also provide required capital for productive and reliable investment in monetary institutions for people. Some cooperatives decrease consumer consumption income for basic living expenses by providing affordable goods and services .On the other hand those cooperatives which are considered as an employer also provide job security (Ansari, H. 1995)Article 44 of the Constitution has stated that cooperatives, production and distribution

companies should form in cities and villages, because by formation of cooperatives in rural, agricultural production and employment rates increase and migration will basic reduce.

Rural immigration to cities is one of the reasons which cause by lack of attention to the above issue. Therefore in almost great parts of the villages there is no inhabitant, and it leads to decreasing the level of agricultural production and we miss lots of money for importing agricultural products and it causes increasing prices, cultural heterogeneity and helping brokers, and other fake jobs. The Importance of cooperatives in principles 43 and 44 of the Constitution has been emphasized, so that article 44 has specified the cooperative sector alongside public and private sector (Nekoie, 2003).

## **Materials**

### **Literature review**

#### **Cooperation**

The “cooperation” term was first used by Robert Owen, compare with the word “Competition”. Then scholars and social peacemaker used this word with different concepts and functions, as far as the “Movement cooperation” term and even “Cooperatism” in economic-social theories were found important role. International Union of Cooperatives in its thirty-first Congress which was held in Manchester in 1995 defined “cooperative”: (cooperative is an independent community of people that in order to meet their needs and common goals of economic, social and cultural has been agreed optionally through democratic supervision in institutions with collective ownership).

In General the history of cooperation from the economic point of view is divided into two periods: the first period starts from the beginning of human social life and from the fifteenth century the evaluation gradually form since it changes to the current shape, the second period starts from the industrial revolution and the French Revolution in eighteenth century which has its own definitions related to that duration. Therefore the first period called the era of social cooperation and the second period is the industrial or scientific age (Amini and Hamedani, 2008).

But in Iran cooperation has a long history in a real concept of the word. Some western scholars believe that special geographical situation and general conditions governing the environment, in the east and especially in Iran lead that people become a unit to confront problems and overcome nature.

Beginning of the formal cooperation work in Iran was in 1303 after approval of the business law. Some of these laws have been discussed about the law of cooperatives on production and consumption. But corporative has started their formal job in terms of formation and registration activities in the year 1314. Because In this year the government attempted to establish the first cooperative village in Davrabad from Garmsar. The basis formation of the above company was, the Commercial Law in 1311 that discussed in some parts about the cooperatives organization. This material during World War II give a mission to the country minister to head a group of officers to learn them and also let people know more about the rules of cooperative by travelling

through different villages which help to provoke the sense of group responsibility for people, especially the Producer level of the society (Amini and Hamedani, 2008; Ansari, 1995)

#### Different Types of Cooperative Firms

Different types of cooperative firms are:

- 1: Agricultural Cooperative
- 2: Rural Cooperative
- 3: Farmers Cooperative
- 4: Housing Cooperative
- 5: credit Cooperative
- 6: academy Cooperative
- 7: professional experts and crafts Cooperative
- 8: small industries Cooperative (Piraste and Karimi, 2001)

#### Cooperative Principles

In 1995 international union of cooperative approved new statement of cooperative identity that containing the modified principles of cooperation. These principles include: 1-Voluntary and open membership 2-Democratic control of members 3-Economic participation of member 4:

Independence 5-Education, Training and convey information 6-Cooperation among cooperatives 7-Special attention to community (Karami and Rezaie, 2005.)

#### Some Characteristics of Cooperative

- Creating job
- Creating added value
- Price adjustment (Taherkhani and Heydari, 2004)

#### Cooperatives Goals

- Adjust economic affair.
- Preparing the groundwork for creating job.
- Easy making of economic activity.
- Creating and providing working condition and opportunities for all people in order to achieve full employment.
- Providing job instruments for people who are able to work, but don't have job instruments.
- Prevent Concentration of wealth among certain individuals and groups in order to achieve social justice.
- Management, capital and benefits obtain from this work allocate to human resource and encourage them to direct exploitation of work.
- Prevention from monopoly, speculation, inflation and minimize losses to peoples.
- Develop and strength of public participation and cooperation among all people. ( Taherkhani and Heydari, 2004; Khierkhahan, 2007)

#### Cooperatives and Creating New Job Opportunities

Cooperatives can improve the ability of their members through group activity and creating opportunity and this will form just through connecting different creativities and improving social support. These three factors namely giving ability, creating opportunity and support are key factors for success of any programs to prevent poverty. Cooperatives due to combat with prejudice in society and improving social justice are not only lead to create good jobs, but also contribute to expanding the peace in society (Sadeghian and Emami, 2002). In our country like other countries, labour concerns and create jobs for individuals has emphasized in the Constitution and the first clause of the Constitution of Article 43 has been focused in this issue which emphasizes on creation of jobs for all the people. By going deep through the practical and desirable form of the cooperatives, we can impalement almost all the predicted goals related to the employment in the law. And this is just because the capacity of the public jobs are limited and large production units are mostly under the control of the government and other governmental agencies that many of them regardless of the limited capacity of employment, suffer from several problems. By considering this fact that the development of private sector is not complete yet, so this part doesn't have enough capacity to create employment in the country. Therefore we should find the third way in this case. Cooperatives are one of the entities involved in providing employment and have effective role in employment. But evaluation of this effect, regardless of facts, creates different disorders in our planning in this area. Therefore attention to

the employment of cooperatives should be based on the reality, and it should consider if there is still problem in somewhere or there is good capacity for job creation, and if we concluded that support and encouragement in this section could be useful we should concentrate on that part (Hoseinpour, 2001).

Businesses which cooperative are directly create them are considerable into two groups:

A) Service sector: these jobs include businesses in which work on cooperative staff and line groups such as accountants, storekeeper, or businesses that provide cooperatives services directly. However, the service jobs in both production and distribution cooperatives may be in common, but they act as a constant power of cooperatives and they receive their rights and salary from the cooperatives.

B) Manufacturing sector: these individuals may also be a member or non-member of cooperative. But they are employed as the labour forces in the production cooperatives and also they receive their right from that source. Although the job's life cycle of these two groups depends on to the prosperity of cooperative activities, but they have relatively high job security since they are official member and receive the advantages of Labour and Social Security.

Compared with governmental organizations, cooperatives have more efficiency and less wastage and in comparison with the private sector, they have economic democracy and equitable distribution of wealth and income. Thus, among the three sections of cooperatives, public and private organization, cooperation and cooperatives can be the best one for employment of graduates because the educated level of the society usually has low capital but based on scientific and academic ability, their knowledge and information they can be a positive member for developing cooperatives (Khierkhahan, 2007). On the other hand some groups of people with skills and experience are still working traditionally and they don't have enough knowledge about the global marketing, facilities and equipment in the current era. Integration between science and community of the college graduates, and people who have experience in traditional works and also economic supports and facilities can help us not only in achieving personal and group goals but it could be useful to the possibility of reaching to the macro objectives such as increasing productivity and improving economic (Tahmasbi and Labafi, 2005). Figure 1 indicates the consequences of a cooperative formation in rural areas.



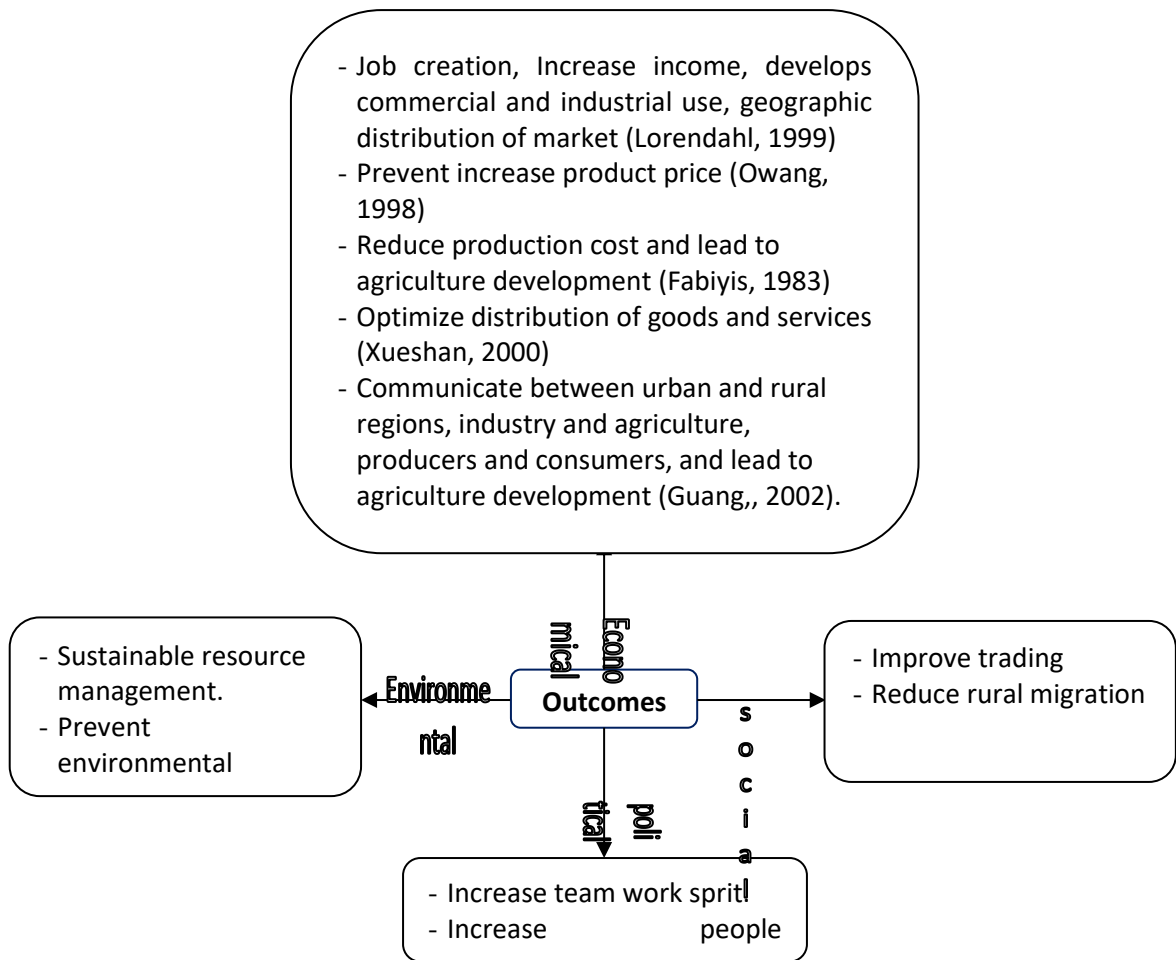


Figure 1: the consequences of a cooperative formation in rural areas

### Methodology

Studies in the literature in order to identify affecting factors on employment, especially in cooperatives, didn't contain any result. To recognize these factors unstructured interview with agriculture organization experts in SEMNAN and ZANJAN were taken, then using it to investigate the reasons of people employment in agriculture cooperatives. They noted that factors such as: having experienced managers, Salary and benefits of labour law, Government support of cooperatives, Founded knowledge of cooperatives, Lack of adequate capital for the self-employment, Positive vision to job future, Trend to develop in cooperatives, Monitoring to cooperative company, Lack of job opportunities in government institution and Having job security are the most possible reason for employment in this sector. In order to gathering employee's opinion, questionnaires were distributed randomly among them, and overall 88



questionnaires for testing hypothesis are selected. For analyzing the data we used EXPERT CHOICE software (demographic information show in table.1).

**Table 1: demographic information**

<b>Sex</b>	<b>Male</b>	<b>Female</b>		
	53	35		
<b>EDUCATION</b>	<b>Masters and above</b>	<b>Bachelor</b>	<b>Diploma and Associate Degree</b>	
	8	52	28	
<b>Age</b>	<b>20-29</b>	<b>30-39</b>	<b>40-49</b>	<b>Above 50</b>
	19	31	22	16

If show these 10 factor from A1 to A10, then the first step in Analytical Hierarchy Process (AHP) is obtain Score Combined Matrix for 88 responder (this matrix show in table.2). After normalizing this matrix with help of EXPERT CHOICE software, Compatibility Rate (CR) with rate of each factor is calculated. Compatibility Rate in each cell obtained by dividing the number of combined matrix into column sum (table.3) Now if we sum all numbers of each row, and divide it by number of columns (in other words calculate Mean of each row), Relative weights of each criteria will be obtained (table 4). Numbers exist in third column of table 4 shows factor ranking. These three tables show Analytical Hierarchy Process.

**Table 2: Combined matrix**

	1	2	3	4	5	6	7	8	9	10
A1	1	1.164	1.230	1.140	1.229	1.388	1.171	1.606	1.480	1.483
A2	0.858	1	0.944	0.958	1.106	1.192	1.072	1.324	1.365	1.297
A3	0.894	1.059	1	1.069	1.216	1.302	1.141	1.480	1.436	1.407
A4	0.876	1.043	0.935	1	1.263	1.289	1.180	1.573	1.352	1.356
A5	0.813	0.904	0.822	0.792	1	1.045	0.856	1.217	1.196	1.092
A6	0.720	0.839	0.768	0.776	0.957	1	0.876	1.220	1.144	1.095
A7	0.859	0.932	0.872	0.847	1.017	1.141	1	1.271	1.143	1.164
A8	0.622	0.755	0.675	0.635	0.821	0.819	0.786	1	0.990	0.925
A9	0.675	0.732	0.696	0.740	0.837	0.874	0.875	1.010	1	0.957
A10	0.687	0.770	0.711	0.737	0.916	0.913	0.859	1.081	1.045	1

**Table 3: Normalized Table**

	1	2	3	4	5	6	7	8	9	10
A1	0.125	0.126	0.142	0.131	0.119	0.127	0.119	0.126	0.121	0.126
A2	0.107	0.109	0.109	0.110	0.107	0.109	0.109	0.103	0.112	0.110
A3	0.111	0.115	0.116	0.123	0.117	0.119	0.116	0.116	0.118	0.119
A4	0.109	0.113	0.108	0.115	0.122	0.117	0.120	0.123	0.111	0.115
A5	0.101	0.098	0.095	0.091	0.096	0.095	0.087	0.095	0.098	0.092
A6	0.090	0.091	0.088	0.089	0.092	0.091	0.089	0.090	0.094	0.093
A7	0.107	0.101	0.100	0.097	0.098	0.104	0.102	0.099	0.094	0.099
A8	0.078	0.082	0.078	0.073	0.079	0.074	0.080	0.078	0.081	0.078
A9	0.084	0.079	0.080	0.085	0.081	0.079	0.089	0.079	0.082	0.081
A10	0.085	0.084	0.082	0.084	0.088	0.083	0.087	0.084	0.086	0.085

**Table 4: Factors ranking**

Factors	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
Relative Weights	0.126	0.108	0.117	0.115	0.095	0.091	0.100	0.078	0.082	0.085
Ranking	1	4	2	3	6	7	5	10	9	8

After these processes we should calculate Compatibility Rate in order to determine whether paired comparisons are compatible or not. If CR less than 0.1 show that there is a reasonable compatibility in paired comparisons. Procedure and methods to obtain CR is described below.

The first step in obtain CR calculating WSV according the following formula:

$$WSV = A \times W$$

In the aforementioned relation, Matrix A is a combined matrix which is shown in table 2 and W is a relative weighted matrix for 10 factors which is shown in the second row of table 4.

After calculating WSV the following matrix is obtained:

$$WSV = \begin{bmatrix} 1.264 \\ 1.087 \\ 1.172 \\ 1.155 \\ 0.952 \\ 0.915 \\ 1.004 \\ 0.783 \\ 0.822 \\ 0.851 \end{bmatrix}$$

The next step calculation Compatibility Vector (CV) is based on the following equation:

$$CV = \frac{WSV}{W}$$

After calculating CV we have the following matrix:

$$CV = \begin{bmatrix} 10.007 \\ 10.004 \\ 10.003 \\ 10.001 \\ 10.005 \\ 10.003 \\ 10.005 \\ 10.002 \\ 10.003 \\ 10.002 \end{bmatrix}$$

Then the Compatibility Index (CI) IS calculating based on the following equation:

$$CI = \frac{\lambda_{\max} - n}{n-1}$$

Here  $\lambda_{\max}$  is average of CV matrix number and n is number of indicator. (n=10 and.....). According to this description CI is equal to 0.000462 and at the final stage CR is calculated based on following formula:

$$CR = \frac{CI}{RI}$$

RI is extracted from AHP table and according to the number of indicator (n=10), RI=1.51

By dividing CI to RI the amount of CR is obtained, which equal to 0.000282 and because smaller than 0.1 show (indicate) compatibility. As mentioned later ranking these factor according to the third column of table3. According to this table can be said Having Experienced Manager is the most important factor in attracting people to cooperatives. Then government support and knowledge-based of cooperatives are most important factor. Also monitoring of cooperative company and lack of adequate job opportunities in government institution are the least important factor for people employment in cooperative.

### Results and Discussions

According to the results, the following suggestions in order to increase employment in cooperatives are recommended:

- Changing official attitude toward cooperatives.
- Providing a condition in order to have more presence of cooperatives.
- Increasing trust toward cooperatives.
- Approving some rules that reduce transaction.
- Increasing cooperative communication with private sector.
- Scientific and practical planning for employment.
- Creating industry with local infrastructure in agriculture sector.
- Attention to the employment of youth in rural.
- Supplying enough budgets from economic ministries and other organization.
- Creating cooperative association in rural area.
- Hiring experts in cooperatives.
- Increasing people participation through cooperative associations.
- Identifying potential fields and try to make them actual in order to create job.
- Improving employment activities within cooperatives sector.
- Identifying the status of cooperative ministry.
- Implementing research project through cooperative associations.
- Cooperatives integration and merging the organizations in the ministry of cooperatives.
- Using business plan according to behaviour of cooperatives.
- Supporting the cooperatives especially financial support

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