

THE LIFE CYCLE OF AGRICULTURAL COOPERATIVES: IMPLICATIONS FOR MANAGEMENT AND GOVERNANCE IN ETHIOPIA

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Abstract

Commercialization through cooperatives has the potential to reduce transaction costs and improve bargaining power of farmers vis-à-vis the market. The objective of this study is to evaluate the probability for Ethiopian agri-cooperative to engage in collective marketing activities over time, given market and governance characteristics. Using a sample of 200 agricultural cooperatives from the Ethiopian Highlands, the analysis reveals that collective marketing faces cyclical challenges related to increased competition. Empirical results also suggest that among Ethiopian cooperatives, those located in the Northern regions of Tigray and Amhara, and/or established upon the voluntary initiative of farmers, are more likely to engage in sustainable collective marketing activities over time. The study concludes with implications for policy and further research.

Key words: Life Cycle, Collective Marketing; Cooperatives; Ethiopia