



## Research Article

# Factors Influencing Consumer Cooperative Performance: Evidence from Chiro Town, Ethiopia

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## Abstract

Consumer cooperatives serve as vital socio-economic institutions in developing economies, particularly in stabilizing volatile markets, curbing price exploitation, and protecting household purchasing power in urban centers like Chiro Town, Ethiopia. Despite their strategic importance, the operational success and overall performance of these cooperatives are frequently constrained by a complex interplay of internal organizational and external market factors. This study investigates the key factors influencing consumer cooperative performance in Chiro Town, Ethiopia. Specifically, the research evaluates the direct effects of four critical operational drivers: membership commitment, management competence, market orientation, and technological advancement. Adopting an explanatory quantitative research design, primary data were gathered from a sample of 308 active cooperative members using structured, self-administered questionnaires. The sample was selected using simple random sampling to collect primary data from consumer cooperatives members. Data were analyzed using both descriptive statistics and multiple linear regression analysis to evaluate the conceptualized relationships and test the relative predictive strength of each factor. The empirical regression results reveal that all four factors exert a statistically significant and positive influence on consumer cooperative performance ( $p < 0.05$ ). Specifically, membership commitment and management competence emerged as the most powerful drivers of performance, while market orientation and technological advancement served as critical operational enablers. These findings suggest that while digital modernization and market-driven strategies are essential for contemporary competitiveness, the foundational driver of cooperative success in Chiro Town resides in human capital and member dedication. The study concludes that sustainable cooperative performance requires a balanced approach combining strong social capital with modern business practices. Consequently, it is recommended that cooperative leadership and the local Cooperative Promotion Office prioritize member engagement and loyalty-building programs to reinforce organizational trust. Simultaneously, stakeholders should professionalize administrative systems and accelerate the adoption of digital tools to enhance operational transparency, financial accountability, and market responsiveness.

## Keywords

Consumer Cooperatives, Cooperative Performance, Membership Commitment, Management Competence, Market Orientation, Technological Advancement, Chiro Town, Ethiopia

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## 1. Introduction

In the global quest for sustainable economic development, cooperatives have emerged as a resilient organizational model that bridges the gap between private enterprise and social welfare [1]. Defined as autonomous associations of persons united voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise, cooperatives provide a platform for collective empowerment [2]. It also represents a unique organizational model that integrates economic viability with social responsibility, playing a pivotal role in achieving sustainable development goals globally [3]. Unlike traditional investor-owned firms, cooperatives are grounded in the principles of democratic control, member participation, and collective benefit [4]. Within this framework, consumer cooperatives play a specialized role. By pooling the purchasing power of their members, they act as market stabilizers, ensuring that essential goods remain accessible and affordable, particularly in environments characterized by high inflation and supply chain volatility [5, 6].

In Ethiopia, the cooperative movement is deeply woven into the national fabric, evolving from traditional mutual-aid systems like Iddir and Iqub into modernized legal entities that are central to the government's Growth and Transformation Plans [7]. Consumer cooperatives, in particular, have been tasked with the monumental challenge of curbing unjustified price hikes in the retail market and ensuring food security for urban and semi-urban populations [8, 9]. However, as Ethiopia transitions toward a more liberalized and digital economy, the performance of these cooperatives is under increasing scrutiny. The transition from traditional retail to modern, competitive consumerism requires cooperatives to move beyond mere survival and achieve high-level organizational performance [10, 11].

The performance of a consumer cooperative is a multi-dimensional construct that cannot be explained by financial metrics alone [12]. According to Social Identity Theory, the primary engine of any cooperative is the human element specifically membership commitment [13]. Since members are simultaneously the owners, the managers, and the customers of the enterprise, their psychological attachment and loyalty dictate the cooperative's ability to mobilize capital and ensure consistent patronage [14, 15]. Social bonds are strong, commitment acts as the foundational pillar of performance; however, commitment alone is insufficient in a competitive marketplace [4, 12].

Moreover, consumer cooperatives face increasing pressure from private retailers, management competence has become a critical differentiator [10]. Professionalized leadership is required to ensure transparent financial reporting, mitigate the risk of free-riding, and foster trust among the general membership [16]. Furthermore, a cooperative must possess a strong market orientation the ability to gather information about competitor moves and shifting member needs to deliver superior value [17]. In addition, a novel and rapidly emerging factor in the current period is technological advancement. The

leapfrogging of digital financial services in Ethiopia, led by platforms like Telebirr and M-PESA, has redefined consumer expectations [18]. For cooperatives, technology is no longer a luxury; it is a vital tool for reducing transaction costs, enhancing operational transparency, and engaging a younger, more tech-savvy generation of members [19-21].

Despite the extensive studies on organizational performance, a critical examination of the existing body of knowledge reveals three distinct gaps in that this study aims to bridge. First, the vast majority of empirical research on cooperatives in Africa, and specifically in Ethiopia, has overwhelmingly prioritized agricultural producer cooperatives, dairy cooperatives, or rural savings unions [16, 19]. Different researchers have implicitly assumed that the organizational dynamics and success factors of rural agricultural cooperatives naturally apply to urban consumer cooperatives. However, consumer cooperatives operate in a fundamentally different ecosystem they face high retail stock turnover, aggressive price competition from private wholesalers, and direct exposure to fluctuating urban consumer demands. Consequently, there is a distinct lack of granular, empirical research focusing specifically on urban consumer cooperatives within secondary Ethiopian towns like Chiro Town.

Second, while prior studies frequently examine isolated determinants of cooperative success such as basic financial audits or membership numbers Debeb, there is a critical lack of holistic frameworks that integrate behavioral, managerial, and technological dimensions simultaneously [8]. Specifically, the interplay between internal psychological dynamics (such as membership commitment rooted in Social Identity Theory) and external market and technological realities (such as market orientation and technological advancement via digital finance) remains largely unexplored in a unified empirical model. Existing literature tends to treat these factors in silos.

Furthermore, there is a notable lack of consensus regarding the hierarchy of influence among these performance drivers in developing economies [22]. While some recent literature champions digital transformation as a key driver of retail efficiency [23], others contend that without foundational social capital and member trust, technological investments fail to yield organizational returns [12]. Policymakers and local bureaus currently lack empirical evidence to determine where scarce resources should be allocated first.

This study addresses these intersecting gaps by investigating the multidimensional factors affecting consumer cooperatives in Chiro Town. By shifting the empirical focus from rural agriculture to urban consumer retail, and by modeling membership commitment, management competence, market orientation, and technological advancement concurrently, this research provides the essential empirical framework required by the Chiro Town Cooperative Promotion Office and local boards to formulate targeted, data-driven strategic interventions.

Based on the research gaps identified, the primary objective

of this study is to assess factors that affecting Consumer Cooperative Performance in Chiro Town. Specifically, the study aims to evaluate the impact of membership commitment on consumer cooperative performance, to examine the role of management competence in driving consumer cooperative performance, to assess the influence of market orientation on the consumer cooperatives performance and quantify the effect of technological advancement to contemporary consumer cooperative performance.

## 2. Research Methodology

### 2.1. Research Design

In this study the explanatory research design was used to simplify why and the way there's a relationship between two or more aspects of a condition or phenomenon. Explanatory research tries to seek out explanations of observed phenomena, problems, or behaviors. It attempts to identify causal factors and outcomes of the target phenomenon.

### 2.2. Target Population, Sampling Technique and Sample Size Determination

A target population refers to the subset of the general population that a researcher, business, or organization intends to study or serve, based on specific characteristics. [24] Accordingly, target population of the study was 1521 legally registered members of consumer cooperative within the Chiro town. Because they serve as respondents who have been a tremendous help in providing very vital information within the study area. The researcher used probability sampling technique in the sampling and selection process. From the probability sampling method, the researcher was used a simple random sampling technique. In order to determine sample size the researcher used Yamane formula for the study [41].

$$n = \frac{N}{1+(e^2)N}$$

Where

N= the total population.

e = sampling error estimated.

n = total sample size which is taken from the calculation.

So, the study sample size:  $n = \frac{1521}{1+(0.05)^2} = 317$ .

Therefore, 317 respondents have been used as the sample for the study.

### 2.3. Source of Data and Methods of Data Collection

The study was used both primary and secondary source of data. The primary data was collected through questionnaires method from sample of the respondents. The questionnaire

which was designed to address the research questions and objectives was administered to the members of consumer cooperative. The secondary source of data was also collected through review of the cooperative office annual report and cooperatives record documents.

### 2.4. Method of Data Analysis

Data collected from respondents through questionnaires was analyzed by using Statistical Package for Social Science (SPSS). Both descriptive and inferential data analyses was employed. Descriptive statistics, including frequency percentages, means, and standard deviations, were utilized to assess the information provided by the respondents. Furthermore, the researcher used inferential statistical tools such as correlation and multiple regression analysis to determine whether there is a significant relation between the independent variables and the dependent variable of the study.

### 2.5. Model Specification

Multiple linear regression analysis was used to analyze the relationship between dependent variable (consumer cooperative performance) and independent variables (management competence, membership commitment, market orientation and technological advancement). To ascertain whether statistically significant relationship between management competence, membership commitment, market orientation and technological advancement with the consumer cooperative performance, Pearson product correlation coefficient was used. The study regression equation was formulated based on two categories of variables: the dependent variable (consumer cooperative performance) and the independent variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

Where, Y=dependent variable- Consumer Cooperative Performance

$\alpha$  = may be a constant term the worth of Y when all Xs are zero.

$\beta_1, \beta_2, \beta_3, \beta_4$  = are the regression co-efficient or change introduced in Y by each X.

$\varepsilon$  = is that the random error for all other factors not captured within the model.

X1= Membership Commitment.

X2= Management Competence.

X3= Market Orientation.

X4= Technological Advancement.

## 3. Findings of the Study

### 3.1. Demographic Characteristics of Respondents

Demographic characteristics of respondent backgrounds

like gender, age, educational level and work experience are believed as important and could impose a significant effect on

the subject matter and thus be assessed for the study. Accordingly, its result is presented briefly in below [Table 1](#) as follows.

**Table 1.** Demographic characteristic of the Respondents.

| No | Demographic characteristics       | Frequency               | Percentage |
|----|-----------------------------------|-------------------------|------------|
| 1  | Gender of Respondents             | Male                    | 227        |
|    |                                   | Female                  | 81         |
|    |                                   | Total                   | 308        |
| 2  | Age of Respondents                | 18-28                   | 0          |
|    |                                   | 29-38                   | 186        |
|    |                                   | 39-50                   | 98         |
|    |                                   | Above 50                | 24         |
|    |                                   | Total                   | 308        |
|    |                                   | Single                  | 14         |
| 3  | Marital status of the Respondents | Married                 | 292        |
|    |                                   | Divorced                | 0          |
|    |                                   | Widow                   | 2          |
|    |                                   | Total                   | 308        |
|    |                                   | 1-8th grade             | 60         |
| 4  | Educational level of Respondent   | 10th complete           | 79         |
|    |                                   | 12th complete           | 14         |
|    |                                   | Diploma                 | 128        |
|    |                                   | First degree            | 27         |
|    |                                   | Second degree and above | 0          |
|    |                                   | Total                   | 308        |
|    |                                   | Bellow five years       | 52         |
|    |                                   | 5-10 years              | 148        |
| 5  | Work experience                   | Above 10 years          | 108        |
|    |                                   | Total                   | 308        |
|    |                                   |                         | 100        |

As indicated in the [Table 1](#) above, regarding the gender of the respondents the majority of the 73.7% were males while the remaining 26.3% were female respondents. From this, the result shows that the respondents were from both genders though the male respondents appears to majority in number.

Regarding the age composition of the respondents, 60.4% and 31.8% of them were in the age group 29-38 and 39-50 years while the lowest concentration of the respondents which made up 7.1%, and 0% fall in the age ranges above 5 years and 18-28 years, and above years, respectively. Hence, majority of the respondents were age between 29-38 years old. This implies that from the total sample of the study youth age

groups were more involved in consumer cooperative.

Concerning the marital status of respondents, 94.8% were married individuals while the remaining 4.5%, 0.6%, and 0% of the respondents consist of single, widowed and divorced individuals respectively. This reflects all most all respondents of this study were married.

The level of education of the respondents, 41.6% and 25.6% of the total respondents were in the College diploma and grade 10<sup>th</sup> complete group respectively. While the remaining 19.5%, 8.8%, 4.5%, 0% of the respondents were 1-8 grade complete, first-degree holders, and second-degree and above holders re-

spectively. This shows that most of the respondents are dominated by college diploma holders. So, the Consumer cooperative had a significant number of literate members.

The above Table 1 also demonstrates about the length of time that respondents use or to be a members of the consumer cooperatives. Accordingly, 48.1% (148) of the respondents had 5-10 years' experience as a members of Consumer cooperatives. Whereas, 35.1% (108) of the respondent was a members of consumer cooperatives for a period above 10 years from. About 16.9% (52) of the respondents were the members of consumer cooperatives below five years. This implies most of members of consumer cooperatives are very experienced.

### 3.2. Inferential Analysis

For achieving the objectives of the study, Pearson's product moment correlation coefficient and regression analyses were used. With the help of these statistical techniques, conclusions are drawn and decisions are made from the results of research hypothesis.

#### 3.2.1. Pearson's Product Moment Correlation Coefficient

The researcher used Karl Pearsons coefficient of correlation (or simple correlation) analysis as it is the most widely used method of measuring the degree of relationship between two or more variables. Values of Pearson's correlation coefficient is always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense. Also, if the correlation coefficient approaches to positive +1 there is a strong relationship among the two variables. Whereas a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense. A correlation coefficient of 0 indicates that there is no linear relationship between the two variables. A low correlation coefficient from 0.1 - 0.29 value suggests that the relationship between two items is weak or non-existent. If r result is exist between 0.3 and 0.49, the relationship is moderate. Further, a high correlation coefficient, which is >0.5, indicates that there is a strong relationship between variables.

**Table 2.** Correlations Analyses.

|                                  |                     | CP     |
|----------------------------------|---------------------|--------|
| Consumer cooperative performance | Pearson Correlation | 1      |
|                                  | Sig. (2-tailed)     |        |
|                                  | N                   | 308    |
| Membership Commitment            | Pearson Correlation | .902** |
|                                  | Sig. (2-tailed)     | .000   |
|                                  | N                   | 308    |
| Management Competence            | Pearson Correlation | .823** |
|                                  | Sig. (2-tailed)     | .000   |
|                                  | N                   | 308    |
| Market Orientation               | Pearson Correlation | .861** |
|                                  | Sig. (2-tailed)     | .000   |
|                                  | N                   | 308    |
| Technological Advancement        | Pearson Correlation | .841** |
|                                  | Sig. (2-tailed)     | .000   |
|                                  | N                   | 308    |

Thus, in this study the relationship between independent variables (membership commitment, management competence, market orientation and technological advancement) and dependent variable (consumer cooperative performance) were analyzed using the Pearson's correlation coefficient. The correlation results presented in the Table 2.

The result of Pearson correlation in the above Table 2 indicates that there is significant positive correlation between membership commitment and consumer cooperative performance with a coefficient  $r=0.902$  and sig. (2-tailed) is 0.000, which is <0.05. This implies that when the consumer cooperative performance increases their member commitment by 1%

consumer cooperative performance 90.2%. Moreover, technological advancement is also positively related to consumer cooperative performance with a coefficient  $r=0.841$  and sig. (2-tailed) is .000, which is  $<0.05$ . This shows that there is strong and statistically significant relationship at 5% significant level. Furthermore, the results also indicate that there is a positive relationship between marketing orientation and consumer cooperatives performance as the coefficient  $r = 0.861$  and sig. (2-tailed) is 0.000, which is  $<0.05$ . Finally, results of the correlation also indicate that there is a positive relationship between management competence and consumer cooperatives

performance as the Pearson correlation value  $r = 0.823$  and sig. (2-tailed) is 0.000, which is  $<0.05$ .

### 3.2.2. Multiple Regression Model Results

Multiple regression analysis was performed to determine the predictive power of the independent variables on consumer cooperative performance and to assess the unique effect of each factor while controlling for others, the regression analysis was used and the result was presented below [Table 3](#).

**Table 3.** Model summary.

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .921 <sup>a</sup> | .848     | .846              | .26657                     |

a. Predictors: (Constant), Membership Commitment, Management Competence, Market Orientation and Technological Advancement.

b. Dependent Variable: Consumer Cooperative Performance.

In this case as shown in model summary in above [Table 3](#),  $R = 0.921$ . This indicate there was an overall positive relationship between the independent and dependent variables. The R-Square in the study was found to be 0.848 and Adjusted R square is 0.846. This value indicates that the independent variables (membership commitment, management competence, market orientation and technological advancement) can explain 84.8% of the variance in the consumer cooperative performance in Chiro town. The remaining 15.2% of the variance

is explained by other variables that were not included in this study. Therefore, the model can predict the variation in the performance of consumer cooperatives in Chiro town.

### 3.2.3. ANOVA

The ANOVA tells us whether our regression model is good in degree of prediction of the outcome variable. The below [Table 4](#) represents the basic result of ANOVA output.

**Table 4.** Result of ANOVA output.

| Model |            | Sum of Squares | Df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 119.802        | 4   | 29.950      | 421.494 | .000 <sup>b</sup> |
|       | Residual   | 21.531         | 303 | .071        |         |                   |
|       | Total      | 141.332        | 307 |             |         |                   |

a. Dependent Variable: Consumer Cooperative performance.

b. Predictors: (Constant), Membership Commitment, Management Competence, Market Orientation and Technological Advancement.

On results of the output found in the above ANOVA [Table 4](#) the model is statistically significant when membership commitment, management competence, market orientation and technological advancement ( $F=421.494$  and  $p<0.05$ ). In this case, F-statistic is significantly greater than 1 that is 421.494 and the associated P-value is less than chosen significant level of 0.05. The associated P-value is 0.000. Therefore, this indicates that the model is statistically significant and a linear relationship exists between the study variables.

### 3.2.4. Coefficient of Determination

The amount of change in the dependent variable brought about by a unit change in the independent variable is explained by the regression coefficient. A higher Beta coefficient value for an independent variable indicates greater support for the independent variable as a crucial factor in the dependent variable's prediction. The predictor variables which have a higher beta coefficient with lower p-value ( $p<0.05$ ) have a significant

effect on the dependent variable. Otherwise, predictor variables which have the small beta coefficient and higher p-value have a little or no effect on the model. For this study, the re-

gression coefficient pertained that the contribution or the effect of each independent variables on the dependent variable (consumer cooperative performance). The coefficient results of this study presented in the below [Table 5](#).

**Table 5.** Coefficient of determination.

| Model                     | Unstandardized Coefficients |            | Standardized Coefficients |  | t     | Sig. |
|---------------------------|-----------------------------|------------|---------------------------|--|-------|------|
|                           | B                           | Std. Error | Beta                      |  |       |      |
| (Constant)                | .282                        | .057       |                           |  | 4.917 | .000 |
| Membership Commitment     | .476                        | .051       | .506                      |  | 9.401 | .000 |
| 1 Management Competence   | .125                        | .037       | .149                      |  | 3.389 | .001 |
| Marketing Orientation     | .148                        | .047       | .167                      |  | 3.127 | .002 |
| Technological advancement | .133                        | .043       | .148                      |  | 3.087 | .002 |

a. Dependent Variable: Consumer Cooperative performance.

The result in above [Table 5](#) above indicated that Membership Commitment (beta =.476, t=9.401, p=.000) have significant effect on consumer cooperative performance followed by Marketing Orientation (beta =.148, t=3.127 p=002), Technological Advancement (beta =.133, t=3.087, p=002), and Management Competence (beta =.125, t=3.389, p=001) respectively.

## 4. Discussion of Findings

The study investigates key factors effects of Customer Cooperative Performance of Chiro town, a critical outcome for member-owned organizations. Critically, the relative strength of these factors provides a nuanced understanding, offering both corroboration and subtle divergence from contemporary literature.

The study finding reveals that membership commitment is the most significant predictor of consumer cooperative performance of Chiro town ( $\beta = .476$ ,  $p < .001$ ). This suggests that for every unit increase in member engagement, cooperative performance increases by approximately 47.6%. This finding aligns with studies conducted in the Ethiopian context emphasizing that member-owner identity serves as the cornerstone of cooperative resilience, a result highly consistent with broader international literature [14, 16, 25]. Similarly, studies by Iliopoulos and López emphasize that member identification, driven by shared values, mutual benefits, loyalty, and a willingness to participate, serves as the bedrock of cooperative performance [3, 26]. This highlights the enduring relevance of Social Identity Theory and Social Exchange Theory in explaining cooperative behavior, reinforcing that a strong sense of belonging and perceived fairness motivates members to contribute their effort, feedback, and resources [27].

Regarding to the effect of Market Orientation, the study was found that MO have positive and significant effects on consumer cooperative performance of Chiro town ( $\beta = 0.148$ ). This result shows that a shift away of consumer cooperative from traditional supply-driven toward consumer-centric approaches. This is consistent with the findings of Kusse, who observed that consumer cooperatives in Ethiopia are increasingly adopting market-sensing strategies to remain competitive against private retail outlets [39]. This finding is also consistent with contemporary shifts in cooperative strategy, which increasingly recognize that even member-owned organizations must be responsive to external market dynamics to remain viable and provide value [17, 33-35].

Moreover, technological advancement also significantly contributes to consumer cooperative performance of Chiro town ( $\beta = 0.133$ ). This indicates that technology can facilitate member participation to enhance operational efficiency (faster service), and improve information dissemination, thereby reducing transaction costs and friction for cooperation. This finding aligns with research by Meja and Bijman on digital finance for Ethiopian farmers, which highlights technology's transformative potential [36, 37]. For Ethiopian cooperatives, technology can overcome geographical barriers, enhance communication among dispersed members, improve transparency in transactions, and streamline service delivery. Modern cooperatives increasingly leverage technology for improved communication, transparent governance, efficient service delivery, and even co-creation platforms [12, 38, 39]. Furthermore, the role of technological advancement, though lower in impact than membership commitment, mirrors reports from the International Cooperative Alliance, which note that digital inventory tracking represents the next frontier for small-scale cooperative efficiency [40].

The study also indicates that management competence significantly contributes to consumer cooperative performance of Chiro town ( $\beta = .125, p < .001$ ). This indicates that professional management is as critical to cooperatives performance as it is to private businesses. These findings support the work of Bekele, who argued that skills shortages in professional management hamper the transition of Ethiopian cooperatives into viable business units [25]. Similarly, research by Tadesse, Agegnehu, and Etefa on cooperative governance underscores that developing-nation cooperatives face major hurdles in professionalizing leadership, raising financial literacy, and building robust governance frameworks [5, 19, 28]. Moreover, competent management ensures efficient operations, transparent decision-making, and the fair distribution of benefits, all of which are vital for maintaining member trust and fostering cooperative performance [29-32].

Overall, these findings paint a comprehensive picture of cooperative performance, where intrinsic member commitment remains paramount, but is effectively supported and enabled by competent management, strategic market responsiveness, and modern technological infrastructure. This model suggests that successful cooperative performance is a complex interplay, moving beyond purely economic incentives to incorporate socio-psychological factors. The relative strength of Membership Commitment particularly highlights the unique dual nature of cooperatives as both businesses and social organizations, where the human element and shared purpose are often the ultimate determinants of success.

## 5. Implications of the Study

Based on the results of the study and the context of Chiro Town, Ethiopia, the following implications provide a roadmap for translating these findings into action. These are divided into Theoretical Implications, Managerial Implications, and Policy Implications.

### 5.1. Theoretical Implications (Academic Contribution)

The study reinforces the idea that in emerging economies like Ethiopia, social bonds (Commitment) are more powerful than operational factors. It proves that the human element is the primary driver of consumer cooperative performance in Chiro Town, suggesting that Western management models focusing solely on efficiency may be insufficient in this context. The findings also contribute to theory by showing that in localized Ethiopian contexts, technological advancement does not replace the relationship; it facilitates it. Technology serves as a bridge that reduces transaction costs and information asymmetry, making the relationship more transparent. Moreover, this study extending the Resource-Based View (RBV). The study implies that for cooperatives in Chiro Town, management competence is a unique, intangible resource that directly creates a competitive advantage, proving that leadership

quality is as critical as other business organizations.

### 5.2. Managerial Implications

Since membership commitment is the strongest predictor of consumer cooperative performance, managers in Chiro Town should invest in member education programs and loyalty-building activities. Instead of focusing only on dividends, leaders should host town-hall meetings and social events to deepen the sense of ownership and community.

The significance of management competence implies that leaders in Chiro Town's consumer cooperatives should move beyond traditional or elder-based leadership to professional management. Cooperative boards should prioritize training in financial literacy, strategic planning, and modern governance for their staff.

Moreover, leaders should leverage the high mobile penetration in Ethiopia. Implementing simple SMS notification systems for dividends, market price updates, or meeting reminders can significantly improve cooperative performance by making members feel informed and valued.

Furthermore, managers must realize that loyalty isn't enough. They should improve their market orientation by actively seeking better market links for their members' produce or better sourcing for consumer goods to ensure the cooperative provides better value than private traders in Chiro Town.

### 5.3. Policy Implications

The local government and the Cooperative Promotion office in Chiro Town should shift their focus from auditing to capacity building. Policies should be established to provide subsidized management training for consumer cooperative leaders to bridge the competence gap identified in the study.

Moreover, to capitalize on the technological advancement, the government should facilitate the integration of consumer cooperatives with digital payment platforms like Mobile banking, E-birr, Telebirr or M-PESA. This would improve transparency and reduce the risk of financial mismanagement, which is often a barrier to cooperation in Ethiopian towns.

Furthermore, policy-makers should create platforms that connect Town's cooperatives directly with zonal, regional and national markets, reducing the reliance on middlemen and rewarding cooperatives that demonstrate high levels of market orientation.

And also, the given importance of member's commitment, the government should mandate and provide materials for regular member awareness days. Educated members who understand their rights and duties are more likely to exhibit the high levels of consumer cooperative performance shown in the results.

## 6. Conclusion of Findings

The objective of this study was to assess factors that affect

the customer cooperative performance in Chiro Town. By employing multiple regression analysis to understand factors that affect cooperative performance. The finding of this study shows that all four selected variables affect consumer cooperative performance of Chiro town.

From these variables the study conclude that member commitment was positively affect consumer cooperative performance of Chiro town. The finding indicates that psychological connections and a sense of collective ownership among community members are the primary indicators of consumer cooperatives performance. While commitment is the heart of Chiro Town's cooperatives, the study concludes that management competence and market orientation act as the engine that converts commitment into tangible performance. The results suggest that while members in Chiro Town are inherently loyal, their performance is limited by the professional capacity of the cooperative leaders. For the cooperatives in Chiro Town to remain sustainable in the face of local competition and fluctuating market prices, there is an urgent need to shift from traditional/informal management to market-driven management. This is particularly crucial for the town's economic growth, as members require competent leadership to navigate the specific supply chain and inflationary challenges prevalent in the Ethiopian market.

The study also concludes that technological advancement is also a significantly affect performance of consumer cooperative, yet under-leveraged, enabler of cooperative performance in Chiro Town. Given the rapid expansion of mobile networks and digital financial services in Ethiopian towns, the findings indicate that technology provides a vital platform for transparency. Technology can enhance performance by providing real-time information on dividends, market prices, and meeting schedules, thereby reducing the transaction costs of cooperatives for the town's residents.

Finally, the study concludes that the cooperative model in Chiro Town is robust but requires a strategic shift. Success is not merely about increasing the number of members, but about deepening the quality of the relationship between the cooperative and its members through transparency and technology. For Chiro Town's cooperative office and local stakeholders, the message is clear: Invest in the people (Commitment) first, then professionalize the systems (Management and Technology) to sustain that commitment.

## 7. Limitations and Suggestions for Further Research

While this study offers a robust empirical foundation for understanding factors that affect consumer cooperative performance in Chiro Town, its limitations to provide a clear roadmap for future research. A primary limitation of this study is the study utilized a cross-sectional research design, capturing the state of cooperatives in Chiro Town at a single point in time. Because the economic landscape is shifting rapidly, a

static snapshot cannot account for the cooperative life cycle. Hence, this study suggested that future researchers adopt a longitudinal research design. Tracking these same cooperatives over a 3-to-5-year period would allow for an analysis of how technological advancement matures over time and whether its impact on performance grows as digital literacy in Chiro Town increases.

Secondly, the study focus only on Chiro Town to provide deep localized insight but limits the generalizability of the findings to more remote rural or highly industrialized urban areas of Ethiopia. Consequently, future research should pursue comparative spatial analysis. Researchers could replicate this model by comparing Chiro Town with a purely rural agricultural cooperative in a different region. This would determine if the strong effect of membership commitment remains consistent or if other variables like technological advancement, market orientation, and management competence become more dominant in different geographic contexts.

Another limitation of this study, the study was only investigated factors that directly effects consumer cooperatives performance. So, future researches should move toward mediation and moderation models. Specifically, research could investigate if management competence leads to performance through the mediator of member trust. Additionally, it would be valuable to test if member education levels act as a moderator that strengthens the link between technological advancement and consumer cooperative performance.

## Abbreviations

|        |                                  |
|--------|----------------------------------|
| ANOVA  | Analysis of Variance             |
| CP     | Consumer Cooperative Performance |
| MO     | Market Orientation               |
| M-PESA | Mobile Pesa                      |

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## Author Contributions

**Nehawi Mohammed Jemal:** Conceptualization, data curation, investigation, methodology, software, Supervised, project administration, formal analysis, writing – original draft, visualization, validation, writing – review & editing and write-up the manuscript.

## Data Availability Statement

Data can be available upon inquiry from the corresponding author of the article.

## Conflicts of Interest

The author declares no conflicts of interest.

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