

Contribution of the Women's Cooperative Societies for Living Standards of Rural Family Life

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ABSTRACT

Poverty has become a global women's issue, as majority of the world's poor are women due to various reasons. In Sri Lanka, poverty number refers to the percentage of individuals whose household per capita consumption below the official poverty line. Sri Lanka has among the lowest extreme poverty rates among countries in the region. The past studies exhibits the contribution of Micro Finance Institutions, Samurdhi Program and other government programs as means of poverty alleviation but, there are no research on the Women's Co-operative Societies and their role in rural community . In the present study, the researcher is focusing on to capture the contribution of Women's Cooperative Society on uplifting living standards of rural families of Sri Lanka. The purpose of the study is to identify the impact of Women's Co-operative Society on standard of living of rural community of Sri Lanka. Hence, it is identified four independent variables namely, loan size available to members, size of savings kept at the society, number of dependents of the family and years of membership with the society to measure the impact of Women's Cooperative Society and one dependent variable namely, average monthly expenditure of the family to measure the living standards of rural family life. The results of correlation analysis revealed that the correlation between all four variables and living standards of rural families were significant and the results of multiple regression analysis revealed that the loan size available to members and number dependents are only significant in determining the relationship between living standards of rural families and the women's cooperative society. These findings can be helpful for policy makers in the field of cooperative societies in designing their services further in the future.

KEYWORDS: Women, Cooperative Society, Living Standards

Introduction

Co-operatives, which are consisted solely with women, can be recognized as women co-operatives. It gives more authority and power to women to take part in more social and economic activities rather than fully depending upon their male counterpart for their daily needs. In Sri Lanka, the Women's Co-operative Society is recognized as Women's Bank (Gamage & Keppetiyagama, 2004). This is built, owned, and operated by and for poor women of Sri Lanka. It was incorporated under the Cooperative Societies law in 1991 as a District Society and upgraded to national level in 1998 as the Sri Lanka Women's Development Services Cooperative Society Ltd (Gamage & Keppetiyagama, 2004). It is engaged in a mission to provide the resources, ideas, and support for its own

members to solve their own problems using the cooperative principles of self-help and mutual aid.

It is important to understand that; the Women's Co-operative Society is not coming under the concept of Micro Finance. According to the performance report 2012 of Department of Cooperative Development Sri Lanka, Women's bank is recognized as an island wide primary Thrift and Credit Cooperative society. However, there are similarities and dissimilarities exist between micro finance institutions and the Women's Co-operative Society. Nonetheless, microfinance is also recognized as one of the new development strategies for poverty alleviation through social and economic development of the poor with special emphasis on empowering women (Singh, 2009).

According to the World Council of Credit Unions it can be clearly identified the differences between Micro Finance Institutions' (MFI) and co-operative societies. Although, the micro finance institutions indirect objective is to obtain social welfare, they are profit-oriented institutions and these institutions are funded by external loans, in contrast co-operative societies are not profit oriented and they are member owned financial cooperatives funded by voluntary member deposits. Earnings of the MFI's are used to build reserves or are divided among investors. Earnings of the co-operative societies are applied to lower interest on loans, higher interest on savings or new product and service development. MFI's are run by an appointed board of directors or salaried staff and where co-operative society members elect a volunteer board of directors and management from their membership and they are eligible for an allowance for the service rendered by them. The past literature has much focused on the role of MFI's as a mean of poverty reduction (Mawa,2008;Dahir A.M.2015;Adejoke,A.G 2010) and to the best knowledge of authors, there are no research on the Women's Co-operative Societies and their role as a contributor to the rural community's standard of living. Therefore, this research was undertaken to explore the role of women's cooperative societies in uplifting the standard of living of low income earning people of Sri Lanka.

Statement of the Problem

One of the major problems that the country facing today is poverty, according to the Department of Census and Statistics (Household Income and Expenditure Survey 2015) Sri Lanka's Poverty Headcount Ratio (PHR) in 2012/13, urban PHR in 2012/13, rural PHR in 2012/13, estate PHR in 2012/13 are 6.7 %, 2.1%, 7.6%, 10.9%, respectively. If we take into consideration the above PHR in 2009/2010 the national level PHR was 8.9% while the corresponding values for urban, rural, estate was 5.3%, 9.4%, 11.4% respectively. The results of the two surveys showed that there is a statistically reduction in poverty in Sri Lanka in year 2012/2013 over 2009/2010. And also, it is evident that the rural sector has got more poverty than the urban sector. According to the United Nation Development Program (2012), 1.4 to 1.8 billion in the world lives under the poverty line 1 of which 70% are women. Further, the studies conducted in a number of countries confirmed that the majority under the poverty line is women (Bernard, Lock Teng, & Khin, 2017). Women are the key in the society and their role is extremely important within the world. They give a big contribution not solely within the family,

additionally within the society. The perception of women as good with money, including being better at paying back loans, has led them to be targeted in microfinance Programs (Bradshaw, 2013).

In developing countries poor people organize in many types of grassroots organizations whose purpose is to improve their wellbeing and addressed shared problems through collective action (ILO, 1966; Mayoux, 1993). Cooperatives have been viewed as one of the principle institutional hardware for enabling the financially feeble individuals from the general public. In the case of women co-operatives tend to serve dual functions, the first economic and second social. Co-operatives support women's productivity and income generating projects (Mayoux, 1993; Laming, 1983). Researchers have found that women who participated in co-operatives tend to be heads of households and frequently are the sole providers in their families (Molyneux, 1985)

The general purpose of the study is to identify the impact of Women's Co-operative Society on standard of living of rural community of Sri Lanka. It is expected to analyze the ultimate impact of these co-operatives on the rural women families. The specific objectives of the study are two fold, firstly, to identify the factors that are more attractive to the rural women engage in Women's Co-operative Society and secondly, to identify the role of Women's Co-operative Society in economically empowering rural women in Sri Lanka.

Methodology

Variables

With the aim to determine the impact of the women's cooperative society towards the living standards of rural family life the following framework is developed.

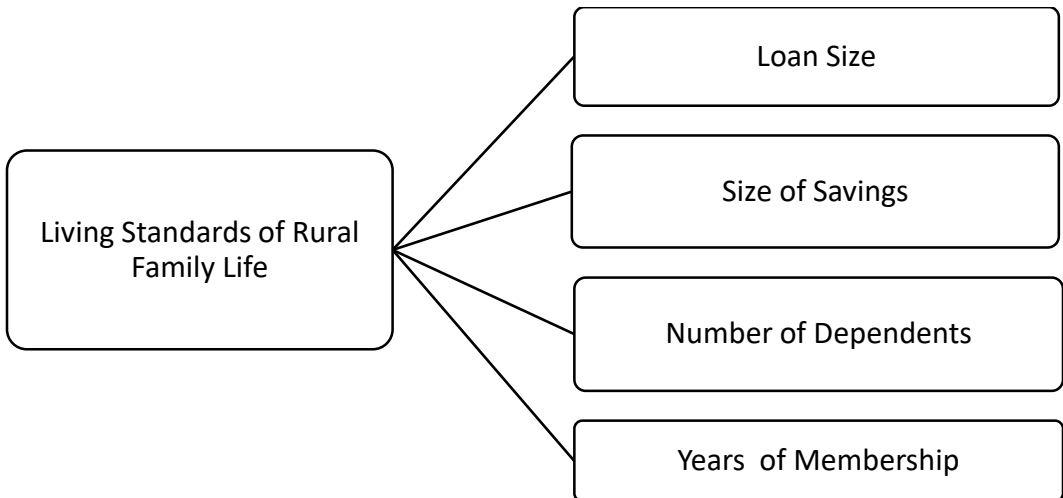


Figure 1. Relationship among variables

The researcher has identified four independent variables to measure the impact of women's cooperative society namely loan size available to members, size of savings kept at the society, number of dependents of the family and years of membership with the society. The dependent variable, living standards of rural family life is measured by the average monthly expenditure of the family.

Women, who are members of this Women's Co-operative Society, are the target population for the present study. For the purpose of data collection, the cluster sampling method was used and the authors were able to gather data from 100 participants to the survey and that was more than ten percent (10%) from the target population of Colombo and Gampaha Districts.

In this study primary data collected through a self-developed questionnaire which was filled by the researcher by interviewing each member personally and finally 100 questionnaires were able to fill. Secondary data were collected from the sources such as journals, research publications, annual reports, statistical reports, books, and Internet. The dimensions and indicators of the variables are illustrated in the table 1.

Table 1. Indicators and Measurements of Variables

Dimension	Indicator	Measurement
Living Standards of Rural Family Life	Family average monthly expenditure	Questionnaire (Slesnick, 1993)
Loan Size	Loan amount available to each member	Questionnaire (Sebhatu , 2015)
Size of Savings	Amount of savings kept at the society	(Hashemi, 1996)
Number of Dependents	Number of dependents in the family	(Okaya, 2013)
Years of Membership	Number of years of membership with the cooperative society	

Model Specification and Analysis of Data

In the present study the researcher had identified four independent variables which showcase the impact of women's cooperative society such as, loan size, size of savings, number of dependents and years of membership (Sebhatu , 2015). The impact on living standards of rural family life is measured by the average monthly expenditure of a family (Slesnick, 1993).

Data analysis was carried out by using Statistical Package for Social Science (SPSS) version 20.0 software. Descriptive statistics analysis and multiple regression model was used to analyze the contribution of women's cooperative society for the rural family life hence the following regression model was developed for the study. The correlation coefficient of the present study interpreted as, if correlation coefficient ranges from 0.00-0.19 the relationship is very weak, from 0.20-0.39 is weak, from 0.40-0.59 is moderate, from 0.60- 079 is strong and 0.80- 1 the relationship is very strong (Ratner, 2009).

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \tag{1}$$

Where,

Y = Living Standards of Rural Family Life

A = Constant

X₁ = Loan Size

X₂ = Size of Savings

X₃ = Number of Dependents

X₄ = Years of Membership

Results and Discussion

The summary of descriptive analysis carried out by the researcher is depicted in table 2. According to the sample the highest participation in the cooperative societies were in between the women’s age of 40 to 50 (74%). And the lowest participation is from the age group of 30 to 40 (7%). The marital status of the sample shows that 81% of the members are married and 6% of the sample is widowed. The education qualification level of the respondents shows that 77% of the members are educated up to GCE advance level and 23% of the members are educated up to GCE ordinary level.

Table 2. Demographic Profile of the Respondents (N=100)

Feature	Frequency	Percentage
Age (in years): 20-30	9	9%
30-40	7	7%
40-50	74	74%
above 50	10	10%
Total	100	100%
Marital status: Single	13	13%
Married	81	81%
Widowed	6	6%
Total	100	100%
Education level: O/L	23	23%
A/L	77	77%
Total	100	100%

According to table 3 illustrates the highest mean value comes from the years of membership with the cooperative society and lowest mean value is with the loan size. Hence it can be concluded that the most influential variable among the four independent variables which affects the living standards of rural family life is the years of membership with the society.

Table 3. Correlation coefficients, Means and Standard deviation

Variables	Pearson coefficient	Sig. value	Mean	Standard Deviation	Hypothesis Testing
Average monthly expenditure	1		3.5600	0.72919	
Loan size	0.718**	0.000	3.5200	1.03942	Reject H ₀
Size of savings	0.707**	0.000	3.5900	0.84202	Reject H ₀
Number of dependents	0.495**	0.000	3.5400	1.14080	Reject H ₀
Years of membership	0.648**	0.000	3.6600	0.72780	Reject H ₀

***: Correlation is significant at the 0.01 level (1-tailed)*

According to the results of correlation coefficients, there is a positive strong correlation between average monthly expenditure and years of membership and the relationship is statistically significant. Correlation between average monthly expenditure and number of dependents is moderate and significant. There is a strong positive significant correlation exists between loan size and average monthly expenditure. And the correlation between average monthly expenditure and amount of savings is strong and significant

Table 4. Model summary of regression analysis

Figure	Value
R	0.824
R square (R ²)	0.680
Adjusted R square	0.666
Standard Error of the estimate	0.421

Table 4 depicted above shows the summary of the overall model fit. R square is a statistical measure which shows how close the data are to the fitted line, sometimes called as coefficient of determination. In the present study 68% of R square value conveys that the proportion of variation in the dependent variable explained by the regression model is significant and the model does fit the data.

Table 5. Analysis of variance for multiple linear regression

Model	Sum of Squares	Degree of Freedom	F	Sig.
Regression	35.776	4	50.384	0.000 ^b
Residual	16.864	95		
Total	52.640	99		

As showed in the table 5, the total sum of squares represents how much explained by the regression and how much explained by the residual out of total model. As total sum of squares value is 52.640 and regression sum of squares value is 35.776 it symbolizes that 35.776 of variation of dependent variable of living standards of rural family life can be explained by regression and 16.864 of variation of dependent variable is explained by residual which means that there are few more independent variables amount to residual value which are not identified by the researcher in analyzing the contribution of women's cooperative society for living standards of rural family life. P value of 0.000 symbolizes that the overall model is significant hence it is less than 0.05 (P value < 0.05).

According to the table 6 illustrated below the multiple linear regression model was tested by using SPSS version 20.0. As per the results state the coefficient of constant (β_0) is 0.816 and the P value is 0.001 which denotes that is significant at the 0.05 significance level. Further it shows the impact of other variables which are not identified by the researcher in determining the living standards of rural family life through women's cooperative society. The coefficient of loan size 0.329 states that when loan size increases by 1 percent the living standards of rural family will rise by 0.329 percent. The coefficient of size of savings 0.170 states that when savings amount increase by 1 percent the living standards of rural family will increase by 0.170 percent. The coefficient of number of dependents 0.213 states that when number of dependents of a family increase by 1 person the living standards of rural family life will increase by 0.213 percent. The year of membership coefficient is 0.061. It states that when years of membership increase by 1 year the living standards of rural family life will increase by 0.061 percent.

Table 6. Multiple regression analysis

Model	Coefficients	Std. Error	T value	Sig. value
Constant	0.816	0.228	3.586	0.001
Loan size (X ₁)	0.329	0.064	5.178	0.000
Size of savings (X ₂)	0.170	0.123	1.382	0.170
No.of dependents (X ₃)	0.213	0.039	5.396	0.000
Years of membership (X ₄)	0.061	0.122	0.498	0.620

As mentioned in the table 6, loan size and number of dependents in family are significant at 0.05 significance level as their P values are less than 0.05. Hence it rejects the null hypotheses (H₀=There is no relationship between X₁, X₃ with Y) and accepts the alternative hypotheses (H₁). Findings from earlier studies indicated that the ability of the women to access more financial opportunities or loans under low interest rates and relaxed repayment opportunities increases their purchasing power and thereby increases their living standards. (Hashemi, 1996).Further as the number of dependents of a family increases women are more encouraged to participate in the cooperative societies (Okaya, 2013) and it does increase their living standards. Size of savings and years of membership are not significant at 0.05 significance level. Hence it accepts the null hypotheses (H₀) and rejects alternative hypotheses (H₁).

Conferring to the results of multiple regression analysis illustrated in table 6, the impact of the variables of size of savings and the years of membership towards determining the living standards of rural family life have found insignificant. This is due to the reason: the availability of loan size variation between the respondents were minor and the majority of respondents were more than 5 years of membership and the variation of the respondents were little. Hence these variables were insignificant in determining the contribution of women's cooperative society towards the living standards of rural family life. However, these limitations can be resolved increasing the sample size and collecting data in a wider scope.

Conclusions

Women are the key in the society and their role is extremely important within the world. They give a big contribution not solely within the family, additionally within the society. Female economic empowerment is usually about the increased access of women to financial resources, income generating assets or activities, saving, increased financial decision-making power and more economic independence (Mayoux & Linda, 2006). According to the United Nation Development Program (2012), 1.4 to 1.8 billion in the world lives under the poverty line, one of which 70% are women. Hence it is clear that women are the most lacking context in the society who needs more attention. In the present study the researcher tried to investigate the contribution given by the local women's cooperative society of Sri Lanka for the rural women to uplift their living standards. Accordingly the researcher had identified four variables, such as; loan size available to a member, size of savings kept at the cooperative society, number of dependents in a family and years of membership with the cooperative society as independent variables in order to measure the contribution given by the women's cooperative society (Sebhatu, 2015). In order to measure the living standards of rural family life the researcher has identified the average monthly expenditure of the family (Slesnick, 1993).

According to the findings the researcher had found that the correlation between all four variables and the living standards of rural family life are positive and significant. Conferring to the multiple regression results it is found that though the all four variables have significant correlation with the living standards of rural family life, the size of savings and years of membership with the cooperative society found to be insignificant in determining contribution given by the women's cooperative society to uplift the standard of living of rural family life. This is due to the reason: of the loan size variation between the respondents were minor and the majority of respondents were more than 5 years of membership and the variation of the respondent's membership were little.

It is recommended to increase the awareness regarding the women's cooperative society among the rural and poor women all over the country because the society itself contribute to uplift the rural family life immensely. It is recommended to increase the availability of loan size to each member in the ways of relaxing the rules and regulations and with longer payback periods as it can be identified as the most influential factor

through the multiple linear regression model in order to uplift the living standards of rural family life.

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