

A Comparative Study on Structural Empowerment of Co-Operatives Members in Urban and Rural Setting

Hendrikus Pedro*, Koentjoro Koentjoro, Sito Meiyanto

Faculty of Psychology
Universitas Gadjah Mada
Yogyakarta, Indonesia

*hendrorodriquez@gmail.com, koentjoro@ugm.ac.id, smeiyanto@ugm.ac.id

Abstract—The co-operative movement was underpinned by the industrial revolution 1.0, when human power was replaced by machines which then led to urbanization from rural to urban. In the industrial revolution 4.0, human resources will compete with robots, thus the cooperative movement as an effort to adapt to the industrial revolution needs to be evaluated. The purpose of this study was to provide an overview of the structural empowerment of members of co-operatives both in urban and rural areas. The research method used was a survey by collecting structural empowerment scale from 251 co-operative members. Data were analyzed using one-way Analysis of Variance technique. The results showed that the structural empowerment of co-operative members in rural areas was higher compared to urban areas. Women living in rural areas had higher structural empowerment compared to their counterparts in urban areas while men living in urban and rural areas showed no significant difference. Results of this study indicate that co-operatives have become a competent movement for residents living in rural areas, especially rural women.

Keywords: *structural empowerment, co-operatives members, rural, urban*

I. INTRODUCTION

Empowerment is an important issue for co-operatives [1]. The purpose of co-operatives is to empower its members [2,3]. Co-operatives can empower their members [4], especially in marginalized groups who experience oppression such as women in patriarchal regions [5] and women living in rural areas [1]. The concept of empowerment in co-operatives varies [6]. Experts defined empowerment in co-operatives from various perspectives. Empowerment is the capacity of individuals to change unfavourable lives such as poverty and oppression [7]. Empowerment also means a participation in the process of making important decisions in the family, the ability to access family assets, and being able to feel safe and dignified in the family [6]. Empowerment is a decision-making process in the economic and political sphere, which is broader than a family; empowering means being free to make one's own decisions without intimidation from others [5]. There are two forms of empowerment in co-operatives, namely intrinsic and extrinsic empowerments [8]. Extrinsic empowerment is socio-economic factors that can make individuals empowered while intrinsic empowerment is a change in attitudes and behaviours of co-operative members to be more willing to

make decisions, realize their capacity and increase their potential [8]. A co-operative is an environment where members empower themselves, thus it is necessary to evaluate how far the co-operative as an empowering environment gives its members access to become empowered [1]. Kanter's structural empowerment theory can be used as a reference [8]. Kanter developed the theory of structural empowerment as a form of employee perception about the level of their accessibility to all resources of the organization that can be used to empower themselves [8]. The resources meant here are any access to opportunity and valuable information, support from colleagues, and access to materials that can be used by employees. In addition, the resources also include any access to get power based on formally regulated authority and informal relations with fellow colleagues and related parties. Lanschinger developed a structural empowerment measurement tool based on Kanter's concept, known as the Conditions of Work Effectiveness Questionnaire (CWEQ) I and II [9]. This concept has been studied in nursing [10], education [11], banking [12], but has never been studied in a co-operative context.

The co-operative movement emerged and expanded widely during the 1.0 industrial revolution in 1844 when 28 workers in the town of Rochdale, England established grocery figures to sell daily necessities [13]. This action was carried out to adapt to low wages due to the use of machines in the production process to replace the workers' labour [13]. Almost two decades after that, in 1862 in Germany, Raiffeisen established a credit union as a rural co-operative [14]. These two co-operatives then developed rapidly until now. Rochdale Cooperative became the forerunner to the International Co-operative Alliance (ICA) and the Credit Union later developed into the World Council of Credit Union (WOCCU). ICA and WOCCU are transnational networks that empower people with co-operative principles and values [15,16]. In the 1.0 revolution, human labour was replaced by machines so that workers got cheap wages and this underpinned the establishment of co-operatives [13]. Revolution 4.0 repeats the same thing where humans as workers were replaced by robots [17]. How do co-operatives adapt to this revolution? Is the existence of co-operative still relevant? The co-operative must evaluate itself to find out its position amid the changes that occur. How far have co-operatives empowered their members? Historical background shows that from the beginning, the urban and rural were two locations where co-operatives

developed, so it was necessary to compare the empowerment of members living in rural and urban areas. The purpose of this study was to compare the structural empowerment of co-operative members who live in rural and urban areas. Based on the background described above, the formulation of the problem in this study was whether the structural empowerment of co-operatives can be distinguished by their members' residence. Were there differences in the structural empowerment of co-operative members living in rural and urban areas?

II. METHOD

The hypothesis of this study was the structural empowerment of co-operative members can be differentiated based on cooperative members' residence. This study involved 251 co-operatives members as participants. Participants are co-operative members who live in Sikka district, East Nusa Tenggara Province, Indonesia. The measuring instrument used was the scale of structural empowerment in the context of cooperatives adapted from CWEQ II [9]. The original scale consisted of 19 items of six factors, but was adapted and modified into Indonesian and co-operative context with 21 items of six factors (Goodness of Fit Index; 0.912, Comparative Fit Index; 0.961; Root Mean Square Error Approximation; 0.051). 21 items were valid with a reliability of 0.938. Data were analysed by using Analysis of Variance technique.

III. RESULTS

Descriptive analysis results indicate the level of structural empowerment. An overall structural empowerment score can be calculated by summing the first four subscales or all six subscales [9]. Six Subscale Version: Score range is between 6 and 30. Higher scores represent stronger perceptions of structural empowered co-operative environment. Scores ranging from 6 to 13 are described as low levels of structural empowerment, 14 to 22 as moderate levels of structural empowerment, and 23 to 30 as high levels of structural empowerment [9]. The number of co-operative members at moderate level was the most, followed by members at high level and low level. The number of levels of structural empowerment for co-operative members is presented in table I.

TABLE I. LEVEL OF STURCTURAL EMPOWERMENT OF OVERALL CO-OPERATIVES MEMBERS

Level of Structural Empowerment	Frequency	Percent
Low	60	23.9
Moderate	125	49.8
High	66	26.3
Total	251	100

The frequency of co-operative members at moderate levels was the highest among co-operatives members living in urban and rural, followed by high and low levels. Even so the percentage difference was significant at low level. Data analysis results showed that the structural empowerment of co-operative members can be differentiated based on their residence. The structural empowerment of co-operatives

members living in rural (N = 132, mean = 65.780) areas was higher compared to their urban (N= 119, mean = 59.739) counterparts (F = 6.049, P = 0.015). The frequency of structural empowerment of co-operative members living in rural and urban areas based on the level of structural empowerment is presented in table II.

TABLE II. LEVEL OF STRUCTURAL EMPOWERMENT URBAN AND RURAL

Level of Structural Empowerment	Urban		Rural	
	Frequency	Percent	Frequency	Percent
Low	42	35.3	18	13.6
Moderate	48	40.3	77	58.3
High	29	24.4	37	28.0
Total	119	100	132	100

The frequency of co-operative members at moderate level was the highest among women members living both in urban and rural areas, followed by high and low levels. Nevertheless, significant differences were found in percentages at low and moderate levels among women members living in urban and rural areas. Women living in rural (N=77, mean = 65.792) area had a higher structural empowerment compared to those living in urban (N=74, mean = 58.337) area (F = 5.833, P = 0.017). The number of women members living in urban and rural areas based on the structural empowerment level is presented in table III.

TABLE III. LEVEL OF STRUCTURAL EMPOWERMENT OF URBAN AND RURAL WOMEN

Level of Structural Empowerment	Urban Women		Rural Women	
	Frequency	Percent	Frequency	Percent
Low	30	40.5	6	7.8
Moderate	26	35.1	52	67.5
High	18	24.3	19	24.7
Total	74	100	77	100

The frequency of men members living in urban areas was at the lowest level, followed by moderate and high levels, which was different from their counterparts living in the rural areas, where the most frequency was at moderate level, followed by high and low levels. However, there was no significant difference of structural empowerment of men members living in rural (N = 55, mean = 65.763) and urban (N = 45, mean = 62.044) areas (F = 0.838, P > 0.05). The frequency of men members of co-operatives in rural and urban based on the structural empowerment level is presented in table IV.

TABLE IV. LEVEL OF STRUCTURAL EMPOWERMENT OF URBAN AND RURAL MEN

Level of Structural Empowerment	Urban Men		Rural Men	
	Frequency	Percent	Frequency	Percent
Low	11	24.4	10	18.2
Moderate	23	51.1	26	47.3
High	11	24.4	19	34.5
Total	45	100	55	100

IV. DISCUSSION

These results are consistent with previous research which showed that co-operatives in rural areas empower rural communities and women [1,4,5]. Co-operative members living in rural perceive co-operatives as providing more access to co-operative members to develop, obtain valuable information for businesses, get support, resources, formal and informal power. Different perceptions of rural and urban women regarding the structural empowerment of co-operatives also show that rural women have higher hopes for co-operatives compared to urban women, but this does not happen to men. Co-operatives become the main support to rural community economic development because co-operative has become a more easily accessible institutions for the rural communities when they want to get loans [1]. The conditions are flexible when compared to other conventional financial institutions. Flexible conditions are in line with the situation of rural communities where most of them do not have regular income [1]. In the Sikka regency context, credit union as a savings and loan co-operative which was developed by Raiffeisen has been developing rapidly while the Village Unit Co-operative which was established under the government program in the 1970s was no longer active. Credit unions that develop in cities are mobilized by employees and teachers while those developing in villages are mobilized by farmers. Co-operative members living in the village who are farmers and sellers of agricultural products, use loans from co-operatives for the production and sale of their agricultural products. Most of them are women from the rural areas. Co-operative members living in urban use loans from co-operatives for consumptive needs. The background of this situation supports the findings of this study.

Co-operatives are living organizations [18]. In co-operatives, humans become the centre [3]. The high perception of structural empowerment shows that co-operative as living organizations can provide members with access to empowerment so that the rural co-operative is not just a savings and loan institution like a bank but it is a dynamic organization, coloured by togetherness and family relations. Co-operatives as living organizations can adapt to the 4.0 revolution, while maintaining its essence as a human-centered living organization, and that hope seems strong in rural communities. When the co-operative is profit oriented and ignores its essence as a place for co-operative members to be empowered, it is very possible that the co-operative will merely become a financial industry without spirits.

V. CONCLUSIONS

Structural empowerment of co-operatives members can be distinguished by the co-operatives members' residence. Co-operatives members living in rural area had a higher structural empowerment compared to their urban counterparts. While women members living in rural area had a higher level of structural empowerment than those living in urban area, the men members in rural and urban areas showed no significant difference. The co-operatives thus have good prospects for development in rural areas.

ACKNOWLEDGMENT

This research was sponsored by the Universitas Gadjah Mada Research Directorate through a final assignment recognition grant. Thanks to the Research Directorate of Universitas Gadjah Mada.

REFERENCES

- [1] P. Mahtur and P. Agarwal, "Self-help groups: A seed for intrinsic empowerment of Indian rural women," *Equality, Diversity and Inclusion: An international Journal*, vol. 36, no. 2, pp. 182-196, 2017.
- [2] R.C. Williams, *The Cooperative movement: Globalization from below*. Burlington: Ashgate Publishing Company, 2007.
- [3] J. Birchall, *People Centered Businesses Co-operatives Mutuals and the Idea of Membership*. New York: Palgrave Macmillan, 2011.
- [4] T.O. Abdulahi, O.E. Agbasi, and U. Uduze, "Effect of cooperative membership on the economic empowerment of women in Osun State of Nigeria," *International Journal of Economics and Business Research*, vol. 4, no. 2, pp. 21-29, 2015.
- [5] R. Ghosh, P. Chakravarti, and K. Mansi, "Women's empowerment and education: Panchayats and women's Self-help Groups in India," *Policy Futures in Education*, vol. 13, no. 3, pp. 294-314, 2015.
- [6] M.F. Rahman and R. Khanam, "The effects of microfinance on women's empowerment: New evidence of Bangladesh," *International Journal of Social Economy*, vol. 44, no. 12, pp. 1745-1757, 2016.
- [7] C.V. Nwokoro and F. Ogba, "Widows: Moving from vulnerability to empowerment in Southeast Nigeria," *Women's Studies International Forum*, vol. 72, pp. 56-64, 2019.
- [8] R.M. Kanter, *Men and Women of the Corporation*. New York: Basic Books, 1993.
- [9] H.K.S. Laschinger, "Conditions for Work Effectiveness Questionnaire I and II," *User Manual*. Western University, 2012.
- [10] A. Aggarwal, R.S. Dhaliwal, and K. Nobi, "Impact of Structural empowerment on organizational commitment: The mediating role of women's psychological empowerment," *Vision*, vol. 22, no. 3, pp. 284-294, 2018.
- [11] S. Ahadi and T. Suandi, "Structural empowerment and organizational commitment: The mediating role of psychological empowerment in Malaysian researches university," *Journal Asian Development Studies*, vol. 3, pp. 44-65, 2014.
- [12] H. Jaffery and H. Farooq, "The impact of structural empowerment on organizational citizenship behavior-organization and job performance: A mediating role of burn out," *Journal of Management Sciences*, vol. 2, no. 2, pp. 273-288, 2015.
- [13] D.J. Thompson, *Weavers of Dream: Founders of Modern co-operative movement*. California: Regents of the university of California, 1994.
- [14] M. Prinz, "German Rural Cooperatives, Friedrich-Wilhelm Raiffeisen and the organization of Trust," Paper, XIII IEHA Congress, Buenos Aires, 2002.
- [15] International Co-operative Alliance, "International Co-operative Alliance," 19 Oktober 2019. [Online]. Retrieved from: <https://www.ica.coop/en/about-us/international-cooperative-alliance> [Accessed 19 Oktober 2019].
- [16] World Council of Credit Union, "Our Global Network," 19 Oktober 2019. [Online]. Retrieved from: https://www.woccu.org/our_network/global_reach [Accessed 19 Oktober 2019].
- [17] S. Pfeiffer, "Robots, industry 4.0, and humans, or why assembly work is more than routine works," *Societies*, vol. 6, no. 16, pp. 1-26, 2016.
- [18] A. Puusa, K. Monkkonen, and A. Varris, "Mission Lost? Dilemmatic dual nature of co-operation," *Journal of Co-operative Organizations and Management*, vol. 1, pp. 6-14, 2013.