

# ASSESSING MEMBER BENEFITS IN AGRICULTURAL COOPERATIVE PARTICIPATION AND SOLUTIONS FOR INCREASING MEMBERSHIP THROUGH ENHANCED MEMBER BENEFITS

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## ABSTRACT

The study aims to assess the advantages accruing to members who participate in the agricultural cooperative model and to propose solutions for augmenting membership by enhancing the benefits offered to participants. The research methodology involved the collection of pertinent documents, field investigations, and the administration of a survey to 300 individuals who are affiliated with the Tan Binh Agricultural Cooperative, located in the Thanh Binh district of Dong Thap province. Additionally, 12 in-depth interviews were conducted with both leaders and members of the cooperative. The collected data were subsequently subjected to analysis using SPSS descriptive statistics software. The findings of this research indicate that the primary motivations for individuals to join cooperatives include purchasing materials at reduced prices (91.3%), enhancing production capabilities and working conditions (85.7%), and availing themselves of cooperative services (79%). Other contributing factors include cost reduction in production and improvements in the quality and quantity of agricultural products. Regarding the evaluation of benefits stemming from cooperative participation, members identified the following advantages: (1) access to services that support production activities; (2) an increase in personal income; (3) opportunities for participation in training programs designed to enhance qualifications and skills relevant to production activities. These elements constitute pivotal factors that cooperatives should prioritize in order to sustain, expand, and augment member benefits. By ensuring increased income for members, cooperatives can establish a strong foundation for mobilizing and encouraging more individuals to join their ranks.

*Keywords:* Cooperatives, collective economics, benefits, farmers, increasing cooperative membership.

## 1. INTRODUCTION

Vietnamese agriculture has achieved numerous successes in recent years; however, one of the key challenges faced by farmers in the country is the fragmented and individualistic nature of agricultural production, lacking the necessary linkages. In this context, the agricultural cooperative model (ACM) is considered one of the most effective approaches for restructuring the agricultural sector [1].

Dong Thap is a province situated in the key rice and aquaculture production region of the Mekong Delta. Local authorities have recognized the vital role of collective economics in the province's economic development over the past years. Consequently, various strategies, policies, and initiatives have been implemented to promote the development of collective economic entities

such as cooperatives, communal groups, and, most notably, agricultural cooperatives (ACs). As of the end of 2017, Dong Thap province had 129 ACs operating in a wide range of fields, including cultivation, livestock farming, irrigation, and aquaculture [2]. The AC model has been progressively expanding, benefiting farmers in their agricultural activities, and the number of people participating in these ACs has been on the rise, both in quantity and quality [3].

To evaluate the benefits of participating in ACs and, consequently, to propose measures to enhance member benefits and encourage more people to join these cooperatives, aiming to improve their efficiency and scale of operations while contributing to increased agricultural productivity and income for farmers. This study was conducted at Tan Binh Agricultural Cooperative, which is a multi-service collective economic model established in 2003 through the merger of three cooperatives (Tan Phu, Binh Minh, Binh Phu) established in 1998. This cooperative has 1,034 members from the local community [4]. According to statistics from the Department of Planning and Investment of Dong Thap province in 2020, Tan Binh Agricultural Cooperative is considered one of the efficient and exemplary cooperatives in the province. Therefore, this research aims to assess the benefits of the AC model for its members, providing a foundation for developing strategies to enhance member benefits and promote community participation in ACs through mobilization and awareness campaigns.

## **2. MATERIALS AND METHODS**

### **2.1. Data collection method**

To gather data, the study employed a mixed-methods approach combining quantitative and qualitative research methods. Data collection took place through surveys and interviews conducted in Tan Binh commune, Thanh Binh district, Dong Thap province. Data were sourced from reports of the Department of Rural Development of Dong Thap province, the Department of Planning and Investment of Dong Thap province, the Department of Agriculture and Rural Development of Dong Thap province, as well as relevant articles and studies on agricultural cooperatives. For quantitative data, the research conducted a survey of 300 members in the AC using a convenient random sampling method. Qualitative data were gathered through in-depth interviews, comprising four interviews with the board of directors and eight interviews with members of the Tan Binh Agricultural Cooperative.

### **2.2. Data processing method**

The research utilized SPSS 23.0 software for descriptive statistics and data analysis of the quantitative dataset.

For qualitative data:

- Transcripts were compiled and organized into a dataset.
- Excerpts were then extracted from the transcripts for interpretation, comparison, and analysis.

## **3. RESULTS AND DISCUSSION**

### **3.1. Reasons for Members' Participation in the AC**

To become a member of the Tan Binh Agricultural Cooperative, individuals or legal entities must meet the conditions specified in the AC's Charter in accordance with the 2012 Cooperative Law [1, 5]. Regarding the requirement for capital contribution, the minimum capital contribution for residents to become members of the Tan Binh Agricultural Cooperative is 100,000 VND per 1,000 square meters of agricultural land. Therefore, residents in the Tan Binh Agricultural

Cooperative become members by contributing share capital, and the amount of capital contribution is calculated based on the cultivated land area. For example, those with 1,000 square meters (1 ‘công’) will contribute 100,000 VND, and for 2 ‘công’, they will contribute 200,000 VND. According to the residents in this area, this capital contribution amount is considered normal and not excessively high, which is why most residents here participate in the AC.

Current trends in collective economic models are geared toward diversifying services for residents, ensuring both production activities and the livelihoods of the people. Tan Binh Agricultural Cooperative is no exception. It is one of the multi-service AC models. Currently, the AC offers a wide range of services to meet the essential needs of its members in agricultural production activities. The services provided by Tan Binh Agricultural Cooperative and the level of service utilization by members are recorded in Table 1. It is precisely because of meeting the needs of its members that the Tan Binh Agricultural Cooperative has continuously increased its membership since its establishment in 2003.

*Table 1. Services Currently Utilized by Residents Provided by the AC*

| Service Name                             | Frequency | Percentage (%) |
|------------------------------------------|-----------|----------------|
| Land Preparation Service                 | 191       | 63.7           |
| Irrigation Service                       | 298       | 99.3           |
| Transportation Service                   | 136       | 45.3           |
| Internal Credit Service                  | 121       | 40.3           |
| Crop Seed Service                        | 12        | 4.0            |
| Agricultural Product Consumption Service | 4         | 1.3            |
| Agricultural Input Supply Service        | 278       | 92.7           |
| Clean Water Supply Service               | 60        | 20.0           |
| Crop Harvesting Service                  | 87        | 29.0           |

In the context of the rural community in Tan Binh commune, the majority of farmers are engaged in agricultural production, making agricultural supplies such as seeds, fertilizers, and plant protection products essential needs for these individuals. The Agricultural Cooperative has introduced fundamental agricultural services to cater to the needs of these farming households. The survey findings reveal that the services offered by the AC have garnered significant participation from the farmers.

Specifically, nearly all members in the AC actively engage in the irrigation service provided by the AC, with a participation rate as high as 99.3%. Additionally, the agricultural input supply service witnesses substantial involvement, accounting for 92.7%. Other services offered by the AC also receive varying degrees of participation from the community, including land preparation service at 63.7%, transportation service at 45.3%, and internal credit service at 40.3%. Notably, the utilization of the agricultural product consumption service is considerably low, standing at only 1.3%. This reflects a prevalent issue in contemporary agricultural production, which is the lack of market linkages for product consumption. This emphasizes the urgent need to establish such connections to facilitate the sale of agricultural products for producers.

The survey results presented in Table 2 indicate that the primary reason for community members joining the AC is the ability to purchase affordable agricultural supplies, accounting for 91.3% of respondents. The second most prominent reason is the improvement of production conditions, with 85.7% of respondents citing this as a motivation. The third priority reason for participation is to access the services offered by the AC, with 79% of respondents indicating this as a factor. Furthermore, individuals also choose to participate in the AC for

various other reasons, such as reducing production costs, applying scientific and technical knowledge to farming, improving the quality of agricultural products, and a small minority (4%) are encouraged to join by government recommendations.

Table 2. Reasons for Participating in the AC

| Reasons for Participating in the AC               | Frequency | Percentage (%) |
|---------------------------------------------------|-----------|----------------|
| Access to Affordable Inputs                       | 274       | 91.3           |
| Enhancement of Production Conditions              | 257       | 85.7           |
| Increased Competitiveness and Product Branding    | 12        | 4.0            |
| Quality Improvement of Agricultural Products      | 71        | 23.7           |
| Cost Reduction in Production                      | 105       | 35.0           |
| Application of Scientific and Technical Knowledge | 38        | 12.7           |
| Government Recommendations                        | 12        | 4.0            |
| Access to AC Services                             | 237       | 79.0           |

### 3.2. Benefits of the Agricultural Cooperative Model for Cooperative Members

#### 3.2.1. Utilizing Services within the Cooperative

Participation in the Agricultural Cooperative model brings tangible benefits to farmers, leading to a significant increase in voluntary membership. Particularly in Tan Binh commune, every resident within its boundaries is actively involved in the Tan Binh Agricultural Cooperative. Members of the Tan Binh Agricultural Cooperative participate not only to contribute capital and share profits but also for the utilization of services offered by the cooperative. Several services implemented by the Tan Binh Agricultural Cooperative receive participation from the majority of its members, including irrigation services and agricultural input supply services.

First and foremost, the benefit the AC provides to its members is the irrigation service. Through investments in advanced and high-capacity irrigation systems, the AC ensures a reliable water supply for crop irrigation. The Tan Binh Agricultural Cooperative possesses a comprehensive irrigation system, guaranteeing an adequate water supply for residents within the commune as well as neighboring communes in the Thanh Binh delta region.

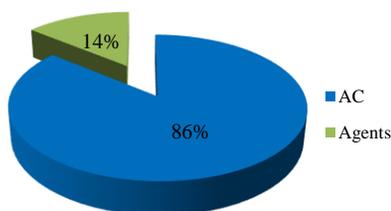


Figure 1. Proportion of population purchasing agricultural supplies from agricultural cooperative and external agents

The second service extensively utilized by the community is the agricultural input supply service. Recognizing the need for a trusted source of seeds, fertilizers, and plant protection products that are authentic and of high quality, the AC initiated the provision of agricultural inputs. The Board of Directors of the Tan Binh Agricultural Cooperative sought reliable suppliers and negotiated favorable terms, including transportation and payment arrangements,

to ensure the best outcomes for farmers. Survey data indicates that 86% of members in Tan Binh commune utilize the agricultural input supply services provided by the AC, while only 14% purchase from external agents (Figure 1).

Furthermore, the Tan Binh Agricultural Cooperative has also established a seedling club primarily focused on providing rice seeds and various types of vegetable seeds such as cabbage, chili, and tomatoes. Concerning rice seeds, the Tan Binh Agricultural Cooperative has utilized high-yielding rice varieties for farmers engaged in seed production confirmation. Thanh Binh district is one of the largest chili cultivation areas in the Southwest region. Within the Tan Binh commune, approximately 85 hectares are dedicated to chili cultivation, which is a crop of high economic value for the local population. Therefore, the Tan Binh Agricultural Cooperative has formed a chili cultivation cooperative following VietGAP standards, certified by the Quality Center for Agriculture and Aquaculture in Region VI.

In addition to these services, cooperative members also utilize various other services within the cooperative, such as land preparation, transportation, and internal credit services. The Tan Binh Agricultural Cooperative possesses a diverse range of machinery and equipment to support agricultural production, including plows, land tillers, harvesters, and trucks.

Furthermore, the Tan Binh Agricultural Cooperative has established partnerships with agricultural product marketing companies for farmers. Agricultural Cooperatives are increasingly asserting their positive role in connecting small-scale business households to form larger agricultural production regions, ensuring the safety and quality of agricultural products, and providing stable market outlets for farmers through collaborations and partnerships with enterprises in production and business. In practice, cooperative members benefit from easier product procurement links with companies when participating in the agricultural cooperative model. This is because if companies were to individually contract with each farmer, it would be cumbersome, time-consuming, and challenging to monitor and manage contracts with individual farmers. However, when participating in the Agricultural Cooperative, the Cooperative acts as the representative for the farmers.

### 3.2.2. Impact on Residents' Income

One of the most significant impacts of the AC on its members is its contribution to increasing household incomes. Through the utilization of services within the AC, it helps individuals reduce input costs for their production activities. Furthermore, with the profit-sharing principle derived from members' capital contributions and the extent of service utilization, profits are distributed to cooperative members at the end of the year. Thus, using services within the AC not only makes it convenient for individuals and reduces costs but also accumulates additional income by year-end. Consequently, the standard of living for community members has significantly improved compared to before joining the AC.

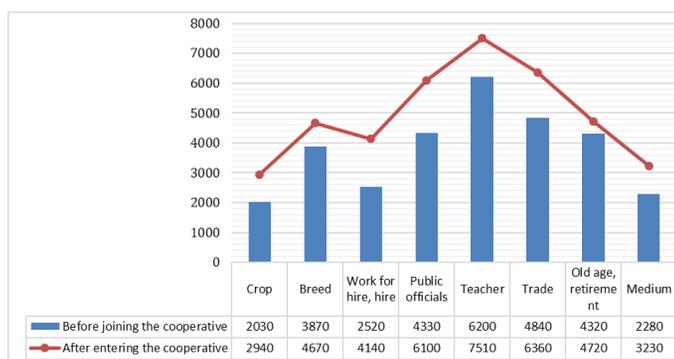


Figure 2. Comparison of household income before and after joining the cooperative

An examination of the income levels of residents in Tan Binh commune before and after joining the AC reveals a noticeable change. On average, the income of residents before joining the AC was approximately 2,280,000 VND per month. After becoming members of the AC, their income increased by 950,000 VND per month compared to before, with the average monthly household income reaching 3,230,000 VND after joining the AC (Figure 2).

### *3.2.3. Technical training for members*

The Tan Binh Agricultural Cooperative plays a crucial role in enhancing the production capabilities of its community members. In reality, the educational attainment of residents in Tan Binh commune remains relatively low, with a majority of the 300 surveyed cooperative members having completed only primary education (61.7%). Furthermore, agricultural production activities among these community members are primarily based on traditional knowledge and practices, which limit their access to and adoption of scientific and technical advancements. To further improve the quality of agricultural products and enhance the production activities of farmers, the Tan Binh Agricultural Cooperative regularly organizes training sessions and business networking seminars. These events aim to facilitate more convenient access for residents to incorporate scientific and technical innovations into their agricultural practices.

*Table 3. Content of Training Sessions Organized by the AC*

| Content of the training session                       | Frequency (N) | Level of effectiveness (%) |
|-------------------------------------------------------|---------------|----------------------------|
| Agricultural Production Knowledge                     | 294           | 98.3                       |
| Guidance on Utilizing Cooperative Services            | 230           | 76.9                       |
| Sharing Production Experiences from Successful Models | 243           | 81.3                       |
| Scientific and Technical Training                     | 273           | 91.3                       |
| Market Information                                    | 161           | 53.8                       |
| Business Production Planning                          | 147           | 49.2                       |

Table 3 illustrates that the content of training sessions organized by the AC is diverse and primarily aimed at meeting the production needs of its members. The organization of these training sessions is highly practical and effectively fulfills the requirements of the cooperative's members. Examining the level of effectiveness of these training sessions for cooperative members reveals that new participants who attend one or two sessions do not highly evaluate the impact of these training sessions. However, members who regularly participate in these training sessions express a high level of satisfaction with the effectiveness of the training sessions. Additionally, the Tan Binh Agricultural Cooperative has garnered significant attention from local authorities regarding training, education, and the transfer of scientific and technical knowledge to agricultural production. This serves both the cooperative's members and its board of directors, equipping them with knowledge about agricultural production and enabling them to apply new scientific and technical advancements in order to reduce costs, increase productivity, and enhance profitability in their production processes.

### **3.3. Solutions to increase the number of cooperative members by enhancing member benefits**

Based on the research findings, several solutions and experiences can be implemented to increase the number of participants in the AC:

In terms of operational models, agricultural cooperatives should offer a diverse range of

services. These services should specifically address the practical needs of local agricultural production. For agricultural cooperatives, essential services should include irrigation services, agricultural supplies provision, land preparation services, harvesting services, transportation services, capital services, and, most importantly, a strong emphasis on organizing market linkages.

Regarding capital, a survey and assessment of the local production situation should be conducted, taking into consideration the specific characteristics of production activities. The natural capital and social capital of the community should be used to determine an appropriate capital contribution level. This will enable more farmers to have the capacity and conditions to join the AC. To ensure that people understand and perceive the benefits, apart from sharing profits from the AC's annual activities based on their initial capital contributions, the greater advantage of becoming an AC member is the ability to use services with improved cost-effectiveness, efficiency, and quality compared to non-members.

Another distinct benefit, different from those who are not AC members, is the sense of connection, especially in terms of agricultural product marketing. When people witness the effectiveness of linkage through timely product harvests and reasonable prices, their willingness to join the AC increases. Therefore, agricultural cooperatives should prioritize strengthening linkages, focusing on ensuring input materials and output markets. This guarantees that when members participate in the AC, they can produce with peace of mind, ensuring product standards and quality, as other aspects are already represented and secured by the AC.

Another important issue is the benefits of members when participating in the AC, which include enhanced knowledge of production techniques and market information. Therefore, in the AC's activities, emphasis should be placed on training members and improving the quality of training sessions and seminars. Regularly updating information and new knowledge for members, from new technical advancements to issues related to market trends and adaptation strategies, will help maintain and ensure the distinct benefits that AC members have compared to non-participating farmers. This will also serve as motivation to encourage people to join the AC.

In the context of people participating in cooperatives and their perception that it is due to the recommendations of the local government, there is a need for further strengthening of propaganda and guidance regarding the benefits of cooperatives through specific examples. This should be done by adopting a proper approach to avoid situations where individuals join cooperatives without a full understanding of their rights and responsibilities.

#### **4. CONCLUSION**

Through participation in the cooperative economic model, people have access to a variety of services provided by the AC that closely align with the practical needs of production. This leads to a reduction in production costs, and as a result, the income of the population increases significantly compared to before their involvement in this collective economic model. Simultaneously, community members have the opportunity to participate in training sessions organized by the AC in collaboration with various levels of government authorities, agricultural promotion centers, and agricultural department offices. These training sessions cover diverse topics, enhancing the knowledge of farmers in production activities and providing access to the latest scientific and technical advancements. Furthermore, these sessions offer opportunities to expand connections with various stakeholders.

To establish a solid foundation and provide evidence of the benefits of participating in the AC, efforts should focus on mobilizing and propagating the benefits of AC membership. This includes ensuring, maintaining, and enhancing the practical benefits for existing members while increasing the income of individuals who join the AC.

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## TÓM TẮT

### ĐÁNH GIÁ LỢI ÍCH CỦA THÀNH VIÊN KHI THAM GIA VÀO HỢP TÁC XÃ NÔNG NGHIỆP VÀ GIẢI PHÁP TĂNG SỐ LƯỢNG THÀNH VIÊN THÔNG QUA VIỆC GIA TĂNG LỢI ÍCH CHO THÀNH VIÊN

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Nghiên cứu nhằm đánh giá lợi ích của thành viên khi tham gia vào mô hình Hợp tác xã (HTX) nông nghiệp và đề xuất các giải pháp tăng số lượng thành viên thông qua việc gia tăng lợi ích cho thành viên. Thông qua việc thu thập tài liệu, điều tra thực tế với việc khảo sát 300 người dân là thành viên HTX nông nghiệp Tân Bình, huyện Thanh Bình, tỉnh Đồng Tháp và 12 cuộc phỏng vấn sâu lãnh đạo cũng như thành viên của HTX. Các số liệu thu thập được xử lý bằng phần mềm thống kê mô tả SPSS, kết quả nghiên cứu đã chỉ ra những lý do chính mà người dân tham gia vào HTX là: Mua được vật tư giá thấp (91,3%), Cải thiện được điều kiện sản xuất, làm việc (85,7%) và mục đích để sử dụng các dịch vụ của HTX (79%), ngoài ra còn có các lý do khác như giảm chi phí sản xuất, nâng cao chất lượng nông sản... Đánh giá về lợi ích khi tham gia vào HTX, kết quả các thành viên cho rằng các lợi ích mà họ nhận được gồm: (1) Sử dụng các dịch vụ để phục vụ hoạt động sản xuất ; (2) Cải thiện thu nhập cho người dân; (3) Tham gia tập huấn, nâng cao trình độ, kỹ năng trong hoạt động sản xuất. Đây chính là những yếu tố cần thiết để HTX tập trung duy trì, phát triển, nâng cao lợi ích, đảm bảo nâng cao thu nhập cho thành viên từ đó có cơ sở để vận động, tuyên truyền cho người dân tham gia HTX.

*Từ khoá:* Hợp tác xã, kinh tế tập thể, lợi ích, nông dân, tăng thành viên HTX.