

## **ToBeCOOP- Territorial Organizations Boosting EU-Turkish COOPeratives**

- The Cooperative Capacity Analysis Research Report of Rize Province
- The Cooperative SWOT Analysis Research Report of Rize Province
- The Research Report on Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives of Rize province

**October, 2021**

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## ABOUT THE PROJECT

**Project Title:** ToBeCOOP- Territorial Organizations Boosting EU-Turkish COOPERatives

ToBeCOOP-Territorial Organizations Boosting EU-Turkish COOPERatives Project is supported by the RT Ministry of Foreign Affairs, Directorate for EU Affairs within the scope of the Sixth Period of the Civil Society Dialogue Program, which is financed by the EU, and the Contracting Authority is the Central Finance and Contracts Unit.

**Project Coordinator:** Prof.Dr. Göktuğ DALGIÇ

**Institution/Organization Supporting the Project:** EU Civil Society Dialogue Programme (CSDV)

**Project Budget:** 162.682 Euro

**Project Dates:** 01.04.2021-Ongoing

**Project Objectives:** The ToBeCoop project mainly focuses on supporting the relations of CSOs and sharing information on Chapter 20 (enterprise and industrial policy) of the EU-Turkey negotiations. In this framework, considering that the first priority stated is the strengthening and restructuring of the cooperative business model, it is aimed to provide cooperatives with an efficient, sustainable and entrepreneurial structure in line with EU practices.

## INTRODUCTION

Cooperatives are the true representatives of sustainable development. Cooperative enterprises, which have proven themselves as a successful business model for approximately 177 years, have started to gain more and more importance with the economic crises in the world. Their resilience to economic crises and especially the ability of new generation cooperatives to find solutions to social problems make cooperatives more and more important day by day. The increasing interest in cooperative enterprises, which create economic and social benefits and focus on achieving more success compared to the profit-oriented business structure, urges cooperative enterprises to develop themselves and their capacities.

Cooperatives in Turkey are commercial partnerships with legal personality. Therefore, they are subject to registration regulations. State permission is required for the establishment of cooperatives in Turkey and representatives of the relevant ministries also attend the general assembly meetings. Data on cooperatives obtained by ministry representatives, provincial organizations and relevant ministries are processed into electronic databases. In addition, data on cooperatives are also obtained from public institutions such as the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Istanbul Chamber of Industry (ISO), Turkish Exporters Assembly (TIM), private institutions such as banks and cooperative unions.

Data on cooperatives collected in the Ministry of Commerce, statistically interpreted and published. Statistics are generally related to types of cooperatives, the number of cooperatives, the number of members, the distribution of cooperatives by provinces, the products processed by agricultural cooperatives, the number of houses produced by building cooperatives and the sectors in which cooperatives operate.

Reliable and comprehensive statistical information is needed to reveal the real performance of cooperatives in Turkey. A working group consisting of Ministries related to cooperatives, Revenue Administration (GIB), Social Security Institution (SGK), Turkish Statistical Institute (TUIK) and cooperative unions are working to include cooperative statistics in the official statistical program by following the Generic Statistical Business Process Model (GTB, ILO Cooperative Statistics). Dissemination of statistics on cooperatives will also increase interest in cooperatives.

The lack of comprehensive statistics on the economic contributions of cooperatives in Turkey makes it difficult to understand the contributions of cooperatives to the economy. This situation also prevents the real power of cooperatives to be revealed. The number of active cooperative members in Turkey is over 5 million. While cooperatives operating in different sectors of the economy contribute to the realization of economic development; It also sets an example in terms of increasing employment (especially the increase in employment of young people, women and disabled people in recent years), reducing poverty, ensuring sustainable development, fair distribution of income, development of competition, more qualified and high-quality production, and development of democracy.

This report has been prepared as part of the ToBeCoop Project, conducted with the support of the EU Civil Society Dialogue Program (CSDV), focused on supporting the relations of CSOs and sharing information on chapter 20 (business and industrial policy) of the EU-Turkey negotiations.

In the preparation of the report, it was aimed to give the cooperatives an efficient, sustainable and entrepreneurial structure in line with EU practices, taking into account the priority of strengthening and restructuring the cooperative business model in line with the objectives of the project. In this framework, in line with this study carried out locally in the province of Rize, a medium-sized province of Turkey with a coast to the Black Sea, it has been tried to reveal the skills, competence and capacity gaps of the cooperatives by focusing on increasing the capacity of the cooperatives.

The data of this research were collected from a total of 122 people, 82 of which were chairman, member of the board of directors and cooperative member in 82 cooperatives of different types and sizes operating in the city center and districts of Rize, and 40 of which were in the young age group who have a certain level of awareness about cooperatives. Since there were three different assessment tools to be applied to the participants in the research, the participant group of 122 people was divided into three different sample groups according to the objectives of the research and the characteristics of the scales to be applied.

The first sample group consists of 40 people who are experienced in cooperative management and cooperatives, serving as chairman or member of the board of directors in cooperatives. The Capacity Analysis Scale was applied to this group. The second sample group consists of a



group of 42 people, who were not included in the first sample group, including the chairmen of the cooperatives, the managers of the cooperatives, and mostly cooperative members. The SWOT Analysis Scale was applied to this sample group. The third sample group of the study consists of 40 participants in the young age group who live in the city center and districts of Rize, do not have any cooperative experience, but have a certain level of awareness about cooperative enterprises and cooperatives. The Scale of Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives was applied to the young participant group.

The data of the research were collected between 07-13 September 2021 in Rize province. After that, taking into account the analyzes conducted for the local strengthening and restructuring of cooperatives, suggestions were developed for the implementation of efficient, sustainable and entrepreneurial cooperatives in line with EU practices. Another study carried out within the scope of this research is related to the determination of the factors affecting the establishment of cooperatives by young people and participation of young people in cooperatives and their perceptions of cooperatives.

October, 2021

## SECTION I: DEFINITION, PRINCIPLES AND VALUES OF COOPERATIVES

### 1.1. Definition of Cooperatives

Although there are many definitions of cooperatives around the world, the definition included in the Cooperative Identity Statement adopted by the International Cooperative Association (ICA) at the ICA General Assembly in Manchester in 1995 is used in more than 100 countries in the world today (ICA Co-operative Identity Statement).

*“A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”* This definition also reveals the different aspects of cooperatives compared to other enterprises. The fact that cooperatives are voluntary, democratic and autonomous enterprises and that they aim to meet the cultural, economic and social needs of their members are the characteristics that distinguish them from other enterprises.

### 1.2. Principles of Cooperatives

The principles of cooperatives, which were collected under the name of *“Cooperative Identity Statement”* by ICA and revised and finalized in 1995, are as follows (ICA Co-operative Identity Statement; Polat, 2017):

**Voluntary and Open Membership:** Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

**Democratic Member Control:** Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

**Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital

subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes:

- a. Developing the cooperative,
- b. Setting up reserves, part of which at least would be “indivisible resources”,
- c. Benefiting members in proportion to their transactions with the cooperative, and
- d. Supporting other activities approved by the members

**Autonomy and Independence:** Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

**Education, Training and Information:** Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public-particularly young people and opinion leaders-about the nature and benefits of cooperation.

**Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

**Concern for Community:** Cooperatives work for the sustainable development of their communities through policies approved by their members.



**Figure 1:** Principles of Cooperatives

### 1.3. Values of Cooperatives

Cooperative values are the basic norms that distinguish enterprises structured as cooperatives from other enterprises, give the cooperatives an identity and character, enable the understanding of cooperative principles and form the cooperative identity. Established in 1895, ICA has been recognized as the guardian of the principles and values of cooperatives since its establishment, as well as being the top organization representing all cooperatives around the world. For this reason, the principles and values of cooperatives adopted by the Rochdale Pioneers, who were the pioneers of modern cooperatives in 1844, were updated by the ICA in 1937, 1966 and 1995 according to the changing conditions (Polat, 2017).

In 1995, Marcus's Report presented at the 1988 Stockholm Congress of the ICA attracted attention, before the principles and values of cooperatives were amended. Lars Marcus, President of the ICA at the time, said in his report titled as "Cooperatives and Basic Values" that before the principles of cooperatives, the values that will guide these principles should be emphasized. Marcus explained that the following values will be an important basis for the development of cooperatives today and in the future (Polat, 2017):

**Self help.** Activity, creativity, responsibility, self-sufficiency.

**Solidarity.** Cooperation, unity, collective action, solidarity, peace.

**Non-profit interest.** Conservation of resources, removal of profit from driving force, social responsibility, creative approaches, "not taking advantage of other people's work.

**Democracy.** Equality, participation, justice.

**Voluntary effort.** Taking initiative, creative power, independence, pluralism.

**Universality.** Universal view, clarity.

**Education.** Knowledge, understanding, intuition.

**Objective values.** Benefit of members.

Objective values are values that may vary according to the type of cooperative (such as housing, retail, agricultural cooperative). The "Cooperatives and Basic Values" approved by the ICA at the 1995 Manchester Congress, with the last update carried out to question and strengthen the cooperative identity (ICA Co-operative Identity Statement).



**Figure 2:** Values of Cooperatives

## SECTION II: COOPERATIVES IN TURKEY

In this section, the subject of cooperatives in Turkey is discussed under the headings of the development of cooperatives, their current situation, ministries related to cooperatives and the problems of cooperatives.

### 2.1. Development of Cooperatives in Turkey

Cooperatives in Turkey started in 1863 with the Homeland Funds, which formed the basis of today's agricultural credit cooperatives. Over time, these funds were transformed into Benefit Funds and Ziraat Bank in 1888, respectively. In the Republic Period, the cooperative movement developed under the leadership and guidance of Mustafa Kemal Atatürk. Mustafa Kemal Atatürk not only pioneered the legal arrangements for the development of the cooperative movement, but also set an example to the people as the founder and member of two cooperatives.

The Turkish Cooperative Association, as it is known today, was established in Istanbul in 1931 with the directives of Atatürk (Hazar, 1990). The Turkish Cooperative Association, whose founding purpose is to conduct scientific studies in the field of cooperatives to spread the idea of cooperatives to Turkey, and to popularize and implement cooperatives widely, carries out the following activities today (<http://koopkur.org.tr/faaliyetlerimiz>):

- Consultation-research activities
- Broadcasting activities
- Foreign relations and congress activities
- Celebration and press and public relations activities
- Legislation and joint review activities
- Archive and documentation activities
- Cooperative women activities
- Supervision activities

In 1935, “Law on Agricultural Sales Cooperatives and Unions” numbered 2834 and “Law on Agricultural Credit Cooperatives” numbered 2836 were enacted. In 1969, the Cooperatives

Law No. 1163 came into force. In the period until 1969, the provisions of the Turkish Commercial Code were applied for cooperatives other than agricultural sales and agricultural credit cooperatives.

## **2.2. Current Status of Cooperatives in Turkey**

In recent years, there have been important developments in the cooperative movement in Turkey. While cooperatives are supported by the public on the one hand, important steps are taken in terms of implementation on the other hand. The fact that it is not easy to access data on cooperatives makes it difficult to understand the existence of cooperatives and their economic/social contributions. This situation also affects the perception of cooperatives. Although ministries, institutions and organizations related to cooperatives take various decisions on the regular collection of data on cooperatives, it is not possible to ensure sustainability in this regard.

In the 2012-2016 Turkish Cooperative Strategy and Action Plan issued by the Ministry of Trade, General Directorate of Cooperatives, it was stipulated that annual reports on cooperatives data shall be prepared, but the latest report belongs to 2017. In the same action plan, it was aimed to create a database in order to produce reliable statistical information and for this purpose, the Cooperative Information System (Koop-Bis) was put into practice. However, this data has not been shared with the public yet.

There is various statistical information about cooperatives on the web pages of the ministries working on cooperatives. However, it is difficult to reach up-to-date and explanatory data in this area as well. In this context, where data is difficult to access, up-to-date information was requested from the Ministry of Trade. In Table 2, the current data on the cooperatives affiliated to the Ministry of Trade are given according to the types of cooperatives, their numbers and the number of members.

**Table 1: Current Data of Cooperatives Affiliated to the Ministry of Trade (2021)**

Cooperative Type	Active		Non-Active		Total	
	Number of Coop.	Number of Members	Number of Coop.	Number of Members	Number of Coop.	Number of Members
Motor Carriers Cooperative	4.299	137.410	1.119	23.569	5.418	160.978
Craftsman Credit and Bail Cooperative	965	687.762	26	3.543	991	691.305
Business Cooperative	681	103.927	129	10.132	810	114.059
Women's Enterpr. Product. and Business Cop.	640	7.183	17	136	657	7.319
Road Transportation Cooperative	605	10.035	34	307	639	10.342
Retail Cooperative	352	66.338	1.648	97.032	2.000	163.370
Production and Marketing Cooperative	316	15.099	223	5.753	539	20.852
Agricultural Sales Cooperative	305	317.284	30	15.091	335	332.375
Real Estate Business Cooperative	304	5.176	3	21	307	5.197
Tourism Development Cooperative	270	13.571	132	3.944	402	17.515
Road Cargo Transport Cooperative	161	4.673	6	163	167	4.836
Supply and Dispatch Cooperative	88	17.677	149	5.912	237	23.589
Education Cooperative	52	2.896	12	233	64	3.129
Service Cooperative	46	574	2	26	48	600
Renewable Energy Production Cooperative	39	630	5	38	44	668
Maritime Transport Cooperative	36	564	0	0	35	564
Development Cooperative	32	338	0	0	32	338
Small Art Cooperative	29	2.139	187	5.032	216	7.171
Fresh Vegetable and Fruit Marketing Coop.	18	1.832	11	1.121	29	2.953
Scientific Research and Development Coop.	14	123	1	7	15	130
Charity Cooperative	12	9.936	6	96	18	10.032
Tobacco Agricultural Sales Cooperative	8	2.005	34	10.835	42	12.840
Sellers' Business Cooperative	6	244	1	184	7	428
Electric Energy Product. and Consumption Coop	6	42	0	0	6	42
Porters' Carriage Cooperative	5	302	4	318	9	620
Intellectual Property Rights and Project Consultancy Cooperative	5	41	1	7	6	48
Insurance Cooperative	4	657	1	0	5	657
Publishing Cooperative	4	121	17	363	21	484
Health Services Cooperative	2	53	0	0	2	53
Supply and Distribution Cooperative	2	19	0	0	2	19
Maritime Cargo Transport Cooperative	2	17	0	0	2	17
Supply and Bail Cooperative	1	7	7	599	8	606
Child Care Services Cooperative	0	0	0	0	0	0
Media, Publication and Communication Coop.	0	0	0	0	0	0
<b>Total</b>	<b>9.303</b>	<b>1.408.675</b>	<b>3.805</b>	<b>184.461</b>	<b>13.113</b>	<b>1.593.136</b>

**Resource:** Ministry of Trade, Report on Cooperatives and Unions Across Turkey, 2021.



It is seen that there are more than 40 types of cooperatives in Turkey today. Among these cooperatives, cooperative types such as Women's Enterprise Production and Business Cooperative, Real Estate Business Cooperative, Renewable Energy Production Cooperative, Scientific Research and Development Cooperative, Electric Energy Production and Consumption Cooperative and Health Services Cooperative are new types of cooperatives. While the Ministry of Trade carries out activities to support and promote cooperatives with many projects and activities, the number of cooperatives established in the January 2021-July 2021 period was as follows:

**Table 2:** The Number of Cooperatives Established in the January 2021-July 2021 Period

Cooperative Type	Total
Housing-Building Cooperative	332
Business Cooperative	276
Agricultural Development Cooperative	86
Motor Carriers Cooperative	41
Production and Marketing Cooperative	35
Irrigation Cooperative	16
Tourism Development Cooperative	15
Fisheries Cooperative	10
Retail Cooperative	9
Education/Research and Development Cooperative	6
Service Cooperative	5
Unions/ Associations	2
Small Industrial Area Building Cooperative	1
Supply Cooperative	1
<b>Total</b>	<b>835</b>

**Resource:** TOBB (The Union of Chambers and Commodity Exchanges of Turkey)

Within the scope of the Ministry's KOOP-DES Project, 143 projects of 133 cooperatives were supported and the total project amount exceeded 18 million TL, while the total grant amount exceeded 13 million TL (<https://esnafkoop.ticaret.gov.tr/haberler/bu-yil-desteklerle-kovid-19un-golgesinde-1400e-yakin-kooperatif-faaliyete-basla>). In the August Data Bulletin of the Ministry of Trade, the number of cooperatives and members has increased across Turkey, as shown in Table 3. Accordingly, the number of cooperatives in 2021 increased by 5.12% compared to the previous year and reached to 12.53. The number of members, on the other hand, increased by 0.46% and reached to 1.593.580.

**Table 3: Increase in the Number of Cooperatives and Members (August 2021)**

Period	August		
	2020	2021	Change %
Number of Cooperatives	11.921	12.531	5.12
Number of Members	1.586.339	1.593.580	0.46

**Resource:** Ministry of Trade, August Data Bulletin, 2021

The number of cooperatives and cooperative members affiliated to the Ministry of Agriculture is shown in Table 4 according to June 2021 data.

**Table 4: Number of Cooperatives Affiliated to the Ministry of Agriculture (June 2021)**

Cooperative Type	Number of Cooperatives	Number of Members
Agricultural Development Coop.	6.813	736.027
Irrigation Cooperative	2.472	319.027
Fisheries Cooperative	566	30.722
Beet Growers Cooperative	31	1.391.892
Agricultural Credit Cooperative	1.618	800.023
<b>Total</b>	<b>11.500</b>	<b>3.277.691</b>

**Resource:** <https://www.tarimorman.gov.tr/TRGM/Link/55/Uretici-Orgutleri>

While there were three different types of cooperatives under the Ministry of Environment and Urbanization until recently, there are currently five types of cooperatives under the ministry. Mixed industrial estate and specialized industrial estate cooperatives are new types of housing cooperatives. Table 5 below shows the number of cooperatives and their members (active ones) affiliated to the Ministry of Environment and Urbanization, according to the data of August 2021.

**Table 5: Number of Cooperatives Affiliated to the Ministry of Environment and Urbanization (August, 2021)**

Cooperative Type	Number of Cooperatives	Number of Members
Housing-Building Cooperative	9.360	407.395
Collective Workplace Building Cooperative	701	51.352
Small Industrial Area Building Cooperative	700	98.405
Mixed industrial estate Cooperative	43	794
Specialized Industrial Estate Cooperative	8	280
<b>Total</b>	<b>10.812</b>	<b>558.226</b>

**Resource:** Ministry of Environment and Urbanization (2021) / The data in the table are related to active cooperatives.

Housing-building cooperatives have generally been the most common type of cooperative in Turkey for years. Although housing-building cooperatives are not as common as in the past, the number of cooperatives is still high. According to the data of 2021, the number of active cooperatives affiliated to the Ministry of Environment and Urbanization is 10.812 in total and the number of members is 558.226. Housing-building cooperatives have lost their power in the past due to reasons such as the abolition of the support provided to housing-building cooperatives through the state channel in the past, the ability of individuals to directly buy houses without waiting with the entry into force of the Mortgage Law, and the ability to extend their loans over a long period of time, and housing production by TOKİ.

### 2.3. Ministries Related to Cooperatives

The activities of cooperatives in Turkey are generally carried out by three separate ministries. These ministries are the Ministry of Trade, the Ministry of Agriculture and Forestry and the Ministry of Environment and Urbanization. Table 6 shows the ministries related to cooperatives and the types of cooperatives affiliated to these ministries.

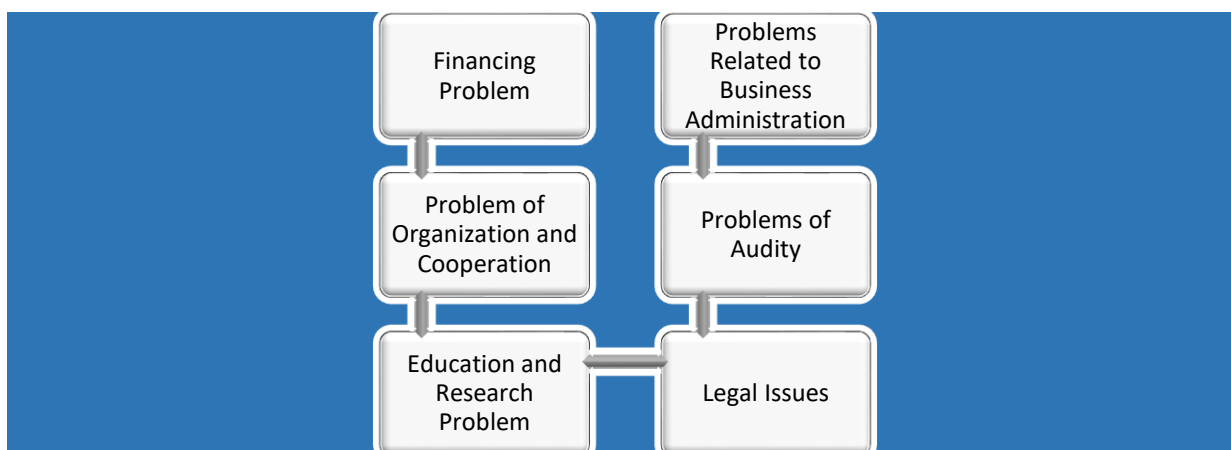
**Table 6: Ministries Related to Cooperatives in Turkey**

Ministry of Trade	Ministry of Agriculture and Forestry	Ministry of Environment and Urbanization
1. Motor Carriers Cooperative	1. Agricultural Develop. Coop.	1. Housing-Building Cooperative
2. Craftsmen and Artisans Credit and Bail Coop.	2. Irrigation Cooperative	2. Small Industrial Area Building Coop.
3. Business Cooperative	3. Fisheries Cooperative	3. Collective Workplace Building Coop.
4. Women's Enterprise Prod. and Business Coop.	4. Beet Growers Cooperative	4. Mixed Industrial Estate Coop.
5. Road Transportation Cooperative	5. Agricultural Credit Coop.	5. Specialized Industrial Estate Coop.
6. Retail Cooperative		
7. Production and Marketing Cooperative		
8. Agricultural Sales Cooperative		
9. Real Estate Business Cooperative		
10. Tourism Development Cooperative		
11. Road Cargo Transport Cooperativ		
12. Supply and Dispatch Cooperative		
13. Education Cooperative		
14. Service Cooperative		
15. Renewable Energy Production Cooperative		
16. Maritime Transport Cooperative		
17. Development Cooperative		
18. Small Art Cooperative		
19. Fresh Vegetable and Fruit Marketing Coop.		
20. Scientific Research and Development Coop.		
21. Charity Cooperative		
22. Tobacco Agricultural Sales Cooperative		
23. Sellers' Business Cooperative		
24. Electric Energy Product. and Consump. Coop.		

25. Porters' Carriage Cooperative		
26. Intellect. Prop. Rights and Proj. Consul. Coop.		
27. Insurance Cooperative		
28. Publishing Cooperative		
29. Health Services Cooperative		
30. Supply and Distribution Cooperative		
31. Maritime Cargo Transport Cooperative		
32. Supply and Bail Cooperative		
33. Child Care Services Cooperative		
34. Media, Publication and Communication Coop.		

## 2.4. Problems Faced by Cooperatives in Turkey

The main problems of cooperatives in Turkey have become chronic from past to present and have not been satisfactorily resolved. Despite all efforts, the expected results could not be obtained from the Cooperative Strategy and Action Plan prepared in 2012 in order to find solutions to these problems (Polat, 2017). The major problems of cooperatives in Turkey can be grouped under six main headings as seen in Figure 1 below:



**Figure 3:** Problems of Cooperatives

### 2.4.1. Financing Problem

The problem of financing is one of the leading problems of cooperatives in Turkey. In the SWOT analysis included in the Cooperative Strategy and Action Plan prepared in 2012, the following issues were addressed as weaknesses and threats regarding the lack of capital and the problem of access to appropriate financing:

- Cooperatives are constantly experiencing problems of access to finance and lack of collateral,
- Capital insufficiency resulting from the inadequacy of cooperative membership shares,

- Capital problems arising from global and economic risks.

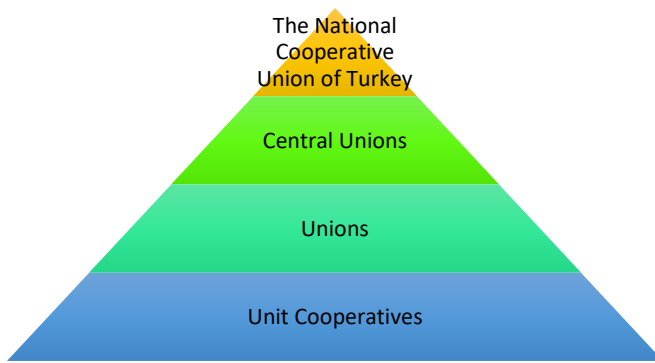
Cooperative enterprises that do not operate for profit are faced with more financing problems than for-profit enterprises. Problems such as low share of membership participation in cooperative enterprises, inadequacy of income, inability to generate income by using financial instruments cause capital insufficiency. Cooperatives can be established in Turkey with 7 founding members. The founding members must undertake to buy at least one share. The value of a share is 100 TL. In this case, a cooperative can be established with 700 TL. The maximum share that members can commit is 5000. This situation causes capital insufficiency in cooperatives (Turkish Cooperative Strategy and Action Plan, 2012).

Cooperatives that are not large-scale, cannot be institutionalized and cannot obtain loans from credit institutions under market conditions are generally financed by public banks. Since there are no cooperative banks in Turkey, the financing of cooperatives by public banks also raises the problem of cooperatives being placed under public tutelage (TKK; 2012).

In addition to general banking activities, cooperative banks perform activities such as providing working capital and low-interest loans to their members, providing information on economic developments, and providing financial consultancy. While cooperative banking provides solutions to the financing problems of cooperatives all over the world, Turkey is the only European country where there is no cooperative bank (Polat, 2017). Recently, cooperatives in Turkey have been making efforts to provide financing with project-based loans. In this respect, it is important to increase the project development capacity of cooperatives.

#### **2.4.2. Problem of Organization and Cooperation**

Organization in cooperatives can be handled in terms of the development of membership culture, as well as in terms of inter-cooperative organization. Cooperatives can be organized horizontally or vertically. In Turkey, unit cooperatives form their unions in provinces or regions, unions form central unions, and central unions form the The National Cooperative Union of Turkey, which is the highest authority, and they structure the superior organization.



**Figure 4:** Organization Hierarchy in Cooperatives

In the solution of the problem of organization in cooperatives, the state's support for organizing with laws and regulations is of great importance. In Turkey, it is not compulsory for cooperatives to legally partner with higher organizations. The fact that being a member to the higher organizations is under the initiative of the cooperative makes the upper organization inadequate and also causes insufficient cooperation between the cooperatives. The effective structuring of the upper organization in cooperatives strengthens the cooperatives in terms of marketing, supply, supervision and management. Otherwise, it becomes difficult for the cooperatives to receive adequate services in education, supervision, management and consultancy and other issues, and the competitiveness of cooperative enterprises against large-scale enterprises gradually decreases.

### **2.4.3. Education and Research Problem**

Cooperatives have been a business model emphasizing the importance of education and training since their first establishment. In fact, by adopting education and training as a principle, they showed the importance they gave to this issue. Education in cooperatives is important for members, managers, employees, potential members and politicians who are influential in the production of policies regarding cooperatives. Within the framework of this principle, cooperatives aim to inform the public, especially young people and thought leaders, about the importance, benefits, structure and functioning of cooperatives (Turan et al., 2017). However, the inadequacies and problems in practice in cooperative education in Turkey constitute the biggest obstacle to the development of cooperatives. Experiencing problems related to cooperative education also affects all problems, especially organization, and creates an obstacle to the strengthening of joint cooperative relations.

In the field of cooperative education, starting from unit cooperatives, upper unions and the state have important duties. In the Turkish Cooperative Strategy and Action Plan (2012-2016), the inadequacies in education, awareness and research activities related to cooperatives are listed as follows:

- Underestimating the importance of the education of the members, managers, employees and the public on cooperatives and not informing the society properly
- Failure to institutionalize cooperative education,
- Education, publication, research and development activities related to cooperatives are not supported and therefore, they are insufficient,
- Institutions and organizations providing training on cooperatives do not have sufficient opportunities and are not supported.

There are courses on cooperatives in some programs of the Faculties of Economics and Administrative Sciences, Faculties of Agriculture and vocational schools of universities, and there are cooperative programs in some vocational schools. However, there is an important problem that has not been solved for years about the training of academicians who will lecture in these programs. In order to make an academic career in the field of cooperatives, cooperatives are no longer included in the application fields for associate professorship. The absence of vacancies at universities, which they had in the past, for cooperative field for a long time has caused academicians who make academic careers and publish in this field to change their fields. These days, although efforts have been made to develop cooperatives and to support research and studies related to cooperatives with state policies that support cooperatives, academic staff cannot be trained in this field in terms of educational infrastructure and sufficient research cannot be done. The problem of education on cooperatives constitutes one of the biggest millstones around the neck of cooperatives in terms of building their capacities.

#### **2.4.4. Legal Issues**

Another dimension of the problems of cooperative enterprises is legal problems. The basic law of cooperative enterprises in Turkey is Law No. 1163. However, there are two other cooperative laws in Turkey: Law No. 4572 on Agricultural Sales Cooperatives and Unions and Law No. 1581 on Agricultural Credit Cooperatives and Unions. In addition to these laws,

cooperative enterprises apply the provisions of the Turkish Commercial Code regarding joint stock companies for articles not included in Law No. 1163. Cooperatives also act in accordance with the articles of association prepared by the relevant ministries for each type of cooperative. In the articles of association of the cooperatives, there are comprehensive regulations on many issues related to the establishment, operation, supervision and liquidation of the cooperative, such as the membership conditions, the principles regarding the entry and exit from the membership, the details of the functioning of the cooperative bodies and the processes of performing other activities (GTB, 2017).

The disorganization of the legislation on cooperatives causes significant problems in the functioning of cooperative enterprises. Separate ministries, different legislation and practices regarding cooperatives also play a huge role in the emergence of important problems in the supervision, especially the implementation of international cooperatives principles. Meanwhile, some provisions in the laws related to cooperatives cannot meet the needs in solving problems arising from implementation. Legislative arrangements are important in terms of protecting the interests and savings of cooperative members. The processes related to the revision of the laws and the preparation of new drafts in order to solve the problems related to the cooperative laws are often inconclusive and cannot contribute to the solution of the problem.

#### **2.4.5. Problem of Auditing**

Another problem that hinders the development of cooperatives in Turkey is the problem of auditing. Trust is essential in cooperative enterprises where there is a public interest. However, an effective cooperative audit cannot be carried out in Turkey due to various reasons. Insufficient audit leads to abuses and the failure of cooperatives as a consequence. The problem arising from the lack of effective control in cooperatives also causes the image of cooperatives to be negatively affected.

Internal auditing carried out by audit committees in cooperatives cannot go beyond the formality. In addition, the insufficient knowledge of the members of the audit committees on auditing also poses an obstacle to the effectiveness of the audit. Members of the audit committees, who are not aware of the importance of their duties and responsibilities, cannot



fulfill their duties properly. Cooperatives also do not have an effective control mechanism in terms of being audited by their superior organizations. In particular, the fact that the superior organization is not a legal obligation creates an obstacle for all cooperatives to gather under the roof of higher unions. In this respect, the superior unions cannot be strengthened sufficiently and cannot develop effective control mechanisms. On the other hand, the services to be provided by the higher organizations to the cooperatives will enable them to be managed more effectively and efficiently and will also be effective in minimizing the mistakes to be made.

In terms of external audit of cooperatives, it is seen that the independent audit system does not work actively. In this case, financial transactions in cooperatives cannot be carried out in accordance with the standards and the new issue causes problems. Problems experienced in auditing in cooperatives increase the complaints and problems of the members, but due to the low number of auditors despite the large number of cooperatives, the expected efficiency from the state audit cannot be obtained. The problems brought to the judicial process occupy the judiciary agenda for a long time (Turkish Cooperative Strategy and Action Plan, 2012: 44,45). Similar to the examples in the world, independent audit mechanisms are envisaged in the solution of the problems related to auditing in Turkey. However, the recommendations made so far in this regard have not been implemented.

#### **2.4.6. Problems Related to Business Administration**

Cooperative enterprises are often confused with non-governmental organizations such as associations and foundations because of their characteristics. However, cooperatives, although they bear some similarities with these organizations, are first and foremost a commercial enterprise. Cooperatives are also counted among commercial enterprises in the Turkish Commercial Code. However, cooperative enterprises have different characteristics compared to other commercial enterprises. These differences regarding cooperatives present cooperative enterprises as a unique business model. For this reason, in order to be successful, they need to be professionally managed and operated like a commercial enterprise. In order to achieve commercial success, cooperative enterprises should professionally perform the following basic business functions, like other business enterprises (Ürper et al., 2017):

- Management
- Production
- Marketing
- Finance
- Accounting
- Human Resources Management
- Corporate Communications
- Research and Development and Innovation

In the business world where competition is increasing, the success of cooperative enterprises also depends on the implementation of the right competition strategies. In this respect, it is important that they fulfill the above-mentioned business functions professionally. However, the fact that unit cooperatives have few members and a small-scale structure makes them unprofessional. The management problems and the other problems faced in other areas of business due to the reasons such as lack of knowledge and experience of managers in business management, the inability to employ professional managers, the lack of training and certification for the membership of the board of directors are obstacles to the success and competitiveness of cooperatives. Other problems faced by cooperatives in terms of business management can be listed as follows:

- Inability of cooperatives to benefit from advanced production technologies,
- Low-capacity production of cooperatives,
- Problems faced by cooperatives in marketing,
- Problems faced by cooperatives in accessing financial resources and inability to manage resources properly,
- Cooperatives' lack of knowledge about accounting,
- Difficulties in accessing qualified human resources,
- Lack of corporate communication,
- Lack of adequate training, publication, research and development (R&D) activities.

## SECTION III. METHOD

In this section of the research report, explanations about the research design, the universe and the sample, the participants of the research, the development of the assessment tools, the data collection process, the ethical principles considered during the research process and the data analysis process are given.

### 3.1. Research Design

This research is a mixed design research in which qualitative and quantitative data are collected together. The main reason for adopting the mixed design in this study is that it provides deeper and more comprehensive data than quantitative or qualitative approaches alone (Berg, 2009). Combining qualitative and quantitative methods provides a holistic perspective and contributes to the multidimensional explanation of the researched subject in various aspects (Creswell, 2009; Denzin & Lincoln, 2000).

### 3.2. Research Population and Sample

According to official data, the number of registered cooperatives in the central district and other districts of Rize, where the research was conducted, is 233. 70 of these cooperatives are registered with the Provincial Directorate of Agriculture and Forestry; 80 of them are registered with the Provincial Trade Directorate; 17 of them are registered with the Craftsmen and Artisans Credit Cooperatives, and 66 of them are registered with the Provincial Directorate of Environment and Urbanization. The distribution of the cooperatives registered in the central district and other districts of Rize according to the institutions they are affiliated with is given in Table 7.

**Table 7:** *Distribution of cooperatives operating in Rize Province according to the institutions they are affiliated*

Institution to which the Cooperative is Affiliated	Number of Cooperatives
Provincial Directorate of Agriculture and Forestry	70
Provincial Trade Directorate	80
Craftsmen and Artisans Credit Cooperatives	17
Provincial Directorate of Environment and Urbanization	66
<b>Total</b>	<b>233</b>

In order to determine the study population and sample of the research, first of all, data such as telephone, e-mail and address of the cooperatives were prepared based on official data, and the process of communicating with the cooperatives was started. In the process of communicating with the cooperatives, it was determined that there were many cooperatives that cannot be reached in any way, of which current corporate contact information cannot be reached, and the phone number registered in the cooperative database has changed, to which addresses have changed and whose activities have ended and closed, despite all attempts and efforts such as making phone calls, address-based institution visits, sending e-mails.

In the communication process based on registered official data, the number of cooperatives that can be contacted was 94. Among these cooperatives, all of the 82 cooperatives that accepted to participate in the research voluntarily were included in the research. The distribution of the cooperatives in the research population according to the regions in which they operate is given in Table 8.

**Table 8:** *The distribution of the cooperatives in the research population according to the regions they operate*

Location of the Cooperative	Number of Cooperatives
Rize central district	34
Pazar District	12
Çayeli District	10
Ardeşen District	8
Çamlıhemşin District	6
Fındıklı District	5
İyidere District	4
İkizdere District	2
Hemşin District	1
<b>Total</b>	<b>82</b>

Cooperatives included in the research population operate in Rize city center and 8 districts of Rize. 34 of the cooperatives are in the city center of Rize; 12 of them are in Pazar district; 10 of them are in Çayeli district; 8 of them are in Ardeşen district; 6 of them are in Çamlıhemşin district; 5 of them are in Fındıklı district; 4 of them are in İyidere district; 2 of them are in

İkizdere district and 1 of them is in Hemşin. The distribution of 82 cooperatives in the research population according to their geographical location, types and numbers is given in Table 9.

**Table 9:** The distribution of cooperatives in the research population according to their geographical location, types and numbers

	<b>Cooperative Type</b>	<b>Number</b>
<b>Rize central district (34)</b>	Agricultural Credit Cooperative	1
	Agricultural Development Cooperative	5
	Fisheries Cooperative	10
	Seafood Hunters and Producers	1
	Beekeepers Association	1
	Sheep and Goat Breeders' Association	1
	Cattle Breeders' Association	1
	Union of Craftsmen and Artisans Credit and Bail Cooperatives	1
	Craftsmen and Artisans Credit and Bail Cooperative	3
	Women's Enterprise Production and Business Cooperative	3
	Motor Carriers Cooperative	2
	Kiwi and Fresh Vegetable and Fruit Marketing Cooperative	1
	Housing-Building Cooperative	4
	<b>Total</b>	<b>34</b>
<b>Ardeşen District (8)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Fisheries Cooperative	5
	Craftsmen and Artisans Credit and Bail Cooperative	2
	Motor Carriers Cooperative	1
<b>Total</b>	<b>8</b>	
<b>Çayeli District (10)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Agricultural Development Cooperative	1
	Fisheries Cooperative	2
	Craftsmen and Artisans Credit and Bail Cooperative	2
	Women's Enterprise Production and Business Cooperative	1
	Housing-Building Cooperative	4
<b>Total</b>	<b>10</b>	
<b>Pazar District (12)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Tea Cooperatives Union	1
	Agricultural Development Cooperative	1
	Fisheries Cooperative	5
	Craftsmen and Artisans Credit and Bail Cooperative	1
	Motor Carriers Cooperative	4
<b>Total</b>	<b>12</b>	
<b>Hemşin District (1)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Motor Carriers Cooperative	1
	<b>Total</b>	<b>1</b>
<b>Çamlıhemşin District (6)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Agricultural Development Cooperative	3
	Craftsmen and Artisans Credit and Bail Cooperative	2
	Motor Carriers Cooperative	1
<b>Total</b>	<b>6</b>	

<b>İkizdere District (2)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Agricultural Development Cooperative	1
	Craftsmen and Artisans Credit and Bail Cooperative	1
	<b>Total</b>	<b>2</b>
<b>İyidere District (4)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Fisheries Cooperative	1
	Motor Carriers Cooperative	3
	<b>Total</b>	<b>4</b>
<b>Fındıklı District (5)</b>	<b>Cooperative Type</b>	<b>Number</b>
	Fisheries Cooperative	3
	Organic Fruit Growers Association	1
	Craftsmen and Artisans Credit and Bail Cooperative	1
	<b>Total</b>	<b>5</b>

### 3.3. Participants

The data of this research were collected from a total of 122 people, 82 of which were chairman, member of the board of directors and cooperative member in 82 cooperatives of different types and sizes operating in the city center and districts of Rize, and 40 of which were in the young age group who have a certain level of awareness about cooperatives. Since there were three different assessment tools to be applied to the participants in the research, the participant group of 122 people was divided into three different sample groups according to the objectives of the research and the characteristics of the scales to be applied.

The first sample group consists of 40 people who are experienced in cooperative management and cooperatives, serving as chairman or member of the board of directors in cooperatives. The Capacity Analysis Scale was applied to this group. The second sample group consists of a group of 42 people, who were not included in the first sample group, including the chairmen of the cooperatives, the managers of the cooperatives, and mostly cooperative members. The SWOT Analysis Scale was applied to this sample group. The third sample group of the study consists of 40 participants in the young age group who live in the city center and districts of Rize, do not have any cooperative experience, but have a certain level of awareness about cooperative enterprises and cooperatives. The Scale of Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives was applied to the young participant group. Further explanations about the three sample groups mentioned are provided below.

### Sample Group 1: Cooperative Managers

The first of the sample group consists of 40 people who are experienced in cooperative management and cooperatives, serving as chairman or member of the board of directors in cooperatives in a total of 40 cooperatives of different types and sizes operating in Rize city center and its districts. The **Capacity Analysis** research on cooperatives operating in Rize province was conducted with this sample group.

**Table 10:** Demographic Information of Cooperative Managers

Position in the Cooperative	Frequency	Percentage
Chairman	30	75,0
Member of the board of directors	10	27,5
<b>Total</b>	<b>40</b>	<b>100,0</b>
Gender	Frequency	Percentage
Female	5	12,5
Male	35	87,5
<b>Total</b>	<b>40</b>	<b>100,0</b>
Age	Frequency	Percentage
18-28	1	2,5
29-39	7	17,5
40-50	9	22,5
51-61	15	37,5
62 years and older	8	20,0
<b>Total</b>	<b>40</b>	<b>100,0</b>
Education	Frequency	Percentage
Primary or secondary school	13	32,5
High school	17	42,5
Associate degree	3	7,5
Bachelor's degree	7	17,5
Master's or PhD degree	0	0,0
<b>Total</b>	<b>40</b>	<b>100,0</b>
Years of Experience in Cooperatives	Frequency	Percentage
1-5 years	7	17,5
6-10 years	5	12,5
11-15 years	5	12,5
16 years and more	23	57,5
<b>Total</b>	<b>40</b>	<b>100,0</b>

75% of the managers of the cooperatives to which the Capacity Analysis Scale was applied are the chairmen of the cooperative and 25% are the members of the board of directors.

According to the gender variable, 87.5% of the managers are male and 12.5% are female. Nearly 60% of cooperative managers are 50 years or older. 75% of the managers received primary, secondary or high school education. Finally, 70% of cooperative managers have ten years or more of cooperative experience.

### Sample Group 2: Cooperative Managers and Members

The second sample group of the research consists of 42 people who are experienced in cooperative management and cooperatives, who are chairman, board member or cooperative member in 40 different cooperatives of different types and sizes operating in Rize city center and districts. A **SWOT Analysis** research on cooperatives operating in Rize province was applied to this sample group.

**Table 11:** Demographic Information of Cooperative Managers and Cooperative Members

Position in the Cooperative	Frequency	Percentage
Chairman	7	16,7
Member of the board of directors	7	16,7
Cooperative member	28	66,6
<b>Total</b>	<b>42</b>	<b>100,0</b>
Gender	Frequency	Percentage
Female	9	21,4
Male	33	78,6
<b>Total</b>	<b>42</b>	<b>100,0</b>
Age	Frequency	Percentage
18-28	0	0,0
29-39	7	16,7
40-50	13	31,0
51-61	19	45,2
62 years and older	3	7,1
<b>Total</b>	<b>42</b>	<b>100,0</b>
Education	Frequency	Percentage
Primary or secondary school	12	28,6
High school	23	54,8
Associate degree	3	7,1
Bachelor's degree	4	9,5
Master's or PhD degree	0	0,0
<b>Total</b>	<b>42</b>	<b>100,0</b>
Years of Experience in Cooperatives	Frequency	Percentage
1-5 years	9	21,4



6-10 years	17	40,5
11-15 years	6	14,3
16 years and more	10	23,8
<b>Total</b>	<b>42</b>	<b>100,0</b>

The demographic characteristics of the sample group of 42 people, including the cooperative managers and cooperative members, to which the SWOT Analysis Scale was applied, are as follows. In the sample group, the percentage of chairmen and members of the board of directors is the same and is 16.7%. The percentage of cooperative members in the sample is 66.6%. When the sample group is considered in terms of gender variable, 78.6% of them are male and 21.4% of them are female participants. More than 86% of the participants are forty years and older. Among the participants, the rate of those who received primary, secondary or high school education is 90.5%. Finally, 61.9% of the participants in the sample group have less than ten years of experience in cooperatives, and 38.1% of them have more than ten years of experience in cooperatives.

### Sample Group 3: Youth

The third sample group of the study consists of 40 young participants who live in Rize city center and districts and do not have any cooperative experience. The purpose of the research carried out with this participant group is to determine the factors that affect young people's establishment of cooperatives or their participation in cooperatives, and to determine the perceptions of young people about cooperatives. This group, which was determined by the convenience sampling method, consists of young people living in Rize city center and districts, having no experience of participating in cooperatives, but having a certain level of knowledge or awareness about cooperatives. Demographic information about this sample group is given in the Table 12.

**Table 12:** Demographic Information of Young Participants

Gender	Frequency	Percentage
Female	18	45.0
Male	22	55.0
<b>Total</b>	<b>40</b>	<b>100.0</b>
Age	Frequency	Percentage
18-21	7	17.5

22-25	19	47.5
26-30	14	35.0
<b>Total</b>	<b>40</b>	<b>100.0</b>
<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage</b>
Single	32	80.0
Married	8	20.0
<b>Total</b>	<b>40</b>	<b>100.0</b>
<b>Education</b>	<b>Frequency</b>	<b>Percentage</b>
High school	9	22.5
Associate degree	11	27.5
Bachelor's degree	19	47.5
Master's or PhD degree	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>
<b>NGO Membership</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	2	5.0
No	38	95.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

When the young participants in the research sample are examined according to the gender variable, 45% of the participants are female, and 55% are male. According to the age variable, 17.5% of the participants are between the ages of 18-21; 47.5% are in the 22-25, and 35% are in the 26-30 age range. According to their marital status, 80% of the youth participating in the research are single, and 20% are married. According to their education level, 22.5% of the respondents graduated from high school, 27.5% have an associate's degree, 47.5% have a bachelor's degree, and 2.5% have postgraduate education. Finally, among the youth participating in the research, the rate of members of any non-governmental organization is 5%; the rate of those who do not have membership in non-governmental organizations is 95%. Information about the young participants' employment status, sector, and monthly income level are given in Table 13.

**Table 13:** Distribution of Young Participant Group by their Employment Status, Sector and Monthly Income

<b>Employment status</b>	<b>Frequency</b>	<b>Percentage</b>
*Not working	16	40.0
Business owner	6	15.0
Salaried employee	18	45.0
<b>Total</b>	<b>40</b>	<b>100.0</b>
<b>Sector</b>	<b>Frequency</b>	<b>Percentage</b>
Food	4	10.0

Agriculture	6	15.0
Livestock	3	7.5
Fishery	4	10.0
Construction	1	2.5
Insurance	1	2.5
Transportation	2	5.0
Textile	1	2.5
Education	1	2.5
Health	1	2.5
*Not working	16	40.0
<b>Total</b>	<b>40</b>	<b>100.0</b>
<b>Monthly Income</b>	<b>Frequency</b>	<b>Percentage</b>
Up to 2.000 TL	13	32.5
2.001-4.000.TL	19	47.5
4.001-6.000. TL	7	17.5
6.001. TL and over	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

40% of the young participants in the sample do not regularly work in any income-generating job. Among the participants, the rate of young people who own and work in their own business is 15%, and the rate of young people working in a business owned by someone else for a salary is 45%. The sectors in which young people work vary in the fields of food, agriculture, livestock, fishery, construction, insurance, transportation, textile, education and health. In terms of sectoral distribution, the top five sectors are respectively 15% agriculture, 10% fishery, 10% food, 7.5% livestock and 5% transportation.

When the young people participating in the research are evaluated according to the monthly income level variable, 32,5% of them earn up to 2.000 TL per month, 47,5% of them earn between 2.001-4000.TL per month, 17,5% of them earn between 4.001-6.000 TL per month and %2,5 of them have monthly income of 6.001 TL or more. Participants (16 people) who stated their income level even though they do not regularly work in any job, said that their income is related to real estate, land, securities, etc.

Rent, interest income, increase in the value of the securities etc. Ways are obtained. Participants (16 people) who state their income level even though they do not work regularly in any job, obtain the said income from real estate, land, securities they own, through rents, interest income, and increase in the value of the securities.

### **3.4. Assessment Tools**

#### **3.4.1. GAP Analysis Scale**

This scale, which was developed within the scope of the research, aims to analyze the capacities of cooperatives of different types and structures operating in Rize city center and its districts. As stated in the participants section of the research report, this scale was applied to 40 people who are experienced in cooperative management and cooperatives, who work as chairman or board member in different types and sizes of cooperatives operating in Rize city center and its districts.

The first part of the Capacity Analysis Scale, titled as personal information, consists of five questions aiming to collect demographic data about the participants' gender, age, educational level, position in the cooperative and cooperative experience. The second part consists of a total of 12 questions aiming to collect general data about the cooperatives of which the participants are the managers.

The third and main part of the scale consists of questions asked under the subheadings of "Organizational capacity, Leadership and Human Resources Capacity, Information, Monitoring and Reporting Capacity, Technology and Communication Capacity and Financial Capacity" related to capacity analysis. Some of the questions in each section of the scale are designed as control questions to test the data reliability.

There are also sections in the scale where participants can express their additional opinions and thoughts about each section in writing (Annex: 1). The validity study of the scale was carried out by taking the opinions, suggestions and evaluations of the field expert academicians and the project group.

#### **3.4.2. SWOT Analysis Scale**

This scale, which was developed within the scope of the research, aims to analyze the strengths and weaknesses, threats and opportunities of different types and structures of cooperatives operating in Rize city center and its districts. As stated in the participants section of the research report, this scale was applied to a total of 42 people, who are the chairman,

board member and cooperative member of 40 different types of cooperatives operating in Rize city center and its districts, and who are experienced in cooperative management and cooperatives. The SWOT Analysis Scale consists of two parts.

The first part of the scale, titled as personal information, consists of 5 questions aiming to collect demographic data about the participants' gender, age, educational level, position in the cooperative and cooperative experience. The second part consists of a total of 59 questions aiming to identify the weaknesses, strengths, threats and opportunities of cooperatives. Some of the questions in each section of the scale are designed as control questions to test the data reliability. There are also sections in the scale where participants can express their additional opinions and thoughts about each section in writing (Annex: 2). The validity study of the SWOT Analysis Scale was also carried out by taking the opinions, suggestions and evaluations of the field expert academicians and the project group.

### **3.4.3. Scale of Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives**

This scale, which was developed within the scope of the research, aims to determine the perceptions of young people about cooperatives and the variables that affect young people's establishment of cooperatives or participation in cooperatives. As stated in the participants section of the research report, this scale was applied to a group of 40 young participants living in Rize city center and its districts, and having no previous cooperative experience.

The scale development process is as follows. First, a comprehensive literature review on cooperatives and youth was conducted, and the findings on the variables (personal variables, economic variables, social variables, attitudes, past experiences, etc.) that affect the participation of young people in cooperatives in the published sources and in the studies conducted in different countries were analyzed. In addition, local studies were also examined in order to determine the local or regional factors that may have an impact on young people's perceptions of cooperatives and their participation in cooperatives, in Turkey or in the province of Rize. After all these examinations, items related to each determined upper factor were created. The developed scale consists of two main parts. The first part, titled as personal information, consists of eight questions aiming to determine the gender, age, marital status,

education level, employment status, sector, monthly income level and non-governmental organizations membership of the participants. The second part of the scale, which aims to determine young people's perceptions of cooperatives and their views on cooperatives, consists of a total of 15 main questions and sub-questions of these questions. There are also sections in the scale where participants can express their additional opinions and thoughts in writing (Annex 2). The validity study of the scale was carried out by taking the opinions, suggestions and evaluations of the field expert academicians and the project group.

### **3.5. Data Collection Process**

***Data collected from cooperative managers and cooperative members:*** During the phone interviews with 82 cooperative managers in the research sample, they were informed about the purpose and scope of the research, the data collection tools to be used, the purposes of using the data to be obtained in the research and that the participation in the research is based on voluntariness. Data collection schedules and meeting place were decided together with the cooperative managers who declared that they would voluntarily participate in the research on behalf of their cooperative, and a data collection calendar was created. All of the interviews with the cooperative managers to collect data were conducted through face-to-face application at the specified days and hours.

***Data collected from the young age group.*** As you may recall, the second sample group from which the research data will be collected is 40 participants in the young age group, who do not have experience in cooperatives, but have a limited level of knowledge and awareness about cooperative management and cooperatives operating in the province of Rize. This participant group was determined with the help of the managers of the cooperatives in the city center and districts visited to collect data, and the tradesmen who know the environment and people well. In this process, the researchers informed the managers and the tradesmen in the region about the characteristics that the young people they want to collect data from (the young age group who do not have cooperative experience, however, are aware of the cooperative management and cooperatives operating in Rize) and As a result of their directing the young people they know who meet these conditions to the researchers, 40 young participants were determined. As in the process of determining the managers who will

participate in the research, the purpose and scope of the research, the data collection tools to be used, and the purposes of using the data to be obtained in the research were explained to the interviewed young participants, and it was stated that participation in the study was on a voluntary basis and their consent was obtained.

The data of the research were collected between September 7th-13th, 2021. In order to collect data, 8 of the interviews with the managers of the cooperatives were held at the residences of the managers, 38 of them were held at the workplaces of the managers and 36 interviews were held in the offices of the cooperative. The data of 40 young people were collected in their workplaces and homes or in cafeterias close to their location on the day of the interview.

### **3.6. Principles of Ethics**

The ethical principles taken into account during the research process are listed below.

- 1.** Every stage of the processes of developing the data collection tools used in the research, collecting the data and analyzing the data obtained from the participants was carried out under the knowledge, approval and supervision of the project group.
- 2.** Participation in the research was entirely based on the principle of voluntariness.
- 3.** Each participant was informed about the purpose and scope of the research, the data collection tools to be used, the purposes of using the data to be obtained in the research, and the fact that participation in the research is based on voluntariness, and the consent of the participants was obtained prior to the data collection process that they participated in the research voluntarily.
- 4.** In accordance with the confidentiality principle, the data obtained from the participants was not shared with any person or institution other than the project research group.
- 5.** The personal information of the participants was kept confidential in the reporting of the data obtained from the participants.
- 6.** In accordance with the principle of transparency, the interviews with the participants were recorded in writing under the headings of the day, hour, place and duration of the interview.

## **SECTION IV: FINDINGS**

In this section of the research report, the findings obtained through the analysis of the data obtained from the participants are explained respectively within the scope of the research questions they are related to.

### **4.1. Findings of the Research on Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives**

As explained in detail in the method section of the research report, the first research question sought to be answered within the scope of this project is related to determining the factors affecting young people's establishment or participation in cooperatives and the perceptions of young people about cooperatives.

Analysis of the data obtained by applying the "Factors Affecting the Youth to Establish or Join Cooperatives", developed within the scope of the research, to 40 young people living in the city center and districts of Rize, who do not have any cooperative experience in the past, but have a certain level of knowledge or awareness about cooperatives is as follows.

#### **4.1.1. Knowledge of Youth on Cooperatives and Cooperative Management**

The first research question sought to be answered in the study is to what extent do young people living in Rize know about the purpose of the establishment of cooperatives, the structure of cooperatives, the conditions of participation in cooperatives, the functioning of cooperatives, the opportunities provided by cooperatives to young people, the contributions of cooperatives to their members, the contributions of cooperatives to the development of certain jobs, the contributions of cooperatives to production, marketing, distribution, forming cooperations, etc.; in other words, it's about determining the awareness of young people about cooperatives. Findings regarding this issue are given in the Table 14.



**Table 14: Knowledge of Youth on Cooperatives and Cooperative Management**

Knowledge of Youth on Cooperatives and Cooperative Management	I have no idea		I have some knowledge		I am quite knowledgeable		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The purpose of the establishment of cooperatives	3	7.5	30	75.0	7	17.5	40	100.0
The conditions of participation in cooperatives	6	15.0	30	75.0	4	10.0	40	100.0
The structure of cooperatives	4	10.0	30	75.0	6	15.0	40	100.0
The functioning of cooperatives	3	7.5	34	85.0	3	7.5	40	100.0
The opportunities provided by cooperatives to young producers and entrepreneurs	16	40.0	22	55.0	2	5.0	40	100.0
The contributions of cooperatives to their members	11	27.5	24	60.0	5	12.5	40	100.0
The contributions of cooperatives to the development of certain jobs	6	15.0	29	72.5	5	12.5	40	100.0
The contributions of cooperatives to production, marketing, distribution, forming cooperations, etc.	8	20.0	27	67.5	5	12.5	40	100.0

The knowledge of the young people participating in the research on cooperatives and cooperative management is quite limited. This situation also shows some variations according to the topics related to cooperatives. The opportunities that cooperatives provide to young producers and entrepreneurs, the opportunities that cooperatives provide to their members, and the contributions of cooperatives to producers in production, marketing, distribution, forming cooperation, etc. are the subjects on which young people have the least knowledge. Regarding that "I have no knowledge" and "I have some knowledge" options in the scale, it is considered that there is a lack of knowledge or a very limited level of knowledge, the rate of participants who state that they have no or limited knowledge about the opportunities that cooperatives will provide to young producers and entrepreneurs is 95%. The same lack of information applies to the opportunities cooperatives provide to their members (87,5%) and the contributions of cooperatives to producers (87,5%) in production, marketing, distribution, forming cooperations, etc.

The rate of young people who stated that they are quite knowledgeable about the topics related to cooperatives is 17,5% on the purpose of establishment of cooperatives, 15% on the

structure of cooperatives, 12,5% on the contribution of cooperatives to the development of the work done, 10% on the conditions of participation in cooperatives, 7,5% on the functioning of cooperatives.

**Table 15:** Resources where young people learn about cooperatives and cooperative management

From which source did you learn about cooperatives and cooperative management?	Frequency	Percentage
From the people around me	26	65.0
From cooperative managers or cooperative members	4	10.0
From press and broadcasting organizations such as television, radio, newspapers, magazines	3	7.5
From internet search engines	1	2.5
From social media tools	2	5.0
I have taken training or a course	4	10.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

65% of the young people participating in the research state that they have learned the limited amount of information they have about cooperatives and cooperative management from the people around them. The rate of participants stating their source of knowledge as cooperative managers or cooperative members is 10%, as press and broadcasting organizations such as television, radio, newspaper, magazine is 7,5%, as social media tools is %5, and as internet search engines is 2,5%. Only 10% of the participants have taken courses or training on cooperatives and cooperative management, and the source of their knowledge is the training or courses they have taken on cooperatives.

**Table 16:** Having cooperative manager or cooperative member in the family or the social circle

Do you have family members or anyone in your social circle who is a cooperative manager or cooperative member?	Frequency	Percentage
Yes	21	52.5
No	19	47.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

52,5% of the participants have a cooperative manager or cooperative member in their family members or in their social circle. The ratio of those who do not have a cooperative manager or cooperative member among their family members or social circles is 47,5%.

**Table 17:** Young people's thoughts on becoming a member of a cooperative in the future

What are your thoughts on becoming a member of a cooperative related to your field of work in the future?	Frequency	Percentage
I aim to be a member of a cooperative.	8	20.0
I can only become a member of a cooperative if favorable conditions arise and I am convinced.	21	52.5
I do not have a goal or idea to be a member or manager of a cooperative.	11	27.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

20% of the young people participating in the research stated that they aim to become a member of a cooperative related to their field of work in the future. However, the rate of young people who state that they can become a member of a cooperative if favourable conditions arise and they are convinced is 52,5%, and the rate of young people who state that they do not have the intention of being a member or manager in a cooperative is 27,5%.

**Table 18:** Would you like to attend a training on cooperatives and cooperative management?

What would your answer be if you were invited to attend a training on cooperatives and cooperative management?	Frequency	Percentage
I would definitely attend	5	12.5
I would attend	19	47.5
I would not attend	15	37.5
I absolutely would not attend	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

A total of 60% of the young people participating in the research stated that they would attend a training on cooperatives and cooperative management if they received an invitation. On the other hand, the total rate of young people who stated that they would not participate in training on cooperatives and cooperative management, even if they were invited, is 40%.

**Table 19:** Have you received an invitation to establish or join a cooperative related to your field of work?

Have you ever received an invitation to establish or join a cooperative related to your field of work?	Frequency	Percentage
Yes	2	5.0
No	38	95.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

The percentage of young people who stated that they received an invitation to establish or join a cooperative during their working life is only 5%, while the percentage of young people who state that they have never received such an invitation is 95%.

**Table 20:** *Have you heard any success stories about the cooperatives?*

Have you heard any success stories about the cooperatives?	Frequency	Percentage
Yes	13	32.5
No	27	67.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

Among the participating youth, 32,5% of the participants stated that they heard success stories about the cooperatives and the results they achieved, and 67,5% of the young people stated that they did not hear any success stories about the cooperatives.

**Table 21:** *Have you heard any failure stories about the cooperatives?*

Have you heard any failure stories about the cooperatives?	Frequency	Percentage
Yes	9	22.5
No	31	77.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

22,5% of young people have heard stories of failures about cooperatives; 77,5% of them stated that they had not heard of any failure stories about cooperatives.

**Table 22:** *Motivators that are effective in joining the cooperative*

To what extent would the following situations influence your positive decision to join a cooperative?	It doesn't affect me at all		Somewhat effective		It will be very effective		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The effect on my income level	9	22.5	13	32.5	18	45.0	40	100.0
Impact on my business growth	9	22.5	13	32.5	18	45.0	40	100.0
Providing the opportunity to establish new collaborations	9	22.5	17	42.5	14	35.0	40	100.0
Providing legal assurance	4	10.0	14	35.0	22	55.0	40	100.0
Providing dignity and status	5	12.5	15	37.5	20	50.0	40	100.0
Recognition for me and my institution	5	12.5	18	45.0	17	42.5	40	100.0

It gives me the opportunity to gain new knowledge and skills related to my job.	7	17.5	12	30.0	21	52.5	40	100.0
Creating new business opportunities	4	10.0	13	32.5	23	57.5	40	100.0
My position within the cooperative (chairman, manager, member, etc.)	13	32.5	7	17.5	20	50.0	40	100.0

According to the young people, the most important motivations that can convince them to decide to join a cooperative related to their field of work are, in order of proportional size, that joining the cooperative creates new job opportunities for them with the rate of 57,5%, that it provides legal assurance with the rate of 55%, that it provides the opportunity to gain new knowledge and skills related to their jobs with the rate of 52,5% and that being assigned to a position in the cooperative (chairman, manager, etc.) with the rate of 50%.

**Table 23: Opinions about cooperatives**

Opinions about cooperatives	Agree		I have no idea		Disagree		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
I am not interested in cooperatives and cooperative management.	3	7.5	4	10.0	33	82.5	40	100.0
Cooperatives are male-dominated organizations.	15	37.5	9	22.5	16	40.0	40	100.0
I do not think that cooperatives are transparent organizations.	4	10.0	15	37.5	21	52.5	40	100.0
I do not believe that my opinions will be respected in the decisions to be made within the cooperative.	12	30.0	15	37.5	13	32.5	40	100.0
I do not believe that joining a cooperative will contribute to my work and income.	9	22.5	15	37.5	16	40.0	40	100.0
I believe that cooperatives serve people who are economically and politically strong.	10	25.0	16	40.0	14	35.0	40	100.0
I do not think that if young people participate in cooperatives, they will be accepted and will be effective in the decisions taken.	14	35.0	5	12.5	21	52.5	40	100.0
I do not think that cooperative managers are guiding young people.	15	37.5	11	27.5	14	35.0	40	100.0
I do not think that cooperatives are sufficiently known and recognized.	15	37.5	10	25.0	15	37.5	40	100.0
Cooperatives are memberships open to everyone, working on a voluntary basis.	16	40.0	14	35.0	10	25.0	40	100.0
In cooperatives, there is democratic control carried out by the members.	8	20.0	16	40.0	16	40.0	40	100.0

Members contribute fairly to the cooperative capital and manage it democratically.	7	17.5	15	37.5	18	45.0	40	100.0
Cooperatives are autonomous, independent and managed only by their members.	15	37.5	19	47.5	6	15.0	40	100.0
Cooperatives serve their members effectively by establishing local, regional, national and international collaborations.	19	47.5	15	37.5	6	15.0	40	100.0
Cooperatives are responsible to the society of which they are members.	19	47.5	14	35.0	7	17.5	40	100.0

82,5% of the young people who participated in the research stated that they are interested in cooperatives and cooperative management. 37,5% of the young people perceive cooperatives as male-dominated organizations. The percentage of participants stating that they do not agree with this view is 40%.

The percentage of participants who do not believe that their opinions will be respected in the decisions to be taken within the cooperative if they join a cooperative is 30%. This percentage is compatible with the 37,5% of participants who believe that cooperative managers are not guiding young people in another question and 35% of the participants who stated that they do not believe that young people will be accepted and be effective in the decisions taken if they join the cooperatives.

37,5% of the young people in the research group think that the cooperatives are not sufficiently known and recognized. An interesting finding is that 25% of the young people stated that they believe that cooperatives serve people who are economically and politically strong. The percentage of young people who do not agree with this view is 35%. 40% of the young people do not agree with the view that there is a democratic control carried out by the members in the cooperatives. The percentage of participants who state that they do not agree with the view that the members contribute to the cooperative capital fairly and that they manage it democratically is 45%.

***Additional views and thoughts of young people on cooperatives.***

When the explanations made by the young people participating in the research to the sections separated in the measurement tool in order to express their additional views and thoughts in

writing under the heading of cooperatives and cooperative management, the following results were obtained.

***The challenges and needs of young people in business life in the institutions they work for are as follows:***

- Intense working hours cause young people not to spend enough time on their personal development and private lives.
- Although the production process in many sectors requires a lot of labor and time, young people have to work for very low wages due to low product prices.
- There is a quota application in the state for the purchase of some products. The private sector, which is aware of this situation, also keeps product purchase prices very low. All these problems lead to undesirable results in terms of wages and employment.
- Young people experience the discomfort and anxiety that it is not always possible to find a job where they can work continuously.
- The lack of a healthy communication environment in many organizations operating in different sectors is an important source of unhappiness that also affects the productivity of young people.
- The personal rights and regulations of the youth are quite inadequate.
- Many businesses do not attach importance and value to thinking and different perspectives.

***What kind of positive contributions can young people's participation in cooperatives have on the functioning of cooperatives?***

- The fact that young people are creative, open to taking risks and trying new things will make significant contributions to the sector and cooperatives.
- Young people have an innovative perspective and are forward-thinking. Their participation will add dynamism to cooperatives.
- Young people will take an active role in production and decision-making processes and their way will be cleared.
- Young people have quite different thinking and reasoning skills than adults. With the contributions of young people, new methods and techniques will be used to solve many problems, new searches will emerge and cooperatives will gain dynamism.
- Productivity and efficiency will increase.

- A strong synergy will emerge with the energy of the youth.
- Pluralism will be ensured and alternative ideas will increase in quantity and quality.
- Participatory democratic management will be strengthened with the participation of young people in cooperatives.

## 4.2. Findings Regarding the Cooperative Capacity Analysis Research

### 4.2.1. Leadership and Human Resources Capacity

The demographic data of the manager group consisting of 40 people to which the cooperative capacity analysis scale was applied are given in the Table 24.

**Table 24:** Demographic Information of Cooperative Managers

Position in the Cooperative	Frequency	Percentage
Chairman	30	75,0
Member of the board of directors	10	27,5
<b>Total</b>	<b>40</b>	<b>100,0</b>
Age	Frequency	Percentage
18-28 years	1	2,5
29-39 years	7	17,5
40-50 years	9	22,5
51-61 years	15	37,5
62 years and older	8	20,0
<b>Total</b>	<b>40</b>	<b>100,0</b>
Education	Frequency	Percentage
Primary/secondary school	13	32,5
High school	17	42,5
Associate degree	3	7,5
Bachelor's degree	7	17,5
Master's or PhD degree	0	0
<b>Total</b>	<b>40</b>	<b>100,0</b>

75% of the group in which the cooperative capacity analysis scale is applied, consisting of 40 people, is the chairman and 25% is a member of the board of directors. Considering the participants in terms of age variable, 2.5% of them are 18-28 years old; 17.5% of them are 29-39 years old; 22.5% of them are 40-50 years old; 37.5% of them are 51-61 years old, and 20% of them are 62 years and older. This means that more than half of the cooperative managers



are 50 years or older. When the subject is considered in terms of the education level of the participants, there is no person who has a master's or PhD degree among the participants. The rate of participants with a bachelor's degree is 17.5%, and the rate of participants with an associate degree is 7.5%. 75.0% of cooperative managers have a primary or secondary school education.

**Table 25: Leadership and Human Resources Capacity**

Leadership and Human Resources Capacity	Yes		Partially		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Cooperative managers need training on cooperatives and the knowledge and skills required to be a manager.	34	85,0	2	5,0	4	10,0	40	100.0
Cooperative managers are well-equipped in general business and management skills.	20	50,0	16	40,0	4	10,0	40	100.0
Cooperative managers have effective skills in resolving conflicts, making decisions, providing motivation and solving problems.	24	60,0	11	27,5	5	12,5	40	100.0
Cooperative managers regularly devote time to the operation, management and development of the cooperative.	25	62,5	12	30,0	3	7,5	40	100.0
Cooperative board of directors organizes meetings at regular intervals in accordance with a certain calendar.	30	75,0	10	25,0	0	0,0	40	100.0
Cooperative managers are very sensitive to the problems, wishes and expectations of the members, they recognize and appreciate them.	18	45,0	18	45,0	4	10,0	40	100.0
The satisfaction levels of the cooperative members are quite high.	18	45,0	17	42,5	5	12,5	40	100.0
Members are willing to take on duties and responsibilities in the cooperative.	10	25,0	14	35,0	16	40,0	40	100.0
The members vote in the general assembly and elections and participate in the meetings at a high level.	19	47,5	16	40,0	5	12,5	40	100.0
Cooperative managers contribute to the success of members and their businesses by creating regular training and development opportunities for members.	15	37,5	14	35,0	11	27,5	40	100.0
The education level of the cooperative members is quite high.	6	15,0	18	45,0	16	40,0	40	100.0
The members are very knowledgeable about cooperatives and cooperative management.	10	25,0	11	27,5	19	47,5	40	100.0
Cooperative members are regularly trained on current developments in	7	17,5	13	32,5	20	50,0	40	100.0

entrepreneurship, production, marketing and sales.								
Cooperative members are regularly informed about current developments in legal regulations, opportunities and threats.	18	45,0	13	32,5	9	22,5	40	100.0
Members are regularly trained on technological developments in the sector and new knowledge and skills that human resources should possess.	8	20,0	16	40,0	16	40,0	40	100.0

85% of the participants are of the opinion that cooperative managers need training on the knowledge and skills required by being a manager and about the cooperative. Only 10% of the participants stated that cooperative managers do not need any training on the knowledge and skills required by being a manager and about the cooperative. The rate of participants saying that cooperative managers are well-equipped persons in general business and management skills is 50%.

According to 60% of the participants, cooperative managers have effective skills in resolving conflicts, making decisions, providing motivation and problem-solving. The rate of participants who stated that cooperative managers regularly spare time for the management and development of the cooperative is 62.5%. 45% of the participants think that the cooperative managers are very sensitive to the cooperative members' problems, wishes, and expectations; they know and appreciate them. The rate of participants who stated that the satisfaction level of the cooperative partners is high is 45% again.

The rate of respondents declaring that the partners are willing to take on duties and responsibilities in the cooperative is 25%; the rate of participants stated that the members are eager to participate in the general assemblies of the cooperatives, to vote in the elections and to participate in the meetings at a high level is 47.5%. The rate of the ones who advocate the view that cooperative managers contribute to the success of the partners and their businesses by creating regular training and development opportunities for the partners is 37.5%; the percentage of participants who support the view that cooperative partners are regularly trained on current developments in entrepreneurship, production, marketing and sales is 17.5%; the amount of participants who support the idea that cooperative members are regularly informed about recent developments in legal regulations, opportunities and threats is 45%, and the rate of participants who argue that cooperative members are periodically

trained on technological developments in the sector, and new knowledge and skills that human resources should have is 20%.

Finally, the rate of respondents who state that the education level of cooperative members is high is 15%, and the rate of participants who argue that they have a lot of knowledge about partners, cooperatives and the cooperative system is 25%.

#### 4.2.2. Organizational Capacity

Findings about the organizational capacities of cooperatives obtained from 40 cooperative managers to whom the cooperative capacity analysis scale was applied are given in Table 26, Table 27 and Table 28.

**Table 26:** *The rate of women's representation in cooperatives*

Number of female members	Frequency	Percentage
N/A	25	62,5
1-4 people	8	23,5
5-7 people	3	8,8
8 people and over	4	11,8
<b>Total</b>	<b>40</b>	<b>100,0</b>

The analyzes on the determination of the number of female members in a total of 40 cooperatives for which data were collected reveal that 62,5% of the cooperatives do not have a female member. What is more interesting is that 3 of the 4 cooperatives with 8 or more female members are women's cooperatives.

**Table 27:** *Number of regular employees hired by the cooperative*

Number of regular employees	Frequency	Percentage
N/A	14	35,0
1-4 people	20	50,0
5-7 people	3	7,5
8 people and over	3	7,5
<b>Total</b>	<b>40</b>	<b>100,0</b>

In 35% of the 40 cooperatives from which data were collected, there is no staff employed to contribute to the operation of the cooperative. The number of employees in 50% of the

cooperatives is between 1 and 4 people. The percentage of cooperatives with 5 or more employees is 15%.

**Table 28: Organizational Capacity of Cooperatives**

Organizational Capacity	Yes		Partially		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Cooperatives have defined short, medium and long-term concrete goals	15	37,5	20	50,0	5	12,5	40	100.0
Cooperatives have detailed strategies and action plans.	11	27,5	22	55,0	7	17,5	40	100.0
The sector and market analysis of the cooperatives were made and the stakeholders were defined.	17	42,5	16	40,0	7	17,5	40	100.0
Cooperatives have strong relationships and collaborations with other cooperatives and superior associations.	10	25,0	16	40,0	14	35,0	40	100.0
Cooperatives have a well-equipped physical space and are easily accessible.	20	50,0	12	30,0	8	20,0	40	100.0
Cooperatives are places based on voluntariness and open to all who accept the responsibilities of membership without sexual, social, racial, political or religious discrimination.	36	90,0	4	10,0	0	0,0	40	100.0
Cooperatives have a democratic operation, which is controlled by members and where members have equal voting rights.	31	77,5	9	22,5	0	0,0	40	100.0
Members contribute fairly to the cooperative capital and manage it democratically.	27	67,5	10	25,0	3	7,5	40	100.0
Cooperatives are autonomous organizations where decisions are made and implemented only by the members, without any external pressure.	29	72,5	10	25,0	1	2,5	40	100.0
Cooperatives provide their members, managers and employees with opportunities for self-development and training.	12	30,0	15	37,5	13	32,5	40	100.0
Cooperatives have strong relationships with local governments, non-governmental organizations, universities and private sector representatives.	15	37,5	10	25,0	15	37,5	40	100.0
While the cooperatives focus on the needs of the members, they also implement social responsibility projects.	6	15,0	16	40,0	18	45,0	40	100.0

According to the findings obtained from 40 cooperative managers who were answered the capacity analysis scale, the rate of participants stating that the cooperatives have defined short, medium and long-term concrete goals is 37.5%; the percentage of respondents stating that cooperatives have strategies and action plans prepared in detail is 27.5%, and the rate of participants stating that the sector and market analysis related to cooperatives is performed

and the stakeholders are defined is 42.5%. The rate of participants stating that cooperatives have strong relations and cooperation with other cooperatives and superior unions is only 25%. 50% of the participants noted that the cooperatives have well-equipped space and are in an easily accessible location. The rate of participants stating that cooperatives provide their members, managers and employees with the opportunity to develop and train themselves is 30%, the rate of respondents stating that cooperatives have strong relations with local governments, non-governmental organizations, universities and private sector representatives is 37.5% and the percentage of participants who say that cooperatives focus on the needs of their members on the one hand and implement social responsibility projects on the other hand, is 15%.

**4.2.3. Information, Monitoring and Reporting Capacity**

The findings about the information, monitoring and reporting capacities of the cooperatives obtained from the group of 40 cooperative managers to which the cooperative capacity analysis scale was applied are given in the Table 29.

*Table 29: Information, Monitoring and Reporting Capacity of Cooperatives*

Information, Monitoring and Reporting Capacity	Yes		Partially		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Performance measurements are made and reported regarding the results obtained by the cooperatives.	13	32,5	19	47,5	8	20,0	40	100.0
Innovations in the sector in which cooperatives operate and new developments in technology and human resources are regularly monitored and reported.	14	35,0	15	37,5	11	27,5	40	100.0
Local, regional and national risks, opportunities and threats that will affect the operation of the cooperative are regularly monitored and reported.	13	32,5	17	42,5	10	25,0	40	100.0
The requests, expectations, complaints and suggestions of the members are systematically monitored and reported.	13	32,5	16	40,0	11	27,5	40	100.0
Benchmarking and comparing the performance of the cooperative against the other cooperatives is completed	8	20,0	19	47,5	13	32,5	40	100.0

The percentage of participants stating that performance evaluations are made and reported regarding the results obtained by the cooperatives is 32.5%; the percentage of participants

stating that innovations in the sector in which cooperatives operate and new developments in technology and human resources are regularly monitored and reported is 35.0%; the percentage of participants stating that local, regional and national risks, opportunities and threats that will affect the functioning of cooperatives are regularly monitored and reported is 32.5%, and the percentage of participants stating that the requests, expectations, complaints and suggestions of the members and customers in the cooperatives are followed systematically is also 32.5%. The percentage of cooperative managers participating in the research stating that benchmarking and comparison procedures are carried out with other cooperatives is only 20%.

#### 4.2.4. Technology and Communication Capacity

The findings regarding the technology and communication capacities of cooperatives obtained from 40 cooperative managers to whom the cooperative capacity analysis scale was applied are given in Table 30.

**Table 30: Technology and Communication Capacity**

Technology and communication capacity	Yes		Partially		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The cooperative has a corporate website that is regularly updated and contains comprehensive information.	14	35,0	7	17,5	19	47,5	40	100.0
The cooperative has corporate social media accounts such as twitter, instagram, facebook, blog, which it actively uses to inform its members and other stakeholders.	15	37,5	11	27,5	14	35,9	40	100.0
Members can reach cooperative managers easily and in a timely manner, if they need it, by means of telephone and e-mail.	30	75,0	10	25,0	0	0,0	40	100.0
Scientific publications, reports and research results related to the field of activity of the cooperative are regularly shared with the members.	13	32,5	13	32,5	14	35,0	40	100.0
Other cooperatives, superior unions, local administrations, universities, non-governmental organizations and other stakeholders are visited periodically.	13	32,5	12	30,0	15	37,5	40	100.0
Important days, achievements and funerals of members are followed and shared with other members.	15	37,5	11	27,5	14	35,0	40	100.0

Social events are organized on national holidays and special occasions in order to enable members to come together and build loyalty.	8	20,0	10	25,0	22	55,0	40	100.0
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According to the findings obtained through the analysis of the data obtained from 40 cooperative managers to whom capacity analysis scale was applied, the percentage of participants who stated that the cooperatives have a corporate website that contains comprehensive information and is regularly updated is 35%; the percentage of participants who stated that the cooperatives have corporate social media accounts such as twitter, instagram, facebook, blog, which they actively use to inform their members and other stakeholders, is 37.5%. 75% of the participating cooperative managers stated that the members can reach the cooperative managers easily and on time, if they need it, by telephone and e-mail.

The percentage of participants stating that other cooperatives, superior unions, local administrations, universities, non-governmental organizations and other stakeholders are visited periodically is 32.5%. Finally, the percentage of the participants who stated that the important days, achievements and funerals of the members are followed is 37.5%, and the percentage of the participants who stated that social events were organized on national holidays and special occasions in order to enable members to come together and build loyalty is 20%.

#### 4.2.5. Financial Capacity

The findings regarding the financial capacity of cooperatives obtained from 40 cooperative managers to whom the cooperative capacity analysis scale was applied are given in Table 31.

**Table 31:** Change in the number of members of cooperatives in the last few years

Change in the number of members	Increasing		Stable		Decreasing		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Change in the number of members of cooperatives in the last few years	8	20,0	30	75,0	2	5,0	40	100.0

According to the findings obtained from the participating cooperative managers regarding the change in the number of members of the cooperative, the percentage of participants stating that the number of cooperative members has increased in the last few years is 20%; , the percentage of participants who stated that the number of members is stable is 75%, and the percentage of participants who stated that the number of members has decreased in the last few years is 5%.

**Table 32:** *Change in the economic performance of cooperatives over the past few years*

Economic Performance	Frequency	Percentage
It suffered a loss on a large scale.	6	15,0
It suffered a loss on a small scale.	5	12,5
It maintained its balanced budget position.	17	42,5
Earned little income	10	25,0
Earned big income	2	2,5

According to the findings obtained from the cooperative managers on the change in the economic performance of the cooperatives in the last few years, when the last few years are taken into account, the percentage of participants who stated that the cooperative has suffered a loss on a large scale is 15%; the percentage of participants who stated that the cooperative has suffered a loss on a small scale is 12.5%; the percentage of participants who stated that the cooperative has maintained its balanced budget position in the last few years is 42.5%; the percentage of participants who stated that the cooperative has made profit on a small scale is 42.5%; and the percentage of participants who stated that the cooperative has made profit on a large scale is 2.5%.

**Table 33:** *Comparison of goods and services offered by cooperatives with the market*

Cooperative / Market	Frequency	Percentage
Our cooperative offers its members more advantageous goods and services compared to market conditions.	24	60,0
The goods and services offered by our cooperative are similar to market conditions.	7	17,5
Our cooperative has difficulty in competing with market conditions in terms of goods and services.	9	22,5



60% of cooperative managers are of the opinion that cooperatives offer more advantageous goods and services to their members than the market; the percentage of participants stating that the goods and services offered by the cooperatives are similar to the market conditions is 17.5%, and the percentage of participants stating that the cooperative has difficulty in competing with market conditions in terms of goods and services is 22.5%.

**Table 34:** Change in the number of members benefiting from the goods and services offered by the cooperative in the last few years

Number of partners benefiting from the services	Increasing		Stable		Decreasing		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The number of members benefiting from the goods and services offered by the cooperative in the last few years	17	42,5	19	47,5	4	10,0	40	100.0

According to the data obtained on the number of members benefiting from the goods and services offered by the cooperatives in the last few years, 42.5% of the participating cooperative managers stated that the number of members benefiting from the goods and services offered by the cooperative has increased; 42.5% of them stated that the number is stable, and 10% of them stated that the number has decreased.

**Table 35:** Situation of the cooperative in terms of patronage dividend or miscellaneous payments to its members in the past few years

Payments to members	Yes		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Has the cooperative distributed patronage dividends or made miscellaneous payments to its members in the past few years?	7	17,5	33	82,5	40	100.0

According to the data obtained from the participants, the percentage of the participants who stated that the cooperatives distributed patronage dividends or made miscellaneous payments to their members in the last few years is 17.5%, whereas the percentage of the participants who stated otherwise is 82.5%.

**Table 36: Finance Capacity**

Financial Capacity	Yes		Partially		No		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Cooperatives do not have problems in providing equity.	22	55,0	12	30,0	6	15,0	40	100.0
The economic power and income levels of the cooperative members are high.	12	30,0	20	50,0	8	20,0	40	100.0
Members are willing to provide equity capital to the cooperative.	18	45,0	12	30,0	10	25,0	40	100.0
Members fulfill their financial obligations on time.	18	45,0	16	40,0	6	15,0	40	100.0
Cooperatives have no problem getting grants, government aid, financing from banks and financial institutions.	11	27,5	19	47,5	10	25,0	40	100.0
Cooperatives pay their due debts on time.	29	72,5	10	25,0	1	2,5	40	100.0

Kapasite analizi ölçeği uygulanan 40 kooperatif yöneticisinden elde edilen verilerin çözümlenmesi yoluyla elde edilen bulgulara göre kooperatiflerin öz kaynak sağlama konusunda sorun yaşamadıklarını ifade eden katılımcı oranı %55, kooperatif ortaklarının ekonomik güçlerinin ve gelir düzeylerinin yüksek olduğunu ifade eden katılımcı oranı da %30'dur. Katılımcıların %45'i ortakların kooperatife öz sermaye sağlama konusunda istekli olduklarını ve yine %45'i de ortaklar ekonomik yükümlülüklerini zamanında yerine getirdiklerini ifade etmişlerdir.

Son olarak; kooperatiflerin hibe, devlet yardımı alma, bankalardan ve finans kuruluşlarından finansman sağlama konusunda sorun yaşamadıklarını ifade eden katılımcı oranı %27,5, kooperatiflerin vadesi gelen borçlarını zamanında ödediklerini ifade eden katılımcı oranı da %72,5'tir.

#### **4.3. Findings Related to SWOT Analysis Research**

Demographic data of the 42-person group consisting of cooperative managers and cooperative members to which the SWOT Analysis Scale was applied are given in Table 37.

**Table 37: Demographic Information of the Participants**

Position in the Cooperative	Frequency	Percentage
Chairman	7	16,7
Member of the board of directors	7	16,7
Cooperative member	28	66,7
<b>Total</b>	<b>42</b>	<b>100,0</b>

The highest rate among the participants is the cooperative members with 66.7%. The percentage of the chairmen and the members of the board of directors is equal and it is 16.7%.

**Table 38: Years of Experience of the Participants in Cooperatives**

Cooperative Experience	Frequency	Percentage
1-5 years	9	21,4
6-10 years	17	40,5
11-15 years	6	14,3
16 years and more	10	23,8
<b>Total</b>	<b>42</b>	<b>100,0</b>

According to the findings obtained on the years of experience in the cooperatives of the group consisting of cooperative managers and cooperative members to which the SWOT Analysis scale was applied, 78.6% of the participants have more than five years of experience in cooperatives.

**Table 39: Distribution of cooperative managers and members by age**

Age	Frequency	Percentage
29-39	7	16,7
40-50	13	31,0
51-61	19	45,2
62 years and older	3	7,1
<b>Total</b>	<b>42</b>	<b>100,0</b>

When the cooperative managers and cooperative members are considered in terms of age, it is seen that 47.7% of them are between the ages of 29-50. The percentage of those aged 51-61 is 45.2%, and the percentage of those aged 62 and over is 7.1%.

**Table 40:** Distribution of cooperative managers and members by gender and educational level

Gender	Frequency	Percentage
Female	9	21,4
Male	33	78,6
<b>Total</b>	<b>42</b>	<b>100,0</b>
Education	Frequency	Percentage
Primary or secondary school	12	28,6
High school	23	54,8
Associate degree	3	7,1
Bachelor's degree	4	9,5
Master's or PhD degree	0	0,0
<b>Total</b>	<b>42</b>	<b>100,0</b>

Considering the gender variable of the group consisting of the cooperative managers and cooperative members, the representation rate of women in the cooperatives is 21.4%, and the representation rate of men in the cooperatives is 78.6%. When their educational level is taken into consideration, 28.6% of the group consisting of cooperative managers and cooperative members are primary or secondary school graduates, 54.8% are high school graduates, 7.1% have associate degree, and 9.5% have bachelor's degree. Among the cooperative managers and cooperative members participating in the research, none of the participants received postgraduate education.

**Table 41:** Fields of activity of the cooperatives in Rize province

Fields of Activity of the Cooperatives in Rize Province	Frequency	Percentage
Fisheries Sales	30	36,6
Passenger Transportation	17	20,8
Low Interest Loan	14	17,1
Fertilizer Sales	7	8,5
Bee and Bee Products Sales	7	8,5
Handicraft Products Sales	3	3,7
Animal products	2	2,4
Organic Product Sales	1	1,2
Fresh Vegetables and Fruits Sales	1	1,2
<b>Total</b>	<b>82</b>	<b>100,0</b>

When the 82 cooperatives from which data were collected within the scope of the research are analyzed according to their fields of activity, 36.6% of the cooperatives operate in the field

of fishery; 20.8% of them operate in the field of passenger transportation; 17.1% of them operate in the field of providing low interest loans; 8.5% of them operate in the field of fertilizers sales; 8.5% of them operate in the field of bee and bee products sales; 1.2% of them operate in the fields of organic product sales and fresh fruit and vegetables sales.

**Table 42: Opportunities for cooperatives**

Opportunities	Absolutely agree		Partially Agree		No idea		Disagree		Strongly Disagree		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The geographical location of Rize province and its coast to the sea are an important advantage for cooperatives.	29	69,0	10	23,8	1	2,4	2	4,8	0	0,0	42	100.0
The fact that the Rize province plays an active role in Turkish politics has positive effects on cooperatives.	24	57,1	4	9,5	1	2,4	10	23,8	3	7,1	42	100.0

The percentage of participants who stated that the geographical location of Rize province and being on the coast is an important advantage for cooperatives is 92.8% in total. The percentage of participants who stated that the fact that the Rize province plays an active role in Turkish politics has positive effects on cooperatives is 66.6% in total.

**Table 43: Periodic threats**

Threats	Absolutely agree		Partially Agree		No idea		Disagree		Strongly Disagree		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The mass influx of Syrian, Afghan and Georgian refugees negatively affects the cooperatives in Rize.	20	47,6	5	11,9	8	19,0	8	19,0	1	2,4	42	100.0
Cooperatives are highly affected by the problems experienced due to economic crises, inflation and fluctuations in foreign exchange rates.	26	61,9	6	14,3	4	9,5	5	11,9	1	2,4	42	100.0

The COVID-19 outbreak and the subsequent problems have led to very negative consequences for cooperatives in Rize.	30	71,4	8	19,0	1	2,4	2	4,8	1	2,4	42	100.0
The fact that Rize is a province with a high rate of out-migration affects cooperatives negatively.	17	40,5	8	19,0	13	31,0	3	7,1	1	2,4	42	100.0
Natural disasters such as floods, wildfires and marine mucilage have adversely affected cooperatives.	18	42,9	10	23,8	2	4,8	10	23,8	2	4,8	42	100.0

59.5% of the participants are of the opinion that the mass influx of Syrian, Afghan and Georgian refugees negatively affects the cooperatives in Rize. The percentage of participants who stated that the cooperatives were highly affected by the problems experienced due to the economic shrinkage, inflation and fluctuations in the foreign exchange rate is 76.2%. According to the vast majority of the participants (90.4%), the adverse conditions caused by the COVID-19 outbreak had very negative consequences for cooperatives in Rize. The total percentage of participants who stated that natural disasters such as floods, wildfires and marine mucilage adversely affected the cooperatives is 66.7%; the percentage of the participants who stated that the fact that Rize is a province with a high rate of out-migration affects cooperatives negatively is 59.5%.

Another threat, expressed by the participants in writing, is that the decision on reduced seat capacity obligation taken by the ministries and local administrations regarding passenger transportation due to the COVID -19 pandemic negatively affected the cooperatives.

**Table 44:** Global threats

Threats	Absolutely agree		Partially Agree		No idea		Disagree		Strongly Disagree		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
The dominance of multinational companies in the market poses a significant threat to local cooperatives.	22	52,4	8	19,0	7	16,7	3	7,1	2	4,8	42	100.0

71.4% of the participants are of the opinion that the dominance of multinational companies in the market in terms of product and brand diversity and pricing poses a significant threat to local cooperatives.

The additional opinions expressed by the participants in writing on this issue are as follows:

- It is an important opportunity that the vegetation of Rize province is suitable for natural agriculture and livestock industry, and for organic agriculture specific to the region.
- The recent establishment of women's cooperatives is seen as an opportunity.
- The existence of many cooperatives operating in Rize province and its districts is seen as an opportunity.
- The fact that Rize province has a long-established cooperative history and experience is another issue that is seen as an opportunity.
- The strong sociological human relations, compatriotism and kinship ties in Rize are an important opportunity for cooperatives.

## SECTION V: CONCLUSION, DISCUSSION AND RECOMMENDATIONS

### 5.1. Results of the Research on the Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives

1. The knowledge of the young people participating in the research on cooperatives and cooperative management is quite limited. The percentage of young people who state that they have sufficient knowledge about the issues related to cooperatives does not exceed 17.5% in any topic. It is noteworthy that young people have little or no knowledge about the opportunities that cooperatives will provide to young producers and entrepreneurs, the opportunities that cooperatives provide to their members, and the contributions of cooperatives to producers on issues such as production, marketing, distribution, and cooperation.
2. The significant majority of the young people participating in the research stated that they have learned information they have about cooperatives and cooperative management from the people around them. The rate of participants stating their source of knowledge as cooperative managers or cooperative members is 10%, as press and broadcasting organizations such as television, radio, newspapers, magazines is 7,5%, as social media tools is 5%, and as internet search engines is 2.5%. Only 10% of the participants have taken courses or training on cooperatives and cooperative management, and the source of their knowledge is the training or courses they have taken on cooperatives.
3. 52,5% of the participants have a cooperative manager or cooperative member in their family members or in their social circle. The ratio of those who do not have a cooperative manager or cooperative member among their family members or social circles is 47,5%.
4. 20% of the young people participating in the research stated that they aim to become a member of a cooperative related to their field of work in the future. However, the rate of young people who state that they can become a member of a cooperative if favourable conditions arise and they are convinced is 52,5%, and the rate of young people who state that they do not have the intention of being a member or manager in a cooperative is 27,5%.
5. A total of 60% of the young people participating in the research stated that they would attend a training on cooperatives and cooperative management if they received an



invitation. On the other hand, the total rate of young people who stated that they would not participate in training on cooperatives and cooperative management, even if they were invited, is 40%.

6. The percentage of young people who stated that they received an invitation to establish or join a cooperative during their working life is only 5%, while the percentage of young people who state that they have never received such an invitation is 95%.
7. Among the young participants, 32,5% of them stated that they heard success stories about the cooperatives and the results they achieved, and 67,5% of the young people stated that they did not hear any success stories about the cooperatives. 22,5% of young people have heard stories of failures about cooperatives; 77,5% of them stated that they have not heard of any failure stories about cooperatives.
8. According to the young people, the most important motivations that can convince them to decide to join a cooperative related to their field of work are, in order of proportional size, that joining a cooperative creates new job opportunities for them with the rate of 57,5%, that it provides legal assurance with the rate of 55%, that it provides the opportunity to gain new knowledge and skills related to their jobs with the rate of 52,5%, that it provides prestige and status with the rate of 50% and that being assigned to a position in the cooperative (chairman, manager, etc.) with the rate of 50%.
9. 82,5% of the young people who participated in the research stated that they are interested in cooperatives and cooperative management. 37,5% of the young people perceive cooperatives as male-dominated organizations. The percentage of participants stating that they do not agree with this view is 40%. The percentage of participants who do not believe that their opinions will be respected in the decisions to be taken within the cooperative if they join a cooperative is 30%. This percentage is compatible with the 37,5% of participants who believe that cooperative managers are not guiding young people in another question and 35% of the participants who stated that they do not believe that young people will be accepted and be effective in the decisions taken if they join the cooperatives. 37,5% of the young people in the research group think that the cooperatives are not sufficiently known and recognized. An interesting finding is that 25% of the young people stated that they believe that cooperatives serve people who are economically and politically strong. The percentage of young people who do not agree with this view is 35%. 40% of the young people do not agree with the view that there is a democratic control

carried out by the members in the cooperatives. The percentage of participants who state that they do not agree with the view that the members contribute to the cooperative capital fairly and that they manage it democratically is 45%.

- 10.** According to the additional views expressed by the young people in writing, the most basic difficulties and needs they face in business life in the organizations they work for are that intense working hours cause young people not to spend enough time on their personal development and private lives. Although the production process in many sectors requires a lot of labor and time, young people have to work for very low wages due to low product prices. There is a quota application in the state for the purchase of some products. The private sector, which is aware of this situation, also keeps product purchase prices very low. All these problems lead to undesirable results in terms of wages and employment. Young people experience the discomfort and anxiety that it is not always possible to find a job where they can work continuously. The lack of a healthy communication environment in many organizations operating in different sectors is an important source of unhappiness that also affects the productivity of young people. The personal rights and regulations of the youth are quite inadequate. According to young people, many businesses do not attach importance and value to thinking and different perspectives.
- 11.** The opinions expressed by the participants in writing on the positive contributions of young people's participation in cooperatives to the functioning of cooperatives are as follows. The fact that young people are creative, open to taking risks and trying new things will make significant contributions to the sector and cooperatives. Young people have an innovative perspective and are forward-thinking. Their participation will add dynamism to cooperatives. Young people will take an active role in production and decision-making processes and their way will be cleared. Young people have quite different thinking and reasoning skills than adults. With the contributions of young people, new methods and techniques will be used to solve many problems, new searches will emerge and cooperatives will gain dynamism. A strong synergy will emerge with the energy of the youth. Productivity and efficiency will increase. Pluralism will be ensured and alternative ideas will increase in quantity and quality. Participatory democratic management will be strengthened with the participation of young people in cooperatives.

## **5.2. Discussions and Recommendations on the Research on the Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperatives**

- As the findings of this research show, although there is a strong tradition of cooperatives in Turkey, cooperatives are not a well-known concept, especially among young people. On the other hand, what is known about cooperatives is often negative judgments about cooperatives. Cooperative enterprises have a very important potential in the realization of economic and social development. However, the use of this potential requires awareness about cooperatives and understanding the importance of cooperatives. It is possible for cooperative enterprises to operate successfully, to fulfill their duties for economic and social development, and, above all, to receive the approval and support of the society. In this respect, how the individuals in the society perceive the cooperatives is very important and determines the image of the cooperatives (Turan, 2002).
- The lack of a good image for some types of cooperatives, especially housing-building cooperatives in Turkey, and the insufficient development of cooperative culture and awareness among the society, especially among the youth, constitute one of the biggest obstacles to the full use of the capacity of cooperative enterprises. In this context, the contribution and benefits of economic cooperation are not fully understood and young people cannot benefit from the opportunities that cooperatives will provide to young producers and entrepreneurs.
- It is extremely important to raise awareness of cooperatives among young people and to enable them to benefit from the potential of cooperatives better. However, the results of the research show that the rate of young people reaching the right sources to be informed about this issue is low. The field that will have the most impact on informing young people about this issue is education. As explained in the previous sections of our cooperative education report, the phenomenon of education is one of the important problems of cooperatives in Turkey. Cooperative education starts at a very early age in many countries today. In order to spread the awareness of cooperatives, it is necessary to start education and activities at the primary school level in our country. In our country, the fact that the members, employees, managers and society do not attach importance to the education

about cooperatives causes other problems experienced in cooperatives. A properly programmed cooperative education, starting from primary school, will enable individuals in the society to be conscious of cooperatives from an early age and to see cooperatives as an alternative in entrepreneurship.

- On the other hand, it is very important to carry out corporate identity, corporate image and corporate reputation works in order to increase the awareness about cooperatives and to expand cooperatives. While the current situation of the cooperative enterprise creates its corporate identity, the way it is perceived by the stakeholders creates its image. As a result of obtaining credibility and reliability in the internal and external environment of the cooperative enterprise, the enterprise gains corporate reputation. Today, it is not enough for a cooperative enterprise to produce and offer good quality products. First of all, it is necessary to increase the recognition and reputation of products and services (Ürper et al., 2017). For this reason, corporate communication and public relations activities should be strong. Through these processes, it is important to explain the contributions of cooperatives to the local economy, social development and employment to large masses with concrete examples.
- More than half of the young people who join cooperatives in Turkey have a cooperative member in their family or their social circle. This situation reveals the main factor that motivates them to become a member of cooperatives. However, there is a need for a massive and effective cooperative education in order for young people to be more interested in cooperatives.
- The results obtained from the research reveal that young people are not very willing to become a member in cooperatives and to receive training in the field of cooperatives. Therefore, there is a need for mechanisms to motivate young people in this regard. 82.5% of the young people participating in the research stated that they are interested in cooperatives and cooperative management.
- Despite this high rate, the low rate of young people participating in cooperatives, in other words, the fact that this interest does not turn into action shows that young people need

additional motivation. In particular, incentives specific to young cooperative members that will enable young people to be interested in cooperatives are important in this respect. For example, although there were incentives from the Ministry of Trade for those who wrote postgraduate thesis in the field of cooperatives in the past, these incentives are not active in the current period.

- The results of the research reveal that young people have insufficient knowledge about the management and supervision of cooperatives and the principles of universal cooperatives that guide these areas. These principles distinguish cooperative enterprises from other businesses. The lack of knowledge of the youth on the principles of cooperatives causes them to have the wrong view that there is male dominance in the cooperatives, that their decisions will not be respected in the cooperatives, that they cannot be effective in the decisions to be taken, that the cooperatives serve the economically and politically strong people, and that the management and control mechanisms of the cooperatives are not democratic. These perceptions may have arisen from a lack of knowledge as well as from bad examples of cooperatives.
- It is important that successful cooperatives and especially new generation cooperatives carry out promotional and information sharing activities in order to direct young people to cooperatives. Informing young people about cooperative activities and the contributions of cooperatives by inviting them to the cooperatives from time to time will increase the interest of young people in cooperatives. In order to increase the interest of young people in cooperatives and to engage them in cooperative enterprises, particular attention should be paid to Generation Z, known as Digital Natives. Generation Z, who grew up with access to the internet and portable digital technology, is referred to as those born between 1990-2010, according to some, between 1994-2012 and according to some, between 1997-2012. This generation is prone to technology and is intertwined with social media. This generation, which lives almost online, constitutes 20% of the working population and 40% of the consumers in the world. This generation, which uses more than one technological device at the same time, is a generation that knows what it wants and wants to be understood in terms of what it expects from the digital world. This generation, who also socializes in the digital world, has the skills that the business world needs in this

regard, as they have a sound grasp of technology. In the field of cooperatives, this generation should be especially taken into account when making suggestions about raising awareness and encouraging young people. For this reason, instead of traditional learning methods, opportunities to benefit from the Internet and social media tools, where young people spend a lot of time, should also be evaluated for training and raising awareness about cooperatives. Awareness and attention of young people should be raised through digital channels about cooperative models that will provide important opportunities and create employment opportunities for young people.

- The results of the additional views and thoughts of the young people participating in the research on this issue both reveal the challenges faced by the young people and needs of the young people in work life, and the positive contributions that the participation of young people in the cooperatives can provide to the functioning of the cooperatives. If we briefly address these results, it is seen that young people face the following challenges in work life:
  - Not being able to spare time for themselves due to the busy working hours,
  - Low wages,
  - Inability to find a regular job
  - Inefficiency and unhappiness caused by the lack of a healthy communication environment,
  - Inadequate regulations regarding personal rights,
  - Not giving importance and value to different opinions and perspectives.

The above-listed problems that young people state that they encounter in business life are the problems that young people encounter due to working in private entrepreneurs or public jobs. Directing young people to cooperative entrepreneurship can solve these problems. Since the awareness of young people about cooperatives and their benefits is at a quite low level, this situation constitutes an obstacle for young people to start cooperative entrepreneurship. On the other hand, young people hesitate to turn to entrepreneurship on their own due to lack of experience and capital. Through cooperatives, it can be ensured that small capital and young labor force participate in the economy and that young people take part in economic life as entrepreneurs. The Cooperative Entrepreneurship Education Project (KOOP-GIR), which

was implemented by the Ministry of Trade in 2012, is an example of a project that will support young people in this respect. In Turkey, this training and similar trainings will be effective in increasing the motivation of young people to establish or participate in a cooperative. Young people in Turkey are particularly interested in new generation cooperatives. Ministries related to cooperatives have been giving incentives to encourage cooperatives recently. The periods when cooperatives became widespread in Turkey were the periods when the government gave incentives.

- According to the findings obtained in this research on the positive contributions of young people's participation in cooperatives to the functioning of cooperatives, the characteristics of young people can be listed as follows:
  - Creative,
  - Risk taker,
  - Innovator,
  - Entrepreneur,
  - Productive,
  - Dynamic and energetic,
  - Different.

The data obtained from young people within the scope of the research reveals the need of cooperative enterprises for young people and the need of young people for cooperative enterprises. As a result of the participation of young people in cooperative enterprises, it will be possible for young people to work more independently in their own enterprises, to earn better income, to create employment for themselves, to determine the rules of business life, to regulate their personal rights as they wish, and to take decisions and implement them according to their own thoughts and perspectives. This will also be effective in eliminating the challenges faced by young people in work life. On the other hand, the above-mentioned features are compatible with the general characteristics of young people in the Y and Z generation. Today's young people in these generations expect the places where they work in business life to give importance to their education and development, to offer the opportunity to develop their skills, to offer them promotion opportunities, to provide them with information and technical information about the company's products and services, to guide, monitor, warn them, and to reward them for their effort (Düzgün, 2020). It seems possible

for young people to turn to entrepreneurship thanks to cooperatives and, as a result, to become their own bosses, to overcome their problems in business life and to meet their expectations.

### **5.3. Results of the Capacity Analysis Research**

#### **5.3.1. Leadership and Human Resources Capacity**

1. 85% of the participants are of the opinion that cooperative managers need training on the knowledge and skills required by being a cooperative manager and being a manager. Only 10% of the participants stated that cooperative managers do not need any training on the knowledge and skills required by being a cooperative manager and being a manager. The rate of participants stating that cooperative managers are highly qualified in terms of general management and administrative skills is 50%. According to 60% of the participants, cooperative managers have effective skills in resolving conflicts, making decisions, providing motivation and problem solving. The rate of participants who stated that the cooperative managers periodically allocate time for the management of the cooperative and the development of the cooperative is 62,5%. 45% of the participants think that the cooperative managers take the problems, demands and expectations of the cooperative members seriously, and acknowledge and appreciate the members. The rate of participants who stated that the satisfaction level of the cooperative members is high is 45% again.
2. The percentage of participants stating that the members are willing to take on duties and responsibilities in the cooperative is 25%; the percentage of participants who stated that the members are willing to participate in the general assemblies of the cooperatives, to vote in the elections and to participate in the meetings at a high level is 47,5%. The percentage of participants stating that cooperative managers contribute to the success of the members and their businesses by providing regular training and development opportunities for the members is 37,5%; the percentage of participants who supported the view that cooperative members are regularly trained on current developments in entrepreneurship, production, marketing and sales is 17,5%; the percentage of participants who supported the view that cooperative members are regularly informed about current developments in legal regulations, opportunities and threats is 45%; and the



percentage of participants who supported the view that cooperative members are regularly trained on technological developments in the sector and new knowledge and skills that human resources should acquire is 20%. Finally, the percentage of participants who stated that the education level of the cooperative members is high is 15%, and the percentage of participants who supported the view that the cooperative members are very knowledgeable about the members, cooperatives and cooperative management is 25%.

### **5.3.2. Organizational Capacity**

- 1.** The analysis carried out to determine the number of female members in the cooperatives where data were collected reveals that 55.9% of the cooperatives do not have female managers or members. What is more interesting is that 3 of the 4 cooperatives with 8 or more female members are cooperatives established by women entrepreneurs.
- 2.** In 35% of the cooperatives from which data were collected, there is no staff employed to contribute to the operation of the cooperative. The number of employees in 50% of the cooperatives is between 1 and 4 people. The percentage of cooperatives with 5 or more employees is 15%.
- 3.** According to the data obtained from 40 cooperative managers to whom capacity analysis scale was applied, 37.5% of the participants stated that cooperatives have defined short, medium and long-term concrete goals; the percentage of the participants stated that cooperatives have detailed strategies and action plans is 27.5%; the percentage of the participants stated that the sector and market analysis of the cooperatives were made and the stakeholders were defined is 42.5%. The percentage of the participants stated that cooperatives have strong relationships and collaborations with other cooperatives and superior associations is only 25%. 50% of the participants stated that cooperatives have a well-equipped physical space and are easily accessible.
- 4.** The percentage of the participants stated that cooperatives provide their members, managers and employees with opportunities for self-development and training is 30%; the percentage of the participants stated that cooperatives have strong relationships with local authorities, non-governmental organizations, universities and private sector representatives is 37.5%; and the percentage of the participants stated that the

cooperatives focus on the needs of the members and they also implement social responsibility projects is 15%.

### **5.3.3. Information, Monitoring and Reporting Capacity**

1. The percentage of participants stating that performance evaluations are made and reported regarding the results obtained by the cooperatives is 32.5%; the percentage of participants stating that innovations in the sector in which cooperatives operate and new developments in technology and human resources are regularly monitored and reported is 35.0%; the percentage of participants stating that local, regional and national risks, opportunities and threats that will affect the functioning of cooperatives are regularly monitored and reported is 32.5%, and the percentage of participants stating that the requests, expectations, complaints and suggestions of the members and customers in the cooperatives are followed systematically is also 32.5%. The percentage of cooperative managers participating in the research stating that benchmarking and comparison procedures are carried out with other cooperatives is only 20%.

### **5.3.4. Technology and Communication Capacity**

1. According to the findings obtained through the analysis of the data obtained from 40 cooperative managers to whom capacity analysis scale was applied, the percentage of participants who stated that the cooperatives have a corporate website that contains comprehensive information and is regularly updated is 35%; the percentage of participants who stated that the cooperatives have corporate social media accounts such as twitter, instagram, facebook, blog, which they actively use to inform their members and other stakeholders, is 37.5%.
2. 75% of the participating cooperative managers stated that the members can reach the cooperative managers easily and on time, if they need it, by telephone and e-mail. The percentage of participants stating that other cooperatives, superior unions, local administrations, universities, non-governmental organizations and other stakeholders are visited periodically is 32.5%. Finally, the percentage of the participants who stated that the important days, achievements and funerals of the members are followed is 37.5%, and the percentage of the participants who stated that social events were organized on

national holidays and special occasions in order to enable members to come together and build loyalty is 20%.

### **5.3.5. Financial Capacity**

1. According to the findings obtained from the participating cooperative managers regarding the change in the number of members of the cooperative, the percentage of participants stating that the number of cooperative members has increased in the last few years is 20%; the percentage of participants who stated that the number of members is stable is 75%, and the percentage of participants who stated that the number of members has decreased in the last few years is 5%.
2. According to the findings obtained from the cooperative managers on the change in the economic performance of the cooperatives in the last few years, when the last few years are taken into account, the percentage of participants who stated that the cooperative has suffered a loss on a large scale is 15%; the percentage of participants who stated that the cooperative has suffered a loss on a small scale is 12.5%; the percentage of participants who stated that the cooperative has maintained its balanced budget position in the last few years is 42.5%; the percentage of participants who stated that the cooperative has made profit on a small scale is 42.5%; and the percentage of participants who stated that the cooperative has made profit on a large scale is 2.5%.
3. 60% of cooperative managers are of the opinion that cooperatives offer more advantageous goods and services to their members than the market; the percentage of participants stating that the goods and services offered by the cooperatives are similar to the market conditions is 17.5%, and the percentage of participants stating that the cooperative has difficulty in competing with market conditions in terms of goods and services is 22.5%.
4. According to the data obtained on the number of members benefiting from the goods and services offered by the cooperatives in the last few years, 42.5% of the participating cooperative managers stated that the number of members benefiting from the goods and services offered by the cooperative has increased; 42.5% of them stated that the number is stable, and 10% of them stated that the number has decreased.

5. According to the data obtained from the participants, the percentage of the participants who stated that the cooperatives distributed patronage dividends or made miscellaneous payments to their members in the last few years is 17.5%, whereas the percentage of the participants who stated otherwise is 82.5%
6. According to the findings obtained through the analysis of the data obtained from 40 cooperative managers to whom capacity analysis scale was applied, the percentage of participants who stated that the cooperatives do not have any problems in providing equity is 55%; the percentage of participants who stated that the the economic power and income level of the cooperative members are high is 30%. 45% of the participants stated that the members are willing to provide equity capital to the cooperative, and 45% of the participants stated that the members fulfill their economic obligations on time. Finally, the percentage of participants stating that cooperatives do not have problems in receiving grants, government aid and financing from banks and financial institutions is 27.5%, while the rate of participants stating that cooperatives pay their due debts on time is 72.5%.

#### **5.4. Discussions and Recommendations on the Capacity Analysis Research**

##### **5.4.1. Leadership and Human Resources Capacity**

- As in all other enterprises, the most important determinant in the success of cooperative enterprises is the cooperative managers. Management is defined as the power that brings together physical, financial, human and information resources in order to produce the goods or services necessary for the enterprise to achieve its goals (Arikboğa, 2010). Management in cooperative enterprises has significant differences compared to other enterprises. Members of cooperatives can be individuals, businesses and other stakeholders. The members of the cooperative, who come together under the roof of a cooperative for a common interest, are the customers who benefit from the services of the cooperative and the investors who provide financial resources, as well as the business owners who contribute to the management and operation of the cooperative (Turan et al., 2015).
- In accordance with the principle of democratic management (each member has only one vote), the cooperative members should play an active and equal role in the management

by using their votes in the general assemblies of the cooperatives, and should have the right to elect and be elected equally to the board of directors and supervisory boards. While the cooperative legislation explains the structure and responsibilities of the board of directors, it reveals that the members have the obligation to attend the general assembly meetings, to vote in the meetings and to carry out the audit through active participation. In this way, the members play an important role in cooperatives in terms of management and strategy (Munch, Schmit, & Severson, 2021). The democratic control of the members on the cooperatives highlights the three basic features of cooperative governance, namely humanism, joint ownership and democracy (Polat, 2017), while on the other hand, as seen in the results of this research, it causes some problems to arise.

- According to the results of the research, 85% of the participants are of the opinion that cooperative managers need training on the knowledge and skills required by being a cooperative manager and being a manager. This situation reveals the lack of knowledge of the members involved in the cooperative management regarding the operation and management of cooperatives. The rate of participants stating that cooperative managers are highly qualified in terms of general management and administrative skills is 50%. According to 60% of the participants, cooperative managers have effective skills in resolving conflicts, making decisions, providing motivation and problem solving. This situation can be explained in two different ways: Participating cooperative managers do not act impartially in answering questions about the management of their own cooperatives, and on the other hand, they approach questions about other cooperatives more impartially.
- As a requirement of democratic management in cooperatives, the board of directors and the chairman are elected from the members in general assemblies. However, the boards of directors, which are mostly chosen from among the members who do not have management and business knowledge, may remain far from professionalism.
- The participants expressed their opinion that the trainings received by the cooperative members and employees on various subjects are generally insufficient. Cooperative education and training traditionally represent an important principle in cooperatives.

However, the development of human resources in cooperatives is handled differently from this education and training as "fully planned information, education and training, mobility and manpower development activities undertaken by cooperative enterprises in order to create economically efficient cooperative enterprises that can provide the services needed by the members" (ICA, 1990). For this reason, it is necessary to offer more than traditional training in order to develop human resources capacity in cooperatives. It will be possible for cooperative members to lead their cooperatives to success if they are aware of their duties and responsibilities and have the knowledge, skills and experience to fulfill these duties and responsibilities. For the development of human resources capacity in cooperative enterprises, it is important to consider the recommendations in ILO Recommendation No. 193 regarding national policies related to the promotion of cooperative education. These recommendations are that national policies should improve the technical and professional skills, entrepreneurial and managerial capacities, knowledge of commercial potential and general knowledge of economic and social policy of cooperative members, employees and managers, and facilitate their use of information and communication technologies. In addition, it is recommended to encourage education about the principles and practices of cooperatives at all stages of the national education system and throughout society and to encourage the dissemination of information about cooperatives (Turan, 2002).

- In the Turkish Cooperative Strategy and Action Plan of the Ministry of Trade, it was stated that training, consultancy, information and research activities would be developed, and strategic targets and activities in this regard were included, but not all of these activities were implemented. For this reason, taking into account the recommendations of the ILO, all cooperative organizations from unit cooperatives to unions, as well as all institutions and organizations that take responsibility for the steps to be taken in order to develop human resources capacity in cooperative enterprises, should decisively do their full share of work. It can be said that sustainability is important in the implementation of plans and programs. For this reason, first of all, it should be ensured that necessary steps are taken to institutionalize and sustain these activities, regardless of the change in authorities in public institutions and organizations.

#### 5.4.2. Organizational Capacity

- Strategic objectives and activities related to increasing the organizational capacity and cooperation opportunities in cooperative enterprises are included in the Turkish Cooperative Strategy and Action Plan of the Ministry of Trade. In this plan, it has been stated that efforts will be made to increase women's organization under a cooperative roof and to increase their entrepreneurial skills, to develop cooperation with the world's successful cooperatives, to increase cooperation between production, consumption and service cooperatives, to improve the scales of cooperatives, and to increase public support. Within this framework, 640 Women's Enterprise Production and Business Cooperatives (active ones) with a total number of 7183 members were established.
- According to the results of the research, the number of cooperatives with 8 or more female members in Rize is only 4 out of 34 cooperatives and 3 of these cooperatives are established by women entrepreneurs. This shows that although it was planned in the strategic plan to carry out studies for the development of women's entrepreneurship and incentives were given to these cooperatives in the following periods, the rate of women's enterprises becoming a cooperative is still quite low. The rate of women entrepreneurs in Turkey is below the world average. While women constitute 34% of entrepreneurs worldwide in 2020, this rate is 13% in Turkey (<https://www.dha.com.tr/ekonomi/pandemide-kadin-girisimci-orani-artti/haber-1821390>). There is a need for more mechanisms to guide women to cooperative entrepreneurship in Turkey. Although it seems like a solution for the state to increase financial incentives in this regard, support is needed not only for the establishment of women's cooperatives, but also for them to achieve business success. For this reason, it is important to implement the practices that these cooperatives can receive consultancy services during the establishment and management stages. Thus, the sustainability of cooperatives can be ensured.
- Increasing the cooperation of women's cooperatives with corporate cooperatives, mentoring women's cooperatives and especially newly established small-scale cooperatives and supporting them with various kinds of cooperation will contribute to

their sustainability. In practice, it is seen that women's cooperatives are approached as an institution similar to the association and they are assisted in the marketing of their products, especially by public institutions and organizations and local administrations. This will not offer a long-term solution to the marketing problems of cooperatives. On the contrary, it can be an obstacle for the cooperatives to stand on their own feet and to develop and grow. The support to be provided to these cooperatives can take the form of advice, appropriate financial support, and support to develop partnerships.

- It is seen that the contribution rates of the cooperatives, whose data are collected within the scope of the research, to employment in the region are also low. It is important to increase the scale of the cooperatives in a way that will contribute to the employment in the region and to support the cooperatives that will create more employment.
- The results of this research on cooperative enterprises also reveal that the management in cooperatives is not professional enough. The rate of cooperatives with objectives (37.5%) and strategies (27.5%) is quite low. Limited manpower resources of cooperatives and disadvantaged access to finance hinder their long-term strategy development and planning. (Strong cooperatives for social solidarity economy). In order to overcome these problems, it is important to strengthen cooperative managements and make them more institutional. Although the managers elected by the members in the cooperatives are often far from professionalism, the cooperative boards of directors can recruit and employ professional cooperative managers for a fee. However, in small-scale cooperatives, the payment of professional management's salary can often be a problem. In this case, the implementation of management consultancy mechanisms for cooperatives by the state, especially the project support given by the state to the cooperatives, can be added to the consultancy fees. In addition, superior unions can support and provide consultancy to unit cooperatives in developing vision, strategy and plan in this regard.
- Although education is one of the most important principles of cooperatives, it is seen that the rate of education provided to the members by the management in the cooperatives included in the research is quite low (30%). This situation negatively affects the success of cooperatives. Cooperative education covers the members, managers, employees and



other segments of the cooperatives. Problems in management and organization once again reveal the importance of education. Trainings especially for managers in cooperatives will contribute to more successful management of their enterprises. In this framework, cooperative employees can also perform their work more efficiently. The cooperative management e-certificate program, which was implemented with the cooperation of the Ministry of Trade and Anadolu University, was carried into effect by taking into account the segments such as cooperative managers, employees, professional groups that help the cooperatives do their work (accountant lawyer, etc.), members and potential members (<https://esertifika.anadolu.edu.tr/program/58/kooperatifcilik>). The realization and development of this program and similar non-formal education programs and training programs for all cooperatives will contribute to better management and operation of cooperatives. However, the voluntary participation in trainings such as these certificate programs constitutes an obstacle to the dissemination of training. For this reason, it is important to encourage participation in such programs and even make it compulsory for the education of cooperatives to become widespread.

- The results of the research reveal that the cooperation of cooperatives with other cooperatives and superior unions is also quite weak (25%). In today's business world, in an environment where cooperation is tried to be developed even between competing enterprises, the low rate of cooperatives based on cooperation as a principle and structure creates an obstacle for cooperatives to be competitive enterprises. In this regard, first of all, it is necessary to make the superior organization legally compulsory, and it is important to raise awareness of all stakeholders, especially the managers of the cooperative, about the importance of the organization and the benefits it will offer to the cooperatives.

#### **5.4.3. Information, Monitoring and Reporting Capacity**

- Research results show that the information, monitoring and reporting capacity of cooperative enterprises is around 30% on average. It can be said that this issue is largely related to the capacity of cooperative managers. Observation, which is one of the roles of the managers, includes the manager's collecting and analyzing all the information both

within the enterprise and in the external environment, and trying to understand the innovations in all these areas by making progress (Arikboğa, 2010).

- However, the results of the research show that the managers in the cooperatives can fulfill these roles at a very low level. This situation can be largely associated with the institutionalization problems of cooperatives. Legal regulations and practices in agricultural sales cooperatives can be given as examples of solutions that can be foreseen in this regard. The amendments made in 2013 in accordance with the needs of the day in the Law on Agricultural Sales Cooperatives and Unions No. 4572 include regulations regarding professional management. These changes are in the direction of efficient management of agricultural sales cooperatives and unions, taking into account the principles of rational management, corporate management and cooperative management.
- These changes should be implemented in other cooperatives and their superior organizations for a solution, and arrangements should be made regarding the transition to professional management and some instruments should be made compulsory in this sense (Cenkış, 2014). With the dissemination of these regulations and practices in agricultural sales cooperatives to all cooperatives, institutionalization and a more professional management approach can be established in cooperatives.

#### **5.4.4. Technology and Communication Capacity**

- Organizational communication aims to provide interaction between people so that an organization can achieve its purpose. In this respect, communication plays a vital role in the success of organizations. Communication is essential in ensuring that cooperatives work in the interests of their members (Peng et al., 2016). In an organizational context, communication can be formal or informal, vertical, horizontal or diagonal, written, verbal, nonverbal or symbolic. Organizational communication also performs the functions of informing, organizing, persuading and integrating. The communication process should be planned with a strategic point of view in institutions, channels and methods should be carefully selected and used in an integrated manner (Ürper et al., 2017).

- The results of the research show that the technology and communication capacities of the cooperatives are also quite low. The rate of cooperatives having a corporate website and social media accounts that contains comprehensive information and is regularly updated is around 35%. In this context, telephone or e-mail are used more frequently in the communication of cooperatives with their members. Effective communication channels are needed in the realization of the function of organizational communication to inform internal and external target audiences. Considering the fact that according to the data of 2021, the rate of Internet and social media usage in Turkey is 82.6% for individuals aged 16-74 ([https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-\(BT\)-Kullanim-Arastirmasi-2021-37437](https://data.tuik.gov.tr/Bulten/Index?p=Hanehalki-Bilisim-Teknolojileri-(BT)-Kullanim-Arastirmasi-2021-37437)), the opportunities to benefit from such channels for effective communication should be increased.
- The findings obtained in the research show that the communication of cooperatives with their members and stakeholders is not strong and they cannot adapt information and communication technologies enough for the purpose of doing business and communicating. The integrating function of organizational communication plays a role in increasing the organizational commitment of cooperative employees and their members. Members and stakeholders play a major role in the success of cooperatives. In particular, communication is extremely important in increasing the commitment of cooperative members to the cooperative and in their work for the success of their cooperatives. As we have stated before, the cooperative members are the owner, the customer and the investor of the cooperative. Therefore, communication with members must be established through correct and up-to-date channels.

#### **5.4.5. Financial Capacity**

- Financing and financial management refers to the provision and best use of money, funds, resources and capital that cooperatives need. The economic and financial structure of cooperatives are closely related to each other. The economic structure shows the use of money, funds and capital from different sources (DGRV, 2014). Cooperatives are financed with equity and liabilities. Equity resources are used especially during the establishment

of the cooperative enterprise. Cooperatives can provide internal financing by investing the income from their activities in their businesses, as well as obtain financing from liabilities (Ürper et al., 2017). In Turkey, it is not considered possible for cooperatives to raise funds by issuing securities.

- Cooperatives have consistently had problems in securing financing since their establishment. These problems continue, starting with the costs associated with the establishment of cooperatives. Questions such as how the investment will be financed, what the financial means are, at what rate and from what sources the financing can be provided are other questions that should be answered by business managers (DGRV, 2014). In Turkey, the inadequacy of cooperative equity capital, especially for some types of cooperatives, and the problem of access to financial resources stand as an important problem in front of their development and growth. Strong financial support is needed for strong and sustainable cooperatives in Turkey.
- Cooperative capital is not fixed and varies according to the number of members. In accordance with the principle of voluntariness and open membership in cooperatives, since the number of members is constantly changing, the capital of the cooperative is not fixed and changes. The results of the research reveal that the number of members of the cooperatives participated the research has increased by 20% in the last few years. The data obtained in the research on the economic performance of the cooperatives show that a significant proportion of the cooperatives are able to provide the budget balance economically and they cannot make a profit (42.5%). The rate of cooperatives closing the period with profitability is only around 15%. There may be different reasons why cooperatives cannot operate profitably, such as pandemic conditions, the economic situation of the country and the world in general, and the poor management of cooperatives. However, the capital problems of cooperatives are one of the most important reasons in this regard.
- The results of the research reveal that 60% of the cooperatives provide goods and services at affordable prices under market conditions. One of the reasons for the existence of cooperatives is to offer affordable products to their members. However, market and

competitive conditions put cooperatives, which are not very strong in terms of capital, into a challenging situation in this regard.

- The results of the research also reveal that the number of members benefiting from the goods and services offered by the cooperatives has increased by 42.5%. This is an indication that the commercial relations of the cooperatives with its members have improved. The percentage of the participants who stated that the cooperatives distributed patronage dividends or made miscellaneous payments to their members in the last few years is 17.5%. In cooperatives, if there is no contrary provision in the articles of association, the entire proceeds obtained as a result of one-year activity from the transactions with the members are added to the reserve fund as a balance of income and expense. If the income and expense balance is stipulated to be shared among the members as per the law, this amount is divided in proportion to the transactions of the members -Patronage dividend- (Cooperatives Law No. 1163). This feature distinguishes cooperatives from other businesses. In the enterprises included in the research, the rate of cooperatives distributing patronage dividend is not very high. Although giving patronage dividend is not suitable for all types of cooperatives (such as building cooperatives), it is important because patronage dividend distribution in suitable cooperatives will increase member satisfaction and loyalty.
- Although we have stated so far that the financing and capital problem of cooperatives is one of the most important problems for cooperatives, the data collected from the managers of the cooperatives within the scope of the research lead us to a more optimistic conclusion in this regard. According to the data, the rate of participants stating that they do not have any problems in providing equity funds is 55%; the rate of participants stating that their economic power and income level is high is 30%; the rate of members willing to provide equity capital to the cooperative is 45%; the rate of members fulfilling their economic obligations on time is 45%; the rate of cooperatives that had no problems in receiving grants, state aid and financing from banks and financial institutions is 27.5%; the rate of cooperatives that pay their due debts on time is 72.5%. All these data reveal that the data collected cooperatives are not very weak in terms of equity capital. The problem here is more of an outsourcing problem. Therefore, there is a need for financial institutions

through which cooperatives can access appropriate financing. In many countries of the world, cooperative banks come into play in solving the financing problems of cooperatives. Cooperative banks are structures that undertake tasks such as lending to cooperatives and their superior organizations, providing financial consultancy, and protecting the interests of the members and relieving their economies. EU cooperative banks control about 20% of the loan and deposit market (Sümer, 2021). Although Ziraat and Halk Banks are the banks that give loans to cooperatives in Turkey, these banks are state-owned and not cooperative banks.

- Research on cooperative banks in Turkey and their applicability should be examined. In addition, it is important that the financial support provided by the state, especially grants and project loans, are provided in accordance with the purpose and together with the consultancy mechanism. These financial resources, provided by the state from time to time, are wasted because the resource is not used appropriately and rationally. The correct and purposeful use of resources can be achieved by providing these loans in parts and in a controlled manner and by ensuring that large-scale cooperatives or experts mentor the use of loans.

### **5.5. Results of the SWOT Analysis**

1. The rate of participants who stated that the geographical location of Rize province and being on the coast is an important advantage for cooperatives is 92.8% in total. The rate of participants who stated that the fact that the province of Rize plays an active role in Turkish politics also has a positive effect on cooperatives is 66.6% in total.
2. Findings on the cooperative experiences of the group consisting of cooperative managers and cooperative members, to which the SWOT Analysis scale was applied, show that 78.6% of the participants have more than five years of experience in cooperatives.
3. It is an important opportunity that the vegetation of Rize province is suitable for natural agriculture and livestock industry, and for organic agriculture specific to the region.
4. The recent establishment of women's cooperatives is seen as an opportunity.

5. The existence of many cooperatives operating in Rize province and its districts is seen as an opportunity.
6. The fact that Rize province has a long-established cooperative history and experience is another issue that is seen as an opportunity.
7. The strong sociological human relations, compatriotism and kinship ties in Rize are an important opportunity for cooperatives.
8. When the 82 cooperatives from which data were collected within the scope of the research are analyzed according to their fields of activity, 36.6% of the cooperatives operate in the field of fishery; 20.8% of them operate in the field of passenger transportation; 17.1% of them operate in the field of providing low interest loans; 8.5% of them operate in the field of fertilizers sales; 8.5% of them operate in the field of bee and bee products sales; 1.2% of them operate in the fields of organic product sales and fresh fruit and vegetables sales.
9. 59.5% of the participants are of the opinion that the mass influx of Syrian, Afghan and Georgian refugees negatively affects the cooperatives in Rize.
10. The percentage of participants who stated that the cooperatives were highly affected by the problems experienced due to the economic shrinkage, inflation and fluctuations in the foreign exchange rate is 76.2%.
11. According to the vast majority of the participants (90.4%), the adverse conditions caused by the COVID-19 outbreak had very negative consequences for cooperatives in Rize.
12. The total percentage of participants who stated that natural disasters such as floods, wildfires and marine mucilage adversely affected the cooperatives is 66.7%; the percentage of the participants who stated that the fact that Rize is a province with a high rate of out-migration affects cooperatives negatively is 59.5%.
13. Another threat, expressed by the participants in writing, is that the decision on reduced seat capacity obligation taken by the ministries and local administrations regarding passenger transportation due to the COVID -19 pandemic negatively affected the cooperatives.
14. 71.4% of the participants are of the opinion that the dominance of multinational companies in the market in terms of product and brand diversity and pricing poses a significant threat to local cooperatives.

**15.** When the cooperative managers and cooperative members are considered in terms of age, it is seen that 47.7% of them are between the ages of 29-50. The percentage of those aged 51-61 is 45.2%, and the percentage of those aged 62 and over is 7.1%.

## **5.6. Discussion and Recommendations on the SWOT Analysis**

In today's competitive markets, where rapid changes are experienced in all areas of life, the ability of businesses to be successful in the face of new performance criteria emerging day by day depends on their ability to determine appropriate and correct strategies. On the other hand, ensuring the sustainability and development of businesses is possible by analyzing internal and external factors, determining their strengths and weaknesses, predicting opportunities and threats, and developing strategies that will provide maximum benefit to the business (Başlıgil and Özdemir, 2011).

In this study, where it is aimed to strengthen the cooperative structures regionally and to create a synergy that will enable the cooperatives to carry out cooperative works in the region, SWOT Analysis has been used to ensure that the cooperatives in the region benefit from the existing strengths and opportunities in the best way, taking into account internal and external factors, and to take the necessary measures to prevent the threats in the best way by eliminating the weaknesses, and in this context, to develop the capacity of the cooperatives and carry them to the future.

### **5.6.1. Strengths and Opportunities of Cooperatives Operating in Rize Province**

When the strengths of the cooperatives operating in Rize and the opportunities are evaluated together, it would be a much more accurate statement to talk about the opportunities rather than the strengths. It can be said that cooperatives have significant shortcomings in transforming opportunities into strengths.

- The geographical location of Rize province, and especially its coast to the sea, is an important opportunity for cooperatives both in the context of seafood trade, and in the context of maritime transport, transportation and marketing.



- The vegetation, climate characteristics and soil structure of Rize province are quite suitable and suitable for organic agriculture and livestock industry.
- On the other hand, the fact that Rize has a very strong sociological folklore, tradition, local food and dressing culture and that there are millions of consumers who maintain their loyalty to such local values in many provinces of Turkey means that there is a large market for the production and sale of local products.
- The fact that the province is one of the rare provinces with sea, air and land transportation infrastructure indicates a strong potential in terms of production, marketing and sales.
- In the current political conditions in Turkey, the province of Rize plays a very important role in all administrative levels of the state and in Turkish politics. While this situation provides a significant advantage in many aspects such as reaching the competent authorities, implementing decisions, enacting legislation, finding support for projects and investments, providing management power and support, it can also be seen as a very important opportunity for cooperatives.
- The close relations of Rize province with politics and government show that Rize has significant advantages in receiving economic and political support.
- Considering the number of cooperatives whose data were collected within the scope of the research and the cooperatives experience of the cooperative managers, it can be said that Rize has a strong infrastructure that can be transformed into an opportunity in terms of cooperative experience.
- The fact that the average age of the cooperative members and managers corresponds to the middle age group in terms of productivity represents an important opportunity in terms of human resources capacity.
- Considering the number of cooperatives in Rize and its districts and the years of establishment of cooperatives, it is possible to say that there is a strong cooperative infrastructure in the region.
- The recent expansion of women's initiatives and women's cooperatives in the region represents an important opportunity for the province.
- The strong family relations, compatriotism and kinship ties in Rize are considered as an important potential in terms of organization, cooperation, decision making and implementation.

- Rize has a significant potential in terms of national and international exports if branding, advertising, promotion and marketing activities related to tea are developed and product variety is increased, since Rize is the production center of Turkey for tea agriculture.
- The demand for bee and bee products, which have become popular recently, can be seen as an important added value for Rize, which is one of the limited number of provinces where beekeeping can be produced.
- The interest of people in the consumption of organic and healthy products, both in Turkey and all over the world, is a very important opportunity for the province of Rize, which has organic agriculture potential.
- Increasing awareness of social responsibility through education in Turkey can also be seen as an opportunity for Rize cooperatives.
- The manpower, raw material supply, geographical conditions, climate, soil characteristics and production infrastructure required for the establishment of cooperatives operating in different sectors indicate an important advantage for Rize province.

### **5.6.2. Weaknesses and Threats of Cooperatives Operating in Rize Province**

The weaknesses of the cooperatives operating in Rize province and the threats they face are listed below, firstly, and then detailed explanations are given.

- It is observed that a corporate management approach is not established in cooperatives, and family and kinship relations come to the fore.
- Family and kinship relations play an active role in cooperative organizations instead of knowledge, skills and competence.
- A significant part of cooperative management does not have a professional understanding.
- In cooperative management, personal relationships and personal achievements are at the forefront rather than team or teamwork and cooperation.
- Although there is a deep-rooted cooperative experience and infrastructure, it is difficult to talk about the establishment of cooperative consciousness in the province.
- The level of education of cooperative managers and members is low, and they have very important training needs in many subjects.
- It is striking that certain families, relatives or individuals dominate the boards of directors.

- Lack of training and knowledge of the members.
- Although cooperatives have reached a certain size in number, they have not diversified sufficiently in terms of type and field of activity.
- The majority of the cooperatives in the province operate in the fields of passenger transportation, providing low-interest loans, housing sales and fertilizer sales. The number of cooperatives based on production is extremely limited.
- Educational activities aiming at the development of the members in terms of knowledge, skills, abilities and competencies are almost non-existent in cooperatives.
- The number of young and female members and managers are very low in cooperatives.
- The members are quite uninterested in the management, supervision, activities and decision-making processes of the cooperatives they are a member of.
- The relations established between cooperatives and public institutions and local authorities are quite weak.
- Cooperatives do not carry out benchmarking and comparison procedures.
- Cooperatives have significant problems in competing with the market.
- Economic fluctuations, volatility in the purchasing value of money, fluctuations in interest rates and other risks cause significant financial fragility for cooperatives.
- They have difficulties in accessing additional financing.
- The consequences of the pandemic conditions have posed a significant threat to the cooperatives in Rize province.
- The recent increase in natural disasters in the region affects the cooperatives negatively.
- The fact that Rize is a province with a high rate of out-migration is an important problem in providing qualified manpower resources.
- Cooperatives in Rize have problems in competing with companies with strong capital in terms of product, brand and price.
- The fact that the farmers cannot issue a farmer certificate based on the title deed causes problems in borrowing low-interest loans.
- Many cooperative managers and cooperative members think that public institutions are making it difficult to conduct official transactions.
- Some of the cooperative managers and cooperative members are of the opinion that local authorities are indifferent towards cooperatives.

- Cooperatives, which state that the number of members has increased, show that the cooperative is newly established as the reason for this situation. Therefore, this situation is not a success of the cooperative.
- Cooperatives, which state that there is an increase in the number of members benefiting from the cooperative, show the attractiveness of state-supported loans as the reason for this situation. Therefore, this achievement cannot be credited to the cooperative.

In this SWOT Analysis study, internal and external conditions have been tried to be evaluated in order to reveal the strengths and weaknesses of cooperatives in Rize and the opportunities and threats they may face. The analysis will contribute to the establishment of the infrastructure for the development of plans and strategies in which the cooperatives in the region will make the most of their strengths and opportunities and minimize the impact of the threats they may face due to their weaknesses. It is expected that this study will be a guide for evaluating the current situation of cooperative structures in Rize and making the right decisions for the future.

If the cooperatives operating in the province of Rize want to achieve certain goals for the future, they must first prepare action plans that will eliminate the effects of their weaknesses and contribute to a positive change in the balance, and put these plans into practice quickly. Otherwise, it seems inevitable that weaknesses, strengths and opportunities will diminish. In this framework, it may be a suitable solution to start the improvement from the problems that can be solved within the cooperatives themselves, and then to seek solutions to the more complex and difficult problems. On the other hand, it is necessary to prepare and implement action plans for cooperatives to further increase the influence of strong parties in line with existing opportunities.

Based on this SWOT analysis, which was prepared with a participatory approach, the primary problems that can guide the cooperatives in the region to develop plans and strategies and their reasons will be explained in this section. The weaknesses of the cooperatives and the threats they face, the problem areas that arise due to them and the targets that need to be determined in order to develop a strategy are given below.

**Table 45: Strategy setting topics for cooperatives in Rize province**

Weaknesses and Threats	Source of the Problem	Objective
<ul style="list-style-type: none"> <li>• <i>Lack of education, knowledge and skills of cooperative managers and members.</i></li> <li>• <i>Lack of knowledge and experience in cooperative management.</i></li> <li>• <i>Inadequate training for employees and members.</i></li> <li>• <i>Cooperative management is not carried out in an appropriate and professional manner.</i></li> <li>• <i>Cooperative awareness is not sufficiently established.</i></li> </ul>	<p><b>Lack of education, experience and awareness.</b></p>	<p><i>Developing training, experience and awareness raising activities.</i></p>
<ul style="list-style-type: none"> <li>• <i>Low rate of female and young members and managers in cooperatives.</i></li> </ul>	<p><b>Lack of equal opportunities for women and youth.</b></p>	<p><i>Increasing opportunities to provide women and youth with equal opportunities in membership and management in cooperatives.</i></p>
<ul style="list-style-type: none"> <li>• <i>The lack of institutional management understanding, and family and kin relations playing an active role in cooperative organizations.</i></li> <li>• <i>Certain people dominate the board of directors.</i></li> </ul>	<p><b>Ignoring the importance of institutionalization</b></p>	<p><i>Increasing institutional and professional management capacity.</i></p>
<ul style="list-style-type: none"> <li>• <i>The indifference of the members to the cooperative activities.</i></li> </ul>	<p><b>Members have a weak sense of belonging</b></p>	<p><i>Developing new policies to increase the sense of belonging of the members.</i></p>
<ul style="list-style-type: none"> <li>• <i>Weak relations with public institutions and local administrations.</i></li> </ul>	<p><b>Lack of communication and cooperation with other authorities</b></p>	<p><i>Developing relations with public institutions and local administrations.</i></p>
<ul style="list-style-type: none"> <li>• <i>Difficulties in accessing additional sources of finance.</i></li> <li>• <i>Economic fluctuations, fragility and risks.</i></li> <li>• <i>Decrease or stagnation in the number of members</i></li> <li>• <i>Problems related to making a profit</i></li> </ul>	<p><b>Economic and financial problems</b></p>	<p><i>Finding alternative sources for financing.</i></p> <p><i>Strengthening the capital structures of cooperatives.</i></p> <p><i>Taking necessary measures to protect cooperatives against economic risks.</i></p>
<ul style="list-style-type: none"> <li>• <i>Weak competitiveness</i></li> <li>• <i>Insufficient diversity of cooperative types.</i></li> <li>• <i>Inability to compete for products, brands and prices with companies with strong capital</i></li> </ul>	<p><b>Problems related to lack of competitiveness.</b></p>	<p><i>Developing collaborations for cooperatives to have a more competitive structure.</i></p>
<ul style="list-style-type: none"> <li>• <i>Pandemic conditions</i></li> <li>• <i>Increase in natural disasters in the region.</i></li> <li>• <i>Out-migration</i></li> </ul>	<p><b>Periodic and geographical problems</b></p>	<p><i>Developing activities to take measures against natural problems.</i></p>

### **Inadequacies in education, gaining experience and raising awareness**

- The results of the SWOT Analysis Research show that the weakest aspect of the cooperatives in the Rize region is the lack of education, knowledge, skills, abilities and experience. For this reason, it is necessary to attach great importance to cooperative education in Rize. Unit cooperatives, superior unions and the state have great responsibilities on cooperative education. In this context, every institution and organization is in an effort to do their part in this regard. However, the SWOT Analysis showed that these efforts are not sufficient and the problem continues as a chronic problem. It is important that the educational plans and programs to be implemented in cooperatives are functional.
- In accordance with the principle of education and training in cooperatives, education has always been an important priority for cooperatives. However, these training programs are often considered as the fulfillment of a task and whether the training works or not has not been questioned by assessment and evaluation methods. In this framework, before the training programs and methods are determined, appropriate programs should be created in line with the needs of cooperative managers, members and employees. A training method suitable for the level of the group should be determined, and after the training, assessment and evaluation procedures should be carried out to reveal whether the training has achieved its purpose.
- The steps to be taken to make cooperative education compulsory especially for cooperative employees and managers and to ensure its institutionalization may also yield important results. The problem that cooperative awareness is not sufficiently settled is a topic that can be addressed with education. Awareness about cooperatives can be formed by including cooperative education in the curriculum starting from primary school, and by organizing promotional and information activities for the young generations to raise awareness about cooperatives through various means. Unit cooperatives and unions should also include this issue among their goals and strategies and organize periodical activities and training programs to raise awareness of the society with determination.
- Practices such as giving regular seminars in cooperation with educational institutions and providing opportunities for students to make technical field trips to cooperative enterprises will enable to raise awareness about cooperatives. Such awareness-raising

activities throughout society will also play an important role in eliminating negative images against cooperatives.

- Activities such as placing public service announcements about cooperatives in TV channels, organizing meetings in universities, school visits, creating elective courses about cooperatives at different education levels, participation in fairs and opening stands, advertising activities, supporting the education of students by giving scholarships, and increasing social projects carried out by cooperatives, creating awareness of cooperatives, raising awareness about cooperatives will be examples of practices that are important in cooperative education.
- Issues such as the fact that cooperative managers do not make an effort to improve themselves or do not have the opportunity to do so cause managers to make mistakes and fail while performing their duties. In order for cooperative managers to increase their knowledge and experience, it can be made a selection criteria for being a manager that they receive training in priority subject areas through certificate programs, seminars, conferences and courses. Providing them with the opportunity to receive counseling as well as training is an important requirement for the success of cooperatives. Another thing to consider is that cooperatives are commercial enterprises and they need to be managed by experienced and professional managers in order to be successful. It is not possible for managers who do not have entrepreneurship and business knowledge to be successful. For this reason, it is important for cooperatives to be organized by their own efforts and implement formations that can provide consultancy to them, within the framework of the core value of "self-help".

#### **Lack of equal opportunities for youth and women.**

- The “Voluntary and Open Membership (Free Participation- Resignation Principle) Principle” of cooperatives is aimed at eliminating all kinds of discrimination in cooperatives. Discrimination against women and youth is also an issue that needs to be addressed in this context. In accordance with the principle, all women and youth who can benefit from cooperative services and are willing to accept the responsibilities of the membership can become members of cooperatives. Again, in accordance with the

“Democratic Member Control Principle”, all female and male members in cooperatives have equal voting rights.

- According to the results obtained in the research, the participation rate of women in cooperatives and cooperative management in Rize province is quite low compared to men. Cooperatives established by women entrepreneurs are encouraged within the framework of policies aimed at increasing women's entrepreneurship in Turkey. For this reason, their numbers have increased significantly in recent years. However, it is seen that this number is not high enough in the Rize region and women are not actively involved in cooperative structures. In this context, the strategies to be followed in order to ensure more women's participation in cooperatives can be listed as follows:
- Providing cooperative entrepreneurship trainings and organizing certificate programs for women,
- Raising awareness of women on projects and grants for women's cooperatives. Ensuring that these grants and supports are given not only by the ministry but also by the institutions at the local level,
- Organizing meetings on successful women's cooperatives and their activities and technical trips to cooperatives,
- Creating counseling mechanisms for cooperatives and ensuring that women benefit from them,
- Institutions such as Chambers of Commerce, professional chambers and Export Promotion Center support women's cooperatives in finding a market.

### **Ignoring the importance of institutionalization**

- Institutionalization can be defined as the establishment of a structure that enables a business to continue and develop its activities without being dependent on the existence of people. Its main purpose is to make the business independent from the boss, manager, key personnel, etc. and to ensure its continuity. According to the information obtained from the participants, ignoring the importance of institutionalization efforts in the cooperatives brought along the problems such as the institutional management approach not being established, the family and kinship relations playing an active role in the cooperative organization and the dominance of certain people on the boards of directors.



These problems may pave the way for some segments of the cooperatives to gain self-interest and undermine the trust in cooperative management. This situation may also cause the members to move away from the cooperative. However, the biggest threat is that it creates an obstacle to the sustainability of cooperative activities. In this respect, it is necessary to prioritize the regulations regarding the institutionalization of cooperatives and to provide consultancy services to the cooperatives in this regard. Regulations should be made to ensure that cooperatives and their unions are managed in accordance with corporate governance principles.

### **The weak sense of belonging of the members.**

- In cooperatives, members with different interests come together. The members, who come together under a common and democratic management, have certain rights and responsibilities in cooperatives. The fact that the members fulfill their responsibilities in the best way and contribute to their cooperatives depends on the increase in their interest in their cooperatives. For this reason, effective communication is of great importance in cooperative member relations. Effective communication of the members with their cooperatives and other members plays an important role in the generation of ideas and awareness of the members and allows members to be more beneficial to the cooperative.
- In cooperatives where the member-cooperative relations and the sense of belonging of the members are weak, the members do not attend the general assemblies and do not use their democratic rights such as right to vote, right to elect and be elected. This situation creates an obstacle to the healthy functioning of cooperatives. Some cooperatives resort to methods such as inviting celebrities to the general assemblies, offering refreshments, distributing patronage dividends in the general assembly, and making the meetings enjoyable for the members in order to ensure the participation of the members in the general assemblies (Polat, 2017). Such actions can also be implemented for the province of Rize.
- Member-cooperative communication will enable the member to be more responsive to the activities and problems of the cooperative and will enable them to be more active in the management and activities of the cooperative. It will also develop unity and integrity among members. The loyalty and sense of belonging of the members, who are informed

by the cooperative with effective communication methods and tools, to the cooperative will increase more. Depending on all these reasons, steps should be taken to establish an effective communication infrastructure that will allow the cooperative members to provide regular and reliable information flow. Thanks to mutual communication, it can be ensured that the mutual needs are met at the highest level by ensuring the flow of information between the parties. In this way, it becomes possible to increase the trust and interest of the members towards the cooperative (Turan et al., 2018).

- Lack of communication and cooperation with immediate environment, public institutions, local administrations and other cooperatives
- While cooperative enterprises work to increase the welfare level of individuals, they also serve community development. For this reason, cooperatives are used and supported by the state as a tool in economic development. In this framework, the state initiates the establishment of cooperatives and provides training and financial support (Turan, 2018). Cooperation between cooperatives, public institutions and local administrations ensures that both parties benefit from this situation. The weakness of these relations and cooperations in Rize eliminates the benefits to be obtained by the parties. Cooperation that will be developed with the introduction of effective communication channels between the parties will play an effective role in the development of cooperative enterprises.

#### **Economic and financial problems.**

- The problem of lack of financing and capital for cooperatives is a universal problem. In Turkey, especially the membership with low share creates a problem of capital insufficiency, and the lack of financing resources specific to cooperatives makes it difficult for cooperatives to access credit. The problem of financing is also one of the biggest obstacles to the development of cooperatives. In many countries of the world, the financing needs of cooperatives are tried to be met through cooperative banks. Although opinions on the establishment of cooperative banks in Turkey are often discussed, there is no concrete step taken in this direction. In this case, the steps that cooperatives should take to solve their financing problems are as follows:
  - Using financial resources correctly and efficiently

- Pursuing an effective financial management policy
- Abstaining from wasting resources
- Exploring possibilities for new financial funds for cooperatives
- Increasing the number of projects for cooperatives and conducting training and awareness activities cooperatives in order to benefit from these projects,
- Following policies to be prepared for economic risks

#### **Problems related to the lack of competitiveness.**

- The fact that cooperatives are non-profit enterprises, the low participation rates of the members and the difficulty of accessing financial resources adversely affect their competitiveness. They do not have the chance to compete with large multinational companies, especially in terms of product variety, brand and price. The most basic feature of Rize, which is located in the east of the Eastern Black Sea Region, is that it is the center of fresh tea production. The most important share in tea production in Rize belongs to ÇAY-KUR, an economic state enterprise. Apart from ÇAY-KUR in tea production, there are companies and cooperatives that have reached brand value over time with the privatization of the tea sector in 1984 (<http://www.turktarim.gov.tr/Haber/178/dunyada-ve-ulkemizde-cay-uretici-orgutleri>).
- Necessary steps should be taken to increase the share of cooperatives in tea production, which is an important source of income for the region, and to pursue competitive policies in this area. Competitive strategies can be followed for cooperatives such as diversifying the types of cooperatives in the region, ensuring that the newly established cooperatives in the province operate in sectors where competitive advantage can be achieved, development of national and international cooperation between cooperatives, merger of small-scale cooperatives, and procedures on the branding of cooperatives. It may also be possible for cooperatives to develop policies to increase their income by exploring ways to find and create new markets.

## **Periodical and Geographical Problems**

- The adverse conditions caused by the COVID-19 pandemic, the recent natural disasters in the region, and the loss of young human resources in the province through out-migration are factors that cooperatives cannot control. Coping with such problems can only be possible if cooperatives develop effective measures to prevent their fragility and become financially strong. Cooperatives, like other businesses, are adversely affected by pandemic conditions. Despite the predictions that the pandemic conditions will continue for a while, it is an important requirement for the cooperatives to take the necessary measures to be affected by this situation at the minimum level.

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## APPENDIX

### Appendix 1: Scale of Cooperative GAP Analysis

**Dear Participant,**

This research aims to reveal the capacity analyzes of cooperatives operating in Rize province. The research also supported by the European Union. This questionnaire was developed to collect the data needed for this research. It is anticipated that answering the questionnaire will take approximately fifteen minutes of your time. Your answers will only be used for scientific purposes and your personal information that identifies you will be kept completely confidential.

Please answer the all question based on your experience in cooperatives and considering the cooperatives operating in the province of Rize. Thank you for taking your valuable time to participate in the research and sharing your views with us.

Research Group

#### A. Personal information

1. *Gender:*

Female       Male

2. *Age:*

18-28       29-39       40-50       51-61       62 and older

3. *Education:*

Primary Ed.    High School    Associate degree    Bachelor's degree    Master's or PhD degree

4. Position in the Cooperative	
Chairman	
Member of the board of directors	
Cooperative member	

5. Cooperative Experience	
1-5 years	
6-10 years	
11-15 years	
16 years and up	



6. Information about Cooperative	
Foundation year of the cooperative	
Number of members of the cooperative	
Number of female members in the cooperative	
Number of employees in the cooperative	

7. Considering the last few years, the number of members of your cooperative;

- Increasing       Stable       Decreasing

8. Considering the last few years, your cooperative's economic performance;

- Loss on a large scale  
 Damaged on a small scale  
 Maintained its balanced budget position.  
 Earned small-scale income.  
 Generated large-scale income.

*Why do you think? Please write your opinions and thoughts.*

9. When the services offered by your cooperative to its members are compared with the market conditions;

- Our cooperative offers its members more advantageous goods and services than the market.  
 The goods and services offered by our cooperative are similar to market conditions.  
 Our cooperative has difficulty in competing with the market in the provision of goods and services.

10. Considering the last few years, the number of members benefiting from the goods and services offered by your cooperative;

- Increasing  
 Stable  
 Decreasing

*Why do you think? Please write your opinions and thoughts.*

11. When they need a particular good or service, which one would your partners prefer first?

- Cooperative  
 Market

12. Has your cooperative made a risturn payment or similar payment to its members in the last few years?

- Yes  
 No

13. Do you think that cooperative managers need training on the knowledge and skills required by being a cooperative and being a manager?

Yes

No

*What are the most important skills you feel lacking? Please write.*

14. Considering the last few years, the rate of criticism, complaint and dissatisfaction of the cooperative members;

Increasing

Stable

Decreasing

<b>15. Organizational Capacity</b>	Yes	Partially	No
Cooperatives have defined short, medium and long-term concrete goals			
Cooperatives have detailed strategies and action plans.			
The sector and market analysis of the cooperatives were made and the stakeholders were defined.			
Cooperatives have strong relationships and collaborations with other cooperatives and superior associations.			
Cooperatives have a well-equipped physical space and are easily accessible.			
Cooperatives are places based on voluntariness and open to all who accept the responsibilities of membership without sexual, social, racial, political or religious discrimination.			
Cooperatives have a democratic operation, which is controlled by members and where members have equal voting rights.			
Members contribute fairly to the cooperative capital and manage it democratically.			
Cooperatives are autonomous organizations where decisions are made and implemented only by the members, without any external pressure.			
Cooperatives provide their members, managers and employees with opportunities for self-development and training.			
Cooperatives have strong relationships with local governments, non-governmental organizations, universities and private sector representatives.			
While the cooperatives focus on the needs of the members, they also implement social responsibility projects.			

<b>16. Leadership and Human Resources Capacity</b>	Yes	Partially	No
Cooperative managers need training on cooperatives and the knowledge and skills required to be a manager.			
Cooperative managers are well-equipped in general business and management skills.			
Cooperative managers have effective skills in resolving conflicts, making decisions, providing motivation and solving problems.			
Cooperative managers regularly devote time to the operation, management and development of the cooperative.			
Cooperative board of directors organizes meetings at regular intervals in accordance with a certain calendar.			
Cooperative managers are very sensitive to the problems, wishes and expectations of the members, they recognize and appreciate them.			
The satisfaction levels of the cooperative members are quite high.			
Members are willing to take on duties and responsibilities in the cooperative.			
The members vote in the general assembly and elections and participate in the meetings at a high level.			
Cooperative managers contribute to the success of members and their businesses by creating regular training and development opportunities for members.			
The education level of the cooperative members is quite high.			
The members are very knowledgeable about cooperatives and cooperative management.			
Cooperative members are regularly informed about current developments in legal regulations, opportunities and threats.			
Members are regularly trained on technological developments in the sector and new knowledge and skills that human resources should possess.			

*Please write your comments.*

<b>1. Information, Monitoring and Reporting Capacity</b>	Yes	Partially	No
Performance measurements are made and reported regarding the results obtained by the cooperatives.			
Innovations in the sector in which cooperatives operate and new developments in technology and human resources are regularly monitored and reported.			
Local, regional and national risks, opportunities and threats that will affect the operation of the cooperative are regularly monitored and reported.			
The requests, expectations, complaints and suggestions of the members are systematically monitored and reported.			
Benchmarking and comparing the performance of the cooperative against the other cooperatives is completed			

*Please write your comments.*

<b>2. Technology and Communication Capacity</b>	Yes	Partially	No
The cooperative has a corporate website that is regularly updated and contains comprehensive information.			
The cooperative has corporate social media accounts such as twitter, instagram, facebook, blog, which it actively uses to inform its members and other stakeholders.			
Members can reach cooperative managers easily and in a timely manner, if they need it, by means of telephone and e-mail.			
Scientific publications, reports and research results related to the field of activity of the cooperative are regularly shared with the members.			
Other cooperatives, superior unions, local administrations, universities, non-governmental organizations and other stakeholders are visited periodically.			
Important days, achievements and funerals of members are followed and shared with other members.			
Social events are organized on national holidays and special occasions in order to enable members to come together and build loyalty.			
The cooperative has a corporate website that is regularly updated and contains comprehensive information.			
The cooperative has corporate social media accounts such as twitter, instagram, facebook, blog, which it actively uses to inform its members and other stakeholders.			
Members can reach cooperative managers easily and in a timely manner, if they need it, by means of telephone and e-mail.			
Scientific publications, reports and research results related to the field of activity of the cooperative are regularly shared with the members.			
Other cooperatives, superior unions, local administrations, universities, non-governmental organizations and other stakeholders are visited periodically.			
Important days, achievements and funerals of members are followed and shared with other members.			
Social events are organized on national holidays and special occasions in order to enable members to come together and build loyalty.			

*Please write your comments.*

<b>1. Finance Capacity</b>	Yes	Partially	No
Cooperatives do not have problems in providing equity.			
The economic power and income levels of the cooperative members are high.			
Members are willing to provide equity capital to the cooperative.			
Members fulfill their financial obligations on time.			
Cooperatives have no problem getting grants, government aid, financing from banks and financial institutions.			
Cooperatives pay their due debts on time.			

*Please write your comments.*

*The survey has ended, thank you for participating and sharing your views.*

## Appendix 2: Scale of Cooperative SWOT Analysis

### ***Dear Participant,***

The study is aiming to determine the strengths and weaknesses of cooperatives operating in Rize province. The research also supported by the European Union. This questionnaire was developed to collect the data needed for this research. It is anticipated that answering the questionnaire will take approximately fifteen minutes of your time. Your answers will only be used for scientific purposes and your personal information that identifies you will be kept completely confidential.

Please answer the all ouestion based on your experience in cooperatives and considering the cooperatives operating in the province of Rize. Thank you for taking your valuable time to participate in the research and sharing your views with us.

Research Group

### **B. Personal information**

#### 17. Gender:

Female       Male

#### 18. Age:

18-28       29-39       40-50       51-61       62

#### 19. Education:

Primary Ed.     High School     Associate degree     Bachelor's degree     Master's or PhD degree

20. Position in the Cooperative	
Minister	
Board member	
Cooperative member	

21. Cooperative Experience	
1-5 yıl	
6-10 yıl	
11-15 yıl	
16 yıl ve üzeri	

### C. Swot Analyzing

<b>Strengths, opportunities, weaknesses and threats</b>	Absolutely agree	Partially Agree	No idea	Disagree	Strongly Disagree
The geographical location of Rize province and its coast to the sea are an important advantage for cooperatives.					
The fact that the Rize province plays an active role in Turkish politics has positive effects on cooperatives.					
The mass influx of Syrian, Afghan and Georgian refugees negatively affects the cooperatives in Rize.					
Cooperatives are highly affected by the problems experienced due to economic crises, inflation and fluctuations in foreign exchange rates.					
The COVID-19 outbreak and the subsequent problems have led to very negative consequences for cooperatives in Rize.					
The fact that Rize is a province with a high rate of out-migration affects cooperatives negatively.					
Natural disasters such as floods, wildfires and marine mucilage have adversely affected cooperatives.					
The dominance of multinational companies in the market poses a significant threat to local cooperatives.					
Cooperative managers are willing to learn and develop themselves and their partners.					
Cooperative managers care about the participation of young people and women in cooperatives and make an effort.					
There are good relations, exchange of information and effective cooperation between cooperatives.					
Cooperatives have strong relationships with lawmakers, local governments, non-governmental organizations, universities and private sector representatives.					
The members are willing to take on duties and responsibilities in the cooperative.					
Cooperative members are regularly trained in new knowledge, skills and competences relevant to their work.					
The expectations of the market, members and customers are monitored regularly.					
Cooperatives carry out comparison and comparison studies with other cooperatives.					
Cooperatives do not have any problems in providing equity.					
Cooperatives offer their partners more advantageous options than market conditions in terms of providing goods and services.					

*Please write your views about the strengths and opportunities of the cooperatives in Rize.*

*Please write your views about the weaknesses and threats of cooperatives in Rize.*

*The survey has ended, thank you for participating and sharing your views.*

## **Appendix 3: Scale of Factors that Affect Youth's Establishment of Cooperatives or Their Participation in Cooperative**

### ***Dear Participant,***

*The study is aiming to determine the factors that affect young people to establish or join cooperatives. The research also supported by the European Union. This questionnaire was developed to collect the data needed for this research.*

*Our request is to indicate each question in the survey by ticking the options that most reflect you and your opinion. It is of great importance that you answer each question in the questionnaire sincerely and that you do not leave any unanswered questions in terms of ensuring the validity and reliability of the research.*

*Participation in the research is on a voluntary basis. Your answers to the survey will be used for scientific purposes only, and your personal information identifying you will be kept completely confidential.*

*Thank you for taking your valuable time to participate in the research and sharing your views with us.*

*Research Group*

### **A. Personal information**

**1. Gender:**

- Female    Male

**2. Age:**

- 18-21    22-25    26-30

**3. Marital Status:**

- Single    Married

**4. Education:**

- Primary Ed.    High School    Associate degree    Bachelor's degree    Master's or PhD degree

**5. Employment status:**

- Not working    Business owner    Salaried employee

**6. Sector (food, agriculture, finance, transportation, etc.): .....**

**7. Monthly Income:**

- Up to 2.000 TL  
 2.001-4.000 TL  
 4.001-6.000 TL  
 6.001 TL and over

**8. NGO Membership:  Yes    No**



## B. Knowledge of Youth on Cooperatives and Cooperative Management

1. What level of knowledge do you have about cooperatives?	I have no idea	I have some knowledge	I am quite knowledgeable
The purpose of the establishment of cooperatives			
The conditions of participation in cooperatives			
The structure of cooperatives			
The functioning of cooperatives			
The opportunities provided by cooperatives to young producers and entrepreneurs			
The contributions of cooperatives to their members			
The contributions of cooperatives to the development of certain jobs			
The contributions of cooperatives to production, marketing, distribution, forming cooperation's, etc.			

2. From which source did you learn about cooperatives and cooperative management?	
From the people around, me	
From cooperative managers or cooperative members	
From press and broadcasting organizations such as television, radio, newspapers, magazines	
From internet search engines	
From social media tools	
I have taken training or a course	

3. Do you have family members or anyone in your social circle who is a cooperative manager or cooperative member?	
Yes	
No	

4. What are your thoughts on becoming a member of a cooperative related to your field of work in the future?	
I aim to be a member of a cooperative.	
I can only become a member of a cooperative if favorable conditions arise and I am convinced.	
I do not have a goal or idea to be a member or manager of a cooperative.	

5. What would your answer be if you were invited to attend a training on cooperatives and cooperative management?	
I would definitely attend	
I would attend	
I would not attend	
I absolutely would not attend	

<b>6. Have you ever received an invitation to establish or join a cooperative related to your field of work?</b>	
Yes	
No	

<b>7. Have you heard any success stories about the cooperatives?</b>	
Yes	
No	

<b>8. Have you heard any failure stories about the cooperatives?</b>	
Yes	
No	

<b>9. To what extent would the following situations influence your positive decision to join a cooperative?</b>	It doesn't affect me at all	Somewhat effective	It will be very effective
The effect on my income level			
Impact on my business growth			
Providing the opportunity to establish new collaborations			
Providing legal assurance			
Providing dignity and status			
Recognition for me and my institution			
It gives me the opportunity to gain new knowledge and skills related to my job.			
Creating new business opportunities			
My position within the cooperative (chairman, manager, member, etc.)			

**10.** Do you have any information about the difficulties and needs of young people who establish or join cooperatives? .....

.....  
 .....  
 .....

**11.** What is your opinion about the challenges and needs of young people in business life in the institutions they work

.....  
 .....  
 .....

<b>12. Opinions about cooperatives</b>	Agree	I have no idea	Disagree
I am not interested in cooperatives and cooperative management.			
Cooperatives are male-dominated organizations.			
I do not think that cooperatives are transparent organizations.			
I do not believe that my opinions will be respected in the decisions to be made within the cooperative.			
I do not believe that joining a cooperative will contribute to my work and income.			
I believe that cooperatives serve people who are economically and politically strong.			
I do not think that if young people participate in cooperatives, they will be accepted and will be effective in the decisions taken.			
I do not think that cooperative managers are guiding young people.			
I do not think that cooperatives are sufficiently known and recognized.			
Cooperatives are memberships open to everyone, working on a voluntary basis.			
In cooperatives, there is democratic control carried out by the members.			
Members contribute fairly to the cooperative capital and manage it democratically.			
Cooperatives are autonomous, independent and managed only by their members.			
Cooperatives serve their members effectively by establishing local, regional, national and international collaborations.			
Cooperatives are responsible to the society of which they are members.			

**13. What kind of positive contributions can young people's participation in cooperatives have on the functioning of cooperatives?**

*Please explain:*

*The survey has ended, thank you for participating and sharing your views with us.*