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Letter from the Editor-in-Chief

Myanmar and Korea have many similarities and are complementary relationship. Therefore, we believe that research exchange will expand mutual understanding between Myanmar and Korea, and will be the cornerstone for mutual development.

KOMYRA and YUE have co-published The Myanmar Journal since August 2014. So far, many scholars have published numerous papers through the journal, and We are sure that this journal has helped many people understand Myanmar and Korea more clearly and closely.

The Myanmar Journal covers various issues in Myanmar and Korea. It covers various topics that can promote bilateral development and mutual understanding, not limited to specific topics such as economy, industry, society, education, welfare, culture, energy, engineering, healthcare, and agriculture.

We hope that this journal will continue to promote understanding of the current status and potential capabilities of Myanmar and South Korea and promote in-depth international exchange and cooperation.

We would like to express our deepest gratitude to the editorial board and YUE and KOMYRA for their valuable support in The Myanmar Journal publication.

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Youngjun Choi *yj choi*

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The Myanmar Journal (ISSN 2383-6563) is the official international journal co-published by Yangon University of Economics (YUE) and Korea Myanmar Research Institute (KOMYRA).

This journal aims to promote the mutual cooperation and development of Myanmar and Korea through intensive researches in the entire field of society, economy, culture, and industry.

It will cover all general academic and industrial issues, and share ideas, problems and solution for development of Myanmar.

Articles for publication will be on-line released twice a year at the end of February and August every year on the Myanmar Journal webpage (http://www.komyra.com/bbs/board.php?bo_table=articles).

Factor Affecting of Member Commitment on Co-operative Society in Myanmar: A Case Study of Loikaw Township, Kayah State

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ABSTRACT : Co-operatives have long been recognized to play important roles in Societies that translates into the improvement of living conditions of their members. The purpose of this study was to analyze the factors that influence the member commitment of savings and credit cooperative societies in Loikaw Township. Savings and Credit Cooperative Societies (SACCOs) in Myanmar have been investing their funds with objectives of maximizing their wealth. To achieve this objective, the study employed a survey involving a sample of 350 Government Employee Saving and Credit Cooperative Society members using a structure questionnaire and was analyzed using both descriptive and inferential statistics which is regression analysis. Primary data was collected by structured questionnaires from member of Government Employees in the Sacco. The results revealed that overall member commitment is significant influenced by networking and relationship, cooperative ideology and homogeneity of members. The analysis also confirmed for each commitment that shows investment and service, trust in society, and participation in decision making were found as the determinants of affective commitment. Furthermore, networking and relationship, homogeneity of member, and participation in decision making have significantly influenced on continuous commitment with their cooperative. Finally, networking and relationship, cooperative ideology, trust, and participation in decision making have significant effect on normative commitment. The study has important implications for policy makers, government and stakeholders of cooperative for devising appropriate interventions that could improve the member commitment in saving and credit cooperatives in Myanmar.

Key words : *Saving and Credit Cooperative, Government employee, Economic Factors, Social Factors, Psychological Factors, Organizational Factors, Member Commitment.*

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I. Introduction

Co-operative firms have involved in many business sectors around the world. Due to the current economic conditions, cooperatives have increasing attention as being a durable business form (Bijman et al., 2013). The year 2012 has even been recognized by the United Nations as the "international year of the cooperative" in order to promote the cooperative business form as being both economic viable and social responsible (<https://www.ica.coop>, 2012).

"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". The cooperative business form dates back to the industrial revolution, where local craftsmen in reaction to the increasing competition with emerging large-scale factories started to cooperate (Robb et al., 2013).

Cooperatives were first introduced to Myanmar in 1904 with the enactment of the Indian Cooperative Societies Act. The government became involved right away, as the Cooperative Department was set up in December 1904. Cooperatives were, at first, used by British authorities to counter usury lending practices. By 1929 there were about 4000 credit cooperatives in what would become Myanmar. Secondary and tertiary membership organizations were formed by this time. Due to liquidity mismanagement the number of cooperatives decreased to just over 2000. By 1932 the national apex was dissolved and only 575 credit cooperatives still existed (Jo-Anne, 2013).

According to the department of Co-operative, there are 39962 cooperatives (at all levels) in Myanmar. These include: Central Co-operative Society; CCS, 22 Unions, 458 federations and 39979 primary societies. The number of cooperative members is 4245727. There are six functional unions (e.g. for agriculture) and 14 are geographically based.

Myanmar is one of the most unbanked countries in the world: less than 20 out of 100 people have access to formal financial services. Inclusive financial sector programs and policies seek to expand the scope of financial options available to unbanked and under-banked populations. In part, this means diversifying away from credit led supply initiatives to demand led initiatives that mix savings, credit, payment services, and insurance, which inevitably encourages the entry of formal financial providers into the market. In Myanmar, 1.4 million people have access to formal financial services through formal microcredit institutions, with non-governmental organizations and financial co-operatives covering 43 percent respectively of clients. In November 2011, the Government of Myanmar passed the Microfinance Law and, up

to June 2013, 142 microfinance licenses had reportedly been issued out of which more than 50 percent are for financial co-operatives (Jo-Anne, 2013).

Although support from the government cooperative sector and from different stakeholders, the saving and credit cooperatives face different constraints that inhibit their capacity to give basic services to their members in a sustainable and accessible way (Awoke, 2014). There are many challenging that Myanmar cooperatives have faced. These are limited managerial capacity, low members' participation in decision making and controlling their organizations activities, and shortage of finance. Additionally, participation in saving and credit cooperatives have different problems. The saving and credit members are constrained to engage in such kinds of activities, i.e, limited access to financial resources, low members' commitment to their cooperative and leadership problems.

The main purpose of this study is tried to determine the members' commitment to their saving and credit cooperatives in Myanmar that is the absence of detailed and recent study. Knowing the cause of high or low level of members' commitment will help policy makers, government, and stakeholders of cooperatives for devising appropriate intervention and promotion strategies to tackle these problems and to enhance the commitment of cooperative members (Awoke, 2014). This research tries to provide insights in the factors that may determine member commitment in saving and credit cooperatives. Based on the results, this study will provide conclusions and recommendations on how the management of cooperatives can increase the commitment level of Government Employee Saving and Credit Cooperatives' members (Awoke, 2014).

1. Background of the Study

Kayah State is one of the smallest State in Myanmar and located in eastern Myanmar that is bordered by Thailand to the east, the Kayin State of Myanmar to the south and west and Shan State to the north. There are 273 Co-operatives in Kayah State and the total members are 25036. The total amounts of share are 211.361million Kyat. Agriculture Co-operative and saving and Credit Co-operatives are the main Co-operatives in Kayah State. Among of 273, there are 36 saving and credit society and 7614 members in Kayah State.

There are 92 cooperative societies in Loikaw Township and 13122 members. Among these, there are 12 saving and credit cooperative society and 4984 members. Government Employee Saving and Credit Co-operative Society is one of Saving and Credit Co-operative in Loikaw Township. This Society was established in 30-11-1998 with 376 members that legislated according to 1992 Co-operative Society Law. There are 2710 members from the different government departments and the amount of

shares are 27.3 million Kyats. The amount of member savings is 722.8 million Kyats. The total amount of distribution to the member is 2172.6 million Kyats and received interest rate on saving is 95.8 million Kyats. The dividend on share, the welfare for the members and provide for the pension were distributed with 8.1, 7.14 and 0.42 million Kyats respectively. The share for each member is 5000 Kyats and the minimum saving rate is 1000 Kyats. The interest rate on credit is 1.5 Kyats and the interest rate on saving is 1 Kyat. The amount of distribute loan to member is three time based on their saving.

The dividend ratio for the extended fund, social and culture, general, share men, staff and dividend on share are 25%, 15%, 10%, 10% 10% and 30% respectively. The capital for the society comes from share dividend, saving funds, member deposit, bank loan and investment.

2. Objectives of the Study

- (i) to determine the influential factors of member commitment of Saving and Credit Co-operative Society, and
- (ii) to explore the management of Saving and Credit cooperatives on factors that can determine member commitment.

3. Material and Method

The quantitative data obtained through constructed questions and were analyzed using quantitative analysis tools. Multiple regression model was employed to analyze the effect of each factor on member commitment. Data was selected using a simple random sampling method. To get sample size from the population Taro Yamane (Yamane, 1973) formula was taken into consideration. In this study, sample size should be 348 (350) members from total members of 2700. The survey was conducted by using well- structured questionnaire. The Scope of the study is to investigate in Government Employee Saving and Credit Co-operative Society in Loikaw Township, Kayah state (<https://www.kayah.state>, n.d.).

II. Literature Review

Recent many literatures provide different definitions of member commitment. Based on these existing definitions, suggest that commitment can be defined as "a force that binds an individual to a course of action of relevance to one or more

targets" (Meyer et al., 2002). This force or mind-set can take different forms, which are desire, perceived costs and obligation, usually referred to as affective, continuance and normative commitment (Meyer et al., 2002).

One of the most widely used theories in organizational commitment is three-component model (Allen, 1990). It has been the leading approach in studying organizational commitment for more than 20 years (Van et al., 2007). Lately, it has been the most widely accepted conceptualization of organizational commitment (ÇİFTÇİOĞLU, 2010). It sees commitment as having three separable forms: affective commitment, continuance commitment and normative commitment.

There are three concepts of commitment by (Allen and Meyer, 1990). They describe three kinds of commitment are-

(1) Affective Commitment – which refer to the emotional describe to remain within an organization. This type of commitment result in member who would like to remain a member because they believe in the organization and have a high desire to contribute to the goals of organization. They have the feeling that these goals are similar to their own goals (Allen and Meyer, 1990).

(2) Continuance or Calculative Commitment – which refer to an individual awareness of the costs associated with abandoning the organization. In the organization on what they are receiving in return for their effort and what would be lost to leave in the organization (eg- pay, benefit, etc) (Allen and Meyer, 1990) .

(3) Normative Commitment – which refer to the perception of obligation to remain within organization. These members feel it as their duty to remain a member and are willing to be involved (Allen and Meyer, 1990).

Member commitment are influenced by four main factors. These are social, economic, psychological and organizational factors. Every main factor has sub-factors that can have a positive or negative influence on the commitment level of members in a cooperative. The factors show the reasons or motives why a member of a cooperative would like to stay and actively participate in the cooperative. The factors indicate how the management of a cooperative can influence their members to become committed to the organization.

Economic factors are determined as most important in creating member commitment in cooperatives. Members become committed when they have the feeling that they will miss valuable financial rewards when they abandon the cooperative or are not active in the cooperative (Jussila et al, 2012).

Another factors that can influence member commitment is social factors which is called 'soft factors'. Members establish cooperatives for different reasons. In many occasions, cooperatives are established to bring better economic and social conditions for members. In cooperatives members consider a crucial issue is the democratic controlling system. They consider the cooperatives as social and economic institutions

(Österberg and Nilsson, 2009).

The psychology factor of co-operative ideology and trust are also played an important role in influencing member commitment. It is member commitment that makes a member decide to continue with the cooperative.,

The organizational factors are also another influencing factor of member commitment. Organizational commitment is the acceptance of organizational goals by the employee and their willingness to discharge effort on behalf of the organization (Miller and Lee, 2001).

III. Data Analysis and Finding

1. Member Demographic Information

Most of the sampled respondents (72.6%) were females and with (40.6%) were under 30 years old. It shows that females are more involve in the society and they are young government employees. The majority of the respondent (76.3%) were educated. According to their occupation, there are from many different departments that they are working on. The most occupation of the respondents is teachers (29.4%) and the second is general administrators (25.1%). Due to the results, (2.5%) and (5.4%) of the respondents are working at correctional and parliaments. It implies that as the government employees, they are educated respondents and teachers are more involve in the society.

Based on the government salary, the majority of the respondents (50.3%) are staffs who have salary between 120000-199999 kyats and (33.7%) are officers who have salary between 200000-299999 kyats. The midlevel and the upper level officers are being member with (11.7 %) and (4.3 %) who have salary between 300000-399999 kyats and 400000-574000 kyats respectively. It shows that half of the respondents who have less salary and are staff employees more involve in the society.

2. Member Saving and Credit Information

Member saving and credit information are also very important to determine the member commitment in the cooperative society. The 250 respondents (71.4%) have 1-5 year membership term in and the respondents 21 (6%) who have 16-20 year membership term in the society. It implies that majority of the respondents only have short term involve in the society. The respondents 305 (87.5%) who have one to

two shares; 5000-10000 kyats monthly saving is the highest rate and the members 6 (1.7%) who have saving 30000-70000 kyats is the lowest rate in the society. The highest saving rate is 70000 Kyats per month. It shows that most of the respondents who have 1-2 share or save small amount of money, so the total amount of saving level is also very low in the society.

There is member involvement in the society represent voluntaries, encourage, and other. There are 346 (98.9%) respondents involved in the society are voluntaries. The reasons for saving in the society are high interest rate, trust and other. The most respondents 270 (77.1%) answered trust. The rest 31 (8.9%) and 49(14%) are high interest rate and other reasons. It implies that majority of respondents' member involvement are voluntaries and the reason for saving money in the society is because of trust.

At present, the member who used the credit in the society are 270 (96.6%). The most respondents 344 (98.3%) used the loan efficiently. The member using credit for food is 201 (57.4%), for farming and for business are 48 (13.7%). Almost all of the respondents have loans in the society except 12 respondents and they were using the credit is especially for food.

3. Assessing Reliability

Whenever a scale consists of more than one item, it is important to measure how much they are internally consistent. Cronbach's (α) (alpha) is a coefficient of reliability. It was first named alpha by Lee Cronbach in 1951. It is commonly used as a measure of internal consistency or reliability. There are used Cronbach's alphas to measure the reliability of items in this study. A commonly accepted value of Cronbach's alpha is 0.6 as the minimum and higher more than 0.6 are more desirable. Cronbach's alpha will generally increase as the inter-correlations among test items increase, and is thus known as an internal consistency estimate of reliability of test scores.

Table 1. Reliability Statistics for Member Commitment

Commitments	Mean	Standard Deviation	No. of Items	Cronbach's Alpha
Affective Commitments	3.80	0.406	7	0.782
Continuance Commitments	3.01	0.595	7	0.745
Normative Commitments	3.62	0.384	6	0.538
Member Commitment			20	0.777

Source: Survey Data, 2019

The above table 1 indicates the Cronbach's alpha values for each member commitment. It could be observed that the effective commitments and continuance commitment of the alpha values are more than 0.6 and the normative commitment of the alpha values are 0.538 (nearly 0.6). Therefore, internal consistency of items to the concept is good. Results show that Cronbach's alpha is 0.777 for all the dimensions (20 dimensions) of member commitments.

Table 2. Reliability Statistics for Factors Affecting of Member Commitment

Factors	Mean	Standard Deviation	No. of Items	Cronbach's Alpha
Financial performance and benefits (Price/ Interest rate)	3.87	0.420	4	0.725
Investments(saving) and services	3.75	0.479	4	0.636
Role in Community	3.57	0.579	2	0.721
Networking and Relationships	3.64	0.470	4	0.737
Cooperative Ideology	3.85	0.514	3	0.805
Trust	3.77	0.430	3	0.633
Political and Administrative Issues	3.60	0.487	4	0.690
Homogeneity of Members	3.34	0.621	3	0.74
Participation in Decision-making	3.59	0.452	5	0.761
Total Factors			31	0.929

Source: Survey Data, 2019

Table 2 presents the results of reliability test for each factor. It could be observed that all of the factors, the alpha values are more than 0.6. Alpha value for cooperative ideology is 0.805 which is the highest alpha value among others. Results show that Cronbach's alpha is 0.929 for all the dimensions (31 dimensions) of factors. These statistics reveal that internal consistency of items to concept is good.

4. Regression Analysis for Member Commitment

Multiple regression analysis was applied to investigate the factors of member commitments. To develop the multiple regression models, three dependent variables and nine independent variables were used.

Table 3. Regression Analysis for Effective and Continuous Commitments

Variables	Affective Commitment		Continuous Commitment	
	B	P-value	B	P-value
Constant	1.927***	0.000	1.132***	0.000
Financial Performance and Benefit	0.099	0.239	0.152	0.231

Investment and Services	0.125*	0.057	0.063	0.522
Role in Community	0.040	0.426	-0.105	0.164
Networking and relationships	0.058	0.419	0.249**	0.022
Cooperative Ideology	0.054	0.332	0.029	0.727
Trust	0.151*	0.05	-0.224*	0.051
Political and administrative Issues	0.078	0.226	-0.133	0.165
Homogeneity of Members	0.024	0.502	0.272***	0.000
Participation in decision making	-0.131*	0.078	0.231**	0.039
Adjusted R2	0.191		0.153	
F value	10.137***	0.000	8.000***	0.000

Source: Survey Data, 2019

***, **, *: Indicate statistical significance at the 1% level, 5% level and 10% level.

For the affective commitment, table 3 shows investment and service, and trust have positive relationship while participation in decision- making has negative relationship. They are statistically significant at 10% level, p-value (0.057, 0.05, 0.078) is less than 0.1. It means that members want to contribute, invest or save money in the society, access the financial service and they have desired to remain in the society. But they believed that there is not necessary to participate in the decision-making process. Therefore, members' involvement in goal setting, passing decision in the general assembly meeting, rewarding active participation and listening the ideas from the member should be enhanced.

Table 3 also shows that the continuous commitment in homogeneity of member has a positively significant at 1% level (p-value=0.000<0.001). The networking and relationship, and participation in decision-making have positive relationship at 5% significant level (p-value=0.022, 0.039 < 0.05) and trust has a negative relationship at 10% significant level (p-value=0.051). It implies that there are good opportunities for long term relationship for those who exchange information, interact each other and participate in decision-making. But if opportunities cost for being a member is very high, it can reduce the members' trust in their society.

Table 4. Regression Analysis for Normative and Overall Commitments

Variables	Normative Commitment		Overall Commitment	
	B	P-value	B	P-value
Constant	1.602***	0.000	1.554***	0.000
Financial Performance and Benefit	0.037	0.617	0.096	0.131
Investment and Services	0.033	0.571	0.073	0.136
Role in Community	-0.001	0.977	-0.022	0.560

Networking and relationships	0.118*	0.064	0.142**	0.009
Cooperative Ideology	0.247***	0.000	0.110**	0.009
Trust	-0.100	0.14	-0.058	0.317
Political and administrative Issues	0.038	0.502	-0.006	0.902
Homogeneity of Members	0.048	0.134	0.115***	0.000
Participation in decision making	0.128*	0.052	0.076	0.176
Adjusted R2	0.298		0.320	
F value	17.451***	0.000	19.212***	0.000

Source: Survey Data, 2019

***, **, *: Indicate statistical significance at the 1% level, 5% level and 10% level.

According to table 4 for normative commitment, cooperative ideology has positively significant at 1% level ($p\text{-value}=0.000 < 0.001$). The networking and relationship, and participation in decision-making have positive relationship at 10% significant level ($p\text{-value}=0.064, 0.052 < 0.1$). It means that developing the perception of being obligated to remain within the society relate to member interact each other, promote cooperative ideology, create a positive image about cooperative, reward active participation, and listening the voice of member.

For overall member commitment, homogeneity of members has positive relationship at 1% significant level ($p\text{-value}=0.000 < 0.001$). The networking and relationship, and cooperative ideology have positive relationship at 5% significant level ($p\text{-value}=0.009, 0.009 < 0.05$). It shows that the cooperative gives members the possibility to exchange information because members see each other as colleagues and can develop strong social ties with one another. The same interests, beliefs and goals can be provided by the cooperatives' platform to socialize with people. As a result, sharing cooperative ideology will increase member commitment. Homogeneity of the member is very important for member commitment because the decision-making process can become more easy, coordination between the cooperative and the members easier, and willingness to invest can increase.

IV. Finding and Discussion

According to members' demographic and saving and credit information, the findings show that 72.6% of members are females with 40.6% of them being under 30 years old. The 76.6% of members are educated and half are staffs. The members who have involved in the society are less than 1-5 years. The members who have one to two shares are 87.5%. Almost 99% of members represent voluntary involving

and 77% of the members are trusty for saving in the society. Results also show 97% of members used loan with efficiently and more than half of the members used loan for foods.

This study decomposed member commitment into affective commitment, continuous commitment, and normative commitment. These three dependents were found significantly influenced by different independent variables. Results show that economic variables of investment and service has a positive impact on affective commitment in their cooperative. It shows that members who save or invest in their cooperative are more commitment. Therefore, investment and services will increase member commitments which are a high desire to contribute the goals of the society.

It can be found that networking and relationship has a positive impact on continuous commitment, normative commitment, and overall member commitment. It means that providing opportunities for social interaction amongst members, building information relationships amongst member and between member and cooperative officer or Board of Director (BoD), offering (financial) rewards to members who recruit new member, and organizing activities can stimulate member commitment.

Cooperative ideology has a positive effect on normative commitment and overall member commitment. Trust has positive effect on affective commitment and negative effect on continuous commitment. It means that the more the member feels as a part of a socially and economically integrated system, and the more the member perceived the organization being important to his future situation, the more they committed in their society.

Homogeneity of member has impact on continuous commitment and overall member commitment, and participation in decision-making has positive impact on continuous commitment and normative commitment while it has negative impact on affective commitment. It means that emphasizing and organizing the homogeneity of member interests, and promoting the cooperative activities are very important for member commitments.

Member commitment is essential element for the long term success and survival of cooperatives. It is also a critical issue for sustainable and effective cooperation that is related to the cooperative's ability to develop a good-well as an effective agent for the members. Based on this study, networking and relationship, cooperative ideology, and homogeneity of members are the most important factors to achieve the member commitment

1. Suggestion and Recommendation

Due to the results, the suggestion and recommendation for policy implication can be done for saving and credit cooperative that would like to increase the member

commitment. Increasing the homogeneity of members is very important to promote the activities of the cooperatives because members have the same interests or same background. Better understanding cooperative processes will bring more involvement and more commitment.

Increasing the awareness of members about the importance of networking and relationship with their cooperatives and organizing events will bring members and the BoD members together. This can be like organizing cooperative movement forum and celebrating cooperative annual day. This will enhance transparency and mutual understanding between members and the BoD.

Promoting the cooperative ideology enables members to build a sense of ownership towards their cooperatives and developing a real sense can get self-help through mutual help. Therefore, members can better understand the benefits gained from the society. And members are attracted to participate more to the cooperative. Increasing the mutual trust between members and the BoD can provide necessary information to members like posting information on notice boards, through local newspapers and local media-FM radio programs. As a result, members can easily access information, create transparency and enhances the trust of members on the BoD.

There should have the activities that reward members' participation in decision making.

Therefore, members can freely express their feeling during meetings, develop a good idea and contribute the group's decision making process.

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