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Philosophy and the role of cooperatives in the development of social capital. Case study: rural women's microcredit cooperatives in Iran

(La filosofía y el papel de las cooperativas en el desarrollo del capital social. Estudio de caso: cooperativas rurales de microcrédito de mujeres en Irán)

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Summary: 1. Introduction. 1.1. Literature review. 2. Methodology. 2.1. Study area. 2.2. Sampling and data collection. 3. Results. 4. Discussion. 5. References.

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Abstract: The empowerment of people in the society by synergizing the components of social capital (awareness, cohesion, trust and participation) causes transformation in that society. The aim of this study was to investigate the Philosophy and the role of cooperatives in the development of social capital. The statistical population of this study were women members of microcredit funds in Marvdasht Township in Iran. According to the database information, they include 2000 and from this number, 200 statistical samples were selected based on Cochran's sampling formula and completely randomly. The main research tool was a questionnaire. The validity of the questionnaire was

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confirmed using the opinions of university professors and experts, and its reliability was also confirmed using Cronbach's alpha coefficient higher than 80%. The results of the research showed that the index of social capital and components of awareness, trust, participation, cohesion and networks were weak in women. The results of the study showed that there is a positive and significant relationship between the empowerment of fund members and social capital (awareness, cohesion, trust, participation and networking). Among the factors affecting social capital, risk-taking with a beta coefficient of 0.637 has been the most important factor affecting the development of social capital of women members of credit funds. The results of the research emphasize that people's participation in cooperative activities will create a social base for people and then social identity and cohesion for them, which will ultimately lead to the empowerment of rural women.

Keywords: social capital; microcredit; participation; development; gender equality.

Resumen: El empoderamiento de las personas en la sociedad mediante la sinergia de los componentes del capital social (conciencia, cohesión, confianza y participación) provoca una transformación en esa sociedad. El objetivo de este estudio fue investigar la filosofía y el papel de las cooperativas en el desarrollo del capital social. La población estadística de este estudio fueron las mujeres miembros de los fondos de microcrédito en el municipio de Marvdasht en Irán. Según la información de la base de datos, incluyen 2000 y de este número, se seleccionaron 200 muestras estadísticas según la fórmula de muestreo de Cochran y de forma completamente aleatoria. La principal herramienta de investigación fue un cuestionario. La validez del cuestionario se confirmó mediante las opiniones de profesores universitarios y expertos, y su fiabilidad también se confirmó mediante el coeficiente alfa de Cronbach superior al 80%. Los resultados de la investigación mostraron que el índice de capital social y los componentes de conciencia, confianza, participación, cohesión y redes eran débiles en las mujeres. Los resultados del estudio mostraron que existe una relación positiva y significativa entre el empoderamiento de los miembros de los fondos y el capital social (conciencia, cohesión, confianza, participación y redes). Entre los factores que afectan al capital social, la toma de riesgos con un coeficiente beta de 0.637 ha sido el factor más importante que afecta al desarrollo del capital social de las mujeres miembros de los fondos de crédito. Los resultados de la investigación destacan que la participación de las personas en actividades cooperativas creará una base social para las personas y, a su vez, una identidad y cohesión social para ellas, lo que en última instancia conducirá al empoderamiento de las mujeres rurales.

Palabras clave: capital social; microcrédito; participación; desarrollo; igualdad de género.

1. Introduction

The empowerment of women has become one of the main priorities of sustainable development (Adeleye *et al.*, 2024). The way to achieve social development, accelerate the process of economic development and achieve social justice is possible if women are seen as active and productive forces in society (Golkar, 2019). Women, especially in developing countries, are the weakest group in society (Hendriks, 2019). Women make up almost half of the active workforce in the agricultural and rural sector worldwide and produce half of the products related to the sector. Of course, if the production base is strengthened, they can be more productive and efficient to increase their production and strengthen themselves and society (Pierotti *et al.*, 2022). The empowerment of women implies that women are given the opportunity or ability to experience life as they wish and to identify their skills, knowledge and abilities (Azimi *et al.*, 2022). In addition, rural women, although they have many talents in various fields, usually for many reasons, their talents remain potential or are not given enough opportunities to develop. In most societies, they lack sufficient skills and opportunities to reduce poverty and increase their skills (Wei *et al.*, 2021). Women are said to be economically stronger when they have equal access and control over economic resources and opportunities, and when it is relatively easy for women to access decision-making positions and mobilize existing legal, financial, social and political capital. make and make decisions that affect their lives and those around them (Farhzadeh and Alihoseni, 2023).

Cooperatives can only deal with collective action problems if there is enough social capital in the organization. As such, social capital can be considered the "fuel" of a cooperative (Stoop *et al.*, 2021). Cooperatives are member-owned business organizations characterized by democratic and inclusive governance. Social capital is created in contexts where interdependence is high, such as cooperatives, where common ownership of the company implies a high interdependence between members. Cooperatives are social enterprises based on trust and cooperation. In other words, social capital is understood as one of the main characteristics of these organizations compared to capitalist enterprises, because social networks supported by norms of reciprocity and trust are the basis of cooperatives (Saz-Gil, 2021). A cooperative is a combination of a cooperative member organization (society) and a cooperative business enterprise. The internal management of cooperatives is particularly interesting because members have individual interests, but they jointly own the cooperative and must jointly manage it. Therefore, social capital is needed in the member organization. Social capital, or trust between people, helps

resolve conflicts between members and thus lowers transaction and administrative costs (Nilsson, 2023).

According to a World Bank report, one of the most common ways to empower women around the world is through microfinance, which empowers women to make decisions by increasing their income, access to markets, knowledge and increasing their participation in social change. (Gautam and Mishra, 2016). According to Amartya Sen (1994), on the one hand, income is an important tool in achieving empowerment, and on the other hand, increasing empowerment in non-income fields leads to an increase in income productivity and directly leads to an increase in the absolute amount of income (Zamanimoghadam and Afshani, 2021)

Cooperatives have proven to be more resilient than investor-owned firms during economic crises, especially cooperative banks (Valentinov and Iliopoulos, 2021). Microcredit cooperative refers to the provision of financial services to low-income target groups in collective groups that include women and individuals with limited access to financial resources and banking services (Khan, 2016). Microcredit cooperatives are an appropriate and effective platform for implementing rural women's empowerment programs. Many rural women experience participation in the community and with other members by being members of these foundations. Their self-confidence grows and they find the strength to express themselves, speak, make suggestions, train, realize their skills, use micro-spaces and succeed. With the financial support of the cooperative, women start a business or develop their own work (even if they are small) (Akhter and Cheng, 2020).

Today, the presence of women in society and their participation in economic and social activities has become one of the most important indicators of human development, because the economic activities of women have a direct relationship with reducing poverty and increasing social well-being (Aryana *et al.*, 2020). The prosperity and progress of society also depends on the participation and joint role of women and men in society (Azimi *et al.*, 2022). One of the positive effects of this method is easier access to low-cost destinations and the establishment of local and small businesses, which increases the well-being of rural households (Ghasemi *et al.*, 2023). In addition, this subject also improves the social status of women. Improving the social status of women helps to increase their self-confidence and a more effective presence in society. Borrowing from microfinance sources and an appropriate model of credit consumption change the financial situation and level of influence opportunities of the beneficiaries and create changes in the well-being of the beneficiaries in the long term (Mccarthy, 2017). Although microcredit is partial, but the bargaining power gives them resources for decision-making and

control and increases their self-esteem in families and communities (Ghahsemi *et al.*, 2023). The present research was conducted with the aim of investigating the role of microcredit cooperatives for rural women in the development of social capital and as a result of their empowerment in one of the regions of Iran where the first microcredit cooperatives for rural women were formed. It is hoped that the results of the research will be effective as a corrective feedback for the success of these types of cooperatives in Iran and the world.

1.1. Literature review

Akhter and Cheng (2020) research result showed that there is a significant impact of microcredit on increasing participation in the overall decision-making process, in legal awareness, independent movements, and mobility, as well as enhancing living standards to encourage sustainable women empowerment in Bangladesh. Also, Ariana *et al.* (2020) also confirm that paying low-interest facilities and developing women's entrepreneurship can help empower them in the family and society. In addition, Karimi *et al.* (2020) also came to the conclusion that gender equality in the field of women's education can be effective in the economic development of countries and cause the growth of the country's gross domestic product.

Wei *et al.* (2021) research result showed that the women's empowerment has a great influence on health, nutrition, education, and the overall well-being of societies as well as of the children and households. Overall, it is found that women's empowerment has a great impact on the reduction of income poverty and multidimensional poverty in society. Also, Kherie *et al.* (2021) research results showed that, cooperatives and their positive performance can provide the basis for social and economic development. In additional, Deng *et al.* (2021) research result showed that, cooperatives usually enjoy a high level of social capital in the early stages of the life cycle. However, the level of social capital in cooperatives exhibits a declining trend along the development of the organization. The decrease of social capital will lead to an imbalance of the social and economic attributes of cooperatives. The cooperative's governance structure must change accordingly.

Azimi *et al.* (2022) research results showed that women's membership in organizations, organizations, and cooperatives can help women become more aware of their social roles by increasing their communication. Also, Saz-Gil *et al.* (2021) research emphasized that cooperatives may find that strengthening social capital is a key way to achieve their internal and external objectives.

Wulandhari *et al.* (2022) research results showed that, in cooperatives economically, strengthening social capital (channeling) may result in organizational transparency and collaborative work, while widening social networks (targeting) develops velocity and flexibility. Socially, both mechanisms lead to the emergence of individual-level resilience capabilities. Also, Wulandhari *et al.* (2022) research result showed that economically, strengthening social capital (channeling) may result in organizational transparency and collaborative work, while widening social networks (targeting) develops velocity and flexibility. Socially, both mechanisms lead to the emergence of individual-level resilience capabilities.

Akbari *et al.* (2023) research results showed that, from the viewpoint of the members of rural cooperatives, the most important factor in improving the performance of cooperatives was the use of effective extension training (model-extension sites). The results also showed that members' satisfaction and training members of cooperatives can play an important role in improving the performance of cooperatives. Also, Ghahsemi *et al.* (2023) research result showed that rural women empowerment variable had a mediating role in the relationship between psychological variables and environmental conservation. In addition, Feizabadi *et al.* (2023) study results showed that all dimensions of social capital increased after joining the cooperative, with an overall increase of 18.3% in social capital reported by all respondents. Additionally, 90.6% of the participants experienced an increase in social capital after becoming members.

Kustepeli *et al.* (2023) results research emphasized that, membership in an agricultural development cooperative is a significant factor, which not only affects trust and augments social capital but also improves livelihoods in terms of income perception and eating habits. Also, Nilsson (2023) research result showed that, if the collective and individualistic elements of cooperatives are poorly aligned, agency problems appear. Both bridging and bonding types of social capital are needed to solve the problems concerning the internal governance of cooperative societies.

2. Methodology

This study is a descriptive-analytical study (Ameri *et al.*, 2023). The resulting data were collected using appropriate and feasible data collection tools to address existing problems. Questionnaires were used as tools to achieve the objectives of this study (Gopalan *et al.*, 2020). The statistical population of the research was rural women members of micro credit cooperatives in Marvdasht County of Fars province in Iran.

2.1. Study area

Marvdasht County is located in Fars Province, Iran, between 29° 15' and 30° 59' N latitudes and 51° 44' and 53° 30' E longitudes (Figure 1). The area covers 4040 km², of which 1837 km² is mountainous and the remaining 2203 km² consists of a fertile agricultural plain. Its average temperature is about 17.7 °C, and the average rainfall 390 mm, mostly falling in the winter months (Eskandari *et al.*, 2015; Khalili *et al.*, 2021).



Figure 1

Marvdasht County of Fars province in Iran (Khalili *et al.*, 2021)

2.2. Sampling and data collection

The statistical population of this study is a community of 2000 people consisting of 45 rural women's microcredit funds in Marvdashti township, Iran, 8 funds were randomly selected from the women's microcredit funds in that village. Twenty-five members were collected from these eight personally designed questionnaires and survey mate-

rials using completely random sampling. The result is that the statistical sample is 200 members of the microcredit cooperative. The main research instrument was a researcher made questionnaire based on measuring the components of social capital with measures of awareness, social cohesion (identity), trust, participation and networking. The validity of the research instrument was based on the opinion of academic experts and administrators (Dinnesen *et al.*, 2020). The reliability of the research instrument (questionnaire) was measured by Cronbach's Alpha coefficient. Cronbach's alpha has been described as "one of the most important and ubiquitous statistics in the study of test design and use" to the extent that its use in multi-item research is considered routine. Alpha is often considered in the development of scales to measure attitudes and other affective constructs. However, there are also reports in the literature on the development of human knowledge and comprehension tests, where Cronbach's alpha is mentioned as an indicator of instrument quality (Taber, 2018). The results of the reliability test of the questionnaire showed that the research tool is very reliable (94%) (Table 1).

Table 1
Reliability Analysis (Alpha)

Scale Name	No. Of items	Alpha Value
Awareness	12	0.769
Social Cohesion	10	0.765
Participation	12	0.776
Networking	11	0.749
Social Capital Index	45	0.937

Source: Research finding.

3. Results

The findings of the research showed that rural women members of microcredit cooperatives in the statistical population have an average age of almost 42 years and only nearly 20% of them have university education. In addition, most of them are housewives and in the statistical sample, nearly 79% do not have pension insurance (Table 2).

Table 2
Individual characteristics of the statistical sample

Variables	Frequency	Percent	Cumulative percent	Statistics
Age (years)				
36>	64	32.0	32.0	Mean: 41.58 Mod: 52 Variance: 109.561
37-54	121	60.5	92.5	
<55	15	7.5	100.0	
Total	200	100.0	—	
Educational level				
Illiterate	17	8.5	8.5	Mod: High school
Primary school	42	21.0	29.5	
Secondary school	30	15.0	44.5	
High school	72	36.0	80.5	
Post high school	39	19.5	100.0	
Total	200	100.0	—	
Social Security Insurance Status				
Yes	43	21.5	21.5	Mod: No social security insurance
No	157	78.5	100.0	
Total	200	100.0	—	
Main job				
Housewife	112	56.0	56.0	Mod: Housewife
Greenhouse owner	21	10.5	66.5	
Farmer	11	5.5	72.0	
Tailor	9	4.5	76.5	
Other	47	23.5	100.0	
Total	200	100.0	—	

Source: Research finding.

The findings of the research showed that, the purpose of rural women's membership in the microcredit fund is more related to participation in group work and earning money (income). Also, the level of satisfaction with the business they have done using small credit has also been reported as medium to high (Table 3).

Table 3
The purpose of membership in the microcredit cooperative

Variables	Frequency	Percent	Cumulative percent	Statistics
Purpose of membership				
Participation in group work	53	26.5	26.5	Mean: 41.58 Mod: Income and Participation
Income	73	36.5	63.0	
Social learning	7	3.5	66.5	
Sharing experiences	13	6.5	73.0	
Business startup	34	17.0	90.0	
Receive facilities	14	7.0	97.0	
Other	6	3.0	100.0	
Total	200	100.0	—	
Business Satisfaction				
Very low	18	9.0	9.0	Mod: Medium and High
Low	23	11.5	20.5	
Medium	68	34.0	54.5	
High	62	31.0	85.5	
Very high	29	14.5	100.0	
Total	200	100.0	—	

Source: Research finding.

The findings of the research showed that the social capital index and its components in rural women members of microcredit cooperatives is reported as medium to low (Table 4).

Table 4
The the social capital index and its components

Social capital components	Very low%	Low%	Medium%	High%	Very high%	Mean%
Awareness	7.0	64.0	21.5	6.0	1.5	38.4
Social cohesion	4.5	72.5	14.5	8.0	0.5	37.9
Trust	10.0	60.5	20.5	8.5	0.5	37.3
Participation	21.0	56.0	14.5	8.5	0.0	35.6
Networking	13.5	65.5	12.0	9.0	0.0	34.9
Total	61.0	26.0	4.5	8.0	0.5	36.7

Source: Research finding.

In order to investigate the effect of the type of guarantee of individuals in micro-funds for the facilities received on the amount of social capital, Kruskal-Wallis H-test was used. The research results show that there is a significant difference in social capital with the type of guarantee of individuals in the fund at the level of 95%. In other words, the women members of the rural women's micro-fund, who presented promissory notes and checks for the received facilities, have higher awareness, and those who chose group guarantee for receiving facilities from the fund, have higher trust, and also, those who presented market documents, had more participation, networking and social cohesion (Table 5).

Table 5
Women's guarantee to receive loans and the social capital index

Social capital Components	Type of credit guarantee	Frequency	Mean Rank	Sig
Awareness	Market documents	3	184.01	0.019
	Promissory note and check	135	102.60	
	Group guarantee	62	91.88	
Social cohesion	Market documents	4	178.50	0.053
	Promissory note and check	134	100.59	
	Group guarantee	62	96.52	
Trust	Market documents	4	164.00	0.065
	Promissory note and check	130	95.45	
	Group guarantee	66	106.73	
Participation	Market documents	4	177.50	0.017
	Promissory note and check	134	94.81	
	Group guarantee	62	109.17	
Networking	Market documents	3	188.50	0.010
	Promissory note and check	135	92.25	
	Group guarantee	62	107.67	
Total	Market documents	3	181.00	0.030
	Promissory note and check	133	96.01	
	Group guarantee	64	107.07	

* Significant at 0.05 levels ($p < 0.05$)

** Significant at 0.01 levels ($p < 0.01$)

Stepwise multiple regression analysis was used to analyze the effect of variables on the social capital index of women. According to the results, the business complexity variable with a coefficient of determination of 0.368 was taken into the first stage of the analysis. This variable accounted for 12% of the variation associated with the dependent variable. The variable of individual skill development was analyzed in two stages. This variable accounted for 23% of the variation associated with the dependent variable. The risk variable was analyzed in three steps. This variable accounted for 12% of the variance associated with the dependent variable. The dissatisfaction variable was analyzed in four steps. This variable accounted for 13% of the variation associated with the dependent variable. The work failure variable was analyzed in five steps. This variable accounted for 11% of the variance associated with the dependent variable. In the sixth stage, the variables of loans and debts were analyzed. This variable accounted for 2% of the changes associated with the dependent variable. In the seventh step, the variable of ambiguity of activities was analyzed. This variable accounted for 3% of the variation associated with the dependent variable. In the eighth step, the aspiration variable was analyzed. This variable accounted for 2% of the changes associated with the dependent variable. Analyses of these total variables indicated that they determined about 75% of the variation associated with the social capital index for women (Tables 6).

Table 6

Step by step regression analysis the variables effect to women social capital index

Steps	R	R ²	R ² Adj	Standard error
1	0.368	0.135	0.120	7.08864
2	0.609	0.371	0.348	6.10053
3	0.700	0.490	0.462	5.54248
4	0.791	0.626	0.598	4.78950
5	0.843	0.710	0.683	4.25717
6	0.857	0.734	0.702	4.12159
7	0.873	0.762	0.729	3.93379
8	0.885	0.783	0.748	3.79298

Source: Research finding.

The analysis of β changes showed Therefore, the variable effect of risk-taking of people with a beta coefficient of 0.637 and the development of individual skills with a beta coefficient of 0.548 and people's effort (striving) with a coefficient of 0.241 have a positive effect on development of women social capital index in cooperatives. The social capital of female members of credit funds was negatively affected by variables such as business complexity, dissatisfaction, operational failure, loans and debts of female members, and operational ambiguity. Other results are shown in Table 7 .

According to the regression coefficient the regression line equation could be written as:

$$Y = -42.247 - 6.864 x_1 + 5.501x_2 + 5.211x_3 - 3.204x_4 - 2.472 x_5 - 0.009x_6 - 3.412 x_6 + 2.208x_7$$

x_1 = Business complexity

x_2 = Development of individual ability

x_3 = Risk-taking

x_4 = Dissatisfaction

x_5 = Lack of success in activities

x_6 = Loans and debts

x_7 = Ambiguity in activities

x_8 = Striving

Table 7
Influential factors effect to women social capital index

Variables	B	Beta	T	Sig.
Coefficient	42.247	—	10.072	0.000
Business complexity	-6.864	-0.770	-7.309	0.000
Development of individual ability	5.501	0.548	5.325	0.000
Risk-taking	5.211	0.637	6.769	0.000
Dissatisfaction	-3.204	-0.345	-4.282	0.000
Lack of success in activities	-2.472	-0.315	-3.867	0.000
Loans and debts	-0.009	-0.191	-2.105	0.040
Ambiguity in activities	-3.412	-0.341	-3.343	0.002
Striving	2.208	0.241	2.286	0.034

Source: Research finding.

4. Discussion

One of the results of all types of organizations, especially cooperative organizations, is the improvement of people's social capital, especially with indicators such as awareness, social cohesion, trust, participation and networking. In fact, cooperatives are a perfect set of social capital indicators that lead to the empowerment of their members by engaging people in networking, identity building, trust and team participation. The research results showed that people who chose the group guarantee had a higher trust index. The creation of trust is based on the common interests of the group and the organization. Trust is a type of reciprocity norm defined and developed in social networks such as cooperatives and organizations.

The survey results also showed that those who sent marketing documents to obtain facilities had greater participation, networking and social cohesion. Therefore, it can be emphasized that an increase in participation leads to the emergence of a network and a social base, followed by identity. And social cohesion is formed. In this case, personal credit is created and a person can use marketing documents in social communication and reception rooms.

The result of the study showed that although the social capital index of people is low, their awareness and also social cohesion, trust, participation and networking are weak, which is due to lack of education or weakness. It is therefore proposed to implement the necessary mechanisms to provide adequate training to raise awareness, improve social identity, build member trust, participation and networking, and finally improve the social capital of individuals. Increase people's ability to change to develop their local communities. The result of the study showed that it is possible to empower people through organizational and group solutions, such as the creation of microcredit cooperatives for rural women. Therefore, proper planning along with proper targeting and research of the target communities is recommended for the development of such organizations. Essentially, networking, especially the creation of cooperatives in local communities, helps improve people's social identity (cohesion), and identity increases empowerment. The role of identity is very important in building social capital and then people's sense of security. Safety reduces the risk of hazards and increases confidence in people and ultimately helps their skills.

The establishment of collective organizations in rural areas led to the formation of a rising collective identity among the villagers, which is the beginning of people's empowerment. Although one of the char-

acteristics of developing countries like Iran is the lack of comprehensive development and change programs, especially in rural areas, the use of women's microcredit funds in the world and in Iran seems to be a relatively successful experience in creating sustainability and development in rural areas. Therefore, by adapting feedback-based processes according to research results, it can be hoped that these types of organizations and cooperatives can lead to the development of women's social capital and empowerment in society. The creation of such funds is based on the development model of Grameen Bank, which is oriented towards providing microcredit to weak and relatively poor people in society based on their skill level and as a result of developing and improving their social capital indicators. . The results of this study also indicate relatively appropriate targeting of this type of organization (microcredit funds for women in rural areas of Iran). Of course, it should be noted that these funds have not been able to create a suitable mechanism to social security insurance their members.

The research findings confirm that microcredit cooperatives can lead to the development of women's social capital and, as a result, their greater empowerment in the long term. Although there are still many issues and problems until reaching a comprehensive and effective model of this type of cooperatives for the full empowerment of rural women, and it requires different researches in different dimensions and different places.

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