

Participation in Credit and Non-Credit Support Services: An Empirical Analysis Agricultural Cooperatives in Thailand

Jumtip Seneerattanaprayul and Christopher Gan

Faculty of Agribusiness and Commerce, Department of Financial and Business Systems, PO
Box 85084, Lincoln University, Canterbury, New Zealand

Abstract. Several studies have exhibited that microcredit is not successful in promoting rural household welfare. In order to improve the effectiveness of credit, some researchers suggest that non-credit support services could be provided simultaneously with credit. In spite of Thai agricultural cooperatives (ACs) providing credit and non-credit support programs to help the rural households, the numbers of poor in rural areas have not been reduced significantly as forecasted. One possible cause impeding the effectiveness of ACs to improve rural households' welfare is low participation rate in ACs. This study examines the determinants of households' decisions to become AC members and participate in AC credit and marketing services using the Heckman selection model. The data is collected using a household survey questionnaire from AC members and non-members. A two-stage stratified sampling technique were employed to select rural household sample in order to obtain best representatives of the study population. The findings confirm that ACs play a significant role in assisting middle-class households to access credit and markets. Households' farm risks and their expected benefits from AC service participation have significant effects on their decisions to participate in AC services. Moreover, attributes of AC services significantly determine level of participation in AC services.

Keywords: Credit Service, Marketing Services, Agricultural Cooperatives, Heckman Selection Model, Thailand