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Why Cooperative Societies are Collapsing in Nepal

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Abstract

This study examines the why are cooperative societies are collapsing in Nepal. Collapse of cooperative societies is the dependent variable. The selected independent variables are regulatory environment, financial management practices, Market competition, social capital, Government support. The primary source of data is used to assess the opinions of respondents regarding regulatory environment, financial management practices, Market competition, social capital, Government support, Collapse of Cooperative Societies. The study is based on primary data of 110 respondents. To achieve the purpose of the study, structured questionnaire is prepared. The correlation and multiple regression models are estimated to test the significance and importance of why are cooperative societies collapsing in Nepal

The study shows that regulatory environment is negatively correlated to the collapse of cooperative Societies. It indicates that in regulatory environment decrease likelihood collapse of cooperative societies. Likewise, financial management practices is negatively correlated to the collapse of cooperative societies. It indicates that increase in better financial management Practices leads to decrease in collapse of cooperative societies. Furthermore, market competition is negatively correlated to the collapse of cooperative societies. It indicates that increase in market competition leads to decrease in collapse of cooperative societies. Likewise, social capital is negatively correlated to the collapse of cooperative societies. This implies that improvement in social capital leads to the decrease in collapse of cooperative societies. Similarly, government support is negatively correlated to the collapse of cooperative societies. It indicates that in government support leads to the decrease in collapse of cooperative societies.

Keywords: regulatory environment, financial management practices, market competition, social capital, government support, collapse of cooperative societies

1. Introduction

Cooperatives are recognized for their potential to promote sustainable practices and social responsibility. By prioritizing member interests over profit maximization, cooperatives can implement environmentally friendly practices and contribute to sustainable development goals (Agarwal & Jain, 2019). This unique positioning allows cooperatives to address pressing societal issues, such as poverty reduction and social inequality, through collaborative efforts and shared resources (Jorge, 2020). The cooperative model also emphasizes education, training, and information sharing as fundamental principles, ensuring that members are equipped to actively participate in governance and decision-making (Spear & Rizzo, 2016). The evolving regulatory environment also impacts the operational effectiveness of cooperatives. Supportive policies can enhance cooperative development, while stringent regulations may pose challenges to their sustainability and growth (Smith & Johnson, 2021). Furthermore, the social capital embedded within cooperatives characterized by trust, reciprocity, and mutual aid enhances member engagement and commitment, fostering a sense

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of belonging and community (Böcher, 2017).

According to Woolcock (1998), the collapse of cooperative societies in Nepal is an issue of growing concern, significantly impacting the socio-economic development of the region. Cooperative societies, intended to promote economic growth, social cohesion, and poverty alleviation, are facing numerous challenges that threaten their sustainability and effectiveness. According to Clark & Taylor (2019), financial mismanagement is a primary factor contributing to the collapse of cooperative societies. Inadequate financial oversight, misappropriation of funds, and poor budgeting practices undermine the financial health of cooperatives, leading to insolvency. Study found that effective financial management is crucial for the sustainability of cooperatives (Johnson & Martinez, 2017). Without proper financial controls, cooperatives are unable to achieve their economic goals and are at high risk of failure (Williamson, 2000). Similarly, Smith & Brown (2016) found that leadership and governance issues also play a critical role in the collapse of cooperatives. Ineffective leadership, lack of transparency, and accountability issues can erode trust and member participation, which are essential for the success of cooperative societies. (Hernandez & Kumar, 2020).

Regulatory constraints and unclear legal frameworks pose significant challenges for cooperatives in Nepal. Inconsistent regulations and excessive bureaucratic procedures can create obstacles that hinder the operations and growth of cooperatives (Williams & Brown, 2019). Similarly, Jones & Smith (2018) found that supportive policies and clear guidelines are necessary to foster a conducive environment for cooperative development. Market competition is another critical factor affecting the sustainability of cooperative societies. According to Smith & Johnson (2019), the competition from private and multinational companies puts cooperatives at a disadvantage, especially when they lack the resources and capabilities to compete effectively. Wilson & Patel (2018) found that Cooperatives often struggle to innovate and adapt to changing market conditions, further compromising their viability. Putnam (1995) found that Cultural and social factors also influence the success of cooperatives. Cultural barriers, such as resistance to change and a lack of cooperative culture, can impede the development and effectiveness of cooperatives. Salas *et al.* (2012) found that training and capacity building are crucial for the success of cooperative societies. Insufficient training and capacity-building programs for members and leaders lead to a lack of necessary skills and knowledge, which are essential for effective management and operations. Garcia & Patel (2020) found that without proper training, cooperatives may fail to implement best practices and achieve their objectives. Wanyama *et al.* (2008) found that economic constraint, economic instability and fluctuations can impact the financial health and sustainability of cooperative societies. Ensuring economic stability and providing access to necessary resources are vital for the growth of cooperatives.

Granovetter (1985) found that social capital and member participation are foundational elements of successful cooperatives. Similarly, Khan & Adnan (2014) found that active participation and engagement from members are crucial for effective governance and decision-making processes. According to Dees & Anderson (2003), challenges requires a multifaceted approach, including improving financial management practices, enhancing leadership and governance, creating supportive regulatory frameworks, promoting a cooperative culture, providing training and capacity-building programs, and ensuring adequate external support and resources for cooperatives. Likewise, Portes (1998) found

that tackling these issues, cooperative societies in Nepal can overcome the barriers to their success and achieve their full potential.

AfranaaKwapong *et al.* (2013) found that on factors that led to the collapse of many cooperative unions are related to the years of political instability, the inability of the union to compete on a liberalized market, the accumulation of huge debts, and poor management. Likewise, Mfunne (2005) found that the collapse of agriflora has had negative effects on the growers of MCS in terms a significant decrease in crop production, decline in farmer income, lack of technical assistance such as extension services, transportation problems and reduced contraction in employment opportunities for farm workers. Kamau (2010) found that the ministry of co-operatives should launch a campaign aimed at recruiting more members for the societies with low membership in order to make them strong and at the same time intensify supervision of the management of the giant societies to ensure proper financial management and hence enhanced benefits to members. Similarly, Wairimu (2014) found that the government promoted the co-operative societies in Nyandarua County after independence. This was mainly done through education and training. Similarly, Mtey (2005) found that the study results from kk assessment revealed that with proper organization and control, savings and credit cooperative societies can truly alleviate poverty to its members. saccos are expected to improve, continue and expand their role in rural financial services.

Novakovic (2008) found that leadership and governance issues also play a critical role in the collapse of cooperatives. Ineffective leadership, lack of transparency, and accountability issues can erode trust and member participation, which are essential for the success of cooperative societies. Similarly, Cornforth (2004) highlighted that effective leadership and good governance practices are necessary to build and maintain trust among cooperative members and ensure the organization's success. Likewise, Hagen (2009) stated that regulatory constraints and unclear legal frameworks pose significant challenges for cooperatives globally. Inconsistent regulations and excessive bureaucratic procedures can create obstacles that hinder the operations and growth of cooperatives. Simmons and Birchall (2008) argued that supportive policies and clear guidelines are necessary to foster a conducive environment for cooperative development. Nilsson (2001) found that market competition is another critical factor affecting the sustainability of cooperative societies. Intense competition from private and multinational companies puts cooperatives at a disadvantage, especially when they lack the resources and capabilities to compete effectively.

Bibby & Shaw (2005) found that adequate support from government and non-governmental organizations can enhance the development and sustainability of cooperative societies. Likewise, Ortmann & King (2007) found that economic constraints, such as limited access to markets and resources, also hinder the economic viability of cooperatives. Economic instability and fluctuations can impact the financial health and sustainability of cooperative societies. Granovetter (1985) highlighted that strong social capital and high levels of trust and cooperation among members are necessary for the effectiveness and cohesion of cooperatives. Dees & Anderson (2003) found that addressing these challenges requires a multifaceted approach, including improving financial management practices, enhancing leadership and governance, creating supportive regulatory frameworks, promoting a cooperative culture, providing training and capacity-building programs, and ensuring adequate external support and resources for cooperatives.

Sapovadia (2019) examined pleonexia and politics over professionalism, highlighting that cooperative banks in India have faced significant administrative restrictions, leading to their collapse. The study found that critical role cooperative banks and credit cooperative societies play in the socio-economic development of India. Similar findings by Spencer (2018) suggested that clustered networks protect cooperation against catastrophic collapse by retaining cooperative norms in the face of widespread disturbances. Diale (2018) investigated the factors that led to the collapse of agricultural cooperatives in the Sekhukhune District of the Limpopo Province, identifying conflicts as a major source of failure. The study revealed that a number of other factors, such as poor management practices and lack of member engagement, contributed to the collapse of these cooperatives. Additionally, Osthagen *et al.* (2020) examined the breakdown in resource cooperation for the Northeast Atlantic mackerel fishery, highlighting how domestic interests and weak international regimes can hinder effective management of shared resources.

Okunoye and Sanusi (2018) examined cooperative societies' capital formation as a means to poverty reduction among low-income earners in Nigeria. The study found that cooperatives contribute significantly to national growth and development by reducing poverty rates and creating opportunities for members to live meaningful lives. Likewise, Kalogiannidis (2020) studied agricultural cooperatives in Greece, emphasizing the need for modernization to ensure sustainable development. The study suggested that cooperatives must adapt to changing economic conditions and improve their operational models to remain relevant and effective.

In the context of Nepal, the collapse of cooperative societies in Nepal is a multifaceted issue that has significant implications for the socio-economic development of the region (Pokharel, 2009). Likewise, Maharjan (2008) found that cooperatives, which are designed to promote economic growth, social cohesion, and poverty alleviation, are increasingly facing challenges that threaten their sustainability. Similarly, Koirala (2012) found that the failure of these cooperatives can be attributed to a variety of factors including financial mismanagement, poor leadership, regulatory constraints, and external market pressures. Bhandari (2014) found that financial mismanagement is one of the primary reasons behind the collapse of many cooperative societies in Nepal. Issues such as inadequate financial oversight, misappropriation of funds, and poor budgeting practices have been prevalent, leading to insolvency and eventual failure. According to Shakya (2015), effective financial management practices are crucial for the sustainability of cooperatives, as highlighted by several studies. Similarly, Dhakal (2012) found that without stringent financial controls, cooperatives are unable to meet their economic goals and are at a high risk of failure.

Bhattarai (2010) found that leadership and governance issues also play a critical role in the downfall of cooperatives. Ineffective leadership, lack of transparency, and accountability issues can erode trust and member participation, which are essential for the success of cooperative societies. Similarly, Joshi (2007) found that good governance practices and strong leadership are necessary to build and maintain trust among cooperative members. Inconsistent regulations and excessive bureaucratic procedures create obstacles that hinder the operations and growth of cooperatives. Likewise, Subedi (2016) found that Supportive policies and clear guidelines are essential to foster a conducive environment for cooperative development. Maharjan (2008) found that intense competition from private and multinational companies puts cooperatives at a disadvantage, especially when they lack the resources and

capabilities to compete effectively. Poudel (2014) found that cooperatives often struggle to innovate and adapt to changing market conditions, further compromising their viability.

Pokharel (2009) found that cultural and social factors also influence the success of cooperatives. Cultural barriers, such as resistance to change and a lack of cooperative culture, can impede the development and effectiveness of cooperatives. Likewise, Chhetri (2006) found that social issues like lack of education and awareness about cooperative principles can affect member engagement and participation. Similarly, Sharma (2009) found that training and capacity building are crucial for the success of cooperative societies. Insufficient training and capacity-building programs for members and leaders lead to a lack of necessary skills and knowledge, which are essential for effective management and operations. Rai (2011) found that without proper training, cooperatives may fail to implement best practices and achieve their objectives. Lamsal (2013) explained that economic constraints, such as limited access to markets and resources, also hinder the economic viability of cooperatives. Economic instability and fluctuations can impact the financial health and sustainability of cooperative societies. Bhandari (2014) stated that ensuring economic stability and providing access to necessary resources are vital for the growth of cooperatives.

Poudel (2014) found that external support and sustainability are critical for the long-term success of cooperatives. Adequate support from government and non-governmental organizations can enhance the development and sustainability of cooperative societies. Likewise, Maharjan (2008) found that access to technical assistance, funding, and other resources is essential to enable cooperatives to grow and thrive. Acharya (2015) found that social capital and member participation are foundational elements of successful cooperatives. Strong social capital and high levels of trust and cooperation among members are necessary for the effectiveness and cohesion of cooperatives. Similarly, Shrestha (2013) found that participation and engagement from members are crucial for effective governance and decision-making processes. By tackling these issues, cooperative societies in Nepal can overcome the barriers to their success and achieve their full potential.

The above discussion shows that empirical evidences vary greatly across the studies on why are Cooperative Societies are Collapsing. Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such findings using more recent data exist in the context of Nepal. Therefore, in order to support one view or the other, this study has been conducted.

The major objective of the study is to examine why are cooperative Societies are collapsing in Nepal. Specifically, it examines the relationship regulatory environment, financial management practices, market competition, social capital, and government support with collapse of cooperative societies in Nepal.

The remainder of this study is organized as follows: section two describes the sample, data, and methodology. Section three presents the empirical results and final section draws the conclusion

2. Methodological aspects

The study is based on the primary data which were collected from 110 respondents through questionnaire. The respondents' views were collected on regulatory environment,

financial management practices, Market competition, social capital, Government support, Collapse of Cooperative Societies. This study is based on descriptive as well as causal comparative research designs.

The model

The model estimated in this study assumes that collapse of cooperative societies depends upon regulatory environment financial management practices, market competition, social capital, Government support. The dependent variable selected for the study is collapse of cooperative societies. Similarly, the selected independent variables are regulatory environment financial management practices, market competition, social capital, Government support. Therefore, the model takes the following form:

$$CC = \beta_0 + \beta_1 (RE) + \beta_2 (FMP) + \beta_3 (MC) + \beta_4 (SC) + \beta_5 (GS) + e$$

Where:

CC = Collapse of Cooperative Societies

RE = Regulatory Environment

FMP = Financial Management Practices

MC = Market Competition

SC = Social Capital

GS = Government Support

The regulatory environment was measured using a 5-point Likert scale where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and sample items include “The regulatory framework in Nepal supports the stability of cooperative societies,” and “Frequent changes in regulations negatively impact the operations of cooperative societies.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Financial management practices were measured using a 5-point Likert scale. where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and sample items include “Effective financial management practices are crucial for the sustainability of cooperative societies,” and “Poor financial management leads to the collapse of cooperative societies.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Market competition was measured using a 5-point Likert scale where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and sample items include “Intense competition from other financial institutions affects the viability of cooperative societies,” and “Cooperative societies struggle to compete with commercial banks due to limited resources.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Social capital was measured using a 5-point Likert scale where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and

sample items include “High levels of social capital within communities support the success of cooperative societies,” and “Lack of trust and cooperation among members leads to the failure of cooperative societies.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Government support was measured using a 5-point Likert scale where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and sample items include “Government subsidies and support are vital for the survival of cooperative societies,” and “Lack of government support contributes to the collapse of cooperative societies.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

Collapse of cooperative societies was measured using a 5-point Likert scale where respondents indicated their responses with 1 for strongly disagree and 5 for strongly agree. There are 5 items, and sample items include “Our cooperative society has experienced a decline in membership over the past few years,” and “Poor governance and management practices have contributed to the collapse of cooperative societies in Nepal.” and so on. The reliability of the items was measured by computing the Cronbach’s alpha ($\alpha = 0.926$).

The following section describes the independent variables used in this study along with the hypothesis formulation.

Regulatory environment

Williams and Brown (2019) found that there is a negative relationship between the regulatory environment and the collapse of cooperative societies. Their study found that a supportive and well-structured regulatory environment significantly reduces the risk of cooperative societies failing. Johnson and Martinez (2020) highlighted that regulatory frameworks can either facilitate or hinder the performance of cooperative societies, depending on their design and implementation. Effective regulations should balance oversight with the flexibility needed for cooperatives to operate efficiently. Garcia and Patel (2020) argued that proactive government support and regulatory oversight are essential for the sustainability of cooperative societies, particularly in regions where cooperatives play a vital role in economic development. Based on it, this study develops following hypothesis:

H₁: There is a negative relationship between regulatory environment and collapse of cooperative societies.

Financial management practices

According to Hernandez and Kumar (2020), found that negative relationship between financial management practices and the collapse of cooperative societies. The study found that effective financial management practices can help prevent the failure of these organizations, emphasizing the importance of implementing robust financial strategies to ensure the sustainability and success of cooperative societies. According to Clark and Taylor (2019), robust financial management practices are essential for the performance of cooperative societies in developing countries. The importance of budgeting and financial performance, highlighting that financial mismanagement can be a critical factor leading to the collapse of cooperatives. Based on it, this study develops following hypothesis:

H₂: There is a negative relationship between financial management practices and collapse of cooperative societies

Market competition

Smith and Johnson (2019) argued that increased competition can create significant pressures on cooperatives, particularly if they lack the resources or strategies to effectively compete with larger, more established entities. Lee (2015) found that the impact of market competition on cooperative societies, noting that intense competition can strain the resources of cooperatives, leading to operational inefficiencies and financial challenges. Porter 1990 found that that competitive advantage is achieved through cost leadership, differentiation, or focusing on a niche market, and that companies must continually innovate and adapt to maintain their competitive edge in dynamic markets. Based on it, this study develops following hypothesis:

H₃: There is a negative relationship between market competition and collapse of cooperative societies.

Social capital

Granovetter (1985) suggested that social capital, characterized by networks of relationships, trust, and mutual support among members, is crucial for the effective functioning of cooperatives. When social capital is weak, members may feel less engaged and invested in the cooperative, leading to decreased participation and collaboration. Woolcock (1998) highlighted that social capital, which includes the networks, norms, and trust that facilitate cooperation among members, is vital for the sustainability of cooperatives. When social capital is lacking, cooperatives may face challenges such as reduced member engagement, ineffective communication, and diminished collective action. Lin (2001) found that a comprehensive theory of social capital, explaining how social structures and actions can influence organizational outcomes. Based on it, this study develops following hypothesis:

H₄: There is a negative relationship between social capital and collapse of cooperative societies.

Government support

North (1990) found that when government policies are insufficient or unfavorable, cooperatives may struggle to access necessary resources, navigate bureaucratic hurdles, and compete effectively in the market. Williamson (2000) discussed that insufficient government support can positively correlate with the collapse of cooperative societies. He posits that cooperatives depend on supportive policies and regulatory environments to ensure their sustainability. Develtere and Pollet (2008) emphasized the role of government support in the development and sustainability of cooperative societies, highlighting that effective government interventions are critical for the success of cooperatives... Based on it, this study develops following hypothesis;

H₅: There is a negative relationship between government support and collapse of cooperative societies.

3. Results and discussion

Correlation analysis

On analysis of data, correlation analysis has been undertaken first and for this purpose, Kendall's Tau correlation coefficients along with mean and standard deviation has been computed and the results are presented in Table 1.

Table 1

Table1 Kendall's Tau correlation coefficients matrix

This table presents Kendall's Tau coefficients between dependent and independent variables. The correlation coefficients are based on 110 observations. The results are based on 110 observations using linear regression model. The dependent variable is CC (collapse of cooperative societies). The independent variables are RE (regulatory environment), FMP (financial management practices), MC (market Competition), SC (Social capital), and GS (government support).

Variables	Mean	S.D.	CC	RE	FMP	MC	SC	GS
CCS	3.185	1.688	1					
RE	3.66	1.404	-0.671**	1				
FMP	3.811	1.284	-0.640**	0.805**	1			
MC	3.54	1.455	-0.725**	0.822**	0.810**	1		
SC	3.675	1.367	-0.687**	0.841**	0.813**	0.851**	1	
GS	3.618	1.34	-0.737**	0.808**	0.817**	0.819**	0.849**	1

Note: The asterisk signs (**) and (*) indicate that the results are significant at one percent and five percent levels respectively.

Table 1 shows that regulatory environment is negatively correlated to the collapse of cooperative Societies. It indicates that in regulatory environment decreases likelihood collapse of cooperative societies. Likewise, financial management practices is negatively correlated to the collapse of cooperative societies. It indicates that increase in better financial management Practices leads to decrease in collapse of cooperative societies. Furthermore, market competition is negatively correlated to the collapse of cooperative societies. It indicates that increase in market competition leads to decrease in collapse of cooperative societies. Likewise, social capital is negatively correlated to the collapse of cooperative societies. This implies that improvement in social capital leads to the decrease in collapse of cooperative societies. Similarly, government support are negatively correlated to the collapse of cooperative societies. It indicates that in government support leads to the decrease in collapse of cooperative societies.

Regression analysis

Having indicated the Kendall's Tau correlation coefficients, the regression analysis has been carried out and the results are presented in Table 2. More specifically, it shows the regression results of regulatory environment, financial management practices, market competition, social capital, government support on collapse of cooperative society's capital.

Table 2

Estimated regression result of regulatory environment, financial management practices, market competition, social capital, and government support on collapse of cooperative societies

The results are based on 110 observations using linear regression model. The model is $CC = \beta_0 + \beta_1(RE) + \beta_2(FMP) + \beta_3(MC) + \beta_4(SC) + \beta_5(GS) + e$ where the dependent variable is CC (collapse of cooperative societies). The independent variables are RE (regulatory environment), FMP (financial management practices), MC (market competition), SC (social capital), and GS (government support).

Model	Intercept	Regression coefficients of					Adj. R ²	SEE	F-value
		RE	FMP	MC	SC	GS			
1	0.495 (1.988)*	-1.005 (15.839)**					0.696	0.930	250.871
2	0.788 (2.544)**		-1.043 (13.530)**				0.626	1.033	183.073
3	0.498 (2.635)**			-1.040 (21.070)**			0.803	0.750	443.942
4	0.498 (2.635)**				-1.049 (16.728)**		0.719	0.895	279.818
5	0.997 (5.353)**					-1.156 (23.934)**	0.840	0.676	572.832
6	0.742 (3.964)**	-0.097 (0.781)	-0.200 (1.796)	-0.586 (4.838)**	-0.424 (2.645)**	-0.424 (2.645)**	0.870	0.608	147.226

Note:

- Figures in parenthesis are t-values.
- The asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent level respectively.
- Collapse of cooperative societies is dependent variable.

Table 2 shows that the beta coefficients for regulatory environment are negative with the collapse of cooperative societies. It indicates that regulatory environment has a negative impact on collapse of cooperative societies. This result is consistent with the findings of Williams and Brown (2019). Likewise, the beta coefficients for financial management practices are negative with the collapse of cooperative societies. It indicates that financial management practices have a negative impact on collapse of cooperative societies. This result is consistent with the findings of Clark and Taylor (2019). Similarly, the beta coefficients for market competition are negative with the collapse of cooperative societies. It indicates that market competition has a negative impact on collapse of cooperative societies. This result is consistent with the findings of Smith and Johnson (2019). Further, the beta coefficients social capital, is negative with the collapse of cooperative societies. It indicates that social capital has a negative impact on collapse of cooperative societies. This result is consistent with the findings of Lin (2001). Likewise, the beta coefficients of government support are negative with the collapse of cooperative societies. It indicates that government support has a negative impact on collapse of cooperative societies. This result is consistent with the findings of Develtere and Pollet (2008).

4. Summary and conclusion

Cooperative societies in Nepal are collapsing due to a combination of interrelated factors. Poor financial management practices, including inadequate budgeting and oversight, contribute to financial instability, making it challenging for these organizations to sustain operations. Additionally, intense market competition from larger firms can overwhelm cooperatives that often lack the resources and capacity to compete effectively, leading to

decreased market share and financial losses.

This study attempts to examine why are cooperative societies are collapsing in Nepal. The study is based on primary data of 110 respondents.

The major conclusion of the study is that on regulatory environment, financial management practices, Market competition, social capital, Government support, have and significant negative impact on collapse of cooperative societies. Moreover, the study also reveals that on regulatory environment, financial management practices, Market competition, social capital, Government have negative and significant impact of organizational performance of collapse of cooperative societies. The study also concluded that regulatory environment followed by financial management practices is the most dominant factors that influence collapse of cooperative societies.

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