An Investigation of the Impact of Co-Operative Movement in Rural Development in Kenya

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Abstract
The study’s overall objective was to investigate the impact of Co-operative movements in rural development in Kenya. The study was descriptive in nature. The researcher used structured questionnaires and face to face interviews especially where the respondents may not have time to complete the structured questionnaires. Data was analyzed using descriptive statistics involving percentages and charts. The study found out that Agricultural cooperatives have played significant roles in reducing unemployment problem in the study area by generating permanent and temporary employment to both skilled and unskilled individuals, providing credit- and/or grant-based financial support to unemployed people, which enable them to engage in micro and small activities, and building the confidence and awareness of the local people. Agricultural cooperatives have also made vital roles in protecting the environment from degradation through making their members conscious on the impact/effect of environmental degradation and undertaking various environmental rehabilitation initiatives.

Key words: Co-operative, Rural, Poverty eradication, Infrastructural Development
1. Introduction
A cooperative is primarily organized to provide the necessary common needs of its members that improve and uplift their living condition within the context of the universally accepted cooperative principles of membership, democratic administration, equitable contribution, savings disposal, education and cooperative cooperation. (Mendoza, 1980).

According to Birchall, (2004), it is over a decade since the liberalization of the cooperative movement in Kenya, which sought to create autonomous member-based cooperatives that would be democratically and professionally managed; self-controlled; and self-reliant business ventures. There is very little documented and communicated about the unfolding status of the movement. A quick appraisal of the situation reveals that cooperatives have largely survived the market forces and continued to grow in number, income and membership. The market forces have triggered a structural transformation that has seen the fading away of the inefficient cooperatives, some cooperative unions cooperatives seek better service provision while at the same time increasingly diversifying their activities and introducing innovative ventures in order to respond to their members’ needs.

Cooperative Society is an autonomous association united voluntarily to meet the members’ common social, economic, and cultural aspirations and needs through a jointly owned and democratically controlled enterprise (Lindberg O. 1993). The cooperative sector plays a significant role in economic development and in employment creation, filling the needs of the society and mobilizing savings to improve livelihood.

The Co-operative Movement in Kenya may be traced to the period immediately after the country’s independence. The movement is supposed to play an important role in employment generation, food security, wealth creation and hence participate in poverty alleviation. The policy objective of the Kenyan cooperative movement is to spur sustainable economic growth by focusing on achievement of desired outcomes through strengthening of the movement, improving cooperative extension service delivery, access to markets, corporate governance and marketing efficiency (Republic of Kenya, 2004).

The Kenya National Federation of Cooperatives (KNFC) Board (2007), observed that the Cooperatives in Kenya are organized into service and producer cooperatives. The producer cooperatives’ objectives are to promote the use of modern technology and contribute to national development through production. The service cooperatives are responsible for procurement, marketing and expansion services, loan disbursement, sale of consumer goods and member education. The cooperatives have made remarkable progress in agriculture, dairy, credit, agro-processing, banking, marketing, fishing, storage, and housing. Service cooperatives are the closest to communities and are organized on a shareholder basis formed by individual members of organizations voluntarily working in a specific geographic area (Manyara, M. K., 2003).

According to the Ministry of Cooperative Development and Marketing (2008), the cooperative movement in Kenya has become a success story mainly in the areas of disbursement of loans. However, it continues to miss opportunities in the use of modern ICT. There is a need for it to refocus and re-assess its capacity not just to mobilizing financial resources further, but also to manage them well for faster economic growth.
1.1 Origin of Cooperatives

Cooperatives are not foreign to African continent. Before the advent of colonialism, savings associations known by different names could be found on the continent. Examples, “sanduk” in Sudan, are ‘esusu’ in Nigeria, “chilimba” in Zambia and “ekub” in Ethiopia. All of them consisted of a simple organizational structure where savings and credit was administered on a rotation basis by members. These associations convened on fixed intervals (weekly, monthly) and each of the members would contribute a fixed amount. The whole amount collected would then be given out to one member according to the criteria agreed upon by all members (Mwangi, 2008). Today, Africa has various types of cooperatives ranging from agricultural, consumer, and housing to worker-based cooperatives. They are managed by executive committees and have been subjected to a lot of politics in most of these countries. Cooperative Society strategies are seen as central to the regeneration of many of the regions economies where adverse trade terms, foreign debt and civil war or tribal conflicts and rivalry have created economic and social displacements (Brenneman L, 1993). The impact of structural Adjustment Programmes (SAPs) has been well documented. Many Agricultural cooperative societies and unions have ceased to exist or become dormant with the marketing liberalization which was largely driven under the structural adjustment programmes of the World Bank. Another main feature of the cooperative movement in Africa is the control instituted by some of the governments that deny them the flexibility to respond to the market forces as is enjoyed by their private sector competitors.

1.2 Statement of the Problem

According to Kenya National Federation of Cooperatives (KNFC) Board (2007), the cooperative movement in Kenya has had enormous socio-economic impact on all communities in Kenya. The role of cooperatives in employment creation has been neglected by cooperative promotion agencies, employment planners, donor organizations and social partners alike. In many of the African countries, cooperatives societies were considered primarily as tools to execute certain economic, social or political functions on behalf of the government, not as autonomous, self-help member-based organizations that create and consolidate self-employment. It has enhanced the equality of education and improved living standards through robust poverty eradication strategy.

The economic development brought about by the cooperatives movement affect the wealth and education status of a country’s communities where the cooperatives were intended to contribute to better living standards. The deteriorating conditions of cooperatives are identified by the rural poor as contributing to the deepening of the rural poverty status. However, rural Cooperative Institutions has not fully utilized the enormous potential opened up by its vast outreach programs owing to a deep impairment of governance and ignorance. The originally visualized member-driven, self-governing, self-reliant, democratic institutions have over the years constantly still remained underutilized. Although cooperatives movement contributes much to the economy, residents and leaders have not taken much interest on cooperatives as they ought to. This study therefore seeks to investigate the impacts of cooperative movement in rural development in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The objective of the study was to investigate the impact of cooperative movements in rural development in Kenya with special reference to Kericho County.
1.3.2 Specific Objectives

1. To determine the role of cooperative movement on the area infrastructural development
2. To find out how Kericho County cooperative movement contribute to poverty eradication strategies
3. To assess the influence of cooperative movement on employment creation within Kericho county

2. Literature Review

2.1 Infrastructural Development

Information and communication technology platform is key for efficient operations of SACCOs. Peripheral ICT channels like the internet can be used to bring information about the Sacco products to the targeted customers, in a direct, cost-minimizing and time-effective way. New value chains and value systems are emerging, and the Saccos have to redesign and modernize their information and communication technology (ICT) platforms.

According to Gratzer and Winiwarter, (2003a), the Internet provides companies with several types of opportunities to conduct their business. The two carried out a study in which they wanted to know the strategic use of the Internet and the ability of companies to gain competitive advantage through it. They applied generic framework to the SME accommodation sector in Austria and compared the results of an expert survey and a hotel survey. The information received together with enterprise information provided revealed the possibility to thaw a picture of the strategic use of the Internet and the ability of companies to gain competitive advantage. Their main findings revealed that the Internet increases the threat of new entrants (in the form of new intermediaries) by reducing the entry barriers. It increases the power of the buyers by reducing the switching costs. It Internet offers new possibilities to bypass intermediaries and to address customer needs directly. This was reducing the power of such intermediaries. They pointed out that it offers new tools and services (e.g. personalization) to place new products for individual customers and distribute niche products. They concluded that it could be regarded as one of the largest threats that small and micro enterprises failing to adapt their Internet presence and therefore being unavailable in the marketplace will be inaccessible to customers and intermediaries.

Information and Communication Technology (ICT) has been identified as a catalyst for globalization and is turning the world into a global village. ICT advances continue to impact heavily on all sectors of the economy and the co-operative sector is not an exception. (These advances have been able to provide opportunities for networking among the different players who would wish to harness the collective strength without having to lose their individuality. It is also creates an environment for franchising where the cooperatives can easily benefit from strong technological advances in the country without having to suffer heavy outlays.) The Government has recognized ICT as an essential tool in present-day management of cooperatives societies. However, the rate of ICT adoption and its overall application in both the Government and the cooperative movement has remained low. Most co-operatives that have managed to automate their operations have done so on individually. This approach has brought in challenges of compatibility, coordination and integration. However, there is a definite digital divide between rural and urban co-operative societies with a bias in favor of urban co-operatives. While Cooperative societies continue to make tremendous progress, the digital divide between Government and the movement in terms of capacity building and resource allocation continues to widen. This is caused mainly by inadequate education, training inadequate investment, and over-reliance on external assistance.
and lack of guidelines. There is need to take a national approach in the adoption of ICT in order to effectively address the digital divide taking into account the different institutional requirements (Mudibo, 2005).

An integrated Management Information System (MIS) is important to ensure accessibility, timeliness and, accuracy of data and information required for the growth and development of the co-operative movement. To achieve this, they must acquire modern standardized ICT hardware and software to enable them improves their management and interlink with others. On its part the government can establish an ICT management framework for both the Ministry and the Movement in order to ensure sound and consistent ICT management practices across the sector. There is need to develop and provide standards and guidelines for the acquisition, management, development, support and use of ICT hardware and software in co-operative processes and service delivery. This will require the input of all stakeholders.

Lack of networking and inadequate telecommunication networks especially in rural areas can seriously hamper communication and information exchange. Even societies and institutions operating Local Area Networks (LANs) should be linked among themselves or with their grassroots and regional stations. Computer networks will enable the cooperative movement link up with national information systems; have access to other members’ information systems and international co-operative societies. This will facilitate access to the worldwide web (Internet) and online services such as electronic mail in addition to the sharing of information with relevant stakeholders. This will definitely contribute towards their competitiveness.

2.2 Poverty Eradication

According to the 2001 Poverty Reduction Strategy Paper (PRSP 2001), there emerged a new realization on the part of government, that poverty is not just lacking adequate shelter and housing, malnourished about being hungry, or being illiterate. It also means being exposed to ill treatment and being powerless in influencing key decisions that affect one’s life (Republic of Kenya 2000). In other words, because the poor lack voice, power and representation, they become more vulnerable to hunger, unemployment, ill health, disasters, illiteracy, and violence.

As indicated by UNDP (2006), poverty is the inability of individuals to acquire the basic goods and services necessary for survival with dignity. Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It also means lack of basic capacity to participate effectively in society, not having a school or clinic to go to inadequate food to feed and clothe a family; land on which to grow one’s food or a job to earn a living and not having access to credit. It means powerlessness and exclusion of individuals, insecurity, households and communities. It often implies living in marginal or fragile environments, without access to clean water. Poverty also encompasses low levels of health and education, lack of voice, inadequate physical security, poor access to clean water and sanitation, and insufficient capacity and opportunity to better one’s life.

Overall poverty takes various forms including lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition. It is also characterized by lack of participation in decision-making and in civil, social and cultural life. Poverty in many developing countries is characterized by low-wage workers and the utter destitution of people who fall outside family support systems, safety nets and social Institutions. (UN, 1995)

According to the National Poverty Eradication Plan 1999 - 2015 which stipulates the long term strategy to fight poverty over 15-year time frame, the Millennium Development Goals (MDGs) which aims at
reducing the incidence of poverty both in the rural and urban areas by 50 percent by 2015 and strengthening the capacity of the poor and vulnerable groups including the old aged persons; the Poverty Reduction Strategy Paper (PRSP) 2001 – 2004 and Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003, Kenya Government has learnt that there has been recurring inability to implement remedies prescribed and lack of focus on specific targeted programs towards poverty alleviation. There are policy gaps between broad national plans, frameworks, routine sector actions and projects which further contribute to low levels of policy implementation; misappropriation of funds and the diversion of benefits away from the poor.

The exclusion of women has been identified as a major constraint in poverty reduction in Africa as a whole. As recommended in the United Nations Beijing Platform of Action and Declaration (1995), eradication of poverty cannot be accomplished through anti-poverty programmes alone, but require democratic participation and changes in economic structures in order to ensure access for all women to resources, opportunities and public services. In many developing countries, policies have been consistently discriminated against certain investment areas through high levels of taxation and other macroeconomic policies. These policies adversely affect economic performance together economic base, resulting in high incidence of poverty and low level of development as manifested in low income levels.

The Government of Kenya through Economic Research Bureau (ERB) (2007) took some positive steps on second generation reforms, which included the 1999 establishment of the Kenyan Anti-Corruption Authority (KACA), and measures to improve the transparency of government procurements and reduce the government payroll. The new National Rainbow Coalition (NARC) government enacted the Anti-Corruption and Economic Crimes Act and Public Officers Ethics Act in May 2003 aimed at fighting graft in public office. Reforms especially in the public procurement, judiciary, etc., have led to the unlocking of donor aid and a renewed hope for economic revival in Kenya (Government of Kenya, 2001).

2.3 Employment Creation

Unemployment, which is defined as a condition in which people are willing and able to work at the prevailing wage, and actively looking for job but practically unable to get job, is formidable challenge. The cooperatives do have great acceptance in the village so that they do have power to incorporate women affairs in their by-laws and develop positive outlook in the local communities by minimizing the cultural and religious challenges against women. The cooperatives have provided financial support to empower them economically, which make them to actively participate in socioeconomic activities and contribute their parts in the attainment of sustainable development in the region. Cooperatives have arranged intensive discussion and public meetings about the importance of women development endeavor. Every member of cooperative has become aware of that women are an engine of development and can play a leading role to reduce food insecurity. 80 percent of the selected cooperatives in the study area have provided special financial support for women from their capital budget to enable them realize their full potential and solve their interrelated problems.

3. Methodology

3.1 Research Design

The study adopted descriptive which involves breaking down vague problem statement into smaller and precise sub-problem statement. The research design was used to obtain information on the current status of phenomenon. It entails survey and fact-finding and seeks to establish the relationship between the variables. The target population comprised the entire Kericho county cooperative societies management.
committees, ordinary members, Staff and community leaders residents numbering 1200 drawn randomly. A stratified random sample of 240 respondents i.e. 20% of the total target population was drawn and considered for the study. This sampling method is preferred because it helped the researcher group population subjects with similar characteristics on the same strata for the purpose of obtaining a common research data (Mugenda and Mugenda 2003).

Figure 1. Sampling Design

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Population Size</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Leaders</td>
<td>120</td>
<td>24</td>
</tr>
<tr>
<td>Sacco Management Committees</td>
<td>174</td>
<td>35</td>
</tr>
<tr>
<td>Sacco Staff</td>
<td>306</td>
<td>61</td>
</tr>
<tr>
<td>Ordinary Sacco Members</td>
<td>600</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1200</strong></td>
<td><strong>240</strong></td>
</tr>
</tbody>
</table>

3.2 Instrumentation and Data Collection

The researcher used structured questionnaires and face to face interviews especially where the respondents may not have time to complete the structured questionnaires. The questionnaires were hand delivered with a self explanatory letter. To avoid delays the researcher made appointment with the target respondents in advance so as to find them at the designated places, mainly their offices. The researcher assured the respondents of confidentiality of the information gathered and ensured the respondents filled in all the questionnaires at their own convenient time. This ensured accuracy and reliability of information gathered. The researcher avoided leading questions so as to avoid biased results.

3.3 Analysis of Data

The researcher used both quantitative and qualitative methods to analyze data. Data was analyzed quantitatively by describing and summarizing the data using descriptive statistics to enable the researcher meaningfully describe distributions of scores or measures using statistics. On the other hand the qualitative data were grouped into similar themes and analyzed so as to display the opinion of the respondents. Upon obtaining the relevant information the researcher established the tested variable pattern, trends and relationships from the information gathered. Frequencies tables were used to enable arranging of data from the lowest to the highest percentages, also measures of central tendency was used as a data analysis technique. Moreover the qualitative data was grouped into similar themes and analyzed so as to display the opinion of the respondents. For purposes of comparisons, explanations and clarity, data was presented in frequency distribution tables.
4. Empirical Results

**Figure 2: Respondents Category**

![Respondents Category Chart]

The research findings in figure 2 above indicate that the majority of the respondents were ordinary Sacco members. This was represented by 39%, followed by the Sacco staff members having 29% representation; the management committees were represented by 20% while community leaders were represented by 12%.

**Figure 3: Impacts of Cooperative movement on Infrastructural development**

![Impact Chart]

The study results in figure 3 above establish that majority of the respondents argued that Cooperative movement has very high impact on Infrastructural development. This is represented by 38%, followed by 28% who said that it has high impact on development. Those who were to the opinion that it has average impact on development were 20% while those who argued that it has very little impact on development were represented by 14%.

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Figure 4: Co-operative development framework on poverty eradication

The figure 4 above shows that 61% of the respondents said that Co-operative development framework has a role on poverty eradication strategies while 39% of the respondents argued that Co-operative development framework has no role on poverty eradication strategies within Kericho County.

Figure 5: Co-operative movements on income generating activities

According to figure above shows that, 80% of the respondents argued that Co-operative movement has a role on income generating activities, 13% of the respondents said that it has average role on income generating while only 7% of the respondents said that it has very little role on community income generating activities.
5. Discussion

The main aim of the study was to explore the roles that cooperatives movement on rural development in terms of employment generation, poverty eradication and infrastructural development. Agricultural cooperatives have played significant roles in reducing unemployment problem in the study area by generating permanent and temporary employment to both skilled and unskilled individuals, providing credit- and/or grant-based financial support to unemployed people, which enable them to engage in micro and small activities, and building the confidence and awareness of the local people about self-employment via intensive discussion and training.

The research found out that cooperatives have also considerable contribution in empowering poor women by actively participated in minimizing traditional beliefs against women, enshrined principle of gender equality in their bylaws to develop positive outlook on the local people and on the adoption of affirmative initiatives (special privilege in credit access, training and financial support) in favor of women. Cooperative have empowered them via providing employment and provided financial support for poor females and orphan children. The technical, material and financial support have enabled females to effectively utilize their inherent potentials and then actively participate in economic, political and social community development.

Agricultural cooperatives have, in this case, made vital roles in protecting the environment from degradation through making their members conscious on the impact/effect of environmental degradation and undertaking various environmental rehabilitation initiatives including reforestation, gully reclamation, soil and water conservation, and biological and physical conservation. The result shows that about 80 percent of the agricultural cooperatives in the study areas have actively participated in the environmental rehabilitation activities. Thus, efforts should be exerted to strengthen cooperative
institutions technically, materially and financially to contribute more in the achievement process of poor women empowerment, employment generation and environmental rehabilitation.

6. Recommendations
The following are the study recommendations that positively influence effective implementation of community development strategies in Kenya:

Cooperatives and stakeholders are encouraged to promote cooperatives by investing more in education (technical, management and social education) with focus on the entrepreneurial and social vision and diversifying job creation.

Community leaders should support the agriculture sector, and promote agricultural cooperatives and agro-entrepreneurial activities, including raising the competitiveness of cooperatives.

Policy makers should facilitate capacity building by providing technical assistance, management and marketing skills. They should recognize the importance of cooperatives in the provision of microfinance services which help facilitate livelihoods and jobs, particularly in the informal economy.

The Governments should adopt long term commitment to promote a cooperative-friendly environment by instituting relevant legal, financial, social, and environmental policies to ensure the smooth functioning of cooperatives in a level playing field with particular focus on legislation, tax incentives, financial aid/credit to the community development.

There should be enhanced collaborative towards capacity development of cooperatives as an ongoing institution building process, including the provision and sharing of technical assistance.

The government should facilitate provision of technical assistance; enact legislation to support worker cooperatives, especially cooperatives for disabled persons. The ministry of cooperative development should launch adequate advocacy efforts to improve image and constituency among the government and the civil society by making use of mass media to educate the community on the importance of cooperative movement.
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