

# Factors Affecting the Performance of Pastoral Cooperatives in Northern Kenya: A Case Study of Livestock Based Cooperative Societies in Isiolo County, Kenya

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## Abstract

Pastoralist is people who thrive on keeping livestock in the arid and semi-arid areas in Kenya that constitute 89% of the land mass. The climate change effect has pushed pastoralist to settle and diversify their income base by engaging in livestock and livestock product for their livelihood support by the formation of cooperatives. There are lots of studies done on the deposit-taking cooperative with slight effort on the non-deposit cooperative society's performance. The research sought to establish factors affecting the performance of the pastoral cooperative movement in Northern Kenya. The study adopted the use of a questionnaire as the research instrument and descriptive research design. The questionnaire was pre-tested for validity and reliability. The data collected were edited and coded before analysis to check for consistency and completeness. Statistical package for social sciences (SPSS version 16) and MS Excel (2013) was adopted for analysis. A total of 187 respondents were sampled with a response rate of 81 percent returned the questionnaires.

Based on the findings, the researcher found out that organizational systems and corporate governance are not well understood by the members, boards and clients. The study recommends for the triangulation with other non-deposit taking societies performance and review of the policies.

**Keywords:** Cooperative, livestock, livelihood, pastoralist

## 1. Introduction

Pastoralist is people who mainly live and survive in harsh climatic conditions where rainfall pattern is erratic. They constitute several tens of millions of people worldwide and the most vulnerable peoples in the world, though they frequently make a significant contribution to national food production (Osman, 2009). They inhabit dry lands that form more than 40% of the earth's surface and home to 35% of its population (Mortimore, 2009). Largely, these communities depend on livestock keeping as their livelihood with some crop farming practiced along seasonal rivers and during short rain period.

In Kenya, arid and semi-arid areas (ASALs) occupy 89% of the total land mass of the country. The ASALs are home to about 14 million people and support approximately 70% of the national livestock herd. Further, the ASALs are characterized by the lowest development indicators and highest incidences of poverty (GoK, 2012). The rapid growth of the population across is increasing demand for livestock products and by-products impacting investment towards the sub-sector.

Pastoralist is adopting to alternative income generation to substitute on the shrinking livestock reliance. The deviations in the distribution of livestock ownership within the rural economies, as well as increased investment in arid areas flora and fauna by all sectors of society, meant that the significance of pastoral production approaches is no longer limited to herding households or even to pastoral groups (Kratli & Swift, 2014).

Further, pastoralists in the Horn of Africa have struggled for centuries with different calamities such as famine, skirmishes and change of weather effects. They are creative, innovative and entrepreneurial peoples in making secure livelihoods for themselves and generations with a lot of significant successes in utilizing the environment (CAADP, 2012).

According to International Co-operative Alliance (ICA), (2012,) cooperative is the self-governing relationship of person; voluntary integrated to meet they're common economic, social and cultural aspirations and need through a jointly owned and democratically controlled enterprise.

Further, Wanyama (2009), UN DESA, Rio +20 & UNDP (2012) findings show the evolution and role of cooperatives in Kenya has been documented in improving the social, cultural and economic development with particular strives in the deposit and non-deposit taking sectors where Sacco's enterprises hold significant

investments hence its importance to the economic growth. The non-deposit taking sub-sector organizes farmers together to form strong alliances to get a fair share price of their produce in the markets. These demonstrate the potential of strengthening the organization supporting livestock industry.

The objective of the study is to analyze factors that affect the performance of Livestock-Based Cooperatives in Isiolo County, Kenya.

## 2. Literature Review

The cooperative have faced numerous challenges. The state interference contributed to failures of the cooperative that called for the liberalization in the early 1990s to make it operate in the market principle (Wanyama, 2009). These contributed into closure of many cooperative across different sub-sectors with immense effect felt by agricultural cooperatives.

The performance of cooperative was taken to mean the significant contribution to its membership as a major drivers of the economy, creation of employment and alleviation of poverty from the larger population on livestock production. Since independence government had invested heavily in the cooperative formations but few has grown into a viable enterprise. These are placed to serve the poor in the community. The belief is based on the fact that these organizations are usually owned and controlled by the people with objective to provide service instead of making a profit (Shah, 1996).

Study carried by the World Bank (2015) shows the cooperatives support local investment and caution the wellbeing of the savers. The savings and investing in long term permits households to address lifelong challenges thus ensuring safeguarding the financial benefits of economic growth are shared within the society.

Moreover, systems capability to spread risk efficiently across time and agents is very crucial. Most of the cooperatives are unable to reach its peak in the operation due to conflicting interest of different stakeholders in the systems. The understanding of the systems is becoming vital for the success of the organizations. The consistent use of different structures in the running of organizations appears to improve the job and employees output (Maani & Maharaj, 2004).

The public and private sectors across the world are inquest for the best and efficient ways of expanding the micro-macro climate by successful piloting of business opportunities to increase boosting the volume and value of trade, and fostering innovation and entrepreneurship for as elements of successful growth strategies (WB, 2015).

Krahnem & Schmidt (1995) in their study states cooperative institutions are the weakest section of a country's fiscal system. Consequently unable to meet the demands of their membership and clients becoming susceptible to economic shocks. This makes large number of cooperative movement's fail to reach its peak and dissolved trailed with long battles of court cases.

Johnson, et al. (2005) defines corporate governance as how the organization should function and distribution of power among different stakeholders. The management structure delineate search parts responsibilities and decisions in the organization with clear benchmarks for the individuals to be achieved.

The adoption of enhanced governance in the organization setup has been demonstrated to improve the level of confidence in both shareholders and employees with increased earnings for all in the value chain (Brasilia, 2008). Hence, the opposite gives the standoff and escalation among the stakeholders that can occasionally have disastrous consequences not only for the cooperative also to its clients and general business environment (Sharma & Gupta, 2012).

These have been supported by studies carried by Omolo (2015) & Awino (2014) that poor corporate governance on the cooperatives has significantly impacted to loss and inefficiencies that have a bearing on the sustainable prosperity of the cooperatives in Kenya. Further, these are complicated by donor's influences. The assurance by donors to support cooperatives has to be structured around technical assistance for building and enhancing capacities of the members, staffs and board with restriction on tied loans (Krahnem & Schmidt, 1995).

Odera (2012) posit that cooperatives are usually characterized by multiple objectives that occasionally affect the end result and goal of the cooperative with mixture of product line development and marketing in the same market segments to maximize profits. Some cooperatives have experienced major crises, such as more recent crises happening in countries like Benin, Morroco and Kenya; which clearly suggests the importance of controlling institutional development.

Therefore, cooperatives in the process became mouthpiece of the government in power, by being conduit for executing policies on socio-economic and cultural, to the degree of state failures establishing roots in the cooperative movement (Wanyama, 2009).

The study by Gweyi, et al (2013) on the investigation of the impact of cooperative movement in rural development in Kenya established 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.

These has made most of organizations to involve in the process of re-evaluating their existence by scanning

the environment they are operating in. This is leading to understanding the environment they operating within and competing factors that is driving its competitiveness in the changing market dynamics. There tend to be unclear structural change and responsiveness in cooperative model remains unexplored. These changes make them constantly adjust and perfect the instrument to achieve their core purposes in rearranging their structure of roles and relationships and their managerial processes (Miles, et al, 1978 & Bock, et al., 2012).

### 3.0 Material and Methods

#### 3.1 Study area

The study was conducted in Isiolo County and located at the centre of Kenya with geographical coordinates of 0° 21' 0" North, 37° 35' 0" East. There are 57 registered cooperatives in Isiolo County. It is categorized as saving and credit for salaried employees, faith-based; boda-boda operators, housing, gum resins, sand loaders and transporters totaling to 40. Livestock based have registered 17 cooperatives with 7 active and 10 semi-active. The study used the 7 active cooperatives.

	NAME	REG NO.	YEAR	Membership	Remarks
1	ANOLEI W.D. CAMEL	13016	2010	110	Exist and interviewed
2	TAWAKAL FARMERS	19862	2016	40	Exist and interviewed
3	ISIOLO LIVESTOCK	10788	2003	80	Exist and interviewed
4	KULAMAWE DEDHA	11067	2008	94	Involved in planning for grazing and excluded from the study
5	IBSEMO LIVESTOCK	16720	2014	90	Exist and interviewed
6	GAADIS LIVESTOCK	16065	2014	75	Piloted and excluded from the study
7	KAMBI YA JUU DAIRY	13834	2011	46	Exist and interviewed
	Total			535	

Source: Cooperative office- Isiolo, 2016

#### 3.2 Target population

Simple sampling technique was used. The population were classified into members, boards and clients. Therefore, the study adopted standardized statistically recommended, and sample size was calculated as follows:

$$n = \frac{z^2pq}{d^2}$$

These give a sample of 384 which could be adjusted when the population is less than 10,000 using the following relationship (Neuman, 2000). Where=  $n_f = \frac{n}{1 + n/N}$

The respondent who agreed to be interviewed is 120 members, 17 board of directors and 15 clients.

#### 3.3 Data collection

A structured questionnaire with close-ended questions was administered to the respondent. Enumerators were trained to fill the prepared questionnaires. The questionnaire was piloted with one cooperative that was excluded from the study. The interviews were conducted using the local dialect and Kiswahili as the second language for clarity of the respondents.

The questions were formatted into the section covering the socio-demographic characteristics, organizational systems and corporate governance. They are all assessed using five-point scale (1= excellent, 2=Good, 3=Fair, 4=Poor, and 5= very poor.) These were done interchangeably by (1=Almost always, 2= Often, 3= Sometimes, 4= Rarely, 5= Never).

These shows that 81 percent responded which is adequate for examination to give the result of the study. Mugenda & Mugenda (2003) supported the percentage of response for analysis, the rate of 50% and above is adequate, and Babie (2004) reinforced with 50% response rate is acceptable to analyze and publish, 60% and 70% good and very good respectively.

#### 3.4 Data presentation and analysis

The data were analyzed using the SPSS version 16 and MS- Excel 2010. The univariate statistics were performed to understand individual performance. The descriptive statistics were used to describe each variables assessed with value ( $p > 0.05$ ) has significant effect on the performance.

## 4.0 Results and Discussion

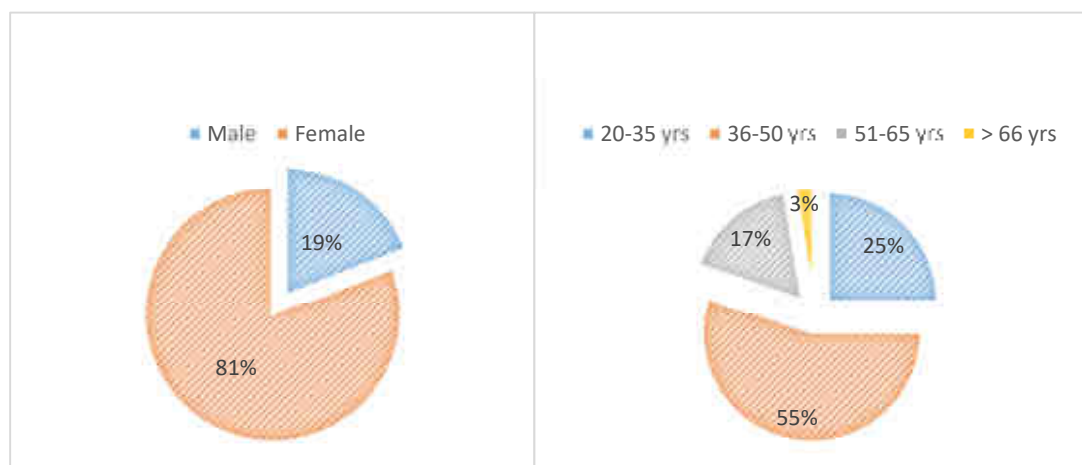
### 4.1 Demographics data

The section gives an overview of the number of the respondent, gender and age in the cooperatives. The study involved 152 respondent which constitutes (81%) and (19%) of female and male respectively. These shows 84 members (55%) aged 36-50yrs, 38 members (25%), aged 25-35yrs, 26 members (17%), aged 51-65yrs, 4 members (3%) aged > 66yrs. The significance of using age is to have varied responses from the different clusters.

These are an important information indicating that there is a high number of female than male in membership and ownership where culture as impending factors is being overcome. The study by Kratli & Swift (2014) & Okwany (2010) shows that the misconception of exclusion of youth and women from cooperative movement due to not creditworthy than their explicit potential is widely accepted in this era.

Hence, the inclusion of women and young people in the society's movement will bring wider transformative agenda for the marginalized groups. It will accrue in bringing entrepreneurship initiatives and economic development in the rural economy. The below figure 1 gives the overview explained above.

**Figure 1: Gender and age**



### Position and educational level

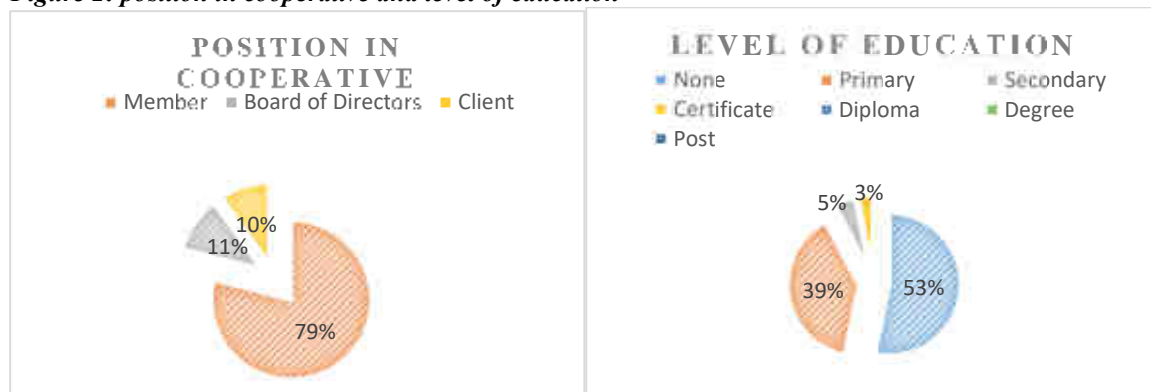
The research is geared to find out the position of respondent and their educational level as an important indicator of judging and understanding of the subject matter by all interviewed with the intention of minimizing influences to reducing biases. Finding displays the number of members, boards and clients interviewed and their level of education. From the respondent interviewed shows that 120 members (79%), 17 Board of directors (11%) and 15 clients (10%) surveyed in the selected number of cooperatives. The respondent level of education across cooperatives shows majority 81 members (53%) are with no education, 59 members (39%) with primary level, 7 members (5%) with secondary level and 5 members (3%) with certificate level of education.

Okwany (2010) support the outcome of the study on the degree of education where the majority of poor people in most African countries are female and young, but they are also the majority of those who lack education and employment security thus exposed them to risks, shock and stress. The study by Patrick, et.al (2014) is in contrary with the outcome by showing that (46%) of board members had primary education level, (30%) had secondary, (14%) university which is not the case with the livestock based cooperative interviewed.

As the mostly majority of the members are women, the result by Makena, et al.(2014) on the challenges facing women entrepreneurs in accessing business finance in Kenya: Case of Ruiru Township, Kiambu County support the finding that very few female entrepreneurs have a high qualification in education. They are large in numbers in the cooperative, illustrated by a very small percent of women have attained the degree level (11.7%), diploma level (21.7%) and certificate level (45.8%) respectively. These shows a high number of women being in small business and could be the fact that they do not have enough entrepreneurial skills to manage large-scale businesses.

From the findings, there is a fair representation of the members, boards, and clients interviewed for the study. The level of the education is perturbing with (92%) having none and primary education hence affecting the critical decision making organ of the cooperatives. These are attributed to low level of education in Northern Kenya. For the sustainability and growth of the Sacco's, there is need to develop the minimum level of education for the board of directors for the efficient running and decision making of the cooperatives across the non-deposit and deposit taking societies. The below figure 2 illustrates the explained above.

**Figure 2: position in cooperative and level of education**



#### 4.2 ORGANIZATIONAL SYSTEMS

The graph below shows the finding of whether the cooperatives have defined organizational systems within their set up and frequency of evaluation of department. It's a variable that looks at the 'whole' first with its fit and relationship to its environment as a primary concern. The response using the Likert scale (not well defined, sometimes, rarely, often and almost) shows as not well defined and sometimes (38-30%), rarely and often (15-10%) and almost (6%). Hence, the cooperative frequency of evaluation response is rated at the yearly (72.4%), after 6 months (15.1%), monthly (1.3%) and after 4 months (11.2%). The fact that cooperatives 68% had no defined boundary between different department shows some cooperative has none or weak department with blurred territories. The finding by Dawidowicz (2012) concurs with the results.

The response about knowledge of systems among the interviewed mostly 128 respondents (74.4%) described it as computer systems while the others indicated it as organizational or social systems 32 respondents (18.6%) or left the definitions blank 12 respondents (7%) in the open-ended question. Thus serves as a contrast to the descriptions of systems thinking with a significant number of respondents did not apprehend the concept.

The results by Lee (2012) in the study of "Using systems thinking to improve organizational learning in the public sector: the perspective of public officials" indicate that leaders have no idea about systems thinking. It is a significant barrier to the application of systems thinking to improve organizational learning. The other obstacles which obtained over (50%) votes from the respondents were organizational inertia in the public sector (65.1%) and departmentalism (55.8%).

These calls for the capacity development of the cooperatives to cognize the organizational systems and its benefits in appreciating the interaction between and among parts to maximize full optimization. The respondent argument was partly contributed to by lack of knowledge of the systems, boundaries, financial constraints and board commitments. The below figure 3 illustrates the information described above.

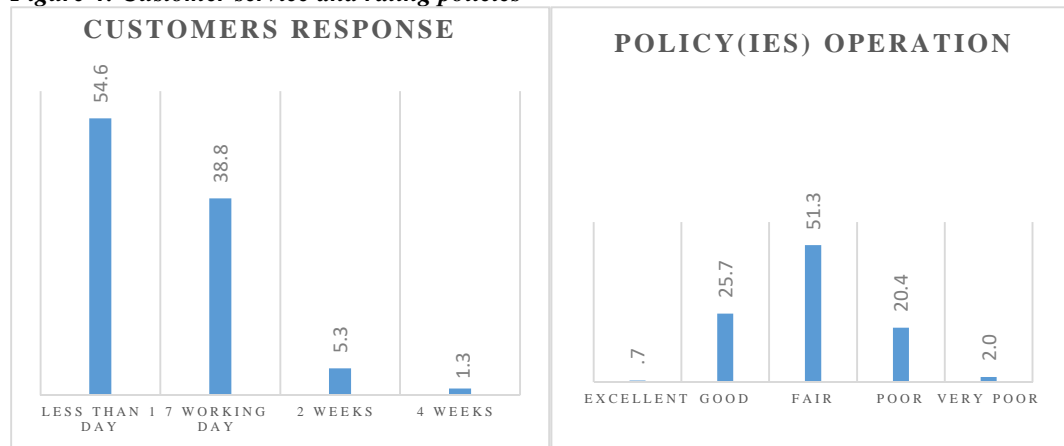
**Figure 3: Boundaries and evaluation**



The research result shows customer services, and policy operations ratings across the cooperatives are rated less than a day and a week between (54.6-38.8%) while 2 weeks and 4 weeks are between (5.3-1.3%). The policy operation with excellent and good (26.4%), fair (51.3%), poor and very poor (22.4%). It's in contrary to the study

by Mwanja, et al. (2014) shows that out of the 47 respondents interviewed, (70.2%) agreed that there are policies in use that guide the boards on investments, human resource, loans, education and training, values, and risk management. Also, (23.4%) of the respondents disagreed with this as (6.4%) of the respondents neither agreed nor disagreed. These shows that cooperative takes into consideration the views of their customers and the majority of the members have a reasonable response to policy operation. Hence, the findings show at least cooperative adhere to policies and take into consideration their customer comments. The policy operations and customers' views have an effect on the performance of the societies. The figure 4 below illustrates the information explained above.

**Figure 4: Customer service and rating policies**



Subsequently, the findings of the research on cooperative competitiveness in the market show respondents view as rated between (10-39%) for learning respectively from very low, low, none, high and very high. Technology investment is ranked among (8-41%) respectively from very low, low, none, high and very high.

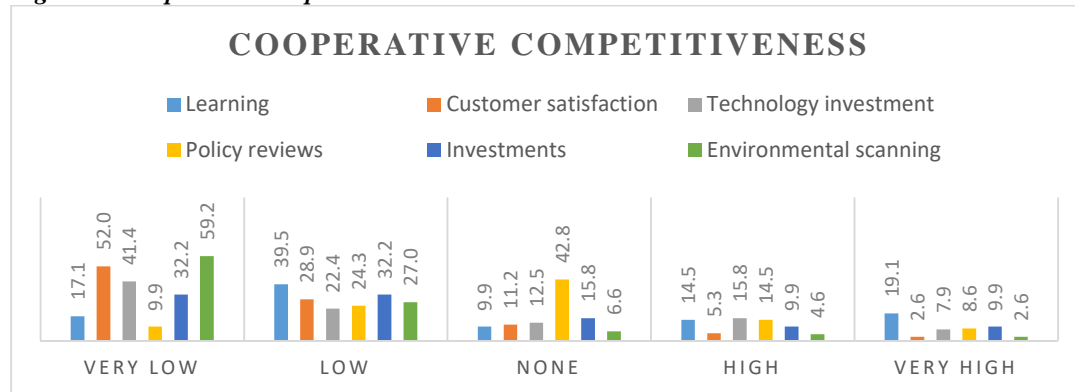
The study by Uluma (2013) is in contrary to the findings stating the respondents agreed the technology is a challenge to growth in the Sacco as shown by mean of 2.943. Whereas the computerization has improved loans disbursement and loan recovery, member's issues and requests are responded to promptly. The reports produced by our information system are accurate and reliable, and errors and differences in records are easily corrected, and reconciliations done on time as shown by a mean of 4.100, 3.986 and 3.686 respectively with the computerization contributed in reducing the fraud. The study looked at automation as one tool for technology improvement for improved service delivery and shows that it affect the performance of the Sacco's.

The findings from the respondent interviewed using the Likert scale from very low to high shows policy reviews rated between (8-24%), customer satisfactions rated between (4-52%) environmental scanning measured between (2.6 -59 %) and investment estimated between (10-32%). The study by Gicheru, et al. (2011), Karagu, & Okibo (2014) concurs with low investment by SACCO based on deposit taking on low patronage and where more than (62%) of the respondent interviewed indicate investment affect overall Sacco's performance while (67%) surveyed indicate board invest members fund prudently. Hence, the study by Kiaritha (2015) is in contrary displaying that people are investing so much in SACCOs to access loans as per the amount of savings in their account.

Also, the study by Olando, et al. (2013) states innovativeness, and institutional strengths of Sacco's products is an important determinant of growth of Sacco's wealth. Therefore, the findings show that learning, technology, policy and investment as the key determinant of the performance of the livestock based cooperative societies.

The below figure 5 illustrate the information given above

**Figure 5: Cooperative competitiveness**

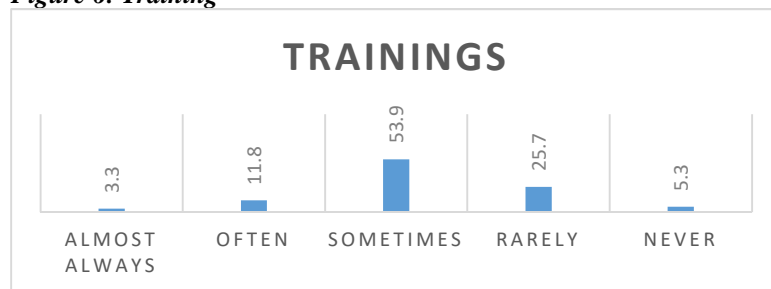


The result of the study using the Likert scale reveals that training of the members of the cooperative indicate the response of sometimes (53.9%), rarely (25.7%), Often (11.8%), Never (5.3%) and almost always (3.3%). It targets specific topics of record and book keeping, management and leadership. The training is mainly done by the donors with government extension services extremely extinct after the advent of the devolution. The study by Ndegwa (2013) sought to “Determine if there was a relationship between business growth and level of training in the line of business” showed that (49.5 %) of those who had received training in their areas of business reported that their enterprises were doing well. Given that (51%) received training and nearly all of them (49.5 percent) said their businesses were doing well.

Consequently, in the study by Uluma (2013) concurs with the results that they are aware of cooperative training providers who offer relevant training and lack of cooperative training to society officials leads to mismanagement of the Sacco’s by a mean of 4.300 and 4.000 respectively. In contrary to the findings, Makena, et al. (2014) in her study also revealed that many of the women who have attained the formal training did not have any exposure to entrepreneurial training. The many courses that offered do not equip the learners with proper skills to operate businesses.

The training is taken as critical in ensuring that members are imparted with current skills to enable them to hover in the business environments. The findings show training as a variable that affects the performance of the societies. The figure 6 below illustrates the finding above.

**Figure 6: Training**



The researcher further used the two-tailed test to look at whether members and staffs interaction with the level of coordination of cooperative have the effect on the performance of the societies. The majority of cooperatives with an excellent level of coordination had no members and staffs interaction, while those with the poor and very poor level of coordination had large (33.3% - 53.3%) to very large (33.3%) extent of members and staffs interaction. There was a significant association between level of coordination and members and staff interaction (p= 0.00). The level of coordination and interaction of members and staffs have a significant effect on the performance of the livestock based cooperative societies. The below Table 1 explain the result given above.

**Table 1: Members and staffs interaction**

Level of coordination of cooperatives	Goal achievement					Chi-sq	P-value
	No extent	Small extent	Moderate extent	Large extent	Very large extent		
Excellent	2 50.0%	1 25.0%	0 0.0%	0 0.0%	1 25.0%	68.12	0.000
Good	7 21.9%	14 43.8%	8 25.0%	2 6.3%	1 3.1%		
Fair	21 38.9%	15 27.8%	11 20.4%	2 3.7%	5 9.3%		
Poor	0 0.0%	5 18.5%	5 18.5%	10 37.0%	7 25.9%		
Very poor	1 2.9%	2 5.7%	9 25.7%	16 45.7%	7 20.0%		

Goal achievement was not significantly associated with the level of coordination ( $p=0.35$ ). The Cooperatives with a fair level of coordination had no to a small extent of goal achievement (31.5% – 46.3%). A minority of cooperatives with the poor level of coordination had a large extent of goal achievement (11.4%). In inference, it's deduced that coordination and goal achievement is not associated with the performance of the livestock based cooperative societies. The below table 2 shows the result given above.

**Table 2: Goal Achievement**

Level of coordination of departments in the cooperative	Goal achievement					Chi-sq	P-value
	No extent	Small extent	Moderate extent	Large extent	Very large extent		
Excellent	3 75.0%	0 0.0%	0 0.0%	1 25.0%	0 0.0%	27.596	0.35
Good	3 9.4%	15 46.9%	11 34.4%	2 6.3%	1 3.1%		
Fair	17 31.5%	25 46.3%	11 20.4%	0 0.0%	1 1.9%		
Poor	6 22.2%	7 25.9%	9 33.3%	5 18.5%	0 0.0%		
Very poor	9 25.7%	10 28.6%	11 31.4%	4 11.4%	1 2.9%		

The implementation and review of policies were significantly associated with the level of coordination of cooperatives ( $p= 0.000$ ). The majority of cooperatives regardless of the level of coordination had no or a small extent of implementation and review of policies. The results reveal, excellent to no extent (75%), good to a small extent (65.6%), fair to a small extent (64.8%); poor to a small extent (40.7%) and very poor to no extent (57.1%). From the research findings, the coordination and review of policies have a significant effect on the performance of the livestock based cooperative societies. The below table 3 illustrate results given above.



**Table 3: Implementation and reviews of policies**

		<i>Implementation and Review of policies</i>					Chi-sq	P-value
		No extent	Small extent	Moderate extent	Large extent	Very large extent		
Level of coordination of departments in the cooperative								
	Excellent	3 75.0%	0 0.0%	0 0.0%	0 0.0%	1 25.0%	70.86	0.000
	Good	4 12.5%	21 65.6%	6 18.8%	1 3.1%	0 0.0%		
	Fair	13 24.1%	35 64.8%	4 7.4%	2 3.7%	0 0.0%		
	Poor	11 40.7%	11 40.7%	5 18.5%	0 0.0%	0 0.0%		
	Very poor	20 57.1%	7 20.0%	8 22.9%	0 0.0%	0 0.0%		

The adoption of feedbacks was associated with the level of coordination of departments of cooperatives ( $p=0.030$ ). The majority of cooperatives with an excellent level of coordination had no extent of adoption of feedbacks while the very poor level of coordination was associated mainly with moderate (40%) adoption of feedbacks. These are in contrary with the study of Mwanja, et al. (2014) that shows that (79.3%) of the respondents agreed that there are adequate feedback in their cooperative, (23.5%) of the respondents did not allude to that with (2.6%) of them taking a neutral position. The result shows varied adoption of feedback by the organization and its impact can be diverse depending on the targeted market segment. Therefore, there is an association of coordination and adoption of feedback on the performance of the cooperative societies. The table 4 below gives the results above.

**Table 4: Adoption of feedbacks**

<i>Adoption of feedbacks</i>		No extent	Small extent	Moderate extent	Large extent	Very large extent	Chi-sq	P-value
How do you rate the coordination of departments in the cooperative	Excellent	2 50.0%	1 25.0%	0 0.0%	0 0.0%	1 25.0%	28	0.03
	Good	5 15.6%	18 56.3%	8 25.0%	0 0.0%	1 3.1%		
	Fair	16 29.6%	29 53.7%	8 14.8%	1 1.9%	0 0.0%		
	Poor	10 37.0%	12 44.4%	5 18.5%	0 0.0%	0 0.0%		
	Very poor	9 25.7%	9 25.7%	14 40.0%	1 2.9%	2 5.7%		

The service to the clients was associated with the level of coordination of cooperatives' departments ( $p=0.000$ ). The cooperatives with poor coordination had very high extent of service to the client (74.1%), while those with

the excellent coordination had no extent of service to clients (50%). The finding shows coordination and service to the client are associated with the performance of the livestock based cooperative societies. The table 5 below gives as explained.

**Table 5: Service to client**

		No extent	Small extent	Moderate extent	Large extent	Very large extent	Chi-sq	P
How do you rate the coordination of departments in the cooperative	Excellent	2	0	0	1	1	84.73	0.00
		50.0%	0.0%	0.0%	25.0%	25.0%		
	Good	2	16	7	5	2		
		6.3%	50.0%	21.9%	15.6%	6.3%		
	Fair	13	15	10	7	9		
		24.1%	27.8%	18.5%	13.0%	16.7%		
Poor	1	4	1	1	20			
	3.7%	14.8%	3.7%	3.7%	74.1%			
Very poor	1	1	2	2	29			
	2.9%	2.9%	5.7%	5.7%	82.9%			

The finding shows that there was a significant association between policy operations within cooperatives and boundaries limitations between departments ( $p=0.000$ ). The cooperatives with almost always well-defined boundaries between departments had good (55.6%) to fair (44.4%) policy operations within their cooperatives, while cooperatives with boundaries sometimes defined between departments had fair policy operations (68.8%). Cooperatives with no boundaries well defined between departments had fair to poor policy operations (43.3% - 30%). The finding agrees with Awino (2014) on the study sought to obtain the extent to which the board of directors reviews and monitor some of the critical policies and procedure of the SACCOs. The results reveal the SACCO finances and strategy, 11 (3%) agreed to a very large extent that the review takes place, 19 (53%) large extent and on the extreme 3 (8%) said that the procedures were never reviewed. There is a significant association of coordination and policy operation on the performance of the livestock based cooperative societies. The table 6 below illustrates the result given above.

**Table 6: Policy operations**

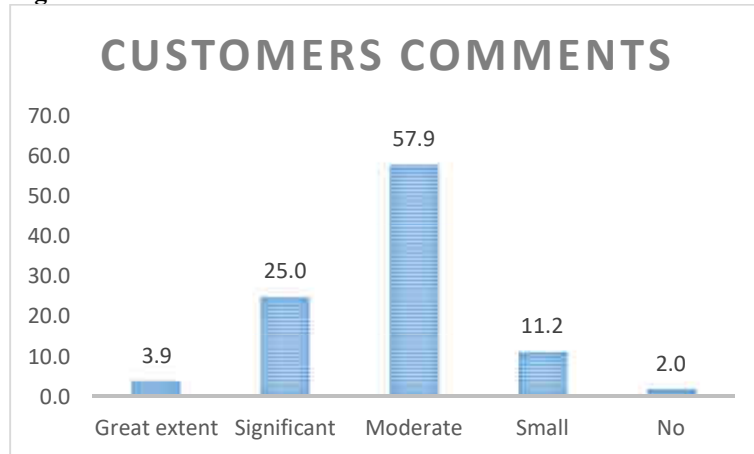
How do you rate the policy (ies) operation within cooperatives

		Excellent	Good	Fair	Poor	Very poor	Chi-Square Tests	P-value
Boundaries well defined between departments in the cooperative								
Almost always		0	5	4	0	0	41.499	0.000
		0.0%	55.6%	44.4%	0.0%	0.0%		
Often		0	6	7	2	0		
		0.0%	40.0%	46.7%	13.3%	0.0%		
Sometimes		0	13	33	1	1		
		0.0%	27.1%	68.8%	2.1%	2.1%		
Rarely		1	1	8	10	0		
		5.0%	5.0%	40.0%	50.0%	0.0%		
Never		0	14	26	18	2		
		0.0%	23.3%	43.3%	30.0%	3.3%		

The below figure 7 reveals customers feedback considered in planning by the majority of respondents rate with

the great extent and significant (28.9%), moderate (57.9%), small and no extent (13.2%). The finding implies that customer comments have an influence on the performance of the livestock based societies. Based on the findings the cooperative management has an obligation to takes into consideration the customer views as it affects the performance of the livestock based cooperatives.

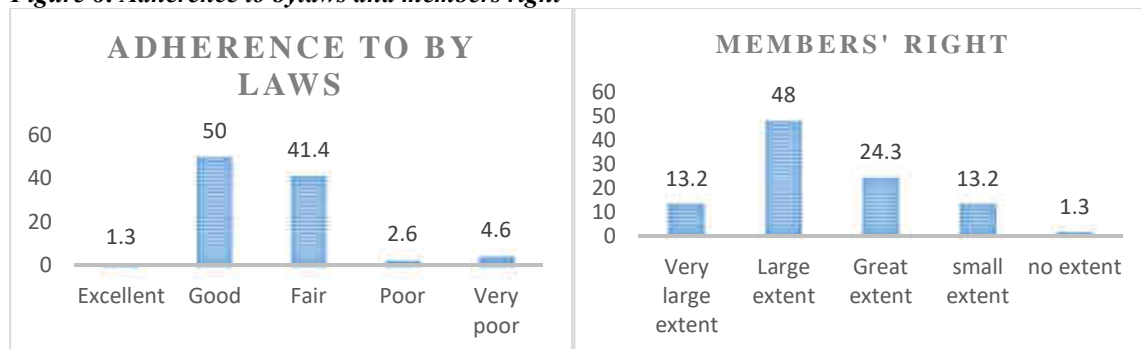
**Figure 7: Customers Comments**



#### 4.3 CORPORATE GOVERNANCE

The study findings illustrated below figure 8 show the response to the adherence to the bylaws as good (50%), fair (41.4%), very poor 4.6%, poor 2.6% and excellent (1.3%) respectively. Subsequently, the protection of members right as large (48%), great extent (24.3%), very large extent (13.2%), small extent (13.2%) and no extent (1.3%) respectively. The findings are in agreement with the study by Muriuki (2010) which shows (79.1%) of the respondent adhere to the bylaws where member’s right are fundamentally protected by the cooperative managements.

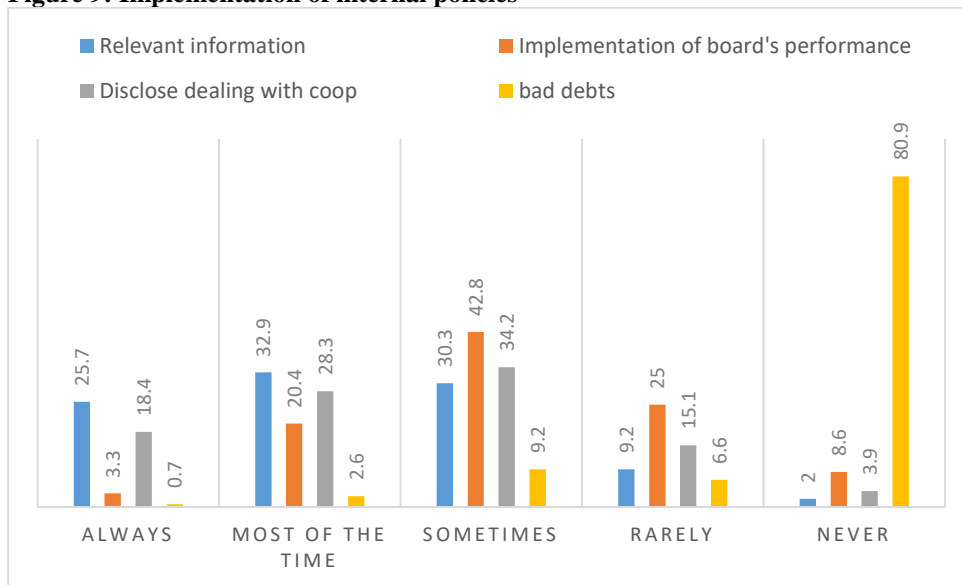
**Figure 8: Adherence to bylaws and members right**



Findings of the study show the majority of members received relevant information from the cooperative (33% most of the time, 30% sometimes and 26% always). Boards resolutions were not always and sometimes implemented rated as (43%) and rarely (25%) respectively. Disclosing of boards/staff dealings by respondents rated as sometimes (34%), most of the time (28%) and always (18%). The majority of cooperative mentioned they have never been hit by bad debts (81%).

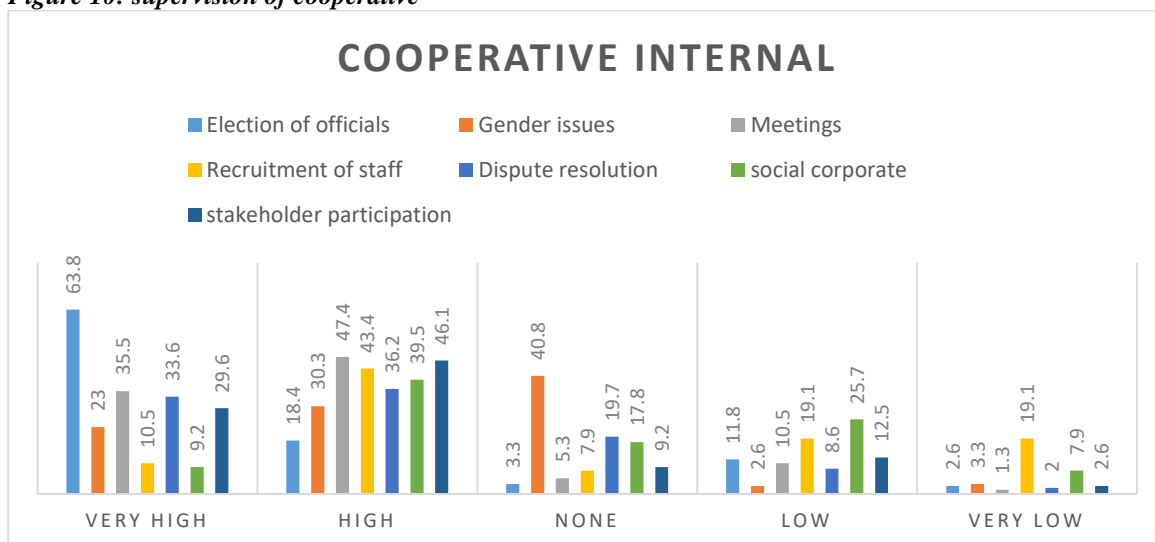
The results concur with the study by Patrick, et al. (2014) indicate that (55.4%) at least disagreed and (40%) at least agreed that the cooperative operating policies and procedures and expenditure control are followed. From the study that almost half of SACCOS operates without strict internal control, therefore, compliance with rules, regulation and procedure remain the wishes of the management. The cooperative under study showed that they never been hit by the bad debt (80.9%). These are due to most of the cooperative are non-deposit taking Sacco’s minimizing their risk of the loan default. Likewise, the livestock based cooperative has to move away from being the business for survival to grow towards profit based for the sustenance and economic development. The below figure 9 shows as explained above.

**Figure 9: Implementation of internal policies**



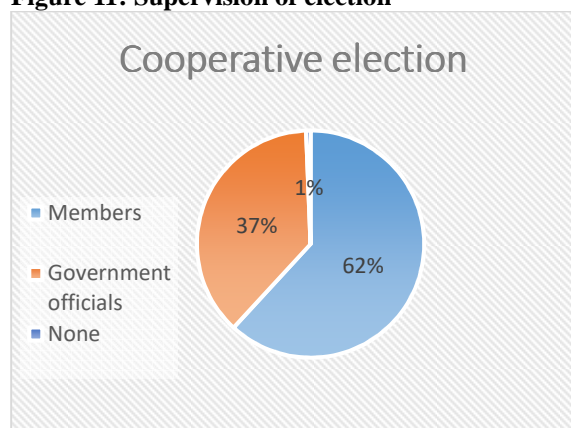
The response rate is rated on a five-point scale from very high to none. The respondents rated election of the officials to be very high to none (85.5%), opinion on gender very high to none (94.1%). Respondent rated attendance of meetings, very high to none (88.2%) and the recruitment of staff rated as very high to none (59.2%) respectively. The dispute resolution opinion very high to none (89.5%); social corporate response very high to none (66.5%) and stakeholder participation very high to none (84.9%) respectively. The finding reveals that election of officials, meetings and gender as the most important compared to recruitment, dispute resolution, social corporate and stakeholder participation. In overall, combined indicators shows that the variables can be used as a measure of performance of the cooperative greatly and affect the performance of the societies. The below figure 10 explains the above finding.

**Figure 10: supervision of cooperative**



The information on the supervision helps in determining the fairness, openness, and transparency in the electioneering process of the societies. The respondent interviewed showed the election is being overseen by members (62%), government officials (37%) and none (1%). The Cooperative Act, 2004 is not clear on the supervision of election and the procedures for the appeals in the case of the election fraud. The below figure 11 illustrate as explained above.

**Figure 11: Supervision of election**



Further, the study used chi-square to verify adherence to bylaws affect board/staff dealings, bad debt and members obtaining relevant information affect the performance of the cooperatives. The researcher went further to look at adherence to bylaws and board/staff dealings on the performance of the cooperatives. Adherence of members to cooperative by-laws was significantly associated with the frequency of disclosing board/staff dealings ( $p < 0.05$ ). The cooperatives with excellent adherence to bylaws rarely disclosed dealings (100%). Cooperatives with good adherence to bylaws almost always (32.9%), most of the times (30%) or sometimes (29%) disclosed dealings. Cooperatives with fair adherence disclosed most of the time (30%) and sometimes (40%). Cooperatives with poor adherence disclosed sometimes (75%). The adherence to bylaws, board, and staff dealing as a variable that affects the performance of the livestock based cooperatives. The below table 7 gives the results as given above.

**Table 7: Board and staffs dealing**

How frequently does the board/ staffs disclose their dealing with cooperative		Almost always	Most of the time	Sometimes	rarely	Never	Chi-sq	P-value
How do you rate the member's adherence to its cooperative by-laws	Excellent	0 0.0%	0 0.0%	0 0.0%	2 100.0%	0 0.0%	54.98	0.00
	Good	25 32.9%	23 30.3%	22 28.9%	4 5.3%	2 2.6%		
	Fair	2 3.2%	19 30.2%	25 39.7%	15 23.8%	2 3.2%		
	Poor	1 25.0%	0 0.0%	3 75.0%	0 0.0%	0 0.0%		
	Very poor	0 0.0%	1 14.3%	2 28.6%	2 28.6%	2 28.6%		

There was no significant association between adherence to bylaws and cooperative debts ( $P=0.21$ ). The cooperatives with excellent adherence to bylaws have never (100%) been hit by bad debt, same as Good (81.6%), Fair (82.5%), poor (75%) and very poor (57.1%) respectively. Most cooperatives mentioned they had never been hit by bad debts. Due to the nature of non-deposit cooperatives, bad debt is not affecting the performance of the livestock based societies as the business is not offering any credits to its members. The cooperatives need to develop policies that cushion them against the bad debt and below table 8 explains.

**Table 8: Bad debts**

In your opinion, has the cooperatives been hit by bad debts		Almost always	Most of the times	Sometimes	Rarely	Never	Chi-sq	P-value
How do you rate the member's adherence to its cooperative by-laws	Excellent	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 100.0%	20.17	0.21
	Good	1 1.3%	2 2.6%	6 7.9%	5 6.6%	62 81.6%		
	Fair	0 0.0%	1 1.6%	5 7.9%	5 7.9%	52 82.5%		
	Poor	0 0.0%	1 25.0%	0 0.0%	0 0.0%	3 75.0%		
	Very poor	0 0.0%	0 0.0%	3 42.9%	0 0.0%	4 57.1%		

Adherence to bylaws was significantly associated with members obtaining relevant information from the cooperative ( $p < 0.05$ ). The excellent adherence to bylaws was associated with either obtaining relevant information most of the time (50%) or rarely (50%). Good adherence was mentioned when members obtained the relevant information almost always (46.1%). Fair adherence was mentioned when the relevant information was obtained sometimes (47.6%). Poor adherence was associated with never obtaining relevant information (50%). The results below show of obtaining relevant information by members affect the performance of the livestock based cooperative. The below table 9 explain above.

**Table 9: Members obtaining relevant information**

How often are the members obtain relevant information of the cooperative		Almost always	Most of the time	Sometime	rarely	Never	Chi-sq	P-value
How do you rate the member's adherence to its cooperative by-laws	Excellent	0 0.0%	1 50.0%	0 0.0%	1 50.0%	0 0.0%	113.56	0.00
	Good	35 46.1%	25 32.9%	14 18.4%	2 2.6%	0 0.0%		
	Fair	3 4.8%	23 36.5%	30 47.6%	6 9.5%	1 1.6%		
	Poor	0 0.0%	1 25.0%	0 0.0%	1 25.0%	2 50.0%		
	Very poor	1 14.3%	0 0.0%	2 28.6%	4 57.1%	0 0.0%		

## 5.0 Conclusion and Findings

The research reveals similar results by the earlier studies carried by mostly the deposit taking Sacco's under different environment though additional information has emerged. The organization systems have not been taken seriously in the past studies to identify its efficiency and effectiveness in the performance of Sacco's. These have great limits in the growth of both deposit and non-deposit taking Sacco's and other service delivery as shown by the findings.

The study findings show the non-deposit taking societies are not monitored by the regulatory institutions. The commissioner of cooperative who is sole agent of the government on the non-deposit taking has the low capacity both regarding staffs and legal tool. In the advent of the devolution, the cooperative department is among services delegated to the counties with the unclear framework of supervision and with county government

negating the extension services. Disclose of the dealing by the board and sharing of relevant information is considered key but with the limited education level has affected the growth of the cooperative.

The findings show that (68%) of the respondent are uncertain about the interdependence of different department of the Sacco's. These indicate that there is a thin line drawn between the boundaries that cannot be microscopically be identified affecting the performance of the cooperatives. These agree with research by Pourdehanad & Bharathy (2004) stating systems thinking brings about a reasonable balance by focusing on synthetic thinking, but it does not negate the value of an analytical approach where it is appropriate.

Also, the research found out that there was a significant association ( $p>0.05$ ) of the level of coordination with members/staffs interaction, implementation of policies, adoption of feedback and service to the client. Hence, organizational systems as a variable on the performance are found to have a major effect on the operations of the cooperatives.

The cooperative is being run by the board members with the client finding it tough to get adequate service. The existence of the livestock based Sacco's is supported by the close relation of customer and operationalization of policies that is rated fair with a potential of improvement. Most member reaction, when followed carefully, is to maintain their only source of livelihood clinging to the membership for the benefit of bulk marketing. The learning, technology, investment, policy reviews, environment scanning and investments are rated very low and low.

Moreover, organizational systems have not been studied in the Saccos well and in particular, non-deposit taking Saccos. Henceforward, organizational systems as a cornerstone of the successive learning organization need to be understood well. The organization should endeavor towards looking at a whole and its interrelationship to improve efficiently of each sub-units.

The corporate governance was chosen as one of the variables for the study based on the lagging and ailing condition of the livestock based cooperative societies in Northern Kenya. The purpose is to evaluate its effect on the performance of the livestock based cooperative. It was operationalized by observing at adherence to by-laws, protection of member's right, sharing of relevant information, implementation of board resolution, minimizing of debt and disclose of dealing by the board.

Further, using the chi-square ( $p>0.05$ ) the adherence of bylaws with the board and staff dealings and members obtaining relevant information show there was a significant association. The result of the study predicts that livestock based cooperative is rational on the corporate governance support the performance of the societies. There is need to strengthen and build the capacity of members to appreciate its contribution towards ensuring fairness, equity and equality in the prosperous Sacco's. In particular, corporate governance supports the growth of the livestock based cooperative societies thus need for formalization of non-existent procedures and policies.

#### **The following are the recommendation made:**

- i. The research focused on the livestock based cooperative societies in Isiolo County. Subsequently, the researcher recommends for other livestock-based cooperatives counties in Northern Kenya to find whether the same variable affects the performance of the cooperative.
- ii. Due to the climate and lifestyle changes, pastoralist is diversifying towards alternative income generating activities. There is need to carry out studies on the performance of the other livestock by- product Sacco's dealing with hides and skins, gum Arabica and resins, and other natural, economical products in the arid areas.
- iii. Devolution of the cooperative functions has affected the societies operation. There is the need for the development of proper regulations and implementation with structured, clear marks between different authorities supporting the cooperative industry.
- iv. There is need to revise the Coop. Act, 2004 to be in tandem with the new constitution 2010 to create supervisory authority to monitor the non-deposit taking cooperatives.
- v. The role of women in the livestock product and by-products is highly noticed in the membership.  
The finding of the study shows that there is low investment compared with the time and resources women generate. Hence, there is need to look at how income generated by women are invested.
- vi. Creativeness and innovation of technology are typically changing the business dynamics and these call for understanding its effect on the pastoral livelihood.

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