

# A Study of the Effect of Financial Access on the Development of Dairy Cooperatives in Kiambu County of Kenya

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## ABSTRACT

*Cooperatives societies are part and parcel of an increasing number of people in formal and informal employment the world over. The study sought to evaluate the effect of financial access on the development of cooperatives. Grounded on the Social Capital and Resource-Based Theory, this study adopted the descriptive research design. In this study, the target population was 59,635 registered Dairy Cooperative members while the sample size was 398 respondents who were picked via stratified random sampling. Data collection involved questionnaires that contained 5-point scale Likert-type statements. Descriptive and inferential statistics were carried out. In this case, tests such as central tendency (mean), frequencies, percentages, and standard deviation in addition to Pearson and regression analysis were utilized. The findings show that the factors under investigation have significant influences on the development of dairy cooperatives. This is evidenced by a positive and statistically significant relationship between access to finance and the development of dairy cooperatives. These findings lead to the conclusion that access to finance also affected the level to which cooperatives funded their development activities. Affordable financing and increased member subscriptions affected the success of Cooperatives projects.*

**Keywords:** *Cooperatives societies, Financial Access, Dairy Cooperatives, Standard deviation.*

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## I. INTRODUCTION

Agricultural co-operatives have been viewed as organizations with the potential to foster socio-economic development and reduce poverty within the developing world (Bibby & Shaw, 2005; Birchall, 2003, 2004). Following the various economic and financial crises over the decade, there is a resurgence of cooperatives, both at the national and international level and organizations are anxious to understand the extent to which cooperatives in developing countries have been able to cope with the crisis. Much of the interest is focused on Africa where Cooperatives have undergone periods of mismanagement, government interference, and failure (Develtere, Pollet, & Wanyama, 2008) and despite that, they are growing their membership numbers while serving the poor communities in this region. There have been arguments that the advent of liberalization in the 1990s in the African context was the charm that revitalized the agricultural co-operatives to develop as genuine member-controlled and business-oriented organizations consequently improving the wellbeing of vulnerable people (Wanyama, 2013). Francesconi and Heerink (2010) argue that the agricultural cooperatives in the African region have shown mixed fortunes in terms of performance, growth, development, and sustainability. While there are success stories, not all agricultural cooperative endeavors have been sustainable but those that have can provide key insights for cooperative development across the region.

The oldest cooperative was introduced in Kenya by the British colonizers in 1908 at Kipkelion. Its main drive was to support the agricultural and dairy sustenance of the colonizers (Kobia, 2011). Government policies and reforms have since been put in place to help streamline the Cooperative movement to maximize returns to its members. KUSCCO (2010) reports that the Cooperative movement in Kenya has however been plagued by various setbacks that need to be addressed in order to steer the movement into stability and soundness. The Central Bank of Kenya (2011) financial report, the Cooperative movement in Kenya provided 45% of the Gross Domestic Product (GDP) and the cumulative deposits are above Ksh.200 billion and Ksh.210 billion in assets. The establishment and operation of cooperatives in Kenya are guided by the legislation in the Cooperative Societies Act of 2004. However, over the years' management issues, technology evolution, members' participation, and government policies are some of the challenges that confront the Cooperative movement in Kenya. The institutions are facing serious liquidity issues due

to the rising cost of capital and most of the Cooperatives are unable to meet the demands of their members' expectations (WOCCU 2010). Ondieki et al. (2011) posit that limited managerial skills have also largely affected Cooperatives in the country

Dairy Cooperatives credit has always been a chief contributor to the development of the Dairy sector. Rahji (2000) posits that Credit is regarded as more than just another reserve such as land, labour, equipment, and raw materials. A major reason for the weakening in the impact of the Dairy Sector on the economy is the continuous lack of an official government credit strategy and the reluctance of financial establishments to take up dairy farming lending. With expanded Credit access, farmland size and production are greatly increased. A study by Olagunju, (2000) acknowledged that credit services as well as the use of agronomic capital and labor resources fast-track the embracing process and increase the scale of production.

The country's Cooperatives provide over 61% of the total savings mobilized and 68% of the loans advanced by the Cooperative movement in Africa. Cognizant of the high value that Cooperatives hold in the Kenyan economy, the government in 2009 formed the Sacco's societies Regulatory Authority (SASRA) to provide oversight for deposit-taking co-operatives, as enshrined in the Sacco Societies Act 2008. Today, about 174 Cooperatives holding Kes 305.3 billion deposits from 3.6 million members are under SASRA's regulation. That notwithstanding over 30 million Kenyans depend on the cooperative movement for loans. The Cooperative movement provides a source of employment to young men and women while providing revenue to the government in the form of taxes. And In supporting enterprise development and self-employment in the Kenyan economy, Cooperatives offer affordable credit to small and medium enterprises (SMEs), (KUSCCO, 2019).

The Ministry of cooperative development & marketing, 2008 report shows the rich history of Kenya's involvement in cooperative development that has been characterized by strong growth, thus making a momentous contribution to the overall growth of the economy. The Cooperatives are recognized by the government to be a major contributor to national development, as cooperatives are found in almost all sectors of the economy e.g. Agriculture, Transport, Education, Manufacturing, and the Service industries. Out of the total population of Kenya which is approximately 49 million (Republic of Kenya, 2019), it is projected that 63 % of the populace will participate directly or indirectly in cooperative-based enterprises (GoK, 2019). The Cooperative movement is supposed to play a vibrant role in achieving the Jubilee government's big 4 agenda which are food security, manufacturing (employment creation) Security (Through wealth creation) and, universal health support. Kenya currently has about 12,000 registered cooperative societies with a membership of over 6.5 million which has managed to mobilize domestic savings estimated to be over Kes. 130 billion. The Republic of Kenya 2007; International Monetary Fund 2007; The Kenya High Commission in the United Kingdom 2007 reports submit that the Cooperative movement has directly employed over 500,000 people, besides providing opportunities for self-employment to about 63% of Kenya's populace.

From extant statistics, the Cooperative Movement in Kenya is estimated to contribute about 47% of the GDP and 34% of the national savings; the extant empirical evidence indicates further that some 63% of the Kenyan populace derive their livelihood either directly or indirectly from Cooperatives. WOCCU, 2010, submit that during the year 2011, the cooperative movement reported a revenue of about Ksh.50 Billion. We can conclude from this report that the cooperatives have great potential as an economic pillar for development of the country. The way to sustain the development of these agricultural cooperatives in Kenya has been debatable since the number of cooperatives going into insolvency and hurting the economy is increasing over time (GoK, 2013).

A GoK, 2012 study commissioned by the Ministry of Cooperative Development and Marketing found that from a sample of 220 cooperatives only 3.63% were considered to be sustainable, 35% of cooperatives had an average sustainability score and 78% were considered unsustainable. This report scored the cooperatives based on 3 sets of criteria; the existence of a business plan (50%), the degree of representation (20%) and management (30%). The poor development sustainability of agricultural cooperatives in Kenya has been attributed to dismal access to finance among other factors (RoK, 2012; WOCCU, 2010; Birchall, 2011). It is on this premise that the researcher embarked to establish the determinants of development of Dairy cooperatives in Kenya with a keen interest on Kiambu county. Could access to finance be a driver of development of Dairy Cooperatives in Kenya? This study sought to dive deeper and find out.

## **2. LITERATURE REVIEW**

### **2.1 Theoretical Review of Literature**

This is a tactic for accomplishing competitive lead that began in the mid-1980s and early 1990s, following major works published by Wernerfelt ("The Resource-Based View of the Firm"), Prahalad and Hamel (1990). "The Core Competence of The Corporation"), Barney, J. ("Firm resources and sustained competitive advantage") and others. Grant (2001) posits that the Resource-Based Theory (RBT), holds that organizations face major challenges in identifying and using resources effectively. In this light, most organizations do not appreciate their resources. This causes such organizations to use such ineffectively.

According to Grant, financial balance sheets, more often than not, fail to present intangible resources and people-based skills. Without mapping out clearly what the resources of an organization entail, it is very hard to use resources effectively. He identifies six classes of resources. These include human, technological, physical, financial, reputation, and organizational resources. Each of these resources contributes significantly to the profitability of the organization. In line with this current study, the various resources in a Dairy Cooperative could affect the implementation of development projects.

Human resources, the management of the Cooperative, and other employees play key roles in the development of Cooperatives. In this regard, their technical knowledge and abilities to apply it would affect the development of the Cooperative. Finance is another pertinent resource that would affect the development of the Cooperative

There exists some criticisms of the resource-based theory. One of the major criticism is that it assumes that all the resources generate the same value for the firm, a concept in logic called tautology (Priem & Butler, 2001). This is a wild presumption since this cannot be the case. The role of technology in the productivity of resources is taken for granted. Indeed, the theory is also narrow in implications and very rigid.

The theory also presupposes that resources just happen to be there instead of critically assessing the factors that lead to the availability of these resources such as how capabilities are acquired or developed to effectively manage the resources owned or obtained. As applied to this study, the RBT provides the conceptual lens to understand how obtaining financial resources may contribute to the development of dairy cooperatives in Kiambu.

## **2.2 Empirical Review**

Isidore and Rand (2019) in their study on "the relationship between the income and behavioral biases." established that more income was correlated with increased financial knowledge. This went on to affect confidence in making investment decisions on development projects. Within the context, of this study, it is apparent that income influences investment decisions and thus development. However, it may be a tall order to establish the level to which this applies to Dairy Cooperatives without studies such as the current one.

Umamaheswari and Kumar (2014) in their research on "Coimbatore based salaried investors' awareness, attitude, expectation, and satisfaction over their investments," found that income predicted investment decisions in the study area. In this regard, people made various considerations before making investment decisions. Key to this was the amount of income they had and their saving plans. However, a third of the study participants lacked the relevant investment awareness to opt for the correct financial plan. This current study sets out to find out how disposable income as a sub-variable of access to finance influences the development of Dairy Cooperatives in Kiambu Kenya.

Velmurugan, Selvam, and Nazar (2015) in their study "an empirical analysis on perception of investors' towards various investment avenues" sought to find out the perception of persons of different income levels on various investment options. It was established that persons with higher income levels preferred to invest in less risky environments and vice versa. This shows that risk averseness, which was often pegged on income levels, was a key determinant of investment decisions and thus development and progression. This modern study was determined to test the levels to which this trend persists in Dairy Cooperative in Kiambu Kenya.

Cherogony (2013) assessed "the effects of financial resource mobilization by Ainabkoi Rural Cooperative Societies in Ainabkoi Division Uasin Gishu County." The findings obtained show that the success of the implementation of development projects was pegged to available finances. In this regard, Cooperatives, armed with an understanding of what was at stake, were able to obtain sufficient finances for their development projects. However, the ability of Cooperatives to solicit sufficient capital was pegged on the expected returns for the investments so made. This study was not exhaustive as it missed looking at other major factors like the cost of those finances and this underlines the importance of this current study.

Onugu, (2005) while researching the financial performance of cooperative societies in Enugu state Nigeria, found out that the cost of financing is the main issue considered by organizations when deciding on the type of capital source to pursue their development projects. The value of the investments and projects undertaken by cooperative societies is highly linked to the costs of financing them thus they have to be put into account for the managers to make informed decisions. Cooperative societies find it difficult to measure the impact of financing costs on their capital structure decisions in regard to their investing activities. However, this study did not exhaust all aspects of the cost of finance which contributes to the financial performance of cooperative societies at large.

Akhtar et al. (2012) did a study on the connection between financial leverage and the financial performance of the energy sector in Pakistan. The research determined that organizations with inadequate investment opportunities often engage in insufficient projects where risk analysis is not easy thus the costs of financing are priced high. The size of the firm was used to determine the cost of financing. In this aspect, the bigger firms had an upper negotiation power and thus lower average financing costs. They further posit that most large institutions tend to diversify their portfolios in order to control their capital costs. This study failed to look into the uncertainties associated with financial leverage and how they can be managed in order to determine its influence towards organizational development.

### 3. RESEARCH METHODOLOGY

#### 3.1 Research Design

This is defined as “a framework for conducting a study that optimizes control over factors that could easily interfere with the validity of the study findings” (Burns, Grove, & Gray, 2015). This study used the descriptive survey design to establish factors affecting the development of Dairy Cooperatives in Kenya with reference to Dairy Cooperatives in Kiambu County. This design was used since it “determines and reports the way things are, describes data and characteristics of the population and phenomenon being studied.” This study is also built on this design since as Cooper and Schindler (2003) assert, “the descriptive study is the one that is concerned with finding out who, what, when, where and how.”

#### 3.2 Target Population

A target population is “a group of individuals objects or items from which samples for measurement are taken” (Mugenda & Mugenda, 2003). The target population was 59,635 Dairy Cooperative members in Kiambu County (Kiambu County, 2018). This was partly done due to the fact that Kiambu dairy cooperatives lead in milk production in Kenya (Kenya Dairy Board, 2018). The sample population was 398 members. The targeted population of the study was collated from the various Sub-Counties as follows;

**Table 1 Target Population**

Sub-County	Number of Members
Githunguri, Gatundu (North & South)	17,000
Kiambu Town, Thika, Juja & Ruiru	5,235
Kiambaa	4,000
Limuru	9,600
Kabete & Kikuyu	10,800
Lari	13,600
<b>Total</b>	<b>59,635</b>

Source: *Kiambu County Records (2018)*

#### 3.3 Sampling Design and Procedures

Sampling is usually done so as to help reduce the cost and time that would have otherwise been used to observe the entire population. Using stratified sampling techniques, this study sampled 398 persons from the target population of 59,635 using the simplified sampling formula stipulated by Taro Yamane (Yamane, 1967). The formula is:

$$n = \frac{N}{1 + N * (e)^2}$$

Where:

n=the sample size

N= the population size

e=the acceptable sampling error (assumed at 0.05)

When fitted, the sample size for the study is:  $n = \frac{59635}{1 + 59635 * (0.05)^2}$

$n \approx 398$  respondents

The researcher got a list of members from the Dairy Cooperatives within the given Sub-Counties to pick-out the target populace. The sample size is shown in Table 2.

Table 2 Sample Size

Sub-Counties	Number of Members	Sample Size	Portion of sample %
Githunguri, Gatundu (North & South)	17,000	114	28%
Kiambu Town, Thika, Juja & Ruiru	5,235	35	9%
Kiambaa	4,000	27	7%
Limuru	9,600	66	16%
Kabete & Kikuyu	10,200	65	17%
Lari	13,600	93	23%
<b>Total</b>	<b>59,635</b>	<b>398</b>	<b>100%</b>

Source: (Kenya Dairy Board, 2018)

### 3.4 Data Collection Methods

Questionnaires which contained open and closed-ended questions and also the Likert-scale type of questions were administered by the interviewer to collect primary data on the factors affecting the development of Dairy Cooperatives in Kenya. A list of dairy cooperative members from the various Cooperative in each sub-county was obtained from the Dairy Cooperatives to assist in identifying potential respondents. Ancillary data was collected from fiscal registers of the co-operative societies, internet sources, and archives.

### 3.5 Data Analysis

In the first level of analysis, the researcher used Quantitative and Qualitative data in this research study. As such, quantitative analysis was done using the descriptive statistics aided by the use of SPSS (Data analysis application) and Qualitative data analysis involved the explanation of information obtained via discussions and explanations of the study findings. In this case, tests such as central tendency (mean), frequencies, percentages, and standard deviation were carried out. Correlation analysis statistical was also used.

### 3.6 Research Quality

For the validity and reliability of the questionnaire to be established a test was carried out among 10 respondents who are not in the study to determine whether the questionnaire is actually able to meet its intended purpose. The researcher did a pilot test with members of Njabini Dairy Cooperative in Nyandarua County with the aim to ensure that the validity was achieved. The researcher conducted spot checks and supervisory visits to ensure that the research assistant is doing the right thing. He also checked the data for completeness.

The validity of the questionnaires was tested using the content validity technique where the questions were evaluated against the desired outcome to see how valid they were to the study. In this study, reliability was assessed by pre-testing the questionnaire. Cronbach Alpha ( $\alpha$ ), a reliability coefficient whose cut-off point is 0.7 (which signifies acceptable but also 0.5 suffices) and above was applied in testing the internal consistency of research items.

## 4. RESEARCH FINDINGS AND DISCUSSION

### 4.1 Response Rate

Out of the 398 respondents targeted, 334 participated. This makes a response rate of 83.9%; which was considered enough to represent the study. However, the reason for non-response was due to operational difficulties, time and cost restraints, and a lack of co-operation from respondents. These conclusions are presented in Table 3.

Table 3 Response Rate

Sampled	Responded	Response Rate
398	334	83.4%

### 4.2 Analysis of Demographic Data

#### 4.2.1 Position of Respondents in Cooperative

The dairy cooperative members (respondents) were requested to specify their position in the cooperative and 68% (227) indicated they were just members. Those in managerial and supervisory positions followed at 19.2% and 12.9%. These findings show that various categories of members of the dairy cooperatives participated in the study. This implies that diverse Cooperative membership tends to increase technology adoption, financial access, skills improvement, and reduced transaction costs in

accessing inputs and output markets (Mojo et al., 2017). Since this was done proportionately, it was possible to obtain all-rounded information about the subject under investigation. These findings are presented in Figure 1.

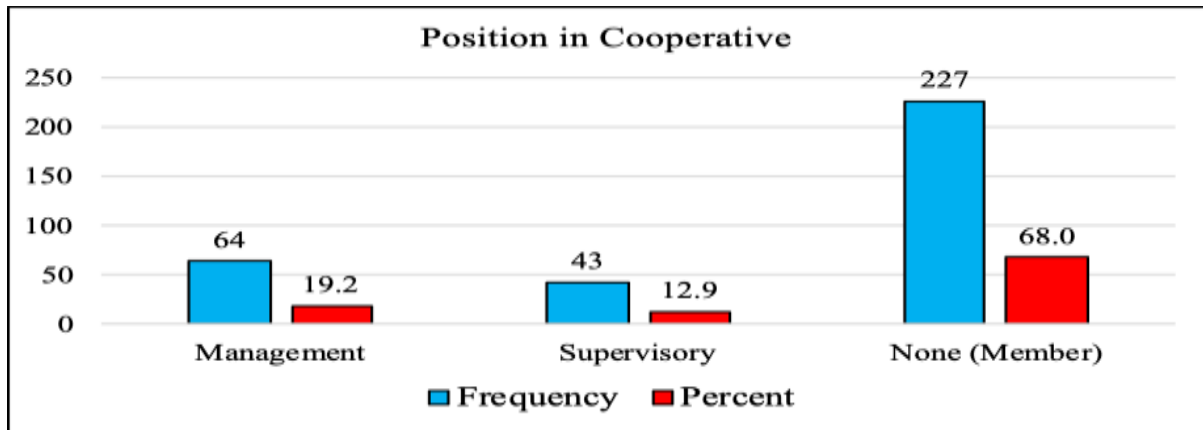


Figure 1 Position in Cooperative

#### 4.2.2 Education Levels of Respondents

The study wanted to determine the level of education of the dairy cooperatives members studied. Figure 2, demonstrates that most of the respondents, 44.9% had secondary level education. These were followed by slightly more than a quarter (26.6%) who had college-level education and 21.3% who had university level qualifications. The least had primary level qualifications at 7.2%. These findings show that the respondents had sufficient education qualifications to make significant contributions to the study.

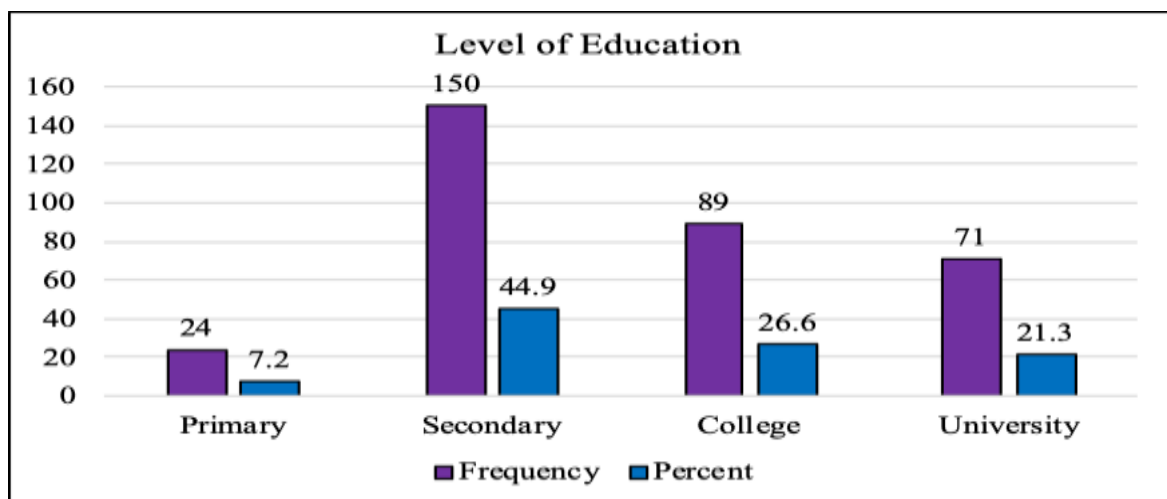


Figure 2 Level of education

#### 4.2.3 Duration in Dairy cooperatives

The dairy cooperative members (respondents) were asked to indicate the duration of time they had been in the dairy cooperatives. The majority, more than a third of the respondents (36.8%) had been with the dairy cooperatives for 16 to 20 years. These were followed by 29.9% who had been there for 11 to 15 years. All in all, the findings show that 78.1% had been in their dairy cooperatives for over 10 years. This shows that the respondents had been in the dairy cooperatives long enough to understand the factors affecting their development. These findings are shown in Figure 3.

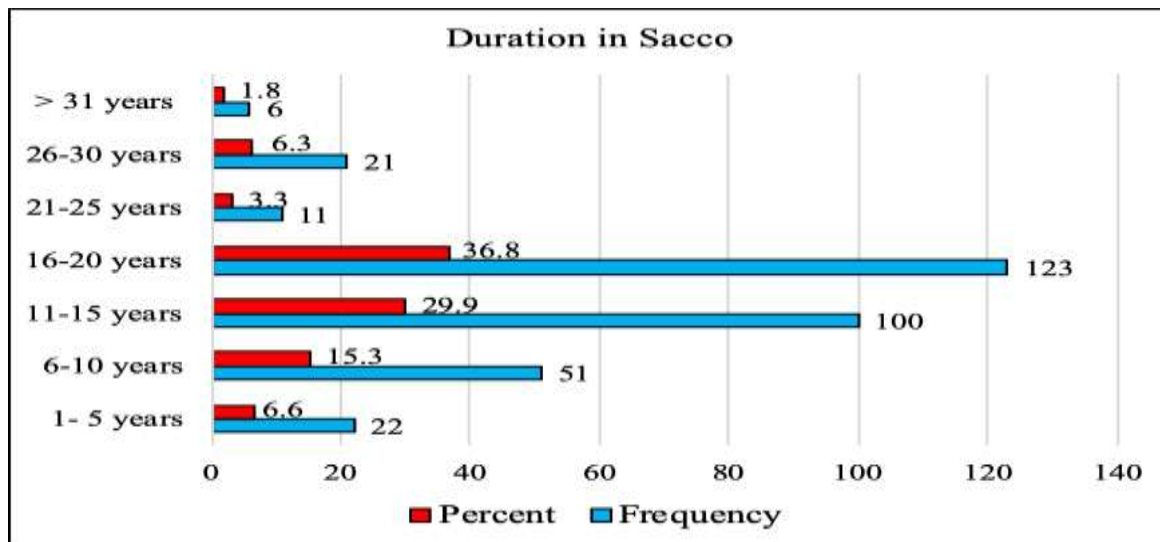


Figure 3 Duration in Dairy cooperatives

#### 4.2.4 Sub-Counties of Respondents

The respondents were asked to indicate the sub-counties within Kiambu County that they came from. As shown in Table 2, most of them came from Githunguri Sub-County at 12.9% while the least came from Kikuyu Sub-County at 3.6%. Since all the sub-counties targeted in the study were represented, the findings obtained could paint a balanced picture of the subject under investigation.

Table 4 Sub-Counties of Respondents

Sub-County	Frequency	Percent
Githunguri	43	12.9
Gatundu South	41	12.3
Gatundu North	34	10.2
Kiambu Town	34	10.2
Lari	34	10.2
Limuru	33	9.9
Ruiru	31	9.3
Kabete	22	6.6
Kiambaa	22	6.6
Juja	15	4.5
Thika Town	13	3.9
Kikuyu	12	3.6
<b>Total</b>	<b>334</b>	<b>100</b>

#### 4.3 Access to Finance according to Psychometric Scale Statements

The respondents agreed to two of the statements presented to them. To begin with, they agreed that the net profit of the Cooperative and other sources of funds like government grants influenced the development of the dairy Cooperative (50.6%). These findings agree with Glaeser et al. (2002) who show the importance of profits and financial resources in the development of an organization. The income levels of Cooperatives also affected their decision to invest in various development options, 60.2% agreed with this sentiment. This also agrees with Glaeser, Laibson, and Sacerdote (2002) who are of the view that organizations should consider the resources at their disposal before making investment decisions.

The respondents strongly agreed with the following statements. The success of the development projects of dairy cooperatives was influenced by their financial plans (strongly agree at 58.4%). This aligns with the Umamaheswari and Kumar (2014) who was of the same opinion. In this light, the financial resources and plans that cooperatives had, influenced their investment decisions and the success of their projects. Also, the cost of funds to the Cooperatives influenced their risk averseness and the kind of investment decisions they made, strongly agree at 69.8%. This agrees with Onugu, (2005) who posits that in Enugu state Nigeria, the cost of financing is the main issue considered by organizations when deciding on any type of capital source to pursue their development projects. As such, the ability to service loans from the proposed projects affected the investment decisions of dairy cooperatives.

Further, the income levels of the Cooperative members influenced the amounts available to the Cooperative, strongly agree (75.1%). This is in line with Velmurugan et al. (2015) income levels were a key determinant of investment decisions and thus development and growth. The more members were able to raise resources, the more there were available resources to undertake projects. Lastly, the respondents strongly agreed (76.9%) that the ability of cooperatives to provide collateral for capital funding influenced the success of the development projects undertaken. This shows that the assets of organizations affected their development processes as stipulated by Glaeser et al. (2002).

**Table 5 Access to Finance**

	1	2	3	4	5	Mean
Statement	%	%	%	%	%	
a) Net profit of the Cooperative and other sources of funds like government grants influences the development of the Dairy Cooperative	0.3	0.3	0.6	48.2	50.6	4
b) The success of the development projects of Dairy Cooperative is influenced by their financial plans	0.3	0.3	1.2	39.8	58.4	5
c) The income levels of Cooperatives affect their decision to invest in various development options	0.6	0.6	7.5	31.1	60.2	4
d) The cost of funds to the Cooperatives influences their risk averseness and the kind of investment decisions they make	0.3	0.6	0.3	29.0	69.8	5
e) The income levels of the Cooperative members influence the amounts available to the Cooperative	0.0	0.0	0.6	24.3	75.1	5
f) The ability of cooperatives to provide collateral for capital funding influences the success of the development projects undertaken	0.0	0.0	0.0	23.1	76.9	5
N=334						

Source: Author (2021)

The respondents were presented with the question, “in which other ways does access to finance affect the development of the Dairy cooperative?” The findings show that finances determined the quality and size of projects undertaken by the cooperatives. If the cooperative did not have enough finances, it could not balance between member dividends and investment in worthwhile projects that could generate more capital for the firm. This challenged the profitability of the firms. Sufficient members’ contributions availed enough revenue that could be used to adequately develop the cooperative. Also, if the cooperative could borrow cheaply from financial institutions Onugu (2005), it was possible to undertake quality projects and develop itself more.

**4.4 Development of Dairy Cooperatives**

Regarding the development of dairy cooperatives mixed results were obtained with means ranging from 2 (disagree) to 5 (strongly agree) obtained. To begin with, Most of the respondents strongly agreed (66.2%) that there were instances in which the high cost of finance stalled development projects before conclusion. This is in line with Henry and Schimmel (2011) who points out that high cost affected the success of organizations’. The majority of the respondents also strongly approved (63.2%) that the Dairy Cooperative faced management-related challenges in implementing development projects. Also 60.2% strongly agreed that sometimes, technology apathy affected the development of the Dairy Cooperatives. This corroborates the findings of Develtere et al. (2008) who posits that managerial problems affected the success of Dairy cooperatives.

Almost half (49.1%) of the respondents agreed that their technology adoption was usually in time in-order to be competitive. Another close to a third (35.6%), which is the highest number agreed that their stakeholders/members were usually satisfied with the development projects they undertook. This could lead to further support and success of the projects as posited by Francesconi and Heerink (2010). Another close to half (49.4%) agreed that high costs of technology hardware and software affected the development of the Dairy Cooperative.



When asked if their development projects were usually completed within the estimated budget costs, most of the respondents (35.6%) said that they were not sure. This was an indication of success in the implementation of the projects since timeliness was a key indicator of the success in projects (Hamisu, 2010). Also, most of the respondents pointed out that they were not sure (39.5%) that their development projects usually yielded the desired returns. This is in line with Avolio (2012) who posits that the success of projects is pegged on their ability to realize the expected outcomes. Lastly, more than half of the respondents (52.7%) disagreed that there was evidence that their development projects were sustainable because they are undertaken based on quality market research. This shows that often, projects were undertaken without prior research on their suitability.

**Table 4.7 Development of Dairy Cooperatives**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>
<b>Statement</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	
a) Our technology adoption is usually in time in-order to be competitive	3.3	3.9	14.1	29.6	49.1	4
b) Our development projects are usually completed within the estimated budget costs	5.4	16.2	35.6	22.8	20.1	3
c) Our stakeholders/Members are usually satisfied with the development projects we undertake	6.6	16.2	11.4	30.2	35.6	4
d) Our development projects usually yield the desired returns	25.4	39.5	3.3	16.5	15.3	3
e) There is evidence that our development projects are sustainable because they are undertaken based on quality market research	26.0	52.7	0.9	13.5	6.9	2
f) There are instances in which the high cost of finance stalls development projects before conclusion	0.0	0.3	3.3	30.2	66.2	5
g) The Cooperative faces management related challenges in implementing development projects	0.0	0.3	2.7	33.8	63.2	5
h) Sometimes technology apathy affects the development of the Dairy Cooperative	0.0	0.3	6.3	33.2	60.2	5
i) The high cost of technology hardware and software affects the development of the Dairy Cooperative.	0.6	0.9	20.1	29.0	49.4	4
N=334						

Source: Author (2021)

The responders were presented with the question, “in which other ways can you rate the success of the development of the Dairy Cooperative?” The responses obtained show that the performances of cooperatives were very divergent. While some cooperatives were doing well by expanding their client bases and opening new branches, others were not doing so well. This was attributable to market forces such as competition as well as internal challenges in the cooperative. If the cooperative was poorly managed, its efficiency was compromised. Loss of resources through corruption could also set in, leading to poor development. This agrees with Mwakajumulo (2011) who posits that poor management led to embezzlement of funds. It was thus pertinent to have managers with high integrity.

The respondents were also presented with the question, “In which ways can the development of Dairy Cooperatives be enhanced?” The responses obtained show that there were various ways in which this could be achieved. This included employing competent and experienced managers as recommended by Oyoo (2002). Training was also necessary so as to enhance the capacity of the employees as posited by ICA (2013). There was a need to carry out thorough research before starting projects so as to understand their riskiness and put in place the requisite strategies to ensure that their success was ensured. Partnerships with microcredit were also recommended since they could avail of low-cost credit. Member participation should also be strengthened and embedded in all management processes of the Saccos so as to enhance their support of projects.

#### 4.5 Correlation Analysis

Pearson correlation shows that there was a statistically significant relationship between access to finance ( $r=.317$ ,  $p<0.001$ ) and the development of dairy cooperatives.

**Table 4.8 Pearson Correlation**

Correlations			
		Access to Finance	Development of Dairy Cooperatives
	Sig. (2-tailed)	.771	
Development of Dairy Cooperatives	Pearson Correlation	.317**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

N=334

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

Access to finance had a significant influence on the development of dairy cooperatives. This is evidenced by a positive and statistically significant relationship between access to finance ( $r=.317$ ,  $p<0.001$ ) and the development of dairy cooperatives. These findings show access to finance affected the level to which cooperatives funded their development activities. Affordable financing and increased member subscriptions affected the success of projects. Increasing members' participation would also increase their buy-in to the projects of the dairy cooperatives; augmenting their sustainability. This would go on to enhance their development.

### 5.2 Recommendations

Partnerships with microcredit are also recommended since it could avail low-cost credit. Member participation should also be strengthened and embedded in all management processes of the Dairy Cooperatives so as to enhance their support of projects. Regular monitoring and evaluation were recommended so as to come up with strategies for correcting deviations from predetermined development objectives in the dairy cooperatives. The study also recommends the need for policies for enhancing ease in access to Finance put in place for financing of Dairy Cooperatives development projects.

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