ASSESSING THE IMPACT OF CO-OPERATIVE EDUCATION/TRAINING ON CO-OPERATIVES PERFORMANCE

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ABSTRACT

The current business education is often too much marketing oriented but deficient in informing stakeholders on the ideals of the form of business. Similarly almost every co-operative has problems in understanding how co-operative education influence its operations, thus most co-operative organizations does not have a clear strategic focus on co-operative education. More often co-operative organizations emphasize on marketing and promotion as substitutes for education. Moreover, managers assume that by members seeking of services, attending occasional meeting, and thinking of cooperatives wholly as a business is enough. This has made most co-operatives to eventually struggle to survive when faced with competition because without an understanding on how co-operatives differ from other businesses, members may have little reason to patronize the co-operative, or have little trust, commitment and loyalty to the business. The members may even exit membership in crises. Consistent with extant literature on co-operatives this study found that a significant relationship exists between co-operative education and performance of Saccos in terms total income, assets and members equity. In addition to empowering existing members, the study found such awareness could encourage potential members including the youth to join the co-operative society, consequently enhancing continuity of the enterprise.

Key words: co-operative education, performance of co-operative enterprises, target audience, channels of transition, areas of training.

INTRODUCTION

A Co-operative is about people. It is in line with this assertion that the International Co-operative Alliance (I.C.A) defined co-operative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ICA, 2012). From the definition, a co-operative society can be described as an enterprise formed, owned and controlled by association of users applying rules of democracy and making
equitable contribution to the capital required and accepting a fair share of the risk and benefits of the undertaking in which the members actively participate (Birchall, 2010, 2004; Mazzarol, 2009, Mazzarol et al., 2011). Principally, the definition focuses on members’ participation, which essentially require education and sufficient information on co-operative issues (Thapa, 2014). In addition, according to Miner (2016), Wilson (2014), Umukoro (2013) and Bhowmik (1997), co-operative education empower members and generally promote co-operative awareness that can easily convince the public to join the society.

According to ICA (2012), co-operative education is the lifeblood of co-operatives, drives co-operative development, co-operative performance and is important across all areas of co-operation. As a principle, it is regarded as the foundation of all the co-operative principles, without which the other co-operative principles cannot be applied effectively. To the Rockdale pioneers, the association’s members critically needed co-operative education because they lacked formal education and knowledge of co-operatives was non-existent. Subsequently, the critical position of co-operative education was upheld by its retention as a cardinal principle of cooperation in the 1995 International Co-operative Alliance (ICA) version. To date co-operative authors consider education necessary to the continuity of the association as result of sustained members’ patronage. In addition, for continuity of the organization co-operators should be educating new generation as it arises on co-operation (Fish, 1993).

Co-operative education is the means by which the principles of co-operation are enabled to function (Miner, 2016; Wilson, 2014; Kinyuira, 2015). It ranges from training programs for members, employees and the public about co-operatives origins, developments and trends. Imparting co-operative education is the responsibility of co-operatives societies, education institutions, NGOs, government agencies responsible for co-operative matters, and the international co-operative Alliance. Subsequently the main target audience for co-operative education is members, elected representatives, managers and employees, to equip them with the skills, knowledge and confidence to enable them use, participate in and control the co-operative more effectively. In addition, co-operative awareness can be propagated through many channels such as workshops, lectures and seminars (Probst, 2001). Miner (2016) and Fish (1993) explain various channels used in propagating co-operative awareness including meetings, newsletters, leaflets, posters, personal contacts, radio and television. Recently the social media social media (websites updates, email messages, facebook, twitter, whatsapp groups etc.) has become more prominent channels of information and education.

Sekeran and Danforth (1980) believe that all outstanding co-operative leaders place strong emphasis on the principle of continuous education. Such leaders implement continuous education in two dimensions, education about the principles, practice, and goals of the business on one hand and relevant and honest product information on the other. Consistent with the assertion, Schieldgen (1989) posit that in all cases when a co-operative has collapsed, observers have cited the decline of cooperative education as a major factor in the failure. In most of the reports, findings indicate that the co-operative idea was ignored, and new members were enrolled without being taught about the co-operative, cooperative economics, or their responsibilities as members (Wanyama, 2009).
Extant literature on co-operatives suggests a significant relationship between co-operative education and participation, loyalty, and capitalization (Salvatori, 2012; Ole Borgen, 2001; Mora & Menozzi, 2005; Nunez-Nickel & Moyano-Fuentes, 2004). However, almost every co-operative has problems in understanding how co-operative education influences its operations, thus most does not have a clear focus on co-operative education. This has made such organizations to eventually struggle to survive when faced with completion. Co-operative proponent such as Miner (2016) contends that an emphasis on prices or a particular offerings (either a product line or service), promotion, salesmanship, advertising, cannot be regarded as substitutes for education. Moreover, seeking co-operatives services, attending an occasional meeting, and thinking of cooperatives wholly as a business is also not enough. An understanding of co-operative ideology and operational issues would make modern co-operation a way of life as intended by its pioneers.

According to Sabatini, Modena, & Tortia (2012); Jussila, Byrne, & Tuominen, (2012) Novkovic, (2008); Ole Borgen (2001), without an understanding on how their organization differs from other businesses, members have little reason to patronize their co-operative. Members may also have little trust, commitment and loyalty to the business. Kinyuira (2015), Mora and Menozzi (2005), Mazzarol et al. (2011), Novkovic (2008) add that members may even not support the co-operative in crises. The authors suggest that an adequate awareness of co-operative ideals and unique identity could be created only through co-operative education. In addition to empowering existing members, such awareness would encourage potential members including the youth to join the co-operative society, consequently enhancing continuity of the enterprise.

SAVINGS AND CREDIT CO-OPERATIVES IN KENYA

SACCOs an acronym Saving and credit cooperative is a type of cooperative whose objective is to mobilize savings for the members and in turn provide them with credit facilities (ICA, 2012). Savings and credit businesses are basically financial services providers, and this has led to deposit taking SACCOs being referred to in some jurisdictions as financial services cooperatives. In regions particularly the USA, the UK, South Africa and the Latin Americas, they are specifically referred to as Credit Unions. In Kenya, SACCOs as a subset of the wider cooperatives undertake deposit-taking financial business, similar to commercial banking institutions except for the fact that, such deposits are taken only from members. This expansion of the co-operative financial services to deposit taking led to the emergence of the Deposit-Taking Sacco Societies (DT-SACCOs), thereby giving rise to two clusters of SACCOs namely the Deposit-Taking segment (DT-SACCOs) and the non-deposit-taking segment (non-DT-SACCOs). This is unlike in other regions where there is no distinction between deposit taking and non-deposit taking SACCOs. For instance, all Credit Unions in USA, UK & Ireland, Brazil, and Latin America are by law authorized to take deposits from their members; and so it is with the Cooperative Banks in South Africa, India, and continental Europe etc.

The purpose of this study is to establish extent co-operative education enhances survival and sustainable performance of co-operative enterprises. The study examines the extent and impact of co-operative educational processes in 177 regulated deposit taking
SACCOs in Kenya. The extent and impact of educational processes in the organizations varied from the greatest extent to none at all. The report provides a clearer understanding of the impact of co-operative education on the performance of co-operatives. The report then proposes various ways to improve education processes in co-operatives in accordance with the co-operative values and principles.

The article includes introduction, which highlights with empirical evidence co-operative education, its importance and the implications of its deficiency thereof. The article then explains the target audience and how they benefit from co-operative education; followed by the common areas of co-operative education covered and tools used. The study then presents research methodology, data analysis, findings, discussions, and conclusions.

**IMPLICATIONS OF CO-OPERATIVE EDUCATION**

Consistent with ICA conviction, co-operative education is crucial to all co-operatives because it facilitates and quickens members’ acquisition of skills and knowledge on how to form or join a co-operative. It also helps members to understand the co-operative laws, bylaws, co-operative principles and values consequently empowering them to own and control a co-operative society (Munkner and Shah, 1993; Knowles, 1985). Further, according to Murray (2016), co-operative education avail various direct and indirect benefits to members, elected representatives and the wider public. Effective information and education first and foremost help members to understand what is really happening in their organisation (Chesnutt, 1997; Haigh, 2000). It also allows managers to think about and act on more performance requirements consistent with the co-operative vision and mission. This supports strategy and help organisations respond to the demands of co-operative organizations complexity (Levi, 2008). Most importantly, education and information increase reciprocity that ensures people have a mutual interest in co-operation and understand that their success depends on each other.

Thapa (2014) and Dunn (1993) found education and information resulting in meaningful member involvement influence performance through quality products and services, marketing methods, qualified directors and good management (Wilson, 2014; Williamson, 2000). For the impact to be perpetual, the target groups need continuous information and education on co-operative issues (Haigh, 2000; Brick, 1997). The need for continuous education stems from several factors including changing membership as youth join; changes in member attitudes and loyalty to co-operatives; co-operative growth and expansion requiring members to adjust to a more complex business organization; continued criticism from groups challenging public policies on co-operatives; government regulations; and sociological and economic changes (Wilson, 2014; Chesnutt, 1997).

Despite the plenty of evidence that co-operative education significantly influence performance, co-operative institutions always set high level of performance expectation for their members without proportionately providing co-operative training and education (Thapa, 2014). In practice, most co-operatives show apathy in education to their members and in fact see it as a wasteful expenditure on the part of the organization making members to remain unproductive (Borzaga and Galera, 2012). Consistent with the assertion, authors
such as Wilson (2014), Schieldgen (1989), Erickson (1989), Dunn (1993), Duffey (1989) and Haigh (2000) found that in spite of co-operative education being one of the most critical elements of the co-operative businesses, it is least understood. Other scholars such as Borzaga and Galera (2012), Barbarini (2004), Lynch, Urban and Sommer (1989), Parnell (1996), Hill (2000) and Chamard (2004) found that co-operatives are conceptually scarcely visible in academic literature.

The invisibility of co-operatives limits the scope, performance, and success of co-operative enterprises. Lacks of public understanding about co-operatives imply that co-operatives are not widely recognized as an important form of entrepreneurial activity. Moreover, education about co-operatives is either limited or lacking in some public and private educational programmes (Miner, 2016). Consequently, co-operatives are often unable to find trained personnel and end up copying the management practices, organizational strategies, KPIs and impact-assessment methodologies of investor-owned firms (Borzaga and Galera, 2012). Moreover, Munkner and Shah (1993) assets that excessive emphasis on legislation rather than on the many other aspects of co-operation such as member education/training, which would better prepare members for democratic and participatory management worsens the misunderstanding (Mazzarol, 2011, Birchall, 2010). Concerning the insignificant interest, effort and emphasis, it could be argued that education is merely tolerated because there is a co-operative principle of continuing education, with many co-operative boards and managers not really understanding its implications (Haigh, 2000; Erickson, 1989).

In reports on poor performance of co-operatives, lack or the decline of co-operative education is usually cited as a major factor in the failure (Thapa, 2014). More often Managers faced with problems of the surplus are inevitably tempted to reduce funding on education, because it can easily be avoided (Borzaga and Galera, 2012; Erickson, 1989). In Kenyan co-operatives even where there is plenty of funding for education, it is most often used only for short-term purposes: membership drives, investment campaigns, public relations efforts, etc. Such activities are essential, but they only communicate specific information intended for the occasion or period but does not provide opportunities for members to learn about co-operative ideology, values and principles (Williamson, 2000; Brick, 1997).

Brick (1997) and Fish (1993) found lack of co-operative education to negatively affect co-operative performance as a result of low member loyalty, involvement and creativity consequently affecting performance of co-operatives negatively (Brick, 1997). Further Kinyuira (2016) posit that savings and credit co-operatives are vulnerable to neglect of education because the financial environment they operate in is fiercely competitive, compounded by the demands of members. Marketing strategies, advertising gimmicks, and product lines change so rapidly that it is difficult to maintain member loyalty. However, such loyalty could be fostered through co-operative education and information (Nunez-Nickel & Moyano-Fuentes, 2004).

Subsequently, Chamard (2004) suggest that in order for SACCO members to take an active and genuine interest in the management and control of the organisation that they own; members need to be constantly appraised on new developments taking place in the
SACCO through member information and education days. In such forums, Savings and credit co-operative members as both owners and users need to understand the financing, operation, and control of a successful co-operative. When members know more about co-operatives, they are in a better position to communicate with others about their co-operative. They are also more likely to become actively involved in it and can contribute positively to its success. Non-member and youth also need information about co-operative principles and practices, if they are to become new active members and loyal patrons. Educational institutions, government agencies, and the public must also understand the basics of co-operatives, if they are to support co-operative as a way of improving the welfare of members and local communities (Haigh, 2000; Birchall, 2010).

Various other studies have found lack of co-operative education/training to cause members disloyalty, high incidence of over-due and unpaid loans, and low attendance to meetings. It is also reported to result in ignorance of members’ proposals, poor member relations, bad management; low productivity resulting in little or no surplus, poor public image, inability to change with the times among others (Miner, 2016; Birchall, 2010; Thapa, 2014; Fish, 1993). Respectively, lack of educational and training programmes specific to the needs of co-operatives, coupled with mainstream managerial practices that are often inadequate for managing co-operatives lead managers to adopt practices and tools inconsistent with the co-operatives ideology (Thapa, 2014). This has made governance and management to remain an area of weakness (Zamagni, 2012). The copying of practices from investor-owned firms limits co-operatives from fully exploiting membership potential. This according to Borzaga and Galera (2012); Birchall (1997) amplifies the many challenges co-operatives face as they pursue economic performance while seeking to remain faithful to co-operative values and principles by adopting management practices that reflect their ethics.

In Kenya, SACCOs provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the cooperative. SACCOs place particular importance on educational opportunities for their elected directors, and financial education for their members and the public, especially the nation’s youth (ICA, 2012). SACCOs also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of cooperatives. In practice, it is clear SACCOs in Kenya focus more on Member economic participation and autonomy and independence than they do on cooperative ethos of education, training and information (Kinyuira, 2016).

TARGET AUDIENCE

Co-operative members
Members are the co-op’s reason for being and therefore Member education needs to be an important focus for co-operatives, and means more than simply informing co-operative members about the business and encouraging trading loyalty (Brick, 1997). It must first provide opportunities for members to learn about co-operative ideology, values and principles (Haigh, 2000; Birchall, 2010). Member education should help further understanding on the rights and responsibilities of membership. Member education helps a co-operative to have an informed membership and elected representatives that share the vision and aspirations for the success of the co-operative. Members’ education and training
could stimulate innovation and good management (ILO 2013). In overall, the most important function in co-operative education is to keep the members thoroughly informed about the nature and status of the business (Chesnutt, 1997; Duffey, 1989). The informed members are the best insurance against bad decision-making that a co-operative can have (Brick, 1997). Moreover, a well-informed membership is more willing to contribute skills, ideas and capital to the business than an ignorant membership.

Elected representatives

Members give directors responsibility for determining their associations’ general operating policies. To be effective, directors need operating information to formulate sound business policies. They also need information on how general economic, political, and social forces may affect the co-op’s activities (Brick, 1997). In addition, co-operative education has always been inextricably linked with building good governance since representatives are elected from general membership (Chesnutt, 1997; Birchall, 2010; Mazzarol, 2011).

Good governance in co-operatives is dependent on an active and well-informed membership. Well-informed members imply those elected to serve on the various committees and bodies that comprise the democratic structure have capacity to govern the co-operative (Haigh, 2000; Brick, 1997). At every level, from the smallest co-operative to the largest, success or failure largely rests with the decisions made by elected representatives in the interests of the co-operative and its members. Nevertheless, since the process of election is no guarantee of competence, educate and information rooted in co-operative values, can help elected members develop skills to provide strategic direction for the co-operative (Jamese, 1982).

Managers and employees

Employees need information about the real nature of the co-operative enterprise to help in daily operations. Managers also need information about their responsibilities and about their relationships with other employees, directors, and members. Moreover, co-operative education programmes should enable managers and employees to understand the distinct nature of the organisation and the needs of the members. This is particularly important for those coming to the co-operative sector from more traditional forms of business – where the needs of shareholders may be different to those of a co-operative. Therefore, managers and employees in co-operatives should receive training that covers the specific nature of co-operatives values and principles.

Wider public

The members of the public need adequate co-operative education because they are the potential members of co-operative society. When wider public who are the potential members have complete and accurate information about a co-operative; they can determine the real advantages of patronizing it. From the public, some of the most important people that directly influence co-operatives are those working in schools, the news media, government agencies, and the legislature. If reached with convincing
communications, these groups can substantially change prevailing attitudes toward co-operatives.

**Youth**

As democratic organisations, co-operatives need to inspire new generations and adapt to meet their needs in order to survive (Chesnutt, 1997). Co-operative movements in many parts of the world have helped develop education for and about co-operatives through the formal education system. In countries such as Sweden, Spain and Canada, UK, USA and Singapore co-operative education is offered from nursery schools, kindergartens to universities. In parts of Africa, such as Uganda and Lesotho, youth and student co-operatives go beyond providing a learning experience about co-operation to the development of the skills necessary for job creation and income generation. In Kenya, over 20 universities and colleges are offering co-operative related courses. In particular, Kenya has a fully chartered co-operative university offering co-operative education to the youth, co-operative organizations and public. Raising awareness often leads to co-operative innovation and development, thus the greatest potential for co-operative education lie with children and youth education as well as student co-operatives.

**Areas of co-operative education and awareness**

Information is essential to member involvement and long-term viability of the co-operative (Brick, 1997; Chesnutt, 1997; Murray, 2016). Therefore, boards of directors and management should actively engage themselves in continuously updating members about the co-operative operations.

The topics of information and education could include:

1. What a co-operative is, its unique nature and reason for being.
2. Objectives, goals, policies, programs, and plans (strategic, business etc.).
3. The roles and responsibilities of members, the board of directors, employees and the government.
4. Governance and management structure
5. The voting, election, and representation system used by the co-operative.
6. The laws, regulations and Bylaws.
7. How members’ equity is structured, minimum share capital, deposits, savings etc.
8. The financial statements, balance sheets, and operating statements for relevant periods.
9. Products, services and pricing
10. Any problems faced by the co-operative.
11. New developments in the industry and technology that may affect members and the co-operative efficiency.

**Co-operatives members’ education channels of transmission**

Most of the major co-operatives have well-developed communication, member relations, and public relations programs (Miner, 2016; Wilson, 2016; Brick, 1997; Chesnutt, 1997). However, many small co-operatives do not have, however anyone who is connected
with a co-operative is a communicator. These include members, employees, the
government officers etc. “becomes” the coop when he or she comes into contact with
people (Williamson, 2000). According to Miner, 2016; Fish, 1993 co-operatives have three
basic ways of communicating: personal contact, printed material, and audio-visual aids.

Personal Contact: This is perhaps the most effective means of co-operative
communication. The most important forms of personal contact include:

(1) annual and special meetings; member information days.
(2) Field days and open-house tours;
(3) membership on committees; and (4) manager, employee, director, and member
meetings.

Printed Material: Types include: (1) personal and special letters, (2) member magazines, (3)
direct mail, (4) annual reports, (5) co-operative publications, and (6) newspaper accounts.

Audio-visual Aids: Audio-visual communication techniques include: (1) special telephone
calls, (2) computer systems, (3) cartridge films, (4) closed-circuit television, and (5) radio
and television 6. Social media (Facebook, twitter, WhatsApp groups etc.).

METHODOLOGY

Population

The study population will be SACCOs in Kenya because they encompass almost all
sectors of the economy and business activities. They are also the most common types of
coopatives with 8592 of the registered 16969 cooperatives being SACCOs (KNBS,
2015). In addition, performance of Kenyan SACCOs are ranked first in Africa and seventh
worldwide, which justify choice of SACCOs as a suitable population of study on
performance of cooperatives.

In today’s world, cooperatives have particular value as was during the Rochdale Society.
From inception, cooperatives have also grown scale and scope; which according to Birchall
(2010), they are worldwide; cut across all sectors of the economy and provide an important
framework for mobilizing resources (ICA, 2012a; c). This enables cooperatives to play an
important role of welfare maximizing and socio-economic development (Wanyama et al.,
2009; Novkovic, 2008). Statistics indicate that, globally cooperatives generate a turnover of
over US$1.6 trillion per year, 13.8% of the world’s populations are members of
cooperatives; over 3 billion people secure their livelihood through cooperatives and over
100 million people are employed in cooperatives, a 20% more than in Investor owned
enterprises (Mayo, 2012; Salvatori, 2012; Atherton, et al., 2012, ICA, 2012b). In addition,
cooperatives presence in almost all countries is significant; for instance, in New Zealand,
22% of GDP comes from cooperatives, while in Japan, 91% of all farmers are members of
cooperatives (Jussila et al., 2012). In Kenya, cooperatives are responsible for 45% of the
GDP, 31% of the national savings and control over 85% of the coffee, dairy, pyrethrum and
cotton market.
The significant presence and sustainable performance compared to their competitors is facilitated by cooperative business model ability to successfully mobilize fragmented energies and resources that would have gone to waste Salvatori (2012). They also provide comparative advantages such as high penetration and stable interest rates. This creates capacity for response that is renewed every time a new crisis emerges as evidenced by cooperatives performance in the 2008-2011 global economic crises. For instance, by the end of year 2012, following five years of financial turbulence, cooperatives were showing more stability and positive response to the crises than Investor owned enterprises (Sabatini, Modena and Tortia, 2012). In the period, credit cooperatives continued lending, and in the production cooperatives, reduction in sales did not translate to job cuts. The resilience and sustainable performance was replicated everywhere in the world, for example, in the UK, between 2008 and 2011 cooperatives had a survival rate of 98% compared to 65% of the investor owned enterprises. Similarly, in the same period, the UK cooperative economy grew by 6% compared to -0.65% growth of the overall national economy (Mayo, 2012). In Kenya, SACCOs a segment of cooperative movement have been vibrant and are responsible for 30% of the GDP and 33% of national savings deposits (WOCCU, 2013). They have been growing at an average of 15% annually and survived the 2008-2011 economic crises better than investor-owned firms. The resilience and sustainable performance is attributed to the cooperative business model (Borzaga and Galera, 2012).

Target population

The paper used a case study to examine performance reporting of two major Saccos in Kenya. Savings and credit cooperative societies (SACCOs) are the most prominent types of cooperative societies in Kenya. A SACCO is a type of co-operative whose objective is to pool savings for the members and in turn provide them with credit facilities. Other objectives of SACCOs are to encourage thrift amongst the members, encourage proper financial management and investments practices. Whereas in urban areas salary and wage earners form Urban Saccos, in rural areas, farmers form Rural SACCOs. Rural Saccos may also include traders, transport, artisans and community based Saccos among others.

SACCOs in Kenya were chosen because they encompass almost all sectors of the economy and business activities. They are also the most common types of cooperatives with 8592 of the registered 16969 cooperatives being SACCOs (KNBS, 2015). In addition, performance of Kenyan SACCOs is ranked first in Africa and seventh worldwide, which justify choice of SACCOs as a suitable population of study on performance of cooperatives. According to SASRA (2012 p. 38), deposit-taking SACCOs serve over 81% of total SACCO membership; hold 80% of share capital and 78% deposits of all SACCOs in Kenya. They also earn over 79% of total annual turnover earned by all SACCOs and grant 78% of all loans by SACCOs. Deposit taking SACCOs also own 79% of total assets. Further, operations of deposit taking SACCOs in Kenya are well regulated by SASRA and the county governments. Therefore, a chance of getting valid and reliable data from deposit taking SACCOs on the topic is high.
Data collection

The study was explorative employing a survey. Within the survey, a questionnaire distributed to 110 Saccos measured the status of the co-operative members' education and training. In addition, the questionnaire included a section where respondents were required to indicate performance of their Sacco in terms total income, assets and members equity for the year 2015. The refined questionnaire was mailed to 110 sampled Saccos to fill and submit online.

RESULTS AND DISCUSSION

Data was collected from 110 Saccos of which 109 were analysed using descriptive and regression analysis.

Descriptive analysis

Table 1 shows the weighted mean of responses. Responses were collected using a 5 point likert scale as SA-strongly agree A-agree N-neutral D-disagree SD-strongly agree and 1= Not at all 2= Small Extent 3= Moderate 4= Great Extent 5= Greatest extent.

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<td>Elected members are educated to develop skills to</td>
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<tr>
<td>Information about the real nature of the co-operative</td>
<td>76</td>
<td>27</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>1.3578</td>
</tr>
<tr>
<td>enterprise to help in daily operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers and employees are educated on how to</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td>54</td>
<td>43</td>
<td>4.2202</td>
</tr>
<tr>
<td>understand and address the needs of the members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees receive training that covers the specific</td>
<td>76</td>
<td>3</td>
<td>22</td>
<td>7</td>
<td>1</td>
<td>1.6606</td>
</tr>
<tr>
<td>nature of cooperatives values and principles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wider public</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The public receive complete and accurate information</td>
<td>67</td>
<td>12</td>
<td>22</td>
<td>7</td>
<td>1</td>
<td>1.7431</td>
</tr>
<tr>
<td>about a co-operative to understand the real advantages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of joining it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have youth membership training programs</td>
<td>77</td>
<td>29</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1.3211</td>
</tr>
<tr>
<td>We organize youth education forums to educate them on</td>
<td>87</td>
<td>21</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1.2110</td>
</tr>
<tr>
<td>cooperatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Table 1: Target Audience

Weighted average mean = 2.9859
The weighted mean of 2.9859 indicate that the respondents only moderately agreed that the target audience were provided with co-operative education. On specific areas, 74.3% of respondents indicated they held education days annually. However much of the education is on business operations to encourage trading with the co-operative as indicated by 79% of the respondents. Similarly over 89% of respondents indicated that Managers and employees are educated on how to understand and address the needs of the members. Conversely over 93.6% disagreed that they educate members about co-operative ideology, values and principles; while 94.5% also disagreed that employee are informed about the real nature of the co-operative enterprise to help in daily operations. Moreover the greatest notable gap is that 72.3% and 98.2% disagreed that they offer cooperative education to the wider public and the youth respectively.

<table>
<thead>
<tr>
<th>Area of Co-operative Education and Awareness</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning of a co-operative and its reason for existence</td>
<td>87</td>
<td>19</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1.2294</td>
</tr>
<tr>
<td>Co-operative values and principles</td>
<td>79</td>
<td>22</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>1.3486</td>
</tr>
<tr>
<td>How co-operative differs from other forms of business</td>
<td>34</td>
<td>69</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>1.7523</td>
</tr>
<tr>
<td>The roles and responsibilities of members, the board of directors, employees and the government</td>
<td>6</td>
<td>13</td>
<td>6</td>
<td>6</td>
<td>78</td>
<td>4.2569</td>
</tr>
<tr>
<td>Governance and management structure</td>
<td>22</td>
<td>22</td>
<td>24</td>
<td>18</td>
<td>23</td>
<td>2.9817</td>
</tr>
<tr>
<td>Society vision and mission</td>
<td>2</td>
<td>22</td>
<td>44</td>
<td>18</td>
<td>23</td>
<td>3.3486</td>
</tr>
<tr>
<td>Policies, programs, and plans (strategic, business etc.)</td>
<td>1</td>
<td>16</td>
<td>53</td>
<td>18</td>
<td>23</td>
<td>3.3853</td>
</tr>
<tr>
<td>The laws, regulations and Bylaws</td>
<td>11</td>
<td>2</td>
<td>0</td>
<td>5</td>
<td>91</td>
<td>4.4954</td>
</tr>
<tr>
<td>Products, services and pricing</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>18</td>
<td>84</td>
<td>4.6422</td>
</tr>
<tr>
<td>Any problems faced by the co-operative</td>
<td>1</td>
<td>3</td>
<td>9</td>
<td>18</td>
<td>77</td>
<td>4.5463</td>
</tr>
<tr>
<td>New developments in the industry and technology that may affect members and the co-operative efficiency</td>
<td>2</td>
<td>58</td>
<td>2</td>
<td>18</td>
<td>29</td>
<td>3.1284</td>
</tr>
</tbody>
</table>

Table 2: Areas of co-operative education and awareness

The weighted mean of 3.1923 indicate that various areas (topics) of co-operative ideology are only moderately covered in the provision of co-operative education to target audience. On topics covered, the study found that the meaning of a co-operative and its reason for existence, Co-operative values and principles and how co-operative differs from other forms of business are not well covered as 97.3%, 92.7% and 94.5% respondents indicated the topics were covered to a small extent respectively. Further consistent with extant literature, issues related to operations of the Saccos as a business are well covered in co-operative education as between 77% to 93.6% indicated to a great extent.
Table 3: Channels of transmission

The weighted mean of 2.3867 indicate that various channels of transmission are only used to a small extent to provide co-operative education. On channels of transmitting co-operative education 94.5% indicated Member information days was effective to a great extent, 79.8% indicated office visits were effective and 93.6% indicated Posters/banners/billboards as effective. However all respondents indicated that the social media was effective only to a small extent as a channel of transmitting co-operative education.

Regression analysis

The objective of regression analysis was to explain the variation in Sacco performance, using the variation in the co-operative education variables. The research question was ‘what is the influence of co-operative education on performance of Saccos in Kenya? The researcher conducted a multiple regression analysis. The summary information is as shown below.

Summary output - Regression Statistics

Multiple R 0.942104
R Square 0.887560
Adjusted R Square 0.884348
Standard Error 0.457061
Observations 109
Upon regression analysis the multiple correlation coefficient was 0.942104. This indicates that the correlation among the performance of Saccos and co-operative education variables is positive. The coefficient of determination, $R^2$, was 88.76%. This means that close to 85% of the variation in the performance of Saccos is explained by the co-operative education variables (target audience, education topics and delivery channels). Further, the adjusted R-square, a measure of explanatory power, was 0.884348. The standard error of the regression was 0.457061 which is an estimate of the variation of the observed performance of Saccos about the regression line.

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Standard Error</th>
<th>t Stat</th>
<th>P-value</th>
<th>Lower 95%</th>
<th>Upper 95%</th>
<th>Lower 95.0%</th>
<th>Upper 95.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>0.46336</td>
<td>0.16945</td>
<td>2.73444</td>
<td>0.00734</td>
<td>0.12737</td>
<td>0.79936</td>
<td>0.12737</td>
</tr>
<tr>
<td>Target audience</td>
<td>0.43206</td>
<td>0.11220</td>
<td>3.85080</td>
<td>0.000020</td>
<td>0.20959</td>
<td>0.65454</td>
<td>0.20959</td>
</tr>
<tr>
<td>Topics</td>
<td>0.29533</td>
<td>0.08555</td>
<td>3.45195</td>
<td>0.00080</td>
<td>0.12569</td>
<td>0.46497</td>
<td>0.12569</td>
</tr>
<tr>
<td>Channels</td>
<td>0.32568</td>
<td>0.08695</td>
<td>3.74541</td>
<td>0.00029</td>
<td>0.15326</td>
<td>0.49809</td>
<td>0.15326</td>
</tr>
</tbody>
</table>

Results of the estimated regression line

The results of the estimated regression line include the estimated coefficients, the standard error of the coefficients, the calculated t-statistic, the corresponding p-value, and the bounds of both the 95% and the 90% confidence intervals. The analysis indicate that the target audience, education topics and delivery channels are statistically significant in explaining the variation in the performance of Saccos in terms of returns on equity and returns on assets. The relationship between education to members, elected representatives and the wider public was positive. Thus, the greater the awareness, the higher the performance of Saccos. The coefficients of indicates, on average, that a unit increase in the variables would improve the performance of Saccos by 0.43206, 0.29533 and 0.32568 respectively.

From the regression equation $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ the values of the regression equation would be $Y = 0.46336 + 0.43206X_1 + 0.29533X_2 + 0.32568X_3 + \varepsilon$. According to the regression equation formulated, taking all factors (target audience, education topics and delivery channels) constant at zero, the Saccos performance was 0.46336. The data findings analyzed also shows that, taking all other independent variables at zero, a unit increase in target audience would lead to a 0.43206, a unit increase in education topics would lead to a 0.29533 increase in performance and a unit increase in delivery channels would lead to a 0.32568 increase in performance of Saccos.
CONCLUSION

Over 74.3% Saccos studied are involved in education, but very little of this member education is “cooperative education” but business information. From the data analysis it could be concluded that even where there is plenty of funding for education, it is most often used only for short-term purposes: membership drives, investment campaigns, public relations efforts, etc. Unfortunately, though the activities are absolutely essential, they only provide business information to encourage trading with the co-operative. However, if the opportunities of the co-operative development decade are to be realised, education on cooperative ideology and difference needs to be emphasised more. This could happen if co-operatives begin to look at co-operative education as a type of long term investment in the future for its value to become clearer.

From the Saccos surveyed, the largest commitment of time and budget is financial education and operational information. This could be understood, since all of the organizations surveyed are financial services providers in the business savings and credit. However, this do not warrant complete disregard of co-operative ideology if such organizations desire to survive and succeed as co-operatives. Further, the data analysis results while business education related to savings and credit were in place in all organizations, most Saccos had no formal plan on creating awareness on co-operative philosophy. Precisely, while 93.6% agreed they educate co-operative members about the business operations to encourage trading, none agreed they educate members about co-operative ideology, values and principles. Therefore, it could be concluded that Saccos assume business information related to products as sufficient and focus too much on operations thus ignoring co-operative ideology as of no consequence.

In order to adapt to future changes in market and survive as co-operatives, a strong member commitment to the co-operative is needed, not just to the products it offers or to their prices. This requires a clear sense of purpose, explicit messages of ownership and of democratic control, and a sense of community. Therefore, training in co-operatives philosophy, structure, membership and governance should herald financial training. Such information would inspire the members to be more committed, involved, and loyal to the co-operative.

Since in co-operatives membership is the most important factor, membership growth and retention is critical. Thus, low emphasis on education to the wider public and the youth as revealed in the data analysis spell doom to Saccos. Consequently, many Sacco may have had stagnated growth due to low growth in membership since potential members from the wider public and the youth lack complete and accurate information on the Saccos. Therefore, this study concludes that since co-operative education/training is positively related to performance, managers could leverage on co-operative education to boost performance of their co-operative enterprises.

RECOMMENDATIONS

Boards of directors need to look at the perpetuity of their organizations beyond just meeting savings and credit needs of members and think about how the organizations could
survive and succeed even in crises. Complete and accurate information on Saccos to the wider public and the youth in addition to educating members on co-operative difference could be one way. This could in addition to enhancing performance of co-operative organizations spur growth of the movement as well as help co-operative members to rediscover their common purpose.

The study further recommends the following:

- Since citation of co-operative philosophy in the bylaws and other operating policies is not sufficient to inculcate co-operative tradition in members, awareness on co-operative issues such as origin and objectives need to be explained.
- Co-operative education should be taught in all members’ information and education days as well as in other meetings where the co-operative ideology and difference should be explained.
- Co-operative educators should be well informed on co-operative philosophy and origin.
- Co-operative philosophy should be taught to new board members before taking office. Co-operative ideology should then form part of the curriculum in board certification.
- Co-operative clubs in schools to inculcate co-operative ideals early should be encouraged. Currently co-operative membership is perceived as a suitable only for the economically active – rather than a social economic empowering initiative.

REFERENCES


Schildgen, B. (1989). Co-operative Education is about cooperatives. Available at: www.grocer.coop/


