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MASTERS IN LOCAL GOVERNANCE STUDIES

**Factors Affecting the Performance of Cooperatives in
Gasabo District-Remera Sector (2012-2018)**

Dissertation submitted in partial fulfilment of the
requirements for the Master's degree of Social Science
in Local Governance Studies

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Declaration

I, Francis NKURUNZIZA, do hereby declare that this research paper submitted to the University of Rwanda (UR), Arts and Social Sciences College, Governance School, fully belongs to me except where specifically recognized and has never been given to any other higher learning institution for degree award.

Francis NKURUNZIZA

Reg. Number: 217291988

Signature:

Date:

Dedication

To my beloved wife and children, my brothers and sisters as well as my late parents, this thesis is dedicated.

Acknowledgments

The completion of this work required the assistance from different people to whom I owe recognition.

Firstly, I thank all powerful God, because of his power, love as well as supremacy. It is only through the almighty mercy that one could reach at this educational level.

My special recognition goes to my supervisor Dr.UWIZEYE Dieudonné whose professional guidance, encouragement and correction of this work were indispensable for the successful completion. Without him this work could not have been achieved.

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Francis NKURUNZIZA

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Abbreviations and Acronyms

Art:Article

Etc:Et cetera

ICA: International Cooperative Alliance

KC:Kigali City

MINICOM: Ministry of Commerce

NCP:National Co-operative Policy

RCA: Rwanda Cooperative Agency

RTV: Rwanda Television

RFW: Rwandan Francs

RIB: Rwanda Investigation Bureau

SACCOs: Savings and Credit Cooperatives

SPSS: Statistical Package of Social Sciences

UR: University of Rwanda

Abstract

The issue of cooperative sustainability is a global reality. In Africa, the functioning of cooperatives has faced a number of problems: managerial incapacities, unclear incentives for starting cooperatives, poor governance, lack of capital resources, corruption and huge lack of management by officials, theft of cooperative resources, favoritism in recruiting and firing employees, as well as interest conflicts. In Rwanda, cooperatives have encountered a number of challenges, and a number of them have performed well and others have performed poorly, whereas others have gone bankrupt.

The current study seeks to determine limitations hindering cooperatives performance in Gasabo District. Specifically, the study aimed at determining the cooperative governance factors which hinder the performance of cooperatives in Gasabo District; assessing the cooperative managerial factors which hinder the performance of cooperatives in Gasabo District; and determining government intervention related factors which weaken the performance of cooperatives in Gasabo district. The research was mainly of descriptive research design and triangulation of data collection methods was used. Ninety- one (91) respondents, members of seven (7) cooperatives in Remera sector participated in the survey. In addition, five (5) key informants were interviewed. The findings showed that cooperative governance related factors which affect the performance of cooperative are: though the mission and vision of cooperatives are well stated, it was found that 58.3% of members have poor knowledge or do not know at all the vision and mission of their cooperatives. Cooperative members not associated in decision making as confirmed by 73.6%. Cooperative managerial related factors that affect the performance of cooperatives were poor financial management confirmed by 59.3% which results to high transaction costs. Poor human resource management as confirmed by 78%. 97.8% confirmed the lack of managerial system of signing performance contract. In addition, majority of 85.7% agreed that excessive government intervention in cooperative affects the autonomy of decision-making and the cooperative performance. The recommendations formulated are that government through RCA should strengthen monitoring of cooperatives, local government authorities should increase field-visits to cooperative, cooperative leadership and members must actively be engaged for the development of their cooperatives.

Keywords: Factors; Performance; Cooperative and District

CHAPTER I: GENERAL INTRODUCTION

1.1 Study Background

Cooperative sustainability issue is a global reality. According to Ryeder(2013), cooperatives should turn the tide and act as agents of change in the world economic development arena. According to Chloupková(2002), challenges that face the cooperatives development are based on: political and economic system, economic situation of the globe, state, government, legislation, socio-economic policies, technological advancement, skills and knowledge, way of life, demographic dynamics, cultural values, people's movements and trade unions. To this end, policy issues were identified as stumbling blocks to the cooperative sustainability , especially where members prioritize policy compliance for their organization(Kyazze, Nkote, & Wakaisuka-Isingoma, 2017). However, cooperative organizations in Malaysia are grappling with a number of difficulties such as generating and getting sufficient capital to help them execute their plans but these issues should be sorted out by the government as well as cooperatives themselves(Othman, Kari, Jani, & Hamdan, 2012).

In Africa, cooperatives performance has faced many problems. In the study conducted by Nkhoma(2011), on factors affecting sustainability of agricultural cooperatives in Malawi, managerial capacities, incentives for starting cooperatives, and poor governance were observed. According to Ortmann & King(2007), the major difficulties that lead cooperatives to perform poorly in South Africa have something to do with insufficient management experience and knowledge, inadequate capital resources, and unfaithfulness of members because of their ignorance. However, dishonest and illegal behavior; huge mismanagement and robbery by the people who were supposed to be the custodian of cooperatives resources; lack of cooperation among cooperatives; lack of transparency; to not abide by democratic

principles; favoritism in recruiting and firing employees; interests conflicts in cooperative leaders and managers; disputes; investments without seeking cooperative members consent; embezzlement of funds. These issues have destroying repercussions instead of constructing the cooperatives as profitable organizations(Gicheru, 2015).

In developing countries, sometimes cooperatives do not have their long term plans but enjoy to depend on government assistance ,which in turn has its own consequences on cooperatives sustainability(Khumalo,2014). The interference of the government does not allow cooperatives to turn into profitable businesses and make cooperative members inactive(Shaw, 2006).In this regard, major stumbling blocks to the progress of cooperatives are the ineffective participation of cooperative members; inappropriate control of government on cooperatives; the dependence syndrome; and insufficient capital to run cooperative activities(Wanyama, 2013).

Cooperative perspectives in Rwanda have encountered a lot of criticisms and many have shown strengths and weaknesses in their effectiveness. It has been observed that cooperative leaders and managers are the only one who yield the fruits of cooperatives(Mubirigi, 2016). In the past, cooperative in Rwanda have not borne fruits because of being poorly established. Cooperatives were used as tool to benefit others in the place of their members. The poor performance of cooperatives has been ascribed to mismanagement and especially to the interference of government workers in their businesses(Sentama, 2009). However, some of the cooperatives still face the problem of poor performance(Mubirigi, 2016).

Cooperatives in Rwanda did not have a good start(RCA, 2012).The government injected huge resources in cooperatives, but many of them went bankrupt simply due to the fact they had no well thought out plans,and loyal feelings towards helping one another. Tragic events that Rwanda went through worsened the already precarious situation of cooperatives. In Rwanda

Cooperatives were unsteadily established from the colonial era up to post -colonial era. Cooperatives helped colonizers to enrich their home countries during the colonial period(Mubirigi, 2016). During the post –colonial period, politicians made use of cooperatives as tools for executing its policies and plans, hence turning out to be an instrument for politicians(RCA, 2012). In addition, the government and its partners encouraged the attitudes of dependencyfor political purpose to the extent that cooperatives and associations founded would benefit from their support. As a result, lots of members fell into the trap of taking a cooperative as a gateway to different kinds of support of benefactors instead of viewing it as something that can yield its own fruit(Mubirigi, 2016).

In Rwanda, a number of stumbling blocks to cooperative progress are also identifiable and can be grouped into: structure of cooperative, governance structure, and government interventions(Mubirigi, 2016). Though some people attempted to investigate the motives for poor performance in some types of cooperatives in Rwanda, no one discussed factors related to cooperative performance by function, experience, age distribution etc. It is self-evident that the aforementioned reasons differ from one type of cooperative to another, one region to another, etc. For instance, the problems facing commercial cooperatives can differ from the ones of service cooperatives. In this regard, problems facing cooperatives of the same type may vary from region to region.

To this end, there is a need to conduct a study which addresses factors that hinder performance of cooperatives in Rwanda -Gasabo District shall be used as a case study. However, if such a study is not done, there is a strong likelihood that we will continue to see cooperatives registering in large numbers, but at the end of the day find very few of them operating and prospering

1.2. Statement of the Problem

Though a lot has been done in the creation of cooperatives in Rwanda, some of the cooperatives face a problem of low performance due to different factors. This is evidenced by cooperative members' dissatisfactions and lamentations that we hear every day on Radios and Televisions about poor performance of their cooperatives. Low involvement of cooperative members in decisions affecting their cooperatives remains a challenge. The extent to which government, especially local government officials get involved in the cooperative leadership and management was also a challenge. Ineffective use both human and financial resources coupled with lack of clear and shared vision still persist in some cooperatives. In this regard, it was revealed by RCA (Rwanda Cooperative Agency) that 1.9 billion was embezzled in credit and savings cooperatives, while 1.3 billion was embezzled in other types of cooperatives. This was due to the lack of managerial skills, robbery and fraud, misuse and abuse of cooperatives funds and properties to mention but a few. Furthermore, limited leadership and management skills that result into poor quality services and products are other challenges that are affecting the way cooperatives perform. Therefore, challenges affecting cooperatives functioning in Gasabo District need attentive and deep analysis in order to propose appropriate recommendations.

1.3. Study Objectives

- **General objective**

Generally, the study will investigate and determine factors affecting the performance of cooperatives in Gasabo District.

- **Specific objectives**

Specifically, this research will:

1. Determine the cooperative governance related factors that affect negatively the performance of cooperatives in Gasabo District;
2. Assess the cooperative managerial related factors that affect negatively the performance of cooperatives in Gasabo District;
3. Determine government intervention related factors which weaken the performance of cooperatives in Gasabo District.

1.4. Research questions

This research shall provide answers to the following questions:

The major research question to be answered by the study is: What are the factors that affect negatively the performance of cooperatives in Gasabo District?

From the above main question, three specific questions are formulated:

1. What are the cooperative governance factors which affect the performance of cooperatives in Gasabo District?
2. What are the cooperative managerial related factors which affect the performance of cooperatives in Gasabo District?
3. To what extent does government involvement affect the cooperative performance in Gasabo District?

1.5. Study Significance

Cooperatives play an important role to develop the country. Therefore, this role is significant if cooperatives are functioning and performing well. Non-performing cooperatives affect not only their existence and sustainability, but also hinder the country from developing socially

and economically. Though most cooperatives in Gasabo District operate and perform well, but there are others which poorly perform and end up to partial or total failure. The factors which may hinder the performance of some cooperatives in Gasabo District need to be investigated and this study is undertaken for this endeavor.

Furthermore, the relevance of this study is as follows:

First and foremost, this study is an important tool for policy makers in cooperatives related matters, because it identifies the factors of poor performance of cooperatives in Gasabo District. Thus, policy makers, especially those in charge of cooperatives can elaborate evidence-based strategies.

Secondly, this study is useful to Non-Government Organizations, Civil Society Organizations that would advocate for changes as to the policies regulating the organization and functioning of cooperatives. Thirdly, this study is useful to research and academic institutions as well as future researchers in cooperatives, because it will serve as one of the references. Fourthly, this study helps the researcher to understand the challenges facing Rwandan cooperatives generally and Gasabo District in particular. Last but not least, this study is significant to cooperative members as it reveals the problems facing their cooperatives and proposes recommendations that can help to sort out the identified problems.

1.6. Study Scope

Scientific scope

The study investigated factors affecting the cooperatives performance in Gasabo District, and specifically in Remera sector. This research was scientifically carried out and the findings were scientifically proven, because were anchored on the views given by authorities

in charge of cooperatives, cooperative managers, cooperative leaders, as well as cooperative members. The data were collected through proven scientific research instruments.

Time scope

The cooperatives under study were the ones with at least five-year work experience (i.e. those registered up to 2012). Therefore, this study covered the period from 2012 to 2018. The year 2018 corresponds to the year whereby primary data were collected.

Domain scope

It is well known that a number of factors can hinder the functioning of cooperatives. To this end, this study focused on three factors, namely: cooperative governance, cooperative management and government involvement.

Geographic scope

This study was conducted in Gasabo District in the City of Kigali, Republic of Rwanda. Gasabo District was not chosen by happenstance but because it was one of the Districts situated in the City of Kigali whereby different types of cooperatives in different domains (transport, agriculture, trade, construction, savings and credit etc.) are found. Also, because members are urban people, it is supposed that they have a certain level of understanding on the functioning of cooperatives and factors which may affect negatively the performance of cooperatives. Last but not least, the choice was motivated by the fact that the researcher heard for many times via radios (especially, Radio 1, Radio 10 and Radio Rwanda) citizens' complaints about poor performance of cooperatives in Gasabo District.

1.7. Limitations

The following limitations were experienced in the course of research:

Reluctance as well as poor cooperation of some respondents were the first research limitation. As to this limitation, the researcher was prepared in advance and tried to explain and persuade respondents to participate in the survey. The second limitation was lack of some information due to staff turnover or biased records keeping techniques or methods. As far as this limitation is concerned, the researcher tried to give enough time to the respondents, especially managers to be able look for the required information. The third and final limitation was the absence of some informants due to being busy with other businesses. Regarding this limitation, the researcher provided enough time to the informants or looked for other people in the same institutions who likely had the needed information.

1.8. The study organization

This study has five chapters: the first chapter is introduction whereby the background of the study, problem statement and study objectives are presented; the second chapter is Literature review whereby key concepts are defined, theoretical review and empirical review are discussed. The third Chapter is Research methodology. In this chapter the main points presented include the design of the study, population target and methods of sampling, instruments of research and analysis of data. The chapter before last is about presenting, analyzing as well as interpreting data. The last chapter is the general conclusion as well as recommendations. In this chapter the findings were summarized, conclusions were drawn and Recommendations were formulated.

CHAPTER II: LITERATURE REVIEW

2.1. Definition of key concepts

In this study, there are two main concepts (performance, cooperative) that need to be clarified.

2.1.1 Performance

Performance is considered as equal to organizational effectiveness, which represents the degree to which an organization as a social system and considering limited resources, reaches its goals without excessive effort by its members (Georgopoulos & Tannenbaum, 1957, as cited in Pinteau, 2013). In this vein, a company performance can also be defined through a collection of attributes that characterize it namely: a company that knows how to exploit a gap and which therefore knows how to make a sound expansion, a well-managed company that knows to minimize the productive cost, a company that knows to maintain its own expansion and through its know-how of a genuine service for community (Labrousse, 1971, as quoted in Pinteau, 2013).

2.1.2. Cooperative

Cooperatives may be expressed as independent organizations of people brought together voluntarily, with the aim of satisfying their needs; keeping in mind to run and control them in a democratic and profitable way (Wanyama, 2014). The above explanation clarifies that cooperatives are not dependent of anyone person or organizations including governments but rather they are owned and controlled by people who decided to join them. People decide to band together willingly, and they are allowed to join or leave. They should satisfy their needs

and aspirations according to the wishes of the members; organizations formed without having to primarily satisfy their own needs are not cooperatives(Birchall, 2003).

2.2. Literature review

Literature on cooperative is reviewed in the following sections

2.2.1 Principles of Cooperatives

Cooperatives across the globe generally work in accordance with similar main rules, regulations and values, Principles of cooperatives are anchored on to the first modern cooperative created in Rochdale, England in 1844. However, a cooperative is sustainable when it fully implements all 7 cooperative principles, maintains ecosystem and is a viable business (ICA, 2013).

2.2.1.1 Voluntary and Open Membership

The principle number one means that any one ready to comply with responsibilities and obligations of membership is welcome to join the cooperative without any form of discrimination(Birchall, 2003 ,ICA, 2013,Wanyama et al., 2014).

2.2.1.2 Democratic Member Control

The principle number two that is democratic member control implies that members of cooperatives are the ones to democratically run and control their cooperatives. Cooperative members should take part in policy setting and decision making processes. Therefore, elected cooperative leaders should always be accountable to the cooperative members(ICA, 2013,Wanyama et al., 2014).

2.2.1.3 Member Economic Participation

The principle number three which is member economic participation means that cooperative members give the same contribution and they are the ones to benefit the fruits borne by their respective cooperative(Khumalo, 2014, Wanyama et al., 2014).

2.2.1.4 Autonomy and Independence

The principle number four means that if cooperatives have to go into any form of agreement with other organizations including governments, they have to seek approval of their members to make sure that they still keep their independence and autonomy(ICA, 2013,Wanyama et al., 2014).

2.2.1.5 Education, Training and Information

The principle number five means that cooperatives should keep their members and staff educated, informed and trained with the aim of making their organization and society at large a success(Wanyama, et al., 2014).

2.2. 1.6 Cooperation among Cooperatives

The principle number six that is cooperation among cooperatives implies that cooperatives have the responsibility to help each other and provide quality services. In this regard, they should band together in all possible tiers and frameworks likely promote the culture of supporting one another(Khumalo, 2014).

2.2.7. Concern for Community

The principle number seven which is the concern for community, means that cooperatives should strive for the environmental and socio-economic well-being of their communities(Wanyama, et al., 2014).

2.2.2 Types of cooperatives

Cooperatives are divided into five main types namely: (i) production cooperatives; (ii) Commercial and consumer cooperatives; (iii) Savings and credit cooperatives; (iv) Service cooperatives; (v) Multipurpose cooperatives(Birchall, 2003).

2.2.3 Factors influencing the cooperatives to succeed or fail

Factors that influence cooperatives to fail or succeed are explained differently according to different authors. However, people have not yet agreed on the conditions that clearly determine success and failure of cooperative(Hammond & Luiz, 2016). Therefore, the internal and external factors can make cooperatives succeed or fail:

2.2.3.1. Internal Factors

- ***Cooperative Initiator and Leadership***

Cooperative initiator and leadership are of paramount importance as to causing the cooperative to succeed or fail. To this end, a visionary,innovative, communicative, hardworking, business and openminded cooperative initiator or leader plays a very important part to make the cooperative succeed(Garnevaska, Liu, & Shadbolt 2011).

- ***Membership participation***

Cooperative members play a big part in the success or failure of cooperatives. Against this backdrop, cooperative members who actively take part in decisions affecting the lives of their cooperative are very instrumental in making their cooperative a success (Garnevska et al., 2011).

- ***Cooperative Governance***

Cooperative governance is instrumental in the success or failure of cooperatives. From this perspective, the well-informed cooperative governance structure plays a pivotal part in making it succeed or fail (Chaddad & Cook, 2004). This has something to do with how cooperative members, leaders and managers collaborate (Mardiasmo, Barnes, & Sakurai, 2001). In this regard, the functioning of cooperatives as business organizations exacts a democratic governance system. This entails that cooperative members actively take part in decisions affecting their cooperative lives (Nkhoma, 2011).

- ***Cooperative Management***

Cooperative management is an essential ingredient to the success or failure of cooperatives. According to Chloupková (2002), for cooperatives to be a success they should be organized on interests that are really homogenous. Literature disclosed that management of cooperatives is instrumental in making them succeed or fail. Indicators, such as strong finance, good revenues, capacity in marketing, business planning and management lead to the well-being of cooperative (Garnevska et al., 2011).

- ***Communication***

Communication is an important tool as to the success or failure of cooperative. Communication between cooperative management and members is an important factor in running a successful cooperative (Makri, Skandalou, Manthou& Vlachopoulou, 2011). Inappropriate communication among members, the board of directors, management and community as the primary reason for cooperative to go bankrupt(Ortmann & King, 2007). Members become distant and inactive within the organization if they do not receive the information to clearly understand the cooperative value package (ARNALL, 2016).

- ***Trust***

Trust is crucial for any organization to succeed. For a cooperative to be successful , the trust-building process should always be strengthened(Simmons & Birchall, 2008).

- ***Knowledge sharing***

The cooperatives demand among other things marketing skills in order to be able function well(Hammond & Luiz, 2016). To this end, cooperatives may fail, because of members who are disengaged for the mere fact that they are not educated rather than motivated. Therefore, educated people very instrumental in making cooperatives successful(Birchall, 2011).

2.2.3.2 Factors that are external

- ***Involvement of Government***

Involvement of government is a crucial determinant that leads to success or failure of cooperatives(Hammond & Luiz, 2016). In western world, cooperatives are independent of government and they govern themselves according the needs of their members(Johnson

&Shaw, 2014). Across less developed countries , it is the other way round, because cooperatives were mainly developed by States which do not prioritize cooperative members needs but rather put states interests first(Hammond & Luiz, 2016). This way of doing things by states in the third world has caused failure of cooperatives in these countries(Johnson & Shaw, 2014). Governments part should be to ensure that political, legal and administrative platforms are in place to help cooperatives develop(Hammond & Luiz, 2016). Government entities should also help cooperatives to be awarded tenders and other business opportunities(Vladimirov, Simeonova-Ganeva, & Ganev, 2013). Therefore, the cooperation with different partners can be crucial just in case there is no interference in cooperative businesses(Hammond & Luiz, 2016).

2.2.4 Reasons and benefits for joining cooperatives:

There are so many reasons that prompt people to join cooperatives. Cooperatives are one of economic actors that have proved to provide jobs and boost the economy when business opportunities are good or not(Gicheru, 2015). The benefits of cooperative organizations extend to all members of the society by providing jobs, building capacities, making investments, and building schools to educate people(Hussain, 2014). However, joining cooperatives enables people to combine forces and increase their chances of competition and later on be able to reach what they would not achieve individually (Birchall, 2003).

Besides what cooperatives extend to their members, they contribute a lot to the welfare of communities in their area of operation (Dogarawa, 2010). Therefore the developing cooperatives should be given top priority for the sake of real progress(Hussain, 2014).

Summary

Chapter two clarified some literature on cooperatives. Types of cooperatives were described, as well as universal principles guiding the cooperatives. The most important part of the chapter was the description of factors affecting the performance of cooperatives. The factors affecting the cooperatives were grouped in two categories: factors that are internal and factors that are external.

Internal factors that affect cooperative performance are among other things: (i) *cooperative leadership* – Bad or poor leadership affects the performance of cooperatives. The cooperatives led by managers or leaders who have no clear and long vision for the cooperatives are likely to collapse; (ii) *members' participation or involvement in the management of cooperatives* – cooperatives where members are inactive observers and are not involved in the decision-making risk are exposed to failures, because managers are not held accountable (there is a lack of responsibility and accountability); (iii) *cooperative management* – poor management which results into embezzlement, corruption, misuse of cooperatives resources and assets leads to cooperative failures; (iv) *communication and trust* – poor communication and mistrust among cooperative members and between managers and members are the causes of poor performance of cooperatives. The external factors affecting the performance of cooperatives include: (i) government involvement – extreme government involvement in the management of cooperative affects the performance of cooperatives.

Though the literature shows the factors affecting cooperative functioning, it does not show which among external and internal factors affect more the performance of cooperatives. The literature does not show which the main factors are and the extent to which cooperatives can

be challenged according their classification. Again, the literature does not show the impact of climate change, political instability (civil wars), Doing Business Index, Globalization, and Technology, especially Internet on the performance of cooperatives. The next chapter clarifies the methods tapped into in the course of research.

CHAPTER III: RESEARCH METHODOLOGY

This chapter explains methods utilised with the aim of reaching research objectives. It presents study design, study population, size of the sample and procedures of sampling, instruments of research as well as techniques of analysing data.

3.1 Description of study area (Gasabo District)

Gasabo district is located in the North East of Kigali City Province and bordered by Kicukiro district (South), Nyarugenge (West), Rwamagana (East) and Rulindo and Gicumbi (North). The Gasabo District has 15 Sectors, namely Bumbogo, Gatsata, Gikomero, Gisozi, Jabana, Jali, Kacyiru, Kimihurura, Kimironko, Kinyinya, Ndera, Nduba, Remera, Rusororo, Rutunga. The district's landscape or surface area is 430.30 km² of which 90% represent rural zone as indicated in the district graph below with the green line separating rural and urban areas.

According to the preliminary results of the 4th population and Housing census (2012) indicated that Gasabo district has a population of 530,907 representing 46.8% of the total population for Kigali City (1,135,428 population) and 5% of the total national population (10,537,222). At the districts level comparisons, Gasabo and Nyagatare are the districts with the highest population constituting 5.0% and 4.2% of the total population (Gasabo District, 2018)

3.2 Study design

This research is critical analysis design. This study also adopts descriptive design to provide a picture of the situation and explain current operations of cooperatives and finally make judgment. The descriptive design assisted in determining the strengths and weaknesses of cooperatives, but also to show the opportunities and threats to how cooperatives perform in Gasabo district.

Critical analysis design assisted the researcher to investigate and determine how governance related factors, managerial related factors and government interventions in the operations of cooperatives impacted the performance of cooperatives in Gasabo district.

In as far as research approach is concerned for this study; mixed method approach was used. In other words, information was collected and analyzed quantitatively and qualitatively for this study. Data collected quantitatively supplemented and substantiated by qualitative data and this increased the validity and reliability of research findings.

3.3 Population study

The population targeted in this study is all registered cooperatives in Gasabo district. The table 1 in appendix shows that the number of registered cooperatives in Gasabo district is 513.

3.4 Sampling procedures

In this study, we tapped into judgmental or purposive way of sampling to choose the study sample. At first stage, some criteria were set by the researcher in order to have reasonable number of cooperatives which were concerned by the study. The first criterion was selecting one sector which has many cooperatives in Gasabo district. Following this criterion, Remera sector was selected, because it has sixty three(63) registered cooperatives. The second criterion is selecting cooperatives with at least 5 years of experience. Five years of experience were considered, because the researcher assumes that members of cooperatives which fall in this category have more understanding on the functioning of cooperatives, have experienced bad or good experiences in cooperatives and may have accurate judgements on the factors that affect the performance of cooperatives in Gasabo district. Following this criterion, 32 cooperatives were selected in Remera sector. Lastly, the researcher selected limited number of cooperatives representing each domain of intervention. As shown in the table (appendix

1), those thirty-two (32) cooperatives operate in different domains as follow: Production (twelve (12) cooperatives); Commercial and consumer (four (4) cooperatives); Savings and credit (one (1) Cooperative); Services (fourteen (14) cooperatives); and Multipurpose (one (1) cooperative). To have a representative sample whereby cooperatives operating in different domains are represented, we selected: two (2) cooperatives operating in production domain, one (1) cooperative in Commercial and consumer domain, one (1) cooperative in savings and credit domain, two (2) cooperatives in services domain and 1 multipurpose cooperative were concerned. In total, seven (7) cooperatives operating in different domains were randomly selected. The number of selected cooperatives (either 1 or 2) depended on their numbers. For instance, cooperatives operating in production domain are many compared to the cooperative operating in savings and credit domain.

3.4. Sample size and selection process

As each cooperative has a Board (management part) and cooperative members, the sample were randomly selected from these two categories. For the first category (board members), three (3) members were selected in each cooperative, making a total of twenty -one (21) board members. For the second category (cooperative members), ten (10) members chosen randomly in each cooperative, making seventy (70) cooperative members. Because the researcher wanted the views from different categories of people, variables such experience in the cooperative, education level, age and gender of respondents were taken into account. In total, a sample size of ninety-one (91) respondents were selected and used in this study. This size is adequate as (Matata, Ajayil, Oduol, & Agumya, 2008) state that in socio-economic studies, a sample size of 80 to 120 respondents is adequate.

Furthermore, 5 key informants were purposively selected for interviews, namely 2 people at sector level (1 person in charge of cooperative and Executive Secretary), and 3 people at

District level (District cooperative officer, Director of Business Development, as well as Vice Mayor in charge of Economic Development). The interview session with the aforementioned key informants is very important, because they hold rich and accurate information on the functioning and performance of cooperatives.

Considering the research objectives, three categories of respondents were targeted and provided different information. For instance, for the main objective that had something to do with determining the factors which affect the way cooperatives perform in Gasabo District, 21 Board members, 70 ordinary cooperatives members and 5 key informants provided information. For the objective which aimed at determining the cooperative governance factors which affect negatively the performance of cooperatives in Gasabo District, all categories of respondents (Board members, ordinary members and key informants) provided information. For the objective which aimed at assessing the cooperative managerial factors which affect negatively the performance of cooperatives in Gasabo, all categories of respondents were concerned and provided relevant information. For the last objective which focused on determining government intervention related factors which weaken the performance of cooperatives in Gasabo district, only two categories (Board members and key informants) were approached and provided information. Last but not least, three categories of respondents intervened in proposing the recommendations for effective operational and performance of cooperatives in Gasabo district.

3.5. Data collection instruments

To collect data, triangulation of data collection techniques was used, namely documentary, questionnaire (Survey) and interviews.

3.5.1. Primary data

Generally, primary source of information is gathered by means of the questionnaires, interviews and where necessary guided observations. In this study, primary

information was mainly gathered by means of questionnaire and semi-structured face-to-face interviews.

3.5.1.1. Questionnaire

Format of questionnaire

The form and wording of questions used in the questionnaire are extremely important because they impact the kind and quality of information garnered from the informant. For this study, both open-ended and closed questions were resorted to, but closed ended questions were dominant.

Content of the questionnaire

The questions in the questionnaire were elaborated in accordance with research objective questions of study. In this regard, the researcher ensured that questions asked would help to determine: (i) cooperative governance related factors which affect the performance of cooperatives; (ii) cooperative managerial related factors which affect performance of cooperatives; (iii) government intervention (interference) related factors which affect the performance of cooperatives; and (iv) Strategies to be taken to ensure full operational and performance of cooperatives in Gasabo district. In addition, demographic information, such as age, education level and gender were included.

Pre-testing the questionnaire

Questionnaire pretesting implies that questions are clearly formulated to the extent that informants can easily understand them. The research instrument for this study was pre-tested. In this regard, the researcher selected randomly 3 respondents (members of cooperatives) from Kacyiru Sector of Gasabo district and gave them the questionnaire and requested to answer it. By testing the questionnaire, unclear and ambiguous questions were corrected before field-work.

Administering the questionnaire

The questionnaire had a covering letter which briefly: (i) introduce the researcher and the institution he is representing; (ii) Explain clearly the research purpose and rationale;(iii) Convey general instructions; (iv) Give assurance to the informants that their answers will only be used for research purposes; (v) Acknowledge their invaluable contribution to the research.

In addition, questionnaires were self-administered to 91 respondents and due to timeline the researcher trained 1 field assistant and he was utilized to speed up the collection of data. The questionnaires were translated in Kinyarwanda just for communication purpose.

3.5.1.2 Semi-structured face-to-face interviews

A list of questions (open ended) was prepared beforehand. During interview, the researcher was flexible in the way questions are ordered and asked and all were aimed to collect as much information as possible. The semi-structured face-to-face interview concerned 5 aforementioned key informants. The questions in the interview guide focused on cooperative governance factors, cooperative managerial factors, government interference factors that

affect the performance of cooperatives in Gasabo district. By way of winding up the interview, informants had the chance of proposing strategies which can be taken to streamline the functioning of cooperatives in order to maximize their performance.

3.5.2 Secondary data

The secondary information to utilize in this study was gathered through documentary research and came from diverse sources, mainly the government policies on cooperatives and reports related to the issue of cooperatives in Rwanda. Books, articles from journals on cooperative, dissertations and theses done in the domain of cooperative were consulted. Last but not least, Internet sources were of significant importance. The researcher focused on cooperative related issues when consulting electronic sources.

3.6. Variables and variable measurements

In this study, 4 types of variables were concerned and the questionnaire was developed in way that data for these 4 variables are collected.

The first variable concerns the demographic information of respondents. The variable measurement was closed ended questions whereby respondents provided information related to his/her age, level of education etc.

The second variable concerns cooperative governance related factors that affect performance of cooperative. In this vein, Likert' scale measurements were used. Scale from *1 – 5* (*where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree*) were used. Furthermore, scales such as Excellent, Verygood, Good, Fair, Poor and Very poor were used.

The third variable concerns cooperative managerial related factors that affect performance of cooperative. In this regard, Likert' scale measurements were used. Scale from **1 to 5** (*where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree*) were used. In addition, scales such as Very skilled, Skilled, Fairly-skilled were also used.

The fourth variable concerns government involvement related factors that affect performance of cooperative. In this regard, Likert' scale measurements were used. Scale from **1 to 5** (*where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree*) were used. In addition, scales such as Always, Sometimes, Rarely and Never were used as well.

The fifth variable concerns strategies to streamline cooperatives in order to maximize their performance. For this variable, open ended questions were used to allow respondents to be creative and innovative in proposing strategies.

3.7 . Data analysis

The process of data processing and analysis went as follows:

3.7.1. Editing

Editing helped the researcher to discover and minimize all sorts of loopholes from the data collected from informants.

3.7.2. Coding

This process followed the following steps: coding the questionnaire; and finally verification. The code from number 1 to 91 was written on the questionnaire. The coding aimed at facilitating data entry in the computer. The coding helped to ensure that all the data are entered and data are not duplicated when entering them.

3.7.3 Statistical analysis

The Statistical Package of Social Sciences (SPSS) and Microsoft Excel were utilized. They assisted in calculating the percentages, frequencies and in generating tables, pie charts, histograms and graphs.

To analyze and interpret qualitative data from interviews, main themes were identified and coded. Qualitative information was classified under the main themes and then, put into the report. The qualitative data were integrated in the report to supplement the quantitative information or data.

3.8 Ethical considerations

Ethics involves considering and taking into account the best code of behavior when dealing with other people to avoid negative effects on them in the process. To this end, the researcher got an official letter of University of Rwanda and submitted it to Gasabo District administration in order to get another permission allowing him to collect data. The researcher sought consent from informants and ensured them that information provided would only be utilized for study ends.

CHAPTER IV: PRESENTATION AND INTERPRETATION OF DATA

4.1 . Introduction

Through empirical data collected from the field, factors undermining the performance of cooperatives in Gasabo District are identified. Those factors are categorized into: (i) cooperative governance factors; (ii) cooperative managerial related factors; and (iii) government involvement in the functioning of cooperatives. Overall, ninety-one (91) respondents from seven (7) cooperatives in terms of thirteen (13) respondents per cooperative participated in the survey. The cooperatives concerned by the survey were: Abihanganyeba Remera, COTAHAMA, FEDECO, IjaboRemera SACCO and KOAIMU.

4.2 . Characteristics of respondents

The characteristics of respondents considered are: Age, Sex and Education level of respondents. All these variables may have an interpretation on the performance of cooperatives, but also on the compliance to the government policy which aims at promoting and enhancing the role of the youth and females in the development of the country. The table 1 below presents the characteristics of respondents.

Table 1: Characteristics of respondents

Variable	Categories	Frequency	Percentage
Age	18-30	31	34.1
	31 and above	60	65.9
	Total	91	100.0
Sex	Male	47	51.6
	Female	44	48.4
	Total	91	100.0
Level of education of respondents	Primary	51	56.0
	Secondary	23	25.3
	Tertiary	1	1.1
	Other	16	17.6
	Total	91	100.0

Source: Research findings, November 2018

Age of respondents

For the age of respondents, the dummy variable was considered, because the researcher wanted to consider the views of the youth and the views of adult people in cooperatives. In Rwanda, youth is defined as young person between the ages of 16 and 30 years (NISR, 2017). People above 30 years old are no longer youth, but adult. According to figure 2, majority of respondents have 31 years old and above. This means that a considerable number of cooperatives in Gasabo district are created by people between 31 and above. However, non-negligible percentages (34.1%) of youth are members of cooperatives. This shows that the youth starts to understand cooperatives significance for their well-being as well as the country.

Sex of respondents

The Constitution of the government of Rwanda on gender emancipation states that in all sectors of socio, political and economic, females should at least be represented or present at 30%. The government wishes and encourages the presence of females in socio-economic activities, especially in income generating activities. The table 1 above shows that females represent 48.4% in surveyed cooperatives. However, this percentage must be increased to 52% to match with their share in general population of Rwanda which is 52% (NISR, 2012). RCA report(2018), indicates that three million eight hundred sixteen and three hundred thirty-six (3,816,336) are members of cooperatives countrywide. Number of Males is 2,129,549 which represent 55.9%, while the number of females is 1,686,787 which represent 44.1%. In Kigali City (KC), total number of members of cooperatives is 365,339 whereby males are 204,687 representing 56.1%, while females are 160,652 representing 43.9%. Comparing these figures and figures of the survey, one may see that the data in figure 3 reflect to some extent the reality on the ground.

Level of education of respondents

Education is very instrumental in the way cooperatives perform. In this regard, Hussain (2014) states the more people are educated, the more likely the performance and success of cooperative. Members of cooperative who have a certain (high) level of education may share experiences, monitor and control cooperative's properties and cooperative's finances more than uneducated members. Again, developing strategies for development and marketing might be easier for educated members than uneducated.

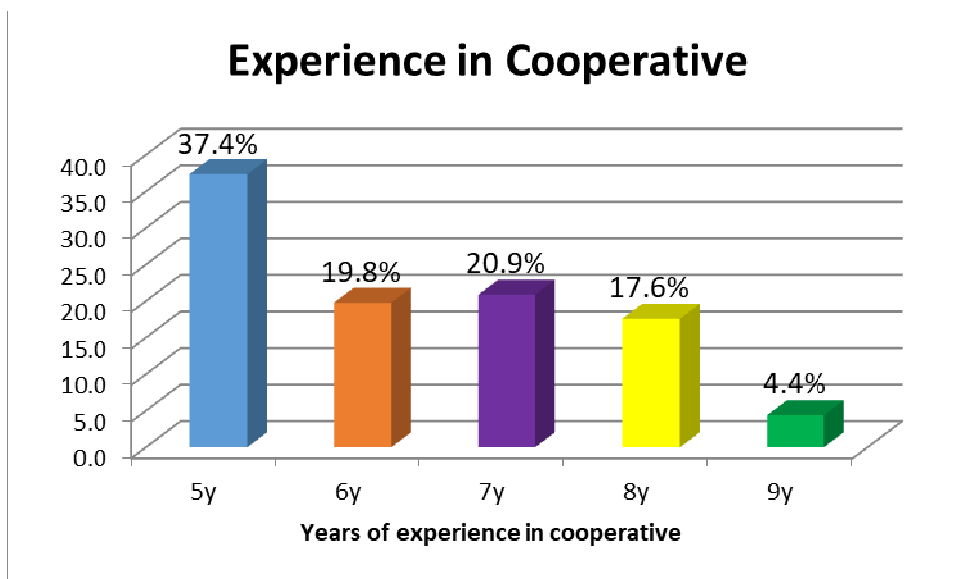
The data in table 1 indicate clearly that a big number of informants has primary education (56%) and Secondary education (25.3%). Other 17.6% did not complete either primary

school or secondary school. Overall, the level of education of respondents is low and this might be one of the factors causing poor management which results to poor performance of cooperatives in Gasabo district in general, and particularly in Remera sector.

Years of experience in cooperative

Experience of respondents in cooperative was assessed as it ensures to some extent the validity of information, because it is assumed that respondents who have experiences in cooperatives know the problems that cooperatives are facing than those who are new members.

Figure 1: Years of experience in cooperative



Source: Research findings, November 2018

The Figure 1 shows the years of experience of respondents in cooperatives. The data show that majority of 63.6% have more than 5 years of experience. This is an indication that the respondents had enough and consistent information on the functioning of their cooperatives and on the causes of poor performance of cooperatives.

4.3 Factors affecting the performance of cooperatives in Gasabo district

4.3.1 Cooperative governance-related factors

The poor performance of cooperatives may result from the way (s) the cooperatives are governed. This study identified governance related factors which affect the performance of surveyed cooperatives.

The first governance-related factor is “*Awareness on mission and vision of cooperative*”. The level of awareness of members of cooperatives determines their level of intervention in the governance and management of cooperatives. You cannot intervene in something you are not aware of. You cannot hold leaders or managers accountable if you don’t know the mission or vision of your cooperatives. You can’t know if they are deviating from the mission or vision of the cooperative if you don’t know as member the vision and mission of your cooperative. Therefore, awareness on mission and vision of cooperative by members is a paramount governance-related factor which was considered in this study. It entails the level of transparency in the cooperative.

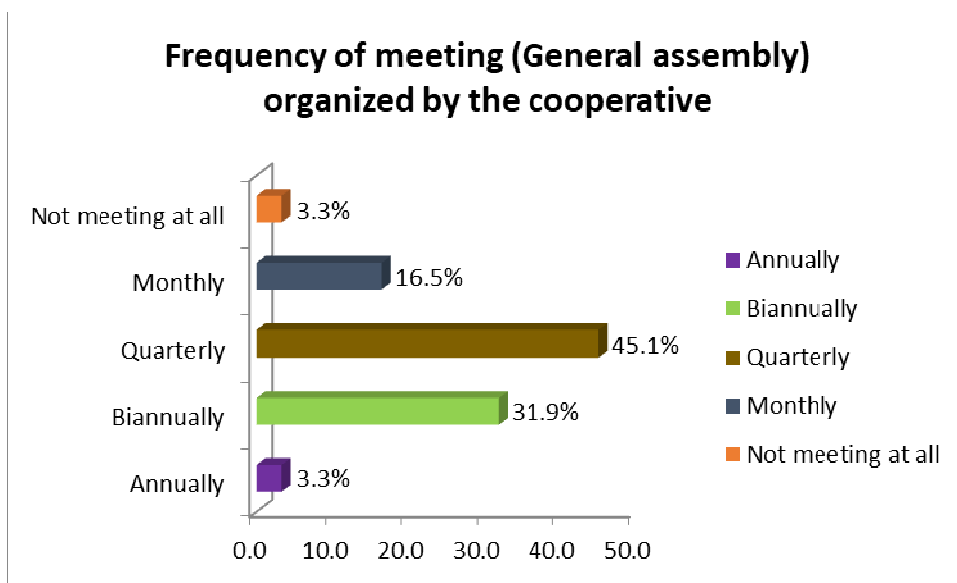
Figure 2: Awareness level on the vision and mission of their cooperative



Source: Research findings, November 2018

According to figure 2, majority of about 58.3% have poor knowledge or do not know at all the vision and mission of their cooperatives. Only 14.3% have very good or good knowledge about the vision and mission of their cooperatives. Generally, lack or low level of awareness on the vision and mission of their cooperatives, as shown in figure 2 is one of the causes of members' disengagement towards their cooperatives which leads to poor performance.

Figure 3: Frequency of meetings (General assembly) organized by the cooperative

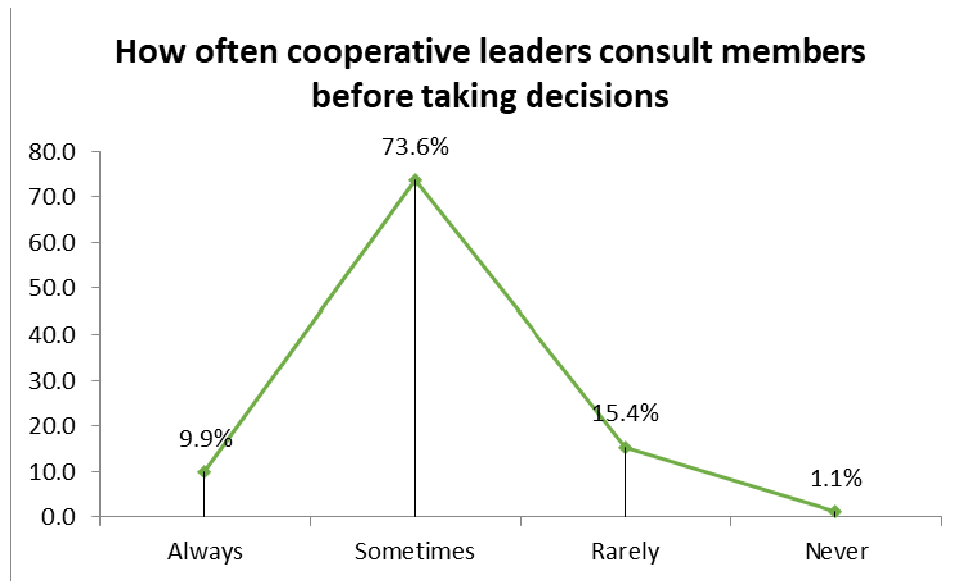


Source: Research findings, November 2018

The data in figure 3 show that majority (45.1%) said that the general assembly meetings are organized four times in a year (quarterly), while 31.9% said that the general assembly takes place twice a year. All members are entitled to take part in all meetings or send their representatives (Art 49 of Law on cooperatives in Rwanda). Art 51 of the same Law stipulates that the cooperative general assembly takes place in ordinary and special sessions. From provisions stated above in the Law governing the cooperatives, it is clear that majority of cooperatives comply with the Law. The rest of the question is to know whether the suggestions given by the members of cooperatives in general assemblies are taken into

account by the Board in the final decision-making. Furthermore, it is worth to mention that organizing general assembly four times in a year may be boring and waste of time for some members, unless they are urgent and burning issues to debate on.

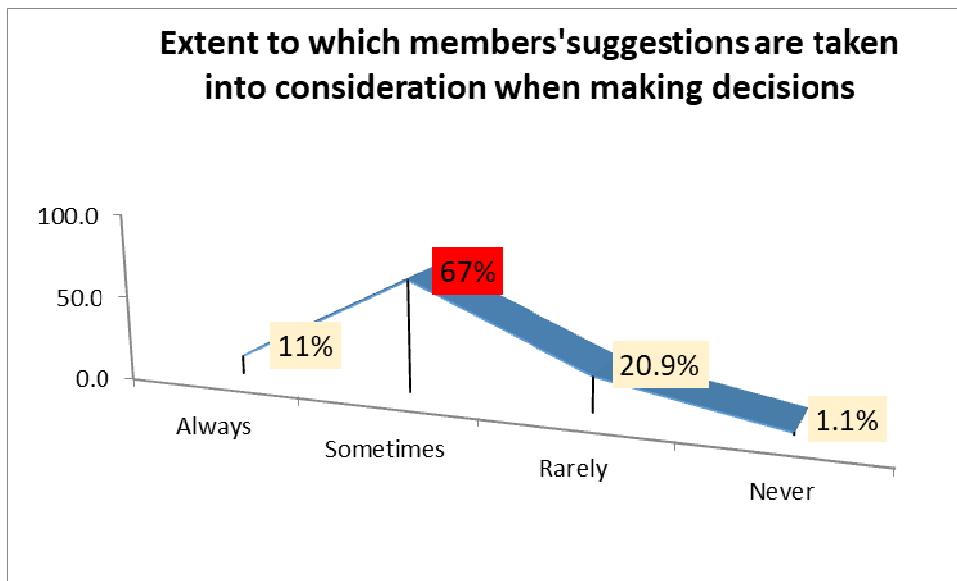
Figure 4: Members' participation in decision-making



Source: Research findings, November 2018

According to figure 4, big majority of 73.6% confirmed that members of cooperatives are sometimes consulted by the Board or other committees before taking decisions that concern them. Another non-negligible percentage of 16.5% said that they are rarely consulted or not consulted at all. Only 9.9% confirmed that they are always consulted. Generally, cooperative members should be consulted always before taking decisions that concern them. When they are associated in decision-making, they own those decisions and they are actively engaged in their implementation. Basing on the extent at which members of surveyed cooperatives are associated in decision-making that concerns them (see figure 4), the researcher realized that there is a governance gap and that might have led or leading to poor performance of cooperatives in Gasabo district.

Figure 5: Extent to which members' opinions are taken into account in decision-making



Source: Research findings, November 2018

Being invited in general assembly and having been consulted and give opinions is one aspect, but ensuring that the opinions, suggestions proposed are considered is another very important aspect. Figure 4 showed that general assemblies are scheduled according to the provisions of the Law. However, data in Figure 5 above show that suggestions, opinions, expectations raised or proposed by the cooperative members in the general assembly and in other meetings are sometimes considered by the board or other committees. Only 11% confirmed that their suggestions, opinions are always taken into account. In the situation like this, members feel underestimated and that leads to demotivation and disengagement. Also, this situation can lead to misunderstandings, suspicions, mistrusts, conflicts and finally poor performance of the cooperative.

From the above data in the figure 5, the researcher realized that there is a governance gap in engaging fully the cooperative members in the decision-making. This affects certainly the performance of cooperatives.

Table 2: Extent to which cooperative guiding principles are made and expected by members

They are excellently made and respected		Frequency	Percent	Valid Percent
Valid	Strongly disagree	23	25.3	25.3
	Disagree	68	74.7	74.7
	Total	91	100.0	100.0
They are very well made and respected		Frequency	Percent	Valid Percent
Valid	Strongly disagree	8	8.8	8.8
	Disagree	79	86.8	86.8
	Strongly agree	4	4.4	4.4
	Total	91	100.0	100.0
They are well made and respected		Frequency	Percent	Valid Percent
Valid	Strongly disagree	1	1.1	1.1
	Disagree	49	53.8	53.8
	Neutral	13	14.3	14.3
	Agree	10	11.0	11.0
	Strongly agree	18	19.8	19.8
	Total	91	100.0	100.0
They are fairly made and respected		Frequency	Percent	Valid Percent
Valid	Disagree	28	30.8	30.8
	Neutral	10	11.0	11.0
	Agree	11	12.1	12.1
	Strongly agree	42	46.2	46.2
	Total	91	100.0	100.0
They are poorly made and respected		Frequency	Percent	Valid Percent
Valid	Strongly disagree	2	2.2	2.2
	Disagree	77	84.6	84.6
	Neutral	8	8.8	8.8
	Agree	2	2.2	2.2
	Strongly agree	2	2.2	2.2
	Total	91	100.0	100.0
They do not exist		Frequency	Percent	Valid Percent
Valid	Strongly disagree	5	5.5	5.5
	Disagree	85	93.4	93.4
	Agree	1	1.1	1.1
	Total	91	100.0	100.0

Source: Research findings, November 2018

In this study, a question was asked to check whether cooperatives in Gasabo district have set guiding principles and whether those principles are respected by every member in a cooperative. The findings in the second table indicate that (see colored data in the table) the guiding principles exist, but they are fairly made and respected as it was confirmed by 58.3%. This means that 42.7% of respondents observe some loopholes in the establishment of those guiding principles and in their implementation. Well- established and clear guiding principles help to avoid ambiguous interpretation and conflicts. Ambiguous guiding principles affect the performance of cooperative as some serve their own interests instead of those of cooperative members because of unclear guiding principles.

In this context, one of interviewees said *“Some cooperatives are led and managed by dishonest and unethical people who enter in the cooperative and compete for leadership positions, not to develop the cooperatives and members, but to embezzle money and serve their own interests. This situation is worse in the cooperatives with no clear and binding principles. They profit those loopholes and manage the cooperatives as their property”*.

Table 3: *Level of relationship between cooperative members and cooperative leaders*

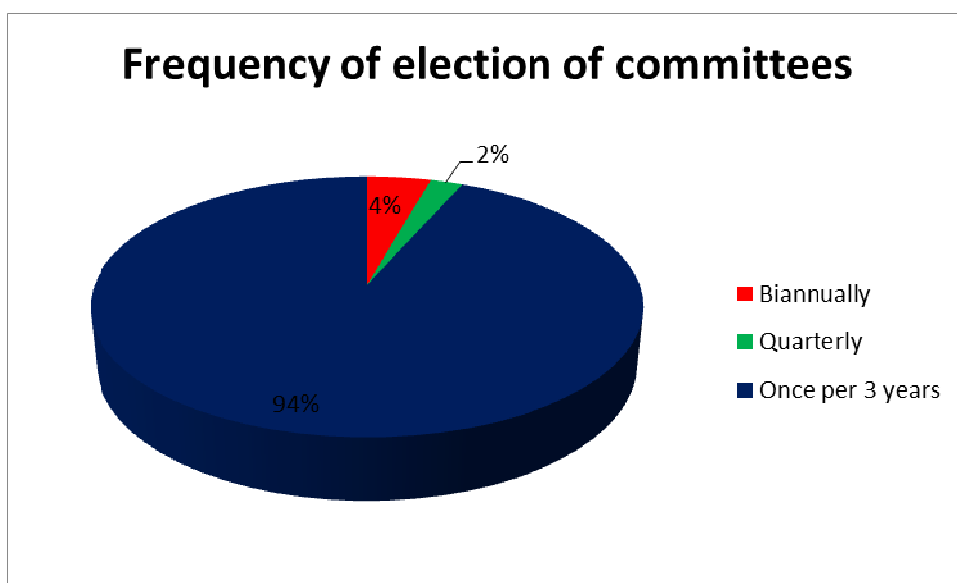
The relationship is excellent (Excellent level of mutual trust, communication and mutual respect)		Frequency	Percent
Valid	Strongly disagree	17	18.7
	Disagree	74	81.3
	Total	91	100.0
The relationship is very good (Very high level of mutual trust, communication and respect)		Frequency	Percent
Valid	Strongly disagree	11	12.1
	Disagree	77	84.6
	Neutral	1	1.1
	Strongly agree	2	2.2
	Total	91	100.0
The relationship is good (High level of mutual trust, communication and respect)		Frequency	Percent
Valid	Strongly disagree	1	1.1
	Disagree	58	63.7
	Neutral	10	11.0
	Agree	15	16.5
	Strongly agree	7	7.7
	Total	91	100.0
The relationship is fair (Average level of mutual trust, communication and respect)		Frequency	Percent
Valid	Disagree	37	40.7
	Neutral	14	15.4
	Agree	10	11.0
	Strongly agree	30	33.0
	Total	91	100.0
The relationship is poor (low level of mutual trust, communication and mutual respect)		Frequency	Percent
Valid	Disagree	59	64.8
	Neutral	12	13.2
	Agree	4	4.4
	Strongly agree	16	17.6
	Total	91	100.0
The relationship is very poor (very low level of mutual trust, communication and mutual respect)		Frequency	Percent
Valid	Strongly disagree	4	4.4
	Disagree	76	83.5
	Neutral	5	5.5
	Strongly agree	6	6.6
	Total	91	100.0

Source: Research findings, November 2018

Good governance of a cooperative is characterized by good relationships between board members and ordinary members. Relationships are deteriorated when there are suspicious practices (mismanagement) by the board or other committees. The findings in table 3 show the status of relationships between the board and cooperative members. Overall, findings in table 3 show that 44% of respondents confirmed (strongly agree + agree) that the relationship is fair, 24.2% confirmed that the relationship is good and 22% confirmed that the relationship is poor. None confirmed that the relationship is excellent and very few (2%) confirmed that relationship is very good.

From the figures above, one may realize that the expected level of relationships which must normally characterize the cooperative members is not yet attained. There is a gap and this gap might be one of the causes of poor performances of cooperatives. When asked on the challenges facing the cooperatives, one of the interviewees said *“Conflicts between members of cooperatives are the main challenge. These conflicts originate from the fact that some members, (especially board members) want to serve their own interests instead of common interest for all members. Again, some cooperative leaders want to give advantages to some members and others feel penalized etc....These conflicts and misunderstandings lead to poor performance and total failure of cooperative”*

Figure 6: Frequency of election of cooperative committee

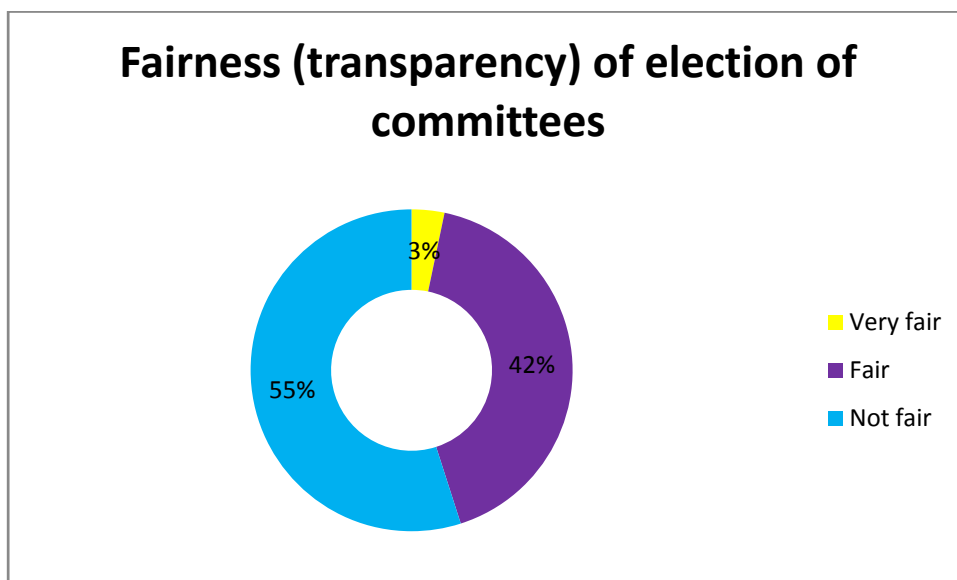


Source: Research findings, November 2018

Board of directors must be voted by at least $\frac{3}{4}$ of all members in general assembly. Their time in the position is determined by the Law governing cooperatives. Article 65 (Term of office of the Board of Directors) stipulates that the mandate of the Board of Directors shall be three (3) years. No one of the members of Board of Directors is allowed to be elected for more than two (2) terms in office.

The results in figure 6 show that big majority of respondents (94%) said that the elections of their leaders are held once every three years. On this point, it is clear that cooperatives comply with the Law. However, openness or transparency and fairness of elections are very important factors in the governance of cooperatives. The question was asked to check the level of fairness of elections in cooperatives and the results are presented in the figure 7 below.

Figure 7: Fairness of election of committees

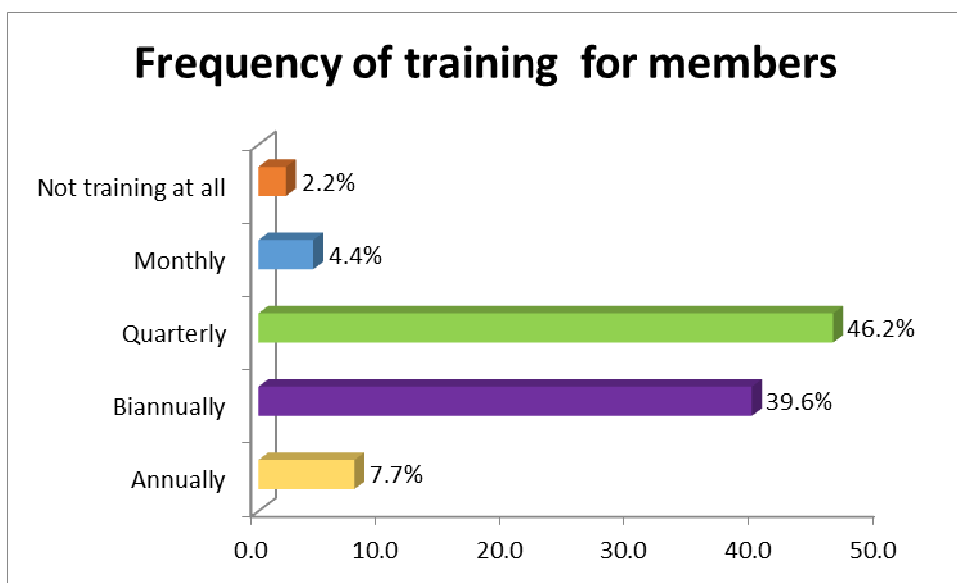


Source: Research findings, November 2018

Though the elections are organized regularly and in the compliance with the Law (see Figure 6), the fairness of those elections is still challenging. Majority of respondents (55%)

confirmed that elections are not fair or transparent. Only 3% confirmed that the elections are very fair. On this issue, one local authority interviewed commented *“Election of committees in some cooperatives is one of sources of disputes and complaints we are experiencing. Unfair, non-transparent elections have negative effects as those unfairly elected are not respected by other members and exercising leadership is difficult in this case. In other cases, members are manipulated to elect some people, even if they don’t have leadership and managerial skills. Unfair and manipulated elections have negative effects on the performance of cooperatives”*.

Figure 8: Training of cooperative members



Source: Research findings, November 2018

It is the responsibility of cooperative to build the capacities of its members through trainings. Cooperative must identify training needs of its members and train them to fill-in the gaps. The researcher assumes that informed cooperative member is far better than unformed or ignorant member. Informed member thinks critically and can challenge things when they are not well done.

The results in Figure 8 show that trainings are organized for cooperative members. Majority of 46.2% said that trainings are organized four times (quarterly) in a year and this is good

thing. However, on this point one of the interviewee said “ *I do agree that trainings are organized for members, but majority do not attend those trainings and some of the trainings do not really match with members ‘needs and expectations if we consider what cooperative does or expect to do’.*”

Table 4: Extent at which cooperative leadership works for members' common interests

<i>Cooperative leadership outstandingly works and strives for members' common interests</i>		Frequency	Valid Percent
Valid	Strongly disagree	16	17.6
	Disagree	72	79.1
	Neutral	1	1.1
	Agree	1	1.1
	Strongly agree	1	1.1
	Total	91	100.0
<i>Cooperative leadership strives very well for members' common interests</i>		Frequency	Valid Percent
Valid	Strongly disagree	9	9.9
	Disagree	76	83.5
	Neutral	4	4.4
	Strongly agree	2	2.2
	Total	91	100.0
<i>Cooperative leadership works well and strives well for members' common interests</i>		Frequency	Valid Percent
Valid	Strongly disagree	1	1.1
	Disagree	56	61.5
	Neutral	7	7.7
	Agree	13	14.3
	Strongly agree	14	15.4
	Total	91	100.0
<i>Cooperative leadership works and strives fairly for members' common interests</i>		Frequency	Valid Percent
Valid	Disagree	24	26.4
	Neutral	15	16.5
	Agree	5	5.5
	Strongly agree	47	51.6
	Total	91	100.0
<i>Cooperative leadership works and strives poorly for members' common interests</i>		Frequency	Valid Percent
Valid	Strongly disagree	2	2.2
	Disagree	71	78.0
	Neutral	11	12.1
	Agree	3	3.3
	Strongly agree	4	4.4
	Total	91	100.0
<i>Cooperative leadership works and strives very poorly for members' common interests</i>		Frequency	Valid Percent
Valid	Strongly disagree	3	3.3
	Disagree	85	93.4
	Neutral	1	1.1
	Strongly agree	2	2.2
	Total	91	100.0

Source: Research findings, November 2018

Generally, cooperatives are founded to satisfy the needs of their members. They also created not only to serve the interests of members, but also the society at large. When the cooperative fails to satisfy the needs of members, members lose interests and this ends to total disengagement. The results in the table 4 show that 57.1% of respondents confirmed that cooperative leadership (Board and other committee) serve fairly the interests of cooperative members. 29% of respondents said that cooperative leadership serve well the interests of cooperative members, while only 1% confirmed that cooperative leadership outstandingly serves the common interests of members.

The researcher assumes that the ideal is for cooperative leadership to excellently work and serve for the interest of the cooperative and its members. Having said that, it is clear that there are loopholes in the way cooperative leadership works and serves common interests of cooperative members.

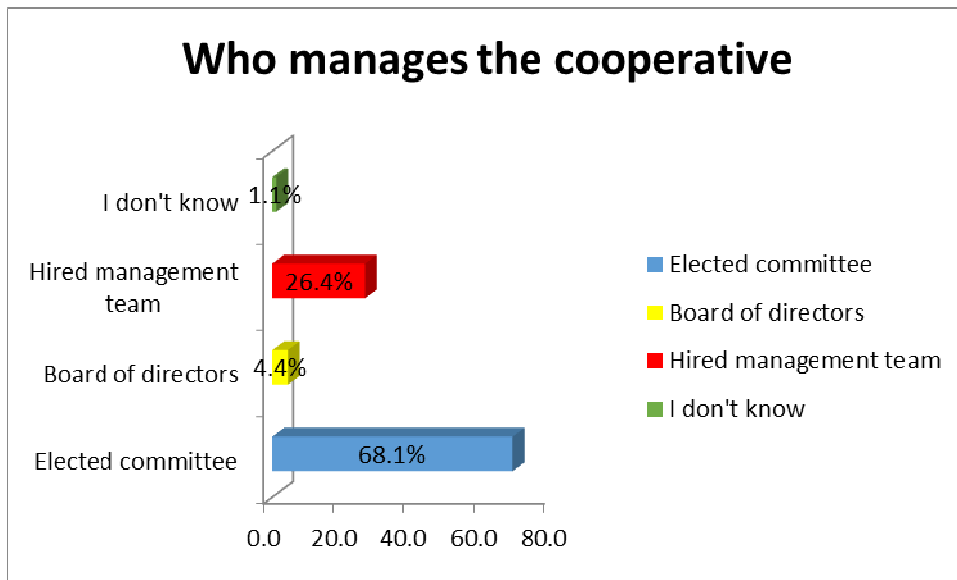
4.3.2 Cooperative managerial - related factors

The managing cooperative is instrumental in making them succeed or fail. Strong financial management, capacities in marketing and business planning are outcomes of good management of cooperatives . In broadcasted interview on Radio Rwanda and RTV on 13th December 2018, the Director General of Rwanda Cooperative Agency revealed that 1.9 billion was embezzled in credit and savings cooperatives, while 1.3 billion was embezzled in other types of cooperatives¹. This was due to cooperative managerial related challenges, including lack of managerial skills, robbery and fraud, misuse and abuse of cooperatives funds and properties to mention, but a few.

¹¹ RCA. Report on cooperatives. Documentary broadcasted on Radio Rwanda 13th December 2018

This study evaluated the managerial factors which might have affected the performance of cooperatives.

Figure 9: Who manages the cooperative

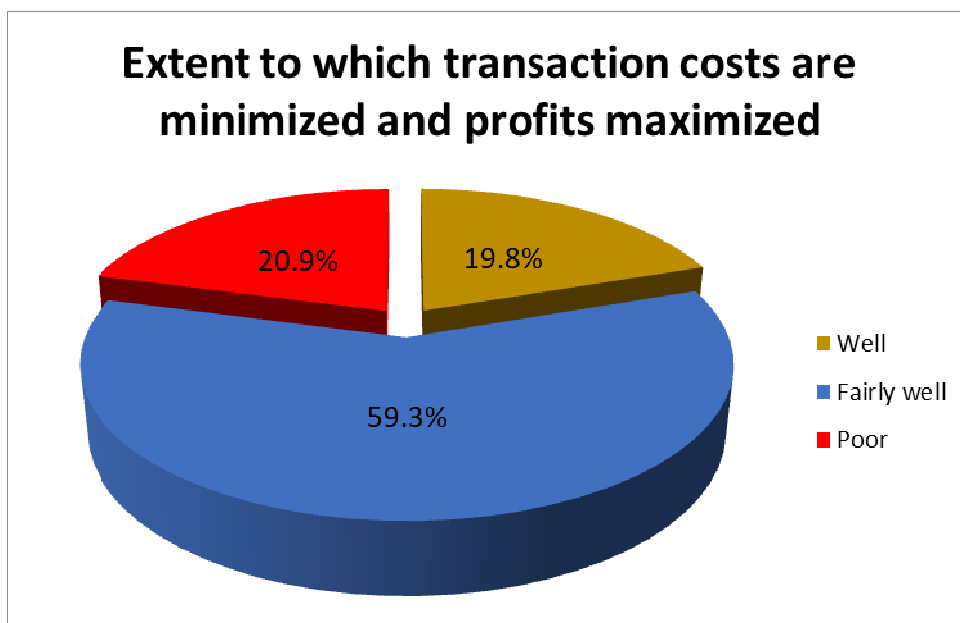


Source: Research findings, November 2018

The Law governing cooperatives in its Article 48 gives precision on the structure of a cooperative. It stipulates that a Cooperative Organization shall have the following Organs: (i) The General Assembly; (2) The Board of Directors; (iii) The Supervisory Committee; and (iv) other cooperative Organization's committees. Article 63 of the same Law says that the Board of Directors shall be the management authority of the Cooperative Organization which implements the decisions and directives adopted by the General Assembly. In other words, other organs or committees subordinate and supplement the Board of Directors, including the elected committee (s). However, according to findings in Figure 9, respondents at 68.1% said that their cooperatives are managed by elected committees other than Board of directors, 26.4% said that their cooperatives are managed by recruited team of managers who are not necessarily members of cooperatives.

This is an issue as the organ (Board of directors) which by-Law is supposed to manage the affairs of cooperatives intervenes rarely. Commenting on this situation, one interviewee narrated “members of the board are people who often are busy. Some work for themselves and others are employees in private or public institutions. Because of their tight and busy schedule they do not find enough time to follow and monitor the day to day management of the cooperative. This is why in some cooperative the mistakes, mismanagement done by hired managers are discovered very late. Lack or poor involvement of board of directors in the management of cooperatives causes poor performance and failure of some cooperatives.

Figure 10: Extent to which transaction costs are minimized

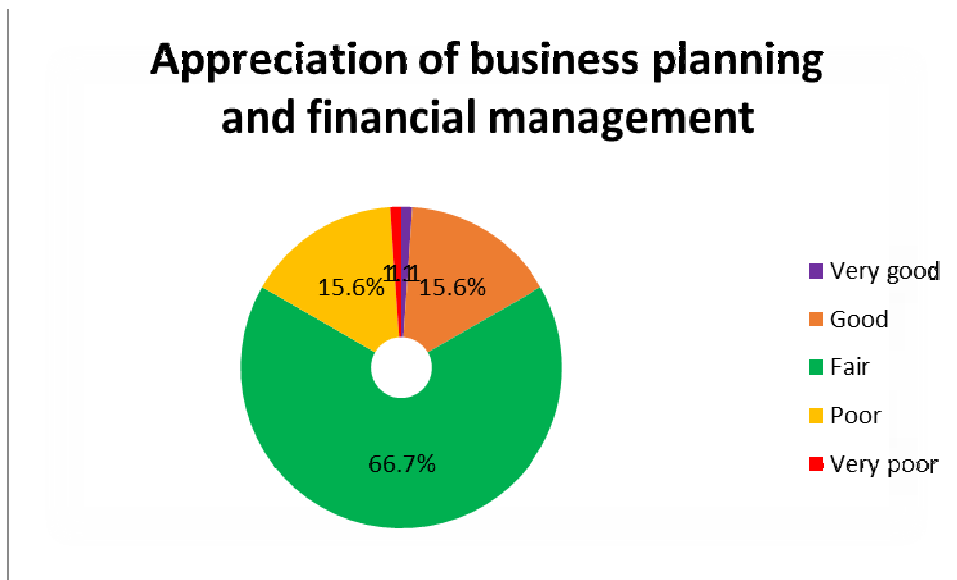


Source: Research findings, November 2018

According to figure 10, respondents (59.3%) confirmed that transaction costs are fairly minimized. Another portion of 20.9% said that transaction costs are poorly minimized. In other words, the respondents don't appreciate positively the way money is managed. There are somehow, somewhere the cases of misuse or abuse of cooperative money. The researcher assumes that when the transaction costs and operation costs are not minimized, the cooperative will not generate profits, members will not get dividends or bonus, and finally the

cooperative will collapse. On this point, the interviewee said *“We have experienced and still experience in some cooperative, the misuse of cooperative money. Some managers manage cooperative money as they want; the value for money principle (efficiency) is missing. Sometimes, they become commissioners when it comes to buy equipment or materials, and even in offering tenders”*.

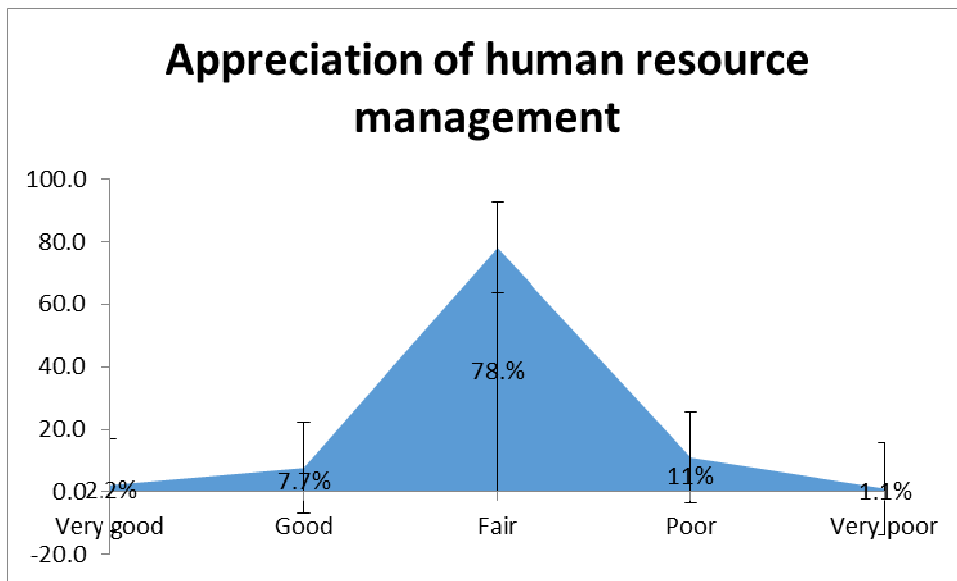
Figure 11: Existence of well-done business planning and financial management



Source: Research findings, November 2018

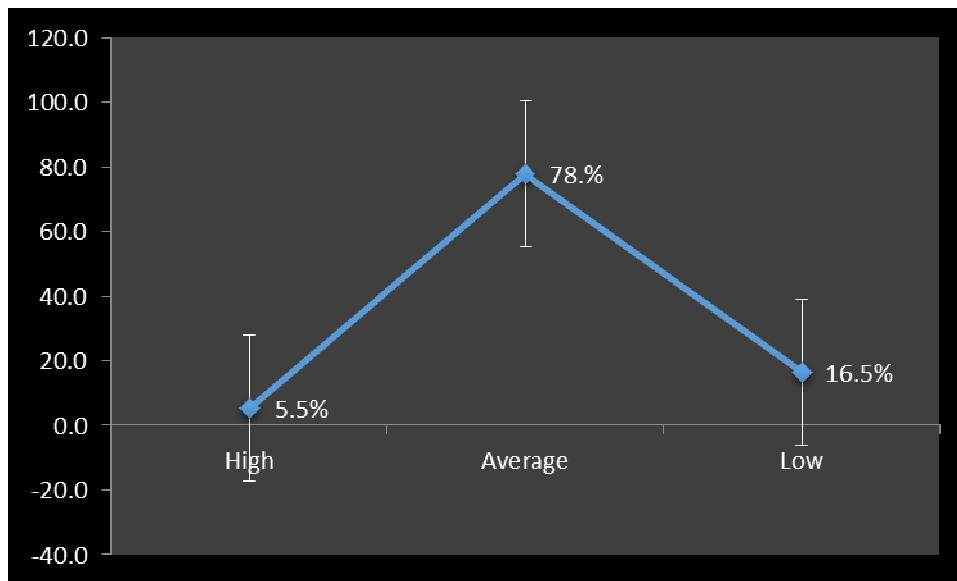
Business planning and financial management play a crucial part in the well-functioning of cooperatives.

Findings in Figure 11 show that 66.7% of respondents said that business planning and financial management are fairly done, 15.6% confirmed that it is poorly done, while only 1.1% said that it is well done. When asked to justify their answer to the question, some revealed that they are members of cooperatives for more than 5 years, but they did not get much from them. One said *“We are told to create cooperative, but only managers can gain much and some become rich because of cooperative. The status of ordinary members, like me remains the same”*.

Figure 12: Existence of effective human resource management

Source: Research findings, November 2018

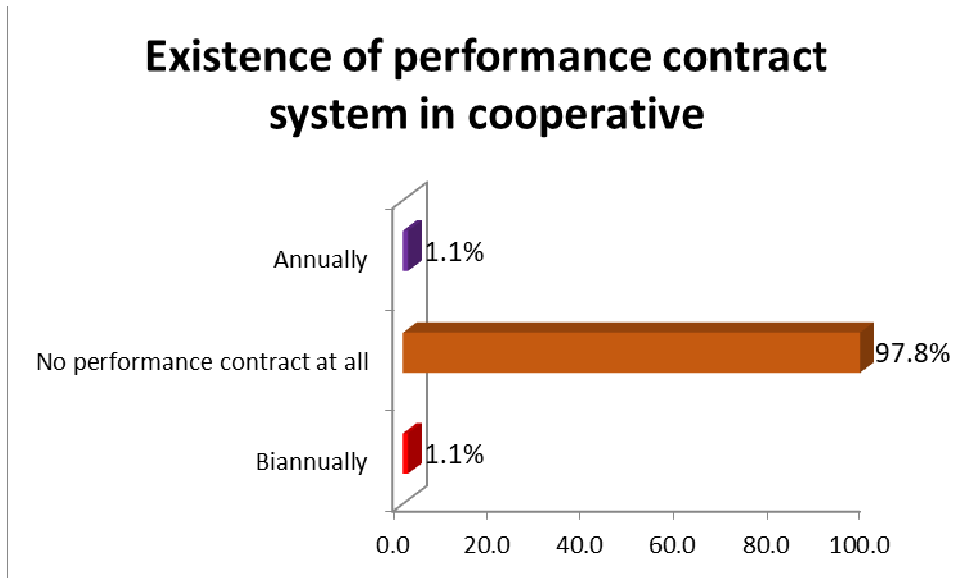
The results in Figure 12 show that big majority of respondents (78%) said that human resource is fairly managed, 11% said that human resource is poorly managed, while only 2% confirmed that human resource is very well managed. From these data, it can be noticed that human resource management in cooperatives needs to be improved. During interview, one informant said *“Because of limited financial capacity of cooperatives, they pay very little money as salaries, and that little money are often paid irregularly. Again, the work conditions are mediocre for many cooperatives. Some cooperatives lack adequate offices and adequate equipment”*.

Figure 13: Marketing capacity of cooperative

Source: Research findings, November 2018

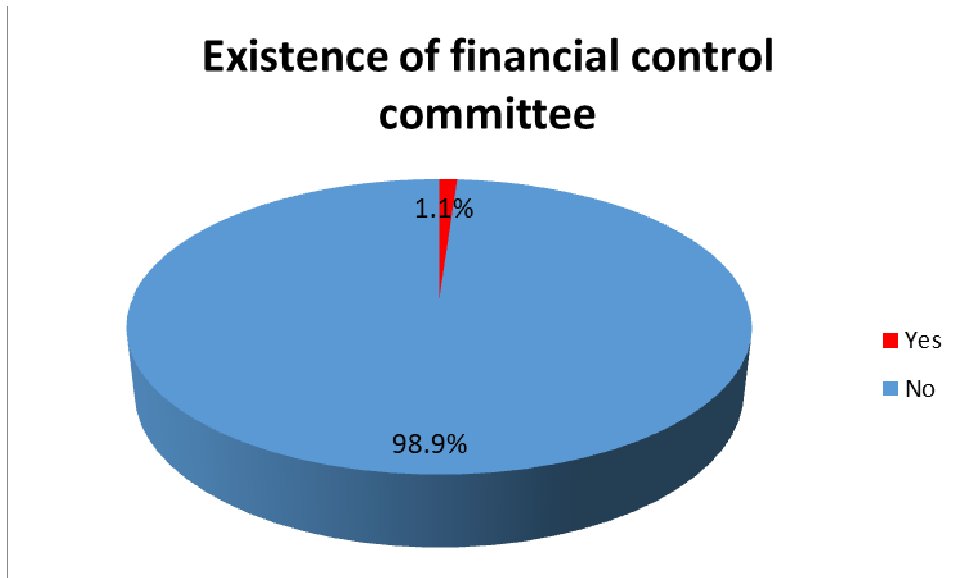
As many cooperatives produce and supply goods and services, they must have capacities and strategies to market their products. The necessity of marketing is explained by the fact that cooperatives are operating in very competitive environment. Therefore, failing to market their products leads to low sales and low profits. The results in Figure 13 show that 78% appreciate at average level the capacity of cooperatives to market their products, 16.5% said that the capacity of cooperatives to do market is at low level, while only 5.5% confirmed that the marketing capacity of cooperatives is at high level. From the above results, the researcher notes that cooperatives in Gasabo district need to improve the extent at which they market their services and products. They need to invest in marketing; otherwise failing to market in current very competitive business environment may lead to low sales, profits and low performance. One interviewee revealed *“Because of insufficient skills in marketing and low financial capacity of cooperatives, marketing is not among the first options of many cooperatives”*

Figure 14: Existence of performance contract system



Source: Research findings, November 2018

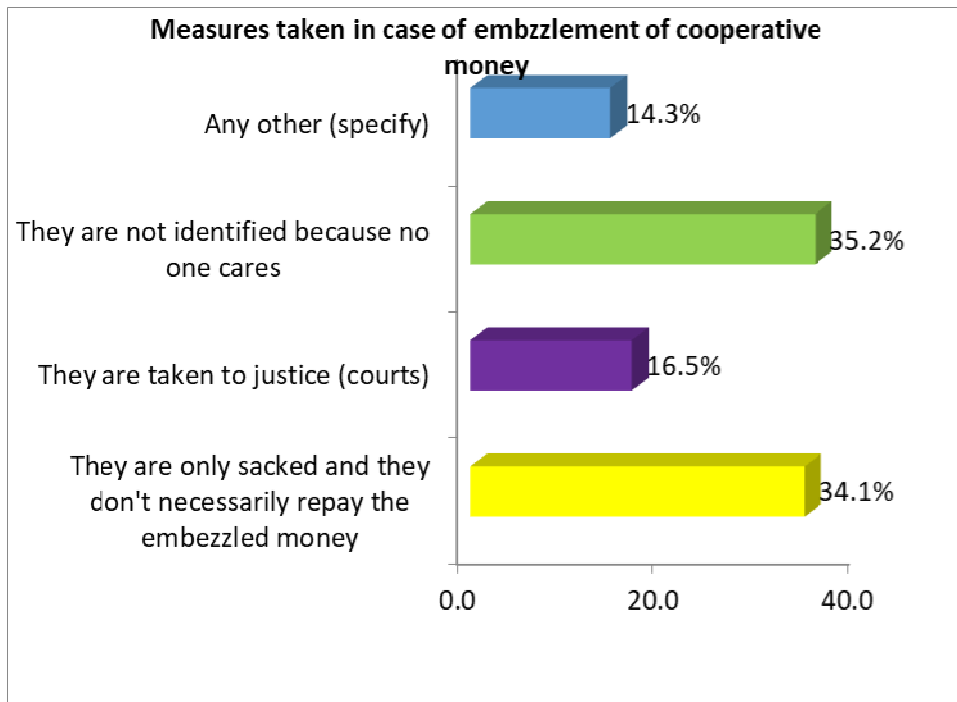
Signing the performance contract is one of the strategies to hold the board of directors, members of different committees and other staff accountable, and to make them responsible and committed to their responsibilities. The signing of performance contract between cooperative leadership and cooperative members should be done in general assembly. By so doing, every member of management committee will feel accountable and responsible. However, the results in Figure 14 show that predominant majority of 97.8% said that the managerial system of signing performance contract does not exist in cooperatives. Only 1.1% confirmed that the system exists and is done every year, and 1.1% said that it exists and done every six months (twice a year). This lack of managerial system of signing performance contract is a serious weakness and challenge in cooperatives as it affects the performance of cooperatives.

Figure 15: Existence of financial control committee

Source: Research findings, November 2018

The findings in figure 15 show that 98.9% revealed that cooperatives do not have financial control committee or an auditor. One of interviewees said *“Hiring an auditor is difficult for some cooperatives as they cannot pay for him or her regularly. Most of the time, the members appoint some of them to control the transactions and finance of cooperative. In many cases, those appointed members are not skilled to do financial control. This creates leakages in financial control and affects the performance of cooperative”*.

Figure 16: Accountability in case of mismanagement



Source: Research findings, November 2018

In order to discourage mismanagement and embezzlement in the cooperatives, those accused of mismanagement and embezzlement of cooperative' money must be punished. Punishments can be imprisonment and paying back the embezzled money. However, the findings in figure 15 show that 35.2% of respondents revealed that those who embezzle, misappropriate cooperative' money are not identified. In other words, they are not pursued. This creates impunity and leads the cooperative to partial or total failure. Another 34.1% of respondents revealed that those accused of stealing or mismanage cooperative' money is only expelled from the cooperative without necessarily paying back embezzled money. Expulsion from the cooperative without paying back (rectification) is incomplete sanction. Because of that, some dishonest members in leadership steal and go without any problem. Only 16.5% said that those suspected of embezzlement, misappropriation are taken to justice (courts).

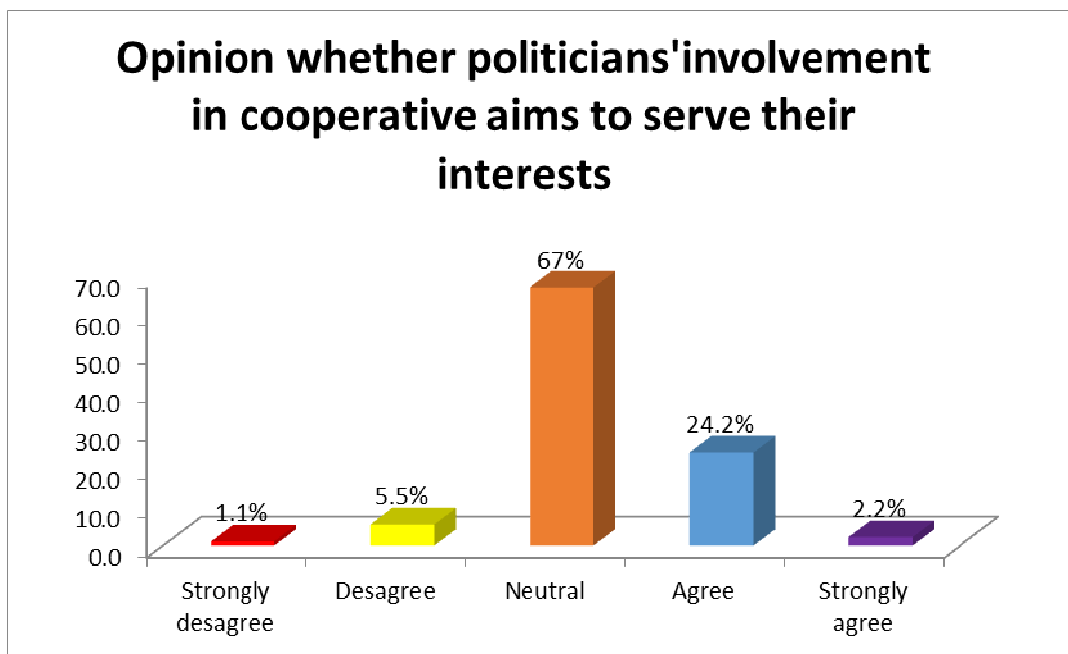
From the researcher perspective, the aforementioned sanctions or measures do not discourage misbehaviors and malpractices in cooperatives, because they are incomplete and insignificant

sanctions which can dissuade misbehaviors. Therefore, there is a big gap in pursuing and in dissuading misbehaviors in cooperatives. This justifies why the cases of embezzlement never stop in cooperatives, but keep increasing each year.

4.3.3 Government involvement and its effects on cooperative performance

Generally, the government has the role to put in place a conducive environment for the cooperatives to be created and to develop. However, government excessive interventions and bad intentioned interventions in the operations of cooperatives may hamper their autonomy and performance.

Figure 17: Extent to which government officials' involvement affects cooperative performance



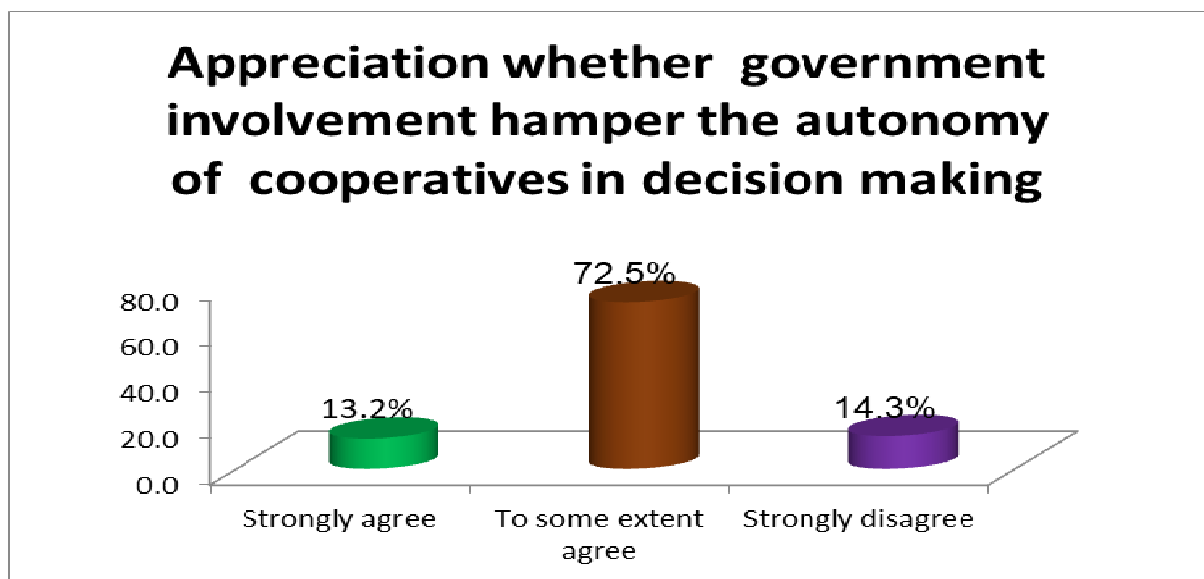
Source: Research findings, November 2018

Cooperatives operate in socio-political environment and leadership from local government (sector, district) to central government (RCA and MINICOM) intervening to assist the cooperatives. Most of the time, authorities intervene to register cooperatives and to deliver legal registration. Also, local authorities may intervene to help the members of cooperative to

settle disputes if any. They may intervene also to monitor the functioning of cooperatives etc. In all these interventions, the authorities must operate for the interests and development of cooperatives. However, the results in figure 17 revealed that 26.4% of respondents strongly agreed and agreed that government authorities' intervention in cooperatives (especially local authorities) aims at serving their personal interests rather than cooperative members' interest. One of the respondent commented *“Some of local authorities are corrupt and their interventions aim at serving their interests instead of cooperative members' interest. In cases of disputes, they can protect those who are accused if they have corrupted them. Some are not honest and fair in resolving conflicts which may arise in the cooperatives. This affects the performance”*.

Majority of 67% were neutral to this question. In other words, they were afraid to talk about authorities. Only small proportion of 6.6% disagreed that authority' interventions in cooperative aim at serving their interests rather than cooperative members' interests. From the data, some respondents were not satisfied with the authorities' interventions in cooperatives. Therefore, something must change in the ways the authorities, especially local authorities intervene in cooperatives

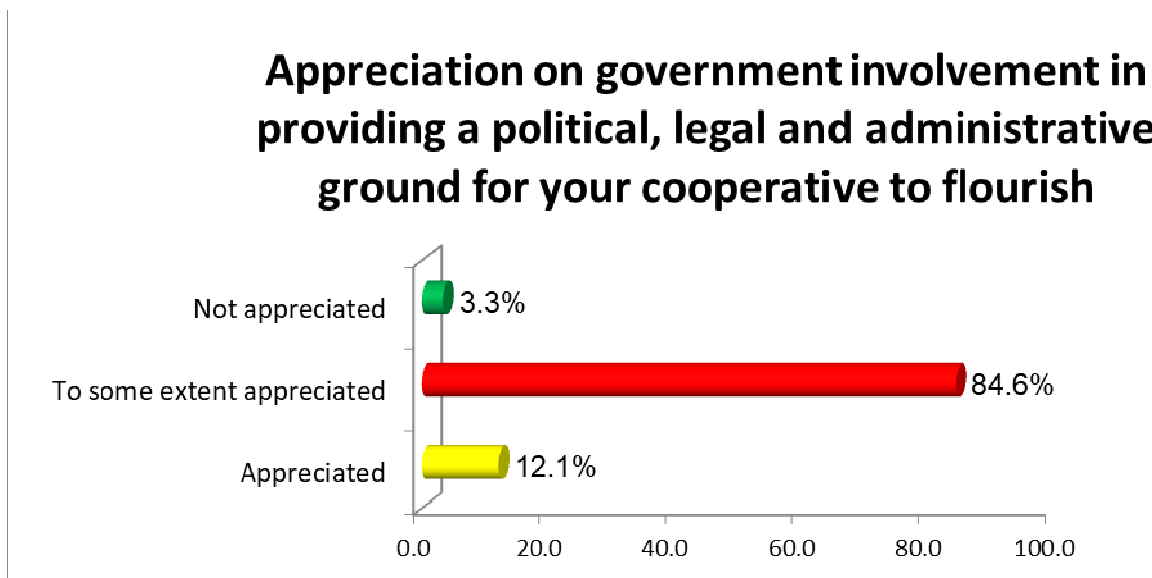
Figure 18: Extent to which government involvement hampers the autonomy of cooperatives



Source: Research findings, November 2018

Excessive government' intervention in the functioning of cooperatives may jeopardize the autonomy and power of cooperatives in decision-making. The results in figure 18 demonstrate that majority (85.7%) agreed that excessive government intervention in cooperative affects the autonomy of decision-making and finally on the cooperative performance. In this context, an example of cooperatives of farmers in Northern Province who complained about local authorities' interventions to determine the prices of Irish Potatoes was given as an illustration case study. One of interviewees said *"I think you heard it because it was broadcasted on radios about how authorities' interventions in fixing the modalities of selling Irish Potatoes yield and the prices affected the farmers. The yield was damaged in the field and farmers have lost"*

Figure 19: Government involvement in providing a political, legal ground for cooperative to flourish



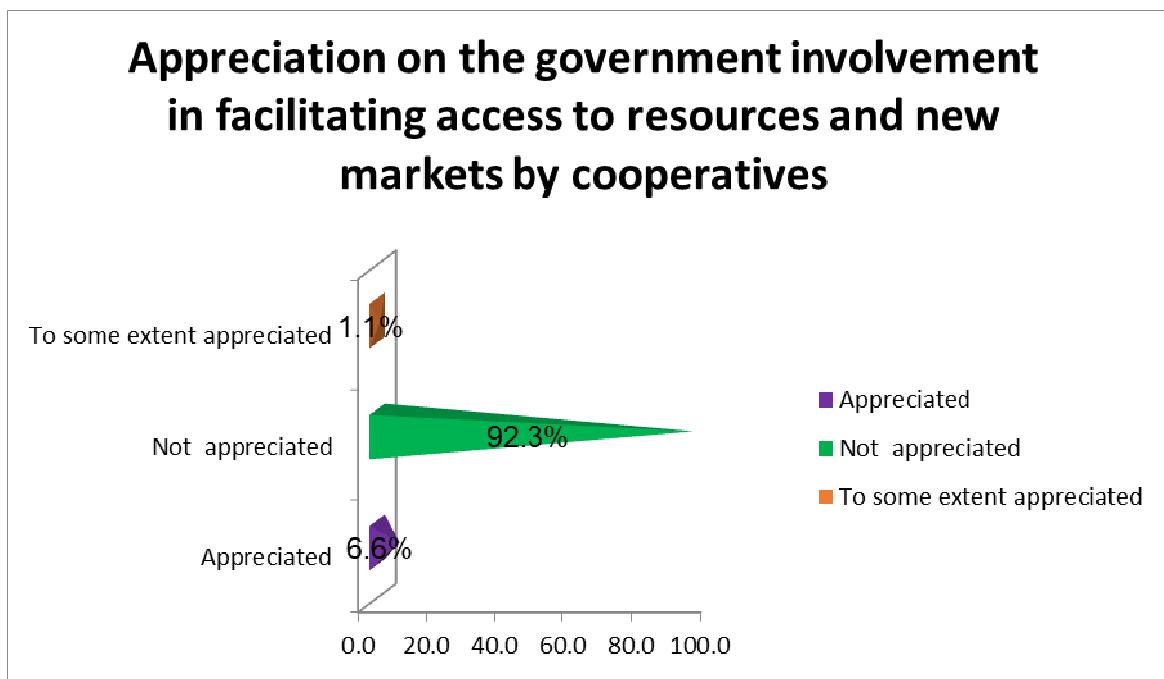
Source: Research findings, November 2018

None can look down on the significant part played by Cooperatives in development. Therefore, the government must provide a political and legal conducive environment for

cooperative to flourish. The question was asked to the respondents to appreciate the political and legal ground and tell us whether this ground helps the cooperatives to flourish or not.

The results in figure 19 show that predominant majority of 96.7% appreciate the political and legal ground in place. The Law governing cooperatives was established and the government created an agency (Rwanda Cooperative Agency (RCA) to follow the functioning of cooperatives and to develop them. Only 3.3% did not appreciate the political and legal environment in place and how it assists cooperatives to flourish. When asked to justify the answer, one respondent said that “*Laws and regulations are there, but their enforcement is still a challenge. People in cooperative are breaking those laws, but nothing is done to pursue them*”. *This is some members manage cooperatives as they want or as their properties*”.

Figure 20: Extent to which government involvement facilitates cooperatives to easily access to resources and markets



Source: Research findings, November 2018

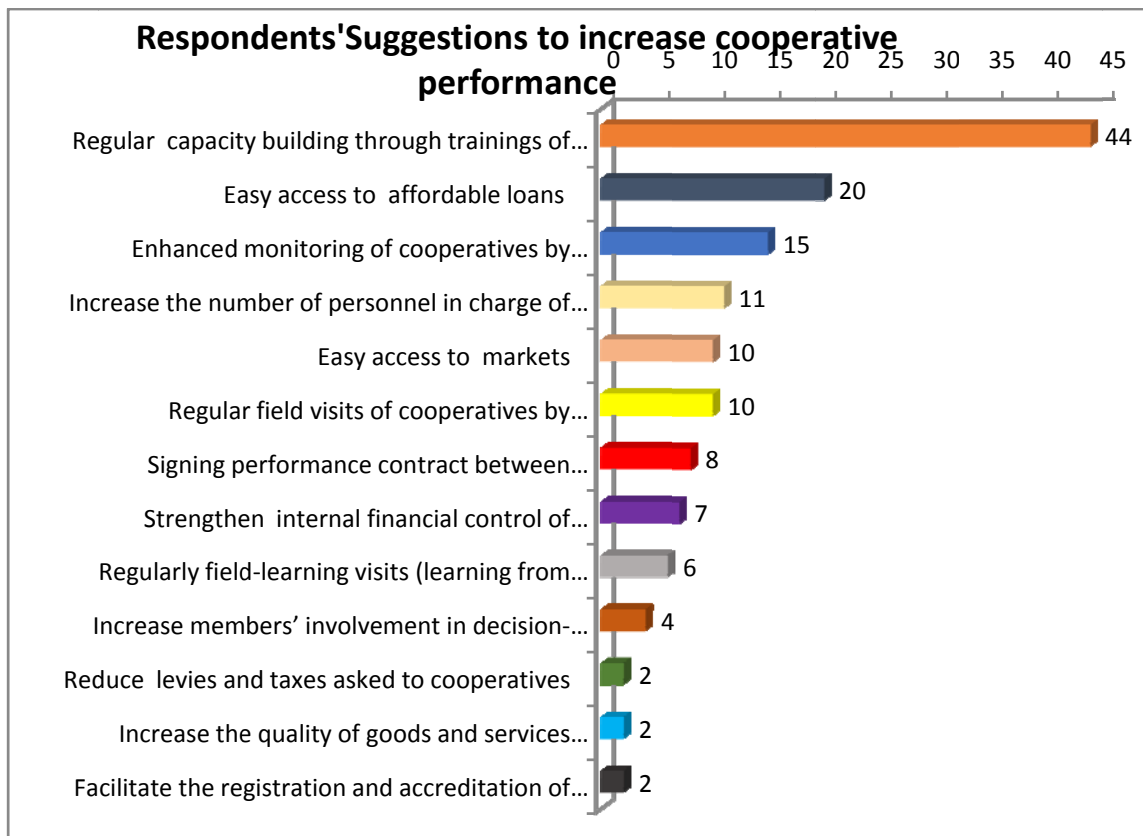
Cooperatives produce goods and services. Therefore, they should be facilitated and assisted to have easy access to the markets. They should be assisted in accessing to cheaper low

materials if it is a cooperative of production. In addition, cooperatives should be assisted in accessing to affordable and cheap loans. The figure 20 indicates that 92.3% of respondents confirm that the government' intervention in facilitating cooperatives to access to resources and markets is insufficient. Only 6.6% appreciate the government intervention in facilitating cooperatives to have easy access to resources and markets. On this point, one of the interviewee said *“Today, cooperatives are struggling and challenged by the high interest rate of bank loans. We have complained, but government has done nothing. Again, the local market is very small and sometimes cooperatives produce and the markets become scarce”*. Another issue raised is “S mark”. Many cooperatives in production sector are struggling to get “S mark) provided by Rwanda Standard Board. To this end, another problem raised is” *why is the Government imposing so many new regulations like taximeters on us without prior consultations”*.

From the researcher perspective, the government intervention in assisting cooperatives to build their capacities is still at low level. More efforts are needed in this angle.

Last but not least, the respondents were asked to give their opinions on what must be done to ensure that cooperatives function properly and maximize their performance. The figure 25 below presents some of their suggestions per importance order.

Figure 21: Respondents' suggestions to increase cooperative performance



Source: Research findings, November 2018

According to the data presented in figure 21, the respondents suggest firstly the capacity building of cooperatives, especially regular training of cooperative leadership and members on various domains related to cooperative management. Secondly, they suggest the facilitations for easy access to affordable and cheap bank loans, and thirdly they suggest enhancing the regular monitoring of cooperatives by authorities (all levels) in charge.

4.4 Discussion of the findings

The relevance of cooperatives in development is well known worldwide. However, this role is significant if cooperatives are functioning and performing well. Non-performing cooperatives affect not only their existence and sustainability, but also the socio-economic development of the country. Though majority of cooperatives in Gasabo district operate and perform well, but there are others which poorly perform and end up to partial or total failure. The factors which may hinder the performance of cooperatives in Gasabo need to be investigated and this study is undertaken for this endeavor. The governance – related factors, managerial – related factors and government’ interventions – related factors were assessed.

First of all, the study showed a challenge about the education level of members of cooperatives. The findings showed that big majority of respondents has primary education (56%), while 25.3% have secondary education and 17.6% did not complete primary school. Overall, it was found that the level of education of respondents is low and this might be one of the factors causing poor management which results to poor performance of cooperatives in Gasabo district. This does not contradict what Birchall (2011) says when he argues that cooperative failure takes place because of uneducated members rather than demotivated members.

The awareness of cooperative members on the vision and mission of their cooperatives was one of governance –related factors analyzed. It was found that majority of about 58.3% have poor knowledge or do not know at all the vision and mission of their cooperatives. This lack or low level of awareness on the vision and mission of their cooperatives may be one of the causes of members’ disengagement towards their cooperatives which leads to poor performance. In the same perspective, Chaddad & Cook (2004) stated that a well-informed

governance structure and clear vision and mission of cooperative are important for the success of a cooperative.

Lack of awareness on the vision and mission of cooperative by members may lead to disengagement of cooperative members, while knowledge on the vision and mission of cooperative leads to active engagement.

Another Governance – related factor analyzed is the level of participation of cooperative members in decision-making. The findings showed that big majority of 73.6% confirmed that members of cooperatives are sometimes consulted by the Board or other committees before taking decisions that concern them. Another non-negligible percentage of 16.5% said that they are rarely consulted or not consulted at all. From these figures, the researcher realized that there is a governance gap in members' participation in decision-making and that might have led or leading to poor performance of cooperatives in Gasabo district. In supporting, Nkhoma (2011), argues that failing to engage cooperative members in making decisions that affect the lives of their respective cooperatives or doing it sometimes may lead to members' disinterest and demotivation.

The existence of guiding principles and the level of adherence to those principles by all members were assessed under governance-related factors. It was found that only 58.3% think that those principles exist and are respected by all members. This means that the remaining percentage of 42.7% observes some loopholes in the establishment of those guiding principles and in their implementation. In other words, to ensure good governance of any cooperative, guiding principles including conditions to become a cooperative member, conditions to be expelled from a cooperative must be put in place, made known and respected by every member of a cooperative.

The cooperation in tiers of cooperative was analyzed. It was analyzed whether there is two ways communication between leadership of cooperatives and ordinary members, whether there is mutual trust and mutual respect. The findings showed that 44% of respondents confirmed that the relationship is fair, 24.2% confirmed that the relationship is good and 22% confirmed that the relationship is poor. None confirmed that the relationship is excellent. These figures show clearly the gap in relationship, communication and cooperation that prevail in cooperatives. However, Mardiasmo, Barnes, & Sakurai (2001), argue that good cooperation between cooperative leaders and members is one of determinant factors for the performance of a cooperative. Relationships founded on mutual trust, respect, transparency and two ways communication help all members to work together for the development of their cooperative.

The managerial – related factors were analyzed and the key findings were: The findings showed that 68.1% said that their cooperatives are managed by elected committees other than Board of directors, 26.4% said that their cooperatives are managed by recruited team of managers who are not necessarily members of cooperatives.

Cooperative performance requires good management of financial resources where transaction costs must be minimized as much as possible. When there is misuse of the resources, the cooperative cannot prosper. The findings showed that 59.3% of respondents confirmed that transaction costs are fairly minimized. Another portion of 20.9% said that transaction costs are poorly minimized. In other words, the respondents do not appreciate positively the way money is managed. There are somehow, somewhere the cases of misuse or abuse of cooperative money. Costs efficiency is critical aspect for cooperative performance as was confirmed by Nilsson (1999) who also said that chosen structure of a cooperative needs to minimize transaction costs and maximize efficiency.

The performance of cooperative requires good management of human resources where staff must be fairly recruited, remunerated and developed. However, the findings showed weaknesses in management of human resources by cooperatives. It was shown that big majority of respondents (78%) said that human resource is fairly managed, 11% said that human resource is poorly managed, while only 2% confirmed that human resource is very well managed. The deficiencies in HR management affect the performance of cooperatives in Gasabo district. In this same regard, ARNALL (2016) argues that the success of an organization depends largely on how well human resources are managed. Inadequate human resource management leads to demotivation and to poor performance.

Another managerial factor that affects negatively the performance of cooperatives is the way managers are held accountable in case of embezzlement of cooperative' money. The findings showed that 35.2% of respondents revealed that those who embezzle misappropriate cooperative' money are not identified. Another 34.1% of respondents revealed that those accused of stealing or mismanage cooperative' money is only expelled from the cooperative without necessarily paying back embezzled money. Only 16.5% said that those suspected of embezzlement, misappropriation are taken to justice (courts).

The government intervention – related factors were analyzed and the retained important factors are: 24.6% of respondents revealed that government officials' intervention in cooperative management (especially local authorities) aims at serving their personal interests rather than cooperative members 'interest. Also, big majority (85.7%) confirmed that repetitive and informal government interventions jeopardize the autonomy of cooperatives. However, Nilsson (1999) argues that members of cooperatives need autonomy and independency when deciding the activities, action plan and the future of their cooperatives.

Last but not least, the government' intervention in facilitating cooperatives was assessed and 92.3% of respondents do not appreciate government' intervention in facilitating the cooperatives to have access to resources and markets. Lack or insufficient government' intervention, especially local governments in facilitating cooperatives to access to finances and to the markets affect their performance. However, Hussain (2014) argues that as cooperatives contribute to the country development in producing goods and services they should be facilitated and assisted to have easy access to finance and to the markets.

Summary

Chapter four discussed the factors affecting the performance of cooperatives in Gasabo district. Ninety-one (91) respondents from 7 selected cooperatives participated in the survey. The factors affecting the performance of cooperatives were subdivided into three categories: cooperative governance related factors; cooperative managerial related factors; and government involvement in operations of cooperative related factors. The results showed that low level of education of members of cooperatives is one of hindrances to the performance of cooperatives. Overall, it was shown that cooperatives are facing governance weaknesses that effect performance, namely, low level of awareness on vision and mission of cooperative by members (Figure 6), members who are not consulted before taking decisions that concern them (figure 8); guiding principles which are not clearly elaborated and respected by all members, to mention but a few. The managerial related factors mostly cited are: lack of business plan and adequate financial management system, weak financial control (weak audit system) and weak human resource management. In addition, it was shown that some government interventions, especially local authorities in the functioning of cooperatives jeopardize their autonomy of decision making and there are weaknesses in assisting the

cooperatives to build their capacity by the government, especially facilitations to have access to affordable bank loans and easy access to external markets.

CHAPTER V: GENERAL CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The performance of cooperatives, especially in Sub-Saharan Africa has been affected by a number of problems. Some of the problems identified were related to: (i) managerial capacities;(ii) unclear incentives for starting cooperatives; (iii) poor governance; (iv) lack of capital resources; (v) disloyalty of members due to ignorance; (vi) corruption and huge lack of management by officials; (vii) favoritism in recruiting and firing employees; (viii) interest conflicts; (ix) disputes; (x) Investing without seeking consulting members; to mention but a few.

Cooperatives in Rwanda did not have a good start. The government of Rwanda (GoR) through RCA invested significant resources in cooperatives, but many of them went bankrupt simply due to the fact they had no well thought out plans. When the colonial era came to an end, the new regime led by Rwandans themselves made use of cooperatives as tools for executing its policies and plans, hence turning out to be an instrument for politicians. In addition, the government and its partners started attitudes of dependency to the extent that cooperatives and associations founded would benefit from their support. As a result, lots of members fell into the trap of taking a cooperative as a gateway to different kinds of support of benefactors rather than viewing it as an organ that can produce its own resources and make profit. Consequently, poor performances were observed which often resulted into partial or total failure.

This study was undertaken with general objective to investigate and determine the factors that are affecting the performance of cooperatives in Gasabo District. Specifically, this study aimed at: (i) Determine the cooperative governance related factors which hinder the

performance of cooperatives in Gasabo District; (ii) Assess the cooperative managerial related factors which hinder the performance of cooperatives in Gasabo District; and (iii) Determine government intervention related factors which weaken the performance of cooperatives in Gasabo district.

This study was conducted in Remera sector of Gasabo District in the City of Kigali, Republic of Rwanda. This district is not chosen by happenstance but because it is one of the Districts situated in the City of Kigali whereby different types of cooperatives in different domains: transport, agriculture, trade, construction, savings and credit are found. Also, because members are urban people, they should have a certain level of understanding on the functioning of cooperatives and factors which may affect negatively the performance of cooperatives. Last but not least, the choice was motivated by the fact that the researcher heard for many times via radio and TV broadcastings, members of cooperatives' criticisms about poor performance of cooperatives in Gasabo district. Specifically, Remera sector was selected because it has many cooperatives than other sectors

To achieve the above objectives, a methodology was used. This study was mainly descriptive, but also critical analysis research design. Descriptive research is designed to provide a picture of a situation as it happens, while critical analysis research design involves deeper analytic thinking to evaluate something. This study adopts descriptive design to provide a picture of the situation and explain current operations of cooperatives and finally make judgment. The descriptive design assisted in determining the weaknesses of cooperatives in Gasabo district, and how they affect their performance.

The targeted population was members from registered cooperatives in Remera sector of Gasabo district and number of those cooperatives was sixty three (63). From sixty three(63) cooperatives, seven (7) cooperatives operating in different domains were

judgmentally selected. Members from seven cooperatives who participated in the survey were randomly selected, but it was ensured that ordinary members and members of committees (leadership) participate in the survey. The sample size for the study was 91 respondents. Furthermore, 5 key informants were purposively selected for interviews.

To collect data, triangulation of data collection techniques was used, namely documentary, questionnaire (Survey) and interviews. Prime data was gathered through questionnaires and interviews, whereas secondary data were gathered through desk review or documentary. As to analyzing information gathered, the Statistical Package of Social Sciences (SPSS) and Microsoft Excel were utilized. They assisted in calculating the percentages, frequencies and to generate tables, pie charts and graphs.

5.2 Conclusion on the findings

The first study goal was to “*Determine the cooperative governance factors that affect negatively the performance of cooperatives in Gasabo District*”. This objective was achieved through the following major findings:

First all, the data in table 1 showed that big majority of respondents has primary education (56%) and 17.6% did not complete primary school. In today’s context, this level of education of respondents is considered low and this might be one of the factors causing poor management of cooperatives in Remera sector in Gasabo district as members have not sufficient capacities to actively engage in managing cooperatives.

Lack of awareness on the mission and vision of their cooperatives was found as an obstacle. It was found in Figure 2 that majority of about 58.3% have poor knowledge or do not know at all the vision and mission of their cooperatives. You cannot actively engage in something you

are not aware of. As a member of cooperative you cannot hold managers accountable of ignoring the mission and vision of cooperative if you are not aware of them.

Members of cooperative must be engaged always in decision-making. Failing to engage cooperative members in the decision-making or doing it sometimes may lead to members' disinterest and demotivation and this affects the performance of cooperative. However, figure 4 showed that majority of 73.6% are sometimes consulted by the leadership before taking decisions that concern them.

Any cooperative must have guiding principles and every member must be abided by those principles. However, the findings in the table 2 showed that 58.3% of respondents confirmed that the guiding principles exist, but they are fairly made and respected. This means that 41, 7% observe some loopholes in respecting the guiding principles by all members. The findings in table 3 showed the status of relationships between the board and cooperative members. Normally, the relationship between members must be characterized by mutual trust and respect and open communication. However, 44% of respondents confirmed that the relationship is fair, and 22% confirmed that the relationship is poor. This is a gap in the relationship and that might be one of the causes of poor performances of cooperatives in Gasabo district.

Another factor that affects the performance of cooperatives is unfair elections. The findings showed that majority of respondents (55%) confirmed that elections of committees are not fair or transparent. Only 3% confirmed that the elections are very fair. Unfair and non-transparent elections have negative effects and they are sources of disputes in cooperatives.

The second research goal was to “*Assess the cooperative managerial factors which affect negatively the performance of cooperatives in Gasabo District*”. The following were found

as managerial – related factors that affect negatively the performance of cooperatives in Gasabo district. The findings in Figure 9 showed that their cooperatives are managed by elected committees other than Board of directors as it was confirmed by 68.1% of respondents, 26.4% said that their cooperatives are managed by recruited team of managers who are not necessarily members of cooperatives. This is an issue as the organ (Board of directors) which by-Law is supposed to manage the affairs of cooperatives intervenes rarely and that affects the performance of cooperatives.

Fifty-nine (59.3%) of respondents confirmed in Figure 10, that transaction costs are fairly minimized, while 20.9% said that transaction costs are poorly minimized. In other words, majority of respondents do not appreciate positively the way the resources of the cooperatives, especially how money is managed. They find cases of misuse and misappropriation of cooperative money and property. This misuse and misappropriation of cooperative' resources affect negatively the performance of cooperatives

The findings in Figure 12 show that majority of respondents (78%) said that human resource is fairly managed, 11% said that human resource is poorly managed, while only 2% confirmed that human resource is very well managed. From these data, it can be noticed that human resource management in cooperatives needs to be improved. Inadequate human resource management is due to limited financial capacity of cooperatives whereby some don't hire qualified staff, staff under-paid and poor working conditions (lack of offices and office equipment). All of these affect negatively cooperative performance.

The findings showed that cooperatives don't have adequate marketing strategies. In Figure 13, 78% appreciate at average level the capacity of cooperatives to market their products and services, while only 5.5% confirmed that the marketing capacity of cooperatives is at high level. Low capacity of marketing is due lack of skills in marketing and low financial capacity

to pay for advertisement. Performance contract system enhances responsiveness and accountability. However, this system is lacking in cooperatives. Predominant majority of 97.8% said that the managerial system of signing performance contract does not exist in cooperatives. This gap leads to laziness, irresponsibility, corruption etc. which at the end of the day results into poor performance of cooperatives.

Findings in figure 15 revealed that cooperatives do not have financial control committee or an auditor as it was confirmed by 98.9% of respondents. Financial control is done by internal committee who most of the times doesn't have knowledge and skills to discover the malpractices in financial transactions. Lastly, the findings showed weaknesses in holding accountable the managers who embezzle cooperative' money. The findings in figure 16 revealed that those who steal cooperative money are not identified as it was confirmed by 35.2% of respondents. In other words, they are not pursued. Another 34.1% of respondents revealed that those accused of stealing or mismanage cooperative money are only expelled from the cooperative without necessarily paying back embezzled money. It is clear that this impunity or half-done punishment affects the performance of cooperatives.

The third study goal was to ***“Determine government intervention related factors which weaken the performance of cooperatives in Gasabo district”***. This objective was attained through the following major findings: The results in figure 18 demonstrated that excessive government intervention in cooperative management affects the autonomy of decision-making and finally on the cooperative performance. This was confirmed by 85.7% of respondents. The findings in figure 19 showed that 92.3% of respondents do not appreciate the government intervention in facilitating the access to resources (affordable loans) and markets. This deficiency affects the performance of cooperatives.

5.3 Recommendations

This study indicated that members of cooperatives have low level of education, and thus limited capacities to engage actively in cooperative functioning. In order to address this challenge, the study recommends the government of Rwanda through RCA to regularly build the capacities of cooperative members through trainings.

Research results disclosed that cooperative members have low level of awareness on the mission and vision of their cooperatives. As this lack of information limits members' engagements, the study recommends the leadership of cooperatives (Boards) to explain to their members the mission and vision of their cooperatives. They must also explain to their member the Law governing cooperatives, their obligations and rights as members of cooperatives.

This study indicated that some cooperatives do not have guiding principles and those that have them ignore them. In other words, not all members are abided by established guiding principles. In order to address this challenge, the study recommends the district through the person in charge of cooperatives in the sector to help the cooperatives to establish the guiding principles. The study recommends also the RCA to do regular follow-ups and ensure smooth functioning of cooperatives.

The study indicated that elections of committees in cooperatives are not free and fair. This affects to some extent the performance of cooperatives. In this regard, the study recommends the sector through the person in charge of cooperatives to assist the cooperatives to organize free and fair elections of committees and ensure that committees are replaced in accordance with the law. This requires the district to increase the number of personal in charge of

cooperatives at sector level, because one person (Agronomist) is not capable of handling all problems in cooperatives.

The study findings indicated gaps in human resource management in cooperatives whereby cooperatives do not have required number of staff and do not have qualified staff. This leads to mismanagement, inconsistent strategies (for instance, investment and marketing strategies, etc.). In order to address this challenge, the study recommends the government of Rwanda through RCA to facilitate the cooperatives to recruit and maintain qualified personnel. This recommendation goes also to the cooperative leadership who must always strive to hire competent and qualified supporting staff without sentiments.

The findings of the study showed that performance contract system does not exist in surveyed cooperatives. This lack may create laziness and irresponsibility. Therefore, the study recommends the government of Rwanda through RCA to introduce the performance contract system in cooperatives as it might enhance the level of accountability and responsiveness in cooperatives. These performance contracts must be signed between the cooperative leadership and the sector authority or if possible with district authority.

This study indicated weakness in recovering misused or embezzled money of cooperatives. This affects cooperative performance. As to this challenge, the study recommends the government of Rwanda through RIB and RCA to help cooperatives to conduct investigations in order to identify the responsible persons and take them to court. This goes to MINIJUST that must help cooperatives to recover embezzled or stolen money.

Last but not least, the findings indicated that government' interventions in helping the cooperatives to easy access to the markets and to finances are not enough. Therefore, the study recommends the government of Rwanda through MINICOM and MINECOFIN to

assist cooperatives to have access to affordable and cheap bank loans and to have easy access to markets, especially external markets.

5.4 Areas of further research

This study covered only 1 sector in one District of Gasabo and therefore quite limited in generalizing the findings to all cooperatives in Rwanda. Therefore, it can be much better if it is conducted at a much larger scale. There is also a need to conduct researches on the following:

- Accountability of cooperative leaders towards cooperative members.
- Effectiveness of RCA interventions in promoting good governance and efficient management in cooperatives;
- To do a comparative study on the benefits of being in the cooperative or not.

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APPENDIX 1: THE NUMBER OF COOPERATIVES IN GASABO DISTRICT PER SCOPE OF WORK

<i>Sector</i>	<i>Scope of work</i>	<i>Number of all cooperatives</i>	<i>Number of cooperatives with at least 5 years</i>	<i>Number of cooperative With less than 5 years</i>
1.Bumbogo	a) Production	14	08	06
	b) commercial and consumer	04	00	04
	c) Savings and credit	01	01	00
	d) Services	04	01	03
	e) Multipurpose	05	01	04
Total		28	11	17
2.Gatsata	a) Production	14	07	07
	b) commercial and consumer	03	00	03
	c) Savings and credit	01	01	00
	d) Services	06	04	02
	e) Multipurpose	02	00	02
Total		26	12	14
3.Gikomero	a) Production	17	06	11
	b) commercial and consumer	01	00	01
	c) Savings and credit	01	01	00
	d) Services	01	01	00
	e) Multipurpose	00	00	00
Total		20	8	12
4.Gisozi	a) Production	13	08	05
	b) commercial and consumer	08	02	06
	c) Savings and credit	01	01	00
	d) Services	10	03	07
	e) Multipurpose	03	03	00
Total		35	17	18
5.Jabana	a) Production	21	08	13
	b) commercial and consumer	02	02	00
	c) Savings and credit	01	01	00
	d) Services	07	00	07
	e) Multipurpose	03	01	02
Total		34	12	22

6.Jali	a) Production	06	01	05
	b) Commercial and consumer	03	02	01
	c) Savings and credit	01	01	00
	d) Services	02	00	02
	e) Multipurpose	00	00	00
Total		12	4	8
7.Kacyiru	a) Production	23	12	11
	b) Commercial and consumer	11	06	05
	c) Savings and credit	01	01	00
	d) Services	19	08	11
	e) Multipurpose	00	00	00
Total		54	27	27
8.Kimihurura	a) Production	09	03	06
	b) Commercial and consumer	07	02	05
	c) Savings and credit	01	01	00
	d) Services	08	02	06
	e) Multipurpose	01	00	01
Total		26	8	18
9.Kimironko	a) Production	18	10	08
	b) Commercial and consumer	09	02	07
	c) Savings and credit	01	01	00
	d) Services	19	06	13
	e) Multipurpose	01	01	00
Total		48	20	28
10.Kinyinya	a) Production	22	7	15
	b) Commercial and consumer	10	3	07
	c) Savings and credit	01	01	00
	d) Services	14	04	10
	e) Multipurpose	03	01	02
Total		50	16	34
11.Ndera	a) Production	17	06	11
	b) Commercial and consumer	07	01	06
	c) Savings and credit	01	01	00
	d) Services	12	03	09
	e) Multipurpose	01	01	00
Total		38	12	26
12.Nduba	a) Production	10	04	06
	b) Commercial and consumer	02	00	02
	c) Savings and credit	01	01	00
	d) Services	06	01	05
	e) Multipurpose	00	00	00
Total		19	6	13
13.Remera	a) Production	27	12	15
	b) Commercial and consumer	08	04	04
	c) Savings and credit	01	01	00
	d) Services	26	14	12
	e) Multipurpose	01	01	00
Total		63	32	31
14.Rusororo	a) Production	32	19	13
	b) Commercial and consumer	03	03	00
	c) Savings and credit	01	01	00

	d) Services	12	04	08
	e) Multipurpose	03	01	02
Total		51	28	23
15.Rutunga	a) Production	06	02	04
	b) Commercial and consumer	02	00	02
	c) Savings and credit	01	01	00
	d) Services	00	00	00
	e) Multipurpose	00	00	00
Total		9	3	6
Grand Total (all sectors)		513	216	297

Source: Gasabo district- Business development office, 2018

APPENDIX 2: QUESTIONNAIRE FOR RESPONDENTS (COOPERATIVEBOARD MEMBERS AND COOPERATIVE ORDINARY MEMBERS).

Section 1: Demographic characteristics of respondents

1.1 Age of the respondent:

a))16-30 [] b) 31and above []

1.2 Sex of the respondent:

a) Male [] b) Female []

1.3 What is the highest level of education have you attained?

a) Primary [] b) Secondary [] c) Tertiary [] d) Any other

(specify).....

1.4 What is the name of your cooperative?.....

1.5 How much time have you spent in this cooperative? (Give years).....

Section 2: How cooperative governance affects the performance of cooperatives

2.1 How do you rate your knowledge about your cooperative vision?

- a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []
- g) Do not know at all []

2.2 How often do you have cooperative meetings?

- a) Annually [] b) Biannually [] c) Quarterly [] d) Monthly [] e) No meeting at all []
- f) Any other (specify).....

2.3 How often do your cooperative leaders consult you before making important decisions?

- a) Always [] b) Sometime [] c) Rarely [] d) Never []

2.4 At which extent your suggestions, opinions are taken into consideration by management team when taking decisions that concern you?

- a) Always [] b) Sometime [] c) Rarely [] d) Never []

2. 5. In the scale from 1 to 5 (where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 meansstrongly agree) please indicate the extent to which you agree with the following statements reflecting how your cooperative guiding principles to which every member is required to adhere to are made and respected.

Statements	1	2	3	4	5
They are excellently made and respected					
They are very well made and respected					
They are well made and respected					

They are fairly made and respected					
They are poorly made and respected					
They are none existent					

2.6. In the scale from 1 to 5 (where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree) please show the degree to which you agree with the following statements reflecting the relationship between cooperative members and cooperative leaders

Statement	1	2	3	4	5
The relationship is excellent					
The relationship is very good					
The relationship is good					
The relationship is fair					
The relationship is poor					
The relationship is very poor					

2. 7. How often does your cooperative hold elections of committees?

- a) Annually [] b) Biannually [] c) Quarterly [] d) Monthly [] e) Never []

f) Any other (specify).....

2.8. To what extent do you rate the fairness of those elections?

a) Very fair [] b) Fair [] c) Not fair []

2.9. How often do you (as cooperative member) participate in trainings organized by your cooperative?

a) Annually [] b) Biannually [] c) Quarterly [] d) Monthly [] e) Never [] f) Any other (specify).....

2.10. In the scale from 1 to 5 (where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree) kindly show the level at which you agree with the following statements reflecting the extent to which your cooperative operates and strives for members ‘interests and provides services tailored to members’ needs

Statement	1	2	3	4	5
The cooperative excellently strives for members ‘common interests and provides services tailored to members’ needs					
The cooperative very well strives for members ‘common interests and provides services tailored to members’ needs					
The cooperative well strives for members ‘common interests and provides services tailored to members’ needs					
The cooperative fairly strives for members					

‘common interests and provides services tailored to members’ needs					
The cooperative poorly strives for members ‘common interests and provides services tailored to members’ needs					
The cooperative very poorly strives for members ‘common interests and provides services tailored to members’ needs					

Section 3: How cooperative management affects the performance of cooperatives

3.1. Who manages your cooperative on behalf of others?

- a) Elected committee [] b) Board of directors [] c) Hired management team []
- d) I don’t know [] e) Any other (specify).....

3.2. How do you rate the extent to which your cooperative minimizes transaction costs and maximizes efficiency?

- a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []

Explain why your response/answer is correct

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.....

3.3. How do you rate your cooperative business planning and financial management?

- a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []

Explain why your response/answer is correct

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3.4. How do you rate your cooperative human resource management, especially recruitment?

- a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []

Explain why your response/answer is correct

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3.5. How do you rate your cooperative marketing capacity?

- a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []

3.6. How often do you sign the performance contract between cooperative managers and cooperative members?

- a) Annually [] b) Biannually [] c) Quarterly [] d) Monthly [] e) Never done []

f) Any other (specify).....

3.7. How often do you evaluate the performance contract of cooperative managers and cooperatives leaders?

a) Annually [] b) Biannually [] c) Quarterly [] d) Monthly [] e) Never done []

f) Any other (specify).....

3.8. Does your cooperative have financial control committee (internal auditing)?

a) Yes [] b) No []

3.9. If yes, how do you rate your cooperative internal audit performance?

a) Excellent [] b) Very good [] c) Good [] d) Fair [] e) Poor [] f) Very poor []

3.10. In the case of mismanagement or embezzlement of cooperative funds, which actions are taken against the responsible persons?

a. They are sacked and asked to reimburse embezzled money [] b. They are only sacked and they don't necessarily repay the embezzled money [] c. They are taken into justice (courts) [] d. They are not identified because no one cares [] e. Any other (specify).....

Section 4: How government involvement affects the performance of cooperatives

4.1. In the scale from 1 to 5 (where 1 means strongly disagree, 2 means disagree, 3 means neutral, 4 means agree and 5 means strongly agree) kindly show the level at which you agree with the following statements reflecting the extent to which government involvement affects the performance of cooperative

Statement	1	2	3	4	5
Government involvement serves interests of politicians rather than cooperative members					

4. 2. To what extent does government involvement hamper the autonomy of your cooperative to make its own decisions?

a) Very strongly [] b) Strongly [] c) To some extent [] d) Never []

4.3. How do you appreciate the government involvement in providing a political, legal and administrative ground for your cooperative to flourish?

a) Highly appreciated [] b) Appreciated [] c) To some extent appreciated []

d) Never appreciated []

4.4. How do you appreciate the government involvement in providing access to resources and new markets to your cooperative?

a) Highly appreciated [] b) Appreciated [] c) To some extent appreciated []

d) Never appreciated []

Section 5: Strategies and recommendations to improve the performance of cooperatives

5.1. What do you think should be done to improve the performance of cooperatives in general?

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Thank you very much!

APPENDIX 3: INTERVIEW GUIDE

1. How do you view or consider the development of Cooperatives in Remera Sector?

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2. What are the best practices from Remera Sector Cooperatives that can be shared with others?

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3. Which are the main factors that affect the performance of Cooperatives in Remera Sector?

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4. How do you appreciate the governance of cooperatives in Remera Sector in general?

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5. How do you appreciate the management of cooperatives in Remera Sector in general?

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6. How do you appreciate government involvement in cooperatives of Remera Sector in general?

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7. What do you think should be done to overcome challenges facing the cooperatives in Remera Sector in order to maximize their performance?

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Thank you for your cooperation!