



COLLEGE OF BUSINESS AND ECONOMICS (CBE)

**ANALYSIS OF THE NATURE OF MANAGEMENT
IN COOPERATIVES**

A Study of cooperatives in KAYONZA District

Thesis submitted to the School of Business, College of Business and Economics in partial fulfilment of the requirements for the award of Masters of Business Administration (MBA) by the University of Rwanda.

By

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DECLARATION

I, Didier GASHEMA, declare that this thesis is my original work and has never been submitted to any University for the award of Masters in Business Administration or any other degree in University of Rwanda (UR) or any other University.

This thesis was supervised and has been submitted for examination with approval of my Supervisor Prof. Rama Rao of the University of Rwanda, College of Business and Economics (UR-CBE).

Signed.....

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Date:

CERTIFICATE

This is to certify that this is a bonafide work of Mr. Didier Gashema, a student in MBA under my supervision. This is an original work done by Mr. Didier and it never been submitted to any other university for the award of any other degree.

Signature of the Supervisor

Prof. Rama B. Rao

Date:

DEDICATION

This work is dedicated:

To almighty God for his love

To my parents for the education and parental care during my young age; this constituted a strong foundation for my overall academic success.

To my brothers and Sisters for their support, care during my studies, daily life and during this MBA course.

To my nephews and nieces

To my MBA colleagues and friends

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The result of any work is undoubtedly a product of several people efforts.

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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|---------|---|
| BoD | : Board of Directors |
| EDPRS | : Economic Development and Poverty Reduction Strategy |
| EICV | : Enquête Intégrale sur les Conditions de Vie des Ménages |
| FGD | : Focus Group Discussion |
| GA | : General Assembly |
| GDP | : Gross Domestic Product |
| GoR | : Government of Rwanda |
| ICA | : International cooperative Alliance |
| ILO | : International Labor Organization |
| IOF | : investor owned firm |
| MDGs | : Millennium Development Goals |
| MINICOM | : Ministry of Commerce and Industry |
| NISR | : National Institute of Statistic of Rwanda |
| RCA | : Rwanda Cooperative Agency |
| SC | : Supervisory Committee |
| SPSS | : Statistical Package for the Social Sciences |
| USDA | : United States Department of Agriculture |

ABSTRACT

The Government of Rwanda adopted cooperative organizations as tool of achieving the Millennium Development Goals (MDGs), Vision 2020 and Economic Development and Poverty Reduction (EDPRS) Strategy. RCA (2017) sites that there exist 8560 cooperative organizations in Rwanda with around a total of 3.2 million members counting more than a quarter of total population of the nation. Kyriakos Kyriakopoulos (2000) suggests two models of organizing cooperatives, one is traditional and the other one is proportional. One of the advantages of traditional model is to support public policy. Cooperative organizations in Rwanda help the management of groups of people by sensitizing new government programs like unity and reconciliation, gender empowerment, health insurance, community work, modern agriculture technics etc., the aim of this thesis is to analyze the nature of management and governance of cooperatives by understanding what is recommended by RCA/ICA principals and what applied by Kayonza cooperatives. The cooperative values and principles will be the reference of good practices or right to cooperative members which affect positively the management success. This research was drawn by using the secondary and primary sources of information.

Key words: cooperative, management, nature, principles and governance

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CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

In many developing countries, cooperatives have been seen as tools of creating employment, expanding access to income-generating activities, and developing business, entrepreneurial and managerial capacities through education and training, increasing savings and investment, and improving social well-being with special emphasis on gender equality, education, health care and community development. The types of cooperatives depend on their main activity, the cooperative organization can be classified into production cooperative, commercial and consumer, saving and credit, services cooperatives and multipurpose cooperative organization (GoR, 2007).

According to ICA, cooperative organization is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise. They are businesses driven by values not just profit. The cooperative managers have the huge task to combine the social and business orientation responsibilities. For business organization, managers plan, organize, direct and control the resources of organization for obtaining common objectives or goals. Shareholders' satisfaction, company growth and expansion are the goals and objectives looking for by every manager.

The nature of cooperative management is a bit different from the business organization because of that additional attribution of taking care of member's welfare, according to USDA, cooperative management focuses first on people, members who are owners and users, Board of Directors act as policymaking body, hired management acts as supervisor and employees as work force. Although they have each specific role, cooperative management should be seen as a team consisting of these four elements (Members, Board of Directors, supervisory committee, Hired management and Employees); each part of the team has its own distinctive duties and responsibilities for performing management functions in a cooperative. Successful management of a cooperative, therefore, is based on intelligent and active cooperation of the members with the board and with the manager/employees, each group shouldering its own responsibilities to the best of its ability.

This thesis highlights the nature of management in cooperatives regards to the challenges they encounter, it focused on analyzing the external influence to the application of cooperative principles and how it can affect the cooperatives management practices and decisions. Principles like voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, serving members most effectively and strengthen, concern for community, all those cited principles should be followed by Rwandan cooperatives, the study assessed their real application by analyzing members role in their respective cooperatives management, decision making process, relation between members and representative committees, financial decisions and financial data availability. The independence principle of primary cooperatives Vis a Vis the cooperative union has been discussed and helps to understand the decision making autonomy of cooperative management. In brief, this study was aiming to compare what should be followed suggested by ICA&RCA and what is real happen on the ground and the impact on management.

The choice of this topic is explained in below paragraphs where found the management problems mostly in committees and members collaboration, respecting independence principle of primary cooperative by Union, control capacity of supervisory committee to host management, the obligation (against the will) to become a cooperative member etc. The choice of KAYONZA district as case study is explained by the fact that it is the only district which had hunger problem over these two past years while cooperative theories confirm their roles of resistance in case of economic crisis (ILO, 2009), it is also explained by the claims raised by cooperative members through local medias, those claims were mostly emphasized on miss management in cooperative organizations. (New Times, 2017)

1.2. PROBLEM STATEMENT

The policy of the Rwandan government is to help the population by using cooperatives as tools or mean of accessing mass population, solidarity among members, trainings, mobilization, access to finance, access to modern equipment,(RCA,2017). Despite the initiatives and priorities on this sector, cooperative management in Rwanda faces several problems like mistrust climate between management and ordinary members , principle of independence which is not a reality because of the interference of unions in primary cooperative management(MUKARUGWIZA E ,2010), lack of trained cooperative staff and leaders, lack of member based ownership, lack of accountability, good governance and high leadership skills (Samuel Neal Goff ,2006). Members have a large deception for not receiving

the surplus, lack of financial and management basics notion for members, inappropriate training and trainer and inappropriate training contents. Refer to the nature of cooperative organization as it is stated by ICA, it is an organization which is entirely belongs to its members equally, and the cooperative management runs entirely by them. Committees are voted by members and each one has a management role, in addition there is an executive organ composed by the hired manager and other employees, this organ is responsible to dairy cooperative operations and they receive salary. Here comes the issue of managerial capacity and auditing of control committee members to be able to control and detect fraud, errors committed by the trained managers or accountants, remember that we are talking about the committee of cooperative's members which most of the case are not educated or barely have a primary level of study. Based on the author experience in cooperative, some cooperatives don't have financial capacity of hiring a manager and the question here is to know the one who will take manager's responsibilities (Ramon C, 2003).

Socio economic mission of cooperative organization requires cooperative to realize interest, to have surplus over expenses, this requires also having other business function like sales and marketing. Members are contributing to the cost of cooperative operations; this is questionable considering to the member's claims on this particular issue of cost contribution and surplus distribution among members (Gabor S.2009). Back again on this double mission of socio economic, the question here is how cooperatives are competitive over business enterprises while they have social mission as priority. The nature of cooperative organizations is to respond to the member's social- economic needs by voluntary membership and democratic control principles but those are theories, reality is that the external influence tends to modify the rules and cooperative leaders adapt their actions accordingly which can affect member's expectations.

1.3. RESEARCH OBJECTIVES

1.3.1. Main objective

The main objective of this study is to analyze the nature of cooperative's management in Rwanda by understanding cooperative principles and assess strengths, weaknesses and suggest solutions to concerned managers.

1.3.2. Specific objectives

The specific objectives of this research include:

1. To examine the approach to management of cooperatives in Kayonza District

2. To analyze the nature of selected cooperative organizations.
3. To establish the effectiveness of governance in the management of cooperatives.

1.4. Research questions

Based on the research objectives, the following research questions will have to be answered:

1. How are cooperatives governed in Kayonza district?
2. How ICA's principles are respected in cooperatives?
3. How ICA's principles can limit management actions?
4. What is the relation between RCA and cooperatives?
5. What are strategies used by cooperatives to achieve their objectives and mission?
6. What is the member's role in cooperative management?
7. What is the relationship of primary cooperative and union, how this relation can affect primary cooperative management action?

1.5. Scope of the study

This study was conducted in Eastern province, Kayonza district and the target population was cooperative organizations, the data collected was different views and opinions of both cooperative leaders and cooperative's ordinary members.

1.6. Significance of the study

Through local media and informal discussion with cooperative members, complains were so many toward their representative committees and management while cooperative principles stated the big role and responsibility of cooperative members in their respective cooperative management, then the study aiming to analyze the nature of cooperative management, who real manage cooperatives, which role of members and how they collaborate with the representative committees, how cooperative principles are respected and how they can affect management practices. The findings of this study clarified numerous causes and management problems encountered by cooperative managers in principles application. As they commonly say, when causes are found, the problem is half solved. The study will play a role of need identification and it will formulate suggestion to the concerns authorities.

1.7. Organization of the study

The research is organized in five chapters:

Chapter 1: provides the relevant background information on the research subject. It states the problem statement, objectives and research question, study scope and significance of the study. Chapter 2 gives literature review on cooperative enterprises, it contains review of relevant prior research. Chapter 3 explains and shows different research methodology, different data collection techniques and analysis method used. Chapter 4 is dedicated to data analysis and interpretation and chapter 5 is focusing on summary, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

This chapter presents the previous studies which were done by other authors but related to the current research. They have been referred for the purpose of building the foundation for this research. Therefore, books, journals and reports have been used as sources of literature which are related to cooperative businesses. The available literatures are mostly analyzed some elements characterize cooperative organizations as they explain cooperative characters, its difference with other business organizations, cooperative principles, their importance in different economic situation, etc. Only few of them focused on cooperative management by emphasizing on members' role in cooperative management, factors affecting members in management participation, management practices, members' behavior and how it can affect cooperative management etc. This chapter will present the ideas from prior research on both concepts, the nature of cooperative as an organization as well as its management.

2.1. Review of theoretical literature

2.1.1. Concepts of cooperation and cooperatives

ICA (2017) shows cooperative definition, values and principles, defines cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise. The Cooperatives values of self-help, self-responsibility, democracy, equality, equity and solidarity, principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education training and information, cooperation among cooperatives and concern for community are enumerated and explained here in this document.

2.2. Review of empirical literature

2.2.1. Distinctiveness of cooperatives

Draheim(1952) in his study entitled the dual nature of cooperative, he recognized that the good thing of cooperatives is its dual character, business enterprise on one hand and social group organizing collective action in a specific social context on the other, while Ahmad B.D (2005) clarified the difference between cooperatives and other businesses, compared the group of stakeholders both in cooperatives and other form of business organizations, he

argued that in other form of business Three groups of stakeholders are available (owners, control and end users) but in cooperatives, the three groups become one. Markus Hanish (2005), differentiated cooperative from other types of businesses by saying that cooperative is a collectively-owned firm established to further the wellbeing of its members. As such, cooperative members are different to investor owned firms because they are more interested in the maintenance of services provided by the cooperative rather than being interested in the financial return on investments. He said that cooperatives are businesses that cannot be sold, being in possession of their customers, it is impossible for cooperative to change the business to another area or other kind of business when some branch or sector of their operation fails. Normally, cooperative members do not intervene in the growth of the monetary value of their business, instead when abandon the business, members receive the nominal membership share, which may be a bit different from the current monetary value their share. Li Feng and George Hendrikse (2007), in their study entitled, "on the nature of a cooperative" started by referring on the nature of agriculture cooperatives debates happened between 1950-1960 period of time, according to this debate three categories justify the nature of agriculture cooperatives. One was agriculture cooperative as extension of farm, second category as vertical integration and lastly, agriculture cooperative as a firm. The two researchers argued based on the new concepts and theories which consider the enterprise as a system of attributes and the delineation of a governance structure in terms of ownerships rights, control, and income right. They continue by saying that cooperative as a system of attributes integrate all these three views (right, control and income) can be a firm itself with many input suppliers as owners. The feature of many input suppliers as owners implies that the behavioral differences between a cooperative and an investor owned firm have to be addressed by highlighting the unique aspects of the stakeholder owning the enterprise. Jürgen Schwettmann (2015) in his paper "cooperatives and future work" showed how the changing World or future working conditions will affect cooperatives and similar organizations, change the role they will play in society and the economy, and on the way cooperatives themselves will function and operate. It continues by showing how cooperatives organizations could be the way of solving issue of global trends on jobs and livelihoods, "By placing human need at their Centre, rather than profit, cooperatives overcome short-termism and introduce real choice in how business is done". Clearly, genuine cooperatives are people-centered, they promote equality and sustainability, they show concern for the community, and they look at the longer term.

2.2.2. Profit making

Frederic O Wanyama, Patrick Develtere and Ignace Pollet (2008) showed the cooperative's contribution in poverty reduction. This study was focused on Africa and clarified the roles of cooperatives organization in poverty reduction by mobilizing and distributing financial capital; creating employment and income-generating opportunities; availing a forum for education and training; and creating solidarity schemes that cater for unexpected expenses related to illness, social welfare, death and other socioeconomic problems. They explained that cooperatives created economic opportunities for the poor people and change individual risks into collective risks. Therefore, cooperatives in Africa and in other developing countries are seen as vehicle to fight poverty. Ellen Verhofstadt and Miet Maertens (2013) studied on the impact of agriculture cooperatives to reduce poverty. The study took place in south of Rwanda; it emphasized on inclusiveness and effectiveness of agriculture cooperatives in Rwanda and evaluates their impact on poverty reduction. The article clarified some extension of inclusiveness but that they are effective in improving rural income and reducing rural poverty. This study supports the emphasis of Rwanda on agricultural cooperatives as an institutional vehicle to boost the smallholder farm sector; it revealed that farmers in more remote areas have a lower propensity to be a cooperative member but that the impact of cooperative membership on the income and poverty of more remote farmers is larger, revealed also that households that own more land are likely to be cooperative members but that the impact of this membership on income and poverty is larger for these households. It finally revealed that cooperative is as effective at improving farm income for more-educated farmers as for less- educated farmers, for female- headed households as for male- headed household and for households with many workers as households of few workers. ILO's (2009) study shows the resilience of cooperative organizations in economic crisis and provides the empirical evidence which proves that cooperative form of enterprise is sustainable and able to survive into crisis.

2.2.3. Cooperative management and ownership

Samuel Neal Goff (2006) "A case study of the management of coffee cooperatives in Rwanda" The purpose of this study was to assess the management practices of three coffee cooperatives in Rwanda, assess their managerial capacity, identify area of need or gap in knowledge and modify existing educational curricular modules in order to provide the appropriate knowledge and gain sustainability. The research questions used to accomplish the purpose of this study focused on the principles of cooperative identity, participation and

decision making, internal and external communications, organizational and leadership development, and the duties of relationships between the cooperatives' leadership. The study revealed that among the 3 cooperatives, 2 are members owned and another one is managed and governed by a specific group of individuals, the study revealed also that most of cooperative members don't care on financial position of their cooperatives, they only interested on what they receive. RCA (2015), the report of training consulted entitled "development of agricultural cooperatives and improvement of management capacity" compares the Japan's agriculture cooperatives and Rwandans, specifically in terms of management, the document enumerates problems encountered by cooperatives and this gave the idea on management problems. Zvi Galor (1988) this study made a distinction between cooperative management structure and management of other enterprise, this paper showed the two elements composed the management of cooperative enterprise (ownership and functioning). Its structure stands on two legs; the ownership leg means that cooperative belongs to all its members individually and equally, and they finance the assets of the cooperative entirely and equally and the second leg which is the functioning leg; means that cooperative members pay for the entire costs of operation of the cooperative, but not equally, they pay for its operation according to their patronage in the cooperative. According to this paper, the structure and characteristics of cooperative management is described at the operation where its most important element is the members. In any other form of enterprise, the factors of production are derived from different sources, capital comes from investors, labor comes from the employed workers and administration is provided by a managerial staff other than the owners. In a cooperative enterprise, however, all factors are derived from one source which is the members. In the management of other organizations, elements of authority can be recognized. The authority comes from different sources such as professional or class standing, military rank, landlord status or the possession of capital. But in a cooperative enterprise, however, the authority derives from the general meeting of the members. Peter Österberg, Karin Hakelius and Jerker Nilsson (2007) explore the level on which cooperative's members are participated in governance of their cooperatives, how the degree of participation depend on various member attributes and affect the success of cooperatives. The study emphasized on member's attributes such as member's satisfaction on profitability of their farming operations, the members' experience from board work and members' perception of their participation in the governance of the cooperatives. Findings of the study showed that Members with good profitability are low in terms of both trust in the boards and perception of participation in the governance. Also, only those with moderate

profitability rank high on cooperative involvement. It showed also that Members' with experience from board work have, interestingly, no more trust in the boards, nor have they less trust. The members with board experience have supposedly learnt that the boards' power is limited and not as glamorous as less experienced members may believe. Andrei Cechin, Jos Bijman and others (2013), their study focus on member's participation in cooperative governance, they showed the effect of heterogeneity character of members and how this can influence the decision making in cooperative management process. The study clarified also what motivates members to participate or to continue to associate; it revealed that economic motivations for continued association are drivers of participation in the General Assembly, but not of 'pro-active' participation in boards and committees. This paper had the assumption that farmers are pursuing individual or subgroup interests when participating in the decision-making of the cooperative. To meet this commonly held assumption, there should be an empirically observable correlation between economic motivation for association and participation in the governance. Thus, the specific research question this paper wants to answer is: How do farmers' economic motivations for continued membership in a cooperative affect the likelihood of them participating pro-actively in the governance? Majid Parvizi (2016) analyzed factors affecting member's participation in cooperatives, his paper found that inter-organizational factors such as financial performance, manager's ability and extra-factors such as member's inclination to do group work, social confidence, foresight, government's support, law and regulation affect member's participation in area of study. Sanjib Bhuyan (2007), in his study on "people" factor in cooperative, he did an analysis of member's attitude and behavior, he showed the significant role played by member's behavior and perception toward performance of the organization. This study emphasized on the cooperative member's behavior, trust and interactions. It has been proved by researchers Chacko (1985); Birchall and Simmons (2004) and Wadsworth (2001) that both trust and positive interaction among people reduce transaction cost and enhance revenues. People factor also has been raised specifically in farm's cooperative where effective members' relation and communication between members and management are essential for a cooperative success. They continued to give the examples of other studies where they show significance role of cooperative members in its success, when members are not understood some cooperative management practices success can be affected as revealed by this study. It continues by showing that some cooperative members accuse their management teams to act as IOF (investor owned firm) because of non-participation of members in decision-making.

The study continues by saying that there are several reasons why cooperatives fail or succeed and studies attribute that failure (or success) economic and business factors (cost management, strategic alliance, managerial abilities, etc...)however Cooperative literature has also shown that ignoring members' needs and satisfaction to pursue only management goals may be shortsighted. Without active members' participation and satisfaction, cooperatives cannot survive in the long run. The study concludes by showing that if members are not satisfied on how cooperative is being run, this can cause negative attitudes and lead to member's negative behavior such as member's disloyalty.

The purpose of the study by Gian Nicola Francesconi and Ruerd Ruben (2008) was to evaluate the probability for Ethiopian agri-cooperative to engage in collective marketing activities over time, given market and governance characteristics (external market and governance constraints). This study reveals that marketing option is feasible in some regions where members are voluntary join cooperative but not feasible in regions where NGOs or Government intervene so that people join cooperatives. Kyriakos kyriakopoulos (2000), studied market orientation of cooperative organizations. The emphasis of the study was to find an answer on how cooperatives adapt their marketing strategies due to fluid and volatile business environment. The study recommends cooperatives not to focus only on market but also to the homogenous character of their members, suggests two models of organizing cooperatives, one is traditional and the other one is proportional. Traditional cooperatives work close to members own operations, which are of large size and standardized, with minimal investments. The main characteristics of traditional model are declining cost curve, prices which are independent to the cooperative's operations and foster social conditions such as homogeneous membership and political conditions such as supporting public policy. The proportional cooperative model reflects the changing business realities of the last decades. Specifically, cooperative cease to face fixed price since they have grown, to the degree, that their output policy is causing prices to decline. Cooperatives face less and less declining average cost curve as well. It concludes by saying that cooperatives should manage market orientation at the level of the cooperative firm as well as at their member's firm level. Fajardo García G. (2012) in his study entitled cooperative finance and cooperative identity, he recognized that cooperative identity should confirmed by its compliance with ICA principles. The paper also highlights the cooperative financial structure by saying that most of the cooperative's share capital has to be held by the cooperating members, shareholding does not determine the member's rights, any return on capital must be at a limited rate, and part of the

cooperative's reserves cannot be divided among the members. MUKARUGWIZA E. (2010), in her study entitled the hope for rural transformation: A rejuvenating cooperative movement in Rwanda, she showed the structural organization of the cooperative movement in Rwanda and the challenges encountered by cooperatives in the country. This study raised an issue of conflicts between primary cooperative and unions, this occurred in the handicraft sector where a union did not stick to its export activities, but instead started competing with its members (primary cooperatives) by selling handicraft products in the local market.

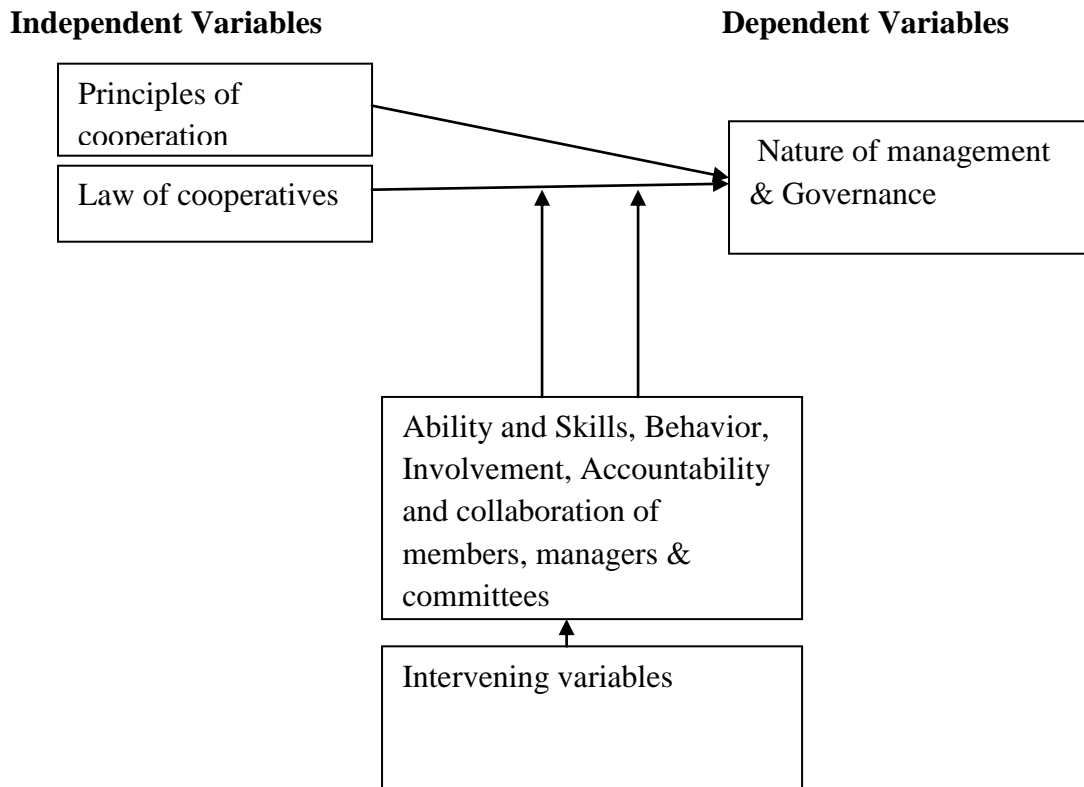
2.2.4. Organization structure

As mentioned earlier in this study, cooperatives are member- based organizations, Jos Bijman, Ger van der Sangen and Markus Hanisch (2013) shown its internal governance structure which consist a general assembly and a board of directors. General assembly brings together all cooperative members and meets once a year, in this meeting they take major decision about their cooperatives like electing the members of the board from the membership of the cooperative. Other decision-rights of the general assembly relate to major decisions like terminating the cooperative, mergers of the cooperative and changing of the by-laws, it has also the right to approve or disapprove the annual financial report. Board of directors take responsibility of decision management (initiation and implementation) while general assembly takes decision control responsibilities (ratification and monitoring). The traditional organizational structure also composed by a supervisory committee (SC), the members of SC are elected by general assembly. Its main task is to monitor and control the board of directors, this task is usually done before the final decisions are made by the board of directors (ex-ante).

2.3. Conceptual Framework

Figure 2.1 depicts the conceptual framework adopted for this study. The way the cooperatives are managed and governed is influenced by the nature of cooperatives, the principles of cooperation adopted for implementation and the law on cooperatives of the land. Moreover the nature of management in cooperatives is influenced by the intervening variables such as members , managers and committees' abilities, skills , behaviour , involvment, accountability and collaborative skills .

Figure2.1: Conceptual Framework



Source: Author's Configuration

According to different explored literature (Ahmad B.D, 2005; Samuel Neal Goff, 2006), cooperative management is done by members through representative committees. The way they manage the cooperatives is subjected to internationally accepted principles of cooperation, law of the cooperatives of the country and the type of the cooperative enterprise. Their managerial performance is intervened by the ability, skills, their characters, the level of involvement in cooperatives, the accountability towards ordinary members and collaboration with different stakeholders (ordinary members, cooperative union, government, sponsors, etc...).

2.4. Acquired knowledge from literature

The literature helped to gain knowledge of cooperative management theories, how cooperatives are different from other forms of business organizations, commitment they have towards members' socio economic development, decision making process vis a vis members voting rights (cooperative principles), and how members behavior homogeneity can affect cooperative management. Some writers (Chacko (1985); Birchall and Simmons (2004) and Wadsworth (2001) raised the issue that some cooperative managers act as business oriented organization and ignore the member's role in cooperative management as well as the

cooperative principles, others tried to show that the effective cooperative management gives priority to members and collaboration among committees. It is very common that cooperative members repose trust in management committee members and forget their roles of governance in cooperative management but when they failed, they blame simply the management committee members. The consulted literatures almost used qualitative and quantitative approach to collect data by using both close-ended category-scale questionnaire and open-ended interview using standardized questions.

2.5. Gaps to be filled by the study

In exploring literature of cooperative management, few documents are found specifically on Rwanda, based on problems and size of cooperative organizations. The gap found in the prior explored theories is an analysis on different management practices found in Rwandan cooperatives, their compliance with ICA principles and how their organization structure can contribute or not to their success.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

This chapter describes how the study was carried out. It shows the methods, the samples of respondents from population, the data collection instruments, data collection procedures and how the information from the respondent was analyzed and interpreted in order to draw recommendations and conclusions.

3.1. Research design

Refer to the main objective of this study; it is descriptive by nature where the author tries to examine different management practices currently used, make judgment and also develop theories. This research used qualitative and quantitative method; qualitative method helps to collect cooperative member's opinions, motivation, it helps to understand member's perspective on cooperative management, it also provides insight into problem or helps to develop ideas or hypotheses for potential quantitative research. Assessing the level of member's knowledge on cooperative management and prepare the quantitative research are the aims of qualitative approach in this study. Quantitative method has been applied in statistical, mathematical, or numerical analysis of data collected through administered questionnaires addressed to the cooperative's leaders in each committee on management approach they used. Survey method was used to collect the data from the selected respondents.

3.2. Scope and area of study

This study was conducted in 30 (sample size) cooperative organizations located in Kayonza districts, it focused on cooperative management. Kayonza district is located in the east of Rwanda; it is divided into 12 sectors (imirenge): Gahini, Kabare, Kabarondo, Mukarange (City), Murama, Murundi, Mwiri, Ndego, Nyamirama, Rukara, Ruramira and Rwinkwavu. According to the census of 2012, it had 344,157 population, is located at -1.8510100 (latitude in decimal degrees), 30.6510200 (longitude in decimal degrees).

3.3. Data Needs

According to the objectives of this study, secondary and primary data was needed. Table 3.1 gives details of data, its sources and its collection methods depending on research objectives.

3.3.1. Secondary Data

By referring to the prior research, reports, novel articles etc., enabled and guided this research, it gives the idea on what have been covered and avoid duplication, shows gap and methodology used. Analyse the size and structure of cooperative organization in Kayonza District needed data such as number of cooperatives existing in kayonza, types of cooperatives and their location (sector) as well as the total number of population in cooperatives. RCA online database and other government reports give the required information, data such as cooperative principles and values are available in ICA resources.

3.3.2. Primary Data

The primary data is directly collected from respondents, cooperative's leaders and members; each one group gives the information on the cooperative characteristics, how cooperatives are managed, who manage cooperatives, role of members in their respective cooperatives, decision making process, members perspective on cooperative principles application, how primary cooperatives are collaborating with different partners and the belonging feeling of cooperative members in their cooperatives. The primary data explains what real happen on the field, what are the different management approach used by cooperative managers and the member's reaction and contribution they provide on decision making.

Table3.1: Objective-wise data required, sources and collection methods

| Objectives | Required data | | Sources of data | | Data collection tools | |
|--|--|--|---|--|---|------------------|
| | primary | secondary | Primary | secondary | primary | secondary |
| Examine the approach to management of cooperatives in Kayonza | Knowing the voting system, knowing each organ in cooperative and its role, How decisions are made and who or on which level decisions are made, Knowing attributions of cooperative managers | How committees are collaborated each other, How collaboration is done between coop, union and confederation, RCA's principles, the level on which members' votes have important in decision making | Direct communication with cooperative leaders | Law governing cooperatives in Rwanda, RCA reports and publications | Administrated questionnaire | Documents review |
| Analyze the nature of selected cooperative enterprises | Knowing the industry is working in, number of members, its mission, when it started, assets possessed, number of employed staffs, their academic levels | | Direct communication with cooperative leaders | | Administrated questionnaire | |
| To establish the effectiveness of governance in | Collect open member's and leaders suggestion on better cooperative | | Direct communication with | | Focus group discussion and administered | |

| | | | |
|--|--|--|----------------------|
| <p>the management of cooperatives</p> | <p>management, On which level members are happy for management team and decision they made</p> | <p>cooperative members and leaders</p> | <p>questionnaire</p> |
|--|--|--|----------------------|

Source: Author's own configuration (2017)

3.4. Target population

Target population is the totality of cooperative organizations in Kayonza district, the number is 200 according to RCA database consulted on 26th March 2017. The details of these cooperatives are shown in Annexure 1. Cooperatives' management team and ordinary members are key informant in this study. Table 3.2 shows the details of the total cooperatives in Kayonza district by their type compared to the total cooperatives existing in the country in the same sector.

Table3.2: Share of Kayonza cooperatives to total cooperatives in Rwanda

| Type of cooperative | Total in Rwanda | Total in Kayonza District | % share of Kayonza district cooperatives to total in Rwanda |
|---------------------|-----------------|---------------------------|---|
| Farmer | 2593 | 81 | 3.12 |
| Transport | 495 | 16 | 3.23 |
| Breeding | 1737 | 31 | 1.78 |
| Services | 1392 | 18 | 1.29 |
| Hand crafts | 639 | 10 | 1.56 |
| Construction | 206 | 4 | 1.94 |
| Fishing | 94 | 2 | 2.12 |
| Commercial | 1157 | 34 | 2.93 |
| Mining | 150 | 4 | 2.66 |

Source: RCA database of 26/03/2017, www.rca.gov.rw/wemis/registration

This table compares the size of cooperative organizations in Kayonza district and total cooperatives in the country; the share is not big on this table but the number of cooperative organization could be explained by the population number and where the most populated District should have a big number of cooperative organizations.

3.5. Sampling Methods and sample size

To select a sample, proportionate stratified sampling method has been used where cooperatives were divided in strata according to their main activity, refer to the RCA database, nine categories or strata are identified among population; farmer's cooperatives, transport, breeding, services, construction, hand craft, fishing, commercial and mining cooperatives.

Table 3.3: sample of each stratum

| Activity | Formula | Sample obtained |
|---------------------------|------------|-----------------|
| Farmer's cooperatives | 30(81/200) | 12 |
| Transport cooperatives | 30(16/200) | 2 |
| Breeding cooperatives | 30(31/200) | 5 |
| Services cooperatives | 30(18/200) | 3 |
| Hand crafts cooperatives | 30(10/200) | 1 |
| Construction cooperatives | 30(4/200) | 1 |
| Fishing cooperatives | 30(2/200) | 0 |
| Commercial cooperatives | 30(34/200) | 5 |
| Mining cooperatives | 30(4/200) | 1 |
| Total sample | | 30 |

Source: Author's own configuration (2017)

3.5.1. Sampling frame

Among 200 cooperatives 30 are used as sample due to limited resources and time, selection of number in each stratum will be proportionate to the population and this formula has been used:

$N = 200$

$n =$ sample size (SS); using Cochran formula of sample size:

$$SS = (Zscore)^2 \times p(1 - p) / (margin\ of\ error)^2$$

$Z =$ Z value (e.g. 1.96 for 95% confidence level)

$P =$ population proportion (expressed as decimal) (assumed to be 0.5 (50%))

To adapt this with population, the following formula is used:

$$ss\ adjusted = (ss) / (1 + [(ss - 1) / population])$$

For the case of this study, following values have been used to obtain sample size:

Confident level= 95% (z score 1.96)

Error margin= 16.54%

Population proportion=50%

Population =200 cooperatives

$$SS = (1.96)^2 \times \frac{0.5(1 - 0.5)}{(0.1654)^2} = 35.10598322$$

$$ss_{adjusted} = \frac{(35.10598322)}{\left(1 + \left[\frac{(35.10598322 - 1)}{200}\right]\right)} = 29.82532094 \sim 30$$

As indicated in the table (3.4), the sample before field work was 30 cooperatives but due to the fact that one of sector leaders in charge of cooperatives refused to provide the contact information of selected cooperatives located in his sector, only 24 cooperatives have been visited and they are the subject of primary data source of this study, the missing cooperatives are: Turengere abana, KOAIMU Gacaca, MUF COS, Isoko y'ubuzima, Abateganya -murundi, KOUBIMU, TUKUBU, Inkunda gutabarana. The stratum is showed in the table 3.5.

Table3.4: Respondent cooperatives by activity

| Activity | Number of cooperatives visited |
|-----------------------------------|--------------------------------|
| Farmer's cooperatives | 11 |
| Transport cooperatives | 3 |
| Breeding cooperatives | 3 |
| Services cooperatives | 3 |
| Hand crafts cooperatives | 1 |
| Construction cooperatives | 1 |
| Fishing cooperatives | 0 |
| Commercial cooperatives | 2 |
| Mining cooperatives | 0 |
| Total cooperatives visited | 24 |

Source: Author's own configuration (2017)

Note: The names of sample cooperatives are presented in annexure2.

Physical selection of cooperatives was done randomly with a container containing 81 names of cooperatives for example (case of farmer's coops), then 12 out of 81 are selected, after a number is drawn out it then replaced back into the container so that the probability of any number being selected remains known and equal. Regarding cooperative members participation, ten focus group discussions were conducted; group was composed with at least

6 members and FGD moderator (enumerator), only members who have never serve in cooperative management were allowed to participate in FGD and gender balance Principe was followed. Individual respondents for quantitative component were selected among representative committees; experience level of committee members was followed to select respondents.

3.6. Techniques of data collection

3.6.1. Secondary Data collection

For gathering secondary data and information, existing Literature was used; previous studies related to these research objectives have been consulted. In fact, Books; journals; available articles and reports from reliable sources such as Rwanda Cooperative Agency (RCA); International Cooperative Alliance (ICA), Ministry of Commerce and Industry (MINICOM); Ministry of agriculture and Animal Resources(MINAGRI), Institute of Statistics of Rwanda (NISR); International organizations and individuals that are involved in cooperative management.

Existing literature was used specifically for the purpose of analyzing the cooperatives values and principles, understand the tentative actions to correct management problems occurred before our research, it helped also the access of statistical information on existing number of cooperatives and unions in Kayonza district.

3.6.2. Primary Data collection

To collect primary data, administered questionnaire and cooperative member's focus group discussion were required to ensure the analysis based on the convergence of various evidences.

a. Administered questionnaire

This data collection method has been used in order to understand well the perceptions and attitudes of leaders on cooperative management. Questionnaire instruments were addressed to cooperative leaders. 3 members in each cooperative were asked to respond questions among 24 cooperatives available from the sample. Three different questionnaires have been applied to the appropriate respondent, first for BoD member, second for the accountants and lastly to one member of Supervisory Committee. Each one gives the information related to their roles and their functions in cooperative management, the instruments are found in annexures 4, 6 and 7.

Moreover, in order to gather accurate data with the right representation of all people of the study area, the determination of sample size was also critical. According to numerous authors and researchers, the sample size determination was always not simple. But as the main factor in ensuring the accuracy and reliability of survey's findings, it has been always recommended to use a sample which is neither too large nor too small because the large leads to the waste of time and resources while the small leads to the inaccuracy of results.

b. Focus group discussion (FGD)

As mentioned in prior chapters, cooperative management involves members, this technic of collecting ideas allows cooperative members to agree and disagree with each other's so that it provides an insight into how group thinks about an issue, about the range of opinion and ideas, the inconsistencies and variation that exists. In this particular study, 10 FGDs were conducted and gather between 6 and 10 cooperative members with a moderator who used focus group open and closed questions as guidance to collect ideas and opinions.

3.7. Data processing

After collecting data, activities such as data entry, sorting, summarization and validation were followed. The data entry was done in SPSS analysis tool; the tool helped to manipulate data based on required operation, duplication was adjusted, grouping and reducing data to its main points depending on variables and characteristics. In this part of research, the correctness and relevance of data were checked and validated.

3.8. Data analysis and interpretation

The analysis of data was done after a successful data management. The analysis of this study included two parts: quantitative part and qualitative part. The quantitative part involved the descriptive analysis of data reported by cooperative leaders with the help of questionnaire. Thus, this descriptive analysis was performed by summarizing data in form of tables and bar charts: simple bar chart (for a one variable analysis) and clustered bar chart (for two variables analysis). The descriptive analysis was done with the help of SPSS16.0.

The qualitative part involved the unification of information reported by members of cooperatives on topics discussed during focus group discussion that were done in group of 6 members. Thus, the responses provided were unified group by group to reach a common view. Audio records were also used as backup information and are particularly considering during the formulation of research recommendations.

3.9. Limitations of the study

Apart from the time and the financial resources which are always limited, during this research we met different challenges that had not even been envisaged especially when it was the work that requires the opinion or the information from another person. People (either cooperative leaders or ordinary members) were less cooperative and it delayed the progress of the whole work, it is in that regard that cause the no completion of our sample, 30 cooperatives were to be visited but due to the above mentioned issues of no cooperation of concern leaders and due also to the inconsistency found on RCA data base regarding the number of cooperatives recorded and those found on the field, 24 cooperatives out of 30 have been visited. Some cooperatives were no longer work, they are dormant. This study has been a subject of different limitations such as; the unavailability or less number of publications specifically on cooperative management in Rwanda and the fact that few cooperatives keep their administrative documents limits our search in case of references.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.0. Introduction

This chapter presents the results collected from respondents through different methods, it contains summary of cooperative member's opinion, secondary data interpretation and reaction of cooperative leaders (president, accountant and one of SC members) on questions helping to answer the research questions and objectives. The research instruments used were different depending on respondent category and adapted to it.

4.1. Secondary data interpretation

In line with study objectives, various published documents have been consulted. In this chapter specifically on this component documents emphasize on Rwandan cooperatives are analyzed. The documents give a rough picture of cooperatives, while unfortunately there is no document found on Kayonza cooperatives. According to the RCA data base, 8560 cooperatives are counted with 3.2 million of members in Rwanda and 200 cooperatives in Kayonza District, The above statistics show the size of cooperative sector in Rwanda and attract author attention on the importance of this sector.

Authors such as MUKARUGWIZA E.(2010) who emphasized on structural organization of cooperatives movement in Rwanda, raised an issue of conflicts between primary cooperative and unions, this occurred in the handicraft sector where a union did not stick to its export activities, but instead started competing with its members (primary cooperatives) by selling handicraft products in the local market, relation between primary cooperative and cooperative union brings much attention in the study as it is one of the governance factors. Governance is defined by Dr N.Ramu(2011) as a system by which companies are directed and controlled, its structure involves a set of relationship between the boards, the shareholders and other stakeholders; it specifies the distribution of rights and responsibility among them and spells out the rules and procedures for making decisions on corporate affairs.

Through different consulted documents on cooperatives in Rwanda, it is noticed that management of these organizations are fully done by members, they are in supreme organ which is General Assembly, BoD is elected from them, SC and special committees are drawn from cooperative members (law n° 50/2007 of 18/09/2007). Governance effectiveness is mentioned by MUKARUGWIZA E. while she was concluding her study and said that the

organizational structure in cooperatives precludes by a lack of strong confederation, lack of a well-coordinated approach to support the development of cooperative movement, lack of schools to train cooperative staff, leaders and members, the results of all these mentioned are the low education level of some of the cooperatives leaders and lack of the autonomy and independence. GASANA G.(2011) in his study emphasized on the ownership level of members in cooperative management, he observed that, although cooperative is members-based orientation management, there are multiple reasons explaining their low participation in management, these reasons attracted the author attention and has been investigated using primary methods of data collection and developed in the following parts of this chapter.

Cooperatives in Rwanda are structured into primary, union and federation. The table 4.1 shows the size of each structure by cooperative activity.

Table 4.1: Types of cooperative existing in Rwanda and their structures

| Types of cooperative by activity | Cooperatives structures | | | | Total per type |
|----------------------------------|-------------------------|-----------------|----------------|-----------------|------------------|
| | primary | unions | federation | unspecified | |
| Farmer's | 2593 (30.93) | 67 (47.51) | 8 (53.33) | 0 (0.00) | 2668 (28.99) |
| Breeding | 1737 (20.29) | 31 (21.98) | 3 (20.00) | 0 (0.00) | 1771 (19.24) |
| Transport | 495 (5.78) | 12 (8.51) | 2 (13.33) | 0 (0.00) | 509 (5.53) |
| Service | 1392 (16.26) | 14 (9.92) | 1 (6.66) | 0 (0.00) | 1407 (15.29) |
| Transformation | 97 (1.13) | 0 (0.00) | 0 (0.00) | 0 (0.00) | 97 (1.05) |
| Commercial | 1157 (13.51) | 3 (2.12) | 0 (0.00) | 0 (0.00) | 1160 (1.26) |
| Handcraft | 639 (7.46) | 1 (0.70) | 0 (0.00) | 0 (0.00) | 640 (0.69) |
| Mining | 150 (1.75) | 4 (2.83) | 1 (6.66) | 0 (0.00) | 155 (1.68) |
| Fishing | 94 (1.098) | 9 (6.38) | 0 (0.00) | 0 (0.00) | 103 (1.11) |
| Construction | 206 (2.40) | 0 (0.00) | 0 (0.00) | 0 (0.00) | 206 (2.23) |
| Sacco | 0 (0.00) | 0 (0.00) | 0 (0.00) | 485 (100.00) | 485 (5.27) |
| Total per category | 8560 (100.00) | 141 (100.00) | 15 (100.00) | 485 (100.00) | 9201 (100.00) |

Source: RCA database of 26/03/2017, www.rca.gov.rw/wemis/registration

Note: Figures in brackets indicate percentages to vertical total.

This table shows Sacco cooperatives as unspecified structure, normally Sacco cooperative is on sector level, they are neither in Union nor federation. Farmers, breeding and service cooperatives occupied more than a half (63.52%) of cooperative sector. The Constituent Assembly of Union takes place of General Assembly in primary cooperative, union by-laws provide directions on voting mode and delegate representation. One member one vote principle is not mandatory in either Union or federation. Management approach used by primary cooperatives are clearly explained in the law n° 50/2007 of 18/09/2007 governing cooperative organizations (Republic of Rwanda, 2007) where it shows the decision power and process, attributions and responsibilities of each organ. General Assembly (GA) makes policy decision; it delegates authority to the BoD and SC and approves decisions of committees. BoD is called also Management committee acts on the behalf of members, implements policy decisions of members, listens to the advice of SC, it delegates authority to employees or technical staff. SC acts as the “eyes and ears” of members by continuously monitoring and reporting, it perform audits of the Board’s and employee’s work, give the advice to the BoD and reports to the members at GA. Employees report to the BoD, implements decisions of the BoD and act on its behalf. Cooperatives are ruled by internal rules (by-law) which cannot contradict cooperative principles and the law of 2007 governing cooperatives in Rwanda.

4.2. Primary data interpretation

4.2.1. Size and structure of cooperative sector in KAYONZA District

a. In terms of member’s number

The structure of cooperatives in KAYONZA District shows that many cooperatives in that District are engaged in agriculture and followed by transport, breeding, services, commercial, constructions, and handicrafts from the selected cooperative and also on the size of the selected cooperative the cooperatives in agriculture has large number of member 2648 in 11 cooperatives, and also followed by transport with 302 members. Males (53.83%) are dominant to female (46.16%) in respondent cooperatives, there is also a great disparities regarding gender participation but it is justifiable on the other hand depending on the primary activities of a cooperative. For example a cooperative that did taxi- Moto would have higher males’ members than females’ members.

Table 4.2: Cooperatives in Kayonza by sector of activities and by gender

| Type of Cooperative | Number of cooperatives | % to vertical total | Number of members by Gender | | %to vertical Grand Total |
|---------------------|------------------------|---------------------|-------------------------------|-------------------------------|-----------------------------|
| | | | Males | Females | |
| Farmers | 11 | (45.83) | 1221 (46.11) | 1427 (53.88) | 2648 (100) |
| Transport | 4 | (16.66) | 286 (94.70) | 16 (5.29) | 302 (100) |
| Breeding | 3 | (12.5) | 150 (68.18) | 70 (31.81) | 220 (100) |
| Services | 2 | (8.33) | 73 (60.33) | 48 (39.66) | 121 (100) |
| Construction | 1 | (4.16) | 14 (87.5) | 2 (12.5) | 16 (100) |
| Commercial | 2 | (8.33) | 176 (80.36) | 43 (19.63) | 219 (100) |
| Handcraft | 1 | (4.16) | 1 (2.38) | 41 (97.61) | 42 (100) |
| Grand total | 24 | (100) | 1921 (53.83) | 1647 (46.16) | 3568 (100) |

Source: primary data

NOTE: figure in brackets are percentages to horizontal and vertical total.

This table grouped cooperatives according to the activity, some other activities like Mining and fishing were available on RCA database but physically on the ground they were not. The observation made here is that the RCA data base is not frequently updated. This study also didn't consider SACCOs simply because of their financial character which may be distinguish from other cooperatives. It is focused on primary non- credit and savings cooperatives.

b. Structure in terms of Workers

In KAYONZA District cooperatives that use permanent or contractual workers are 41.7 percent whereas those that use temporary workers are 50 percent. This means that the

primary activities of cooperatives are done by members themselves. The table 4.3 shows the frequency and details.

Table 4. 3: Preferences for hiring employee types by the respondent cooperatives

| Type of employees | No of Respondent Cooperatives | | Total |
|---------------------|-------------------------------|---------------|----------------|
| | Preferred | Not Preferred | |
| Contractual workers | 10 (41.67) | 14 (58.33) | 24 (100.00) |
| Temporary workers | 12 (50.00) | 12 (50.00) | 24 (100.00) |

Source: Primary data

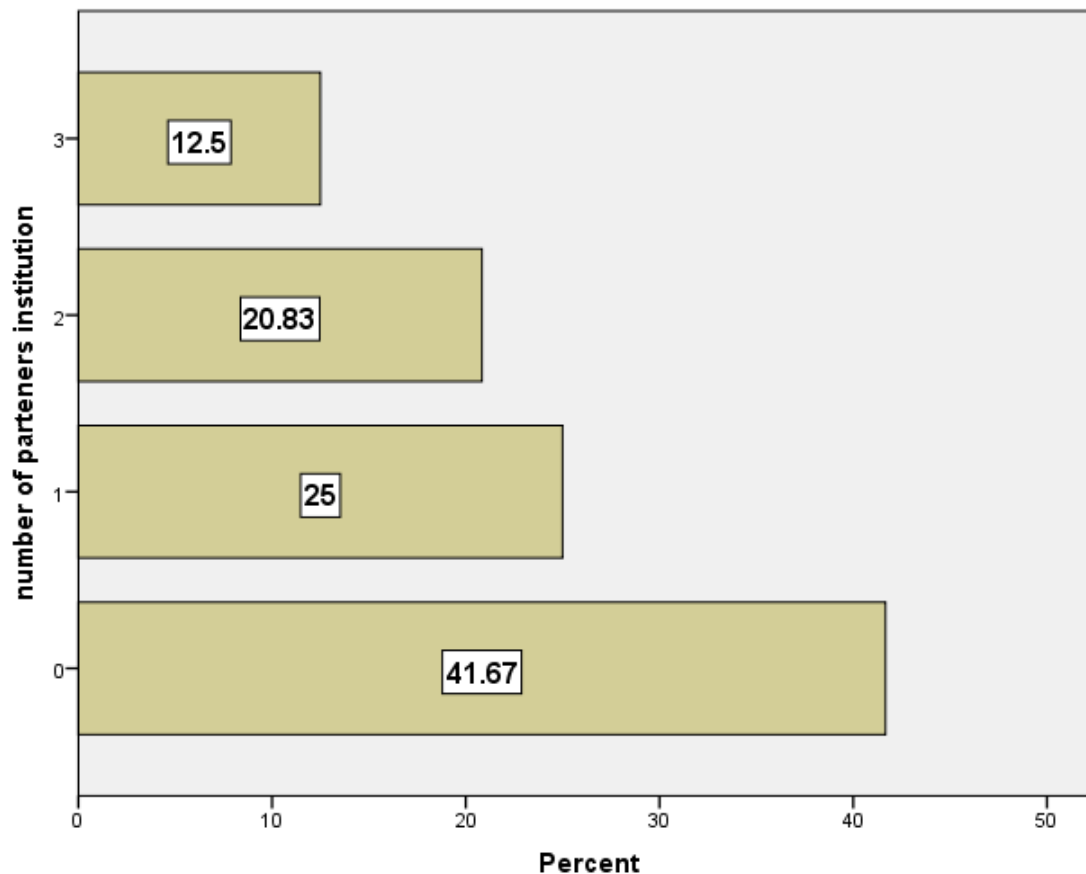
Note: Figures in brackets indicate percentages to total.

Number of employees either contractual or casual determines the size of the company. According to the table 4.3, the respondent cooperatives hired temporary staffs than having more permanent ones, perhaps due to low financial capacity or to the fact that members are contributing and perform themselves the activities in the cooperatives however members knowledge, ability and skills may be less than professional's ones but ownership level and commitment are higher for members than for hired professionals.

c. Partners/Funders

The figure 4.1 displays the availability of partners (funders) of cooperatives in KAYONZA District as it is presented more than 40 percent of respondent cooperatives have no any funding institution and therefore struggling out of challenge by themselves, while other between 20 and 25% have at least one funding institution, only 12.5% respondent cooperatives have 3 supporters.

Figure 4.1: Funding institutions



Source: Primary Data

NOTE: Horizontal axis of figure is “Percentage of Respondent Cooperatives”

Funding institutions provide important services to cooperative organizations, such as technical training, funding, and mobilization of members to join cooperatives, accounting and auditing, and facilitating the establishment of an enabling legal framework. These institutions include local and international NGOs, bilateral cooperation agencies. These institutions help on improving managerial capacity of cooperative leaders.

4.2.2. Governance in Kayonza cooperatives

Cooperative members participate in management through committees; each committee has its own attribution. This part presents different committees which manage cooperatives depending on the activity. The results show that most of the cooperatives whatever its sector of activity have GA, BoD and SC (100%), only 6(25%) cooperatives have used commissions as cooperative organ, 2 (8.33%) cooperatives used group of leaders as an organ among others in cooperative management and lastly 1(4.16%) used disciplinary committee.

The details are found in the table 4.4.

Table 4. 4: Distribution of boards by type of activities

| Sector of cooperatives | Board type | | | | | |
|------------------------|----------------|----------------|----------------|--------------|------------------|------------------------|
| | GA | BoD | SC | Commissions | Group of leaders | Disciplinary committee |
| Farmers | 11(100) | 11(100) | 11(100) | 3(27.27) | 1(9.09) | 0(0.00) |
| Transport | 4(100) | 4(100) | 4(100) | 0(0.00) | 0(0.00) | 0(0.00) |
| Breeding | 3(100) | 3(100) | 3(100) | 1(33.33) | 1(33.33) | 0(0.00) |
| Services | 2(100) | 2(100) | 2(100) | 0(0.00) | 0(0.00) | 1(50) |
| Constructions | 1(100) | 1(100) | 1(100) | 1(100) | 0(0.00) | 0(0.00) |
| Commercial | 2(100) | 2(100) | 2(100) | 1(50) | 0(0.00) | 0(0.00) |
| Handicrafts | 1(100) | 1(100) | 1(100) | 0(0.00) | 0(0.00) | 0(0.00) |
| Grand total | 24(100) | 24(100) | 24(100) | 6(25) | 2(8.33) | 1(4.16) |

Source: primary data

Note: the figures in brackets are percentages

The table 4.4 shows the three common organs which governing cooperatives in Kayonza, the additional organs which were not common (commissions, group of leaders and disciplinary committee) are needed in cooperatives either because of its activity, size or specific activity which needs particular attention (commissions). It became difficult to manage or to consult members on a big space, zones are created and each zone has a leader and zone leaders form a group of leaders. Disciplinary committee is found in one cooperative with protection of people and their goods as business, this cooperative has guards and their discipline is very sensitive to the performance. Co-operative boards are well designed unfortunately, their membership is entirely internal that prevents cooperatives from owning board members with different backgrounds, this factor can affect management capacity and management performance.

4.2.3. Role of member in management of cooperative

In a democratic leadership members should be involved; in this study the table 4.5 shows that 37.5 % of cooperatives members give ideas and 62.5 % of cooperatives members make decisions and elect leaders. The purpose of this study was to evaluate how the democratic principle is respected, how cooperative leaders respect what is suggested by cooperative law.

Table 4. 5: Role of members in a cooperative

| Roles | No of Respondent Cooperatives | Percent |
|------------------------------|-------------------------------|---------|
| Give ideas | 9 | 37.5 |
| Make decision, elect leaders | 15 | 62.5 |
| Total | 24 | 100 |

Source: primary data

According to the table 4.5, cooperative leaders accept and acknowledge that members give them idea (37.5%) and (62.5%) declare that they participate in decision making and elect committees. Both functions showing the role of members in the cooperative management and it is the indicator of respecting their right. GA meeting held twice a year for almost visited cooperatives and members participate in cooperative management through GA, this indicates less opportunity of members to express opinions on one hand and big share of leaders in decision making for the other hand.

a. Role of control committee

Table 4.6 indicates that the more control committee supervisor daily activities and resources flow of a cooperative the more fraudulent drawings diminished as displayed, there is any fraudulent drawings occurred for cooperative whose control committee supervised at least once a month whereas about 40 percent of cooperatives whose control committee supervised 2 times per year experienced fraudulent drawings. However, there is a need for daily monitor of cooperative activities by control committee to ensure lasting success. Fraudulent Drawings or fraud are the terms explain the diminishing of cooperative assets without following the required process, some cooperatives in the sample declared that they experienced those kinds of mismanagement practices.

Table 4. 6: Number of supervision done by control committee per year and drawings experienced

| Auditing frequency per year | Ever experienced drawings in last 2 years? | | Total |
|-----------------------------|--|---------------|--------------|
| | No | Yes | |
| 2 | 3 (60.0%) | 2 (40.0%) | 5 (20.83) |
| 3 | 4 (80.0%) | 1 (20.0) | 5 (20.83) |
| 4 | 7 (87.5%) | 1 (12.5%) | 8 (33.33) |
| not planned | 2 (66.7%) | 1 (33.3%) | 3 (12.5) |
| 12 | 2 (100.0%) | 0 (0.0%) | 2 (8.33) |
| Every day | 1 (100.0%) | 0 (0.0%) | 1 (4.16) |
| GRAND TOTAL | 19 (79.16%) | 5 (20.83%) | 24 (100%) |

Source: primary data

Note: figures in brackets are percentages to the horizontal total

Three respondent cooperatives (12.5%) declared that they don't plan for Auditing frequency, the other one (4.16%) affirms that they are carrying auditing every day. For others twenty cooperatives (83.33%), auditing frequencies are varied between 2-12 times per year, means once for six months and auditing per month. The most important on this table is the "yes" column expressing cooperatives which experienced fraud over past two years and auditing times performed during a year; the relationship is the decreasing movement from 40% to 0% as times of auditing increase. The duties of SC is not only on accounts auditing but also verification of GA's decision implementation but in this study the observation made is that SC focus only to the account auditing.

b. Managers availability in cooperatives

Table 4.7 provides the evidence about unavailability of cooperatives' professional managers among the sampled cooperatives, as indicated there is no cooperative which could afford to

pay manager. Normally the expertise of this employee could contribute to the effectiveness of cooperative.

Table 4. 7: Are professional managers available in cooperatives?

| Answer | Number of respondent Cooperatives | Percentage to total |
|-------------------|-----------------------------------|---------------------|
| Yes, available | 0 | 0.00 |
| No, not available | 24 | 100.00 |

Source: primary data

Apart from the boards presented in the prior analysis, hired managers are in the management structure of cooperative organizations as cooperative day today employee but most of the primary cooperatives (100%) in the case study lack financial capacity to hire a manager. This implies a situation where president or one of the committee members acts as a manager and mix implementations and controls functions. The table 4.8 summarizes the way cooperatives tackle the problem of not having professional managers

Table 4. 8: Authorities in charge of covering manager's responsibilities

| Alternative ways of doing managers' duties | No of Respondent Cooperatives | Percent |
|--|-------------------------------|---------|
| Accountant and secretary | 4 | 16.7 |
| Accountant | 17 | 70.8 |
| president | 2 | 8.3 |
| secretary | 1 | 4.2 |
| Total | 24 | 100.0 |

Source: primary data

The table reveals that the responsibilities of manager are taken by accountants with a percent more than 70 whereas secretary and president share the remaining part. Thus, the high power of accountant alone could be associated with mismanagement of resources because one person (accountant) has cash and asset management at the same time has also control and supervising functions.

4.2.4. Decision making

This section highlights the roles of different organs in cooperatives and their power in decision making. It is the important function in management, the section shows some majors decision which can be taken in cooperative and the organ which is allowed to decide on it.

a. Decision making regarding Tender

Cooperative organizations as other organizations need to acquire goods and services from different suppliers or different service renders; this section gives clarification on the organ which deals with procurement decision. The table 4.9 presents the views of respondent cooperatives on how they handle the matters relating to tenders in respondent cooperatives.

Table 4.9: Decision making regarding tender

| Boards in charge | Number of respondent cooperatives | Percent |
|--------------------|-----------------------------------|---------|
| General assembly | 8 | 33.3 |
| Board of directors | 14 | 58.3 |
| Commission | 1 | 4.2 |
| No Tender | 1 | 4.2 |
| Total | 24 | 100.0 |

Source: primary data

The decision-making plays also an important role in the successfulness of a cooperative. However, there is a need for shared power regarding making a decision. Considering tender, table 4.9 indicates that general assembly has low power on offering tender as it occupy only 33% whereas other organs take 62%. Therefore, there is a need to decentralize power towards members in making decisions.

b. Decision making regarding hiring

The decision making regarding hiring indicates the level of agreement regarding expenses allocation. However, the table 4.10 indicates that more than 50 percent of decisions are taken by authorities where other members take only 40 percent.

Table 4. 10: Decision making regarding hiring

| Boards in charge | Number of respondent cooperatives | Percent |
|-------------------------|--|----------------|
| General assembly | 10 | 41.7 |
| Board of director | 12 | 50.0 |
| Commissions committee | 1 | 4.2 |
| Never hired | 1 | 4.2 |
| Total | 24 | 100.0 |

Source: primary data

The table indicates that hiring decision is done in different way by cooperatives; in some cooperatives hiring new employees is the duty of BoD whereas in others it is the responsibility of GA. Involving SC to assess candidates selected by BoD and present the final list to the GA could be the right process.

c. Decision making regarding share capital, new entries, borrowing, investment and dairy activities decision

Table 4.11 summarizes decision making with reference to other activities of cooperatives such as share capital, new entry, investment, borrowing and cooperative's daily operations. Thus, general assembly takes nearly the whole power except for daily activities which is in hand of boards of directors.

Table 4. 11: Decision maker for various cooperatives operations

| Cooperative's operation | Decision maker organ | | |
|-------------------------|----------------------|----------|------------|
| | GA | BoD | Accountant |
| Share capital | 24(100) | 0(0.00) | 0(0.00) |
| New entries | 24(100) | 0(0.00) | 0(0.00) |
| Borrowings | 23 (95.8) | 1(4.2) | 0(0.00) |
| investments | 23 (95.8) | 1(4.2) | 0(0.00) |
| Daily operations | 4(16.7) | 19(79.2) | 1(4.2) |
| Total | (81.66) | (17.49) | (0.83) |

Source: primary data

Note: figures in brackets are percentages

Table 4.11 discloses that almost cooperative decisions are taken by GA (81.66%), following by BoD (17.49%) and the accountants with 0.83% of share in decision making. The dominance of GA in decision making process indicates the big role of members in cooperative management and the respect of independence and democratic principle; decisions are taken by the owners and users at the same time which can indicate the effectiveness of governance in cooperative organizations when decisions made are objective not subjective with prior analysis which needs skills and knowledge. The issue of expertise of committees was discussed and according to the observed resultant on member's education level and training, having only members in committees induce the ineffectiveness of cooperative governance.

4.2.5. Education

a. Education level of cooperative accountants

The education level of authorities indicates their level of leading ability for the success of a cooperative. However, table 4.12 indicates that more than 45 percent of accountants have attained only primary education and only 8 percent attain university.

Table 4. 12: Attained education by cooperatives accountant

| Levels of Education | Number of respondent cooperatives | Percent |
|----------------------------|--|----------------|
| Less than primary | 2 | 8.3 |
| Primary | 9 | 37.5 |
| attain secondary | 4 | 16.7 |
| Secondary | 7 | 29.2 |
| University | 2 | 8.3 |
| Total | 24 | 100.0 |

Source: primary data

Table 4.12 indicates that accountants of cooperatives have low level of education which might reflect the low level of performance. However, there is a need for mobilizing peoples with high level of education to join cooperatives and shared leading skills through cooperative union and purposive trainings.

a. Education level of Supervisory committee members

Table 4.13 displays the level of education of control committee. It shows that 4.2 % of all control committee members have no formal education, 45.8% of all control committee members have at least one member whose primary education, 29.2 % of all control committee members have at least one member who finished secondary education and 8.3 % of all control committee members have at least one member who finished university.

Table 4. 13: Highest education level attained by at least one member of control committee

| Levels of education | Number of respondent cooperatives | Percent |
|----------------------------|--|----------------|
| no education | 1 | 4.2 |
| Primary | 11 | 45.8 |
| Secondary | 10 | 41.7 |
| Higher | 2 | 8.3 |
| Total | 24 | 100.0 |

Source: primary data

It means that more than 50 percent of all control committee members have at most one member who completed primary education. Being the “eyes and ears” of members requires

advanced level of knowledge either high education level or high skills ability from cooperative management experience.

4.2.6. Capacity buildings

One of the cooperative principles is to provide training, education and information to the members. This section shows the application of that principle in the selected cooperatives.

a. Members of cooperatives

Table 4.14 presents the details of the actual number that benefited from the training over past two years. The cooperatives members who have received at least one training during last 2 years are 62.5% of all members. Only about 30 percent of all members didn't receive any training during last 2 years.

Table 4. 14: Training received by cooperatives members

| Number of trainings | Number of respondent cooperatives | Percent |
|---------------------|-----------------------------------|---------|
| 0 | 9 | 37.5 |
| 1 | 5 | 20.8 |
| 2 | 2 | 8.3 |
| 3 | 3 | 12.5 |
| 4 | 3 | 12.5 |
| 5 | 2 | 8.3 |
| Total | 24 | 100.0 |

Source: primary data

Cooperatives receive training opportunities either from RCA, MINAGRI, MINICOM or others NGOs operating in this area of capacity building, training are focussing on the main activity of cooperatives, cooperative administration, book keeping, member's right, etc..., the fact that there is 37.5% of cooperative members who didn't receive any training is explained by the sector of activity a cooperative is belonging, most of the supporters are attracted in agricultural than others sectors.

b. Control committee

Table 4.15 indicates that more than 65 percent of all control committee members who received at least one training during the year against 33 percent who received any training.

Table 4. 15: Training received by control committee

| Received any training | Number of respondent cooperatives | Percent |
|-----------------------|-----------------------------------|---------|
| No | 8 | 33.3 |
| Yes | 16 | 66.7 |
| Total | 24 | 100.0 |

Source: primary data

Having educated members in representative committees is not enough, series of training are needed to refresh and update knowledge. The issue is the basic knowledge of trainees to facilitate the understanding of training contents and the quality of contents itself, if it is current or relevant to the cooperative management problems.

c. Accountants

Table 4.16 indicates that only about 37 percent of all members of accountants received training with 2 years preceding the surveying period.

Table 4. 16: Training received by accountants

| Received trainings | Number of respondent cooperatives | Percent |
|--------------------|-----------------------------------|---------|
| no training | 14 | 58.3 |
| Received training | 9 | 37.5 |
| new worker | 1 | 4.2 |
| Total | 24 | 100.0 |

Source: primary data

This is a threat to the management of cooperatives' resources as it is managed by low skilled persons with insignificant trainings.

4.2.6. Role of RCA in cooperatives

Some literatures (USAID, 2006) report the interference of the government in the affairs of the cooperative organizations and said that it affects the management as well as the autonomy and independence principle. This section tries to find the area where the government intervenes and how this intervention can influence the cooperative governance.

RCA collaborate with cooperatives in these ways: 29.2% reported that RCA help them to get license, 12.5 % reported that RCA acts as adviser, 8.3% reported that RCA give them

trainings, while 45.8% reported that RCA provides them license, advises and trainings and finally 4.2% reported that it helps them in signing working license and advocacy.

Table 4. 17: RCA intervention in cooperatives

| Role of RCA | Number of respondent cooperatives | Percent |
|--|--|----------------|
| Sign working license | 7 | 29.2 |
| Adviser | 3 | 12.5 |
| Training | 2 | 8.3 |
| Both sign working license, adviser, and training | 11 | 45.8 |
| Sign working license and advocacy | 1 | 4.2 |
| Total | 24 | 100.0 |

Source: primary data

The licence said by respondents is the legal personality issued by RCA, Among the documents requested for this legal personality there is a copy of by law of cooperative organization, according to the instruction No 001/2013 of December 2013 determining the code of members of governing organs of the cooperatives organizations and their senior executives, the by-law of cooperative should be in line with law governing cooperative organizations in Rwanda. This shows the regulation role of cooperative movement by the GoR, it has been supported by GASANA G. (2011) who said that RCA plays a role of coordinating and regulating cooperative activities in the country, it is also confirmed by the cooperative leaders' responses, however in 1995, the ICA adopted a new statement on cooperative identity that applies equally to cooperatives and highlights the need to recognize all cooperatives as autonomous businesses, independent from the Governments. Although the ICA adopted the statement, through local media, ordinary members denounce the intrusion of RCA in cooperative decision making process.

a. RCA visiting frequency to cooperatives per year

To perform the above mentioned activities, RCA experts organize field visits and these visits insist on the application of what they learned in different training sessions held by RCA or partners. Some cooperatives have chance of visits others not, the frequency of RCA visits are shown as follow: 37.5% of the cooperatives reported that they have been visited by RCA once in a year, 4.2% of the cooperatives reported that have been visited by RCA three times in a year, 4.2% of the cooperatives reported that have been visited by RCA five times in a

year, 8.3% of the cooperatives reported that have been visited by RCA six times, and 45.8% of the cooperatives reported that have not been visited by RCA.

Table 4. 18: RCA visits to cooperatives per year

| Number of visits per year | Number of respondent cooperatives | Percent |
|---------------------------|-----------------------------------|---------|
| 1 | 9 | 37.5 |
| 3 | 1 | 4.2 |
| 5 | 1 | 4.2 |
| 6 | 2 | 8.3 |
| never | 11 | 45.8 |
| Total | 24 | 100.0 |

Source: primary data

Advice, training and advocacy could be benefit for cooperatives but the fact that there is a big number (45.8%) of cooperatives which have never received any RCA visit Question their ability to manage all this number of cooperatives.

4.2.7. Awareness

In the problem statement of this study, the issue of mistrust climate between representatives and ordinary members was mentioned, the awareness section gives the leaders feedbacks and conscience of member's views on cooperative governance, their participation in decision making and member's satisfaction of being in cooperatives. The table 4.19 indicates that the 72.22% of members are satisfied on the level beyond 75%, 23.61% are satisfied on the level of 75% and 4.16% satisfied on the level of 50%.

Table 4. 19: Reported members' satisfaction level

| Role of members | Number of respondent cooperatives & satisfaction level | | | Total |
|--|--|----------|-----------|---------|
| | 50% | 75% | >75% | |
| Members participation in decision making | 0(0.00) | 6(25) | 18(75) | 24(100) |
| Members satisfaction to cooperative governance | 1(4.16) | 7(29.16) | 16(66.66) | 24(100) |
| Members level of satisfaction to belong in a cooperative | 2(8.33) | 4(16.66) | 18(75) | 24(100) |
| Total | (4.16) | (23.61) | (72.22) | (100) |

Note: figures in brackets are percentage

Source: primary data

Based on the table 4.19, cooperative leaders are confident to what they provide to members, they are satisfied on the feedback received from ordinary members. However 4.16% of members who are satisfied on 50% level explained by the raised issue of mistrust climate between committees.

4.2.8. Cash and Accounts Management

In prior analysis, the attention has made on fraudulent drawings which is one of the mismanagement practices experienced in cooperatives, the causes may be the access on cooperative accounts or the availability and accurate information in books of account. This analysis gives information on how cooperative accounts are accessible, who is allowed to withdraw and the number of cooperatives which have books of account.

a. Signatories

Most of the visited cooperatives have bank accounts either in SACCOs, commercial banks or Microfinance institutions, to access cooperative's bank account should not be authorized to anyone, only restricted number of people in cooperative are allowed to sign on checks. The more this regulated the more fraud is reduced, imagine a situation where only one person is

signatory? This analysis emphasized first on the number of signatories, those who are authorized to sign on checks, it also shows responsibilities of those signatories in cooperatives, their position, this gives the idea of trust level assigned to this and this position. According to the table 4.20, 37.5% report that 2 signatories are only allowed on account and 62.5% report that 3 signatories are allowed.

Table 4. 20: Number of authorized signatories in a cooperative

| Number of signatories existing in cooperative | Number of cooperatives | respondent percent |
|--|-------------------------------|---------------------------|
| 2 | 9 | 37.5 |
| 3 | 15 | 62.5 |
| Total | 24 | 100.0 |

Source: primary data

The above figures showed that some cooperatives are sensitive on this concern than others which is not good, the more signatories are, the more to bribe them is difficult and hence there is account security.

Table 4.21 indicates the position of those who are authorized to sign on cooperative's bank, 25% are president and accountant, 29.2% are president, vice president and accountant, 4.2% are president, secretary accountant and control committee 4.2% are president, vice president and secretary, 12.5% are president and secretary accountant, 8.3% are president and secretary, 8.3% are president, secretary and adviser, 8.3% are president, member and accountant.

Table 4. 21: Signatories’ position in cooperative

| Position in cooperative | Number of respondent cooperatives | Percent |
|---|--|----------------|
| President & accountant | 6 | 25.0 |
| President, vice president and accountant | 7 | 29.2 |
| President, secretary accountant and control committee | 1 | 4.2 |
| President, vice president and secretary | 1 | 4.2 |
| President and secretary accountant | 3 | 12.5 |
| President and secretary | 2 | 8.3 |
| President, secretary and adviser | 2 | 8.3 |
| President, member and accountant | 2 | 8.3 |
| Total | 24 | 100.0 |

Source: primary data

Based on the information above, two positions (president and accountant) are more trustable in cooperative, the alternative of including the adviser sounds to be more secured although it had less scores (8.3%).

b. Availability of books of accounts

Accounting records provide information to the decision makers and helps in taking appropriate, timely and accurate decision. The absence of the accounting information hampered cooperative performance. The table 4.22 gives the details of number of cooperatives which have books of accounts and those which don’t have among visited cooperatives. Cooperatives which have books of account are 95.8% percent, while 4.2% has no book of account.

Table 4. 22: Books of account availability

| Availability | Number of respondent cooperatives | Percent |
|---------------------|--|----------------|
| No | 1 | 4.2 |
| Yes | 23 | 95.8 |
| Total | 24 | 100.0 |

Source: primary data

This information shows the availability of books of account but having books is one thing and using them is the other. This analysis is only limited on the availability of books but not the availability of accounting information.

4.2.9. Cooperative unions

Governance defined by Dr N.Ramu(2011) recalls the relationship with different stakeholders, it is in this regard that the analysis gives the importance of relationship of primary and cooperative unions, the relation can affect management practices as stated by MUKARUGWIZA E.(2010) where a union did not stick to its export activities, but instead started competing with its members (primary cooperatives) by selling handicraft products in the local market. The table 4.23 wanted to show reaction of primary cooperative leaders on the benefits of joining cooperative unions. It indicates that 16.7% of cooperatives reported that the role of being in cooperative union is advocating, 20.8% of cooperatives reported that it is to get easy access to loan and sharing ideas, while 33.3% reported that they have no profit of being in cooperative union and 25% of cooperatives are not in union.

Table 4. 23: Benefit of being in cooperative union

| Reactions | Number of respondent cooperatives | Percent |
|---|-----------------------------------|---------|
| Advocating | 4 | 16.7 |
| No profit | 8 | 33.3 |
| Easily access market | 5 | 20.8 |
| Easily access to loan and sharing new ideas | 1 | 4.2 |
| not in union | 6 | 25.0 |
| Total | 24 | 100.0 |

Source: primary data

This shows the reluctance of more than a half of primary cooperatives to join unions; it can impact the management in way of sharing ideas and information, etc... the reluctance here could be explained by those unions which don't respect the agreement.

4.2.10. Member's Focus Group Discussions (FGD) on management and governance

The above research summarizes responses got from cooperative leaders; (BoD members, SC members, Accountants, secretary or Treasury). The data collection instruments used for each category of respondent was different and designed in way that the required information is

obtained. Ordinary cooperative members also contributed in this work through focus group discussion where debates focused on assessing member's knowledge about their roles in managing cooperatives, reasons pushing people to join cooperatives, how priority is given in cooperative between members welfare and income generating activities, how cooperative expenses and income are shared, trust level of members toward their representative committees, after these topics FG moderator asked participants to enumerate other management problems found in their respective cooperatives. As it has said in third chapter of this work, ten focus group discussions (FGD) have performed; participants were between six and ten with FGD moderator. The opinions collected are summarized as follows:

a. Member's knowledge about their roles in cooperative management

Different literatures raise an issue saying that some cooperative managers act as Investors' Owned Firm (IOF) managers and ignore the role of members in their cooperatives, by asking members to react, the intention was to confirm or reject this as fall as Kayonza cooperatives is concerned. Members recognize their roles in some decisions making through voting system, they acknowledge that they give ideas, participate in setting internal rules, elect board members but they declare that sometimes decisions are made without their consent and asked to implement the decision, it has been declared mostly by cooperatives which are in transport business.

b. Reasons pushing people to join cooperatives

Many assumptions are made before this study arguing that when people join cooperative not because they want to help each other but because of other reasons, the intention can affect member's participation in cooperative affairs. Opinions were various, some recognize the fact that they join cooperatives to get support and give support to each other, sharing risk, other recognize the reason of joining cooperative as a way of getting access to loan and donors fund, social purpose and finally, respondents argue that in some cases being in cooperative facilitate the access to the administration privileges.

c. Priority between members welfare and income generating activities

Refer to the ICA definition of cooperative, it is an institution driven not for profit but well-being of its members but some explored literatures relate different story, the subject aim was to probe cooperatives members on this particular issue. Opinions were almost the same where they said that members social- economic situation is the first priority but generating income also matters because taking care of members , cooperative need means and income provide

means, they mentioned cases where cooperative with less income experienced high number of dormant.

d. Expenses sharing and income distribution

Regard to this topic, most of the respondents recall equal participation in cooperative expenses and equal distribution of obtained gain though some literatures criticize this method saying that it discourages members who could give more.

e. Members trust to their representatives

According to the received feedback, most of the respondents agree that they trust their committees as they have participated to vote them; they mentioned that before accepting someone in committees, criteria such as good behavior, strong moral values, integrity are consulted but they raised the capacity issue where committee members rarely know to write and read.

f. Management problems enumerated

For research to investigate on new area and expanding research objectives, respondents were asked to enumerate other experienced problems. Non-cooperation among committees, having antagonist small groups in one committee, misunderstanding on income distribution decision, RCA interference in cooperative management and management capacity are the problems raised.

4.2.11. Application of cooperative principles in Kayonza cooperatives

Cooperative principles are guidelines, by which cooperatives put their value into practice, in this study principles are considered as reference, good management practice which should guide any decision. In prior analysis, democratic, open membership, independence and autonomy, training and education, cooperation among cooperative principles are mentioned with less insistence, the details on principles application is shown in the following paragraphs. Here, for this analysis the principles of cooperation as prescribed by the International Cooperative Alliance (ICA) are taken in to consideration for implementation in Rwanda (RCA, 2017).

a. Democratic Member Control

Democratic principle refers to the right of members in setting policies and making decisions related to their Cooperatives, they have equal voting right. Application of this principle in sample cooperatives is confirmed in the tables 4.5, 4.9, 4.10 and 4.11 where respondents

accepted their roles in electing representatives and give idea in cooperatives through GA by the mean of voting. In FGD, ordinary members agreed with leaders on democratic principle application however they report some cases where decisions are made either by RCA or their leaders without consultation.

b. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. According to the feedback received from FGD related to the reasons pushing people to join cooperatives, some respondents reported that there is a case where joining a cooperative is a must, where working permits are issued through cooperatives (Motorcycle taxi co-operatives). Some others respondents declared that they join cooperatives to benefit from the Donors or Government funds not for cooperate with others and develop themselves. These mentioned reasons have analyzed to evaluate if real people join cooperatives with their will(voluntary) but apparently not, the result of these affect membership responsibilities, because members interest is not cooperative development but theirs' interest in either administrative facilities or access to funds. The main reason of joining cooperative organizations should be the desire to work with others, to combine the efforts against weakness in order to come to support one another through developing institution where every member participate to that development, reasons others than this should diminish the level of member participation in cooperative management. This principle is respected in some types of cooperative but there are others which need adjustment consider the effect it has on management performance.

c. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy. Many countries have cooperative laws which serve as guidance to cooperative organizations while setting their own internal rules and regulations (by-laws), some countries tend to abuse their authority and ignore the independence of cooperative organizations. In the analysis made on the RCA intervention in respondent cooperatives on its regulating role, it is shown that cooperatives are governed by both by-

laws (settled internally and approved by GA) and Law governing cooperatives organization settled by the GoR, it is shown also that by-laws should be adapted not contradicting the law governing cooperatives which may be considered as dependence of by- law to the law governing cooperatives. Ordinary members through FGD reported few cases of RCA interference in cooperative decision making process. The role of government is important mainly in very sensitive sectors such as transport and agriculture, but it should not infringe on autonomy of cooperatives.

d. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. The analysis made on the table 4.14, 4.15 and 4.16 shown that sample cooperatives applied this principle although the effectiveness of training was low.

e. Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures; however the analysis made in the table 4.23 shown the reluctance of sample cooperatives on joining cooperative union, 33% reported that there is no benefit for primary cooperative to be in union and 25% are not joined in Union.

g. Concern for community

Cooperatives are focusing on member's needs, by doing so they contribute to the community development. In this study, cooperative respondents explained how community surrounding cooperatives are gaining from cooperative best practices mainly in agriculture where a trained team of cooperative members organize training to both members and no- members and share the learned new or modern farming process. Not only increasing production by providing required skills to the community, cooperative respondents offered temporary as well as permanent jobs and they serve as mean of community sensitization on different development programs such as saving culture promotion, birth limitation, gender equality, etc.

h. Members economic participation

As other businesses, cooperatives need capital and it is shared equitably among members. The by-laws of every cooperative organization indicate the amount of share capital and its nominal value is decided by GA. Returns on member's share are distributed on the form of

interest, they increase member's share and shall not exceed 6% but the return on investment or deposit done by members to the cooperative is remunerated according to the contract between depositor and cooperative organization and also according to the market rate. This principle is fully implemented in cooperative respondents.

4.2.12. Answers to the research questions

After analyzing secondary and primary data, research questions should be answered and help to achieve settled objectives.

a. How are cooperatives governed in Kayonza district?

This question was aiming to establish the organs governing cooperatives in Kayonza district. GA, BoD, SC, Commissions, group of leaders and disciplinary committee are governing cooperatives in Kayonza. GA elects BoD and SC; commissions are proposed by BoD and presented to the GA for confirmation but not all cooperatives have this organ. Disciplinary committee is specific to the service cooperatives. This is management centered to members through representative committees with positive character of absence of agency problem because management is the same time owners but it can occur when there is a low member's participation in committees.

b. How ICA's principles are respected in cooperatives?

ICA principles are the reference of good management practice, refer to the paragraph 4.2.11 of this study, 7 principles are analyzed where democratic principle is confirmed by the fact that GA is the supreme organ in cooperative and it gathers all members with one member one vote principle, Autonomy and independence principle in sampled cooperatives is characterized by the dependence of by –laws to the law governing cooperatives in Rwanda, voluntary membership principle is confirmed but denounce the fact that in some sector of activity(transport) only members of cooperative can obtain working permit as it is issued through cooperatives, training and education principle is respected according to the ordinary members, SC members and Accountants trained, cooperation principle is followed and respected although a half of visited cooperatives denied the importance and they are not in union. Concern for community principle is shown up in the training offered by trained cooperative members to the surrounding community as well as the best practices learned by community from cooperative members. Member's economic participation is explained by equal share to the cooperative capital. The ICA principles of cooperation attribute a special nature to cooperative enterprises. They are member centered enterprises meant for satisfying

the common needs of the members. There shall be close and intensive participation of the members in the operations of the enterprise. These principles of cooperation facilitate good corporate governance in cooperative enterprises.

a. How ICA principles can limit management actions?

Democratic and independence principles emphasize on members based management while the analysis shown the low capacity of members, involving outsiders with management skills in BoD and SC could empower cooperative planning, organization, coordinating and controlling capacity.

It shows the agency problem. The separations of owners with those of managers are managed with the supervision commission to take care of the day to day operations. The Board of Directors, who is elected on one member one vote basis, neutralizes the vested interests of some few influential members. .

b. What is the relation between RCA and cooperatives?

Rwanda Cooperative Agency is public institution in charge of promotion, registration, and regulation of cooperatives in Rwanda. RCA is playing a regulatory role and function according to the provisions of the Rwanda Law of Cooperatives. Its role and authority is advisory and charged with facilitating the cooperatives to be guided on right track in realizing the members' aspirations and their common needs satisfaction. According to the respondents, RCA provides adviser and training to cooperatives, advocate for them and gives licenses. Thus, RCA provides a tail twister role in protecting the owners and the beneficiaries' interests. The RCA promotes good corporate governance among the cooperatives.

c. What are strategies used by cooperatives to achieve their objectives and mission?

Mission of primary cooperatives is to satisfy members' needs, income generating activities are collectively performed with equal participation of cooperative expenses, dividends and bonus distribution in accordance to the business done by the member with the cooperative organizations. Satisfying members' needs, cooperatives help members to access bank loans with cooperative as collateral, to possess health insurances, to get school fees for their children, etc.

d. What is the members' role in cooperative management?

The democratic character of cooperative is verified here where respondents affirm that they are taking some decision, elect representatives, and give ideas to the BoD through GA.

e. What is the relationship of primary cooperative and union, how this relation can affect primary cooperative management action?

More than three primary cooperatives may form a union, according to the respondents; the roles of cooperative union to primary cooperatives are summarized to advocacy, marketing facilitation and bank loan accessibility. According to the law governing cooperatives, these roles are wide and summarized to the providing professional assistance, being a guarantee fund to the affiliated members, assisting in designing procedures of education and training, protecting the interest of members, etc. The study revealed that a half of the sample cooperatives are not interested in unions, they argued that there is no benefit and this explained by the fact that union committees are not respecting GA agreements and cause some affiliated cooperatives to be disinterested, it has been supported by MUKARUGWIZA E. (2010) who shown a case where union which was supposed to export handcraft products started competing locally with primary cooperatives.

To sum up the nature of management in cooperatives is democratic as it mainly member needs focused. Member's active economic participation contributes to the protection of owners' interests. One member, one vote principle neutralizes the domination of profit oriented capital domination. Majority and minority shareholder differences do not exist. Thus, noticed good governance in the selected cooperatives,

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the summary of major findings. It also includes a section on the recommendations and conclusion of the study.

5.1. Summary of findings

This summary includes respondents reaction on asked questions through quantitative method, the focus here was the responses which helped to answer the research questions and reach the research objectives.

5.1.1. Findings on Structure and size

The size and structure of cooperatives in Rwanda are shown in the table 4.1 and specifically in table 3.2 where shows that many cooperatives in that District are engaged in agriculture and followed by transport, breeding, services, commercial, constructions, and handicrafts from the selected cooperative and also on the size of the selected cooperative the cooperatives in agriculture has large number of member 2648 in 11 cooperatives, and also followed by transport with 302 members. The size and structure show the importance of cooperative sector in this district, they inspire researchers also on which sector of activity is important.

5.1.2. Findings on the organ governing cooperative in Kayonza

Respondents' reaction on the organs governing cooperatives in Kayonza revealed that the General Assembly is supreme organ in cooperative, it follows by the Board of Directors, Supervisory or control committee and in some cooperatives depending on their activities they may have special committees such as Tender committee, disciplinary committee etc... The findings revealed here, confirm what literatures either ICA or RCA documents recommend, it gives also the idea of how cooperatives are managed, and those who are in charge of governing cooperatives in Kayonza. General Assembly is composed by the totality of cooperative members which means members have a big role in the cooperative governance as it is confirmed in the table 4.5 where 37.5 % of respondents confirm that cooperative members give ideas and 62.5 % of them confirm that cooperative members make decisions and elect leaders. A part the cited organs, some literatures recommend cooperatives to hire professional managers but according to the findings, none of visited cooperatives(0%) have manager, see table 4.7, in the absence of managers these cooperatives give managers'

attribution either to the accountant, secretary or president of BoD. Decision making responsibility is well explained in the tables 4.9, 4.10 and 4.11 where the author choose major type of decisions and ask respondents to react and specify who is supposed to take that decision.

5.1.3. Findings on relationship between Cooperatives and partners

Governance term has been defined in this work as relationship between organs of cooperatives with different partners, among partners RCA and cooperatives union relation has been clarified in this work where table 4.17 shows that RCA helps cooperatives to get license (29.2%) and published in official gazette, acts as advisor (12.5%), provide training (8.3%) license, advocacy and training at the same time (45.8%), license, advocacy and auditing at the same time (4.2%). Cooperative union relation is shown in the table 4.23 where respondents reacted on the role of union to primary cooperatives, 16.7% of cooperatives reported that the role of being in cooperative union is advocating, 20.8% of cooperatives reported that it is to get easy access to loan and sharing ideas, while 33.3% reported that they have no profit of being in cooperative union and 25% of cooperatives are not in union.

5.1.4. Findings on the role of control and its frequency to mitigate fraud

This is in effectiveness regard, where control committee should perform auditing activities frequently, and the table 4.6 shows the relation between numbers of control made by cooperatives and experienced fraudulent drawings. there is any fraudulent drawings occurred for cooperative whose control committee supervised at least once a month whereas about 40 percent of cooperatives whose control committee supervised 2 times per year experienced fraudulent drawings.

5.1.5. Findings on the managerial capacity

In prior statement, the issue of lack of managerial capacity of cooperative members was raised, the tables 4.12&4.13 show the education level attained by accountants and control committee members, they indicate that more than 45% of accountants have attained only primary education and only 8% attain university. they show also that 4.2 % of all control committee members have no formal education, 45.8% of all control committee members have at least one member whose primary education, 29.2 % of all control committee members have at least one member who finished secondary education and 8.3 % of all control committee members have at least one member who finished university. It means that more

than 50 percent of all control committee members have at most one member who completed primary education.

5.1.6. Findings on accounting function in cooperatives

Accounting helps internal and external stakeholders to make better business decisions, Cooperatives which have books of account are 95.8% percent, while 4.2% has no book of account, although the figures in the table 4.22 look promising, this function is neglected because even those who have books (95.8%) they don't use them properly. Another point tackle on here is the access of cooperative bank account, in management of money the account has to be protected from misuse of money that is the reason account has to be accessed by limited number thus from table 4.20, above 37.5% report that 2 signatures are only allowed on account and 62.5% report that 3 signatures are allowed.

5.2. Observations

After different data collection methods used and information got from different resources, value or usefulness of cooperative organizations as well as their challenges specifically in management area were observed. This part focuses on challenges of cooperatives. The first challenge is management capacity of board members and supervisory committee, both BoD and SC members are drawn from cooperative's members and reference shown the education low level of cooperative's members (table 4.12&4.13). BoD and SC, in their roles in cooperative need management skills such as planning, organizing controlling, supervising, communicating etc. The second challenge observed is the fact that in Rwanda ,there exists a big number of small cooperatives which don't have capacity of hiring professional managers therefore there is no separation between decision-control (BoD) and decision-management(table 4.7), this can generate a situation where a group of individual monopolize the cooperative management. The third issue is on principle of voluntary membership, in some sector of activity (transport and agriculture) in Kayonza, it is difficult or even impossible to operate while you are not in cooperative, being in cooperative is a way of getting work permit or other administrative privileges (transport), same case of agriculture cooperatives where seeds, fertilizers, training and equipment are distributed or given through cooperatives , individual farmers rarely benefit this favor either from the Government of Rwanda or different donors and sponsors. The fact that state or government is much involved in cooperative management creates a situation where managers are more countable to state rather than to membership and this legal framework diminish the role of members in the

governance of cooperative businesses (opinion got from FGD). The fourth challenge is on voting right where a principle of one member one vote discourage those who give more contribution either physical or time than others. This also can affect member's participation in management of their cooperative. Further on the ownership level in cooperative organizations it is observed that, although cooperative is members-based orientation management, there are multiple reasons explaining their low participation in management one of them is raised by respondents during FGD where they explained that some members are joining cooperatives attracting by funds or donation expecting to have but when they finished or diminished those members became dormant or dropping completely. The last observation is on the accounting function which needs the adjustment and follows up.

5.3. Conclusion

The management style in cooperative is democratic where leaders allow members to take part in decision making using majority votes. However, before taking decision, basic analysis and comparison between alternatives should be done and needed knowledge and skills, despite the members have right but without capacity. Cooperative organizations belong entirely to the members, they are the ones to contribute to their expenses, to manage, to develop, etc. Although is the case, the ownership level is low for the members who joined cooperatives with the intention other than helping each other to develop themselves, people join cooperatives to benefit to the Government, Generally NGOs provide funds to cooperatives. Once these funds are over, they drop or become dormant. Cooperative boards are well structured but the emphasis should be made on coordination among committees, frequency of meetings, accountability toward members and managerial capacity of board members.

5.4. Recommendations

This study has enumerated problems encountered by Kayonza cooperatives specifically in the area of management. It is known that the nature of management in cooperative organizations is the members centered management but observed members 'managerial incapacity'. Introducing external experts in BoD and SC can help to overcome this problem.

The observed issue of having big number of small cooperatives which don't have enough financial capacity should be solved by amalgamation with the aim of reducing cooperatives number and strengthening their financial and administration capacity.

Solutions in cooperative management are located in member's management capacity and motivation in the involvement of cooperative affairs, understanding of cooperative principles

and law on cooperative should allow its development by providing sound governance based not only on members but with everyone who can contribute to the development and should be adapted with time and other current factors (market, technology, etc.).

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ANNEXES

ANNEXE 1: Recorded/Registered cooperatives in Kayonza District (research population)

| No | Name | No | Name | No | Name |
|----|-----------------------------|----|---|----|--|
| 1 | Tuzamurane buhonde (KOTUBU) | 17 | LHAPC (Light Hills Agro - Processing Cooperative) | 33 | Cooperative des Cultivateurs du Riz dans la Vallee de Mukarange (COCURIVAMU) |
| 2 | Rukara duteraninkunga | 18 | KOPUBIMBO (koperative y'ubuhinzi bw'imboga) | 34 | Twitezimbere mu cyerekezo gahini |
| 3 | KOAIMU Gacaca | 19 | Muryawetu | 35 | TUK zone rukara |
| 4 | Abahujimbaraga nkamba (ANC) | 20 | Agaciro kanjye | 36 | Duterimbere Murundi |
| 5 | Icyizere Ruramira | 21 | Twuzuzanye kahi | 37 | Twunganirane Mubuga |
| 6 | COCUSOMARWI | 22 | Ndego twongere umusaruro cooperative | 38 | Twitezimbere Rubonobono |
| 7 | Hagurukukore-Kabare2 | 23 | Gendanawe ugirutyo | 39 | Twitezimbere nya |
| 8 | Kabare coffee | 24 | RFCC (Rusave Farmers' Coffee Cooperative) | 40 | Twiteganyirize 2020 |
| 9 | Duterimbere shirinyota | 25 | COCURIKA | 41 | Twisungane zone cyarubare |
| 10 | Abanyamurava nyamirama | 26 | Twungubumwe ryamanyoni | 42 | Twisungane migera |
| 11 | Indatwa-kayonza | 27 | KOBABIRWI | 43 | Twifatanye Karambi |
| 12 | Dutabarane Rwazana | 28 | KOAIRWI | 44 | Turengere Abana |
| 13 | Imbereheza Kabare | 29 | Abatangana | 45 | Tunoze ubuhinzi kabarondo |

| | | | | | |
|-----------|------------------------------------|-----------|--|------------|--|
| 14 | Dushyigikirane nyamirama | 30 | NYACABC0 (koperative y'abahinzi b'ibigori) | 46 | NSGC |
| 15 | Abizerana vision 2020 | 31 | Abatiganda mukoyoyo Rwinkwavu | 47 | NEGACO |
| 16 | Muhinzi terimbere | 32 | Abajeneza | 48 | KUKARU |
| 49 | KOUA | 72 | COCURIRU | 95 | Tworore inzuki kabare tubyaza umusaruro pariki n'ibiyaga(KOPETIKAPI) |
| 50 | KOPUURU | 73 | COCACUN | 96 | Intego |
| 51 | KOPUSO | 74 | COAMAKA | 97 | KOAKA twigire |
| 52 | KOPETU | 75 | Abizeranye kabarondo | 98 | Duteraninkunga mu buzima |
| 53 | Kayonza Coffee Cooperative(KCC) | 76 | Abishyizehamwe Rwakabanda | 99 | Tuzamurane Ruramira |
| 54 | KOPAIMU- Rwinkwavu | 77 | Abesamihigo ba gahini | 100 | Abadacogora rutare |
| 55 | KOAIRWI | 78 | Abavandimwe | 101 | Bahoneza |
| 56 | KOBABIRWI | 79 | CTMI Murundi | 102 | Dutubure ubuki |
| 57 | Indatwa kayonza | 80 | KMTC intare (kabarondo motorcycle taxi cooperative intare) | 103 | KATK (koperative abavumvu twiyubake kabarondo) |
| 58 | KOAKAKA - imanzi | 81 | MMTCT (mukarange motorcycle taxi cooperative turahiriwe) | 104 | kageyo protection environment cooperative (KPECO) |
| 59 | KOAIMN | 82 | COTAMOMWI twitezimbere | 105 | tubyaze ubutaka umusaruro |
| 60 | KOABINAMU | 83 | COTAMOJU – tujyimbere | 106 | TVC (true value cooperative) |

| | | | | | |
|------------|-----------------------------|------------|---|------------|------------------------------|
| 61 | Dufatanye iyambere mumihigo | 84 | cooperative des taximen-moto de rwinkwavu (COTAMORWI dufatanye) | 107 | abiyemeje gukira |
| 62 | twitezimbere nyabombo | 85 | tuzamurane gahini | 108 | umuseke rukara |
| 63 | abesamihigo | 86 | kayonza transport cooperative | 109 | rukara duterimbere |
| 64 | KAFACO | 87 | dutabarane rukara | 110 | KOREBURWI |
| 65 | icyitegererezo murundi | 88 | CTMK | 111 | kubanya |
| 66 | Jyambere mu kwiyubaka | 89 | COTAMOMU – urugero | 112 | KORBURWI |
| 67 | abarwanyanzara | 90 | COTAMOKA-kayonza | 113 | KOPANYAKA |
| 68 | abaje neza | 91 | CO-ATRAKA | 114 | KOPAMUKA |
| 69 | abaharanira amahoro | 92 | twihute karambi | 115 | KOPABIKA Giramata |
| 70 | abadacogora kabare | 93 | COTAMONYA ireme | 116 | isoko y ubuzima |
| 71 | duhuzamaboko ryamutumo | 94 | tuzamurane gahini | 117 | duterimbere rwinyambo |
| 118 | duhuzimbaraga kageyo | 135 | turebimbere mwili | 152 | twiyubake family |
| 119 | dufate iyambere mu mihigo | 136 | KSGC | 153 | KDKI |
| 120 | giramata -kayonza kgk | 137 | KOPETWIVA | 154 | KATIKA |
| 121 | gikaya farmers cooperative | 138 | KOARWI | 155 | twiyubake family (mukarange) |
| 122 | dufashanye ndego | 139 | KCJC | 156 | COCONYA |
| 123 | COPROMA | 140 | intego rwinkwavu | 157 | britimac |
| 124 | COABONDE | 141 | dufatanye – ndego | 158 | abitanga |
| 125 | CLJ | 142 | CKEF | 159 | abateganya - murundi |
| 126 | abizeranye mu bikorwa | 143 | turebimbere mwili | 160 | girimbereheza |

| | | | | | |
|------------|--|------------|--|------------|----------------------------------|
| 127 | twungingufu-kayonza | 144 | intego rwinkwavu | 161 | bose bambare twiyubake family |
| 128 | KVCC (kabarondo vision construction cooperative) | 145 | cooperative de construction de mukarange (CCM) | 162 | KOPAMU |
| 129 | abakundumurimo kayonza | 146 | COOTCRWI | 163 | COOPEMIKANDO |
| 130 | ACOFREGCO | 147 | together investment cooperative (TIC) | 164 | CEMIKA |
| 131 | turindubuzima kabarondo | 148 | abishyizehamwe housing cooperative (AHC) | 165 | duhishure |
| 132 | tubungabunge ubuzima | 149 | COVIPE ndego | 166 | turebimbere mwili |
| 133 | agaciro mu buzima | 150 | COFIKA | 167 | abesamihigo ba murundi |
| 134 | kdim - dutezimbere isuku n isukura muru | 151 | UICK | 168 | kadeco - kabarondo |
| 169 | best meat cooperative mwili (BEMECOMWI) | 181 | tuzamurane mubucuruzi ndego (KTBN) | 193 | turwanye ubukene |
| 170 | KOAKA twigire | 182 | TVC (true value cooperative) | 194 | TUKUBU |
| 171 | COCUMORWI (cooperative des cuisiniers moderne de rwinkwavu) | 183 | KOPEDUKAMUKA | 195 | COTAMORWI- dufatanye |
| 172 | agaciro kabarondo | 184 | urugero nyagitovu | 196 | KOUBIMU |
| 173 | itezimbere munyarwanda | 185 | twubakubuzima rwinkwavu | 197 | KOTWIKUMU |
| 174 | kopetukaka | 186 | twiteganyirize kageyo | 198 | KOPUIRU |
| 175 | dukomezubumwe mukarange | 187 | tuzamurane nyamirama | 199 | gahini farmer's |

| | | | | | |
|------------|-------------------|------------|----------------------------------|------------|----------|
| 176 | KODUBNY | 188 | KUBWISHYO | 200 | KODUMUKA |
| 177 | gahini farmers | 189 | CTIN | | |
| 178 | dukuzumurimo | 190 | COCOVIKA | | |
| 179 | dufatanye sangano | 191 | COCOKA | | |
| 180 | inkundagutabarana | 192 | hozagara- abumurava - kayonza | | |

Source: RCA data base of 26/03/2017

<http://www.rca.gov.rw/wemis/registration/all.php?province=east&district=kayonza>

ANNEXE2. Study sample (visited cooperatives)

| NAME OF COOP | ACTIVITY CONCIDERED | NUMBER ON POP LIST | SECTOR LOCATION |
|-------------------------------|--------------------------------|-------------------------------|----------------------------|
| Tuzamurane Buhonde(KOTUBU) | Farmer's coop | 1 | Mukarange |
| COTAMOMU Urugero | Tranport | 2 | Mukarange |
| Duterimbere shirinyota | Farmer's coop | 9 | Nyamirama |
| Muryawetu | Farmer's coop | 19 | Nyamirama |
| KOREBURWI | Breeding | 110 | Rwinkwavu |
| KOAIRWI | Farmer's coop | 55 | Rwinkwavu |
| KOBABIRWI | Farmer's coop | 56 | Rwinkwavu |
| Indatwa-Kayonza | Farmer's coop | 57 | Rwinkwavu |
| Intego | Service | 96 | Rwinkwavu |
| COOTCRWI | Construction | 146 | Rwinkwavu |
| COTAMORWI- DUFATANYE | Transport | 195 | Rwinkwavu |
| KOPANYAKA | Breeding | 113 | Kabare |
| KSGC | Service | 136 | Kabarondo |
| Turwanye ubukene | Commercial | 193 | Kabarondo |
| Abizeranye Kabarondo | Farmer's coop | 75 | Kabarondo |
| CKEF | Service | 142 | Kabarondo |
| Dutubure ubuki | Breeding | 102 | Kabarondo |
| Twiyubake familly | Handcraft | 155 | Mukarange |
| Abajeneza | Farmer's coop | 32 | Nyamirama |
| Dufate iyambere mumihigo | Farmer's coop | 61 | Mukarange |
| Gahini farmer's coop | Commercial | 199 | Gahini |
| Tuzamurane gahini | Transport | 94 | Gahini |
| Twitezimbere nyabombo | Farmer's coop | 62 | Gahini |
| Abesamihigo | Farmer's coop | 63 | Gahini |

ANNEXE 3. FGD Guidance

I. Instructions

Groups will be composed with 6 members; gender balance will be respected in choosing participants, equal and active participation will be encouraged by group moderator, in analyzing resultant names will not appear instead codes will be used (R1,R2,R3.....R6).

II. Topics to be discussed

1. Assess member's knowledge in their role in cooperative management (voting right and feeling of belonging in cooperative). This topic will help to see if members real know their rights and members view on nature of management, if it is based on members or cooperative leaders.
2. Are these cooperatives need based organizations or capital /profit oriented organizations?
3. Management is done by members or managers?
4. Assess reasons pushing people to join cooperatives. The aim of this topic is to know why members are involved or not in cooperative management (we assume that if they voluntary join cooperative, they will much committed in its management).
5. How cooperative management gives priority between social responsibility and income generating orientation. Some cooperatives are called "cooperative" but really they are not, by knowing the real nature of organization we can know its management style.
6. How cooperative expenses are shared and how revenues are distributed.
7. Assess the knowledge of cooperative members about committee's functionality, duties and complementarily between them. (We are convinced that if members know the duties of their representative committees, it is easy for them to claim for the incoherence).
8. How cooperative members trust their representative committees. (Capacity and willing of managing).
9. Ask FG participants to enumerate management problems they notice in their respective cooperatives.
10. Discuss on 7th topic and try to find the root causes of these problems.
11. Encourage participants to give suggestions on how problems enumerated can be resolved.
12. Ask participants to react on cooperatives as socio-economic development strategy in Rwanda, ask them to give its importance, challenges, feasibility etc...

Thank you for your time!!!!

ANNEXE 4. Leaders' questionnaire (President or any member of BoD)

I. Introduction and request for cooperation

My name is Gashema Didier; I am a master's student at university of Rwanda, I am doing a research as we requested to do so before completing our university studies. The area of research is cooperative management and we are requesting your help by answering questions and share with us your personal experience. Your help in this study will be much appreciated and it will be a huge contribution in solving cooperative management issues. We remind you that your information will be only used with this particular research purpose and it will be confidentially kept, available only to the researchers team (I and my Supervisor Prof. Rama), the identity of respondent is hidden while analyzing and publishing the research outcome. Contributing on this study is not financially rewarded, it is voluntary but we highly recognized for your inputs.

Will you please allow us to proceed?

Yes: NO:

Names:

Signature:.....

II. Identification

1. Name of cooperative:
2. Which business is this cooperative?
3. Telephone contact:
4. Position in cooperative :(if president, additional information related to coop. will be asked)
 - Starting year:
 - When they got RCA/ competent institution approval:
 - Members number(male and female separately):
 - Workers number (permanent and casual):
 - Number of supporting project they are working with

III. Information sought

A. Cooperative governance

A1. What is the organization structure of your cooperative?

A2. What are committees composed your cooperative organization?

| Name of committee | Number of members | How they are voted or nominated? | Skills needed | Responsibilities | Times of meeting/year |
|--------------------------|--------------------------|---|----------------------|-------------------------|------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

B. Collaboration

B1. How RCA and primary cooperatives are collaborating?

B2. How collaboration is done between coop, union and confederation?

B3. How committees are collaborated each other?

C. information on cooperative management

C.1. what are manager’s attributions in cooperative?

C.2. How managers are hired in cooperative?

C.3. In the case of absence of managers, who is in charge of their attributions?

C.4. How managers prioritize the dual functions of cooperatives?

Percentage

➤ Member’s social responsibilities:

➤ **Business orientation responsibilities:**

C.5. which kind of social activities do you do in your cooperative?

C.6. How often members are trained or educated and which kind of training (from 2016 up to now)?

C.7. How decisions are made and who or on which level decisions are made?

- Investment and reinvestment decision:
- Operational decision:
- Hiring new employer:
- Decide to take a loan in a bank:
- Accept other members to join cooperative

C.8. How contribution (financing activities) is done and how distribution is done?

C.9. In which case one of cooperative principles can affect management decision?

C.10. Is it happens that you ignore cooperative principles for business interest?

C.11. How often RCA perform the audit?

C.12. In which area RCA perform audit?

C.13. How often supervisory committee performs its activities?

C.14. Which area they supervise?

C.15. What are the challenges they meet in supervision?

C.16. How they handle them?

C.17. On which level members feel their belonging in cooperatives?

Percentage

- <50%
- 50%
- 75%
- >75%

C.18. On which level members' votes have important in decision making?

Percentage

- <50%
- 50%
- 75%
- >75%

C.19. On which level members are happy for management team and decision they made?

Percentage

➤ <50%

➤ 50%

➤ 75%

➤ >75%

C.20. Which factors influence people to join cooperatives?

C.21. Is there any external influence pushed people to join coops?

C.22. Is it mandatory for a primary cooperative to join coops union? What are the benefits to do so?

C.23. How many cases of fraud have you had over 3 years?

C.24. Is there any management problem or challenge would you wish to share with us?

C.25. Do you have suggestions to the concern leaders for better cooperative management?

Thank you for your time!!!!!!

ANNEXE5: Details on FGD done

- I. Name of cooperative : DUTERIMBERE SHIRINYOTA
Cooperative activity: farmer's
Location sector: Nyamirama
Number of participants: 6

- II. Name of cooperative : DUTUBURE UBUKI
Cooperative activity: breeding
Location sector: kabarondo
Number of participants: 8

- III. Name of cooperative : ABAJENEZA
Cooperative activity: Farmer's
Location sector: Nyamirama
Number of participants: 6

- IV. Name of cooperative: DUFATIYAMBERE MUMIHIGO
Cooperative activity: Farmer's
Location sector: Mukarange
Number of participants: 6

- V. Name of cooperative: TUZAMURANE BUHONDE
Cooperative activity: Farmer's
Location sector: Mukarange
Number of participants: 8

- VI. Name of cooperative: COTAMOMU- URUGERO
Cooperative activity: Transport
Location sector: Mukarange

Number of participants: 9

VII. Name of cooperative: INTEGO

Cooperative activity: service

Location sector: Rwinkwavu

Number of participants: 6

VIII. Name of cooperative: KOPANYAKA

Cooperative activity: Breeding

Location sector: kabare

Number of participants: 6

IX. Name of cooperative: KOREBURWI

Cooperative activity: Breeding

Location sector: Rwinkwavu

Number of participants: 6

X. Name of cooperative: KOBABIRWI

Cooperative activity: Farmer's

Location sector: Rwinkwavu

Number of participants: 6

ANNEXE 6: Accountant questionnaire

Introduction and request for cooperation

My name is Gashema Didier; I am a master's student at university of Rwanda, I am doing a research as we requested to do so before completing our university studies. The area of research is cooperative management and we are requesting your help by answering questions and share with us your personal experience. Your help in this study will be much appreciated and it will be a huge contribution in solving cooperative management issues. We remind you that your information will be only used with this particular research purpose and it will be confidentially kept, available only to the researchers team (I and my Supervisor Prof. Rama), the identity of respondent is hidden while analysing and publishing the research outcome. Contributing on this study is not financially rewarded, it is voluntary but we highly recognized for your inputs.

Will you please allow us to proceed?

Yes: NO:

Names:.....

Signature.....

I. Respondent identification

I.1. position in cooperative (titre).....

I.2. phone number.....

I.3. Name of cooperative.....

I.4. Last education level attained

- a. Not complete primary education
- b. Completion of primary education
- c. Attained high school
- d. Complete ordinary level
- e. Completion of high school
- f. Attained university

I.5. Training attended over 2 past years (2015&2016)

| Nature of training | Training contents (key points developed) |
|--------------------|--|
| | |
| | |
| | |

II. Information related to the availability of books of account in cooperative

| Name of book | Contents of book (information recorded) |
|--------------|--|
| | |
| | |

III. Number of signatures and their positions in cooperative

III.1. Number:

III.2. Position

-
-
-

Thank you for your time!!!!

ANNEXE 7: Supervisory Committee questionnaire

Introduction and request for cooperation

My name is Gashema Didier; I am a master's student at university of Rwanda, I am doing a research as we requested to do so before completing our university studies. The area of research is cooperative management and we are requesting your help by answering questions and share with us your personal experience. Your help in this study will be much appreciated and it will be a huge contribution in solving cooperative management issues. We remind you that your information will be only used with this particular research purpose and it will be confidentially kept, available only to the researchers team (I and my Supervisor Prof. Rama), the identity of respondent is hidden while analysing and publishing the research outcome. Contributing on this study is not financially rewarded, it is voluntary but we highly recognized for your inputs.

Will you please allow us to proceed? Yes: NO:

Names: Signature.....

I. Respondent identification

I.1. phone number.....

I.2. Name of cooperative.....

I.3. Main activity of his/her cooperative.....

II. Supervisory committee composition and their education level

II.1. Total number.....

II.2. last education level attained

- a. Number of those who didn't complete primary school.....
- b. Number of those who completed primary school
- c. Number of those who attained high school.....
- d. Number of those who completed ordinary level.....
- e. Number of those who completed high school.....
- f. Number of those who attained university.....

III. Training attended over 2 past years (2015&2016)

| Nature of trainings | Contents of training |
|---------------------|----------------------|
| | |
| | |

IV. How often do you perform control in your cooperative?

V. In which area you focussed when you perform control?

.....
.....
.....

VI. What are the challenges you face in your control jobs?

.....
.....
.....
.....
.....

VII. How do you manage those challenges?

.....
.....
.....
.....
.....

Thank you for your time!!!!