A STUDY OF THE OPERATIONS OF THE
KENYA UNION OF SAVINGS AND CREDIT
CO-OPERATIVES (KUSCCO)

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ABSTRACT

Co-operatives have become an important sector in Kenya. They now account for 40% of the country's GNP and 57% of its Gross Farm Revenue. It also provides employment to a large number of Kenyans (32,505). Savings and credit co-operatives which are a relatively new development in Kenya having been formed only slightly over two decades ago, have now become second only to agricultural co-operatives in importance. For instance, they had increased the nation's saving capacity by 1.5 billion shillings by 1982. This was the total share capital contributed by 600,000 members of these societies.

Despite their substantial contribution to the economic development of the country, these co-operatives face a number of management and other problems. The Kenya Union of Savings and Credit Co-operatives (KUSCCO) was formed in 1973 to help promote their growth and development. One way of doing this was through provision of common services to them such as co-operative education, book-keeping, supply of stationery and risk management (insurance).

A well managed and financially stable KUSCCO can play a very important role in ensuring that savings and credit co-operatives are well managed. This is an essential service in a sector where every member of a society who may not be well equipped with managerial knowledge and skills is nevertheless expected to participate in its management even though not on a day to day basis.

KUSCCO has however not been performing its duties efficiently since its formation making it extremely difficult for it to fulfil its obligations to the members. Thus, this study provides more understanding of and discusses some suggestions for solving the problems facing the organization.
The study was done through a sample survey conducted using three sample groups. The non-members and members of KUSCCO sample groups were selected using a simple random sample technique.

A third convenience sample group of members of KUSCCO was interviewed for comparative purposes. A sample seminar organized by KUSCCO was interviewed to provide more qualitative data on its co-operative education service.

The analysis of the data collected indicated that co-operative education is the most important service provided by KUSCCO. All the respondents both members and non-members of KUSCCO were unanimous on its importance. They felt that the courses and seminars should be organized with the priority given to committee and ordinary members in that order. The results suggest that they would also be willing to pay for them or at least contribute part of the money required to finance them. The willingness to do this increases with participation in such courses and seminars.

The respondents had mixed views on the importance of and their satisfaction with the other services provided by KUSCCO. Their views were influenced by their experience of using or not using them. In general, one can conclude that the services provided by KUSCCO are essential particularly to the smaller savings and credit co-operatives. Most of them cannot be able to keep their books of accounts up-to-date because they may not have adequate finances to employ qualified staff.

The services provided by KUSCCO are viable and can do well if they are provided efficiently. There are also other viable opportunities for KUSCCO to expand its services to such areas as: legal services; management and consultancy; printing and publicity through a magazine or newsletter. These
services including those that it is now providing are similar to those provided or that should be provided by apex savings and credit co-operatives.

However, for the organization to succeed it needs to streamline its member contribution system so as to make it easier, more equitable and convenient for its members. It will also require to market its services more aggressively and make them more competitive.