INFLUENCE OF COFFEE MARKETING AGENCY SERVICES ON MEMBERS' SATISFACTION: A CASE OF COFFEE CO-OPERATIVES SOCIETIES IN SONGHOR DIVISION NANDI COUNTY, KENYA

FELIX. M. MUTWIRI

A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A MASTER OF ARTS DEGREE IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI

2013

DECLARATION

This project report is my original work and has not been presented for any award in any other university.

FELIX. M. MUTWIRI

Sign…..................................... Date...
REG. NO. L50/76691/2012

This research project has been submitted for examination with my approval as university supervisor.

Sign…..................................... Date...

DR. CHARLES WAFULA
Lecturer,
University of Nairobi

DEDICATION

I dedicate this work to my wife Gladys Mugambi and my sons Trevor and Allan for their moral support and encouragement throughout my study.

ACKNOWLEDGMENTS

.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

CBD   Coffee Berry Disease

CBK   Coffee Board of Kenya

CRF   Coffee Research Foundation

FCS   Farmers Co-operative Society

ICA   International Coffee Agreement

ICO   International Coffee Organization

ILO   International Labour Organization

KCCM   Kenya Co-operative Coffee Millers

KCPTA   Kenya Coffee Producers and Traders Association

KPCU   Kenya Planters Co-operative Union

RoK   Republic of Kenya

SMS   Sustainable Management Services

SPSS   Statistical Package for Social Science

UNCTAD   United Nations Conference on Trade and Development

ABSTRACT

The overall goal of Co-operatives is to increase members' bargaining power in order to earn higher prices for their produce and ultimately, improve their incomes and livelihoods. However, forming Co-operatives will not automatically solve problems faced by individual members. This is because Co-operatives are faced with the same economic forces, legal restrictions and international relations that other enterprises face. Co-operative members' expectations about the quality of Coffee marketing agency services offered by Co-operatives in regard to how much they are paid for Coffee sold, how long it takes to be paid and the amount charged as commission for the service offered have a major influence on the level of satisfaction or dissatisfaction felt. The main purpose of the study was to investigate the influence of Coffee marketing agency services on members' satisfaction, a case of Coffee Co-operatives in Songhor division Nandi County, Kenya. The specific objectives of the study were; to investigate the influence of timely Coffee payments and the level of members' satisfaction, to investigate the influence of amount paid and the level of members' satisfaction, to investigate how the amount of commission charged for service rendered influence on members' satisfaction and to investigate the influence of Coffee advance payments and how it affects members' satisfaction. The study employed a case study research design. A total population of 1122 persons were targeted. Stratified simple random and simple random sampling designs were used to select the sample size. Questionnaires, interview schedule and document analysis were used as the main data collection instruments. Data was analyzed using both descriptive and inferential statistical techniques with the aid of Statistical Package for Social Science (SPSS) version 19. Results of the study showed that 77.3% of farmers were satisfied of being coffee farmers while 68.3% said that through this farming it offered opportunities for agricultural development. The results further showed that there was no significant influence ($p>0.01$) on timely coffee payments and coffee prices but the study established that there exist significant influence on commissions charged on coffee and advance coffee payments. Farmers were more satisfied with the commission charged on coffee agency services and the results further revealed that members were satisfied on advance payments made to them by their cooperative societies. The study recommends that coffee cooperative societies in the area need to look for good markets for their coffee, members should improve their coffee quality and coffee payments need to be made within a short period of time.

CHAPTER ONE

1.1 Introduction

This chapter focuses on the background of the study, statement of the problem and the purpose of the study. It also includes the specific objectives and the significance of the study, assumptions of the study, limitations and delimitations and operational definition of significant terms.

1.2 Background of the Study

Agriculture remains the backbone of the economy of most developing countries. Typically, it is the largest source of employment; often two-thirds or more of the population are dependent on farming for livelihood. The labour-intensive character of the sector reduces its contribution to the gross domestic product, but its contribution nevertheless ranges between 20 and 60 percent in most developing countries. Agricultural exports are the principle sources of foreign exchange earnings (Warren and Strokes, 1985). Coffee is one of the most traded commodities in the world with an estimated value of over 80 billion US dollars annually. The leading five producing countries in crop year are Brazil (32.4%), Vietnam (17.9%), Indonesia (6.4%), Colombia (5.7%) and Ethiopia (4.5%) (International Coffee Organisation – ICO, 2012).The coffee sector has a unique feature that impacts significantly on benefits that accrue to world coffee producers; the existence of the ICO that draws membership from both exporting nations and importing nations. In Indonesia, marketing is almost entirely in hands of private traders and exporters. With a share of about 3% of national supply, government estates are involved in production and marketing for a small part (de Jong, 1997). The Indonesian coffee market consists of a large group of small farmers. At the village level, many small primary collectors buy green coffee from farmers in the village. The primary collectors mostly sell the coffee to secondary collectors or traders. So, coffee changes hands regularly by the action of collectors, traders and exporters. Because of the large number of intermediaries, the quality gets worse. The reason for this is that collectors often mix bad coffee with good coffee. This mixing of low quality coffee with high quality coffee will reduce the general quality level (De Rijk, 1980).

World coffee total production in crop year 2011/12 was 134.4 million 60 – kgs bags compared to 133.5 bags in 2010/11, a slight increase by 0.7% (ICO, 2012). In

addition, ICO statistics showed that coffee consumption across the world has grown strongly over the last ten years and was estimated at 138.5 million bags in the year 2010/11. ICO argues that this continuous buoyancy was driven by growth in the emerging markets and increased domestic consumption in exporting countries. Ethiopia is now Africa's largest producer but still only accounts for about 2% of global output (Tilahun, 2007).Uganda and Ethiopia are the leading coffee exporters with Kenya being the 7th in the overall (Kenya Institute of Policy Research and Analysis – KIPPRA, 2012).There are significant annual variations in production, which is due to various factors including climatic factors, the biennial Arabica yield cycle, price changes and the impact of pests and diseases. Many other factors affect the production environment including input distribution, credit and crop finance, infrastructure and the provision of research and extension service (CBK, 2012). Coffee suffers from long periods of oversupply and low prices, followed by brief periods of short supply and high prices, often associated with Brazilian production changes. Thus, during the past year there has been an increase in coffee prices following several years of very low prices (ICO, 2012).

In the last ten years the Coffee industry in Kenya injected over 100 billion shillings in the country's Gross Domestic Product (Economic Survey, 2012). However, in the last two decades the Coffee industry in Kenya faced several challenges. The main challenges are production, processing and marketing. The industry also faced the challenge of declining land holding sizes where Coffee is grown due to competition with agricultural enterprises like horticulture and real estate development (CBK, 2012).The government took several measures to revitalize the industry. These measures include full liberalization of the industry and establishment of the Coffee development fund so that farmers access affordable credit. In addition to this there was the removal of financial burden to farmers. The government waived loans to farmers worth 6 billion shillings in the last four years (Republic of Kenya, 2012). There was restructuring of institutions such as Coffee board of Kenya and Coffee Research Foundation to improve performance. With liberalization, farmers were able to receive Coffee payments in dollars, access Coffee buyers in overseas markets directly and make a wide choice from many service providers. Indeed the reforms bore fruits and there was increased efficiency and lowered the cost of services.

Historically, Coffee has been an important commodity in Kenya because of its contribution to foreign exchange earnings, farm incomes and employment opportunities (Mureithi, 2008). Coffee cultivation in Kenya dates back to 1893, when the fathers of the Congregation of Holy spirit brought the first SL28/34 trees from Ethiopia and planted them in Kiambu district, just north of Nairobi. The original bourbon type is known as French Mission. In the 1950s Scott Laboratories, led by Guy Gibson, developed a number of variations to the strain, numbered SL1 through SL40.The most successful and well-known of these are SL28 and SL34, and they account for the majority of the Coffee grown today in several parts of the country. Further developments have occurred with the Coffee variety since the fifties and currently there are two recent varieties; Ruiru 11 and Batian. The varieties are able to resist Coffee Berry Disease (CBD) and Coffee Leaf Rust hence reducing the cost of production to an estimated 30% to 40% in Ruiru 11 and Batian respectively (CRF, 2012). In Kenya Coffee currently ranks fourth after tea, tourism and horticulture. The export earnings for tea, tourism, horticulture and coffee in the year 2011 were 102.2 billion, 97.9 billion, 83.3 billion and 22 billion shillings respectively (Economic Survey, 2012). Coffee accounted for approximately 4.2% of the total principal export commodities earnings in 2010 and 4.0% in 2011. It is estimated over 600,000 smallholders are engaged in Coffee production and currently command a 55.6% share of the market (CBK, 2012). Coffee production has been on a declining trend since 1987/88 when a recorded 130,000 Metric Tons of clean coffee was produced to as low as 36,000 Metric Tons in the year 2010/2011. In the last decade (2000 to date) production averaged 47,850.8 Metric Tons of clean Coffee .This is 61.2% less than what was being produced in 1987/1988 (CBK, 2012). This implies that the country was utilizing only 38.8% of the 1987/88 production capacity. The decline in production is more pronounced in smallholder farms. Central province of Kenya commands the lions share in terms of area under coffee and Coffee production followed by Eastern and rift valley. Coast province produces the least with insignificant area under Coffee and production respectively.

Future production trends in these regions is expected to change following declining soil fertility in traditional Coffee growing areas and conversion of Coffee Estates into Real Estate in Central Kenya and some parts of Eastern province. Great potential lies in Rift valley especially in Transzoia, Uasin Gishu, Nandi County, and

3

Western Kenya because there is enough land for Coffee expansion, fertile soils and reliable rainfall (CRF, 2012). Songhor is a high agriculture area located in Rift valley, Nandi County, Tinderet district with good soils and favourable rainfall. The division occupies an area of 98.2 km^2 with a population of 19,632 in the year 2009. Coffee is the main cash crops and major source of income followed by sugar cane and tea. In the last decade coffee production in the division had declined thereby affecting the farm incomes of the households in the division. The smallholder farms therefore remains one of the major challenges to be overcome in order to ensure Coffee remains a viable farm enterprise in Kenya. These are Coffee farmers with an average of 1 to 5 Acres of Coffee. They market their Coffee through Co-operatives. According to OCIR (2005) the overall goal of Co-operatives is to increase farmers' bargaining power in order to earn higher prices for their produce and ultimately, improve their incomes and livelihoods. Cooperatives however faced many constraints to their effective development: the excessive government involvement often aggravated by donor support turned cooperatives into indirect arms of external organizations such as lending institutions or extension services instead of being member-directed bodies. The rationale was often that ill-informed and illiterate farmers must be protected from abuses and mismanagement. The success of Co-operatives was measured by the number of farmers, but this was often wrong as membership was sometimes made compulsory. Moreover, farmers had little interest in actively contributing to the organization's share capital (Braverman *et al.,* 1991).

1.3 Statement of the Problem

Majority of coffee farmers in Songhor Division market their coffee through farmer cooperative societies (FCS). However, in recent years, concerns have been raised on marketing activities provided by FCS. This might be caused by members' dissatisfaction with agency services rendered to them by their cooperative societies. As members understand, the cooperatives are expected to genuinely perform their marketing activities and provide adequate services to members. This is because customer expectations about the quality of services offered and the criteria for performance of the services have a significant impact on the level of satisfaction or dissatisfaction felt with the total purchase and sale experience (Anderson and Vincze, 2000). Nduati (2012) reported that farmers' dissatisfaction has led them not to deliver

their coffee to several FCS in Kigumo District, Muranga County but inadequate studies have been conducted in Songhor Division to determine how agency services like timely coffee payments, coffee prices, and commissions charged and advance payments paid to members influence their satisfaction or dissatisfaction level. This research empirically investigated the influence of Co-operatives in providing Coffee marketing agency services and members' satisfaction and bridge information gap.

1.4 Purpose of the Study

The main purpose of this study was to determine the influence of Coffee marketing agency services on members' satisfaction, a case of Coffee Co-operatives in Songhor division Nandi County, Kenya.

1.5 Research Objectives

1. To investigate the influence of timely coffee payments on members' satisfaction level in Songhor Division

2. To investigate the influence of coffee prices on members' satisfaction level in Songhor Division

3. To investigate the influence of commission charged for services on members' satisfaction level in Songhor Division.

4. To investigate the influence of advance payments for coffee delivered for marketing on members' satisfaction level in Songhor Division.

1.6 Research Questions

The study sought to answer the following research question:

1. What is the influence of timely coffee payments on members' satisfaction level in Songhor Division?

2. What is the influence of coffee prices paid to members on members' satisfaction level in Songhor Division and the level of members' satisfaction?

3. What is the influence of the commission charged by a co-operative for services rendered on members' satisfaction level in Songhor Division?

4. What is the influence of advance coffee payments on members' satisfaction level in Songhor Division?

1.7 Research Hypothesis

The researcher hypothesized the following null hypothesis;

H_{01} There is no significant influence of timely coffee payments on the level of members' satisfaction

H_{02} There is no significant influence of amount paid on the level of members' satisfaction

H_{03} There is no significant influence of commission charged for agency services on the level of members' satisfaction

H_{04} There is no significant influence of advance payments by cooperatives on the level of members' satisfaction

1.8 Significance of the Study

The information to be generated by this study will be very important in expanding Coffee in Kenya as envisaged in Vision 2030. It would be useful for Coffee farmers' marketing Co-operatives under consideration as well as other Co-operatives operating under similar conditions in improving Coffee marketing agency services and Coffee farmers' satisfaction. Information from the study could be used by Coffee Board of Kenya, Ministry of Agriculture, Livestock and fisheries, Ministry of Industrialization and enterprise development, and other institutions interested in Co-operative development and improving members' satisfaction. This study could be a good stepping ground for other studies on Coffee marketing and Co-operatives development in Kenya. In brief, this research would be useful to the government of Kenya in realizing vision 2030, Co-operatives societies, Coffee stakeholders,

researchers, governmental and nongovernmental organizations for policy formulation, planning and development of agricultural marketing and Co-operatives in the Kenya.

1.9 Assumptions of the Study

The study was based on the following assumptions. The sample size is a true representative of the target population, the respondents were willing to elicit information requested by the researcher, the study was carried out within the allocated time using allocated resources and the study findings were instrumental in improving Co-operatives Coffee marketing agency services and members' satisfaction.

1.10 Limitations of the Study

Participants might not be open or sincere in responding to the questionnaires, most of them may answer questionnaires after asking the researcher several questions. The participant's interactions may also be hindered by other factors such as culture and fear of participant being victimized. The study overcame this limitation by presenting a letter of authority from university which states that the study is for academic purposes only.

1.11 Delimitations of the Study

The study sought to determine the influence of Coffee marketing agency services on members' satisfaction, a case of Coffee Co-operatives in Songhor division Nandi County, Kenya. The study was conducted in Nandi County in the month of June 2013 using a case study research design.

1.12 Operational Definition of Significance Terms

Commercial Marketing Agents - Individuals/organizations licensed by Coffee Board of Kenya and who offer their services purely for commercial purposes.

Grower Marketing Agents- Individuals/organizations licensed by Coffee Board of Kenya who grow and market their own coffee.

Grower-According to Coffee Act of 2001, a grower is either a farmers' Co-operative Society or a Coffee estates.

Marketing Agents- refers to individuals or organizations licensed by Coffee Board of Kenya to market Coffee.

Members Satisfaction - The level of utility members get/receive from services offered by their Co-operative Society.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews the relevant literature which underpins this research and describes how this research relates to existing works on coffee marketing agency services and members' satisfaction.

2.2 Influence of Timely Coffee Payments on Members' Satisfaction Level

The delay in payment occurs when the payment is not received at the moment coffee is sold. In the study done by Anteneh, Muradian and Ruben (2011) farmers often face a payment delay of varying length (from one to several weeks) when selling their coffee to cooperatives. According to the information gathered during group discussions with coffee growers, payments by the cooperatives are often delayed because of shortage of working capital. Coffee farmers indicated their appreciation for the up-front and cash payment by private traders. Anteneh et *al.,* (2011) further found out that there exist different payments modalities in the study area: cash, receipts and both. Almost all transactions with private traders (99.1%) take place through up-front payment with cash, while only 45.6 % of farmers selling to the coops report to have engaged in this mode of payment. The rest of farmers selling to coops have received receipts or both (receipts and cash). Nonetheless, farmers usually prefer cash payments and this has been cited as one of the reasons for not using always coops as their marketing channel. According to Hazel (2000) combination of price uncertainty and delayed payments could adversely affect producers' welfare in three ways. First, since decisions about input use, pruning and cash flow management must be made each growing season, price forecasting errors may lead to inappropriate decisions. Second, price risks lead to income variability which, if farmers are risk averse and do not have access to adequate off-farm risk management aids, may lead to under investment in coffee bushes and a reduced willingness to replant with modern varieties or to use recommended levels of fertilizers and other inputs. This in turn would lead to reduced coffee output and income. Third, delayed payments for harvested coffee may increase the need to borrow credit to purchase inputs for the

next growing season. This would lead to higher interest payments and hence lower farm incomes on average.

Tilahun (2007) study on coffee farmers' satisfaction observed that timely payments for coffee influenced satisfaction level of members negatively at significance level of 1%. It means payment style of either in cash or credit terms. The result implies that terms of payment for red cherry imposes the satisfaction of members on the overall performance of the cooperatives negatively. Coffee Marketing Cooperatives in the study area, paid price for members' coffee price after they sold to and received from the union. It takes long time to be available for settlement of immediate members' expenses. In accordance to this situation, the result revealed that, as the cooperatives delay the payment had not been performed in accordance to the interest of the members, the satisfaction of members of the cooperatives decreases by 53.53%.

Prior to April 2002, CBK was the sole marketing agent. Since then a number of marketing agents have been licensed to undertake the Coffee marketing function with CBK relegated to industry regulator. This is in line with the new Coffee Act, 2001. The marketing agents are supposed to warehouse clean Coffee, undertake classification and in conjunction with auctioneers prepare a sales catalogue, which is used, for biding in the Nairobi Coffee auction. After Coffee is sold the marketing agents receive payments from the buyers within seven days from the date of sale. After deducting statutory deductions and taxes, the agents are supposed to remit the rest of the money to the farmers or his/her appointed commission agent within 14 days. However this is rarely done thereby causing delays in paying farmers (RoK, 2012).

2.3 Influence of Coffee Prices on Members' Satisfaction Level

Coffee prices fluctuate heavily from year to year. However, coffee prices do not fluctuate proportionally in each stage of the marketing chain. Consumer prices for example fluctuate less than prices of green coffee on the world market. The degree of fluctuation depends strongly on the way prices are determined (de Jong, 1997). Determination of prices depends in the first place on the type of prices. World coffee prices are largely set on the futures and forward coffee markets. The quantity traded on these markets is much larger than actual trade in coffee. Prices are determined on

the world market by means of speculation and arbitrage. Since coffee prices are influenced by speculation, pricing depends strongly on expectations about future supply and demand. Local coffee prices may differ between several coffee producing countries. According to De Rijk (1980), prices paid to Indonesian exporters at a given world price depend on the quality of the coffee and regularity and reliability of the quality. Other influences on local prices, according to De Rijk, consist of costs, taxes, information on prices and reliability of contracts.

The trends in production have impacted negatively on international Coffee prices. Coffee prices have not only declined to historical levels but have also become very unstable and unpredictable. The historical evolution of Coffee prices indicates the cyclical and instability phenomena that characterize the world Coffee markets. The trends in Colombian Milds at the New York futures market, which are used as reference prices for Kenyan Coffee, show three main periods of rising prices, which alternate with periods of falling prices. The first two periods of rising prices (1995) were mainly as a result of supply problems in Brazil arising from adverse weather conditions. A third period of rising prices was also witnessed in 1997 and like the rest of earlier periods was also attributed to supply problems in Brazil (ICO, 1997).

Since 1998, the prices have been on a downward trend. It was only in two periods in the last twenty years (1990 to 1993 and 2000 to current) when Colombian Mild prices were below 100 US cents/lb. This indicates that the chance of the average for both Colombian Milds going below 100 US cents/lb. is one in every three years. The long-run yearly average for both Colombian Milds has been 130 US cents/lb. during the last thirty years. This should form the long-term price expectation for Kenyan farmers.

When the price regulating mechanism of the International Coffee Agreement was in place, Coffee prices world-wide were maintained within agreed price bands, thereby raising the producer prices as well as protecting them from high price volatility. The free market situation after the withdrawal of the export quotas in July 2009 coupled with liberalization of domestic foreign exchange market has not only affected the general level of Coffee prices but also their volatility. The coefficient of variation of Colombian milds prices increased by 26% during the period 1990 to 2001 as compared to period the 1980 to 2009. Studies done by ICO and United Nations Conference on Trade and Development (UNCTAD) indicate that Coffee market has

become the least stable among tropical beverages (ICO, 1977, UNCTAD, 1995). Studies done in Kenya also indicate the same phenomenon has been replicated in the country (Karanja, 2002). This trend is likely to continue, thereby making it even more imperative for producers to consider intervention mechanism aimed at minimizing the effects of price volatility.

Currently, there are two Coffee marketing systems in Kenya (CBK, 2012). The time tested central auction system has Coffee auctions conducted every Tuesday of the week throughout the year. This is a market where Coffee is bought by the licensed Coffee dealers through competitive bidding. The Nairobi Coffee Exchange is under the management of the Kenya Coffee Producers and Traders Association (KCPTA). The Direct Sale, commonly referred to as "Second Window" requires that a marketing Agent directly negotiate with a buyer outside the country and a sales contract is duly signed and registered with the Board. The Board ratifies the contract after carrying out an inspection and analyzing the Coffee for quality and value as per the contract.

There are two categories of Marketing Agents namely: - Commercial Marketing Agents who offer their services purely for commercial purposes and the Grower Marketing Agents who are growers marketing their own coffee. Coffee Board of Kenya has the responsibility together with other stakeholders of promoting Kenya Coffee (Republic of Kenya – RoK, 2012). This is done through generic promotion of Kenya Coffee and what it stands for the customers. (Brand identity), identifying and developing strategic networks through foreign Embassies, consumer and industry organizations in order to increase awareness of the quality and the consistency of Kenya Coffee, gathering Trade and Industry intelligence on consumption and industry developments in a bid to identify opportunities, threats and advise stakeholders accordingly.

In addition to establishing linkages with locally based exporters and dealers so as to gather and analyze data on market trends and consumer patterns, developing respective country and consumer profiles in existing markets as well as emerging markets of Eastern European Europe, Asia and others in order to guide industry's marketing efforts, participating in local and international Trade Fairs and Exhibitions as a means of increasing consumer awareness and encouraging the growers and the buyers of Kenya Coffee to enter into relationship marketing so as to shorten the

marketing chain, hence increase returns to growers (RoK, 2012). Coffee marketing starts at the farm gate and ends at the consumer level. In Kenya, there are two distinct Coffee-marketing channels, one for the Co-operatives and the other for the estates. The difference in the two channels is mainly at the primary processing level. The smallholder farmers (farmers with less than 2 ha under Coffee) deliver their cherry to Co-operative factories for primary processing as compared to the estate farmers who have processing factories located in their farms. Primary Coffee processing involves cherry sorting, pulping (removal of the out skin), fermentation, drying and storage. Dry cherry (mbuni) is usually bulked at the farm and delivered to the factory for onward transport to the millers. Some isolated smallholder farmers especially the ones not near a Co-operative society use hand pulpers to process their Coffee in their farms.

In a number of coffee auctions, observations on coffee prices against overall class have shown poor responses between the two i.e. price and class standard and this has led to dissatisfaction of farmers (Kegode, 2005). This has particularly been more obvious in the moderate classes of 4, 5 and 6. The coffee classifiers are quite objective in judgment but the auction very often turns out to be subjective. These occasional anomalies should not be left to the farmer to be the ultimate victim. To counter this anomaly, the farmer should be guaranteed a price in all classes that at least exceeds the reserve, which also must satisfy the average production costs. This will double up as an incentive to farmers to produce better grades. The new draft rules on coffee marketing have incorporated a minimum guarantee payment system to producers.

To ensure that payouts for all coffee outturns delivered to auction agents are released to the grower, a summarized report should be made and submitted to the farmer at the end of the marketing season however Kegode (2005) noted that this has caused dissatisfaction amongst many farmers in the Kenya. With this practice not in the current marketing policy, cases of un-cleared payouts cannot be reasonably ruled out in the past coffee auctions. It is now not a secret that coffee produced in Kenya does not arrive at the global markets as Kenya coffee. This happens because Kenyan dealers proceed to blend the low quality coffees sourced from neighbouring countries with the premium Kenya coffee tags. This undermines the image of Kenya coffee in the global markets as neat Kenya coffee and not adulterated Kenya coffee. This is the

only way to protect and sustain the premium bonus offered to Kenya coffee at the global market. The Kenya government should act this way, viewing blending as an economic offence against Kenya coffee growers and Kenya as a country, however, the market is likely to argue that blending is a necessary evil in the coffee trade, because essentially the roasters over time establish a blend that suits their clientele and are careful not to use very expensive coffees, in designing their blends. Kenya coffee, has suffered in consistency of supply and therefore has been substituted by other cheaper but equally fine coffees. This calls for the need to establish long lasting relationships between producers and roasters, on a commercially sustainable and mutually rewarding basis that would provide satisfaction to all members within the chain (Kegode, 2005). Tilahun (2007) study in Ethiopia observed that with reference to the satisfaction of members on price of coffee in the coffee marketing cooperatives as dependant variables, the result of the model analysis showed that nine variables were found to be significant.

2.4 Influence of Commission Charged For Services Rendered On Members' Satisfaction Level

The efficiency of a Co-operative enterprise is measured primarily, not in terms of return on investment, but in terms of quality, adequacy, and cost of service rendered to member users. For achieving the economic efficiency, a Co-operative organization must plan, organize, motivate and control its operation (Knapp, 2000). As any other enterprises do Co-operatives need to also periodically control and evaluate their marketing activities. There are basically four types of marketing controls in many companies including cooperatives, namely: annual plan control, profitability control, efficiency control, and strategic control. However, in spite of a serious need to monitor and control marketing activities, many companies including Co-operatives have inadequate control procedures (Kotler, 2003).

Market performance evaluation must combine various types of analysis that would provide the basis to analyze the functioning of the system, explain efficiencies, and assess the potential for and means of improving in relation to economic efficiency or other objectives. Firm organization, management structures, motivation and incentive arrangements, and decision-making rules and processes were seen as having important influence on the efficiency of operations. This approach suggests that

performance of marketing system can be analyzed by looking on the productive efficiency (the combination of technical and operational efficiency) of each firm in the system (Scarborough and Kydd, 2002).

In Co-operatives, member's economic right is measured by the extent of his participation in undertakings business transaction, while his right of control is based on 'one member one vote'. In the division of surplus, the Co-operative enterprise excludes share-based division and applies the rule of distribution in proportion to patronage. A Co-operative is said to be successful, only when it achieves success in both enterprise and association aspects. It must, therefore, synthesize the association and enterprise characteristics. Co-operation is a social philosophy, the ultimate aim of which is the creation of better social order and the economic betterment of the society. Co-operative is organized with the immediate objective of satisfying the needs of its farmers and the social system (community) in which it operates. A Co-operative, therefore, directly aims at serving both its farmers and the community as a whole. Social responsibility is inherent in the very idea of Co-operation. Co-operatives are not an end in them; but they justify themselves by their usefulness to society. By means of the service they render to the society, they make the community stronger (Knapp, 2000).

Tilahun (2000) study in Ethiopia found out that the member's view of satisfaction or dissatisfaction was assessed based on both the participation in the formulation and implementation of their cooperative policies and regulations as well as their cooperatives performance of service delivery efficiency. The survey result on the participation shows that on the average, 61.67%, 44.17% and 40.83% of the sampled farmers had participated in the election of directors, planning activities and approving annual audit reports respectively. This result indicates that the participation of members in their cooperative decision making activities was averagely low, especially in the planning of activities and approving the annual audit reports, which was below 50% in both cases.

Tilahun (2007) further established that study in Ethiopia farmers satisfaction levels on marketing channels used found out that out of 120 sampled members 72 (60%) of them reported that they were satisfied in their cooperative services while the rest 48 (40%) reported that they were dissatisfied. In the same way, the sampled household revealed that, their satisfaction and dissatisfaction on the overall

performance of their cooperative was in the proportion of 47 (39.17%) and 73 (60.83%) respectively.

2.5 Influence of Advance Payments for Coffee Delivered for Marketing on Members' Satisfaction Level

Tilahun (2007) observed that cooperatives are expected to render various services like payment of patronage refund, price information, provision of credit, transportation services, training, Better price than other traders, genuine scaling, accessibility to sell produce, storage services, immediate payment, management/ expert advice and activities in environmental services. Concerning to cooperative services satisfaction analysis in this study, the following was observed. Observation was analyzed by summing up very satisfied, moderately satisfied and satisfied categories as satisfied and dissatisfied / very dissatisfied as dissatisfied. Out of the sampled members in the study area, the result revealed that, 73.33%, 60.83%, 12.5%, 40%, 23.33%, 66.50%, 63.33%, 66.67%, 34.16%, 68.34%, 46.66% and 51.50% were satisfied on payment of patronage refund, price information, provision of credit, transportation, training better price than other traders, genuine scaling, accessibility to sell produce, storage services, immediate payment, management/ expert advice and activities in environmental services availed by their cooperatives respectively. This revealed that credit, transportation, training, storage, management / expert advice and activities in environmental development services dissatisfied the greater number of the members. According to Kelly and Foote (2013) customized farm credit helps individual producers to purchase inputs like organic fertilizers and seed stock to increase agriculture productivity or adapt to climate change.

CBK (2012) notes that in Kenya, apart from financial services and Coffee processing, Co-operative societies are expected to provide farm inputs either in cash or on credit to their farmers. They are also expected to provide technical services such as extension and advisory. However, these services have dwindled in recent past to various reasons. After primary processing, Coffee is delivered to the millers for secondary processing. Secondary processing involves hulling, grading and sorting of parchment coffee to produce clean (green) coffee before storage and marketing. KPCU was the only commercial miller in Kenya before the reforms of 2001. Thika Coffee mills and Socfinaf (Kofinaf) were doing private Coffee milling. Following the

introduction the new Coffee Act No.9 of 2001, it made provisions for more players in the industry (CBK, 2012).

2.6 Theoretical Framework

The study utilized Fredrick Herzberg motivation theory. Herzberg's motivation-hygiene theory, also known as the two-factor theory, has received widespread attention as having a practical approach toward motivating employees. In 1959, Herzberg published his analysis of the feelings of 200 engineers and accountants from over nine companies in the United States. These professionals were asked to describe experiences in which they felt either extremely bad or exceptionally good about their jobs and to rate their feelings on these experiences. Responses about good feelings are generally related to job content (motivators), whereas responses about bad feelings are associated with job context (hygiene factor). Motivators involve factors built into the job itself, such as achievement, recognition, responsibility and advancement. Hygiene factors are extrinsic to the job, such as interpersonal relationships, salary, supervision and company policy (Herzberg, 1966).

It is assumed that motivation and satisfaction are very similar and that, in many cases, they are considered to be synonymous terms. Under Herzberg's (1966) theory, farmers who are satisfied with both motivation and hygiene factors would produce more in agricultural production, and those who are dissatisfied with both factors would produce low yields. Christopher (2005) found no support for this, and his research concluded that Herzberg's results prove accurate only under his original methodology.

Theories of worker motivation address a model connecting job satisfaction, motivation and performance. Considerable importance is attached to these concepts, and there is a need for clarification on how satisfaction and motivation differ from each other. Job satisfaction is an emotional response accompanying actions or thoughts relating to work, whereas motivation is the process that activates behaviour. As satisfaction is an attitude, it is possible for a farmer to be satisfied with his farming work but not be motivated. Hence, motivation and satisfaction are not synonymous with each other. It is vital to clarify the distinction between the concepts so that it is easier to understand that motivation leads to satisfaction, which ultimately leads to enhanced performance.

According to Lawler (1973), workers pay satisfaction usually influences their job satisfaction. Tang et al. (2004) found that pay satisfaction is a part of job satisfaction, which could lead to higher productivity. In this case farmers could be inspired to achieve more and to give full effort only if they are satisfied with their marketing agency services provided to them by their cooperative society. Lawler (1973) reported that disloyalty can result when price dissatisfaction is present. According to Mani (2002), the frequency at which farmers would receive their cash earlier, their satisfaction increased.

2.7 Conceptual Framework

The study adopted a conceptual framework that shows relationship between independent variables and dependent variables as indicated below.

Independent Variables   **Dependent Variables**
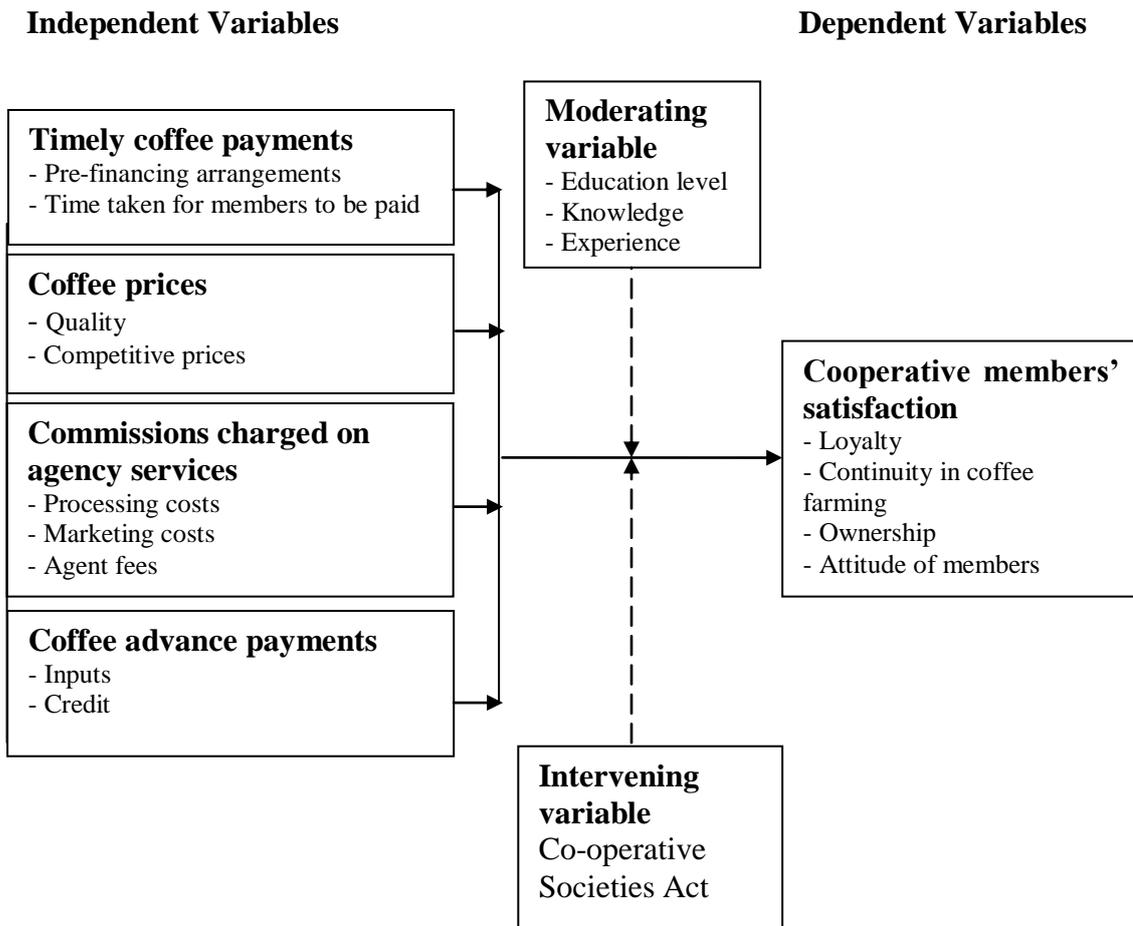
Source: Author (2013)

Figure 2.1 Conceptual Framework

The independent variables comprises of the four marketing agency services being provided by FCS in Songhor Division and comprises of early and timely coffee payments which are indicated by the period to which members receive their dues for coffee delivered, coffee prices which could influence by competition and quality (grade) of coffee delivered for marketing, commission charged on agency services like processing costs, agency fees and marketing costs and lastly the coffee advances payments to farmers through subsidies and credit facilities aimed at improving the output of the crop. The dependent variable for the study describe the level at which members are satisfied on the agency services provided by their coffee and this are explained through farmers loyalty in selling their coffee berries to their FCS, continuity in farming coffee, sense of ownership development in FCS and attitude

19

towards their FCS. However, the members' satisfaction levels could be influenced by intervening variables and this could be occasioned by understanding and implementation of cooperative acts. Also the model has got moderating variables which in one way or the other could influence members' satisfaction and they are basically based on their personal profiles like age, level of education and experience in coffee farming.

2.8 Knowledge Gap

Solomon, (2002) states that economic efficiency objectives is mainly concerned with the cost of performing several marketing functions, such as purchasing, transportation, storage, processing, exchange, etc. Marketing efficiency is usually measured in the following ways: (a) technical efficiency (b) operational efficiency (c) allocative (exchange) efficiency. He did not bring out the role of marketing agency in Coffee marketing. According to Barker (2009), all farmers must utilize marketing channels, regardless of whether they are production oriented or market-oriented, if they produce goods, which are in excess of their domestic consumption. For some, this is simply a matter of routine, selling through the same outlets year in and year out. However, farmers are required to choose between various marketing channels in order to dispose of their produce. Possibilities certainly exist for the market oriented farmer to improve his profit potential, if he is prepared to spend time deliberating over which marketing channel to use, and then makes his decision on the basis of sound economic motives. He did not show farmers' level of satisfaction through Coffee marketing agency.

3.1 Introduction

This chapter focuses on the research design used in carrying out the study and they include the target population of the study, the sampling design and the sample size, the data collection instruments and techniques, reliability and validity of research instruments, data collection procedures and the data analysis techniques.

3.2 Research Design

Research design is the plan for carrying out the research study (Kombo and Tromp, 2006). This study employed a case study research design. A case study is a deliberate attempt by the researcher to collect data from members of population in order to determine the current status of that population with respect to one or more variables (Mugenda and Mugenda, 2003). A case study research design was used because the population studied is too large to observe directly. A case study research design is therefore useful because of the economy of taking a sample of the population to generalize results for the whole population.

3.3 Target Population

The study had a population of 1122 members and a sample size of 285 persons from the population. The distribution of the target population is s shown in Table 3.1.

Table 3.1 Target population

Category	Number
Management	36
Kaabirer FCS	191
Kabunyeria FCS	476
Kibukwo FCS	241
Kapkiyai FCS	178
Total	**1122**

Source: Songhor Co-operative Societies (2013)

3.4 Sampling Procedure and Sample Size

According to Mugenda and Mugenda (2003), the main factor considered in determining the sample size is the need to keep it manageable. This enables the researcher to derive from it detailed data at affordable costs in terms of time, finances and resources. Sampling is a procedure of selecting a part of the population on which research is conducted, and which ensured that conclusions from the study is generalized to the entire population. The researcher employed stratified simple random design to select the sample size. Stratified sampling was used to select a sample from members' categories of the total population. According to Oso and Onen (2005), stratified sampling technique is a technique that identifies subgroups in the population and their proportions and select from each subgroup to form a sample. It groups a population into separate homogenous subsets that share similar characteristics so as to ensure equitable representation of the population in the sample.

In selecting the sample size for FCS members, Morgan and Krejcie (1970) table was used to get the sample size (See Appendix IV). Therefore the sample size for the study according to the table was 285.

3.5 Data Collection Instruments

Both primary and secondary data was used. The primary data was obtained from coffee co-operative management and members. The secondary data were obtained from coffee co-operative records. The data collection instruments to be used included questionnaires and interview schedule. This study used questionnaire, which is a widely used and useful instrument for collecting survey information. As Wilson and McLean (1994) stated, questionnaire provide structured information, being administered without the presence of the researcher, and often comparatively straightforward to analyze. The questionnaire comprised both of open and closed ended questions. The questionnaire was modelled according to the objectives of the study and Section A contained demographic information of members, Section B contained Likert questions on timely coffee payments, Section C had questions on coffee prices offered to farmers, Section D comprised of questions on commissions charged while Section E had questions on advance payments offered to farmers. Likert Scale Question; 1 − Strongly Agree to 5 − Strongly Disagree were used to test

respondents perception on the influence of coffee marketing services on members satisfaction.

Further the interview schedule was prepared for FCS management representatives and the questions structured in the sheet tallied with the objectives of the study to.

3.5.1 Pilot Case Study

To ensure the reliability of the research instruments, piloting was done in Chilchila Division Kipkelion District Kericho County. This area was used for piloting because the two counties have seen Coffee farming grow rapidly. The research instruments were administered to the same pilot group twice after a given interval. The Cronbach's coefficient alpha of 0.70 and above implied that the research instruments are reliable and therefore the researcher adopted the research instruments. However, a Cronbach coefficient alpha that is less than 0.70 implied that the research instrument is not reliable and the researcher made necessary corrections before using the instruments to collect data from the actual respondents of this study.

3.5.2 Validity of the Research Instruments

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, which are based on the research result i.e. the degree to which results obtained from the analysis of the data actually represents the phenomena under study. Therefore questionnaires or interview schedules are said to be valid when they actually measure the intended parameters. The need to test the content validity of the research instruments is inevitable. This served to ascertain that the item produced was relevant to the objectives of the study. To test validity of the research instruments to be used in this study, the researcher sought the assistance of the supervisors to ensure that they are valid. The researcher consulted supervisor from University of Nairobi to examine the pertinence of the content to be used in the questionnaires and interview schedule in relation to the purpose of the study. The feedbacks provided were utilized by the researcher to modify the items to ensure that they cover the variables investigated in the research.

3.5.3 Reliability of the Research Instruments

Reliability is to ensure that the consistency of research measurement or the degree to which the questionnaires as a measure of an instrument, measures the same way each time it is used under the same condition with the same subjects (Orodho, 2005). A measure is considered reliable if a research's finding on the same test given twice is similar. Data reliability ensures that the research ensured that there is precision with which data is collected. If the same results are gained time after time, no matter how many times you conduct a piece of research, this suggests that the data collected is reliable. The reliability for the study was obtained r = 0.786.

3.6 Data Collection Procedures

Before collecting data, the researcher send a letter to the Coffee Co-operative management requesting to be allowed to collect data from the Co-operative societies. The letter had a copy of permit obtained from University of Nairobi. This was done two weeks before the actual date of data collection so as to enable the respondents to prepare for the study. During the day of the data collection, the researcher went to the individual Co-operatives and sought permission from the management to carry out the study. After permission was granted, the researcher proceeded to the respondents to whom he also explained the purpose of his visit. The respondents were assured of the confidentiality of any information they gave.

3.7 Data Analysis

This refers to the examination of the coded data and making inferences (Kombo and Tromp, 2006). In this study, data was analyzed using both descriptive and inferential statistical techniques. The objectives were analyzed descriptively; by way of using frequency tables and percentages. Inferential statistics; Karl Pearson moment product correlation coefficient was conducted to test the hypothesis for the study at 0.01 (1%) confidence interval. Data coding, entry and analysis of data was done through the use of a computer programme called Statistical Package for Social Science (SPSS) version 19.

3.8 Ethical Considerations

Rights, anonymity and confidentiality of the respondents were respected in all phases of the study. Informed verbal consent with the respective Coffee Co-operative management and the respondents were taken before data collection. Through verbal consent process, the type and purpose of the survey, discussion or interview; issues of anonymity and confidentiality; voluntary participation and freedom to discontinue the interview/discussion at any stage; and absence of any known risk or benefit for participating in the study were explained beforehand. To preserve anonymity, all findings were presented without ascribing names or identifiable personal description.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study collected from Songhor Division coffee cooperative societies in Nandi County on the influence of coffee marketing agency services on members satisfaction. The data for this study was collected through the use of questionnaires for members of the four cooperative; Kaabirer FCS, Kabunyeria FCS, Kibukwo FCS and Kapkiyai FCS. The study responses as per the respondents were 278 coffee farmers and 12 cooperatives management representative. This translated to a 97.5% response rate. The analysis of the data from the field was done through the use of descriptive statistics, inferential statistics to test the relationship between market agency services and qualitative analysis (content analysis) for data from interview schedules. The presentation of data flows according to the objectives of the study but at first, the demographic profile of participants is presented.

4.2 Background Characteristics of Respondents

This involved looking at the personal characteristics of respondents based on their gender, age bracket, highest academic qualification and years of membership with a particular FCS. The findings are the responses from four FCS in Songhor Division, Nandi County.

Table 4.1 Gender of FCS members

Type	Frequency	Percent
Male	237	85.3
Female	41	14.7
Total	**278**	**100.0**

Source: Author (2013)

Results on gender of FCS members shows that most 237 (85.3%) were male while 41 (14.7%) were female. This shows a gender imbalance in the members' representation in cooperative societies in Songhor Division. The findings coincides with Nduati (2012) study in Kigumo District coffee cooperative societies where 78.9% of the members were males and cited the reasons for this is based on the fact that males were

regarded as owners of coffee bushes while in other instances, females were reluctant to participate in the research process.

Table 4.2 Respondents age bracket

Age category	Frequency	Percent
36 - 45 years	88	31.7
46 - 55 years	87	31.3
26 - 35 years	66	23.7
Above 56 years	25	9.0
Under 25 years	12	4.3
Total	**278**	**100.0**

Source: Author (2013)

Respondents age category reveals that 88 (31.7%) were aged between 36 – 45 years, 87 (31.3%) were aged between 46 – 55 years, 66 (23.7%) were aged between 26 – 35 years, 25 (9%) were above 56 years while only 12 (4.3%) were found to be aged below 25 years. The result suggests that the study collected information from a wide section of age category thereby validating the responses of the study.

Table 4.3 Highest academic qualification

Qualification level	Frequency	Percent
Primary	196	70.5
High school	61	21.9
Diploma	12	4.3
University	9	3.2
Total	**278**	**100.0**

Source: Author (2013)

In terms of their educational qualification levels, most 196 (70.5%) were found to have primary level of education, 61 (21.9%) had attained secondary level of education, 12 (4.3%) had diploma level of education while 9 (3.2%) had university level of education. The varied educational level shows that the respondents had understanding on the issues concerning the marketing agency services provided by their cooperative societies. These results agrees with Nduati (2012) study who found out that most of the FCS members in Kigumo District had basic level of education.

Table 4.4 Membership duration with cooperative society

Membership duration	Frequency	Percent
Over 9 years	142	51.1
4 - 6 years	56	20.1
Less than 3 years	43	15.5
7 - 9 years	37	13.3
Total	**278**	**100.0**

Source: Author (2013)

When asked how long have they been members of their cooperative society, 142 (51.1%) said that they have been members for a period exceeding 9 years, 56 (20.1%) said that they have been members between 4 – 6 years, 43 (15.5%) were found to have less than 3 years membership whole 37 (13.3%) had 7 – 9 years membership. This implies that the respondents had adequate knowledge and experience on the coffee agency marketing services provided by their cooperative societies and were therefore useful for the study.

4.2.1 Coffee Varieties Being Grown by Farmers in Songhor Division

Various coffee varieties have been recommended by the Coffee Research Foundation to be grown on various regions around the country. The study wanted to find out the common coffee variety being grown in Songhor Division and the results are as given in Table 4.5.

Table 4.5 Coffee varieties grown in Songhor Division

Variety	Frequency	Percent
Ruiru 11	113	40.6
Ruiru 11 and Batian	62	22.3
SL28/34 and Ruiru 11	43	15.5
K7	16	5.8
Batian	14	5.0
K7 and SL28/34	13	4.7
SL28/34	9	3.2
SL28/34, Ruiru 11 and Batian	8	2.9
Total	**278**	**100.0**

Source: Author (2013)

Most farmers 113 (40.6%) grown Ruiru 11 coffee variety, 62 (22.3%) said that they mixed Ruiru 11 and Batian and 43 (15.5%) said that they mixed SL28/34 and Ruiru 11 on their farms. Other coffee varieties found to be grown in the division were; SL28/34 and K7. Results show that most farmers preferred coffee varieties developed by CRF as opposed to traditional ones; K7 and SL28/34. This is due to the fact that the new varieties withstand the climatic conditions and are resistant to disease infestation unlike the traditional coffee varieties.

4.3 Influence of Timely Coffee Payments on Members' Satisfaction Level in Songhor Division

The first objective of the study sought to determine the influence of timely coffee payments on the levels of members' satisfaction in Songhor Division, Nandi County. At first, the members were asked to provide information on how long it took for coffee to be paid after being sold by their cooperative societies. Results are presented in Table 4.6.

Table 4.6 Period of coffee payments to members after being sold

Period of coffee payments	Frequency	Percent
One month	97	34.9
Three months	65	23.4
Two weeks	60	21.6
Two months	52	18.7
One week	4	1.4
Total	**278**	**100.0**

Source: Author (2013)

It is clear that 97 (34.9%) of members said that they are usually paid after one month, 65 (23.4%) indicated that they are paid after three months, 60(21.6%) said that it is usually after two weeks, 52 (18.7%) said that they are paid after two months while only 4(1.4%) said that they are paid after one week. The result shows that there is laxity in coffee payments being made to farmers as opposed to the recommended period of two weeks proposed by coffee Act of 2001. To establish the members level

of satisfaction on timely coffee payments, descriptive analysis was conducted and the summaries of the findings are presented in Table 4.7.

Table 4.7 Descriptive statistics on influence of timely coffee payments on members' satisfaction level

Statement	N	Min	Max	Mean	Std. Deviation
Our cooperative society does not take long time in repayment of coffee delivered	278	1.00	5.00	3.4460	1.24693
We are usually paid after making protest to the factory management	278	1.00	5.00	3.1043	1.42689
Farmers get paid after the coffee is sold to the exporter	278	1.00	5.00	3.9245	.98254
The society provides a pre - financing arrangement with farmers	278	1.00	5.00	3.7554	1.18560
Valid N (listwise)	**278**				

Source: Author (2013)

Results of the study shows that majority of the members are either satisfied or dissatisfied (M = 3.45 and SD=1.24) on the statement that their cooperative does not take long time in repayment of coffee delivered. This is also justified with the figures of standard deviation (1.25) being far away from the mean together with the maximum and minimum scores indicating that some of the members opined that they are paid early while other said that they are not paid. This also agrees with the previous result that showed that members' are paid at different times after their coffee is sold to an extent whereby some are paid after three months. This lowers members' satisfaction level and some could even sell their cherry or buni to middlemen for quick payments.

Moreover, results also showed divided opinion amongst members that they are usually paid after making protests to factory management (M=3.10 and SD=1.4). This shows that most members seems to be making protests to their FCS incase their coffee payments were delayed. However, respondents seem to agree (M=3.9 and SD=0.98) that farmers get paid after the coffee is sold to the exporter. This is evident with low

standard deviation value (0.98) that suggests that members were optimistic that once their coffee was sold to exporter, payments were likely to come.

Finally, the study findings also reveal that members agreed that their society provides a pre – financing arrangement with farmers (M=3.75 and SD=1.18) although a significant few seem to be satisfied with pre – financing arrangements as envisioned by standard deviation figures. This shows that pre – financing arrangements are made to farmers by some cooperative societies within Songhor Division before the actual payment is made. These could boost farmer moral and their loyalty towards supplying the cherry berry to the cooperative society.

4.4 Influence of Coffee Prices on Members' Satisfaction Level in Songhor Division

The second objective of the study sought to determine the influence of the amounts of money paid on coffee sold on the level of members' satisfaction. Members were asked to rate the extent to which they agreed or disagreed on various statements concerning their satisfaction levels on the amounts of money being paid for their coffee having in mind that coffee payments are usually paid according to its quality. Descriptive results are in Table 4.8.

Table 4.8 Influence of coffee prices on members' satisfaction level in Songhor Division

	N	Min	Max	Mean	Std. Deviation
Our coffee get the best process in the market and hence farmers directly benefit	278	1.00	5.00	3.1043	1.39102
We are paid accordingly with our coffee grade delivered to the factory	278	1.00	5.00	3.3058	1.20919
We are happy with the amount paid on our coffee delivered for marketing	278	1.00	5.00	2.8489	1.35377
We usually have meetings to deliberate on the amount of money to be paid to farmers on the coffee delivered for marketing	278	1.00	5.00	3.1763	1.27226
We have right to bargain collectively on coffee prices	278	1.00	5.00	2.7050	1.52217
The quality of the coffee influences the coffee prices	278	1.00	5.00	3.6079	1.29740
Our lifestyle has improved due to good coffee prices being paid to us	278	1.00	5.00	3.5647	1.26082
Our society provides competitive prices for our coffee delivered	278	1.00	5.00	3.5324	1.16695
Valid N (Listwise)	**278**	**1**	**5**	**3.2307**	**1.3092**

Source: Author (2013)

Results shows that a section of members are unsatisfied while others are satisfied (M=3.1 and SD=1.39) with the amount of money their coffee fetches in the market and this could be due to their quality or even bargaining power of their cooperative marketing agents. The high scores for standard deviation showed that some farmers were content with the amount of money that their coffee berry fetched while others were discontent. This could be a factor for dissatisfaction and anger that members develop towards their cooperative society.

32

Furthermore, findings of the study revealed a mixed responses (M=3.33 and SD=1.2) whereby majority of respondents were undecided that they were paid according to the coffee delivered to the FCS. This shows that farmers some farmers are not satisfied with the amount of money they are being paid by their FCS as a result of delivering the crop for processing and marketing. Asked as to whether they were happy with the amount paid on their coffee delivered for marketing, most of them disagreed with the statement (M=2.8 and SD=1.35). Only a section of the members reported their satisfaction and content with services rendered to them by their cooperative.

Asked as to whether their FCS do invite members on consultative meetings to deliberate on the amount of money to be paid to them on coffee delivered, results showed that most of them were undecided (M=3.1 and SD=1.27). They further said that the information for such meetings is not usually passed to all members but a few thereby creating issues of mistrust among members to the leaders of their societies. This could influence the satisfaction and motivation of members to supply their berries for marketing. In addition to the results reveal that members disagreed (M=2.7 and SD=1.5) with the statement that members had a right to bargain collectively on coffee prices. This shows that lack of collective consultation between cooperative societies and its members creates on deliberations on amount of money to be paid and collective bargaining agreements creates a form of dissatisfaction among them leading to reduction in amount of coffee delivered to FCS.

In terms of the level of skills and knowledge on how coffee prices are usually dictated at, a significant seemed to agree (M=3.6 and SD=1.2) that the quality of the coffee influenced coffee prices. This implies that members are satisfied with the fact that they could not claim high coffee prices for low quality of coffee delivered for marketing since coffee prices are dictated by quality of the coffee delivered by farmers to their cooperative. On a positive note, statistics showed that members agreed (M=3.5 and SD=1.26) that their society provided competitive prices for their coffee. This signals the improvement in coffee farmers' livelihood standards occasioned by better prices being provided to them by their cooperative societies in Songhor Division, Nandi County. On average, results of the study showed that farmers had the understanding that for their coffee to fetch good prices, they had to produce good quality berries in return for higher profit for their crops. This although

was found not to be across all the respondents as suggested by the average means findings and standard deviation (M=3.2 and SD=1.3) that suggested that some members had divided opinion on their satisfaction levels on the coffee prices being offered to them by their cooperative society.

4.4.1 Selling Of Coffee to the Cooperative Society

Farmers were asked whether they sold coffee through their cooperative society. This was to find out whether farmers had reservations on the amount of money being paid by society was justified or not. Results are presented in Table 4.9.

Table 4.9 Selling of coffee to cooperative society

	Frequency	Percent
Yes	253	91.0
No	25	9.0
Total	**278**	**100.0**

Source: Author (2013)

Findings show that majority 253 (91%) sold their all coffee berries through their FCS while 25 (9%) said that they did not sell all their coffee through the FCS because they wanted to look for other alternative through which they can get affordable prices for their coffee and early payments.

Table 4.10 Farmers preference for selling coffee outside their society

Preference	Frequency	Percent
When the price is 140 sh higher	104	37.4
I would not sell	65	23.4
When the price is 60 sh higher than the society price	41	14.7
When the price is 80 sh higher	36	12.9
When the price is 100 sh higher	16	5.8
When the price is 120 sh higher	16	5.8
Total	**278**	**100.0**

Source: Author (2013)

When probed further regarding whether they could be tempted to sell their coffee to other individuals or private firms based on prices offered being more than

their cooperative, 104 (37.4%) said that they would do so when the price is Ksh.140 per kilogram higher than their society while 65 (23.4%) said that they won't sell their cherries to other individuals due to the higher price temptations. This result show that most members even if they are contracted by their cooperative society to supply coffee, 76.6% of them will be willing to sell to other buyers if there was a significant increase of the money offered to them. Results show that most look for bidders who will come with the highest increase as compared to the rates provided by their FCS.

4.4.2 Type of House Structure That FCS Members Live

It was assumed that the since farmers in Songhor Division relied on coffee as their main cash crop, the money generated from the coffee sale would improve their household economic status. Therefore the respondents were asked to state the type of houses that they lived in as given in Table 4.11.

Table 4.11 Type of house FCS member lived in Songhor Division

House type	Frequency	Percent
Mudded walls and iron roof	180	64.7
Mudded walls with thatched roof	37	13.3
Wooden house	26	9.4
Brick / concrete house with cement floor	21	7.6
Brick/concrete house with mud floor	14	5.0
Total	**278**	**100.0**

Source: Author (2013)

Results reveal that majority 180 (64.7%) of the members live in houses with mudded walls and iron roof structures, 37 (13.3%) said that they live in mudded wall with thatched roof structures, 26 (9.4%) lived in wooden houses, 21 (7.6%) lived in brick / concrete house with cement floor while 14 (5%) lived in brick / concrete house with mud floor. The result implies that farmers are living in dilapidated houses since their coffee prices do not fetch good amount of money capable of changing their household structures. This shows that majority of farmers are dissatisfied with the amount of coffee prices being provided by their cooperative societies and this is why some of them are tempted to sell the berries to other individuals or companies in expectation of reasonable income for their produce.

4.5 Influence of Commission Charged for Services on Members' Satisfaction Level in Songhor Division

The third objective of the study sought to establish the influence of commission charged for services rendered on members' satisfaction. These comprises of taxes, levies and operational costs incurred by cooperative societies in processing of coffee for marketing purposes. Members were asked to state their level of agreement on various statements regarding commission charged on coffee processing and the results are as given in Table 4.11.

Table 4.11 Descriptive statistics influence of commission charged for services on members' satisfaction level in Songhor Division

Statement	N	Min	Max	Mean	Std. Deviation
We are aware of all commissions being charged by the society to members	278	2.00	5.00	3.8273	.67901
The commission rates charged on coffee processing and marketing are known to members	278	1.00	5.00	3.7626	.75125
The costs of processing and marketing coffee is fairly divided amongst all members	278	1.00	5.00	3.6475	.70954
We usually pay for commission agent fees who in turn look for markets for our coffee	278	1.00	5.00	3.1079	1.01747
We are usually double taxed on coffee delivered to the society	278	1.00	4.00	2.2338	.90287
Valid N (Listwise)	**278**				

Source: Author (2013)

The respondent are seen to agree (M=3.82 and SD=0.67) with the statement that they are all aware of all commissions being charged by the society to members. This implies that most FCS provides information to members regarding various levies being charged to them as part of marketing agency services. Further, respondents were found to agree (M=.3.7 and SD=0.75) that the commissions rates charged on

coffee processing and marketing are known to members. They also seem to agree on the statement (M=3.64 and SD=0.71) that the costs of processing and marketing coffee is fairly divided amongst all members. The standard deviation values for the three variables denotes that divergence is not far as such from the mean and therefore justifies farmers level of satisfaction on the openness of their FCS towards commissions levied for coffee processing and marketing to members.

However, results of the study showed mixed response (M=3.11 and SD=1.01) on whether members paid for commission agent fees who are given the work of looking for markets for farmers coffee. Moreover, majority of respondents were found to disagree (M=2.23 and SD=0.9) with the statement that they are usually double taxed on coffee delivered to the society. In general, the result of the study confirms the positive influence of commission charged for services rendered on the level of members' satisfaction.

4.6 Influence of Advance Payments for Coffee Delivered For Marketing on Members' Satisfaction Level in Songhor Division

This is the last objective of the study that sought to find out the influence of advance payments for coffee delivered for marketing on members' satisfaction. The members were asked whether their cooperative society gave them advance payments for the coffee delivered for marketing. Results are illustrated below.

Table 4.12 Whether members cooperative give coffee advance payments for the coffee delivered for marketing

Frequency of advance payments	Frequency	Percent
Occasionally	143	51.4
Rarely	64	23.0
Always	61	21.9
Never	10	3.6
Total	**278**	**100.0**

Source: Author (2013)

Results show that 143 (51.4%) of members said that advance payments are occasionally provided to them by their FCS, 64 (23%) said that they are rarely given advance payments, 61 (21.9%) said that they are always given advance payments and

10 (3.6%) said that they have never been given advance payments for the coffee delivered for marketing. The result implies that most FCS within Songhor division are not in a position to provide advance payments to farmers as result of them delivering their coffee cherry for marketing. Further, the study wanted to know whether farmers were provided with sufficient access to credit for purchasing farm inputs and the results are presented in Table 4.13.

Table 4.13 Whether members are provided with sufficient access to credit for purchasing farm inputs

Provision of credit for purchasing farm inputs	Frequency	Percent
Always	174	62.6
Rarely	64	23.0
Occasionally	38	13.7
Never	2	.7
Total	**278**	**100.0**

Source: Author (2013)

Most 174 (62.6%) of respondents agreed that they always receive credit for purchasing farm inputs for coffee farming from their cooperative society, 64 (23%) said that they rarely received, 38 (13.7%) said that they occasionally received while 2 (0.7%) said that they have never received credit on farm inputs from their society. The result indicates that despite most FCS not providing advance monetary payments to farmers for their coffee delivered for marketing, most of them do provide agricultural inputs like fertilizers and chemicals as part of advance payments.

4.6.1 Satisfaction Levels of Coffee Farmers

As the main dependent variable for the study, it sought to determine the respondents' perception regarding their satisfaction levels on being a coffee farmer in Songhor division, Nandi County. Here are the results.

Table 4.14 Satisfaction levels of coffee farmers

Statement	N	Min	Max	Mean	Std. Deviation
I am satisfied with being a coffee farmer	278	1.00	5.00	3.8849	.71173
Being a coffee farmer offers me sufficient opportunities	278	2.00	5.00	3.8129	.72668
I want to do something else than coffee farming	278	1.00	5.00	2.5755	1.23708
I do not like being a coffee farmer	278	1.00	5.00	2.4676	1.30979
Valid N (Listwise)	**278**				

Source: Author (2013)

Results show that (M=3.88 and SD=0.71) farmers were satisfied with being a coffee farmer. In addition, members agreed (M=3.81 and SD=0.72) that being a coffee farmer provided them with sufficient opportunities. This shows that most farmers in Songhor division are satisfied with being involved in coffee farming.

4.7 Statistical Testing of Hypothesis

The study sought to test the following four hypotheses on the influence of coffee agency marketing services on members' satisfaction. A correlation analysis was computed at 0.05 significant level and the results are presented in Table 4.15.

Table 4.15 Correlations

Independent variable		Members satisfaction
Timely coffee payments	Pearson Correlation	-.076
	Sig. (2-tailed)	.204
	N	278
Coffee prices	Pearson Correlation	.061
	Sig. (2-tailed)	.310
	N	278
Commissions charged	Pearson Correlation	.436[**]
	Sig. (2-tailed)	.000
	N	278
Advance payments	Pearson Correlation	.354[**]
	Sig. (2-tailed)	.000
	N	278

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Author (2013)

H_{01} **There is no significant influence of timely coffee payments on members' satisfaction**

The null hypothesis is accepted that there is no significant influence of timely coffee payments on the level of members' satisfaction ($p > 0.01$). This is justified with the fact that most farmers said that coffee payments are delayed to a period exceeding three months.

The second null hypothesis for the study stated that;

H_{02} **There is no significant influence of the amount paid on the level of members' satisfaction**

Considering the statistical results, the null hypothesis is accepted that there is no significant influence of the amount paid on the level of members' satisfaction ($p > 0.01$). This is because the coffee prices were found to be less and not competitive as farmers envisaged.

The third objective of the study stated that;

40

H$_{03}$ **There is no significant influence of commission charged for agency services on the level of members' satisfaction**.

The correlation results shows the significance of the influence (p<0.01) of commission charged for agency services on the level of members' satisfaction. This led to the rejection of the null hypothesis in the study. This is due to the fact that majority of respondents were aware of all charges that their society levied on them.

The fourth objective of the study stated that

H$_{04}$ **There is no significant influence of advance payments by cooperatives on the level of members' satisfaction**

Results on the last objective of the study indicated that there exist significant positive (p<0.05) influence of advance payments by cooperatives on the level of members' satisfaction. This led to the rejection of the null hypothesis (p<0.05). This was due to the fact that 77% of members said that they were very satisfied with being coffee farmers.

4.7.1 Challenges of coffee marketing in Songhor Division

The respondents were asked to state the problems that they faced in coffee marketing in their area. The results are given in Table 4.16.

Table 4.16 Challenges in coffee marketing in Songhor Division

Challenge	Frequency	Percent
Coffee price fall	170	61.2
Transport	80	28.8
Grading system	72	25.9
Market information	53	19.1
Price setting	49	17.6
Labour shortage	46	16.5
Credit	28	10.1
Scaling/weighing	25	9.0
Double tax	21	7.6
Theft	20	7.2
Operational/Management know-how	17	6.1
Packing materials	12	4.3

Total		**278**	**100.0**

The main challenge that members of Songhor cooperative faced in the marketing of their coffee were; coffee price fall (61.2%), transport problems (28.8%), grading system (19.1%), market information (19.1%), price setting (17.6%) among other challenges presented in the findings above.

CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, discussions, conclusions and recommendations on the influence of coffee agency marketing services on members' satisfaction in Songhor Division, Nandi County. The presentations of the findings of the study are based on the objectives of the study.

5.2 Summary of Findings

The main objective of the study was to find out the influence of marketing agency services on members' satisfaction of cooperative societies in Songhor Division Nandi County. The study was conducted in four farmers' cooperative societies; Kaabirer, Kabunyeria, Kibukwo and Kapkiyai FCS. The study involved participation of 278 coffee farmers and 12 FCSs leaders. The data analysis was conducted through the use of descriptive and inferential statistics. The study findings showed that there was no significant influence of early coffee payments and amounts of money paid on coffee sold on the level of members' satisfaction. The study findings also revealed that there existed significant positive influence of commissions charged for services rendered on the level of members' satisfaction.

5.3 Discussions

The study established that common coffee varieties grown in Songhor Division are Ruiru 11 and Batian. The traditional coffee varieties were found either to be inter – cropped with the developed two local varieties. The least variety grown in the area was SL28/34 coffee and this was due to the fact that they are more prone to diseases compared to K7, Ruiru 11 and Batian. Most members were found to have had been members for over 9 years with their FCS. The findings of the study are consistent with Nduati (2012) study in Kigumo District Kenya found out that most farmers had more than 10 years membership with their cooperative society.

On the influence of timely coffee payments on the level of members' satisfaction; only 34.9% of the members were found to be paid after one month once

their coffee was sold while others had to wait up to three months to be paid their dues. The study findings was in contrast to Nduati (2012) who found out that members waited up to six months or more to be paid their dues. Correlation analysis result showed that there existed no significant influence (p>0.01) of timely coffee payments on the level of members' satisfaction. Members complained that some of them were being paid after making protests to the society management.

In addition results of the study showed that most members were not satisfied with the amount of money being paid on their coffee. This was evidenced with the fact that some of them did not sell all their coffee cherries to their FCS but made quick cash through selling to individual. The study also found that most of them were optimistic to sell their berries to a willing buyer who would come with a better offer (price) of more than Kshs. 140 as opposed to their factory offer. Bivariate correlation analysis results showed that there was no significant influence (p>0.01) of amounts of money paid on coffee sold on the level of members' satisfaction. This showed that the society needs to offer good prices to farmers despite farmers' knowledge that coffee payments are paid according to the quality of coffee they delivered to the factory.

Moreover, the study findings established that almost all members of the FCS studied had prior knowledge of commission charged on market agency services. The null hypothesis was rejected leading to the conclusion that commissions charged for services rendered influenced positively on members' satisfaction levels. This because most of the respondents acknowledged that the costs of processing and marketing coffee were fairly divided amongst all members.

Finally, results of the study established that 51.4% of members were provided with advance payments on their coffee delivered to the factory on occasional basis. Further, results showed that 62.6% of members were always provided with sufficient access to credit for purchasing farm inputs for coffee farming. As a result of this generous act from their society, the satisfaction of members was high. The null hypothesis for the study was rejected (p<0.01) leading to the conclusions that there was significant positive influence of advance payments for coffee delivered for marketing on members' level of satisfaction.

The challenges that were identified in the marketing of coffee were frequent coffee price fluctuations in the international market, transport problems, grading issues, price setting and coffee theft which had been rampant in the region. These

factors were attributed to divided satisfaction levels of most members in Songhor division.

5.4 Conclusions

The study has established that 77.3% of farmers were satisfied of being coffee farmers while 68.3% said that being a coffee farmer offered more sufficient opportunities for agricultural development in Songhor Division. The common varieties found to be grown in the division were Ruiru 11 and Batian varieties. SL28/34 and K7 varieties were less grown by farmers in the division. Despite growing coffee as the main cash crop in the area, findings of the study showed that coffee payments were made late and this reduced members satisfaction levels (p>0.01). They said that it took the society management long time to pay for coffee delivered but some of the members said that their cooperative societies only took 2 – weeks for their payments to be processed while other said that they protested to the society offices to demand their payments.

It was also noted that there existed problems in the amount of coffee being paid to farmers in Songhor division. Although farmers had real knowledge on their coffee grade, some of them suggested that their FCS management did not have the capacity of looking for best prices for their produce in the coffee auction market. The influence of the amount of money being paid to farmers for the coffee delivered to the FCS contributed to household development but some members reiterated that they did not deliver all of their coffee harvest to the society but looked for middlemen who could offer instant cash as opposed to delayed payments by their society. Further results revealed that most members were living in dilapidated households as 64.7% were found to be living in mudded walls and iron roof and only 7.6% of the members were found to be either living in concrete / bricked cemented households. The null hypothesis was accepted (p>0.01) that there was no significant influence of the amounts of money paid on coffee sold on the level of members' satisfaction.

Results on the study showed that there was significant (p<0.01) influence of commissions charged for services rendered on the level of members' satisfaction. The respondents were aware of all commissions being charged by the society to members and the costs of processing and marketing coffee is fairly divided amongst all

members. This showed that members were satisfied on the commission charged on agency services provided for them.

Finally, the results of the study showed that there existed significant (p<0.01) influence of advance payments for coffee delivered for marketing on the level of members' satisfaction. The farmers agreed that they were given advance payment for coffee on occasional basis while sufficient credit for purchasing farm inputs was guaranteed to them.

5.5 Recommendations

In the light of the discussions and conclusions of the research findings, the following recommendations are made:

1. There is need for farmers' cooperative societies to look for good markets which would offer competitive prices to members thereby increasing their satisfaction levels. This would involve proper timing of the market to increase chances of getting higher bids for their coffee.

2. The farmers' cooperative societies need to re-strategise on how coffee payments are going to be made within a short period (less than two weeks) after marketing the coffee to external market. This will improve loyalty and confidences of members towards their society which will in turn improve the quantity (kgs) of berries delivered to factories for processing and marketing.

3. To address the problem of transporting processed coffee to marketing points, societies need to acquire their own vehicles to reduce costs

4. Since farmers were dissatisfied with the prices they got for their coffee delivered to the society, training needs to be provided to members to improve the quality of their coffee farming.

5.6 Suggestion for Further Research

Based on the nature and conclusion emanating from the study findings, the study suggests further research to be done on;

1. Factors influencing coffee production in Songhor Division

2. A similar study on the influence of marketing agency services on members' satisfaction could be conducted on a large scale in Nandi County, Kenya.

REFERENCES

Admasu S. (1998). *Performance evaluation of coffee marketing in sidamo zone,* M.Sc. thesis presented to Alemaya University of Agriculture, Alemaya.

Anteneh, A. Muradian, R. & Ruben, R. (2011). *Factors Affecting Coffee Farmers Market Outlet Choice. The Case of Sidama Zone, Ethiopia*. Paper prepared for the EMNet 2011 in Cyprus (Dec. 1 – 3).

Asmare H. (1989). *The Impact of Farm size on the Efficiency of the Farmers Producers' Cooperatives: The Case of Harar Zuria Awraja*, M.Sc. thesis presented to Alemaya University of Agriculture, Alemaya.

Barker, J., (1989). *Agricultural Marketing.* New York: Oxford University Press.

Belay, K. (1998). Instability of Ethiopian's Export Earnings: The contribution of major agricultural commodities. *Ethiopian Journal of Agricultural Economics*, Vol 2 , 1.

Black, W.E. & Knutson, R.D. (1985). *Attitudes and opinions of Texas Agricultural Cooperative Members.* Report B-1483. College Station. Texas Agricultural Extension Services. USA.

Branson, R., Dauglass, E. & Norvell G. (1983). *Introduction to Agricultural Marketing.* Addis Ababa.

Braverman A., Guasch J., Huppi M. & Pohlmeier L., (1991) *Promoting Rural Cooperatives in Developing Countries:* The Case of Sub-Saharan Africa, World Bank discussion papers, No 121, The World Bank, Washington D.C.

Burt, L., (1997). *Organizing and Operating Agricultural Cooperatives.* Oregon State University. U.S.A.

CBK (2012).*Coffee industry review. Coffee Board of Kenya (CBK)*, Technical department Report.

Christopher, M. (2005). *Meaningful motivation for work motivation theory*. Journal of Management Review, 2, 235–238.

Coffee &Tea and Trade & Industry ministries, (2002). *Agricultural Commodities Marketing.*

Cohen, L. & Keith, M. (2000). Research *Methods in Educatio*n. London: Routledge Falmer 11.

CRF (2012). *Strategies to enhance coffee production in Kenya. Coffee Research Foundation (CRF),* Technical Committee Report.

CSA, (1999). *Central Statistical Authority*, Yearbook. Addis Ababa.

Dawson, C (2002). *Practical Research Methods*: *A user-friendly guide to mastering research techniques and projects.* Oxford: How To Books Ltd.

de Jong G. (1997). *Imperfections in the coffee market: The influence on the earnings of Indonesian coffee farmers*. University of Groningen, the Netherlands.

Dwivedi, R. C. (1997). *Cooperative Identity, Concept and Reality*. New Delhi.

Eleni Z. & Gabre, M. (2003*). Getting Markets Right in Ethiopia: An Institutional and Legal   Analysis of Grain and Coffee Marketing*. Addis Ababa.

Federal Cooperative Commission, (2003). Legal framework of cooperatives, Training Manual.

Gittinger, J.P. (2002"). *Economic Analysis of Agricultural Projects*. 2nd Ed. Baltimore and London: The Johns Hopkins University Press.

Hazel,P (200) *Could future markets help growers better manage coffee risks in Costa Rica?* EPTD Discussion paper No.57.International food policy research institute 2033 K Street, NW.Washington DC, 2006 USA.

Herzberg, F. (1966). *Work and the nature of man.* Cleveland, OH: World Publishing Company.

ICA (International Cooperative alliance), (1995). *Cooperatives. 'Schools for Democracy –   UN Department of public Information,* New York.

ICO (1997). *Coffee price determination and Volatility*. International Coffee Organisation.

Karanja, A.M and Njoro, J.K (2002).*Coffee prices and regulation and their impact on live hood of rural community in Kenya.*Tegemeo institute of Agricultural policy and development, Nairobi.

Kegode, (2005). *Economic Governance of Coffee Sector- Focus Central Province*. Paper Submitted to Center for Governance and Development.

Kelly, B.P and Foote, W.F. (2013) *Feeding hungry coffee farmers. Green mountain coffee roasters .Inc*. Cambridge.

KIPPRA (2012). *Value Addition in Coffee Industry in Kenya: Lessons from Cut Flower Sector*. ICBE-RF Research Report No. 21/12.

Knapp, G., (2000). "Farm Cooperatives Benefit Local Communities, In "*Abrahamsen and Scroggs, Agricultural Cooperation*. Minneapolis: University of Minnesota Press.

Kombo, D.K. & Tromp, D.L.A (2006). *Proposal and Thesis Writing: An Introduction*, Nairobi: Paulines Publications Africa.

Kotler, P., (2003). *Marketing Management*. Delhi-India.

Krejcie, R.V. & Morgan, D.W. (1970). "*Determining Sample Size for Research Activities.*" Educational and Psychological Measurement.

Krisiinaswami O.R. & Kulandaiswamy, V., (2000). *Cooperation: Concept and theory*. Arudra Academy, India.

Leary, Z. (2004). *The Essential Guide to Doing Research'*. London: Sage Publications.

Morgan, D.W. & Krejcie, R.V. (1970). *Determining Sample Sixe for Research Activities.* Educational and Psychological Measurement.

Mugenda, M. and Mugenda G. (2003). *Research Methods Quantitative and Qualitative Approaches*. Nairobi: Act Press.

Mulat, D. & Tadele, F. (2001). *The Performance of Grain Marketing in Ethiopia: the Case of the Addis Ababa Central Market*. Addis Ababa.

Mureith, L.P., (2008).*Coffee Kenya: Some challenges for decent work.* A sectorial working paper presented to the International Labour Office, Geneva.

NBE (National Bank of Ethiopia), (2001). *Annual Report of 1999/2000.* Addis Ababa. No 274/2002, Addis Ababa.

Nduati, (2012). *Factors influencing service provision by Cooperative societies in Kigumo District, Murang'a County*, Kenya. MA Project, University of Nairobi.

Oso, W.Y. & Onen, D. (2005). *A genera guide to writing research proposal and report: A handbook for beginning researchers*. Kisumu: Options Printers and Publishers.

Patton, M. Q. (2003). *Qualitative Evaluation Checklist*,' valuation checklist project: Credit Risk as a cause of Banking Crises.

Republic of Kenya (2001). *The Coffee Act 2001.* Published by Kenya Government Printers.

Rijk, de, A.L., (1980). *The marketing and processing of coffee, from development planning area III Aceh.*

Saunders, J. Yin, R.K and Kaufmann, D (2003). *Case Study Research*: *Design and Methods.* London: Sage Publications.

Scarborough, V & Jonathan K. (1992). *Economic Analysis of Agricultural Markets, A Manual.* Marketing series 5, Chathan: Natural Recourse Institute. UK.

Solomon, T. (2002). Performance of Cattle Marketing in Southern Ethiopia with Special Emphasis on Borena Zone Strategy study (final report paper). Addis Ababa.

Tadesse Kuma, (2006). *Marketing smallholders' Coffee in Ethiopia: Does Market Reform Improve Producers' Share.* Agricultural Economics Society of Ethiopia. Addis Ababa.

Tang, T.L. & Roberto, R.L. & Toto, S (2004). From Income to Pay Satisfaction. The Love of Money and Pay Equity Comparison as mediators and Gender as Moderators. *Management Research,* 3(1), 7-26.

The World Book Encyclopedia, (1994) .E-letter (Ethiopia). United States of America.

Tilahun, D (2007). *Performance of coffee marketing co-operatives and members'; satisfaction in dale district: SNNPRS-southern Ethiopi*a. M.Sc. Thesis. Haramaya University.

UNCTAD (1995). *Recent Trends on worlds coffee market*. United Nations Conference on Trade and Development (UNCTAD/COM/59), Geneva.

UNIDO (United Nations of Industrial Development Organization), (2004). *An Industry study commissioned by Ethiopian Trade and Industry Ministry.* Addis Ababa.
Veerakumaran, G., (2003). *Cooperative Theory and Practice*. Mekelle University.

Wilson, M. & McLean, S. (1994). *Questionnaire Design: A Practical Introduction.* Newton Abbey, C. Antrim: University of Ulster Press.

APPENDIX I: INTRODUCTORY LETTER

Felix Mutwiri

University of Nairobi

Eldoret Sub Centre

Dear respondents

I am a student at University of Nairobi undertaking Masters' Degree in Project planning and Management. It is a requirement that a student writes a thesis in the field of study. For that purpose I request you to spare your time to fill this questionnaire that is intended to find out **influence of Co-operatives in providing Coffee marketing agency services on members' satisfaction, a case of Coffee Co-operatives in Songhor Division Nandi County, Kenya.** Kindly spare some time to fill the attached questionnaire to enable me complete this study for which I will be very grateful. You are kindly requested to fill in the blank spaces at the end of each question or statement or simply put a tick where appropriate. This information will be used purely for academic purposes and will be treated in strict confidence. You need not include your name. Any additional information that you might feel is necessary for this study is welcome.

Your participation in this study will be valuable as it will contribute to the achievement of the study objectives. Please respond as honestly and truthfully as possible. Put a tick (√) on the appropriate answer on the statements below.

Thanks in advance for your support.

Regards,

Felix Mutwiri

APPENDIX II: QUESTIONNAIRE FOR COOPERATIVE MEMBERS

Dear respondent

Please answer the questions freely. The information you provide will be treated with utmost confidentiality and will only be used for academic research purposes by the researcher himself.

Section A: Demographic data

1. Name of your Cooperative Society..

2. What is your gender?

   Male (__) Female (__)

3. What is your age bracket?

   Under 25 years (__)   26-35 years (__)   36-45 years (__)

   46-55 years (__)   Above 56 years (__)

4. What is your highest academic qualification?

   Primary (__)   High School (__)   Diploma (__)

   University (__)   Any others, specify……………………………………

5. How long have you been a member in your Co-operative Society?

   Less than 3 years (__)   4-6 years (__)   7-9 years (__) Over 9 years (__)

6. Which type o coffee variety do you grow in your area?

   K7 [   ]   SL28/34 [   ]   K7 and SL28/34 [   ]   Ruiru 11 [   ]

   Any other (specify) _____

Section B: Influence of coffee payments on the level of members' satisfaction

7. How long does it take after coffee is sold for you to be paid by your Co-operative?

   One Week (__)   Two Weeks (__)   One Month (__)

   Two Months (__)   Three Months (__)   Other (Specify) …………………

8. Indicate the level of your satisfaction on the following scale on the influence of timely coffee payments on the level of members' satisfaction. Key 1 – Extremely Dissatisfied, 2 – Dissatisfied, 3 – Neutral, 4 – Satisfied and 5 – Extremely satisfied.

Statement	Extremely satisfied	Satisfied	Neutral	Dissatisfied	Extremely Dissatisfied
a) Our cooperative society does not take long time in repayment of coffee delivered	5	4	3	2	1
b) We are usually paid after making protests to the factory management	5	4	3	2	1
c) Farmers get paid after the coffee is sold to the exporter	5	4	3	2	1
d) The society provides a pre-financing arrangement with farmers	5	4	3	2	1

9. What do you recommend to be done to improve on coffee payments by your cooperative society for the benefit of all members?

_____

_____

Section C: Influence of the amounts of money paid for Coffee sold on the level of members' satisfaction

10. Indicate the level of your satisfaction on the following scale on the influence of the amounts of money paid on coffee sold on the level of members' satisfaction. Key: Strongly Disagree – 1, Disagree – 2, Neutral – 3, 4 – Agree and 5 – Strongly Agree.

	Strongly Disagree	Disagree	Neutral	Agree	Undecided
a) Our coffee the best prices in the market and hence farmers directly benefit	1	2	3	4	5
b) We are paid accordingly with our coffee grade delivered to the factor	1	2	3	4	5
c) We are happy with the amount paid on our coffee delivered for marketing	1	2	3	4	5
d) We usually have meetings to deliberate on the amount of money to be paid to farmers on the coffee delivered for marketing	1	2	3	4	5
e) We have the right to bargain collectively on coffee prices)	1	2	3	4	5
f) The quality of the coffee influences the coffee price	1	2	3	4	5
g) Our lifestyle have improved due to good coffee prices being paid to us by our cooperative	1	2	3	4	5
h) Our society provides competitive prices for our coffee delivered	1	2	3	4	5

11. Do you sell all your coffee through your society?

       Yes (__)   No (__)

12. Imagine you would get a better price for your coffee. When would you sell your coffee to someone else other than your society?

       When the price is 60 sh higher than society's price   (__)

       When the price is 80 sh higher   (__)

       When the price is 100 sh higher   (__)

       When the price is 120 sh higher   (__)

       When the price is 140 sh higher   (__)

Any other, specify _____

13. What type of house does this family live in: (answered by own observation)

    Mudded walls with thatched roof   (__)

    Mudded walls and iron roof   (__)

    Wooden house   (__)

    Brick/ concrete house with mud floor   (__)

    Brick/ concrete house with cement floor   (__)

    Other, specify……………………………………………………………..

14. Suggest measures that you think can be taken to improve on the amount paid by your Co-operative?

_____

Section D: Commission charged for services rendered and influence on members' satisfaction

15. Indicate the level of your agreement on the following scale on the influence of timely coffee payments on the level of members' satisfaction.

Statement	Totally disagree	Disagree	Neutral	Agree	Totally agree
a) The costs of processing and marketing coffee is fairly divided amongst all members					
b) The commission rates charged on coffee processing and marketing are known to members					
c) We are aware of all commissions being charged by the society to members					
d) We usually pay for commission agents fees who in-turn look for markets for our coffee					
e) We are usually double taxed on coffee delivered to the society					

16. Suggest measures that you think can be taken to improve on commissions charged for services rendered on improving members' satisfaction levels?

_____

_____

Section E: Influence of advance payments for Coffee delivered for marketing on members' satisfaction

17. Does your Co-operative give Coffee advance payment for the Coffee Delivered for marketing?

       Always (__)   Occasionally (__)   Rarely (__)   Never (__)

18. Are you provided with sufficient access to credit for purchasing farm inputs for coffee farming from your society?

       Always (__)   Occasionally (__)   Rarely (__)   Never (__)

19. How would you like the coffee advance payment to be administered to the members?

…………………………………………………………………………………......

Section F: Satisfaction of coffee farmers on their enterprise

20. Please give your opinion on the following Likert scale regarding your level of satisfaction on coffee production and marketing.

Statement	Totally disagree	Disagree	Neutral	Agree	Totally agree
a) I don't like being a coffee farmer	1	2	3	4	5
b) I am very satisfied with being a coffee farmer	1	2	3	4	5
c) Being a coffee farmer offers me sufficient opportunities	1	2	3	4	5
d) I want to do something else than coffee farming	1	2	3	4	5

21. Which problems do you face as a farmer in coffee marketing (Tick one or more that applies?

        Market information   (__)

        Storage   (__)

        Grading system   (__)

        Loan repayment   (__)

Theft   (__)

Operational/management know-how (__)

Labor shortage   (__)

Coffee price fall   (__)

Double tax problem   (__)

Price setting   (__)

Scaling/weighing   (__)

Transport   (__)

Credit   (__)

Packaging materials   (__)

Any other (specify) _____

22. Which measures do you think could be taken to improve on members' satisfaction in regard to Coffee Marketing Agency Services provided by your Co-operative?

_____

_____

_____

_____

APPENDIX III: INTERVIEW SCHEDULE FOR COOPERATIVE SOCIETY LEADERS

Dear respondent

This interview seeks your opinion on the extent to which farmers are satisfied / dissatisfied with marketing agency services provided by your cooperative society. Your input and participation in this survey will be of high importance.

1. How long have you been working with the cooperative society? (Either as a farmer or in any other serving capacity)

_____

_____

2. What can you say on the marketing agency activities that your cooperative does on behalf of the farmers?

_____

_____

3. What can you describe on the members level of satisfaction from your cooperative society on;

(a) Timely payments _____

_____

_____

(b) Coffee prices _____

_____

_____

(c) Commissions charged _____

_____

_____

(d) Advance payments _____

_____

_____

4. What has the society done to improve the level of members' satisfaction on their coffee delivered to the market?

_____

_____

5. What are the measures need to be taken by the society management to improve members' satisfaction levels

_____

_____

_____

_____

APPENDIX IV: SAMPLE SIZE DETERMINATION TABLE

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	**1100**	**285**	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size

"S" is sample size.

Source: Krejcie and Morgan (1970).