

**DETERMINANTS OF THE PERFORMANCE OF COOPERATIVE SOCIETIES IN
BOMET CENTRAL, BOMET COUNTY KENYA**

BY

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**Research Project Report Submitted in Partial Fulfillment of the Requirements for the
Award of a Degree in Master of Arts in Project Planning and Management of the
University of Nairobi**

2018

DECLARATION

This is to certify that this research project report is my own original work and should not be copied without permission; and that it has never been submitted before for the award of any degree in any university.

Sign.....

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SUPERVISOR'S DECLARATION

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

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DEDICATION

This work is dedicated to my family who gave me invaluable moral support throughout the period. It is also dedicated to my mother, who taught me that even the largest task can be accomplished if it is done one step at a time.

ACKNOWLEDGEMENT

Generating this report was made possible through the support of a number of individuals and organizations in different ways and in different capacities. I felt indebted to mention a few among the many.

I wish to thank The University of Nairobi for its ability to provide such excellent academic resources in an economically affordable and accessible manner. This is the main reason why I decided to undertake the program at such a time.

My supervisor Dr. Moses Otieno has also been a great asset, motivator and an encouraging force. Thanks for your sincere guidance, suggestions and dedications towards making this work a success. Your efforts won't go unrewarded. May God continue enriching you with knowledge, bless the works of your hands and oversee all other aspects of you wellbeing.

The entire Master of Arts class led by David Korir, the class representative, you are such a powerful force as a team. I could not afford to be left behind.

To Kenya National Library Services (KNLS)-Silibwet Community Library; your resources, staff and services came in handy and at the right time. Thanks so much for your generous support.

TABLE OF CONTENTS

	Page
DECLARATION	ii
DEDICATION	iii
TABLE OF CONTENTS	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF ACRONYMS AND ABBREVIATIONS	xi
CHAPTRE ONE	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Importance of Cooperatives to the Kenyan Economy	3
1.1.2 Cooperative Societies in Kenya	4
1.2 Statement of the Problem	5
1.3 Purpose of the Study	6
1.3.1 Objectives of the Study	6
1.4 Research Questions	6
1.5 Research Hypothesis	7
1.6 Significance of the Study	7
1.7 Limitation of the Study	7
1.8 Delimitation of the Study	8
1.9 Basic Assumptions of the Study	8
1.10 Definition of Significant Terms	9
1.11 Organization of the Study	10
CHAPTER TWO	11
LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Management Competency and Performance of Cooperative Societies	11
2.3 Influence of Organizational Structure on the Performance Cooperative Societies	12
2.4 Corporate Governance Practices on Performance of Cooperatives Societies	13
2.5 Monitoring and Evaluation and the Performance of Cooperative Societies.	14

2.6 Theoretical Framework	16
2.6.1 Theory of Cooperatives	16
2.6.2 Institutional Theory	16
2.6.3 Programme Theory	17
2.6.4 Agency Theory	18
2.5 Knowledge Gap	20
2.6 Summary of the Literature Review	20
CHAPTER THREE	21
RESEARCH METHODOLOGY	21
3.1 Introduction	21
3.2 Research Design	21
3.3 Target Population	21
3.4 Sample and Sampling Procedure	22
3.5 Data Collection Method	22
3.6 Reliability and Validity of the Instruments	23
3.6.1 Validity	23
3.6.2 Reliability	23
3.7 Data Collection Procedure	23
3.8 Data Analysis	24
3.9 Operational definition of variable	24
3.9 Ethical consideration	25
RESEARCH FINDINGS AND DISCUSSION	26
4.1 Introduction	26
4.2 Response Rate	26
4.3. Demographic Characteristics	27
4.3.1 Gender of Respondents	27
4.3.2 Age of Respondents	27
4.3.3 Academic Qualifications	28
4.3.4 Working Experience	29
4.4. Descriptive Statistics	29
4.5 Management Competency	30
4.6 Organizational Structure	31
4.7 Corporate Governance	33

4.7.1 Spending from Approved Budgets	33
4.8 Monitoring and Evaluation	34
4.9 Correlation Analysis	36
4.9.1 Correlation Analysis for Management Competency	36
4.9.2 Correlation Analysis for Organizational Structure	37
4.9.3 Correlation Analysis for Monitoring and Evaluation	38
4.9.4 Correlation analysis for corporate governance	38
CHAPTER FIVE	40
SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS	40
5.1 Introduction	40
5.2 Summary of the Findings	40
5.3 Conclusions	41
5.4 Recommendations	41
5.5 Suggestions for Further Study	42
APPENDIX I: QUESTIONNAIRE	47
APPENDIX II: LETTER OF TRANSMITAL	Error! Bookmark not defined.
APPENDIX III: BUDGET	Error! Bookmark not defined.
APPENDIX IV: TIME SCHEDULE	Error! Bookmark not defined.

LIST OF FIGURES

	Page
Figure 2.1: Conceptual Framework.....	19

LIST OF TABLES

	Page
Table 3.1: Members of Active Cooperatives in Bomet Central.....	22
Table 3.2: Sampling Frame.....	23
Table 3.3: Operational definition of data variables.....	26
Table 4. 1: Response Rate.....	26
Table 4. 2: Distribution of Respondents by Gender	27
Table 4. 3: Respondents Age	28
Table 4. 4: Academic Qualifications	29
Table 4. 5: Working Experience of Respondents	29
Table 4. 6: Management Competency	30
Table 4. 7: Extent to which management competency influence performance of cooperatives societies.....	31
Table 4. 8: Organizational Structure.....	31
Table 4. 9: Extent of agreement with the following statements regarding to Organizational Structure and performance of cooperative societies	32
Table 4. 10: understanding roles.....	33
Table 4. 11: Spend of approved budget	33
Table 4. 12: Monitoring and Evaluation.....	34
Table 4. 13: Extent of agreement with the following statements regarding to Monitoring and Evaluation on performance of cooperative societies in Bomet County.....	35
Table 4. 14: Correlation analyses for management competency	37
Table 4. 15: correlation analysis for organizational structure.....	37
Table 4. 16: correlation analysis for Monitoring and Evaluation	38

Table 4. 17: correlation analysis for corporate governance 39

LIST OF ACRONYMS AND ABBREVIATIONS

GDP:	Gross Domestic Product
PCs:	Primary Cooperatives
ICA:	International Co-operative Alliance
KNBS:	Kenya National Bureau of Statistics
Kshs.	Kenya Shillings
MCDM:	Ministry of Cooperative Development and Marketing
MTP:	Medium Term Plan
SACCO:	Savings and Credit Co-operative Society
SME:	Small and Medium Enterprise
SPSS:	Statistical Package for Social Sciences
UWCC:	University of Wisconsin Centre for Cooperative
WOCCU:	World Council of Credit Unions
KUSCCO:	Kenya Union of Savings & Credit Co-operatives Ltd
SMCs:	Supply and Marketing Cooperatives
SASRA:	Sacco Services Regulatory Authority
KFA:	Kenya Farmers Association
KNCF:	Kenya National Federation of Cooperatives
ATM:	Automated Teller Machine
SMEs:	Small and Medium Enterprises
BOSA:	Back Office Service Activities
FOSA:	Front Office Service Activities

ABSTRACT

Co-operatives have long been recognized to play an important role in societies that translate into the improvement of living conditions of their members. Being voluntary, democratic and self – controlled business associations, cooperatives offer institutional framework through which local communities gain control over the productive activities from which they derive their livelihoods. The goal of this study was to find out the determining factors that influence the performance of cooperative societies in Bomet Central Sub County in Bomet County. The following were the guiding objectives; to investigate the influence of management competencies on the performance of cooperative societies, to examine the extent to which organizational structure affect the performance of cooperative societies, to establish how Monitoring and Evaluation influence the performance of cooperative societies and to determine how corporate governance affect the performance of cooperative societies in Bomet Central. Descriptive research methodology was adopted in the research while stratified sampling was used to draw samples from selected active cooperative societies within the county. The target population was 1,356 members of active cooperative societies and a group 135 was sampled to represent the entire target population. The response rate was 88%. The quantitative data was analyzed using SPSS version 20 in order to present it in descriptive form while qualitative data was analyzed by use of the content analysis. The study found out that 76.4% of the respondents agreed that Management Competencies influenced performance of cooperative societies whereas 23.6% were for the contrary opinion 70% of the respondents were in agreement that Organizational Structure influence the performance of cooperative societies while 30% were of the contrary opinion. 72% of the respondents were of the agreement that Monitoring and Evaluation influenced the performance of cooperative societies while 28% went contrary to the opinion. A majority of 66% of the respondents agreed that Corporate Governance affected the performance of cooperative societies while 44% went contrary to the statement. The study recommends that cooperative societies should have well trained personnel who understand their roles effectively so as to facilitate and enhance the growth and sustainability of cooperative societies. It also recommends that cooperative societies should organize their operations in a manner that it can easily cope with the prevailing business environmental conditions and seize any opportunities that come forth with. Recommendations are also made to cooperative societies to establish strong Monitoring and Evaluation units where they do not exist, and strengthen them where they are already in existence. Another recommendation made was that cooperative management boards be provided with regular trainings trough seminars and other capacity building activities to help them better understand their roles so as to boost the performance of cooperative societies in Bomet Central, Bomet County.

CHAPTRE ONE

INTRODUCTION

1.1 Background of the Study

The cooperative movement in its varied activities is worldwide and rightly described as a movement, indicative of its social as well as economic purposes. Today it is encouraged by governments, to achieve mass participation in national development and thereby provide the means to raise the standards of living for the mass of the people and more especially so within the scattered rural areas (Kiboi 2013). Since in any country the cooperative movement comprises the mass of individual cooperative societies federated as a national movement in different ways.

Co-operatives are perceived to be organizations which are mobilized and controlled largely by small producers, workers and other less economically endowed members of the society who own and obtain service and other benefits from them(KUSCCO, 2006). The statement of co-operative identify from ICA defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

The impact of co-operative in the world economy is both extensive and impressive. It is estimated that there are 800 million people globally, who are members of the co-operatives and 100 million are employed by co-operatives. In nearly all developed countries, they have been the main contributors to economic growth and poverty alleviation. Europe has 58,000 cooperatives, with a membership of 13.8 million. In the US, there are an estimated 72,000 co-operatives with over 140 million members, including 90 million members of SACCOs. Studies have shown that co-operatives are more sustainable than other entities and boast impressive survival and growth rate.

In China, agricultural and rural cooperatives have experienced various challenges and changes as a micro-economic firm model. The road of development has been full of twists and turns since the founding of the People’s Republic of China in 1949. Chinese agricultural and rural cooperatives also include rural credit cooperatives, rural community cooperative organizations, and new farmer specialized cooperatives. The history of China’s SMCs can be divided into three main periods: the flourishing and growth period from 1949 to 1957, the zigzag and slow

development period from 1958 to 1981, and the reform period from 1982 to present. The "Golden Age" of SMCs at the beginning of the Republic, from 1949 to 1957, SMCs developed smoothly and successfully. Government of the People's Republic of China set up the State Administration of Cooperative Business with responsibility for organization, guidance, and promotion of the development of supply and marketing, consumer, credit, transportation, fishery, and handicraft industry cooperatives for the whole country.

In India Primary Cooperatives Credit Societies (PCs) came into being after enactment of the cooperative credit societies Act in 1904. This Act was subsequently revised in 1912 to promote multi-purpose cooperatives and to organize non-credit cooperatives, the cooperatives picked up momentum only after the Reserved Bank of India recommended them in 1937 and the Five year plans provided state support for them.

In Nigeria, there are traditional and modern cooperative societies. The modern cooperative societies started in the country as a result of the Nigerian cooperative society law enacted in 1935 following the report submitted by C. F. Strickland in 1934 to the then British colonial administration on the possibility of introducing cooperatives into Nigeria. Cooperatives Societies in Nigeria like their counterparts all over the world are formed to meet people's mutual needs. Cooperative provide locally needed services, employment and input to farmers, cooperatives also provide opportunities to farmers to organize themselves into groups for the purpose of providing services which will facilitate output of members. According to Nweze (2002) cooperative societies serve as avenues for input distribution

Silas Kobia (2011), recent studies show that co-operatives in many developing countries are experiencing renaissance. For instance there were 554 registered co-operatives in Uganda in 1995 but recent estimates indicate more than 7500. Savings and credit co-operatives, housing, consumer and cottage industries are fast growing. There is potential for farmers producing co-operatives to meet demand from super markets, for fresh fruits, vegetables and dairy products.

Cooperatives in Kenya contribute about 47% of the GDP and 34% of the national savings; empirical evidence indicates further that some 78% of the Kenyan people derive their livelihood either directly or indirectly from Cooperatives. During the year 2011, cooperatives recorded a

turnover of about Ksh.50 Billion (WOCCU, 2010). From this data, we conclude that cooperatives have great potential as poverty economic pillars.

Kenya leads the continent's cooperative movements with more than Ksh.102 Billion in accumulated savings, constitutes about 31 per cent of the countries national savings and 67 per cent of Africa's total (WOCCU, 2010). Kenya also has the highest number of cooperative savings societies and individual members in Africa totaling 3,500 SACCOS with a total membership of about 4.6 million. Out of this total, 2,676 SACCOS are active as compared to Uganda with 1,310 some of which are not active (WOCCU, 2010).

1.1.1 Importance of Cooperatives to the Kenyan Economy

The ministry of Cooperative Development & Marketing (2014) estimated that the Cooperative movement, SACCOs included, employed over 300,000 people directly and 1.5 million people indirectly. Besides creating employment, cooperatives are also sources of income generating opportunities for many people. Accordingly, the Coop Africa paper adds in 2007, SACCOs in Kenya had over 6 million members, 98 per cent of whom were active in the lending activities of their cooperatives. It is therefore evident that the multiplier effect of cooperative membership would see the income generating opportunities spread to more people (Finaccess, 2009).

It goes without saying that the cooperative sector in Kenya presents itself as an important element that can contribute to the realization of the Millennium Development Goals (MDGs) such as primary education for children, gender equality and reducing child mortality. This is because cooperatives as economic associations provide the opportunity for the poor to raise their incomes and because they are democracies with each member having one vote, they empower people to own their own solutions

The Cooperative movement contributes over 31% of the country's national savings, having mobilized over Ksh. 170 billion in domestic savings. Up to 63% of the country's population also derive their livelihood, in one way or another from the movement. In view of all these, the importance of the movement in the goal of making Kenya a globally competitive and prosperous country with a high quality of life cannot be overemphasized (Kuria, 2011). From statistics, it is clear therefore, that the Kenyan economy is heavily dependent on the Cooperative sector. The economic impact of savings and credit co-operatives on the Kenyan economy extends to all

sectors: Agriculture, Health, and Finance etc. Two types of SACCOs exist in Kenya: employer and rural-based. Statistics show that more than 1.5 million people in Kenya are involved in the SACCO movement (Financial Sector Deepening Survey, 2010)

1.1.2 Cooperative Societies in Kenya

The first co-operative in Kenya was initiated by the European settlers in the Rift Valley in 1908. The cooperative was called Lubwa Farmers' Cooperative Society. It was not until 1931 when the cooperative society's ordinance became law that these societies could formally be registered as cooperatives. The first society to be registered under the new Act was the Kenya Farmers Association (KFA) which started as a company in 1923. A new ordinance was then passed in 1945 and a commissioner of co-operative was appointed the following year. By independence time, there were over 600 primary cooperatives in Kenya. Kenya National Federation of Cooperatives (KNFC) was formed in 1964, and in 1966 a new Act was passed under cap 490 of the laws of Kenya (Maina, and Kibanga, 2004)

There are 5,122 registered SACCOs out of the total 12,000 registered co-operatives, which is about 44% of the total number of co-operatives in Kenya. Out of the 5,122 SACCOs, 150 are rural SACCOs (commodity based) while the rest are Urban SACCOs (employee based). All SACCOs operate Back Office Service Activities (BOSA) and have been able to mobilize over Kshs 230 billion, which is about 31 percent of the national saving and granted loans to the tune of Kshs 210 billion (Ministry of Cooperative Development and Marketing, 2010). Cooperatives have registered tremendous growth since mid-1970s and have currently achieved an average growth rate of 25 percent per year in deposits and assets. SACCOS have grown tremendously and currently have about 3.7million members. The 230 SACCOs with FOSAs have diversified into specialized bank- like activities which include deposit taking, saving facilities, debit card (ATM) and money transfers both local and international (Ministry of Cooperative Development and Marketing, 2014). SACCOs play an important role of serving the financing requirements need of households, small and medium enterprises (SMEs). They encourage individuals to save thereby creating or accumulating capital which contribute to economic development of the country.

1.2 Statement of the Problem

Investment is a prime component in any development effort as it is believed to be the surest way of enhancing income and promoting productivity with the intention to break through the vicious cycle of poverty (Mulandi, 2014). The objective of cooperative societies is to empower members through savings mobilization, disbursement of credit and ensuring cooperatives' long-term sustainability through prudent financial practice. (Ademba 2010, and Munjiri 2006).

The ever changing socio-economic landscape in the co-operative sector in the country is bringing about the need for a total rethink and overhaul about the role this sector is supposed to play in socio-economic development of the country, poverty eradication with economic empowerment topping the agenda. In Bomet Central there are 20 active Cooperatives and 10 dormant ones, all registered with the purpose of uplifting the living standards of the residents but little seemed to have been achieved.

Koril (2015) argues that while the Cooperative movement had proved to be a formidable vehicle for wealth creation among its members prior to and after independence in Kenya, recent developments suggest that something has gone wrong. Large coffee cooperative societies have collapsed or have been split-up. Nearly all the cotton cooperatives have collapsed; Land buying cooperatives are alleged to have swindled their members or just benefited the leaders; and many savings and credit cooperatives have experienced problems arising from favoritism in approval of loans, fraud practiced by leaders and management.

As a result, co-operative performance has been declining and a majority of them are not able to compete effectively. Thus, the Co-operatives are currently undergoing a turbulent period trying to adjust to the liberalization of the economy. According to Mwaura (2015) competition has hit hard on cooperative societies because their strength in the industry is still low and have to compete with other well-established commercial cooperative societies. Indeed, Bomet Central has faced the challenge of growing SACCOs as a strong tool to meet financial needs of the people. It is against this background that the researcher sought to study the factors that influence performance of cooperative societies in Bomet Central Sub-county in Bomet County.

1.3 Purpose of the Study

The purpose of this study was to establish the factors that influence the performance of cooperative societies in Bomet Central Sub-county in Bomet County

1.3.1 Objectives of the Study

This research was guided by the following objectives;

1. To determine the extent to which management competencies influence performance of cooperative societies in Bomet Central.
2. To examine extent to which organizational structure influence the performance of cooperative societies in Bomet Central
3. To establish the influence of Monitoring and Evaluation on the performance of cooperative societies in Bomet Central.
4. To determine how corporate governance influence performance of co-operative societies in Bomet Central.

1.4 Research Questions

This research was guided by the following research question:

1. To what extent does management competency influence performance of cooperatives societies in Bomet Central?
2. How does organizational structure of influence performance of cooperatives societies in Bomet Central
3. To what extent does Monitoring and Evaluation influence performance of cooperative societies in Bomet Central?
4. How does corporate governance influence performance of co-operative societies in Bomet Central?

1.5 Research Hypothesis

Ho₁: Management competency has no significant effect on performance of cooperative societies in Bomet Central

Ho₂: Organizational structure has no significant effect on performance of cooperative societies in Bomet Central

Ho₃: Monitoring and Evaluation has no significant effect on performance of cooperative societies in Bomet Central

Ho₄: Corporate governance has no significant effect on performance of cooperative societies in Bomet Central

1.6 Significance of the Study

The study examined determining factors influencing the performance of cooperatives in Bomet Central Sub County in Bomet County. The significance of the study to the County Government of Bomet, Cooperative Societies, cooperative promoters, individuals and even students could not be over emphasized. It would build the basis for further research and provide useful insights to donors, NGOs and other government institutions which will guide in decision making.

The results of the research work would help the County Department of Agribusiness and Cooperative Development to be aware of the basic impediment that it has to contend with so as to be more effective and articulate in its policies, promotional and supervisory activities.

1.7 Limitation of the Study

There were some factors that were expected to present limitations to this study. These factors included time constraints due to the fact the researcher was involved in full-time employment. This was overcome by requesting for all the accumulated annual leave days and also utilizing weekends and evening hours of the working days. The fact that the project required a lot of financial commitment in order to allow the researcher carry out the task was one of the limitations. Money was needed to move around to collect the data, type, print and bind the final documents. However, researcher's personal savings were utilized prudently to ensure that all

necessary costs were met so as to ensure the success of the project. Finally, difficulties were also encountered in reaching out to the members of the cooperative societies since most of them were farmers located in the remote areas of the county. Only a few worked as employees of their Sacco's either as management employees, directors or as elected officials. This was considered during the sampling process so that all the sampled representatives of the target population were reachable.

1.8 Delimitation of the Study

The project work was an assessment of the performance of cooperative societies operating in Bomet Central Sub County of Bomet County but two societies (Stegro Sacco Society and Tenhos Sacco society) were mostly used as case studies. This study therefore was restricted to Bomet Central Sub-county local area of Bomet County due to the large population involved and the scattered nature of cooperative societies in the county. Therefore, it might not apply to other areas.

The study was delimited to the four independent variables, which were; management competency, organizational structures and monitoring and evaluation and corporate governance. These factors influenced the performance of cooperative societies in one way or another though it might not apply to other variables not mentioned in the study.

1.9 Basic Assumptions of the Study

Basically, the study made a number of assumptions. These assumptions included the fact that the sample selected was assumed to be a representative of the entire target population so as to allow the researcher to generalize the findings. The study also assumed that the information that the respondents gave was reliable and accurate and that the respondents returned the questionnaires in time to allow the researcher find adequate time to organize, analyze and interpret the results.

1.10 Definition of Significant Terms

Determinants of the Performance of Cooperative societies: include all the factors that influence the performance of a cooperative society.

Management Competency: extent of the ability to plan, organize, control, direct the activities of a cooperative society and also motivate the employees.

Organizational structure: The hierarchical arrangement of lines of authority, communications, rights and duties of cooperative society staff.

Monitoring and Evaluation: **Monitoring** is assessing progress in order to ensure consistency order and progress; ensuring adherence to rules and regularities during a process at other converge stage.

Evaluation is a process of determining the worth of a process, product policy or program

Corporate Governance: duties and functions of the Management Boards of a cooperative society, deals with issues that result from the separation of ownership and control.

Cooperative society: is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Regulatory body: is a superior organization, can be a government authority or association/union of other cooperatives that formulate rules and regulations to guide the activities of the members e. g SASRA and The State Department for Cooperatives.

Monitoring and Evaluation: Refers to informal supervision of the activities of the staff and the committee by the members and other stakeholders in form of social audit.

Cooperatives: used to refer to societies, SACCOs or any form of registered autonomous association of persons voluntarily united to meet their common needs.

1.11 Organization of the Study

This study was organized into five chapters. Chapter one presented background of the study, statement of the problem, purpose of the study and objective of the study. Chapter two focused on review of literature against backdrop of the key variables. It also featured the theoretical framework and conceptual of the study. Chapter three presented the research methodology, research design, target population, sample size and sample selection. It also dealt with data collection instruments, instruments' pretesting, validity and reliability. Chapter four presented data analysis, interpretation and presentation which detailed the introduction of the chapter, response rate, demographic information of the respondents, age, gender, level of education and answers to the study questions. Chapter five dealt with the summary of the findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review done against the backdrop of the key study variables capturing studies that are related to this area of research. It also puts to focus theoretical and conceptual framework of the study.

2.2 Management Competency and Performance of Cooperative Societies

Cole (2010) argues that management is a collection of activities involving planning, organizing, directing, controlling and motivating. Planning involves deciding the objectives or goals of the organization and strategizing on how to meet those objectives. Cooperatives plan by preparing annual budgets, which are approved by members during the general meetings, mostly Annual General Meetings (AGMs). The members present allocate the society's monies to different cost centers. However, management sometimes over looks such plans with little or no consequences.

Cooperative societies require well trained personnel who understand their role effectively so as to facilitate and enhance the already achieved growth. Management of the societies are determined by the democratic nature of governance in cooperative societies. The members elect the management board for a specific term. The problem with this is that mostly the people elected are not good managers and end up running down the societies (Mudibo, 2009).

This is a current major problem in most cooperative societies. Influential members who have little or no knowledge in management end up taking leadership positions hence running down the very objective of growth of the societies. Mudibo continues to say that majority of the problems bedeviling co-operatives arise from bad governance and poor economic management. While leaders direct and control the organizations, and managers run them, members have authority to demand and enforce good governance in their organizations.

As noted by Cole (2010), management is the distinct process consisting of planning, organizing, actuating, and controlling performance to determine and accomplish the objectives by the use of people and resources. If the management is progressive and has an aggressively marketing and

growth outlook, it will encourage innovation and favor capital proposals which ensure better productivity on quality or both. In some industries where the product being designed is a simple standardized one, innovation is difficult and management would be extremely cost conscious. In contrast, in some industries, a firm cannot survive, if it follows a policy of ‘make-do’ with its existing equipment. The management has to be progressive and innovation must be encouraged in such cases.

According to Noebere (2010) all studies of business failure points to poor management as the main cause. The success of a firm is measured by its profitability which depends on the efficiency of its management.

Kibera (2006) notes that management can be defined as a set of activities directed at the efficient and effective utilization of resources in pursuit of one or more objectives. The resources are usually people, machines, materials, time and managerial know-how.

According to Mwaura (2005), actions of top management influence performance. He also recommended that members, when electing office bearers, including delegates, should ensure that they elect trustworthy persons. Success and hence performance depends on the caliber of the officials that they elect.

2.3 Influence of Organizational Structure on the Performance Cooperative Societies

Organizational structure is defined as the formal system of authority relationships and tasks that control and coordinate employee actions and behavior to achieve goals in organizations (Jones, 2013). Organizational structure describes the formal arrangement of jobs and tasks in organizations (Robbins and Coulter, 2007); it describes the allocation of authority and responsibility, and how rules and regulation are executed by workers in firms (Nahm et al., 2013).

Jones and Hill (2007) noted that performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Leadership may affect change management.

Leadership is widely described as one of the key drivers of effective strategy implementation (Robinson, 2015) However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Grey 2005).

Lorsch, (2014) in his study found out that organization structure may affect performance. Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted .Thompson and Strickland (2010) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure.

Owen (2012) in his study noted that performance depends on a large part on how a firm is organized. The study agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce& Robinson, 2011). One reason strategy implementation processes frequently result in problems or even fail is that the assignments of responsibilities are unclear. The organization structure therefore should fit with the intended strategies (Birnbaum, 2010).

2.4 Corporate Governance Practices on Performance of Cooperatives Societies

Corporate governance is a set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating (Jensen 2011). At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers.

Proponents of corporate governance say there is a direct correlation between good corporate governance practices and long-term shareholder value. There is no uniform set of governance practices, (Keyes, 2014)). These governance best practices will positively impact every company's performance and long-term viability. According to him some of the best governance practices are: building a strong qualified board of directors and evaluating performance, defining roles and responsibilities, emphasizing integrity and ethical dealing and valuating performance and making principled compensation decisions, as well as engaging in effective risk management.

According to Mati, (2012) corporate governance describes how companies ought to be run, directed and controlled. It is about supervising and holding to account those who direct and control the management. He notes that for a Small and Medium Enterprise, it concerns the respective roles of the shareholders as owners and the managers (the directors and other officers). He emphasizes further that it is about setting rules and procedures as to how the company is run. It is also about putting checks and balances in place to prevent abuses of authority and ensure the integrity of financial results.

Jumba (2008) asserted that in cooperatives the governance is concerned with allocation of power and authority between the clients, the board, committee and management. The governance in cooperatives focuses on four areas which are leadership, stewardship, monitoring and reporting where the six governance models which are democratic or association perspective, agency theory (a compliance model), stewardship theory (a partnership model), resource dependency theory (a co-optation model), stakeholder theory (a stakeholder model) and managerial hegemony theory (a rubber stamp) models are applied. He emphasized that application of these theories and models in Cooperatives are related with good credits risks management practices and fosters the Cooperatives performance.

2.5 Monitoring and Evaluation and the Performance of Cooperative Societies.

The concept of the influence of Monitoring and Evaluation was first introduced by Karen Kirkhart (2000) where she defined monitoring and evaluation as the capacity or power of persons, activities or things to produce effects on others by intangible or indirect means. Influence in this context can be a positive or negative force that affects a project program or

policy intervention. Prominence is attached to Monitoring and evaluation in today's management circles as a result of heightened and enhanced awareness of the importance of performance in management (Cook, 2012). The Public Service Commission of South Africa (2008) noted that it is no longer just important for governments to deliver to the population or society, more members of the public are becoming increasingly aware of the importance of the 'How' progress was attained. Monitoring and evaluation aspects which this research intends to investigate from various angles are aligned to questions about the quality of program and policy management in Kenya's cooperative sector and the utility of results of monitoring and evaluation exercises aligned to those management processes.

Monitoring is observed as a constant capacity building activity that utilizes precise gathering of information on determined pointers gives administration and fundamental partners of an on-going improvement intervention signs of the degree of advancement and accomplishment of destinations (Booth and Morin 2011).As indicated by Perrin (2012) Monitoring includes following advancement concerning beforehand distinguished objectives or arrangements, utilizing information effectively caught and measured on a continuous premise. Evaluation according to Organization for Economic Co-operation and Development (OECD) is a systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, efficiency, effectiveness, impact and sustainability.

Ademba (2006) explains monitoring and evaluation (M&E) as a process that helps improving performance and achieving results. Its goal is to improve current and future management of outputs, outcomes and impact. The credibility and objectivity of monitoring and evaluation reports depend very much on the independence of the evaluator or evaluating team in charge. Their expertise and independence is of major importance for the process to be successful. M&E plays a critical role in supporting performance management at various levels, in that it contributes to a thinking that is results oriented and also provides methodological options to support performance management (Mbemba, 2013).

2.6 Theoretical Framework

A theoretical framework refers to how the researcher develops thoughts on what the possible answers could be, these thought and theories are then clustered into themes that frame the subject. This study is based on three major theories namely; Theory of Cooperative, Institutional theory and Programme theory

2.6.1 Theory of Cooperatives

Helmberger and Hoos (1962) can be regarded as having developed the first complete mathematical model of behavior of an agricultural cooperative. Sexton (1995), who provides a brief overview of developments in the economic theory of cooperatives uses the neo-classical theory of the firm to develop short-run and long run models of a cooperative (including behavioral relations and positions of equilibrium for a cooperative and its members under different sets of assumptions) using traditional marginal analysis. In their model, the operative's optimization objective is to maximize benefits to members by maximizing "the per unit value or average price by distributing all earnings back to members in proportion to their patronage volume or use" (Torgerson et al., 1998). Sexton (1995) regards this "landmark" paper so highly because (1) the (correct) analysis of cooperative and member behavior is based on a clear set of assumptions; (2) the model clearly distinguishes between short and long-run behavior in a cooperative; and (3) based on these characteristics, the model set the stage for further advances in cooperative theory in the 1970s and 1980s.

2.6.2 Institutional Theory

Institutional theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas; rules, norms, and routines, become established as authoritative guidelines for social behavior. It inquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Although the ostensible subject is stability and order in social life, students of institutions must perforce attend not just to consensus and conformity but to conflict and change in social structures (Meyer and Rowan, 1991).

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules,

expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (McAdam and Scott, 2004). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding organizations and their environment: the organization being dependent on external resources and the organization's ability to adapt to or even change its environment (Scott, 2004).

2.6.3 Programme Theory

Programme theory is defined in evaluation practice today as the construction of a plausible and sensible model of how a programme should work, (Bickman, 1987). It guides an evaluation by identifying key programme characteristics and articulating how these elements are postulated to relate to each other (Donaldson, 2001); Lipsey (1990) alludes to the complexity and dynamism of the monitoring and evaluation process meaning that this theory will be inadequate, incentives are therefore needed to be in place to regularly collect evidence around the programme theory, testing, reflecting and reconsidering its relevance and assumptions. Data collection plans are made within the framework of programme theory in order to measure the extent and nature of each variable occurrence and then analyzed. The data collected by different methods and sources on the programme elements are triangulated, (Trochim, 1989; Yin, 1994). Weiss (1972) recommended using path diagrams to model the sequences of steps between programme interventions and desired outcomes. This causal model helps an evaluator identify the variable to induce in the evaluation. It helps determine where in the chain of events, the sequence breaks down or stays true to variables in implementation which can influence the pattern depicted in the model. Rossi (2004) describes programme theory as consisting of the organization's plan which deals with how to assemble, configure and deploy resources and how to organize programme activities so that the intended systems are developed and maintained. Programme theory deals with the service delivery plan which examines how the prescribed intervention for a target population accesses the intended levels of intervention inputs through interaction with the

intervention delivery system. In Finality the theory explains how the intended intervention for a specified target population brings about social benefits or impact/Influence (Uitto, 2010). The Monitoring and Evaluation although anchored in the intervention is actually a small project within the intervention whose purpose is improvement of performance and learning. M& E like any intervention is prescribed to performance measurement and improvement. It accesses the program through tools and staff to measure and interact with the program, the program theory therefore fits the study as an explanation.

2.6.4 Agency Theory

In the Agency Theory a contractual relationship is entered by two persons that are the principal and the agent so as to perform some service. This involves delegating some decision making authority to the agent by the principal (Jensen & Meckling, 1976). At the same time an agent is a person employed for the purpose of bringing his principal into a contractual relationship with a third party and does not make a contract on his own behalf (Wright & Oakes, 2002).

Agency Theory was directed at the person presenting the agency relationship. This is where one party delegated work to another party who performed the duty on behalf of the principal (Eisenhardt, 1989). This person was authorized to perform legal acts within his competence and not on his own behalf but for the principal. A growing view in the modern literature recognized however that the two were strange bed fellows. An Insurance Brokers is an agent employed to buy and sell on behalf of another. However, in performing his role, he owes a duty to his principal. The level of care expected is varied; a higher level of care will be expected from a professional broker than from a part-time insurance agent (Wright & Oakes, 2002).

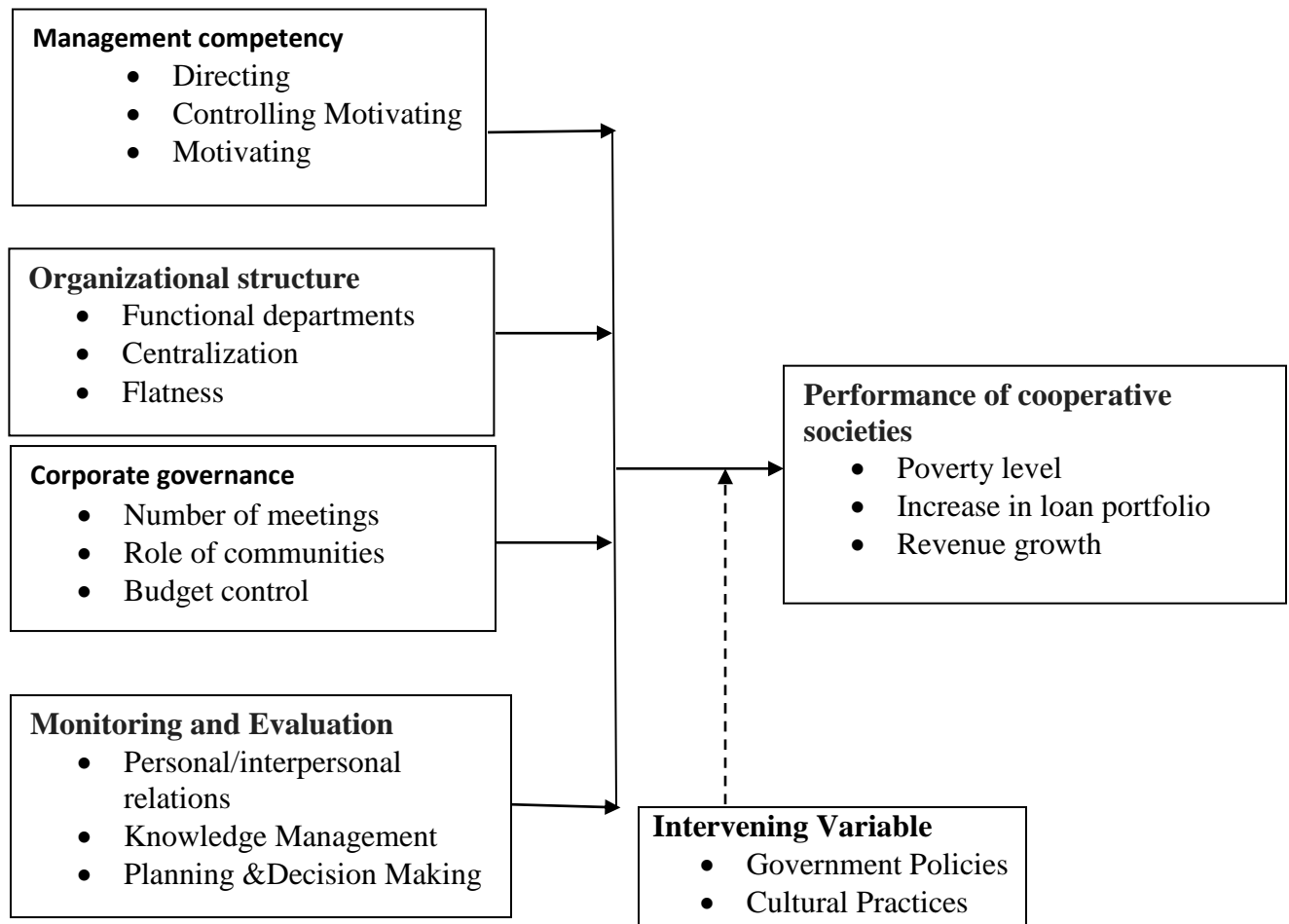
According to the English and American law the liability of a principle for his agent torts in the ordinary course of his employment depended upon the existence of a master- servant relationship. The master was vicariously liable for his servant tortuous conduct committed within the course of employment (Yin, 1989). There were cases where an agency relationship arose when an individual group called principal hired someone called an agent to perform some service, where the principal delegated decision- making power to the agent. This kind of relation included those between stock holders and managers and between stockholders and debt holder

This theory is relevant to this study since it informs the organization structure/governance variable. The managers of UNAITAS Sacco are the agents while the shareholders are the principals. The management of UNAITAS is expected to work on the interest of the shareholders rather than their own interests.

2.4 Conceptual Framework

Conceptual framework outlines the dependent, independent and moderating variables as discussed in the literature review and elaborated in the Figure 1 below. It helps one to understand the relationship existing between the variables of the study

Figure 2.1: Conceptual Framework



2.5 Knowledge Gap

Cooperatives in Kenya have continued to play a very important role in the economy by providing employment to the youth and enhancing economic activities in the rural areas by improving the living standards of the people. The government through the cooperative Act has guided cooperatives to continue discharging its mandate.

Although, many Cooperatives have achieved its objectives many have also been faced with challenges of mismanagement leading to the collapse, banks have offered competition and thus making Cooperatives to lose members who prefer to borrow from the bank due to quick services, but then when the interest rates and the return on investments are compared, Saccos are more cheap and pay better dividends than the banks. This has raised a lot of concerns on what should be done to ensure Cooperatives remain competitive. This study seeks to fill this gap by establishing the factors that influence effective performance of Cooperatives so that it can compete effectively.

2.6 Summary of the Literature Review

The chapter started with an introduction and went on to look at predictor variables that influence the performance of cooperative societies in Bomet Central Sub-county in Bomet County. Since the variables influencing performance of cooperative societies are seen to be quite diverse, the study reviewed specific ones, which are management competency, organizational structure, Monitoring and Evaluation and corporate governance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter discusses the research design, the location of the study area, population, sample size, data collection instruments, their reliability and validity of the responses, and data analysis procedures that will be used in the study.

3.2 Research Design

The design proposed for this study was descriptive research design. This design was used because it explores the independent variables that influence the performance of cooperative societies in Bomet Central Sub-county in Bomet County. It was also chosen because of the descriptive nature and explained events or phenomena as they occurred in the study.

3.3 Target Population

Enthistle (2014) defines target population as any group of people of observation or test in which researchers happen to be interested.

The study targeted 1,356 members of savings and credit cooperative societies in Bomet Central from each of the 5 Wards in the Sub County. The total number of registered cooperatives in Bomet Central is 19. Currently only 8 are active. The study focused on 5 active cooperatives which are mainly Saccos.

Table 3.1: Members of Active Cooperatives in Bomet Central (Sampling Frame)

Cooperative Society	Target
Stegro Sacco Society. Ltd	203
Tenhos Sacco. Ltd	105
Kenya Midlands Sacco Ltd.	352
Chai Sacco Ltd	350
Patnas Sacco Society Ltd	306
Total	1356

3.4 Sample and Sampling Procedure

Sampling according to Kombo (2013) is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group.

In this study stratified sampling was used to select various categories of respondents. Orodho (2012) has opined that in stratified sampling the population is first sub-divided into mutually exclusive segments called strata, based on categories of one or a combination of variables. In this case, the sample was the 5 active cooperatives in Bomet Central Sub County.

Saunders, Lewis & Thornhill (2009) argue that a sample 10% to 20% of accessible population is acceptable in a descriptive research. For this study, the researcher used 10% of the accessible population in the selected Cooperatives.

The sample size, $n = 10\%$ of the population size (1356)

$$n = 10/100 \times 1356 = 135.6 \Rightarrow 135$$

Table 3.2: Sampling Frame

Cooperative Society	Target	Sample size
Stegro Sacco Society. Ltd	203	20
Tenhos Sacco. Ltd	155	15
Kenya Midlands Sacco Ltd.	352	35
Chai Sacco Ltd	350	35
Patnas Sacco Society Ltd	306	30
TOTAL	1356	135

3.5 Data Collection Method

Odhiambo (2010) defines research instruments as the technique or tools which are used for data collection. The researcher used questionnaires to collect data. Questionnaires were used because they gave quantitative data which was easy to analyze. The questionnaires were designed in the same way due to the homogeneity of the employees.

3.6 Reliability and Validity of the Instruments

Validity is the exactness and significance of meaningfulness of inferences, which depend on the examination, comes about or how much outcomes acquired from investigation of the information really speaks to the wonder under investigation (Mugenda and Mugenda, 2003). Reliability is the level of constancy/dependability in task of comparable words, of diverse kind of information to a similar subject by diverse scientists (Hussey and Collins, 2009). The two are further defined below.

3.6.1 Validity

Validity refers to the extent to which an instrument measures what it is supposed to measure (Orodho, 2005). The study adopted content validity which showed whether the test items represent the content that the items were supposed to measure.

Accuracy, clarity suitability of the instrument was determined by the pilot study. The pilot study helped to identify inadequate and ambiguous items for modification. To ensure validity the instruments were examined by the supervisors.

3.6.2 Reliability

Mugenda and Mugenda (2012) define reliability as a measure of the degree to which a research instrument yields consistent results on the data after repeated trials.

The test–retest techniques were used to assess the reliability of the research instruments. The questionnaires was re-administered to the same group of respondents after sometime and the correlation co-efficient between the results was calculated using the spearman rank order correlation.

3.7 Data Collection Procedure

Before administering the questionnaire the researcher gave an introduction letter to the respondents.

The introduction letter was certified by the university to ensure that the respondent gets the confidence to give correct information. Once the respondent was confident and ready to give information, questionnaires were administered but the respondents were not required to give their names. The researcher and the informant made arrangements on the appropriate time to

collect back the questionnaires. To ensure that the informants gave as much information as possible, the questionnaire was open and close –ended questions.

3.8 Data Analysis

The analysis of data required a number of closely related operations such as the establishment of categories, the application of these categories or raw data through coding, tabulation and the drawing statistical inference (Orodho, 2012). The data was analyzed by applying descriptive statistics which include mean, mode and percentages through thematic discussion of issues and themes for the study. Graphs were generated by use of statistical package for social sciences (SPSS) to give figures which can easily be interpreted.

3.9 Operational definition of variable

Table 3.3: Operational definition of data variables

VARIABLE	TYPE OF VARIABLE	INDICATORS	MEASUREMENT SCALE	TOOLS OF ANALYSIS
Management Competency	Independent	Organizing Motivating Planning	Effectiveness of the systems Percentage	Descriptive
Organizational Structure	Independent	Functional departments Centralization	Success	Descriptive
Monitoring and Evaluation	Independent	Knowledge Management Planning & Decision Making	Effectiveness Performance	Descriptive
Corporate Governance	Independent	Role of Communities Budget control	Percentage	Descriptive
Performance	Dependent	Living Standards Development Infrastructure	Poverty Level	Descriptive

3.9 Ethical consideration

Ethics can be defined as the process of determining what is right or wrong and serves to guide one's behavior (Ferrel, 2008).

The researcher enhanced ethics by keeping the information shared by the respondents confidential and assuring them of the same. The study avoided asking personal questions that might invade into the respondents' privacy. After successful completion of the study, questionnaires were kept in a safe archive for future reference should there be need.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and discusses the results. It is divided into two major sub-sections; general characteristics of the respondents and the variables under investigation such as management competency, organizational structure, Monitoring and Evaluation and corporate governance. The chapter also presents techniques employed to analyze data.

4.2 Response Rate

The sample population of the study was 135 but only 125 were accessible. Of the 125 given questionnaire, 110 returned representing 88% response rate. Fincham (2008) believes response rate of approximately 60% for most research should be the goal of researchers, but said higher response rate are achievable and in this study, the response rate was high and sufficient to enable generalization of the results to the target population. On the other hand, the non-responsiveness of the study was 12% which was low to affect validity and reliability of the survey study findings. The response rate was defined by dividing the total number of returned questionnaire by the total number of questionnaire issued out and multiplied by hundred as indicated in table 4.1

Table 4. 1: Response Rate

Response	Frequency	Percentage
Responded	110	88
Not responded	15	12
Total	125	100

4.3. Demographic Characteristics

Cooperatives' profiles were examined through a number of indicators aimed at eliciting useful information to help analyze their performance. The following sections show results of the analysis

4.3.1 Gender of Respondents

The study sought to determine the gender of the respondents who took part in the study. The findings obtained indicate that male respondents were the majority forming 56% of the respondents while female respondents were 44% as shown in table 4.2. There were more males than females in the cooperative societies in Bomet Central Sub-county. The findings are consistent with Bichage (2006) that cooperatives societies are predominantly male dominated. Despite male managers being more in leadership and decision making positions in the cooperatives industry in Bomet Central Sub-County , Kiamba (2008) believes females are better managers than males, and have better return on equity (Hurn, 2013).

Table 4. 2: Distribution of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	62	56
Female	48	44
Total	110	100

4.3.2 Age of Respondents

The study sought to determine the age of the respondents who took part in the investigation. The findings indicate that those who were under the age of 31 - 40 years were the majority forming 35% of the responses. Analysis of findings also indicated that 28% of the respondents were between 18 and 30 years of age. The findings further indicated that 22% were aged between 41 and 50 years while 15% were aged above 51 Years.

The results show cooperatives' had many young employees who were energetic but lack experience in management practices. The study also reveals that older people with experience

were gradually decreasing from managerial positions. Age is related to maturity and in a sense is good but as employees grow older, they tend to focus more on exit and retirement and less on work which cause a lacuna in the management. The implications for the industry are to train younger employees to take over positions left by aging population of managers which have costs. The implications for the study are that different age groups give diverse views about the issues in the study.

Table 4. 3: Respondents Age

Age	Frequency	Percent (%)
18 - 30 Years	31	28
31 - 40years	38	35
41 – 50 years	25	22
above 51 years	16	15
Total	110	100

4.3.3 Academic Qualifications

Education is important at workplace because it is considered to have a positive and significant effect on productivity. This statement was corroborated by Australian Workforce and Productivity Agency (2013) that an increase in the average level of education by one year would on average; result in a 3 to 15 percent growth in GDP per Capita in the long run. The Agency also notes that additional year of learning increases an individual wage by between 5 and 16 percent. In view of this, the study sought to find out academic qualifications of the employees who took part in the research. The results show more than half (53.3 percent) of the managers had Bachelor’s degrees. Slightly over a quarter (26.7 percent) had a Diploma Certificate while 16.7 per cent had Master’s degree. Only one manager had a Doctor of Philosophy (PhD) degree and two managers had other qualifications amounting to 3.3%

Education affects a person’s attitude towards society in general and works in particular. It plays a big role in self-perception and impacts on work processes and shape human relationships and motivation. It affects how the managers react to a study like this and whether they find it important to participate.

Table 4. 4: Academic Qualifications

	Frequency	Percent (%)
College	16	51
Bachelors' degree	8	26.7
Post graduate	5	19
Others-specify	1	3.3
Total	30	100

4.3.4 Working Experience

The study found it necessary to find out the respondents working duration so as to find out the relationship between work experience and performance of cooperative societies in Bomet County. The findings of the study are displayed in table 4. Based on the findings, majority (48%) of the respondents had 1- 5 years of experience while 32% had between 6-10 years. It was also revealed that 16% of the respondents had an experience of over 10 years of experience while 4% had an experience of less than 1 year. In a study on the relationship between business performance and human capital, (Maria, 2011) found that business performance depends highly on the skills of the human resource handling them. The findings are shown in table 4.5

Table 4. 5: Working Experience of Respondents

Experience in years	Frequency	Percentage
Less than 1years	1	4%
1 to 5 years	14	48%
6 to 10 years	10	32%
Over 10 years	5	16%
Total	30	100%

4.4. Descriptive Statistics

Descriptive statistics was used to establish the behavior of data in the study. The features of the mean, standard deviation and variance were observed in the variables (management competency,

organizational structure, Monitoring and Evaluation and corporate governance). A Likert scale data was taken rating the views in a scale of 1 to 5 where 1 represents very low influence and 5 represent very high influence. The results from the collected responses were analyzed based on means and their standard deviations to show the variability of the individual responses from the overall mean of the responses per each aspect of the variables. The mean results were therefore given on a scale interval where a mean value of up to 1 is an indication of very low influence; 1.1 – 2.0 is low influence; 2.1 – 3.0 is moderate influence, 3.1 – 4.0 is a high influence and a mean value of 4.1 and above is an indication of very high influence.

4.5 Management Competency

Cole (2010) argues that management is a collection of activities involving planning, organizing, motivating and controlling Planning involves deciding the objectives or goals of the organization and preparing how to meet those objectives. In this section, the study sought to find the weather management competency influenced performance of cooperatives societies in Bomet Central. The study showed that 76.4% of the respondents agreed that management competency influenced performance of cooperative societies whereas 23.6% were for the contrary opinion as indicated in table 4.6.

Table 4. 6: Management Competency

Opinion	Frequency	Percentage
Yes	84	76.4
No	26	23.6
Total	110	100

Extent to which management competency influence performance of cooperatives societies

The study sought to find out extent to which management competency influenced the performance of cooperatives with reference to in Bomet County. The study found out that majority of respondents 43% agreed to a great extent that management competency influenced performance of cooperative, 32% agreed to a moderate extent, 15% agreed to low extent whereas

10% disagreed that management competency influenced performance of cooperative societies in Bomet County. These findings echoed findings by Cole (2010) that cooperative societies require well trained who understand their role effectively so as to facilitate and enhance the already achieved growth hence management competency influenced the growth of cooperative societies in Bomet County. The findings are displayed in table 4.

Table 4. 7: Extent to which management competency influence performance of cooperatives societies

Statement	Frequency	Percentage
To a great extent	47	43
To some extent	35	32
To low extent	17	15
Not at all	11	10
Total	110	100

4.6 Organizational Structure

Organizational structure describes the formal arrangement of jobs and tasks in organizations (Robbins and Coulter, 2007); it describes the allocation of authority and responsibility, and how rules and regulation are executed by workers in firms (Nahm et al., 2013). This section sought to find out whether organizational structure influenced the performance of cooperative societies in Bomet County. The study found out that majority 70% were in agreement while 30% went contrary to the opinion as indicated in table 4.8

Table 4. 8: Organizational Structure

Opinion	Frequency	Percent
Yes	77	70
No	33	30
Total	110	100

Extent of agreement with the statements regarding to Organizational Structure and performance of cooperative societies

From the findings as shown in table 4.9, the study requested the respondents to rate statements on organizational structure on performance of cooperative societies. Majority of the respondents agreed that organizational structure describes the formal arrangement of jobs and tasks in organizations as shown by a mean of 3.4262; that performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively as shown by a mean score of 3.3279,tha organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate are spotted as shown by a mean score of 3.2131 and finally structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes as shown by a mean score of 3.1820. According to Lorsch, (2014) in his study found out that organization structure may affect performance. Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted.

Table 4. 9: Extent of agreement with the following statements regarding to Organizational Structure and performance of cooperative societies

Statements	Mean	Std Dev.
Organizational structure describes the formal arrangement of jobs and tasks in organizations	3.4262	.647
performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively	3.3279	.350
Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate are spotted	3.2131	.292
Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes	3.1820	.584

4.7 Corporate Governance

Corporate governance is a set of rules that define the relationship between stakeholders, management, and board of directors of a company and influence how that company is operating (Jensen 2011). At its most basic level, corporate governance deals with issues that result from the separation of ownership and control. But corporate governance goes beyond simply establishing a clear relationship between shareholders and managers. The study sought to find out if committee members understood their roles. Based on the findings as shown in table 4.10 Majority of respondents 66% agreed that committee members understood their roles while 44% went contrary to the statement.

Table 4. 10: Level of understanding of the committee members

Opinion	Frequency	Percent
Yes	73	66
No	37	34
Total	110	100

4.7.1 Spending from Approved Budgets

Based on corporate governance, the researcher requested the respondents to indicate whether they were spending using the approved budget. Based on the findings, majority of respondents 74% were in agreement that they were spending using approved budget while minority 26% disagreed with the statement as indicated in table 4.11

Table 4. 11: Spending from approved budgets

Opinion	Frequency	Percent
Yes	81	74
No	29	26
Total	110	100

4.8 Monitoring and Evaluation

Monitoring is observed as a constant capacity building activity that utilizes precise gathering of information on determined pointers gives administration and fundamental partners of an on-going improvement intervention signs of the degree of advancement and accomplishment of destinations (Booth and Morin 2011). In this section the, study sought to find out if monitoring and evaluation influenced the performance of cooperative societies in Bomet County. Based on the findings, majority of respondents 72% were in agreement that Monitoring and Evaluation influenced the performance of cooperative societies in Bomet County whereas 28% were contrary to the opinion as in shown in table 4.12

Table 4. 12: Importance of Monitoring and Evaluation

Opinion	Frequency	Percent
Yes	79	72
No	31	28
Total	110	100

Extent of agreement with the statements regarding to Monitoring and Evaluation on performance of cooperative societies in Bomet County

Table 4.13 depicts the results of monitoring and evaluation on performance of cooperative societies in Bomet County. The results were presented in mean and standard deviation. Majority of respondents indicated that monitoring and evaluation (M&E) is a process that helps improving performance and achieving results as shown by a mean of 3.8043, that monitoring includes following advancement concerning beforehand distinguished objectives or arrangements, utilizing information effectively caught and measured on a continuous premise as shown by a mean of 3.7667 , that monitoring is observed as a constant capacity building activity that utilizes precise gathering of information on determined pointers gives administration and fundamental partners of an on-going improvement intervention as shown by a mean of 3.5000 and finally monitoring and evaluation is the capacity or power of persons, activities or things to produce effects on others by intangible or indirect means shown by a mean of 3.1087. Prominence is

attached to Monitoring and evaluation in today's management circles as a result of heightened and enhanced awareness of the importance of performance in management (Cook, 2012).

Table 4. 13: Extent of agreement with the following statements regarding to Monitoring and Evaluation on performance of cooperative societies in Bomet County

Statement	Mean	Std_Dev
Monitoring and evaluation (M&E) is a process that helps improving performance and achieving results	3.8043	.3394
Monitoring includes following advancement concerning beforehand distinguished objectives or arrangements, utilizing information effectively caught and measured on a continuous premise	3.7667	.2508
Monitoring is observed as a constant capacity building activity that utilizes precise gathering of information on determined pointers gives administration and fundamental partners of an on-going improvement intervention	3.5000	.1606
monitoring and evaluation is the capacity or power of persons, activities or things to produce effects on others by intangible or indirect means	3.1087	.1488

4.9 Correlation Analysis

Correlation is a term that refers to the strength of a relationship between two variables. A strong or high correlation means that two or more variables have a strong relationship with each other while a weak or low, correlation means that the variables are hardly related. Correlation coefficient can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means that there is no relationship between variables being tested (Orodho, 2003). The most widely used types of correlation coefficient is the Pearson R which is also referred to as linear or product-moment correlation. This analysis assumes that the two variables being analyzed are measured on at least interval scales. The coefficient is calculated by taking the covariance of the two variables and dividing it by the product of their standard deviations. A value of +1.00 implies that the relationship between two variables X and Y is perfectly linear, with all data points lying on a line for which Y increases and X increases. Conversely a negative value implies that all data points lie on a line for which Y decreases as X increases (Orodho, 2003). In this study pearson correlation was carried out to determine how the research variables related to each other. Pearson's correlation reflects the degree of linear relationships between two variables. It ranges from +1 to -1. A correlation of +1 means there is a perfect positive linear relationship between variables (Young, 2009)

4.9.1 Correlation Analysis for Management Competency

A correlation analysis for the management competency was conducted to find out how management competency correlated with performance of cooperatives societies. Table 4.14 shows that the Pearson correlation coefficient was 0.7699. (Baily, 2008) indicates that management competency has a positive correlation with cooperative performance (p-values >0.05). The significance of management competency verses cooperative performance as indicated in the table below. These findings indicate that there is a positive linear relationship between management competency and cooperative performance.

Table 4. 14: Correlation analyses for management competency

		cooperative performance	management competency
Cooperative performance	Pearson Correlation	1	6.76
	Sig. (2-tailed)	0.000	
	N	110	110
management competency	Pearson Correlation	6.76	1
	Sig. (2-tailed)	0.000	
	N	110	110

Correlation is significant at the 0.01 level (2-tailed)

4.9.2 Correlation Analysis for Organizational Structure

A correlation analysis for the organizational structure was conducted to find out how organizational structure correlated with cooperatives performance. Table 4.15 shows that the Pearson correlation coefficient was 3.822 a clear indication that organizational structure has a positive correlation with cooperative performance (p-values >0.05). These findings indicate that there is a strong linear relationship between organizational structure and cooperatives performance.

Table 4. 15: correlation analysis for organizational structure

		Cooperatives performance	organizational structure
Cooperatives performance	Pearson Correlation	1	3.822
	Sig. (2-tailed)	0.0001	
	N	110	110
organizational structure	Pearson Correlation	3.822	
	Sig. (2-tailed)	0.0001	
	N	110	110

Correlation is significant at the 0.01 level (2-tailed)

4.9.3 Correlation Analysis for Monitoring and Evaluation

A correlation analysis for the Monitoring and Evaluation was conducted to find out how Monitoring and Evaluation correlated with cooperatives performance. Table 4.16 shows that the Pearson correlation coefficient was 3.199. This is a clear in indication that Monitoring and Evaluation has a positive correlation with cooperatives performance (p-values >0.05). These findings indicate that there is a strong linear relationship between Monitoring and Evaluation and cooperatives performance as shown in table 4.16.

Table 4. 16: correlation analysis for Monitoring and Evaluation

		Cooperatives performance	Monitoring and Evaluation
Cooperatives performance	Pearson Correlation	1	3.199
	Sig. (2-tailed)	0.0002	
	N	110	110
Monitoring and Evaluation	Pearson Correlation	3.199	
	Sig. (2-tailed)	0.0002	
	N	110	110
Correlation is significant at the 0.01 level (2-tailed)			

4.9.4 Correlation analysis for corporate governance

A correlation analysis for the corporate governance was conducted to find out how corporate governance correlated with cooperatives performance. Table 4.17 shows that the Pearson correlation coefficient was 2.899. This is a clear in indication that corporate governance has a positive correlation with cooperatives performance (p-values >0.05). These findings indicate that there is a strong linear relationship between corporate governance and cooperatives performance as shown in table 4.17.

Table 4. 17: Correlation analysis for corporate governance

		procurement performance	corporate governance
Cooperative performance	Pearson Correlation	1	2.899
	Sig. (2-tailed)	0.0002	
	N	110	110
corporate governance	Pearson Correlation	2.899	
	Sig. (2-tailed)	0.0002	
	N	110	110

Correlation is significant at the 0.01 level (2-tailed)

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The main objective of this study was to establish the factors that influence the performance of cooperative societies in Bomet Central Sub-county in Bomet County

5.2 Summary of the Findings

The study reviewed both theoretical and empirical literature on factors that influence the performance of cooperative societies in Bomet Central Sub-county in Bomet County. From the review of related literature, a comprehensive conceptual framework of argument of the relationship between the independent variables and performance of cooperative societies in Bomet Central Sub-county in Bomet County was formulated. From the study findings, it came out that more than half (51 percent) of the managers had Bachelor's degrees. Slightly over a quarter (26.7 percent) had a Diploma Certificate while 19 per cent had Master's degree. Only one manager had a Doctor of Philosophy (PhD) degree and two managers had other qualifications

Based on the findings, majority (48%) of the respondents had 1- 5 years of experience while 32% had between 6-10 years. It was also revealed that 16% of the respondents had an experience of over 10 years of experience while 4% had an experience of less than 1 year.

The study found out that 76.4% of the respondents agreed that management competency influenced performance of cooperative societies whereas 23.6% were for the contrary opinion. These findings echoed findings by Cole (2010) that cooperative societies require well trained who understand their role effectively so as to facilitate and enhance the already achieved growth hence management competency influenced the growth of cooperative societies in Bomet County. The study found out that majority 70% were in agreement that organizational structure influenced the performance of cooperative societies while 30% went contrary to the opinion. Based on the findings, majority of respondents 72% were in agreement that Monitoring and

Evaluation influenced the performance of cooperative societies in Bomet County whereas 28% were contrary to the opinion

From the findings, majority of respondents 66% agreed that Corporate Governance affected the performance of cooperative societies while 44% went contrary to the statement.

5.3 Conclusions

Based on the empirical evidence and findings in this study, a number of logical conclusions can be made.

That there is a positive and statistically significant relationship between management competency and performance of cooperative societies Bomet Central Sub-county in Bomet County. This was shown by the agreement of a huge majority of 76.4% against 23.6%.

Further the study concludes that majority 70% were in agreement that organizational structure influenced the performance of cooperative societies while 30% went contrary to the opinion.

The study also revealed that Monitoring and evaluation influences the performance of cooperative societies in Bomet Central as indicated by 72% of the respondents in agreement.

Additionally the study concludes that majority of respondents 66% agreed that corporate governance contributes to the performance of cooperative societies while 44% went contrary to the statement

5.4 Recommendations

Cooperatives in Kenya have continued to play a very important role in the economy by providing employment to the youth and enhancing economic activities in the rural areas by improving the living standards of the people. The study recommends that the government through the cooperative Act and the State Department of Industrialization and Cooperative Development should continue discharging its mandate to improve the sector.

Additionally the study recommends that cooperative societies should have well trained personnel who understand their roles effectively so as to facilitate and enhance the already achieved growth and maintain trust and confidence among the owners.

The study further recommends that organizations should be structured in such a way that it can respond to external and internal pressure, to changes in the environment and pursue any appropriate opportunities which may come forth with those changes.

Monitoring and Evaluation is important to the individuals, organizations and to the nation at large. It should therefore be established in organizations where it does not exist and strengthened where it is already operational.

In addition, the study recommends that cooperatives provide their management boards with the support for both technical and operational skills through trainings and other forms of capacity building activities to help them better understand their roles in project activities.

5.5 Suggestions for Further Study

This study looked at four independent variables (management competency, organizational structure, Monitoring and Evaluation and corporate governance) which according the study contributes to performance of cooperative societies in Bomet Central Sub-county in Bomet County. The researcher recommends further research to investigate the other factors that influence the performance of cooperative societies. Equally, further research should be carried out in other Sub Counties in Bomet County and also in other counties to ascertain whether these findings are universal.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

NAIROBI UNIVERSITY

INSTRUCTIONS

Kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided.

Section A: General Information

1. Gender.....
2. What is your age bracket?(Tick whichever is appropriate)
 - i. 18 - 30 Years []
 - ii. 31 - 40years []
 - iii. 41 – 50 years []
 - iv. Over 51 years []
3. What is your designation in regards to the Cooperative? (Tick whichever is appropriate)
 - i. Employee []
 - ii. Board Member []
 - iii. Owner (User/Member) []
4. What is your education level? (Tick as applicable)
 - i. Primary and Secondary []
 - ii. College []
 - iii. Bachelors’ degree []
 - iv. Post graduate []
 - v. Others-specify.....

5. Years of service/working period (Tick as applicable)

- i. Less than 1 year []
- ii. 1-5 years []
- iii. 6-10 years []
- iv. Over 10 years []

SECTION B: Management Competency

6 Does management competency influence performance of cooperatives societies in Bomet Central?

- i. Yes []
- ii. No []

7 To what extent do you believe management competency influence performance of cooperatives societies?

- i. To some extent []
- ii. To a great extent []
- iii. To low extent []
- iv. Not at all []

8 If yes, in what ways? Please indicate how management competency influence performance of cooperatives societies in Bomet Central

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

SECTION C: Organizational Structure

9 Does Organizational Structure affect performance of cooperatives societies in Bomet Central?

- i. Yes []
- ii. No []

10 To what extent do you agree with the following statements regarding to Organizational Structure on performance of cooperatives societies?

Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5- very large extent)

Statements	1	2	3	4	5
Organizational structure describes the formal arrangement of jobs and tasks in organizations					
performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively					
Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted					
Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes					

SECTION D: CORPORATE GOVERNANCE

11 How many board meetings are held in a year?

12 Do committee members understand their roles?

i. YES []

ii. NO []

13 Do you spend using approved budget?

(i) YES []

(ii) NO []

If yes who approves the budget?

.....

SECTION E: Monitoring and Evaluation

14 Monitoring and evaluation influences the performance of cooperative societies in your organization

i. Yes []

ii. No []

To what extent do you agree with the following statements regarding to Monitoring and evaluation on performance of cooperatives societies?

Use a scale of 1-5, where (1-Not at all, 2-small extent, 3-moderate extent, 4-large extent and 5-very large extent)

Statements	1	2	3	4	5
Monitoring and evaluation (M&E) is a process that helps improving performance and achieving results					
Monitoring includes following advancement concerning beforehand distinguished objectives or arrangements, utilizing information effectively caught and measured on a continuous premise					
Monitoring is observed as a constant capacity building activity that utilizes precise gathering of information on determined pointers gives administration and fundamental partners of an on-going improvement intervention					
monitoring and evaluation is the capacity or power of persons, activities or things to produce effects on others by intangible or indirect means					