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The Challenges Facing Co-operative Societies In Kenya A Case Study: Kenya Planter Co-operative Union (KPCU)

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Abstract

Co-operative societies sector in kenya play a very important role to the members by giving them affordable financial credit and investment advisory services which help in improving the economic life of the members and the development of the country at large. However, these co-operative societies suffer common problems associated with weak legislation, poor financial management, leadership, governance and political interferance among many others.

Specifically this study will be looking at the challenges that are facing Co-operative societies, a case study of Kenya Planters Co-operative Union (KPCU). This study will mainly focus on the leadership as the main challenge that is affecting Co-operative Societies in Kenya. This project is a review study of whether KPCU could have been saved if the above mentioned issue was well monitored. The beneficiaries of this case study will be stakeholders including: Directors, management of Co-operative societies, employees, suppliers, consumers and the Government. This proposal aims at enlightening those that are managing Co-operative societies to improve in ways they conduct the affairs of the co-operative societies. The anticipated challenges include time and resources. Other challenges anticipated are securing interviews with senior staff and unwillingness of staff to fill questionnaires due to fear of victimization.

The study uses descriptive method which involves the collection of information by interviewing some respondents and administering questionnaires. Other sources that will be used for data collection will be text books, journals, magazines and the internet. Recommendations and conclusions are drawn from the responses received from the data collected. Data is analyzed from the information collected from the questionnaire and the interviews conducted. The method of analyzing data will be determined using statistics. Stratified sampling techniques will be used to select samples. This method will allow the researcher to divide the sample into appropriate strata that are mutually exclusive. Data is presented through charts, graphs and tables.

Key words: Leadership, Leadership challenges, Co-operatives Performance

1. Introduction

The Kenya Planters' Co-operative Union Limited, better known by its acronym KPCU, is one of Kenya's iconic, best known non governmental public institutions. KPCU is known for value adding services to farmers that include: milling, polishing and grading, quality control and liqouring, transit storage facilities, farmer education especially in production of quality coffee among many others. KPCU's problems are traced to its dual registration – first as a co-operative Society under the Societies Act then as a limited liability company under the Companies Act. As a farmer's Co-operative, the members wanted to control the affairs of the co-operative and at the same time being a limited company it was required by the Law to conform to the rules and regulations governing public limited companies. These dual registrations led to the above mentioned problems to manifest itself into major leadership wrangles in the organization between the management and farmers which might have led to failure of KPCU. It is a known fact that most of the stakeholders (coffee farmers) were drawn from one geographical region, the farmers always insisted that those holding major responsibilities including but not limited to the following: The Chairman, Managing Director, Finance, Procurement and Administration at large should come from this region.

1.1 Statement of The Problem

Co-operatives play a major role in resources mobilization, agro-processing and marketing of agricultural produce. The movement plays an important role in wealth creation, food security and generation of employment and therefore alleviating poverty. From the foregoing it is evident that the co-operative movement is of strategic importance in encouraging national savings and development of the country. Changes that occur in the co-operative sector therefore affect the development of the country and the general welfare of the members. Extract from Hesbon O. Ouma, 2012, School of Business, Nairobi University, Financial challenges facing savings and credit co-operative societies in kenya, 2011.

The Kenya Planters Co-operative Union (KPCU) is the largest coffee farmers' co-operative union whose membership is made up of coffee primary co-operatives and large scale coffee growers. The on-going leadership disputes and management crisis within the union have made it difficult to obtain statistical data on membership of the organization. These leadership disputes, corruption and mismanagement have adversely affected its financial and organizational stability, as well as its financial performance for a long time. These issues have frequently caused major disagreements between the Board of Directors and the management staff. Indeed one of the disputes saw all management staffs resign in September 2008. The same problems have seen KPCU being unable to pay farmers promptly for their produce. It is this delayed payment that is triggering some co-operatives affiliated to the union to market their coffee through private agents, thereby adversely impacting on KPCU's income and vibrancy. Other coffee co-operatives are reacting to this situation by revitalizing their secondary co-operative unions, so that the unions can provide the services that KPCU used to render.

1.2 General Objectives Of The Study

To investigate the challenges facing Co-operative Societies in Kenya.

Specific Objectives Of The Study

This study is guided by the following specific objectives:-

a) Find out how financial mismanagement and weak controls affect the performance of an organization
b) Determine how leadership affects organization's performance
c) Establish how political interferance affects the perfomance of an organization
d) Suggest possible solutions to the above mentioned challenges with an aim of improving organization perfomance.

2. Literature Review

The Literature review aims at among other things determining the challenges facing the Co-operative Societies in Kenya, case study the Kenya Planters Corporation Union (KPCU). There are many challenges facing Co-operative societies. These challenges include but not limited to leadership, Political interference and financial management.

2.1 Theoretical Framework

The coffee industry has been experiencing problems ever since the liberalisation of the industry in October 1992, which transferred the marketing of coffee from the Coffee Board of Kenya to the Kenya Planters Co-operative Union (KPCU). The Ministry of Co-operative Development is yet to solve the wrangles evidenced especially in the Central Province where farmers want to break up the large co-operative societies to smaller units in which they can have more say. The management of one co-operative society is faced with explaining how they withdrew Kshs 250 million from Co-operative Bank of Kenya, which ended up into individuals' pockets. Indeed KPCU is not the first co-operative to go under due to wrangles. Some of the giant Co-operatives that have been affected by some of the challenges mentioned earlier, that is leadership, political interference and financial management include Kenya Grain Growers Co-operative Union (KGGCU) , Ulinzi Sacco and Reli Sacco just to mention a few. International Co-operative Alliance (2004) http://www.coop.org/Accessed on 20th May 2013.

KPCU was established in 1937 by small holder Africa Coffee farmers at Ruiru. The main objectives and roles of KPCU was to enable farmers improve their yields, quality and returns on their coffee. Consequently, the company established services such as coffee milling, extension services on coffee husbandry and provison of short term credit to finance coffee production among other activities. But as time went by, leadership wrangles that were characterised by mismanagement, corruption, nepotism and political interferences that could not be contained by the leaders led to the collapse of this giant organization.

Interest in leadership increased during the early part of the twentieth century. Early leadership theories focused on what qualities distinguished between leaders and followers, while subsequent theories looked at other variables such as situational factors and skill level. While many different leadership theories have emerged, Fred Fiedler developed a contingency or situational theory of leadership. Fiedler postulates that three important situational dimensions are assumed to influence the leader's effectiveness. These dimensions includes leader-member relations which is about the degree of confidence the subordinates have in the leader. It also includes the loyalty shown the leader and the leader's attractiveness. He further introduces the Task structure leader which is about the degree to which the followers'jobs are routine as contrasted with nonroutine. He concludes with the Position power leader which is the power inherent in the leadership position. It includes the rewards and punishments typically associated with the position, the leader's formal authority (based on ranking in the managerial hierarchy), and the support that the leader receives from supervisors
and the overall organization.

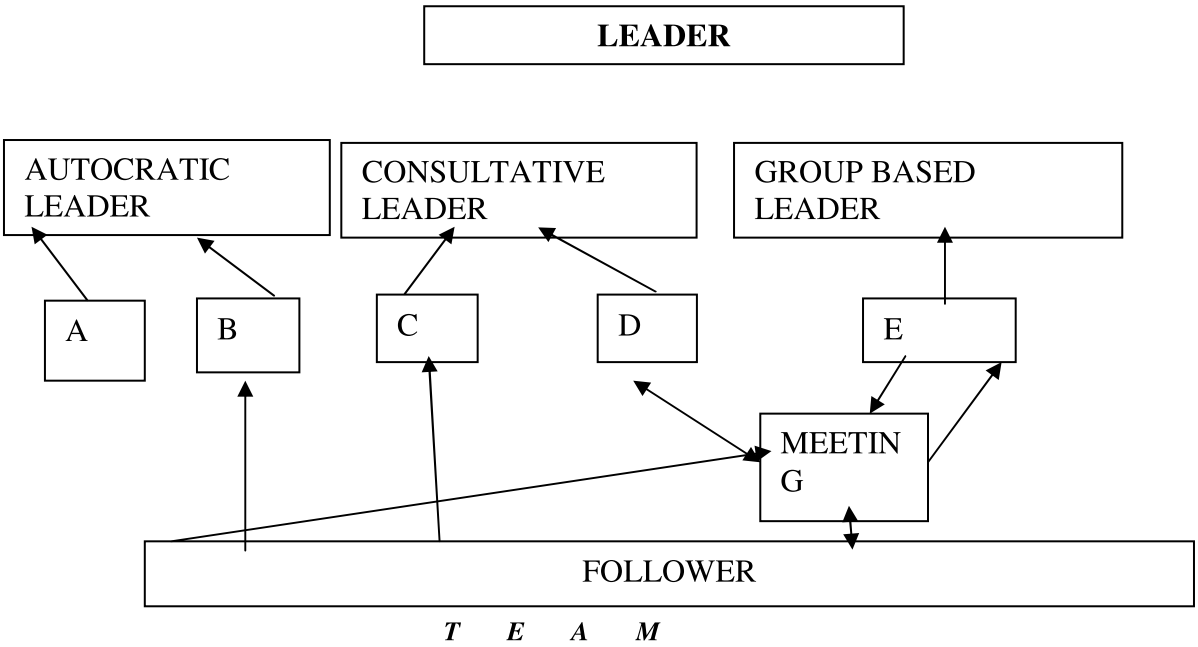
The Vroom and Yetton Model 1 describes the different ways leaders can make decisions and guides leaders in determining the extent to which subordinates should participate in decision making. The expanded version of their model, the "Vroom, Yetton, Jago Model," holds that

(1) organizational decisions should be of the highest quality and (2) subordinates should accept and be committed to organizational decisions that are made. The model presents methods for determining the appropriateness of leader style.

2.2 Decision Making Model

The **Vroom–Yetton contingency model** is a situational leadership theory of industrial and organizational psychology developed by Victor Vroom, in collaboration with Phillip Yetton (1973) and later with Jago (1988). The situational theory argues the best style of leadership is contingent to the situation. This model suggests the selection a leadership style for group decision making.

Figure 1: The Vroom, Yetton, Jago Model



The Vroom and Yetton Model 1 (1973 & 1988)

The Vroom-Yetton-Jago Normative Decision model identifies five different styles (ranging from autocratic to consultative to group-based decisions) on the situation & level of involvement. They are:

2.2.1 Autocratic Type A

Leader makes own decision using information that is readily available to him at the time. This type is completely autocratic.

2.2.2 Autocratic Type B

Leader collects required information from followers, then makes decision alone. Problem or decision may or may not be informed to followers. Here, followers' involvement is just providing information.

2.2.3 Consultative Type C

Leader shares problem to relevant followers individually and seeks their ideas and suggestions and makes decision alone. Here followers do not meet each other and the leader's decision may or may not reflect his followers' influence. So, here followers involvement is at the level of providing alternatives individually.

2.2.4 Consultative Type D

Leader shares problem to relevant followers as a group and seeks their ideas and suggestions and makes decision alone. Here followers meet each other, and through discussions they understand other alternatives. But the leader's decision may or may not reflect his followers' influence. So, here followers involvement is at the level of helping as a group in decision-making.

2.2.5 Group-based Type E

Leader discuss problem and situation with followers as a group and seeks their ideas and suggestions through brainstorming. Leader accepts any decision and does not try to force his idea. Decision accepted by the group is the final one.

Lewin, Lippitt & white describes the democratic leader as one who involves one or more employees in the decision making process. They however say that this leader maintains the final decision making authority. Using this style is not a sign of weakness but rather it is a sign of strength that your employees will respect. Lewin, Lippitt, & White, 1939).

The transformation leader (Burns, 1978) motivates its team to be effective and efficient. Communication is the base for goal achievement focusing the group on the final desired outcome or goal attainment. This leader is highly visible and uses chain of command to get the job done. Transformational leaders focus on the big picture, needing to be surrounded by people who take care of the details. The leader is always looking for ideas that move the organization to reach the company's vision.

KPCU problems are routed in its dual registration. It is registered as a co-operative union under the Societies Act and as a limited liability company under the Companies Act, which compromised leadership styles used to manage the organization. Efforts to revive it were delayed as the ministry tried to reconcile various interests between small-scale farmers and estate producers. F. Ndung'u, Commerce & Industry journal (vol 1 No. 100 June issue 2012 page 40).

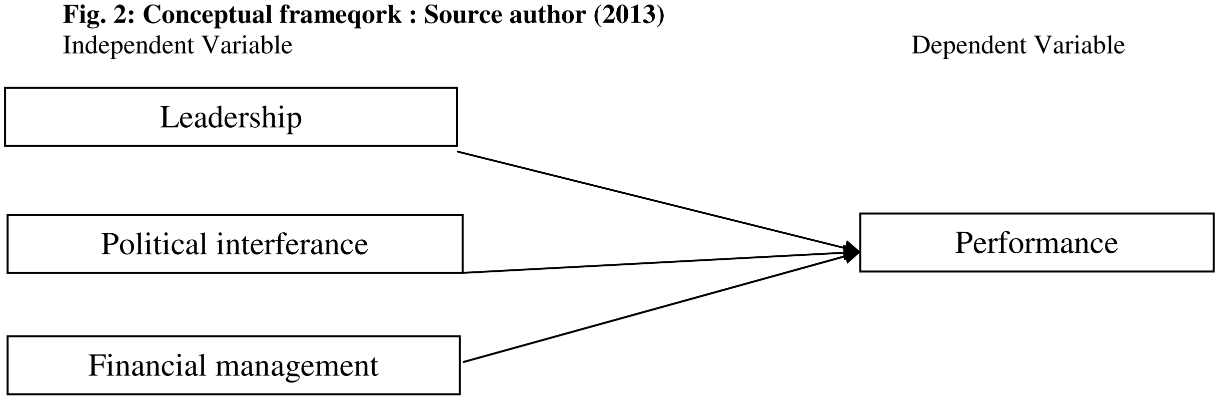
In 2012, the govrnment indicated its intention for a complete takeover of KPCU in its quest to save it from auctioneers. Among matters under consideration was the structure to be adopted in case the government opted to take over the coffee farmers' premier organisation.

Therefore, it can be said that leaders who have good leadership qualities contribute to the success and sustainability of an organization. Therefore, going by the aforesaid, KPCU lacked leaders who had good leadership qualities that could sustain the vision of this organization. Speaking to reporters sometimes back, the chairman of the Kenya Association of Manufacturers (KAM), Mr. Chris Kirubi, said that "By the year 2020, there will be no industry in Kenya unless we attend to the issues raised by manufacturers."

The threat of a collapse of the manufacturing industry raises concern, considering that only 5.1 million of the estimated 30 million Kenyans are employed. In a country with an annual population growth rate of three per cent, with 46 percent of the total population aged 15 years and below, the next five years are scaring as unemployment levels continue to rise. The loss of jobs, which comes with reduced purchasing power, could bring a downfall in the other sectors of the economy, bringing with it sky-rocketing levels of poverty and social breakdown. The manufacturing industry in Kenya has suffered a massive setback since the government started the process of liberalisation of the economy in 1992. No less than 8,600 workers, from only 40 companies, have lost jobs as most of the surviving, and collapsed, companies adopted retrenchment as a cost-cutting method in an attempt to survive. Of the 40 companies involved in a case study, 35 are inoperative while five are under receivership.

2.3 Conceptual Framework

Fig. 2: Conceptual frameqork : Source author (2013)



2.3.1 Leadership

"Leadership is service in the sense that it seeks to meet the needs of one or of the group by performing needed functions. Sometime strong directive power is effective leadership such as when a group has lost its sense of direction or purpose. Sometime the group needs to be encouraged and supported, at other times it may need to be re-oriented". Keating, Charles The leadership book. New York: paulist press, 1982.

It is a mistake to underestimate the effect of the leadership performance on the employee's working experience. The consequences of poor leadership can cost an organization directly and indirectly. The harmony and quality of the team revolves around the team leader. The impact of bad leadership is alarming, even though the system catches up with such bad leaders, it can turn out to be an expensive experience for the company. Delay in the results leads to the payment of penalty, thereby eating up a huge portion of the company's revenue. (Source 2013) internet blog on leadership.

"Good leadership entails listening, getting time to understand and being prepared for the unexpected because that is what is expected. He further says when one is a leader, one is bound to make a lot of mistakes but its prudent to avoid arrogancy becaused it might lead you in a lot of trouble". Mr Etemesi, the CEO of Standard Chartered Bank of Kenya thoughts on Leadership (Management- a KIM publication), April 2012 page 19.

2.3.2 Political Interference

Co-operatives are user owned, user controlled and user benefited organizations. They could be agricultural, non-agricultural, unions or Savings and Credit Co-operatives (SACCOs). They operate in different sectors of the economy including agricultural, handcraft, jua kali, transport, housing development, building and construction, consumer services, banking and insurance. The direct intervention by the Government in management of co-operatives compromised the principles of member owned and run organizations. Government involvement hindered the emergency of member controlled co-operatives since members relied on Government to safeguard their interest. As a result, equality, equity, solidarity, democratic principles, self responsibility and self help that are important pillar of successful producer organizations were thus hindered. This caused the co-operatives to be run as if they were Government owned instead of privately owned member organizations. Extract - P. Gamba & I. Komo, 2011, Evolution, growth and Decline of Co-operative Sector, a paper prepared for the centre for Governance and Development (CGD).

KPCU's problems are traced to its dual registration – first as a co-operative under the Societies Act then as a limited liability company under the Companies Act. The dual registration of Kenya Planters Co-operative Union (KPCU) was the biggest mistake that could happen to this giant co-operative. Under the co-operative Societies Act, the leadership of the society is made up of elected officials at grass root who represent interest of their members.

2.3.3 Financial Management

Financial Management covers all the functions concerned in attempting to ensure that financial resources are obtained and used in the most effective way to secure attainment of the objectives of the organization. The roles of the Finance Manager is to ensure efficient allocation of Financial resources, maintaining control over the resources to ensure objectives are met and raising of finance. ACCA, Financial Management & Control, December 2004/June 2005 paper 2.4.text.

The 1997 Act empowered the members to be responsible for the running of their own co-operatives, through elected management committees. Nevertheless, co-operatives had not prepared for this freedom. This saw many co-operatives report cases of corruption and mismanagement such as gross mismanagement by officials, theft of co-operative resources, split of viable co-operatives into smaller ineffectual units and finally failure of employers to surrender members deposits to co-operatives (particular SACCOS) International Labour Organization (ILO) article in COOP Africa Working paper No. 10 by Fredrick O. Wanyama

KPCU financial woes go back to 2007. While commenting on the market share of KPCU, the then Minister for Co-operative said "KPCU's market share had declined from 14 per cent to 8.5 per cent in the last two years since he took over the Co-operative ministry. The financial situation of the union has been deteriorating. According to its 2007- 2008 financial report, the union recorded a net loss of Sh299 million representing a 147 per cent decline compared to 2007". Hon. Joseph Nyaga, the then co-operative minister as reported in the Daily Nation newspaper Saturday October 31 2009.

As a coffee farmer's Co-operative society, KPCU held a special responsibility of funding its members with an aim of improving their produce. However, KPCU was once accused of mismanaging these funds in many ways including sending directors to meetings abroad thereby using very large amounts on such trips in terms of transport, accommodations and other allowances. KPCU was placed under receivership in 2009 after it failed to service a debt of Sh656 million owned to the Kenya Commercial Bank. As a result, in an effort to recover its money, Kenya Commercial Bank placed KPCU's assets for auction.

In 2012, the government indicated its intention for a complete takeover of KPCU in its quest to save it from auctioneers. Again these efforts were frustrated by the issue of KPCU having dual registration. F. Ndung'u, Commerce & Industry journal (vol 1 No. 100 June issue 2012 page 41).

2.3.4. Critique Of Existing Literature

Many researchers have argued that among many other factors, leadership is the key factor to be natured for any organization to perform well. However, some other researchers have argued that leadership alone cannot contribute to the success of the organization without incorporating other factors. Such factors considered to be important include the Financial Management and positive political support. These researchers have therefore advanced the theory that a combination of these factors results in high productivity and long term prosperity of organizations as opposed to the use of one.

2.3.5. Research Gaps

There is limited literature available on the Sacco Sector despite the cry of the members on the performance of the institutions. The sector has been largely ignored as it was considered insignificant in the economy.
In recent times, the Government has come to realize that the Saccos are holding huge deposits from members such that when one such co-operative goes under, the effect to the economy will be high. This fact is supported by the fact that the co-operative societies are financing many projects such construction, farming, education and transport business among many others.

3. Methodology

3.1 Research Design

The study will use descriptive method which involves the collection of information by interviewing some respondents and administering questionnaires. Descriptive studies describe characteristics associated with subject population. According to Cooper and Schindler (2000) descriptive discover and measure cause and effect relationships among variables. This method is most appropriate for the research because by analyzing the data to be collected one will be able to establish the 'what and why',Mugenda,(2003).

3.2 Population Study

The study targates employees in co-operative societies and information gotten from KUSCO the umbrella body of all co-operative Societies in Kenya and Ministry of Co-operative & Development focusing on KPCU. Since the research project is based on the challenges facing co-operative societies in kenya, case study KPCU, most of the target population will be drawn from employees who deal with cases that affect the operations of the co-operative societies at KUSCCO , the Ministry of Co-operative & Development
Those to be interviewed will consist of 10 employees from KUSCCO and the Ministry of Co-operative & Development respectively.

3.4 Data Collection Procedures and Instruments

A combination of three research methods was used to collect data related to the Challenges facing the Co-operative Societies in Kenya, case study KPCU. The methods to be usedl include information recieved from questionaires, interviews and observations. Printed structured questionaires was given out to the sampled middle and lower cadre population. Top Managers were subjected to interviews because they found getting time to go through questionaires was a problem.

3.5 Data Processing and Analysis

This chapter discusses research design used to achieve the objectives of the study, the samples and the sampling procedure, data collection and description and the analysis and interpretation of the data.Data collected from the field was sorted, edited and screened for errors then descriptive statistics (mean, mode and median) was calculated from the response received so as to obtain a general view of the respondents' opinion. The numerical data that was obtained was presented graphically using tables, graphs and charts for easy interpretation.

3.6 Sampling Methods and Procedures

In this study, I have used purposive sampling techniques at various stages of the research process. According to Aina (2003) in purposive sampling, a researcher selects a sample based on his/her experience or knowledge of the group to identify clear criteria for selecting the sample. Therefore, the researcher will pick on a sample based on the experience, qualification and specialization of the respondents to suit the research needs. The researcher will focus on the top management, middle level managers and lower cadres officers.A sample is a part of a whole. Aina (2003) defines a sample as a group of subject chosen from a large population with the aim of collecting information of this population as a whole. A sample is crucial to the research process because the method of sampling determining whether or not the study sample represents the whole from which it has been drawn. According to Bless and Smith (2004), studying a part of a whole saves both time and recources fo the researcher and is a practical way of collecting data. The sample population for this study will consist of 20 respondents, namely, 5 top managers, 5 middle level managers and 10 lower level officers.

3.7 Data Analysis and Reporting

This chapter presents data analysis, findings and the interpretations relating to the study on the challenges facing co-operative societies, case study Kenya Planters Co-operative Union (KPCU). The research sought to find out the overall effects of challenges facing co-operative societies and possible solution to these challenges.The research instrument included questionaires, which were distributed to 15 middle level and lower level officers. 5 senior managers were targeted for interviews. Some middle level and lower level officers were also subjected to interviews.

Data collected from the field will be sorted, edited and screened for errors then descriptive statistics (mean, mode and median) will be calculated from the response received so as to obtain a general view of the respondents' opinion. The numerical data that will be obtained will be presented graphically using tables, graphs and charts for easy interpretation.

3.8 Response Rate from The Respondents

The response rate is the percentage of respondents in the sample who returned the completed questionaires. In this study the total respondents targeted were 40 and their response rate is given in the table below:-

Table 1 Response Rate

Category of respondents	Number of participants	response	Responses in percentage
Top managers	5	3	60%
Middle and lower level officers	15	10	66.7%

Figure 1 – Bar chart representing the respondent rate

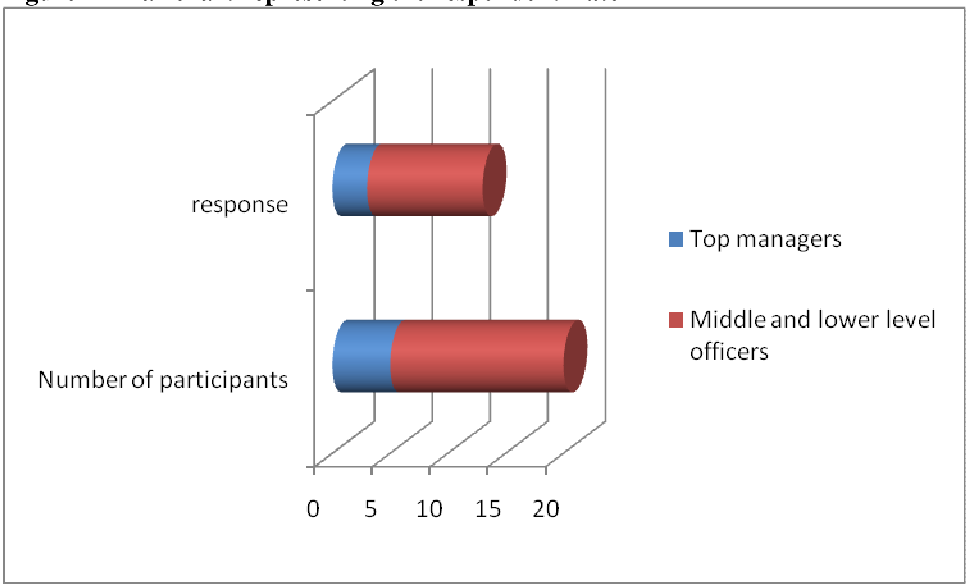


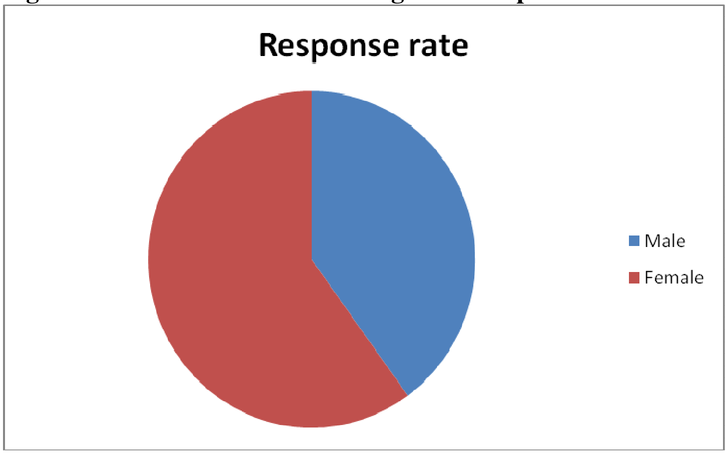
table 1 and the Bar graph above reveals that out of 5 senior managers that were interviewed only 3 (60%) were available for the interview. It also reveals that out of 15 questionaires that were distributed to middle level and lower level officer only 10 responded to the qustionaire. Thus out of 20 targeted population, the researcher managed to get a total of 13 (66.7%) responses overall.

General information
Gender of the respondents

Table 2- Sex of respondences

Sex	Response rate	Percentage%
Male	6	40
Female	9	60
Total	15	100

Figure 2: Pie chart showing sex of respondents

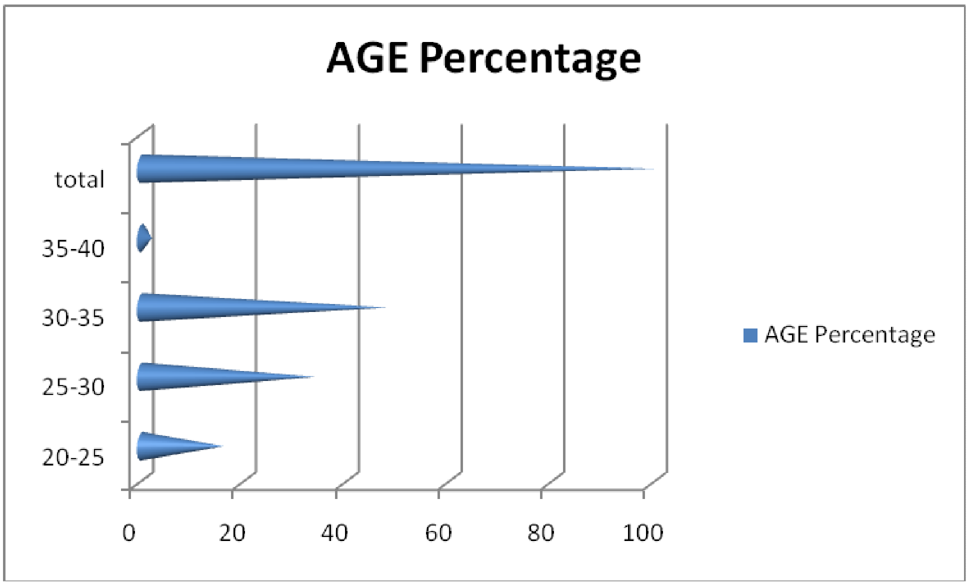


From the findings, majority of the respondents (60%) indicate that they were female while (40%) indicated that they were male. This shows that majority of the respondents were female.

Table 3: Respondents' age bracket

Age	Percentage
20-25	16
25-30	34
30-35	48
35-40	2
Total	100

Figure 3: Bar chart showing respondent's age bracket



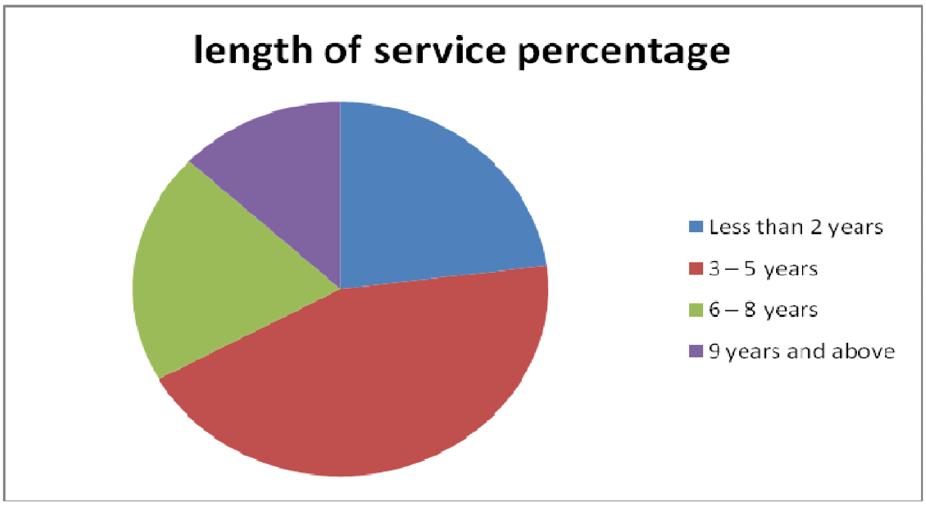
Majority of the respondents (48%) were aged between 31 and 35 years. These were followed by 24% who were aged between 26 and 36 years, 16% who were aged between 20 and 25 years and 12% who were of 36 years and above. This clearly shows that majority of the respondents were aged between 31 and 35 years.

Duration in the organization

Table 4; Length of Service

Length of Service	Percentage
Less than 2 years	23%
3 – 5 years	44%
6 – 8 years	20%
9 years and above	13%

Figure 4: Pie chart showing the length of service



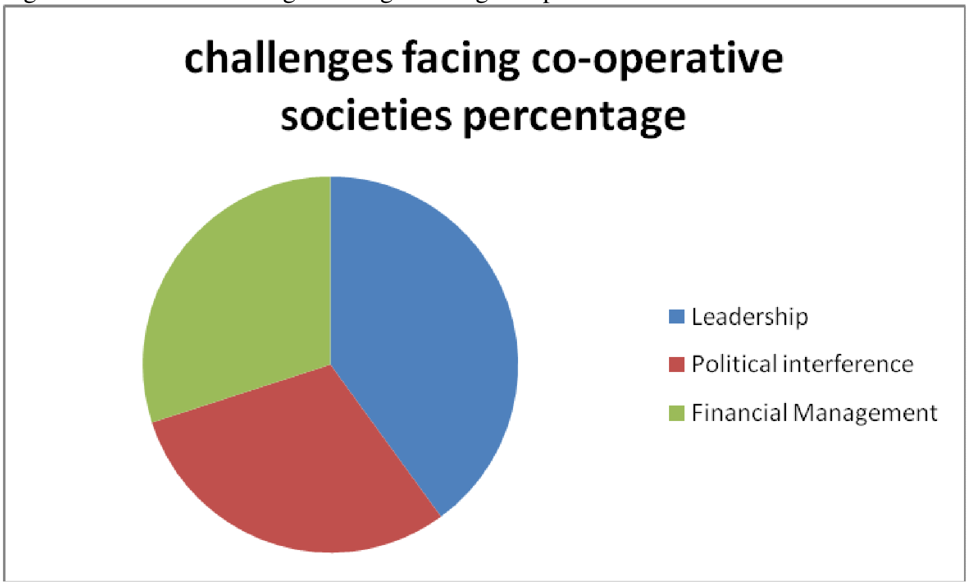
From the findings 44% of the respondents indicated that have spent between 3 and 5 years in their organization, 23% have spent less than 2 years, 20% have spent between 6 and 8 years and 13% have spent 9 years and above.

Overall factors identified as the main challenges facing co-operative societies

Table 5 – challenges facing co-operative societies

Factors	Percentage
Leadership	40%
Political interference	30%
Financial Management	30%

Figure 5: Pie chart showing challenges facing co-operative societies



Results from the figure above illustrate that Leadership is the main challenge that affect co-operative society representing 40% with political interference and financial management representing 30% each.

4. Conclusion

From the Study, information recieved from the interviewees (KUSCCO) and MINISTRY OF CO-OPERATIVES) employess, they identified three (3) major challenges facing co-operatives namely, leadership, political interference and financial Management.

Kenya Planters Co-operative union (KPCU) was a unique institution because it was wholly owned by coffee farmers who voted in the leadership or management at all levels from grass rood to national office. The Board of this union was the supreme organ in the decison making process. Therefore, with the collapse of Kenya Planters Co-operative Union (KPCU) many coffee farmers affiliated to this co-operative society suffered major financial loss. These was due to the fact that they had a challenge of processing their produce and at the same time also marketing their produce.

As discussed earlier the functions of KPCU included but not limited to milling, polishing and grading, quality control and liquoring, transit storage facility, farm education, provision of firm input and value additon and marketing just to name but a few.

Within local communities, strong co-operatives provide the backbone for development of Agricultural Sector. Co-operatives facilitate development of agriculture and agricultural related activities, thereby, increasing the local resource base needed to finance local public service or investments. Co-operatives are also charged with the responsibility of strengthening competitive environment and buiding the firms' capabilities for investment by improving governance and delivery of services. Improved rural infrastructure is critical to success of co-operatives.

The current study found out that indeed co-operative societies are faced with challenges of leadership, political interference and financial management. Specific actions must be taken to help strengthen them. Buidling of the capacity of co-operatives should improve their bargaining power and thus contribute to a more growth enhancing allocation of public goods at all levels, i.e local, regional and national.

5. Recommendations

The current study explains the nature of complicated challenges facing co-operative societies. The findings of this study are hoped to lead to greater and deeper exploration of this matter concerned among the stakeholders in future studies. Based on the findings of the present study, there is crucial need to address these challenges as identified by the interviewees as major causes of non performance of co-operative societies.

1. **Leadership**
   Co-operatives will require assistance in hiring qualified and experienced employees, who could meet the new challenge of competition with other businesses. In addition, assistance will be required in training such staff, particularly on the job training. Poor governance has also stemmed from uninformed co-operative members who are manipulated by a few individuals in electing co-operative officials. Assistance is therefore required in investing in training programs that creates awareness to the co-operative members on their rights. These would in turn make them demand for good governance, i.e transparency and accountability.

2. **Financial Management**
   To overcome the problem of poor and inefficient management systems, the co-operative movement requires to be assisted to invest in developing sound management and accounting models for adoption by co-operatives in a more liberalized economy. This would enhance accountability through strengthening of watch dog systems such as improvement in accounting, budgeting, internal and external accounting. Penalties for fraud and misappropriation of funds could also be made harsh within the legal framework.

3. **Political Interference**
   The direct intervention of Goverment in management of co-operatives compromises the principles of member-owned and run organizations. Goverment involvement hinders the emergence of member-controlled co-operatives since members rely on government to safe guard their interest. As a result equality, equity, soliderity, democratic principles and self responsibility that are important pillars of successful co-operatives are thus hindered. These causes the co-operatives to be run as if they are are government owned instead of privately owned member organization. the following are some of the ways in which the government interferes with co-operative societies:
   i. Recruitments whereby the Government imposes individuals to the top leadership of the co-operative societies. The allegency of such appointees is to the appointing authority and not the interest of the co-operative society is which he has been appointed.
   ii. Formation of fictious entities by politically connected individuals in co-operatives for provision of services at inflated prices that will benefit the said individuals (conflict of interest)
   iii. Illegal contributions of member funds to political activities or parties.

There is urgent need to liberalize co-operative societies so that they can operative as private owned organizations so that members can maximize benefits of the free market enterprise.

6. Suggestions for Future Research

It has come out clearly from the study that there are many challenges facing co-operatives societies. It will be of great importance if future researchers can look at the highlighted challenges and give additional recommendation and suggestion in order to improve the performance of the entire co-operative societies sector.

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