

016-41968

**FACTORS INFLUENCING THE
PERFORMANCE OF COFFEE COOPERATIVE
SOCIETIES IN IMENTI SOUTH SUBCOUNTY,
MERU, KENYA**

KOBIA, ELIJAH KABAI

**A Thesis Submitted in Partial Fulfillment for the Requirements for the Degree of
Masters in Business Administration of
Kenya Methodist University**

May, 2015



ABSTRACT

The performance of the coffee cooperatives which ensure the livelihood of more than 700,000 small holder coffee farmers is crucial in raising the socio-economic status of the smallholder coffee farmers. This research was conducted in recognition to this fact. The objective was to carry out a study on the factors influencing the performance of coffee cooperative societies in Kenya: a survey of the coffee cooperatives in Imenti South Sub County. The problem is that the performance of the coffee cooperatives in terms of the quantity of coffee marketed has been on a down ward trend since 1988. Therefore the specific objectives were: To establish how the regulatory framework influences the performance, to assess the influence of cooperative leadership on the performance, to determine the influence of competition on performance and to investigate the influence of employees on the performance. This was to generate useful and effective ideas whose implementation would assist coffee cooperatives in getting more coffee for marketing and encouraging further interest and enquiries into factors influencing the performance of coffee cooperatives in Kenya and other countries. The literature review covered both theoretical and empirical reviews. The theoretical review was guided by resource based view theory, contingency leadership theory and human capital theory. The three theories give a guide on how the coffee cooperative societies can manage their resources to improve their performance. The empirical literature helped identify research gaps from various studies reviewed. The study adopted a descriptive research design using stratified random sampling. A sample of 196 respondents from a population of 349 persons from the management committee, supervisory committee and employees of the coffee cooperatives in Imenti South Sub County was used. Data was collected using questionnaires which were distributed and collected by a research assistant. Coefficients for the Multiple Linear Regression equation were generated. Hypothesis was tested at 5% level of significance. The results of the study showed that there is a significant relationship between performance of coffee cooperatives and regulatory framework, cooperative leaders and competition. The researcher recommended that the government should strengthen the regulatory framework in coffee cooperatives, ensure cooperative leaders are trained on management courses and members' loyalty is strengthened.