

**FACTORS INFLUENCING RELIANCE ON DEBT IN COFFEE  
CO-OPERATIVE SOCIETIES**

**A Survey of Societies in Kirinyaga County, Kenya**



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## ABSTRACT

Achievement of the desired profitability of a business is the prime goal of each organization. To achieve this adequate finances are a prerequisite. The title of the thesis is factors influencing reliance on debt in the coffee co-operative societies. The coffee society receives heavy capital out lay from coffee sales but end up borrowing from financial institutions to finance its operation. The objectives of the study are to establish how fluctuations in world prices, production levels, price differentials among societies, role of management and government policies influence use of debt. The study will provide solutions to the problems resulting to use of high debt. The research adopted a descriptive research design since the research was modeled on a descriptive nature. The population of the study was 154 comprising of 126 committee members, 14 managers and 14 book keepers. Stratified random sampling method was used to arrive at a sample size of 54. Questionnaires both structured and unstructured were used for data collection. The collected data was analyzed by the use of statistical package for social studies and presented using tables, bar graphs for easier interpretation. The study found that production levels, comparative prices among societies, government regulations influences use of debt in societies while foreign exchange fluctuations and the number of committee members do not have a direct influence on debt reliance. The study recommends the management to strive towards production improvement to enable the societies sustain their operational costs. There is also need for the government to seek alternative ways to market Kenyan coffee rather than the conservative auction system.