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Youth Engagement with Co-operatives in Kenya¹

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ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| AGPO: | Access to Government Procurement Opportunities |
| CIC: | Co-operative Insurance Company |
| ICA: | International Co-operative Alliance |
| ICMIF: | International Cooperative and Mutual Insurance Federation |
| ILO: | International Labor Organization |
| MDGs: | Millennium Development Goals |
| SACCO: | Savings and Credit Co-operative |
| SDGs | Sustainable Development Goals |
| UN: | United Nations |
| USAID: | United States Agency for International Development |
| YEF: | Youth Enterprise Fund |

ABSTRACT

Dynamism, innovation, entrepreneurship, adaptability, continuity and renewal; words that are benignly associated with youth. But the youth face daunting challenges that inhibit realization of this potential; unemployment, ostracization, inexperience, self-destruction through substance abuse among others. Moreover, in spite of the enumerated potential of the youth, their engagement and participation in Kenyan co-operative societies is largely undocumented and less is known about their involvement with, as well as their attitudes and behaviors towards co-operatives. How much knowledge about co-operatives do the youth possess? What is their level of awareness about the potential positive impact of co-operatives on their welfare? What impediments do they encounter when joining co-operatives? Relying on survey data collected from nine (9) Counties in Kenya, and focus group discussions held in five major towns, this research sought to examine and gain valuable insights into the perceptions, behavior and attitudes of the Kenyan youth toward co-operatives. While most of the youth were found to be cognizant of the existence of co-operatives, knew people who have benefitted from them, and perceive co-operatives to be important vehicles for accessing credit and accumulating saving, paradoxically many of them did not belong to co-operative. These findings have important implications on how co-operatives can engage the youth: a) Educate them on the importance of saving for the future and encourage them to engage in income-generating activities. b) Co-operatives should strive to ingratiate themselves with the youth by developing products that resonate with them. c) When reaching out, adoption of communication technologies that appeal to the youth is crucially essential. d) Co-operatives should make themselves more accessible to the youth by flexing membership rules and savings plans. e) Learning institutions – schools, colleges and universities – should consider incorporating co-operative studies in their curricula to enlighten young people on the co-operative model. f) Co-operatives should also consider developing mentorship programs to mainstream the youth into leadership.

Key Words: Co-operatives, youth involvement, co-operative model

CHAPTER 1: INTRODUCTION

The Evolution of Co-operatives in Kenya

Although there are some unverified claims of earlier existence, the origin of the Co-operatives can be traced back to the 19th Century in Europe (Torgerson, Reynolds, & Gray, 1998). A more organized and formalized existence of a co-operative emerged after the formation of Rochdale Society of Equitable Pioneers which came up with a set of principles to run their co-operative (Fairbairn, 1994). Principles that were later adapted by the International Co-operative Alliance (ICA).

In Africa, Kenya in particular, co-operatives started as vehicles for management and marketing of agricultural products of white farmers and were sole preserves of the colonial settlers (Kobia, 2011). The first co-operative in Kenya was set up by white settlers as a dairy and agricultural co-operative at Kipkelion (formerly Lumbwa) in 1908 (Kobia, 2011). Nevertheless, after the Second World War Africans were allowed to form co-operative societies that resulted in mushrooming of many co-operative societies (Minishi, 2012). From then on, co-operatives became the preferred mode that African farmers connected with the growing market economy hitherto patronized by the colonial settlers. Co-operatives became synonymous with wealth creation and Africans embraced them enthusiastically triggering rapid expansion of the sector that quickly became an important vehicle of development.

In spite of the popularity of co-operatives and co-operative societies among Kenyans, particularly farmers, it was not until 1970 that the government officially recognized their existence through a sessional paper (Kobia, 2011). Thereafter, the government created a Ministry of Co-operative Development to regulate and supervise co-operatives. Initially the co-operative sector realized substantive gains through government patronage and direction, which helped the sector to expand rapidly. However, excessive State meddling such as using co-operatives as State agents, caused the sector to plunge into crisis due to lack of visionary leadership, corruption and mismanagement (Wanyama, 2009). The onset of economic liberalization, however, saw the State loosen its grip and co-operatives were given space to operate autonomously under the control of their members. Today, Kenyan co-operatives are regulated through two acts of Parliament; the Co-operative Societies (Amendment) Act of 2004 and the SACCO Society Act of 2008. The former guides formation and management of co-operatives while the latter regulates licensing and supervision of SACCOs.

The Contribution of Co-operatives

The contribution of the co-operative movement to the global economy is hard to deny. Accumulated evidence indicates that co-operatives improve members' incomes, reduce their exposure to risk, and enable them to participate in the affairs of the community (Birchall, 2003). Today, it is estimated that the co-operative sector employs over 250 million people all over the

world – excluding indirect and induced employment (ICMIF, n.d.). Moreover, recent statistics show approximately 1 billion people are involved in co-operatives across the globe (Wanyama, 2014). According to the World Co-operative Monitor (2014), the top 300 co-operative enterprises, which are spread across 26 countries, had a turnover of US \$ 2.2 trillion in 2012.

The significance of the co-operatives in the attainment of the Millennium Development goals (MDGs) has now been recognized by the United Nation (UN), which declared 2012 to be the International Year of Co-operatives. Co-operatives are now viewed as essential instruments of achieving Sustainable Development Goals (SDGs) (Wanyama, 2014). In Kenya, Co-operatives contribute around 45% of the GDP (Wanyama, 2009) and there are over 10 million Kenyans who are members of co-operative societies (Kenya National Bureau of Statistics, 2014). This implies that about 25% of the Kenyan population derives income from the Co-operative sector. Since 2006, the membership of co-operative societies in Kenya has been growing at an average annual rate of 5.7% while the number of co-operative societies have grown at an annual rate of 5% (Kenya National Bureau of Statistics, 2014). Currently, there are over 15,000 Co-operative societies. These statistics illustrate the growing influence of co-operatives in the Kenyan economy, and demonstrate the reach and potential of co-operatives to influence the social and economic wellbeing Kenyan citizens, especially the less privileged.

Co-operatives provide an important bridge of economic empowerment for less privileged people who otherwise would hardly be able to attain reasonable levels of economic security. The proximity of the co-operative societies to members, existence of strong user networks and community relationships present opportunities to drive economic development among the cooperating communities. Co-operatives create employment directly, indirectly and through spillover effects (Gweyi, Ndwiga, & Karagu, 2013). Direct employment refers to employment opportunities created by Co-operatives and co-operative enterprises while indirect employment arises through members' income generating activities that are initiated through the support of Co-operatives (Wanyama, Develtere, & Pollet, 2008). Spillover employment arises through organizations that do business with Co-operatives and co-operative enterprises, for example, suppliers of farm inputs (Aref, 2011).

Another contribution associated with Co-operatives is the reduction of poverty. Firstly co-operatives open up opportunities for the less privileged people to lift themselves out of poverty (Birchall, 2004). Co-operatives enhance the capacity of the poor to exploit opportunities by easing access to credit, provision of education and training, and self-organization. They help and support members to start businesses and engage in income generating activities such as subsistence and cash crop farming (Develtere, Pollet, & Wanyama, 2008; Wanyama et al., 2008). The income generated from these activities helps members to build shelter, feed and clothe themselves, educate their children, and cater for their healthcare expenses. Co-operatives also facilitate supply of inputs and ease members' access to markets. Moreover, they offer members

a voice to lobby for fair trade, and benign legal and policy environment for co-operative enterprises (Develtere et al., 2008).

Co-operatives empower less privileged groups by enabling them acquire assets, access information, participate in setting of policy and making decisions, hold their leaders accountable and cooperate among themselves. Empowerment means that people have the assets and capabilities to participate, negotiate and hold accountable institutions that affect their lives (World Bank, 2001 cited in Birchall, 2004). For example, co-operatives have played a central role in easing women's access to credit by removing barriers such as demand for collateral to securitize the loans hence enabling women acquire assets. Additionally, Co-operatives make credit affordable by charging relatively low interest on loans to members. Co-operative unions and umbrella co-operative societies also give their members a unified and influential channel to participate and influence in National and regional policy debates. It is thus safe to argue that co-operatives have played a significant role in empowerment of vulnerable groups such as women and youth in their pursuit of financial independence.

Due to their structure and philosophy, co-operatives are viewed as effective channels that could roll out contributory insurance schemes, like micro-insurance, to the informal sector (Patel 2002 cited in Birchall, 2004). Co-operatives, therefore, have potential to assist the poor hedge against unexpected shocks, such as inclement weather resulting in crop destruction. Such shocks, when they occur, could cause people, especially those teetering on the edge of the poverty line, to slide back to poverty (Birchall, 2004). Further co-operatives help reduce individual risk by pooling risks and underwriting them through insurance. In summary, co-operatives hold great potential of improving people's lives and may be adapted to tackle economic problems affecting vulnerable groups.

Challenges Facing Kenyan Youth and What Co-operatives can do

The youth face a myriad of problems and challenges ranging from unemployment and underemployment, crime, substance abuse, poor healthcare, high school and college dropout, and exploitation. According to ILO (2015), over 70 million youth aged between 15 – 24 years were unemployed and looking for job in 2014 but the actual number of unemployed youth is estimated to be much higher with unemployment rate three times higher among the youth than adults. The lack of decent employment has exposed the youth to risky and anti-social behavior including drug and substance abuse, crime, and violence (Chigunta, Schnurr, James-Wilson, & Torres, 2005). Moreover, the desperation occasioned by limited involvement in productive activities has left them easy recruitment targets for rebel movements and terrorist groups. This catastrophic reality is now a major headache for many governments, Kenya being one of the hardest hit.

In Kenya, the youth, defined as those aged between 15 and 35 years, account for approximately 35% of the population with an unemployment rate of 67% (Kaane, 2014). Further, over 1 million youths are entering the labor market each year creating an overwhelming demand

for employment and requires creation of at least 1.3 million jobs annually in order to satisfy the demand for employment; a target the Kenyan labor market is unable to meet (ibid). The youth therefore face a daunting challenge of securing employment from a tiny pool of employment opportunities, leaving majority of them precariously exposed to exploitation, teenage pregnancies, sexual abuse, prostitution, and HIV/AIDs infections.

To tackle the problem of youth unemployment, the Kenyan government has initiated programs that include; the Youth enterprise fund (YEF), the Uwezo fund and the access to government procurement opportunities (AGPO) initiative. The overarching goal of these government-led initiatives is to generate decent self-employment opportunities for women and youth. While the last two initiatives target women, youth and people with disabilities, YEF is specifically focused on enabling youth access affordable credit to start businesses. It may, however, be blind optimism to expect livelihoods of the youth to be changed through trickle-down economics of abstract government planning – identifying champion entrepreneurs and incentivizing them to create employment – or trickle up effects emanating from government-funded programs that avail finance capital to unemployed persons to start enterprises (Chigunta et al., 2005). Cognizant of this fact, and in what appears to be a weak imitation of the co-operative model, the government has mandated YEF to go beyond financing of youth-led enterprises and facilitate access to markets for their products and services, provide business development services to these enterprises and assist them build social capital through networking. In spite of the good intentions of the YEF and other government initiatives, the organizing framework is limited. YEF is government controlled, so the youth have little or no control its management and cannot hold the leadership to account. The absence of democratic control and the consequent limited sense ownership makes it difficult to build mutual trust. There is therefore a limit to which YEF and other government-led projects can engage with the youth.

The youth have the advantage of numbers and energy but are barred from economic activities due to lack of education, skills, experience, capital, and access to credit. Furthermore, they lack assets to secure loans; majority rely on temporary employment making their income irregular and unpredictable. This complicates their ability to access credit from banks and other financial institutions. Some of the government-led programs are also guilty of conditioning access to loan to steady flow of income – disqualifying a significant number of the youth from accessing credit. Forming or joining co-operatives would thus help the youth benefit in a number of ways. First co-operatives create synergies that could assist them start and run enterprises (Hartley, 2011). Secondly, membership to a co-operative opens up opportunities for the youth – who complain of being sidelined in decision making at national and local level – to learn leadership skills as well as develop concern for, and contribute positively to the community. Moreover, co-operatives open space for the youth to learn how to deal with challenges in life, for example, prevention of sexually transmitted diseases (STDs) and HIV/AIDs, and businesses skills (Hartley, 2011). In addition, by coming together in a co-operative, the youth would not only create

employment for themselves, but also scale up their bargaining power through collective voice. Figure 1.1 and 1.2 below presents case studies that illustrate the benefits of joining a co-operative.

Figure 1.1: Benefits of a Co-operative – Case study 1

MOINAP WOMEN SACCO

In 2007, a group of twelve women involved milk hawking business in Uasin Gishu County, wondered how they could scale up their business and minimize dependence on their husbands. They decided to start a merry go-round self-help group that every member would contribute Kes. 300 every month. Soon, the self-help group attracted attention from other women who persuaded them to allow them join. The group, however, felt the merry go-round arrangement was inadequate to accommodate a larger group; they decided to set up a women-only co-operative and MOINAP SACCO came into existence. With the help of the local women leadership, the group fundraised an initial seed capital of Kes. 900,000. They used the money to open an account, formalize registration of the SACCO and started lending small loans to members. This SACCO that draws membership from local women – house-helps, mama mbogas, hawkers and owners of micro-enterprises – now has over 3,000 members and capital accumulation exceeding Kes. 50 million. Today, with the help of MOINAP SACCO, some women have acquired property, others have expanded their businesses and majority no longer depend on their husbands meet their basic needs.

Figure 1.2: Benefits of a Co-operative – Case study 2

HURUMA MATATU SACCO - ELDORET

To eke out a living, Karuga bought an old van and decided to venture into matatu business. That was 2007. But after operating for one and half years, he found himself penniless, riddled with debt and struggling to keep the business afloat. He knew he was not the only one facing such a challenge; he had seen a number of his friends close shop for similar reasons. “Why not form a group to help us save for a rainy day?” he thought to himself as he pondered how to save his small business. He decided to share his idea with a few of his friends in the matatu business. A year later, Huruma Matatu SACCO was formed with a membership of ten people. Members decided to save at least Kes. 100 every day without fail. Within one year Karuga had saved Kes. 50,000. Now, he no longer had to worry about money to renew insurance for his matatu or to buy spare parts; Huruma SACCO was there to loan him the cash. Soon other matatu owners joined the SACCO and membership grew steadily. After few years of existence, Huruma SACCO started paying dividends to members. Karuga acquired two more matatus and his savings have accumulated to several millions of shillings, thanks to the SACCO loans. By 2013, Huruma SACCO members could borrow up to Kes. 9 million at an interest rate of only 10% per annum. The same year, Huruma SACCO was voted the best managed matatu SACCO in Uasin Gichu County. Karuga has this to say about saving in a SACCO; “Matatu business actually has a lot of money, but this money doesn’t help the owner if you don’t have financial discipline to accumulate your savings. If you control your resources yourself alone actually you can’t go far but in a group, they will instill discipline on you, financial discipline.”

The Research Problem and Purpose of the Study

What potential do co-operatives have for the youth? There is a lot that co-operatives can do. There two ways of thinking about the youth and co-operatives: how they form and organize co-operatives to meet their own needs, and how existing co-operatives engage and recognize youth participation (Smith, Puga, & Macpherson, 2005). But do co-operatives need the youth? Resoundingly yes, because the youth are more adaptable to technology and have a higher capacity of innovation and entrepreneurship than their older counterparts; they represent continuity and generational renewal of membership and most often challenge the status quo – becoming agents of organizational transformation (Hartley, 2011; Scullion, 2005). Moreover, incorporating the youth in co-operatives might help to bridge intergenerational relationships, and ensure development of future leadership (Zimmerman, 2007).

Despite the enumerated benefits of youth participation as well as their crucial role in the continuity of co-operatives, our knowledge about their engagement with co-operatives, particularly in Kenya, remains limited (Gicheru, 2012;Hartley, 2014;Kobia, 2011). Although

continuity and revival of co-operatives is majorly anchored on participation of the youth, there is little documented evidence about the attitudes and behaviors of the youth towards co-operatives (Wilson, 2005). For instance, a study conducted in Argentina by Vuotto (2005) ascribed students' lack of understanding of the workings of co-operatives to paucity of information. Hartley (2014) also lamented the scarcity of knowledge on youth engagement with co-operatives. Consequently, there is high likelihood that the youth have misunderstood and prejudiced co-operatives and vice-versa. Evidently more research is required to expand our knowledge about the youth and co-operatives. So we ask; how much knowledge about co-operatives do the youth possess? What is their level of awareness about the potential positive impact of co-operatives on their welfare? What impediments do they encounter when joining co-operatives? The purpose of this study was to investigate the perceptions, behavior and attitudes of Kenyan youth toward co-operatives. Specifically the study sought to:

- a) Assess youth's awareness of the existence co-operatives in Kenya
- b) Document perceptions and views of Kenyan youths about co-operatives
- c) Determine the level of involvement of the youth with co-operatives in Kenya



Mombasa County Bunge SACCO in a membership recruitment drive. The Youth Bunge SACCOs are an initiative of Yes Youth Can (YYC), a Nation-wide program supported by USAID for the empowerment of the Kenyan Youth. For more information visit the USAID website:

<http://www.usaid.gov/news-information/videos/yes-youth-can-kenya>

Source: https://www.facebook.com/MombasaCountyBungeSacco/photos_stream

CHAPTER 2: RESEARCH METHODOLOGY

Research Design

Our study used both exploratory and cross-sectional descriptive research designs. This approach was reckoned useful in capturing the phenomenon of youth's perceptions as it occurred or existed in the environment. Specifically, the design was deemed appropriate as the study involved interrogating the youth and conducting extensive surveys.

The Sampling Strategy

The study adopted Youth Enterprise Development Fund's (YEF) definition of a youth that defines a youth to be a person aged between 18 – 35 years ("About the Youth Enterprise Fund," n.d.). At this age the youth are expected to be either attending college or engaged in income generating activities. To ensure diversity and representation, the country was divided into eight regions: Mount Kenya region, Western region, Nyanza region, Rift Valley, Nairobi, North Eastern Kenya, Coastal, and Eastern region. Samples were, however, drawn from six of the eight regions; Nairobi was considered to have almost similar characteristics as the Mount Kenya region while North Eastern Kenya was left out due to practical difficulties – the cost and logistics of reaching the respondents.

A sample of 9 counties – constituting almost 20% of all the counties – was selected. The selected counties were: Baringo, Homa Bay, Kakamega, Kilifi, Kitui, Nyeri, Migori, Taita Taveta, and Trans Nzoia. From each county a sample of 400 youths was selected. The sample size of the youths was determined using Yamane's formula (Israel, 2009). Since the youth constitutes about 35% of the Kenyan population (Njonjo, 2010), the youth population in each county was estimated by taking 35% of the county's population to calculate the sample size per county. This translated to a sample size of 400 youths per county aggregating to a total target sample of 3,600 youths.

Data Collection

Data was gathered using enumerator administered questionnaire and focus group discussions. Given the limited attention paid to the youth and co-operatives (Hartley, 2014), it was necessary to obtain as much information about youth engagement with co-operatives as possible. In order to enhance the response rate, enumerator-administered questionnaire was deemed appropriate. The questionnaire consisted of both closed - and open-ended questions. Closed-ended questions were used to gather facts on the demographic characteristics of the participants as well as their knowledge, perceptions and involvement with co-operatives. The open-ended questions helped to tap into additional and unanticipated information that could not be captured using close-ended questions. This provided an opportunity to gain valuable insights about the rationale behind the choices of behavior among the youth as they interacted with co-operatives.

Focus group discussions were used to capture views and opinions of the youth about co-operatives in a more elaborate way. This aided the study to obtain different perspectives of the

youths' experiences with co-operatives. Each focus group had five (5) – eight (8) participants and lasted for 1.5 – 2 hours. There were five focus group discussions that were held in Nyeri, Embu, Kitui, Mombasa, and Eldoret. Participants in the focus groups included youths who were members of co-operatives and others who had not involved themselves with co-operatives. This ensured an engaged debate among the participants about the pros and cons of youth involvement with co-operatives. All focus group discussions were recorded using a digital recorder and later transcribed.



Data enumerators collecting data in Kitui (top) and Baringo (bottom left) Counties. Bottom right: a panoramic view of Tugen Hills in Baringo County

CHAPTER 3 : DATA ANALYSIS AND RESULTS

The research data collected was both qualitative and quantitative. Quantitative data was analyzed using descriptive statistics while qualitative data was coded and analyzed thematically to generate categories and sub-categories pertinent to youth involvement with co-operatives. Whereas qualitative data provided detailed narratives rationalizing perceptions, behavior and attitudes of the youth towards co-operatives, quantitative data revealed the prevalence of the same among them. The sections that follow present the results obtained after data was analyzed.

Demographics

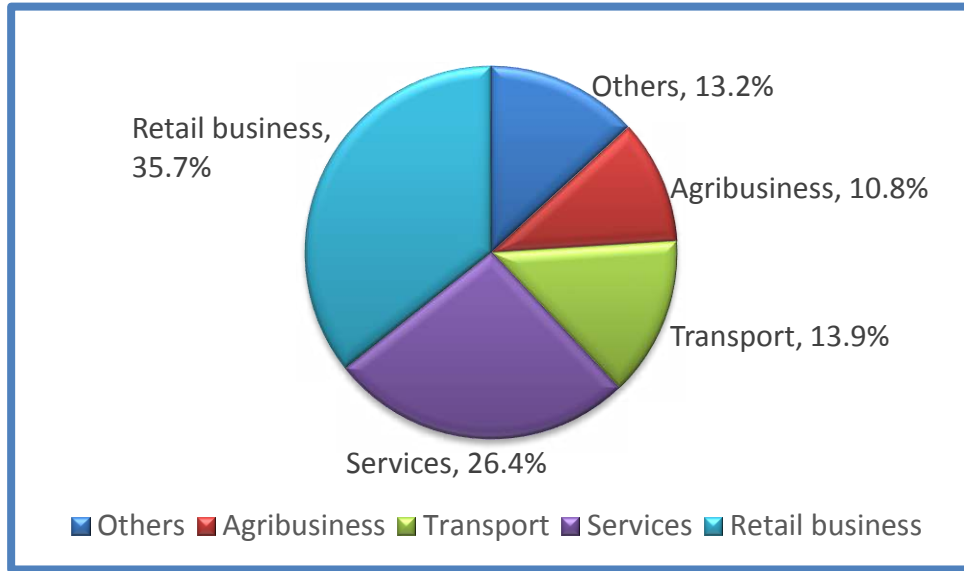
The study targeted a sample of 3,600 youth but 1,791 responses were received representing a 50% response rate. The distribution of the responses and the respective response rates across the sampled counties are shown in table 3.1 below. Among the participants 44.9% were female and the rest male. Majority (60%) of the participating youths had ages between 18 – 25 years while the others were aged 26 – 35 years. Of the youth that participated in this study, 15.3% had completed primary school, 32.8% had completed secondary school, 39.2% had post-secondary qualification while 12.7% had a university degree.

Table 3.1: Distribution of responses by County

| County | Baringo | Homa Bay | Kakamega | Kilifi | Kitui | Migori | Nyeri | Taita Taveta | Trans Nzoia | Total |
|--------------------|---------|----------|----------|--------|-------|--------|-------|--------------|-------------|-------|
| Responses received | 172 | 182 | 220 | 199 | 138 | 203 | 250 | 204 | 223 | 1791 |
| Response rate | 43% | 46% | 55% | 50% | 35% | 51% | 63% | 51% | 56% | 50% |

Although most of the youths in this study (59.6%) were engaged in income generating activities, majority of them (44.3%) earned less than Kes 5,000 per month, 33.1% had a monthly income between Kes. 5,000 – 10,000 and only 22.6% earned more Kes. 10,000 per month. As figure 3.1 indicates, retail businesses – retail shops, grocery kiosks, hardware shops, selling clothes, footwear shops, hawking and butcheries – were found to be most popular income generating activity. Service related businesses – salons, barber shops, mobile money transfers, agency banking, cyber cafes, entertainment, and car wash – were also found to be popular with the youth.

Figure 3.1: Income Generating Activities



Youth Awareness about Co-operatives

As shown in figure 3.2, 87.8% of the youth indicated they had heard about co-operatives while 60.0% reported knowing someone who had benefitted from a co-operative society. Majority of the youth, figure 3.3 reveals, came to learn about co-operatives from friends and colleagues (35.0%) and media (3.8%), while others got to know from relatives, schools/colleges and public campaigns mostly conducted by co-operatives.

Figure 3.2: Number of Youths who had heard about Co-operatives

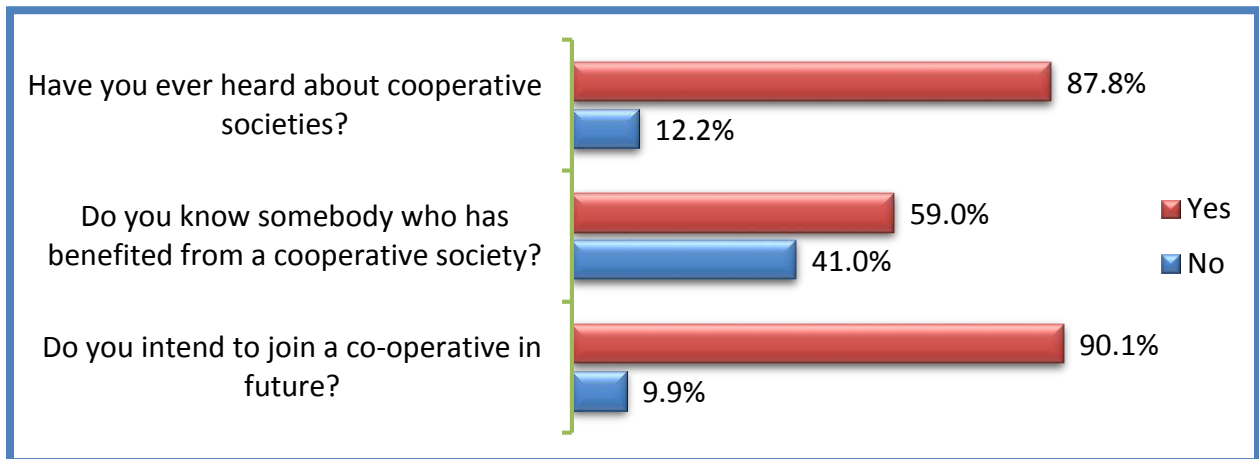
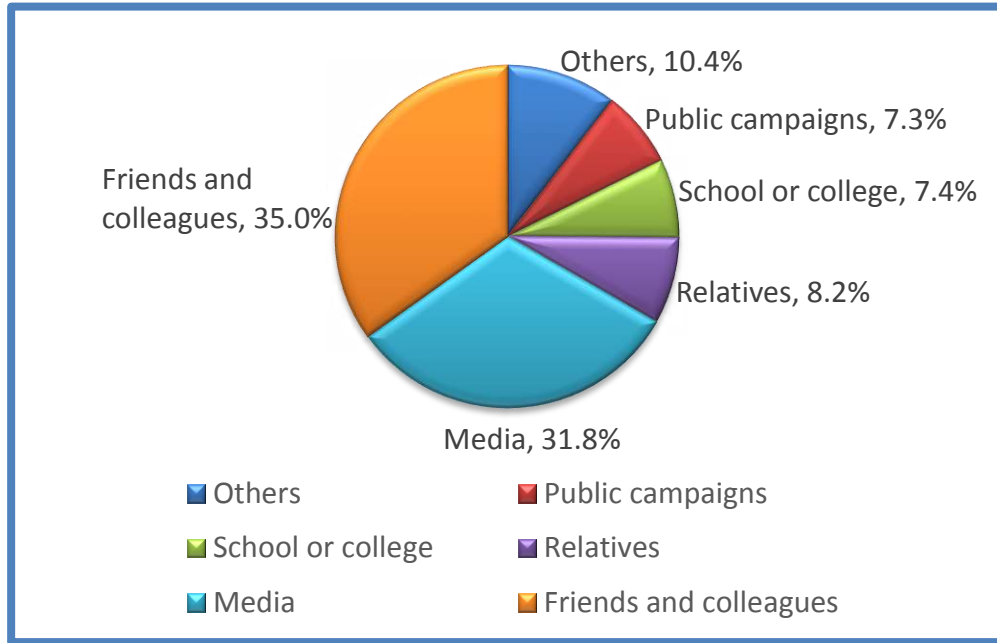


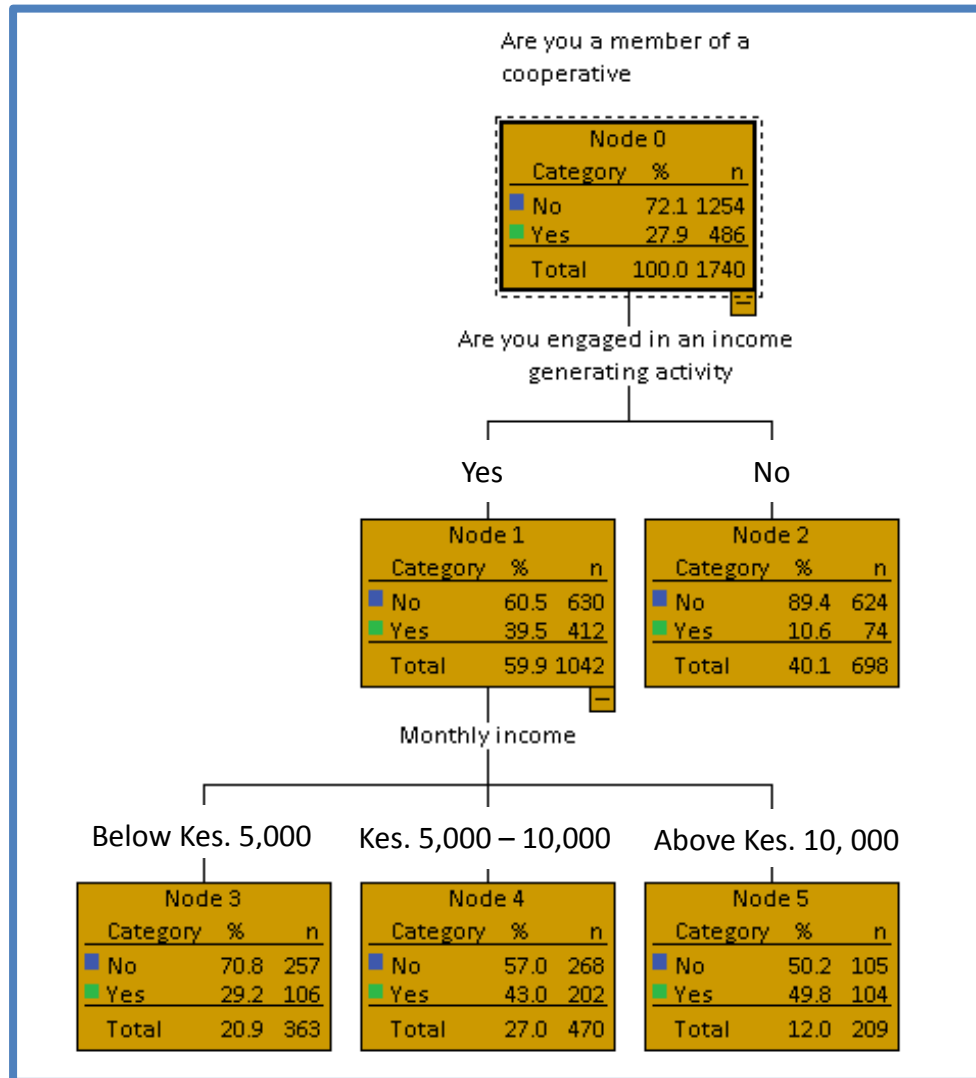
Figure 3.3: Sources of Youths' knowledge about Co-operatives



Youth Engagement with Co-operatives in Kenya

Results, shown in fig. 3.4 below, indicated that majority of the youth (72.1%) did not belong to a co-operative. In a stark contrast of the reported awareness of the existence of co-operatives, only a small proportion (27.9%) were members of a co-operative. Although a large proportion of the youth had reportedly not joined co-operatives, a large percentage (90.1%) of those who had not joined intended to do so sometime in future (see figure 3.2 above). The results in figure 3.4 below, further show majority of the youth (59.9%, node 1) involved themselves in income-generating activities. Of these, however, only 39.5% (node 1) belonged to a co-operative while a tiny minority (10.6%, node 2) of those not engaged in such activities were members of co-operatives. Moreover, figure 3.4 indicates (nodes 3 – 5) that the percentage of youth membership in co-operatives increased with higher monthly incomes.

Figure 3.4: Youth membership, involvement in economic activity and income



When we sought to know why those who had not joined co-operatives had made that choice, over half of them (figure 3.5 below) ascribed it to either lack of knowledge about co-operatives or insufficient funds to save. This was collaborated in the focus group discussions where some of the youth narrated how lack of knowledge and funds had made them fail to join co-operatives:

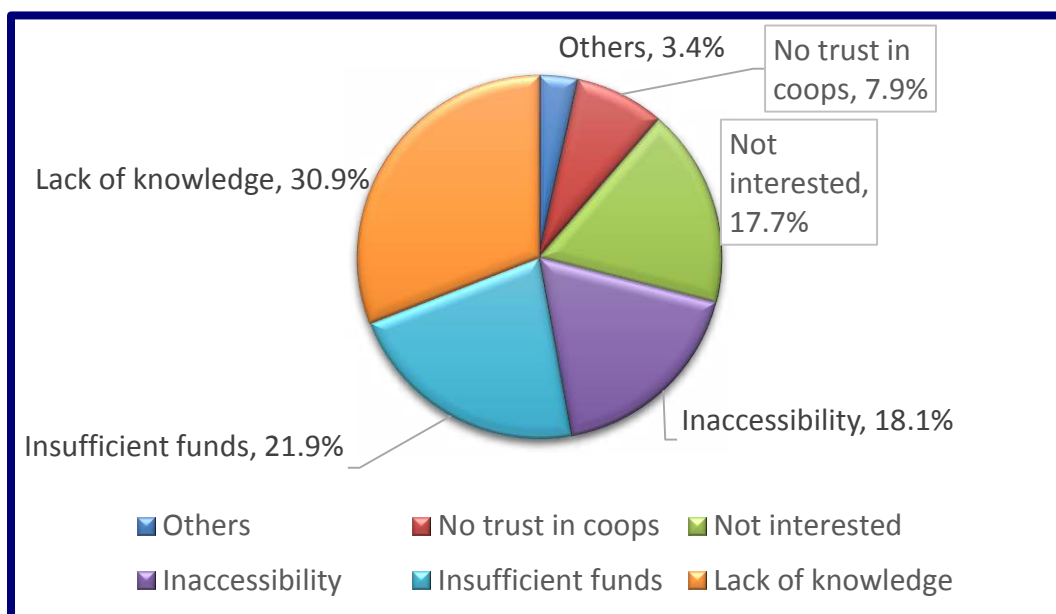
I would say I have never been in a co-operative, reason being; I've no enough information or I've never found someone to disclose the same. But if I really get someone to give the information, I might join.

(FGD Karatina, Nyeri County)

Our uncertain incomes, that's also major challenge, for example, today you have money the next month you do not have it. The co-operatives want you to be contributing monthly or maybe after two months or weekly, yet your next income, will come after maybe six months. As he said the inconsistency in the income flow is also a challenge.

(FGD Eldoret, Uasin Gishu County)

Figure 3.5: Reasons for not joining Co-operatives



A sizeable proportion of the youth – slightly over a third – cited inaccessibility to co-operative societies and lack of interest as reasons for not joining. When prodded to justify their decisions, those who mentioned lack of interest explained that they found it time consuming to queue to deposit their savings, others indicated that they saw no benefit of joining since they could receive similar services from banks and other financial institutions, while some expressed their preference to spend rather than save for the future, yet others divulged how they felt excluded from co-operatives that seemed to be a reserve of particular groups. On the part of accessibility, the youth reported feeling excluded from co-operatives through a number of barriers including; pre-conditions that definitely excluded many of them from leadership, requirements for minimum savings that were beyond their ability, failure to involve them in management and lack of products and services appealing to them. Still some (7.9%) expressed their reservations about the manner co-operatives were managed. This, they disclosed, made them lose trust of co-operatives due to the fear that some leaders might embezzle their hard

earned investment. This fear was aptly re-lived in the discussion groups as some discussants narrated how they or a close relatives had lost savings. Here are some voices that emanated from the focus groups:

I used to think they [co-operatives] are there for the working class. As in, for the people who are working [for a] company that owns a co-operative. Yes, that is usually my attitude. That's the reason like when I finished school my first thought was, you know, go to a bank, open an account so that I can save. [But] not a co-operative, a bank, coz a bank is there for anyone.

(FGD Mombasa County)

On the part of impatience, I would also agree, because several times personally I've been tempted to spend just because I see somebody spending on something. For instance, [if I see somebody] buying a tablet and am like I need to have such.

(FGD Eldoret, Uasin Gishu County)

The reason to why am not in a co-operative is because I've been thinking that some co-operatives are not after my interests or after my problems. But [they] are there because they want to dig money from me. They get your money and they disappear. So that's why am not in one. I have not found one that I can trust. My mum had such an experience, she was in one co-operative, I don't know of women, then they disappeared with her thirty thousand shillings.

(FGD, Karatina, Nyeri County)

When it comes to leadership you will find that they put that invitation for you to be a leader in a certain society [but] you are supposed to have a certain limit of kilograms for coffee and you know many youth have a few hundred trees of coffee. So there is no way they can even qualify to get elected in those co-operatives.

(FGD, Embu County)

Perceptions of the Youth about Co-operatives

Majority of the youth, table 3.2 shows, benignly perceived co-operatives as helpful in mobilizing savings, easing access to loans as well as supporting startup and growth of businesses. Moreover, only a minority of the youth viewed co-operatives as preserve for farmers and the elderly, or as government establishments. Most of the young people, however, felt co-operatives had not offered employment opportunities to them, hardly offered products favorable to them, excluded them from management, and had made little effort to lure youth into joining. Further, majority disagreed that the youth knew the benefits of co-operatives and that it was easy to join co-operatives. Initiatives, like the one shown in Figure 3.6 below, are essential in attracting youth membership in co-operatives.

In summary, Majority of the youth had not joined co-operatives for several reasons; a) perception that co-operatives are preserves of people with regular income – the employed, b) portfolio of products from co-operatives not resonating with most of them, c) lack of sufficient knowledge on how co-operatives work, d) lack of flexibility on the part of co-operatives to

accommodate them, e) the urge as well as peer pressure to spend making it difficult for them to save, f) perception that co-operatives are corrupt and poorly managed thus could not be trusted. In the chapter that follows we discuss key findings and their implications.

Table 3.2: Perceptions of the youth about co-operatives

| | Agree | Disagree |
|--|--------------|--------------|
| Co-operatives help people to save | 68.6% | 31.4% |
| Co-operatives have helped people to start a business | 64.0% | 36.0% |
| Co-operatives assist people with loans | 68.9% | 31.1% |
| Co-operatives help people to grow their businesses | 65.2% | 34.8% |
| Co-operatives are for old people | 25.9% | 74.1% |
| Co-operatives are government organizations | 25.2% | 74.8% |
| Co-operative societies are for farmers | 33.5% | 66.5% |
| Co-operatives are government organizations | 25.2% | 74.8% |
| Co-operatives have provided employment to the youth | 39.2% | 60.8% |
| Youth are involved in management of co-operatives | 35.4% | 64.6% |
| Co-operatives offer products that favor the youth | 36.3% | 63.7% |
| The youth know the benefits of co-operatives | 38.0% | 62.0% |
| Co-operatives have made effort to attract youth membership | 44.9% | 55.1% |
| It is easy to join a co-operative | 55.5% | 44.5% |



Nawiri SACCO, Embu County, launches a loan product targeting the youth. The occasion was graced by Embu County Governor, H.E. Martin Wambora (2nd left in glasses). Such initiatives are crucial in attracting the youth to join co-operatives.

Source: <http://www.nawiri.co.ke/index.php/24-more-piks/79-vijana-loan-launch>

CHAPTER 4: DISCUSSION AND CONCLUSION

Our study set out to investigate and deepen understanding of youth involvement with co-operatives in Kenya. This is important given the scantiness of information in extant literature about co-operatives and their engagement with the youth (Hartley, 2014). This section summarizes key findings of the study and proffers recommendations derived from the research outcomes.

Summary of Key findings

1. Although most of the youth are cognizant of co-operatives, know people who have benefitted from them, and perceive them to be important vehicles for accessing credit and accumulating saving, many of them, paradoxically, do not belong to any.
2. While a large number of the youth are engaged in business most of them are small-scale retail and services sectors, majority of their businesses are survival outfits with low potential for growth.
3. On the positive side, an overwhelmingly large proportion of the youth have intentions of joining a co-operative in future. Nevertheless, this decision is linked to their ability to secure a steady income and co-operatives reaching out to them.
4. Most youths perceive co-operatives to have deliberately left them out and find it difficult to form their own. The latter is attributed mainly to lack of funds and the bureaucracy of formalizing registration.

Recommendations

The findings of this research are only useful if they are put into productive use by stakeholders in the co-operative sector. The recommendations outlined below are meant to catalyze action and support for youth engagement with co-operatives.

1. Support the youth to engage with existing co-operatives or form their own. Involvement with existing ones may require them to flex rules for membership, minimum contributions and frequency of payments. For example, rather than requiring monthly contributions, co-operatives could break the contribution to small affordable daily contributions as well as lower the minimum contributions. The government on the other hand, should minimize bureaucracy in the registration of new co-operatives and avoid the temptation of meddling and politicizing their management.
2. Educate the youth about the importance of saving for the future and encourage them to engage in income-generating activities. Co-operatives and other stakeholders concerned with youth welfare could come up with programs to help the youth resist peer pressure

and live within their means. Meanwhile, co-operatives could come up with savings plans affordable to the youth and aligned to the capricious nature of their income.

3. Co-operatives should consider employing more youth. This, not only provides employment, but also opens an avenue for co-operatives to enhance membership of the youth by using the youthful employees to reach out to their peers. For posterity and succession, co-operatives could apply affirmative action and assign minimum quotas to the youth when filling vacancies.
4. Existing co-operatives should strive to endear themselves with the youth. When embarking on this mission co-operatives should be cognizant that lack of knowledge about their products and how they work is a constant impediment to youth membership. Co-operatives should therefore become more aggressive in their awareness and recruitment campaigns. This aggression should accompany development of products resonant with the youth. Of crucial importance when reaching out is the adoption of communication technologies appealing to the youth – internet, social media among others.
5. It is essential that co-operatives make themselves more accessible to the youth. Young people are highly mobile and tying access to a specific location is a disincentive for joining. Access should not be constrained by geography and co-operatives should leverage communication technology like Mpesa to enhance accessibility.
6. Learning institutions – schools, colleges and universities – should consider incorporating co-operative studies in their curricula to enlighten young people on the co-operative model. Short-term modular programs for enhancing skills of leadership for the youth
7. The youth should be mentored by mainstreaming them in the leadership of co-operatives. For existing co-operatives, some leadership positions could be reserved for the youth with a purpose of developing their leadership skills. For example, the older mature and more experienced leaders of co-operatives could allow to shadow them as understudies. Umbrella co-operative societies should encourage youth-led co-operatives to join their networks and develop mentorship programs for them. Leaders with vast experience in management of co-operatives could be appointed to honorary positions that have no voting mandate such as patrons to act as role models for the youth leaders.
8. The Kenyan government, as a key stakeholder and promoter of youth welfare, has a facilitative role play. Channeling some of the youth development initiatives through co-operatives, may be a perfect way of getting more youth embrace the co-operative movement.

Conclusion

The future of co-operatives lies with the youth. Conversely, co-operatives have great potential to impact the youth positively (Hartley, 2011). But for this to work the youth have to join and

actively participate in the co-operative movement. This is only possible if co-operatives open their doors to them. Umbrella co-operative societies should assist youth-led co-operatives grow and mentor their leaders. As revealed in this research the youth are ready and willing but action is needed to loop them in.

This piece of research is a small but significant step in closing the gap extant in co-operative studies, particularly in Kenya. We hope that this will draw attention of scholars as well as researchers and stir them to action.

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APPENDIX I: ICA's Seven Co-operatives Principles³

1. **Voluntary and Open Membership**
Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
2. **Democratic Member Control**
Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.
3. **Member Economic Participation**
Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
4. **Autonomy and Independence**
Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
5. **Education, Training and Information**
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
6. **Co-operation among Co-operatives**
Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
7. **Concern for Community**
Co-operatives work for the sustainable development of their communities through policies approved by their members.

³ Source: <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>