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# ORGANISATIONAL CONSTRAINTS IN RURAL DEVELOPMENT

CAUSES OF DIFFERENT PERFORMANCE AMONG UGANDAN COOPERATIVES

## Abstract

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African cooperatives are in the process to adapt to a liberalised economy where they are expected to function as independent business entities. So is also the case in Uganda where the competition on the free market puts pressure on cooperative performance. This thesis asks the question why some cooperatives fail in this context while others succeed and tries to find the answer in the organisational features of cooperatives. A comparative study of the cooperatives KAME and KAFAME has been done in order to answer this question. The two cooperatives have been selected as they encompass many similar internal and external attributes but perform differently which makes them two interesting cases to compare. The results show that leadership skills and channels for member participation are the most important organisational factors explaining differences in performance. It is also shown that different organisational features are a product of the cooperatives' founding process where external actors promoted ownership and capacity building to a higher extent in KAFAME than KAME. The thesis concludes that the surviving cooperatives are those that are initiated with a high involvement of members themselves and where the organisational structure and leadership skills reflect this process.

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## List of Abbreviations

AME	Area Marketing Enterprise
HIV/AIDS	Human Immunodeficiency Virus /Acquired Immunodeficiency Syndrome
ICA	International Co-operative Alliance
ILO	International Labour Organisation
IMF	International Monetary Fund
KAME	Kamukalu Area Marketing Enterprise
KAFAME	Kajju Farmers Area Marketing Enterprise
LVDP	Lake Victoria Development Programme
NAADS	National Agricultural Advisory Services
NGO	Non-governmental organisation
NRM	National Resistance Movement
SCC	Swedish Cooperative Centre
SCC-Vi	Swedish Cooperative Centre-Vi Agroforestry
Sida	Swedish international development agency
PMA	Plan for Modernisation of Agriculture
UCA	Uganda Cooperative Alliance
UGX	Uganda Shillings
UN	United Nations
UNDP	United Nations Development Programme
Vi	Vi Agroforestry

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# 1 Introduction

The wish to transform the agricultural sector in Africa dates back to the colonial era when European settlers saw the potential of turning agricultural products into the backbone of their new economies (Flygare 2007; Onwuchekwa 1983). One of the main components in these modernisation efforts was the promotion of agricultural cooperatives as a way to market African produce overseas and increase the Africans' participation in the sector (Kyamulesire, 1988; Wanyama et al. 2009). During the time of independence cooperatives were chosen by new governments as a tool to enhance rural development on the continent. However, the cooperative efforts showed poor results during the following decades due to the top-down state led manner in which the movement was driven (Flygare 2007; Onwuchekwa 1983; Wanyama et al. 2009). This state control eventually led to many African cooperatives' collapse in the beginning of 1990s followed by a reformation of the movement. In line with the liberalisation of African economies during the same period, the state control withdrew and cooperatives were promoted as "private commercially autonomous and member based (...) organisations that would be democratically and professionally managed, self-controlled and self-reliant" (Wanyama 2009:363). Consequently, despite weak performance of cooperatives in the past, the movement is today on the rise under a market oriented framework and growing support is targeting smallholder cooperatives in Sub-Saharan Africa (Chirwa et al. 2005; Flygare 2007). Cooperatives are seen as a key feature in rural development and poverty alleviation through being channels for community participation where members can coordinate their efforts and gain economic benefits beyond their reach as individuals (Wanyama et al. 2009). As the United Nations (UN) has proclaimed 2012 the *International Year of Cooperatives* motivated by that "cooperatives /.../ are becoming a major factor of economic and social development" (UN 2010:1) the renewed interest for cooperative development is likely to continue.

While there is a substantial amount of literature about the cooperative movement in Africa before the 1990s, the research on the subject since the economic liberalisation is limited. Consequently, even though cooperatives are promoted as mechanisms for development and poverty alleviation, little is known about their current performance (Wanyama et al. 2009). Chirwa et al. (2005) state that while some cooperatives have managed to improve the income of their members, many have failed to do so. This failure is attributed to over-ambitious goals,

an unclear focus and state and donor interference. On the other hand, Wanyama et al (2009) show results from 11 African countries which indicate that the movement has adapted to the new liberalised economic environment and cooperatives that respond to their members' interest are replacing old structures that fail to deliver. The data does thus display a positive development of the movement where the number of cooperatives and members are rising in Africa (ibid.). However, while many cooperatives manage to attract members and buyers in the liberalised economy some cooperatives fail and collapse under the pressure of the free market (ibid.).

This study asks the question *why* some cooperatives fail while others succeed and aim to answer this through a focus on organisational factors. This is done by a comparative case study of two smallholder cooperatives in south eastern Uganda which are examples of one successful and one unsuccessful cooperative in a similar environment. In many ways, the cooperative movement in Uganda has followed the ups and downs of the country's turbulent history (Flygare 2007; Kyamulesire 1988). Today, the cooperative movement is struggling with mistrust and low support from the general public due to past cooperative failures. Still, many smallholder cooperatives are on the rise and are receiving growing support from the government and international donors (Flygare 2007). One non-governmental organisation (NGO) that has been supporting the cooperative movement in Uganda for decades is SCC-Vi (Swedish Cooperative Centre-Vi Agroforestry). This study has been done in collaboration with SCC-Vi Uganda and is based on their request to know more about the reasons for the uneven performance among cooperatives in their network.

### ***1.1 Purpose and research questions***

The purpose of this study is to investigate the potential causal link between organisational issues and cooperative performance. This will be done through a comparative case study of two cooperatives; Kamukalo Area Marketing Enterprise (KAME) and Kajju Farmers Area Marketing Enterprise (KAFAME). These two cooperatives have been selected as they encompass many similar internal and external attributes but perform differently which makes them two interesting cases to compare. The main question that this study tries to answer is the following:



- What organisational factors, if any, can explain different levels of performance in Ugandan small scale farmer cooperatives?

## **2 Rural development and cooperative movement in Uganda**

The promoted role of cooperatives in Uganda has, as in many other African countries, changed according to the varying focus of the government and international development partners; from public institutions receiving aid money to promote rural development to commercial enterprises under market led development (Flygare 2007). After Uganda's independence in 1962, the new government gave the cooperative movement a key role in their development strategy (Kyamulesire 1988). This led to a strengthened cooperative movement but at the cost of grass-root control. The state control, the turbulent Idi Amin years in the 1970s and the corresponding economic downturn weakened the cooperative movement in the country considerably (Flygare 2007). When the present political administration with National Resistance Movement (NRM) and president Museveni came into power in 1986, cooperatives were again promoted, now as a part of the reconstruction of the agricultural sector (Kyamulesire 1988). However, the implementation of International Monetary Fund's (IMF) structural adjustment programmes during the same period undermined the already weak cooperative movement and many cooperatives collapsed as a consequence (Flygare 2007).

Uganda has since the 1990s experienced two relatively stable decades with NRM in power and solid economic growth rates which averaged at 7.1 percent between 1998 and 2008 (World Bank 2009). The country has made progress in several aspects decreasing the HIV/AIDS prevalence and increasing access to clean drinking water (UNDP 2007a). Nevertheless, Uganda is still one of the poorest countries in the world and 38 percent of the Ugandan population live below the national poverty line (World Bank 2009). One of the greatest challenges in the country is that the economic growth has failed to improve the life of small scale farmers and the rural population. As 88 percent of the population live in rural areas, this poses a major threat to the sustainable development of the country (UNDP 2007b).

The difference in poverty between the rural and urban areas has raised the attention towards the agricultural sector which has been accompanied by a renewed interest for cooperative development. In the year 2000, the Ugandan government launched its *Plan for Modernisation of Agriculture* (PMA) which promoted cooperatives as a beneficial form of rural organisation

(Flygare 2007). A baseline study by International Labour Organisation (ILO) found that cooperatives in Uganda, together with Kenya and Tanzania “are developing well and are becoming more prominent as a civil society force” (Pollet 2009:28). Figures from International Co-operative Alliance (ICA) and Uganda Cooperative Alliance (UCA) indicate the same development; the 554 cooperatives in the country 1995 had increased to 7,476 in 2005 (in Wanyama et al. 2009). However, Uganda’s cooperatives also have great external obstacles to tackle such as low institutional support, high population growth, a lack of a coherent land policy, soil erosion and rural women’s weak ownership rights (UNDP 2007b). As the cooperative sector in Uganda are in the process of reinventing itself in a new format (Wanyama et al. 2009), an organisational structure that can cope with these external challenges including an adaption to the liberalised economy is of vital importance for cooperative success in the future.

### **3 Theory and analytical framework**

This section starts with defining the concept of a marketing cooperative since both KAME and KAFAME can be classified as such. A theoretical background will also be presented where I will discuss how cooperative performance and organisational constraints are pictured in the literature. Finally, organisational theory and the Octagon model are described which will form this study’s analytical framework.

#### ***3.1 Definition of a marketing cooperative***

According to ICA a “co-operative 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” (ICA 2009). A farmers’ cooperative have been defined by Onwuchekwa as an: “organisation owned by farmers, which negotiates conditions favourable for improving the monetary income of farmers” (1983:ii). In this study a farmers’ cooperative is characterised as a combination of these two definitions. Cooperatives can exist on different levels with primary groups composed by individual members and federations on higher levels composed of different primary groups (ICA 2009).

A marketing cooperative is defined by Warman and Kennedy as a “business organisation owned by farmers to collectively sell their products” (1998:1). They explain that, as farmers

generally have very little power in the agricultural products market, collective action is a way for to increase their influence. There are mainly two strategies in cooperatives for marketing produce; the *buy/sell* method and *pooling*. *Buy/sell* means that farmers get paid directly when they deliver their produce to the cooperative. The cooperative resells the produce and return eventual profits to the farmers on a regular basis. This means that farmers receive profits for selling together during the time that dividends are paid which might be annually. In *pooling*, cooperative members bulk their produce and receive the average price from selling directly from the buyers.

### ***3.2 Cooperative performance***

Cooperative performance can be evaluated by different standards and with different perspectives. Onwuchekwam argues that “the choice of criteria for organisational performance is a contextual issue that depends on the nature of the organisation in question” (1985:154). Furthermore, different stakeholders have their claims on cooperative performance. Holmén (1994) describes how donors’ expectations on cooperatives are unrealistic and how cooperatives often fail to address the development problems that donors want them to target. Consequently, Holmén argues that an evaluation of cooperative performance should start with discussing what cooperatives can and cannot do. Onwuchekwa argues that the members’ expectations are a vital part of understanding the cooperative goals and that the criteria for evaluation should be formulated as “the extent to which a cooperative /.../ satisfy the basic interests that motivated the members to join the cooperative” (1983:157).

In the context of a liberalised economy, cooperatives need to compete with a range of private actors that buy and sell agricultural produce, in order to survive as business organisations. As members are able to choose the buyer of their produce, they are likely to select the one that offers the highest economic benefits. This means that a mismanaged cooperative, with low member returns are likely to lose its members base (Wanyama et al. 2009). The performance of cooperatives in this context can thus be seen as an ultimatum: “failure to survive the competition or successful business organisations” (ibid. p 373).

### ***3.3 Key factors for cooperative performance***

The liberal era of African cooperatives has given the organisations a chance to restructure their activities and organisational form in order to fit their new context. This has led to the survival of some cooperatives while others have failed (Wanyama et al. 2009). As Wanyama et al. explains: “the list of successful examples of cooperatives in the liberal era can be long, just as the list of unsuccessful ones may as well be” (ibid. p. 386). However, little has been written about the reasons to why some cooperatives fail while others survive in this new context. Wanyama et al. describe that cooperatives who work as “demand-driven and market-oriented business organizations” are successful while “cooperatives that are not organised along these lines are losing their members due to their inability to provide the demanded services and subsequently closing down” (ibid.).

As African cooperatives have left their state controlled development in favour to function as independent businesses, the leadership is likely to be of vital importance for their performance. A study by Keeling (2004) of California Rice Growers Association shows that cooperatives are in need of highly skilled management with the capacity to make informed business decisions just like a private enterprise. Wanyama et al. point to current data from Africa which indicates that a “committed leadership and a clear vision of finding solutions to the daily problems of their members” are of key importance to cooperative success (ibid. p. 386). The importance of leadership is also raised in older literature on cooperative performance (Hatti & Rundquist 1994; Onwuchekwa 1985). The leadership capacity in a rural cooperative is directly related to the level of literacy among its members as leaders usually are elected from the member base. In developing countries where the education level is low this can be a major constraint for cooperative development (Chriwa et al. 2005). This was shown by African cooperatives’ failure in the past where corrupt, illiterate and opportunistic leaders drove the cooperatives into financial mismanagement and nepotism (Wanyama et al. 2009).

The system for accountability is another organisational aspect affected by low education among members. If the education level is low it becomes easier for local leaders to misuse the cooperative and divert activities in accordance to their own priorities (Chriwa et al. 2005). One consequence of low accountability is the progress of a few at the expense of the majority of members which is a clear contradiction to the main purpose of a cooperative (Hatti & Rundquist 1994; Onwuchekwa 1983). Limited internal capitalisation can also be a constraint

for cooperatives as it hinders necessary investments such as agricultural input or processing capital (Flygare, 2007; Hatti & Rundquist 1994; Onwuchekwam 1985). With a limited member base, the internal transactions that are important for economic expansion will be low due to that the members can work both as buyers and sellers (Onwuchekwam, 1985). Another reason for low capitalisation within cooperatives is the principle of ‘one man one vote’ which means that there is no extra control to be gained by buying more shares (Flygare, 2007).

Another important aspect of a cooperative is the need of a clear identity and vision which the literature emphasise as a problem in African cooperatives today (Pollet 2009; Wanyama et al 2009; Mutunga 2008). The literature describes the tendency among cooperatives to involve themselves in a variety of activities which leads to an unclear goal definition. Onwuchekwa (1985) describes how the vision and mission of a cooperative is based on why members joined the organisation in the first place. Since there are several rural issues that make smallholders join cooperatives this can create cooperatives which work with many aspects of rural development (Hatti & Rundquist 1994; Onwuchekwa 1985). Even though these might be welcome services to smallholders, the multipurpose function might hinder cooperative efficiency (Hatti & Rundquist 1994; Mutunga 2008; Onwuchekwa 1983).

Member participation is another important factor for cooperative development that the literature mentions (Flygare 2007; Holmén 1994). Hatti and Rundquist write that success of an organisation depends on the involvement of the local population as “a high degree of membership participation puts pressure on leaders and staff to properly exercise their respective roles” (1994:67). Wanyama et al. describe how one of the main reasons for African cooperatives’ failure in the past was an increasing mistrust and alienation among members “when they realized that it was the state agencies and boards that set priorities and targets for their organisations rather than themselves” (2009:370). Holmén (1994) describes members’ mistrust and indifference to cooperative affairs as one of the main reasons for cooperatives failure in developing countries.

### **3.3.1 Institutional, technological and ecological constraints**

Onwuchekwa (1983) gives organisational factors a determining role for cooperative performance as he argues that the form and structure of an organisation decide whether it will survive or be liquidised. Hatti & Rundquist argue in a similar manner that “organisational

barriers play a critical role in determining the pace of development for cooperatives” (1994:64). However, beyond the organisational factors there are other external factors that affect cooperative development as well. Chirwa et al. (2005) have categorised cooperative constraints into four different areas: organisational, institutional, technological and ecological. Even though organisational factors are the main focus in this study institutional, technological and ecological factors will also briefly be presented and discussed as they too influence cooperative performance.

Institutional constraints concern a cooperative’s institutional framework such as the political, economic and legal framework as well as supporting institutions such as development agencies and government bodies (Chirwa 2005; Mutunga 2008; Onwuchekwam 1985). In developing countries with non-democratic institutional structures, unfavourable business climate and poorly enforced regulations, these factors can be a major constraint to cooperative success (Chirwa et al. 2005). The literature describes the relationship between a cooperative and supporting institutions as crucial as the wrong type of support can undermine the organisation and lead to dependency (Chirwa et al. 2005; Mutunga 2008). Wanyama et al. describe how external support has been a problem for African cooperatives in the past as donors and state agencies have used “cooperatives as mechanisms for implementing their projects and hardly viewed them as independent private enterprises” (2009:371). The question is how external agencies should act so the cooperative does not “collapse once the initial support period is over” (Holmén & Jirstrom 1994:5). Hatti and Rundquist argue that “only organisations established and promoted by people themselves can initiate and sustain a development process” (1994:78).

Technological constraints concern the mechanisation of production were limited modern technology and lack of flexibility are two main problems. A production limited to a few crops together with low processing creates a vulnerable system where weather and market conditions affect the gains from production. Technological constraints also concern the human resources in production where limited education, high costs of labour and an ageing labour force creates deficiencies. Also the health status of the labour force and the level of wealth and economic activity are important factors here (Chirwa et al. 2005; Onwuchekwam 1985). Ecological constraints concern the relationship between the cooperative and the immediate socioeconomic system that surrounds it. This can be the functioning of local

markets, infrastructure, climatic conditions and access to arable land (Chirwa et al. 2005; Onwuchekwam 1985).

### **3.3.3 Determining factors for cooperative performance?**

As previous literature shows, many factors have been identified as important for cooperative performance. However, very little research has been done on cooperatives after the 1990s which means that the knowledge about how cooperatives operate on today's free market is limited. Wanyama et al. (2009) describe how the cooperative movement in Africa is under reconstruction and how a new type of organisation is gaining ground. The challenge is thus how to incorporate "the business virtues in the less-adapted cooperatives in order to spread the benefits of the 'new' mode of cooperation" (ibid. 387). More knowledge is thus needed about how cooperatives best can be organised to survive in this new institutional environment. In order to investigate the ideal organisational features of cooperatives, this study uses a framework from organisational theory which is described in the next section.

### **3.4 Organisational theory**

Onwuchekwa writes that: "since an agricultural cooperative has the basic characteristics of an organisation, it can be studied as such" (1983:31), as will be done in this study. Blau describes an organisation as "a system of mobilising and coordinating the efforts of various, typically specialised, groups in the pursuit of joint objectives" (2006:284). He claims that research about organisations normally is focused on one of three different levels; 1) the individual, 2) the structure of social relations and 3) the organisation as a whole system. He argues that studies concentrated on the first two levels focus on processes within an organisation but do not study 'the organisation' as a single entity. Furthermore, he argues that while the first two levels are important, only a comparison of the organisation as a system can advance the theory about organisations' principles and characteristics. As the aim of this study is to investigate organisational factors in cooperative performance the level of analysis will be on the third level where the organisation as a system is in focus. Blau describes that on this level of analysis, the interest lies in the "interrelated elements that characterise the organisation as a whole" (2006:286) as the aim is to uncover "the principles that govern the functioning system" (ibid.).

The central aspects of an organisation can be divided into two different levels, the formal and the informal. The formal level concerns the structure of an organisation such as goals, systems and financial resources. The informal level concerns the culture for example the values, management styles, attitudes and informal networks (Sida 2005). In relation to Blau, the division between informal and formal organisational issues corresponds to the division between on the one hand the study of individuals or social relations in an organisation and on the other hand the organisation as a system. The first two levels focus on informal issues such as attitudes, behaviours and relations while the third level focuses on formal issues such as processes and attributes of an organisation. Since my analysis is focused on the organisation as a system it will focus on the formal aspects of an organisation.

### **3.4.1 The Octagon model**

Organisational theory in the form of the Octagon, an analytical tool developed by Sida (2002), has been used as a theoretical framework in this study in order to analyse and compare the two cooperatives. Sida explains how the Octagon can be used “to obtain a comprehensive picture of an organisation’s capacity” (2002:3). This framework is thus focused on the organisation as a system which is compatible with the aim of my study. Furthermore, the Octagon was developed as a tool to support Swedish non-governmental organisations (NGOs) in their effort to “strengthen partner organisations in developing countries” (Sida 2002:3). As both cooperatives in this study have been partner organisations to the NGO SCC-Vi, it makes the Octagon an appropriate tool in the context.

The Octagon divides the organisation into eight different areas that are vital for an organisation to function properly. These eight areas have been used as a template in order to collect data and analyse different areas of the cooperatives. Important aspects of the eight areas are presented in Appendix 1 while a short overview is presented here:

1. Identity: The organisation’s basic values and the reasons behind its existence.
2. Structure: The democratic rules and the division of responsibilities within the organisation.
3. Implementation of activities: The organisation’s ability and strategies to plan and implement its main activities.
4. Relevance of activities: How the activities and working methods of an organisation correspond to its vision and mission.



5. Leadership skills: The skills and abilities of staff and management.
6. Administrative systems: The system for bookkeeping and documentation as well as the strategy for financial sustainability.
7. Target group support: The support of the target group with a focus on target group engagement in the organisation's activities.
8. External relations: The links that the organisation has to its surrounding environment. (Sida 2002)

These areas are essentially focused on the formal aspects of an organisation while informal aspects such as culture and relations are left outside the analysis. This can be seen as a weakness of the Octagon as informal aspects also affect an organisation's performance. However, as my analysis is focused on the organisation as a system, the focus on formal aspects fits my purpose well.

## **4 Research methodology**

The topic of this study was chosen in collaboration with SCC-Vi Uganda as their work is largely dependent on well functioning cooperatives. The SCC-Vi management emphasised the importance of independent objective research which meant that the staff interfered in the research only when their help was requested. However, developing relationships within a host organisation comes with a risk of biased research findings (Scheyvens & Nowak 2003) which meant that continuous reflection was necessary about my position as a researcher.

### ***4.1 Comparative multiple-case study design***

This study has a comparative design involving two cooperatives with similar characteristics but different performances, a so called matched sample (Nichols 1991). This design has also been called "the method of difference" as cases are chosen due to variation in the dependent variable (Toerell & Svensson 2007; Esaiasson et al. 2004). The comparative design is a way to increase the internal validity of this study. Bryman (2004) describes the concept of internal validity as concerned with the question whether we can be sure that  $x$  leads to  $y$  or if there are other factors affecting  $y$ . The thought in this study is to isolate factors affecting cooperative success by choosing one successful and one unsuccessful cooperative with similar characteristics, in order to see what organisational factors are linked to a high or low success

rate. However, two identical cases rarely exist in reality which means that an in-depth understanding of the two cases has been important in order to determine the causal mechanisms and the time relationship between organisational factors and cooperative performance.

Case studies can be seen as ‘working hypotheses’ which are used to increase the theoretical understanding and help study other cases (Hammersley & Gomm 2000; Ragin 1994; Stake 2000). As my study is designed in a comparative manner my goal is to claim a better ground for generalisations than a single case study. Bryman argues that: “by comparing two or more cases the researcher is in a better position to establish the circumstances in which a theory will or will not hold” (2004:55) and Blau means that the comparative method underlies all scientific theorising as “every theory must rest on comparisons of contrasting cases” (2006:283). The aim of this study is thus to contribute to the theory of organisational factors affecting cooperative performance in a developing context such as Uganda.

#### **4.4.1 Limitations**

The method of explaining the relationship between variables with a few cases has been criticised in several aspects. First of all, one major point of critique is the problem with isolation. How do I know that cooperative performance is not dependent on other underlying or external variables beyond the organisational focus (Esaiasson et al. 2004; Teorell & Svensson 2007)? Since it is impossible to isolate factors in the real world the impact from factors outside the organisational focus cannot be completely controlled for. As a justification, Blau argues that a systematic organisational study “cannot possibly take all factors that indirectly influence organisational life into account but must treat some as given conditions” (2006:293). Technological, ecological and institutional factors as well as soft organisational factors on the individual and social relations levels will thus be treated as given conditions in this study. Esaiasson et al. (2004) also argue that another way to handle this problem is to keep in mind that this kind of study aims to *contribute* to theory. The conclusions thus need to be tested in other contexts before they can be verified.

Another important critique is that it is impossible to say that x increases the likelihood of y based on a few cases only. Even though I find both x and y in my cases, this does not allow me to conclude whether this co-variation is caused by chance or if it is a systematic

relationship (Teorell & Svensson 2007). As a defence, Teorell and Svensson argue that there are two major strengths in a case study for showing a relationship; the time dimension and the causal mechanism. Through an in-depth study the researcher has the opportunity to investigate if the independent or dependent variable happened first and how the causal mechanism between independent and dependent variables looks like. In my study, these mechanisms are important in order to increase the validity of my results.

#### **4.1.2 Selection of cases**

The selection of KAME and KAFAME was done through a list of cooperatives that SCC-Vi had worked with. Characteristics in terms of political district, environment, population, size and type of activity were important when finding two similar cooperatives. SCC-Vi staff members were highly involved in the selection process as they best could identify two cooperatives with similar characteristics but different performance. I was thus initially dependent on their judgement about the cooperatives investigated which had to be compensated with a critical approach to the selection criteria. The features of KAME and KAFAME as well as the final criteria for measuring performance will be further discussed in Chapter 5.

### ***4.2 Methods for data collection***

Ragin writes that “triangulation can be understood as a way of using independent pieces of information to get a better fix on something that is only partially known or understood” (1994:100). Triangulation was an important part of data collection in order to increase the internal validity of the study and give me a coherent picture of KAME and KAFAME. The different components in data collection are presented in the following sections.

#### **4.2.1 Member survey**

The member survey was an important part of data collection as it allowed members to speak in private about their opinions and thoughts concerning cooperative affairs. The survey was done in a research team including two other interviewers, three translators, three community guides and one driver. A systematic sampling method (Bryman 2004; Nichols 1991) was used selecting respondents from the cooperatives’ member lists in specific intervals. Choosing the

respondents this way limited a biased selection with the purpose of getting a representative sample of all the members in each cooperative (Bryman 2004). Initially a sample of 30 members was chosen in each cooperative from a total population of 286 members in KAME and 390 members in KAFAME. However, the lists had many of the problems that Nichols (1991) mentions in relation to sampling frames; they were out of date, had incorrect information and contained a wider population than the cooperative members. Consequently, once in the villages we (the research team) realised that a large part of our sample were not accessible respondents. To minimise the biased selection but maximise the number of respondents we replaced missing respondents with a new person on a certain distance from the original one on the members list. 18 out of 48 selected members were missing in KAME while 14 out of 44 were missing in KAFAME. Bryman argues that: “the problem with non-response is that those who agree to participate may differ in various ways from those who do not agree to participate” (2004:88). As most non-respondents were unavailable because they had died, moved, were never members or were mentioned several times it meant that they mostly represented non-members which made the problem with non-response less serious for my purpose. My conclusion is that the systematic sampling method and the character of the non-respondents allow me to generalise the findings from the member survey to all the members in each cooperative.

Questionnaires for the member survey were designed according to the different areas of the Octagon model as can be seen in Appendix 2. As the survey was done in a research team a structured interview questionnaire and daily reflection sessions were used to reduce interviewer variability (Bryman 2004). One problem that arose early was respondents’ troubles to understand the grading system in the questionnaires. The grading system thus represented what Bryman (ibid.) calls an ecologically invalid measure i.e. something that is unfamiliar to the respondents’ natural context. Due to this, more emphasis was put on the open ended questions in the questionnaires.

During the survey, the cooperative leadership were used as community guides in order to find the homes of all the selected respondents. Our arrival to the members’ homes in the company of the cooperatives’ leadership most probably led to that many members spoke less openly about cooperative problems. This was mitigated by trying as much as possible to find a private space for the interviews as well as informing the respondents about our purpose and the confidentiality of the interview. Another problem was the use of translators which meant

that much of the information and nuances in the respondents' answers were lost. To minimise this, pre-tests were done before data collection to give the translators a basic understanding of the subject and the dynamics of the survey.

#### **4.2.2 Focus groups and interviews with the cooperative leadership**

The aim of a focus group is to see how individuals within a group discuss a certain issue and respond to each others' views (Bryman 2008). I held focus groups with five out of nine of the committee members in each cooperative to get a better insight of the leaders' views in certain areas. The participating leaders were self selected according to who were available at the date of the focus group, something that Bryman calls a "convenience sample" (2004:100). The participants in the focus group were supposed to give a joint grade in each area of the Octagon which meant that they had to argue for their individual reasons for giving a specific grade (see Appendix 3).

One important aspect of a focus group is the role and involvement of the moderator as this person will facilitate the discussions (Bryman 2008). However, as I had to use a translator, this person had to act as a moderator but also translate the discussions to me so that I could interfere when appropriate. This meant that the dynamics of discussions and use of language, which are important aspects when analysing focus groups, was only available to me through the translator's interpretation. To complement the information from the focus groups, and increase my understanding of the leadership, interviews were also held with parts of the leadership in both cooperatives (see Appendix 4 and 5).

#### **4.2.3 Written records and reports**

The cooperatives' main available records were also reviewed during data collection. Since KAFAME was in the middle of registration and had left many of their records to the government's registration office, they did not have as many available records as KAME. Nevertheless, both cooperatives could show me written records of their main activities which gave me a good idea of their financial and operative status.

Past organisational assessments of both cooperatives, done by SCC-Vi, were also analysed to give me a first insight to how the cooperatives function. For a better understanding of the

context, the *Rakai District Development Plan* gave useful information about the trends and development in the district.

#### **4.2.4 Interviews with key informants**

To get a holistic picture of the context, unstructured interviews with key informants were held with a focus on their knowledge about the cooperative movement in Uganda (see Appendix 6). These were stakeholders in the cooperative movement such as representatives from government bodies and support institutions. Together, these interviews gave a good picture of the institutional network that supports the cooperatives and the different views represented in this network. The interviews also enhanced the external validity of the study by relating the primary results from KAME and KAFAME to a wider population of cooperatives.

#### **4.3 Analysis of data**

The quantitative and structured data from the member survey was coded and analysed with the help of SPSS. Some of the resulting tables have been used to describe the cooperatives and enhance the understanding in some of the Octagon areas. However, most of the quantitative data such as the Octagon grading system was not used due to reliability and validity problems. One important part of coding was to separate the members that are involved in the cooperative leadership from those who are not, to get a good view of the general opinion among “normal” members. This coding meant that the answers from 26 members in KAME and 25 members in KAFAME were used as a base when analysing member opinions.

The information from the survey, interviews and focus groups were mainly analysed from a qualitative perspective similar to the process that Bryman & Teevan calls “coding” (2005:289). This process involves reading through the material several times and creating different ‘coded’ areas that can serve as a base for analysis. However, instead of generating codes, I used the ‘pre-coded’ areas of the Octagon as an analytical framework.

The “method of difference” means that since cases are chosen due to variation in the dependent variable this must be followed by variation in the independent variable in order for this to be a potential causal factor (Teorell & Svensson 2007). The coded analysis of each cooperative gave me a view of which organisational factors that differ between the two

cooperatives and thus have the potential to cause differences in performance. In order to verify that this covariance is not due to underlying factors or reversed causality (the dependent being a cause of the independent) a deeper analysis was done of the potential causal factors. This analysis included an investigation of the causal mechanism between the factor and cooperative performance as well as a historical dimension. By doing this I have a better ground to conclude which organisational factors that affect cooperative performance.

#### ***4.4 Ethical considerations***

Based on the advice from Scheyvens et al. that: “communities [should] get tangible benefits from research not just a copy of the completed thesis” (2003:177), I reflected on how my research could contribute to the villagers’ life in a more direct way. In the end I decided to communicate the results to SCC-Vi with hopes of influencing their interventions. I also shared some of the preliminary findings with the cooperative chairpersons during a final visit which involved a discussion on how to deal with the issues that my study reveals. This process of presenting my preliminary findings also worked to verify the results of the study. Creswell calls this process of verification *member checks* where “the researcher solicits informants’ views of the credibility of the findings” (1998:202). By doing this I could make sure that my preliminary thoughts and conclusions make sense in the eyes of important stakeholders.

Cupples and Kindon write that when we return from the field and start writing: “we are forced to make clear decisions about how the places and peoples we have visited are represented” (2005:217). In my case, the biggest issue during the writing process was to determine how individual informants should be presented. I determined that data revealing the identity of a certain member or leader of the cooperatives should be left outside the thesis. The key stakeholders are also not presented by names but as representatives of their organisations/institutions.

#### ***4.5 Outline of thesis***

The thesis starts with Chapter 5 which includes a description of the cooperatives’ external environment, the characteristics of the two organisations and how performance has been measured in the study. This is followed by the main section of the chapter where KAME and

KAFAME are analysed and compared in each of the Octagon areas. The chapter finishes with a discussion about influential factors outside the organisational focus of the Octagon. Chapter 6 summarises the results of the previous chapter and describes which independent variables that has the potential to explain differences in performance. The chapter also investigates the independent variables in more detail with a focus on causal mechanisms and the historic dimension. The paper ends with a concluding Chapter 7 that summarises the findings of the thesis and discusses the results.



## 5 A comparative case study of KAME and KAFAME

This chapter contains an analysis of the organisational constraints within KAME and KAFAME as well as external issues that affect their performance. To understand the two cooperatives better, the section starts with an overview of the external environment, the internal characteristics of KAME and KAFAME and a short explanation of how performance has been measured in this context.

### 5.1 Characteristics of the external environment

The two following sub-sections outline the characteristics of Rakai District where KAME and KAFAME are located as well as the SCC-Vi programme which has supported their development.

#### 5.1.1 Rakai District characteristics

**Figure 1: Map of Uganda with Rakai District**  
(ReliefWeb 2007)



The two cooperatives KAME and KAFAME are both situated in Rakai District, in South Western Uganda which is the circled areas in Figure 1. The district has a population of around 400, 000 (in 2002) and is divided into 3 counties, 18 sub-counties and 738 villages. As Uganda in general, Rakai is an ethnically rich area inhabiting several different tribes, the biggest ones being Buganda and Banyankole. 12% of the population in Rakai District are living with HIV/AIDS, a high number compared to the National average of 6.4%. 98 percent of the district's population live in rural areas, and 77.6% of these depend on subsistence

farming. As a majority of the population is dependent on agriculture and exploitation of natural resources, natural degradation is a major problem. Furthermore, the high percentage of

rural population together with the hilly landscape, create difficulties in terms of service delivery to many areas. This means that many people live in poor conditions; only 3.2 percent of the population have access to electricity and 30 percent have access to safe drinking water (Rakai District Local Government 2009).

KAME and KAFAME are both located in Kooki County which is described by the local government as an especially peripheral area because of its geographical location and physical characteristics. Furthermore, even though the district generally has sufficient water sources, severe water shortage is experienced in these areas especially during the dry season (Rakai District Local Government 2009).

The cooperative movement in Rakai District is described by the Local Government as weak since: “the cooperative societies were abolished and therefore there is no collective bargaining” (Rakai District Local Government 2009:31). The Local Government does however emphasise that the movement is starting to regain strengths as “the efforts of Vi Agro-Forestry [i.e. SCC-Vi my note] in introducing collective bargaining for some farmers are a notable start” (ibid.).

### **5.1.2 Farmer cooperatives in the SCC-Vi network**

Swedish Cooperative Centre (SCC) and Vi Agroforestry (Vi) are two Swedish funded NGOs that since 2005 have been working together (as SCC-Vi) in order to improve the living conditions for the rural populations in the countries of the Lake Victoria Basin (SCC-Vi 2009). Until 2008, the Lake Victoria Development Programme (LVDP) was implemented in region benefiting an estimate of 1.5 million people (SCC-Vi 2008). In Uganda the programme targeted 32,000 households/individuals during the years 2006-2008 and was implemented in Masaka, Lyantonde and Rakai districts. The beneficiaries of the programme were individuals and households with an average of 0.5 to 5 acres of farmland as well as primary farmer groups and higher farmer organisations focused on savings and collective marketing (ibid.).

According to SCC-Vi Uganda’s Annual Report 2008, 49 higher farmer organisations were active in the network when LVDP ended in 2008, KAME and KAFAME being two of them (SCC-Vi Uganda 2008). The report concludes that even though the organisations have received active support in marketing and enterprise development many were still weak during the last months of the programme and in need of further support. Furthermore the report

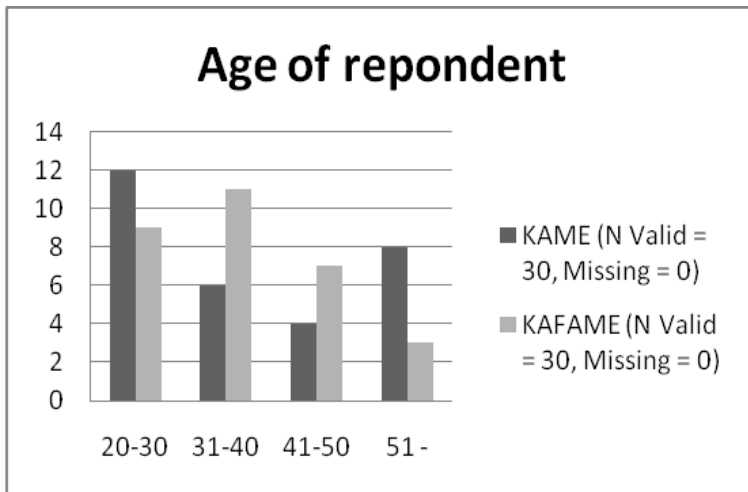
claims that members were not confident enough to sell their produce through these organisations. This can be seen in the statistics from the progressive survey where 99% of the households claimed to sell their produce as individuals while only 7.9% claimed to sell as a group. As a result, only 6.5 percent of the households registered benefits in marketing from their membership in existing farmer groups and organisations.

## ***5.2 Cooperative characteristics***

As KAME and KAFAME are located in the same district (Rakai) and county (Kooki) they face fairly similar external conditions as well as population characteristics. Furthermore both cooperatives are characterised as Area Marketing Enterprises (AME) by SCC-Vi which means that they are federations, composed of primary farmer groups and focused on giving services related to marketing such as bulking and connections to buyers. They are also relatively similar in size and received active support from SCC-Vi until 2008.

However, there are some external characteristics that differ between the two areas where the cooperatives are located. KAME rents an office in Byakabanda Sub-County, mainly inhabited by the Buganda ethnic group which also composes the majority of the KAME members. KAFAME, on the other hand, has an office in Kacheera Sub-County where Banyankole is the dominant ethnic group which is also reflected in the cooperative. The ethnic composition of the two cooperatives is thus different which could have affects on their performance through mechanisms such as traditions in work ethic and social capital, something that a SCC-Vi staff member pointed out. Another external difference is the cooperatives' location near different large cities with KAME located close to the district capital Rakai while KAFAME is located close to Lyantonde which is a city characterised by intense traffic to Kongo. However, both cooperatives have an approximate 20 minutes drive to their nearest city which gives them similar opportunities in terms of market access and services.

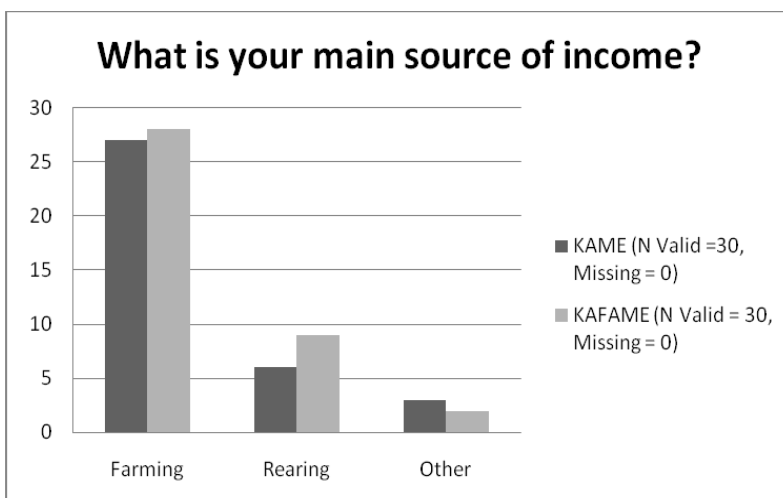
**Figure 2: Survey results - Age**



The characteristics of cooperative members also differ somehow between KAME and KAFAME. KAME is composed of members from 11 villages while KAFAME's members come from only 5 villages indicating a larger distance between members in KAME. This was confirmed during data

collection which showed that respondents lived further apart in KAME. This could affect the social coherence of the cooperative as members need to travel far to get to meetings. Furthermore, the cooperatives have different age structures as can be seen in Figure 2 with KAME having mostly young and old members (a U-shaped structure) while KAFAME has most members in the age range between 30-50. This age structure could mean that KAME is lacking important middle age members with more experience than young members and a larger capacity to work than older members. The cooperatives also have different gender structures. The survey among KAME members displays an overweight of women in the cooperatives with 76.7 percent women and 23.3 percent men while KAFAME is composed of an equal percentage of men and women (50/50).

**Figure 3: Survey results - Source of income**



The main source(s) of income for members in both cooperatives is similar which can be seen in Figure 3. On a multiple response question almost all members in both cooperatives answered farming as their main source of income. A few more members answered rearing of

animals in KAFAME than KAME which could be an indicator of a higher living standard

among KAFAME members. Some members in both cooperatives also mentioned other sources of income such as fishing (KAME) or carpentry and nursery of trees (KAFAME).

KAME and KAFAME also have distinct internal features which will be described in the two following sub-sections.

### **5.2.1 KAME**

KAME was created in 2005 after trainings once a week, during a year, by the Life-project, driven by SCC-Vi and Uganda Cooperative Alliance (UCA). The project held trainings in four different villages and encouraged the participants to form the joint cooperative. When Life-project stopped in 2006, SCC-Vi took over and held trainings during 2006-2008 as part of the LDVP programme. Today KAME is made up of 12 different farmer groups and one individual member, with a total of 286 individual members according to the member list. The cooperative has been registered at district and national level as well as with UCA and has a bank account holding 261 500 Uganda Shillings (UGX) (1 EURO = 2,745.26 UGX). The main services of KAME are aimed at bulking, marketing, training and loans to members. However, the only active service today is loans and 8 members are currently holding a total of 260 000 UGX in loans. The last time training was hold was in 2008 by SCC-Vi. The cooperative concentrate on two enterprises for bulking and marketing; Irish potatoes and beans, but because of drought the bulking service has stopped. The executive committee meets once a month and calls a general meeting once a year where all members should attend. However, only 56 members came to the general meeting in August 2009.

### **5.2.2 KAFAME**

KAFAME was created in 2007 after trainings by SCC-Vi once a week during 8 months. Today KAFAME is comprised of 17 groups with a total of 390 individual members according to the member list. The cooperative is in the process of registering at district level and has applied to be a part of UCA. The group had an accumulated a capital of 3 384 000 UGX during the last annual meeting but does not have a bank account. Instead, KAFAME shares out parts of the accumulated capital to the primary groups each year while another part is invested in seed procurement. This year, 2 millions UGX were distributed to the farmer groups, 1 million UGX were invested in seeds and 300 000 UGX has gone to capital investments. The main services of KAFAME are collective procurement, bulking and

marketing, trainings and loans in seeds. The group has a total of 4 million UGX worth of seeds and 130 members are currently holding loans in seeds. When a person borrows seeds they have to bring back the double amount during next season which adds to the cooperative capital. Last time bulking as a group was done was in August 2009 when 60 tons of maize were collected from members. The last training was conducted in September 2009 by one of the executive committee members. The executive committee meets once a month and the cooperative also has a general meeting once a year. Furthermore, there is a council meeting 3 times a year which is comprised of the chairman of each primary group and the executive committee.

### ***5.3 Measurement of cooperative performance***

As KAME and KAFAME were selected based on the judgement of SCC-Vi staff, an important part of data collection was to determine if the selection criteria for performance corresponds to reality. The responsible SCC-Vi staff member explained in an interview that the measurement of cooperative performance is based on the amount and quality of services that members receive in relation to what they expect to receive. Accordingly, an important part of data collection was to understand the members' expectations of and their satisfaction with the cooperatives. This turned out to be hard as the survey showed that members have many different expectations on the cooperatives. However, a common feature was that members described their satisfaction in terms of the services that they got through their cooperative. The level and quality of active services thus came through as the most relevant measurement of cooperative performance in line with what SCC-Vi staff suggested. Performance in this study is thus measured on an output level while outcomes and impacts of these outputs are left for other studies. As KAME only has one active loan service that few members have access to while KAFAME has many active and extensive services, my judgement about their performance corresponds to the one done by SCC-Vi staff. This means that KAME is a low performing cooperative with few active services while KAFAME demonstrates a more successful performance with services that many members enjoy.

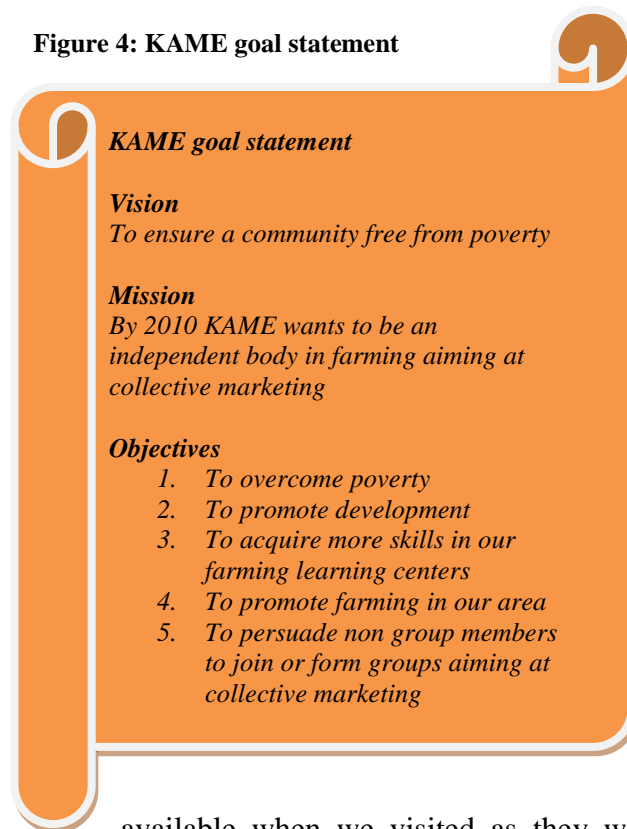
## 5.4 Organisational constraints to cooperative performance

This section presents an analysis of the organisational constraints within KAME and KAFAME according to the eight Octagon areas (see Appendix 1). Each area is analysed and compared between the cooperatives as well as with relevant literature.

### 5.4.1 Identity

One of the most important factors in a cooperative identity is that the goals are clearly defined and understood by all members (Mutunga 2008). Since both KAME and KAFAME are AMEs their main objective is to collectively bulk and market the agricultural produce of their members.

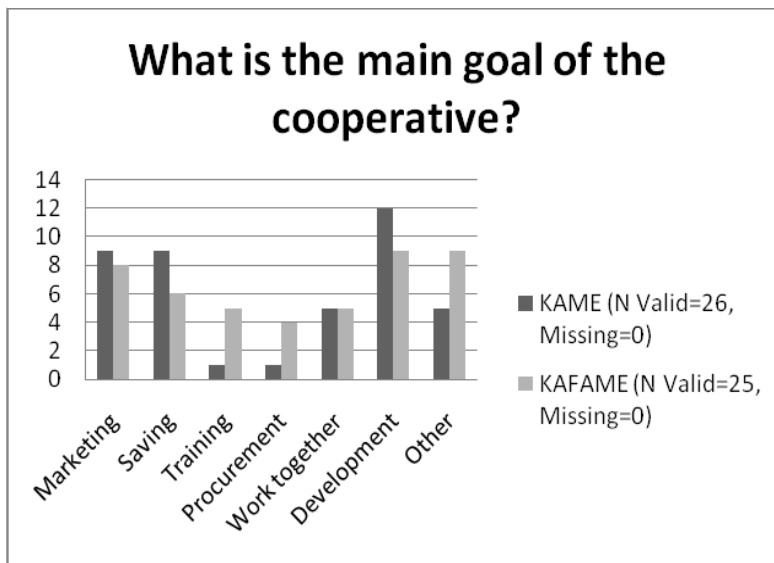
**Figure 4: KAME goal statement**



The KAME leadership could proudly show their mission, vision and objectives during our visit, clearly written on one of the office walls as can be seen in Figure 4. Even though the objectives could be stated in a more target oriented way, this gave an impression of a well organised cooperative with documented goals. However, during the group interview with the leadership it was shown that their future plans are focused on the saving and credit services rather than looking for markets.

KAFAME did not have any written goals available when we visited as they were in the middle of a registration process. However, the leadership clearly stated during the group interview that their main objective is to look for markets for members' produce.

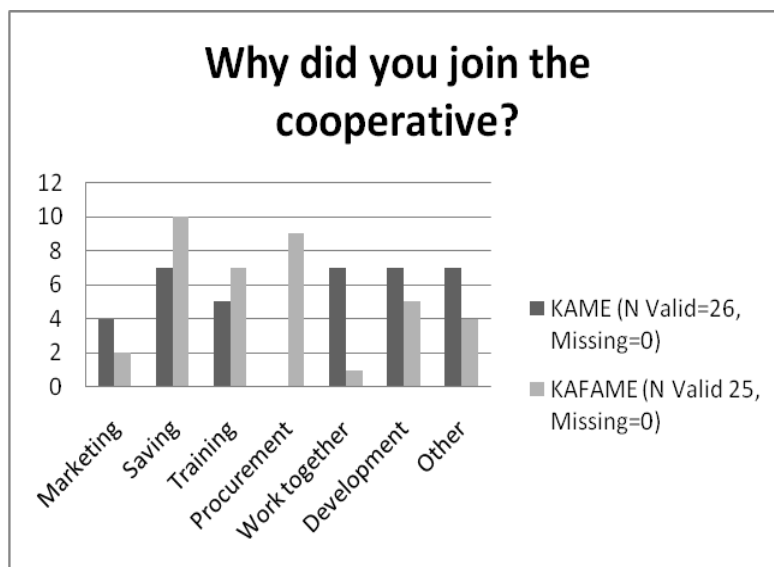
**Figure 5: Survey results - Main goal**



In a multi-response question only 9 respectively 8 members in KAME and KAFAME mentioned marketing as the main goal of the cooperative as can be seen in Figure 5. Almost as many members mentioned savings as the main goal and a high number also mentioned other goals such as rearing animals or reduce ignorance.

Onwuchekwa (1985) describes how the vision and mission of a cooperative is based on why members joined the organisation in the first place.

**Figure 6: Survey results – Reasons for joining**



Ideally, KAME and KAFAME should thus attract members who want to engage in marketing. As can be seen in Figure 6, this is however not the case. In the multi-response questions only 4 out of the 26 respondents claimed that they joined KAME because of marketing services while the result from KAFAME was even lower with 2 out of 25. Other services such as saving and training, seem equally influential to why members join.

Many members also answered development and work together in the two questions about main goal and reasons for joining. This can be seen as an indication of a very superficial understanding of the cooperatives' purpose. A qualitative analysis of the answers that the members gave also showed that many see the cooperative as just another group in the area which provides the members with means to develop. Members explained for example that "if



you want to prosper you need to be a part of a group” (KAME Member Survey) and that “as a group you have a higher ability to solve problems” (KAFAME Member Survey). Many members have thus understood the basic idea with working together as a group but failed to understand the specific focus of marketing in KAME and KAFAME.

As a summary it is possible to conclude that none of the two cooperatives seems to have an identity that is shared among all members and both cooperatives illustrate an unclear goal definition. The difference is that KAFAME’s leadership could demonstrate a clear focus on marketing while KAME’s leadership instead focuses on savings and credit services.

**5.4.2 Structure**

Onwuchekwa points out that the decision making process within a cooperative is generally divided into two levels; the members and the management, and argues that “the relationship between these two levels is a very important factor to consider when investigating cooperatives” (1983:17). As can be seen in Figure 7, KAME and KAFAME has a relatively similar structure with an executive committee, a financial committee and a general assembly. Since both cooperatives are federations, composed of several primary groups, the members elect leaders to their primary groups as well as to their federation.

**Figure 7: Structure of KAME and KAFAME**

<b>KAME</b>	<b>KAFAME</b>
<b>General Assembly</b>	<b>General Assembly</b>
<b>Executive committee</b>	<b>Executive committee</b>
Chairperson	Chairperson
Vice chairperson	Vice chairperson
Secretary	Secretary
Treasurer	Treasurer
Market information secretary	Secretary marketing
Women’s representative	Secretary women
Youth representative	Secretary youth
Committee member	Mobiliser
Committee member	Elderly advisor
<b>Financial committee</b>	<b>Financial committee</b>
	<b>Member council</b>

Chirwa et al. (2005) explain that if the education level is low among members, it becomes easier for local leaders to misuse the cooperative and divert activities in accordance to their own priorities. Both cooperatives suffer from low education among their members which is a hinder for democracy and accountability. In KAME, one member explained that the leadership could hide some matters which would be hard for the members to reveal. Other members described how the low education level makes it hard for many members to get involved and understand cooperative affairs. Also in KAFAME, some members explained that it is hard to have influence and be taken serious as an individual. The most common answer among members in both cooperatives about accountability was that when problems appear they sit down and discuss the problem as a group. This shows that leaders are free to run the cooperative affairs without continuous controls by members and that they are likely to only be held responsible if visible problems appear.

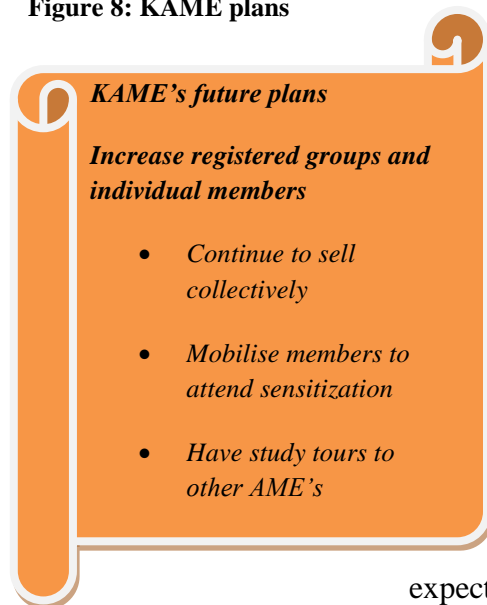
What differs between the two cooperatives is that KAFAME has a member council composed of the chairman from each primary group plus the executive committee. This member council meets three times a year to plan the cooperative activities and decide what the executive committee should implement. Mutunga (2008) describes that an important aspect of a cooperative's decision making process is to encourage member participation. The member council in KAFAME is a way to include all primary groups in the decision making process and divide the power between the executive and the council. During the member survey in KAME, many members expressed that they have low insight to cooperative affairs which can be a sign of a missing link between the executive and primary groups. The KAME management also confirmed this picture during the focus group discussion and described that the member participation in the cooperative is low and few come to the general meetings. In KAFAME on the other hand, few members complained about low insight to cooperative affairs and the leadership did not mention any problems with member participation. One member explained that the best way to have influence on KAFAME is to go as a group. This indicates that primary groups are important units for decision making in KAFAME.

The main democracy constraint in the cooperatives seems to be that low education among members makes it hard for them to hold the leaders accountable. However, the member council in KAFAME increases the communication between the executive and primary groups and thus enhances member participation.

### 5.4.3 Implementation of activities

Even though an extensive bureaucracy for implementation might be too big of a burden for small cooperatives, basic feedback mechanisms are important to cooperative performance

**Figure 8: KAME plans**



(Mutunga 2008). From my interviews with the leadership and analysis of cooperative documents, I could conclude that both KAME and KAFAME demonstrate a lack of strategies, feedback mechanisms and regular assessments in implementation.

During my visits, the cooperative management in both organisations were unable to show a strategic plan and showed a low understanding of strategic thinking. The biggest issue in KAME is their lack of active services,

expect for the loan service to a few members. KAME's executive presented written future plans for the development of their organisation as can be seen in Figure 8. However, the leadership focus group discussion showed that their major plan right now is to recruit more members and thus get more money into the organisation which could be used for the implementation of services. However, no other strategic document about how to implement this plan was demonstrated. The KAFAME executives explained that one of their biggest problems is the lack of resources to meet the high demand for seeds from the members. Their plan to solve this problem is to recruit more members to get more money into the organisation through membership fees and then expand their services. A more detailed plan than that, in terms of milestones or operative steps, was not available.

The survey in KAFAME revealed generally content members that considered the implementation of services to be good. Only one member argued that the cooperative does not have sufficient knowledge to develop further. Otherwise, negative comments from members concerned issues in the seed distribution system and the drought that has made the implementation harder. In KAME, members' comments related mostly to the low number of active services, leading to the conclusion by many that the cooperative's capacity to implement is low. One member said that KAME needs help from outside since they do not

have enough capacity themselves. Another member explained that capacity was excellent when the cooperative started but that it now is very low because they lost power.

This area shows that KAME and KAFAME demonstrate a similar lack of strategic thinking in their way of operating. Even though KAFAME is operating on a higher performance level than KAME with many active services, the executives in both cooperatives mentioned member recruitment as their main plan for future development with no notion of strategic thinking or feedback.

#### **5.4.4 Relevance of activities**

Mutunga (2008) writes that it is important to make sure that the cooperative services meet the users' demands. However, the results from KAME and KAFAME show that the discrepancy between members' needs and the goal of the cooperative can make the notion of 'relevant' activities harder to implement in practise. The member survey showed that it was hard for members to understand the concept of relevant activities. Members in both cooperatives answered this question with conditions for success such as "if we get more training", "if there is no drought" or "if we work harder" – "then we will reach the goals" (KAME & KAFAME Member Survey). Two members in KAME explained that KAME has lost its power but if it goes back to its original idea it could reach its goals.

The most relevant activities for an AME are those related to market access and bulking. However, savings and credit services which give members access to loans is something that compete for the members' attention. KAFAME's sister organisation, with the same member base, provide saving and credit services to all members which leaves KAFAME free to concentrate on marketing activities. This can be seen in interviews and focus group discussion with the executive committee where they mostly talk about their marketing and bulking operations. In KAME on the other hand, many members express their need for more loans during the survey and their disappointment with KAME in this area. Even though KAME does not have an official goal related to savings and credit, the pressure from members seems to have tilted the executive committee's attention towards these services. In the interviews with the executives their focus on savings and credit is dominant and they describe plans to increase these services even more.

The results from KAME and KAFAME show that the needs of the members can prevent a clear and relevant focus in cooperative operations. KAFAME's institutional environment with a sister organisation that meet some of the members' demands for saving and loan services gives the cooperative an opportunity to stay engaged in marketing activities. KAME on the other hand, has lost the focus on marketing and concentrates on savings and credit services instead which is less relevant to their goal as an AME.

#### **5.4.5 Professional skills**

Mutunga (2008) explains that it is vital for cooperatives to have motivated staff with competence to perform their tasks. As small scale cooperatives might not have the possibility to hire staff, the management capacity is directly related to the level of education in the member base (Chirwa et al. 2005). This is the situation in both KAME and KAFAME as they rely on an unpaid elected executive committee that work both as management and board. Because of this, both cooperatives suffer from the low education level among their members since it means less qualified candidates in the election process.

Even though most members expressed content with the leadership in both cooperatives, the members in KAME revealed more concerns about leadership skills and abilities during the member survey. One member described the education level as a major problem when it comes to elect capable leaders. A few members in KAME described the biggest problem in the cooperative as the incompetence of the leaders and their lack of ability to meet members' expectations. Furthermore, one member said that because of the lack of capacity within the cooperative there is a need for outside consultation. Members in KAFAME seemed generally more pleased with the leadership than the members in KAME although some explain how "the leaders are not perfect", "sometimes make mistakes" and "should get more training in order to develop" (KAFAME Survey). The leadership of KAFAME also demonstrated key skills during my visits as they clearly could describe their procedures for bulking, marketing and mobilising members and could also demonstrate a successful record in these areas.

One major skill that the KAME leadership seems to lack is collective marketing of members' produce. As was explained before, marketing cooperatives can either bulk-and-sell members' produce which is called *pooling*, or use the *buy/sell* method which means that the cooperative first buys members' produce and then sells it to a third party (Warman & Kenny 1998). The

group interview with the KAME leadership revealed that their marketing strategy is the *buy/sell* method even though SCC-Vi advocates for the *pooling* method. One staff members from SCC-Vi described how the *buy/sell* method is a common problem in Uganda which eventually makes many cooperatives fail. When the cooperative works this way it gets the characteristic of a middleman where the profit from selling does not go to the members right away. This gives the members incentives to quit selling through the cooperatives and look for other middlemen which can give them a higher price for their produce directly. The member survey in KAME confirms this picture as some members describe how they did not receive more money by selling through the cooperative and thus started selling on their own.

As a summary, the leadership skills in marketing seem to be on a higher level in KAFAME than KAME. While the executive in KAFAME are able to frequently deliver marketing services to their members the leadership in KAME lack the basic knowledge about the best strategy for marketing.

#### **5.4.6 Systems**

Chirwa et al. (2005) describe how the bookkeeping and administrative systems in a small scale cooperative are dependent on the members' literacy rate as they are the base for election of leaders. Both KAME and KAFAME have basic financial and administrative systems with meeting records, notes for incomes and expenses, records of loan services etc. Nonetheless, the member survey showed that a majority of the members in both cooperatives have a low general idea of the financial system in their cooperative. When asked about the cooperative administrative and financial system, most members mentioned the bank account and a few members mentioned the record books. In KAME, members commented about other aspects of the organisation when they were asked about the administrative systems. In KAFAME one member explained that the leaders do not follow the systems sometimes. Otherwise, the members in KAFAME talked about trust in relation to the systems and that it is possible to give the cooperative money and get them back whenever you want.

Even though the members seemed generally content with the cooperative systems, both cooperatives demonstrated some major flaws in this area which is a further indication of the general lack of insight by members. One example of this is that neither of the two organisations have a members list that shows the actual number of individual members. In

KAME, the list is out of date, while KAFAME lists members several times. The actual amount of members is thus much lower in both cooperatives than the lists indicate. Another example of flaws in the record keeping is incomes recorded among expenses sheets, which shows that there is a need for further training in bookkeeping in both organisations.

Mutunga (2008) argues that financial sustainability is a key factor to ensure cooperative self-reliance which means that cooperatives should be able to mobilise their own funds without external support. Both KAME and KAFAME get incomes through commissions and membership fees in connection to their services. As KAME only has a small scale savings and credit service the total incomes are low compared to KAFAME. KAFAME mainly gets incomes from the regular seed distribution and marketing services. One problem that both cooperatives demonstrate is their tendency to share out a high percentage of the accumulated capital to the members which lowers the financial sustainability of both organisations. This can be a sign of the conflicting interests that Chriwa et al. (2005) describe as a consequence when members are elected as cooperative leaders. As leaders, these persons have an interest of capital accumulation for investments while they, in their role as members, rather see the cooperative pay out larger dividends. Both executive committees state a lack of capital as their major problem, at the same time as they share out more than half of their accumulated capital to primary groups each year. This means that the capital that could have stayed in the cooperatives and contributed to increasing services instead disappears to primary groups.

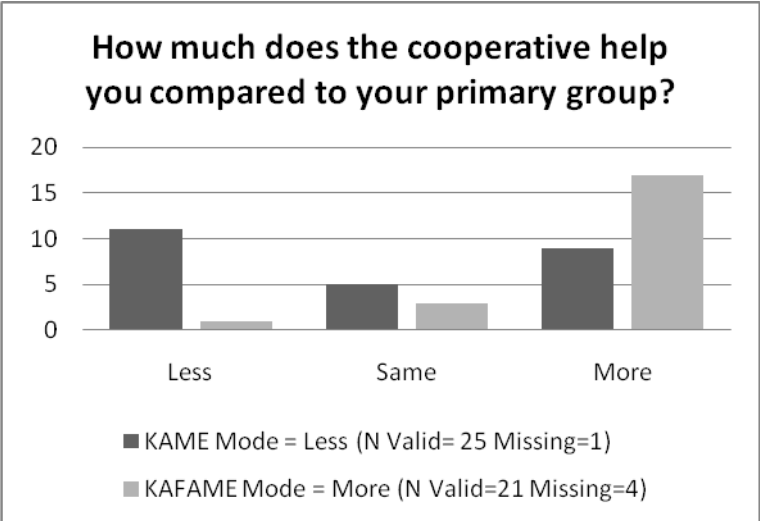
This section shows basic functioning administrative and financial systems in both cooperatives. However, the awareness of the systems among members is low and several problems in the records indicate a lack of record keeping skills. Furthermore, the biggest problem for financial sustainability is the continuous loss of capital to primary groups as both cooperatives share-out large parts of their accumulated capital.

#### **5.4.7 Target group support**

Chriwa et al. (2005) argue that to receive support from its members, a smallholder cooperative must provide services that give the members tangible and continuous benefits. In KAFAME, a majority of members seem satisfied and claim that the cooperative has complied with their expectations as they have benefited from several services such as collective marketing, training and distribution of seeds. In KAME, on the other hand, many members

describe how the services from the cooperative have stopped and how they do not participate actively anymore since KAME has not lived up to their expectations. One member explained that members' expectations on marketing were high in the beginning but lowered as KAME failed to deliver. Another member explained how many members have left the cooperative since there are no buyers of their produce anymore.

**Figure 9: Survey results - Comparison to primary group**



Mutunga (2008) argues that when cooperatives join together in federations, the support from members is vulnerable since the federation is composed of groups instead of individual members. Members in both KAME and KAFAME compare these federations to their primary groups which offer similar services and thus compete for the

members' attention. When members were asked if they like their cooperative more, less or the same compared to their primary group, most respondents in KAME answered that KAME help them less, while most respondents in KAFAME answered that KAFAME help them more as can be seen in Figure 9. The members in KAFAME motivated their answers with that KAFAME helps them with seeds and to market their produce. In KAME the members that said that KAME helps them less since its too far away and has less activities than their primary groups.

The results from KAME and KAFAME show that members generally relate their level of satisfaction to the tangible benefits they receive from the cooperative. Without active services, it is hard for KAME to compete with the primary groups in its area. KAFAME, on the other hand, receives much support from its members due to its relatively high level of active services.



#### **5.4.8 External relations**

Mutunga (2008) describes how external support from public and private bodies is vital for cooperative success. The member survey showed differences in how members perceive general attitude among non-members in their community. In KAME, around half of the members described the general altitude in the area as positive. The other half had a negative perception and explained that non-members see the cooperative as a waste of time. The members in KAFAME revealed a more positive picture of the attitudes in their area and all but three members described how non-members admire them and are eager to join the cooperative.

Mutunga (2008) describes how it is vital for a cooperative that the leadership keeps close and working contacts with other actors in their context like agricultural input enterprises and potential buyers. In this area, another difference is apparent between the leadership in KAME and KAFAME. The leaders in KAFAME described how they market the cooperative's produce on the local radio and visit potential buyers in the surrounding cities. They also have good contacts with agricultural input organisations and with training institutions such as NAADS (National Agricultural Advisory Services). These contacts allow the cooperative to procure seeds and offer trainings to the members. A different picture is given in KAME where the leadership seems to have lost the contact with their buyers as well as with potential supporting institutions.

It is apparent that KAFAME enjoys high support in the community and that many non-members admire their work. KAME on the other hand seems to struggle with a negative attitude in their area as non-members consider a membership in the cooperative to be a waste of time. Furthermore, KAFAME enjoys external support via the leadership's links to external buyers and supporting institutions while KAME lacks such links.

#### ***5.5 Beyond organisational constraints***

In both cooperatives, the members and leadership described problems that lay outside the organisational scope of this study, the most frequently mentioned one being the drought. In both KAME and KAFAME the drought was given as the major reason to insufficient bulking and members in both cooperatives described the drought as a potential threat to the

cooperatives' future. Another problem that some members mentioned in both places is the access to markets. One member in KAFAME explained that two major problems are the low market prices and the lack of a steady demand. In KAME one member said that even if the members do bulk, the biggest challenge is to find buyers to purchase their produce.

One area that seems to differ between the cooperatives is the distances that members have to travel to get to the cooperative office. In KAME, there were several complaints from members about the difficulties to get to the trainings. One member explained that because of the long distances many members do not come to the meetings. In KAFAME, members did not have similar complaints and the members that we visited lived relatively close to each other.

In both cooperatives, several members mentioned the lack of knowledge as a major constraint to cooperative development. The respondents explained that members need more training in areas such as rearing animals, farming and how to use money. Another area that was mentioned by several members is the lack of money. In KAME, two members described how the lack of money makes it hard for people to pay back their loans to the cooperative, which in turn affects the level of capital in the organisation. In KAFAME, members mentioned how the lack of money affects their access to the equipment and material they need in farming. Several farmers in both KAME and KAFAME emphasised the need for increased financial support from external actors. A final area that members mentioned is negative attitude among members which they described in terms of individualism or laziness. In both cooperatives, members explained how the individualism makes it harder for people to cooperate and in KAFAME one member argued that members are reluctant to cooperate since they don't want other people to benefit.

## **6 What are the determining factors for success?**

This section will summarise the results from KAME and KAFAME and analyse the main similarities and differences between the two cooperatives.

The data collection revealed several constraints to cooperative performance that lie outside the organisational focus of this study. Both cooperatives are struggling with harsh external conditions which constrain cooperative performance such as severe droughts, a lack of capital

and negative attitudes among members. The members in KAME also mentioned distance as a hinder for them to participate in meetings and bulking. However, even though these factors are likely to impact cooperative performance they are not analysed further in this study. The following sections will instead discuss organisational features that influence cooperative performance bearing in mind that other factors are present in the context as well.

### ***6.1 Similar organisational constraints in KAME and KAFAME***

KAME and KAFAME show many similar constraints in terms of organisational factors. Neither of the cooperatives has a clear goal definition and in both organisations, the members seem to have a vague idea of what the main goal of their cooperative is. Furthermore, the low education among members affects both cooperatives as members are less capable to hold their leaders responsible. Both cooperatives also demonstrate a lack of strategic thinking as well as basic feedback mechanisms for assessing and improving cooperative performance. The administrative and financial records also show several flaws which indicates that there is a need to improve skills in recordkeeping. The cooperatives also show a tendency to share out a large part of their accumulated capital which lowers their financial sustainability.

Despite these constraints KAFAME is a well functioning marketing cooperative with active services in training, bulking, selling and procurement. The high performance of KAFAME indicates that these constraints are unlikely to be reasons to the low performance of KAME since both cooperatives struggle with the same problems. The causes for cooperative performance thus need to be sought in organisational features that differ between the two cooperatives. Table 1 shows a simplified picture of the organisational analysis. The darker rows indicate the areas where the two cooperatives differ and thus were the potential explanations to different cooperative performance can be found. These differences will be analysed in the next sections to determine if they can be the reasons to why KAME has a lower level of performance than KAFAME.

**Table 1 : Organisational analysis of KAME and KAFAME**

<b>Octagon area</b>	<b>KAME</b>	<b>KAFAME</b>
<b>1 Identity</b>	<i>Weak</i>	<i>Weak</i>
<b>2 Structure</b>	<i>Weak</i>	<i>Strong</i>
<b>3 Implementation of activities</b>	<i>Weak</i>	<i>Weak</i>
<b>4 Relevance of activities</b>	<i>Weak</i>	<i>Strong</i>
<b>5 Professional skills</b>	<i>Weak</i>	<i>Strong</i>
<b>6 Systems</b>	<i>Weak</i>	<i>Weak</i>
<b>7 Target group support</b>	<i>Weak</i>	<i>Strong</i>
<b>8 External relations</b>	<i>Weak</i>	<i>Strong</i>

## ***6.2 Different organisational constraints in KAME and KAFAME***

The analysis in the different Octagon areas showed several factors that differ between KAME and KAFAME. In this section I will analyse which of these factors are likely to be causes of differences in performance.

There are three areas where KAME and KAFAME differ but which are more likely to be *consequences* of their performance rather than causes; the relevance of activities, the support from members and the external community support. KAME seems to have left the activities connected to marketing after failed attempts in this area which several of the members explained. The poor performance of KAME can therefore not be explained with that they concentrated on irrelevant services in the first place. The support from members and the community seems to be something that is highly connected to the active services and tangible benefits that a cooperative provides to its members in the first place. The most likely explanation to the differences in support between KAME and KAFAME is thus that KAFAME is a well functioning cooperative that brings visible benefits to its members while KAME has lost its power and has few functioning activities. This is also confirmed by many of the members in KAME that explain how other members left the cooperative when it did not deliver as expected.

Returning to the organisational analysis table, this section shows that three of the areas are more likely to be consequences of, rather than causes to, performance which is demonstrated in Table 2 by the crossed out areas. However, the area *External relations*, is a special case as it involves community attitudes but also links to external supporting institutions outside the

community. The analysis showed that these links are dependent on the leadership competence and will therefore be included in the discussion about *Professional skills* in the next section.

**Table 2: Crossed out independent variables**

<b>Octagon area</b>	<b>KAME</b>	<b>KAFAME</b>
<b>1 Identity</b>	<i>Weak</i>	<i>Weak</i>
<b>2 Structure</b>	<i>Weak</i>	<i>Strong</i>
<b>3 Implementation of activities</b>	<i>Weak</i>	<i>Weak</i>
<b>4 Relevance of activities</b>	<i>Weak</i>	<i>Strong</i>
<b>5 Professional skills</b>	<i>Weak</i>	<i>Strong</i>
<b>6 Systems</b>	<i>Weak</i>	<i>Weak</i>
<b>7 Target group support</b>	<i>Weak</i>	<i>Strong</i>
<b>8 External relations</b>	<i>Weak</i>	<i>Strong</i>

**6.3 Organisational causes of different cooperative performance**

By excluding organisational features in KAME and KAFAME that are consequences of their performances rather than causes, two factors remain that has the potential to explain why the cooperatives perform differently. These are the areas *Structure* and *Professional skills* which will be the focus of this section.

**6.3.1 Structure – the link between members and leadership**

The first organisational factor which seems to affect cooperative performance is the *Structure* or channel for membership participation. Since KAFAME has a membership council the members have a better control over the executive committee trough their group representatives. KAME lacks such channels, which also is shown as many of the members seem unaware of cooperative activities. Furthermore, the missing link between executive and members in KAME seems to affect the executive’s possibilities to mobilise members for activities such as bulking or meetings.

By looking at the history of the two cooperatives, possible explanations can be found to their different structure. Mutunga (2008) writes that it is important that a cooperative is not too affected by external actors when it comes to how the cooperative is organised. According to him, a naturally evolved structure is more likely to be self-reliant that one that is artificially created. The members and leaders describe how KAME was created by the Life-project that trained the community and then encouraged the creation of primary groups and KAME. KAME was thus initiated based on a low institutional foundation as many primary groups

also had to be created. KAFAME was also created during a time of external support but this support developed the groups that already existed in the area rather than starting new ones. The existing primary groups in the areas were thus encouraged to join together to form a federation which indicates that KAFAME was built on a greater foundation of institutional maturity. The strong influence of existing primary groups is a likely explanation to that the membership council was created to ensure primary group influence in the decision making process.

The weak institutional foundation of KAME has thus led to a structure without strong links to primary groups. This in turn lowers members' participation and engagement in KAME as well as the leaders' possibilities to mobilise members, which affects the cooperative's performance. KAFAME, on the other hand, was created on a strong institutional ground which supported a structure where all members have a link to the executive. This enhances membership participation and makes it easier for leaders to mobilise members and support a strong cooperative performance.

### **6.3.2 Professional skills – leadership capacity in implementation**

The second organisational factor that affects cooperative performance is the *Professional skills*, which differs between KAME and KAFAME in various ways. While KAFAME's leadership is committed to the goal of collective marketing and selling, the leadership in KAME are more focused on savings and credit services. The leadership in KAFAME can also show several ways in which they encourage marketing through contacts with buyers and radio commercials and a system for bulking. In KAME the leadership has limited knowledge of how to contact buyers or how to mobilise members for bulking. Furthermore, KAME's leadership uses the *buy/sell* system for marketing members' produce which is less favourable for a small scale cooperative and enhance the risk of losing members to middle men. This is distinct from KAFAME that uses the more beneficial system of *pooling* which gives members economic benefits directly.

The leadership in KAME explained in the group interview how the Life-project brought buyers of their produce from other places, but when the support from Life and SCC-Vi stopped, the buyers also stopped coming. This indicates that KAME was created through a process with limited involvement of the leadership which lowered their capacity to continue

to run the cooperative once the support stopped. Quite another story is shown in KAFAME where a key informant from SCC-Vi explained how the leaders were encouraged to seek buyers by themselves during the support period which gave them an increased capacity and independence to do this after the support ended.

This shows, once again, that the differences in KAME and KAFAME are based on their founding period where KAFAME leaders had the opportunities to develop their capacity while the leaders in KAME lacked the same opportunities. Consequently, KAFAME's leaders have higher capacities than KAME's to run the cooperative which leads to a higher performance level in KAFAME than KAME.

## **7 Conclusions**

This study asks the question why some cooperatives fail while others succeed and answers this through a focus on organisational factors. The specific research question is: What organisational factors, if any, can explain different levels of performance in Ugandan small scale farmer cooperatives? By studying the cooperatives KAME and KAFAME, I am able to draw three conclusions about the link between organisational features and cooperative performance. Firstly, leadership skills, including knowledge about marketing and mobilisation of members, are vital for cooperative success. Secondly, channels for member participation are another, equally important factor, which ensures members' engagement in cooperative activities. Thirdly, these organisational features are highly influenced by the creation process of a cooperative, where the enhancement of ownership and capacity building by external actors play an important role.

The causal analysis shows that a link between members and the leadership such as a membership council enhances membership involvement and participation in cooperative affairs. Furthermore, the analysis shows that leadership skills in marketing, networking and mobilising members provide a ground for a cooperative's ability to implement its main activities. Through member participation and service implementation these two organisational factors can thus explain why KAME experience a lower performance than KAFAME. A historical analysis of KAME and KAFAME also shows that structure and skills are dependent on how a cooperative is created and supported by external actors. While KAME was created with low local participation and on no previous institutional ground, KAFAME's creation

involved previously active community groups and enhanced the capacity of the leaders through their active participation. These differences in initial support laid the ground for differences in structure and skills and thus affected cooperative performance in the long run.

As previous research has emphasised the importance of both leadership skills (Hatti & Rundquist 1994; Keeling 2004; Onwuchekwa 1985; Wanyama et al 2009) and member participation (Flygare 2007; Holmén 1994; Wanyama et al. 2009) these results are not surprising. Since Ugandan cooperatives are now operating on a free market, leadership skills in these organisations are as vital as in any other private company. However, the importance of membership participation to success also shows how cooperatives differ from private companies. Without members' engagement and interest, the organisation might as well be restructured to a private business. KAMEs difficulties in mobilising members for bulking and marketing shows how this cooperative has failed in the competition for members' produce, as private middlemen pay members more. Furthermore, the results show that successful performance is related to how cooperatives are initiated. In the new liberalised institutional environment that Ugandan cooperatives operate, the surviving cooperatives will be those that have been created with a high involvement of members themselves and where the organisational structure and leadership skills reflect this process.

Since this study use the active services to members as a measurement of performance, it does not say anything about the effect these services has on members and what impacts thy lead to in the long run. The hopes placed on cooperatives, as actors for rural development and poverty alienation, are therefore yet to be looked at in this context. Previous literature shows that cooperatives have a low record of success in the past when it comes to affecting development problems (Holmén 1994; Pollet 2009). My experiences from this data collection lead me to believe that the broken record in closely connected to the fact that cooperatives have been initiated by outsiders. When outsiders create the goals and structures of the cooperatives this lowers the importance of members' own goals and means of participation. This was shown by the striking number of respondents in KAME and KAFAME that showed a low understanding of the marketing purpose of their AME. Pollet (2009) write that it is not always realistic to believe that African cooperatives can carry out development programmes as they are still struggling to survive and deliver basic services to their members. The strong performance of KAFAME shows that with the right leadership and organisational structure, a cooperative can survive in a liberalised environment that has left others, like KAME, to fail.



The next step is to look at what the surviving cooperatives deliver and if they have a long term positive impact on their members as well as the surrounding community.

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## Data collection

### Key Informant interviews

1. M&E Officer, SCC-Vi Uganda, 2009-10-08
2. Regional officer, SCC-Vi Sweden, 2009-08-17
3. Regional officer, UCA Masaka Region, 2009-11-24
4. Former Zone Coordinator Rakai B, SCC-Vi Uganda, 2009-12-03
5. Former Zone Coordinator and Field Officer Lyantonde, SCC-Vi Uganda, 2009-12-04
6. Former Field Officer Rakai B, SCC-Vi Uganda, 2009-12-04
7. Commercial District Official Rakai District, 2009-12-05
8. NAADS Coordinator, Rakai District, 2009-12-09
9. Agricultural Officer, Rakai District, 2009-12-09
10. Auditor UCA, Masaka Region, 2009-12-10
11. FED Officer, SCC-Vi Uganda, 2009-12-19

### Member Survey

#### KAME

Member 1:	Male	Bumogolo village	Age 30	2009-10-12
Member 2:	Female	Kyempewo village	Age 55	2009-10-13
Member 3:	Female	Bumogolo village	Age 30	2009-10-12
Member 4:	Male	Kiswaga village	Age 49	2009-10-12
Member 5:	Female	Raki village	Age 21	2009-10-12
Member 6:	Male	Kyempewo village	Age 25	2009-10-13
Member 7:	Female	Lykyamu village	Age 32	2009-10-12
Member 8:	Female	Lykyamu village	Age 65	2009-10-12
Member 9:	Male	Kyempewo village	Age 30	2009-10-13
Member 10:	Female	Kyempewo village	Age 30	2009-10-13
Member 11:	Female	Bubba village	Age 28	2009-10-14
Member 12:	Male	Kyempewo village	Age 49	2009-10-13
Member 13:	Female	Kyempewo village	Age 36	2009-10-13
Member 14:	Male	Kyempewo village	Age 45	2009-10-13
Member 15:	Male	Kisaana village	Age 31	2009-10-13

Member 16:	Female	Kisaana village	Age 61	2009-10-13
Member 17:	Female	Kisaana village	Age 27	2009-10-13
Member 18:	Female	Bubba village	Age 36	2009-10-14
Member 19:	Female	Bubba village	Age 51	2009-10- 14
Member 20:	Female	Kisomole village	Age 40	2009-10-14
Member 21:	Female	Nabusozi village	Age 54	2009-10-14
Member 22:	Female	Nabusozi village	Age 60	2009-10-14
Member 23:	Female	Nabusozi village	Age 49	2009-10-14
Member 24:	Female	Kisomole village	Age 35	2009-10-14
Member 25:	Female	Nabusozi village	Age 27	2009-10-14
Member 26:	Female	Lukondo village	Age 28	2009-10-15
Member 27:	Male	Kaami village	Age 28	2009-10-15
Member 28:	Female	Lukondo village	Age 30	2009-10-15
Member 29:	Female	Kamukalo village	Age 58	2009-10-15
Member 31:	Female	Lukondo village	Age 60	2009-10-15

#### KAFAME

Member 1:	Male	Mugoire village	Age 20	2009-10-19
Member 2:	Female	Mugoire village	Age 30	2009-10-19
Member 3:	Male	Mugoire village	Age 38	2009-10-19
Member 4:	Female	Mugoire village	Age 40	2009-10-19
Member 5:	Male	Mugoire village	Age 45	2009-10-19
Member 6:	Female	Mugoire village	Age 45	2009-10-20
Member 7:	Female	Mugoire village	Age 48	2009-10-19
Member 8:	Male	Mugoire village	Age 40	2009-10-19
Member 9:	Male	Kyakatamala village	Age 28	2009-10-20
Member 10:	Female	Rwebikyoli village	Age 39	2009-10-21
Member 11:	Female	Kyakatamala village	Age 26	2009-10-20
Member 12:	Male	Rwebikyoli village	Age 51	2009-10-20
Member 13:	Female	Rwebikyoli village	Age 27	2009-10-20
Member 14:	Female	Mugoire village	Age 40	2009-10-20
Member 15:	Female	Mugoire village	Age 30	2009-10-20
Member 16:	Male	Mugoire village	Age 32	2009-10-21

Member 17:	Female	Kyakatamala village	Age 40	2009-10-20
Member 18:	Male	Rwebikyoli village	Age 28	2009-10-20
Member 19:	Female	Byembogo village	Age 30	2009-10-21
Member 20:	Male	Lusalugwera village	Age 38	2009-10-21
Member 21:	Female	Mugoire village	Age 27	2009-10-21
Member 22:	Female	Mugoire village	Age 36	2009-10-21
Member 23:	Male	Mugoire village	Age 47	2009-10-21
Member 24:	Female	Mugoire village	Age 32	2009-10-21
Member 25:	Male	Byembogo village	Age 35	2009-10-22
Member 26:	Male	Byembogo village	Age 43	2009-10-21
Member 27:	Female	Mugoire village	Age 42	2009-10-22
Member 28:	Male	Katogunda village	Age 58	2009-10-22
Member 29:	Male	Kajju village	Age 47	2009-10-22
Member 30:	Male	Rwebikyoli village	Age 53	2009-10-22

### **Cooperative Key Informant Interviews**

Group interview with Chairperson, Secretary and Treasurer KAFAME, 2009-12-14

Interview with Chairperson KAFAME, 2009-12-14

Interview with Secretary KAFAME, 2009-12-14

Interview with Treasurer KAFAME, 2009-12-14

Group interview with Chairperson, Secretary and Treasurer KAME, 2009-12-15

Interview with Chairperson KAME, 2009-12-15

Interview with Secretary KAME, 2009-12-15

Interview with Treasurer KAME, 2009-12-15

### **Focus groups**

KAFAME executive 2009-11-05

1) Chairperson

2) Treasurer

- 3) Mobiliser
- 4) Secretary
- 5) Vice Chairperson

KAME executive 2009-11-04

- 1) Chairperson
- 2) Treasurer
- 3) Women representative
- 4) Youth representative
- 5) Secretary

### **Meetings**

Initial meeting with Project Manager and Capacity Building Officer about selection of thesis topic, SCC-Vi Uganda

Initial meeting with FED Officer about cooperatives, SCC-Vi Uganda

Initial meeting with M&E Officer and Capacity Building Officer about selection of Cooperatives

### **Presentations**

Presentation and feedback with Manager, Deputy Manager, Capacity Building Officer, FED Officer, E&CC Officer, SCC-Vi Uganda, 2009-12-08

Presentation and feedback with KAFAME Chairperson about main findings and advises 2009-12-14

Presentation for KAME Chairperson about main findings and advises 2009-12-15

### **Document analysis**

SCC-Vi Farmers organisation assessment form, No. 11, *KAFAME*, 20.05.2009

SCC-Vi Farmers organisation assessment form, No. 36, *KAME*, 05.06.2009



KAFAME 2009-12-14

1. Debts book
2. Registration book
3. Members lists
4. Loan request forms
5. Shares book
6. Cash book

KAME 2009-12-15

1. Loan book
2. Loan request forms
3. Cash book
4. Receipt book
5. Group files
6. Payment voucher
7. Bulking records
8. Members list
9. Meeting record executive
10. Meeting record general meeting
11. Bye-laws

## Appendix 1: The Octagon Model

The eight areas of the Octagon are presented below with Sida (2002) as a source but with my own adaptations and limitations in each area to fit the context and scope of this study. These are the criteria that have been used as a framework to analyse each cooperative.

### 1. Identity

The organisation's basic values and the reasons behind its existence; important in this area is that the vision and mission is spread and known inside and outside the organisation.

### 2. Structure

The democratic rules and the division of responsibilities within the organisation; important here is that the division of leadership duties are clear and that there is a system for accountability and democratic control mechanisms.

### 3. Implementation of activities

The organisation's ability to plan and implement its main activities or services; the existence of operational plans and systems for follow up is important and will ensure that the implementation runs smoothly and that the organisations learn from its mistakes.

### 4. Relevance of activities

How the activities and working methods of an organisation correspond to its vision and mission. Here, the important aspect is to see that the organisation is driven by its vision and mission and that its activities are discussed in relation to this.

### 5. Leadership skills

The skills and abilities of staff and management; the important aspect in this area is that the leadership has knowledge and experience to implement activities and reach the organisation's goals.

### 6. Administrative systems

The system for bookkeeping and documentation as well as the strategy for how to reach financial independence; important here is that records are systematically used and the organisation has multiple sources of incomes that makes it financially stable.

### 7. Target group support

The support that the organisation receives from the target group (cooperative members).; important here is to see if the organisation has legitimacy in the eyes of the target group.

#### 8. External relations

The links that the organisation has to its surrounding environment. Important aspects here are that the organisation enjoys legitimacy in the community where it operates and that it has fruitful connections to other agents and supporting institutions.

## Appendix 2: Member survey questionnaire

Date:

Time:

Zone:

**Introduction** of yourself, the purpose of the visit, the importance of talking to them, confidentiality, recording.

**General conversation** about the persons living situation, fill in above.

Name:

Sex:

Age:

Cooperative name:

Village:

Group:

Members in household:

Main source of income:

1. How many groups are you a member of? Which ones?
2. What made you join KAME/KAFAME?
3. How much does KAME/KAFAME help you in relation to the other groups?
  - a) Less
  - b) Same
  - c) More
4. Why?
5. What role and responsibilities do you have in KAME/KAFAME?
6. How often do you go to meetings?
7. In what way has KAME/KAFAME affected you?
  - a) Changes in income
  - b) Changes in diet
  - c) Changes in production
  - d) Changes in working methods
  - e) Not at all
8. What goals does KAME/KAFAME have?

### Scale for grading Octagon areas:

**1= Horrible 2= Very bad 3= Bad 4= Neither good or bad 5= Good 6= Very good 7= Perfect**

9. How do the goals fit with what you want out of the cooperative?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

10. Who constitutes the leadership of the cooperative?

1. Chairman 2. Secretary 3. Treasurer 4. Other

11. How is the selection process of the leadership?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

12. How is your possibility to hold the leadership responsible for its actions?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

13. What are the main services of the cooperative?

- a) Saving                      b) Bulking                      c) Collective procurement  
d) Training                      e) Other

14. When was the last time you participated in each activity?

15. How would you rate the cooperative's capacity to plan and implement services?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

16. Do you think that these services will lead to the cooperative goals?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

17. How do the leadership's skills correspond to its tasks?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

18. Does the cooperative have systems for how to handle money and keep records?

19. How would you rate these systems?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

20. How do the services of the cooperative correspond to your expectations?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

21. How is the general attitude towards the cooperative in the area?

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Motivation:

22. Please list the *two* major strengths and weaknesses of the cooperative:

Strengths:

1. ....
2. ....

Weaknesses:

1. ....
2. ....

## Appendix 3: Focus group instructions

Each area of the Octagon will be graded by focus group participants according to the following scale. Grading criteria have been developed by Sida (2002).

7	6	5	4	3	2	1
Excellent	Very good	Good	Reasonable	Weak	Very weak	Non-existent

### 1. Identity

- Highest points are awarded if the objectives are documented in writing and are known and accepted by all members.
- Lowest points are awarded if the organisation has not defined the objectives it wishes to achieve.

### 2. Democratic structure

- Highest points are awarded if the leadership know their duties and responsibilities. There are routines and systems to hold the leadership responsible for its actions.
- Lowest points are awarded if there is no specific division of responsibilities. Decision-makers are not held accountable for their actions.

### 3. Capacity to implement activities

- Highest points are awarded if the organisation has operational plans in order to achieve the objectives and also achieves the planned results. There are systems and routines for regular follow-up and for making use of experience gained.
- Lowest points are awarded if there is a total absence of operational plans and the organisation is unable to describe what it should achieve. There is no follow-up and activities tend to continue as before.

### 4. Relevance of activities

- Highest points are awarded if the activities and methods of the organisation actually correspond to its vision and this is the subject of continuous reflection and internal discussion.
- Lowest points are awarded if there is no link between the organisation's activities and its vision. Activities without clear links to the objectives are carried out.

### 5. Leadership skills

- Highest points are awarded if the leadership have all the right skills and qualifications to do a good job. Members regard the leadership as legitimate and give it their active support.
- Lowest points are awarded to organisations in which there is a lack of needed qualifications and experience. The leadership is not legitimate in the eyes of the members.

## **6. Administrative and financial systems**

*The organisation has the financial resources and administrative routines to run its activities.*

- Highest points are awarded when the organisation has sustainable and reliable financing. A bookkeeping system and transparent administrative systems is in good working order.
- Lowest points are awarded when the organisation is barely managing to survive financially. Activities are not documented instead the organisation's knowledge is "documented" in the heads of individuals.

## **7. Acceptance and support of members**

- Highest points are awarded if the organisation has legitimacy in the eyes of the members. The members are clearly involved in activities, particularly in both the planning and evaluation phases.
- Lowest points are awarded if the members have little confidence in the organisation. The organisation does not collect the points of view of the members.

## **8. Relations with external environment**

- Highest points are awarded when the organisation participates actively in existing and functioning networks and builds new relevant networks. The organisation is a recognised actor in the community.
- Lowest points are awarded if the organisation is not known among actors in its working environment. The organisation is competing with other organisations in its community.



## **Appendix 4: Interview guide – Cooperative leader**

### **About the position**

What are your main tasks?

How much time do you dedicate each month?

What is the best thing with your role?

What is the hardest thing?

### **Election process**

How long have you had your role?

How did you get elected?

Why were you elected?

Are there other people that could do your job in the group?

### **Skills**

Is there anything you miss to fulfil your role?

Do you have all the knowledge you need?

What would you like more training in to improve?

### **Views about the cooperative**

What is the best thing with the cooperative?

What can be improved in the cooperative?

How do you view the future of the cooperative?

## **Appendix 5: Interview guide – Cooperative leaders as a group**

Purpose: To get a deeper understanding of the cooperative and its activities

1. Tell me about the history of the organisation (date of creation, trainings)
2. What is your registration number?
3. What are your mission, vision and objectives?
4. How were the vision and mission developed within the organisation?
5. Are the vision and mission documented somewhere?
6. Does the organisation have a strategy in order to reach your goal? Do you have sub-goals? Operational plans?
7. What are your main financial resources, how do you get incomes (commission, donations etc.)?
8. What kind of bookkeeping do you use (sales, member fees, shares etc.)? Can I see the records?
9. Can I see meeting records (date, participants)?
10. Can I see activity records (date, participants, type of activity)?
11. What is the election process of the leadership?
12. What kind of systems do you use to hold leaders responsible?
13. How does the leadership structure look like?
14. How does the decision making within the organisation look like? How can members make changes in the constitution?
15. What are your major challenges?
16. What are your future plans?
17. What is the value of your shares?
18. Do you have a bank account? What amount do you have in the bank?
19. How many primary groups do you have as members?
20. What connections do you have to other groups and institutions? What help do you get from them?

## **Appendix 6: Interview guide – Key informants**

### **Introduction**

- What is your position and what are your main tasks?
- In what way have you been working with cooperatives? For how long?
- What needs to be done to improve the cooperative movement in Uganda?

For some:

- Have you worked with KAME and KAFAME in Rakai District? In what way?
- Have you given trainings? In what? For how long? Was it enough? Records?
- What are the main challenges for cooperatives? For KAME and KAFAME?

### **1. Identity**

- What are the most common goals among cooperatives that you work with?
- How are cooperative goals usually developed?
- Do you feel like most members understand the goals of their cooperative?
- What kind of goals do you promote in your work?

### **2. Democratic structure**

- Do you perceive the general cooperative as democratic?
- What are the democratic systems that are most common?
- What democratic system do you promote?
- What are the biggest democratic problems in cooperatives?
- What are the most common systems for accountability in cooperatives?

### **3. Capacity to implement activities**

- What are the main services of cooperatives?
- Are there any services that are harder to implement?
- What are the biggest obstacles for cooperative when implementing their services?
- How do cooperatives generally plan for implementation? Strategic plan?

### **4. Relevance of activities**

- Who decides what kind of activities a cooperative should have?
- What activities do you promote in your work?
- Are there any services that cooperatives do that are they shouldn't do?
- What are the most important services a cooperative can do to develop a community?

### **5. Leadership skills**

- What are the characteristics of a good leadership?
- How can good leadership be promoted?
- What are the main problems in cooperative leadership structures?
- How do you support good leadership among cooperatives?

## **6. Administrative and financial system**

- What different types of records should a cooperative have?
- What are the main challenges in cooperative systems?
- What are the main sources of income for a cooperative?
- In what way can a cooperative become financially sustainable?

## **7. Acceptance and support from members**

- What are the incentives for people to become members in a cooperative?
- What are the obstacles?
- How can you make people come to meetings?
- What is a good size for a cooperative in terms of members?
- Why do people drop out of cooperatives?

## **8. Relations with external environment**

- What kind of organizations exist that can support cooperatives in Uganda?
- What actors are the most important for cooperative success?
- What are the most common links that cooperatives have with external actors?
- What links are missing for success?
- How does a community in general view a cooperative in which they are not members?
- How does a cooperative get acceptance in its community?