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ORGANIZATIONAL STRUCTURE AND THE PERFORMANCE OF DAIRY COOPERATIVES IN KIAMBU COUNTY, KENYA

Authors: [1]Teresia Muthoni Kibunja, [2]Johnson Nzau Mavole and [3]Michael Tedd Okuku
[1,2&3]The Catholic University of Eastern Africa. P.O BOX 62157 00200
Nairobi, Kenya Website: www.cuea.edu
Corresponding author: Teresia Muthoni Kibunja. **Email:**terrykibunja@gmail.com

Abstract: *Today cooperatives in Africa have diversified. Specifically referring to the dairy cooperatives the union of the continent is strong to ensure economic growth. Financial institution holds a large market share. As compared to IMF and all other banking sectors in the African countries, dairy cooperatives own 14% of the financial markets. This study was undertaken to establish the influence of organizational structure on the performance of dairy cooperatives in Kiambu County, Kenya. he study used agency theory and theory of constraints to support study variables and findings. This study adopted Sequential explanatory design to determine the effecting leadership on the performance of Dairy Cooperatives in Kiambu County. The target population for the study was 22650 respondents. Finite population formula was used to calculate the sample size which arrived at 117 sample including both members and managers. The questionnaire method was preferred to other techniques in this study. Data collected was coded and analyzed using descriptive statistics where percentage, mean and standard deviation were used. Regression analysis was done to assess the relationship between the components of organizational management as independent variables on Performance of dairy cooperatives Kiambu County, Kenya. The The response rate for this study was 73.5% deemed adequate for drawing inferences on organizational management and performance. Females were the majority with representation of 53.49%. the findings revealed that organizational management is fairly adopted in dairy cooperatives*

1.1 Study background

At every level of the organization the function is known as the organizational performance. The organizational performance is entirely dependent on the organizational management. In the case where the vision of the management is delegated by the top management to the employees without clear communication, the whole organization risks its performance. Therefore, in order to ensure the desired performance is achieved in an organization, employees, managers, and all relevant stakeholders must a framework where everyone actively participates. Scott and Baehler (2010) demonstrate the need to craft and formulate strategies to facilitate strategy implementation. This focus requires being sharpened using key components of strategy implementation such as effective leadership and organizational resources. Unlike strategy formulation, strategy implementation is not a simple task since it's a constituent of so many elements that must be aligned and coordinate to successfully implement strategy. Some of these elements include leadership style, organizational structure and culture. In a study by Burgelman (2014) the findings showed that at least 70% of strategies failed to because of poor implementation whereby top managers failed to support employees adequately. Moreover, the findings showed that there lacked commitment and effective communication to facilitate strategy implementation. Desroches (2014) found that strategy implementation failure ranged between 50% and 90%.

In United State of America, dairy cooperative societies were among the first type of agricultural cooperative societies to be organized and they have their beginning in the early 1800s, (Cropp and Truman, 2001). Today cooperatives in Africa have diversified. Specifically referring to the dairy cooperatives the union of the continent is strong to ensure economic growth. Financial institution hold a large market share. As compared to IMF and all other banking sectors in the African countries, dairy cooperatives own 14% of the financial markets (Hesse and Cihak, 2007). According to Kimaru (2018), East Africa has become a hub for dairy cooperatives. Farmers in Kenya, Uganda, and Tanzania are working together to find market for their milk. People who cannot access market get help in the dairy cooperatives that they are either directly or indirectly linked to dairy cooperatives seem to thrive when they are less speculative since their results are less volatiles as compared to other times. In developed countries dairy cooperatives tend to supply finds that are less responsible and more stable to the market rates and monetary policies dairy cooperatives offer comparatively lower fees as compared to other financial institutions. Banks offer relatively expensive loans and financial products as compared to the dairy cooperatives.In Kenya the dairy cooperatives have grown and are well defined. Here are two major categories that are currently operating in the Kenyan market. In Kenya, the first Co-operative Society, Lumbwa Co-operative Society, was formed in 1908 by the European Farmers with the main objective of purchasing fertilizer, chemicals, seeds and other farm input and then markets their produce to take advantage of economies of scale (Kimaru, 2018). The cooperatives in this category include Farmings and Credit Co-operatives, farm produce and marketing cooperatives that come together to support each other in the market. The major challenges inherent in the dairy cooperative in Kenya are the poor governance and limited transparency in the management of cooperatives; lack of capacity in management, market intelligence and market research; weak capital base; infrastructural weaknesses (International Monetary Fund, 2007). There is also limited infrastructure, high deployment and maintenance costs, inadequate financing or adoption of 'high-margin low volume' financing models, lack of awareness and 'disposable' income for ICTs within rural areas (Okello 2016)

According to a research by Muriungi (2015), Kiambu had around 8 dairy. The cooperatives consist of dairy farmers who do both large-scale and small-scale farming. The cooperatives are in different sub-counties. Apart from dairy cooperatives, Kiambu county has other cooperatives registered in every sector of the economy. Dairy cooperatives help the members to pool their resources together and perform huge business and social activities that cannot be carried out by individual members (Muriungi, 2015). This paper therefore, seeks to find out the relationship between the organizational management and its performance, a case study of Dairy Cooperatives in Kiambu County, Kenya.

1.2 Statement of the problem

In Kiambu County, Diary cooperatives are found in all sub counties. The ministry of trade estimates that over 40% of the Kiambu population drives their income directly or indirectly from the dairy milk cooperative's initiatives. The government of Kiambu has initiated significant moves to support the farmers cooperatives in the market and encourage growth of the industry. Despite the efforts by the national and local government, Dairy Cooperatives in Kiambu county continue to struggle with their performance.

The dairy cooperative societies have faced various challenges especially after liberation and most of the cooperative societies in Kiambu County are not performing well compared to other cooperative societies in similar regions in the country. Poor performance of cooperative societies particularly in the liberation era include lack of training and unpreparedness by cooperative societies to modernize and embrace change, poor marketing strategies and competition from other stakeholders, lack of essential services and poor management and leadership since majority of cooperative leaders are either illiterate or with low education levels, exposure and trainings. In addition, mismanagement and corruption could also influences performance of dairy cooperative societies in Kiambu County.

Various studies have been conducted on performance of dairy cooperatives. For instance, Mwangi (2013) did a study on factors influencing dairy cooperative society's performance in Mathira and Kieni constituencies, Nyeri County, Kenya, Kariuki (2016) did a study on influence of product diversification drivers on performance of dairy enterprises in Kenya and Wanjiku (2017) did a study on factors affecting growth of dairy industry in Kenya (a case study of Githunguri dairy farmers cooperative society). Moreover, the Yegon (2015) examined the effect of economic determinants on performance of dairy cooperative societies in Kericho County, Kenya and Omoni (2018) also studied on influence of entrepreneurial management on performance of dairy co-operative societies in Murang'a County, Kenya. However, none of the studies focused on influence of organizational management on performance of dairy cooperatives in Kiambu County, Kenya. This study therefore seeks to find out the effect of organizational management on performance Dairy Cooperatives in Kiambu County, Kenya.

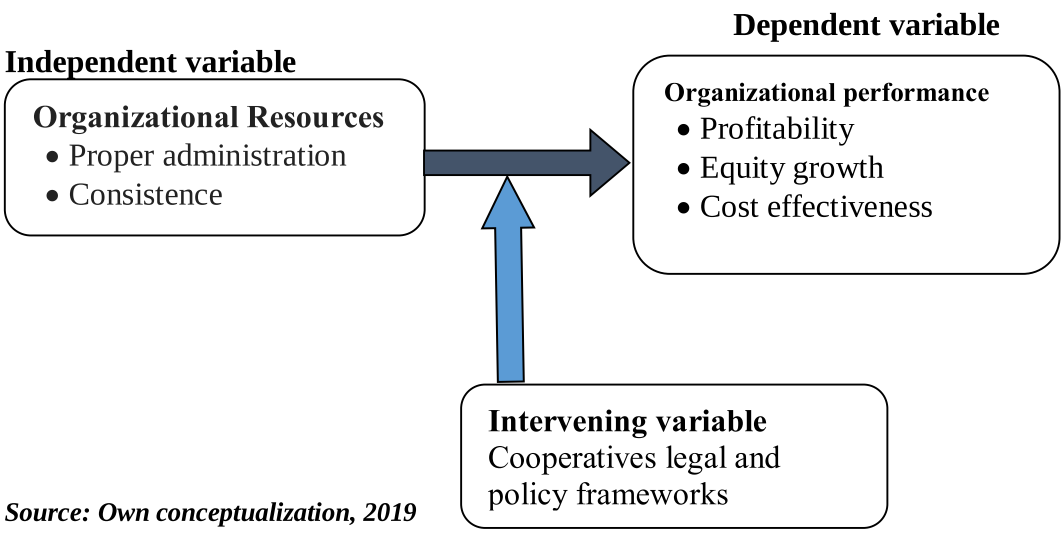
1.3 Study objective

To evaluate the influence of organizational structure on the performance of dairy cooperatives Kiambu County, Kenya.

1.4 Justification of the Study

The reason why the researcher found it necessary to investigate this field is because considering the introduction and growth of farmers Dairy Cooperatives in Kiambu County, it is important to find out whether organizational structure has any influence on performance of farmers Dairy Cooperatives. This will shed lighter as to the specific organizational structure factors that affect performance of farmers' Dairy Cooperative in Kiambu County and those that lack any effect. This will give inform the management of farmers Dairy Cooperatives on the structural strategies to adopt to boost performance and ways to counter challenges that hinder effective implementation of strategy.

1.5 Conceptual framework



Source: Own conceptualization, 2019

1.6 Literature review

Theoretical review

Agency Theory

In an agency relationship, the agents make decisions concerning affairs of the principals. The interests of the principal and the agent conflict and this result into challenges explained under the agency theory. Due to the nature of the industry, financial management is the field where agency relationships are common. Jensen and Meckling (1976) explain agency relationship as a contract involving a principal and the agent, where the latter performs services on behalf of the former. The principal delegates decision-making authority to the agents. Heenetigala (2011) cite that agency theory supports strong mechanisms of governance due to inherent conflicts that exists between managers and shareholders. In the Agency Theory a contractual relationship is set between two individuals who are the agent and the principal in order to offers some services. The agent offers the services in the place of the principal. This process involves making and delegating different decision-making authority by the principal to the agent (Jensen & Meckling, 2017). At the same time the agent becomes the person employed by an organization for the purpose of bringing contractual relationships with a third party. Agent does not make the contract on his behalf but on behalf of the organization represented. Agency theory is aimed at giving guidelines, theories and assumptions concerned to a person representing an agency relationship. One party delegates its task from one party to another by performing its duties on behalf of the principal (Eisenhardt, 2016). The person who acts as an agent is authorized to perform all legal acts on behalf of the principle within his competence. For example, an insurance broker is an individual hired by an insurance company to sell and buy insurance on behalf of another organization. However, in the delivery and performance of his roles he or she owes a duty of the performance to his own principal.

The weakness of this theory is that the principal bears the full responsibility of actions taken by the agent. The agent performs his duties on behalf of an organization. Every action taken by the agent on behalf of the organization affects the organization directly. In agency theory there are cases of where relationship of agency arose at the moment an agent is hired by the principle and delegate power to make decision and perform services on behalf of the organization. The relationship basically involves the managers and stock holders informing them of their role. In the case where the agent makes a wrong decision or a mistake is done, the entire organization feels the impact of the decision made by the organization. This theory is relevant to this study since it informs the organization structure/governance variable. The managers of Farmers Dairy Cooperatives are the agents while the shareholders are the principles. The management of Dairy Cooperatives are expected to work on the interest of the shareholders rather than their own interests. Due to these weaknesses we seek to introduce the second theory.

Empirical review

Organizational structure is the official systems of relationships tasks and authority that coordinates and control employee behavior and actions to achieve organizational goals (Jones, 2013). The structure of the organizations basically describes the arrangement of tasks and jobs in an organization (Robbins et al., 2007). The role of structure is to describe the allocation of responsibility and authority and define how regulations and rules are executed by the employees in an organization. According to Borgatti (2017), an organization is able to develop to a certain level depending on its structure which dictates its environmental and technology requirements. The types and degrees of vertical and horizontal differentiation control and coordination's mechanism, centralization and formalization of power as organizational structure determinants. The type and degrees of vertical differentiations coordination and control mechanisms are the formalization of the structure. An organization should be focusing on streamlining its team based, learning, and fast-cycle organizational models. A clear structure should feature flexible model that focuses on the core competences. The organization should also focus on accomplishing plans and changes that are implemented by the management.

Organizational structure is a recipe for ideal organizational performance. The organizational structures are classified into key factors, the centralization and formalization of the organization. The organizational structure is a combination of the layers of hierarchy, horizontal integration and centralization of authority. The organizational structure is a multi-dimensional construct that concern itself with work division especially the roles and responsibility of departmentalization, differentiation and specializations. The structure controls the coordination and communication of organizational operations. The organizational structure determines its flexibility and ability to acclimatize to the environmental changes. A study by Cooper & Schinler (2018), found out that organizational structure of the organization improves the organizational effectiveness through employees' motivation and in turn increases the organizational performance. The organizational structure acts as the drive and the wheel that controls the organizational functioning. A structure ensures that organizational functions are well defined and there are no overriding functions among the organizational operations.

Hill et al (2011), argues that the organizational structure puts in place a hierarchy of responsibilities in an organization. It creates a level of communication among the organizational stakeholder, within the organization as well as outside the organization. The ways in which an organizational structure is administered and set up affects directly the organizational productivity. When management is monitoring the employees' performance, the various organizational structure issues are considered on how they can affect the efficiency of the operations. In the case where the organizational structure is improperly set, information is not able to flow within the organization as it is required. For an organization to be able to take full advantage of the organizational structure it has to establish clear communication channels that control and ensure that information flows from the top to the bottom. The organizational performance is entirely dependent on the effective communication flow within the structure. Without defined communication system the organizational roles and functions are prone to overriding. The structure in an organization ensures that everyone is placed in a positioned that is fully defined with responsibilities and functions.

Jones and Hill (2017) noted that performance is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Leadership may affect change management. Leadership is widely described as one of the key drivers of effective strategy implementation (Pearce and Robinson, 2015) However, a lack of leadership, and specifically by the top management of the organization, has been identified as one of the major barriers to effective strategy implementation (Hrebiniak, 2015). Leadership is defined as "the leader's ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary" (Hitt, Ireland, & Hoskisson 2017). Leadership is multifunctional, involves managing through others, and helps organizations cope with change that seems to be increasing exponentially in today's globalized business environment. Identifiable actions characterizing leadership that positively contributes to effective strategy implementation are determining strategic direction, establishing balanced organizational controls, effectively managing the organization's resource portfolio, sustaining an effective organizational culture and emphasizing ethical practices. Sorooshian, Norzima, Yusof&Rosnah (2010) did a study on the effect analysis on strategy implementation drivers on performance within the small and medium manufacturing firms. The author identified three fundamental factors in Strategy Implementation: the structure, leadership style and resources and discusses the main drivers of strategy implementation, prevailing in the smaller industries. In this regard, empirical relationships were established relating strategy implementation and performance of the firm. The author also provided a structural equation model on the relationship among drivers of strategy implementation and organization performance and also sensitivity analysis on the drivers.

Lorsch, (2017) in the study found out that organization structure in most of the dairy cooperatives in Africa may affect performance. Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted. Thompson and Strickland (2016) notes that strategy implementation involves working with and through other 16 people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure. Owen (2015) in his study noted that performance depends on a large part on how a firm is organized. The study agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce and Robinson, 2017).

One reason strategy implementation process frequently results in problems or even fail is that the assignments of responsibilities are unclear. The organization structure therefore should fit with the intended strategies (Birnbaum, 2014). Okumus,(2015) found out that organization structure is a crucial factor influencing transformation strategy. Those organizations that are successful at implementing strategy give thought to their organizational structure. They ask if their intended strategy fits their current structure. And they ask a deeper question as well, that is, whether the organization's current structure is appropriate to the intended strategy

A Malawian study attempted to investigate factors that determine household farming in Malawi overtime. Lihiku (2006) found that the household farming function in Malawi has been unstable overtime and is influenced by factors like income, liabilities, dependence ratio, location and other demographic factors. Female and illiterate managed households are seen to save more on average than their counterparts. Amino et al (2003) they find that the rural Mozambican household farming decisions are responsive to income and amounts of assets owned by the households. They also found that the financial sector plays a crucial role by providing services that local people need. Aryeetey (2004) conducted a study in Ghana seeking to ascertain the assets kept by households and the relationship between choice of assets and the socio-economic characteristics of rural households. The findings indicated that female headed households tended to concentrate more on non-farm enterprises while male headed households concentrated more on livestock. Women had more loans and fewer farming in their portfolio as compared to men, possibly due to more involvement in non-farm enterprises that required more capital.

According to Mulumali (2016), Uganda Dairy cooperatives were studied to determine whether the government policies had any effect to the performance of the cooperatives. It can also be described as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Also known as asset and liability management risk, interest rate risk is a critical treasury function, in which financial institutions match the maturity schedules and risk profiles of their funding sources (liabilities) to the terms of the loans they are funding. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It cans also be defined as a possible loss if the issuer of an investment defaults. This could result from imprudent investments in farmings and loan associations and banks in excess of insured limits, or investments in weak financial institutions where deposits are not guaranteed. The Price-Level Risk refers to a possible reduction in purchasing power of the shilling as a result of inflation. Dairy Cooperatives can reduce investment risks by fully evaluating each type of investment prior to purchase, including the issuer, analyzing the financial condition and reputation of any intermediary to the transaction, such as a broker/dealer; and diversifying the investment portfolio by type, maturity, geographical location, and guarantor. There are other substantial risks incurred in all investments. This may include prepayment risk which is the most common of the secondary risks incurred by dairy cooperatives and can lead to increased interest rate risk. Prepayment offset the positive gains a liability-sensitive dairy cooperative can reap in a falling interest rate cycle because fixed rate instruments would be refinanced into lower-priced instruments. Thus, the net interest margin is squeezed. Therefore, management must carefully price its products in a falling rate cycle or at a time when the cycle is in a trough. Building a loan portfolio from low priced obligations will ill-prepare a dairy cooperative for future market upswings. After a dairy cooperative understands the risks of managing the balance sheet, it must be able to quantify the level of risks existing. The size and complexity will govern the tools required to do so.

Mbui (2014) conducted a study on the business of Kenya Co-operative Creameries in a new regulatory environment. This study was aimed at establishing the challenges that the new regulatory environment posed to Kenya Co-operative Creameries Limited and the strategic business opportunities that it had created. The research was conducted through a case study design where the researcher used structured interview to guide as primary data collection instrument. Data collected was qualitative and was analyzed by content analysis, to establish the challenges. The study concludes that the new regulatory environment provided more structured and clear guidelines on the operations of Kenya Co-operative Creameries. The new environment was also found to be more focused on the safety of the members' funds hence creating more customer confidence and more dynamic and enabling environment for business growth of the Cooperative. The study recommended that Kenya Co-operative Creameries should turn its challenges into opportunities and exploit the opportunities to survive in this unfamiliar regulatory environment.

Safety of Cooperatives refers to the ability to collect 100% of the investments plus interest earned in a given period. This indicates the various levels of risks borne by the Cooperatives. Market risk is a possible reduction in value resulting from changes in market demand. It is the risk that the fair value or future cash flows of a Financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

According to Gicheru, Migwi and M"Imanyara (2016) in a study which was done in Kenya in the dairy industry, majority of dairy cooperatives were weak in terms of loans granted and capital base. It was further indicated that some dairy cooperatives had not granted realized any profit. This was attributed to the fact that some dairy cooperatives had business plans which were not backed by financial ability and hence could only attract few financiers, thus posing a threat to the survival of dairy cooperatives. This in turn resulted in the loss of employment for dairy cooperative staff and also loss of income to farmers. The concern for low capital base was also noted by Njagi, Kimani and Ngugi (2016) despite the high demand for loans by dairy cooperative members. Aura and Mwangi (2014) asserts that dairy cooperatives are seen as vehicles for resource mobilization and gateway to economic prosperity for dairy farmers. According to Mwangi and Wanjau (2013), dairy cooperatives play a critical role in entrepreneurship development as they give market to the produce of the farmers. Olando and Mbewa (2013) indicated that dairy cooperatives operations should be backed by adequate institutional capital which ensures permanency and provide enough resource to ensure all the produce is well handled and non goes to waste.

The original legal framework for dairy cooperatives in Kenya was provided by the Cooperative Act Cap 490 of 1966. This Act gave the State extended powers to get involved in the day to day management of co-operatives. Following economic liberalization, the Co-operative Societies Act was revised in 1997 and went into effect on June Is' 1998 (Wanyama, 2017). The revised Act envisaged government giving up control of cooperatives, thereby enabling more autonomy to members. However, the absence of a regulatory framework that would provide prudential regulations, financial supervision, vetting for quality of leadership, audit reporting and very poorly monitored portfolio quality and financial statements resulted in several weaknesses in the system. This led to the initiation and enactment of Cooperative societies Act of 2008

(Wanyama, 2017). To achieve Kenyans Vision 2030, there is need to initiate co-operative governance reforms, effectively capitalize co-operative societies, increase regional and global competitiveness of co-operative products, undertake market research and enhance market penetration by co-operatives and promote co-operative ventures (MoCDM, Strategic Plan 2008-2012)

Kiambu county is vibrant with dairy farming among other types of farming (Wanyama, 2009). Therefore, National and local government has laid a strong emphasis on the county to ensure that the farmers and the performance of the cooperatives are well controlled. The National Cooperative Organizations comprise Secondary and Primary co-operatives that offer specialized services to affiliates such as commercial and financial services and represent unions and societies at International levels. Secondary Co-operatives (Unions) have membership restricted to primary co-operative societies and serves as service agencies and operate in the county (Nicholas, 2008). It was formed to enhance economies of scale through shared goods and services as bulk purchase of farmers produce. The Primary Co-operatives have membership restricted to individual persons within a given locality. The focus was to ensure that farmers cooperatives were purely designed to help farmers. It also tried to eliminate cases of brokers who cripple the operations of the farmers and inturn affecting the performance of the dairy cooperatives in Kiambu County (Nicholas, 2008).

1.7 Methodology

The population for this study was the management staff and the cooperatives members of 10 functioning Dairy Cooperatives operating in Kiambu County. According to Ministry of Industry, Trade and Cooperatives, Kenya there is a total 10 Dairy Cooperatives operating in Kiambu County with over 65,487 members. The study targeted 30% of the 10 functioning Dairy Cooperatives operating in Kiambu County. From the four Dairy Cooperatives, the target population was 22646 members. According to Blevins (2013), the finite population formula will be used to calculate the sample size of this study. Below is the formula for calculating finite population. The study focused on sampling total population and a 95% confidence level. The total population of registered members in dairy cooperative is 22646 members. Below is the finite population formula for the study.

SS = Sample size.
Z = Given z value (0.3)
p = Percentage of population
C = Confidence level
Pop = Population
Therefore, the sample size will be;

SS= 112.92
SS= 113

The sample size was 113 including 108 cooperative members and 4 cooperative managers as shown in Table 1.

Table 1: Sample Size

	Target Population	Ratio	Sample size
Cooperative Members	22646	0.005	113
Management staff	4	1.0000	4
Total	**19650**		**117**

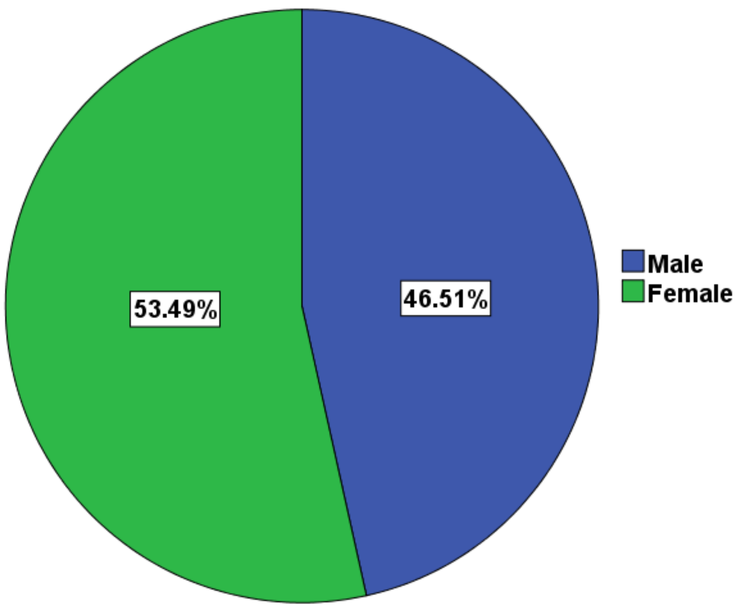
Source: Researcher 2019

Questionnaires and structured interview guide were used to collect data. The researcher administered 117 questionnaires to both managers and members of dairy cooperatives in Kiambu County. A total of 86 questionnaires were completed and send for analysis. The rest were returned blank and incomplete.

1.8 Study Findings

Gender of the Respondents

Figure 2: Gender of the Respondents



The gender characteristic of the respondents indicated that, majority of the respondents (53.49%) were females with their male counterparts tallying to 46.51%. The statistics indicate fair representation as both male and female took part in almost equivalent proportions. It can also be deduced that, there is no gender biasness in the membership of dairy cooperatives in Kiambu town hence clear adoption of a third gender rule affirmative action as recommended in the constitution.

Age Category

Table 2 Age Category

Age Bracket	Frequency	Percent
18-25 Years	8	9.3
26-35 Years	14	16.3
36-45 Years	32	37.2
46 Years and above	32	37.2
Total	**86**	**100.0**

Majority of the respondents in the dairy cooperatives in Kiambu County were aged 36 years and above. As shown in table 4.1 above, 37.2% indicated to be within 36-45 years category while a similar percentage, 37.2% were aged 46 years and above. Respondents aged 26-35 years were 16.3% while 9.3% represented those aged 18-25 years.

Level of Education

Table 3 Level of Education

Education	Frequency	Percent
O level	46	53.5
Certificate/Diploma	40	46.5
Total	**86**	**100.0**

Certificate and diploma was the highest education level attained by the respondents. The respondents with certificates and diplomas were 46.5% while the majority equivalent to 53.5% indicated to be of O' level education. As indicated on the data results, dairy cooperatives are dominated by members with up to diploma level of education.

Membership Period

Table 1: Membership Period

	Frequency	Percent
0-1 Years	6	7.0
2-4 Years	8	9.3
5-10 Years	32	37.2
Above 10 Years	40	46.5
Total	86	100.0

Majority of the members in the dairy cooperatives had more than 10 years being members of the cooperatives as shown by 46.5%. More than a third (37.2%) indicated to have 5-10 years while 9.3% have been members for 2-4 years. The minority were 7% with 0-1 years in the cooperatives. These results indicate that, majority of the members have more than 5 years being members of dairy cooperatives. Therefore, they have good knowledge and experience on the management structure of these cooperatives, their operations and performance. It was also observed that, there is low entrance of new members as those with less than 4 years only account for 16.3% of total members.

Organizational Structure

Understanding of organization structure and performance was made possible through a number statements, structured and presented to respondents for rating. The rating was gauged using 5-point Likert scale where 1 represented strongly disagree, while 2,3,4 and 5 represented disagree, neutral, agree and strongly agree respectively.

Table 5: Organizational Resources

	N	Mean	Std. Deviation
The cooperative have a clear structure of leadership	86	3.44	.959
Leaders have defined roles in the Dairy Cooperative	86	3.47	.667
There is a clear flow of information in the Dairy Cooperative	86	2.91	1.269

As a member I understand the roles carried out by the cooperative leaders	86	3.51	1.162
Aggregates	**86**	**3.33**	**1.014**

The assertion that the cooperative has a clear structure of leadership had a mean of 3.44 and standard deviation of 0.959. This indicates that, majority of the respondents the overall rating was neutral and partially agree to the statement. Similarly, most of the respondents had a neutral rating that leaders have defined roles in the dairy cooperative (μ3.47; SD= 0.667). Furthermore, information flow from the dairy cooperatives was found to be low as indicated by the mean of 2.91 with standard deviation of 1.269. On the other hand, majority of the respondents agreed that they understand the roles carried out by the cooperative (μ= 3.51; SD= 1.162). The aggregate mean of 3.33 on organizational resources indicated that, neutrally, resources are well utilized and members understand their responsibilities.

Organizational Climate

Schneider (2013) explains that organizational climate emerges in organizations through a social information process that concerns the meaning employees attach to the policies, practices and procedures they experience and the behaviors they observe being rewarded, supported and expected. To understand organizational climate in dairy cooperatives, respondents were required to rate several assertions on organizational climate. The findings were as tabulated in table 6 below.

Table 6 Organizational Climate

	N	Mean	Std. Deviation
The cooperative embrace the culture of openness in reporting performance and financial statements	86	2.81	0.258
The cooperative has a health culture of carrying out activities	86	3.40	.979
There are clear communication regarding the operations of the cooperative	86	3.16	.082
The customers anticipates rewards for being loyal	86	4.00	.756
The culture in our organization promotes collaboration and knowledge sharing	86	2.93	1.242
There is a sense of accountability amongst the cooperative management	86	2.88	1.349
Aggregates	**86**	**3.2**	**0.778**

The mean for the assertion that the cooperative embraces the culture of openness in reporting performance and financial statements was 2.81. This mean is approximately value 3 on the Likert scale pointing out that the assertion was rated to neutral by majority of the respondents. The standard deviation was 0.258 meaning that the responses were confined to a small range. Further, it was observed that the mean for the assertion that the cooperative has a health culture of carrying out activities was 3.40. This value tends to 3 (neutral) on the Likert and that indicated that, respondents neutrally agreed with the statement. Similarly, respondents were neutral on the assertion that there are clear communication regarding the operations of the cooperative (μ = 3.16; SD=0.082).

The respondents agreed that the customers anticipate rewards for being loyal (μ=4; SD=0.756). However, they were neutral that the culture in their organization promotes collaboration and knowledge sharing (μ=2.93; SD=1.242) as well as the assertion that there is a sense of accountability amongst the cooperative management (μ=2.88; SD=1.242).

Organizational Performance

Organizational performance was the depended variable in this study. The research sought to determine the level of performance of Dairy cooperatives in Kiambu County. This was achieved through performance statements presented to respondents for rating based on Likert scale. The findings were as shown in table 7 below.

Table 7: Organizational Performance

	N	Mean	Std. Deviation
The cooperative profits have increased over the last five years	86	3.88	.662
The cooperative has been giving us better services over the last five years	86	3.58	.499
The cooperative equity have improved	86	3.28	.766
Aggregates	**86**	**3.58**	**0.642**

Majority of the respondents acknowledged that the cooperative profits have increased over the last five years. This was inferred from the mean value of 3.88 which fall under point 4 in the Likert scale, indicating a rating of agree. As to whether the cooperative has been giving better services over the last five years, the respondents were majorly neutral and agreed based on the mean of 3.58. Improvement on cooperative equity however was rated to neutral by most of the respondents as indicated by the mean of 3.28 and standard deviation of 0.766. Generally, the organizational performance was fair as the aggregate mean was 3.58, a point above neutral rating which approximates to point 4 (agree) on the Likert scale. The aggregate standard deviation was low (0.642) implying that the responses were concentrated around the aggregate mean.

1.9 Conclusion

This study concluded that, that in most of the cooperatives there is clear structure of leadership. Similar results were also established on the management roles as majority neutrally agreed that leaders have defined roles in the dairy cooperatives. A point of concern was on the information flow as majority indicated low response on the cooperatives flow of information to all members. Regression analysis affirmed that organizational structure is a significant factor contributing positively to organizational performance. The findings further revealed that predictor variable used in this study account for 74.5% variation in organizational performance.

1.10 Recommendation

This study therefore recommends that, organizational leadership in the dairy cooperatives should be embrace inclusivity as much as possible not only on by engaging members in voting rights but also in decision making and proper participation of cooperative activities. This study further recommends that, dairy cooperatives should adopt openness in reporting financial performance and give a chance to members to give their views on the performance. Further, promoting knowledge through trainings is paramount to the operation of organization regardless of the sector of the business. Therefore, it is recommended that, management should organize trainings geared towards equipping the members with necessary skills for better performance of these organizations.

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