



THE CO-OPERATIVE UNIVERSITY COLLEGE OF KENYA

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A CONFERENCE PAPER

**PRESENTED AT THE ICA-ILO INTERNATIONAL RESEARCH CONFERENCE ON CO-OPERATIVES AND THE
WORLD OF WORK IN ANTALYA, TURKEY.**

**ON THE HISTORICAL RELATIONS BETWEEN CONSUMER CO-OPERATIVES AND THE LABOUR MOVEMENT
IN KENYA**

BY

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About the Co-operative University College of Kenya (CUCK)

- CUCK, a constituent college of Jomo Kenyatta University of Agriculture and Technology (JKUAT), is a government sponsored institution of higher learning providing quality co-operative training, education, co-operative research and consultancy services.
- Stated in 1952, first as a tertiary college specifically offering Co-operative management trainings, capacity building to government co-operative officers in co-operative sector and later in 2011 elevated to a University College under Legal Notice no. 161 of 2011 (Kenya)
- The programmes offered include diplomas, undergraduate degrees and Master degree programmes in co-operative development among other commercial and business related programmes



Structure of Presentation

- Introduction to historical relations between labour movements and consumer Co-operatives – **a global perspective**
- Co-operative movement & Labour Movement in Kenya--on Kenyan economy
- Consumer Co-operatives.....the Global perspective
- Emergence of consumer Co-operatives in Kenya
- Roles and Issues in the relation between Labour movement and Consumer Co-operative sector
- Research methods and Findings
- Conclusions & Recommendations



The Historical Relations..., A global perspective

- Globally, Co-operatives have been known to influence positively the socio-economic livelihood of their members, workers, families, communities and the nation through a variety of means including formalization of informal economic activities, increased incomes at both household and national levels, job creation, improved social inclusion and social cohesion, enhanced democracy, equality and equity, improved environmental awareness and action.
- It is because of these economic, social and environmental roles that Co-operative enterprises are visible in all the countries, boasting of one billion membership and accounting for 3% to 10% of the GDP.
- Co-operative enterprises provide over 100 million jobs around the world. However, for co-operatives to leverage their contribution to socio-economic development, they must be commercially viable and sustainable enterprises.

(United Nations General Assembly , 2011 & ICA: www.ica.org)



Co-operative & Labour movements in Kenya

- The Co-operative Movement in Kenya is number seven (7) in the world and one (1) in Africa in terms of the number of Co-operatives, their membership, financial mobilization and contribution to GDP (ICA, 2007), dominated by the agricultural co-operatives till 1980s when they were overtaken by financial, housing and insurance co-operatives
- Records show that 211 consumer co-operatives enterprises have been registered since 1908 to 2015.



Role of Labour movement...

- The role of the Labour movement is mainly on the promotion and support to workers' Co-operatives and consumer Co-operatives.
- But more recently the Labour movement has been supporting “worker-takeover” of state and private owned enterprise to safeguard jobs and workers' livelihoods where there is a threat of enterprise collapse
- The Labour movement, particularly the Union of Kenya Civil Servants (UKCS), was active between 1960's and 1980's in promoting and supporting the establishment and growth of Consumer Co-operatives in Kenya. The role diminished gradually due to state operation in banning and seizure of the assets of UKCS in 1980. The state allowed UKCS to resume operation in 2001, after 11 years it is still yet to recover its assets including buildings



Co-operatives and Kenyan economy

- In Kenya, Co-operatives operate in almost every economic sector including agriculture, finance, housing, insurance, fisheries, transport, arts and culture and lately in mining and tourism.
- The contribution of Co-operatives on the national GDP is estimated to be 45 % while national savings and deposits is 31% (Chambo, S.A., Mwangi, M. M. & Oloo, O. O. (2008).
- Co-operatives in Kenya have commanding market share for instance in coffee (70%), dairy (76%), pyrethrum (90%) and cotton (95%).
- The turnover for the whole Co-operative sector in 2007 was Ksh24.3 billion (USD 323.4 million) out of which Ksh14.4billion (USD\$192 million) and Ksh8.4 billion (USD\$112 million) were respectively contributed by the SACCOs and the agricultural co-operatives. (MoCDM,2008:20)
- The study sought to find out the contribution of consumer Co-operatives to the economy of Kenya.



Consumer Co-operatives ---global perspective

- Consumer co-operatives are defined in many ways that mirror the nature of a “Co-operative” which is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly and democratically controlled enterprise
- According to Sarma (2003), “consumer co-operatives” are types of Co-operatives and the term “Co-operatives” comes from the term “cooperation”.
- Consumer co-operatives are enterprises owned by consumers and managed democratically which aim at fulfilling the needs and aspirations of their members. They operate within the market system, independently of the state, as a form of mutual aid, oriented toward service rather than pecuniary profit (Euro Coop. "Consumer Co-operatives: Democracy - Development - Employment". p. 4. Retrieved 2011-06-07.)
- They take the form of retail outlets owned and operated by their consumers



Why Consumer Co-operatives...

- Elsewhere, consumers' Co-operatives are known as cooperative retail societies or retail co-operatives, though they should not be confused with retailers' cooperatives, whose members are retailers rather than consumers.
- Aim of consumer Co-operatives is provision of goods and services for the welfare of the people in a given society through;
 - (1) Mobilizing consumers into participative consumer Co-operatives,
 - (2) Strengthening the management of the consumer business operations with an aim of profitability and viability of business and
 - (3) Integrating the consumers with producers to achieve mutually helpful economic activities and social integration



Consumer Co-operatives...the Kenyan perspective

- Research shows that the historical relations between **consumer Co-operatives and the Labour movement in Kenya is traced to mid-1940s** with the establishment of the defunct Nairobi Railways Consumer Co-operative Society in 1949 to serve the consumer needs of railway workers in the Nairobi metropolis among others.
- Many were established after independence. These included City Chicken and Eggs Consumer Co-operative (1964), Port Workers' Consumer Co-operative Society (1964), the Nairobi Consumers' Co-operative Union (1968), Co-operative College Consumer Co-operative Society (1979), Kilimo Consumer Co-operative Society (1983)



Why consumer co-ops in Kenya!!

- 1) Initial reason for the promotion of consumer Co-operatives in Kenya was to ensure that industry workers had access to **affordable food and services nearest to their work place** to reduce time wastage and **increase industry productivity**.
- 2) Newly independent Government promoted consumer Co-operatives as part of a broader political strategy for indigenization or “Africanization” of the economy that was dominated by the British and Indian industrialists and shop keepers
- 3) Promoted as vehicles through which the Government, donors and missionaries could promote local and national development – in the rural, urban and peri-urban areas
- 4) To empower members of a community to procure and provide themselves with goods and services that they need at a place, prices, quality, quantity and terms that they themselves set



Trade unions & Consumer Co-ops

- Major types of Non-Governmental Organizations (NGOs) or civil society organizations (CSOs) involved in the promotion and support of consumer Co-operatives in Kenya include the mainstream churches (mainly Catholic and Methodist), the Central Organization of Trade Unions (COTU), and the Union of Kenya Civil Servants (UKCS).
- Through COTU, the UKCS established the Kenya Civil Servants Consumer Co-operative Society in 1960s that established branches in major Government institutions and departments across the country.
- Most of the branch-based Co-operatives collapsed when the mother Co-operative was beset with problems and liquidated in the later part of 1970



Research Focus

- To explore these issues, the research sought to find out the historical relations between consumer Co-operatives and the Labour movement in Kenya during the colonial period between 1900 and 1963 and the independence period between 1964 and 2015.
- The latter period is further divided between the state permissive period between 1964 and 1980 when the state facilitated mushrooming of Co-operatives without due regard to their commercial viability and sustainability and the state restrictive period between 1980 and 2011 when the Union of Kenya Civil Servants was banned.



The objectives of the Study

To establish the:

- 1) number, status and membership of the consumer Co-operative enterprises in Kenya;
- 2) contribution of consumer Co-operatives to development;
- 3) extent to which the Labour movement helped in the development of sustainable consumer Co-operatives in Kenya; and
- 4) factors that facilitate or limit the development of a vibrant and sustainable consumer Co-operative movement in Kenya.



Methodology used

- Adopted descriptive survey to collect data from sample population, 4 out of 12 counties (33%) spread across Kenya where consumer co-operatives have historically operated Nairobi, Embu, Kisumu, and Uasin Gishu counties
- Tools used, Questionnaires, Interview schedule, and Focus Group Discussions (FGD)
- National government, county governments, trade unions and co-operative organizations are some of the institutions visited
- Multistage sampling technique was used to determine involvement of various key informants / institutions



List of Institutions visited

- 1) 10 Consumer co-operative enterprises visited,
- 2) 1 National government- Ministry of Industrialization & enterprise dev. (MOIED), Directorate of Co-operative dev & Marketing (DOCMD)
- 3) 4 County governments – Nairobi, Embu, Kisumu & Uasin Gishu.
- 4) 2 Trade unions – COTU and UKCS
- 5) 1 Co-operative organization interested in consumer co-operatives (**KUSCCO**)
- 6) A total of 20 key informants participated in providing valuable information to the study



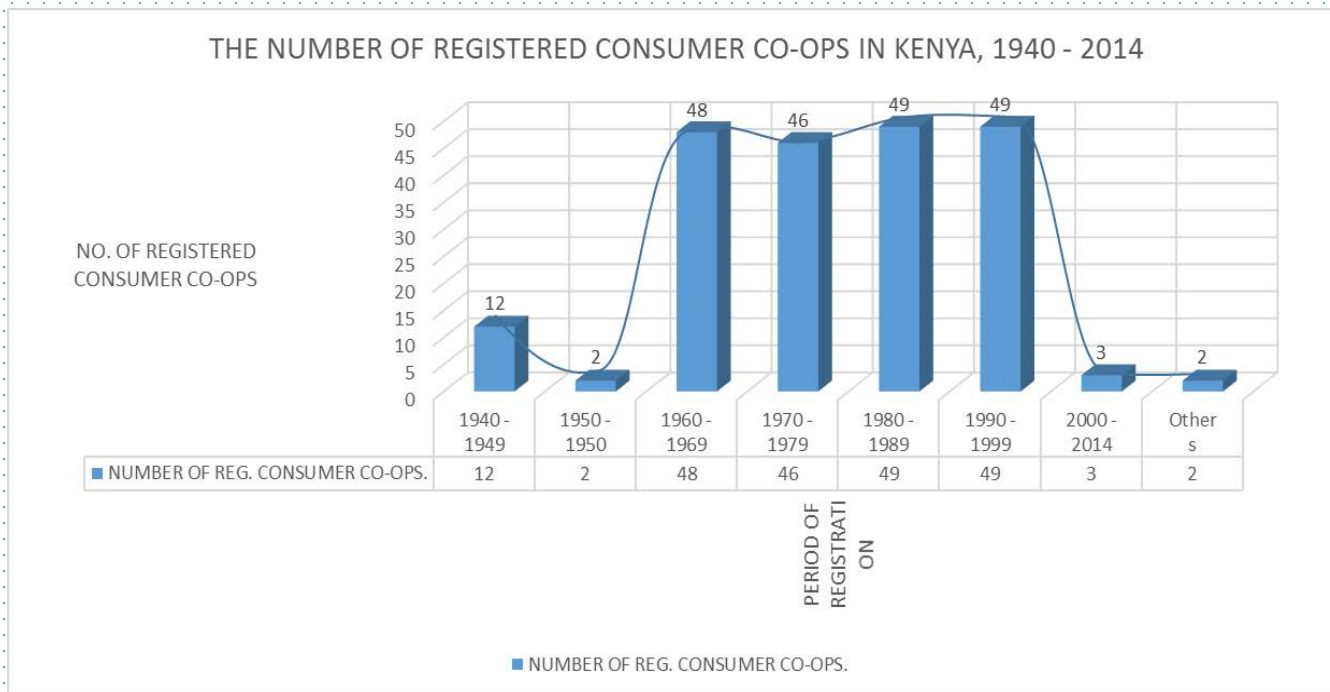
Research findings



Group photo of the Research team from CUCK and the Executive committee of the Kilimo Consumer Co-operative Society during the research activity



Number of Registered Consumer co-operatives in Kenya – 1940-2015

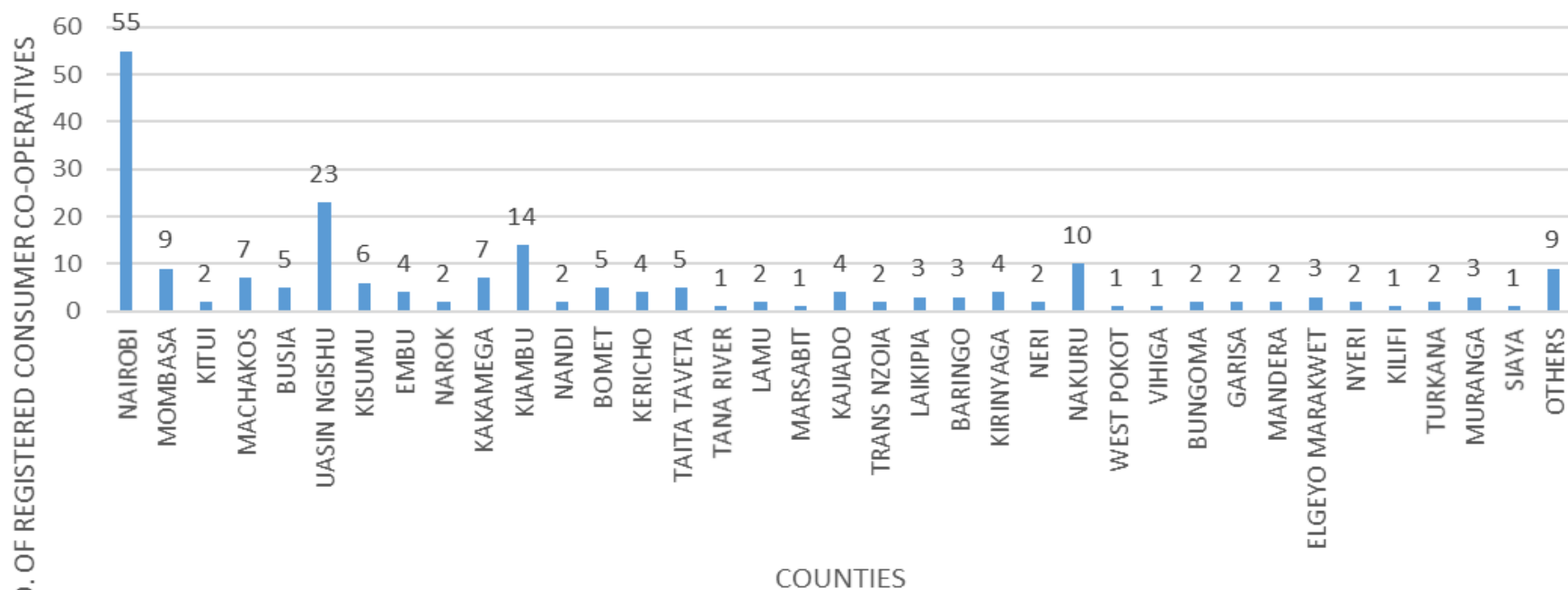


Source: Ministry of Industrialization & Enterprises Dev. 2015

- 1) There are **211 registered consumer** Co-operatives spread in 35 out of 47 Counties in Kenya.
- 2) The **earliest** consumer Co-operative was registered in **1940**.
- 3) The **largest number was registered** within the decades 1980s and 1990s where 49 consumer Co-operatives were registered in each



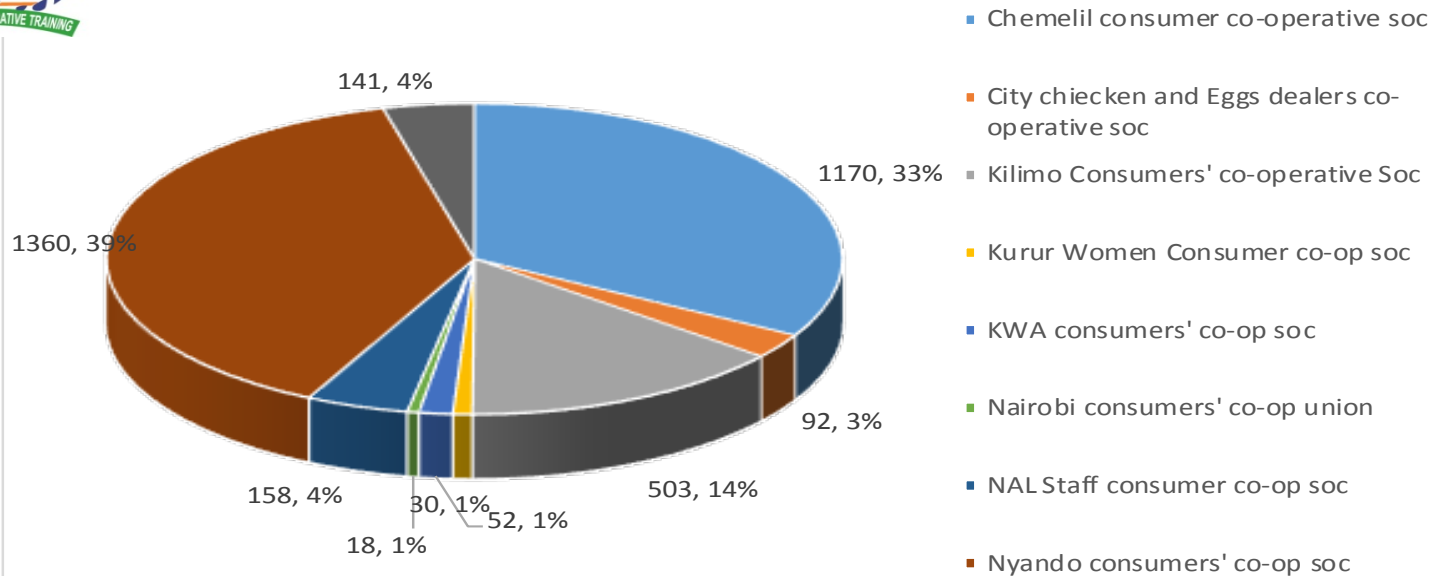
DISTRIBUTION OF REGISTERED CONSUMER CO-OPERATIVES PER COUNTY



Source: Ministry of Industrialization & Enterprise Development, 2015

■ NUMBER OF CONSUMER CO-OPERATIVES

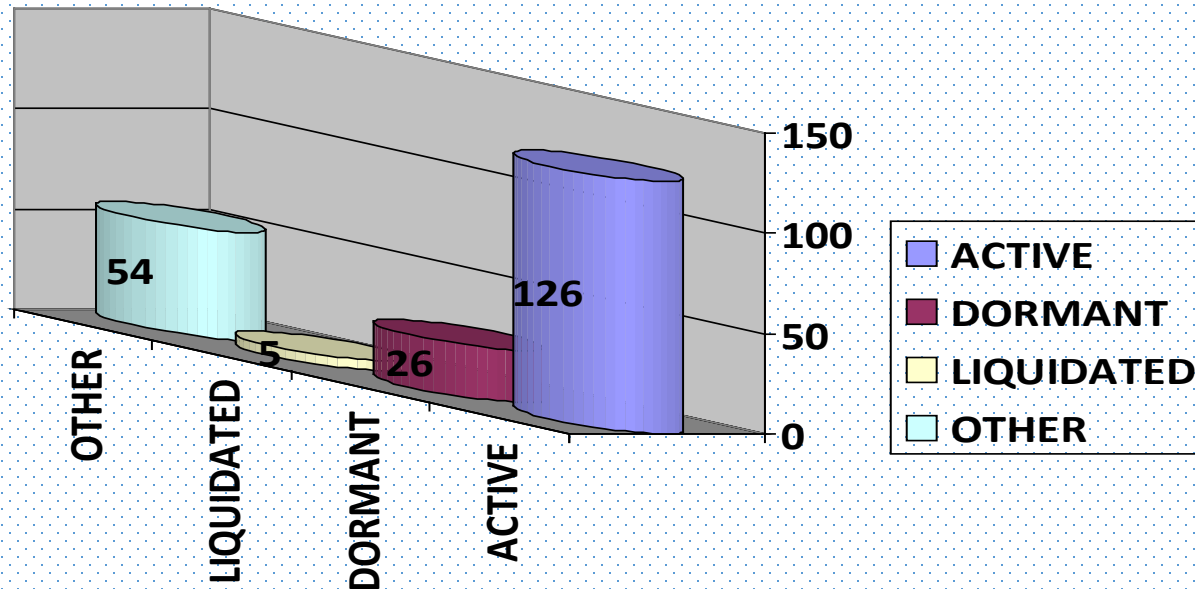
Consumer Co-operatives Membership



- 1) The **largest consumer co-operative in membership** was **Nyando consumer co-operatives**, with 1360 members (39%) of the total sample population under study followed by **Chemelil consumers' co-operative** society with 33% (1170 members) of the total sample population.
- 2) NAL staff consumer co-operative and Umani consumer co-operatives had similar membership of 4% of the sample population under study.
- 3) Kurur women consumer co-operative and KWA consumers' co-operative having the lowest membership rate of 1% of the total sample size.



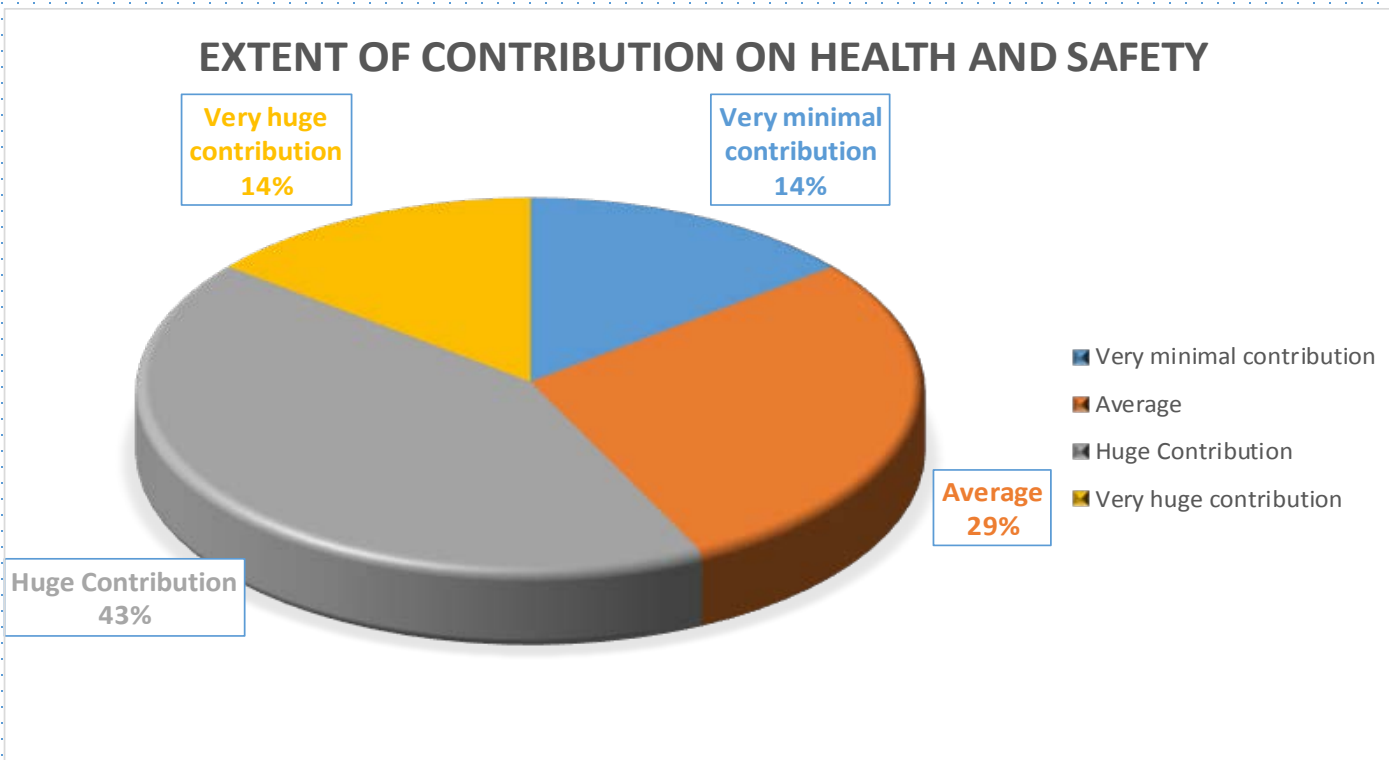
Status of Consumer co-operatives in Kenya, 1940 - 2015



- 1) Since registration of the first consumer co-operative in 1940s, We currently have 126 (about 60%) Active consumer co-operatives, 26 (about 12%) Dormant consumer co-operatives, 5 (2.3%) Liquidated consumer co-operatives and 54 (26%) unknown status.
- 2) Noted with concern - cumulatively more than 40% of the total registered consumer co-operatives are in **disquieting situation of either dormant, liquidated or unknown to the government.**



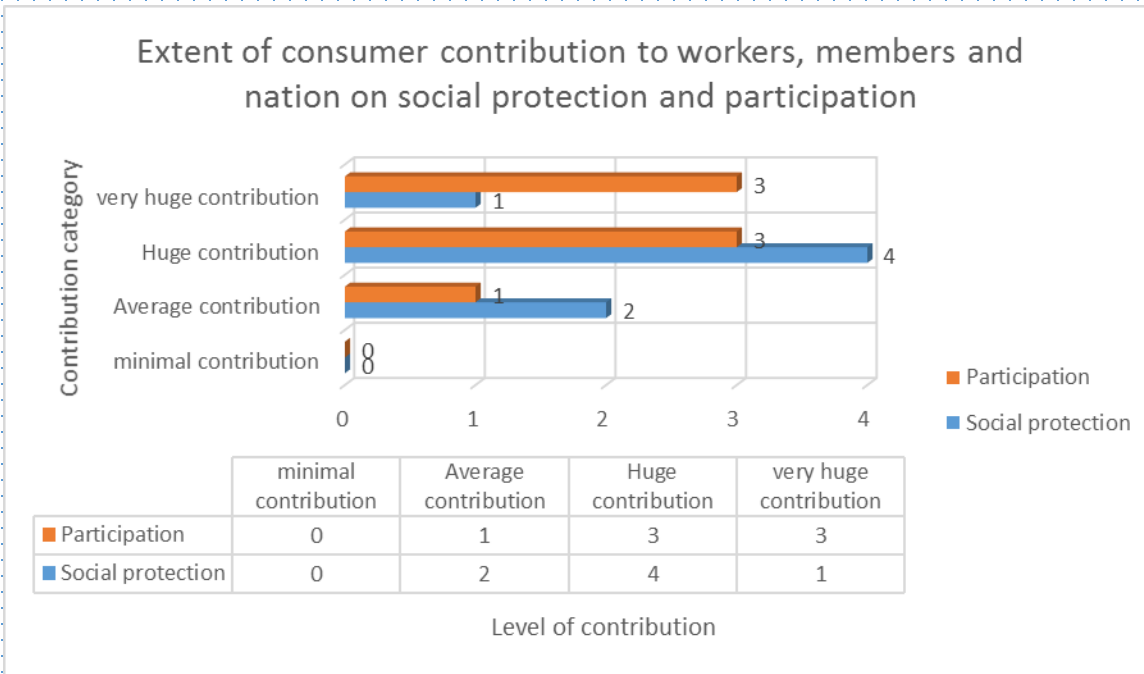
Contribution of Consumer co-operatives on Health & Safety



Research shows that a majority of respondents (members and workers) believe that consumer Co-operatives in Kenya make a huge contribution (43%) to their health and safety at work place, 14% believe there is very huge contribution and with small (14%) respondents saying there is very minimal contribution.



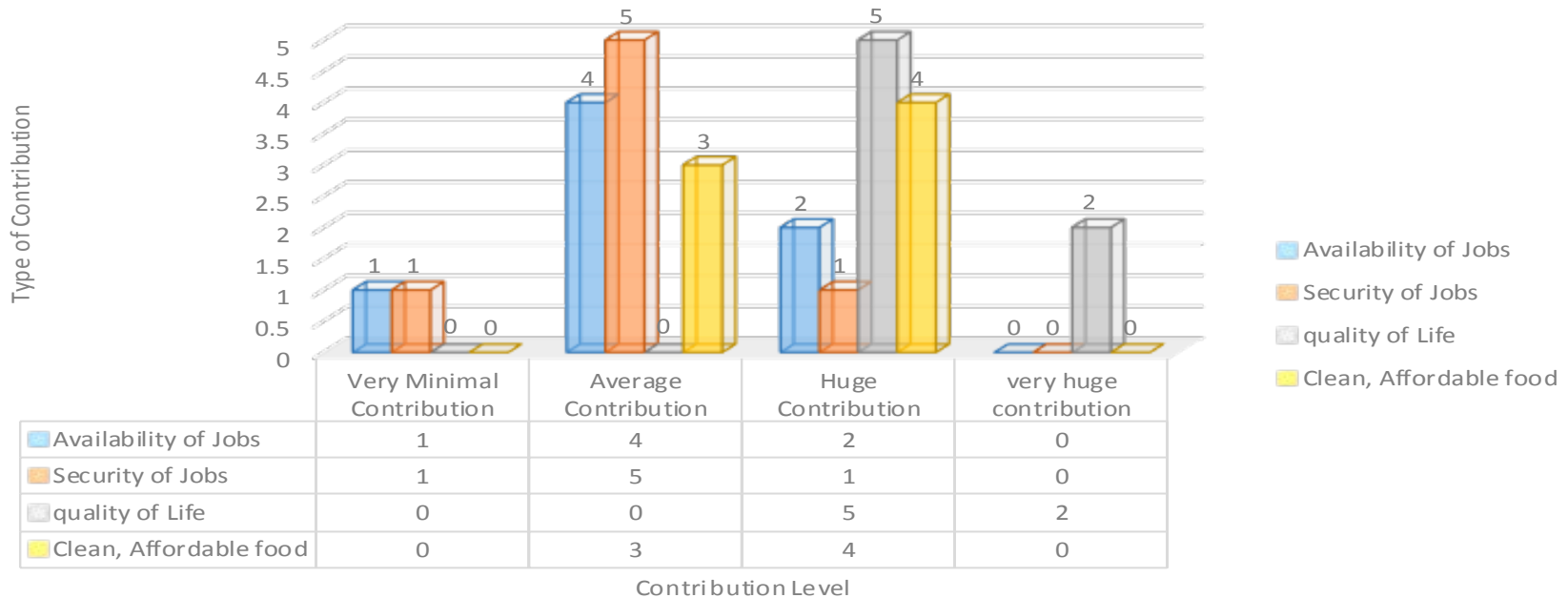
Contribution of consumer co-operatives to workers, members and nation on social protection & participation



Equally, the research shows that members, workers and also the nation believe that consumer Co-operatives in Kenya make a huge contribution to social protection and participation, rated at 4 and 3 out of 5 respectively. No respondent contested this as a minimal or none contributing factor.



Extent to which Consumer co-operatives contribute to members, workers and nation on availability of jobs, security of jobs, clean & affordabel food and quality of life



Majority of respondents indicated that Consumer co-operatives contributes to its members, workers and the nation in the following ways:

Availability of jobs (Average contribution, 4 out of 7), Security of jobs (Average contribution, 5 out of 7), Quality of life (Huge contribution, 5 out of 7), clean, affordable food (Huge contribution, 4 out of 7)

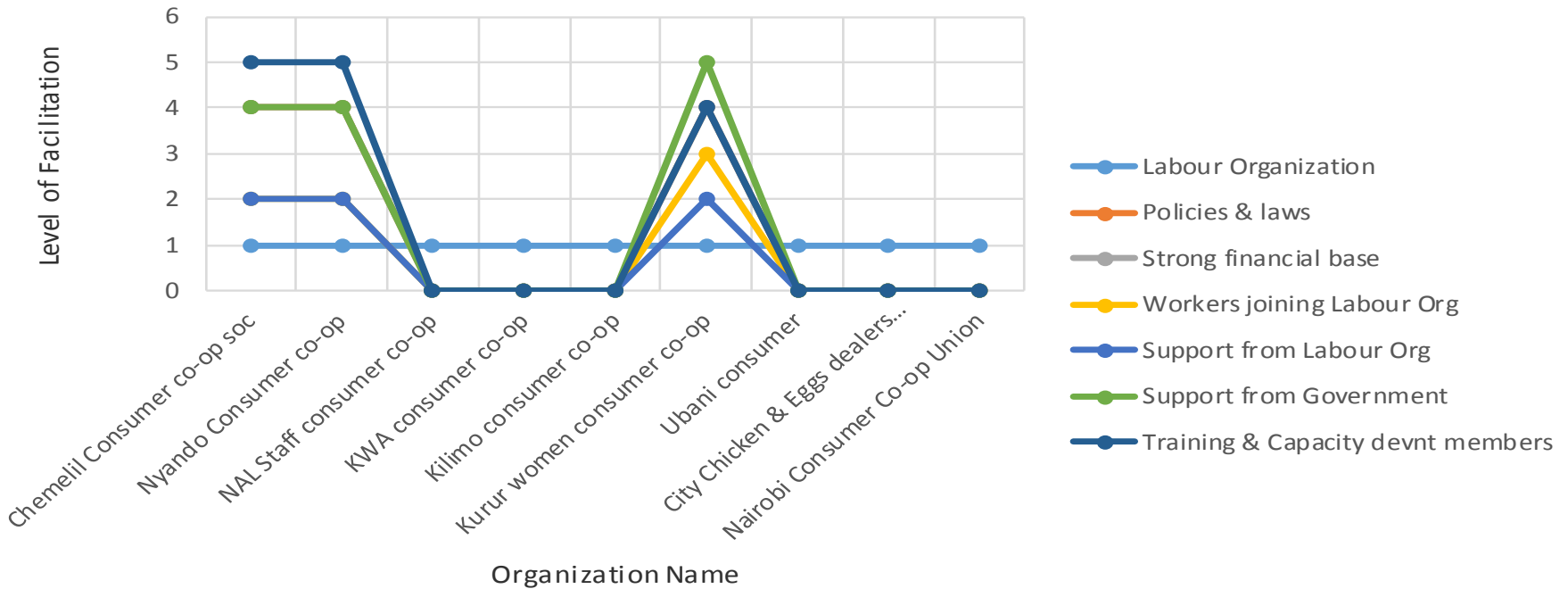
It's noted that few indicated that consumer co-operatives on Availability of Jobs and Security of Jobs (1 out of 7 for both cases) contributes very minimally to the nation, workers and members.



Role of Labour movement in development of vibrant and sustainable consumer co-operatives in Kenya

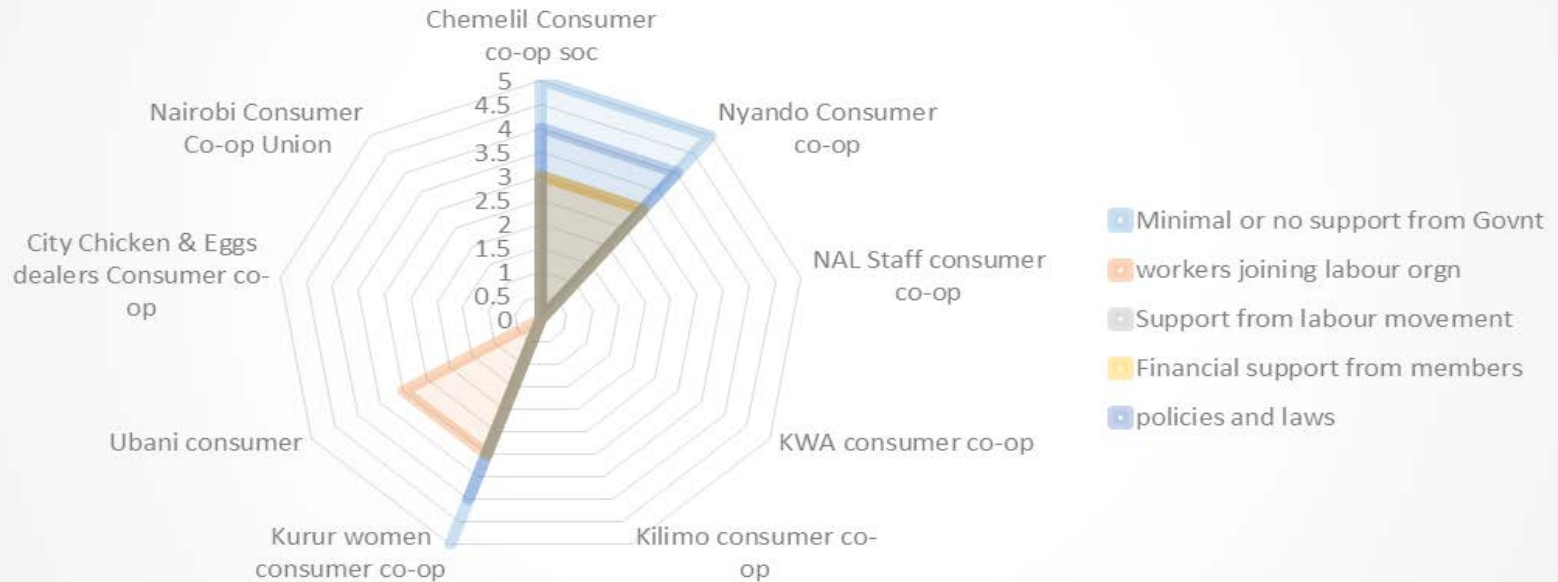
- Noted that Labour Movement, in particular the Union of Kenya Civil Servants (UKCS) and the Central Organization of Trade Unions (COTU), played a very active role in the promotion and support to consumer Co-operative enterprises for workers during the colonial and independent period in Kenya.
- However, their role diminished with time to the extent that today this role has completely diminished.
- All the people interviewed (100%) said they believed that joining any trade union today would have very minimal contribution to the performance of consumer co-operative entities.
- Consequently, members of consumer Co-operatives in Kenya today believe that the labour movement has disconnected itself with Co-operatives in general, and consumer Co-operatives in particular
- Has insignificant contribution to the welfare and the performance of their Co-operatives.

Factors facilitating Vibrant and sustainable consumer Co-operative development in Kenya



Respondents for this research identified good leadership, integrity and commitment of elected leaders and employees, training and capacity building of employees and members, support from government as major facilitating factors to the development of vibrant and sustainable consumer Co-operative enterprises in Kenya.

Factors limiting the vibrant and sustainable consumer co-operative development in Kenya



- The Majority of the respondents cited factors that limit the development of vibrant and sustainable consumer Co-operatives in Kenya as: low support from Government and the workers joining Labour movement, low financial contribution from members, poor policies and laws.
- Donors that were supporting the labour movement to promote consumer Co-operatives in Kenya unwittingly made the Government play second fiddle—may have contributed to lower level uptake by government’s support needed.



Conclusions and Recommendations

Conclusions

- Many people and the Labour movement institutions in Kenya do have full understanding of the nature, benefits and operations of Consumer Co-operatives.
- There are no specific guidelines, policies and regulations on consumer Co-operative enterprises in Kenya. This lack Presents a big knowledge gap for people who may be interested in establishing a consumer Co-operative enterprise.
- The main factors that have contributed to the failure of established consumer Co-operative enterprises is **low governance and management capacity** of Co-operative leaders and members of consumer Co-operative enterprises.
- Many consumer Co-operatives have low **access to affordable finance** and are often times not able to satisfy their consumers, who, inevitably get demoralized and reduce their patronage.



Conclusion...Cont'

- Most of the consumer Co-operative enterprises in Kenya today are established and patronized mainly by employees working in Government Departments or private companies. These employers often provide facilities to workers including premises for use by consumer Co-operatives, time-off to carry out work for their Co-operative and sometimes purchase bulk services and goods from the Co-operative.
- The Labour movement played a key role in the establishment and support of consumer Co-operative enterprises during the colonial period and the first three decades after independence (1960s and 1980s). However, they play an insignificant role today.



Recommendations

- The Government, the labour movement and established national Co-operative organizations in Kenya need to discuss ways of sensitizing people on the nature, benefits and operations of consumer Co-operatives.
- Stakeholders in the Co-operative sector, including the National Government, County Governments, Co-operative Alliance of Kenya, National Co-operative Organizations and the Co-operative University College of Kenya need to engage in a continuous national dialogue towards establishing specific guidelines, policies and regulations for consumer Co-operatives in Kenya.



Recommendations..Cont'

- Stakeholders carry out a skills gap analysis and develop capacity building programs for stakeholders including Co-operative leaders, members and staff, Government officials, labour movement officials and trainers.
- National and County Governments to provide incentives to employers who support workers to establish and operate consumer Co-operatives on their institutional premises and access other facilities.
- International organizations that have an interest in the development of Co-operatives, particularly workers and consumer Co-operatives (for example ILO, ICA, FAO, etc.) provide support to the Labour movement in Kenya to play an increased role in the promotion and support of consumer Co-operatives in Kenya.