

# **GOVERNANCE ON THE GROWTH OF COLLECTIVE ENTREPRENEURSHIP IN AGRICULTURE SECTOR IN KENYA**

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## **Abstract**

*Agricultural cooperatives, as member-owned and controlled agribusiness enterprises play an important role in upgrading socio-economic status of members. However, they experience a myriad of hitches including mismanagement, financial scandals and inadequate innovation raising questions about quality of governance. The concern is legitimacy of boards, scanty expertise and effectiveness of managers in supervising and protecting members. They are practical example of collective entrepreneurship but pay little attention to entrepreneurship and seldom enhance their business dimensions through it for competitiveness. There is inadequate research on the effects of governance on the collective entrepreneurship in agriculture sector. This study therefore sought to investigate the effect of governance on the growth of collective entrepreneurship in the agriculture sector. The study adopted descriptive research where multi-stage sampling technique and questionnaire was used to collect data from selected respondents in the coffee cooperatives in Kenya. Data were analysed using multiple regression. It was found that financial management systems positively influence the growth of collective entrepreneurship and policy strongly mediates relationship between them. The study recommended implementation of accurate accounting systems and review of policies that impede growth of collective entrepreneurship.*

*Keywords: Governance, financial management, collective entrepreneurship, agricultural cooperatives*

## INTRODUCTION

Governance is the system by which firms are directed and controlled. It is a process, influenced by the board of directors or management and other personnel assigned to provide reasonable assurance and achievement of objectives in effectiveness and efficiency in all operations, reliability of financial reporting and compliance with applicable laws and regulations (Frank & Sundgren, 2012). It is how one gets to act, through different types of interactions and the extent to which the actors adhere to collective decisions (Kemp & Parto, 2005). Good governance stems from clearly defined roles and responsibilities of the board of directors, committees and senior managers. It also inaugurates codes of conduct from which directors and staff at every level signs and completes their task (Shaw, 2007). An African Development Bank [ADB] (2006) guideline for financial management and analysis supported efficient deployment of appropriate modern financial management systems construed to represent sound financial management and good governance which are basically effective financial management systems and structures, budget preparation and execution, auditing and monitoring systems in order to avoid wasteful spending and corrupt practices. In a similar vein, a number of funding agencies have developed governance assessment frameworks on areas of budget planning, execution, internal control and monitoring thereby inferring the level of governance practised by an institution based on predefined systems. Study by Abor and Biekpe (2007), indicated that financial management systems such as financial reporting, accounting records, documentation, internal and budget control must meet the criteria of governance and there is, evidence to support the assertion that governance can positively affect an organization's performance. Agricultural cooperatives which are formal organizations planned and formed to co-ordinate activities, structured objectives, principles, specified tasks, defined authority and responsibility, must practice good governance. They have to enhance efficient management, utilization and increasing employees' abilities to achieve both individual and organizational development. Good governance rewards performance and competences, enhances innovation, creativity and improves competitiveness and is a crucial factor for cooperatives to succeed or fail where indicators used to measure economic, business outcomes and success include; sound financial management, increased income, marketing capability, business planning and management (Garnevska, Liu, & Shadboltc, 2011). The cooperatives therefore can utilize resources more efficiently through collective entrepreneurship as a powerful tool for increasing intra-firm efficiency and reducing collective decision-making and agency costs (Panagiota & Nastis, 2011). In developing countries, responses to competitive forces include the growing trend of members leaving their cooperative to join out growers. In Africa, the agricultural co-operatives practice agricultural input supply and output marketing. They implement the main task of

organizing joint sales of farmers' produce, coordinating exchange of goods and services between farmers and purchasers. Agricultural cooperatives, as member-owned and controlled agribusiness enterprises play an important role in upgrading socio-economic status of members, however, majority of them face severe financial problems, undermining their existence. In order to surpass the situation, the members often enhance their business dimension through collective entrepreneurship as a competitive form associated with transformation of traditional cooperatives into new generation ones. Collective entrepreneurship empowers members' profits, local and regional development by adopting basic mechanisms like, strategic alliances focusing on common marketing plans, accessing technological innovations and resources (Panagiota & Nastis, 2011). It boosts innovation, commercialization, growth, local development and empowers members as it integrates economic, social cultural and political goals. It is the process by which investors, customers or suppliers, plan, finance, and establishes a business form of collective action for winning profits by promoting a value chain through production and marketing (Cook, Burrell and Iliopoulos 2008). In Kenya, collective entrepreneurship is predominant in agricultural cooperatives where the main benefit to working with individual small producers to lower transaction costs, establish and monitor contracts, quality control of products, collection, sorting and grading practices (Muradian & Mangnus, 2011). Despite their significance they still face a myriad of challenges ranging from insufficient equity capital (internal sources) to debt (borrowing funds) because, commercial banks are uncomfortable with the co-operative business model (Zhao, 2011). Over 90 percent of the committee members claim that they understand the beliefs and philosophy of the co-operative movement, but a similar percentage do not understand the role of governance. The common perception among members is that management committees take advantage and convene meetings primarily to claim attendance allowance (Shaw, 2007). Many committee members lack adequate skills and experience, although only about 10 percent have received trainings on governance issues a further 12 percent of the agricultural co-operative leaders have inadequate ability to make effective, timely decisions on retaining funds, managing equity, distributing profits and rationalizing business operations (Kenkel and Park, 2011).

### **Statement of the problem**

Despite the significant contribution by the cooperatives dominating the agriculture sector in Kenya, they face survival challenges because of governance problems leading to questioning the management committees' governance quality and collective entrepreneurship in the cooperatives. Majority of the management committee members have inadequate ability to lead and monitor business operations causing wrong developments, mismanagement and heavy

losses in time (Pozzobon & Filho, 2007). Study by Sitaram (2009), indicated that 70 percent of agricultural co-operatives fail due to poor governance because the management committees either encouraged short-term thinking, risk averse or saw it happening but ignored the consequences. The share capital for coffee co-operatives decreased, by 35 percent in 2009 and 12 percent in 2010 and the market share dropped by 8.2 percent in 2010 from 10.5 percent in 2009. The overall share of agriculture cooperatives declined by 20.2 percent in 2010 compared to 22 percent in 2009 due to weak capability building systems and absence of strong centralized financial, production and marketing systems (Republic of Kenya [ROK], 2011). The value of marketed coffee contracted by 13.5 percent where the gross prices per 100 kg paid to farmers decreased by 47 percent in 2012 (Republic of Kenya [ROK], 2013). The management boards of the agricultural cooperatives increasingly imitate governance structures, eventually, leading to low entrepreneurship (Maghsoudi, Hekmat & Davodi, 2012). As the governance weakens, the cooperatives become susceptible to bankruptcy and eventually collapse. There is inadequate studies on the effect of governance on collective entrepreneurship in the agriculture sector dominated by the cooperatives.

The general objective was to investigate the governance on the growth of collective entrepreneurship in the agriculture sector in Kenya, and the specific objective to establish whether financial management systems influence the growth of collective entrepreneurship in the agriculture sector in Kenya; The study employed null hypothesis thus financial management systems do not influence the growth of collective entrepreneurship in the agriculture sector in Kenya; The study covered agricultural coffee co-operatives that have been in the business for at least 20 years and employ between 10 and 99 employees.

## **LITERATURE REVIEW**

### **Financial Management Systems**

Financial management systems ensure economic growth through competitive capital market system, promotion of high levels of savings, investment, employment, productivity and capital in flows thereby containing corruption, however, finance alone does not suggest that firms always maintain principles of honesty and fairness under unregulated environments (Velentzas & Broni, 2010). In pursuance of measures of governance, Shizhen (2005), proposed financial management systems with a classification of financial reporting, accounting records and source documentation, internal control, budget control, cost allowance, cash management and compliance frameworks. Financial governance is essential to all successful organizations and is the legitimate use of power and authority in the management of financial resources of an entity and good financial governance, is not only a significant contributor to sound fiscal management,

effective and efficient resource use, but also underpins transparency and accountability. Effective financial governance systems are required in the quest to maximize efficient use of resources, high level of transparency and accountability in an organization's financing for long-term economic success (Pretorius & Pretorius, 2008). Governance through financial management systems entails effective systems and structures that include budget preparation and execution, internal control and reporting, accounting and auditing and monitoring and evaluation systems, in the absence of which, users of the funds cannot be held to account, opening doors for wasteful spending and possible corrupt practices. Budget being a process of quantitatively expressing an organization's strategy or the financial perspective of what an organization seeks to achieve over a specific period is the heart of financial management function. They are financial plans, which result from a preparation process and typically form the basis upon which subsequent performance may be assessed (Horngren, Datar, & Foster, 2006). Gaist (2009), indicated that by budgeting and producing periodic financial reports, organisations are constantly monitor their revenue and costs to ensure that funding streams sustain operations. The study indicated that in order to align financial planning and budget preparation to strategic intent of organizations, the key features like comprehensiveness, sources and uses of funds for all aspects of operations and maintenance of a true and holistic reflection of plans for the budget period must be present. Study by Fiador (2013), showed that budgeting requires significant input from fiscal staff with clearly defined duties, responsibilities, lines of supervision and limits of authority for all. The features, in turn make the budget a performance-monitoring tool for use by an organization. Budget transparency contributes to success and considered transparent if it is easily accessible to participants involved in the decision-making process and consolidated information. The focus is on the compliance with budgetary authorizations usually governed by an internal control system. The weak internal control systems create incentives to make side deals with vendors and or make side-payments to influence contracts. In a bid to ensure tight internal control systems and ultimate governance, provisions revolving around roles of management committees, payments and financial accounting must relate to budget execution. Study by Coram, Ferguson and moroney (2008), indicates that efficient budget execution means implementation in line with the pre-set rules and authorization, with changes or adaptations made only by appropriate authority in baseline assumptions or conditions and cited that successful budget execution include written authorization, evidence in giving, receipting of funds, timeliness and accuracy of financial reports, they concluded that effective internal control systems in the budget execution process have strong links with governance. Study by Elbannan (2009), found out that internal control quality is positively related to good governance. Its effectiveness is positively, related to the

efficiency of governance and that it is safe to infer that the strength of internal control with regard to project execution framework is positively related to overall good governance. Financial management issues such as acquiring and redeeming members' equity capital are the major constraints to agricultural cooperatives' growth and sustainability in addition to competitive strategies in response to value added processing, brand name and entry into international market and to remain competitive agricultural cooperatives must solve financial problems related to acquisition, sustainability and debt capital structure (Chaddad, 2006). Zhao (2011), found that internal financing is the most used method to raise capital, promoting prosperity and employment for farmer households and concluded that investor members, who are generally growers, sell their products to the agricultural co-operative. Duke II, Kankpang, and Okonkwo, (2012) found out that failure of governance has accounted for the financial crises experienced by a wide array of firms especially in the last decade. Irrespective of the level of economic development of the country, firms in various industrial sectors become susceptible to bankruptcy and eventual collapse once governance weakens.

### **Growth of Collective Entrepreneurship**

Study by Henahan and Pelsue (2013) indicated that factors that significantly associate and consistently place an individual cooperative on a growth group are described as separate measures for relative and absolute cooperative growth. The study indicated that number of employees, number of members, sales volume, assets, earnings, and return on investment are key indicators of an absolute growth that is market share, price leadership, innovation, and market value of stock. Growth is considered to be a manifestation of innovative activity; it is measured in terms of change in employment, sales or assets over a period of time. Firms that do survive tend to exhibit higher rates of growth and innovative activity, which are exactly the two main performance criteria for entrepreneurship (Audretsch, 2012). Study by Panagiota and Nastis (2011) established that cooperatives have to adapt quickly to a constantly evolving globalized environment, access markets, promote products, transform businesses, have strategic coalitions and acquisitions, strong brand names and search for tangible and intangible resources being impetus for transformation of traditional cooperatives into collective entrepreneurship recommended an objective of achieving sustainable development and creating new opportunities for growth and empowerment. Globalization confronts cooperatives with new challenges relating to competition and market demands and cooperatives can insulate members from such competition by fostering product differentiation and provide market access, which may be the difference between surviving, or not (Boland, Hogeland and McKee, 2011).

Business Development is one of the factors that affect the business performance of collective entrepreneur cooperatives. These include the delivery of services such as consultancy, training, advising, transporting, linking, informing, maintaining, and communicating in a sustainable way. The availability of, access to efficient high-quality and business development are essential in order for the co-operative entrepreneurs to acquire new skills and products, know-how, technology and markets in an increasingly competitive domestic and global environment (Amha, 2006). For cooperatives to successfully compete in the global system they must take advantage of unique opportunities, enhance members services and earnings, develop alternative products, market, add value, fit demand niches, be innovative and creative in an intertwined production and distribution. They need to diversify, increase surplus, competitive entry to new markets, overcome barriers, have high value products and better prices (Ritossa and Bulgacov, 2009).

The cooperative have concentrated on the sale of unprocessed products with low level of processing and have limited possibility of growth, whereas those with differentiation products find greater rewards. Franco and Haase (2013) indicated that firms face complex and turbulent business environments with increased competition and entrepreneurship is considered as a means to sustain the continuity and growth of businesses aimed at discovering, evaluating and exploiting new business opportunities. They established that recognition of opportunities such as scanning the external environment for new markets, unmet needs, existing problems in work processes and new product ideas; show that entrepreneurial behaviour has greater profitability and growth than those that do not adopt entrepreneurial systems. They recommended that entrepreneurship is a permanent attitude that firms should develop and absorb to increase knowledge, improve innovative potential. Ribeiro and Urbano (2009) indicated that the concept of collective entrepreneurship is based on the creation of something of economic value arising out of new, jointly created ideas that emerge from the sharing of information and knowledge. It is generally accepted that effective knowledge management depends heavily on the ability to collaborate outside the organisation.

## **METHODOLOGY**

This study adopted a positivist position because it is deductive, rather than inductive and theory building, rather than theory. It is characterised by the testing of hypothesis developed from existing theory, hence deductive or theory testing relates very well in the organisational context, as it assumes that what truly happens in organisations can, only be discovered through categorisation and scientific measurement of the behaviour of people and system (Scotland, 2012).

The study used descriptive research design, which in essence describes data and characteristics about the population or phenomena being studied. The target population was 421 coffee growing cooperative societies and multistage sampling technique used to arrive at 121 respondents. Questionnaire was applied because of its ability to collect primary data from a large group within a short period. Cronbach's Alpha reliability coefficient ranged from 0.742 to 0.950. The sample adequacy under the Kaiser-Meyer-Olkin Measure of Sample adequacy showed that financial management systems and growth of collective entrepreneurship were on the middling above 70 percent, whereas policy was on the meritorious 80 percent of the variance meaning that they were not miserable or unacceptable.

The main objective was to investigate the effects of governance on the growth of collective entrepreneurship in agriculture sector in Kenya regression and correlation analysis was useful.

The study set out to establish whether financial management systems influence the growth of collective entrepreneurship in the agriculture sector in Kenya. A simple linear regression model was fitted and the two variables x and y linear regression model took the form of:

$$y = \beta_0 + \beta_1 x_1 + \epsilon \dots \dots \dots \text{Equation [1]}$$

Where: y = the response variable,  $x_1$  = the explanatory variable and  $\epsilon$  = was an error term with task to fit the model, find the optimal values of the regression coefficients  $\beta_0$  and  $\beta_1$  and comment on the behaviour of  $\epsilon$ . The impact of the moderating on the explanatory variable was sought. ANOVA on the regression coefficient and a post hoc analysis on the regression coefficient were carried out and used a Multiple Regression Model with a moderating variable in the form of:

$$\text{Predicted } Y_1 = B_0 + B_1 * X + B_2 * Z + B_3 * X * Z \dots \dots \dots \text{Equation [2]}$$

Where:- Y - Growth of collective entrepreneurship, X - Governance on the Growth of Collective Entrepreneurship and Z - Hypothesised moderating variable assumed to have linear relationship with the Growth of Collective Entrepreneurship.  $(B_1 + B_3 * Z)$  was the slope of the relationships of Y and X at Z and the effect X has on Y as is dictated by the interaction variable Z. For the dependent variable growth of collective entrepreneurship, Principal Component Analysis was use thus:

$$\text{PCA} \dots \dots \dots \text{Equation [3]}$$

and regressed onto the growth of collective entrepreneurship variable and the result found.



## EMPIRICAL FINDINGS AND DISCUSSIONS

The study applied Pearson's correlation 2-tailed to determine the extent of correlations. Table 1 shows the correlation between financial management systems and the growth of collective entrepreneurship at 0.559 (55.9 percent). This meant that since the correlation is significant at 0.01 levels (2tailed) there is a strong and positive correlation.

Table 1. Correlation between financial management systems, growth of collective entrepreneurship

Factor	Correlations	Financial Management Systems	Growth of Collective Entrepreneurship
Financial Management Systems	Pearson Correlation	1	.559**
	Sig. (2-tailed)		.000
Growth of Collective Entrepreneurship	Pearson Correlation	.559**	1
	Sig. (2-tailed)	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed). N= 105

The study sought to establish the strength of the relation between financial management systems with moderating variable policy on the growth of collective entrepreneurship in the agriculture sector. Table 2 shows the increase in the strength of relationships, in which the effect of financial management systems increased to 0.575 (57.5 percent), at a significance level of 0.000 meaning that that there is a strong and positive correlation.

Table 2. Correlation between financial management systems, growth of collective entrepreneurship and policy

Control Variables		Financial Management Systems	Growth of Collective Entrepreneurship
policy	Correlation	1.000	.575
	Significance (2-tailed)	.	.000
Financial Management Systems	df	0	102
	Correlation	.575	1.000
Growth of Collective Entrepreneurship	Significance (2-tailed)	.000	.
	df	102	0

In table 3 the model summary and coefficients given by the model  $y = \beta_0 + \beta_1 X_1$  where  $x_1$  is financial management system,  $y$  is the growth of collective entrepreneurship. The R square value showed the proportion of the variance of dependent variable that can be explained by a set of independent variable. The R-square value meant that 31.3 percent of the growth of

collective entrepreneurship in the agriculture cooperatives is influenced by financial management systems.

Table 3. model summary for financial management systems

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 <sup>a</sup>	.313	.306	.28292

Table 4 and table 5 indicate the model summary and coefficients of financial management systems respectively. The study sought to establish the relationship between the financial management systems and the growth of collective entrepreneurship given by the model  $y = \beta_0 + \beta_1 X_1$  where  $x_1$  is financial management system,  $y$  is the growth of collective entrepreneurship. The result show that the R square value showed the proportion of the variance of dependent variable that can be explained by a set of independent variable. By inference the value of the growth of collective entrepreneurship  $y = 2.092 + 0.408X_1$ . The result shows that the R-square value was 31.3. This indicates that 31.3 percent of the growth of collective entrepreneurship in the agriculture cooperatives is affected by financial management systems.

Table 4. Model Summary for Financial Management Systems

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.559 <sup>a</sup>	.313	.306	.28292

The study sought to test the hypothesis that:  $H_0$ : Financial management systems do not influence the growth of collective entrepreneurship in the agriculture sector in Kenya; From the ANOVA table 5 the result show that the F statistics  $0.000 < 0.05$  being the criterion for deciding to reject the null hypothesis.

The study rejects the  $H_0$  hypothesis and therefore adopted the  $H_1$  hypothesis which states that financial management systems influence the growth of collective entrepreneurship in the agriculture sector in Kenya.

Table 5. ANOVA<sup>b</sup> for Financial Management Systems

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.752	1	11.997	46.875	.000 <sup>a</sup>
	Residual	8.245	103	.080		

a. Predictors: (constant) Financial management system

b. Dependent variable: Growth of collective entrepreneurship

In table 6, the result of the coefficient of 2.092 indicates that financial management has a positive effect on the growth of collective entrepreneurship in the agriculture cooperatives. From the Coefficient the model relationship between financial management systems and the growth of collective entrepreneurship is given by  $y = \beta_0 + \beta_1 X_1$  where  $y$  is growth of collective entrepreneurship  $\beta_0 = 2.092$ ,  $\beta_1=0.408$  and  $X_1$  is Financial Management Systems. It therefore goes that  $y= 2.092 + 0.408 X_1$ , the P value is 0.05. Since  $0.000 < 0.05$  this implies that there is high significant effect of financial management systems on the growth of collective entrepreneurship. The study established that for every unit value of  $X_1$  the  $y$  value increases by 0.408.

Table 6. Coefficients<sup>a</sup> for Financial Management Systems

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.092	.186		11.256	.000
	Financial management systems	.408	.060	.559	6.847	.000

a. Dependent Variable: Growth of collective entrepreneurship

Table 7 show the model summary of financial management systems with moderating policy introduced. The result shows that the strength of influence of financial management systems with an introduction of the moderating policy increases to 55.1 percent up from 31.3 percent without policy.

Table 7. Model Summary Financial Management systems with policy and Growth of collective entrepreneurship

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 <sup>a</sup>	.551	.546	.22873

a. Predictors: (Constant),  $x_1z$  ( $x_1$  = Financial Management Systems,  $z$  = Policy)

The ANOVA table 8 shows financial management systems with policy and Growth of collective entrepreneurship. The result shows a significance level of  $0.000 < 0.05$  which means that there is a significant relationship between the financial management systems with policy and the growth of collective entrepreneurship in the agriculture sector in Kenya.

Table 8. ANOVA<sup>b</sup> Financial Management systems with policy and Growth of collective entrepreneurship

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.608	1	6.608	126.312	.000 <sup>a</sup>
	Residual	5.389	103	.052		
	Total	11.997	104			

a. Predictors: (Constant),  $x_1z$  ( $x_1$ = financial management systems,  $z$ = policy)

b. Dependent Variable: Y (Y= Growth of collective entrepreneurship)

Table 9 show the coefficients<sup>a</sup> of financial management systems with policy and the growth of collective entrepreneurship in the agriculture sector in Kenya. The coefficient of  $2.219 + 0.092 X_1Z$ , shows that there is a high relationship between financial management systems with policy and the growth of collective entrepreneurship in the agriculture sector in Kenya to the extent that for every unit value of Financial management systems with policy  $X_1Z$  the value of the growth of collective entrepreneurship in the agriculture sector in Kenya  $y$  increases by 0.092.

Table 9. Coefficients<sup>a</sup> for Financial Management systems with policy and growth of collective entrepreneurship

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.219	.103		21.511	.000
	$x_1z$	.092	.008	.742	11.239	.000

a. Dependent Variable: YG

Table 10 shows the influence of policy on the growth of collective entrepreneurship. The study established that when a moderator policy, is introduced there is an increase in the growth of collective entrepreneurship. This means that constant  $X_1$  (Financial Management) with  $Z$  (Policy) increases an influence to the growth of collective entrepreneurship ( $Y$ ) in the agricultural sector as shown by the R square value of 55.1. This means that with an introduction of policy the influence increase to 55.1percent.

Table 10. Model Summary of the moderator policy on the growth of collective entrepreneurship

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 <sup>a</sup>	.551	.546	.22873

A. Predictors: (Constant),  $X_1Z = Y = B_0 + B_1X_1Z$

The study sought to test the hypothesis H0: Policy does not moderate the influence of governance on the growth of collective entrepreneurship in the agriculture sector in Kenya. Table 11 ANOVA shows that, the model fitted is significant since the p value  $0.000 < 0.05$  being the criterion for deciding to reject the null hypothesis. The result shows that there was a significant relationship between X1 (Financial Management Systems) with the moderating variable (Z) Policy and (Y) the growth of collective entrepreneurship in the agriculture cooperatives. Since the P value  $0.000 < 0.05$ , the study rejects H0 and adopts H1 which states that policy moderates the influence of governance on the growth of collective entrepreneurship in the agriculture sector in Kenya.

Table 11. ANOVA<sup>d</sup> of policy on the factors influencing the growth of collective entrepreneurship

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.608	1	6.608	126.312	.000 <sup>a</sup>
	Residual	5.389	103	.052		
	Total	11.997	104			

a. Predictors: (Constant),  $x_1z$

b. Dependent Variable: YG

Table 12. Coefficients<sup>a</sup> of the moderator policy on the growth of collective entrepreneurship

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.219	.103		21.511	.000
	$x_1z$	.092	.008	.742	11.239	.000

Dependent Variable (Y) Growth of collective entrepreneurship

The table shows the coefficients where:  $\beta_0$  = constant,  $X_1$  = Financial Management,  $Y$ = Growth of collective entrepreneurship and  $Z$  = Policy as the moderator

$$\text{Model 1: } Y = \beta_0 + \beta_1 X_1 Z \dots\dots\dots \text{Equation 1}$$

$$= 2.219 + 0.092 X_1 Z$$

$$\text{Model 3: } Y = \beta_0 + \beta_1 X_1 Z + \beta_2 X_2 Z + \beta_3 X_3 Z \dots\dots\dots \text{Equation 2}$$

$$= 1.650 + 0.053 + 0.054 + 0.039$$

## CONCLUSIONS

The correlation between financial management systems and the growth of collective entrepreneurship is a strong and positive and increases with an introduction policy as moderator. The study established that 31.3 percent of the growth of collective entrepreneurship in the agriculture cooperatives is influenced by financial management systems and increases to 55.1 percent with an introduction of the moderating policy. The study therefore rejected the  $H_0$  hypothesis and adopted the  $H_1$  hypothesis which states that financial management systems influence the growth of collective entrepreneurship in the agriculture sector in Kenya and has a positive effect.

There is a high relationship between financial management systems with policy and the growth of collective entrepreneurship in the agriculture sector in Kenya to the extent that for every unit value of financial management systems with policy and the growth of collective entrepreneurship in the agriculture sector in Kenya. The study rejected  $H_0$  and adopted  $H_1$  which states that policy moderates the influence of governance on the growth of collective entrepreneurship in the agriculture sector in Kenya.

## LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

Generalizability of the findings was reduced only to a sub sector in the larger agriculture sector and the study drew inferential conclusions only from a sample size taken from a population. The study did not cover all the determinants of governance affecting various businesses and the growth of collective entrepreneurship in agriculture sector, but concentrated on the basic yet significant ones. The information presented may lack the details beyond the conclusions offered because the study may have omitted any important details and evidences. Some of the respondents were not reachable and that illiteracy levels hampered the clear version of the expectations. The study recommends a future study to establish the other determinants of governance and the strength of their influence on the growth of collective entrepreneurship in other sectors.

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