

Co-operative Governance and Financial Performance of Irish Potato Farmers'

Co-operatives in Northern and Western Provinces, Rwanda

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Abstract

Farmer co-operatives are considered the backbone of agricultural development and the main pillars in facilitating socio and economic development. However, their contribution is small in many countries due to governance problems. This paper investigated the effect of governance on financial performance among Irish potato farmers' co-operatives (IPFCs). To address the objectives of the paper, data were collected from 32 primary co-operatives that had complied with audited financial reports in Northern and Western Provinces. Questionnaire, focus group discussions and key informant interviews were used to collect primary data. Secondary data from audited financial statements were collected to analyse selected co-operatives' financial performance in terms of Return on Assets. Pearson correlation and multiple regression were used for data analysis. The results showed that members' participation, accountability, transparency, and leadership are significant factors contributing to the financial performance of IPFCs. However, the relationship between policy compliance on financial performance, co-operative structure and financial performance was not statistically significant. As revealed, most IPFCs experience poor leadership to run their co-operatives smoothly. Based on the findings, Rwanda Co-operative Agency (RCA) and other community development partners should organise ongoing capacity-building training for IPFCs' leaders, to ensure self-governance and curtail the interference of local authorities within the administration of co-operatives under the pretext of reported mismanagement and poor leadership. This paper generates facts to inform IPFCs, community development partners, and policymakers about the major factors that can affect the financial performance of farmers' co-operatives. In addition, the paper contributes to the literature by analysing governance practices that affect the financial performance of agricultural co-operatives in developing countries perspective.

Keywords: Governance, Financial performance, Farmer co-operatives, Irish potatoes, Rwanda