JSPM
JOURNAL OF STRATEGY & PERFORMANCE MANAGEMENT

PURSUING SOCIAL MISSION AS PART OF A DELIBERATE AND MANAGED STRATEGY: SOCIAL PERFORMANCE MANAGEMENT IN CO-OPERATIVES

Kinyuira Daniel K.
Entrepreneurship and procurement Department, Jomo Kenyatta University of Agriculture and Technology, Kenya. kinyuiradk@gmail.com.

Citation: Kinyuira, D.K. (2017). Pursuing social mission as part of a deliberate and managed strategy: social performance management in Co-operatives, 5(2), 23-41.

ABSTRACT

Social performance management is a strategic process capable of making wealth creation more effective and fair. Performance of the social mission by enterprises thus needs systematic management and reporting as economic performance is done by integrating social performance management into a firm's corporate strategy. Such strategic initiative would enhance competitive advantage and long-term sustainability. However, since co-operatives operate in a highly competitive economic environment, managers overtly concentrate on economic sustainability and rarely pursue the social mission as part of a deliberate and managed strategy. Research on social performance management in co-operatives is scanty since most studies relate to economic performance. Present study targeting 184 licensed deposit taking SACCOs in Kenya attempts to fill the research gaps by examining extent co-operatives manage their social performance as part business operations. The study is expected to help co-operative practitioners manage stakeholders social needs better and consequently improve sustainable performance of cooperatives.

Key words: Social responsibility, corporate social performance management, co-operatives, co-operative principles, business strategy, competitive advantage.

INTRODUCTION

Corporate social performance is about making an organization's social mission a reality by moving beyond a transaction orientation to establishing ongoing relationships (Karthkeyan, 2015). ECLOF (2012) define corporate social performance as the effective translation of an organization's social mission in line with accepted social values of serving the poor and excluded people; improving quality of services; creating economic benefits for clients, and improving social responsibility. Corporate social performance therefore covers the entire process impact is created by an organization and includes analysis of the social objectives, effectiveness of organization systems, quality services and expected outputs (Christen, 2004).

Corporate social performance is different from corporate social responsibility. While social performance refers to bringing well-adopted services to enhance social and economic benefits, social responsibility refer to limiting an activity's negative impact on stakeholders. Social responsibility could be summarized as "do no harm" and social performance as "do good" (ECLOF, 2012 p 11). Further, while the concept of corporate social responsibility focuses on ethical and moral issues that affect corporate decision making and behaviour; social performance is a concept that emphasise on responsive and extended social contribution of businesses to the society. Not surprisingly then, corporate social performance is a critical determinant for superior and sustainable performance in all organizations (Porter & Kramer, 2006; Carroll & Shabana, 2010; Kemper et al., 2013; Verschoor, 2008).

Unlike private companies, co-operatives are widely acknowledged as socially responsible enterprises (Mayo, 2013). This is because they provide services such as loans and deposits to customers routinely excluded by formal banking institutions for being too costly or risky to serve. According to Llanto (2015); Esguerra (2012), Republic of Kenya (2007) and ECLOF (2013; 2012) financial inclusion through co-operatives empowers the poor to manage finances and reduce vulnerability to financial distress, debt, and poverty. The use socially oriented methods to reach low income or traditionally rationed clients distinguish co-operatives from other economic institutions (Esguerra, 2012).

Co-operatives social goals include extending economic services to under-served areas or to persons; promoting corporate social responsibility; protecting the environment; contributing to gender equity; reducing poverty or vulnerability among the poor; bringing marginal groups into mainstream economy; facilitating job creation (Kansal and Singh, 2012; Ramesh and Goel, 2012; Mazzarol, 2009). Achieving these social goals require commitment and management to have desired impact. Unfortunately, less emphasis has been given to monitoring progress towards the social goals because managers are concerned almost exclusively with the economic performance at the expense of social performance management (Woller, 2008; Woller & Schreiner, 2006). Consistent with this observation, Llanto (2015) contend that the low emphasis is because co-operatives operate in a highly competitive economic environment where managers overtly concentrate on economic sustainability and rarely pursue the social mission as part of a deliberate and managed strategy. In this regard, the study contends that performance of the social mission needs to be managed and reported as systematically as does economic performance (ECLOF, 2012), by integrating social performance management into the firm's corporate strategy (Sinha, 2006).

Literature review on co-operatives reveal that comprehensive research assessing the social performance management is scarce. Present study attempts to fill the research gap by examining extent to which co-operatives manage their social performance as part of business processes. The study population was co-operatives based on their significant contribution to economic and social development all over the world (ICA, 2016). They have been touted as suitable vehicles for social-economic development and poverty reduction (Birchall, 2010; Prahalad, 2006; Wanyama, Develtere & Pollet, 2009), and remain a development focus for international agencies such as the UK Department for International Development (DFID) and (ILO) the International Labour Organization (Muthuma, 2011). In Kenya, co-operatives are responsible for 45% of the GDP, 31% of the national savings and control over 85% of the coffee, dairy, pyrethrum and cotton market (ICA, 2012). Further, in their operations, co-operatives are expected to not only serve the members, but also meet the social responsibilities like education, employment and environmental concern among others. Due to the social orientation and significant role of co-operatives, an examination of the extent of their social performance management is relevant and necessary as a starting point. This study is expected to help co-operative practitioners to manage stakeholders social needs better for sustainable performance of the entire organization.

The research adopted across-sectional sample survey in which questionnaires and document reviews were used to collect data from managers for analysis using descriptive statistics (Cooper & Shindler, 2011). The target population will be 164 licenced deposit taking savings and credit co-operative societies (SACCOs) in Kenya because they encompass almost all sectors of the economy and business activities. They are also the most common types of co-operatives with 8592 of the registered 16969 co-operatives being SACCOs (Kenya National Bureau of Statistics-KNBS, 2015). In addition, performance of Kenyan SACCOs is ranked first in Africa and seventh worldwide, which justify choice of SACCOs as a suitable population of study on social performance of co-operatives. According to SACCOs societies regulatory authority-SASRA (2012 p. 38), deposit-taking SACCOs serve over 81% of total SACCO membership; hold 80% of share capital and 78% deposits of all SACCOs in Kenya. They also earn over 79% of total annual turnover earned by all SACCOs and grant 78% of all loans by SACCOs. Deposit taking SACCOs also own 79% of total assets. Further, operations of deposit taking SACCOs in Kenya are well regulated and supervised by SASRA and the government. Therefore, a chance of getting valid and reliable data from deposit taking SACCOs on the topic was high.

The International Co-operative Alliance (ICA) defines a co-operative as "an autonomous association of persons; voluntarily united to meet their common economic, social and cultural aspirations and needs through a jointly owned and democratically controlled enterprise (ICA, 2012). This definition informs that co-operatives are functional businesses formed by members, owned by members and provide services to members. In addition to the socially oriented definition, co-operatives are guided by ethical values of empowerment and mutual responsibility; democracy, equality, fairness and solidarity. Further, true to the spirit of the pioneers, co-operatives are based on honesty, transparency, social responsibility and altruism. To entrench the social orientation, co-operative practices are governed by the seven co-operative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among co-operatives and concern for the community. Through the values, principles and practices, co-operatives demonstrate there exists a business model that succeed in joining social and economic aspects into a strategic fit (Mazzarol et al., 2011 a; Birchall, 2010; Levi et al., 2008).

Consistent with Martin et al. (2012, p. 222) and Merrien (2015), co-operatives provide a different way of advancing corporate social performance, as they focus not on capital but a relationship of use either by work, production or consumption executed in a status of democratic ownership. The values and principles depict co-operatives as more than a solution to a problem, but a formula capable of renovating the entire social-economic life of members. Co-operatives could also be viewed as a business model capable of elevating people to noble wellbeing (Meadows, 2008). Furthermore, by focussing on human beings, their dignity, and the realization of their potential, co-operatives ignite economic and social change in an effective way.

According to Birchall (2010), co-operatives emerge from the local communities, and have since inception been addressing problems of poverty, exclusion and inequality. Their significant presence compared to their competitors facilitate successful mobilization of fragmented energies and resources that would go to waste (Nyakenyanya, 2013; Salvatori, 2012). They also provide comparative advantages such as high penetration and stable interest rates (Birchall and Ketilson, 2009; Sabatini, Modena and Tortia, 2012). Having been formed to meet social, economic and cultural needs of people, co-operatives are able to serve prevailing human needs even in difficulties (ICA, 2012 p. 1). When reaction to crises is analysed, whether financial, political or environmental, co-operatives have been leading in social responsibility. During the 11th March 2012 Tsunami, recovery efforts of the co-operative sector included immediate relief work such as the provision of food, clothing and shelter, followed by more permanent solutions such as entire villages re-housed on higher ground and training programs to help those who lost livelihoods find alternative work. In addition, the International Co-operative Alliance raised over USD 600,000 from its members for Japan's co-operatives in response to the crisis (Green, 2012).

Co-operatives are also known to show patience and support to the needs of their members and the communities in times of crises (Nunez, 2004; Gingras et al., 2007, p. 211). For instance, the Quebec forestry co-operatives are well known for keeping jobs in crisis (MDEIE, 2008). Likewise, in periods when corporations would cease operations, credit co-operatives continue lending, and in the production co-operatives, reduction in sales do not translate to job cuts (Ferri, 2012; Birchall and Hammond Ketilson, 2009).

Extent co-operative principles reflect social performance standards

Co-operatives are well positioned to lead in advancing corporate social responsibility through internationally accepted values and principles (Harris, 2006). The ethical foundations make co-operatives a personal part of members' lives as well an active community project and thus best designed to perform well socially. So while other firms are only able to 'reach out and touch someone's life,' it is more likely that it is the co-operative enterprises who actually 'lives with the people" (ICA, 1995). To further establish extent of social performance in co-operatives, the study examined extent co-operative principles reflect socially responsible standards such as community relations, human resources, product and services, environment, ethical issues and inclusion (Kansal and Singh, 2012; Ramesh and Goel, 2012). Upon examining extent co-operative principles reflect environmental concern, the environment is not specifically mentioned anywhere. Reference could only be implied in the seventh principle of 'concern to the community' that state, "co-operatives work for the sustainable development of their communities through policies approved by their members". This may suggest that co-operatives do not have a clear strategy for managing or enhancing their environmental concerns (ICA, 2012).

On economic sustainability, the third co-operative principle address allocation of financial capital generated by the enterprise, while the fourth principle limit amount of capital subscribed by an individual member. Thus, it is clear the co-operative principles hinder accumulation of wealth by a few at the expense of many. In the sixth principle of co-operation among co-operatives is promoted as a means to increase the wellbeing of their members; while the seventh principle broaden the definition of responsibility beyond statutory requirements by stating a concern for the sustainable development of their communities. The principles also prevent people who do not have a direct interest in terms of capital invested in the enterprise from controlling the business. Although the 1995 version of the co-operative principles does allow external capital, previous versions prevented non-members from sharing in the financial wealth generated through its operations. A further review suggests that co-operatives aim to be socially responsible through anti-discrimination, employee training and community development. In particular, the first co-operative principle address discrimination against membership; while in the sixth require co-operatives to educate and train employees so they can contribute effectively to the development of the co-operative.

From the examination, though co-operative values and principles attempt to address social issues, the notions of individual human rights, employee rights, and supply chain management are not specifically reflected. This suggests that co-operatives aiming to strengthen their social performance will need to align itself with the ethical standards followed by broader corporate organizations. However, the built-in mechanisms of values and principles distinguish co-operative enterprises and create an opportunity for co-operatives to be socially responsible (Kansal and Singh; Fairbairn et al., 2006).

Past studies on social performance in co-operatives

Comprehensive studies on the social responsibility of co-operatives is scarce. Most studies relate to economic impact of co-operatives and pay little attention to the social impact. However some studies such as Kewal Kumar (1987), Babadin and Singh (1987) have assessed the social impact of co-operatives businesses, while Mathur (2000) evaluated the impact of co-operative credit. Pathania (1998) studied the impact of social variables on the utilization of co-operative services and not on the effect of utilization of co-operative services; while Arunbiswas and Vijay Mahajan (1997) indicate that besides economic benefits, the co-operatives enable women build self-confidence and enhance their social status. Other studies such as by Shah and Shah (1996) found dairy co-operatives stabilize prices as well as regulate the private marketing intermediaries, while Subburaj (2002) also found dairy co-operatives effective in providing services to members and the community.

Extant literature also indicate that by providing social, democratic and empowerment benefits, cooperatives promote the well-being as well as human values among members. Likewise, Joseph Nelson (2001) reveal that weavers' co-operatives have helped members to participate in social organisation and in attainment of higher education to children. Karthikeyan, (2015) also report that sugarcane and fishing co-operatives increased social participation and desired attitudinal changes among members. The authors agree that a potential strength for co-operatives to perform socially responsible is the connection with community through democratic ownership. Therefore, a unique competitive advantage exist for co-operatives to distinguish themselves as values-based and socially responsible enterprises through SPM.

Social performance management as source of competitive advantage

Social performance management is a strategic process capable of making wealth creation more effective and fair. In corporate social performance management, managers should focus on actions that maximize welfare of the community by providing desired goods and services while minimizing financial, social and environmental costs (Kansal and Singh, 2012; Ramesh and Goel, 2012). Accordingly, Kurucz et al. (2008) categorise benefits derived from social performance activities into cost and risk reduction; gaining competitive advantage; developing reputation and legitimacy; synergistic value creation. Social performance also promote healthy relationship between business and the community by redefining the role and obligations of businesses within that society in line with Stakeholder theory (Keinert, 2008). According to Wardle (2014) and Koning et al. (2014); the more commonly promoted social values include provision of financial and/or nonfinancial services to greater numbers of poor and excluded people, improving the quality and appropriateness of services already being offered, increasing revenue generated by clients' businesses, building, clients' sense of empowerment, reducing vulnerability, alleviating poverty, and improving a firm's impact on the environment or the community.

In social performance management, products should be designed to help the poor improve their lives, and service delivery must be responsible, transparent, fair, and safe. Decision-making at each level of the business should place customers at the centre; to ensure solutions add value to people's lives (Perez-Rocha, Hoepner, Spaggiari, Lapenu, and Brusky, 2014. such SPM could strengthen financial performance (Hoepner et al., 2012; Gonzalez, 2010). Answering opponents of SPM, Koning et al. (2014) and Wardle (2014) clarifies that though serving harder-to-reach and more excluded segments of the market can reduce efficiency in the short run, in the longer term; this can however give the business a competitive edge and a more loyal customer base. A 2013 study found that good practices in pricing transparency, complaints handling, ethical staff behaviour, and customer privacy are positively related to higher profitability (Hoepner et al. 2014). Most importantly, SPM would help organizations meet policy and regulatory requirements on financial inclusion, client protection practices, social reporting, and actual social outcomes (Cull, Ehrbeck, and Holle 2014). Further, experiences from a wide range of practitioners found use SPM to address employee turnover, client dissatisfaction, or failure to reach target clients (Koning et al, 2014).

Measurement of corporate social performance

The triple bottom line of people, planet and profit has become critical to sustainable performance. Therefore, measuring the performance of a firm from both financial and non-financial point of view could lead to better strategic management and decision-making process (Kansal and Singh, 2012; Ramesh and Goel, 2012). Assessing the social impact may be complicated, but not impossible. In 2013, OIKOCredit international developed a scorecard to help co-operatives and other financial intermediaries monitor and assess social performance management (available at http://www.oikocredit.coop/what-we-do/social-return/measuring-social-performance).

The scorecard comprises of 5 parts and 21 themes namely:

A. Outreach and inclusion
   1. Poverty screening
   2. Rural orientation and agricultural focus

3. Reaching women and/or disadvantaged groups
4. Reaching unserved areas
5. Diversification of financial products

B. Client benefit and welfare

6. Prevention of client over-indebtedness
7. Client feedback
8. Code of ethics and staff compliance
9. Transparency about costs to clients
10. Annualized Percentage Rate
11. Non-financial products and services

C. Social performance & governance

12. Vision/mission and strategic plan
13. Responsible, sustainable growth
14. Monitoring results
15. Women representation

D. Environment

16. Organisational exclusion policy
17. Environmental education and promotion
18. Active focus on environmental-friendly techniques

E. Responsibility to community and staff

19. Staff feedback and grievance procedures
20. Staff appraisal and incentives
21. Community projects

Methodology

The research adopted across-sectional sample survey in which questionnaires and document reviews were used to collect data from managers for analysis using descriptive statistics (Cooper & Shindler, 2011). Based on the themes a questionnaire was development with a three scaled responses ranging from 0= (Does not meet the indicator) 1= (Partially meets the indicator) and 2= (Meets the indicator). A percentage of each scale was computed and bar chart plotted on for each category. In addition a radar chart was designed on the extent Saccos meet SPM indicators. Respondents were asked a series of questions about knowledge and perceptions on extent their organizations meets various social performance indicators.

Sample Respondents

The target population was 184 deposit taking SACCOs in Kenya because they comprise an important and vibrant segment of SACCOs. SACCOs in Kenya also encompass almost all sectors of the economy and business activities. They are also the most common types of cooperatives with 8914 of the registered 17498 cooperatives being SACCOs (KNBS, 2016). In addition, performance of Kenyan SACCOs is ranked first in Africa and seventh worldwide, which justify choice of SACCOs as a suitable population of study on performance of cooperatives. A list all the 184 registered deposit taking SACCOs, was obtained from SASRA Supervisory Report 2016.

The study sample comprised of three employees per SACCO. Employees were appropriate respondents in the study because they are the legally recognized individuals involved in actual management of SACCOs. Employees are also informed specialists who have ideas and experience on operations and performance. According to the SACCO Regulations (SASRA, 2010:64), employees are “responsible for the day to day running of the matters of the SACCO”. In view of this, employees would provide valid and reliable data on the topic of study.

Sample Size Determination

To determine the study sample size, Cochran formula for calculating sample size was be used (Israel, 2013, Gathenya, 2012) where:-

$$n_0 = \frac{Z^2pq}{e^2}$$

Where: n_0= Required sample size

Z = Desired confidence level of 95%

p = Estimated performance sustainability in SACCOs

$q = (1-p)$

e^2= Desired level of precision (margin of error at 5%)

$$\text{Hence } n_0 = \frac{1.96^2(0.86)\,(0.14)}{0.05^2} \approx 185$$

P, the degree of variability refers to distribution of desired attributes in the population. The study estimated that performance of 86% (0.86) of deposit taking SACCOs registered by SASRA as at 31st December 2014 are sustainable (184 of 215 licensed to operate deposit taking business). To get an appropriate sample, the sample size (n_0) was adjusted using finite population correction formulae shown in equation:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where: n is the sample size and

N is the population size.

$$\text{Hence } n = \frac{185}{1 + (185-1)} \approx 100$$

215

Therefore the sample size was 100 deposit taking SACCOs

Pre-test

The measures were pretested with key informants (i.e., upper management/ executive levels) from a deposit taking SACCOs in Kenya. Pre-test subjects were asked to simply complete the questionnaire. Then each respondent was interviewed on the clarity of each question. The measures that required revision were amended accordingly. After three total iterations, the questionnaire was administered to the subjects.

Data collection

The SASRA Supervisory Department provided email addresses through which an online questionnaire together with instructions on how to fill them were distributed to the 100 sampled SACCOs.

Results and Discussion

Demographic profile of the respondents

Since women tend to regard social and environmental performance highly (as compared to men), while employees who are higher in rank (e.g. managers) should be able to provide more authoritative answers, the study analysed the respondents profile.

POSITION	Women	Men	Total
Chief Executive Officer	4	3	7
Deputy CEO	3	5	8
Finance Manager	3	4	7
Internal Auditor/compliance	5	2	7
Accountant	5	3	8
Credit Manager	6	3	9
ICT Manager	2	6	8
Marketing Manager	4	4	8
Operations Manager	6	5	11
Fosa Manager	7	2	9
Branch Manager	1	7	8
HR Manager	5	5	10
TOTAL	51	49	100

The analysis revealed no significant respondent gender and position variance as 51% were women and 49%.

Respondents indicated their opinions on various statements regarding SPM in their SACCOs. Responses ranged from meets indicate meets indicator, partially meets indicator and does not meet indicator. From the data analysis, Saccos were found to do well in client benefit and welfare and meets the indicator by 71%. If more efforts are put on the areas they partially meet the measures such as seeking more client feed back and use client satisfaction survey data to improve products and services, Saccos can achieve an over 93% in client benefit and welfare. On the other hand, Saccos in Kenya are performing poorly in outreach and inclusion, social performance and governance, responsibility to community and staff, and environmental concern that were found not to meet the SPM indicators by over 55%, 55%, 78% and 67% respectively. Analysis and findings are as presented in the section below.

<u>Outreach and inclusion</u>
On outreach and inclusion indicator, the organisations perform well in measures such as offering a diversified range of financial products and terms. However, the organisations were found not having a policy targeting poor clients and does not use a poverty-profiling tool to screen potential clients or assesses incoming clients' poverty level during the loan process. In addition, no Sacco was found to have a program specifically targeting women and/or disadvantaged groups. SACCOs also coexist with other financial providers. Thus, Saccos does not meet the inclusion indicator by over 55%. The SACCOs also partially meets rural orientation by only 18%, not by design but because most of them operate in rural areas.

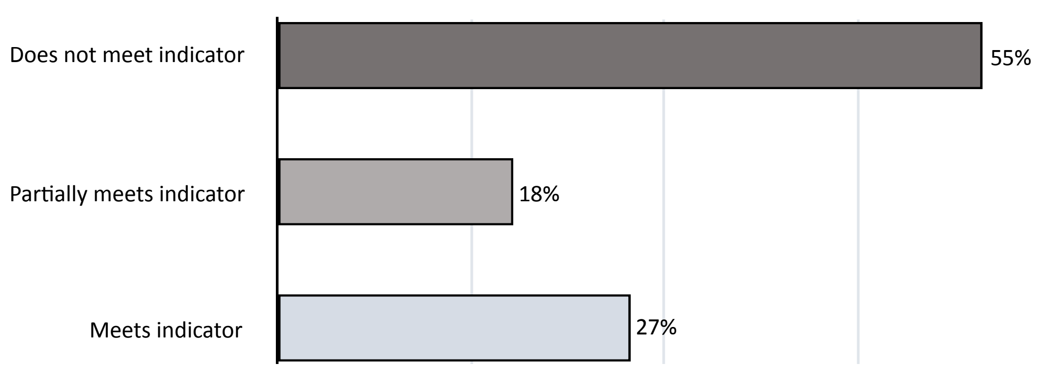

Figure 1: Extent SACCOs meets Outreach and inclusion indicators

<u>Client benefit and welfare</u>

The Saccos were found to meet client benefit and welfare by over 71%. They all had a credit policy and were found to prevent client over-indebtedness. The credit application process in the SACCOs comprise a standardised evaluation of clients' ability to repay the loan such as a check on client credit history and existing debt. The SACCOs were also found to use client satisfaction data to improve products and services. The organisations have code of ethics and defined policies to prevent unethical treatment of clients, and safeguard privacy of clients. On transparency, the organisations discloses and promotes client understanding of loan terms. The costs were also within the range offered in Kenya.

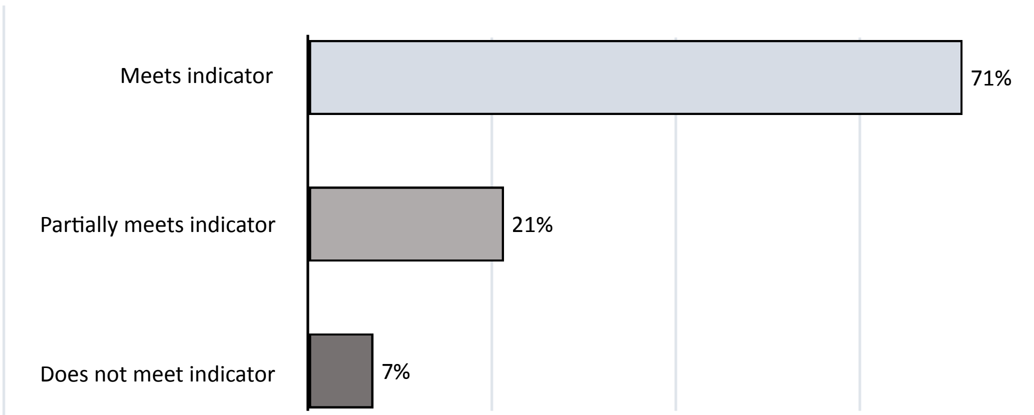

Figure 2: Extent SACCOs meets Client benefit and welfare indicators

Social performance and governance

The co-operatives assessed does not meet social performance and governance indicator by over 55%. The organisations vision/mission statement does not set out clear social goals and objectives and the strategic or operations plans does not set clear targets. The organisations also does not monitors changes in lives of clients and reports on this. Women are also not well represented at Board level and the organisation's pay scale reflects disproportionate gaps in salary levels between highest and lowest paid staff.

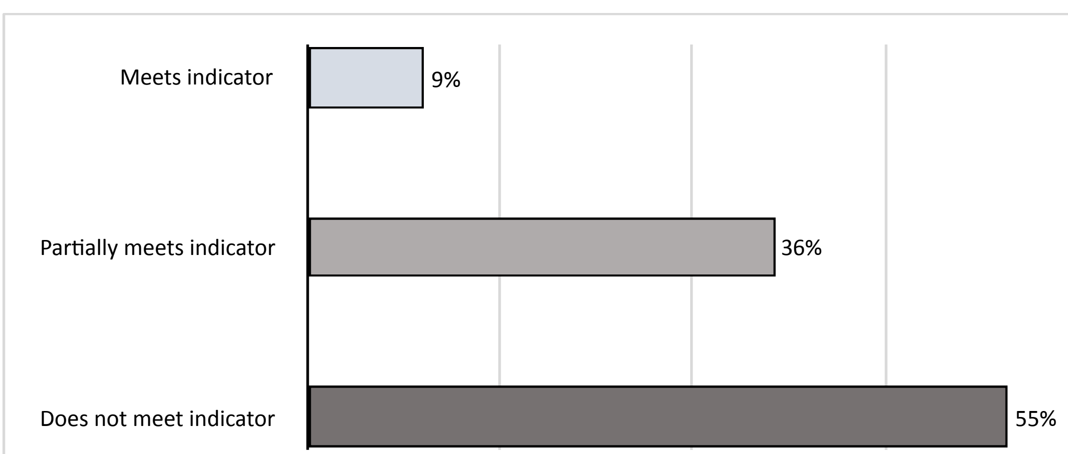

Figure 3: Extent SACCOs meets Social performance & governance indicators

Environmental concern

The Saccos assessed does not meet indicator of environmental concern by over 78%. The organisations were found not prohibit activities or the financing of activities with adverse environmental effects, and does not have a special program for environmental education. The organisations also does not actively encourage, support and initiate projects applying environment-friendly techniques e.g. recycling, composting, renewable energy use, organic certified farming, sustainable use of biodiversity, etc.

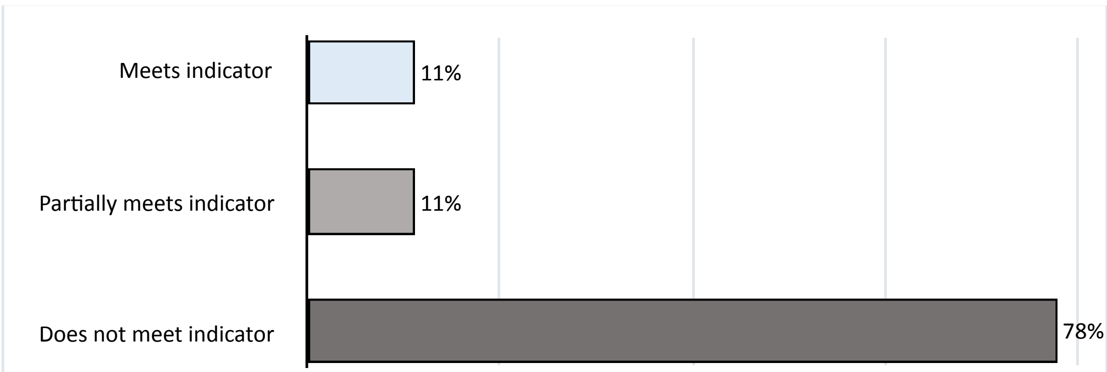

Figure 4: Extent SACCOs meets Environmental education and promotion indicators

Savings and credit co-operatives in Kenya were found to do not meet SPM indicator of responsibility to community and staff by 67%. Though, the organisations were found to regularly solicit staff feedback and have an established procedures (including annual staff appraisals) and/or committee to deal with staff feedback and grievances; performance appraisal and incentives focuses only on financial performance. The organisations also does not allocate a portion of profits to community projects or initiatives.

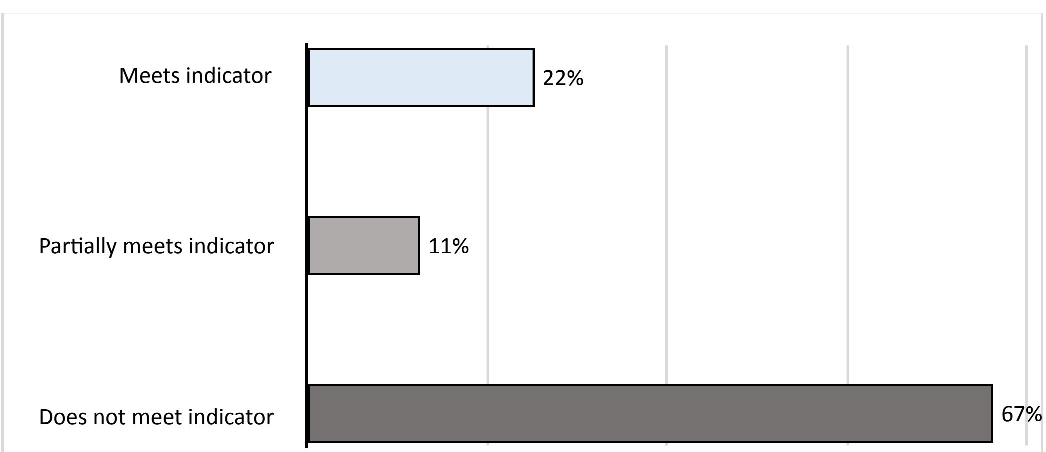

Figure 5: Extent SACCOs meets Responsibility to community & staff indicators

Extent SACCOs meets SPM indicators

SPM indicator	Meets the indicator	Partially meets the indicator	Does not meet indicator
Outreach & inclusion	27%	18%	55%
Client benefit and welfare	71%	22%	7%
Social performance & governance	9%	36%	55%
Responsibility to community & staff	11%	11%	78%
Environmental concern	22%	11%	67%

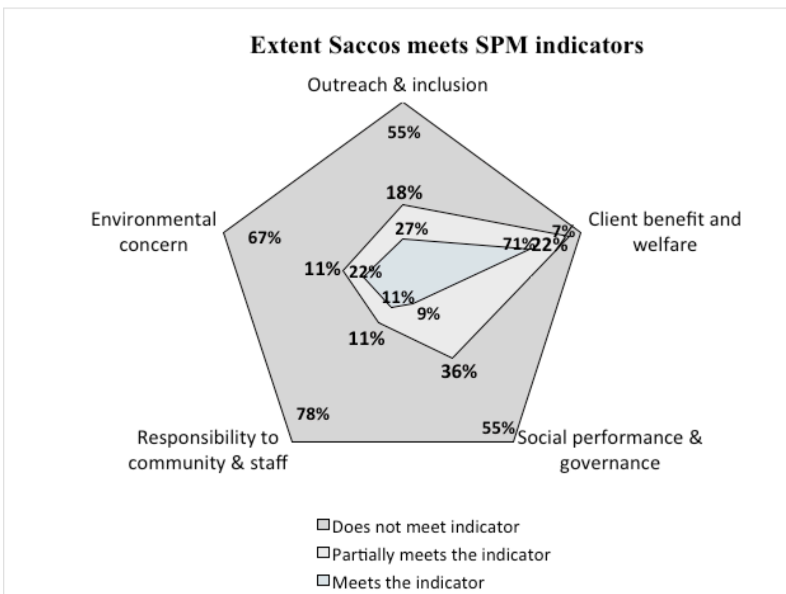

Figure 6: Comparison of extent SACCOs meets Social management performance indicators

Measure	Percentage
Meets indicators	33%
Partially meets indicators	22%
Does not meet indicators	45%

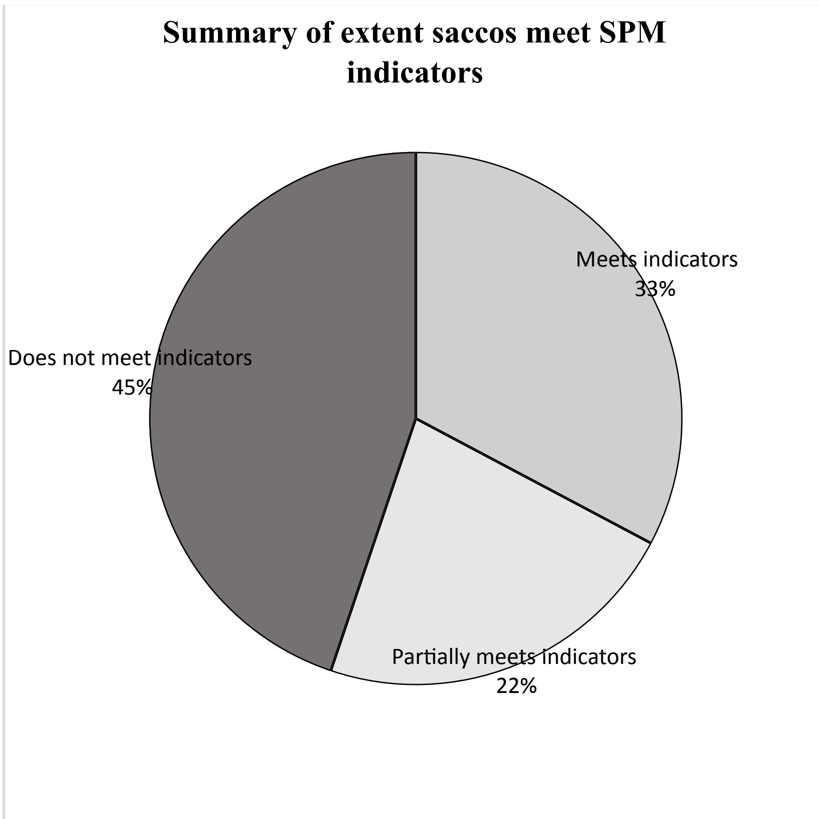

Figure 7: Summary of extent SACCOs meets SPM indicators

From the analysis, a summary of extent Saccos meet SPM indicators show that co-operatives meet social measures by merely 33% and could be concluded that cooperatives are poor in social performance management. Even if SACCOs put extra effort to improve on that partially meet SPM indicators, the social performance will only be slightly above average at 55%. This finding reinforces the suggestion that cooperatives need to pursue SPM as a deliberate and managed strategy as they do to financial performance.

Conclusion

This study offers a slightly different perspective on the notion of the co-operative as a socially responsible business model. Based on the findings it is clear that co-operatives cannot claim as exemplary in SPM based merely on social and community values (Harris, 2006). From the data analysis, it could be concluded that even close observance of the co-operative values and principles is not enough to secure a leadership position in social performance. Therefore, co-operatives that aspire to gain a competitive advantage through SPM will need to pay particular attention to managing the environmental concern; outreach and inclusion; social performance and governance; as well as responsibility to community and staff. Such efforts need to institutionalized and organizational specific as to have greatest impact. However, due to the community orientation co-operatives still have potential to act within the framework of their values and principles to address their shortcomings and play a leadership role in advancing social performance management.

Recommendations

Since SPM make business sense, SPM should be incorporated to business strategy with a specific as a strategic intent and direction from the management. Thus, SPM should be developed as a pillar in strategic plans and not assumed to be included in the governance pillar. This should be followed extensive education to members on the importance of SPM in order to empower them to demand improved SPM initiatives through reports and budgets. Including social performance reporting in annual financial and account reports should also be made mandatory.

References

Birchall, J. & Ketilson H. (2009). Resilience of the Cooperative Business Model in Times of Crisis, Geneva: Sustainable Enterprise Programme, ILO.

Birchall, J. (2010). People-Centred Businesses: Co-operatives, Mutuals and the Idea of Membership, London: Palgrave Macmillan.

Birchall, J. (2012). The Potential of Co-operatives during the Current Recession: Theorizing Comparative Advantage, Paper presented at the Euricse Conference in Venice.

Birchall, J., & Simmons, R. (2004). What motivates members to participate in co-operative and mutual businesses? A Theoretical Model and Some Findings', Annals of Public and Cooperative Economics, 75, 465-495.

Carroll, A., & Shabana, K. (2010). The business case for corporate social responsibility: A review of concepts, research and practice, International Journal of Management Reviews, 12(1), 85-105. http://dx.doi.org/10.1111/j.1468-2370.2009.00275.x

Christen, Robert P and Al. (2004). Financial institutions with a double-bottom line: implications for the future of microfinance, CGAP Occasional Paper, July.

Cooper, D. & Shindler, P. (2011). Business Research Methods, 11th Edition, New York, USA, Mcgraw Hill.

Covey, S. M. R., & Merrill, R. R. (2008). The speed of trust: The one thing that changes everything, New York: Free Press.

Cull, R., Ehrbeck, T. and Holle, N. (2014). Financial Inclusion and Development: Recent Impact Evidence." Focus Note 92. Washington, D.C.: CGAP. http://www.cgap.org/publications/financial-inclusion-and-development-recent-impact- evidence.

ECLOF (2012). Social Performance Management – In a Purposive Way. ECLOF Philippines Foundation, Inc. Quezon City.

ECLOF (2013). Value-Centered Social Performance Management: A Guidebook. ECLOF Philippines Foundation, Inc. Quezon City.

Esguerra, E. (2012). Truth in Micro lending: Is Microfinance Overrated?BSP-UP Professorial Chair Lectures, 12 November Manila: Bangko Sentral ng Pilipinas

Fadun, S, F. (2014). Corporate Social Responsibility (CSR) Practices and Stakeholders Expectations: The Nigerian Perspectives, Research in Business and Management ISSN 2330-8362 Vol. 1, No. 2, 13-31.

Fairbairn, B., June B., Murray F., Ketilson, H. and Ish, D. (1991). Co-operatives and Community Development: Economics in Social Perspective. Saskatoon, Centre for the Study of Co-operatives, University of Saskatchewan.

Ferri G. (2012). Credit Cooperatives: Challenges and Opportunities in the New Global Scenario, Paper presented at the Euricse Conference in Venice, march 25 2012.

Gonzalez, A. (2010). Microfinance Synergies and Trade-offs: Social vs. Financial Performance Outcomes in 2008. Mix Data Brief No. 7. Washington, D.C.: MIX. http://www.themix.org/publications/microbanking-bulletin/2010/08/microfinance-synergies-and-trade-offs-social-vs-financial

Green, P. (2012). PRESS RELEASE: Tsunami efforts shows co-operative strength 11 March 2012 on the anniversary of the greatest natural disaster in Japan's modern history, available at www.2012.coop.

Hoepner, A, Hong (Frank) Liu, Aldo Moauro, Bertha Perez-Rocha, and Lucia Spaggiari (2012). Financial Results of Microfinance Institutions: Social Performance Matters. Saint Andrews, U.K.: Centre for Responsible Banking and Finance, University of Saint Andrews and Microfinance Rating.

ICA (2012). What is a cooperative? Retrieved from http: www.2012.coop/en/ica/co-operative-what-co-op, Accessed on 25th March 2013.

ICA. (1995). XXXI ICA Congress Manchester 1995, Agenda and Reports, Review of International Cooperation 88 (3), 22-36.

Kansal, M. and Singh, S. (2012) Measurement of corporate social performance: an Indian perspective, Social responsibility journal, vol. 8, no. 4, pp. 527-546.

Karthikeyan, M. (2015). Social Statement Approach to Cooperative Social Performance Assessment: A Case of Lume Adama Farmers' Cooperative Union in Ethiopia, Journal of Finance and Risk Perspectives, Vol. 4, Issue 1, P. 30-48

Kemper, J., Schilke, O., Reimann, M., Wang, X., & Brettel, M. (2013) Competition-motivated corporate social responsibility, Journal of Business Research, 66, 1954-1963.

Kuma, K. (1987). Institutional Financing of Agriculture, New Delhi: Deep and Deep Publications: 190.

Koning, A. and Wardle, L. (2014). Embedding Social Performance Management in Financial Service Delivery, CGAP brief: World Bank, Washington, DC.

Kurucz, E., Colbert, B., & Wheeler, D. (2008). The business case for corporate social responsibility. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), The Oxford Handbook of Corporate Social Responsibility (pp. 83-112). Oxford: Oxford University.

Levi, Y. & Davis, P. (2008). Cooperatives as the "enfants terribles" of economics: Some implications for the social economy, Journal of Socio-Economics 37(6): 2178-2188

Martin, A., Merrien, A., Martine, S. & Charbonneau, J. (2012). Meaning and relevance of cooperation: an educational challenge, IRECUS, Montreal, Fides.

Mathur B.S. (2000). Cooperation in India, Agra: Sahitya Bhawan Publishers: 241–425.

Mayo, E. (2013). The UK Economy 2012: Alternatives to Austerity; Cooperatives UK Ltd. Available at www.uk.coop

Mazzarol, T., Mamouni L. & Reboud, S. (2011). Co-operative Enterprise: A Unique Business Model?, Paper submitted for the Australia and New Zealand Academy of Management (ANZAM) Annual Conference, Wellington 7-9 December.

Mazzarol, T. & Mamouni L. (2011). Resilient organizations: Offense versus Defense, Paper submitted for the Australia and New Zealand Academy of Management (ANZAM) Annual Conference, Wellington 7-9 December.

Mazzarol, T. (2009). Co-operative Enterprise: A Discussion Paper and Literature Review, UWA Business School, Crawley WA 6009, Australia.

Mazzarol, T., Mamouni E. & Reboud, S. (2012). Co-operative Enterprise as a Coalition of Small Firms, Paper presented at the International Council for Small Business, (ICSB) World Conference 2012 "Leading from the Edge", Wellington New Zealand 10-13 June, 2012.

Mazzarol, T., Simmons, R. & Mamouni, L (2011). A Conceptual Framework for Research into Co-operative Enterprise, CEMI Discussion Paper Series, DP 1102, Centre for Entrepreneurial Management and Innovation, www.cemi.com.au

Merrien, A. (2015). Identity charge of cooperatives: theoretical research on the contribution of cooperatives to building the identity of individuals and communities (CCAC / CASC, Ottawa, June 2 to 4, 2015).

Mishra, A.K., &. Umesh C. Patnaik. (1992). Impact of Handloom Cooperatives on Social Development of Weavers in Western District', Indian Cooperative Review, 30(3), 187-200

Muthuma, E. (2011). Economic Cooperation in Kenyan Credit Cooperatives: Exploring the Role of Social Capital and Institutions; A PhD thesis submitted to the Faculty of Commerce, Law and Management at the University of the Witwatersrand, Johannesburg; September 2011, unpublished.

Nelson Joseph, D. (2001). Marketing Strategies of Handloom Weavers' Cooperatives Societies – An Assessment, Unpublished Ph.D Thesis, Gandhigram: Gandhigram Rural University: 1-285.

Nunez-Nickel, M. & Moyano-Fuentes, J. (2004). Ownership Structure of Cooperatives as an Environmental Buffer, Journal of Management Studies 41(7): 1131-1152.

Nyakenyanya, S. (2013). Cooperatives turning around Kenya's economy' SACCO Star, KUSCCO, issue 22, p 8-11, September.

Kulwant P. (1998). Impact of Literacy, Family Size and Caste on Credit Utilization, Kurukshetra, May: 23-27.

Perez-Rocha, B., Hoepner, A., Spaggiari, L., Lapenu, C. and Brusky, B. (2014). Does Good Client Protection Impact Financial Performance? Making Microfinance Investment Responsible. Action Group, Brief N°3, Luxembourg: European Microfinance Platform (eMFP).

Porter, M. & Kramer, M. (2011). Creating Shared Value', Harvard Business Review, Jan/Feb 2011, Vol. 89 Issue 1/2, pp 62–77.

Porter, M., & Kramer, M. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility, Harvard Business Review, 84(12), 78-92.

Prahalad, C. K. (2006). The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits, New Jersey: Wharton School Publishing.

Ramesh, R.S. and Goel, P. (2012). Study and Measurement of Corporate Social Responsibility -An Indian Perspective, International Journal of Multidisciplinary Research, Vol. 2 Issue 6, June 2012, ISSN 2231 5780 www.zenithresearch.org.in 208.

RoK (2007). The Kenya Vision 2030, Nairobi, Government Printer.

Sabatini, F., Modena, F. & Tortia, E. (2012). Do cooperative enterprises create social trust? Trento, EuRICSE Working papers, Available at www,euricse.eu

Sabatini, F., Modena, F. & Tortia, E. (2012). Do cooperative enterprises create social trust? Trento, EuRICSE Working papers, Available at www,euricse.eu

Salvatori, G. (2012). The flexibility of the cooperative model as a development tool: The case of the metamorphosis of an Italian region, EURICSE Working paper No. 25/12.

SASRA (2012) SACCO Supervision Annual Report 2011 (Deposit Taking SACCOs).

Simmons, R., & Birchall, J. (2004). Creating and supporting co-operative members in the West Midlands, Journal of Co-operative Studies, 37, 22-37.

Sinha, F. (2006). Social Rating and Social Performance in Microfinance: Towards a Common Framework. EDA/M-Cril, Argidius, and the SEEP Network. 2006.

Subburaj, B. (2000). A Study of Socio–Economic Impact of Cooperative Movement in Tamilnadu, Unpublished Draft Report, Chennai: Tamilnadu Cooperative Union : 1-208.

Verschoor, C. C. (2008). Citizenship Survey Shows Gaps between Rhetoric and Reality, Strategic Finance, 89, 13–14.

Wanyama, F. O., Develtere, P. & Pollet, I. (2009). Reinventing the Wheel? African Cooperatives in a Liberalized Economic Environment, Annals of Public and Cooperative Economics, 80(3), 361-392.

Wardle, L. (2014). The SPTF Universal Standards Implementation Guide, Washington, D.C.: SPTF. http://sptf.info/resources/resource-centre.

Woller, G., & Schreiner, S. (2006). Poverty lending, Financial self-sufficiency and the six Aspects of Outreach, New York: SEEP Network Publications.